

Notice of 2022 annual meeting
of shareholders and
management proxy circular



Annual meeting of shareholders May 3, 2022
Imperial Oil Limited





Notice of 2022 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 3, 2022 at 11:00 a.m. mountain standard time

Where: Virtual only, available online at www.virtualshareholdermeeting.com/IMO2022

The meeting will be called for the following purpose:

1. to consider the consolidated financial statements for the year ended December 31, 2021, 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 proposal 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.

Due to the continued health risks associated with the COVID-19 pandemic and to ensure the health and safety of our shareholders, directors, employees and other stakeholders, the 2022 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 6 of the management proxy circular and will be posted to the company's website at 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 4, 2022, 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 29, 2022, or two days (excluding Saturdays, Sundays or statutory holidays) prior to any adjournment of the meeting. The effective date of the circular is February 15, 2022, on which date there were 669,143,714 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, 2022

Management Proxy Circular

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Message from the chairman, president and chief executive officer

2022 Letter to shareholders

Imperial strategically positioned to deliver continued shareholder value

2021 was a year that again demonstrated the resiliency of our company and our people in the face of adversity. Similar to other challenging periods throughout Imperial's 142-year history, the company continued to adapt and respond to the dynamic business environment. This success supports our confidence in our future.



While challenges of the pandemic continued throughout 2021, Imperial delivered a year of outstanding performance across the company as commodity prices significantly improved. This performance reflected the strength of Imperial's integrated business model and value created through structural cost reductions, focus on reliable operations and capital-efficient growth in our core businesses.

With the strategic decisions we have made and implemented over the past two years to improve cost, reliability and competitiveness, the company is well-positioned to take full advantage of the current market. Imperial's financial results benefited across all segments from stronger commodity prices and margins as the company maximized performance of existing assets, prioritized shareholder returns and progressed key sustainability initiatives.

In 2021, Imperial recorded net income of nearly \$2.5 billion, up significantly from a loss in 2020 that included a non-cash impairment charge related to our unconventional business. Our focus on strong capital discipline delivered \$5.5 billion in cash flow from operations. Capital expenditures of just over \$1.1 billion advanced key projects such as Kearl in-pit tailings infrastructure and the Sarnia products pipeline.

This strong performance supported record returns of almost \$3 billion of cash to shareholders, delivered through the largest increase to dividend payments in the company's history, as well as accelerated share repurchases under the company's normal course issuer bid program. 2021 marked the 27th consecutive year of dividend increases for the company.

Safety and pandemic response

Throughout 2021, we continued to manage the ongoing challenges due to COVID-19 and our focus remained on protecting the health and safety of our workforce. The company delivered another year of strong safety performance even as our sites adapt to changing restrictions while maintaining operations.

Our continued pandemic response also supported our communities. Imperial provided \$2.5 million in free fuel to 100,000 front line health care workers across Canada who were nominated by fellow Canadians in recognition of their tireless service. We also invested \$200,000 to support mental health organizations across the country through our #FuelWhatMatters campaign.

Operational highlights

Imperial's Upstream assets delivered strong operational performance, driven by focused, high-return investment and enhanced reliability. The company achieved its highest production in over 30 years, driven by record Kearl annual total gross production of 263,000 barrels per day, the highest in the asset's history. The company adjusted planned maintenance, reducing planned downtime, lowering unit costs and enabling the asset to achieve higher volumes.

Cold Lake also contributed to this strong upstream performance, with annual production of 140,000 barrels per day, driven by continued focus on reliability and optimization. During the year, operatorship of Syncrude successfully transferred from Syncrude Canada to Suncor Energy. With the transition completed, the joint venture expects to capture additional synergies in an effort to maximize profitability and improve reliability. Consistent with our strategy to focus upstream resources on key oil sands assets, Imperial initiated marketing of its interests in XTO Energy Canada, which includes unconventional assets in the Montney and Duvernay areas of central Alberta. A definitive decision to sell the assets has not been made.

Imperial's downstream business also delivered excellent operational performance, increasing refinery throughput, and achieving higher sales of fuels, lubes and chemicals. As Canada's largest refiner, the company remained well positioned as demand for fuels continued to recover, benefiting from its access to cost-advantaged crude and logistics networks. Downstream throughput reached its highest levels in the fourth quarter, delivering an annual result of 379,000 barrels per day. Petroleum product sales in the fourth quarter were 496,000 barrels per day, reflecting significant recovery from 2020 levels. The company continued to enhance its portfolio of brands and product offerings during the year and maintained a lead market share in key products across the country.

As the company continued to advance sustainability initiatives, Imperial also announced it is moving forward with plans to construct a world-class renewable diesel complex at its Strathcona refinery near Edmonton, Alberta. This new complex is expected to produce more than 1 billion litres per year of renewable diesel from locally sourced and grown feedstocks and to realize about 3 million tonnes per year in emissions reductions in the Canadian transportation sector. A final investment decision will be based on several factors.

The company also progressed the proactive replacement of a segment of our Sarnia Products Pipeline in Ontario, scheduled to be commissioned in 2022, and advanced work to increase biofuel blending and co-processing at its facilities. Strong polyethylene margins propelled Chemicals net income of \$361 million, the highest in over 30 years, making the most of a very favourable market environment.

Reduction plans support net zero oil sands goal

Imperial continued to demonstrate its commitment and support for Canada's ambition to achieve net zero by 2050. In June, Imperial announced its participation as a founding member of the Oil Sands Pathways to Net Zero alliance. The goal of this unique alliance, working collectively with the broader oil and gas industry and the federal and Alberta governments, is to achieve net zero greenhouse gas emissions from oil sands operations by 2050 to help Canada meet its climate goals, including its Paris Agreement commitments and 2050 net zero aspirations. The first phase of the Pathways initiative will focus on building out a carbon capture and storage network in the oil sands producing region of northern Alberta.

Imperial has a goal to achieve net zero Scope 1 and 2 greenhouse gas emissions in the company's oil sands operations by 2050 in support of Canada's commitment to move towards net zero emissions. To support this net zero ambition, by the end of 2030 Imperial anticipates to reduce Scope 1 and 2 greenhouse gas emissions intensity of its operated oil sands facilities by 30 percent, compared with 2016 levels. The company plans to achieve this through implementation of lower greenhouse gas technologies, efficiency improvements at its facilities and the use of carbon capture and storage. In the near term, the company remains on track to meet its previous Scope 1 and Scope 2 greenhouse gas emissions intensity goal of a 10 percent reduction for operated oil sands facilities by the end of 2023, compared to 2016 levels.

Continuing our progress

As part of our role in reconciliation with Indigenous communities, we continue to make progress on increasing capacity and business development. Since 2008, Imperial has surpassed \$3 billion in spending with Indigenous businesses and was awarded silver level certification with Progressive Aboriginal Relations in 2021, demonstrating our commitment to shared prosperity with the First Nations and Metis communities with which we work.

The dedication and hard work of Imperial's workforce continues to be one of the company's greatest assets, and I want to share my sincere appreciation for their efforts, which were key in delivering this year's performance. In recognition of the strong culture within the organization, Imperial was also recognized externally as a top employer in 2021.

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 also meaningfully contributing to Canada's energy future. We know the road ahead still includes challenges. We have built a solid path, demonstrated by our track record to date, and are well-positioned to continue this positive momentum.

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.

2022 Annual meeting of shareholders

Date and time:	May 3, 2022 at 11:00 a.m. mountain standard time
Location:	Virtual only, available online at www.virtualshareholdermeeting.com/IMO2022
Record date:	March 4, 2022
Mail date:	March 16, 2022

Voting matters and board recommendations

Voting items	Board voting recommendation
Reappointment of the auditor (page 11)	For
Election of the directors (pages 13 through 16)	For each of the director nominees
Shareholder proposal (Appendix B starting on page 102)	Against the proposal

Overview of director nominees

	D.W. Cornhill	B.W. Corson	M.R. Crocker	K.T. Hoeg	M.C. Hubbs	J.M. Mintz	D.S. Sutherland
Gender	Male	Male	Male	Female	Female	Male	Male
Age (as of February 15, 2022)	68	60	48	72	55	70	72
Director since	November 29, 2017	September 17, 2019	May 4, 2021	May 1, 2008	July 26, 2018	April 21, 2005	April 29, 2010
Citizenship	Canadian	United States	United States	Canadian	Canadian	Canadian	Canadian
Independent director	Yes	No	No	Yes	Yes	Yes	Yes
Standing committee participation in 2021 (a)	AC ERC PP&CR N&CG* CC&E	CC&E	ERC PP&CR N&CG CC&E	AC* ERC PP&CR N&CG CC&E	AC ERC PP&CR N&CG CC&E*	AC ERC PP&CR* N&CG CC&E	AC ERC* PP&CR N&CG CC&E
Board interlocks	None	None	None	None	None	None	None
2021 Meeting attendance	100%	100%	100%	100%	100%	100%	100%
Met share ownership guidelines	Yes	Yes	n/a	Yes	Yes	Yes	Yes
# of other public boards	1	0	0	1	1	0	2
Financially literate	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compensation experience	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Percentage of votes in favour at last AGM	96.37%	97.33%	99.56%	98.49%	99.22%	95.46%	97.70%

(a) AC – Audit Committee; ERC – Executive Resources Committee; PP&CR – Public Policy and Corporate Responsibility Committee; N&CG – Nominations and Corporate Governance Committee; CC&E – Community Collaboration and Engagement Committee * indicates chair of that committee.

2021 Business performance highlights

- Continued to protect our workforce during the pandemic and delivered strong safety performance and effective enterprise risk management.
- Recognized as one of Canada's best employers by Forbes and one of Canada's top employers by Mediacorp Canada Inc.
- Demonstrated clear commitment to sustainability
 - Published Imperial's Corporate Sustainability Report.
 - Announced the launch of the Oil Sands Pathways to Net Zero industry alliance.
 - In January 2022, announced plans for further greenhouse gas emissions intensity reductions at the company's operated oil sands facilities, anticipating a 30 percent reduction by 2030, compared to 2016 levels in support of its goal to achieve net zero emissions in its operated oil sands assets by 2050.
 - Awarded silver level of certification with Progressive Aboriginal Relations.
- Strong financial performance
 - Positioned Imperial to take advantage of higher commodity prices by structurally lowering operating and capital expenditures.
 - Net income of \$2,479 million, driven by attractive market conditions, structural cost reductions and reliable operations.
 - Generated about \$5.5 billion in cash flow from operating activities and with disciplined capital spending achieved about \$4.5 billion in free cash flow¹.
 - Increased quarterly dividend to \$0.27 per share starting in the second quarter of 2021, increasing the annual dividend paid for the 27th consecutive year while maintaining stable debt levels.
 - Record shareholder returns of nearly \$3 billion; including dividends of about \$0.7 billion and share repurchases of about \$2.2 billion under its normal course issuer bid.
- Strong Upstream operational performance:
 - 428,000 gross oil-equivalent barrels per day of full-year upstream production; the highest in over 30 years driven by reliability improvements, production recovery and capacity enhancements, and continued focused, high return investment.
 - Highest ever annual total gross production at Kearl of 263,000 barrels per day.
 - Following implementation of a multi-year plan, successfully transitioned Kearl to a single annual turnaround, one year ahead of schedule.
 - Successful startup of first Kearl Boiler flue gas unit reducing both operating expenses and greenhouse gas emissions.
 - Increased year-over-year production at Cold Lake driven by higher reliability and production enhancement initiatives including field optimizations and drilling.
 - Successfully started the Liquid Addition to Steam for Enhanced Recovery (LASER) Project at Cold Lake's Mahkeses plant. This latest deployment of Imperial's enhanced recovery solvent technology improves productivity and is expected to enable up to a 25 percent greenhouse gas intensity reduction for the associated production.
 - Syncrude operatorship successfully transferred from Syncrude Canada to Suncor, in an effort to maximize profitability and improve reliability for the asset.
- Strong Downstream and Chemical operational performance:
 - Refinery capacity utilization for 2021 increased by nine percent to 89 percent despite a significant turnaround at Strathcona.
 - Progressed Sarnia Products Pipeline project to increase capacity, improve reliability of supply and structurally lower logistics costs and increase sales in the high-value Toronto market.
 - Announced plans to construct a world-class renewable diesel complex at Strathcona refinery; a final investment decision is expected in the fourth quarter of 2022 and will be based on several factors.
 - Record diluent production at Strathcona and record asphalt production at Nanticoke.
 - Strong polyethylene margins and asset reliability led to highest full-year Chemicals net income in over 30 years of \$361 million.

¹ non-GAAP financial measure – see *Frequently used terms* section on page 72 for definition and reconciliation

2021 Corporate governance highlights

- Five of seven of 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 \$17.5 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
- The company has adopted a majority voting policy
- 98% average vote in favour for the election of our directors at the 2021 annual meeting
- Two of seven or 29% of the director nominees, and 12 of 25 or 48% of the executive officers of the company and its major subsidiaries, are women

2021 Executive compensation highlights

- Compensation programs continue to align with the company's long-term business model and support key business strategies
 - All executives participate in common compensation programs that encourage appropriate risk assessment and risk management
 - Employees and directors are prohibited from hedging against the value of company stock
 - No employment contracts or change in control agreements
-

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 proposal 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 3, 2022. 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 4, 2022, 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, 2022. 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 2021 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**. 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** 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 is in response to the continued risks associated with the COVID-19 pandemic, and reflects Imperial's commitment to ensure the health and safety of its shareholders, directors, employees and other stakeholders. A virtual only meeting is part of Imperial's efforts to do its part to limit the spread of COVID-19 in the community, while also ensuring its shareholders' ability to attend the meeting, communicate and exercise their rights.

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/IMO2022 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 3, 2022. 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/IMO2022, 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 29, 2022. You may also cast your vote prior to the meeting by using one of the other voting methods set out 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 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 29, 2022, or two days (excluding Saturdays, Sundays or statutory holidays) prior to any adjournment of the meeting, will be voted or withheld from voting, 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, K.T. Hoeg or J.M. Mintz, 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 29, 2022 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 29, 2022.**

Voting options

Shareholders are encouraged to vote in advance of the meeting at 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 29, 2022.

Shareholders can vote using one of the following methods:

Proxy voting options		Registered and Non-registered shareholders by proxy form or voting instruction form
	Vote online	Go to web site www.proxyvote.com 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.
	Vote with your mobile device	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.
	Vote by mail	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.
	Vote by telephone	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.
	Vote at the virtual meeting	Registered shareholders log-in using the 16-digit control number included on their proxy form and vote when prompted. Duly appointed proxyholders of registered and non-registered (beneficial) shareholders (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 29, 2022, 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 11 and 12.

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

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** and will be filed with the Canadian and United States securities regulators on SEDAR at **www.sedar.com** and on EDGAR at **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**. To ask a question during the meeting, please log into the meeting at **www.virtualshareholdermeeting.com/IMO2022**. 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**.

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**. 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 15, 2022, there were 669,143,714 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**, 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, 2021 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, have been reported online on SEDAR at 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 80 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, 2021 and December 31, 2020 were as follows:

thousands of Canadian dollars	2021	2020
Audit fees	1,890	1,910
Audit-related fees	92	92
Tax fees	0	0
All other fees	0	0
Total fees	1,982	2,002

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 2021. 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 continually 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, and all directors are being nominated for election.

The proxy form provides instructions for a shareholder to withhold from voting for 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 withheld from voting for 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, K.T. (Krystyna) Hoeg, M.C. (Miranda) Hubbs, J.M. (Jack) Mintz and D.S. (David) Sutherland.** See the Nominees for director section on pages 13 through 16 for more details on the seven directors nominated for election.

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

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 election of the nominees.

(iv) Shareholder proposal

You will be asked to vote on a shareholder proposal that was submitted for consideration at the annual meeting of shareholders:

- Shareholder proposal regarding the adoption of a policy to cease oil and gas exploration and developments.

The shareholder proposal and supporting statement, and the board and management response and recommendation, is set out in Appendix B to this circular.

Shareholders may vote **FOR** or **AGAINST** the shareholder proposal. Approval of the shareholder proposal 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 shareholder proposal, the proxyholders named in the accompanying proxy intend to vote AGAINST the shareholder proposal.

(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 are now directors and have been since the dates indicated.

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 15, 2022, 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 19.

Director nominee tables



David W. Cornhill

Calgary, Alberta, Canada

Nonemployee director (independent)

Age: 68

Director since: November 29, 2017

Skills and experience: Leadership of large organizations, Operations/technical, Project management, Strategy development, Audit committee financial expert, Financial expertise, Executive compensation, Environment and sustainability, 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 executive 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 15, 2022 (#)	12,500 (<0.01%)	10,953	23,453	14,900	38,353
Total market value as at February 15, 2022 (\$)	697,500	611,177	1,308,677	831,420	2,140,097
Year over year change (#)	0	2,769	2,769	3,300	6,069

*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2021	Public Company Directorships in the Past Five Years*
Imperial Oil Limited board	10 of 10 (100%)	- AltaGas Ltd. (2010 – present)
Audit committee	5 of 5 (100%)	- AltaGas Canada Inc. (2018 – 2020)
Executive resources committee	6 of 6 (100%)	- Alterra Power Corp. (2008 – 2018)
Public policy and corporate responsibility committee	3 of 3 (100%)	- Painted Pony Energy Ltd. (2015 – 2017)
Nominations and corporate governance committee (Chair)	7 of 7 (100%)	*no public board interlocks
Community collaboration and engagement committee	1 of 1 (100%)	

Voting Results of 2021 Annual General Meeting:

Votes in Favour:	Votes Withheld:	Other Positions in the Past Five Years: (position, date office held, and status of employer)
649,845,433 (96.37%)	24,498,796 (3.63%)	- 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: 60

Director since: September 17, 2019

Skills and experience: Leadership of large organizations, Operations/technical, Project management, Global experience, Strategy development, Financial expertise, Government relations, Executive compensation, Environment and sustainability, 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 15, 2022 (#)	0	0	0	234,600	234,600
Total market value as at February 15, 2022 (\$)	0	0	0	13,090,680	13,090,680
Year over year change (#)	0	0	0	78,200	78,200

*Meets the necessary share ownership requirements

Board and Standing Committee Membership	Meeting Attendance 2021	Public Company Directorships in the Past Five Years*
Imperial Oil Limited board (Chair)	10 of 10 (100%)	None
Community collaboration and engagement committee	1 of 1 (100%)	*no public board interlocks

Voting Results of 2021 Annual General Meeting:

Votes in Favour: 656,343,284 (97.33%)	Votes Withheld: 18,000,945 (2.67%)	Other Positions in the Past Five Years: (position, date office held, and status of employer) - President, Imperial Oil Limited (2019 – present) - President, ExxonMobil Upstream Ventures (2015 – 2019) (Affiliate)
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Matthew R. Crocker
Spring, Texas, United States of America

Non-independent director

Age: 48

Director since: May 4, 2021

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

Mr. Crocker is senior vice-president, fuels at ExxonMobil Fuels & Lubricants Company since September, 2020. He is responsible for the downstream global fuels value chain, from crude to customer. Mr. Crocker has also held leadership positions within refining, upstream business development, chemicals and controllers. Prior to his current position, Mr. Crocker was vice-president, strategy and portfolio management, covering the full scope of ExxonMobil's upstream business.

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 15, 2022 (#)	0	0	0	0	0
Total market value as at February 15, 2022 (\$)	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 2021	Public Company Directorships in the Past Five Years*
Imperial Oil Limited board	6 of 6 (100%)	None
Executive resources committee	3 of 3 (100%)	*no public board interlocks
Public policy and corporate responsibility committee	2 of 2 (100%)	
Nominations and corporate governance committee	5 of 5 (100%)	
Community collaboration and engagement committee	1 of 1 (100%)	

Voting Results of 2021 Annual General Meeting:

Votes in Favour: 671,381,457 (99.56%)	Votes Withheld: 2,962,822 (0.44%)	Other Positions in the Past Five Years: (position, date office held, and status of employer) - 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) - Project executive, ExxonMobil Refining & Supply (2016 – 2017) (Affiliate)
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Krystyna T. Hoeg
Toronto, Ontario, Canada

Nonemployee director (independent)

Age: 72

Director since: May 1, 2008

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

Ms. Hoeg was the president and chief executive officer of Corby Distilleries Limited from 1996 until her retirement in February 2007. She previously held several positions in the finance and controllers functions of Allied Domecq PLC and Hiram Walker & Sons Limited. Prior to that, she spent five years in public practice as a chartered accountant with the accounting firm Touche Ross. She is currently a director of New Flyer Industries Inc. and is also a director of Revera Inc., Arterra Wines Canada Inc., Duo Bank of Canada and Duo Financial Corporation, privately owned corporations. Ms. Hoeg is a past chair of the board of the Michael Garron Hospital.

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 15, 2022 (#)	0	51,161	51,161	17,200	68,361
Total market value as at February 15, 2022 (\$)	0	2,854,784	2,854,784	959,760	3,814,544
Year over year change (#)	0	4,448	4,448	1,000	5,448

*Meets the necessary share ownership requirements

Board and Standing Committee Membership Meeting Attendance 2021 **Public Company Directorships in the Past Five Years***

Imperial Oil Limited board	10 of 10 (100%)	- New Flyer Industries Inc. (2015 – Present)
Audit committee (Chair)	5 of 5 (100%)	
Executive resources committee	6 of 6 (100%)	*no public board interlocks
Public policy and corporate responsibility committee	3 of 3 (100%)	
Nominations and corporate governance committee	7 of 7 (100%)	
Community collaboration and engagement committee	1 of 1 (100%)	

Voting Results of 2021 Annual General Meeting:

Votes in Favour:	Votes Withheld:
664,148,118 (98.49%)	10,196,111 (1.51%)

Other Positions in the Past Five Years:
(position, date office held, and status of employer)

None



Miranda C. Hubbs
Toronto, Ontario, Canada

Nonemployee director (independent)

Age: 55

Director since: July 26, 2018

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

Ms. Hubbs is currently an independent director of Nutrien Ltd. and PSP Investments (Public Sector Pension Investment Board). Ms. Hubbs 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 15, 2022 (#)	0	14,383	14,383	12,300	26,683
Total market value as at February 15, 2022 (\$)	0	802,571	802,571	686,340	1,488,911
Year over year change (#)	0	3,470	3,470	3,300	6,770

*Meets the necessary share ownership requirements

Board and Standing Committee Membership Meeting Attendance 2021 **Public Company Directorships in the Past Five Years***

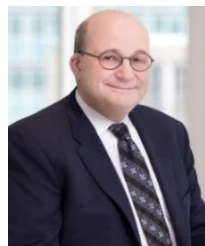
Imperial Oil Limited board	10 of 10 (100%)	- Nutrien Ltd. (2018 – present)
Audit committee	5 of 5 (100%)	- Agrium Inc. (2016 – 2018)
Executive resources committee	6 of 6 (100%)	- Spectra Energy Corporation (2015 – 2017)
Public policy and corporate responsibility committee	3 of 3 (100%)	*no public board interlocks
Nominations and corporate governance committee	7 of 7 (100%)	
Community collaboration and engagement committee (Chair)	1 of 1 (100%)	

Voting Results of 2021 Annual General Meeting:

Votes in Favour:	Votes Withheld:
669,057,757 (99.22%)	5,286,472 (0.78%)

Other Positions in the Past Five Years:
(position, date office held, and status of employer)

None



Jack M. Mintz
Calgary, Alberta, Canada

Nonemployee director (independent)

Age: 70

Director since: April 21, 2005

Skills and experience: Global experience, Strategy development, Financial expertise, Government relations, Academic/research, Executive compensation, Environment and sustainability, Risk management

Dr. Mintz is currently the President's Fellow at the University of Calgary's School of Public Policy, a position he has held since July 2015. Dr. Mintz also serves on the board of Alberta Health Services and is the Senior Fellow at the C.D. Howe Institute, Distinguished Fellow at the MacDonald-Laurier Institute and Research Fellow at the International Tax and Investment Center (Washington D.C.). From 2006 to 2015, Dr. Mintz was the founding Director and Palmer Chair in Public Policy for the University of Calgary, and from 1999 to 2006, he was the president and chief executive officer of the C.D. Howe Institute. Prior to 2007, he also held professor positions at Queen's University and the Joseph L. Rotman School of Management at the University of Toronto. Dr. Mintz also has published widely in the fields of public economics and fiscal federalism, has been an advisor to governments on fiscal matters, and has frequently published articles in national newspapers and magazines. Dr. Mintz received the Order of Canada 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 15, 2022 (#)	1,000 (<0.01%)	46,530	47,530	17,200	64,730
Total market value as at February 15, 2022 (\$)	55,800	2,596,374	2,652,174	959,760	3,611,934
Year over year change (#)	0	4,325	4,325	1,000	5,325

*Meets the necessary share ownership requirements

Board and Standing Committee Membership

Meeting Attendance 2021

Public Company Directorships in the Past Five Years*

Imperial Oil Limited board	10 of 10 (100%)	- Morneau Shepell Inc. (2010 – 2020)
Audit committee	5 of 5 (100%)	*no public board interlocks
Executive resources committee	6 of 6 (100%)	
Public policy and corporate responsibility committee (Chair)	3 of 3 (100%)	
Nominations and corporate governance committee	7 of 7 (100%)	
Community collaboration and engagement committee	1 of 1 (100%)	

Voting Results of 2021 Annual General Meeting:

Other Positions in the Past Five Years:
(position, date office held, and status of employer)

Votes in Favour: 643,739,018 (95.46%)	Votes Withheld: 30,605,211 (4.54%)	None
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David S. Sutherland
Scottsdale, Arizona, United States of America

Nonemployee director (independent)

Age: 72

Director since: April 29, 2010

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

In July 2007, Mr. Sutherland retired as president and chief executive officer of the former IPSCO, Inc. after spending 30 years with the company and more than five years as president and chief executive officer. Mr. Sutherland is the chairman of the board of United States Steel Corporation and director of GATX Corporation. Mr. Sutherland is also chairman of Graham Group Ltd., an employee owned corporation. Mr. Sutherland is a former chairman of the American Iron and Steel Institute and served as a member of the board of directors of the Steel Manufacturers Association, the International Iron and Steel Institute, the Canadian Steel Producers Association and the National Association of Manufacturers.

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 15, 2022 (#)	55,000 (<0.01%)	43,636	98,636	17,200	115,836
Total market value as at February 15, 2022 (\$)	3,069,000	2,434,889	5,503,889	959,760	6,463,649
Year over year change (#)	0	4,248	4,248	1,000	5,248

*Meets the necessary share ownership requirements

Board and Standing Committee Membership

Meeting Attendance 2021

Public Company Directorships in the Past Five Years*

Imperial Oil Limited board	10 of 10 (100%)	- GATX Corporation (2007 – Present)
Audit committee	5 of 5 (100%)	- United States Steel Corporation (2008 – Present)
Executive resources committee (Chair)	6 of 6 (100%)	*no public board interlocks
Public policy and corporate responsibility committee	3 of 3 (100%)	
Nominations and corporate governance committee	7 of 7 (100%)	
Community collaboration and engagement committee	1 of 1 (100%)	

Voting Results of 2021 Annual General Meeting:

Other Positions in the Past Five Years:
(position, date office held, and status of employer)

Votes in Favour: 658,802,073 (97.70%)	Votes Withheld: 15,542,156 (2.30%)	None
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Footnotes to director nominee tables on pages 13 through 16:

- (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 41. The company's plan for deferred share units for nonemployee directors is described on page 40. The company's plan for restricted stock units for selected employees is described on page 64.
- (c) The numbers for the company's restricted stock units represent the total of the outstanding restricted stock units received in 2015 through 2021 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 \$55.80 on February 15, 2022.

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	114,686	88,000	202,686	20,140,312
M.R. Crocker	15,938	102,250	118,188	11,743,994
D.S. Sutherland	5,730	-	5,730	569,373

- (a) Holdings as at February 15, 2022. 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. D.W. Cornhill, K.T. Hoeg, M.C. Hubbs and J.M. Mintz 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 \$77.99 U.S., which is converted to Canadian dollars at the daily rate of exchange of \$1.2741 provided by the Bank of Canada for February 15, 2022.

Majority voting policy

In order to better align with the Canadian Coalition for Good Governance's policy, "Governance Differences of Equity Controlled Corporations", in 2012, the board of directors of the company passed a resolution adopting a majority voting policy. As of the date of this circular, Exxon Mobil Corporation holds 69.6 percent of the company's shares. If Exxon Mobil Corporation's shareholdings were ever to fall below 50 percent, the company's policy provides that for any non-contested election of directors, any director nominee who receives a greater number of votes "withheld" from his or her election than votes "for" in such election shall tender his or her resignation. Within 90 days after certification of the election results, the board of directors will decide, through a process managed by the nominations and corporate governance committee and excluding the nominee in question, whether to accept the resignation. Absent a compelling reason for the director to remain on the board, the board shall accept the resignation. The board will promptly disclose its decision and, if applicable, the reasons for rejecting the tendered resignation.

Corporate governance disclosure

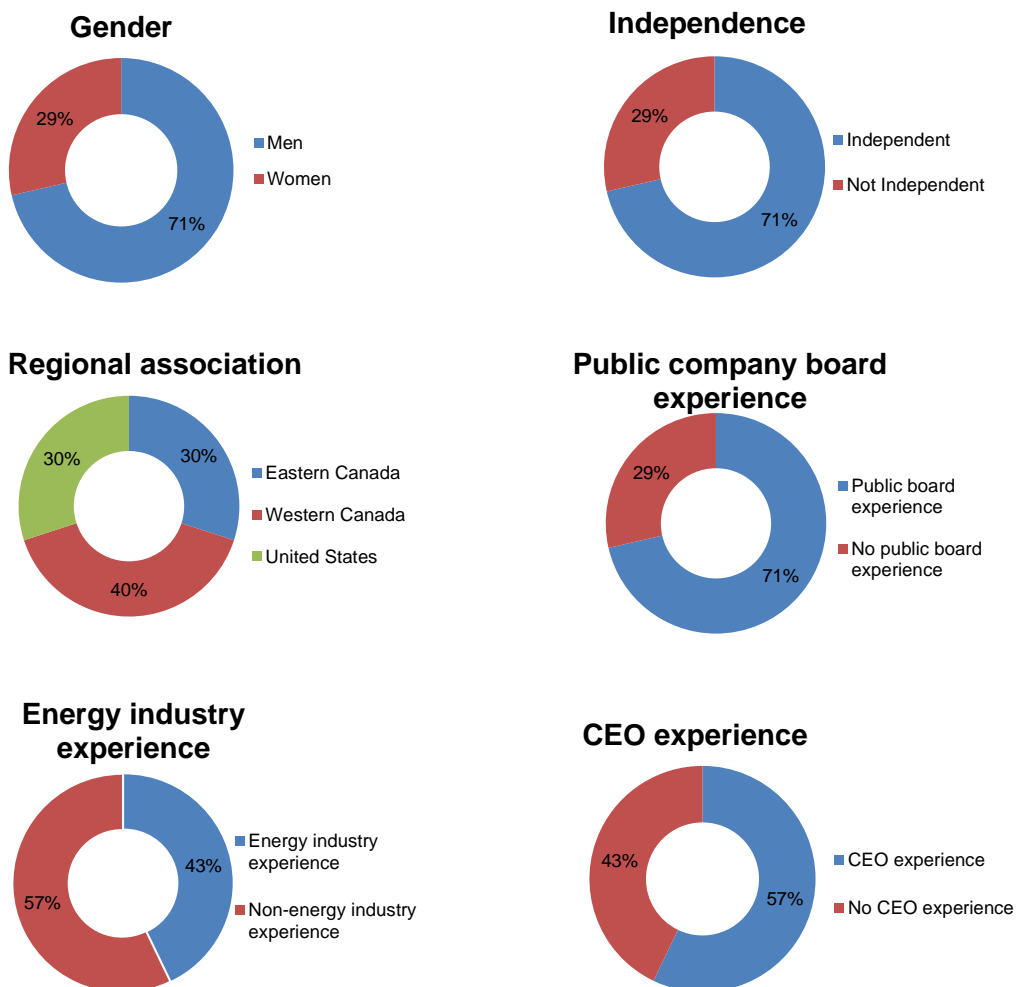
Corporate governance at a glance	
Controlled company	Yes
Size of board	7
Number of independent directors	5
Women on board	2
Average attendance of directors at board and committee meetings	100%
Independent chair of the executive sessions	Yes
In camera sessions of independent directors at every board meeting	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)	8 years
Average age of director nominees (approximate)	64 years
Mandatory retirement age	72 years
Majority voting policy	Yes
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.

Composition of our board nominees



More information on diversity, including on the board and among executive officers of the company, can be found at page 47.

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. K.T. Hoeg and D.S. Sutherland have reached the company's mandatory retirement age for directors in 2022. However, the ongoing COVID-19 pandemic has given rise to a rapidly evolving business environment, has created new challenges in relation to health, safety, and operational integrity, and has impacted the timing and progress of the board's director recruitment process. Given these exceptional circumstances, the board recognizes the value of stability and continuity as these challenges continue to evolve. Therefore, at the request of the chairman and in accordance with the board charter, the nominations and corporate governance committee supported, and the board approved, Ms. Hoeg and Mr. Sutherland's nomination for re-election for one further year. Following the annual meeting of shareholders, the company will continue its director recruitment process and any announcements of new directors will be made as they are available.

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. 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	4 years	2026
B.W. Corson	2 years	-
M.R. Crocker	1 year	-
K.T. Hoeg	14 years	2023
M.C. Hubbs	3 years	2039
J.M. Mintz	17 years	2023
D.S. Sutherland	12 years	2023

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 13 through 16 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	K.T. Hoeg	M.C. Hubbs	J.M. Mintz	D.S. Sutherland
Leadership of large organizations	■	■	■	■			■
Operations / technical	■	■	■				■
Project management	■	■	■	■			
Global experience		■	■	■	■	■	■
Strategy development	■	■	■	■	■	■	■
Environment and sustainability	■	■	■	■	■	■	■
Audit committee financial expert	■			■	■		■
Financial expertise	■	■	■	■	■	■	■
Government relations		■	■			■	■
Academic / research						■	
Information technology / cybersecurity oversight					■		
Executive compensation	■	■	■	■	■	■	■
Risk management	■	■	■	■	■	■	■

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, all of whom will be standing for re-election at the annual meeting of shareholders on May 3, 2022. The majority of the board and nominees (five out of seven) are independent. The independent directors 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 (a)	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.
K.T. Hoeg		■		
M.C. Hubbs		■		
J.M. Mintz		■		
D.S. Sutherland		■		

(a) D.C. Brownell did not stand for re-election in 2021 and resigned from the board and its committees on May 4, 2021, and was not independent during his tenure in 2021.

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)	Public policy and corporate responsibility 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. On September 30, 2021, a special committee of independent directors was created for the purposes of considering certain matters. The special committee is chaired by D.W. Cornhill and consists of the five independent directors.

Number of meetings

The chart below shows the number of board and standing committee meetings held in 2021. This includes seven regular meetings and three additional special meetings of the board. Due to public health recommendations and restrictions related to COVID-19 and for the health and safety of our directors and employees, all meetings in 2021 were conducted virtually. More information on the board's activities in relation to COVID-19 can be found in the Risk oversight section starting on page 30.

Meetings of the board and standing committees in 2021:

Board 10				
Audit committee	Executive resources committee	Public policy and corporate responsibility committee	Nominations and corporate governance committee	Community collaboration and engagement committee
5	6	3	7	1

Attendance of our board members in 2021

100% 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 2021. The attendance record of each director nominee is also set out in his or her biographical information on pages 13 through 16. 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	Public policy and corporate responsibility committee	Nominations and corporate governance committee	Community collaboration and engagement committee	Annual meeting	Total	Percentage by director
D.C. Brownell (a)	4 of 4	-	3 of 3	1 of 1	2 of 2	-	1 of 1	11 of 11	100%
D.W. Cornhill	10 of 10	5 of 5	6 of 6	3 of 3	7 of 7 (chair)	1 of 1	1 of 1	33 of 33	100%
B.W. Corson	10 of 10 (chair)	-	-	-	-	1 of 1	1 of 1	12 of 12	100%
M.R. Crocker (b)	6 of 6	-	3 of 3	2 of 2	5 of 5	1 of 1	-	17 of 17	100%
K.T. Hoeg	10 of 10	5 of 5 (chair)	6 of 6	3 of 3	7 of 7	1 of 1	1 of 1	33 of 33	100%
M.C. Hubbs	10 of 10	5 of 5	6 of 6	3 of 3	7 of 7	1 of 1 (chair)	1 of 1	33 of 33	100%
J.M. Mintz	10 of 10	5 of 5	6 of 6	3 of 3 (chair)	7 of 7	1 of 1	1 of 1	33 of 33	100%
D.S. Sutherland	10 of 10	5 of 5	6 of 6 (chair)	3 of 3	7 of 7	1 of 1	1 of 1	33 of 33	100%
Percentage by committee	100%	100%	100%	100%	100%	100%	100%	205 of 205	Overall attendance 100%

(a) D.C. Brownell did not stand for re-election in 2021 and resigned from the board and its committees on May 4, 2021.

(b) M.R. Crocker was elected to the board and its committees on May 4, 2021.

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	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	-	-	-	-
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	Corporate governance and nominating 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) and Governance committee
	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 34)
- Expertise in financial matters (Financial expertise)
- Expertise in managing relations with government (Government relations)
- Experience in academia or in research (Academic / research)
- 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. 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.

K.T. Hoeg and D.S. Sutherland have reached the company's mandatory retirement age for directors in 2022. As a result, the committee did initiate a director recruitment process in 2021, however, the ongoing COVID-19 pandemic has given rise to a rapidly evolving business environment, it has created new challenges in relation to health, safety, and operational integrity, and it has impacted the timing and progress of the director recruitment process. In light of these considerations, the committee and the board recognize the value of stability and continuity as these challenges continue to evolve. Therefore, in accordance with the board charter, the committee supported, and the board approved, Ms. Hoeg and Mr. Sutherland's nomination for re-election for one further year. Following the annual meeting of shareholders, the committee will continue its director recruitment process and any announcements of new directors will be made as they are available.

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.

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. Due to public health recommendations and restrictions related to COVID-19, a site visit was not possible in 2021. The board continued to engage with management on pandemic specific topics such as response and mitigation plans and actions, health and safety initiatives, site-specific issues and strategic financial and business actions in response to the pandemic. More information on the board's activities in relation to COVID-19 can be found in the Risk oversight section starting on page 30.

Further, with strengthening market conditions throughout the year, the board focused on strategic direction, operational priorities, capital allocation and enhancing shareholder returns. The board also reviewed and discussed the company's various environmental, social and governance initiatives, including the company's founding membership in the Oil Sands Pathways to Net Zero initiative.

Throughout 2021, 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 and plans, numerous environmental reviews including Canada climate policy updates, sustainability report and disclosure and emissions performance reviews, safety performance reviews, internal audit reviews, a pension management review, a review of harassment in workplace policy stewardship, community engagement strategy, a competition and anti-corruption review and an upstream research review. 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.

Members of ExxonMobil's management also provide reviews of various aspects of ExxonMobil's global business. In 2021, the directors received a presentation on ExxonMobil's cybersecurity update, as well as an overview of ExxonMobil's research and development efforts.

Members of the board also 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 2021, 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 38 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 ten executive sessions in 2021. 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.

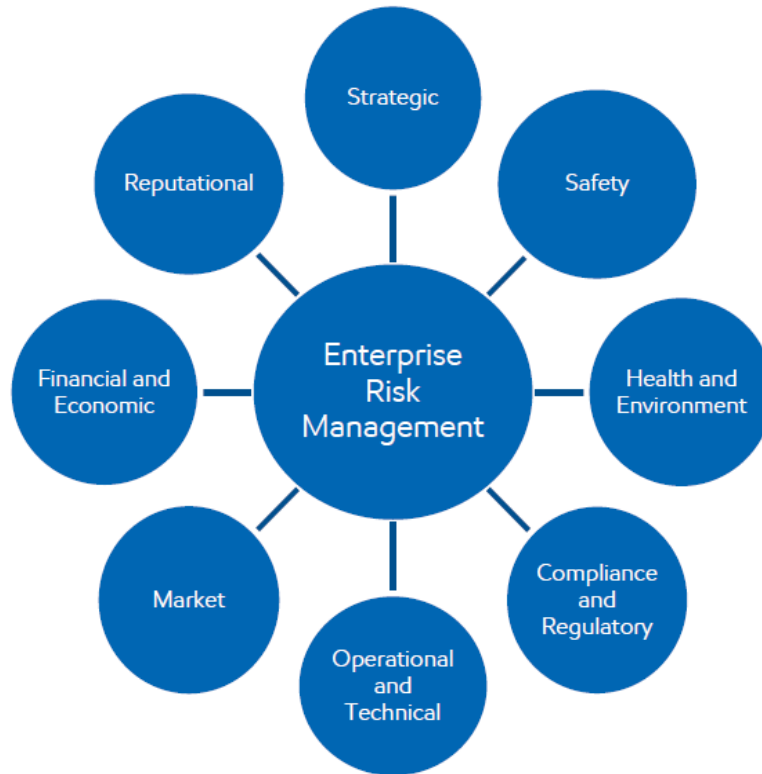


Board committees work on key issues in greater detail than would be possible at full board meetings, allowing directors to more effectively discharge their stewardship responsibilities. The independent chairs of the five committees are able to take a leadership role in executing the board's responsibility 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 57.



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 public policy and corporate responsibility 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. 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 board of directors evaluates climate change risk in the context of overall enterprise risk, including other operational, strategic, and financial risks. The company considers the interactions among these factors 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 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.

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.

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. However, a site visit was not possible in 2021 due to public health recommendations and restrictions related to COVID-19.

COVID-19 in 2021

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 2021, the board remained fully engaged on the company's extensive business and emergency response plans and health and safety protocols in response to COVID-19. The board continuously reviewed and discussed with management the impact of COVID-19 and market conditions on performance, business strategies, employees and the community. The board also guided the company through improving market conditions while maintaining focus on the health and safety of the company's employees, contract partners, customers and communities.

Each committee continued to support the board by holding reviews and discussions of COVID-19 topics specific to their responsibilities. For example, the community collaboration and engagement committee oversaw numerous initiatives to support the community through this challenging period, including the second round of a free fuel promotion for healthcare workers and an initiative to promote mental health across Canada, among other initiatives.

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

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.

Directors

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

Number of meetings

Ten meetings of the board of directors were held in 2021, which included three 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 ten executive sessions in 2021.

Board highlights in 2021

- 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.
- Approved various avenues for enhancing shareholder returns such as increasing dividends and amending, renewing and accelerating the company's normal course issuer bid programs.
- Provided oversight in support of safety, environmental performance and sustainability.
- Regularly discussed climate change policies, risks and Imperial'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 project, Sarnia products pipeline and Kearn's in pit tailings project.
- Provided oversight of the company's response to the COVID-19 pandemic.

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 2021, the board's role in risk oversight included the company's continued response to the COVID-19 pandemic, with a focus on the health and safety of the company's employees, contract partners, customers and communities.

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.

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.

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.

Committee members

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

Number of meetings

Five meetings of the audit committee were held in 2021. 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.

Committee highlights in 2021

- 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 while continuing to respond to the COVID-19 pandemic.

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.

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. With respect to the COVID-19 pandemic, the audit committee is also responsible for ensuring the reporting and internal controls are maintained as the company implements various response measures, including work from home arrangements.

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.

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.

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.

Number of meetings

Six meetings of the executive resources committee were held in 2021.

Committee highlights in 2021

- Reviewed executive compensation program and principles.
- Reviewed strategic work planning and talent strategy plans.
- Reviewed workforce and organizational changes.
- Reviewed harassment policy and process outcomes.
- Continued focus on succession planning for senior management positions.
- Appointed a senior vice-president and general auditor as part of normal succession.

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.

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.

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.

Public policy and corporate responsibility committee

The role of the public policy and corporate responsibility 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 Public Policy and Corporate Responsibility Committee Charter in Appendix A of this circular.

Committee members

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

Number of meetings

Three meetings of the public policy and corporate responsibility committee were held in 2021.

Committee highlights in 2021

- 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 Sustainability Report and related environmental, social and corporate governance disclosures and Imperial's disclosure strategy and plans.

Role in risk oversight

The public policy and corporate responsibility 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.

Independence

The members of the public policy and corporate responsibility committee are independent, with the exception of M.R. Crocker.

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.

Committee members

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

Number of meetings	Seven meetings of the nominations and corporate governance committee were held in 2021.
Committee highlights in 2021	<ul style="list-style-type: none"> • 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. • Initiation and oversight of director recruitment process.
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.
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.

Community collaboration and engagement committee

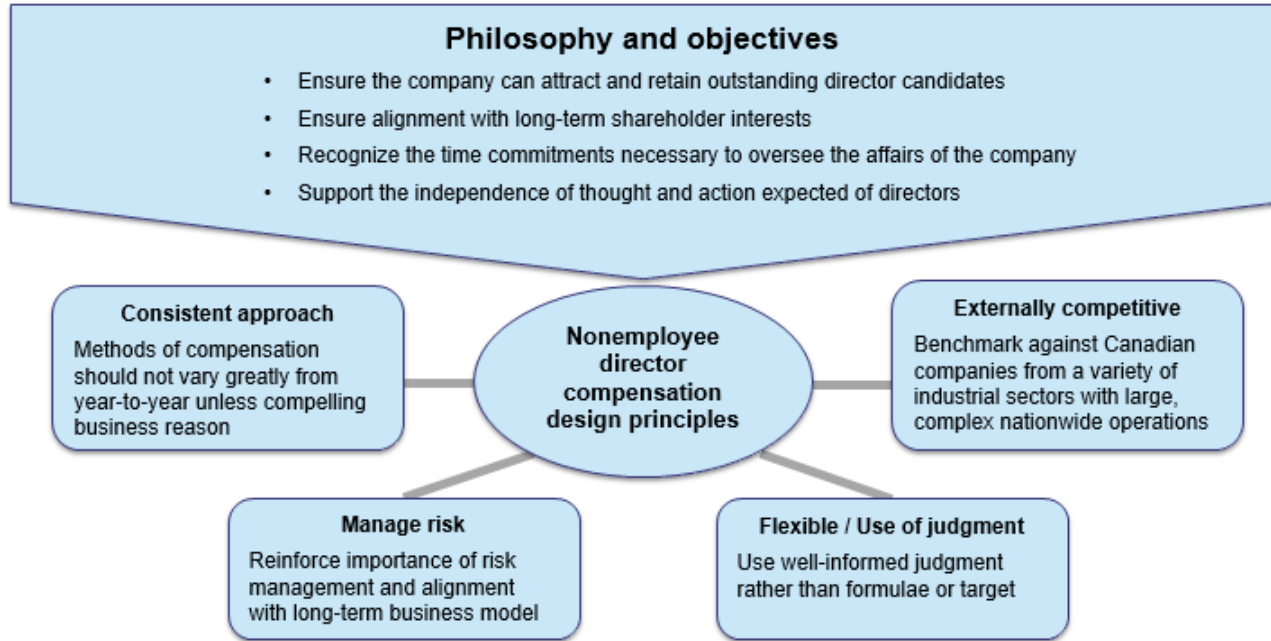
The role of the community collaboration and engagement committee is to oversee all of the company’s community investment activities, including charitable donations. The formal mandate of the committee can be found within the Community Collaboration and Engagement Committee Charter in Appendix A of this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

Committee members	<ul style="list-style-type: none"> • M.C. Hubbs (chair) • K.T. Hoeg (vice-chair) • D.W. Cornhill • B.W. Corson • M.R. Crocker • J.M. Mintz • D.S. Sutherland
Number of meetings	One meeting of the community collaboration and engagement committee was held in 2021.
Committee highlights in 2021	<ul style="list-style-type: none"> • Imperial invested more than \$11M in Canadian communities in 2020 as reported using the London Benchmark Group model – a global standard for measuring and reporting community investment. • In 2021, Imperial paid more than \$18.5M through community benefit agreements to Indigenous communities (2020:\$17.5M). • Recognized by the Canadian Council for Aboriginal Business with Silver level Progressive Aboriginal Relations (PAR) certification. • Showed up for our communities in 2021 as COVID-19 continued. <ul style="list-style-type: none"> • Increased engagement with employee giving and volunteer matching ImpACT program – \$600,000 given to 900 charities and non-profits across Canada. • Provided \$2.5M in free fuel vouchers to 100,000 front-line healthcare workers in Healthcare Heroes 2.0 campaign. • Donated \$200,000 to Canadian Mental Health Association branches across operating areas in Fuel What Matters 2.0 campaign. • Donated \$150,000 towards vaccine education in Athabasca, Cold Lake and Southern Ontario. • Raised \$2.9M in United Way campaign from employee/annuitant and corporate donations.
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.

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 nominations and corporate governance committee decided not to use an external research firm to assemble the comparator data to determine compensation for the July 1, 2020 - June 30, 2021 period. The committee relied instead 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 market 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 40.

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:

Energy	Non-energy
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 57.

Compensation details

Board retainer

The compensation of the nonemployee directors is assessed annually.

Effective 2018, the nonemployee directors received an annual retainer for board membership of \$110,000 per year, the retainer for each standing committee chaired was eliminated, and the grant of restricted stock units was increased from 2,600 to 3,000. There were no changes to nonemployee director compensation from 2018 to 2021.

In 2021, the nominations and corporate governance committee reviewed and recommended a change to the compensation paid to the nonemployee directors. Effective July 1, 2021, the grant of restricted stock units was increased 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.

The following table summarizes the compensation terms for the nonemployee directors in 2021:

Director compensation		
Annual retainer terms: (a)	From July 1, 2020 to June 30, 2021	Effective July 1, 2021
Cash retainer:		
Board membership	\$110,000 annually	\$110,000 annually
Committee chair	None	None
Equity based compensation:		
Restricted stock units	3,000 units (which vest on the 5 th and 10 th anniversary of date of grant)	3,300 units (which vest on the 5 th and 10 th anniversary of date of 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 on September 30, 2021, the board approved a 2021 cash retainer of \$15,000 for the chair and \$10,000 for members.

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 2021.

Director	Election for 2021 director's fees in cash (%)	Election for 2021 director's fees in deferred share units (%)
D.W. Cornhill	22	78
K.T. Hoeg	0	100
M.C. Hubbs	0	100
J.M. Mintz	0	100
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 64.

In 2016, the number of restricted stock units granted annually was increased from 2,000 units to 2,600 units, and in 2018 was increased to 3,000 units. In 2021, the number of restricted stock units granted annually was increased 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 2021.

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 compen- sation (\$) (f)	Total compensation (\$)
D.W. Cornhill	125,000	3,300	27,500	97,500	145,464	20,209	290,673
K.T. Hoeg	120,000	3,300	0	120,000	145,464	65,389	330,853
M.C. Hubbs	120,000	3,300	0	120,000	145,464	20,829	286,293
J.M. Mintz	120,000	3,300	0	120,000	145,464	60,695	326,159
D.S. Sutherland	120,000	3,300	0	120,000	145,464	57,760	323,224

- (a) As directors employed by the company or Exxon Mobil Corporation in 2021, B.W. Corson, D.C. Brownell and M.R. Crocker did not receive compensation for acting as directors.
- (b) D.W. Cornhill is chair of the special committee.
- (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 43.
- (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 40. This amount plus the "Total value of restricted stock units" amount is shown as "Share-based awards" in the Director compensation table on page 43.
- (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 6, 2021 (\$44.08).
- (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 2021, D.W. Cornhill received \$10,708 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$9,501 in lieu of dividends on deferred share units. K.T. Hoeg received \$15,436 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$49,953 in lieu of dividends on deferred share units. M.C. Hubbs received \$8,160 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$12,669 in lieu of dividends on deferred share units. J.M. Mintz received \$15,436 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$45,259 in lieu of dividends on deferred share units. D.S. Sutherland received \$15,436 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$42,324 in lieu of dividends on deferred share units.

Director compensation table

The following table summarizes the compensation paid, payable, awarded or granted for 2021 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	27,500	242,964	-	-	-	20,209	290,673
K.T. Hoeg	0	265,464	-	-	-	65,389	330,853
M.C. Hubbs	0	265,464	-	-	-	20,829	286,293
J.M. Mintz	0	265,464	-	-	-	60,695	326,159
D.S. Sutherland	0	265,464	-	-	-	57,760	323,224

(a) As directors employed by the company or Exxon Mobil Corporation in 2021, B.W. Corson, D.C. Brownell 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 40).

(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 2021, D.W. Cornhill received \$10,708 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$9,501 in lieu of dividends on deferred share units. K.T. Hoeg received \$15,436 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$49,953 in lieu of dividends on deferred share units. M.C. Hubbs received \$8,160 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$12,669 in lieu of dividends on deferred share units. J.M. Mintz received \$15,436 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$45,259 in lieu of dividends on deferred share units. D.S. Sutherland received \$15,436 in dividend equivalent payments on restricted stock units and additional deferred share units valued at \$42,324 in lieu of dividends on deferred share units.

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

Year	Amount (\$)
2017	1,351,454
2018	1,500,739
2019	1,251,395
2020	1,073,527
2021	1,557,202

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, 2021 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	-	-	-	-	25,853	1,179,429
K.T. Hoeg	-	-	-	-	68,361	3,118,644
M.C. Hubbs	-	-	-	-	26,683	1,217,292
J.M. Mintz	-	-	-	-	63,730	2,907,383
D.S. Sutherland	-	-	-	-	60,836	2,775,346

(a) As directors employed by the company or Exxon Mobil Corporation in 2021, B.W. Corson, D.C. Brownell 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, 2021.

(c) Value is based on the closing price of the company's shares on December 31, 2021 (\$45.62).

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 2021.

Name (a)	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$) (b)	Non-equity incentive plan compensation – Value earned during the year (\$)
D.W. Cornhill	-	-	-
K.T. Hoeg	-	98,545	-
M.C. Hubbs	-	-	-
J.M. Mintz	-	98,545	-
D.S. Sutherland	-	98,545	-

(a) As directors employed by the company or Exxon Mobil Corporation in 2021, B.W. Corson, D.C. Brownell and M.R. Crocker did not receive compensation for acting as directors.

(b) Represents restricted stock units granted in 2014 and 2016, which vested in 2021. 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

In 2021, to reflect the increase in restricted stock units granted annually to independent directors, the board approved an increase in the independent director share ownership guidelines from 15,000 shares to 16,500 shares. 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 313,963 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 15, 2022, the record date of the management proxy circular.

Director	Director since	Amount acquired since last report (February 17, 2021 to February 15, 2022) (#)	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	6,069	38,353	2,140,097	16,500	Yes
B.W. Corson	September 17, 2019	78,200	234,600	13,090,680	Five times base salary	Yes
K.T. Hoeg	May 1, 2008	5,448	68,361	3,814,544	16,500	Yes
M.C. Hubbs	July 26, 2018	6,770	26,683	1,488,911	16,500	Yes
J.M. Mintz	April 21, 2005	5,325	64,730	3,611,934	16,500	Yes
D.S. Sutherland	April 29, 2010	5,248	115,836	6,463,649	16,500	Yes
Total accumulated holdings (#) and value of directors' holdings (\$)			548,563	\$30,609,815		

(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 15, 2022 (\$55.80).

For information relating to compensation of the company's named executive officers, see the Compensation discussion and analysis section starting on page 57.

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, 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 card 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. Ten executive sessions were held in 2021.

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 ever occurred, 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, and has had at least one woman on its board continuously since 1977.

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 membership in a designated group, 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.

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) 2 of 5 (independent directors)	29 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 19 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, and collaborates with leading diversity organizations to help shape our future inclusion and diversity plans. 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 continued in a virtual format in 2021 as a result of the COVID-19 pandemic.

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 61. 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	12 of 25	48
Aboriginal peoples	0 of 25	0
Persons with disabilities	0 of 25	0
Members of visible minorities	3 of 25	12

(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. 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.

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 15, 2022, 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 465,723,543 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.

On June 29, 2020, the company implemented a limited 12-month “normal course” share purchase program, primarily to eliminate dilution from shares issued in conjunction with its restricted stock unit plan. On April 30, 2021, in response to improving market conditions, the company announced an amendment to the program to increase the number of common shares it could purchase. This amendment increased the program from 50,000 shares to a maximum of 29,363,070 shares, or up to four percent of the outstanding shares as of June 15, 2020. Between June 29, 2020 and June 28, 2021, the company purchased 8,931,249 common shares on the open market and a corresponding 20,431,821 common shares from ExxonMobil concurrent with, but outside of the program to maintain its shareholding at approximately 69.6 percent. On June 29, 2021, a further 12-month normal course share purchase program was implemented, 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. In accordance with the company's announcement on November 12, 2021 that it intended to accelerate purchases under the program, the program subsequently ended on January 31, 2022 upon the company purchasing the maximum allowable number of shares. As of February 15, 2022, the company purchased 10,822,142 common shares on the open market and 24,761,529 from ExxonMobil concurrent with, but outside of this program to maintain its shareholding at approximately 69.6 percent.

The amounts of purchases and revenues by the company and its subsidiaries for other transactions in 2021 with ExxonMobil and its affiliates were \$2,669 million and \$8,777 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, 2021, the company had an outstanding loan of \$4,447 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. Additionally, in 2021 the company repaid the outstanding balance of the short term loan of \$111 million borrowed under an arrangement with ExxonMobil, and terminated the associated loan agreement. This short term loan provided for a non-interest bearing, revolving demand loan of up to \$150 million, and represented ExxonMobil's share of a working capital facility required to support purchasing, marketing, transportation and derivative arrangements for crude oil and diluent products undertaken by the company on behalf of ExxonMobil.

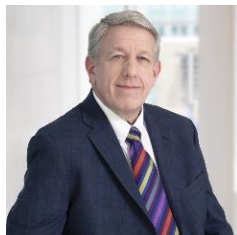
Company executives and executive compensation

Named executive officers of the company

The named executive officers of the company at year end 2021 are listed below, all of whom remain in their positions as of February 15, 2022.

Bradley W. Corson, 60

Calgary, Alberta, Canada



Position held at the end of 2021 (date office held):

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

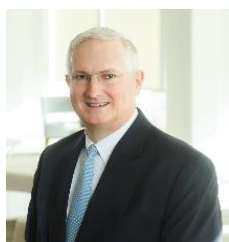
Other positions in the past five years (position, date office held and status of employer):

President
(2019 – Present)

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

Daniel E. Lyons, 59

Calgary, Alberta, Canada



Position held at the end of 2021 (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)

Simon P. Younger, 46

Calgary, Alberta, Canada



Position held at the end of 2021 (date office held):

Senior vice-president, upstream
(2020 – Present)

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

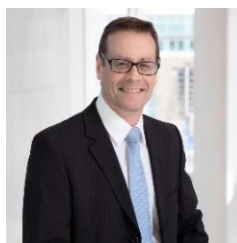
Vice-president, production, upstream
(2019 – 2020)

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

Vice-president, production and joint interest manager, ExxonMobil Qatar Limited
(2015 – 2017) (Affiliate)

Bruce A. Jolly, 54

Calgary, Alberta, Canada



Position held at the end of 2021 (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)

Jonathan R. Wetmore, 49

Calgary, Alberta, Canada



Position held (date office held):

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

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

Manager, supply and manufacturing
(June 2017 – December 2017)

Refinery manager, Fawley UK, UK Esso Petroleum Company Ltd
(2013 – 2017) (Affiliate)

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 15, 2022.

Sherri L. Evers, 45
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)

Product exchange and analysis manager, refining and supply, Exxon Mobil Corporation
(2016 – 2018) (Affiliate)

Kitty Lee, 45
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)

Kristi L. Desjardins, 48
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)

Manager, human resources services, operations
(2014 – 2017)

Constance D. Gemmell, 55
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)

Kimberly J. Haas, 48
Sarnia, Ontario, Canada



Position held (date office held):

Vice-president, chemicals and Sarnia chemical plant manager
(2020 – Present)

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

Project executive, chemicals, global operations, Exxon Mobil Chemical Company
(2020) (Affiliate)

Process manager, Baytown olefins plant, Exxon Mobil Chemical Company,
(2016 – 2020) (Affiliate)

Ian R. Laing, 48
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)

Letter to shareholders from the executive resources committee on executive compensation

Dear fellow shareholders:

The executive resources committee (“committee”) would like to outline for you the role of the committee in ensuring good governance in the management of executive compensation within the company.

Compensation governance

The committee is responsible for corporate policy on compensation and for specific decisions on the compensation of the chief executive officer, key senior executives, and officers of the company. In exercising this responsibility, the committee views long-term orientation and the management of risk as integral elements of the compensation policies and practices of the company. These policies and practices are designed to keep management, including named executive officers, focused on the strategic objectives of the company over the long-term and to effectively assess and mitigate risk in the execution of these objectives. The committee exercises oversight of a compensation program that supports the company’s objective to attract, develop, and retain key talent needed to achieve its strategic objectives.

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. The company’s compensation program is designed to:

- align the interests of its executives with long-term shareholder interests;
- encourage executives to manage risk and take a long-term view when making investments and managing the assets of the business;
- reinforce the company’s philosophy that the experience, skill, and motivation of the company’s executives are significant determinants of future business success; and
- promote career orientation and strong individual performance.

The compensation program design is aligned with the core elements of the majority shareholder’s compensation program, including linkage to near term aspects of incentive pay, long vesting periods, risk of forfeiture, and alignment with the shareholder experience.

We execute our oversight responsibilities in this regard by ensuring the company’s program is built on sound principles of compensation design, including an annual assessment of comparator companies to evaluate market competitiveness, appropriate risk assessment, and risk management practices, sound governance principles, and support of the company’s business model. In exercising our oversight and decision making roles, the committee balances many factors each year in terms of impact on compensation decisions relative to the company’s performance.

The committee considers both business results and individual performance in its decisions. The business environment in 2020 presented the company and the broader industry with extreme challenges and these challenges continued to some extent into 2021. The COVID-19 pandemic has continued to have an impact on our organization and employees, presenting unique management and operational challenges for the company. In this difficult environment, Imperial remained focused on delivering long-term shareholder value and positioning the company for the ongoing recovery in demand and prices. Demand for petroleum and petrochemical products has continued to recover, with the company’s financial results benefiting from stronger commodity prices and structurally lower operating and capital expenditures. For more information on the 2021 key business results see page 69.

The key business results had an impact on 2021 compensation decisions for the named executive officers.

2021 Compensation program highlights

- | | |
|-------------------------------|--|
| Base salary | <ul style="list-style-type: none">• 2021 salaries were held at 2020 levels, reflective of market conditions at the time of decision <p>For 2022, the executive resources committee granted salary increases to named executive officers consistent with the salary program for executives. Individual salary increases take into account individual performance, level of responsibility, and experience; and reflects market analysis and competitiveness at time of decision in 2021</p> |
| Annual bonus | <ul style="list-style-type: none">• 2021 bonus award was paid in full in year of grant rather than 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. |
| Restricted stock units | <ul style="list-style-type: none">• The executive resources committee granted awards consistent with program design; no make-up grants were awarded to address lower value of 2020 award grants• The value of long-term awards increased year-over-year, reflecting stock price recovery; changes in award grants for named executive officers reflect individual performance and/or change in pay grade |

The individual committee members, through their experience in stewarding compensation programs and their participation on board committees, are able to understand the company's overall objectives, operating risks, and financial risks. This understanding of the company's objectives and range of business risks allows an appropriate calibration of the company's compensation policies and practices to the business model.

The committee continues to support the design of the 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. The committee has recommended to the board that the CD&A be included in the company's management proxy circular for the 2022 annual meeting of shareholders. We 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.

Submitted on behalf of the executive resources committee,

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

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. As such, the compensation program design aligns with the long-term sustainability of the business and supports key business strategies as outlined below:

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 superior cash flow.

These key business strategies are the primary focus and support long-term growth in shareholder value.

Key elements of the compensation program

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

Element	Base salary	Annual bonus	Restricted stock units
Percent of total direct compensation (a)	<ul style="list-style-type: none"> Approximately 30 percent 	<ul style="list-style-type: none"> Approximately 10 to 20 percent 	<ul style="list-style-type: none"> Approximately 50 percent or more
Intent	<ul style="list-style-type: none"> Provide competitive base pay 	<ul style="list-style-type: none"> Link pay to annual company earnings performance Provide near-term performance payment 	<ul style="list-style-type: none"> Link pay to returns of long-term shareholders Encourages long-term view through commodity price cycle
Key design features	<ul style="list-style-type: none"> Increase determined by individual performance, level of responsibility, experience, and pay grade Ties directly to long-term benefits (pension & savings plans) 	<ul style="list-style-type: none"> Paid in year of grant Bonus award pool shifts in line with year-over-year earnings Individual award determined by performance and pay grade Full award subject to clawback 	<ul style="list-style-type: none"> Granted in the form of stock units CEO: 50 percent vests in 5 years from grant date; 50 percent in 10 years All other executives and employees: 50 percent vests in 3 years from grant date; 50 percent in 7 years Long restriction periods Significant portion of pay at risk of forfeiture
Pay at risk	<ul style="list-style-type: none"> Fixed pay 	<ul style="list-style-type: none"> Variable pay at risk 	<ul style="list-style-type: none"> Variable pay at risk

(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.

Management of risk

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. This framework establishes common expectations for addressing risks inherent in our business and takes priority over other business and financial objectives. For further discussion on the company's risk management system and oversight, see "Risk oversight" within the "Statement of corporate governance practice" on page 30.

The company's long-term orientation and compensation program design encourage the highest performance standards and discourage inappropriate risk taking. The compensation program components described below are designed to incent effective management of all 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 company shareholders by increasing shareholder return, net income, and return on average capital employed[†]; and
- advance the long-term strategic direction of the company.

Due to the long vesting periods of restricted stock units and the linkage of compensation to overall company performance, including all aspects of risk management, executive compensation is designed to support the sustainability of our operations and management of risk.

[†]non-GAAP financial measure – see *Frequently used terms* section on page 72 for definition and reconciliation.

Compensation components

To manage risk, a substantial portion of total compensation (excluding compensatory pension value) to senior executives is in the form of an annual bonus and restricted stock units. In the judgment of the committee, the mix of near-term and long-term incentives strikes an appropriate balance aligning the interests of senior executives with business priorities and the long-term sustainable growth of the company to create value for shareholder. Ongoing reviews of our compensation program, including incentives, ensure continued relevance of this mix and applicability for the company.

The table below outlines the risk management elements of our compensation programs:

Compensation components	Risk management
Common programs	<ul style="list-style-type: none"> 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. The compensation of executives is differentiated based on individual performance assessment, level of responsibility, and individual experience. 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 the company's restricted stock units. The executive resources committee reviews and approves compensation recommendations for each named executive officer prior to implementation.
Annual bonus	<ul style="list-style-type: none"> Recoupment ("claw-back") and forfeiture – The entire annual bonus is subject to claw-back and any delayed portion of the annual bonus is subject to forfeiture in the event of 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. Claw-back and forfeiture provisions also apply if an executive resigns or engages in detrimental activity.
Restricted stock units	<ul style="list-style-type: none"> Long holding periods – To further reinforce the importance of risk management and a long-term investment orientation, senior executives are required to hold a substantial portion of their equity incentive award for periods that far exceed the typical holding periods of comparator stock programs. The lengthy holding periods are tailored to the company's business model. Risk of forfeiture – During these long holding periods, the restricted stock units are at risk of forfeiture for resignation or detrimental activity. The long vesting periods on restricted stock units and the risk of forfeiture together support an appropriate risk/reward profile that reinforces the long-term orientation expected of senior executives.
Pension	<ul style="list-style-type: none"> 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.

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

Other supporting compensation and staffing practices

- A long established program of management development and succession planning is in place to reinforce a career orientation and ensure continuity of leadership;
- 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; and
- 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 it would have otherwise been, 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.

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 may 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 segments; and
- progress on advancing government relations and long-term strategic interests.

*non-GAAP financial measure – see *Frequently used terms* section on page 72 for definition and reconciliation.

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 between higher and lower performers. 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. Decision-making with respect to compensation requires judgment, taking into account business and individual performance, and responsibility. Quantitative targets or formulae are not used to assess individual performance or determine the amount of compensation.

Succession planning

The succession planning process fosters the company's approach to a career orientation and promotion from within. This approach strengthens continuity of leadership and supports ongoing alignment with our long-term business model. This process helps to assess the competence and readiness of individuals for senior executive positions. The executive resources 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.

The executive resources committee regularly reviews the company's succession plans for key senior executive positions. It considers candidates for these positions from within the company and certain candidates from Exxon Mobil Corporation and its affiliates. This is an in-depth review of succession plans, which 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 to regularly review with senior management the progress of women, Indigenous people, persons with disabilities, and visible minorities, including topics such as recruitment, attrition, training and development. For more information regarding executive officer diversity see page 47.

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 key and diverse talent exists to enable achievement of long-term strategic objectives. The executive resources 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

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

Career orientation

The company's objective is to attract, develop, and retain over a career the best talent available. It takes a long period of time and significant investment to develop the experienced executive talent necessary to succeed in the company's business. Senior executives must have experience with all phases of the business cycle to be effective leaders. The company's compensation program elements are designed to encourage a career orientation among employees at all levels of the company. 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 31 years which reflects this on-going career orientation strategy.

The compensation program emphasizes individual experience and performance; executives holding similar positions may receive substantially different levels of compensation. Consistent with the company's long-term career orientation, high-performing executives typically earn substantially higher levels of compensation in the later years of their careers. This pay practice reinforces the importance of a long-term focus on making decisions that are key to business success.

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

Base salary

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

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

2021 decisions

- 2021 salaries were held at 2020 levels, reflective of market conditions at the time of decision.
- For 2022, the executive resources committee granted salary increases to named executive officers consistent with the salary program for executives.

Annual bonus

The company's annual bonus program represents **10 to 20 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 executive resources committee based on earnings, and can be highly variable depending on these results.

In establishing the annual bonus program, the executive resources 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.

2021 decisions

- 2021 bonus award was paid in full in year of grant rather than 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.
- This resulted in 49 executives receiving an annual bonus in 2021, compared to no executives who received an annual bonus in 2020. The cost of the 2021 annual bonus program was \$4.2 million versus \$0 in 2020 and \$3.2 million in 2019.

While no earnings bonus units were granted in 2021, the company's executives, including the named executive officers, have outstanding earnings bonus units that have not vested.

- 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.

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) the company may determine that awards shall not be forfeited.
- 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.

The company's long-term incentive compensation plan is a restricted stock unit plan, in place since December 2002. Restricted stock units are granted to select employees of the company, select employees of a designated affiliate, and nonemployee directors of the company. The current plan's vesting periods for employees are as follows:

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 employees	50 percent in 3 years and 50 percent in 7 years

Granting compensation in the form of restricted stock units with long vesting periods is aligned with the long-term nature of the company's business. This stock program design helps keep executives focused on the key premise that decisions made today affect the performance of the organization and company stock for many years to come. This practice supports a risk/reward model that reinforces a long-term view, which is critical to the company's sustainable business success, and discourages inappropriate risk taking.

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. The restricted stock unit program awards the same number of shares for individuals with the same level of individual performance and pay grade or level of responsibility. 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.

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.

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.

2021 decisions

- The executive resources committee granted awards in keeping with program design; no make-up grants to address lower value of 2020 award grants.
- The value of long-term awards increased year-over-year, reflecting stock price recovery; changes in award grants for named executive officers reflect individual performance and/or change in pay grade.
- In 2021, 386 recipients, including 57 executives, were granted 680,720 restricted stock units.

Vesting of restricted stock units

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. The objective of these aforementioned vesting periods is to hold senior executives accountable for many years into the future, and even into retirement, for investment and operating decisions made today. This type of compensation design removes employee discretion in the timing of exercising restricted stock units, reinforces retention objectives, and supports alignment with the long-term interests of shareholders.

Restricted stock units cannot be assigned. 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.

The company's directors and officers as a group hold approximately 13 percent of the unvested restricted stock units that give the recipient the right to receive common shares that represent about 0.03 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 394,750 common shares, which is about 0.06 percent of the outstanding common shares. 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.

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.

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) the company may determine that restricted stock units shall not be forfeited.
- 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.

Amendments to the restricted stock unit plan

In 2011, the restricted stock unit plan was amended to include language confirming the long-standing practice of not forfeiting any restricted stock units in the event that the grantee's continued employment terminates on or after the date the grantee reaches the age of 65 in circumstances where the grantee becomes entitled to an annuity under the company's retirement 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.

Retirement benefits

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.

Pension plan benefits

The company has provided defined benefit pension plans to its employees since 1919. The current pension plan provides a 1.5 percent accrual formula to all employees hired on and after September 1, 2015. All plan participants employed prior to the date of the change will continue to accrue pension benefits based on accrual formulae in place prior to September 1, 2015. The pension plan provides for pension benefits accrual only until December 1st in the year the employee reaches the age of 71. The company's non-registered supplemental pension arrangements address any portions of the defined benefit that cannot be paid from the registered plan due to income tax regulations that impose limits on the amounts that can be paid from a registered plan.

Any pension amounts paid to an eligible employee are subject to the employee meeting the terms of the registered pension plan, and if applicable, the criteria of the supplemental pension arrangements. No supplemental pension amounts are payable if an employee resigns before reaching retirement eligibility.

For executive officers who receive an annual bonus, the company's supplemental pension arrangements can also provide an annual benefit of either 1.5 percent or 1.6 percent of final average bonus earnings multiplied by years of service depending on the plan in which they participate. Final average bonus earnings include the average annual bonus for the three highest grants of the last five bonus years awarded prior to retirement for eligible executives, but do not include restricted stock units. Limiting the final average bonus earnings to the awards granted in the five bonus years prior to retirement provides a strong incentive for executives to continue to perform at a high level. 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 63. The value of the earnings bonus units are 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.

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 78. The company does not grant additional pension service credit.

B.A. Jolly and J.R. Wetmore participate in the previous 1.6 percent provision of the company's plan that was closed to new participants at the end of 1997. Key features of this historic plan 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.

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 plans:

- Mr. Corson and Mr. Lyons participate in the Exxon Mobil Corporation defined benefit plan. 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, and the average annual bonus for the three highest grants of the last five awarded prior to retirement, but do not include restricted stock units.
- 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.

Savings plan benefits

The company maintains a savings plan into which career employees with more than one year of service may contribute between 1 and 30 percent of normal earnings. The company provides contributions which vary depending on the amount of employee contributions and which defined benefit pension arrangement the employee participates. All named executive officers are eligible to receive a company matching contribution of up to 6 percent, except for B.W. Corson, D.E. Lyons, and S.P. Younger, who participate in their respective affiliates' savings plan, where applicable.

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). Employee contributions can be redirected from the tax-paid account to a tax-free savings account (TFSA). Both the RRSP and TFSA accounts are subject to contribution limits under the *Income Tax Act*.

Available investment options include cash savings, a money market mutual fund, a suite of four index-based equity or bond mutual funds, and company shares. Assets in the RRSP account and company contributions to the tax-paid account may only be withdrawn upon retirement or termination of employment, reinforcing the company's long-term approach to total compensation. Income tax regulations require RRSPs to be converted into an eligible form of retirement income by the end of the calendar year in which the individual reaches age 71.

Compensation decision making process and considerations for named executive officers

Benchmarking

In addition to the assessment of business performance, individual performance and level of responsibility, the executive resources 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.

List of comparator companies:

- **Energy:** Canadian Natural Resources Limited, Cenovus Energy Inc., Chevron Canada Ltd., China National Offshore Oil Corporation, ConocoPhillips Canada, Enbridge Inc., Irving Oil Ltd., NOVA Chemicals Corporation, Nutrien Ltd., Ovintiv Inc., 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

The company is a national employer drawing from a wide range of disciplines. It is important to understand its competitive orientation relative to a variety of energy and non-energy employers. Compensation trends across industries, 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. Consistent with the executive resources committee's practice of using well-informed judgment rather than formulae to determine executive compensation, the committee does not target any specific percentile among comparator companies to align compensation. The focus is on 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.

As a secondary source of data, the executive resources committee also considers a comparison with the majority shareholder when it determines the annual bonus program. For the restricted stock unit program, the executive resources committee may review a summary of comparator company data provided by the same external consultant in order to assist in assessing total value of long-term compensation grants. As a result, grant level guidelines may be adjusted periodically to maintain the program's competitive orientation. 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.

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.

2021 named executive officer compensation assessment

When determining the annual compensation for the named executive officers, the executive resources committee has reflected on the following business performance result indicators in its determination of 2021 salary and incentive compensation.

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 executive resources committee in 2021. The executive resources committee considered the results over multiple years, relative to the company's proven business model and strategies, to deliver long-term shareholder value.

2021 Key business results

- Continued to protect our workforce during the pandemic and delivered strong safety performance and effective enterprise risk management.
- Recognized as one of Canada's best employers by Forbes and one of Canada's top employers by Mediacorp Canada Inc.
- Demonstrated clear commitment to sustainability:
 - Published Imperial's Corporate Sustainability Report.
 - Announced the launch of the Oil Sands Pathways to Net Zero industry alliance.
 - In January 2022, announced plans for further greenhouse gas emissions intensity reductions at the company's operated oil sands facilities, anticipating a 30 percent reduction by 2030, compared to 2016 levels in support of its goal to achieve net zero emissions in its operated oil sands assets by 2050.
 - Awarded silver level of certification with Progressive Aboriginal Relations.
- Strong financial performance:
 - Positioned Imperial to take advantage of higher commodity prices by structurally lowering operating and capital expenditures.
 - Net income of \$2,479 million, driven by attractive market conditions, structural cost reductions, and reliable operations.
 - Generated about \$5.5 billion in cash flow from operating activities and with disciplined capital spending achieved about \$4.5 billion in free cash flow*.
 - Increased quarterly dividend to \$0.27 per share starting in the second quarter of 2021, increasing the annual dividend paid for the 27th consecutive year while maintaining stable debt levels.
 - Record shareholder returns of nearly \$3 billion; including dividends of about \$0.7 billion and share repurchases of about \$2.2 billion under its normal course issuer bid.
- Strong Upstream operational performance:
 - 428,000 gross oil-equivalent barrels per day of full-year upstream production; the highest in over 30 years driven by reliability improvements, production recovery and capacity enhancements, and continued focused, high return investment.
 - Highest ever annual total gross production at Kearl of 263,000 barrels per day.
 - Following implementation of a multi-year plan, successfully transitioned Kearl to a single annual turnaround, one year ahead of schedule.
 - Successful startup of first Kearl Boiler flue gas unit reducing both operating expenses and greenhouse gas emissions.
 - Increased year-over-year production at Cold Lake driven by higher reliability and production enhancement initiatives including field optimizations and drilling.
 - Successfully started the Liquid Addition to Steam for Enhanced Recovery (LASER) Project at Cold Lake's Mahkeses plant. This latest deployment of Imperial's enhanced recovery solvent technology improves productivity and is expected to enable up to a 25 percent greenhouse gas intensity reduction for the associated production.
 - Syncrude operatorship successfully transferred from Syncrude Canada to Suncor; in an effort to maximize profitability and improve reliability for the asset.
- Strong Downstream and Chemical operational performance:
 - Refinery capacity utilization for 2021 increased by nine percent to 89 percent despite a significant turnaround at Strathcona.
 - Progressed Sarnia Products Pipeline project to increase capacity, improve reliability of supply, and structurally lower logistics costs and increase sales in the high-value Toronto market.
 - Announced plans to construct a world-class renewable diesel complex at Strathcona refinery; a final investment decision is expected in the fourth quarter of 2022 and will be based on several factors.
 - Record diluent production at Strathcona and record asphalt production at Nanticoke.
 - Strong polyethylene margins and asset reliability led to highest full-year Chemicals net income in over 30 years of \$361 million.

*non-GAAP financial measure – see *Frequently used terms* section on page 72 for definition and reconciliation.

Performance assessment considerations

The preceding results form the context in which the committee assesses the individual performance of each senior executive, taking into account experience and level of responsibility. Annually, the chairman, president, and chief executive officer reviews the performance of the senior executives in achieving business results and individual development needs.

The same long-term key business strategies noted on page 58 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.

The performance of all named executive officers is also 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 executive resources committee does not use quantitative targets or formulae to assess individual executive performance or determine compensation. The executive resources 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, most 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.

2021 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 2021 was determined by the executive resources committee based on his individual performance and to align with that of his peers in ExxonMobil, and was held at 2020 levels reflective of market conditions at the time of decision. It was also the objective of the executive resources committee to ensure appropriate internal alignment with senior management in the company. For 2022, the committee approved a salary increase of \$31,000 U.S. to \$804,000 U.S. effective January 1, 2022.

Mr. Corson's 2021 annual bonus was based on his performance as assessed by the executive resources committee since his appointment to the position of chairman, president, and chief executive officer. His long-term incentive award was granted in the form of company 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. 50 percent of the restricted stock units awarded vest in five years and the other 50 percent vest in ten years from the date of grant. 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 payout value of the long-term incentive grants may differ from the amounts shown in the summary compensation table, depending on how the company actually performs 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 executive resources 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 61. 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 2021 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 executive resources committee's decisions on pay awarded to other named executive officers reflect judgment, rather than the application of formulae or targets. The executive resources committee approved the individual elements of compensation and the total compensation as shown in the summary compensation table on page 73.

Independent consultant

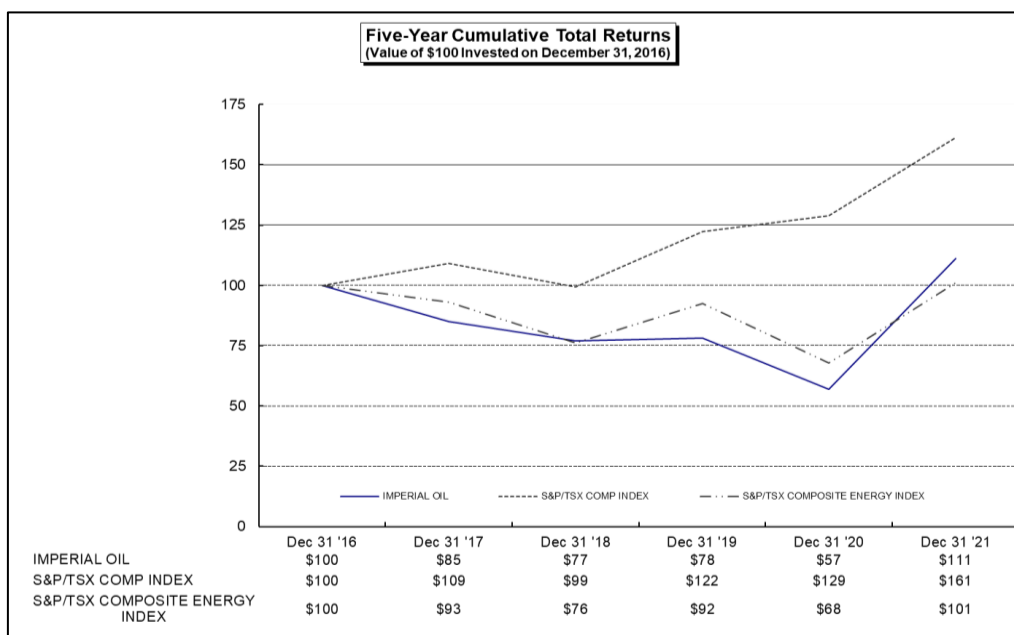
In fulfilling its responsibilities during 2021, the executive resources committee did not retain an independent consultant or advisor in determining compensation for any of the company's officers or any other senior executives. The company's management retained an independent consultant to provide an 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 32 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 11 percent, for an average annual return of 2.1 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	2021
From Imperial's Consolidated statement of cash flows	
Cash flows from (used in) operating activities	5,476
Cash flows from (used in) investing activities	
Additions to property, plant and equipment	(1,108)
Proceeds from asset sales	81
Loans to equity companies - net	15
Free cash flow	4,464

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 2021. 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.

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 2021	Year	Salary (\$) (c)	Share-based awards (\$) (d)	Option-based awards (\$) (e)	Non-equity incentive plan compensation (\$)		Pension value (\$) (h)	All other compensation (\$) (i)	Total compensation (\$) (j)
					Annual incentive plans (f)	Long-term incentive plans (g)			
	2021	968,956	3,447,056	-	956,421	0	1,200,091	2,178,025	8,750,549
B.W. Corson (b) Chairman, president and chief executive officer (since September 17, 2019)	2020	996,734	1,897,132	-	-	0	(340,046)	1,945,980	4,499,800
	2019 (a)	187,070	2,532,116	-	376,176	317,791	(63,715)	151,909	3,501,347
D.E. Lyons (b) Senior vice-president, finance and administration, and controller (since May 1, 2018)	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
	2019	665,551	621,696	-	135,344	135,341	(150,729)	545,109	1,952,312
	2021	545,996	714,096	-	250,449	0	81,762	415,505	2,007,808
S.P. Younger (b) Senior vice-president, upstream (since July 1, 2019)	2020	527,126	393,012	-	-	0	(299,441)	555,097	1,175,794
	2019 (a)	249,870	674,962	-	79,747	81,927	64,157	385,445	1,536,108
	2021	450,000	749,360	-	237,332	0	268,900	91,487	1,797,079
B.A. Jolly Assistant controller (since August 1, 2019)	2020	444,500	393,012	-	-	0	23,300	76,767	937,579
	2019	413,333	427,416	-	63,300	75,954	(118,700)	70,093	931,396
	2021	432,100	581,856	-	157,555	0	56,200	59,028	1,286,739
J.R. Wetmore Vice-president, downstream and Western Canada fuels manager (since January 1, 2018)	2020	427,100	320,232	-	-	0	87,500	50,885	885,717
	2019	405,600	382,084	-	47,000	60,032	184,300	47,073	1,126,089

Footnotes to the Summary compensation table for named executive officers

- (a) The compensation for B.W. Corson and S.P. Younger for the first year of their assignment has been prorated based on the start of their assignment. Mr. Corson was appointed as president of the company effective September 17, 2019. Mr. Corson's expatriate assignment from Exxon Mobil Corporation, an affiliate in the U.S., formally started November 1, 2019 reflecting a transition period from his previous role. The company incurred costs related to Mr. Corson's compensation from November 1, 2019 onwards, and a portion of his compensation between his appointment on September 17 and formal assignment on November 1, for service he provided to the company during this period. Mr. Younger has been on expatriate assignment from Esso Australia Pty Ltd., an affiliate in Australia, since July 1, 2019.
- (b) 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.
- (c) 2021 salaries were held at 2020 levels, reflective of market conditions at the time of the decision. The 2019 and 2020 salary increases were granted to all executives including the named executive officers throughout the calendar year rather than being granted on January 1. 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 2021 exchange rate of 1.2535. In 2020 and 2019, the average exchange rate was 1.3415 and 1.3269 respectively. Mr. Younger's salary is paid in Australian dollars and was converted to Canadian dollars at the average 2021 exchange rate 0.9421. In 2020 and 2019, the average exchange rate was 0.9247 and 0.9228. Differences between the 2020 and 2021 salaries are due to the interval of salary increases in 2020 and the variation on the exchange rates.
- (d) 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 2021 was \$44.08, 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 2020 was \$24.26 and in 2019 was \$32.38, 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.
- (e) The company has not granted stock options since 2002. The stock option plan expired in 2012.
- (f) The amounts listed in the "Annual incentive plans" column for each named executive officer represent their 2021 cash bonus. In 2021, 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, 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 2021 and 2019 in U.S. dollars, they were converted to Canadian dollars at the average exchange rate of 1.2535 and 1.3269 respectively.
- (g) 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 2021 and 2020, 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 2021 and 2020. For amounts paid in 2019 in U.S. dollars, they were converted to Canadian dollars at the average exchange rate of 1.3269.
- (h) "Pension value" is the "Compensatory change" in pensions as of December 31, 2021 as set out in the "Pension plan benefits" table on page 78.
- (i) 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. For B.W. Corson and D.E. Lyons, Exxon Mobil Corporation suspended its company contributions to saving plans effective October 1, 2020 and reinstated its company contributions on October 1, 2021.
- For each named executive officer, the aggregate value of perquisites received in 2021 was not greater than \$50,000 or 10 percent of the named executive officer's base salary.
 - It is noted that in 2021, the actual dividend equivalent payments on the company restricted stock units were \$136,068 for B.W. Corson, \$54,960 for D.E. Lyons, \$12,312 for S.P. Younger, \$60,419 for B.A. Jolly, and \$52,245 for J.R. Wetmore. The dividend equivalent payments on Exxon Mobil Corporation's restricted stock were \$507,904 for Mr. Corson, \$85,526 for Mr. Lyons and \$112,868 for Mr. Younger; these amounts were paid in U.S. dollars and converted to Canadian dollars at the average 2021 exchange rate of 1.2535.
 - 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.
- (j) "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, 2021.

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)	-	-	-	-	234,600	10,702,452	-
D.E. Lyons (b)	-	-	-	-	78,000	3,558,360	-
S.P. Younger (c)	-	-	-	-	32,400	1,478,088	-
B.A. Jolly	-	-	-	-	68,600	3,129,532	-
J.R. Wetmore	-	-	-	-	56,900	2,595,778	-

- (a) B.W. Corson was granted restricted stock units from 2019 to 2021 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 88,000 Exxon Mobil Corporation restricted stock whose value on December 31, 2021 was \$6,826,748 based on a closing price for Exxon Mobil Corporation shares on December 31, 2021 of \$61.19 U.S., which was converted to Canadian dollars at the December 31, 2021 close rate of 1.2678 provided by the Bank of Canada.
- (b) D.E. Lyons was granted restricted stock units from 2018 to 2021 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 14,400 Exxon Mobil Corporation restricted stock whose value on December 31, 2021 was \$1,117,104 based on a closing price for Exxon Mobil Corporation shares on December 31, 2021 of \$61.19 U.S., which was converted to Canadian dollars at the December 31, 2021 close rate of 1.2678 provided by the Bank of Canada.
- (c) S.P. Younger was granted restricted stock units in 2020 and 2021 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 19,900 Exxon Mobil Corporation restricted stock whose value on December 31, 2021 was \$1,543,776 based on a closing price for Exxon Mobil Corporation shares on December 31, 2021 of \$61.19 U.S., which was converted to Canadian dollars at the December 31, 2021 close rate of 1.2678 provided by the Bank of Canada.
- (d) Represents the total of the outstanding restricted stock units received from the company plan in 2014 through 2021. The value is based on the closing price of the company's shares on December 31, 2021 of \$ 45.62.

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)	-	411,322	-
S.P. Younger (c)	-	-	-
B.A. Jolly	-	494,871	237,332
J.R. Wetmore	-	434,887	157,555

- (a) Although B.W. Corson received restricted stock units under the company's plan from 2019 to 2021, 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 2021, restrictions were removed on 28,100 Exxon Mobil Corporation restricted stock having a value as at December 31, 2021 of \$2,179,905 based on the closing price of Exxon Mobil Corporation common shares of \$61.19 U.S., which was converted to Canadian dollars at the December 31, 2021 close rate of 1.2678 provided by the Bank of Canada. B.W. Corson participates in Exxon Mobil Corporation's annual bonus program, which is similar to the company's annual bonus program. In 2021, B.W. Corson received \$956,421 with respect to the annual cash bonus, which was paid in U.S. dollars and converted to Canadian dollars at the average 2021 exchange rate of 1.2535. The maximum settlement value (trigger) or cumulative earnings per share was not achieved for earnings bonus units granted in prior years, and therefore no earnings bonus unit payments were made.
- (b) Although D.E. Lyons received restricted stock units under the company's plan from 2018 to 2021, these restricted stock units have not vested. In previous years, Mr. Lyons participated in Exxon Mobil Corporation's restricted stock plan, which is similar to the company's restricted stock unit plan. In 2021, restrictions were removed on 5,150 Exxon Mobil Corporation restricted stock having a value as at December 31, 2021 of \$399,520 based on the closing price of Exxon Mobil Corporation common shares of \$61.19 U.S., which was converted to Canadian dollars at the December 31, 2021 close rate of 1.2678 provided by the Bank of Canada. D.E. Lyons participates in Exxon Mobil Corporation's annual bonus program, which is similar to the company's annual bonus program. In 2021, D.E. Lyons received \$439,979 with respect to the annual cash bonus, which was paid in U.S. dollars and converted to Canadian dollars at the average 2021 exchange rate of 1.2535. The maximum settlement value (trigger) or cumulative earnings per share was not achieved for earnings bonus units granted in prior years, and therefore no earnings bonus unit payments were made.
- (c) Although S.P. Younger received restricted stock units under the company's plan in 2020 and 2021, 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 2021, restrictions were removed on 5,900 Exxon Mobil Corporation restricted stock having a value as at December 31, 2021 of \$457,702 based on the closing price of Exxon Mobil Corporation common shares of \$61.19 U.S., which was converted to Canadian dollars at the December 31, 2021 close rate of 1.2678 provided by the Bank of Canada. S.P. Younger participates in Exxon Mobil Corporation's annual bonus program, which is similar to the company's annual bonus program. In 2021, S.P. Younger received \$250,449 with respect to the annual cash bonus, which was paid in U.S. dollars and converted to Canadian dollars at the average 2021 exchange rate of 1.2535. The maximum settlement value (trigger) or cumulative earnings per share was not achieved for earnings bonus units granted in prior years, and therefore no earnings bonus unit payments were made.
- (d) These values show restricted stock units granted by the company that vested in 2021. 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 2018. For B.A. Jolly and J.R. Wetmore, the values represent restricted stock units granted in 2014 and 2018, which vested in 2021.
- (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 2021, the company granted an annual cash bonus. The maximum settlement value (trigger) or cumulative earnings per share was not achieved for earnings bonus units granted in prior years, and therefore no earnings bonus unit payments were made.

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 2021 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)	1,743,315	-	8,724,347
Total	1,743,315	-	8,724,347

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

(b) This is a restricted stock unit plan, which is described starting on page 64.

(c) The Number of securities to be issued represents the total number of restricted stock units issued since 2011 and still outstanding (3,950,615) minus the outstanding restricted stock units that are only eligible for cash (and not common shares) upon vesting (2,207,300). The Number of securities remaining available for future issuance represents the restricted stock units not yet granted (6,517,047) plus the number of outstanding restricted stock units that are only eligible for cash (and not common shares) upon vesting (2,207,300).

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 2021.

	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	3,950,615	6,517,422
Percent of outstanding common shares (a)	1.54%	0.58%	0.96%

(a) As of December 31, 2021, the number of common shares outstanding was 678,079,864.

(b) The maximum number of restricted stock units issuable under the company plan is the number as of December 31, 2020 (10,474,762) minus the common shares issued in 2021 pursuant to the vesting of restricted stock units under the plan (6,725 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)
2021	680,720	711,602,150	0.10%
2020	747,040	735,285,422	0.10%
2019	854,800	762,680,114	0.11%

(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 64. 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, 2021) (#) (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	30.5	267,700	364,600	5,546,900	268,900	(68,300)	5,747,500
J.R. Wetmore	27.5	239,200	394,100	5,092,200	56,200	(111,500)	5,036,900

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 2021 exchange rate of 1.2535. Under this plan, Mr. Corson had 38.5 years of credited service and Mr. Lyons had 31.5 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 2021 exchange rate of 0.9421. Under these plans, Mr. Younger had 24.8 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 \$1,044,457. For D.E. Lyons, this value was \$477,008. 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, 2021. 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, 2021. For B.W. Corson, this value was \$1,177,635. For D.E. Lyons, this value was \$565,710. 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 lump-sum value that would be earned to age 65, assuming final average earnings as of December 31, 2021 was \$354,950.
- (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 \$12,805,868 and the closing value was \$15,421,128. For D.E. Lyons, the opening value was \$5,991,390 and the closing value was \$7,186,059. For S.P. Younger, the opening value was \$3,231,521 and the closing value was \$3,109,701.
- (e) The value for "Compensatory change" includes service cost for 2021 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 2021 and the actual salary and bonus received in 2021. 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 2021 and earnings as described previously. For B.W. Corson, this value was (\$1,200,091). For D.E. Lyons, this value was (\$463,757). For S.P. Younger, this value was (\$74,865).
- (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 2021 increased to 3.0 percent, from 2.5 percent at the end of 2020, 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 3.0 percent at the end of 2021, up from 2.8 percent at the end of 2020. For the Esso Australia Pty Ltd. Plan, this includes the effect of interest based on a discount rate of 3.0 percent at the end of 2021, up from 2.1 percent at the end of 2020. For B.W. Corson, this value was \$1,415,169. For D.E. Lyons, this value was \$730,912. For S.P. Younger, this value was (\$196,685).
- (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 \$40,983, the "Compensatory value" was \$6,897 reflecting affiliate contribution and investment earnings, and the "Accumulated value at year-end" was \$47,880.

Other important information

Effective date

The effective date of this management proxy circular is February 15, 2022.

If you have a shareholder proposal for the 2023 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 2023 annual meeting of shareholders, must be received by the company no later than December 16, 2022. The proposal can then be included in the management proxy circular and the proxy for the 2023 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**, 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** and on the company website at **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. 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 being well-positioned to take advantage of the current market; the ability to capture additional synergies from the operatorship transition at Syncrude; the intention to market the company's interest in XTO Energy Canada; plans for and impact of the renewable diesel complex at Strathcona refinery, and timing of a final investment decision; the impact of the Sarnia Products Pipeline and scheduled commissioning in 2022; the impact of participation in the Oil Sands Pathways to Net Zero alliance; Imperial's Scope 1 and 2 net zero goal by 2050 and greenhouse gas emissions intensity goals for 2023 and 2030 for its oil sands operations; the impact of the Kearl Boiler Flue Gas heat recovery unit and Cold Lake LASER Project; 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, growth and energy source, supply and mix; commodity prices, foreign exchange rates and general market conditions; 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; the amount and timing of emissions reductions; the adoption and impact of new facilities or technologies on capital efficiency, production and reductions to greenhouse gas emissions intensity, including next generation technologies using solvents to replace energy intensive steam at Cold Lake, boiler flue gas technology at Kearl, Strathcona's renewable diesel complex (including factors influencing a final investment decision and the availability of locally-sourced and grown feedstock) and support for and advancement of carbon capture and storage, 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; applicable laws and government policies, including taxation, restrictions in response to COVID-19 and with respect to climate change and greenhouse gas emissions reductions; receipt of regulatory approvals; performance of third-party service providers; cash generation, financing sources and capital structure; capital and environmental expenditures; and evolution of COVID-19 and the company's ability to effectively execute on its business continuity plans and pandemic response activities 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, and petroleum and petrochemical products, feedstocks and other market or economic conditions 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, 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; 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, including in light of restrictions related to COVID-19; 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 pace of regional and global economic recovery from the COVID-19 pandemic and the occurrence and severity of future outbreaks and variants; general economic conditions, including the occurrence and duration of economic recessions; 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. 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.

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, public policy and corporate responsibility 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)
- Experience in academia or in research (Academic / research)
- 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. Election of Directors

All directors will stand for election at the annual meeting of shareholders. If the majority shareholder's holdings were ever to fall below 50% for any non-contested elections of directors, any director nominee who receives a greater number of votes "withheld" from his or her election than votes "for" in such election shall tender his or her resignation. Within 90 days after certification of the election results, the board will decide, through a process managed by the nominations and corporate governance committee and excluding the nominee in question, whether to accept the resignation. Absent a compelling reason for the director to remain on the board, the board shall accept the resignation. The board will promptly disclose and, if applicable, the reasons for rejecting the tendered resignation.

12. 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.

13. 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.

Public Policy and Corporate Responsibility Committee Charter

1. Purpose of the Committee

The primary purpose of the public policy and corporate responsibility 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:
 - (i) the majority shareholder's holdings falling below 50%, for any non-contested election of directors in the event a nominee standing for election by shareholders in a non-contested election receives a greater number of votes withheld from his or her election than votes for such election and, in any such case, refer the matter to the board with the committee's recommendation whether such resignation should be accepted, or
 - (ii) 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.

Appendix B – Shareholder proposal

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

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

Proposal – Adopt a policy to cease oil and gas exploration and developments

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

RESOLVED: Shareholders request that Imperial Oil adopt a policy to cease capital expenditures in exploration and developments of new oil and gas fields in order to align its business strategy to a net zero emissions by 2050 pathway as described in the International Energy Agency Net Zero Emissions by 2050 scenario.

SUPPORTING STATEMENT:

Whereas:

- In its World Energy Outlook 2021, the International Energy Agency (IEA) has produced a comprehensive Net Zero Emissions by 2050 scenario (NZE) in which “the rapid drop in oil and natural gas demand means that no fossil fuel exploration is required, and no new oil and natural gas fields are required beyond those that have already been approved for development... Also not needed are many of the liquefied natural gas (LNG) liquefaction facilities currently under construction or at the planning stage.”¹
- The IEA’s executive director, Fatih Birol, stated: “If governments are serious about the climate crisis, there can be no new investments in oil, gas and coal, from now – from this year.”²
- “The global human, environmental, and economic costs of failing to reduce greenhouse gas emissions far outweigh the costs of transitioning to a low-carbon economy. (...) Transition readiness is about more than just emission reductions. In sectors where global demand is expected to decline, such as coal and oil, companies need to transform into new business lines.” (Canadian Institute for Climate Choices³).
- Imperial Oil could redirect expenditures dedicated to explore and increase reserves to low carbon opportunities such as using bitumen to produce non- combustion and high-value products (see Alberta Innovates’ Beyond Bitumen Combustion strategy)⁴.

¹ <https://prod.iea.org/reports/world-energy-outlook-2021>, p64

² <https://www.theguardian.com/environment/2021/may/18/no-new-investment-in-fossil-fuels-demands-top-energy-economist>

³ <https://climatechoices.ca/reports/sink-or-swim/>

⁴ https://albertainnovates.ca/wp-content/uploads/2021/11/AI-BBC-WHITE-PAPER__WEB.pdf

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

A successful energy transition requires affordable, accessible and reliable energy to meet society’s needs while accelerating action to an emissions-free future. If this energy is not available, the resulting shift could disrupt energy security and lead to a disorderly and costly transition for society.

The International Energy Agency (IEA), in its 2021 World Energy Outlook, indicated “the world is not investing enough to meet its future energy needs, and uncertainties over policies and demand trajectories creates a strong risk of a volatile period ahead for energy markets.” Progress will continue in the development and

deployment of wind, solar, battery technology, nuclear, renewable fuels, carbon capture and storage and low-carbon hydrogen as well as the production of lower-emission Canadian oil and natural gas. And while a shift from a more carbon-intensive fuel mix to lower-carbon sources is anticipated, all scenarios under the Paris agreement still predict oil and gas will remain an essential component of the energy mix.

With respect to new oil and gas exploration and development, the rate of natural decline from producing fields would suggest substantial new investments are required in both oil and natural gas capacity. Without new investment, only about 50 percent of global oil demand in 2050 would be met, even under the IEA's Net Zero Emissions scenario. This is where the opportunity exists for Canadian energy to support society's net zero emissions goals.

Canada excels in global ratings for environmental, social and governance (ESG), with top performance across a full spectrum of factors from environmental policy, to social progress, political stability, regulatory oversight and corporate governance. Canadian oil sands companies have demonstrated strong ESG track records, clear technology pathways to net zero, and an inherently low-decline, low-sustaining cost nature. Fatih Birol, Executive Director of the IEA, has also highlighted Canada as a reliable and responsible source to continue to provide oil and gas for the world while aiming for net zero emissions by 2050.

As one of Canada's largest integrated oil companies, Imperial is committed to investing in responsible exploration and development as a core part of our business as we continue to evaluate energy transition opportunities in our business plans. We recognize the effects of climate change and support the Paris Agreement and Canada's ambition to achieve net zero emissions by 2050. The company has announced a goal to achieve net zero emissions (scope 1 and 2) for operated oil sands by 2050. Achieving this will require leadership, ingenuity and collaboration with governments and other third parties. Imperial is also a founding member of the Oil Sands Pathways to Net Zero alliance. The goal of this alliance is to work with Government of Canada and the Government of Alberta to achieve net zero Scope 1 and 2 emissions from oil sands operations by 2050 to help Canada meet its climate goals.

In the interim, Imperial remains on track to meet our previous greenhouse gas emissions intensity goal of a 10 percent reduction for operated oil sands facilities by the end of 2023, compared to 2016 levels and has recently announced plans to increase this reduction to a 30 percent reduction by 2030.

In terms of non-combustible opportunities, approximately 20 per cent of Imperial's current finished products are already in this category, on a life-cycle assessment basis. These products include asphalt, petrochemicals and polymers. We are exploring new finished products made from bitumen and are engaged with Alberta Innovates Bitumen Beyond Combustion program as a steering committee member.

Imperial considers various global energy supply and demand views and scenarios to inform its long-term planning. The company tests its capital investments against many uncertainties, including managing the risks of climate change. We are confident in our ability to continue to remain an industry leader and generate value for shareholders in the evolving global energy landscape. Responsible exploration and development will be key to achieving these objectives. Therefore, we recommend voting against this proposal.

Withdrawn Proposal

Æquo Shareholder Engagement Services submitted a shareholder proposal on behalf of Bâtirente and FÉRIQUE Fund Management, requesting that "Imperial Oil adopt a corporate-wide target to reduce absolute greenhouse gas emissions (scope 1 and 2), with a target year within the 2026 to 2035 time range. Such a target should be announced before the end of 2022."

After discussion with Imperial, Æquo, on behalf of its clients, withdrew the proposal based on the company's ongoing work to achieve and report on its 2050 net zero ambition, including:

- Imperial's ambition to achieve net zero greenhouse gas emissions from oil sands operations by 2050;
- Imperial's 30% greenhouse gas emissions intensity reduction target (Scope 1 and 2) by 2030 for its operated oil sands facilities, compared with 2016 levels;
- A commitment by Imperial 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;
- A commitment to work towards extending Imperial's current net zero ambition to be corporate wide, including its downstream business.



Imperial



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