



ALTIUS RENEWABLE ROYALTIES CORP.

Environmental, Social & Governance (“ESG”) & Investment Policy

Our Approach to ESG

ARR’s business model is based on the significant opportunities presented by the need for the world to address the climate crisis and transition to a lower carbon economy. We provide royalty financing for renewable power developers, originators, and projects. Our long term strategy is to gain exposure to the revenue underlying renewable energy operations by acquiring and maintaining a portfolio of diversified renewable energy royalties, including acquiring royalties and other interests directly from project originators, operators, and third-party holders of existing royalties. We believe that we are one of the first to provide royalty financing at scale in the renewables sector, which will help to catalyze the sector’s growth and accelerate the transition to clean energy.

Our unique approach to financing requires a unique approach to ESG. ARR recognizes that while renewable power projects play an important role in addressing the climate crisis, they may also have ESG risks and/or opportunities that must be considered. However, since we do not control our investee companies or participate in the management of them, our ability to influence their ESG policies and practices is necessarily more limited than, for example, a traditional private equity investor. As a result, we focus on determining which ESG factors are financially material for a potential investment during our due diligence. When assessing financial materiality, we assess whether there are ESG factors that might impact a company’s financial condition, operational performance, business model, reputation, or social license to operate to such an extent that they could impact the company’s operations and/or the ability to pay a royalty to ARR once a development stage asset is sold to an operator counterparty.

We believe that the materiality of ESG factors is inherently sector-specific and may vary over different jurisdictions and time horizons. Our assessment of materiality draws on the relevant Sustainability Accounting Standards Board (“SASB”) standards, the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) and our own research and investment expertise.

Implementation

Pre-Investment Due Diligence

Prior to any investment, we endeavour to consider all available information relating to material risks and opportunities including those related to financial, technical, legal and ESG matters. We are currently focused on systematically integrating ESG into our due diligence process in order to help us identify the ESG risks and opportunities of potential investments. Our due diligence endeavours to consider all

relevant considerations including the policies of the project originator, developer, operator, or third party royalty holder, the party's track record, the relevant jurisdiction and local context, and the stage of the project(s) being considered for investment. All members of our investment teams are responsible for identifying and assessing a potential investment's material ESG factors and whether those factors will impact the company's operations and/or ability to pay a royalty to ARR.

If material ESG risks are identified, ARR will, if appropriate, seek to ensure that they are addressed prior to investing and, where appropriate, incorporate ongoing reporting requirements relating to them into the legal agreements with investee companies so that ARR can continue to monitor the extent to which they represent financial risk to ARR. ARR will seek to negotiate contractual terms which will encourage investee companies to effectively monitor and manage their ESG performance and provide ARR with ongoing ESG-related reporting, with more detailed reporting and updated information on how incidents will be remedied following any ESG-related adverse incident.

If during our due diligence we determine that a potential investee company faces heightened ESG-related risks due to past or present ESG controversies, poor ESG policies or practices, or uncertainty regarding the viability of its business model, we may ultimately choose not to invest

Post-Investment Monitoring

Once invested, we endeavour to ensure that our investee companies maintain appropriate governance structures in place to effectively oversee all of their material financial issues relevant to their ongoing ability to pay ARR's royalty, including those relating to environmental and social factors. We will encourage our investee companies to mitigate their ESG risks, minimize any adverse ESG-related impacts, and fully capitalize on their ESG opportunities to ensure their continued success. ARR will also continue to assess and monitor our investee companies' ESG performance based on their ongoing reporting to us as well as our own independent assessments. Our assessments will include monitoring emerging ESG issues, relevant ESG-related legal and regulatory changes, political issues and/or community concerns that have the potential to impact our investments.

Transparency & Reporting

We strive to be transparent in our relationships with our investors and broader stakeholders. In addition to our ongoing reporting to our investors, we are working towards publishing an ESG Report which will provide more detail on our ESG approach and progress.

Scope & Oversight

This policy also applies to ARR's jointly owned operating entity Great Bay Renewables LLC. The policy is overseen by ARR's Board of Directors and will be reviewed at least annually as we evolve and advance our approach to ESG and ESG-focused reporting to our investors.

This Policy was reviewed and approved by the Board on April 19, 2021.

Signed  _____

Chair of the Board of Directors