

Message to Shareholders



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While the combined events of the past year – a global pandemic that dramatically reduced energy demand and an oversupplied oil market – may have been the most dramatic in Suncor’s history, they did not alter our purpose: ***to provide trusted energy that enhances people’s lives, while caring for each other and the earth.*** Navigating volatility is not new for Suncor, and even the most turbulent of times can set the conditions to emerge stronger.

Mark Little

President and Chief Executive Officer
(Pictured at his home office)

Our Strategy

We assumed these unparalleled circumstances would last for some time and took significant and swift measures to increase our cash liquidity, reduce our operating expenses by 10% or \$1 billion (ultimately achieving a reduction of \$1.3 billion or 12% compared to 2019 levels), and leverage our integrated model to optimize volumes and margins. We preserved cash by reducing our capital spend by 33% compared to our original 2020 guidance, and made the difficult decision to reduce the dividend. We prioritized sustaining projects to support safe and reliable operations and high-value initiatives like the interconnecting pipelines between Syncrude and Oil Sands Base, the autonomous haul system at Fort Hills, and our digital investments to increase productivity and efficiency. We know these actions impacted our people, customers, suppliers, communities – and, of course, our shareholders – but were necessary to preserve the financial resilience of the company.

We also continued to make structural changes to our business to increase our cost competitiveness, a path we started on prior to the challenging circumstances of 2020. And we remain focused on operational discipline and our participation in the global energy transition – all with the objective of increasing the cash flow of the company and shareholder returns. This includes assuming operatorship of Syncrude, which is expected to unlock significant value; enhancing our use of technology and data to make our operations safer, more reliable and efficient; and investing strategically in sustainability initiatives that foster overall improvements to our environmental performance, both for the present and as we look to the future.

Digital equipment provides access to better data live in the field, increasing productivity and efficiency.

Increased cash liquidity

Reduced operating expenses by \$1.3 billion

Leveraged our integrated model to optimize volumes and margin

Prioritized sustaining projects to support safe and reliable operations

I am convinced the setbacks of 2020 can become the advantages of 2021. As vaccines are deployed in a fraction of the time that has been done historically, we expect increased demand for refined products to strengthen refining margins and oil prices. As a fully integrated company with operations from wells and mines to wheels, we stand to benefit from both. In 2021, I am confident that the tough decisions we made will strengthen the cash flow generation capabilities of our business and enable us to focus on debt repayment and increasing shareholder returns. And longer term, with a strong base business, robust cash-generating companies like Suncor are well positioned to grow shareholder returns while making the necessary profitable investments that support the global energy transition.





We are applying advanced analytics and drones to identify opportunities to reduce worker exposure to hazardous tasks and improve operations and project outcomes.

Relentless Focus on Operational Excellence

A tough 2020 could also be said of our operational and safety performance, which was not what our shareholders expected of us – nor what we expected of ourselves. Superior execution, rigorous management and constant oversight is the responsibility of every single one of us at Suncor – and we have taken action as part of an ongoing effort to improve our performance.

A relentless focus on making our operations safer is first and foremost. Within a few weeks, we had two tragic events in which three people lost their lives. We are gravely concerned about these events, and are committed to ensuring our workplaces are safe for everyone. We are leading thorough investigations to understand how they occurred and how we can prevent such incidents from happening again, and launched an independent review of our mining safety practices. We've held a series of safety stand-downs across the company to reinforce our attention on safe operations. And because contractors make up a critical part of our workforce, we can only achieve safe operations when we work together. Keeping people safe must be at the heart of everything we do.

Accelerating our digital transition will help drive the safety – and reliability – of our operations. A more digitally enabled environment means improved safety, higher quality and better-informed decisions; increased transparency, collaboration and efficiency; and improvements to our overall cost structure. Adoption of digital technologies like SAP (formerly Systems, Applications, and Products in Data Processing) and autonomous haul systems make us more effective but also require fewer people. While the program to improve our cost structure is already underway, we have accelerated this work and expect associated workforce reductions of 10-15% by mid-2022. These changes are difficult because they impact people and we aim to treat everyone with respect; however, they are necessary to be sustainable and competitive over the long term.

Flexibility Meets Integration: 2020 Performance in Review

The agility of Suncor's physically integrated business model, which allows us to be nimble in responding to market conditions, positioned us strongly. We continued to focus on the company's value over volume approach through the integration of Suncor's upstream and downstream production with our upgraders and refineries and our Petro-Canada™ retail network, and used the flexibility of the company's assets to respond to the changing needs of the market. We shifted our upstream product mix towards higher-priced light crude and maximized the processing of our physical barrels in our refineries.

The collapse in demand due to COVID-19 is temporary; furthermore, we expect domestic and global demand will return as oil and gas continue to be necessary components of the energy mix. Our strategically integrated downstream business and our long-life, low-decline upstream assets will generate substantial free funds flow for decades to come.



Our logistics networks and connection to consumers through our retail and wholesale channels allowed us to make real-time decisions on refinery outputs – resulting in the stronger performance of our refineries relative to our North American peers.



Secure and Sustainable Energy

Throughout 2020 we continued to engage in the global energy transition, with a two-pronged approach: increasing the efficiency of our base business and reducing our environmental footprint, while strategically investing in energy transition solutions aligned with our core business.

We remain on track to meet our target of a 30% reduction in our emissions intensity by 2030 through investing in low-carbon power, developing and deploying new technologies, running our operations on lower carbon fuels, and implementing and improving energy efficiency. While the 2020 business environment required us to adjust the timing of our coke-boiler replacing cogeneration facility at Oil Sands Base and our Forty Mile Wind Power Project – a reminder that we depend on a healthy base business today to support investments in future innovations – we have now restarted these projects.

Beyond 2030, we are focused not only on determining longer term climate goals and ambitions for Suncor, but, critically, on how we can achieve them. Our credibility and integrity require us to have a thoughtful and pragmatic plan – over the short, medium and long term – to achieve the ambitions we set. In the meantime, through our Report on Sustainability, we continue to report on and track our progress annually, recognizing that transparency and disclosure – and evidence of performance – are important to shareholders and many others.

We also continue to progress the development of alternative forms of energy. We are partners in four wind farms, including one with the Aamjiwnaang First Nation in Ontario; we are a significant investor in renewable fuels through companies like

The global energy transition depends on collaboration and cooperation. As our business touches many aspects of Canada's economy, Suncor is in a unique position to influence that at all levels. We take a lead role in pooling scientific brainpower, research and technology development as part of multi-stakeholder groups such as Canada's Oil Sands Innovation Alliance, the Clean Resource Innovation Network and Evok Innovations.

Energem, which is constructing a new "waste-to-biofuel" plant in Varennes, Quebec and whose Edmonton facility is the first commercial scale facility in the world to turn waste into fuel; we have owned and operated Canada's largest ethanol plant since 2006; and we're helping to produce sustainable aviation fuel through our investment in LanzaJet.

We're also supporting our customers' efforts to transition to a low-carbon future – for example, our coast-to-coast network of more than 50 fast-charging electric vehicle (EV) chargers at Petro-Canada™ stations. On Canada's Electric Highway™, stations are no further than 250 kilometres apart, eliminating "range anxiety", one of the significant barriers to EV adoption.

A More Inclusive – and Caring – Future

I'm particularly proud of how Suncor and our people continued to show up in communities with compassion this past year even as we worked remotely and were physically distanced. Whether leveraging the company's supply chain to purchase and donate personal protective equipment to Canada's northern communities at the start of the pandemic, helping Petro-Canada™ stations support their local communities, or coming together to assist Fort McMurray during a historic flood, Suncor was there.

This year we launched our Petro-Canada CareMakers Foundation™, bringing awareness and support to the more than eight million family caregivers in Canada from coast-to-coast.

2020 also saw Suncor continue to advance reconciliation with Canada's Indigenous Peoples, building on our relationships with trust and respect. We were proud to be re-certified at the gold level in the Canadian Council for Aboriginal Business Progressive Aboriginal Relations (PAR) program.

We are also working to build an inclusive and respectful workplace within Suncor. The events of 2020 cast an even greater light on racial justice and equity issues and the need for social change. In 2020 we made progress by implementing more inclusive parental leave policies, supported the launch of additional employee-led inclusion networks and enhanced our education programs to address unconscious bias.



Through Suncor, the Suncor Energy Foundation, Petro-Canada™ and our people, approximately \$38 million and close to 74,000 volunteer hours flowed to communities in 2020. These achievements are one example of how we live our purpose every day.





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Looking Ahead to 2021

Despite the challenges of the past year, we look ahead with optimism. The macro environment is recovering at a faster pace than expected and our operational performance is improving as we reinforce operational excellence to deliver safe and reliable results. As Suncor becomes operator of Syncrude, a stronger regional operations model will drive greater competitiveness and synergies across all our assets. The interconnecting pipelines between the Syncrude site and Oil Sands Base adds to the company's operational flexibility and supports stronger reliability.

We will continue to exercise capital discipline and plan to reduce our total debt in 2021 and beyond. Our capital portfolio will focus on value-driven investments to enhance margins, improve business processes, and reduce our operating and sustaining capital costs.

Our commitment to returning cash to shareholders remains. As market demand recovers and commodity prices increase, we aim to deliver increased cash returns to our shareholders, targeting annual cash returns of 6 to 8%.

As I close, I would like to express my gratitude to Suncor's Board of Directors for their counsel and guidance through an unprecedented year. I'd particularly like to thank Mel Benson,

a member of the Beaver Lake Cree Nation, who is retiring from the board later this year, for his 21 years of service and wise counsel. To our management team, my most heartfelt thanks for your leadership and for living Suncor's purpose every day by bringing clarity and focus to our company's efforts, building a respectful and inclusive environment, and enabling and inspiring others.

And finally, to all of the Suncor team, I cannot thank you enough for your strength and adaptability in the face of uncertainty, for your focus on keeping yourselves and others safe, and for your on-the-ground efforts to keep our facilities running as we deliver essential energy to our customers and to society. You have all been extraordinary, through an extraordinary time.

A handwritten signature in black ink, appearing to read 'Mark Little'.

Mark Little
President and Chief Executive Officer
Suncor Energy