

SCHEDULE A: SHAREHOLDER PROPOSAL NO. 1

The following shareholder proposal was submitted by NEI Investments for consideration at the meeting. This proposal and its supporting statement represent the views of the shareholder submitting them. Suncor is required by applicable law to set forth the shareholder proposal and the related supporting statement in its management proxy circular.

For the reasons set forth below in the “Board and Management Statement”, the Board and management recommend that shareholders vote FOR this proposal.

Shareholder Proposal and Supporting Statement

Proposed Resolution

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;*
- 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.

Board and Management Statement

Suncor's Board and management recommend voting FOR this proposal for the following reasons:

Suncor believes our energy system is in an era of change. As we try to meet growing global demand, energy experts continue to expect that hydrocarbons will continue to be a key source of reliable and affordable energy for the foreseeable future, while alternative and renewable energy sources become a greater part of the energy mix. Since hydrocarbons are finite resources with an environmental impact, it will be critical to use them wisely as the world transitions to lower carbon sources of energy.

Suncor believes that it has a responsibility to address the environmental impacts of its operations and it strives to continuously raise the bar on environmental performance.

Oil sands and oil development have an important role to play in meeting our energy needs. As Canada's largest integrated energy company, Suncor recognizes that it has a responsibility to think about its role in the energy system transition and how we can work together with broader society on our energy future.

Suncor has a long, well-established track record of being a leader on climate change issues dating back to the issue of its Seven Point Climate Change Plan in 1997. In recent years, Suncor has called for a carbon levy (2011), taken a leadership role in Canada's EcoFiscal Commission and called for an economy-wide price on carbon (2015).

Suncor continues to play a leading role in developing long-term alternative bitumen extraction technologies that could result in significantly reducing the greenhouse gas emissions intensity of oil sands production. The company works with several organizations to achieve further carbon intensity reductions and advance potential long-term climate change solutions.

Suncor appreciates that shareholders and other stakeholders benefit from understanding how the company is addressing these challenges. Suncor already provides extensive reporting on its efforts in these areas in its annual Report on Sustainability, its submissions to several third party sustainability indices and climate change reporting organizations and its Annual Information Form/Form 40-F. Suncor believes the additional disclosures referred to in this proposal will provide the company with the opportunity to continue to engage with shareholders and other stakeholders about its initiatives in this area in a way that is both meaningful and informative as well as being a productive use of its resources. **Therefore, the Board and management recommend shareholders vote FOR this proposal.**

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