

Suncor Energy Inc. (Suncor)

2023 United Kingdom (UK) Tax Strategy



Introduction

In accordance with Schedule 19 of Finance Act 2016 this document outlines the standards and approach to tax affairs and how tax risk is managed in respect of Suncor's UK subsidiaries (Suncor UK). Suncor UK is governed by Suncor's overall group policies, controls and procedures.

Business Overview

Suncor is an integrated energy company headquartered in Calgary, Alberta, Canada. The company is strategically focused on developing one of the world's largest petroleum resource basins – Canada's Athabasca oil sands. In addition, Suncor explores for, acquires, develops, produces and markets crude oil in Canada and internationally; the company transports and refines crude oil, and markets petroleum and petrochemical products primarily in Canada. Suncor also operates a renewable energy business and conducts energy trading activities focused principally on the marketing and trading of crude oil, natural gas, byproducts, refined products and power. As part of its overall portfolio, Suncor retains significant upstream assets in the UK – Buzzard and the Rosebank project. In addition, Suncor retains a mature marketing and trading business in the UK.

Suncor strives to be an industry leader in sustainable development and is focused on sustainability leadership in environmental performance, social responsibility and economic prosperity. Suncor's Report on Sustainability is available on its website at www.suncor.com

Standards of Business Conduct and Values

Suncor's standards for the ethical conduct of the company's business are set forth in a Standards of Business Conduct Code (the Code), which applies to Suncor's directors, officers, employees and independent contractors, and requires strict compliance with legal requirements and Suncor's values. Topics addressed in the Code include competition, conflict of interest, the protection and proper use of corporate assets and opportunities, confidentiality, disclosure of material information, trading in shares and securities, communications to the public, improper payments, harassment, fair dealing in trade relations, and accounting, reporting and business controls. The Code is supported by detailed policy guidance and standards and a Code compliance program, under which every Suncor director, officer, employee and independent contractor is required to annually complete a Code training course, read a summary of the Code, affirm that they understand the requirements of the Code, and provide confirmation of compliance with the Code since their last affirmation or confirmation that any instance of non-compliance has been discussed and resolved with the individual's supervisor. Compliance is then reported to Suncor's Governance Committee of the Board of Directors. A copy of the Code is available on Suncor's website at www.suncor.com

Our Values include Operational discipline, Safety above all else, Stronger Together, Curiosity and Lifelong Learning and Acting with Integrity. Operational discipline means using consistent standards, practices and behaviors to always improve our performance as we aspire to do the right thing, the right way, every time.

Consistent with this approach, the tax group manages risk and carries out its function following the Code and our Values.

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Overall UK Approach to Tax

Suncor UK follows these key principles:

- We maintain strong tax accounting arrangements which are fully compliant with the Senior Accounting Officer (SAO) requirements.
- We seek to be fully compliant by filing accurate tax returns and fulfilling filing and payment obligations within statutory deadlines.
- We access relevant incentives and exemptions provided by fiscal authorities and apply them as they are intended by the fiscal authorities.
- We engage in tax planning that optimizes our business and reflect the commercial arrangements we enter into.
- We assess tax planning not only for financial risk, but also the risk to Suncor's reputation and brand.
- We engage external advisors in the preparation and filing of tax returns and as required on consulting matters to assist with Suncor's understanding of UK tax laws and to ensure Suncor achieves its business goals and reduce uncertainty in the application of UK tax laws.
- We review material tax planning with the finance and business units and obtain approval from the UK Boards of Directors to implement. Material tax risks and disputes are reviewed by our external auditor, and the board audit committee is briefed on an annual basis.
- We seek to conduct transactions between Suncor group companies on an arms-length basis in accordance with transfer pricing principles.
- We strive to be fully compliant with Suncor's risk management policies and procedures.
- We are committed to building and maintaining strong and open relationships with tax authorities across the world, including in the UK, based on respect and trust.
- We actively participate in the development of tax laws and engage with different industry groups and government agencies when appropriate to encourage investment and economic growth.

Governance and Risk Management

The Suncor Standard for Risk Management and Risk Management Policy provide a framework for Suncor's risk management strategy. They are used to guide risk-based decision making across all aspects of Suncor's activities including tax. Suncor is committed to a culture of operational discipline including the proactive, transparent and consistent identification and management of risk. This discipline allows Suncor to balance the demands of risk and opportunity in a structured and systematic way.

Suncor's tax group is part of the central finance function that reports to the Executive Vice President and Chief Financial Officer. The tax strategy is owned by the VP Tax and is applicable to all tax and finance employees. The VP Tax is accountable for ensuring the tax group adheres to Suncor's risk management policies and procedures. In addition, the VP Tax is responsible for ensuring the Tax group has the expertise and sufficient internal and external resources to execute the strategy.

Relationship with HMRC

Suncor UK is committed to having an open and transparent relationship with HMRC built on respect and trust, which includes participation in business risk reviews. Suncor UK's goal is to minimize the disruption to its business and to take sound tax positions focused on achieving our business and commercial goals while reducing uncertainty for our business.