

Labour and Supply Chain Relations

Our Performance

- Canadians comprise 99% of workforce for maintenance and construction projects
- 85% of contractor workers sourced through Building Trades of Alberta
- Over \$240,000 invested in programs to support skilled trades training

Our Approach

Our commitment is to first employ Albertans and Canadians for contract labour. If unions are unable to source Canadian workers, they will, through their union counterparts, seek tradespeople in the United States and then other countries, if needed.

To manage skilled labour requirements, Syncrude continues to work with partners on initiatives that will develop more skilled workers in Canada. As well, we continue to make strategic investments that encourage youth to choose trades as a career, such as the [Father Patrick Mercredi High School Science and Technology Centre](#) in Fort McMurray, [CAREERS: The Next Generation](#), [Skills Canada](#) and programs at [Keyano College](#).

Labour Forecast

Overall, labour supply in Alberta is expected to be in balance with demand between 2016 and 2025. However, there will be a large requirement for new entrants into the skilled trades workforce to offset the anticipated high level of retirements. This requirement is expected to be met by new entrants to the workforce plus workers recruited from other industries and regions.

Employment is anticipated to be increasingly sustained by the rising need for workers on sustaining capital and maintenance projects, versus new construction projects. This is due to the significant expansion of oil sands production

capacity over the last decade. Meeting peak labour demand periods for shutdowns, turnarounds and outages could become a growing challenge. Workers seeking employment in other provinces, such as potential resource projects in BC and Manitoba, will also tighten markets for skilled workers in Alberta.

Hiring and Workplace Commitments

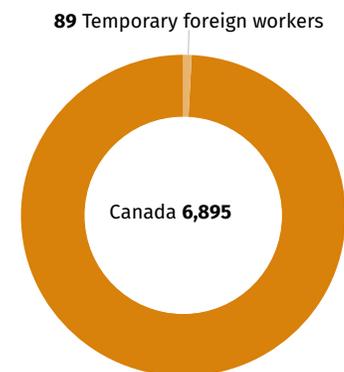
About 85 per cent of needed workers are sourced through the [Building Trades of Alberta](#), which represents 16 trade unions and 75,000 union members, and which has the ability to draw from union halls across Canada. In the event that workers cannot be found in Canada, the Building Trades then sources from the United States and overseas where skills and certifications are comparable to those in our country. Syncrude continues to be successful in providing jobs for Canadian maintenance and construction workers; in 2015, temporary foreign workers comprised about one per cent of our contractor workforce.

Skilled tradespeople sourced from outside of Canada and who work at Syncrude are protected by all Canadian labour regulations, as well as the respective collective agreements Syncrude contractor companies have with various unions. They are treated and compensated the same as any domestic worker, and the federal government provides assurance of this through random workplace inspections. Sponsoring unions and the Alberta government (through Alberta Advanced Education's [Apprenticeship and Industry Training system](#)) also conduct their own independent audits and verifications.

We provide opportunities for skilled apprentices primarily through the various contractor companies that

are employed on the Syncrude site. Syncrude's contractual expectation is that apprentices will comprise between 25 to 30 per cent of all the skilled workers on any given project; these are to be equally distributed between the first and final years of the applicable trade apprenticeship. Apprentice ratios are measured quarterly by Syncrude. Expectations were not met in 2015, and Syncrude has asked the Building Trades unions and contractors to work to bridge the gap and provide greater work opportunities for apprentices.

Sources of Skilled Trades Maintenance & Construction Workers for Syncrude (2015)



Supply Chain Management

Syncrude recognizes our on-site suppliers and contractors can impact our operations and reputation, and we expect them to meet standards comparable to ours for occupational health and safety, human rights, working conditions, business ethics, environmental protection, regulatory compliance and sub-contracting. This includes at a minimum, compliance with all applicable acts, laws and regulations. Our contract clauses cover numerous environmental, social and governance factors which are monitored through periodic audits and inspections. Management responsibility for this lies with Syncrude's Chief Executive Officer, Chief Financial Officer (and Vice-

President of Business Services) and the Manager of Procurement.

Contractor Workforce Safety

Syncrude is committed to providing a safe workplace for both employees and our contractor workforce. All skilled tradespeople and labour providers must abide by Syncrude's safety and health policies. Our total

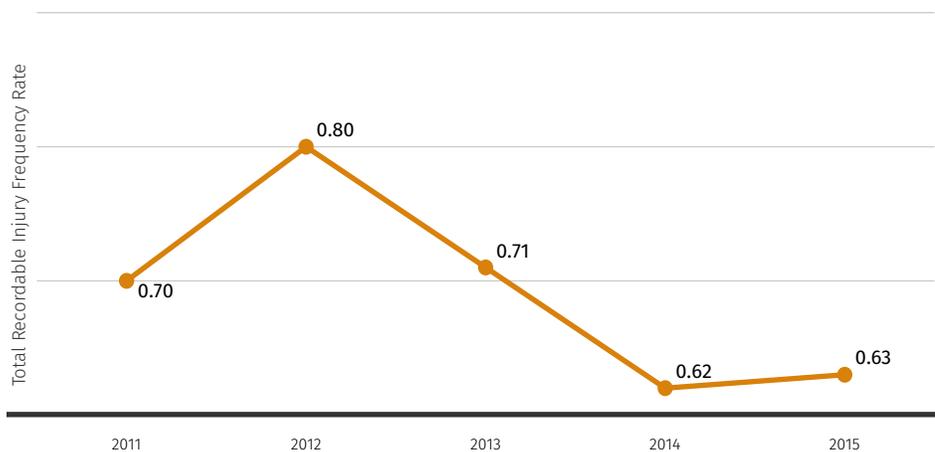
2015 onsite workforce comprised approximately 11,600 employees and contractors, with 24.3 million workforce hours. During this period, there were 81 contractor recordable injuries with a total recordable incident rate (TRIR) of 0.63. Further discussion on worker safety can be found in the Safety and Health chapter.

Working committees from the various groups focus on these issues and, where there is opportunity, federal and provincial agencies are also engaged in sustainment work.

Among those organizations through which we engage are:

- Canadian Chamber of Commerce Human Resources Policy Committee** This committee addresses: skills & training; immigration policy; education of stakeholders about labour market needs; provision of labour market information; labour mobility in Canada; strategies to retain international students; and the employment of underutilized groups such as older workers, youth and Aboriginal people. The committee has advocated for increased funding for labour market information to better align future job growth areas with skills and training. It also advocated retaining the Aboriginal Skills and Employment Training Strategy to ensure adequate funding for Aboriginal people pursuing employment opportunities. A Syncrude employee serves as a committee member.
- Construction Owners Association of Alberta** The COAA provides leadership to enable the Alberta heavy industrial construction and industrial maintenance industries to be successful in safe, effective, timely and productive project execution. It provides a forum for dialogue, common understanding and shared vision among owners, contractors, labour providers and governments. It also creates construction industry best practices and champions their implementation. A Syncrude senior manager serves on the COAA Board of Directors.

Contractor Safety (Total Recordable Injury Frequency Rate)



Investing in Trades and Technology Training

Syncrude donated \$100,000 to Skills Canada in 2015 to promote trades and technology careers. This partnership enables visits to schools and post-secondary institutions to share information on the benefits of such careers, and supports skills competitions at the regional, provincial, national and international levels. During the year, around 17,500 Alberta students participated in Skills Canada programs.

Syncrude provided an additional \$15,000 to sponsor the Heavy Equipment Service Try-A-Trade demonstration at the Provincial Skills Competition, attended by over 670 students. Through this, Syncrude connected with the students and shared information on skilled trades careers at our company.

Syncrude also provided \$130,000 to CAREERS: The Next Generation to support its ongoing outreach efforts and training and apprenticeship programs, including the 2015 CAREER Expo in Fort McMurray.

Labour Market Engagement

Syncrude's Labour Relations Executive Steering Committee, which is composed of senior Syncrude leaders, assesses our labour workforce needs and develops strategies to meet them. The committee also oversees Syncrude's engagement with several external stakeholder organizations that work to influence labour market outcomes through a multi-pronged approach encompassing apprentice recruitment, training and supply; journeyman recruitment, training and supply; and immigration.

- **Buildforce Canada** Buildforce Canada is a national, industry-led and funded organization that works with construction stakeholders to provide information and resources to assist in managing workforce requirements. Buildforce leads programs that build the capacity and capability of the construction workforce to meet current and future industry demand. Buildforce is also the leading source of reliable trades workforce projections for Alberta and Canada. Syncrude participates on the Alberta Labour Market Information Committee to ensure the accuracy of industry information.
- **National Owners Forum** Under Buildforce Canada, this group of major construction project owners from across Canada, including Syncrude, convened industry and government stakeholders at its first National Strategy Summit, in 2015, to develop a national workforce development strategy to mitigate against the effects of the retirement of about one-quarter of Canada's construction and maintenance workers over the next decade. This demographic shift comes at the same time as the industry projects steady but moderate growth. Meeting this

challenge is addressed in the resulting strategy, which can be found at the [Buildforce website](#).

- **Alberta Owners/Building Trades Canadian Executive Board Partnership** This group is comprised of Alberta construction project owners and the Canadian Executive Board of the Building Trades Unions of Canada. It is co-chaired by a Syncrude employee on behalf of the project owners and by the chief operating officer of the Canadian Building Trades Unions on behalf of the union affiliates. The group's vision is for Alberta to have a safe, effective, productive and high value-added construction and maintenance industry. Toward this, it engages in dialogue, information sharing and the exploration of ways to effect continuous improvement. It develops and implements strategies for priority areas and collaborates with others on complementary initiatives.
- **Alberta Council of Turnaround Industry Maintenance Stakeholders (ACTIMS) & Construction Industry Stakeholders Association of Alberta (CISAA)** ACTIMS is comprised of owners, labour providers and contractors. It is a tool to manage the strategic

business of industrial plant maintenance in Alberta and other regions of Canada by building and sustaining the population of skilled trades professionals needed for plant maintenance over the long-term. If labour cannot be secured in Canada, ACTIMS works to ensure an adequate and properly trained temporary foreign workforce for major industrial maintenance turnarounds. The group is working to identify needed worker volumes, skill sets and qualifications; improve communication with labour providers regarding project plans and labour needs; develop standardized worker training and worksite protocols; and recruit new apprentices.

CISAA is similar to ACTIMS in its composition and approach, but focuses on major industrial construction work. It is chaired by Syncrude's Manager of Labour Relations.