

Security Guidelines for the Protection of Human Rights

The objectives of these Guidelines¹ are to assist Petro-Canada in creating a safe work environment for our people, to protect our business and to safeguard the communities within which we work from adverse effects resulting from our business, within our sphere of influence.

To define and demonstrate Petro-Canada's commitments under these Guidelines in relation to individual operating jurisdictions and projects, it is necessary that we consider and define our Company's intended "sphere of influence". Where Petro-Canada participates as a major interest holder or co-venturer in a project, or manages interests as an operator for the benefit of others, the Company can more directly influence operations and decision-making by communicating the security and human rights expectations for co-ventures. Where Petro-Canada holds a minority interest as an investor or participant in a project, the Company's influence is less direct. In either situation, Petro-Canada's expectations for human rights and security will be clearly established, taking into account these issues in their respective areas of operations, and communicated to management teams and monitored.

Petro-Canada's "sphere of effective influence" will reflect the company's relative size. It is Petro-Canada's intention to identify where and how the Company can best assist in promoting respect for human rights and advancing best practices with local communities, governments, joint venture partners and third parties to maximize impact.

Petro-Canada will manage security in accordance with the following principles:

- We will regularly and in response to any material change in circumstances assess security threats to business operations and manage the associated risks;
- We will ensure that appropriate security measures are in place such that we do not expose employees or our contractors and contracted service companies to significant or avoidable risk;
- We will ensure that appropriate response procedures are in place to minimize the impact of any security incident or emergency;
- We will introduce and maintain active programs to develop security awareness and responsibility among all employees, contractors and contracted service companies;

¹ Adapted from the Voluntary Principles on Security and Human Rights (UK/US 2001)

- We will endeavor to ensure that security operations are conducted in full compliance with the host country and international legal requirements and our Code of Business Conduct;
- We will endeavor to make contract service companies, contractors or other third parties conducting activities for Petro-Canada aware of this policy and take the necessary steps, to the best of our ability, to ensure they comply with it;
- We will only employ armed security when it is a legal or government requirement or there is no acceptable or practical alternative to manage the risk;
- We will record, analyze and investigate all reported security incidents directly involving our business operations or employees so that appropriate steps may be taken to prevent their recurrence;
- We will strive for continuous improvement in our understanding and management of security and related human rights issues and stay abreast of best practices with respect to these issues;
- We will not require that an individual continue to work in an environment which they reasonably consider to be insecure;

In addition, we will establish from time to time updates to assist in the implementation of these Guidelines.

The following Guidelines are designed to assist in the implementation of Petro-Canada's Security Program.

Public Security Services

We will observe the following guidelines in connection with our interactions with governments relating to the provision of public security to our operations:

- We will endeavor to enter into an agreement or understanding with any government or government institution that deploys public security forces (other than normal police forces) to safeguard our operations at our request ("public security protocols");
- We will endeavor to ensure that all public security protocols are consistent, to the greatest extent possible, with the Voluntary Principles on Security and Human Rights;
- We will endeavor to encourage governments to not employ irregular forces in connection with the provision of public security to our operations; and

- We will use reasonable efforts to promote the other provisions of the Voluntary Principles on Security and Human Rights relating to interactions between companies and public security, including advocacy and industry dialogue, having regard for the Company's sphere of influence.

Joint Ventures

From time to time, Petro-Canada enters into joint ventures in which it is a non-operator party. Before entering into a joint venture agreement, we will conduct a due diligence assessment to ascertain the need for security measures. In areas where special security measures are warranted, we will endeavor to influence the operator of each such joint venture to conduct its approach to security in a manner consistent with these Guidelines.

For such non-operated areas, we will endeavor to incorporate the following provisions into each new joint venture agreement where Petro-Canada is not the operator

- The operator shall provide each non-operator party with regular security reports with which to assess the current security risks;
- The operator will comply with a security policy that is substantially consistent with these Guidelines;
- There shall be a sub-committee of the joint venture's operating committee which has the mandate to periodically review compliance with the joint venture's security policy and recommend changes thereto; and
- Each non-operator party shall have the right to audit the provision of security to joint operations.

With respect to existing joint ventures, prior to September 14, 2005, in areas where special security measures are warranted, we will advocate operator behavior consistent with these Guidelines.

Use of Private Security Firms

In certain circumstances, it may be appropriate for Petro-Canada to contract with a private security firm for the provision of security services. Prior to entering into such a contract and where appropriate given the services to be provided, we will conduct a due diligence assessment of the private security firm and its management, including an assessment of the level of human rights training of its personnel, an assessment as to whether the firm has used excessive force in the past and an assessment of previous service to the host government (if any).



We will endeavor to include the following provisions in contracts with private security firms who provide security services to us:

- The firm shall be provided with a contract which stipulates the services that shall be provided;
- The private security firm shall observe and comply with all policies of Petro-Canada relating to ethical conduct and human rights as communicated to the private security firm from time to time, including without limitation, Petro-Canada's Code of Business Conduct;
- The private security firm shall comply with the law of the country in which it operates, including employment and tax laws; shall observe emerging best practices developed by industry, civil society, and governments and incorporate such best practices into the services which it provides Petro-Canada;
- The private security firm shall exercise restraint and caution in a manner consistent with applicable international guidelines regarding the use of force, including the U.N. Principles on the Use of Force and Firearms by Law Enforcement Officials and the U.N. Code of Conduct for Law Enforcement Officials, as well as with emerging best practices developed by industry, civil society, and governments;
- The private security firm shall provide Petro-Canada with its policies regarding appropriate conduct and the local use of force (e.g., rules of engagement). Petro-Canada shall have the right to monitor the security firm's practice under such policies, including the right to conduct detailed investigations into allegations of abusive or unlawful acts; the availability of disciplinary measures sufficient to prevent and deter; and procedures for reported allegations of abusive or unlawful acts to relevant local law enforcement authorities where appropriate;
- The private security firm shall provide only preventative and defensive services and will not engage in activities properly the responsibility of state military or law enforcement authorities;
- The private security firm shall (a) not employ individuals credibly implicated in criminal activity or human rights abuses to provide Petro-Canada with security services; (b) use force only when absolutely necessary and to an extent proportional to the threat; and (c) not violate the rights of individuals while they may be exercising the right to freedom of association and peaceful assembly, to engage in collective bargaining, or other related rights as recognized by the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work;

- In cases where physical force is used in connection with the provision of services to Petro-Canada, the private security firm will properly investigate and report the incident promptly to Petro-Canada. The private security firm will refer the matter to local authorities and take disciplinary action where appropriate. Further, the private security firm will promptly report to Petro-Canada all acts which constitute or may constitute human rights abuses committed by the security firm or any of its employees or sub-contractors and any third party allegations of same, whether committed in connection with the provision of services to Petro-Canada or otherwise;
- Where force is used, medical aid shall be provided to all injured persons, including the alleged offenders; and
- The private security firm shall maintain the confidentiality of information obtained as a result of its position as a security provider, except where to do so would jeopardize the principles of these Guidelines.

Contractors

We will endeavor to include the following provisions in the services contracts with each contracted service company or contractor who provides services to our operations in areas which warrant special security measures:

- The contracted service company or contractor shall ensure that any security it provides or contracts for, in relation to services it provides to Petro-Canada, is provided in a manner consistent with these Guidelines;
- Prior to entering into a sub-contract for private or public security services, the sub-contracted service company or contractor will consult with Petro-Canada;
- Petro-Canada will reserve the right to assume control of specific contractor obligations in certain controlled risk situations;
- The contracted service company or contractor will provide appropriate indemnification to Petro-Canada;
- The contracted service company or contractor will immediately report to Petro-Canada any security incidents; and
- Petro-Canada will have appropriate audit rights.

Petro-Canada will have the right to terminate the contract for any violation by a contracted service company or contractor of applicable provisions of these Guidelines.

Implementation and Management

- Petro-Canada Security reports to Petro-Canada's VP Human Resources and Environment, Health, Safety & Security, who is accountable for ensuring the safety of people and assets;
- Business unit managers/country managers will implement and manage security assessments, security measures, emergency response procedures and liaisons with host governments, peer companies, contractors and contracted service companies, in compliance with these Guidelines and with support from professionals in Petro-Canada's Environment, Health, Safety and Security Department. Any questions regarding Petro-Canada's approach to the establishment and maintenance of secure working environments or specific security related issues on the ground shall be directed to the Regional Manager, Country Manager or Petro-Canada's Manager Security Services;
- Any questions regarding human rights, corporate responsibility or related advocacy to governments and peer companies should be directed through line management to Petro-Canada's Director of Corporate Responsibility;
- Any significant incidents should be reported as soon as possible in accordance with Petro-Canada's Major Event Reporting Guidelines, ensuring that appropriate senior Petro-Canada management representative is informed;
- Recognizing the importance of these Guidelines, questions regarding these Guidelines should be referred to the appropriate Executive Officer of Petro-Canada;
- Employee who have concerns regarding actions inconsistent with these Guidelines may contact Petro-Canada's Ethics Hotline;
- All contracts for security services addressing medium and high security risks will be endorsed by Petro-Canada Environment, Health, Safety and Security.