

AUDIT, FINANCE AND RISK COMMITTEE MANDATE

Creation

Pursuant to Article Three of the General By-Law No. 2 of NOVA Chemicals Corporation (the “Corporation”), a committee of the directors to be known as the “Audit, Finance and Risk Committee” (the “Committee”) is established.

Purpose

The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibility relating to: the integrity of the Corporation’s financial statements; the financial reporting process; the systems of internal accounting and financial controls; the external auditor’s qualifications and independence; the performance of the internal and external auditors; risk management processes; pension and savings plans; and compliance by the Corporation with ethics policies and legal and regulatory requirements.

Committee Membership

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| Composition of the Committee | a) The Committee must be composed of a minimum of four directors. |
| Independence | b) Subject to the limited exceptions set forth in applicable securities law, each member of the Committee shall be “independent” as defined by applicable legislation and regulation. |
| Financial Literacy | c) Each member of the Committee must be “financially literate”, as defined by applicable legislation and regulation. At least one member of the Committee shall be designated as an “audit committee financial expert”, as defined by applicable legislation and regulation. The designation of a person as an audit committee financial expert does not impose on such person any duties, obligation, or liability that are greater than the duties, obligations, or liability imposed on such person as a member of the Committee and the Board in the absence of such designation. |
| Appointment and Term of Members | d) The members of the Committee must be appointed or reappointed at the organizational meeting of the Board immediately following each Annual Meeting of the shareholders of the Corporation. Each member of the Committee continues to be a Committee member until a successor is appointed, unless he or she resigns or is removed by the Board or ceases to be a |

director of the Corporation. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than four directors as a result of the vacancy.

Chairman and Secretary

- e) The Board or, if it does not do so, the members of the Committee, must appoint one of their members as a Chairman. The Chairman shall:
 - i) review and approve the agenda for each meeting of the Committee and as appropriate, consult with members of management;
 - ii) preside over meetings of the Committee;
 - iii) report to the Board on the activities of the Committee relative to its recommendations, resolutions, actions and concerns; and
 - iv) meet as necessary with the internal and external auditors.

If the Chairman of the Committee is not present at any meeting of the Committee, the Chairman of the meeting must be chosen by the Committee from the Committee members present. The Chairman presiding at any meeting of the Committee has a deciding vote in case of deadlock. The Committee must also appoint a Secretary who need not be a director.

Use of Outside Experts

- f) Where Committee members believe that, to properly discharge their fiduciary obligations to the Corporation, it is necessary to obtain the advice of independent legal, accounting, or other experts, the Committee shall have sole authority to engage the necessary experts, at the Corporation's expense, to advise the Committee or its members independently on any matter. The Committee shall have the sole authority to approve such experts' fees and other terms of reference. The Board shall be kept apprised of both the selection of the experts and the experts' findings through the Committee's regular reports to the Board.

Meetings

Time, Place and Procedure of Meetings

- a) The time, place and procedure of Committee meetings shall be determined by Committee members, provided that:

Quorum

- i) a quorum for meetings must be a majority of the members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to communicate with each other;

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| Quarterly Meetings | ii) | the Committee must meet at least quarterly; |
| Notice of Meetings | iii) | notice of the time and place of every meeting must be given in writing or by facsimile to each member of the Committee, the internal auditors and the external auditors of the Corporation at least 24 hours prior to the Committee meeting; |
| Waiver of Notice | iv) | a member may waive notice of a meeting, and attendance at the meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; |
| Attendance of External Auditors | v) | the external auditors are entitled to attend each meeting at the Corporation's expense; |
| Calling a Meeting | vi) | a meeting of the Committee may be called by the Secretary of the Committee on the direction of the Chairman or Chief Executive Officer of the Corporation, by any member of the Committee, the external auditors or internal auditors; and |
| Committee Determines Attendees | vii) | notwithstanding the provisions of this paragraph, the Committee has the right to request any officer or employee of the Corporation or the Corporation's outside counsel or external auditor to be present or not present at any part of the Committee meeting. |
| Reports to the Board | b) | The Committee shall make regular reports to the Board. |

Duties and Responsibilities of the Committee

1. Financial Statements and Disclosure

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| Annual Report and Disclosures* | a) | Review and discuss with management, the external auditor and recommend for approval by the Board, the Corporation's annual report (including the audited annual financial statements and disclosures made in management's discussion and analysis), annual information form, management proxy circular (including the report of the Committee), any reports on adequacy of disclosure and internal controls, all financial statements in prospectuses or other offering documents, and any financial statements required by regulatory authorities. |
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| Prospectuses* | b) Review and discuss with management and the external auditor, and recommend for approval by the Board, any prospectuses, but excluding any prospectus supplements issued under a shelf prospectus of the Corporation, and any pricing supplements issued under a medium term note prospectus supplement of the Corporation. |
| Quarterly Interim Reports and Disclosures | c) Review and discuss with management and the external auditor and approve the Corporation's interim reports, including the quarterly financial statements and press releases (or disclosures made in management's discussion & analysis) on quarterly and year end financial results, prior to public release. |
| Accounting Policies and Estimates | d) Review and discuss with management and the external auditor and approve all accounting policies that would have a significant effect on the Corporation's financial statements, and any changes to such policies. This review will include a discussion with management and the external auditor concerning: <ul style="list-style-type: none"> i) any areas of management judgment and estimates that may have a critical effect on the financial statements; ii) the effect of using alternative accounting treatments which are acceptable under Canadian and US GAAP or IFRS (when adopted by the Corporation); iii) the appropriateness, acceptability, and quality of the Corporation's accounting policies; and iv) any material written communication between the external auditor and management, such as the annual management letter and the schedule of unadjusted differences. |
| Financial Information and Earnings Guidance | e) Discuss with management the use of "pro forma" or "adjusted" non-GAAP (or IFRS when adopted by the Corporation) information and the applicable reconciliation, as well as approval in principle of the process to provide financial and related information to analysts and rating agencies. The Committee need not discuss in advance each instance in which the Corporation may provide earnings guidance or presentations to rating agencies. |
| Regulatory and Accounting Initiatives | f) Discuss with management and the external auditor the effect of regulatory and accounting initiatives as well as the use of off-balance sheet structures on the Corporation's financial statements. |
| Litigation | g) Discuss with the Corporation's principal legal officer any litigation, claim or other contingency (including tax assessments), that could have a material effect on the financial position or |

operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements.

- Financing Plans h) Review the financing plans and objectives of the Corporation, as received from and discussed with management.

2. Risk Management and Disclosure and Internal Control

- Risk Management Policies* a) Review and recommend for approval by the Board changes considered advisable, after consultation with officers of the Corporation, to the Corporation's policies relating to:
- i) the risks inherent in the Corporation's businesses, facilities ; strategic direction;
 - ii) the overall risk management strategies (including insurance coverage);
 - iii) the risk retention philosophy and the resulting uninsured exposure of the Corporation; and
 - iv) the loss prevention policies, risk management and hedging programs, and standards and accountabilities of the Corporation in the context of competitive and operational considerations.
- Adequacy of Disclosure and Internal Controls b) Review at least quarterly, the results of management's evaluation of the adequacy and effectiveness of disclosure controls and internal controls over financial reporting within the Corporation in connection with the certifications signed by the CEO and CFO and filed with securities regulators. Management's evaluation will include a review of:
- i) policies and procedures to ensure completeness and accuracy of information disclosed in the quarterly and annual reports, prevent earnings management and detect financial statement misstatements due to fraud and error; and
 - ii) internal control recommendations of the internal and external auditors, including any special steps taken to address material control deficiencies and any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls.
- Risk Management Processes c) Review with management at least annually the Corporation's processes to identify, monitor, evaluate, and address important enterprise-wide business risks.
- Financial Risk Management d) Review with management activity related to management of

financial risks to the Corporation.

3. External Auditors

Appointment and
Remuneration of External
Auditors*

- a) Review and recommend to the Board in accordance with the ultimate authority and responsibility of the Committee and the Board:
 - i) the selection, evaluation, reappointment or, where appropriate, replacement of external auditors; and
 - ii) the nomination and remuneration (including non-audit fees) of external auditors to be appointed at each Annual Meeting of Shareholders.
- b) Resolve any disagreements between management and the external auditor regarding financial reporting.
- c) The external auditors shall report directly to the Committee.

Independence of External
Auditors

- d) Review a formal written statement requested at least annually from the external auditor describing:
 - i) the firm's internal quality control procedures;
 - ii) any material issues raised by the most recent internal quality control review, peer review of the firm, or any investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
 - iii) any steps taken to deal with any such issues; and
 - iv) all relationships between the external auditors and the Corporation.

The Committee will actively engage in a dialogue with the external auditor with respect to whether the firm's quality controls are adequate, and whether any of the disclosed relationships or non-audit services may impact the objectivity and independence of the external auditor. The Committee shall present its conclusion with respect to the independence of the external auditor to the Board.

Rotation of Senior Audit
Partner

- e) Ensure the rotation of senior audit personnel who have primary responsibility for the audit work, as required by law.

Remuneration of External
Auditors

- f) Review and approve (in advance) the scope and related fees for all auditing services and non-audit services permitted by regulation which are to be provided by the external auditor for non-audit services which are approved by the Committee prior to completion of the audit.

The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

Restrictions on Hiring
Employees of External
Auditor

- g) Ensure the establishment of policies relating to Corporation's hiring of employees or former employees of the external auditor, if such individuals have participated in the audit of the Corporation, as required by law.

- Meeting with Auditors and Management h) The Committee should meet with the external and internal auditors without management present and discuss any issues related to performance of the audit work, any restrictions, and any significant disagreement with management. The Committee should also meet separately with management to discuss any issues raised by the auditors.

4. **Internal Audit**

- Mandate and Appointment of Internal Audit a) i) review and approve the mandate of the internal audit function including internal audit's purpose, authority, and responsibility;
ii) approve whether the internal audit activity should be outsourced and if outsourced approve the supplier; and
iii) review the appointment and replacement of the senior internal audit executive, if there is no outsourced provider.
- Internal Audit Plans b) Review and approve the annual Internal Audit Plan and objectives, the degree of coordination with the external auditor, and the extent to which the planned audit scope can be relied upon to detect weaknesses in internal controls, fraud, and other illegal acts.
- Internal Audit Responsibilities c) Discuss with management and the external auditor the internal audit department's responsibilities, budget, and staffing and any recommended changes in the scope of internal audit.
- Audit Findings and Recommendations d) Review the significant control issues identified in internal audit reports issued to management and the responses and actions taken by management to address weaknesses in controls.

5. **Pension and Savings Plans**

- Statements of Pension Investment Policy and Procedures a) Review and approve the Corporation's Statement of Investment Principles and Beliefs, and the Statements of Investment Procedures.
- Pension Funding b) Approve funding decisions for the retirement plans in accordance with actuarial reports and legal requirements in the applicable jurisdiction.
- Amendments to Plans for Changes in Benefit Levels c) Review and approve amendments to savings and retirement plans for changes in benefits provided under the plans, other than

administrative or legislative changes.

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| Appointment of Auditors, Actuaries, and Investment Managers | d) | Approve the recommendations of the officers of the Corporation regarding the reappointment or appointment of auditors and recommendations of the Pension and Savings Plan Committees regarding appointment of investment managers and actuaries of the savings plans and retirement plans, as appropriate. |
| Savings and Retirement Plan Financial Statements | e) | Receive confirmation from management that the annual financial statements of the savings plans, retirement plans, and related trust funds, have been prepared and filed as required by applicable regulations. |
| Pension and Savings Plans Committees Reports* | f) | Review and recommend for approval by the Board, the annual Pension Committee Reports on the operation and administration of savings and retirement plans and trust funds. |
| Mandates of the Pension and Savings Plan Committees and Appointment of Members | g) | Review and approve the mandates of the Pension and Savings Plans Committees (to be approved jointly with the Human Resources Committee of the Board), any amendments thereto, and the appointment or re-appointment of pension and savings plan committee members as provided in the mandates. |
| Delegation to the Pension and Savings Plan Committees | h) | Approve the delegation of certain responsibilities to members of the pension and savings plans committees. |
| Actuarial Reports and Funding Assumptions | i) | Review the actuarial reports on retirement plans as required by applicable regulations, any special actuarial reports, and the funding assumptions to be used in preparing the reports. |
| Accounting Assumptions | j) | Review and approve, at least annually, the accounting assumptions used for disclosure of liabilities for retirement plans and post-retirement liabilities. |

6. General Duties

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| Business Conduct Policy Compliance | a) | Obtain reports at least annually from the Chief Compliance Officer on the Corporation's and its subsidiary/foreign affiliated entities' conformity with applicable legal and ethical compliance programs (e.g., the Corporation's Business Conduct Policy). |
| Code of Ethics | b) | Ensure that the Corporation has adopted a code of ethics for senior financial officers and review at least annually a report from the CEO and CFO of their assessment of the ethical culture and |

control environment in the finance function.

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| Public Disclosure | c) Review, monitor and assess, on a regular basis, the adequacy of the Corporation's Communication and Disclosure Policy that establishes guidelines and standards for communications with shareholders, investment analysts, other stakeholders and the public generally. |
| Compliance Reporting Process | d) Ensure that a process and procedure has been established by the Corporation for receipt, retention, and treatment of complaints regarding non-compliance with the Corporation's Business Conduct Policy, violations of laws or regulations, or concerns regarding accounting, internal accounting controls or auditing matters. The Committee must ensure that procedures for receipt of complaints allow for confidential, anonymous submission of complaints from employees. |
| Regulatory Matters | e) Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's compliance policies. |
| Mandate Review* | f) Review and recommend for approval changes considered advisable based on the Committee's assessment of the adequacy of this Mandate. Such review will occur on an annual basis and the recommendations, if any, will be made to the Board in accordance with the procedure set out in the Corporate Governance Committee mandate. |
| Annual Performance Evaluation | g) The Committee will conduct an annual evaluation of its performance as a committee and report the results to the Board. |

* Board approval required

Most Recent Revision: March 13, 2009

