



## BOARD OF DIRECTORS MANDATE

### 1. The Board of Directors

The Board is committed to promoting an environment of corporate responsibility and ethical values with respect to NOVA Chemicals Corporation (the “Company”). In this endeavor, the Company refers to the standards embodied in the corporate governance guidelines and requirements under applicable legislation and stock exchange rules.

The Board is elected by the shareholders and is responsible for the stewardship of the business and affairs of the Company. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Company’s strategic planning and organizational structure, and supervising management to oversee that the strategic planning and organizational structure enhance and preserve the business and underlying values of the Company.

Although directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Company must be paramount at all times.

The Board discharges its responsibility for overseeing the management of the Company’s business by delegating to the Company’s senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its committees. The Board’s primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company’s strategic objectives.

### 2. Board Composition

#### *a. General Considerations*

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| <b>Ultimate Authority</b>      | a) The Board will respond to recommendations received from its committees, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee mandates and director compensation, and assessing the effectiveness of the Board, its committees and directors. |
| <b>Delegation of Authority</b> | b) The Board may delegate to its committees matters it is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.   |

#### *b. Size*

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| <b>Fixed by Resolution</b> | Subject to the Company’s Articles of Continuance and Bylaws, the Board will fix from time to time by resolution the number of directors, guided by the recommendation of the Corporate Governance Committee. |
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**c. The Chair of the Board**

**Appointment and Responsibility**

The Board shall appoint annually a Chair from the members of the Board. The Chair of the Board shall be responsible for the organization and efficient operation of the Board and its committees. The Chair will ensure effective communication between the Board and management, particularly with regard to the Director of Internal Audit and the Corporate Secretary.

**d. Committees**

**Standing and Ad Hoc Committees**

a) The Board has established four standing committees - the Corporate Governance Committee; the Audit, Finance, and Risk Committee; the Human Resources Committee; and the Public Policy and Responsible Care Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically. The members of the standing committees are recommended annually to the Board by the Corporate Governance Committee.

**Committee Composition**

b) Each of the committees shall be composed of members of the Board recommended by the Corporate Governance Committee, having regard to the needs of each committee, the expertise of individual members of the Board, and any applicable legislation and stock exchange rules. The Audit, Finance and Risk Committee shall be composed entirely of independent directors, each of whom shall be financially literate, with at least one member designated as an audit committee financial expert, in each case as defined by applicable legislation and regulation.

**The Corporate Governance Committee**

i) The Corporate Governance Committee is generally responsible for the composition, compensation and governance of the Board and recommending to the Board nominees for election or appointment to the Board and its committees. The Committee is also responsible for developing the Company's approach to corporate governance. In addition, this Committee is responsible for maintaining an effective working relationship between the Board and management.

**The Audit, Finance and Risk Committee**

ii) The Audit, Finance and Risk Committee is generally responsible for reviewing and inquiring into matters affecting the integrity and performance of the Company's financial reporting, the system of internal accounting and financial controls and procedures, and financial audit procedures and plans; overseeing the Company's policies and practices relating to corporate compliance and risk management strategies; recommending to the Board the appointment and remuneration of the external auditors and approving the mandate and appointment of internal auditors; and reviewing with management and reporting to the Board annually on the Company's financing plans and objectives.

**The Human Resources Committee**

- iii) The Human Resources Committee is generally responsible for overseeing the Company's policies and practices with respect to its human resources; reviewing recommendations for the appointment of persons to senior executive positions; considering terms of employment, including succession planning and matters of compensation; recommending to the Board the goals and objectives used to determine executive leadership compensation; and evaluating the executive leadership team's performance and making recommendations to the Board with respect to any incentive compensation plans and equity-based compensation plans including stock option plans, share savings plans, share purchase plans and any other incentive compensation plans involving the issuance of securities of the Company and the administration of such plans.

**The Public Policy and Responsible Care Committee**

- iv) The Public Policy and Responsible Care Committee is generally responsible for overseeing the Company's policies and practices relating to its Responsible Care audit and the environment, occupational health and safety, communications, corporate contributions, public policy matters and the Company's relationship with all of its stakeholders.

*e. Committee Mandates*

**Necessity**

- a) Each committee shall have a written mandate reviewed and recommended to the Board by the Corporate Governance Committee.

**Requirements**

- b) Each mandate shall address:
  - i) the committee's purpose and responsibility;
  - ii) committee membership qualifications;
  - iii) structure and operation;
  - iv) appointment and removal procedures;
  - v) reporting procedures;
  - vi) provide for an annual performance evaluation of the committee;
  - vii) the role of the Chairman of the Committee; and
  - viii) other requirements set forth under applicable legislation and stock exchange rules, as the Board considers appropriate.

*f. Director Independence*

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| <b>Board Independence</b> | a) | At least a majority of the Board shall consist of independent directors.  |
| <b>Annual Evaluation</b>  | b) | Director independence shall be evaluated annually by the Corporate Governance Committee and the Board with regard to applicable legislation and stock exchange rules. |

*g. Method of Determining Independence*

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| <b>Determination</b> | a) | The Corporate Governance Committee is responsible for reviewing and evaluating annually the relevant facts, circumstances and relationships of all current and potential directors, and to make its recommendation to the full Board. The full Board will determine, as to each director, whether relationships exist which could reasonably interfere with the exercise of a member's independent judgment. |
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*h. Director Qualifications*

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| <b>Recommendation</b>                    | a) | The Corporate Governance Committee shall review annually the suitability of candidates for election (or re-election) or appointment as directors and submit its recommendations to the full Board for approval.  |
| <b>Qualifications</b>                    | b) | The Corporate Governance Committee shall consider such factors as are set forth in the Corporate Governance Committee's mandate and the Company's Bylaws when reviewing candidates for the Board, and shall take into account the individual qualifications and considerations relating to the needs of the Board.   |
| <b>Evergreen Director Candidate List</b> | c) | The Corporate Governance Committee shall maintain an "evergreen" list of potential director candidates. The Corporate Governance Committee shall review recommendations from other directors and members of management and determine whether to add a new candidate's name to the list.  |
| <b>Other Directorships</b>               | d) | The Corporate Governance Committee shall consider the number of boards on which a director serves in making its recommendations. Directors are encouraged to limit the number of other public company boards to take into account their time and effectiveness and are expected to advise the Chair of the Corporate Governance Committee in advance of serving on another board. Subject to individual exceptions in appropriate cases as approved by the Board, if the Company's Chief Executive Officer is also a director, he or |

**Other  
Directorships  
(con't)**

she may not serve on more than two boards of for profit companies (whether or not publicly traded) and one board of a non-profit company in addition to the Company's Board, and other non-management directors may not serve on more than five other boards of public companies in addition to the Company's Board. In addition to the foregoing, a member of the Audit, Finance and Risk Committee may not serve on the audit committees of more than two other public companies, unless the Board determines that this simultaneous service would not impair the ability of the member to effectively serve on the Company's Audit, Finance and Risk Committee. With respect to the foregoing policy regarding CEO membership on non-profit boards, such non-profit boards shall not include boards of relevant chemical industry associations.

**Director "Majority  
Voting" Policy**

- e) Any nominee for director at a meeting of shareholders of the Company at which directors of the Company are to be elected in an uncontested election (i.e., an election where the number of nominees is not greater than the number of directors to be elected) with respect to whom a majority of the votes are "withheld" from his or her election shall, promptly following certification of the shareholder vote, offer his or her resignation to the Board for consideration in accordance with the following procedures. The Qualified Independent Directors (as defined below) shall decide on behalf of the Board and in the best interests of the Company the action to be taken with respect to such offered resignation, which can include: (i) accepting the resignation, (ii) rejecting the resignation but addressing what the Qualified Independent Directors believe to be the underlying cause of the withheld votes, or (iii) rejecting the resignation. In reaching their decision, the Qualified Independent Directors shall consider all factors they deem relevant, including: (i) any stated reasons why shareholders withheld votes from such director, (ii) any alternatives for curing the underlying cause of the withheld votes, (iii) the director's tenure, (iv) the director's qualifications, (v) the director's past and expected future contributions to the Company, and (vi) the overall composition of the Board, including whether accepting the resignation would cause the Company to fail to meet any applicable legislative or stock exchange requirements. A press release disclosing the determination of the Board shall be issued within 90 days following certification of the shareholder vote. The disclosure shall also include, if applicable, the reasons for rejecting the offered resignation. A director who is required to offer his or her resignation in accordance this policy following a particular shareholder meeting shall not be present during the deliberations or voting whether to accept his or her resignation or, except as otherwise provided below, a resignation offered by any other director offered following the same shareholder meeting in accordance with this policy. Prior to voting, the Qualified Independent Directors will afford the affected director an opportunity to provide any information or statement that he or she deems relevant. For purposes of this policy, the term "Qualified Independent Directors" means: (a) All

**Director “Majority Voting” Policy (con’t)**

directors who (1) are independent directors and (2) are not required to offer their resignation in respect of a particular shareholder meeting in accordance with this policy; (b) If there are fewer than three independent directors then serving on the Board who are not required to offer their resignations in respect of a particular shareholder meeting in accordance with this policy, then the Qualified Independent Directors shall mean all of the independent directors and each independent director who is required to offer his or her resignation in respect of such shareholder meeting in accordance with this policy shall recuse himself or herself from the deliberations and voting only with respect to his or her individual offer to resign. A summary of the foregoing procedures will be disclosed each year in the management proxy circular for the Company’s annual meeting of shareholders.

*i. Director Orientation and Training*

**New Director Orientation**

a) New directors shall receive training regarding the nature and operation of the Company, including its core policies, the role of the Board and its committees, and the duties and responsibilities of directors. In addition, new directors shall be provided opportunities for meetings and discussions with management and other directors.

**Continuing Education**

b) Directors are encouraged to participate in continuing education to maintain the skill and knowledge necessary to meet their duties and responsibilities as directors, in addition to relevant training in committee-specific areas.

*j. Director Compensation*

**Periodic Review**

a) The Corporate Governance Committee will review periodically the director compensation plan, satisfying itself of both the plan's competitiveness and administration, and recommend changes to the full Board, if appropriate.

**Share Ownership**

b) It is the policy of the Company that a portion of director compensation shall be composed of equity based compensation. The Board shall periodically review its share ownership guidelines for directors.

**3. Board Meetings**

*a. General*

**Frequency**

a) The Board will generally have at least 5 regularly scheduled meetings annually and hold additional special meetings as the Board deems necessary.

**Agenda**

b) The Chair of the Board, taking into account the suggestions of other directors and the Chief Executive Officer, will set the agenda for each Board meeting.

***b. Attendance and Review of Materials***

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| <b>Time and Attention</b>                     | a) | Directors are expected to devote sufficient time and attention to the discharge of their duties and responsibilities; shall make themselves available for periodic updates and briefings with management; and shall ensure that other commitments do not interfere in the discharge of their responsibilities to the Company and its shareholders. |
| <b>Preparation, Attendance and Engagement</b> | b) | Directors are expected to prepare for (by reviewing materials distributed in advance of meetings, or otherwise), attend, and actively engage in all meetings of the Board and the committees of which the director is a member.  |

***c. Director Access to Management, Employees and Independent Advisors***

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| <b>Access to Management and Employees</b>         | a) | The Board and its committees shall have access to all members of management and Company employees.   |
| <b>Access to Independent Advisors</b>             | b) | The Board and its committees may retain any independent advisor, such as legal counsel and independent accountants, as the Board or committee deems necessary and appropriate to discharge its responsibilities, at the Company's expense. |
| <b>Attendance and Participation of Management</b> | c) | At the invitation of the Board, senior management are encouraged to attend, and, where requested, assist in the discussion and examination of matters before the Board.  |

***d. In Camera Sessions of Non-management and Independent Directors***

***In Camera Sessions*** In addition to any Board meeting convened in accordance with the Company's Bylaws, to ensure a commitment to open communication, non-management and independent members of the Board will meet in regularly scheduled *in camera* sessions. If independent, the Chair of the Board shall preside over each *in camera* session.

**4. Board Duties and Responsibilities**

***a. Appointment of Senior Management***

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| <b>Appointment of Senior Management</b> | a) | The Board, with the assistance of its committees, is responsible for approving the appointment of the Chief Executive Officer and all other senior management, and the development of a position description for the Chief Executive Officer, and other members of senior management, as appropriate. The Board shall also develop or approve the corporate goals and objectives that the Chief Executive Officer is responsible for meeting. |
| <b>Senior Management Compensation</b>   | b) | The Board, with the assistance of its committees, is responsible for reviewing and approving the compensation of the Chief Executive Officer and all other members of senior management.  |

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| <b>Integrity</b>               | c) | To the extent feasible, the Board shall assure itself of the integrity of the Company's Chief Executive Officer and other members of senior management, and that such individuals create a culture of integrity throughout the Company.   |
| <b>Succession Planning</b>     | d) | The Board, with the assistance of the Human Resources Committee, is responsible for matters of both short-term and long-term management succession, including, but not limited to, policies and principles for the selection, training and performance review of the Chief Executive Officer and other members of senior management.  |
| <b>Delegation of Authority</b> | e) | The Board may from time to time delegate to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business, are reviewed by and are subject to the prior approval of the Board. |

***b. Strategic Planning and Risk Management***

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| <b>Company Mission</b>                         | a) | The Board has oversight responsibility to participate directly, and through its committees, in reviewing, discussing and approving the mission of the Company and its objectives and goals.  |
| <b>Business, Financial and Strategic Plans</b> | b) | The Board is responsible, on at least an annual basis, for reviewing the business, financial and strategic plans by which it is proposed that the Company may reach its objectives and goals.  |
| <b>Monitoring Progress</b>                     | c) | The Board is responsible for adopting processes for monitoring the Company's progress toward its strategic and operational goals, revising and altering its direction to management in light of changing circumstances affecting the Company, and taking action when Company performance falls short of its goals or other special circumstances warrant.                                  |
| <b>Material Transactions</b>                   | d) | The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Company's governing statute, including the payment of dividends, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures. |
| <b>Board Guidance</b>                          | e) | The Board is responsible for providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.  |

**Risk Management**

- f) The Board is responsible for the identification of the principal risks of the Company’s business, including strategic, financial, operational and reputation risks, and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Company.

The Board will endeavor in good faith and in its business judgment to achieve a proper balance between the risks incurred and the potential return to the Company’s shareholders.

**c. Monitoring of Financial Performance and Other Financial Reporting Matters**

**Internal Controls**

- a) The Board is responsible for taking reasonable steps to ensure the implementation and integrity of the Company’s internal control and management information systems.

**Approval of Financial Statements**

- b) The Board is responsible for approving the audited financial statements, interim financial statements and the notes and Management’s Discussion and Analysis accompanying such financial statements. Approval of interim financial statements and Management’s Discussion and Analysis accompanying such financial statements may be delegated to the Audit, Finance and Risk Committee.

**d. Policies and Procedures**

**Corporate Compliance**

- a) The Board is responsible for:
  - i) approving and monitoring compliance with all significant policies and procedures by which the Company is operated; and
  - ii) approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations.

**Codes of Business Conduct and Ethics**

- b) The Board is responsible for establishing, and monitoring compliance with, a Code of Business Conduct and Ethics to which all directors, management and employees of the Company are familiar with and subject to.

The Code of Business Conduct and Ethics shall address the following: conflicts of interest; corporate opportunities; confidentiality; fair dealing; protection and proper use of company assets; compliance with laws, rules and regulations; and encourage the reporting of any illegal or unethical behavior.

**Waivers**

- c) The Board believes that compliance with the Codes of Business Conduct and Ethics is an essential component of its governance oversight. However, the Board recognizes that there may be situations where circumstances may permit variance from the strict terms of such codes. To the extent the Board determines it is reasonable and appropriate, it may grant a waiver from the codes. Such authority may not be delegated to the management of the Company.

*e. Assessing the performance of the Board, Committees, and Individual Directors*

**Annual Evaluation** The Board, its committees and each individual director will evaluate annually the overall effectiveness of their performance and contribution, the quality of the relationship between the Board and management, and the quality and adequacy of information provided to the Board on strategic and significant issues.

*f. Communications and Reporting*

**Communications Plan** a) The Board has approved and will revise from time to time as circumstances warrant a communications plan to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the Canadian and international communities.

**Reporting** b) The Board is responsible for:

- i) Overseeing the accurate reporting of the financial performance of the Company to shareholders, other security holders and regulators on a timely and regular basis;
- ii) Overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- iii) Taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Company;
- iv) Reporting annually to shareholders on its stewardship for the preceding year; and
- v) Overseeing the Company's implementation of systems, which accommodate feedback from shareholders.

**Feedback from Stakeholders** c) Shareholders and other constituencies may provide feedback directly to an individual director, the Board as a group, or any specified Board committee, including the independent directors as a group, by sending such communication in an envelope marked "Private and Strictly Confidential" to the following address:

NOVA Chemicals Corporation  
1550 Coraopolis Heights Road  
Moon Township, PA 15108  
Attention: Office of the Corporate Secretary

**Feedback from  
Stakeholders  
(con't)**

Each stakeholder communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. Through the Company's Office of the Corporate Secretary, the Company will receive and process each such communication and then forward it to the addressee(s) unless the Office of the Corporate Secretary determines the communication to be commercial in nature or one that requests general information about the Company.

**5. General**

Side notes and headings in this mandate are for ease of reference only and do not in any way change or affect the meaning hereof.

Most Recent Revision: February 8, 2007