

CORPORATE GOVERNANCE

Syncrude Canada Ltd. is a private company incorporated under the Business Corporations Act of Alberta.

Syncrude's bylaws stipulate that shares in the corporation may be held only by the shareholders in proportion to their interest in the Syncrude Project, a joint venture, and that Syncrude Canada Ltd. may not carry on business or activities other than to act as operator of the Syncrude Project on behalf of the shareholders.

Board of Directors

The Board of Directors of Syncrude is responsible for providing corporate oversight and direction. The Board of Directors takes seriously its duties and responsibilities, and it is the view of the Board that its approach in directing the business of Syncrude Canada Ltd. is comprehensive, effective and consistent with generally accepted standards of Canadian corporate governance. The whole Board meets at least annually and fulfills all statutory and other legal requirements that have not been delegated to the Committees of the Board. There are four Committees of the Board, which meet on a more frequent basis: CEO Committee; Human Resources & Compensation Committee; Pension Committee; and Safety, Health, Environment & Corporate Sustainability Committee. The Board and its Committees are composed of Directors appointed by the shareholders of the Corporation.

CEO Committee

The CEO Committee assists the Board in providing corporate direction and oversight for the Corporation's business and strategic plans and specific matters pertaining to its executive and senior management team, including:

- To review and endorse the long-term strategic plan of the Syncrude Project and the business plans of the Corporation;
- To review and approve the Corporation's succession plans for its executive and senior management team;
- To review and approve annual adjustments to the compensation of the Chief Executive Officer of the Corporation, as well as the other officers of the Corporation, as recommended by the Human Resources & Compensation Committee.

Human Resources & Compensation Committee

The Human Resources & Compensation Committee assists the Board in providing corporate direction and oversight for the Corporation's principal compensation and benefit programs and human resource policies and succession plans, including:

- To review and approve annual adjustments to the salaries and benefits of the Corporation's employees;
- To review and approve principal human resource policies and programs of the Corporation and significant changes thereto and to provide advice and direction on major human resource issues;
- To approve changes in any benefit plan texts, including the Retirement Plan for the Employees of Syncrude Canada Ltd. and Member Corporations ("Retirement Plan"), that require Board approval;
- To approve any post-retirement pension payment adjustments and adhoc increases, and to authorize the Corporation, as sponsor of the Retirement Plan, to make such payments; and
- To review and approve changes to management structure and senior management succession plans of the Corporation or to provide guidance on significant issues regarding those matters.

Pension Committee

The Pension Committee assists the Board in providing corporate direction and oversight for the Corporation's responsibilities as administrator of the Retirement Plan for Employees of Syncrude Canada Ltd. and Member Corporations ("Retirement Plan") pursuant to the Employment Pension Plans Act ("Act"), including:

- To monitor the Retirement Plan assets and approve the appointment of the Actuary and the Trustee & Custodian of the Retirement Plan;
- To review and confirm or amend the Statement of Investment Policies and Procedures ("SIPP") each year on behalf of the Board;
- To review and recommend to the Board that the Board approve the annual audited financial statement of the Retirement Plan; and
- To review and approve financial assumptions and actuarial valuations of the Fund when required by the Act or when the Committee deems that additional Fund valuations are necessary.

Safety, Health, Environment & Corporate Sustainability Committee

The Safety, Health, Environment & Corporate Sustainability Committee assists the Board in fulfilling its corporate direction and oversight responsibilities for the Corporation's safety, health and environmental requirements, policies, practices, compliance systems and performance, and in monitoring current and future trends in safety, health and environmental laws and practices, including:

- To review and approve the Corporation's SH&E policy and significant revisions to that policy and the principal programs and processes supporting it;
- To review, assess and approve the Corporation's processes for the selection, preparation and disclosure of sustainability performance criteria and information and sustainability targets and measures as well as the programs and initiatives to address sustainability objectives and issues;
- To monitor and assess the Corporations performance in complying with its SH&E policy, procedures, standards and related requirements by receiving and reviewing regular or special reports from the Corporation outlining such performance;

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- To confirm that the Corporation has implemented and continues to maintain and audit appropriate policies, procedures, controls and due diligence systems with respect to safety, health and environmental requirements and issues including, without limitation, compliance with all applicable laws, appropriate plans or responses to deal with emerging issues, or trends, and procedures for notifying the Board and Management Committee of the Syncrude Project of any significant or material incidents and, when necessary, to recommend to the Corporation revisions or amendments to such policies, procedures, controls and due diligence systems; and
- To review reclamation and closure plans and receive updates on reclamation activities, including tailings management.

Management Committee

Each of the Participants of the Syncrude Project, a joint venture, appoints two representatives to the Management Committee, which meets regularly and provides oversight and governance for the project on behalf of the Participants. The weight assigned to each Participant's vote through the Management Committee is proportionate to its interest in the Syncrude Project.

The Management Committee reviews and approves the Syncrude Project's strategic plans, business plans, annual budget and major capital appropriations. In addition, it reviews overall performance, both operationally and financially.

The Management Committee is chaired by one of its members. The current Chair is Marcel Coutu, Chief Executive Officer of Canadian Oil Sands Limited.

The Management Committee has created subcommittees and delegated the indicated powers and duties to support Syncrude and the Participants. Each Participant, as well as Syncrude, is entitled to nominate two representatives to each of the subcommittees. Each subcommittee reports to the Management Committee, which appoints the chair and secretary of each subcommittee.

Operations Subcommittee

The Subcommittee assists the Management Committee of the Syncrude Project on operations matters, including:

- To monitor the performance of the Syncrude operations and provide advice and guidance to the Management Committee and Syncrude on plans designed to address improvement opportunities;
- To provide advice and guidance to the Management Committee and Syncrude on each Business Plan and Annual Budget for the Syncrude Project, including:
- sustaining capital or significant changes to operating expenditures;
- material regulatory matters, including those related to reclamation approvals and requirements;
- procedures and controls for safety, health, environmental and security matters; and
- the Pembina crude pipeline for the Syncrude Project.

Growth & Development Subcommittee

The Subcommittee assists the Management Committee of the Syncrude Project on capital growth and development opportunities, including:

- To identify and evaluate such opportunities and make recommendations concerning same;
- To provide advice and guidance to the Management Committee and Syncrude on each Business Plan and Annual Budget for the Syncrude Project with respect to growth and development opportunities and major capital projects in progress;
- To monitor the status and performance of all major capital projects in progress under its mandate, including cost and schedule relative to applicable work programs and budgets; and
- To establish appropriate business controls for major capital project spending and performance.

Audit & Business Controls Subcommittee

The Subcommittee oversees all aspects of Syncrude's internal control systems and financial and related disclosures as required by law and good accounting practice, including:

- To review the adequacy of internal control systems and the scope and adequacy of the Corporation's internal audit program and the results of their activities;
- To review the scope, timing and findings of the external audit;
- To review and approve the selection and application of accounting principles and practices applied to the Syncrude Project;
- To review and recommend to the Board and/or Management Committee for approval all annual financial statements and/or related information;
- To review the quarterly and annual representations made by Syncrude to the Participants, as well as changes to the form of those representations; and
- To review and recommend new or additional Syncrude reporting disclosures as a result of changes in and/or emerging reporting, accounting or internal control issues affecting Syncrude Canada Ltd. financial statements or Participants' respective regulatory reporting requirements.

Code of Ethics and Business Conduct

Syncrude has a Code of Ethics and several other Business Conduct policies that are designed to foster a high level of ethical conduct expected by our many internal and external stakeholders. The Corporation stewards the application of these policies and reports regularly periodically to the Audit and Business Controls Subcommittee and makes representations to the Board to confirm compliance. In addition to internal processes, Syncrude has an external system for the reporting of concerns about corporate conduct. Employees, contractors and members of the public may file their concerns anonymously and confidentially through EthicsPoint, at www.ethicspoint.com or 1-800-493-1866. This information is available internally and through Syncrude's external website at www.syncrude.com.