

**IMPERIAL OIL LIMITED**  
**ANNUAL GENERAL MEETING**  
**TRANSCRIPT**  
**MAY 1, 2020**  
**10:30 a.m. (Mountain Time)**

**Brad Corson:** Good morning, ladies and gentlemen. I hope you are all doing well and staying healthy. My name is Brad Corson. I'm very proud to have joined Imperial as President in September of 2019, and then assumed the roles of Chairman and Chief Executive Officer in January of this year. This, of course, is my first opportunity to conduct the annual meeting of shareholders. And while I regret that I will not have the opportunity to meet and interact directly with you this year, I do look forward to meaningful engagement through this virtual meeting.

We are now at our appointed start time of 10:30, so I will call this meeting to order.

As we begin, I would like to acknowledge that I'm speaking to you from the City of Calgary, which lies in the traditional territories in the Treaty Seven region in southern Alberta. And the City of Calgary is also home to the Metis Nation of Alberta Region III. I would first like to draw your attention to our cautionary statement, which is displayed on the meeting webpage 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 make forward-looking statements which involve certain assumptions and have inherent risks and uncertainties. Actual results could differ from these statements.

Before we continue with the official agenda, I would like to speak briefly on COVID-19.

To all those working in essential services, healthcare workers, first responders, delivery services, grocery stores, cleaning staff, and many, many more, I want to express, on behalf of all those at Imperial, our most sincere and heartfelt thanks to you. And to our workforce who falls into the same category, the men and women who are working to maintain our operations, and supply the fuel products that Canadians rely on, thank you so much for your dedication as well.

Our company's primary objective during COVID-19 is no different than it is every other day, ensure the health and safety of our workforce in the communities where we operate. We have enacted a number of preventive measures at our operations to do just that. I will talk more about those specific measures during my remarks later in this meeting. What I will say now is that I have been inspired by our entire workforce who, whether working remotely, or at one of our operating sites, have found ways not only to perform their jobs safely, but to connect and check in on one another. They make me very proud to be part of this great company, and the Imperial team.

In addition to support for our employees, we also acknowledge our responsibility to help take care of Canadians and give back to the country during this challenging time. During my remarks later in the meeting, I will also highlight some of the community support initiatives that we have undertaken.

I can tell you that when we started planning this annual meeting, the world looked much different. None of us could have imagined where we are today, and how our lives have been altered. We are facing a new global reality, but we have adapted personally, and are adapting professionally, as evidenced by this meeting today, the first fully virtual annual meeting in Imperial's history. Although we are unable to meet in person, our goal is to ensure that you are able to participate fully. I invite you, our shareholders, to ask questions and vote on each of the matters of business as if you were attending this annual meeting in person. Thank you for joining us today.

Ian Laing, our Assistant General Counsel and Corporate Secretary, will serve as secretary for the meeting. Jennifer Villareal and Kristine Calesso of AST Trust Company, Imperial's transfer agent, will act as scrutineers. Imperial's directors, each of whom is standing for re-election are joining us remotely as are members of Imperial's senior management team. 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. So now let's get started.

Ian, would you please review the voting and question procedures for this virtual meeting?

**Ian Laing:** Thank you, Brad. 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 are being displayed on the meeting webpage. To register your vote, tap one of the voting options available. Your vote will automatically be submitted to AST, our scrutineers, after you click on your choice. 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 later today, and final results will be posted on our website.

For registered shareholders and duly appointed proxy holders joining through the Lumi platform, please note that if you wish to ask a question, select the messaging icon at the top of your screen on the meeting webpage, type in your question and press "send". 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 rules of conduct for the meeting for more details on the question period.

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

**Ian Laing:** The 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 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. 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 reappointed 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 the 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.

Okay, thank you. Before I call nominations for directors, I would like to make a few comments on corporate governance.

Good governance is critical to our competitiveness and stewards our accountability to you, our shareholders. We continually review our processes, 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 offer a balanced approach to effective oversight.

And further to composition, the board has five committees, each chaired by a different independent director to help carry out its duty. This allows our directors to work on key issues in greater detail and better execute the board's responsibility with respect to specific areas.

To facilitate strategic leadership, Imperial provides the board comprehensive and frequent information regarding development and emerging issues, as well as company operations. In the context of the current circumstances, the board has been in regular contact with management, monitoring the company's operations and response to the pandemic, and providing strategic advice and direction.

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, the next item of business is the nomination and election of directors. All of the seven nominees are with us at this virtual meeting today. Ian, may I please have the nominations for directors for the ensuing year?

**Ian Laing:** The nominees for directors are:

David Brownell. Mr. Brownell is Senior Vice-President of Global Operations at ExxonMobil Fuels and Lubricants Company, a division of ExxonMobil Corporation.

David Cornhill. Mr. Cornhill is a corporate director.

Brad Corson. Mr. Corson is the company's Chairman, President, and Chief Executive Officer.

Krystyna Hoeg. Ms. Hoeg is a corporate director.

Miranda Hubbs. Ms. Hubbs is a corporate director.

Jack Mintz. Dr. Mintz is President's Fellow at University of Calgary's 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 on the nominations?

**Ian Laing:** No, there are no question 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.

Okay. As we have now dealt with all items of business on the agenda, I declare voting on all matters to be closed.

We have now come to the part of the meeting set aside for my remarks on the state of the business.

As noted by Ian at the beginning of the meeting, please feel free to ask questions by using the messaging icon on the meeting webpage. We will move to the question and answer period after I have finished my remarks.

Although I've only been a part of this great company since last fall, I'm extremely excited and proud of what the organization accomplished last year, and I am confident in our prospects for the future. I'll start by talking about the impacts of COVID-19 and how we are responding, then talk about energy's benefit to society, and the advantages Canada brings to energy supply. I will also talk about the priority Imperial places on ESG, followed by our operating and financial results for 2019. And then I will close with some comments on our ongoing commitment to deliver shareholder value, which I'm sure is of great interest to you.

Clearly, the current COVID-19 pandemic has created unprecedented challenges and hardships for businesses, their employees, customers, and the communities they serve. Imperial stands with all Canadians, individuals and businesses alike, that have met the challenges posed by these difficult times, and is working diligently to continue to supply products essential to society's well-being.

From a workplace perspective, Imperial has taken the necessary steps to ensure the health and safety of our workforce and the ongoing integration, uh, integrity of operations during these quickly evolving and difficult times. We have enhanced our health screening and cleaning practices at all sites, and we have implemented temperature monitoring. We are ensuring our workforce has the proper personal protective equipment such as masks.

And to ensure we are meeting the guidelines for physical distancing, we have reduced our on-site workforce to essential workers only, and have encouraged all other employees to work from home.

I'd like to take a minute now to talk about our employees and contractor partners at our Kearl asset. By now, you've likely seen the reports of several confirmed cases of COVID-19 at the Kearl site. This news is naturally concerning for Imperial's leadership team, employees, the public, and, of course, members of the extended Kearl family. The safety and health of our people and the communities where we operate is our top priority.

Out of an abundance of caution, and in coordination with Alberta Health Services, Imperial made voluntary COVID-19 testing available to all employees and contractors at Kearl, regardless of whether they were showing any symptoms. The information gathered through this testing will help us better protect our workforce. To date, approximately 1900 of the Kearl workforce have been tested, with most results confirmed at this point. As we have seen in other provinces, when testing is expanded, there is often an increase in confirmed cases.

As of yesterday, we have received confirmation that there are a total of 83 cases of COVID-19 have occurred within our Kearl workforce, both on-site and off-site, dating back to our first positive test a few weeks ago. Of these 83, 22 have fully recovered now, and 61 are still being actively monitored and treated as necessary. We continue to manage the situation very carefully, and in close coordination with Alberta Health Services. We are in contact with those cases who had earlier

tested positive, to ensure they have the full support of their Imperial family. Our thoughts are with these individuals, and hope they make a full recovery.

In addition, we're supporting communities during this challenging time. As was recently announced, Imperial is implementing a promotion to provide up to \$2 million worth of free fuel to the real heroes in this, the frontline healthcare workers.

We are also donating isopropyl alcohol to help meet the significant increase in demand, for this ingredient used in medical, health, and pharmaceutical applications like hand sanitizer, medical wipes, and rubbing alcohol. And Imperial is also doubling its matching dollars for donations by employees to community charities and not-for-profit organizations through its employee giving and volunteer program. And finally, in an effort to support online learning, and to help meet the high demand for technology devices while classrooms remain closed, Imperial is donating 500 laptops to the Electronic Recycling Association, in support of the Calgary Board of Education, as part of its EducationMatters campaign. We are very proud of these initiatives, and I hope you are as well.

I'd like to turn now to the business environment. These are truly unprecedented times. While this industry has gone through many up and down cycles in the company's 140-year history, never has it seen such massive impacts from significant shocks to both supply and demand at the same time.

Global energy demand is expected to decrease dramatically in 2020 due to COVID-19, with estimates for oil demand continuing to be revised lower. Recent reports from mid-April have global oil demand falling by nearly 10 million barrels per day, year-on-year, in 2020, with the current quarter bearing the brunt, down well over 20 million barrels a day compared to a year ago.

Coincident with this, was the collapse of the OPEC+ supply restriction agreements and the Russia-Saudi price war.

With the results actions, oil production was expected to rise materially, which led to a significant and rapid decline in world oil prices due to the impending oversupply, with demand falling dramatically at the same time due to COVID-19.

Cushioning the demand shock somewhat is the global supply response, which continues to evolve with historic agreements, industry cutbacks, and even the potential for mandated curtailments. OPEC+ forged an historic deal in April to cut production by around 10 million barrels per day, and additional cuts are occurring globally as industry capital spending is drastically reduced, and distressed economics are forcing shut-ins. Recent reports have totaled non-OPEC output falling over 5 million barrels per day, year on year by the fourth quarter of this year, but again this is a moving target as the situation continues to evolve, and producers continue to reduce output in an effort to manage inventories.

As the global supply response takes effect, and more production is shut in, and we start to see the end of the COVID-19 crisis and then demand increases, prices are expected to rebound. While Imperial is not immune to the supply/demand imbalance that has arisen from COVID-19, your

company is relatively well positioned within the industry to weather the shock with a strong balance sheet and liquidity profile, good integration, and low upstream sustaining capital requirements.

Imperial has taken meaningful and thoughtful steps to reduce spending and preserve balance sheet strength in the current environment, with announced capital and operating expense reductions of \$500 million each for a total reduction of \$1 billion. We will deliver these reductions through things like moderating the pace of investment, modifying the scope and timing of some of our turnaround activities, and through efficiency gains and other opportunistic cost reductions.

These reductions also play a large role in ensuring the health and safety of our workforce. Lower spending means fewer people on site, enabling safe distancing. I want to be very clear that none of these cost reductions will compromise the safety and operations integrity of our assets.

In addition to capital and operating cost reductions, Imperial has also stopped its share buyback program as of April 1st, as a further means to preserve the balance sheet. As we look forward, we expect adjustments to throughputs across the value chain, both for Imperial and industry, in order to manage supply chain and inventory impacts from severely reduced near-term demand.

It's important to note that when looking at potential areas to reduce spending, we are focused on making sure that nothing would compromise our ability to respond when the current situation improves. I can assure you, we are confident that we are well positioned for the eventual recovery.

Let's shift now to the role energy plays in all of this. As you are aware, energy is critical to society, and as such, the energy industry has been declared an essential service. Petroleum products power emergency response vehicles, police cars, ambulance, fire vehicles, and aircraft that are essential. They fuel the trucks delivering essential goods such as grocery supplies. In most areas, fossil fuels are the main source of energy for power generation, the power that we use every day in our homes and businesses, and take for granted. And the power that our hospitals and healthcare facilities are depending on to help keep people alive.

Something that perhaps people are less aware of, is the critical role petrochemicals play in the production of medical and health supplies. Everything from hand sanitizers and nitrile gloves and plastics for intravenous bags.

They provide essential ingredients to some pharmaceutical drugs as well, and who knows, they may play a role in finding a potential vaccine for COVID-19.

Now let's take a step back and look at the importance of energy in a broader sense. I want to start by talking briefly about the importance of energy to global society. The chart you are looking at is the Human Development Index, developed by the United Nations. It is fundamentally an assessment of people's overall well-being and incorporates key factors, including income per capita, which is considered a proxy for standard of living, life expectancy, a proxy for health and education, a proxy for the potential for growth through skill development.

As you can see from this chart, as living standards rise, so does energy consumption. Canada and the United States, countries with very high standards of living, are in the top right of this chart. But would it surprise you to hear that today roughly 13% of the global population does not have access to electricity? Something we all take for granted. As this segment of the population aspires to improve its standard of living, it will be essential that reliable and affordable energy is available to them. And as these standards of living improve, the demand for energy will grow. This demand growth has been estimated to be around 20% between now and 2040. Canada's oil industry, and likewise Imperial Oil, play a critical role in meeting those energy needs and advancing society.

As I'm sure you're aware, sustainability is a key focus area in society today, and is something that Imperial has focused on for many decades. ESG, or environmental, social and governance, are criteria used to assess the sustainability of a company's activities. In the next couple of charts, I'm going to talk about how Canada performs against these criteria, and then provide some details on what Imperial is doing as it relates to ESG.

The three graphs on this chart show environmental, social, and governance performance of the top ten liquid reserves-holding countries in the world, of which Canada is number three. In other words, the countries that will play a big role in satisfying oil demand over the coming years. These charts are all based on third party data.

The graph on the left rates these countries on environmental performance. Air quality, water and sanitation, biodiversity, forests, fisheries, climate policies, pollution, agriculture, and so on. As you see, Canada ranks number one in environmental performance.

The middle graph demonstrates relative social performance of these same ten countries, based on 51 parameters, such as nutrition, basic medical care, shelter, personal safety, access to education, health and well-being, environmental quality, personal rights, personal freedom, inclusiveness, and so on. Again, Canada ranks number one in social progress and social responsibility.

And, finally, the third graph shows relative governance performance, based on six dimensions. Citizens' voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, control of corruption. Again, Canada ranks number one in governance.

So to summarize, number one in environmental, number one in social responsibility, and number one in governance. This suggests that if these factors matter, and we sure believe they do, then Canada is the best place in the world to produce the next barrel of oil in a responsible way.

So while the previous chart demonstrates how Canada ranks as a country versus other reserve holding nations, how does that translate to Imperial Oil? I would start by saying that Imperial is committed to being a leader in this area, and while we have made significant progress to date, we continue to challenge ourselves to keep improving.



BMO Capital Markets published a report in 2019, based on data from the Bloomberg 2019 corporate social responsibility hub, which showed that Imperial is very well positioned amongst other players in the energy industry, not just Canada, but globally. In fact, it showed Imperial to be one of the top performers.

So let's talk about what Imperial is doing in the areas of environmental, social, and governance.

Perhaps the most pressing issue facing our industry today is the greenhouse gas emissions associated with our production. Imperial aspires to be a leader within an industry seeking new, more efficient ways to produce, as we have a proven track record of developing new technologies for use in the industry.

In the area of environmental performance, Imperial has over 100 years of commitment to research and development in Canada, the longest of anyone in the Canadian oil-and-gas industry. Over the last 20 years, we have invested more than \$2 billion, and currently spend about \$150 million a year in R & D activities. Much of this research is to find and commercialize new and proprietary technologies to reduce costs and greenhouse gas emissions intensity. Already we have reduced the greenhouse gas emission intensity of our operated oilsands assets by 20% from 2013 to 2017, and further technology developments supports the commitment we made in 2018 to further reduce this by an additional 10% by 2023, as compared to 2015 levels.

Turning to social performance, we seek to deliver value and benefit to the communities in which we operate. We have more than 1,000 self-identified indigenous workers in our workforce and have spent \$2.6 billion with indigenous suppliers over the last ten years.

In addition to supporting these businesses, we look to promote workforce development, to enhance the dialogue on environmental stewardship, and to implement agreements that can provide benefits to our indigenous partners. Imperial was also recently certified as a committed member of the Canadian Council for Aboriginal Business: Progressive Aboriginal Relations Program, or PAR.

In addition, we paid over 5.6 billion in taxes and royalties to jurisdictions across the country in 2019. We also make corporate donations such as our support for programs with the Southern Alberta Institute of Technology's most recent global water diploma program, as well as through our employee matching programs. We take our social responsibility very seriously.

And finally, on governance, our board members have diverse backgrounds. Five are independent directors, nearly one third of which are female. There are a number of board committees designed to oversee environmental, health and safety compliance, and assessing the potential impacts of public policy on our performance, including the risks of climate change.

I'd now like to give you a brief overview of our operations. We are a national energy company, of course. We're integrated across the value chain that is upstream, downstream, and chemical.

Our operations are underpinned by large, high-quality long-life assets. In the upstream, we have the capability to produce roughly 400,000 barrels per day, primarily at our three largest assets. We have an in-situ development at Cold Lake, a large mine at Kearl, and we have our 25% interest in Syncrude, just north of Fort McMurray.

We also have refining capacity of roughly 400,000 barrels per day at our three refineries.

Our Strathcona refinery is in the Edmonton area, and we have two in southern Ontario in Sarnia and Nanticoke. We also have a chemical manufacturing facility that is fully integrated with our Sarnia refinery, and a rail terminal adjacent to our Strathcona refinery, which is used for shipping crude oil. Our petroleum product sales are roughly 500,000 barrels a day, and are moved through our coast-to-coast distribution network to retail sites all across the country. We also operate two research facilities, one in Calgary and one in Sarnia.

Switching to our business model, we believe it has served us well and continues to do so.

Our main focus as a company is delivering superior, long-term shareholder value. On the last slide I referred to our long-life high-quality asset base. And as you've heard earlier, in relation to managing through this current challenging environment, we apply a lot of discipline to how we spend money, your money. As an integrated company, we also look for opportunities to create value across the supply chain. We spend around \$150 million a year at our research facilities. And as I mentioned, this is where we are focused on developing the technologies for tomorrow, the technologies that will enhance our competitive position in the future. And our efforts to maximize the value of all of this rely on ensuring the integrity of our existing assets and continuing to deliver on high-value growth opportunities.

All of this is underpinned by our talented and committed employees, and by our relationship with ExxonMobil. They are, of course, our majority shareholder, a relationship which provides the opportunity to exchange people, technologies, expertise, and best practices. We view that as a material competitive advantage.

One of the key focus areas we always like to talk about, because it is front and centre in everything we do, is safety. Our work culture at Imperial is one in which all of us take care of ourselves, and each other, as our number one priority. Personnel and process safety are our top priority and are fundamental to everything we do. I'm sure you are familiar with our often-stated goal that nobody gets hurt. We truly see this as a realistic goal and continue to work tirelessly to achieve it. Having said that, we're not there yet. The chart shows the Total Recordable Incident Rate, which is a measure of the number of incidents per 200,000 hours worked, which equates to approximately 100 workers for one year.

As you can see from the chart, we are not at zero. But I can assure you, we are committed to a proactive approach that is designed to continuously improve performance in this area, and in 2019 we continued that journey, and achieved our best ever annual performance.

I'm also pleased to point out that we continue to be an industry leader in safety, as shown by the graph.

I'll turn to 2019 results. 2019 was a very strong year for Imperial. We achieved a number of operational records in the upstream, with Kearn once again exceeding our commitment by achieving over 200,000 barrels a day of gross production for the second straight year, and Syncrude contributing its highest annual production rate in over a decade. These achievements contribute to a record annual production of 398,000 oil equivalent barrels per day.

Our downstream refining throughput was 353,000 barrels per day, and our petroleum product sales were 475,000 barrels per day.

2019 was a year of unusually high maintenance activity, which reduced both throughput and product sales, but nonetheless, the downstream business still contributed almost \$1 billion worth of earnings, a number second only to 2018's performance.

The strong performance of the various segments of our business resulted in net total income of \$2.2 billion, and nearly \$4.5 billion of cash from operations in 2019. And we returned about half of it back to you, our shareholders, through buybacks and dividend payments.

Moving on to some highlights within our operations, starting with the upstream. You can see our historical production levels, and our 2019 record. This was accomplished through contributions across the board from our various assets.

Kearn is an oil sands mining operation, which employs next-generation Paraffinic Froth Treatment technology, to produce oil at greenhouse gas intensity roughly equivalent to the average barrel of oil refined in the U.S. today. You can see the contribution of Imperial's 71% ownership in Kearn relative to our total production profile, with growing volumes in recent years.

Cold Lake is an in-situ operation, 100% owned by Imperial, primarily utilizing Cyclic Steam Stimulation to produce bitumen. Cold Lake is also a strategic asset for us, as site field testing provides us the ability to pilot our next-generation oilsands technologies prior to commercial deployment.

And next is Syncrude, a mining operation with an upgrader that produces high-value synthetic crude oil. Imperial's 25% ownership of production is shown in the chart.

While we are on the upstream, I'd like to take a minute to talk specifically about Kearn. A major accomplishment in 2019 was the completion of the Supplemental Crushers project at Kearn. This capital-efficient project was started in 2018, to double the number of crushers at Kearn in order to provide the necessary redundancy to maximize production during both planned and unplanned downtime events, and increasing cost efficiencies. Each of Kearn's two plants now has two crushers, which can supplement capacity and allow continued operation when one crusher is offline for repairs or maintenance.

The crushers came online in late December 2019 and early January of this year. They demonstrated their value right away. When we had an issue emerge with one of our crusher conveyors, we were able to maintain production using a second crusher.

The supplemental crushers were a significant contributor to Kearl's record performance in the first quarter of 2020, including achieving a rate of 248,000 barrels per day in the month of March. You can see the material improvement in the chart on the left, which shows the first quarter of 2020 versus the first quarters of prior years.

With the crushers now in place, our long-term focus for Kearl shifts to maximizing the return on the asset through continuing to increase production capability and through driving down unit costs. The related efficiency improvements delivered by these new crushers are expected to reduce operating costs by approximately U.S. \$4 per barrel under normal operating circumstances, and move us much closer to our long-term goal for Kearl of U.S. \$20 per barrel.

I'm very excited about the performance to date, and clearly, we were well positioned to deliver on our 2020 commitments.

Unfortunately, in the short term, our ability to deliver on those commitments is being impacted by external factors. Having said that, the operation provides us with some much-needed flexibility, allowing us to adjust production levels to match supply with current demand.

The nature of Kearl's operations allow us to quickly ramp up production without long-term impacts to efficiency or costs.

The integration provided by our downstream is an important piece of the balance that Imperial offers. In a business environment like what we're experiencing today, having access to margin across the value chain is important to providing cash flow stability for our investors.

As you know, we have three refineries, one in Alberta and two in Southern Ontario. Our refining capacity is around 400,000 barrels per day, and is split roughly 50/50 between east and west.

As you can see from the chart, our refining runs have remained quite steady for the last several years, and we have demonstrated a high degree of utilization, which is indicative of strong reliability. This reliability is key to supporting our coast-to-coast fuel marketing business.

The geographic locations and strong reliability performance of our refining assets has been key to supporting our efforts to grow our fuels marketing business from coast to coast. You can see on the chart that we have been quite successful here, as our petroleum product sales have been very strong for the past several years. The slight decrease you see in 2019 is the result of turnaround work and the Sarnia tower repairs following its failure in early 2019.

Our downstream provides strength across the value chain. We believe with advantaged refining assets, among the leaders within the North American industry in terms of cost and efficiency, with access to attractive feedstock. We are the largest refiner in Canada, and our logistics and refinery configurations allow us to process favourable Canadian crudes, and we are continuously improving the flexibility and capacity of our facilities to enhance our advantage. When crude prices are low, as they currently are, the downstream benefits through the purchase of cheaper crude oil. More specifically, Imperial's refineries make significant use of light and synthetic crudes, which have come under significant pricing pressure of late, and are now selling at prices similar to heavy crude oil.

While demand impacts due to COVID-19 are currently limiting our downstream's ability to fully capture these favourable crude prices, once the economy and in turn demand start to recover, we believe we will be in a unique position to benefit from the market environment.

At this point in 2020, we have seen significant declines in motor gasoline and jet fuel demands, although diesel demands have remained relatively more stable as industry and freight transportation demand has been much more resilient. We are currently working to maximize conversion of gasoline production to diesel across our refineries. Our Strathcona refinery is well suited to adapt in this environment, given its significant distillate production and use of synthetic and light crudes.

We continue to invest in these facilities. The recent expansion at the Strathcona refinery resulted in the facility achieving its highest throughput ever in the first quarter of 2020 and its highest-ever asphalt production.

It also further solidified its position as the largest refinery west of Ontario, and we have access to key markets in Alberta, as well as British Columbia. The addition of the 40 megawatt cogeneration facility coming online later this year will provide 75% of the site's electricity needs and up to half of its steam, which will further improve efficiency and lower greenhouse gas intensity.

Our integrated Sarnia and Nanticoke refineries combine to represent over half of the refining capacity in the growing Southern Ontario market. We are currently investing in a logistics project that has material benefits for our Sarnia and Nanticoke refineries. These improved logistics will help ensure the supply of critical products through Toronto's Pearson Airport, as well as consumers across the Greater Toronto Area.

In addition to our leading refining operations, we're also the country's largest marketer of petroleum products, holding market-leading positions in virtually all of the product segments in which we operate. The strength in our sales channels are driven by our retail channel. With our Esso and Mobil brand and service station networks, we lead the country in total sales volumes, number of branded locations, and loyalty strength.

While not as highly visible, our commercial sales channel provides business-to-business product sales, where we supply diesel fuel to leading companies across Canada's largest industries, such as rail and truck transportation, mining, construction and farming. Also jet fuel to planes carrying air

freight and business and recreational travellers, marine fuel for ocean faring vessels of all kinds, asphalt for roads, roofing and other construction, and lubricants to keep everything operating smoothly.

We continue to invest in a robust network of transportation and logistics, so that we can efficiently and reliably provide value to our customers and supply the products to meet their needs across Canada.

The strength of our brands and customer relationships provides us with much-needed demand stability in this environment, and will provide front-of-the-line access to increased demands when conditions improve.

Our Sarnia complex includes a fully integrated chemical plant. One of the main products produced here is high-density polyethylene, a material that is used in a range of high-quality products we all use in our everyday lives, such as the recycling and compost bins we use, high strength durable toys - and high strength durable toys for our children.

Because of its location, our chemical facility has access to high-quality economic feedstocks, which has resulted in our chemical business being able to deliver high returns over the business cycle. The facility also has a location advantage with around 60% of our customers within a one-day drive. However, we are currently in a challenging low part of the business cycle due to a significant amount of manufacturing capacity that has come online globally over the last couple of years. These cycles are not uncommon for the chemical business, and we remain well positioned.

For the last 140 years, technology and innovation have played a key role in Imperial's success. We opened the first petroleum research centre in Sarnia in 1924. We drilled the first horizontal well in Canada, and we developed and patented the technologies still in use today to produce the oilsands, such as Cyclic Steam Stimulation, Steam Assisted Gravity Drainage, and played a key role in developing Paraffinic Froth Treatment. I tell you, just reflecting on all those firsts makes me so proud.

In the last 20 years, we have spent over \$2 billion as we continue to develop industry-leading technologies. Recently, we have been spending about \$150 million per year, and also have the ability to leverage the \$1 billion in annual research conducted by ExxonMobil. This partnership allows us to focus our local research on next-generation oilsands technologies, a field in which we have been a leader for decades. And we have some exciting technology opportunities ready to go into the field, such as solvent assisted SAGD and a technology called Cyclic Solvent Process, which has the potential to reduce greenhouse gas emission intensity by up to 90%.

As noted earlier, we operate two research facilities, one is adjacent to our Sarnia refinery, and another close to our head office in Calgary. We employ over 80 PhDs, and currently have around 1,000 active patents.

Related to technology is our digital program. Our digital transformation continues, and we believe it is key to maintaining our competitive position in the future. We established our digital foundation over the last several years and are now starting to see significant productivity enhancement across our portfolio of assets. Digital remains a priority for Imperial, even in these challenging times.

We're continuing with the ramp up of the autonomous haul truck program at Kearl, a project to replace our fleet of trucks with trucks that do not require a driver. Not only will this deliver safety benefits, but we also expect these trucks to help drive down costs through higher efficiency and lower maintenance requirements. Other opportunities our digital efforts present include optimizing maintenance of our equipment, more efficient deployment of our workforce, and the ability to leverage emerging technologies such as artificial intelligence to enhance our focus on safety, production, and cost optimization. We continue to see a large prize of over \$500 million of value creation potential from digital initiatives.

We often talk about delivering value, and we see integration as a key way of doing this. As you can see from this chart, Imperial has been able to deliver material and increasing cash flow over a range of oil prices. Over the last two years, we have generated around \$4 billion of cash per year at a WTI price of around U.S. \$60 per barrel. However, if you go even further back, when WTI prices were lower, our cash from operations was still robust. There are lots of reasons for this, and integration plays a key part. When crude prices are high, our upstream business does well. When prices are low, our downstream takes advantage of lower cost feedstock. Add to that our focus on improved reliability and disciplined cost management, and capital efficient growth, and you have what it takes for robust cashflow in most environments.

Imperial's financial strength remains best in class. The graph on the left shows the debt-to-capital ratios of Imperial and our peers. This is a key metric for looking at a company's financial leverage, especially for larger companies. As you can see, we came into this environment with an industry-leading debt-to-capital ratio of 18%, as of year-end 2019. So our balance sheet is strong, both in absolute and relative terms, and that is a key asset as we work through this challenging business environment. In addition, we had \$1.7 billion of cash on our balance sheet as of year-end 2019, and other sources of liquidity, should they be needed, to see us through a temporary period of extreme conditions in the marketplace. You can also see along the bottom of the graph that our credit rating remains best in class and supports access to capital should we need it.

Our financial strength underpins our ability to make value-based choices that take into account current market conditions while ensuring that we maintain our long-term growth plans and remain well positioned for the recovery in the business environment. Our financial strength also underpins our dividend, which remains a key priority for the company.

We remain focused on delivering value to shareholders, and one of the ways we do that is through shareholder returns. Imperial has paid a dividend for more than 100 consecutive years now, and has grown that dividend for the last 25 consecutive years. We fundamentally believe that a reliable and growing dividend is very important to our shareholders, and this remains a priority.

Another way we return cash to shareholders is through buying back our outstanding shares. This is something we have done since the mid-90s, and although we suspended share buybacks when we embarked on our Kearn investment back in 2009, we restarted them a couple of years ago. And in that time, we have repurchased almost 60% of the shares in the company. And since 2016, we have repurchased over 100 million shares. Our view is that share buybacks provide a means of returning excess cash that is beyond our immediate needs in a way that is beneficial to shareholders. Of course, we recently suspended the current program due to the very challenging business environment, but that has not changed our view of share buybacks as being an important way to return excess cash in the future.

So why Imperial? We are a company with a tremendous history. Over the last 140 years, Imperial has very much become part of the fabric of Canada. We are a team of 6,000 committed employees, plus our contractor and business partners, working to deliver the energy Canadians require for their day-to-day lives, from coast to coast.

Our ability to do this is underpinned by our high quality long-life asset base, which we've talked about. We have our three core assets in the upstream, our three refineries and a coast-to-coast distribution and marketing network in the downstream, and a chemical plant, all high performing assets that also provide integration necessary for the synergies that deliver significant value to us as a company, and you as our shareholders.

We talked about our unparalleled history of creating value through technology and innovation as well. These technologies have not only enabled greater efficiency and production rates, but they have also allowed us to improve our environmental footprint, which is very important as we go forward. We are very proud of what we have accomplished, not just regarding our environmental footprint, but in all aspects of ESG, the environmental, social and governance factors I talked about earlier. And I would also reiterate our commitment to continuing to get better in these areas.

I mentioned back in November at our analyst day how excited I was to be joining Imperial. I can tell you now that in the first few months in this role, my excitement has not ebbed, despite recent unexpected challenges. In fact, it has grown, as I see the potential of Imperial's assets and people. I very much look forward to that future and its possibilities.

So wrapping up, Imperial had a very strong year in 2019. And while we are facing some significant challenges in 2020, it is this strength that positions us very well to weather the current storm, and in fact, even emerge stronger. We take a long-term view of this business, and will continue to focus on the appropriate strategies and growth plans to carry us into the future. Please stay safe, and stay healthy. And thank you, all, for your ongoing commitment and support of Imperial.

So let's now move to the question period. If you have not done so yet, please submit your questions using the messaging icon through the meeting webpage.



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, an Imperial representative will contact you after the meeting to respond. 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 endeavour to answer all the questions submitted, but in the event that time does not permit, we will, after the meeting, respond directly to those individuals whose questions were not answered. I will ask Ian Laing to read our first question.

**Ian Laing:** Thank you, Brad. We've had a question submitted by Ms. Susan Golyak on behalf of British Columbia Investment Management Corporation. She writes, "We have noticed that Imperial Oil has not put an advisory vote on executive compensation on the 2020 ballot. Would someone please explain how the board came to the decision to not adopt say on pay at this time following the shareholder vote on this topic at the 2019 AGM?"

**Brad Corson:** Thank you for the question, Ms. Golyak, and as our shareholders are aware, this-- this motion was put to a vote at our AGM last year and was opposed by approximately 85% of the votes cast. However, I would like to start by saying that we acknowledge the level of shareholder support for last year's motion. However, the board still has to exercise its judgment in what it views to be the best interest of the corporation. In this case, the board's judgment has been that a simple up and down say on pay mode does not convey meaningful information to the executive resources committee regarding any specific concerns a shareholder may have. It is really preferable for the shareholders with concerns to contact the corporation directly in order to raise those issues so they can be discussed. And, in fact, we actually did reach out to a number of shareholders last year on this topic, and invite them to discuss any issues they might have. Imperial has a very transparent approach to executive compensation, and it's the board's responsibility to consider all relevant information when making executive compensation decisions.

At this time, I would say our perspective remains that an advisory vote on compensation, and result in a one-size-fits-all approach that can fall short in considering factors that can differentiate, such as the industry business model or the unique circumstances of a company. We are very aware, though, that such votes may become mandatory as a result of federal legislation. We are awaiting the details of these regulations, and once we understand the requirements, we'll, of course, comply. I hope that helps address your question, and thank you for raising it.

**Ian Laing:** Mr. Chairman, there are no further questions that have been submitted.

**Brad Corson:** All right. Well, again, thank you for the questions and comments that have been submitted, and certainly for your participation. Before we conclude, let me ask Ian to present the Scrutineer's 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 91% of the shares representing 22% of the registered shareholders of the company. Also, 71% of the minority shares are represented by proxy. The scrutineers have also reported on the balloting, and they have informed us that PricewaterhouseCoopers have been reappointed as the auditors, and the director nominees named in the company's management proxy circular have been elected as the directors. Final voting results will be made available on the Imperial website.

**Brad Corson:** Thank you, Ian. Ladies and gentlemen, that completes our meeting today. Before we close, on behalf of our board, I would like to, again, express a sincere appreciation to Imperial's employees across Canada for their dedication and commitment. I would also like to thank Imperial's management team and board for their continued leadership, which is needed now more than ever.

This year, Imperial marks its 140th anniversary. Since 1880, the company has faced many challenges, past pandemic flus, world wars, and global recessions. What we've also demonstrated over our company's history is resilience, and the ability to come back from these challenges stronger than ever. I believe now is no different. We will overcome the challenges presented by COVID-19. We will continue to reliably supply the fuel products Canadians rely on, and we will adapt to the challenges ahead.

So with that, I want to thank our shareholders, each of you, for your continued support. I assure you that Imperial's workforce continues to look for opportunities to provide value in everything we do. We wish good health for you, your families, and your communities. 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, seek, project, predict, 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 ensuring the health and safety of employees and integrity of operations, and the impact of measures implemented in response to COVID-19; ensuring continued supply of fuel products during COVID-19; the global oil supply and demand balance; being well-positioned to weather the current business environment and emerge stronger when conditions improve; near-term impacts from COVID-19 and the business environment, including adjustments to throughput; the uses of petroleum products with respect to COVID-19; developing new technologies and reductions in greenhouse gas emissions intensity; the company's business model delivering long-term shareholder value; Kearl performance and growth, including the benefits from additional crushers; the importance of integration in the current business environment, and ability to adapt to changing Downstream demand; the impacts of Downstream investments; Downstream strengths such as advantaged crude, attractive markets and sales growth; the adoption and impact of new technologies; the impact from digital transformation, including overall potential and autonomous haul cost savings; resiliency in lower price environments; the company's financial strength as a competitive advantage, including access to financial markets, ability to maintain and grow dividends and repurchasing shares; and Strategic priorities to navigate near-term environment and provide long term value.

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 demand growth and energy source, supply and mix; commodity prices, foreign exchange rates and general market conditions; project plans, timing, costs, technical evaluations and capacities and the company's ability to effectively execute on these plans and operate its assets; progression of COVID-19 and its

impacts on Imperial's ability to operate its assets, including the possible shutdown of facilities due to COVID-19 outbreaks; the company's ability to effectively execute on its business continuity plans and pandemic response activities; the ability of the company to achieve cost savings and adjust maintenance work; Downstream refinery utilization and product sales; applicable laws and government policies, including climate change, production curtailment and restrictions in response to COVID-19; production rates, growth and mix; the adoption and impact of new facilities or technologies, including on reductions to greenhouse gas emissions intensity; financing sources and capital structure; and capital and environmental expenditures 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, and petroleum and petrochemical products and resulting price, differential and margin impacts, including foreign government action with respect to supply levels and prices and the impact of COVID-19 on demand; general economic conditions; availability and allocation of capital; currency exchange rates; political or regulatory events, including changes in law or government policy such as climate change, production curtailment and actions in response to COVID-19; availability and performance of third party service providers, including in light of restrictions related to COVID-19; management effectiveness and disaster response preparedness, including business continuity plans in response to COVID-19; environmental risks inherent in oil and gas exploration and production activities; environmental regulation, including climate change and greenhouse gas regulation and changes to such regulation; unanticipated technical or operational difficulties; project management and schedules and timely completion of projects; the results of research programs and new technologies, and ability to bring new technologies to commercial scale on a cost-competitive basis; operational hazards and risks; cybersecurity incidents; and other factors discussed in Item 1A risk factors and Item 7 management's discussion and analysis of financial condition and results of operations of Imperial's most recent annual report on Form 10-K and subsequent 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.

In these materials, certain natural gas volumes have been converted to barrels of oil equivalent (BOE) on the basis of six thousand cubic feet (Mcf) to one barrel (bbl). BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to one bbl is based on an energy-equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency ratio of 6 Mcf to 1 bbl, using a 6:1 conversion ratio may be misleading as an indication of value.

All reserves and contingent resources estimates provided in these materials are effective as of December 31, 2019, and based on definitions contained in the Canadian Oil and Gas Evaluation Handbook (COGEH) and are presented in accordance with National Instrument 51-101, as disclosed in Imperial's Form 51-101F1 for the fiscal year ending December 31, 2019.

Except as otherwise disclosed herein, reserves and contingent resource information are an estimate of the company's working interest before royalties at year-end 2019, as determined by Imperial's internal qualified reserves evaluator.

Reserves are the estimated remaining quantities of commercially recoverable oil, natural gas, and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves.