

## Terra Nova Development



## Canada-Newfoundland and Labrador Industrial Benefits

### Public Quarterly Report

April 01, 2016 – June 30, 2016

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## Section 1.0 – Introduction

Suncor is one of the world’s largest integrated energy companies. As stewards of valuable natural resources, Suncor has the opportunity – and the responsibility – to help build a better future. The goal of creating shared value and benefit for all involved is obtained by supporting resilience, skill development and social well-being in the surrounding communities. Guided by a strategy focused on targeted investments, there is an aim to help communities grow, thrive and become sustainable. The belief that Suncor can be an effective partner in supporting sustainable, resilient communities by leveraging strengths as an integrated energy company is supported by investing in 5 (five) key areas:

- strengthening communities by cultivating community leaders,
- supporting building skills and knowledge for the current and future workforces,
- fostering the ability to think creatively through inspiring innovation,
- building employee and volunteer capability by engaging citizens in community activities, and
- engaging employees and communities in collaborating on our energy future.

Practicing a triple bottom-line approach to sustainability, Suncor is constantly looking for new opportunities to improve environmental performance, while maximizing economic and social benefit. The three criteria are connected. For example, through technology breakthroughs and process improvements, Suncor has opportunity to reduce environmental impact and make a difference to communities, while at the same time contributing to the bottom line through things like higher production or reduced costs. Responsible development has always been fundamental to Suncor. Innovations on the East Coast, such as the Hydrocarbon Blanket Gas and Recovery System, have received nationwide attention and showcase our commitment to developing a sustainable energy future.

The quest to create energy for a better world is the core principle at Suncor. As much as it relates to the business and the products which are produced and sold, creating energy for a better world is also about the people and the spirit that lives at the heart of the company. It’s a deep commitment to making a difference not only in the business, but in the communities, the county and the world.

## **Section 2.0 – Terra Nova Development**

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.

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 storeys. 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.

The following represents Suncor's Industrial Benefits Public Report for the second quarter ending June 30, 2016. This second quarter public report provides a summary of activities related to the production phase of the Terra Nova project carried out by Suncor and its major sub-contractors.

## Section 3.0 – Project Activity and Benefits Accomplishments

Suncor achieved a number of milestones during the second quarter of 2016. Some of these highlights and achievements include:

- Operational and capital expenditures for the Terra Nova project totaled approximately \$67 million, 77% of which was spent in Newfoundland and Labrador (NL) and the other provinces and territories of Canada.
  - 58% was spent in NL
  - 19% was spent in the other provinces and territories of Canada
- A total of 1,081 purchase orders valued at \$11.1 million were issued, 987 of which were awarded to vendors with a NL location or another Canadian location. Approximately \$9.8 million (88%) was spent in Canada including NL.
  - \$7.6 million in purchase orders awarded to NL locations (68%), and
  - \$2.2 million in purchase orders awarded to other Canadian locations (20%).
- A total of 871 people were working on the Terra Nova project at the end of June 30, 2016, of which 92% (805) were residents of Canada including NL.
  - 758 or approximately 87% were residents of Newfoundland and Labrador
  - 47 or approximately 5% were residents of other Canadian provinces or territories

## Section 4.0 – Employment

As of June 30, 2016, a total of 871 people were working on the Terra Nova development. Of the 871 total, 758 or approximately 87% were residents of NL, while another 47 or approximately 5% were residents of other regions of Canada at the time of hiring (Table 3.1). Of the Newfoundland and Labrador residents, 445 employees worked onshore, and 313 worked offshore. Of the residents from other Canadian provinces and territories, 29 worked onshore, 17 worked offshore and 1 resident worked outside of NL (Table 3.2).

<b>Table 3.1 – Total Employment Summary Terra Nova Project (Q2, 2016)</b>			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (OC) (%)	Non-Canadians (NC) (%)
<b>871</b>	<b>87%</b>	<b>5%</b>	<b>8%</b>

<b>Table 3.2 – Employment Summary by Location Terra Nova Project (Q2, 2016)</b>						
Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
<b>Onshore</b>	<b>445</b>	<b>29</b>	<b>58</b>	<b>394</b>	<b>138</b>	<b>532</b>
<b>Offshore</b>	<b>313</b>	<b>17</b>	<b>4</b>	<b>325</b>	<b>9</b>	<b>334</b>
<b>Other</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>5</b>
	<b>Total:</b>					<b>871</b>

Of the 871 employees supporting the Terra Nova development, 724 were male and 147 were female or approximately 17% of the total workforce (Table 3.3). Table 3.3 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 disciplines that are the most male dominant are the other category (largely represented by

marine crew) and the skilled trades category - at 95% and 99% male respectively, while the discipline that is the most female-dominated is administration at 86% female.

<b>Table 3.3 – Employment Summary by Discipline Terra Nova Project (Q2, 2016)</b>					
Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
<b>Management</b>	<b>87</b>	<b>84%</b>	<b>16</b>	<b>16%</b>	<b>103</b>
<b>Administration</b>	<b>8</b>	<b>14%</b>	<b>50</b>	<b>86%</b>	<b>58</b>
<b>Engineers</b>	<b>60</b>	<b>80%</b>	<b>15</b>	<b>20%</b>	<b>75</b>
<b>Technicians</b>	<b>89</b>	<b>89%</b>	<b>11</b>	<b>11%</b>	<b>100</b>
<b>Professionals</b>	<b>71</b>	<b>71%</b>	<b>29</b>	<b>29%</b>	<b>100</b>
<b>Skilled Trades</b>	<b>212</b>	<b>99%</b>	<b>2</b>	<b>1%</b>	<b>214</b>
<b>Labour</b>	<b>57</b>	<b>85%</b>	<b>10</b>	<b>15%</b>	<b>67</b>
<b>Students</b>	<b>13</b>	<b>62%</b>	<b>8</b>	<b>38%</b>	<b>21</b>
<b>Other</b>	<b>127</b>	<b>95%</b>	<b>6</b>	<b>5%</b>	<b>133</b>
<b>Totals:</b>	<b>724</b>		<b>147</b>		<b>871</b>

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.

## Section 5.0 – Canadian-Newfoundland and Labrador Content

The following table is intended to reflect the benefit distribution from Terra Nova cash expenditures.

Table 4.1 summarizes the content distribution of operating and capital cash expenditures for the period, by Newfoundland and Labrador, other Canadian, and non-Canadian spending.

<b>Table 4.1 – Canadian-Newfoundland and Labrador Content Terra Nova Project - Operating and Capital Cash Expenditures (Q2, 2016)</b>			
Reporting Period	Content		
	Newfoundland and Labrador (%)	Other Canadian (%)	Non-Canadian (%)
<b>This Quarter:</b>	<b>58%</b>	<b>19%</b>	<b>23%</b>
<b>Year to Date (YTD):</b>	<b>56%</b>	<b>21%</b>	<b>23%</b>
<b>Project Cumulative(since production started in 2002):</b>	<b>56%</b>	<b>16%</b>	<b>28%</b>

The expenditure content percentages for the second quarter ending June 30, 2016 were 56%, 16% and 28% for Newfoundland and Labrador, other Canadian, and non-Canadian spending, respectively.



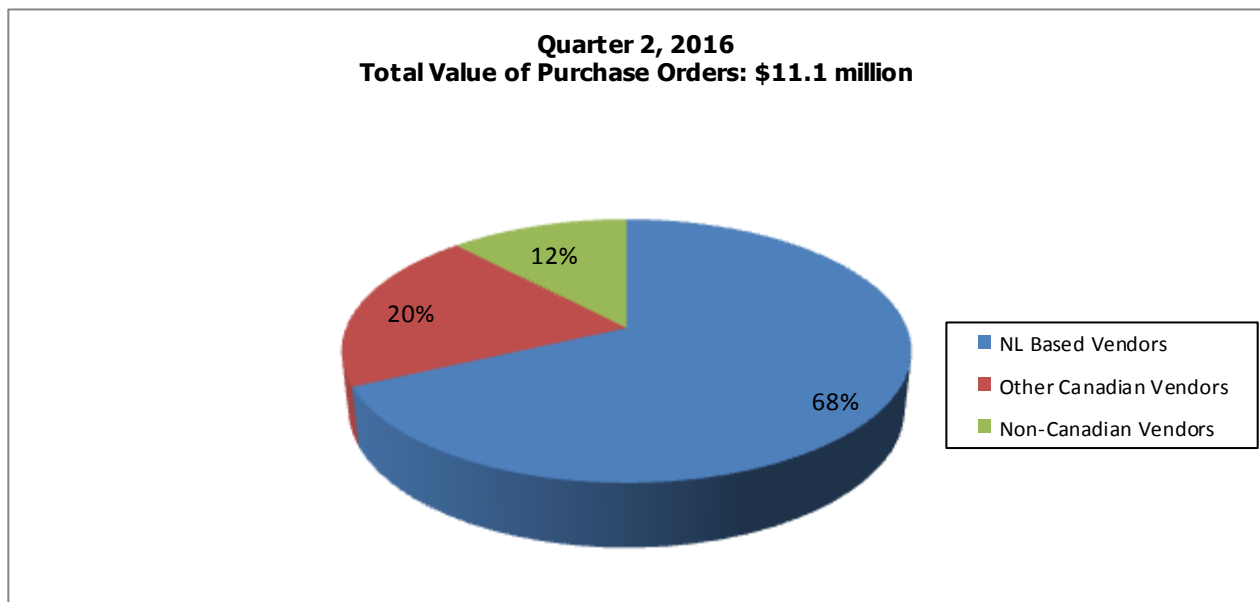
## Section 6.0 – Contracting and Procurement

Four (4) contract extensions were issued during the period April 01, 2016 to June 30, 2016.

<b>Table 5.1 – New Contracting Activity Terra Nova Project (Q2, 2016)</b>		
Description	Contractor	Contractor Location (NL, Other Canadian, Non-Canadian)
Pump Maintenance Service	Pennecon Energy Technical	NL
Rotating Electrical Equipment Services	Pennecon Energy Technical	NL
Main Power Generation Services	Pennecon Energy Technical	NL
Weather Forecasting and Oceanographic Monitoring	Oceans Ltd.	NL

A total of 1,081 purchase orders with a cumulative value of approximately \$11.1 million were awarded during the second quarter of 2016. Approximately \$9.8 million, (88%) was spent in Canada including NL. Figure 5.1 summarizes the distribution of spend associated with all purchase orders across locations.

**Figure 5.1 - Purchase Orders (Percentage of Participation on a Value Basis)**



## **Section 7.0 – Conclusion**

Suncor Energy is committed to enhancing local industrial benefits for the people and the province of Newfoundland and Labrador for the life of the Terra Nova development to create a lasting legacy from the province's first FPSO development.