



TSX:ALS | OTCQX:ATUSF



2021  
**SUSTAINABILITY**  
REPORT

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## About this Report

This is the second annual Sustainability Report that Altius has published, and will continue to be an annual publication.



Is also covered in this report.



- This is the second annual Sustainability Report that Altius Minerals Corp. (Altius) (ALS: TSX) has published.
- This report also covers sustainability data and policy for Altius Renewable Royalties Corp. (ARR: TSX) or “ARR” which is 59% owned by Altius.
- This report includes information about Altius Minerals and its subsidiaries (“Altius”, “we”, “us” or “our”). Unless otherwise specified in this report, reference to “Altius”, “we”, “us” or “our” refers to our entire corporate structure and global operations and workforce. In Q1 2021, ARR was launched as a TSX-traded public company. The officers of ARR are Brian Dalton and Ben Lewis, who are also the CEO and CFO of Altius Minerals. This report will also cover the ESG practices, due diligence process and policies of ARR and will include the first baseline year of reporting for ARR. ARR intends to report separately in future years.
- This report provides performance results for 2020, and where available presents data for the previous three years to allow for trend analysis and to provide additional context for our performance results. Data for the period ended September 30 2021 is also included for the purpose of highlighting trends, for example in the phase out of fossil fuel contributions to revenue, and to show activities and policy changes that took effect in 2021.
- This report is aligned with the Sustainability Accounting Standards Board’s Asset Management & Custody Activities Sustainability Accounting Standard and the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD recommendations). The SASB Standards and the TCFD recommendations have emerged as the investor-preferred ESG reporting frameworks.
- Financial data is stated in Canadian dollars unless otherwise noted.
- Additional ESG-related and company information can be found in the following documents: Management’s Discussion and Analysis, Quarterly Reports, Annual Information Form, Annual Financial Statements, and Management Information Circular.

# Letter From Anna El-Erian

Chair Corporate Governance and Nominating Committee



I am pleased to join Brian Dalton this year in introducing the 2021 Altius Minerals Sustainability Report and to report on how we, as the Altius Board and Management Team, strive to manage our business, and evaluate opportunities and risks in order to continue to achieve durable value for our stakeholders.

Since our inaugural Sustainability Report was published last year we have continued to focus on strong capital management, long-term strategic outcomes, and on environmental, social and governance (ESG) issues as priorities, in addition to navigating this far-reaching pandemic crisis. As a Board we have focused on protecting our staff and helping them deal with the unexpected,

supported the communities in which we operate and also remained resilient to the economic opportunities that these transitions have provided.

The Corporate Governance and Nominating Committee is comprised of 4 Board members, each of whom have expertise in ESG derived from other public issuer Boards or from their professional experience. In the last year we evaluated and learned from risks and opportunities presented by climate change, decarbonization goals, geopolitical change, water scarcity, community investment and support and response to COVID, all in the context of the mining and energy royalty sector and in our broader communities.

Actions we are taking in this report and our business include:

- Development of policies in areas that had not been codified in the past;
- Greater transparency in our approach to community investment;
- Progress in our diversity and inclusion initiatives with the addition of Nicole Adshead-Bell and Teresa Conway to our Board, resulting in 33% female Board members;
- Strengthening our ESG due diligence process for new royalty and stream transactions;
- Added transparency of reporting by disclosing the Scope 1 and 2 GHG emissions on an asset by asset or segment basis, relative to the level of reporting that exists from our operators, and disclosing under the SASB and TCFD guidelines appropriate to our sector starting on page 37 of this report;

Our Committees are working towards including our ESG performance and outcomes in determining executive and board compensation. This report outlines our recent focus and our progress. As a Board and as a Company we must continue to step up our efforts on all fronts, from climate change to greater transparency and making an even larger contribution to our people and our stakeholders. We can only succeed by keeping our approach to sustainability at the heart of all our endeavours.

# Letter From Brian Dalton

President & CEO

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Thank you for taking the time to review this our second annual update on the progress that Altius is making as it continues to strive to be a leader and innovator in the area of corporate sustainability. As we outlined in our first such report, Altius believes that strong ESG related practices build a path to outsized long-term business opportunities and growth. Over the course of 2021 we have continued to closely follow the dynamic evolution of corporate sustainability best practices while gaining a lot of constructive feedback from our various stakeholders. Much of this is reflected in this report with several new and /or evolved policies and reporting methods incorporated.

Beyond these formalized improvements I was also very gratified to witness the manner in which ESG related thinking became further seamlessly engrained into the day to day activities of our team. The statement made in last year's report "it is our culture, and it is good business" has become even more true today.

One of the most significant improvements we have made over the past year relates to the level of ESG related due diligence we incorporate into our investment decisions and you will see this reflected in our updated policies. As a royalty and streaming focused business we have little say generally in the operational direction of our underlying projects but we have full control over which projects and operators we choose to invest in and support with our capital.

There was in fact an example during the past year in which we elected to not pursue an investment opportunity primarily because we deemed the social licencing and environmental track record of the mining project and operator to be poor, and therefore an unacceptable investment risk factor. We believe we were not alone in making this assessment meaning that this project ultimately experienced more limited access to capital than it would have otherwise – which brought home how the incorporation of ESG related due diligence practices into investment criteria ultimately makes a direct difference in correcting poor industry practices.

Thankfully this was an isolated circumstance and in general we saw improving levels of adherence to best practices within our portfolio and across new opportunities that we reviewed. There is no doubt in our minds that within the sector generally, positive change to mindsets and practices is happening quickly – which is heartening on several levels and ultimately good for business.

# Letter From Brian Dalton (Cont.)

President & CEO



A further comment here feels warranted. We believe that the mining sector generally stands out as a relative leader in terms of adherence to the evolution of ESG related best practices. For many years prior to the acronym ESG moving to the fore in terms of defining how sustainability focused investors measured their holdings, the mining industry was already an early champion of adopting the precursor principles of CSR, or Corporate Social Responsibility. While it is perhaps easy to cast mining in the negative light of an extractive industry that quite visibly alters landscapes, the level of technical and scientific scrutiny that precedes a modern mining project is actually highly rigorous. Combine this with the outsized economic and social benefits (high paying jobs, education and skills development, healthcare, infrastructure, access, etc.) that accompany such a development and a less often recognized, or at least acknowledged, overall positive impact is usually the case.

Moreover, as the world becomes more acutely focused on its globally interconnected role in securing a more sustainable future, it can not be overlooked that in almost every focus area for improvement, (e.g. from shifting away from fossil fuel dependency in power generation and transportation to improved food sustainability) securing greater supplies of key metals and minerals is an absolute precondition to success. We really cannot have one without the other. That is not to provide an excuse to overlook poor practices where they may remain, but it is important context for all investors, including Altius, to consider.

Our ongoing strategy of reinvestment of the proceeds from phasing out thermal coal projects into the building of a portfolio of renewable energy based royalties made tremendous progress during the year. Altius Renewable Royalties, in which we hold a ~59% interest following its successful IPO this year, has now grown its portfolio of wind and solar based project royalties to more than 3,500 MW across 15 different projects. These projects will result in between 3 and 7% of the total life-cycle CO2 emissions that would have resulted in this amount of generation were instead based upon coal or gas fueling. This direct enabling of the energy transition is something that the entire team at Altius is extremely proud of – and it is really only beginning!

We hope that you will agree as you review this report that Altius is more committed than ever to being a leader in corporate sustainability and ESG related best practices. Your feedback to last year's version played a big role in driving many improvements and we graciously welcome your input again this year.

# 2020 and Year-to-Date 2021 Sustainability Highlights

**MSCI**  
ESG RATINGS

**AA**

CCC B BB BBB A **AA** AAA



Negligible Low Medium High Severe

Our scores showed marked improvement of 36% on a raw score basis compared to our last rating, although still falling within the "Severe Risk" category.

Divergence between the two rating agencies largely reflects changes in how royalty companies are assessed by Sustainalytics without further qualification as a passive royalty holder within the larger category of Diversified Mining

## ENVIRONMENTAL



- Carbon Neutral Company 2020**
- Target by 2024**  
No Revenues From Fossil Fuel based on operator Capital Power guidance

**Targets**

- Carbon Offsets** Remain carbon neutral for 2021 by offsetting carbon footprint
- Renewables Growth** Renewable energy royalty revenue expected to rapidly accelerate within ARR, which is 59% owned by Altius Minerals
- Energy Storage Growth** A ~13% founding investor in Lithium Royalty Corp in 2018 whose business seeks to provide capital for this essential battery element

## SOCIAL



**\$1.23 million.**  
Community Donations (2012-2021)

## GOVERNANCE

**33%** (3 out of 9)  
Female Representation amongst Board Members

**ZERO COMPLAINTS** (2015 - 2021)  
**Whistleblower Policy**  
Whistleblower policy is a third-party service, allowing for anonymous submissions and has received zero complaints since inception.

# Approach and Materiality Framework

Altius provides financing in the form of royalties and streams to diversified commodity and renewable energy operators. The operators have control over the assets underlying the company's royalties and are exposed to a range of material ESG factors. Altius faces indirect exposure to its operators' ESG risks and opportunities (i.e., indirect risk) as operators' management of these factors could impact performance and company value and therefore Altius' royalty streams. Altius also faces direct exposure to a set of ESG risks and opportunities related to its corporate operations as a capital provider and publicly traded company (i.e., direct risk).

We engaged an expert third-party, ESG Global Advisors, to conduct an ESG Materiality Assessment focused on identifying the ESG factors with the greatest potential to have a material impact on the value of our business, both directly through our corporate operations and indirectly through our operators. The ESG Materiality Assessment considers a range of sources of potentially material ESG factors for Altius and its operators, including:

- The Sustainability Accounting Standards Boards (SASB) Asset Management & Custody Activities Standard to identify direct risk and the Metals & Mining, Solar Technology & Project Developers, Wind Technology & Project Developers Standards to identify indirect risk
- The recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and SASB's Climate Risk Technical Bulletin
- ESG-related regulation, rules, guidance and initiatives
- Investors' ESG priorities
- ESG factors identified as material in other royalty streaming companies' ESG reporting
- ESG research and ratings providers

ESG factors are assessed and prioritized based on their potential to impact company value and likelihood of occurrence. On the next page, we present the list of ESG factors identified and prioritized through Altius' 2021 ESG Materiality Assessment. There have been some notable changes since our last ESG Materiality Assessment conducted in 2019 given the significant evolution in the ESG space over the past 2 years and the changes in Altius' business through the addition of ARR to Altius' portfolio. The ESG Materiality Assessment will be updated on a regular basis to reflect emerging issues.



# The Royalty Model & ESG Risk

## Traditional Miner



### Emissions Production

(Carbon, Waste, Hazardous Materials, Tailings)

Direct exposure to operational waste emissions

Minimal operating level exposure - Altius has a small corporate office with limited carbon emission associated with 20 working employees – carbon footprint disclosure provided on pages 31 and 32.

### Remediation and closure

(Obligations / Liabilities)

Required to remediate disturbed surfaces and monitor waste storage after resource extraction

No direct exposure to mining operations - limited exposure through its exploration activities. Altius takes a proactive approach to minimize disturbance and to typically exceed local regulatory requirements and industry best practice guidelines for remediation of exploration sites.

### Operator Counterparty Risk

Exposure through non-operated mining royalty interests

We are highly reliant on the quality of our operators. Our due diligence on initial royalty counterparty encompasses technical and ESG due diligence criteria.

### Climate Change

Extreme weather events, flooding, water shortages, power sourcing

Moderate and growing asset level risk, while being part of the energy transition opportunity through ARR and LRC and other direct royalty holdings in supply chain materials essential to decarbonization.

### Geopolitical

Significant risk depending on jurisdiction

12 out of the 13 producing royalties are based in Canada. The other is in Brazil.

### Health & Safety

Workers face health and safety risks from hazards found in mines that can result in occupational diseases or fatal injuries

Limited to exploration activities and office work. In 24 years, Altius has recorded one minor lost time injury in 2010 and received numerous industry safety performance awards.



# Materiality Framework

 ESG Factor	 Direct Risk (Operational Risk)	 Indirect Risk (Operator Risk)
<b>Tier 1</b>		
Incorporation of ESG Factors into Investment Management	✓	
ESG Governance	✓	
Human Capital Management	✓	
Climate Change – Transition Risk	✓	✓
GHG Emissions	✓	✓
Workforce Health and Safety	✓	✓
Climate Change – Physical Risk		✓
Waste and Hazardous Materials Management		✓
<b>Tier 2</b>		
Community Relations	✓	✓
Business Ethics and Transparency	✓	✓
Biodiversity Impacts		✓
Energy Management		✓
Water Management		✓
Materials Sourcing		✓
<b>Tier 3</b>		
Cyber Security Threats	✓	✓

Tier 1 ESG factors have the greatest potential to impact company value, performance or access to capital and are therefore most likely to be of significant interest to investors.

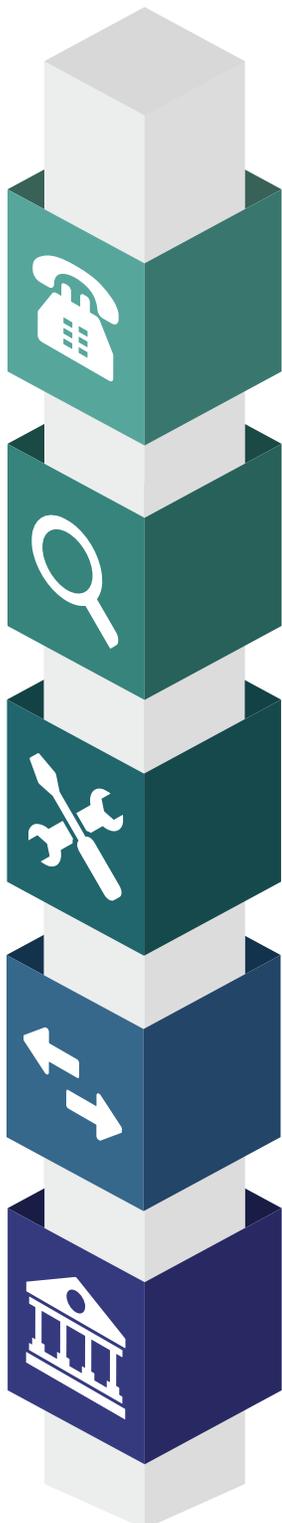
Tier 2 ESG factors have the potential to impact company value, performance or access to capital over the medium term.

Tier 3 ESG factors are emerging and monitored as they have the potential to impact value over the longer term.

# Understanding Royalties & Streams

## Royalty and Stream Investments

When considering new investments, we assess whether the operator adheres to local laws and regulations, and that the operator provides us with ongoing reports that enable us to verify the royalty calculations, monitor ongoing risks and opportunities, and the operator is required to make us aware when issues of concern arise. We are also seeking to structure our interest wherever possible as a royalty that is registered on title as opposed to a stream which is typically a contractual right. In the case of ARR, the agreements are royalties but are not registered on title due to the ambient nature of wind and solar energy.



### REPORTING OBLIGATIONS:

Our royalty and streaming agreements typically contain a series of reporting obligations including the delivery of monthly and quarterly reports, with annual reports where reconciliation is required. We also use updated mine plans, published operator guidance and direct communication from the operator to keep us informed. We have in our history experienced material adverse changes, where we learned of the event through public disclosure but had opportunity to interact with the operators in order to follow actions being taken by the operator to remedy the changes.

### AUDIT & INSPECTION RIGHTS:

We are typically entitled to audit the books and operating practices of the operators on a periodic basis and may access and inspect the properties comprising the project. These rights provide us further insight into the operations and management by the Operators.

### OPERATING COVENANTS:

The royalty and streaming model mainly involves a passive interest, which means that our involvement in how operators develop and operate their assets will be limited. However, some of our agreements are beginning to include strong remedies for operator defaults. For example, ARR royalties with developer partners contain covenants that allow them certain rights in events of default, including the right to replace management in certain circumstances.

### TRANSFER RESTRICTIONS:

Our royalty and streaming agreements often have restrictions against transfer of a project without our consent, or the additional burdening of the project with new streams or royalties without our consent or right of first refusal. These rights are meant to address economic viability and continuity of the quality of operators without sacrificing ESG compliance. One paying royalty (Voisey's Bay) and our one stream (Chapada) have had changes of control during our ownership.

### SECURITY & REMEDIES:

At Altius we prefer the royalty structure to the streaming structure in terms of security, because terms and provisions of the royalty run with the land with the attendant protections in an event of default or operator insolvency. However, stream agreements can also be written with certain protections, such as the ARR remedy examples described in the ARR IPO prospectus and other continuous disclosure documents.

# Our Business Strategy



Altius has a strategy to grow a diversified portfolio of long-life royalties related to commodities and assets that are linked to sustainability based, macro-scale structural trends, including the transition from fossil fuel to renewable based electrical generation; transportation electrification; lower emission steel making; and agricultural yield growth through nutrient replenishment and enhancement.

The Corporation further seeks royalty interests in projects with long duration resources in order to maximize future option value realization potential. The long average resource lives that remain for most of our current portfolio of royalties is a key strategic differentiator for Altius within the broader resource royalty sector. Large resources are considered by the Corporation as excellent predictors of future operating life extensions and mine throughput expansions. Such occurrences typically require capital investments by the mine operator, but as a royalty holder Altius pays no share of the cost incurred to gain these potential incremental benefits.

Altius also grows its portfolio of paying royalties by originating and adding value to mineral projects through scientific research, exploration and environmental/social licensing initiatives and then retaining royalties upon their sale or transfer to mining/development companies. This is the core function of our Project Generation business and is another unique strategic differentiator for Altius. The Project Generation business has a strong track record of earning substantial profits from the eventual monetization of corporate equity interests that are often received in addition to the long-term royalty interests it retains during project level deal making.

Whether considering M&A based mineral royalty acquisitions or its organic Project Generation business, Altius exercises counter-cyclical discipline. Commodity markets are notoriously cyclical and individual asset valuations can change dramatically over relatively short time frames in accordance with commodity prices and sentiment. Our mining royalty and mineral property acquisitions are primarily made during periods of low cyclical valuations, while operator funded organic growth investments and equity gains/liquidity events typically become more pronounced during periods of better cyclical valuation and sentiment.

In 2018, Altius expanded its focus into royalty financing of the renewable energy sector by co-founding ARR. ARR has made investments in two large US-based wind and solar project developers, Tri Global Energy (TGE) and Apex Clean Energy (Apex). ARR has also made investments in four operating projects (wind and solar) with Longroad Energy and Northleaf Capital Partners. ARR has begun building a portfolio of renewable royalty interests that currently represent a combined expected nameplate capacity of 3,510 Megawatts between wind and solar projects. ARR is directly enabling the transition to cleaner power generation and the achievement of global sustainability imperatives while also setting a path for long-term value creation for our shareholders, partners and the communities in which we operate. In March 2021, the Corporation completed an initial public offering of ARR as a new publicly traded company on the TSX. Altius owns 59% of the issued and outstanding common shares of ARR as of the date of this report. In 2018, Altius became a co-founding shareholder in Lithium Royalty Corp. ("LRC") and currently holds roughly 13% of the private company as well as certain royalty level co-investment rights. LRC has made investments in 15 projects to date, many of which expect to become producers of lithium that will be utilized in battery production. This is enabling both the electric vehicle transition and increased storage capabilities of the renewable power industry.

# Governance



## ESG Oversight

The Altius and ARR Boards are each responsible for ESG oversight, and both Boards consider ESG and climate change factors in their due diligence process to approve investments. ESG factors are consistently integrated into investment and risk management decisions. At the Board level, responsibility is delegated to the Corporate Governance Committee which is responsible for ESG oversight. The Corporate Governance Committee forms recommendations that are then presented to the Board for discussion and adoption.

### **In its oversight role, the Board ensures that:**

Altius weighs ESG factors within each new investment due diligence process and integrates the ESG criteria into investment and risk management decisions for each potential investment. The effects and impacts of key existing or potential government regulations relating to ESG factors are monitored in jurisdictions in which Altius has or may consider investments.

The Corporate Governance Committee is chaired by Anna El-Erian and includes Jamie Strauss, Fred Mifflin, and Nicole Adshead-Bell. Three members were involved in the Sustainability Report last year, with one member joining the Corporate Governance Committee this year.



# Governance



## Executive Compensation and ESG Criteria

The Compensation Committee is responsible for reviewing and making recommendations to the Board with respect to senior management compensation. In addition to base salary, incentive compensation (both short and long term) is set based on evaluation of corporate wide and individual achievement of objectives which are reported in the annual Management Information Circular. ESG objectives are part of the scoring mechanism, along with financial metrics based on per share EBITDA growth, total shareholder return, Project Generation performance and performance of the cash flowing royalty assets. In 2020, Altius had zero health, safety or environmental issues, published its inaugural Sustainability Report and initiated meetings with multiple ESG investors and ratings agencies in order to gain insight into evolving best practices.

# ESG Related Policies

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## **ESG Policy**

Altius formalized its ESG Investment policy and framework in 2020. The aim of the policy is to ensure that the ESG risks and opportunities facing the companies and projects being considered for potential investment will be appropriately assessed and monitored as part of our due diligence and risk management processes, thereby lowering our corporate risk and contributing to responsible investment and responsible resource development.

[Read more: New \(2021\)](#)

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## **ARR ESG Policy**

ARR formalized its ESG Investment policy and framework in 2021. ARR recognizes that while renewable power projects play an important role in addressing climate change, they may also have ESG risks and/or opportunities that must be considered. As such, the policy was devised in consideration of these risks and opportunities.

[Read more: New \(2021\)](#)

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## **Health & Safety Policy**

Altius is committed to health and safety in all aspects of our operations. Altius employees are required to adhere to the Company's health and safety program and ensure that not only the employees themselves, but also their coworkers, contractors, consultants, observers and visitors always remain healthy and safe. Safety policies, procedures and regulations have been established for all individuals and/or companies involved in our activities.

[Read more: Updated \(2021\)](#)

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# ESG Related Policies

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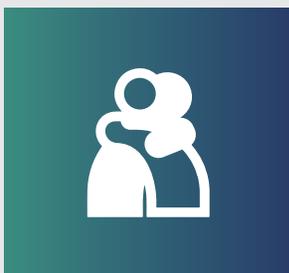


## Code of Conduct Policy

Altius is committed to conducting business with people in a respectful manner and applying the same ethical principles and standards that we would expect and seek from others. The directors, officers, employees, and consultants of Altius and its subsidiaries represent the Corporation and are expected to always act in a manner that enhances the reputation of the Corporation for honesty, fairness, competency and professionalism.

[Read more: Updated \(2019\)](#)

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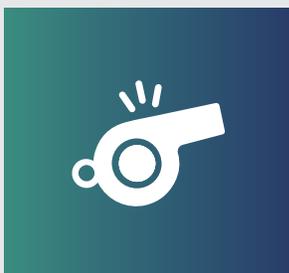
## Anti-Discrimination, Inclusion & Diversity Policy

Altius does not tolerate discrimination based on any personal attribute such as race, ethnic origin, colour, nationality, disability, religion, age, gender, sexual orientation or gender identity. Employment practices including recruitment, promotions, training and pay are free of discrimination. The Company operates within a system that strives to be free of conscious or unconscious bias and discrimination, particularly with regards to diversity and pay equity. In addition, our workforce ratio of male to female employees is 74:26 showing a gender diverse workforce within a predominantly male-dominated industry and talent pool.

Altius female representation in employees and board is 26% and 33%, respectively.

[Read more: Board](#) [Read more: Management](#)

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## Whistleblower Policy

Altius maintains a Whistleblower hotline and email address and procedure for making complaints anonymously and will publish the hotline and email addresses in the physical locations where the Company or any Other Entity maintains an office, exploration camp or other employee environment. The same information will be published within the Company's annual financial disclosure, so that shareholders and other public company stakeholders are also able to submit concerns.

In the past five years, Altius has registered no complaints by any employee or entity.

[Read more: Updated \(2021\)](#)

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# ESG Related Policies

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## Executive Compensation Clawback Policy

Altius implemented an Executive Compensation Clawback Policy after receiving a recommendation from the Corporate Governance Committee following a period of consultation that included shareholder outreach in March 2019.

The policy governs the reimbursement, cancellation or withholding, as applicable, of performance-based executive compensation.

[Read more](#)

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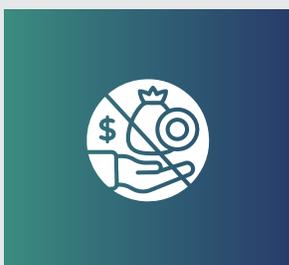


## Disclosure, Anti-Hedging, Insider Trading and Reporting Policy

Altius has a policy in place that is designed to: (a) permit the disclosure of information about Altius to the public in an informative, timely and broadly disseminated manner in accordance with all applicable legal and regulatory requirements; (b) ensure the proper safeguarding of non-publicly disclosed confidential information, including material information, and (c) protect Altius and those to whom this Policy applies by preventing improper trading, and the appearance of improper trading, in securities of Altius and its affiliates.

[Read more](#)

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## Anti-Corruption Policy

Altius is committed to conducting its business in accordance with applicable law and the highest ethical standards. That commitment is reflected in our Code of Conduct for Directors, Officers and Employees and in this Anti-Corruption Policy, which is intended to provide guidance and procedures for compliance with Canada's Corruption of Foreign Public Officials Act and local laws pertaining to bribery and corruption.

[Read more](#)

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## Majority Voting Policy

The Board of Altius believes that each of its members should carry the majority support of its shareholders. To this end, the board of directors of the Company (the "Board") has adopted a majority voting policy.

[Read more](#)

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# ESG Related Policies



## Overboarding Policy

Altius encourages its directors and officers to engage in and gain experience on other boards, whether it be private or public company boards; the overboarding policy upholds ISS and Glass Lewis guidelines for limits on how many outside directorships can be held.

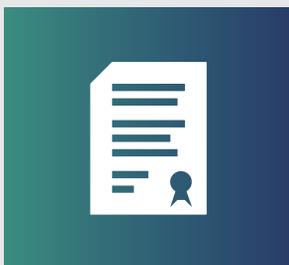
[Read more](#)



## Share Ownership Policy

Altius enacted a Share Ownership policy for the corporation in November 2020. The objective of this policy is to align the interests of the Corporation's non-employee directors, officers and senior management with those of the Company's shareholders.

[Read more](#)



## Charters

In addition to the policies in place, the following charters are also in place as part of Altius Corporate Governance mandates:

- Board of Directors Charter
- Audit Committee Charter
- Corporate Governance and Nominating Committee Charter
- Compensation Committee Charter

Three new policies were updated or adopted in 2021, being:

### [Health & Safety Policy](#)



### [IT & Cybersecurity Policy](#)



### [Human Rights Policy](#)



# Making Responsible Investment Decisions

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# ESG Due Diligence

Altius has always been a technical investor, with technical expertise applied in the ESG evaluations of new potential investments, and in the monitoring of existing assets. It is important to note that Altius and ARR purchase royalties or earn royalties at different stages of the underlying asset's development ranging from early stage project generation activity to operating assets. These different stages entail different rights and access to ESG information. For example, when Altius in its project generation business sells an early stage project to a junior issuer in exchange for equity and a royalty, the Altius geology team has often done initial groundwork and has conducted its activity under Altius' health and safety policies and manual. When the project changes hands, the new owners often utilize their own policies and provide limited ESG reporting materials. On the other hand, when Altius or ARR does due diligence on a cash-flowing royalty there is typically significant ESG material available for review.



## ESG Parameters

When evaluating advanced stage or producing assets, Altius values third party operators that have a strong track record with respect to managing ESG factors. When deciding upon investments, the due diligence team evaluates the following:

- Labour relations
- Workplace health & safety incidents and risks
- Climate-related physical risks (severe weather) & regulatory risks
- GHG emissions/air quality
- Waste & hazardous materials management
- Biodiversity and species of concern impacts
- Mine closure and remediation plans
- Security, human rights & rights of indigenous peoples/community relations
- Business ethics & corruption
- Local procurement

Altius is committed to supporting third party-operators in their efforts to manage ESG factors effectively to pursue sustainable resource development. In addition to considering ESG factors in its role in the approval of investment opportunities, the Board of Directors provides oversight of the ESG investment due diligence process. This ensures appropriate consideration of ESG factors and their consistent integration into investment and risk management decisions for each potential investment.

# ESG Due Diligence (Cont.)

## Investment Checklist

All our investments are checked against the following list as part of the due diligence process:

- Mining Rights – Check of the tenement registration against obligations and transferability.
- Operations Management – Evaluate technical, economic, geological and mineralogical parameters of the project.
- Production Reporting and Accounting – Accuracy of production records, including saleable stocks, storage and accounting.
- Repairs and Maintenance – Effectiveness and scheduling of maintenance including historic records.
- Capital Expenditures – Capital allocation decisions based on necessary motivations, detailed budgets and authorizations.
- Labour Management – Employment is efficient and in compliance with legal and industrial requirements.
- Contract Management – Business dealings are conducted ethically with contractors.
- Procurement – Business dealings are with approved contractors with procurement taking place in a competitive environment.
- Material Management – Accurate and complete warehousing with appropriate stock availability.
- Accounts Payable – Accuracy and timely payment of payables.
- Accounts Receivables – Accuracy and timely collection of receivables.
- General Ledger – Check journal entries for accuracy and completion on a timely basis.
- Risk Management – Processes in place for risk identification and mitigation.
- Cash Flow Model – Cash flow model review against the LOM plan, as well as sensitivity analysis with variable costs.



## Geographic Evaluation

- The investments are further checked for the relevant mining code in the jurisdiction of interest. All of our investments are checked against the following to complete the due diligence process:
- Regulatory – We evaluate the soundness of the economic and mining policy for the jurisdiction of interest.
- Legal – Research on fund repatriation, taxation, permitting, administrative practice and social policies.
- Concessional Rights – We evaluate the legal system and respect for mineral concession rights.
- Altius' producing royalties are all in Canada, with the exception of the Chapada stream in Brazil. The ARR royalties are all in the US. All revenue received by Altius and ARR is taxable in Canada or the US respectively, with no offshore incorporated entities currently or in Altius' history for tax sheltering purposes.

# Sustainability Based Macro Trends

*Sustainable Natural Resource Royalty Leader  
Enabling Change While Delivering Strong Returns For Shareholders*

1

Renewable Energy  
Projects support the  
decarbonization of  
Power Generation

Specialized in long-life royalties on natural  
resources that are essential to the world  
meeting its sustainability objectives

2

Copper, Nickel,  
Lithium and Cobalt are  
critical metals to the  
Electrification Transition



3

High-Purity Iron Ore  
allows infrastructure  
to be built with Cleaner  
Steel

Business model offers superior long-term  
risk protection while providing free upside  
optionality to growth

4

Potash is a natural  
fertilizer that enables  
Food Sustainability and  
Limits Deforestation



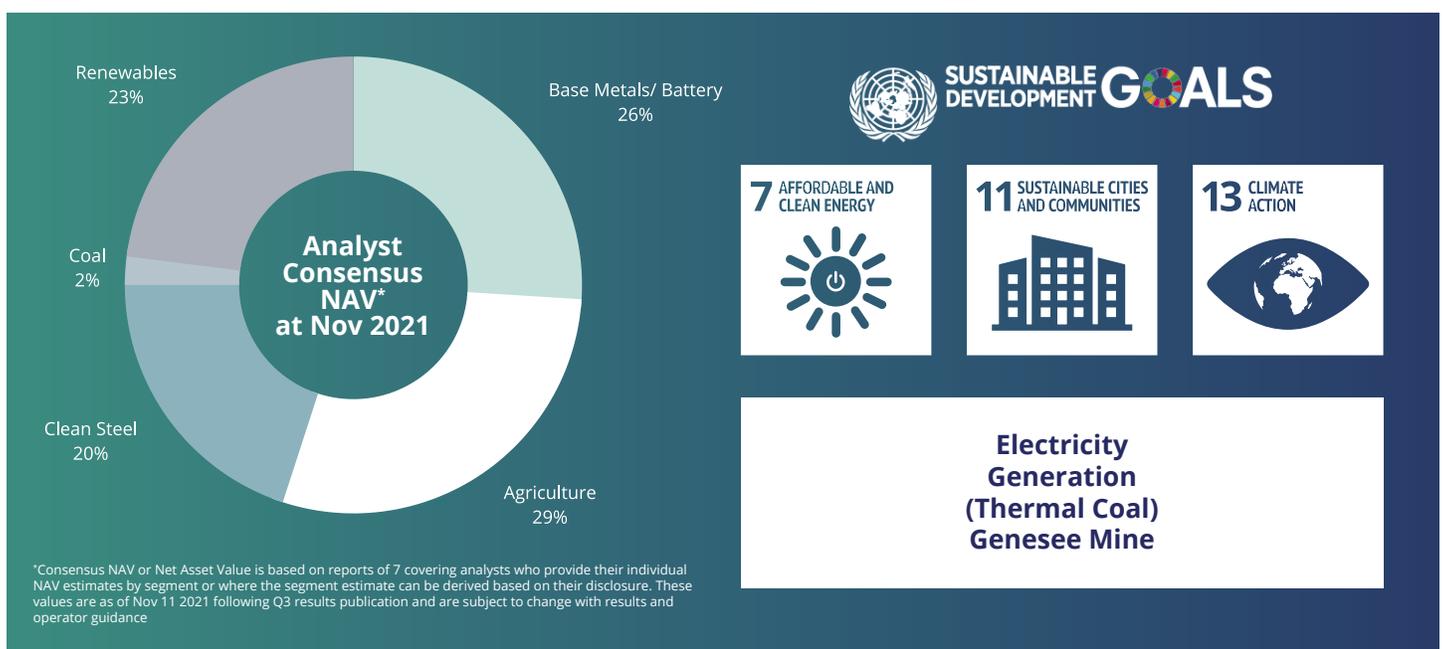
# Replacing Coal with Renewable Energy

In 2013 Altius was presented with a competitive opportunity to acquire a portfolio of Canadian potash royalties that it had long recognized as being related to some of the most important long-term mineral assets on earth. Amongst the biggest challenges we faced in deciding to make this acquisition was the fact that the potash royalties were being offered only as part of a package deal that included a portfolio of Alberta, Canada based thermal or electrical coal assets.

We made the acquisition and took possession of the potash and coal royalties in 2014 through a partnership vehicle in which we held a controlling interest. At that time the coal assets were subject to regulations that prescribed a timeline for phase-out as Canada sought to meet carbon reduction targets that it had committed to under international protocols (e.g. Kyoto).

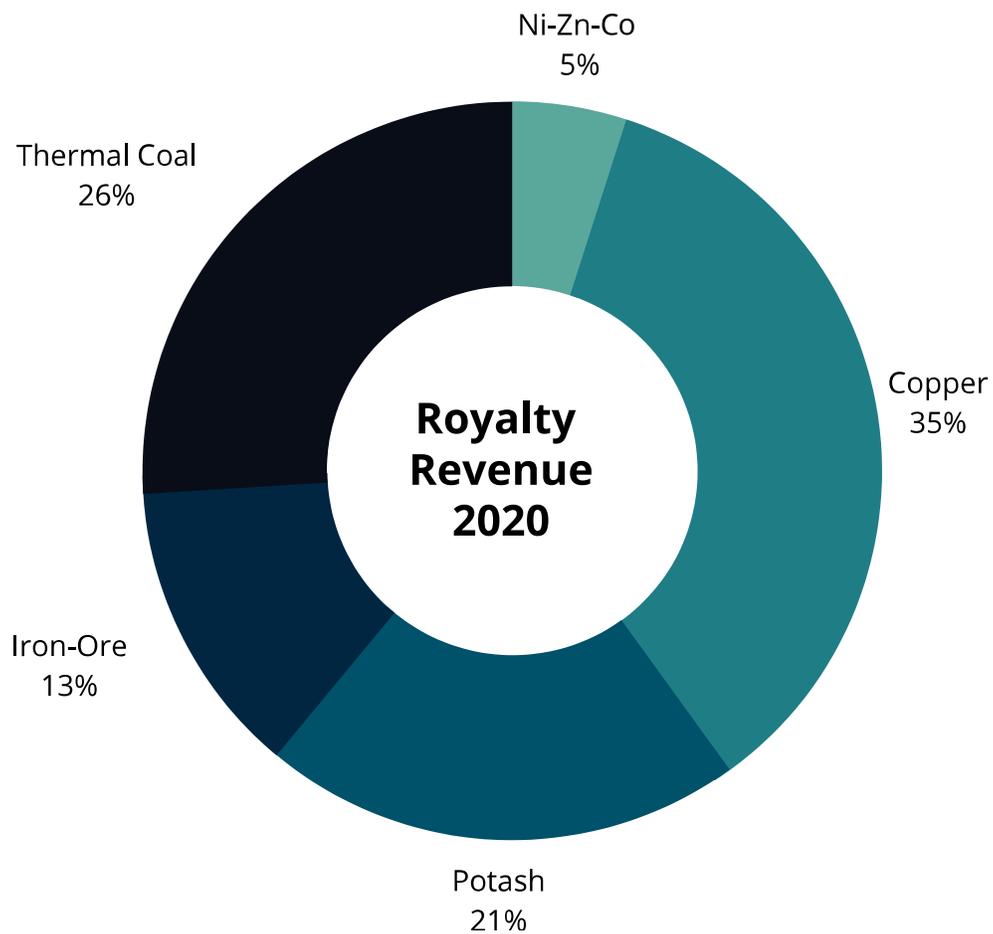
However in late 2015, in the lead up to the meetings that resulted in the formation of the Paris Agreement, both the Alberta and Canadian governments suddenly announced an acceleration to the phase-out timeline for coal based electrical generation that served to reduce the remaining expected lives of our coal royalties and resulted in a significant financial write-down of our asset carrying values.

Altius responded by expanding its focus into royalty financing of the renewable sector by creating ARR. ARR allowed Altius to begin replacing its interest in coal fired power generation royalties with renewable energy royalties. Through investments in four large US-based utility scale wind and solar developers and operators, ARR has begun building a portfolio of royalty interests that currently represent a combined expected nameplate capacity of 3,510 Megawatts with several further royalty interests expected under the subject agreements. ARR is directly enabling the transition to cleaner energy and the achievement of global sustainability imperatives while also setting a path for long-term value creation for its shareholders, partners and the communities in which it operates. In March 2021, Altius completed an initial public offering of ARR and maintains approximately 59% of its common equity.



# 2020 Royalty Revenues

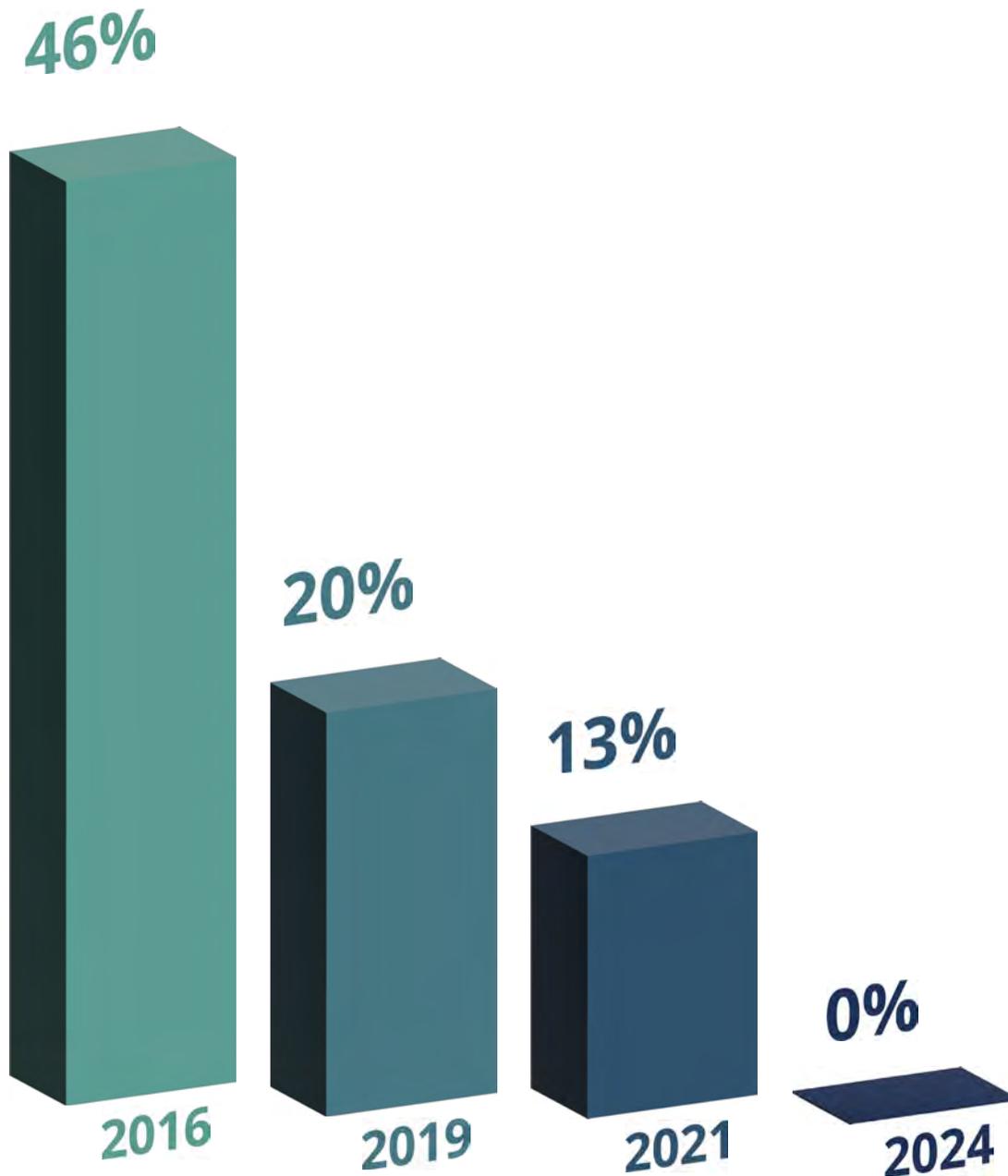
The breakdown of 2020 royalty revenue illustrates the resilience of the Altius portfolio to single risk events, whether climate, social, technical or regulatory-related. Most of the Altius royalty assets are in Canada, with one stream (Chapada) being on a copper-gold mine in Brazil. There are seven operators and 13 mines.



# Coal Phase-out Timeline

Coal will continue to decline, with 2023 now expected to be the last year of coal royalty revenue. In 2021, thermal coal asset operator Capital Power announced plans to accelerate their coal closures from 2030 to end of 2023.

## Revenue Based Coal Contribution



# Electrification & Energy Storage

The transition to cleaner power generation and transportation fueling is considered vital to the world's goal of a more sustainable future.

Copper is Altius's largest revenue exposure and its usage is expected to increase dramatically in support of the growth of renewable energy installations and the necessary grid enhancements that will accompany this ascendancy. Electric vehicle adoption and the related charging infrastructure required can also have a profound impact on demand.

Nickel, lithium and cobalt are likely to increase in demand as battery adoption increases both for transportation needs and the increasing adoption of paired storage solutions for renewable power generation. Altius maintains exposure to nickel and cobalt through its Voisey's Bay royalty, and is a significant (~13%) holder of private company Lithium Royalty Corporation which now holds 15 royalties on lithium projects ranging from exploration stage to production.

This potential for significant demand growth follows a protracted period of weak incentivization conditions for the creation of new supply of these metals, not only to meet higher demand but also to replace depleting assets. This provides Altius shareholders with the potential for higher metal prices and higher volumes as existing mines expand and new mines on which we hold royalties are built.



Q3'21 YTD  
Royalty  
Revenues



**SUSTAINABLE DEVELOPMENT GOALS**

**7** AFFORDABLE AND CLEAN ENERGY



**11** SUSTAINABLE CITIES AND COMMUNITIES



**13** CLIMATE ACTION





**VALE**



**lundin mining**



**Li<sup>3</sup>**  
LITHIUM CORP

Base Metal  
Royalties & Stream



**HUBBAY**

Chapada  
777  
Voisey's Bay  
Lithium Royalty  
Corporation

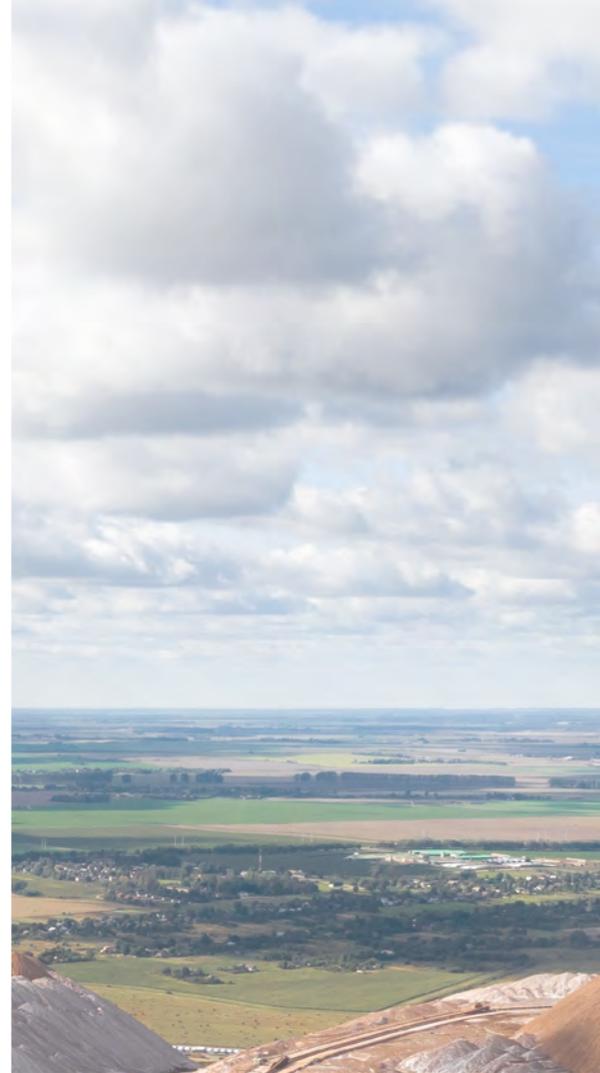
# Potash & Sustainability

Potash is a naturally occurring mineral that most commonly forms during the evaporation of ancient sea beds. It is the primary source of potassium, one of the 3 primary crop nutrients within agricultural fertilizer applications. Potassium increases crop yields and improves crop quality because it increases root growth and improves drought resistance, enhances photosynthesis and activates many critical enzyme systems.

As global population growth continues, and pressures mount to limit additional deforestation for farming purposes there is an obvious sustainability requirement to increase agricultural yields per unit of arable land.

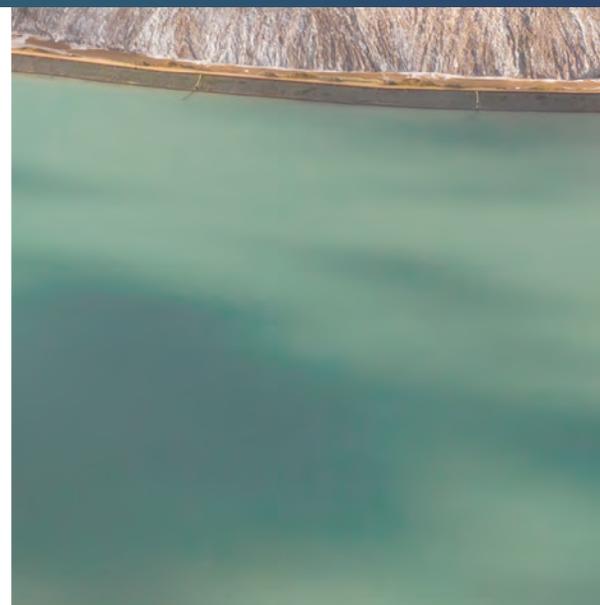
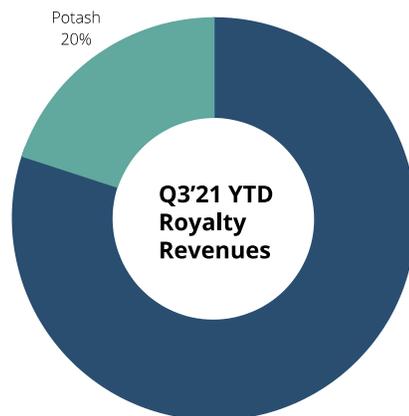
Altius holds royalty interests in potash mines that produce from Saskatchewan, Canada's Prairie Evaporite geologic formation. These include the Rocanville, Esterhazy, Allan, Cory and Patience Lake Mines. Saskatchewan potash mines collectively produce approximately one third of the world's natural potash fertilizer and are therefore essential to global food security and sustainability imperatives.

The potash mines on which Altius holds royalties feature extensive mineral reserves and resources that allow for decades to centuries of future production at current mining rates, as well as offering the potential for successive production rate increases as global potash demand continues to grow.



*"Canada has the world's largest reserves of potash with the capacity to produce approximately 34% of the world production"*

**-Canadian Fertilizer Institute's Oct 2021 Fertilizer Markets Brochure**

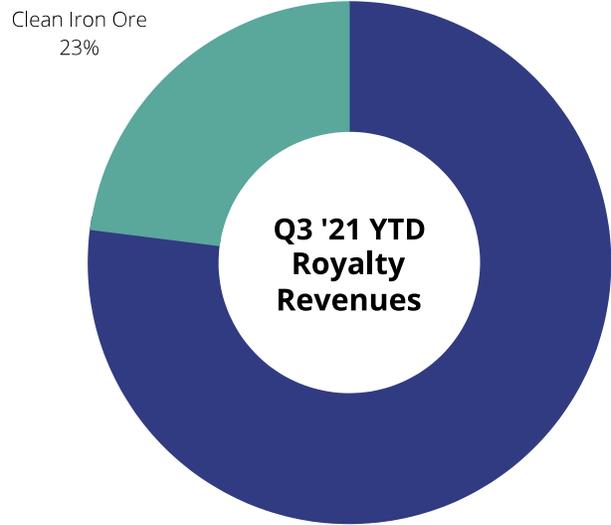


# Lower Emission Steelmaking

Steelmaking is one of the largest sources of industrial emissions worldwide. According to the Organization for Economic Co-operation and Development (OECD), steel production accounts for 8% of global CO2 emissions. Despite its contribution to emissions, and decades of research into potential substitutes for steel, nothing practical has been developed to match steel's properties in construction and industrial applications. Its usage also remains essential to building the equipment and infrastructure that is required to enable several important sustainability transitions.

Efforts to reduce carbon emissions and other pollutants from steel making are therefore becoming focused on the metallurgical efficiency of the process with a primary goal of reducing or ultimately eliminating the amount of coal used in steelmaking. Our iron ore exposure stems through our holding of Labrador Iron Ore Royalty Corp., which in turn holds a 7% gross revenue royalty and a 15.1% equity interest in Iron Ore Company of Canada ("IOC"). IOC is a global leader in the production of premium direct reduction and blast furnace pellets and concentrates. IOC's pellets and concentrate are high grade products with ultra low impurity contents, that are produced in Canada's Labrador Trough.

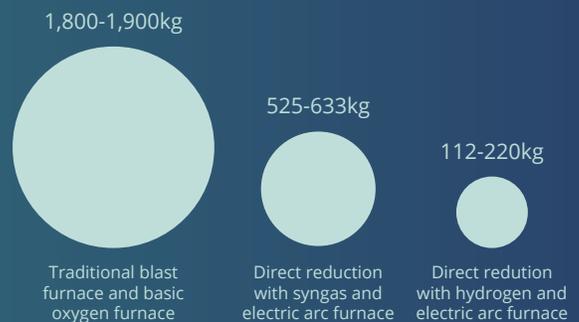
In general, higher quality ores with low levels of impurities are naturally more efficient to convert into steel and require less coal usage. Owing to their higher efficiencies in steelmaking, and lower emissions per unit of steel produced, these products have seen a significant increase in demand and relative pricing from both blast furnace and electric arc furnace steel producers worldwide. We also hold a royalty interest in Champion Iron's feasibility stage Kami project. Champion is evaluating Kami as a potential producer of iron ore concentrates of sufficient purity to be utilized in electric arc furnaces, which require no metallurgical coal inputs.



**RioTinto**  
**LABRADOR IRON ORE**  
 ROYALTY CORPORATION  
**CHAMPION IRON**

Producing steel with blast furnaces and basic oxygen furnaces releases significantly more carbon dioxide than newer steelmaking methods.

CO2 emissions per metric ton of steel produced



Steelmaking method

Credit: Sources Steel Res. Int. 2020, DOI: 10.1002/sin.202000110 (blast furnace and direct reduction methods); Siderwin (electrolytic) a The size of each circle represents the midpoint of the emission ranges shown. Note: The size of each circle represents the midpoint of the emissions ranges shown.

# Operator Disclosures

## **lundin mining**

2020 Sustainability Report  
Commodity: Copper  
Location: Goiás, Brazil

## **HUDBAY**

2020 Sustainability Report  
Commodity: Copper, Zinc, Gold, & Silver  
Location: Manitoba, Canada



Integrated Report 2020  
Commodity: Nickel, Copper & Cobalt  
Location: Labrador, Canada



Integrated Annual Report 2020  
Commodity: Thermal Coal  
Location: Alberta, Canada



2020 Sustainability and GRI Reporting  
Commodity: Potash  
Location: Saskatchewan, Canada

## **RioTinto**

2020 Sustainability Reporting  
Commodity: Iron Ore (Pellets & Concentrate)  
Location: Labrador, Canada



**Lithium Royalty Corp**  
[Lithiumroyaltycorp.com](http://Lithiumroyaltycorp.com)



## Developer Disclosures



[Excelsiormining.com](http://Excelsiormining.com)



[Triglobalenergy.com/](http://Triglobalenergy.com/)



[Adventusmining.com/](http://Adventusmining.com/)



[Apexcleanenergy.com/](http://Apexcleanenergy.com/)

# Our Environmental Impact

Altius is invested in business lines that are essential to enabling the world to meet its environmental sustainability objectives. The company often engages in low impact field activities as part of its Project Generation business in mineral exploration, where required disturbances of any kind are addressed by the company through full remediation of the impacted areas.



# Our Carbon Footprint

As a royalty company, Altius has no operating mines or industrial operations, and as such does not produce significant GHG emissions.

## Scope 1 – Direct Emissions

Altius and its subsidiary company Altius Renewable Royalties Corp. (ARR) do not produce any emissions through industrial or extractive processes, and its 19 employees are located in three corporate offices in Canada and the US. The office work environment does not entail any direct Greenhouse Gas Emissions and as such Altius and its subsidiary have no emissions under Scope 1.

## Scope 2 – Indirect Emissions

The Altius corporate head office is based in Newfoundland, Canada (13 people). In addition, the company also has a workplace shared satellite office in Toronto (2 people), Ontario. ARR is domiciled in New Hampshire, USA (4 people).

## Scope 3 – All Other Indirect Emissions

The other indirect emissions for Altius and ARR under Scope 3 relate to business travel, employee commutes and office consumables (paper and office supplies). The single largest source of Scope 3 and overall GHG emissions is business travel, which is primarily flights. Flights are required for both investor communication and for royalty evaluation and project generation activity. Details are provided below.

Building Emissions	2019 Energy Usage (tCO <sub>2</sub> e)	2020 Energy Usage (tCO <sub>2</sub> e)
ARR	8.9	9.0
ALS	36.4	36.4
<b>Total</b>	<b>45.3</b>	<b>45.4</b>

Employee Commute	2019 Energy Usage (tCO <sub>2</sub> e)	2020 Energy Usage (tCO <sub>2</sub> e)
ARR	10	2
ALS	23	8
<b>Total</b>	<b>33</b>	<b>10</b>

Business Travel	2019 Energy Usage (tCO <sub>2</sub> e)	2020 Energy Usage (tCO <sub>2</sub> e)
ARR	9	5
ALS	115	14
<b>Total</b>	<b>124</b>	<b>19</b>

# Our Carbon Footprint



## Offsetting Our Carbon Footprint

We use the carbon offsetting method to reduce emissions globally and create sustainable development benefits for communities around the world. In December 2021, Altius made a strategic investment in private company The Net Zero Company Ltd., which is a specialized emissions and offsets company. We are finalizing a purchase from them of credits to offset our carbon footprint of 74t CO<sub>2</sub>e. As a result of the offset, we are carbon neutral for 2020.

The carbon footprint in 2020 and on a year-to-date basis in 2021 has dropped sharply from 2019 as shown on page 33. Most of this reduction is attributable to work-from-home flexible policies in response to COVID-19 (no commuter emissions) and no physical site visits or investor marketing travel from Q1 2020 onward. Although site visits for due diligence are expected to resume in 2022, Altius management and directors have agreed to review the plan for investor marketing and in-person Board meetings to modify procedures going forward. It is expected that one or more Board meetings per year will be replaced by teleconference sessions, and investor meetings will be a combination of virtual and in-person sessions.

# Our Social Impact

Altius is actively involved in many community initiatives and supports many charities both through direct corporate support and in conjunction with our employees.

For over a decade, Altius staff have voluntarily contributed to a community giving program in which Altius matches individual donations, with 100% of permanent employees participating. The outcomes have included supplying disadvantaged children with school supplies, making gift baskets for seniors, sponsoring and preparing meals at a local soup kitchen and helping needy families with food and gifts at Christmas time.

From 2012 to end of June 2021, Altius made corporate contributions of approximately \$1.2 million in community fundraising programs. Major contributions went to educational institutions, hunger mitigation, an environmental remediation program, various arts and culture initiatives and sponsorship of various healthcare equipment fundraisers and mental health support programs.

## 2020 Covid-19 Related Community Donations

In 2020, Altius made significant commitments to support various humanitarian needs related to the Covid-19 crisis:



## Our Social Impact (Cont.)

In addition to the donations in 2020 that were primarily for COVID relief, Altius made donations in the amount of \$34,000. For added transparency, the names of individual organizations or events that received donations from Altius in 2020 were:

SEG Canada Foundation

Bridges to Hope

Canadian Cancer Society

Health Care Foundation

Adia -  
Bunibonibee/Trappers

Dinner for Levi

Gathering Place

Salvation army

Community Foodsharing

Iris Kirby  
House Foundation

As of December 14 2021, donations in the amount of \$92,679 have been made. In addition to organizations that are named above, recipients included cancer fundraisers and a local hospital foundation.

Community investment varies significantly from year to year, and reflects the values of Altius management and Board and ongoing assessments of need and impact. The total donations amount in 2020 was significantly higher than in 2019 (despite lower revenue) and reflected the extraordinary circumstances of need in the communities of which Altius is a member.



# Health & Safety Record

Altius has adopted a culture of safety and has collected information related to its safety program from 2004 onwards. Altius has a commitment to its employees, consultants and contractors that everyone returns home at the end of the day safe and injury free. This commitment is achieved through the development of health and safety policies, practices, manuals, instruction, training and use of PPE. As part of Altius' business plan, it actively solicits partners for new project generation opportunities and in many cases, project generation partners have adopted the Altius safety program for their own operations. In the hundreds of thousands of person hours (~748,800 hours†) over this **25**-year period, Altius experienced only one lost-time incident to a short-term contract worker due to a minor slip-and-fall injury in 2010. Altius has participated in national industry safety surveys since 2008 and have received **eleven** safety awards from AMEBC-PDAC (2008-2010, 2012-2019), the Canadian minerals industry safety watchdog. These awards are given on the basis of having no lost-time incidents.



†Based on an estimated 15 employees over a 25-year period.

# Human Resources Record

We are committed to the principle of equal employment opportunity for all individuals and to providing employees with a work environment free of discrimination and harassment.

**With a five year average annual employee turnover rate of less than 10%, Altius has a reputation as a preferred employer in the sector. Our employees are non-unionized and there are no collective bargaining agreements in place, although collective organization is permitted as documented in the new Human Rights Policy (2021). There have been no incidents of labour unrest since the inception of Altius.**

	2020	2019	2018	2017	2016	Average
Employee Turnover	0%	5%	6%	12%	0%	5%

	2020	2019	2018	2017	2016	Average
LTIR	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0



[Altiusminerals.com](https://www.altiusminerals.com)

**Altius Minerals Corporation**  
2nd Floor, 38 Duffy Place  
St. John's, NL, A1B 3M5, Canada



<https://www.arr.energy>





## SASB Index

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SASB created the Sustainable Industry Classification System® (SICS®) to categorize companies based on their industry and the ESG risks and opportunities they face. As of the date of this report, Altius is classified in the “Financials” Primary SICS Sector and the “Asset Management & Custody Activities” Primary SICS Industry. Other royalty and streaming companies are classified the same way, as they provide a form of financing to primarily the mining sector but are not operators and producers and as such, do not face the same direct risks that operators face.

This “Asset Management & Custody Activities” SASB Standard recommends certain accounting metrics that are more applicable to custodians or intermediaries who are managing the assets of customers on a fee basis, and as a result there are specific recommendations that are not applicable to Altius’s business.

The SASB Index below provides Altius’ SASB-aligned disclosure on the ESG topics and recommended metrics that we have determined are applicable to our business. Where we have deemed that ESG topics and recommended metrics are not applicable to our business, we provide an explanation and any information that is relevant to our business.

# SASB Index

ESG Topic	Accounting Metric	2020	Additional Information
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer initiated complaints, private civil litigations, or other regulatory proceedings  FN-AC-270a.1	(1) 0 (2) 0%	Altius is not affiliated or engaged in any brokerage or investment business. As such, none of our employees are subject to financial regulatory bodies (CRD, FINRA, IARD) and we do not have any “covered employees”, defined in the SASB Standards. We have recorded 0 for all of our employees under this metric.
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers  FN-AC-270a.2	\$0	Altius is not affiliated or engaged in any brokerage or investment business. As such, we do not have any legal proceedings associated with marketing and communications and furthermore do not have any monetary losses due to legal proceedings against any employees.
	Description of approach to informing customers about products and services  FN-AC-270a.3	N/A	This metric is not applicable to Altius, as we do not have customers as per the definition in the SASB Standard.
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees  FN-AC-330a.1	Gender diversity (1) 0% female (2) 38% female (3) 38% female (4) 100% female  Racial/ethnic diversity 0% for all categories Neither Altius nor ARR have any racial group employees in management or on the Board of Directors of either company.	Non executive management employees includes employees whose titles are director or controller, or a similar level. We have included Great Bay Renewables (“GBR”) employees in the calculation of this metric.  GBR is the operating company jointly owned and controlled by ARR and certain funds managed by Apollo Global Management. ARR went public on the TSX through an IPO in Q1 2021, and prior to that was a wholly owned subsidiary of Altius Minerals.

ESG Topic	Accounting Metric	2020	Additional Information
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening  FN-AC-410a.1	N/A	Altius is a mineral royalty/streaming, renewable energy royalty and mineral project generation company. We do not have financial assets under management, as defined in the SASB Standard. We do have investments in a stream and various other royalties, that fall under fixed assets. All investments in new royalties are subject to Altius' ESG due diligence and monitoring processes. We describe how ESG factors are integrated into our due diligence process in the section of this report titled "Making Investment Decisions". Additional information can also be found in our <a href="#">ESG Investment Policy</a> .
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies  FN-AC-410a.2	All investments in new royalties are subject to Altius' ESG due diligence and monitoring processes. We describe how ESG factors are integrated into our due diligence process in the section of this report titled "Making Investment Decisions". Additional information on our approach to incorporation of ESG factors in investment decisions can also be found in our <a href="#">ESG Investment Policy</a> .	
	Description of proxy voting and investee engagement policies and procedures  FN-AC-410a.3	We have currently equity positions in 6 companies that each represent 10% or more of the company's issued and outstanding shares. In each of those instances, we report changes through the Canadian insider trading portal at www.sedi.ca. In addition, we have typically 10 or more equity positions where we own less than 10% of each company's issued and outstanding shares. For all of our equity holdings, we endeavour to obtain proxy materials either by mail or from our custodians and exercise our voting rights.	



ESG Topic	Accounting Metric	2020	Additional Information
Business Ethics	Description of whistleblower policies and procedures FN-AC-510a.2	Altius maintains a third party whistleblower service that operates on a 24/7 basis and allows for the submission of grievances on an anonymous basis by phone or through a portal. Complaints are compiled by the service and reported back to Altius where the reporting of significant complaints goes to the Chair of the Audit Committee. Information on the whistleblower service including the hotline number and website is published in the Company's annual financial disclosure, so that shareholders and other public company stakeholders are also able to submit concerns.  Altius also has a Whistleblower Policy which confirms that no retaliation will be allowed against an employee or contractor who reports a complaint. In the past five years, Altius has registered no complaints by any employee or entity. Refer to page 16 of the 2021 Sustainability Report for further details.	
Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification FN-AC-550a.1	N/A	This metric is not applicable to Altius, as we do not have any open-end fund assets as per the definition in the SASB Standard.
Systemic Risk Management	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management FN-AC-550a.2	Please see our Annual Financial Statements for information on our liquidity.	
Systemic Risk Management	Total exposure to securities financing transactions FN-AC-550a.3	\$0	We have no exposure to securities financing transactions in accordance with the U.S. Securities Financing Transactions Regulation.
Systemic Risk Management	Net exposure to written credit derivatives FN-AC-550a.4	\$0	We have no exposure to credit derivative products.



# TCFD Index



TCFD Category



Recommended Disclosure



Disclosure

Governance

a) Describe the board's oversight of climate-related risks and opportunities.

Altius' and ARR's Boards are both responsible for oversight of climate-related risks and opportunities. The Audit Committee of Altius' Board maintains primary oversight of the evaluation, monitoring and implementation of new risk factors and their mitigation, including climate change factors. The Board of Altius Renewable Royalties is a smaller Board (5 independent directors). ARR is primarily a capital allocator and joint venture partner to certain funds managed by Apollo Global Management. The Board of ARR, when providing authorization to make an investment, receives a full due diligence package from Great Bay Renewables (the operating company) where climate change impacts, risk and opportunities are part of the due diligence process.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

Altius management monitors developments that have the potential to impact royalty or stream cash flows, which includes climate-related risks and opportunities. Altius management engages with its operators to gain information and insight, and is given opportunities to ask questions both during quarterly royalty payment receipts and periodically through information rights and site visits. Questions and information on climate change factors are common, as weather events have often led to production downtime or shutdowns. ARR has ongoing dialogue with its developer partners including on climate change factors, and the due diligence process and materials on operating royalties in 2021 included climate change factors.



# TCFD Index Continued

 TCFD Category	 Recommended Disclosure	 Disclosure
Strategy	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>Altius is exposed to both climate change risks and opportunities:</p> <ul style="list-style-type: none"> <li>• Altius faces indirect risk and opportunity related to the transition to a lower carbon economy through its operating companies. The transition to a lower carbon economy could impact commodity prices over time, lowering the value of high-carbon emitting commodities and/or increasing the value of minerals required to support the low carbon transition.</li> <li>• Opportunity exists to invest in operators that are addressing demand for renewable energy and reducing GHG emissions.</li> <li>• Altius also faces direct exposure to transition risks and opportunities through its portfolio as renewable power commands a larger share of the overall energy generation market.</li> <li>• Altius faces indirect exposure to risks related to the physical impacts of climate change through its operating companies as the physical impacts of climate change present risk to Altius' operators.</li> </ul> <p>For additional detail on the ESG factors, including climate change factors, that Altius has identified as being material to its business, see the ESG Materiality Assessment section of this report on page 8.</p> <p>Altius's strategy is driven by climate change and related sustainability factors, focused on growing a diversified portfolio of long-life royalties related to assets and commodities that benefit from sustainability linked, macro-scale structural trends, including the transition from fossil fuel to renewable based electrical generation; transportation electrification; lower emission steel making; and agricultural yield demand growth. All of these are linked to climate change, whether it be to the energy transition or to the acknowledgment of physical risks that arise from climate change. In our strategic planning, we develop goals and objectives for a one year basis up to a five year basis. The energy transition strategy and opportunities are expected to evolve over a 1-3 year timeline as our coal royalty revenue will be phased out by the end of 2023/2024 based on operator guidance and replaced by renewable energy royalty revenue, while reactions and changing expectations for royalty revenue impacted by severe weather is a shorter timeframe.</p> <p>For additional detail on Altius' strategy and how ESG factors, including climate change factors, impact the company's strategy, see the Our Business Strategy section of this report.</p>

# TCFD Index Continued

 TCFD Category	 Recommended Disclosure	 Disclosure
Strategy (cont.)	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Altius has not yet conducted scenario analysis due to data limitations but is committed to enhancing the alignment of its ESG disclosure with the TCFD recommendations over time.
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Altius' strategy for identifying climate-related risk is in the context of its overall risk assessment, which happens on a quarterly basis beginning with finance management and the Corporations' external auditors. Altius receives a comprehensive annual review that is presented to the Audit Committee for input and discussion before going to the full Board as part of the year end disclosure approval process. Climate change risk is classified by Altius as "critical", which is the highest severity category in the Corporation's risk register matrix. The risk register matrix gets updated on a quarterly or when a new risk is introduced.
	b) Describe the organization's processes for managing climate-related risks.	Altius implements a range of strategies to manage the risks that have been identified in the context of its overall risk assessment, including climate-related risks. Altius' ESG Investment Policy outlines the approach that Altius takes to ensure that the ESG risks and opportunities, including climate-related risks, facing the companies and projects being considered for potential investment will be appropriately assessed and monitored as part of Altius' due diligence and risk management processes, thereby lowering Altius' corporate risk and contributing to responsible investment and responsible resource development. Altius' ESG assessment focuses on the ESG factors with the most significant potential to indirectly impact Altius' business including climate-related physical risks, climate-related regulatory risks and GHG emissions.



# TCFD Index Continued

		
TCFD Category	Recommended Disclosure	Disclosure
Risk Management (cont.)	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	As outlined above under the Risk Management a) disclosure, Altius' strategy for identifying climate-related risk is integrated into the organization's overall risk assessment process.
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Altius is currently evaluating formal adoption of climate-related metrics to monitor and assess climate-related risks and opportunities.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Altius' Scope 1, 2 and 3 GHG Emissions are disclosed in the Our Carbon Footprint section of this report. We have also included disclosure of our operator partners' GHG emissions based on their public disclosure (where available) in the Operator Disclosures section of this report.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	To date, Altius has not yet adopted targets for reduction of GHG emissions. Altius is evaluating targets for adoption.



# Operator Disclosures

The following table provides GHG Scope 1 and 2 emission data for all of our cash flow generating royalties. Available disclosure depends on the operators, and whether or not they provide data by mine or aggregated with other mines in a segment disclosure. The data is mainly reported by operator submissions to the Carbon Disclosure Project and/or in operator website disclosure (Nutrien) producing cash flow mining assets. These are publicly disclosed greenhouse gas emissions for the assets by their respective operators, and are shown below on a 100% basis, not reflecting our royalty interest percentages.

Mine	Operator	Scope 1 Emissions (tCO <sub>2</sub> e)	Scope 2 Emissions (tCO <sub>2</sub> e)	Total Emissions (tCO <sub>2</sub> e)
Chapada	Lundin Mining	62,508	12,471	74,979
777	Hudbay Minerals	NR	NR	NR
Rocanville	Nutrien	211,600	498,598	719,198
Cory	Nutrien	56,000	131,954	187,954
Allan	Nutrien	111,600	262,966	374,566
Patience Lake	Nutrien	10,800	25,448	36,248
Esterhazy	Mosaic	139,711	558,930	698,641
Vanscoy	Nutrien	20,400	48,069	68,469
Voisey's Bay	Vale	NR	NR	NR
IOC	Iron Ore Company of Canada	NR	NR	NR
Genesee	Westmoreland/ Capital Power Corporation	8,662,096	83,971	8,746,067

NR = not reported. For example, Hudbay Minerals reports data on a segment basis for Manitoba, but not for 777 individually.

In general, Scope 1 emissions are a multiple higher than Scope 2, except for the potash mining operations where the mining process is very energy intensive.





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