

# SUSTAINABILITY MANAGEMENT



Our sustainability strategy reflects our commitment to responsible development of the oil sands resource. We are guided by our corporate Vision & Values, which speak to how we operate and the principled and ethical approach toward achieving our goals.

## MATERIALITY ASSESSMENT

Sustainability strategies are informed through independent analyses of key material issues which are assessed on the level of interest or concern to stakeholders and their potential consequences to our business now and in the future. Results form the basis of a materiality risk matrix which is then stewarded through the Syncrude Board of Directors Health, Safety, Environment and Corporate Sustainability Committee. A detailed reassessment every three years helps to identify trends, ensure proper business focus and evaluate performance.

A 2019 reassessment reaffirmed all previous high priority issues – Climate Change, Indigenous Relations, Land and Biodiversity, Tailings Management, Water, and Regulatory and Government Relations. Medium issues include Community Sustainability, Employment, Technology Development and Research, Air, and Safety and Health.

## COMMUNITY ADVISORY PANEL

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Syncrude convenes a Community Advisory Panel every three years, with the most recent in 2019. The panel provides input on our sustainability performance, practices and reporting. Representatives include Indigenous communities, as well as regional, economic, not-for-profit and non-governmental environmental organizations.

In 2019, the Panel was comprised of the following participants:

- Bill Loutitt, McMurray Métis
- Bryce Kumka, Fort McMurray Chamber of Commerce
- Jim Herbers, Alberta Biodiversity Monitoring Institute
- Pat Letizia, Alberta Ecotrust Foundation
- Terry Parker, Building Trades of Alberta
- Dennis Vroom, Regional Municipality of Wood Buffalo
- Loren Falkenberg, Haskayne School of Business, University of Calgary
- Neil Shelly, Alberta Chamber of Resources and Construction Owners Association of Alberta
- Tracy Boyde, Keyano College
- Sanjay Prasad, Wood Buffalo Environmental Association

A number of Syncrude executive and senior management representatives were also in attendance.

Topics of discussion included:

- Technology solutions
- Supply chain engagement
- Market access
- Community investment
- Habitat loss and reclamation
- Water quality and watershed management
- Tailings management disclosure
- Innovations and investments to reduce carbon footprint
- Indigenous engagement – building capacity and providing opportunities
- Public reporting and communications
- Syncrude's priorities and future vision

## EMPLOYEE PERFORMANCE-BASED COMPENSATION

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Variable short- and long-term incentive pay for all Syncrude employees is tied to the achievement of certain corporate metrics. This includes factors relating to production, cost, safety, greenhouse gas emissions, water use and environmental regulatory compliance.

## INDUSTRY BEST PRACTICES

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Syncrude participates in a number of industry associations committed to responsible development of Canada's natural resources, and improving both performance and transparency. These include:

## **MINING ASSOCIATION OF CANADA - TOWARDS SUSTAINABLE MINING**

As a member of the Mining Association of Canada (MAC), Syncrude participates in the Towards Sustainable Mining (TSM) initiative. TSM is a set of guiding principles and performance indicators that govern key activities of companies in the mining and mineral-processing industry. Developed in collaboration with communities of interest and key stakeholders, these principles are mandated across MAC members and are reflected throughout Syncrude's management systems.

Specific measurement criteria are established for tailings management, energy and greenhouse gas emissions management, Indigenous and community outreach, crisis management and communications planning, safety and health, biodiversity conservation and water management. Other elements include a Mine Closure Framework and a component on preventing child and forced labour.

Protocols are self-assessed and reported annually. Every three years, assessments are externally verified to ensure accuracy and transparency. Syncrude underwent an external verification for the 2016 reporting year and was confirmed to have high performance in all areas. However, we did not meet our targets for energy and greenhouse gas emissions, or for safety and health.

In addition, a senior Syncrude executive is actively engaged on the TSM Communities of Interest (COI) Advisory Panel, which is comprised of representatives from Indigenous, environmental and social NGOs, labour and financial organizations, and industry. The COI panel provides a forum for all parties to discuss mutual issues of concern and to provide guidance and feedback on the TSM program.

## **CANADIAN COUNCIL FOR ABORIGINAL BUSINESS - PROGRESSIVE ABORIGINAL RELATIONS**

The Progressive Aboriginal Relations (PAR) program is Canada's only certification program with an exclusive focus on Aboriginal relations. It was developed as a framework for companies to measure progress on developing progressive Aboriginal relations and considers corporate efforts in employment, business development, building individual capacity and enhancing relations with communities. Certification includes independent verification and review by a jury composed of Indigenous business people. Syncrude holds top level Gold PAR distinction, and has been certified at this level six consecutive times.

## **CANADA'S OIL SANDS INNOVATION ALLIANCE (COSIA)**

Canada's Oil Sands Innovation Alliance (COSIA) is a partnership amongst oil sands producers focused on improving environmental performance in Canada's oil sands industry through collaborative research and technology development. It brings together industry, government, academia and the wider public to improve measurement, accountability and performance in four Environmental Priority Areas (EPAs) – tailings, water, land and greenhouse gases. To date, more than 900 distinct technologies and innovations – worth over \$1.3 billion in development costs – have been shared amongst members.

## **OTHER STRATEGIC PARTNERS**

Syncrude is also an active participant with other organizations working to address and improve the economic, environmental and social performance of Canada's natural resources sector. These include:

- Canadian Association of Petroleum Producers
- Alberta Chamber of Resources
- Indigenous Works
- Oil Sands Community Alliance