what's at stake?

OUR JOURNEY TOWARD SUSTAINABLE DEVELOPMENT **2003** REPORT ON SUSTAINABILITY

SUNCOR
ENERGY

SUNCOR ENERGY INC. is a Canadian integrated energy company strategically focused on developing one of the world's largest petroleum resource basins – Canada's Athabasca oil sands. Since 1967, when we made history by producing the world's first commercial barrel of synthetic crude oil from oil sands, Suncor has expanded our assets and expertise with new resource leases, new technologies and a vision for sustainable development.

This 2003 Report on Sustainability describes Suncor's vision of becoming a sustainable energy company and reports on our performance during 2001 and 2002. Where available, information on activities in 2003 has also been included. This report has been prepared in accordance with the 2002 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). Reported results are independently audited by PricewaterhouseCoopers LLP (see page 58).

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All financial information is reported in Canadian dollars unless otherwise noted. References to "Suncor" or "the company" mean Suncor Energy Inc., its subsidiaries and joint venture investments, unless the context requires otherwise. See "Boundary Conditions" on page 59. This document contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results may differ materially. See the legal notice on the inside back cover for additional information.

...everything

WHAT'S AT STAKE? OUR STAKEHOLDERS TELL US. SUNCOR WORKS WITH A LARGE AND DIVERSE GROUP OF INDIVIDUALS AND ORGANIZATIONS – STAKEHOLDERS WHO MAY BE IMPACTED BY OUR OPERATIONS OR WHO COULD, THROUGH THEIR ACTIONS, AFFECT SUNCOR. THEIR INTEREST IN OUR SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE COVERS EVERY ASPECT OF WHAT WE DO AS A COMPANY, FROM THE GOODS AND SERVICES WE ACQUIRE, TO THE PEOPLE WE EMPLOY AND THE PRODUCTS WE PRODUCE AND SELL. SO WHAT'S AT STAKE? **IN A WORD: EVERYTHING.**

PEOPLE. PUBLIC AND EMPLOYEE SAFETY. HEALTHY COMMUNITIES. EDUCATION AND TRAINING.

SHARED ENVIRONMENT. WATER RESOURCES. CLEAN AIR. HABITAT AND WILDLIFE PROTECTION.

PROSPERITY. SHAREHOLDER VALUE. JOBS. CAPITAL INVESTMENT. ECONOMIC GROWTH. SECURE ENERGY SUPPLY. **TRANSPARENCY.** CORPORATE REPUTATION. COMPLIANCE. TRUST.

SUNCOR ENERGY IS AN INTEGRATED ENERGY COMPANY WITH RESOURCE DEVELOPMENT IN WESTERN CANADA AND REFINING AND MARKETING OPERATIONS IN ONTARIO, CANADA, AND COLORADO, U.S.A. SUNCOR STOCK IS WIDELY HELD AND PUBLICLY TRADED ON THE TORONTO AND NEW YORK STOCK EXCHANGES (SYMBOL: SU). MORE THAN 4,000 EMPLOYEES WORK IN SUNCOR'S UPSTREAM AND DOWNSTREAM OPERATIONS IN CANADA AND THE UNITED STATES.

OIL SANDS

Near **Fort McMurray, Alberta,** Suncor's **Oil Sands** business produces diesel fuel, crude oil and crude oil byproducts. Since pioneering the world's first commercial oil sands operation in 1967, Suncor has more than quadrupled production capacity to 225,000 barrels of oil per day. Construction is under way for the next phase of oil sands development, planned to increase production capacity to 260,000 barrels per day in 2005, with a vision of growing to more than half a million barrels per day in the next decade.

NATURAL GAS AND RENEWABLE ENERGY

Based in **Calgary, Alberta, Natural Gas and Renewable Energy** supports Suncor's growth strategy by producing natural gas as a price hedge against internal consumption. The business also supports our environmental goals with low-emission hydrocarbon production, zero-emission wind energy projects and a mandate to develop ways to reduce and sequester carbon dioxide, a greenhouse gas.

DOWNSTREAM

Suncor's downstream operations connect our crude oil and natural gas production to customers. **Energy Marketing and Refining (EM&R) – Canada** operates a 70,000 barrel per day refinery in **Sarnia, Ontario,** and a network of Sunoco-branded retail and Fleet Fuel cardlock sites. EM&R – Canada also markets transportation fuels, heating oils and petrochemicals, primarily in Ontario.

In the **United States,** Suncor operates a 62,000 barrel per day refinery in **Denver, Colorado,** along with 43 Phillips-branded retail stations and associated storage, pipeline and distribution facilities. Suncor acquired the U.S. assets in August 2003 to expand access to the American market. Because this report focuses on 2001 and 2002 results, performance data for these operations are not included.

IN 2003, SUNCOR ANNOUNCED PLANS TO PARTNER IN A 30-MEGAWATT WIND POWER PROJECT IN SOUTHERN ALBERTA. THE PROJECT IS EXPECTED TO MORE THAN TRIPLE SUNCOR'S WIND POWER CAPACITY.

2002 CONTRIBUTIONS BY BUSINESS

Net Earnings
$761 million

Oil Sands	89 %
Natural Gas	4
Energy Marketing and Refining	7

Cash Flow from Operations
$1.44 billion

Oil Sands	85 %
Natural Gas	9
Energy Marketing and Refining	6

Capital Employed
$5.63 billion

Oil Sands	83 %
Natural Gas	8
Energy Marketing and Refining	9

SUNCOR'S JOURNEY

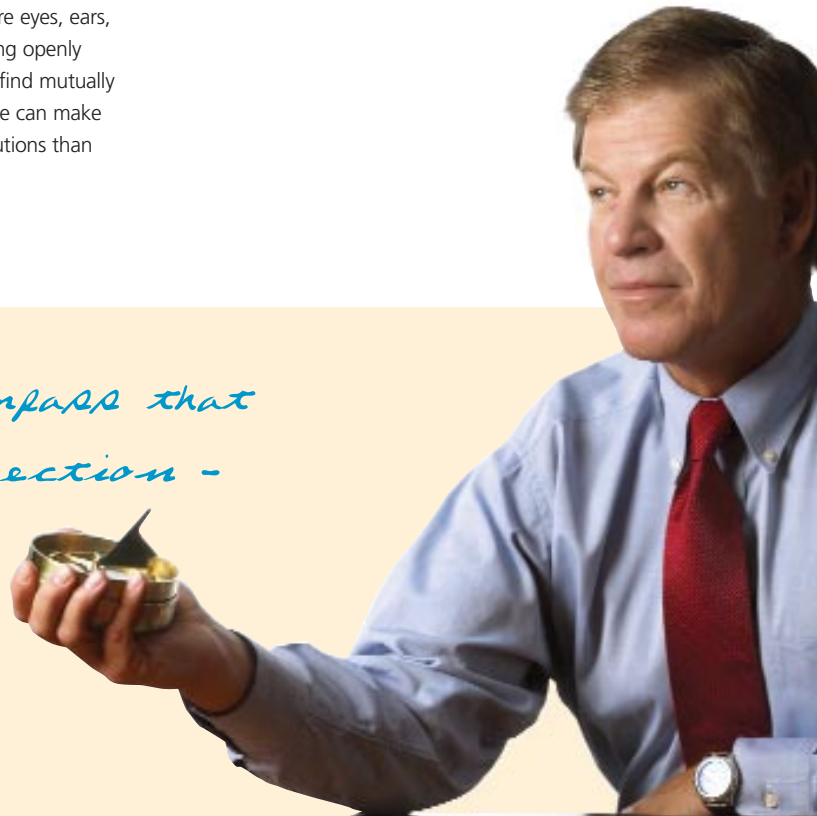
TO REACH ANY GOAL, YOU NEED A STRONG SENSE OF WHERE YOU'RE GOING. SUNCOR'S STAKEHOLDERS ARE THE COMPASS THAT KEEPS US MOVING IN THE RIGHT DIRECTION – TOWARD OUR VISION OF BECOMING A SUSTAINABLE ENERGY COMPANY. WHEN SUNCOR FIRST ARTICULATED THIS VISION, WE WERE ONE OF ONLY A FEW ENERGY COMPANIES TO COMMIT TO SUCH A JOURNEY. BUT FROM THE EARLIEST DAYS, WE FOUND WE WEREN'T TRAVELLING ALONE. OUR STAKEHOLDERS – EMPLOYEES, CUSTOMERS, SHAREHOLDERS, GOVERNMENTS, COMMUNITY RESIDENTS, POLICY ADVOCATES AND SUPPLIERS – HAVE BEEN WITH US EVERY STEP OF THE WAY. THEIR EXPERIENCE AND INSIGHTS HAVE SHAPED OUR ORGANIZATION'S CULTURE, INFLUENCED OUR DECISIONS AND HELPED SET THE COURSE FOR OUR EXISTING BUSINESS AND FUTURE GROWTH.

SHARING IN WHAT'S AT STAKE

Sustainability is about earning the consent of stakeholders to operate and grow our business. This requires that we understand the expectations of our stakeholders and, where possible, integrate the social, economic and environmental goals that are important to them into our business planning. To do this, we need to look at the big picture over a long period of time – and the best way to get that critical perspective is to have more eyes, ears, hearts and minds involved. By communicating openly and honestly and engaging stakeholders to find mutually beneficial solutions to difficult challenges, we can make more progress and realize more creative solutions than by working in isolation.

Suncor's stakeholders are the compass that keeps us moving in the right direction – toward our vision of becoming a sustainable energy company.

RICK GEORGE PRESIDENT AND CHIEF EXECUTIVE OFFICER



As we travel the path toward sustainability together, there are a number of key challenges related to energy development that will require the best thinking of all stakeholders. Given the role of energy in our society both now and in the future, it is critically important that we tackle these challenges head-on:

- Reconciling consumer demand for low-cost, hydrocarbon energy with aspirations to address issues such as global climate change and urban air quality.
- Engaging capital markets and harnessing market forces to better measure and reward corporate sustainability efforts.
- Addressing technological, policy and market barriers to alternative and renewable forms of energy as we strive to diversify our energy supply and improve energy efficiency.
- Reforming corporate and public governance to better respond to social, environmental and economic challenges in a truly integrated manner.

These challenges have inspired us to think differently and over time have driven many of the actions outlined in this report. They've also influenced the engagement of Suncor employees with a broad range of stakeholders, through organizations such as the Wood Buffalo Cumulative Environmental Management Association, the World Business Council for Sustainable Development, the National Aboriginal Achievement Foundation and the Canadian Council of Chief Executives. While we don't have all the answers, we know there is a great deal at stake for our company and for future generations – and continued progress is essential.

CHECKING ON OUR PROGRESS

On the journey toward sustainability, we need to stop occasionally to check our bearings and make sure we are still moving in the right direction.

In Suncor's 2001 Report on Sustainability, we identified seven areas where Suncor needed to make improvements. The results are summarized below.

OUR COMMITMENTS:

1 IMPROVE WORKPLACE SAFETY Major incidents involving worker injuries were up significantly in 2001 and 2002. This is unacceptable and we took action in 2002 by launching *Journey to Zero*, a comprehensive management, education and awareness program aimed at eliminating workplace injuries. Early success in our drive for safety among both employees and contractors was recognized in 2003 with Suncor's first President's Operational Excellence Awards.

However, the enthusiasm that accompanied our progress turned to devastation in August 2003 when a young employee, Trevor Daye, was killed on the job. As both the leader of Suncor's safety efforts and as a father, this tragedy touched me deeply. An investigation of the incident may help us avoid such tragedies in the future, but now is the time for each of us to reflect and renew our dedication to safety.

2 ENHANCE EMPLOYEE WELL-BEING Safety on the job is complemented by a commitment to employee well-being at work and at home. Our Oil Sands business launched an initiative called SunCare in 2001 to champion community and family health in Fort McMurray and neighbouring Aboriginal communities. Following an employee survey in 2002, each of Suncor's businesses also took action to address the specific concerns in their business unit, while new corporate-wide initiatives took aim at improving non-financial recognition, leadership development and the efficiency and integration of business processes throughout the company.

3 DEVELOP A SOCIAL RESPONSIBILITY MANAGEMENT SYSTEM We have evaluated various tools as a first step towards developing a social responsibility management system, putting us on the leading edge of those trying to quantify this important aspect of our business. We appear to be on the right track, as illustrated by our success in supporting community needs through the Suncor Energy Foundation, creating a diversified workplace that includes proportional representation of Aboriginals in the Wood Buffalo region, and receiving recognition by external parties like the Corporate Knights and Dow Jones Sustainability Index.

4 REDUCE GREENHOUSE GAS EMISSIONS In 2002, we recorded a marked reduction from 2000 levels in greenhouse gas (GHG) emissions per unit of production. Although total GHG emissions increased as a result of our oil sands expansion, we fulfilled our promise to improve energy efficiency and use new technologies that are less emission intensive. We also introduced an improved GHG management system to increase the accuracy of our measurements and reporting.

5 MINIMIZE ENVIRONMENTAL IMPACTS To reduce our environmental impacts, we pursued new technologies and better processes. These efforts include enhanced recovery technology and water recycling processes at Oil Sands and conservation approaches that reduced flaring in our Natural Gas business by almost half. In the downstream, we expect to begin providing Ontario consumers with lower sulphur gasoline in 2003, well ahead of the 2005 federally regulated deadline.

6 INVEST IN RENEWABLE ENERGY CHOICES
In 2002, we launched SunBridge, our first wind power project, in Saskatchewan. Early in 2003, we announced plans to partner in the development of a 30-megawatt wind power project in southern Alberta. These two projects are expected to account for nearly 15% of Canada's installed wind power by the end of 2004.

7 DEVELOP PARTNERSHIPS TO PROMOTE SUSTAINABLE DEVELOPMENT Throughout 2001 and 2002, Suncor was involved in various partnerships and initiatives at the provincial, federal and international levels aimed at developing effective public policy on energy and climate change. We continue to work with industry, environmental groups and governments to promote policies that will help Canada develop a stronger renewable energy industry.

SETTING NEW MILESTONES

There are many crossroads on the path to sustainable development. The direction we take can be affected by new developments, external economic and political conditions, and the changing expectations of our stakeholders.

In looking ahead to the next stage of our journey, we have set milestones that we believe reflect emerging concerns and provide more tangible checkpoints for progress.

OUR MILESTONES:

1 We will create a culture where safety is a core value and always our paramount priority. All leaders, myself included, will consistently demonstrate through our behaviours and actions that nothing is more important than ensuring everyone who works at Suncor always returns home safely. Each of Suncor's businesses has developed a multi-year safety improvement action plan. We will ensure our progress is measured and our action plans updated annually.

2 We will continue to aggressively pursue reduction of greenhouse gas emission intensities. We will focus on implementing specific energy efficiency projects within each of our businesses and will continue to work with our contractors and suppliers to encourage them to do the same.

3 We will place an increased focus on enhanced water and land management through programs aimed at protecting ecological integrity and biodiversity, including working with other stakeholders to address cumulative effects.

4 We will continue to develop our renewable energy business to provide alternatives to hydrocarbon fuels. In addition to completion and start-up of a new wind project in southern Alberta, we will investigate options for further wind energy development across Canada.

5 We will continue to make Suncor a great place to work by building on the four cornerstones of value we offer as an employer: rewards and compensation; leadership; jobs with opportunity for personal and professional growth; and affiliation with a respected, high-performing company. We will also continue to empower employees to identify and implement opportunities for improving our social, environmental and economic performance.

6 As we move forward with our business plans, we will identify and pursue opportunities that improve the social and economic well-being of our communities and work to ensure economic benefits are shared with our Aboriginal neighbours. We will strive to be a positive presence in our communities by promoting workplace volunteerism and investing in community organizations.

NAVIGATING THE FUTURE

We have much more work ahead, but all of us at Suncor can take pride in what has been accomplished so far. Our stakeholders deserve special credit for keeping us moving towards our vision of becoming a sustainable energy company, pushing us to improve and steering us back on course should we stray.

We all know what's at stake – our shared economic and social prosperity and the well-being of our environment. Together, we need to keep the path clear for innovation, collaboration, co-operation and shared learning.

I look forward to our future progress.

RICK GEORGE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
SEPTEMBER 2003

VISION AND STRATEGY

SUNCOR'S VISION IS TO BE A UNIQUE AND SUSTAINABLE ENERGY COMPANY, DEDICATED TO VIGOROUS GROWTH BY MEETING THE CHANGING EXPECTATIONS OF OUR CURRENT AND FUTURE STAKEHOLDERS. TO SUNCOR, BEING A SUSTAINABLE ENERGY COMPANY MEANS MANAGING OUR BUSINESS IN A WAY THAT ENHANCES SOCIAL AND ECONOMIC IMPACTS TO SOCIETY, WHILE STRIVING TO MINIMIZE THE ENVIRONMENTAL IMPACTS ASSOCIATED WITH RESOURCE DEVELOPMENT.

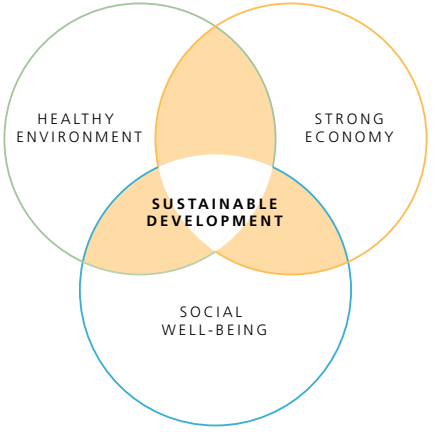
Sustainable development is fundamental to Suncor's long-term strategy because we believe supplying energy in a manner that meets the social, environmental and economic expectations of stakeholders – shareholders, customers, communities, governments, employees and advocacy groups – creates a solid foundation for increasing shareholder value.

Measuring our performance and demanding excellence in all three areas forces us to think broadly and take a long-term view. This helps us reduce and manage risk while maximizing the rewards of our business – for Suncor and our stakeholders.

THE ENERGY DILEMMA

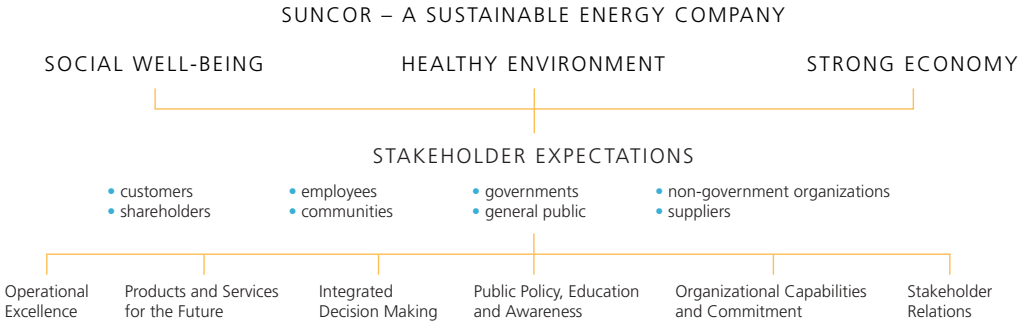
Meeting the growing demand for low-cost energy while addressing diverse stakeholder concerns is a dilemma faced by Suncor, the energy industry, government and society. On one side we have increasing demand for energy, concerns about rising prices and projected declines in North America's conventional production of hydrocarbons – coal, natural gas and crude oil. On the other side, there are ever-increasing concerns about the environmental consequences of new development and use of hydrocarbon energy sources.

How do we balance the need for energy and economic growth with the need to preserve our environment and quality of life? The answer lies in acknowledging the legitimacy of both perspectives and striving for solutions that accommodate both needs. For Suncor, this means working toward a steady decline in the environmental intensity of our production – growing to meet incremental demand, while reducing incremental impacts.



PUTTING SUNCOR'S VISION TO WORK

From long-range planning to the delivery of products and services to customers, our vision requires strong leadership and a solid strategic framework. Suncor has developed a six-part strategy that puts our vision to work:



1 OPERATIONAL EXCELLENCE At Suncor, we aim to be the best in all that we do. Outperforming the competition is our goal and we strive to be a global leader in responsible energy development. That drive is supported by the President's Operational Excellence Awards, which in 2003 honoured safety leadership among Suncor employees and contractors.

2 PRODUCTS AND SERVICES FOR THE FUTURE We aim to reduce the environmental impacts of our products and services at a pace consistent with consumer demands, technology advancement and commercial viability. This includes developing high performance, environmentally responsible fuels such as ethanol-enhanced, low-sulphur gasoline and investing in competitive renewable energy products such as wind power.

3 INTEGRATED DECISION MAKING We continue to identify, evaluate and implement tools and practices that help incorporate environmental and social aspects more fully into our business decisions. This includes management approaches like the creation of multi-functional, cross-company teams to manage risks and identify opportunities and using tools like life cycle value assessment to understand the full impact of expansion projects.

4 PUBLIC POLICY, EDUCATION AND AWARENESS Suncor commits significant time and resources to supporting the development of public policy that encourages sustainable development through engagement in multistakeholder processes and consultation with government officials and public policy advocates. By supporting education and awareness programs, Suncor helps enhance the public's knowledge of key sustainability issues, such as global climate change, energy conservation and renewable energy use.

5 ORGANIZATIONAL CAPABILITIES AND COMMITMENT We know it's the people who work at Suncor who will turn our vision into reality. Suncor constantly strives to improve the effectiveness of our business by providing a workplace that is challenging and rewarding, where employees have a strong desire to outperform the competition. Through formal surveys and informal feedback, Suncor employees are encouraged to tell us how we are doing and where we can do better. Management uses this feedback and other measurements to assess and improve Suncor's organizational structure and capabilities and ensure our human resource systems support our vision of sustainability and our goal of strengthening shareholder value.

6 STAKEHOLDER RELATIONS Information sharing, consultation and collaborative processes guide Suncor's journey toward sustainability. We know stakeholder engagement helps us make better business decisions, resolve contentious issues, build stronger communities and strengthen customer loyalty. Our intent is to establish long-term relationships that benefit both Suncor and our stakeholders.

CORPORATE GOVERNANCE

TRUST AND CONFIDENCE ARE BUILT OVER THE LONG TERM. AT SUNCOR, WE KNOW STAKEHOLDERS LOOK BEYOND IMMEDIATE RESULTS FOR ASSURANCE THAT OUR SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE WILL ENDURE OVER TIME – THAT IT'S SUSTAINABLE. PROVIDING STRATEGIC GUIDANCE TO THE COMPANY, SETTING POLICY DIRECTION AND ENSURING WE ARE FAIRLY REPORTING OUR PROGRESS ARE CENTRAL TO THE WORK OF SUNCOR'S BOARD OF DIRECTORS.

The Board's oversight role encompasses Suncor's strategic planning, risk management, communication with investors and other stakeholders, and standards of business conduct. Suncor's Board is also responsible for selecting, monitoring and evaluating executive leadership and aligning management's decision making with long-term shareholder interests.

As of April 2003, the Board comprised 12 directors, 10 of whom were determined to be independent of management under the guidelines established by the Toronto Stock Exchange and New York Stock Exchange. The role of chair is assumed by an independent director and is separate from the role of chief executive officer. Independent directors also chair the four committees of the Board.

A comprehensive description of Suncor's governance practices is available in the company's annual proxy circular at www.suncor.com.

COMMITTEE	KEY RESPONSIBILITIES
Board Policy, Strategic Review and Governance Committee*	Reviews preliminary stages of key strategic initiatives and projects. Reviews and assesses processes relating to long-range planning and budgeting. Oversees key matters pertaining to corporate values, beliefs and standards of ethical conduct. Reviews key matters pertaining to governance, including organization, composition and effectiveness of the Board.
Human Resources and Compensation Committee*	Evaluates the performance of the CEO and reviews the CEO's evaluation of the performance of other executive officers. Recommends to the Board the compensation of the CEO and reviews the recommendation of the CEO for the compensation of other executive officers. Reviews and assesses the performance target goals for executive incentive plans and determines whether performance goals have been achieved.
Environment, Health and Safety Committee	Reviews the effectiveness with which Suncor meets obligations pertaining to environment, health and safety. Reviews the effectiveness with which Suncor establishes appropriate environment, health and safety policies in regard to legal, industry and community standards and maintains management systems to implement such policies and monitor compliance.
Audit Committee*	Oversees all audit functions and approves core financial disclosure documents, including quarterly financials and management's discussion and analysis.

*comprised entirely of independent directors as of April 2003

BUILDING CONFIDENCE – SUNCOR'S STANDARDS OF BUSINESS CONDUCT A series of well publicized corporate failures and criticisms of corporate accounting practices over the past several years have damaged investor confidence in North American markets. Public trust in the corporate sector is at stake. At Suncor, we are working hard to retain the confidence of our shareholders by strengthening our commitment to good governance and providing current and potential investors with high quality disclosure.

As part of these efforts, in 2002, Suncor's Board completed an extensive review of the company's corporate governance practices, ensuring they reflect new guidelines of the Toronto Stock Exchange, New York Stock Exchange and the United States Sarbanes-Oxley Act.

A key result of this review is improvements to Suncor's Standards of Business Conduct compliance program. It requires all Suncor employees and contract workers to annually read the company's business conduct policies and acknowledge they have complied with those policies during the preceding calendar year. The policies cover bribery and corruption, anti-competitive behaviour, trading, disclosure of material information, harassment, conflict of interest and confidentiality, improper payments, and accounting, reporting and business control.* Full compliance is then reported to Suncor's Board.

Suncor also created a new process to address complaints and concerns about ethical matters, including anonymous submission by employees of concerns relating to questionable accounting or auditing matters.

The 24-hour *Integrity Hotline* gives employees a confidential avenue for airing concerns they might have about workplace problems, management practices or standards of conduct. The launch of the *Integrity Hotline* reflects increased emphasis within Suncor on responsible corporate governance.

SHAREHOLDER PARTICIPATION As owners of the company, shareholders have an important stake in our business and a keen interest in how Suncor operates and reports results. That proprietary concern is reflected in the Carpenters' Local 27 Pension Trust Fund, which brought forward a resolution at Suncor's 2003 Annual General Meeting (AGM) requesting that the Board establish a policy of expensing stock options. The Carpenters' fund cited concerns about the clarity of corporate disclosure and shareholder confidence in reported results.

"Expensing options is an important part of the high quality disclosure and good corporate governance that Suncor's owners have a right to demand," says Suncor President and Chief Executive Officer Rick George.

The Carpenters' proposal was carried by a vote of 77% in favour. Effective the second quarter of 2003, Suncor adopted a new accounting policy for stock options.

In order to be accessible to stakeholders regardless of location, Suncor web casts its AGM and provides the opportunity for viewers to participate in the question and answer period via the Internet.

PUTTING GOVERNANCE INTO ACTION Suncor's Sustainability Steering Committee (SSC), comprising senior management from all businesses, is responsible for development of company-wide strategies and operational goals and assessing sustainability progress across all areas of our business. The SSC reports directly to the executive Corporate Committee through the senior vice president, Human Resources and Communications, and the senior vice president and chief financial officer. Since 2000, Suncor's CFO has held top executive responsibility for sustainability issues, reflecting our belief that social, environmental and economic performance are interdependent and must be managed in a complementary way.

* For complete copies of these policies, visit **www.suncor.com**

LEADING BY EXAMPLE

Leadership is about walking the talk. And when it comes to corporate leadership, the Board of Directors sets the pace for the entire organization. Mel Benson – a member of Alberta's Beaver Lake Cree Nation and president of an international management consulting firm – is just such a pacesetter.

Elected to the Board in 2000, he is a highly respected leader who brings to Suncor a lifetime of experience and understanding of the socioeconomic and environmental challenges facing Aboriginal communities. Since our operations impact Aboriginal communities right across Canada, from northeastern British Columbia to the Great Lakes, Benson provides Suncor's Board with a relevant and unique perspective. A successful businessperson, active participant in charitable and Aboriginal organizations, and recipient of Canada's National Aboriginal Achievement Award in 2003, Benson is a mentor who is guiding Suncor and Aboriginal communities towards stronger relationships that benefit everyone.

"Aboriginal Peoples want the same things from participation in the mainstream economy as anyone else," says Benson. "Jobs and contracts, a fair shot at opportunities to advance, a higher standard of living, a healthy environment and greater family stability – but they often live with historical handicaps that can make it difficult to succeed. Suncor continues to take a progressive view of Aboriginal involvement in its operations; I just offer a bit more perspective that may shorten the journey to equality."

POLICIES AND MANAGEMENT SYSTEMS

SUNCOR'S POLICIES AND MANAGEMENT SYSTEMS PROVIDE DIRECTION AND STRUCTURE TO OUR SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE. TOGETHER, THEY SET THE COURSE AND DEFINE THE RULES BY WHICH WE CONDUCT OUR BUSINESS, SERVING AS A CONSTANT CHECK TO ENSURE OUR ACTIONS ARE CONSISTENT WITH THE COMMITMENTS WE HAVE MADE.

POLICIES TO WORK BY

At Suncor, our vision is to exceed regulatory standards – to take our policies beyond what's *required* and set our sights on what's *desired*. The foundation for Suncor's policies rests on four key statements that provide direction to our employees, depicting who we are, and what we stand for.

1 **CORE PURPOSE** At Suncor, we set clear expectations for our performance. These expectations are specified in the company's Core Purpose which describes our vision and the path we will take to reach that goal.

Suncor is a unique and sustainable energy company dedicated to vigorous growth in worldwide markets through meeting or exceeding the changing expectations of our current and future stakeholders.

2 **VALUES AND BELIEFS** Suncor's Core Purpose is complemented by our Values and Beliefs, which describe the principles that guide the efforts of employees and contractors.

To achieve our vision, we place highest value upon: Health and Safety, High Performance, Involvement, Responsibility and Ethical Leadership.

3 **ENVIRONMENT** Suncor recognizes the need to reduce the environmental impacts associated with ongoing development and use of hydrocarbon energy. Environmental principles are integrated into our business plans because we believe responsible management of the environment is the only way to do business.

We accept the responsibility entrusted to us to develop resources, conduct our operations and offer our products and services in a socially, economically and environmentally responsible manner.

4 **HEALTH AND SAFETY** One of the most immediate and measurable standards of sustainability for employees, contractors and our community neighbours is health and safety. We know that creating a great place to work requires a strong commitment to protecting people and we are continually reinforcing safety as our overriding operational priority.

Management is accountable for establishing progressive programs and setting standards and goals which support continuous improvements in health, safety and loss control performance.

Complete copies of Suncor's Core Purpose Statement, Values and Beliefs, and Environment and Health, Safety and Loss Control policies are available at **www.suncor.com**. To review a listing of additional Suncor policies that relate to sustainability and the Global Reporting Initiative Guidelines, see page 76.

AUDITING AND CERTIFICATIONS

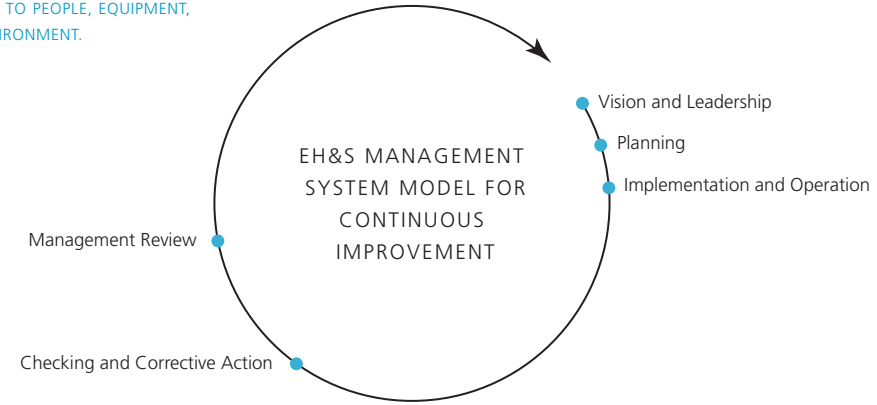
Suncor's internal audit department regularly examines the effectiveness of our internal controls and management systems – including those related to employee and stakeholder relations, health and safety and the environment.

Environment, health and safety (EH&S) audits are conducted on two levels with the assistance of qualified external parties. A Tier 1 EH&S assessment is conducted every three years at the corporate level. It evaluates Suncor's effectiveness in managing risks that could potentially affect our ability to meet business objectives. Tier 2 EH&S audits are conducted annually by each of Suncor's businesses to ensure compliance with the company's EH&S management system standards and regulatory requirements.

Both audits help Suncor identify deficiencies and potential opportunities in prioritizing and managing EH&S-related issues that may impact short-term targets or long-term goals. Results from these audits are reviewed with senior management and action plans are prepared and implemented.

In addition to internal audits that guide our management of EH&S issues, Suncor's external auditors independently audit the company's financial systems and reporting processes. External auditors PricewaterhouseCoopers LLP also validated selected data in this 2003 Report on Sustainability (see page 58).

SUNCOR'S ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT FRAMEWORK, MODELLED ON THE ISO 14001 STANDARD, HELPS ENSURE THE COMPANY COMPLIES WITH REGULATIONS WHILE MANAGING RISKS TO PEOPLE, EQUIPMENT, PRODUCTS AND THE ENVIRONMENT.



BUILDING VALUES

Values are the bedrock of a company. Without the solid foundation that values provide, no company can attract and retain good employees, earn the public's trust, or secure the investment it needs to grow.

Over the years, Suncor has found it helpful to write down what we stand for as a company. It keeps us focused. Just as scientific data helps us track air emissions, our statement of Values and Beliefs is a benchmark for on-the-job behaviour – a gentle but constant reminder of the way we should act at work and the values we are expected to uphold. Ultimately, employees are the stewards of an organization's Values and Beliefs – that's why they were asked to be part of the development of these core principles at Suncor.

"It is important that employees, and especially new employees, understand what the company stands for. A statement of Values and Beliefs can serve as part of their introduction to the company. It can also help employees measure their own performance and ensure their goals are aligned with company beliefs and expectations," said Maureen Cormier, director of finance for Major Projects and a participant in workshops that were held to help update Suncor's Values and Beliefs. "Many of our employees had the chance to contribute to development of our Values and Beliefs statement, which gave them a greater sense of ownership and commitment."

STAKEHOLDER RELATIONS

AT SUNCOR, WE DON'T HAVE ALL THE ANSWERS – BUT EXPERIENCE HAS SHOWN US THAT BY ASKING QUESTIONS OF OUR STAKEHOLDERS, SHARING INFORMATION AND COLLABORATING ON PLANS, WE CAN ACHIEVE MUTUAL BENEFITS AND FIND SOLUTIONS FOR THE COMPLEX AND SOMETIMES CONTROVERSIAL ISSUES CREATED BY INDUSTRIAL DEVELOPMENT.

WORKING TOGETHER MAKES GOOD BUSINESS SENSE

It's not just a good idea to consult stakeholders, it's good business. By understanding stakeholder issues and striving for solutions, we're able to maintain support for our operations and expansion plans, meet customer demand for energy products and attract a high-calibre workforce.

WHO HAS A STAKE? We consider our stakeholders to be individuals or groups who could be impacted by our operations or who, through their actions, could affect our business. As a result, our list of stakeholders is long and diverse – including customers, shareholders, governments, community residents, non-government organizations, advocacy groups, employees and suppliers.

HOW DO WE IDENTIFY SPECIFIC STAKEHOLDER INTERESTS OR DEMANDS? We ask them and we listen to what they say. We also consider the social, environmental and economic aspects of our business; stakeholder proximity to our projects; local, regional, national and international issues; and critical landmarks of public interest, such as historic sites and environmentally sensitive areas.

This is not always a simple process. We are an integrated company, but each of our businesses – Oil Sands, Natural Gas and Renewable Energy, and Energy Marketing and Refining – produce different products in different ways and involve stakeholders with very different needs.

Yet all our stakeholders have a right to expect a consistent approach in the way they are treated. This is true whether they are a customer who prefers to buy ethanol-enhanced gasoline at a Sunoco retail station; an elder of the Fort McKay First Nation who wants Suncor to support training in traditional knowledge; or an investor who wants to buy shares in a company that meets social responsibility benchmarks.

To ensure consistency, Suncor created a Stakeholder Relations Policy that guides employees with a "best practices" approach to building relationships.

SUNCOR'S STAKEHOLDER RELATIONS POLICY (EXCERPT) Through information sharing, consultation and collaboration Suncor develops long-term relationships with stakeholders that enable us to supply the energy products customers demand, while contributing to a strong economy, healthy environment and social well-being. By understanding stakeholder issues and striving for solutions, Suncor is able to maintain its public licence to operate and gain support for its growth plans, which in turn helps generate shareholder value.

At Suncor, we believe good stakeholder relations can also:

ENABLE GOOD DECISION MAKING The best business decisions are made when we inform stakeholders about our business plans, identify issues they may have and respond appropriately to those concerns.

RESOLVE ISSUES When we engage with stakeholders in a constructive manner we are better able to develop timely, cost-effective and mutually beneficial solutions.

BUILD STRONG COMMUNITIES By working collaboratively with stakeholders, we build trust between Suncor and its communities and are better able to work together to create safe and healthy environments for our employees, their families and local residents.

STRENGTHEN CUSTOMER LOYALTY By listening and responding to the needs of our customers, we are better able to deliver the quality energy products the market demands.

SUPPORT SHARED LEARNING By sharing perspectives, information, and knowledge, Suncor's employees and our stakeholders learn from one another.

For a complete copy of the policy, visit **www.suncor.com**

BUILDING RELATIONSHIPS = BUILDING TRUST, REPUTATION AND A STRONG BUSINESS

Suncor constantly measures all our key performance indicators, from the numbers of barrels produced at Oil Sands, to the volume of traffic into Sunoco retail stores. Suncor's effort to improve relationships with stakeholders is no exception.

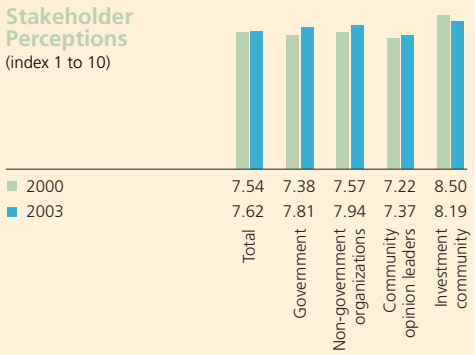
Every two years, we obtain feedback by asking a wide range of opinion leaders, non-government organizations, government representatives and investors for their candid opinion about everything from Suncor's commitment to health and safety to the quality of management. In 2003, the latest round of research included the opinions of 192 stakeholders.

The results indicate that overall Suncor is performing very well across numerous reputational dimensions and that current programs and practices have proven effective. More than 60% of stakeholders surveyed describe Suncor's overall reputation as being "one of the best" in the energy industry.

Individual feedback was extensive but one overarching theme became apparent: excellent business performance is expected and is therefore not a factor in determining Suncor's reputation. What really matters is:

- open communication;
- lasting and mutually beneficial relationships with individuals and communities – especially Aboriginal stakeholders;
- environmental responsibility; and
- delivering on commitments.

To respond to the input received, Suncor plans to adopt a more consistent best practices approach to stakeholder relations across the company. We will also refocus our efforts to clearly communicate our commitments and the steps we are taking to deliver on our promises.



SUNCOR STAKEHOLDERS RAISE THE MARK

In 2003, Suncor received higher marks from stakeholders than when the company last conducted stakeholder research in 2000. Investors were the only exception, noting higher than expected cash operating costs at Oil Sands and cost overruns on expansion projects as the main reason for the slightly lower rating in 2003. Even so, of all the stakeholder groups, investors gave Suncor the highest marks for reputation, citing such reasons as a "strong, capable management team," an ability to "communicate effectively" and being a "leader in the energy industry."

THE BEST SURPRISE IS NONE AT ALL

Investors need complete and accurate information about businesses to make wise decisions. And that's what Suncor always strives to give them.

"We work very hard to ensure there are no surprises when dealing with Suncor," says John Rogers, vice president of Investor Relations. "Our commitment to timeliness, accuracy and integrity of disclosure helps us paint a true, honest picture for current and potential investors."

There seems little doubt that the steady growth of our share value owes a lot to market confidence in Suncor's attitude of early and open disclosure. Suncor's total return to shareholders has steadily increased nearly 1,200% during the past decade, yet the company's stock has been one of the least volatile in the energy industry in terms of short-term ups and downs.

MULTISTAKEHOLDER FORUM PROVIDES EXPERT ADVICE

To arrive at the best answers, you need to first ask the right questions. That's been the experience of Suncor's Natural Gas business and Shell Canada as they explore for sour gas in the Panther area of Alberta's foothills – a region renowned for wildlife and backcountry recreation.

Stakeholders on the Panther Advisory Group (PAG) guide Suncor and Shell on how best to operate in this unique area. Besides industry, PAG members include outfitters and guides, trappers, hunters, grazing leaseholders, recreational users, environmental groups, First Nations and regulatory representatives. The advisory group's recommendations have made development in the area more efficient because, as frequent users, PAG members have detailed knowledge and a keen interest in the area. For example, when Suncor and Shell were planning to test a proposed exploratory gas well in the area, the companies expected that local stakeholders would prefer an in-line well test. In-line testing releases gas volumes directly into a pipeline instead of flaring the gas – a highly visible and noisy procedure that would be exacerbated by the mountaintop location of the well. After studying the options, PAG recommended instead that the companies use a flare test because it would create less of a long-term impact on the land than building a pipeline to a remote site that may or may not be developed.

This decision is an illustration of the vision of success penned by participants who formed the advisory group: "By working together, a diverse group developed the Panther wells using respectful communication and thoughtful planning, combined with a strong determination to ensure this unique part of the world will be available for present and future generations to experience and enjoy."

Our role is to help drive Suncor's thinking further out-of-the-box to solve environmental challenges. **MARLO RAYNOLDS** DIRECTOR OF ECO-SOLUTIONS GROUP, THE PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT

At Suncor, we don't just challenge ourselves to do better; we invite others to challenge us. As we work to develop, refine and implement our business strategies, we often join forces with external stakeholders. The Pembina Institute for Appropriate Development, an independent, not-for-profit environmental policy, research and education organization, has worked with Suncor on a variety of sustainability initiatives.

One tool Pembina is helping to integrate into Suncor's operations is Life Cycle Value Assessment (LCVA), which views project development across its full spectrum, from the manufacture of materials by third party vendors through to waste disposal and reclamation. By assessing social, environmental and economic impacts across the full project life cycle, this tool helps Suncor make business decisions that are socially, environmentally and economically positive for our company and our communities. Suncor began using LCVA on selected projects in 1998.

IMPROVING SUNCOR'S STAKEHOLDER RELATIONS TOOL KIT

In order to maintain the right to grow our business, we must continue to engage a variety of stakeholders to build the trust of the individuals and groups whose support is critical to our success.

To complement our Stakeholder Relations Policy, we have developed a step-by-step how-to guide for employees. The guide was developed in collaboration with Chief Jim Boucher of the Fort McKay First Nation and with the support of numerous employees and stakeholder groups. It includes tools to identify stakeholders and assess their level of engagement, planning and evaluation processes for engaging stakeholders, and tips and techniques to help reach mutually beneficial outcomes.

Because we view stakeholder relations as part of everyone's job at Suncor, the guide is designed to be useful to all employees. To further improve employee understanding of stakeholder relations skills, Suncor is designing complementary employee training sessions.

GETTING ENGAGED Different situations and stakeholders call for different approaches to engagement. There is no "one size fits all" model. This matrix provides a high level overview of the various communications approaches – from information sharing to collaboration – that are applied at Suncor.

Information Sharing		*Consultation*		*Collaboration*	
◗ Press releases, press conferences, media advertising and mail-outs	◗ Open houses and town hall meetings	◗ Building one-on-one relationships	◗ Development of environmental and socioeconomic agreements	◗ Joint ventures	◗ Capacity building
◗ Project bulletins and letters to targeted audiences	◗ Speeches, displays, handouts and videos	◗ Creating memorandums of understanding	◗ Community consultation meetings	◗ Equal partnerships	◗ Alliances
◗ Surveys	◗ Technical briefings	◗ Development of key socio-economic and environmental concerns and joint action plans	◗ Leadership summits	◗ Shared resolution of issues	◗ Advisory boards
	◗ Tours			◗ Shared environmental management	◗ Multistakeholder forums
	◗ Focus groups			◗ Land management	

Low levels of engagement → High levels of engagement

Photo courtesy Sarnia Observer

DIVERSE VIEWS UNDERLIE RESPONSIBLE DECISIONS In Sarnia, Ontario, where Suncor is considering plans to build a new plant to produce ethanol, some residents have voiced concerns about the potential for odours, dust, noise, traffic and damage to the environment. This input is essential in helping Suncor make better decisions and develop solutions that work for us and for our stakeholders.

For more information about Suncor's potential plans for ethanol, see page 49.

THE CAPACITY TO TACKLE ANYTHING

There was a time, not long ago, when industry would announce a frontier development project and then give the related jobs and contracts almost exclusively to non-residents. That was as true for the oil sands frontier as it was in South America or Indonesia. To the extent local people were consulted and employed, it was as an afterthought.

WHY? Largely because industry had endless faith in its business skills and little understanding of, or respect for, the traditional knowledge, flexibility and drive of local residents.

NOW THINGS ARE DIFFERENT In northeastern Alberta, where Suncor has long been a major player in the oil sands, both industry and local people have learned a great deal from each other. As a result, co-operation through consultation and collaboration now underpins the relationship.

Chief Archie Cyprien of the Athabasca Chipewyan First Nation says "things have improved a lot over the years. I have been involved in Band politics for 20 years now – 12 of those as Chief – and First Nations people are finally being listened to about issues that concern us all. That's partly because the attitude of industry has changed and partly because we're more educated, more experienced, and more vocal. We've been so successful in gaining the respect of industry that First Nations across the country are looking to our example."

The new attitude can be seen in the All Parties Agreement signed by the Athabasca Tribal Council (ATC), 15 resource developers and three levels of government in January 2003. The ATC, which was formed in 1988, represents some 5,000 Cree and Chipewyan people from five separate First Nations within the vast Wood Buffalo region that stretches from north central Alberta to the Northwest Territories border. ATC's main goal is ensuring their economic and social well-being.

The All Parties Agreement helps ATC do that by providing technical advice and funding for the First Nations to set up Industry Relations Corporations (IRC). The IRCs are intended to enable each Nation to consult more effectively with industry and move outstanding resource development issues closer to resolution. In addition, the agreement sets standards of consultation. When everyone knows what is expected, there are no surprises.

Mike Ashar, executive vice president of Suncor, said the All Parties Agreement "recognizes that co-operation is the key to successful, responsible and sustainable development. We cannot and will not proceed with development in the absence of a clear and defined commitment of inclusion to the Aboriginal Peoples of the Athabasca region."

The All Parties Agreement is simply the latest in a series of joint initiatives that aim to strengthen understanding and co-operation among the diverse parties who have a direct interest in resource development in the Athabasca region. Others include the Regional Issues Working Group, which collects and shares information on everything from housing to daycare, and the Cumulative Environmental Management Association, which addresses the collective environmental effects of industrial development in the area.

In addition, individual corporations like Suncor now have well-defined policies regarding equitable business development, employment and community investment in all local communities. One result has been the founding and growth of Aboriginal owned and operated businesses. Some, like Denesolene Environmental, have gone from seven employees in 1993 to nearly 200 employees today. Others, like Mikisew Slings and Safety Ltd., have expanded their operations off-reserve to supply new markets while creating new jobs.

"We've been so successful in gaining the respect of industry that First Nations across the country are looking to our example." **CHIEF ARCHIE CYPRIEN** ATHABASCA CHIPEWYAN FIRST NATION

...people

PEOPLE ARE THE DRIVING FORCE BEHIND SUNCOR'S SUCCESS – AND THEY HAVE A STAKE IN THE WAY WE RUN OUR BUSINESS. SUNCOR EMPLOYEES HAVE A RIGHT TO A SAFE AND HEALTHY WORK ENVIRONMENT WHERE PERFORMANCE IS REWARDED, WHILE COMMUNITY NEIGHBOURS LOOK TO US TO ENHANCE THE POSITIVE – AND MITIGATE THE NEGATIVE – IMPACTS OF OUR OPERATIONS. AT SUNCOR, WE STRIVE TO MEET THEIR EXPECTATIONS AND FIND NEW AND BENEFICIAL WAYS OF WORKING TOGETHER.

HOW ARE WE DOING? BEING A SOCIALLY RESPONSIBLE CORPORATE CITIZEN MEANS BEING A GOOD EMPLOYER AND NEIGHBOUR. THIS PAGE PROVIDES AN AT-A-GLANCE LOOK AT SOME PERFORMANCE INDICATORS FOR SOCIAL RESPONSIBILITY, DEMONSTRATING WHERE WE'VE MADE PROGRESS AND WHERE MORE WORK IS REQUIRED. EFFORTS ARE UNDER WAY TO SET LONG-TERM TARGETS FOR KEY PERFORMANCE INDICATORS THAT WILL BE INCLUDED IN FUTURE REPORTS.

INDICATOR	1998	2002	PROGRESS
EMPLOYEE LOST-TIME INJURY FREQUENCY	0.15	0.33	↓
CONTRACTOR LOST-TIME INJURY FREQUENCY	0.39	0.32	↑
NUMBER OF EMPLOYEES	2,659	3,422*	↑
WAGES ($ millions)	231	344	↑
EMPLOYEE TURNOVER (%)	4.0	4.1	→
WORKFORCE DIVERSITY (% of Suncor workforce)			
ABORIGINALS	3.0	7.5	↑
WOMEN	18.0	19.4	↑
VISIBLE MINORITIES	7.0	6.8	→
PERSONS WITH DISABILITIES	3.0	1.9	↓
COMMUNITY INVESTMENT – SUNCOR ENERGY FOUNDATION ($ millions)	1.6	4.5	↑

*The number of employees increased to more than 4,000 in August 2003 with Suncor's acquisition of a refinery in Denver, Colorado, along with 43 Phillips-branded retail stations and associated storage, pipeline and distribution facilities.

HEALTH AND SAFETY

SUNCOR'S COMMITMENT TO PEOPLE STARTS IN THE WORKPLACE. CONTRIBUTING TO A SAFE AND HEALTHY WORK ENVIRONMENT IS THE RESPONSIBILITY OF EVERY MEMBER OF THE SUNCOR TEAM – FROM OUR BOARD OF DIRECTORS THROUGH TO THE INDIVIDUAL, UNION AND MANAGEMENT PERSONNEL WHO WORK ON JOINT HEALTH AND SAFETY COMMITTEES TO ACHIEVE OUR COMMON GOALS.

SAFETY PERFORMANCE: ROOM FOR IMPROVEMENT

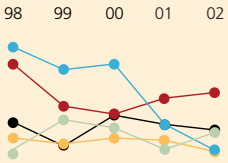
Suncor's company-wide lost-time injury frequency, which includes performance from both our conventional petroleum and oil sands mining operations, compares favourably with relevant industry averages. In 2001, Suncor's performance was better than the mining industry and upstream and downstream petroleum industry averages. However, an increase in injury frequency, coupled with improving industry benchmarks, placed Suncor higher than the mining and upstream petroleum industry averages in 2002. Regardless of industry benchmarks, Suncor's target for employees and contractors is clear – steady and lasting reductions in work site injuries (see "Together Every Step of the Way" page 20).

As a meaningful measure, safety performance must be viewed not just by frequency, but also by severity. While there were no fatalities on Suncor work sites in either 2001 or 2002, there were 12 major incidents that resulted in serious injuries.

One of the incidents in 2001 involved a flash fire at a well site southwest of Rocky Mountain House, Alberta, that left a worker with first- and second-degree burns to the face and hands. As a result of the incident investigation and follow-up, Suncor reviewed the facility design and revised workplace procedures to enhance worker safety and protection. Changes included conducting hazard assessment and training reviews and providing personal gas detection monitors to field crews in Natural Gas facilities. The zoning and classification of buildings was also modified to improve safety. Alberta Workplace Health and Safety issued two compliance orders in relation to the incident and Suncor addressed both to the satisfaction of the regulators.

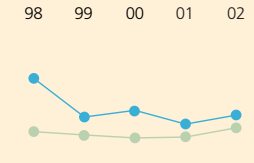
PRIOR TO PUBLICATION OF THE REPORT, THERE WAS A FATALITY AT SUNCOR'S SARNIA REFINERY. TREVOR DAYE, 21, DIED ON AUGUST 19 FOLLOWING A FIRE AT THE PLANT. SUNCOR IS WORKING WITH AUTHORITIES TO INVESTIGATE THE CAUSE OF THE INCIDENT.

Lost-Time Injury Frequency
(injuries per 200,000 hours worked)



	98	99	00	01	02
Employees:					
Suncor	0.15	0.41	0.34	0.16	0.33
Alberta mining industry	1.05	0.85	0.90	0.37	0.14
Canadian Association of Petroleum Producers	0.25	0.20	0.25	0.23	0.13
Canadian Petroleum Products Institute	0.90	0.53	0.46	0.60	0.65
Contractors:					
Suncor	0.39	0.18	0.45	0.37	0.32

Total Recordable Injury Frequency
(injuries per 200,000 hours worked)



	98	99	00	01	02
Employees	1.66	1.50	1.36	1.40	1.84
Contractors	4.21	2.36	2.68	2.02	2.45

There are two common statistical measures of safety performance. The first, Lost-Time Injury Frequency (LTIF), measures the number of work-related injuries that result in workers missing their next regularly scheduled work shift per 200,000 hours worked (approximately 100 person-years of work). The second, Total Recordable Injury Frequency (TRIF), measures the number of injuries that require medical treatment per 200,000 hours worked, including, but not limited to, lost-time injuries.

TOGETHER EVERY STEP OF THE WAY

The number and severity of injuries reported on Suncor work sites underlines the need to emphasize workplace safety and awareness. It's an issue that Suncor employees and contractors take very seriously and we've responded with company-wide action.

In 2002, Suncor launched Journey to Zero, a strategy that envisions elimination of all occupational injuries and illnesses. The first step of the journey was to compare our current safety culture against companies that have achieved superior safety performance and identify gaps that need to be addressed. While best practices of other companies are instructive, we recognize we also need active engagement from our front-line people who are most knowledgeable about how and why injuries occur and what can be done to prevent them. That's why we sought input from employees and contractors through an extensive safety survey and asked employees to take part in workshops that kicked off our Journey to Zero initiative.

Drawing on the dialogue and input from the workshops, three-year safety improvement action plans have been developed and are being implemented across all our businesses – and we're already seeing changes. Every meeting of Suncor's Corporate Committee and the Management Committees of our businesses now begins with safety as the number one agenda item. And, recognizing that safety is a company-wide responsibility and not limited to plant and field operations, we have established an office safety committee at our corporate headquarters. We are encouraged by early signs of progress, but know there is much more work to be done.

MAJOR PROJECTS LAUNCHES THE JOURNEY

When Suncor introduced the Journey to Zero strategy, one of the first groups to step forward with enthusiastic support was the Major Projects team, formed in January 2002 to manage engineering, procurement and construction for Suncor's large growth projects.

Major Projects took aim at a serious and recurring situation: workplace injuries suffered by contractors. Historically, more contractor than employee injuries are recorded at Suncor – which illustrates the need to get contractors fully engaged with Journey to Zero. This is especially important for Major Projects, where engineering and construction contractors make up a majority of the workforce.

Major Projects developed a 14-point safety improvement action plan. Highlights include implementation of a communication strategy to foster shared safety beliefs, expectations and progress among employees and contractors; development of a best practices environment, health and safety (EH&S) management system; safety training for employees and contractors; safety measurement in employee performance reviews; and development of more leading indicators to measure risks before injuries occur.

During 2002, Major Projects worked 1.52 million person-hours and ended the year with a combined contractor and employee lost-time injury frequency of 0.13 – the lowest of any of Suncor's major divisions and significantly lower than the combined 2002 Suncor-wide LTIF of 0.32. Major Projects combined total recordable injury frequency rate of 1.96 was also lower than the combined Suncor-wide TRIF of 2.18.

In recognition of their safety achievements in 2002, Major Projects received a President's Operational Excellence Award, Suncor's top honour for superior operational performance. Sharing honours with Major Projects was one of their key contractors – Flint Engineering Services, who were recognized for their safety performance during work on Suncor's Firebag project.

ZEROING IN ON SAFETY

At workshops across Suncor, employees, contractors and union representatives launched the Journey to Zero by having a "no-holds-barred" session facilitated by external experts. Over the course of two and a half days, workshop participants collaborated on a vision for Suncor's safety culture, and on ideas about how to make zero a reality. Here's what some of the participants said about the experience:

- "The Journey to Zero is a pivotal point in Suncor's continuous efforts to improve safety and eliminate injuries."
- "I learned a lot about safety and the values and actions that drive it."
- "Having Suncor's top person here and all of Suncor's senior management makes you appreciate the commitment and importance being given to Journey to Zero."
- "Zero is attainable."

SETTING THE SAFETY STANDARD

When it comes to safety, everyone's on the same team. That's the thinking behind Suncor's work with other industry members, government regulators, trade associations and labour groups in creating the Oil Sands Safety Association (OSSA).

Formed by Suncor, Syncrude Canada Ltd. and Albian Sands Energy Inc., OSSA is a not-for-profit organization working to enhance safety and improve efficiency by adopting common safety training and certification standards that meet the unique needs of the oil sands industry.

Modelled on a similar program operated by major refinery and chemical manufacturers in Sarnia, Ontario, OSSA is leading the way in showing how industry can work together to create training standards in Alberta. Martin McDonnell, administrator of the International Union of Operating Engineers Local 955 Training Fund, calls OSSA "an important step in the right direction that reduces the frustration workers have felt for years about training duplication and gets them safely onto the job site much faster. Having a standard that keeps everyone in compliance is good for the guys on the job and for business. I am confident this more rational approach will eventually be adopted wherever there is heavy industry in the province."

RECORD OF SUCCESS AS OF 2002, SUNCOR'S ROSEVEAR SOUR GAS PLANT IN THE EDSON DISTRICT OF ALBERTA HAS GONE 23 YEARS WITHOUT AN EMPLOYEE LOST-TIME INJURY.

MARTIN MCDONNELL, INTERNATIONAL UNION OF OPERATING ENGINEERS (RIGHT) AND SUNCOR OSSA REPRESENTATIVE **TIM GONDEK**

EMPLOYEE RELATIONS

DEVELOPING SUNCOR'S 13 BILLION BARRELS OF RECOVERABLE RESOURCES IN THE ATHABASCA OIL SANDS CAN ONLY BE REALIZED THROUGH THE EFFORTS OF OUR EMPLOYEES. THEY ARE A KEY STAKEHOLDER AND A CRITICAL PART OF SUNCOR'S FUTURE SUCCESS.

THE EMPLOYEE VALUE PROPOSITION

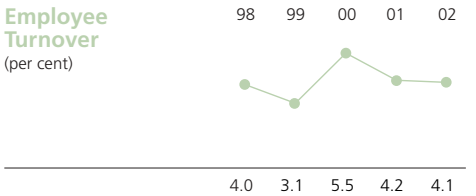
At Suncor, we set ambitious goals and expect outstanding performance. We ask a great deal of our employees and in return, we offer a great deal through an employee value proposition that is based on four cornerstones:

1 REWARDS Suncor builds on competitive base pay and comprehensive benefits with short- and long-term performance-based incentive plans. Our goal is to provide top quartile compensation for top quartile performance.

2 LEADERSHIP Strong leadership is essential to achieving our ambitious goals and creating the climate to inspire employees to deliver high performance. Suncor supports a variety of internal and external learning opportunities and is in the process of developing an integrated, enterprise-wide leadership development strategy.

3 CHALLENGING AND SATISFYING JOBS We recognize that a job should be personally and professionally rewarding – so we offer employees opportunities to develop their skills through in-house training, educational support and the opportunity to take on different assignments across the company. We also strive to provide flexible work hours to support community volunteer efforts.

4 REPUTATION People want to be proud of the place where they work and employment at Suncor comes with the added value of an exceptional reputation for corporate social responsibility, solid values and beliefs and a strategic, high-performing organization.



LEADING OUR INDUSTRY In 2003, Suncor was named one of Canada's 50 Best Corporate Citizens by Corporate Knights magazine. Each year, the magazine ranks the nation's largest firms in terms of corporate responsibility. We placed first overall in the Oil and Gas sector, second in Environment, and third in both Employee and Community Relations.

CHERYL LEVY HUMAN RESOURCES ADVISOR, ENERGY MARKETING AND REFINING – CANADA

RAISING THE BAR ON EMPLOYEE COMPENSATION

In 2002, Suncor's Employee Long Term Incentive Plan (ELTIP) was one of the first performance-based programs in Canada to pay out for non-management employees.

The ELTIP payout goes a step beyond Suncor's competitive base pay and performance incentive plans, reflecting our commitment to offer extraordinary rewards for achieving extraordinary goals and our belief that compensation should be linked to performance.

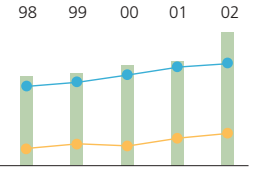
In 1997, when Suncor's Board of Directors approved what would ultimately become the $3.4 billion capital expansion of the company's oil sands business, they recognized the need to retain Suncor's experienced workforce and recruit new employees to support the growing organization. In order to attract and keep the best, the Board approved ELTIP, which directly linked employee rewards with achievement of aggressive internal business goals and targets for shareholder value.

With the ELTIP payout in 2002, employees were recognized with a combination of Suncor shares and cash. On average, eligible employees who had been with the company the full term of the program received a payment valued at $27,310. Senior managers participated in the ELTIP program by receiving a one-time grant of stock options, which vested upon achievement of the same performance goals as the employee ELTIP program.

During ELTIP's five-year period, shareholder value tripled. The cost of ELTIP represented less than 2% of this phenomenal growth but it offered substantial rewards to individual employees. This helped Suncor attract and retain employees in a competitive environment, with attrition averaging less than 5% from 1997 to 2001.

Following the success of ELTIP, Suncor introduced SunShare in 2002. This new employee performance-based long-term incentive plan grants stock options to all eligible employees providing Suncor reaches specific shareholder value performance targets, including doubling of shareholder value by 2008.

Workforce and Compensation
(number of people)



	98	99	00	01	02
Wages ($ millions)	230.8	238.1	260.9	270.6	344.3
Employees	2 659	2 796	3 043	3 307	3 422
Long-term contractors	580	733	663	926	1 106

MIKE LEWIS HEAVY EQUIPMENT TECHNICIAN, OIL SANDS

SOUND ADVICE FROM THE FRONT LINE If anyone knows how to do a job better, it's the people on the front lines. At Suncor, we're always open to their ideas about job and equipment improvements. Listening to their advice reduces both on-the-job frustration and operating costs. Mike Lewis, a mechanic who repairs mine equipment, thought he had a solution when it came to preventing gearbox failure on Oil Sands huge cable shovels during cold weather starts. His idea was to install a pressure relief filter bypass that maintains oil flow on start up. We've now installed these bypasses on all our shovels, reducing repair and replacement bills for failed gearboxes. Lewis' idea was just one of more than two dozen excellent solutions to age-old problems offered by Oil Sands employees in 2002. It always pays to get advice from the experts.

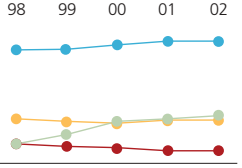
DIVERSITY IN THE WORKPLACE

At Suncor, we believe our business benefits when we foster a workplace culture that supports and builds on individual differences and adds to the strength, skills and perspectives available within our operations.

We continue to target increased employment of Aboriginals, women, visible minorities and persons with disabilities by removing barriers and providing training initiatives that foster diversity.

We're making progress. For example, in 2002, 7.5% of our employees were Aboriginal – an increase from 3% in 1998. At the company's oil sands operation, Aboriginal employees account for 10.8% of our workforce, close to the 12% target Suncor has set to better reflect regional demographics.

Diversity
(per cent of total workforce)



	98	99	00	01	02
Women	18.0	18.1	18.8	19.4	19.4
Visible minorities	7.0	6.6	6.3	6.8	6.8
Aboriginals	3.0	4.5	6.6	7.0	7.5
Persons with disabilities	3.0	2.6	2.4	1.9	1.9

EMPLOYEE UNIONS AND ASSOCIATIONS

Suncor's relationships with unions and associations are vital to ensuring the reliable operation of our facilities.

At Oil Sands, approximately 1,450 of the plant's 2,100 employees are unionized and covered by a collective agreement with the Communications Energy and Paperworkers Union, Local 707. Since 1986, Suncor and Local 707 have negotiated seven collective agreements without disruption to operations.

The Sunoco Employees' Bargaining Association (SEBA) is the collective bargaining agent for approximately 65% of employees at Energy Marketing and Refining's (EM&R) Sarnia refinery. Throughout its 49-year history, SEBA's positive relationship with management has resulted in no work disruptions. Also in the EM&R business, workers at the London, Ontario, terminal certified with the Canadian Auto Workers' Union in early 2002 and ratified their first contract in early 2003.

For projects and maintenance work, Suncor is involved with other labour organizations, such as the Alberta Building Trades Council.

In keeping with our goal to be one of North America's lowest cost crude oil producers, Suncor targets the most competitive option to complete work safely, on budget and on time. To meet that goal, we are striving to maintain positive relationships with contractors that employ workforces of various union and non-union affiliations.

WHAT OUR EMPLOYEES THINK OF SUNCOR

Listening is the first step in making positive changes within a company. The insight we gain helps us to design and implement the kind of programs that raise a company from ordinary to extraordinary. That's why Suncor surveys employees every couple of years to get their views on everything from job satisfaction to corporate leadership. The result is a measure of "employee engagement" – a broad indicator of an organization's ability to attract, motivate and retain the employees it needs for long-term business success.

The latest survey, conducted by an independent research firm in March 2002, captured the views of nearly three-quarters of employees. While more than half of the employees who responded are fully engaged, the responses were not all glowing – but that's exactly why we asked for input. Feedback from the survey told us we can strengthen leadership skills at all levels, improve employee recognition, create a better career development partnership with employees and provide the tools to help people do their jobs better.

As a result of the survey, each business launched action plans to deal with business-specific concerns of employees. On a corporate-wide basis, Suncor has addressed key employee issues by developing and delivering recognition workshops, enhancing leadership development and introducing an initiative aimed at integrating and improving the efficiency of business processes across the company.

Suncor plans to next measure employee perceptions and expectations in 2004.

COMMUNITY RELATIONS

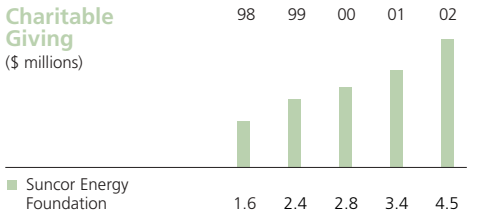
SUNCOR IS COMMITTED TO IMPROVING THE QUALITY OF LIFE IN THE COMMUNITIES WHERE OUR EMPLOYEES WORK AND LIVE, SUPPORTING COMMUNITY GROWTH BY ENCOURAGING PARTNERSHIPS AND INVOLVEMENT AT BOTH A CORPORATE AND INDIVIDUAL LEVEL.

SUPPORTING COMMUNITY NEEDS

As an Imagine Caring Company, Suncor contributes a minimum of 1% of average domestic pre-tax profits to Canadian charitable causes. In 2002, we donated an estimated $6.3 million, with the majority distributed through the Suncor Energy Foundation.

The Foundation is a private charitable foundation funded by Suncor to manage the company's donations. The Foundation gave $4.5 million to more than 265 Canadian charities in 2002 and since 1998 has invested nearly $15 million in our communities.

Many of the initiatives funded by the Foundation are highlighted throughout this report. For a complete listing and more information on our community investment program, visit **www.suncor.com.**



IN ADDITION TO CHARITABLE GIVING THROUGH THE SUNCOR ENERGY FOUNDATION, SUNCOR CONTRIBUTED NEARLY $2 MILLION TO A VARIETY OF SPONSORSHIPS AND COMMUNITY PROGRAMS.

It's nice to know that Suncor values its employees' aspirations and interests at both a professional and personal level. **REBECCA LUN** SENIOR PROCESS ENGINEER, MAJOR PROJECTS

CHARITIES OF CHOICE To celebrate 50 years as part of the community, employees at Suncor's Sarnia refinery selected 10 local organizations to receive grants totalling $50,000 from the Suncor Energy Foundation. One of the grant recipients was the Sarnia and District Society for the Prevention of Cruelty to Animals (SPCA), where Suncor employee Rebecca Lun (inset) works as a volunteer. Suncor's donation will support the SPCA's Animal Health Program, and Spay and Neuter Program.

PROMOTING THE GIVING SPIRIT

Each year, the Suncor Energy Foundation supports Suncor employees and retirees who contribute to charitable organizations in their communities – either through volunteering or personal donations.

In 2001 and 2002, the Foundation awarded more than 235 Community Service Grants for a total contribution of $368,500 to various charitable organizations. In addition, over those two years, the Foundation provided more than $39,000 in matching grants to 25 Canadian universities and colleges on behalf of more than 125 employees and retirees.

The Foundation also continues to support the United Way by matching Suncor employee and retiree gifts to United Way agencies across Canada. Together, Suncor employees, retirees and the Foundation contributed more than $1 million to the United Way in both 2001 and 2002.

In Ontario, the Foundation supports the efforts of Sunoco retail employees, who donate hundreds of hours of volunteer time each year to community initiatives. In 2002, the Foundation created the Sunoco Retailer Matching Grant Program, which provides a matching contribution of up to $5,000 to charities for which the retailers have raised funds. In 2002, matching grants totalled more than $130,000.

AT OIL SANDS, SUNCOR ALSO CONTRIBUTES TO COMMUNITY WELL-BEING THROUGH THE REGIONAL MUNICIPALITY OF WOOD BUFFALO MUTUAL AID AGREEMENT. WE POOL RESOURCES WITH INDUSTRY AND OTHER LOCAL PARTNERS TO DEAL WITH EMERGENCIES, SUCH AS PROTECTING COMMUNITIES FROM FOREST FIRES.

HELPING OUT WITH HABITAT FOR HUMANITY In August 2002, 30 Suncor women joined hundreds of Calgary volunteers in the construction of a duplex for two Calgary families – Canada's first Women Building a Legacy project. In March 2003, the Suncor Energy Foundation also announced a $75,000 donation to Habitat for Humanity Wood Buffalo, which will support development of affordable housing in Fort McMurray, Alberta, over the next three years and provide opportunities for Suncor employee involvement.

TAKING CARE OF DAY CARE NEEDS

A creative alliance between Suncor and its Foundation, Syncrude Canada, Keyano College and the YMCA has helped to address a critical shortage of day care facilities in Fort McMurray, Alberta.

The shortage reflects both the positive and negative sides of rapid development in the Fort McMurray area. While companies such as Suncor are helping to create a growing number of jobs through oil sands development, local infrastructure has not been able to keep pace with the demand for some family services.

In 2001, Suncor and Syncrude approved the redesignation of two of the 20 units they had leased in the Keyano Family Housing Complex for the provision of a day care centre to be operated by the YMCA. The Suncor Energy Foundation then provided a donation to the YMCA to furnish the centre with the necessary equipment.

On February 4, 2002, the Ohpikowin (which means "growing up" in Cree) Childcare Centre, operated by the YMCA, opened its doors to accommodate 40 children, 18 months and older.

"By providing our child development programs in partnership with Suncor, Syncrude and Keyano, we build strong kids, strong families and strong communities," said Cathy MacDonald, president and CEO of the YMCA of Wood Buffalo. "The YMCA is proud of our partnerships in the community and Suncor has played a leadership role in assisting us in this important community initiative."

This is the second partnership between the YMCA and the Suncor Energy Foundation that has resulted in additional day care spaces for the community. In 2000, the Foundation donated $65,000 to renovate the Birchwood School, increasing spaces at the Child Development Centre by almost 50%.

ROOM TO PLAY Community infrastructure means different things to different people. For young people, a healthy, safe play environment is high on the list. In 2001, Suncor teamed up with Fort McKay community members, working side by side to build a playground for children of all ages.

ABORIGINAL RELATIONS

Suncor has a very special relationship with Canada's Aboriginal Peoples. From northeastern British Columbia to the oil sands of northern Alberta and the Great Lakes of Ontario, many of our operations are close to Aboriginal communities. We believe responsible development must take into account their needs and expectations about the effect of industrial development on traditional land and resources, as well as the economic and social infrastructure of their communities.

WORKING TOGETHER The regional expertise and the potential pool of employees and local suppliers that Aboriginal communities offer is important to Suncor's success. And Suncor believes we can contribute to the success of Aboriginal communities through job training, employment and community services that accompany resource development. The key is mutual respect and the desire to work toward mutually beneficial solutions. We have come to understand that it is more effective to support our Aboriginal neighbours in realizing their own vision of economic and social prosperity than it is to assume their prosperity will naturally proceed from ours.

Recent agreements reached with the Athabasca Tribal Council (see "The Capacity to Tackle Anything", page 16) and Metis communities in the Athabasca region exemplify this collaborative and consultative approach. They are the latest in a series of joint or multi-party initiatives that aim to strengthen understanding and co-operation among the diverse parties in the area. Suncor has also signed Industry Relations Agreements with the Fort McKay, Athabasca Chipewyan and Mikisew Cree First Nations (see "An Uplifting Opportunity", page 53).

PROMOTING CULTURAL AWARENESS Suncor provides in-house Aboriginal awareness workshops to all Natural Gas and Renewable Energy operations, field and planning personnel to help them better understand Suncor's Aboriginal policy as well as the history, significant legal decisions, myths and misconceptions related to Canada's Aboriginal Peoples.

Cross-cultural training workshops are also conducted for drilling crews and other team members at the Firebag project. Residents of Fort McKay, a First Nations community located near the Firebag project, have supplemented Suncor training with presentations offering community perspectives on social, economic and environmental issues.

FUN AND GAMES Tia Anderson (left) and Stephanie Buck try the "finger pull," a traditional Dene Game that will be part of the Arctic Winter Games in 2004. The students were participating in the On the Move program at Anzac Community School. Sponsored in part by the Suncor Energy Foundation, On the Move brings clinics and courses into rural communities to ensure they can participate in the 2004 Arctic Winter Games. Suncor is also the corporate sponsor for Team Alberta North and the Arctic Sports/Dene Games.

...a shared environment

WE RECOGNIZE **THERE'S A GOOD DEAL AT STAKE IN MINIMIZING THE IMPACTS OF SUNCOR'S OPERATIONS ON AIR, WATER AND LAND.** TO SOFTEN OUR ENVIRONMENTAL FOOTPRINT, SUNCOR IS WORKING TO REDUCE GREENHOUSE GASES AND OTHER EMISSIONS, PROTECT WILDLIFE AND LANDSCAPES, RECLAIM DISTURBED LAND AND ADOPT COMPREHENSIVE APPROACHES TO WATER MANAGEMENT. THESE GOALS ARE INTEGRATED INTO OUR MANAGEMENT PROCESSES AND PLANNING – FROM PROJECT DESIGN TO PRODUCT DELIVERY.

HOW ARE WE DOING? SUNCOR TAKES AN ECOSYSTEM APPROACH TO MINIMIZING OUR ENVIRONMENTAL IMPACTS BY CONSIDERING AIR, WATER AND LAND ON A REGIONAL AND GLOBAL BASIS. THIS PAGE PROVIDES AN AT-A-GLANCE LOOK AT SOME OF THE AREAS WHERE WE'VE MADE PROGRESS AND WHERE MORE WORK IS REQUIRED. EFFORTS ARE UNDER WAY TO SET LONG-TERM TARGETS FOR KEY PERFORMANCE INDICATORS THAT WILL BE INCLUDED IN FUTURE REPORTS.

INDICATOR	1998	2002	PROGRESS
GHG EMISSIONS (thousand tonnes CO_2 equivalent/year)	5 893	8 799	↓
GHG EMISSION INTENSITY (tonnes CO_2 equivalent/m^3 of production)	0.447	0.455	→
SULPHUR DIOXIDE (tonnes/day)	69.5	73.6	↓
SULPHUR DIOXIDE EMISSION INTENSITY (kg/m^3 of production)	1.91	1.39	↑
HAZARDOUS/DANGEROUS WASTE GENERATED (tonnes/year)	7 073*	5 355	↑
NON-HAZARDOUS/NON-DANGEROUS WASTE GENERATED (tonnes/year)	99 830*	50 803	↑
WATER RETAINED/USED AT OIL SANDS (million m^3)	4.1	59.4	↓
LAND RECLAIMED (% of land disturbed)	18	10	↓

*1999 data.

DOING WHAT'S RIGHT SUNCOR'S WILLINGNESS TO TAKE THE LEAD AND BE PROACTIVE SETS US APART FROM THE COMPETITION. EVEN BEFORE WE BEGAN TO REPORT ON OUR PROGRESS USING THE GUIDELINES OF THE GLOBAL REPORTING INITIATIVE, WE EMBRACED THE SPIRIT OF WHAT IS REFERRED TO AS THE "PRECAUTIONARY PRINCIPLE". THIS APPROACH IS REFLECTED IN SUNCOR'S CLIMATE CHANGE ACTION PLAN AND INVESTMENTS IN RENEWABLE ENERGY, AS WELL AS OUR SUPPORT OF THE CUMULATIVE ENVIRONMENTAL MANAGEMENT ASSOCIATION. THROUGH THESE INITIATIVES AND OTHERS, WE HAVE DEMONSTRATED A PROACTIVE APPROACH TO ISSUES RELATING TO HUMAN HEALTH AND THE ENVIRONMENT, EVEN IN THE ABSENCE OF FULL SCIENTIFIC EVIDENCE OF HARM.

AIR

BY IMPROVING ENERGY EFFICIENCY, USING NEW, CLEANER TECHNOLOGIES AND ADOPTING OFFSET INITIATIVES THAT PROMOTE EMISSION REDUCTIONS OUTSIDE OUR COMPANY, SUNCOR IS WORKING TO MAINTAIN AND ENHANCE AIR QUALITY AS OUR ENERGY PRODUCTION INCREASES.

TAKING ACTION ON CLIMATE CHANGE

Suncor is committed to aligning with national and international commitments on greenhouse gases (GHGs). We are currently revising our GHG targets to conform to, or where appropriate exceed, government policies currently under development. We believe addressing the issue of climate change benefits more than the environment. It also results in actions that increase efficiency, reduce energy costs and minimize waste.

Suncor's early efforts to address GHG emissions began in 1994. By 1997, prior to the Kyoto Protocol, we had developed a comprehensive and voluntary climate change action plan that continues to guide our efforts to address climate change under the following seven points:

- managing our own greenhouse gas emissions;
- developing renewable sources of energy;
- investing in environmental and economic research;
- using domestic and international offsets;
- collaborating with governments and other stakeholder groups on policy development;
- educating our employees and the public; and
- measuring and reporting our progress.

Managing our own emissions is the first priority but this plan also calls for finding creative ways to tackle climate change issues.

For example, Suncor has joined the US$24 million CO_2 Capture Project, a coalition of major energy companies that supports research into the viability of injecting waste carbon dioxide into underground storage reservoirs. Other research initiatives that Suncor supports include the BioCap initiative, which is researching how forests and farmlands impact climate change, and the Clean Energy Laboratory at the University of British Columbia, which will specialize in alternative and renewable forms of energy.

By investing in research and new technologies and working to develop new sources of energy, Suncor is working to reduce GHG emissions while remaining competitive in a global industry.

THE COST OF KYOTO When the Canadian government ratified the Kyoto Protocol in December 2002, Suncor was the first member of Canada's energy industry to come forward with a cost analysis that showed compliance should not have a material impact on our business.

The Kyoto Protocol commits the country to reducing GHG emissions to 6% below 1990 levels over the period 2008 to 2012. With its ratification of the Protocol, the Canadian government committed the oil and gas sector to meeting a maximum reduction obligation of 15% below business-as-usual emission intensity by 2010. The federal government also placed a maximum cost on oil and gas producers of $15 per tonne of carbon dioxide equivalent toward meeting emission reduction responsibilities.

Based on these commitments, Suncor estimates the maximum cost exposure of Kyoto compliance to our company would be between $0.20 to $0.27 per barrel of oil. While any increase in production costs is cause for concern, we are aggressively seeking ways to reduce GHG emissions and realize economic benefits simultaneously. Actions to date have resulted in an 18% reduction in emission intensity since Kyoto's 1990 baseline and we are continuing to work toward further reductions.

As federal government plans are further developed, the Province of Alberta is also advancing plans for addressing greenhouse gas emissions. We believe the common interest of both levels of government in development of Canada's oil sands resource provides assurance that climate change policies will ultimately be complementary and responsible over the long term from both an economic and environmental perspective.

GREENHOUSE GAS EMISSIONS

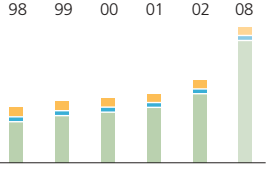
Better measurement and recording of our energy use and emissions are key to enhancing energy efficiency. That's why Suncor began developing a GHG management system in 2002, one of only a few global energy companies to launch such a program. Aligned with the ISO 14001 framework, the new system is planned to help Suncor identify and better track emissions, optimize reductions and provide verifiable reporting.

With a proposed expansion that would increase production to more than half a million barrels per day by 2010 to 2012, Suncor faces a major challenge. Higher production will lead to increased GHG emissions. For example, in 2002, GHG emissions totalled 8.79 million tonnes. This is a 49% increase over 1998 due to the significant increase in oil sands production. Since the Kyoto baseline year of 1990, however, emission intensity (emissions per unit of production) has decreased by 18%, despite a total production increase of 119%. This reflects company-wide progress in reducing emission intensity through the adoption of new technologies and better energy management practices.

BUSINESS UNIT PERFORMANCE Oil Sands accounts for more than 80% of GHG emissions from our operations. Total GHG emissions in 2002 at Oil Sands were 70% higher than 1998 levels due to increased production, but emission intensity dropped by 23% during the same period as a result of energy reduction activities, such as the installation of new, higher-efficiency equipment.

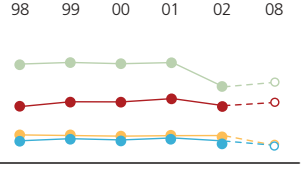
Natural Gas recorded a decrease in GHG emissions of 11% since 1998, reflecting Suncor's decision to divest conventional oil development in favour of natural gas, which is less energy-intensive to produce. Consolidation of two sour gas processing facilities at Suncor's Rosevear facility, located near Edson, Alberta, also contributed to the emissions decline.

Greenhouse Gas Emissions
(thousand tonnes CO_2 equivalent)



	98	99	00	01	02	08
Oil Sands	4 328	5 009	5 352	5 878	7 358	13 039
Natural Gas	548	523	556	536	489	581
Energy Marketing and Refining	1 017	965	957	928	952	772
Suncor Energy	5 893	6 497	6 865	7 342	8 799	14 398

Greenhouse Gas Emission Intensity
(thousand tonnes CO_2 equivalent/m^3 of production)



	98	99	00	01	02	08
Oil Sands	0.785	0.798	0.788	0.797	0.604	0.639
Natural Gas	0.176	0.193	0.183	0.199	0.175	0.142
Energy Marketing and Refining	0.223	0.218	0.213	0.217	0.218	0.140
Suncor Energy	0.447	0.486	0.485	0.512	0.455	0.480

Energy Marketing and Refining (EM&R) continues to reduce GHG emissions. Both total GHG emissions and intensity are below 1990 levels. The decrease in emissions is the result of a broad suite of direct and indirect reduction initiatives, ranging from energy conservation to production of ethanol-enhanced fuels. Since 1998, there has been a decrease of 19% in absolute GHGs and a 16% reduction in emission intensity, including the impact of offsets.

For more details on our climate change action plan and a further breakdown of emissions sources, see Suncor's Annual Progress Report to Canada's Voluntary Challenge and Registry at **www.suncor.com**.

SEQUESTERING CARBON DIOXIDE (CO_2) In a joint venture with industry partners and the governments of Canada and Alberta, Suncor is investigating injection of CO_2 into subsurface coal reservoirs to enhance production of coal bed methane while locking waste CO_2 into the coal seam. A pilot well completed in 2003 indicated limited ability to inject CO_2 into the reservoir. A search for an alternate project location with more suitable reservoir geology is under way. Work is also under way to evaluate the potential of sequestering CO_2 using oil sands tailings.

SHUTTING THE DOOR ON OZONE-DEPLETING SUBSTANCES Oil Sands, the only user of ozone-depleting substances among Suncor's businesses, reduced emissions of chlorofluorocarbon 11 (CFC-11) equivalents in 2002 to 7.5 kg, a drop of more than 65% from 2000 levels. CFCs were used in older cooling and air conditioning systems. Oil Sands no longer accepts delivery of any equipment containing CFCs and has revamped existing equipment with the aim of minimizing emissions. Halons, another group of ozone-depleting substances, are no longer used on the Oil Sands site.

IMPROVING ENERGY EFFICIENCY

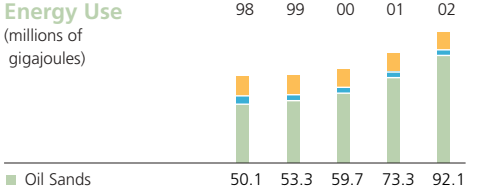
Finding new ways to improve energy efficiency is important for the reduction of greenhouse gas emissions. Over a five-year period, Suncor's overall energy use has increased by 51% as a result of growing production. However, each of Suncor's businesses recorded a decline in energy intensity (energy per unit of production) over the same period.

BUSINESS UNIT PERFORMANCE Total energy consumption in 2002 at Oil Sands was almost 85% higher than 1998 levels, as production more than doubled. However, in the same period, a 17% reduction in energy intensity was recorded as new equipment and processes were implemented and fixed energy inputs were spread over increased production. The operation of cogeneration and gas turbine power generation facilities in 2002 resulted in a dramatic decrease in power imported from the Alberta electricity grid.

In Natural Gas, total energy consumption and energy intensity were both down significantly, primarily as a result of divestments of conventional oil properties in 2001 and plant consolidation in 2002.

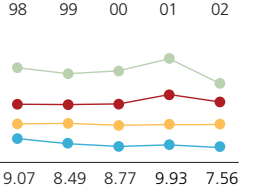
EM&R's energy use and energy intensity both decreased between 1998 and 2002. The provision of steam and electricity from the nearby TransAlta cogeneration facility, which began in October 2002, is expected to further improve energy efficiency going forward.

Energy Use
(millions of gigajoules)



	98	99	00	01	02
Oil Sands	50.1	53.3	59.7	73.3	92.1
Natural Gas	7.1	5.0	4.7	4.5	4.0
Energy Marketing and Refining	16.8	16.6	16.0	15.5	15.8
Suncor Energy	74.0	74.9	80.4	93.3	111.9

Energy Intensity
(GJ/m^3 of production)



	98	99	00	01	02
Oil Sands	9.07	8.49	8.77	9.93	7.56
Natural Gas	2.28	1.79	1.53	1.68	1.42
Energy Marketing and Refining	3.69	3.74	3.56	3.62	3.63
Suncor Energy	5.57	5.54	5.60	6.50	5.79

SULPHUR DIOXIDE

Sulphur dioxide (SO_2) emissions contribute to acid rain, which damages lakes, forests and fish populations and poses a threat to human health.

Company-wide, SO_2 emissions have increased only slightly since 1998, from 69.5 tonnes per day to 73.6 tonnes per day. However, SO_2 emission intensity has improved by 27% during the same period.

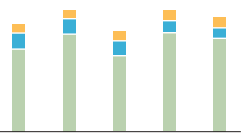
BUSINESS UNIT PERFORMANCE Expansion and associated start-up conditions at Oil Sands contributed to an increase in SO_2 emissions in 2001, but by 2002 both absolute emissions and emissions per unit of production were on the decline. Extensive flaring to purge new equipment and high SO_2 in the tail gas during commissioning of the sulphur recovery plant contributed to unusually high SO_2 emissions in 2001. A drop in SO_2 emissions and emission intensity was recorded in 2002 with the implementation of newer, more efficient sulphur recovery technology. The average SO_2 emission intensity for 2002 was 50% below the average for 1998.

The natural decline in sour gas reserves processed at the Simonette and Rosevear gas plants account for the steady five-year decrease in total SO_2 emissions for Natural Gas. SO_2 emission intensity has also decreased as the ratio of sour gas processing compared to overall production levels has decreased.

EM&R reported a 12% increase in SO_2 emissions in 2002, compared to 1998, as a result of higher levels of sulphur in the feedstock at the Sarnia refinery. Despite this, the refinery has one of the lowest levels of SO_2 emissions and emission intensity among Canadian refineries and benchmarks well against comparable U.S. facilities. Work is in progress to improve the efficiency of the on-site sulphur recovery unit. By increasing the amount of sulphur recovered, less SO_2 is emitted to the atmosphere.

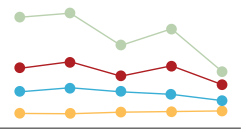
The regulatory landscape for SO_2 emissions is expected to change in Ontario with the introduction in 2004 of an emissions trading regulation for SO_2 in the refining sector. Suncor expects to be in a surplus position – emitting less than our regulated levels – when the regulation comes into force.

SO_2 Emissions
(tonnes/day)



	98	99	00	01	02
Oil Sands	53.4	63.2	49.1	64.1	60.3
Natural Gas	10.2	9.9	9.6	8.0	6.8
Energy Marketing and Refining	5.9	5.6	6.3	6.2	6.6
Suncor Energy	69.5	78.7	65.0	78.3	73.6

SO_2 Emission Intensity
(kg/m^3 production)



	98	99	00	01	02
Oil Sands	3.54	3.67	2.64	3.17	1.81
Natural Gas	1.16	1.29	1.16	1.08	0.88
Energy Marketing and Refining	0.47	0.46	0.51	0.53	0.55
Suncor Energy	1.91	2.12	1.66	1.99	1.39

Photo courtesy of Williams Energy (Canada) Inc.

A PURIFYING PARTNERSHIP Since 2001, Williams Energy (Canada) Inc. has operated new facilities at Oil Sands that strip valuable liquids such as propane, butane, propylene and sulphur compounds from the off gas produced in oil sands coking process. The gas remaining after the liquids are removed is returned to Oil Sands and used as fuel, resulting in a reduction in sulphur emissions of five to eight tonnes per day – an example of taking an integrated approach to sustainable development with an economic and environmental win.

NITROGEN OXIDES

When nitrogen oxides (NO_x) and volatile organic compounds (VOCs) react with sunlight and warm temperatures, they cause smog. This can affect human and ecosystem health.

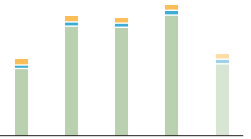
BUSINESS UNIT PERFORMANCE A NO_x Management Committee was formed at Oil Sands in 2002 to better identify sources of NO_x and opportunities to reduce emissions. The committee recommended improvements to the emission calculation methodology used, so a more complete and accurate assessment of emissions could be gathered. This resulted in a switch from using generalized emission factors to using equipment-specific operating data from each source. Suncor intends to use this information to target NO_x reduction opportunities.

As a result of this change in methodology, direct comparison between 2001 and 2002 numbers is not possible. However, progress on reducing NO_x continues through actions such as replacing older model mine trucks at Oil Sands with equipment that has more efficient, low-NO_x engines. This action reduced emissions by approximately one tonne per day.

NO_x emission intensity was down marginally at Natural Gas in 2002 compared to 2001, primarily as a result of the consolidation of two natural gas processing plants.

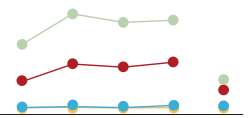
At EM&R, where NO_x is mainly a product of combustion from unit heater emissions, NO_x was reduced in 2002 by retrofitting heaters with low-NO_x burner technology. A reduction in refinery flare gas burning was also accomplished to lower NO_x emissions.

NO_x Emissions
(tonnes/day)



	98	99	00	01	02
Oil Sands*	33.8	55.2	54.6	60.8	36.2
Natural Gas	1.8	1.8	1.8	2.1	2.1
Energy Marketing and Refining	2.7	2.8	2.6	2.6	2.6
Suncor Energy*	38.3	59.8	59.0	65.5	40.8

NO_x Emission Intensity
(kg/m^3 production)



	98	99	00	01	02
Oil Sands*	2.24	3.21	2.94	3.01	1.08
Natural Gas	0.22	0.25	0.22	0.29	0.27
Energy Marketing and Refining	0.22	0.23	0.21	0.22	0.22
Suncor Energy*	1.05	1.61	1.51	1.67	0.77

*IN 2002, IMPROVEMENTS IN NO_x EMISSION CALCULATION METHODS WERE INTRODUCED AT OIL SANDS. THEREFORE DATA CANNOT BE COMPARED TO PREVIOUS YEARS. FUTURE REPORTING WILL BE COMPARABLE TO 2002 DATA UNDER THE NEW METHODOLOGY.

Photo courtesy of Transit Windsor

WATERING DOWN NO_x EMISSIONS From May 2002 to December 2002, Suncor supplied 10 Transit Windsor buses with PuriNOx™ fuel, a diesel blend developed by The Lubrizol Corporation. The fuel is composed of up to 20% water and 3% additive, with the remainder diesel fuel. During the pilot project, use of the watered-down fuel resulted in a 20% reduction in NO_x emissions and a 60% reduction in particulate emissions.

VOLATILE ORGANIC COMPOUNDS

Volatile organic compound (VOC) emissions at Oil Sands, including benzene, toluene, ethylbenzene and xylene, are primarily emitted from tailings ponds. EM&R's Sarnia refinery releases VOC emissions during refining, storage and distribution of hydrocarbons, while in Natural Gas, glycol dehydrators used to remove water from natural gas are the main source of emissions.

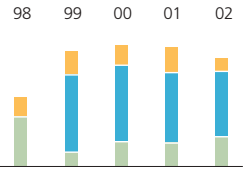
Suncor's VOC emissions data is included in our submission to Canada's National Pollutant Release Inventory (NPRI). In 2002, criteria air contaminants (CACs) were added to the reporting substance list, significantly increasing the overall NPRI figures. CACs include carbon monoxide, NO_x, SO_2, particulate matter (PM2.5 and PM10), total particulate matter and VOCs.

BUSINESS UNIT PERFORMANCE Changes in the VOC reporting thresholds beginning in 2002 resulted in a significant increase in Oil Sands emissions as reported to NPRI. Applying consistent measurement methodology across the three-year period indicates an increase in VOC emissions of approximately 30% in 2002 from 2000. The increase in emissions is considerably less than the corresponding increase in crude oil production as a result of improved operating systems at the facility.

Optimization and reduction in the number of glycol dehydrators contributed to lower VOC emissions at Natural Gas.

VOC emissions at EM&R's Sarnia refinery dropped in 2002 from 2001, due to an active leak detection and repair program and implementation of an improved oil handling plan.

Benzene Emissions
(tonnes/year)



	98	99	00	01	02
Oil Sands	42.8	12.2	21.1	20.5	25.3
Natural Gas	–	67.1	66.2	60.5	56.6
Energy Marketing and Refining	17.2	19.9	17.0	22.3	11.8
Suncor Energy	–	99.2	104.3	103.3	93.7

SERGIO MOLLICA ENVIRONMENTAL HEALTH AND SAFETY, ENERGY MARKETING AND REFINING – CANADA

CAPTURING FUGITIVES At the Sarnia refinery, employees regularly monitor valves that might be leaking volatile organic compounds like benzene and toluene. These "fugitive VOCs" contribute to smog. Frequent inspection allows problem valves to be spotted and replaced quickly.

FLARING

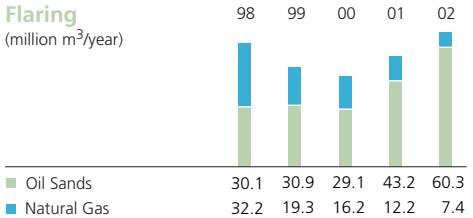
Flaring, or the burning of natural gas and solution gas that is not captured for energy production, occurs at Suncor's oil sands upgrading facilities, gas processing plants and well sites as part of normal business operations. Flaring also occurs at Suncor's oil sands facilities and Sarnia refinery as a safety precaution during operational upsets. Rather than releasing hydrocarbon vapours directly to the air, flaring converts dangerous components such as hydrogen sulphide to less harmful substances.

BUSINESS UNIT PERFORMANCE Despite efforts under way at Oil Sands, the total volume of gas flared continues to increase as a result of increased production. However, since 1998, there has been a general trend that shows declining flaring intensity. Higher emission intensity was experienced in 2001 as a result of start-up and commissioning of new upgrading facilities, when purging and pressure releases of hydrocarbons were often a required safety measure. Flare gas intensity dropped in 2002, as higher levels of operational control and stability were achieved at the new facilities.

Natural Gas undertook an initiative in 2000 to reduce the volume of gas flared during the completion and production testing phases of development gas wells. In 2002, 70% of the entire well test volume was produced and sold as gas, rather than flared. This was accomplished by advancing the installation of the pipeline and surface facilities.

In addition to reducing flaring, Natural Gas has also taken measures to decrease gas venting. In 2001, 40 locations were identified in northern British Columbia and Alberta where operating conditions permit the use of high-efficiency gas driven pumps that reduce waste gas venting. A quarter of the new pumps allow the waste gas to be captured and reinjected into the sales line, while the remaining pumps use a fraction of the gas required to power normal pumps. This has resulted in a 96% reduction in pump exhaust gases vented to the atmosphere.

Good management practices and steady state operations at the Sarnia refinery have also helped reduce flaring activities at EM&R. The refinery flare is a safety feature that burns hydrocarbon vapour during upset conditions. During normal operation, every attempt is made to minimize flaring.



THE CLEAN AIR COMMUTE Every year, Suncor joins Pollution Probe in a Clean Air Commute™ that sees our Toronto employees and 6,000 participants from 150 other companies head off to work by foot, bike, bus, car pool and even rickshaw. The 2002 results: 250 tonnes of pollutants avoided in five days.

WATER

WATER IS A RENEWABLE BUT FINITE RESOURCE THAT HAS INCREASINGLY BECOME THE FOCUS OF LOCAL, NATIONAL AND WORLDWIDE ATTENTION. THE IMPORTANCE OF RESPONSIBLE WATER USE IS DEMONSTRATED BY BOTH THE ALBERTA GOVERNMENT'S COMPREHENSIVE CONSULTATION STRATEGY *WATER FOR LIFE* AND THE UNITED NATIONS' DESIGNATION OF 2003 AS THE INTERNATIONAL YEAR OF FRESHWATER. SUNCOR IS UNDERTAKING A COMPANY-WIDE ASSESSMENT OF INTERNAL WATER MANAGEMENT PRACTICES TO IDENTIFY OPPORTUNITIES FOR IMPROVEMENT.

MAKING THE MOST OF WATER RESOURCES

Total water withdrawn by Suncor increased in both 2001 and 2002 to support production expansion at Oil Sands – but water use per unit of production decreased during the same period.

BUSINESS UNIT PERFORMANCE Oil Sands withdrew approximately 67 million cubic metres of water from the Athabasca River in 2002, primarily due to expanded production. Approximately 12% of that volume was discharged to the river. Most of the discharged water was "once through" cooling water – volumes that make a single pass through closed cooling systems. The remainder was process effluent, which is treated prior to discharge to ensure quality standards.

Natural Gas uses some well water for utility purposes in their gas processing facilities. Natural Gas does not have any enhanced oil recovery injection operations that use surface or ground water sources. All Natural Gas sour processing facilities use collection ponds to contain surface runoff water from rainfall and snowfall from the plant sites. The water is treated to ensure permit contaminant limits are not exceeded and is then discharged to the natural surface water course. All water released from these ponds is metered, recorded and reported to Alberta Environment.

The St. Clair River is the primary water source at EM&R's Sarnia refinery. In 2002, 28.7 million cubic metres of water were withdrawn from the river, with 99% of it used for process cooling. Most of that water is returned to the river after treatment. In addition, water from rainfall, snowfall, potable municipal water, condensing steam and water stripped out during the refining process is treated and returned to the river.

TESTING THE WATERS Suncor's mine runoff ponds are monitored to ensure water quality meets discharge standards. No exceedance of regulatory standards was recorded at Oil Sands in either 2001 or 2002.

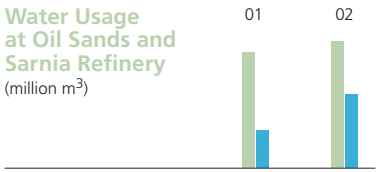
RECYCLING WATER AT FIREBAG

The Firebag In-situ Oil Sands Project is expected to play a major role as a future bitumen source for Oil Sands expansion. Firebag uses steam assisted gravity drainage, which involves injecting steam into bitumen deposits that are too deep to mine. The steam heats the bitumen, lowering its viscosity so it can be pumped to the surface.

Approximately two cubic metres of water are used for each cubic metre of bitumen produced. About 95% of that water is recovered and recycled back into the steam generators, forming a continuous loop. The initial water volume and the bulk of the make-up water required for steam generation is derived from wastewater streams from the Oil Sands facility. Supplemental water is also supplied from surface runoff ponds that collect rain and snowmelt from the plant site.

Making every drop of water count is just part of a Firebag-wide initiative to recycle. The recycling of paper, cardboard, plastic containers, used oil and lubricant, scrap steel, kitchen grease, printer cartridges and oil filters is standard operating practice for the project.

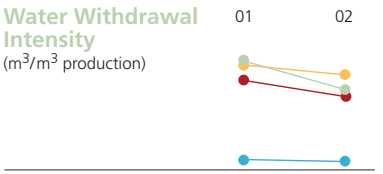
Water Usage at Oil Sands and Sarnia Refinery
(million m^3)



	01	02
Water withdrawn	87.8	95.9
Water retained/used	28.7	56.1

INCREASES IN THE VOLUME OF WATER DRAWN FROM THE ATHABASCA RIVER AND RETAINED ON-SITE AT OIL SANDS IN 2001 AND 2002 WERE REQUIRED FOR THE CREATION OF NEW TAILINGS PONDS RESULTING FROM INCREASED PRODUCTION.

Water Withdrawal Intensity
(m^3/m^3 production)



	01	02
Oil Sands	7.66	5.52
Natural Gas	0.44	0.29
Energy Marketing and Refining	7.35	6.61
Suncor Energy	6.23	5.02

WATER WITHDRAWAL INTENSITY DECREASED BETWEEN 2001 AND 2002 DESPITE THE INCREASE IN WATER RETENTION/USE.

A CONTINUOUS LOOP Water used at the Firebag In-situ Oil Sands Project is filtered and treated before recycling. The first phase of the project is expected to recycle more than 5,000 cubic metres of water per day.

LAND AND BIODIVERSITY

LAND PLAYS AN INTEGRAL ROLE IN PRESERVING BIODIVERSITY. THE CONTINUED PURSUIT OF GOOD LAND MANAGEMENT PRACTICES IS KEY TO BEING A RESPONSIBLE ENERGY COMPANY.

BIODIVERSITY, OR BIOLOGICAL DIVERSITY, REFERS TO THE VARIETY OF ALL LIFE FORMS AND THEIR INTERACTIONS WITH EACH OTHER AND WITHIN ECOSYSTEMS. SINCE 1992, MORE THAN 180 COUNTRIES, INCLUDING CANADA, HAVE ADOPTED THE CONVENTION ON BIOLOGICAL DIVERSITY, WHICH COMMITS ALL SIGNATORY COUNTRIES TO CONSERVE BIODIVERSITY, USE BIOLOGICAL COMPONENTS IN A SUSTAINABLE MANNER, AND SHARE EQUITABLY IN THE BENEFITS ARISING FROM USE.

Suncor is committed to developing resources using methods that minimize impacts on biodiversity. Regulations ensure Suncor establishes equivalent capability on reclaimed sites so lands are capable of supporting biodiversity.

With the proposed expansions at Oil Sands, Suncor has developed a program that includes a component to protect the regional terrestrial ecosystem by following good land management practices, monitoring and updating a Caribou Protection Plan and investing in regional biodiversity and land offset programs through the Suncor Energy Foundation.

In addition to direct activities, Suncor is involved in a number of stakeholder partnerships and regional associations that support biological diversity. We actively participate in the Cumulative Environmental Management Association (CEMA), an independent collaborative organization established to develop recommendations on how best to reduce potential long-term environmental impacts due to industrial development in northeastern Alberta. Working groups of CEMA study biodiversity, reclamation, fish and wildlife habitat and landscape diversity.

Suncor is also a member of the Regional Aquatics Monitoring Program, which gathers information on the cumulative effects on the aquatic environment of all developments in the Athabasca oil sands region, and the Wood Buffalo Environmental Association, which manages a network of air monitoring stations throughout the Fort McMurray, Alberta, region.

A SYMBOL OF CANADIAN WILDERNESS

When you track grizzly bears, you track the health of the environment. That's because grizzlies are what biologists call an indicator species. Their health reveals the condition of the ecosystem around them. When we take actions to protect grizzly bears, we also ensure the protection of many other wild species.

The five-year Foothills Model Forest Grizzly Bear Research Project, sponsored in part by Suncor's Natural Gas business, collects information about grizzly populations, age, reproduction, habitat conditions, movements and response to people across some 5,300 square kilometres. The idea is to enable natural resource managers to conserve grizzly bears and their habitat throughout west-central Alberta. Gord Stenhouse (right in photo), lead researcher on the project, says, "The long-term conservation of the grizzly bear will require that all stakeholders in our society fully recognize the needs of this species and determine ways that we can coexist on the landscape that we share. "

WATCHING THEIR STEP

Part of Suncor's focus on reducing our environmental footprint during construction and other activities involves keeping an eye out for the movement of wildlife.

In 2002, we became the industry leader in reducing the footprint of seismic line construction. Traditionally, major pathways for seismic lines are about four metres wide, broad enough for predators such as wolves to gain an advantage over caribou. After consulting with local First Nations trappers and other stakeholders, Suncor worked with Command Equipment Ltd. to build customized equipment that narrowed the seismic lines to a minimum of 1.75 metres, reducing the wolves' sightlines of the caribou and reducing overall clearing substantially.

This innovative approach includes use of customized "mulchers" when clearing the seismic line path. The trees removed are mulched into chips and spread into the forest, where they are naturally composted. As a replacement for bulldozers and chainsaws, mulchers significantly reduce soil disturbance and decrease the slash or wood remnants left behind – a potential safety hazard. Don Pope, land management forester at Alberta-Pacific Forest Industries Inc., says, "Suncor has surpassed other industries in limiting its footprint by doing what it can to actively work towards protecting the prospect of the boreal north."

OFFSETS IN THE BOREAL FOREST

The boreal forest, covering one-third of Canada, is a critical habitat for thousands of plant and animal species, home to 85% of our Aboriginal Peoples and a key regulator of climate change. As a result of increasing natural resource development in northern Canada, parts of the boreal forest are now becoming fragmented.

The scale of mining undertaken by Suncor and other oil sands developers is one reason for the growing patchwork of boreal habitats in northern Alberta. When mining is complete on existing Suncor leases, more than 14,000 hectares of boreal habitat will have been altered. Suncor is continuing to develop long-term reclamation plans for these lands and is also helping to protect ecologically sensitive land that lies outside of our leases.

Suncor began discussions in 2002 with the Alberta Conservation Association (ACA) and Alberta Parks to identify areas where boreal habitat could be protected.

The ACA identified Winagami Lake in northern Alberta as critical boreal habitat due to the diversity of wetland habitat and because of threats to the shoreline from human activities, which impact nutrient levels in the lake. With a $200,000 donation from the Suncor Energy Foundation, the ACA is securing portions of lakeshore to be preserved and conserved for future generations to come. The boreal habitat will be donated to Alberta Parks to expand an existing provincial park.

Trevor Thera, director of Operations and Strategy for the ACA, says, "Conservation of Alberta's natural resources is a huge undertaking and we've found the best way to make progress is by working with others, in particular those organizations who are already directly involved with natural resources. We believe conservation doesn't necessarily have to impede industry's progress. Collaborating with resource companies like Suncor can maximize our association's positive impact while at the same time supporting those companies in meeting their sustainability goals."

PROTECTING UNIQUE HABITATS

The Nature Conservancy of Canada (NCC) plays a key role in conserving ecologically significant habitats and ecosystems across Canada. In 2002 the Suncor Energy Foundation made two donations to the NCC – $200,000 to the conservation of Horseshoe Canyon near Drumheller, Alberta, and $100,000 to the conservation of Bickford Oak Woods near Sarnia, Ontario.

Bickford Oak Woods is the largest private woodland in Lambton County, a region with a mere 8% of forest cover remaining, and the largest Clay Plain forest in the Carolinian Zone outside of First Nations land. The preservation of Bickford Oak Woods became even more important with the discovery of 63 swamp cottonwood trees, a tree native to the southern United States and not previously found in Canada. Dr. John Ambrose (left in photo) and author Gerry Waldron (right in photo) discovered the swamp cottonwoods. "This single stand of trees just may circumscribe the entire range of swamp cottonwood trees in Canada – therefore Bickford Oak Woods' role in protecting our nation's biodiversity is critical, based on this species alone," says Waldron.

MINIMIZING OUR FOOTPRINT

With the ongoing expansion of production at Oil Sands, the tonnage of oil sands mined increased in both 2001 and 2002, resulting in more total land disturbance. There was also a proportionate rise in the number of hectares reclaimed.

Most of the land disturbed by Suncor's activities is associated with surface mining at Oil Sands, where the total cumulative land disturbed since start-up covers 7,610 hectares. Land is reclaimed after mining at Oil Sands through a process that includes contouring to develop natural appearance, provide suitable drainage and minimize erosion through the application of soil, seeding with barley and planting native trees and shrubs. To date, 732 hectares of land have been reclaimed – about 10% of the total land disturbed since operations began in 1967.

Surface area affected by tailing ponds – the water, clay, sand and residual bitumen produced during the extraction process – also grew as Oil Sands production increased. Suncor is continuing to use consolidated tailings (CT) technology at these ponds to accelerate the settling of tailings and speed up their conversion into dry, solid land.

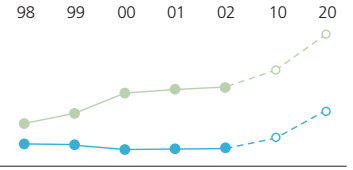
An internal study to evaluate CT against other tailings technologies was completed in early 2002. It concluded that CT continues to be the most cost-effective alternative with the highest level of proven technology to achieve Suncor's long-range plans, including reclamation of all ponds within the life of the mine, or by approximately 2030. Discharge rates to the Athabasca River will increase if regulatory approval is received to release water recovered through the use of CT technology.

CUTTING DOWN ON WASTE Following peak levels in waste generation during the busy construction period between 1999 and 2001, waste levels plunged at Oil Sands in 2002. This was most noticeable in the categories of hazardous and non-hazardous waste disposed of on-site, and wastes sent off-site for reuse, recycling or recovery.

In Natural Gas, substantial increases in non-hazardous waste sent for off-site disposal in 2002 came from two main sources. The first was drilling waste that was sent to a treatment site in Saskatchewan from drilling operations in the Alberta Foothills. The second major source of waste sent off-site resulted from Suncor's response to stakeholder concerns that their food chain was being contaminated – wildlife was consuming water and forage near flare pits on traditional lands in the Blueberry area north of Fort St. John, British Columbia. Suncor's reclamation group excavated approximately 12,500 cubic metres of contaminated soil and hauled it to a secure landfill near Peace River, Alberta.

Waste generated and sent off-site at EM&R's Sarnia refinery was also up as a result of two major storage tank clean outs in 2002, part of a 20-year cleaning cycle, which generated an additional 4,000 tonnes of solid waste.

Land Use at Oil Sands (cumulative hectares)



	98	99	00	01	02	10	20
Land disturbed	3 533	4 667	6 931	7 326	7 610	9 500	13 500
Land reclaimed	619	548	626	675	732	1 900	5 000
% reclaimed	17.5	11.7	9.0	9.2	9.6	20.0	37.0

PROJECTIONS FOR LAND DISTURBANCE ARE BASED ON APPROVED PLANS FOR DEVELOPMENT.

PHOTO RADAR CATCHES SPEEDING WILDLIFE To help animals move freely and safely, Suncor has built crossings over the pipelines used at our Firebag In-situ Oil Sands Project. Cameras activated by motion have caught caribou, bears and coyotes using the crossings to move freely across their home ranges.

...prosperity

TO STAY IN BUSINESS, SUNCOR MUST BE COMPETITIVE. THAT MEANS WE MUST CONTINUE TO GROW OUR BUSINESS IN A WAY THAT RECOGNIZES WHAT'S AT STAKE – NOT ONLY FOR SHAREHOLDERS AND EMPLOYEES, BUT FOR THE PEOPLE, INTEREST GROUPS AND GOVERNMENTS WHO MAKE UP THE COMMUNITIES IN WHICH WE OPERATE. RESPONDING TO STAKEHOLDERS MEANS ACHIEVING COMPETITIVE RETURNS, CREATING WELL-PAID JOBS, GENERATING ECONOMIC GROWTH AND REGIONAL BENEFITS, SUPPORTING RESEARCH AND DEVELOPMENT, AND INVESTING IN WHAT CUSTOMERS DEMAND: NEW SOURCES OF ENERGY AND PRODUCTS THAT HAVE LESS IMPACT ON THE ENVIRONMENT.

HOW ARE WE DOING? AS WE WORK TO BUILD SHAREHOLDER VALUE, SUNCOR IS ALSO HELPING TO BUILD REGIONAL, PROVINCIAL AND NATIONAL ECONOMIC SUCCESS. THIS PAGE PROVIDES AN AT-A-GLANCE LOOK AT SOME INDICATORS FOR ECONOMIC PERFORMANCE, DEMONSTRATING WHERE WE'VE MADE PROGRESS AND WHERE MORE WORK IS REQUIRED. EFFORTS ARE UNDER WAY TO SET LONG-TERM TARGETS FOR KEY PERFORMANCE INDICATORS THAT WILL BE INCLUDED IN FUTURE REPORTS.

INDICATOR	1998	2002	PROGRESS
PRODUCTION			
NATURAL GAS (thousand barrels of oil equivalent/day)	41.2	29.8	↓
CRUDE OIL & NATURAL GAS LIQUIDS (thousand barrels of oil equivalent/day)	109.9	209.7	↑
REFINED PRODUCT SALES (thousand m^3/day)	13.8	14.5	↑
SHARE PRICE ($ – adjusted to reflect stock splits)	11.50	24.70	↑
NET EARNINGS ($ millions)	178	761	↑
CASH FLOW FROM OPERATIONS ($ millions)	580	1 440	↑
REVENUES ($ millions)	2 070	4 904	↑
GOODS AND SERVICES – PURCHASES FROM ABORIGINAL BUSINESSES AT OIL SANDS (% of total)	1.8	5.3	↑

RESPONSIBLE GROWTH

A KEY MEASURE OF ECONOMIC PERFORMANCE IS SUNCOR'S ABILITY TO GENERATE VALUE FOR OUR SHAREHOLDERS. SINCE BECOMING PUBLICLY TRADED IN 1992, SUNCOR HAS GENERATED TOTAL ANNUAL SHAREHOLDER RETURNS AVERAGING MORE THAN 25%. THE LONG-TERM GROWTH OF SUNCOR'S SHARE PRICE IS A REFLECTION OF INVESTOR CONFIDENCE IN OUR STRATEGY TO DEVELOP OUR BUSINESS IN A WAY THAT IS BOTH PROFITABLE AND RESPONSIBLE.

MEETING THE RIGHT CRITERIA

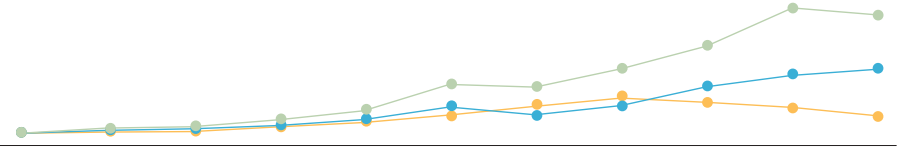
Suncor is proud to be included in three key indexes for socially and environmentally responsible investing:

1 In 2003, Suncor was named to the Dow Jones Sustainability Index (DJSI) for the fifth consecutive year. The DJSI recognizes the top 10% of companies worldwide based on social, environmental and economic criteria.

2 The Jantzi Social Index (JSI) has listed Suncor each year since its inception in 2000. Consisting of 60 Canadian companies, the JSI provides investors with a benchmark of financial performance for socially and environmentally screened companies.

3 The FTSE Group, a leading global index provider, designed the FTSE4Good Index to serve as a benchmark performance measurement tool. To be included in FTSE4Good, companies must meet selection criteria on environmental sustainability, relationships with stakeholders and support of human rights.

Suncor Share Performance
(Cdn$)



	92	93	94	95	96	97	98	99	00	01	02
Suncor Share Price (TSX)	100	143	154	211	286	504	482	633	821	1 137	1 079
TSX Integrated Oils Index	100	124	137	164	213	317	253	329	485	579	630
S&P 500	100	110	114	153	189	251	323	391	356	314	244

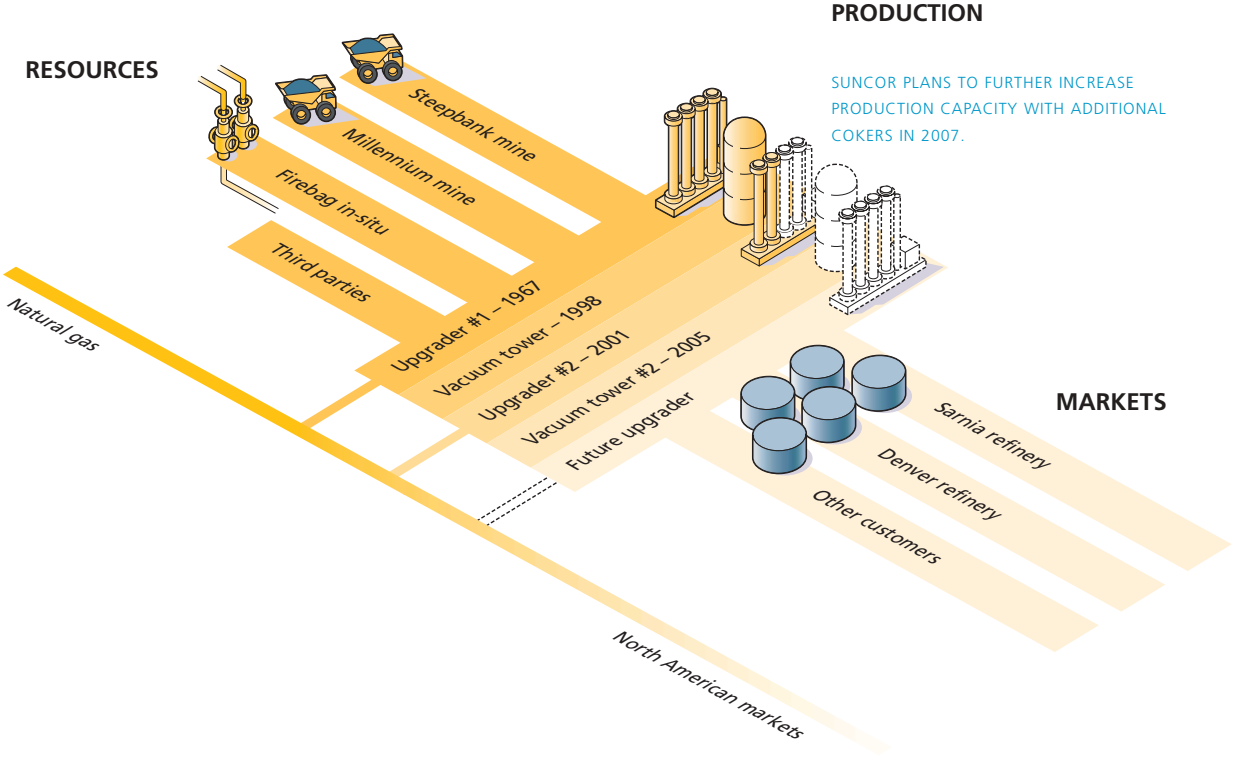
THIS CHART SHOWS THE TOTAL CUMULATIVE RETURN, ASSUMING THE REINVESTMENT OF DIVIDENDS, OF $100 INVESTED ON DECEMBER 31, 1992, IN SUNCOR COMMON SHARES.

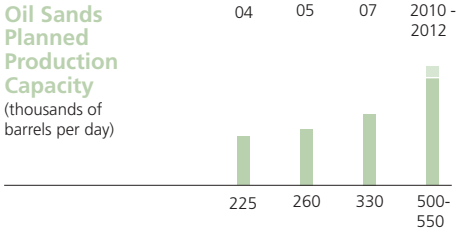
SUNCOR'S BUSINESS STRATEGY

Suncor's integrated business strategy is based on developing the huge resources of the Athabasca oil sands. We use cost-effective manufacturing technology to upgrade oil sands to marketable products, while our natural gas production helps offset internal energy use. Natural gas, crude oil and refined products are transported to the North American energy market through a variety of long-term contracts and our own refining and retail network, providing greater stability to sometimes volatile commodity markets.

Since 1992, Suncor has steadily built on the three strategic pillars of **resources, production** and **markets.** Our oil sands resource base has increased with the addition of new mining leases and advanced plans to recover in-situ resources. And, we've more than tripled our oil sands production through improvements to our original upgrader and the addition of a second complete upgrader in 2001. In 2002, Suncor produced an average of nearly 240,000 barrels of oil equivalent per day, an increase of more than 50% from 2001 and up more than 275% from 1992.

In the downstream, we've built long-term customer relationships and strengthened our connection to the largest energy market in the world – the United States – with the acquisition in 2003 of a refinery in Denver and related pipeline and retail assets. We believe this integrated strategy that connects a long-life resource base to growing markets provides a solid foundation for economic returns well into the future.





FIREBAG: THE IN-SITU ADVANTAGE

Development of Suncor's Firebag in-situ oil sands leases is a key step in our long-term growth strategy. In-situ development takes a high-technology, low-impact approach to recovering bitumen (very heavy oil) from oil sands. Instead of stripping the surface cover and mining oil sands ore with trucks and shovels, in-situ recovery uses advanced technologies to drill into the ore, heat the bitumen and pump it to the surface.

As well as providing economic access to an estimated 10 billion barrels of bitumen resources that are beyond the reach of shovels, in-situ development helps reduce environmental impacts to surface land and water; allows for staged development and tighter control of budgets and construction schedules; and offers potential for future reductions in both costs and environmental impacts as new technology is more fully developed.

The first phase of the Firebag project is expected to begin commercial bitumen production in early 2004. Combined with the addition of a second vacuum tower at Suncor's upgrading facilities, we expect to increase oil sands production capacity to 260,000 barrels per day in 2005.

A NEW VOYAGE

Suncor's growth plans into the next decade are reflected in our Voyageur growth strategy – a multi-phased expansion of in-situ oil sands recovery and upgrading capacity. The first major step in Voyageur calls for expanding one of two existing upgraders to increase production to an expected 330,000 barrels per day in 2007. With the goal of adding a third complete upgrader, Suncor is targeting production of more than half a million barrels per day by 2010 to 2012 – about 15% of Canada's total projected crude oil production.

At the same time that oil sands production increases, we are planning to increase production of cleaner-burning natural gas to help offset our energy demands in upgrading and refining operations. Downstream, we plan to continue to improve market access for oil sands products with expanded refining operations and a growing customer base in Canada and the United States.

SHRINKING OUR FOOTPRINT Just a short distance from Suncor's Firebag site (in background) there's a visible difference in the reduced impact of in-situ development on the surrounding countryside. Suncor continues to make the most of the new technology, which holds even more potential for both environmental and economic improvements as it is more fully developed.

RENEWABLE ENERGY

SUNCOR'S CORE BUSINESS IS MEETING CONSUMER DEMAND FOR HYDROCARBON ENERGY, CURRENTLY THE LEAST EXPENSIVE SOURCE OF ENERGY FOR TRANSPORTATION, RESIDENTIAL AND INDUSTRIAL USES. WHILE PLANNING TO RESPONSIBLY EXPAND OUR OIL AND NATURAL GAS BUSINESSES, WE ARE ALSO BUILDING RENEWABLE ENERGY OPTIONS THROUGH DIRECT INVESTMENT AND ENGAGING GOVERNMENT AND ENVIRONMENTAL STAKEHOLDERS TO ENCOURAGE POLICIES THAT PROMOTE RENEWABLE ENERGY DEVELOPMENT.

In 2000, Suncor announced plans to build a renewable energy business. Since that announcement, Suncor has created a long-term strategic plan and put in place a team of renewable energy professionals. We have examined a number of renewable energy options, including solar, run-of-river hydroelectricity, wind, and energy produced from biomass and municipal solid waste. Today, our focus is on the development of wind power.

HARVESTING THE WIND

It is expected that more than 13,000 homes will be kept bright by Suncor's second wind power project near Magrath, Alberta. The $48 million, 30-megawatt facility is a joint project of Suncor and EHN Wind Power Canada Inc. Construction began in the fall of 2003 with completion expected in late 2004. The Magrath Wind Power Project and SunBridge, the Saskatchewan wind farm Suncor shares with Enbridge Inc., are expected to provide nearly 15% of Canada's wind-generated electricity by the end of 2004. SunBridge, Suncor's first renewable energy project, was officially launched in 2002. It has a capacity of 11 megawatts of zero-emission electricity and offsets an estimated 33,000 tonnes of carbon dioxide per year – equivalent to taking about 5,000 vehicles off the road.

Together, the two projects will provide 41 megawatts of power and are expected to reduce carbon dioxide emissions by 115,000 tonnes each year as they offer an alternative to fossil fuelled generating plants.

Suncor has been really great about not disturbing our crops. **GREG SHEER** MAGRATH AREA FARMER

CONSIDERATE NEIGHBOURS Greg Sheer (inset), who farms three quarter-sections (192 hectares) in the area of Suncor's new Magrath Wind Power Project, was not only pleased Suncor didn't disturb crops during survey work for the project – he appreciated the company waiting until the end of harvest before starting construction. Sheer, who will have two of the project's planned 20 turbines on his property, also praised the project's benefits to the municipal economy and tax base, with local contractors being used as much as possible.

IMPROVING GASOLINE WITH ETHANOL

Ethanol is a renewable and biodegradable alcohol fuel made from corn or grain. Suncor introduced cleaner-burning ethanol-enhanced gasoline to Ontario consumers in 1996 and by 2001 offered 10% ethanol-blended gasoline at nearly 500 Sunoco-branded and joint venture retail sites across Ontario.

Ethanol-enhanced gasoline burns cleaner, cuts carbon monoxide emissions by up to 30% and reduces unburned hydrocarbons in older vehicles. A life cycle value analysis indicates that ethanol-enhanced gasoline has had the equivalent effect of removing in excess of 20,000 cars from Ontario's roads each year – that's more than 100,000 tonnes of carbon dioxide.

Our success in building a market for ethanol-enhanced gasoline in Ontario has resulted in demand for ethanol that exceeds the amount produced in the province. As a result, in 2003, Suncor began to investigate the feasibility of building an ethanol plant near our refinery in Sarnia, Ontario. The proposed $120 million project would create about 250 jobs during construction and an estimated 35 to 40 permanent positions on completion. The corn feedstock required for the production of ethanol is expected to come from local farms in the Sarnia-Lambton region.

Suncor realizes that some community residents have concerns about the proposed ethanol plant (see photo page 15). Input from stakeholders, including consultation with the neighbouring Aamjiwnaang First Nation, is important to reaching mutually beneficial solutions to meeting growing ethanol demand, while also protecting or enhancing the quality of life in our communities.

REDUCED EMISSIONS AND USE OF RENEWABLE FEEDSTOCK HAS EARNED SUNOCO'S ETHANOL BLENDS THE RIGHT TO DISPLAY CANADA'S ECOLOGO™ FOR ENVIRONMENTALLY RESPONSIBLE PRODUCTS.

WASHING WITH THE SUN In August 2002, Suncor's retail business, Sunoco, opened the first car wash in Ontario to use solar technology to help heat its water. The solar panel installation is designed to reduce the car wash's use of natural gas for water heating by an estimated 16,000 cubic metres per year. This is expected to result in reduced carbon dioxide emissions of 30 tonnes annually at the facility.

OPERATING PERFORMANCE

SUNCOR IS COMMITTED TO GROWING ITS ENERGY BUSINESS IN A WAY THAT GENERATES VALUE FOR SHAREHOLDERS. TO ACHIEVE OUR FINANCIAL GOALS, WE REALIZE WE MUST CONSTANTLY STRIVE TO IMPROVE THE PERFORMANCE OF OUR OPERATIONS AND PRODUCTS, ENGAGE OUR EMPLOYEES IN FINDING NEW AND BETTER WAYS OF DOING THINGS, AND WORK WITH ALL OF OUR STAKEHOLDERS TO REALIZE SOCIAL, ENVIRONMENTAL AND ECONOMIC BENEFITS.

Financial Results

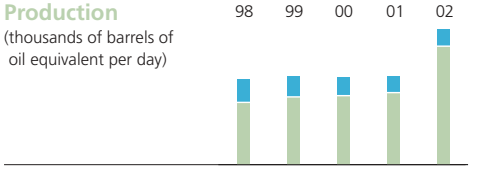
(Cdn$ millions)

	98	99	00	01	02
Revenue	2 070	2 387	3 388	4 199	4 904
Net earnings	178	186	377	388	761
Cash flow from operations	580	591	958	831	1 440
Total assets	4 104	5 176	6 833	8 094	8 683
Net debt	1 289	1 334	2 236	3 143	2 671
Return on capital employed[1] (%)	9.5	8.3	16.6	17.8	14.6

[1] Excludes major project costs until new assets are brought into operation.

Production

(thousands of barrels of oil equivalent per day)



	98	99	00	01	02
Oil and natural gas liquids	109.9	119.0	121.1	127.1	209.7
Natural gas	41.2	37.7	33.3	29.5	29.8
Total	151.1	156.7	154.4	156.6	239.5

SUNCOR CONVERTS NATURAL GAS PRODUCTION TO BARRELS OF OIL EQUIVALENT USING A 6:1 RATIO – 6 MILLION CUBIC FEET OF NATURAL GAS EQUALS 1,000 BOE.

SETTING PERFORMANCE RECORDS Increased production and strong commodity prices drove record financial results for Suncor in 2002. Suncor's 2002 net earnings nearly doubled from 2001 to $761 million, while cash flow from operations topped the billion-dollar mark for the first time at $1.44 billion. Suncor continues efforts to lower per barrel operating costs with the goal of becoming one of the lowest-cost crude oil producers in North America.

Detailed information about Suncor's financial performance can be found in the company's Annual Report, available online at **www.suncor.com.**

SUPPLY CHAIN MANAGEMENT

Across the company, Suncor plans to spend about $1.5 billion on materials and services per year over the next eight years. Through sustainable supply chain management, Suncor uses our substantial buying power to reduce costs and help align purchasing with our vision of sustainability. Our goal is to assess social, environmental and economic performance factors at every step in the life cycle of a project, from initial design and the procurement of raw materials, through construction, start-up, operation, and ultimately decommissioning.

To reach this goal, Suncor seeks to:

- integrate purchasing strategies across our businesses;
- use technology to manage information and inventories; and
- develop long-term relationships with preferred suppliers who hold similar values and beliefs and will create value on a continuing basis.

In 2002, Suncor began developing policies and guidelines and engaging our suppliers in our vision of sustainability. For example, we conducted a workshop on greenhouse gases and energy efficiency with a select group of key suppliers. As a result, some suppliers have initiated activities such as assembling internal audit teams, hiring energy managers and setting targets for greenhouse gas reductions. Suncor is also working with suppliers on Aboriginal business development, ethical sourcing, health and safety and workforce training issues.

LASTING RELATIONSHIPS

Lasting relationships offer lasting benefits and Suncor's work with Bantrel Engineering and Waiward Steel Fabricators is a great example. Since the 1990s, these companies have taken the time to get to know Suncor, and we have come to admire and value their expertise in engineering, steel design, fabrication and assembly. Together, we have designed products and installation processes that streamline construction at our Oil Sands operations while sharing ideas about improving environmental performance. On the Millennium Vacuum Unit project, more than 1,000 tonnes of steel were erected with no need for changes in the field – a notable accomplishment that lead to less waste and better project performance.

"Every project we work on together seems to reinforce the benefits of the unique relationship that has evolved between Waiward, Suncor and Bantrel," says Dwayne Hunka, vice president and general manager of Waiward Steel Fabricators. "Striving to enhance and strengthen this commitment will lead to continued growth and success in the future."

Part of the evolution that Hunka refers to involves development of innovative environmental programs. After attending a workshop hosted by Suncor and learning about our progress on energy efficiency and greenhouse gas emissions, Waiward targeted a similar program at their operation. With the University of Alberta and Lockerbie and Hole Industrial Inc., Waiward signed a Project Charter for Greenhouse Gas Emission Reduction in the Construction Industry. The jointly led program is being developed as a model for operations and supply chain management for steel constructors and fabricators.

Every project we work on together seems to reinforce the benefits of the unique relationship that has evolved between Waiward, Suncor and Bantrel.

DWAYNE HUNKA VICE PRESIDENT AND GENERAL MANAGER, WAIWARD STEEL FABRICATORS LTD.

CONTRIBUTING TO PROSPERITY

The benefits of Suncor's economic success extend well beyond the returns we provide to shareholders. Our growth also helps meet the energy demands of a growing North American economy and provides jobs, revenues to government and other economic benefits in our neighbouring communities and across Canada.

In late 2001, Suncor completed Project Millennium, a four-year, $3.4 billion expansion of our oil sands facilities. A workforce of more than 6,000 was assembled for peak construction and about 600 new jobs were created on completion. An estimated two to three indirect jobs were created for each direct job.

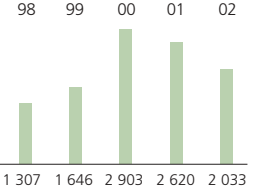
In its first full year of operation, Millennium helped drive Oil Sands total crude oil production to nearly 210,000 barrels of crude oil per day, representing nearly 9% of Canadian oil production and 13% of domestic demand.

Suncor believes that investing locally is the best way to ensure people who are impacted by our operations share in the economic benefits. Over a five-year period from 1998 to 2002, more than $1 billion was spent on goods and services from the Wood Buffalo region of Alberta, home of our oil sands operations. Of that total, $269 million was spent on purchases from Aboriginal businesses. Suncor continues to develop its relationships with Aboriginal businesses and is targeting $50 million per year in long-term contracts for the Voyageur expansion project.

To help ensure these targets are met, Suncor and other industry partners are co-operating to provide advice and funding to help Aboriginal communities develop independent and sustainable businesses. As part of the All Parties Agreement signed in January 2003 by the Athabasca Tribal Council, 15 resource developers and three levels of government, Suncor will work to build stronger ties with Aboriginal communities, helping to identify opportunities for business development and resolve outstanding social, environmental and economic issues.

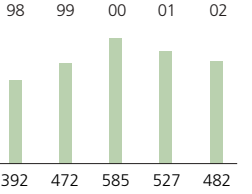
ALONG WITH INVESTMENT AND JOBS, THE DEVELOPMENT OF THE OIL SANDS INDUSTRY IS ALSO BRINGING GROWING PRESSURE ON INFRASTRUCTURE SUCH AS ROADS AND HOUSING IN THE WOOD BUFFALO REGION. SUNCOR AND OTHER OIL SANDS DEVELOPERS ARE WORKING WITH MUNICIPAL AND PROVINCIAL GOVERNMENTS TO MAINTAIN SAFE ROADS AND REDUCE TRAFFIC LOADS WITH FLEETS OF BUSES TO MOVE WORKERS TO AND FROM PLANT SITES.

Purchase of Goods and Services
($ millions)



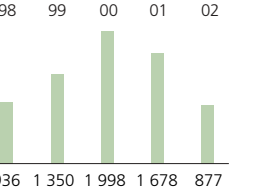
SUNCOR'S BUSINESSES REQUIRE A DIVERSE SUPPLY OF MATERIALS AND SERVICES DURING CONSTRUCTION, OPERATION AND MAINTENANCE OF PLANT AND FIELD FACILITIES. SINCE 1998, SUNCOR HAS SPENT MORE THAN $10.5 BILLION ON GOODS AND SERVICES WITH 85% SUPPLIED FROM CANADIAN SOURCES.

Taxes and Royalties
($ millions)



IN 2002, SUNCOR PAID A TOTAL OF $482 MILLION IN TAXES AND ROYALTIES TO THREE LEVELS OF GOVERNMENT, INCLUDING PROPERTY, INCOME AND EXCISE TAXES, AND RESOURCE ROYALTIES.

Capital Expenditures
($ millions)



SUNCOR'S CAPITAL AND EXPLORATION EXPENSES ARE PRIMARILY DIRECTED TO INVESTMENTS IN TECHNOLOGY AND INFRASTRUCTURE THAT SUPPORT OUR GROWTH PLANS AND REDUCE OUR ENVIRONMENTAL FOOTPRINT.

AN UPLIFTING OPPORTUNITY

Suncor is providing a lift to many new Aboriginal businesses. And one of those businesses, in turn, is providing a lift to us.

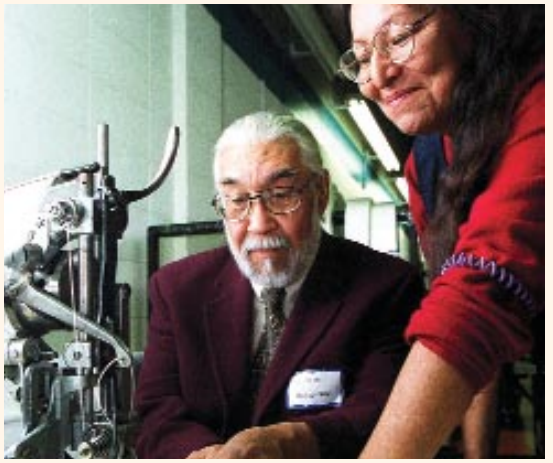
Mikisew Slings and Safety Ltd. manufactures nylon slings used for heavy lifting by Suncor and other large industrial and manufacturing companies. The business is owned by the Mikisew Cree First Nation, located north of Suncor's oil sands operations.

The Council of the Mikisew Cree approached Suncor to help identify business opportunities that would help the community share in the benefits of resource development. The result of those early discussions is an independent and highly successful business with growing sales, an international distribution arrangement and the largest sling load testing facility in Western Canada.

Suncor has extended its support to several other Aboriginal businesses, sharing business knowledge and, in many cases, committing to purchase agreements as the businesses get started.

Other Aboriginal businesses to which Suncor has provided early assistance include:

- Chip Manufacturing Company, owned by the Athabasca Chipewyan First Nation, supplies protective gear to industrial customers.
- Log Technologies Inc., owned by the Chipewyan Prairie First Nation, builds and markets log construction homes.
- Aquasonics, owned by the Athabasca Chipewyan First Nation, uses proprietary ultrasonic technology to clean oil sands process equipment.



Courtesy of Edmonton Journal

MIKISEW CREE CHIEF ARCHIE WAQUAN STITCHES A STRAP AT THE GRAND OPENING OF MIKISEW SLING AND SAFETY'S EDMONTON MANUFACTURING FACILITY.

SUPPORTING LOCAL GROWTH A tanker from McKay Transport, an Aboriginal business owned by the the Fort McKay Group of Companies, takes on a load of fuel from the Enbridge diesel rack. The Enbridge facility, built near Suncor's oil sands plant, supplies Suncor diesel to meet the growing demand for industrial and transportation fuels in northern Alberta and the Northwest Territories.

INTEGRATED PERFORMANCE

THE FOUNDATION OF SUSTAINABLE DEVELOPMENT IS THE INTERDEPENDENT AND COMPLEMENTARY RELATIONSHIP BETWEEN A HEALTHY ENVIRONMENT, A STRONG ECONOMY AND SOCIAL WELL-BEING. TO REALIZE OUR VISION OF BECOMING A SUSTAINABLE ENERGY COMPANY, SUNCOR MUST GO BEYOND MEASURING EACH ELEMENT INDIVIDUALLY AND STRIVE TO EXPRESS OUR PERFORMANCE USING INDICATORS THAT INTEGRATE MORE THAN ONE COMPONENT OF SUSTAINABILITY. WE ALSO NEED TO RECOGNIZE THAT OUR BUSINESS DOES NOT OPERATE IN ISOLATION – OUR SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE MUST BE MEASURED IN A REGIONAL AND NATIONAL CONTEXT.

GLOBAL CONCERNS – GLOBAL REPORTING

The Global Reporting Initiative (GRI) recommends assessing integrated performance through the use of **cross-cutting** and **systemic indicators** to better understand company contributions to, and impacts on, society.

CROSS-CUTTING INDICATORS bridge information across two or more of the three elements of sustainability: environmental, economic and social.

SYSTEMIC INDICATORS link organizational activity to environmental, economic, or social conditions at the regional, national or global level.

The World Business Council for Sustainable Development (WBCSD) also provides guidance on integrated performance indicators such as eco-efficiency, innovation and technology, corporate social responsibility, ecosystems, and markets and risk.

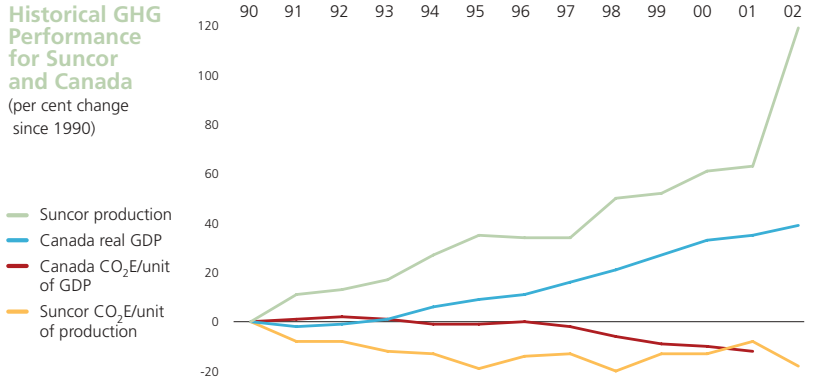
CROSS-CUTTING INDICATORS

Taking direction from the GRI and WBCSD, Suncor reports on many cross-cutting indicators throughout this report. Examples include the economic cost of achieving the requirements of the Kyoto Protocol, energy efficiency, emission intensity, life cycle value assessments and Aboriginal business development. These cross-cutting indicators reveal the degree to which an incremental change in the magnitude of one indicator (for example, GHG emissions) positively or negatively impacts the magnitude of one or more other indicators (for example, revenues or expenses).

PRODUCTION, GHG EMISSIONS AND THE ECONOMY

An important cross-cutting indicator is linking greenhouse gas emissions (GHG) and the economy. For more than a decade, Suncor's production growth rate has been approximately double that of the Canadian economy as measured by gross domestic product (GDP). At the same time, the latest available data indicates Suncor decreased GHG emission intensity at more than double the rate that Canada reduced overall emissions per unit of GDP from 1990 to 2001. Although emission intensity increased during start-up of Suncor's Millennium oil sands expansion in 2001, energy efficiency initiatives introduced in 2002 have restored the downward trend.

Historical GHG Performance for Suncor and Canada
(per cent change since 1990)



PROTECTING PEOPLE AND THE ENVIRONMENT

Major incidents and regulatory contraventions are important cross-cutting indicators that link environmental, social (health and safety) and economic (regulatory financial penalties) dimensions of corporate performance.

Suncor's business is subject to more than one million environment, health and safety (EH&S) regulatory control requirements and measurements that cover a wide range of operating issues – from the way data is measured and reported on regulated emission points, to spill reporting, water consumption, resource recovery and licensed process operating parameters such as stack temperature limits.

REGULATORY CONTRAVENTIONS Regulatory contraventions are a failure to meet the regulatory requirements or conditions specified in operating approvals, permits, or licences issued by regulatory authorities or EH&S legislation.

Company-wide, the number of EH&S regulatory contraventions increased to 184 in 2001 from 120 in 2000, due primarily to increased activity during commissioning of expanded plant facilities at the company's oil sands operation. In 2002, regulatory contraventions decreased to 162. Suncor incurred two regulatory fines in 2001 totalling $3,500. There were no regulatory fines in 2002.

MAJOR INCIDENTS Major incidents are EH&S incidents that result in fatalities, critical or serious injuries, regulatory enforcement action, or significant adverse impact to the environment or the company's reputation.

In 2001, Suncor recorded 10 major EH&S incidents, with seven involving serious injuries to workers. Three of the 10 incidents – a sour gas pipeline leak in Grande Prairie, a sour gas release at the Sarnia refinery and an explosion at Oil Sands – did not result in any injuries, but did cause operational disruptions.

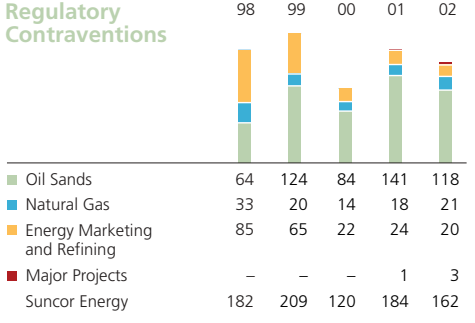
In 2002, Suncor had six major EH&S incidents, five of which involved serious injuries to workers. One of the six incidents – a fire at the Sarnia refinery – did not result in any injuries. There was a fire and fatality at the Sarnia refinery in August 2003.

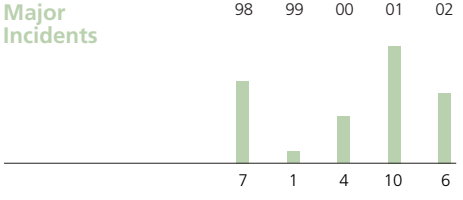
More information on Suncor's health and safety performance can be found in the Social Performance section of this report.

SUPPORTING DEVELOPMENT OF PUBLIC POLICY

Suncor provides input to the development of public policy that encourages sustainable development. We consider this commitment, and the considerable resources it requires, to be a cross-cutting performance activity because it contributes to improvements in social, environmental and economic performance beyond our own operations.

Suncor's involvement includes participation in the WBCSD, Canadian Council of Chief Executives, Voluntary Challenge and Registry Program, Alberta's Clean Air Strategic Alliance, Canadian Association of Petroleum Producers, Canadian Petroleum Products Institute, Clean Air Renewable Energy Coalition, Conference Board of Canada, Canadian Business for Social Responsibility, Canadian Centre for Philanthropy, Boston College Center for Corporate Citizenship, and Centre for Innovation and Management at Simon Fraser University.





SYSTEMIC INDICATORS

The use of systemic indicators to measure overall impacts – positive or negative – continues to emerge. While there are no standard systemic indicators outlined by the GRI, Suncor has developed a set of key systemic indicators that fairly represent how our social, environmental and economic activities contribute to the larger regional and national context.

	REGIONAL	NATIONAL
Environmental Performance		
GHG emissions (2001)	• 3.2% of Alberta's greenhouse gas emissions	• 1% of Canada's greenhouse gas emissions
Sulphur dioxide (SO_2)	• 24% of SO_2 emissions in the RSA.1[1] from existing and approved developments	
Nitrogen oxide (NO_x)	• 34% of NO_x emissions in the RSA.1[1] from existing and approved developments	
Boreal forest disturbed by Oil Sands development (1994)	• 0.02% of Alberta's boreal forest[2]	• 0.002% of Canada's boreal forest
Area disturbed by Oil Sands development (2000)	• 0.3% of RSA.2[3] Of this total, approximately one-third is land and two-thirds wetlands	
Economic Performance		
Oil production	• 13.4% of Alberta's production	• 8.9% of Canadian production 13% of Canadian demand
Natural gas production	• 1.2% of Alberta's production	• 0.9% of Canada's production
Refined oil products	• 16.7% of Ontario's domestic sales	• 5.6% of Canada's domestic sales
Installed wind power capacity, SunBridge[4]	• 66% of Saskatchewan's installed wind capacity	• 4.8% of Canada's installed wind capacity
Capital investment	• 4.8% of Alberta's oil and gas industry investment (including refining and gas distribution)	• 3.2% of Canada's oil & gas industry investment (including refining and gas distribution)
Royalty, bonus and lease payments	• 1.9% of Alberta's non-renewable resource revenue	
Social Performance		
Suncor employees and long-term contractors	• Suncor employs 5.2% of Alberta's workers in the resource industry[5]	• Suncor employs 1.8% of Canadian workers in the resource industry[5]
Charitable donations (2000)		• 0.03% of Canada's allowed charitable donations by corporations

1 RSA.1 (Regional Study Area) includes communities of: Fort McMurray, Fort McKay, Anzac, Janvier/Chard, Quigley and Mariana Lake.

2 Most recent boreal forest data from Natural Resources Canada is from 1994, compared against 2002 land disturbed by Oil Sands.

3 Data on RSA.2 collected in 2000. RSA.2 includes communities of: RSA.1 plus Cheecham (RSA includes terrestrial vegetation, wetlands, lakes, rivers and other unclassified areas).

4 The SunBridge Wind Power Project is a joint venture between Suncor and Enbridge Inc. Suncor's direct contribution would therefore represent 50% of capacity.

5 Industry employment data includes the oil and gas, forestry, fishing and mining industries.

Unless otherwise indicated, data is from 2002; earlier reporting is due to the unavailability of more current data from external sources.

Sources: Canadian Association of Petroleum Producers, Statistics Canada, Environment Canada, Natural Resources Canada, The Government of Alberta, Canadian Wind Energy Association, SaskPower, Suncor's Millennium and Firebag environmental impact assessments, CNRL Horizon Project, Imagine.

...transparency

TO BUILD THE TRUST AND CONFIDENCE OF OUR STAKEHOLDERS, IT'S IMPORTANT THAT WE PROVIDE THEM WITH CLEAR AND COMPREHENSIVE INFORMATION. THAT'S WHY SUNCOR IS COMMITTED TO PROVIDING HIGH QUALITY DISCLOSURE ON OUR SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE. AND BECAUSE WE RECOGNIZE THAT SOCIAL AND ENVIRONMENTAL PERFORMANCE IS JUST AS IMPORTANT TO STAKEHOLDERS AS OUR ECONOMIC PERFORMANCE, OUR SUSTAINABILITY REPORT IS INDEPENDENTLY AUDITED.

FOR THIS 2003 REPORT ON SUSTAINABILITY, SUNCOR'S AUDITORS HAVE REVIEWED OUR PERFORMANCE DATA IN 12 CATEGORIES. THIS YEAR, NEARLY TWICE AS MANY PERFORMANCE INDICATORS WERE AUDITED COMPARED TO OUR 2001 REPORT.

AUDITORS' REPORT

TO: SUNCOR ENERGY INC

We have been asked to audit the reliability of selected quantitative information in Suncor Energy's 2003 Report on Sustainability (the "Report") for the years 2001 and 2002. We have done so and marked this information with the symbol ✓. We did not attempt to audit all reported information.

The audited information was selected by Suncor primarily on the basis of perceived external stakeholder interest and maturity of the reporting processes. In addition to the information audited in the 2001 report, the scope of this year's audit also included selected quantitative information relating to health & safety, water withdrawal, and air emissions.

The preparation of the Report is the responsibility of Suncor Energy Inc. management. Our responsibility is to express an opinion on the reliability of the selected quantitative information, based on the audit work described below.

BASIS OF OPINION There are currently no statutory requirements or generally accepted standards for the preparation and audit of sustainable development reports. In the absence of such standards, our audit approach reflects emerging best practice, using a framework based on the *Standards for Assurance Engagements* described in Section 5025 of the Canadian Institute of Chartered Accountants (CICA) Handbook. We therefore planned and performed our work in order to obtain reasonable, rather than absolute, assurance with respect to the quantitative information examined. We believe our work provides a reasonable basis for our opinion.

Our audit included examining, on a test basis, evidence supporting the selected quantitative information in the Report. Our audit procedures included a review of internally and externally generated documents and data, and interviews with Suncor Energy management and staff at the corporate head office and within each of the three main business units. We reviewed the internal management processes used to generate the information and, where appropriate, tested the related internal controls. We applied analytical and substantive procedures on the data where appropriate. We compared Suncor's reporting approach to the approaches recommended by relevant external standards and programs, including the Global Reporting Initiative and existing and emerging industry standards.

OPINION In our opinion, the quantitative information set out in this report marked with the symbol ✓ is supported by appropriate underlying evidence and is fairly stated in all material respects.

In addition, financial information marked with the symbol ✓* has been extracted from the audited financial statements of Suncor Energy Inc. or the Suncor Energy Foundation for the years ended December 31, 2001 and 2002. Our opinion on the financial statements is set out in our reports to shareholders dated January 16, 2002 and January 17, 2003.

Signed,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Calgary, Alberta
October 1, 2003

REPORT OF MANAGEMENT

This report has been prepared in accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our company's social, environmental and economic performance.

Rick George

RICK GEORGE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
SUNCOR ENERGY INC.

IN ADDITION TO PROVIDING AN OPINION ON THE RELIABILITY OF SELECTED PERFORMANCE INDICATORS (MARKED THROUGHOUT THE PERFORMANCE INDICATORS, PAGES 60 TO 75, WITH THE ⊘ AND ⊘* SYMBOLS), WE ALSO ASKED PRICEWATERHOUSECOOPERS LLP (PWC) TO PROVIDE US WITH FEEDBACK ON AREAS OF STRENGTH AND OPPORTUNITIES FOR IMPROVEMENT IN OUR SUSTAINABILITY PERFORMANCE MONITORING AND REPORTING PROCESSES. ILLUSTRATIVE EXCERPTS FROM PWC'S COMMENTARY ARE PROVIDED BELOW.

AUDITORS' OBSERVATIONS

AREAS OF STRENGTH

- The company has made further enhancements in the accuracy and completeness of its greenhouse gas emissions data since the last sustainability report. For example, the greenhouse gas emissions for Oil Sands and Energy Marketing and Refining were recalculated using the American Petroleum Institute and Environment Canada methodologies and factors.
- The data management processes and controls are appropriate for indicators with associated regulatory requirements for reporting, such as sulphur dioxide and health and safety statistics.
- There is a general overall improvement in the sustainability report preparation process, including earlier compilation of performance data from the business units as well as greater internal review of the data.

AREAS FOR IMPROVEMENT

- There are inconsistencies between business units in the definitions and calculation methodologies for several performance indicators. Such inconsistencies make company-wide consolidation of the data for these indicators difficult.
- A number of the performance indicators were manually calculated at year-end using informal processes. The implementation of more robust systems and tools for tracking, tabulating and reporting the data for these indicators would reduce the risk of errors and omissions.
- Frequent organizational changes, including organizational restructuring and changes in staffing, created gaps in the continuity and consistency of the data management processes.

PWC informed Suncor the areas for improvement identified result in inefficiencies in both the consolidation and auditing of the performance indicators, but are not believed to have a material effect on the reported performance data.

BOUNDARY CONDITIONS Consolidated company-wide performance indicators are provided as well as indicators for each operating business – Oil Sands, Natural Gas and Renewable Energy, and Energy Marketing and Refining (EM&R) – Canada. Suncor's U.S.A. operations were acquired in August 2003 and because this report focuses on 2001 and 2002 results, performance indicators for the U.S. operations are not included. Statistics for the Sun-Canadian Pipe Line Company Limited are also not included in this report with the exception of health and safety performance data for employees.

Suncor measures progress by monitoring selected performance indicators. These indicators provide insight on the environmental, economic and social impacts and benefits of Suncor's business and are used to continuously improve performance. Some new indicators have been selected based on the 2002 GRI Guidelines.

UNDERSTANDING THE INDICATORS WHEN DATA FOR PERFORMANCE INDICATORS WAS EITHER NOT READILY AVAILABLE OR CURRENT CALCULATION METHODOLOGIES DIFFERED SIGNIFICANTLY FROM THOSE USED IN THE PAST, MAKING MEANINGFUL COMPARISONS DIFFICULT, A LINE ENTRY (—) APPEARS IN THE TABLE. DATA ENTRIES IN BOLD ITALICS HAVE BEEN AUDITED BY PRICEWATERHOUSECOOPERS LLP. A ✓ IN FRONT OF THE INDICATOR HIGHLIGHTS THE ROWS CONTAINING SUCH AUDITED DATA. A ✓* IN FRONT OF THE ECONOMIC INDICATOR HIGHLIGHTS THE ROWS CONTAINING DATA TAKEN DIRECTLY FROM THE AUDITED FINANCIAL STATEMENTS FOUND IN OUR ANNUAL REPORTS. SEVERAL FOOTNOTES APPEAR THROUGHOUT THIS SECTION TO PROVIDE CLARITY ON SPECIFIC BOUNDARY CONDITIONS, CHANGES IN METHODOLOGY, DEFINITIONS AND HOW TO GET MORE INFORMATION.

SUNCOR-WIDE PERFORMANCE INDICATORS[A]

ENVIRONMENT	98	99	00	01	02
PRODUCTION					
✓ **Upstream processed volumes and gross production** (thousand barrels of oil equivalent/day)[B]	150.3	***156.6***	***169.2***	***173.7***	***258.2***
✓ **Upstream processed volumes and gross production** (thousand m^3 of oil equivalent/day)[B]	23.9	***24.9***	***26.9***	***27.6***	***41.0***
✓ **Downstream gross production** (thousand m^3 refined product/day)[C]	12.5	***12.2***	***12.3***	***11.7***	***11.9***
✓ **Total upstream and downstream production** (thousand m^3/day)[D]	36.4	***37.1***	***39.2***	***39.3***	***52.9***
AIR EMISSIONS[E]					
✓ **Greenhouse gas (GHG)** (thousand tonnes CO_2 equivalent/yr)[F]	5 893	6 497	6 865	***7 342***	***8 799***
✓ **GHG emission intensity** (tonnes CO_2 equivalent/m^3 total production)[G]	0.447	0.486	0.485	***0.512***	***0.455***
Greenhouse gas offsets (thousand tonnes CO_2 equivalent/yr)	84	84	332	255	297
✓ **Sulphur dioxide** (tonnes/day)	69.5	***78.7***	***65.0***	***78.3***	***73.6***
✓ **Sulphur dioxide emission intensity** (kg/m^3 total production)	1.91	***2.12***	***1.66***	***1.99***	***1.39***
✓ **Nitrogen oxides** (tonnes/day)	38.3	59.8	59.0	***65.5***	***40.8***
✓ **Nitrogen oxides emission intensity** (kg/m^3 total production)	1.05	1.61	1.51	***1.67***	***0.77***
✓ **Volatile organic compounds (VOC) reported to NPRI** (tonnes/day)[H]	—	—	—	***4.3***	***60.0***
Benzene (tonnes/yr)	—	99.2	104.3	103.3	93.7
✓ **NPRI on-site releases reported** (tonnes/yr)[H]	1 243	932	1 436	***1 559***	***69 268***
ENERGY CONSUMPTION					
Energy use (million gigajoules)	74.0	74.9	80.4	93.3	111.9
Energy intensity (gigajoules/m^3 total production)	5.57	5.54	5.60	6.50	5.79

A The summary of Suncor-wide performance indicators includes figures for Suncor's corporate office. As a result, some indicators may not equal the sum of the figures for Oil Sands, Natural Gas and Renewable Energy, and Energy Marketing and Refining (EM&R). Information on Suncor Energy Marketing Inc. and Major Projects are incorporated when available and appropriate.

B The sum of processed volumes from Natural Gas and gross production from Oil Sands.

C Gross production of refined product from EM&R.

D The sum of upstream production (see Note B) and downstream production that is used as the denominator in calculating company-wide emission intensities as it represents emissions associated with total plant throughput as opposed to only saleable product.

E Emissions from the production of crude oil, natural gas, natural gas liquids and refined products. Emissions from product consumption by others are not included.

F GHG numbers include direct and indirect emissions. GHG emissions for Oil Sands and EM&R have been recalculated for all years using the American Petroleum Institute and Environment Canada methodologies. GHG emissions for Natural Gas and Renewable Energy are calculated using Canadian Association of Petroleum Producers (CAPP) methodology. For a detailed account of the six reported GHGs (CO_2, CH_4, N_2O, HFC, PFC, SF_6) for Suncor, see our latest Voluntary Challenge and Registry (VCR) report at www.suncor.com.

G Calculated using gross production from Oil Sands and EM&R, and processed volumes from Natural Gas to be consistent with the methodology used in Suncor's annual submission under the VCR program.

H A substantial number of changes were made to the National Pollutant Release Inventory (NPRI) requirements, including changes in thresholds and the addition of seven Criteria Air Contaminants (CAC), which include VOCs. These changes significantly increased the total NPRI site releases reported by Suncor in 2002. Data for 1998-2001 has not been restated. To view Suncor's complete submission, or for more information on the NPRI, visit www.ec.gc.ca/pdb/npri.

ENVIRONMENT (continued)	98	99	00	01	02
WATER USE [I]					
⊘ **Surface water withdrawal** (million m³)	69.1	73.6	74.0	***87.8***	***95.9***
Surface water returned (million m³)	67.7	70.8	65.1	59.1	39.8
Total water retained/used (million m³)	1.4	2.8	8.9	28.7	56.1
WASTE MANAGEMENT					
Hazardous/dangerous waste generated (tonnes)	—	7 073	8 871	25 099	5 355
Non-hazardous/non-dangerous waste generated (tonnes)	—	99 830	99 564	54 398	50 803
Waste recycled/reused/recovered (tonnes)	—	5 264	5 073	7 125	5 094
PRODUCTS AND SERVICES					
Ethanol blended into gasoline (thousand m³)	102.3	138.1	191.9	227.7	245.8
Sulphur content of gasoline (ppm)	301	209	192	180	200
Wind energy generation (MW)	—	—	—	—	5.5
COMPLIANCE					
⊘ **Major incidents** [J]	7	***1*** [K]	***4***	***10***	***6*** [L]
⊘ **Regulatory contraventions**	182	***209***	***120*** [M]	***184***	***162*** [N]
Water quality discharge	—	4	5	2	2
Spills to watercourses	2	2	2	1	1
⊘ **Regulatory fines** ($)	1 000	***20 000***	***750***	***3 500***	***0***
EH&S MANAGEMENT					
EH&S professionals on staff [O]	37	45	52	57	60
SOCIAL					
HEALTH AND SAFETY [P]					
⊘ **Employee lost-time injury frequency** [Q]	0.15	0.41	0.34	***0.16***	***0.33***
⊘ **Contractor lost-time injury frequency** [Q]	0.39	0.18	0.45	***0.37***	***0.32***
⊘ **Employee total recordable injury frequency** [R]	1.66	1.50	1.36	***1.40***	***1.84***
⊘ **Contractor total recordable injury frequency** [R]	4.21	2.36	2.68	***2.02***	***2.45***
⊘ **Fatalities**	2	0	1	***0***	***0***
EMPLOYEE RELATIONS					
⊘ **Employee turnover** (%) [S]	4.0	***3.1***	***5.5***	***4.2***	***4.1***
Employee and Family Assistance Program (% utilization) [T]	—	10.9	11.9	11.4	11.6
Education assistance plan ($ thousands) [U]	1 212	839	1 655	202	206
Scholarships for employee dependants ($ thousands) [V]	229	192	245	254	204

I Water use from the Athabasca and St.Clair rivers only. Water use was calculated prior to the release of the Global Reporting Initiative (GRI) Water Protocol.

J Major incidents are environment, health or safety incidents that result in a critical injury or fatality, regulatory enforcement action, or significant adverse impact to the environment or the company's reputation and are reported to regulators.

K One major incident also occurred at the Stuart Oil Shale Project in Australia, a business previously owned in part by Suncor.

L Data also includes one major incident from Major Projects.

M Five regulatory contraventions also occurred at the Stuart Oil Shale Project in Australia, a business previously owned in part by Suncor.

N Data also includes one regulatory contravention from Firebag in 2001 and three regulatory contraventions from Major Projects in 2002.

O Full-time professionals dedicated to environment, health or safety matters, including the corporate office, but excluding emergency response personnel.

P Data includes Oil Sands, Natural Gas and Renewable Energy, EM&R, Firebag and Suncor Energy Marketing Inc. for 2001. Data in 2002 also includes data from Major Projects.

Q A lost-time injury requires medical attention and results in an employee being absent from work. Lost-time injury frequency (LTIF) is the number of such injuries per 200,000 hours worked. Suncor does not track LTIF for employees at the corporate office.

R Recordable injuries include lost-time injuries as well as medical aid injuries. Medical aid injuries require medical attention but do not result in an employee being absent from work. Total recordable injury frequency (TRIF) is the sum of lost-time and medical aid injuries per 200,000 hours worked. Suncor does not track TRIF for employees at the corporate office.

S Employee turnover is defined as the percentage of employees who leave the organization voluntarily in a given year. In 2000, Suncor experienced an increase in employee turnover rate as a result of the increase in employment options in northern Alberta associated with the growth of the oil sands industry.

T The Employee and Family Assistance Program is an anonymous counselling service available to employees and their families. The utilization rate represents the percentage of the workforce accessing the service in a given year.

U Suncor supports the development of employees through an educational assistance program that reimburses tuition upon successful completion of a course or program.

V Suncor supports the education of employee families through a scholarship program for Suncor dependants.

SOCIAL (continued)	98	99	00	01	02
WORKFORCE					
Suncor employees	2 659	2 796	3 043	3 307	3 422
Long-term contractors [W]	580	733	663	926	1 106
✓ **Employee wages** ($ millions) [X]	230.8	***238.1***	***260.9***	***270.6***	***344.3***
Employee benefits ($ millions) [Y]	36.1	33.1	37.8	41.2	44.9
EQUAL OPPORTUNITIES AND DIVERSITY					
Workforce diversity (% of total workforce)					
✓ **Aboriginals**	3	***4.5***	***6.6***	***7.0***	***7.5***
✓ **Women**	18	***18.1***	***18.8***	***19.4***	***19.4***
✓ **Visible minorities**	7	***6.6***	***6.3***	***6.8***	***6.8***
✓ **Persons with disabilities**	3	***2.6***	***2.4***	***1.9***	***1.9***
✓ **Women in management** (%)	—	—	***19.3***	***14.9***	***15.7***
COMMUNITY RELATIONS ($ thousands)					
Suncor's donation to the Suncor Energy Foundation (SEF)	1 933	3 218	2 761	3 733	5 000
Suncor's community investment outside the SEF [Z]	—	—	—	602	672
Suncor's in-kind donations [AA]	—	—	—	43	616
Volunteer time (hours) [BB]	—	—	—	—	10 298
Suncor employees					5 223
Sunoco retailers					5 075
✓* **Suncor Energy Foundation** ($ thousands) [CC]	1 579	***2 416***	***2 826***	***3 414***	***4 547***
DISTRIBUTION BY FOCUS AREA					
✓* **Environment**	251	830	810	***858***	***1 231***
✓* **Education**	518	586	780	***1 276***	***1 497***
✓* **Community**	810	1 000	1 236	***1 279***	***1 820***
DISTRIBUTION BY REGION					
Calgary & area	676	1 333	505	563	890
Ontario	251	462	583	651	829
Fort McMurray/Wood Buffalo region	652	621	833	943	1 193
National	—	—	905	1 256	1 636
SEF community service grants [DD]	143	150	145	166	203
SEF matching grants [EE]	—	14	16	19	20
UNITED WAY					
SEF United Way donations [FF]	235	320	320	353	353
Suncor employee and retiree contributions	539	605	627	715	839

W Long-term contractors are contractors who replace a full-time equivalent job. They are often permanent maintenance positions with the company. Contractors for Major Projects are also included.

X All monetary compensation to employees, including straight time wages, overtime and bonus payments. The company-wide numbers have been calculated by adding each business total, including Major Projects, and corporate wages. Where definitions between businesses vary slightly, the consolidated figures are materially correct.

Y All taxable and non-taxable benefits, including health plans, stock options, savings plan and educational assistance.

Z Cash community investments and donations made by Suncor outside of the Suncor Energy Foundation (SEF). Although Suncor made contributions outside the SEF prior to 2001, no formal tracking system existed. In 2002, an improved tracking system was initiated across Suncor businesses.

AA In-kind donations, including office furniture, computer equipment and diesel fuel. Although Suncor made in-kind contributions prior to 2001, no formal tracking system existed. An improved tracking system was initiated in 2002 across Suncor businesses.

BB Volunteer time is reported by employees to Suncor on a voluntary basis. The hours shown generally represent time spent by employees volunteering in the community as a Suncor representative. Tracking began in 2002.

CC Suncor established the SEF in March 1998. The SEF is committed to contributing 30% of its budget to environmental initiatives, 30% to educational initiatives and 40% to community initiatives, including employee and retiree programs.

DD The SEF provides grants to Suncor employees and retirees in recognition of their volunteer service with a charitable organization.

EE The SEF matches Suncor employee and retiree donations to Canadian post-secondary institutions to a maximum of $1,000 per year.

FF The SEF provides annual donations to United Way chapters across Canada in recognition of the contributions made to the United Way by Suncor employees and retirees.

Imagine A Caring Company

ECONOMIC	98	99	00	01	02
PRODUCTION					
⊘ **Natural gas** (thousand barrels of oil equivalent/day) GG	41.2	37.7	33.3	***29.5***	***29.8***
⊘ **Natural gas** (thousand m^3 of oil equivalent/day) GG	6.5	6.0	5.3	***4.7***	***4.7***
⊘ **Crude oil and natural gas liquids** (thousand barrels of oil equivalent/day) HH	109.9	***119.0***	***121.1***	***127.1***	***209.7***
⊘ **Crude oil and natural gas liquids** (thousand m^3/day) HH	17.5	***18.9***	***19.3***	***20.2***	***33.3***
⊘ **Refined product sales** (thousand m^3 refined product/day) II	13.8	***13.8***	***14.6***	***14.8***	***14.5***
FINANCIALS					
⊘* **Revenues** ($ millions)	2 070	***2 387***	***3 388***	***4 199***	***4 904***
⊘* **Earnings** ($ millions)	178	***186***	***377***	***388***	***761***
⊘* **Retained earnings** ($ millions)	981	***1 070***	***1 421***	***1 700***	***2 357***
⊘* **Cash flow from operations** ($ millions)	580	***591***	***958***	***831***	***1 440***
Return on capital employed (%)	9.5	8.3	16.6	17.8	14.6
Share price Toronto Stock Exchange ($) JJ	11.50	15.10	19.15	26.20	24.70
Ratio of market capitalization to book value	3.38	4.19	4.34	3.80	5.20
Taxes and royalties paid ($ millions) KK	392	472	585	527	482
Tax and royalty credits received ($ millions) LL	—	—	—	8.9	7.7
INVESTMENTS					
⊘* **Capital and exploration expenditures** ($ millions)	936	***1 350***	***1 998***	***1 678***	***877***
⊘ **Research and development** ($ millions) MM	9.3	12.3	17.0	***37.1***	***9.6***
Distribution to providers of capital ($ millions)	145	179	226	252	259
Dividends paid on preferred securities	0	37	47	48	48
Dividends paid on common shares	75	75	71	72	73
Share capital issued under dividends reinvestment plan	6	4	4	3	4
Interest payment on debt	64	63	104	129	134
Debt/debt plus shareholders' equity (%)	46.7	38.9	47.7	53.1	43.7
PURCHASES					
Goods and services ($ millions) NN	1 307	1 646	2 903	2 620	2 033
Goods and services purchased in Canada ($ millions)	1 212	1 490	2 682	1 993	1 544

GG Suncor's production of natural gas, exclusive of volumes processed on behalf of others. Values are consistent with Suncor's annual reports. Gas is converted to barrels of oil equivalent, assuming six million cubic feet of natural gas is equivalent to 1,000 barrels of oil. The new industry standard of a 6:1 ratio replaced the 10:1 ratio in 2001. Figures for 1998-2000 have been recalculated using the new standard.

HH Net oil production by Oil Sands added to natural gas liquids produced by Natural Gas, exclusive of volumes processed on behalf of others. Values are consistent with Suncor's annual financial reports.

II Refinery production and other product purchased for resale. Values are consistent with Suncor's annual financial reports.

JJ Suncor's year-end Canadian share price. Suncor's stock split 2 for 1 in both 2000 and 2002. Share prices have been recalculated from 1998-2001 to reflect this split and the previous 2000 stock split.

KK Monies remitted to government, including income, property, excise and other taxes; Crown royalties; and lease bonuses and rentals. Data for 1998-2000 have been restated to reflect slight changes in methodology.

LL Includes the Investment Tax Credit on Scientific Research and Experimental Development Expenditures, Deep Gas Royalty Holiday Program and Alberta Royalty Tax Credit.

MM All numbers have been restated as more accurate data on research and development becomes available. Typically data is not available until 18 months after year-end, in accordance with the reporting protocol established by Canada Customs and Revenue Agency (CCRA) for purposes of deciding tax treatment. The values for 2001 and 2002 represent Suncor's applications to the CCRA for those years.

NN Includes international purchases and excludes purchases of crude oil.

OIL SANDS PERFORMANCE INDICATORS

ENVIRONMENT	98	99	00	01	02
PRODUCTION					
✓ **Gross production** (thousand barrels of oil/day) [A]	95.1	***108.2***	***117.1***	***127.2***	***210.1***
✓ **Gross production** (thousand m³ of oil/day) [A]	15.1	***17.2***	***18.6***	***20.2***	***33.4***
AIR EMISSIONS					
✓ **Greenhouse gas (GHG)** (thousand tonnes CO_2 equivalent/yr) [B]	4 328	5 009	5 352	***5 878***	***7 358***
✓ **GHG emission intensity** (tonnes CO_2 equivalent/m³ production) [C]	0.785	0.798	0.788	***0.797***	***0.604***
Ozone-depleting substances (kg of CFC11 equivalent/yr)	—	31.4	21.6	27.0	7.5
✓ **Sulphur dioxide** (tonnes/day)	53.4	***63.2***	***49.1***	***64.1***	***60.3***
✓ **Sulphur dioxide emission intensity** (kg/m³ production)	3.54	***3.67***	***2.64***	***3.17***	***1.81***
✓ **Nitrogen oxides** (tonnes/day) [D]	33.8	55.2	54.6	***60.8***	***36.2***
✓ **Nitrogen oxides emission intensity** (kg/m³ production) [D]	2.24	3.21	2.94	***3.01***	***1.08***
✓ **Volatile organic compounds (VOC) reported to NPRI** (tonnes/day) [E]	—	—	2.1	***2.2***	***58.2***
✓ **VOC emission intensity** (kg/m³ production)	—	—	0.11	***0.10***	***1.70***
Benzene (tonnes/yr)	42.8	12.2	21.1	20.5	25.3
Toluene (tonnes/yr)	85.1	110.9	122.2	114.7	176.9
Ethylbenzene (tonnes/yr)	69.2	9.5	42.7	41.3	61.8
Xylene (tonnes/yr)	204.9	33.2	197.5	204.8	304.5
✓ **NPRI on-site releases reported** (tonnes/yr)	1 029	676	1 239	***1 280***	***58 631***
Flared gas (million m³/yr) [F]	30.1	30.9	29.1	43.2	60.3
Flared gas intensity (m³/m³ production)	5.46	4.92	4.27	5.85	4.95
Heating value of gas flared (million gigajoules)	1.43	1.38	1.20	1.95	2.67
ENERGY CONSUMPTION					
Energy use (million gigajoules) [G]	50.1	53.3	59.7	73.3	92.1
Energy intensity (gigajoules/m³ production)	9.07	8.49	8.77	9.93	7.56
WATER USE					
✓ **Water withdrawal from the Athabasca River** (million m³)	37.9	42.1	42.5	***56.4***	***67.2***
Water drawn from water wells (million m³)	—	—	—	0.1	0.1
✓ **Water withdrawal intensity** (m³/m³ production)	6.9	6.7	6.2	***7.6***	***5.5***
Water returned to the Athabasca River (million m³)	33.8	36.4	30.5	24.0	7.9
Water retained/used (million m³) [H]	4.1	5.7	12.0	32.5	59.4

See Suncor-wide Performance Indicators tables for additional notes.

A Gross production includes product that is internally consumed as well as product lost through practices such as flaring. Gross production volume is used to calculate emission intensities since it represents emissions associated with total plant throughput as opposed to only saleable product. Gross production differs from net production in the economic performance section of this table.

B GHG emissions have been recalculated using the American Petroleum Institute and Environment Canada methodologies as outlined in Suncor's Eighth Annual Progress Report to the VCR, October 2002.

C GHG emissions intensity has been recalculated using gross production.

D Nitrogen oxides figures for 1998-2001 were estimates using generalized emission factors. As of 2002, equipment-specific operating data was used to quantify each point source. Numbers for 1998-2001 could not be recalculated.

E As reported to NPRI. Values for 2000 differ from Suncor's 2001 Report on Sustainability where all VOCs were reported.

F Flared gas includes emergency and non-emergency flaring.

G Includes combustion of petroleum coke, natural gas and internally produced fuels; flaring; and electrical power imports.

H Total water drawn minus water returned.

ENVIRONMENT (continued)	98	99	00	01	02
WATER DISCHARGE QUALITY					
Oil and grease (tonnes)	—	33.3	24.6	13.0	5.0
Suspended sediment (tonnes)	—	175.8	117.2	86.0	14.7
Chemical oxygen demand (tonnes)	—	389.4	345.4	203.3	37.4
Phenol (tonnes)	—	0.101	0.078	0.046	0.022
Metals in effluent (tonnes)	—	13.37	8.33	8.04	0.86
WASTE MANAGEMENT					
Hazardous waste disposed off-site (tonnes)	354	1 100	774	1211	1227
Non-hazardous waste disposed off-site (tonnes)	—	290	135	0	0
Hazardous waste disposed on-site (tonnes)	—	3 645	5 524	19 676	210
Non-hazardous waste landfilled on-site (tonnes)	53 105	86 920	93 146	47 582	14 138
Waste reused/recycled/recovered off-site (tonnes)	—	3 450	4 017	5 385	3 177
Waste reused/recycled/recovered on-site (tonnes)	—	1 376	765	1 310	1 182
LAND DISTURBANCE AND RECLAMATION					
⊘ **Total land leaseholdings for potential development** (hectares) [I]					
Mineable oil sands	—	37 373	37 373	***37 373***	***37 373***
Firebag (In-situ)	—	—	77 790	***109 150***	***136 670***
⊘ **Total landholdings approved for development** (hectares) [I]					
Mineable oil sands	—	16 116	16 116	***16 116***	***16 116***
Firebag	—	—	19 036	***19 036***	***19 036***
⊘ **Total land disturbed** (cumulative hectares)	3 533	***4 667***	***6 931***	***7 326***	***7 610***
⊘ **Land reclaimed** (cumulative hectares)	619	***548*** [J]	***626***	***675***	***732***
⊘ **Combined surface area of tailings ponds** (hectares)	—	***793***	***823***	***1 355***	***2 100***
⊘ **Number of tailings ponds**	—	—	—	***8***	***9***
COMPLIANCE					
⊘ **Major incidents**	1	***1***	***2***	***6***	***4***
⊘ **Regulatory contraventions**	64	***124***	***84***	***141***	***118***
Air quality	31	23	14	16	24
Water quality discharge	2	0	0	0	0
Spills to Athabasca River [K]	0	0	1	0	0
⊘ **Regulatory fines** ($ thousands)	0	***0***	***0***	***0***	***0***
EH&S MANAGEMENT					
EH&S professionals on staff	21	27	34	40	40

I Total land leaseholdings for potential and approved development have been split between Oil Sands and Firebag. Mineable oil sands hectares for 2000 have been restated to reflect a more accurate division of land between the two projects.

J Reclaimed area decreased in 1999 from 1998 due to previously reclaimed areas being disturbed as a result of Oil Sands expansion.

K Spills that enter the Athabasca river directly, or spills into collection systems that exceed downstream treatment capabilities and result in the release of substances to the river with potential to cause adverse impact.

ECONOMIC	98	99	00	01	02
PRODUCTION					
✓ **Net production** (thousand barrels of oil/day) [L]	93.6	***105.6***	***113.9***	***123.2***	***205.8***
✓ **Net production** (thousand m^3 of oil/day) [L]	14.9	***16.8***	***18.1***	***19.6***	***32.7***
FINANCIALS					
✓* **Earnings** ($ millions)	145	***167***	***315***	***283***	***793***
✓* **Cash flow from operations** ($ millions)	320	***405***	***655***	***486***	***1 480***
Return on capital employed (%)	16.3	12.9	22.8	20.1	16.8
Tax and royalty credits received ($ thousands) [M]	—	—	—	2 054	235
INVESTMENTS					
✓* **Capital and exploration expenditures** ($ millions)	507	***1 057***	***1 808***	***1 479***	***617***
✓ **Research and development** ($ millions)	2.5	***6.4***	***10.9***	***10.3***	***1.2***
PURCHASES					
Goods and services ($ millions)	906.1	1 332.2	2 510.1	2 202.5	1 574.0
Goods and services purchased in or from ($ millions)					
Canada	812.8	1 177.7	2 291.8	1 588.4	1 097.8
Local businesses/suppliers [N]	66.5	82.2	99.8	495.7	394.4
Aboriginal businesses/suppliers [O]	14.8	25.5	79.6	90.6	58.3

L Net production is product available for sale. Figures are consistent with those found in Suncor's annual reports. Net production differs from gross production in the Oil Sands environmental performance section.

M Investment Tax Credit on Scientific Research and Experimental Development Expenditures.

N Local businesses/suppliers are those established in the Regional Municipality of Wood Buffalo.

O Aboriginal businesses include those either established or considering establishing in the Regional Municipality of Wood Buffalo and with 50% ownership by Aboriginal people. Also included are other businesses that Suncor determines provide Aboriginal benefits in the Wood Buffalo region as a result of the company's expenditures.

SOCIAL	98	99	00	01	02
HEALTH AND SAFETY					
OIL SANDS					
✓ **Employee lost-time injury frequency**	0.11	0.46	0.14	***0.13***	***0.31***
✓ **Contractor lost-time injury frequency**	0.39	0.19	0.42	***0.27***	***0.29***
✓ **Employee total recordable injury frequency**	1.99	1.85	1.49	***1.31***	***1.87***
✓ **Contractor total recordable injury frequency**	4.59	2.45	2.56	***1.83***	***2.63***
✓ **Fatalities**	1	0	1	***0***	***0***
On-site responses by Oil Sands emergency services	—	541	625	591	788
Off-site responses by Oil Sands emergency services	—	4	56	15	48
MAJOR PROJECTS [P]					
✓ **Employee & contractor lost-time injury frequency**	—	—	—	—	***0.13***
✓ **Employee & contractor total recordable injury frequency**	—	—	—	—	***1.96***
✓ **Fatalities**	—	—	—	—	***0***
EMPLOYEE RELATIONS					
✓ **Ratio of lowest wage to minimum wage** [Q]	—	***2.8***	***2.8***	***2.7***	***2.9***
Ratio of average wage to minimum wage [R]	—	—	5.5	5.4	5.8
✓ **Ratio of jobs offered to jobs accepted**	—	***1.11***	***1.20***	***1.22***	***1.15***
Training and development ($ thousands) [S]	894	649	1 459	878	770
✓ **Employee turnover** (%)	4.2	***2.9***	***5.4*** [T]	***5.1***	***5.3***
Employee and Family Assistance Program (% utilization)	—	11.8	12.9	11.5	11.8
WORKFORCE					
Suncor employees	1 647	1 741	2 057	2 302	2 502
Long-term contractors	362	521	490	715	819
✓ **Employee wages** ($ millions) [U]	145.4	***158.0***	***176.2***	***182.5***	***226.4***
Employee benefits ($ millions)	15.5	16.0	19.9	21.9	25.6
% of workforce unionized	—	—	—	60.9	67.0
EQUAL OPPORTUNITIES AND DIVERSITY					
Workforce diversity (as % of total workforce)					
✓ **Aboriginals**	4.8	***6.7***	***9.3***	***10.3***	***10.8***
✓ **Women**	12.3	***13.2***	***14.5***	***14.0***	***14.1***
✓ **Visible minorities**	6.8	***6.3***	***6.1***	***6.6***	***6.3***
✓ **Persons with disabilities**	2.8	***2.7***	***2.6***	***2.2***	***2.1***
✓ **Women in management** (%)	—	—	***7.9***	***7.3***	***8.6***

P Major Projects began to track lost-time injury frequency and total recordable injury frequency from their inception in 2002. The group is primarily made up of contractors.

Q Compares Oil Sands lowest full-time base wage to the Province of Alberta's minimum wage of $5.90/hour.

R Compares Oil Sands average full-time base wage to the Province of Alberta's minimum wage of $5.90/hour.

S Includes support of the educational assistance plan that reimburses tuition upon successful completion of a course or program.

T Oil Sands experienced an increase in employee turnover rate as a result of increased employment options in northern Alberta associated with growth of the oil sands industry.

U Employee wages also include Suncor Energy Marketing Inc.

NATURAL GAS AND RENEWABLE ENERGY PERFORMANCE INDICATORS

ENVIRONMENT	98	99	00	01	02
PRODUCTION					
Processed volume [A]					
✓ **thousand barrels of oil equivalent/day**	55.2	***48.4***	***52.1***	***46.5***	***48.1***
✓ **thousand m³ of oil equivalent/day**	8.8	***7.7***	***8.3***	***7.4***	***7.6***
AIR EMISSIONS					
✓ **Greenhouse gas (GHG)** (thousand tonnes CO_2 equivalent/yr) [B]	548	523	556	***536***	***489***
✓ **GHG emission intensity** (tonnes CO_2 equivalent/m³ production) [B]	0.176	0.193	0.183	***0.199***	***0.175***
✓ **Sulphur dioxide** (tonnes/day) [C]	10.2	***9.9***	***9.6***	***8.0***	***6.8***
✓ **Sulphur dioxide emission intensity** (kg/m³ production)	1.16	***1.29***	***1.16***	***1.08***	***0.88***
✓ **Nitrogen oxides** (tonnes/day) [C]	1.81	1.83	1.81	***2.14***	***2.10***
✓ **Nitrogen oxides emission intensity** (kg/m³ production)	0.22	0.25	0.22	***0.29***	***0.27***
✓ **Volatile organic compounds (VOC) reported to NPRI** (tonnes/day)	—	—	—	—	***0.2***
✓ **VOC emission intensity** (kg/m³ production)	—	—	—	—	***0.02***
Benzene (tonnes/yr)	—	67.1	66.2	60.5	56.6
✓ **NPRI on-site releases reported** (tonnes/yr)	0	0	0.14	***0.14***	***3 764***
Total gas flaring (million m³/yr)	32.2	19.3	16.2	12.2	7.4
Solution gas flaring (million m³/yr)	18.5	10.4	4.9	3.0	1.5
ENERGY CONSUMPTION					
Energy use (million gigajoules)	7.1	5.0	4.7	4.5	4.0
Energy intensity (gigajoules/m³ production)	2.28	1.79	1.53	1.68	1.42
ENERGY GENERATION					
Wind energy generation (MW) [D]	—	—	—	—	5.5

See Suncor-wide Performance Indicators tables for additional notes.

A Represents the total amount of hydrocarbons processed through equipment operated by Natural Gas. It includes production owned by Suncor as well as product owned by others and processed by Suncor. Processed volume is used to calculate emission intensities.

B Figures have been adjusted to reflect divestments in conventional oil properties and the inclusion of emissions associated with the operations of the Albersun pipeline system, both beginning in 2000.

C Figures include only those facilities that operate with approval issued under the Alberta Environmental Protection and Enhancement Act. Facilities include the Simonette, South Rosevear, North Rosevear and Progress gas plants.

D The SunBridge Wind Power Project is a joint venture between Suncor and Enbridge. Total capacity of the project is 11 megawatts (MW).

ENVIRONMENT (continued)	98	99	00	01	02
WATER USE					
Water withdrawal (million m^3) [E]	—	—	—	1.2	0.8
Water returned (million m^3)	—	—	—	0.05	0.04
Water retained/used (million m^3)	—	—	—	1.15	0.76
WASTE MANAGEMENT					
Total waste for off-site disposal	13 900	13 512	7 157	8 560	34 167
Dangerous waste to off-site disposal (tonnes)	—	1 907	2 265	3 502	2 275
Non-dangerous waste to off-site disposal (tonnes)	—	11 605	4 892	5 057	31 892 [F]
Waste treated on-site (tonnes) [G]	—	1 927	2 704	0	0
Waste to deep well disposal (thousand m^3) [H]	—	115	123	1 029	956
Waste reused/recycled/recovered off-site (tonnes)	—	144	123	148	142
LAND DISTURBANCE AND RECLAMATION					
⊘ **Total number of producing wells**	—	—	—	***389***	***427***
⊘ **Suncor-operated producing wells**	—	***479***	***216***	***245***	***264***
⊘ **Shut-in wells/suspended well** [I]	—	***393***	***118***	***101***	***105***
⊘ **Number of wells undergoing reclamation**	—	—	***17***	***75*** [J]	***59***
⊘ **Reclamation certificates received**	29	***11***	***2***	***17***	***6***
COMPLIANCE					
⊘ **Major incidents**	6	***0***	***2***	***2***	***0***
⊘ **Regulatory contraventions**	33	***20***	***14***	***18***	***21***
Reportable spills [K]	15	13	6	7	6
Air quality	3	5	8	9	10
Water quality discharge	—	1	0	1	0
Spills to watercourses	1	0	0	0	0
⊘ **Regulatory fines** ($)	1 000	***20 000*** [L]	***750*** [M]	***3 500*** [N]	***0***
EH&S MANAGEMENT					
EH&S professionals on staff	3	4	3	2	4

E More than 95% of the water is withdrawn from the Deep Valley Creek as part of the operation of the Simonette sour gas processing facility located east of Grand Prairie. The remaining amount is groundwater provided by a number of wells.

F Non-dangerous waste to off-site disposal increased significantly in 2002 as a result of the reclamation of the Blueberry facility flare pits, where approximately 12,500 cubic metres of contaminated soil was sent off-site. In addition, the Foothills Operations group sent drilling waste and oil-based cuttings to a landfill site.

G Until 2000, drilling waste was collected and processed at the well site using technologies such as biocell treatment, composting and landfarming. Beginning in 2001, the treatment of waste was contracted out and hauled off-site to approved landfills and approved disposal wells/caverns.

H A significant increase in the amount of waste to deep wells for 2001 reflects improved records, criteria and methodology.

I A shut-in well is a well taken out of production by shutting off flow at the wellhead, often with the expectation of resuming production in the future. A suspended well is a shut-in well on which additional subsurface isolation procedures have been performed and which is usually taken out of production due to poor economics. If a suspended well is not brought back into production, it is taken out of service as per regulatory requirements.

J The number of wells undergoing reclamation in 2001 is a best estimate due to staff transition and incomplete records.

K Spills that meet reporting threshold volumes as per applicable environmental legislation.

L Administrative penalties totalling $20,000 were imposed by Alberta Environment as a result of two separate incidents that occurred at sour gas plants in 1998. A penalty of $18,000 was assessed for exceeding daily sulphur dioxide emission limits at Simonette and a $2,000 penalty was assessed for failing to ensure continuous operation of an emission monitor at Progress.

M A fine of $750 was paid as a result of a single incident when proper authorization was not obtained from a leaseholder prior to the company proceeding to a well site.

N An administrative fine of $2,000 was imposed by Alberta Environment Protection for a late submission of the annual wastewater report. In 2000, notice was also received from the British Columbia Ministry of Forests regarding alleged contraventions of the Forest Practices Code Act in northeastern British Columbia. A fine of $1,500 was assessed. Suncor's appeal was unsuccessful and a $1,500 fine was paid.

ECONOMIC	98	99	00	01	02
PRODUCTION					
Production [O]					
✓ **thousand barrels oil equivalent/day** [P]	57.5	51.1	40.5	***33.4***	***33.7***
✓ **natural gas** (million cubic feet/day)	247	***226***	***200***	***177***	***179***
✓ **thousand m³ oil equivalent/day**	9.1	8.1	6.4	***5.3***	***5.4***
FINANCIALS					
✓* **Earnings** ($ millions)	24	***41***	***98***	***117***	***35***
✓* **Cash flow from operations** ($ millions)	167	***172***	***238***	***280***	***164***
Return on capital employed (%)	3.3	5.5	17.2	32.1	9.2
Tax and royalty credits received ($ thousands) [Q]	—	—	—	2 939	6 005
INVESTMENTS					
✓* **Capital and exploration expenditures** ($ millions)	242	***200***	***127***	***132***	***163***
✓ **Research and development** ($ millions)	2.9	***3.3***	***1.3***	***0***	***0***
PURCHASES [R]					
Goods and services ($ millions)	255	202	229	212	216
Goods and services purchased in or from ($ millions)					
Canada	254	201	228	211	214
Local businesses/suppliers [S]	248	194	222	207	211

O Represents Natural Gas production exclusive of volumes processed on behalf of others. These values are consistent with those found in Suncor's annual reports but differ from the processed production volumes in the Natural Gas environmental performance section, which does include volumes processed for others.

P Gas is converted to barrels of oil equivalent, assuming six million cubic feet of natural gas is equivalent to 1,000 barrels of oil. The new industry standard of a 6:1 ratio replaced the 10:1 ratio in 2001. Figures for 1998-2000 have been recalculated using the new standard.

Q Includes the Deep Gas Royalty Holiday Program and Alberta Royalty Tax Credit.

R The numbers provided for goods and services in the 2001 Report on Sustainability were incorrect. They have been restated to reflect accurate numbers.

S Local businesses/suppliers are those established within the region of Natural Gas developments and operations.

SOCIAL	98	99	00	01	02
HEALTH AND SAFETY					
✓ **Employee lost-time injury frequency**	0	0	0.93	***0***	***0.53***
✓ **Contractor lost-time injury frequency**	—	1.01	1.14	***0.75***	***0.73***
✓ **Employee total recordable injury frequency**	0.77	1.27	0.93	***1.55***	***1.06***
✓ **Contractor total recordable injury frequency**	—	5.84	5.13	***4.52***	***1.82***
✓ **Fatalities**	1	0	0	***0***	***0***
Vehicle accident frequency[T]	3.6	5.7	5.0	4.5	7.9
EMPLOYEE RELATIONS					
✓ **Ratio of lowest wage to minimum wage**[U]	—	***1.9***	***2.1***	***2.2***	***2.3***
Ratio of average wage to minimum wage[V]	—	—	4.8	7.1	7.0
✓ **Ratio of jobs offered to jobs accepted**	—	—	—	***1.0***	***1.1***
Training and development ($ thousands)[W]	696	357	379	289	374
✓ **Employee turnover** (%)	2.8	***2.8***	***7.9***	***5.7***	***3.2***
Employee and Family Assistance Program (% utilization)	—	13.0	8.1	12.5	8.1
WORKFORCE					
Suncor employees	295	314	182	192	186
Long-term contractors	97	91	52	72	74
✓ **Employee wages** ($ millions)	26.4	***24.7***	***25.7***	***25.5***	***33.7***
Employee benefits ($ millions)	3.2	3.7	5.3	3.5	3.8
EQUAL OPPORTUNITIES AND DIVERSITY					
Workforce diversity (as % of total workforce)					
✓ **Aboriginals**	1.0	***0.9***	***0***	***0***	***0***
✓ **Women**	31.4	***29.1***	***28.3***	***32.4***	***33.9***
✓ **Visible minorities**	5.0	***3.9***	***5.1***	***4.8***	***5.4***
✓ **Persons with disabilities**	5.0	***2.6***	***2.5***	***2.1***	***2.2***
✓ **Women in management** (%)	—	—	***18.2***	***15.6***	***22.6***

T The number of all vehicle accidents per one million kilometres driven.

U Compares Suncor's lowest full-time base wage in the Calgary corporate office and Natural Gas field locations to the Province of Alberta's minimum wage of $5.90/hour.

V Compares the average full-time base wage in Suncor's Calgary corporate office and Natural Gas field locations to the Province of Alberta's minimum wage of $5.90/hour.

W Includes support of the Suncor educational assistance plan that reimburses tuition upon successful completion of a course or program.

ENERGY MARKETING AND REFINING PERFORMANCE INDICATORS

ENVIRONMENT	98	99	00	01	02
PRODUCTION					
✓ **Gross production** (thousand m³ refined product/day) [A]	12.5	***12.2***	***12.3***	***11.7***	***11.9***
AIR EMISSIONS					
✓ **Greenhouse gas (GHG) without ethanol & cogeneration reductions** (thousand tonnes CO_2 equivalent (CO_2E)) [B]	1 017	965	957	***928***	***952***
GHG with ethanol reductions (thousand tonnes CO_2E) [C]	933	881	825	773	784
GHG with ethanol & cogeneration reductions (thousand tonnes CO_2E) [D]	—	—	—	—	755
✓ **GHG emission intensity without ethanol & cogeneration reductions** (tonnes CO_2E/m^3 production)	0.223	0.218	0.213	***0.217***	***0.218***
GHG emission intensity with ethanol & cogeneration reductions (tonnes CO_2E/m^3 production)	0.205	0.199	0.184	0.181	0.173
✓ **Sulphur dioxide** (tonnes/day)	5.9	***5.6***	***6.3***	***6.2***	***6.6***
✓ **Sulphur dioxide emission intensity** (kg/m³ production)	0.47	***0.46***	***0.51***	***0.53***	***0.55***
✓ **Nitrogen oxides** (tonnes/day)	2.7	2.8	2.6	***2.6***	***2.6***
✓ **Nitrogen oxides emission intensity** (kg/m³ production)	0.22	0.23	0.21	***0.22***	***0.22***
✓ **Volatile organic compounds (VOC) reported to NPRI** (tonnes/day)	1.4	1.8	1.4	***2.1***	***1.6***
✓ **VOC emission intensity** (kg/m³ production)	0.11	0.15	0.11	***0.16***	***0.12***
Benzene (tonnes/yr)	17.2	19.9	17.0	22.3	11.8
Toluene (tonnes/yr)	64.4	73.4	84.5	48.7	51.6
Ethylbenzene (tonnes/yr)	20.8	24.3	14.6	22.3	15.2
Xylene (tonnes/yr)	81.8	98.3	50.5	92.7	67.1
✓ **NPRI on-site releases reported** (tonnes/yr)	214	256	197	***278***	***6 873***
ENERGY CONSUMPTION					
Energy use (million gigajoules) [E]	16.8	16.6	16.0	15.5	15.8
Energy intensity (gigajoules/m³ production)	3.69	3.74	3.56	3.62	3.63
Electricity imports (million gigajoules)	1.07	1.02	1.00	1.02	1.01
Electricity import intensity (gigajoules/m³ production)	0.23	0.23	0.22	0.24	0.23
Steam imports (million gigajoules)	0.97	1.27	1.03	0.92	0.95
Steam import intensity (gigajoules/m³ production)	0.21	0.29	0.23	0.22	0.22

See Suncor-wide Performance Indicators tables for additional notes.

A Gross production includes product that is internally consumed at the Sarnia refinery and is used to calculate emission intensities. It is representative of emissions associated with total refinery throughput as opposed to only saleable product. Gross production differs from net production in the economic performance section.

B GHG emissions have been recalculated using the American Petroleum Institute and Environment Canada methodologies as outlined in Suncor's Eighth Annual Progress Report to the VCR, October 2002.

C Includes indirect emission reductions as a result of EM&R's actions to blend ethanol into their product gasoline. The reductions vary each year, but range from 84,000 to 168,000 tonnes of CO_2 equivalent.

D The Sarnia refinery began accessing power and steam from cogeneration in the fourth quarter of 2002, accounting for a reduction of 29,000 tonnes of CO_2 equivalent.

E Energy consumption includes natural gas firing and the import of steam and electrical power.

ENVIRONMENT (continued)	98	99	00	01	02
WATER USE					
✓ **Water withdrawal from the St. Clair River** (million m³)	31.2	31.5	31.5	***31.4***	***28.7***
Water returned to the St. Clair River (million m³) [F]	33.9	34.4	34.6	35.1	31.9
Water retained/used (million m³) [G]	(2.7)	(2.7)	(3.1)	(3.7)	(3.2)
Car wash (thousand m³) [H]	—	—	705	723	735
WATER DISCHARGE QUALITY					
Suspended sediment (tonnes)	34.94	30.15	15.84	17.71	19.00
Oil and grease (tonnes)	8.73	8.29	4.06	3.53	4.46
Phenol (tonnes)	0.07	0.05	0.06	0.05	0.05
Ammonia (tonnes)	6.15	6.44	3.91	3.25	5.02
WASTE MANAGEMENT					
Off-site waste disposal (tonnes) [I]	1 297	1 436	1 699	2 469	6 416
Hazardous waste (tonnes)	313	421	308	710	1 643
Non-hazardous waste (tonnes)	984	1 015	1 391	1 759	4 773
Waste reused/recycled/recovered off-site (tonnes)	313	294	168	281	596
Waste treated on-site (tonnes)	—	24 792 [J]	2 994	1 307	2 262
PRODUCTS AND SERVICES					
Ethanol blended into gasoline (thousand litres)	102 320	138 113	191 924	227 681	245 754
Sulphur content of gasoline (ppm) [K]	301	209	192	180	200
COMPLIANCE					
✓ **Major incidents**	0	***0***	***0***	***2***	***1***
✓ **Regulatory contraventions**	85	***65***	***22*** [L]	***24***	***20***
Leaks from underground storage tank systems	1	0	0	0	0
Reportable spills	57	42	7 [M]	6	6
Water quality discharge	—	3	5	1	2
Spills to St. Clair River [N]	1	2	1	1	1
✓ **Regulatory fines** ($)	0	***0***	***0***	***0***	***0***
EH&S MANAGEMENT					
EH&S professionals on staff	10	11	11	11	11
Environmental capital expenditures ($ millions)	6	3	3	4.2	19.6

F These values are composites of metered and estimated data. At the Sarnia refinery, more water is returned than drawn from the St. Clair River because additional water is collected from rainfall, snowfall, potable municipal water, condensing steam and water stripped out during the refining process.

G This indicator is for the Sarnia refinery only and does not include car washes. Water from car washes is treated to remove harmful contaminants before it is returned to the sewer system.

H Water used in retail stations to operate car washes. The municipality in which the service station is located generally supplies the water.

I Only waste generated by the refinery is included. A waste audit, scheduled for 2004, should provide assistance on appropriate calculation methodologies for the terminals and retail sites. These numbers will be included in the 2005 Report on Sustainability.

J Includes 23,000 tonnes of contaminated soil that was bioremediated on-site as part of the cleanup and decommissioning of a bulk plant. The remainder was material landfarmed at the Sarnia refinery.

K The volume weighted annual average expressed in parts per million. This data is regularly reported to Environment Canada.

L EM&R reported 24 incidents to regulatory authorities. Subsequent to reporting, two were not considered regulatory contraventions.

M The significant drop in the number of reportable spills in 2000 is due to a regulatory change in the definition of a reportable spill. The threshold volume at which a spill becomes reportable was increased.

N Spills that enter the St. Clair river directly, or spills into collection systems that exceed downstream treatment capabilities and result in the release of substances to the St. Clair river with potential to cause adverse impact.

ECONOMIC	98	99	00	01	02
PRODUCTION					
✓* **Refined product sales** (thousand m³ refined product/day) [O]	13.8	***13.8***	***14.6***	***14.8***	***14.5***
FINANCIALS					
✓* **Earnings** ($ millions)	37	***27***	***81***	***80***	***61***
✓* **Cash flow from operations** ($ millions)	112	***103***	***174***	***165***	***107***
Return on capital employed (%)	7.4	6.0	20.5	18.4	12.5
INVESTMENTS					
✓* **Capital and exploration expenditures** ($ millions)	60	***42***	***45***	***54***	***60***
✓ **Research and development investment** ($ millions)	3.5	***2.6***	***4.0***	***7.2***	***1.0*** [P]
PURCHASES					
Goods and services ($ millions) [Q]	197.3	182.6	191.7	205.4	243.1
Goods and services purchased in Canada ($ millions) [Q]	186.2	174.2	182.9	193.4	231.7

O Refined product sales consist of Sarnia refinery production and other product purchases. Figures are consistent with those found in Suncor's annual reports. Refined product sales differ from gross production in the EM&R environmental performance section.

P From 1998-2001, research and development investments were primarily associated with the refinery-wide optimization project in Sarnia. Completion of this project led to a decline in such investments in 2002.

Q The numbers provided for goods and services in the 2001 Report on Sustainability were incorrect. They have been restated for all years to reflect accurate numbers.

SOCIAL	98	99	00	01	02
HEALTH AND SAFETY					
✓ **Employee lost-time injury frequency**	0.35	0.52	0.81	***0.34***	***0.33***
✓ **Contractor lost-time injury frequency**	0	0	0	***1.87***	***0.29***
✓ **Employee total recordable injury frequency**	1.06	0.69	1.29	***1.88***	***2.00***
✓ **Contractor total recordable injury frequency**	0	0.65	0	***4.48***	***3.48***
✓ **Fatalities**	0	0	0	***0***	***0***
Preventable vehicle accidents[R]	11	5	0	8	3
EMPLOYEE RELATIONS					
✓ **Ratio of lowest wage to minimum wage**[S]	—	***2.3***	***2.2***	***2.2***	***2.1***
Ratio of average wage to minimum wage[T]	—	—	4.5	5.0	5.1
Training and development ($ thousands)[U]	728	540	505	564	708
✓ **Employee turnover** (%)	4.6	***4.0***	***5.1***	***2.8***	***2.6***
Employee and Family Assistance Program (% utilization)	—	7.3	7.4	10.7	11.3
WORKFORCE					
Suncor employees[V]	598	659	667	605	592
Long-term contractors	121	121	121	142[W]	193[W]
✓ **Employee wages** ($ millions)	49.1	***46.2***	***47.2***	***46.4***	***69.5***
Employee benefits ($ millions)	7.6	7.4	6.6	7.8	8.5
EQUAL OPPORTUNITIES AND DIVERSITY					
Workforce diversity (% of total workforce)					
✓ **Aboriginals**	0.5	***0.2***	***0.2***	***0.9***	***1.1***
✓ **Women**	25.4	***22.6***	***23.3***	***25.2***	***24.3***
✓ **Visible minorities**	7.9	***8.4***	***7.8***	***7.8***	***8.2***
✓ **Persons with disabilities**	2.2	***2.4***	***2.2***	***1.7***	***1.7***
✓ **Women in management** (%)	—	—	***27.8***	***17.0***	***18.4***

R A preventable vehicle accident occurs when a vehicle makes contact with another stationary or mobile object and the contact could have been prevented had the driver employed proper defensive driving techniques.

S Compares EM&R's lowest full-time base wage to Ontario's minimum wage of $6.85/hour.

T Compares EM&R's average full-time base wage to the Province of Ontario's minimum wage of $6.85/hour.

U Includes support of the Suncor educational assistance plan that reimburses tuition upon successful completion of a course or program.

V EM&R employees for Suncor Energy Products Inc., including permanent and non-permanent employees.

W Long-term contractors include contractors at the Sarnia refinery, based on full-time equivalent staff (total contractor hours worked divided by 2,080 hours), and contractors in the Toronto office.

SUNCOR'S POLICIES AND PROGRAMS ADDRESSING THE GRI GUIDELINES

SUNCOR'S REPORT ON SUSTAINABILITY WAS PREPARED IN ACCORDANCE WITH THE **2002 SUSTAINABILITY REPORTING GUIDELINES OF THE GLOBAL REPORTING INITIATIVE (GRI)**. ALTHOUGH MOST OF THE ELEMENTS OF THE GRI GUIDELINES ARE ADDRESSED THROUGHOUT THIS REPORT, THERE ARE SOME ASPECTS OF THE GUIDELINES THAT WERE NOT ACCOMMODATED IN THE PREVIOUS SECTIONS. INSTEAD, SUNCOR CHOSE TO CREATE THIS TABLE, OUTLINING OUR RESPONSE TO THE REMAINING REQUIREMENTS IDENTIFIED IN THE GRI GUIDELINES.*

Aspect/Indicator	Suncor's Response	GRI Index Ref
Human Rights	As a company operating in North America where there are numerous regulations addressing human rights issues, Suncor has not seen the need to develop an additional and extensive human rights policy and monitoring system. Should they arise, human rights issues will be addressed by the senior vice president of Human Resources and Communications using legislation and the Fundamental Human Rights Conventions of the International Labour Organization as a guide.	HR1 HR2 HR3
Freedom of Association and Collective Bargaining	Suncor operates under applicable labour laws in jurisdictions where we operate. These laws prohibit a company from terminating any individual as a result of choosing to enter into collective bargaining. Suncor has not developed a written policy independent of these laws. Local labour boards monitor Suncor's adherence to these laws. Suncor does not have internal monitoring programs.	HR5
Non-Retaliation and Employee Grievances	Suncor has a number of supporting policies on non-retaliation, which are included in the company's Standards of Business Conduct compliance program. Specifically, Suncor will not penalize, sanction or discriminate against any employee solely because the employee lawfully provides information relating to activities that the employee reasonably believes are illegal or contrary to Suncor policy. Collective agreements also prohibit retaliation solely because of lawful union activity. All bargaining units at Suncor provide mechanisms for employee representation, formal grievance and arbitration.	HR10
Indigenous People	In addition to Suncor's Stakeholder Relations Policy, the Aboriginal Affairs Policy outlines a set of guiding principles to help develop long-term, beneficial and interdependent relationships with Aboriginal Peoples and their communities. These principles include: • recognizing Aboriginal Peoples and communities as the original inhabitants and stewards of the land; • respecting the Aboriginal traditional ways and the political, social and cultural institutions of each community; • acknowledging and accepting responsibility to conduct operations such that Aboriginal communities and Suncor can coexist in a safe and healthy environment; and, • working to support the self-reliance of Aboriginal communities.	HR12
Changes in Operations	When operational changes that could affect employment status are being considered, the company strives to communicate its intentions as soon as possible. Retraining is provided to employees who are moved into different jobs. Those employees that cannot be redeployed are given fair severance packages and outplacing resources to assist them in finding another job. Employees are generally not involved in the decision-making process for restructuring.	LA4
Equal Opportunity	Suncor is in compliance with, or exceeds, the requirements of various programs and legislation as required by our business activities. As a result of that compliance activity, and as part of our long-term people strategy, Suncor is currently developing formal diversity priorities, policies and practices. Suncor is in compliance with the Federal Contractors Program, a comprehensive equity program applied to companies that bid on contracts with the Canadian federal government. Compliance requires adhering to several criteria, including tracking progress against demographic goals in designated employee groups, undertaking formal reviews of programs and policies and designating formal responsibilities for employment equity. In addition, Suncor is also in compliance with Ontario Pay Equity legislation regarding job evaluation, which ensures no gender bias occurs in the valuing of work.	LA10

* As a Canadian company with operations in Canada and the United States only, Canadian and U.S. laws and standards govern our actions at Suncor.

Aspect/Indicator	Suncor's Response	GRI Index Ref
Community Impact Management	In addition to efforts specified in Suncor's Stakeholder Relations and Aboriginal Affairs policies, Suncor works with Aboriginal communities to seek new opportunities for Aboriginals to start businesses that could provide products and/or services to Suncor and other customers. Through this effort Suncor provided support to Mikisew Slings and Safety Ltd. and the Chip Manufacturing Company of Fort Chipewyan. Suncor is a member of the Athabasca Regional Issues Working Group (RIWG), which facilitates the effective and efficient resolution of local issues stemming from oil sands development, such as child care and health services. Data and proprietary information from all developers is collected and integrated into accurate forecasts, which are shared with stakeholders and used as a tool for infrastructure and service planning. Suncor is also a founding member of the Cumulative Environmental Management Association (CEMA). Seen as a model for addressing community impacts, CEMA is defining environmental capacity in the Regional Municipality of Wood Buffalo by reviewing data, research and traditional Aboriginal knowledge to ensure thresholds are not exceeded.	SO1
Bribery and Corruption	Suncor's Improper Payments Policy prohibits company personnel from using corporate funds for illegal or improper purposes including bribery and kickbacks. Suncor maintains books, records and accounts that accurately reflect and properly describe all payments and other transactions. Suncor's policy was designed to align with both Canadian and U.S. foreign corrupt practices legislation. Both countries are signatory to the Organisation for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials. Suncor has not recorded a bribery incident since our 2001 Sustainability Report. To ensure continued good performance in this area, employees must read and sign off on the policy each year.	SO2
Political Lobbying and Contributions	Suncor makes political contributions in support of the Canadian democratic process. Suncor's Policy on Political Contributions governs these contributions. No political contributions are made to constituency associations, to individual candidates, to party leaders or for the nomination of candidates. All political contributions, including political fundraising events, are authorized and recorded by the senior vice president, Human Resources and Communications, within a pre-allocated budget approved by the president and chief executive officer. All contributions are reviewed annually by the CEO and Suncor's Corporate Committee.	SO3
PRODUCT AND CUSTOMER RESPONSIBILITY		
Customer Health and Safety	Every Sunoco retail site must follow the guidelines outlined in the Sunoco Retailer Agreement, which includes staff training for environment, health and safety (EH&S). Each site must have mandatory customer warning signs that include notices for turning vehicles off, prohibiting cell phone use and smoking, and listings of acceptable fuel containers. Three times a year Suncor's business development adviser inspects each retail site to ensure appropriate training is in place, health and safety signage for customers and staff is visible and the retail station is operating within EH&S guidelines.	PR1
Product Information and Labelling	Within the Sunoco Retailer Agreement, every site must meet strict operating guidelines for maintaining and keeping Material Safety Data Sheets, first aid kits and eye wash stations. The guidelines also provide procedures for site-specific staff training. These policies and procedures are inspected and verified by an external company, specializing in customer service measurement, as per Suncor's "Strive for Excellence" inspection program three times per year.	PR2
Consumer Privacy	Through our Privacy Policy, Suncor is committed to protecting the privacy and security of the personal information of individuals with whom the company interacts, including customers, suppliers, employees and contractors. The policy states that Suncor cannot use or disclose this information without the person's consent, except in the limited circumstances prescribed by applicable law.	PR3
Customer Satisfaction	Monthly visits are made to all Ontario retail stores by "mystery shoppers" who have been hired by Suncor to make gasoline and store purchases. Each site is measured on reception, service and overall satisfaction of the transaction. Suncor management reviews the results of individual sites and overall scores monthly, which are available internally online.	PR8
Advertising	Sunoco-branded advertising goes through a series of processes to ensure accuracy and factual proofing. Suncor's department managers approve each feature and benefit of our fuels, service and washes. The hired advertising agency and Suncor staff approves all creative pieces of advertising, with both Suncor manager and director sign-off required. These processes cover all of the Sunoco retail stations, which are located in southern Ontario. Suncor has not been in any breach of regulations since our 2001 Report on Sustainability.	PR9 PR10

GRI CONTENT INDEX

Suncor is proud to be the first Canadian organization – and one of only 15 worldwide – to prepare this Report on Sustainability in accordance with the 2002 guidelines of the Global Reporting Initiative (GRI). The GRI voluntary guidelines include both core requirements – requirements companies like Suncor must strive to meet to achieve accordance – and optional requirements.

Our company's progress in covering the requirements is marked in the GRI Content Index. Page numbers and related footnotes are provided for finding more details on specific items within this report.

Meeting all the guideline requirements will take time – but Suncor is committed to a course of continuous improvement on our journey towards becoming a sustainable energy company.

For more information about the GRI, visit **www.globalreporting.org.**

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* explanatory information found in the footnotes at right

PI information found throughout Suncor's performance indicators – pages 60-75

IBC Inside back cover

IFC Inside front cover

2.17 The GRI water and energy protocols were not used for reasons of timing and comparability between reporting years. Suncor plans to compare the protocols with current methodologies and adopt a standard that best meets the needs of our company.

3.3 A process is in place for the recruitment of new Board members based on skill and experience. The Board seeks a diversity of skills and perspectives that include environmental, social and economic considerations.

3.5 Executive compensation is outlined in Suncor's annual proxy circular and can be found on our web site at www.suncor.com. The Human Resource Committee of the Board reviews and endorses executive compensation.

3.14 Suncor has developed our own sustainability strategy and other sets of principles to govern company activities. We have not adopted externally developed principles.

3.19 The scope and nature of our programs and procedures is integrated throughout the report. As well, our long-range, 10-year planning process annually addresses sustainability issues that include performance, targets, risks and management, and monitoring systems.

3.20 The Sarnia refinery received ISO 14001 certification in 1999.

LA5 As required by law, Suncor records and notifies provincial occupational health and safety authorities and workers' compensation boards with respect to serious injuries. We do not use the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

LA6 In addition to committees mentioned elsewhere in this report, the EH&S Functional Support Team, comprised of EH&S professionals from each Suncor business, meet quarterly to address company-wide issues and ensure compliance to Suncor's EH&S management system.

LA8 Suncor has numerous policies and programs to protect against discrimination and provide support for individuals with any disease. They are not specific to HIV/AIDS.

LA9 Suncor tracks dollars spent on training and education (see performance indicators, pages 60-75), rather than the average hours of training.

LA11 Of Suncor's 12 Board members, two are female and one is Aboriginal. Our Corporate Committee is comprised of 11% females.

HR6 Suncor has no specific policies or monitoring program on child labour, but adheres to Canadian labour laws and the International Labour Organization, Conventions 182 and 138.

HR7 Suncor has no specific policies or monitoring program on forced and compulsory labour, but adheres to the International Labour Organization, Convention No. 29.

EN 1 With the exception of water and energy use, Suncor does not track material use.

EN 2 The percentage of materials used that are wastes from external sources is not currently tracked.

EN15 Since our gasoline and diesel products are consumed during customer use, none of the product is reclaimed. Suncor's ongoing work to improve our product includes lowering the sulphur content of gasoline and enhancing it with ethanol – a cleaner burning, renewable and biodegradable resource. See story page 49.

EC4 Implementation of a program to track percentages of contracts paid is under way.

WE'RE LISTENING UNDERSTANDING THE NEEDS AND EXPECTATIONS OF OUR STAKEHOLDERS IS AN IMPORTANT PART OF SUNCOR'S VISION OF BECOMING A SUSTAINABLE ENERGY COMPANY. THAT'S WHY IN PREPARING THIS REPORT, WE SOUGHT INPUT FROM A VARIETY OF STAKEHOLDERS, INCLUDING SUNCOR'S EMPLOYEES. WE WOULD LIKE TO ACKNOWLEDGE AND THANK THESE INDIVIDUALS FOR THEIR CONTRIBUTIONS TO THIS REPORT AND THE ONGOING GUIDANCE THEY PROVIDE TO SUNCOR.

Questions or comments about Suncor's 2003 Report on Sustainability can be made through info@suncor.com or 1-800-558-9071

LEGAL NOTICE – FORWARD-LOOKING INFORMATION This Report on Sustainability contains certain forward-looking statements that are based on Suncor's current expectations, estimates, projections and assumptions made in light of experience and perception of historical trends. The forward-looking statements speak only of the date hereof and Suncor undertakes no duty to update these statements to reflect subsequent changes in assumptions (or the trends or factors underlying them) or actual events or experience. These statements are not guarantees of future performance and Suncor's actual results may differ materially from those expressed or implied by its forward-looking statements as a result of known and unknown risks, uncertainties and other factors, such as changes in the general economic, market and business conditions; fluctuations in supply and demand for Suncor's products; fluctuations in commodity prices; fluctuations in currency exchange rates; the ability of Suncor to receive timely regulatory approvals; the successful and timely implementation of its growth projects; the integrity and reliability of Suncor's capital assets; Suncor's ability to comply with current and future environmental laws; the accuracy of Suncor's production estimates and production levels and its success at exploration and development drilling and related activities; the maintenance of satisfactory relationships with unions, employee associations, joint venture partners, suppliers and customers; actions by governmental authorities including increasing taxes, changes in environmental and other regulations; the ability and willingness of parties with whom Suncor has material relationships to perform their obligations to Suncor; and the occurrence of unexpected events such as fires, blowouts, freeze-ups, equipment failures and other similar events affecting Suncor or other parties whose operations or assets directly or indirectly affect Suncor. Many of these risks and other factors are discussed in Suncor's current Annual Report, Annual Information Form/Form 40-F and other documents Suncor files with securities regulatory authorities.

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The Dow Jones Sustainability Index (DJSI) follows a best-in-class approach to select sustainability leaders from each industry sector. Suncor has been part of the DJSI since the index was launched in 1999.

Imagine A Caring Company

As an Imagine Caring Company, Suncor contributes 1% of its average domestic pre-tax profits to Canadian charitable causes.

SUSTAINABILITY IS NOT A SOLITARY PURSUIT. IT IS MORE EFFECTIVE IF IT IS A COLLABORATIVE EFFORT.

RICK GEORGE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF SUNCOR ENERGY INC.

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