

Terra Nova Development



Canada-Newfoundland and Labrador Benefits

Public Annual Report 2022

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Introduction

The Terra Nova Oil Field is situated on the Grand Banks, about 350 kilometers east-southeast of St. John's, Newfoundland, and 35 kilometers southeast of the Hibernia Oil Field. The Terra Nova field is comprised of a combination of producing wells, as well as water injection and gas injection wells, and delivers production from the Graben, East Flank and Far East blocks.

The Terra Nova co-ventures are: Suncor Energy (37.675%), ExxonMobil (19%), Statoil (15%), Husky Energy (13%), Murphy Oil (10.475%), Mosbacher Operating (3.85%), and Chevron Canada (1%). Suncor Energy is the operator of the Terra Nova project.

Discovered in 1984, the field was the second to be developed off Newfoundland. Production from the field began in 2002, through the use of a Floating, Production, Storage and Offloading (FPSO) vessel. This was the first development in North America to use FPSO technology in a harsh weather environment.

The FPSO is a ship-shaped vessel which has integrated oil storage capability from which oil is offloaded into a shuttle tanker. The storage capacity of the Terra Nova FPSO is 960,000 barrels of oil with accommodations for up to 120 personnel while producing. The vessel is 292.2 meters long, 45.5 meters wide and stands higher than 18 stories. Terra Nova pre-production capital expenditures were approximately \$2.8 billion. The FPSO arrived in field on August 21, 2001 and produced first oil in January 2002.

Suncor Energy, as operator of Terra Nova, is committed to enhancing opportunities for the people of the province through participation in the Terra Nova Development. A lasting economic legacy is being created for the province through Suncor's recruitment and training of local talent, its provision of full and fair opportunity to local businesses, and by giving first consideration to locally produced goods and services within the Province, where those goods and services are deemed competitive.

This report summarizes overall performance for the Terra Nova Development in the area of Canada-Newfoundland and Labrador Benefits for the reporting period of January 1, 2022 to December 31, 2022. Included in this report are summaries of Terra Nova's Activities, Expenditures, Employment, Education and Training, Supplier Development, Research and Development, Diversity, and Community Investment.

Project Activity and Benefits Accomplishments

Suncor, as operator of Terra Nova, achieved milestone successes during 2022. Some of the major accomplishments included:

- i. **Completion of ALE SSP** – In February of 2022, Suncor saw the successful completion of the ALE Subsea Project. The campaign lasted 130 days.
- ii. **Suncor Excellence Awards** – Terra Nova was the recipient of a Suncor Excellence Award (SEA) in 2022 in the Business and Productivity category. The project, *Against All Odds – Terra Nova Commercial Solutions & Partnership Realignment*, saw Terra Nova materialize a commercial solution that allowed the facility to profitably produce an additional 70 million barrels over the next 10 years.
- iii. **Terra Nova Life Extension Turnaround Hits 1,000,000 Hours** - In August of 2022, Suncor achieved an impressive project milestone of hitting 1,000,000 hours of direct field work, completed both safely and successfully.
- iv. **Certifying Authority Approval for Maintenance Management System** – The Maintenance Management System was deemed ready for return to service by Lloyds Register on the 22nd of September, 2022.
- v. **ALE 2022 Key Milestones;**
 - a. Over two million direct field labour hours completed in Ferrol, Spain
 - b. All dry dock activities completed and the vessel refloated in Q2 2022
 - c. Safety stat of 0.30 recordable injury frequency as part of LET
 - d. Over 1,500 hours of diver time spent underwater as part of SSP
 - e. Over 2,000,000 kg of mooring chain replaced

Employment

Basis of Reporting

Terra Nova employees include full-time employees of Suncor and select major Contractors. The numbers reported generally exclude short-term assignments with any of the foregoing entities and any full-time employment which may have been generated by Terra Nova through work by other sub-contractors. However, the number of individuals in these latter categories is minimal and would not materially impact the employee count.

Employment by Residence

As of December 31, 2022, a total of 742 people were working on the Terra Nova development. Of the 742 total, 658 or approximately 88% were residents of NL, while another 41 or approximately 6% were residents from other regions of Canada at the time of hiring (Table 1).

Total Employment Summary Terra Nova 2022			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (OC) Residents (%)	Non-Canadians (NC) Residents (%)
742	88%	4%	6%

Table 1 - 2022 Terra Nova Total Employment Summary by Residence

Employment by Residence Status and Location

Newfoundland and Labrador residents supporting the Terra Nova development consisted of 551 employees who were employed onshore and 29 who were employed offshore. Residents from other Canadian provinces and territories consisted of 159 employed onshore, one employed offshore and two people were employed outside of NL supporting Terra Nova (Table 2).

Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
Onshore	333	13	4	264	86	350
Offshore	76	4	2	79	3	82
Other	249	24	37	295	15	310
	Total:					742

Table 2 - Terra Nova (December 31, 2022) Employment Summary by Location

Employment by Discipline

Of the 742 employees supporting the Terra Nova development, 638 were male and 104 were female or approximately 14% of the total workforce (Table 7). Table 7 also breaks down the employment summary by discipline, which includes management, administration, engineers, technicians, professionals, skilled trades workers, labour workers, students and others that do not fit one of these categories. The discipline that is the most male dominant is the skilled trades category – at 100% male, while the discipline that is the most female-dominated is administration at 82% female.

Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
Management	67	94%	4	11%	81
Administration	7	18%	32	82%	50
Engineers	68	77%	20	16%	127
Technicians	206	95%	11	10%	126
Professionals	38	61%	24	35%	75
Skilled Trades	133	100%	0	5%	273
Labour	44	98%	1	30%	33
Students	4	50%	4	25%	4
Other	71	90%	8	10%	31
Totals:	638		104		742

Notes:

- Disciplines are based on the following National Occupational Classification (NOC) Codes:
 - Management** includes: *Senior Managers* as well as *Middle & Other Managers*
 - Administration** includes: *Administrative & Sr. Clerical Personnel* as well as *Clerical Personnel*
 - Engineers** includes: only those in that NOC Code
 - Technicians** includes: *Semi-professionals & Technicians*
 - Professionals** includes: only those in that NOC Code
 - Skilled Trades** includes: *Skilled Crafts & Trades* as well as *Skilled Trades & Service*
 - Labour** includes: *Semi-Skilled Manual Workers, Other Manual Workers* as well as *Intermediate Sales & Service*
- Students** includes: any student enrolled at a recognized educational institution or accredited academic program and includes both graduate and undergraduate students, cadets or any other student.
- Other** includes: marine crew and positions that do not fit into any of the other disciplines.

Table 3 - Terra Nova (December 31, 2022) Employment Summary by Discipline

Canadian-NL Content Estimates

The following table is intended to reflect the benefit distribution from Terra Nova operating and capital cash expenditures. Table 4 summarizes the content distribution of these expenditures for the 2022 reporting period. The content percentages totaled 43%, 9%, 48% for Newfoundland and Labrador, other Canadian and non-Canadian spending, respectively. As a cumulative project figure, the content percentages are Newfoundland and Labrador 55%, Other Canadian 16% and Non-Canadian 29%.

Reporting Period 2022	Content		
	Newfoundland and Labrador (%)	Other Canadian (%)	Non-Canadian (%)
Year to Date:	43%	9%	48%
Project Cumulative:	55%	16%	29%

Table 4 – 2022 Terra Nova Canadian-NL Content Estimates

Contracting and Procurement

A total of 2,957 purchase orders with a cumulative value of approximately \$190.9 million were awarded during the reporting period of January 01, 2022 to December 31, 2022. Approximately \$146.6 million (77%) was spent in Canada including NL. Figure 1 summarizes the distribution of spend associated with all purchase orders across locations.

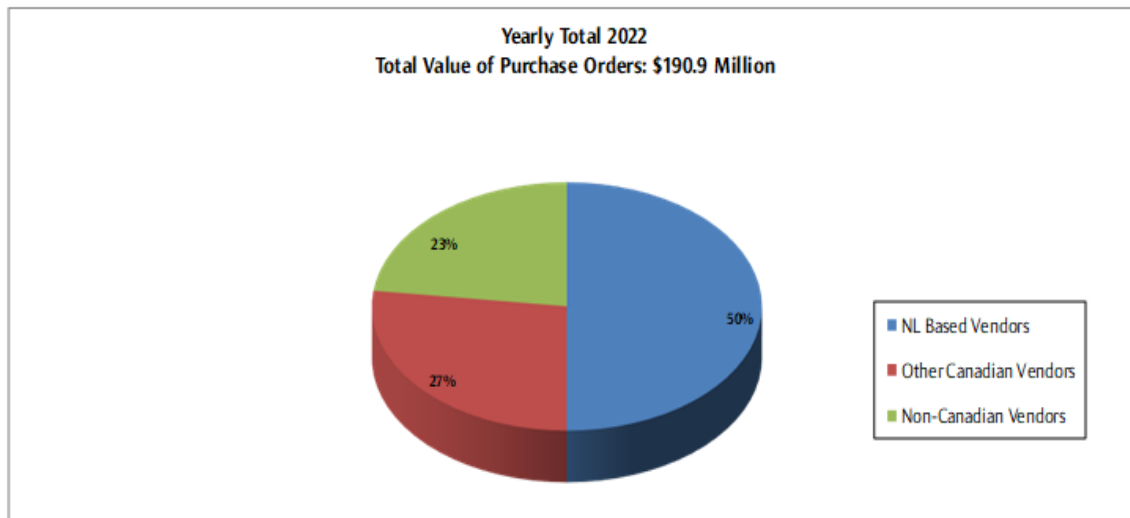


Figure 1 – 2022 Terra Nova Purchase Orders

A total of four (4) new contracts or extensions, each with a value greater than \$250,000, were awarded during the reporting period January 01, 2022 to December 31, 2022 (Table 5).

Contracting Activity Terra Nova 2022		
Description	Contractor	Contractor Location (NL, Other Canadian, Non-Canadian)
Helicopter Services	Cougar Helicopter Inc.	NL
Provision of Helicopter Suits	DBC Marine	NL
Medium Term Vessel Charter	Maersk Supply Services Canada Ltd.	NL
Provision of Fuel	Irving Oil Limited	NL

Table 5 - 2022 Terra Nova Contracting Activity

Supplier Development

To ensure Newfoundland and Labrador suppliers are provided full and fair opportunity to participate in the supply of goods and services to the Terra Nova project, Suncor uses various methods to share information about requirements in a timely manner. Some of the methods are as follows.

1) EnergyNL Daily E-Newsletter

Suncor advises the supplier community of Terra Nova's requirements for goods and service through the use of Expressions of Interest (EOI) postings on The Conduit – EnergyNL's daily e-newsletter. The Conduit is the most commonly used communication tool for the Oil and Gas Industry and is far reaching in the supplier community.

2) Supplier Information Sessions

From time to time, Suncor has been approached by new suppliers seeking information about participating in the oil and gas industry. Suncor's Supply Chain department often takes the opportunity to meet with new businesses to understand their capabilities and to provide information on Terra Nova's requirements and expectations.

3) Supplier De-briefing Sessions

Suncor is committed to providing all unsuccessful bidders a de-briefing on their bid, if they so request. In 2022, several companies availed of a de-briefing or spoke with a Commercial Coordinator regarding their bid and received suggestions for improvements for the future.

4) Supplier Performance Management

Suncor utilized a supplier performance management & monitoring system that ensures the pursuit of an agenda of continuous improvement with its suppliers. The process proactively supports suppliers in performance measurement and improvement to help them in achieving and exceeding their contract objectives.

5) General Communication Tools

Larger Stakeholder Groups: At the outset of the Terra Nova project, Suncor committed to open and timely communication. In order to deliver on this commitment, Suncor maintains several key initiatives, which are described below:

- i. Briefing Sessions: Suncor has and will continue to maintain ongoing relationships with key stakeholder groups as a means of sharing information, discussing issues, and building long-term relationships. Some of the key stakeholders include governments, C-NLOPB, EnergyNL, and charitable community groups.
- ii. Presentations and Speeches: Suncor responds to and initiates opportunities to provide development updates as well as technical papers and presentations to local, national and international audiences in business, industry and government.

Research and Development and Education and Training

Terra Nova Research and Development

Research and Development (R&D) is a key focus area for Terra Nova as it provides the opportunity for real and quantifiable benefits for the project itself, the local oil and gas industry, and the people of Newfoundland and Labrador. In addition to the potential positive impact of R&D activities in terms of the business case, investment in R&D activities also provides a mechanism for Terra Nova to identify areas where processes and associated infrastructure can be improved in terms of safety to people and the environment. Furthermore, Terra Nova also recognizes R&D investment as a key enabler of innovation and growth in the province in terms of the local oil and gas industry and the many industries and organizations that support the work of the oil and gas industry.

In 2022, Terra Nova sponsored R&D activities focused on a number of areas including safety, the environment, and development/operational challenges. A summary of R&D activities undertaken during 2022 is provided in Table 6.

Description		Research Agency	2022 Spend
Environment and Safety			
1.	Oiled Seabird Cleaning Centre	Various	\$35,495.19
2.	Environmental Effects Monitoring Program	Stantec	\$13,784.63
Development/Operations Related			
3.	Canada's Ocean Supercluster OceanVision Project (Kraken Robotics Inc.)	ERINL	\$113,540.00
4.	Canada's Ocean Supercluster Digital Oceans Canada (DOC)	ERINL	\$1,046,035.00
5.	Suncor's ERINL Baseline R&D Activity	ERINL	\$117,424.55
	Total		\$1,326,279.37

Table 6 - 2022 Terra Nova Research and Development Activities

Terra Nova Education and Training (E&T)

Terra Nova's commitment to its employees is evident by the significant annual investment made in E&T. During the reporting period, Suncor and Terra Nova Contractors spent just under \$1.7 million in E&T activities related to the Terra Nova Development.

Suncor has placed a strong focus on capability development, providing individuals with educational assistance to further their studies. Suncor continues to use local training institutions and education expertise where possible. In instances where local training is not available, Suncor brings expertise into the province to deliver the required training. This not only provides the ability to train a greater number of Suncor employees but also has allowed Suncor to partner with other operators and Contractors (i.e., White Rose, HMDC, PSN) thus achieving a more capable provincial labour market.

Some of the focus areas where Suncor has made investments in E&T in direct employees include:

- Educational Assistance
- Training/Conferences/Seminars
- Emergency Response Centre

Suncor and Terra Nova Contractors continue to support co-operative education programs offered through local university and technical institutions with interesting and challenging work opportunities in various functions of our businesses such as engineering, geosciences, finance, supply chain management, and marine roles. In 2022, the Terra Nova Project filled a total of 34 Co-op positions at a cost of just over \$447 thousand. The Co-op program has been quite successful in helping Suncor and Terra Nova contractors identify long-term hires needed to support the labour requirements of the Terra Nova project.

Diversity

Suncor is committed to cultivating diversity within a respectful, inclusive workplace. As Canada's largest energy company, it's critically important that we foster an environment in which all employees are valued and treated with respect.

Diversity contributes to a healthier and more successful workplace, one in which individual differences are respected and celebrated. We work hard to ensure that the most important asset, the people, have differing perspectives, experiences and backgrounds, reflective of the communities in which it operates.

Suncor is committed to having a workforce that is motivated, capable and aligned with our values. This is reflected in recruitment efforts and as a result, there has been success in recruiting people of diverse backgrounds at all levels in the organization. Most importantly, Suncor's diversity initiatives are intended to provide opportunities for individuals from diverse groups to attain the knowledge and skills to contribute as valuable members of its workforce.

Monitoring Employment of Designated Groups

As part of its commitment to diversity, Suncor continued to monitor the employment levels of underrepresented groups in Terra Nova including women, indigenous people, persons with disabilities and members of visible minorities. Table 10 illustrates the employment of members within these four designated groups working on the Terra Nova project as of December 31, 2022. The figures presented in Table 10 are based on data collected from employees and contractors through self-identification on a confidential and voluntary basis. Information regarding gender was obtained from employees' records. In 2022, 26% of Terra Nova's workforce represented members from the four designated groups. Women represented the largest group at 20%, while Indigenous people and persons with disabilities both made up 1% and members of visible minorities made up 4% of Terra Nova's workforce.

To ensure that Suncor can access the necessary people and skills, both in the short and longer term, it is critical that the company attract and retain talent that has previously been underrepresented in the workforce. A review of the previous years shows that women represented 27%, 26% and 30% of the Terra Nova workforce in 2019, 2020 and 2021, respectively. It should be noted that changes in percentage representation is highly dependent on the nature of the operations being conducted throughout the applicable reporting period.

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Category	Women (%)	Indigenous Peoples (%)	Persons with Disabilities (%)	Members of Visible Minorities (%)
Managers and Supervisors	3%	0%	0%	1%
Professional and Technical	8%	1%	0%	2%
Administrative	7%	0%	1%	0%
Skilled Crafts and Trades	1%	0%	0%	0%
Sales and Service	1%	0%	0%	0%
Manual Workers	0%	0%	0%	1%

Notes:

1. The numbers reported in this table may also be reported under other oil projects due to shared services.
2. Total Workforce is the total number of persons directly employed on the project at end of reporting period including operator and contractor personnel.
3. Participation of members of designated groups is expressed as a percentage of the total workforce rounded to a whole percentage and is based on data collected through self-identification on a confidential and voluntary basis. Information regarding gender is obtained from employee records.
4. Categories are based on the employment equity occupational groups by Statistics Canada filtered to include occupations relevant to the oil and gas industry. Accordingly:
 - **Managers and Supervisors** includes: *Senior Managers, Middle & Other Managers, and, Supervisors and Supervisors: Crafts and Trades*
 - **Professionals and Technical** includes: *Professionals* as well as *Semi-professionals & Technicians*
 - **Administrative** includes: *Administrative and Sr. Clerical Personnel* as well as *Clerical Personnel*
 - **Skilled Crafts and Trades Workers** includes: only those in that employment group
 - **Sales and Service** includes: *Skilled Trades & Service, Intermediate Sales & Service Personnel* as well as *Other Sales & Service Personnel*
 - **Manual Workers** includes: *Other Manual Workers* and *Semi-Skilled Manual Workers*

Table 7 - 2022 Terra Nova Employment of Designated Groups

Diversity Strategies

In 2022, Suncor continued to accelerate the diversity of its workforce through the development and implementation of strategies aimed at increasing the number of employees in underrepresented groups. Leader capability and accountability was a key priority and a critical culture lever, and there were opportunities to support leaders to develop behaviors and skills through coaching and learning opportunities that reinforce respect for differences, listening to everyone, challenging unconscious bias, and facilitating effective conversations and meetings where everyone is heard.

The employee inclusion networks have expanded significantly in the last few years, and help create a sense of belonging and community, support career development, and enhance two-way communication that enables all employees to be engaged, feel supported and build understanding for diversity and inclusion. Suncor currently has six networks, including networks with a focus for women, Indigenous Peoples, and members of the LGBT community, and networks for anyone interested in learning about and supporting inclusion and diversity.

Consistent with the Suncor Diversity Philosophy and our commitment to Education and Training, Suncor has strategically directed E&T funds towards programs that target groups, designated as under-represented in the workforce. Supporting skills, knowledge development, and educational infrastructure that grows under-represented talent enables a more diverse pool of applicants available to potentially support the resource requirements of Terra Nova, service providers that support the oil and gas industry, and the province in general.

Making strategic investments in E&T is one way in which the development of petroleum resources offshore Newfoundland and Labrador is contributing to the growth and sustainable development of the province. Some of the E&T initiatives that Suncor has invested in 2022 are as follows:

Scholarships for Women in Engineering

In collaboration with Memorial University's Faculty of Engineering and Applied Science, Suncor has committed to provide undergraduate female engineering students a term-funded scholarship valued at \$2,500. The scholarship will be awarded annually in terms five through eight to students who express interest in the oil and gas sector and who have graduated high school in Newfoundland and Labrador. Suncor established the Scholarships for Women in Engineering with an investment of \$64,027 over a number of years, starting in 2014.

Indigenous Awareness

In 2022, Suncor launched and took part in several initiatives to help draw attention to and celebrate Indigenous Peoples. They are as follows;

- Participation in National Indigenous Peoples Day, which included a sunrise ceremony, cultural diversity training sessions, as well as an Urban Powwow or Mawi'omi (Gathering).
- Participation in Orange Shirt Day, which provided an opportunity to remember the history of residential schools and their impact on generations of Indigenous Peoples in Canada. In connection with First Light NL, orange shirts were purchased, and all proceeds donated to the First Light Residential School Memorial Garden.
- Suncor's internal *Journeys* – the employee inclusion network - hosted different virtual events during Indigenous Awareness week – such as daily smudge sessions, speaker sessions, artists spotlight and various workshops,
- Indigenous Cultural Awareness Training sessions were offered and throughout the year Suncor continued to distribute moose hide pins to staff both onshore and offshore. There have also been land acknowledgements being integrated at the beginning of meetings.
- In September, Suncor East Coast hosted a fireside chat in recognition of National Truth and Reconciliation Day and held an activity session and sharing circle afterwards.

Indigenous Student Program

In 2015, the Summer Aboriginal Student Program was created, and it has substantially grown since. Suncor's social goal of building greater mutual trust and respect with Indigenous people of Canada is supported through this program. In 2019, the program was renamed the Indigenous Student Program. Factors that aided in this decision included the alignment of language Suncor-wide with the United Nations and the Government of Canada's terminology, all of which emphasize fostering principles of equality, partnership, good faith and mutual respect. The program has quickly grown across Canadian operations. It provides summer work term opportunities to support increasing Indigenous youth participation in the oil and gas industry. The work terms typically run for four months with positions identified in locations across Canada. Connecting with Indigenous students presents the opportunity to understand the challenges they face, which in turn helps to continue building a sustainable program long-term.

Community Investment

Investing in better communities

Suncor helps to build sustainable, resilient communities by supporting non-profit activities, events and organizations and supporting the fund-raising and volunteer efforts of employees.

Suncor works collaboratively with community groups and leaders to find long-term solutions to the challenges faced by growing communities. Through its private, non-profit charitable organization, Suncor Energy Foundation (SEF), the company invests in communities where it operates to build a better future and ensure these vibrant communities remain sustainable and resilient.

Fundraising and volunteerism

Suncor and its employees also give back to the communities in a variety of ways, including:

In 2022, the SunCares Community Giving Network Campaign (SCGN) raised over \$144,000 and employees on the East Coast and surrounding areas also contributed over 4,800 hours of volunteer time. There were 46 community organizations which were supported by employees on the East Coast - about 41% of employees chose to donate their time and/or money.

In 2022, approximately \$4,000 was raised for the East Coast Christmas Hamper Support Initiative. The recipient organizations of these donations were Bridges to Hope, The Gathering Place, Credit Counselling Services, Community Food Sharing Association and SPANL. Suncor also raised \$6,600 during a 12 Days of Giveaways Christmas fundraiser – with donations going to Choices for Youth and the St. John’s Boys and Girls Club.

Aside from these donations, Suncor additionally contributed approximately \$30,000 to the following initiatives during 2022;

- Kids Eat Smart
- MUN Business Day
- Big Brothers and Big Sisters (Mega Bike Pedal for Potential)
- West Coast Relief (Red Cross & Salvation Army)
- Association for New Canadians Fall Hamper Drive

Conclusion

Suncor continues to progress in its commitments to Canada-Newfoundland and Labrador Benefits as required under the conditions set out in the Benefits Plan for the Terra Nova project. As outlined in this report, Suncor, through its 2022 activities, has invested approximately \$3.0 million supporting key commitment areas of Employment, Contracting and Procurement, Research and Development and Education and Training, Supplier Development, and other relevant areas such as Diversity and Community Investment. These expenditures strengthen the community in which Suncor operates and will contribute to the continuing development of Newfoundland and Labrador's offshore oil and gas industry.

Suncor is contributing to an economic legacy for the people of the province through its recruitment and training of local talent, the provision of full and fair opportunity to local businesses, and by giving first consideration to locally sourced goods and services within the province, where those goods and services are deemed competitive.

Suncor will continue its commitment to Canada-Newfoundland and Labrador Benefits throughout its operation of the Terra Nova Development and in future offshore exploration activities in Newfoundland and Labrador.