

**IMPERIAL OIL LIMITED**

**ANNUAL GENERAL MEETING**

**TRANSCRIPT**

**MAY 4, 2021**

**11:00 a.m. (Mountain Time)**

**Brad Corson:** Good morning, ladies and gentlemen. My name is Brad Corson. I am Imperial's president, chairman and chief executive officer and it is my pleasure to welcome you virtually to Imperial's annual meeting of shareholders. While I regret that 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. We are now at our appointed start time of 11:00 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 Métis Nation of Alberta, Region III.

I would 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 may 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 take a moment to acknowledge essential workers across Canada for their dedication to our health and safety throughout this pandemic. I said the same thing last year, and now, 12 months later, these essential workers continue to exemplify dedication, compassion and perseverance.

On behalf of everyone at Imperial, I would like to sincerely thank health care workers, first responders, delivery and truck drivers, grocery store workers, cleaning staff – along with our own workforce who maintain our operations so we can continue to supply the fuel products that all Canadians need. Your dedication to keeping us all safe is an inspiration.

I can also tell you that I continue to be inspired by all employees and contractors who find ways to not only perform their jobs and drive value throughout our organization, but to go above and beyond by supporting each other, and the communities where they live and work. That is what makes me most proud to be a part of the Imperial team.

During my remarks later in the meeting, I will highlight some of the community support initiatives that we have undertaken. I will be the first to admit that I didn't think we'd be hosting a second virtual annual meeting, but the last year has reminded us that we continue to be resilient, adapt and face any new challenges.

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.

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

Rita Gutierrez-Fernandes and Leanne Branston of Broadridge Investor Communications Corporation will act as scrutineers.

All of the nominees for election as director, 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:** Today, registered shareholders and duly appointed proxyholders 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 webpage.

To register your vote, tap on the voting options available. Your vote will be automatically submitted to Broadridge, 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 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 webpage, 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 Rules of Conduct and Agenda 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:** 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 auditors' 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 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 makeup 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 major 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.

To facilitate strategic leadership, Imperial provides the board comprehensive and frequent information regarding relevant and emerging issues, as well as company operations.

In the context of the COVID-19 pandemic specifically, the Board stays 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, 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. Six of the nominees are standing for re-election as directors and we also have a new director nominee, Matt Crocker. Mr. Crocker is senior vice-president, fuels at ExxonMobil Fuels & Lubricants Company.

I would like to take this opportunity to thank our outgoing board member, Dave Brownell, for his contribution, especially as we were working through the challenges of this last year. Dave, thank you for your involvement and service on Imperial's board and we wish you continued success with your new assignment with ExxonMobil.

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, fuels at ExxonMobil Fuels & Lubricants Company, a division of Exxon Mobil 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'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 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.

The results of the resolution will be disclosed following the completion of the remaining business of the meeting once the ballots have all been tabulated.

**Brad Corson:** 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 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 participants.

**Brad Corson:** Thank you. We will now proceed with the vote. I will again 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. The shareholder proposal and related supporting statement are set out in Appendix B of the management proxy circular. This is also where you will find the Board's recommendation to vote against this proposal, and the reasoning for this recommendation.

With us on the line is Francois Meloche, proxyholder for Bâtirente who 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 proxyholders 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 the publically 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 99 of the management proxy circular.

The motion is:

RESOLVED: Shareholders request that Imperial Oil adopt a corporate wide ambition to achieve net zero carbon emissions at or before 2050. Covered emissions should include scope 1 and 2.

**Brad Corson:** 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. This is Francois. Can you hear me? Hope you can hear me.

**Brad Corson:** Yes, we can, thank you.

**Francois Meloche:** Great, thank you. Thank you, Mr. Chairman. So my name Francois Meloche and I work for Aequo, we are a shareholder engagement service provider, and I represent here Bâtirente, a labor sponsored pension fund and long term shareholder of Imperial Oil. As you mentioned, we are proposing that Imperial Oil adopt a corporate ambition to reach net zero greenhouse gas emissions by 2050. The reason is that the science is clear that if we are to have a decent chance of keeping the planet's temperature from heating more than 1.5 Celsius, and present significant economic and social impacts, the world will need to stop adding carbon into the atmosphere at least by mid-century.

Policymakers around the world are committing to cutting emissions. As of now, 34 countries have so far committed to net zero, and that includes the US, China and Canada and several countries have announced targets for electric vehicles as well. Businesses are also committing. Already, one fifth of the world largest companies

have net zero commitments, and that includes several large oil and gas companies in Europe and North America. As well, investors are reducing the carbon footprint of their portfolios and are likely to favor companies with net zero targets.

So, Imperial currently has a 10% intensity target, which is commendable, and it's also working to develop technologies to further reduce emissions intensity, but we believe that Imperial Oil can, and must, do better. The company is a key part of the Canadian energy system, and as such, must provide more clarity to investors and indeed to all Canadians on longer-term ambitions to reduce emissions.

Imperial has overcome many challenges in the course of its 140-year history and we believe that more can be done. As it navigates one of its biggest challenges yet, climate change and the energy transition, Imperial must adopt a long-term commitment to decarbonize its operations, and eventually, its products. This will support the company as it navigates transition to a low carbon economy and continues to create value for shareholders and other stakeholders. So we encourage all to vote in favour of the proposal.

And in ending, I would just like to thank Imperial Oil and investor relations for engaging with us in a constructive manner, and we hope to continue to have a productive dialogue. Thank you for your time.

**Brad Corson:** Thank you Mr. Meloche for your proposal and your discussion. I take the motion as moved. You've heard the motion made. 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.

Imperial supports the goals of the Paris Agreement as an important framework for addressing the risks and opportunities of climate change. The company respects and supports Canada's ambition to achieve net zero emissions by 2050, and is developing pathways to reduce greenhouse gas emissions intensity in support of a net zero future.

As you know, the company has a long-term commitment to research and development, including more than \$2.2 billion invested in research and development over the past 20 years. This commitment has resulted in a portfolio of technologies at various stages of commercialization. Technologies like carbon capture and sequestration have the potential to be viable through advancements and supportive public policy.

And this commitment to research and development is complemented by our reductions to greenhouse gas intensity. We have reduced greenhouse gas intensity by more than

20 percent since 2013 in our operated oil sands, and have targeted a reduction of 10 percent in greenhouse gas intensity by 2023 compared to 2016 levels. We are active in many other areas as well, including supporting customers with evolving fuels offers.

We are proud of these commitments, our results and our great progress in this area, and continue to look to ways to reduce greenhouse gas intensity further. Ongoing innovation, technology breakthroughs and accelerated commercialization, at an acceptable cost to society, will be needed to support the achievement of this ambition. However, the technologies and actions required for meeting a net zero target are not there yet.

Our Board of Directors is recommending that shareholders vote against the proposal, but to be clear, not because the company doesn't support the Paris Agreement or respect and support Canada's ambition. In fact, it's just the opposite. As I stated, Imperial supports the Paris Agreement as an important framework for addressing the risks of climate change and also respects and supports Canada's ambition to achieve net zero emissions by 2050.

The point is this, Imperial's preference is to set a series of concrete targets, with specific plans and actions to achieve these goals. It is very easy to make big promises to 2050, but we want to ensure our goals are credible and measurable. And until such time as we have successfully identified clear, achievable steps to net zero, we feel it is premature to make such a commitment. Technology will also continue to develop over the next 30 years, and there could be a break-through that has not been thought of yet that will further enable a net zero future.

We have our next goal of achieving a 10% reduction of greenhouse gas emissions intensity by 2023 compared to 2016, and we are working to establish our next set of targets beyond that, backed by actions and plans to achieve them.

**Brad Corson:** 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 the vote. Again, 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, which will be before the conclusion of this meeting.

**Brad Corson:** Now at this point of the meeting I would like to take the opportunity to provide an update on the company. I'll start by giving you some thoughts and impressions based on my first year or so on the job, including an update on the impacts of COVID-19 and how we have responded over the past year, and how we have continued to respond. I am also going to talk about our continued focus on sustainability and highlight our recently released sustainability report. Then I'll spend a few minutes updating you on the performance of our key business units, and then finally, wrap up with a quick look at our financial position and winning strategy.

The last time I spoke to you in this forum, which was last year's AGM, I had only been in the role of Chairman and CEO for a few months, and we were just beginning to understand and deal with the challenges of the global pandemic. Now here we are, a year later, following what may have been the most challenging year in the company's history, and I can tell you that I am extremely proud of how the organization managed through these unprecedented times and what they were able to accomplish. This also gives me confidence in our prospects for the future.

I'd like to start by acknowledging that 2020 marked a very significant milestone for Imperial, as the company celebrated its 140<sup>th</sup> birthday. On September 8th, 1880, there were 16 oil refiners in Ontario who pooled their resources and created the Imperial Oil Company. At that time, Canada as a country was only 13 years old, and what started out as a company that produced mainly lamp oil, axle grease, wax, and candles, has grown into a large, integrated enterprise with operations and a presence across all of Canada. It's been an incredible journey of innovation, adaptation and resilience that has enabled Imperial to manage through significant changes and challenges over the decades. Our people have shown incredible creativity and determination over the last 140 years, and it is those people who have shaped the company we are here talking about today.

I have to say that when I took over as chairman and CEO back on January 1<sup>st</sup> of 2020, I never would have expected the challenges we have faced through the last year, and really continue to face. The ongoing uncertainty regarding the pandemic continues to drive volatility in the recovery as we move in and out of various stages of lockdowns, and this in turn drives volatility in our business. But one thing I am certain of is, the fact that Imperial continues to be well positioned to effectively manage through this, and we are.

Over the last year I have had the opportunity to get to know the people of Imperial, and honestly, have been super, super impressed. The leadership of Imperial are clearly

a highly capable, committed team, focused on driving performance improvement and shareholder value, and that commitment extends to the entire workforce as well. I continue to be impressed with the talent and dedication of the entire organization. They have demonstrated resilience, countless sacrifices and unwavering commitment throughout the pandemic. They are all focused on making a difference and winning every single day.

I have also had a lot of time to learn about the assets of the company. Over time Imperial has invested in high quality, long-life assets with significant long-term potential – assets that we feel have the potential to keep delivering value and as an organization, we are focused on maximizing that value.

Of course, all of this is underpinned by our highly resilient business model, one that has and continues to serve us well in this very challenging environment. The value of integration, our significant cost reduction efforts and our capital discipline, as well as our industry leading technology and powerful brands, supported our solid performance, not only in 2020, but so far in 2021 as well.

2020 was a difficult year for everyone, and we are still facing challenges today. We continue to see the volatility in the business environment and a somewhat uncertain timeline for recovery. But for all of the reasons I just mentioned, Imperial remains well positioned to capture value as commodity prices recover and product demands continue to return to normal.

And you will see how well-placed my confidence is in the future and our ability to drive increasing value to our shareholders.

At last year's AGM I outlined what Imperial was doing to respond to the COVID-19 pandemic, and now I would like to take a minute to provide an update on the actions we continue to take. Managing the health and safety of our workforce is our top priority at all times, and the pandemic has presented us with additional challenges. I'm very proud of how our workforce has continued to safely and efficiently work to ensure ongoing supply of the energy products Canadians need, products that are critical to society. We have adapted many of our workforce protocols to ensure our ability to do this.

For example, we implemented rapid testing at our operating sites, we continue to employ safe distancing, enhanced cleaning and working-from-home, and we have been working very closely with our industry peers and the local health authorities to make sure we are adopting all of the best practices as we learn more about the best way to manage this situation.

And in addition to the health and safety challenges, there were also operational challenges that needed to be managed as well. For example, we were able to quickly adjust our turnarounds to respond to the decreased demand. These optimization steps included adjusting turnaround scope and timing, as well as reducing the on-site contractor workforce, which not only helped us reduce costs, but also facilitated appropriate physical distancing, and helped position us well for the eventual demand recovery.

Technology continues to play a large role in ensuring our ability to manage through this. The flexibility to work from home is only possible due to technology. Almost overnight, our IT teams implemented collaboration tools that allowed us to connect while distanced. As many of you can relate, we shifted heavily to virtual meetings, just like last year's AGM and of course today's as well, as a way of staying connected, not just as a company, but with our external stakeholders as well and I would also point out that a benefit of the technology solutions we have deployed during COVID-19 is that they will continue to be used long after the pandemic is over.

Finally, we have continued to support the communities where we operate during these challenging times – because good corporate citizens are there in the good times and the bad. Last year we launched our Healthcare Heroes campaign, which provided \$2 million in free fuel vouchers to frontline healthcare workers, and I'm proud to say that earlier this year, we launched a second round of Healthcare Heroes for an additional \$2.5 million, bringing the total to \$4.5 million in free fuel vouchers.

Last year we also donated 60 tonnes of isopropyl alcohol used for hand sanitizer. Also 500 laptops to Calgary Board of Education in support of their Education Matters Campaign, and in October, we also announced Fuel What Matters – where for every download of the Speedpass+ app between October 14 – 28, Imperial donated \$5 to mental health organizations across Canada, for a total of \$140,000 (in honour of Imperial's 140<sup>th</sup> anniversary in 2020). We also raised our matching dollars 2:1 for donations by employees to community charities and not for profit organizations through our employee giving and volunteer program.

We realize that we do not know how long we will need to manage through this pandemic, but what I have seen since this all began in March of last year demonstrates that we are more than capable of not just working within the restrictions introduced by COVID-19, but positioning us to succeed and capture opportunities through the recovery.

As I am sure you can tell, I am very proud of how we have managed the health and safety of our workforce. But we also had to make sure we managed the business challenges brought on by the pandemic as well. You often hear us talk about how well

positioned Imperial is to manage through various parts of the business cycle. Never was this more evident than over the past year.

We are always looking at how prepared we are to manage through a crisis and developing appropriate contingency plans. So when the pandemic hit, not only were we faced with significant demand destruction, but also a price war that severely impacted commodity prices. However, we were prepared to implement plans to respond and minimize the business impact during the associated downturn. A key enabler of this is focusing on what we can control and with that in mind we committed to some material cost savings targets. And I need to stress, this was done with a lens to preserving long term shareholder value. So we immediately worked to identify opportunities to reduce spending, both operating costs and capital.

However, it's not just a matter of cutting costs. We also needed to keep an eye on the long term, not just to be prepared to respond as the situation started to improve, but to also ensure the long term health of our long-life, low decline assets. I believe we struck the right balance here, and this is demonstrated in our 2020 results. As you can see on the charts on the left, we were successful in reducing our capital spending by 45%, or almost \$800 million versus of our original plans, and further reduced our Production and Manufacturing expenses by an additional \$1 billion versus 2019. I think it's also important to point out that these savings were a result of efforts by all of our business units.

And as you are all likely aware, we have an industry-leading balance sheet. Entering the pandemic and associated market challenges in such a strong financial position allowed us to weather this storm without incurring any new debt. And we held our dividend steady and did not cut it. Not many others can say the same. And the second half of the year we saw significant improvement in cash generated from our operations, which allowed us to materially rebuild our cash balance.

I mentioned a few minutes ago how we were able to adjust our operations, things like our turnaround plans, to help us manage through this. I can't overstate how our ability to quickly alter the scope of our turnaround activities, accelerate those schedules, and manage them on extended timelines with fewer workers, allowed us to effectively manage the health and safety of our workforce, and to execute this work at significantly lower costs.

And of course all of this is underpinned by the strength of our people, both employees, contactors and business partners. The drive and commitment of the organization has been nothing short of incredible.

All of these factors together, and well managed, put us in an enviable position to accelerate out of the downturn.

We have talked about how challenging the environment has been from a product demand perspective, so I wanted to take a moment to provide an update on what we are seeing in terms of demand recovery. On the left is a chart showing the International Energy Agency's views as to global oil supply and demand in the near term. You can see how significant the global oil demand destruction was back in the second quarter of 2020 and the supply imbalance that occurred.

Our experience here in North America, and more specifically Canada, was very similar. While we saw a pretty healthy recovery in the third quarter of 2020, that recovery levelled out a bit in the fourth quarter and has not really changed in the first quarter of 2021. While certain areas of the globe have seen rapid roll out of vaccines, others areas, such as Canada, have not made the same level of progress, and we are seeing constantly shifting lockdown measures, which have resulted in a lot of volatility.

These global trends in oil supply and demand translate into petroleum product demands. To give you an idea of where we are now with Canadian product demands, we currently see motor gasoline demand at around 80% of normal, and diesel demand is pretty much back to normal. But jet demand continues to experience more significant challenges. While we have seen some recovery from a roughly 90% drop in demand, it still sits at around only 40% of normal, and any further recovery hinges on the resumption of global and domestic travel.

I'd like to shift gears a bit now and talk about how important energy is to the world, and how we see oil and gas as being a very important part of that energy mix. Oil and gas remains, and will remain, a significant source of energy in any credible scenario going forward and Canada is first among some of the top global oil and gas producers in terms of responsible development. And by responsible, I mean more than just environmental. This also means socially, and from a governance point of view.

And Imperial is well positioned to participate in the energy transition. We continue to be a leader in ESG in the oil and gas industry and with an exciting suite of new technologies under development to support pathways to net zero, at the lowest cost to society. Our commitment when it comes to Sustainability and ESG at Imperial is about value creation in a competitive marketplace, where we can improve our performance in a way that it grows returns for our shareholders and is meaningful to our stakeholders.

We just released a new sustainability report that it is focused on highlighting how we can continue to be a part of the future energy mix. I would encourage you to read it if

you haven't already. We talk about working to identify pathways to a net zero future, as well as our commitment to efficient use of water and air quality improvement, which are also very important environmental issues.

But it's important to recognize the importance of social and governance aspects of ESG as well. And we also talk about these in the report. On the social side we are very proud of our community engagement, and in particular our relationships with the Indigenous communities in the areas where we operate. As you can see from the chart, we have a significant focus on collaboration with these communities, and have spent a significant amount of money with Indigenous businesses. We are also very proud of our safety record – we continue to be a leader amongst our peers in this area. And I'm very proud to say that we were awarded the Canadian Center for Diversity and Inclusion Employer Initiative of the year, and were also recently recognized as one of Canada's top 100 employers, as well as one of Canada's top employers of young people, and also one of Alberta's top 70 employers.

And finally, we discuss our approach to risk management and a major part of this is climate related risk. The Board has oversight of risks we manage as a company, and ESG is integrated into the risk management framework throughout the organization.

As part of managing the risks of climate change, I mentioned we are committed to exploring pathways to net zero. We support the Paris Agreement and support Canada's objective to achieve net zero by 2050. On this chart I have highlighted a few examples of the technology suite that we see as key to achieving a net zero future. By no means is this list complete, but it does highlight some good examples.

If we start by looking at what is happening in the very near-term, in our operations today we've got around 600 megawatts of co-generation capacity, which is the equivalent of taking approximately 166,000 cars off the road for a year. Our newest cogeneration facility was recently commissioned at our Strathcona refinery last year. We've also got renewable fuels through our Esso product offerings today. At Kearn, we have plans to recover the energy from boiler flue gas and use it to assist in steam generation. And at our in-situ operations we are implementing solvent technologies such as LASER and SA-SAGD, both of which are expected to reduce greenhouse gas intensity by up to 25%.

Then moving over to the medium-term, we are working on a number of technologies, such as carbon capture and sequestration. ExxonMobil has been active in this area for over 30 years, and in fact, they've captured more CO<sub>2</sub> since 1970 than any other company, so we can benefit from their expertise as we look to apply these technologies here in Canada. We believe carbon capture and sequestration will be an integral component of any pathway to net zero. So that's very exciting going forward.

The technologies we show under longer-term are quite early days, but they do present a number of possibilities for us and ExxonMobil is very involved in a number of these areas worldwide, so we're evaluating these in partnership with them. We are also working locally on other technologies through collaborations with the Canadian Oil Sands Innovation Alliance, the Clean Resource Innovation Network and others.

When you look at the potential opportunities I just talked about, you can see a number of options. However, to determine the best path forward we have to consider a number of things, such as how material are the greenhouse gas reductions that the technology can deliver? What is the timeline? Can it be applied cost effectively? And what are the government policies that affect our choices? And then most importantly, bringing it all together to deliver shareholder returns.

Now I'm going to shift and focus on our business performance for 2020, starting with our upstream.

When we talk about our upstream, we talk about a business that offers long-life, low-decline assets that have the potential to deliver decades of cash flow. To maximize value, we have been targeting reducing costs and improving reliability, all with a focus on protecting this long-term value.

Our results in 2020 really support this vision. Despite the external impacts of the pandemic, and the economic environment, our team remained focused on day-to-day operations, and continued to safely deliver the products so critical to society. In addition, the business response to the weak demand and pricing environment was nothing short of outstanding. Our operating expenses were down over 15% and capital investments were reduced by more than 50%.

These savings were the result of deliberate actions taken by the business, such as adjusting the Kearl and Syncrude turnarounds which enabled not only significant savings in our upstream business, but also supported the effective management of the health and safety of our workforce.

And while more than half of the production and manufacturing savings achieved represents structural cost savings that have been accelerated and will be sustained, we're also committed to finding further efficiencies as we move forward. Our objective is to emerge from the current downturn stronger than ever, and our organization is focused on delivering industry leading performance.

This year has caused us to rethink many things in a very short amount of time, not the least of which is how we can leverage technology to enable production. As you can see on the chart on the left, despite the reduction in spending and significant external

events, we were able to maintain flat production versus 2019. And going forward, we see the opportunity to increase production by around 12% by 2025 through cost effective debottlenecking opportunities, and to continue to drive efficiencies in the business through things such as the ongoing implementation of autonomous haul trucks and maximizing remote technical support. Not only do these examples prove out new ways to work, they also gave us unique insights in how we can drive costs out of our business.

I'd now like to take a minute to talk specifically about our Kearl mining asset. The performance of this asset in 2020 was nothing short of outstanding, and that has continued into this year. The supplemental crushers are delivering as expected, or really beyond expectations, as we continue to set new production records at Kearl. The Kearl team is continuing to make tremendous progress in improving this asset and we are increasingly able to see its potential.

From initial startup in 2013, we persevered through a very challenging ramp-up period and eventually achieved stable operations. This means we are now truly in the optimization phase, where we are applying a disciplined manufacturing mindset to extract every drop of value from this asset. Keys to the success of this journey have been a relentless focus on addressing systemic issues to improve reliability; we've implemented process upgrades, for example, in extraction and froth treatment to improve performance and extend runtime; and last year also demonstrated the transformational benefits of the supplemental crushers; and finally, our mine fleet has improved significantly with haul trucks and shovels now at or exceeding industry best best-in-class utilization.

For 2021 we expect to see gross production of 250,000 barrels per day at Kearl, and we have a clear pathway to 280,000 barrels a day from Kearl in future years. To put that in perspective, we expect to grow production at Kearl from approximately 200,000 barrels per day in 2019, to 280,000 barrels per day in the next few years. That's an 80,000 barrel per day increase – which in fact is larger than many companies. And we are growing that production at a very low cost, much less than a large Greenfield project.

I would also like to draw your attention to the red diamonds on the chart. These represent unit production and manufacturing expenses, and the significant improvement in these unit costs Kearl has delivered. We are well on our path to driving unit costs down from around \$US28 per barrel in 2019 to \$US20 per barrel, and we expect to deliver on that cost commitment this year.

Next, I want to talk to you about our exciting efforts to accelerate innovation and technology in our business with a big focus on digital. We started our digital journey in

2017 and at that time we saw potential for \$500 million per year of incremental value. Now fast-forward to today and we've already realized \$150 million of that value and we now see potential that exceeds our original target, up to \$750 million of annual value.

The key principles behind digital make investment in this area very attractive. Digital projects require relatively low amounts of capital and they tend to have fast payback periods. And while each project may not be that large, there are many and they aggregate into a significant portfolio of opportunity with significant value and application across multiple business lines.

While we're working on numerous digital projects that span everything from workforce visualization and schedule optimization tools to steamflood management to advanced data-driven analytics, the slide here focuses on just a couple of key examples, autonomous haul systems and internal drone inspections.

At Kearn we've continued to ramp up autonomous haul trucks, and our confidence keeps growing in terms of the productivity that can be achieved. We met our target of 25 trucks converted by the end of 2020 and we're on track to fully convert all 77 trucks by 2023. We used to project a US\$0.50 to US\$1.00 per barrel of operating cost savings, but we now peg that more firmly at US\$1.00 per barrel.

And using drones for internal vessel inspections avoids large amounts of scaffolding and simplifies vessel preparations. We're seeing savings of over \$1 million for each inspection and expect multiple applications of this technology going forward.

So those are two key examples of digital projects and the associated savings that I wanted to highlight for you, but again there are many that we are working on.

I would now like to talk about our downstream business, and I will start by talking about our 2020 performance.

The first thing I would like to highlight is that despite the unprecedented challenges faced by all Canadians as well as our industry, our Downstream business safely and reliably supplied fuel to all parts of Canada throughout 2020. The reliable supply of fuel products is vital to keep critical infrastructure online and to the on-going emergency response effort. I am very proud of how our downstream business stepped up to the plate, and continues to do so today.

Looking back to around late-March last year, we were facing an unprecedented and sudden drop in demand for our fuel products. Meeting this challenge head-on, our Downstream business was able to rapidly respond by not only reducing operating

expenses by around 20% and capital expenditures by around 50%, but by also shifting our product mix away from heavily impacted fuel products, like jet, in order to produce more diesel. This production flexibility combined with our access to a wide variety of crudes allowed us to keep our refineries running, and as you can see in the crude throughput chart to the left, hold our full-year throughput to within 4% of 2019 levels. This all adds up to a business that was profitable 3 out of 4 quarters in 2020.

The last thing I wanted to highlight is that the pandemic has not fundamentally impacted our investment strategy. We have talked about investments we are making in some of our logistics, which help support our competitive advantage, but we're also pursuing opportunities to improve our downstream environmental footprint, through things like energy efficiency projects and by blending biofuels.

After talking about 2020 performance, I wanted to spend a bit of time providing more insights on what makes our downstream business so strong and advantaged.

Looking at the map on the left, you can see we have a coast-to-coast network of Imperial owned and third-party sites tied together with a nationwide logistics network that ensures the right products get to the right markets, on time and cost effectively. Our vast downstream network effectively operates in every corner of Canada and is the foundational element of how Imperial has had such a resilient downstream for many years.

When it comes to refining, Imperial is not only Canada's largest refiner with over a century of experience, but we also have industry leading cost and operating performance. Being the largest refiner doesn't guarantee the best performance, the refineries need to be well run and demonstrate cost leadership, and we have delivered top quartile cost and net cash margin in recent benchmarking surveys. In addition to cost and scale efficiencies, we also have advantaged access to crude which gives us the ability to choose from a wide variety of light and heavy crudes that allow us to not only run the most cost-advantaged crudes, but also those that best fit the current demand profile.

The two retail brands we have, Esso and Mobil, are instantly recognizable to Canadian consumers and carry the strongest loyalty program in Canada called PC Optimum. The strength of our retail offering enables us to secure long-term branded wholesale agreements with some of the world's best retailers of gasoline, including 7-Eleven and Couche-Tard, Parkland and Wilsons Fuel to name a few.

These advantages all work together and have enabled us to secure the number one market share in Canada in retail fuel and gasoline, jet sales to airports and asphalt sales. So looking forward, regardless of the volatility of the on-going demand recovery,

our downstream business is going to continue being a reliable source of cash flow for Imperial.

Now a bit on our chemical business. This is a business that while not very big, is very valuable and important to our integrated business model. The largest piece of this business is polyethylene production, though we do make other products as well. Our polyethylene is focused entirely on a high quality grade called high-density polyethylene. Just to give you an idea, this is the stuff that goes into making things like storage tanks, highly durable toys, kayaks, and the large recycling bins you put at the curb each week.

In 2020, while we initially saw some modest declines in demand related to COVID-19 in parts of the Chemicals business, demand for our Chemicals products was quite consistent and strong throughout, and we expect polyethylene in particular to continue to grow globally at a rate that exceeds GDP going forward.

We produce polyethylene at our facility in Sarnia, where the chemical plant is fully integrated with the refinery. This is an advantage no other chemical producer in Canada enjoys, as we are able to provide a significant portion of the chemical plant's feedstock from the adjacent refinery, which means very real cost savings. Another great advantage of the refining and chemicals integration is that we've been able to combine many of the services, the maintenance services are combined, the support services are all together in one common team, which has resulted in a significant operating cost savings compared to a standalone chemical plant located elsewhere. Going full circle on integration, in 2020, the Sarnia Chemicals plant started up a project that allows us to produce solvent that is used in our own Kearl treatment process.

These advantages I've described make for a very profitable business. In 2020, the Chemical business made money in all four quarters, not something that can be said for many other businesses given the business environment last year. And going forward, we're confident that this business is resilient and has strong fundamentals to remain consistently profitable.

I'll now continue my remarks on the business with a summary of the financial performance. Imperial's fully integrated and balanced business model has created a strong legacy of cash generation. If you look back to 2010, our upstream and downstream & chemical businesses have combined to generate over \$36B in cash from operating activities, and as you can see that's split evenly between the two. These businesses provide us with an ongoing ability to grow production due to the long-life low decline nature of our assets, as well as an advantaged downstream with high performing refining, a leading fuels marketing position, all tied together with

integrated logistics. And our integrated Chemical business is unique amongst our peers. This balance provides us with a natural hedge against upstream and downstream volatility in our industry.

And another aspect of our integrated and balanced model is the ExxonMobil relationship. Our ability to leverage the scale, the expertise, the best practices and the technology across ExxonMobil's global business, is a key differentiator for us.

We've consistently highlighted the strength and resiliency of our balance sheet, and over the past year we've demonstrated just how resilient we are. Despite dealing with unprecedented challenges, we've maintained our industry leading debt-to-capital ratios and have in very short order rebuilt our cash position. This resilience is a differentiator for us and will allow us to continue delivering on our long standing commitment of returning value to our shareholders, and we do not need to prioritize debt repayment.

Through the first quarter of this year we have seen the start of economic recovery, on both the supply and demand side, and although we still expect a bumpy ride, we are incredibly well positioned to capture value along the way, while also protecting against the downside. Our corporate break-even is low and through our on-going commitment to optimizing our core assets, we continue to drive it lower. Our Upstream business is unhedged, which means we're ready to take advantage of pricing strength, and have been through the first quarter of this year. And our downstream business is incredibly flexible and can respond to evolving fuel demands.

This chart illustrates the cash flow from operating activities that our business can generate across a range of crude pricing scenarios. In addition, we have included a dashed line to illustrate the cash requirement for our sustaining capital and dividend payments. The space between the dashed line and the top of the blue bars represents our ability to generate surplus cash. This is a real strong story for us. Our efforts to reduce unit cost, especially at Kearn are really paying off in these lower breakeven numbers.

If we look at pricing in the first quarter, we are closer to the right side of the chart but the key takeaway is that even if there is substantial crude price erosion from where we are today, we expect to be able to continue to generate surplus cash. What this shows is that we have substantial leverage to higher prices. This is a great chart, because it shows the kind of cash we're capable of generating.

As a final point, I want to re-iterate that the strength and resilience of our business model has set us up with a strong start to 2021 as we reported just a few days ago

with our first quarter results. Exiting 2020 we do not need to prioritize repaying debt and instead can focus on returning value to our shareholders.

We have talked a lot about how challenging 2020 was for our business. But we have also talked a lot about how resilient our business model is, and how well it stood up to the challenges of last year and this chart really underscores that. We've been paying a dividend for over 100 years and we've increased it each of the last 26 years, and our capital allocation priorities did not change in 2020. We are proud of the fact that we protected our dividend, and continuing on our long standing tradition, we were excited to announce a 5 cents per share increase last Friday. That's an increase of almost 23% increase. Hopefully you all saw that!

And historically we have looked to return surplus cash to our shareholders through share buybacks. On Friday we also announced that we were amending our current Normal Course Issuer Bid program, or NCIB, with the TSX to allow us to buy back up to 4% of the outstanding shares of the company between now and the end of June, so over the next 2 months.

On a final note, while the above has focused on near and mid-term priorities, Imperial does still have a very robust portfolio of project opportunities available for future investment when the timing and economics are right.

Just before we wrap up, I wanted to take a minute to talk about how we are focusing on the business moving forward.

First, we have often talked about our high-quality, long-life assets, I've said it many times today. As we go forward, we intend to focus on getting the most out of these assets. To do that we are targeting industry leading reliability and costs, and as we talked about earlier, have already made some significant progress in both areas. And we will continue to leverage our history of being technology leaders to not only drive further value from our assets, but also as a key to progressing our environmental and greenhouse gas commitments.

Second, we are committed to generating and returning more cash to our shareholders. As we execute on our asset optimization plans, we expect to deliver more free cash which will support our priority of reliably paying and growing our dividend. And our view is that any cash in excess of that will also be returned to shareholders via a buyback program or other cash management options. Our announcement last Friday is certainly confirmation of our commitment to shareholder returns.

And while we don't want to leave growth opportunities off the table, we see the focus on optimizing our existing assets as a key source of growth in the near term with low cost growth debottlenecking. And as we have always done, we will continue to key our eyes open for opportunistic M&A.

And finally, we will remain nimble. Our balanced and integrated business model proved its value in 2020. We were able to deliver superior results as our ability to quickly adapt our operations and spending in response to the pandemic allowed us to perform relatively well. And we have every intention of carrying on in those efforts. It's also important to note that our thoughtful approach to managing through these sudden changes has left us in a position to react quickly as market condition change.

In summary, I am incredibly proud of what the organization was able to accomplish in 2020, and I am excited by the trajectory for where the organization is headed, not just in 2021 but the years ahead as well.

I would now like to thank you, our shareholders, for your ongoing commitment to us, and support of, Imperial Oil. I hope what you have heard today reinforces your confidence in this great company.

Let's now move to the question period. If you have not done so yet, please submit any questions using the "Ask a Question" section of 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, I recommend that you submit your question separately after the annual meeting by contacting Investor Relations by email at their address [investor.relations@esso.ca](mailto: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 any question.

**Dave Hughes:** We have one question. What are the future capital expansion projects that you may do other than asset optimization?

**Brad Corson:** Yes, thanks for that question. We do have a robust inventory of projects in the future. Our priority is on high return projects that will create the greatest value to our shareholders. In the near term, our focus is on projects in the upstream related to increased reliability, increased throughput, reducing unit costs. I mentioned things

like autonomous haul trucks at Kearl, other environmental improvement project opportunities. We also continue to invest in our in situ operations through enhanced drilling as well as applying new solvent technologies. In the downstream, for example, we continue to invest in infrastructure projects like the Sarnia Products Pipeline to ensure that we can cost effectively get our products to market. We also continue to look at biofuels blending options and other reliability initiatives there. So those are the things we're focused on in the short term. In the longer term, we will continue to explore the right timing of other resource development projects where we have a deep inventory. Today you've heard us talk about projects like Aspen in the past. Those don't make sense for us today but could in the future.

And then, of course, there's our pathway to net zero. And as I mentioned, we're exploring a whole suite of technologies, and over time we'll be identifying which of those makes the most sense that will adapt to our operations and allow us to support this ambition of the Canadian government and broadly society, to deliver a net zero operation for us. So I hope that answers your question.

**Dave Hughes:** We have no further questions.

**Brad Corson:** Okay, thank you for that. So, given there's no further questions, 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 92% of the shares, representing just under 5% of the registered shareholders of the company. Also, 73% of the minority shares are represented by proxy.

The 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 the directors,

PricewaterhouseCoopers have been reappointed as the auditors, and

The shareholder proposal, requesting adoption of a corporate wide ambition to achieve net zero carbon emissions by 2050, has been defeated.

As 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 publically traded votes, excluding ExxonMobil.

If you look at the entire voting share of the population, the proposal was opposed by approximately 86% of the votes cast, and was supported by approximately 14% of the votes cast.

If you only look at the publicly traded shares, excluding ExxonMobil, the proposal was opposed by 42% of the votes cast and supported by 58%.

Final voting results will be made available on the Imperial website and will appear in our SEDAR filing later today.

**Brad Corson:** Thank you, Ian. And just before we conclude, I want to note that we appreciate the voting results from all of our minority shareholders on the shareholder proposal, and to reiterate that we are committed to reducing our greenhouse gas intensity in support of a net zero future.

There's certainly no fast and easy solution, but as we look ahead, we believe we have the tools and expertise to not only create value in a competitive marketplace in a way that's profitable to our shareholders, but also in a way that meaningfully contributes to Canada's energy future.

Ladies and gentlemen, that completes our meeting today and before we close, on behalf of our board, I would like to again thank Imperial's employees across Canada for their dedication and commitment throughout a challenging and unprecedented year.

I would also like to thank Imperial's management team and board of directors for their continued leadership, which is needed now more than ever.

Since 1880, the company has faced many challenges: past pandemics, world wars, global recessions, and the ongoing current pandemic. What we've demonstrated over our 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 safely and reliably supply the fuel 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.

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. We wish good health for you, your families and your communities.

The meeting is now concluded. Thank you for joining us.