

LEADERS LETTER

Marcel Coutu & Scott Sullivan

Are the oil sands being responsibly developed?

At Syncrude, we believe they are. Our hope is, upon reading this report, you too will recognize the progress we continue to make toward harnessing the value of one of Canada's greatest natural resources in a way that's accountable to both the environment and our stakeholders.

We're proud of our past and confident in our future. Syncrude was incorporated 48 years ago with a focus on researching the most sustainable means of tapping the oil sands. This included establishing our environmental group to conduct regional baseline studies long before site construction even began. Since starting operations in 1978, we have continued a relentless pursuit of innovation in order to realize an operation that is not only safe, reliable and responsible, but also a generator of significant economic and social benefits.

To mention several examples, over 3,100 hectares of mined lands have been reclaimed and planted with six million trees and shrubs. Another 1,200 hectares are ready for revegetation. Emissions of sulphur have been reduced while crude oil production increased. Recycle water rates have improved. Safety performance is industry-leading and many thousands of people are gainfully employed. Billions of dollars have been spent with suppliers across the country, further billions paid in royalties and taxes, and many millions invested in local communities.

Our focus now – more than ever – is squarely on applying all we've learned to address today's sustainable development priorities. A 2011 risk analysis identified numerous areas to focus on – such as land and water use, biodiversity and labour supply. Through collaborations with academia, industry and other research-oriented organizations, we are making significant progress but recognize there is more we can do as our capabilities and technologies expand.

For instance, over the next several years, additional steps will be taken on fen wetland reclamation, with a research project now underway in our former East Mine. This project will help guide the entire industry towards creating healthy and productive wetlands.

Another example lies in our people initiatives. We will continue to invest in developing, attracting and retaining a skilled labour force, while providing a work environment where people are safe, empowered and rewarded. In addition, the continued implementation of ExxonMobil systems will help our employees reach the full potential of the operation, including its environmental performance.

Toward these outcomes, we continue to be guided by Syncrude's Vision and Values which remain largely unchanged from when they were first articulated over two decades ago. In fact, the only major alteration came early in 2012, with the added reference about our desire to be a responsible operator which, although not previously stated, has always been a goal.

Guidance is also provided through the Board of Directors' Safety, Health and Environment Committee which, in 2011, expanded its mandate to formally include corporate sustainability. The committee's work will ensure appropriate governance for the management of sustainability-related challenges, risks and opportunities going forward.

We recognize Syncrude's sustainability path is a journey on which we can always improve – and our stakeholders will rightly challenge us to do so. We hope the information in this report creates more understanding of our commitment and encourage you to take a few moments to provide your opinion through our on-line feedback card. Your perspectives will help guide future reporting.

We appreciate your interest and look forward to sharing our continued progress with you in the years ahead.

Signed

Marcel Coutu
Chairman

Signed

Scott Sullivan
President and CEO

VISION & VALUES

WE ARE: SECURING CANADA'S ENERGY FUTURE.

WITH THE:

- Vision to Lead
 - Knowledge to Succeed
 - Commitment to Do Better
 - The Heart to Win the Race
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WE WILL DO THIS BY:

- Encouraging learning and innovation in everything we do
 - Pushing the limits of what technology can accomplish
 - Being a responsible operator in all that we do
 - Working together to make Syncrude the best place to work
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IN THIS WAY:

- We will be safe, reliable, responsible and profitable
 - All of our stakeholders will want to invest in our future
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