



# 2020

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

**cenovus**  
ENERGY



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# 1 EXECUTIVE SUMMARY

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Message from our President & Chief Executive Officer

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A photograph of an industrial facility, likely a refinery or processing plant. A worker in a blue uniform and white hard hat is walking down a yellow metal staircase. The background shows a complex network of pipes, valves, and structural steel against a clear blue sky. The scene is captured from a low angle, emphasizing the scale of the equipment.

*Our purpose: At Cenovus, we energize the world to make people's lives better.*

# MESSAGE FROM OUR PRESIDENT & CHIEF EXECUTIVE OFFICER

We are at an important point in our history. The world is transitioning to a lower-carbon future and that poses both risks and opportunities for our business. By continuing to produce our resources responsibly and reduce emissions, Cenovus is seizing the opportunity to be an integral part of that future, providing the energy needed to meet growing demand.

The decisions we make today affect our staff, the global community, the economy and the environment, and we want to ensure we are making the right ones. It's why we are taking concrete actions, which you will read about in this report.

We have set ambitious, achievable **targets** for each of our five environmental, social and governance (ESG) focus areas, including reducing our absolute emissions, using less water, reclaiming more land, supporting Indigenous reconciliation and increasing the number of women in leadership positions.

For the ESG targets to have a meaningful impact on our business, our staff, who know our operations best and contributed to target development, must feel ownership and be empowered to propose innovative solutions to help us achieve them. The targets were approved by the Cenovus executive leadership team and our Board of Directors, demonstrating that all levels of the organization recognize the importance of ESG issues to the company. They are embedded in

our strategy and business plan as well as our capital allocation framework to ensure business decisions are aligned with the targets.

Underpinning everything we do is the safety of our people and communities, and the integrity of our assets. Always our top value, we've identified safety along with corporate governance as foundational to our business, providing the backbone for all of our operations.

Let me give you just a couple of examples of how we are already putting our commitment to our ESG targets into action. Cenovus has maintained our long-term ambition to achieve net zero emissions from our operations by 2050. To build the collaboration and innovation that will be necessary to get there, this year we jointly founded the Oil Sands Pathways to Net Zero initiative with our largest oil sands peers. Pathways has a shared vision for how carbon capture and storage and other technologies applied by our companies will help Canada achieve its Paris Agreement commitments and climate change goals. The Pathways initiative is a



*“We are taking concrete actions to earn our position as a global energy supplier of choice.”*

^ Alex Pourbaix

critical alliance of energy producers working together with innovators and governments to shape our industry's future in a low-carbon world.

We have also entered into an agreement to buy solar power and the associated offsets from Cold Lake First Nations and Elemental Energy. This partnership blends our environmental and social considerations, adding 150 megawatts of renewable energy into Alberta's electrical grid while further developing our partnership with one of our Indigenous neighbours.

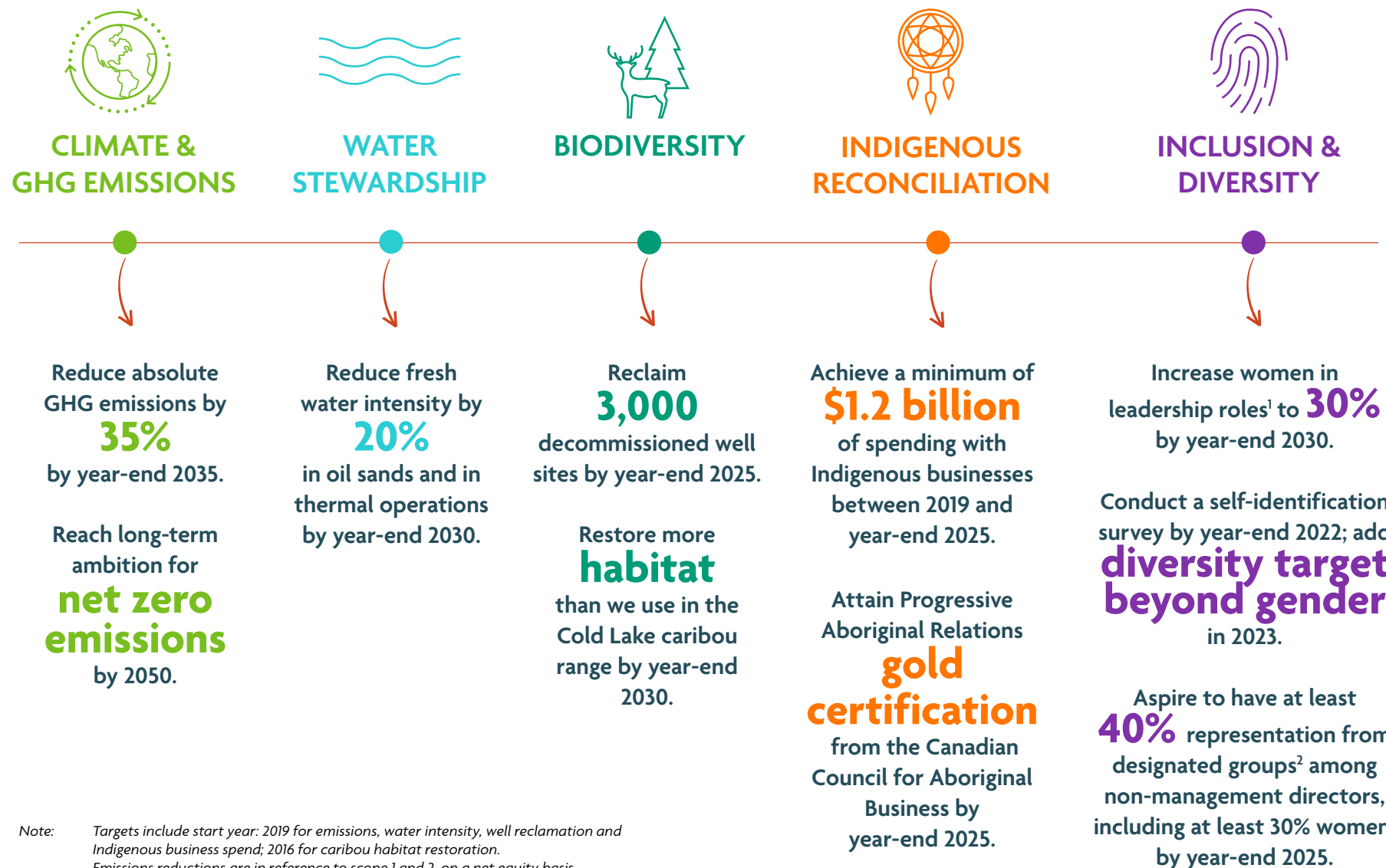
Cenovus is in a remarkable position today. We have long-life low-decline assets, strong refining and upgrading capabilities, direct market access and a team with unparalleled expertise. Our people have put in a tremendous amount of work this year, successfully closing our combination with Husky Energy, which makes us a stronger, more resilient company. We are bringing our teams together while continuing to navigate the ongoing COVID-19 pandemic, have built the five-year plan for the combined company and established ambitious, attainable ESG targets.

This work sets us up for long-term success. All internationally recognized reports state fossil fuels have a role to play in a net zero future. By developing our resources responsibly and sustainably, we have a place in that future. Our purpose for Cenovus is to energize the world to make people's lives better. And that's exactly what we're doing.

**ALEX POURBAIX**

President & Chief Executive Officer

# Our targets



Note: Targets include start year: 2019 for emissions, water intensity, well reclamation and Indigenous business spend; 2016 for caribou habitat restoration. Emissions reductions are in reference to scope 1 and 2, on a net equity basis.

<sup>1</sup> Leadership roles include Team Lead/Coordinator/Supervisor positions or above.  
<sup>2</sup> Designated groups are defined as women, Aboriginal peoples, persons with disabilities and members of visible minorities.

In 2021, Cenovus combined with Husky Energy, transforming the company into a stronger, more resilient energy leader.

## Who we are

Our purpose:  
We energize  
the world to make  
people's lives better.

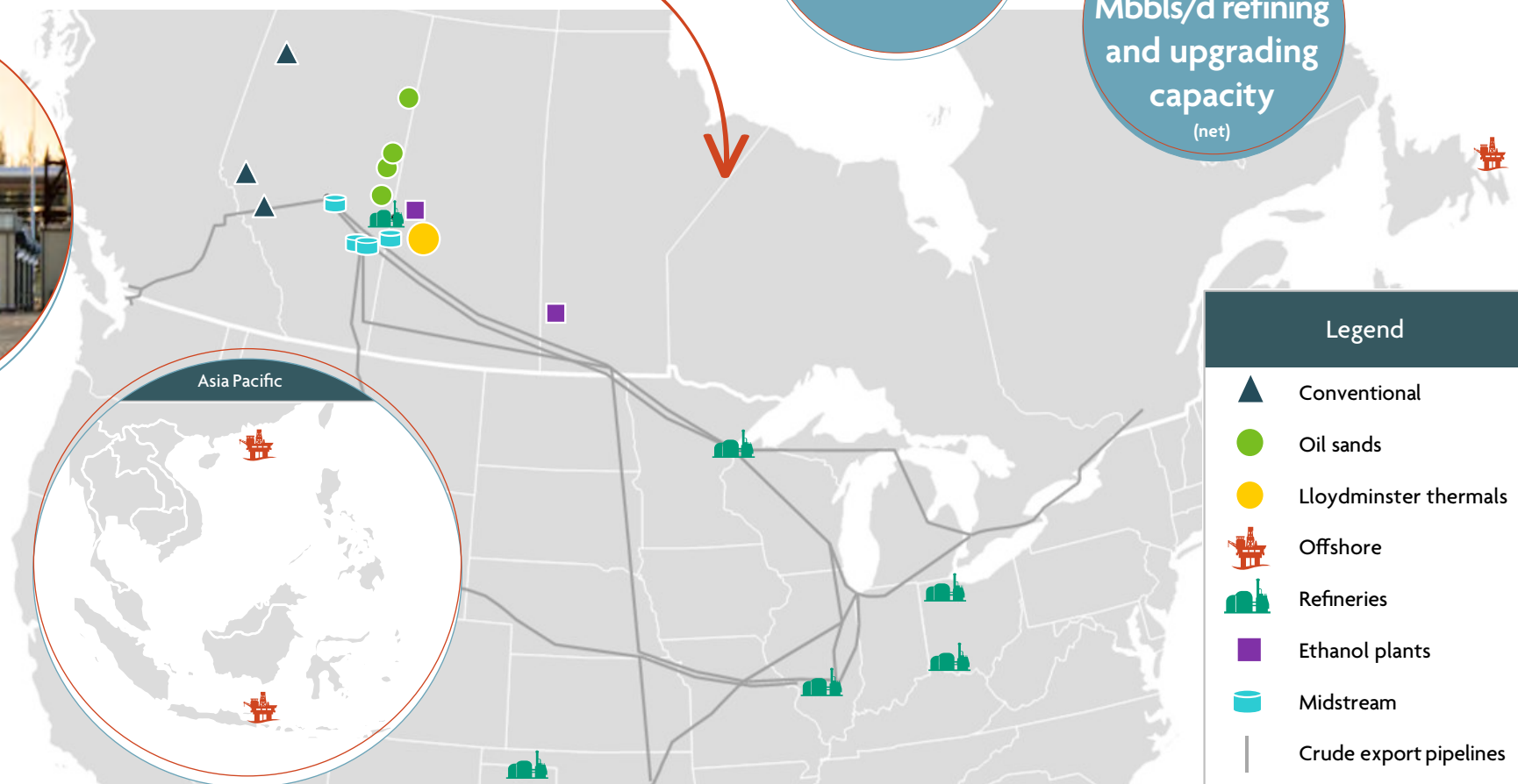


We are Canada's third-largest  
crude oil and natural gas producer and  
second-largest Canadian-based  
refiner and upgrader.

We operate in Canada,  
the United States and  
the Asia Pacific region.

**805**  
MBOE/d  
in Q3 2021

**660**  
Mbbbl/d refining  
and upgrading  
capacity  
(net)



# What matters to us

We want our employees to work in an environment that supports development, provides interesting work, pays for performance and provides recognition for going the extra mile. Our commitment to our workers and their families is that they return home safe, every day.

As a company, these are our **values.**



*We strive to ensure an inclusive workplace, one where the culture and values help Cenovus attract the best people to build a stronger company.*

# Our sustainability leadership

## SAFETY

36% **DECREASE**  
in total process safety  
events\*



Harmonized the  
**OPERATIONS  
INTEGRITY**  
management system

## ENVIRONMENT

Co-founded the Oil Sands  
**PATHWAYS TO  
NET ZERO**  
initiative with our largest  
oil sands peers



Decommissioned  
**182** surface  
facilities, abandoned  
**208** pipelines  
in our area-based  
closure program

Planted  
**311,358**  
trees on  
**63** sites

## SOCIAL

Donated **\$14 MILLION** and  
**>11,800 VOLUNTEER HOURS**  
to community partners



Progressed  
**\$50-MILLION**  
Indigenous Housing  
Initiative



## GOVERNANCE

Updated Board of Directors  
and committee mandates to  
further include  
**ESG OVERSIGHT**



Developed a  
**HUMAN  
RIGHTS**  
Policy

\*Decrease in 2020 compared to 2019 pro forma metrics (inclusive of Husky)



# 2 OVERVIEW & APPROACH

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## COMPANY OVERVIEW

Cenovus Energy Inc. is Canada's third largest oil and natural gas producer and the second largest Canadian-based refiner and upgrader.

Our upstream operations include oil sands projects in northern Alberta, thermal and conventional crude oil and natural gas projects across Western Canada, crude oil production offshore Newfoundland and Labrador, and natural gas and liquids production offshore China and Indonesia. Our downstream business includes upgrading, refining and marketing operations in Canada and the United States (U.S.). On January 1, 2021 Cenovus completed a strategic combination with Husky Energy Inc., creating a resilient integrated energy leader that is well positioned to create long-term value for investors. We are committed to sustainably developing our assets in a safe, innovative and cost-efficient manner, with ESG considerations embedded into our business plans. Cenovus common shares and warrants are listed on the Toronto and New York stock exchanges under the symbol CVE, and the company's preferred shares are listed on the Toronto Stock Exchange.

## Q&A WITH OUR CHIEF SUSTAINABILITY OFFICER

Cenovus named its first Chief Sustainability Officer (CSO) in 2020. Rhona DelFrari is a member of our executive leadership team and works with colleagues across Cenovus to ensure ESG considerations are embedded in the company's strategy and business plans.

She is also Cenovus's Senior Vice-President, Stakeholder Engagement, with the complementary responsibility of building strong relationships with Indigenous community members, government officials and community partners, and ensuring our performance is shared with them and our staff.

**Q: Following the combination of Cenovus and Husky, what has Cenovus done to expand sustainability across the combined company?**

**A:** Sustainability was already important to both companies and we knew it would be fundamental to the combined company's success. Each company had established sustainability programs, however given the significant changes to the combined portfolio we chose to complete a detailed ESG materiality assessment to determine which ESG topics had the most impact for our combined company and were most important to our stakeholders.

When I look across the organization, I see sustainability in every aspect of our business. In January, Alex shared with staff his 2021 priorities which include establishing Cenovus as a top-tier sustainability performer and industry thought leader. This empowers staff to embrace and implement sustainability initiatives across the combined company. Importantly, as with both legacy companies, our performance on a number of sustainability metrics affects compensation for our executive and employees. This helps ensure we are all invested in our progress.

**Q: What role did the ESG materiality assessment in 2021 play in helping Cenovus set its targets?**

**A:** By starting with an ESG materiality assessment we were able to get a comprehensive view of sustainability at the organization. Our surveys and discussions involved significant staff and external stakeholder engagement, and we used the results to inform our target setting process.

Our targets were developed from the ground up, in conjunction with our five-year business planning process. This was to ensure we had identified a realistic path to achieve each target and had buy-in across the organization.

Our subject matter experts were tasked with creating the targets because they are closest to the work and the data, and understand what will be required to achieve them. Working in small teams, they conducted research and consulted with internal advisors, including operations, environmental services, strategy and planning, Indigenous engagement and inclusion and diversity, as well as external experts in climate and GHG emissions. From this process they developed a working model for each target. The targets were ultimately reviewed by our ESG Steering Committee (a subset of the Cenovus executive leadership team) with an eye to our broader sustainability efforts and corporate strategy. In some cases, the targets didn't go far enough, and the subject matter experts were asked to come back with a more progressive option.



^ Rhona DelFrari

When all targets had received ESG Steering Committee support, the full executive leadership team weighed in and they were then presented to the Board of Directors for final approval.

**Q: Safety is Cenovus's foundational value. How does the company demonstrate that?**

**A:** Making sure everyone goes home safe, every day, is our priority. Our Safety Operations Risk Committee and subject matter experts from across the company ensured the combined company kept the best practices from both Cenovus and Husky as they developed a leading, fit-for-purpose management system that will help us safely, reliably and consistently plan and conduct our operations. We released the **Cenovus Operations Integrity Management System (COIMS)** in June 2021. Our annual corporate scorecard, which is tied to executive and employee compensation, includes both people and process safety metrics to help us track our performance.

We achieved several safety milestones in 2021. At our Minnedosa Ethanol Plant we reached seven years without a recordable incident. Our Bruderheim rail loading terminal, maintenance and project teams completed two years without a recordable injury. And between December 2020 and March 2021 our integrated winter program team successfully delivered the Christina Lake and Foster Creek program with no significant incidents, recordable injuries or reportable spills – working more than 250,000 hours. These accomplishments are worthy of celebration and I am very impressed by all the teams.

**Q: Climate and GHG emissions is a focus area for the company. What is one significant improvement Cenovus made in 2020 to reduce its emissions?**

**A:** In 2020 we advanced several of our methane abatement initiatives, even though our capital budget was significantly cut

due to the economic turbulence caused by the global pandemic. One significant initiative involved working with our peers and the Petroleum Technology Alliance of Canada (PTAC) in the Alberta Methane Field Challenge. As part of this two-year pilot, we perform aerial screening of our conventional operations using a Cessna 172, looking for methane leaks. We prioritize the leaks by size, addressing the largest ones first and reducing our emissions more quickly. This is just one of many initiatives we are working on with industry partners, demonstrating how collaboration and innovation help reduce our environmental footprint.

While climate and GHG emissions reduction is a focus, we are working to minimize our impact to the environment in other ways as well, as you'll see reflected in **our targets**.

**Q: The company's biggest community investment is its Indigenous Housing Initiative. What progress have you made?**

**A:** After listening to Indigenous communities about their concerns and priorities, we committed \$50 million over five years to build up to 200 much-needed homes in six Indigenous communities nearest our oil sands operations, and train students in related skills and trades. The initiative is improving the lives of families currently living in overcrowded or unacceptable housing conditions by delivering additional homes. It's also giving members of the participating communities an opportunity to learn the skills needed to help build and maintain homes.

Since launching our Indigenous Housing Initiative in January 2020, 12 families have moved into their new homes and 20 students have completed a 24-week construction and trades readiness training program, offered in partnership with Portage College. We are on track to complete an additional 33 homes by the end of 2021 and the communities consider the training program a major success.

*“ Understanding how the company is navigating the rapidly evolving ESG landscape, mitigating risks including those related to climate change, and capturing opportunities to create immediate and long-term value is critical for the Board. Creating the role of Chief Sustainability Officer at the executive level ensures a continued and dedicated focus on ESG performance.”*

**RICHARD J. MARCOGLIESE**

*Chair, Safety, Sustainability and Reserves Committee*

**Q: Can you describe the inclusion and diversity targets and what they mean for Cenovus?**

**A:** We know that a diverse company, where everyone feels they're able to bring their whole selves to work, is a stronger company. **Our inclusion and diversity targets** will continue to progress our company culture as an inclusive workplace, where people can perform at their best. By taking a wholistic view we will build awareness of, and develop programs that enhance, the benefits of diversity of thought, experience and background.

Our targets augment work already being done within the company, specifically through our **employee networks**, leadership development and cultural awareness training. We want a safe and positive environment for all staff across the organization.

**RHONA DELFRARI**

*Chief Sustainability Officer & SVP, Stakeholder Engagement*

# REPORTING APPROACH

## Scope and boundary

This is our second of two ESG reports this year. The 2020 [ESG data report](#) released on June 29, 2021 includes the 2020 performance metrics for both Cenovus and Husky, and Cenovus-only comparative data for previous years.

This 2020 ESG report includes the 2019 and 2020 pro forma metrics related to our ESG targets for the combined company, unless otherwise noted, and includes references to certain relevant actions undertaken by Cenovus in 2020 and the first half of 2021.

Our data was collected and reported for all facilities operated by Cenovus and Husky throughout 2019 and 2020 (reported on a gross operated basis and not adjusted for ownership share) and does not include either legacy company's joint venture interests operated by other organizations in 2019 or 2020, unless noted. The exception is our air emissions, energy and activity metrics data, which are reported for the assets Cenovus or Husky operated on December 31, 2019 and December 31, 2020. We are reporting our scope 1 and 2 emissions on both a gross operated and, to support our GHG reduction target, net equity basis. Scope 3 emissions are also reported on a net equity basis.

All financial data are reported in Canadian dollars and exclude discontinued operations. Details of the company's intercorporate relationships are provided in Cenovus's [2020 Annual Information Form \(AIF\)](#) and Husky's [2020 AIF](#).

## Reporting frameworks

Our reporting is guided by principles of accuracy, balance, clarity, comparability, reliability and timeliness. Cenovus monitors the

development of external ESG reporting frameworks and supports efforts to reach consensus and standardize key performance indicators. We reference these frameworks in this report:



We use the four Sustainability Accounting Standards Board (SASB) standards relevant to our business operations:

- Extractives & Minerals Processing
  - ◇ Oil & Gas – Exploration & Production (E&P)
  - ◇ Oil & Gas – Midstream
  - ◇ Oil & Gas – Refining & Marketing (R&M)
- Resource Transformation
  - ◇ Chemicals



Where there is no guidance within the SASB standards, we leverage the sustainability reporting guidance for the oil and gas industry published by [IPIECA](#). As active members of IPIECA, we participate on several committees with peers to monitor reporting trends and improve our environmental and social performance.



We started taking guidance from the Task Force on Climate-related Financial Disclosures (TCFD) for our 2017 ESG report and officially became a supporter in September 2020 to further demonstrate our commitment to financial climate-related disclosure. Our report structure follows TCFD's disclosure framework by including governance, strategy, risk management and metrics and targets within each of our five ESG focus areas, providing reporting consistency and transparency for our investors and other stakeholders.





# TCFD INDEX TABLE

## GOVERNANCE

### Topic disclosures:

- a. Describe the Board’s oversight of climate-related risks and opportunities
- b. Describe management’s role in assessing and managing climate-related risks and opportunities

**Reference:**  
 Governance - ESG Governance, Board Committees Pg. 26-27

## STRATEGY

### Topic disclosures:

- a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term
- b. Describe the impact of climate-related risks on the organization’s businesses, strategy and financial planning
- c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a two-degree or lower scenario

**Reference:**  
 Governance - Risks Pg. 30-32, Opportunities Pg. 33-34  
 Climate & GHG - Strategy, Scenario analysis, Signpost tracking Pg. 50-53

## RISK MANAGEMENT

### Topic disclosures:

- a. Describe the organization’s processes for identifying and assessing climate-related risks
- b. Describe the organization’s processes for managing climate-related risks
- c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management

**Reference:**  
 Governance - Risk management Pg. 29  
 Climate & GHG emissions - Risk management Pg. 53  
 Climate & GHG emissions - Opportunities and programs Pg. 54-55

## METRICS AND TARGETS

### Topic disclosures:

- a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
- b. Disclose scope 1, scope 2 and if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks
- c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

**Reference:**  
 Pro forma data Pg. 20-23, Scope 3 Pg. 58  
 Climate & GHG emissions - Targets, long-term ambitions and performance Pg. 56

## United Nations' Sustainable Development Goals

We recognize businesses have a critical role in providing solutions that contribute to “the universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere,” as directed by the United Nations' (UN) Sustainable Development Agenda. Although our business activities contribute to many of the sustainable development goals (SDGs), throughout this report we showcase those most aligned with our ESG focus areas. This ensures we track the progress of, and further advance, the SDGs being actively pursued by the company. We will continue to evaluate how we can further incorporate the SDGs into our business activities over time, along with enhancing our role in contributing to this global agenda.



*These six SDGs most closely align to our business activities.*

## Reportable segments

For financial reporting purposes, Cenovus has identified three reportable segments, which can be found in the [Management's Discussion and Analysis \(MD&A\)](#) for the period ending September 30, 2021. The Upstream segment includes Oil Sands, Conventional and Offshore; the Downstream segment includes Canadian Manufacturing, U.S. Manufacturing and Retail; and Corporate and Eliminations captures company-wide costs and activity. However, for the purposes of this report, we have aligned

our business segments with the relevant SASB Standards. All partner-operated assets are excluded unless otherwise indicated. These partner-operated assets are the gas plant at the Liwan Gas Project offshore China and the BD Project offshore Indonesia, both operated by China National Offshore Oil Corporation (CNOOC), the Terra Nova oil field in the Atlantic region operated by Suncor Energy Inc., the Wood River and Borger refineries operated by Phillips 66, the Toledo refinery operated by BP Products North America Inc., and any of our partner-operated conventional onshore assets where we have a working interest.

Our alignment with SASB standards, unless otherwise noted, is as follows.

### Oil & Gas Exploration & Production Standard

- Onshore includes the development and production of heavy oil and bitumen in northern Alberta and Saskatchewan including the Foster Creek, Christina Lake, Sunrise and Tucker oil sands projects, as well as emerging assets that are not yet producing. It also includes the Lloydminster thermal projects in Saskatchewan, cold and enhanced oil recovery assets in Alberta and Saskatchewan, and conventional oil and natural gas production, including processing operations in the Deep Basin and other parts of Western Canada.
- Offshore includes the offshore operations, exploration and development activities in Atlantic Canada and the drilling and completions operations in the Asia Pacific regions of China and Indonesia.

### Oil & Gas Midstream Standard

- The crude-by-rail terminal in Bruderheim, Alberta.
- Pipeline terminals in Cold Lake, Hardisty and Lloydminster, Alberta.

### Oil & Gas Refining & Marketing Standard

- Canadian Manufacturing, which includes our upgrader and asphalt refinery in Lloydminster on the Alberta-Saskatchewan border.
- U.S. Manufacturing, which includes the refineries in Lima, Ohio and Superior, Wisconsin. The Superior Refinery is expected to resume operations in the first quarter of 2023, after a rebuild is completed.
- Retail, which includes the Canadian retail, commercial and wholesale channels.

### Chemicals Standard

- The ethanol plants in Lloydminster, Saskatchewan and Minnedosa, Manitoba.

## Third-party assurance

EY LLP provided independent reasonable or limited assurance on our ESG indicators outlined in the [pro forma table](#) of this report. Independent third-party assurance on our scope 1 and 2 emissions on a net equity basis will be performed at a future date.

Through our membership in London Benchmarking Group Canada, we undergo a yearly audit of our community investment portfolio to receive a reasonable level of assurance. This has been completed for both Cenovus and Husky 2020 data. The audit validates the total community investment value of our cash and in-kind contributions, and employee volunteer time during working hours.

# 3 OUR SUSTAINABILITY PROGRAM

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Sustainability is essential to how we do business. We are transparent in reporting our ESG performance, committed to delivering strong business results and long-term financial resilience while operating in a responsible and respectful way.

We have set concrete targets, outlined credible plans to achieve them and are taking bold steps toward our long-term ambition of achieving net zero emissions from our operations by 2050. This report provides transparency on our ESG strategy and demonstrates how we continue to optimize our operations, incorporate new technologies and strive to achieve leading sustainability performance across our organization.

**ESG materiality assessment**

Cenovus’s acquisition of Husky Energy, which closed on January 1, 2021, significantly changed our portfolio. We conducted a detailed ESG materiality assessment to identify the focus areas with the most impact to our combined business and considered the most important by our stakeholders.

Before setting meaningful targets, we needed to identify the ESG topics most relevant to the combined company, while also factoring in the external ESG trends of greatest significance to our industry. Our ESG focus areas help us prioritize and allocate resources and establish the targets to measure and track our performance for stakeholders.

As part of the ESG materiality assessment, we reviewed the ESG plans of our Canadian and global peers and solicited feedback from stakeholders, with the support of external advisors. Internal stakeholders included members of the Board, Cenovus’s executive leadership team, senior leaders across the company and other employees. External stakeholders ranged from community members and government representatives to ESG practitioners and financial stakeholders.

Internal and external stakeholders are aligned on the critical importance of strong personal and process safety performance. Stakeholders, including staff, expect our safety culture to be ingrained across the organization. Safety and asset integrity, alongside strong corporate and ESG governance, are foundational to the way we manage our business, and both are table stakes for our continued licence to operate. Stakeholders also focused on areas where Canada or the oil and gas industry have reputational risk or business opportunity.

**The ESG focus areas determined to be most relevant for Cenovus:**

GOVERNANCE SAFETY & ASSET INTEGRITY		<b>Climate &amp; GHG emissions</b>	Supporting the transition to a lower-carbon economy
		<b>Water stewardship</b>	Using water in an environmentally sustainable manner
		<b>Biodiversity</b>	Addressing ecological, wildlife and land use impacts
		<b>Indigenous reconciliation</b>	Ongoing engagement to support increased opportunities and understanding
		<b>Inclusion &amp; diversity</b>	Building a sense of belonging through active participation



## ESG targets

Cenovus is committed to demonstrating leading ESG performance and our targets reflect this strategic objective. We have established meaningful and ambitious, yet achievable, short, medium and long-term targets in each of our focus areas, which have been endorsed by the Cenovus executive leadership team and Board of Directors. As the world transitions to a lower-carbon future and our investors increasingly seek a balance between strong financial, operational and ESG performance, our targets set out how we aim to improve our ESG performance and help our business remain resilient over the longer term.

It was important to assess the continued relevance and priority of the targets for the combined asset base. Legacy Cenovus and Husky each had ambitious ESG targets prior to the combination and some of our new targets are a continuation of those commitments. Other targets are an amalgamation of the targets previously set by the two entities and reflective of the newly combined asset portfolio, including the net equity basis approach to the GHG target, which covers our climate exposure across all the combined company's activities. We challenged target leads to re-establish targets for each of the five ESG focus areas and articulate a path and program for achieving them, including identifying the levers and resources that will be required. This work was done hand-in-hand with the development of the five-year business plan to embed the ESG targets in the planning process and ensure business decisions are made with ESG considerations in mind.

Further details for each target are found in their respective ESG focus area section.

## ESG TARGETS



### CLIMATE & GHG EMISSIONS

Reduce absolute GHG emissions by **35%** by year-end 2035.

Reach long-term ambition for **net zero emissions** by 2050.



### WATER STEWARDSHIP

Reduce fresh water intensity by **20%** in oil sands and in thermal operations by year-end 2030.



### BIODIVERSITY

Reclaim **3,000** decommissioned well sites by year-end 2025.

Restore more **habitat** than we use in the Cold Lake caribou range by year-end 2030.



### INDIGENOUS RECONCILIATION

Achieve a minimum of **\$1.2 billion** of spending with Indigenous businesses between 2019 and year-end 2025.

Attain Progressive Aboriginal Relations **gold certification** from the Canadian Council for Aboriginal Business by year-end 2025.



### INCLUSION & DIVERSITY

Increase women in leadership roles<sup>1</sup> to **30%** by year-end 2030.

Conduct a self-identification survey by year-end 2022; add **diversity target beyond gender** in 2023.

Aspire to have at least **40%** representation from designated groups<sup>2</sup> among non-management directors, including at least 30% women, by year-end 2025.

Note: Targets include start year: 2019 for emissions, water intensity, well reclamation and Indigenous business spend; 2016 for caribou habitat restoration. Emissions reductions are in reference to scope 1 and 2, on a net equity basis.

<sup>1</sup> Leadership roles include Team Lead/Coordinator/Supervisor positions or above.

<sup>2</sup> Includes women, Aboriginal peoples, persons with disabilities and members of visible minorities.

To assess our progress towards achieving these targets, and to support reporting transparency, relevant metrics have been identified.

## PRO FORMA DATA

The ESG data report published in June included the standalone 2020 performance metrics for both Cenovus and Husky, as well as variance and trend analysis. In this report, we include the key metrics underpinning the ESG targets. These are presented on a pro forma basis, combining the values for Cenovus and Husky for each of 2019 and 2020 and including any underlying methodology differences in the footnotes. We have included 2019 as this is the starting year for many of our ESG targets.

KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	PRO FORMA		GLOBAL FRAMEWORK INDICATORS		LEVEL OF ASSURANCE
		2020	2019	SASB	IPECA	
<b>SAFETY &amp; ASSET INTEGRITY</b>						
<b>Total recordable incident rate</b> <sup>(SA-1) (SA-2) (SA-3)</sup>	Rate	<b>0.32</b>	<b>0.42</b>	EM-EP-320a.1; EM-RM-320a.1; RT-CH-320.a.1		Limited
Employees	Rate	0.35	0.23	EM-EP-320a.1; EM-RM-320a.1; RT-CH-320.a.1		Limited
Contractors	Rate	0.30	0.49	EM-EP-320a.1; EM-RM-320a.1; RT-CH-320.a.1		Limited
<b>Lost time incident (LTI) frequency</b> <sup>(SA-3) (SA-4)</sup>	Rate	<b>0.05</b>	<b>0.05</b>		SHS-3	Limited
Employees	Rate	0.07	0.08		SHS-3	Limited
Contractors	Rate	0.05	0.05		SHS-3	Limited
<b>Fatalities</b> <sup>(SA-5)</sup>	Number - Total	<b>0</b>	<b>0</b>	EM-EP-320a.1; EM-RM-320a.1; RT-CH-320.a.1		Limited
Employees	Number	0	0	EM-EP-320a.1; EM-RM-320a.1; RT-CH-320.a.1		Limited
Contractors	Number	0	0	EM-EP-320a.1; EM-RM-320a.1; RT-CH-320.a.1		Limited
<b>Process safety events</b>	Number - Total	<b>21</b>	<b>33</b>			Limited
Tier 1	Number	8	6	EM-EP-540a.1; EM-RM-540a.1; RT-CH-540a.1		Limited
Tier 2 <sup>(SA-6)</sup>	Number	13	27	EM-RM-540a.1		Limited
<b>ACTIVITY METRICS</b>						
<b>Upstream production</b> <sup>(AM-1)</sup>	BOE/d - Total	<b>723,002</b>	<b>725,134</b>			Limited
Oil <sup>(AM-2)</sup>	bbls/d	587,548	570,832	EM-EP-000.A		
Natural Gas <sup>(AM-3)</sup>	MMscf/d	811	889	EM-EP-000.A		
Produced Electricity	MWh/d	403	548	Internal Methodology <sup>(AM-4)</sup>		
<b>Downstream throughput</b> <sup>(AM-5)</sup>	BOE/d	<b>229,678</b>	<b>233,482</b>	EM-RM-000.A; EM-RM-120a.2		Limited
<b>Chemical production</b> <sup>(AM-6)</sup>	BOE/d	<b>2,616</b>	<b>2,937</b>	RT-CH-000.A		Limited

KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	PRO FORMA		GLOBAL FRAMEWORK INDICATORS		LEVEL OF ASSURANCE
		2020	2019	SASB	IPECA	
<b>CLIMATE &amp; GHG EMISSIONS</b>						
<b>Scope 1 GHG emissions</b> <sup>(GHG-1)</sup>	MMt CO <sub>2</sub> e - Total	<b>17.47</b>	<b>18.13</b>			Reasonable
E&P	MMt CO <sub>2</sub> e	14.99	15.69		EM-EP-110a.1	
Midstream <sup>(GHG-2)</sup>	MMt CO <sub>2</sub> e	0.00	0.00		EM-MD-110a.1	
R&M	MMt CO <sub>2</sub> e	2.38	2.33		EM-RM-110a.1	
Chemicals	MMt CO <sub>2</sub> e	0.10	0.11		RT-CH-110a.1	
<b>Scope 1 GHG emissions intensity</b> <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE - Total	<b>49.79</b>	<b>51.30</b>			CCE-4 Limited
E&P <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	56.65	59.05			CCE-4
Midstream <sup>(GHG-2) (GHG-4)</sup>	t CO <sub>2</sub> e/MBOE	N/A	N/A			CCE-4
R&M <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	28.21	27.26			CCE-4
Chemicals <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	50.02	47.78			CCE-4
<b>Scope 2 GHG emissions</b>	MMt CO <sub>2</sub> e - Total	<b>1.93</b>	<b>2.10</b>			CCE-4 Reasonable
E&P	MMt CO <sub>2</sub> e	0.86	1.03			CCE-4
Midstream <sup>(GHG-2)</sup>	MMt CO <sub>2</sub> e	0.04	0.06			CCE-4
R&M <sup>(GHG-5)</sup>	MMt CO <sub>2</sub> e	0.97	0.93			CCE-4
Chemicals <sup>(GHG-5)</sup>	MMt CO <sub>2</sub> e	0.06	0.07			CCE-4
<b>Scope 2 GHG emissions intensity</b> <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE - Total	<b>5.50</b>	<b>5.96</b>			CCE-4 Limited
E&P <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	3.98	3.90			CCE-4
Midstream <sup>(GHG-2) (GHG-4)</sup>	t CO <sub>2</sub> e/MBOE	N/A	N/A			CCE-4
R&M <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	11.48	10.95			CCE-4
Chemicals <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	60.94	64.29			CCE-4
<b>Scope 1 &amp; 2 GHG emissions</b>	MMt CO <sub>2</sub> e - Total	<b>19.40</b>	<b>20.23</b>			CCE-5 Reasonable
E&P	MMt CO <sub>2</sub> e	15.85	16.72			CCE-6
Midstream <sup>(GHG-2)</sup>	MMt CO <sub>2</sub> e	0.05	0.06			CCE-7
R&M <sup>(GHG-5)</sup>	MMt CO <sub>2</sub> e	3.34	3.26			CCE-8
Chemicals <sup>(GHG-5)</sup>	MMt CO <sub>2</sub> e	0.16	0.18			CCE-9
<b>Scope 1 &amp; 2 GHG emissions intensity</b> <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE - Total	<b>55.30</b>	<b>57.27</b>			CCE-4 Limited
E&P <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	59.88	62.95			CCE-4
Midstream <sup>(GHG-2) (GHG-4)</sup>	t CO <sub>2</sub> e/MBOE	N/A	N/A			CCE-4
R&M <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	39.69	38.21			CCE-4
Chemicals <sup>(GHG-3)</sup>	t CO <sub>2</sub> e/MBOE	110.95	112.07			CCE-4
<b>Scope 1 &amp; 2 GHG emissions (net equity basis)</b> <sup>(GHG-6)</sup>	MMt CO <sub>2</sub> e	<b>23.10</b>	<b>23.94</b>			

For scope 3 emissions, see Climate & GHG emissions.

KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	PRO FORMA		GLOBAL FRAMEWORK INDICATORS		LEVEL OF ASSURANCE
		2020	2019	SASB	IPECA	
<b>WATER STEWARDSHIP</b>						
<b>Fresh water withdrawn</b> <sup>(WS-1) (WS-2)</sup>	10 <sup>3</sup> m <sup>3</sup> - Total	<b>33,149</b>	<b>32,362</b>	EM-EP-140a.1; EM-RM-140a.1; RT-CH-140a.1		Limited
E&P	10 <sup>3</sup> m <sup>3</sup>	23,645	22,334	EM-EP-140a.1		Limited
Oil sands	10 <sup>3</sup> m <sup>3</sup>	3,873	3,696		ENV-1	Limited
Lloydminster thermals	10 <sup>3</sup> m <sup>3</sup>	18,530	17,210		ENV-1	Limited
Midstream	10 <sup>3</sup> m <sup>3</sup>	-	-			Limited
R&M	10 <sup>3</sup> m <sup>3</sup>	8,478	8,979	EM-RM-140a.1		Limited
Chemicals	10 <sup>3</sup> m <sup>3</sup>	1,026	1,049	RT-CH-140a.1		Limited
<b>Fresh water intensity</b> <sup>(WS-3)</sup>						
Oil sands	bbl water/BOE	0.15	0.15		ENV-1	Limited
Lloydminster thermals	bbl water/BOE	3.8	3.6		ENV-1	Limited
<b>BIODIVERSITY</b>						
<b>Well site reclamation certificates received</b> <sup>(LD-1)</sup>	Number	<b>473</b>	<b>561</b>			Limited
<b>Cumulative spend on caribou habitat restoration</b> <sup>(LD-2)</sup>	\$MM	<b>9.73</b>	<b>9.53</b>		ENV-8	Limited
<b>Total annual spend on caribou habitat restoration</b> <sup>(LD-2)</sup>	\$MM	<b>0.2</b>	<b>4.73</b>		ENV-8	Limited
<b>Total caribou habitat area under restoration life-to-date</b> <sup>(LD-3)</sup>	Acres	<b>164,530</b>	<b>164,530</b>	EM-MD-160a.3		Limited
<b>Caribou habitat restoration ratio</b> <sup>(LD-4)</sup>	Ratio	<b>0.34</b>	<b>0.34</b>	EM-MD-160a.3		Limited
<b>INDIGENOUS RECONCILIATION</b>						
<b>Annual Indigenous business spend</b> <sup>(IN-1)</sup>	\$MM	<b>168</b>	<b>215</b>		SOC-14	Limited
<b>INCLUSION &amp; DIVERSITY</b>						
<b>Percentage female employees</b> <sup>(OP-1)</sup>	%	<b>30</b>	<b>29</b>		SOC-5	Limited
Leadership roles <sup>(OP-1) (OP-2)</sup>	%	25	24		SOC-5	Limited
Top leadership roles <sup>(OP-1) (OP-3)</sup>	%	19	17		SOC-5	Limited
<b>Percentage Board diversity</b> <sup>(OP-4)</sup>	%	<b>44</b>	<b>N/A</b>		SOC-5	Published in 2021 Cenovus Management Information Circular

SA-1	Recordable incidents include lost-time injuries, restricted-work injuries and medical aid injuries. Medical aid injuries require medical attention but do not result in an employee being absent from work.
SA-2	Total recordable incident rate is calculated as (statistic count x 200,000)/hours worked.
SA-3	The methodology for hours worked differs between Cenovus and Husky, with Cenovus using both the Canadian Association of Petroleum Producers (CAPP) full-time equivalent (FTE) count and expenditure calculations, and Husky using all three CAPP approved methodologies including direct measure, FTE count, and the expenditure formula.
SA-4	Lost time incident frequency rate is calculated as (statistic count x 200,000)/hours worked.
SA-5	Adjusted SASB indicators unit of measure from rate to count.
SA-6	SASB indicator specific to Refining & Marketing, however we have reported for all operations.
AM-1	Gross production numbers are disclosed in this report and converted to oil equivalents for use as the denominator of our emissions and water intensities. Reported production values are derived from gross operated production data from Petrinex and as such will vary from net production values reported in our financial statements which reflect each company's ownership share and include accruals.
AM-2	Oil includes oil production from our oil sands, conventional and thermal assets, natural gas liquids and condensate. For legacy Cenovus, condensate is converted using a factor of 0.86 BOE per bbl of condensate. All other liquid conversions are on a 1:1 BOE per bbl equivalent.
AM-3	Natural gas volumes have been converted to BOE on the basis of six million standard cubic feet (MMscf) to 1,000 bbls. For natural gas conversion from $e^3m^3$ to $m^3OE$ , Cenovus used a factor of 0.971 and Husky used 0.93577. Conversion factor was aligned for 2020, using 0.93577.
AM-4	Foster Creek and Christina Lake export excess electricity from their cogeneration facilities into the Alberta grid. Megawatt hours (MWh) is converted to BOE using a factor of 0.59 MWh per BOE. No guidance provided by SASB or IPIECA for reporting.
AM-5	Refining operating capacity is comprised of the Canadian upgrading and asphalt refinery operations and the Lima Refinery. Superior Refinery operating capacity will be included after operations resume. None of our facilities are located in or near areas of dense population; defined by SASB as urbanized areas with populations greater than 50,000.
AM-6	Ethanol is converted using a factor of 3.57 BOE per $m^3$ of ethanol.
GHG-1	Scope 1 GHG emissions do not include emissions from biological sources, such as fermentation process emissions at the ethanol plants, and emissions from some on-site transportation, which are unavailable and not material. Drilling and completions emissions are estimated and reported as required by jurisdictions.
GHG-2	Although it is a Midstream facility as defined by the SASB standards, the Cenovus Bruderheim terminal data is included in Exploration & Production. However, it is considered immaterial. Data will be reported as Midstream in future reports.
GHG-3	Scope 1 & 2 GHG absolute emissions are adjusted for the carbon intensity numerator. We exclude drilling and completions and ethanol plant dryer emissions as there is no fuel production from these activities. We also exclude asphalt terminal emissions and throughput as the low-emissions and high throughput volumes would significantly understate our carbon intensity values.
GHG-4	Carbon emissions from the midstream facilities are excluded because the high throughput volumes would inappropriately understate our carbon intensity.
GHG-5	No formal guidance exists to allocate the scope 1 emissions from a cogeneration facility for steam generation as scope 2 emissions for receiving facilities. Cenovus uses draft guidance provided by the Saskatchewan Ministry of Environment in April 2019 to allocate 1/3 of the total emissions received from the Meridian cogeneration facility to the Lloydminster Upgrader and Lloydminster Ethanol Plant. Allocation of these emissions as steam to the Lloydminster Upgrader and Lloydminster Ethanol Plant is then based on a steam balance.
GHG-6	Scope 1 & 2 GHG emissions on a net equity basis include Cenovus's working interest in all assets, including the non-operated assets identified in the Reportable Segments section of this report. Working interest estimated for Conventional facilities. Absolute value excludes drilling and completions emissions related to some onshore assets as well as Asia Pacific.
WS-1	In alignment with Alberta and Saskatchewan regulations, water with <4,000 mg/L of total dissolved solids is referred to as non-saline or fresh. For consistency across operations, fresh water withdrawn for domestic use is not included in metrics.
WS-2	Does not include fresh industrial wastewater.
WS-3	Drilling and completions volumes are excluded from fresh water intensity values.
LD-1	Metric is determined by the count of reclamation certificates granted by provincial regulator as no global reporting framework methodology exists.
LD-2	Cumulative and total annual spend on caribou habitat restoration values reflects Cenovus, government and industry partner contributions and include restoration costs for tree planting and other associated expenses, specific to the Cold Lake caribou range. Values are not inclusive of costs associated with restoration effectiveness monitoring or research on plant and animal response. Cumulative value reflects spend since January 1, 2016. Cenovus contributions of \$7.38 million of the total life-to-date with government contributions of \$1.22 million and partner contributions of \$1.13 million.
LD-3	Total caribou habitat area under restoration includes completed projects as well as those actively under restoration within the Cold Lake caribou range.
LD-4	This metric is in accordance with the SASB Oil & Gas - Exploration & Production Standard, modified for calculation simplicity, and is calculated by dividing our operating leased area within the caribou range by our total operating leased area. Gross acreage numbers are based on acreage counts per lease. Mineral leases falling within a caribou range (Alberta & British Columbia) or intersecting a caribou range have been counted as acreage falling within the caribou range.
IN-1	All goods and/or services provided by either an Indigenous-owned company (51% or more ownership) or an Indigenous joint venture. Figures are based on companies or communities self-disclosing that their business is Indigenous.
OP-1	Reflects Canadian operations only.
OP-2	Legacy Cenovus leadership roles include leaders at a Group Lead-equivalent level, Manager-equivalent level, and Director-equivalent level. For legacy Husky, they include leaders at a Manager-equivalent level, Senior Manager-equivalent level, and Director-equivalent level.
OP-3	Legacy Cenovus top leadership roles include the President & CEO, Executive Vice-Presidents, Senior Vice-Presidents, Vice-Presidents and Chief positions. For legacy Husky, they include the CEO, Chief Financial Officer, Chief Operating Officer as well as Senior Vice-President and Vice-President positions.
OP-4	Based on 2020 Board Diversity Policy. Represents percentage of non-management Board directors from designated groups, including women, and those who self identify as Aboriginal peoples, persons with disabilities and visible minorities. Metrics will be updated to align with the new Board target in 2022.

# 4 GOVERNANCE

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We recognize the importance of robust governance for safe performance and reliable operations, while driving long-term shareholder value. Our governance structure includes Board and executive oversight, along with comprehensive policies, standards, processes and procedures to guide the expected behaviours of our staff, how we run our facilities and how we manage risk.

### ESG governance

By integrating ESG considerations into our business planning, our aim is to manage associated risks and seize opportunities over the short, medium and long term. ESG risks are considered within our Enterprise Risk Management (ERM) program, which helps us identify, assess and manage key risks to our business.

The Board of Directors approves our corporate strategic plan, which takes into account the opportunities and risks to our business, including those related to ESG and sustainability. In addition, the Board has oversight of our approach to sustainability and our processes and procedures to mitigate environmental impacts, address health and safety matters that may arise due to the company's activities, consider human capital management and operate in a manner consistent with good governance and recognized standards. ESG matters are a standing agenda item at every regularly scheduled Board meeting and recommendations from management with respect to ESG matters, and processes and procedures to mitigate or address environmental impacts, are overseen by the Board. Discussions about important ESG topics, including climate change, are also incorporated into Board strategy sessions twice a year. To help keep Board members updated on important and evolving ESG topics, internal and external experts present to the Board throughout the year.



In addition to the Board's role in ESG governance, its four committees act in an advisory capacity to the Board and oversee specific ESG risks relating to their respective mandates, which are addressed as required at every committee meeting.

### Safety, Sustainability and Reserves (SSR) Committee

The SSR Committee stewards the company's ESG commitments pursuant to our Sustainability Policy. The committee is specifically tasked with overseeing and monitoring the company's programs, policies and performance as they relate to sustainability, safety and the environment. Additionally, it oversees the company's sustainability including safety and health, environment and climate change, asset integrity and stakeholder engagement performance, reporting and disclosure, and relevant policies. It reviews the company's disclosure relating to matters addressed in our Sustainability Policy, including ESG disclosure and the company's progress on performance and achievement of ESG targets within its oversight.

### Audit Committee

The Audit Committee oversees significant financial risks and areas of exposure, including those relating to ESG matters such as climate change. In particular, it oversees the financial impacts from evolving ESG matters, including climate change, and, in particular, impacts on Cenovus's access to capital, access to insurance coverage and credit ratings. Specific ESG-related oversight is addressed as necessary, including asset retirement obligation financial disclosure matters and those related to treasury, risk or insurance.

### Human Resources and Compensation (HRC) Committee

The HRC Committee oversees compensation and human resource matters, including Cenovus's organization and talent management strategies, people strategy and approach to culture, health and wellness, engagement and inclusion & diversity. The committee is specifically tasked with overseeing progress related to performance and achievement of our inclusion & diversity targets. It is also responsible for making recommendations to the Board regarding ESG performance metrics in our short and long-term compensation plans. Inclusion & diversity is a standing agenda item at all regularly scheduled HRC Committee meetings. Compensation and/or pension governance is addressed at every regular meeting of the committee, while updates on the corporate scorecard performance are presented on a quarterly basis.

### Governance Committee

The Governance Committee has oversight of, and reports to the Board about, among other things, risk related to corporate governance including issues or principles related to risk governance, the effectiveness of management's strategic risk management programs and the proposal of directors for nomination. It is responsible for overseeing Cenovus's corporate governance generally, and our governance in relation to ESG matters in particular. Specifically, it is tasked with oversight of Board diversity and allocating oversight of emerging or developing issues related to ESG matters to the appropriate Board committee.

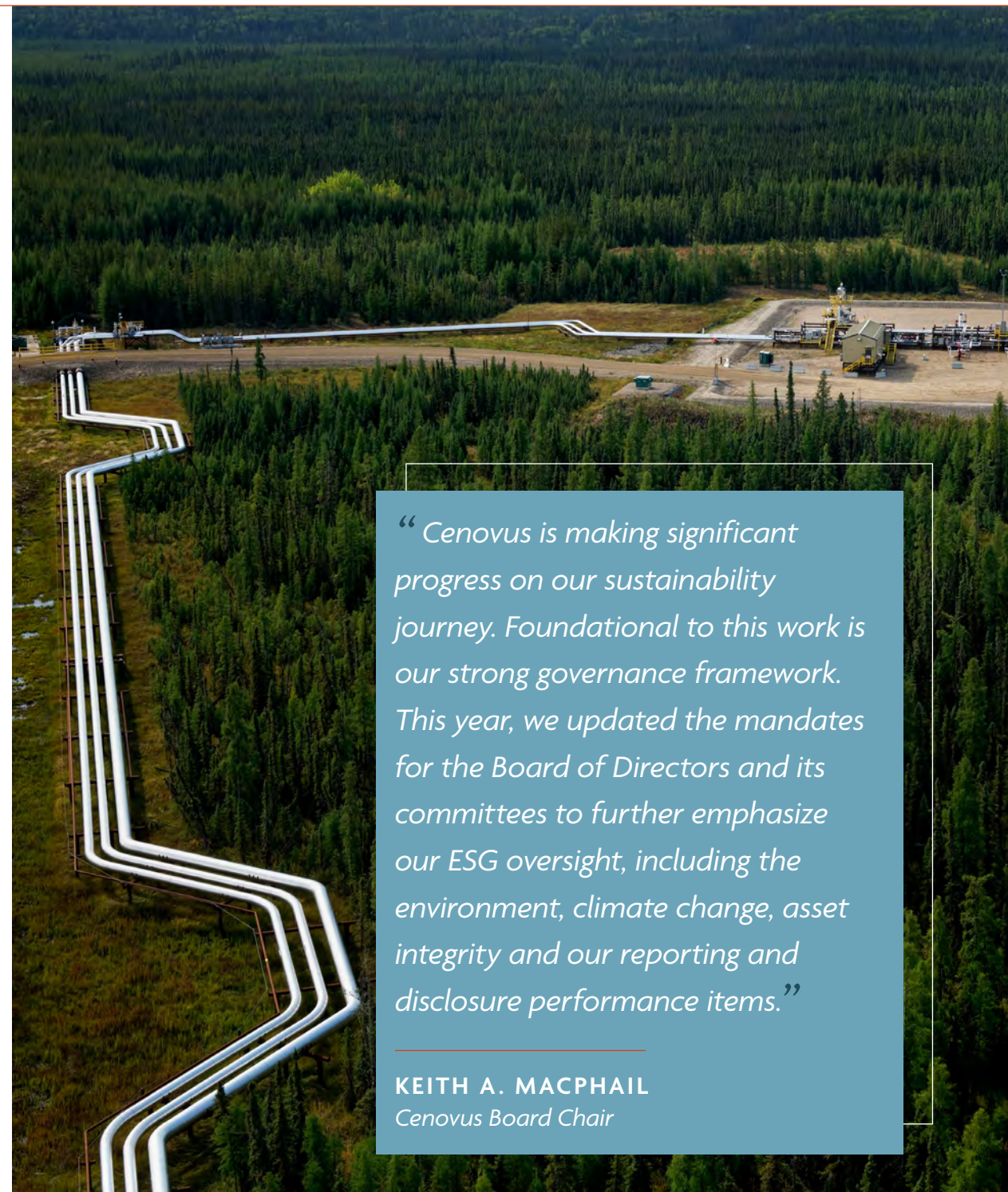
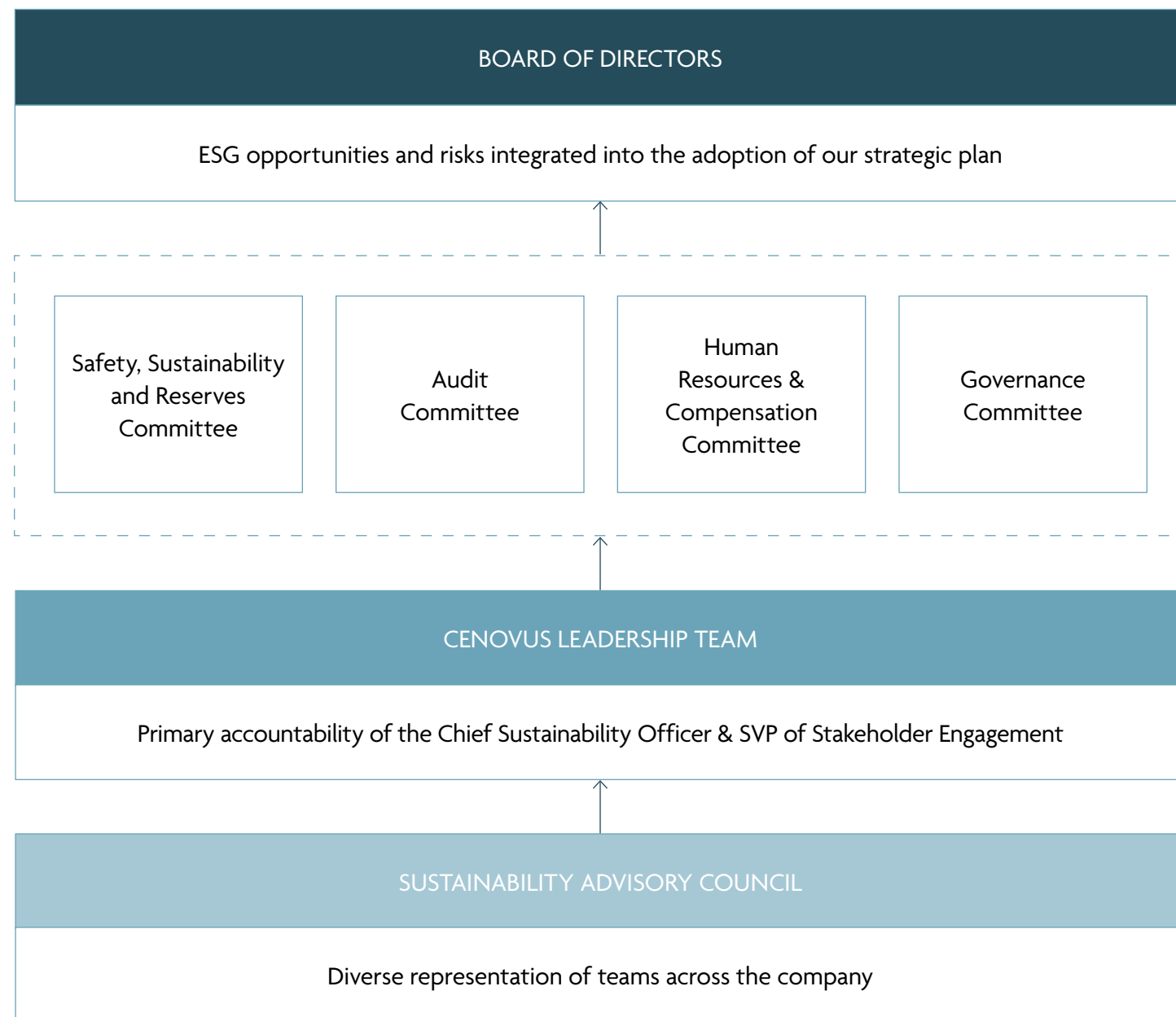
Additional governance controls exist at the management level, including committees, policies and compensation linked to ESG performance.

## MANAGEMENT'S ROLE IN ESG GOVERNANCE

Establishing the CSO role as part of the executive leadership team enables an additional level of assessment and management of enterprise-wide ESG risks and opportunities, including climate-related matters. CSO Rhona DelFrari is the Chair of our Sustainability Advisory Council, which was established in 2019 and provides recommendations to relevant working groups and the executive leadership team to better inform ESG decisions and initiatives across the company.

Following the combination with Husky, the harmonization of the council membership and mandate is in progress to ensure our combined business operations are represented. In addition to the council, management and several cross-functional teams are focused on achieving our ESG targets and providing continuous improvement and risk oversight in areas such as ESG disclosure and reporting.

## ESG GOVERNANCE LEADERSHIP AT CENOVUS



*“Cenovus is making significant progress on our sustainability journey. Foundational to this work is our strong governance framework. This year, we updated the mandates for the Board of Directors and its committees to further emphasize our ESG oversight, including the environment, climate change, asset integrity and our reporting and disclosure performance items.”*

**KEITH A. MACPHAIL**  
Cenovus Board Chair

## ESG link to compensation

The company's safety and environmental performance is directly tied to discretionary employee and executive compensation, which includes individual and corporate performance components. With respect to individual performance, all employees, including the executive leadership team, have annual performance agreements identifying their specific goals and objectives for the upcoming year. These align with our business plan and strategy and provide performance focus throughout the year. For members of our executive leadership team, performance agreements are also tied specifically to ESG factors and objectives. Achievement of these goals and objectives influences the individual performance component of discretionary compensation.

The corporate component of discretionary employee and executive compensation is assessed based on the annual corporate scorecard, which includes safety (including process safety events), environmental (including upstream emissions intensity), operational and financial performance measures. These scorecard metrics have the most impact on executive and senior leadership compensation as a higher percentage of their discretionary compensation is tied to corporate performance compared to other employees.

Cenovus's compensation philosophy is to pay for performance and to align the interests of employees with the interests of our shareholders, while balancing objectives of market competitiveness and retention. Our compensation balances financial, operational, sustainability and share price performance. Our [Shareholder Advisory Vote on Executive Compensation Policy](#) provides shareholders with a formal opportunity to provide their views on the disclosed objectives of the executive compensation program via a non-binding advisory vote at the annual meeting of shareholders. In 2021, 97.82% of the votes were cast in favour of the company's approach to executive compensation.



## Risk management

In the pursuit of strategic objectives, Cenovus is exposed to risks, some of which impact the energy industry as a whole and others unique to our operations. Programs such as ERM and COIMS help ensure we are properly addressing risk in our business and embedding sustainability considerations in our strategy.

The ERM Policy outlines expectations for the program as well as the roles and responsibilities of all staff. Our ERM program drives the identification, measurement, prioritization and management of risk across the company, and is aligned with key attributes of leading international risk management frameworks, including ISO 31000:2018 – *Risk Management Guidelines* and COSO *Enterprise Risk Management – Integrating with Strategy and Performance*. The results of our ERM program are presented to senior leaders and our Board through regular updates and an annual risk report, and reflected in our annual MD&A.

Building on the ERM Policy, we have an established risk management framework supported by several standards and tools, including the Cenovus risk matrix. Operations leadership and subject matter experts from across the company reviewed and harmonized the Cenovus risk matrix in mid-2021 to ensure applicability with the broader asset base. Applying a single, standardized risk assessment tool enables us to identify, evaluate and communicate hazards and risks consistently across the organization, and supports effective risk-based decision making. Risk assessment considers, among other things, potential health and safety, environmental, regulatory, operational, financial and reputational impacts to our business, along with likelihood of occurrence, in the context of our risk tolerance.

Cenovus takes a portfolio approach to making risk-based capital allocation decisions, guided by our capital allocation framework. The Investment Committee, chaired by the Chief Financial Officer and comprised of executive leadership team members, oversees the framework. The Investment Committee evaluates opportunities in a standardized way, using consistent evaluation methodologies and assumptions. This allows us to evaluate risks and trade-offs, understand overarching impacts on our business and prioritize projects to determine which opportunities are best aligned with achieving our strategy.

The following table outlines a high-level summary of ESG-related risks we face over the short (2020-2025), medium (2026-2030) and long term (2031-2040). In alignment with TCFD and SASB, we identify our risks and demonstrate examples of our approach to mitigating these risks within the table.

The potential financial impacts of ESG-related risks on our business include increased operating, capital or compliance costs, lower cash flows, declining demand for our products, reduced access to capital, liquidity and/or insurance coverage and lower market valuation or revenues. Risks and mitigations related to each specific ESG focus area can be found in the respective section of this report.

For a comprehensive list of Cenovus's material risks, refer to our [2020 MD&A](#).



## High-level ESG risks and examples of risk management strategies

TCFD RISK CATEGORY*	DESCRIPTION**	EXAMPLES OF RISK MANAGEMENT STRATEGIES***
<p><b>Policy and Legal</b></p>	<p>Decisions made by governments, regulators and courts of law in jurisdictions where we operate have the potential to negatively impact the execution of our business strategy. Cenovus operates in several jurisdictions which are introducing increasingly stringent climate-related policies, including GHG emissions regulation.</p>	<ul style="list-style-type: none"> <li>• Stress testing our corporate strategy to evaluate financial resilience against a variety of carbon price scenarios.</li> <li>• Advancing policy dialogue with stakeholders and government; advocating for effective policy that provides a balance between environmental, economic and social outcomes.</li> <li>• Maintaining our low-cost structure and leveraging our best-in-class reservoirs and leading oil sands emissions performance.</li> <li>• Advancing our plan to achieve Climate &amp; GHG emissions targets and long-term net zero ambition.</li> <li>• Meeting and potentially exceeding stringent regulatory compliance in jurisdictions where we operate.</li> <li>• Advocating for clean fuel standard regulations that incentivize decarbonization throughout the value chain, including at upstream operations.</li> </ul>
<p><b>Technology</b></p>	<p>We depend on, among other things, the availability and scalability of existing and emerging technologies to meet our business goals, including our ESG targets. Limitations related to the development, adoption and success of these technologies or the development of disruptive technologies could have a negative impact on our long-term business resilience.</p>	<ul style="list-style-type: none"> <li>• Focusing on technology development, collaboration and innovation to find both incremental and potentially game-changing solutions to reduce the GHG emissions and costs associated with our production.</li> <li>• Investing in technology to increase the efficiency of water use in our operations, and participating in joint industry initiatives to advance water treatment technologies.</li> <li>• Partnering with other industries, organizations, academic institutions, scientists and entrepreneurs to find and develop innovative solutions and accelerate the pace of environmental performance improvements.</li> <li>• Leveraging the Oil Sands Pathways to Net Zero initiative and potential government support to share investment/costs in clean energy technologies and infrastructure.</li> </ul>

\* This table has been adapted and customized from TCFD.

\*\* For the purposes of this report, the description of ESG risks related to our business described herein have been summarized, or otherwise derived, from the fulsome risk factors set out under the heading "Risk Management and Risk Factors" in our Management's Discussion and Analysis for the period ended September 30, 2021 and the risk factors described in other documents Cenovus files from time to time with securities regulatory authorities. Readers are directed to such documents for a full discussion of Cenovus's material risk factors, assumptions and uncertainties.

\*\*\* These are examples and are not an exhaustive list of Cenovus's risk management strategies.

TCFD RISK CATEGORY	DESCRIPTION	EXAMPLES OF RISK MANAGEMENT STRATEGIES
<p><b>Market – Supply and demand, and commodity prices</b></p>	<p>The recent increased focus on the timing and pace of the transition to a lower-carbon economy and resulting trends may affect global energy demand and use, including the composition of the types of energy generally used by industry and individual consumers. Under certain aggressive low-carbon scenarios, potential demand erosion could contribute to commodity price fluctuations and structural commodity price declines.</p> <p>Medium and long-term demand destruction could be driven by factors such as the ability to conceptualize, develop, commercialize and distribute adequate supplies of alternative energy. Other factors potentially impeding supply and demand include technology development and adaptation, energy consumption patterns, global growth, industrial activity and weather patterns and climate conditions.</p>	<ul style="list-style-type: none"> <li>• Stress testing our corporate strategy to evaluate financial resilience against a variety of demand and carbon price scenarios, including a low-carbon scenario.</li> <li>• Maintaining our low-cost structure and an asset portfolio that allows us to remain resilient and sustainable through the commodity price cycle and as the energy mix diversifies; resilient to a WTI break-even of US\$36/bbl in 2021 which we will work to lower further.</li> <li>• Focusing on technology development, collaboration and innovation to find both incremental and potentially game-changing solutions to reduce the GHG emissions and costs associated with our production.</li> </ul>
<p><b>Market – Access to physical markets</b></p>	<p>Opposition to new and expanded pipeline projects have been influenced by, among other things, concerns about GHG emissions associated with oil development and end-use combustion of fuels. Additional concerns about pipeline spills can create opposition to pipeline projects at a local level. The inability of Cenovus to optimize market access for either the delivery of its production or refining feedstock may impair margins and reduce cash flows.</p>	<ul style="list-style-type: none"> <li>• Advocating for improved market access that could position Canadian oil producers, including Cenovus, to become global suppliers of choice for responsibly produced oil and displace oil from jurisdictions with lower environmental standards and less transparency.</li> <li>• Maintaining operational integration across the Cenovus value chain to provide optionality.</li> <li>• Increasing long-term optionality through diversification of pipeline commitments, crude-by-rail and marine programs.</li> <li>• Investing in low-carbon intensity offshore assets that are not subject to market access constraints prevalent in Western Canada.</li> </ul>

TCFD RISK CATEGORY	DESCRIPTION	EXAMPLES OF RISK MANAGEMENT STRATEGIES
<b>Market – Access to capital</b>	The fiduciary duty obligations of institutional investors, credit rating agencies, lenders and/or insurers are evolving to increase consideration of ESG matters and GHG emissions performance, in particular. This could affect Cenovus's ability to access capital and secure adequate or prudent insurance coverage. The future development of our business may be dependent upon our ability to obtain additional capital, including debt and equity financing.	<ul style="list-style-type: none"> <li>• Maintaining a strong balance sheet and ensuring we have access to multiple sources of capital.</li> <li>• Engaging with our investors, lenders, rating agencies and insurers to address concerns and understand mandates.</li> <li>• Ensuring reporting transparency, including following the recommendations of TCFD.</li> <li>• Embedding ESG targets and considerations into our business plans and capital allocation decisions.</li> </ul>
<b>Reputation</b>	Development of fossil fuels, including the Alberta oil sands, has received considerable negative attention related to environmental impact, climate change, GHG emissions and Indigenous engagement. We rely on our reputation to build and maintain positive relationships with investors and other stakeholders, to recruit and retain staff, and to be a credible, trusted company.	<ul style="list-style-type: none"> <li>• Continuing advocacy efforts to help Canadian oil producers, including Cenovus, be seen as global suppliers of choice for responsibly produced oil.</li> <li>• Upholding our core values and Sustainability Policy.</li> <li>• Building and maintaining positive and mutually beneficial relationships with local Indigenous communities.</li> </ul>
<b>Acute Physical Climate Risk</b>	<p>Cenovus's exploration, production and construction operations, and the operations of major customers and suppliers, can be affected by floods, forest fires, earthquakes, hurricanes and other extreme weather or geologic events.</p> <p>Climate change may increase the frequency of severe weather conditions that may impact our business and financial results. Climate change may also contribute to the melting of northern ice, increasing the creation of icebergs. Icebergs off the coast of Newfoundland and Labrador may threaten Atlantic oil production facilities, damage assets, disrupt production or have human impacts.</p>	<ul style="list-style-type: none"> <li>• Engineering our facilities and equipment to withstand extreme weather.</li> <li>• Maintaining our policies and programs to protect people, equipment and the environment in the event of extreme weather conditions.</li> <li>• Maintaining a robust ice management program for our Atlantic operations.</li> <li>• Maintaining up-to-date emergency response plans and conducting regular emergency management exercises.</li> <li>• Maintaining a comprehensive insurance program.</li> </ul>
<b>Chronic Physical Climate Risk</b>	Our exploration and production activities are subject to chronic physical risks such as a shorter timeframe for our winter drilling program, changes in water tables and reduced access to water due to drought conditions.	<ul style="list-style-type: none"> <li>• Similar risk management strategies as for Acute Physical Climate Risk.</li> <li>• Using technology to access remote locations and conduct year-round reclamation activities.</li> <li>• Reducing our fresh water requirements.</li> </ul>



## Opportunities

Cenovus's process for identifying ESG and climate-related opportunities involves the continuous evaluation of technologies, markets and regulatory policies. Our Innovation Gateway team was created following the combination with Husky, capturing opportunities to elevate the role and impact of technology and innovation in solving our three greatest challenges: carbon, cost and revenue.

Any decisions to further diversify or shift the focus of our asset portfolio would be weighed against, among other things, existing opportunities to create shareholder value. These opportunities are thoroughly researched and analyzed, and reviewed by the Board to ensure we have the relevant competencies to remain competitive. In the table below, we've identified ESG-related opportunities based on Cenovus's current strategic position. Seizing these opportunities could result in potential financial benefits such as reduced operating costs through efficiency gains, increased production capacity, improved market access, higher revenues and cash flows, increased value of fixed assets, rising market valuation, lower compliance costs, decreased insurance premiums or greater access to capital at lower costs. Opportunities related to each ESG focus area can be found in the respective sections of this report.

### High-level ESG opportunities and examples of Cenovus's actions

OPPORTUNITY & EXAMPLES OF POTENTIAL BENEFITS*	EXAMPLES OF CENOVUS'S ACTIONS**
<p><b>Resource efficiency</b></p> <p>Potential to improve efficiencies across our operations to contribute to global efforts to curb emissions and reduce environmental impact, while also achieving direct cost savings over the medium to long term.</p>	<ul style="list-style-type: none"> <li>• Maintaining an industry leading steam-oil ratio (SOR) in the oil sands; consistently applying Cenovus's oil sands operating practices across the portfolio.</li> <li>• Testing steam-assisted gravity drainage (SAGD) enhancement technologies, such as solvent-aided process (SAP) and solvent-driven process (SDP) technologies, to improve performance and reduce costs while limiting our environmental impacts.</li> <li>• Startup of the crude oil flexibility project at the Lima Refinery that allows us to expand our feedstock options.</li> <li>• Startup of a water re-use unit at the Lima Refinery to remove impurities and recycle water for process use in the plant, significantly reducing the discharges to the Ottawa River.</li> <li>• Collaborating with industry peers to improve environmental performance and reduce operating costs by developing new technologies.</li> <li>• Generating offset and emissions performance credits through energy efficiency and emissions reduction activities under government regulations.</li> </ul>

\* These are examples and not an exhaustive list of Cenovus's opportunities or benefits.

\*\* These are examples and are not an exhaustive list of Cenovus's actions.

OPPORTUNITY & EXAMPLES OF POTENTIAL BENEFITS	EXAMPLES OF CENOVUS'S ACTIONS
<p><b>Energy source</b></p> <p>Opportunity to shift energy use toward low-emission energy sources could potentially save on annual energy costs while also lowering overall emissions.</p>	<ul style="list-style-type: none"> <li>• Operating cogeneration plants at our oil sands facilities.</li> <li>• Transitioning from natural gas-driven pneumatic pumps to solar or grid-powered electrical chemical injection pumps where feasible.</li> <li>• Entering into a power purchase agreement for solar power produced electricity and the associated emissions offsets.</li> <li>• Converting process instruments to use compressed air or electricity rather than natural gas.</li> <li>• Using electricity from the grid instead of diesel engines to power drilling rigs at our oil sands sites.</li> </ul>
<p><b>Products and services</b></p> <p>Opportunity to develop lower-emission products and services may improve our competitive position and capitalize on the global efforts to curb emissions and reduce environmental impact.</p>	<ul style="list-style-type: none"> <li>• Actively partnering with other industries, organizations, academic institutions, scientists and entrepreneurs to find innovative solutions and develop sustainability initiatives.</li> <li>• Leveraging the <a href="#">Oil Sands Pathways to Net Zero</a> initiative and potential government support to invest in low-carbon and carbon capture technologies and infrastructure.</li> <li>• Producing lower-carbon products such as natural gas, asphalt and low-carbon ethanol.</li> </ul>
<p><b>Markets</b></p> <p>Opportunities in new markets or types of assets may assist Cenovus to be better positioned for the transition to a lower-carbon economy.</p>	<ul style="list-style-type: none"> <li>• Operating cogeneration plants at our oil sands facilities and selling surplus electricity to the Alberta grid.</li> <li>• Entering into a power purchase agreement for <a href="#">solar power</a> produced electricity and the associated emissions offsets.</li> <li>• Advocating for improved market access to become global suppliers of choice for responsibly produced oil.</li> <li>• Investing in low-carbon intensity offshore assets that produce natural gas and NGLs in Asia Pacific and light oil in Atlantic Canada.</li> <li>• Leveraging Oil Sands Pathways to Net Zero initiative and potential government support to invest in low-carbon and carbon capture technologies and infrastructure.</li> <li>• Exploring opportunities in alternative end-use markets, including biofuels and asphalt.</li> </ul>
<p><b>Resilience</b></p> <p>Opportunities for Cenovus to develop adaptive capacity to respond to climate change and allow us to be better positioned to thrive in a lower-carbon economy.</p>	<ul style="list-style-type: none"> <li>• Maintaining an asset portfolio that allows us to remain resilient and sustainable through the commodity price cycle and as the energy mix diversifies.</li> <li>• Employing the right business model and people to achieve our ESG targets while maintaining focus on our low-cost structure, generating free funds flow and growing shareholder returns.</li> <li>• Focusing on technology development, collaboration and innovation to find both incremental and potentially game-changing solutions to environmental challenges.</li> </ul>

## OUR POLICIES

Our Board of Directors has oversight of compliance with Cenovus's corporate policies and practices. All staff, officers and directors working on behalf of Cenovus are expected to review and commit to our Code of Business Conduct & Ethics and a number of other key policies and standards, which guide expected behaviour. We also expect our suppliers to be familiar with, and uphold, the company's corporate values and practices. All our key governance documents are available on our [website](#) and intranet.

### Code of Business Conduct & Ethics

Our [Code of Business Conduct & Ethics](#) was updated in July 2021, through consultation with subject matter experts across the company and across all our jurisdictions. It is a foundational document annually reviewed and committed to by all directors, employees and contractors. Building on the legacy Codes of Cenovus and Husky, it reflects topics of strategic importance to the combined company and references post-merger harmonized policies, standards and guidelines. The updated Code was reviewed by the executive leadership team, the Business Conduct & Integrity Committee and approved by Cenovus's Board of Directors.

Our Code reflects the company's commitment to conducting business safely, legally, ethically and sustainably, and in accordance with our values. Important topics in the values and reputation section emphasize:

- Compliance with the law
- Harassment free workplace
- Inclusion and diversity
- Reporting inappropriate conduct, and protection from retaliation
- Safety
- Sustainability, including human rights and community engagement

The Code also focuses on protecting Cenovus's information as an important asset, respecting the privacy of personal information and outlining expectations for acceptable use of the company's information.

Acting with integrity is one of our values and the Code provides guidance and reference to key policy documents covering:

- Conflicts of interest, gifts and entertainment, bribery, corruption and sanctions
- Fraud and other irregularities
- Fair dealing and competition, and third-party engagement
- Securities trading and public disclosure
- Financial reporting and internal controls
- Political and lobbying activities



As part of our harmonization efforts, corporate policy documents from both legacy companies were reviewed and assessed for applicability and value to the combined company. During this ongoing process, opportunities for improvement were identified, incorporated into the harmonized document and, in some cases, new policy documents were developed to better reflect the combined company, our operations and values.

## SUSTAINABILITY POLICY

Cenovus first implemented our [Sustainability Policy](#) in 2010 and it has continued to evolve through our annual review process. In 2021 we completed a comprehensive update to reflect our new ESG focus areas and expanded business operations. Our Sustainability Policy, together with our [Code of Business Conduct & Ethics](#), guides our actions and outlines our commitment to embedding environmental, economic and social considerations in our business decisions. This commitment requires addressing our GHG emissions, innovating to minimize our impact on the environment, providing a safe and inclusive workplace and investing in, and partnering with, Indigenous communities.

### Corporate policies

#### Complying with the law

We must be aware of our compliance obligations under applicable legal and regulatory frameworks in all jurisdictions in which we operate. Specific and important laws or topics addressed in the Code through applicable policies or standards include:

- **Human Rights**

We recognize the fundamental importance of human rights in the jurisdictions and communities in which we operate. To reinforce this, we formalized our existing human rights commitments in a Human Rights Policy that reflects our values and behaviours and further supports the sustainable operation of our business.

We are guided by the UN Universal Declaration of Human Rights and are informed by other international standards including the UN Guiding Principles on Business and Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work.

Cenovus respects an employee's right to freedom of association and to negotiate through relevant representative bodies.

- **Anti-Bribery, Anti-Corruption & Anti-Money Laundering, and Trade Compliance**

We are committed to complying with Anti-Bribery, Anti-Corruption & Anti-Money Laundering laws and regulations, including those issued by Canada, the United States and other nations as applicable. The Anti-Bribery, Anti-Corruption & Anti-Money Laundering Standard and the Trade Compliance Standard describe the process requirements and responsibilities in place to meet our commitment to compliance and address risks associated with anti-bribery, anti-corruption, anti-money laundering, economic sanctions and embargoes, and anti-boycott laws. A compliance program element called the Know Your Counterparty process involves vetting customers, suppliers, contractors and vendors through a comprehensive third-party review which includes using a global trade management and compliance database. We provide select staff with training on both standards and ensure they have developed and implemented supporting processes and procedures.

Cenovus does not operate in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.

Cenovus has not had any monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations or with price fixing or price manipulation.

- **Payment transparency**

Reporting payments to governments is an important way to increase transparency and trust with our stakeholders. Disclosure is made through the annual [Extractive Sector Transparency Measures Act \(ESTMA\)](#) report, available on our website. The report provides an overview of the payments made to all municipal, provincial, state, federal and Indigenous governments by Cenovus and our subsidiaries and partnerships involved in the commercial development of crude oil and natural gas.

- **Integrity Helpline and investigations process**

We have several mechanisms in place to receive business or workplace concerns, including through the Cenovus Integrity Helpline. Stakeholders, including local community residents and other members of the public, as well as our employees, contractors and suppliers, are encouraged to report any business or workplace conduct concerns. The Integrity Helpline is independently operated by a third-party service provider and allows concerns to be reported confidentially and anonymously, if desired. Contact information for the [Integrity Helpline](#) is available on our website and our intranet.

Our Investigations Committee, comprised of a broad group of senior leaders, oversees investigations of alleged violations of Cenovus's policies, standards, processes and procedures in accordance with the Investigations Standard. The committee is governed by an Investigations Standard and Investigations Process. Retaliation against individuals who report concerns or participate in investigations relating to alleged violations is not tolerated.

The Investigations Committee prepares and provides reports on investigations to the Business Conduct & Integrity

Management Committee, the executive leadership team and the Board in order to highlight broader issues and trends as outlined in the Investigations Reporting Process. Where identified, broader issues and trends may be addressed through additional training programs, increased awareness and/or new policies or standards.

- **Cyber security**

We have established enhanced cyber security measures, recognizing data must be protected and that information technology is evolving rapidly. From spam emails to phishing schemes to attempts at malware attacks, cyber defence is critical to safe operations.

### Supply chain management

Cenovus aims to work with suppliers who operate ethically, legally and responsibly, using risk-based pre-qualification criteria to verify they are aligned with our safety and operational integrity requirements, and to protect the company from potential legal and reputational risks. Our pre-qualification assessment includes ethics, health, safety, environmental, quality and technical compliance, and sustainability and financial considerations, among other supply chain management metrics. Only suppliers that meet or exceed our criteria can be considered for work.

We require all contractors working at a Cenovus location to complete our Life-Saving Rules awareness, corporate safety orientation and any site-specific orientation prior to commencing work. These orientations, as well as a validation check of required certifications, help ensure basic safety knowledge. In addition, over the life of the contractual relationship, we conduct ongoing monitoring and assessment of contractor performance against previously agreed on key performance indicators, including

safety, environmental, health, quality, cost, schedule and technical compliance considerations.

Systems are also in place to ensure contractors have adequate insurance based on the risk exposure level determined in the pre-qualification questionnaire.



## Supplier Code of Business Conduct

Cenovus's first Supplier Code of Business Conduct was created in 2021, based on the updated Code of Business Conduct & Ethics. It ensures our suppliers know how they will be treated by Cenovus, and how we expect them to treat their employees, stakeholders and the environment during the execution of the work.

The **Supplier Code of Business Conduct** is being implemented in partnership with our supply base, including a roll out to ensure all parties understand the expectations.

### Local suppliers

Whenever possible, we hire locally and actively engage businesses from the areas around our operations. As part of our supply chain management process, we evaluate potential suppliers and contractors for safety standards and Indigenous inclusion to ensure strategic businesses are prioritized when it is feasible to do so. To further support the use of Indigenous businesses, our request for proposal process, sourcing templates and other procedures have been adjusted to consistently reflect Cenovus's focus on Indigenous reconciliation and to ensure any potential Indigenous inclusion opportunities are considered across all operating areas.



In 2020, Supply Chain Management and teams from our environment group worked together to ensure environmental aspects were integrated and prioritized during contract sourcing cycles, including validating the scope of work and ensuring contract wording meets regulatory requirements and business needs. Our vegetation management initiative, involving a shift to a

centrally coordinated program and implementation of a strategic approach, demonstrates this strong partnership at work. It resulted in improved soil health at our sites, reduced total emissions from tractors used to maintain locations, and a move to spot spraying from blanket application which reduced the overall amount of chemicals applied.

# 5 SAFETY & ASSET INTEGRITY

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*“Our eight safety commitments set out the behaviours we all need to follow, to ensure everyone goes home safe, every day.”*

**ANDREW DAHLIN**  
*Executive Vice-President, Safety & Operations  
Technical Services*

## OUR SAFETY CULTURE

We value safety above all else. With our expanded asset portfolio, we are establishing programs and plans to advance our top-tier safety journey. Cross-functional teams have rigorously reviewed best practices and tools, and harmonized key safety processes, including the Cenovus risk matrix, emergency response plans (ERPs) and our incident investigation process.

This effort ensures clarity in roles and responsibilities, further instilling our safety culture and building cross-company consistency. The harmonization of safety programs and initiatives, including the ERPs and COIMS, are in progress and will be fully implemented through a Management of Change process.

### Vision and performance

Our safety vision is to be a top-tier performer in process and occupational safety, as measured against industry benchmarks, and being systematic and in control in accordance with COIMS requirements. Safety is ingrained in our culture and reinforced in every decision through our principles, systems and processes, and through continued learning. Our facilities and assets are designed, maintained and operated with a primary focus on process safety and asset integrity to realize safe, reliable operational performance. In the event of an incident, community and worker safety and environmental protection are the priorities.

Through the combination of Cenovus and Husky, we have strengthened our organization to provide the systems, standards, tools, oversight and expertise required to achieve our vision. We seek to be a learning organization, applying our knowledge and making necessary changes to improve our performance.

We actively assess the risk profile of our infrastructure. For example, we have a robust pipeline inspection program that meets or exceeds industry standards for midstream peers. In 2020, Cenovus completed 38 inspections, which translates to a 46% inspection rate of our operated midstream liquid hydrocarbon pipelines. We conduct inspections on the lines we're able to inspect at least once every five years.

Metrics, trend and variance analysis for Cenovus and Husky are found in our [2020 ESG data report](#), with both companies seeing improvements in safety and asset integrity key indicators.

### Safety Policy

Our commitment to workers and their families is that they return home safe, every day. Our new [Safety Policy](#), published in July 2021, defines the attitude and behaviours we expect from anyone who works with us and for us, empowering workers to speak up if they see an unsafe situation or feel the work they've been asked to do is not safe.

Outlined within the policy are eight safety commitments, which help reduce injuries and help prevent incidents that could have life-altering or fatal outcomes:

SAFETY COMMITMENTS	
1	Our work is never so urgent or important that we cannot take time to do it safely.
2	All injuries are preventable.
3	Everyone is obligated to refuse and/or stop unsafe work.
4	Everyone is obligated to raise concerns about the hazards seen.
5	All levels of supervision are accountable for safety performance.
6	Employee and contractor commitment is essential to safety performance.
7	Excellence in safety leads to excellence in business.
8	Safety attitude off the job is as important as on the job.



## Safety Operations Risk Committee

The Safety Operations Risk Committee was established in early 2021, comprised of senior leadership with the direct responsibility, authority and capacity to achieve our safety vision, create the desired safety culture and oversee implementation of COIMS. The committee develops strategy, based on risk management, and provides direction to ensure entities and functional groups can develop plans to meet its objectives while managing business-wide risks. It monitors Cenovus's progress towards meeting its health and safety objectives and provides course correction as required.

**The objectives of the Safety Operations Risk Committee are to:**

1	Create a safety culture to achieve our safety vision.
2	Govern, sustain and ensure the implementation of COIMS.
3	Prioritize and set programs and initiatives.

## Joint Health & Safety Committees

The Joint Health & Safety Committees, with representation from workers and management at our operations, address health and safety-related concerns, including significant incident investigations. These groups work together to identify and solve these concerns and provide support for the three basic workers' rights:

- Right to know
- Right to participate
- Right to refuse dangerous work

## Risk management

As an integrated global energy company, we are exposed to inherent health and safety hazards. If we are unable to manage the risks associated with these hazards, we could face loss of life, injuries or significant operational, environmental or reputational impacts.

Our Cenovus risk matrix is a standardized risk assessment tool that assists with the assessment and management of risks across our asset base and is critical for the successful management of risk across our integrated business. It was harmonized in mid-2021 and applies to our updated COIMS.

Safety risk management requirements help ensure we have adequate barriers to manage our risks which include guidance and robust health and safety training which are provided to operations, engineering, and health and safety staff to assure the competency of staff. The safety team assists operations in performing risk assessments. Operations implements and maintains their risk registers, including assessing major accident hazard risks and abnormal operations risks. We regularly conduct self-verification and assurance to COIMS requirements, and review our performance related to health, safety and environment (HSE) objectives, ensuring our potential risks continue to be managed.

Creating and sustaining a culture that delivers continuous improvement in safety performance and process safety management is one of the key ways to manage safety risks and this continues to be a priority with our expanded asset portfolio. Leaders are expected to manage the risks associated with their business activities, and are role models who are competent, visible, purposeful and systematic.



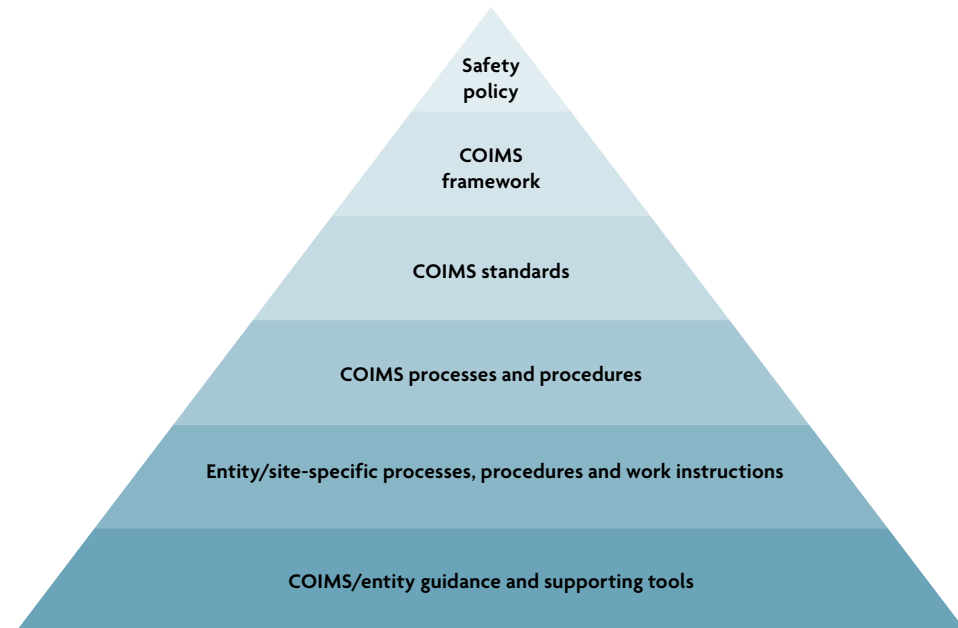
**COIMS** is an important tool in our journey to become a top-tier safety performer.

## Transition to Cenovus Operations Integrity Management System

The Cenovus Operations Integrity Management System, or COIMS, is Cenovus's approach to operating safely, responsibly and efficiently and is an important tool in becoming a top-tier safety performer. The COIMS framework was launched in mid-2021 and has three main purposes:

1	Define what we will do to manage health, safety, operations integrity and environmental risks.
2	Provide the basis for meeting our operations integrity objectives and HSE performance goals.
3	Continuously improve the quality and effectiveness of Cenovus's operating activities.

To develop the framework, we engaged the Safety Operations Risk Committee members and gathered their input. As we focus on updating corporate-wide and entity-level standards, processes, procedures and work instructions, the legacy management systems will continue to be followed until COIMS is implemented across the organization.



ELEMENT		PURPOSE
1	Leadership and accountability	Create and sustain a culture that delivers continuous improvement in safety performance and commitment to protect the environment. Leaders manage the risks associated with their business activities, and are role models who are competent, visible, purposeful and systematic.
2	Training and competency	Manage the competence of people working with HSE risk and assure the competence of people in safety critical roles.
3	Risk management	Establish processes to identify HSE hazards, assess associated risks and verify adequate controls are in place to manage the risks.
4	Process safety information management	Critical information to manage asset integrity and process safety risks is complete, accurate, current and easily accessible.
5	Operating and maintenance procedures, policies and standards	Operating and maintenance procedures provide instruction for hazardous work activities that need to be formalized to drive consistent execution. They shall be documented, complete, accurate, current, practical and easily accessible.
6	Management of change	Risks associated with permanent, temporary and emergency changes that impact HSE and operations integrity are managed to acceptable levels.
7	Emergency management	Entities are prepared to manage emergency, business interruption and security scenarios to protect people, the environment and our assets.

ELEMENT		PURPOSE
8	Incident management	Report, investigate and learn from internal incidents, and external high consequence events and take action to prevent recurrence.
9	Safe control of work	Formal processes are in place to identify, plan, and execute work safely.
10	Facility design, modification and construction	Facilities and assets are designed, built, modified and upgraded to meet business, HSE and operations integrity objectives.
11	Supply chain and contractor management	Supplied services, materials, and work performed by contractors, meet HSE and operations integrity requirements.
12	Safe operating envelopes	Operate equipment within safe operating limits and investigate excursions to prevent recurrence.
13	Reliability and integrity	Prevent loss of containment, injury and maintain equipment/system reliability through effective maintenance and inspection programs.
14	Legal and regulatory compliance	Comply with applicable legal and regulatory HSE and operations integrity requirements, as well as stakeholder commitments.
15	Assurance, performance and improvement	Use 3 lines of defence model to assess conformance to requirements and performance to achieve HSE and operations integrity objectives. Report results and analyze data to provide insights and take action to drive continuous improvement.

# EMERGENCY MANAGEMENT

## Incident and emergency management

Being prepared to respond quickly and safely to incidents and emergency situations is critical to the operation of Cenovus assets. This includes ensuring both an effective response and having a comprehensive system to manage and effectively address incidents and near misses with potential health, safety or environmental consequences, meet legislative responsibilities and fulfill the requirements of COIMS.

The Incident Command System (ICS) is used to manage emergencies should they occur. All our operating locations maintain ERPs that are updated and tested regularly to ensure we have the appropriate people, resources and equipment in place. Protecting life, stabilizing the incident and environmental stewardship are foundational elements of this process. Through the use of the globally recognized ICS, Cenovus builds trust and confidence through effective stakeholder management and community relations.

Our incident management process includes swiftly responding to incidents, identifying root cause(s), taking corrective actions and providing opportunities to learn from the incident to prevent recurrence.



## Business continuity

Our business continuity and rapid response plans have been put to the test during the COVID-19 pandemic. Typically reviewed and updated on a three-year rolling basis, we refreshed all plans early in the pandemic response to ensure we were able to navigate any outcomes. We have successfully activated plans when and where necessary, including our response to COVID-19 and working from home.

## Industrial hygiene

The industrial hygiene team is responsible for managing health risks encountered in the workplace. Cenovus's industrial hygiene programs address specific industrial health hazards, such as benzene, noise and radiation. The programs also set expectations on control methods, including portable gas detection, respiratory protection and personal protective equipment.

## 10 life-saving rules

As part of Cenovus's commitment to providing a healthy and safe work environment, our life-saving rules are recommended by Energy Safety Canada and were refreshed for the combined company. Aligning these rules provides a common set of expectations everyone can follow at all our worksites.



Source: [https://www.energysafetycanada.com/Standards/Industry\\_Standards/Life-Saving-Rules](https://www.energysafetycanada.com/Standards/Industry_Standards/Life-Saving-Rules)

## Regulatory compliance

Security vulnerability assessments and security exercises were completed at various Western Canada sites in 2020, and the Alberta Energy Regulator (AER) did not identify any non-compliance during a virtual security inspection of our Lloydminster pipeline control centre. Our U.S. refineries comply with the security regulations implemented by the Department of Homeland Security and routinely interact with the regulator to ensure compliance.

All requirements under the new Canada Transportation of Dangerous Goods by Rail Security Regulations, which apply to the Minnedosa ethanol plant, Bruderheim crude-by-rail terminal, and the Lloydminster Upgrader, Lloydminster Refinery and pipeline terminal, were fulfilled.

## Safety reports and dashboards

Cenovus encourages reporting of all potential and actual safety issues, a critical component of our health and safety program. We have an internal health, safety and environment function, independent of operations, that reviews and verifies all safety and environmental events captured. We developed a consolidated dashboard, called the Operations Integrity Scorecard, for our operations to collect and analyze information about incidents and near-miss investigations, hazard identification and mitigation, audits and inspections, behaviour observations and corrective actions. All staff can access, in real time, leading or lagging information on safety performance of the business. The dashboard enables us to visualize our health and safety performance, support safety audits and assurance work, and keep leaders notified about event occurrences and trends to drive for continuous improvement. Cenovus management meets weekly to review our safety performance and any incident investigations learnings and discuss areas for improvement.

## Contractor safety management

Contractors and suppliers account for a high percentage of the hours worked at our field operations, so it is critical that they are as committed to our safety culture as our employees. The Contractor Safety Management Process defines the processes, systems and tools used to manage onsite contractor safety performance. We ensure we have consistent tools and processes in place, and that we're qualifying, selecting, managing and verifying our onsite contractors in a way that minimizes risk to Cenovus, our people, physical assets and the communities in which we work.

Through our health and safety and supply chain processes, we collect information that helps us select contractors based on:

- Contractors' own internal health and safety program quality.
- Results of contractor health and safety inspections and reviews conducted by Cenovus staff.
- Past safety performance with other oil and gas companies.
- Hazards, incidents and near misses reported on Cenovus sites.

Once selected, contractors are monitored to ensure compliance with our standards. We are currently in the process of aligning both legacy companies' contractor health, safety and environment requirements to ensure consistency in our safety performance and expectations.

We use the ISNetworld database to access information about contractors and have harmonized both legacy companies' ISN accounts. The database helps ensure base compliance with health and safety and environmental requirements, and allows us to provide transparent and timely updates to all contractors.



## COVID-19

Cenovus prioritizes the health and safety of our staff and the communities where we live and work, and continued safe operations, in the ongoing COVID-19 pandemic.

We have in place a proactive, collaborative and coordinated response that follows applicable local government and health authority guidance, while adjusting for site specifics when needed. The rigorous safety measures in place at all sites, facilities and offices include enhanced cleaning activities, screening procedures, plexiglass barriers and masking requirements. Where their job allows it, staff have worked from home, using technology that enables us to conduct business securely and efficiently. Our approach to working safely through the pandemic includes regular updates to teams across our operations to ensure they are informed and knowledgeable about the protocols in place to keep them safe.

A cross-functional committee guides and executes our response. The committee regularly advises the executive leadership team of issues and solutions to be considered, including evolving guidance from health authorities and internal experts.

In a survey of our staff in 2020, **93%** of those who responded felt Cenovus put their physical and mental health and safety before all else.



# 6 ESG FOCUS AREAS

Climate & GHG emissions	48
Water stewardship	60
Biodiversity	67
Indigenous reconciliation	73
Inclusion & diversity	78

We focused our targets and reporting by identifying the ESG areas most relevant to Cenovus.

The five focus areas capture both environmental and social issues, underpinned by safety and asset integrity and strong governance. As we move toward achieving our ESG targets, we will continue to position our company to be resilient through a transition to a lower-carbon future.



# CLIMATE & GHG EMISSIONS



Reduce absolute  
GHG emissions by  
**35%**  
by year-end 2035.

Reach long-term ambition for  
**net zero emissions**  
by 2050.

*2019 start year for absolute emissions.  
Emissions reductions are in reference to scope 1 and 2, on a net equity basis.*





We share the world's concerns about climate change. As internationally recognized sources indicate that hydrocarbons will continue to be required beyond 2050 as part of the global energy mix, it's critical we continue to make every effort to reduce our carbon emissions.

Cenovus has set a target to reduce our equity-based absolute scope 1 and 2 GHG emissions by 35% by year-end 2035 from 2019 levels, including milestones to 2035, and has a long-term ambition to achieve net zero emissions from our operations by 2050. Setting a target on our net equity emissions ensures we are focused on reducing our carbon footprint for all our business activities, not just those we operate. This allows Cenovus and our stakeholders to assess our overall carbon exposure. These targets reinforce our focus on doing our part to contribute to a lower-carbon future.

To establish our targets and reconfirm our long-term ambition, we refreshed our scenario analysis and used long-range plans to build our GHG forecast. We then worked with asset, technology innovation and strategy teams to develop a suite of decarbonization and portfolio options to reduce GHG emissions, establish phased milestones, and identify the considerations key to the successful implementation of our GHG strategy.

The targets and supporting programs were reviewed and endorsed by asset operational leadership, the executive leadership team and subsequently the Board of Directors.

## HOW WE SUPPORT UN SDG 7 - AFFORDABLE AND CLEAN ENERGY

- **SDG target 7.1** *By 2030, ensure universal access to affordable, reliable and modern energy services.*



We have established targets and plans to achieve them for our five ESG focus areas and maintained our ambition of net zero emissions by 2050 to position us to thrive in a lower-carbon future and continue to provide energy the world needs to make people's lives better.

- **SDG target 7.a** *By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.*

In addition to several other partnerships that advance clean energy innovation, we jointly founded the Oil Sands Pathways to Net Zero initiative with our largest oil sands peers. Working collectively with government and innovators, Pathways has a vision to achieve net zero greenhouse gas emissions from oil sands operations by 2050.



## Governance

As noted in the [Governance section](#), the Board approves our corporate strategic plan, which takes into account the opportunities and risks to our business, including those related to ESG and sustainability. Additionally, the Board has delegated oversight of certain ESG-related matters to the SSR and Audit Committees of the Board, based on the mandate of each committee.

We have integrated climate and GHG considerations into our strategic plan to enable the achievement of our GHG target and long-term ambition. This includes factoring GHG targets into annual capital allocation planning and Investment Committee processes and pricing the carbon compliance costs and carbon footprint as part of acquisition and divestiture decisions.

We continue to develop our technology roadmap, including investment in core decarbonization technologies, and are establishing partnerships and building the capability to de-risk technologies, improve their economics and access funding. We encourage staff to identify, develop and execute operational levers, sharing ideas and information with our [Innovation Gateway](#) team.

Our climate and GHG performance is measured, reported and publicly disclosed in the CDP Climate survey. Legacy Cenovus received a grade of C in 2020 and legacy Husky operations maintained a grade of B in the 2020 survey. Cenovus expects to continue to participate in this disclosure in 2022, where we will detail our climate and GHG emissions approach and governance.

GHG emissions intensity is included in our performance scorecard. The Board rates our annual corporate performance against the scorecard and that rating is then used as a multiplier to determine the corporate portion of the annual bonus program for all staff and executive leadership. These scorecard metrics have the most impact on executive and senior leadership compensation as a higher percentage of their discretionary compensation is tied to corporate performance compared to other employees.

## Strategy

Throughout 2020 and into 2021 we worked with global experts to re-evaluate demand scenarios to test the potential business risk related to a more carbon-constrained world. Given our expanded asset base, and inventory of energy efficiency and GHG emissions reduction technologies, we have developed a capital allocation strategy that in our view selects the optimal approaches in response to the energy transition. Our core portfolio will remain hydrocarbon focused with continued investment in decarbonization technologies. We will continue to high-grade our existing portfolio, improving cost resilience and the ability to produce low-carbon oil and gas barrels.

Working with our peers and other innovators will be critical to reaching our goals. We jointly founded the [Oil Sands Pathways to Net Zero](#) initiative, a unique and collaborative effort between oil sands peers, demonstrating our serious commitment to global climate leadership. We are not just talking about the need to play a role – we are taking bold action to address our emissions and earn our spot as the supplier of choice to meet the world's growing demand for energy.

On June 9, 2021 the founding Pathways companies announced a long-term ambition to work together and with governments to achieve net zero GHG emissions from our respective oil sands operations by 2050. The plan to reduce emissions from Alberta's oil sands sector is supported by multiple pathways – from electrification, fuel substitution and energy efficiency to carbon capture, process improvements and emergency technology.

The first phase includes Pathways' proposed foundational project, a major carbon capture, utilization and storage (CCUS) pipeline connecting oil sands facilities in the Fort McMurray, Christina Lake and Cold Lake regions of Alberta to a carbon storage hub near Cold Lake. The pipeline would have a phased expansion capability to gather captured CO<sub>2</sub> from more than 20 oil sands facilities and would also be available to other industries.

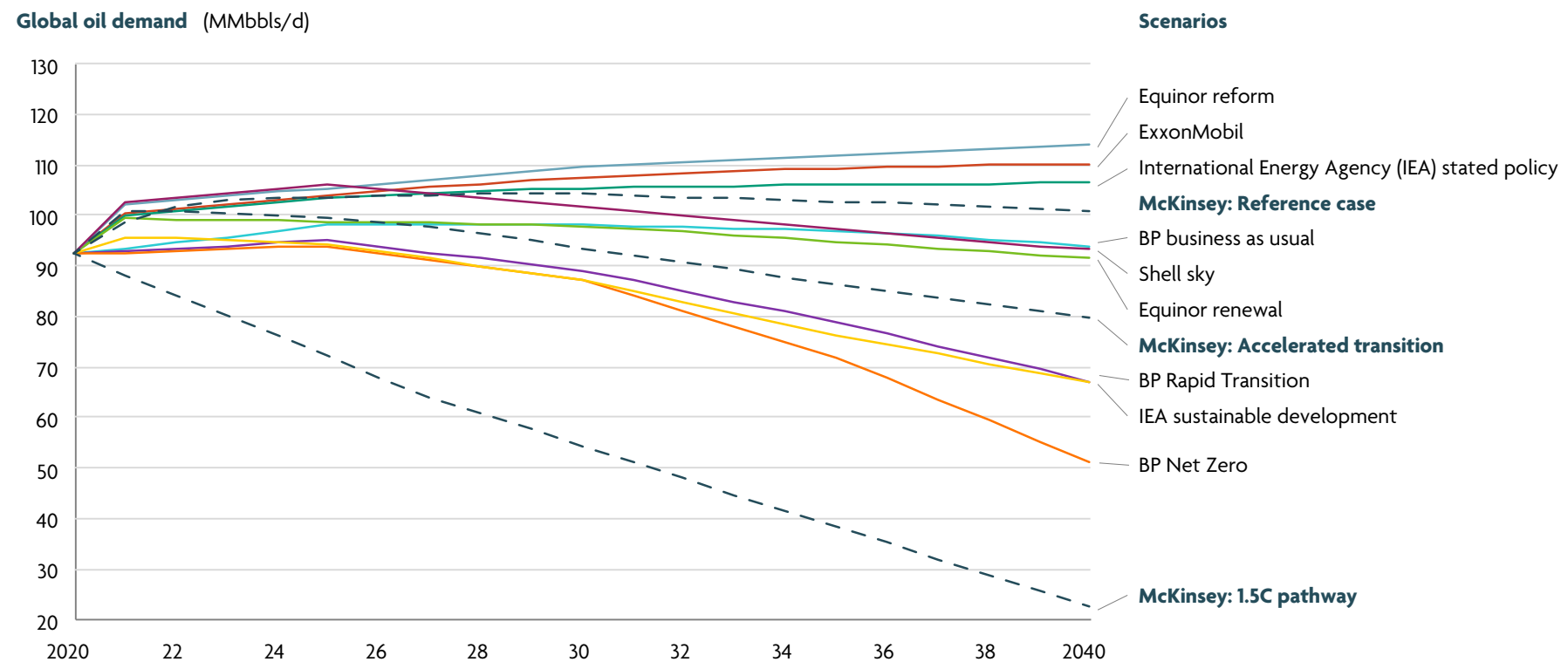
## Scenario analysis

To mitigate uncertainty surrounding future emissions regulation, we evaluate our development plans under a range of carbon-constrained scenarios on a net asset value (NAV) basis. We consider various scenarios in our strategic planning and have conducted ongoing assessments of both public and private scenarios.

In 2021, working with global experts, Cenovus completed scenario analysis incorporating the McKinsey Reference case and certain other, more aggressive energy transition scenarios as noted in the chart below. Through this process we expect our business plan to be resilient to the most plausible energy outlooks.

In consideration of more aggressive energy transition scenarios, Cenovus has evaluated potential strategic responses that include further high grading of our asset mix, asset optimization, large-scale CCUS across our oil sands and Canadian Manufacturing assets, and fuel switching/electrification. We examined potentially viable GHG-reduction levers for Cenovus under all scenarios to determine which would be net present value (NPV) positive, reduce emissions and not disrupt operations. This helped us determine which levers could be implemented consistently, and which would likely only be implemented under certain scenarios.

### McKinsey base scenarios are in-line with those of other organizations



SOURCE: McKinsey Global Energy Outlook 2021, BP Global Energy Outlook (Sep 2020), ExxonMobil Outlook for Energy (Feb 2019), IEA World Energy Outlook (Nov 2019), Equinor Energy Perspectives (May 2019), Shell Scenarios (Apr 2018)

As part of the scenario analysis process, as shown in the demand scenario chart, we examined variable global demand inputs ranging from approximately 23 MMbbls/d in 2050 to about 94 MMbbls/d in 2050, as well as carbon prices ranging from \$50 per tonne to \$300 per tonne. Scenarios where demand exceeds 94 MMbbls/d in 2050 were not tested for this particular exercise since that level of demand would not affect decisions relating to our GHG emissions strategy.

#### Demand scenario chart for Canadian assets

DEMAND SCENARIO <sup>1</sup>	GLOBAL LIQUIDS DEMAND (2050) (million barrels per day)	WTI (\$US) <sup>2</sup>	CARBON PRICE (\$US per tonne)
Reference case	94	\$53/bbl	\$50 in 2022, increasing to \$170 by 2030
Accelerated transition	73	\$33/bbl	\$50 in 2022, increasing to \$170 by 2030
1.5°C pathway	23	\$18/bbl	\$50 in 2022, increasing to \$300 by 2030

<sup>1</sup> McKinsey 2021 Global Energy Perspective Scenarios

<sup>2</sup> McKinsey 2021 Global Energy Perspective Scenarios, long-term WTI cushing

The results of our scenario analysis reinforce our view that our business strategy is expected to be resilient even in a world of declining oil demand. Achieving our 2035 GHG emissions target is expected to improve our competitive positioning in two of the three demand scenarios. As we monitor key signposts, we update and refine our business plan based on our view of which scenario is most likely to materialize. See the [Advisory](#) at the end of this report.

#### Signpost tracking

We continue to monitor key signposts that help guide our decisions around which scenarios would be most likely to materialize, as we continue to evaluate our strategy and identify new opportunities. We update and refine our perspective based on assessments of the overall business, policy, economic, social and technology environments, identification and analysis of trends, and conversations with investors. One of the ways we assess future risks to Cenovus, including the financial implications of climate-related risks, is through ongoing monitoring of signposts relevant to maintaining our competitiveness under a future lower-carbon scenario. These include:

- Macro trends affecting product supply and demand (e.g. electric vehicles, COVID-19)
- Regulatory and policy changes
- Improved transportation and energy efficiencies
- Disruptive technologies

## Risk management

We recognize the increasing concerns around climate change and the potential risks our industry and operations may be exposed to. Climate risks are regularly reviewed and assessed for materiality by subject matter experts, the executive leadership team and our Board, in addition to being reviewed as part of our annual enterprise risk management activities. Regular assessment ensures appropriate risk management priorities are established or updated and focused action and mitigation measures are put in place. Climate-related risks, aligned with TCFD guidance, are covered in our [Governance/Risk Management](#) section.

### OUR FACILITY OF THE FUTURE INITIATIVE

The Cenovus Facility of the Future project, with the support of PTAC and Energy Efficiency Alberta, demonstrated and deployed a number of different low- to no-emissions technologies at our conventional oil and gas assets. This project provided access to our sites for various technology providers and innovators to test and trial their technologies under real-world conditions. The results from this project are being shared with Alberta's innovation ecosystem and include quantified GHG emissions reductions for each technology, as well as limitations and capabilities. Designs can be adapted to improve the technology based on what was learned from the project.

### LLOYDMINSTER UPGRADER PROCESS HEATER MONITORING

We have enhanced the monitoring and control activities on process heaters at our Lloydminster Upgrader, using increased awareness training, a dashboard that allows real-time monitoring and daily reviews by operators and shift supervisors. The goal is to reduce both our operating costs for fuel and the related emissions.



In addition to collaborating with peers, innovators and governments to achieve the goals of the Pathways initiative, Cenovus also has a large inventory of levers available to reduce our scope 1 and 2 GHG emissions. These include a range of decarbonization technologies and leveraging existing organizational competencies and talent to improve energy efficiency and reduce emissions from our top-tier asset base.

## Opportunities and programs

### Decarbonization technologies

Portfolio decarbonization levers in the near term include full-scale retrofitting of high-emission gas pneumatic instruments and pumps to low-emission equivalents, implementation of a comprehensive fugitive emissions management program (FEMP) in conjunction with a novel alternative fugitive emissions management program (alt-FEMP), re-work and integration of low/no-emission technologies within our wellsite/facility designs (Facility of the Future Initiative), and significant subsurface optimization efforts at all of our thermal assets to improve steam-oil ratios.

Cenovus's thermal assets have the scale to support the development of key decarbonization technologies such as CCUS and hydrogen fuel opportunities, with adequate external support. We are already capturing on average approximately 80,000 tonnes of CO<sub>2</sub>e per year at our ethanol plant near Lloydminster, Saskatchewan and safely injecting that CO<sub>2</sub> underground for enhanced oil recovery. A **pilot project** at our Pikes Peak South thermal facility in Saskatchewan is using technology developed by Svante, a Vancouver-based clean tech company, to capture approximately 9,000 tonnes of CO<sub>2</sub>e per year while enabling the advancement of the technology.

The use of carbon capture technology at the Lloydminster ethanol plant allows us to produce some of the lowest carbon intensity ethanol in Canada. That plant and our ethanol plant in Manitoba also help address scope 3 end-use emissions since fuel blended with ethanol is lower in emissions when burned compared to gasoline.

We are piloting several novel remote and low-emission power generation technologies, to support the replacement of fuel-gas driven pumps and pneumatic controllers. These pilots include supplementing solar power with methanol fuel cells which work like a battery, converting methanol into electricity. These are being tested at remote locations that can't be easily connected to the grid and provide a reliable energy source in areas where solar power can be unpredictable. We have also trialed a Stirling engine generator at a new wellsite that converts natural gas into electricity in a more efficient manner than traditional internal combustion engines, reducing energy costs, GHG emissions and maintenance efforts.

At our oil sands operations, the use of solvents, which are lighter hydrocarbons, has the potential to significantly reduce per-barrel emissions. We are progressing various options, including a solvent-aided process (SAP), a solvent-driven process, high-temperature solvent-only and diluent SAP, through technological de-risking. SAP is the

closest to potential commercial use, with the results of a 2020 pilot at Foster Creek currently being assessed.

### Leveraging existing assets and talent

Cenovus benefits from a top-tier asset base with a wealth of opportunities to improve returns. Our expanded asset base following the Husky transaction provides the ability to leverage existing competencies and talent in the organization to improve energy efficiency and reduce emissions. This has been demonstrated in early improvements to the SOR at our Saskatchewan thermal facilities in 2021, leveraging expertise from our Foster Creek and Christina Lake reservoir engineers.

We have also been working to maximize production from reservoirs with low-permeability features that inhibit bitumen from flowing to the production wells. By drilling through these features we can create a conduit for bitumen to flow more freely. In 2020 we commenced a field pilot at Foster Creek. Results to date have been promising with an increase in oil rate as well as a decrease in SOR.

Production at our Foster Creek - Christina Lake (FCCL) assets accounts for more than 50% of our 2020 upstream gross operated production. Even in a world with lower oil demand and lower commodity pricing, these assets remain resilient because of their low operating costs and long life.

The FCCL oil sands facilities have cogeneration plants which use natural gas to power a combustion turbine to generate electricity for our operations. In 2020 our cogeneration plants produced over 400 megawatt hours (MWh) per day more electricity than we consumed, which we sold to the Alberta electrical grid, reducing the province's reliance on coal-fired power.

We have a number of initiatives to reduce emissions underway at our conventional assets, which represent 12% of our operated emissions in 2019, our baseline year. These include instrument conversions from high to low-bleed pneumatics. At the study or pilot phase, these include high-emission natural gas emitting pump replacements, evaluating carbon capture and storage at the Elmore

gas plant, engine electrification and waste heat recovery. As part of our methane reduction efforts, we are piloting an aerial screening technology that allows us to detect and then address methane plumes more quickly and accurately than other methods. This is used at our conventional operations as our oil sands assets produce few methane emissions.

The gas-fired Meridian cogeneration station, which we operate, produces steam for our Lloydminster Upgrader and ethanol plant, and supplies electricity to the Saskatchewan grid under contract to SaskPower. This helps reduce the province's use of electricity produced using coal, and reduces the emissions we would emit if we produced the steam from a conventional boiler system.

Our portfolio of conventional and non-operated offshore Asia Pacific assets benefit from lower-carbon intensity and we continue to advance gas projects in the Madura Strait offshore Indonesia. These include the producing liquids rich BD Project and development of the shallow water MDA, MBH and MDK fields.

Cenovus's planned path to net zero includes the use of carbon offsets for only a small portion of hard-to-abate scope 1 direct emissions and indirect emissions related to electricity purchases will be mitigated through renewable power purchases.



## Targets and long-term ambitions

Achieving a 35% reduction in our equity-based absolute scope 1 and 2 GHG emissions by year-end 2035 means reducing our 2019 base year total of 23.94 million tonnes of CO<sub>2</sub>e by 8.4 million tonnes. This is possible by applying and advancing technologies in phases.

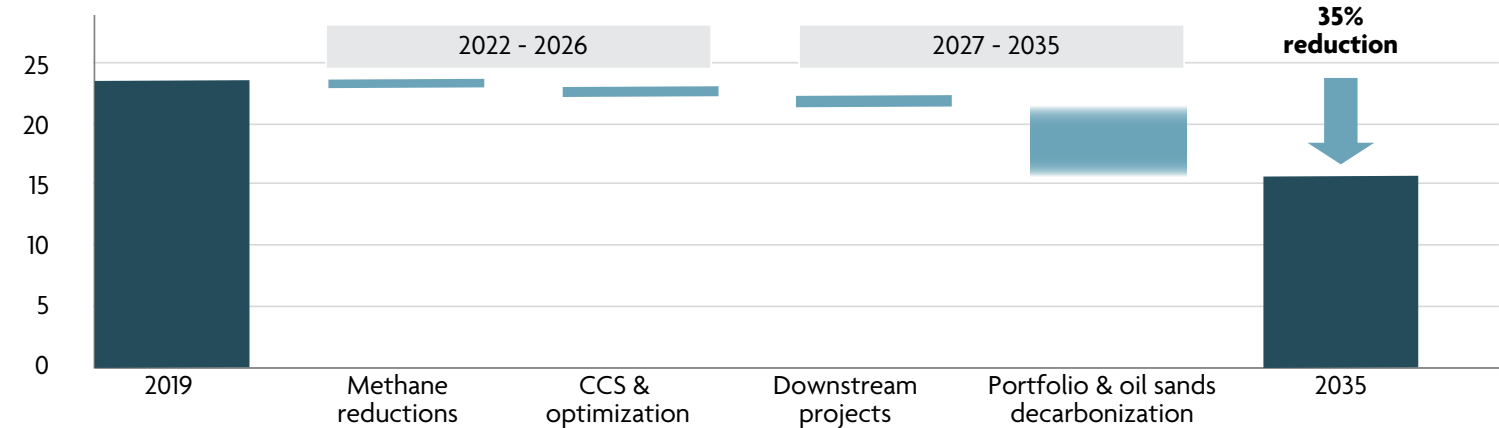
Phase 1, from 2021-2026, employs near-term projects, as well as pilots and feasibility studies that are expected to enable further reductions in Phase 2. The near-term projects in our five-year business plan include methane reduction and facilities optimization in our conventional business, and carbon capture and storage (CCS) initiatives at the Lloydminster Upgrader, Minnedosa Ethanol Plant and the Elmworth gas plant. Pilots such as the solvent-driven process program at our oil sands operations will determine their feasibility.

Future developments in Phase 2, from 2027 through 2035, are expected to advance expanded carbon capture across Cenovus's larger assets such as Foster Creek and Christina Lake, the Lloydminster thermals and the Lima Refinery. Other potential projects include displacing steam with solvents in oil sands, small modular nuclear reactor pilots and the Oil Sands Pathways to Net Zero initiative's CO<sub>2</sub> pipeline and storage hub.

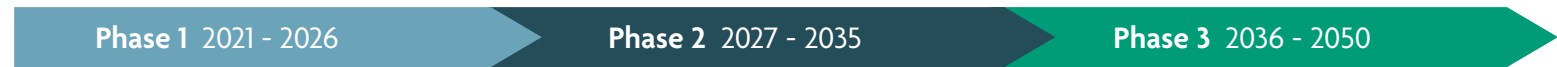
Phase 3 extends beyond 2035, outlining our technology pathways to net zero by 2050. These initiatives include implementing the most efficient large-scale emissions reduction solutions, which could include further CCS and process improvements, as well as energy efficiency, fuel switching and electrification projects. These will be enhanced by pursuing zero-emissions business opportunities. This suite of long-term abatement levers requires additional technology improvements and/or government support to become feasible.

## Illustrative levers to achieve absolute GHG reduction target

Total emissions (MtCO<sub>2</sub>e/year)



2019 start year for targets; shown on a net equity basis.



### Included in our 5-year plan

#### Near-term projects

Methane reductions and facilities optimization in conventional business

#### Carbon capture and storage (CCS)

- Lloydminster Upgrader
- Minnedosa Ethanol Plant
- Elmworth gas plant

#### Pilots and feasibility studies that enable reductions in Phase 2

- Solvent-driven process pilot
- Svante carbon capture technology

### Projects being progressed for 2035 target

#### Future potential developments

Expanded CO<sub>2</sub> capture across larger assets

- Foster Creek and Christina Lake
- Lloydminster thermal projects
- Lima Refinery

Solvents displacing steam in oil sands

Small modular nuclear reactor pilot

Pathways CO<sub>2</sub> pipeline and hub

### Technology pathways to net zero

#### Long-term vision

Full implementation of most efficient large-scale emissions reduction solutions

CCS on remaining accessible streams

Further process improvements, energy efficiency, fuel switching and electrification projects

Zero-emissions business opportunities

Capital for the proposed Oil Sands Pathways to Net Zero CO<sub>2</sub> pipeline and hub not included in the five-year capital forecast.

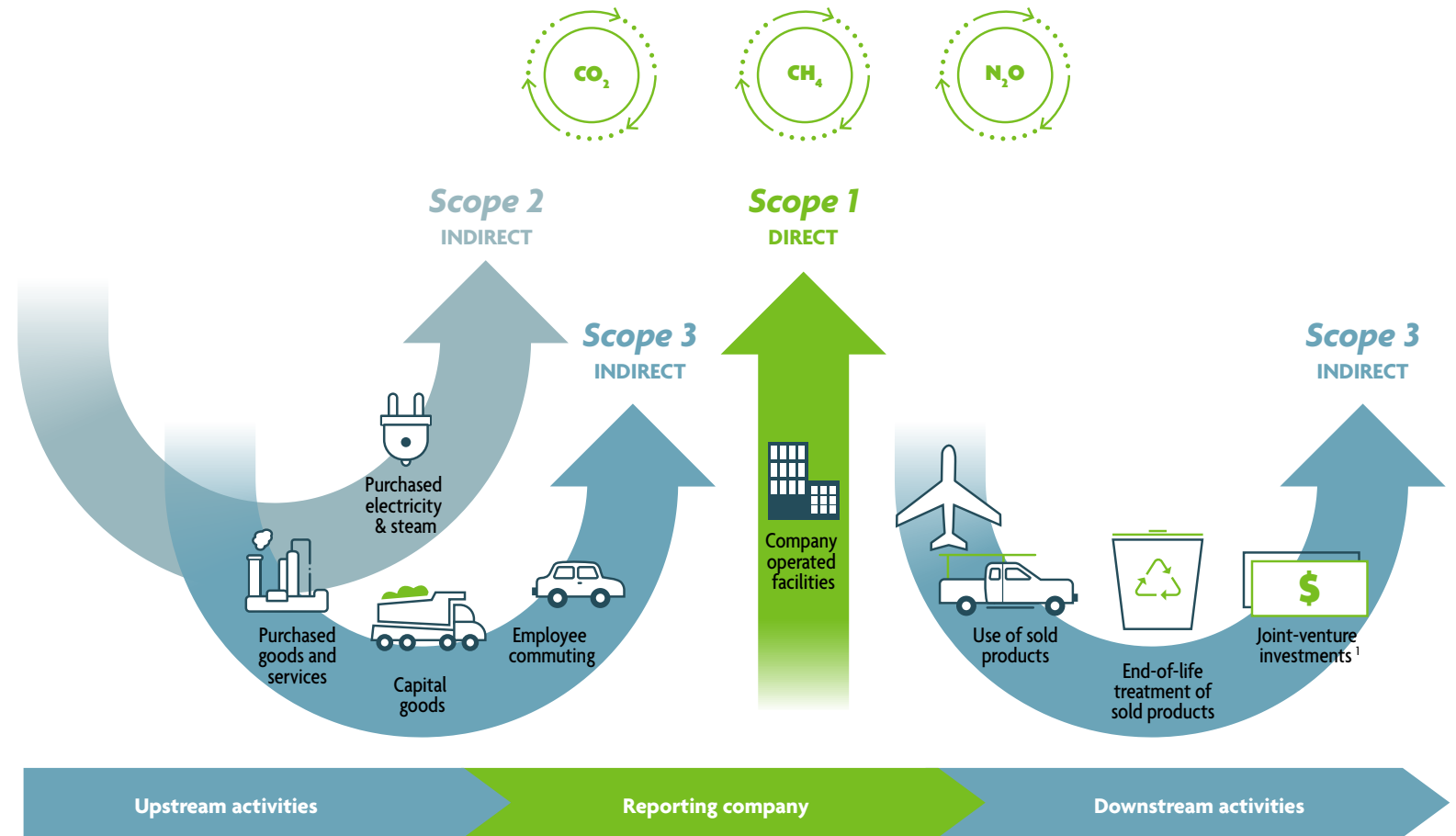


### Scope 3

Scope 3 emissions are the indirect emissions in a company's value chain that are not included within scope 2. More than 80% of emissions from fossil fuels are produced when the products are consumed, typically through combustion. To achieve the goals of the Paris Agreement, society must address emissions across the value chain, from initial production to final consumption. To ultimately drive meaningful reductions in global scope 3 emissions, changes in society's energy use coupled with the development and deployment of affordable, lower-emission technologies will be required.

Cenovus is disclosing scope 3 GHG emissions for our combined operations for 2019 and 2020 on a net equity basis, and in alignment with TCFD recommendations. The criteria for identifying and reporting scope 1 and 2 emissions is well established, transparent and consistent across industries. However, because reporting scope 3 includes indirect emissions resulting from activities that occur outside our control, it is less certain and less consistent. Evaluating scope 3 emissions and comparing them between companies can be challenging due to inconsistent reporting methodologies. As well there is the risk of potential duplication and inaccuracies when reporting emissions that are the result of activities from assets not owned or controlled by the reporting organization. We will continue to improve our scope 3 estimates as global methodologies align and better data becomes available.

### Overview of GHG scopes and emissions across the value chain



Adapted from the [Greenhouse Gas Protocol](#)

<sup>1</sup> This includes our equity interest of the scope 1 and 2 GHG emissions for our non-operated assets.

Our scope 3 emissions are also estimated in alignment with global guidance (IPIECA<sup>1</sup> and the GHG Protocol). These frameworks provide methods to estimate 15 different scope 3 categories resulting from the entire value chain of Cenovus's energy products, as detailed in the table below. Category 11, the use of sold products, is the most material, with guidance to account for products at the point of extraction, processing or sales. As a fully integrated operator with upstream, downstream and retail operations, Cenovus has estimated scope 3 emissions for all three Category 11 methods. These are not additive. Each method represents a unique estimation method using different boundary conditions. Reporting each method allows readers to compare our product end use to similar operators, including pure play exploration and production, strictly downstream, retail-only or integrated operators.

Measuring and monitoring scope 3 emissions from across our complete value chain allows us to identify opportunities to reduce scope 3 emissions in our supply chain, within logistics activities and from our product portfolio mix.

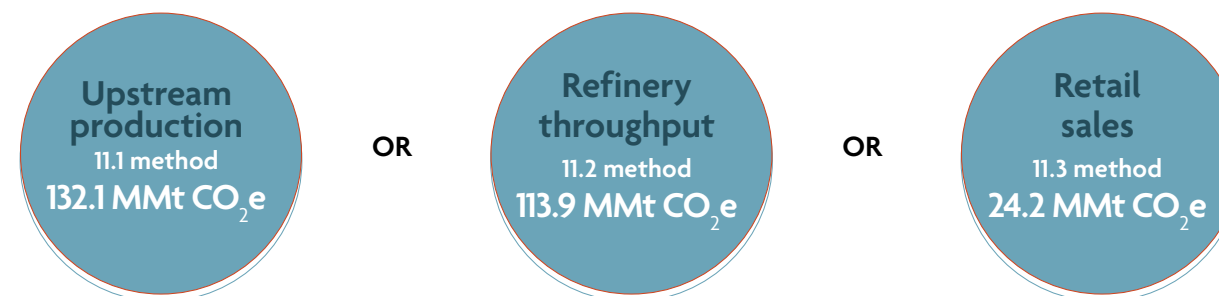
The majority of Cenovus's indirect scope 3 emissions are captured as direct emissions by entities under the national GHG inventory of the country where the end use occurs. For Cenovus products this is predominantly in the U.S.

<sup>1</sup> Estimating petroleum industry value chain (scope 3) greenhouse gas emissions. "Overview of methodologies" published June 2016.

### Cenovus Scope 3 GHG Emissions on a Net Equity Basis

#	CATEGORY NAME	2020 MMt CO <sub>2</sub> e	2019 MMt CO <sub>2</sub> e
1	Purchased Goods and Services	7.2	4.8
2	Capital Goods <sup>a</sup>	0.0	0.0
3	Fuel and Energy-Related Activities (not included in Scope 1 or Scope 2)	2.9	2.9
4	Upstream Transportation and Distribution	2.0	1.9
5	Waste Generated in Operations <sup>b</sup>	-	-
6	Business Travel <sup>c</sup>	0.0	0.0
7	Employee Commuting <sup>c</sup>	0.0	0.0
8	Upstream Leased Assets <sup>b</sup>	-	-
9	Downstream Transportation and Distribution	0.5	0.5
10	Processing of Sold Products	3.0	0.3
11.1	Use of Sold Products - Upstream Production	112.9	111.9
11.2	Use of Sold Products - Refinery Throughput <sup>d</sup>	94.7	107.2
11.3	Use of Sold Products - Retail Sales	5.0	5.3
12	End of Life Treatment of Sold Products <sup>b</sup>	-	-
13	Downstream Leased Assets <sup>e</sup>	-	-
14	Franchises <sup>c</sup>	0.0	0.0
15	Investments	3.6	4.2

### Total 2020 scope 3 GHG emissions estimated via different methods



## ALT-FUGITIVE EMISSION MANAGEMENT PROJECT

Cenovus is employing creative alternative methods to reduce our methane emissions, including the use of a small plane to take photos of our facility to detect leaks. Traditionally, fugitive emission surveys are conducted by people on the ground using hand-held imaging cameras. The Cessna 172 flying over our operations takes a series of photos detailed enough to show the location and size of any methane leaks. The plane can survey far more sites than a ground crew in the same amount of time. We prioritize the leaks by size, addressing the largest ones first and reducing our emissions more quickly.

Our pilot program, running with the support of the AER, started in May 2020 and will be completed in May 2022. Our preliminary results indicate we are reducing more emissions than through traditional measures, and we intend to apply for approval to continue using the aerial surveillance after May 2022.



# WATER STEWARDSHIP



Reduce fresh  
water intensity by  
**20%**  
in oil sands and in thermal  
operations by year-end 2030.



2019 start year.



Water is essential to our operations. This includes creating steam for the SAGD processes at our oil sands and thermal projects, drilling and completing wells, maintaining access roads at our sites and running our camps. We recognize how we handle it impacts the environment and is also important to stakeholders in the local watersheds where we operate.

We have set a target to reduce fresh water intensity by 20% in our oil sands operations and in our thermal operations by year-end 2030 from 2019 levels, which is supported by a commitment to develop water management plans for all operations by year-end 2025.

In setting this target, we assessed the water footprint and water risk across our combined operations, integrated fresh water forecasting into business planning and worked with business units and technical groups to identify and prioritize fresh water reduction opportunities.

The target and supporting program were reviewed and endorsed by business unit leadership, the executive leadership team, and subsequently the Board of Directors.



## Governance

Environmental professionals and water subject matter experts embedded in our corporate and business teams work together to exceed regulatory compliance in minimizing impacts to fresh water and the marine environment. This work in our daily operations is supported by a robust water governance framework.

The SSR Committee provides executive-level oversight and strategic direction for all sustainability issues, including those related to the environment and water. When present, significant financial risks related to water issues are overseen by the Audit Committee.

We measure key water metrics and present them in dashboards to support our operational leadership team's management of water. We report on, and publicly disclose, our water use performance. Legacy Cenovus didn't participate in the CDP Water Security Program in 2020, while Husky operations maintained a grade of B. Cenovus plans to participate in this disclosure in 2022, where we will further detail our water management approach and governance.

## HOW WE SUPPORT UN SDG6 - CLEAN WATER AND SANITATION

- **Target 6.3** *By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.*

Process water released back to the environment at our offshore and refining operations is treated to meet stringent water quality requirements. We recycle water at our oil sands operations and the Lima Refinery and, where possible, in hydraulic fracturing, enhanced oil recovery and waterflood operations. At our Sunrise oil sands facility, we reuse wastewater from a neighbouring oil sands mine for our operations.

**Target 6.4** *By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.*

We invest in research to improve our water use efficiency. Where we withdraw fresh water for operations, we meet strict regulations to manage water quantity for all users. We monitor water availability risk in the areas where we operate and ensure our withdrawals are locally sustainable.

**Target 6.5** *By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.*

We support collaborative water management, participating in watershed advisory councils and in regional water monitoring initiatives for our in situ oil sands operations. We take part in multi-operator water sharing agreements.



## Strategy

The security of our water supply is critical to both current and future operations. Over the long term, water availability could become more challenging, posing operational issues such as increasing water management costs, and impacting oil production and refining capacity. Water availability must be assessed and acted on at the local level, with consideration to future demand, regulatory changes and potential changes in climate.

Through maturity and materiality assessments, we understand that development of a water target is critical to advancing water stewardship and resilience. By setting a fresh water intensity target, water sourcing and efficiency considerations have been integrated into our strategic plan, including annual capital allocation planning, Investment Committee processes and acquisition and divestiture decisions.

Using alternative water sources continues to be a key strategy for advancing water source resilience. In addition to recycling produced water, we use primarily saline groundwater at our Foster Creek, Christina Lake and Tucker oil sands facilities, and recycled wastewater from a neighbouring company's tailings ponds at our Sunrise oil sands facility. Our oil sands assets use steam-assisted gravity drainage for production and don't require tailings ponds.

Another key strategy is technology. We work with industry peers to advance research in water efficiency and recycle technologies for oil sands operations. We have also invested in freshwater efficiency in our downstream operations, implementing a large-scale water re-use project at the Lima Refinery.

## Risk management

Water-related risks and opportunities are formally identified, assessed and evaluated through asset and enterprise-level risk assessment exercises. Strategic risks associated with our water stewardship are reviewed and evaluated for materiality on an annual basis. This review helps us establish and update priorities for focused action and mitigation.

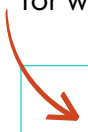
Our water risk assessment process is informed by international standards. We engage both directly with policy makers and through industry associations such as the IPIECA Water Working Group and CAPP Water Committee to ensure we are aware of emerging risks and apply industry best practices to mitigate them.

We manage water availability risks in oil sands through extensive monitoring of our fresh water withdrawals. Our participation in the Oil Sands Monitoring program enhances our understanding of cumulative effects to water from development in the oil sands region. Potential availability constraints identified through this program inform our water source planning.

At our Lloydminster thermal operations, we invest in research to understand longer term physical availability risks of the river source, factoring in aspects of climate variability.

As a result of our risk assessment programs, we have taken actions to address water quality risks. As an example, we have taken actions to mitigate impacts of per- and polyfluoroalkyl substances (collectively known as PFAS), chemicals found in firefighting foam, where foam has

been deployed for emergency response. This has included treating water at both our Superior Refinery and Winnipeg Asphalt Terminal. We proactively manage future risk related to foam deployment by transitioning to lower-risk products. We participate in joint industry committees to remain informed of key developments and best practices for water-related PFAS risk management.



**Fresh water, or non-saline water, is defined as naturally occurring water having a TDS concentration of less than 4,000 milligrams/litre.**

## WATER MANAGEMENT PLANS

Water management plans are a key part of our water risk process and promote water stewardship by considering stakeholder feedback and local watershed challenges. The plans identify risks and opportunities and prioritize actions to address them, improving the way we source, transport, store, reuse and dispose of water in our operations. The plans are used alongside the water expertise embedded throughout our business to mitigate impacts to fresh water quantity and quality in the planning, operating and late-life stages of our operations.



In 2021 we set a fresh water target that demonstrates our approach to water stewardship.

**Reduce fresh water intensity by 20% by year-end 2030 in our oil sands operations and in thermal operations from 2019 levels.**

### Targets and performance

Oil sands and thermal operations represent approximately 94% of Cenovus's upstream fresh water use. We will seek to achieve the target by implementing existing and emerging technologies to improve water processing and recycle efficiency, reservoir strategies to reduce SORs and through increased use of saline and alternative water sources where possible.

To support both our target and water stewardship, we will complete water management plans for all operations by 2025.

Water metrics are tracked across all business units and activities. We withdraw water from saline and fresh sources, and we recycle water in our operations. We report fresh water volumes sourced for industrial use at facilities we operate, for the time operated within the report year. Overall, fresh water withdrawal in 2020 remained consistent with 2019 on a pro forma basis.



Our fresh water withdrawals are assessed on the World Resources Institute Aqueduct Baseline Water Stress map, which measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. In 2020, 2% (or about 0.5 million cubic metres) of Cenovus's fresh water withdrawals for industrial use occurred in areas of high baseline water stress, 8% were from areas unrated for baseline water stress (where we are permitted to withdraw fresh water based on our demonstration of sustainability) and 90% occurred in areas with low to low-medium baseline water stress, where water availability is good.

### Alberta oil sands

Water volumes for oil sands operations at Christina Lake, Foster Creek, Sunrise and Tucker are included in the AER's [Water Use Performance Report](#). Most of the water we use at these facilities (96% or 65 million cubic metres) is drawn from water sources considered by the AER as alternatives to high quality fresh water. These include recycled produced water (83%), saline groundwater (10%), process-affected water from tailings ponds (2%) and fresh water in contact with bitumen (1%). The remaining four percent of oil sands water use is sustainable withdrawal from high quality fresh water sources.

In 2019, our base year for the water target, our oil sands fresh water intensity was approximately 0.15, meaning 0.15 of a barrel of fresh water was used to produce one barrel of oil.

Cenovus's fresh water intensity target for oil sands will be achieved through improvements in water process and recycle technologies, which we continue to

advance through our research investment as part of the Canada's Oil Sands Innovation Alliance (COSIA) Water Environmental Priority Area and the Water Technology Development Centre. Fresh water intensity reduction may also be achieved through use of solvent processes that reduce SORs, and further development of alternative and saline water sources.

### Thermal projects in Saskatchewan

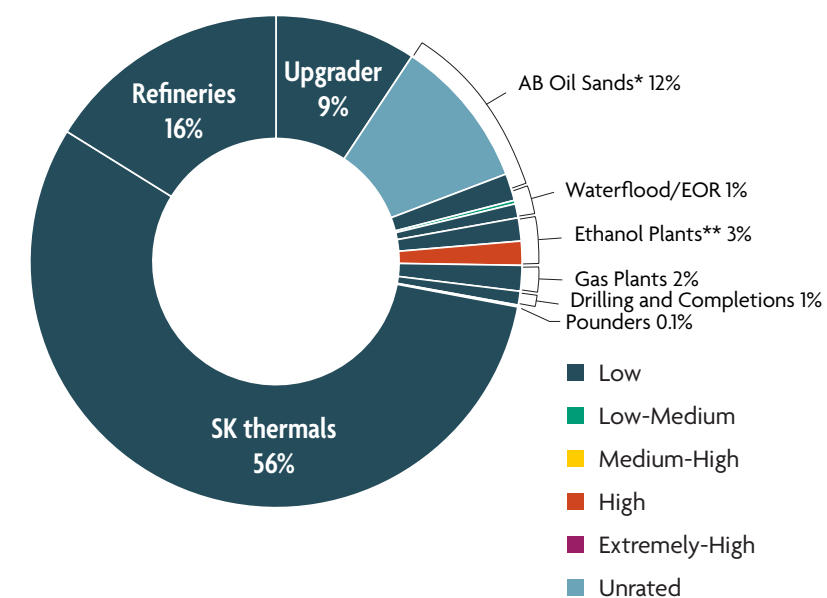
Our Lloydminster thermal projects include 11 smaller facilities (most with nameplate production capacity of 10,000 bbls/d), which rely on an available supply of water from the North Saskatchewan River. Cenovus water licences for the Lloydminster thermal projects represent approximately 0.3% of the North Saskatchewan River's annual average flow. Water withdrawals were higher in 2020 at 18.3 million cubic metres due to the startup of the Spruce Lake Central thermal project and the first full year of production at the Dee Valley facility.

In 2019, our base year for the water target, fresh water intensity at our Lloydminster thermals was approximately 3.6, meaning 3.6 barrels of fresh water were used to produce one barrel of oil. At current production rates, our target fresh water intensity of 2.9 by 2030 would result in a reduction of almost four million cubic metres in annual fresh water volume.

We are advancing technologies to improve our water efficiency at the producing Lloydminster thermal projects by leveraging expertise and operational best practices from Cenovus's best-in-class oil sands operations. Water management plans for our Lloydminster thermal projects are being updated considering new water demands and

water availability risks. Processes are in place to ensure water sources for potential new thermal projects are assessed in the early project planning phases to ensure we select the most appropriate for each, considering a balance of factors.

Fresh Water Use by Operation 2020



\* Unrated segment applies to Foster Creek and Christina Lake  
 \*\* High segment applies to Minnedosa plant

## Conventional assets

Most of our conventional assets across western Alberta use hydraulic fracturing technology to recover oil and gas from reservoirs more than 1,000 metres below ground. The water requirement for hydraulic fracturing is irregular, occurring periodically over several days or weeks throughout the year at varying locations. Other conventional assets include enhanced oil recovery projects (water, gas and polymer floods) along with primary oil and gas production, which have daily water demand tied to production and processing activities.

Cenovus has adopted the best practices in conventional water management from both legacy companies, with water management plans being critical to responsible water stewardship and water risk management. We will continue to follow CAPP's Guiding Principles for Hydraulic Fracturing and to disclose the hydraulic fracturing chemicals and volumes used through [FracFocus.ca](https://www.cenovus.com/fracfocus).

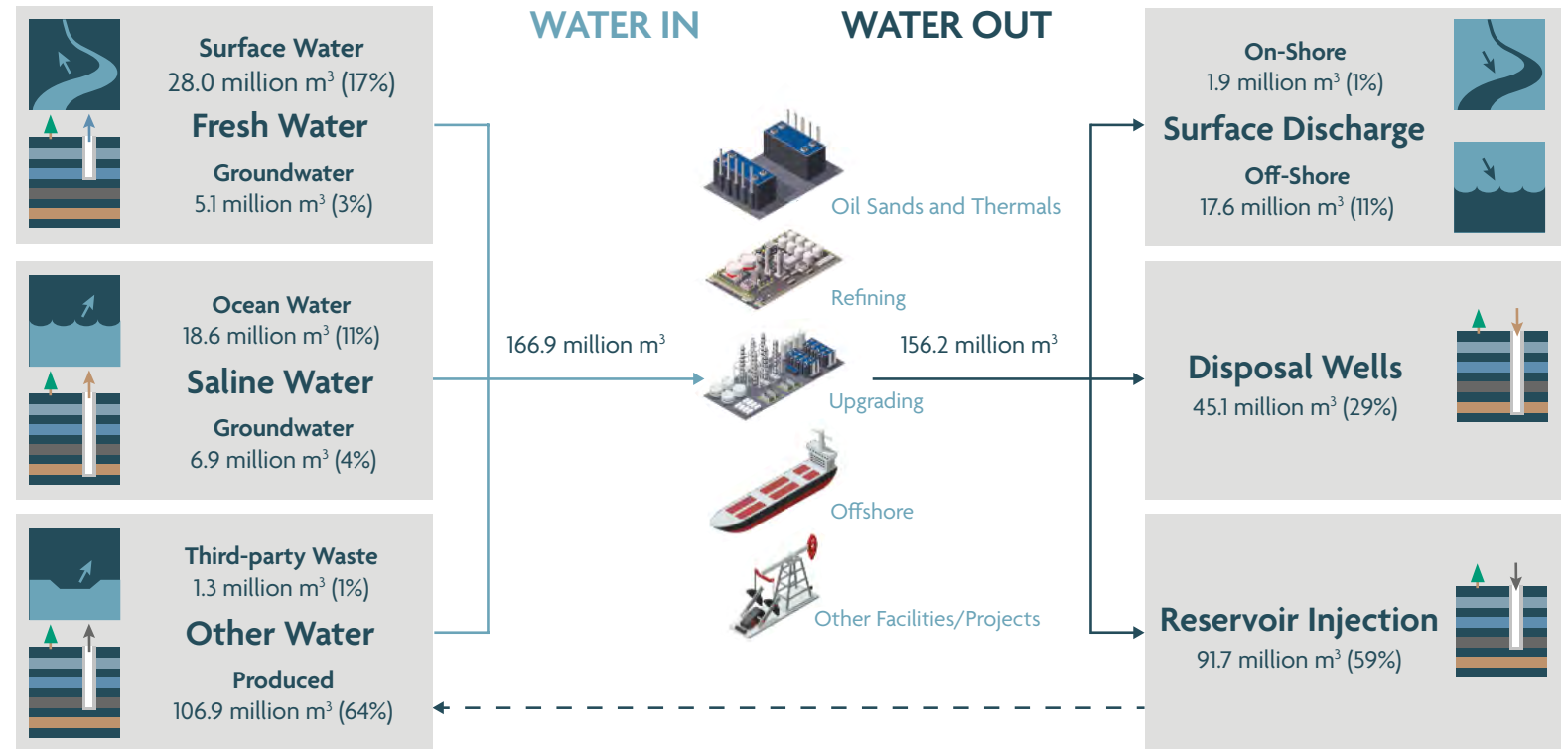
## Downstream

We report water withdrawals for the Lloydminster Upgrader, refineries and ethanol plants that we operate. Fresh water withdrawal for these operations remained consistent in 2020 compared with 2019. In 2019 there was a significant reduction of fresh water withdrawn for downstream operations, largely due to the implementation of a water re-use system at the Lima Refinery.

## Offshore

At our operations in the Atlantic region, we withdrew 18.6 million cubic metres of seawater for oil production in 2020, offset by 14.8 million cubic metres of cooling water discharged back, with 3.8 million cubic metres used for injection to support production. Seawater withdrawn for marine operations, such as ship engine cooling, is excluded.

### Cenovus Water Use (In and Out)



Numbers in the above graphic may not align due to rounding.

Minor discrepancy of water-in to water-out reflects water volumes that change state in processing, such as evaporation or incorporation with solid waste.

# BIODIVERSITY



Reclaim  
**3,000**  
decommissioned well sites  
by year-end 2025.

Restore more  
**habitat**  
than we use in the  
Cold Lake caribou range  
by year-end 2030.

*2019 start year for well reclamation.  
2016 start year for caribou habitat.*



We are demonstrating our commitment to environmental stewardship and sustainability with ambitious biodiversity targets, including reclaiming 3,000 decommissioned well sites between 2019 and year-end 2025 and, within the Cold Lake caribou range, a re-commitment that by 2030 we restore more habitat than we have used.

To set these targets for our combined operations, we reconfirmed our asset retirement portfolio, aligned the remediation and reclamation program with corporate long-range plans, reviewed the targets with regional asset operational teams, and confirmed capital was established for the required area-based closure (ABC) and caribou habitat restoration programs.

### Governance

The biodiversity targets and supporting programs were reviewed and endorsed by business unit leadership, the executive leadership team, and ultimately the Board of Directors.

Cenovus manages land use by avoiding disturbance where possible and through mitigation and restoration of land used for operations. From upfront project planning through to an asset's retirement, we identify potential impacts so they can be avoided, minimized or mitigated.



When we disturb forested areas, we conserve soil and woody material so that sites can be reforested once operations are complete.

As each of our asset areas is unique, we complete significant planning and analysis to determine the most comprehensive approach to managing an asset's lifecycle. We track program progress against key performance metrics and have achieved significant results in our efforts to date. In 2020, we reduced our cycle time to regulatory closure by 25%, which means land is returned to equivalent land capability where it supports habitat, wildlife and ecosystem process even earlier, positively benefiting local communities.

We fund and/or participate in regional initiatives and industry committees contributing directly or indirectly to species and habitat research, monitoring and mitigation. Our involvement in industry associations, such as CAPP, COSIA, the Regional Industry Caribou Collaboration and PTAC, allows us to collaborate with other environmental professionals to discuss innovative ideas and participate in multi-stakeholder discussions and initiatives, while working

### TREE PLANTING PROGRAM

We planted 311,358 trees on 63 sites in 2020, using species native to the area to re-establish similar land capability, including white and black spruce, lodgepole and jack pine, larch, poplar, aspen, alder, birch and willow.

The Christina Lake environment team organized a volunteer tree plant in June 2020, to ensure our program safely went ahead, adjusted for COVID-19 protocols, and to raise awareness about the importance of reclamation. The team planted 18,823 seedlings on a nine-acre section of a reclaimed borrow pit, while practicing physical distancing.

When our 2020 Caribou Restoration Program was put on hold due to COVID-19, Cenovus was able to find new homes for the 180,000 trees we would have used, donating the seedlings to local communities for their parks and schools, as well as planting them on some of our conventional upstream reclamation sites.

towards common goals. We manage our environmental risks and increase our efficiency by implementing and sharing innovative programs and practices through industry partnerships, accelerating how quickly we improve our environmental performance.

### Strategy

When we cease operations at a well or facility, we retire the asset in a responsible manner. Cenovus employs ABC in asset retirement activities, a program-based approach that facilitates addressing larger and neighbouring areas at the same time, starting remediation work and the restoration of land and habitat more quickly. The asset retirement team conducts focused integrated planning to ensure all scopes of work, including well abandonment, pipeline abandonment, facility decommissioning, remediation and reclamation, are planned and executed in sequence to effectively progress sites to closure.

The AER recognizes our innovation and leadership around the ABC program. We have been invited by the AER to present the concept to the rest of industry at various forums, workshops and conferences.

When we determine a facility has no further production value, it is added to the asset retirement portfolio for development of a decommissioning plan. Reasonable efforts are made to re-use, sell, transfer, salvage or recycle materials associated with our decommissioning activities. The abandonment of inactive pipelines and associated risers is included in all our ABC programs. We continue to complete multiple-segment pipeline abandonments to build even further efficiencies into our program and

reduce the amount of ground disturbance required. Cenovus works extensively with third-party operators to assist in removing their risers that are no longer required for operational activities from our sites, in order to progress additional sites to closure.

A significant focus of our 2020 asset retirement program was expediting the return of sites to near equivalent land capacity by progressing our reclamation portfolio to closure. Shortened closure timelines advance the reclamation and subsequent restoration of functional terrain, soil systems and ecosystem processes, such as hydrological functions and plant communities which provide natural and productive habitat. The restoration of larger geographical areas resulting from our ABC approach can also increase habitat connectivity.

### Risk management

Biodiversity-related risks and opportunities are formally identified, assessed and evaluated through asset and enterprise-level risk assessment exercises. Risks associated with biodiversity and land use are reviewed and assessed for materiality on an annual basis. This review helps us establish and update priorities for focused action and mitigation. We actively prioritize our asset retirement portfolio to ensure we are managing safety, environmental risk and work required by regulation. The decline in caribou population has historically ranked as a top priority for Cenovus and caribou habitat restoration continues to be a focus. Continuing our Caribou Habitat Restoration Project, which focuses on land restoration within the Cold Lake caribou range, is one of the key ways we support caribou habitat.

Environmental risk is managed throughout the lifecycle of our wells and facilities. Our asset retirement portfolio is actively managed to progress all sites to remediation and reclamation, as quickly as is feasible. We conduct Environmental Site Assessments ahead of well abandonment to assess the area for environmental impacts associated with operational activities, making us aware of any potential issues before starting our abandonment activities.

Work is prioritized to ensure we meet or exceed stringent regulatory requirements and we are committed to meeting the annual provincial liability reduction targets in British Columbia, Alberta and Saskatchewan. These programs seek to better manage the inactive well inventory and expedite reclamation closure efforts, which directly aligns with Cenovus's corporate strategy.

### Targets and performance

**Reclaim 3,000 decommissioned well sites by year-end 2025.**

**Restore more habitat than we use in the Cold Lake caribou range by year-end 2030.**

Together, these targets demonstrate Cenovus's continued commitment to be a leader in proactive reclamation and restoration of the landscapes in which we operate.

The 3,000 well sites represent approximately 70% of our existing reclamation inventory, which we will be actively progressing to regulatory closure by 2025. We received 561 and 473 reclamation certificates in 2019 and 2020, respectively, moving us towards achieving our goal.

The 2020 ABC programs were concentrated in Lloydminster, Birch Mountain, Telephone Lake and Axe Lake, with a focus on building capacity with Indigenous suppliers to support our upcoming asset retirement activities, and our target of increasing how much we spend with Indigenous businesses.

Cenovus received provincial grants from Alberta, Saskatchewan and British Columbia to complete asset retirement activities as part of a federal funding program to clean up abandoned wells, in addition to our 2020 spend of \$81 million for onshore and offshore asset retirement activities.

Cenovus's execution of our long-term proactive abandonment programs results in the timely and effective retirement of our inactive wells. We reduced our well abandonment count in 2020 to 275 from an annual average of 1,000 sites over the last five years to allow for focused remediation and reclamation activities on previously abandoned sites, progressing more sites to closure. In 2020, Cenovus decommissioned 182 surface facilities and abandoned 208 pipelines in our focused ABC areas. Like the well abandonment program, much of this work was completed in the first quarter of the year due to implementing COVID-19 safety protocols activated in the spring.

## HOW WE SUPPORT UN SDG 15 - LIFE ON LAND

- **SDG target 15.2** *Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.*

Our tree planting program commits to planting hundreds of thousands of native trees. We conduct our reclamation and restoration activities efficiently, advancing the reclamation and subsequent restoration of functional terrain and soil system and ecosystem processes. The restoration of larger geographical areas resulting from our ABC approach can also increase habitat connectivity.

- **SDG target 15.5** *Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.*

Our extensive work in biodiversity includes restoring habitat in regions that are home to species on Environment Canada's Committee on the Status of Endangered Wildlife in Canada (COSEWIC) list. Species include woodland caribou, wolverines, bison, bullsnakes, burrowing owl, Great Plains toads, grizzly bears, ferruginous hawks and monarch butterflies.



Combined, Cenovus and Husky received 473 reclamation certificates from provincial regulators in 2020, with a 99% approval rate on submissions. This accounted for 15% of the certificates issued in Alberta, 10% of the certificates issued in Saskatchewan and addresses 11% of Cenovus's reclamation inventory. We certified 3,981 acres of land in 2020 and have 25,538 acres under active reclamation within the portfolio.

Of the areas where we restored habitat and received certification in 2020, almost all were in regions home to species on the COSEWIC list.

Our target to restore more habitat than we have disturbed in the Cold Lake caribou range over the next decade will ensure that our efforts in this range are timely and biophysically meaningful. Our goal ties restoration area to the area of disturbance used for operations. We call this metric a *restoration ratio* and it allows us to measure our restoration progress against the magnitude of our activities. We believe this ambitious goal is unique among resource industries and sets Cenovus apart.

Habitat restoration is widely understood to be a cornerstone for caribou recovery, and this is an area where Cenovus has taken a leadership role within our industry and nationally. Site preparation, followed by tree planting, has been shown to increase the survival and growth rates of planted seedlings and reduce the likelihood of use and travel speed by wolves that prey on caribou. In addition to the beneficial responses from a caribou perspective, increased tree growth following active habitat restoration results in more carbon storage in the soil-plant system compared to passive approaches.

Based on this innovation, in 2016 we announced the Cenovus Caribou Habitat Restoration Project, the largest of its kind in the world. We selected the Cold Lake caribou range as it is extensively disturbed by various industries, its restoration is a priority for local and government stakeholders, and it is home to our Foster Creek and Christina Lake oil sands operations.

Since 2016, more than 1,000 kilometres of seismic line associated with legacy exploration activities by various operators in the Cold Lake caribou range have been restored and more than 1.4 million trees have been planted. As of the third quarter of 2021, the area treated for restoration is currently more than 40% of the way to our 2030 target of restoring more habitat than we disturbed.



## HOW WE SUPPORT UN SDG 15 - LIFE ON LAND

- **SDG target 15.a** Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

We support a cross section of programs and initiatives that promote biodiversity conservation, including Alberta Ecotrust, Nature Conservancy of Canada (NCC), Alberta Conservation Association, Ottawa River Coalition, among others.

For eight years we have partnered with the NCC on conservation efforts in Newfoundland and Labrador through the Futures in Conservation program, training the next generation of environmental leaders. Interns with the program are responsible for monitoring and surveying nature reserves through mapping and reporting tasks, helping organize biological inventories that create knowledge or local biodiversity on the lands they are working to conserve. *“Training the next generation of environmental leaders is critical to our conservation efforts, now and into the future,” says Margo Morrison, Director of Conservation, NCC – Atlantic Region. “With partners like Cenovus, we can continue to develop environmental professionals, while maintaining and restoring natural environmental diversity.”*





## AMPHIBIOUS VEHICLES ARE MAKING GAME-CHANGING AND AWARDING STRIDES

Much of the land in northern Alberta is muskeg, meaning it has a swamp-like consistency which creates challenges for restoring land near our oil sands operations and caribou habitat. This is where amphibious vehicles come in – machines that can drive on land and float on water. After several years of testing, amphibious vehicles are fully integrated into our land restoration plans. Unlike conventional excavators, amphibious vehicles can maneuver through the muskeg in the summer and fall when the ground is thawed, allowing us to engage in land and caribou habitat restoration activities throughout the year, unlike traditional restoration work that is limited to January and February. Amphibious vehicles are now an integral element of our [Caribou Habitat Restoration Project](#) to restore more habitat than we have disturbed by 2030.

The amphibious vehicles project is a great example of successful industry collaboration. Cenovus initially worked through [COSIA](#) to test the vehicles with Devon Canada (now Canadian Natural Resources Limited) and ConocoPhillips, and COSIA members are able to use this technology for their own restoration work. In recognition of our company's ingenuity, the Daily Oil Bulletin in 2020 named Cenovus its Energy Excellence Awards Champion in the category of *Environmental Excellence – Cleantech: Land*.



# INDIGENOUS RECONCILIATION



Achieve a minimum of  
**\$1.2 billion** ↘  
of spending with Indigenous businesses  
between 2019 and year-end 2025.

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↘ Attain Progressive Aboriginal Relations  
**gold certification**  
from the Canadian Council for Aboriginal  
Business by year-end 2025.



We engage with Indigenous communities near our operations fairly and with respect, recognizing every community is unique. For Cenovus, Indigenous reconciliation means enabling long-term economic and social value for Indigenous communities, which is reflected in our targets to spend an additional \$1.2 billion with Indigenous companies by year-end 2025 from 2019, inclusive, and achieve Gold Progressive Aboriginal Relations (PAR) certification from the Canadian Council for Aboriginal Business (CCAB) by year-end 2025.

Thorough consultation took place with relevant teams and leadership represented by Cenovus's Indigenous Inclusion Advisory Committee, to ensure our Indigenous spend target is realistic yet ambitious, and reflects our strategy and business plans. We leveraged both legacy organizations' historic Indigenous spend performance along with projected budgets as inputs into an Indigenous spend scenario analysis to ensure the creation of a target that is substantial and achievable.

## Governance

Our Indigenous Inclusion Advisory Committee is comprised of senior leaders from both legacy companies and provides governance on Indigenous inclusion initiatives across the business. The guiding principles were revised in 2020 to better capture the committee's expanded mandate of capacity building, economic inclusion, employment and Indigenous inclusion initiatives, such as Indigenous awareness training for staff.

In 2020 the committee supported the creation and successful launch of the Indigenous Awareness Training program, with 100% staff participation by year-end 2020, guided the development of the Indigenous Hiring Program which was launched in early 2021, directed Indigenous business development opportunities and inclusion, and began every meeting with an inclusion moment led by an Indigenous staff member.

To further support our commitment to Indigenous reconciliation, an Indigenous Relations Policy was developed in 2021 and rolled out across the company. The policy ensures staff, contractors and service providers understand the importance of reconciliation. It confirms our responsibility and provides guidance on how to uphold the principles of Indigenous rights, consultation, economic opportunities and community prosperity. The policy supports awareness and understanding of Indigenous history and culture and supports our alignment with the United Nations Declaration on the Rights of Indigenous Peoples.

## Strategy

Through our regular interactions with Indigenous communities they have indicated six key areas that are most important to them. We use these to focus our engagement approach to help meet the communities' needs and are able to provide meaningful engagement and business opportunities. This builds relationships while helping to mitigate risks associated with our business activities. The six areas are:

- **Consultation:** We engage with communities regularly to ensure they understand the potential impacts of our operations and can help identify ways to mitigate these impacts.
- **Relationships:** We maintain ongoing relationships with communities to earn trust and respect.
- **Employment:** We support education and training programs that help prepare community members for employment and/or further their education.
- **Investment:** We support a range of organizations focused on the needs identified by each community.
- **Business:** Whenever possible, we include local Indigenous businesses in our supply chain.
- **Benefit agreements:** We've signed benefit agreements with 23 Indigenous communities. Although every agreement is unique, generally these agreements outline how we will engage with one another, solve issues together and describe how the community can benefit from our projects while minimizing potential risk of project delays or disruption.

## Targets and performance

Indigenous engagement and supporting reconciliation are central to how we do business and were key drivers in establishing our Indigenous reconciliation targets and affiliated programs. After rigorous analysis, the ESG Steering Committee, executive leadership team and, subsequently, the Board of Directors endorsed the targets. The two targets reflect our support and aim to strengthen our reconciliation with Indigenous communities near our operating areas.

Achieve a minimum of **\$1.2 billion** of spending with Indigenous businesses between 2019 and year-end 2025

Cenovus promotes economic reconciliation with Indigenous communities by working with local businesses near our operating areas, including Indigenous community-owned enterprises, Indigenous entrepreneurs and joint-venture partnerships. Working with Indigenous businesses helps us meet our labour and service needs, while strengthening local economies and fostering partnerships. Together, both legacy companies spent more than \$3 billion with Indigenous vendors between 2009 and 2019.

We strive to build long-term relationships that help ensure Indigenous communities benefit from having us as their neighbour. Our Community and Indigenous Affairs team liaises with local businesses and various teams inside Cenovus to facilitate opportunities to work

together, providing businesses with information about the requirements to work with us and making sure internal teams are familiar with the services offered by Indigenous businesses in various communities.

Cenovus's combined 2019 and 2020 spend of \$383 million on goods and services provided by local Indigenous companies is a solid start to meeting our short-term spend target. Through these efforts, we successfully added 14 new, self-identified, Indigenous businesses to our portfolio of suppliers in 2020.

Attain Canadian Council for Aboriginal Business's **gold Progressive Aboriginal Relations certification** by year-end 2025.

CCAB's PAR program is Canada's only certification program focused on best practices in Indigenous relations and will validate Cenovus's Indigenous relations practices and programs, while identifying opportunities for improvement. Gold level is the highest standard that can be achieved. This target demonstrates our commitment to employing leading Indigenous relations practices.

## Indigenous Housing Initiative

Our Indigenous Housing Initiative, the largest community investment in Cenovus's history, is helping to address one of the most pressing issues facing Indigenous communities in Canada – inadequate housing that forces many families to live in overcrowded and sometimes unsafe conditions.

The program, announced in January 2020, commits \$50 million over five years to build homes in six First Nations and Métis communities closest to our Foster Creek and Christina Lake oil sands operations: Beaver Lake Cree Nation, Chard Métis Community Association, Chipewyan Prairie Dene First Nation, Cold Lake First Nations, Conklin Métis (Local 193) and Heart Lake First Nation.

To further support the Indigenous Housing Initiative and foster economic reconciliation, Cenovus worked with Portage College on a 24-week Construction and Trades Readiness Program geared towards home construction and maintenance training opportunities for members of the six partner communities. The first cohort of students built a tiny home, a greenhouse and a gazebo area as community legacy projects.

Cenovus will evaluate the Indigenous Housing Initiative at the end of the program and, if deemed a success, plans to extend it for an additional five years.





Since the initiative launched in early 2020:  
**12** homes built in three communities in 2020.  
**33** homes under construction in 2021 across five communities.



## CENOVUS TO BUY RENEWABLE POWER FROM COLD LAKE FIRST NATIONS PARTNERSHIP

As part of our commitment to advance our ESG targets related to both climate & GHG emissions and Indigenous reconciliation, Cenovus has committed to a power purchase agreement to buy solar power produced electricity and the associated emissions offsets from a partnership between Cold Lake First Nations and Elemental Energy Inc.

*“Cold Lake First Nations is excited to partner with Elemental Energy and Cenovus on this important project. As stewards of the land, our Nation fully supports sustainable renewable energy development respecting environmental, economic, cultural and social contexts, while realizing long-term economic benefits through an ownership stake in the project. The project exemplifies the relationships we’ve built with our partners and creates an innovative path for economic reconciliation.”*

**CHIEF ROGER MARTEN**  
Cold Lake First Nations



## CENOVUS HELPS CREATE BOREAL FOREST PARK

Cenovus relinquished 60,000 acres of leased land to support the Mikisew Cree First Nation-driven expansion of Kitaskino Nuwenënë Wildland Provincial Park, resulting in the largest contiguous protected area of boreal forest in the world.

*“ We are pleased to contribute leased land to this important collaborative conservation effort between government, Indigenous communities and industry. Sustainability leadership is a core element of Cenovus’s strategy, and with our contribution to the proposed Kitaskino Nuwenënë Wildland Park expansion, we are progressing two key sustainability priorities – engagement with Indigenous communities and land stewardship, including the protection of caribou.”*

**RHONA DELFRARI**

*Chief Sustainability Officer and Senior Vice-President, Stakeholder Engagement*

## HOW WE SUPPORT UN SDG 10 – REDUCED INEQUALITIES

- **SDG target 10.2** *By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.*

We are striving to reduce barriers for Indigenous companies and communities and are focused on providing more opportunities for social and economic inclusion as represented by our Indigenous reconciliation targets and our Indigenous Housing Initiative.



# INCLUSION & DIVERSITY



Increase women in leadership roles<sup>1</sup> to **30%** by year-end 2030.

Conduct a self-identification survey by year-end 2022; add **diversity target beyond gender** in 2023.

Aspire to have at least **40%** representation from designated groups<sup>2</sup> among non-management directors, including at least 30% women, by year-end 2025.

<sup>1</sup> Leadership roles include Team Lead/Coordinator/Supervisor positions or above.  
<sup>2</sup> Designated groups are defined as women, Aboriginal peoples, persons with disabilities and members of visible minorities.



We strive to create workplaces that reflect the communities we operate in. We want everyone to feel empowered to bring their whole selves to work and feel respected and valued. This is reflected in our target to increase the number of women in leadership to 30% by year-end 2030 and in our commitment to conduct a self-identification survey by year-end 2022 with the goal of adding a diversity target beyond gender in 2023. Cenovus's Board diversity target is to have at least 40% non-management representation from designated groups, including at least 30% women.

These targets align with our core values and our purpose to “energize the world to make people’s lives better.” In establishing our targets, we relied on existing data on gender representation in all areas of the company, comparisons to gender representations in our communities and evaluated the recruitment, development and training programs that would be required to achieve our targets. We also considered the impact to our workforce overall and the systems and data requirements to ensure our goals were ambitious and achievable. Once multiple inclusion & diversity targets were assessed for feasibility and alignment with our business plans, the targets were approved by the Board of Directors.

### Governance

To ensure we create and maintain a safe, respectful and inclusive work environment we have policies outlining our expectations of all staff, leaders and contractors. Our executive leadership team holds leaders accountable for creating and maintaining a positive work environment. We take action to continually improve our employee experience, monitoring through surveys and direct engagement.

In 2021 our Board revised its Board Diversity Policy to better reflect the company’s commitment to the principles of diversity. The Board aspires to have at least 40% of non-management directors be represented by women, Aboriginal peoples, persons with disabilities and members of visible minorities, with at least 30% of non-management directors being women, by year-end 2025. Diversity is an important and valuable consideration in assessing potential candidates for the Board and all nominations and appointments are made on merit in the context of the skills, expertise and experience that Cenovus requires.

### Strategy

Our success is dependent upon our management team, our leadership capabilities and the quality and competency of our employees. Attracting and retaining a diverse workforce of smart, dedicated people while ensuring our culture supports workplace results is key to the success of our corporate strategy. To foster this success and minimize potential workforce risks of being unable to attract or retain qualified leaders with the professional and technical competencies to deliver on our strategy and business plan, we create an environment that encourages development and training opportunities, promotes safety and wellbeing, and provides competitive compensation and flexible benefits plans. We provide a culture of inclusion that embraces diversity of thought, experience and background, and where people feel respected, valued and listened to. Investing in our people and our workplace culture to deliver on Cenovus’s strategy and business plan while striving for continuous improvement is integral to our workforce risk mitigation.

### Targets and performance

Our targets reflect our commitment to supporting a workplace that provides an environment of inclusion, embraces diversity of thought, experience and background, and represents the communities where we work and live. We are starting with women in leadership roles, defined as Team Lead/Coordinator/Supervisor positions or above, representing 30% of our workforce by year-end 2030. Cenovus saw an incremental increase in 2020 to 25% of women in leadership positions, from 24% in 2019. We plan to employ targeted education, recruitment and talent management approaches to achieve our target. We also intend to conduct an optional self-identification survey by the end of 2022 to better understand our current workforce and identify areas for further diversity achievements, with the goal of a diversity target beyond gender in 2023.

## Inclusion networks

In 2021 we expanded our inclusion networks to five from two. These networks are voluntary, employee-led and executive-sponsored groups that increase awareness and influence practices and programs to enhance the experience of all staff – whether they identify with the specific demographic or are allies.

en**ABLE**@Cenovus

enABLE@Cenovus focuses on promoting education, awareness and understanding for staff who have, or who are supporting, individuals with physical or mental disabilities.

**FUSION**@Cenovus

Fusion@Cenovus aims to bridge cultural gaps by leveraging the unique perspectives and skills of all staff and promoting cultural awareness and understanding to break down barriers.

**ICSC**@Cenovus

Indigenous Community Sharing Circle (ICSC@Cenovus) welcomes both Indigenous and non-Indigenous staff and strives to create a supportive environment where staff can gather, engage and be empowered to achieve personal, career and community goals.

**PRIDE**@CVE

PRIDE@Cenovus provides education on LGBTQ+ challenges and opportunities in the workplace while promoting a safe and positive environment for all staff.

Stronger Together with  
**W**@CVE

Stronger Together with Women@CVE encourages all genders to forge strategic connections and develop themselves.





## Indigenous Hiring Program

We are committed to reducing barriers to employment and creating opportunities for members of our Indigenous partner communities. Our current program, launched in early 2021, has three focus areas that further fosters our commitment to Indigenous reconciliation:

- **Students and New Graduates.** We want to increase Indigenous participation in our summer, co-op and new graduate programs.
- **Experienced Hires.** We are committed to increasing Indigenous participation in our experienced hire population.
- **Internships.** We partner with local Indigenous communities around our operations, as well as Indigenous-owned recruiting firms, to recruit and hire interns each year. These opportunities primarily focus on bridging to apprenticeship, with a view to creating a pathway to permanent employment.

The Indigenous Hiring Program offers numerous levels of support, including mentorship, special events, dedicated training and development and networking. Some areas of this program also include rotational assignments, an assigned technical coach and support for coursework.

To help feed our talent pipeline for the Indigenous Hiring Program, we worked with our partners at Indspire to provide scholarships to 40 Indigenous youth in each of 2020 and 2021.

## Creating an inclusive space

We have taken measures at various locations to provide inclusive amenities for staff. At our Calgary headquarters in Brookfield Place we have created amenity floors that include family rooms (for nursing or pumping), a multifaith prayer room, an ablution station, a meditation room, all-gender washrooms, community sharing space for our network groups, flex project spaces and a resource library. Our office in St. John's, Newfoundland and Labrador was designed with accessibility in mind, including various seating arrangements and heights in the kitchens and recessed sinks accessible to those in wheelchairs. The office space and the building it's housed in earned an Accessibility Certified Gold rating under the Rick Hansen Foundation Accessibility Certification program. We continue to assess all of our workplaces regularly to ensure that they promote inclusiveness.

## Flexible working and leaves

Modernizing our technology in recent years has enabled our staff to remain connected while working remotely. This became especially important for staff working from home during the COVID-19 pandemic. We continue to provide flexible working arrangements for staff across the company to help balance the benefits of working from home and in the office. This includes piloting a hybrid work model, which allows staff who are able to work from home do so for part of each week, if they wish. Additionally, Cenovus provides several leaves of absence options for staff who require time away from the workplace.

### HOW WE SUPPORT UN SDG 5 - GENDER EQUALITY

- **SDG target 5.1** *End all forms of discrimination against all women and girls everywhere.*

We are committed to a workplace that fosters inclusivity, respect, a range of thoughts and provides a safe environment, where human rights are upheld and individual dignity is preserved. We recognize the fundamental importance of human rights for our employees, stakeholders and communities in which we operate.

- **SDG target 5.5** *Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.*

Our inclusion and diversity targets strive to achieve equality for all designated groups.



# 7 PEOPLE & PARTNERSHIPS

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## OUR PEOPLE

Cenovus aims to be the energy company of choice for staff, investors and other stakeholders. We are encouraging a culture that emphasizes safety, high-performance and efficiency, while also prioritizing our staff wellbeing. We believe in a culture that attracts, includes and brings out the best from people who are deeply proud of, and relentlessly committed to, our ongoing success.

Attracting and retaining smart, dedicated people while ensuring our culture supports bottom line results is key to the success of our strategy. It is important to both our employees and business to have an environment that supports development, provides interesting work, pays for performance and provides recognition for going the extra mile. We treat our workforce with dignity, fairness and respect. Above all, at the end of every day we want to make sure everyone who works for us goes home safe.

We're building a diverse and inclusive workplace focused on providing an environment where people feel respected, valued and listened to. Our People Strategy is based on five pillars:

- **Organizational purpose:** Driving forward a compelling culture based on our role as an employer and global energy leader that engages all stakeholders.
- **Workforce capability:** Building a sustainable organization that has the right capability and capacity to meet future business demands.
- **Data and analytics:** Maturing our use of data, automation and analytics to simplify work processes and decision making, and to support reduced bureaucracy.

- **Future of work:** Recognizing expectations around flexibility, modern work environments and choice. Evolving leadership capabilities to support the work experience required.
- **Organizational agility:** Implementing processes and talent solutions that enable the organization to pivot quickly.

### Employee development

Employee development is critical, driving the performance that allows us to execute our business strategy. We support a 3E Development Model in training and development, focused on experience, exposure and education.

### Training

We use secure, cloud-based software to manage employee data, skills, training and policy commitments, and employees can access their learning tools and resources from their home or office. Once training modules and policy commitments have been completed, leaders can track the results, providing transparency throughout the entire process.

We use contractor portals to deliver health and safety training for our suppliers who do not have access to our in-house systems.

## HOW WE SUPPORT UN SDG 8: DECENT WORK AND ECONOMIC GROWTH

- **SDG target 8.5** *By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.*

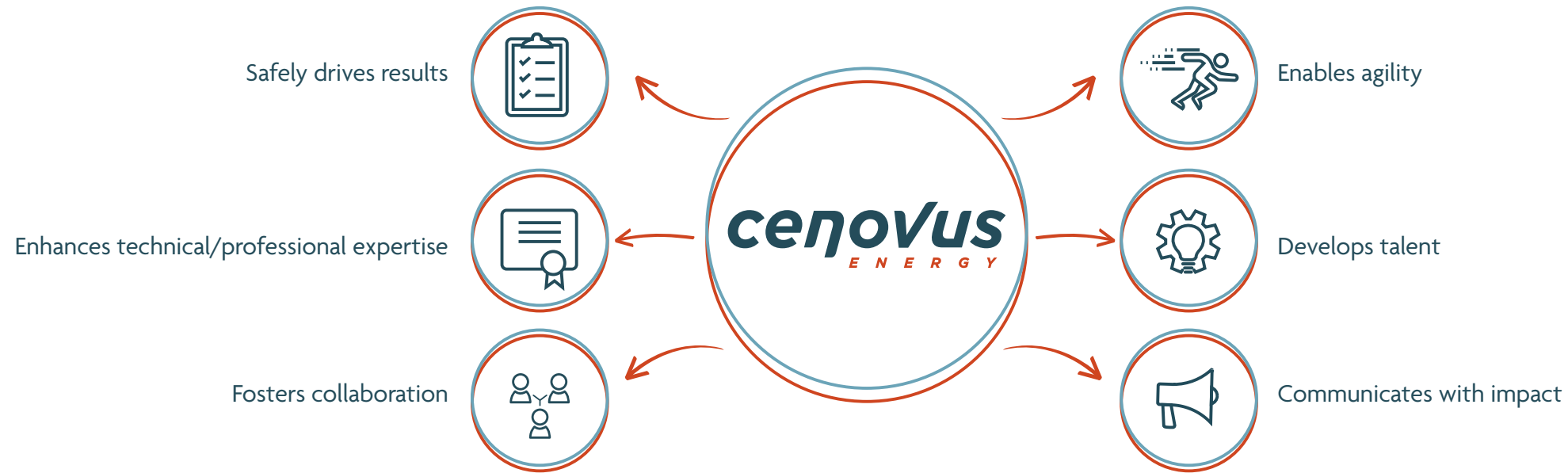
Our hiring practices ensure individuals are selected based on qualifications, merit and abilities, and we encourage applications from everyone, including visible minorities, Aboriginal peoples, women and persons with disabilities. Our work placement program supports university students and new graduates. We provide our employees with competitive compensation, health and insurance benefits, and pension and savings plans.

- **SDG target 8.8** *Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.*

Our **Human Rights Policy** reinforces our commitment to providing a healthy, safe and secure workplace. We comply with employment and labour practices, and applicable workplace, employment, privacy and human rights laws, regulations and standards.



# LEADERSHIP RESPONSIBILITIES



## Leadership program

Three newly amalgamated leadership programs are available to all Cenovus employees. Leaders of Tomorrow, a program for individual contributors, builds skills which form the foundation for future leadership transitions. Leadership Essentials, designed for leaders of individual contributors, shares approaches that characterize great leaders and builds those skills to strengthen the impact leaders have on others. Leading Leaders Strategically, for leaders of leaders, helps participants build a healthy workplace culture where they think and act strategically, demonstrate courageous leadership and communicate effectively and influentially with stakeholders. These programs provide a unique approach to learning by incorporating training, action learning and coaching. The curriculum for all programs aligns with Cenovus’s six organizational competencies to help provide the foundational skills, support and resources necessary for leaders and potential leaders to be successful in their current roles while preparing them for future opportunities.

## Performance planning

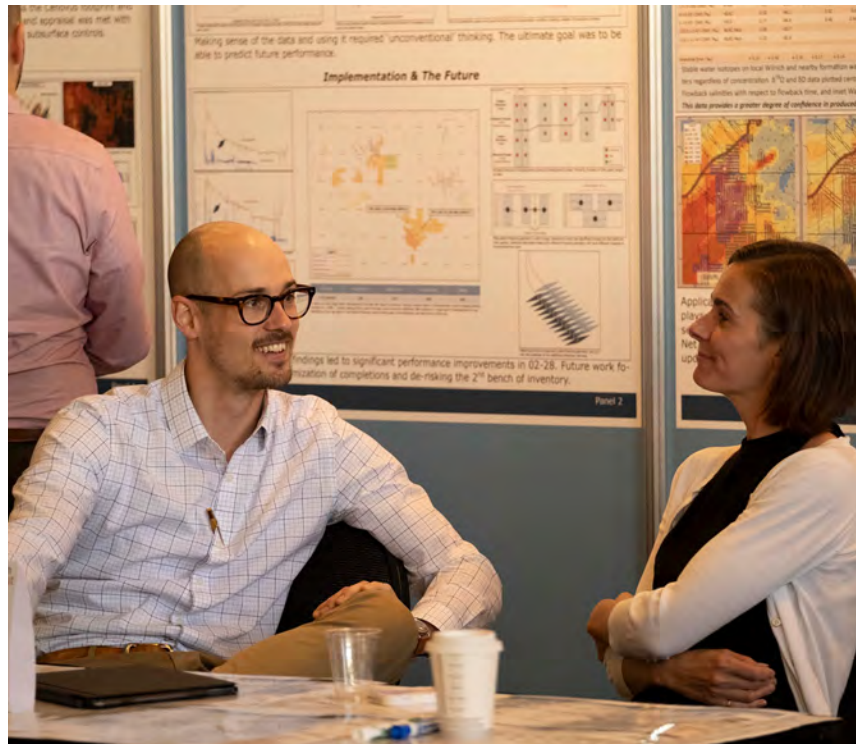
In addition to our development programs, all employees complete an annual performance agreement and have regular performance reviews. This involves a series of meaningful conversations between the employee and their supervisor throughout the year to establish clear accountabilities, align work goals to improve productivity, reinforce expected behaviours, provide valuable feedback, identify areas for improvement and drive business results.

## Talent attraction and retention

Cenovus is committed to attracting and hiring candidates from a diversity of backgrounds and perspectives. We believe in recognizing, rewarding and retaining employees who can best help us deliver on the company’s business objectives, aligned with Cenovus’s values. Our total rewards approach is market-aligned and provides employees with competitive compensation, health and insurance benefits, pension and savings plans.

## Encouraging staff feedback

We encourage staff to provide feedback and voice workplace concerns, with several ways to do so. These include speaking with a supervisor, human resources business partner or member of our Investigations Committee, or reporting concerns through our Integrity Helpline. We survey staff, providing opportunities to provide feedback and allowing us to assess the organization. Company-wide town hall meetings, as well as quarterly town halls with members of the executive leadership team, have proven to be an effective tool to answer questions and receive feedback. Staff are encouraged to comment on our CEO's internal blog and regular video messages, as well as on all information posted to the company's intranet, through a feedback link on each post.



## Health and wellness

Cenovus's occupational health and wellness programs provide several tools and resources for employees:

- Health information seminars, group fitness, wellness classes and other resources to help staff learn more about important health issues and to promote wellbeing.
- A disability management program for employees with short and long-term disabilities, including support for those unable to work due to illness or injury, those able to remain engaged in the workplace during their period of illness or injury with applicable modifications or restrictions, and those returning to work following an injury or illness. Supports are also available to employees managing an illness or injury while continuing to actively work.
- Onsite health centres provide comprehensive occupational and non-occupational health care at our Christina Lake, Foster Creek and Sunrise operations, Lima Refinery and the Lloydminster Upgrader, including first aid and acute care treatment, health assessments, health management, communicable disease management, as well as health education and illness prevention programs.
- Other locations provide occupational health and wellness initiatives through third-party service providers and referrals to local public health facilities and resources.

## Mental health and wellbeing

Nothing is more important than the safety and wellbeing of our staff and this includes mental health. We are committed to:

- **Protection and prevention** – ensuring our staff have a psychologically safe environment to work in.
- **Promotion** – ensuring staff have the opportunity to learn about and develop healthy approaches to their work and personal life.
- **Mental health coverage** – providing employees with competitive benefits coverage to use towards mental health professionals.
- **Awareness** – continuing to promote mental health awareness through the Not Myself Today program, developed by the Canadian Mental Health Association. The program aims to help staff talk more about mental health, reduce stigma and create a more inclusive and supportive workplace.
- **Employee and Family Assistance** – offering employees and their families access to confidential counselling services and other resources.

Additional mental health support available to staff and their families includes hosting workshops on mental health topics, providing employee and leader coaching as well as leader toolkits and regular safety moments. Cenovus is a leader in extending mental health benefits to its employees and in 2020 was a finalist in the Benefits Canada Workplace Benefits Award, mental health category.

## SOCIAL INVESTMENT

Making purposeful investments in communities – both financial and non-financial – is one of the ways Cenovus helps create the conditions for society to thrive. We seek out partners and the best opportunities to create shared value and inspire community development.

Eligible organizations are encouraged to apply for funding through our [website](#). Once an application is received, a dedicated team evaluates each request to assess whether it aligns with our guidelines, social investment priorities and depth of impact.

### Mobilizing our employees through Cenovus Cares

To inspire and elevate our employee's impact, we provide diverse opportunities for employees to support the causes important to them and the company's priorities, through our Cenovus Cares program. As part of the program:

- Employees double the impact of their financial contributions through matching donations from Cenovus, up to \$25,000 per employee per year.
- Employees are rewarded for their individual and team volunteering activities through grants.

In 2020, Cenovus and our employees donated a total of \$14.4 million to our communities.

CENOVUS  
cares



## 2020 HIGHLIGHTS



Employees volunteered **11,814 HOURS** through individual and team efforts.



Supporting efforts to address social bias and systemic racism, we activated a double match campaign for employees. Collectively we donated nearly **\$50,000** to help organizations in Canada and the United States advance human rights and work towards a just and equitable society for all.

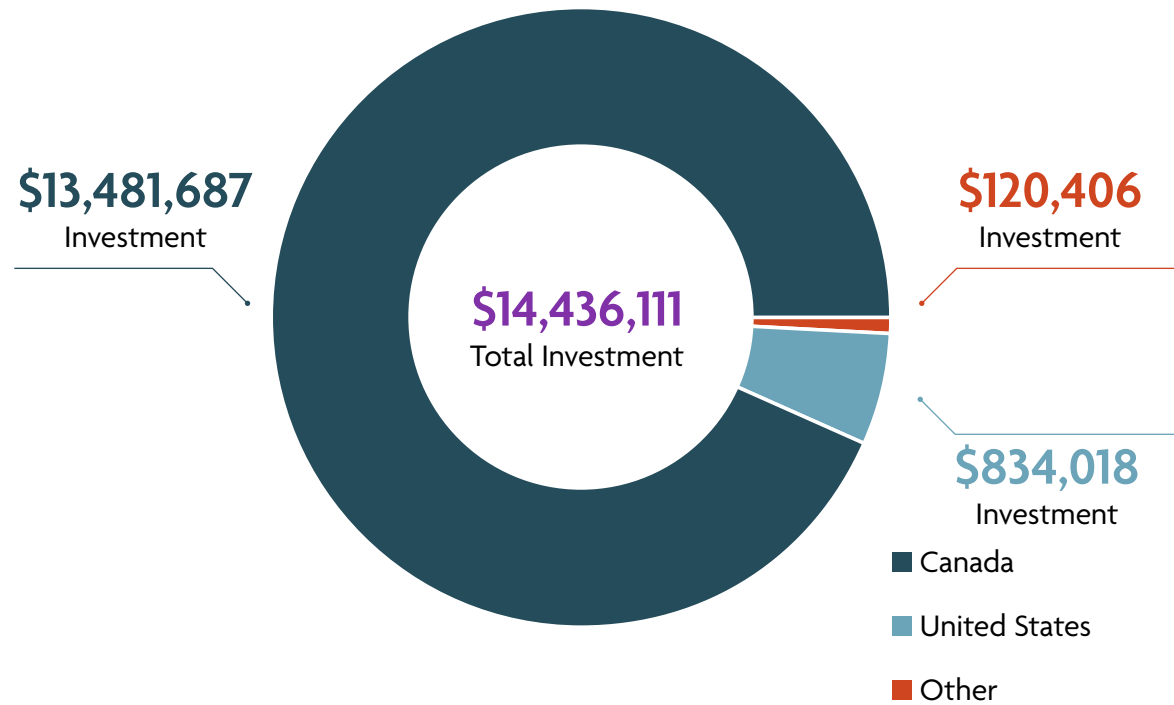
Employees accessed **\$2.37 MILLION** in corporate funding, in recognition of their fundraising, donating and volunteering efforts.



Together with our employees, through special match campaigns, we directed nearly **\$480,000** to organizations responding to critical needs during the COVID-19 pandemic.



### Donations by location



### COVID-19 pandemic response – relief and recovery

The COVID-19 pandemic led to increased demand for community services by those who already needed them most. We supported communities and organizations, including the United Way’s COVID relief funds in Canada and the U.S., various food banks, and regional hospitals and health authorities, focused on providing essential needs and services in local and Indigenous communities. We donated nearly \$1.5 million to multiple organizations and partners.

Additionally, through our participating Husky retail locations, we provided free coffee and hand sanitizer for truck drivers, lunches for kids at our restaurants and donated to Food Banks Canada to provide meals to kids across Canada.

### ACKNOWLEDGING OUR PAST AND BUILDING A BETTER FUTURE

Cenovus acknowledges Canada’s troubling history with Indigenous peoples and believes we have a role to play in advancing reconciliation efforts. In early 2021, in response to the confirmation of unmarked graves of Indigenous children at historical residential schools, we supported the Indian Residential Survivors Society and Reconciliation Canada with a total \$100,000 donation.

In 2020 we contributed more than \$6 million to organizations and causes focused on supporting Indigenous peoples and community priorities.





## PARTNERSHIPS AND COLLABORATION

In addition to our [Pathways](#) initiative, Cenovus participates in a number of partnerships. A full list is available on our [website](#).

**Canada's Oil Sands Innovation Alliance** – COSIA is an alliance of oil sands producers focused on accelerating the pace of improvement in environmental performance through collaborative action and innovation. Since COSIA's launch in 2012, member companies have supported a total of 1,143 clean technologies with \$1.8 billion. With support from seven member companies, including Cenovus, COSIA sponsored the US\$20 million NRG COSIA Carbon XPRIZE, with a goal of developing breakthrough technologies to convert CO<sub>2</sub> emissions into usable products. CarbonCure Technologies and CarbonBuilt were announced as the winners in April 2021.

**Clean Resource Innovation Network (CRIN)** – We are a member of CRIN, which applies technology and innovation to making the oil and gas industry more effective, efficient and carbon competitive.

**Evok Innovations** – We co-founded Evok Innovations, an investment partnership that accelerates the development and commercialization of environmental and economic solutions by connecting cleantech entrepreneurs with major customers and subject matter experts in industry, providing opportunities to pilot and demonstrate innovative technologies. Cenovus is providing up to \$50 million over 10 years.

**Petroleum Technology Alliance Canada (PTAC)** – We are also a member of PTAC, collaborating on the research and development of technology solutions for industry challenges such as environmental stewardship, operational efficiencies and cost reduction.

**Regional Oil Sands Operating Alliance (ROA)** – ROA focuses on the long-term sustainability of the Alberta oil sands through eliminating waste and reducing unnecessary costs while improving efficiency, safety and environmental performance within the industry. Since its launch in 2017 with seven member companies, ROA has discovered over \$425M in value across areas such as joint sourcing and procurement, benchmarking and has aligned the industry to ensure the health and safety of all members in response to the COVID-19 pandemic.

**Svante** – Svante is recognized worldwide as a top contender in carbon capture technology. In 2015, Cenovus partnered with Svante, a Vancouver-based clean-tech startup company, to test its CO<sub>2</sub> capture technology. The bench-scale trial was successful, demonstrating the technology could work in field conditions, and in 2019 a 10,000 tonne-per-year system was commissioned as the second phase of the project. The amount of CO<sub>2</sub> the system captures in a year is equivalent to the emissions from about 2,000 passenger vehicles. Based on initial success, Cenovus took an ownership position in the company.



## ENERGY TRANSITION CENTRE

Calgary is becoming the centre of Canada's carbon innovation pivot and Cenovus, with several of our peers, has committed to providing experts and industry access to start-ups using the Energy Transition Centre. This carbon removal accelerator is a partnership between the University of Calgary and Avatar Innovations and will provide opportunities for companies to collaborate with researchers, with access to investors, labs and carbon technology testing facilities.



# ALBERTA INNOVATES

## ALBERTA INNOVATES

Alberta Innovates is a provincial government agency that provides support for early-stage technology developers. We have worked with Alberta Innovates on a number of projects including development of the Alberta Carbon Conversion Technology Centre for the NRG COSIA Carbon XPRIZE competition and our pilot project to advance solvent-driven process, a steam-free alternative to SAGD production that could materially reduce emissions intensity.

## ADVOCACY AND MEMBERSHIPS

We recognize it's important for our stakeholders to understand how we interact with the public policy process. Our Code of Business Conduct & Ethics prohibits political contributions by the company. We comply with the applicable lobbying and election laws and reporting requirements in the jurisdictions where we operate. We aim for our interactions with external groups, such as industry associations or organizations we sponsor, to be consistent with our public policy positions, and we're committed to adhering to high ethical standards when communicating with government officials. We regularly participate in policy discussions as part of our membership with CAPP, Canadian Chamber of Commerce and American Fuel & Petrochemical Manufacturers and provide guidance to encourage alignment of the associations' ESG stances with that of Cenovus. Learn more about our [advocacy and memberships](#).



# 8 APPENDIX

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## SASB INDEX

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
GHG Emissions	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Quantitative	Metric tons CO <sub>2</sub> e (t), percentage (%)	EM-EP-110a.1 EM-MD-110a.1 EM-RM-110a.1 RT-CH-110a.1	2020 ESG report, Pro forma data p. 20-23
	Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	Quantitative	Metric tons CO <sub>2</sub> e (t)	EM-EP-110a.2	2020 ESG data report, Climate & GHG emissions p. 15
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	n/a	EM-EP-110a.3 EM-MD-110a.2 EM-RM-110a.2 RT-CH-110a.2	2020 ESG report, Climate & GHG emission p. 50, 54-56
Air Quality	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM <sub>10</sub> )	Quantitative	Metric tons (t)	EM-EP-120a.1 EM-MD-120a.1 EM-RM-120a.1 RT-CH-120a.1	2020 ESG data report, Air quality p. 16. Partial disclosure. Reported Total Particulate Matter (TPM) as PM <sub>10</sub> is not required for regulatory compliance reporting in every jurisdiction.
	Number of refineries in or near areas of dense population	Quantitative	Number	EM-RM-120a.2	2020 ESG report, Pro forma data, footnote AM-5 p. 23
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy Discuss its efforts to reduce energy consumption and/or improve energy efficiency throughout the production processes	Quantitative Discussion and analysis	Gigajoules (GJ), percentage (%)	RT-CH-130a.1	2020 ESG data report, Energy use p. 18 2020 ESG report, Climate & GHG emissions p. 54-55

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
<b>Water &amp; Wastewater Management</b>	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress  (3) percentage recycled (Only applicable to R&M)	Quantitative	Thousand cubic meters (m <sup>3</sup> ), percentage (%)	EM-EP-140a.1 EM-RM-140a.1 RT-CH-140a.1	2020 ESG data report, Water stewardship p. 19-20
	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	Quantitative	Thousand cubic meters (m <sup>3</sup> ), percentage (%), metric tons (t)	EM-EP-140a.2	2020 ESG data report, Water stewardship p. 19-20
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Quantitative	Number	EM-RM-140a.2 RT-CH-140a.2	Evaluating disclosure for future reports
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and analysis	n/a	RT-CH-140a.3	2020 ESG report, Water stewardship p. 63-64
	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Quantitative	Percentage (%)	EM-EP-140a.3	2020 ESG data report, Water stewardship p. 21
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline  The entity shall disclose its policies and practices related to ground and surface water quality management	Quantitative Discussion and analysis	Percentage (%)	EM-EP-140a.4	2020 ESG data report, Water stewardship p. 21 2020 ESG report, Water stewardship p. 66
<b>Waste &amp; Hazardous Materials Management</b>	Amount of hazardous waste generated, percentage recycled (Disclose the legal or regulatory framework(s) used to define hazardous waste and recycled hazardous waste, and the amounts of waste defined in accordance with each applicable framework.)	Quantitative	Metric tons (t), percentage (%)	EM-RM-150a.1 RT-CH-150a.1	Evaluating disclosure for future reports
	(1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, and (3) percentage in states with UST financial assurance funds	Quantitative	Number, percentage (%)	EM-RM-150a.2	Evaluating disclosure for future reports

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
<b>Biodiversity Impacts</b>	Description of environmental management policies and practices for active sites/operations	Discussion and analysis	n/a	EM-EP-160a.1 EM-MD-160a.1	2020 ESG report, Biodiversity p. 68-72
	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	Quantitative	Number, barrels (bbls)	EM-EP-160a.2	2020 ESG data report, Spills p. 23-24
	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USAs), and volume recovered	Quantitative	Number, barrels (bbls)	EM-MD-160a.4	2020 ESG data report, Spills p. 23-24
	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Quantitative	Percentage (%)	EM-EP-160a.3	Evaluating disclosure for future reports
	Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat	Quantitative	Percentage (%) by acreage	EM-MD-160a.2	Evaluating disclosure for future reports
	Terrestrial acreage disturbed, percentage of impacted area restored	Quantitative	Acres (ac), percentage (%)	EM-MD-160a.3	2020 ESG report, Biodiversity p. 22-23 Scope of disclosure is related to the Cold Lake caribou range habitat restoration program
<b>Security, Human Rights &amp; Rights of Indigenous People</b>	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Quantitative	Percentage (%)	EM-EP-210a.1	Evaluating disclosure for future reports
	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Quantitative	Percentage (%)	EM-EP-210a.2	Evaluating disclosure for future reports
	Discussion of engagement processes and due diligence practices with respect to human rights, Indigenous rights, and operation in areas of conflict	Discussion and analysis	n/a	EM-EP-210a.3	2020 ESG report, Human Rights p. 36, Supplier Code of Business Conduct p. 38, and Indigenous reconciliation p. 74.
<b>Community Relations</b>	Discussion of process to manage risks and opportunities associated with community rights and interests	Discussion and analysis	n/a	EM-EP-210b.1 RT-CH-210a.1	2020 ESG report, Local suppliers p. 38, Indigenous reconciliation p. 74-77, and Social investment p. 86-88
	Number and duration of non-technical delays	Quantitative	Number, days	EM-EP-210b.2	2020 ESG data report, Indigenous & community engagement p. 25

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
<b>Workforce Health &amp; Safety</b>	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	Quantitative	Rate, hours (h)	EM-EP-320a.1 RT-CH-320a.1	2020 ESG report, Pro forma data p. 20-23 Evaluating disclosure for future reports of near miss frequency rate (NMFR), and average hours of health, safety, and emergency response training. Fatality metric is disclosed as number not rate.
	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	2020 ESG report, Pro forma data p. 20-23 Fatality metric is disclosed as number not rate
	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Quantitative	Rate	EM-RM-320a.1	2021 ESG report, Pro forma data p. 20-23 Evaluating disclosure for future reports of near miss frequency rate (NMFR), and average hours of health, safety, and emergency response training. Fatality metric is disclosed as number not rate.
	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	Discussion and analysis	n/a	EM-EP-320a.2 EM-RM-320a.2	2020 ESG report, Safety & asset integrity p. 40-46
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and analysis	n/a	RT-CH-320a.2	2020 ESG report, Safety & asset integrity p. 44, 46

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
Product Design & Lifecycle Management	Revenue from products designed for use-phase resource efficiency	Quantitative	Reporting currency	RT-CH-410a.1	Evaluating disclosure for future reports
	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Quantitative	Percentage (%) by revenue, percentage (%)	RT-CH.410b.1	Evaluating disclosure for future reports
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and analysis	n/a	RT-CH.410b.2	Evaluating disclosure for future reports
	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	Not Applicable



TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
<b>Business Model Resilience</b>	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Quantitative	Million barrels (MMbbls), million standard cubic feet (MMscf)	EM-EP-420a.1	Evaluating disclosure for future reports
	Percentage of Renewable Volume Obligation (RVO) met through: (1) production of renewable fuels, (2) purchase of "separated" renewable identification numbers (RIN)	Quantitative	Percentage (%)	EM-RM-410a.1	Evaluating disclosure for future reports
	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Quantitative	Metric tons (t) CO <sub>2</sub> e	EM-EP-420a.2	Evaluating disclosure for future reports
	Total addressable market and share of market for advanced biofuels and associated infrastructure	Quantitative	Reporting currency, percentage (%)	EM-RM-410a.2	Evaluating disclosure for future reports
	Amount invested in renewable energy, revenue generated by renewable energy sales	Quantitative	Reporting currency	EM-EP-420a.3	2020 ESG data report, Financial indicators p. 11
	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	Discussion and analysis	n/a	EM-EP-420a.4	2020 ESG report, Climate & GHG emissions p. 51-52
<b>Business Ethics and Transparency</b>	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	Percentage (%)	EM-EP-510a.1	2020 ESG report, Our policies p. 36
	Total amount of monetary losses as a result of legal proceedings associated with price fixing or price manipulation Briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses	Quantitative Discussion and analysis	Reporting currency	EM-RM-520a.1	2020 ESG report, Our policies p. 36
	Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion and analysis	n/a	EM-EP-510a.2	2020 ESG report, Our policies p. 35

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
<b>Competitive Behaviour</b>	Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations	Quantitative Discussion and analysis	Reporting currency	EM-MD-520a.1	2020 ESG report, our policies p. 36
	The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses				
<b>Management of the Legal &amp; Regulatory Environment</b>	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and analysis	n/a	EM-EP-530a.1 EM-RM-530a.1 RT-CH-530a.1	2020 ESG report, Risk Management p. 30, Climate & GHG emissions p. 52, Water stewardship p. 63, Partnerships & collaboration p. 90
<b>Critical Incident Risk Management</b>	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Quantitative	Rate	EM-EP-540a.1	2020 ESG report, Pro forma data p. 20-23
<b>Critical Incident Risk Management</b>	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Quantitative	Rate	EM-EP-540a.1	2020 ESG report, Pro forma data p. 20-23
	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)  The entity shall describe incidents with a severity rating of 1 or 2, including their root cause, outcomes, and corrective actions implemented in response	Quantitative Discussion and analysis	Number, rate	RT-CH-540a.1	2020 ESG report, Pro forma data p. 20-23 Partial disclosure, evaluating Discussion and analysis disclosure for future report
	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1) and lesser consequence (Tier 2)	Quantitative	Rate	EM-RM-540a.1	2020 ESG report, Pro forma data p. 20-23
	Number of reportable pipeline incidents, percentage significant	Quantitative	Number, percentage (%)	EM-MD-540a.1	Evaluating disclosure for future reports
	Description of management systems used to identify and mitigate catastrophic and tail-end risks	Discussion and analysis	n/a	EM-EP-540a.2	2020 ESG report, Safety & asset integrity p. 40-45
	Percentage of (1) natural gas and (2) hazardous liquid pipelines inspected	Quantitative	Percentage	EM-MD-540a.2	2020 ESG report, Safety & asset integrity p. 40

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
<b>Critical Incident Risk Management</b>	Number of transport incidents The entity shall describe significant transport incidents, including their root causes, outcomes, and corrective actions implemented in response	Quantitative Discussion and analysis	Number	RT-CH-540a.2	Evaluating disclosure for future reports
	Challenges to Safety Systems indicator rate (Tier 3)	Quantitative	Rate	EM-RM-540a.2	Evaluating disclosure for future reports
	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles	Discussion and analysis	n/a	EM-MD-540a.4	2020 ESG report, Safety & asset integrity p. 40-46
	Number of (1) accident releases and (2) non-accident releases (NARs) from rail transportation Disclosure shall include a discussion of processes, procedures, and strategies to manage non-accident and accident releases	Quantitative Discussion and analysis	Number	EM-MD-540a.3	Evaluating disclosure for future reports
	Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators	Discussion and analysis	n/a	EM-RM-540a.3	Evaluating disclosure for future reports

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	CENOVUS DISCLOSURE
Activity Metrics	Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	Quantitative	Thousand barrels per day (Mbbbl/day); Million standard cubic feet per day (MMscf/day)	EM-EP-000.A	2020 ESG report, Pro forma data p. 20-23
	Production by reportable segment	Quantitative	Cubic meters (m <sup>3</sup> ) and/or metric tons (t)	RT-CH-000.A	2021 ESG report, Pro forma data p. 20-23
	Refining throughput of crude oil and other feedstocks	Quantitative	Barrels of Oil Equivalent (BOE)	EM-RM-000.A	2022 ESG report, Pro forma data p. 20-23
	Total metric ton-kilometers of: (1) natural gas, (2) crude oil, and (3) refined petroleum products transported, by mode of transport	Quantitative	Metric ton (t) kilometers	EM-MD-000.A	Evaluating disclosure for future reports
	Number of offshore sites	Quantitative	Number	EM-EP-000.B	2020 Cenovus AIF p. 14-16 identifies all offshore sites
	Refining operating capacity	Quantitative	Million barrels per calendar day (MBPD)	EM-RM-000.B	2020 ESG data report, Financial indicators p. 12
	Number of terrestrial sites	Quantitative	Number	EM-EP-000.C	2020 Cenovus AIF p. 8-14 outlines all onshore operations.

# ADVISORY

A majority of images of staff were taken before the COVID-19 pandemic and the introduction of COVID-19 health and safety protocols.

## FORWARD-LOOKING INFORMATION

This report contains certain forward-looking statements and forward-looking information (collectively referred to as “forward-looking information”) within the meaning of applicable securities legislation, including the United States Private Securities Litigation Reform Act of 1995, about our current expectations, estimates and projections about the future, based on certain assumptions made by us in light of our experience and perception of historical trends. Although Cenovus believes that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking information as actual results may differ materially from those expressed or implied.

Forward-looking information in this report is identified by words such as “achieve”, “advance”, “aim”, “ambition”, “build”, “can”, “commitment”, “committed”, “continue”, “delivering”, “develop”, “ensure”, “establishing”, “estimate”, “expect”, “focus”, “goals”, “growing”, “implementing”, “improve”, “intend”, “maintain”, “opportunity”, “plan”, “position”, “potential”, “priority”, “pursue”, “reduce”, “remain”, “strategy”, “target”, “will” or similar words or expressions and includes suggestions of future outcomes, including, but not limited to, statements about: forecast demand for oil, fuel, natural gas and other byproducts; Cenovus's five ESG focus areas, commitments and further ambitions, including the ESG targets and governance, strategies, and milestones for achieving them; reducing net equity-based absolute scope 1 and

2 GHG emissions by 35% by year-end 2035 from 2019 levels and long-term ambition to achieve net zero GHG emissions from operations by 2050; our commitment to sustainably developing our assets in a safe, innovative and cost-efficient manner, with ESG considerations embedded into our business plans; establishing Cenovus as a top-tier sustainability performer and industry thought leader; our focus on top-tier safety and asset integrity and related programs and plans; building up to 200 homes in Indigenous communities nearest our oil sands operations and training about 120 students; further advancing and incorporating SDGs into our business activities; status of the Superior Refinery rebuild; achieving leading ESG and sustainability performance while delivering business results and long-term financial resilience and operating in a responsible and respectful way; high level ESG opportunities and risks and examples of Cenovus's actions and risk management strategies; meeting and potentially exceeding regulatory compliance in jurisdictions where we operate; using innovation and operational efficiency, including new technologies, to minimize our impact on the environment; leveraging the Oil Sands Pathways to Net Zero initiative and potential government support to share investment/costs in clean energy technologies and infrastructure; maintaining our low-cost structure and an asset portfolio that allows us to remain resilient and sustainable through the commodity price cycle and as the energy mix diversifies; positioning Cenovus to be resilient through a transition to a low carbon future; resilient to a WTI break-even of US\$36/bbl in 2021 which we will work to lower further; continuing advocacy efforts

to help Canadian oil producers be seen as global suppliers of choice for responsibly produced oil; financial benefits and financial risks from diversification of our asset portfolio; maintaining a focus on our low cost structure, generating free funds flow and growing shareholder returns; delivering continuous improvement in safety performance, process safety management and quality; implementing COIMS; prioritizing the health and safety of our staff and the communities where we live and work, and continued safe operations, in the ongoing COVID-19 pandemic; Cenovus's core portfolio remaining hydrocarbon focused with continued investment in decarbonization technologies and leveraging existing organizational competencies and talent to improve energy efficiency and reduce emissions from our asset base; continued high-grading of our existing portfolio; the Oil Sands Pathways to Net Zero projects and plans, including a CCUS pipeline near Cold Lake; the benefits and anticipated cost synergies associated with the Husky transaction; our risk management, corporate strategy and five year business plans, including embedding sustainability therein; reducing methane emissions, including the pilot alt-fugitive emission management project; focus on building capacity with Indigenous suppliers to support our asset retirement activities; conducting an optional self-identification survey for our workforce by the end of 2022; improving our identification and mitigation of water risks, water management planning, and monitoring and measurement of water performance; providing a healthy and safe work environment; our incident and emergency response plans; impacts resulting from the Husky transaction and integration,

including resiliency through any commodity price cycle leading to accelerated deleveraging of our balance sheet; our continued participation with industry organizations and associations, including the Oil Sands Pathways to Net Zero; and the availability and cost of labour and services.

Developing forward-looking information involves reliance on a number of assumptions and other factors and consideration of certain risks and uncertainties, some of which are specific to Cenovus and others that apply to the industry generally. The factors or assumptions on which our forward-looking information is based include the following: our ability to access sufficient capital to pursue sustainability and development plans; our ability to develop, access or implement some or all of the technology necessary to efficiently and effectively operate assets and achieve expected future results, including in respect of climate and GHG emissions targets and ambitions and the commercial viability and scalability of emission reduction strategies and related technology and products;; continuing collaboration with the government, Oil Sands Pathways to Net Zero and other industry organizations; our ability to successfully integrate the business of Husky and realize the benefits and anticipated cost synergies associated with the Husky transaction; the accuracy of third-party data upon which we rely; our ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; our ability to grow capacity in areas of safety to effectively prevent potential process safety events; the performance of assets and equipment; applicable laws and government policies, including royalty rates, and laws and policies relating to climate change; the receipt, in a timely manner, of regulatory and partner approvals, as applicable; our ability to generate sufficient cash flow to meet current and future obligations; future production rates; our ability

to implement capital projects or stages thereof in a successful and timely manner; the availability of Indigenous owned or operated businesses and our ability to retain them; and other risks and uncertainties described from time to time in the filings Cenovus makes with securities regulatory authorities, including the assumptions inherent in Cenovus's 2021 guidance available on [cenovus.com](https://www.cenovus.com).

The risk factors and uncertainties that could cause actual results to differ materially include, but are not limited to: our ability to develop, access or implement some or all of the technology necessary to efficiently and effectively operate assets and achieve expected future results, including in respect of climate and GHG emissions targets and ambitions and the commercial viability and scalability of emission reduction strategies and related technology and products; the development and execution of implementing strategies to meet climate and GHG emissions targets and ambitions; the effectiveness of our risk management program; risks inherent in the operation of our business; our ability to successfully complete development plans; our ability to successfully integrate the business of Husky and achieve the benefits and cost synergies anticipated with the Husky acquisition in a timely manner or at all; unforeseen or undisclosed liabilities associated with the Husky acquisition; the inaccuracy of any assessments undertaken in connection with the Husky acquisition and any resulting pro forma information; the inaccuracy of any information provided by Husky; and risks associated with climate change and our assumptions relating thereto. In addition, there are risks that the effect of actions taken by us in implementing targets, commitments and ambitions for ESG focus areas may have a negative impact on our existing business, growth plans and future results from operations.

Readers are cautioned that the foregoing lists are not exhaustive and are made as at the date hereof. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information. For a full discussion of Cenovus's material risk factors, assumptions and uncertainties, see "Risk Management and Risk Factors" and "Advisory" in our Management's Discussion and Analysis (MD&A) for the period ended September 30, 2021 and the risk factors described in other documents Cenovus files from time to time with securities regulatory authorities in Canada, available on SEDAR at [sedar.com](https://www.sedar.com), and with the U.S. Securities and Exchange Commission on EDGAR at [sec.gov](https://www.sec.gov), and on the Corporation's website. Additional information concerning Husky's business and assets as of December 30, 2020 may be found in the Husky Annual Information Form and Husky MD&A, each of which is filed and available on SEDAR under Husky's profile at [sedar.com](https://www.sedar.com). Cenovus undertakes no obligation to update or revise any forward-looking information except as required by law.



## Independent practitioner's assurance report

To the Management of Cenovus Energy Inc.

### Scope

We have been engaged by Cenovus Energy Inc. ("Cenovus") to perform a 'reasonable assurance engagement' and a 'limited assurance engagement' defined by Canadian Standard on Assurance Engagements, here after referred to as the engagement, over select pro forma combined key performance indicators of Legacy Cenovus and Legacy Husky (collectively, the "Subject Matter") detailed in the accompanying Schedule, for the years ended December 31, 2020 and 2019 and disclosed in Cenovus's 2020 Environmental, Social & Governance Report (the "Report"). The key performance indicators in scope for 'reasonable assurance' are referred to herein as ("Subject Matter 1") and those in scope for 'limited assurance' are referred to herein as ("Subject Matter 2").

Other than as described in the preceding paragraph, which sets out the scope of the engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion or opinion on this information.

### Criteria applied by Cenovus

In preparing the Subject Matter, Cenovus applied relevant guidance contained within the International Petroleum Industry Environment and Conservation Association ("IPIECA") Sustainability Reporting Guidance for the oil and gas industry, the Sustainability Accounting Standards Board ("SASB") Standards and internally developed criteria, collectively referred to herein as (the "Criteria"). The Criteria are identified in the Report on pages 20 –23.

### Cenovus' responsibilities

Cenovus' management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### EY's responsibilities

As related to Subject Matter 1 and Subject Matter 2, our responsibility is to express an opinion or conclusion, respectively, on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Canadian Standard on Assurance Engagements ("CSAE"), Attestation Engagements Other than Audits or Reviews of Historical Financial Information ("CSAE 3000"). This standard requires that we plan and perform our engagement to obtain reasonable or limited assurance, as applicable, about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion, as related to Subject Matter 1 and for our limited assurance conclusions, as related to Subject Matter 2.

### Our independence and quality control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and have the required competencies and experience to conduct this assurance engagement.

EY also applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

#### Subject Matter 1

For purposes of providing reasonable assurance over Subject Matter 1, our procedures included:

- Conducting interviews with relevant personnel to obtain an understanding of the reporting process and internal controls;
- Testing, on a sample basis, accuracy of calculations performed and agreeing to source documentation;
- Testing that the Criteria has been correctly applied; and
- Reviewing presentation and disclosure of the Subject Matter 1 in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

The Greenhouse Gas ("GHG") quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

#### Subject Matter 2

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.



Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

For purposes of providing limited assurance over Subject Matter 2, our procedures included:

- Conducting interviews with relevant personnel to obtain an understanding of the reporting processes and internal controls;
- Inquiries of relevant personnel who are responsible for the Subject Matter 2 including, where relevant, observing and inspecting systems and processes for data aggregation and reporting in accordance with the Criteria;
- Assessing the accuracy of data, through analytical procedures and reperformance of calculations, where applicable; and
- Reviewing presentation and disclosure of the Subject Matter 2 in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

### Inherent limitations

Non-financial information, such as the Subject Matter, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the Subject Matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques which can result in materially different evaluation and can impact comparability between entities and over time.

### Opinion – Subject Matter 1

In our opinion, the Subject Matter 1 for the years ended December 31, 2020 and 2019 is presented, in all material respects, in accordance with the applicable Criteria.

### Conclusion – Subject Matter 2

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to Subject Matter 2 for the years ended December 31, 2020 and 2019, in order for it to be in accordance with the applicable Criteria.

Calgary, Canada  
December 7, 2021



## Schedule

The internally and externally developed criteria for Subject Matter 1 and 2 are identified in the Report on pages 20 - 23.

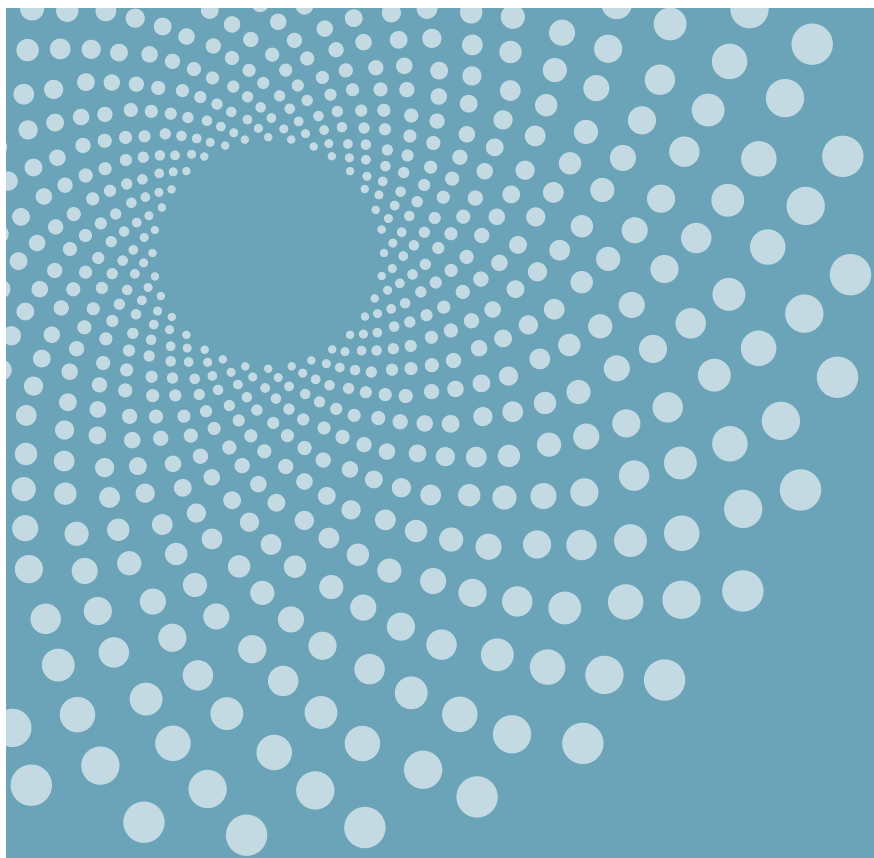
### Subject Matter 1

Performance Indicator	Scope	Unit of Measure	Reported Value For the year ended December 31, 2020	Reported Value For the year ended December 31, 2019
Scope 1 GHG emissions	Company-wide	MM CO <sub>2</sub> e	17.47	18.13
Scope 2 GHG emissions	Company-wide	MM CO <sub>2</sub> e	1.93	2.10

### Subject Matter 2

Performance Indicator	Scope	Unit of Measure	Reported Value For the year ended December 31, 2020	Reported Value For the year ended December 31, 2019
Scope 1 GHG emissions intensity	Company-wide	t CO <sub>2</sub> e/MBOE	49.79	51.30
Scope 2 GHG emissions intensity	Company-wide	t CO <sub>2</sub> e/MBOE	5.50	5.96
Upstream production	Company-wide	BOE/d	723,002	725,134
Downstream throughput	Company-wide	BOE/d	229,678	233,482
Chemical production	Company-wide	BOE/d	2,616	2,937
Fresh water withdrawn	Company-wide	10 <sup>3</sup> m <sup>3</sup>	33,149	32,362
Fresh water intensity	Oil sands	bbl water/BOE	0.15	0.15
Fresh water intensity	Lloydminster thermals	bbl water/BOE	3.8	3.6
Well Site reclamation certificates received	Company-wide	Number	473	561
Cumulative spend on caribou habitat restoration	Company-wide	\$MM	9.73	9.53
Annual spend on caribou habitat restoration	Company-wide	\$MM	0.2	4.73
Total area under restoration	Company-wide	Acres	164,530	164,530
Caribou habitat restoration ratio	Company-wide	Ratio	0.34	0.34
Annual indigenous business spend	Company-wide	\$MM	168	215
Total recordable incident rate	Company-wide	Rate	0.32	0.42
Fatalities	Company-wide	Number	0	0
Process safety events - Tier 1	Company-wide	Number	8	6
Process safety events - Tier 2	Company-wide	Number	13	27
Lost time incident frequency	Company-wide	Rate	0.05	0.05
Percentage female employees	Company-wide	%	30	29
Percentage female - leadership roles	Company-wide	%	25	24
Percentage female - top leadership roles	Company-wide	%	19	17





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