

TSX: TVE

# REAL PEOPLE, REAL CHANGÉ

**ZAK HOLLAND**  
Tamarack Operator and  
Member of the Kainai Nation



## Tamarack Valley Energy

Sustainability-Linked Bond Framework

January 2022



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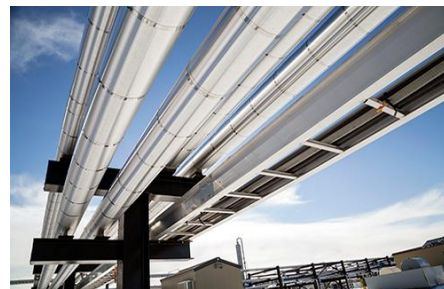
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# ABOUT TAMARACK

Tamarack Valley Energy Ltd. ("Tamarack") is an oil and gas exploration and production company committed to creating long-term value for its stakeholders through sustainable free funds flow generation, financial stability and the return of capital. The Company has an extensive inventory of low-risk, oil development drilling locations focused primarily on Charlie Lake, Clearwater and EOR plays in Alberta. Operating as a responsible corporate citizen is a key focus to ensure we deliver on our environmental, social and governance ("ESG") commitments and goals. For more information, please visit the Company's website at [www.tamarackvalley.ca](http://www.tamarackvalley.ca).



# TAMARACK'S SUSTAINABILITY STRATEGY

## TAMARACK'S SUSTAINABILITY PROGRAM

Our sustainability program is built on a foundation of strong beliefs translated into material action including continuous improvement, innovation, integration, transparency and ethical oversight. Learn more about our program in our Sustainability Report at [www.tamarackvalley.ca](http://www.tamarackvalley.ca).

*"Sustainability touches every corner of our organization. While oversight of sustainability is specifically included in the Environment, Safety and Sustainability committee mandate, all committees are engaged at some level in the oversight and integration of our sustainability program."*



## MATERIALITY AND FOCUS AREAS

	<b>EMISSIONS MANAGEMENT</b>	Emissions management includes the priority topic of GHG emissions management. This topic is aligned with the SASB disclosure topics of greenhouse gas emissions and air quality.
	<b>LAND &amp; BIODIVERSITY PRESERVATION</b>	Land and biodiversity preservation includes the priority topic of asset retirement and land reclamation as well as the significant topics of ecosystem and biodiversity management and product leaks and spills. It includes information from the SASB topics of biodiversity impacts and critical incident risk management.
	<b>WATER MANAGEMENT</b>	Water management includes the priority topic of water use. This topic is aligned with the SASB disclosure topic of water management.
	<b>STAKEHOLDER ENGAGEMENT</b>	Stakeholder engagement includes the priority topic of Indigenous rights and the significant topic of community partnership. It aligns with the SASB disclosure topics of security, human rights and rights of Indigenous peoples as well as community relations.
	<b>ETHICAL GOVERNANCE</b>	Ethical governance includes the significant topics of safety and ethical governance. It aligns with the SASB disclosure topics of workforce health and safety as well as business ethics and transparency.

# TAMARACK'S SUSTAINABILITY STRATEGY



## EMISSIONS MANAGEMENT

### COMMITMENT

**Tamarack is committed to reducing greenhouse gas emissions, understanding climate change risks and providing a highly responsible, low emission energy option during the energy transition.**



### GOALS

- 2021** Continue and complete implementation of TCFD recommended climate change risk program ●●● **Progressing**
- 2025** Reduce Scope 1 and 2 emissions intensity by 39% over the 2020 baseline (goal reset post-publication of 2021 Sustainability Report)
- 2025** Reduce methane specific emissions intensity by 60% over the 2017 baseline



### 2020 – 2021 ACHIEVEMENTS

1. Minimized methane emissions for acquired Clearwater assets through operational changes, including converting venting to flaring and incineration, in early 2021
2. Completed a major Nipisi area gas infrastructure project as a first step to conservation of gas in the Clearwater play
3. Despite slight increases to intensities in 2020, realized a 9% reduction in Scope 1 and 2 emissions intensity and a 42% reduction for methane intensity over the 2017 baseline
4. Integrated key low emissions assets acquired in 2021, including the Charlie Lake, which are projected to lower overall emissions and prompted a reset of reduction goals

### ALBERTA EMISSIONS REGULATORY ENVIRONMENT

With a large majority of our operating properties in the province of Alberta, Tamarack adheres to some of the most stringent emissions management regulations in the world.

#### ALBERTA ENERGY REGULATOR ("AER")

##### DIRECTIVE 7: VOLUMETRIC AND INFRASTRUCTURE REQUIREMENTS

Directive specifies requirements for reporting volumetric data for wells, pipelines and facilities and well status changes. Each oil and gas licensee or operator in Alberta must file a record of monthly activities at a well, facility or pipeline with the AER.

##### DIRECTIVE 17: MEASUREMENT REQUIREMENTS FOR OIL AND GAS OPERATIONS

Directive sets what and how volumes must be measured or estimated, accounting procedures for the volumes, audit data requirements and volume reporting. The AER has developed standards of accuracy for measurement, outlined as "maximum uncertainty of monthly volume" and "single point measurement uncertainty."

##### DIRECTIVE 60: UPSTREAM PETROLEUM INDUSTRY FLARING, INCINERATING AND VENTING

Directive outlines requirements for flaring, incinerating and venting at all wells and facilities, targeting the primary sources of methane emissions from Alberta's upstream oil and gas industry, and addressing any public safety concerns and environmental impacts before beginning to flare, incinerate or vent.

##### MANUAL 13: COMPLIANCE AND ENFORCEMENT PROGRAM

Compliance with regulatory requirements is achieved using various assurance activities (inspections and audits) and enforcement tools (orders and penalties).

##### ENHANCED PRODUCTION AUDIT PROGRAM

Annual compliance assurance and declaration process to improve measurement and reporting processes and meet AER requirements.

#### ALBERTA TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION REGULATION ("TIER")

TIER is Alberta's industrial greenhouse gas emissions pricing regulation and emissions trading system. Facilities regulated under TIER must reduce emissions to meet facility benchmarks and are subject to annual compliance reports that are required to be verified by a qualified third-party assurance provider.

#### CANADA'S NATIONAL POLLUTANT RELEASE INVENTORY ("NPRI")

NPRI is Canada's inventory of pollutants released to the air, water and land and requires mandatory annual reporting. NPRI tracks over 300 substances, including criteria air contaminants (i.e. nitrogen oxides).



# TAMARACK'S SUSTAINABILITY STRATEGY



## LAND & BIODIVERSITY PRESERVATION

### COMMITMENT

**Tamarack is committed to prudent full-cycle land management practices that minimize ecosystem impact, return sites to their original state and effectively manage inactive liabilities.**



### GOALS

- 2022** Engage in an at-risk species rehabilitation project
- 2022** Advance reclamation program through receipt of 50 reclamation certificates per year on a rolling three-year average basis
- 2023** Reduce existing inactive liability profile through an ARO spend that exceeds the voluntary target set through the Alberta Energy Regulator's Area Based Closure ("ABC") program on an annual basis



### 2020 – 2021 ACHIEVEMENTS

1. Identified three at risk species projects for key species in areas where Tamarack operates; project to be selected by year end 2021 and implemented in 2022
2. Advanced reclamation and remediation in 2020 and 2021 with >200 active sites; due to weather issues, Tamarack may be delayed in achieving this goal until 2023
3. Invested greater than the ABC program requirements in 2020 and 2021, with a plan to continue this trend, based on current program parameters, through 2025
4. Fully utilized and leveraged available grant funding to supplement Tamarack funding and maximize liability reductions




## WATER MANAGEMENT

### COMMITMENT

**Tamarack is committed to operating as a responsible citizen within the required water regulations, prudently using water where required and maximizing the use of alternate non-potable water sources.**



### GOALS

- 2022** Ensure 100% use of non-fresh water in completion and enhanced oil recovery ("EOR") operations at Veteran  **Complete**
- 2023** Identify 3 unique initiatives to reduce forecasted fresh water consumption



### 2020 – 2021 ACHIEVEMENTS

1. Achieved 100% non-fresh water use in completion and EOR operations at Veteran in 2020; this continues to be an important priority and goal on an ongoing basis
2. Extended non-fresh water use in completion and EOR operations to the new Eyehill asset with a 100% utilization in 2022 and significant progress in 2021
3. Explored potential initiatives through 2021, particularly as they pertain to new assets, with the first initiative identified and implemented in 2022
4. Utilized 100% non-fresh water in completion operations at the new Clearwater assets in 2021

# TAMARACK'S SUSTAINABILITY STRATEGY



## STAKEHOLDER ENGAGEMENT

### Indigenous Partnerships

#### COMMITMENT

Tamarack is committed to active partnerships with our Indigenous stakeholders, support for the preservation of culture and knowledge sharing to produce mutually beneficial outcomes.



#### GOALS

- 2021 Acknowledge and implement the principles of UNDRIP through investment in reconciliatory activities including cultural, education and training Complete
- 2021 Identify new opportunities for shared value and potential partnerships through 1 additional partnership Complete
- 2022 Implement a system to track and improve spending with Indigenous businesses
- 2025 Increase Indigenous representation in our field and office workforce to 6%

#### 2020 – 2021 ACHIEVEMENTS

1. Demonstrated active acknowledgement of reconciliation through the completion of a cultural preservation project and internal education opportunities
2. Formed a partnership with Kainai Resources Inc. to support the stewardship and employment efforts of the Tribe, with a focus on asset retirement projects
3. Developed a system for tracking Indigenous participation and spending, currently in pilot phase, as a first step toward improved spending and value creation
4. Welcomed three Indigenous female employees to the Tamarack Calgary office in 2021, expanding roles within our workforce beyond male field operators

**“Supporting the preservation of Indigenous culture today will positively impact future generations, creating mutual respect and strong business relationships.” – Brian Schmidt (Aakaikkitstaki), President, CEO & Director**

### Our People

#### COMMITMENT

Tamarack is committed to empowering our people – employees and contractors alike – through education and training opportunities, active engagement and inclusion.



#### GOALS

- 2021 Provide in-house training and education initiatives to further develop skills and industry knowledge with a 95% participation rate Complete
- 2021 Manage and monitor employee engagement levels through workshops, surveys and interviews with a 95% participation rate Complete
- 2021 Implement a diversity and inclusion program aimed at education and support for underrepresented groups as well as tracking to improve transparency Progressing

#### 2020 – 2021 ACHIEVEMENTS

1. Provided ongoing “Lunch and Learn” training as well as health and safety training with a 93% participation rate in 2020; achieved >95% in 2021
2. Continued to measure and monitor employee engagement as well as look for new creative ways to engage with employees
3. Continued to increase diversity in the new hires required for expansion from acquisitions; diversity and inclusion program in development for launch in late 2021

# TAMARACK'S SUSTAINABILITY STRATEGY



## STAKEHOLDER ENGAGEMENT

### Community Engagement

#### COMMITMENT

Tamarack is committed to meaningful engagement, mutual transparency and shared economic value with community partners.



#### GOALS

- 2021 Create formalized parameters for community investment  
 Complete
- 2022 Increase frequency and methods of engagement with stakeholders, with a target of 50 unique stakeholder interactions and 5 new initiatives to facilitate interaction
- 2022 System development for the public reporting of economic value created in communities, with clear delineation of where the value is realized to improve transparency

#### 2020 – 2021 ACHIEVEMENTS

1. Created and approved formalized community investment parameters in Q3 2021; rolled out to organization and available to the public in Q4 2021
2. Continued to search for new ways to engage with stakeholders in addition to seeking interactions with new stakeholders

Tamarack continues to search for new and innovative ways to interact with our community stakeholders. In 2020 and 2021 Tamarack:



Co-hosted a virtual open house with Kainai Resources



Participated in a local job fair in the Sucker Creek Nation area



Invested in community initiatives



Hosted round tables with Kainai as well as members of the Treaty 8 nations



Connected with economic development organizations in communities where we operated



Diversity & Inclusion  
Active Engagement of Our People  
Mental & Physical Health  
Education  
Vibrant Successful Communities  
Access to Employment  
Ecosystem Preservation  
Youth



# TAMARACK'S SUSTAINABILITY STRATEGY



## ETHICAL GOVERNANCE

### Ethical Governance, Diversity & Inclusion

#### COMMITMENT

**Tamarack is committed to transparency, diversity and the highest level of ethics within our governance practices.**



#### GOALS

- 2021** Increase portion of executive compensation tied to achievement of key sustainability goals through the addition of a long-term incentive target to the existing short-term targets **Complete**
- 2022** Increase transparency of ESG through third party assurance of reporting
- 2023** Increase Board diversity through gender and ethnicity representation as well as skills matrix

#### 2020 – 2021 ACHIEVEMENTS

1. Revamped STI structure in 2020 for 2021; includes more robust targets tied to corporate commitments; increase in % tied to ESG goals for most senior executive
2. Continued through 2021 to integrate ESG meaningfully into LTI without deprioritizing the key goals of debt adjusted free funds flow and total shareholder return
3. Scheduled a readiness exercise with a plan for assurance in 2022
4. Actively worked to improve the diversity of skills for the Board and lay the framework for ethnicity and gender representation in future recruits

### Health & Safety

#### COMMITMENT

**Tamarack is committed to a culture that prioritizes safety, proactively rectifies risks and continuously educates team members on safety protocols.**



#### GOALS

- 2021** 20% increase in observations and mitigations over 2019 baseline to help prospective safety management **Complete**
- 2021** Increase executive presence at field level safety and operations meetings to promote the importance of safety through 20 independent executive interactions annually **Complete**
- 2022** Increase formal spill hazard training for production operators with an 80% participation rate **Complete**

#### 2020 – 2021 ACHIEVEMENTS

1. Achieved a 40% increase in observations and mitigations over the 2019 baseline in 2021; reframe go forward target to focus on proactive hazard assessments
2. Continued and increased interactions, despite COVID pandemic challenges, through physically distanced in-person meetings and virtual interactions
3. Achieved 94% training completion in 2020; will continue to maintain > 80% as new operators are added with an expectation of 100% participation
4. Tabled a new set of targets in the spirit of continuous improvement to work towards improved safety outcomes



# RATIONALE FOR SUSTAINABILITY-LINKED BOND FRAMEWORK

Tamarack will continue to focus on, and aim to improve, our overall ESG practices while staying true to the goal of creating long-term stakeholder value and positively contributing to responsible energy production that can sustain a healthy planet for future generations.

We work hard every day to deliver results while unwavering in our commitment to environmental stewardship, community engagement and employee empowerment. To reflect the continued development and growth of our sustainability foundation, Tamarack has decided to put in place a Sustainability-Linked Bond Framework to link our funding with our sustainability objectives.

The Sustainability-Linked Bond Principles ("SLBP"), as administered by the International Capital Market Association ("ICMA"), are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond ("SLB") market by clarifying the approach for issuance of a SLB.

This Sustainability-Linked Bond Framework (the "Framework") is aligned with the following five core components of the SLBP which are further described on the following pages.

- 1) Selection of Key Performance Indicators ("KPI")
- 2) Calibration of Sustainable Performance Targets ("SPT")
- 3) Bond Characteristics
- 4) Reporting
- 5) Verification



# SUSTAINABILITY-LINKED BOND FRAMEWORK

## A. Selection of Key Performance Indicators

### KPI 1: GHG Emissions Intensity, kg CO<sub>2</sub>e/boe (Scope 1 and 2 Emissions)



#### RATIONALE FOR KPI SELECTION

Tamarack cares deeply about protecting the environment and minimizing our impact on local ecosystems. This perspective is shared across the organization and applies to all operational activities.

Tamarack is committed to reducing greenhouse gas emissions intensity, understanding climate change risks and providing a highly responsible, low emission energy option during the energy transition.

GHG emissions are a key challenge in the upstream oil and gas sector, with the combined upstream and downstream sectors contributing 26% of Canadian industrial emissions in 2019 (Environment and Climate Change Canada, 2021). Incorporating emissions management into strategic decision making is imperative to remain a relevant, productive and sustainable business. GHG and emissions management was identified as a priority topic for Tamarack during our materiality assessment in 2020 and continues to be one of the top priority topics in the business and industry today. As a progressive Canadian producer, Tamarack strives to be a leader in emissions management, supporting responsible energy production with the lowest possible emissions per unit of energy (emissions intensity) during the energy transition. Since our inaugural sustainability report, Tamarack has set clear, measurable and time specific goals related to emissions reductions. Selecting GHG emissions intensity as a KPI for both our ongoing sustainability goals and our sustainability-linked funding further demonstrates our commitment to continuous improvement in this exceptionally relevant area.

#### SCOPE AND METHODOLOGY FOR CALCULATING KPI

Tamarack has calculated GHG emissions intensity in accordance with the requirements of the Greenhouse Gas Protocol ("GHG Protocol"), a comprehensive global standardized framework, and the internally developed criteria outlined below.

KPI 1 is structured under the following parameters:

1. GHG emissions intensity within a full calendar year
2. Scope of GHG emissions measurements and target is company-wide
3. Units will be measured in kilograms of carbon dioxide equivalent per barrel of oil equivalent (kg CO<sub>2</sub>e/boe)

GHG emissions will contain Scope 1 and 2 emissions identified as:

1. Scope 1 (Direct) Emissions: Emissions that occur directly through the process of business operations that are owned or within the direct control of the corporation including stationary combustion, incineration or flaring of product, product losses to atmosphere and mobile combustion where applicable as per GHG Protocol

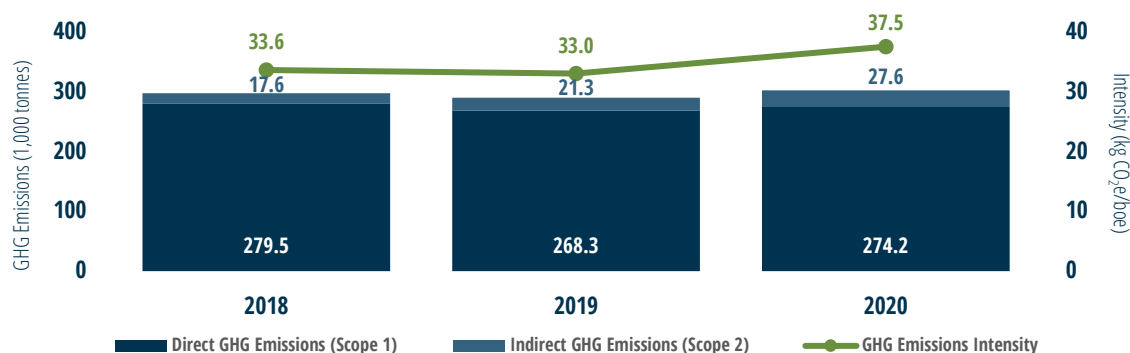
2. Scope 2 (Indirect) Emissions: Emissions from purchased energy where the organization benefits from the energy production but is not in control of the emissions, including electricity, steam, heat or cooling as per GHG Protocol

In line with the GHG Protocol, Tamarack has selected product sales, in a barrel of oil equivalent measurement, as the denominator for intensity calculations. Product sales are the base volume that drive economic value for the organization. In addition, using a barrel of oil equivalent number enables direct comparison across a product mix based on energy unit equivalent value. Product sales align with the IFRS accounting standard for production measurement; however, this production measurement does not align with the production measurement values required by, and reported to, government regulators. Production reported to government regulators includes volumes that may be wasted or emitted, rather than sold. As a result, Tamarack's emissions intensity may not be directly comparable to other reporters. Using sales volumes as a denominator will generate a higher intensity than raw production volumes.

# SUSTAINABILITY-LINKED BOND FRAMEWORK

## A. Selection of Key Performance Indicators

### HISTORICAL PERFORMANCE



In 2020, Tamarack's emissions increased on both an absolute and intensity basis. Here is why:

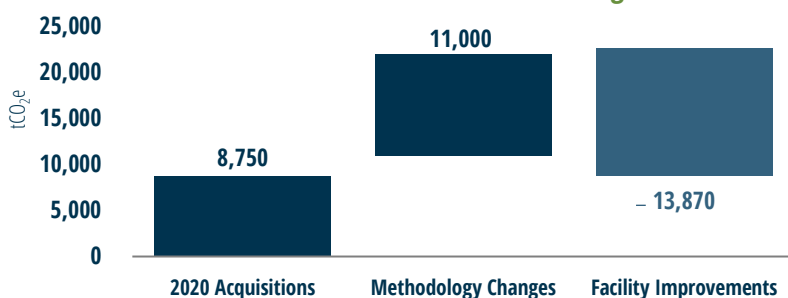
#### Absolute

- Two acquisitions in the period added to Tamarack Valley's prior year baseline emissions
- During the implementation of Envirosoft<sup>(1)</sup>, Tamarack changed methodologies for compressor engine emissions calculations and moved from handbook averages to engine specific data that accounts for rich and lean burn
- Facility improvements resulted in a decrease in absolute emissions, partially offset by equipment additions

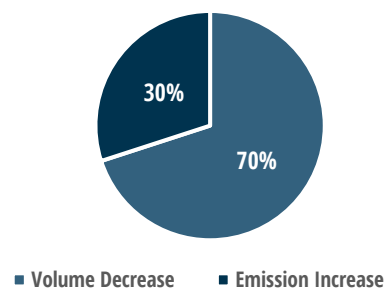
#### Intensity

- Approximately 70% of the intensity increase is the result of decreased production from 2019 to 2020
- In response to the severe oil price volatility in 2020, Tamarack's oilfield activities and capital were curtailed, resulting in lower production volumes in 2020
- Approximately 30% of the intensity increases are a result of the absolute emissions increases

#### Absolute Emissions YoY Changes



#### Sources of Emissions Intensity Increases



Tamarack has dedicated considerable financial and human resources to reduce emissions through innovations and acquisitions in 2021, which is offsetting these factors and driving significantly improved results.

(1) External software in our emissions management system. This system improves transparency and enables a method for tracking and forecasting emissions, as well as identifying key areas for emissions reductions initiatives (full implementation in the fourth quarter of 2021).

# SUSTAINABILITY-LINKED BOND FRAMEWORK

A.

Selection of Key Performance Indicators

## KPI 2: Indigenous Representation as Percentage of Workforce



### RATIONALE FOR KPI SELECTION

- Tamarack has a long history of working alongside First Nations communities, with a deep respect for the culture and wisdom of our Indigenous neighbors. Tamarack believes that the most valuable step we can take towards reconciliation is to treat our Indigenous stakeholders as equal but unique partners, with opportunities to be active participants in current and future business opportunities.
- Tamarack is committed to active partnerships with our Indigenous stakeholders, support for the preservation of culture and knowledge sharing to produce mutually beneficial outcomes.
- Tamarack is a proud supporter of Indigenous communities and the preservation of Indigenous culture. The Canadian Indigenous communities are both key stakeholders in the oil and gas sector and models for environmental stewardship. Tamarack recognizes the value of diversity for optimal business performance. Tamarack also recognizes the recurring benefits for the larger community, and individuals within that community, when opportunities are created that expand and educate a talent pool that has been historically underrepresented. As part of our commitment to partnerships with Indigenous stakeholders to create mutually beneficial outcomes, Tamarack has implemented a workforce participation target of 6%. While workforce participation is only one facet of value creation for Indigenous communities, it is the most transparent and measurable goal at present on the path to value creation.

### SCOPE AND METHODOLOGY FOR CALCULATING KPI

KPI 2 is structured under the following parameters:

1. Representation will be calculated as the number of full time equivalent Indigenous employees and contractors, based on voluntary self reporting, divided by total number of full time equivalent employees and contractors
2. Scope of Tamarack’s Indigenous representation measurements and target is company-wide

### HISTORICAL PERFORMANCE

Workforce	2019	2020
Indigenous Representation (Employees & Contractors)	2.9%	3.5%





# SUSTAINABILITY-LINKED BOND FRAMEWORK

## B. Calibration of Sustainability Performance Targets

### OVERVIEW

Emissions Intensity	<p><b>SUSTAINABILITY PERFORMANCE TARGET:</b> Achieve a reduction in GHG emissions intensity (Scope 1 and 2) of 39% by the end of 2025, relative to the 2020 baseline</p> <p><b>SUSTAINABILITY PERFORMANCE TRIGGER:</b> Calculated as a percentage reduction in GHG emissions intensity (Scope 1 and 2) by the year 2025, relative to the 2020 baseline</p> <p><b>BASELINE:</b> 2020</p> <p><b>OBSERVATION DATE:</b> December 31, 2025</p>	<p>Reduce Emissions Intensity</p> <p>39%</p> <p>By 2025</p>
Indigenous Representation	<p><b>SUSTAINABILITY PERFORMANCE TARGET:</b> Increase Indigenous representation in our field and office workforce to 6% by the end of 2025</p> <p><b>SUSTAINABILITY PERFORMANCE TRIGGER:</b> Calculated as a percentage of Indigenous representation within Tamarack’s workforce</p> <p><b>BASELINE:</b> 2020</p> <p><b>OBSERVATION DATE:</b> December 31, 2025</p>	<p>Indigenous Representation</p> <p>6%</p> <p>By 2025</p>

### RATIONALE FOR SPT SELECTION AND BASELINE

#### GHG Emissions Intensity

Tamarack’s 39% intensity reduction target over the 2020 baseline was a meticulously selected number and was driven by a myriad of variables including the key factors outlined below.

A 39% reduction over the 2020 baseline of 37.5 kg CO<sub>2</sub>e/boe results in a 2025 Scope 1 and 2 emissions intensity of 22.9 kg CO<sub>2</sub>e/boe which is a top quartile emissions intensity in Tamarack’s oil-weighted peer group.

Tamarack believes that the path to meaningful change is a combination of significant step changes and modest but focused continuous improvement. While absolute emissions are projected to decline, the 39% emissions intensity reduction combines an aggressive reduction in 2021 with meaningful, annual reductions in 2022-2025. The initial intensity reduction in 2021 is driven by an ambitious capital

investment in gas conservation on Tamarack’s Clearwater heavy oil asset in the Slave Lake area and the integration of acquired low emissions assets in the Grand Prairie area. The annual reductions beyond 2021 are 5% of the 2021 emissions intensity (1.4 kg CO<sub>2</sub>e/boe) and represent the average annual intensity reductions required to address all emissions over a 20 year period.

#### Indigenous Representation

Our commitment has the goal of aligning our workforce with the Indigenous eligible labor force in Alberta of 5.7% and would be above the Indigenous eligible labor force in Canada of 4.3% as per data from the 2016 census. In addition, this goal would be in line with Call to Action #92 of the Truth and Reconciliation Commission of Canada.



# SUSTAINABILITY-LINKED BOND FRAMEWORK

## B. Calibration of Sustainability Performance Targets

### PATH TO ACHIEVING SPTs

#### GHG Emissions Intensity

Tamarack commits to reducing emissions intensity by 39% over the 2020 baseline by 2025. This includes an anticipated material decrease in 2021 due to the integration of acquired assets with a consistent reduction of approximately 5% per year from 2022 through 2025.

With a large majority of our operating properties in the province of Alberta, Tamarack adheres to some of the most stringent emissions management regulations in the world. In addition, the conventional oil profile of Tamarack's production results in a lower emission intensity relative to many other non-conventional and emissions intensive plays. Despite this relative advantage, Tamarack believes in the importance of emissions management and reduction. We continuously seek innovative ways to lower energy intensity and capture emissions across the full cycle of our operations.

Tamarack will execute on these reductions through a combination of proven methods and new innovations including:

- Operational assessments to improve efficiency and minimize emissions including the reduction of redundant equipment, management of pressure and temperature changes to avoid unnecessary flashing, and other system process improvements to minimize product losses.
- Implementation of an emissions review and sign off at

the facility design phase and an emissions report card as part of ongoing operations.

- Capital investments to add facilities that conserve natural gas, such as the Clearwater conservation project, or upgrade existing facilities to improve efficiency and reduce emissions, such as vapor recovery units on tank farms or conversion of pneumatic devices to low bleed.
- Evaluation of innovative new technologies and innovative ways to utilize or consume sales and waste products in local markets.

#### Indigenous Representation

Tamarack commits to increase Indigenous workforce representation to 6% by 2025.

Tamarack acknowledges and has implemented the principles of the United Nations Directive for Indigenous Peoples ("UNDRIP") through investment in reconciliatory activities including cultural education and training.

- Identification of new opportunities and areas of the business to engage Indigenous workers beyond the field operator demographic.
- Existing systems/recruitment opportunities to ensure connection to Indigenous demographics, such as sponsored job fairs.
- Programs and initiatives that facilitate an inclusive workplace.

### BASELINES: VERIFICATION, RECALCULATIONS, OR ADJUSTMENTS

Tamarack is committed to verifying its 2020 baseline(s) to a limited level of assurance. For avoidance of doubt, any change to Tamarack's 2020 baseline(s) will not result in any adjustment to the SPT levels for the KPI(s).

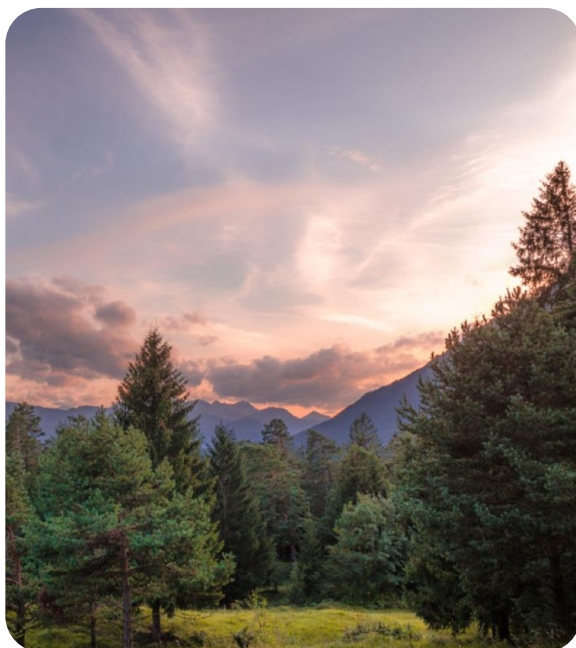
Baseline figures may be restated as the result of future material divestments or acquisitions of assets. For avoidance of doubt, any significant structural change to Tamarack, including from divestments or acquisitions, will not result in any adjustment to the SPT levels for the KPIs. Tamarack follows the Greenhouse Gas Protocol's guidance for base year recalculation methodologies for structural changes in the Company.

Any such restatements will be communicated in the Company's annual sustainability reports. In order to provide the best year-over-year comparison, sustainability metrics starting with the applicable baseline year reflect Tamarack's current footprint.

# SUSTAINABILITY-LINKED BOND FRAMEWORK

## C. Bond Characteristics

- Unless otherwise stated, the proceeds of any SLB will be used for general corporate purposes.
- Tamarack will assign structural and/or financial implications to the non-achievement of the applicable SPT(s) in the legal documentation of any SLB. These implications could include, but are not limited to, a coupon step-up, increased redemption fee, or changes to the tenor of the bond. Any financial and/or structural characteristics will be commensurate and meaningful relative to the original financing's financial characteristics. For any SLB where a coupon step-up may occur:
  - Each SLB may have one or more Observation Dates where step-ups could be triggered.
  - A step-up would be applied from the first coupon date (and applied retroactively for the related interest period including the relevant Notification Date, or apply to future interest periods, as specified in the SLB) following the relevant Notification Date until the remaining maturity of the SLB if an SPT is missed on an Observation Date, as described in the SLB offering documentation.
- For the avoidance of doubt, in the case where the SLB allows for two or more Observation and step-up Dates, then these step-ups would be cumulative.
- The exact mechanism and impacts of the achievement or failure to reach the pre-defined SPT(s) will be detailed for each SLB in its corresponding security documentation. Such documents will include, but are not limited to, the KPI definitions, calculation methodologies, SPT(s) and trigger events, financial/structural characteristic variation mechanisms, as well as where needed, any fallback mechanisms in case the SPT(s) cannot be calculated or observed in a satisfactory manner, and language to take into consideration potential exceptional events or extreme events, including drastic changes in the regulatory environment that could substantially impact the calculation of the KPI(s) or the restatement of the SPT(s). Where relevant, Tamarack may include potential exceptional events that could substantially impact the calculation of the KPI(s) and SPT(s) in the legal documentation for the SLB.
- Any future SLBs with the same KPI(s) and SPT Observation Date(s) must utilize an SPT of equal or greater ambition. In addition, at the issuance of such an SLB, any outstanding SLBs would have their equivalent SPT adjusted to reflect the greater ambition – clause of “the most ambitious target” – for three key reasons:
  1. To enable the increase of ambition over time and allow Tamarack to adapt to new circumstances.
  2. To avoid the coexistence of SLBs with different SPTs at the same dates for the same KPIs.
  3. To facilitate reporting, avoiding the need to validate the KPI against multiple targets.



# SUSTAINABILITY-LINKED BOND FRAMEWORK

## D. Reporting

On an annual basis following a SLB issuance, Tamarack will disclose performance of the selected KPI(s) in its annual sustainability report that will be readily available and easily accessible on our website. This report will be made available within six months of each fiscal year end (except for FY2021 where delay may be nine months) and will include information on drivers of the KPI outcomes, as well as qualitative or quantitative explanations of the main contributing factors, including mergers, acquisitions and divestiture activities, to the evolution of the performance/KPI.

For each SLB, Tamarack will disclose the following in the SLB offering documentation:

- One (or more) SPT Observation Date(s), where the Company's performance of each KPI against the predefined SPT(s) will be observed.
- One (or more) SPT Notification Date(s), where the company will report on actual performance as of the SPT Observation Date(s) compared to the SPT(s).

Tamarack will report on the performance of each KPI against the predefined SPT within six months of the target Observation Date and disclose this in a document posted on Tamarack's website.

## E. Verification

### PRE-ISSUANCE

Tamarack has obtained a Second Party Opinion from S&P Global Ratings ("S&P") to evaluate this Framework, its transparency, and governance, as well as its alignment with the ICMA Sustainability-Linked Bond Principles. S&P is of the opinion that Tamarack's Framework is aligned with the core components of the SLBP.

The Second Party Opinion will be available on Tamarack's and S&P's websites.

Tamarack commits to update the Second Party Opinion should this Framework be updated in any material respect.

### POST-ISSUANCE

Annually, and in any case for any date/period relevant for assessing the SPT(s) performance leading to a potential adjustment, such as a step-up of the Sustainability-Linked Bond financial characteristics, until after the SPT trigger event of a bond has been reached, Tamarack will seek independent and external verification to a limited level of assurance of our performance against the SPT(s) for the stated KPI(s) by a qualified external reviewer with relevant expertise. The verification of the performance against the SPT(s) will be made publicly available on our website.

Following a target Observation Date, a verification assurance certificate confirming whether the performance on the KPI(s) meets the relevant SPT(s) will be published on Tamarack's website.

# ADVISORIES

The information and opinions contained in this Sustainability-Linked Bond Framework (this "Framework") are provided as of the date of this Framework and are subject to change without notice. Tamarack does not assume any responsibility or obligation to update or revise any the statements made in this Framework, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework does not constitute or form part of, and should not be construed as, an offer to purchase or an invitation to sell securities of Tamarack, or the solicitation of an offer to purchase securities of Tamarack, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment. Any decision to purchase any securities of Tamarack should be made solely on the basis of the information to be contained in the offering documentation produced in connection with the offering of such securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of Tamarack and the nature of the securities before making any investment decision with respect to securities of Tamarack. This Framework does not provide investment advice, and readers are responsible for making their own financial and investment decisions. The offering documentation may contain information different from or additional to the information contained herein. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Persons into whose possession this Framework or any of the information contained herein may come must inform themselves about, and observe, any applicable restrictions on distribution.

Unless otherwise specified or the context otherwise requires, all references in this Framework to "Tamarack", the "Company", "we", "us" and "our" mean Tamarack Valley Energy Ltd. and its subsidiaries.

We have taken care to ensure the information in this Framework is accurate. However, the data presented in this Framework includes aspirational goals, approximations and estimates, which will differ from actual results, and is for informational purposes only. We disclaim any liability whatsoever for errors or omissions. Some of the information in this Framework may have been disclosed previously in other Tamarack continuous disclosure documents, and such disclosure is not intended in any way to be qualified, amended, modified or supplemented by information herein. Material may be used within this Framework to describe issues for voluntary sustainability reporting that are considered to have the potential to significantly affect sustainability performance in our view and may be important in the eyes of internal or external stakeholders. However, material for the purposes of this Framework should not be read as equating to any use of the word in other public reporting or filings. There is no single standard system that applies across companies for compiling and calculating the quantity of GHG emissions and other sustainability metrics attributable to our operations. Accordingly, such information may not be comparable with similar information reported by other companies. Our GHG emissions are derived from public and regulator reported data generated from a combination of measured volumes and advanced engineering estimates that may be different from those applicable to the financial information presented in our consolidated financial statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the general internal control environment. We may change our policies for calculating these GHG emissions and other sustainability metrics in the future without prior notice.

This Framework includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by Tamarack to be true. Although Tamarack believes it to be reliable, it has not independently verified any of the data from third party sources referred to in this Framework or analyzed or verified the underlying reports relied upon or referred to by such sources or ascertained the underlying economic and other assumptions relied upon by such sources. Tamarack believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this Framework are not guaranteed and Tamarack makes no representation as to the accuracy of such information.

Forward-looking information, or forward-looking statements, have been included in this Framework to provide information about Tamarack and its subsidiaries and affiliates, including management's assessment of our and our subsidiaries' future plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "anticipate", "believe", "estimate", "expect", "forecast", "intend", "likely", "plan", "project", "target", "goal" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included in this Framework include, but are not limited to, statements with respect to the following: Tamarack's sustainability strategy and program, including the implementation of a climate change risk program; our plans to provide a highly responsible, low emission energy option during the energy transition; our commitment to greenhouse gas ("GHG") emissions reduction; our environmental, social and governance ("ESG") goals and targets, including those related to: reduction of GHG emissions intensity; land and biodiversity preservation, including ARO spending; water management, including use of non-fresh water; Indigenous partnerships; education and training; community engagement; ethical governance, diversity and inclusion; and health and safety; our plans to achieve our ESG goals and targets and to monitor and report our progress thereon; the further integration of sustainability considerations into our business; our corporate values, vision and strategy, including strategic priorities and enablers; our plans to collaborate with partners and stakeholders to advance climate goals; incorporating emissions management into our strategic decision making; the alignment of future investment decisions with our GHG emissions reduction goals, including investment in gas conservation and the integration of low emissions assets; our investments in programs to promote environmental stewardship; and the issuance by Tamarack of sustainability-linked securities, the use of proceeds therefrom, the terms of such securities (including KPIs and SPTs) and reporting and verification in respect therewith.

Although we believe these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

# ADVISORIES

Material assumptions include assumptions about the following: energy transition, including the drivers and pace thereof; the COVID-19 pandemic and the evolution, duration and impact thereof; the expected supply of, demand for, and prices of crude oil, natural gas, natural gas liquids ("NGL") and renewable energy; exchange rates; inflation; interest rates; availability and price of labor and construction materials; the development and performance of technology and new energy efficient products, services and programs; operational reliability and performance; weather and break-up conditions; litigation; credit ratings; capital project funding; changes in legislation, regulations or government policy applicable to our businesses; long-term energy future scenarios; and successful collaboration with partners and stakeholders to advance climate goals. Assumptions regarding the expected supply of and demand for crude oil, natural gas, NGL and renewable energy, and the prices of these commodities, are material to and underlie all forward-looking statements, as they may impact current and future levels of demand for our products. Similarly, exchange rates, inflation, interest rates and the COVID-19 pandemic impact the economies and business environments in which we operate and may impact levels of demand for our products and cost of inputs and are therefore inherent in all forward-looking statements. Due to the interdependencies and correlation of these macroeconomic factors, the impact of any one assumption on a forward-looking statement cannot be determined with certainty.

Our forward-looking statements are subject to risks and uncertainties pertaining to: the successful execution of our strategic priorities and ESG goals; the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; failure to realize the benefits of acquisitions; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks); legislative and regulatory parameters; economic and competitive conditions; global supply chains; availability and reliability of technology; public opinion; exchange rates; interest rates; commodity prices; political decisions; supply of, demand for and prices of commodities; the COVID-19 pandemic and the evolution, duration and impact thereof; the pace of the energy transition; those risks and uncertainties discussed in this Framework; and other risks set out in more detail in Tamarack's annual information form for the year ended December 31, 2020 (the "AIF") and Tamarack's management's discussion and analysis for the year ended December 31, 2020 and the period ended September 30, 2021 (collectively, the "MD&As") and other continuous disclosure documents. The AIF, the MD&As and Tamarack's other continuous disclosure documents can be accessed on Tamarack's website at [www.tamarackvalley.ca](http://www.tamarackvalley.ca) or under Tamarack's profile on [www.sedar.com](http://www.sedar.com). The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and our future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by applicable law, Tamarack assumes no obligation to publicly update or revise any forward-looking statement made in this Framework or otherwise, whether as a result of new information, future events or otherwise. All forward-looking statements, whether written or oral, attributable to us or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

We have adopted the standard of 6 Mcf:1 barrel when converting natural gas to barrels of oil equivalent (boe) when reporting net product sales in this Framework, which is aligned with our consolidated financial statements. boe may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this Framework are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.