



Husky Energy Inc. is committed to responsible corporate citizenship, operational integrity and environmental stewardship. The Company's commitment to sustainable development is reflected in the reporting of core health, safety, environmental performance and social responsibility metrics.

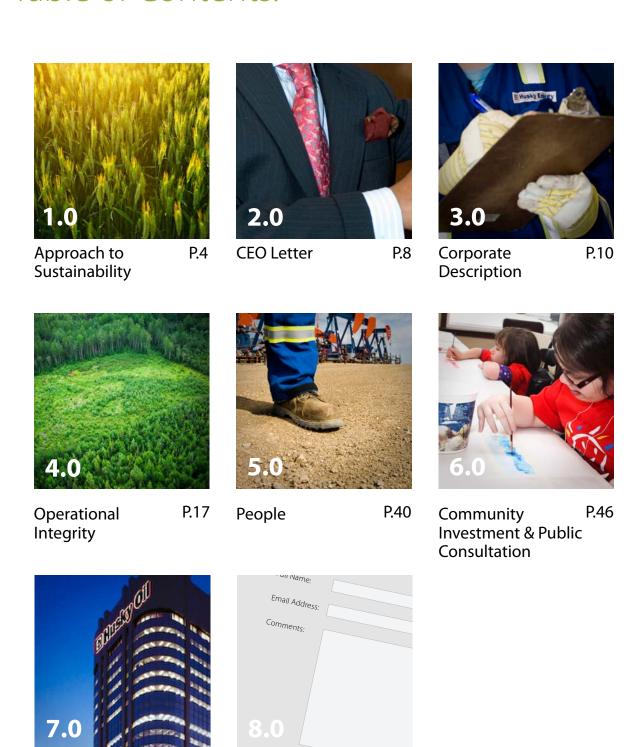
As one of Canada's largest integrated energy companies, Husky uses a combination of technological innovation, prudent investment, sound project management execution and a commitment to developing resources responsibly while delivering a consistent return to shareholders.

For Husky, sustainability means the integration of social, environmental and economic considerations into its core businesses. Engaging with key stakeholders and conducting its business in a manner which seeks to maximize positive impacts on current and future generations are core elements of the Company's sustainability commitment and values.

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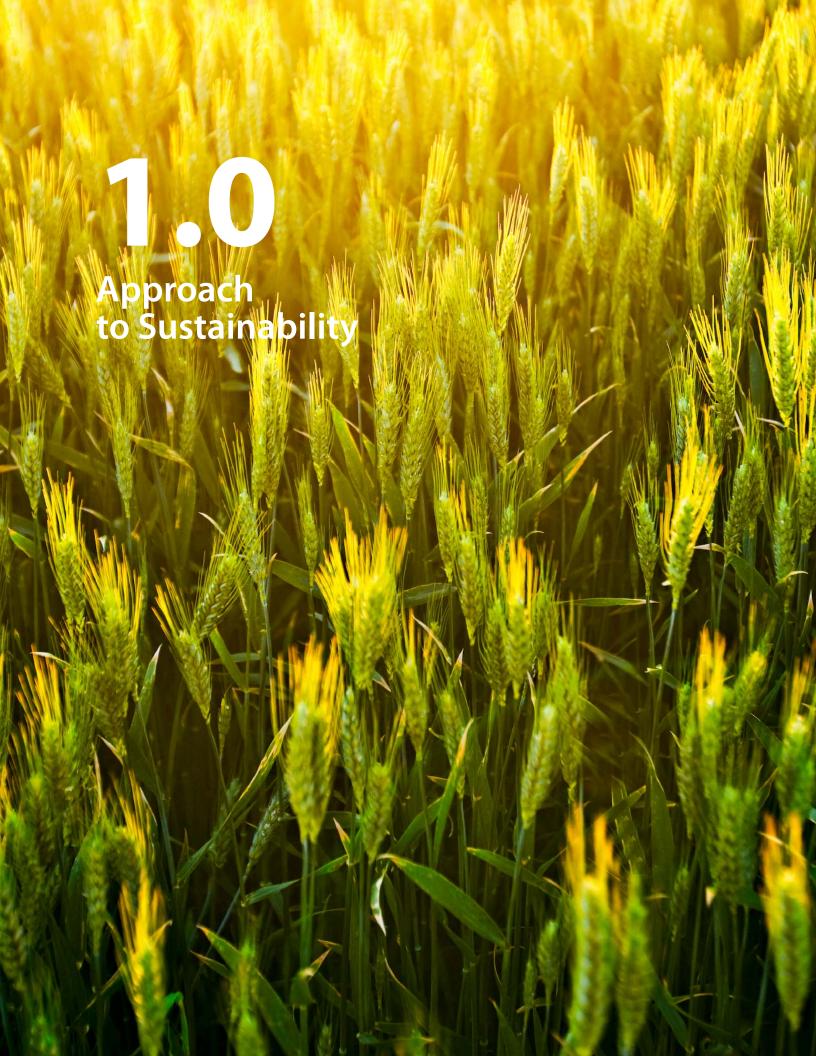
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Reader Response

Form

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1.0 Approach to Sustainability

About this Report:

This Sustainable Development Report has been prepared to provide stakeholders with credible data and meaningful information on the Company's social responsibility activities. By articulating Husky's commitments to corporate responsibility and sustainability, by providing examples of these commitments in action and by noting Company performance and strategies for improvement, this report illustrates Husky's focus on long-term viability and continuous improvement.

To advance Husky's sustainability performance and its reporting efforts, the Company will be moving its sustainability reporting efforts toward international best practices and reporting standards such as the Global Reporting Initiative.

Reporting Conventions

This report focuses on performance for the period ending December 31, 2009, unless otherwise noted.

All financial data is reported in Canadian dollars and excludes discontinued operations. Please refer to the 2009 Annual Report at www.huskyenergy.com for detailed information on financial performance.

Key performance indicators are determined by comparison to industry best practice, as well as from stakeholder and employee feedback.

The information in this report covers the activities of all Husky's operating functions quantitatively (where data is available and/or collected), qualitatively or both. While every effort has been made to provide as much data as possible, not all quantitative data is currently available for all operations due to differing regulations, and/or transition from acquisitions.



Audience

The contents of this report and supporting information found on www.huskyenergy.com are meant to provide information to all Husky's stakeholders. This report has been written to provide information to shareholders and financial analysts, employees, regulatory bodies, political leaders and members of the community affected by Company operations. It responds to expectations from a broader public audience, including environmental and advocacy groups, academics and persons with an interest in corporate social responsibility.



Stakeholder Engagement in Report Development

Stakeholder engagement is a critical component of Husky's day-to-day business operations. The content of this report has been developed using information gathered from these relationships.

Stakeholder feedback is helping to shape the way Husky does business – from community engagement, recruiting efforts and emergency response to emerging priorities such as water use, greenhouse gas emissions and environmental footprint. The Company will seek stakeholder feedback from this report to provide for continuous improvement.

A Coordinated Approach to Reporting & Performance Improvement

Husky is a responsible company that supports longterm corporate viability, healthy communities and the natural environment. This report outlines the Company's commitments, processes, and operating practices.

Husky believes that reporting on these commitments and activities is one of the best ways to evaluate its performance and to determine if greater efficiencies, innovation and engagement with stakeholders can be identified or improved.

Sustainability objectives at Husky are aligned with business operations and strategy, and incorporated into the Company's planning processes.

Governance

Husky's health, safety and environment activities are guided by a policy-making committee of the Board of Directors, and an operations committee called the Corporate Health, Safety and Environment Committee (CHSEC). Consisting of corporate senior executives, CHSEC ensures HS&E standards are set and maintained across the Company's operations.

Management Systems, Policies, Guidelines and Practices

Husky has launched several initiatives to manage its commitment to sustainability, including a Code of Business Conduct (see Page 7). These are detailed in the Company's recent Annual Report and at www.huskyenergy.com.

Human Rights,

Husky supports and promotes the protection of international human rights within our sphere of influence.

Environmental Performance Reporting

At the very heart of Husky's operations is the Company's Environmental Performance Reporting System (EPRS). Introduced in late 2007, this management system has become an effective tool for systematically monitoring, gathering, consolidating, calculating and reporting data. Currently, asset retirement obligation data, air emission and greenhouse gas data are calculated and recorded using EPRS. A project is underway to include water inventory data. Husky is also reviewing information system options for data analysis to emissions reduction initiatives.

More information on EPRS can be found in the Operational Integrity section of this report.

Husky's Statement of Principles

(from Husky's Code of Business Conduct)

Husky believes that:

- we can make a positive difference within our sphere of influence
- the business sector should show ethical leadership, and take a leadership role through establishment of ethical business principles
- while reflecting cultural diversity and differences, we should do business throughout the world that respects the beliefs and values of this policy
- open, honest and transparent relationships/practices are critical to our success
- the perspective of local communities need to be considered in decision-making for issues that may affect them
- multi-stakeholder processes need to be initiated to seek effective solutions.

Husky values:

- · human rights and social justice
- wealth optimization for all stakeholders
- operation of a free market economy
- equal opportunity
- a defined code of ethics and business practice protection of environmental quality and sound environmental stewardship
- good relationships with all stakeholders
- stability and continuous improvement within our operating environment
- employees who endeavour to incorporate these values into their ongoing duties
- the health, safety, and well being of our employees.

Concerning community participation and environmental protection, Husky will:

- strive within our sphere of influence to ensure a fair share of benefits to stakeholders impacted by our activities
- ensure meaningful and transparent consultation with all stakeholders and attempt to integrate our corporate activities with local communities as good corporate citizens
- ensure our activities are consistent with sound environmental management and conservation practices
- provide meaningful opportunities for technology transfer by training within the host nation.



Welcome:

Energy has redefined how we live today. At Husky, we are committed to helping meet the world's growing energy needs in a responsible manner.

So sustainable development is central to everything we do at Husky. We believe that making a positive difference in the lives of people, particularly in our operating areas, is critical to our success as a company. This includes an unwavering commitment to health, safety and the environment.

I get enormous personal satisfaction from the progress we are making in the implementation of the Husky Operational Integrity Management System (HOIMS). HOIMS provides a systematic approach to identifying and addressing hazardous situations before they happen. We are also making significant strides in our ability to monitor, assess and report on how we are doing through tools such as the Environmental Performance Reporting System (EPRS).

Companies that fail to earn the respect and trust of key stakeholders will forfeit long-term sustainable growth. In other words, acting responsibly makes good business sense. We engage with and balance the needs of key stakeholders, and respect the role of governments and regulators as protectors of the public interest. We consistently meet and regularly exceed the exacting regulatory requirements of the oil and gas industry.



As with any business challenge, success is dependent on our people. At Husky, we challenge employees to draw on innovation to continually improve our health, safety, environmental and financial performance. And we support our employees by investing in their health, education and professional development. This ensures we are an employer of choice and enhances our reputation for operational excellence.

Sustainability requires a culture of continuous improvement. This Sustainable Development Report allows us to report to all stakeholders on progress and on areas in need of greater attention. I have included a reader response form in this report and look forward to your comments and feedback.

Throughout the sections of our 2009 Sustainable Development Report you will find reference to consistent performance, strategic focus and corporate values. As I begin my involvement with this great company, these complement my own personal goals and expectations for Husky.

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Asim Ghosh
President & Chief Executive Officer



3.0 Corporate Description



Corporate Profile

Headquartered in Calgary, Alberta, Husky Energy Inc. has oil and natural gas operations in Western Canada, offshore Canada's East Coast, the United States, China, Indonesia and Greenland. The Company employs more than 4,000 people and is listed on the Toronto Stock Exchange under the symbol HSE.

TSX: HSE Operating since 1939, the Company's operations include:

Upstream – the exploration, development and production of crude oil, bitumen and natural gas.

Midstream - heavy oil upgrading, pipeline transportation, storage, processing, power cogeneration, and the marketing of crude oil, natural gas, natural gas liquids, sulphur and petroleum coke.

Downstream – the refining, distribution and retail marketing of gasoline, aviation fuel, diesel, asphalt, ethanol and related products and services.

Upstream



Western Canada

The Company has a land base of approximately **30,000 square kilometres**

in Western Canada, representing significant opportunities for new reserves and production from exploration and development.

Production for 2009 was 149,900 barrels per day of crude oil and natural gas liquids, and 594.4 million cubic feet of natural gas.



Heavy Oil

Husky has been a Canadian leader in the development of heavy oil since it built its first Western Canada refinery in the Lloydminster area in 1946. To optimize production and offset declines in existing reservoirs, the Company's heavy oil strategy consists of utilizing primary cold production methods, applying enhanced oil recovery (EOR) methods, and identifying new technologies for future operations.

The area produced **78,600** barrels of oil per day in 2009.



Oil Sands

Husky is among the largest holders of oil sands leases in Alberta. The Company's leases total approximately **2,774 square kilometres** and are primarily located in the resource-rich Athabasca and Cold Lake regions.

Husky uses steam-assisted gravity drainage (SAGD) technology to extract bitumen, thus minimizing surface disturbance. To make steam, the Company's oil sands operation draws non-potable water from underground sources, and 90 percent of the water is recycled. Surface water is not used in the production process.

Note: Based on 2009 numbers.



Eastern Canada

Husky is a major operator offshore Newfoundland & Labrador and has been active in the region for more than **25 years**. Husky's development program is primarily focused on the Jeanne d'Arc Basin, which is home to the White Rose, Hibernia and Terra Nova oil fields. The Company has a significant number of exploration opportunities in the region with **17** exploration licences and interests in **23 Significant** Discovery Areas.

Husky operates White Rose and North Amethyst fields and has an interest in Terra Nova.

Production from the area in 2009 was **55,100 barrels per day** of crude oil.



Greenland

Offshore Greenland, Husky holds interests in three licenses totalling **35,000 square kilometres**. In 2009, Husky completed an aero-gravity and magnetic survey and the first offshore Greenland 3-D seismic, comprising 2,200 square kilometres over two blocks.



South East Asia

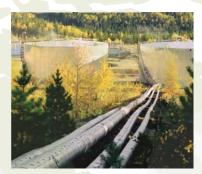
Husky is active in South East
Asia and has made substantial
progress towards creating a
sustainable, growth-oriented
energy business in the region,
including a 40 percent working
interest in the Wenchang oil field
400 kilometres southwest of
Hong Kong. Husky's share of
production from 32 wells
averaged more than 11,000
barrels per day in 2009.

Husky has signed a partnership with the China National Offshore Oil Corporation (CNOOC) to strategically develop significant natural gas discoveries in the South China Sea. In 2006, Husky made its initial discovery and newer gas discoveries have further confirmed the potential of the area.

Husky has an approved Plan of Development for production of natural gas from a gas field in the Madura Strait in Indonesia.

Midstream







Husky's midstream assets are structured to reduce the Company's exposure to cash flow volatility. The midstream asset portfolio is strategically located throughout Western Canada and connects with key North American transportation systems.

Core assets include the Lloydminster Upgrader with a production capacity of **82,000 barrels per day**; a **2,100-kilometre** pipeline system capable of carrying more than **720,000 barrels per day** of blended heavy crude oil diluent and synthetic crude; 50 percent interest in two natural gas-fired electricity cogeneration stations; and **33.2 billion cubic feet** of natural gas storage capacity.



Lloydminster Upgrader

Downstream







Husky's downstream core assets include:

160,000 bbls/day Husky Lima Refinery in Lima, Ohio;

50% interest in the **160,000 bbls/day** BP-Husky Refinery in Toledo, Ohio;

12,000 bbls/day Prince George Refinery in British Columbia;

28,500bbls/day Lloydminster Asphalt Refinery in Alberta.

With two 130 million litres/year ethanol plants located in Lloydminster,

Saskatchewan, and Minnedosa, Manitoba, Husky is Western Canada's largest producer and marketer of ethanol for use in blended gasoline.

The Company has a network of more than **570**Husky and Mohawk retail outlets, travel centres and bulk distributors across Canada from British Columbia to
Ontario, marketing ethanol-blended gasoline, diesel fuel and ancillary services.



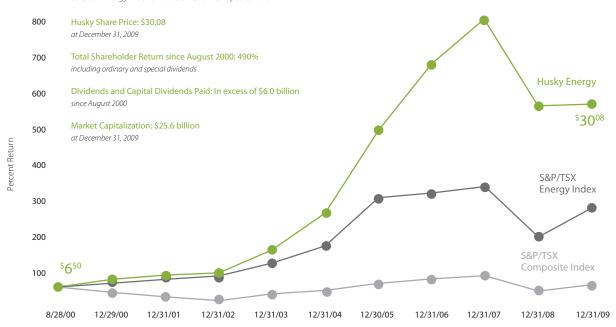
Lloydminster Ethanol Plant

Corporate Performance



Husky Share Price Performance vs. Indices

Husky Energy Inc. commenced trading on the Toronto Stock Exchange in 2000. Financial performance has exceeded the S&P/TSX Energy Index and the S&P/TSX Composite Index.



Since becoming a public company in 2000, Husky has achieved a total shareholder return of 490 percent and paid dividends of \$6.0 billion.



4.1 Operational Performance

Husky's operational integrity goal is:

"All hazards and risks associated with operations, processes and related equipment are identified and controlled or eliminated."



Strategy & Approach

Operational integrity is endemic to Husky's culture. The Company is committed to identifying and effectively managing all risks to health, safety and the environment. Process safety, asset integrity and security are fundamental to Husky's risk reduction strategy.

Health, Safety & Environment (HSE) Policy

Husky is committed to operational integrity. Operational integrity at Husky means conducting all activities safely and reliably so that the public is protected, impact to the environment is minimized, the health and wellbeing of employees is safeguarded, contractors and customers are safe, and physical assets (such as facilities and equipment) are protected from damage or loss.

The Company conducts its business so as to maximize positive impacts on current and future generations in accordance with Husky values, while minimizing the use of non-renewable resources.

Husky will:

- Demonstrate leadership and commitment to operational integrity
- Provide support to meet this HSE policy, as well as provide a culture where there is recognition for positive performance and disciplinary action, where appropriate, for breaches of this policy.
- Require every member of staff, and those who work on our behalf; to be a leader in HSE; to exercise personal responsibility in preventing harm to themselves, to others, to the environment and to physical assets; and to stop any work that is or becomes unsafe.
- Require every member of staff and those who work on our behalf; to report all incidents regardless of severity. Incidents will be investigated to determine the root cause, lessons learned will be shared and corrective actions will be taken. Husky aims to sustain an incident-free workplace.
- Identify and mitigate risk to as low as reasonably practicable during design, construction, commissioning, operation and decommissioning of all assets.
- Prepare for and respond to emergencies efficiently and effectively.
- Comply with relevant laws, regulations and industry standards and take any additional measures considered necessary to meet the intent of this policy.
- Demonstrate continuous improvement by establishing leading and lagging key performance indicators and measurable performance goals, monitoring and reporting on the progress of our performance, and conducting risk-based audits.

Husky Operational Integrity Management System

The Husky Operational Integrity Management System (HOIMS) is a systematic approach to anticipating, identifying and mitigating hazardous situations within the Company's operations. HOIMS is producing tangible business results including improved performance, fewer incidents and enhanced business value.

HOIMS incorporates best practices from across the industry, consistent with Husky's commitment to excellence in operational integrity. In 2009, more than 30 HOIMS projects were initiated at Company sites.

Occupational Safety and Process Safety Management

Occupational safety and process safety management provide safeguards for Husky employees and contractors. Equipment and facilities are designed, constructed, instrumented and operated to eliminate hazards to as low as reasonably practicable. Procedures are developed, implemented and continually updated so that safe work practices are followed. Workers are trained, coached and supervised; and personal protective equipment is always worn.

Safety Performance Monitoring and Assessment

Husky tracks and measures its safety performance as it continues to manage risks. The Company adopts metrics to measure and continuously improve process safety management performance.

Leading metrics measure performance before a loss occurs, such as the number of inspections, audits and proactive measures executed at the field level.

Lagging metrics measure the number of events that involve a loss, such as total recordable injury rates (TRIRs) and lost time accidents (LTAs), the number of workers who had to miss work because of an injury. The TRIR is a calculated value based on fatalities, lost time, restricted work and medical aid incidents. It is adjusted for company size and allows Husky to compare itself to its peers.

HOIMS Chain of Success Initiative

HOIMS

Husky Operational Integrity Management System

The Chain of Success is a new initiative under HOIMS to establish metrics for measuring which leading indicators can improve process effectiveness.

Over the years, Husky has used key metrics, performance indicators and data to determine trends in incidents, collect information about processes and develop processes to remedy identified issues. This initiative is an extension of the existing practice.

As HOIMS progresses, the Chain of Success program will provide for process accountability and continuous improvement.

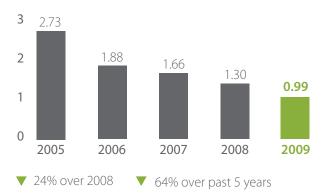
2009 Pipeline Incidents by Province

Province	Total km ⁽¹⁾	Total # Incidents 2009	2009 Incidents /1,000 km ⁽²⁾	Total # Incidents 2008	2008 Incidents /1,000 km
Alberta	19,181	53	2.76	70	3.65
Saskatchewan	7,367	47	6.38	39	5.29
British Columbia	562	0	0.00	0	0.00
Midstream	2,052	0	0.00	0	0.00
Total	29,162	100	3.43	109	3.74

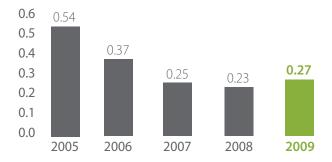


Training Leads To Driver Safety

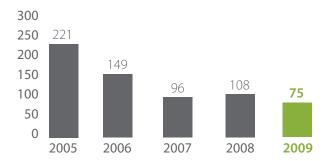
TRIR Rates



Lost-Time Accidents



2009 Performance - Combined MVAs



Incident Management

Safe, responsible operations are critical to Husky, its employees, contractors and all stakeholders. The Company extensively investigates the root cause of incidents and fully supports any Regulator-led investigations that may be warranted. Analysis and reporting of all types of incidents, as well as corrective actions and the sharing of lessons learned, are key to Husky's strategy to anticipate and prevent future occurrences.

The OmniSafe incident management software program is a corporate-wide tracking system for all types of operational incidents including injuries, spills, and public complaints.

In use since 2005, the OmniSafe system contains more than 33,000 incidents (loss and no-loss); almost 13,000 requiring formal corrective actions have been tracked. The more incidents or near-misses that are reported and corrected, the greater number of learnings can be shared throughout the Company with less probability of serious or repeat events.

In Memory

On March 12, 2009, a crew transport helicopter en route to three offshore operations sites, including Husky's White Rose operation, crashed into the Atlantic Ocean 35 nautical miles off the coast of St. John's, Newfoundland & Labrador. Of the 18 personnel and crew on board, 17 people perished in the crash.

This tragic event has had a deep impact on Husky's employees and contractors, and our thoughts remain with the families and loved ones of those lost in this tragic event.

Formal inquiries to determine the root causes of this incident are helping shape helicopter transport safety practices throughout the global energy industry.

Emergency Preparedness & Response

Husky has developed a multi-level emergency response process to effectively respond to and manage a wide array of incidents. Industry-leading safety management and training systems are focused on protecting people, the environment and Husky's corporate assets and reputation.

Husky conducts regular emergency preparedness exercises across all of its operations, as well as participating in industry-wide initiatives.

The Company reviews and updates its emergency plans every year as part of its commitment to continuous improvement across all of its operations.

Husky conducted or participated in more than 75 internal and external exercises in 2009. Many of these included external stakeholders such as first responders, contractors and government agencies. A Public Involvement Program includes face-to-face meetings with more than 1,500 residents, trappers and First Nations' people in areas where Husky operates.

Husky has been active off Canada's East Coast for more than 25 years and has safely and successfully drilled more than 60 wells off the shores of Newfoundland & Labrador. The Company has a similar record of accomplishment for its work offshore China and Indonesia.

Plans, Procedures and Preparedness

Husky's Corporate Emergency Response Plan governs the company's response to an emergency event. Emergency response plans are also prepared for all of the Company's facilities.

In addition to established procedures, training and regular exercises, effective communication with key stakeholders including public, governments, regulators, media, contractors, partners, employees and families is critical to a successful incident response.

Corporate Emergency Response Centre

Husky maintains a fully equipped and modern Emergency Response Centre (ERC) at its Calgary, Alberta, headquarters as part of its commitment to emergency preparedness and response. Husky also maintains a backup ERC independent of its main office.

Husky supports the development of a provincial organization that aims to build cooperation among the numerous mutual aid groups in Alberta.

In 2010, the Company became the founding partner of the Alberta Shock Trauma Air Rescue Society (STARS) Emergency Contact Centre. Husky's after-hours emergency calls in Western Canada are routed through STARS, improving Husky's ability to communicate with multiple responders, and having backup call centres.

Husky also participates in the Conference Board of Canada's Council on Emergency Management, which looks at opportunities to improve Emergency Management across Canada through research and networking.

Emergency Response Exercises

- Six regulatory assessments of the Company's operations upstream facilities in Alberta in 2009 with no major corrective actions or enforcements.
- Husky's major facilities participate in local emergency planning, region-wide response plans, community alert systems, emergency response exercises and provide community and industry information.
- On Canada's East Coast, Husky participates in emergency exercises and drills to keep crews alert to the potential of well control events and reinforces operational proficiency including an annual emergency preparedness exercise known as 'Synergy.'
- In 2009, Husky's Operations team implemented and exercised Emergency Response Plans in China, Indonesia and Kuala Lumpur, Malaysia.
- · Husky is an active member of the international organization OSRL (Oil Spill Response Limited), which provides expansive resources, personnel, experience and capabilities to deal with large open water spills.



Safety Competency and Training

Husky is committed to ensuring that its workers have the qualifications, competencies and training to perform their work.

The Company has undertaken an innovative initiative called the Personnel Competency and Training Project, which applies a systematic approach to studying operating practices in the field and developing a consensus around the best and safest practices. A competency assessment component ensures field staff receive the training they need to work safely and ensures assessment results and competencies are recorded. Lessons learned at a pilot project conducted at the Company's Foothills South business unit are now being applied at several other locations.

Husky has developed an on-line safety orientation for its staff and contractors, which provides information workers need to know prior to arriving at Husky work sites. Husky's online safety orientation program for staff and contractors has been recognized with two world-class awards. At the 31st Annual International Telly Awards in New York in 2010, the Husky online safety orientation, "Get Your Head in The Game," received two international

bronze awards for excellence in multi-media production and online training.

Industrial Hygiene

Industrial hygiene practices protect workers from injury, illness, impairment or other factors affecting their well being. Husky's programs help protect the health and wellness of all workers on Company sites. To ensure effectiveness in preventing industrial illness and injury, a pro-active Industrial Hygiene monitoring and Medical Health Surveillance program is in place.

The program applies consistent standards throughout the company, meeting all legislated requirements and ensuring due diligence is applied to worker health issues.



4.2 Environmental Performance



Biodiversity monitoring

Strategy & Approach

Husky is committed to continuous improvement in environmental performance by reducing the impact to land and habitat, air and water. The Company meets and strives to exceed regulatory requirements, reflecting Husky's commitment to continuous improvement across all of its operations.

Environmental Performance Monitoring & Assessment

Husky conducts measurements to minimize impacts to the environment. As part of the environmental impact assessment for large projects, baseline studies are conducted prior to development activity to determine appropriate mitigation.

Husky meets or exceeds regulatory compliance requirements for monitoring and reporting, and strives to exceed compliance to effectively address risk. At Husky's major facilities, prescriptive programs are in place for monitoring and reporting of:

- emissions to air and water
- groundwater quality
- soil quality within and in the vicinity of the facility.

Wildlife studies are part of the monitoring program at certain sites.

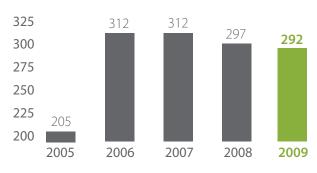
Regularly scheduled environmental audits are conducted at upstream, midstream and downstream facilities. Issues identified during the audits are recorded and addressed in an efficient and effective manner.

The Company has implemented protocols to improve environmental performance, including:

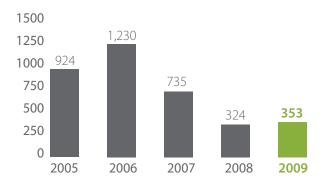
- An inactive sites management program to assess long-term inactive sites and establish priorities for remediation.
- An active environmental audit program at all Husky facilities.



Reportable Spill Events



Hydrocarbon Spill Volumes (m³)



While Husky has greatly reduced the number of spills, the volume of hydrocarbons spilled remains a challenge.

Land & Habitat

Husky is committed to biodiversity and conducts its operations with a life-cycle approach to land and habitat stewardship. Where appropriate, the Company is moving away from a monoculture approach to reclamation to a natural encroachment model. The site is stewarded for the natural development of native species and is monitored for invasive species. This mirrors natural reclamation on an accelerated scale to return the land more quickly to its pre-disturbance state.

The Company has strategically partnered with several groups and organizations dedicated to the conservation of habitat and the reintroduction of endangered species in Western Canada.

Husky has supported the Endangered Species Reintroduction Program at the Calgary Zoo's Centre for Conservation Research since 2003. Its funding has helped scientists study the habitats and behaviours of endangered species. With the Company's support, researchers have re-populated six endangered species:



Release of black-footed ferrets

the Vancouver Island marmot, the whooping crane, the northern leopard frog, the burrowing owl, the black-footed ferret and the swift fox.

Other Husky-funded projects that directly benefit biodiversity include:

- Native Seed Development: The Alberta Research
 Council conducts research on different native plant
 species and develops strategies to bring the seed
 to market. The new species are used to reclaim
 Husky leases and help return native plant species to
 the ecosystem.
- Grizzly Bear Protection: The Alberta Ecotrust
 Foundation builds partnerships throughout Alberta
 between environmental organizations, corporations
 and others who support environmental action to
 fund and support effective environmental projects
 and promote the environment as the foundation of
 a healthy community. Husky's support has helped
 the Grizzly Bear Alliance's Bear Smart program,
 which is committed to maintaining a healthy and
 self-sustaining grizzly bear population in Alberta.
- Wetland and Waterfowl Habitat Protection: Husky
 has supported Ducks Unlimited Canada in its habitat conservation efforts since 1989. The Company
 has contributed to the creation of healthy, productive wetlands near its in-situ oil sands project and
 other development sites in Alberta. Ducks Unlimited has acknowledged Husky as an industry leader
 in recognizing the importance of wetlands and
 setting aside resources for their protection.
- As part of Husky's Habitat Conservation Program, the Company has helped develop a new scallop habitat at the head of Placentia Bay in North Harbour, Newfoundland & Labrador. More than 22 kilometres of scallop habitat has been created to compensate for Husky's offshore White Rose development. Husky also has an eelgrass initiative on the west coast of the province and has created

an artificial rock reef at North Harbour to provide habitat for juvenile fish.

Land Management During Project Pre-Planning

Husky is committed to minimizing disturbance and mitigating impact in natural landscapes and has been successful in restoring development areas to pre-disturbance conditions.

Environmental impact assessments are conducted on major projects as part of the approval process. The Company accesses available environmental data to avoid rare or endangered species or historical artifacts using information centres such as the Alberta Conservation Information Management System, Species at Risk Act (SARA) registry, and the Committee on the Status of Endangered Wildlife in Canada (COSEWIC).

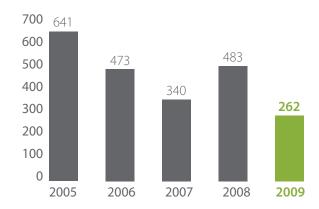
The Company uses HEIGIS, a geographical information mapping system, to provide users with ready access to available environmental data where well sites, pipelines and facility sites can be routed and planned to avoid or mitigate impact. An excellent example is Husky's partnership in the Foothills Research Institute's Grizzly Bear study. Through this partnership, Husky receives updated maps on bear habitat. This information is then uploaded into HEIGIS to enable users to identify prime grizzly bear areas and reduce impacts.

Remediation and Reclamation

Remediation is defined as the removal of contaminants and is generally conducted on sites impacted by historical operations. Reclamation involves the recontouring of the landscape, replacement of topsoil, preparing the seed bed and revegetating the site.

Husky has successfully achieved site closure certificates at an average of 440 per year over the past five years. The Company consistently leads the industry in land restoration through proven, efficient processes and has a reputation for excellence with regulators. Over the past nine years, Husky has certified 3,532 sites and returned more than 15,000 acres of land to its former function.

Reclamation Certificates



Reclamation Research and Involvement

Husky actively participates in research and criteria development pertaining to reclamation and remediation and is one of three industry members of the Reclamation Criteria Working Group. Husky sponsors native grassland research through programs involving the Alberta Research Council, the University of Alberta and Alberta Sustainable Resource and Development. Husky is a partner in Removing the Wellsite Footprint Research Trials, a joint industry-government initiative to evaluate wetland restoration techniques.

Asset Retirement Obligation

In alignment with financial reporting obligations, Husky monitors and reports its end-of-life retirement obligations on a quarterly basis, referred to as the Asset Retirement Obligation. Husky utilizes its Environmental Performance Reporting System to track liabilities on a site-specific basis. Estimates are reviewed and updated as new information becomes available. The Company tracks the dollars spent on reducing liability, referred to as Liabilities Settled, and over the past five years has averaged \$45 million per year in spending to reduce liability.

Soil Bio-remediation Facility

Remediation Research

Husky actively pursues new techniques to enhance remediation success. Recently, the Company participated in a technology project that injected nutrients to enhance bio-degradation of hydrocarbons. This technology adds oxygen to the soil, enhancing microbial activity.

In 2009, Husky was recognized by the Advisory Committee on Environment and Recycling in Lloydminster, Alberta. The Company was acknowledged for recycling more than 600,000 tonnes of material from the former Kodiak Refinery site and minimizing waste to landfills.

Waste Management

Husky practices a "cradle-to-grave" approach to waste management. Waste minimization is a continuous improvement practice involving the 4Rs – reduce, reuse, recycle and recover.

A comprehensive waste tracking system was introduced in 2008 to monitor and verify the type and volume of wastes generated, how waste is handled, and how it is disposed, treated or recycled to ensure regulatory compliance.

Many types of waste are produced by upstream Husky operations, including septic waste, domestic waste, oilfield and drilling waste and construction waste. Regulatory frameworks in Alberta, British Columbia and Saskatchewan govern the requirements for handling, storage or disposal/recycling of these wastes and any hazardous materials. Husky requires that all waste is documented and tracked, even after it leaves the worksite, regardless of regulatory requirements.

To foster appropriate waste management and compliance assurance, an e-learning training module is available for Husky workers. The module contains elements on regulatory requirements, characterization, classification, tracking and waste handling. For its employees and contractors, Husky has also created a "Waste Guide Book" with best practices in waste management.



Husky's corporate headquarters in Calgary manages office waste through various means, including shredding and recycling of stationery products, setting printers to default to double-sided printing and reducing paper communications to employees. From January 2009 to February 2010, Husky employees recycled 310 tonnes of office-grade paper.

Air Stewardship

Husky recognizes the need to protect air quality and has developed a strategy to address prudent air stewardship. The Company's approach addresses both air quality, measured in "criteria air contaminants" (CAC) and greenhouse gas (GHG) emissions.

Because no two areas have the same industrial activity, population density and trans-region movement of air pollutants, air quality is a regional issue. Climate change, however, is a global issue, and has been linked to human activity, fossil fuel consumption and the emissions of greenhouse gases.

Husky manages air quality and climate change issues through its Air Management Framework. The key elements of the Air Management Framework are:

- Policy and Regulations
- Emissions Inventory and Reporting
- Emission Reduction Initiatives
- Corporate Governance.

GHG Management Framework

GHG Policy and Regulations

Husky's GHG strategy includes improving the energy efficiency of existing operations, providing customers with environmentally responsible fuels and identifying, developing and adopting new technologies.

Husky works with provincial and federal regulators on the development of GHG and climate change regulations while supporting the development of a national climate change action plan. The Company recognizes the importance of aligning Canadian policy with that in the United States. In the absence of national and international agreements, many provinces in Canada have developed individual climate change regulations.

Emission Inventory and Reporting

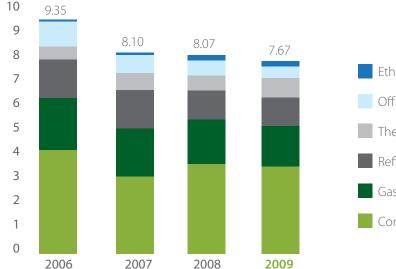
Husky's Environmental Performance Reporting System (EPRS) consolidates data from diverse sources, and calculates and reports environmental performance, including GHG emissions, in a timely, accurate, repeatable and auditable way. See sidebar "EPRS" on Page 34.

EPRS has calculated GHG emissions since 2008. Husky is recalculating its 2006 and 2007 emissions using EPRS criteria to ensure consistency of data presentation.

Emission reductions since 2006 are primarily due to reduced flaring and venting of solution gas in conventional and offshore oil. This has effectively countered the increase from thermal oil production attributed to the start up of the in-situ Tucker Oil Sands Project in Alberta, and the increase from the Lloydminster, Saskatchewan, and Minnedosa, Manitoba, ethanol plants' production.

Facilities in Canada generating more than 50,000 tonnes per year of GHG emissions are required to report annually to Environment Canada. Facilities in Alberta report to Alberta Environment.

Husky's GHG Emissions (Millions of Tonnes CO₂E)



Facilities	Metric tonnes CO ₂ E
Lloydminster Upgrader	956,030
Ram River Gas Plant	539,400
Sea Rose FPSO	474,880
Bolney Thermal Oil	343,730
Tucker Oil Sands Project	273,020
Pikes Peak Thermal Oil	236,980
Minnedosa Ethanol Plant	184,340
Prince George Refinery	132,830
Lloydminster Ethanol Plant	116,500
Lloydminster Refinery	86,800
Rainbow Lake Gas Plant	60,570

Carbon dioxide equivalent (CO₂E) is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

GHG Emission Reduction Initiatives

Husky continues to develop a broad base of emission reduction and compliance strategies, including:

- Energy Efficiency Energy audits identify opportunities for improvement.
- GHG Offsets Husky has used or has developed GHG offset protocols, including solution gas conservation, well testing, waste heat recovery, and ethanol for transportation fuels.
- At the Prince George (British Columbia) Refinery, Husky is working on a project to produce hydrogen-derived renewable diesel (HDRD). Husky believes HDRD has potential as a preferred renewable-diesel blend.
- CO₂ (carbon dioxide) sequestration for Enhanced Oil Recovery – Husky has formed a CO₂ Task Force, to commercialize the capture, transportation, and injection of CO₂ for enhanced oil recovery.
- Carbon Markets Husky continues to monitor

developments in international carbon markets, including the use of CDM (clean development mechanisms) and REDD/REDD+ (Reducing Emissions from Deforestation and Forest Degradation) credits.

- The Husky Lloydminster office building, now under construction, will reduce energy consumption and minimize environmental impact by using highly efficient mechanical systems, solar panels, computerized lighting systems, low-flow faucets and a recycling centre to manage waste products.
- Employee initiatives Husky continues to find opportunities to encourage employees to reduce emissions outside of work.

Emission Reduction Support from Workforce

Husky encourages employees to help promote cleaner air. Husky is a corporate participant in the annual Corporate Commuter Challenge during Environment Week in June. Husky employees are encouraged to seek alternate, more-ecologically friendly commutes to work such as walking, biking, ride sharing, taking transit or telecommuting.

Last year, almost 200 employees participated in the commuter challenge, registering 28,389 kilometres and saving an estimated 6,807 kilograms of CO₂E by choosing an alternative mode of transportation.



Fugitive Emissions Management Program



Management Program. This program includes upstream, midstream, and downstream facilities. Facilities are inspected for leaks, and any leaks are repaired

Fugitive emissions are unintentional releases of hydrocarbons to the atmosphere from equipment leaks or malfunction. Leaks can include methane (a greenhouse gas) and volatile organic compounds (VOCs) that can contribute to ozone and smog

operations) and Leak Detection and Repair (LDAR) including methane. Starting with a baseline inventory of leaking components, Husky monitors the compoThere are a number of leak detection techniques available, and since there are advantages and than one for any given facility.

Leak detection tools include visual inspection, Husky owns five highly specialized infrared cameras hydrocarbon emissions from long distances, which aid in detecting leaks from inaccessible locations, including tanks seals and overhead piping. The cameras are often supplemented with hand-held vapour analyzers to help quantify the leak.

Criteria Air Contaminants (CAC) Management Framework

CAC Policy and Regulation.

Husky participated with both federal and provincial governments in a collaborative approach to establish a Comprehensive Air Management System (CAMS). CAMS "addresses the challenges of air quality management, including cross-jurisdictional issues, and delivers a Canada-wide approach that provides flexibility to deal with regional differences in air quality issues, while, at the same time, ensuring a level of consistency so that Canadians can be assured of good air quality outcomes." (CAMS Steering Committee April, 2010.) Work on CAMS will continue through 2010.

Husky is involved in a number of regional, provincial, and federal initiatives, with the long term goal of clean air.

For example, Husky is a member of Wood Buffalo Environmental Association (WBEA), which includes Husky's oil sands project in its boundaries.

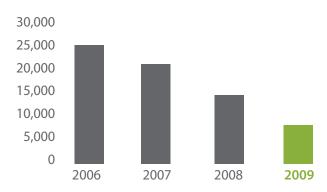
WBEA monitors the air in the regional Municipality of Wood Buffalo 24/7 on behalf of industry, the residents of the municipality and the government. The information collected is openly shared with the stakeholders and the public. The WBEA airshed is the largest in the country.

A long-term, science based monitoring program to detect, characterize and quantify the effects that the air emissions are having on the boreal forest and traditional land resources was expanded in 2008. A recent project involves measuring the concentrations of sulphur and nitrogen in lichens at 359 different sites over the region.

CAC Emission Inventory and Reporting

Husky's EPRS system calculated CACs from more than 2,000 facilities that Husky operates in Canada. One hundred and fifty facilities reported CACs to the National Pollution Release Inventory.

SO₂ tonnes per year



Husky's SO₂ emissions have been trending down since 2006, due in part to efficiency improvements at major facilities and a decrease in sour gas production.

CAC Emission Reduction Initiatives

Husky continues to develop a broad base of emission reduction and compliance strategies, including:

- Volitile organic compound reductions through leak detection and repair programs
- SO₂ reductions
- NOx reductions through improved operation and performance

Corporate Governance

Husky's Corporate Health, Safety and Environment Committee, consisting of senior executives, reviews and approves compliance and emission reduction strategies, establishes performance targets, and allocates resources as appropriate.

Carbon Capture & Storage

Husky believes Canada has a unique opportunity to be among world leaders in the implementation of carbon capture and storage and is actively developing this technology.

The Company is participating with industry and government organizations to explore viable strategies to capture and store CO₂, and to use this potentially valuable resource to enhance oil recovery by injecting it

into declining reservoirs to increase pressure and crude oil flow.

A number of initiatives and pilots are currently underway or being planned by the Company. These include:

ICO,*N* – *Integrated CO*, *Network*

Husky is an anchor member of the Integrated CO₂ Network, an industry and government consortium working towards developing carbon capture and storage solutions. The goal is to research and develop ways to capture CO₂ from large industrial sources; and safely and permanently store it in deep geological formations.

Heavy Oil CO, Pilot

Husky is involved in a promising pilot at Lloydminster to capture and permanently sequester CO₂ from its ethanol plant to enhance heavy oil recovery. Through the pilot, Husky is initially developing knowledge and methods on how to capture this stream of CO₂. This project has been selected to receive funding under the federal government's ecoENERGY clean energy program and builds on lessons learned from a heavy oil CO₂ injection pilot Husky started in 2008 at its operations near Mervin, Saskatchewan. The Mervin pilot has surpassed Husky's CO₂ baseline production expectations, with approximately 10,616 barrels of incremental oil production as of February 2010 more than 81 percent of the CO₃ injected has been recovered for reuse.

Keg River CO, Pilot

Husky is involved in an innovative pilot at its Keg River operations to reduce emissions, reduce water use and improve natural gas recovery. The pilot is investigating if acid gas, which contains CO₂ and hydrogen sulphide (H₂S), can be captured from the Company's Rainbow Lake Plant and safely injected into mature reservoirs to enhance natural gas production.

Other Projects

Husky has many opportunities to further explore the use of carbon capture and storage in its operations and is currently evaluating its top prospects. In conjunction with other industry members, the Company is looking into the feasibility of capturing CO₂ from properties

in B.C., which could in turn be used for enhanced oil recovery (EOR).

Husky is a member of an Area Solution Working Group, which will present a CO₂ capture and sequestering recommendation to the British Columbia government. The project could sequester up to eight million tonnes per year, which will help B.C. with its target of reducing the current emissions of 66 million tones per year to 40 million tonnes by 2020.

Carbon Disclosure Project

Husky is a contributor to the Carbon Disclosure Project, the world's largest database of corporate climate change strategies and greenhouse gas emission information.

Water Stewardship

Water stewardship is a fundamental part of sustainable development. Husky continues to undertake efforts to conserve and recycle water, and to find water sources to meet its operational water requirements.

The water module of Husky's EPRS system, currently in development, enables Husky to track water usage

Environmental Performance Reporting System (EPRS)

trends with improved efficiency, accuracy and frequency. This information will aid Husky in identifying and prioritizing opportunities for water use reduction and recycling in its operations.

While Husky continues to strive for overall reductions in water use and intensity, water use will also be considered in the context of local watershed concerns.

Industry and Regulatory Initiatives

Water use and protection activities are regulated in the energy industry. In Alberta, the provincial government enforces water protection through the Environmental Protection and Enhancements Act and the Water Act. Overall guidance is provided in the Water for Life strategy and action plan, with specific requirements being outlined in the Water Conservation and Allocation Guideline for Oilfield Injection, Groundwater Evaluation Guidelines and the Alberta Environment Standard for Baseline Water Well Testing.

In Alberta, regional groundwater management frameworks are being created under the Land-use Framework to provide a means to evaluate quality and quantity of non-saline groundwater in specific regions and to determine sustainable management strategies for future development while ensuring resource protection.

Husky works with a number of watershed management groups in Western Canada, including:

- The Lakeland Industry & Community Association in Lloydminster, Saskatchewan, and its subgroup, the Beaver River Watershed Alliance in Cold Lake, Alberta
- The Cumulative Environmental Management Association and the Regional Aquatics Monitoring Program in Fort McMurray, Alberta
- The Swift Current Creek Watershed Advisory Committee in Saskatchewan
- The North Saskatchewan Watershed Alliance in Alberta.

Industry Conservation Initiatives

Husky is involved in the Petroleum Technology Alliance of Canada Water Innovation Planning Committee. It consists of industry peers, government and regulators, who collaborate to examine water treatment and reuse strategies.

Water Flood

Many of Husky's operation sites are pursuing site-specific non-saline water reduction initiatives. At the Company's waterflood EOR project in Wainwright, Alberta, all produced water from the project is reinjected. A large portion (70 to 80 percent) of the required make-up water is obtained from produced water sources (from other operators and other Husky projects) that otherwise would have been injected into disposal wells.

Drilling Operations

Enhanced fluid management techniques that reduce overall water use have been implemented at projects where a high drilling intensity occurs in a concentrated area. Fluids are contained onsite, dewatered and conditioned for re-use throughout the entire drilling program. Recent application of these techniques to a large drilling program resulted in a 50 to 60 percent decrease in water use and an 80 percent reduction in drilling waste fluids.

Alternatives to Water Use

To minimize the use of non-saline water for production, Husky reviews water-use alternatives, factoring in environmental, technical, and economic feasibility.

Husky endeavours to use saline water for EOR purposes. Husky continues to evaluate and implement various technologies to reduce fresh water consumption or, alternatively, to increase the efficiency of water used in conventional EOR. These include various commercial and pilot projects:

- Husky has numerous fields in Alberta and Saskatchewan that utilize alkali surfactant polymer chemicals to increase the efficiency of water use for EOR.
- Lloydminster carbon dioxide pilot project uses CO₂ instead of water to dilute and mobilize heavy oil.

Oil Sands Position



Company is committed to developing its bitumen resources responsibly and with

Steam-assisted gravity drainage (SAGD) is the in-situ at Sunrise. Unlike open pit mining for surface-accessible resources, in-situ drilling technology uses steam injection to heat and mobilize the bitumen, allowing cess does not require tailings ponds.

Environmental Stewardship

Husky's strategy of mitigating possible impacts of its facilities on wildlife habitat. The pipelines from the moose, deer and other wildlife, and remote-controlled imagery confirms that these underpasses are being

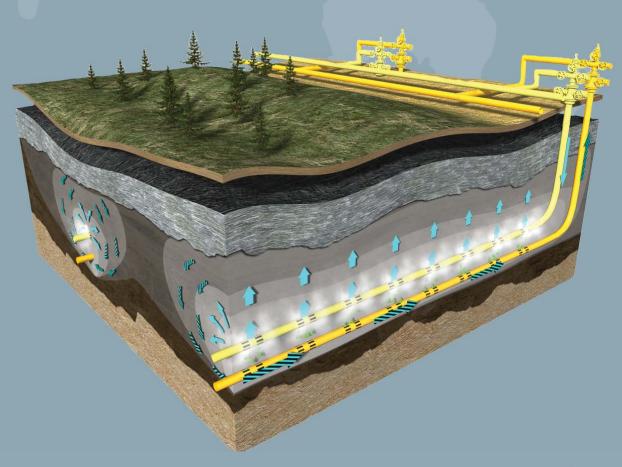
Husky is building on its Tucker experience at the Sunrise project by using a rolling development plan to reduce surface impacts. Under current plans, development will disturb less than five percent of the lease area and land reclamation will occur progressively throughout the life of the project. For Oil Sands Exploration (OSE) projects, once vegetation reclamation criteria, applications for the issuance of a cates have been issued on five Sunrise OSE programs involving 470 stratigraphic test wells since 2001, and five more applications have been submitted for final

- identification and protection of biodiversity and but on surrounding lands.

research and gathered data on sensitive and olddevelop a series of maps showing areas to be avoided These maps were then consolidated and provided to layout phase so they could make allowances during

In areas where disturbance of a constrained area is plans will be put in place to minimize environmental

Strategically placed wildlife crossings will be used pipelines.



Air Stewardship



greenhouse gas emissions in the oil sands. At the Sunrise Energy Project, specific control technologies in both process and in equipment will help reduce greenhouse gas emissions and improve air quality, including:

monitor and report air stewardship data to provincial

Water Stewardship

regulated by the provincial government to minimize the use of fresh water. At Husky's oil sands projects,

At the Sunrise Energy Project, water will be sourced bitumen. This aquifer is planned to be dewatered as part of nearby third-party mining operations. Water use will be minimized by recycling more than 90 percent of the condensed steam used in production. Surface water will not be drawn from the Athabasca River or other tributaries.

At the Tucker Oil Sands Project, more than 90 percent of the water produced with the bitumen is recycled.

Waste Management

has been created to address waste issues associated with the planned 40-year lifespan of the facility.

Sunrise will have an on-site industrial landfill, which will greatly reduce transportation-related accident risks, emissions and costs. Following the end of the project, the land will be reclaimed to an equivalent land capability consistent with what existed prior to disturbance and in consideration of the land use of the area. For example, in forested areas, the land is

Best Practices

Husky is committed to the development of its hydrocarbon resources in a socially responsible manner and in the best interest all stakeholders.

The Company invests and participates in initiatives and organizations that help advance in-situ technologies and work toward best practices in environmental stewardship of the oil sands. These initiatives include:

- Husky is a member of the Cumulative
 Environmental Management Association, a multi-stakeholder group that includes environmental, industrial, governmental, health and Aboriginal groups in Fort McMurray, Alberta. The Association's mandate is to produce guidelines and management frameworks associated with the environmental effects of industrial development in the oil sands region.
- Husky is also an active member of the Regional Aquatics Monitoring Program (RAMP), a science-based environmental monitoring program that studies the potential effects of oil sands development on aquatic systems.
- Husky participates in the Clean Air Strategic
 Alliance and the Wood Buffalo Environmental
 Association partnerships of industry,
 government and non-governmental groups
 that recommend strategies to assess and
 improve air quality within the province, and
 carries out required monitoring.

Public Consultation

Husky is committed to respectful, honest and transparent communication with stakeholders, and does so as part of its regulatory approvals and cooperation agreements with Aboriginal stakeholders. Consultation is carried out through numerous forums, including open houses, community events, newsletters and regular meetings with stakeholder groups and Aboriginal advisory committees.

At Sunrise, Husky has been engaging Aboriginal communities and other stakeholders since the early project planning stages. Project issues and informa-



tion received from external stakeholders are recorded in detail and tracked. This ensures continuous collaboration with stakeholders and industry participants on development, regional infrastructure and other emerging issues.

Additional information about Husky's approach to consultation can be found in Section 6.2 of this report.



5.0 People

"Our goal is to build an organization where everyone feels respected, included and that their opinions are valued."

-Husky Manager, Talent Management & Diversity

Strategy & Approach

Husky relies on and invests in the skill and experience of its employees and contractors to create value while enhancing the Company's reputation for operational excellence.

"Husky is committed to creating a company in which valuing diversity is fundamental to its business operations. In principle and in practice, Husky promotes an inclusive, respectful work environment where individuals and groups can achieve their full potential. The goal is a creative and healthy work environment where productivity is maximized and Husky Energy is valued as a vital partner of the community."

- Husky's Diversity Vision Statement

Diversity

Husky is proud to be a recognized leader in embracing diversity and a respectful workplace environment. The Company reflects its approach to creating business value by employing staff from various backgrounds, education and skill sets. As part of the Federal Contractors Program since 1995, Husky continues its commitment to women, Aboriginal people, persons with disabilities and visible minorities in the workplace.

Husky has further strengthened its commitment to a Diverse and Respectful Workplace with the launch of a web-based Respectful Workplace training program. This training, delivered to both employees and contractors, has been met with phenomenal success across the organization with a completion rate of 97 percent across all business units. As part of this commitment, Husky has also significantly expanded the Diversity and Respectful Council, an active group of employees dedicated to supporting the implementation of Husky's Diversity Vision Statement. They are agents of change and work closely with their business units to help build awareness and educate our workforce on topics relating to diversity and respectful workplace.

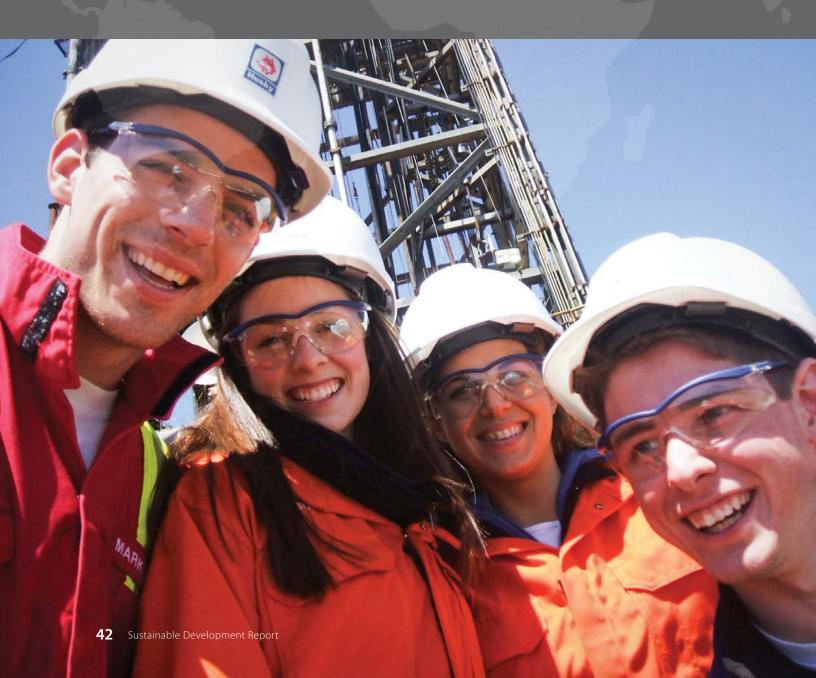
This kind of commitment has brought Husky both recognition and praise from its employee and contractor base as well as the communities within which the Company operates. Husky is proud of its reputation for providing an inclusive work environment that is respectful of all perspectives and cultures.

Husky strives to be an employer of choice, where all staff feel respected, included and that their opinions are valued. The Company is accomplishing this goal by attracting and retaining a diverse workforce and providing a positive and respectful working environment.

Recruitment

Husky's human resources strategy defines how it will attract and retain valuable human resources. The most effective way of doing this is by providing the platform for challenging work and a rich learning environment for all employees.

Husky is developing its talent pool and supporting the next generation of industry employees by actively promoting year-round co-op, internship and summer employment opportunities. Last year, the Company employed more than 200 new graduates, co-op students and summer students in a range of areas including engineering, geology, geophysics, accounting, information technology and field operations. As a strong supporter of continual growth and learning, Husky provides mentorship and guidance from a varied team of professionals to ensure meaningful, productive and rewarding challenges for new entrants to the energy industry.





Employee Engagement

Regular and transparent communication with employees contributes to an open, informed workplace where creativity and ideas are valued at all levels and volunteerism is nurtured

Chief Executive Officer forums were organized for employees to learn about Husky's corporate strategies and objectives. The Company maintains a corporate intranet and printed newsletter, reflecting company-wide news and information. Employees are invited to submit articles and photos on social events and fundraising activities, while useful information on topics such as child and elder care, financial management and health and wellness is regularly presented.

Employees are helping Husky realize greater business value through cost savings and more efficient operations. Suggestions by workers at the Heavy Oil Upgrader in Saskatchewan resulted in more than \$10 million in savings through process improvements that also provided environmental and safety benefits.

Wellness

Husky recognizes the contribution healthy and productive employees make to its success and is committed to the health and well-being of employees. This philosophy extends well beyond regulatory compliance to ensure



Husky employees have easy and timely access to a important knowledge and resources, not only to a address health issues, but to prevent them.

The Company's health awareness campaign provides a regular flow of health-related information directly to employees. Husky's comprehensive benefits programs emphasize health-related protection, including health and dental coverage, subsidized fitness allowances, health risk assessments, vacation and medical management policies.

Annual Wellness Fairs give employees access to information from health care professionals, preventative testing and flu vaccinations.



Compensation and Benefits

Husky has established a competitive total compensation program. Based on principles of market-facing values and company success through individual and team-based goal achievement, Husky's programs strive for fairness and equity through external and internal reviews conducted on a yearly basis.

Husky employees enjoy a comprehensive benefits package, representing approximately 25 percent of base pay. This includes supplementary health and dental expenses, protection of income due to inability to work and financial assistance for employees and their families in the event of accident or loss of life. Employees are able to customize a benefits and retirement savings program that works best for them.



Unions

With close to 350 unionized employees in the Company, Husky has a history of maintaining satisfactory relationships with organized labour. The Company recognizes and respects employees' choice for representation and is committed to fostering individual success through co-operation, collaborative problem solving and communication. Husky is dedicated to communicating openly and honestly with employees and their union executives through the establishment of business partnerships that are built upon the need for accountability and results.

At its Lima Refinery in the U.S., Husky has successfully negotiated collective agreements with the United Steelworkers union and recently signed a three-year deal that maintains employee benefits at their current levels.

Approximately 78 percent of the Prince George Refinery in British Columbia is unionized. Husky maintains a good relationship with the union and meets regularly with the union executive.



Training and Leadership

Husky offers customized training and development programs to employees. This contributes to individual performance and career development as well as to the overall effectiveness and success of the Company.

Programs include leadership development courses along with a wide range of topical courses, from effective communication to coaching, strategic thinking, presentation skills, project management and leading diverse teams. Every topic is linked with one or more of Husky's key core competencies and designed to drive individual and team performance at every level of the organization.



Learning and Development

Husky employees are encouraged and supported through continuing education and development, as well as a wide array of internal leadership and business skills programs. A performance management process helps determine learning and development opportunities and identifies suitable resources to address them.

Husky offers a Masters Degree support program that provides full reimbursement to qualified employees who are pursuing post-graduate work. Support is also available for other learning initiatives, including tuition reimbursement, apprenticeship training and educational leave policies for employees wishing to pursue work-related, full-time academic programs.

Husky's investment in human capital extends beyond its current workforce – to the children of Company employees – through its Dependant Scholarship Program, which provides financial assistance to those who are pursuing post-secondary education based on scholastic achievement, extracurricular activities and community involvement.

Participation in career-related professional and occupational associations is also encouraged to ensure employees' skills and knowledge remains current. Husky provides membership fee reimbursement for industry-relevant associations.



Social Clubs

Active employee social clubs partner with Husky to organize events such as family Christmas parties and autumn roasts, helping enable the "Husky Family" to live, work and succeed together as a fully engaged corporate community.



6.1 Community Investment



Strategy & Approach

Husky is proud of its longstanding record of community enrichment and development, and encourages its employees to take an active role in their communities. The Community Investment Program focuses on health, education and community initiatives. Over the past decade, the Company has contributed more than \$33 million to charitable organizations that strengthen the long-term sustainability of communities.

Husky has initiated numerous creative community partnering programs, including:

Health

- The Husky Energy Chair in Child and Maternal Health at the Alberta Children's Hospital.
- The Husky Energy Research Program for the Early Detection of Cardiovascular Disease and Risk at the Libin Cardiovascular Institute of Alberta.
- The purchase of leading-edge medical equipment to help cancer care teams assess the accuracy of radiation treatment planning at the Dr. H. Bliss Murphy Cancer Centre in St. John's, Newfoundland & Labrador.

Education

 A longstanding partnership with Western Canada High School in Calgary, Alberta provides students the opportunity to mentor with Company employees to learn about the business world.

 Husky is a partner in the Science Enhancement for Science Advancement program in Lima and Allen County, Ohio, which attracts elementary and middle school students into science-related careers.

Community

- Husky made a \$2.5 million dollar contribution to The Rooms provincial art gallery, museum and archive in St. John's, Newfoundland & Labrador. It was the largest gift ever presented to a cultural institution in Atlantic Canada.
- A long-time supporter of The Banff Centre and Presenting Sponsor of the Midsummer Ball, Husky made a \$500,000 donation to the Centre's capital campaign, bringing the Company's total contribution to \$1 million.

Employee Participation

Husky employees are active leaders in their communities in fund raising and volunteerism.

A major corporate-employee initiative is Husky Help the Hungry Week food drive campaign. Husky, its employees and partners helped contribute more than \$250,000 in cash and food for food banks across Canada since the program began two years ago.



6.2 Public Consultation & Engagement

Strategy & Approach Public Consultation

Husky is committed to respectful, honest and transparent communication with all of its stakeholders. Meeting individual stakeholders and hosting open houses is integral to project planning. Husky participates in community-based, consensus-driven organizations that work toward fostering positive relationships among stakeholders and resolving local issues.

Aboriginal Engagement

Husky's Aboriginal engagement approach recognizes the need to harmonize the Company's interests with the interests and desires of the local Aboriginal community. It also recognizes that a long-term commitment is required to establish and maintain effective Aboriginal relationships. As a result, the Company plans and consults with communities in a timely, open and collaborative manner. Husky consults with Aboriginal communities identified by the Canadian governments and with those communities Husky has agreements with, or which indicate an interest in a project.

The Company's active approach to Aboriginal engagement is based on three pillars:

- promoting educational excellence;
- supporting community wellness initiatives; and
- fostering economic development.

Husky's Aboriginal Affairs team practices a consistent approach to relationship building that is tailored to the needs and capacity of the community. The result may range from a formal agreement, such as a memorandum of understanding (MOU), to a simple shared understanding of Husky's community engagement processes.

 To date, Husky has signed MOUs, cooperation protocols and impact-benefit agreements with 17 First Nations in Alberta.

- In 2009 Husky was recognized for effective community consultation by the Dene Tha' First Nation in northern Alberta.
- In the past 12 months, Husky has engaged 37 communities regarding anticipated resource development activities in western Canada.
- Husky supports the Jumpingpound Project, an environmental field program that educates 4,000 junior high and high school science students annually about biology, oil and gas best practices, forestry and recreational activities in a "working forest" 50 kilometres west of Calgary, Alberta.

Supporting Aboriginal Education

Husky encourages the pursuit of advanced education to benefit Aboriginals and communities. The Aboriginal Education Awards Program provides bursaries each year to Aboriginal students pursuing high school upgrading, and post-secondary education related to the oil and natural gas sector. Husky has contributed more than \$1 million to the program.

Husky also helps support the improvement of urban Aboriginal graduation rates through the Jack James High School's Aboriginal Pride Program in Calgary.

Husky has been invited by Tsuu T'ina First Nation's Adult Learning Class to discuss education and career paths that can lead to employment with Husky.

Husky values diversity in the workforce and encourages Aboriginal students of all ages to learn about the skill sets required to develop a rewarding career in Canada's oil and gas industry.



Strengthening Aboriginal Culture and Wellness

Husky supports and encourages initiatives designed to promote and celebrate Aboriginal culture and wellness.

As part of Husky's Aboriginal Affairs program, regular information sessions are held for employees working with, or who may be in contact with, Aboriginal peoples to increase awareness of cultural, economic, social and structural differences, and to facilitate effective business. relationships. Husky employees also support and attend local pow-wows, Treaty Day celebrations and cultural events.

Husky is a supporter of Cold Lake First Nation's Lue Chok Tue Discovery Youth Camp, which offers culturally enriching experiences including traditional games and crafts, story-telling circles and elder teachings.

Promoting Aboriginal Economic Development

Husky helps to build capacity in Aboriginal-run businesses by promoting competitiveness and entrepreneurial spirit through the awarding of business contracts. Last year, the Company purchased more than \$14.5 million in goods and services from 35 Aboriginal businesses in Alberta.

Field representatives from Husky's Aboriginal Affairs team work with communities to identify prospective Aboriginal companies and assess their technical qualifications. Procurement workshops are held for Aboriginal communities and vendors that represent those communities to explore mutually beneficial business opportunities.

Husky's commitment is that all employees have an understanding of the Aboriginal communities associated with Company projects. The Aboriginal Affairs Team provides guidance and promotes positive interaction between employees and Aboriginal communities.

2009 Milestones in Aboriginal Affairs

Husky achieved a number of important successes in 2009, including the execution of four new arrangements with Aboriginal communities.

- A memorandum of understanding was signed with the Métis Nation of Alberta, Local 1935, for building and maintaining a mutually beneficial relationship in the development of the Sunrise Energy Project in the Athabasca region.
- A cooperation protocol was signed with the Tsuu T'ina First Nation near Calgary, solidifying a strong relationship with Husky.
- · Husky and the Kehewin Cree Nation signed a memorandum of understanding providing a framework for working on public lands within traditional Kehewin lands.
- Husky signed a consultation agreement with the Alexis Nakota Sioux Nation. Husky has operations near each of Alexis Nation's four separate reserves in northern and central Alberta

7.0 Contact

We Want To Hear From You

Comments, questions and feedback on the 2009 Sustainable Development Report are encouraged and welcomed.

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www.huskyenergy.com

Forward-Looking Statements

Certain statements in this document are forward-looking statements or information (collectively "forward-looking statements"), within the meaning of the applicable securities legislation. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as: "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "intend," "plan," projection," "could," "vision," "goals," "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

In particular, the forward-looking statements in this document include those relating to, without limitation: Husky's plans relating to sustainability and corporate citizenship, and in particular, social responsibility, economic viability, environment stewardship and innovation; Husky's plans relating to future sustainability reporting practices and its Environmental Performance Reporting System; the Company's general strategic plans and growth expectations; exploration and development plans and opportunities for the Company's business units; the operation of Husky's Health, Safety and Environment Policy and other governance initiatives; expected outcomes of the Company's greenhouse gas emission reduction initiatives; carbon capture and storage initiatives and water stewardship initiatives and their expected timing, implementation and outcomes; reporting of air stewardship data; water stewardship and waste management plans at Husky's Sunrise Energy Project; and expected environmental impacts of the development of Husky's Sunrise Energy Project.

Although Husky believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, Husky's forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to Husky about itself and the businesses in which it operates. Information used in developing forward-looking

statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources.

Husky's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) and the EDGAR website www.sec.gov) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Disclosure of Oil and Gas Information

The Company uses the terms barrels of oil equivalent ("boe") and thousand cubic feet of gas equivalent ("mcfge"), which are calculated on an energy equivalence basis whereby one barrel of crude oil is equivalent to six thousand cubic feet of natural gas. Readers are cautioned that the terms boe and mcfge may be misleading, particularly if used in isolation. This measure is primarily applicable at the burner tip and does not represent value equivalence at the wellhead.

8.0 Reader Response Form

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