



Afternoon Keynote Address:  
Syncrude's Approach to Partnering with First Nations Communities  
October 20, 2008, 3:15pm

Speaker:  
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and Chair of Aboriginal Steering Committee, Syncrude

Marc Theriault described how Syncrude has worked over time to develop its capacity to partner with neighbouring First Nations communities. He concluded with eight key reflections that can be taken away and applied to the needs of other organizations working near Aboriginal communities.

History:

- Oils Sands company, incorporated in 1964
- One of the industry's early pioneers
- Produced first barrel of oil in 1978
- Took 20 years to get to a billion barrels
- Currently celebrating 30 years of production
- Closing in on second billion barrels
- Aggressive growth program brought their productive capacity to about 350,000 barrels per day
- Proud to lead the oil sands industry in safety performance

Key factors for success in oil sands industry:

- Employing highly skilled employees in the safest possible work environment
- Access to capital and land
- Timely receipt of regulatory approvals
- Ability to gain critical 'social license to operate'
- In order to obtain key factors for success, Syncrude must cultivate the trust and respect of stakeholders, including: investors, employees, neighbours in the communities where they live and work.
- There are five First Nations and several Métis locals in the region where the company operates

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- Syncrude understands that it does not own the resource base, nor does it have the inherent right to disturb land, clear timber, withdraw water, emit substances into the air or disrupt local infrastructure and communities
- Government and stakeholders grant Syncrude access to resources through regulatory processes. Syncrude's responsibility in turn is to deliver meaningful social and economic contributions to Canadians while at the same time balancing the needs of the people, communities and environment in the area. With operations in major Aboriginal communities, there is significant opportunity for success, so long as the business is a good neighbour.
- Wood Buffalo region enjoys one of the highest populations of Aboriginal people as a proportion of the overall population of the province of Alberta. This provides Syncrude with a better opportunity than most to work on partnerships.

### **Why Syncrude engages Aboriginal resources?**

Benefits in doing so:

- Bottom line benefits to the business through productive and stable workforce and higher capacity supply chain
- Bottom line benefits to community: people who have a say in the nature of development and share in the opportunities created
- Company has strong Aboriginal representation in trades and occupational workforce
- Syncrude has worked with various colleges and universities which is leading to more Aboriginal people working in administrative, professional and supervisory positions
- Benefits both the community and the organization as they increase skill and talent within the community

### **Aboriginal Relations Program**

- Aboriginal Relations Program established in 1974, even before production had started.
- Interested in integrating Aboriginal relations into our operations as a normal way of doing business.
- Committed to employment equity but did not fill quotas for the sake of it.
- Helped establish an industrial workers' course at the local college and hired qualified Aboriginal graduates directly on to the Syncrude project.
- Strong internal focus on recruiting and developing Aboriginal workforce into more positions across the entire organization and ensuring the workplace is supportive of and sensitive to Aboriginal culture (e.g. more bereavement time for Aboriginal employees due to cultural sensitivity)
- Goal: Aboriginal workforce to grow and be reflective of all areas and levels within the company
- Syncrude is not there yet, but the company has established clear goals that help maintain focus
- Fundamental objective: to help Aboriginal people help themselves; the only premise that will work in the long run.
- Syncrude's Aboriginal Relations Program is comprised of six inter-related elements: Corporate leadership, Employment, Education, Business development, Community development, and Environment. All are developed in consultation with Aboriginal neighbours.

## **Linking Stakeholders to the Bottom Line.**

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- These six areas of focus are effective for Syncrude, but there is no magic bullet for corporate Canada working with Aboriginal communities to solve all community problems
- To achieve success in corporate-Aboriginal relations, close attention must be paid to individual circumstances of the relationship
- One common thread in every situation is how a corporate entity and its Aboriginal stakeholders can work together for the common good of all

### **For a win-win relationship with Aboriginal communities companies must:**

1. Have senior-level commitment to building relationships with their peers in the Aboriginal community; Chief to Chief.
  2. Be clear in your intent, preferably an intent that can be measured (what gets measured gets done)
  3. Dialogue needs to be consistent and occur at every level
- Stakeholder relations take time to foster. If the only approach for a relationship is initiated on an as-need-basis, the response from the stakeholders will be poor. Syncrude took a proactive approach to building critical mass.
  - In early 90's Syncrude made a strategic change in how it worked with Aboriginal businesses in the region. Syncrude took the position that Aboriginal businesses were entitled to share in the opportunities that Syncrude generates so the company began to develop local Aboriginal businesses by designating work for them.
    - The idea was that over time the local Aboriginal businesses would be successful and would be capable of competing with other firms in the marketplace.
    - Helped form the Northeastern Alberta Aboriginal Business Association
    - Set a target: \$30 million annually invested in Aboriginal programs, and within two years Syncrude had achieved it.
    - Last year, company achieved \$143 million; the cumulative total invested is more that \$1.1 billion.
  - Some of these firms are the business arms of their respective First Nations, such as those that were established under the visionary leadership of Fort McKay Chief Jim Boucher. Companies were established after the Chiefs came to Syncrude and talked to the company about their vision to offer gainful employment for the people of their community. Community chiefs also talked about their capabilities and asked if there was a company need for their services.
    - It is important that the relationship building vision came from First Nations community.
    - Enabled Syncrude to work with First Nations' leaders to help realize their vision for the community.
    - Syncrude's stand-alone work as a company provided the necessary foundation for the relationship between the area's resource developers and its First Nations to become regionalized.
  - Now there is an emergence of regional industry relationships and these relationships are playing an important role in dealing with the issues that require a cooperative regional effort. Syncrude and other developers have projects valued at billions of dollars under way or in the planning stages.

## Linking Stakeholders to the Bottom Line.

## People trying to grapple with what this actually means for them

*Is local infrastructure equipped to handle this level of growth? Are there any added environmental impacts? Are all stakeholders adequately equipped to benefit from the expansion? How can they get ready? How is all this growth going to be managed?*

- Business must be willing to engage in open and honest dialogues that seek to reveal, understand and act on the concerns of Aboriginal stakeholders.
- Regional communities raised a number of concerns about the potential impacts of oil sands expansion as they became aware of the large-scale growth plans.
  - Questioned health impacts of projects on the quality of life and human health.
  - Concerns about whether or not members would be ready to participate in the economic benefits of the projects.
  - Questioned adequacy of their education and career counselling – was it enough to encourage young people to play a part in the growth plans?
- Regional mechanisms were developed to address concerns at a regional environmental mgmt level
- Critical to always aim for a very thorough level of understanding if you want to forge a productive relationship with stakeholders
- Takes time
- If you approach an Aboriginal leader or any other stakeholder only when you want something and fail to maintain the relationship at other times, they will be rightly suspicious of your intent
- Syncrude's social license to operate must endure over a very long lifespan – only comes with continued effort

## Stakeholder engagement cycle

- Ongoing stakeholder engagement cycle begins with engagement and interaction
- From these conversations, issues are identified and clarified
- Agree on what is within mutual areas of responsibility and interest
- Resolutions made
- Key actions taken
- Work toward desired outcomes
- Have more dialogue
- Start the cycle over again

## Corporate engagement activities

- Encourage Aboriginal kids to stay in school and embark on careers that meet the company's needs and needs to the local community.
- Assist schools by facilitating travel for student teachers from University of Alberta to Fort McKay School to conduct their practicum (resulted in two of the teachers taking full time jobs at the school).
- Company promotes local procurement of goods and services from local Aboriginal suppliers.

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- Helped launch a number of successful enterprises by dedicating work to them without seeking competitive bids.
- Did not lower company standards for certain goods, but helped bring these businesses to a point where they could meet the company's standards.
  - Example: A \$37,000 loan advanced 24 years ago to Fort McKay to buy a bus and provide shuttle service for people moving around the Syncrude site. Launched an enterprise known as Fort McKay Transportation Ltd – One of the most successful Aboriginal businesses in Canada.
  - Syncrude provided the impetus but real credit belongs to Chief Jim Boucher for his vision.
  - This sort of work goes a long way toward fostering healthy and productive relationships with key communities.
  - The investment in building relationships can come in handy when things go wrong:
    - In 2006, Syncrude had a problem with new technology that had just been installed which caused significant air odours in the region and was upsetting many people. Strong goodwill that had accrued over time with the community helped mitigate the issue.
- Influencing a challenging situation to benefit both Aboriginal stakeholders and company:
  - Most of the employable Aboriginal people in the region are already working in the oil sands industry
  - To help close the gap for those who need further education and training to meet Syncrude's hiring standards, the company recently made a \$5 million strategic donation to the local community college, part of which will support an Aboriginal pre-trades program to train 40 people within the local Aboriginal community per year in areas that will increase their employability at Syncrude.

### Summary

1. What Syncrude has achieved in terms of working with the Aboriginal community is not something that happened overnight, it stems from long term commitment to Aboriginal engagement. Still not perfect and always room for improvement
2. Recognize that companies must have senior level commitment to building the relationship with First Nations stakeholder groups. A necessary precursor to anything.
3. Be willing to engage in an open and honest dialogue that seeks to reveal, understand and act on the concerns of the Aboriginal stakeholders. Companies cannot go in and push their own agenda.
4. Remember that there is no such thing as a one-size-fits-all template for engagement processes or programs. Must pay close attention to individual circumstances of the relationship and tailor engagement work accordingly.
5. Seek out information from organizations that foster knowledge in these areas (e.g. Canadian Council of Aboriginal Business and the Aboriginal Human Resources Council).
6. Do not establish quotas for the sake of it, but do realize the importance of having measureable objectives.
7. Be flexible with your business practices where it makes sense. May need to use special terms or practices in order to build local capacity in the community.
8. Corporate engagement activities are most productive when they focus on things over which company has some degree of control. Partnerships of mutual benefit can be established and you and your stakeholders can move forward and prosper together.

### Linking Stakeholders to the Bottom Line.