

# Charter of the Oil Sands Leadership Initiative

**We, the senior executives of the signatory companies to this Charter, hereby acknowledge creation of the Oil Sands Leadership Initiative (OSLI). OSLI is a collaborative network of companies committed to achieving significant improvement in our environmental, social and economic performance in developing Canada's world scale oil sands resource.**

## Shared Beliefs

### We share the:

- Belief that Canada's oil sands are a vital resource for providing:
  - energy security for future generations of Canadians and the world;
  - economic wellbeing through generating jobs, business opportunities and economic activity; and
  - social wellbeing by contributing to the achievement of high standards of living, education, and other societal goals.
- Recognition that there are mounting societal concerns about oil sands development activity, and specifically that there are widely held public perceptions that our industry and the current generation of technologies and practices that we use:
  - are resource-intensive and have environmental impacts;
  - are not meeting all societal expectations; and
  - may be economically challenged in the face of emerging market trends and other resource constraints.
- Understanding that our ability to build the confidence and trust of the public and institutions can be significantly enhanced by transforming our activities to achieve significantly better performance related to economic, environment and social outcomes by:
  - reducing our impact so as to maintain the ecological integrity<sup>1</sup> of the region in which we operate;
  - enhancing the social wellbeing of the communities affected by our operations; and
  - improving the efficiency and economic performance of our companies, both individually and collectively.

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<sup>1</sup> Ecological integrity is defined by the Faculty of Forestry at Lakehead University (<http://www.borealforest.org/nwggloss3.htm>) as the quality of a natural unmanaged or managed ecosystem in which the natural ecological processes are sustained, with genetic, species and ecosystem diversity assured for the future.

- Belief that:
  - the best outcome will result when both the collective group “wins” and each participating company and stakeholder group “wins”;
  - to succeed, we need to encourage, enable and recognize innovation and our employees’ creativity;
  - value is created by engaging in innovative partnerships; and
  - it is necessary to collaborate in order to accelerate the pace of, and reduce the cost of, performance improvement.

**Therefore**, we have entered into OSLI to foster effective collaboration among our companies. Our main purpose is driving leadership initiatives and improvements in the environmental, economic and social performance of our companies and industry. We shall do this by:

- sharing best practices;
- cooperating in the assessment, development and implementation of new technologies and practices;
- leveraging resources for optimum benefit; and
- working effectively with regional stakeholders.

## **Commitment**

In recognition that OSLI is based on a voluntary, non-binding, but proactive process entered into by the senior executives (CEOs, COOs or Country Presidents) of the oil sands developers / producers who are signatories to this Charter, **we, the executives of the OSLI companies, commit:**

1. To providing visible and meaningful leadership both within our individual companies and within broader OSLI-sponsored activities which, while not limiting the broader intent of this leadership commitment, will include:
  - a) engaging our employees in our individual and collective vision, goals and performance targets and our measured progress against those targets;
  - b) communicating our individual performance targets and our measured performance against those targets within our organizations and other OSLI companies;
  - c) optimizing alignment between the OSLI objectives across the member organizations and throughout our organizations. These objectives include funding, staffing, and collaborating in an open and honest manner, as more fully described in Operating Principles;
  - d) meeting regularly with company employees to promote the broad OSLI objectives, encourage actions to achieve them, review corporate goals and celebrate results; and
  - e) engaging with government policymakers, regulators and other key stakeholders.
2. To develop and commit to a set of short, medium, and longer-term aspirations for the OSLI companies.

3. To develop strategies, operational plans and performance measures; to provide resources; and to charge Working Groups with achieving performance improvements relating to:
  - a) water management;
  - b) carbon management and energy efficiency;
  - c) land stewardship;
  - d) sustainable communities;
  - e) technology breakthroughs; and
  - f) other focus areas as agreed upon by the OSLI Steering Committee.
4. To meet annually to:
  - a) share how the OSLI objectives are represented in our companies' performance plans for the upcoming year, as well as how the corporations hold themselves accountable for meeting the targets;
  - b) share how the OSLI objectives are represented in our individual performance plans and those of the next tier of executives in our organizations;
  - c) share what measurable performance targets are embedded in our corporate plans relating to the OSLI objectives; and
  - d) beginning in our second year, review our organizations' actual performance against our performance targets and the barriers and enablers to achieving performance goals.
5. To regularly report both our individual and collective performance targets (including "roadmaps"), and our measured performance against those targets:
  - a) in our individual corporate sustainability or corporate social responsibility reports; and
  - b) in a collective OSLI performance report.
6. To recognize the importance of broader industry participation in achieving similar industry-wide improvements in performance outcomes and, at an agreed-upon time, to invite additional companies to join OSLI provided that they meet the membership criteria as described in Annex 1.
7. To engage, as appropriate, with key oil sands stakeholders, to solicit their input on our objectives and priorities, and to build relationships; as well as to communicate, and seek feedback on, our progress and results.
8. Each OSLI member acknowledges and recognizes that they are competitors who owe various duties to shareholders, licensors, stakeholders and others. The voluntary and non-binding commitments and undertakings in this Charter will enhance their ability to deliver on, but shall not replace these duties, nor prejudice existing rights and obligations held by member organizations.

## Operational Principles

In order to operationalize these general commitments, we endorse the following:

### 1. Participation and Commitment

Participation in OSLI is a strategic investment for each company and will bring leveraged value to each company. This requires that visible leadership and participation be strong at all levels of each organization. Each company will, on an equitable basis, commit the time, energy, human resources and funds appropriate to advance the goals and work plans of the OSLI. Specifically, each company will:

- a) appoint a senior level (COO, SVP) representative to the OSLI Steering Committee;
- b) nominate appropriate senior level representative(s) to the OSLI Coordinating Committee;
- c) nominate representatives to the Working Groups and their task groups with appropriate experience and passion for the work to ensure Working Group activities are focused on executing work plans and achieving agreed-upon targets;
- d) contribute equitably to Working Groups and initiatives. However, a company has the option to decline participation on some Working Groups or initiatives given resource constraints or lack of relevance to their operations; and
- e) ensure the importance of OSLI, its commitments and the progress of its initiatives are documented and clearly and effectively communicated to all appropriate staff within member organizations.

### 2. Collaboration, Trust and Sharing

The magnitude of leadership initiatives, desired performance improvements, and the high level of collaboration, trust and sharing among the OSLI companies to achieve these goals, will differentiate OSLI from other similar historic activities. We recognize that participation in OSLI can reduce costs and risks and create more value by working collectively and synergistically rather than by working alone. We can achieve more together than individually and everyone will benefit from collaboration.

Therefore, we will collaborate in an open and honest manner, share practices and learnings, and build trust by respecting intellectual property and predetermined boundaries of collaboration. This collaboration will occur in recognition of competitive markets.

We are committed to compliance with all applicable laws and will develop and abide by a set of information sharing guidelines that respect competition laws (Annex 2).

### 3. Budget and Project Implementation

#### Budget

An OSLI budget will be established annually, with all of the OSLI companies contributing equally to that budget. This budget will be approved by the Steering Committee and managed by the Coordinating Committee. This budget will have two parts:

- a) core activities: Secretariat, Annual Performance Review and other activities necessary to the operations of OSLI; and
- b) project development and scoping.

## Project Implementation

Major project investments at the implementation phase (beyond development and scoping) will be aligned with individual companies' stage gate approvals processes, facilitating timely consideration of these projects. Project considerations include:


- a) project implementation, including innovation funding, will be funded on a case-by-case basis, with the OSLI companies having the option to participate or not;
- b) OSLI project analysis will include use of non-standard assessment criteria, which reflect the industry benefit associated with joint projects designed to meet OSLI objectives, to help inform each company's project decisions;
- c) for investment opportunities which may be of interest to parties outside of the OSLI companies, additional non-OSLI organizations may be invited to join in the project subject to appropriate criteria;
- d) OSLI will develop a policy and procedures for evaluating OSLI participation in projects initiated by non-OSLI members; and
- e) the principle of technology development via a portfolio of projects at different levels of maturity will be observed in order to potentially support strategically promising but riskier or longer range projects.

## **4. Performance Measurement / Management**

The OSLI companies will establish a set of performance metrics with the intent of reporting against those metrics. It is our intent that we can realize significant improvements to the economic, environment and social performance of each OSLI company, and the industry as a whole, by measuring progress towards our goals. We will:

- a) develop a set of common performance metrics to be used by all of the OSLI members, and where possible, will adopt best-in-industry performance measures;
- b) commit to being evaluated by our OSLI peers on three measures: inputs, project advancement and performance outcomes;
- c) establish a path for achieving improved performance outcomes via pledge-and-review, setting common goals and milestones, benchmarking and other processes;
- d) establish a verification process for members' performance towards fulfilling OSLI performance commitments; and
- e) communicate the outcomes of the performance review within our companies.

**O S L I**  
**Oil Sands Leadership Initiative**  
**Members**



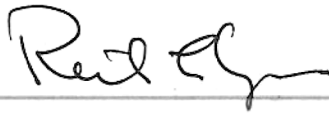
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Steve Williams, OS LI Co-Chair  
Chief Operating Officer, Suncor Energy Inc.  
April 16, 2010



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Matt Fox, OS LI Co-Chair  
President & CEO, Conoco Phillips Canada  
April 16, 2010



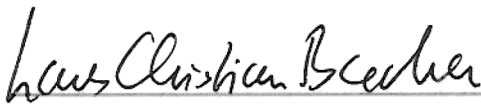
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Richard L. George  
President & CEO, Suncor Energy Inc.  
April 16, 2010



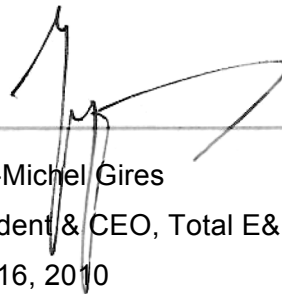
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Marvin Romanow  
President & CEO, Nexen Inc.  
April 16, 2010



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Lars Christian Bacher  
President, Statoil Canada Limited  
April 16, 2010



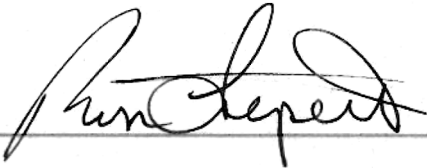
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Jean-Michel Gires  
President & CEO, Total E&P Canada Limited  
April 16, 2010



**O S L I**  
**Oil Sands Leadership Initiative**

**Witnesses**



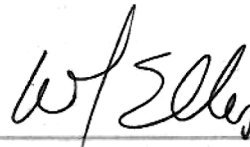
Honourable Ron Liepert  
Minister of Energy  
Government of Alberta  
April 16, 2010



Honourable Peter Watson  
Deputy Minister of Energy  
Government of Alberta  
April 16, 2010



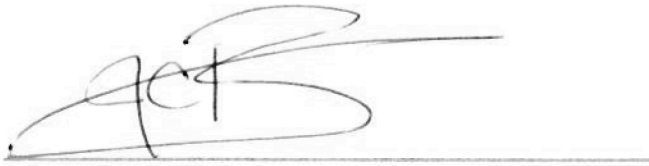
Honourable Rob Renner  
Minister of Environment  
Government of Alberta  
April 16, 2010



Honourable Jim Ellis  
Deputy Minister of Environment  
Government of Alberta  
April 16, 2010



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**Oil Sands Leadership Initiative**  
**Members**



J.C. (John) Broadhurst  
Vice President, Development - Heavy Oil  
Shell Canada Services Limited  
August 26, 2011