

Terra Nova Development



Canada-Newfoundland and Labrador Benefits

Public Annual Report 2016

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Introduction

The Terra Nova Oil Field is situated on the Grand Banks, about 350 kilometers east-southeast of St. John's, Newfoundland, and 35 kilometers southeast of the Hibernia Oil Field. The Terra Nova field is comprised of a combination of producing wells, as well as water injection and gas injection wells, and delivers production from the Graben, East Flank and Far East blocks.

The Terra Nova co-ventures are: Suncor Energy (37.675%), ExxonMobil (19%), Statoil (15%), Husky Energy (13%), Murphy Oil (10.475%), Mosbacher Operating (3.85%), and Chevron Canada (1%). Suncor Energy is the operator of the Terra Nova project.

Discovered in 1984, the field was the second to be developed off Newfoundland. Production from the field began in 2002, through the use of a Floating, Production, Storage and Offloading (FPSO) vessel. This was the first development in North America to use FPSO technology in a harsh weather environment.

The FPSO is a ship-shaped vessel which has integrated oil storage capability from which oil is offloaded into a shuttle tanker. The storage capacity of the Terra Nova FPSO is 960,000 barrels of oil with accommodations for up to 120 personnel while producing. The vessel is 292.2 meters long, 45.5 meters wide and stands higher than 18 stories. Terra Nova pre-production capital expenditures were approximately \$2.8 billion. The FPSO arrived in field on August 21, 2001 and produced first oil in January 2002.

Suncor Energy, as operator of Terra Nova, is committed to enhancing opportunities for the people of the province through participation in the Terra Nova Development. A lasting economic legacy is being created for the province through Suncor's recruitment and training of local talent, its provision of full and fair opportunity to local businesses, and by giving first consideration to locally produced goods and services within the Province, where those goods and services are deemed competitive.

This report summarizes overall performance for the Terra Nova Development in the area of Canada-Newfoundland and Labrador Benefits for the reporting period of January 1, 2016 to December 31, 2016. Included in this report are summaries of Terra Nova's Activities, Expenditures, Employment, Education and Training, Supplier Development, Research and Development, Diversity, and Community Investment.

Project Activity and Benefits Accomplishments

Suncor, as operator of Terra Nova, achieved a number of milestones and successes during 2016. Some of the major accomplishments included:

- i. **Supply Vessel Deck Utilization Program** – The reduction from 2 sailings to 1 sailing per week resulted in significantly less fuel consumption, reduction in costs associated with marine base cargo loading and unloading, and an increase in operational efficiency. There was a 90% increase in deck utilization on supply vessels – which achieved best in basin performance and a world class benchmark.
- ii. **2017 Drilling and Intervention Program** – In July 2016, Terra Nova received owner approval to proceed with a 2017 drilling and intervention program. This was a significant milestone for the asset team and is the culmination of two years of technical work by the subsurface, engineering, supply chain, drilling, and project teams.
- iii. **Canada’s Safest Employers Gold Medal 2016** - Terra Nova won a gold medal in the Oil and Gas Category for Canada’s Safest Employers in 2016. The selection process is a rigorous one, with an extensive nomination application, a safety culture survey and judging by a panel of industry, government and academic safety experts.
- iv. **POEA-** The receipt of nine (9) nominations at the Suncor President’s Operational Excellence Awards (POEA) with one chosen finalist and two award recipient
 - i. Personal and Process Safety – Terra Nova FPSO Gas Detection (recipient)
 - ii. Reliability – Supply Vessel Deck Utilization (recipient)
 - iii. Reliability – Offshore Transportation Collaboration Saves \$1 Billion (finalist)

Employment

Basis of Reporting

Terra Nova employees include full-time employees of Suncor and select major Contractors. The numbers reported generally exclude short-term assignments with any of the foregoing entities and any full-time employment which may have been generated by Terra Nova through work by other sub-contractors. However, the number of individuals in these latter categories is minimal and would not materially impact the employee count.

Employment by Residence

As of December 31, 2016, a total of 754 people were working on the Terra Nova development. Of the 754 total, 695 or approximately 92% were residents of NL, while another 41 or approximately 6% were residents from other regions of Canada at the time of hiring (Table 1).

Total Employment Summary Terra Nova 2016			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (OC) Residents (%)	Non-Canadians (NC) Residents (%)
754	92%	6%	2%

Table 1 - 2016 Terra Nova Total Employment Summary by Residence

Employment by Residence Status and Location

Newfoundland and Labrador residents supporting the Terra Nova development consisted of 361 employees who were employed onshore and 334 who were employed offshore. Residents from other Canadian provinces and territories consisted of 23 employed onshore, 17 employed offshore and one person was employed outside of NL supporting Terra Nova (Table 2).

Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
Onshore	361	23	14	292	106	398
Offshore	334	17	0	341	10	351
Other	0	1	4	4	1	5
	Total:					754

Table 2 - Terra Nova (December 31, 2016) Employment Summary by Location

Employment by Discipline

Of the 754 employees supporting the Terra Nova development, 637 were male and 117 were female or approximately 16% of the workforce (Table 3). Table 3 also breaks down the employment summary by discipline, which includes management, administration, engineers, technicians, professionals, skilled trades, labour, students and others that do not fit as one of these categories. The disciplines that are the most male-dominated are the skilled trades and other category (largely made up of marine crew) – at 99% and 98% male respectively, while the discipline that is the most female-dominated is administration at 88% female.

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Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
Management	89	88%	12	12%	101
Administration	6	12%	42	88%	48
Engineers	47	78%	13	22%	60
Technicians	67	88%	9	13%	76
Professionals	65	71%	26	29%	91
Skilled Trades	197	99%	2	1%	199
Labour	52	84%	10	16%	62
Students	10	90%	1	10%	11
Other	104	98%	2	2%	106
Totals:	637		117		754

Notes:

- Disciplines are based on the following National Occupational Classification (NOC) Codes:
 - Management** includes: *Senior Managers* as well as *Middle & Other Managers*
 - Administration** includes: *Administrative & Sr. Clerical Personnel* as well as *Clerical Personnel*
 - Engineers** includes: only those in that NOC Code
 - Technicians** includes: *Semi-professionals & Technicians*
 - Professionals** includes: only those in that NOC Code
 - Skilled Trades** includes: *Skilled Crafts & Trades* as well as *Skilled Trades & Service*
 - Labour** includes: *Semi-Skilled Manual Workers, Other Manual Workers* as well as *Intermediate Sales & Service*
- Students** includes: any student enrolled at a recognized educational institution or accredited academic program and includes both graduate and undergraduate students, cadets or any other student.
- Other** includes: marine crew and positions that do not fit into any of the other disciplines.

Table 3 - Terra Nova (December 31, 2016) Employment Summary by Discipline

Canadian-NL Content Estimates

The following table is intended to reflect the benefit distribution from Terra Nova operating and capital cash expenditures. Table 4 summarizes the content distribution of these expenditures for the 2016 reporting period. The content percentages totaled 55%, 19%, 26% for Newfoundland and Labrador, other Canadian and non-Canadian spending, respectively. As a cumulative project figure, the content percentages are Newfoundland and Labrador 56%, Other Canadian 16% and Non-Canadian 28%.

Reporting Period 2016	Content		
	Newfoundland and Labrador (%)	Other Canadian (%)	Non-Canadian (%)
Year to Date:	55%	19%	26%
Project Cumulative:	56%	16%	28%

Table 4 - 2016 Terra Nova Canadian-NL Content Estimates

Contracting and Procurement

A total of 4,680 purchase orders with a cumulative value of approximately \$58 million were awarded during the reporting period of January 01, 2016 to December 31, 2016. Approximately \$47 million (81%) was spent in Canada including NL. Figure 1 summarizes the distribution of spend associated with all purchase orders across locations.

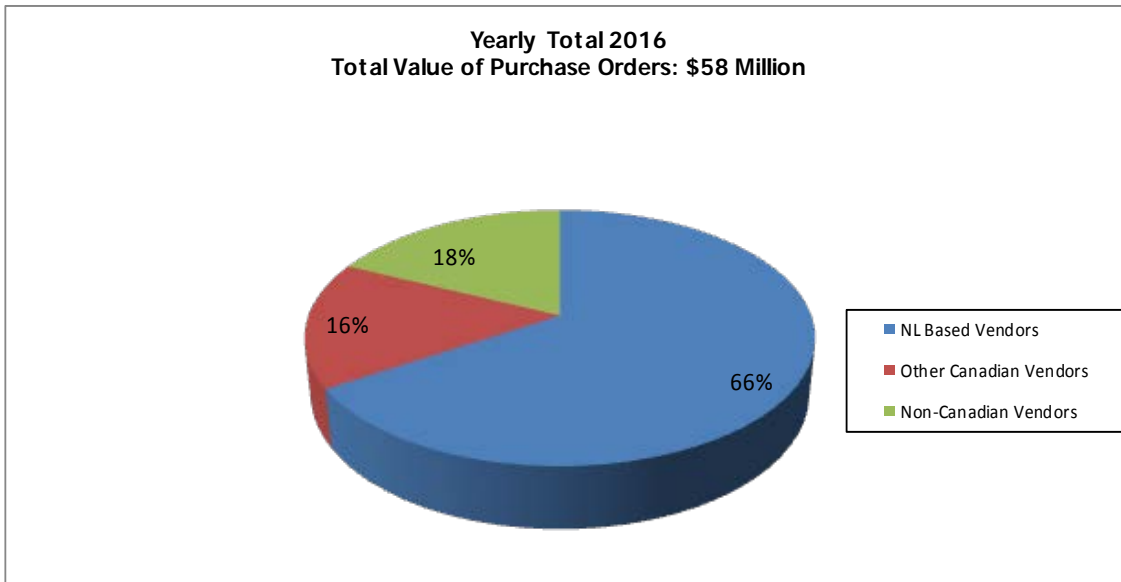


Figure 1 - 2016 Terra Nova Purchase Orders

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A total of nineteen (19) new contracts or extensions, each with a value greater than \$250,000, were awarded during the reporting period January 01, 2016 to December 31, 2016 (Table 5).

Contracting Activity Terra Nova 2016		
Description	Contractor	Contractor Location (NL, Other Canadian, Non-Canadian)
Cementing Equipment & Services	Halliburton Group Canada	Other Canadian
Cuttings Conveyance Equipment & Services	Enhanced Drilling Canada	Other Canadian
Directional Drilling & MWD/LWD Equipment Services	Baker Hughes Canada Company	Other Canadian
Drilling Fluids & Solids Control Equipment Services	Halliburton Group Canada	Other Canadian
Fishing & Casing Exit Equipment & Services	Baker Hughes Canada Company	Other Canadian
Mud Logging Equipment & Services	Halliburton Group Canada	Other Canadian
Slickline Equipment & Services	Halliburton Group Canada	Other Canadian
Surface Bleed-off Equipment & Services	Expro Group Canada Inc.	Other Canadian
Surface Intervention Equipment & Services	Expro Group Canada Inc.	Other Canadian
Wellbore Cleanout Equipment & Services	Halliburton Group Canada	Other Canadian
Wireline Logging & Perforating Equipment Services	Baker Hughes Canada Company	Other Canadian
Supply of Flexible Pipes	GE Oil and Gas UK Limited	Non-Canadian
Mobile Offshore Drilling Unit	Transocean	Other Canadian
Pump Maintenance Service	Pennecon Energy Technical	NL
Rotating Electrical Equipment Services	Pennecon Energy Technical	NL
Main Power Generation Services	Pennecon Energy Technical	NL
Weather Forecasting and Oceanographic Monitoring	Oceans Ltd.	NL
Certifying Authority Services	Lloyd's Register North America Inc.	Other Canadian
Helicopter Services	Cougar Helicopters Inc.	NL

Table 5 - 2016 Terra Nova Contracting Activity

Supplier Development

To ensure Newfoundland and Labrador suppliers are provided full and fair opportunity to participate in the supply of goods and services to the Terra Nova project, Suncor uses various methods to share information about requirements in a timely manner. Some of the methods are as follows.

1) NOIA Daily Bulletin

Suncor advises the supplier community of Terra Nova's requirements for goods and service through the use of Expressions of Interest (EOI) postings on the NOIA Daily Bulletin. The NOIA Daily Bulletin is the most commonly used communication tool for the Oil and Gas Industry and is far reaching in the supplier community.

2) Supplier Information Sessions

From time to time, Suncor has been approached by new suppliers seeking information about participating in the oil and gas industry. Suncor's Supply Chain department often takes the opportunity to meet with new businesses to understand their capabilities and to provide information on Terra Nova's requirements and expectations.

3) Supplier De-briefing Sessions

Suncor is committed to providing all unsuccessful bidders a de-briefing on their bid, if they so request. In 2016, several companies availed of a de-briefing or spoke with a Commercial Coordinator regarding their bid and received suggestions for improvements for the future.

4) Supplier Performance Management

Suncor utilizes a supplier performance management & monitoring system that ensures the pursuit of an agenda of continuous improvement with its suppliers. The process proactively supports suppliers in performance measurement and improvement to help them in achieving and exceeding their contract objectives.

5) General Communication Tools

Larger Stakeholder Groups: At the outset of the Terra Nova project, Suncor committed to open and timely communication. In order to deliver on this commitment, Suncor maintains a number of key initiatives, which are described below:

- i. Briefing Sessions: Suncor has and will continue to maintain ongoing relationships with key stakeholder groups as a means of sharing information, discussing issues, and building long-term relationships. Some of the key stakeholders include governments, C-NLOPB, NOIA, and charitable community groups.
- ii. Presentations and Speeches: Suncor responds to and initiates opportunities to provide development updates as well as technical papers and presentations to local, national and international audiences in business, industry and government. In 2016, Suncor presented at the Newfoundland and Labrador Oil and Gas Industries Association (NOIA) conference, and participated in a number of community partner events.

Research and Development and Education and Training

Terra Nova Research and Development

Research and Development (R&D) is a key focus area for Terra Nova as it provides the opportunity for real and quantifiable benefits for the project itself, the local oil and gas industry, and the people of Newfoundland and Labrador. In addition to the potential positive impact of R&D activities in terms of the business case, investment in R&D activities also provides a mechanism for Terra Nova to identify areas where processes and associated infrastructure can be improved in terms of safety to people and the environment. Furthermore, Terra Nova also recognizes R&D investment as a key enabler of innovation and growth in the province in terms of the local oil and gas industry and the many industries and organizations that support the work of the oil and gas industry.

In 2016, Terra Nova sponsored R&D activities focused on a number of areas including safety, the environment, and development/operational challenges. A summary of R&D activities undertaken during 2016 is provided in Table 6.

Terra Nova sponsored R&D activities from January 1, 2016 to December 31, 2016 totaling \$2,995,031. Below is a summary of the specific R&D projects previously listed in Table 6.

Description		Research Agency	2015 Spend
Environment and Safety			
1.	Dynamic Positioning in Ice Environments	PRNL	\$300,000
2.	Marine Dredge Disposal	PRNL	\$12,970
3.	Oiled Seabird Cleaning Centre	Various	\$40,726
4.	MUN Ice Ocean Sentinel System	MUN	\$100,000
Development/Operations Related			
5.	Reservoir Souring: Continuous Nitrate/ Batch Nitrite Injection (CNNI) Field Pilot	Terra Nova	\$2,216,335
Terra Nova Owner Sole Spend			
6.	Suncor's C-CORE Annual Contribution	C-CORE	\$75,000
7.	Suncor's PRNL Baseline R&D Activity	PRNL	\$250,000
Total			\$2,995,031

Table 6 - 2016 Terra Nova Research and Development Activities

Terra Nova Education and Training (E&T)

Terra Nova's commitment to its employees is evident by the significant annual investment made in E&T. During the reporting period, Suncor and Terra Nova Contractors spent over \$1 million in E&T activities related to the Terra Nova Development.

Suncor has placed a strong focus on capability development, providing individuals with educational assistance to further their studies. Suncor continues to use local training institutions and education expertise where possible. In instances where local training is not available, Suncor brings expertise into the province to deliver the required training. This not only provides the ability to train a greater number of Suncor employees but also has allowed Suncor to partner with other operators and Contractors (i.e., White Rose, HMDC, PSN) thus achieving a more capable provincial labour market.

Some of the focus areas where Suncor has made investments in E&T in direct employees include:

- Educational Assistance
- Training/Conferences/Seminars
- Emergency Response Centre

Suncor and Terra Nova Contractors continue to support co-operative education programs offered through local university and technical institutions with interesting and challenging work opportunities in various functions of our businesses such as engineering, geosciences, finance, supply chain management, and marine roles. In 2016, the Terra Nova Project filled a total of 133 Co-op positions at a cost of over \$900 thousand. The Co-op program has been quite successful in helping Suncor and Terra Nova contractors identify long-term hires needed to support the labour requirements of the Terra Nova project.



Figure 2 - Co-op students participating in Days of Caring at the Ronald McDonald House

Diversity

Suncor is committed to cultivating diversity within a respectful, inclusive workplace. As Canada's largest energy company, it's critically important that we foster an environment in which all employees are valued and treated with respect.

Diversity contributes to a healthier and more successful workplace, one in which individual differences are respected and celebrated. We work hard to ensure that the most important asset, the people, have differing perspectives, experiences and backgrounds, reflective of the communities in which it operates.

Suncor is committed to having a workforce that is motivated, capable and aligned with our values. This is reflected in recruitment efforts and as a result, there has been success in recruiting people of diverse backgrounds at all levels in the organization. Most importantly, Suncor's diversity initiatives are intended to provide opportunities for individuals from diverse groups to attain the knowledge and skills to contribute as valuable members of its workforce.

Monitoring Employment of Designated Groups

In 2016, as part of its commitment to diversity, Suncor monitored the employment levels of underrepresented groups on Terra Nova including women, aboriginals, persons with disabilities and members of visible minorities. The following Table 7 illustrates the employment of members within these four designated groups working on the Terra Nova project as of December 31, 2016. The figures presented in Table 7 are based on data collected from employees through self-identification on a confidential and voluntary basis. Information regarding gender was obtained from employees' records. In 2016, 20% of Terra Nova's workforce represented members from the four designated groups. Women represented the largest group, at 16%, Aboriginal People represented 2%, while Persons with Disabilities and Members of Visible Minorities both represented 1% of Terra Nova's workforce.

Attracting and retaining talent that has previously been underrepresented in the workforce is critical to ensuring that Suncor can access the necessary people and skills both in the short and longer term.

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Category	Women (%)	Aboriginal Peoples (%)	Persons with Disabilities (%)	Members of Visible Minorities (%)
Managers and Supervisors	2%	1%	0%	0%
Professional and Technical	6%	1%	1%	1%
Administrative	6%	0%	0%	0%
Skilled Crafts and Trades	0%	0%	0%	0%
Sales and Service	0%	0%	0%	0%
Manual Workers	2%	0%	0%	0%

Notes:

1. The numbers reported in this table may also be reported under other oil projects due to shared services.
2. Total Workforce is the total number of persons directly employed on the project at end of reporting period including operator and contractor personnel.
3. Participation of members of designated groups is expressed as a percentage of the total workforce rounded to a whole percentage and is based on data collected through self-identification on a confidential and voluntary basis. Information regarding gender is obtained from employee records.
4. Categories are based on the employment equity occupational groups by Statistics Canada filtered to include occupations relevant to the oil and gas industry. Accordingly:
 - **Managers and Supervisors** includes: *Senior Managers, Middle & Other Managers, and, Supervisors and Supervisors: Crafts and Trades*
 - **Professionals and Technical** includes: *Professionals* as well as *Semi-professionals & Technicians*
 - **Administrative** includes: *Administrative and Sr. Clerical Personnel* as well as *Clerical Personnel*
 - **Skilled Crafts and Trades Workers** includes: only those in that employment group
 - **Sales and Service** includes: *Skilled Trades & Service, Intermediate Sales & Service Personnel* as well as *Other Sales & Service Personnel*
 - **Manual Workers** includes: *Other Manual Workers* and *Semi-Skilled Manual Workers*

Table 7 - 2016 Terra Nova Employment of Designated Groups

Diversity Strategies

Suncor continued to accelerate the diversity of its workforce through the development and implementation of strategies aimed at increasing the number employees in underrepresented groups. Key areas of focus to date have been women and Aboriginals.

Suncor currently has women's employee resource groups in Major Projects, Oil Sands and Supply Chain. In 2016, a Community of Practice was launched to increase collaboration and sharing amongst these women's employee resource groups. The Downstream organization started a women's network in 2016 with launch expected in 2017. Exploration & Production, which includes Suncor East Coast operations, is also working to establish a network in 2017. Several events, primarily education sessions to advance gender inclusive thinking and behaviors, took place within existing women's employee resource groups.

Consistent with the Suncor Diversity Philosophy and our commitment to Education and Training, Suncor has strategically directed E&T funds towards programs that target groups designated as under-represented in the workforce. Supporting skills, knowledge development, and educational infrastructure that grows under-represented talent enables a more diverse pool of applicants available to potentially support the resource requirements of Terra Nova, service providers that support the oil and gas industry, and the province in general.

Making strategic investments in E&T is one way in which the development of petroleum resources offshore Newfoundland and Labrador is contributing to the growth and sustainable development of the Province. Some of the E&T initiatives that Suncor has invested in 2016 are as follows:

WISE NL Summer Student Employment Program

Women in Science and Engineering Newfoundland and Labrador (WISE NL) is a non-profit, incorporated, volunteer organization that aims to increase the participation of women in science, technology, engineering and mathematics careers by increasing awareness that these professions are rewarding and exciting options for women.

WISE NL's Student Summer Employment Program assigns female students heading into their final year of high school to an eight-week job placement related to a field in science or engineering that interests them. Throughout the eight-week program, these students attend seminars, workshops, and networking events where they can learn more about engineering, post-secondary options, and meet with female industry professionals. In 2016, one of Suncor's female mechanical engineers gave a presentation on her experiences with school, work-terms and working at Suncor. (Figure 3)



Figure 3 – Victoria Bartlett giving her presentation to participants of WISE NL's SSEP.

Scholarships for Women in Engineering

In collaboration with Memorial University's Faculty of Engineering and Applied Science, Suncor has committed to provide two undergraduate female engineering students a term-funded scholarship valued at \$2,500 each. The scholarship will be awarded twice annually in terms five through eight to students who express interest in the oil and gas sector and who have graduated high school in Newfoundland and Labrador. Suncor established the Scholarships for Women in Engineering with an investment of \$64,027 over 13 years starting in 2014. (Figure 4).



Figure 4 - Brent Miller presenting Claire Dobbin with her Scholarship (Image by Memorial University of Newfoundland)

Aboriginal Employee Network

Suncor launched its first ever Aboriginal Employee Network (AEN) in 2015, with membership quickly outpacing expectations. As an employee enterprise network with tiered membership, the level of participation ranges from “member” to “circle” member. An AEN member receives newsletters and learns of opportunities to engage in Aboriginal events in their community. A Circle member is part of one of four circles, each with goals and work plans related to their mandate. The four circles are:

- Advisory Circle – provides advice and input into Suncor’s processes, activities and initiatives.
- Community Circle – provides opportunities and tools/resources to build a strong Aboriginal community within Suncor.
- Awareness Circle – works with Suncor’s various corporate functions to identify opportunities to advance Aboriginal cultural awareness at Suncor.
- Outreach Circle – connects Suncor ambassadors with opportunities to connect with Aboriginal community members.

Suncor has grown its enterprise-wide diversity training over the course of 2015 & 2016. In addition to existing classroom training, Suncor launched Aboriginal Awareness web-based training in 2015. To date, more than 1000 employees have accessed this training. Unconscious Bias Foundations training for mid and senior level leaders was launched in 2016, with completion expected by the end of 2017.

Sustainability

Suncor committed to operational excellence, safety and environment

Suncor is Canada's largest integrated energy company with operations in all stages of the oil and gas business. The first to develop the Canadian oil sands, Suncor created an industry that is a major contributor to the Canadian economy and provides energy to the world using innovative technology to responsibly develop valuable natural resources.

Suncor East Coast Canada is the only company with interests in all producing offshore fields, Hibernia, Terra Nova and White Rose, and is a joint-venture partner in the Hebron field under development. The company is the operator of the Terra Nova field.

Suncor is committed to everyday operational excellence – operating in a safe, reliable, cost-efficient and environmentally responsible way.

Achieving this requires dedication to doing the right thing, the right way – every time. It also requires operational discipline from everyone at Suncor: seeking knowledge and understanding, adhering to procedures, questioning and anticipating potential problems, expecting accountability, and collaborating with others. Each of these behaviours sets the tone for operational excellence.

Commitment to safety

Safety is Suncor's top priority. In 2016, Suncor asked employees to renew their commitment to the Safety Starts With Me (SSWM) program to improve process safety at Terra Nova. SSWM helps employees understand how they can guide better performance, manage change and reduce risk – ensuring the safety of people and facilities.

For its commitment to safety, Suncor East Coast won Canada's Safest Employers Gold Medal 2016. Competing in the oil and gas category, Suncor received this honour following a rigorous selection process and adjudication by a panel of safety experts from industry, government and academia.

Environmental responsibility

Suncor is also committed to operating in an environmentally responsible way by continuously reducing greenhouse gas (GHG) emissions while providing energy the world needs.

Suncor's 2016 Report on Sustainability set a target of reducing the GHG emissions intensity of its production of oil and petroleum products by 30% by 2030. To achieve this goal, Suncor will continue to harness technology and innovation to improve the energy efficiency of operations and reliability of production plants, including the Terra Nova FPSO. Terra Nova emissions decreased by 15% in 2015 over the previous year.

Suncor East Coast is working hard to improve the reliability of the FPSO to reduce its environmental footprint and enhance operational safety. Those efforts are yielding results with improvements in gas detection and supply vessel utilization.

Terra Nova improves gas detection

Exposed to extreme weather in the North Atlantic, the Terra Nova FPSO's methane gas detection system was prone to false alarms due to snow, rain and fog. It resulted in production shutdowns and emergency gas flaring, an important step in disposing of gas that poses a hazard to workers.

Suncor East Coast also faced another challenge: the reservoir was producing increased amounts of hydrogen sulphide (H₂S) gas.

A multi-disciplinary team from Suncor and external companies collaborated to devise an innovative solution to these problems. Their solution: a more robust, laser-based system that is unaffected by adverse weather conditions and is designed to detect both methane and H₂S molecules. Completed in 2016, installation of the new system eliminates false detection shutdowns.

The outcome: a safer facility for employees, a more reliable offshore plant and a reduced greenhouse gas footprint.

For their collaborative work in raising the bar, the team received the Suncor President's Operational Excellence Award for process safety in 2016.

Better utilization of supply vessels

In September 2015, Suncor changed the way it shipped equipment and materials to the FPSO to reduce the costs of its under-performing, fragmented marine operations.

Before the change, supply vessels were sailing offshore twice a week and utilizing 50% of deck space. Developing a better plan required employees to question everything, rethink the way supply vessels were managed and work together with other stakeholders to solve the problem.

The outcome: a more disciplined, consistent approach to planning and scheduling as Suncor increased its deck utilization rate to 90% and reduced the number of weekly sailings to one.

By sailing vessels at a fuel-efficient speed, fuel consumption was reduced 35% – resulting in lower vessel emissions and lower fuel costs. Fewer sailings reduces the safety risk to personnel and equipment as supply vessels spend less time unloading cargo in close proximity to the FPSO.

For using a questioning attitude, collaborating and employing a more disciplined approach to supply vessel management, the team received the Suncor President's Operational Excellence Award for reliability in 2016.

Community Investment

Investing in better communities

Suncor helps to build sustainable, resilient communities by supporting non-profit activities, events and organizations and supporting the fund-raising and volunteer efforts of employees.

Suncor works collaboratively with community groups and leaders to find long-term solutions to the challenges faced by growing communities. Through its private, non-profit charitable organization, Suncor Energy Foundation (SEF), the company invests in communities where it operates to build a better future and ensure these vibrant communities remain sustainable and resilient.

In 2015, SEF began a \$2.1-million, multi-year partnership with the Community Sector Council (CSC) Newfoundland and Labrador to build a stronger non-profit sector at time when community groups are facing increased demand for services and increased costs of providing services.

An independent, non-profit organization, CSC is dedicated to promoting social and economic well-being and to assisting other non-profits build their own capacity and capabilities. In 2016, CSC held a series of workshops for non-profits on liability protection, social media strategies, governance, and performance measurement and evaluation.

Junior Achievement

In 2016, the Suncor Energy Foundation contributed \$15,000 as a Gold Sponsor to Junior Achievement's (JA) Business Hall of Fame honouring business leaders in Newfoundland and Labrador. SEF also provided \$20,000 to education programs for school students in the province.

Suncor has been a proud sponsor of the JA Business Hall of Fame for more than 10 years. This year, the company redirected funds to JA's Education for Success program, which aligns with Suncor's commitment to operational excellence and community involvement.

The program is designed to help Grade 9 students plan their education and career path. Eleven Suncor employees participated as instructors in a full-day workshop, providing insight about life after school and helping students use their strengths to their advantage.

Fundraising and volunteerism

Suncor and its employees also give back to the communities in a variety of ways, including:

Employees participated in the Third Annual Hockey Heroes tournament in which teams raise funds to earn top draft picks from a pool of NHL hockey legends. The Suncor team contributed more than \$25,000 of the \$340,000 raised in support of the Heart and Stroke Foundation.

In 2016, employees raised \$123,425.98 for United Way Newfoundland and Labrador, which distributes those funds to community groups throughout the province. Since 2005, employees have provided more than \$1 million to United Way NL.

Employees hosted eight Days of Caring events to help community groups: the Autism Society of Newfoundland and Labrador, Bridges to Hope, Quidi Vidi Rennie's River Development Foundation, Chamberlains Park Action Committee, the Bowring Park Foundation, Ronald McDonald House, the Janeway Children's Hospital and the Association for New Canadians.

Suncor and its employees participated in food drives and clothing campaigns for the Community Food Sharing Association, Salvation Army, Naomi Centre, Emmaus House Food Bank, Bridges to Hope, Choices for Youth, the R.E.A.L program's sports equipment drive for children and the Single Parents Association's toy drive. To support families at Christmas, employees also raised funds through 50/50 draws and bake sales.



Figure 5 – R.E.A.L. Sports Equipment Donation



Figure 6 - The 2016 Suncor Energy In-House Band during United Way Week

Conclusion

Suncor continues to progress in its commitments to Canada-Newfoundland and Labrador Benefits as required under the conditions set out in the Benefits Plan for the Terra Nova project. As outlined in this report, Suncor, through its 2016 activities, has invested over \$4.3 million supporting key commitment areas of Employment, Contracting and Procurement, Research and Development and Education and Training, Supplier Development, and other relevant areas such as Diversity and Community Investment. These expenditures strengthen the community in which Suncor operates and will contribute to the continuing development of Newfoundland and Labrador's offshore oil and gas industry.

Suncor is contributing to an economic legacy for the people of the province through its recruitment and training of local talent, the provision of full and fair opportunity to local businesses, and by giving first consideration to locally sourced goods and services within the province, where those goods and services are deemed competitive.

Suncor will continue its commitment to Canada-Newfoundland and Labrador Benefits throughout its operation of the Terra Nova Development and in future offshore exploration activities in Newfoundland and Labrador.