



Notice of 2023 annual meeting  
of shareholders and  
management proxy circular

**Annual meeting of shareholders  
May 2, 2023  
Imperial Oil Limited**

***Cover photo:***  
**Strathcona Refinery, Edmonton, Alberta**  
**Home of the recently approved**  
**Strathcona renewable diesel project.**





## Notice of 2023 Annual Meeting of Shareholders

Dear Shareholder,

On behalf of the board and management, we are pleased to invite you to attend the annual meeting of shareholders of Imperial Oil Limited.

**When:** May 2, 2023 at 11:00 a.m. mountain standard time

**Where:** Virtual only, available online at  
[www.virtualshareholdermeeting.com/IMO2023](http://www.virtualshareholdermeeting.com/IMO2023)

The meeting will be called for the following purpose:

1. to consider the consolidated financial statements for the year ended December 31, 2022, and the auditor's report,
2. to reappoint the auditor for the ensuing year,
3. to elect directors for the ensuing year,
4. to vote on the shareholder proposals contained in this management proxy circular, and
5. to consider other business that may properly be brought before the meeting or any adjournment of the meeting.

To ensure continued health and safety and to facilitate broad engagement with our shareholders, employees and other stakeholders, the 2023 annual meeting of shareholders will be held in a virtual only format. Shareholders may attend and participate in the meeting online via live audio webcast, but will not be able to attend the meeting in person. Details on attending the virtual meeting can be found at page 7 of the management proxy circular and will be posted to the company's website at [www.imperialoil.ca](http://www.imperialoil.ca).

The Canadian securities regulators allow for the use of Notice and Access for delivery of the management proxy circular, annual financial statements and related management discussion and analysis to both the registered and non-registered shareholders of Imperial Oil Limited. The meeting material is not being mailed, but rather shareholders are provided with notice for where to find the meeting material online or how to request paper copies. The circular will provide you with additional details surrounding Notice and Access as well as provide information about the company and the business to be conducted at the meeting. Please review the circular before you cast your vote.

Holders of Imperial Oil Limited common shares of record at the close of business on March 3, 2023, are entitled to vote at the meeting and any adjournment of the meeting. It is important that your shares be represented at the meeting and that your wishes on matters for decision at the meeting are made known to the directors and management of the company. This will be assured, whether or not you attend the meeting, if you complete and submit the enclosed proxy as soon as possible. You may do so by mail, telephone, online or using your mobile device as described on the proxy form or voting instruction form.

Your proxy must be received prior to 5:00 p.m. (EDT) on Friday, April 28, 2023, or two days (excluding Saturdays, Sundays or statutory holidays) prior to any adjournment of the meeting. The effective date of the circular is February 8, 2023, on which date there were 584,152,718 common shares outstanding.

A webcast of the meeting will be available on our company website for viewing after the meeting.

**I.R. (Ian) Laing**

Vice-president, general counsel and corporate secretary  
March 16, 2023

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# Management Proxy Circular

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## Message from the chairman, president and chief executive officer

### 2023 Letter to shareholders

#### *Imperial strategically positioned to deliver continued shareholder value*

2022 was an exceptional year for the company, both in terms of operational and financial performance. Sustained actions taken during the past two years to improve cost, reliability and competitiveness, coupled with strong commodity prices, enabled us to achieve records across the organization.



Underpinning these results are an unrelenting focus across the organization on safety and reliability, and continued optimization of the company's integrated business model. We also advanced our emissions reduction plans across the organization.

In 2022, Imperial recorded net income of more than \$7.3 billion, a record for the company driven by higher realizations in the upstream and higher margins in the downstream, as well as high reliability across our operations. Our focus on strong operational performance and capital discipline delivered nearly \$10.5 billion in cash flow from operations. Capital expenditures of almost \$1.5 billion advanced key projects, including the completion of the Sarnia products pipeline, which improves our ability to supply refined products to markets in Ontario.

Throughout 2022, the company returned a record \$7 billion to its shareholders through our reliable and growing dividend and industry-leading share repurchase programs. 2022 marked the 28th consecutive year of dividend growth for the company.

#### **Operational highlights**

Imperial's Upstream business achieved full-year production of 416,000 gross oil-equivalent barrels per day, reflecting continued strong performance across the upstream assets. The company set a number of daily and quarterly records at Kearl, with annual total gross production of 242,000 barrels per day. Kearl's second half production was the highest in the asset's history, fully recovering from the cold weather impacts in early 2022.

Both Cold Lake and Syncrude delivered strong operational results, contributing to our overall upstream performance. Cold Lake averaged 144,000 barrels per day, the highest full-year production since 2018. Syncrude achieved the highest annual production in its history with 77,000 barrels per day, supported by the interconnecting bi-directional pipelines.

Imperial's downstream business achieved throughput of 418,000 barrels per day and best-ever full-year utilization of 98 percent in 2022, maximizing the supply of products available to the market. Petroleum product sales in 2022 were 475,000 barrels per day, up slightly over 2021 as demand levelled. The company continues to leverage the flexibility of our downstream business, making adjustments to capture market opportunities.

Chemicals delivered net income of \$204 million despite lower prices, demonstrating the value of its integration with the Sarnia refinery.

#### **Taking steps towards a lower emissions future**

As part of the company's efforts to provide solutions that lower the greenhouse gas emissions intensity of our operations and provide lower life-cycle emissions products to our customers, Imperial implemented a company-wide goal to achieve net-zero emissions (Scope 1 and 2) by 2050 in its operated assets. This work builds on the previously announced net-zero goal for operated oil sands as part of the Pathways Alliance initiative, as well as the company's 2030 emission intensity reduction goal for its operated oil sands assets. The company plans to achieve its net-zero goal by applying oil sands recovery technologies that use less steam, implementing carbon capture and storage and implementing efficiency projects including the use of lower carbon fuels at its operations.

We are already taking steps to put this plan into action. In January of this year, Imperial approved a \$720 million investment in a renewable diesel project located at the company's Strathcona Refinery near Edmonton. The project will be the largest of its kind in Canada, designed to produce more than one billion litres of renewable diesel annually, primarily from locally sourced feedstocks and could help reduce greenhouse gas emissions by about 3 million metric tons per year, based on Canada's Clean Fuel Regulations. The project is also expected to create about 600 direct construction jobs, along with hundreds more through investments by business partners.

Collaboration with government and industry partners will be key to achieving Imperial's net-zero goal. The company continues to progress work with the Pathways Alliance on a proposed geological storage hub, which would be one of the world's largest carbon capture and storage projects. We are also collaborating with others in the emissions reduction space, including a strategic agreement with E3 Lithium to advance a lithium extraction pilot in Leduc, Alberta. We also announced an exciting collaboration with FLO, a leading North American electric vehicle charging network, to jointly develop a charging service option for Imperial's Esso- and Mobil-branded wholesalers, alongside an agreement to transfer credits under federal Clean Fuel Regulations.

### **Remaining focused on the fundamentals**

In addition to reliability, cost and competitiveness, our continued focus on the fundamentals was key to our overall 2022 success. Imperial remains committed to excellence in managing safety, security, health and environmental risk across the organization.

The company continues to strengthen collaboration and partnerships with Indigenous communities in an effort to generate economic benefits and continue the journey of reconciliation. In 2022, Imperial surpassed \$4 billion in spending with Indigenous businesses since 2008 and achieved its highest annual Indigenous business spend in the company's history.

The company's strong 2022 performance was a result of the hard work and dedication of our workforce, and I want to share my sincere appreciation for their efforts. In addition to a steadfast focus on the business, Imperial employees are dedicated to their communities – donating and volunteering in the communities where they live and work. In 2022, more than \$550,000 was provided to nearly 850 charities and non-profits across Canada through ImpACT – the company's employee giving and volunteer matching program.

On behalf of the board of directors, the management team and all Imperial employees, we sincerely appreciate the trust our investors continue to have in the company and our ability to continue to create value for our shareholders, while meaningfully contributing to Canada's energy future.

### **Brad Corson**

Chairman, president and chief executive officer  
Imperial Oil Limited

## Proxy statement summary

The summary below is intended to highlight selected information about the company and the upcoming meeting of shareholders. More detail can be found throughout the circular and we encourage you to read the entire proxy statement carefully before casting your vote.

### 2023 Annual meeting of shareholders

<b>Date and time:</b>	May 2, 2023 at 11:00 a.m. mountain standard time
<b>Location:</b>	Virtual only, available online at <a href="http://www.virtualshareholdermeeting.com/IMO2023">www.virtualshareholdermeeting.com/IMO2023</a>
<b>Record date:</b>	March 3, 2023
<b>Mail date:</b>	March 16, 2023

### Voting matters and board recommendations

Voting items	Board voting recommendation
Reappointment of the auditor (page 12)	For
Election of the directors (starting on page 14)	For each of the director nominees
Shareholder proposals (Appendix B starting on page 102)	Against each of the proposals

### Overview of director nominees

	D.W. Cornhill	B.W. Corson	M.R. Crocker	S.R. Driscoll (c)	J. Floren (c)	G.J. Goldberg (c)	M.C. Hubbs
<b>Gender</b>	Male	Male	Male	Female	Male	Male	Female
<b>Age (as of February 8, 2023)</b>	69□	61□	49□	61□	64□	63□	56□
<b>Director since</b>	November 29, 2017	September 17, 2019	May 4, 2021	n/a	n/a	n/a	July 26, 2018
<b>Citizenship</b>	Canadian	United States	United States	Canadian	Canadian	United States	Canadian
<b>Independent director</b>	Yes	No	No	Yes	Yes	Yes	Yes
<b>Standing committee participation in 2022 (a)(b)</b>	AC ERC S&S N&CG* CC&E	CC&E	ERC S&S N&CG CC&E	n/a	n/a	n/a	AC ERC S&S N&CG CC&E*
<b>Board interlocks</b>	None	None	None	None	None	None	None
<b>2022 Meeting attendance</b>	94%	100%	100%	n/a	n/a	n/a	100%
<b># of other public companies</b>	1	0	0	1	1	1	1
<b>Financially literate</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Compensation experience</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Percentage of votes in favour at last AGM</b>	89.79%	97.39%	95.87%	n/a	n/a	n/a	99.06%

(a) AC – Audit Committee; ERC – Executive Resources Committee; S&S – Safety and Sustainability Committee; N&CG – Nominations and Corporate Governance Committee; CC&E – Community Collaboration and Engagement Committee  
\* indicates chair of that committee.

(b) K.T. Hoeg, J.M. Mintz and D.S. Sutherland are currently directors but are not standing for re-election at the annual meeting of shareholders. Ms. Hoeg is the chair of the audit committee, Mr. Mintz is the chair of the safety and sustainability committee and Mr. Sutherland is the chair of the executive resources committee.

(c) S.R. Driscoll, J. Floren, and G.J. Goldberg are being nominated for election as directors at the annual meeting of shareholders and are not currently directors.



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## 2022 Business performance highlights

- Delivered strong safety performance and effective enterprise risk management.
- Recognized as one of Canada's top employers by Mediacorp Canada Inc. for the third consecutive year.
- Demonstrated clear commitment to sustainability:
  - Published Imperial's Advancing Climate Solutions and Corporate Sustainability Reports.
  - Established the company's goal to reduce emissions intensity at its operated oil sands by 30% by 2030 compared with 2016 levels.
  - Progressed Pathways initiatives including technical design studies, field environmental studies and securing pore space for the Alliance to continue exploratory work to safely and permanently store CO<sub>2</sub>.
  - Entered into two of Imperial's largest ever contracts with Indigenous-owned companies to provide large-scale earthwork, land reclamation and mining support at our Kearn asset.
  - Continued deployment of boiler flue gas emissions reduction technology at Kearn, starting up 1 additional boiler unit, and fully funding remaining additional units.
  - Entered into a strategic collaboration with E3 Lithium to advance a lithium extraction pilot in Alberta.
  - Signed agreement with Atura Power to study the potential for green hydrogen production in Nanticoke, Ontario.
  - Entered long-term contract with Air Products to supply low-carbon hydrogen for Imperial's planned renewable diesel complex near Edmonton, Alberta.
  - Entered into a unique collaboration with FLO that will support Canada's net-zero emissions goals by expanding FLO's charging network for electric vehicles.
  - Progressed startup of world scale battery technology at Sarnia to optimize electricity consumption.
  - Continued to progress a feasibility study for advanced plastic recycling at our Sarnia site.
- Strong financial performance:
  - Record operating performance allowed Imperial to take advantage of high commodity prices to realize record earnings and cash flow from operating activities for the year.
  - Achieved net income of \$7,340 million.
  - Generated robust cash flow from operating activities of \$10.5 billion and free cash flow<sup>1</sup> of about \$9.9 billion, driven by portfolio optimization and disciplined capital spending.
  - Increased quarterly dividend declared to \$0.34 per share in the first quarter, and to \$0.44 per share in the fourth quarter of 2022, increasing the annual dividend paid for the 28th consecutive year. The quarterly dividend of \$0.44 per share represents a 63% increase year over year.
  - Record shareholder returns of over \$7.2 billion; including dividends of over \$0.8 billion and share repurchases of about \$6.4 billion under two substantial issuer bids of \$2.5 billion and \$1.5 billion respectively, and the accelerated completion of the company's normal course issuer bid.
  - Reduced outstanding debt by \$1 billion, further enhanced by the company's industry leading balance sheet and improved financial flexibility.
- Strong Upstream operational performance:
  - Produced 416,000 gross oil-equivalent barrels per day of full-year upstream production; driven by strong operations and a continued focus on low capital high return investments.
  - Kearn's second half production was the highest in the asset's history, bringing full-year production to 242,000 gross oil-equivalent barrels per day.
  - Achieved best-ever single-day production at Kearn of 360,000 gross oil-equivalent barrels per day on December 29, 2022, and matched best-ever quarterly production in the fourth quarter.
  - Produced 144,000 gross oil-equivalent barrels per day of full-year production at Cold Lake, the highest full-year production since 2018, which was driven by higher reliability and production enhancement initiatives including field optimizations and drilling.
  - Progressed construction of the Cold Lake Grand Rapids expansion project and accelerated phase 1 start-up to year-end 2023.
  - Syncrude produced 77,000 gross oil-equivalent barrels per day (Imperial's share) of full-year production, the highest annual production in its history, supported by the interconnect pipeline.
  - Optimized and focused portfolio by completing, together with ExxonMobil Canada, the sale of XTO Energy Canada for total cash consideration of approximately \$1.9 billion (\$0.9 billion Imperial's share).
- Strong Downstream and Chemical operational performance:
  - Achieved highest full-year capacity utilization in company history, increasing refinery capacity utilization by 9 percent to 98 percent with monthly crude throughput records achieved at all three refineries.
  - Achieved highest ever distillate production as a percentage of our total refining crude capacity.
  - Completed the Sarnia Products Pipeline project increasing capacity, improving reliability of supply, lowering logistics costs, and increasing sales in the high-value Toronto market.
  - Continued to progress plans to construct a world-class renewable diesel complex at Strathcona refinery, with a final investment decision announced in January, 2023.
  - Reliable operational performance supported Chemicals net income of \$204 million.

<sup>1</sup>non-GAAP financial measure – see *Frequently used terms* section on page 73 for definition.

## Proxy information and voting instructions

### Items for voting

At this meeting you will be voting on the following items:

- the reappointment of the auditor of the company,
- the election of the directors, and
- the shareholder proposals contained in this circular.

### Solicitation

This circular is furnished in connection with the solicitation by the directors and management of Imperial Oil Limited of proxies for use in voting at its annual meeting of shareholders on May 2, 2023. Proxies from registered shareholders will be solicited primarily by mail, but may also be solicited personally by employees of the company. Voting instructions or proxies from non-registered shareholders will be solicited primarily by mail by intermediaries, or by the company if the names and addresses of non-registered shareholders are provided by the intermediaries. The company will bear the cost of the solicitation.

### Who can vote

Shareholders as of 5:00 p.m. (EST) on March 3, 2023, or their duly appointed proxyholders, will be entitled to attend the meeting and to vote in person or by proxy. This was the record date for determining which shareholders are entitled to vote at the meeting. No person acquiring common shares after such date is entitled to vote at the meeting. Each shareholder entitled to vote at the meeting receives notification of notice and access of the meeting materials and the proxy voting form, all of which were sent to shareholders commencing on March 16, 2023. Each common share registered in your name in the list of shareholders entitles you to one vote at the annual meeting.

*It is important that your shares be represented at the meeting and that your wishes on matters for decision at the meeting are made known to the company.*

### Notice and Access

The company is using the notice and access provisions of *National Instrument 54-101* and *National Instrument 51-102* to provide meeting materials online for electronic access for both registered and non-registered shareholders ("Notice and Access"). In connection with the use of Notice and Access, the company has received exemptions from Corporations Canada under subsection 151(1) and 156 of the *Canada Business Corporations Act* to permit it to use Notice and Access.

Instead of mailing meeting materials to shareholders, the company has posted the Notice of Annual Meeting of Shareholders, the management proxy circular, the 2022 audited annual financial statements and related management discussion and analysis (collectively, the "Meeting Material") on its website at [www.imperialoil.ca/en-ca/company/investors/shareholder-services/annual-meetings](http://www.imperialoil.ca/en-ca/company/investors/shareholder-services/annual-meetings). In addition, the Meeting Material has been posted at <https://materials.proxyvote.com/453038> and to the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) under the Imperial Oil Limited profile.

Both registered and non-registered shareholders will receive a notification letter and a form of proxy or voting instruction form (the "Notification Material"). The Notification Material will, among other things, outline the matters to be addressed at the meeting, explain that the Meeting Material is available online and how to access the Meeting Material, and explain how to request paper copies at no charge.

The company is using Notice and Access because it reduces printing, paper and mailing costs associated with the company's shareholder meeting. In accordance with the Notice and Access provisions, the company has set the Record Date at least 40 days before the meeting.

Shareholders can receive a paper copy of the Meeting Material by using the methods described in the Notification Material. The Meeting Material will be sent out within three business days of the request, provided the request is made prior to the meeting date or any adjournment thereof. If a request is made after the meeting and within one year of the Meeting Material being filed, the company will mail the material within 10 calendar days of any request. Imperial will provide paper copies of the Meeting Material to shareholders who have standing instructions to receive paper copies by mail. Registered and non-registered shareholders who have signed up for electronic delivery will continue to receive the Notification Material and Meeting Material by email.

## Important information about the meeting

**The meeting will be conducted in a virtual only format.** Shareholders may attend and participate in the meeting online via live audio webcast, but will not be able to attend the meeting in person. The company's directors and senior management will be in attendance online and will be available to answer questions. The virtual only meeting format reflects Imperial's commitment to broad engagement with wide range of shareholders and to ensure the health and safety of its shareholders, directors, employees and other stakeholders.

## Attending the virtual meeting

To participate in the meeting, registered and non-registered (beneficial) shareholders or their proxyholders, will need to visit [www.virtualshareholdermeeting.com/IMO2023](http://www.virtualshareholdermeeting.com/IMO2023) and log-in. The webcast meeting allows you to attend the meeting live, submit questions and vote if you have not already done so in advance of the meeting. The meeting will begin promptly at 11:00 a.m. (MST) on May 2, 2023. Online check-in will begin starting 15 minutes prior, at 10:45 a.m. (MST). You should allow ample time for online check-in procedures.

Registered shareholders who have not appointed a proxyholder log-in to the meeting using the 16-digit control number included on their proxy form.

Duly appointed proxyholders of registered and non-registered (beneficial) shareholders log-in using the unique eight character identification number you create when you appoint your proxyholder. If you are a non-registered (beneficial) shareholder and wish to vote at the meeting, you must appoint yourself as proxyholder and log-in with the unique eight character identification number you create. Non-registered shareholders can also attend the meeting using the 16-digit control number found on your voting instruction form and ask questions, but will not be able to vote. Please see the "Appointee instructions" section below to ensure you or your proxyholder is able to access and vote at the meeting.

Guests will be able to attend the live webcast by joining as a guest at [www.virtualshareholdermeeting.com/IMO2023](http://www.virtualshareholdermeeting.com/IMO2023), but will not be able to submit questions or vote.

If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be posted on the virtual shareholder meeting log in page. The meeting platform is fully supported across browsers and devices running the most updated version of applicable software plug-ins. You should ensure you have a strong, preferably high-speed, internet connection wherever you intend to participate in the meeting.

## Voting information

**Registered shareholders** hold shares in their own name and hold an actual certificate for these shares that indicates the number of shares held in the company. If you are a registered shareholder, you can vote at the meeting or you can use the proxy form to appoint some other person to represent you and vote your shares at the meeting.

If you wish to vote at the meeting, do not use the proxy. You can log-in to the virtual meeting using the 16-digit control number included on your proxy form, and your vote will be taken and counted at the meeting. If you do not wish to attend the meeting or do not wish to vote at the meeting, you should use the enclosed proxy form. You can return the proxy form to Broadridge, in the envelope provided, so that it is received by 5:00 p.m. (EDT) on Friday, April 28, 2023. You may also cast your vote prior to the meeting by using one of the other voting methods set out in the Voting options section starting on the following page.

A proxy must be in writing and must be executed by the shareholder or by the shareholder's attorney authorized in writing, unless you have chosen to complete your proxy by telephone or online, as described on the proxy form and in the Voting options section starting on the following page. Unless otherwise specified, shareholder votes will be conducted by virtual ballot.



All shares represented by properly completed proxies received prior to 5:00 p.m. (EDT) on Friday, April 28, 2023, or two days (excluding Saturdays, Sundays or statutory holidays) prior to any adjournment of the meeting, will be voted in accordance with your instructions as specified in the proxy, on any ballot votes that take place at the annual meeting.

Signing the enclosed proxy form gives authority to B.W. Corson, M.C. Hubbs or D.W. Cornhill, all of whom are directors of the company, to vote your shares at the meeting. **You can appoint someone other than these directors to vote your shares. In order to appoint some other person to represent you as your proxyholder at the annual meeting, you must follow the instructions in the “Appointee instructions” section below by no later than 5:00 p.m. (EDT) on Friday, April 28, 2023 so that your proxyholder can log-in to the virtual meeting and vote on your behalf.**

Using your proxy does not preclude you from attending the virtual meeting using your 16-digit control number. If you log-in to the meeting and have already appointed a proxyholder, other than the named directors on the proxy form, you will be given the option to revoke all previously appointed proxies. You may then choose to revoke the previously appointed proxies and vote yourself, or allow your proxyholder to continue voting on your behalf.

### **Voting information – Non-registered shareholders**

**Non-registered shareholders** purchase their shares through a broker or intermediary and the account remains with them. The shares are held in the name of the brokerage firm and there is not an actual certificate of these shares, but rather the account is recorded on an electronic system.

Generally, non-registered shareholders will either be provided with (a) a request for voting instructions (the intermediary is required to send to the company an executed voting information form completed in accordance with any voting instructions received by it); or (b) a voting instruction form executed by the intermediary but otherwise uncompleted. Non-registered shareholders should follow the process outlined by their intermediaries to vote their proxies. Non-registered shareholders can vote by mail, telephone, online or using your mobile device as described on the voting instruction form.






**Non-registered shareholders who wish to attend and vote at the virtual meeting must first appoint themselves as proxyholder.** This is because the company does not have a record of the company’s non-registered shareholders and will have no knowledge of your shareholdings or entitlement to vote unless you appoint yourself as proxyholder. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting with their 16-digit control number found on your voting instruction form and ask questions, but will not be able to vote. Non-registered shareholders can also attend the meeting as guests, but will not be able to vote or ask questions at the meeting.

Non-registered shareholders may also appoint another person to attend and vote at the virtual meeting on their behalf. **In order to appoint yourself or some other person to represent you as your proxyholder and vote at the annual meeting, you must follow the instructions in the “Appointee instructions” section below by no later than 5:00 p.m. (EDT) on Friday, April 28, 2023.**

### **Voting options**

Shareholders are encouraged to vote in advance of the meeting at [www.proxyvote.com](http://www.proxyvote.com). Even if you currently plan to participate in the virtual meeting, you should consider voting your shares by proxy in advance so that your vote will be counted if you later decide not to attend the meeting or in the event that you are unable to access the meeting for any reason. The deadline for voting is 5:00 p.m. (EDT) on Friday, April 28, 2023.

Shareholders can vote using one of the following methods:

Proxy voting options	Registered and Non-registered shareholders by proxy form or voting instruction form
<b>Vote online</b> 	Go to web site <b>www.proxyvote.com</b> and follow the instructions to vote your shares. You will need to refer to your 16-digit control number printed on your proxy form or voting instruction form.
<b>Vote with your mobile device</b> 	Scan the QR code using your mobile device and follow the instructions to vote your shares. You will need to refer to your 16-digit control number printed on your proxy form or voting instruction form.
<b>Vote by mail</b> 	Complete and return your proxy form or voting instruction form in the prepaid business reply envelope provided or mail to Data Processing Centre, P.O. Box 3700, Stn Industrial Park, Markham, Ontario, L3R 9Z9.
<b>Vote by telephone</b> 	Using a touch-tone telephone, call toll free 1-800-474-7493 (English) or 1-800-474-7501 (French) and follow the instructions. You will need to refer to your 16-digit control number printed on your proxy form or voting instruction form. For US shareholders, please call 1-800-454-8683.
<b>Vote at the virtual meeting</b> 	<b>Registered shareholders</b> log-in using the 16-digit control number included on their proxy form and vote when prompted. <b>Duly appointed proxyholders of registered and non-registered (beneficial) shareholders</b> (including non-registered shareholders who have appointed themselves as proxyholder) log-in using the unique eight character identification number you create when you appoint your proxyholder and vote when prompted.

### Appointee instructions

If you wish to appoint someone to vote your shares for you at the meeting (other than the management nominees identified in the proxy form or voting information form), you must appoint that person as proxyholder. This includes registered shareholders who wish to appoint another person as proxyholder, and non-registered (beneficial) shareholders who wish to appoint themselves or another person as proxyholder. Carefully follow the instructions found on your proxy form or voting instruction form. It is important that you comply with the signature and return instructions provided on the form or by your intermediary.

When appointing a proxyholder, you will be asked to create a unique eight character identification number which will allow your appointee access to the meeting and to vote your shares on your behalf. You can appoint this proxyholder directly on your proxy form or voting instruction form or you may do so online at **www.proxyvote.com**.

In order for your proxyholder to be properly validated and access the meeting, you must provide your appointee with the exact name used in your appointment and the eight character appointee identification number. **If you do not designate the appointee information when completing your form of proxy or voting information form, or if you do not provide the appointee the exact appointee name and identification number, that other person will not be able to access the meeting and vote on your behalf.**

### Proxy deadline

You are encouraged to provide your voting instructions or appoint your proxyholder online at **www.proxyvote.com** no later than 5:00 p.m. (EDT) on Friday, April 28, 2023, or if the meeting is adjourned, at least 48 hours (not including Saturdays, Sundays or statutory holidays) prior to the reconvened meeting. Broadridge must receive your completed form of proxy or voting instruction form prior to the proxy deadline by mail or if voting online or by telephone as described in the Voting option section above. Providing your voting instructions or voting by the proxy deadline will ensure your vote is counted at the meeting even if you later decide not to attend the meeting or are unable to access it in the event of technical difficulties. If you attend and vote at the meeting during the live webcast, any proxy you have previously given will be revoked.

## Voting by proxy

In the absence of instructions, the shares will be voted as stated in the banner in **bold blue type** on pages 12 and 13.

- **FOR the reappointment of the auditor,**
- **FOR the election of nominated directors, and**
- **AGAINST each of the shareholder proposals.**

## Changing your vote

If you change your mind about how you want to vote your shares, you can revoke your proxy form or voting instruction form by voting again on the internet or by phone. You may also attend and vote at the meeting during the live webcast, which will revoke any proxy you have previously given.

Registered shareholders can also revoke their instructions by delivering a signed written notice changing their instructions to the head office of the company at 505 Quarry Park Boulevard S.E., Calgary, Alberta, Canada, T2C 5N1, at any time up to and including the last business day before the meeting at which the proxy is to be voted. Non-registered shareholders who wish to revoke their instructions but are unable to do so by voting again on the internet or by phone should consult their intermediary.

## Voting Results

Shareholder votes will be conducted by virtual ballot. Broadridge will count and tabulate the virtual ballots and votes by proxy. This is done independently of the company in order to preserve the confidentiality of individual shareholder votes, with the following exceptions: (a) where the proxy contains comments clearly intended for management; (b) where it is necessary to have reference to the proxy in order to determine its validity; or (c) where necessary in order to permit management to discharge its legal obligations to shareholders such as a proxy solicitation in opposition to the directors. A report on the voting results of the annual meeting will be available on our website at [www.imperialoil.ca](http://www.imperialoil.ca) and will be filed with the Canadian and United States securities regulators on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

## Submitting questions

As part of the meeting, there will be a live question period where management intends to answer all questions submitted before or during the meeting. Only shareholders may submit questions. Shareholders can submit questions in advance of the meeting by emailing [investor.relations@esso.ca](mailto:investor.relations@esso.ca). To ask a question during the meeting, please log into the meeting at [www.virtualshareholdermeeting.com/IMO2023](http://www.virtualshareholdermeeting.com/IMO2023). Once past the log-in screen, please click on "Ask a Question", type in your question and click "Submit".

All questions and answers provided at the meeting will be posted to the company's website as part of the transcript following the meeting. Guests will not be able to submit questions, either before or during the meeting. Further information about the meeting, including the agenda and rules of conduct, will be posted on the company's website at [www.imperialoil.ca](http://www.imperialoil.ca).

## Meeting amendments

The person named in the proxy form or voting instruction form will have discretionary authority with respect to amendments or variations of matters identified in the invitation to attend the 2022 annual shareholders' meeting and to other matters that may properly come before the meeting. As of the date of this circular, the directors of the company know of no such amendment, variation or other matter to be presented for action at the meeting.

## Webcast availability after the meeting

Shareholders who cannot attend the live virtual meeting are encouraged to listen to the webcast at their convenience by visiting the company's website at [www.imperialoil.ca](http://www.imperialoil.ca). A copy of the webcast will be available on the website for one year.

## Additional details

The company is authorized to issue 1,100,000,000 common shares and as at February 8, 2023, there were 584,152,718 common shares outstanding. The quorum for the annual meeting is five shareholders.

## Contact

For shareholders with questions, please contact Broadridge by email at [proxy.request@broadridge.com](mailto:proxy.request@broadridge.com), by telephone toll free at 1-844-916-0609 (English) or 1-844-973-0593 (French).



## Business of the meeting

### (i) Consolidated financial statements and auditor's report

The audited consolidated financial statements of the company for the year ended December 31, 2022 and the auditor's report thereon will be received at the meeting. The financial statements and the auditor's report are made available pursuant to the requirements of Notice and Access. Copies can also be obtained on our website at [www.imperialoil.ca](http://www.imperialoil.ca), have been reported online on SEDAR at [www.sedar.com](http://www.sedar.com) and are available in print by contacting the company's vice-president, general counsel and corporate secretary or the investor relations manager. Contact information can be found on page 81 of this circular.

### (ii) Reappointment of the auditor

The audit committee of the board of directors recommends that PricewaterhouseCoopers LLP ("PwC") be reappointed as the auditor of the company until the close of the next annual meeting. PwC has been the auditor of the company for more than five years and are located in Calgary, Alberta. PwC is a participating audit firm with the Canadian Public Accountability Board.

*Unless a proxy specifies that the shares it represents should be withheld from voting, the proxyholders named in the accompanying proxy intend to vote FOR the reappointment of PwC as the auditor of the company.*

### Auditor fees

The aggregate fees of PwC for professional services rendered for the audit of the company's financial statements and other services for the fiscal years ended December 31, 2022 and December 31, 2021 were as follows:

thousands of Canadian dollars	2022	2021
Audit fees	2,190	1,890
Audit-related fees	92	92
Tax fees	—	—
All other fees	—	—
Total fees	2,282	1,982

Audit fees included the audit of the company's annual financial statements, internal control over financial reporting, and a review of the first three quarterly financial statements in 2022. Audit-related fees included other assurance services including the audit of the company's retirement plan and royalty statement audits for oil and gas producing entities. The company did not engage the auditor for any other services.

The audit committee formally and annually evaluates the performance of the external auditor, recommends the external auditor to be appointed by the shareholders, recommends their remuneration and oversees their work. The audit committee also approves the proposed current year audit program of the external auditor, assesses the results of the program after the end of the program period and approves in advance any non-audit services to be performed by the external auditor after considering the effect of such services on their independence. All of the services rendered by the auditor to the company were approved by the audit committee.

### Auditor independence

The audit committee periodically discusses with PwC their independence from the company and from management. PwC have confirmed that they are independent with respect to the company within the meaning of the Rules of Professional Conduct of the Certified Professional Accountants of Alberta, the Public Company Accounting Oversight Board (United States) (PCAOB) and the rules of the U.S. Securities and Exchange Commission. The company has concluded that the auditor's independence has been maintained.

### (iii) Election of directors

The articles of the company require that the board have between five and fifteen directors. Each director is elected to hold office until the close of the next annual meeting. The company currently has seven directors. K.T. Hoeg, J.M. Mintz and D.S. Sutherland are currently directors but are not standing for re-election at the annual meeting of shareholders as they have reached the company's mandatory retirement age. S.R. Driscoll, J. Floren and G.J. Goldberg are not currently directors and are being nominated for election as directors for the first time.

The proxy form provides instructions for a shareholder to vote for or against any or all of the nominees for election as directors. All persons nominated were recommended to the board of directors by the nominations and corporate governance committee. The persons nominated are, in the opinion of the board of directors and management, well qualified to act as directors of the company for the coming year and have confirmed their willingness to serve as directors. The directors do not expect that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meeting, the proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be voted against any or all of the director nominees.

The nominees for election as director are: **D.W. (David) Cornhill, B.W. (Bradley) Corson, M.R. (Matthew) Crocker, S.R. (Sharon) Driscoll, J. (John) Floren, G.J. (Gary) Goldberg, and M.C. (Miranda) Hubbs.** See the Nominees for director section starting on page 14 for more details on the seven directors nominated for election.

Shareholders may vote **FOR** or **AGAINST** a vote for any or all of the nominees for director.

*Unless a proxy specifies that the shares it represents should be voted against a nominee, the proxyholders named in the accompanying proxy intend to vote FOR the election of the nominees.*

### (iv) Shareholder proposals

You will be asked to vote on two shareholder proposals that were submitted for consideration at the annual meeting of shareholders:

- Shareholder proposal No. 1 regarding the adoption of an absolute greenhouse gas reduction target,
- Shareholder proposal No. 2 regarding a report on the impact of the energy transition on asset retirement obligations.

The shareholder proposals and supporting statements, and the board and management response and recommendation for each, are set out in Appendix B to this circular.

Shareholders may vote **FOR** or **AGAINST** the shareholder proposals. Approval of the shareholder proposals requires the favourable vote of a majority of the votes cast.

*Unless a proxy specifies that the shares it represents should be voted for the proposals, the proxyholders named in the accompanying proxy intend to vote AGAINST the shareholder proposals.*

### (v) Other business

Management of the company does not intend to present any other business and is not aware of any amendments to the proposed business that have been presented for action by the shareholders other than those mentioned herein or in the notice of meeting.

### Forward-looking information

This management proxy circular contains forward-looking information based on the company's current expectations, estimates, projections and assumptions. Refer to the "Forward-looking statements" section at the end of this circular for more details on the risk factors and assumptions underlying this information. In this report, unless the context otherwise indicates, reference to the "company" or "Imperial" includes Imperial Oil Limited and its subsidiaries, and reference to ExxonMobil includes Exxon Mobil Corporation, the company's majority shareholder, and its affiliates, as appropriate.

## Nominees for director

The director nominee tables on the following pages provide information on the seven nominees proposed for election to the board of directors of the company. All of the nominees, with the exception of S.R. Driscoll, J. Floren and G.J. Goldberg, are now directors and have been since the dates indicated. K.T. Hoeg, J.M. Mintz and D.S. Sutherland are currently directors and are not standing for re-election in 2023 as they have all reached the company's mandatory retirement age for directors. Ms. Driscoll, Mr. Floren and Mr. Goldberg are not currently directors and are being nominated for election as directors for the first time.

Included in these tables is information relating to the director nominees' biographies, independence status, expertise, standing committee memberships, attendance, public board memberships and shareholdings in the company. The information is as of February 8, 2023, the effective date of this circular, unless otherwise indicated.

For more information on our director nominees, please see the Statement of corporate governance practice starting on page 21.

## Director nominee tables



**David W. Cornhill**  
Calgary, Alberta, Canada

**Nonemployee director (independent)**

**Age:** 69

**Director since:** November 29, 2017

**Skills and experience:** Leadership of large organizations, Operations/technical, Project management, Strategy development, Environment and sustainability, Audit committee financial expert, Financial expertise, Executive compensation, Risk management

Mr. Cornhill is a director of AltaGas Ltd., and is the chairman of the board of directors of TriSummit Utilities Inc. (formerly AltaGas Canada Inc.), a privately owned corporation. Mr. Cornhill is a founding shareholder of AltaGas (and its predecessors). He was chief executive officer of AltaGas from 1994 to 2016 and served as interim co-chief executive officer from July to December 2018. Prior to forming AltaGas, Mr. Cornhill served in various capacities with Alberta and Southern Gas Co. Ltd, including vice-president, finance and administration, treasurer and president and chief operating officer. Mr. Cornhill is an experienced leader in the business community and is a strong supporter of communities and community collaboration, investment and enhancement. He is a member of the Ivey Advisory Board at Western University. Mr. Cornhill holds a BSc (Hons.) degree and a MBA degree from Western University, and he was awarded an honorary Doctor of Laws degree by the University in 2015.

Imperial Oil Limited Ownership and Value of Equity (a) (b) (c) (d)					
	IMO Common Shares (% of class)	IMO Deferred Share Units (DSU)	Total Vested Equity Holdings (Common + DSU)	Restricted Stock Units (RSU)	Total Holdings * (Common + DSU + RSU)
Holdings as at February 8, 2023 (#)	12,500 (<0.01%)	13,308	25,808	16,900	42,708
Total market value as at February 8, 2023 (\$)	869,625	925,838	1,795,463	1,175,733	2,971,196
Year over year change (#)	0	2,355	2,355	2,000	4,355

\*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2022	Public Company Directorships in the Past Five Years*
Imperial Oil Limited board	8 of 8 (100%)	– AltaGas Ltd. (2010 – present)
Audit committee	5 of 5 (100%)	– AltaGas Canada Inc. (2018 – 2020)
Executive resources committee	6 of 7 (86%)	– Alterra Power Corp. (2008 – 2018)
Safety and sustainability committee	3 of 4 (75%)	
Nominations and corporate governance committee (Chair)	6 of 6 (100%)	*no public board interlocks
Community collaboration and engagement committee	1 of 1 (100%)	

Voting Results of 2022 Annual General Meeting:		Other Positions in the Past Five Years: (position, date office held, and status of employer)
<b>Votes in Favour:</b> 540,497,248 (89.79%)	<b>Votes Withheld:</b> 61,434,933 (10.21%)	– AltaGas Ltd., Chairman of the board (1994 – 2019) – AltaGas Ltd., Interim co-CEO (July to December 2018)



**Bradley W. Corson**  
Calgary, Alberta, Canada

**Non-independent director**

**Age:** 61

**Director since:** September 17, 2019

**Skills and experience:** Leadership of large organizations, Operations/technical, Project management, Global experience, Strategy development, Environment and sustainability, Financial expertise, Government relations, Executive compensation, Risk management

Mr. Corson was appointed as president and a director of Imperial Oil Limited on September 17, 2019, and assumed the additional roles of chairman and chief executive officer on January 1, 2020. Mr. Corson has worked for Exxon Mobil Corporation and its predecessor companies since 1983 in various upstream and downstream assignments, with responsibilities in the United States, Hong Kong and London. In his previous position, Mr. Corson was vice-president of Exxon Mobil Corporation and president of ExxonMobil Upstream Ventures, a division of Exxon Mobil Corporation.

Imperial Oil Limited Ownership and Value of Equity (a) (b) (c) (d)					
	IMO Common Shares (% of class)	IMO Deferred Share Units (DSU)	Total Vested Equity Holdings (Common + DSU)	Restricted Stock Units (RSU)	Total Holdings * (Common + DSU + RSU)
Holdings as at February 8, 2023 (#)	0	0	0	323,600	323,600
Total market value as at February 8, 2023 (\$)	0	0	0	22,512,852	22,512,852
Year over year change (#)	0	0	0	89,000	89,000

\*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2022	Public Company Directorships in the Past Five Years*
Imperial Oil Limited board (Chair)	8 of 8 (100%)	None
Community collaboration and engagement committee	1 of 1 (100%)	*no public board interlocks

Voting Results of 2022 Annual General Meeting:		Other Positions in the Past Five Years: (position, date office held, and status of employer)
<b>Votes in Favour:</b> 586,247,361 (97.39%)	<b>Votes Withheld:</b> 15,684,820 (2.61%)	– President, Imperial Oil Limited (2019 – present) – President, ExxonMobil Upstream Ventures (2015 – 2019) (Affiliate)



**Matthew R. Crocker**  
Spring, Texas, United States of America

**Non-independent director**

**Age:** 49

**Director since:** May 4, 2021

**Skills and experience:** Leadership of large organizations, Operations/technical, Project management, Global experience, Strategy development, Environment and sustainability, Financial expertise, Government relations, Executive compensation, Risk management

Mr. Crocker is senior vice-president, product, strategy and new assets for ExxonMobil's Low Carbon Solutions business since April, 2022 and is responsible for product development across the portfolio, creation and alignment on business strategies and has oversight for product execution and start-up of new assets. Mr. Crocker has also held leadership positions within refining, upstream business development, chemicals and controllers. Prior to his current position, Mr. Crocker was senior vice-president, fuels, at ExxonMobil Fuels and Lubricants Company, responsible for the global fuels value chain, from crude to customer.

Imperial Oil Limited Ownership and Value of Equity (a) (b) (c) (d)					
	IMO Common Shares (% of class)	IMO Deferred Share Units (DSU)	Total Vested Equity Holdings (Common + DSU)	Restricted Stock Units (RSU)	Total Holdings * (Common + DSU + RSU)
Holdings as at February 8, 2023 (#)	0	0	0	0	0
Total market value as at February 8, 2023 (\$)	0	0	0	0	0
Year over year change (#)	0	0	0	0	0

\*No share ownership guidelines apply

Board and Standing Committee Membership	Meeting Attendance 2022	Public Company Directorships in the Past Five Years*
Imperial Oil Limited board	8 of 8 (100%)	None
Executive resources committee	7 of 7 (100%)	*no public board interlocks
Safety and sustainability committee	4 of 4 (100%)	
Nominations and corporate governance committee	6 of 6 (100%)	
Community collaboration and engagement committee	1 of 1(100%)	

Voting Results of 2022 Annual General Meeting:		Other Positions in the Past Five Years: (position, date office held, and status of employer)
<b>Votes in Favour:</b> 577,063,393 (95.87%)	<b>Votes Withheld:</b> 24,868,788 (4.13%)	– Senior vice president, fuels, ExxonMobil Fuels & Lubricants Company, (2020 – Present) (Affiliate) – Vice-president, strategy and portfolio management, ExxonMobil Upstream Business Development Company (2019 – 2020) (Affiliate) – Special assignment, strategy and portfolio management, ExxonMobil Upstream Business Development Company (2019) (Affiliate) – Vice-president, intermediates, performance derivatives, ExxonMobil Chemical Company (2017 – 2019) (Affiliate)



**Sharon R. Driscoll**  
*Vancouver, British Columbia, Canada*

**Nonemployee director (independent)**

**Age:** 61

**Director since:** Not currently a member of the board; first nomination for election as director

**Skills and experience:** Leadership of large organizations, Project management, Global experience, Strategy development, Environment and sustainability, Audit committee financial expert, Financial expertise, Executive compensation, Risk management

Sharon Driscoll is the executive vice-president and advisor to the chief executive officer of Ritchie Bros. Auctioneers Incorporated. Ms. Driscoll joined Ritchie Bros. in July 2015 as the chief financial officer where she led global financial operations including capital allocation, financing strategies, treasury operations, risk management, investor relations and regulatory compliance. Ms. Driscoll also served as Co-CEO in 2019 to support the company's planned CEO transition. Prior to joining Ritchie Bros., Ms. Driscoll served as the executive vice-president and chief financial officer for Katz Group Canada Ltd. from 2013 to 2015 and senior vice-president and chief financial officer at Sears Canada Inc. from 2008 to 2013. Ms. Driscoll is a Chartered Professional Accountant and has a Bachelor of Commerce (Honours) degree from Queen's University. Ms. Driscoll also serves as a director of Empire Company Limited.

Imperial Oil Limited Ownership and Value of Equity (a) (b) (c) (d)					
	IMO Common Shares (% of class)	IMO Deferred Share Units (DSU)	Total Vested Equity Holdings (Common + DSU)	Restricted Stock Units (RSU)	Total Holdings * (Common + DSU + RSU)
Holdings as at February 8, 2023 (#)	0	0	0	0	0
Total market value as at February 8, 2023 (\$)	0	0	0	0	0
Year over year change (#)	0	0	0	0	0

\*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2022	Public Company Directorships in the Past Five Years*
Not currently a member of the board or any of its committees	n/a	– Empire Company Limited (2018 – Present) *no public board interlocks

Voting Results of 2022 Annual General Meeting:		Other Positions in the Past Five Years: (position, date office held, and status of employer)
<b>Votes in Favour:</b> n/a	<b>Votes Withheld:</b> n/a	– Ritchie Bros. Auctioneers Incorporated, Executive vice-president and advisor to CEO (2022 – present) – Ritchie Bros. Auctioneers Incorporated, Chief financial officer (2015 - 2022) – Ritchie Bros. Auctioneers Incorporated, Chief financial officer and Co-chief executive officer (2019)



**John Floren**  
*Oakville, Ontario, Canada*

**Nonemployee director (independent)**

**Age:** 64

**Director since:** Not currently a member of the board; first nomination for election as director

**Skills and experience:** Leadership of large organizations, Operations/technical, Project management, Global experience, Strategy development, Environment and sustainability, Financial expertise, Government relations, Information technology/cybersecurity oversight, Executive compensation, Risk management

Mr. Floren is the former president and chief executive officer of Methanex Corporation, and prior to that appointment held the positions of senior vice-president, global marketing and logistics and regional director, marketing and logistics, North America. Mr. Floren was an employee of Methanex for approximately 22 years and has worked in the chemical industry for over 37 years. He currently serves as a director of West Fraser Timber Co. Ltd. Mr. Floren holds a Bachelor of Arts in Economics from the University of Manitoba and attended the Harvard Business School's Program for Management Development, the International Executive Program at INSEAD and completed the Directors Education Program at the Institute of Corporate Directors.

Imperial Oil Limited Ownership and Value of Equity (a) (b) (c) (d)					
	IMO Common Shares (% of class)	IMO Deferred Share Units (DSU)	Total Vested Equity Holdings (Common + DSU)	Restricted Stock Units (RSU)	Total Holdings * (Common + DSU + RSU)
Holdings as at February 8, 2023 (#)	0	0	0	0	0
Total market value as at February 8, 2023 (\$)	0	0	0	0	0
Year over year change (#)	0	0	0	0	0

\*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2022	Public Company Directorships in the Past Five Years*
Not currently a member of the board or any of its committees	n/a	– West Fraser Timber Co. Ltd. (2016 – present) – Methanex Corporation (2013 - 2022) *no public board interlocks

Voting Results of 2022 Annual General Meeting:		Other Positions in the Past Five Years: (position, date office held, and status of employer)
<b>Votes in Favour:</b> n/a	<b>Votes Withheld:</b> n/a	– Methanex Corporation, President and chief executive officer (2013 – 2022)





## Gary J. Goldberg

Castle Pines, Colorado, United States of America

**Nonemployee director (independent)**

**Age:** 63

**Director since:** Not currently a member of the board; first nomination for election as director

**Skills and experience:** Leadership of large organizations, Operations/technical, Project management, Global experience, Strategy development, Environment and sustainability, Financial expertise, Government relations, Executive compensation, Risk management

Mr. Goldberg has more than 35 years of global experience in the mining industry, including in executive, operational and strategic roles, and currently serves as a non-executive director of BHP Group Limited. Mr. Goldberg served as the chief executive officer of Newmont Corporation from 2013 to 2019, and prior to that, was president and chief executive officer of Rio Tinto Minerals. Mr. Goldberg was also a non-executive director of Port Waratah Coal Services Limited and Rio Tinto Zimbabwe, and served as vice-chair of the World Gold Council, treasurer of the International Council on Mining and Metals, and chair of the National Mining Association in the United States.

Imperial Oil Limited Ownership and Value of Equity (a) (b) (c) (d)					
	IMO Common Shares (% of class)	IMO Deferred Share Units (DSU)	Total Vested Equity Holdings (Common + DSU)	Restricted Stock Units (RSU)	Total Holdings * (Common + DSU + RSU)
Holdings as at February 8, 2023 (#)	0	0	0	0	0
Total market value as at February 8, 2023 (\$)	0	0	0	0	0
Year over year change (#)	0	0	0	0	0

\*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2022	Public Company Directorships in the Past Five Years*
Not currently a member of the board or any of its committees	n/a	<ul style="list-style-type: none"> <li>BHP Group Limited (2020 – present)</li> <li>Newmont Corporation (previously Newmont Mining Corporation) (2013 – 2019)</li> </ul> <p>*no public board interlocks</p>

Voting Results of 2022 Annual General Meeting:		Other Positions in the Past Five Years: (position, date office held, and status of employer)
<b>Votes in Favour:</b>	<b>Votes Withheld:</b>	<ul style="list-style-type: none"> <li>Newmont Corporation, Executive advisor (2019 – 2020)</li> <li>Newmont Corporation, Chief executive officer (2018 – 2019)</li> <li>Newmont Corporation, President and chief executive officer (2013 – 2018)</li> </ul>
n/a	n/a	



## Miranda C. Hubbs

Toronto, Ontario, Canada

**Nonemployee director (independent)**

**Age:** 56

**Director since:** July 26, 2018

**Skills and experience:** Global experience, Strategy development, Environment and sustainability, Audit committee financial expert, Financial expertise, Information technology/cybersecurity oversight, Executive compensation, Risk management

Ms. Hubbs is currently an independent director of Nutrien Ltd. and also serves as a director of PSP Investments (Public Sector Pension Investment Board), New Self-Regulatory Organization of Canada and serves as vice-chair of the board of the Canadian Red Cross. Prior to retirement in 2011, Ms. Hubbs was executive vice president and managing director of McLean Budden, one of Canada's leading investment managers. Ms. Hubbs holds a BSc from Western University and an MBA from Schulich School of Business at York University and is a CFA charterholder. Ms. Hubbs serves on the ICD Climate Strategy Advisory Board and the Global Risk Institute Sustainable Finance Advisory Committee, holds the Fundamentals of Sustainability Accounting credential from the Sustainability Accounting Standards Board, and has received her CERT Certificate in Cybersecurity Oversight issued by the Software Engineering Institute at Carnegie Mellon University.

Imperial Oil Limited Ownership and Value of Equity (a) (b) (c) (d)					
	IMO Common Shares (% of class)	IMO Deferred Share Units (DSU)	Total Vested Equity Holdings (Common + DSU)	Restricted Stock Units (RSU)	Total Holdings * (Common + DSU + RSU)
Holdings as at February 8, 2023 (#)	0	16,735	16,735	15,600	32,335
Total market value as at February 8, 2023 (\$)	0	1,164,254	1,164,254	1,085,292	2,249,546
Year over year change (#)	0	2,352	2,352	3,300	5,652

\*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2022	Public Company Directorships in the Past Five Years*
Imperial Oil Limited board	8 of 8 (100%)	– Nutrien Ltd. (2018 – present)
Audit committee	5 of 5 (100%)	– Agrium Inc. (2016 – 2018)
Executive resources committee	7 of 7 (100%)	*no public board interlocks
Safety and sustainability committee	4 of 4 (100%)	
Nominations and corporate governance committee	6 of 6 (100%)	
Community collaboration and engagement committee (Chair)	1 of 1 (100%)	

Voting Results of 2022 Annual General Meeting:		Other Positions in the Past Five Years: (position, date office held, and status of employer)
<b>Votes in Favour:</b>	<b>Votes Withheld:</b>	None
596,301,725 (99.06%)	5,630,456 (0.94%)	

**Footnotes to director nominee tables on pages 14 through 17:**

- (a) The information includes the beneficial ownership of common shares of Imperial Oil Limited, which information not being within the knowledge of the company has been provided by the nominees individually.
- (b) The company's plan for restricted stock units for nonemployee directors is described on page 44. The company's plan for deferred share units for nonemployee directors is described on page 43. The company's plan for restricted stock units for selected employees is described on page 65.
- (c) The numbers for the company's restricted stock units represent the total of the outstanding restricted stock units received in 2016 through 2022 and deferred share units received since directors' appointment.
- (d) The value for Imperial Oil Limited common shares, deferred share units and restricted stock units is based on the closing price for Imperial Oil Limited common shares on the Toronto Stock Exchange of \$69.57 on February 8, 2023.

**Director and nominee holdings in Exxon Mobil Corporation (a)**

Director	XOM Common Shares (#)	XOM Restricted Stock (#) (b)	Total Common Shares and Restricted Stock (#)	Total Market Value of Common Shares and Restricted Stock (\$) (c)
B.W. Corson	120,676	73,850	194,526	<b>29,759,204</b>
M.R. Crocker	15,534	128,400	143,934	<b>22,019,479</b>
D.S. Sutherland	5,730	—	5,730	<b>876,594</b>

- (a) Holdings as at February 8, 2023. The information includes the beneficial ownership of common shares of Exxon Mobil Corporation, which information not being within the knowledge of the company has been provided by the nominees and directors individually. None of these individuals own more than 0.01 percent of the outstanding shares of Exxon Mobil Corporation. Current directors D.W. Cornhill, K.T. Hoeg, M.C. Hubbs and J.M. Mintz, and nominees S.R. Driscoll, J. Floren, G.J. Goldberg, do not own common shares or hold restricted stock of Exxon Mobil Corporation.
- (b) The numbers for Exxon Mobil Corporation restricted stock include outstanding restricted stock and restricted stock units granted under its restricted stock plan which is similar to the company's restricted stock unit plan.
- (c) The value for Exxon Mobil Corporation common shares and restricted stock is based on the closing price for Exxon Mobil Corporation common shares on the New York Stock Exchange of \$113.92 U.S., which is converted to Canadian dollars at the daily rate of exchange of \$1.3429 provided by the Bank of Canada for February 8, 2023.

**Majority voting policy**

In 2022, amendments to the *Canada Business Corporations Act* came into force implementing majority voting requirements for uncontested director elections. These amendments provide for the election of a director only if the number of "for" votes represents a majority of the votes cast both "for" and "against" the director. Following the implementation of these amendments, the company's existing majority voting policy was rendered redundant and was revoked by the board.

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## Corporate governance disclosure

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### 2022 Corporate governance highlights

- Five of seven of our directors and our director nominees are independent and meet the criteria for independence set by Canadian securities regulators, the SEC and the NYSE American LLC
- The directors are highly qualified with diversity of gender, background, experience and skill
- The company's independent directors have significant stock ownership requirements, all of which have been met. The independent directors collectively have more than \$23.3 million in shareholdings in the company
- The independent directors regularly meet in executive sessions without management present
- Shares of the company are listed on the TSX and trade on the NYSE American LLC and our corporate governance practices comply with applicable policies and practices of each exchange
- 96% average vote in favour for the election of our directors at the 2022 annual meeting
- Two of seven or 29% of the directors and director nominees, and 11 of 24 or 46% of the executive officers of the company and its major subsidiaries are women

## Corporate governance at a glance

Controlled company	Yes
Size of board	7
Number of independent directors (board and nominees)	5
Women on board (board and nominees)	2
Average attendance of directors at board and committee meetings	99%
Independent chair of the executive sessions	Yes
In camera sessions of independent directors at every board meeting	Yes
Independent status of audit committee	100%
Audit committee members financially literate	All
Independent status of executive resources committee	83%
Independent status of nominations and corporate governance committee	83%
Majority of independent directors on all committees	Yes
Individual director elections	Yes
Average tenure of director nominees (approximate)	2 years
Average age of director nominees (approximate)	60 years
Mandatory retirement age	72 years
Separate board chair and CEO	No
Number of board interlocks	None
No director serves on more than two boards of another reporting issuer	Yes
Share ownership requirements for independent directors	Yes
Share ownership requirements for chairman and chief executive officer	Yes
Board orientation and education program	Yes
Code of business conduct and ethics	Yes
Board and committee charters	Yes
Position descriptions for the chairman and chief executive officer and the chair of each committee	Yes
Skills matrix for directors	Yes
Annual board evaluation process	Yes
Annual advisory vote on executive compensation	No
Dual-class shares	No
Change of control agreements	No

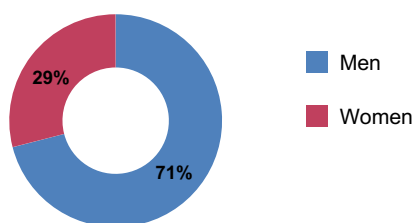
## Statement of corporate governance practice

*The company continually reviews its governance practices and monitors regulatory changes.*

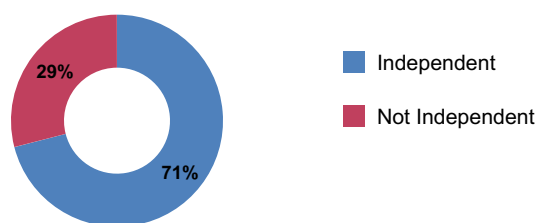
This section provides information pertaining to our board, the committees of the board, ethics, diversity and shareholder engagement. The company is committed to high corporate governance standards and best practices. The company's corporate governance policies and practices comply with and in most cases exceed the requirements of *National Instrument 52-110 Audit Committees (NI 52-110)*, *National Policy 58-201 Corporate Governance Guidelines (NP 58-201)* and *National Instrument 58-101 Disclosure of Corporate Governance Practices (NI 58-101)*. The company's common shares trade on the Toronto Stock Exchange and the NYSE American LLC and our corporate governance practices reflect the standards of these exchanges. In accordance with NYSE American LLC requirements for non-U.S. companies, the company is in compliance with NYSE American standards in all significant respects except as described on the company's website at [www.imperialoil.ca](http://www.imperialoil.ca).

### Composition of our board nominees

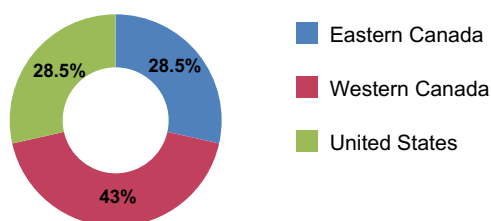
#### Gender



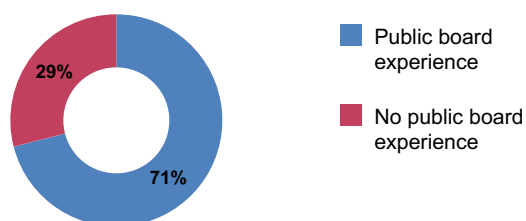
#### Independence



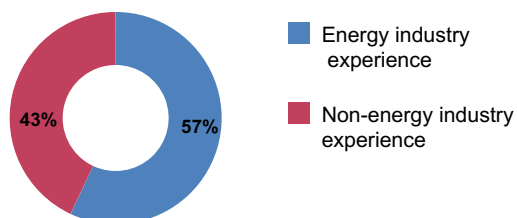
#### Regional association



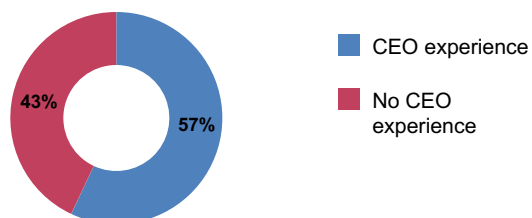
#### Public company board experience



#### Energy industry experience



#### CEO experience



More information on diversity, including on the board and among executive officers of the company, can be found at page 50.



## Tenure of our board nominees

The board charter provides that incumbent directors will not be re-nominated if they have attained the age of 72, except under exceptional circumstances and at the request of the chairman. The company does not have term limits for independent directors because it values the comprehensive knowledge of the company that long serving directors possess and independent directors are expected to remain qualified to serve for a minimum of five years.

K.T. Hoeg, J.M. Mintz and D.S. Sutherland are not standing for re-election in 2023 as they have reached the company's mandatory retirement age for directors. In anticipation of these retirements, the board undertook an extensive director recruitment process resulting in S.R. Driscoll, J. Floren and G.J. Goldberg being nominated for election to the board for the first time.

The following chart shows the current years of service of the nominees for the board of directors and the year they would normally be expected to retire from the board.

Name of director nominee	Years of service on the board	Year of expected retirement from the board for independent directors
D.W. Cornhill	5 years	2026
B.W. Corson	3 years	-
M.R. Crocker	2 years	-
S.R. Driscoll (a)	-	2034
J. Floren (a)	-	2031
G.J. Goldberg (a)	-	2031
M.C. Hubbs	4 years	2039

(a) S.R. Driscoll, J. Floren, and G.J. Goldberg are being nominated for election as directors at the annual meeting of shareholders and are not currently directors.

## Skills and experience of our board members and nominees

*Our directors bring a wide range of skills, diversity and experience.*

The current directors and director nominees collectively have the experience and expertise required to ensure effective oversight, stewardship and governance of the company. The key areas of experience and skills for each of the nominees for election as directors can also be found in each of the nominees tables on pages 14 through 18 of this circular.

The table below sets out the diverse skill set required of the board and identifies the particular experience, qualifications, attributes, and skills of each director and nominee that led the board to conclude that such person should serve as a director of the company.

	D.W. Cornhill	B.W. Corson	M.R. Crocker	S.R. Driscoll (a)	J. Floren (a)	G.J. Goldberg (a)	K.T. Hoeg (b)	M.C. Hubbs	J.M. Mintz (b)	D.S. Sutherland (b)
Leadership of large organizations	✓	✓	✓	✓	✓	✓	✓			✓
Operations / technical	✓	✓	✓		✓	✓				✓
Project management	✓	✓	✓	✓	✓	✓	✓			
Global experience		✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategy development	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environment and sustainability	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Audit committee financial expert	✓			✓			✓	✓		✓
Financial expertise	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Government relations		✓	✓		✓	✓			✓	✓
Information technology / cybersecurity oversight					✓			✓		
Executive compensation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(a) S.R. Driscoll, J. Floren and G.J. Goldberg are being nominated for election as directors at the annual meeting of shareholders and are not currently directors.

(b) K.T. Hoeg, J.M. Mintz and D.S. Sutherland are currently directors but are not standing for re-election at the annual meeting of shareholders.

## Independence of our board members and nominees

*Five out of seven of the director nominees are independent.*

The board is currently composed of seven directors, four of whom will be standing for re-election at the annual meeting of shareholders on May 2, 2023. K.T. Hoeg, J.M. Mintz and D.S. Sutherland will not stand for re-election in 2023 as they have reached the company's mandatory retirement age for directors. S.R. Driscoll, J. Floren and G.J. Goldberg are being nominated for election as directors at the annual meeting of shareholders and are not currently directors. The majority of the board and nominees (five out of seven) are independent. The independent directors and nominees are not employees of the company.

The board determines independence on the basis of the standards specified by *National Instrument 52-110 Audit Committees* (NI 52-110), the U.S. Securities and Exchange Commission rules and the listing standards of the NYSE American LLC. The board has reviewed relevant relationships between the company and each nonemployee director and director nominee to determine compliance with these standards.

Based on the directors' responses to an annual questionnaire, the board determined that none of the independent directors has any interest, business or other relationship that could or could reasonably be perceived to constitute a material relationship with the company. B.W. Corson is a director and chairman, president and chief executive officer of the company and not considered to be independent. The board believes that Mr. Corson's extensive knowledge of the business of the company and Exxon Mobil Corporation is beneficial to the other directors and his participation enhances the effectiveness of the board.

M.R. Crocker is also a non-independent director as he is an employee of Exxon Mobil Corporation. The company believes that Mr. Crocker, although deemed non-independent under the relevant standards by virtue of his employment, can be viewed as independent of the company's management and that his ability to reflect the perspective of the company's shareholders enhances the effectiveness of the board.

Name of director and nominee	Management	Independent	Not independent	Reason for non-independent status
D.W. Cornhill		✓		
B.W. Corson	✓		✓	B.W. Corson is a director and chairman, president and chief executive officer of Imperial Oil Limited.
M.R. Crocker			✓	M.R. Crocker is an employee of Exxon Mobil Corporation.
S.R. Driscoll (a)		✓		
J. Floren (a)		✓		
G.J. Goldberg (a)		✓		
K.T. Hoeg (b)		✓		
M.C. Hubbs		✓		
J.M. Mintz (b)		✓		
D.S. Sutherland (b)		✓		

(a) S.R. Driscoll, J. Floren and G.J. Goldberg are being nominated for election as directors at the annual meeting of shareholders and are not currently directors.

(b) K.T. Hoeg, J.M. Mintz and D.S. Sutherland are current directors, but are not standing for re-election at the annual meeting of shareholders.

## Committee membership of our board

*Each standing committee is chaired by a different independent director and all of the independent directors are members of each committee.*

The chart below shows the company's current standing committee memberships and the chair of each committee.

Director	Nominations and corporate governance committee	Audit committee (b)	Safety and sustainability committee	Executive resources committee	Community collaboration and engagement committee
D.W. Cornhill (c)	✓ Chair	✓	✓	✓	✓
B.W. Corson (a)	—	—	—	—	✓
M.R. Crocker (a)	✓	—	✓	✓	✓
K.T. Hoeg (c)	✓	✓ Chair	✓	✓	✓
M.C. Hubbs (c)	✓	✓	✓	✓	✓ Chair
J.M. Mintz	✓	✓	✓ Chair	✓	✓
D.S. Sutherland (c)	✓	✓	✓	✓ Chair	✓

(a) Not independent directors.

(b) All members of the audit committee are independent and financially literate within the meaning of National Instrument 52-110 Audit Committees and the listing standards of the NYSE American LLC.

(c) Audit committee financial experts under U.S. regulatory requirements.

In addition to its standing committees, the board may establish ad hoc committees or special committees from time to time. Two special committees of independent directors were active during 2022; one that was established in September, 2021, and one that was established in September, 2022, both for the purposes of considering certain matters. The special committees were chaired by D.W. Cornhill and consisted of the five independent directors.

## Number of meetings

The chart below shows the number of board and standing committee meetings held in 2022. This includes seven regular meetings and one additional special meeting of the board. With restrictions related to COVID-19 easing throughout the year, the majority of the board meetings in 2022 returned to an in-person format. More information on the board's activities in relation to COVID-19 can be found in the Risk oversight section starting on page 32.

Meetings of the board and standing committees in 2022:

Board				
8				
Audit committee	Executive resources committee	Safety and sustainability committee	Nominations and corporate governance committee	Community collaboration and engagement committee
5	7	4	6	1

## Attendance of our board members in 2022

**99% board and standing committee meeting attendance from all members.**

The following chart provides a summary of the attendance record of each of the directors in 2022. The attendance record of each director nominee is also set out in his or her biographical information on pages 14 through 18. The attendance chart also provides an overall view of the attendance per standing committee. Senior management directors and other members of management periodically attend standing committee meetings at the request of the committee chair.

Director	Board	Audit committee	Executive resources committee	Safety and sustainability committee (a)	Nominations and corporate governance committee	Community collaboration and engagement committee	Annual meeting	Total	Percentage by director
D.W. Cornhill	8 of 8	5 of 5	6 of 7	3 of 4	6 of 6 (chair)	1 of 1	1 of 1	<b>30 of 32</b>	<b>94%</b>
B.W. Corson	8 of 8 (chair)	—	—	—	—	1 of 1	1 of 1	<b>10 of 10</b>	<b>100%</b>
M.R. Crocker	8 of 8	—	7 of 7	4 of 4	6 of 6	1 of 1	1 of 1	<b>27 of 27</b>	<b>100%</b>
K.T. Hoeg	8 of 8	5 of 5 (chair)	7 of 7	4 of 4	6 of 6	1 of 1	1 of 1	<b>32 of 32</b>	<b>100%</b>
M.C. Hubbs	8 of 8	5 of 5	7 of 7	4 of 4	6 of 6	1 of 1 (chair)	1 of 1	<b>32 of 32</b>	<b>100%</b>
J.M. Mintz	8 of 8	5 of 5	7 of 7	4 of 4 (chair)	6 of 6	1 of 1	1 of 1	<b>32 of 32</b>	<b>100%</b>
D.S. Sutherland	8 of 8	5 of 5	7 of 7 (chair)	4 of 4	6 of 6	1 of 1	1 of 1	<b>32 of 32</b>	<b>100%</b>
<b>Percentage by committee</b>	<b>100%</b>	<b>100%</b>	<b>98%</b>	<b>96%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>195 of 197</b>	<b>Overall attendance 99%</b>

(a) In 2023, the public policy and corporate responsibility committee was changed to the safety and sustainability committee.



## Other public company directorships of our board members and nominees

*No director or nominee serves on more than two boards of another reporting issuer.*

The following table shows which directors and nominees serve on the boards of other reporting issuers and the committee memberships in those companies.

Name of director or nominee	Other reporting issuers of which director or nominee is also a director	Type of company	Stock symbol: Exchange	Committee appointments
D.W. Cornhill	AltaGas Ltd.	Diversified energy company	ALA:TSX	No committees
B.W. Corson	—	—	—	—
M.R. Crocker	—	—	—	—
S.R. Driscoll	Empire Company Limited	Food retailing	EMP.A:TSX	Audit committee (chair), Nominating and governance committee, and Corporate governance and social responsibility committee
J. Floren	West Fraser Timber Co. Ltd	Basic Materials-Forest Products	WFG:TSX	Health, safety and environment committee (chair), and Human resources and compensation committee, and Governance and nominating committee
G.J. Goldberg	BHP Group Limited	Basic Materials-Other industrial Metals and mining	BHP:ASX	Sustainability committee (chair) and Nominations and governance committee
K.T. Hoeg	New Flyer Industries Inc.	Manufacturer of heavy duty transit buses	NFI:TSX	Audit committee
M.C. Hubbs	Nutrien Ltd.	Fertilizer manufacturing	NTR:TSX, NYSE	Human resources and compensation committee and Safety and sustainability committee (chair)
J.M. Mintz	—	—	—	—
D.S. Sutherland	GATX Corporation	Commercial rail vehicles and aircraft engines – shipping	GMT:NYSE	Compensation committee (chair)
	United States Steel Corporation	Iron and steel	X:NYSE	Chairman of the board

## Interlocking directorships of our board members

As of the date of this proxy circular, there are no interlocking public company directorships among the directors listed in this circular.

## Director qualification and selection process

The nominations and corporate governance committee is responsible for identifying and recommending new candidates for board nomination. The committee identifies candidates from a number of sources, including executive search firms and referrals from existing directors. The process for selection is described in paragraph 10 (a) of the Board of Directors Charter found in Appendix A of this circular. The committee will consider potential future candidates as required.

In considering the qualifications of potential nominees for election as directors, the nominations and corporate governance committee considers the work experience and other areas of expertise of the potential nominees, with the objective of providing for diversity among the nonemployee directors. The following key criteria are considered to be relevant to the work of the board of directors and its committees:

### Work experience

- Experience in leadership of businesses or other large organizations (Leadership of large organizations)
- Operations/technical experience (Operations / technical)
- Project management experience (Project management)
- Experience in working in a global work environment (Global experience)
- Experience in development of business strategy (Strategy development)
- Experience with environmental, health, community relations and/or safety policy, practices and management (Environment and sustainability)

### Other expertise

- Audit committee financial expert (also see the financial expert section in the audit committee table starting on page 36)
- Expertise in financial matters (Financial expertise)
- Expertise in managing relations with government (Government relations)
- Expertise in information technology and cybersecurity oversight (Information technology / cybersecurity oversight)
- Expertise in executive compensation policies and practices (Executive compensation)
- Expertise in oversight of risk management policies and practices (Risk management)

The nominations and corporate governance committee may consider the following additional factors in assessing potential nominees:

- possessing expertise in any of the following areas: law, science, marketing, administration, social/political environment or community and civic affairs;
- individual competencies in business and other areas of endeavour in contributing to the collective experience of the directors; and
- providing diversity of age, regional association, gender and other diversity elements (including Aboriginal peoples, persons with disabilities and members of visible minorities).

The nominations and corporate governance committee assesses the work experience and other expertise each existing director possesses and whether the candidate is able to fill any gaps in such experience, expertise and diversity of age, regional association, gender and other diversity elements. More detailed information on diversity of the board, including in connection with the director recruitment process in 2022, can be found at page 50. Consideration is also given to whether candidates possess the ability to contribute to the broad range of issues with which the board and its committees must deal, are able to devote the necessary amount of time to prepare for and attend board and committee meetings and are free of any potential legal impediment or conflict of interest.

Candidates are expected to remain qualified to serve for a minimum of five years and independent directors are expected to achieve ownership of no less than 16,500 common shares, deferred share units and restricted share units within five years of becoming an independent director.

When the committee is recommending candidates for re-nomination, it assesses such candidates against the criteria for re-nomination as set out in paragraph 10 (b) of the Board of Directors Charter found in Appendix A of this circular. Candidates for re-nomination are expected not to change their principal position, the thrust of their involvement or their regional association in a way that would significantly detract from their value as a director of the corporation. They are also expected to continue to be compatible with the criteria that led to their selection as nominees. Under exceptional circumstances, the nominations and corporate governance committee, on the

request of the chairman, may continue to support the nomination of a director who has attained the mandatory retirement age.

In anticipation of K.T. Hoeg, J.M. Mintz and D.S. Sutherland reaching mandatory retirement age, the board and nominations and corporate governance committee began an extensive director recruitment process in 2021, including engaging executive search firms to cultivate a diverse selection of potential nominees. The board reviewed the recruitment process on a regular basis, including discussing numerous candidates, conducting extensive interviews and ensuring that all board members had the opportunity to meet the candidates to ensure a strong fit for the board. This process has resulted in three new nominees for the 2023 annual meeting, S.R. Driscoll, J. Floren and G.J. Goldberg, to replace Ms. Hoeg, Mr. Mintz and Mr. Sutherland upon their retirement.

Ms. Driscoll brings extensive chief financial officer, chief executive officer and board experience through various roles at Ritchie Bros. Auctioneers Incorporated, service as a director of Empire Company Limited and other corporate experience. Mr. Floren is the former president and chief executive officer of Methanex Corporation, with over 37 years experience in the chemicals industry and currently serving on the board of West Fraser Timber Co. Mr. Goldberg has more than 35 years of global experience including substantial chief executive officer experience in the mining industry, has served on various mining industry councils and organizations and is currently a nonemployee director of BHP Group Limited. The board is pleased to welcome these highly experienced and successful individuals as nominees, and looks forward to their leadership and oversight for the company.

## Director orientation, education and development

*The company regularly provides in-depth presentations to the directors on relevant and emerging issues and encourages continuing education opportunities.*

The corporate secretary organizes an orientation program for all new directors. In a series of meetings over several days, new directors are briefed by staff and functional managers on all significant areas of the company's operations, industry specific topics, risk oversight and regulatory issues. New directors are also briefed on significant company policies, organizational structure, security, information technology management and on critical planning and reserves processes. They also receive key governance and disclosure documents and a comprehensive board manual which contains a record of historical information about the company, by-laws, company policies, the charters of the board and its committees, other relevant company business information, information on directors' duties and additional board related activities and calendars. With S.R. Driscoll, J. Floren and G.J. Goldberg being nominated for election for the first time this year, the corporate secretary plans to commence an extensive orientation program shortly after their election to the board.

Continuing education is provided to board and committee members through regular presentations by management, which focus on providing more in-depth information about key aspects of the business. Subject to exceptional circumstances, each year the board has an extended meeting that focuses on a particular area of the company's operations and includes a visit to one or more of the company's operating sites or a site of relevance. These site visits help directors better understand the strengths and business opportunities unique to various operations and markets across the country, and enhance the board's perspective of the integrated nature of the company's business. In September 2022, the board visited the Sarnia refinery, chemical plant and research centre for a tour of the facilities and presentations specific to the operations and research at Sarnia.

Throughout 2022, the board and its committees received regular presentations and updates that focused on performance, strategy and opportunities for the business. Some of these presentations included ongoing reviews of upstream and downstream performance, plans and strategies, internal audit reviews, a pension management review, a review of harassment in workplace policy stewardship, community engagement strategy, litigation reviews, conflict of interest and ethics reviews and a competition and anti-corruption review. Recognizing the importance of cybersecurity oversight for the company, the board was also provided an information technology and cybersecurity update including strategic cybersecurity priorities, key security initiatives and mitigation efforts and system improvements throughout the year. The board continued to engage with management on pandemic specific topics throughout 2022, such as response and mitigation plans and actions, health and safety initiatives, strategic business actions and the company's response to the gradual lessening of restrictions across Canada over the year.

With strong market conditions and business performance throughout the year, the board focused on strategic direction, operational priorities, capital allocation and prioritizing shareholder returns. This included reviews and approval of the acceleration of the company's normal course issuer bid and the completion of two substantial issuer bids during the year, as well as the sale of the company's interests in XTO Energy Canada with proceeds used to reduce the company's outstanding debt.

The board also reviewed and discussed the company's various environmental, social and governance initiatives throughout the year, including the publication of the company's advancing climate solutions and sustainability reports. There was a continued focus by the board on the company's progress with emissions reduction initiatives, including the company's founding membership in the Oil Sands Pathways to Net Zero initiative and setting and tracking emissions reduction goals. The board also undertook reviews of disclosure and emissions performance, safety performance and Canada climate policy updates. More information on the board's role in relation to the environment can be found in the Risk oversight section starting on page 32.

Members of ExxonMobil's management also provide reviews of various aspects of ExxonMobil's global business. In 2022, the directors received a presentation on ExxonMobil's cybersecurity update, as well as an overview of ExxonMobil's corporate strategy and the ExxonMobil Outlook for Energy.

Members of the board receive an extensive package of materials prior to each board meeting that provides a comprehensive summary on each agenda item to be discussed. Similarly, the committee members also receive a comprehensive summary on each agenda item to be discussed by that particular committee. Informational communications and other written publications or reports of interest to the directors are also forwarded routinely.

The board members are canvassed as to whether there are any additional topics relevant to the board or to a specific committee that they would like to see addressed, and management schedules presentations covering these areas. In addition, at every meeting the board receives an extensive update from the chairman, president and chief executive officer on business environment trends, relevant geopolitical activities, federal government priorities, key provincial issues and competitor activities, as appropriate. Directors are encouraged to participate in other continuing education programs and events to ensure their skills and knowledge remain current.

### **Board performance assessment**

The board and its committees, as well as the performance of the directors, are assessed on an annual basis. For 2022, the directors engaged in a performance assessment with the chairman, president and chief executive officer, which includes discussion and evaluation of the board and each committee's effectiveness in various areas. The chairman, president and chief executive officer also meets regularly with directors individually to discuss any outstanding issues. The nominations and corporate governance committee discuss a summary of these assessment outcomes in the first quarter of each year.

### **Board and committee structure**

#### **Leadership structure**

The company has chosen to combine the positions of chairman, president and chief executive officer. The board believes the interests of all shareholders are best served at the present time through a leadership model with a combined chairman and chief executive officer position. Through more than 39 years of experience with ExxonMobil and Imperial, the current chief executive officer possesses an in-depth knowledge of the evolving energy industry supply and demand fundamentals and the array of challenges to be faced by the company. The board believes that the extensive experience and other insights put the chief executive officer in the best position to provide broad leadership for the board as it considers strategy and exercises its fiduciary responsibilities. Further, the board has demonstrated its commitment and ability to provide independent oversight of management.

The company does not have a lead director. While the chairman of the board is not an independent director, K.T. Hoeg, chair of the executive sessions of the board, provides leadership for the independent directors. The duties of the chair of the executive sessions include presiding at executive sessions, reviewing and modifying, if necessary, the agenda of the meetings of the board in advance to ensure that the board may successfully carry out its duties, and acting as a liaison with the chairman of the board, including the provision of feedback, as appropriate, from the executive sessions. The position description of the chair of the executive sessions, as well as the purpose of those executive sessions, are fully described in paragraphs 9 (c) and (d) of the Board of Directors Charter attached as Appendix A.

### **Independent director executive sessions**

The executive sessions of the board are in camera meetings of the independent directors and are held in conjunction with every board meeting. These meetings are held in the absence of management. The independent directors held eight executive sessions in 2022. The purposes of the executive sessions of the board include the following:

- raising substantive issues that are more appropriately discussed in the absence of management;
- discussing the need to communicate to the chairman of the board any matter of concern raised by any committee or director;
- addressing issues raised but not resolved at meetings of the board and assessing any follow-up needs with the chairman of the board;
- discussing the quality, quantity, and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties, and advising the chairman of the board of any changes required; and
- seeking feedback about board processes.

### **In camera sessions of the board committees**

Various committees also regularly hold in camera sessions without management present. The audit committee regularly holds private sessions of the committee members as well as private meetings of the committee with each of the external auditor, the internal auditor and senior management as part of every regularly scheduled committee meeting.

### **Committee structure**

The board has created five standing committees to help carry out its duties. Each committee is chaired by a different independent director and all of the independent directors are members of each committee. M.R. Crocker is also a member of each committee, with the exception of the audit committee, which is composed entirely of independent directors. B.W. Corson is also a member of the community collaboration and engagement committee. In 2023, the name of the public policy and corporate responsibility committee was changed to the safety and sustainability committee.



Board committees work on key issues in greater detail than would be possible at full board meetings, allowing directors to more effectively discharge their stewardship responsibilities. The independent chairs of the five committees are able to take a leadership role in executing the board’s responsibility with respect to a specific area of the company’s operations falling within the responsibility of the committee he or she chairs. The board and each committee have a written charter that can be found in Appendix A of this circular. The charters set out the purpose, structure, position description for the chair, and the responsibility and authority of that committee, and are reviewed and approved by the board annually.

In addition to its standing committees, the board may establish ad hoc committees or special committees from time to time.



### **Risk oversight**

The company is governed by a comprehensive and well-established risk management system, and the company's success in managing risk over time has been achieved through emphasis on execution of this disciplined management framework.



The company's risk management system includes a process for identifying, prioritizing, measuring, and managing the principal risks across the company, as well as assessing the company's response to these risks. The system is implemented at multiple levels of the business through various policies, guidelines, processes and systems, including:

- energy outlook scenarios;
- strategic planning;
- risk management guidelines;
- code of ethics and standards of business conduct;
- delegation of authority guidelines;
- credit risk assessment guidelines;
- controls and operations integrity management systems;
- capital project management systems;
- IT risk management (including information technology, systems and cybersecurity);
- guidelines for the management and protection of information; and
- business continuity plans.

For a discussion on the company's risk management in relation to executive compensation, see the Compensation discussion and analysis section starting on page 58.



The chairman, president and chief executive officer is charged with identifying the company's principal risks and ensuring appropriate systems are in place to manage these risks. The board of directors is responsible for reviewing the principal risks and overseeing the implementation of the risk management system, with the various committees assisting in risk oversight for issues that fall under their responsibility. This integrated risk management approach facilitates recognition and oversight of risk. For example, the audit committee oversees the company's system of internal accounting and financial controls, and the executive resources committee oversees the compensation programs and practices in relation to risk management.

The safety and sustainability committee oversees the policies and practices that manage environment, health, safety and security risk. This includes reviews of compliance with legislation and the assessment of public policy impacts on corporate performance, health and safety systems and performance, and the risks, actions and disclosure associated with climate change and the energy transition. As part of this assessment, the committee reviews the company's commitments to environmental sustainability priorities such as progressive reclamation, decommissioning and remediation, water conservation and use, air quality improvement, waste management and land use and biodiversity. Additionally, the committee and board provides oversight over the company's emission reduction goals, including the company's announcement in 2022 to reduce greenhouse gas emissions intensity (Scope 1, 2) for its operated oil sands facilities by 30 percent by 2030 relative to 2016 levels. As part of the company's efforts to provide solutions that lower the greenhouse gas emissions intensity of its operations and to provide lower life-cycle emission products to its customers, Imperial has also implemented a company-wide goal to achieve net-zero emissions (Scope 1, 2) by 2050 in its operated assets through collaboration with government and other industry partners. The board of directors evaluates climate change risk in the context of overall enterprise risk, including other operational, strategic, and financial risks. Imperial's board is actively engaged and committed to overseeing the company's efforts as it pursues a strategy that is resilient to a wide range of potential pathways for society's energy transition while continuing to grow shareholder value.

The COVID-19 pandemic and market conditions within the energy industry starting in 2020 has placed a significant emphasis on the board's role in risk oversight. Throughout 2022, the board remained fully engaged on the company's business and emergency response plans, health and safety protocols, market conditions and the company's response to the gradual lessening of restrictions across Canada over the year.

The board and its committees carry out their risk oversight responsibility through regular reviews and assessments. Topic-specific assessments, such as for compliance programs, controls, stewardship of business performance, regulatory changes, the company's energy outlook, and climate risk and sustainability are conducted regularly and as necessary. The board carefully considers various factors and risks in connection with specific proposals for capital expenditures, budget additions and strategic initiatives, as well as in evaluating strategic plans. Members of the board ask questions of management to ensure risks are identified, assessed, mitigated, and monitored. Each typical year, the board also visits one or more of the company's operating sites or locations of importance for the company to better understand issues associated with the company's business.

In the annual planning process, consideration is given to a diverse set of risks and other factors that may influence future energy supply and demand trends, including technological advancements, regulation and government policies, climate change, greenhouse gas restrictions, and other general economic conditions. It also takes into account emerging industry and economic conditions and market and government policy uncertainties in developing its strategic plans and longer-term price views. Further, the board is responsible for ensuring the company's strategic planning process is effective, and in doing so regularly reviews the process, key issues and various alternatives for future strategy development to inform updates. Business plans and strategies are reviewed on an annual basis and approved by the board.

The tables on the following pages provides additional oversight and other information about the board and its five standing committees:

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## Board of directors

The board of directors is responsible for the stewardship of the corporation. The stewardship process is carried out by the board directly or through one or more of the committees of the board. The formal mandate of the board can be found within the Board of Directors Charter in Appendix A of this circular. The board is satisfied that its activities over the year have fulfilled its mandate.

### Directors

- B.W. Corson (chair)
- D.W. Cornhill
- M.R. Crocker
- K.T. Hoeg
- M.C. Hubbs
- J.M. Mintz
- D.S. Sutherland

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### Number of meetings

Eight meetings of the board of directors were held in 2022, which included one special meeting of the board. The independent directors hold executive sessions of the board in conjunction with every board meeting. These meetings are held in the absence of management. The independent directors held eight executive sessions in 2022.

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### Board highlights in 2022

- Regularly discussed industry activity, market updates and company initiatives.
- Regularly discussed operational and project updates.
- Regularly discussed risk management and business controls environment.
- Regularly reviewed information technology, systems and cybersecurity strategies (including trends, risks, preparedness, mitigation, response, system improvements and business continuity strategies) to assess the security and integrity of the company's information, systems and assets.
- Discussed comprehensive company strategy for all business lines, including a focus on capital allocation and discipline.
- Implemented various mechanisms for enhancing shareholder returns, such as increasing the dividend, renewing and accelerating the company's normal course issuer bid program, and two substantial issuer bids.
- Provided oversight in support of safety, environmental performance and sustainability.
- Regularly discussed climate change policies, risks, opportunities and the company's climate strategy, including the company's founding partnership in the Oil Sands Pathways to Net Zero initiative.
- Reviewed various stages of key projects such as Strathcona's renewable diesel, Kearl in-pit tailings, Kearl autonomous haul vehicles and Cold Lake Grand Rapids Phase 1.
- Approved the sale of the company's interest in XTO Energy Canada.
- Conducted site visit to Sarnia including refinery, chemical plant and research centre.

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### Role in risk oversight

The company's financial, execution and operational risk rests with management and the company is governed by well-established risk management systems. The board of directors are responsible for reviewing the company's principal risks and overseeing the implementation of the appropriate systems to manage these risks. The board carefully considers these risks in evaluating the company's strategic plans and specific proposals for capital expenditures and budget additions. It also approves and monitors compliance with the code of ethics and business conduct, and ensures that executive officers create a culture of integrity throughout the company. The board reviews the company's information technology, systems and cybersecurity to ensure they adequately protect corporate information and assets. In 2022, the board's role in risk oversight included the company's continued response to the COVID-19 pandemic and adaptation to the gradual lessening of restrictions across Canada over the year.

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### Disclosure policy

The company is committed to full, true and plain public disclosure of all material information in a timely manner, in order to keep security holders and the investing public informed about the company's operations. The full details of the corporate disclosure policy can be found on the company's internet site at [www.imperialoil.ca](http://www.imperialoil.ca).

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### Independence

The current board of directors is composed of seven directors, the majority of whom (five of seven) are independent. The five independent directors are not employees of the company.

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## Audit committee

The role of the audit committee includes selecting and overseeing the independent auditor, reviewing the scope and results of the audit conducted by the independent auditor, and assisting the board in overseeing the integrity of the company's financial statements. In addition, the committee's role includes overseeing the company's compliance with legal and regulatory requirements and the quality and effectiveness of internal controls, approving any changes in accounting principles and practices, and reviewing the results of monitoring activity under the company's business ethics compliance program. The formal mandate of the committee can be found within the Audit Committee Charter in Appendix A of this circular. The committee is satisfied that its activities over the year have fulfilled its mandate.

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### Committee members

- K.T. Hoeg (chair)
- M.C. Hubbs (vice-chair)
- D.W. Cornhill
- J.M. Mintz
- D.S. Sutherland

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### Number of meetings

Five meetings of the audit committee were held in 2022. The committee members met in camera without management present and separately with the internal auditor and the external auditor at all regularly scheduled meetings. A pre-audit meeting also occurs prior to every regularly scheduled audit committee meeting with the chair of the audit committee and the chief financial officer and both the internal and external auditors.

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### Committee highlights in 2022

- Reviewed and recommended for approval the interim and full year financial and operating results.
- Reviewed and assessed the company's system of internal controls and auditing procedures, and the results of the internal auditor's audit program.
- Reviewed and assessed the external auditor plan, performance and fees.
- Reviewed evolving regulations and reporting obligations.
- Reviewed the committee's mandate and completed the committee self-assessment.
- Performed external auditor performance evaluation.
- Ensured the effectiveness of controls and procedures and integrity of financial statements was maintained.

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### Financial expertise

The company's board of directors has determined that D.W. Cornhill, K.T. Hoeg, M.C. Hubbs and D.S. Sutherland meet the definition of "audit committee financial expert". The U.S. Securities and Exchange Commission has indicated that the designation of an audit committee financial expert does not make that person an expert for any purpose, or impose any duties, obligations or liability on that person that are greater than those imposed on members of the audit committee and board of directors in the absence of such designation or identification. All members of the audit committee are financially literate within the meaning of *National Instrument 52-110 Audit Committees* and the listing standards of the NYSE American LLC.

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### Role in risk oversight

The audit committee also has an important role in risk oversight. The audit committee oversees risks associated with financial and accounting matters, including compliance with legal and regulatory requirements, and the company's financial reporting and internal controls systems. In addition, it reviews the scope of PricewaterhouseCoopers' audit in light of risks associated with the energy industry, the regulatory environment and company-specific financial audit risks. The committee also reviews financial statements and internal and external audit results, and any changes proposed to accounting principles and practices.

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### Independence

The audit committee is composed entirely of independent directors. All members met board approved independence standards, as that term is defined in *National Instrument 52-110 Audit Committees*, the U.S. Securities and Exchange Commission rules and the listing standards of the NYSE American LLC.

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## Executive resources committee

The executive resources committee is responsible for corporate policy on compensation and for specific decisions on the compensation of the chief executive officer and key senior executives and officers reporting directly to that position. In addition to compensation matters, the committee is also responsible for succession plans and appointments to senior executive and officer positions, including the chief executive officer. The formal mandate of the committee can be found within the Executive Resources Committee Charter in Appendix A of this circular. The committee is satisfied that its activities over the year have fulfilled its mandate.

### Committee members

- D.S. Sutherland (chair)
- D.W. Cornhill (vice-chair)
- M.R. Crocker
- K.T. Hoeg
- M.C. Hubbs
- J.M. Mintz

None of the members of the executive resources committee currently serves as a chief executive officer of another company.

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### Number of meetings

Seven meetings of the executive resources committee were held in 2022.

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### Committee highlights in 2022

- Reviewed performance and approved compensation for CEO and other executive officers
- Approved overall compensation budget and incentive program for the company
- Approved changes to non-executive restricted stock unit program
- Reviewed a number of workforce and organizational changes
- Continued focus on succession planning for senior management positions.

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### Committee members relevant skills and experience

D.W. Cornhill, K.T. Hoeg, M.C. Hubbs and D.S. Sutherland had extensive and lengthy experience in managing and implementing their respective companies' compensation policies and practices in their past role as chief executive officers or members of senior management. Mr. Cornhill, Ms. Hoeg, Dr. Mintz and Mr. Sutherland serve or have served on compensation committees of one or more public companies. Accordingly, committee members are able to use this experience and knowledge derived from their roles with other companies in judging the suitability of the company's compensation policies and practices.

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### Role in risk oversight

The executive resources committee oversees the compensation programs and practices that are designed to encourage appropriate risk assessment and risk management.

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### Independence

The members of the executive resources committee are independent, with the exception of M.R. Crocker, who is not considered to be independent under the rules of the U.S. Securities and Exchange Commission, Canadian securities rules and the rules of the NYSE American LLC due to his employment with Exxon Mobil Corporation. However, the Canadian Coalition for Good Governance's policy, "Governance Differences of Equity Controlled Corporations", views Mr. Crocker as a related director and independent of management and who may participate as a member of the company's executive resources committee. Mr. Crocker's participation helps to ensure an objective process for determining compensation of the company's officers and directors and assists the deliberations of this committee by bringing the views and perspectives of the majority shareholder.



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## Safety and sustainability committee

The role of the safety and sustainability committee is to review and monitor the company's policies and practices in matters of the environment, health, safety, security and sustainability. The committee monitors the company's compliance with legislative, regulatory and corporate standards in these areas, and reviews trends and current and emerging public policy. It also assesses the potential impacts of public policy on corporate performance.

The committee reviews safety and environmental performance, incidents and trends on a regular basis to ensure the company's focus on the safety of its employees, contractors and stakeholders and on operating in an environmentally responsible manner. It also provides oversight over sustainability and climate risk, including regular reviews and assessment of sustainability performance and initiatives, as well as climate risk within the company's risk management system and the strategies to address these risks. The formal mandate of the committee can be found within the Safety and Sustainability Committee Charter in Appendix A of this circular. The committee is satisfied that its activities over the year have fulfilled its mandate.

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### Committee members

- J.M. Mintz (chair)
- D.S. Sutherland (vice-chair)
- D.W. Cornhill
- M.R. Crocker
- K.T. Hoeg
- M.C. Hubbs

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### Number of meetings

Four meetings of the safety and sustainability committee were held in 2022.

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### Committee highlights in 2022

- Personnel and process safety systems, performance and incident review.
- Environmental performance review (greenhouse gas, other air emissions, water consumption).
- Updates on Canadian policy, regulatory change, potential impacts and Imperial's advocacy strategies (air quality, plastics, UN Declaration on the Rights of Indigenous Peoples).
- Review of climate change policies, risks, potential impacts and Imperial's advocacy and climate strategies.
- Review of Imperial's Advancing Climate Solutions and Sustainability Reports and related environmental, social and corporate governance disclosures and Imperial's disclosure strategy and plans.

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### Role in risk oversight

The safety and sustainability committee reviews and monitors the company's policies and practices in matters of environment, health, personnel and process safety and security, which policies and practices are intended to mitigate and manage risk in these areas. This includes specific reviews with respect to climate risk and the company's strategies to address these risks. It also includes pandemic and emergency response and continuity planning, which is a significant focus of reviews and discussions in relation to the COVID-19 pandemic. The committee receives regular reports from management on these matters.

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### Independence

The members of the safety and sustainability committee are independent, with the exception of M.R. Crocker.

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## Nominations and corporate governance committee

The role of the nominations and corporate governance committee is to oversee issues of corporate governance as they apply to the company, including the overall performance of the board, review potential nominees for directorship and review the charters of the board and any of its committees. The formal mandate of the committee can be found within the Nominations and Corporate Governance Committee Charter in Appendix A of this circular. The committee is satisfied that its activities over the year have fulfilled its mandate.

### Committee members

- D.W. Cornhill (chair)
- J.M. Mintz (vice-chair)
- M.R. Crocker
- K.T. Hoeg
- M.C. Hubbs
- D.S. Sutherland

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### Number of meetings

Six meetings of the nominations and corporate governance committee were held in 2022.

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### Committee highlights in 2022

- Approval of the statement of corporate governance practices.
- Engagement in board and committee self-assessment.
- Recommendation of director compensation and increase to share ownership requirements.
- Continued oversight of director recruitment process.
- Recommendation for special committees to consider certain matters.

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### Role in risk oversight

The nominations and corporate governance committee oversees risk by implementing an effective program for corporate governance, including board composition and succession planning.

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### Independence

The members of the nominations and corporate governance committee are independent, with the exception of M.R. Crocker, who is not considered to be independent under the rules of the U.S. Securities and Exchange Commission, Canadian securities rules and the rules of the NYSE American LLC due to his employment with Exxon Mobil Corporation. However, the Canadian Coalition for Good Governance's policy, "Governance Differences of Equity Controlled Corporations", views Mr. Crocker as a related director and independent of management and who may participate as a member of the company's nominations and corporate governance committee. Mr. Crocker's participation helps to ensure an objective nominations process and assists the deliberations of this committee by bringing the views and perspectives of the majority shareholder.

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## Community collaboration and engagement committee

The role of the community collaboration and engagement committee is to oversee all of the company's community investment activities, including charitable donations. The formal mandate of the committee can be found within the Community Collaboration and Engagement Committee Charter in Appendix A of this circular. The committee is satisfied that its activities over the year have fulfilled its mandate.

### Committee members

- M.C. Hubbs (chair)
- K.T. Hoeg (vice-chair)
- D.W. Cornhill
- B.W. Corson
- M.R. Crocker
- J.M. Mintz
- D.S. Sutherland

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### Number of meetings

One meeting of the community collaboration and engagement committee was held in 2022.

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### Committee highlights in 2022

- Imperial invested more than \$17M in Canadian communities in 2021 as reported using the London Benchmark Group model – a global standard for measuring and reporting community investment.
- In 2022, Imperial paid more than \$18M through community benefit agreements to Indigenous communities.
- Imperial surpassed \$4 billion in spending with Indigenous business since 2008 and achieved its highest annual Indigenous business spent in 2022.
- In response to growing stakeholder expectations to demonstrate ESG in action and related reporting standards, we further focused our social investment strategy and relationships to align with our sustainability pillars: climate, Reconciliation, inclusion and diversity, mental health and land conservation and water protection.
  - Contributed \$150K over three years to Quest Canada to support net-zero pathways for Indigenous communities in our operating areas.
  - Donated \$300,000 to KidSport to improve access to sport and drive positive mental health as part of our Fuel What Matters 3.0 campaign.
  - Planted more than 25,000 trees in urban areas of Southern Ontario.
  - Grew employee giving and volunteer matching ImpACT program – more than \$550,000 given to nearly 850 charities and non-profits across Canada in 2022.
  - Raised nearly \$2.7M in United Way campaign from employee/annuitant and corporate donations.

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### Independence

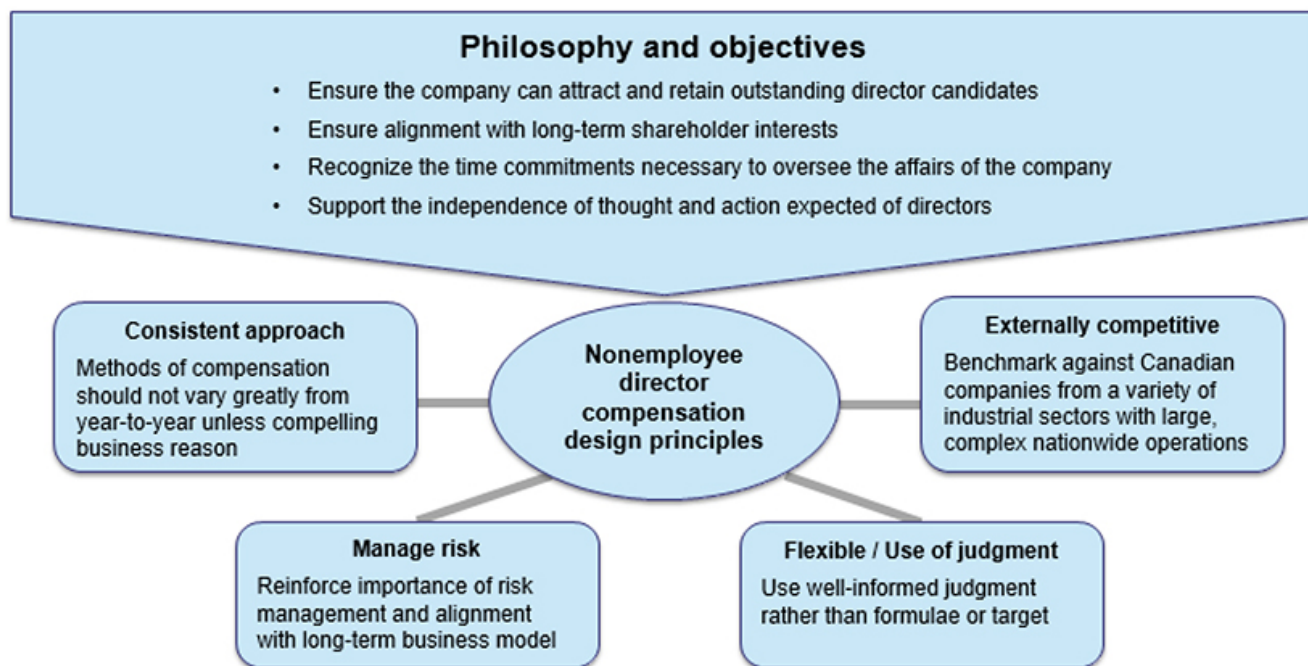
The majority of the members of the community collaboration and engagement committee are independent (five out of seven) with the exception of B.W. Corson and M.R. Crocker.

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## Director compensation

### Director compensation discussion and analysis

*Directors' compensation is intended to align the long-term financial interests of the directors with those of the shareholders.*



Nonemployee director compensation levels are reviewed by the nominations and corporate governance committee each year, and resulting recommendations are presented to the full board for approval. The committee relied on an internally-led assessment to provide competitive compensation and market data for directors' compensation, which assisted the committee in making a compensation recommendation for the company's directors. The internally-led assessment included a review of industry survey data, with this data being provided by an independent external consultant. The internal assessment maintained the compensation design philosophy, objectives and principles, and was consistent with previous methodology used in this analysis.

Employees of the company or Exxon Mobil Corporation receive no extra pay for serving as directors. Nonemployee directors receive compensation consisting of cash and restricted stock units. Since 1999, the nonemployee directors have been able to receive all or part of their cash directors' fees in the form of deferred share units. The purpose of the deferred share unit plan for nonemployee directors is to provide them with additional motivation to promote sustained improvement in the company's business performance and shareholder value by allowing them to have all or part of their directors' fees tied to the future growth in value of the company's common shares. The deferred share unit plan is described in more detail on page 43.

### **Compensation decision making process and considerations**

The nominations and corporate governance committee relies on market comparisons with a group of major Canadian companies with national and international scope and complexity. The company draws its nonemployee directors from a wide variety of industrial sectors and, as such, a broad sample is appropriate for this purpose. The nominations and corporate governance committee does not target any specific percentile among comparator companies at which to align compensation for this group.

The comparator companies included in the benchmark sample are as follows:

<b>Energy</b>	<b>Non-energy</b>
Canadian Natural Resources Limited	Air Canada
Cenovus Energy Inc.	Bank of Nova Scotia
Enbridge Inc.	BCE Inc.
Ovintiv Inc.	Canadian National Railway Company
Parkland Fuel Corporation	Nutrien Ltd.
Suncor Energy Inc.	Royal Bank of Canada
TC Energy Corporation	Sun Life Financial Inc.
	Teck Resources Limited
	TELUS Corporation
	Thomson Reuters Corporation
	The Toronto-Dominion Bank

### **Hedging policy**

Company policy prohibits all employees, including executives, and directors, from being a party to derivative or similar financial instruments, including puts, calls, or other options, future or forward contracts, or equity swaps or collars, with respect to the company or Exxon Mobil Corporation stock.

For a discussion on the process by which the compensation of the company's executive officers is determined, see the Compensation discussion and analysis section starting on page 58.

### **Compensation details**

#### **Board retainer**

The compensation of the nonemployee directors is assessed annually, and currently consists of a cash retainer for board membership and a grant of restricted stock units.

In 2021, the nominations and corporate governance committee reviewed and recommended a change to the annual grant of restricted stock units, increasing the grant from 3,000 to 3,300, with the annual retainer for board membership remaining at \$110,000 per year. The board subsequently approved this recommendation. During 2022, the committee recommended and the board approved no changes to nonemployee director compensation.

The following table summarizes the compensation terms for the nonemployee directors in 2022:

<b>Director compensation</b>	
<b>Annual retainer terms: (a)</b>	
<b>Cash retainer:</b>	
Board membership	\$110,000 annually
Committee chair	None
<b>Equity based compensation:</b>	
	3,300 units
Restricted stock units	(50% vests on each of the 5 <sup>th</sup> and 10 <sup>th</sup> anniversary dates of the grant)

(a) *The nonemployee directors may elect to take all or a portion of the cash retainer in the form of deferred share units. Nonemployee directors who are appointed to the board during any given year receive the full restricted stock unit grant and a prorated cash retainer based on the date of appointment.*

In addition to compensation for board membership, the board determines the compensation for special committee membership when the committee is established. For the special committee established in September, 2021, the board approved a 2022 cash retainer of \$15,000 for the chair and \$10,000 for members. There was no cash retainer in connection with the special committee established in September, 2022.

### **Equity based compensation**

#### **Deferred share units**

In 1999, an additional form of long-term incentive compensation (“deferred share units”) was made available to nonemployee directors. Nonemployee directors may elect to receive all or a portion of their cash compensation in the form of deferred share units.

The following table shows the portion of the retainer each nonemployee director elected to receive in cash and deferred share units in 2022.

<b>Director</b>	<b>Election for 2022 director’s fees in cash (%)</b>	<b>Election for 2022 director’s fees in deferred share units (%)</b>
D.W. Cornhill	0	100
K.T. Hoeg	0	100
M.C. Hubbs	0	100
J.M. Mintz	50	50
D.S. Sutherland	0	100

The number of deferred share units granted to a nonemployee director is determined at the end of each calendar quarter for that year, according to the following calculation:

- (i) the dollar amount of the nonemployee director’s fees for that calendar quarter that the director elected to receive as deferred share units;  
*divided by*
- (ii) the average of the closing price of the company’s shares on the Toronto Stock Exchange for the five consecutive trading days (“average closing price”) immediately prior to the last day of that calendar quarter.

Those deferred share units are granted effective the last day of that calendar quarter.



A nonemployee director is also granted additional deferred share units to represent dividends on unexercised deferred share units. These additional units are granted on the dividend payment dates for the company's common shares, according to the following calculation:

- (i) the cash dividend payable for a common share of the company divided by the average closing price immediately prior to the payment date for that dividend;  
*multiplied by*
- (ii) the number of unexercised deferred share units held by the nonemployee directors on the dividend record date.

A nonemployee director may only exercise deferred share units by the end of the calendar year following the year of termination of service as a director of the company, including termination of service due to death. No deferred share units may be exercised unless all of the deferred share units are exercised on the same date. On the exercise date, the cash value to be received for the units is determined based on the company's average closing price immediately prior to the date of exercise.

### **Restricted stock units**

In addition to the cash fees described above, the company pays a significant portion of director compensation in restricted stock units to align director compensation with the long-term interests of shareholders. The restricted stock unit plan is described in more detail beginning on page 65.

The number of restricted stock units granted annually was increased in 2016 from 2,000 units to 2,600 units, in 2018 to 3,000 units, and in 2021 to 3,300 units. Up until 2015, the vesting period for restricted stock units was 50 percent vesting on the third anniversary of the grant date (received in cash) and the remaining 50 percent vesting on the seventh anniversary of the grant date (with an option to receive in cash or common shares). In 2016, in order to better align the long-term financial interests of the directors with those of the shareholders, the vesting period was increased such that 50 percent vests on the fifth anniversary of the grant date and the remaining 50 percent vests on the tenth anniversary of the grant date. For all the units to be vested, directors may elect to receive one common share for each unit or a cash payment for the units. The vesting periods are not accelerated upon separation or retirement from the board, except in the event of death.

In contrast to the forfeiture provisions for restricted stock units held by employees of the company, the restricted stock units awarded to nonemployee directors are not subject to risk of forfeiture at the time a director leaves the company's board. This provision is designed to reinforce the independence of these board members. However, while on the board and for a 24-month period after leaving the company's board, restricted stock units may be forfeited if the nonemployee director engages in direct competition with the company or otherwise engages in any activity detrimental to the company. The board agreed that the word "detrimental" shall not include any actions taken by a nonemployee director or former nonemployee director who acted in good faith and in the best interest of the company.

Prior to vesting of the restricted stock units, the nonemployee directors receive amounts equivalent to the cash dividends paid to holders of common shares. The amount is determined for each cash dividend payment date by the following calculation:

- (i) the cash dividend payable for a common share divided by the average closing price immediately prior to the payment date for that dividend;  
*multiplied by*
- (ii) the number of unvested restricted stock units held by the nonemployee directors on the dividend record date.

### **Other reimbursement**

Nonemployee directors are also reimbursed for travel and other expenses incurred for attendance at board and committee meetings.

## Components of director compensation

The following table sets out the details of compensation paid to the nonemployee directors in 2022.

Director (a)	Annual retainer for board membership and special committee (\$) (b)	Restricted stock units (RSU) (#)	Total fees paid in cash (\$) (c)	Total value of deferred share units (DSU) (\$) (d)	Total value of restricted stock units (RSU) (\$) (e)	All other compensation (\$) (f)	Total compensation (\$)
D.W. Cornhill	125,000	3,300	—	125,000	239,646	35,844	400,490
K.T. Hoeg	120,000	3,300	—	120,000	239,646	98,580	458,226
M.C. Hubbs	120,000	3,300	—	120,000	239,646	37,448	397,094
J.M. Mintz	120,000	3,300	55,000	65,000	239,646	91,213	450,859
D.S. Sutherland	120,000	3,300	—	120,000	239,646	87,492	447,138

(a) As directors employed by the company or Exxon Mobil Corporation in 2022, B.W. Corson and M.R. Crocker did not receive compensation for acting as directors.

(b) D.W. Cornhill was chair of the special committees.

(c) "Total fees paid in cash" is the portion of the "Annual retainer for board membership and special committee" that the director elected to receive as cash. This amount is reported as "Fees earned" in the Director compensation table on page 46.

(d) "Total value of deferred share units" is the portion of the "Annual retainer for board membership and special committee" that the director elected to receive as deferred share units, as set out in the previous table on page 43. This amount plus the "Total value of restricted stock units" amount is shown as "Share-based awards" in the Director compensation table on page 46.

(e) The values of the restricted stock units shown are the number of units multiplied by the closing price of the company's shares on the date of grant, December 5, 2022 (\$72.62).

(f) Amounts under "All other compensation" consist of dividend equivalent payments on unvested restricted stock units and the value of additional deferred share units granted in lieu of dividends on unvested deferred share units. In 2022, D.W. Cornhill received \$18,330 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$17,514 in lieu of dividends on deferred share units. K.T. Hoeg received \$21,918 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$76,662 in lieu of dividends on deferred share units. M.C. Hubbs received \$14,976 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$22,472 in lieu of dividends on deferred share units. J.M. Mintz received \$21,918 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$69,295 in lieu of dividends on deferred share units. D.S. Sutherland received \$21,918 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$65,574 in lieu of dividends on deferred share units.

## Director compensation table

The following table summarizes the compensation paid, payable, awarded or granted for 2022 to each of the nonemployee directors of the company.

Name (a)	Fees earned (\$)(b)	Share- based awards (\$)(c)	Option- based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)(d)	Total (\$)
D.W. Cornhill	—	364,646	—	—	—	35,844	400,490
K.T. Hoeg	—	359,646	—	—	—	98,580	458,226
M.C. Hubbs	—	359,646	—	—	—	37,448	397,094
J.M. Mintz	55,000	304,646	—	—	—	91,213	450,859
D.S. Sutherland	—	359,646	—	—	—	87,492	447,138

- (a) As directors employed by the company or Exxon Mobil Corporation in 2022, B.W. Corson and M.R. Crocker did not receive compensation for acting as directors.
- (b) Represents all fees awarded, earned, paid or payable in cash for services as a director. The nonemployee directors are able to receive all or part of their directors' fees in the form of deferred share units.
- (c) Represents the value of the restricted stock units (calculated by multiplying the number of units by the closing price of the company's shares on the date of grant), plus the value of deferred share units (calculated by the portion of the "Annual retainer for board membership and special committee" that the director elected to receive as deferred share units as noted on page 43).
- (d) Amounts under "All other compensation" consist of dividend equivalent payments on unvested restricted stock units and the value of additional deferred share units granted in lieu of dividends on unvested deferred share units. In 2022, D.W. Cornhill received \$18,330 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$17,514 in lieu of dividends on deferred share units. K.T. Hoeg received \$21,918 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$76,662 in lieu of dividends on deferred share units. M.C. Hubbs received \$14,976 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$22,472 in lieu of dividends on deferred share units. J.M. Mintz received \$21,918 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$69,295 in lieu of dividends on deferred share units. D.S. Sutherland received \$21,918 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$65,574 in lieu of dividends on deferred share units.

### Five-year look back at total compensation paid to nonemployee directors

Year	Amount (\$)
2018	1,500,739
2019	1,251,395
2020	1,073,527
2021	1,557,202
2022	2,153,807

## Outstanding share-based awards and option-based awards for directors

The following table sets forth all outstanding awards held by nonemployee directors of the company as at December 31, 2022 and does not include common shares owned by the director.

Name (a)	Option-based awards				Share-based awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#) (b)	Market or payout value of share-based awards that have not vested (\$) (c)
D.W. Cornhill	—	—	—	—	30,208	1,992,218
K.T. Hoeg	—	—	—	—	72,602	4,788,102
M.C. Hubbs	—	—	—	—	32,335	2,132,493
J.M. Mintz	—	—	—	—	66,945	4,415,023
D.S. Sutherland	—	—	—	—	64,894	4,279,759

(a) As directors employed by the company or Exxon Mobil Corporation in 2022, B.W. Corson and M.R. Crocker did not receive compensation for acting as directors.

(b) Represents restricted stock units and deferred share units held as of December 31, 2022.

(c) Value is based on the closing price of the company's shares on December 31, 2022 (\$65.95).

## Incentive plan awards for directors – Value vested or earned during the year

The following table sets forth the value of the awards that vested or were earned by each nonemployee director of the company in 2022.

Name (a)	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
D.W. Cornhill	—	99,190	—
K.T. Hoeg	—	175,490	—
M.C. Hubbs	—	—	—
J.M. Mintz	—	175,490	—
D.S. Sutherland	—	175,490	—

(a) As directors employed by the company or Exxon Mobil Corporation in 2022, B.W. Corson and M.R. Crocker did not receive compensation for acting as directors.

(b) Represents restricted stock units granted in 2015 and 2017, which vested in 2022. Value is based on the average of the weighted-average price (as determined by the Toronto Stock Exchange) of common shares of the company on the vesting date and the four consecutive trading days immediately prior to the vesting date.

## Share ownership guidelines of independent directors and chairman, president and chief executive officer

Independent directors are required to hold the equivalent of at least 16,500 shares of Imperial Oil Limited, including common shares, deferred share units and restricted stock units within five years from the date of appointment to the board.

The chairman, president and chief executive officer has separate share ownership requirements and must, within three years of his appointment, acquire shares of the company, including common shares and restricted stock units, of a value of no less than five times his base salary.

The board of directors believes that these share ownership guidelines will result in an alignment of the interests of board members with the interests of all other shareholders. As of the date of this circular, the independent directors currently have holdings of 335,484 shares which is more than three times the required guideline.

	Minimum share ownership requirement	Time to fulfill
Chairman, president and chief executive officer	5 x base salary	Within 3 years of appointment
Independent directors	16,500 shares	Within 5 years of initial appointment

The chart below shows the shareholdings of the independent directors and the chairman, president and chief executive officer of the company as of February 8, 2023, the record date of the management proxy circular.

Director	Director since	Amount acquired since last report (February 16, 2022 to February 8, 2023) (#)	Total holdings (includes common shares, deferred share units and restricted stock units) (#)	Market value of total holdings (a) (\$)	Minimum shareholding requirement	Minimum requirement met
D.W. Cornhill	November 29, 2017	4,355	42,708	2,971,196	16,500	Yes
B.W. Corson	September 17, 2019	89,000	323,600	22,512,852	Five times base salary	Yes
K.T. Hoeg	May 1, 2008	4,241	72,602	5,050,921	16,500	Yes
M.C. Hubbs	July 26, 2018	5,652	32,335	2,249,546	16,500	Yes
J.M. Mintz	April 21, 2005	3,215	67,945	4,726,934	16,500	Yes
D.S. Sutherland	April 29, 2010	4,058	119,894	8,341,026	16,500	Yes
<b>Total accumulated holdings (#) and value of directors' holdings (\$)</b>			<b>659,084</b>	<b>45,852,475</b>		

(a) The amount shown in the column "Market value of total holdings" is equal to the "Total holdings" multiplied by the closing price of the company's shares on the proxy circular record date February 8, 2023 (\$69.57).

For information relating to compensation of the company's named executive officers, see the Compensation discussion and analysis section starting on page 58.

## Ethical business conduct

*The company is committed to high ethical standards through its policies and practices.*

The company's directors, officers and employees are responsible for developing, approving and implementing plans and actions designed to achieve corporate objectives. In doing so, they are expected to observe the highest standards of integrity in the conduct of the company's business, with the methods employed to attain results being as important as the results themselves.

The board has adopted a written code of ethics and business conduct (the "Code") which can be found on the company's website at [www.imperialoil.ca/en-CA/Investors/Investor-relations](http://www.imperialoil.ca/en-CA/Investors/Investor-relations), including any applicable amendments. The Code applies to each of the company's directors, officers and employees, and consists of the ethics policy, the conflicts of interest policy, the corporate assets policy, the directorships policy and the procedures and open door communication. No person in the company has the authority to make exceptions or grant waivers with respect to its foundational policies. There have been no material change reports filed in the past 12 months pertaining to conduct of a director or executive officer that constitute a departure from the Code. In addition, the directors of the company must comply with the conflict of interest provisions of the *Canada Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that the directors exercise independent judgment in considering transactions and agreements in respect of which such director has a material interest.

Under the company's procedures and open door communication, employees are encouraged and expected to refer suspected violations of the law, company policy or internal controls and procedures by various means, including to their supervisors or the company's ethics advisor, controller or general auditor. Imperial also has an ethics "hotline" that is operated by a third-party service provider and offers confidential, anonymous reporting 24 hours a day, seven days a week. Suspected violations involving a director or executive officer, as well as any concern regarding questionable accounting or auditing matters are to be referred directly to the internal auditor. The audit committee initially reviews all issues involving directors or executive officers, and then refers all issues to the board of directors. In the alternative, employees may also address concerns to individual nonemployee directors or to nonemployee directors as a group. No action may be taken or threatened against employees for asking questions, voicing concerns, or making complaints or suggestions in good faith.

Management provides the board of directors with a review of corporate ethics and conflicts of interest on an annual basis. The company's internal auditors audit each business line's compliance with the program and report to the audit committee. Directors, officers and employees review the company's standards of business conduct (which includes the Code) on an annual basis, with independent directors and all employees being required to sign a declaration confirming that they have read and are familiar with the standards of business conduct. In addition, every four years a business practices review is conducted in which managers review the standards of business conduct with all employees in their respective work units.

The board, through its audit committee, examines the effectiveness of the company's internal control processes and management information systems. The board consults with the external auditor, the internal auditor and the management of the company to ensure the integrity of the systems.

There are a number of structures and processes in place to facilitate the functioning of the board independently of management. The board has a majority of independent directors. Each committee is chaired by a different independent director and all of the independent directors are members of each committee. The audit committee is composed entirely of independent directors. Each other committee (except the community collaboration and engagement committee) is composed entirely of the independent directors and M.R. Crocker, who is an employee of Exxon Mobil Corporation and although deemed non-independent under the relevant standards by virtue of his employment, is viewed as independent of the company's management. The agendas of each of the board and its committees are not set by management alone, but by the board as a whole and by each committee. A significant number of agenda items are mandatory and recurring. Board meetings are scheduled at least one full year in advance. Any director may call a meeting of the board or a meeting of a committee of which the director is a member. There is a board-prescribed flow of financial, operating and other corporate information to all directors. The board may also utilize ad hoc or special committees when considering various matters.



The independent directors conduct executive sessions in the absence of members of management. These meetings are chaired by K.T. Hoeg, the independent director designated by the independent directors to chair and lead these discussions. Eight executive sessions were held in 2022.

The company's delegation of authority guide provides that certain matters of the company are reviewed by functional contacts within ExxonMobil. The company's employees are regularly reminded that they are expected to act in the best interests of the company, and are reminded of their obligation to identify any instances where the company's general interest may not be consistent with ExxonMobil's priorities. If such situations occur, employees are expected to escalate such issues with successive levels of the company's management. Final resolution of any such issues is made by the company's chairman, president and chief executive officer.

## Restrictions on insider trading

*Commitment to stringent safeguards with trading restrictions and reporting for company insiders.*

Structures and processes are in place to caution, track and monitor reporting insiders, nonemployee directors and key employees with access to sensitive information with respect to personal trading in the company's shares. The company has guidelines regarding insider trading prohibitions and trading bans that are applicable to all directors, officers and employees.

Nonemployee directors are required to pre-clear any trades in the company's shares. Reporting insiders are required to give advance notice to the company of any sale of the company's shares and advise the company within five days of any purchase of the company's shares. Reporting insiders are required, under securities regulations, to publically disclose all transactions in the company's shares on the System for Electronic Disclosure by Insiders (SEDI).

From time to time, the company advises its directors and officers, and those of Exxon Mobil Corporation, and employees in certain positions not to trade in the company's shares. Trading bans occur in connection with the directors' pending consideration of the financial statements of the company, including the unaudited financial statements for each quarter, and in connection with undisclosed pending events that constitute material information about the business affairs of the company.

## Diversity

*The company has a long history of valuing diversity on the board and in its executive management.*

### *Board diversity*

The company has a longstanding commitment to diversity amongst its directors. Imperial has had at least one woman on its board continuously since 1977, and 40 percent of the independent directors of the current board and nominees for election at the annual meeting are women.

The company does not have a formal written policy relating to the identification and nomination of directors who are women, Aboriginal peoples, persons with disabilities or members of visible minorities (the "designated groups", as defined under the *Canada Business Corporations Regulations, 2001*), and has not adopted a target regarding members of the designated groups on its board. With the objective of fostering a diversity of expertise, viewpoint and competencies, the board charter provides that the nominations and corporate governance committee may consider a number of factors, including gender and membership in other designated groups, in assessing potential nominees.

The nominations and corporate governance committee assesses the work experience, other expertise, individual competencies and diversity of age, regional association and the designated groups that each existing director possesses and whether each nominee is able to fill any gaps amongst the existing directors. Additionally, the committee may consider any other factors that it believes to be relevant. The company does not believe that any one of these dimensions should be considered in isolation and without due regard to all of the other factors, in determining the ability of potential directors to contribute to the work of the board of directors.

The board considers diversity through the annual nomination process, board assessment and other discussions. The board and nominations and corporate governance committee also specifically consider diversity through targeted director recruitment processes. With three of the company's current directors retiring in 2023, the board and nominations and corporate governance committee has been engaged in an extensive director recruitment process since 2021. Diversity and the composition of the board has been a key consideration throughout this process and the review of potential candidates, with the company instructing executive search firms to cultivate a diverse selection of potential nominees. The result of this process is the nomination of three new directors, S.R. Driscoll, J. Floren and G.J. Goldberg, bringing further experience and diverse perspectives to the board and maintaining 40 percent of the independent directors being women.

As of the date of this proxy circular, the number and percentage of directors and nominees who are members of the designated groups are:

Designated group (a)	Number	Percent (%)
Women	2 of 7 (board and nominees)	29
	2 of 5 (independent directors and nominees)	40
Aboriginal peoples	0 of 7	0
Persons with disabilities	0 of 7	0
Members of visible minorities	0 of 7	0

(a) Defined under the Employment Equity Act (Canada)

The above diversity disclosure relies on voluntary self-identification by directors and nominees, and therefore only represents the information of individuals who have chosen to self-identify. The information has not been independently verified by the company. The board nominee composition charts on page 21 show the diversity of our board nominees with respect to gender, experience and regional association, but do not reflect membership in other designated groups.

### **Executive officer diversity**

The company believes inclusion and diversity are key competitive strengths that are critical to maintaining the company's position as an industry leader. To ensure commitment at all levels of the company, inclusion and diversity, anti-harassment and equal employment opportunity performance is stewarded annually to the company's senior management. There is an in-depth succession planning process, which includes the consideration of various aspects of diversity as well as plans to address gaps, if any, for key positions.

The company's internal training programs emphasize the value of collaboration, appreciating differences and sustaining an inclusive work environment, keeping inclusion and diversity top-of-mind with all employees. Imperial also values external perspective and expertise. The company supports educational development and recruiting practices that facilitate the employment of Indigenous peoples, and in 2021 achieved Silver Certification in the Progressive Aboriginal Relations (PAR) program managed by the Canadian Council for Aboriginal Business. Imperial maintains a supportive work environment through a range of development and networking programs, including employee-led diversity networks that are focused on common interests. These programs are conducted in both virtual and in-person formats to reach a broad range of employees.

In considering potential nominees for executive officer appointments, the executive resources committee considers diversity of gender and the other designated groups, work experience, other expertise, individual competencies and other dimensions of diversity in addition to the other factors described on page 62. The company has not adopted a target regarding members of the designated groups in executive officer positions. The company does not believe that any one of these dimensions should be considered, without due regard to all of these other factors, in determining the ability of potential nominees to fill executive officers positions.

As of the date of this proxy circular, the number and percentage of executive officers of the company and its major subsidiaries who are members of the designated groups are:

Designated group (a)	Number	Percent (%)
Women	11 of 24	46
Aboriginal peoples	0 of 24	0
Persons with disabilities	0 of 24	0
Members of visible minorities	4 of 24	17

(a) Defined under the Employment Equity Act (Canada)

The above diversity disclosure relies on voluntary self-identification by executive officers, and therefore only represents the information of individuals who have chosen to self-identify. The information has not been independently verified by the company.

## Shareholder engagement

*Shareholder engagement strategy focuses on wide-ranging dialogue between shareholders and management.*

The company's senior management regularly meet with institutional investors and shareholders through industry conferences, roadshows and company hosted investor events. In response to COVID-19 and to ensure the health and safety of our employees, investors and shareholders, these meetings were held predominantly in a virtual format for the balance of 2021. In 2022, these shifted in large part, back to in-person engagements. Pertinent materials from these conferences and hosted events are available on the company's website.

Also in response to COVID-19 and to ensure the health and safety of its shareholders, directors, officers and stakeholders, the company took a number of steps to ensure active engagement through the annual meeting that was held in a virtual only format. Shareholders were given the opportunity to register a proxyholder to attend and ask questions in real time, and the company encouraged engagement from shareholders prior to the event. This format also allowed shareholders who may not otherwise have been able to attend in person to log in as a guest and follow the meeting. The webcast is available on the company website along with speeches and presentations from the annual general meeting and the outcome of the voting on each resolution.

The company also hosts regular quarterly earnings calls in connection with earnings releases, and archives of these calls (including transcripts) are available on Imperial's website for one year after each call. These calls allow the company to provide more insight and context regarding the company's performance, as well as directly address questions from the investment community.

The company annually solicits questions and comments from shareholders through the annual meeting of shareholders. The comments received are reviewed by senior management providing them with an indication of areas of interest to our shareholders, and those requiring a response are answered individually. In addition, the company's Investor Relations team proactively reaches out to shareholders to obtain their views on matters identified broadly by shareholders, including with respect to environment, social and governance topics, as well as optimal engagement approaches. The Investor Relations team is available to respond to shareholder and investor queries throughout the year.

### Communicating with the board

Shareholders, employees and others can contact the board directly by writing to:

Chair of the Board of Directors  
 c/o Corporate Secretary  
 Imperial Oil Limited  
 505 Quarry Park Blvd SE  
 Calgary, AB, Canada T2C 5N1

## Largest shareholder

*Exxon Mobil Corporation is the majority shareholder of the company, holding 69.6% of the company's shares.*

To the knowledge of the directors and executive officers of the company, the only shareholder who, as of February 8, 2023, owned beneficially, or exercised control or direction over, directly or indirectly, more than five percent of the outstanding common shares of the company is Exxon Mobil Corporation, 5959 Las Colinas Boulevard, Irving, Texas 75039-2298, which owns beneficially 406,569,870 common shares, representing approximately 69.6 percent of the outstanding voting shares of the company. As a consequence, the company is a “controlled company” for purposes of the listing standards of the NYSE American LLC and a “majority controlled company” for purposes of the TSX Company Manual.

## Transactions with Exxon Mobil Corporation

The company has written procedures and controls that require any transactions between the company and ExxonMobil and its subsidiaries to be reviewed by controllers, tax, treasurers and legal to ensure that each agreement meets the company's policies and procedures, is fair, and complies with legal and tax requirements. These agreements may also be subject to review by the chairman, president, and chief executive officer. Annual training is provided for key individuals to ensure awareness of the requirements for identifying related party transactions, and procedures are in place to ensure reporting of these transactions is complete and accurate. Related party transactions with ExxonMobil and its subsidiaries are analyzed and reviewed by management on a quarterly basis to understand any significant variances from period to period, and reviewed with the board of directors on an annual basis.

The company undertook a number of issuer bid transactions during 2022 that involved ExxonMobil. On June 29, 2021, the company implemented a 12-month “normal course” share purchase program, allowing the company to purchase up to five percent of its outstanding common shares as of June 15, 2021, or a maximum of 35,583,671 shares. The program ended on January 31, 2022 upon the company purchasing the maximum allowable number of shares, with 10,822,142 common shares purchased on the open market and a corresponding 24,761,529 common shares purchased from ExxonMobil concurrent with, but outside of the program to maintain its shareholding at approximately 69.6 percent.

On May 6, 2022, the company commenced a substantial issuer bid that offered to purchase up to \$2.5 billion of its common shares through a modified Dutch auction and proportionate tender offer. The substantial issuer bid was completed on June 15, 2022, with the company purchasing 32,467,532 common shares at a price of \$77.00 per share, for an aggregate purchase of \$2.5 billion and 4.9 percent of Imperial's issued and outstanding shares (as of the close of business on May 2, 2022). This included 22,597,379 shares purchased from ExxonMobil by way of a proportionate tender to maintain its ownership percentage at approximately 69.6 percent.

On June 29, 2022, a further normal course issuer bid was implemented, enabling the company to purchase up to five percent of its outstanding common shares as of June 15, 2022, or a maximum of 31,833,809 common shares. Purchases under the program were accelerated and the program ended on October 21, 2022 upon the company purchasing the maximum allowable number of shares, with 9,677,500 common shares purchased on the open market and a corresponding 22,156,309 common shares purchased from ExxonMobil concurrent with, but outside of the program to maintain its shareholding at approximately 69.6 percent.

On November 4, 2022, the company commenced a second substantial issuer bid in 2022 which offered to purchase up to \$1.5 billion of its common shares through a modified Dutch auction and proportionate tender offer. The substantial issuer bid was completed on December 14, 2022, with the company purchasing 20,689,655 common shares at a price of \$72.50 per share, for an aggregate purchase of \$1.5 billion and 3.4 percent of Imperial's issued and outstanding shares (as of the close of business on October 31, 2022). This included 14,399,985 shares purchased from ExxonMobil by way of a proportionate tender to maintain its ownership percentage at approximately 69.6 percent.

The amounts of purchases and revenues by the company and its subsidiaries for other transactions in 2022 with ExxonMobil and its affiliates were \$3,719 million and \$17,042 million, respectively. These transactions were conducted on terms as favourable as they would have been with unrelated parties, and primarily consisted of the purchase and sale of crude oil, natural gas, petroleum and chemical products, as well as technical, engineering and research and development costs. Transactions with ExxonMobil also included amounts paid and received in connection with the company's participation in a number of upstream activities conducted jointly in Canada. In addition, the company has existing agreements with affiliates of ExxonMobil to provide information technology and customer support services to the company and to share common business and operational support services to allow the companies to consolidate duplicate work and systems. The company has a contractual agreement with an affiliate of ExxonMobil in Canada to operate certain western Canada production properties owned by ExxonMobil. There are no asset ownership changes.

The company and that affiliate also have a contractual agreement to provide for equal participation in new upstream opportunities. The company had an existing agreement with ExxonMobil to provide for the delivery of management, business and technical services to Syncrude Canada Ltd. by ExxonMobil, which was terminated in connection with the transfer of operatorship of Syncrude on September 30, 2021.

As at December 31, 2022, the company had an outstanding loan of \$3,447 million under an existing agreement with an affiliated company of ExxonMobil that provides for a long term, variable rate loan from ExxonMobil to the company of up to \$7.75 billion (Canadian) at market interest rates. The agreement is effective until June 30, 2025, cancellable if ExxonMobil provides at least 370 days advance written notice.

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## Company executives and executive compensation

### Named executive officers of the company

The named executive officers of the company at year end 2022 are listed below, all of whom remain in their positions as of February 8, 2023.

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#### Bradley W. Corson, 61

*Calgary, Alberta, Canada*



**Position held at the end of 2022 (date office held):**

Chairman, president and chief executive officer  
(2020 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

President  
(2019 – Present)

President, ExxonMobil Upstream Ventures  
(2015 – 2019) (Affiliate)

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#### Daniel E. Lyons, 60

*Calgary, Alberta, Canada*



**Position held at the end of 2022 (date office held):**

Senior vice-president, finance and administration, and controller  
(2018 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Vice-president, downstream business services and downstream treasurer, Exxon Mobil Corporation  
(2015 – 2018) (Affiliate)

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#### Simon P. Younger, 47

*Calgary, Alberta, Canada*



**Position held at the end of 2022 (date office held):**

Senior vice-president, upstream  
(2020 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Vice-president, production, upstream  
(2019 – 2020)

Senior planning advisor, corporate strategic planning, upstream, Exxon Mobil Corporation  
(2017 – 2019) (Affiliate)

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#### Bruce A. Jolly, 55

*Calgary, Alberta, Canada*



**Position held at the end of 2022 (date office held):**

Assistant controller  
(2019 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Upstream controller  
(2018 – 2019)

Controller, United States upstream production, Exxon Mobil Corporation  
(2016 – 2018) (Affiliate)

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#### Jonathan R. Wetmore, 50

*Calgary, Alberta, Canada*



**Position held at the end of 2022 (date office held):**

Vice-president, downstream, chemicals and Western Canada fuels manager  
(2022 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Vice-president, downstream and Western Canada fuels manager  
(2018 – 2022)



## Other executive officers of the company

In addition to the named executive officers listed on the previous page, the following individuals are executive officers of the company as of February 8, 2023.

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### Sherri L. Evers, 46

Calgary, Alberta, Canada



**Position held (date office held):**

Vice-president, commercial and corporate development  
(2021 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Fuels manager, Central and Eastern Canada, fuels and lubricants  
(2018 – 2020)

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### Kitty Lee, 46

Calgary, Alberta, Canada



**Position held (date office held):**

Treasurer  
(2020 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Financial advisor, treasurer's, Exxon Mobil Corporation  
(2019 – 2020) (Affiliate)

Benefits finance manager, treasurer's, Exxon Mobil Corporation  
(2018 – 2019) (Affiliate)

Global coordination manager, controller's, Exxon Mobil Corporation  
(2016 – 2018) (Affiliate)

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### Kristi L. Desjardins, 49

Calgary, Alberta, Canada



**Position held (date office held):**

Vice-president, human resources  
(2020 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Human resources services manager, global human resources operations, Exxon Mobil Corporation  
(2018 – 2020) (Affiliate)

Manager, human resources services  
(2017 – 2018)

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### Constance D. Gemmell, 56

Calgary, Alberta, Canada



**Position held (date office held):**

Director, corporate tax  
(2018 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Manager, income tax planning and advice  
(2013 – 2018)

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### Ian R. Laing, 49

Calgary, Alberta, Canada



**Position held (date office held):**

Vice-president, general counsel and corporate secretary  
(2020 – Present)

**Other positions in the past five years (position, date office held and status of employer):**

Assistant general counsel, downstream and corporate departments and corporate secretary  
(2019 – 2020)

Assistant general counsel, upstream  
(2017 – 2018)

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## Letter to shareholders from the executive resources committee on executive compensation

Dear fellow shareholders:

The executive resources committee (“committee”) continues to support the design of Imperial's executive compensation program in that it achieves the goal of maximizing long-term shareholder value, while positioning the company for long-term success in a lower-emissions future.

### Business Perspective

Imperial's business involves investments that create shareholder value over long periods of time, requiring executives to maintain a long-term view when making decisions across a broad range of business investments.

In 2022, Imperial delivered exceptional business results across a wide range of performance dimensions. The company has remained focused on delivering long-term shareholder value and laying the foundation for future success with strong financial and operating performance, and a demonstrated commitment to sustainability. For more information on the 2022 key business results see page 69.

### Compensation Decisions

The committee exercises oversight of a compensation program that aligns executives' pay with the results of their decisions and the returns of our shareholders over the long term. The program design is aligned with the core elements of the majority shareholder's compensation program, and is designed to drive long-term accountability, reward the highest standard of performance, and promote retention.

The compensation discussion and analysis (“CD&A”) section that follows describes the compensation program for the company's named executive officers and how the program supports the business goals of the company.

Key decisions approved by the committee, reflective of strong business results in 2022, are as follows:

- The committee granted base salary increases to named executive officers, consistent with the salary program for all executives.
- The 2022 bonus program awards were approved at higher levels than 2021, reflective of strong business performance.
- The committee granted restricted stock unit awards in keeping with program design, with the value of awards having increased year-over-year in line with increases in stock price.

The committee has reviewed and discussed the CD&A with management of the company and has recommended to the board that the CD&A be included in the company's management proxy circular for the 2023 annual meeting of shareholders and annual report of Form 10-K. On behalf of the committee, I encourage you to read the comprehensive disclosure in the CD&A that follows. The committee is committed to overseeing all aspects of the executive compensation program in the best interests of the company and all shareholders.

*Original signed by*

D.S. Sutherland,  
Chair, executive resources committee

D.W. Cornhill, Vice-chair  
M.R. Crocker  
K.T. Hoeg  
M.C. Hubbs  
J.M. Mintz

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## Compensation discussion and analysis

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## Overview

*The company takes a long-term view to managing its business.*

Our objective is to meet society's needs with the products that are essential for modern life while playing a key role in addressing the challenges of climate change. The company takes a long-term view in managing its business rather than reacting to short-term business cycles. The company's strategies provide the framework to deliver on its commitments, create shareholder value throughout the commodity price cycle, and address the dual challenge of meeting growing energy demand while reducing environmental impacts.

The compensation program design aligns with the long-term sustainability of the business and supports key business strategies to maximize shareholder value:

### Canadian business environment

- Large, accessible upstream resources;
- Mature, competitive downstream markets;
- Evolving environmental, fiscal, and energy policies impacting global competitiveness; and
- Market access limitations and uncertainties.

### Business model

- Long-life, competitively advantaged assets;
- Disciplined investment and cost management;
- Value-chain integration and synergies;
- High-impact technologies and innovation; and
- Operational excellence and responsible growth.

### Key business strategies

- Deliver industry-leading performance in safety, emissions reductions, environmental performance and reliability;
- Grow profitable production and sales volumes;
- Disciplined and long-term focus on improving the productivity of the company's asset mix; and
- Best-in-class cost structure to support industry-leading returns on capital and cash flow.

## Key elements of the compensation program

The key elements of the company's compensation program align with the business model and support key business strategies.

Element	Base salary	Annual bonus	Restricted stock units
<b>Percent of total direct compensation (a)</b>	<ul style="list-style-type: none"> <li>10 to 30 percent</li> </ul>	<ul style="list-style-type: none"> <li>10 to 25 percent</li> </ul>	<ul style="list-style-type: none"> <li>50 percent or more</li> </ul>
<b>Intent</b>	<ul style="list-style-type: none"> <li>Provide competitive base pay</li> </ul>	<ul style="list-style-type: none"> <li>Link pay to annual company earnings performance</li> <li>Provide near-term performance payment</li> </ul>	<ul style="list-style-type: none"> <li>Link pay to returns of long-term shareholders</li> <li>Encourages long-term view through commodity price cycle</li> </ul>
<b>Key design features</b>	<ul style="list-style-type: none"> <li>Increase determined by individual performance, experience, and pay grade</li> <li>Ties directly to long-term benefits (pension &amp; savings plans)</li> </ul>	<ul style="list-style-type: none"> <li>Paid in year of grant</li> <li>Bonus award pool reflective of business performance</li> <li>Individual award determined by performance and pay grade</li> <li>Full award subject to clawback</li> </ul>	<ul style="list-style-type: none"> <li>Granted in the form of stock units</li> <li>CEO: 50 percent vests in 5 years from grant date; 50 percent in 10 years</li> <li>All other executives: 50 percent vests in 3 years from grant date; 50 percent in 7 years</li> <li>Long restriction periods coupled with performance considerations applied at grant</li> <li>Significant portion of pay at risk of forfeiture for an extended period of time</li> </ul>
<b>Pay at risk</b>	<ul style="list-style-type: none"> <li>Fixed pay</li> </ul>	<ul style="list-style-type: none"> <li>Variable pay at risk</li> </ul>	<ul style="list-style-type: none"> <li>Variable pay at risk</li> </ul>

(a) Total direct compensation includes salary, the annual bonus, and the grant date fair value of the restricted stock unit award which is equal to the price of the company's common shares on the date of grant.

The above programs are underpinned by our pension and savings plans which provides for financial security after employment.

## Risk and governance

The company is governed by a comprehensive and well-established risk management system, and the company's success in managing risk over time has been achieved through emphasis on execution of this disciplined management framework. The company operates in an industry in which effective risk management is critical. The company's risk management framework includes a process for identifying, prioritizing, measuring, and managing the principal risks across the company, as well as assessing the company's response to these risks. For further discussion on the company's risk management system and oversight, see "Risk oversight" within the "Statement of corporate governance practice" on page 32.

The company's long-term orientation and compensation program design encourage the highest performance standards and discourage inappropriate risk taking. The compensation program design features described below are designed to incent effective management of current and future operating and financial risks associated with the company's business, including risks related to climate change, in order to:

- protect the safety and security of our employees, the communities, and the environment in which we operate;
- manage risk and operate the business with effective business controls;
- create sustainable value for shareholders by increasing shareholder return, net income, and return on average capital employed\*; while positioning the company for long-term success in a lower-emission future; and
- advance the long-term strategic direction of the company.

\*non-GAAP financial measure – see *Frequently used terms* section on page 73 for definition.

The table below outlines the design features of our compensation programs that discourage inappropriate risk taking:

Design feature	Risk management
<b>Common programs</b>	<ul style="list-style-type: none"> <li>• All executives employed by the company, including the named executive officers, participate in common programs (the same salary, incentive, and retirement programs). Similar compensation design features and allocation of awards within the programs discourage inappropriate risk taking. Compensation is differentiated based on individual performance assessment, experience and pay grade.</li> <li>• All executives on assignment from an affiliate of the company, including the named executive officers on assignment from Exxon Mobil Corporation and Esso Australia Pty Ltd., also participate in common programs that are administered by Exxon Mobil Corporation or such affiliates. The named executive officers on assignment receive restricted stock units from Imperial.</li> <li>• The executive resources committee ("committee") reviews and approves annual compensation recommendations for each named executive officer prior to implementation.</li> </ul>
<b>Executive stock ownership</b>	<ul style="list-style-type: none"> <li>• Long holding periods on restricted stock units (RSUs) results in executives maintaining significant stock ownership during employment and for 7 years into retirement, with a longer holding period for the chairman, president and chief executive officer up to 10 years into retirement.</li> </ul>
<b>Significant pay at risk</b>	<ul style="list-style-type: none"> <li>• Uniquely long restriction periods on RSUs substantially increase the percentage of career compensation at risk well into retirement.</li> <li>• Unvested RSUs cannot be used as collateral for any purpose.</li> </ul>
<b>Strong forfeiture provisions</b>	<ul style="list-style-type: none"> <li>• Unvested RSUs are at risk of forfeiture for resignation or detrimental activity, even if such detrimental activity occurs or is discovered after resignation or retirement.</li> </ul>
<b>Clawback policy</b>	<ul style="list-style-type: none"> <li>• The entire annual bonus is subject to recoupment (clawback) in the event of a material negative restatement of the company's reported financial or operating results. This reinforces the importance of the company's financial controls and compliance programs. Clawback provisions also apply if an executive resigns or engages in detrimental activity.</li> </ul>
<b>No guaranteed bonuses</b>	<ul style="list-style-type: none"> <li>• Bonus is subject to year-on-year changes in business performance; remains at risk</li> <li>• Demonstrated by bonus program suspension in 2020; no award granted.</li> </ul>
<b>No additional stock grants to balance losses in value</b>	<ul style="list-style-type: none"> <li>• The committee does not support a practice of offsetting a loss or gain in the value of prior restricted share units by the value of current year grants.</li> <li>• Such a practice would minimize the risk/reward profile of stock-based awards and undermine the long-term view that executives are expected to adopt.</li> </ul>
<b>No accelerated vesting at retirement</b>	<ul style="list-style-type: none"> <li>• RSUs are not subject to acceleration, not even at retirement, except in the case of death.</li> <li>• Unvested RSUs cannot be used as collateral for any purpose.</li> </ul>

For more details about the aforementioned compensation components, see the "Compensation program design" section.



## Other supporting compensation and staffing practices

- The company's defined benefit pension plan and supplemental pension arrangements are highly dependent on executives remaining with the company for a career and performing at the highest levels until retirement. This dimension of total compensation encourages executives to take a long-term view when making business decisions and to focus on achieving sustainable growth for shareholders.
- The use of perquisites at the company is very limited, and mainly composed of financial planning for senior executives and the selective use of club memberships which are largely tied to building business relationships.
- Tax assistance is provided for employees on expatriate assignment. This assistance consists primarily of a tax equalization component designed to maintain the employees' overall income tax burden at approximately the same level had they remained in their home country. The expatriate relocation program is broad-based and applies to all executive, management, professional and technical transferred employees.
- The company does not have written employment contracts or any other agreement with its named executive officers providing for payments on change of control or termination of employment.

## Hedging policy

Company policy prohibits all employees, including executives, and directors, from being a party to derivative or similar financial instruments, including puts, calls, or other options, future or forward contracts, or equity swaps or collars, with respect to the company or Exxon Mobil Corporation stock.

## Business performance and basis for compensation

The assessment of employee performance is conducted through the company's annual performance assessment program. The process assesses performance against relevant business performance measures and objectives, including the means by which performance is achieved. These business performance measures include:

- safety, health, and environmental performance;
- risk management;
- total shareholder return;
- net income;
- return on average capital employed\*;
- cash flow from operations and asset sales\*;
- operating performance of the upstream, downstream, and chemical businesses; and
- progress on advancing government relations and long-term strategic interests.

\*non-GAAP financial measure – see *Frequently used terms* section on page 73 for definition.

The performance assessment program includes a comparative assessment of employee performance using a standard approach throughout the organization and at all levels. It is integrated with the compensation program, which results in significant pay differentiation based on performance. The performance assessment program is also integrated with the executive development process. Both have been in place for many years and are the basis for planning individual development and succession for management positions.

## Succession planning

A long established program of management development and succession planning is in place to reinforce a career orientation and ensure continuity of leadership. The committee is responsible for approving specific succession plans for the position of chairman, president and chief executive officer, and key senior executive positions, including all officers of the company. It considers candidates for these positions from within the company and certain candidates from Exxon Mobil Corporation and its affiliates. This in-depth review of succession plans includes the consideration of various aspects of diversity as well as plans to address gaps, if any, for key executives. The company has a long-standing practice of reviewing with senior management the diversity of the organization with focus on women, Indigenous people, persons with disabilities, and visible minorities. These reviews include recruitment, attrition, training and development. For more information regarding executive officer diversity see page 51.

The chairman, president and chief executive officer also discusses the strengths, progress, and development needs of key succession candidates regularly. This provides the board an opportunity to confirm a pipeline of highly skilled and diverse talent exists to enable achievement of long-term strategic objectives. The committee makes recommendations to the board of directors for selection of all officers of the company, as well as other key senior executive positions reporting to the chairman, president and chief executive officer.

## Compensation program design

*The company's compensation program is designed to reward performance, promote retention, and encourage long-term business decisions.*

### Approach to executive compensation

The decisions that the company's executives make and the risks they manage play out over multi-year time horizons. Executives are required to carefully consider current and future risks, such as those related to climate change, and to make decisions across a broad range of business investments that generate sustainable shareholder value over the long term.

The company's executive compensation program design aligns executives' pay with the results of their decisions and shareholder returns over the long term. The program is designed to drive long-term accountability, reward the highest standard of performance, and promote retention.

#### *Drive long-term accountability*

The company's strategic objectives have been established to drive sustainable value while positioning the company for long-term success in a lower-emissions future. These objectives are translated into annual plan goals, which are reviewed and approved by the Board and provides the framework for the company's commitments.

#### *Reward outstanding performance*

Performance is foundational to the company's executive compensation program design. The extent to which executives achieve pre-established goals, assessed over near- and long-term horizons, is a key differentiating factor in executives' pay deliberations. Performance evaluation directly impacts level of base salary, bonus, and long-term incentive awards.

#### *Promote retention*

This long-term orientation also underpins how the company develops talent. It begins with recruiting exceptional people, and continues with individually planned experiences and training, which leads to broad development and a deep understanding of our business across the business cycle.

The compensation program is designed to attract and retain talent for a career through compensation that is market competitive, highly differentiated by individual performance, and with long restriction periods that promote retention. Career orientation among a dedicated and highly skilled workforce, combined with the highest performance standards, contributes to the company's leadership in the industry and serves the interests of shareholders in the long term. The average service of the named executive officers is 32 years which reflects this on-going career orientation strategy.

The company's executive compensation program is composed of base salaries, as well as near-term cash bonus and long-term incentive compensation.

### Base salary

Base salary represents **10 to 30 percent** of total direct compensation, and is intended to provide competitive base pay. It also directly affects the level of retirement benefits.

The company's overall salary program is determined by annual benchmarking. Individual salary increases are the result of individual performance, experience, and changes to pay grade, and reflects market analysis and competitiveness at the time of the decision.

#### *2022 decisions*

- For 2022, the executive resources committee ("committee") granted salary increases to named executive officers consistent with the salary program for all executives.

## Annual bonus

The company's annual bonus program represents **10 to 25 percent** of total direct compensation, and is intended to link executive pay to annual company earnings performance. The bonus program is established annually by the committee based on earnings, and can be highly variable depending on these results.

In establishing the annual bonus program, the committee:

- considers input from the chairman, president and chief executive officer on performance of the company and from the company's internal compensation advisors regarding compensation trends as obtained from external consultants;
- considers the linkage to the majority shareholder's bonus program given the company's working interest is included in Exxon Mobil Corporation earnings;
- considers annual net income of the company; and
- uses judgment to manage the overall size of the annual bonus program taking into consideration the cyclical nature and long-term orientation of the business.

## 2022 decisions

- 2022 bonus program awards were approved at higher levels than 2021, reflective of strong business performance.
- This resulted in 53 executives receiving an annual bonus in 2022.
- The cost of the 2022 annual bonus program was \$8.5 million versus \$4.2 million in 2021 and \$0 in 2020.

Starting in 2021, bonus awards are paid in full in the year of grant, rather than as a combination of cash and earnings bonus units, consistent with market practice and resulting in a stronger link to earnings performance and individual performance differentiation. While no earnings bonus units were granted in 2022, the company's executives, including the named executive officers, had outstanding earnings bonus units that vested in 2022.

- Earnings bonus units are cash awards that are tied to future cumulative earnings per share.
  - Earnings bonus units pay out when a specified level of cumulative earnings per share (or trigger) is achieved or in three years at a reduced level. The trigger is intentionally set at a level that is expected to be achieved within the three-year period and reinforces the company's principle of sustained improvement in the company's business performance and aligns the interests of executives with those of long-term shareholders; and
  - If cumulative earnings per share do not reach the trigger within three years, the payment with respect to the earnings bonus units will be reduced to an amount equal to the number of units multiplied by the actual cumulative earnings per share over the three-year period. The amount of the award, once vested, will never exceed the original grant value. The delayed payout of the earnings bonus units puts part of the annual bonus at risk of forfeiture and thus reinforces the performance basis of the annual bonus grant.

## Forfeiture and claw-back

The annual bonus, including earnings bonus units, are subject to forfeiture and claw-back if:

- An executive retires before normal retirement time.
  - The company has indicated its intention not to forfeit outstanding awards of employees who retire at age 65. In other circumstances, where a recipient retires before age 65, the company may determine that awards shall not be forfeited.
- An executive's employment with the company terminates (for any reason, whether at initiative of employee, the company or otherwise), with forfeiture and claw-back at the company's discretion.
- An executive, without the consent of the company, engages in any activity, during employment or after retirement or termination of employment, which is detrimental to the company, including working for a competitor; or
- There is a material negative restatement of the company's reported financial or operating results. For executive officers of the company, some or all of any unvested earnings bonus units granted in the three years prior to the restatement are subject to forfeiture. In addition, any cash amounts received from bonus or earnings bonus units that were paid out up to five years prior to the restatement are subject to claw-back.

## Restricted stock units

*The vesting periods of the company's long-term incentive program are greater than those in use by comparator companies.*

Restricted stock units represent over 50 percent of total direct compensation, and are intended to link executive pay to the returns of long-term shareholders and encourage a long-term view through the commodity price cycle. Restricted stock units are granted to select employees of the company, select employees of a designated affiliate, and nonemployee directors of the company.

Employee group	Vesting On the anniversary of the date of grant
For the chairman, president and chief executive officer	50 percent in 5 years and 50 percent in 10 years
For all other executives	50 percent in 3 years and 50 percent in 7 years

The vesting periods, which are typically greater than those in use by other companies, reinforce the company's focus on growing shareholder value over the long term by linking a large percentage of executive compensation and the shareholding net worth of executives to the value of the company's stock. The long vesting periods ensure that a substantial portion of the compensation received by the chairman, president and chief executive officer, as well as other key senior executives, will be received after retirement. The value of this compensation is at risk in the event that their decisions prior to retirement negatively impact share market value after retirement, with the objective to hold senior executives accountable for many years into the future, and even into retirement, for investment and operating decisions made today. The design of our program removes employee discretion in the timing of exercising restricted stock units, reinforces retention objectives, and supports alignment with the long-term interests of shareholders.

The basis for the grant includes an annual assessment of individual performance including a review of business performance results as noted on page 69. The amount granted is intended to provide an incentive to promote individual contribution to the company's performance and to retain employees. Grants may be adjusted periodically based on an assessment of the program's competitive orientation. An individual's grant amount may be reduced at time of grant, if recent performance is deemed to have changed significantly at that time. As a matter of principle, the company does not offset losses on prior grants with higher share awards in subsequent grants, nor does the company re-price restricted stock units. Restricted stock units are not included in pension calculations. Restricted stock units cannot be assigned.

The number of common shares of the company issuable under the plan to any insiders (as defined by the Toronto Stock Exchange) cannot exceed 10 percent of the issued and outstanding common shares, whether at any time or as issued in any one year.

The company's directors and officers as a group hold approximately 16 percent of the unvested restricted stock units that give the recipient the right to receive common shares that represent about 0.05 percent of the company's outstanding common shares. Currently, the maximum number of common shares that any one person may receive from the vesting of restricted stock units is 345,250 common shares, which is about 0.06 percent of the outstanding common shares.

Consistent with the program documentation, the board of directors may amend the plan without shareholder approval for RSUs previously issued or to be issued in the future, unless the amendment is with respect to:

- increasing the shares served for issuance;
- increasing the vesting price;
- extending eligibility to participate in the plan to persons not included in the plan;
- extending the right of a grantee to transfer or assign RSUs; or
- adjusting the vesting date for any RSUs previously granted.

### *2022 decisions*

- The committee granted awards in keeping with program design.
- The value of long-term awards increased year-over-year, in line with increases in stock price; changes in award grants for named executive officers reflect individual performance and/or change in pay grade.
- In 2022, 1,020 recipients, including 62 executives, were granted 867,640 restricted stock units.

Exxon Mobil Corporation has a plan similar to the company's restricted stock unit plan, under which grantees may receive restricted stock or restricted stock units, both of which are referred to herein as Exxon Mobil Corporation restricted stock. B.W. Corson holds Exxon Mobil Corporation restricted stock granted in 2018 and previous years, as well as the company's restricted stock units granted since 2019. D.E. Lyons holds Exxon Mobil Corporation restricted stock granted in 2017 and previous years, as well as the company's restricted stock units granted since 2018. S.P. Younger holds Exxon Mobil Corporation restricted stock granted in 2019 and previous years, as well as the company's restricted stock units granted in 2020.

### *Forfeiture and claw-back*

Restricted stock units are subject to forfeiture and claw-back if:

- A recipient retires before normal retirement time.
  - The company has indicated its intention not to forfeit restricted stock units of employees who retire at age 65. In other circumstances where a recipient retires before age 65, the company may determine that restricted stock units shall not be forfeited.
- A recipient's employment with the company terminates (for any reason, whether at initiative of employee, the company or otherwise), with forfeiture and claw-back at the company's discretion.
- A recipient, without the consent of the company, engages in any activity, during employment or after retirement or termination of employment, which is detrimental to the company, including working for a competitor.
  - With respect to executives, at any time prior to vesting of the outstanding awards.
  - With respect to all other employees, for a period of up to three years after retirement or the termination of employment.

### *Vesting of restricted stock units*

The vesting period for restricted stock unit awards is not subject to acceleration, except in the case of death. Upon vesting, each restricted stock unit entitles the recipient the right to receive an amount equal to the value of one common share of the company, based on the five day average closing price of the company's shares on the vesting date and the four preceding trading days. For units granted to senior executives other than the chairman, president and chief executive officer, 50 percent of the units vest as a cash payment on the third and seventh anniversary of the grant date, except that for units vesting on the seventh anniversary that were granted to Canadian residents, the recipient may receive one common share per unit or elect to receive a cash payment for the units. For all units granted to the chairman, president and chief executive officer, upon vesting, the recipient may receive one common share of the company per unit or elect to receive a cash payment for the units. During the restricted period, the recipient will also receive cash payments equivalent to the cash dividends paid to holders of regular common stock.

In the case of any subdivision, consolidation, or reclassification of the shares of the company or other relevant change in the capitalization of the company, the company, in its discretion, may make appropriate adjustments in the number of common shares to be issued and the calculation of the cash amount payable per restricted stock unit.

### *Amendments to the restricted stock unit plan*

In 2016, the restricted stock unit plan was amended to update provisions regarding forfeiture of restricted stock units in the event of detrimental activity, extending the period from two years to the current periods noted above. Further, the amendments provided a new vesting option in addition to the existing vesting options previously described, such that the second 50 percent of the restricted stock units may vest on the tenth anniversary following the grant date.

In 2020, the restricted stock unit plan was amended to update provisions regarding the vesting periods for the units granted in 2020 and onwards to the chairman, president and chief executive officer such that 50 percent of restricted stock units vest on the fifth anniversary and remaining 50 percent on the tenth anniversary. For awards granted prior to 2020, the vesting of the tenth anniversary portion of the award is delayed until retirement if later than 10 years.

As a result of an employee stock program expansion implemented in 2022, the restricted stock unit plan was amended to include an additional vesting schedule, in which some new non-executive participants will be eligible for awards granted that vest 100 percent after 3 years.

## Retirement plans

The company's approach to talent development stems from the need to develop future leaders broadly and deeply given the complexity and long-term nature of the business. Retirement plans support the company's talent management approach and are designed to attract and retain talent for a career. Retirement plans include:

- A company savings plan that is attractive to new hires who can begin building an account balance immediately upon achieving eligibility; and
- Defined benefit plans, such as the company's pension plans, that help retain mid- and late-career employees until retirement eligibility. These are viewed as the primary vehicle for retirement planning.

Named executive officers participate in the same pension plan, including supplemental pension arrangements outside the registered plan, as other employees, except for B.W. Corson, D.E. Lyons and S.P. Younger who participate in Exxon Mobil Corporation or respective affiliates' pension plans.

Below are brief descriptions of the company's plans.

Plan	Description
Savings plan	<ul style="list-style-type: none"> <li>• Employees with more than one year of service may contribute between 1 and 30 percent of normal earnings via payroll deductions.</li> <li>• The company provides matching contributions up to 6% which vary depending on the amount of employee contributions and which defined benefit pension arrangement the employee participates</li> <li>• Employee and company contributions can be allocated in any combination to a non-registered (tax-paid) account, or a registered (tax-deferred) group retirement savings plan (RRSP), subject to contribution limits under the <i>Income Tax Act</i>.</li> </ul>
Registered pension plan	<ul style="list-style-type: none"> <li>• The company provides a registered defined pension benefit when leaving the company if age, service, and other provisions under the plan are met.</li> <li>• Pension is subject to income tax regulations that impose limits on the amounts that can be paid from a registered plan.</li> <li>• The pension plan provides for pension benefits accrual only until December 1st in the year the employee reaches the age of 71.</li> <li>• The company does not grant additional pension service credit.</li> </ul>
Supplemental pension arrangement (SPA)	<ul style="list-style-type: none"> <li>• SPA addresses any portions of the defined benefit that cannot be paid from the registered plan due to income tax regulations.</li> <li>• For executive officers who receive an annual bonus, the company's SPA can also provide an annual benefit tied to annual bonus.</li> <li>• SPA may be taken as a lump sum or an annuity.</li> <li>• No SPA amounts are payable if an employee resigns or is terminated with cause before reaching retirement eligibility.</li> </ul>

The estimated benefits that would be payable upon retirement to each named executive officer under the company's pension plan and the supplemental pension arrangements can be found in the pension plan benefits table starting on page 79.



B.A. Jolly and J.R. Wetmore participate in the 1.6 percent provision of the company's pension plan. Key features of this plan for these executives include:

- An annual benefit equal to 1.6 percent multiplied by final average earnings multiplied by years of service, with a partial offset for applicable government pension benefits. Final average earnings consists of base salary over the highest 36 consecutive months in the 10 years of service prior to retirement.
- An option to forego a portion of the company's matching contributions to the savings plan in order to receive an additional 0.4 percent of final average earnings.

Key features of the SPA plan for the 1.6 percent provision of the pension plan include:

- Executive officers who receive an annual bonus, and meet the criteria of the SPA, can also receive an annual benefit of 1.6 percent of final average bonus earnings multiplied by years of service.
- Final average bonus earnings include the average bonus for the three highest grants of the last five bonus years awarded prior to retirement for eligible executives.
- Annual bonus could include the cash amounts that are paid at grant and the maximum settlement value of any earnings bonus units received, as described starting on page 64. The value of the earnings bonus units is expected to pay out, subject to forfeiture provisions, and are therefore included for supplemental pension arrangement purposes in the year of grant rather than the year of payment.

B.W. Corson, D.E. Lyons and S.P. Younger are not participants in the company's pension plan, but are participants in the Exxon Mobil Corporation or respective affiliates' pension and savings plans:

- Mr. Corson and Mr. Lyons participate in the Exxon Mobil Pension Plan (EMPP). Under this plan, the pension is payable in U.S. dollars and is calculated based on final average base salary over the highest 36 consecutive months in the 10 years of service prior to retirement. They are also eligible for the ExxonMobil Supplemental Pension Plan (SPP) for pension benefits that cannot be paid from the EMPP due to IRS limitations. The ExxonMobil Additional Payment Plan (APP) provides a pension based on the average annual bonus for the three highest grants of the last five awarded prior to retirement. The SPP and APP are paid as a lump sum.
- Mr. Younger participates in the Esso Australia Pty Ltd. defined benefit plan. Under this plan, the pension is payable in Australian dollars and is calculated based on final average base salary over the highest 12 consecutive months in the 10 years of service prior to retirement.

## Compensation decision making process and considerations for named executive officers

### Benchmarking

In addition to the assessment of business and individual performance, the executive resources committee ("committee") relies on market comparisons to a group of major Canadian companies.

### Comparator companies

The following criteria are used to select comparator companies:

- Canadian companies or Canadian affiliates;
- large operating scope and complexity;
- capital intensive; and
- proven sustainability over time.

#### *List of comparator companies:*

- **Energy:** Canadian Natural Resources Limited, Cenovus Energy Inc., CNOOC International, ConocoPhillips Canada, Crescent Point Energy, Enbridge Inc., Gibson Energy, Irving Oil Ltd., MEG Energy, NOVA Chemicals Corporation, Nutrien Ltd., Ovintiv Inc., Parkland Corporation, Repsol Oil & Gas Canada Inc., Shell Canada Limited, Suncor Energy Inc., TC Energy Corporation, Valero Energy
- **Non-energy:** BCE Inc., Canadian Pacific Railway Limited, Canadian Tire Corporation, Limited, General Electric Canada, IBM Canada Ltd., Proctor & Gamble Inc., Royal Bank of Canada, Teck Resources

The company is a national employer drawing from a wide range of disciplines. Compensation trends based on survey data are prepared annually by an independent external consultant with additional analysis and recommendation provided by the company's internal compensation advisors. Rather than targeting a specific percentile, the committee applies well-informed judgment, using a broader and more flexible orientation, generally a range around the median of the comparator energy companies' compensation. This approach applies to salaries and the annual incentive program that includes annual bonus and restricted stock units, which are also considered in relation to the majority shareholder program.

This overall approach provides the company with the ability to:

- better respond to changing business conditions;
- manage salaries based on a career orientation;
- minimize potential for automatic increasing of salaries, which could occur with an inflexible and narrow target among benchmarked companies; and
- differentiate executives' salaries based on performance and experience levels.

The elements of Exxon Mobil Corporation and respective affiliates' compensation programs for B.W. Corson, D.E. Lyons and S.P. Younger, including salary, annual bonus and restricted stock units (long-term) compensation considerations, are generally similar to those of the company.

### **Business performance results for consideration**

The operating and financial performance results listed below and the company's continued maintenance of sound business controls and a strong corporate governance environment formed the basis for the salary and incentive award decisions made by the committee in 2022. The committee considered the results over multiple years, relative to the company's proven business model and strategies, to deliver long-term shareholder value.

### **2022 key business results**

*In 2022, Imperial delivered exceptional business results across a wide range of performance dimensions.*

- Delivered strong safety performance and effective enterprise risk management.
- Recognized as one of Canada's top employers by Mediacorp Canada Inc. for the third consecutive year.
- Demonstrated clear commitment to sustainability:
  - Published Imperial's Advancing Climate Solutions and Corporate Sustainability Reports.
  - Established the company's goal to reduce emissions intensity at its operated oil sands by 30% by 2030 compared with 2016 levels.
  - Progressed Pathways initiatives including technical design studies, field environmental studies and securing pore space for the Alliance to continue exploratory work to safely and permanently store CO<sub>2</sub>.
  - Entered into two of Imperial's largest ever contracts with Indigenous-owned companies to provide large-scale earthwork, land reclamation and mining support at our Kearl asset.
  - Continued deployment of boiler flue gas emissions reduction technology at Kearl, starting up 1 additional boiler unit, and fully funding remaining additional units.
  - Entered into a strategic collaboration with E3 Lithium to advance a lithium extraction pilot in Alberta.
  - Signed agreement with Atura Power to study the potential for green hydrogen production in Nanticoke, Ontario.
  - Entered long-term contract with Air Products to supply low-carbon hydrogen for Imperial's planned renewable diesel complex near Edmonton, Alberta.
  - Entered into a unique collaboration with FLO that will support Canada's net-zero emissions goals by expanding FLO's charging network for electric vehicles.
  - Progressed startup of world scale battery technology at Sarnia to optimize electricity consumption.
  - Continued to progress a feasibility study for advanced plastic recycling at our Sarnia site.
- Strong financial performance:
  - Record operating performance allowed Imperial to take advantage of high commodity prices to realize record earnings and cash flow from operating activities for the year.
  - Achieved net income of \$7,340 million.
  - Generated robust cash flow from operating activities of \$10.5 billion and free cash flow<sup>1</sup> of about \$9.9 billion, driven by portfolio optimization and disciplined capital spending.

- Increased quarterly dividend declared to \$0.34 per share in the first quarter, and to \$0.44 per share in the fourth quarter of 2022, increasing the annual dividend paid for the 28th consecutive year. The quarterly dividend of \$0.44 per share represents a 63% increase year over year.
- Record shareholder returns of over \$7.2 billion; including dividends of over \$0.8 billion and share repurchases of about \$6.4 billion under two substantial issuer bids of \$2.5 billion and \$1.5 billion respectively, and the accelerated completion of the company's normal course issuer bid.
- Reduced outstanding debt by \$1 billion, further enhanced by the company's industry leading balance sheet and improved financial flexibility.
- Strong Upstream operational performance:
  - Produced 416,000 gross oil-equivalent barrels per day of full-year upstream production; driven by strong operations and a continued focus on low capital high return investments.
  - Kearl's second half production was the highest in the asset's history, bringing full-year production to 242,000 gross oil-equivalent barrels per day.
  - Achieved best-ever single-day production at Kearl of 360,000 gross oil-equivalent barrels per day on December 29, 2022, and matched best-ever quarterly production in the fourth quarter.
  - Produced 144,000 gross oil-equivalent barrels per day of full-year production at Cold Lake, the highest full-year production since 2018, which was driven by higher reliability and production enhancement initiatives including field optimizations and drilling.
  - Progressed construction of the Cold Lake Grand Rapids expansion project and accelerated phase 1 start-up to year-end 2023.
  - Syncrude produced 77,000 gross oil-equivalent barrels per day (Imperial's share) of full-year production, the highest annual production in its history, supported by the interconnect pipeline.
  - Optimized and focused portfolio by completing, together with ExxonMobil Canada, the sale of XTO Energy Canada for total cash consideration of approximately \$1.9 billion (\$0.9 billion Imperial's share).
- Strong Downstream and Chemical operational performance:
  - Achieved highest full-year capacity utilization in company history, increasing refinery capacity utilization by 9 percent to 98 percent with monthly crude throughput records achieved at all three refineries.
  - Achieved highest ever distillate production as a percentage of our total refining crude capacity.
  - Completed the Sarnia Products Pipeline project increasing capacity, improving reliability of supply, lowering logistics costs, and increasing sales in the high-value Toronto market.
  - Continued to progress plans to construct a world-class renewable diesel complex at Strathcona refinery, with a final investment decision announced in January, 2023.
  - Reliable operational performance supported Chemicals net income of \$204 million.

<sup>1</sup>non-GAAP financial measure – see *Frequently used terms* section on page 73 for definition.

## Performance assessment considerations

The company's business results form the context in which the committee assesses the individual performance of each senior executive. Annually, the chairman, president, and chief executive officer reviews the performance of the senior executives with the committee. Performance is evaluated based on accomplishments versus plan goals and objectives, with performance results informing level of pay, including salary, bonus, and long-term incentive awards.

The same long-term key business strategies noted on page 59 and the company's business performance results are key elements in the assessment of the chairman, president, and chief executive officer's performance by the executive resources committee.

In addition to the formal annual evaluation, the performance of all named executive officers is assessed by the board of directors throughout the year during specific business reviews and board committee meetings that provide information on strategy development, operating and financial results, safety, health, and environmental results, business controls, and other areas pertinent to the general performance of the company.

The committee does not use quantitative targets or formulae to assess individual executive performance or determine compensation. The committee does not assign weights to the factors considered. Formula-based performance assessments and compensation typically require emphasis on two or three business metrics. For the company to be an industry leader and effectively manage the technical complexity and integrated scope of

its operations, senior executives must advance multiple strategies and objectives in parallel, versus emphasizing one or two at the expense of others that require equal attention.

Senior executives and officers are expected to perform at the highest level or they are replaced. If it is determined that another executive is ready and would make a stronger contribution than one of the current incumbents, a replacement plan is implemented.

### **2022 chief executive officer compensation assessment**

B.W. Corson was appointed to the board and as president of the company on September 17, 2019 and assumed the additional roles of chairman and chief executive officer on January 1, 2020. Mr. Corson worked for Exxon Mobil Corporation and its predecessor companies since 1983. His level of salary in 2022 was determined by the committee based on his individual performance and to align with that of his peers in ExxonMobil. For 2022, the committee approved an increase of \$31,000 U.S. to \$804,000 U.S. For 2023, the committee approved a salary increase of \$80,000 U.S. to \$884,000 U.S. effective January 1, 2023.

Mr. Corson's 2022 annual bonus was based on his performance as assessed by the committee. His long-term incentive award was granted in the form of Imperial restricted stock units, not Exxon Mobil Corporation restricted stock, to reinforce alignment of his interests with that of the company's shareholders. His company restricted stock units are subject to vesting periods longer than those applied by most companies. The purpose of these long vesting periods is to reinforce the long investment lead times in the business and to link a substantial portion of Mr. Corson's shareholding net worth to the performance of the company. As such, the realized value of the long-term incentive grants may differ from the amounts shown in the summary compensation table, depending on company performance at time of future vesting. During these vesting periods, the awards are subject to risk of forfeiture based on detrimental activity even after retirement.

The committee has determined that the total compensation of Mr. Corson was appropriate based on the company's financial and operating performance, and its assessment of his effectiveness in leading the organization relative to the business performance measures outlined on page 62. Taking all factors into consideration, the committee's decisions on compensation of the chief executive officer reflect judgment, rather than the application of formulae or targets.

### **Pay awarded to other named executive officers**

Within the context of the compensation program structure and performance assessment processes previously described, the value of 2022 incentive awards and salary adjustments align with:

- performance of the company;
- individual performance;
- long-term strategic plan of the business; and
- annual compensation of comparator companies.

Taking all factors into consideration, the committee's decisions on pay awarded to other named executive officers reflect judgment, rather than the application of formulae or targets. The committee approved the individual elements of compensation and the total compensation as shown in the summary compensation table on page 74.

### **Independent consultant**

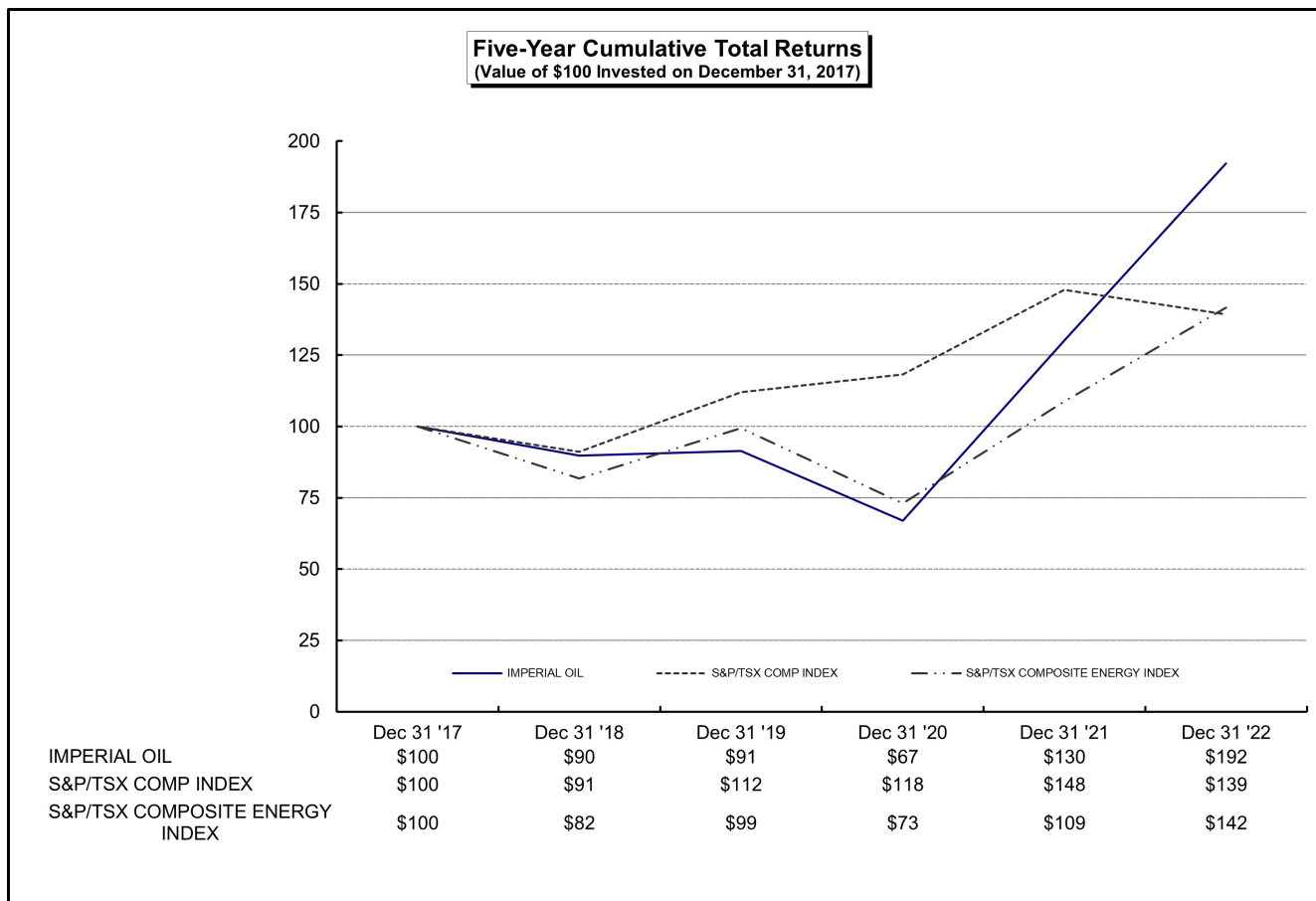
In fulfilling its responsibilities during 2022, the committee did not retain an independent consultant or advisor in determining compensation for any of the company's officers or any other senior executives. The company's management retained an independent consultant to provide an assessment of competitive compensation and market data for all salaried levels of employees of the company. While providing this data, they did not provide individual compensation recommendations or advice for the compensation of the chairman, president and chief executive officer or other senior executives.

## Performance graph

The following graph shows changes over the past 5 years in the value of \$100 invested in (i) Imperial Oil Limited common shares, (ii) the S&P/TSX Composite Index, and (iii) the S&P/TSX Composite Energy Index. The S&P/TSX Composite Energy Index is currently made up of share performance data for 39 oil and gas companies including integrated oil companies, oil and gas producers, and oil and gas service companies.

The year-end values in the graph represent appreciation in share price and the value of dividends paid and reinvested. The calculations exclude trading commissions and taxes. Total shareholder returns from each investment, whether measured in dollars or percent, can be calculated from the year-end investment values shown beneath the graph.

During the past 5 years, the company's cumulative total shareholder return was 92 percent, for an average annual return of 14 percent. Total direct compensation for named executive officers generally reflects the trend in total shareholder returns as the largest single component of executive compensation is awarded in the form of restricted stock units with long holding periods. This design reinforces the long-term linkage between executive compensation and the shareholding net worth of executives to the return on the company's stock realized by shareholders. Total direct compensation includes salary, the annual bonus grant, and the grant date fair value of the restricted stock unit award which is equal to the price of the company's common shares on the date of grant.



## Frequently used terms

The term total direct compensation is compensation granted during the year, including salary, the annual bonus, and the grant date fair value of the restricted stock unit award which is equal to the price of the company's common shares on the date of grant.

The following definitions are used in the compensation discussion and analysis as several of Imperial's business and financial performance measures. These measures are not prescribed by U.S. Generally Accepted Accounting Principles (GAAP). These measures constitute "non-GAAP financial measures" under Securities and Exchange Commission Regulation G, and "specified financial measures" under National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure of the Canadian Securities Administrators. Non-GAAP financial measures and specified financial measures are not standardized financial measures under GAAP and do not have standardized definitions. As such, these measures may not be directly comparable to measures presented by other companies, and should not be considered a substitute for GAAP financial measures. For additional information and reconciliation with respect to the terms, see the "Frequently used terms" section of the company's most recent Annual Report on Form 10-K.

- Cash flow from operating activities and asset sales is a non-GAAP financial measure that is the sum of the net cash provided by operating activities and proceeds from asset sales reported in the consolidated statement of cash flows.
- Return on average capital employed is a non-GAAP financial measure that is a measure of capital productivity, and equals net income excluding the after-tax cost of financing divided by total average capital employed. Capital employed is property, plant and equipment, and other assets, less liabilities, excluding both short-term and long-term debt, plus the company's share of equity company debt.
- Free cash flow is a non-GAAP financial measure that is cash flows from operating activities less additions to property, plant and equipment and equity company investments plus proceeds from asset sales. The most directly comparable financial measure that is disclosed in the financial statements is cash flows from (used in) operating activities within the company's consolidated statement of cash flows. This measure is used to evaluate cash available for financing activities (including but not limited to dividends and share purchases) after investment in the business.

## Reconciliation of free cash flow

millions of Canadian dollars	2022
<b>From the Consolidated statement of cash flows</b>	
Cash flows from (used in) operating activities	10,482
Cash flows from (used in) investing activities	
Additions to property, plant and equipment	(1,526)
Proceeds from asset sales	904
Additional investments	(6)
Loans to equity companies - net	10
<b>Free cash flow</b>	<b>9,864</b>



## Executive compensation tables and narratives

### Summary compensation table

The following table shows the compensation for the chairman and chief executive officer; the senior vice-president, finance and administration, and controller; and the three other most highly compensated executive officers of the company who were serving as of the end of 2022.

The information in the Summary compensation table includes the Canadian dollar value of base salaries, cash bonus awards and earnings bonus unit payments, long-term incentive compensation and certain other compensation. Amounts in the table pertain to the named executive officers' respective periods of assignment with the company.

Name and principal position at the end of 2022	Year	Salary (\$) (b)	Share-based awards (\$) (c)	Option-based awards (\$) (d)	Non-equity incentive plan compensation (\$)		Pension value (\$) (g)	All other compensation (\$) (h)	Total compensation (\$) (i)
					Annual incentive plans (e)	Long-term incentive plans (f)			
<b>B.W. Corson (a)</b> Chairman, president and chief executive officer (since September 17, 2019)	2022	1,046,245	6,463,180	—	2,223,922	727,427	4,905,567	1,975,182	17,341,523
	2021	968,956	3,447,056	—	956,421	0	1,200,091	2,178,025	8,750,549
	2020	996,734	1,897,132	—	—	0	(340,046)	1,945,980	4,499,800
<b>D.E. Lyons (a)</b> Senior vice-president, finance and administration, and controller (since May 1, 2018)	2022	688,388	1,917,168	—	890,089	298,642	1,850,528	1,798,933	7,443,748
	2021	646,806	1,163,712	—	439,979	0	463,757	784,104	3,498,358
	2020	689,307	553,128	—	—	0	(207,474)	1,516,702	2,551,663
<b>S.P. Younger (a)</b> Senior vice-president, upstream (since July 1, 2019)	2022	574,345	1,597,640	—	565,155	170,133	346,566	709,862	3,963,701
	2021	545,996	714,096	—	250,449	0	81,762	415,505	2,007,808
	2020	527,126	393,012	—	—	0	(299,441)	555,097	1,175,794
<b>B.A. Jolly</b> Assistant controller (since August 1, 2019)	2022	472,500	1,234,540	—	469,657	140,448	1,306,400	118,315	3,741,860
	2021	450,000	749,360	—	237,332	0	268,900	91,487	1,797,079
	2020	444,500	393,012	—	—	0	23,300	76,767	937,579
<b>J.R. Wetmore</b> Vice-president, downstream, chemicals and Western Canada fuels manager (since June 1, 2022)	2022	453,700	958,584	—	311,755	93,370	449,200	80,057	2,346,666
	2021	432,100	581,856	—	157,555	0	56,200	59,028	1,286,739
	2020	427,100	320,232	—	—	0	87,500	50,885	885,717

## Footnotes to the Summary compensation table for named executive officers

- (a) The compensation for B.W. Corson, D.E. Lyons, and S.P. Younger is paid directly by Exxon Mobil Corporation and respective affiliates, with the exception of the compensation related to the vesting of the company's restricted stock units and dividend equivalents on outstanding restricted stock units. They also receive employee benefits under their respective affiliates' employee benefit plans, and not under the company's employee benefit plans. The company reimburses the respective affiliates for applicable compensation paid and employee benefits provided to them. The company does not reimburse Exxon Mobil Corporation for the cost of incentive awards granted by Exxon Mobil Corporation.
- (b) The amounts listed in the "Salary" column for each named executive officer on expatriate assignment (B.W. Corson, D.E. Lyons and S.P. Younger) are paid in their local currency, but disclosed in Canadian dollars. Mr. Corson's and Mr. Lyons' salaries are paid in U.S. dollars and were converted to Canadian dollars at the average 2022 exchange rate of 1.3013. In 2021 and 2020, the average exchange rate was 1.2535 and 1.3415 respectively. Mr. Younger's salary is paid in Australian dollars and was converted to Canadian dollars at the average 2022 exchange rate 0.9032. In 2021 and 2020, the average exchange rate was 0.9421 and 0.9247.
- (c) The grant date fair value equals the number of restricted stock units multiplied by the closing price of the company's shares on the date of grant. The closing price of the company's shares on the grant date in 2022 was \$72.62, which is the same as the accounting fair value for the restricted stock units on the date of grant. The closing price of the company's shares on the grant date in 2021 was \$44.08 and in 2020 was \$24.26, which is the same as the accounting fair value for the restricted stock units on the date of grant. The company chose this method of valuation as it believes it results in the most accurate representation of fair value.
- (d) The company has not granted stock options since 2002. The stock option plan expired in 2012.
- (e) The amounts listed in the "Annual incentive plans" column for each named executive officer represent their cash bonus. In 2021 and 2022, the bonus award was paid in full as a cash bonus in the year of grant rather than a combination of cash and earnings bonus units. In 2020, the company suspended the annual cash bonus program, and therefore no cash payment was made. B.W. Corson, D.E. Lyons, and S.P. Younger participate in Exxon Mobil Corporation's annual cash bonus program, which is similar to the company's plan, and is paid in U.S. dollars, but disclosed in Canadian dollars. In 2021 and 2022, Exxon Mobil Corporation's bonus award was also paid in full as a cash bonus in the year of grant rather than a combination of cash and earnings bonus units. In 2020, Exxon Mobil Corporation's annual bonus program was also suspended. For amounts paid in 2022 and 2021 in U.S. dollars, they were converted to Canadian dollars at the average exchange rate of 1.3013 and 1.2535 respectively.
- (f) The amounts listed in the "Long-term incentive plans" column represent earnings bonus units related to prior year grants that paid out in year. In 2020 and 2021, the maximum settlement value (trigger) or cumulative earnings per share was not achieved, therefore no payments were made. B.W. Corson, D.E. Lyons, and S.P. Younger participate in Exxon Mobil Corporation's program, which is similar to the company's program, and is paid in U.S. dollars, but disclosed in Canadian dollars. Under the Exxon Mobil Corporation's program, the maximum settlement value (trigger) or cumulative earnings per share was not achieved, therefore no payments were made in 2020 and 2021. For amounts paid in 2022 in U.S. dollars, they were converted to Canadian dollars at the average exchange rate of 1.3013.
- (g) "Pension value" is the "Compensatory change" in pensions as of December 31, 2022 as set out in the "Pension plan benefits" table on page 79.
- (h) The amounts listed in the "All other compensation" column include dividend equivalent payments on restricted stock units granted, savings plans contributions, expatriate assignment costs, parking and the cost of perquisites including financial planning and business club memberships, as well as security costs and costs associated with participation in Exxon Mobil Corporation's executive life insurance benefit plan, as applicable.
- In 2022, B.W. Corson received \$33,039 of senior executive life insurance premiums, \$14,185 for financial planning services, and \$3,372 for club membership. For all other named executive officers, the aggregate value of perquisites received in 2022 was not greater than \$50,000 or 10 percent of the named executive officer's base salary.
  - It is noted that in 2022, the actual dividend equivalent payments on the company restricted stock units were \$281,520 for B.W. Corson, \$96,084 for D.E. Lyons, \$37,422 for S.P. Younger, \$87,023 for B.A. Jolly, and \$72,578 for J.R. Wetmore. The dividend equivalent payments on Exxon Mobil Corporation's restricted stock were \$406,526 for Mr. Corson, \$66,522 for Mr. Lyons and \$91,930 for Mr. Younger; these amounts were paid in U.S. dollars and converted to Canadian dollars at the average 2022 exchange rate of 1.3013.
  - For the named executive officers on expatriate assignment (B.W. Corson, D.E. Lyons and S.P. Younger), "All other compensation" also includes expatriate assignment costs which consist of expatriate allowances and the net effect of tax equalization costs in the year. Tax equalization costs include the net effect of taxes paid by the companies to local taxing authorities on behalf of the named executive officer offset by a withholding from their income that approximates the amount of tax they would pay if they had not gone on expatriate assignment. Tax equalization is an integral part of the expatriate relocation program and is designed to maintain an individual's overall tax burden at approximately the same level it would have otherwise been, had they remained in their home country. Tax equalization amounts vary from one year to the next and the net impact may be positive or negative in the year.
- (i) "Total compensation" consists of the total dollar value of "Salary", "Share-based awards", "Option-based awards", "Non-equity incentive plan compensation", "Pension value" and "All other compensation".

## Outstanding share-based awards and option-based awards for named executive officers

The following table sets forth all share-based and option-based awards outstanding for each named executive officer of the company as at December 31, 2022.

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#) (d)	Market or payout value of share-based awards that have not vested (\$) (d)	Market or payout value of vested share-based awards not paid out or distributed (\$)
B.W. Corson (a)	—	—	—	—	323,600	21,341,420	—
D.E. Lyons (b)	—	—	—	—	94,800	6,252,060	—
S.P. Younger (c)	—	—	—	—	54,400	3,587,680	—
B.A. Jolly	—	—	—	—	73,800	4,867,110	—
J.R. Wetmore	—	—	—	—	60,400	3,983,380	—

- (a) B.W. Corson was granted restricted stock units from 2019 to 2022 under the company's plan. With respect to previous years, Mr. Corson participated in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. Under that plan, Mr. Corson held 73,850 Exxon Mobil Corporation restricted stock whose value on December 31, 2022 was \$11,032,475 based on a closing price for Exxon Mobil Corporation shares on December 31, 2022 of \$110.30 U.S., which was converted to Canadian dollars at the December 31, 2022 close rate of 1.3544 provided by the Bank of Canada.
- (b) D.E. Lyons was granted restricted stock units from 2018 to 2022 under the company's plan. With respect to previous years, Mr. Lyons participated in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. Under that plan, Mr. Lyons held 9,600 Exxon Mobil Corporation restricted stock whose value on December 31, 2022 was \$1,434,147 based on a closing price for Exxon Mobil Corporation shares on December 31, 2022 of \$110.30 U.S., which was converted to Canadian dollars at the December 31, 2022 close rate of 1.3544 provided by the Bank of Canada.
- (c) S.P. Younger was granted restricted stock units from 2020 to 2022 under the company's plan. With respect to previous years, Mr. Younger participated in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. Under that plan, Mr. Younger held 13,600 Exxon Mobil Corporation restricted stock whose value on December 31, 2022 was \$2,031,708 based on a closing price for Exxon Mobil Corporation shares on December 31, 2022 of \$110.30 U.S., which was converted to Canadian dollars at the December 31, 2022 close rate of 1.3544 provided by the Bank of Canada.
- (d) Represents the total of the outstanding restricted stock units received from the company plan in 2015 through 2022. The value is based on the closing price of the company's shares on December 31, 2022 of \$65.95.

## Incentive plan awards for named executive officers – Value vested or earned during the year

The following table sets forth the value of the incentive plan awards that vested in the year for each named executive officer of the company.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)(d)	Non-equity incentive plan compensation – Value earned during the year (\$)(e)
B.W. Corson (a)	—	—	—
D.E. Lyons (b)	—	732,480	—
S.P. Younger (c)	—	—	—
B.A. Jolly	—	900,340	610,105
J.R. Wetmore	—	740,110	405,125

- (a) Although B.W. Corson received restricted stock units under the company's plan from 2019 to 2022, these restricted stock units have not vested. In previous years, Mr. Corson participated in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. In 2022, restrictions were removed on 14,150 Exxon Mobil Corporation restricted stock having a value of \$2,040,020 based on the average of the high and low sale prices of Exxon Mobil Corporation common shares on the NYSE on the date that the restrictions lapsed. B.W. Corson participates in Exxon Mobil Corporation's annual bonus program, which is similar to the company's annual bonus program. In 2022, B.W. Corson received \$2,223,922 with respect to the annual cash bonus. B.W. Corson also received \$727,427 for earnings bonus units granted in 2018 and 2019. All these amounts were paid in U.S. dollars and converted to Canadian dollars at the average 2022 exchange rate of 1.3013.
- (b) Prior to 2018, Mr. Lyons participated in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. In 2022, restrictions were removed on 4,800 Exxon Mobil Corporation restricted stock having a value of \$706,887 based on the average of the high and low sale prices of Exxon Mobil Corporation common shares on the NYSE on the date that the restrictions lapsed. D.E. Lyons participates in Exxon Mobil Corporation's annual bonus program, which is similar to the company's annual bonus program. In 2022, D.E. Lyons received \$890,089 with respect to the annual cash bonus. D.E. Lyons also received \$298,642 for earnings bonus units granted 2018 and 2019. All these amounts were paid in U.S. dollars and converted to Canadian dollars at the average 2022 exchange rate of 1.3013.
- (c) Although S.P. Younger received restricted stock units under the company's plan from 2020 to 2022, these restricted stock units have not vested. In previous years, Mr. Younger participated in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. In 2022, restrictions were removed on 6,300 Exxon Mobil Corporation restricted stock having a value of \$930,991 based on the average of the high and low sale prices of Exxon Mobil Corporation common shares on the NYSE on the date that the restrictions lapsed. S.P. Younger participates in Exxon Mobil Corporation's annual bonus program, which is similar to the company's annual bonus program. In 2022, S.P. Younger received \$565,155 with respect to the annual cash bonus. S.P. Younger also received \$170,133 for earnings bonus units granted in 2018 and 2019. All these amounts were paid in U.S. dollars and converted to Canadian dollars at the average 2022 exchange rate of 1.3013.
- (d) These values show restricted stock units granted by the company that vested in 2022. The value is based on the five day average closing price of the company's shares, which includes the vesting date and the four preceding trading days. For D.E. Lyons, the values represent restricted stock units granted in 2019. For B.A. Jolly and J.R. Wetmore, the values represent restricted stock units granted in 2015 and 2019, which vested in 2022.
- (e) This column represents amounts paid by the company with respect to the annual cash bonus and earnings bonus units granted in prior years that paid out in the current year. In 2022, the company granted an annual cash bonus and the maximum settlement value (trigger) or cumulative earnings per share was achieved for earnings bonus units granted in 2018 and 2019.

## Equity compensation plan information

The following table provides information on the common shares of the company that may be issued as of the end of 2022 pursuant to compensation plans of the company.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#) (c)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) (#) (c)
Equity compensation plans approved by security holders (a)	—	—	—
Equity compensation plans not approved by security holders (b)	1,762,425	—	8,705,612
<b>Total</b>	<b>1,762,425</b>	<b>—</b>	<b>8,705,612</b>

(a) The company's stock option plan expired in 2012.

(b) This is a restricted stock unit plan, which is described starting on page 65.

(c) The Number of securities to be issued represents the total number of restricted stock units issued since 2012 and still outstanding (4,036,355) minus the outstanding restricted stock units that are only eligible for cash (and not common shares) upon vesting (2,273,930). The Number of securities remaining available for future issuance represents the restricted stock units not yet granted (6,431,682) plus the number of outstanding restricted stock units that are only eligible for cash (and not common shares) upon vesting (2,273,930).

## Restricted stock units as a percentage of outstanding shares

The following table provides information on the restricted stock unit plan, expressed as a number and as a percentage of the common shares of the company as of the end of 2022.

	Maximum number of restricted stock units issuable under the plan (b)	Total number of restricted stock units awarded and outstanding	Total number of restricted stock units available for grant
Number (#)	10,468,037	4,036,355	6,431,682
Percent of outstanding common shares (%) (a)	1.79	0.69	1.10

(a) As of December 31, 2022, the number of common shares outstanding was 584,152,718.

(b) The maximum number of restricted stock units issuable under the company plan is the number as of December 31, 2021 (10,468,037) minus the common shares issued in 2022 pursuant to the vesting of restricted stock units under the plan (0 common shares).

## Annual burn rate

The following table provides the annual burn rate associated with the restricted stock unit plan for each of the company's three most recent fiscal years. The annual burn rate is the number of restricted stock units granted as a percentage of the weighted-average number of outstanding shares of the company, which provides a measure of how quickly a company is using its available shares for incentive purposes.

	Number of restricted stock units granted under the plan (#) (a)	Weighted-average number of securities outstanding (#) (b)	Annual burn rate (%) (c)
2022	884,140	640,160,028	0.14
2021	680,720	711,602,150	0.10
2020	747,040	735,285,422	0.10

(a) The number of restricted stock units granted under the plan in the applicable fiscal year.

(b) The weighted-average number of securities outstanding during the period is the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor.

(c) The annual burn rate percent is calculated as the number of restricted stock units granted under the plan divided by the weighted-average number of securities outstanding.

## Status of prior long-term incentive compensation plans

The company's only long-term incentive compensation plan is the restricted stock unit plan described starting on page 65. There are no units outstanding for any historical plan.

## Pension plan benefits

The following table provides information for each named executive officer of the company participating in a defined benefit pension plan. Information for named executive officers on assignment from affiliates of the company who participate in a plan provided by such affiliates is disclosed in the footnotes.

Name	Number of years credited service (as of December 31, 2022) (#) (a)	Annual benefits payable (\$)		Opening present value of defined benefit obligation (\$) (d)	Compensatory change (\$) (e)	Non-compensatory change (\$) (f)	Closing present value of defined benefit obligation (\$) (d)
		At year-end (b)	At age 65 (c)				
B.W. Corson	—	—	—	—	—	—	—
D.E. Lyons	—	—	—	—	—	—	—
S.P. Younger (g)	—	—	—	—	—	—	—
B.A. Jolly	31.5	310,500	409,400	5,747,500	1,306,400	(1,189,400)	5,864,500
J.R. Wetmore	28.5	269,500	426,100	5,036,900	449,200	(1,511,600)	3,974,500



## Footnotes to the Pension plan benefits table for named executive officers

- (a) B.W. Corson and D.E. Lyons participate in the Exxon Mobil Corporation defined benefit pension plan including tax-qualified and non-qualified plans. Benefits under this plan are payable in U.S. dollars and have been converted to Canadian dollars at the average 2022 exchange rate of 1.3013. Under this plan, Mr. Corson had 39.5 years of credited service and Mr. Lyons had 32.5 years of credited service. S.P. Younger participates in the Esso Australia Pty Ltd. defined benefit and defined contribution pension plans. Benefits under these plans are payable in Australian dollars and have been converted to Canadian dollars at the average 2022 exchange rate of 0.9032. Under these plans, Mr. Younger had 25.8 years of credited service.
- (b) For members of the company's pension plan, the annual benefits include the amount of the accrued annual lifetime pension from the company's registered pension plan and supplemental pension arrangement. Benefits under the supplemental pension arrangement can be paid as a lump-sum equivalent upon retirement. For members of the Exxon Mobil Corporation's pension plan, the annual benefits include the accrued annual lifetime pension from the tax-qualified and the annual amount calculated under the non-qualified plans. For B.W. Corson this value was \$1,451,751. For D.E. Lyons this value was \$624,804. Non-qualified plan benefits are payable only as a lump-sum equivalent upon retirement. For members of the Esso Australia Pty Ltd. defined benefit plan, benefits are payable as lump-sum equivalent or annual lifetime pension upon retirement for participants age 55 and older. For S.P. Younger, this is not applicable as his age is under 55 years, and therefore he is not currently entitled to pension if leaving service.
- (c) For members of the company's pension plan, the annual benefits include the amount of the accrued annual lifetime pension from the company's registered pension plan and supplemental pension arrangement that would be earned to age 65 assuming final average earnings as at December 31, 2022. Benefits under the supplemental pension arrangement can be paid as a lump-sum equivalent upon retirement. For members of the Exxon Mobil Corporation's pension plan, the annual benefits include the annual lifetime pension from the tax-qualified and the annual amount calculated under the non-qualified plans that would be earned to age 65 assuming final average earnings as at December 31, 2022. For B.W. Corson, this value was \$1,594,323. For D.E. Lyons, this value was \$717,072. Non-qualified plan benefits are payable only as a lump-sum equivalent upon retirement. For members of the Esso Australia Pty. Ltd. defined benefit plan, benefits are payable as an annual lifetime pension or a lump-sum equivalent upon retirement or a combination of both, as elected by the participant upon leaving service. For S.P. Younger, the annual lifetime pension that would be earned to age 65, assuming final average earnings as of December 31, 2022 was \$375,224.
- (d) For members of the company's pension plan, the opening and closing defined benefit obligation is defined under U.S. Generally Accepted Accounting Principles (GAAP) and values are calculated on a basis that is consistent with the valuation that was performed for accounting purposes for the company's plans. The value is calculated based on estimated earnings eligible for pension as described previously and Yearly Maximum Pensionable Earnings (YMPE) as defined by the Canada Revenue Agency, projected to retirement and pro-rated on service to the date of valuation. The calculations assume that the Canada Pension Plan offset is based on the annual maximum benefit at retirement and the Old Age Security (OAS) offset is based on the OAS benefit at the date of valuation, projected to retirement. For members of the Exxon Mobil Corporation and Esso Australia Pty Ltd. pension plan respectively, the opening and closing defined benefit obligation is defined under GAAP and values are consistent with the valuation performed for accounting purposes for the applicable affiliate plan. The values are calculated based on estimated earnings eligible for pension as described previously. For B.W. Corson, the opening value was \$16,009,185 and the closing value was \$16,672,819. For D.E. Lyons the opening value was \$7,460,087 the closing value was \$7,313,921. For S.P. Younger, the opening value was \$2,981,299 and the closing value was \$2,592,841.
- (e) The value for "Compensatory change" includes service cost for 2022 and the impact of change in earnings on the projected benefit obligation. For members of the company's plan, these values are calculated using the individual's additional pensionable service in 2022 and the actual salary and bonus received in 2022. For members of the Exxon Mobil Corporation and Esso Australia Pty Ltd. pension plans, these values are calculated using the individual's additional pensionable service in 2022 and earnings as described previously. For B.W. Corson, this value was \$4,905,567. For D.E. Lyons, this value was \$1,850,528. For S.P. Younger, this value was \$349,752.
- (f) The value for "Non-compensatory change" includes the impact of experience not related to earnings, benefit payments and change in measurement assumptions. With respect to the company's pension plan, the discount rate used to determine the closing present value of defined benefit obligation at the end of 2022 increased to 5.1 percent, from 3.0 percent at the end of 2021, which had a negative impact on the non-compensatory change element. For members of the Exxon Mobil Corporation and Esso Australia Pty Ltd., the value for "Non-compensatory change" includes the impact of experience not related to earnings or service. For the Exxon Mobil Corporation's plan, this includes the effect of interest based on a discount rate of 5.6 percent at the end of 2022, up from 3.0 percent at the end of 2021. For the Esso Australia Pty Ltd. Plan, this includes the effect of interest based on a discount rate of 6.2 percent at the end of 2022, up from 3.0 percent at the end of 2021. For B.W. Corson, this value was \$(4,241,933). For D.E. Lyons, this value was \$(1,996,694). For S.P. Younger, this value was \$(738,210).
- (g) S.P. Younger participates in the Esso Australia Pty Ltd. defined contribution plan. Contribution limits under this plan have been reached. The "Accumulated value at start of year" was \$45,903, the "Compensatory value" was (\$3,186) reflecting affiliate contribution and investment earnings, and the "Accumulated value at year-end" was \$42,717.

## Other important information

### Effective date

The effective date of this management proxy circular is February 8, 2023.

### If you have a shareholder proposal for the 2024 annual meeting

Any shareholder's proposal that meets the provisions of the *Canada Business Corporations Act (the "Act")*, and is intended to be presented at the 2024 annual meeting of shareholders, must be received by the company no later than February 2, 2024. The proposal can then be included in the management proxy circular and the proxy for the 2024 annual meeting.

### Financial statements

For **registered and non-registered shareholders**, if you wish to receive a copy of the annual financial statements or interim financial statements (quarterly reports) by mail, you must elect to do so directly on your proxy form or voting instruction form by responding to the questions at the bottom of the form.

### Electronic delivery

All shareholders may consent to the electronic delivery of documents by following the instructions on the 'Go Paperless' insert in the notice package. Additionally, registered shareholder can simply go to Delivery of Investor Materials in the Investor Services section of our transfer agent's website, [www.tsxtrust.com](http://www.tsxtrust.com), to sign up for electronic delivery.

### Additional information

A copy of this management proxy circular, the company's latest Form 10-K and quarterly reports can be obtained on request and without charge by writing to the investor relations manager or to the corporate secretary at the head office address below. The Form 10-K contains additional information about the company and is filed each year with Canadian and United States securities commissions and administrators. Also, all of these documents and additional information relating to the company can be found on the company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and on the company website at [www.imperialoil.ca](http://www.imperialoil.ca).

Company head office address: 505 Quarry Park Boulevard S.E., Calgary, Alberta, Canada, T2C 5N1.

Information is also available by writing to the investor relations manager at the company's head office, or by telephone at 587-476-4743.

For all other shareholder services related inquiries, please contact:  
Ian R. Laing, Vice-president, general counsel and corporate secretary  
Telephone: 587-476-3740

### Directors' approval

The board of directors has approved the contents and the sending of this circular to the shareholders.

*Original signed by*

#### **I.R. Laing**

Vice-president, general counsel and corporate secretary

## Forward-looking statements

Statements of future events or conditions in this report, including projections, targets, expectations, estimates, and business plans are forward-looking statements. Similarly, discussion of emission-reduction roadmaps or future carbon capture, biofuel, hydrogen, plastics recycling and other plans to drive towards net -zero emissions are dependent on future market factors, such as continued technological progress and policy support, and represent forward-looking statements. Forward-looking statements can be identified by words such as believe, anticipate, intend, propose, plan, goal, seek, project, predict, target, estimate, expect, strategy, outlook, schedule, future, continue, likely, may, should, will and similar references to future periods. Forward-looking statements in this report include, but are not limited to, references to leveraging flexibility in the downstream and capturing market opportunities; the impact of the Sarnia products pipeline; the impact of participation in the Pathways alliance; Imperial's company-wide net-zero goal by 2050 (Scope 1 and 2) and the company's greenhouse gas emissions intensity goal for 2030 for its oil sands operations, including how it plans to achieve these goals; the timing, production and emissions reductions from the renewable diesel facility at Strathcona; the progress and impact of various initiatives including with E3 Lithium, Air Products, FLO and Atura Power; the company's commitment to managing safety, security, health and environment risks; the impacts of the company's collaboration with Indigenous communities; the expected retirement date of board members; the effects of the company's corporate governance practices, including with respect to risk management and oversight; the effectiveness of the company's ethics programs, restrictions on insider trading, related party transaction controls and diversity initiatives; the effectiveness of director and executive compensation design, including aligning with shareholder interests, managing risk, promoting long term business performance and other stated objectives; the company's succession planning process; and the executive resources committee's assessment of executive compensation.

Forward-looking statements are based on the company's current expectations, estimates, projections and assumptions at the time the statements are made. Actual future financial and operating results, including expectations and assumptions concerning future energy demand, supply and mix; commodity prices and foreign exchange rates; production rates, growth and mix across various assets; project plans, timing, costs, technical evaluations and capacities, and the company's ability to effectively execute on these plans and operate its assets, including its investment in the renewable diesel complex at Strathcona and the Leming, Grand Rapids and LASER projects at Cold Lake; the adoption and impact of new facilities or technologies on reductions to GHG emissions intensity, including technologies using solvents to replace energy intensive steam at Cold Lake, boiler flue gas technology at Kearl, Strathcona renewable diesel, carbon capture and storage including in connection with hydrogen for the renewable diesel project, recovery technologies and efficiency projects and any changes in the scope, terms, or costs of such projects; that any required support from policymakers and other stakeholders for various new technologies such as carbon capture and storage will be provided; for renewable diesel, the availability and cost of locally-sourced and grown feedstock and the supply of renewable diesel to British Columbia in connection with its low-carbon fuel legislation; the amount and timing of emissions reductions, including the impact of lower carbon fuels; performance of third party service providers; receipt of regulatory and third party approvals in a timely manner; applicable laws and government policies, including with respect to climate change, GHG emissions reductions and low carbon fuels; the ability to offset any ongoing inflationary pressures; cash generation, financing sources and capital structure, such as dividends and shareholder returns, including the timing and amounts of share repurchases; progression of COVID-19 and its impacts on Imperial's ability to operate its assets; capital and environmental expenditures; and general market conditions could differ materially depending on a number of factors.

These factors include global, regional or local changes in supply and demand for oil, natural gas, petroleum and petrochemical products, feedstocks and other market factors, economic conditions or seasonal fluctuations and resulting demand, price, differential and margin impacts; transportation for accessing markets; political or regulatory events, including changes in law or government policy, applicable royalty rates, tax laws including taxes on share buybacks, and actions in response to COVID-19; environmental risks inherent in oil and gas activities; environmental regulation, including climate change and greenhouse gas regulation and changes to such regulation; government policies supporting lower carbon investment opportunities; failure or delay of supportive policy and market development for emerging lower-emission energy technologies; the receipt, in a timely manner, of regulatory and third-party approvals; third-party opposition to company and service provider operations, projects and infrastructure; availability and allocation of capital; availability and performance of third-party service providers; unanticipated technical or operational difficulties; management effectiveness and disaster response preparedness, including business continuity plans in response to COVID-19; commercial negotiations; project management and schedules and timely completion of projects; unexpected technological developments; the results of research programs and new technologies, including with respect to greenhouse gas emissions, and the ability to bring new technologies to commercial scale on a cost-competitive basis; reservoir analysis and performance; the ability to develop or acquire additional reserves; operational hazards and risks; cybersecurity incidents; currency exchange rates; the impacts of COVID-19 or other public health crises, including the effects of government responses on people and economies; general economic conditions,

including the occurrence and duration of economic recessions or downturns; and other factors discussed in Item 1A Risk factors and Item 7 Management's discussion and analysis of financial condition and results of operations in the company's most recent annual report on Form 10-K.

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Imperial Oil Limited. Imperial's actual results may differ materially from those expressed or implied by its forward-looking statements and readers are cautioned not to place undue reliance on them. Imperial undertakes no obligation to update any forward-looking statements contained herein, except as required by applicable law.

Forward-looking and other statements regarding Imperial's environmental, social and other sustainability efforts and aspirations are not an indication that these statements are necessarily material to investors or requiring disclosure in the company's filings with securities regulators. In addition, historical, current and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future, including future rule-making.

The term "project" as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

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## Appendix A – Board of director and committee charters

### *Board of Directors Charter*

The structure, process and responsibilities of the board of directors of the corporation shall include the following items and matters:

#### **1. Responsibility**

The directors shall be responsible for the stewardship of the corporation.

#### **2. Duty of care**

The directors, in exercising their powers and discharging their duties, shall:

- (a) act honestly and in good faith with a view to the best interests of the corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### **3. Stewardship process**

In order to carry out their responsibility for stewardship within their duty of care, the directors shall, directly or through one or more committees of directors,

- (a) contribute to the formulation of and approve strategic plans on at least an annual basis;
- (b) identify the principal risks of the corporation's business where identifiable and oversee the implementation of appropriate systems to manage such risks;
- (c) oversee succession planning for senior management, including the appointing, training and monitoring thereof;
- (d) approve the corporate disclosure guidelines and monitor the external communications of the corporation;
- (e) monitor the integrity of the corporation's internal control and management information systems;
- (f) monitor the integrity of the corporation's information technology and systems to ensure the security and integrity of the corporation's electronic information, systems and assets;
- (g) consider management's recommendations regarding major corporation decisions and actions, which have significant societal implications;
- (h) monitor compliance with major corporate policies;
- (i) charge the chief executive officer of the corporation with the general management and direction of the business and affairs of the corporation;
- (j) monitor the performance of the chief executive officer;
- (k) satisfy itself as to the integrity of the chief executive officer and other executive officers and ensure that the chief executive officer and the other executive officers create a culture of integrity throughout the company;
- (l) annually review and approve the corporation's code of ethics and business conduct;
- (m) monitor compliance with the code of ethics and business conduct, provided that any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board only;
- (n) determine appropriate measures are in place for receiving feedback from stakeholders;

- (o) by appropriate charter resolutions, establish the audit, executive resources, nominations and corporate governance, safety and sustainability and community collaboration and engagement committees of the board with specific duties defined and the corporation provide each board committee with sufficient funds to discharge its responsibilities in accordance with its charter;
- (p) determine membership of each committee, including its chair and vice-chair, after receiving the recommendation of the nominations and corporate governance committee;
- (q) direct the distribution to the board by management of information that will enhance their familiarity with the corporation's activities and the environment in which it operates, as set out in section 5;
- (r) review the corporation's process in respect of employee conflicts of interest and directorships in non-affiliated commercial, financial and industrial organizations and the disclosures thereof;
- (s) review the mandates of the board and of the committees and their effectiveness at least annually; and
- (t) undertake such additional activities within the scope of its responsibilities as it may deem appropriate.

#### **4. Range of items to be considered by the board**

The following categories and specific items shall be referred to the board for information or decision on a regularly scheduled basis, to the extent appropriate:

##### **Organization/legal**

- fixing of the number of directors
- director appointments to fill interim vacancies
- director slate for election by the shareholders
- officer appointments
- board governance processes
- by-laws and administrative resolutions
- changes in fundamental structure of the corporation
- shareholder meeting notice and materials
- non-employee director compensation
- policies adopted by the board
- investigations and litigation of a material nature

##### **Financial**

- equity or debt financing
- dividend declarations
- financial statements and the related management discussion and analysis, annual and quarterly
- status of the corporation's retirement plan and employee savings plan

##### **Strategic/investment/operating plans/performance**

- near-term and long-range outlooks
- capital, lease, loan and contributions budgets annually
- budget additions over \$250 million individually
- quarterly updates of actual and projected capital expenditures
- capital expenditures or dispositions in excess of \$250 million individually
- entering into any venture that is outside of the corporation's existing businesses
- financial and operating results quarterly
- Canadian and world economic outlooks
- regional socio-economic reviews
- corporate reputation reviews
- risk management reviews
- environment and sustainability reviews
- personnel and process safety systems and performance reviews
- information technology, systems and cybersecurity



In addition to the items which are specific to the categories identified above, the chief executive officer shall refer to the board for information or decision all other items of corporate significance; and any member of the board may request a review of any such item. Items to be referred to the committees of the board are specified in their respective charters.

## **5. Information to be received by the board**

Material shall be distributed to directors through the office of the corporate secretary. Corporate policies, board calendars, contact information and other company processes, are updated on the board portal site and accessible to all directors.

Material under the following general headings, including the specific items listed below and only other similar items, shall be distributed to directors on a regular basis:

### **Organization/legal**

- articles of incorporation, by-laws and administrative resolutions
- corporate policies
- corporate data
- board and management processes
- financial and operating report
- organization outline

### **Social/political/economic environment**

- public issues updates
- economic outlook
- external communications packages
- information technology, systems and cybersecurity updates

### **Major announcements**

- press releases
- speeches by management
- organization changes

### **Communications to shareholders**

### **Other significant submissions, studies and reports**

## **6. Meetings of the board**

- (a) The board normally holds seven (7) regular meetings per year. Additional meetings may be scheduled as required to consider the range of items charged for consideration by the board.
- (b) An agenda for each board meeting and briefing materials will, to the extent practicable in light of the timing of matters that require board attention, be distributed to each director approximately five to seven days prior to each meeting. The chairman, in consultation with the chair of the executive sessions will normally set the agenda for board meetings. Any director may request the inclusion of specific items.
- (c) It is expected that each director will make every effort to attend each board meeting and each meeting of any committee on which he or she serves. Attendance in person is preferred but attendance by teleconference is permitted if necessary.
- (d) Each director should be familiar with the agenda for each meeting, have carefully reviewed all other materials distributed in advance of the meeting, and be prepared to participate meaningfully in the meeting, and to discuss all scheduled items of business.
- (e) The proceedings and deliberations of the board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director, and the chief executive officer, or those whom he or she has designated, will speak for the corporation.

## **7. Independent directors**

- (a) The board shall be composed of a majority of independent directors. The board may also include one or more directors who are not independent, but who, as officers of the majority shareholder, may be viewed as independent of the company's management.
- (b) In respect of each director to be appointed to fill a vacancy and each director to be nominated for election or re-election by the shareholders, the board shall make an express determination as to whether he or she is an independent director and, for a director who may become a member of the audit committee, whether he or she is an audit committee financial expert or financially literate.
- (c) The term "independent", shall have the meaning as set out in applicable law, including on the basis of the standards specified by National Instrument 52-110 Audit Committees, the US. Securities and Exchange Commission rules and the listing standards of the NYSE American LLC.
- (d) Independent directors will have full access to senior management of the corporation and other employees on request to discuss the business and affairs of the corporation. The board expects that there will be regular opportunities for directors to meet with the chief executive officer, and other members of management in board and committee meetings and in other formal or informal settings.
- (e) Compensation for independent directors will be determined by the board on the recommendation of the nominations and corporate governance committee and will be reviewed annually. Non-employee director compensation will be set at a level that is consistent with market practice, taking into account the size and scope of the corporation's business and the responsibilities of its directors. A substantial portion of the compensation paid to independent directors for service on the board will be paid in restricted stock units of the corporation.

## **8. Independent legal or other advice**

It is normally expected that information regarding the corporation's business and affairs will be provided to the board by the corporation's management and staff and by its independent auditors. However, the board and, with the approval of the board, any director, may engage independent counsel and other advisors at the expense of the corporation. The fees and expenses of any such advisor will be paid by the corporation.

## **9. Meetings of the independent directors in the absence of members of management**

- (a) Meetings of the independent directors ("executive sessions of the board") shall be held in conjunction with all board meetings including unscheduled telephonic board meetings. Additional executive sessions may be convened by the chair or the executive sessions at his or her discretion and will be convened if requested by any other director. Any independent director may raise issues for discussion at an executive session.
- (b) The chair of the executive sessions of the board shall be chosen by the independent directors.
- (c) The chair of the executive sessions of the board, or in the chair's absence an independent director chosen by the independent directors, shall
  - (i) preside at executive sessions of the board;
  - (ii) ensure that meetings of the independent directors are held in accordance with this charter;
  - (iii) review, and modify if necessary the agenda of the meetings of the board in advance to ensure that the board may successfully carry out its duties; and
  - (iv) act as a liaison with the chairman, including providing feedback from the executive sessions to the chairman, provided that each director will also be afforded direct and complete access to the chairman at any time as such director deems necessary or appropriate.

(d) The purposes of the executive sessions of the board shall include the following:

- (i) to raise substantive issues that are more appropriately discussed in the absence of management;
- (ii) to discuss the need to communicate to the chairman of the board any matter of concern raised by any committee or any director;
- (iii) to address issues raised but not resolved at meetings of the board and assess any follow-up needs with the chairman of the board;
- (iv) to discuss the quality, quantity, and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties, and advise the chairman of the board of any changes required; and
- (v) to seek feedback about board processes.

## **10. Selection and tenure of directors**

The nominations and corporate governance committee shall recommend to the board a slate of director candidates for election at each annual meeting of shareholders and shall recommend to the board directors to fill vacancies, including vacancies created as a result of any increase of the size of the board.

The guidelines for selection and tenure of directors shall be as follows:

### **(a) Selection**

In considering the qualifications of potential nominees for election as directors, the nominations and corporate governance committee considers the work experience and other areas of expertise of the potential nominees with the objective of providing for diversity among non-employee directors. The following key criteria are considered to be relevant to the work of the board of directors and its committees:

#### **Work Experience**

- Experience in leadership of businesses or other large organizations (Leadership of large organizations)
- Operations/technical experience (Operations / technical)
- Project management experience (Project management)
- Experience in working in a global work environment (Global experience)
- Experience in development of business strategy (Strategy development)
- Experience with environmental, health, community relations and/or safety policy, practices and management (Environment and sustainability)

#### **Other Expertise**

- Audit committee financial expert
- Expertise in financial matters (Financial expertise)
- Expertise in managing relations with government (Government relations)
- Expertise in information technology and cybersecurity oversight (Information technology / Cybersecurity oversight)
- Expertise in executive compensation policies and practices (Executive compensation)
- Expertise in oversight of risk management policies and practices (Risk management)

In addition, the nominations and corporate governance committee may consider the following additional factors:

- possessing expertise in any of the following areas: law, science, marketing, administration, social/political environment or community and civic affairs;
- individual competencies in business and other areas of endeavour in contributing to the collective experience of the directors; and
- providing diversity in age, regional association, gender and other diversity elements (including Aboriginal peoples, persons with disabilities and members of visible minorities).

The nominations and corporate governance committee shall then assess what work experience and other expertise each existing director possesses. The nominations and corporate governance committee shall identify individuals qualified to become new board members and recommend to the board the new director nominees. In making its recommendations, the nominations and corporate governance committee shall consider the work experience and other expertise that the board considers each existing director to possess and which each new nominee will bring. The nominations and corporate governance committee may also consider the additional factors noted above and any other factors which it believes to be relevant.

A candidate may be nominated for directorship after consideration has been given as to his or her degree of compatibility with the following criteria, i.e., as to whether he or she:

- will not adversely affect the requirements with respect to citizenship and residency for the directors imposed by the *Canada Business Corporations Act*;
- will not adversely affect the corporation's status as a foreign private issuer under U.S. securities legislation;
- possesses the ability to contribute to the broad range of issues with which the directors and any one or all of the committees of directors must deal;
- will serve on the boards of other public companies only to the extent that such services do not detract from the director's ability to devote the necessary time and attention as a director;
- is able to devote the necessary amount of time to prepare for and attend all meetings of the directors and committees of directors, and to keep abreast of significant corporate developments;
- is free of any present or apparent potential legal impediment or conflict of interest, such as:
  - serving as an employee or principal of any organization presently providing a significant level of service to the corporation or which might so provide to the corporation, for example, institutions engaged in commercial banking, underwriting, law, management consulting, insurance, or trust companies; or of any substantial customer or supplier of the corporation;
  - serving as an employee or director of a competitor of the corporation, such as petroleum or chemical businesses, or of a significant competitor of corporations represented by a director of this corporation;
  - serving as the chief executive officer or a top administrator of an organization that has the chief executive officer or a top administrator of this corporation serving as director;
- is expected to remain qualified to serve for a minimum of five years;
- will not, at the time that he or she stands for election or appointment, have attained the age of 72;
- if an independent director, is, or will become within a period of five years of becoming a director, the beneficial owner, directly or indirectly, of not less than 16,500 common shares, deferred share units or restricted stock units of the corporation.

**(b) Tenure**

**(i) Re-nomination**

An incumbent director shall be supported for re-nomination as long as he or she:

- does not suffer from any disability that would prevent the effective discharge of his or her responsibilities as a director;
- makes a positive contribution to the effective performance of the directors;
- regularly attends directors' and committee meetings;
- has not made a change with respect to principal position or thrust of involvement or regional association that would significantly detract from his or her value as a director of the corporation;

- is not otherwise, to a significant degree, incompatible with the criteria established for use in the selection process;
- in a situation where it is known that a director will become incompatible with the criteria established for use in the selection process within a three-month period of election, such as retirement from principal position at age 65, this information would be included in the management proxy circular, and where possible, information regarding the proposed replacement would also be included;
- will not, at the time that he or she stands for re-election, have attained the age of 72; however, under exceptional circumstances, at the request of the chairman, the nominations and corporate governance committee may continue to support the nomination.

(ii) Resignation

An incumbent director will resign in the event that he or she:

- experiences a change in circumstances such as a change in his or her principal occupation, including an officer of the corporation ceasing to hold that position, but not merely a change in geographic location;
- displays a change in the exercise of his or her powers and in the discharge of duties that, in the opinion of at least 75 percent of the directors, is incompatible with the duty of care of a director as defined in the *Canada Business Corporations Act*;
- has made a change in citizenship or residency that will adversely affect the requirements for directors with respect to those areas imposed by the *Canada Business Corporations Act*;
- has made a change in citizenship or residency that adversely affects the corporation's status as a foreign private issuer under U.S. securities legislation;
- develops a conflict of interest, such as
  - assuming a position as an employee or principal with any organization providing a significant level of service to the corporation, for example, institutions engaged in commercial banking, underwriting, law, management consulting, insurance, or trust companies; or with any substantial customer or supplier of the corporation;
  - assuming a position as an employee or director of any competitor of the corporation, such as petroleum or chemical businesses, or of a competitor of corporations represented by a director of this corporation;
  - assuming the position of chief executive officer or a top administrator of an organization that has the chief executive officer or a top administrator of this corporation serving as a director;
  - becomes unable to devote the necessary amount of time to prepare for and regularly attend meetings of the directors and committees of directors, and to keep abreast of significant corporate developments,

and the nominations and corporate governance committee will make a recommendation to the board as to whether to accept or reject such resignation.

**11. Director Orientation and Continuing Education**

**(a) Orientation**

New non-employee directors will receive a comprehensive orientation from appropriate executives regarding the corporation's business and affairs.

**(b) Continuing Education**

Reviews of aspects of the corporation's operations will be presented by appropriate employees from time to time as part of the agenda of regular board meetings. The board will also normally conduct an on-site visit to a location other than the corporation's headquarters in conjunction with one or more regular board meetings every year.

## **12. Chairman and chief executive officer**

The board currently believes that it is appropriate and efficient for the corporation's chief executive officer to also act as chairman of the board. However, the board retains the authority to separate those functions if it deems such action appropriate in the future.

### **(a) Position description**

The chairman and chief executive officer shall:

- plan and organize all activities of the board of directors;
- ensure that the board receives sufficient, timely information on all material aspects of the corporation's operations and financial affairs;
- chair annual and special meetings of the shareholders;
- conduct the general management and direction of the business and affairs of the corporation;
- recommend to the board of directors a strategic plan for the corporation's business and, when approved by the board of directors, implement this strategic plan and report to the board of directors on the implementation of this strategic plan;
- develop and implement operational policies to guide the corporation within the limits prescribed by the corporation's by-laws and the directions adopted by the board of directors;
- identify, for review with the board of directors, the principal risks of the corporation's business, where identifiable, and develop appropriate systems to manage such risks;
- under the oversight of the board of directors, develop plans for succession planning for senior management, including the appointing, training and monitoring thereof, and implement those plans;
- ensure compliance with the corporation's code of ethics and business conduct so as to foster a culture of integrity throughout the company; and
- ensure effective internal controls and management information systems are in place.

### **(b) Minimum shareholding requirements**

The chairman and chief executive officer shall hold, or shall, within three years after his appointment as chairman and chief executive officer, acquire shares of the corporation, including common shares and restricted stock units, of a value no less than five times his base salary.



## **Audit Committee Charter**

### **1. Purpose of the Committee**

The primary purpose of the audit committee (the “committee”) is oversight. The committee shall assist the board of directors (the “board”) in fulfilling its responsibility to oversee:

- management’s conduct of the corporation’s financial reporting process,
- the integrity of the financial statements and other financial information provided by the corporation to Canadian securities regulators, the United States Securities and Exchange Commission (the “SEC”) and the public,
- the corporation’s system of internal accounting and financial controls,
- the corporation’s compliance with legal and regulatory requirements,
- the performance of the corporation’s internal audit function,
- the independent auditors’ qualifications, performance, and independence, and
- the annual independent audit of the corporation’s financial statements.

The corporation’s management is responsible for preparing the corporation’s financial statements. The independent auditors are responsible for auditing those financial statements. Management, including the internal audit function, and the independent auditors, have more time, knowledge, and detailed information about the corporation than do committee members. Consequently, in carrying out its oversight responsibilities, the committee is not providing any expert or special assurance as to the corporation’s financial statements, or any professional certification as to the independent auditors’ work, including with respect to auditor independence. Each member of the committee shall be entitled to rely on the integrity of people and organizations from whom the committee receives information and the accuracy of such information, including representations by management and the independent auditors regarding non-audit services provided by the independent auditors.

### **2. Committee Membership**

The committee shall consist of no fewer than three members. Committee members shall be appointed by the board from among its independent members who shall serve at the pleasure of the board, but only so long as he or she continues to be a director of the corporation and is independent. Each member of the committee must satisfy such criteria of independence as the board may establish and such additional regulatory or listing requirements as the board may determine to be applicable or appropriate. Each member of the committee shall serve only so long as he or she continues to be a director of the corporation and is independent. The actual number of members shall be determined from time to time by resolution of the board.

Accordingly, each member of the committee shall be financially literate within a reasonable period of time after appointment to the committee; must be “independent” as defined in the board charter; and may not serve on more than two other public company audit committees unless the board determines that such simultaneous service would not impair the ability of the member to serve effectively on the committee. In addition, at least one member of the committee shall be an “audit committee financial expert” as defined by applicable laws.

### **3. Committee Structure and Operation**

The chair and vice-chair of the committee shall be designated by the board from among the members of the committee. The committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the committee. In addition to the regular meeting schedule established by the committee, the chair of the committee may call a special meeting at any time.

The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:

- (a) preside at committee meetings;
- (b) ensure that meetings of the committee are held in accordance with this charter; and
- (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.

A majority of the members of the committee shall constitute a quorum thereof. Every question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote.

The committee shall designate its secretary.

Meetings of the committee may be called by any member or by the external auditors of the corporation, and notice of every meeting shall be given to the external auditors.

The external auditors and the internal auditor of the corporation shall report directly to the audit committee.

The committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

The committee may establish sub-committees to carry out such duties as the committee may assign.

#### **4. Committee Activities**

The following shall be the common recurring activities of the committee in carrying out its purposes. These activities are set forth as a guide with the understanding that the committee may diverge from this guide as appropriate given the circumstances.

The committee shall:

- (a) recommend the external auditors to be appointed by the shareholders, review and recommend their remuneration to the board, approve advances on such remuneration, which shall be paid by the corporation, and oversee their work, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (b) approve the proposed current year audit program of the external auditors and assess the results of the program after the end of the program period.
- (c) approve in advance any non-audit services that are permitted by applicable law to be performed by the external auditors after considering the effect of such services on their independence.
- (d) receive from the external auditors a formal written statement delineating all relationships between the external auditor and the corporation consistent with Independence Standards Board Standard 1, and shall actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and shall recommend that the board take any appropriate action to oversee the independence of the external auditor.
- (e) maintain hiring policies for employees and former employees of the independent auditors.
- (f) establish procedures for the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the corporation of concerns regarding questionable accounting or auditing matters.
- (g) approve the proposed current year audit program of the internal auditors and assess the results of the program after the end of each quarter.
- (h) review the adequacy of the corporation's system of internal controls and auditing procedures.
- (i) review the accounting and financial reporting processes of the corporation.

- (j) approve changes proposed by management in accounting principles and practices, and review changes proposed by the accounting profession or other regulatory bodies which impact directly on such principles and practices.
- (k) review the quarterly news release of financial and operating results, the annual and quarterly financial statements of the corporation, any accounting items affecting the statements and the overall format and content of the statements, and the related management discussion and analysis, prior to approval of such news release and financial statements by the board of directors.
- (l) review the results of the corporation's business ethics compliance program.
- (m) review annually a summary of senior management expense accounts.
- (n) evaluate, along with the other members of the board, management, the controller, and the general auditor, the qualifications, performance and independence of the independent auditors, including the performance of the lead audit partner.
- (o) require attendances at its meetings by members of management, as the committee may direct.
- (p) undertake such additional activities within the scope of its responsibilities as it may deem appropriate.

## **5. Committee Evaluation**

The committee will annually complete a self-evaluation of the committee's own performance and effectiveness and will consider whether any changes to the committee's charter are appropriate.

## **6. Resources and Authority of the Committee**

The committee has exclusive authority with respect to the retention of the independent auditors described in section 4 of this charter. In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the corporation. The committee also has the authority to retain outside advisors, including legal counsel, auditors, or other experts, as it deems appropriate; to approve the fees and expenses of such advisors; and to incur such other ordinary administrative expenses as are necessary or appropriate in carrying out its duties.

# ***Safety and Sustainability Committee Charter***

## **1. Purpose of the Committee**

The primary purpose of the safety and sustainability committee (the 'committee') is to review and provide advice, as the committee deems appropriate, regarding the corporation's policies, programs and practices on public issues of significance including their effects on safety, security, health and the environment. This includes environmental, health, personnel and process safety, security and sustainability risks and performance, including the risks associated with climate change. It also includes compliance with legislation and the assessment of long term impacts of public policy, climate change and sustainable business practices on corporate performance.

## **2. Committee Membership**

The committee shall consist of no fewer than three members, to be appointed by the board of directors from among (a) the independent directors; and (b) the non-independent directors who are not members of the corporation's management, who shall serve at the pleasure of the board, but only so long as he or she continues to be a director of the corporation. The actual number of members shall be determined from time to time by resolution of the board. Members of the committee should be suitably knowledgeable in matters pertaining to public issues.

## **3. Committee Structure and Operation**

The chair and vice-chair of the committee shall be designated by the board from among the members of the committee. The committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the committee.

The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:

- (a) preside at committee meetings;
- (b) ensure that meetings of the committee are held in accordance with this charter; and
- (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.

A majority of the members of the committee shall constitute a quorum thereof. Every question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote.

The committee shall designate its secretary.

Meetings of the committee may be called by any member.

The committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

The committee may establish subcommittees consisting of one or more members to carry out such duties as the committee may delegate.

#### **4. Committee Activities**

The following shall be the common recurring activities of the committee in carrying out its purpose. These activities are set forth as a guide with the understanding that the committee may diverge from this guide as appropriate given the circumstances.

The committee shall:

- (a) review and monitor the effectiveness of the corporation's policies, programs and practices on environment, health, safety, security and sustainability, including the impact, risks and disclosure associated with climate change and greenhouse gas emissions, and make such recommendations to the board with respect thereto as it may deem advisable.
- (b) monitor the corporation's compliance with legislative, regulatory and corporation standards for environmental, health, safety, security and sustainability practices and matters, including the impact, risks and disclosure associated with climate change and greenhouse gas emissions, and advise the directors on the results and adequacy thereof.
- (c) monitor trends and review current and emerging public policy issues relating to matters of significance to the corporation, including environment, health, safety, security and sustainability issues and the impact, risks and disclosure associated with climate change and greenhouse gas emissions, as they may impact the corporation's operations.
- (d) review the impact of proposed legislation relating to matters of significance to the corporation, including the impact of the environment, health, safety and security on the operations of the corporation and to advise the directors and management as to the appropriate response of the corporation thereto.
- (e) recommend to the directors and management desirable policies and actions arising from its review and monitoring activity.
- (f) require attendances at its meetings by members of management, as the committee may direct.
- (g) undertake such additional activities within the scope of its responsibilities as it may deem appropriate.

#### **5. Committee Evaluation**

The committee will annually complete a self-evaluation of the committee's own performance and effectiveness and will consider whether any changes to the committee's charter are appropriate.

## **6. Resources and Authority of the Committee**

The committee has the authority to retain such outside advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

# ***Executive Resources Committee Charter***

## **1. Purpose of the Committee**

The primary purpose of the executive resources committee (the “committee”) is to discharge the board of directors’ (the “board”) responsibilities relating to the evaluation and compensation of the corporation’s chief executive officer (the “CEO”) and certain other key senior executive management positions reporting directly to the CEO, including all officers of the corporation, and to discharge the responsibilities of the committee under applicable rules and regulations. The committee also makes recommendations to the board regarding succession planning and development for senior executives and positions as needed.

## **2. Committee Membership**

The committee shall consist of no fewer than three members, to be appointed by the board of directors from among (a) the independent directors; and (b) the non-independent directors who are not members of the corporation’s management, who shall serve at the pleasure of the board, but only so long as he or she continues to be a director of the corporation. The actual number of members shall be determined from time to time by resolution of the board. Members of the committee should be suitably knowledgeable in matters pertaining to executive compensation.

## **3. Committee Structure and Operation**

The chair and vice-chair of the committee shall be designated by the board from among the members of the committee. The committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the committee.

The chair, or in that person’s absence, the vice-chair or in the vice-chair’s absence, an alternate designated by the committee, shall:

- (a) preside at committee meetings;
- (b) ensure that meetings of the committee are held in accordance with this charter; and
- (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.

A majority of the members of the committee shall constitute a quorum thereof. Every question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote.

The committee shall designate its secretary.

Meetings of the committee may be called by any member.

The committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

The committee may establish subcommittees consisting of one or more members to carry out such duties as the committee may delegate.

## **4. Committee Activities**

The following shall be the common recurring activities of the committee in carrying out its purposes. These activities are set forth as a guide with the understanding that the committee may diverge from this guide as appropriate given the circumstances.

The committee shall:

- (a) review and approve the corporate goals and objectives relevant to the compensation of the CEO.
- (b) review data on competitive compensation practices and review and evaluate policies and programs through which the corporation compensates its employees.
- (c) at least annually evaluate the CEO's performance as measured against the goals and objectives outlined above.
- (d) approve salaries and other compensation (including supplemental compensation such as cash bonuses and incentive bonus units, long-term incentive compensation such as restricted stock units, and any other payments for service), for the CEO and other key senior executive management positions reporting directly to the CEO, including all officers of the corporation.
- (e) at least annually review succession planning and development strategies for the CEO and key senior executive management positions reporting directly to the CEO, including all officers of the corporation.
- (f) review the executive development system to ensure that it foresees the corporation's senior management requirements and provides for early identification and development of key resources.
- (g) review and approve an annual report on compensation for inclusion in the corporation's management proxy circular in accordance with applicable legal requirements.
- (h) make recommendations to the board with respect to incentive compensation plans and equity-based plans.
- (i) review proposed terms of any new incentive program and any major amendment of an existing program, and make such recommendations to the board with respect thereto as it may deem advisable.
- (j) review and report on risks arising from the corporation's compensation policies and practices for employees as required by Canadian securities regulators and stock exchanges on which the corporation's stock trades.
- (k) consider factors that could affect the independence or represent a conflict of interest on the part of any compensation consultant, independent legal counsel, or other adviser the committee may retain and report thereon as required by Canadian securities regulators and stock exchanges on which the corporation's stock trades.
- (l) require attendances at its meetings by members of management, as the committee may direct.
- (m) undertake such additional activities within the scope of its responsibilities as it may deem appropriate.

## **5. Committee Evaluation**

The committee will annually complete a self-evaluation of the committee's own performance and effectiveness and will consider whether any changes to the committee's charter are appropriate.

## **6. Resources and Authority of the Committee**

The committee and, with the approval of the committee, any member, may engage independent counsel, compensation consultants or other advisors at the expense of the corporation. The committee shall be directly responsible for the appointment, compensation and oversight of the work of any independent legal counsel, compensation consultant or other advisor retained by the committee. The committee may select outside legal counsel, a compensation consultant or other advisor (an "Advisor") to the committee only after taking into consideration all factors relevant to the Advisor's independence from management, including the following:

- the provision of other services to the corporation by the person that employs the Advisor;
- the amount of fees received from the corporation by the person that employs the Advisor as a percentage of such that person's total revenue;
- the policies and procedures of the person that employs the Advisor that are designed to prevent conflicts of interest;



- any business or personal relationship of the Advisor with a member of the committee;
- any stock of the corporation owned by the Advisor; and
- any business or personal relationship of the Advisor or the person employing the Advisor with an executive officer of the corporation.

## ***Nominations and Corporate Governance Committee Charter***

### **1. Purpose of the Committee**

The primary purpose of the nominations and corporate governance committee (the 'committee') is to monitor compliance with good corporate governance standards; to identify individuals qualified to become board members; to recommend to the board director nominees for election at the annual meeting of shareholders or for election by the board to fill open seats between annual meetings; to recommend to the board committee appointments for directors, including appointments as chair and vice chair of such committees; to review and make recommendations to the board regarding non-employee director compensation; and to develop and recommend to the board corporate governance guidelines applicable to the corporation.

### **2. Committee Membership**

The committee shall consist of no fewer than three members, to be appointed by the board of directors from among (a) the independent directors; and (b) the non-independent directors who are not members of the corporation's management, who shall serve at the pleasure of the board, but only so long as he or she continues to be a director of the corporation. The actual number of members shall be determined from time to time by resolution of the board. Members of the committee should be suitably knowledgeable in matters pertaining to corporate governance.

### **3. Committee Structure and Operation**

The chair and vice-chair of the committee shall be designated by the board from among the members of the committee. The committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the committee.

The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:

- (a) preside at committee meetings;
- (b) ensure that meetings of the committee are held in accordance with this charter; and
- (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.

A majority of the members of the committee shall constitute a quorum thereof. Every question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote.

The committee shall designate its secretary.

Meetings of the committee may be called by any member.

The committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

The committee may establish subcommittees consisting of one or more members to carry out such duties as the committee may delegate.

#### 4. Committee Activities

The following shall be the common recurring activities of the committee in carrying out its purpose. These activities are set forth as a guide with the understanding that the committee may diverge from this guide as appropriate given the circumstances.

The committee shall:

- (a) oversee issues of corporate governance as they apply to the corporation, including the effectiveness of the system of corporate governance, and the board's relationship with management, and report to the board on such matters.
- (b) oversee the annual assessment of the effectiveness and contribution of the board, its committees and each individual director.
- (c) make recommendations to the board as to the appropriate size of the board with a view to facilitating effective decision-making.
- (d) review and recommend to the board of directors any modifications to the charters of the board or any of its committees.
- (e) review qualifications of existing directors and individuals suggested as potential candidates for director of the corporation, including candidates suggested by shareholders, and consider for nomination any of such individuals who are deemed qualified pursuant to the provisions of the board charter.
- (f) recommend to the board the nominees to be proposed by the board for election as directors of the corporation at the annual meeting of shareholders.
- (g) recommend to the board candidates for election as directors of the corporation to fill open seats on the board between annual meetings, including vacancies created by an increase in the authorized number of directors.
- (h) consider resignations tendered by directors in the event of a change of circumstance as described in section 10(b)(ii) of the board charter.
- (i) review the remuneration of independent directors and make such recommendations to the board with respect thereto as it may deem advisable.
- (j) review present plans, programs or arrangements, and any proposed terms of any new plans, programs or arrangements, for the benefit of independent directors, and make such recommendations to the board with respect thereto as it may deem advisable.
- (k) review and recommend to the board guidelines to be adopted relating to tenure of independent directors.
- (l) provide recommendations to the board concerning committee structure of the board, committee operations, committee member qualifications, and committee member appointment.
- (m) review any allegation that an executive officer or director may have violated the corporation's Standards of Business Conduct and report its findings to the board and the general auditor.
- (n) require attendances at its meetings by members of management, as the committee may direct.
- (o) undertake such additional activities within the scope of its responsibilities as it may deem appropriate.

## **5. Committee Evaluation**

The committee will annually complete a self-evaluation of the committee's own performance and effectiveness and will consider whether any changes to the committee's charter are appropriate.

## **6. Resources and Authority of the Committee**

The committee has the authority to retain such outside advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors. Without limiting the foregoing, the committee will have sole authority to retain and terminate any search firm to be used by the committee to identify director candidates and any consultant used by the committee to evaluate non-employee director compensation.

# ***Community Collaboration and Engagement Committee Charter***

## **1. Purpose of the Committee**

The primary purpose of the community collaboration and engagement committee (the 'committee') is to review and provide advice on the corporation's guidelines, procedures and performance supporting public awareness and consultation efforts, government, community and Indigenous relations, and community partnership and investment programs.

## **2. Committee Membership**

The committee shall consist of no fewer than three members to be appointed by the board from among its members who shall serve at the pleasure of the board, but only so long as he or she continues to be a director of the corporation. The actual number of members shall be determined from time to time by resolution of the board. Members of the committee should be suitably knowledgeable in matters pertaining to issues relating to corporate contributions and community investment.

## **3. Committee Structure and Operation**

The chair and vice-chair of the committee shall be designated by the board from among the members of the committee. The committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the committee. In addition to the regular meeting schedule established by the committee, the chair of the committee may call a special meeting at any time.

The chair, or in that person's absence, the vice-chair or in the vice-chair's absence, an alternate designated by the committee, shall:

- (a) preside at committee meetings;
- (b) ensure that meetings of the committee are held in accordance with this charter; and
- (c) review, and modify if necessary the agenda of the meetings of this committee in advance to ensure that the committee may effectively carry out its duties.

A majority of the members of the committee shall constitute a quorum thereof. Every question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote.

The committee shall designate its secretary.

Meetings of the committee may be called by any member.

The committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

The committee may establish subcommittees consisting of one or more members to carry out such duties as the committee may delegate.

#### **4. Committee Activities**

The following shall be the common recurring activities of the committee in carrying out its purpose. These activities are set forth as a guide with the understanding that the committee may diverge from this guide as appropriate given the circumstances.

The committee shall:

- (a) review and monitor the effectiveness of the corporation's programs and practices supporting public awareness and consultation activities.
- (b) monitor trends and review current and emerging issues related to government, stakeholder and Indigenous relations.
- (c) review and provide advice on the corporation's overall community investment strategies and programs, which consists of:
  - (i) charitable contributions;
  - (ii) local community contributions by business units on community-serving projects that also benefit the corporation, which are charitable in nature;
  - (iii) funding for public policy groups;
  - (iv) university research awards;
  - (v) sponsorships whose primary purpose is to promote community support and corporate recognition; and
  - (vi) expenditures required under socio-economic agreements to support the development of mutually-beneficial long-term relationships.
- (d) approve all grants or contributions for charitable contributions and local community contributions; as described in section 4(c)(i) above, in excess of \$300,000.
- (e) require attendances at its meetings by members of management, as the committee may direct.
- (f) undertake such additional activities within the scope of its responsibilities as it may deem appropriate.

#### **5. Committee Evaluation**

The committee will annually complete a self-evaluation of the committee's own performance and effectiveness and will consider whether any changes to the committee's charter are appropriate.

#### **6. Resources and Authority of the Committee**

The committee has the authority to retain such outside advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

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## Appendix B – Shareholder proposals

The company is required by applicable law to set forth shareholder proposals and related supporting statements in its management proxy circular. The following shareholder proposals and supporting statements represent the views of the shareholders submitting the proposal.

**For the reasons set forth below, the Board recommends that shareholders vote AGAINST each shareholder proposal.**

### Proposal No. 1 – Adopt an absolute greenhouse gas reduction target

The following shareholder proposal was submitted by Comité syndical national de retraite Bâtirente Inc. (“Bâtirente”) and Gestion Férique, for consideration at the annual meeting of shareholders:

**RESOLVED:** Shareholders request that Imperial Oil adopt a midterm corporate-wide target to reduce absolute greenhouse gas emissions (scope 1 and 2). Such a target should be announced before the end of January 2024.

#### SUPPORTING STATEMENT:

Whereas:

- Imperial Oil has a company-wide goal to achieve net zero by 2050 and to reduce emissions intensity for operated oil sands by 30% by 2030 (relative to 2016 levels), the company has not set an absolute midterm emissions target.
- In its 2022 management proxy circular, Imperial committed “to work towards establishing a midterm absolute greenhouse gas emissions reduction goal”.
- Imperial respects and supports the goals of the Paris Agreement’s to “substantially reduce global greenhouse gas (GHG) emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees”.<sup>1</sup>
- Scientists expect significantly greater climate-related risks if global warming increases by 2°C compared to 1.5°C in terms of impacts on oceans, ecosystems, health, livelihoods, food security, water supply, human security, and economic growth, according to the Intergovernmental Panel on Climate Change’s (IPCC) Special Report on Global Warming of 1.5°C.<sup>2</sup>
- The IPCC finds that to remain on a 1.5°C pathway, global net anthropogenic CO<sub>2</sub> emissions must decline by about 45% from 2010 levels by 2030.
- According to a UN High-Level Expert Group, companies must disclose net-zero transition plans which must include short, medium and long-term absolute emission reduction targets.<sup>3</sup>
- For companies to demonstrate credible climate ambition, they must align with the goal of holding global temperature rise to 1.5°C and set targets to halve emissions by 2030..., according to the We Mean Business Coalition<sup>4</sup> (an association which includes the World Business Council for Sustainable Development<sup>5</sup>).
- Absolute GHG reduction targets have been adopted by companies such as Cenovus (35% by 2035 from 2019 levels), CNRL (40% by 2035 from 2020 levels) and Suncor (10 megatonnes per year by 2030).
- Most Investors now recognize that “climate change presents a major threat to long-term growth and prosperity, and that there is an urgent need to accelerate the transition towards a net-zero economy.”<sup>6</sup> Climate Action 100+, a coalition of 700 investors (responsible for over \$68 trillion in assets under management) assess companies on their transition plans, and expect companies to set corporate-wide absolute reduction targets in the short, medium and long term.
- Scope 1 greenhouse gas emissions refer to direct emissions from sources that are owned or controlled by the company. Scope 2 refers to indirect emissions from consumption of purchased electricity, heat or steam.

<sup>1</sup> <https://www.un.org/en/climatechange/paris-agreement>

<sup>2</sup> <https://www.ipcc.ch/sr15/chapter/spm/>

<sup>3</sup> High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities [https://www.un.org/sites/un2.un.org/files/high-level\\_expert\\_group\\_n7b.pdf](https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf)

<sup>4</sup> <https://www.wemeanbusinesscoalition.org/ambition/>

<sup>5</sup> <https://www.wbcasd.org/Overview/Our-members/Members>

<sup>6</sup> Canadian Investor Statement on Climate Change [www.riacanada.ca/investor-statement-climate-change](http://www.riacanada.ca/investor-statement-climate-change)

## **The Board recommends voting AGAINST this proposal for the following reasons:**

The *Canadian Net-Zero Emissions Accountability Act*, which became law on June 29, 2021, enshrines in legislation Canada's commitment to achieve net-zero emissions by 2050. Imperial recognizes the important role it can play in helping Canada meet this goal by responsibly producing lower emission intensity oil and product solutions that are needed for energy security, while advancing low carbon solutions including renewable fuels, carbon capture and storage (CCS) and low carbon intensity hydrogen that will change how we use energy in the future.

As part of the company's 2022 proxy circular and in connection with a similar proposal that was withdrawn for the 2022 annual meeting, Imperial committed to the following:

- to work towards establishing a midterm absolute greenhouse gas emissions reduction goal consistent with the company's goal of net zero from oil sands operations by 2050; and
- to work towards extending Imperial's current net-zero ambition to be corporate wide, including its downstream business

The company has conducted significant work to date to address the actions in the above. Noteworthy efforts include:

- In 2018, Imperial established a 10 percent greenhouse gas emissions intensity (GHGi) reduction goal versus 2016 for operated oil sands by 2023. We are on track to meet this goal.
- In 2021, Imperial was a founding member of the Oil Sands Pathways to Net Zero Alliance. The goal of the Pathways Alliance is net-zero emissions from the members' oil sands operations by 2050, by working collectively with the Federal and Alberta governments to help Canada achieve its 2050 net-zero GHG objective and Paris Agreement commitments. This ground-breaking approach aims to reduce oil sands GHG emissions by implementing new technology such as CCS, solvent-based production, renewable fuels, low carbon intensity hydrogen and small modular nuclear reactors. The Pathways Alliance is working to advance a world scale, leading-edge Canadian CCS project while exploring economic opportunities for local and Indigenous communities.
- In the first quarter of 2022, we communicated our goal to reduce greenhouse gas emissions intensity (Scope 1 and 2) in our operated oil sands by 30 percent by 2030 versus 2016 levels, and reiterated our goal to achieve net zero emissions in our oil sands operations by 2050.
- Throughout 2022, we completed comprehensive roadmaps to net zero. This work laid the foundation for Imperial's announcement in our fourth quarter earnings press release in January, 2023 of a company-wide goal to achieve net-zero emissions (Scope 1 and 2) by 2050 in its operated assets through collaboration with government and other industry partners. Successful technology development and supportive fiscal and regulatory frameworks will be needed to achieve this challenging goal.

Imperial recognizes that our journey towards net-zero will result in absolute emissions reductions, as we reduce greenhouse gas emissions intensity in our operations. The company has stress tested our roadmaps against third party climate scenarios and considered potential interim milestones. However, there remain many unknowns including yet-to-be developed government policies, market conditions and advances in technology that may influence the cost, pace and availability of potential future pathways. In addition, as part of the Government of Canada's 2030 Emissions Reduction Plan, it is anticipated that the Government could issue a medium-term GHG cap for the entire industry. Imperial believes it would be imprudent to release additional company-specific medium-term goals that are potentially misaligned with the anticipated Government of Canada cap currently under development.

As public policy and technology advancements emerge, including policy supports and details of the emissions cap, Imperial will be in a position to share its refreshed plans and related goals. However, it would be premature to create and announce plans until such time, and therefore, we recommend voting against this proposal.

## Proposal No. 2 – Report on the impact of the energy transition on asset retirement obligations

The following shareholder proposal was submitted by British Columbia Investment Management Corporation for consideration at the annual meeting of shareholders:

**RESOLVED:** Shareholders request that the Board provide an audited report estimating the quantitative impacts of the International Energy Agency Net Zero by 2050 pathway (IEA NZE scenario) on all asset retirement obligations. The report should disclose, as the Board deems appropriate, the estimated undiscounted costs to settle, in aggregate, related upstream and downstream Asset Retirement Obligations (AROs), and separately, identify both recognized and unrecognized amounts, as applicable. The Board should publish the report by February 2024 at reasonable cost and omitting proprietary information. Alternately this information could be disclosed in the 2023 consolidated financial statements.

### SUPPORTING STATEMENT:

Whereas:

The Proponent recommends the report be supported with reasonable assurance from an independent auditor. In the Board and management's discretion we recommend such report also disclose quantitative key assumptions used to estimate the AROs and whether, based on known information, it is reasonably possible that assumptions and estimates will change in the near term.

Oil and gas companies are legally required to decommission long-lived tangible assets at the end of their useful lives. However, given uncertainty around lives of assets in midstream and downstream segments (e.g., refineries, pipelines, and wells), most oil and gas companies have only recognized upstream AROs (presented on a discounted basis). For example, Imperial Oil has generally not recognized the relevant liabilities or disclosed estimated costs for downstream and chemical facilities, maintaining that "these sites have indeterminate lives based on plans for continued operations, and as such, the fair value of the conditional legal obligations cannot be measured, since it is impossible to estimate the future settlement dates of such obligations."<sup>1</sup> As such, investors lack the requisite transparency to assess the financial impact associated with the energy transition, how the IEA NZE scenario would affect the assumptions, costs, estimates, and valuations underlying AROs in the financial statements, and the potential for accelerated remediation and closure obligations.

As companies are not disclosing estimated undiscounted costs or discount rates used and/or the payment schedule of those obligations, investors also have limited insight into the estimates and assumptions that underpin reported AROs, making it difficult for them to analyze the impact of the energy transition on these obligations and to formulate their own risk-adjusted values. However, peers such as bp<sup>2</sup> have disclosed the estimated undiscounted ARO ["decommissioning"] amounts and estimated timing thereof. Shell<sup>3</sup> has also noted that some previously unrecognized AROs ["decommissioning and restoration" provisions] would have to be recognized, given the energy transition. Ideally, corporate disclosures would include discount rates, asset types, the range of potential settlement dates and probabilities associated with those dates given potential accelerated timing of the energy transition.

We ask shareholders to vote FOR this proposal.

<sup>1</sup> Imperial Oil Limited Form 10-K for the fiscal year ended December 31, 2021, p. 85.

<https://www.sec.gov/ix?doc=/Archives/edgar/data/49938/000119312522049999/d259423d10k.htm>

<sup>2</sup> bp Annual Report and Form 20-F 2021, p. 191.

<https://www.sec.gov/Archives/edgar/data/0000313807/000031380722000012/bp-20211231.htm>

<sup>3</sup> Shell plc Form 20-F, 2021, p. 222, 245 and 256.

<https://www.sec.gov/Archives/edgar/data/1306965/000130696522000012/shel-20211231.htm>

### The Board recommends voting AGAINST this proposal for the following reasons:

Imperial recognizes the important role the company plays by responsibly and efficiently producing lower emission intensity oil and product solutions that are needed for energy security, while advancing low carbon solutions. Transformational technologies, including low intensity oil production methods, renewable fuels, carbon capture and sequestration and low-carbon intensity hydrogen are key to meeting emerging customer needs and reducing emissions from Imperial's operations.



Imperial is committed to solutions to help society reach its net-zero ambitions. In 2021, Imperial came together with industry partners as a founding member of the Oil Sands Pathways to Net Zero Alliance to collaborate with governments and communities on a goal of net-zero emissions (Scope 1 and 2) by 2050 from oil sands operations. Building upon the Pathways Alliance initiative, the company's 2030 greenhouse gas emissions intensity reduction goal for operated oil sands and the successful completion of comprehensive company-wide roadmaps to net-zero, Imperial recently announced a company-wide goal to achieve net-zero emissions (Scope 1 and 2) by 2050 in our operated assets. Successful technology development and supportive fiscal and regulatory frameworks will be needed to achieve this challenging goal.

Imperial considers reputable third party scenarios to inform our strategic thinking and challenge "business as usual" assumptions, including potential timing for scale-up of low carbon solutions. Scenarios are hypothetical constructs and are highly sensitive to assumptions that will change in the future. No single pathway can be reasonably predicted, given the range of future uncertainties. Key unknowns include yet-to-be developed government policies, market conditions and advances in technology that influence the cost, pace and potential of certain pathways.

Scenarios considered are either backward determined for a specific goal, such as the International Energy Agency's (IEA) net-zero by 2050 scenario (NZE), or are projected based on a sector-by-sector assessment of the current and announced government policies around the world, like ExxonMobil's Outlook for Energy, which is a directionally similar projection to the IEA's stated policies scenario (STEPS). All future scenarios considered demonstrate a change in the fuel mix, with the key differentiator being the pace of transition to low carbon solutions.

With respect to the IEA NZE scenario, this is one of many potential future scenarios of future liquid hydrocarbon demand. To view this aggressive decarbonization scenario as the only realistic future state would be unreasonable and would not acknowledge the range of potential outcomes of the energy transition. In addition, the IEA acknowledges an "ambition gap" exists because aspirational targets and pledges by governments, even assuming they are met on time and in full, are not ambitious enough to meet the goals of the NZE scenario. Further, under most scenarios, oil and natural gas remain an important part of the supply mix at least through 2050. Imperial's pursuit of its net-zero goal will put the company in a good position to be part of this future energy mix.

Independent of these third party scenarios, Imperial incurs retirement obligations for certain assets, specifically for those which an end of life can be reasonably estimated and for which remediation requirements are clear. For these assets, the company calculates and publicly reports an Asset Retirement Obligation (ARO). This ARO is part of the company's audited regulatory filings.

However, asset retirement obligations for certain assets cannot be reasonably estimated as the reasonable life is indeterminate, making the calculation of such an obligation not possible. In particular, Imperial generally does not calculate or report an ARO for downstream assets as these sites have the ability to alter their production or transform as the energy needs of our customers evolve, making it difficult to determine what end of life will look like or when it will occur. There are a number of recent examples of Imperial repurposing or expanding the use of its Downstream assets supporting this assessment of an indeterminate useful life, including the conversion of the Dartmouth refinery to a distribution terminal and the planned construction of a renewable diesel facility at the company's Strathcona refinery. Additionally, Imperial owns the land on which these assets are located and in the event of operations ceasing completely, the ultimate remediation requirement would be determined in consultation with the regulator at that time and would be influenced by various factors, including the future use of the property.

To calculate asset retirement obligations as per the resolution presented would result in an arbitrary retirement obligation that would not reflect a thoughtful, fact-based approach to the energy transition, but instead, a very narrow and specific hypothetical view of the future.

Based on our performance to date, our company goal to pursue net-zero by 2050, the flexibility and integration we have with our asset base and that retirement obligations that are estimable and probable are included in the company's audited financial statements, we do not view that a commitment consistent with this motion is necessary at this time. Therefore, we recommend voting against this proposal.



**Imperial**

