



# Innovating today for tomorrow

INAUGURAL ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE REPORT



# Contents

Introduction		Environment		Social		Governance		Appendix	
Company overview	01	Highlights	07	Highlights	16	Highlights	23	Performance summary	26
Message to our stakeholders	02	Industry leader in asset retirement & reclamation	08	Protecting the health & safety of our people	17	Committed to strong governance & ethics	24	GRI index	31
ESG – an integral part of our business	04	Maintaining the integrity of our assets	10	Cultivating a culture of safety	18	Building a strong ESG culture and managing risks	25	Glossary	34
		Air quality & greenhouse gas emissions	12	Taking care of our employees health & future	19			Forward-looking statements & advisories	35
		Responsible water usage	14	Being a responsible part of the community	20				

## ABOUT THIS REPORT

This inaugural environmental, social and governance (“ESG”) report provides an overview of Obsidian Energy Ltd.’s (“Obsidian Energy”, the “Company”, “our”, “us” or “we”) approach to sustainability along with key initiatives, metrics and accomplishments. This report is intended to present a comprehensive view of the Company’s commitment to sustainability across the organization and the communities we work in. It is based on an annual reporting cycle and, unless specifically noted, is as of December 31, 2021, and compared to the same period in 2020 and 2019. The accuracy of this report is of utmost importance and as such the included data and statements have been reviewed by senior management, and relevant employees, all of whom believe the published information to be an accurate representation of Obsidian Energy’s performance for the reporting years.

References to the Sustainability Accounting Standards Board (“SASB”) “Oil & Gas – Processing & Exploration” accounting standard, Global Reporting Initiative (“GRI”) “GRI 11: Oil & Gas Sector 2021”, and the Task Force for Climate Related Financial Disclosure (“TCFD”) recommendations are included for the sustainability issues that were deemed by the Company to be relevant to stakeholders. SASB and GRI reporting data may be found in the ‘Performance Summary’ tables. TCFD aims to provide guidelines on how to incorporate climate risk and opportunities into companies’ existing governance, strategy, risk management and data frameworks; related information can be found in our 2021 Annual Information Form (“AIF”). Although standard suggested disclosures are included in this ESG report, not all of the requirements to be considered in full accordance with SASB, GRI and TCFD reporting standards are referenced. The data within this report is calculated by standard industry methodologies and, in cases where industry standards may not have been used, the appropriate techniques and methodology for the calculation is stated within the data.

Unless otherwise noted, all financial figures are presented in Canadian dollars, environmental data is in metric units and production values are reported in “barrels of oil equivalent” or “boe”. We have adopted the standard of six thousand cubic feet to one barrel when converting natural gas to barrels of oil equivalent (“boe”). Boe’s may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of crude oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

This report contains forward-looking information pertaining to the internal expectations and projections of Obsidian Energy. For a full list of associated disclosures, please refer to the ‘Forward-looking statements & advisories’ section.

# Company overview

Obsidian Energy is an intermediate-sized oil and gas producer based in Calgary, AB with a well-balanced portfolio of high-quality assets, primarily in the Cadium, Peace River and Viking areas. Our principal business consists of the exploration, development and production of petroleum resources, providing energy to fuel people's lives.

With a proven track record as one of the most efficient companies among our peers, our world-class assets and experienced team continues to deliver value to stakeholders. We are proud of our commitment to strong ESG practices that include minimizing our environmental impact, creating a culture where individuals and our communities are valued, and implementing best-in-class governance practices to ensure we are acting in the interests of our stakeholders.

## Mission, Vision, Values

Obsidian Energy is a company based on discipline, relentless passion for the work we do, and resolute accountability to all our stakeholders including shareholders, our partners and the communities in which we operate.

In carrying out our business, we strive to act in a manner that supports our culture and hold each other accountable to comply with our shared values.

## OUR VALUES

EXCELLENCE

HONESTY

TEAMWORK

SAFETY

ACCOUNTABILITY

RESPECT

EMPOWERMENT

INTEGRITY

**24,605 boe/d**  
(2021)

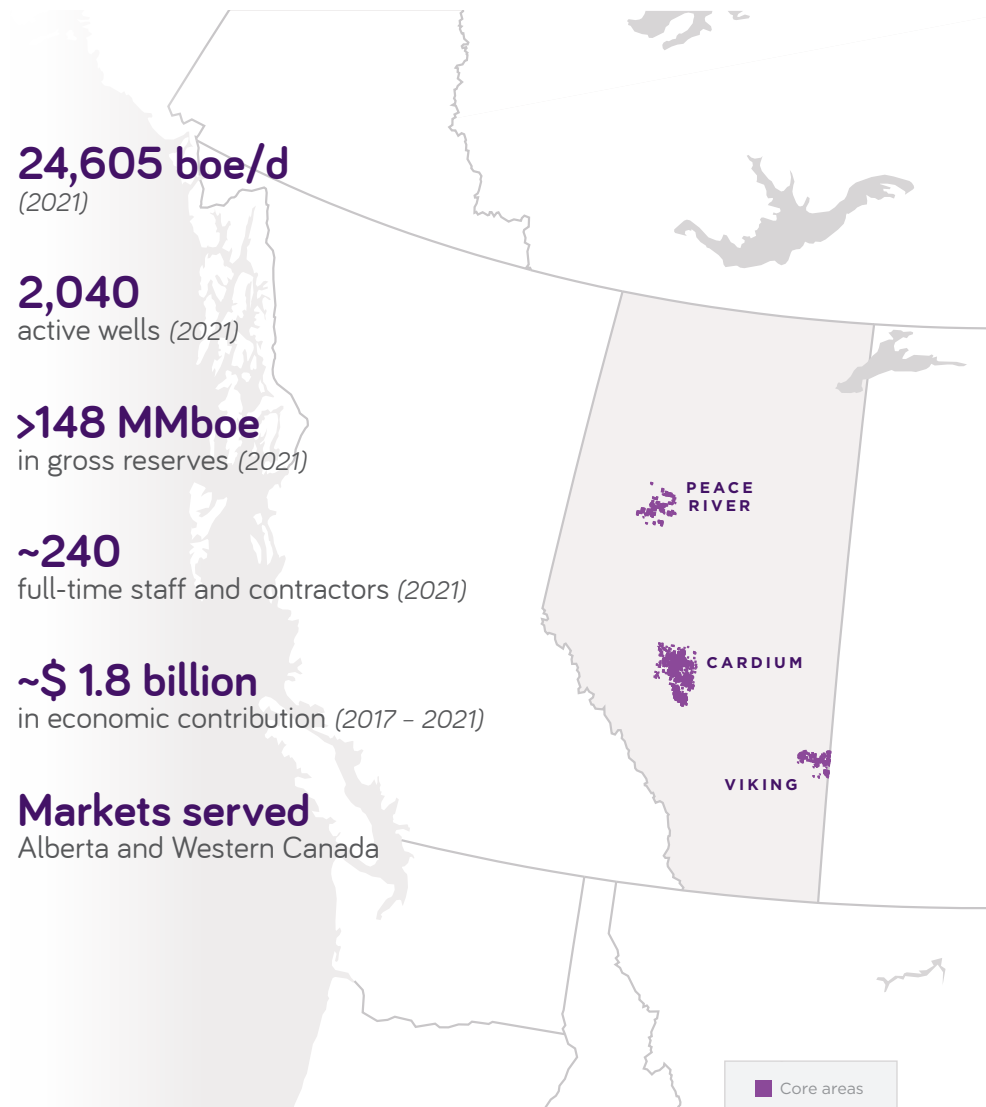
**2,040**  
active wells (2021)

**>148 MMboe**  
in gross reserves (2021)

**~240**  
full-time staff and contractors (2021)

**~\$ 1.8 billion**  
in economic contribution (2017 – 2021)

**Markets served**  
Alberta and Western Canada



# Message to our stakeholders

“We believe in supporting our communities, contributing to the economy, providing a safe workplace, minimizing our environmental impact and acting in the interests of our stakeholders. We are excited to share the results of our journey and provide insight into the next steps of our sustainability road map.”

**Stephen Loukas**  
Interim President and CEO

We are pleased to share our inaugural ESG report, highlighting our ongoing commitment to ESG initiatives. Strong stewardship is an integral part of our organization and shapes how we run our business. Key accomplishments and goals achieved over the prior years demonstrate the critical importance of ESG throughout our culture. We are pleased to highlight our advancements in environmental stewardship, health and safety, people, community and governance.

## A Leader in Environmental Stewardship

We conduct our business in a manner that recognizes and reflects the ever-present need to balance environmental impacts and the economic interests of the communities in which we operate. We're proud of what we accomplished to reduce our overall environmental footprint, including managing water use, reducing GHG emissions across our asset base, and using both investment and technology to go beyond regulated requirements. Our multi-pronged approach reduced GHG emissions by 40 percent since 2018. While this is a substantial accomplishment, we are committed to further improvement through ongoing initiatives such as applying industry-leading innovation to identify, capture and eliminate fugitive emission points. With these efforts, we expect to reduce GHG methane emissions intensity by 10 percent by the end of 2023. In addition, our focus on responsible water consumption is making a difference, reducing our fresh water usage and intensity by 40 percent and 35 percent respectively since 2019.

Managing Obsidian Energy's environmental footprint extends through our asset retirement strategies. Our team effectively manages and reduces liability through capital spending programs complimented by active participation in the Alberta Site Rehabilitation Program (“ASRP”). As a result, we expect to reduce our inactive Asset Retirement Obligations (“ARO”) by ~\$17 million in 2022 and eliminate our inactive legacy (non-core area) well inventory by the end of 2023. When measured on a spending per boe basis, we are one of the best companies at managing liability in Western Canada. An added benefit, our asset reclamation and rehabilitation efforts support vendors and create partnerships with stakeholder groups to further community stewardship.

## Our Commitment to Others

A strong focus on safety, health and well-being is crucial to the future of our people, a fundamental value of our company, and an integral part of our business as we strive for an injury-free workplace in the field and the office. With a historical safety record consistently better than industry average, we have seen a higher number of incidents in 2021 and into 2022 due to the substantial increase in industry activity levels. To meet this challenge, we refocused in 2022 to help reduce incidents and reinforce our safety culture, including advancing training programs for employees and contractors. Beyond safety, we recognize the importance of employees' health and well-being, and prioritize providing an environment and culture that respects, rewards and recognizes our people for their hard work and dedication.



With our ongoing commitment to local communities and the provincial economy, Obsidian Energy delivered over \$1.8 billion in economic contribution since 2017, including over \$620,000 donated to local charities and causes over this period. We are also an active participant in local industry and stakeholder groups to help better understand stakeholder concerns, ensuring we operate in a manner that respects and meets their needs.

Strong governance fosters accountability and transparency to our stakeholders. Guided by best-in-class practices, we strive for continuous improvement across our governance framework including evaluating industry benchmarks, risk management, corporate governance and ESG matters. A key and growing governance focus is the oversight of ESG to ensure our actions minimize impacts to the environment and stakeholders and to integrate a strong ESG culture throughout the Company. The Board and management work closely with staff to discuss ESG opportunities and implement strategic initiatives for the future.

### Continued Evolution of our ESG Culture

At Obsidian Energy, strong ESG practices and mentality is woven into everything we do, and we continue to strive for new and better ways to operate. ESG will always be a work in progress as we improve our practices and adjust to global changes and needs. Our Board, management and employees are dedicated to being the best-in-class company, operator and neighbour to benefit the environment, our communities, our people, our shareholders and the broader economy. We look forward to advancing our sustainability practices as part of our long-term strategy.

**Stephen Loukas**  
*Interim President & CEO*

**Gordon M. Ritchie**  
*Chairman*



*Stephen Loukas*



*Gordon M. Ritchie*

# ESG – an integral part of our business



Obsidian Energy is proud to share this inaugural ESG report with our stakeholders, highlighting our ongoing commitment to ESG initiatives. We are a company based on discipline, relentless passion for our work, and resolute accountability to all our stakeholders including shareholders, our partners and the communities in which we operate. Strong ESG practices are woven into everything we do, including corporate goals that are aligned to promote improvements in ESG areas such as health and safety and environmental performance – and we continue to strive for new and better ways to operate.

The Company has been through a substantial transformation over the past few years with a change in leadership, rebounding commodity prices and a renewed focus on providing value in all aspects of our business. Under our leadership team, we are proud to have moved past a period of challenging operating and financial conditions and are now in a period of growth with increasing production, capital and financial strength and a revitalized Company culture. This also extends to our commitment to solid ESG practices and building a better understanding of the importance of ESG throughout the Company.

As 2021 brought renewed investment in the oil and gas sector, we continued to advance our ESG goals and initiatives, while identifying new opportunities for further improvement. The entire Obsidian Energy team, including the Board, management and employees, will continue their dedication to being a best-in-class company, operator and neighbour in our goal to support the environment, our communities, our people, our shareholders and the broader economy. We look forward to updating our progress in these areas in the future.

At Obsidian Energy, we are proud of our ESG commitment and initiatives to support local communities, contribute to the economy, minimize our environmental footprint, and act with stakeholders' interests in mind. Looking to the future, we will continue to focus on ESG performance, including attaining key goals over the near term.



## ESG Highlights and Goals

Striving to make a difference to the environment, the community and for all stakeholders.

	Our Commitment	Material Topics	Highlights	Goals
Environment	Reduce environmental impacts of operations Commitment to the full life cycle of assets	Abandonment and reclamation activities Asset integrity and spills Air quality and GHG emissions Water usage	732 wells abandoned (since 2019) \$595 million in ARO (YE 2021) 30% reduction in decommissioning liabilities (since 2018) \$72 million in ARO reduction (2019 – 2021) 61% reduction in spill volumes (2019 – 2021) 40% reduction in total GHG emissions (2018 – 2021) 40% reduction in injected freshwater use (2019 – 2021) 75% reduction in pipeline failures (2017 – 2021)	Reduce ARO by \$17 million over the course of 2022 Maintain an industry-leading pipeline failure rate below industry average Execute remaining legacy well abandonment by the end of 2023 Decrease GHG methane emissions by 10% by year-end 2023 Reduce vented emissions by replacing all high bleed controllers by year-end 2022 and focusing on pneumatic pump installation in 2022 and 2023
Social	Maintaining a culture of safety Investment in local communities Collaborative community citizenship	Health & safety Employee rewards and recognition Stakeholder engagement Economic impact and support Community investment	> 10,500 worker safety initiatives (2017 – 2021) Lost time injury frequency below industry average at 0.18 cases per 200,000 work hours (2021) 26% female employees (40% in office locations) 700 Student Summer Hours (2021) > \$1.8 billion in economic contribution (2017 – 2021)	Achieve top quartile recordable incident rate by the end of 2023, as reported by the Explorers and Producers Association of Canada (“EPAC”) Continue to make positive contributions to the well-being of local communities through support and investment
Governance	Accountability and transparency of Board and management Assurance of effective leadership Appropriate oversight of strategic and ESG matters	Corporate governance Independence Compensation Policies and procedures Ethics ESG oversight	86% independent Board members (4.6-year average tenure, 2021) 6.5% insider ownership (Directors & Executive, 2021) Compensation aligned with shareholders (Stock-based compensation) 100% independent Board Committees Multiple Board, Committee and management meetings that discuss ESG and associated risks	Update policies to adjust for changes in governance and industry as needed Review and update ESG goals and strategies to improve practices

# Safeguarding the environment





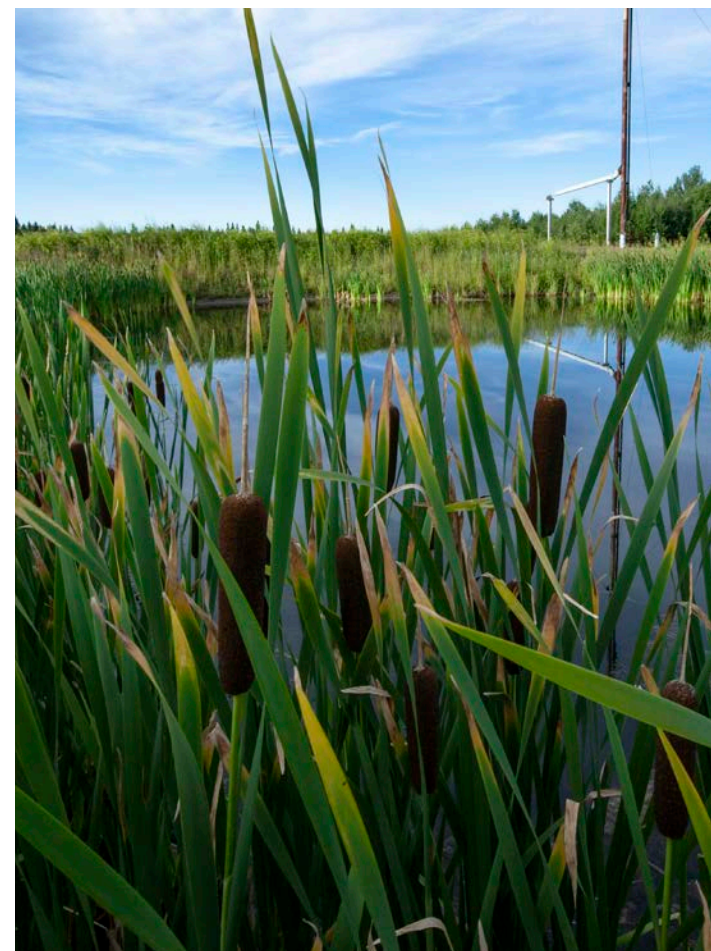
We conduct our business in a manner that recognizes and reflects the ever-present need to balance environmental impacts and economic interests within the communities in which we operate.

The environment is everyone's business. At Obsidian Energy, we are committed to strong environmental practices and continually improving our environmental performance, using strategies to recognize the ever-present need to balance any potential impacts with the interests of our communities. We believe in a holistic approach to sustainability, incorporating various stakeholder interests into our strategies. This approach allows our initiatives to work towards multiple goals, such as using technology to improve our asset integrity while simultaneously reducing our emissions – providing a better outcome for all.

As shown in the report's data tables, we established environmental baselines as of 2018 and have since been focused on reducing legacy ARO, improving asset integrity, reducing GHG emissions and responsible water management. These areas will continue to be the forefront of our environmental sustainability model as we expand our focus, incorporate new technologies, invest in our asset base, and work to ensure that the environment is safeguarded.

## Highlights

Baseline (est. 2018)	Strategy	Highlight	Goal
\$848 million in ARO	Use of ABC and ASRP programs with capital investment to maximize ARO reduction.	\$595 million in ARO (YE 2021) 732 wells abandoned (since 2019)	Reduce ARO by \$17 million by YE 2022
1.25 pipeline failures per 1,000 km 10 pipeline inspections	Development of advanced risk modelling, increase inspections, and utilize available technology to detect leaks earlier	75% reduction in pipeline failures (2017 – 2021)	Pipeline failure rate at or below 2021 industry average
Total GHG emissions 445,545 tCO <sub>2</sub> e/year Total methane emissions 80,560 tCO <sub>2</sub> e/year	Multi-pronged approach utilizing new technology and infrastructure investment to reduce emissions and improve asset integrity	40% reduction of total GHG emissions (2018 – 2021)	10% decrease in methane emissions over 2021 levels by YE 2023
558,128 m <sup>3</sup> of freshwater withdrawn	Continue to use produced water for new waterfloods and transition to recycled water use across legacy waterfloods	40% reduction in injected freshwater use (2019 – 2021)	Sustain freshwater usage reductions



# Industry leader in asset retirement & reclamation

Our commitment to stakeholders includes responsible asset retirement as part of the full cycle of development, reducing our footprint and our decommissioning liabilities by 30 percent since 2018.

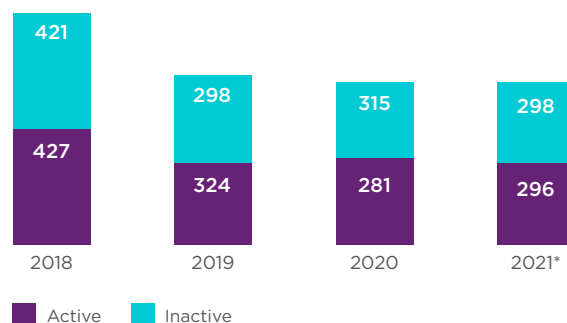
As an oil and gas producer, we are accountable to our stakeholders and others. We incorporate full cycle asset development across our operations, which means not only being aware of our environmental footprint, but actively focusing on reducing it as we develop our asset base. We built a culture where the 'obligation' to decommission assets and restore land to a pre-development state is a standard part of our business, integrated fully throughout the development life cycle. Our teams are dedicated to upholding these goals and we are very proud of all the work that has been accomplished so far.

Over the past few years, we focused on removing outlying liabilities in our portfolio, concentrating the bulk of decommissioning efforts within our legacy operating areas and allowing for improved asset retirement efficiency. As a result, meaningful progress was made to reduce our decommissioning liabilities by approximately 30 percent since 2018, doing more than required by regulations for a company of our size (see 'Government Rehabilitation Grants'). In 2021, we decommissioned 292 net wells and 184 net kilometres of pipeline, acquired over 90 reclamation certificates, and reduced inactive legacy wells by \$17 million.

We are an industry leader in liability management programs and are proud of our accomplishments. This proven ability to economically remediate sites ensures that areas are restored to strict regulatory standards, allowing land reuse by communities, wildlife and stakeholders. Our ongoing decommissioning commitment will continue allocating capital and utilizing technology to further reduce our environmental footprint and reinforce our reputation as a reliable producer with a commitment to sustainable development.

## INACTIVE VS ACTIVE ARO

(\$ millions)



\* Includes additional \$25 million from acquisition of remaining 45% working interest in Peace River

## Government Rehabilitation Grants

We actively participate in industry and government associations and committees to help improve overall industry practices and ensure our operations are at or above environmental standards. Obsidian Energy has been an early adopter of available government programs to reduce environmental impacts, using program funds along with our own capital to accelerate our inactive decommissioning liability.

In 2018, we were a founding participant in the Alberta Energy Regulator's ("AER") voluntary Area Based Closure ("ABC") program introduced to incentivize asset closure. In 2020 and 2021, we transitioned to the AER's new Liability Management Framework ("LMF"), inclusive of the voluntary spend component. Taking part in both programs resulted in a reduction of our inactive liability above mandatory levels.

## Tracking Leading Indicators (2019 - 2021)

**732**  
wells abandoned

**187**  
reclamation certificates received

**\$72 million**  
reduction of ARO

**2,136 km**  
of pipeline discontinued and abandoned

**46**  
facilities abandoned

Obsidian Energy has also been an active participant in the ASRP since its inception in 2020 to aggressively work down inactive decommissioning liabilities through a combination of mandated and voluntary spend. We received \$34 million (gross) of ASRP grants and allocations to date: over \$30 million has been utilized with the remainder to be applied by the end of 2022. With these funds, we anticipate approximately 600 net wells and 700 net km of pipeline will be abandoned during the 2021 to 2022 period.

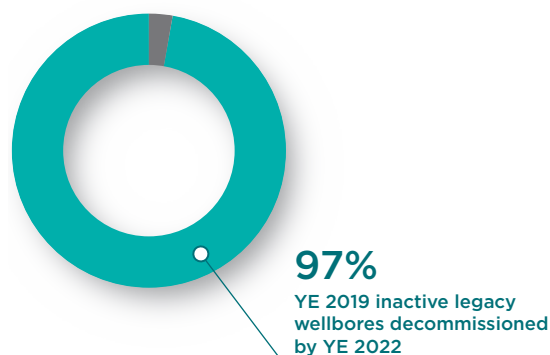


### Continuing our Focus to Reduce Decommissioning Liabilities

Our goal is to continue to be an industry leader in decommissioning liability management that best meets the needs of regulators, our stakeholders and the Company. While our overall liability is manageable due to the long lives of our assets, we have plans in place to accelerate the reduction in our inactive decommissioning liabilities in 2022 and beyond. We are confident in our ability to not only meet the requirements implemented over the last year, but to exceed them as we continue to improve our efficiency year-over-year. For 2022, Obsidian Energy is committed to meeting our targets to reduce decommissioning liabilities by \$17 million, execute remaining ASRP work, and have 97 percent of our inactive legacy wells fully abandoned by year-end.

#### INACTIVE LEGACY WELLBORE REDUCTION

(YE 2019 to YE 2022)



## CASE STUDY

### SLAVE NORTH PROJECT: REACHING AN ABANDONMENT MILESTONE

One of our most ambitious decommissioning efforts was the Slave North abandonment project. Abandonment of legacy assets can present several challenges and we have built a team of passionate experts ready to meet and exceed regulatory requirements. Initiated in late 2021, the full scope of this project included the total decommissioning and abandonment of seven full fields, 221 wells, 171 kilometres of pipeline, 10 facilities and 226 surface locations. The project was finished in the second quarter of 2022 with the completion of the 53 Phase II Environmental Site Assessments,<sup>1</sup> 26 full remediation and reclamation projects, and nine reclamation-only projects. In addition to being a meaningful step towards substantially reducing our liability, the Slave North project also helped us solidify relationships with our stakeholders. When engaging in reclamation efforts, we also almost exclusively support local vendors and strive to create and maintain meaningful partnerships with First Nation groups.

Obsidian Energy is incredibly pleased with the work at Slave North as it represents a significant milestone for the Company: the decommissioning of the last substantial component of our inactive legacy portfolio assets. The completion of this project successfully removed \$15 million in ARO from our portfolio while providing benefit to the environment and stakeholders. Slave North is a strong example of our commitment to the full cycle development of all our assets and highlights the importance of the environment as an integral part of our company culture.



<sup>1</sup> A Phase II Environmental Site Assessment is used to determine the presence, or absence of, petroleum products or hazardous waste in the subsurface of a site.

# Maintaining the integrity of our assets

We are committed to continuous efforts to improve environmental performance throughout our operations.

Obsidian Energy has a substantial amount of infrastructure – facilities, tanks, pipelines, roads and well/pad sites – across our asset portfolio. As much as this competitive advantage allows us to add new production quickly, it also represents an important obligation to ensure that infrastructure is maintained to a high standard to prevent or mitigate any potential impact on the environment and local communities.

## Prevention, Detection and Response – the Keys to Reducing Risk

Containment strategies, advanced early detection technology and highly trained first responders are all key in minimizing impact and interruption.

We believe that the best way to handle spills is to prevent them from happening in the first place. We actively incorporate the mindset of prevention into the culture of our operations and our larger ESG strategy to create synergy throughout our field operations and maintain quality stakeholder partnerships. When a spill does occur, our objectives are to protect people, minimize environmental damage, and preserve the continuity of operations.

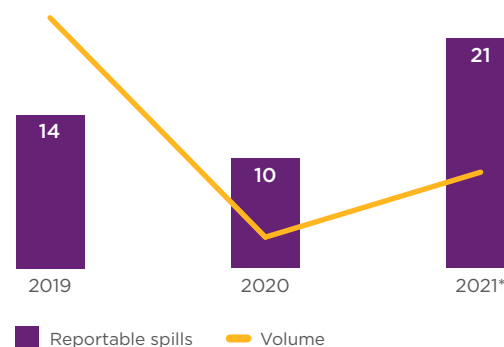
Obsidian Energy is an industry leader in incorporating better detection technology in our operations, helping prevent spills before they happen and minimize their impact when they do occur. The adoption and implementation of this technology has made a significant difference to asset integrity. Since 2019 we installed over 600 surveillance points on producing wells and pipelines, equipped our major facilities with high-resolution cameras, process controls and alarm systems, and have regular physical surveillance to deter damage to sites.

When a spill is detected, we quickly mobilize our highly trained team to respond, and ensure they are adequately prepared. All responders work closely with external environmental consultants and regulators, and participate annually in Western Canadian Spill Services simulated response exercises. We believe that environmental stewardship is the duty of the whole industry. As part of our commitment to stakeholders, particularly community members that may be affected, we maintain several “spill response” trailers in close proximity to our areas of operations for rapid deployment, sharing these valuable resources with industry partners should the need arise.

These measures have resulted in an overall reduction of spill volumes at the Company, lowering the volume of spills since 2019. Obsidian Energy is proud that advanced early detection technology and highly trained first responders have minimized the impact and interruptions resulting from spills.



## CATCHING SPILLS EARLY MINIMIZE VOLUME AND IMPACT



\* Spill detection strategies resulted in an overall reduction of spill volumes in 2021 from 2019 despite a higher number of spills due to increased activity



## Our Strategy to Reduce Spills

Our spill mitigation strategy has four parts that span most of the asset life cycle with our end-of-life strategy encompassing the remainder. We understand that integrity is not just a single part of operations, but an umbrella that covers all operations at each stage.

Starting with design, we ensure that we have experienced and accredited people developing our assets. Obsidian Energy's asset portfolio resides in Alberta and, as such, we are governed by some of the strictest rules and regulations in the world. All our pipeline designs are overseen by registered professional engineers in accordance with both the AER and the Canadian Standards Association, resulting in some of the safest pipelines globally. To encompass other aspects of sustainability, all our pipelines are installed by experienced local contractors, ensuring both quality of service and an economic benefit to our stakeholders.

As part of our design process, Obsidian Energy develops internal manuals and processes for all infrastructure that are in accordance with AER rules. All operations and maintenance are governed by these manuals, which also provide customized training for our operators who work with our pipelines and facilities. Operators are deemed trained when they can carry out all tasks related to quality

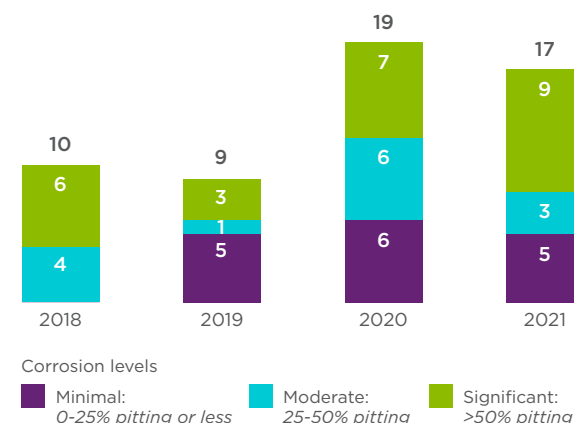
operations, including corrosion management, liquids removal and pressure management. A well-maintained pipeline is a safer pipeline, making our training program a keystone of our asset and operational integrity.

The third segment of our spill mitigation strategy is surveillance. Given the size of our infrastructure and associated geography of our asset base, it is important to monitor any early indicators or integrity concerns that could lead to a spill. We utilize a variety of methods along with regular inspections to ensure integrity, using both technology and physical surveillance by our operators and contractors.

Finally, our spill mitigation strategy includes regular in-line inspections. Using internal inspection tools, we can determine the precise conditions of a pipeline by assessing and quantifying both its internal and external characteristics. Since 2017 we have nearly doubled the number of in-line inspections, which has contributed to the 70 percent reduction in pipeline failures. Regular inspections are vital to the prevention of spills, and we plan to further increase them by 30 percent in 2022. When you have such a large, competitive infrastructure position as Obsidian Energy does, inspecting pipe every year helps to sustain an industry leading level of reliability.



## IN-LINE INSPECTIONS



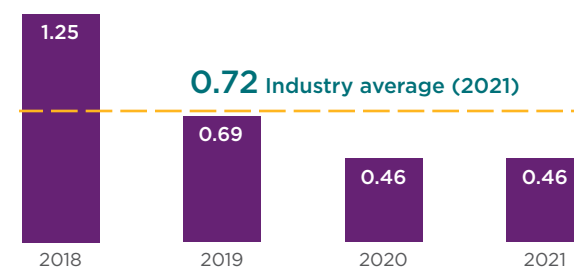
## Proven Reduction in Pipeline Spill Volumes

Our dedication to asset reliability leads to operational integrity for over 8,000 kilometres of licensed pipelines.

We work diligently on our pipeline management strategy to mitigate and respond to any spill along every metre of our over 8,000 kilometres of pipelines. Through our initiatives, we have successfully reduced the frequency of pipeline failures across our asset base by 70 percent from 2017, maintaining a pipeline failure rate of 0.46 per 1,000 km of pipeline in 2020 and 2021. We are incredibly proud of this achievement and of maintaining a rate that is significantly lower than the 2021 industry average of 0.72 per 1,000 km.

## PIPELINE FAILURE FREQUENCY

(per 1,000 km)



# Air quality & greenhouse gas emissions

The quality of the air we breathe impacts everyone, and we view our responsibility to manage air quality within our operations of the utmost importance. To ensure local communities are informed, we have active discussions with all our stakeholders regarding what we are doing to safeguard air quality and our response in the event of a potential incident. To manage potential risk, Obsidian Energy conducts regular air quality assessments around all our operational areas.

As the world transitions to a low carbon economy, Obsidian Energy is addressing our own carbon footprint, particularly around GHG emissions. From a regulatory perspective, we support several governing programs in our emissions reduction strategy, including the Fugitive Emissions Management Plan (“FEMP”), the Multi-Sector Air Pollutants Registry (“MSAPR”), the Total Emissions Intensity Reduction (“TEIR”) program and various regulator directives including AER Directives 60 and 84.

Going beyond regulated requirements, we take a multi-pronged approach to GHG emission reduction that uses investment and technology across our whole asset base. A crucial part of the business, our emissions reductions efforts have focused mainly on the largest areas to date: conservation of solution gas at Peace River and fugitive and flared emission reduction. These initiatives have helped reduce combined GHG emissions by 40 percent from 2018 levels. Starting in 2022 and continuing into 2023, we have broadened our focus to include vented emissions as we work toward our goal of lowering methane emissions by 10 percent by year-end 2023.

## Highlights

Baseline (est. 2018)	Strategy	Highlight (2018 - 2021)	Goal
Total GHG emissions 445,545 tCO <sub>2</sub> e/year  Total methane emissions 80,560 tCO <sub>2</sub> e/year	Multi-pronged approach utilizing investment and new technology	40% total reduction	10% decrease in methane emissions over 2021 levels by YE 2023
Flared: 161,905 tCO <sub>2</sub> e/year	Infrastructure investment and conservation of solution gas	88% reduction	Continue to reduce as low as reasonably achievable
Fugitive: 35,721 tCO <sub>2</sub> e/year	Implementation of new technology to reduce fugitive methane	80% reduction	Continue to manage as low as reasonably achievable
Combustion: 214,246 tCO <sub>2</sub> e/year	Plant/facility consolidation to reduce combustion sources	Asset consolidation reduced combustion sources	Optimize utilization and minimize combustion emissions intensity
Vented: 33,491 tCO <sub>2</sub> e/year	Replacement of high bleed controllers and capture emissions from vented tanks	New focus on vent stacks, pneumatic chemical pumps and tanks	Replace all controllers by YE 2022  Focus on pneumatic pumps in 2022 and 2023

## Flared Emissions

A major focus for the Company that we are extremely proud of is our 88 percent reduction in flaring since 2018, largely due to the work in Peace River. Between 2018 and 2019, \$75 million was invested into our Peace River infrastructure for gas capture, resulting in the recovery of 6 mmcf/d of solution gas. Contributing to the drastic reduction of our flared emissions, this equated to 95 percent of previously flared and vented emissions being removed from the air and placed in the sales line – improving air quality locally while preserving valuable natural resources.

In our extensive Peace River operations, we developed substantial expertise following rigorous emission directives prescribed by the AER Directive 84. We are now applying this knowledge and technology across the rest of our asset base.

To further emission reductions, we have been installing Vapor Recovery Units (“VRUs”) at all our major facilities, making the identification of emission points even easier to incorporate into routine operations. This initiative has been a recent focus for the Company, and an area we intend to do more of in 2023.

## Fugitive Emissions

Another key area of focus in emissions reduction has been related to fugitive emissions. Obsidian Energy has implemented new technology over the past several years at our operations, lowering our fugitive emissions by 80 percent since 2018. These results were achieved through focus on identifying and eliminating fugitive emissions points quickly as a routine part of operations. In 2022, the field aspect of a research project in partnership with the University Calgary has further improved our ability to respond quickly to reduce fugitive emissions (see ‘A Winning Partnership for the Future’).

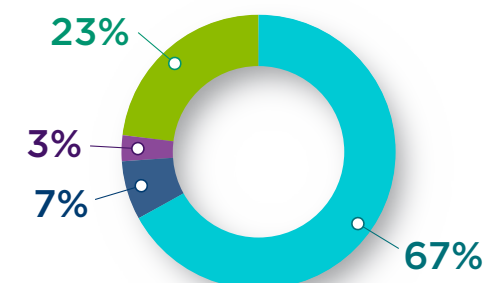
## Combustion Emissions

To reduce emissions associated with energy required to produce hydrocarbons, Obsidian Energy has identified opportunities to consolidate assets to eliminate combustion sources such as boilers and engines. The most significant achievement was with our Southeast Alberta Esther Viking plant consolidation. By eliminating several combustion sources, we decreased combustion emissions by 5,800 tCO<sub>2</sub>e per year. As we grow production, we will continue to look for new opportunities to minimize these emissions and consolidate facilities where possible.

Obsidian Energy's emissions strategy incorporates new technology, governing programs, and regulations such as Canada's MSAPR. To reduce nitrous oxides (NO<sub>x</sub>) emissions from legacy large combustion engines, air-fuel ratio control systems and exhaust catalysts are added that are similar to technology on low emission combustion automobiles. We continue to focus on reducing combustion and are on target to have all units compliant to MSAPR by 2025.

## GHG EMISSIONS BY SOURCE

(2021)



● Combustion ● Flaring ● Fugitives ● Venting

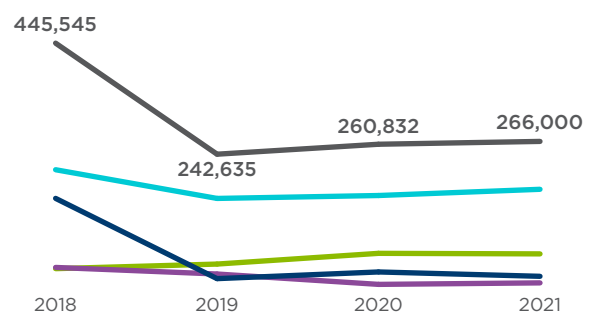
## Vented Emissions

Necessary in automatic control systems for petroleum flow rate, pressure, temperature, level and other parameters, the use of pneumatic controllers may result in small amounts of gas vented to atmosphere. Low bleed pneumatic controllers produce less vented emissions than high bleed ones. In 2021, we began the process of converting all our legacy pneumatic controllers from high to low bleed. Approximately 174 of our total 296 high bleed controllers were replaced with low bleed controllers by the end of the year, reducing our vented CO<sub>2</sub>e emissions by 9,255 tonnes per year. The remainder are expected to be replaced by the end of 2022.

As we move forward with GHG emission reductions, our focus is shifting to vented emission reduction, with particular attention being given to vent stacks, pneumatic chemical pumps and tanks. In 2022, we also plan to begin replacing venting chemical pumps with non-venting ones. By implementing these projects, we plan continued progress towards a substantial reduction of our vented emissions.

## GHG EMISSIONS

(tCO<sub>2</sub>e/year)



● Combustion ● Flaring ● Fugitives ● Venting ● Total

## CASE STUDY

### A WINNING PARTNERSHIP FOR THE FUTURE

Obsidian Energy believes in utilizing innovation and technology to solve challenges. To capture fugitive emissions and initiate quicker repairs, we partnered on a research project with the University of Calgary designed to advance technology beyond current capabilities. The field operations kicked off in early 2022 with two new pieces of Obsidian Energy owned and operated technology incorporated into our operations: PoMELO (a roof top vehicle mounted system for leak detection and notification); and forward-looking infrared imaging.

The implementation of this technology allows better review of asset integrity as our own technicians can pinpoint leak locations and begin repairs immediately. Our ability to have internal dedicated and trained technicians is of significant benefit to the Company, especially at our more remote facilities and pipelines, eliminating unnecessary delays and reducing costs that would be incurred using third-party contractors. This innovation is not only an exciting way for us to use new technology but has provided us and our stakeholders with several benefits – from hiring and training technicians to limiting the impact of leaks on the environment, communities and our infrastructure.





## Responsible water usage

### WATER CONSERVATION (2019 - 2021)



**REDUCTION  
IN FRESH  
WATER USE**



**REDUCTION IN  
FRESH WATER  
INTENSITY**



**REDUCTION IN  
FRAC WATER  
USE PER WELL**

We recognize the importance of water as a shared resource and are dedicated to reducing fresh water used in operations to conserve this valuable commodity. While we use fresh water for both hydraulic fracturing and enhanced oil recovery through injection into underground formations, we strive to ensure what minimal amount is used supports responsible energy development and the betterment of our communities.

Our dedication and commitment to responsible water consumption is making a difference. Since 2019, we reduced our fresh water usage by 40 percent, and our fresh water intensity by 35 percent despite an increase in production. In addition, the amount of water per well used in hydraulic fracturing operations decreased by 20 percent due to our conscious attention to reducing our water usage.

We conduct regular testing of our water usage to ensure that we are being responsible neighbours when using this resource. Continuously working towards innovative ways to further conserve water, we are focused on maintaining a low rate of fresh water use, sustain water usage reductions and transition from fresh water to recycled water where possible. One area of focus for the Company is to continue using produced water for new waterfloods and phase out legacy fresh waterfloods over time.



Making a positive  
impact on others







It is our responsibility as an employer and good neighbour to ensure we act in the interests of our employees, contractors, partners, communities and other stakeholders. This means making sure our actions, policies and processes support those who work or reside in and around our operations.

Our financial and operational success is only possible when those who are integral to our business – employees, contractors, communities and other stakeholders – are treated fairly and supported in their needs. Being a ‘good’ company is an ongoing commitment to having a positive impact on others, being a strong contributing member of the community and being accountable to our stakeholders. At Obsidian Energy, we are committed to aligning our actions to meet these goals.

We are highly focused on health and safety, which is critical to our employees and contractors in the field, but also important to those in the office, families at home and residents of our communities. As our activity level increases, we are even more diligent to ensure that people get home safely. To promote an entrepreneurial, performance-based culture and the well-being of employees, we offer competitive compensation and benefit packages and professional development opportunities. We also believe in being a true partner to stakeholders, which means helping communities reach their goals and build sustainable environments for residents.

Highlights

Area	Strategy	Highlight	Goal
Strong focus on Health & Safety	Create a culture focused on safety to change behaviours and reduce potential incidents	>10,500 worker safety initiatives (2017 – 2021)	Year over year improvement with goal of zero workplace safety incidents
Employees	Support employees and contractors via jobs, benefits and professional development	Introduced a more comprehensive employee and family assistance program	Continue employee development strategy to foster employee growth  Provide additional mental health assistance in 2022
Improve diversity	Monitor employee population to ensure sufficient diversity to best support the business	26% female employees (and 40% of all office staff) in 2021	Seek the best person for the role while striving to improve workplace diversity
Support community	Employ local people and services  Contribute to social causes important to our people and communities in which we operate	>\$1.8 billion in economic contribution (2017 – 2021)	Search out and identify opportunities to contribute to the local and Alberta economy

# Protecting the health & safety of our people

Safety is an integral part of our business, and plays a vital role in both operations and in our efforts to protect people and the environment.

We take the health and safety (“H&S”) of our employees, contractors and consultants very seriously as a fundamental value and are committed to the principle that everyone returns from work injury free. At Obsidian Energy, everyone is a safety leader who shares the responsibility for ensuring the physical, mental, and social well-being of ourselves and others. This means making sure our workplaces are safe and our actions, policies and processes support those who work or reside in and around our operations.

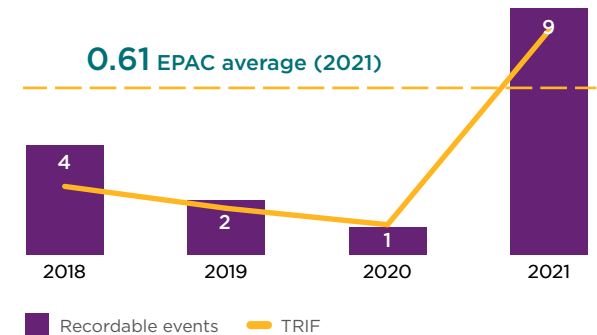
H&S has always been a primary focus for Obsidian Energy. Much has changed in the industry over the past few years – most significantly the recent ramp up in activity following a long period of slower pace. Through 2021, we saw a 17 percent increase in total field work hours, many new people to the industry and profession, and people working more than previously. Combined with increasing activity levels, this translated into a significant increase in safety events from our strong safety record with total recordable injury frequency (“TRIF”) increasing to 0.82 per 200,000

hours (from 0.11 in 2020) and a lost time injury frequency (“LTIF”) of 0.18 per 200,000 hours (from nil in 2020). In all cases, events were thoroughly investigated, and corrective or preventative actions put into action to lower the probability of recurrence.

Considering our history of strong safety performance relative to the EPAC industry average, we quickly adapted our program to meet the rapidly changing business environment. In parallel, we increased leadership interactions in the field, added new Field Safety Advisors, increased training programs, emergency exercises, inspections and monitoring, and worked with EPAC to ensure that our policies were consistent with industry best practices. Safety metrics are a key part of Obsidian Energy’s corporate goals and short-term incentive program, ensuring that improving our safety record is always at the forefront. These initiatives are starting to show tangible results throughout 2022 as we remain fully committed to returning our TRIF and LTIF to industry leading levels.

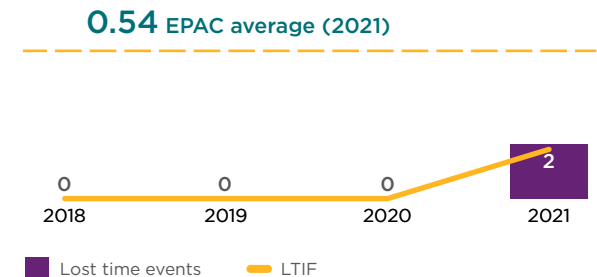
## RECORDABLE INCIDENTS

(incidents per 200,000 hours)



## LOST TIME INCIDENTS

(incidents per 200,000 hours)



## Reflecting on 2021

Area	Strategy	Highlight	Goal
Total Recordable Injury Frequency (TRIF)	Strengthening safe behaviour through new initiatives Increased leadership presence in field to “lead by example”	Total Recordable Injury Frequency 0.82 per 200,000 hours	Achieve top quartile recordable incident rate by the end of 2023, as reported by EPAC
Lost Time Injury Frequency (LTIF)	Increase in training programs to refresh awareness and prevention Recognizing and proactively addressing safety concerns	Lost Time Injury Frequency 0.18 per 200,000 hours	Eliminate all Lost Time Injuries

# Cultivating a culture of safety

Everyone is a safety leader who shares the responsibility for workplace health and safety. Safety is not just as part of the job – it is part of our culture.

We emphasize that taking the time to operate in a safe manner is the only way to conduct business. A strong safety culture is cultivated by making safety a core responsibility at every level, and reinforcing the need to take extra time to complete tasks safely as part of regular, day-to-day activities. Success is bolstered by leading through example and at Obsidian Energy, we communicate the importance of safe behaviour through monthly safety meetings, increased leadership engagement, focusing on safety in project plans and project initiation meetings, and presence at our field sites. To facilitate this, we introduced more Field Safety Advisors and doubled the number of field construction supervisors at the site level in 2022, in effect, promoting learning and sustainable changes so safety standards are maintained across our operations.

Within the many elements of our safety program, three areas that highlight how we ensure safe work practices are:

- We track leading indicators to identify and correct hazards and behaviours before they become larger issues – over 10,000 were identified in 2021.
- We increased the amount of employee training hours and competency assessments to raise awareness about preventable injuries, to reduce knowledge gaps that could lead to unsafe behaviour.
- We immediately investigate any safety incident to promote learning from mistakes and ensure that, if necessary, changes are implemented.

We are committed to continually improving our H&S program and practices, encouraging our people to think first of safety, looking for new ways to improve procedures to reinforce this culture company wide. In this way, we can safeguard our most important resource – our people – and be a good steward everywhere we operate.

## Tracking Leading Indicators (2021)

**5,785**

work observations

**2,553**

hazard identifications

**1,445**

equipment inspections

**732**

corrective/preventative actions

**6**

emergency exercises





# Taking care of our employees health & future

Our people are the foundation of our Company and our success. We believe in supporting and empowering them through engagement, fair compensation, and strong health programs and benefits.

Our employees represent the top tier of expertise in the industry with a long track record of experience in their professions. Beyond programs to ensure their safety, we recognize the importance of employees' health and well-being, and strive to be an employer of choice. We believe strongly in supporting our staff through opportunities for personal and professional growth and development, benefits for them and their families, and equitable pay and compensation.

We regularly participate in and assess benchmarking compensation surveys and utilize industry consultants to ensure we are appropriately recognizing and rewarding the skills, experience and knowledge each person brings to their job. Obsidian Energy offers competitive compensation

and benefit packages to promote an entrepreneurial, performance-based culture aligned with the overall Company objectives. In addition to fair, competitive salaries, we offer short and long-term incentives that promote good health practices and mental health awareness such as health care spending accounts and an Employee and Family Assistance Program.

The emphasis placed on supporting our people through these benefits and practices resulted in the voluntary turnover rate of just two percent of total employees in 2021. We are very proud of our people and will continue to work to continuously improve our culture, recognize accomplishments and provide a positive atmosphere across our Company.

## Providing an Opportunity to Grow



Our people's skills, experience and talent provide an opportunity to learn from each other every day. Our annual summer student program pairs experienced mentors with post-secondary students to share knowledge and foster a passion for the industry. In 2021, our program resulted in over 700 student hours across various disciplines, giving exposure to the workings of an energy company including both head office and field operations. In 2022, we increased this program to include eight participants at various stages of their post secondary education.



## Building a Fair and Equitable Environment

We understand that to be successful, we must do not only what is required but what is right. It is that simple. This view is embedded in our values and commitment everyday, including acting fairly and treating everyone with respect, ensuring a safe workplace, and valuing the contributions of our people. To promote an equitable culture, Obsidian Energy's 'Code of Conduct and Ethics' policy requires everyone working for the Company to annually indicate their willingness to live by that code, because how we achieve the result is every bit as important as the result itself.

A diverse workforce is essential to success. We strive to provide equal opportunity in all aspects of employment, committed to ensuring that anyone in a leadership or hiring role understands the importance of treating people equitably. Currently, 26 percent of our employee force and 40 percent of all office staff are women. Supported by our 'Diversity' policy and 'Respectful Workplace' policy, we hold one another accountable to comply with our shared values and to act with integrity to create and foster a respectful workplace environment, free of harassment or discrimination.

# Being a responsible part of the community

We seek to make positive contributions to local communities – supporting the people and places where we live, raise our families and work.

As part of our commitment to stakeholders, it is important to approach others from a place of understanding their needs. The team at Obsidian Energy embeds this through active participation in local synergy and stakeholder groups. Regular group meetings of stakeholders in local areas helps us better understand their concerns and plan actions accordingly, ensuring all needs are addressed. Working together is what being a good neighbour and partner is about.

## Our Stakeholders

- Local Communities
- First Nations Groups
- Employees & Contractors
- Shareholders & Investors
- Partners
- Surface & Mineral Right Owners
- Financial & Joint Venture Partners
- Governments & Regulators

Obsidian Energy has a long history of supporting the well-being of local communities where we work and where our operations are located. Since 2017, we have contributed over \$1.8 billion in economic benefit to communities in the form of salaries, capital investment, operating expenditures, royalties, mineral and property taxes, donations and decommissioning expenditures. We believe in being a true partner, which means helping communities reach their goals and build sustainable environments for residents.

Since 2017, we have made over \$620,000 in donations to local charities that are near and dear to our people's hearts. To determine where we donate, recipients are chosen based on employee recommendations in communities of operations. They live in these communities so understand best what is needed. Where possible, our employees also contribute to initiatives, furthering the impact we can make. Community recipient areas include Drayton Valley, Rocky Mountain House, Oyen, Peace River and Calgary, to name a few. We strive to make a difference, and plan to continue to contribute to their well-being and initiatives for years to come.

## Community Donations

Alder Flats Rodeo | Brighter Futures | Calgary Inter-Faith Food Bank Society | Canadian Humanitarian Organization | Cardium Region Victim Services | Cause for Critters | Clearwater Boys & Girls Club | Community Scholarship Trust Society | Drayton Area Community Food Bank Society | Drayton Valley Alumni Event | Drayton Valley Minor Hockey Association | Northern Sunrise Rural Crime Watch Association | Oyen & District Food Bank Association | Peace River Salvation Army Food Bank | Rocky Organization for Animal Rescue Society | Rocky & Agricultural & Stampede Association | Rocky Mountain House Community Safety Day | Rocky Mountain House Search & Rescue | Sunchild First Nation | The Lord's Food Bank | Town of Drayton Valley: Aquatic Centre | Town of Drayton Valley: Canada Day | Town of Peace River: Baytex Energy Centre | Wellspring Calgary | Wildrose School Division: Purpose Hope Dignity Project



**top:** Obsidian Energy presents a donation to Drayton Valley Aquatic committee members Kamryn James and Dave Davie

**bottom:** Obsidian Energy presents a donation to the Rocky Mountain House Search & Rescue





## CASE STUDY

### Respecting First Nations Communities

Obsidian Energy strives to ensure we consider and are aware of First Nations concerns, including them in our operations from both development and employment perspectives.

As with any community stewardship, we engage with First Nations groups to determine their community needs and to consult whenever considering operations on their lands. Currently, our operations on First Nations land represents less than one percent of our corporate reserves.

In addition, our asset reclamation and rehabilitation efforts support vendors and create partnerships with our First Nations group to further improve our community stewardship. Over the past five years, we have employed First Nations vendors and contractors as preferred partners in the Peace River area, spending over \$35.3 million to help with our operations. We partnered with First Nations and Métis communities for ASRP funding, most recently with Period 6 grants totalling approximately \$1.0 million. We will continue to use these preferred vendors and contribute to First Nations communities to help support their needs.

### SERVING THE COMMUNITY OF DRAYTON VALLEY

In 2020, the community of Drayton Valley in partnership with Brazeau County recognized the need for a new, modern aquatic centre and made plans to build a facility that would serve them for years to come. The new 27,000 square foot facility will feature an 8 lane, 25-metre lap pool, leisure pool and lazy river, hot tub, steam room, multi-purpose room, and support spaces, as well as a potential future waterslide. The new pool will also be outfitted to suit regional and Canadian competition standards with a large viewing area. In addition, all aspects of the new aquatic facility are being designed with energy efficiency in mind, optimizing green technology such as solar panels and waste heat recovery to reach a net zero energy balance and reduce operational costs.

Centres like these are critical components to any rural community, both for the well-being of residents and to help grow the local economy by attracting new residents and visitors. Obsidian Energy has strong ties to the communities of Drayton Valley and Brazeau with many of our people and service providers living and working in the Pembina area. As a result of our ties to the region, Obsidian Energy became both one of the first to donate as an anchor donor to the facility in 2021 with an official ground-breaking ceremony taking place in April.

The Town of Drayton Valley describes the aquatic facility as a key component of council's goals of economic growth, sense of community, and building a sustainable future through new jobs and increased economic activity for businesses and retailers. We are proud to be able to help Drayton Valley and other towns in our ongoing commitment to rural communities.



*Images courtesy of the Town of Drayton Valley*

# Ensuring strong governance





We are committed to carrying out our business with care, diligence and skill, ensuring that the Board of Directors, management and employees act honestly and in good faith in the interests of all our stakeholders.

Our Board of Directors ("Board") and leadership team understand that strong governance practices and the fundamentals of ethical business are critical to the long-term success of the Company, driving excellence in operational and financial performance. This view has been adopted throughout the Company as well as within our policies, procedures and corporate values, forming part of our day-to-day actions and approach with others. Sound corporate governance fosters transparency, sustainability and accountability to our stakeholders, building trust and strengthening relationships for the long-term benefit of all.

## Highlights

Area	Strategy	Highlight	Goal
Board	Ensure transparency and accountability of Board and management  Maintain independence	86% independent Board members (4.6-year average tenure)  14% female Board members  Compensation aligned with shareholders (stock-based compensation)  100% Independent Audit and Human Resources, Governance and Compensation Committees  ~6.5% insider ownership (Directors & Executive)	Maintain experience level, diversity and independence of Board
Governance Policies	Maintain full suite of governance policies to promote stakeholder transparency and stewardship	Full suite of policies	Update policies to adjust for changes in governance and industry as needed
ESG Oversight	Provide appropriate oversight of strategic and ESG matters	Multiple Board, Committee and management meetings that discuss ESG and risk	Review and update ESG goals and strategies to improve practices



# Committed to strong governance & ethics

Our actions are guided by our values and supported by a sound governance foundation that ensures proper oversight, accountability and transparency.

The Board is responsible for the overall stewardship and governance of Obsidian Energy and has put in place standards and benchmarks by which that responsibility can be measured. Committed to the principles of strong governance, our Board contributes years of industry experience in setting strategy, policies, goals and performance metrics for the Company, including the identification and management of ESG topics.

To ensure actions are in stakeholders' interests, Obsidian Energy's Board is composed of an independent Board chair, 86 percent independent members and 100 percent independent Audit, Operations and Reserves, and Human Resources, Governance and Compensation ("HRG&C") Committees. Committed to transparency, the Board carries out a mandate to provide the highest level of ethics within our governance practices and across all aspects of our business through consultation with management, understanding of governance practices and committee work. Specialty Board committees – Audit, HRG&C and Operations and Reserves Committees – provide an additional level of oversight into key areas of ESG.

A few of Obsidian Energy's key governance areas include:

**Diversity:** The Board and management recognize that diversity within Obsidian Energy is critical for decision-making and essential for growth and prosperity. To promote diversity, the Board has adopted a written Diversity Policy to ensure that we capture the strategic, operational and economic potential that is derived from diversity at all organizational levels.

**Performance:** Along with annual self, peer and group evaluations, the HRG&C Committee annually assesses the performance of the entire Board and each of the directors to ensure the effectiveness of the Board. Educational opportunities are provided to update Directors about changes in governance or the industry.

**Compensation:** We recognize the importance of tying compensation with performance to ensure actions are aligned with stakeholder interests. Both the Board's and executives' compensation is designed toward equity-based compensation, which links compensation with total shareholder return – measured through a series of corporate goals and performance targets, including specific ESG metrics.

The Board works to continually improve governance structure and processes including evaluating industry best practices, risk management, corporate governance and ESG matters, and ensuring a strong leadership position is maintained in all areas. More information regarding our governance framework, including Board and committee composition, terms, remuneration, performance assessment and other Board and management disclosures can be found in our Notice of 2022 Annual and Special Meeting and Management Information Circular and Proxy Statement, available on our website or on the SEDAR or EDGAR websites.

## Maintaining Robust Policies and Procedures

We make it a priority to ensure everyone involved with the Company has a clear understanding of our approach to business operations, expectations for regulatory compliance and adherence to governance standards. To facilitate strong governance, we work diligently to act in a transparent and ethical manner, build and maintain relationships with external stakeholders, and provide employees and contractors with education and training to understand and abide by regulations.

Our expectations for how we conduct ourselves are set out in a full suite of governance policies and guidelines available on our website to promote stakeholder transparency and stewardship. Our Code of Business Conduct & Ethics Policy is key to ensure everyone lives up to the standards set by the Company, encouraging respectful consultation and collaborative engagement with stakeholders, and includes disclosure procedures regarding conflicts of interest. Our Whistleblower Policy outlines how stakeholders can communicate (directly or anonymously) any concerns and the process wherein they are elevated to senior management and/or the Board when necessary. The Board and management review and update the policies to adjust for changes in governance and industry as needed.

## BOARD STRUCTURE (2021)



# Building a strong ESG culture & managing risks

Effective ESG leadership requires an understanding of the many factors that impact a company and its stakeholders, an ongoing commitment to monitor changes in the field and appropriate oversight and policies to address these matters.

A key and growing focus of the Board and management involves the responsibility for oversight and approval of ESG strategies and goals to ensure our actions minimize impact to the environment and stakeholders, and that a strong ESG culture is integrated throughout the Company. While the Board has ultimate accountability for our ESG performance, all members of management and individuals within the Company are accountable for identifying and integrating sustainability opportunities and decision-making into each aspect of the business.

ESG matters are discussed at the Board, Committee and management levels to ensure the Company will:

- Comply with or exceed all environmental laws, regulations, and requirements
- Identify and assess environmental risks and impacts that may arise from our activities
- Adopt measures to mitigate risks and negative environmental impacts
- Engage and work with government and industry groups to foster timely development of effective environmental laws, regulations and standards
- Encourage concern and respect for the environment with our employees, contractors, and vendors
- Commit to continual improvement of our environmental programs by setting achievable objectives and targets
- Undertake review and evaluation of our operations to measure progress, drive improvement, ensure compliance and support our ESG goals
- Communicate our commitment and actions to environmental stewardship to our stakeholders

Our Board and management are also responsible for oversight of the most significant risks facing Obsidian Energy – including strategic, operational, reputational, and business environment risks – and ensuring that all reasonable steps are taken to implement mitigation plans, systems and procedures. As part of our robust risk management process, the Board and Committees conduct one or more annual reviews with management on risk performance, assessment and management in addition to quarterly reviews and updates.





# Performance summary

Company Snapshot	2019	2020	2021	Indicator <sup>15</sup>	
				SASB	GRI
Production revenues (\$ millions)	409.3	275.4	477.5		
Royalties (\$ millions)	30.6	13.7	48.6		
Operating expenses (\$ millions)	131.7	103.7	117.1		
Capital expenditures (\$ millions)	103.2	57.2	140.9		
<b>Production</b>					
Production (net) (boe/d)	26,901	25,404	24,605	EM-EP-000.A	102-2
Light and medium oil (bbl/d)	11,966	11,574	10,583	EM-EP-000.A	102-2
Heavy oil (bbl/d)	3,965	2,832	2,844	EM-EP-000.A	102-2
Natural gas liquids (bbl/d)	2,153	2,212	2,186	EM-EP-000.A	102-2
Conventional natural gas (Mcf/d)	53	53	54	EM-EP-000.A	102-2
Production mix (% oil and liquids)	67	65	63		
Energy equivalent – volume basis <sup>1</sup> (m <sup>3</sup> oil equivalent/day)	4,277	4,039	3,912		
<b>Reserves <sup>2</sup></b>					
Proved producing (Mboe)	65	61	71		
Total Proved (Mboe)	94	95	114		
Proved + Probable (Mboe)	126	128	148		
Proved reserves in or near Indigenous land <sup>3</sup> (%)	< 1	< 1	< 1	EM-EP-210a.2	
Probable reserves in or near Indigenous land <sup>3</sup> (%)	< 1	< 1	< 1	EM-EP-210a.2	
<b>Environment (pages 06 - 14)</b>					
<b>Energy</b>					
Direct energy consumption <sup>4</sup> (GJ)	366,680	227,008	366,412		201-1
<b>Abandonment &amp; Reclamation (pages 08 - 09)</b>					
Producing wells (number, net)	2,281	1,914	2,040		
Inactive wells (number, net)	2,480	2,608	2,393		
Abandoned wells (number, net)	1,226	1,447	1,622		
Total wells (number, net)	5,987	5,969	6,055		
ARO spend requirements <sup>5</sup> (\$ millions)	12.8	—	3.2		
Gross ARO spend (\$ millions)	13.0	14	14.4		
Wells abandoned during the year (number, net)	193	247	292		

Environment (continued)	2019	2020	2021	Indicator <sup>15</sup>	
				SASB	GRI
Pipelines abandoned (kilometres, net)	1,614	338	184		
Facilities abandoned (number, net)	5	13	28		
Active reclamation ongoing <sup>6</sup> (number, net)	NR <sup>13</sup>	NR <sup>13</sup>	NR <sup>13</sup>		
Reclamation certificates received (number, net)	33	51	103		
Area of active wellsites in active reclamation <sup>6</sup> (Ha)	NR <sup>13</sup>	NR <sup>13</sup>	NR <sup>13</sup>		
<b>Spill Management <sup>7</sup> (pages 10 - 11)</b>					
Reportable spills (number)	14	10	21	EM-EP-160a.2	
Total volume of reportable spills (m <sup>3</sup> )	1,098	136	421	EM-EP-160a.2	
Spill intensity (m <sup>3</sup> /boe)	0.00011187	0.00001464	0.00004688		
Pipeline incident frequency rate <sup>8</sup> (number/1,000 km)	0.69	0.46	0.46		
In-line inspections (number)	9	19	17		
Wellsite inspections (number)	82	38	21		
Facility inspections (number)	59	34	28		
Rig inspections (number)	NA <sup>14</sup>	NA <sup>14</sup>	NA <sup>14</sup>		
<b>Emissions (pages 12 - 13)</b>					
Greenhouse gas emissions					
Total direct GHG emissions (Scope 1) <sup>9</sup> (tCO <sub>2</sub> e)	242,635	260,832	266,000	EM-EP-110a.1	305-1; 305-5
Total indirect emissions (Scope 2) <sup>10</sup> (tCO <sub>2</sub> e)	81,484	42,897	68,193		305-2; 305-5
Total emissions (Scope 1 & 2) (tCO <sub>2</sub> e)	324,120	303,729	334,193		
Total GHG intensity (Scope 1 & 2) (tCO <sub>2</sub> e/boe)	0.033	0.033	0.037		305-4
Emissions covered under a carbon-limiting regulation (tCO <sub>2</sub> e)	242,635	260,832	266,000	EM-EP-110a.1	
Scope 1 emissions by source					
Combustion emissions (tCO <sub>2</sub> e)	161,808	167,140	178,500	EM-EP-110a.2	
Flared emissions (tCO <sub>2</sub> e)	15,255	27,466	19,500	EM-EP-110a.2	
Vented emissions (tCO <sub>2</sub> e)	41,877	61,471	60,500	EM-EP-110a.2	
Fugitive emissions (tCO <sub>2</sub> e)	23,695	4,755	7,500	EM-EP-110a.2	
Methane emissions <sup>11</sup> (tCO <sub>2</sub> e)	65,572	66,226	68,000	EM-EP-110a.2	
Carbon credits received (number)	NA	2,145	3,407		
Other air emissions					
Carbon Oxide (CO) (kg/boe)	0.24	0.36	0.40		305-7
Sulfur Dioxide (SO <sub>2</sub> ) (kg/boe)	0.02	0.02	0.02	EM-EP-120a.1	305-7
Nitrogen Oxides (NOx) (kg/boe)	0.11	0.16	0.18	EM-EP-120a.1	305-7
VOCs (kg/boe)	0.08	0.13	0.14	EM-EP-120a.1	305-7
Particulate Matter (PM) (kg/boe)	0.00	0.00	0.00	EM-EP-120a.1	305-7

Environment (continued)				Indicator <sup>15</sup>	
	2019	2020	2021	SASB	GRI
<b>Water</b> (page 14)					
Fresh water, withdrawals ( <i>m<sup>3</sup></i> )	558,128	507,713	303,201	EM-EP-140a.1	303-3
Non-potable water withdrawals ( <i>m<sup>3</sup></i> )	558,128	507,713	303,201		303-3
Fresh water intensity ( <i>m<sup>3</sup>/boe</i> )	0.070	0.060	0.047		
Produced water (saline), withdrawals ( <i>m<sup>3</sup></i> )	1,486,254	1,196,857	1,250,152		
Produced water recycled ( <i>000's m<sup>3</sup></i> )	778,654	754,227	819,198	EM-EP-140a.2	
Frac water used <sup>12</sup> ( <i>m<sup>3</sup></i> )	133,868	51,756	117,262	EM-EP-140a.2	
Number of wells frac'd ( <i>count</i> )	22	10	24		
Frac water used per well ( <i>m<sup>3</sup></i> )	6,085	5,176	4,886		
Frac'd wells where there is a public disclosure of all fracking chemicals used (%)	100	100	100	EM-EP-140a.3	
Injected for waterflood ( <i>m<sup>3</sup></i> )	1,336,782	1,261,940	1,122,399		
Injected for disposal ( <i>m<sup>3</sup></i> )	551,088	407,357	469,466		
<b>Social</b> (pages 15 - 21)					
<b>Heath &amp; Safety</b> (pages 17 - 19)					
Exposure hours ( <i>hours</i> )	2,414,649	1,827,222	2,207,336		
Total Recordable Incident Rate ( <i>cases per 200,000 work hours</i> )	0.17	0.11	0.82		403-2
Lost Time Injury Rate ( <i>cases per 200,000 work hours</i> )	—	—	0.18		
Fatalities ( <i>count</i> )	—	—	—	EM-EP-320a.1	403-9
Employee TRIF ( <i>cases per 200,000 work hours</i> )	—	—	1.04	EM-EP-320a.1	403-9
Contractor TRIF ( <i>cases per 200,000 work hours</i> )	0.21	0.14	0.77	EM-EP-320a.1	403-9
Employee LTIF ( <i>cases per 200,000 work hours</i> )	—	—	—		403-9
Contractor LTIF ( <i>cases per 200,000 work hours</i> )	—	—	0.22		403-9
<b>Employee Profile</b>					
Full-time ( <i>count</i> )	184	170	172		
Part-time ( <i>count</i> )	—	1	1		
Field ( <i>count</i> )	105	97	92		
Office ( <i>count</i> )	79	74	81		
Employees per 1,000 boe/d ( <i>count</i> )	6.84	6.73	7.03		
Production per employee ( <i>boe/d</i> )	146	149	142		
Salaries and benefits ( <i>\$ millions</i> )	31.9	28.7	31.9		



				Indicator <sup>15</sup>	
Social <i>(continued)</i>	2019	2020	2021	SASB	GRI
Employee Statistics					
Total hours worked contractors <i>(count)</i>	1,943,413	1,439,593	1,822,070		
Turnover rate total (%)	24	8	4		401-1
Turnover rate voluntary (%)	11	4	2		401-1
Turnover rate involuntary (%)	13	4	2		401-1
Field employees (contract & temp) <i>(count)</i>	30	30	45		
Office employees (contract & temp) <i>(count)</i>	30	25	30		
Diversity (page 19)					
Women in management &/or professional roles (%)	17	16	17		405-1
Women in executive roles (%)	—	—	—		405-1
Corporate, total female <i>(count)</i>	41	40	44		405-1
Corporate, % female (%)	22	24	26		405-1
Corporate, total male <i>(count)</i>	143	131	129		405-1
Corporate, % male (%)	78	77	75		405-1
Under 30 <i>(count)</i>	11	5	2		405-1
30-50 <i>(count)</i>	116	105	109		405-1
Over 50 <i>(count)</i>	57	61	62		405-1
Community Contribution (pages 20 - 21)					
Total economic value generated <i>(\$ millions)</i>	351.3	211.3	342.4		201-1
Value distributed to suppliers <i>(\$ millions)</i>	283.9	168.9	261.9		204-1
Value distributed to employees <i>(\$ millions)</i>	36.8	28.7	31.9		201-1
Value distributed to providers of capital <i>(\$ millions)</i>	155.3	68.3	149.0		201-1
Value distributed to landowners <i>(\$ millions)</i>	30.6	13.7	48.6		201-1
Governance (pages 23 - 25)					
Number of whistleblower reports <i>(count)</i>	4	—	2		
Number of whistleblower reports outstanding <i>(count)</i>	—	—	—		
Board Statistics					
Board independence (%)	7 of 8	7 of 8	H1: 7 of 8/H2: 5 of 6		
Average board meeting attendance (%)	95	98	100		
Board of Directors, total female <i>(count)</i>	1	1	H1: 1/H2: 0		405-1
Board of Directors, % female (%)	13	13	6		405-1
Board of Directors, total male <i>(count)</i>	7	7	H1: 7/H2: 6		405-1
Board of Directors, % male (%)	88	88	94		405-1

## Footnotes

- 1 Energy equivalent is calculated using a conversion factor of 6.29 to convert from boe to the m<sup>3</sup> equivalent.
- 2 Reserves evaluation excludes inactive ARO. Our 2021 reserves evaluation conforms to the requirements of National Instrument 51-101 and uses definitions and guidelines contained in the Canadian Oil and Gas Evaluation Handbook. Obsidian Energy abandonment and reclamation costs associated with active wells, facilities, and pipelines have been included in the 2021 Reserves Report as part of future net revenue calculations. The price assumptions in our 2021 reserves evaluation were based on an average of four independent reserve evaluators' forecasts (Sproule Associates, GLJ Ltd, McDaniel & Associates Consultants and Deloitte Resource Evaluation & Advisory). Additional reserve information can be found in Appendix A-3 of our 2021 Annual Information Form and, when available, our Annual Information Form for the year ended December 31, 2022.
- 3 Indigenous land refers to land as defined under the Indian Act of Canada.
- 4 Electricity consumption intensity of "670 g GHG/kWh electricity consumed" is used as per 2021 'National Inventory Report 1990 – 2019: Greenhouse Gas Sources and Sinks in Canada (Part 3)', Table A13-10 for Alberta.
- 5 ARO spend requirement refers to the net total company spend required to meet annual asset retirement obligations as provided by the AER.
- 6 The Company is continuously in the process of active reclamation on numerous sites that are in various stages of development.
- 7 Spills are defined as reportable by AER regulations.
- 8 Pipeline failures per 1,000 km are calculated as total annual number of pipeline failures divided by total licensed pipeline length (000's of km).
- 9 Scope 1 emissions refer to the sum of all combustion, flared, vented, and fugitive emissions on company operated sites.
- 10 Scope 2 emissions are related to electricity purchased.
- 11 Methane emissions are the sum of vented and fugitive emissions.
- 12 All hydraulic fracturing operations require public disclosure in the Province of Alberta.
- 13 Not reported at this time.
- 14 Not applicable to Obsidian Energy's operations or business.
- 15 Additional SASB and GRI measures are included in the body of this ESG report and/or in our most recently filed Annual Information Form and Notice of 2022 Annual and Special Meeting and Management Information Circular and Proxy Statement, found on our website and/or on the SEDAR or EDGAR websites.

# GRI index

The index below list key performance indicators and qualitative disclosures as suggested by the GRI Standards. Although this report references the GRI Standards, it does not fulfil all the requirements to be “in accordance”.

GRI Indicator		Disclosure
102-1	Company name	Company Overview (page 01)
102-2	Primary brands, products and services	Company Overview (page 01)
102-3	Headquarters	Company Overview (page 01)
102-4	Locations	Company Overview (page 01)
102-5	Legal form	Company Overview (page 01)
102-6	Markets served	Company Overview (page 01)
102-7	Scale of the company	Company Overview (page 01)
102-8	Employee numbers	Company Overview (page 01)
102-14	CEO message	Message to Stakeholders (page 02)
Governance		Disclosure
102-16	Values, principles, and norms of behaviour	Governance (page 01) / 2022 MIC
102-17	Understanding and reporting unethical behaviour	Governance (page 24) / 2022 MIC
102-18	Governance structure	Governance (page 24) / 2022 MIC
102-20	Executive-level responsibility for sustainability	Governance (page 25) / 2022 MIC
102-22	Composition of Board	Governance (page 24) / 2022 MIC
102-23	Chair of Board	Back Page / 2022 MIC
102-24	Selecting Board members	2022 MIC
102-25	Conflicts of interest	2022 MIC
102-26	Role of the highest governance body in setting purpose, values and strategy	2022 MIC
102-27	Collective knowledge of highest governance body	2022 MIC
102-28	Board performance evaluation	2022 MIC
102-29	Board role in managing sustainability and impacts	Governance (page 25) / 2022 MIC
102-30	Board role in risk management for sustainability	Governance (page 25) / 2022 MIC
102-32	Highest governance body's role in sustainability reporting	Governance (page 25) / 2022 MIC
102-33	Communicating critical concerns to board	2022 MIC
102-35	Pay policies for board and executives	2022 MIC
102-36	Process for determining executive pay	2022 MIC
102-37	Stakeholder involvement in executive pay approval	2022 MIC



Governance (continued)		Disclosure
102-40	List of stakeholder groups	Making a Positive Impact on Others (page 20)
102-43	Approach to stakeholder engagement	Making a Positive Impact on Others (page 20)
Reporting		Disclosure
102-45	Entities included in the consolidated financial statements	Annual Financial Statements
102-47	Material topics	ESG – An Integral Part of our Business (page 04)
102-49	Changes in reporting	Annual Financial Statements
102-50	Reporting period	About this Report (inside front cover)
102-51	Most recent CR report	About this Report (inside front cover)
102-52	Reporting cycle	About this Report (inside front cover)
102-53	Contact person for report	Back Page
102-54	Claims of reporting according to GRI	GRI Index (page 31)
102-55	GRI content index	GRI Index (pages 31 - 33)
Economic		Disclosure
201-1	Direct economic value generated	Performance Summary (page 29)
201-2	Risks and opportunities of climate change	AIF
204-1	Proportion of spending on local suppliers	Performance Summary (page 29)
205-2	Communication and training for ethics	Code of Business Conduct & Ethics
Environment		Disclosure
302-1	Energy consumption within the organization	Performance Summary (page 26)
303-1	Interaction with water as a shared resource	Responsible Water Usage (page 14)
303-3	Water withdrawal	Responsible Water Usage (page 14)
305-1	Direct GHG emissions (Scope 1)	Air Quality & GHG Emissions (pages 12 - 13); Performance Summary (page 27)
305-2	Indirect energy GHG emissions (Scope 2)	Air Quality & GHG Emissions (pages 12 - 13); Performance Summary (page 27)
305-4	GHG emission intensity	Air Quality & GHG Emissions (pages 12 - 13); Performance Summary (page 27)
305-5	Reduction of GHG emissions	Air Quality & GHG Emissions (pages 12 - 13); Performance Summary (page 27)
305-7	NOx, SOx and other air emissions	Air Quality & GHG Emissions (pages 12 - 13); Performance Summary (page 27)
306-3	Significant spills, number and volume	Maintaining the Integrity of our Assets (pages 10 - 11); Performance Summary (page 27)

Social		Disclosure
401-1	Employee turnover	Taking Care of Our Employees Health & Future (page 19); Performance Summary (page 29)
403-2	Hazard identification, risk assessment, and incident investigation	Protecting the Health & Safety of Our People (page 17); Cultivating a Culture of Safety (page 18); Performance Summary (page 28)
403-4	Worker participation, consultation and communication on occupational health and safety	Protecting the Health & Safety of Our People (page 17); Cultivating a Culture of Safety (page 18); Performance Summary (page 28)
403-5	Worker training on occupational health and safety	Protecting the Health & Safety of Our People (page 17); Cultivating a Culture of Safety (page 18); Performance Summary (page 28)
403-9	Work-related injuries and fatalities	Protecting the Health & Safety of Our People (page 17); Cultivating a Culture of Safety (page 18); Performance Summary (page 28)
405-1	Diversity of board and employees	Building a Fair and Equitable Environment (page 19); Performance Summary (page 29); 2022 MIC
402-2	Ratio of basic salary and remuneration	2022 MIC
413-1	Operations with local community engagement, impact assessments and development programs	Being a Responsible Part of the Community (page 20)

# Glossary

## Abbreviations

<b>2022 MIC</b>	Notice of 2022 Annual and Special Meeting and Management Information Circular and Proxy Statement, available on our website or on the SEDAR or EDGAR websites
<b>ABC</b>	Area Based Closure
<b>AER</b>	Alberta Energy Regulator
<b>AIF</b>	2021 Annual Information Form, available on our website or on the SEDAR or EDGAR websites
<b>ARO</b>	asset retirement obligation
<b>ASRP</b>	Alberta Site Rehabilitation Program
<b>bbl</b>	barrels of oil
<b>bbl/d</b>	barrels of oil per day
<b>Board</b>	Obsidian Energy's Board of Directors
<b>boe</b>	barrels of oil equivalent
<b>boe/d</b>	barrels of oil equivalent per day
<b>EPAC</b>	Explorers and Producers Association of Canada
<b>ESG</b>	Environmental, Social and Governance
<b>FEMP</b>	Fugitive Emissions Management Plan
<b>GHG</b>	greenhouse gas emissions
<b>GJ</b>	gigajoule
<b>GRI</b>	Global Reporting Initiative
<b>H1</b>	first half of the year
<b>H2</b>	second half of the year
<b>ha</b>	hectare
<b>HRG&amp;C</b>	Human Resources, Governance and Compensation Committee
<b>H&amp;S</b>	health and safety
<b>kg</b>	kilogram

<b>kg/boe</b>	kilograms per boe
<b>km</b>	kilometre
<b>legacy</b>	a collection of all Obsidian Energy properties outside of our core development areas of Cadium (Central), Peace River and Viking
<b>liquids</b>	crude oil and natural gas liquids
<b>LTIF</b>	lost time injury frequency
<b>m<sup>3</sup></b>	cubic metres
<b>Mboe</b>	billion barrels of oil equivalent
<b>Mcf/d</b>	billion cubic feet per day
<b>MMboe</b>	million barrels of oil equivalent
<b>mmcf/d</b>	million cubic feet per day
<b>MSAPR</b>	Multi-Sector Air Pollutants Registry
<b>reserves</b>	based on the reports prepared by Sproule Associates Limited dated January 28, 2022, February 1, 2021, and February 3, 2020, attributable to the Company's reserves effective as at December 31, 2021, 2020 and 2019, respectively
<b>SASB</b>	Sustainability Accounting Standards Board
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>tCO<sub>2</sub>e</b>	tonnes of carbon dioxide equivalent
<b>TEIR</b>	total emissions intensity reduction
<b>TRIF</b>	total recordable incident frequency
<b>TSX</b>	Toronto Stock Exchange
<b>VOCs</b>	volatile organic compounds
<b>VRUs</b>	vapor recovery units
<b>YE</b>	year end

## Definitions

**Gross** means: (i) in relation to our interest in production or reserves, our “company gross reserves”, which are our working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of ours; (ii) in relation to wells, the total number of wells in which we have an interest; and (iii) in relation to properties, the total area of properties in which we have an interest.

**Inactive liability** represents future costs associated with assets that are no longer productive, including abandonment, remediation and reclamation.

**Net** means: (i) in relation to our interest in production or reserves, our working interest (operating or non-operating) share after deduction of royalty obligations, plus our royalty interests in production or reserves; (ii) in relation to our interest in wells, the number of wells obtained by aggregating our working interest in each of our gross wells; and (iii) in relation to our interest in a property, the total area in which we have an interest multiplied by the working interest we own.

**Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

**Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

**Scope 1 (Direct) emissions** are 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 Greenhouse Gas Protocol guidelines.

**Scope 2 (Indirect) emissions** are 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 Greenhouse Gas Protocol guidelines.



# Forward-looking statements & advisories

We have taken care to ensure the information in this report is accurate. However, the data presented in this report 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, or changes in the future due to new information. Further, some of the information in this report may have been disclosed previously in other Obsidian Energy public disclosure, 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 report to describe topics 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 report should not be read as equating to any use of the word in other Obsidian Energy public reporting or filings.

With this report, we hope to increase your knowledge of Obsidian Energy and our operations. However, this report does not provide investment advice, and readers are responsible for making their own financial and investment decisions.

There is no single standard system that applies across companies for compiling and calculating the quantity of greenhouse gas (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 various internal reporting systems that are generally 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 report contains certain forward-looking information or statements – that is, information or statements related to future, not past, events and circumstances – which may relate to our strategies, focus, goals, ambitions, aims, targets, plans, objectives, operations, results and financial performance. The use of any of the words “target”, “goal”, “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “potential” and similar expressions are intended to identify these forward-looking information or statements. Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside of our control. These statements are only predictions. Actual results or outcomes may differ from those expressed in such statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity,

performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results to differ materially from those expressed or implied in any forward-looking statements made in this report.

More particularly and without limitation, this report contains forward-looking information and statements about: our ability to continue to deliver value to stakeholders; our strategies, plans, goals and focuses for financial, operational, environmental, social and governance matters; our commitment to strong ESG practices that minimize our environmental impact, create a culture where the individual and our communities are valued, and implementing best-in-class governance practices to ensure we are acting in the interests of our stakeholders; our intention to continue to prioritize managing water use, reducing GHG emissions across our asset base, and using investment and technology to go beyond regulated requirements, and our commitment to further improve our GHG emissions through ongoing initiatives; our target to reduce GHG methane emissions intensity by the end of 2023; our goal to maintain our low rate of fresh water usage and further conservation efforts; our ARO and ASRP strategies, expectations and plans for 2022 and 2023; our goals for continuous improvement across our governance framework including evaluating industry best practices, risk management, corporate governance and ESG matters; our specific ESG commitments and goals, as described under “ESG Highlights and Goals” on page 5; our belief in a holistic approach to sustainability, incorporating various stakeholder interests into our strategies; our specific environmental strategies and goals, as described under “Safeguarding the environment – Highlights” on page 7; our ongoing decommissioning commitment is to continue allocating capital and utilizing technology to further reduce our environmental footprint and building our reputation as a reliable producer with a commitment to sustainable development; the anticipated timing for using our remaining ASRP grants and allocations and the number of wells and length of pipeline to be abandoned therewith; our plans for our decommissioning liabilities, including our plans to accelerate the reduction in our inactive decommissioning liabilities in 2022 and beyond and including our specific decommissioning targets for 2022; our beliefs, strategies and objectives in regards to spill prevention, spill mitigation and spill response and clean-up; our expectations for increased pipeline inspections in 2022; our plan in 2022 and continuing into 2023 to reduce vented emissions as we work towards our goal of lowering methane emissions, and the amount and timing thereof; our specific GHG emissions reduction strategies and goals, as described under “Air quality & greenhouse gas emissions – Highlights” on page 12; our intention to install additional VRUs in 2023; our target to have all units compliant to MSAPR by 2025; our plan to begin replacing venting chemical pumps with non-venting ones; our plans for a substantial reduction of our vented emissions; our expectations for water usage, including our focus on maintaining a low rate of fresh water use, sustaining water usage reductions and transitioning from fresh water to recycled water where possible; our specific social strategies and goals, as described under “Making a positive impact on others – Highlights” on page 16; our commitment to returning

our TRIF and LTIF to industry leading levels; our specific health and safety strategies and goals, as described under “Protecting the health & safety of our people” on page 17; our commitment to continually improve our H&S program and practices; our expectations in connection with our relationships with First Nations, including our intention to continue to use First Nations vendors and contribute to First Nations communities; our specific governance strategies and goals, as described under “Ensuring strong governance – Highlights” on page 23; our commitments in connection with how we conduct our business, including our Board's commitment to the principles of strong governance; how we intend to build a strong ESG culture and manage risks, including our ESG commitments as summarized under “Building a strong ESG culture and managing risks” on page 25; and our proposed future sustainability programs, practices, initiatives, strategies, goals, plans and reporting and the impact and timing thereof. In addition, statements relating to “reserves” are also deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. In addition to other factors and assumptions which may be identified in this report, assumptions have been made regarding and are implicit in, among other things: our ability to continue to implement and the success of our sustainability programs, practices, initiatives and plans, the timing thereof and impact on Obsidian Energy achieving its goals relating thereto; our ability to adopt practices that minimize our ecosystem impact, complete land restoration and manage our inactive liabilities, and the costs thereof; our water management practices, including adherence to water regulations, prudent use of water and use of non-potable water sources; our ability to reduce GHG emissions, lower emission intensity and effectively engage in climate change risk management practices; our ability to execute our risk management policy; the accuracy of our materiality assessment; the success of future drilling, development and completion activities; the performance of existing wells; the performance of new wells; the availability and performance of facilities and pipelines; the successful application of new drilling, completion and seismic technology; prevailing weather and break-up conditions and access to our drilling locations; commodity prices, price volatility, price differentials and the actual prices received for the Company's products; royalty regimes; interest rates, inflation rates and exchange rates; the application of regulatory and licensing requirements; the availability of capital, labour and services; our ability to complete planned capital expenditures within budgeted cost estimates; the ability to market our oil and gas successfully; the creditworthiness of industry partners; and our ability to acquire additional assets. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. Although Obsidian Energy

believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Obsidian Energy can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties, most of which are beyond our control. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These risks and uncertainties include, but are not limited to: the impact of general economic conditions and oil and gas industry conditions; the oil and gas industry in general and liabilities inherent in oil and gas operations (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks, including hazards such as fire, explosion, blowouts, cratering, and spills, any of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury); our inability to reduce emissions or emissions intensity; constraint in the availability of services; commodity price, exchange rate, interest rate and inflation rate fluctuations; changes in legislation (including but not limited to tax laws, royalty regimes and environmental legislation); adverse weather or break-up conditions; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; and litigation risks. These and other factors, assumptions, risks and uncertainties that could influence actual results are described in more detail in Obsidian Energy's most recently filed annual information form (the “AIF”) and annual and quarterly management's discussion and analysis (collectively, the “MD&As”), and other documents we file from time to time with securities regulatory authorities. The AIF, the MD&As and other documents we file from time to time can be accessed on Obsidian Energy's website at [www.obsidianenergy.ca](http://www.obsidianenergy.ca) or under Obsidian Energy's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on EDGAR at [www.sec.gov](http://www.sec.gov).

We have included the above summary of assumptions and risks related to forward-looking information provided in this report in order to provide readers with an understanding of our future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this report and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. The forward-looking information and statements contained in this report are expressly qualified by this cautionary statement.

## **Directors**

Gordon M. Richie <sup>1</sup>  
*Chairman*

John Brydson <sup>1,2,3</sup>

Shani Bosman <sup>2</sup>

Raymond D. Crossley <sup>1,3</sup>

Michael J. Faust <sup>2,3</sup>

Edward (Ed) H. Kernaghan <sup>2,3</sup>

Stephen E. Loukas

## **Management Team**

Stephen Loukas  
*Interim President and Chief Executive Officer*

Peter D. Scott  
*Senior Vice President and Chief Financial Officer*

Gary Sykes  
*Senior Vice President, Commercial and Development*

Mark Hawkins  
*Vice President, Legal, General Counsel  
and Corporate Secretary*

Cliff Swadling  
*Vice President, Operations*

## **Independent Reserve Evaluator**

GLJ Ltd.  
Calgary, Alberta

## **Auditors**

KPMG LLP  
Calgary, Alberta

## **Bankers**

Royal Bank of Canada  
Bank of Montreal  
Canadian Western Bank

## **Transfer Agent**

TSX Trust Company

## **Investor Relations**

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## **Emergency Contact**

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<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Operations and Reserves Committee

<sup>3</sup> Member of the Human Resources, Governance & Compensation Committee



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**Questions about this report**

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