



2022 Suncor AGM
May 10, 2022
English Transcript

Michael Wilson:

Good morning, ladies and gentlemen. It's 10:30 AM Mountain Time and I'm calling the meeting to order. My name is Michael Wilson and I am the Chair of the Suncor Energy Inc. board. In light of COVID-19's continued risk and Suncor's purpose to care for each other, we're hosting this year's annual meeting virtually. It's accessible to our shareholders, regardless of physical location, and allows them to participate, submit questions and vote.

Michael Wilson:

I'd like to introduce Suncor's senior leaders in attendance. We have Mark Little, our President and Chief Executive Officer; Alister Cowan, Chief Financial Officer; and Arlene Strom, Chief Sustainability Officer, General Counsel and Corporate Secretary. On behalf of Suncor's directors and management, it's my pleasure to welcome you to Suncor's 2022 annual general meeting of shareholders.

Michael Wilson:

I'd like to now turn it over to Arlene Strom for a traditional land acknowledgement.

Arlene Strom:

Thank you, Mike. As you may know, many of Suncor's operations are located on the traditional lands of Indigenous peoples. Together, we are on a journey of reconciliation. Guided by treaty rights, the Constitution, the United Nations Declaration on the Rights of Indigenous Peoples, the recommendations from the Truth and Reconciliation Commission, and our own purpose and values, we're looking to find ways to build meaningful long-term and mutually beneficial relationships based on trust and respect.

Arlene Strom:

We acknowledge that Suncor's corporate office is located on the traditional territories of the people of the Treaty 7 region in southern Alberta, they include the Blackfoot Confederacy, the Siksika, the Kainai, and the Piikani First Nations, as well as the Tsuut'ina and the Stoney Nakoda First Nations. The city of Calgary is also home to Métis Nation of Alberta Region 3.

Arlene Strom:

We believe that observing and acknowledging the territory of Indigenous peoples in meetings, like our annual meeting, is a small but important way to show respect for indigenous peoples and reflect on the significance for Suncor's operations. We are all



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bound together, through our connections with each other and the earth and its environment.

Arlene Strom:

In Alberta, where Treaties 4, 6, 7, 8, and 10 cover the province, we are all treaty people. At Suncor, we seek to walk side by side with Indigenous peoples and to remember that we are united in seeking a better world for our children, our grandchildren, and the generations beyond.

Michael Wilson:

Thank you, Arlene. Before we begin the formal business, I'd like to explain how the voting and questions will work for this meeting. This online meeting is accessible to registered shareholders, proxy holders and guests. However, only registered shareholders and proxy holders can participate in the meeting, including asking questions.

Michael Wilson:

We encourage registered shareholders and proxy holders to submit your questions as early as possible to allow us time to receive the question or comment, and so that we may address them at the right moment during the meeting. In the event that we are unable to address your question or comment during the meeting, a member of management will follow-up directly with you after this meeting.

Michael Wilson:

Please identify whether your question relates to a motion being considered as part of the formal business of the meeting or whether it is a more general nature. We will try to address questions that directly relate to a particular motion at the appropriate time of the meeting. We'll save general questions for the Q&A period, following the formal business. As always, questions should relate to the business or affairs of the company and not be of a personal nature.

Michael Wilson:

We'll conduct a voting by virtual poll. Every eligible shareholder has one vote per share, that can be voted on each matter. The poll will be opened for all resolutions at the same time. This will allow you to choose to vote, to vote on each resolution immediately, or wait until discussions conclude on each resolution prior to casting your vote. Once the items of



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business have been presented, you'll have additional time to enter your votes before the voting is declared closed on all resolution.

Michael Wilson:

There are several matters on our agenda this morning. To move things efficiently, two of our shareholders have agreed to make and second all formal motions. We now proceed with the business of the annual meeting, starting with the appointment of scrutineers.

Michael Wilson:

Computershare Trust Company of Canada is the transfer agent and registrar of the company, and is represented today by Chris Parsons. If there's no objection, I will appoint him to act as scrutineer for this meeting, to report on the number and percentage of shares presented at this meeting and to record and report on the votes cast on any poll that may be taken.

Michael Wilson:

You've all received the notice, calling the meeting. I'll now ask Arlene to report on the mailing of the notice.

Arlene Strom:

The notice, calling this meeting, was mailed on March 23rd 2022 to all shareholders of record as of the close of business on March 14th 2022, and has been provided to each director and to the auditors of the company.

Michael Wilson:

A copy of the notice and proof of mailing will be filed with the minutes of this meeting. I'm advised that the scrutineers report is being completed and a quorum is present.

Michael Wilson:

Arlene, can you please read the scrutineers report?

Arlene Strom:

Thanks, Mike. Today, we have 629 shareholders represented by proxy, holding 1,001,690,739 shares. The total shares issued and outstanding at the record date was 1,428,813,827. Accordingly, 70% of our outstanding shares are represented at the meeting.



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Michael Wilson:

Thank you. I declare the meeting regularly called and properly constituted for the transactional business. The 2022 annual report, which includes the financial statements for the year ending December 31st 2021, and the auditor's report, has being tabled and is accessible in the documents tab on today's meeting platform. The annual report was mailed to shareholders requesting the report. We'd be happy to answer any questions concerning the annual report during the Q&A session, following the formal part of the meeting.

Michael Wilson:

We are now moving to the matters to be voted upon. I now declare the polls open on all resolutions. The first item of business to be voted upon is the election of directors. Suncor's bylaws state that the number of directors to be elected at any meeting of shareholders shall be the number of directors then in office, or such other number as has been determined by the board.

Michael Wilson:

The board has determined that 11 directors will be elected at the meeting. Of the 11 directors nominated, 10 are independent, and one, Mark Little, is a member of management. Their backgrounds and experience are described in Suncor's circular for this meeting. The circular is also accessible in the documents tab on today's meeting platform.

Michael Wilson:

I have a motion to nominate, for election to the board of directors, those candidates named in Suncor's circular for this meeting.

Sneh Seetal:

Morning, my name is Sneh Seetal and I am a Suncor shareholder. I move to nominate the following candidates for election as directors: Patricia M. Bedient, John D. Gass, Russell Girling, Jean Paul Gladu, Dennis M. Houston, Mark S. Little, Brian P. MacDonald, Maureen McCaw, Lorraine Mitchelmore, Eira M. Thomas, Michael M. Wilson.

Michael Wilson:

Thank you, Sneh. Can we have a seconder to the motion?



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Cori Senini:

My name is Cori Senini and I am a Suncor shareholder. I second the motion.

Michael Wilson:

Thank you, Cori. I declare the nominations closed. 11 directors are to be elected at this meeting and 11 persons have been nominated. I'll pause now to see if there's any questions directly related to the election of directors.

Michael Wilson:

If there are no questions directly related to the election of directors, Arlene, will you give additional instructions on the voting procedure?

Arlene Strom:

On this vote, all shares for which proxies in favor of management have been received will be voted in accordance with those instructions.

Arlene Strom:

The 11 nominees named in the management proxy circular are listed on your screen. To vote, or withhold from voting, for each director, please complete the ballot by clicking either for or withhold in the appropriate spot beside the name of each nominee.

Michael Wilson:

Please pass your votes on the appointment of directors. Again, you may submit your vote on this item now or wait until the end of all motions have being submitted, submitting them at the same time. We'll proceed to the next item on the agenda.

Michael Wilson:

The next item of business is the appointment of auditors. Management has proposed that KPMG LLP be appointed as the company's auditors. Since auditors are appointed by shareholders, I ask for a motion appointing KPMG LLP as auditors.

Sneh Seetal:

My name is Sneh Seetal and I move that KPMG LLP be appointed auditors of Suncor Energy Inc. to hold office until the next annual meeting of shareholders or until a successor is appointed.



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Michael Wilson:

Thank you. Can we have a seconder to the motion?

Cori Senini:

My name is Cori Senini and I second the motion.

Michael Wilson:

Thank you. Any questions directly related to the appointment of auditors?

Michael Wilson:

If there are no questions directly related to the appointment of auditors, please cast your votes on the appointment of auditors.

Michael Wilson:

We will now proceed to the next item on the agenda. The next item of business is the advisory vote on our approach to executive compensation. These types of advisory votes are often called say on pay resolutions. The results are considered non-binding, but allow shareholders to ensure their views are made known to the board.

Michael Wilson:

As noted in the circular, in considering the company's approach to compensation in the future, the board will take into account the results of the vote, together with any feedback it receives from shareholders in the course of the board's engagement activities. The formal motion set out in the circular allows the recommended best practice of the Canadian Coalition of Good Governance. May I now ask for the motion to be made?

Sneh Seetal:

My name is Sneh Seetal and I move, on an advisory basis, and not to diminish the role and responsibilities of the board of directors, that the shareholders accept the approach to executive compensation disclosed in the management proxy circular of Suncor Energy Inc. delivered in advance of its 2022 annual meeting of shareholders.

Michael Wilson:

Thank you. Can we have a seconder to the motion?

Cori Senini:



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My name is Cori Senini and I second the motion.

Michael Wilson:

Thank you. You've heard the motion. Are there any questions or comments directly related to the advisory vote on our approach to executive compensation?

Michael Wilson:

We have received proxies representing a total of 91.8% of the votes cast on this motion which direct that they be voted in favor of our approach to executive compensation. If there are no further questions directly related to the advisory vote on our approach to executive compensation, please cast your votes on our approach to executive compensation.

Michael Wilson:

For those of you who have not voted on all of the resolutions please do so now, as we'll shortly close the poll.

Michael Wilson:

It is 10:45. I will now close all polls on all resolutions and add about a minute for votes to be cast.

Michael Wilson:

The polls are now closed. It's now time to complete the business of the meeting. The Secretary will now give the results of the voting.

Arlene Strom:

Thank you. We confirm that, based on the votes received by proxy and tabulated by the scrutineers, all the resolutions have passed, with more than 90% of the shares represented at the meeting. We will file final voting results on SEDAR today. And the final scrutineers report will be incorporated into the minutes of the meeting.

Michael Wilson:

I declare that the board of directors will consist of 11 nominees named in the circular. I declare that shareholders have approved the appointment of KPMG as the auditors. I also declare that shareholders have accepted the approach of executive compensation disclosed in Suncor's management proxy circular.



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Michael Wilson:

If there's no other matters to be properly brought before this meeting, may I have a motion that the formal part of the meeting be terminated?

Sneh Seetal:

My name is Sneh Seetal and I move that the meeting be terminated.

Michael Wilson:

Thank you. Can we have a seconder?

Cori Senini:

My name is Cori Senini and I second the motion.

Michael Wilson:

Thank you. Ladies and gentlemen, I now declare that the meeting to be terminated.

Michael Wilson:

Before we begin the question and answer period, I'll turn the microphone over to Mark Little, Suncor's president and CEO, and Alister Collins, Suncor's CFO, for some remarks.

Mark Little:

Great. Well, thanks Mike. Good morning everybody, and thank you for joining us today. Although we are meeting virtually today, out of an abundance of caution with respect to COVID-19, we welcome shareholder engagement and appreciate having the opportunity to report on the progress we're making to realize Suncor's full potential.

Mark Little:

In this regard, we are pleased to report strong operating and financial performance yesterday with our Q1 results, as well as significant increase in our dividend share buyback program and debt reduction efforts. These results indicate that we're making progress, have positive momentum, and are putting strong cash flow to work for the benefit of the shareholders. At the same time, we have work to do on safety; with four fatalities in the past 18 months, including one in the first quarter. Our mission is to make sure everyone goes home safely every day. So clearly, more needs to be done.

Mark Little:



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Today, I will share some highlights of our 2021 achievements in operational performance and strategy execution, then Alister will speak to the financial performance of the company. I will conclude with a look ahead to 2022. Let's start with what matters most: safety. Safety is a core value at Suncor and strong operating performance is foundational to our success. That's why, when we had safety and operational challenges last year, we took action to improve our performance.

Mark Little:

That work is ongoing, but here are a few examples of what we've done to date: we completed a third-party assessment to help chart a path forward. We realigned the organization to strengthen operational excellence and safety performance in step with global best practices. As part of this, we separated our upstream mining and upgrading group from our exploration and production and in situ operations, which had previously been under one executive. We did this to bring our senior leaders closer to the business, shorten spans of control, and to create greater accountability for results. We created a centralized operational risk management organization to provide leadership and accountability for analyzing process hazards, driving improvements, and implementing standardized protocols across the business.

Mark Little:

Having rationalized the structure, we added exceptional new talent to our executive leadership team, deepening the team's operational expertise with the appointments of Peter Zebedee and Shelley Powell. Peter recently joined us as Executive Vice President of Mining and Upgrading, with 20+ years of experience in oil sands mining and tailings. Known as a champion of safety and operational discipline, Peter is a strong leader with a compelling track record of delivering exceptional business results.

Mark Little:

We appointed Shelley Powell as Senior Vice President, Exploration and Production and In Situ. In this role, she leads all of Suncor's operated and non-operated in situ and exploration and production assets. Shelley has significant experience and expertise in running large, complex operations.

Mark Little:



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Peter and Shelley joined Bruno Francoeur, Executive Vice President of Business and Operational Services. Bruno has decades of experience running complex operations, from refineries to our operations in the regional municipality of Wood Buffalo.

Mark Little:

We implemented standardized risk assessments at our sites to gain a much clearer picture of what's occurring at each of our assets and to allow us to transfer what we've learned at one site to another. We're in the process of implementing collision avoidance and fatigue management technologies across all of our mines, a first in the oil sands industry.

Mark Little:

These are just a few of the steps we've taken to get things right on safety, reliability and performance. This remains a work in progress. But please know that the senior executive team, our board, and I, are fully committed to strengthening our processes, accountability, employee engagement and leadership, to continue to improve Suncor's safety and operating performance, because every worker should go home safely every day.

Mark Little:

These fundamental changes are also aimed at increasing competitiveness and driving excellence. I'm pleased to report that we continue to improve our operating performance. In 2021, and despite the largest annual maintenance program in the company's history, we increased annual production by over 5%. Oil sands achieved the second highest oil sands production on record, which included record production from in situ. And our downstream business continued industry-leading performance. In fact, our average refinery utilization was 89%, that's 12% higher than the Canadian average and 4% higher than the North American industry average. These are the best downstream financial results in North America on a per barrel basis.

Mark Little:

Suncor's updated strategy is focused on increasing shareholder returns and accelerating progress and reducing greenhouse gas emissions, with an objective to be net zero by 2050. It is underpinned by the principles of operational excellence and capital discipline. This calls on us to sustain the base business, while improving its cost and carbon competitiveness, through structural long-term improvements and low capital strategic



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investments, to optimize our integrated value chain and asset portfolio and to grow low-carbon businesses that are complimentary to our base business.

Mark Little:

In addition to achieving strong ESG performance, we continue to work towards delivering an annual \$2 billion of incremental free funds flow to the business by 2025. This planned free funds flow growth will be dedicated to returning significant value to shareholders through increased dividends, ongoing share buybacks, and fortifying the balance sheet through continued debt reduction.

Mark Little:

As I look back on 2021, we acknowledged there were challenges. However, we've made substantial progress on our plan for incremental free funds flow and returning significant value to shareholders. In oil sands, Suncor became the operator of Syncrude and completed the interconnecting pipelines between Oil Sands Base Plant and Syncrude. We completed the debottlenecking project at Firebag and increased production from MacKay River. We resumed two-train operations at Fort Hills by the end of 2021, and we're on track to operate it at an average utilization rate of 90% this year.

Mark Little:

In our exploration and production business we increased our ownership of Terra Nova and we're moving forward with the Asset Life Extension Project, Buzzard 2 achieved first oil, we also completed the sale of our working interest in the Golden Eagle area development.

Mark Little:

We also made progress on a number of other strategic initiatives, such as harnessing the digital technology capabilities to bolster operational excellence and drive value, advancing construction on the co-gen facility at Oil Sands, and expanding our supply and marketing and trading capabilities.

Mark Little:

In 2021, we also shared our strategic objective of being a net zero greenhouse gas emissions company by 2050. We have a clear strategy that builds on our core capabilities to get there. First, we are reducing emissions from our base business. We're doing that through energy efficiency, fuel switching; such as the co-gen project at Base Plant, and



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technologies like carbon capture and storage. Second, we're expanding into areas that are complimentary to our base business, such as low emissions power, renewable fuels, and hydrogen. And third, we're working with our customers, suppliers, and other stakeholders on reducing emissions.

Mark Little:

To that end, we entered several new partnerships in 2021 to support our net zero objective. To highlight just a few: we're working with ATCO to potentially advance a world-scale clean hydrogen project. We increased our investment in carbon capture and storage technology with an equity investment in Svante. We're investing in Enterkem's Varennes carbon recycling biofuels facility. And finally, we helped launch the Oil Sands Pathways to Net Zero. Suncor and five other oil sands companies, representing almost 95% of oil sands production, are working together to become net zero by 2050.

Mark Little:

2021 was a pivotal year. In addition to these achievements already noted, we also formed a historic partnership between eight Indigenous communities in the regional municipality of Wood Buffalo and Suncor. The partnership, called Astisiy, acquired a 15% stake in the Northern Courier Pipeline; which connects Fort Hills assets to Suncor's East Tank Farm asset.

Mark Little:

The result: reliable income for these communities for decades to come, while reducing operational risk. We heard from communities that opportunities like this are key to helping their communities thrive. I was personally honored to have been part of this historic collaboration. And finally, we continued to deliver competitive returns to shareholders.

Mark Little:

And, with that, I'll now turn the call over to Alister, to speak to the financial performance of the company.

Alister Cowan:

Thank you, Mark.

Alister Cowan:



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The operational and financial achievements of 2021 enables Suncor to make significant progress towards fortifying our balance sheet and meeting our capital allocation targets. Our adjusted operating earnings were \$3.8 billion, and \$10.3 billion in adjusted funds from our operations. This is the second highest adjusted funds from operations in our company's history.

Alister Cowan:

Our confidence in our ability to generate sustainable and increasing cash flow led us to increase shareholder returns and accelerate debt reduction. We doubled the dividend to an annualized rate of \$1.68 per common share. We also increased our share repurchase program, repurchasing \$2.3 billion of our common shares, or 84 million common shares, during 2021. We reduced debt to the highest annual pace in the company's history, reducing net debt by 18%, or \$3.7 billion, to 2019 levels.

Alister Cowan:

With our first quarter of 2022 results released yesterday, we continue to make significant progress on operational and financial results, allowing us to accelerate in shareholder returns and debt reduction. In the quarter, we bought back nearly 1.5% of the outstanding shares for \$830 million and we reduced debt by \$730 million.

Alister Cowan:

Suncor's board of directors approved a quarterly dividend of 47 cents per share, which represents an increase of 12% over the prior quarter dividend. And it's the highest quarterly dividend per share in the company's history. Also, the board approved an increase in the company's share buyback program, up to a maximum of 10% of Suncor's public float. And we updated our capital allocation policy to reflect accelerated shareholder returns and debt reduction.

Alister Cowan:

We know we've had some setbacks over the past year and still have some work to do. That said, these results demonstrate that Suncor is getting back on track strategically, operationally and financially, with more to come.

Alister Cowan:

Now, I'll turn the call back to Mark.



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Mark Little:

Great, thanks Alister. And as you've heard, Suncor made significant operational and financial progress in 2021. And we're continuing to make progress, achieving new milestones on our plan in the first quarter of this year. We are confident this trajectory will continue, because we have an unwavering focus on operational excellence, capital and cost discipline, increasing shareholder returns, optimizing our existing asset base, while all progressing emission reduction initiatives.

Mark Little:

Despite market volatility, we remain committed to becoming a stronger, more resilient and more competitive company. And with the world confronted by concerns about energy security, our intention to deliver the most responsible barrel on the planet is more important than ever.

Mark Little:

As we progress our ambition to be Canada's leading energy company, we are confident we can significantly increase returns to investors, while progressing to a net zero, to meet growing energy needs, positioning us to be a long-term global supplier. This is all part of our strong ESG strategy and performance. And finally, you can be assured that we will ground our decisions in our purpose, to provide trusted energy that enhances people's lives while caring for each other and the earth.

Mark Little:

In closing, I would like to thank the Suncor board of directors for their continued support and guidance. I also want to thank our employees for their hard work and dedication. When I look at the momentum we're building, I am confident we will create and deliver strong value for our shareholders for decades to come. Thank you.

Mark Little:

I would now like to open the floor to view and respond to your questions. But before we get started with questions, I would like to take a moment to introduce Suncor's senior executive team. Here, in the room, are our Chief Financial Officer, Alister Cowan, and our Chief Sustainability Officer and General Counsel and Corporate Secretary, Arlene Strom. Listening in online are Martha Hall Findlay, our Chief Climate Officer; Bruno Francoeur, Executive Vice President, Business and Operations Services; Paul Gardner, our Chief People Officer; Shelley Powell, Senior Vice President, ENP and In Situ; Kris Smith, Executive



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Vice President, Downstream; and Peter Zebedee, Executive Vice President, Mining and Upgrading.

Mark Little:

We'll now take questions submitted online. A reminder that only those who have logged in as a registered shareholder or proxy holders are able to submit questions. To do so, simply enter the question in the platform tool.

Mark Little:

Our first question comes from Jeff Carlson. Jeff's question is: on page 41 of Suncor's 2021 annual report, there's a brief mention of the partnership between Suncor and ATCO to develop potential world-scale clean hydrogen project in Alberta. It further states that a sanctioning decision is expected in 2024 and the facility could be operational as early as 2028, provided it has the required regulatory and fiscal support to render it economic. Could you please explain more about this project and, in particular, what regulatory support and fiscal support would be required and who would be providing this support in order to render it economic?

Mark Little:

In answer to Jeff's question, Suncor is the largest producer and consumer of hydrogen in Canada. Hydrogen is a significant part of our energy future and we've been involved in this business for over five decades. And so we see an opportunity for Alberta to become a global leader in the production of clean hydrogen.

Mark Little:

Suncor and ATCO have been partnering on a potential world-scale project that could be operational as early as 2028. This would produce more than 300,000 tons per year of clean hydrogen. It would capture more than 90% of the emissions generated in the hydrogen production process. And approximately two thirds of that hydrogen would be used in our refining and co-generation at the Suncor refinery, reducing our emissions by up to 60% within that facility. Approximately 20% of the clean hydrogen would be used to reduce emissions in the Alberta natural gas grid. CO2 emissions in Alberta reduced by more than 2 million tons per year, which is the equivalent of taking approximately 450,000 cars off the road on an annual basis.

Mark Little:



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Suncor will build and operate the hydrogen production facilities and ATCO will build and operate the associated pipeline and hydrogen storage facilities. So we are expecting, Jeff, to sanction that project in 2024. The specific regulatory approvals that are required have to do with, one, the construction of the facility and, secondly, the ability to sequester the CO2 from the project into the ground. So we need pore space.

Mark Little:

The Alberta government is the primary regulatory body that will oversee this, and they are also the administer of the pore space. And in fact, we just joined into a joint venture with Shell, ATCO and ourselves, and were awarded the opportunity for pore space in the Edmonton area to underpin this project. Further work and approvals are required to get that all finalized.

Mark Little:

On the economic front, both the federal government, through the recent investment tax credit, as well as the provincial government, through some of their incentive programs, are providing incentives to move forward on hydrogen projects. We think both of these are necessary to move this project forward and are really encouraged by the support that we've seen from both levels of government to make this project successful. So we continue to progress this and expect the sanction decision, as we stated, in 2024.

Mark Little:

Jeff, thanks for your question.

Mark Little:

At this time, there are no more questions. So I would like to thank everyone for joining us today. We appreciate your interest in Suncor and we look forward to connecting with you again. So, thank you. Stay safe. And have a great day.