

Unlikely Allies

Cross-Sector Partnerships for Sustainable Development

GORD LAMBERT (Vice President, Sustainability – Suncor): “When they created the EUB, it prompted or almost caused stakeholder dialogue to occur because they had this authority and power to have public hearings.... All of the sudden you found that companies and stakeholders were trying to resolve issues and come to an agreement outside of the hearings.”

The Suncor-Pembina Partnership

Mutually Exploring Sustainability

The partnership between Suncor Energy and the Pembina Institute is an example of a cross-sector partnership that provides benefits both for partners and for a much broader stakeholder group.

Suncor Energy is a major energy producer and marketer based in Calgary, Alberta. Suncor pioneered commercial development of the Alberta oil sands in 1967, and has since developed interests in renewable energy, including ethanol and wind power. It was also one of the first energy sector companies in Canada to partner with solution-focused non-profit organizations – organizations like the Pembina Institute.

The Pembina Institute was founded in 1986 by a group of Alberta citizens following the Lodgepole sour gas blowout.¹ The Pembina Institute is committed to finding innovative solutions to energy and environmental issues through research, education, advocacy and consulting, and has been recognized within



The Pembina Institute's early support to Suncor centered around its life cycle value assessment methodology. PHOTO: JEREMY MOORHOUSE, PEMBINA INSTITUTE

the oil and gas industry as a leading non-profit partner in achieving practical sustainable development goals.

BACKGROUND

When Gord met Rob

The tradition of stakeholder engagement in Alberta can be traced back many years. One of the original provincial stakeholder engagement forums was the Energy Resources Conservation Board (ERCB), which was created in 1971. The ERCB's mandate was to regulate energy development in the province, and to conduct public hearings for projects that were especially complicated or divisive.

¹ In 1982 an Amoco Canada sour gas well blew, and burned out of control for 68 days. During this time over four million cubic metres of sour gas flowed per day, with a hydrogen sulphide content of 28 per cent. Two blowout specialists were killed following the accident, and 16 people were hospitalized. At times the rotten-egg smell of the hydrogen sulphide content in the gas could be detected as far away as Winnipeg. For a short description of the accident, see http://en.wikipedia.org/wiki/History_of_the_petroleum_industry_in_Canada (natural_gas).



Rob Macintosh, above, and Gord Lambert developed a personal relationship based on successful collaborations on shared environmental interests.

PHOTO: DAVID DODGE, THE PEMBINA INSTITUTE

When the ERCB merged with the public utilities in 1996, the result was the forming of the Alberta Energy Utilities Board (EUB). The EUB's mandate is to ensure that Alberta's mineral and oil and gas resources are developed in a responsible and

safe manner. The EUB is authorized by the provincial government to protect the interests of Albertans with respect to the exploration, development and marketing of these resources; companies must have the EUB's approval before they can begin any extraction work. The EUB also has the power to force public hearings into proposed projects if it thinks that public concern warrants it. Because hearings can significantly increase the costs and timelines associated with a given project, and significantly affect the outcome of an extraction application, companies have a vested interest in avoiding them. This operating reality has historically prompted stakeholder engagement and consultation activities within the oil and gas industry.

The formal partnership work between Suncor and the Pembina Institute emerged from an informal relationship that had developed between two individ-

TOM MARR-LAING (Senior Associate Consultant, Pembina Institute): *"Suncor was one of those companies that we developed a relationship with in the late 1990s. They were making some progressive stands on these issues, so we went in and added a fair amount of value to their analysis, and enabled them to make some progressive and constructive improvements."*

uals involved in these stakeholder consultations. Rob Macintosh (one of the founding members of the Pembina Institute) and Gord Lambert (currently the Vice President of Sustainable Development at Suncor) worked together on a number of different projects, beginning with the Clean Air Strategic Alliance process in the early 1990s. They developed a personal relationship as a result of their successful collaborations on shared environmental interests; this relationship created an opening for a more formal organizational-level connection to develop.

The partnership process: key milestones

Suncor and the Pembina Institute had a chance to develop a more formal organizational partnership in 1998 when Suncor submitted its Steepbank mine application to the provincial government for approval. The Pembina Institute saw an opportunity to work with Suncor to develop a more sustainable approach to the mine's development. Suncor and the Pembina Institute were able to negotiate new development goals and alternatives that allowed Suncor to avoid costly legal hearings, increase public acceptance of the project and demonstrate its commitment to triple bottom line objectives. This positive contact allowed Suncor and the Pembina Institute to view each other as competent and trustworthy partners.

A commitment was then made by both organizations to work closely on sustain-

able development goals of mutual concern. Interests were aligned: Suncor wished to be a leader in corporate sustainability, and the Pembina Institute wished to help companies achieve leadership standards. To this end, the Pembina Institute's consulting arm provided Suncor with advice, training and research support on management practices and strategies for sustainability, and grew to serve Suncor as a key external think tank for formulating solutions to complex sustainability challenges. The Pembina Institute's support centered around its life cycle value assessment (LCVA) methodology – a tool to ensure that the environmental, economic and social issues, risks and opportunities are systematically considered throughout the life cycle of a project, product or service. Over several years the Pembina Institute facilitated dozens of LCVA reviews for Suncor projects; indeed, these reviews are now a mandatory part of the company's design process for major capital projects. For its part, Suncor provided the Pembina Institute with sufficient resources and latitude to allow the group to deepen its expertise in LCVA and other components of sustainable business.

The Clean Air Renewable Energy (CARE) Coalition provides another example of a successful partnership between the Pembina Institute and Suncor. The Pembina Institute was instrumental in helping Suncor to articulate the business case for investment in renewable energy. Together, they were able to identify a number of potential benefits and invest-

ment opportunities. In 2000, Suncor publicly committed to investing \$100 million over five years in renewable energy development. Both organizations identified the need for supportive public policy to catalyze Suncor's investment and to encourage other companies to make similar investments. The CARE coalition – comprising 13 companies, eight environmental groups and the Canadian Federation of Municipalities – was formed in 2000 to address this need. This multi-stakeholder initiative aimed to support renewable energy development through advocacy and policy changes. After inviting other organizations from both sectors to join, the CARE coalition successfully lobbied the federal government to create a wind power production incentive program, which subsequently increased production across Canada from 100 MW to over 4,000 MW.

Not unlike the Suncor/Pembina Institute relationship, by being a group of "counterintuitive strange bedfellows" CARE presents its stakeholders with a compelling brand and business case for change.



Gord Lambert, above, Vice President of Sustainability at Suncor provided Pembina with sufficient resources to allow the group to deepen its expertise in LCVA.

PHOTO: COURTESY OF SUNCOR

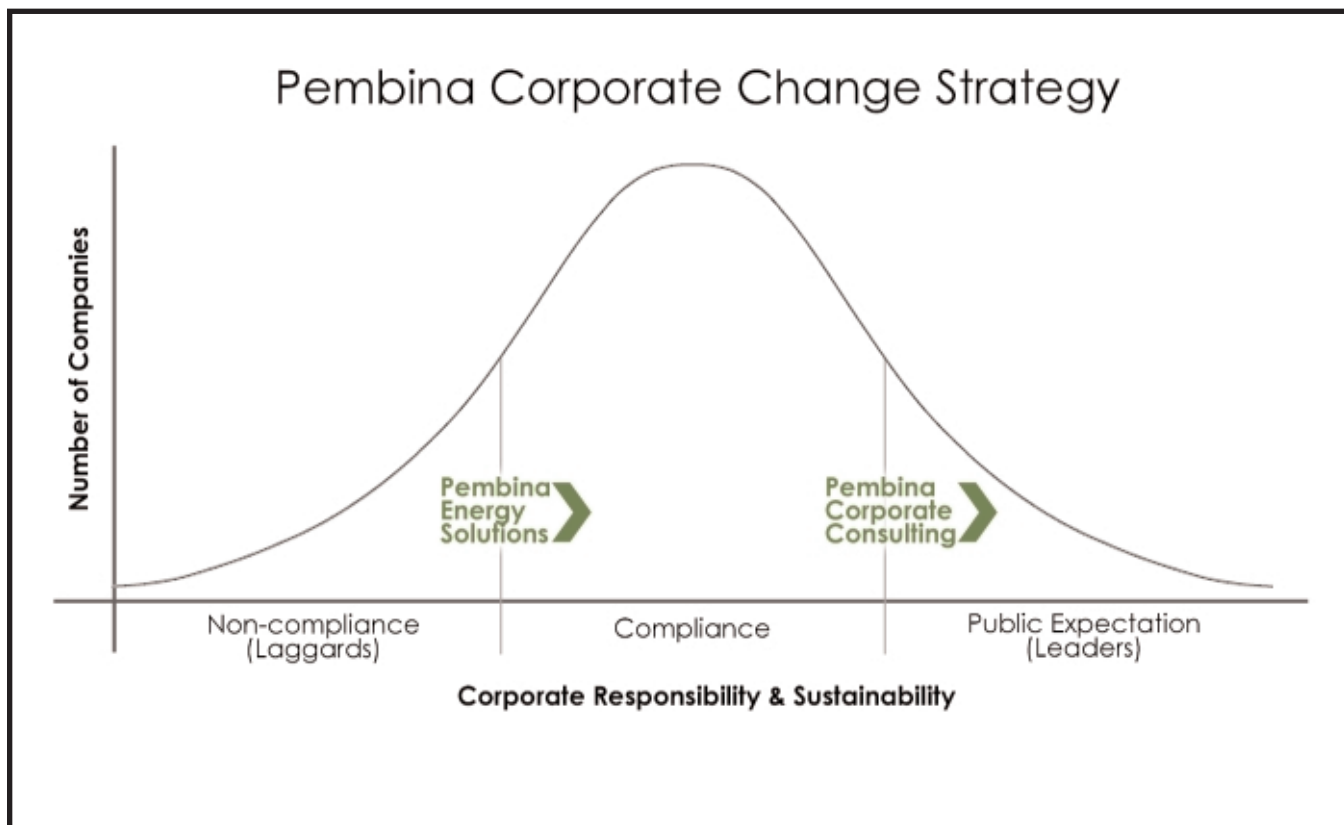


GORD LAMBERT (Vice President, Sustainability – Suncor): “One thing that was characteristic of CARE was a very laser focus on outcomes. One thing I think is really common and has been critical in the Pembina/Suncor relationship is the results-oriented nature of it. We don’t waste time on process if it’s not leading to a clear outcome.”

Within a few short years Suncor’s efforts to become a leader in corporate sustainability drew attention. The company was identified by Corporate Knights magazine as one of the 50 Best Corporate Citizens in 2002, and won an award for the best sustainability report from the North America Awards for Sustainability Reporting in 2004. Today, the company’s core purpose statement refers explicitly to the importance of meeting or exceeding the economic, social and environmental expectations of a broad range of stakeholders.

At the same time, the Pembina Institute has grown into Canada’s largest think tank organization focused on energy and environment issues. Its consulting arm, with a national-level clientele made up of companies and governments spanning various sectors and jurisdictions, serves as a bedrock for promoting the institute’s change objectives.

The traction that the partnership gave both groups was undoubtedly a contributing factor to their individual success.



Pembina Corporate Consulting works with companies that desire to be leaders in corporate responsibility and sustainability.

COURTESY OF THE PEMBINA INSTITUTE

REASONS FOR SUCCESS

The right individuals

A unique mix of individual and organizational characteristics has been responsible for the success of the Suncor/Pembina Institute relationship. Members from both organizations identify the importance of having had the right people at the table who could build trust, understanding and commitment towards their opposite. The “right” people are those who are genuinely committed to finding solutions, to appreciating the needs of the other organization, and to maintaining transparency. They also have relevant knowledge, such as familiarity with life cycle assessment tools that is desirable to the partner organization.

The right drivers

There was also the right mix of drivers. Suncor understood the need to build social and environmental as well as business value, and made a clear commitment to building a culture around this recognition.

From early on, the Pembina Institute viewed Suncor as having the potential to be a leader in its sector, and committed to helping the company fulfill that potential. Part of the Pembina Institute’s strategy for change is to work closely with sector leaders to improve their sustainability performance; at the same time, the institute’s advocacy arm creates disincentives for laggards to maintain the status quo. This “push-pull” strategy, depicted in the figure on page 4, is designed to shift the entire sector toward improved sustainability performance.

Clear expectations and operating principles

Another reason for the success of the partnership between Suncor and the Pembina Institute is the clarification of the partnership’s purpose and goals, as was detailed in a Memorandum of Understanding (MOU) signed by both organizations in 2001. Suncor identifies its interests as securing access to knowledge, testing new eco-efficiency goals and objectives, receiving input and ensuring successful and profitable business projects. The Pembina Institute seeks to advance its long term sustainability objectives by supporting Suncor in the development, monitoring and implementation of sustainability goals, and in promoting corporate responsibility and policy advancement by encouraging positive developments.

The partners’ activities include research, training, assessment and the development of policies and tools. The Pembina Institute may play a different role within each kind of engagement: stakeholder, consultant, joint-venture partner or policy advocate. In some cases, the Pembina Institute will choose to adopt an advocacy role, which may place the partners in direct opposition. The MOU serves to identify each of these potential roles, and clarifies the expectations and outcomes of each type of engagement. It also states that additional agreements will be created for specific projects that will clearly outline the purpose and type of relationship needed for these projects, as well as the objectives agreed upon by



DIANNE ZIMMERMAN (Senior Manager, Issue Management and Stakeholder Engagement – Suncor):
“Suncor’s reputation around sustainability was the reason I was attracted to come and join them... I believe that you need to reach out to each person individually and provide them with appropriate training on sustainability. We need to create a sustainability culture within Suncor. Much like we did on safety.”

both partners. The clarity surrounding these types of engagement and the expected outcomes creates transparency and builds trust. It also shows that both partners realize the value of flexibility and of knowing where and how they will collaborate.

CHALLENGES AND FUTURE COLLABORATION

The matrix of political, environmental and economic forces that act on each organization individually and on the partnership itself has changed. While in the late 1990s Suncor was a pioneer in Alberta oil sands development, it is now one player among many. The rapid pace of development in the oil sands, and the environmental implications of this development, has prompted the Pembina Institute to at times take an aggressive advocacy role. When bilateral discussions on a Suncor expansion broke down in 2006, the two groups ended up on opposite sides of a table in a regulatory hearing into the expansion.

The fact that the Pembina Institute may take a public and oppositional stance to

some of Suncor’s projects or policies can obviously put strains on the relationship. While this reality is acknowledged in the MOU, what is on paper does not necessarily preclude these instances from being uncomfortable for either organization. As with any good partnership, following the 2006 hearing the groups took the time to explore why their discussions failed to reach agreement and what to change for next time.

Still, with a 10-year history of collaboration, both Suncor and the Pembina Institute continue to work together to achieve sustainable development goals of mutual interest. In 2007 the Pembina Institute provided Suncor with research into an emerging biofuel technology, while Suncor was a key sponsor for a national workshop the institute hosted on effective carbon pricing. In early 2008 the Pembina Institute, with the Southern Alberta Institute of Technology (SAIT) as its co-facilitator, will deliver sustainability training to hundreds of Suncor major project employees, leaders and content experts. Through this new project, Suncor and the Pembina Institute will continue to deepen their novel, pragmatic alliance.