performance. partnerships. possibilities.
2010 marked a pivotal year in Suncor’s history, as we launched the company on a new decade-long growth plan. As we resume growth, we intend to remain true to our long-standing vision of a triple bottom line. That means we must continue to manage our business in ways that enhance social and economic benefits, while striving to minimize the environmental impacts associated with resource development.

Suncor’s Report on Sustainability documents our progress on a wide range of environmental and social issues. The report explains how we’re striving to make Suncor a sustainability leader in the energy sector and beyond.

**About Suncor’s 2011 Report on Sustainability**

Our 2011 report includes consolidated social and environmental data. Economic data reported is consistent with the 2010 Suncor annual report. The following report on sustainability was created using the Global Reporting Initiative (GRI) G3 Guidelines, to the GRI A+ reporting level. Selected performance indicators for the year 2010 were independently reviewed using the Global Reporting Initiative G3 guidelines. The results of this review can be found on our website in the Third Party Assurance section.

Stakeholder feedback is also an integral part of developing this report. As in previous years, Suncor enlisted the guidance of Ceres, a network of investors, labour, environmentalists and other public interest groups to help ensure our report is relevant and meaningful. We thank Ceres and the participating stakeholders for their assistance in creating the 2011 Report on Sustainability.

For a full report including performance data, as well as a discussion of challenges and opportunities, visit www.suncor.com/sustainability.

**Suncor Energy’s** goal is to be Canada’s premier integrated energy company. Suncor’s operations include oil sands development and upgrading, conventional and offshore oil and gas production, petroleum refining, and product marketing under the Petro-Canada brand. While working to develop petroleum resources responsibly, Suncor is also developing a growing renewable energy portfolio.

Information contained in this publication is as at July 1, 2011. See the back page for a Legal Notice regarding forward-looking statements and other information contained in this publication.
performance at a glance

As a responsible energy developer, Suncor strives for excellence in economic, social and environmental performance. Below is a snapshot of our priorities in 2010 and how we performed.

Pursue Zero Injuries
The frequency of employee lost time injuries and recordable injuries continued to decline as employees and contractors embraced our Journey to Zero safety culture. Suncor also continued to implement a clear and consistent set of new process safety management (PSM) standards across its operations, starting with our higher risk facilities. PSM is targeted at the prevention of incidents that can result in significant injuries or fatalities, as well as environmental, health and property damage.

Reduce Our Environmental Footprint
Suncor continued to implement a new TRO™ tailings management approach that is expected to dramatically accelerate the reclamation of tailings ponds and mined lands and reduce the need for future tailings ponds. We also became the first oil sands company to achieve surface reclamation of a decommissioned tailings pond. Suncor made progress on each of its four environmental performance goals to improve energy efficiency and achieve absolute reductions in fresh water consumption, air emissions, and significantly increase land reclaimed by 2015.

Address the Climate Change Challenge
Suncor achieved a greenhouse gas (GHG) emissions intensity reduction at its Refining and Marketing operations. The intensity decrease was primarily due to increased reliability and productivity through most of 2010—key objectives of our corporate-wide operational excellence strategy.

In 2011, Suncor also completed a $120 million expansion of our ethanol production facility and began construction on two new wind power projects as part of our ongoing commitment to invest in renewable energy.

We continued to actively participate in public policy and stakeholder discussions on energy and the environment—in particular, advancing proposals for a national energy strategy for Canada. Suncor continued to discuss with stakeholders proposals for a “low carbon transportation framework” that could form the basis for reducing GHG emissions released in both the production and consumption of energy products.

Invest in Healthy Communities
Suncor continued to invest in the regions where we operate by supporting community, educational and environmental programs as well as the charitable giving and volunteer efforts of our employees and retirees. Many of these programs are aimed at advancing opportunities for Aboriginal peoples through education, training and cultural awareness initiatives. We also developed a new community investment program focused on building sustainable communities through longer-term investments and greater ongoing participation in the initiatives we support.

Generate Prosperity and Opportunity
In 2010, royalties paid by Suncor totalled approximately $1.98 billion, including $681 million directed to Alberta government oil sands royalties. Suncor also paid more than $1.2 billion in taxes to governments in Canada and internationally and spent $9.4 billion* on goods and services. We expect our contribution to economic growth and opportunity to increase as a result of our 10-year growth strategy announced in December 2010. Suncor plans to double its total production to more than one million barrels of oil equivalent per day by 2020—with four of every five barrels expected to flow from the oil sands.

Advance Industry Collaboration
As part of the Oil Sands Leadership Initiative (OSLI), Suncor worked closely with four like-minded companies to make tangible improvements to environmental, social and economic performance in the oil sands industry. In 2010, OSLI investigated new technologies to improve industry-wide reuse of tailings wastewater and to make oil recovery more energy-efficient, while also engaging with new stakeholders and opinion leaders. In addition to OSLI, Suncor continued to participate in a range of multi-stakeholder organizations dedicated to encouraging responsible energy development.

* Excludes spend on goods and services in Libya and Syria.
Suncor pursues a "triple bottom line vision" of sustainable development—we maintain that energy development should occur in a way that provides economic prosperity, promotes social well-being and preserves a healthy environment.

---

**Air Emissions (thousand tonnes/year)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Oil Sands</th>
<th>Natural Gas</th>
<th>Refining and Marketing</th>
<th>In Situ</th>
<th>International and Offshore</th>
<th>St. Clair Ethanol Plant</th>
<th>Suncor Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>68.4</td>
<td>7.0</td>
<td>6.1</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>81.6</td>
</tr>
<tr>
<td>07</td>
<td>72.4</td>
<td>5.5</td>
<td>6.0</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>84.7</td>
</tr>
<tr>
<td>08</td>
<td>76.3</td>
<td>4.6</td>
<td>5.5</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>86.4</td>
</tr>
<tr>
<td>09</td>
<td>70.4</td>
<td>4.6</td>
<td>5.5</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>128.1</td>
</tr>
<tr>
<td>10</td>
<td>72.7</td>
<td>4.6</td>
<td>5.5</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td><strong>115.1</strong></td>
</tr>
</tbody>
</table>

* Air emissions include SO₂, NOₓ, and VOC emissions.

**Water Withdrawal and Water Consumption (million m³)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Water withdrawn</th>
<th>Water consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>84.6</td>
<td>34.4</td>
</tr>
<tr>
<td>07</td>
<td>82.2</td>
<td>29.8</td>
</tr>
<tr>
<td>08</td>
<td>77.6</td>
<td>41.8</td>
</tr>
<tr>
<td>09</td>
<td>108.0</td>
<td>56.0</td>
</tr>
<tr>
<td>10</td>
<td>138.9</td>
<td><strong>49.9</strong></td>
</tr>
</tbody>
</table>

**Land Use at Oil Sands (cumulative hectares)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Land disturbed</th>
<th>Land reclaimed</th>
<th>Per cent reclaimed</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>13,093</td>
<td>856</td>
<td>6.5</td>
</tr>
<tr>
<td>07</td>
<td>15,447</td>
<td>908</td>
<td>5.9</td>
</tr>
<tr>
<td>08</td>
<td>17,749</td>
<td>921</td>
<td>5.2</td>
</tr>
<tr>
<td>09</td>
<td>17,161</td>
<td>1,086</td>
<td>6.3</td>
</tr>
<tr>
<td>10</td>
<td><strong>19,737</strong></td>
<td><strong>1,294</strong></td>
<td><strong>6.6</strong></td>
</tr>
</tbody>
</table>

(1) Reduction in 2009 land disturbed is a result of the removal of In Situ data.
(2) Following Alberta Environment’s issuance of standards for Geographic Information Systems (GIS) spatial data reporting in 2010, Suncor re-digitized all permanent reclamation areas and removed disturbance feature types that occurred post-reclamation. This resulted in a removal of 96.3 hectares of re-disturbance from the total of reclaimed areas prior to 2010. As such, the changes in the reclamation areas for each year and the total area permanently reclaimed to the end of 2010 have been updated to reflect these changes.

**Lost-time Injury Frequency** (Injuries per 200,000 hours worked)

<table>
<thead>
<tr>
<th>Year</th>
<th>Suncor employees</th>
<th>Suncor contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>0.09</td>
<td>0.12</td>
</tr>
<tr>
<td>07</td>
<td>0.06</td>
<td>0.04</td>
</tr>
<tr>
<td>08</td>
<td>0.11</td>
<td>0.09</td>
</tr>
<tr>
<td>09*</td>
<td>0.09</td>
<td>0.11</td>
</tr>
</tbody>
</table>

* Exposure hours and lost time injuries’ data, beginning in 2009, includes consolidated post-merger data.

**Net Production (thousands of boe/day)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Oil Sands (including Syncrude)</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>260.0</td>
<td>34.8</td>
</tr>
<tr>
<td>07</td>
<td>235.6</td>
<td>35.8</td>
</tr>
<tr>
<td>08</td>
<td>228.0</td>
<td>36.7</td>
</tr>
<tr>
<td>09</td>
<td><strong>306.7</strong></td>
<td>149.3</td>
</tr>
<tr>
<td>10</td>
<td><strong>318.2</strong></td>
<td><strong>296.9</strong></td>
</tr>
</tbody>
</table>

**Installed Wind Capacity (megawatts)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacities</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>71</td>
</tr>
<tr>
<td>07</td>
<td>147</td>
</tr>
<tr>
<td>08</td>
<td>147</td>
</tr>
<tr>
<td>09</td>
<td>147</td>
</tr>
<tr>
<td>10</td>
<td><strong>147</strong></td>
</tr>
</tbody>
</table>

* Production capacity at wind farms in which Suncor is a partner.

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On the web: For our full report on our performance, including performance data, visit www.suncor.com/sustainability.
## FOCUS AREA 2010-11 GOALS

### Environment

#### Environmental Excellence Plan
- Build internal awareness of environmental planning process.
- Identify and assess environmental excellence opportunities.
- Define 2007 baselines for use in environmental excellence program.

### GOAL – WATER

#### REDUCE FRESH WATER CONSUMPTION BY 12% BY 2015*

#### Water
- Implement Water Principles.
- Complete Environmental Information Management System (EIMS) implementation for water data for legacy Petro-Canada assets.

### GOAL – LAND DISTURBANCE

#### INCREASE RECLAMATION** OF DISTURBED LAND AREA BY 100% BY 2015*

#### Land and Biodiversity
- Secure progressive reclamation acknowledgement for Pond 1.
- Rename Pond 1 area to mark accomplishment.

### GOAL – ENERGY EFFICIENCY

#### IMPROVE ENERGY EFFICIENCY BY 10% BY 2015*

#### Energy Efficiency and Climate Change
- Finalize review of energy management initiative and conduct pilot at one location.
- Continue work on Carbon Capture and Storage (CCS) policy, technology and deployment through Integrated CO₂ Network (ICO₂N) and CO₂ Capture Project (CCP3) consortiums.
- Take a leadership role in Carbon Management Canada (CMC).

### GOAL – AIR EMISSIONS

#### REDUCE AIR EMISSIONS (NITROGEN OXIDES, SULFUR OXIDES AND VOLATILE

#### Air
- Complete EIMS implementation for air data for all assets
- Invest in equipment and technology to achieve emission reductions.

#### Renewable Energy
- Complete ethanol plant expansion.
- Continue to invest in renewable energy projects.

#### Tailings
- Commencement of commercial implementation of TRO₃ process.

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* The base year for the planned improvements is 2007. The goals were established in 2009. ** Reclaimed lands have not been certified as such by government regulators.
This progress report provides detail on Suncor’s environmental and social goals and performance. Detailed information on Suncor’s economic performance is available on Suncor’s website and in our 2010 Annual Report.

<table>
<thead>
<tr>
<th>2010-11 RESULTS</th>
<th>2011-12 GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Environmental Excellence Leadership Steering Team formed.</td>
<td>• Continue EEP development.</td>
</tr>
<tr>
<td>• Environmental Excellence Plan (EEP) awareness sessions held throughout the company.</td>
<td>• Provide numerical updates on progress towards environmental excellence goals.</td>
</tr>
<tr>
<td>• Identification of EEP capital projects through the business planning process.</td>
<td>• Integrate growth into the EEP plan.</td>
</tr>
<tr>
<td>• 2007 baselines and 2015 targets set.</td>
<td></td>
</tr>
<tr>
<td>• Considered Water Principles implementation in the context of company-wide water strategy.</td>
<td>• Develop an oil sands regional water strategy implementation plan.</td>
</tr>
<tr>
<td>• Identified water risks, opportunities at oil sands.</td>
<td>• Assess potential for using EIMS to capture retail site, office building water data.</td>
</tr>
<tr>
<td>• Expanded recycling treated wastewater to reduce fresh water use at oil sands.</td>
<td></td>
</tr>
<tr>
<td>• EIMS implementation continuing, with all sites slated for completion by year-end 2011.</td>
<td></td>
</tr>
<tr>
<td>• Renamed area Wapisiw Lookout to pay tribute to history of the region, honour its Aboriginal peoples.</td>
<td>• Plant five millionth tree on reclaimed lands.* *</td>
</tr>
<tr>
<td>• Incorporate wildlife habitat, including bat and bird boxes, as part of reclamation at Wapisiw Lookout.</td>
<td>• Assess potential for using EIMS to capture land use data.</td>
</tr>
<tr>
<td>• Implemented energy management system at Commerce City refinery.</td>
<td>• Implement energy management system at Montreal, Edmonton refineries.</td>
</tr>
<tr>
<td>• Active on CMC board, placed industry representative on research management committee.</td>
<td>• Revisit future growth project designs to evaluate GHG reduction opportunities.</td>
</tr>
<tr>
<td>• Assessing potential for using EIMS for GHG forecasting.</td>
<td>• Advance work on GHG abatement technologies through CMC, ICO, CCP and other groups.</td>
</tr>
</tbody>
</table>

**ORGANIC COMPOUNDS) BY 10% BY 2015**

<table>
<thead>
<tr>
<th>2010-11 RESULTS</th>
<th>2011-12 GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• EIMS implementation of air data targeted for completion by year-end 2011.</td>
<td>• Use EIMS to generate air-related emissions data for reporting purposes.</td>
</tr>
<tr>
<td></td>
<td>• Continue to invest in equipment and technology to achieve emissions reductions.</td>
</tr>
<tr>
<td></td>
<td>• Continue to improve air emissions inventory.</td>
</tr>
<tr>
<td>• Completed ethanol plant expansion.</td>
<td>• Bring Wintering Hills, Kent Breeze projects on stream.</td>
</tr>
<tr>
<td>• Received regulatory approvals for the Wintering Hills, Kent Breeze wind power projects.</td>
<td>• Use EIMS to track the carbon amounts displaced from wind projects.</td>
</tr>
<tr>
<td>• Commenced construction of Wintering Hills, signed project development partner.</td>
<td></td>
</tr>
<tr>
<td>• EIMS fully implemented at ethanol plant.</td>
<td></td>
</tr>
<tr>
<td>• Received regulatory approval to use the TRO\textsubscript{w} process.</td>
<td>• Complete commercial implementation across existing operations.</td>
</tr>
<tr>
<td>• Accelerated commercial implementation across existing operations.</td>
<td>• Work toward fluid tailings reduction targets.</td>
</tr>
<tr>
<td>• Joined collaborative initiative to advance tailings management through which TRO\textsubscript{w} process details are being shared with industry.</td>
<td>• Advance tailings management through collaboration.</td>
</tr>
</tbody>
</table>

For further details on what we mean by reclaimed, see Legal Notice on page 21.

TM Trademark of Suncor Energy Inc.
## 2011 social progress report

<table>
<thead>
<tr>
<th><strong>FOCUS AREA</strong></th>
<th><strong>2010-11 GOALS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Safety, Health and Security | • Implement new company-wide Journey to Zero safety leadership training.  
                                • Continue Process Safety Management (PSM) implementation (planned completion 2013).  
                                • Develop and implement employee sustainability engagement strategy. |
| **Social Responsibility** |                   |
| | • Update Stakeholder Relations management system.  
                                • Complete external stakeholder research and incorporate into business plans.  
                                • Develop and begin to implement a revised Aboriginal affairs strategy.  
                                • Revise Human Rights Management framework. |
| **Community Investment** |                   |
| | • Revise community investment strategy inclusive of funding focus priorities, policies and guidelines, tools and measurements. Provide leadership in initiatives designed to build community capacity and sustainability, and trust and respectful relations with stakeholders. |
This progress report provides detail on Suncor’s environmental and social goals and performance. Detailed information on Suncor’s economic performance is available on Suncor’s website and in our 2010 Annual Report.

### 2010-11 Results

- Suncor employee Lost Time Injury Frequency (LTIF) (injuries per 200,000 hours worked) of 0.09; contractor LTIF of 0.11.
- Design and build completed on new Journey to Zero orientation, workshop and safety leadership training.
- PSM implementation complete at Firebag, underway at 11 other sites.
- Established a sustainability employee engagement core team and developed short- and long-term goals and implementation plans.

### 2011-12 Goals

- Continue to implement, sustain Journey to Zero through networks, leading/lagging metrics and governance.
- Continue to implement, sustain PSM through networks, leading/lagging metrics and governance.
- Implement sustainability employee engagement plans.

<table>
<thead>
<tr>
<th>2010-11 Results</th>
<th>2011-12 Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stakeholder Information Management System (SIMS) implemented, in use for over 50 projects in five business units.</td>
<td>• SIMS implementation across all businesses.</td>
</tr>
<tr>
<td>•External stakeholder research complete, providing benchmark data.</td>
<td>• Implementation of Aboriginal affairs strategy with a focus on human resources, business development.</td>
</tr>
<tr>
<td>•Stakeholder and Aboriginal policy, framework and guidelines developed and approved.</td>
<td>• Complete sustainable development and human rights policy frameworks.</td>
</tr>
<tr>
<td>•Employee Aboriginal awareness sessions held in Calgary, Fort McMurray and three hosted Aboriginal events held in Vancouver (Aboriginal Pavilion and Totem Blessing), Winnipeg (National Aboriginal Achievement Awards) and Calgary (Totem Homecoming Blessing).</td>
<td>• Implement external issues management process.</td>
</tr>
<tr>
<td>•Participated in UN Global Compact working group on an in-depth assessment of our compliance with the <strong>Guidance on Responsible Business in Conflict-Affected and High-Risk Areas: A Resource for Companies and Investors.</strong></td>
<td></td>
</tr>
<tr>
<td>•Total value of all contributions made to charitable, non-charitable and community groups in 2010 was $15.67 million.</td>
<td>•Implement new community investment strategy internally, externally.</td>
</tr>
<tr>
<td>•Revised community investment strategy and tools.</td>
<td>•Implement key action plans for the Wood Buffalo Capacity Building Initiative in conjunction with University of Waterloo and Wood Buffalo community leadership.</td>
</tr>
<tr>
<td>•Initiated Wood Buffalo Capacity Building Initiative in conjunction with University of Waterloo, Wood Buffalo community leaders.</td>
<td>•Facilitate collaborative community dialogues in at least two key focus areas.</td>
</tr>
</tbody>
</table>
ceo’s message

In December 2010, Suncor began to write a bold new chapter in our company’s history.

We launched a decade-long growth plan, one that is expected to boost our total production to more than one million barrels of oil equivalent per day by 2020 and reinforce our leading position in developing Canada’s oil sands reserves—the world’s second-largest oil basin.

Growth brings opportunity, but also a set of new challenges. The biggest one of all: balancing increased development with the need to live up to our social and environmental responsibilities, both as individual companies and collectively as an industry.

I believe the key to meeting this challenge lies in substantially increased and improved collaboration. As an industry, we need to work together, and with our respective stakeholders, to ensure we develop energy in ways that enhance social and economic benefits for society, while minimizing cumulative environmental impacts.

To that end, the overarching theme of this year’s Report on Sustainability is exactly that—collaboration. Within that broad theme, the report examines what we at Suncor see as three pillars for ensuring a sustainable energy industry—namely performance, partnerships and possibilities.

Performance is about what we’ve achieved to date, as a company and an industry, on the social, environmental and economic fronts.

Partnerships refer to how we can raise the bar on industry-wide performance by finding new and innovative ways to work together.

Possibilities speak to what we can hope to achieve over the long term if energy companies and all stakeholders agree to collaborate constructively in pursuit of common goals and aspirations.

In 2010, Suncor marked some significant sustainability milestones. In September, we became the first oil sands company to complete surface reclamation of a tailings pond—a key step in returning the site back to nature.

This achievement was a great source of pride for everyone at Suncor. It also reinforced my strong belief that, when it comes to sustainability, the key is to seek clear solutions to real challenges—and then deliver on your commitments. We promised to be the first oil sands company to achieve surface reclamation of a tailings pond and that we’d get the job done by 2010. We came through on both scores.

In a similar spirit, 2010 saw us begin commercial implementation of new tailings technology pioneered by our company. This innovation is anticipated to allow us to reduce our backlog of tailings as well as the need for future ponds—and to reclaim entire mine sites in a third of the time it now takes. By the end of 2011, we expect to have spent over $1 billion to incorporate the technology into our operations.

Tailings management is, of course, an industry-wide challenge. So it’s an obvious candidate for improved collaboration. That’s why, in 2010, all seven oil sands companies running mining operations reached an unprecedented agreement to pool our discoveries in this area. Suncor, for its part, is now sharing our patented technology with industry competitors as well as university and government scientists so the environmental benefits of this game-changing innovation can be maximized.

I’m convinced the progress and collaboration we are seeing on the tailings front can be repeated to address other pressing challenges—including the need to reduce industry-wide water use, greenhouse gas emissions and land disturbance.

As our industry grows, we are seeing an increasing trend towards joint ventures and partnerships. Part of this is economic; it’s a way of sharing risk in some very capital-intensive projects. But partnerships, like the one Suncor forged with Total E&P Canada Ltd. in 2010, also promise to deliver some clear environmental and social benefits.

Together, the two companies, with other project partners, intend to develop two oil sands projects—Suncor’s Fort Hills mine and Total’s Joslyn mine. Together, we are also planning to restart construction of a new upgrader near Fort McMurray.

Instead of competing on separate upgrader and mine projects, Suncor and Total now have the opportunity to better manage growth and alleviate the impact on neighbouring communities and the natural environment. On the mining side, it also
means Total will benefit immediately from the technological advances Suncor has made in tailings reclamation.

An example of even broader collaboration is the Oil Sands Leadership Initiative (OSLI), which is comprised of Suncor, Total and three other like-minded oil sands companies. This organization is actively pursuing new technologies and innovations that can lead to continuous improvement in our industry’s environmental, social and economic performance.

Suncor is Canada’s largest independent energy company; our leading position in the oil sands is supported by integrated operations in refining and marketing, North American natural gas production and oil and gas production internationally and offshore Eastern Canada. As such, I believe we have an obligation to thoughtfully contribute when it comes to public discussions on energy policy and climate change.

To that end, Suncor was an early and proactive advocate of developing a Canadian sustainable energy strategy—one that assesses the nation’s long-term energy requirements and identifies the mix of proven and potential energy sources that can best meet those requirements. Such a strategy would examine how energy is both produced and used and include clear targets for reducing greenhouse gas emissions.

Discussions on a national strategy are underway. For this process to succeed, it must continue to be both collaborative and inclusive. What we all have in common is that we use energy in various forms every minute and every day. So all of us—industry, government, consumers and researchers, as well as social and environmental activists—need to be involved in mapping our energy future.

As much as Suncor is committed to improved collaboration, we also intend to keep leading by example. Our annual Report on Sustainability is a thorough and candid account of Suncor’s performance and the challenges we continue to face going forward. It also updates Suncor’s progress on our own performance goals to achieve reductions by 2015 in four key areas—water use, land disturbance, energy efficiency and air emissions.

At Suncor, we’ve always seen this report as more than just a corporate document; our hope is that it can also stimulate constructive discussion on the challenges and choices associated with energy development. In that spirit, I ask you to read the report carefully and give us your feedback. With a shared commitment to excellence and innovation, we can work together to build a more sustainable energy future.

Rick George  
President and chief executive officer

In 2010, Suncor became the first oil sands company to complete surface reclamation of a tailings pond.

**Suncor’s environmental performance goals**

In 2009, we committed to a series of strategic environmental performance goals. All of the proposed reductions are absolute, except for energy efficiency, which is intensity-based. These performance goals are challenging and will require significant resources (capital investments and people) and focus. Our approach will be to assign the right resources at the right time.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Environmental Performance Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>Reduce fresh water consumption by 12% by 2015</td>
</tr>
<tr>
<td>Land</td>
<td>Increase reclamation of disturbed land area by 100% by 2015</td>
</tr>
<tr>
<td>Energy</td>
<td>Improve energy efficiency by 10%</td>
</tr>
<tr>
<td>Efficiency</td>
<td></td>
</tr>
<tr>
<td>Air Emissions</td>
<td>Reduce air emissions by 10% by 2015</td>
</tr>
</tbody>
</table>

* The base year for the planned improvements is 2007. The goals were established in 2009 and our business units will be addressing them in the annual business planning cycle, with capital allocations to follow.

Emerging climate change policies indicate that our goal of improving energy efficiency at our facilities remains a relevant and appropriate goal. We continue to evaluate and develop our long-term greenhouse gas strategy in light of our oil sands growth plans.

**On the web:** Further details on each goal and the associated performance metrics: About Suncor/What Guides Us/Environmental Performance Goals and Progress.
environmental performance

Responsible energy development means minimizing our impact on precious water, land and air resources.

Water

Water impacts every aspect of Suncor’s business. We use water to separate the bitumen from the oil sands in our mining operations. In some cases, we use ground water and treated wastewater to help provide steam at our in situ oil sands facilities. Our refineries draw on various water sources—including, in the case of our Edmonton refinery, recycled municipal wastewater from a nearby treatment plant. Our offshore operations rely almost entirely on seawater.

Suncor is committed to using water wisely and well. We recycle, reuse and look for alternative water sources whenever possible. About 75% of the water used at our oil sands mining operations is recycled—including released water from tailings ponds. The recycling ratio at our in situ facilities is even higher—90% or more—and we use mostly saline groundwater or recycled wastewater from our oil sands mining operations as makeup sources.

Oil sands mining represents Suncor’s biggest draw on fresh water resources. But we’ve made significant progress in reducing our water demand. Suncor’s gross fresh water withdrawal from the Athabasca River has declined by 36% since 2004. Water withdrawal is below 1998 levels, even though bitumen production has nearly tripled. In 2010 alone, Suncor’s fresh water withdrawal from the Athabasca River decreased 12% from 2009.

A key benchmark of progress is the amount of water consumed for each barrel of oil produced—or water consumption intensity. Water consumed is the quantity of water used and not returned to its proximate source or no longer available for use. In 2010, Suncor’s oil sands mining operations consumed 2.04 cubic metres of river water and groundwater to produce one cubic metre of oil—a 40% reduction in water consumption intensity since 2003. Suncor’s water consumption intensity in 2010 was 11% lower than in 2009.

In 2010, Suncor started recycling a small flow of treated wastewater to offset fresh water use for cooling and utility.

Through the Oil Sands Leadership Initiative, Suncor is working on several initiatives to reduce the cumulative impact of oil sands development.
pursues. In addition, we’re continuing to identify projects that will further reduce our water consumption and evaluating opportunities to distribute water through our northeastern Alberta assets to improve our overall water efficiency. As Suncor continues to implement its new tailings technologies, we will also have more tailings water to reuse in our operations or potentially ship to other operators.

Our 10-year Oil Sands Water Management Plan, launched in 2009, will help us make additional reductions beyond 2015 in the most water-intensive part of our business. But as the oil sands industry continues to grow, we recognize the need for greater collaboration to address region-wide water issues. One example: in 2010, the Oil Sands Leadership Initiative (OSLI) began operating a new pilot plant that is testing technologies to allow one operator to take another operator’s tailings wastewater, treat it, and then reuse it.

In addition to improved water management, Suncor continues to focus on achieving the highest standards for water returned back to source rivers and lakes after appropriate water treatment. Suncor is committed to meeting or exceeding government water quality standards for all waters we discharge to the environment.

Air

Suncor is committed to managing air quality near our operations and is working on achieving a 10% absolute reduction in air emissions (nitrogen oxides, sulphur oxides and volatile organic compounds) by 2015 as compared to 2007. Overall, total reported air emissions in 2010 decreased by almost 6% compared to 2009 levels. This was primarily due to the successful completion of planned divestments of certain non-core assets from our Exploration and Production business in 2010. Additionally, key air emissions decreased due to refinement of emission estimation methodologies and increasingly stable operations within our Refining and Marketing business.

Land and Biodiversity

Since oil sands production began in 1967, Suncor has disturbed approximately 19,737 hectares of land through our mining operations. As of the end of 2010, we had reclaimed* approximately 1,294 hectares, or about 7% of the total. Our goal is to return all disturbed lands to as close to a natural state as possible.

In 2010, Suncor became the first oil sands company to complete surface reclamation of a tailings pond—a key step to returning the site back to nature. Suncor’s eight tailings ponds account for about 15% of the total land disturbed by Suncor through oil sands mining. By the end of 2011, Suncor expects to have spent over $1 billion to implement our new TRO™ process, which is expected to significantly accelerate the rate of land and tailings reclamation, eliminate the need for new tailings ponds at existing mine operations and, in the years ahead, reduce the number of tailings ponds at the present mine site.

Canada’s boreal forest is home to the oil sands and Suncor strives to protect this valuable ecosystem. We work with the Alberta Conservation Association to voluntarily conserve environmentally sensitive boreal habitats. Suncor is also a member of the Boreal Leadership Council, comprised of conservation groups, First Nations, resource companies and financial institutions with a stake in the future of Canada’s boreal forest. Council members are signatories to the Boreal Forest Conservation Framework—a ground-breaking national conservation vision.

As a member of OSLI, Suncor is collaborating on several initiatives to reduce the cumulative impact of oil sands development. Rather than focusing only on their own land leases, OSLI’s five member companies are looking across the oil sands region to see where it makes most sense to plant trees, initiate caribou protection areas or implement conservation offsets. In 2010, OSLI planted 247,000 trees at exploratory well sites and reclaimed drilling pads to contribute to a more “intact” forest cover that will protect caribou from predators. Those numbers are above and beyond the tree plantings a company like Suncor is required to do as part of ongoing reclamation efforts on its own lands.

On the web: More details on Suncor’s environmental performance, including water management and water quality strategies, our TRO™ tailings management process and spills and waste management procedures: Environment.

* Reclaimed lands have not been certified as such by government regulators. For further details, see Legal Notice on page 21.

™ Trademark of Suncor Energy Inc.
the positive power of collaboration

Energy is the lifeblood of our economies. It heats our homes, powers our factories, transports our goods, creates our jobs and shapes our quality of life. What we all have in common is that we use energy in various forms every minute and every day. Therefore, we should all have a say in mapping our energy future.

Suncor believes the best way to make this happen is through strategic collaboration—working together in an atmosphere of mutual respect with the goal of finding real solutions to the many challenges we face in how we produce and consume energy resources.

As Suncor prepared its latest Report on Sustainability, this theme of collaboration kept re-emerging. The need for energy companies to increasingly collaborate with each other, and with their respective stakeholders, is a particularly critical issue for the oil sands industry, which is once again very much on a growth footing. As Gord Lambert, Suncor’s vice president, Sustainability, observes: “Growth brings opportunity, but also some very significant challenges. How do we grow this industry in a way that’s sustainable? And, as oil sands operators, how do we responsibly deal with the impacts of development—not just the impacts of our own projects, but the cumulative, region-wide impacts of everyone’s projects?”

In this print edition of our 2011 Report on Sustainability—and in much greater detail in the website version of the same report—readers will find several examples of how energy companies are collaborating to improve environmental, social and economic performance. Many of the examples flow from the Oil Sands Leadership Initiative (OSLI), which Suncor helped found and which also includes ConocoPhillips, Nexen, Statoil and Total. These companies have come together to pool financial resources, expertise and, in many cases, to share information once considered proprietary. The goal: to ensure the long-term viability of the oil sands industry by demonstrating this resource can be responsibly and sustainably developed.

In addition to OSLI, Suncor is involved in a number of other exciting collaborations. For example, through the CO2 Capture Project (comprised of BP, Chevron, ConocoPhillips, Eni, Petrobras, Shell, Suncor and associate member EPRI), we are helping to advance technologies that could make the capture and storage of greenhouse emissions more affordable—a key long-term step in addressing the climate change challenge.

Another significant example occurred in December 2010 when Suncor, along with six other companies with oil sands mining operations (Canadian Natural Resources, Imperial Oil, Shell, Syncrude, Teck Resources and Total E&P Canada), agreed to an unprecedented level of collaboration in regards to tailings management—another significant industry-wide challenge. Each company pledged to share its existing tailings research and technology, as well as future breakthroughs. In Suncor’s case that meant sharing our TRO tailings management process—based on years of research and development and the investment of many millions of dollars—to ensure the beneficial impact of this technology is felt across the industry.

We are also involved in collaborative initiatives to help create strong and sustainable communities. Our work with community leaders in the Regional Municipality of Wood Buffalo to build capacity in the non-profit sector is an example.

An even broader form of collaboration are the ongoing talks toward a national sustainable energy strategy for Canada. The idea is to develop a long-term plan for how Canada can responsibly produce and use energy in the decades ahead in ways that deliver economic and social benefits while minimizing environmental impacts. Suncor has been a leading proponent of this process and we’ve stressed from the start that it must be both collaborative and inclusive—involving industry, government, consumers, researchers, and social and environmental organizations, among others.

As the energy strategy talks continue, that appears very much the case. “We’re starting from the premise that no one has a monopoly on good ideas,” observes Gord Lambert, “and we all need to work constructively toward a positive vision of our energy future.”

On the web: A conversation with Gord Lambert, Suncor’s vice president, Sustainability, on the opportunities and challenges of collaboration: About Suncor/Corporate Governance/Collaboration.
climate change

Suncor was one of the first major energy companies to adopt a climate change action plan to better manage our greenhouse gas (GHG) emissions. We continue to adapt and refine that plan to target continuous improvements in reducing the carbon intensity of our operations.

Suncor believes that the responsibility for managing climate change-related issues should be a shared responsibility across the company. Suncor’s chief operating officer holds executive responsibility for sustainability issues. The vice president of sustainability, the business units and selected internal technical representatives are responsible for setting operational sustainability goals and assessing progress, including energy efficiency, across all areas of our business. Suncor has voluntarily reported its progress in managing GHG emissions since 1995—and significant progress has been made.

We have invested in technology, improved energy efficiency and reduced GHG emissions intensity at our oil sands base plant by over 50% compared to 1990 levels. But we know that much more can—and must—be done as production volumes and the corresponding level of absolute emissions continue to grow.

The future climate change regulatory regime in which Suncor will have to operate is currently unknown, and poses some risk to the company (as outlined in our Annual Information Form), which we include in our Long Range Plan. However, opportunities for improvement are also present and achievable. Suncor believes our largest and most cost-effective near-term opportunity to reduce GHG emissions is through improved reliability and energy efficiency across our operations.

We had further success in this area in 2010, and we continue to implement corporate-wide operational reliability and energy management programs aimed at achieving our self-imposed commitment to improve overall energy efficiency by 10% by 2015 as compared to 2007. Energy use is directly linked to GHG emissions; therefore any reduction or improvement that can be made in energy efficiency provides a direct link to GHG reductions.

The investment in energy management, in particular, is not a single project or set of activities. Rather, it’s the development of a more comprehensive approach to our own energy use from design, construction, and ongoing operations to ensure we are as efficient as we can be given the physical and economic constraints of our existing and proposed facilities.

Suncor continues to invest in high-efficiency co-generation facilities and renewable energy sources and to collaboratively advance new emissions-reducing technologies, including carbon capture and storage. As a responsible energy developer, we also continue to work with governments and other stakeholders on emerging public policy solutions aimed at finding the most effective ways to reduce global GHG emissions.

On these pages, we provide an overview of Suncor’s performance in 2010, as well as our major challenges and priorities going forward. More information—including details on the performance of each of Suncor’s business units—can be found in the web report: Environment/Climate Change.
our climate change performance

In our 2010 Annual Report, total upstream production averaged 615,000 barrels of oil equivalent (boe) through the course of 2010, compared to 456,000 boe in 2009. This reflects the fact that the 2009 volume only includes production from legacy Petro-Canada assets after the merger closed on August 1, 2009. However, the GHG volumes quoted here are for the combined company’s full-year emissions in both 2009 and 2010 and GHG intensity calculations use full-year operated net production and carbon dioxide equivalent (CO2e) volumes from both predecessor companies, both upstream and downstream.

All numbers included here are for operated facilities and properties only, and represent 100% of the direct and indirect emissions at these facilities—data is not broken down by working interest and does not include non-operated facilities like the Annual Report does. Absolute full-year CO2 emissions for the combined company in 2010 totalled 19.2 million tonnes, compared to 19.9 million tonnes in 2009—a 3% or 626 kilotonne decrease, mainly due to asset dispositions in our Exploration and Production business, improved performance at several Refining and Marketing sites and a 230 kilotonne reduction in reported flaring volumes mainly at Oil Sands and the Edmonton Refinery. Using globally accepted GRI protocols, Suncor’s reported absolute corporate GHG emissions intensity was essentially unchanged.

The emissions intensity at Suncor’s mineable Oil Sands operations in 2010 was nearly 4% higher than in 2009, and our in situ operations (Firebag and MacKay River combined) posted a 0.5% increase while Refining and Marketing experienced a 6% decrease in emissions intensity and a 4% drop in absolute emissions. For example, the Edmonton Refinery was able to reduce both absolute GHG emissions

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Suncor Energy GHG Emissions
Actual (1990 - 2010) and Estimates (2011 - 2015)

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<th>Estimated</th>
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Suncor Energy GHG Emissions Intensity
Actual (1990 - 2010) and Estimates (2011 - 2015)

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(1) Estimates are based on current production forecasts and methodologies. The tables contain forward-looking estimates and users of this information are cautioned that the actual GHG emissions and emission intensity may vary materially from the estimates contained in the table.
(2) Data from 1990 to 2000 does not include Suncor’s U.S. operations.
(3) Data includes direct and indirect CO2 emissions.
(4) Data and estimates for 2007 forward include the St. Clair Ethanol Plant.
(5) Data and estimates have changed from previous year’s reports due to Oil Sands methodology changes that reflect the exclusion of biomass, a methodology change in the calculation of fugitive emissions using LDAR data, and revisions to emissions factors based upon AENV’s request. These changes are also consistent with the methodology used for SGER Bill 3 reporting.
(6) Data for 2009 and future years includes the full-year emissions for all Petro-Canada operated properties acquired in the 2009 merger, even though the merger did not close until August 1, 2009. This is to allow for a consistent comparison to past and future years. For certain Business Units (BU), combined Suncor / Petro-Canada data is provided for some years prior to 2009 but this is not reflected in the Suncor-wide roll-up.
(7) The Business-As-Usual (BAU) line shown in previous years has been removed as it is no longer applicable to the merged company. A new BAU line may be added in the future once a new baseline has been developed.
(8) The Suncor-wide emissions intensity uses Net Production, which is the sum of Gross Facility Production minus all internal intra- and inter-BU product transfers, to remove any double counting. The sum of the BU intensities will therefore not equal the Suncor-wide intensity.

Definitions:
Direct GHG emissions: Emissions from sources that are owned or controlled by the reporting company.
Indirect GHG emissions: Emissions that are a consequence of the operations of the reporting company, but occur at sources owned or controlled by another company (e.g. purchased electricity, steam, or hydrogen).
Absolute (total) emissions: The total GHG emissions (direct and indirect emissions) of a facility or reporting company.
Emission intensity: Ratio that expresses GHG impact per unit of physical activity or unit of economic value (e.g. here it is tonnes of CO2e emissions per unit of gross processed volume in cubic metres).
and emissions intensity by 10% and 15% respectively. The Sarnia and Montreal refineries and the Lubricants plant in Mississauga all posted lower absolute GHG emissions and emissions intensities, as well. These intensity decreases were mainly due to improved reliability and productivity. For example, if a plant runs well below its capacity, it continues to use significant levels of energy without producing as much finished product, thus boosting per-barrel emissions rates. The Edmonton, Sarnia and Commerce City refineries have all recently completed major upgrade projects and are now looking to optimize operations using energy management and operational excellence initiatives.

At Terra Nova, our floating production, storage and offloading vessel in the Jeanne d’Arc Basin of Newfoundland and Labrador, emissions increased by 35 kilotonnes over 2009, mainly due to increased fuel use to counter reservoir declines. Even though production dropped by 14%, CO₂ emissions only increased by 6%. At our Hanlan Robb Gas Plant near Edson, Alberta, combustion emissions dropped by nearly 40 kilotonnes or 22% due to amines train optimization, process cycle optimization and shutting down of excess equipment.

To reduce GHG emissions, Suncor is focused on improving reliability and energy efficiency across its operations.

Please note: the sum of the Suncor facilities production will not equal the reported net corporate production. Inter- and intra-business unit product transfers (hydrocarbon streams that pass through more than one Suncor facility) are removed from the corporate and business unit totals to give the net production. This is done to prevent double counting of hydrocarbon streams sent for further processing within the company. Individual facility intensities are calculated based on gross facility production; business unit intensities are calculated based on gross production totals minus intra-business unit material transfers, and the corporate GHG intensity is calculated based on net corporate production, which also removes inter-business unit transfers.

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**Oil Sands GHG Emissions**

**Actual (1990 - 2010)**

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<tbody>
<tr>
<td>CO₂ emissions (thousand tonnes CO₂e)</td>
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<td>7,688</td>
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<td>9,056</td>
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**Oil Sands GHG Emissions Intensity**

**Actual (1990 - 2010)**

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<td>CO₂ emission intensity (tonnes CO₂e/m³OE)</td>
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1. Estimates are based on current production forecast and methodologies. The tables contain forward-looking estimates and users of this information are cautioned that the actual GHG emissions and emission intensity may vary materially from the estimates contained in the table.
2. Data includes direct and indirect CO₂ emissions.
3. Data and estimates have changed from previous year’s report due to Oil Sands methodology changes that reflect the inclusion of biomass, a methodology change in the calculation of fugitive emissions using LDAR data, and revisions to emission factors based upon AENV’s request. These changes are also consistent with the methodology used for SGR’s Bill 3 reporting.
4. Historical Environment data for Oil Sands from 2005 to 2008 includes our Firebag In Situ operation, where appropriate, as well as our mining operations. In 2009 In Situ (Firebag and Mackay River) began reporting as its own business unit. Data for 2009 and 2010 includes only Oil Sands Baseplant mining / extraction / upgrading and cogen operations. The Poplar Creek cogen is owned and operated by a third-party but is part of the Suncor operating agreement and air licence, and therefore all cogen emissions count towards our total direct emissions.
5. The GHG volumes from 2009 have been restated due to a change in hydrogen plant allocation and diesel emission methodology.
looking ahead: the challenge of growth

In December 2010, Suncor announced a 10-year growth strategy to increase total production to more than one million barrels of oil equivalent per day by 2020. Of that planned production increase, it’s expected approximately four of every five barrels will flow from the oil sands.

Suncor’s growth strategy means, in the immediate term at least, absolute GHG emissions will increase. However, we believe we can make continued progress on reducing emissions intensity, while working toward long-term solutions to deal with absolute GHG emissions.

In terms of emissions intensity, there are reasons for optimism. First, there continues to be significant room to improve the reliability and productivity of existing oil sands facilities—further reducing energy use and emissions.

Second, Suncor is targeting a corporate-wide 10% improvement in energy efficiency by 2015 as compared to 2007, in part through a significant new energy management system. That system is in place at our Commerce City refinery, with encouraging results. It is being deployed at the Montreal and Edmonton refineries in 2011 and continuing at other sites in 2012. While we believe energy savings can be achieved in all our operations, the biggest potential volume gains are with the Oil Sands operation.

Suncor continues to be guided by the seven-point climate change action plan we first adopted in 1997. This plan calls on us to manage our own GHG emissions, develop renewable sources of energy, invest in environmental and economic research, use domestic and international offsets, collaborate on policy development, educate employees and the public, and measure and report our progress. We are proceeding on all those fronts.

Suncor is on track to spend a total of $750 million developing wind energy and biofuels by 2012. Our renewable energy projects in some jurisdictions create partial offsets for GHG emissions in our operations, simultaneously opening up new business opportunities and helping Canada to begin the necessary shift to a greener energy system.

Suncor is not alone in expanding its operations; the entire oil sands industry is on a renewed growth footing. That means there must be greater collaboration to address the cumulative impacts of development—including escalating GHG emissions.

Suncor is moving on several fronts to advance potential carbon-reducing technologies, including carbon capture and storage (CCS). We continue to work with both IC\(\text{O}_2\)N and the Carbon Capture Project, among others. These groups—which include some of the world’s leading energy companies along with both domestic and international governments—are working on research and development aimed at making CCS more affordable and on studies to guide future policy and regulations that will enable CCS to proceed.

Jennifer Flanagan, president and chief executive officer, Actua
Jean-Michel Gires, president and CEO, Total E&P Canada
Nick Sanders, chair, MacDonald Island Park Corporation
David McKenna, water manager, Statoil Canada
Leo Piciacchia, vice president, sustainable development and HSE, Total E&P Canada
As a member of the Carbon Capture Project, Suncor is leading a collaborative research and development initiative that is expected to make it easier and more affordable to capture CO₂ emissions at in situ oil sands plants.

Suncor is also a founding member of two new organizations that are bringing expertise—and capital investment—to address the climate change challenge.

Carbon Management Canada (CMC) is a national centre of excellence funded by federal and provincial governments and industry that plans to invest $75 million over five years to support research. Through work at more than 20 universities across Canada, its key mandate is to investigate cost-effective, carbon-efficient techniques for extracting fossil fuels.

The Oil Sands Leadership Initiative (OSLI), comprised of Suncor and four other oil sands companies, is focused on real solutions that lead to improved environmental performance, including carbon-reduction initiatives. OSLI’s technology working group is investigating several aspects of in situ reservoir technology that could make oil recovery more energy efficient—and reduce GHG emissions associated with industry growth.

As Canada’s largest energy company by market capitalization—and the fifth largest in North America—Suncor is increasingly active in public policy discussions on energy and the environment. We continue to be a strong advocate for a national sustainable energy strategy for Canada—one that would assess the nation’s long-term energy requirements and determine the mix of proven and potential energy resources that can best meet those requirements. Targets and goals for reducing GHG emissions would be an integral part of that strategy.

When it comes to climate change regulations, Suncor continues to press for clarity, certainty and fairness (nationally and internationally), so no one industry or region is unfairly targeted or punished and harmonization occurs across jurisdictions to avoid overlap and inefficiencies.

Suncor sees emissions trading and other carbon pricing mechanisms as useful tools. However, we also believe that to be effective, climate change policy must encourage the development and deployment of new technologies that will transform how we produce and use energy. Carbon pricing mechanisms alone will not accomplish this; there needs to be a willingness to direct industry and public funds toward innovation as well.

Suncor continues to monitor initiatives by California and the European Union, among others, to establish low carbon fuel standards (LCFS). We believe these initiatives may not have the desired impact of reducing overall GHG emissions. In particular, approximately 75-80% of the life cycle emissions of petroleum-sourced fuel occur when the fuel is combusted in vehicles, making these emissions highly dependent on engine fuel efficiency and total miles driven—factors the LCFS model does not influence. For that reason, Suncor advocates instead for an overarching “low carbon transportation framework” that would deal with reducing GHG emissions released in both the production and consumption of energy products. As fuel suppliers, we see greater opportunities to play a meaningful role in policies that advance second generation biofuels.

Finally, recent crude oil life cycle assessment studies indicate that, on a “wells-to-wheels” basis, the carbon intensity of oil sands crude is not significantly different from conventional crudes, including heavy crudes produced in California and many offshore imports. Displacing GHG emissions to other jurisdictions by limiting oil sands production and importing more crude oil will not create a net benefit for the atmosphere and could compound energy security and social concerns associated with reliance on foreign imports.

On the web: Suncor’s Fiona Jones, director, Energy and Climate Change Policy, discusses climate change regulation and the challenges of reducing GHGs in an era of significant production growth: EnvironmentClimate Change/ GHG Management. There are also features on Suncor’s proposed alternative to LCFS regulations, Renewable Energy and Suncor’s Climate Change Action Plan.
social performance

Suncor strives to be a good corporate citizen. That includes ensuring workplace safety, respecting human rights, investing in strong communities and working constructively with our Aboriginal neighbours.

Safety

Suncor always ranks safety as our top priority and safety leadership is one of the six core Suncor values. Since 2002, when we launched the Journey to Zero program to eliminate workplace injuries, our frequency of lost time injuries has declined by almost 75%, while the frequency of recordable injuries for the same period fell by 60%.

We believe all workplace incidents are preventable and no job is too urgent or routine that it cannot be done safely. We strive for continuous improvement in our safety record through best practices and an ever-stronger safety-first mindset.

Suncor continues to implement a comprehensive process safety management (PSM) plan as part of its corporate-wide operational excellence strategy. All of Suncor’s major facilities are being assessed according to a set of clear performance standards to identify potential performance opportunities and to develop and implement action plans.

Suncor’s Firebag in situ oil sands operation was our first site to fully implement the new PSM program. What we’ve learned from Firebag will be incorporated into all other sites implementing the program—a process expected to reach its peak in 2011.

Community Investment

Suncor has a strong history of investing in the communities where we operate. In 2010, Suncor and the Suncor Energy Foundation continued to invest in four focus areas: Community, Education, Environment and Employees.

In 2010, Suncor developed a new Community Investment (CI) program with the aim of making a more lasting impact on the
initiative that will challenge...the SEF is invested in a new multistakeholder

...In a similar vein, the SEF is working closely with the United Way of Fort McMurray and other non-profit leaders through the Redpoll Centre. Since opening in 2009, Redpoll has become home to eight different community agencies. In a similar vein, the SEF is invested in a new multistakeholder initiative that will challenge leading local agencies and individuals to generate innovative ways to support social stability and build community capacity. It kicked off in February 2011 at a conference of community leaders in Fort McMurray.

As a key player with the Oil Sands Developers Group, Suncor has been working with the Regional Municipality of Wood Buffalo to identify local infrastructure needs and encourage the Alberta government to advance long-term planning and funding. Suncor also continues to work with the Wood Buffalo Housing and Development Corporation on a mandate to provide affordable housing and related services to seniors and low- and middle-income families.

Community Development and Infrastructure

Suncor is committed to supporting community development and advancing solutions to the infrastructure pressures that oil sands development places on communities in northern Alberta.

When it comes to community development, Suncor is increasingly interested in participating in collaborative initiatives that focus on long-term solutions to help create sustainable communities. An example of this is the way the Suncor Energy Foundation (SEF) is working closely with the United Way of Fort McMurray and other non-profit leaders through the Redpoll Centre. Since opening in 2009, Redpoll has become home to eight different community agencies. In a similar vein, the SEF is invested in a new multistakeholder initiative that will challenge leading local agencies and individuals to generate innovative ways to support social stability and build community capacity. It kicked off in February 2011 at a conference of community leaders in Fort McMurray.

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Our Stakeholders

As a result of Suncor’s 2009 merger with Petro-Canada, the company has stakeholders across more businesses and a greater geographic expanse. In 2010, Suncor conducted a thorough review of the Stakeholder Relations policies of the two legacy companies and built on this strong foundation to develop revised policy statements that will inform our business decisions and actions going forward. Suncor’s new Stakeholder Relations policy is guided by the following principles: mutual respect; responsibility to engage; responsiveness (even if it means making changes to how we operate our business); transparency; timeliness; and mutual benefit.

Aboriginal Relations

Many of Suncor’s operations are located on or near the traditional lands of Aboriginal peoples. As a responsible energy developer, Suncor takes into account Aboriginal issues and concerns about the effects, positive and negative, of energy development on communities and current uses of land and resources. We are committed to working closely with Aboriginal peoples and communities to build and maintain effective, long-term and mutually beneficial relationships.

In 2010, Suncor developed a revised Aboriginal Relations policy that is guided by the following principles: respect for the unique legal and constitutional rights of Aboriginal peoples as well as for their history, customs, beliefs and traditions; timely communication and consultation; sharing the economic and social benefits of energy development; and a strong commitment to environmental responsibility. We believe Aboriginal peoples can benefit from industrial development through employment, training and business development. In addition to education and community investments, Suncor has spent more than $1.2 billion on goods and services from Aboriginal companies serving the Wood Buffalo region since 1992—including $277 million in 2010 alone.

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Operating Internationally

Suncor supports the Universal Declaration of Human Rights and is committed to the protection of human rights within our sphere of influence.

In addition, as of press time for this report, Suncor was putting the final touches on its own human rights policy. Once complete, the policy will be available on the web edition of this report.

As at July 2011, Suncor’s international presence included operations in Norway, the United Kingdom and Syria. In February 2011, we suspended our operations in Libya, evacuated all expatriate staff and began providing as much remote support as possible to our Libyan employees.

We recognize operating in politically sensitive jurisdictions can involve higher security, human rights, and business risks. We continually review those risks and our ability to mitigate them. Wherever we operate, the safety and security of our people remains our number one priority.

We constantly monitor international situations that could affect our people and operations and we have thorough contingency plans and protocols in place to maintain safety and security.

Suncor is committed to operating with integrity and maintaining sound environmental standards, and working diligently to prevent any risk to health and safety wherever we operate.

We also integrate human rights elements into our employee practices and policies, our community and stakeholder engagement practices and policies, and in the way we manage the security of our employees and our facilities.

As this report was being prepared, Libya remained subject to international sanctions that preclude companies from participating countries (including Canada) from doing business with the Libyan government. Suncor is in full compliance with these sanctions. If or when we resume operations in Libya, it will only be because we can do so safely and responsibly—in a way consistent with our values and principles and in compliance with international sanctions.

At the same time, Suncor has also been closely monitoring tensions in Syria and the company is working according to our contingency plans and protocols—and taking all necessary precautions—for the safety and security of our people.

Our Employees

Our 12,000-plus employees are an important part of our journey to become Canada’s integrated energy company, focused on operational excellence and growth—with the assets, people, and financial strength to compete globally.

Building a culture and workplace where employees take pride in their success is an important part of our journey; our employees continue to play a central role by living the values and behaviours we need to achieve Suncor’s business goals and ensure we continue to be a great place to work.

On the web: François Langlois, senior vice president, Exploration & Production, talks about the challenges of operating in higher-risk jurisdictions: Social/Social Responsibility/Operating Internationally. Also: more features and details on Suncor’s new Stakeholder Relations, Aboriginal Relations and Community Investment policies and programs.
economic performance

A vibrant energy industry acts as an engine for the larger economy, creating well paying jobs, promoting economic growth and providing governments and suppliers with valuable revenues.

Suncor marked another pivotal year in 2010. It was the year we fully implemented the successful merger of Suncor and Petro-Canada and began to realize the resulting synergies and savings. It was also the year we launched a new long-term growth strategy. In December, Suncor announced a 10-year growth plan to double our total production to more than one million barrels of oil equivalent per day by 2020. Of that planned production, it’s expected approximately four of every five barrels will flow from the oil sands.

Suncor’s growth strategy includes continued expansion of our oil sands in situ projects and ongoing production in international and offshore operations. It also features a strategic partnership with Total E&P Canada Ltd. (Total) to develop two key oilsands mining projects and to restart construction of the planned 200,000-barrel-per-day Voyageur upgrader.

Suncor is targeting average oil sands production growth of approximately 10% per year and company-wide production growth of approximately 8% per year through to 2020. As we grow, Suncor will remain focused on achieving safe, reliable and cost-effective energy production across all of our operations. Here is a snapshot of Suncor’s corporate performance, as well as the contribution to the economy from our operations in 2010:

Corporate Performance

- Total upstream production averaged 615,100 barrels of oil equivalent per day (boe/d) in 2010, compared to 456,000 boe/d in 2009. The increase was due primarily to the fact that it was the first full year that production from legacy Petro-Canada assets was included. Oil Sands production (excluding proportionate production share of the Syncrude joint venture oil sands operation) averaged 283,000 barrels per day (bpd) in 2010, compared to 290,600 bpd in 2009—a 3% decrease due mainly to planned and unplanned maintenance, which was partially offset by improved upgrader reliability and bitumen supply in the latter part of the year.

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Suncor employees Jenna van Steenbergen and Annisha Chakravorty.
Corporate Performance

Suncor reported net earnings of $3.571 billion in 2010, more than tripling our net earnings in 2009 of $1.146 billion. The increase reflected the improving economic environment for crude oil and refined products, as well as solid performance from our assets in the first full year after the August 2009 merger with Petro-Canada.

Suncor’s common share price closed at $38.28 on the Toronto Stock Exchange on December 31, 2010, an increase of approximately 3% over the year before. The fluctuations in share prices reflected trends in global equity markets and, more specifically, in commodity prices for Suncor’s core products. Our focus remains on building long-term shareholder value.

Contribution to Economy

In 2010, royalties paid by Suncor totalled $1.978 billion, including $681 million directed to the Alberta government related to oil sands royalties. As well, Suncor paid approximately $1.2 billion in taxes to governments in Canada and internationally.

Capital spending in 2010 totalled $6.0 billion, compared to $4.3 billion in 2009. The increase reflected renewed investment in growth projects in response to improving market conditions and improved cash flow from Suncor’s existing operations.

Suncor spent $9.4 billion* on goods and services in 2010. A look at our supply chain spending shows we had more than 12,000 Canadian vendors spanning all 10 provinces as well as the Northwest Territories and Yukon. The United States was our next biggest supplier (more than 2,500 vendors), although we also purchased from 61 other countries. The range of goods and services is extensive and includes: heavy equipment, computing, drilling, construction, engineering, environmental services, trucking, concrete, steel, electrical, catering, pipes and tires.

Whenever possible, Suncor prefers to use local vendors. In 2010, we spent $277 million on goods and services from Aboriginal businesses serving the Wood Buffalo region, home to our oil sands business. Since 1992, Suncor has directed more than $1.2 billion in goods and services spending to Aboriginal businesses.

looking ahead

With the economy recovering, Suncor entered 2011 with a plan for disciplined, but significant growth.

In December 2010, Suncor’s Board of Directors approved a $6.7 billion capital spending plan for 2011. Approximately $2.8 billion is expected to be directed toward growth project funding, primarily at the company’s oil sands operations, while $3.9 billion is targeted to sustaining existing operations—including further deployment of Suncor’s new tailings reduction technology.

The majority of growth spending is being directed toward expansion of Suncor’s Firebag in situ oil sands facilities. Firebag Stage 3 is expected to begin production in mid-year 2011, ramping up toward capacity of 62,500 bpd of bitumen over a period of about 24 months. The focus will then fully shift to Stage 4, with an expected completion date early in 2013. Firebag Stage 4 also has planned capacity of 62,500 bpd of bitumen.

The 2011 capital spending plan also includes investments in the Fort Hills oil sands mining project and resuming construction of the Voyageur upgrader, two key elements in Suncor’s recently announced 10-year growth strategy. Both projects, along with the Joslyn oil sands mining project, are anticipated to be developed as part of a strategic partnership with Total.

On the web: More details on Suncor’s economic performance can be found at Economic/Economic Performance.
Legal Notice—Forward-looking statements

Certain statements contained in this publication constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). All forward-looking statements are based on the Company's current expectations, estimates, projections, beliefs and assumptions based on information available at the time the statement was made and in light of the Company's experience and its perception of historical trends, current conditions, expected future developments and the overall economic outlook. Therefore, actual results may differ from such forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties and other factors, in addition to those listed, that could cause actual results to differ from the results expressed or implied by those forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Certain statements contained in this publication constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation.

Suncor is a member of the Canadian Association of Petroleum Producers (CAPP). CAPP's stewardship initiative is a commitment to responsible resource development and continuous improvement that all CAPP members uphold.

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

Suncor is proud of our involvement with the following organizations:

Ceres

In 2007, Suncor became the first Canadian energy company to join Ceres, a coalition of investors, environmental groups and other public interest organizations working with companies to address sustainability challenges.

FTSE4Good

The FTSE4Good index includes companies that demonstrate best practice in corporate social responsibility. Suncor has been included in the index since 2002.

L'Association minière du Canada (The Mining Association of Canada)

The Mining Association of Canada serves as the leading advocate for Canada’s mining industry, promoting and protecting the country’s mining sector.

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As the Suncor record shows, the path to success begins with seeing what’s possible.

36% decline in amount of fresh water Suncor has withdrawn from the Athabasca River since 2004*

50% decrease in GHG emission intensity at Suncor’s oil sands operation from 1990 levels*

$1.2 billion actual and planned investments in Suncor’s new tailings technology

*As at December 31, 2010.

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