

ECONOMIC VALUE



Syncrude is committed to responsible oil sands development. Toward this, we aim to create sustained economic value for our local communities of interest and all Canadians. This is achieved through strong safety, reliability and environmental performance and by sharing the opportunities and benefits generated by our operations. We recognize we are measured on not just the crude oil we produce, but how well we do it.

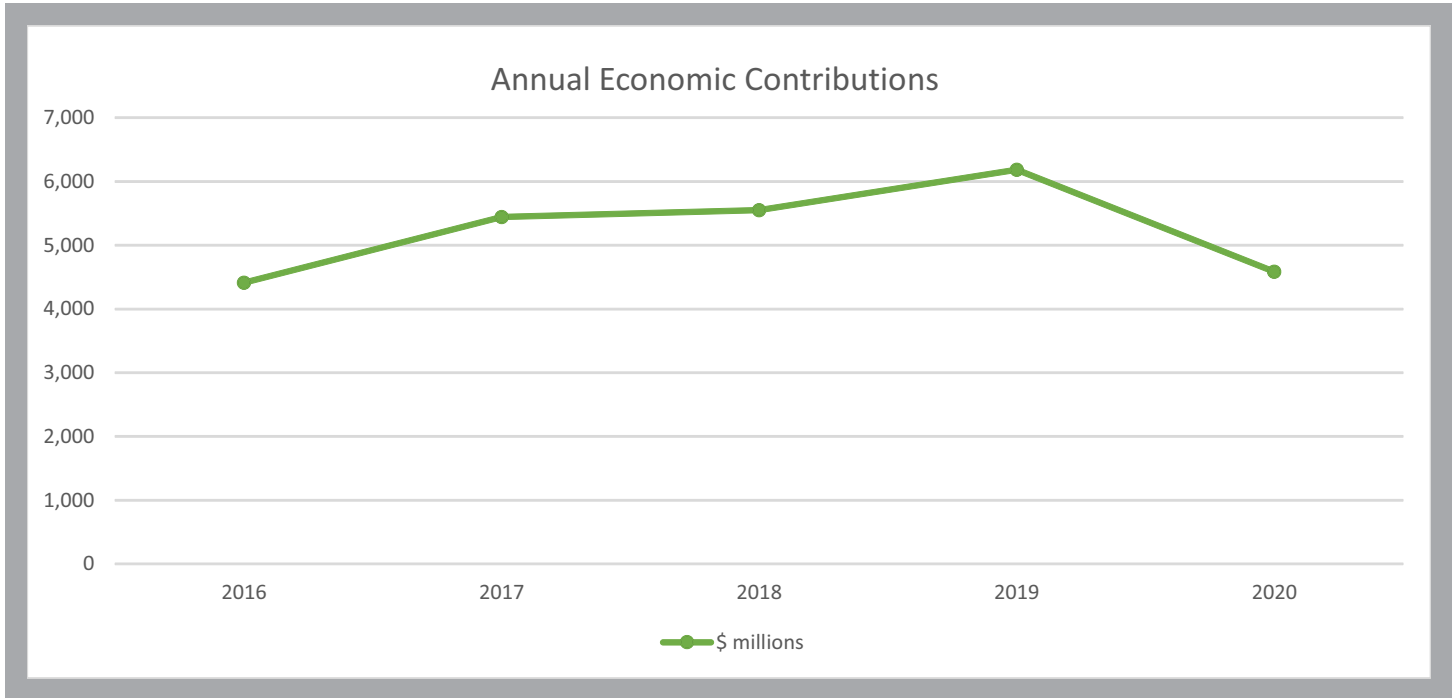
CONTRIBUTING TO THE LOCAL AND CANADIAN ECONOMIES

Overall expenditures were impacted in 2020 due to the COVID-19 pandemic and the drastic collapse in oil prices in the first half of the year. Despite these events, Syncrude still contributed \$4.6 billion to the Canadian economy – about \$2 billion in the Wood Buffalo region – through the procurement of goods and services, payment of taxes and royalties, and salaries. Over the last five years, Syncrude has generated a total economic impact of over \$26 billion.

At \$2.9 billion, procurement comprised the largest portion of our expenditures. This included \$672 million with Indigenous businesses – representing 23 per cent of our total annual spend and continuing the upward trend from previous years. In total, \$1.1 billion was procured from local businesses and suppliers in the Wood Buffalo region, representing 44 per cent of our purchasing for the year. An additional \$1.5 billion was procured from businesses elsewhere in Alberta and \$287 million from other provinces. Of our total annual procurement, 96 per cent was spent in Canada.

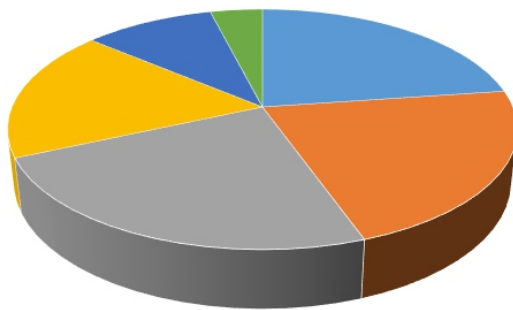
CONTRIBUTING TO THE LOCAL AND CANADIAN ECONOMIES (Cont'd)

Economic contributions also included net payroll costs of \$731 million, municipal taxes of \$67 million, payroll and corporate taxes of \$416 million, and royalty payments of \$148 million.



GEOGRAPHIC DISTRIBUTION OF PROCUREMENT SPEND¹

2020 (%)



- Indigenous-owned Enterprises (23%)
- Municipality of Wood Buffalo (22%)
- Edmonton (24%)
- Rest of Alberta (18%)
- Rest of Canada (10%)
- International (4%)

In 2020, we procured \$672 million in goods and services from local and Indigenous businesses, representing 44 per cent of our purchasing for the year.

RESEARCH AND DEVELOPMENT

Syncrude ranks amongst the top spenders on research and development in Canada, investing \$40.2 million in 2020. A ranking compiled by RESEARCH Infosource lists Syncrude in the 17th spot overall, with R&D expenditures totaling \$1.1 billion during the 2001-2015 period. Our company was one of two oil and gas companies to make the list. In addition, our employees are responsible for the creation of over 240 patents to date.

Syncrude environmental technologies related to tailings, water management and reclamation are published and shared openly through technical journals, conferences and collaborative industry groups such as Canada's Oil Sands Innovation Alliance (COSIA).

Syncrude also collaborates with universities, government agencies, industrial research networks and consortia, and private research organizations. In fact, between 2015 and 2020, we awarded 113 research grants to organizations and academia across the country. We are also a key stakeholder, directly and through COSIA, in a number of Natural Sciences and Engineering Research Council of Canada (NSERC), Industrial Research Chairs at Canadian universities, including nine at this time.

Economic Value Performance Data					
Economic Value	2016	2017	2018	2019	2020
Operating costs ¹ (\$ million)	4,081	4,671	5,183	4,951	4,210
Operating costs ¹ (\$ per barrel production)	41.15	51.22	56.97	46.12	41.44
Capital expenditures ² (\$ million)	294.7	245.2	196.0	279.9	227.0
SSP selling price (\$CDN per barrel) ³	57.03	67.55	70.69	74.30	49.77
Revenues ³ (\$ million)	5,657	6,161	6,433	7,972	5,057
Goods and services purchased (\$ million)	2,735	3,288	3,662	3,472	2,945
Indigenous procurement (\$ million)	174	342	518	602	672
Community investment (\$ million)	5.9	6.2	6.2	6.4	5.5
Research and development expenditures ⁴ (\$ million)	68.9	74.5	82.3	78.2	40.2
Royalties (\$ million)	39	526	172	956	148
Government of Alberta carbon payments ⁵ (\$ million)	9.3	58.0	46.7	34.2	3.0

Economic Value	2016	2017	2018	2019	2020
Payroll and corporate taxes (\$ million)	396	395	435	416	416
Municipal taxes (\$ million)	131	122	102	90	67
Employees (net) (\$ million)	853	781	849	986	731

1 Operating costs are costs related to the mining of oil sands, the extraction and upgrading of bitumen into Syncrude Sweet Premium (SSP) crude oil, and maintenance of facilities; they also include administration costs, development expenses, start-up costs, research, and purchased energy. There is no generally accepted accounting definition as to what constitutes "Operating Costs."

2 The accounting treatment of certain costs may vary significantly between different producers; some producers may elect to capitalize or defer and amortize certain expenditures that are recorded as an expense by other producers, and may segment "Corporate" costs.

3 Production of Syncrude Sweet Premium (SSP) crude oil becomes the property of Syncrude's Joint Venture Participants at point of departure from the Syncrude plant. As the operator, Syncrude does not collect revenue from the sale of crude oil or other products. Selling price and revenue reported here is solely meant to provide an indication of performance.

4 Research and development expenditures will differ from that reported under the Scientific Research and Experimental Development (SR&ED) Tax Incentive Program, as it includes costs ineligible under SR&ED (e.g. expenditures outside of Canada, some overhead, and costs associated with patenting).

5 Includes fund credit purchases paid to the Government of Alberta under the Specified Gas Emitters Regulation (SGER) for 2016-17, the Carbon Competitiveness Incentive Regulation (CCIR) for 2018-19, and the Technology Innovation and Emissions Reduction (TIER) for 2020.

Note: These figures may differ from those reported by any of the Syncrude Joint Venture Participants due to differences in reporting conventions and methodology.