

ECONOMIC VALUE

The Syncrude logo is displayed in white text on a red circular background. The word "Syncrude" is written in a bold, sans-serif font, with a small red maple leaf icon integrated into the letter 'o'.

Syncrude is committed to responsible development and management of the oil sands resource. Toward this, we aim to create sustained economic value for our local communities of interest and all Canadians. This is achieved through an ongoing focus to improve safety, reliability and environmental performance, and to share the opportunities and benefits generated by our operations. Indeed, 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

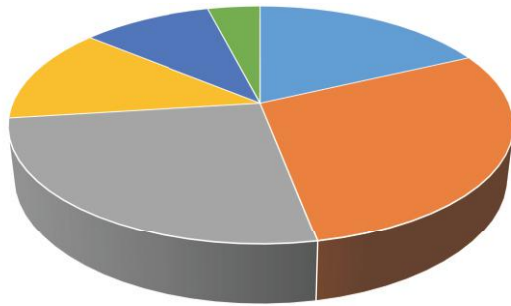
Syncrude contributed \$6.2 billion to the Canadian economy in 2019 – over 40 per cent in the Wood Buffalo region – through the procurement of goods and services, payment of taxes and royalties, and salaries. Over the last five years, Syncrude has generated a total economic impact of approximately \$26.9 billion.

At \$3.4 billion, procurement comprised the largest portion of our expenditures. This included \$602 million with Indigenous businesses – representing 18 per cent of our total annual spend and continuing the upward trend from previous years. In total, \$1.4 billion was procured from local businesses and suppliers in the Wood Buffalo region, representing 48 per cent of our purchasing for the year. An additional \$1.5 billion was procured from businesses elsewhere in Alberta and \$352 million from the rest of Canada. Of our total annual procurement, 96 per cent was spent in Canada.

Economic contributions also included net payroll costs of \$986 million, municipal taxes of \$90 million, payroll and corporate taxes of \$416 million, and royalty payments of \$956 million.

GEOGRAPHIC DISTRIBUTION OF PROCUREMENT SPEND¹

2019 (%)



- Aboriginal-owned Enterprises (18%)
- Municipality of Wood Buffalo (29%)
- Edmonton (26%)
- Rest of Alberta (13%)
- Rest of Canada (10%)
- International (4%)

In 2019, we procured \$1.4 billion in goods and services from local and Indigenous businesses, representing 48 percent of our purchasing for the year.

RESEARCH AND DEVELOPMENT

Syncrude ranks amongst the top spenders on research and development in Canada, investing \$78.2 million in 2019. 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 200 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 2014 and 2018, we awarded 110 research grants to universities 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 six at this time.

Economic Value Performance Data

Economic Value	2015	2016	2017	2018	2019
Operating costs ¹ (\$ million)	4,368	4,081	4,671	5,183	4,951
Operating costs ¹ (\$ per barrel production)	48.20	41.15	51.22	56.97	46.12
Capital expenditures ² (\$ million)	600	294	245	196	279.9
SSP selling price (\$CDN per barrel) ³	61.27	57.03	67.55	70.69	74.3
Revenues ³ (\$ million)	5,553	5,657	6,161	6,433	7,972
Goods and services purchased (\$ million)	3,284	2,735	3,288	3,662	3,472
Indigenous procurement (\$ million)	199	174	342	518	602
Community Investment (\$ million)	6.1	5.9	6.2	6.2	6.4
Research and development expenditures ⁴ (\$ million)	61.1	68.9	74.5	82.3	78.2
Royalties (\$ million)	351	39	526	172	956
Government of Alberta carbon payments ⁵ (\$ million)	19.7	9.3	58.0	46.7	34.2
Payroll and corporate taxes (\$ million)	388	396	395	435	416
Municipal taxes (\$ million)	131	131	122	102	90
Purchased energy ⁶ (\$ million)	318	261	328	332	268
Employees (net) (\$ million)	847	853	781	849	986

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 Fund credit purchases paid to the Government of Alberta under the Specified Gas Emitters Regulation (SGER).

6 Includes expenditures related to the purchase of diesel, natural gas and electricity.

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