



everything in balance



WE MADE A PROMISE TO OUR COUNTRY

The Athabasca oil sands deposits have long been known as one of the world's great natural resources. While development of the resource presents great opportunity to secure the energy needs of a nation, it also poses tremendous challenges. The talents of many people are required to harness its potential. The efforts of many more protect the natural environment under which the resource lies. Along the way, communities are prospering. And a way of life has been preserved.

LONG BEFORE OUR FIRST BARREL OF OIL WAS SHIPPED

In 1964, Syncrude embraced the aims of economic, social and environmental sustainability and vowed to make them real. Then, as now, we believed that careful stewardship would unleash economic benefits on a scale never before seen. Engineering and research would invent production processes and make them better. Planning and foresight would see the return of trees and animals to their original lands. Regard for people and their places would be evident in every decision.





Today, Syncrude stands proud as operator of one of the largest producing oil fields in Canadian history — more than 1.5 billion barrels and counting. Getting to this point demanded that we build a company as unconventional as the resource upon which we made our name. Going forward, our purpose remains strong. We will continue to grow our production and secure Canada's oil energy needs by adhering to the values that have served us so well throughout our 25-year operating history.

TO SECURE CANADA'S ENERGY FUTURE

The Wood Buffalo region is more than the site of Syncrude's operations. It's the place most of our 4,000 employees call home. And the place where Aboriginal people established some of Alberta's earliest communities. Because the people of our region support us, we believe we should support their priorities. Education that allows them to pursue their dreams. Health care that sustains life itself. Projects that build capacity and preserve culture. Plus endeavours that enhance daily living through arts and recreation. Together with our neighbours, we're building stronger, healthier communities.

WITH SUPPORT FOR OUR NEIGHBOURS,



RESPECT FOR OUR BACKYARD

Syncrude's commitment to the environment took shape in the company's earliest years, when environmental scientists were hired among our very first employees. As time has progressed, so has our ability to mitigate impacts on air, land and water. Today, we work cooperatively with our stakeholders to understand the potential impacts of oil sands development, and take actions that harness the best that modern science and traditional knowledge have to offer.





AND OPPORTUNITY FOR CANADIANS.

People, more than anything, are the lifeblood of our operation. They come from across Canada to contribute in diverse ways to our success. In turn, Syncrude provides them with a welcoming and supportive environment where they can pursue careers in their chosen fields, advance, grow and provide well for their families. Other Canadians benefit from Syncrude in less direct ways through our tax and royalty payments to governments, our procurement of goods and services, and our leadership role in such areas as education and social equity.

THAT'S HOW WE MEASURE SUCCESS.

At Syncrude, we believe no successful business can separate itself from the things that make it strong, that make it grow, that make it matter — that make it better. For us, it's about making more than a profit. It's about making a real and lasting contribution to our people, our communities and our country. It's about keeping promises we make, and making promises we can keep. Because our success is based on how well we keep everything in balance.



Syncrude
at a glance

AT A GLANCE 2003



finance & economy

- Crude oil shipments were 77.3 million barrels (212,000 barrels per day) in 2003, a drop of 7.8 per cent from 2002 due to unplanned and extended maintenance turnarounds.
- Prices for *Syncrude Sweet Blend* averaged \$42.82 Cdn per barrel at the plant gate, an increase of \$2.32 per barrel from 2002.
- Total operating costs were \$1,629 million in 2003, \$200 million higher than the previous year due to higher purchased energy costs, as well as higher turnaround and unscheduled maintenance costs.
- Operating netbacks remained strong at \$21.32 per barrel and, on average, have outperformed that of the Canadian oil and gas industry over the last three years.



social

- Combined employee and corporate contributions to the United Way totalled an all-time record of \$637,000.
- Syncrude distributed more than \$43,000 to eligible groups through a new community investment program that recognizes the time and money employees donate to not-for-profit or educational institutions.
- We are one the largest employers of Aboriginal people in Canada; 13 per cent of our workforce is represented by Aboriginal people.
- We spent more than \$90 million — a ten per cent increase from 2002 — with 27 Aboriginal businesses. Since 1992, we have spent more than \$660 million with Aboriginal companies.

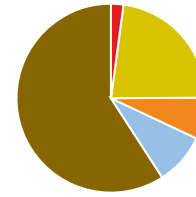


environment, health & safety

- Syncrude introduced a new risk-based management system, as well as a new Environment, Health and Safety policy, that will foster continuous improvement in our performance.
- Syncrude's 2003 safety performance led Alberta industry, with a total recordable injury frequency rate of 1.10 per 100 person years worked.
- In concert with local stakeholders and government, Syncrude took the lead in adding a third lane to a section of highway approaching our plant, which has alleviated congestion and driver hazards.
- Emissions of greenhouse gases were 0.097 tonnes per barrel, better than target. Energy efficiency was 1.36 million BTUs per barrel, off target due to operational upsets.

- Capital program, operating and other expenditures totalled more than \$4.2 billion in 2003.
- Pro-forma after-tax return on productive capital employed, excluding investment in facilities that have not commenced operations, was 32.6 per cent.

- Since start-up in 1978, Syncrude has made payments in excess of \$6.1 billion to governments for royalties, payroll and municipal taxes.
- Procurement of goods and services totalled \$3.3 billion, including \$1.4 billion in business with Edmonton area companies and \$645 million in business with Wood Buffalo area companies.



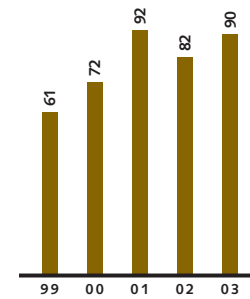
Geographic Distribution of \$4.2 Billion Economic Contribution

• Aboriginal Community	\$90 million
• Municipality of Wood Buffalo	\$964 million
• International	\$300 million
• Rest of Canada	\$375 million
• Rest of Alberta	\$2,503 million

- Syncrude is investing \$500,000 in the Aboriginal communities of Fort McKay and Fort Chipewyan towards Elder health care, internet-based learning tools and a day care facility.
- Through a benchmarking review of our employee compensation and benefits, Syncrude reaffirmed its position as one of the top employers among 15 comparable companies in the oil and gas sector.

- Our acceptance rate for new hires was 90 per cent, a ten per cent increase from the previous year, attributed to our competitive salaries and benefits package as well as our reputation as a safe and challenging place to work.
- Initiatives to foster greater safety and productivity among our upgrader expansion contractor workforce included stress management, mentoring, and supervisory training as well as awareness activities around drug and alcohol policies.

Contracts to Aboriginal Companies (\$ millions)¹



¹ Amount does not include non-local Aboriginal companies.

- Sulphur dioxide emissions averaged 212 tonnes per day, lower than the previous year.
- A site-wide water management program was initiated to balance future river water needs with our ability to reuse process-affected water.

- In 2003, 187 hectares of land were reclaimed, bringing the total net land reclaimed since 1978 to 3,402 hectares.
- Reforestation included the planting of 315,000 tree and shrub seedlings, bringing the total number of seedlings planted since 1978 to over 2.8 million.

Fresh Water Import per barrel of Syncrude Sweet Blend (m³)

