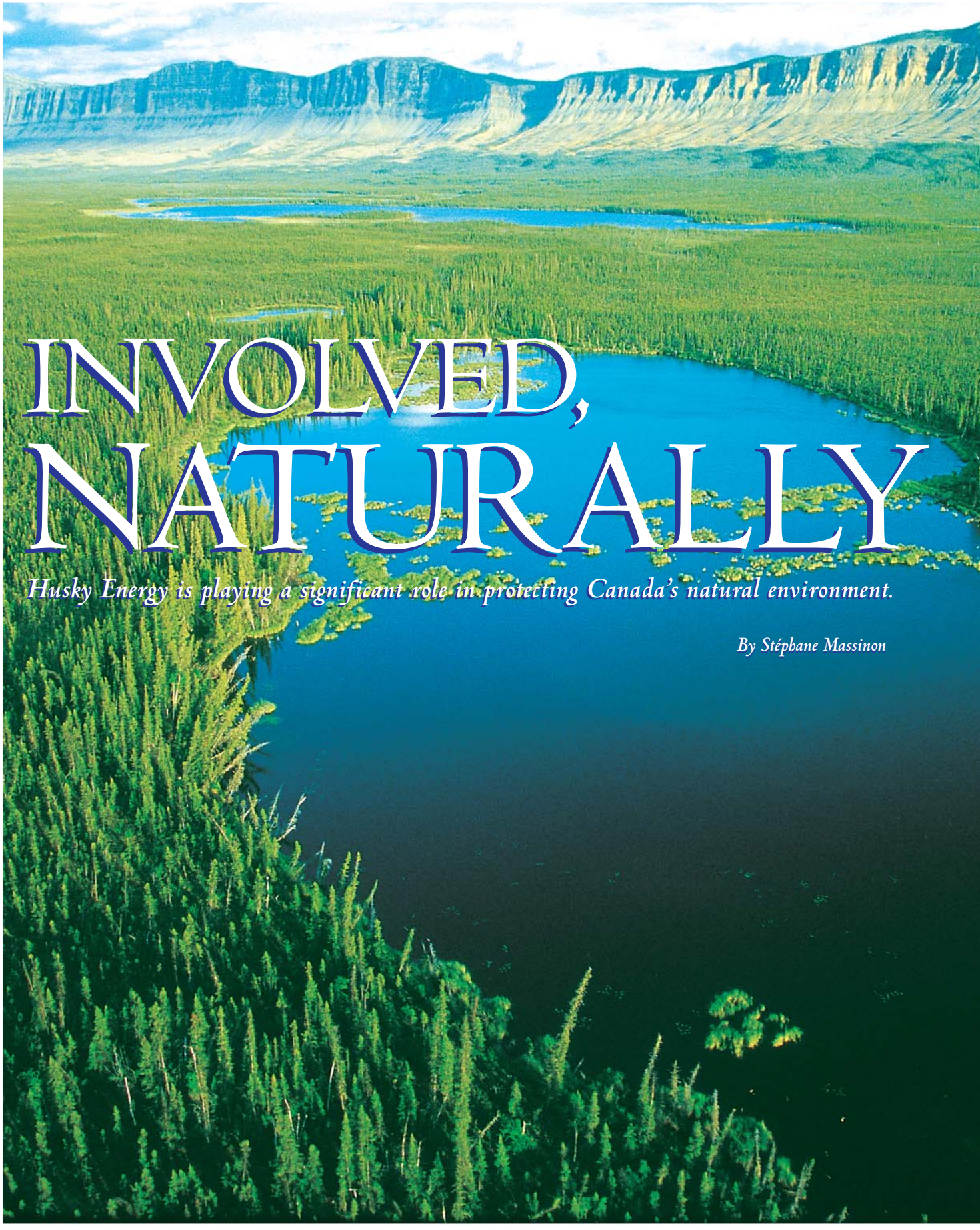


INVOLVED, NATURALLY

Husky Energy is playing a significant role in protecting Canada's natural environment.

By Stéphane Massinon

The Vancouver Island marmot is soft, furry, and adorable, just like the teddy bears one might find in a toy store. These cuddly creatures might become the mascot for the Vancouver Winter Olympics in 2010, but by then they could also be extinct.

Logging has wiped out huge tracts of wilderness on Vancouver Island, on Canada's west coast, placing these unique creatures under extreme pressure. Fortunately, dedicated conservation efforts, supported in part by Husky Energy, hope to give the marmots a new lease on life. A substantial donation by Husky to the Calgary Zoo's endangered species research programme has helped zoologists devise a strategy to save the marmot.

Leading the way is Dr Axel Moehrenschlager, Head of the Centre for Conservation Research (CCR) at the Calgary Zoo. His work essentially involves concentrating on endangered species in Canada and developing ways to help them thrive.

Headquartered in Calgary, Husky has extensive oil and gas operations across Canada and in the South China Sea. It is also part of the Hutchison Whampoa Group. Husky has invested significantly in conservation programmes over the past 20 years to help improve dire situations such as that of the Vancouver Island marmot so that future generations can find them some place other than in a gift shop or museum.

By funding conservation efforts, Husky demonstrates its environmental philosophy that the impact of industry should be offset by strategies to conserve the environment and protect ecosystems. Aside from the zoo programme, Husky supports a wide range of projects that demonstrate the value the company places on environmental stewardship and ecosystems.

Committed to Conservation

Conservation work, according to Dr Moehrenschlager, is analogous to working in an emergency room in a hospital.

"On the one hand we are scientists, we have to be able to withstand heavy scrutiny just the way any good

scientist would. On the other hand, we are forced into situations where you need to act based on the information you have, even if you feel you don't have enough information. It is like a patient coming into a hospital and you don't know what is wrong. At some point you need to try something. It's a mix between rational rigour and naïve passion."

Spencer Shepherd, Alberta Development Manager for Ducks Unlimited Canada (DUC), is equally committed to making a difference, in this case conserving wetlands and water-fowl that inhabit them.

"DUC is the largest environmental not-for-profit group in Canada," he says. "We absolutely believe in the resource."

Wetlands are a very important part of the western Canadian ecosystem, filtering water and playing a sustaining role in the lives of 80% of all the plant, animal, fish and bird species that live in Alberta.

Husky's relationship with DUC demonstrates how industry and a not-for-profit group can achieve mutually beneficial goals.

Husky is a major leaseholder of the rights to drill for oil and gas in Western Canada. To gain access, the company must acquire surface or access rights from landowners or from those who have caveats on the land. By working with organisations such as DUC, Husky hopes to increase its ability to produce oil and gas on the reserves with reduced environmental impact and increased community awareness and support.

Whether it's the wetlands of the south where waterfowl can seem numerous beyond belief or the densely forested areas of the north, home of the woodland caribou, getting out of the cities is a spectacular reminder of the world that surrounds us.

For companies in the oil and gas industry, it can also be a reminder of the capacity to impact and influence even the most remote areas.

Vast herds of caribou once roamed Alberta's wilderness. But throughout the 20th century the caribou population dropped steadily, and by 1984 the Committee on the Status of Endangered Wildlife in Canada classified them as threatened.

Currently, it is thought that there are only around 6,700 left in Alberta. If numbers continue to decline, caribou could be gone in our lifetime. There are various reasons to explain the dropping numbers, but the greatest threat comes from an unlikely alliance between wolves and man.

When areas of the vast northern Alberta wilderness were cleared for farming, logging or oil and gas exploration, corridors were opened that made it easier for predatory wolves to roam and satisfy their hungry stomachs with caribou meat.

The Right Thing

Having identified the problem, Husky and other companies took steps to correct the imbalance. As a result, the Caribou Range Restoration Project (CRRP) was created. It is comprised of eight oil and gas companies, including Husky, and is partially funded by the Canadian government.

Its goal is to help restore healthy caribou numbers by reducing the factors that

hurt the species. The CRRP restores shrub and tree vegetation, blocks corridors and re-establishes natural drainage patterns.

Carol Engstrom, a biologist with Husky, is on the management team of the CRRP. She believes that Husky can make a difference by "working together with other oil and gas companies, and by doing ground research to determine which methods are most effective in returning the historical footprint to viable habitat."

As for why an oil and gas company should do this work, Engstrom explains: "If we are operating in an area where a species is threatened, it is part of our job to ensure their viability. It's the right thing to do."

Another example of efforts that go above and beyond can be found in Husky's work around Moose Mountain in Kananaskis Country. An hour's drive west from Calgary, this is a popular wilderness recreation destination on the eastern slopes of the Rocky Mountains. Since Kananaskis is such a popular tourist area and its mountainous ecology so precious, Husky has made every effort to reduce its impact. Before beginning the construction process for a new pipeline and oil and gas wells, Husky commissioned studies on wildlife, fish, vegetation, and rare plants. These efforts go much further than the regulatory minimum required for project approval.

Working on the conservation front and accomplishing lofty goals can be challenging when there are financial constraints. Limited budgets, a small number of staff and high administrative costs can soak up resources all too quickly. Financial support from the private sector is therefore always warmly welcomed.

Making a Difference

Financial help, especially large-scale contributions from industry, can make a huge difference. Similarly, work from volunteers also helps stretch a dollar. Committed volunteers, who ask for nothing more than an opportunity to help in a cause they believe in, are a major driving force in saving threatened species.

"You're trying to do the best you can with limited resources," says Shepherd of Ducks Unlimited. "You're not working for a cheque, that's for sure, but the payoffs are pretty significant. It has nothing to do with my job or with my core responsibilities, but I go out and I volunteer, and I have taught classes at my son's school. It's not a job; it's a lifestyle."

Funding is vital for sustaining conservation efforts. Believing in this capacity to make a difference, Husky contributes financially to many other programmes.

The Eastern Slopes Grizzly Bear Project (ESGBP) was established in 1994 when the community became concerned about grizzly bear deaths, only to realise that inadequate scientific information existed to help save them. The ESGBP was formed to study grizzlies in the Alberta foothills and the Columbia River Valley. As a result of the project, much has been learned about the interaction between bears and humans. For example, 86% of all male and 75% of all female grizzly bear fatalities are caused by humans.

The study found that population numbers are actually rising, albeit very gradually. However, low reproductive rates are a concern.

"The population is so delicately balanced that the situation requires everyone to participate," says Steve Herrero, ESGBP Steering Committee Chairperson and Research Supervisor.

When all is said and done, one question remains: can conservation efforts supported by companies such as Husky Energy achieve their goals in Canada? Although victories are earned the hard way, the answer is a resounding "yes".

FINANCIAL FACT FILE

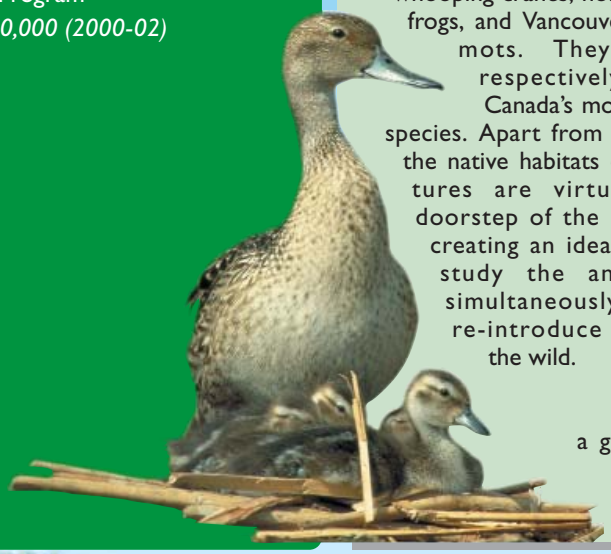
- Husky Energy Endangered Species Reintroduction Research Program – *C$200,000 (2003)*
- Ducks Unlimited Canada – *C$320,000 (1999-2003)*
- Caribou Range Restoration Project – *C$55,000 (2002-03)*
- Eastern Slopes Grizzly Bear Project – *C$210,000 (1999-2003)*
- Central Rockies Wolf Project – *C$24,000 (2001-03)*
- Alberta Research Council Native Plant Program – *C$30,000 (2000-02)*

Back from the Brink

Husky is proud to have put its name to the Husky Energy Endangered Species Re-introduction Research Program, which was established in May 2003 to focus efforts on saving Canada's most imperilled wildlife.

Husky donated C$200,000 (approximately US$146,000) to fund research at Calgary Zoo's Centre for Conservation Research (CCR) and the gesture inspired an anonymous donor to double the amount.

Dr Axel Moehrenschlager, the Head of the CCR, studies swift foxes, whooping cranes, northern leopard frogs, and Vancouver Island marmots. They represent, respectively, some of Canada's most endangered species. Apart from the marmots, the native habitats of these creatures are virtually on the doorstep of the Calgary Zoo, creating an ideal situation to study the animals while simultaneously working to re-introduce them into the wild.



The whooping crane is a good example of the zoo's capacity to make a difference, but also of the fragility of the work being done.

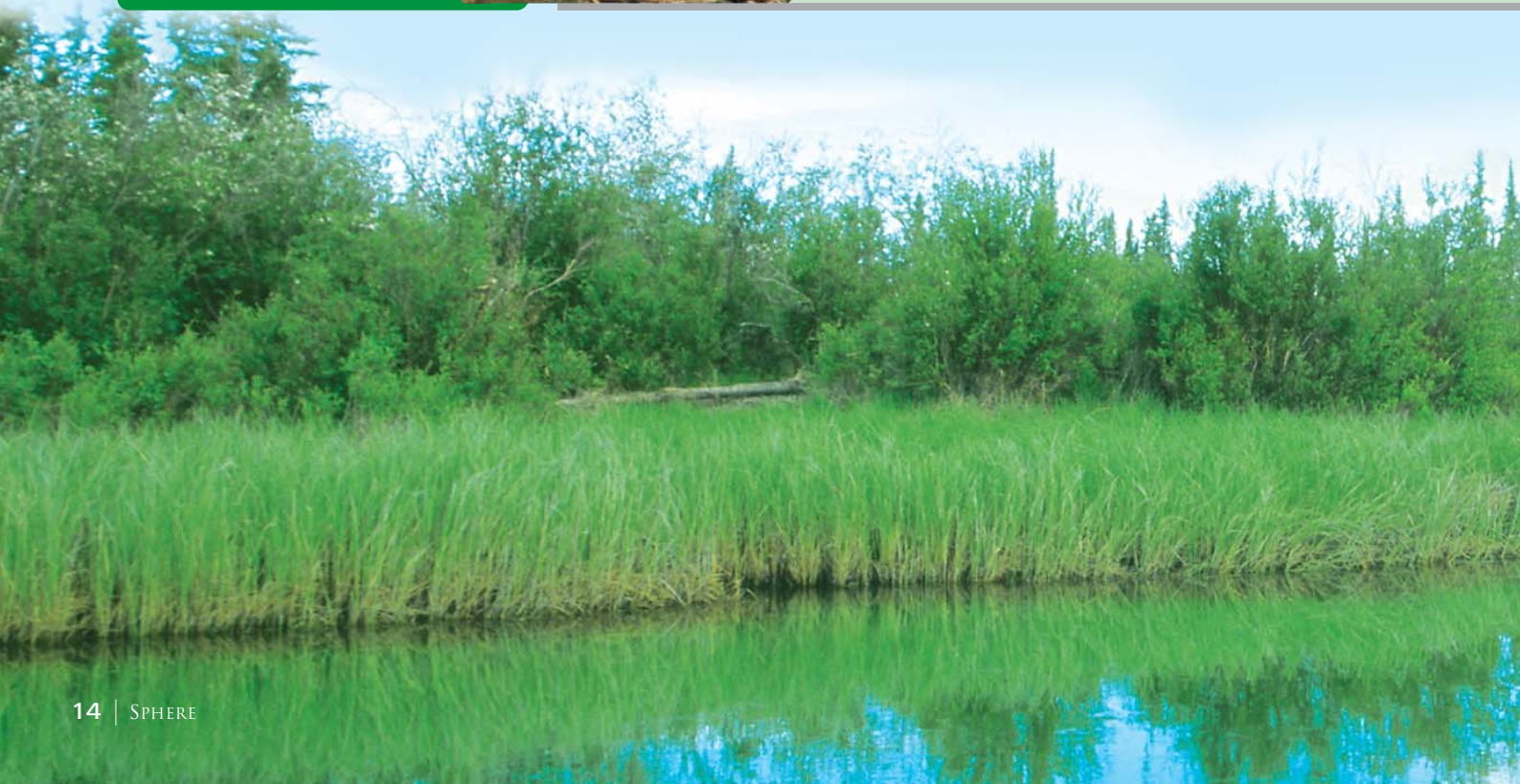
"There are 313 in the wild, which is up from about 15 in 1941, but it has taken an incredibly intensive effort in terms of establishing captive breeding populations and then reintroducing them to their natural habitat," says Moehrenschlager. "But they are still extremely fragile. If a fire breaks out at a breeding site, or even if the water level drops in a swampy area, whooping crane numbers could begin to drop again."

Moehrenschlager and his team work diligently to both understand the animals being reintroduced, and to ease their transition from captivity to wilderness.

Given some estimates that up to 50% of all species on earth could be extinct by the end of this century, it becomes clear just how important this work is.

"Our philosophy is that we work on environmental problems where science can help to develop solutions, and then apply them in the real world," Moehrenschlager explains.

To learn more about this programme, you can check the website at: *http://www.calgaryzoo.org/AboutTheZoo/ConservationResearch/husky_energy_2.htm*



Northern Leopard Frog
In Alberta, northern leopard frogs *(Rana pipiens)* are designated as "threatened". To re-establish populations, Alberta Sustainable Resource Development (Fish and Wildlife Division) and the Alberta Conservation Association initiated a reintroduction project in 1999. The Husky Energy Endangered Species Reintroduction Research Program is conducting studies to refine release site selections and broaden reintroduction efforts.

Vancouver Island Marmot
The future of North America's most endangered mammal, the Vancouver Island marmot *(Marmota vancouverensis),* hinges on a successful captive-breeding and reintroduction programme. The CCR is studying the marmots' behaviour to help maximise the success rate of future reintroductions.

Swift Fox
Swift foxes *(Vulpes velox)* were extinct in Canada by 1938. In 1983, a captive breeding and reintroduction programme was launched. By 1997, approximately 280 wild foxes had been re-introduced and releases were halted to allow research. Now, the CCR is striving to understand the swift foxes' habitat needs, assess disease threats, and determine if the population is sustainable on its own.

Whooping Crane
In the early 1900s, only 15 whooping cranes *(Grus americana)* existed in the wild. Since 1996, the Calgary Zoo has bred and reared whooping cranes for re-introduction. They hope to improve hatching success and raise the number of whooping crane chicks available for reintroductions until the wild population is stable.