



ESG REPORT 2022

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CEO MESSAGE

I am pleased to present our latest Environmental, Social, and Governance (“**ESG**”) Report. At Diversified Royalty Corp. (the “**Company**”, “**DIV**”, “**we**”, “**our**” or “**us**”), we remain committed to leading a responsible business while having a positive socio-economic impact in our communities. We continue to support all of our Royalty Partners and their respective franchise business’ entrepreneurial spirit.

2022 was a record year for DIV in terms of adjusted revenues¹. Mr. Lube, our largest Royalty Partner, continued to produce strong results. Both Mr. Mikes and Oxford Learning achieved a full recovery to above pre-pandemic levels, while Sutton and Nurse Next Door continued to make their fixed-growth royalty payments. After an encouraging start to 2022, in July AIR MILES® announced the loss of Sobey’s as a sponsor, and the impact of that loss has been felt since the third quarter of 2022. However, based on the strong overall performance of DIV’s diversified portfolio of royalty streams, DIV increased its dividend from \$0.22 per share to \$0.235 per share on an annualized basis effective October 2022. In addition, in November 2022, we closed our trademark acquisition and royalty agreement with Stratus Building Solutions, representing our first royalty stream based primarily in the United States and the seventh royalty stream in our portfolio. The completion of our first US based royalty transaction was a significant positive development, and DIV is now focusing our acquisition efforts both on the United States and Canadian markets.

In 2022, we were proud to present our inaugural ESG Report. We are now continuing our journey, guided by our ESG strategy, to enhance our corporate practices and policies. Our ESG initiatives are reflected in the three pillars of our ESG ambition: enhancing responsible management; improving our positive socio-economic impact; and promoting sound environmental stewardship. Since publishing our 2021 ESG report last year, we have taken steps to enhance our ESG oversight and reporting by formalizing our ESG governance structure in March of 2023. We updated the charters of the three standing committees of the Board to include lines of ESG oversight and responsibility across each of those committees: the Governance, Nominating and Compensation Committee, the Audit Committee and the Investment Committee. These committees meet regularly and together with the Board are responsible for monitoring management’s implementation of the Company’s overall approach to ESG.

This report highlights the progress we made in 2022 towards our ESG objectives. We continue to support our Royalty Partners to accelerate their respective businesses and we remain committed to fostering a diverse Board of Directors, including the announcement of our commitment to add a second female director to our Board by the 2024 annual general meeting of the Company.

Considering that we are a long-term partner to all of our royalties, we are continuing to integrate our ESG framework into our investment due diligence process to identify ESG risks and opportunities, and to help

¹ Adjusted revenue is a non-IFRS financial measure – See “*Non-IFRS Measures*”.

in identifying new Royalty Partners who will contribute to a shared ESG resilience. We believe this will contribute to creating long-term shareholder value and growth.

As we remain dedicated to the ESG journey that we are on, I want to thank our DIV's employees, our consultants, our Directors and our Royalty Partners for their continued support in fulfilling DIV's ESG objectives and our ongoing efforts to enhance shareholder value. I look forward to continuing to fulfill DIV's primary objective of increasing cash flow per share by making accretive royalty purchases and through the growth of purchased royalties.

Sean Morrison,
President & Chief Executive Officer

ABOUT US

DIV is a multi-royalty corporation, engaged in the business of acquiring top-line royalties from well-managed, multi-location businesses and franchisors in North America. DIV's objective is to acquire predictable, growing royalty streams from a diverse group of multi-location businesses and franchisors ("**Royalty Partners**"). DIV's current Royalty Partners are Mr. Lube Canada Limited Partnership ("**Mr. Lube**"), Air Miles Loyalty Inc. through its operation of the AIR MILES® reward program in Canada, Nurse Next Professional Homecare Services Inc. ("**Nurse Next Door**"), Oxford Learning Centres Inc. ("**Oxford**"), Sutton Group Realty Services Ltd. ("**Sutton**"), Mr. Mikes Restaurants Corporation ("**Mr. Mikes**"), and SBS Franchising, LLC ("**Stratus**"). On October 4, 2023, DIV added our eighth royalty stream as we closed our trademark acquisition and royalty agreement with BarBurrito Restaurants Inc. ("**BarBurrito**"). BarBurrito is Canada's largest quick service Mexican restaurant chain. This report contains limited information with respect to BarBurrito given the recent nature of such transaction. DIV's objective is to increase cash flow per share by making accretive royalty purchases and through the growth of purchased royalties. DIV intends to continue to pay a predictable and stable monthly dividend to shareholders and increase the dividend over time, in each case as cash flow per share allows.

We continue to operate solely within an office environment with a small workforce located at our office in Vancouver, British Columbia. Despite our limited operational footprint, we remain committed to addressing ESG issues within our operations and investing activities, and through, among other things, ongoing engagement with our Royalty Partners. DIV is a passive royalty company with no direct control over our Royalty Partners, who independently own and operate their respective businesses. While DIV does not exercise control or influence over the day-to-day activities of the Royalty Partners' businesses, we do support them with strategic and planning services.

We primarily seek to address ESG issues specifically through the due diligence process when considering new royalty acquisitions and supporting our current Royalty Partners in their ESG pursuits. We are currently planning on formalizing our due diligence assessment for potential future Royalty Partners to include an ESG component. In addition, we are planning to align our existing Royalty Partner

communication to include more ESG discussion. We also monitor the ongoing ESG risks and opportunities of our Royalty Partners as part of our overall investment monitoring and engagement process.

ESG considerations include environmental factors such as waste and recycling, carbon impact and emissions, land use, and ecosystem health; social considerations include factors such as community impact, labour management, health and safety, and diversity and inclusion; and governance issues include factors such as business and ethical conduct.

OUR ROYALTY PARTNERS

The royalty partner information below is at and for the year ended December 31, 2022.

Mr. Lube is Canada’s leading quick lube provider in the routine automotive maintenance sector. In addition to oil change services, Mr. Lube also provides a variety of automotive maintenance services that include fluid changes, filter replacements, windshield chip repair and tire services.



~\$314M	166
System Sales²	Locations

AIR MILES® is Canada’s largest coalition loyalty program. Consumers earn AIR MILES® reward miles as they shop across a broad range of retailers and other sponsors participating in the AIR MILES® Reward Program. These AIR MILES® reward miles can be redeemed by consumers for travel or other rewards. By offering AIR MILES® reward miles as an incentive, participating sponsors help get customers closer to the rewards they want. This helps the sponsors to attract new customers, boost sales and drive repeat business.



~\$649M	500+
Revenues	Partners

Nurse Next Door is an innovative and growing home care provider with locations across Canada, the United States as well as Australia. Nurse Next Door believes everyone should be able to live at home and provides compassionate service from licensed non-medical caregivers as well as registered nurses to achieve this objective. Nurse Next Door offers services ranging from companionship, meal preparation and homemaking to home nursing care, as well as around the clock care and end of life care.

² System Sales is a supplementary financial measure. See “Supplementary Financial Measures”.



~\$102M
System Sales²

256
Locations

Oxford Learning is one of Canada's leading franchise tutoring services, achieving best in class learning outcomes through the application of its proprietary cognitive learning methodology, which improves educational outcomes by focusing on teaching students 'how to think' rather than 'what to think'. This unique teaching style is complemented by Oxford Learning's library of over 1,700 proprietary booklets, which are constantly being refined, expanded and updated.



~\$55M
System Sales²

158
Locations

Sutton Group is a leading provider of services to residential real estate REALTORS®. Sutton Group generates cash flow from franchise fees derived from a national network of real estate agents in Canada operating under the Sutton Group name.



~6,300
Total Agents

200
Locations

Mr. Mikes is a full-service casual dining restaurant with a primary focus of providing hearty and affordable creations from its signature steaks and Mikeburgers to home-branded wines and beers.



~\$95M
System Sales²

45
Locations

Stratus offers, manages and operates master franchises for commercial cleaning services and building maintenance services in the United States and Canada.



~US\$160M
System Sales²

58 Master and 2,800 Unit
Franchises

GOVERNANCE

The Board of Directors ("**Board**"), which has the overall responsibility to provide leadership to the Company in support of its commitment to ESG, has delegated to the Governance Nominating and Compensation ("**GNC**") Committee the responsibility of overseeing and ensuring management's implementation of the Company's ESG Policy and the Company's overall approach to ESG. Our Chief Financial Officer champions our ESG strategy with the support of our Corporate Controller and presents the progress on the development of the strategy to the Board on a quarterly basis.

As of March 2023, the Board formalized the lines of accountability for DIV's ESG practices at the Board and Board standing committee level, and the Board mandate and respective charters of the Board standing committees have been updated accordingly.

The GNC Committee reviews and oversees, on behalf of the Board, management's implementation of the Company's overall approach with respect to ESG matters, including:

- i) reviewing and discussing with management the Company's integration of ESG policies, practices and goals into its business strategy and decision making, including monitoring such policies, practices and goals of the Company's Royalty Partners;
- ii) overseeing management's implementation of the Company's ESG Policy; and
- iii) reviewing annually the Company's ESG Policy and making recommendations to the Board with respect to any amendments thereto.

The Audit Committee is responsible for reviewing and discussing with management and the Company's auditors, as appropriate, the Company's guidelines and policies with respect to risk assessment, management and disclosure, including, among other things, the Company's ESG risks, and the steps taken by management to monitor and control those risks. In connection therewith, the Audit Committee is responsible for:

- i) reviewing and discussing with management the Company's implementation of procedures for identifying, assessing, monitoring and managing ESG risks related to the business and affairs of the Company and its Royalty Partners;
- ii) reviewing and discussing with management the Company's and its Royalty Partners' ESG reporting; and
- iii) overseeing management's preparation of any ESG report or other ESG disclosure and to recommend to the Board whether or not any such ESG report should be approved by the Board.

The Investment Committee is responsible for:

- i) reviewing all ESG and sustainability considerations in accordance with the Company's ESG Policy related to acquisition opportunities, transaction structuring and due diligence considerations and recommending to the Board approval or rejection of, any proposed acquisition or disposition; and
- ii) providing oversight of management's implementation of the Company's ESG Policy in respect of potential acquisitions and dispositions.

We believe that the above changes to our ESG governance framework will better ensure that, as a Company, we are held accountable to our ESG aspirations and have the proper policies, procedures, and practices in place to help us achieve our goals.

In addition to the above, as part of DIV's overall ESG strategy, the Board: (i) ensures the implementation of the Board Diversity Policy through the GNC Committee; (ii) monitors, through the GNC Committee, the Company's Code of Business Conduct and Ethics (the "**Code**"); (iii) provides, through the Investment Committee, oversight of management's implementation of the ESG Policy in respect of potential acquisitions and dispositions; and (iv) facilitates reporting of potential violations or concerns relating to accounting standards and disclosures, internal accounting controls and matters relating to the audit of the Company's financial statements through its Audit Committee Whistleblower Policy.

We are committed to strong governance and responsible business practices. The Code outlines our approach to ethics and integrity and reflects the Company's commitment to a corporate culture that fosters honesty, mutual respect, integrity and professionalism. Each of the Company's directors, officers and employees have a responsibility to understand and comply with our Code. In addition, all directors, officers and employees of the Company are expected to perform their work with honesty and integrity in any areas not specifically addressed by the Code. Furthermore, our charters and policies guide the Company as we strive to adhere to the highest business and ethical standards. These documents can be accessed on our website [here](#).

In March 2023, we amended our Audit Committee Whistleblower Policy and GNC Committee Charter to improve the ease of communication for anonymous reporting related to whistleblowing and Code violations. DIV created two new channels: a dedicated telephone number and email address, specifically assigned for anonymous reporting and are only accessible by the respective chairs of the Audit Committee and GNC Committee. Complaints related to suspected violations under the Code are now reported to the Chair of the GNC Committee and complaints relating to accounting matters are now reported to the Chair of the Audit Committee.

RISK MANAGEMENT

Due to the nature of our business, we are particularly focussed on risk monitoring. DIV has a risk management process where risk assessments are performed quarterly. The management team is responsible for developing and monitoring DIV's risk management policies, and reports quarterly to the

Board on its activities including risk responses. Together with the Audit Committee, the Board reviews our identified risks and mitigation actions quarterly. ESG risks are assessed within the same framework in which we manage our business risks. In addition, we will continue monitoring for any changes in ESG standards, compliance and oversight expectations, including climate-related disclosure requirements.

ESG STRATEGIC PRIORITIES

With the support of an external firm, we undertook a materiality exercise in the prior year (refer to the materiality matrix on page 16 of DIV's [2021 ESG Report](#)), in accordance with the Global Reporting Initiative ("GRI") Standards, to identify our top ESG priority areas and guide our ESG strategy and disclosures. During this process, we engaged our Board and management team and performed an in-depth desktop review to understand the ESG topics with the greatest impact to the Company.

This shortlist of material topics is the foundation of our ESG strategy, which we have built around three key pillars and six focus areas, as illustrated in the chart below. With clear ambitions for each pillar and objectives for our focus areas, we aim to continue to formalize and further embed ESG into our ways of doing business moving forward.



2022 PERFORMANCE HIGHLIGHTS

During the year ended December 31, 2022, we continued to deliver growth while keeping ESG practices top of mind. The key performance highlights are as follows:

- We added one new Royalty Partner, Stratus Business Solutions, in November 2022. DIV had 7 Royalty Partners in total as of December 31, 2022;
- Zero complaints through the Code of Business Conduct or Whistleblower Policy;
- Zero losses as a result of legal proceedings associated with fraud, insider trading, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations;
- Zero incidents related to data privacy and security breach; and


- \$11,000 in community support to two charitable organizations

For more information, please refer to Appendix A – metrics related to the disclosure from GRI; and Appendix B – metrics related to disclosure from the SASB Asset Management & Custody Activities Sustainability Accounting Standard.

To further enhance Board diversity and independence, the Board announced in its May 11, 2023 Management Information Circular, a firm commitment to identify a further independent female director nominee to put forth for election to the Board at the Company's 2024 annual general meeting of shareholders. If such individual is elected, and assuming no other changes in the composition of the Board, the Board would be comprised of six independent directors following the 2024 annual general meeting, two of which would be female, representing 33% of the Board.

ENVIRONMENTAL STEWARDSHIP

Protecting our planet through our partners

<i>Focus Area</i>	<i>Objective</i>	<i>UN SDG⁽¹⁾</i>
<i>Climate Action</i>	<i>To support the low carbon transition through strong leadership and engagement with our Royalty Partners</i>	

(1) – United Nations Sustainable Development Goals

Climate Action

We operate solely within an office space in Vancouver, British Columbia and with a small workforce of 5 employees as of December 31, 2022. While our own operational impact is small, we believe we can play our part in tackling climate change. It remains DIV's aim to address broader environmental concerns by reducing our own environmental footprint. We continue to seek to address environmental issues through the due diligence process when considering new royalty acquisitions.

DIV and Royalty Partner 2022 Highlights

- Our Vancouver office is located in a sustainable building that is certified Leadership in Energy and Environmental Design ("LEED"³) Platinum and Building Owners and certified Managers Association ("BOMA"⁴) BEST Gold.




³ LEED certification is a globally recognized symbol of sustainability achievement and leadership. To achieve LEED certification, a project earns points by adhering to prerequisites and credits that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality. Projects go through a verification and review process by the Green Business Certification Inc. ("GBCI") and are awarded points that correspond to a level of LEED certification. Access website [here](#).

⁴ BOMA BEST is Canada's largest environmental assessment and certification program for existing buildings. It is a unique, voluntary program designed by industry for industry. BOMA BEST Sustainable Buildings certification recognizes excellence in energy and environmental management and performance in commercial real estate. Access website [here](#).

- Mr. Lube leads the automotive maintenance sector in recycling used products:
 - 100% of Mr. Lube's 2022 used oil, oil filters, bottles, cardboard packaging and used coolant are picked up and recycled by licensed collection companies.
 - 100% of Mr. Lube's 2022 used tires are recycled.
 - 70% of Mr. Lube's 2022 oil used in its maintenance services are delivered and stored in bulk oil tanks, which reduces packaging and recycling requirements.
 - Mr. Lube continued, in 2022, to encourage the public to return used oil products and filters for free to Mr. Lube for recycling and publishes its environmental policy and FAQ on its website.
- In 2022, the special soaps Mr. Lube uses in cleaning continued to be all environmentally friendly. Interceptor systems installed in Mr. Lube stores continued, in 2022, to prevent automotive fluids, dirt and debris from entering into the freshwater system. These fluids and debris continue to be recaptured and recycled.
- Stratus Building Solutions uses Green Seal® Certified⁵ cleaning products and processes that are environmentally friendly in most (approximately 80%) of its green commercial cleaning services.

RESPONSIBLE MANAGEMENT

Steering our Royalty Partners

<i>Focus Area</i>	<i>Objective</i>	<i>UN SDG</i>
<i>ESG Stewardship</i>	<i>To adhere to the highest standards, minimize ESG risks and transparently disclose our performance</i>	
<i>Responsible Investing</i>	<i>To further integrate ESG into our investment decision-making processes to deliver risk adjusted returns</i>	
<i>Investor Positioning</i>	<i>To differentiate the ESG value proposition of our business with investors</i>	

ESG Stewardship and Responsible Investing

DIV remains committed to partnering with strong and robust Royalty Partners with experienced management that are in line with our strong governance philosophies of accountability and transparency.

⁵ Green Seal® is a global nonprofit organization that pioneered the ecolabeling movement with a mission to transform the economy for a healthier, greener world. The Green Seal certification mark is a universal symbol that a product or service meets the highest benchmark of health and environmental leadership.

Our objective remains the same: to adhere to the highest standards, minimize ESG risks and transparently disclose our performance. We remain committed to practicing responsible investing by incorporating ESG factors and considerations into our overall investment due diligence and decision-making process. Within our portfolio of existing Royalty Partners, we have a mixed range of governance structures and management practices. Some of our Royalty Partners already have mature and robust ESG frameworks and metrics that they disclose publicly, while other partners are lower on the maturity scale with regards to ESG identification, monitoring and disclosure. Our future potential Royalty Partner investments are expected to be no different. We remain committed to further enhancing our investment due diligence process and incorporating additional ESG principles over time. We continue to seek to understand the governance and management structures of our future potential Royalty Partners and how they plan to execute oversight over important ESG issues.

Investor Positioning




DIV remains committed to strong engagement and collaboration with our Royalty Partners and disclosure of results to investors and stakeholders alike. We continue to encourage regular and direct engagement with our securityholders, Royalty Partners and other stakeholders. We want to hear their views on the Company and governance matters during and outside of our annual general meetings. Our management team continues to be responsive to questions put forth by directors, securityholders, potential investors, Royalty Partners, employees and other stakeholders.

DIV and Royalty Partner 2022 Highlights

- DIV assessed ESG risks and opportunities through our due diligence process when considering the Stratus royalty acquisition in November 2022.
- Mr. Lube was listed as one of Canada's Best Managed Companies in 2022.
- An Oxford Learning franchisee received bronze in the 2022 Canadian Franchise Association ("CFA") Franchisee of the Year Award.
- Oxford Learning received silver in the 2022 CFA Award of Excellence for Traditional Franchises.
- Oxford Learning was one of the recipients of the CFA's 2022 Franchisees' Choice Designation.

In addition, in 2023, DIV deepened ESG engagement with Mr. Lube by communicating directly with Mr. Lube management to gather feedback and insights with regular scheduled dialogues on ESG matters. DIV management also presented ESG risk assessments to our Investment Committee as part of our due diligence process for the BarBurrito royalty acquisition that completed in October 2023.

SOCIO-ECONOMIC IMPACT

<i>Focus Area</i>	<i>Objective</i>	<i>UN SDG</i>
<i>Entrepreneurial Development</i>	<i>To invest in the entrepreneurial spirit of our partners to create socio-economic prosperity</i>	
<i>Talent Diversity and Development</i>	<i>To attract and develop diverse talent to support the success of our business</i>	 

Entrepreneurial Development

We recognize the importance of the indirect impact that our Royalty Partner investments can have on people. By helping our Royalty Partners create value and grow, we indirectly impart value into the local communities and ultimately the greater local economies and society. ESG factors related to human capital are crucial issues for our Royalty Partners as all of them require significant skilled labour. Through our due diligence process, we continue to look for strong social practices from our Royalty Partners that promote the health, safety and well being of their management and employees. Because we share in the well being of our Royalty Partners – their success is our success.

Talent Diversity and Development

As of December 31, 2022, we had five full-time employees working in our corporate office in Vancouver. We continue to strive to encourage and promote diversity at all levels of our Company from our employees to our Board. Diversity has many dimensions, which can include, among others, ethnicity, race, gender, physical ability, religion, sexual orientation, gender identification and age. Diversity can also extend to work experience, geographic background, socio-economic background and diversity of political thought.

DIV is committed to creating and maintaining a workplace and corporate culture that fosters honesty, mutual respect, integrity and professionalism. In keeping with this commitment, DIV has established a Code of Business Conduct and Ethics Policy to set out the Company's fundamental principles of honesty, loyalty, fairness and forthrightness. Our Code of Conduct strives to deter wrongdoing and promote the following objectives:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. full, fair, accurate, timely and transparent disclosure;
3. compliance with the applicable government and self-regulatory organization laws, rules and regulations;
4. prompt internal reporting of Code violations; and
5. accountability for compliance with the Code of Conduct

We believe that properly managing employee compensation is paramount to ensure the Company's benefit programs are aligned with effective risk management and that employees are fairly and equitably compensated for their skills, experience and performance.

2022 Highlights

- In 2022, we continued to strengthen our commitment to ethical business practices with quarterly training and awareness programs for CPA designated employees, all of whom completed the ethics hours in accordance with the local CPA governing body.
- Maintained the whistleblower hotline as a vital channel for reporting ethics violations – no known violations or complaints were reported in 2022.

In addition, in 2023, DIV retained Lane Caputo as the Company's external independent compensation advisor in reviewing executive management and Board compensation. DIV believes that reviewing compensation in this way helps to create sustainable shareholder value over the long term. Furthermore, on September 13, 2023, DIV launched an employee donation matching program designed to encourage and support our employee's charitable contributions by matching employee donations to eligible Canadian non-profit organizations up to a maximum of \$1,000 per employee per calendar year. Finally, DIV supported local entrepreneurs and franchisors by sponsoring, in 2023, the International Franchise Association, the Restaurant Finance & Development Conference, and the Franchise Unconference.

ABOUT THIS REPORT

This ESG Report 2022 (this “**report**”) is dated as of December 5, 2023 and, unless otherwise stated, covers our ESG performance for the period January 1, 2022 to December 31, 2022. All facts and figures are as of December 31, 2022, and all financial data and references to currency are in Canadian dollars unless stated otherwise in United States dollars (“**US\$**”).

This report outlines ESG topics identified as important to DIV and its stakeholders, in addition to our approach, performance, and achievements related to our ESG priorities. While we have tailored this report to meet the needs of many of our stakeholder groups, our primary focus is on investors and analysts interested in our ESG policies, practices, and performance. Additional information and relevant policies and disclosures can be found on our corporate website linked below:

- [Board Mandate](#)
- [Audit Committee Charter](#)
- [Audit Committee Whistleblower Policy](#)
- [Governance, Nominating and Compensation Committee Charter](#)
- [Investment Committee Charter](#)
- [Majority Voting Policy](#)
- [Code of Business Conduct and Ethics](#)
- [Board Diversity Policy](#)
- [Environmental Social and Governance Policy](#)

For any questions, comments or concerns relating to this report or ESG at DIV, please reach out to us at info@diversifiedroyaltycorp.com.

APPENDIX A – GRI CONTENT INDEX

GRI 102: General Disclosures		
Number	Disclosure Title	Response
102-1	Name of the organization	Diversified Royalty Corp.
102-2	Activities, brands, products, and services	See <i>About Us</i> in the Company's 2022 ESG Report
102-3	Location of headquarters	Suite 330 - 609 Granville Street, Vancouver, BC, V7Y 1A1, Canada
102-4	Location of operations	See <i>About Us</i> in the Company's 2022 ESG Report
102-6	Markets served	See <i>About Us</i> in the Company's 2022 ESG Report
102-7	Scale of the organization	See <i>About Us</i> in the Company's 2022 ESG Report
102-8	Information on employees and other workers	See the Company's website - About Diversified
102-14	Statement from senior decision-maker	See <i>CEO Message</i> in the Company's 2022 ESG Report
102-15	Key impacts, risks, and opportunities	See <i>Risk Management</i> in the Company's 2022 ESG Report
102-16	Values, principles, standards, and norms of behavior	See <i>Governance</i> in the Company's 2022 ESG Report
102-17	Mechanisms for advice and concerns about ethics	See the Company's website - Code of Business Conduct and Ethics and Audit Committee - Whistleblower Policy
102-18	Governance structure	See the Company's website – Corporate Governance and Management Information Circular
102-19	Delegating authority	See <i>Governance</i> in the Company's 2022 ESG Report and the Company's website - ESG Policy and Management Information Circular
102-20	Executive-level responsibility for economic, environmental, and social topics	See <i>Governance</i> in the Company's 2022 ESG Report and the Company's website - ESG Policy and Management Information Circular
102-21	Consulting stakeholders on economic, environmental, and social topics	See <i>ESG Strategic Priorities</i> in the Company's 2022 ESG Report
102-22	Composition of the highest governance body and its committees	See the Company's website - About Diversified – Board of Directors
102-23	Chair of the highest governance body	See the Company's website - About Diversified – Board of Directors
102-24	Nominating and selecting the highest governance body	See the Company's website - Governance, Nominating and Compensation Committee Charter and Management Information Circular
102-25	Conflicts of interest	See the Company's website - Code of Business Conduct and Ethics and Management Information Circular
102-26	Role of highest governance body in setting purpose, values, and strategy	See the Company's website – Board of Director's Mandate and Management Information Circular
102-27	Collective knowledge of highest governance body	See the Company's website - About Diversified – Board of Directors
102-29	Identifying and managing economic, environmental, and social impacts	See <i>ESG Strategic Priorities</i> in the Company's 2022 ESG Report and the Company's website - ESG Policy
102-30	Effectiveness of risk management process	See <i>Risk Management</i> in the Company's 2022 ESG Report and the Company's website - ESG Policy
102-31	Review of economic, environmental, and social topics	See <i>ESG Strategic Priorities</i> in the Company's 2022 ESG Report and the Company's website - ESG Policy
102-32	Highest governance body's role in sustainability reporting	See <i>Governance</i> in the Company's 2022 ESG Report and the Company's website - ESG Policy

102-33	Communicating critical concerns	See <i>About this Report</i> in the Company's 2022 ESG Report
102-34	Nature and total number of critical concerns	No critical concerns identified – see <i>Performance Highlights</i> in the Company's 2022 ESG Report
102-35	Remuneration policies	See the Company's website - Management Information Circular – <i>Compensation Philosophy</i>
102-36	Process for determining remuneration	See the Company's website - Management Information Circular – <i>Compensation Philosophy</i>
102-37	Stakeholder involvement in remuneration	See the Company's website - Management Information Circular – <i>Compensation Philosophy</i>
102-38	Annual total compensation ratio	See the Company's website - Management Information Circular – <i>Compensation Philosophy</i>
102-45	Entities included in the consolidated financial statements	See the Company's website – Annual Information Form – <i>Corporate Structure</i>
102-46	Defining report content and topic boundaries	See <i>ESG Strategic Priorities</i> in the Company's 2022 ESG Report – pages 7-8 and <i>About this Report</i> in the Company's 2022 ESG Report
102-47	List of material topics	See <i>ESG Strategic Priorities</i> in the Company's 2022 ESG Report – pages 7-8 and <i>About this Report</i> in the Company's 2022 ESG Report
102-50	Reporting period	See <i>Appendix A</i> in the Company's 2022 ESG Report
102-51	Date of most recent report	See <i>Appendix A</i> in the Company's 2022 ESG Report
102-52	Reporting cycle	Annual reporting
102-53	Contact point for questions regarding the report	Email: info@diversifiedroyaltycorp.com
102-55	GRI content index	See <i>Appendix A</i> in the Company's 2022 ESG Report
GRI 103: Management Approach		
Number	Disclosure Title	Response
103-1	Explanation of the material topic and its boundary	See <i>ESG Strategic Priorities</i> in the Company's 2022 ESG Report and <i>About this Report</i> in the Company's 2022 ESG Report
103-2	The management approach and its components	See <i>Responsible Management</i> in the Company's 2022 ESG Report
103-3	Evaluation of the management approach	See <i>Responsible Management</i> in the Company's 2022 ESG Report –pages 10-11 and <i>Talent Diversity & Development</i> in the Company's 2022 ESG Report
GRI 201: Economic Performance		
Number	Disclosure Title	Response
201-1	Direct economic value generated and distributed	See the Company's website - Annual Financial Statements See the Company's website – Management Discussion and Analysis See the Company's website – Dividend Information
GRI 403: Occupational Health & Safety		

<i>Number</i>	<i>Disclosure Title</i>	<i>Response</i>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See the Company's website - Code of Business Conduct and Ethics – <i>Compliance with Laws, Regulation and Rules</i>
403-8	Workers covered by an occupational health and safety management system	See the Company's website - Code of Business Conduct and Ethics – <i>Compliance with Laws, Regulation and Rules</i>
GRI 404: Training and Education		
<i>Number</i>	<i>Disclosure Title</i>	<i>Response</i>
404-1	Average hours of training per year per employee	See <i>Performance Highlights</i> in the Company's 2022 ESG Report and the Company's website - Code of Business Conduct and Ethics – <i>Relations Among Employees: Respect and Contribution</i>
GRI 405: Diversified and Equal Opportunity		
<i>Number</i>	<i>Disclosure Title</i>	<i>Response</i>
405-1	Diversity of governance bodies and employees	See the Company's website - Board Diversity Policy and see <i>Socio-Economic Impact – Talent Diversity and Development</i> in the Company's 2022 ESG Report
GRI 406: Non-Discrimination		
<i>Number</i>	<i>Disclosure Title</i>	<i>Response</i>
406-1	Incidents of discrimination and corrective actions taken	See <i>Performance Highlights</i> in the Company's 2022 ESG Report

APPENDIX B – SASB CONTENT INDEX

SASB – Asset Management & Custody Activities Industry		
Number	Disclosure Title	Response
FN-AC-000.A	Total registered assets under management (AUM)	See the Company's website - 2022 Audited Year End Financials
FN-AC-000.B	Total assets under custody and supervision	See the Company's website - 2022 Audited Year End Financials
FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	See <i>Performance Highlights</i> in the Company's 2022 ESG Report and Management Information Circular
FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	See <i>Performance Highlights</i> in the Company's 2022 ESG Report
FN-AC-270a.3	Description of approach to informing customers about products and services	See <i>Investor Positioning</i> in the Company's 2022 ESG Report
FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	See the Company's website - Majority Voting Policy and Management Information Circular
FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	See <i>Performance Highlights</i> in the Company's 2022 ESG Report
FN-AC-510a.2	Description of whistleblower policies and procedures	See the Company's website - Audit Committee - Whistleblower Policy and Code of Business Conduct and Ethics

DISCLAIMER

This report is not intended to form the basis of any investment decision and should not be considered as a recommendation by the Company or any other person in relation to the Company's business or the securities of the Company. This report is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of the securities of the Company, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, any of the Company's securities in any jurisdiction. Neither this report nor anything in it shall form the basis of any contract or commitment by or on behalf of the Company. This report is not intended to be relied upon as advice to readers or potential investors and does not take into account the investment objectives, financial situation or needs of any reader or investor. All readers and investors should consider such factors in consultation with a professional advisor of their choosing when deciding if an investment in securities of the Company is appropriate.

FORWARD LOOKING STATEMENTS

This report contains “forward-looking information” with respect to the Company within the meaning of applicable securities laws, including information with respect to the Company’s business operations, strategy, goals, plans and objectives of or involving the Company. While management believes that the expectations reflected in such forward-looking information is reasonable and represent the Company’s internal expectations and belief as of the date of the release of this report, there can be no assurance that such expectations will prove to be correct as such forward-looking information involves unknown risks and uncertainties beyond the Company’s control which may cause its actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking information. Forward-looking information generally can be identified by the use of the words “may”, “could”, “should”, “will”, “intend”, “plan”, “estimate”, “anticipate”, “believe” or “continue”, or the negative thereof or similar variations. Forward-looking statements in this report include statements with respect to the Company’s expectations, goals, targets and initiatives related to ESG and its intended strategies for achieving same and other business objectives. Forward-looking information are based on a number of key expectations and assumptions made by the Company, including, without limitation the expectations and assumptions outlined in the Company’s MD&A and annual information form for the year ended December 31, 2022 and the Company’s most recently filed interim MD&A, a copy of each of which is filed electronically through SEDAR+ and is available online at www.sedarplus.ca. Although the forward-looking information contained in this report is based on what the Company’s management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with such forward-looking information. Forward-looking information involves significant risks and uncertainties and should not be read as guarantees of future performance or results. There is no guarantee the Company will be successful in achieving or implementing, as applicable, any of its ESG or other business expectations, goals, targets or initiatives disclosed in this report. Risks and other factors that could cause actual results to differ materially from the Company’s expectations are outlined in the Company’s MD&A and annual information for the year ended December 31, 2022, as well as the Company’s most recently filed interim MD&A. Readers are cautioned that the foregoing risks and uncertainties are not exhaustive. Forward-looking information reflects management’s current beliefs and are based on information currently available to the Company. Unless otherwise indicated, the forward-looking information in this report are made as of the date of this report and, except as required by applicable law, will not be publicly updated or revised. This cautionary statement expressly qualifies the forward-looking information in this report. By the issuance of this report, the Company is not making any representation or warranty, express or implied, as to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed herein.

THIRD PARTY INFORMATION

This report includes information obtained from third party company filings and reports and other publicly available sources as well as financial statements and other reports provided to the Company by its Royalty

Partners. Although DIV believes these sources to be generally reliable, such information cannot be verified with complete certainty. Accordingly, the accuracy and completeness of this information is not guaranteed. DIV has not independently verified any of the information from third party sources referred to in this report nor ascertained the underlying assumptions relied upon by such sources.

NON-IFRS MEASURES

Readers are advised that Company has included non-IFRS financial measures that are historical and supplementary financial measures in this report MD&A. Management believes that disclosing certain non-IFRS financial measures and supplementary financial measures provides readers of this report with important information regarding the Company's financial performance and the performance of its Royalty Partners. The non-IFRS financial measures and supplementary financial measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. Readers are cautioned that non-IFRS measures and supplementary financial measures should not be construed as a substitute or an alternative to net income or cash flows from operating activities as determined in accordance with IFRS.

"Adjusted Revenues" is a non-IFRS financial measure and does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. The most comparable IFRS measure to Adjusted Revenues on the Company's financial statements is royalty income. For further details, refer to the subsection entitled "Non-IFRS Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Company's MD&A for the year ended December 31, 2022 and the Company's most recently filed interim MD&A a copy of each of which is filed electronically through SEDAR+ and is available online at www.sedarplus.ca.

"System Sales" is a supplementary financial measure and does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. For further details, refer to the subsection entitled "Supplementary Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Company's MD&A for the year ended December 31, 2022 and the Company's most recently filed interim MD&A a copy of each of which is filed electronically through SEDAR+ and is available online at www.sedarplus.ca.