

OUR COMMUNITIES CARE

Summary on the economic impact of British Columbia's supply chain



CANADA'S OIL & NATURAL GAS PRODUCERS



B.C.'s world-class natural gas and oil industry plays a significant role in producing safe, secure, reliable, affordable and responsibly produced energy. Since the 1950's, the industry's success has been made possible because of productive partnerships with Indigenous peoples and municipalities in every region of the province. Technology and expertise to develop the province's resources have advanced over the decades and increased the volume of economically recoverable natural gas in British Columbia. This has resulted in increased private investment and created more than 10,000, well-paying, high-quality jobs, while growing provincial revenues and investment in research and development.

iTOTEM Analytics conducted a 10-month study entitled, Our Communities Care (OCC), examining the regional and provincial economic impacts of natural gas and oil supply chain expenditures and to gain a better understanding of supplier demographics and community investment contributions. Below are the key findings. Unless otherwise stated, all data is from 2018 to 2021.

SPEND/ GEOGRAPHIC REACH

- **\$4.7B** worth of expenditures spent on goods, materials, and services on B.C. natural gas operations with more than **2,400 B.C.**-based suppliers, located or affiliated with some 140 B.C. municipalities and Indigenous Nations.
- The annual B.C. supply chain reported by each OCC participant ranged from **\$33M to \$430M**. The median annual expenditure reported was **\$163M**, and the mean annual expenditure was **\$168M** among all participating members.
- Each OCC company contracted with an average of B.C. **400** businesses.
- Fort St. John had the most supply chain benefits from B.C.'s natural gas and oil sector, (**\$2.4B**) accounting for **52%** of total supply chain expenditures reported by OCC participants.

2018 - 2021



\$4.7B
Total Supply Chain Spend on B.C. Operations with B.C. Businesses



11.5%
of B.C.'s Total Supply Chain Spend is With Indigenous-Affiliated Vendors



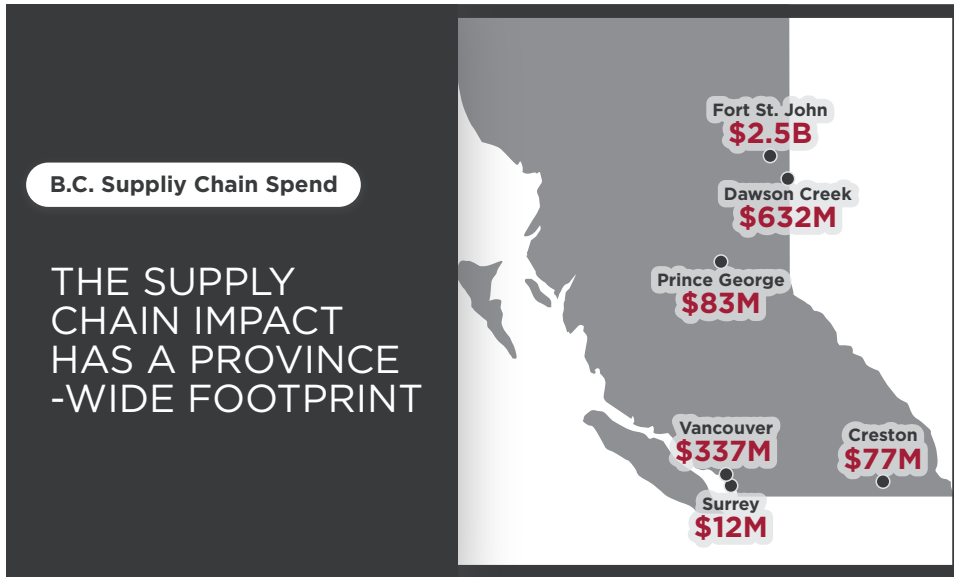
\$260M
For Reclamation and Remediation Activities in B.C.



\$16.8M
Community Investment Contributions in B.C.

INDIGENOUS PARTNERSHIPS AND CONTRIBUTIONS

- Aligned with the Government of B.C.'s commitment in the Declaration on the Rights of Indigenous Peoples Act (DRIPA) Action Plan to 'create opportunities for Indigenous people to be full partners in the economy', the B.C. natural gas sector spent ~\$540M with some 100 B.C.-based Indigenous-affiliated businesses and organizations.
- The B.C. Assembly of First Nations' Northeast Region had the largest count and spend of Indigenous-affiliated vendors, while the Lower Mainland Southwest Region had the second highest count and spend in B.C.'s natural gas industry.
- 4% of the businesses engaged in the B.C. natural gas sector were Indigenous affiliated representing 11.5% of B.C.'s total supply chain spend.
- By 2021, the annual amount of supply chain expenditure with Indigenous-affiliated businesses increased by 148% over 2018 expenditures; similarly, the proportion of B.C.'s total natural gas supply chain expenditures attributable to Indigenous-affiliated supply chain spend increased from 6.4% in 2018 to 14.6% in 2021. For comparison, Public Services and Procurement Canada (PSPC), Indigenous Services Canada (ISC) and the Treasury Board of Canada Secretariat (TBS), are striving for a minimum of 5% of the total value of public contracts be held by Indigenous vendors, effective 2024.



CONCLUSION

The Our Communities Care study shows that B.C.'s upstream natural gas and oil sector can enable economic, climate and societal transformation at a local level. The diverse and regionally dispersed natural gas supply chain, combined with the energy producers located in B.C., provide the foundation for a modern, inclusive, low-carbon upstream industry in the province that contributes to economic prosperity and builds on Indigenous reconciliation.

In its report, iTOTEM Analytics states that a strong upstream natural gas and oil supply chain, as demonstrated by the thousands of businesses working in B.C. between 2018 and 2021, can help us achieve our collective goal of a decarbonized future.



CANADA'S OIL & NATURAL GAS PRODUCERS

RECLAMATION

- Approximately **\$260M** in expenditures were reported for reclamation and remediation activities in B.C.
- An estimated **280** businesses were contracted to support reclamation and remediation services. **11%** of these businesses were Indigenous-affiliated.

COMMUNITY INVESTMENT

- OCC participants reported contributing approximately **\$16.8M** in community investments.
- Sponsorships, donations, and in-kind contributions supported more than **350** organizations in over **25** municipalities and Indigenous Nations across B.C.
- Approximately **\$13M** was made in community investments with Indigenous Nations or affiliated organizations.

OUR COMMUNITIES CARE (OCC)

participants represented roughly **90%** of natural gas production in the province at the time and the study's findings captured **100%** of the annual B.C. upstream capital and operating budgets.