



## POLICY GUIDANCE & STANDARDS

### PREVENTION OF IMPROPER PAYMENTS

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#### SCOPE AND PURPOSE

This policy guidance & standard (PG&S) applies to Suncor Energy Inc. and its subsidiaries (collectively "Suncor" or the "Company"). References in this document to "Suncor Personnel" include members of the board of directors, officers, employees and Independent Contractors of Suncor. All Suncor Personnel must comply with this PG&S.

Supervisors and managers are expected to promote a working environment consistent with this PG&S and assist Suncor Personnel within their supervision to understand and comply with this PG&S.

If Suncor Personnel are found to be in violation of this PG&S, appropriate corrective disciplinary action, including where appropriate dismissal or termination of contract, shall be taken and promptly reported to the Company's Chief Compliance Officer, Chief Executive Officer and Audit Committee. Suncor Personnel who become aware of a violation of this PG&S must promptly report the matter to the Chief Compliance Officer or by means of the Suncor Integrity Hotline. See "Violations" for further information.

This PG&S is subject to and forms part of Suncor's Standards of Business Conduct Code and Compliance Program.

#### GUIDANCE & STANDARDS

Suncor Personnel are prohibited from committing or using corporate funds, facilities or assets directly or indirectly for any illegal or improper purposes, including but not limited to bribery, kickbacks, or diversion to separate funds or companies for personal use or for the purpose of disguising such payments. Suncor Personnel shall comply with all the laws and regulations of jurisdictions where Suncor does business concerning improper payments to foreign officials or other third parties, including the *United States Foreign Corrupt Practices Act*, the *UK Bribery Act 2010* and the *Canadian Corruption of Foreign Public Officials Act*.

##### 1. Definitions

"**Agent**" means any person, corporation or other entity retained by Suncor to represent or act on behalf of the Company and legally bind it.

"**Audit Committee**" means the audit committee established by the Company's board of directors.

"**Bribe**" means any payment, promise to pay, or authorization of the payment of any money, gift, reward, advantage or benefit of any kind, that has been given or offered either directly or through an intermediary, in order to influence the making or not making or implementation of a decision or act by the receiving party (whether in the public/government or private/business sector), and also means all attempts to make such payments. Bribe does not include Health and Safety Payments.

**"Chief Compliance Officer"** means the corporate officer responsible for this PG&S, appointed pursuant to Section 2(a).

**"Compliance Committee"** means the committee established pursuant to Section 2(d).

**"Contractor/Supplier"** means any service company, service provider, vendor, supplier, contractor, consultant, retailer, wholesaler or any other third party engaged by the Company.

**"Employee"** means a permanent or temporary employee of the Company.

**"Facilitating Payment"** means an occasional small payment, promise to pay, or authorization of a payment made solely to expedite or secure the performance of routine government actions which would otherwise be lawful and proper, such as:

- (a) obtaining licences, permits and other official documents to qualify to do business in a foreign country;
- (b) processing governmental papers, such as visas and work permits;
- (c) providing or obtaining police protection, telephone service, utilities, and mail services;
- (d) loading or unloading cargo, inspection of goods and protecting perishable goods from deteriorating; or
- (e) actions of a similar nature.

**"Health and Safety Payment"** means a payment strictly made in accordance with section 5 of this PG&S.

**"High Risk Agent"** means an Agent who is retained from or acts, in its capacity as Agent, in a High Risk Country or is deemed to be a High Risk Agent by the Chief Compliance Officer or by a member of the Compliance Committee.

**"High Risk Country"** means a country that scores lower than 70 on the annual Transparency International Corruption Perception Index or is deemed to be a High Risk Country by the Chief Compliance Officer.

**"Improper Payment"** means a Bribe, Kickback or Facilitating Payment, but does not include a Health and Safety Payment.

**"Independent Contractor"** means a one person service provider, who may be incorporated or not, and who either provides services on Suncor property or generally holds him or herself out as part of the Suncor organization.

**"Joint Venture Participants"** means one or more parties that have entered into a joint agreement or partnership with the Company for the purposes of constructing, developing, and/or operating a project on behalf of the parties and the Company.

**"Kickback"** means the payment, promise to pay, or the authorization of the payment of a portion of contract consideration to a person employed by or associated with another contracting party. This includes the improper utilization of sub contracts, purchase orders, consulting agreements or gifts to channel payments to principals, employees or other representatives of another contracting party, or to their relatives or business associates.

**"Public Official"** means:

- (a) any person employed or appointed by a government, state, province, municipality, or public international organization;
- (b) any owner, director, officer or employee of an organization that performs a governmental function;
- (c) any person employed or appointed by an agency, department, corporation, board, commission or enterprise that is controlled by a government, state, province, municipality, or public international organization;
- (d) any person acting in an official capacity for a government, state, province, municipality, or public international organization, or for an agency, department, corporation, board, commission or enterprise that is owned, in whole or in part, or controlled by a government, state, province, municipality, or public international organization;
- (e) any person acting for or on behalf of a government, state, province, municipality, or public international organization, or for an agency, department, corporation, board, commission or enterprise that is owned, in whole or in part, or controlled by a government, state, province, municipality, or public international organization; or
- (f) elected officials, candidates for public office, political parties, and officers, employees, representatives and agents of political parties.

**"Supplier Code of Conduct"** means Suncor's supplier code of conduct titled "*The Way We Do Business – Working With Suncor*", as amended from time to time (available on [www.suncor.com](http://www.suncor.com)).

**2. Compliance**

- (a) Suncor's board of directors shall appoint a person to the position of Chief Compliance Officer.
- (b) Suncor's board of directors shall review compliance with this PG&S as part of its annual review of Suncor's Standards of Business Conduct Compliance Program.
- (c) The Chief Compliance Officer shall oversee this PG&S.
- (d) The Chief Compliance Officer may create and chair a Compliance Committee, appointing one or more individuals to assist in overseeing the PG&S.

**3. Responsibilities of the Chief Compliance Officer**

The Chief Compliance Officer shall be responsible for:

- (a) establishing and maintaining the practices and procedures necessary to implement this PG&S and prevent any violation of its provisions;
- (b) disseminating this PG&S to all Suncor Personnel; and
- (c) implementing an appropriate Suncor Personnel training program on the substance of this PG&S for all Suncor business units or functional groups operating or conducting business in a High Risk Country and for other Suncor Personnel as the Chief Compliance Officer deems appropriate.

#### **4. Improper Payments**

Suncor Personnel shall not, either directly or through any intermediary:

- (a) demand, solicit or accept an Improper Payment;
- (b) promise, offer or pay, or authorize the promise, payment or making of an offer to pay an Improper Payment.

In particular, Suncor Personnel shall not, either directly or through an intermediary, pay or offer anything of value to a third party including, but not limited to, any Public Official, for the purpose of:

- (a) influencing any act or decision that would allow Suncor or any party to obtain or retain a business advantage or otherwise gain an unfair advantage;
- (b) influencing a Public Official to do or omit to do any act within the recipient's official capacity;
- (c) to induce the recipient to violate its, his or her lawful duty; or
- (d) to induce the recipient to use its, his or her influence with any level of government to affect or influence any act or decision of such government for the purpose of obtaining, retaining or directing business, or for any undue advantage.

#### **5. Health and Safety Payments**

Suncor recognizes that Suncor Personnel may in some High Risk Countries confront situations where a payment, similar in nature to a Facilitating Payment, is demanded to avoid imminent physical harm. In these very limited situations a Health and Safety Payment can be made but only, if the following strict conditions are met:

- (a) The payment is not made with a corrupt intent or for the purpose of obtaining or retaining business;
- (b) The person making the payment believes his or her health or safety to be at imminent risk and believes the payment to be absolutely necessary to preserve his or her health or safety; and
- (c) The payment must be reported to the Chief Compliance Officer or a member of the Compliance Committee, together with the Controller as soon as practicable, and must be properly recorded in reasonable detail that accurately and fairly reflects the transaction and includes such information as the amount paid, the recipient, and the circumstances surrounding such payment.

#### **6. High Risk Agents**

- (a) Due Diligence on High Risk Agents

Prior to Suncor retaining a High Risk Agent, the applicable business unit or functional group that wishes to retain such High Risk Agent shall implement the process, approved by Chief Compliance Officer or delegate for reviewing the reputation, background and past performance of prospective High Risk Agent in the following areas:

- (i) *Management Information.* Identify the directors, officers and other members of management of the proposed High Risk Agent, where applicable, and determine if any of them are Public Officials.
  - (ii) *Ownership Information.* Identify the stockholders, partners or other principals of the proposed High Risk Agent, where applicable, and determine if any of them are Public Officials.
  - (iii) *Affiliations.* Identify the business and government affiliations of the proposed High Risk Agent, its, his or her family and close associates.
  - (iv) *Qualifications and Resources.* Confirm the relevant qualifications of the proposed High Risk Agent or its, his or her management personnel to perform the services required in the contract and that the High Risk Agent has the premises, staff and other resources to perform the services required in the contract.
  - (v) *Financial Information.* Examine the audited or unaudited financial statements of the proposed High Risk Agent, where applicable, and confirm its, his or her ability to perform the services required in the contract.
  - (vi) *Reputation.* Obtain information concerning the reputation of the High Risk Agent particularly with respect to a history or demonstrated tendency to make Improper Payments.
  - (vii) *References.* Where deemed necessary, to be determined according to the risk involved, obtain character and financial reference checks on the proposed High Risk Agent.
  - (viii) *Local Law.* Confirm that the relationship with the High Risk Agent and the performance by the High Risk Agent of the services required in the contract are consistent with local law.
  - (ix) *Compensation.* Confirm that the level of compensation is reasonable, given the experience of the High Risk Agent, the country where services are to be performed, the expected results, and the amount and difficulty of work to be performed.
  - (x) *Confirmation.* Any Suncor Personnel proposing retention of the High Risk Agent shall: confirm who introduced the High Risk Agent to the Company; provide an explanation of why the High Risk Agent was selected; confirm that the High Risk Agent has been personally interviewed; and confirm that he or she has no reason to believe that the High Risk Agent has violated this PG&S or will violate this PG&S regarding future activities on behalf of the Company.
- (b) **Contracts with High Risk Agents**

The Company shall only retain a High Risk Agent, after completing the due diligence required by section 6(a) above, using a written agreement that contains the following provisions as considered appropriate by the Chief Compliance Officer or delegate:

- (i) A precise definition of the scope of the High Risk Agent's duties, the territory in which the services will be performed and the compensation of the High Risk Agent.

- (ii) Acknowledgment by the High Risk Agent that it, he or she understands the provisions of Suncor's Supplier Code of Conduct and agrees to comply with its terms and applicable laws.
  - (iii) Acknowledgement by the High Risk Agent that the contents of the agreement may be disclosed by the Company to third parties, including government agencies, for the purposes of assessing whether Improper Payments have been made.
  - (iv) Representations and warranties by the High Risk Agent that neither he, she or it, nor any of his, her or its owners, directors, officers, principals or key employees, are Public Officials and that he, she or it will promptly inform the Company of any changes in that regard.
  - (v) Prohibition of the assignment or subcontracting of the entire agreement or any rights, duties or obligations under the agreement by the High Risk Agent without the Company's prior written consent.
  - (vi) Payment to be made by cheque made out in the High Risk Agent's name or by wire transfer to a bank account that is registered in the name of the High Risk Agent, and located in the country in which the High Risk Agent performed the services, unless there is an explanation acceptable to the Chief Compliance Officer for other arrangements.
  - (vii) A statement that travel, entertainment and other miscellaneous expenses shall not be incurred by the High Risk Agent for reimbursement by the Company without the Company's prior written approval, and all requests for reimbursement must be supported by documentation acceptable to the Company. Detailed records of all approved expenses shall be kept.
  - (viii) Provision for automatic termination without compensation in the event a High Risk Agent has made, attempted to make, makes, attempts to make, or proposes to make, an Improper Payment.
  - (ix) The right for the Company to audit the High Risk Agent's compliance with the agreement, including the expenses and invoices of the High Risk Agent.
- (c) Managing High Risk Agents

The Company shall take measures reasonably within its power with a view to preventing Improper Payments or actions otherwise in contravention of applicable law or this PG&S by the High Risk Agent, including:

- (i) confirming that any payment made to any High Risk Agent represents no more than the amount outlined in the written agreement with the High Risk Agent and is an appropriate remuneration for legitimate services rendered by such High Risk Agent;
- (ii) maintaining a record of the names and contract terms for all High Risk Agents who are retained by it in connection with transactions with Public Officials; and
- (iii) monitoring the activities of the High Risk Agent.

## **7. Other Agents**

Prior to retaining or entering into a contract with an Agent that is not a High Risk Agent, the Company shall conduct due diligence proportionate to the risks involved in retaining the Agent and shall use as guidelines the due diligence required for retaining a High Risk Agent to evaluate potential compliance risks with a view that the Company only enters into business relationships with reputable, qualified individuals and firms. When appropriate, to be determined according to the risk involved, the Company shall obtain equivalent or similar written representations and warranties from the Agent as is required of a High Risk Agent.

Any contract with an Agent that is not a High Risk Agent, unless otherwise determined by the Chief Compliance Officer, must contain language requiring the Agent to comply with Suncor's Standards of Business Conduct Code, which includes this PG&S.

## **8. Joint Venture Participants**

Prior to entering into any joint venture, the Company shall conduct the due diligence considered appropriate by the Chief Compliance Officer or delegate regarding the prospective co-venturer(s) and shall use as guidelines the due diligence required for retaining a High Risk Agent to evaluate potential compliance risks with a view that the Company only enters into business relationships with reputable, qualified individuals and firms. When appropriate, the Company shall obtain equivalent or similar written representations and warranties from the co-venturer as is required of a High Risk Agent.

Commercially reasonable efforts shall be used by the Company and Suncor Personnel to ensure that the principles set out in this PG&S are incorporated into all joint venture agreements (such as, for example, joint operating agreements).

## **9. Contractor/Supplier**

Prior to retaining or entering into agreements with a Contractor/Supplier, the Company shall conduct the due diligence proportionate to the risks involved in retaining the Contractor/Supplier and shall use as guidelines the due diligence required for retaining a High Risk Agent to evaluate potential compliance risks with a view that the Company only enters into business relationships with reputable, qualified individuals and firms. When appropriate, the Company shall obtain equivalent or similar written representations and warranties from the prospective Contractor/Supplier as is required of a High Risk Agent.

Any contract with a Contractor/Supplier engaged through Suncor's supply chain, unless otherwise determined by the Chief Compliance Officer, must contain language requiring the Contractor/Supplier to comply with Suncor's Supplier Code of Conduct.

## **10. Gifts, Entertainment and Travel**

The offer and acceptance of entertainment, gifts and favours must at all times be in compliance with the policies of the recipient's employer, with Suncor's Standards of Business Conduct Code available on Suncor's Internet and Intranet web sites and with any Suncor business unit or functional group specific procedures.

In addition, Suncor Personnel shall not, either directly or through an intermediary, offer or provide gifts, hospitality or reimbursement of travel or other expenses to a Public Official, except with the prior approval of the Chief Compliance Officer or in accordance with the applicable Suncor business unit or functional

group written guidelines as approved by the Chief Compliance Officer. Suncor Personnel may pay or reimburse reasonable meal expenses incurred in good faith by or on behalf of a Public Official related to the promotion, demonstration, or explanation of products or services of the Company or the execution or performance of a contract between the Company and the Public Official's government or agency thereof without pre-approval of the Chief Compliance Officer. Any such payment or reimbursement must at all times be in compliance with the Company's Code of Business Conduct.

The Chief Compliance Officer and Controller are responsible for ensuring that any gift, hospitality and/or reimbursement of travel or other expenses ultimately provided to a third party, including a Public Official, is fully and accurately recorded in the Company's accounting records.

#### **11. Political Contributions**

All political contributions made by or on behalf of the Company must be approved and recorded in accordance with the approval process and guidelines established by the Company for political contributions.

#### **12. Charitable Contributions**

All charitable contributions made by or on behalf of the Company must be approved and recorded in accordance with the approval process and guidelines established by the Company for charitable contributions as administered by Suncor Energy Foundation.

#### **13. Employment of Public Officials**

No Public Official shall be employed by the Company, unless:

- (a) the Chief Compliance Officer is satisfied that such employment is lawful in the country concerned;
- (b) the Chief Compliance Officer has determined that the services to be rendered to the Company do not conflict in any manner with the governmental duties of such person; and
- (c) an ethics opinion, satisfactory to the Chief Compliance Officer, from the Public Official's government employer has been obtained.

#### **14. Books and Records**

- (a) The Company shall make and keep books, records, and accounts that comply with applicable law and accounting standards, conform to the highest professional standards of accuracy and consistency and that, in reasonable detail, accurately and fairly reflect the Company's transactions and the disposition of its assets.
- (b) All financial transactions must be properly and fairly recorded in the Company's books of account and must be made available for inspection by the Company's internal and external auditors.
- (c) The Company shall advise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with the Company's management's general or specific authorization and that access to assets is permitted only in accordance with the Company's management's general or specific authorization.



- (d) These requirements are applicable to all joint ventures which the Company controls in fact or in which the Company's ownership interest is more than 50%.

## **VIOLATIONS**

- (a) Suncor Personnel who become aware of a violation of this PG&S must promptly report the matter to the Chief Compliance Officer, a member of the Compliance Committee or by means of the Suncor Integrity Hotline.
- (b) Information communicated via the Suncor Integrity Hotline or to Suncor Personnel in a supervisory or advisory position in the Company regarding a violation of this PG&S shall be promptly reported to the Chief Compliance Officer, who in turn shall immediately investigate and report any violation of this PG&S to the Company's Chief Executive Officer and Audit Committee.
- (c) A determination of whether a particular past or proposed payment or action is in violation of this PG&S shall be made by the Chief Compliance Officer, in consultation with the Chief Executive Officer and/or the Chair of the Audit Committee.
- (d) Retaliation by anyone as a consequence of Suncor Personnel making a good faith report of a possible violation of the law or this PG&S is strictly prohibited and will result in disciplinary action, up to and including termination.
- (e) If Suncor Personnel are found to be in violation of this PG&S, appropriate corrective disciplinary action, including, where appropriate, dismissal or termination of contract, shall be taken and immediately reported to the Company's Chief Executive Officer and Audit Committee.

## **AUDIT**

Internal Audit shall be responsible for examining the possibility of Improper Payments being made in any or all of the Company's business units or functional groups. Internal Audit shall test expenditures in the course of their audit activities to determine whether or not the payments in the samples tested are potentially Improper Payments within the meaning of this PG&S.

The Company's external auditors shall also test expenditures in the course of their audit activities and shall evaluate whether or not the payments in the samples tested are potentially Improper Payments within the meaning of this PG&S.

Internal Audit and Suncor's external auditors shall promptly inform the Chief Compliance Officer and the Company's Audit Committee of every potential or suspected Improper Payment or violation of this PG&S that comes to their attention and shall recommend procedures to attempt to prevent the recurrence of any potential or suspected violations.

## **APPLICATION**

The Vice-President and Controller of Suncor shall issue policy statements, guidelines and procedures to implement and monitor the accounting standards described in this PG&S, including standards for reporting and recording Health and Safety Payments.

The senior executive of each Suncor business unit or functional group and the senior executive of Suncor in each host country will ensure that adequate controls are in place to prevent improper payments and to manage the standards set out in this PG&S.

## **EXCEPTIONS**

None

## **REFERENCES TO RELATED DOCUMENTS**

*Business Conduct Policy Statement*

*Business Conduct Code and Compliance Program PG&S*

*Conflict of Interest and Confidentiality PG&S*

*Accounting, Reporting and Business Control PG&S*