

**Remarks by Sheelagh Whittaker, environment, health and safety committee chair
to the Annual Meeting of Shareholders
Calgary, Alberta
May 1, 2007**

Environment, Health and Safety

Sheelagh Whittaker
Committee Chair



Thank you, Mr. Chairman and good morning, ladies and gentlemen.

As chair of the Imperial board's safety, health and environment committee, part of my role is to provide you with a progress report on how Imperial has done each year in these critically important areas.

At last year's meeting, I was happy to report that 2005 had been a record-setting year of success in environment, health and safety.

However, today, while Imperial's performance continues to be amongst the very best in the industry, I'm sorry to say that in 2006 it did not quite measure up to the near-perfect level achieved in 2005.



I will begin with safety. After all, as I have said in the past, nothing is more important at Imperial. And in this category, work-related injuries and illnesses among Imperial's employees rose in 2006, with repetitive strain injuries now accounting for two-thirds of all office related injuries and illnesses.

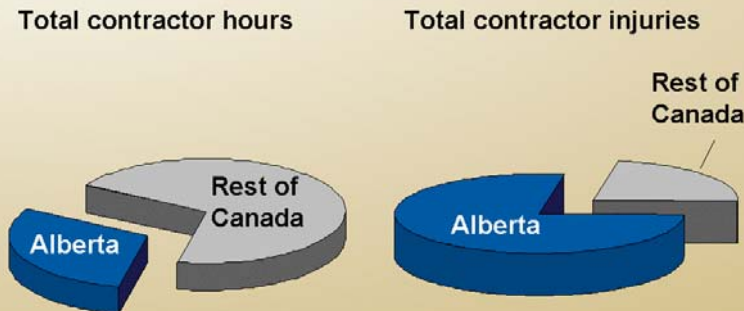
In response, Imperial is already re-emphasizing OIMS for Offices -- the operations integrity management system designed specifically for the office environment which focuses directly on human factors -- to help prevent injuries resulting from the interaction between people and equipment.



Contractor safety was a second area where performance fell short of the 2005 record.

As you may be aware, contractor injury remains a challenge across the industry and most particularly in Alberta. The high level of economic activity here has brought with it ample employment choices, healthy incomes and grounds for optimism about Alberta's and Canada's future. However, as well as creating more work it has also led to higher turnover and skill shortages. And these negatives have significantly impacted the safety performance of Imperial's contractors in Alberta.

The Contractor Safety Challenge



As you can see from this chart though Imperial's Alberta operations represent only about 40 per cent of the company's total contractor hours, 80 per cent of all contractor injuries occurred here in Alberta.

Improving Safety Performance

- Regular safety 'stand downs'
- Specialized training and mentoring for new workers
- Expanded job observations

And, armed with this knowledge, Imperial's management is already taking aggressive action to reverse this trend.

There are now regular safety "standdowns" at Imperial operations, specific occasions when work is temporarily halted so management can talk immediately to workers about particular workplace issues.

There is now specialized training for contractors with shorter service histories, those such as recent graduates or workers new to the oil industry. As part of the program, all inexperienced workers are now mentored by more seasoned ones and are required to wear green hardhats in the field so they can be more easily identified and supported.

Further, the company's job observation program has been expanded to ensure that appropriate planning has been completed before work even begins. At the Strathcona refinery, just north of us in Edmonton, supervisors do job observations on a weekly basis and the behaviours observed are measured against what we call a Safe Acts Index. When the score starts to creep up, it is a leading predictor of future injury risk.

While disappointed that Imperial's overall safety performance in 2006 did not match the previous year's best-ever level, my committee was still pleased at the many areas in which the prior year's gains were fully consolidated and even surpassed. Imperial's refineries are among the top performers in the industry. The Dartmouth refinery, for example, had simply an excellent year with not one recordable injury.

In all, our committee is confident that Imperial continues to have the right systems, tools and procedures to achieve the demanding safety goals set for it. And we believe that management, like the board, will continue to exert every effort until nobody...and I mean nobody....gets hurt.

Environmental Performance

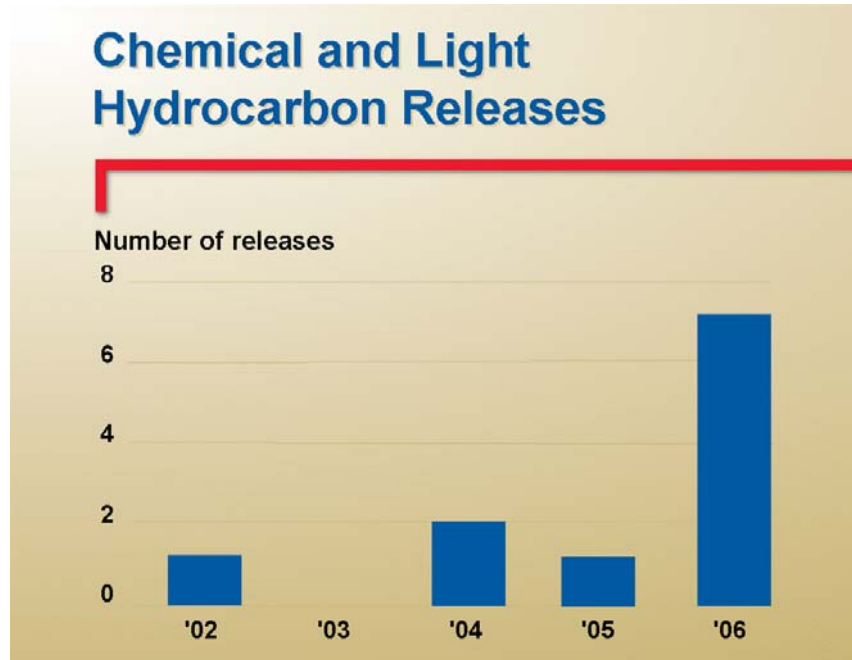
- **Lower air contaminant emissions**
- **Flat greenhouse gas emissions**
- **Producing ultra-low sulphur diesel**

Now, let's turn to environmental performance where, I'm pleased to report, the 2006 results were again mostly on the positive side.

- Emissions of air contaminants were down.
- Overall greenhouse gas emissions remained flat and close to 2002 levels, and
- Imperial's program of extensive refinery modifications to produce ultra-low sulphur diesel fuel was completed. This was a major undertaking which today delivers a new generation of fuel with fewer vehicle emissions and cleaner air for all of us.

Only in terms of operational incidents were the results less than we had hoped.

While the number of spills from 2005 to 2006 remained flat, the number of chemical and light hydrocarbon releases actually rose.



As you can see from this chart there were seven releases in 2006, up from just one in 2005 -- two of them the result of third party power failures, the remainder due to mechanical failures.

But Imperial's goal is zero spills and releases. And improvement is clearly required.

So I can now report that, just as it has been done in safety over recent years, resulting in levels of performance that surpassed the rest of the industry, the company is refocusing where the environment is concerned on prevention, through investments in training, in facilities and in improved procedures.

Imperial is determined to provide its leaders and employees with all the knowledge and skills required to ensure that environmental excellence is integrated not just into work practices but into the design, operation and maintenance of all of the company's facilities. Everyone will be expected to think and talk about the environment when planning and executing work in just the same way as they now routinely talk about safety and reliability.

As you've heard from me before, Imperial's vision...and watchwords...are "Protect Tomorrow. Today."

We know from experience that, when a company works as hard as Imperial does to get its safety and environmental performance right, it naturally gets a lot of other things right as well...things like healthier employees, greater energy efficiency, reduced waste and, as a result, a business that truly best serves both its shareholders and the entire community; now, and into the future.

Thank you.