

Terra Nova Development



Canada-Newfoundland and Labrador Benefits

Public Annual Report 2015



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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, 2015 to December 31, 2015. 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 a number of milestones and successes during 2015. Some of the major accomplishments included:

- i. **Turnaround-** The Terra Nova team safely completed the work scope for the 2015 Turnaround in approximately 7.5 weeks – well ahead of the 10-week forecast. Key accomplishments included:
 - i. Flare Tip replacement
 - ii. Waste Heat Recovery Unit structural repair
 - iii. Terra Nova’s onshore and offshore workforce achieved a safe and environmentally responsible performance – with just one minor first aid and zero environmental incidents
- ii. **Zero LTI Achievement** – In April 2015, Terra Nova achieved ten years without a Lost Time Incident (LTI).
- iii. **POEA-** The receipt of three (3) nominations at the Suncor President’s Operational Excellence Awards (POEA) with two chosen finalists and one award recipient
 - i. Personal and Process Safety – Safety Starts with Me (award recipient)
 - ii. Personal and Process Safety – Safe Swivel Hydrocarbon Gas Venting (finalist)
 - iii. Reliability – LIV Project, First for Canada (finalist)
- iv. **IChemE Award-** Suncor Energy East Coast received the Process Safety Award at the Institution of Chemical Engineers (IChemE) 2015 Global Awards for improvements to the FPSO vessel’s gas detection system. The project was also a finalist in two award categories at the Society of Petroleum Engineers Global Awards and was published in both World Oil and Scandinavian Oil & Gas magazines.
- v. **Production-** On February 23rd, 2015, 13 years and 34 days after first oil, the Terra Nova FPSO reached the production milestone of 370 million barrels, which was the original field sanction estimate.

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, 2015, a total of 825 people were working on the Terra Nova development. Of the 825 total, 763 or approximately 93% were residents of NL, while another 43 or approximately 5% were residents from other regions of Canada at the time of hiring (Table 1).

Total Employment Summary Terra Nova 2015			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (OC) Residents (%)	Non-Canadians (NC) Residents (%)
825	93%	5%	2%

Table 1 - 2015 Terra Nova Total Employment Summary by Residence

Employment by Residence Status and Location

Newfoundland and Labrador residents supporting the Terra Nova development consisted of 440 employees who were employed onshore and 319 who were employed offshore. Residents from other Canadian provinces and territories consisted of 24 employed onshore, 18 employed offshore and one person was employed outside of NL supporting Terra Nova (Table 2).

Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
Onshore	440	24	12	350	126	476
Offshore	319	18	2	330	9	339
Other	4	1	5	9	1	10
	Total:					825

Table 2 - Terra Nova (December 31, 2015) Employment Summary by Location

Employment by Discipline

Of the 825 employees supporting the Terra Nova development, 689 were male and 136 were female or approximately 16% of the workforce (Table 3). Table 3 also breaks down the employment summary by discipline, which includes management, administration, engineers, technicians, professionals, skilled trades, labour, students and others that do not fit as one of these categories. The disciplines that are the most male-dominated are the skilled trades and other category (largely made up of marine crew) – at 97% and 99% male respectively, while the discipline that is the most female-dominated is administration at 83% female.

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Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
Management	82	84%	16	16%	98
Administration	10	17%	50	83%	60
Engineers	62	83%	13	17%	75
Technicians	75	87%	11	13%	86
Professionals	74	76%	23	24%	97
Skilled Trades	187	99%	2	1%	189
Labour	50	79%	13	21%	63
Students	12	75%	4	25%	16
Other	137	97%	4	3%	141
Totals:	689		136		825

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, 2015) 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 2015 reporting period. The content percentages totaled 55%, 20%, 25% for Newfoundland and Labrador, other Canadian and non-Canadian spending, respectively. As a cumulative project figure, the content percentages are Newfoundland and Labrador 56%, Other Canadian 16% and Non-Canadian 28%.

Reporting Period 2015	Content		
	Newfoundland and Labrador (%)	Other Canadian (%)	Non-Canadian (%)
Year to Date:	55%	20%	25%
Project Cumulative:	56%	16%	28%

Table 4 - 2015 Terra Nova Canadian-NL Content Estimates

Contracting and Procurement

A total of 5,176 purchase orders with a cumulative value of approximately \$52 million were awarded during the reporting period of January 01, 2015 to December 31, 2015. Approximately \$40 million (78%) was spent in Canada including NL. Figure 1 summarizes the distribution of spend associated with all purchase orders across locations.

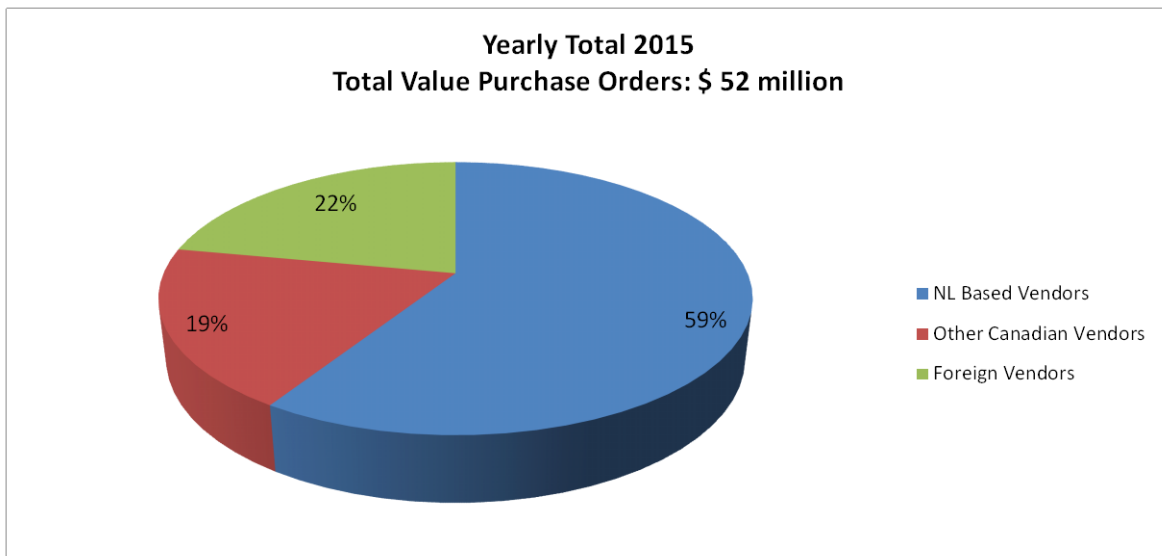


Figure 1 - 2015 Terra Nova Purchase Orders

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A total of fifteen (15) new contracts or extensions, each with a value greater than \$250,000, were awarded during the reporting period January 01, 2015 to December 31, 2015 (Table 5).

Contracting Activity Terra Nova 2015		
Description	Contractor	Contractor Location (NL, Other Canadian, Non-Canadian)
Catering and Accommodation Services	East Coast Catering Ltd.	NL
Warehouse Services	ASCo Canada Ltd.	Other Canadian
Ad-Hoc Support Services	NSB Energy	NL
Remote Operated Vehicle (ROV) Services	Oceaneering Canada	Other Canadian
Grant Agreement – Ice Ocean Sentinel System	Memorial University of Newfoundland	NL
Machinery Health Monitoring & Reliability Engineering Services	Aker Solutions Asset Integrity & Management Canada Inc.	Other Canadian
Marine Base Services	A Harvey & Company Ltd.	NL
Supply of Telephone & Data Services	Bell Aliant Regional Communications	Other Canadian
Terra Nova Aboriginal Graduate Student Scholarships	Memorial University of Newfoundland	NL
Power Generation and Turbine Maintenance Services	Ansaldo Thomassen B.V.	Non-Canadian
Vendor Surveillance Services	Killick Group Ltd.	NL
Thruster Maintenance Support Services	Rolls Royce Canada Ltd.	Other Canadian
Warehouse and Yard Related Services	ASCo Canada Ltd.	Other Canadian
Burin Sea Supply Vessel	Secunda Canada LP	Other Canadian
Torquing/Tensioning and Leak/Pressure Testing	IKM Testing (Canada) Limited	Other Canadian

Table 5 - 2015 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) NOIA Daily Bulletin

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 NOIA Daily Bulletin. The NOIA Daily Bulletin 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 2015, 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 utilizes 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 a number of 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, NOIA, 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. In 2015, Suncor presented at the Newfoundland and Labrador Oil and Gas Industries Association (NOIA) conference, and participated in a number of community partner events.

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 2015, 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 2015 is provided in Table 6.

Terra Nova sponsored R&D activities from January 1 to December 31, 2015 totaling \$4,565,622. Below is a summary of the specific R&D projects previously listed in Table 6.

Description		Research Agency	2015 Spend
Environment and Safety			
1.	Dynamic Positioning in Ice Environments	PRNL	\$300,000
2.	Leach's Storm Petrels	PRNL	\$22,892
3.	Impact of Seismic Activity on Shrimp Behaviour	PRNL	\$72,000
4.	Bio indicators - Diagnostic Tools for Effects Assessment of Specific Marine Life	PRNL	\$373,978
5.	Towing, Sheltering and Recovery of Totally Enclosed Motor Propelled Survival Crafts (TEMPSC) Lifeboats and Life Rafts	PRNL	\$140,472
6.	Oiled Seabird Cleaning Centre	Various	\$36,209
7.	Environmental Effects Monitoring Program	Stantec	\$450,913
8.	Nocturnal Migratory Bird Behaviour	PRNL	\$19,602
9.	MUN Ice Ocean Sentinel System	MUN	\$300,000
Development/Operations Related			
10.	Reservoir Souring: Continuous Nitrate/ Batch Nitrite Injection (CNNI) Field Pilot	Terra Nova	\$2,414,556
Terra Nova Owner Sole Spend			
11.	Suncor's C-CORE Annual Contribution	C-CORE	\$75,000
12.	Suncor's PRNL Baseline R&D Activity	PRNL	\$360,000
Total			\$4,565,622

Table 6 - 2015 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 over \$2 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 2015, the Terra Nova Project filled a total of 97 Co-op positions at a cost of over \$1.3 million. 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.



Figure 2 - Co-op students participating in Days of Caring at the Suncor Energy Fluvarium

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

In 2015, as part of its commitment to diversity, Suncor monitored the employment levels of underrepresented groups on Terra Nova including women, aboriginals, persons with disabilities and members of visible minorities. The following Table 7 illustrates the employment of members within these four designated groups working on the Terra Nova project as of December 31, 2015. The figures presented in Table 7 are based on data collected from employees through self-identification on a confidential and voluntary basis. Information regarding gender was obtained from employees' records. In 2015, 22% of Terra Nova's workforce represented members from the four designated groups. Women represented the largest group, at 17%, Aboriginal People represented 2%, Persons with Disabilities 2% and Members of Visible Minorities represented 1% of Terra Nova's workforce.

Attracting and retaining talent that has previously been underrepresented in the workforce is critical to ensuring that Suncor can access the necessary people and skills both in the short and longer term.

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Category	Women (%)	Aboriginal Peoples (%)	Persons with Disabilities (%)	Members of Visible Minorities (%)
Managers and Supervisors	2%	0%	0%	0%
Professional and Technical	6%	1%	1%	1%
Administrative	6%	0%	0%	0%
Skilled Crafts and Trades	1%	1%	1%	0%
Sales and Service	0%	0%	0%	0%
Manual Workers	2%	0%	0%	0%

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 - 2015 Terra Nova Employment of Designated Groups

Diversity Strategies

Suncor continues to accelerate the diversity of its workforce through the development and implementation of strategies aimed at increasing the number of women and members of underrepresented groups.

In 2012, Suncor implemented a Major Projects Women’s Diversity Initiative (MPWDI), the purpose of which is to highlight the importance of developing and retaining female employees. This model has now been adopted on the East Coast and will become part of the annual goal plan. Building on the successes of the MPWDI, annual surveys will be conducted to receive feedback on programs provided to women, with the objective of providing appropriate training and development opportunities. A mentorship program, sessions such as ‘Let’s Talk’, ‘Bring Your Daughter to Work Day’, and Lunch and Learn discussions will be held to promote diversity of thinking while increasing networking in the workplace.

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 being under-represented in the workforce. Supporting skills, knowledge development, and educational infrastructure that builds 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.

During 2015, Suncor contributed over \$51 thousand in funding support towards programs that support the education and development of underrepresented groups in the workforce. Making strategic investments in E&T is one way the development of petroleum resources offshore Newfoundland is contributing to the growth and sustainable development of the Province.

The following diversity related initiatives were supported by Terra Nova in 2015:

Expenditures with a Focus on Diversity		
1.	WISE NL Aboriginal Youth Conference	WISE NL
2.	Suncor Scholarships for Women in Engineering	Memorial University of Newfoundland
3.	Terra Nova Young Innovators Award	Memorial University of Newfoundland

Table 8 - 2015 Summary of Terra Nova’s Diversity Expenditures

Community Investment

Suncor is committed to supporting the communities that have contributed to its success. Investments made by Suncor, the Suncor Energy Foundation, and employees are primarily focused on the communities in which they operate. The primary goal is building strong community relationships and enhancing the quality of life of those communities through environmental, social, and economic contributions. Some examples of how Suncor and its employees have given back to its communities are as follows:

- i. Contribution of \$124,003 to the United Way of Avalon, an organization that provides funding to charities and not-for-profits in Newfoundland & Labrador.
- ii. Following a very successful 2015 United Way Campaign, Suncor East Coast hosted a number of Days of Caring events at Habitat for Humanity, Avalon Mountain Biking – Pippy Park trail clean-up, Janeway, Ronald McDonald House, Beagle Paws, the Down Syndrome Society, the Salvation Army and the Suncor Energy Fluvarium.
- iii. Sponsorship of Newfoundland Symphony Orchestra, “Suncor Energy Big Band Show” - \$30,000.
- iv. Sponsorship of the 2015 Junior Achievement Business Hall of Fame for \$35,000.
- v. Sponsorship and participation in 2015 Oil and Gas week “Energy Day” – an event designed to introduce high school students to career opportunities in the oil and gas industry.
- vi. Participation in the Heart & Stroke Foundation “Hockey Heroes Tournament”. A total of \$358,000 was raised, including a \$34,056 contribution from Suncor.
- vii. Participation in Food Drive and Clothing Campaigns such as the Gathering Place, SPCA St. Johns and SPAN (toy drive during Christmas). In 2015, Suncor employees also donated a total of 981lbs of food for Bridges to Hope through a food blitz during Thanksgiving (Figure 7). There were also 50/50 draws and bake sales held to help support families during the holiday season.
- viii. A number of conferences and educational events were also supported, including the WISE NL Aboriginal Youth Conference, MUN Engineering Alumni Meet and Greet, Association for New Canadians Bridge to Work Campaign
- ix. Participation in the Canada Fittings and Flanges 2015 Charity Ball Hockey Tournament, which raised \$10,080 - \$3,024 going to the Janeway and \$7,056 going to the Boys and Girls Club.



Figure 3 - Suncor Energy's Pat Gregory and Elvis Chippett with the 981lbs of food raised for the Bridges to Hope Food Blitz



Figure 4 - The 2015 United Way Kick-Off Breakfast

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 2015 activities, has invested over \$6.9 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.