

# 2019 Environmental, Social and Governance (ESG) Report

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## 2019 Environmental, Social and Governance (ESG) Report

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# WHO WE ARE



(ESG)

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We are the leading gold-focused royalty and stream company by both gold revenue and number of gold assets. We have the largest and most diversified portfolio of royalties and streams by commodity, geography, revenue type and stage of project. Our aim is to maintain over 80% of revenue from precious metals (gold, silver and PGM).

The Franco team  
from all of our offices  
(May 2018)

We do not operate mines, develop projects or conduct exploration. Our business model is focused on managing and growing our portfolio of royalties and streams. The advantages of this business model are:

- Exposure to commodity price optionality;
- A perpetual discovery option over large areas of geologically prospective lands with no additional costs other than the initial investment;
- Limited exposure to many of the risks associated with operating companies;
- A free cash-flow business with limited cash calls;
- A high-margin business that can generate cash through the entire commodity cycle;
- A scalable and diversified business in which a large number of assets can be managed with a small stable overhead; and
- A forward-looking business in which management focuses on growth opportunities rather than operational or development issues.



*We are the leading  
gold-focused royalty  
and stream company  
by both gold revenue  
and number of  
gold assets.*

Our financial results in the short-term are primarily tied to the price of commodities and the amount of production from our portfolio of producing assets. Financial results have also been supplemented by acquisitions of new producing assets. Over the longer-term, results are impacted by the availability of exploration and development capital applied by other companies to expand or extend our producing assets or to advance our advanced and exploration assets into production.

We have a long-term investment outlook and recognize the cyclical nature of the industry. We have historically operated by maintaining a strong balance sheet so that we can make investments during commodity cycle downturns.

Our shares are listed on the Toronto and New York stock exchanges under the symbol FNV. An investment in our shares is expected to provide investors with yield and exposure to commodity price and exploration optionality while limiting exposure to many of the risks of operating companies. Since our Initial Public Offering over eleven years ago, we have increased our dividend annually and our share price has outperformed the gold price and all relevant gold equity benchmarks.

# OUR COMMITMENT

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*We are committed to responsible mining and oil & gas extraction in all aspects of our investments including with respect to environmental, social and governance issues.*

We are committed to responsible mining and oil & gas extraction in all aspects of our investments including with respect to environmental, social and governance (“ESG”) issues.

Our business is investing in the business of others and we do not directly operate any of our assets. The projects on which we have royalties and streams are owned and operated by independent mining and oil & gas companies which are typically publicly listed (our “Operators”). As our management is not responsible for the day-to-day operational or development decisions at a project, we are able to focus on growth and new investments. Our approach has generated real value for shareholders and has allowed us to acquire royalties and streams on projects operated by some of the best Operators in the mining and oil & gas industries. We are proud of our track record and the accomplishments of our Operators which we’ve highlighted in this report.

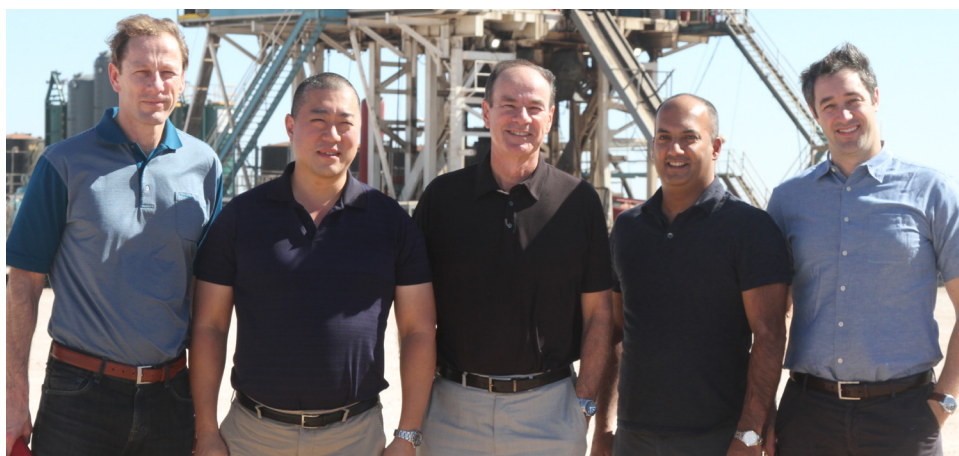
We operate solely within office environments with a small workforce. We have 34 full-time employees located at our head office in Toronto and in Barbados, the United States and Australia. As such our direct impact on the environment is very small. Notwithstanding, we are doing our part to address environmental degradation and climate change through reducing our own environmental footprint and by managing the environmental and social impacts of our investing activities.

We primarily seek to address ESG issues initially through the due diligence process when making new investments and where possible through our contractual rights in our royalty and stream agreements. We have also adopted internal policies which guide our investment process and our ongoing relationships with our Operators and shareholders.

We are proud to have made meaningful social contributions at our corporate and individual levels and we intend to consider additional partnerships with our Operators to support appropriate environmental and social initiatives in the communities associated with our interests.

We endeavour to broaden and improve upon our disclosure of material ESG issues and we welcome any feedback from our shareholders.

Senior management  
team on site in  
Texas (Midland Basin)





# MAKING RESPONSIBLE INVESTMENTS

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### DUE DILIGENCE PROCESS

We believe that proper consideration of ESG risks in connection with the companies, projects and jurisdictions in which we seek to invest will enhance the long-term performance of our company and in turn generate real value for our shareholders. As such, we include ESG factors in our investment process.

In recent years, the growing global recognition of the implications of environmental degradation and climate change has become clear. We share our shareholders' concerns that this issue needs to be appropriately managed. While we intend to continue to seek to reduce our own direct environmental impact, our largest contribution and the most significant environmental risks and opportunities arise in respect of our investing activities.

When evaluating new opportunities, we identify, assess and, where possible, mitigate our risks prior to entering into royalty and stream agreements. Our management team uses a multi-disciplinary approach when evaluating potential transactions. Our team consists of professionals with experience and expertise in the fields of geology, mining, metallurgy, engineering, oil & gas, finance and law. ESG issues relate to a number of these disciplines and our experience in evaluating and structuring royalty and stream transactions has given us significant exposure to and experience in addressing such issues.

*In addition to relying on management's expertise, we benefit from the experience and expertise of our Board of Directors who review potential investments providing their technical, operational, political, financial, environmental, corporate social responsibility and other expertise.*



Franco team conducting due diligence on site

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*When engaging in exploration efforts as part of advancing a property or to conduct due diligence in advance of undertaking an investment, we undertake to be guided by the principles and guidance for a framework of responsible exploration as set forth by the E3PLUS program of the Prospectors and Developers Association of Canada.*

The due diligence process will vary in each case as necessary or appropriate in the circumstances, all applied on a risk-adjusted basis and varying based on the jurisdiction, type of mineral, and whether the project is an exploration, advanced or producing project, among other things. The due diligence generally conducted by our team includes, but is not limited to, the following:

- identifying the risks to the environment and communities and the social impact of the project
- analysis of the environmental, social and governance programs and policies put in place by Operators and the effectiveness of same
- analysis of the plans and prospects for the Operator and project going forward
- country risk analysis where the project is located
- site visits to the project with our consultants, as appropriate
- extensive engagement with the Operator's management team
- review of the general conditions of the jurisdiction in which the project is located, including local government and local community relations
- review of the historical record of the Operator and the specific project.

Following the completion of due diligence, if management proposes to proceed with a transaction in excess of a threshold amount, it must first seek Board approval. Below this threshold amount, management has discretion to proceed with an investment but must report the transaction to the Board in order to refresh its executive authority before being able to proceed with another investment.

Paul Brink (President and Chief Operating Officer) at the Antamina Project



*Assets are ranked on a number of quantitative and qualitative factors (including environmental, social and governance factors) against our existing assets as well as other projects.*



## ESG-RELATED DUE DILIGENCE

When conducting due diligence, ESG issues are considered as these are critical to the long-term success of a project, which, in turn, is key to our success. We will typically assess the following as part of our due diligence:

- impacts of mining, operations and related activities on surrounding communities
- tailings impoundments and waste rock storage at the project
- water requirements and water sourcing of a project
- discharge of water from the operation
- ethical track record and any history of corruption
- workplace standards, protections and policies
- community initiatives and engagement with indigenous peoples
- safety and human rights records
- closure plans
- climate change risks specific to a project and plans adopted by the Operator to manage such risks
- impacts of development and operations on fauna, flora and biodiversity
- air emissions and dust from the project
- management by the Operator of toxic materials
- other environmental programs and initiatives put in place by Operator including carbon reduction and biodiversity protection
- energy requirements and efficiency of operations
- the commitments by the Operator to fundamental freedoms of individuals (e.g. freedom of association) and the actual conduct and actions of the Operator in conformity with (or counter to) such commitments
- whether any external certifications have been obtained by the Operator or project
- whether the Operator is a member of the World Gold Council (“WGC”) and/or has committed to the principles of the International Council on Mining & Metals (“ICMM”) or other relevant standards



*We routinely engage third-party experts to assist in its evaluation of new investments, which include external legal counsel (including in the jurisdictions in which a project is located), technical consultants, environmental consultants, corporate social responsibility consultants and governance consultants for the purpose of assessing political, environmental, social, legal, technical and regulatory issues in applicable jurisdictions and the operator’s management of the same.*

## ONGOING ASSET MANAGEMENT

When we acquire existing royalties, we do not have the ability to negotiate any new terms. When negotiating new investments, we endeavour to negotiate such arrangements to provide us with information from our Operators as well as to mitigate risk, including ESG-related risk. Royalty and stream agreements differ in many respects, but typically include the following types of provisions:



**Reporting Obligations:** Our royalty and streaming agreements typically contain a series of reporting obligations including the delivery of monthly and annual reports, updated mine plans, forecasts and other documentation, which serve to keep us informed of operations. Operators are also typically required to notify us of any material adverse changes to a project or its operations. Upon a material adverse change occurring, we maintain regular communication and offer our guidance and expertise to the Operators where appropriate.



**Audit & Inspection Rights:** We are usually entitled to audit the books and records of the Operators on a periodic basis and may access and inspect the properties comprising the project. These rights provide us further insight into the operations and management by the Operators and permit us to confirm compliance with the terms of the agreement and with applicable laws, including environmental laws, and industry standards.



**Operating Covenants:** Given our business model, following our initial acquisition of royalties or streams, our involvement in our Operators' development and operation of the applicable projects will be limited. However, our royalty and streaming agreements typically contain certain operating covenants designed to ensure that Operators are conducting operations in accordance with applicable law and responsible practices, including with WGC and ICMM standards.



**Transfer Restrictions:** Our royalty and streaming agreements may have restrictions that either (a) require our consent for the Operator to transfer the project, or (b) otherwise establish the circumstances in which such transfer is permissible. Such constraints are intended to ensure we continue to be partnered with a quality operator over the life of the agreement.



**Security & Remedies:** Streaming agreements afford us the ability to terminate and recover specific remedies upon a material breach of the contractual provisions, providing us with the flexibility to exit unsuitable arrangements. In many instances, we have security arrangements in respect of our royalty and stream interests (including share, pledges, account pledges, mortgages and corporate guarantees), which would enable us to exert influence in the event of bankruptcy, insolvency or other event of a default.

*We have a robust internal audit program under which we exercise our contractual rights to review and audit operations and conduct site visits. We also closely monitor and rely on all public disclosure of our Operators.*



# OUR OPERATORS

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Operational audit  
at Cobre Panama

We hold royalties and streams over projects that are operated by some of the largest and most recognized Operators in the world.

Below, we have highlighted selected accomplishments of certain of our Operators and have provided links to the various sustainability reports or websites that they produce on a regular basis. The information provided below has been sourced from the respective Operator's sustainability reports or websites. We are proud of the accomplishments and the ongoing commitment to responsible production that our Operators have demonstrated.

Enseña Peru  
leadership program  
participants



Ayni event in  
Ancash Region,  
Peru



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*Our Operators that have been highlighted in this section are committed to responsible mining and to environmental protection, safety and transparency. Each of these Operators\* have committed to the following standards and best practices:*

Expressed support for universal human rights

Respect employees' right to free association and collective bargaining

Banning of forced labour and underage workers

Adoption of UN Guiding Principles on Business and Human Rights

Implementation or support for Voluntary Principles on Security and Human Rights

International Council on Mining & Metals (ICMM) or World Gold Council (WGC) members\*\*

Global Reporting Initiative (GRI) compliant

External assurance of sustainability reporting\*\*

Regular external auditing of all aspects of environmental management systems

Implementation of an ISO 14001 based environmental management system

Health & Safety management systems based on the OHSAS/BSI 18001 Standard

# OUR OPERATORS

\* Certain of these standards have not been implemented by, and are not applicable to, Whitecap Resources Inc., which is an Oil & Gas producer with operations solely located in Western Canada.

\*\* First Quantum Minerals and Lundin Mining are not yet members of industry-specific groups such as the WGC or ICMM. First Quantum Minerals and Teranga Gold do not have external assurance of their sustainability reporting.



## First Quantum Minerals Ltd.

Asset: **Cobre Panama**

Country: Panama

2018 Revenue: \$0

<https://www.first-quantum.com/Corporate-Responsibility/Reports/default.aspx>

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Cobre Panama, is expected to be one of our largest revenue contributors when it is in full production. The project is the largest copper mine in history constructed in a single phase and is expected to start production in 2019.

The Cobre Panama project is situated on the Mesoamerican Biological Corridor, 120 kilometers west of Panama City with about 5,900 hectares of land expected to be impacted directly by the project. As such, bio-diversity protection is extremely important to the project and First Quantum has implemented a bio-diversity action plan which is in line with IFC Performance Standards 6 to protect and conserve the sensitive bio-diversity of the project area.

First Quantum has targeted three specific areas with its bio-diversity plan in regards to the Cobre Panama project.

- First Quantum has committed to landscape-scale support and funding in three protected areas currently threatened by habitat loss in the Mesoamerican Biological Corridor. The three protected areas are Santa Fe National Park (72,636 hectares), Omar Torrijos National Park (25,275 hectares) and a protected area yet to be established in the District of Donoso (150,000 hectares).
- Three reforestation projects in and around the project are part of the bio-diversity initiative by First Quantum. The three initiatives include the 2,400 hectares of reforested areas to date, reforestation inside protected areas that can be permanently protected with the goal of restoring native forests and finally the Mining Rehabilitation Program which will initially stabilize land disturbed by mining activities and then aim to develop a self-sustaining forest cover across the mining footprint.
- The final targeted area is species of concern which addresses the management needs of individual species for which the protect areas plan and reforestation plan may not be sufficient. Each species of concern has a specific focus with individual actions to ensure net positive impact.



**FIRST QUANTUM**  
MINERALS LTD.



*First Quantum has implemented a bio-diversity plan to protect and conserve the sensitive bio-diversity of the project area.*



Checking crops at  
Cobre Panama farm

## Lundin Mining

Asset: **Candelaria**

Country: Chile

2018 Revenue: \$70.5 million

<https://www.lundinmining.com/responsible-mining/sustainability-reports-pdf/>

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# lundin mining

The Candelaria Mining Complex produces copper concentrates from open pit and underground mines located near Copiapó in the Atacama Region of Chile. As the operation is located in the Atacama Region, water usage and conservation is extremely important.

Candelaria site visit by some of our Board members



*Lundin has engaged with residents of nearby communities, such as Tierra Amarilla, Caldera and Copiapó, to understand their interests, concerns and long-term priorities for community development.*

Lundin has recognized this and highlighted the importance of the Copiapó River groundwater source to local communities and the fact that the area has been legally declared a zone of water scarcity. As such, the Candelaria Complex developed and operates a state-of-the-art water desalination facility at its port, Punta Padrones, to supply site-operation water requirements. As a result, this reduces the pressure on water resources in the Region. Candelaria continues to maintain a strong focus on improving water stewardship opportunities, culminating in the establishment of a connection to the municipal system for potable supply in September 2016 and ceasing routine use of groundwater from the Copiapó Valley wells for consumption by employees.

Community involvement is another important facet at the Candelaria operation and one in which Lundin is continually investing in. Lundin has engaged with residents of nearby communities, such as Tierra Amarilla, Caldera and Copiapó, to understand their interests, concerns and long-term priorities for community development. Lundin Mining's Candelaria Mine established Inventa, a community based innovation program, to develop solutions to pressing environment and social issues that directly affect the Tierra Amarilla, Caldera and Copiapó communities. Inventa includes two components: Inventa Comunidad and Inventa Accelerator. Inventa Comunidad begins with a series of entrepreneurial camps where community members develop ideas. The program culminates in a competition with local judges to select the most promising business ideas. Chosen entrepreneurs receive preliminary financing, training and technical assistance to develop their business idea. For the Inventa Accelerator program, they receive further financing, business advice and technical support to help them secure external investment and launch their businesses.

Garden at  
Candelaria  
project





## Glencore

Asset: **Antapaccay**

Country: Peru

2018 Revenue: \$97.5 million

<https://www.glencore.com/sustainability/reports-and-presentations>

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Antapaccay is located in Peru's Espinar province which is one of the poorest regions in Peru with many homes lacking basic necessities, such as running water. Glencore has been active in the area supporting a number of initiatives with the aim to deliver long-lasting socio-economic benefits including health, education and agriculture.

Glencore's operating subsidiary, Compañía Minera Antapaccay S.A. ("Compañía Antapaccay"), built and equipped a hospital in partnership with local and regional government as well as the Health Ministry. This hospital, which Compañía Antapaccay continues to support and fund, has been fully integrated into the public health network.

Education has been a core initiative for the Antapaccay operation with a number of programs implemented. Compañía Antapaccay supports the Education for a New Life program which focuses on reducing illiteracy and works on basic math and communication skills. Compañía Antapaccay estimates that 7% of the local population, of which 75% are women, cannot read. The program to date has encouraged over 1,000 people, of which 90% are women, to read and write. The Espinar Specialised Educational Resource Central (CREE) is another program supported which give children and teenagers additional resources to develop specific skills and abilities. This has been expanded to the CREE Mobile School, a program on wheels, to allow the program to reach more rural areas.

Compañía Antapaccay has provided substantial resources since 2013 in an effort to develop the local livestock sector in the region. The operation provides veterinary assistance, genetic improvement programs for cattle and sheep and water canals. The project runs the PLACME dairy project to support local milk producers which is just one of eight dairy plants with HCAP certification in Peru. This certification guarantees that the products produced are safe and meet national standards.

# GLENCORE

Cattle in Antapaccay region



*Glencore has been active in the area supporting a number of initiatives with the aim to deliver long-lasting socio-economic benefits including health, education and agriculture.*



Franco team during a due diligence visit to Antapaccay

## Teck

Asset: **Antamina**

Country: Peru

2018 Revenue: \$51.1 million

<https://www.teck.com/responsibility/approach-to-responsibility/sustainability-report/>

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# Teck

Our silver stream agreement at Antamina covers Teck's 22.50% interest in Compañía Minera Antamina S.A. ("CMA"). CMA is the joint venture company that operates the Antamina mine which includes BHP Billiton (33.75%), Glencore (33.75%), Teck (22.5%) and Mitsubishi Corporation (10%) as shareholders. CMA has its own management team

and board of directors solely focused on the single operation with extensive resources dedicated to Environmental Management, Social Management, Health & Safety and Corporate Governance.

CMA's technical and environmental standards are part of an Environmental Management System based on the international standard ISO 14001. CMA has also integrated its Health & Safety system with the ISO 14001 Environmental certification into an overall Integrated Management System. The Health & Safety program is certified under the OHSAS 18001 international standard, which establishes a Health and Safety Management System in the workplace under a set of procedures and high work standards.

In regards to Social Management, CMA has decided to undertake an active role in managing the development of an operational area of influence, which encompasses the areas of 6 provinces and 20 districts, with a population of over 115,000 people in Southern Peru. CMA has made significant social investments and has mobilized investment for executing irrigation projects, educative and road infrastructure using the Public Works for Taxes mechanism, agreements to promote technological innovation and agreements with other private companies to improve educational quality. As highlighted below on pages 19 and 20, we have partnered with CMA in supporting Enseña Peru, which is just one of many initiatives that CMA is involved with at the local level.

Reforestation at Antamina



*Franco-Nevada has partnered with CMA in supporting Enseña Peru, which is just one of many initiatives that CMA is involved with at the local level.*

Evening view at Antamina





## Barrick

Asset: **Goldstrike, Hemlo, South Arturo**

Country: USA, Canada, USA

2018 Revenue: \$30.2 million

<https://www.barrick.com/sustainability/>

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Barrick is the operator at three sites on which we have royalty interests. The Goldstrike complex (which includes the South Arturo mine) in northern Nevada exists within what was the traditional territory of the Western Shoshone people while the Hemlo mine in northern Ontario is within close proximity of both the Pic Mobert and Biigtigong Nishnaabeg (formerly Pic River First Nations).

Barrick believes that the Western Shoshone Tribes and Bands that are located near the Nevada operations should realize long-term benefits from the development of mineral resources. Barrick entered into an agreement with a group of Western Shoshone Tribes and Bands which is aimed at maintaining regular, ongoing engagement between Barrick and these Western Shoshone communities and sharing a spectrum of benefits derived from Barrick's operations with this group. Barrick maintains a program of frequent engagement with the Western Shoshone communities, including quarterly meetings hosted by one of the tribes or bands. These meetings include council members, elders, members of various Advisory Committees, and Barrick staff and relevant consultants.

In Ontario, Barrick has agreements in place with Pic Mobert First Nation and Biigtigong Nishnaabeg, which provide a foundation of positive working relationships, specifically with regard to information sharing, environmental impacts, community/cultural support, youth support, capacity building, training and employment. An Implementation Committee has been formed with both First Nations consisting of representatives from the First Nation and the mine. The groups meet every six weeks to facilitate dialogue and maintain interactive relationships.

In October 2015, a memorandum of understanding was signed with the Métis Nation of Ontario. The memorandum's objective is to establish a mutually beneficial, cooperative, productive, and ongoing working relationship between Barrick and the Métis Nation of Ontario in respect of the Hemlo mine.



*In Ontario, Barrick has agreements in place with Pic Mobert First Nation and Biigtigong Nishnaabeg, which provide a foundation of positive working relationships, specifically with regard to information sharing, environmental impacts, community/cultural support, youth support, capacity building, training and employment.*



Hemlo site and reclamation



## Newmont

Asset: **Gold Quarry, Ahafo (Subika)**

Country: USA, Ghana

2018 Revenue: \$23.8 million

<https://www.newmont.com/sustainability/reports/default.aspx>

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In 2018, Newmont was named the Metals and Mining sector leader by the Dow Jones Sustainability World Index (DJSI World) for the fourth year in a row. Newmont was the first gold company named to the index in 2007, and has been included on the DJSI North America Index every year since 2006. Newmont operates the Gold Quarry mine and processing facility in Nevada and the Ahafo (Subika) mine in Ghana, both operations on which we have an interest.



Beneficiary of Newmont Ahafo Development Foundation's micro credit support

Newmont has made numerous commitments on a voluntary basis to relevant global, national and regional organizations and initiatives to inform and improve on its sustainability programs. Newmont participates in United Nations Global Compact and United Nations Guiding Principles on Business and Human Rights, amongst others, on the global initiatives front. Regarding international reporting standards, Newmont commits to the International Cyanide Management Code, International Organization for Standardization–ISO 14001 and 31000, AccountAbility's AA1000 Assurance Standard and GRI (formerly Global Reporting Initiative).

At Ahafo (Subika), local community members represented 40.2 percent of the total workforce, exceeding Newmont's target of 35 percent. With the expansion plans for the Subika underground and Ahafo mill expansion, Newmont implemented a community recruitment program and also offered local community members training on health, safety and environmental practices. Upon completion, participants were eligible to apply for unskilled positions, with 101 people hired out of the 104 who participated in the training.

In 2017, Newmont contributed approximately \$836,000 to the Newmont Ahafo Development Foundation (NADeF), which supports sustainable socioeconomic development projects in the 10 communities near the Ahafo mine. Newmont has contributed a total of \$25.2 million since 2007. Since its inception, NADeF has supported more than 100 education, health, human resource development and infrastructure projects.

*At Ahafo (Subika), local community members represented 40.2 percent of the total workforce, exceeding Newmont's target of 35 percent.*

Pierre Lassonde visiting the Subika Project



## Teranga Gold Corporation

Asset: **Sabodala**

Country: Senegal

2018 Revenue: \$28.5 million

<https://www.terangagold.com/responsibility/reports-and-documents/default.aspx>

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Teranga is the operator of the Sabodala operation in Senegal and is now advancing construction of its second gold mine. As a single-mine operator, Teranga has received numerous distinguished awards over the past few years recognizing its Environmental, Social and Governance achievements. These distinctions include: 2016 United Nations Global Compact Network Canada Sustainability Award; Four Time Winner of Corporate Knights Future 40 Responsible Corporate Leaders in Canada; 2016 Capital Finance International: Best ESG Responsible Mining Management West Africa; 2017 Prospectors & Developers Association of Canada, Environmental & Social Responsibility Award; and 2017 RSE (Responsabilité Sociale et Environnementale) Senegal Award.



As part of its social license to operate in Senegal, Teranga has developed a community development fund, known as the Sabodala Social Fund which empowers communities to develop solutions and projects that will support their long-term socioeconomic growth once the mining operations cease production. In 2017, the Sabodala Social Fund and Gora Fund (supporting the communities affected by the Gora Project) provided a combined total of \$1M to support activities ranging from market gardens to cattle farming. Through these two funds Teranga committed a total of \$1.4M for 2017, with any of such funding unspent by year-end being applied to future years' community programs.

The next stage of community support for Teranga will involve the resettlement of the Sabodala and Medina Sabodala villages, both long-standing communities surrounding the mine. In 2018, significant activities were underway with respect to the resettlement of these two villages. A well-planned and executed resettlement of Sabodala and Medina Sabodala, along with a livelihood restoration process plan, will help mitigate, manage and compensate for the impacts of the relocation. According to Teranga, 94% of the Sabodala employees are Senegalese, with 13% from the Kédougou region, 6% from Tambacounda, and 32% from surrounding villages.



*Teranga has received numerous distinguished awards over the past years recognizing its Environmental, Social and Governance achievements.*



Garden nursery  
at Sabodala



## Whitecap Resources Inc.

Asset: **Weyburn**

Country: Canada

2018 Revenue: \$35.6 million

<https://www.wcap.ca/corporate-responsibility/sustainability-report.html>

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The Weyburn Unit in southeast Saskatchewan is a CO<sub>2</sub> injection enhanced oil recovery development. Since its inception in 2000, more than 30 million tonnes of CO<sub>2</sub> have been stored 1.5 km underground according to Whitecap Resources. In addition to having carbon storage benefits, injecting CO<sub>2</sub> helps oil come to the surface more easily and improves the efficiency

of production, maximizing the ultimate recovery of oil originally in place.



*Whitecap Resources estimates that the annual volume of carbon dioxide stored at the Weyburn Unit exceeds the combined direct and indirect GHG emissions of the entire company.*

The CO<sub>2</sub> is transported as a liquid from two separate industrial sources. At the source, the CO<sub>2</sub> is captured and compressed before transmission via pipeline to Weyburn. The CO<sub>2</sub> in liquid form is then injected at high pressure into the Weyburn Unit. The gas stream that is recovered with the oil production is processed for natural gas liquids and the remaining CO<sub>2</sub> volume is reinjected into the formation on an ongoing basis. Accordingly, with minor adjustment for losses, all of the CO<sub>2</sub> purchased and transported by pipeline for injection at Weyburn constitutes additional CO<sub>2</sub> volumes stored each year.

Whitecap Resources conducted studies in order to confirm whether the CO<sub>2</sub> injected and stored underground at the Weyburn Unit actually remains there. According to Whitecap Resources, for the 10 years prior to Whitecap's acquisition of the Weyburn Unit, a research team from St. Francis Xavier University conducted extensive measurements of surface casing vent flows to ensure well integrity and CO<sub>2</sub> retention. Results from the studies indicate that the CO<sub>2</sub> remains stored in the formation without the escape of injected gases.

Whitecap Resources estimates that the Weyburn Unit stores about 2 million tonnes of CO<sub>2</sub> annually as part of the enhanced oil recovery process and that the annual volume of carbon dioxide stored at the Weyburn Unit exceeds the combined direct and indirect GHG emissions of the entire company.

Weyburn  
pumping jack





# COMMUNITY AND SOCIAL CONTRIBUTIONS

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## Enseña Peru

In 2018, we agreed to partner with Compañía Miñera Antamina S.A., the joint venture company that operates the Antamina project in Peru, in supporting Enseña Peru. Enseña Peru is a partner of Teach For All, which is a network of 46 independent, locally led and governed partner organizations aimed at providing educational opportunities to children. Enseña Peru aims to improve education at existing schools in the region which Compañía Miñera Antamina S.A. has historically supported. We agreed to a commitment of \$300,000 in each of 2018 and 2019, to help fund the program.

Enseña Peru's main objective is to supplement the Peruvian education ministry's efforts in filling teaching positions in schools. Enseña Peru takes volunteer teachers and other professionals, guides them through a three-month leadership program and then posts them in different schools and communities for two-year terms. Their other effort is to train existing teachers and increase cooperation through their Qué Maestro Program, which focuses on the development of pedagogical skills and leadership in public school teachers.

Currently Enseña Peru has 135 teachers in the field focused primarily in the Lima city district and the Ancash Region to the north, which is the region that hosts the Antamina project. During 2018, the program had 67 professionals in the Province of Huari in the Ancash Region who worked as teachers vastly improving the academic and personal development of their students and working with communities in the districts of San Marcos, Chavín de Huántar, Huachis and San Pedro de Chaná. Enseña Peru also formed a young peoples' group called "Runayay" in the Ancash Region to supplement these efforts. Collectively, Enseña Peru calls these initiatives and the immediate improvements that they have accomplished, the "Ancash Effect".



Community sponsored  
event



*"Enseña Peru has  
the goal that by 2032,  
8 out of 10 Peruvian  
children and young  
people will receive  
a quality education."*

Luis Rivas,  
Advancement Officer



Enseña Peru  
community meeting

## (ESG)

Environmental,  
Social and  
Governance  
Report



Leadership  
program at  
Enseña Peru

Other recent efforts of Enseña Peru include the implementation of an event (called “Ayni”) where students, directors, teachers, authorities, parents, and different organizations come together to discuss education. Another important step was the signing of an agreement with the Regional Office of Education of Ancash (Dirección Regional de Educación de Ancash) for the next two years, which will allow Enseña Peru to continue working to develop the education of children and youth in the districts of San Marcos, Chavín de Huántar, Huachis and San Pedro de Chaná.



Enseña Peru's  
Qué Maestro Program  
participants

With additional funding, Enseña Peru hopes to expand its mission to more schools which in turn will benefit more students. To learn more about Enseña Peru or contribute to the initiative, visit: <http://ensenaperu.org/>



Community  
sponsored event



## Other Contributions and Initiatives

From time-to-time Franco-Nevada contributes to other social and community initiatives and, in accordance with our Investment Principles (Environmental, Social and Governance), we have undertaken to consider partnerships with our Operators to support projects in the communities associated with its producing assets.



In 2012, we committed to fund \$500,000 over five years to support the Goodman School of Mines at Laurentian University in Sudbury, Ontario. From 2013 to 2017 we made annual contributions of \$100,000 under this commitment.



We are a proactive member of the World Gold Council ("WGC") Board and, in 2012, led the establishment of the WGC's new Conflict-Free Gold Standard to combat the potential misuse of mined gold to fund unlawful armed conflict. David Harquail, our Chief Executive Officer and Director, is the current Chair of the WGC.



We are the primary sponsor of the Prospectors & Developers Association of Canada ("PDAC") annual awards that recognize industry successes in exploration, development, safety, environmental stewardship and aboriginal cooperation.



We have sponsored the Toronto chapter of Young Mining Professionals ("YMP") since its inception in 2015. YMP is a growing international association of mining professionals based in major mining centres across the world, that share the goal of advancing the global profile and leadership of the mining and exploration industry.



We are perennial contributors to United Way, an international organization that works with non-profits, government, community agencies, corporate partners, labour and donors to improve lives by mobilizing the caring power of communities around the world to advance the common good. Each year from September to November, our Toronto office runs a campaign to raise funds for this worthy cause and in the past five years, we have raised over \$200,000.



In 2019, we agreed to partner with Detour Gold in supporting Threads of Life, a Canadian charity dedicated to supporting families after a workplace fatality, life-altering injury or occupational disease.



Franco team at TSX  
Opening Bell

### Franco-Nevada Related Policies & Statements

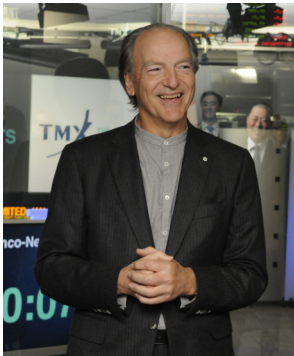


- Investment Principles (Environmental, Social and Governance)



## Individual Philanthropic Contributions

Our directors and management support philanthropic and charitable efforts using their own personal resources. Notwithstanding our corporate commitments, our overall philosophy is that Franco-Nevada is a steward of shareholders' capital and charity is a decision best made with one's personal resources rather than the shareholders. In accordance with our Corporate Responsibility Policy, we are committed to supporting our employees' efforts to contribute to society through non-profit charitable activities.



Pierre Lassonde, Chair

### PIERRE LASSONDE

As a philanthropist, Pierre Lassonde, Chair of Franco-Nevada's Board of Directors, has made generous donations to many educational institutions and is a \$25 million benefactor of the Lassonde Entrepreneur Institute at the University of Utah, which according to Bloomberg Businessweek, ranks second in the USA for 2018 for full-time MBA entrepreneur programs. In 2011, he donated \$25 million to expand the School of Engineering at York University, where the Computer Science & Engineering Building was renamed the Lassonde Building in honor of his generosity over the years. He established the Lassonde Chair in Mining Engineering at the University of Toronto in 1996, followed by the Lassonde Mineral Engineering Program and the Lassonde Institute for Engineering Geosciences in 2000. Mr. Lassonde served as Chair of the World Gold Council from 2005 to 2009. A passionate supporter of Canadian art, Mr. Lassonde served as Chair of the Musée National des Beaux Arts du Québec from 2006 to 2016. Under his leadership an iconic new \$100 million pavilion bearing his name was inaugurated in Quebec City in 2016. Mr. Lassonde was appointed in 2015 as Chair of the Canadian Arts Council, the national granting body overseeing over \$250 million in distribution to the artistic communities of Canada. Mr. Lassonde was named in December 2018, by Les Affaires, as the most socially committed senior leader of our times. In February 2019, the Mining and Metallurgical Society of America awarded him with the Gold Medal in recognition of his career achievements.



The Pierre Lassonde  
Pavilion at the Musée  
National des Beaux  
Art du Québec

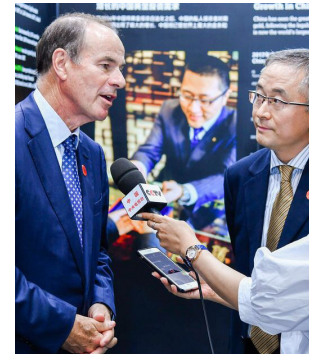


## (ESG)

Environmental,  
Social and  
Governance  
Report

### DAVID HARQUAIL

In 2016, our Chief Executive Officer, David Harquail, through his family's Midas Touch Foundation, an organization that supports charities, hospitals, education and the arts, made a \$10 million donation to support Laurentian University's Harquail School of Earth Sciences and its Mineral Exploration Research Centre (MERC). Mr. Harquail's donation, together with concurrent \$49 million federal government funding, is a step towards making Laurentian University the leading centre for mineral exploration research in the world. In 2018, Mr. Harquail's family foundation donated \$5 million to establish the Harquail Centre of Neuromodulation at Sunnybrook Health Sciences in Toronto. In addition, Mr. Harquail serves on the Toronto and York Region United Way Cabinet and is on the Campaign Cabinet for the Greater Toronto United Way responsible for support from the resource sector.



David Harquail,  
Chief Executive Officer



Harquail family  
at the Harquail Centre  
of Neuromodulation  
located at Sunnybrook  
Health Sciences  
in Toronto

### OTHER EXECUTIVE INITIATIVES

All members of the executive team are also involved in non-profit activities. Paul Brink, President and Chief Operating Officer serves on the Fund Raising Cabinet for the YMCA of Greater Toronto and on the Board of Trails Youth Initiatives. The YMCA of Greater Toronto tackles the most critical social issues in the GTA and offers children, teens, young adults and families the opportunity for personal growth, community involvement and leadership. Trails Youth Initiatives runs a four year program for vulnerable youth from Toronto that challenges and equips them to become contributing members of the community. Mr. Brink is also a member of the United Way Major Donor Circle.



#### Franco-Nevada Related Policies & Statements



- Corporate Responsibility Policy

Members of Franco  
team attending  
a Trails Youth  
Initiatives event

# OUR IMPACT

## (ESG)

Environmental,  
Social and  
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Report

Workplace incidents reported since our IPO (#)

Lost days due to workplace injuries since our IPO (#)

Workplace deaths since our IPO (#)

Instances of occupational diseases since our IPO (#)

Health & safety fines, litigation and liabilities since our IPO (#)

Strikes or lock-outs since our IPO (#)

Voluntary Turnover Rate in previous 12 months (%)

Reports of violence or harassment (#)

# ZERO

## Labour and Health & Safety

We have 34 full-time employees working in office spaces located in Canada, Barbados, the United States and Australia. We do not control or have direct influence on the operations of any of the properties over which we have an interest and we operate solely within office environments.

Given our business model and office environment, the health and safety of our employees are not typically direct risks to our company. Notwithstanding, our team travels extensively to visit mining and oil & gas operations to conduct due diligence and scheduled audits. We have a Health & Safety Policy applying to our company (including all subsidiaries) and employees necessitating compliance with applicable legal and regulatory health and safety requirements of the jurisdictions in which we operate and setting out standards for a safe work environment, including a workplace free from injuries and from violence and harassment. Our Health & Safety Policy is complemented by our Discrimination, Harassment & Equal Opportunity Policy, which provides for a procedure in the case of any incident of discrimination, harassment or violence, including the reporting of the occurrence to our Chief Legal Officer, the oversight of the policy by our Compensation and Corporate Governance Committee (“CCGC”) and delegation by the CCGC to our Committee of Executive Officers, and the provision of education and training programs from time-to-time. Further, in accordance with our Corporate Responsibility Policy, we are committed to make a positive impact on social issues including, in the procurement of goods and services in support of our offices.

In accordance with our Discrimination, Harassment & Equal Opportunity Policy and as enshrined in the Canadian Charter of Rights and Freedoms, we are supportive of the fundamental freedoms of our employees (and of all individuals), including the freedom of thought, belief, opinion and expression, the freedom of peaceful assembly and the freedom of association. None of our employees are organized by a trade union or labour union and there are no collective bargaining agreements in place in respect of our staff or company. As such there have been no strikes or lock-outs in Franco-Nevada’s history.

Beyond the confines our company, our affiliates and our employees, as a member of the World Gold Council, we are opposed to activities which cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law. Such abhorrent activities include forced labour or child labour and any activity that seriously endangers the health and safety of its workers or the surrounding community.

### Franco-Nevada Related Policies & Statements



- Health & Safety Policy
- Discrimination, Harassment & Equal Opportunity Policy
- Corporate Responsibility Policy



Members of our  
Barbados team



## Environment

In terms of our own environmental impact, our carbon footprint is very small. Our workforce, consisting of 34 full-time employees, operates solely within office environments including at our head office in Toronto in Commerce Court located at 199 Bay Street in Toronto, Ontario. Our remaining staff work in office spaces located in Barbados, the United States and Australia.

In December 2017, Commerce Court West (the office tower in which we are located) achieved BOMA BEST Platinum level certification. This is the highest level of certification in the BOMA BEST green buildings certification program. BOMA BEST is Canada's largest environmental assessment and certification program for existing buildings. The BOMA BEST Sustainable Buildings certification recognizes excellence in energy and environmental management and performance in commercial real estate.

Commerce Court is certified LEED EB Gold reflecting the successful implementation of its long-term sustainability strategy and an ongoing commitment to the environment and other sustainability focused initiatives. The LEED Canada EB rating system applies a rigorous internationally-recognized standard measuring and evaluating the effectiveness of a property's sustainable practices and policies in a range of green categories. LEED EB addresses whole building cleaning, general maintenance issues, recycling programs, exterior maintenance and systems upgrades or modernization.



Our own greenhouse gas emissions at our head office at Commerce Court in Toronto are set out on the following page and subdivided into in-suite and common energy, chilled water, heating fuels, water and waste. These figures reflect our entire leasing history at Commerce Court, following our relocation here mid-way during 2013 until the end of 2018.

Commerce Court West,  
Toronto

## (ESG)

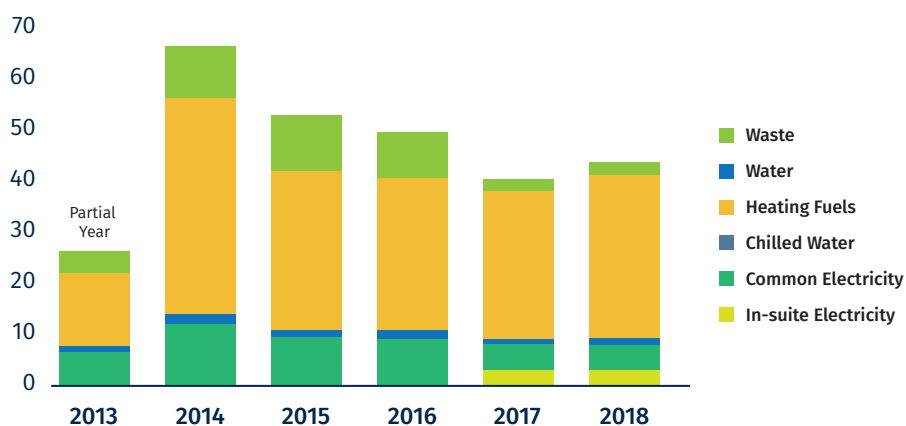
Environmental,  
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Report



Commerce Court West  
King Street entrance  
atrium

### Our Annual Greenhouse Emissions (tCO<sub>2</sub>e) From Mid-2013 to 2018

\* Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) is a standard unit in carbon accounting to quantify greenhouse gas emissions.



### Breakdown of Utility Usage comprising our Annual Greenhouse Gas Emissions from Mid-2013 to 2018

Utility	Unit	Activity Data					
		2013	2014	2015	2016	2017	2018
In-Suite Electricity	kWh	0	0	0	0	78,105	77,221
Common Electricity	kWh	178,689	331,115	256,221	245,826	134,773	138,181
Chilled Water	ton-h	26,637	44,989	32,987	36,491	28,993	30,782
Heating Fuels	m3	1,449	3,346	1,967	1,945	1,749	1,895
Water	m3	488	879	727	738	722	747
Waste	kg	2,136	4,915	5,378	4,430	1,344	1,311
Steam	lbs	154,343	484,176	370,959	355,214	344,738	383,216

Franco-Nevada  
Related Policies  
& Statements



• Commerce Court  
Sustainability Report



## Human Rights & Diversity

### DIVERSITY

We are committed to diversity among our employees, executive officers and on our Board. In 2015, our Board adopted the Diversity Policy relating to identifying women as candidates to recommend for appointment/election to the Board and for appointment/promotion to senior management positions. Pursuant to the Diversity Policy, the CCGC will seek out highly-qualified candidates for Board and/or senior management positions and will specifically consider diversity criteria including gender, ethnicity and geographic background when identifying candidates.

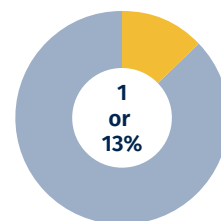
In 2019, we updated our Diversity Policy to include a target for women representatives on our Board of Directors. By 2022, we intend on having our Board comprised of at least 30% women directors. We are confident that additional meaningful progress will be achieved in improving gender diversity on the Board over the next few years. The Diversity Policy provides that the Board will review the policy annually to ensure that it is effective in achieving its objectives. Any further changes to the policy as well as additional diversity achievements will be reported annually in our management information circular.

Where appropriate, CCGC can engage qualified independent external advisors to conduct a search for candidates that meet the Board's skills and diversity criteria to help achieve its diversity goals. As all recommendations of director nominees and appointments of executive officers need to be approved by the CCGC, the Board has concluded that appropriate measures are in place to ensure that the Diversity Policy is effectively implemented.

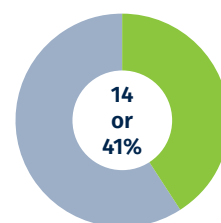
Our Board and CCGC have been considering the level of representation of women on the Board in identifying and nominating candidates for election and re-election to the Board. Over the past several years, the CCGC has been proactive and has considered and interviewed several women as potential Board members. Initially the Board was focused on recruiting a director with a strong technical mining background and Dr. Farrow was elected by shareholders at our 2015 annual and special meeting. With Dr. Farrow on the Board, for 2019, one of our eight (12.5%) directors is a woman.



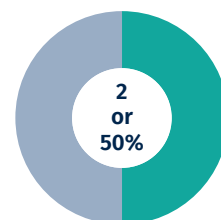
Members of our  
Toronto team



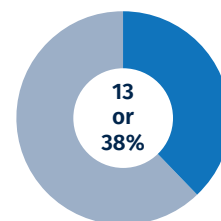
Women on  
Board of Directors



Women in  
Entire Company



Visible Minorities in  
Senior Executive  
Positions



Visible Minorities in  
Entire Company



Honorary Director Graham Farquharson (right) with CEO David Harquail

*Franco-Nevada has adopted a target for women on our Board—by 2022, we intend on having our Board comprised of at least 30% women directors.*

In 2017 and 2018, the Board conducted an extensive recruitment process for a new woman director. The Board identified a candidate, following a process where each Board member and executive officer interviewed the candidate to determine whether she possessed the experience and skill set desired to be added to the Board. Following numerous Board discussions, it was unanimously agreed to put forward the woman candidate as a nominee for election and she accepted subject to obtaining a required consent from her previous employer, which was ultimately not provided. In 2019, we believe the same individual will obtain the necessary consent and will be nominated to our Board. The Board's commitment to improving gender diversity is evidenced by the considerable amount of time and resources spent during this most recent recruitment process and the Board will continue to focus on adding additional women directors to the Board.

We consider the level of representation of women in executive officer positions when making executive officer appointments. Between 2007 and 2012, we had two women in Named Executive Officer positions, a clear demonstration of our commitment to gender diversity at the highest executive level. One executive retired and the other decided to pursue other opportunities. After the CEO, 67% of our current executive officers are members of visible minorities reflecting our commitment to diversity more broadly. During 2016, additional gender diversity progress was made through the hiring of a woman for a senior level position (Director of Finance) and the internal promotion of another woman to a senior level position (Controller). We will continue to seek out and consider women as candidates in all positions as they become available, including executive officer positions.

## DISCRIMINATION, HARASSMENT AND EQUAL OPPORTUNITY

We have a Discrimination, Harassment and Equal Opportunity Policy which provides the framework to maintain an environment free of discrimination and harassment, in which all individuals are treated with respect and dignity, are able to contribute fully and have equal opportunities. Grounds for discrimination include age, religion, sex, gender, family or marital status, disability, race, ancestry, place of origin, ethnic origin, citizenship, colour, record of offences, and any other ground that is listed in human rights legislation that applies to the jurisdiction in which we are operating. Such policy also provides that we are supportive of the fundamental freedoms of our employees (and of all individuals), including the freedom of thought, belief, opinion and expression, the freedom of peaceful assembly and the freedom of association.

The Discrimination, Harassment and Equal Opportunity Policy also deals with harassment and workplace violence. This policy articulates our position with respect to: (i) diversity, equal opportunity, discrimination, harassment and threats or acts of violence; (ii) reporting inappropriate conduct, harassment and workplace violence; (iii) disciplinary measures; and (iv) the development of procedures to prevent and address human rights issues.

### Franco-Nevada Related Policies & Statements



- Diversity Policy
- Discrimination, Harassment and Equal Opportunity Policy



## Governance & Integrity

We strive to meet rigorous standards of corporate governance, following industry best practices and satisfying legal, regulatory, TSX and NYSE requirements. We monitor regulatory changes, and we routinely review evolving governance practices in order to identify those that will best serve the interests of our shareholders.

### ENGAGEMENT WITH SHAREHOLDERS

#### Say-on-Pay

Each year our shareholders are given the opportunity to vote on an advisory basis “for” or “against” our approach to executive compensation. Since the vote is advisory, it is not binding on the Board or the CCGC. However, the Board and, in particular, the CCGC, will consider the outcome of the vote as part of its ongoing review of executive compensation. At our 2018 Annual Meeting, 94.48% of votes were in favour of our approach to executive compensation and we have had greater than 86% approval in every year since inception of the Say-on-Pay regime in 2010.



#### Communication and Collaboration

On November 11, 2010, our Board adopted a policy entitled Board of Directors' Engagement with Shareholders on Governance Matters. The policy provides that it is important to have regular and constructive engagement directly with our shareholders to allow and encourage shareholders to express their views on governance matters directly to our Board outside of our annual meetings. These discussions are intended to be an interchange of views about governance and disclosure matters that are within the public domain and will not include a discussion of undisclosed material facts or material changes. This policy further provides that our Board will continue with developing practices to increase engagement with our shareholders as is appropriate for our shareholder base and size. This policy also provides that our Board recognizes that shareholder engagement is an evolving practice in Canada and globally and will review its shareholder engagement policy annually to ensure that it is effective in achieving its objectives.

Our shareholders and other interested parties may communicate with any member of the Board of Directors, including the Chair of the Board, and our independent directors as a group, by contacting the Chief Legal Officer & Corporate Secretary at 199 Bay Street, Suite 2000, P. O. Box 285, Commerce Court Postal Station, Toronto, Ontario, Canada M5L 1G9.



David Peterson,  
Chair of CCGC

*Our Board recognizes that shareholder engagement is an evolving practice in Canada and globally and will review its shareholder engagement policy annually to ensure that it is effective in achieving its objectives.*



## ALIGNMENT: DIRECTORS & SHAREHOLDERS

### Minimum Equity Investment

With a view of aligning the interests of directors with those of our shareholders, each of our non-employee directors is required to hold a minimum equity investment in Franco-Nevada equivalent in value to three times their annual retainer in the form of our common shares and/or Deferred Share Units (“DSUs”) held pursuant to the DSU Plan. Each director has a period of three years from the date of his/her first election by shareholders or appointment by the Board, as applicable, to satisfy the minimum equity investment requirement. If a director has not achieved the minimum equity investment at the time of any options being exercised by the director, he or she will be required to continue to hold at least 50% or such lesser number of common shares issuable upon the exercise of such options as required to achieve the minimum equity ownership requirements. The value of the equity investment of a director at any time will be based on the current market value of the common shares, and of the DSUs under the DSU Plan. Based on the annual retainer for fiscal 2018, the minimum equity investment is \$135,000.

### Independence

An independent Board is comprised of directors who have no direct or indirect relationships with a company that could reasonably interfere with the exercise of the directors’ independent judgement. This will avoid potential conflicts of interests and enable a board of directors to consider the best interests of its shareholders.

Our Board has concluded that seven directors (Messrs. Lassonde, Peterson, Gignac, Oliphant, Evans and Albanese and Dr. Farrow) are “independent” for purposes of Board membership, as provided in NI 58-101 and by NYSE listing standards, and therefore all of the directors are “independent” other than Mr. Harquail, by virtue of his position as our CEO. Our Board has also considered the independence of its directors more generally, and whether they are “related” or “affiliated” as defined by various governance rating agencies and confirms its view that Messrs. Lassonde, Peterson, Gignac, Oliphant, Evans and Albanese and Dr. Farrow are not “related” or “affiliated” with Franco-Nevada in such a way as to affect their exercise of independent judgment.

*All of our directors are “independent” other than Mr. Harquail, by virtue of his position as our CEO.*

Board of Directors  
site visit in Texas  
(Midland Basin)



## (ESG)

Environmental,  
Social and  
Governance  
Report

### Majority Voting Policy

We have a majority voting policy which ensures that our shareholders can vote separately for each director nominee and that, if a director nominee has more “withhold” votes than votes in “favour”, the nominee will be considered not to have received the support of a majority of shareholders, even though duly elected as a matter of corporate law. Such a nominee would immediately tender his or her resignation to the Board, which the Board would be expected to accept absent of extraordinary circumstances.

## ALIGNMENT: MANAGEMENT & SHAREHOLDERS

### Minimum Equity Investment

With a view to aligning the interests of executive officers with those of our shareholders, each of our executive officers is required to hold a minimum equity investment in Franco-Nevada equivalent in value to a multiple of such executive officer’s then current base salary, depending on such executive officer’s level of responsibility. The requirement is to be satisfied in the form of our common shares and Restricted Share Units (“RSU”). Each executive officer has a period of three years from the date on which he/she commenced employment as an executive officer, to satisfy the minimum equity investment requirement. If an executive officer has not achieved the minimum equity investment at the time of any options being exercised by the executive officer, he or she will be required to continue to hold at least 50% or such lesser number of the common shares issuable upon the exercise of such options as required to achieve the minimum equity ownership requirements and if an executive officer has not achieved the minimum equity investment at the time of any RSUs vesting, the executive officer will be required to continue to hold at least 50% or such lesser number of the common shares issuable upon the RSUs vesting required to achieve the minimum equity ownership requirements. For the purpose of determining the value of the equity investment of an executive officer at any time, the value of common shares and RSUs held by such executive officer will be based on the current market value of the common shares held and of the RSUs.



Lloyd Hong (Chief Legal Officer) and Sandip Rana (Chief Financial Officer)



Recent Annual General Meeting



## (ESG)

Environmental,  
Social and  
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Report



### Clawback

Our Named Executive Officers have each agreed to a clawback of their incentive compensation if our financial statements are required to be restated due to the fraudulent behaviour or other intentional misconduct of such executive officers or they are found to have engaged in intentional, egregious misconduct whether or not Franco-Nevada's financial statements are required to be restated. In each case, they have agreed to reimburse Franco-Nevada for, or forfeit, as applicable, any entitlement to any bonus or other incentive-based or equity-based compensation received by them during the 12 month period following the issuance/filing of the financial statements required to be restated or during the 12-month period prior to when we become aware of the misconduct, as applicable.

## CODE OF BUSINESS CONDUCT AND ETHICS

Our Board has adopted a written Code of Business Conduct and Ethics (the "Code") for our directors, officers and employees. The Code reflects our core values of honesty, responsibility and fairness and addresses the following matters: compliance with laws, rules and regulations; conflicts of interest; confidentiality; corporate opportunities; protection and proper use of corporate assets; competition and fair dealing; gifts and entertainment; payments to government personnel; discrimination, harassment and equal opportunity; health and safety; accuracy of company records and reporting; use of e-mail and internet services; loans to or guarantees of obligations of our personnel; and reporting of any illegal or unethical behaviour.

*Our Code of Business Conduct and Ethics reflects our core values of honesty, responsibility and fairness.*

With respect to the issue of conflicts of interest in particular, our officers, directors or other insiders may hold senior positions with other entities, including entities involved in the resource industry or may otherwise be involved in transactions within the resource industry and may develop other interests outside Franco-Nevada. In the event that any such conflict of interest arises (or could potentially arise) for a director, such director will be required to disclose the conflict in a meeting of our directors and abstain from voting for or against the approval of such participation or such terms. In the event that any such conflict of interest arises (or could potentially arise) for one of our officers or other insiders, such person will be required to disclose the conflict to our Chief Legal Officer and abstain from participating in any discussions related to such matter and our Board will be apprised of such conflict. In appropriate cases, we will establish a special committee of independent directors to review a matter in which several or our directors, or management, may have a conflict. Any decision made by any of such directors involving Franco-Nevada will be required to be made in accordance with their duties and obligations to deal honestly and in good faith with a view to the best interests of Franco-Nevada and our shareholders.

Our CCGC monitors compliance with the Code and is responsible for granting any waivers from the application of the Code and reviews management's monitoring of compliance with the Code. To date, no such waivers have been granted.

Under the Code, our personnel are expected to talk to supervisors, managers or other appropriate personnel including our Chief Legal Officer about observed illegal or unethical behaviour and when in doubt about the best course of action in a particular situation. All of our personnel are required to co-operate in internal investigations of misconduct. In situations where such personnel prefer to place an anonymous report in confidence, they are encouraged to use the Franco-Nevada Compliance Line, hosted by a third party hotline provider, EthicsPoint.

## BUSINESS INTEGRITY POLICY

Our Board has a Business Integrity Policy for our directors, officers and employees, which is intended to supplement the Code. This Business Integrity Policy is intended to ensure that we do not receive an improper advantage in our business dealings and that all payments and expenses are properly recorded in our financial books and records and addresses the following matters. Among other things, the policy provides guidance on dealing with our agents, contractors and with public officials, acceptance of gifts, making political contributions and dealing with certain types of payments. Our employees are obligated to promptly report any violations of the policy to our Chief Legal Officer who will in turn report to our Chief Financial Officer and our Audit and Risk Committee (the “ARC”).

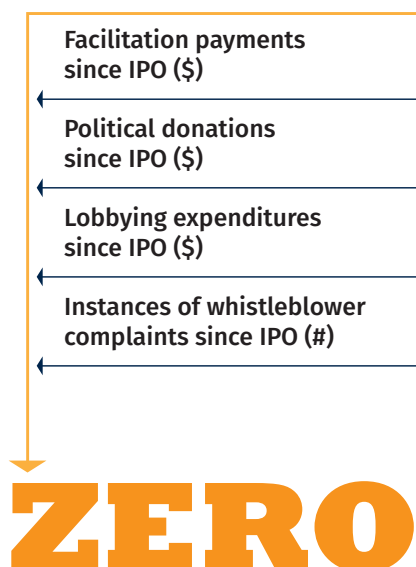


Jason O'Connell,  
Vice President,  
Oil and Gas

## WHISTLEBLOWER POLICY

Our Board has adopted employee complaint procedures for accounting and auditing matters (collectively, the “Whistleblower Policy”) for our directors, officers and employees to enable such personnel to submit good faith complaints relating to any questionable accounting or auditing matter. The Whistleblower Policy outlines how our employees with a good faith concern about any accounting or auditing matter can report those concerns directly to our Chief Legal Officer, and on an anonymous basis, directly to the Chair of the ARC. To date, there have been no employee complaints under the Whistleblower Policy.

*Our Business Integrity Policy is intended to ensure we do not receive improper advantage in our business dealings*





Recent AGM

## POLICY CONCERNING CONFIDENTIALITY, FAIR DISCLOSURE AND TRADING IN SECURITIES

Our Board has adopted a Policy Concerning Confidentiality, Fair Disclosure and Trading in Securities, which serves as our corporate disclosure policy and insider trading policy. This policy applies to our directors, officers and employees to ensure that such personnel comply with securities legislation and the rules of applicable stock exchanges relating to insider trading, tipping and selective disclosure.

With respect to confidentiality and disclosure, this policy generally outlines principles of confidentiality and guidelines for maintaining confidentiality, disclosure principles and guidelines for disclosure (including who the authorized spokespersons are and how discussions with the investing community will occur), what constitutes material information, what is non-public information and how forward-looking information should be disclosed.

With respect to trading in our Franco-Nevada securities, this policy generally outlines prohibitions on trading, our policies on trading windows and black-out periods, required pre-approval for trades by insiders and sanctions if improper trading were to occur. This policy also prohibits the entering into of any “equity monetization” transactions or purchases of financial instruments that are designed to hedge or offset a decrease in market value of equity securities. This policy requires our personnel to report any violations immediately to our CEO or our Chief Legal Officer.

### Franco-Nevada Related Policies & Statements



- Majority Voting Policy
- Code of Business Conduct and Ethics
- Business Integrity Policy
- Whistleblower Policy
- Policy Concerning Confidentiality, Fair Disclosure and Trading in Securities



# ABOUT THIS REPORT

(ESG)

Environmental,  
Social and  
Governance  
Report

## Scope

This Environmental, Social & Governance (ESG) Report (the “Report”) includes information about Franco-Nevada Corporation and its subsidiaries (“Franco-Nevada” or “we” or “our”).



This Report complements the information on the results of our operations and financial condition provided in our most recent Annual Report and governance and executive compensation information disclosed in the Management Information Circular available at [www.franco-nevada.com](http://www.franco-nevada.com) and filed with the Canadian securities regulatory authorities on [www.sedar.com](http://www.sedar.com) or with the SEC on [www.sec.gov](http://www.sec.gov).

Certain information is based on the public disclosure of our Operators and has not been independently verified by Franco-Nevada.

## Reporting Period

All data and examples contained in this Report reflect activities undertaken during the 2018 fiscal year, unless otherwise noted.

## ESTMA

Franco-Nevada supports efforts to increase transparency and accountability in the mining and oil and gas industries. Please refer to Franco-Nevada’s enrollment with Extractive Sector Transparency Measures Act (“ESTMA”) on the page: [www.franco-nevada.com/investors/ESTMA](http://www.franco-nevada.com/investors/ESTMA)

## NYSE Rules

As a foreign private issuer listed on the New York Stock Exchange (“NYSE”) and a company listed on the Toronto Stock Exchange (the “TSX”), we are generally permitted to follow the corporate governance practices and guidelines applicable to Canadian issuers under Canadian corporate and securities laws, including National Instruments 52-110 and 58-101 and National Policy 58-201, as well as the rules of the TSX. We are, however, required by Section 303A.11 of the NYSE Listed Company Manual to identify any significant ways in which our corporate governance practices differ from those required to be followed by U.S. domestic companies under NYSE listing standards. There are no significant differences between our corporate governance practices as compared to the NYSE standards.

## Currency

All amounts in this document are in Canadian dollars unless otherwise noted.

## Feedback

We’d like to hear what you think about our ESG Report or any aspect of our ESG and sustainability efforts. Please send any questions or comments to [info@franco-nevada.com](mailto:info@franco-nevada.com).