



Suncor Update

Commerce City – City Manager’s Report
April 5, 2020 (submitted 3/23/2020)

Operational update

Plant 2 FCC incident on March 17

On March 17 the Commerce City refinery experienced an equipment malfunction in our Plant 2 fluidized catalytic cracker (FCC) unit, resulting in an abnormal release of emissions that was visible in the community. This is the same unit that experienced an issue on December 11 during start-up. Following the December 11 incident, we committed to do better. Clearly, this event is not an example of doing better, and we have more work to do.

Preliminary data indicates that the FCC unit’s air blower tripped. The air blower keeps the air and catalyst circulating inside the unit. After the air blower tripped, the refinery responded and shut down the FCC unit. Suncor notified the appropriate local authorities and regulatory agencies. Suncor also activated air monitoring in and downwind of the refinery, and the data did not show any readings of concern.

Suncor currently understands that the following safety data sheets are relevant for the Commerce City refinery event that occurred on March 17, 2020. We’ve shared these with the community via Suncor’s social media channels:

<https://www.suncor.com/en-ca/safety-data-sheets>.

This was a serious event and we are giving it our full attention. We’ve launched an investigation to determine the exact cause of the air blower trip. It is absolutely critical that we understand this information prior to a safe re-start. Therefore we anticipate the Plant 2 FCC will remain offline for an anticipated three to four weeks.

Plant 2 planned maintenance

On Monday, March 9, we began planned maintenance in Plant 2 of our refinery. This work included taking some of our operating units out of service, performing the maintenance, and bringing the units back online. This maintenance work did not involve the FCC. As of the time this report was submitted, the work is continuing as planned and we anticipate the units will be brought back online by Wednesday, March 25. We will issue a community and stakeholder notification once the units are back online and running safely. (As stated above, the Plant 2 FCC will remain offline until we have completed our thorough investigation of the air blower trip.)



Environmental performance

The March 17 FCC event is particularly disappointing to us coming out of a very successful February performance. In the month of February, we had zero **environmental exceedances**, which we define as a non-compliance event that requires us to notify CDPHE or the EPA. Our February performance indicates to us we can do better – and we will.

COVID-19 response

In line with our value of Health & Safety Above All Else, Suncor remains focused on the well-being of our people, our families, and communities as the COVID-19 situation continues to develop. With global efforts now firmly focused on doing all we can to “flatten the curve,” we understand the responsibility we have as an organization and the role we can play in contributing to this goal.

With that in mind, we have taken a number of important actions at the Commerce City refinery and across our company to manage the COVID-19 risk, including such things as:

- Moving to working from home for all employees unless the nature of their work is essential to our day-to-day operations and requires them to be at site or in the office.
- Instituting clear protocols within our site and offices around cleaning, hygiene practices and physical distancing so as to minimize exposure risk for those who are at the workplace.
- Implementing clear travel restrictions to minimize exposure.
- Implementing assessment and isolation protocols through our Health & Wellness team in respect of employees and contractors who have potential or confirmed COVID-19.

As well, we have activated Response Management Teams across all parts of our businesses to ensure that we are effectively coordinating and taking the necessary actions to address the safety of our people and the continuity of our business.

We continue to connect regularly with our key stakeholders at all levels of government (municipal, county, state and federal), as well as industry associations that support our businesses, our own business partners, community and civic leaders, and our community partners to understand this rapidly unfolding situation. Our goal is to ensure the two-way flow of information to support business continuity. Suncor will continue to follow COVID-19 related guidance and orders from various levels of government and use those as we update our policies and protocols here at Suncor.



As of the time we submitted this report, a few individuals at the Commerce City refinery have self-reported symptoms commonly associated with COVID-19. Some cases are moving forward with testing for COVID-19, while other cases have been confirmed as non-Coronavirus related.

In all cases we will follow Suncor's established protocols for evaluating the individual and assessing potential exposure to co-workers.

Petroleum refineries, including the Commerce City refinery, are considered to be "critical infrastructure industry" as defined by the U.S. Department of Homeland Security. As such, Suncor will continue to follow guidance issued on March 16 by the President outlining our responsibility to maintain a normal work schedule. Further to this, we understand the importance Colorado's only refinery plays as a manufacturer of the energy that we all need and use in our daily lives.

CDPHE Settlement

In March, Suncor's Commerce City refinery reached a settlement agreement with the Air Pollution Control Division within the Colorado Department of Public Health and Environment (CDPHE) regarding air compliance issues during the 2017-2019 period.

The items identified in the settlement agreement relate to violations of Suncor's air permits and other state and federal regulatory air requirements, including the opacity incident on December 11 when catalyst was released from the refinery's fluidized catalytic cracker unit.

As part of the settlement agreement, Suncor will pay approximately \$1.4 million in penalties and will direct approximately \$2.6 million to community projects that focus on improving public health and the environment surrounding the refinery. Additionally, Suncor will spend up to \$5 million on refinery improvement projects that will be identified following an independent third-party study.

The refinery's recent environmental performance has not lived up to our expectations and the March 17 incident demonstrates we have to do better. We're developing a comprehensive plan looking at refinery improvements, we're ramping up our air monitoring, and we are continuing to work with our stakeholders and neighbors to improve how we share information.

The settlement agreement outlines several key projects that the refinery will complete to improve its operations and environmental performance:

- Complete an independent third-party study to identify refinery improvement opportunities that will be implemented by Suncor.
- Conduct additional hydrogen cyanide (HCN) emissions monitoring at the refinery and provide funding for CDPHE to do community air monitoring.



- In consultation with stakeholders and neighbors, develop a communications process to communicate with, and make data available to, the community and CDPHE.

We take these incidents to heart and are implementing changes to improve our performance and rebuild trust.

Legislative engagement

As of March 16, the Colorado General Assembly declared a temporary adjournment in the midst of its lawmaking session, due to COVID-19. While the outcome of the adjournment remains uncertain, Suncor continues to engage with lawmakers and other stakeholders regarding several pieces of legislation, including House Bill 20-1265. The bill did pass out of the House Energy & Environment Committee. We have been working with legislators to address questions related to this bill and more generally since at least December 2019, when we hosted the House Energy & Environment Committee for a tour of the refinery.

With this and all legislation that has the potential to impact our business, Suncor's goal is to have open and factual discussions that lead to the best solution for all stakeholders involved. We welcome the opportunity to have a seat at the table with our legislators to continue discussions on any matters related to the refinery and our U.S. business. As a manufacturer of the energy that we all need and use in our daily lives, Suncor's operations do generate emissions, and Suncor is committed to working to make the changes necessary to improve the refinery's environmental performance and rebuild trust.

Community Investment

With the COVID-19 situation and current economic vitality, we will be communicating with all our local community partners to assure them that Suncor is committed to providing appropriate support throughout this period of increased uncertainty. We often talk about concepts like "community resilience" and the need to be flexible and adaptable – and it's situations like this that test us all.

We will continue to honor existing commitments and work to process donations related to those commitments. Our ongoing conversations with partners will continue by phone or web call. We understand that some of our community partners' planned activities may no longer proceed as originally envisioned, and we are committed to being flexible to these changes.

Internally we have launched a COVID-19 specific giving opportunity to our employees. We know our Commerce City refinery employees are deeply engaged in the community in many ways, so we are leveraging our online employee engagement platform to highlight opportunities to



donate to national and regional non-profit organizations responding to COVID-19. Suncor will match these donations (and donations made to any eligible community organization) dollar-for-dollar up to \$2,000 per employee, per year.

External business environment

In regards to the external business environment, simply put, what we are seeing in the markets is an almost unprecedented case of imbalance in crude supply and product demand. The combination of decreased demand for crude, primarily due to the uncertainty of COVID-19, and an increased supply from OPEC and Russian markets has created a perfect storm, and the markets are responding. Suncor believes that this volatility will continue for some time. We also know that Suncor is strong financially and well positioned with a strong balance sheet. As we continue to weather this storm, we will maintain our unwavering commitment to the safety and reliability of our operations, our values, and our purpose to provide trusted energy while caring for each other and the earth.