

Caring for our future needs

2022 ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



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ABOUT THIS REPORT

This environmental, social and governance (“ESG”) sustainability report provides an overview of Obsidian Energy Ltd.’s (“Obsidian Energy,” the “Company,” “our,” 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 that we work in. It is based on an annual reporting cycle and, unless specifically noted, is as of December 31, 2022, and compared to the same period in 2021.

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 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 AIF. Although standard suggested disclosures are included, not all of the requirements to be considered in full accordance with SASB, GRI and TCFD reporting standards are referenced. The data within the 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.” 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.

Barrels of oil equivalent 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, Canada, with a well-balanced portfolio of high-quality assets in Alberta's Peace River, Willesden Green/Pembina (Cardium) and Viking areas. Our principal business consists of the responsible exploration, development and production of petroleum resources, providing energy to fuel our economy and support our communities.

With a proven track record as an efficient, highly successful operator, our unique portfolio of assets and experienced team continue to deliver value to all our stakeholders. We are proud of our commitment to strong ESG practices that include minimizing our environmental impact, creating 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.

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



30,682 boe/d

(25% increase at Dec. 31, 2022 over 2021)

\$315 million

in capital expenditures
(123% increase over 2021)

2,036

active wells (2022)

>181 MMboe

in gross reserves (2P, year end 2022)

~270

full-time staff and contractors (2022)

~\$2.0 billion

in economic contribution (2018 - 2022)

Markets served

Alberta and Western Canada

PEACE
RIVER

CARDIUM

VIKING

Core areas



Message to our stakeholders

Strong stewardship is an integral value of Obsidian Energy and shapes how we run our business. We strive to embed a conscious mindset of ESG at the forefront of all our activities to do what's right, not just what is required. By operating sustainably, we endeavour to balance environmental impact while supporting local communities and providing value to our stakeholders – leaving things in as good or better shape than how we found them.

We are pleased to share our progress in improving our ESG performance during 2022. Obsidian Energy's team was extremely active in 2022 with a capital program that was 123 percent higher than in 2021, contributing to 31 percent more wells drilled, 80 percent more wells fracture stimulated, 226 percent more pipelines abandoned, an increase in safety initiatives, and the doubling of wellsite and pipeline in-line inspections. The larger capital program drove a 25 percent increase in production volumes, which resulted in a corresponding rise in energy and resource use. Despite this, we achieved significant improvements in our sustainability program – becoming more efficient in our operations, decreasing environmental intensities, and doubling our economic contribution over 2021 levels.

OPERATING EFFICIENTLY TO REDUCE ENVIRONMENTAL IMPACT

Obsidian Energy is committed to strong environmental stewardship, continuously identifying and adopting new strategies, technologies and processes to improve our performance. We believe that we are one of the best companies at managing our environmental impact in the Western Canada Sedimentary Basin as measured on a per barrel of oil equivalent basis. The larger capital program translated into associated higher energy use and emissions on a total volume basis, but generally lower on a proportional or per boe basis. As volumes increased, we became more efficient in managing our environmental impact: intensity of fresh water usage, GHG emissions and spills decreased by 62 percent, nine percent and 95 percent respectively, while the amount of frac'd water used per well decreased by 20 percent with almost double the number of wells.

Overall, our impact on the environment was less in several areas than at the beginning of 2022 even though the impact of several of our 2022 initiatives were not realized until 2023. Regardless of the higher activity level, we used 34 percent less fresh water and reduced

fugitive emissions by seven percent. We spent above the mandated regulatory decommissioning level in 2022 to accelerate the reduction of our inactive ARO, including: modernizing sites by replacing unused pads with new technology, completing a four-year project to abandon 97 percent of our inactive legacy wellbores, and safely executing a comprehensive, multi-partner project to remediate a mid-century wellsite located near a fish-bearing watercourse.

STRENGTHENING RELATIONSHIPS AND GOVERNANCE

The health, safety and well-being of our people, partners, communities and stakeholders is our biggest priority. Integral to our success, Obsidian Energy strives to ensure our actions support and provide economic and social benefit to those who work or reside in and around our operations. To accomplish this, we engage with stakeholders to better understand their priorities and needs, creating long-lasting, mutually beneficial relationships.

A strong focus on health and safety (“H&S”) is an integral part and fundamental value of our Company as we strive for an injury-free workplace. H&S is a core



“With higher activity levels and a doubled capital program, we still made significant progress to improve our ESG performance across all areas in 2022. Our commitment and focus on stewardship make this possible as the Company continues to grow, providing responsible energy today as we care for the needs of future generations.”



responsibility of everyone at Obsidian Energy, and we increased worker safety initiatives and introduced new technology and training into our operations in 2022 to reinforce safe practices and better protect employees and contractors. In addition, we work to provide an environment that respects, rewards and recognizes our people for their hard work and dedication, striving to improve employees' health and well-being.

Supporting the well-being of local communities, we doubled our economic contribution to over \$690 million through employment, local contracting, taxes and support for community social causes. We are very proud of our employees' contributions in our community giving program – both as part of Obsidian Energy and through their own initiatives – providing support to organizations from food banks and specialty school programs to rural sports programs. By being an active member of the community, we fulfil our commitment to being a good neighbour, and further strengthen our relationships with these key stakeholders.

We believe strong corporate governance fosters transparency and accountability, helps build trust and strengthen relationships, and is core to our long-term success.

Our robust governance framework ensures that the Board of Directors, leadership team, employees and others working for the Company act honestly and in good faith in accordance with our policies, procedures and corporate values. A key and critical governance area is the oversight of cybersecurity as the conversion to digitization continues at an ever-increasing pace. We continually enhance our cyber defense program to protect the confidentiality, integrity and reliability of our information and that of our stakeholders.

MAINTAINING A STRONG ESG FOCUS

World events have been a powerful reminder that energy reliability, security and affordability remain critical considerations along with reducing environmental impacts. We believe that efficiently operated conventional energy sources are essential to meeting societies' needs, even as we embrace new energy options.

We thank the entire Obsidian Energy team, as well as our contractors and partners, for their continued focus on keeping ESG a top priority while delivering outstanding results. Our dedication to solid ESG stewardship and improving our ESG practices will continue as the Company grows, helping us preserve the world around us for future generations while providing the energy we need today.

Stephen Loukas – President & CEO

Gordon M. Ritchie – Chairman



Sustainability – at the centre of our strategy

Obsidian Energy prioritizes strong ESG practices throughout the organization as a responsible energy producer committed to continuous improvement and delivering solid performance in all aspects of our business. Our approach to sustainability is firmly embedded in our corporate strategy, helping shape our investment decisions, guide our practices and set the foundation for how we engage with others. Through the effective delivery of sustainability initiatives, implementation of innovative technology and responsible development activities, we continue to create long-term value for our stakeholders – our people, local communities, partners and shareholders.

Our ESG management approach centers on several key principles: monitoring global trends; considering industry risks; listening to stakeholders; implementing ESG best practices and regulations; and concentrating on material topics where we can make a sustainable difference. Our overall mandate is to create a resilient and sustainable business that minimizes the impact to

our people, local communities and the environment, and we do so by focusing our strategies on each of the key ESG areas as follows:

- **Environment:** Develop and use new practices and technology to minimize the potential impact to the environment and ecosystems.
- **Social:** Create strong stakeholder relationships while supporting the economic and social well-being of our employees, contractors and the communities in which we operate.
- **Governance:** Continually improve our governance structure, processes and oversight to ensure our actions support the Company's long-term success and stakeholders' interests.

In 2022, we entered a period of growth and significantly increased activity with increasing production, increased capital spending and improved financial strength. While pleased with these business achievements, nothing is more important than safeguarding our most valuable

assets: our people, partners and local communities, the environment, and our operations. We made significant progress in advancing our ESG goals and initiatives during 2022, identifying new opportunities for improvement and to operate more efficiently as production volumes grew. We are extremely proud of our team's accomplishments to substantially reduce our ARO associated with inactive properties, improve total GHG emission, spill and water use intensities, manage H&S metrics as workforce hours increased by 50 percent, and contribute to the communities where we live and work.

Regardless of past accomplishments, we understand the need for improvement especially as the Company grows. Obsidian Energy will continue to re-evaluate and redefine our ESG practices to meet changing global needs and improve our ESG performance. Through creating a resilient and sustainable business, we will grow shareholder value, contribute to responsible energy development and help protect the world around us for future generations.





ESG HIGHLIGHTS AND GOALS

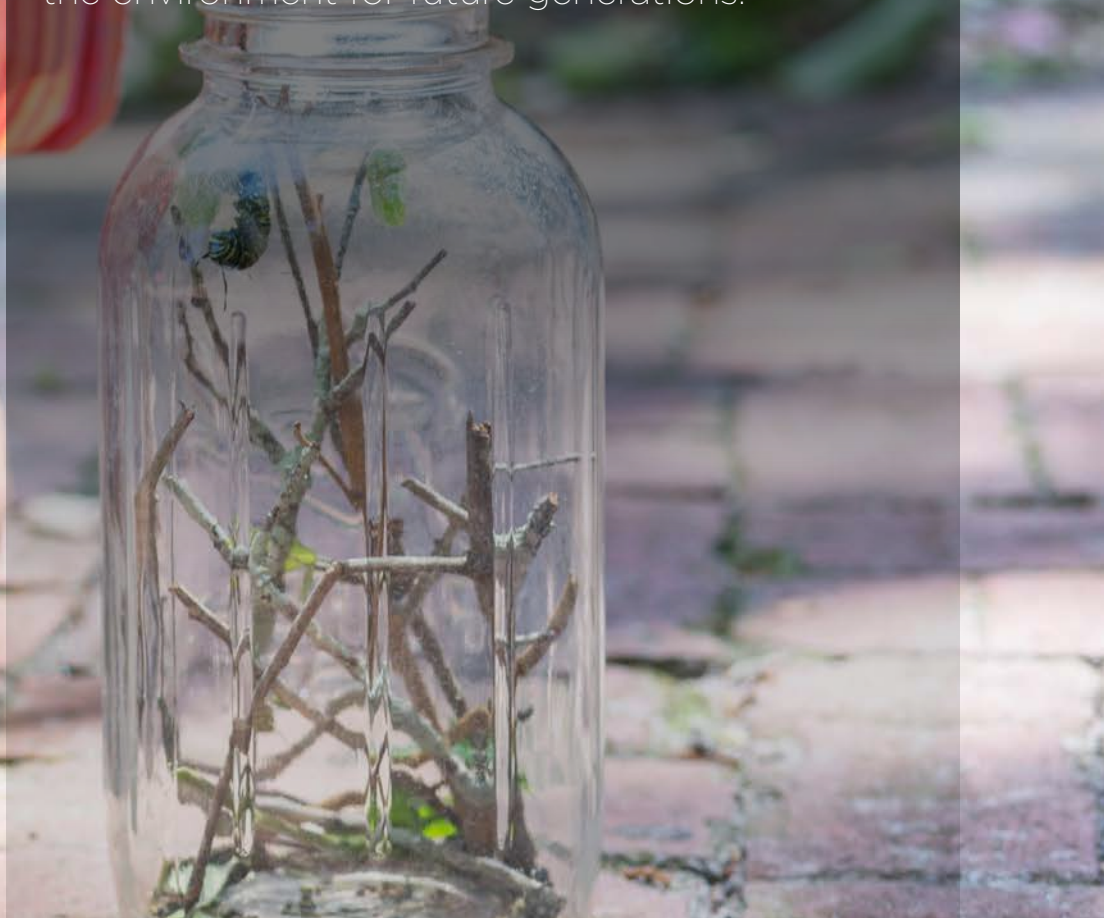
Focusing on material ESG areas for the benefit of the environment, local communities and our stakeholders.

	Our Commitment	Material Topics	2022 Highlights
Environment	Reduce environmental impacts of operations Commitment to the full life cycle of assets	Abandonment and reclamation activities	257 wells abandoned 599 km of pipelines abandoned Met target to abandon 97% of inactive legacy wellbores \$34.5 million in ARO spend (gross, including ASRP funds)
		Asset integrity and spills	96% decrease in spill volumes 24% reduction in pipeline incidents, below industry average Doubled pipeline in-line and wellsite inspections
		Air quality and GHG emissions	9% reduction in total GHG intensity 7% decrease in fugitive emissions Replaced all our legacy pneumatic controllers from high to low bleed
		Water usage	62% reduction in fresh water intensity 12% reduction in fresh water use 20% decrease in frac water used per well
Social	Maintain a strong focus and culture of H&S	Health & safety	>11,000 safety leading indicators/actions Appointed new H&S advisors
	Engage employees and support their needs	Employee rewards and recognition	Doubled mental health support in benefit program 26% female employees Increased summer student program
	Invest in local communities Collaborative community citizenship	Stakeholder engagement Economic impact and support Community investment	>\$690 million in economic contribution
Governance	Accountability and transparency of Board and management	Corporate governance Independence Policies and procedures Ethics	86% independent Board members (5.2-year average tenure) 100% independent Audit and HRG&C Committees 6.8% insider ownership (Directors & Executive)
	Assurance of effective leadership	Compensation	Compensation aligned with shareholders (stock-based)
	Appropriate oversight of strategic and ESG matters	ESG oversight	Multiple Board, Committee and management meetings to discuss ESG and risk Enhanced cybersecurity through increased awareness training and new technology



Environment

To be truly sustainable, 'responsible environmental management' needs to be more than just a phrase – it must be a conscious mindset that is at the forefront of all activities. At Obsidian Energy, minimizing our environmental impact is an integral part of our culture, improving our environmental performance and solid environment stewardship to help us preserve the environment for future generations.





We made significant progress in reducing our environmental impact despite an increase in activity and production volumes in 2022. Our dedication to responsible operations made this possible – and will continue to provide benefit as the Company grows.

Our approach to responsible and sustainable energy means that we carefully consider all risks in new development and routine operations, and use best-in-class environmental practices and technology to minimize the potential impact on the environment and local communities. In 2022, we significantly increased our activity level with a 123 percent higher capital program from 2021, resulting in: 31 percent more wells drilled; 80 percent more wells fracture stimulated; 226 percent more pipelines abandoned; the doubling of wellsite and pipeline in-line inspections; and the purchase of a major gas plant. Increasing production by 25 percent, this activity translated into associated higher energy use and emissions on a total volume basis, although lower on a proportional or per boe basis.

We also became more efficient in managing our environmental impact: intensity of fresh water usage, GHG emissions and spills decreased by 62 percent, nine percent and 95 percent respectively, while the amount of frac'd water used per well decreased by 20 percent.

The full impact of many of our 2022 initiatives will be realized in 2023 as we continue to focus on reducing emissions intensity and ARO while maintaining a high standard for low water usage intensity and asset integrity.



Develop and use new practices and technology to minimize the potential impact to the environment and ecosystems.

Guiding Principles

- Develop and use best practices and technology to better manage environmental impact.
- Restore land to maximize reclaimed sites through strong remediation and reclamation practices.
- Maintain and improve asset integrity, reducing the risk of environmental incidents.
- Decrease GHG emission intensity through innovation, technology and more efficient operations.
- Conduct responsible water management to protect this valuable resource.

2022 HIGHLIGHTS

Goal	Strategy	Highlight
Reduce ARO by \$17 million by YE 2022 ¹	Use capital investment to maximize ARO reduction	\$18 million reduction in decommissioning liability ¹
Pipeline failure rate at or below 2021 industry average	Advanced risk modelling, increase inspections, and utilize available technology to detect leaks earlier	Pipeline failure below 2021 industry average (pipeline incidents decreased 24%)
10% decrease in methane emissions over 2021 levels by YE 2023	Multi-pronged approach utilizing new technology and infrastructure investment to reduce emissions and improve asset integrity	9% reduction in total GHG intensity On track to meet methane emissions target by YE 2023
Sustain fresh water usage reductions	Continue to use produced water for new waterfloods and transition to recycled water use across legacy waterfloods	62% reduction in fresh water intensity 12% reduction in fresh water use

¹ ARO goal and decommissioning liability was based on existing liabilities at the beginning of the year and excludes new liabilities created during the year.



Continued commitment to restoring the land

As an industry leader in responsible asset retirement and reclamation, we consider the potential impact before we begin any development, spending more than required to lessen our existing footprint over the past three years.

We are extremely proud of our team's accomplishments to substantially reduce our ARO associated with inactive properties, going beyond what is minimally required. In our commitment to being an industry leader, we have adopted several best-in class practices and actively participate in industry and government associations and committees to remain at the forefront of advances in this area, help improve industry practices and ensure our operations are at or exceed environmental standards. As a result, we believe we have one of the best liability management programs among our peers, economically remediating sites to allow land reuse by communities, wildlife and our stakeholders.

We are committed to reducing our environmental footprint through prudent full-cycle land management practices that minimize ecosystem impact, return sites to their original state and effectively manage inactive liabilities. Our goal is to reduce existing liability profile by committing to meaningful annual asset retirement levels that meet or exceed regulated requirements.

Our focus on responsible asset development ensures that landscapes are restored, and our abandonment and reclamation obligations are adequately funded.

ACCELERATING OUR DECOMMISSIONING ACTIVITIES

As a part of our continued focus on accelerating our decommissioning activities, we are an early adopter of available government programs to reduce our footprint faster than required by the regulators. Although the AER's Area Based Closure program ended in 2021, we continued to be an active participant in the ASRP until its completion in 2022. By using our cash flow combined with program funds, we were able to aggressively accelerate the reduction in our inactive ARO liabilities, using \$30.5 million (gross) of ASRP grants and allocations over the three-year ASRP period in addition to our own funds.

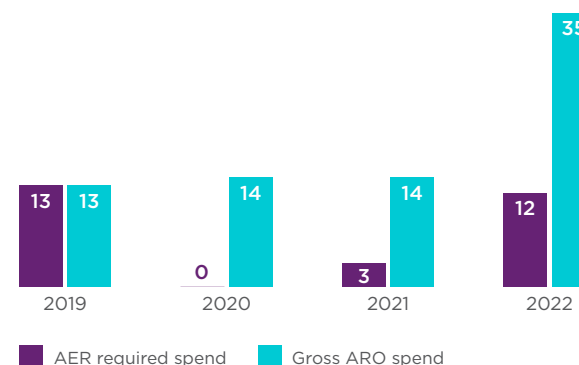
We remain committed to the AER's Liability Management Framework, contributing at or above mandatory levels that has resulted in inactive liability reductions since 2020. In 2023, the AER increased the mandatory ARO spend for all companies across the industry from \$443 million to \$700 million to reflect the increase in commodity prices and industry revenues seen in 2022. While this accelerated our decommissioning spending, we remain committed to doing what is needed to continue to restore land back to as good or better condition as when our operations began.

INVESTING MORE TO RESTORE LAND

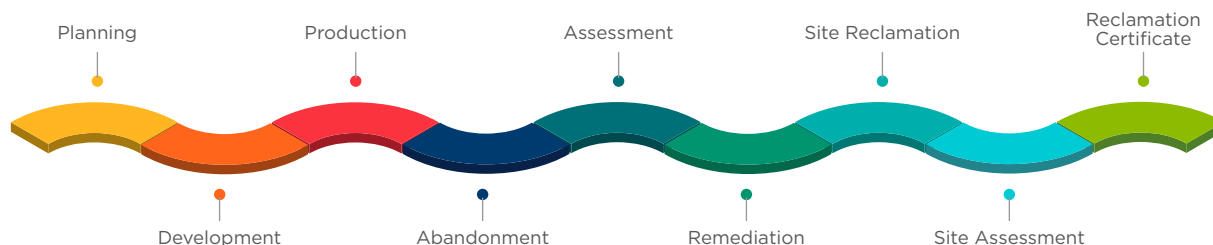
We consistently meet or exceed our asset retirement obligations and return land to as good, or better, than its original state. In 2022, we more than doubled our ARO spend (including ASRP funds) to \$34.5 million from \$14.4 million in 2021, with a special focus on the abandonment of pipelines and more challenging well sites.

ARO SPEND

(\$ millions)



FULL CYCLE ASSET LIFECYCLE



TRACKING LEADING INDICATORS 2022

257
WELLS ABANDONED

599km
PIPELINES DISCONTINUED
AND ABANDONED

10
FACILITIES ABANDONED

101
LICENSES RECLAIMED

DEDICATED TO CLEANING UP LEGACY ASSETS

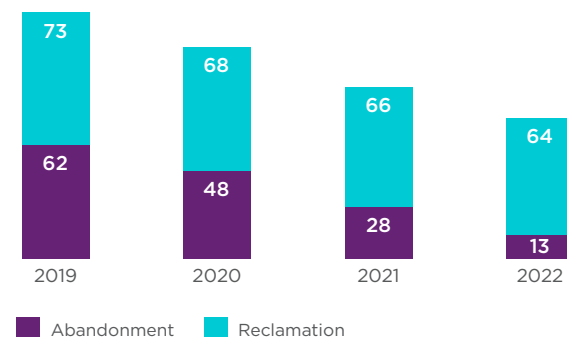
Obsidian Energy met its target to abandon 97 percent of our inactive legacy wellbores by the end of 2022.

While our overall liability is manageable due to the long lives of our assets, we continue to accelerate the reduction in our inactive ARO through highly cost-efficient closure operations. Over the past few years, we concentrated the majority of our decommissioning projects within our legacy operating areas to allow for improved asset retirement efficiency. In 2022, our inactive ARO decreased by \$11.9 million over 2021 despite the impact of a full year of full ownership of our Peace River asset. We also met our target to abandon 97 percent of our inactive legacy wellbores, leaving only reclamation activities as we work through the remediation process to fully bring the land back to original conditions and receive reclamation certificates. We have accounted for these activities in our future development and capital programs and anticipate all inactive legacy wellbores abandoned by the end of 2024. Currently, most of our legacy land reclamation and remediation portfolio is in the vegetation management or later stage, meaning most of these sites are close to reclamation certification.

In 2023, we accelerated our activities with the abandonment of inactive, unused pipelines. Further reducing inactive ARO by continually incorporating new projects are part of our commitment to sustainable development as we provide resources in a responsible manner to meet people's energy needs.

STAGE OF LEGACY ARO

(\$ millions)



CASE STUDY

REMEDIATING MID-CENTURY SITES TO IMPROVE FISH HABITAT

Our commitment to returning land to as good or better than its original state is demonstrated by our remediation and reclamation of a legacy wellsite drilled in 1958. The wellsite was located immediately next to a fish-bearing water course that contains multiple species of fish, including Bull trout (a sensitive species). Based on today's standards, this well would not be licensed due to its proximity to sensitive habitat.

To properly execute a project of this scope entails a substantial amount of evaluation, research, and careful planning, cooperation and coordination between various parties. In the fall of 2022, Obsidian Energy and SWAT Consulting Inc., our environmental consultant, began working with Provincial and Federal regulators to develop and execute a complex remediation and reclamation plan to restore the area and enhance the habitat for local sensitive aquatic species.

This project was a massive undertaking that focused on reducing the environmental impact from prior operations and enhancing the ecosystem to pre-disturbance conditions. Key outcomes realized upon completion of the project were:

Limited the impact of the diversion channel to the landscape: Placed in an area where the lease would have naturally eroded, the channel was designed slightly higher than the natural creek base to act as an overflow channel and ensure that water reverted to the original channel.

Safeguarded sensitive aquatic species: Temporary dams were installed on the channel that assisted fish salvage operations in relocating all fish within the isolated area prior to dewatering.

Improved soil quality: All impacted material was removed, and testing completed to ensure remaining soil met applicable guidelines.

Reduced carbon footprint: Salvaged clean soil along with clean material was used to backfill excavations and for recontouring areas to reduce the risk of erosion and sedimentation.

Enhanced wildlife habitat: An open water pool for fish overwintering was constructed that used woody debris from salvaged trees, while nesting areas for birds were created once new trees reach maturity.

Final reclamation activities at the site were completed in 2023 and included recontouring the remaining portion of the site, seeding and planting numerous trees. Today, the site is a beautiful place for wildlife, and showcases our commitment to not only the full cycle development of our assets, but our dedication to rectify others' historic environmental issues.





Maintaining our asset portfolio

Our focus on asset reliability leads to operational integrity for over 8,300 kilometres of pipelines and numerous well sites, roads and facilities, resulting in continued reductions in spills and pipeline failure frequencies – well below the industry average.

We recognize that owning and operating our infrastructure not only provides us a competitive advantage but allows us more control over the integrity of our assets. Infrastructure ages and deteriorates over time – the only way to effectively control the risk of failures, minimize the potential impact of any spill and ensure operational safety is through effective asset management.

Obsidian Energy invests considerable time, energy and funds in projects to responsibly monitor and maintain our infrastructure to a high standard and keep spill prevention at the forefront of employees' minds. As a result, we were recognized in 2021 by the AER as the benchmark for pipeline integrity. In 2022, we doubled the number of pipeline and other inspections and increased education and training, resulting in large reductions in spill volumes and intensity despite owning more pipelines.

As the 10th largest holder of licensed pipelines in Alberta, we work diligently on our pipeline management strategy to mitigate and respond to any spill, successfully reducing the frequency of pipeline failures by 24 percent in 2022. We are incredibly proud of our team's achievement while maintaining a pipeline incident frequency rate that is significantly lower than the industry average. In 2023, we continued our work on abandoning our inactive, unused pipelines, removing the risk of potential environmental issues caused by faulty equipment, vandalism or corrosion of aging infrastructure.

Making step changes to improve assets (2022)

- 86% decrease in number of spills
- 96% decrease in spill volumes
- 95% decrease in spill intensity
- 24% decrease in pipeline incident frequency rate
- Doubled pipeline in-line and wellsite inspections

BRINGING “PREVENTION, DETECTION AND RESPONSE” TO THE FOREFRONT

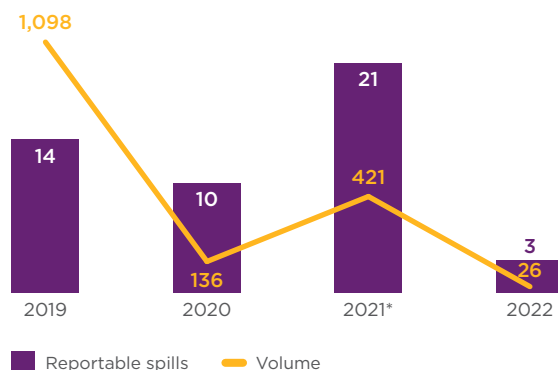
As part of our commitment to high standards, we work actively through our comprehensive asset management program to ensure our assets are running efficiently, mitigating the risk of spills while ensuring we are prepared in the event an incident occurs to protect people and minimize environmental damage. While we implement new measures and processes as we improve existing practices, current high standards and results would not be possible without establishing an active mindset of *Prevent, Detect and Respond* into the culture and daily routine of our operations.

Prevention: As the foundation of our approach, all measures, checks and procedures are completed to avert or minimize the potential for spills. We complete detailed analysis of our infrastructure, identifying risks and developing action plans to mitigate potential impacts and create synergies internally and with key stakeholders.

Detection: Recognizing the importance of early detection, we spend considerable energy increasing the frequency of monitoring and implementing more and better technology to prevent spills and minimize the impact if they occur.

Response: Our highly trained team is linked closely with external experts and regulators, undergo regular incident management education and annual simulated response exercises. Should an incident occur, our team is prepared to quickly mobilize, protecting and mitigating any impact to our people, the community and the environment.

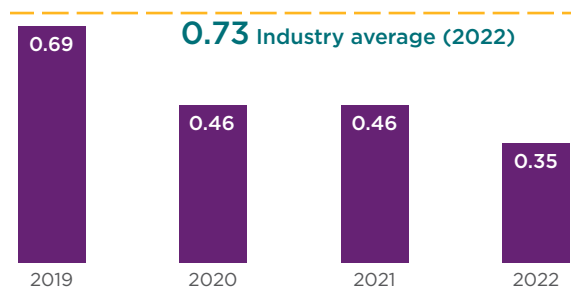
CATCHING SPILLS EARLY MINIMIZE VOLUME AND IMPACT



* 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

PIPELINE FAILURE FREQUENCY

(per 1,000 km)





HOW WE PREVENT ENVIRONMENTAL INCIDENTS

The best way to handle spills is to stop them from happening in the first place. By consistently applying a comprehensive spill mitigation program, we can reduce both the likelihood and magnitude of an incident.



↑ Pipeline build/inspection

Prevention is the best defence to reducing the risk and potential severity of spills. By owning most of our infrastructure, we ensure that asset integrity is considered at each stage of development, focusing on design, education, maintenance, inspection and monitoring to operate safely and reliably.

Our team of experienced and accredited people **design** and develop our assets to ensure our infrastructure meets Alberta's strict rules and regulations, resulting in some of the safest pipelines in the world.

Education is a key part of our asset and operational integrity to incorporate technological changes and advancements in the industry. Providing manuals and processes along with customized training for our people and contractors help to uphold standards, meet regulatory rules and incorporate the *Prevent, Detect and Respond* mindset into routine operations and maintenance.

Obsidian Energy employs a vast array of processes, controls and tools in the **maintenance and inspection** of our infrastructure. Key to our spill mitigation strategy, regular inspections are vital to prevent spills and help sustain an industry leading level of reliability. In 2022, we increased the frequency of monitoring, doubling the number of in-line inspections and reducing pipeline failures by 24 percent.

HOW WE MANAGE ENVIRONMENTAL INCIDENTS

Despite best efforts, leaks happen in the industry, and a responsible operator works hard to ensure that they are adequately prepared. Early detection through **monitoring** and surveillance is the best way to minimize the impact when a spill occasionally occurs. Given the size of our infrastructure and geography of our asset base, advanced detection technology (see "Developing New Technology to Reduce Emissions") along with physical surveillance (see "Reducing Industrial Crime through Innovative Strategies") makes a significant difference to our asset integrity as well as our ability to respond quickly in the event of an incident to minimize impact.

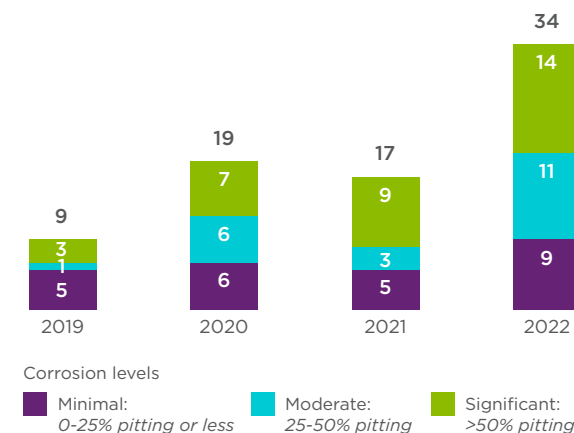
Our first focus is on protecting people and minimizing the impact to the environment. When an incident occurs, we immediately engage our incident management procedures, starting with mobilizing our highly trained team to **respond** in collaboration with external environmental consultants and regulators.

Next, we focus on **controlling the situation**: stopping the release, containing fluid, and notifying and consulting stakeholders such as landowners, regulatory authorities and environmental specialists. If needed, we develop and implement remediation plans that include monitoring and sampling to confirm that impacted material meets regulations and guidelines.

Incident learning plays a key role to aid future prevention. Information gathered from a thorough investigation to determine causes and contributing factors is applied to our operational plans and processes to reduce future risk. As a member of the Western Canadian Spill Services oil spill cooperative, all responders take part in simulated response exercises with industry and emergency personnel to ensure they are adequately prepared to respond.

We recognize that spills and leaks have broad-ranging impacts and believe that community and environmental stewardship is the duty of the whole industry. To assist industry partners and communities, we maintain several spill response trailers near our areas of operations, sharing these valuable resources should the occasion arise.

IN-LINE INSPECTIONS





Protecting air quality by managing emissions

Our focus and commitment to reduce GHG emissions continued in 2022, implementing new initiatives and carefully managing our potential environmental impact. As a company grows, it becomes more critical that a sustainability mindset is prevalent throughout the organization to more effectively reduce impact on a per unit of production basis.

With the significant activity and production increase during 2022, higher total emission volumes occurred compared to 2021. Adding to our total flare and combustion volumes was the acquisition of the Seal 9-15 gas plant – a strategic asset for our future growth and necessary to meet strict, area specific, emissions regulations. Despite these factors, we made substantial

progress on our emission reduction initiatives in the year, achieving a decrease in our GHG emissions intensity by nine percent. A key area of focus in 2022 and into 2023 was implementing projects to reduce vented emissions; while much of the progress will not be realized until 2023, we are on track to decrease methane emissions by 10 percent by year-end 2023 over 2021 levels.

We support several governing industry programs in our emissions reduction strategy, including:

- FEMP – the Fugitive Emissions Management Plan
- MSAPR – the Multi-Sector Air Pollutants Registry
- TEIR – the Total Emissions Intensity Reduction
- AER Directives 39, 60 and 84

TRACKING LEADING INDICATORS 2022

9%

REDUCTION IN TOTAL GHG INTENSITY

7%

REDUCTION IN FUGITIVE EMISSIONS

9,085

CARBON CREDITS RECEIVED

2022 HIGHLIGHTS

Goal	Strategy	2022 Highlight
Total GHG emissions: Reduce total GHG intensity and manage levels as low as possible Methane: 10% decrease over 2021 levels by YE 2023	Multi-pronged approach utilizing investment and new technology	9% total reduction in GHG intensity On track to meet methane goal by YE 2023 through projects implemented in 2022 and 2023
Flared: Continue to reduce as low as reasonably achievable	Infrastructure investment and conservation of solution gas	Planned new infrastructure projects for Peace River to further support conservation
Fugitive: Continue to manage as low as reasonably achievable	Implementation of new technology to reduce fugitive methane	7% reduction
Combustion: Optimize utilization and minimize combustion emissions intensity	Plant/facility consolidation to reduce combustion sources	Reduced NO ₂ emissions by 59%
Vented: Replace all controllers by YE 2022 Focus on pneumatic pumps in 2022 and 2023	Replacement of high bleed controllers and capture emissions from vented tanks	Replaced all our legacy pneumatic controllers from high to low bleed

CASE STUDY

DEVELOPING NEW TECHNOLOGY TO REDUCE EMISSIONS

Obsidian Energy is partnered with the University of Calgary in an industry-leading research project to develop and test new technology to better capture fugitive emissions. PoMELO (a roof top vehicle mounted system for leak detection and notification) and forward-looking infrared imaging were incorporated into our operations in early 2022, providing the ability to better monitor asset integrity, pinpoint leaks and start repairs quicker to minimize any environmental impact. This advantage is especially valuable for our more remote facilities and pipelines, eliminating unnecessary delays and reducing costs that would be incurred using third-party contractors.

Ford Canada recognized this project for its improvements in emission identification when we presented one of our mobile units to their head office. The application of this innovative technology has resulted in better asset integrity and is an example of how Obsidian Energy uses innovative thinking and technology to solve challenges. As we broaden the use of PoMELO and roll out additional mobile units, we are working to reduce fugitive emissions from 2021 levels by 10 percent by the end of 2023, further limiting the impact of leaks on the environment, communities and our infrastructure.



EMISSIONS BY SOURCE

Flared emissions

Reducing our flared emissions has and continues to be a major focus for the Company. From 2020 to 2021, we achieved a substantial decrease in flared emissions largely due to improvements to our infrastructure in the Peace River area and use of new technology for gas capture. Largely governed by the AER Directive 84, the area has rigorous gas conservation regulations that prohibit routine flaring. In 2022, flaring emissions increased due to higher development and maintenance, combined with additional volumes from the Seal 9-15 gas plant acquisition. We continue to look for new ways to operate more efficiently and reduce flared emissions.

The expertise and technological improvements gained in emissions reduction at Peace River is being applied across the rest of our asset base through the installation of VRUs at all our major facilities. Making the identification of emission points easier as part of routine operations, we focused on this initiative in 2022 and plan to make additional installations in the future.

Fugitive emissions

The application of new technology has provided an advantage in substantially reducing fugitive emissions at our operations over the past few years. By increasing our ability to identify and respond to issues quicker, we further reduced fugitive emissions by seven percent in 2022. We expect to see future improvements in capturing fugitive gas emissions as we apply new technology from our research project in partnership with the University of Calgary to our broader asset base (see “Developing New Technology to Reduce Emissions”).

Combustion emissions

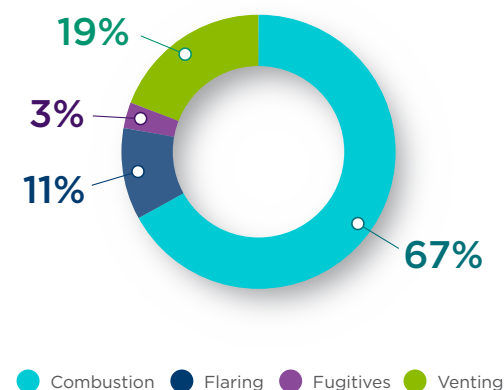
Obsidian Energy has made considerable improvements to reduce combustion emissions intensity by consolidating assets across our asset base and eliminating combustion sources. In 2022, increased production resulted in 16 percent higher overall combustion emissions in terms of total volume but decreased on a unit of production basis by seven percent. In addition, we achieved considerable success in reducing nitrogen oxides (NO₂) emissions by 59 percent through strategies such as adding air-fuel ratio control systems and exhaust catalysts to large legacy combustion engines – a similar technology as that used on low emission combustion automobiles. We are on target to have all units compliant to Canada’s MSAPR by 2025.

Vented emissions

A major focus for the Obsidian Energy team in 2022 concerned vented emissions. Continuing our work from 2021, we completed the conversion of all our legacy pneumatic controllers from high to low bleed, producing less vented emissions. After undertaking and completing a detailed analysis of our infrastructure to determine areas of concern, we began implementing maintenance work and broader initiatives to support vented emissions reductions. While vented emission volumes increased in 2022, they did so at a lesser rate than production, highlighting the impact of emission reduction initiatives over the year. In addition, the benefit of some projects, such as replacing venting chemical pumps with non-venting ones, will not be fully realized until 2023. As we implement new technology and initiatives, we will continue to progress towards our goals of further reducing vented emissions.

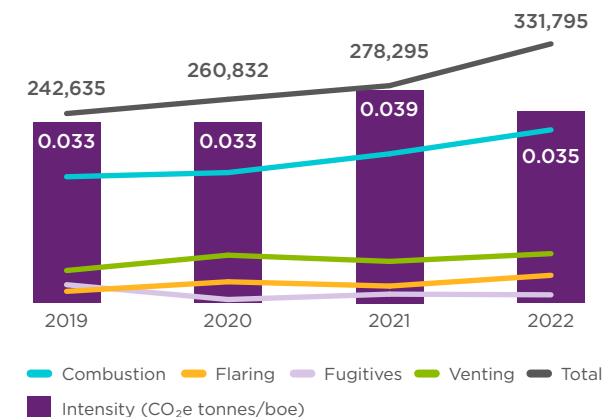
GHG EMISSIONS BY SOURCE

(2022)



GHG EMISSIONS

(tCO₂e/year)





Proven commitment to preserve water resources

Our dedication and commitment to responsible water consumption resulted in significant reductions in fresh water use despite an increase in activity level in 2022 – highlighting our ability to use less fresh water per unit of production and marking our lowest fresh water intensity on record.

Water is an essential part of our operations. More importantly, it is critical to our employees, communities and stakeholders' lives. As a valuable shared resource, we prioritize managing our water use to sustainably develop our assets while lessening our impact on surrounding water sources through a holistic approach to water conservation that includes:

- Adopting a conscious mindset of minimizing water use in asset development.
- Reducing surface impacts by positioning sites away from water bodies and restoring legacy areas.
- Monitoring water quality by conducting regular testing.
- Maintaining a low rate of fresh water use through technological improvements and transitioning to recycled water where possible.
- Recycling and reusing produced water for use in operations.
- Seeking partnerships to secure non-fresh water sources for our operations.

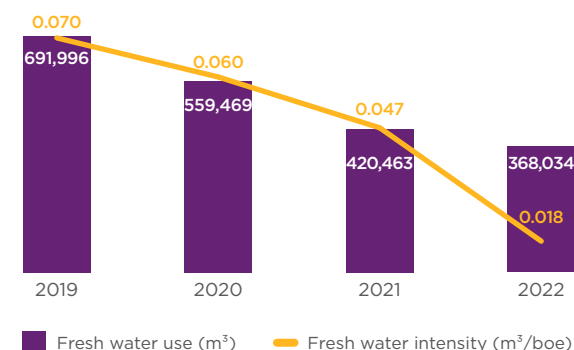
- Taking a comprehensive approach to spill prevention especially around bodies of water.

Execution of these strategies as part of routine operations, combined with the adoption of new technology, advancements in water management and innovative methods makes a difference, resulting in improved efficiencies. In 2022, we achieved significant reductions in fresh water volumes withdrawn by 34 percent, total fresh water used by 12 percent and intensity by 62 percent, despite a substantial increase in production and activity. The amount of water used per well in hydraulic fracturing operations decreased by 20 percent – a significant accomplishment considering the substantial increase in number of wells drilled in 2022.

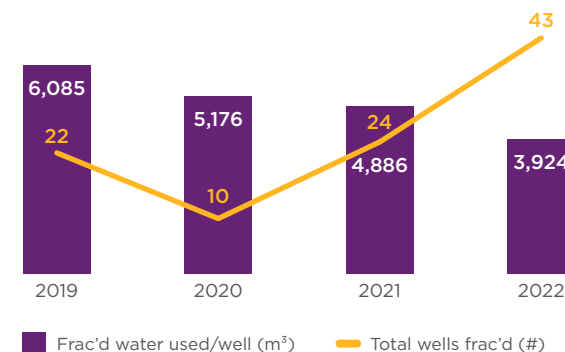
Our continued track record of water conservation demonstrates our sustainable approach to managing and developing our business in the future. Reusing water requires substantial infrastructure, providing the ability to produce, store, treat and deliver volumes. The significant

investment in infrastructure and new water management initiatives ensures that our fresh water use supports responsible energy development while remaining a good member of the community.

FRESH WATER USE VS INTENSITY



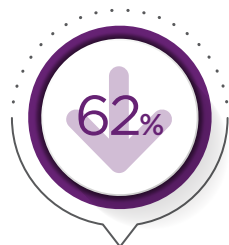
WATER USED/Well VS # Wells Frac'd



WATER CONSERVATION (2021 - 2022)



REDUCTION IN
FRESH WATER USE



REDUCTION IN FRESH
WATER INTENSITY



REDUCTION IN FRAC
WATER USE PER WELL



Social

Our greatest responsibility is ensuring the health, safety and welfare of our employees, contractors and the communities in which we operate. We are committed to creating long-lasting relationships with these key stakeholders and strive to make positive economic and social impacts for their continued well-being.





A deep caring for people and a strong safety culture is at the core of our business.

While proud of our environmental performance, our biggest priority remains the health, safety and well-being of our people, partners, communities and stakeholders. To meet these goals, we strive to ensure our actions, policies and processes support and provide economic and social benefit to those who work or reside in and around our operations. We start by engaging with our stakeholders to better understand their priorities and needs, creating long-lasting, mutually beneficial relationships.

In 2022, we increased worker safety initiatives and introduced new technology into our operations to better protect the health and safety of our employees, contractors and local communities. Looking to improve employees' well-being, we completed a targeted employee survey to better understand their needs while doubling mental health benefits for employees and their families. Over the year, we generated -\$690 million in economic contribution through employment, local contracting, taxes and support for community social causes. We continue to be committed to having a positive impact on others, be a contributing member of the community and be accountable to our stakeholders.



Create strong stakeholder relationships while supporting the economic and social well-being of our employees, contractors and the communities in which we operate.

Guiding Principles

- Treat everyone with respect in accordance with our corporate values.
- Continue our focus on leading health and safety programs, adopting new technology and processes that improves employee, contractor and community safety.
- Provide competitive compensation and benefit packages and professional development opportunities to employees and contractors.
- Provide value creation to deliver positive economic and social impacts.
- Support the communities in which we operate, helping to reach their goals.
- Identify opportunities to strengthen relationships and provide employment opportunities for Indigenous communities.

2022 HIGHLIGHTS

Goal	Strategy	2022 Highlight
Strong focus on H&S: Annual improvement with goal of zero workplace safety incidents	Continue to reinforce our focus on safety to change behaviours and reduce potential incidents	>11,000 safety leading indicators/actions
Support employees: Continue employee development strategy to foster employee growth Provide additional mental health assistance in 2022	Support employees and contractors via jobs, benefits and professional development	Completed targeted employee survey Doubled mental health support in benefit program
Improve diversity: Seek the best person for the role while striving to improve workplace diversity	Monitor employee population to ensure sufficient diversity to best support the business	Maintained level of female employees (26%) Utilized equitable hiring policies that value the experience and expertise of the individual
Support community: Search out and identify opportunities to contribute to the local and Alberta economy	Employ local people and services Contribute to our people and communities in which we operate	-\$690 million in economic contribution

Committed to strong health & safety practices

Safety has and always will continue to be a primary focus for the Company. Embedded in our core values, we are committed to the principle that everyone returns from work safely and healthy.

Obsidian Energy will never place production ahead of safety. The H&S of our employees, contractors and consultants is a fundamental value of our business, without which we cannot successfully operate. We continually strive to make improvements in safety through our actions, robust systems, policies and programs that prioritize safety and proactively assesses risk to protect our people, partners, communities and the environment.

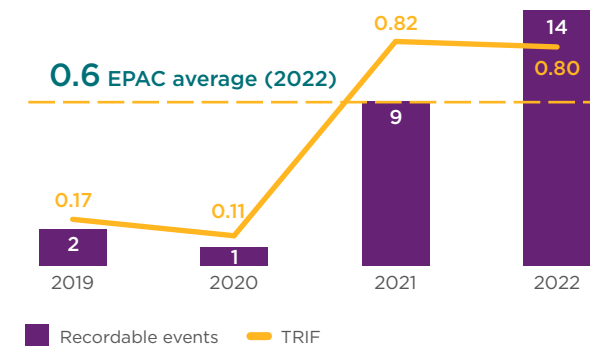
In 2022, Obsidian Energy enhanced programs and initiatives throughout the Company as a high level of activity continued throughout the industry. A substantially larger capital program, the addition of new people to the industry and higher workloads increased Obsidian Energy's total work hours by 58 percent, a large proportion of which were related to contractor field work. As a result, our TRIF declined to 0.80 per 200,000 work hours (from 0.82 in 2021) and LTIF increased to 0.34 per 200,000 work hours (from 0.18 in 2021). We take all injury events very seriously, with

particular concern for any situations where injuries resulted in lost time for those impacted. In all cases, events were thoroughly investigated, and corrective or preventative actions were implemented to lower the probability of recurrence.

It's our duty to keep the public, the members of our team and the environment safe. We are committed to improving our safety performance and returning our TRIF and LTIF to industry leading levels. In 2022, we increased leadership interactions in the field and cross-functional site visits, added new field safety advisors, and completed simulated emergency exercises and additional training. We believe that the presence of leadership in the field helps to foster our culture of safety and reinforce key ideas, strengthen the commitment to learning from the past and seek to constantly improve processes. These new initiatives, such as a focus on chemical hazard management to reduce the frequency of lost time injury events, showed tangible results in 2023.

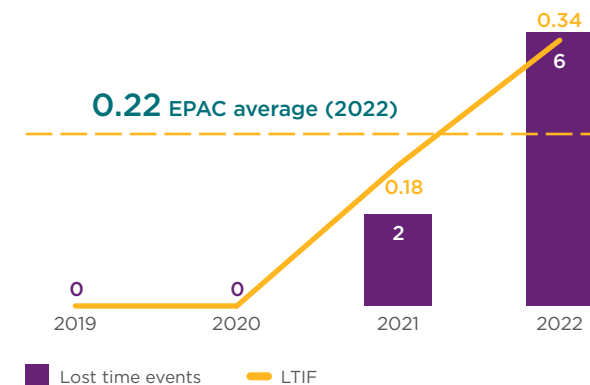
RECORDABLE INCIDENTS

(incidents per 200,000 work hours)



LOST TIME INCIDENTS

(incidents per 200,000 work hours)



2022 H&S HIGHLIGHTS

Goal	Strategy	Highlight
TRIF: Achieve reductions in TRIF to return to at or below industry average	Strengthen safe behaviour through new initiatives Increase leadership oversight	TRIF: 0.80 per 200,000 work hours
LTIF: Eliminate all lost time injuries	Continue ongoing training programs to refresh awareness and prevention Recognize and proactively address safety concerns	Added new H&S advisors for additional field presence and support LTIF: 0.34 per 200,000 work hours



Fostering a ‘safety first’ culture

Everyone has both the right and responsibility to take the time needed to do the job safely.

Everyone who works for Obsidian Energy is a safety leader, sharing the responsibility for strong safety management at all levels of the organization. As part of our risk management framework, our proactive approach to safe operations strives to identify potential hazards, develop strategies to lower the probability of safety incidents and implement protocols to lessen the potential impact. Coupled with a shared sense of ownership, we create a ‘safety first’ culture to ensure that everyone goes home safely.

In 2022, we reinforced this culture through a new pre-project safety planning tool and our “Time for Safety” campaign: **making the time** for safety through effective job planning; and **taking the time** for safety by stopping work activities if needed to discuss and address hazards. Three elements that highlight how we foster safe work practices within our safety program are:

- Tracking **leading indicators** to identify and correct hazards and behaviours before they become larger issues: over 11,000 were identified in 2022, which is over 11,000 opportunities to either correct or, more commonly, recognize and reinforce positive behaviours and conditions on our sites.
- Immediately **investigating** any safety incident and communicating broadly to promote learning from mistakes and ensure that changes are implemented, if necessary.
- Focusing on **continuous improvement** of our program through peer engagement such as participation on the Explorers and Producers Association of Canada’s H&S Committee.

Safety is an integral part of our business. We are committed to continually improving our H&S programs and practices and encouraging our people to think safety first. In this way, we can safeguard our most important resource – our people – and be a responsible operator for our communities and the environment.

TRACKING LEADING INDICATORS 2022

6,937
WORK OBSERVATIONS

3,481
HAZARD IDENTIFICATIONS

731
EQUIPMENT INSPECTIONS

62
AUDITS

CASE STUDY

REDUCING INDUSTRIAL CRIME THROUGH INNOVATIVE STRATEGIES

We value the safety and security of our people and our operations, and equally important, that of the communities where we live and work. A growing safety challenge is the rise of industrial crime: more than just an industry problem, it impacts workers’ and residents’ safety, compromises safeguards on sites and has the potential to result in environmental events. Landowners and local communities are often victims of this type of crime. Communication, awareness and a well-defined security strategy is critical to safely deal with and deter the potential for these situations.

In 2022, Obsidian Energy focused on enhancing our already strong security program to better address and develop solutions to help reduce the frequency and severity of industrial crime events. Supported by personnel focusing on the prevention of theft and damage events at our operations, we increased our investment in the program through the hiring of highly experienced and qualified security personnel in Rocky Mountain House and Drayton Valley, adding innovative technology to improve systems and response, and increasing the frequency of communication to strengthen relationships with local law enforcement and other community stakeholders. Our team can respond quicker, better deterring crime or stopping it mid incident, resulting in a decline in security losses at our sites and increased arrests.



Recognizing and rewarding our employees

Our people are our most valuable asset, contributing a wealth of experience and expertise to the Company. We strive to ensure that they are recognized for what they do, and equitably compensated for all they give.

Our people are the foundation of our Company and our success. The dedication and hard work of our team, made up of individuals with diverse backgrounds and skills, is critical to our ability to achieve our goals. To attract and retain a team of highly skilled individuals, Obsidian Energy offers competitive compensation and benefits that includes fair, competitive salaries, short and long-term incentives, employee retirement savings plan programs, and comprehensive health and benefits packages. We support and empower our people through engagement and professional development opportunities. We periodically complete both company-wide and group-specific surveys to foster two-way communication and gain insight into how we can improve as a company, providing employees with a confidential means to share feedback and provide Obsidian Energy with valuable information to adjust our programs and processes to the needs of our employees.

In early 2022, the Company ramped up activity with a significantly larger capital program; keeping our people engaged and aligned with our entrepreneurial, performance-based culture took on even more importance as we increased our development activity. Recognizing the need for additional people to manage the workload, we hired 28 new employees during the year – nearly 4x more than in 2021 – increasing full-time employees by over 10 percent. To improve employees' and their families' well-being, we doubled the psychology/social worker coverage under our extended health benefits plan. We also completed a targeted employee group survey to gauge the impact of and gain feedback about corporate changes, which was later incorporated into our programs. Supporting employees through these types of benefits and practices helped maintain a continued low voluntary turnover rate in 2022.

Striving to be an employer of choice, we aim to create an environment where our people feel valued and supported to do their best work. We will continue to focus on upholding a strong culture that recognizes accomplishments and effectively engages, develops, retains, rewards and supports our people for the value they contribute everyday.

FOSTERING A RESPECTFUL CULTURE

We believe that a capable and motivated workforce is essential to success, driving better decision-making and stronger performance. Obsidian Energy is committed to providing all employees with a respectful workplace, one which fosters a sense of belonging, promotes creativity of thought and values others' contribution. In addition, we strive to provide equal opportunity in all aspects of employment with equitable hiring policies that value the experience and expertise of the individual. In 2022, 26 percent of our total employee workforce were women, including 37 percent of all office staff.

To foster this culture at both the Company and the individual level, we focus on the following key strategies:

- Educate and empower people to connect and be inclusive.
- Embed policies, programs and practices that are fair for all and reinforce respect.
- Seek, develop, and retain people with diverse backgrounds and perspectives.

In this way, we make Obsidian Energy a better place for everyone.

CASE STUDY

MENTORING THE NEXT GENERATION

We believe in the importance of sharing knowledge for the future of the energy industry, both internal and external to the Company. One way is through our annual Summer Student Program, creating a hands-on work experience that uses academic learnings and develops future energy ambassadors.

In 2022, our Summer Student program increased to eight students, providing experience in disciplines ranging from finance to drilling and completions. Students were paired with mentors that offered guidance and career coaching as students navigated a major project. Over the four-month period, students applied their theoretical knowledge to real world experience, taking ownership of their work and developing impactful skills for their future career.

Obsidian Energy also participates in the annual *Bring Your Kid to Work Day* program, a career exploration event that provides Grade 9 students with experiences to help them connect school and work life. In turn, our employees get to share their profession, experience and advice around education, career choices and relevant skills. The more students understand about the jobs of their parents and others, the more informed they can be when making decisions about their own future.





Engaging and supporting our communities

Our commitment to be a responsible member of the community is reflected in our ongoing and active engagement, supporting the well-being of people in areas where we operate.

As one of our core values, we fulfil our community commitment through various approaches to support our neighbours – from ongoing engagement and helping increase local safety to providing economic benefit. In addition to what we do as a Company, we are incredibly proud of the contributions that our people make to our communities, and our ability to support them in those efforts.

We believe in establishing trusted and mutually beneficial relationships with all our stakeholders, starting with open, two-way conversations. As part of our engagement process, we participate in local synergy and stakeholder groups, and host regular stakeholder meetings to provide an opportunity for community members to learn more about development plans in their area, understand their priorities and concerns and help address their needs. In addition, our actions to improve security practices and infrastructure, and partner with local law enforcement, keeps not just our operations more secure, but communities safer (see “Reducing Industrial Crime through Innovative Strategies”).

Obsidian Energy seeks collaborative ways to prioritize the local economy, make positive contributions to support the areas where we live and work. Since the beginning of 2018, we have contributed over \$2.0 billion in economic benefit to communities in the form of capital investment, operating expenditures, royalties, mineral and property taxes, donations and decommissioning expenditures.

We feel strongly about supporting the well-being of the communities where our operations are located. Our grassroots community investment program is employee led and driven, supporting causes that strengthen the safety, vibrancy and sustainability of our communities while helping to ensure that our donations align with local interests and needs. Our employees also contribute to initiatives, furthering the impact we can make. Since the beginning of 2018, we have made over \$450,000 in local donations to local charities. Key charitable initiatives in 2022 include the Wild Rose School Division for their *Purpose, Hope and Dignity* project and the Drayton Valley Aquatic Centre.

Our success depends on the social and economic health of communities. By engaging and supporting them, we can contribute to a better society and improve opportunities for all.

COMMUNITIES WE SUPPORT (2018 – 2022)

Alberta Trappers Association	Oyen & District Food Bank Association
Alder Flats Rodeo	Peace River & District Chamber of Commerce (Award Sponsorship)
Brighter Futures Family Resource Society	Peace River Salvation Army Food Bank
Calgary Inter-Faith Food Bank	Prostate Cancer Centre
Canadian Humanitarian Organization	Rocky Mountain House Agricultural & Stampede Association, Minor Hockey Association, and South 4H
Classroom Champions	Southwest Hockey Association
Community Scholarship Trust Society	St. Anthony School Council
Drayton Area Community Food Bank Society	Sunchild First Nation
Drayton Valley Alumni, Community Foundation, Food Bank, 4H, Golf Club, Minor Hockey Association and Preschool	The Lord's Food Bank
Eagle Point Blue Rapids Park Council	Town of Drayton Valley: Aquatic Centre
Juvenile Diabetes Research Foundation	United Way of Calgary and Area
Kid Sport Calgary	Wellspring Calgary
Northern Sunrise Rural Crime Watch Association	Wild Rose School Division: Purpose, Hope and Dignity Project



↑ Obsidian Energy supports local charities that are near and dear to our employees' hearts such as the Rocky Organization for Animal Rescue Society.



PARTNERING WITH INDIGENOUS COMMUNITIES

Obsidian Energy is committed to developing and improving our relationships with Indigenous communities in the areas where we work. As part of our community stewardship, we engage with Indigenous groups to determine their needs and concerns in a clear, honest and respectful manner, consulting on development plans whenever considering development or operations on their lands. Currently, our operations on Indigenous land represents less than one percent of our corporate reserves.

In addition to consultation, we work with Indigenous communities to promote employment for local community members and suppliers. Obsidian Energy continues to partner with Indigenous communities and companies across our operational areas, identifying current and future business opportunities to actively support our operations.

OUR STAKEHOLDERS

Employees and contractors

Shareholders and investors

Partners

Local communities

Indigenous groups

Surface and mineral rights owners

Governments and regulators

CASE STUDY

■ HELPING OTHERS LESS FORTUNATE THROUGH ANNUAL GIVING PROGRAMS

The rising cost of living for necessities such as rent, heat and food often leave those less fortunate with making difficult choices about what they can afford. Recognizing the rising concern with food security that affects many Albertans, we provide annual donations to food banks across the province during December to help reduce the stress on families. In 2022, we donated a total of \$18,000 to food banks in communities where we operate.

Recognizing a need in the Rocky Mountain House district of Alberta, Obsidian Energy donated \$10,000 to the Wild Rose School Division's *Purpose, Hope and Dignity* project for the second year in a row – helping to not only feed students, but provide other essential items such as clothing, school supplies and hygiene products. As a large school division in Alberta, Wild Rose sees that many students struggle daily due to restrictions from poverty. Their program provides these essential items so students can focus on their education and maintain a sense of purpose, hope, and dignity despite financial difficulties at home.

We are grateful to be able to support families and students during trying times through charitable donations such as these. As members of the local communities, we believe it is important to share our fortune with our neighbours and those in need.

Obsidian Energy presents donations to the Peace River Food Bank and the Wild Rose School Division for their 'Purpose, Hope and Dignity' project.





Governance

Sound corporate governance builds trust with our stakeholders and is core to our long-term success. Proper oversight and accountability are critical to ensure actions are guided by both our values and standards, and are integrated throughout all aspects of our business.





Our commitment to strong governance practices throughout the Company builds trust and strengthens relationships, resulting in long-term benefits for all stakeholders.

We are committed to carrying out our operations with care, diligence and skill in adherence to the fundamentals of ethical business. Sound corporate governance fosters transparency, sustainability and accountability to our stakeholders, and is foundational in driving excellence in operational and financial performance. Our robust governance framework ensures that the Board of Directors, leadership team, employees and others working for the Company act honestly and in good faith in accordance with our policies, procedures and corporate values. In this way, our day-to-day actions and approach with others helps Obsidian Energy contribute to the world's energy needs while building a sustainable future for those around us.

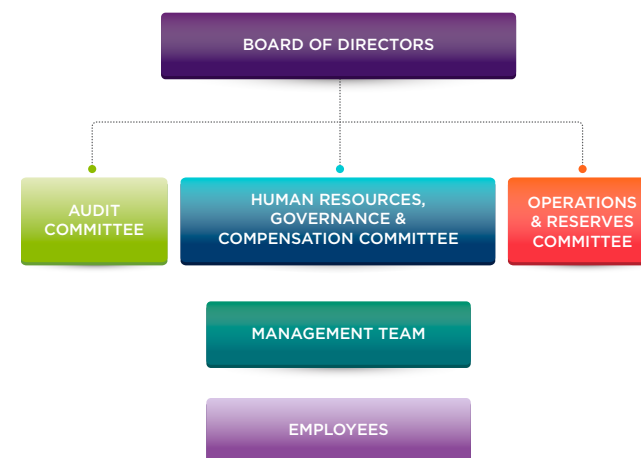


Continually improve governance structure, processes and oversight to ensure actions support the Company's long-term success and stakeholders' interests.

Guiding Principles

- Ensure appropriate focus and oversight of corporate strategies, practices and policies, including oversight of the components of ESG.
- Maintain high standards for conduct, integrity and accountability.
- Continually improve governance structure and processes through the evaluation of industry best practices.
- Continually improve our cybersecurity to protect the Company and our stakeholders.
- Align Board, executive and employee compensation with performance metrics to foster a performance-driven culture focused on the delivery of corporate objectives, including strong ESG stewardship.

GOVERNANCE FRAMEWORK



2022 HIGHLIGHTS

Goal	Strategy	2022 Highlight
Maintain Board experience level, diversity and independence	Ensure transparency and accountability of Board and management Maintain Board independence	86% independent Board members (5.2-year average tenure) 14% female Board members Compensation aligned with shareholders (stock-based compensation) 100% Independent Audit and Human Resources, Governance and Compensation Committees ~6.8% insider ownership (Directors & Executive)
Update policies to adjust for changes in governance and industry as needed	Maintain full suite of governance policies to promote stakeholder transparency and stewardship	Full suite of policies reviewed and adjusted as needed Mandatory annual code of conduct compliance/training completed
Conduct internal and external cyber testing to identify areas for improvement, and implement changes as needed	Continually improve our cybersecurity to protect the Company and stakeholders	Completed comprehensive independent cybersecurity assessment Enhanced cybersecurity through increased awareness training and application of new technologies
Review and update ESG goals and strategies to improve practices	Provide appropriate oversight of strategic and ESG matters	Multiple Board, Committee and management meetings that discuss ESG and risk



Ensuring strong governance oversight

Our Board and management team continually work to improve our governance structure and processes to ensure strong stewardship across all areas of the Company.

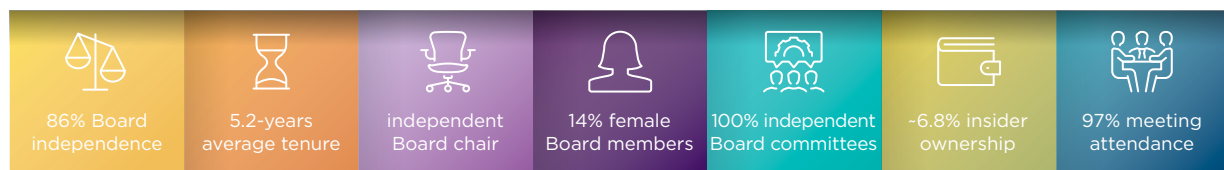
Our actions are guided by our values and supported by a sound governance foundation that incorporates proper oversight, transparency and accountability. Our Board and management team are responsible for the overall stewardship of Obsidian Energy to ensure its long-term success while operating in a responsible manner to meet stakeholders' interests, which includes strategic planning, risk management, governance and the guiding principles of the Company.

With years of industry experience, our Board and its committees undertake their oversight role seriously. In addition to setting standards and benchmarks, the Board is responsible for understanding principal business risks, and ensuring appropriate systems are implemented to monitor, manage and mitigate those risks. They also review and approve our strategic, operational and financial plans including performance targets, which include ESG matters, and goals to create accountability for strategy execution. Executive compensation is tied to performance with equity-based awards, linked to total shareholder return as measured through corporate goals and performance targets, including specific ESG metrics. Additionally, the Board is subject to minimum ownership requirements, which serve to align the directors' interests with those of shareholders.

Board independence is crucial to ensure that a company's actions are in stakeholders' interests. With an independent Board chair, 86 percent independent members and 100 percent independent Audit and HRG&C Committees, Obsidian Energy's governance framework is structured to establish a strong leadership position for governance. In addition, performance assessments of the Board and each of the directors' help assure Board effectiveness and proper oversight.

More information regarding our governance framework, including detailed Board and management disclosures can be found in our 'Notice of 2023 Annual and Special Meeting and Management Information Circular and Proxy Statement', available on our website or on the SEDAR+ or EDGAR websites.

BOARD STRUCTURE (2022)



MAINTAINING HIGH STANDARDS AT ALL LEVELS

We maintain a full suite of governance policies and guidelines that provide the framework for how we, and everyone involved with Obsidian Energy, conducts themselves to maintain regulatory compliance, governance standards and a safe working environment. We believe that everyone deserves to be treated with dignity, free of discrimination and harassment, and encourage respectful consultation and collaborative engagement with stakeholders at every level of the organization.

Our value chain is an extension of our business, and essential to our overall success and stewardship. To create a responsible supply chain, we engage and work with suppliers and contractors that uphold our operational and ESG standards to reduce environmental impacts, safeguard stakeholders and assets through robust H&S and operational practices, and promote strong governance and social engagement. When considering suppliers, our procurement policies and procedures are designed to provide fair consideration to all potential suppliers and to ensure alignment with our standards using key criteria and review of supplier programs and performance.

The Board and management review and update our policies and guidelines to adjust for changes in governance and industry as needed, ensuring stakeholder transparency and stewardship in all our actions.



Managing risk through solid ESG practices

Our approach to sustainability governance engages all levels of the Company from the Board to our employees and suppliers.

The importance of sustainability touches every corner of our organization. While ESG performance is ultimately the responsibility of our Board and its committees, our management team, employees and suppliers are engaged and accountable for the oversight and integration of our sustainability program into all aspects of our business.

Effective ESG 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. Our Board and its committees have established a strong policy framework that define standards of practice, identify and address principal ESG risks, and guides our actions to minimize impact to the environment and stakeholders. In this manner, we encourage a strong ESG culture throughout the Company.

Our full suite of corporate policies and guidelines can be found on our website, including our 'Environmental Policy Statement'. We are committed to improving our

ESG performance by setting achievable objectives and complying with or exceeding all environmental laws and regulations, and adopting measures to mitigate risks and environmental impacts.

In addition, our ability to operate and ensure long-term success is linked to how well we identify and manage overall organizational risks. We have a robust risk management process that monitors five key risk categories, which play a central role in our corporate planning: strategic, operational, reputational, ESG, and business environment risks. As part of our process, our Board and management team are responsible for identifying and assessing risks, and ensuring all reasonable steps are taken to implement appropriate plans, systems and processes to monitor, manage and mitigate those risks. Regular updates on these areas, including emerging trends and status are discussed by management, the Board and committees throughout the year.

KEY ESG-RELATED POLICIES

	Code of Business Conduct & Ethics
	Disclosure and Trading Policy
	Diversity Policy
	Environmental Policy Statement
	Governance Guidelines
	Health & Safety Policy
	Hedging Policy
	IT Security and Information Management Policy
	Whistleblower Policy

KEEPING INFORMATION SECURE

Increased digitization and advances in technology provide significant advantages for our day-to-day operations in both the field and the office but also creates potential risk. We recognize that cybersecurity is integral to our business resilience, responsible governance, and protection of the confidentiality, integrity and reliability of our and of stakeholder interests. Our commitment to strong cybersecurity aligns with our broader corporate responsibility and encompasses adherence to robust governance frameworks, regular assessments and updates to our policies and security measures, and compliance with industry standards and regulations. Our Board actively oversees cybersecurity matters, demonstrating a commitment to accountability and transparency.

We continually enhance our program to ensure we stay ahead of evolving cyber threats, investing in innovative technologies and employee training. By maintaining a robust, current cybersecurity program, we not only help protect our organization

and stakeholders but also contribute to the broader goal of creating a secure and sustainable digital ecosystem. In 2022, we successfully completed several initiatives, including the continued updating of hardware, the adoption of new software and intelligence-based security features, and a new employee training platform which further enhanced awareness and our cybersecurity defences.

To minimize the ecological impact of our IT practices, we adopt energy-efficient technologies, reducing our electronic and hardware footprint while promoting sustainable practices in our digital operations. We are committed to further enhancing our cybersecurity practices to ensure we maintain robust monitoring and detection systems, contributing to a secure digital environment for the Company and our stakeholders for the long-term.



Performance summary

Company Snapshot	2019	2020	2021	2022	Indicator ¹⁵	
					SASB	GRI
Petroleum and natural gas sales (\$ millions)	409.3	275.4	477.5	897.3		
Royalties (\$ millions)	30.6	13.7	48.6	148.3		
Operating expenses (\$ millions)	131.7	103.7	117.1	160.0		
Capital expenditures (\$ millions)	103.2	57.2	140.9	314.8		
Production						
Production (net) (boe/d)	26,901	25,404	24,605	30,682	EM-EP-000.A	102-2
Light, medium and heavy crude oil (bbl/d)	15,931	14,406	13,427	17,586	EM-EP-000.A	102-2
Natural gas liquids (bbl/d)	2,153	2,212	2,186	2,434	EM-EP-000.A	102-2
Conventional natural gas (Mcf/d)	53	53	54	64	EM-EP-000.A	102-2
Production mix (% oil and liquids)	67	65	63	65		
Energy equivalent – volume basis ¹ (m ³ oil equivalent/year)	4,277	4,039	3,912	4,878		
Reserves²						
Proved producing (Mboe)	65	61	71	76		
Total Proved (Mboe)	94	95	114	127		
Proved + Probable (Mboe)	126	128	148	181		
Proved reserves in or near indigenous land ³ (%)	< 1	< 1	< 1	< 1	EM-EP-210a.2	
Probable reserves in or near indigenous land ³ (%)	< 1	< 1	< 1	< 1	EM-EP-210a.2	
Environment (pages 06 - 14)	2019	2020	2021	2022	SASB	GRI
Energy						
Direct energy consumption ⁴ (GJ)	366,680	227,008	366,412	424,208		201-1
Abandonment & Reclamation (pages 08 - 09)						
Producing wells (number, net)	2,281	1,914	2,040	2,036		
Inactive wells (number, net)	2,480	2,608	2,393	2,229		
Abandoned wells (number, net)	1,226	1,447	1,622	1,762		
Total wells (number, net)	5,987	5,969	6,055	6,027		
ARO spend requirements ⁵ (\$ millions)	13	—	3	12		
Gross ARO spend (\$ millions)	13	14	14	35		
Wells abandoned during the year (number, net)	193	247	292	257		
Pipelines abandoned (number, net)	1,614	338	184	599		



Environment (continued)	2019	2020	2021	2022	SASB	GRI
Facilities abandoned (number, net)	5	13	28	18		
Active reclamation ongoing ⁶ (number, net)	NR ¹⁴	NR ¹⁴	NR ¹⁴	NR ¹⁴		
Total licenses reclaimed (number, net)	33	51	103	101		
Area of active wellsites in active reclamation ⁵ (Ha)	NR ¹⁴	NR ¹⁴	NR ¹⁴	NR ¹⁴		
Spill Management⁷ (pages 10 - 11)						
Reportable spills (number)	14	10	21	3	EM-EP-160a.2	
Total volume of reportable spills (m ³)	1,098	136	421	26	EM-EP-160a.2	
Spill intensity (m ³ /boe)	0.0001187	0.00001464	0.00004688	0.00000232		
Pipeline incident frequency rate ⁸ (number/1,000 km)	0.69	0.46	0.46	0.35		
In-line inspections (number)	9	19	17	34		
Wellsite inspections (number)	82	38	21	45		
Facility inspections (number)	59	34	28	42		
Rig inspections (number)	N/A ¹⁵	N/A ¹⁵	N/A ¹⁵	N/A ¹⁵		
Emissions (pages 12 - 13)						
Greenhouse gas emissions						
Total direct GHG emissions (Scope 1) ⁹ (CO ₂ e tonnes)	242,635	260,832	278,295	331,795	EM-EP-110a.1	305-1; 305-5
Total indirect emissions (Scope 2) ¹⁰ (CO ₂ e tonnes)	81,484	42,897	68,193	63,631		305-2; 305-5
Total emissions (Scope 1 & 2) (CO ₂ e tonnes)	324,120	303,729	346,488	395,426		
Total GHG intensity (Scope 1 & 2) (CO ₂ e tonnes/boe)	0.033	0.033	0.039	0.035		305-4
Emissions covered under a carbon-limiting regulation (CO ₂ e tonnes)	242,635	260,832	278,295	331,795	EM-EP-110a.1	
Scope 1 emissions by source						
Combustion emissions (CO ₂ e tonnes)	161,808	167,140	191,124	221,795	EM-EP-110a.2	
Flared emissions (CO ₂ e tonnes)	15,255	27,466	21,978	35,754	EM-EP-110a.2	
Vented emissions (CO ₂ e tonnes)	41,877	61,471	53,545	63,469	EM-EP-110a.2	
Fugitive emissions (CO ₂ e tonnes)	23,695	4,755	11,647	10,775	EM-EP-110a.2	
Methane emissions ¹¹ (CO ₂ e tonnes)	65,572	66,226	62,925	74,041	EM-EP-110a.2	
Carbon credits received (number)	NA	1,609	5,333	9,085		
Other air emissions						
Carbon Oxide (CO) (kg/boe)	0.24	0.36	0.08	0.07		305-7
Sulfur Dioxide (SO ₂) (kg/boe)	0.02	0.02	0.02	0.03	EM-EP-120a.1	305-7
Nitrogen Oxides (NO ₂) (kg/boe)	0.11	0.16	0.34	0.14	EM-EP-120a.1	305-7
VOCs (kg/boe)	0.08	0.13	0.21	0.21	EM-EP-120a.1	305-7
Particulate matter (PM) (kg/boe)	0.00	0.00	0.00	0.00	EM-EP-120a.1	305-7

Environment (continued)	2019	2020	2021	2022	SASB	GRI
Water (page 14)						
Fresh water, withdrawals (m^3)	558,128	507,713	303,201	199,300	EM-EP-140a.1	303-3
Non-potable water withdrawals (m^3)	558,128	507,713	303,201	199,300		303-3
Fresh water intensity (m^3/boe)	0.070	0.060	0.047	0.018		
Produced water (saline) withdrawals (m^3)	1,486,254	1,196,857	1,250,152	1,189,912		
Produced water recycled (000's m^3)	778,654	754,227	819,198	787,036	EM-EP-140a.2	
Frac water used per well (m^3)	6,085	5,176	4,886	3,924		
Frac'd wells where there is a public disclosure of all fracing chemicals used (%)	100	100	100	100	EM-EP-140a.3	
Hydrocarbon content in discharged H ₂ O (tonnes)	NR ¹⁴	NR ¹⁴	NR ¹⁴	NR ¹⁴		
Injected for waterflood (m^3)	1,336,782	1,261,940	1,122,399	986,336		
Injected for disposal (m^3)	551,088	407,357	469,466	505,296		
Heath & Safety (pages 17 - 18)						
Exposure hours (hours)	2,414,649	1,827,222	2,207,336	3,481,098		
Total Recordable Incident Rate (cases per 200,000 work hours)	0.17	0.11	0.82	0.80		403-2
Lost Time Injury Rate (cases per 200,000 work hours)	—	—	—	0.34		
Fatalities (count)	—	—	—	—	EM-EP-320a.1	403-9
Employee TRIF (cases per 200,000 work hours)	—	—	1.04	2.00	EM-EP-320a.1	403-9
Contractor TRIF (cases per 200,000 work hours)	0.21	0.14	0.77	0.65	EM-EP-320a.1	403-9
Employee LTIF (cases per 200,000 work hours)	—	—	—	0.50		403-9
Contractor LTIF (cases per 200,000 work hours)	—	—	0.22	0.32		403-9
Social (pages 15 - 21)						
Employee Profile						
Full-time (count)	184	170	172	190		
Part-time (count)	—	1	1	1		
Field (count)	105	97	92	93		
Office (count)	79	74	81	98		
Employees per 1,000 boe/d (count)	6.84	6.73	7.03	6.23		
Production per employee (boe/d)	146	149	142	161		
Salaries and benefits (\$ millions)	31.9	28.7	31.9	35.0		



Social (continued)	2019	2020	2021	2022	SASB	GRI
Employee Statistics						
Total hours worked contractors (count)	1,943,413	1,439,593	1,822,070	3,020,821		
Turnover rate total (%)	24	8	4	6		401-1
Turnover rate voluntary (%)	11	4	2	5		401-1
Turnover rate involuntary (%)	13	4	2	>1		401-1
Field employees (contract & temp) (count)	30	30	45	60		
Office employees (contract & temp) (count)	30	25	30	20		
Diversity (page 19)						
Women in management &/or professional roles ¹³ (%)	36	38	40	36		405-1
Women in executive roles (%)	—	—	—	—		405-1
Corporate, total female (count)	41	40	44	49		405-1
Corporate, % female (%)	22	24	26	26		405-1
Corporate, total male (count)	143	131	129	142		405-1
Corporate, % male (%)	78	77	75	74		405-1
Under 30 (count)	11	5	2	2		405-1
30-50 (count)	116	105	109	121		405-1
Over 50 (count)	57	61	62	68		405-1
Community Contribution (pages 20 - 21)						
Total economic value generated (\$)	351.3	211.3	342.4	690.4		201-1
Value distributed to suppliers (\$)	283.9	168.9	261.9	507.1		204-1
Value distributed to employees (\$)	36.8	28.7	31.9	35.0		201-1
Value distributed to providers of capital (\$)	155.3	68.3	149.0	333.6		201-1
Value distributed to landowners (\$)	30.6	13.7	48.6	148.3		201-1

Governance (pages 22 - 25)	2019	2020	2021	2022	SASB	GRI
Number of whistleblower reports <i>(count)</i>	4	—	2	2		
Number of whistleblower reports outstanding <i>(count)</i>	—	—	—	—		
Board Statistics						
Board independence <i>(count)</i>	7 of 8	7 of 8	7 of 8 H1 5 of 6 H2	5 of 6 to May 4 6 of 7		
Average board meeting attendance (%)	95	98	100	97		
Board of Directors, total female <i>(count)</i>	1	1	H1: 1 H2: nil	nil to May 4, 2023		405-1
Board of Directors, % female (%)	13	13	6	nil to May 4, 2023		405-1
Board of Directors, total male <i>(count)</i>	7	7	H1: 7 H2: 6	6		405-1
Board of Directors, % male (%)	88	88	94	100 to May 4, 2023		405-1

FOOTNOTES

- 1 Energy equivalent is calculated using a conversion factor of 6.29 to convert from boe to the m³ equivalent.
- 2 Reserves evaluation excludes inactive ARO. Our 2022 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 2022 Reserves Report as part of future net revenue calculations. The price assumptions in our 2022 reserves evaluation were based on an average of four independent reserve evaluators' forecasts (GLJ Ltd., Sproule Associates Ltd., McDaniel & Associates Consultants and Deloitte Resource Evaluation & Advisory). Additional reserve information can be found in Appendix A-3 of 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 "540 g GHG/kWh electricity consumed" is used as per 2022 'National Inventory Report 1990 - 2021: 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 2019 to 2021 data restated as the Company's 2021 ESG Report did not include women in professional roles as well as management roles.
- 14 Not reported at this time.
- 15 Not applicable to Obsidian Energy's operations or business.
- 16 Additional SASB and GRI measures are included in the body of this ESG report and/or in our 2022 AIF and 2023 MIC, found on our website.



GRI index

This report references the GRI Standards but has not fulfilled all the requirements to be “in accordance”.
The index below list key performance indicators and qualitative disclosures as suggested by the GRI Standards.

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)
102-10	Significant organizational changes	2023 MIC AIF
102-13	Membership of associations	Environment (page 12)
102-14	CEO message	Message to Stakeholders (page 02)
102-15	Key impact, risks and opportunities	Governance (page 24) AIF 2023 MIC

Governance		Disclosure
102-16	Values, principles and norms of behaviour	Company Overview (page 01)
102-17	Understanding and reporting unethical behaviour	Governance (page 24) 2023 MIC
102-18	Governance structure	Governance (page 23) 2023 MIC
102-19	Delegating authority	2023 MIC
102- 20	Executive-level responsibility for sustainability	Governance (page 25) 2023 MIC
102-22	Composition of Board	Governance (page 23 - 24) 2023 MIC
102-23	Chair of Board	Back page 2023 MIC
102-24	Selecting Board members	2023 MIC
102-25	Conflicts of interest	2023 MIC
102-26	Role of the highest governance body in setting purpose, values and strategy	2023 MIC
102-27	Collective knowledge of highest governance body	2023 MIC

Governance (continued)		Disclosure
102-28	Board performance evaluation	2023 MIC
102-29	Board role in managing sustainability and impacts	Governance (page 25) 2023 MIC
102-30	Board role in risk management for sustainability	Governance (page 25) 2023 MIC
102-32	Highest governance body's role in sustainability reporting	Governance (page 25) 2023 MIC
102-33	Communicating critical concerns to Board	2023 MIC
102-35	Pay policies for Board and executives	2023 MIC
102-36	Process for determining executive pay	2023 MIC
102-37	Stakeholder involvement in executive pay approval	2023 MIC
102-40	List of stakeholder groups	Glossary (page 34)
102-43	Approach to stakeholder engagement	Social (pages 16, 20)

Reporting		Disclosure
102-45	Entities included in the consolidated financial statements	Annual Financial Statements
102-47	Material topics	ESG Highlights and Goals (page 05)
102-48	Restatement of information from previous reports	Performance Summary (page 30)
102-49	Changes in reporting	Annual Financial Statements
102-50	Reporting period	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	Environment (page 14)
303-3	Water withdrawal	Performance Summary (page 27)
305-1	Direct GHG emissions (Scope 1)	Environment (pages 12 - 13) Performance Summary (page 27)
305-2	Indirect energy GHG emissions (Scope 2)	Environment (pages 12 - 13) Performance Summary (page 27)
305-4	GHG emission intensity	Environment (pages 12 - 13) Performance Summary (page 27)
305-5	Reduction of GHG emissions	Environment (pages 12 - 13) Performance Summary (page 27)
305-7	NOx, SOx and other air emissions	Environment (pages 12 - 13) Performance Summary (page 27)
306-3	Significant spills, number and volume	Environment (pages 10 - 11) Performance Summary (page 27)
Social		Disclosure
401-1	Employee turnover	Performance Summary (page 28)
403-2	Hazard identification, risk assessment and incident investigation	Social (page 17) Performance Summary (page 28)
403-4	Worker participation, consultation and communication on occupational health and safety	Social (pages 17 - 18)
403-5	Worker training on occupational health and safety	Social (pages 17 - 18)
403-6	Promotion of worker health	Social (pages 17 - 18)
403-9	Work-related injuries and fatalities	Social (page 17) Performance Summary (page 28)
405-1	Diversity of Board and employees	2023 MIC
402-2	Ratio of basic salary and remuneration	2023 MIC
413-1	Operations with local community engagement, impact assessments and development programs	Social (pages 20 - 21)

Glossary

ABBREVIATIONS

2023 MIC	Notice of 2023 Annual and Special Meeting and Management Information Circular and Proxy Statement, available on our website or on the SEDAR or EDGAR websites
AER	Alberta Energy Regulator
AIF	December 31, 2022 Annual Information Form, available on our website or on the SEDAR or EDGAR websites
ARO	asset retirement obligation
ASRP	Alberta Site Rehabilitation Program
bbl	barrels of oil
bbl/d	barrels of oil per day
Board	Obsidian Energy's Board of Directors
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
EPAC	Explorers and Producers Association of Canada
ESG	Environmental, Social and Governance
FEMP	Fugitive Emissions Management Plan
GHG	greenhouse gas emissions
GJ	gigajoule
GRI	Global Reporting Initiative
H1	first half of the year
H2	second half of the year
ha	hectare
HRG&C	Human Resources, Governance and Compensation Committee
H&S	health and safety

kg	kilogram
kg/boe	kilograms per boe
km	kilometre
legacy	a collection of all Obsidian Energy properties outside of our core development areas of Peace River, Willesden Green and Pembina (Cardium) and Viking
liquids	crude oil and natural gas liquids
LTIF	lost time injury frequency
m³	cubic metres
Mboe	billion barrels of oil equivalent
mmcf/d	million cubic feet per day
MSAPR	Multi-Sector Air Pollutants Registry
reserves	based on the reports prepared by GLJ Ltd. dated January 20, 2023 and 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, 2022, 2021, 2020 and 2019, respectively
SASB	Sustainability Accounting Standards Board
TCFD	Task Force on Climate-Related Financial Disclosures
tCO₂e	tonnes of carbon dioxide equivalent
TEIR	total emissions intensity reduction
TRIF	total recordable incident frequency
TSX	Toronto Stock Exchange
VOCs	volatile organic compounds
VRUs	vapor recovery units
YE	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 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: what we strive and endeavour to do in all our activities; our beliefs in regard to managing environmental impact; our beliefs in regard to corporate governance and how that builds trust and strengthens relationships; that we are dedicated to solid ESG stewardship and improving our ESG practice will continue as the company grows, helping us preserve the world around us for future generations while providing the energy we need today; our goals for reducing emissions intensity, ARO, water usage and asset integrity; how we are committed to restoring the land through full-cycle land management practices; when we expect all inactive legacy wellbores to be abandoned by; how we plan to maintain our asset portfolio and prevent environmental incidents; how we plan to protect air quality through managing emissions; our goals for all our units meeting Canada’s MSAPR by 2025; our strategies, plans, goals and focuses for financial, operational, environmental, social and governance matters; our commitments to our stakeholders and to strong H&S practices; how we plan to foster a culture of ‘safety first’; how we will recognize and reward our employees; our specific ESG commitments and goals, as described under “ESG Highlights and Goals” on page 5; our specific GHG emissions reduction strategies and goals, as described under “2022 Highlights” on page 12; our specific social strategies and goals, as described under “2022 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 “2022 H&S Highlights” on page 17; our expectations in connection with our relationships with First Nations; our specific governance strategies and goals, as described under “2022 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; 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 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, delays related to regulatory approvals, including Indigenous consultations); 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 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.com or under and under our SEDAR+ profile at www.sedarplus.ca or on EDGAR at 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.

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