

## **DIFFERENCES IN CENOVUS'S CORPORATE GOVERNANCE PRACTICES COMPARED TO NYSE CORPORATE GOVERNANCE STANDARDS**

As a Canadian company listed on the New York Stock Exchange ("NYSE"), we are not required to comply with most of the NYSE corporate governance standards and instead may comply with Canadian corporate governance practices. We are, however, required to disclose the significant differences between our corporate governance practices and those required to be followed by U.S. domestic companies under the NYSE corporate governance standards.

For further information about our corporate governance practices, please see the "Corporate Governance" section in our most recent Management Information Circular ("Circular").

The following is a summary of the significant ways in which our corporate governance practices differ from those required to be followed by U.S. domestic companies under the NYSE's corporate governance standards. Except as described in this summary, we are in compliance with the NYSE corporate governance standards in all significant respects.

### **Corporate Governance Guidelines**

Section 303A.09 of the NYSE's Listed Company Manual requires a listed company to adopt and disclose a set of corporate governance guidelines with respect to specified topics. Such guidelines are required to be posted on the listed company's website. We operate under corporate governance principles that are consistent with the requirements of Section 303A.09, and which are described in the "Corporate Governance" section of our Circular. We have not codified our corporate governance principles into "formal guidelines" in order to post them on our website, but believe that our corporate governance practices, together with the practices and documents posted on our website under "Our Board" and "Key Governance Documents", represent corporate governance guidelines consistent with the requirements of Section 303A.09 of the NYSE's Listed Company Manual.

### **Approval of Equity Compensation Plans**

Section 303A.08 of the NYSE's Listed Company Manual requires shareholder approval of all equity compensation plans and material revisions to such plans. The definition of "equity compensation plans" covers plans that provide for the delivery of newly issued and treasury securities, as well as plans that rely on securities re-acquired in the open market by the issuing company for the purpose of redistribution to employees and directors. The TSX rules provide that only the creation of or material amendments to equity compensation plans, which provide for new issuances of securities, are subject to shareholder approval. We follow the TSX rules with respect to the requirements for shareholder approval of equity compensation plans and material revisions to such plans.

### **Independence Standards**

Our Board of Directors is responsible for determining whether or not each director is independent. In making this determination, our Board has adopted the definition of "independence" as set forth in National Instrument 58-101 *Disclosure of Corporate Governance Practices*. In applying this definition, our Board considers all relationships of the directors with Cenovus, including business, family and other relationships. Our Board has not adopted the director independence standards contained in Section 303A.02 of the NYSE's Listed Company Manual.

Our Board of Directors also determines whether each member of our Audit Committee is independent pursuant to National Instrument 52-110 *Audit Committees* and Rule 10A-3 of the *Securities Exchange Act of 1934*, as required under Section 303A.06 of the NYSE's Listed Company Manual.