

# Sustainability Management

## Our Approach

Toward achieving our goal of responsible development, we are guided by a number of inputs, including:

### Internal

- Syncrude Joint Venture Participants
- Syncrude Board of Directors (including Safety, Health, Environment and Corporate Sustainability Committee)
- Material risk analysis
- Corporate management systems – Operations Integrity Management System (OIMS) adopted from ExxonMobil, Global Reliability System (GRS) and Controls Integrity Management System (CIMS).
- Safety, Health and Environment Policy
- Research and development program
- Performance-based compensation
- Code of Ethics and Business Conduct Policies

### External

- Laws, government policy and regulations
- Expectations of Aboriginal Communities of Interest (COI) and stakeholders
- Community advisory panel feedback
- Independent environmental monitoring programs
- Industry collaboration and representation

More information and highlights related to these inputs are featured in this chapter and referenced throughout the report.

## Safety, Health and Environmental (SH&E) Policy Update

Key corporate policies are reviewed every three years to assess whether changes are required based on evolving business or societal expectations. After a review of our SH&E Policy, including input from an external sustainability consultant, we updated the policy in 2015 to better reflect:

- Stakeholder and community considerations;
- Corporate sustainability aspects and overall direction;
- Business and moral value of effective SH&E management; and
- Strengthened ties to Syncrude’s Vision & Values.

The updated policy can be found on our [website](#).

## Code of Ethics and Business Conduct

Internal and external stakeholders expect Syncrude to conduct our business with the highest ethical standards. This is guided through our Code of Ethics and Business Conduct Policies, which cover such areas as conflict of interest, treatment of employees and security. We steward the application of these policies and report periodically to the Board of Directors’ Audit and Business Controls Subcommittee and make representations to the Board to confirm compliance.

All employees are required to review our policies upon hire and every four years thereafter. Employees receive an annual letter from the CEO as a reminder of these policies. All employees also must sign a certification stating they understand the policies – Administrative, Professional and Technical employees certify annually based on their increased exposure to potential

external situations and Occupational employees certify at least once every four years.

Employees and contractors are encouraged to report openly any potential policy concerns to Syncrude’s Internal Audit department. In addition to internal communication processes, an external system is available for the anonymous and confidential reporting of concerns about corporate conduct. This system, EthicsPoint, is available to employees, contractors, stakeholders and other members of the public. Information on how to report is available internally to all staff and to the public through [Syncrude’s external website](#).

In 2015, 11 submissions (via phone or email) were received by EthicsPoint, of which none led to a confirmed breach of company ethics or business conduct. Each call or submission received is reviewed and every effort is taken to pursue further information or clarification to determine whether further investigation is required. Most submissions require additional information from the submitting party to enable a thorough and accurate investigation. If no further information is provided or disclosed after three months, the file may be closed. For confirmed cases, all members of Syncrude’s executive leadership, including the vice-president of the area involved, are notified.

## Employee Performance-Based Compensation

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 and sustainability, such as events with significant environmental or public impact.

## Regulatory Oversight

Syncrude is subject to numerous federal and provincial regulations, many of which are referred to in related chapters throughout this report. Syncrude currently has all approvals needed to operate.

Environmental compliance is primarily governed by the Alberta Environmental Protection and Enhancement Act. It imposes certain environmental responsibilities on Syncrude and, in certain instances, also imposes significant penalties for violations. Additional regulatory oversight was introduced in 2012 through the [Lower Athabasca Regional Plan](#).

## Environmental Monitoring Programs

The [Alberta Environmental Monitoring, Evaluating and Reporting Agency \(AEMERA\)](#) was the agency established in 2012 to implement and manage the [Joint Oil Sands Monitoring Program \(JOSM\)](#). It was disbanded in April 2016 by the Alberta government, and its operations were integrated into those of the Alberta government.

The cost of monitoring continues to be funded by industry, including Syncrude.

## Industry Best Practices

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 embedded throughout Syncrude's management systems.

Specific measurement criteria in tailings management, energy and greenhouse gas emissions management, Aboriginal and community outreach, crisis management planning, safety and health, and biodiversity conservation are self-assessed and reported annually. Every three years, assessments are externally verified to ensure accuracy and transparency. Syncrude self-assessed in 2015 to have high performance in all areas, but we did not meet our targets for energy and greenhouse gas emissions.

More information on TSM and Syncrude's performance ratings can be found [here](#).

- **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 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 Aboriginal business people. Syncrude holds top level Gold PAR distinction, and has been accredited five times. More information can be found [here](#).

- **Canada's Oil Sands Innovation Alliance (COSIA)** Canada's Oil Sands Innovation Alliance (COSIA) is an alliance of 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 814 distinct technologies and innovations – worth over \$1.3 billion in development costs – have been shared amongst members. More information on COSIA can be found [here](#).
- **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 – Responsible Canadian Energy](#)
  - [Alberta Chamber of Resources](#)
  - [Aboriginal Human Resource Council](#)
  - [Oil Sands Community Alliance](#)Further information on these organizations and their mandates can be found on their websites.