IMPERIAL OIL LIMITED

ANNUAL GENERAL MEETING OF SHAREHOLDERS

MEETING TRANSCRIPT

MAY 3, 2022

11:00 a.m. (Mountain Time)

Brad Corson: Good morning, ladies and gentlemen. My name is Brad Corson. I am Imperial's chairman, president and chief executive officer, and it is my pleasure to welcome you virtually to Imperial's annual meeting of shareholders. While I regret, I will not have the opportunity to personally meet and interact directly with shareholders this year, by meeting virtually, it does allow us to improve participation and reach a greater number of our shareholders. I do look forward to meaningful engagement through this virtual meeting today. We are now at our appointed start time, and I will call this meeting to order.

As we begin, I would like to acknowledge that I am speaking to you from the city of Calgary which lies in the traditional territories of the Treaty 7 region in southern Alberta. The city of Calgary is also home to the Metis Nation of Alberta Region 3.

I would like to draw your attention to our cautionary statement, which is displayed on the meeting web page now. It will be accessible with the presentation slides on our website after this meeting concludes, and I would encourage you to read it. It is nothing new, a long way of saying that at this meeting we may make forward looking statements which involve certain assumptions and have inherent risks and uncertainties. Actual results could differ from these statements. There are also references to non-GAAP measures within the presentation and related disclosures are at the end of the presentation and on our website.

As we begin today's meeting, I would like to take a moment to thank the team at Imperial. When I reflect on the past year there has been no shortage of challenges that we continue to see in the daily headlines. Despite the challenges surrounding us, I continue to be impressed and inspired by our employees and contractors across all of our sites, our operations and offices. They find ways every day to not only perform their job safely and create value for us, but to go above and beyond by supporting each other and the communities where we live and work. That is what continues to make me most proud to be a part of the Imperial team. In today's meeting, you'll hear a lot about our finances, our operations, and our progress in the climate space, and none of these successes happen without every one of our employees, contractors and business partners. There is no question that we'll face new challenges in the coming years, but one thing is certain, our workforce will look to turn those challenges into opportunities, so that we can continue to provide products that all Canadians need. I would also like to thank our customers, our suppliers and our community partners, as well as government stakeholders for the support they continue to give Imperial.

And lastly, thanks to all of you who are joining us today for your support and interest in our company. Your collective trust and confidence in Imperial has helped drive our success, and I certainly want to recognize that. Together we've achieved so much in very challenging times. It's inspiring, and I know the best is yet to come. Thank you again for joining us today.

Ian Laing, vice president, general counsel and corporate secretary, will serve as secretary for the meeting. I'll also be calling on Dave Hughes, vice president of investor relations, to facilitate questions from the shareholders during the meeting. Rita Gutierrez-Fernandez and Leanne

Branston, of Broadridge Investor Communications Corporation, will act as scrutineers. All of the nominees for election as director are joining us remotely and the members of Imperial's senior management team are with me here in Calgary. In the unlikely event of a technical disruption before we conclude the business of this meeting, the meeting will be rescheduled within the next 30 days. Now let's get started. Ian, would you please review the voting and question procedures for this virtual meeting.

Ian Laing: Today, registered shareholders and duly appointed proxy holders who are attending the meeting have the ability to vote online. For those of you that have already voted in advance of the meeting and do not wish to change your votes you do not need to do anything today.

For those of you that choose to vote at today's meeting, or to change a vote already submitted, the poll will remain open throughout the meeting until the last business item has been put to a vote and the chair of the meeting declares voting to be closed. The meeting resolutions will be displayed on the meeting web page. To register your vote, click on the "Vote here" button on the web portal and follow the instructions. You must click "Submit" following your selection for your vote to be counted. Votes may be changed up to the time that voting is closed. A simple majority is required to approve matters voted on at this meeting, preliminary results will be announced before the conclusion of the meeting and final results will be posted on our website and will appear in our public filings later today.

For registered shareholders and duly appointed proxy holders joining through the Broadridge platform, please note that if you wish to ask a question, click within the "Ask a Question" window found on the lower left portion of the meeting web page. Please type in your name, then type in your question and press “Submit”. As with our in-person meetings, please keep your comments brief and ask one question at a time. I also encourage you to submit your questions as early as possible. Questions related to items of business will be addressed immediately before each item is put to a vote and questions of a general nature will be addressed during the question period after the chairman's remarks. Please refer to the meeting agenda and rules of conduct document for the meeting for more details on the question period.

Brad Corson: Thank you, Ian. Now, what is our first item of business?

Ian Laing: First item of business deals with the constitution of the meeting. Mr. Chairman, I can advise that a notice of the annual meeting of shareholders form of proxy, management proxy circular and the financial statements, including the auditor's report were all made available to registered shareholders, to the directors and to the auditors. I can also advise that a quorum for this meeting is present.

Brad Corson: Thank you, Ian. Since a quorum is present, I declare the meeting to be properly constituted to transact business as an annual meeting of shareholders of Imperial Oil Limited. To facilitate proceedings since the meeting is conducted in a virtual only format this year, I have asked Ian Laing who is also a shareholder, to move all motions. I will call on him at the appropriate time.

The first item of business at today's meeting is the election of directors. Before I call for nominations for directors, I would like to make a few comments on corporate governance. Good governance is critical to our competitiveness and stewards are accountability to you, our shareholders. We continually review our processes, our practices and structures, monitoring for changes to maintain compliance. But more importantly ensuring that we are applying the right overarching framework for our company. The board of directors is responsible for setting organizational direction and developing strong governance policies. Directors are nominated based on individual qualifications and overall make-up of the board.

Imperial's directors offer a wide range of skills, diversity and experience, with five out of the seven nominees today independent from the company. Coupled with non-independent representation from ExxonMobil, Imperial's majority shareholder, the depth and breadth of the board offers a balanced approach to effective oversight. Further to composition, the board has five committees, each chaired by a different independent director to help carry out its duties. This allows our directors to work on key issues in greater detail and better execute the board's responsibility with respect to specific areas. For example, the public policy and corporate responsibility committee is critical to the work the company is doing to address the risks of climate change. This includes overseeing the company's key sustainability initiatives, such as the unprecedented Oil Sands Pathways to Net Zero alliance and projects focused on emissions reductions that will help us achieve our greenhouse gas emissions intensity reduction goals.

From a governance perspective, the board evaluates climate change risk in the context of enterprise risk and is fully committed to supporting the company's pursuit of a strategy that is resilient to a wide range of potential pathways for society's energy transition. All while growing value for you, our shareholders. To facilitate strategic leadership, Imperial provides the board comprehensive and frequent information regarding relevant and emerging issues as well as company operations. And finally, compensation for independent directors is competitive and aligns the long-term financial interests of the board with those of our shareholders. To say the least, Imperial is committed to high corporate governance standards and best practices. This is reflected in our board of directors. With that, let's move to the first item of business, the nomination and election of directors. All of the seven nominees are with us at this virtual meeting today. All of the nominees are standing for re-election as directors. Ian, may I please have the nominations for directors for the ensuing year?

Ian Laing: The nominees for directors are:

David Cornhill. Mr. Cornhill is a corporate director.

Bradley Corson. Mr. Corson is the company's chairman, president and chief executive officer.

Matthew Crocker. Mr. Crocker is senior vice president, strategy and business development at ExxonMobil low carbon solutions, a division of ExxonMobil Corporation.

Krystyna Hoeg. Ms. Hoeg is a corporate director.

Miranda Hubbs. Ms. Hubbs is a corporate director.

Jack Mintz. Dr. Mintz is the president's fellow at the University of Calgary, School of Public Policy, and a corporate director.

And David Sutherland. Mr. Sutherland is a corporate director.

Brad Corson: Thank you, Ian. Are there any questions from participants regarding the nominations?

Ian Laing: No, there are no questions from participants.

Brad Corson: As there is no further discussion, I declare the nominations closed. May I please have the motion to elect the nominated candidates as directors of the company?

Ian Laing: I move that the candidates nominated as directors be elected directors of Imperial Oil Limited to hold office until the close of the next annual meeting.

Brad Corson: Thank you. I will now proceed with the vote. I will pause here to allow participants to register their votes. Thank you. The results of the resolution will be disclosed following the completion of the remaining business of the meeting once the ballots have been tabulated. The next motion is the appointment of the auditor. Ian, will you please read the motion regarding the reappointment of PricewaterhouseCoopers as auditor of the company?

Ian Laing: Mr. Chairman, the motion is that PricewaterhouseCoopers chartered accountants be re-appointed auditors of Imperial Oil Limited to hold office until the close of the next annual meeting.

Brad Corson: Thank you, Ian. Are there any questions from participants on the appointment of the auditor?

Ian Laing: No. We have not received any questions from participants.

Brad Corson: Thank you. We will now proceed with the vote. I will pause here for a moment to allow participants to register their votes. Thank you.

The next item of business is a shareholder proposal that has been submitted for consideration at this annual meeting. There was one shareholder proposal submitted this year, and the proposal and related supporting statements is set out in Appendix B of the management proxy circular. This is also where you will find the board's recommendation to vote against the proposal and the reasoning for the recommendation.

For the shareholder proposal, we have Francois Meloche on the line, who is a proxy holder for Bâtirente and will speak to the proposal and provide the motion, afterwards, I will set out the reasons why the directors of Imperial have recommended that shareholders vote against this proposal and then invite other shareholders or proxy holders to comment. We will be reporting the voting results of this proposal closer to the end of the meeting. For transparency for our minority shareholders, we will report the results on the basis of all shareholder votes, as well as on the basis of only publicly traded votes, excluding ExxonMobil. I will ask Ian to read the motion.

Ian Laing: Mr. Chairman, the shareholder proposal was submitted by Bâtirente and is set out on page 102 of the management proxy circular.

The motion is:

> RESOLVED: Shareholders request that Imperial Oil adopt a policy to cease capital expenditures in exploration and development of new oil and gas fields in order to align its business strategy to a net zero emissions by 2050 pathway, as described in the International Energy Agency Net zero Emissions by 2050 scenario.

Brad Corson: Thank you, Ian. We will now turn to Bâtirente to move the proposal. Operator, can you open the line for Mr. Francois Meloche to address the meeting?

Francois Meloche: Hello. My name is Francois Meloche. I work with Aequo and we hold the proxy for Bâtirente. Bâtirente is a pension fund based in Montreal, which holds 21,000 shares of Imperial Oil. I'll be very brief. The proposal we are submitting today recommends that Imperial Oil begins winding down capital expenditures in exploration and development of new oil and gas fields, and in so doing, the company would adapt its strategy to be consistent with a long-term pathway to net zero emissions. As you know, reaching net zero emission has become the goal of many governments, companies, banks and investors around the world in order to keep the global climate to a safe level. The International Energy Agency crafted a scenario specifically looking at the future energy demand to get us to net zero emissions by 2050. This scenario presents an orderly energy transition in which there is such a rapid drop in oil and gas natural demand that there's no need for new fossil fuel exploration and development of new fields.

So let me be clear, the spirit of the proposal is not for a company to stop growing, rather, it's the aim is really to adopt a prudent approach in light of significant uncertainties about future oil and gas demand and also to align with where we need to go globally regarding climate change. For instance, our proposal would not affect the expansion of existing fields at Cold Lake and Kearl operations, nor would it impact downstream in any way. On the other hand, new projects such as Aspen may not be aligned with the IEA net zero scenario. So, despite the recent surge in demand for crude, the long-term fundamentals remain strong for the energy transition. Climate policies and carbon prices are increasingly being adopted around the world, and technologies are becoming – clean technologies are becoming more and more competitive. Even the boycott of Russian commodities may ultimately accelerate global efforts to reduce reliance on oil and gas.

So, in closing, it's our view that a policy seeking to begin to cease oil and gas exploration should be part of any transition strategy for oil and gas companies as the world moves to a low carbon economy. So, thank you. And I encourage you to vote in favor of the proposal. Thank you very much.

Brad Corson: Thank you, Mr. Meloche. I take the motion as moved. You've heard the motion made and before calling for a vote on the motion, as chairman. I would inform you that the directors of the company recommend that you vote against this proposal. The reasons for this position are explained in the management proxy circular, however, let me summarize the board's point of view on this topic.

A successful energy transition requires affordable, accessible and reliable energy, or it risks disrupting global energy security. We don't need to look any further than the past few months and the war in Ukraine to recognize the global importance of energy security. According to the IEA, there is not enough investment to meet the world's future energy needs, and the rate of natural decline from producing fields would suggest substantial new investments are required in both oil and natural gas capacity. While the shift to lower carbon sources is anticipated, all scenarios under the Paris Agreement still predict that oil and gas will remain an essential component of the energy mix.

This presents a distinct opportunity for Canadian energy to support society's net zero emissions goals. Canada excels in global ratings for environmental, social and governance, with top performance across a full spectrum of factors from environmental policy, to social progress, political stability, regulatory oversight and corporate governance. Further Canadian oil sands companies, have demonstrated strong ESG track records, clear technology pathways to net zero, and an inherently low-decline, low-sustaining cost structure.

As one of Canada's largest integrated oil companies, Imperial is committed to investing in responsible exploration and development as a core part of our business. We recognize the effects of climate change and support the Paris Agreement and Canada's ambition to achieve net zero emissions by 2050. The company has announced a goal to achieve net zero emissions for Scope 1 and Scope 2 for our operated oil sands by 2050. We are also a founding member of the Oil Sands Pathways to Net Zero alliance, with the goal to work with the Government of Canada and the Government of Alberta to achieve net zero Scope 1 and 2 emissions from oil sands operations by 2050, to help Canada meet its climates goals.

In the interim, Imperial remains on track to meet our previous greenhouse gas emissions intensity goal of a 10% reduction for operated oil sands facilities by the end of 2023, compared to 2016 levels, and we've also recently announced plans to increase this reduction to a 30% reduction by 2030.

We are confident in our ability to continue to remain an industry leader and generate value for shareholders in the evolving global energy landscape. Responsible exploration and development will be key to achieving these objectives. Therefore, we recommend voting against this proposal. Are there any questions from participants on the shareholder proposal?

Ian Laing: No, we have not received any questions from participants.

Brad Corson: The directors recommend that the shareholders vote against this proposal. We will now proceed with a vote on the shareholder proposal. I will pause here for a moment to allow participants to register their votes. Thank you.

That concludes the formal business of the meeting, and I declare the polls to be closed. The results of the voting of each resolution will be disclosed after the tabulation of the ballots, before the conclusion of this meeting.

We have now come to the point in the meeting where I will spend a few minutes to provide an update on the company. I'll start by offering some thoughts about the past year, then move on to provide an update on our continued focus on sustainability, followed by an update on the operational performance of our key business units, and then wrap up with a quick look at our financial performance and winning strategy.

I'm going to open my remarks by offering a reflection on the past year, and it would be hard to do that without talking about the pandemic. 2021 continued to be a challenging year from a pandemic perspective, but we did see a significant recovery in commodity prices and product demands, as restrictions began to ease, in conjunction with higher rates of vaccination, and as society continued to adapt to our new normal. And the actions we started taking in 2020, which I spoke to you about last year, things such as reducing our cost structure, improving our reliability and progressing high return brownfield projects, continue to serve us well through 2021. We were, and remain, well positioned to take advantage of the ongoing recovery.

2021 was a year of strong operational performance and was nothing short of outstanding. We delivered the highest upstream production on record, including setting a number of records at our Kearl asset and our downstream delivered strong utilization and product sales. And our chemicals business also delivered exceptional results, achieving its highest full year earnings in over 30 years, all underpinned by our focus on safe and reliable operations.

Our outstanding operational performance, coupled with cost efficiencies in excess of $1 billion, excluding energy and volume growth, as compared to 2019, recovering demands and a strong commodity price environment, committed to drive outstanding financial performance in 2021 as well. Generated cash flow from operations of around $5.5 billion with free cash flow of around $4.5 billion.

So, what does that mean for you, our shareholders? It means we were able to return an all-time high of nearly $3 billion to you via dividends and share buybacks, while still growing our cash balance significantly. In April of 2021, we announced a dividend increase of 23%, which at that time was the largest dividend increase in our history. I say ‘was the largest’, because on February 1st of this year, we announced a 26% dividend increase, making that the largest in our history.

And we also made some exciting announcements on the sustainability front. 2021 saw the launch of the Oil Sands Pathways to Net Zero alliance. Imperial is proud to be a founding member of this unprecedented industry alliance that is committed to working with our federal and provincial government counterparts, with a goal to achieve net zero greenhouse gas emissions from oil sands operations by 2050.

We also made two significant sustainability-related announcements specific to Imperial in the past year. First, we announced our intention to invest in a world-class renewable diesel manufacturing facility at our Strathcona refinery, providing Canada with a large new domestic source of clean fuel to help reduce Scope 3 emissions. And second, we announced a new greenhouse gas intensity reduction target of 30% by 2030 versus 2016.

So, what a year 2021 was, and one that I am very proud of, the numerous accomplishments of 2021 have positioned us well to continue delivering strong results in 2022.

As you are aware, safety has always been a core value at Imperial. We believe that our success has to be underpinned by an unwavering focus on safety and we have long been and continue to be the industry leader in this area, something I am very proud of.

2021 continued to present particular challenges due to the pandemic. The health and safety of our workforce is paramount. And the robust processes we put in place, initially in 2020, allowed us to successfully respond to the changing conditions and ensured the continued well-being of our workforce, while minimizing disruption to our operations. This focus was, and is a key part, of our continued strong personnel and process safety performance.

Technology continues to play a big role as a large portion of our workforce continue to work from home last year. And in cases where our people needed to be on site, such as at our operating sites, protocols such as rapid testing and enhanced cleaning and health screening helped keep everyone safe.

We also continue to support the communities in which we operate through $2.5 million in fuel donations to health care workers, contributions of $200,000 to the Canadian Mental Health Association, and $100,000 towards vaccine hesitancy research, as well as our employee volunteer matching program, which resulted in an additional $500,000 donated to 830 organizations across our operating areas. And while we are certainly encouraged about the improvements we've seen in the pandemic situation, we continue to monitor things and adapt as the situation changes and evolves.

Now I'd like to take a few minutes to talk about our sustainability efforts. While our sustainability report provides significant detail about our efforts here, I would like to highlight the four strategic areas we are focusing on - climate, land and water, indigenous reconciliation and people.

So, let's start with climate, and perhaps more specifically, greenhouse gas emissions. As a company, we are putting a priority on reducing our greenhouse gas emissions intensity, and as part of those efforts, we are proud to be a founding member of the Pathways to Net Zero alliance. This alliance is unprecedented, six companies comprising 95% of Canadian oil sands production, are working together to get greenhouse gas emissions to net zero by 2050 for the oil sands operations. In addition, Imperial has made a further commitment to reduce our greenhouse gas intensity by 30% by 2030 versus 2016. These are just a few examples of our focus and commitment on being a part of the energy transition.

I would also like to highlight our ongoing commitment towards environmental performance, particularly around protecting our water resources and biodiversity. While we are fortunate that Canada has some of the most plentiful water resources anywhere in the world, it's important that we continue to do our best to protect those resources. We also strive to preserve the biodiversity in all the areas where we operate.

Indigenous reconciliation is also a key area of focus. It is in all of our best interests to work with our indigenous partners to create economic benefits for them and for the long term. This is critical to the ongoing success of both our business and the communities in which we operate.

Imperial has been around for more than 140 years, and we wouldn't be where we are today without our people. I recall at last year's AGM I was reflecting on Imperial celebrating our 140th anniversary and I commented at that time on the incredible creativity and determination our people have shown over the last 140 years and it is those people who have shaped the company we are here talking about today. And now, after my second full year on the job, I am even more convinced of this fact, but in order to make sure we continue to attract and retain the best people and they continue to perform at such a high level, we need to ensure we are providing an inclusive and diverse workplace where everybody feels that their opinions and ideas are valued and respected. And if you can create an environment where people can bring their best selves to work every single day, we know that we are going to be able to empower our workforce to create solutions for the challenges of today and the opportunities for tomorrow.

Now I'd like to take a moment to talk more about what we are focusing on in our journey towards a lower carbon future. We have a lot on the go in support of our efforts to reduce emissions in our operations as well as for our customers. First, I want to mention again the Oil Sands Pathways to Net Zero alliance. As we announced last June, Imperial is very proud to be one of the five founding members of this unprecedented alliance, which is committed to working together along with our federal and provincial government counterparts with a goal to achieve net zero greenhouse gas emissions from oil sands operations by 2050.

I'd also like to highlight the plans we announced to construct a renewable diesel manufacturing facility at our Strathcona refinery. This facility will be world class with a capability to produce 20,000 barrels per day of renewable diesel from locally sourced feedstocks. We are really excited about this opportunity, not just because of its potential to reduce greenhouse gas emissions by up to 3 million tons per year, but also because of its potential to deliver shareholder value by lowering the cost and complexity of the renewable diesel supply chain.

In January of this year, we also announced that updated greenhouse gas intensity reduction target. We have committed to reduce our greenhouse gas intensity by 30% by 2030 versus 2016. The right-hand side of this chart highlights some of the initiatives that we are pursuing to achieve this reduction. I don't plan on going through each of these items, but I wanted to leave you with the following: There are numerous pathways that can become part of this effort, and these opportunities can help not only reduce our own emissions, but the emissions of our customers as well. Many opportunities are being deployed now, while others present potential further into the future. Any successful pathway to meaningful emissions reduction will require a large suite of technologies and initiatives.

So hopefully you can see from what I've just described that we have a series of opportunities to help us on our journey. We approach these opportunities with measurable objectives and very specific plans to be able to achieve them. And always with an eye to generating value for our shareholders.

I now like to talk about our key business lines. 2021 was a very strong year for our business overall and certainly the upstream played a significant role. If you look at the table on the left, you can see trends we've highlighted. The comparison is shown versus 2019, as this is a more normal year versus the unusual pandemic impacts we saw in 2020.

First of all, you can see we raised production by 8% or over 30,000 oil equivalent barrels per day, which resulted in a record production year for the upstream. And while our total cash costs in absolute dollars were up around 5% in 2021 when compared to 2019, our unit costs were down 3%. But it's also worth noting, that this reduction is in spite of increasing energy supply costs, which are largely outside of our control. If we remove the energy cost impacts, our costs were actually down 10%.

And finally, you can see on the table that our greenhouse gas intensity fell by about 12% in 2021. This was in part driven by the focus we have been putting on progressing projects that reduce our greenhouse gas intensity, as well as driving returns for our shareholders, projects such as LASER at our Mahkeses Plant in Cold Lake, and the Kearl boiler flue gas project. Because of efforts like this, we remain on track with our intensity reduction targets and with this progress we are well on our way to achieving our 2030 targets.

A large part of our strong upstream performance is due to the outstanding performance at our Kearl asset. The chart on the left shows the progress we have made growing our production at Kearl, and in 2021, Kearl produced 263,000 barrels per day, which was more than 40,000 barrels per day higher than 2020 and set an all-time high annual production record. This included setting monthly production records last year in nine out of 12 months. This is nothing short of outstanding.

And looking forward at the Kearl journey, our plans are to increase production to 280,000 barrels per day by 2024, a year earlier than our prior outlook. We have already taken steps to get there by moving to a single turnaround per year and expect to get the rest of the way there through debottlenecking, reliability and maintenance improvements, and once we achieve that, we plan to keep pushing the limits of what is possible.

On the costs side, we continue to focus on getting unit operating costs down below U.S. $20 per barrel. The path to this target is not just through higher volumes, but also through a focus on structural cost reductions, which includes everything from maintenance to third party spend and consumables.

Now I'd like to move to our Cold Lake asset. Recent performance at Cold Lake has also exceeded expectations. 2021 production exceeded initial guidance by 10,000 barrels per day driven by continued focus on reliability and other efficiency improvements.

One of the exciting things about Cold Lake, is the opportunities it presents for delivering on our greenhouse gas intensity reduction goals. Through the deployment of new technologies, we expect to, not only reduce emissions, but also to sustain our production capability. We are working on a number of exciting solvent-based technologies that are expected to reduce emissions by materially reducing steam requirements. The blue wedge in the chart on the top left shows you that we expect 40% of Cold Lake's production to be from lower carbon technologies by 2030, and the chart on the lower left shows how fast this is progressing. The red diamonds indicate our projections for our greenhouse gas intensity developed in November of 2020, while the bars show where we see it now. Our current plans show a 24% improvement over what we talked about in late 2020.

So now let's turn to the downstream and chemicals. Our world class refining assets, industry leading product offers, highly efficient coast-to-coast proprietary logistics, and integrated nature, all combined to deliver the strong results you can see on the chart. As demands have recovered back towards pre-pandemic levels, we have been well positioned to take advantage of this. In 2021, we saw refining throughput rise above pre-pandemic levels, driving a significant increase in refining utilization. And even as we saw this volume growth, our costs continue to come down as we deliver on structural improvements. Absolute production and manufacturing expenses were 20% lower than 2019, even though production volumes were 7% higher. This is a testament to our relentless focus on driving as much value as possible from our assets.

Our strategy of focusing on profitable volume and margin growth has not changed. We completed our Sarnia Products Pipeline project earlier this year, an investment in logistics, which ensures reliable supply to our largest market, that being Toronto, and delivers $40 million per year in transportation cost savings. We continue to defend our number one market share by growing our volumes and high value markets. We continue to maximize the benefits of integration, whether that is between refining sites or between our upstream and downstream. And we are working relentlessly to reduce greenhouse gas emissions from these operations as well. Not only our own Scope 1 and 2 emissions, but also our customers' emissions with projects like our renewable diesel facility at Strathcona.

And as for our chemical business, wow, what a stellar year. Our polyethylene business is unique. It is not a typical commodity business as we create custom built grades of polyethylene based on unique customer needs and then we work directly with customers to trial the products and ensure they deliver maximum benefits. All this leads to a very attractive business for us. And in 2021, the chemical business delivered record profitability. Net income was $361 million, the highest ever.

As you are aware, Imperial has a long history of investing in research and technology. We view this as one of our key strengths. This chart gives you an idea of just a few of the many innovative things we are currently working on that underscore this focus and we believe will deliver value to our shareholders.

Currently, our largest project in our downstream portfolio is the Strathcona Renewable Diesel project. We're very excited about this one. Here we are investing about $500 million in building facilities that will convert vegetable oil feedstocks to produce renewable diesel. Our plan is to produce 20,000 barrels a day of renewable diesel, which will be Canada's largest production source. This is key to comply with the new Canada Clean Fuels Regulation and will help our customers reduce their emissions. We anticipate a final investment decision later this year.

I've already mentioned our polyethylene business, but it bears repeating that our approach to this business has us working closely with our customers to develop custom built grades of polyethylene based on their unique needs, and then, as I mentioned earlier, we work directly with those customers to trial the products and ensure they deliver maximum benefits.

In the upstream, our cyclic solvent process known as CSP is an exciting technology. It replaces the steam required to heat the reservoir with propane, which reduces the energy requirements, along with water use, and is expected to lower the greenhouse gas emissions intensity by 90%. We've successfully piloted this technology at our Cold Lake facility, and one more exciting thing about CSP, if we couple that with a modest amount of carbon capture and storage at Cold Lake, we could actually see incremental barrels being produced with net zero emissions.

And finally, at Kearl, we are in the process of converting our truck fleet to be driverless. This is referred to as autonomous haul or AHS and conversions to this technology improve both profitability and safety. We are on track to convert about 70% of our fleet by the end of the third quarter of this year and are on track to be the first fully autonomous oil sands mining operator by 2023. The unit expects savings of autonomous haul are around $1 per barrel, driven by productivity uplift, reduced staffing requirements and higher utilization.

Now looking at our capital program, the blue bars represent what we call sustaining capital. This refers to the investments we need each year to keep our assets running reliably and maintain our production capability. As you can see, this amounts to around $1 billion per year and is one of the lowest sustaining capital requirements in industry.

The green bars represent what we call growth capital. This is what we are planning to spend to grow both production volumes and value. Of note is that a significant portion of this growth investment is targeted at high return greenhouse gas intensity advantaged projects such as the boiler flue gas project at Kearl, our Grand Rapids project at Cold Lake and other solvent projects in the upstream, and in the downstream, our Strathcona Renewable Diesel Project. In total, we are planning to spend around $1.4 billion per year over the next several years.

I'd now like to turn your attention to our financial performance. 2021 was a year of record setting performance. As you have heard, all of our businesses performed strongly, and we delivered record cash flow from operating activities. You can see this on the graph in the top left, and to the right you can see some of the factors that drove this, those being record upstream production, record chemical earnings, and a strong recovery in the downstream.

And this record setting cash flow underpin the highest level of shareholder distributions in our history of just under $3 billion, which included the largest dividend increase in history at that time, and accelerated share repurchases under our NCIB programs.

The graph on the lower left is our average free cash flow outlook over the next five years at four different potential oil prices. It includes about $1.5 billion in each case from our downstream and chemicals businesses. This robust free cash flow reflects the unit cash operating expense reductions we have delivered to date and plan to keep delivering, as well as volume growth in our upstream. I would also note that today's prices are not charted here, but you can see where the graph goes if prices stay at current levels. We have substantial capacity not only to generate cash flow but to return free cash flow to our shareholders, and that is what we plan to do.

Shareholder returns have long been a priority for us as you can see from this chart. The graph on the left depicts our average annual cash distributions segmented by dividends and share buybacks.

The bar on the left represents cast distributions from 2016 to 2020. The bar next to that is 2021, and you can see a very substantial increase both in dividends and in share buybacks.

The graph on the right shows our annual dividend going back to 2016. We have paid a dividend for over 100 consecutive years and have grown that dividend for the last 27 years. Our commitment regarding the dividend remains reliable and growing and as you can see, we have delivered and particularly recently. If you look back from the beginning of 2021 until now, we had two dividend increases, one in the second quarter of 2021 and one in the first quarter of this year. That's a 55% increase over that period. And given our cash flow growth, we feel quite comfortable with that level.

So let me wrap up with this slide on our winning strategy. The messages you see here may look familiar, they really have not changed much since I spoke to you at our last AGM, and they really shouldn't change that much in a short time frame. We remain committed to the strategy we outlined at that time, and it has delivered substantial results and I believe will continue to do so.

Our focus continues to be on getting the most out of our current asset base, and we can continue to do this with a focus on the most efficient use of capital. While we have made significant progress on our cost structure, we continue to see further opportunities as we strive towards industry leading performance. I talked earlier about plans and focus areas as they relate to sustainability. This demonstrates a commitment across our entire organization to achieving our emissions reduction goals and a focus on doing so in a way that drives value for our shareholders.

Shareholder returns continue to be a priority, and we remain steadfast in our commitment in this area. And looking forward, we see robust free cash flow bolstered by our plans to continue to optimize our existing assets. This free cash flow will support our history of a reliable and growing dividend, and we will continue to return cash in excess of these requirements to our shareholders.

And as we've stated many times, capital discipline is a guiding principle for us. However, this does not mean we will not consider growth opportunities. We will continue to scrutinize them and progress portfolio changes as we see warranted. And while large scale organic growth remains a lower priority for us today, and our asset optimization and debottlenecking plans are delivering meaningful growth at a low cost, we will continue to test this strategy in the future.

And finally, resilience has been a common theme for us. In markets that have been and continue to be as volatile as they have been over the last couple of years, it is a key that we remain agile and able to quickly adapt. Throughout the pandemic, we were able to demonstrate this, and this puts us in a position to react quickly as market conditions change in order to capture maximum value.

So, let's now move to the question period. If you have not done so yet, please submit your questions using the "Ask a Question" section of the meeting web page. I would like to remind you that questions should be of interest to all shareholders and not of a personal nature. If your question is related to a personal matter, I recommend that you submit your questions separately after the annual meeting by contacting investor relations by email at investor.relations@esso.ca. In the event that multiple questions of a similar nature are submitted, we will aggregate those questions and provide a single comprehensive response. We will endeavor to answer all of the questions submitted. But in the event that time does not permit, we will address any unanswered questions on our website shortly after the meeting. I will ask Dave Hughes to read our first question.

Dave Hughes: First question comes from Damien Bolingbroke. Are there plans to eliminate or substantially reduce the company's debt in the near term or is there a better value in share buybacks due to depressed share valuations?

Brad Corson: Thank you for your question. In terms of uses of cash, we, as I've just described, place a high priority on a reliable and growing dividend and you've seen us act on that. We've raised the dividend, as I mentioned 55% since the beginning of 2021. As we think about capital allocation, we, of course, need to make sure we take care of our existing assets, and that requires that $1 billion per year I just spoke to. And then after those two priorities, we have options for future uses of capital, such as investing in growth, paying down debt, or returning the cash to shareholders via other means. So, our current strategic focus is on optimizing the value of our existing assets and so, we're not pursuing any major growth investments at this time but continuing to invest in cost efficient growth that doesn't require a large amount of capital. And likewise, we're quite comfortable with our debt balance of around $5 billion, which is an industry leading low number. So, paying this down further is not a priority for us at this time. And so, then we look for ways to return any cash in excess of these needs to our shareholders. And so, we have this history of buying back shares through the normal course issuer bid and of course, as I've talked about with the dividend and then most recently, we announced our plans to initiate a substantial issuer bid and so that continues to be kind of our strategy for how we see the best allocation of our capital and we continue to test that as we go forward. So, I hope that answers your question. Thank you.

Dave Hughes: Second question also comes from Damien Bolingbroke and relates a bit to your answer to the first question. Are there plans for large new Greenfield oil sands projects to expand production in the next one to five years?

Brad Corson: Yeah, that's another really good question. At this time, we have a portfolio of opportunities with our existing assets and that is where we are prioritizing our capital investment by continuing to implement capital projects at our existing assets, we can achieve incremental growth at a much lower cost than a new large scale Greenfield development. And so, for the near term, we don't have any plans for a large Greenfield development, having said that, we have a deep portfolio of opportunities that we will continue to evaluate as we go forward and make the best decision of how to maximize value for the company. Thank you.

Dave Hughes: The next question comes from Emil Sribney, as the natural gas price increases, are our costs at Kearl going to be enormous?

Brad Corson: Yeah, thanks for that question. As it turns out, Kearl is actually not a heavy user of natural gas versus, or compared to, Cold Lake, which uses a fair amount of natural gas to generate steam for our operations. But Kearl is a very different operating model. Does not use a significant amount of natural gas. So, we don't anticipate significant inflationary pressures at Kearl in that regard. But I would just reemphasize that we are very committed to achieving. U.S. $20 per barrel unit operating costs at Kearl and are implementing multiple initiatives that will continue to drive our unit cost down, and where we have inflationary pressures in other areas, the team is working diligently to offset them.

Dave Hughes: The next question is anonymous. Do we still have an interest in Syncrude and has its operation been taken over by Suncor?

Brad Corson: Thanks for that question. Yes, we absolutely still have an interest in Syncrude. We are a 25% owner. I think the root of the question has to do with an operator change that we made recently at Syncrude, where Suncor is now the operator of Syncrude on behalf of all the owners. And that was a transition that we have been focused on for the last couple of years as we look to bring greater value to that asset, leverage the capabilities of the owners and so have worked through that transition that was completed the end of last year and its early days, but we're encouraged by the performance results that we're starting to see at Syncrude.

Dave Hughes: And does the burning of biodiesel produce any less CO or CO2 than traditional diesel?

Brad Corson: Yes, it absolutely does. And that's one of the key advantages to renewable diesel and the benefit that we see to our consumers is it does allow a reduction in CO2 emissions. As we look at the estimated impact of the 20,000 barrels a day that will produce at Strathcona, we estimate approximately 3 million tons per year reduction compared to conventional fuels. So that is what often is referred to as Scope 3, and again, is a key benefit of our Strathcona project. Thanks for the question.

Dave Hughes: And we have no further questions.

Brad Corson: All right. Well, thank you, everyone, for your questions and comments today. Before we conclude, let me ask Ian to present the scrutineers report on the number of shares and shareholders represented at the meeting and the preliminary results of the balloting.

Ian Laing: The scrutineers have preliminarily reported that the proxies counted total 90.62% of the shares. In addition, 69.15% of the minority shares are represented by proxy. Scrutineers have also reported on the balloting, and they have informed us that the director nominees named in the company's management proxy circular have been elected as directors. PricewaterhouseCoopers have been reappointed as the auditors, and the shareholder proposal requesting adoption of a policy to cease oil and gas exploration and developments has been defeated. Brad noted earlier I will report the results of the shareholder proposal on the basis of all shareholder votes, as well as on the basis of only the publicly traded votes, excluding ExxonMobil. If you look at the entire voting share of the population, the proposal was opposed by approximately 98.52% of the votes cast and was supported by approximately 1.48% of the votes cast. If you only look at the publicly traded shares, excluding ExxonMobil, the proposal was opposed by 93.46% of the votes cast and supported by 6.54%. Final voting results will be made available on the Imperial website and will appear in our SEDAR filing later today.

Brad Corson: All right. Thank you, Ian. Before we close and on behalf of our board, I would like to thank Imperial's management team for their continued support and leadership and more broadly, extend special thanks to the entire Imperial organization for their hard work, commitment and care they have shown for each other. Since 1880, the company has faced many challenges past pandemics, world wars and global recessions and what we've demonstrated over our history is resilience and the ability to come back from these challenges stronger than ever. And today is no different. We will continue to safely and reliably supply products Canadians rely on. We will adapt to the challenges ahead, and we'll do this by focusing on the safety of our workers and the communities where we operate. So, with that, I want to thank our shareholders for your continued support. I assure you that Imperial's workforce continues to look for opportunities to provide value in everything we do. So, with that, the meeting is now concluded. Thank you again for joining us.

Cautionary statement

Statements of future events or conditions in this presentation, including projections, targets, expectations, estimates, and business plans are forward-looking statements. Forward-looking statements can be identified by words such as believe, anticipate, intend, propose, plan, goal, target, estimate, expect, strategy, outlook, schedule, future, continue, likely, may, should, will and similar references to future periods. Forward-looking statements in this presentation include, but are not limited to, references to continuing to monitor and adapt to the COVID pandemic; sustainability priorities, including is Scope 1 and 2 net zero goal by 2050 and greenhouse gas emissions intensity goals for 2023 and 2030 for its oil sands operations; the company's climate strategy and impact of investments and energy solutions for a lower-carbon future; plans to construct a renewable diesel facility at Strathcona, including timing of a final investment decision and impact of renewable diesel; the impact of the Oil Sands Pathways to Net Zero alliance; Kearl future unit cash cost targets, production outlook of 280kbd in 2024 and evaluating future potential; the Cold Lake long term strategy, GHG intensity reductions, production outlook to 2030 and the timing and impact of select technologies; Downstream strategy to increase profitability across the value chain, including strategic investments and lower-carbon product offering; industry fuel demand; total annual capital expenditure forecast; the value, impact and timing of innovative solutions and technologies; free cash flow outlook scenarios at various prices; estimated dividend per share for 2022; capital allocation priorities and commitment to return surplus cash to shareholders; and the company's winning strategy.

Forward-looking statements are based on the company's current expectations, estimates, projections and assumptions at the time the statements are made. Actual future financial and operating results, including expectations and assumptions concerning future energy demand, supply and mix; commodity prices, foreign exchange rates and general market conditions; production rates, growth and mix across various assets; project plans, timing, costs, technical evaluations and capacities, and the company's ability to effectively execute on these plans and operate its assets; production life, resource recoveries and reservoir performance; the adoption and impact of new facilities or technologies on capital efficiency, production and reductions to greenhouse gas emissions intensity, including but not limited to next generation technologies using solvents to replace energy intensive steam at Cold Lake, boiler flue gas technology at Kearl, Strathcona's renewable diesel complex and support for and advancement of carbon capture and storage; that any required support from policymakers and other stakeholders for various new technologies such as carbon capture and storage will be provided; the amount and timing of emissions reductions; plans to mitigate climate risk and the resilience of company strategy to a range of pathways for society's energy transition; applicable laws and government policies, including taxation, restrictions in response to COVID-19 and with respect to climate change and greenhouse gas emissions reductions; that regulatory approvals will be provided in a timely manner; performance of third-party service providers; refinery utilization and product sales; cash generation, financing sources and capital structure, such as dividends and shareholder returns; capital and environmental expenditures; and evolution of COVID-19 and its impacts on Imperial's ability to operate its assets could differ materially depending on a number of factors. These factors include global, regional or local changes in supply and demand for oil, natural gas, petroleum and petrochemical products, feedstocks and other market or economic conditions and resulting demand, price, differential and margin impacts; political or regulatory events, including changes in law or government policy, applicable royalty rates, tax laws, and actions in response to COVID-19; environmental regulation, including climate change and greenhouse gas regulation and changes to such regulation; failure or delay of supportive policy and market development for emerging lower emission energy technologies; the receipt, in a timely manner, of regulatory and third-party approvals; environmental risks inherent in oil and gas activities; third-party opposition to company and service provider operations, projects and infrastructure; availability and allocation of capital; availability and performance of third-party service providers; unanticipated technical or operational difficulties; transportation for accessing markets; management effectiveness and disaster response preparedness, including business continuity plans in response to COVID-19; commercial negotiations; project management and schedules and timely completion of projects; unexpected technological developments; the results of research programs and new technologies, including with respect to greenhouse gas emissions, and the ability to bring new technologies to commercial scale on a cost-competitive basis; reservoir analysis and performance; operational hazards and risks; cybersecurity incidents; currency exchange rates; the pace of regional and global economic recovery from the COVID-19 pandemic and the occurrence and severity of future outbreaks and variants; general economic conditions, including the occurrence and duration of economic recessions; and other factors discussed in Item 1A risk factors and Item 7 management's discussion and analysis of the company's most recent annual report on Form 10-K and interim reports on Form 10-Q.

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Imperial. Imperial's actual results may differ materially from those expressed or implied by its forward-looking statements and readers are cautioned not to place undue reliance on them. Imperial undertakes no obligation to update any forward-looking statements contained herein, except as required by applicable law.

Supplemental Information

Capital and exploration expenditures

Capital and exploration expenditures (or capital expenditures) represent the combined total of additions at cost to property, plant and equipment, additions to finance leases, additional investments and acquisitions; exploration expenses on a before-tax basis from the Consolidated statement of income; and the company's share of similar costs for equity companies. Capital and exploration expenditures exclude the purchase of carbon emission credits..

Non-GAAP financial measures and other specified financial measures

Listed below are definitions of several of Imperial's key business and financial performance measures. The definitions are provided to facilitate understanding of the terms and how they are calculated. These measures are not prescribed by U.S. Generally Accepted Accounting Principles (GAAP). These measures constitute "non-GAAP financial measures" under Securities and Exchange Commission Regulation G, and "specified financial measures" under National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure of the Canadian Securities Administrators.

Reconciliation of these financial measures to the most comparable GAAP financial measure, and other information required by these regulations have been provided. Non-GAAP financial measures and specified financial measures are not standardized financial measures under GAAP and do not have a standardized definition. As such, these measures may not be directly comparable to measures presented by other companies and should not be considered a substitute for GAAP financial measures.

Free cash flow

Free cash flow is a non-GAAP financial measure that is cash flows from operating activities less additions to property, plant and equipment and equity company investments plus proceeds from asset sales. The most directly comparable financial measure that is disclosed in the financial statements is cash flows from (used in) operating activities within the company's Consolidated statement of cash flows. This measure is used to evaluate cash available for financing activities (including but not limited to dividends and share purchases) after investment in the business.

Reconciliation of free cash flow millions of Canadian dollars	**2021**	2020	2019
From Imperial's Consolidated statement of cash flows			
Cash flows from (used in) operating activities	**5,476**	798	4,429
Cash flows from (used in) investing activities			
Additions to property, plant and equipment	**(1,108)**	(868)	(1,636)
Proceeds from asset sales	**81**	82	82
Loans to equity companies - net	**15**	(16)	(150)
Free cash flow	**4,464**	(4)	2,725

Supplemental Information

Cash operating costs (Cash costs)

Cash operating costs is a non-GAAP financial measure that consists of total expenses, less costs that are non-cash in nature, including, Purchases of crude oil and products, Federal excise taxes and fuel charge, Depreciation and depletion, Non-service pension and postretirement benefit, and Financing. The components of cash operating costs include (1) Production and manufacturing, (2) Selling and general and (3) Exploration, from the company's Consolidated statement of income, and as disclosed in Attachment III of this document. The sum of these income statement lines serve as an indication of cash operating costs and does not reflect the total cash expenditures of the company. The most directly comparable financial measure that is disclosed in the financial statements is total expenses within the company's Consolidated statement of income. This measure is useful for investors to understand the company's efforts to optimize cash through disciplined expense management.

Reconciliation of cash operating costs

millions of Canadian dollars	**2021**	2020	2019
From Imperial's Consolidated statement of Income			
Total expenses	**34,307**	24,796	32,055
Less:			
Purchases of crude oil and products	**23,174**	13,293	20,946
Federal excise taxes and fuel charge	**1,928**	1,736	1,808
Depreciation and depletion	**1,977**	3,293	1,598
Non-service pension and postretirement benefit	**42**	121	143
Financing	**54**	64	93
Total cash operating costs	**7,132**	6,289	7,467

Unit cash operating costs (Unit cash costs)

Unit cash operating costs is a non-GAAP ratio. Unit cash operating costs (unit cash costs) is calculated by dividing cash operating costs by total gross oil-equivalent production, and is calculated for the Upstream segment, as well as the major Upstream assets. Cash operating costs is a non-GAAP financial measure and is disclosed and reconciled above. This measure is useful for investors to understand the expense management efforts of the company's major assets as a component of the overall Upstream segment. Unit cash operating cost, as used by management, does not directly align with the definition of "Average unit production costs" as set out by the U.S. Securities and Exchange Commission (SEC), and disclosed in the company's SEC Form 10-K.

Components of unit cash operating cost

	2021				2020				2019			
millions of Canadian dollars	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude
Production and manufacturing	**4,661**	**1,902**	**1,117**	**1,388**	3,852	1,585	920	1,107	4,440	1,964	907	1,286
Selling and general	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
Exploration	**32**	**-**	**-**	**-**	13	-	-	-	47	-	-	-
Cash operating costs	**4,693**	**1,902**	**1,117**	**1,388**	3,865	1,585	920	1,107	4,487	1,964	907	1,286
Gross oil-equivalent production (thousands of barrels per day)	**428**	**186**	**140**	**71**	398	158	132	69	398	145	140	73
Unit cash operating cost ($/oeb)	**30.04**	**28.02**	**21.86**	**53.56**	26.53	27.41	19.04	43.83	30.89	37.11	17.75	48.26
USD converted at the YTD average forex *2021 US$0.80; 2020 US$0.75; 2019 US$0.75*	**24.03**	**22.42**	**17.49**	**42.85**	19.90	20.56	14.28	32.87	23.17	27.83	13.31	36.20

(a) Upstream includes Kearl, Cold Lake, Imperial's share of Syncrude and other.