

Shareholder Proposal

Suncor Energy Strategic Resilience in a Low-Carbon Economy

Lead filer – NEI Investments

BE IT RESOLVED THAT:

Suncor provide ongoing reporting on how it is assessing, and ensuring, long-term corporate resilience in a future low-carbon economy. Specifically, reporting could be stand-alone or integrated into current company reporting mechanisms and could address Suncor’s technology pipeline, emission reduction targets and performance, innovation and energy diversification strategies, provide a narrative on any stress-testing done against external low carbon scenarios (e.g. IEA’s 450 and 2°C Scenarios), and other relevant strategies.

Shareholder Statement

For Suncor to remain an industry leader and continue to provide sustained returns to investors it will need to navigate various emerging constraints related to the global ambition to move to a low carbon economy. These constraints include, but are not limited to:

- Increased stringency of carbon regulations;
- Alberta’s stated ambition to limit emissions from the oil sands to 100 Mt;
- Increasing competitiveness of renewables and explicit government goals to increase market share of renewable/low carbon energy;
- Potential demand destruction from increased efficiency and more stringent regulations;
- Concerns from First Nations and stakeholders about the perceived high-carbon nature of oil sands production;
- Suncor’s increasing absolute GHG emission trend

The risk of stranded assets in the fossil fuels sector has been raised by notable institutions such as Standard & Poors, Goldman Sachs and the Bank of England. Many investors are already acting on these concerns in regard to thermal coal operations, while major banks (such as Citigroup, Bank of America and Credit Agricole SA) are explicitly scaling back credit exposure to the coal industry based largely on climate concerns. The oil sands is widely perceived as a high-carbon, high-cost resource and will likely face similar pressure absent significant developments.

Suncor has many elements of a sound GHG management strategy in place, and has been an early mover on this issue relative to its peers. As a result, it is well placed to leverage these strengths, which include, but are not limited to:

- Industry leading disclosure on GHG emissions management;
- Carbon price stress testing for all new projects;

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Northwest & Ethical Investments L.P. acting through its general partner Northwest & Ethical Investments Inc.

- Active participation in carbon offsets market;
- Profitable renewable energy investments in wind and biofuels;
- Strong research & development program with clear path to deployment for incremental and game-changing technologies;
- Leader in industry collaborations (such as COSIA);
- Vocal support for the implementation of carbon policy;
- Ongoing investment in operational excellence and increased efficiency;
- Strong First Nations and stakeholder engagement efforts

Notwithstanding the company's efforts, there remains some uncertainty in the face of these challenges. Suncor investors would benefit from understanding how the company's strategy positions the company to transition to, and prosper in, a low carbon future. Suncor's CEO has stated that Suncor needs to be the "last guy standing" in a world with low oil prices and increased carbon reduction expectations.¹ Regular reporting on how Suncor is progressing against this goal would provide investors with assurance that key risks are being mitigated and position the company as a long-term energy investment of choice.

¹ <http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/suncor-ceo-outlines-strategy-in-face-of-weak-oil-prices/article27643232/>