

2017

CORPORATE RESPONSIBILITY REPORT

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Glossary of commonly used acronyms

AIF - Annual Information Form
CAPP - Canadian Association of Petroleum Producers
CO ₂ - Carbon dioxide
COMS - Cenovus Operations Management System
COSIA - Canada's Oil Sands Innovation Alliance
GHG - Greenhouse gas
MD&A - Management's Discussion and Analysis
NGO - Non-government organization
NGL - Natural gas liquid
NO _x - Nitrogen oxide
SAGD - Steam-assisted gravity drainage
SAP - Solvent-aided process
SDP - Solvent-driven process
SOR - Steam to oil ratio
SO ₂ - Sulphur dioxide



MESSAGE FROM OUR
**PRESIDENT &
CHIEF EXECUTIVE OFFICER**

Cenovus has long been recognized as one of Canada's most responsible oil and natural gas producers. When we launched in 2009, we made a strong commitment to operate in a safe, ethical, legal, environmentally and socially responsible manner, not just because it's the right thing to do, but because it makes good business sense. That commitment is just as important to us now as it was then.

Our reputation for responsible development is a key part of our ability to maintain good relationships with our stakeholders, which are critical to our continued success as a company. It's also important that our industry maintain its reputation for responsible resource development. According to all credible forecasts, fossil fuels will continue to play a significant role in the world's energy mix for decades to come. With its vast natural resources, proven track record for innovation and world-leading environmental and climate regulations, we believe Canada has a unique opportunity to become a global supplier of choice for responsibly produced oil and natural gas.

At Cenovus, responsible development means advancing innovative technologies that address key environmental challenges like reducing greenhouse gas emissions, restoring caribou habitat and minimizing the amount of water we use in our operations. It means developing a positive work culture that attracts top talent, keeps people engaged and that is diverse, inclusive and respectful. It means ensuring that we're engaging with Aboriginal and other local communities where we operate so we can address their concerns, support local businesses and make community investments that enhance their quality of life. It means supporting climate policy that positions Canada as a world leader in responsible oil production while also ensuring our industry remains globally competitive. Above all, it means doing everything we can to ensure our staff get home safely every night.

Our commitment to responsible development is supported by a governance structure that includes a Board of Directors with a broad range of skills and experience to help ensure that our business

decisions are aligned with our corporate responsibility objectives. In addition, we have a robust set of policies and practices that define the behaviours expected of our staff in their daily work. And we've developed decision-making frameworks that guide us in identifying, addressing and minimizing risk, including corporate responsibility related risk.

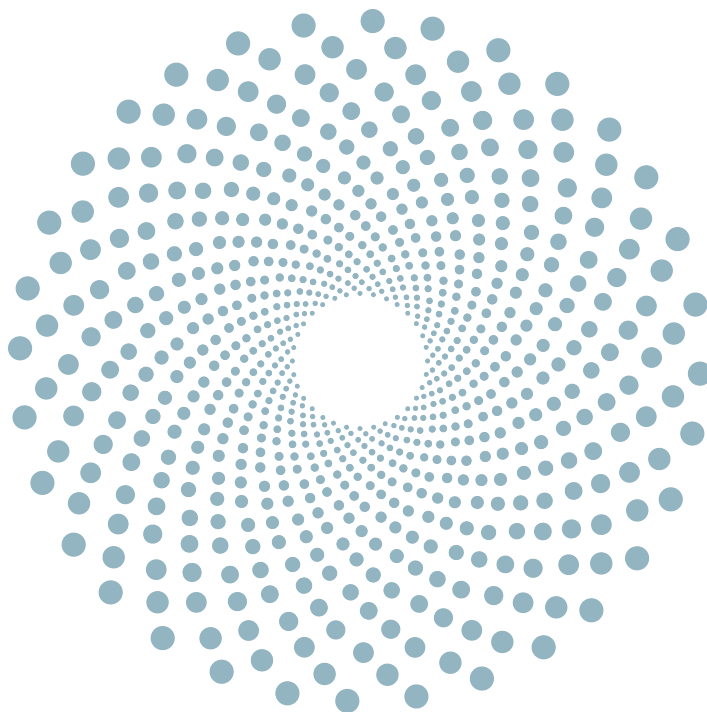
In our 2017 corporate responsibility report, you'll learn about some of the initiatives we've been undertaking to maintain our reputation as one of Canada's most responsible and respected oil and natural gas producers. For example, last year we advanced our research into the use of solvents to reduce greenhouse gas emissions and improve the efficiency of the steam-assisted gravity drainage process we use at our oil sands facilities. We continued to make progress with our industry leading caribou habitat restoration work. We successfully completed a number of important land reclamation projects. And we surpassed \$2.4 billion in goods and services purchased from Aboriginal-run companies and Aboriginal joint-ventures since Cenovus launched in 2009. In the spring of 2018, we also published a standalone report entitled *Cenovus's Carbon Disclosure: Managing climate-related risks* to provide transparent disclosure to our investors about Cenovus's view on its financial resilience in a lower-carbon economy. In addition, we continued our Board renewal process, adding new directors with new skills and experience as some of our long-standing Board members retired.

Cenovus also achieved a number of important safety milestones last year, including having its lowest ever total recordable injury frequency. Unfortunately, these great safety achievements by our staff in 2017 were followed by a tragic event early this year when a third-party contractor was fatally injured at our Christina Lake project. That incident was a sobering reminder of the importance of focusing on safety at all times at every one of our operations and locations.

Last year also brought new opportunities and challenges for Cenovus, largely related to the acquisition of the remaining 50 percent of our Christina Lake and Foster Creek oil sands assets, the addition of a new core operating area in the Deep Basin and the divestiture of our legacy conventional oil and natural gas business. While this refocusing of our asset portfolio made us a stronger company, it also resulted in significant organizational change, including a 15 percent reduction in our workforce in the first quarter of 2018. Change of that magnitude can be unsettling for an organization and its people, which is why one of my key goals for 2018 is to reset Cenovus's culture and simplify the organization to give our staff a clearer understanding of their role in our future success. As part of that process we worked with staff to develop a new vision, mission and values statement which you can read about below.

Overall, I'm proud of the progress we've made and of what the company achieved in 2017, and I look forward to continuing our work this year to ensure that Cenovus remains a company that our staff, stakeholders and Canadians can be truly proud of.

Alex Pourbaix
President & Chief Executive Officer



ABOUT US

OUR VISION

To be the energy company of choice for investors, staff and stakeholders.

OUR MISSION

To maximize the value of the company by responsibly developing oil and natural gas assets in a safe, innovative and efficient way.

OUR VALUES

Safety: Safety before all else

Integrity: We are transparent, honest and treat everyone with respect

Performance: We work as one team to make smart decisions that deliver results

Accountability: We do what we say we will do

OUR BUSINESS

Our strategy is focused on maximizing shareholder value through cost leadership and realizing the best margins for our products.

We will maintain financial discipline, while balancing growth with shareholder returns. We plan to achieve the goals of our strategy by demonstrating capital discipline, continuing to advance our operational performance, and upholding our trusted reputation.

Steam-assisted gravity drainage (SAGD)

Our oil sands reservoirs are located hundreds of metres underground, and we use high-tech drilling and production techniques to recover the oil.

The process, known as SAGD, uses natural gas as a fuel to heat water into steam, which is injected into the reservoir to mobilize the thick oil so it can be pumped to our processing facilities. This involves far less surface disturbance than mining, and we have no tailings ponds.

► [Learn more](#)

Steam to oil ratio (SOR)

Steam to oil ratio is the amount of steam needed to produce a barrel of oil at our SAGD projects. It's a key measure of operational and environmental efficiency for SAGD and Cenovus's SOR is among the lowest in the industry.

At our industry-leading oil sands assets in northern Alberta, we use a technique called steam-assisted gravity drainage (SAGD) to produce the oil. Our Foster Creek facility was the world's first commercial SAGD operation. At our Deep Basin assets in Alberta and British Columbia, we have predominantly liquids-rich natural gas production.

Cenovus also owns a crude-by-rail terminal in Alberta and has 50 percent non-operated ownership in two U.S. refineries. This integrated approach to our oil business helps maximize margins and provide stability to our cash flows by giving us exposure to the full oil [value chain](#) from production through to the output of finished products such as gasoline, diesel and jet fuel.

Cenovus shares trade on the Toronto and New York stock exchanges under the symbol CVE. We're based in Calgary, Alberta and had more than 3,800 staff members, including employees and contractors, across our operations at the end of 2017.

► [Learn more](#)

2017 quick facts

- Oil production: 360,700 barrels/day (bbls/d) net
- Natural gas production: 659 million cubic feet/day
- Refined products: 470,000 bbls/d gross
- Free funds flow: \$1.25 billion
- Net earnings: \$3.4 billion
- Adjusted funds flow: \$2.9 billion
- Surpassed \$2.4 billion in cumulative business spending with Aboriginal-owned companies or Aboriginal joint ventures in our operating areas since 2009
- Donated \$10 million to more than 1,000 organizations

OUR REPORTING APPROACH

We recognize that conducting our business in a responsible and respectful way requires a commitment to be transparent with our stakeholders about our environmental, social and governance performance. Transparency is beneficial for both our stakeholders and Cenovus. It lets us provide information that satisfies the needs of our stakeholders, and the feedback we receive when we share information allows us to better understand how their expectations change over time.

External reporting guidelines

This report is prepared in accordance with the [Global Reporting Initiative \(GRI\) 2016 Standard](#) 'Core' option, and information demonstrating this alignment can be found in the [GRI Index and Supplement](#) in the Reporting Data section. We also reference the International Petroleum Industry Environmental Conservation Association (IPIECA) Oil and Gas Industry Guidance for Voluntary Sustainability Reporting (3rd edition) and various guidelines from the [Canadian Association of Petroleum Producers \(CAPP\)](#).

Corporate responsibility materiality assessment

To keep our corporate responsibility reporting and voluntary disclosure up to date and relevant, we review our reporting content and performance indicators annually. This helps ensure alignment with external stakeholder expectations and our business strategy. One way we're able to identify corporate responsibility issues that could have a significant impact on our business is by ensuring our report aligns with the principles of the GRI 2016 standard as follows:

- **Stakeholder inclusiveness:** We integrate the feedback we receive from ongoing engagement with several stakeholder groups, some of which we engage with specifically to obtain input on our corporate responsibility disclosures. These groups include, but are not limited to: local communities, Aboriginal communities, non-government organizations (NGOs), academics, investors, investment analysts, suppliers, industry associations and local chambers of commerce. (*For more, see [Table 1](#) and the [Community](#) section of this report.*)
- **Sustainability context:** We present information on our activities in the context of our strategy and value chain, the broader role of the oil and gas sector in the economy and society, and we discuss environmental issues in a relevant regional or global context
- **Materiality:** We select and present corporate responsibility topics based on their importance to our company, alignment with the key areas of focus of our [Corporate Responsibility Policy](#) and importance and relative impact to our stakeholders (*see [Table 2](#)*). We also consider peer and industry reporting practices as well as emerging trends and standards in sustainability reporting and

disclosure. We complete a periodic assessment and review of corporate responsibility topic materiality incorporating input from Cenovus subject matter experts, external sustainability experts and feedback from our stakeholders

- **Completeness:** We report on a broad range of economic, social and environmental issues, including both the positive impacts and challenges related to our activities. The level of content provided in this report, as well as in our financial and other company disclosures, is commensurate with the importance of the issue to our company and our stakeholders.

How we report

We report information about how we manage the environmental, social and governance aspects of our business in a number of ways:

Corporate responsibility report

Through our corporate responsibility report we voluntarily disclose information that more broadly describes our activities, policies, opportunities and risks. This includes information about our governance framework and our management approach to the material topics outlined in the GRI 2016 Standards (i.e. environmental, social and governance (ESG) issues, ESG performance indicators and the GRI Index).

▶ [Learn more](#)

Cenovus.com

Our external website contains general information about our company, our operations and the technologies we use and has dedicated sections for investors and contractors. Information about our policies, management system, corporate responsibility approach and Board of Directors, including information on Board mandates and committees, can also be found on [cenovus.com](#). In addition, many of our successes are showcased on our website through [stories](#) about technology development, improvements in the way we work and our community investments and initiatives.

▶ [Learn more](#)

Cenovus carbon risk disclosure

In April 2018, we published *Cenovus's Carbon Disclosure: Managing climate-related risks* on our website. This standalone report features Cenovus's perspective on the global transition to a lower-carbon future, including our view on carbon pricing and associated risks. It also highlights how we test our strategy against a variety of scenarios and outlines ways that we manage and mitigate climate-related risks. The report follows the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures. In future years, we plan to include that disclosure in our corporate responsibility report.

▶ [Learn more](#)

Reporting Assurance

We've obtained third-party assurance for each of our corporate responsibility reports since our company was created in 2009. External assurance of our corporate responsibility performance indicators helps us create a credible report that stakeholders can have confidence in. As we evolve this assurance program, we continue to look for ways to enhance the credibility of our reporting systems and the accuracy of our data.

For 2017, Ernst & Young (EY) LLP provided us with limited assurance on five corporate responsibility indicators. EY also provided reasonable assurance on our three greenhouse gas (GHG) indicators. This included a rigorous review of our data and processes that concluded our indicators are materially accurate and relevant. With the growing importance of carbon reporting in our industry, we're committed to measuring and disclosing accurate and complete information.

Through our membership in London Benchmarking Group (LBG) Canada, we undergo a yearly review of our community investment portfolio to a reasonable level of assurance. The audit helps us understand the total value of our cash and in-kind donations and employee volunteer hours as well as our program management costs.

TABLE 1 – STAKEHOLDER ENGAGEMENT APPROACHES AND COMMON TOPICS OF INTEREST

Stakeholder	How we engage	Common topics of engagement/interest
Investors	<ul style="list-style-type: none"> • Meetings with investors and research analysts • Investor calls and Annual Meeting of Shareholders • Tours of our operations 	<ul style="list-style-type: none"> • Financial and operating performance • Governance performance including our environmental and social practices
Government and regulators	<ul style="list-style-type: none"> • Meetings with government officials (registered lobbying) • Tours of our operations • Regulatory and reporting compliance • Participation on advisory committees • Government policy consultations (e.g. through CAPP) 	<ul style="list-style-type: none"> • National and provincial regulations and policy • Royalty regimes applicable to our sector • Market access, oil and gas sector economic contribution • Regulatory compliance, environmental performance and climate change
Employees and contractors	<ul style="list-style-type: none"> • Company-wide townhalls • Intranet • Onboarding program for new employees • Employee performance agreements • Employee career development plans • Social media channels • Integrity Helpline 	<ul style="list-style-type: none"> • Business strategy and corporate performance • Safety information and wellness initiatives • Environmental performance and innovation • Organizational change • Policies and Integrity Helpline • Career planning, training and development • Employee volunteering and giving
Local communities	<ul style="list-style-type: none"> • Meetings, open houses and tours of our operations • Supporting local businesses and opportunities • Participating in community events, employee volunteering and employee giving • Social media channels • Integrity Helpline 	<ul style="list-style-type: none"> • Project updates • Local business and employment opportunities • Support for community initiatives and programs • Environmental impacts and operational performance • Respectful workplace practices in the community and being a good neighbour (e.g. reducing noise, dust and traffic)
Aboriginal communities	<ul style="list-style-type: none"> • Consultation on project development • Updates on projects • Tours of our operations • Meetings with community business development officers • Implementation meetings for long-term agreements, employee volunteering/giving • Supporting and participating in community initiatives • Social media channels • Integrity Helpline 	<ul style="list-style-type: none"> • Project consultation • Meeting agreement commitments • Local business and employment opportunities • Environmental impacts and performance • Respectful workplace practices in the community • Training and development
Non-government organizations (NGOs)	<ul style="list-style-type: none"> • Meetings with organizations to understand concerns and mutual interests, share perspectives • Tours of our operations • Volunteering • Financial support through business sponsorships 	<ul style="list-style-type: none"> • Social and environmental performance/stewardship • Corporate responsibility reporting • Climate change and environmental innovation • Market access • Energy education
Industry and economic development associations and committees	<ul style="list-style-type: none"> • Memberships in national, regional and local economic development agencies and chambers of commerce • Memberships in various professional and industry associations • Participation on various industry committees 	<ul style="list-style-type: none"> • Market access, attracting business investment, fostering trade and economic growth • Corporate and public governance • Human capital and social development • Environmental performance • Technology development and innovation • Health and safety standards • Regional collaboration • Managing orphan well liabilities • Policy development • Industry communications • Stakeholder engagement
Business partners	<ul style="list-style-type: none"> • Meetings with our joint venture partners • Meetings with the companies we invest in through the Cenovus Environmental Opportunity Fund and Evok Innovations • Tours of our operations 	<ul style="list-style-type: none"> • Responsible development and environmental performance • Market access • Technology and innovation development • Regulatory compliance • Health and safety standards
Suppliers	<ul style="list-style-type: none"> • Meetings • Ongoing vendor relationship management 	<ul style="list-style-type: none"> • Contractual terms (i.e. rates) and qualification processes • Business ethics, safety and environmental performance • Contracting with local suppliers where possible • Capacity building in local communities
Academic institutions and think tanks	<ul style="list-style-type: none"> • Research projects and/or technology field trials in collaboration with industry, research consortia and academic institutions • Tours of our operations 	<ul style="list-style-type: none"> • Research and technology development • Climate change and environmental performance • Career training and workforce development
Technology and cleantech industry	<ul style="list-style-type: none"> • Sponsoring events and participating in conferences • Meetings with partners and innovators to fund and accelerate technology development • Canada's Oil Sands Innovation Alliance (COSIA), Evok Innovations 	<ul style="list-style-type: none"> • Technology, innovation, research and development • Climate change and environmental performance solutions
Media	<ul style="list-style-type: none"> • News releases and proactive story pitches • Media presentations, interviews and tours • Social media channels 	<ul style="list-style-type: none"> • Broad range of issues reflecting all stakeholder interests

TABLE 2 – CORPORATE RESPONSIBILITY REPORT TOPIC SUMMARY

Topic ^a	Stakeholder groups for which the topic is relevant for decision making ^b	Relevant GRI standards ^c and IPIECA guidelines ^d that inform what we report
Governance	Investors; local communities; suppliers	GRI 102 – General Disclosures
Advocacy and lobbying	Investors; NGOs; government	GRI 415 – Public Policy; IPIECA SE14 – Public Policy and Lobbying
Economic contribution	Local communities; regional stakeholders	GRI 201 – Economic Performance
Supply chain management	Investors; suppliers	GRI 204 – Procurement Practices; IPIECA SE7 – Local Procurement and Supplier Development
Workforce management	Investors; employees	GRI 401 – Employment, 404 – Training and Development IPIECA SE15 – Workforce Engagement, SE17 – Workforce Training and Development
Diversity and inclusion	Investors; employees and contractors	GRI 405 – Diversity and Equal Opportunity; IPIECA SE15 – Workforce Diversity and Inclusion
Safety management	Employees and contractors; investors; suppliers	GRI 403 – Occupational Health & Safety IPIECA HS3 – Occupational Injury and Illness Incidents
Occupational health	Employees and contractors; suppliers; local communities; regulators; government	GRI 403 – Occupational Health & Safety IPIECA HS2 – Workforce Health
Process safety	Employees and contractors; local communities; investors; suppliers; regulators	GRI OGS4 OG13 – Asset Integrity and Process Safety IPIECA HS5 – Process Safety
Emergency management	Employees and contractors; local communities; investors; suppliers; regulators	GRI OGS4 Local Community DMA IPIECA E11 – Spills to the environment
Stakeholder engagement	Local communities; investors	GRI 413 – Local Communities IPIECA SE1 – Local community Impacts and Engagement
Community investment and involvement	Local communities; employees; investors	GRI 201 – Economic Performance IPIECA SE4 – Social Investment
Aboriginal relations	Local communities; investors	GRI 204 – Procurement Practices, 413 – Local Communities IPIECA SE2 – Indigenous Peoples, SE7 – Local Procurement and Supplier Development
Environmental management	NGOs; investors; regulators; government	GRI 307 – Environmental Compliance
Emissions	NGOs; local communities; investors; regulators; government	GRI 302 – Energy, 305 - Emissions IPIECA E1 - Greenhouse Gas Emissions, E2 - Energy Use, E4 - Flared Gas, E8 - Other Air Emissions
Water	NGOs; local communities; investors; regulators; government	GRI 303 – Water IPIECA E6 – Fresh Water
Biodiversity	NGOs; local communities; investors; regulators; government	GRI 304 – Biodiversity IPIECA E5 – Biodiversity and Ecosystem Services
Decommissioning and reclamation	NGOs; local communities; investors; regulators; government	GRI OGS4 OG11 – Sites Decommissioned IPIECA – Decommissioning
Spills	NGOs; local communities; investors; regulators; government	GRI – Effluents and Waste IPIECA E9 – Spills to the environment
Waste	NGOs; investors	GRI – Effluents and Waste IPIECA E10 - Waste

^a Topics are listed in their order of appearance in this report. The level of content provided in this report as well as in our financial and other company disclosures is commensurate with the importance of the issue to our company and our stakeholders.

^b In some cases, a topic of interest may only reflect a small portion of stakeholders within a larger stakeholder group (i.e. sustainability investors vs. all investors).

^c While we are guided by the content of the GRI Standards, Cenovus only reports in accordance with the GRI 2016 Standard "Core" option. A list of specific GRI Standards we report to satisfy this requirement can be found in the GRI Index of this report.

^d Global Reporting Initiative Oil and Gas Sector Disclosure Guidelines (Global Reporting Initiative, 2013).

OUR APPROACH TO INNOVATION

At Cenovus, we believe oil and natural gas will be part of a cleaner energy future. We also believe that innovation and technology development are key to helping ensure our long-term success as a top-tier Canadian oil and natural gas producer. In a world that has increasingly turned its attention to the challenges associated with climate change, GHG emissions have become not only an environmental liability but a cost driver. In addition, over the last few years, technology advancements have helped Canada's biggest oil customer, the U.S., become one of its biggest competitors for energy investment. To help ensure that Cenovus can remain both cost and carbon competitive on a North American and global basis, we're focused on developing technologies to help us reduce emissions and improve our environmental performance while also increasing our efficiency and reducing costs.

Technology Investment and Collaboration

In addition to developing our own technologies, we are collaborating with peers, academics, other industries and entrepreneurs from around the world. We are taking a strategic approach, focusing on technology projects that have the greatest chance of addressing key environmental and economic challenges faced by Cenovus and its industry peers.

Many of these cleantech innovations that are being developed in Canada also have the potential to address environmental challenges faced by other industries and jurisdictions around the globe.

Technology Development

Improving how we drill and complete wells

Over the last few years, we've been able to reduce the time it takes to drill and complete our SAGD wells by more than 50 percent, which has resulted in significant cost savings. Through the application of new technologies and instrumentation, we've also achieved better conformance (production efficiency) along the full length of our well bores. This, in turn, has helped us successfully drill wells longer than 1,600 metres, double our average well length from just a few years ago. That means we can access the same amount of oil with fewer wells and well pads, saving costs and reducing our environmental footprint.

► [Learn more](#)

Improving our oil sands pad design

Building on everything we've learned from operating SAGD projects for many years, our teams went back to the drawing board to come up with more efficient, lower cost ways to build new oil sands well pads.

We are now taking what we call a zero-based design approach. We build the pad starting with the most basic equipment and infrastructure required for its safe and reliable operation. Moving through different phases of the pad lifecycle, we add, remove or repurpose equipment or infrastructure as needed (e.g. pipe spools, instrumentation, control valves and start-up pumps). Compared with our previous well pads, this zero-based design approach has helped us reduce costs by up to 55 percent and surface footprint by up to 20 percent for some of our new well pads.

► [Learn more](#)

Leading the way in seismic survey technology

To gather seismic data to determine the best locations for drilling in our oil sands reservoirs, we've traditionally used dynamite to create acoustic waves in the reservoirs. Recently, we've started using *Vibroseis*, a truck-mounted piece of equipment that uses a vibrating plate instead of dynamite to create the acoustic waves. This allows us to collect seismic data more efficiently and safely with less ground disturbance.

► [Learn more](#)

Advancing solvent technology

Cenovus is a leader in the development of solvent technology. We believe that solvents are part of the next generation of SAGD technology and have the potential to significantly improve both our costs and environmental performance, especially in the area of GHG emissions. At Cenovus, we refer to this technology as a solvent-aided process (SAP) or a solvent-driven process (SDP). (*Also, see the Emissions and Energy Use section of this report*)

► [Learn more](#)

Collaboration

Canada's Oil Sands Innovation Alliance (COSIA)

Cenovus is a founding member of [COSIA](#), which is based on the idea that by collaborating on technology and innovation, companies will improve the industry's environmental performance faster and more effectively than by working alone. COSIA's 10 member companies have four areas of focus – land, water, tailings and GHGs – each governed by its own Environmental Priority Area (EPA) joint venture agreement. In 2017, Cenovus chaired COSIA's Shareholder Steering Committee, which consists of senior leaders from each member company who meet monthly to discuss key issues and concerns and set COSIA's strategic direction.

NRG COSIA Carbon XPRIZE

In 2015, with support from eight member companies, including Cenovus, COSIA teamed up with NRG Energy to sponsor the US\$20 million [NRG COSIA Carbon XPRIZE](#). The competition is a cross-border, cross-industry effort to promote and advance the discovery and development of technologies that could contribute to a cleaner energy future by launching an entirely new commercial industry - converting carbon dioxide (CO₂) emissions into valuable products.

By mid-2016, 47 teams had responded to the call. In 2018, the field of competition was reduced to 10 teams who will demonstrate their technologies at two test centres – some using CO₂ flue gas from a natural gas plant and some from a coal plant – to see who the ultimate winners of the NRG COSIA Carbon XPRIZE competition will be. A winner will be announced in 2020. The approach these teams have taken has varied widely and includes converting captured CO₂ into enhanced concrete, liquid fuels, plastics and carbon fibre. All the finalists are pushing the boundaries of innovation to create breakthrough CO₂ conversion solutions that could ultimately contribute to a cleaner energy future.

► [Meet the teams.](#)

Evok Innovations

Cenovus is a co-founder, along with Suncor Energy and the BC Cleantech CEO Alliance, of [Evok Innovations](#), a first-of-its-kind \$100 million investment partnership. Evok's mission is to connect the energy industry and the global clean technology community to accelerate the development and commercialization of early-stage cleantech solutions addressing the toughest economic and environmental challenges facing the oil and gas industry. That includes the challenge of significantly reducing or eliminating CO₂ emissions from the production of oil through to its end use.

Partnering with the Massachusetts Institute of Technology (MIT)

In 2017, Cenovus joined the [MIT Energy Initiative \(MITEI\)](#), the energy-focused innovation hub of MIT, through its Carbon Capture Utilization and Storage (CCUS) Low-Carbon Energy Center. The centre is made up of global energy majors whose collective focus on developing economic solutions for carbon capture and utilization, combined with MIT's global access to CCUS research, presents an unparalleled collaboration opportunity to help catalyze the transition to a lower-carbon energy future.

This partnership with MIT demonstrates our commitment to work with one of the world's foremost research institutions to tackle this global challenge. We also have access to a multi-disciplinary team of researchers, economists and policy experts at MIT. The intent of these in-depth interactions between industry and academia is to significantly shorten the time required to achieve early stage breakthroughs and deploy new technologies.

Seeking submissions for technology solutions

Research and development is fundamental to how we do business. We have employees dedicated to technology development to drive innovation in our business, and we're always looking for ways to further improve our techniques and processes. That's why we have an online submission form on our company website to encourage smart people from around the world to submit technology solutions that could help improve our operations. Since launching our technology submissions web page in November of 2015, we have received and reviewed 79 technologies from vendors, individuals and academia. Some of the technologies have shown potential and are currently being pursued by subject matter experts from our Technology Development team.

► [Learn more](#)

GOVERNANCE

How we do our work at Cenovus is as important as what we do. We recognize that to deliver consistent and long-term shareholder value we must operate in a responsible manner that maintains and enhances our reputation. Driving these behaviours requires good governance. Our governance structure provides management systems that help ensure corporate responsibility is embedded in our work. Effective governance is important to our shareholders, employees, suppliers and community stakeholders in the regions where we operate.

Board of Directors

Our [Board of Directors](#) oversees the management of Cenovus's business through a robust system of corporate governance and internal controls. Board meetings are held regularly, including meetings of the Board's five standing committees:

- Audit
- Human Resources and Compensation
- Nominating and Corporate Governance
- Reserves
- Safety, Environment and Responsibility

The skills matrix on page 32 of our [2018 Management Information Circular](#) illustrates the breadth of skills and experience of our current Board members. The matrix also identifies the categories of skills and experience considered by the Nominating and Corporate Governance Committee when assessing the qualifications of Board members and new Board nominees. Categories relevant to the corporate responsibility oversight role include:

- Strategic planning & execution
- Risk management
- Human resources
- Compensation & organizational management
- Government & stakeholder relations
- Governance
- Safety, environment & health

Our Board Diversity Policy includes an aspirational target to have at least one-third female independent directors by 2020.

Cenovus has an ongoing continuing education program to enhance Board members' skills and understanding of our business environment and key emerging issues. Understanding Cenovus, the industry and our regulatory environment in the context of climate change enhances our Board's effectiveness as stewards of

the company. In addition to receiving regular briefings that discuss climate change and related topics, the Board conducts an extensive annual review of risk factors for the company as part of the preparation of our Annual Information Form (AIF).

Safety, Environment and Responsibility (SER) Committee

The [SER Committee](#) of the Board assists the Board in carrying out its oversight responsibilities relating to our [Corporate Responsibility Policy](#), which includes safety, social, environmental, economic, business conduct and ethical considerations. The Committee is made up of independent directors and meets at least three times a year to review:

- Our safety, regulatory and environmental performance benchmarked against our peers based on injury frequency, GHG emissions, regulatory compliance, spill incidents and reclamation and abandonment activity
- Any trends or high-risk observations from our internal operations assurance program
- Any significant contraventions of regulations or policies such as our [Code of Business Conduct & Ethics](#)
- Emerging federal and provincial legislation, regulations and decisions affecting the environment, fiscal policies and market access.

Corporate Responsibility Policy

Our [Corporate Responsibility Policy](#) outlines the conduct expected of our staff, management and Board in six key areas:

- Leadership: Our Leadership Team ensures that safety, health, environmental, social, ethical and financial considerations are integrated into our business decisions. The Leadership Team strives to ensure that performance expectations and behaviours across the company are consistent with our corporate responsibility commitments.
▶ [Learn more](#)
- Corporate governance and business practices: Our approach to governance is directed at setting the highest standards of integrity and meeting or exceeding applicable laws and regulations.
▶ [Learn more](#)
- People: We want everyone to focus on being safe, not only at work but at home. We strive to create a workplace where people have a clear understanding of their role, what's expected of them and how their work aligns with Cenovus's strategy.
▶ [Learn more](#)

- Environmental performance: We integrate environmental considerations into how we do business – from the design of our projects, to the way we operate, to the care we take in restoring the environment when a project is complete.
 - ▶ [Learn more](#)
- Stakeholder & Aboriginal engagement: We work closely with our stakeholders so we have a better understanding of their concerns about our industry and they have a better understanding of our company.
 - ▶ [Learn more](#)
- Community involvement and investment: We're a company that strives to ensure the communities where we live, work and operate are stronger and better off as a result of us being there.
 - ▶ [Learn more](#)

Code of Business Conduct & Ethics

Our [Code of Business Conduct & Ethics](#), approved by the Board, applies to all officers, employees, contractors and directors of Cenovus and reflects the company's commitment to conducting our business ethically, legally and safely. We expect service providers and suppliers to also be familiar with and uphold the company's corporate values and practices. The Code of Business Conduct & Ethics specifically addresses:

- Compliance with laws and regulations
- Corporate opportunities
- Conflicts of interest
- Fraud and other similar irregular activities
- Confidentiality and disclosure
- Safety, environmental and corporate responsibility
- Acceptable use of Cenovus's systems and assets
- Inducements and gifts
- Political and lobbying activities
- Fair dealing
- Acquisition and supply of goods and services
- Accurate maintenance of books and records
- Accounting, auditing or disclosure concerns
- Human rights and harassment
- Whistleblower protection

We update the code regularly to reflect societal changes as well as best practices in our business. The most recent update was made on March 1, 2017.

Policy Commitment and Training

As part of our commitment to implement the policies and practices set by the Board and management, directors and employees are required to both review and commit to certain policies on a regular basis.

All directors annually review and commit to the Corporate Responsibility Policy and Code of Business Conduct & Ethics.

Upon hire, new staff are required to review and commit to the Code of Business Conduct & Ethics, Corporate Responsibility Policy and a number of other policies and practices. In addition, employees are required to review and commit to the Code of Business Conduct & Ethics each year and periodically review and commit to other policies and practices.

Employee training on select policies and practices supplements the policy review and commitment process. In past years, this supplemental training has focused on the following:

- Corporate Responsibility Policy
- Code of Business Conduct & Ethics
- Workplace Violence & Harassment Prevention Standard
- Conflict of Interest Practice
- Acceptance of Gifts Guideline
- Alcohol & Drug Policy
- Records and Information Management Policy
- Policy on Disclosure, Confidentiality and Employee Trading
- Intellectual Property Practice
- Fraud Awareness
- Cenovus Operations Management System (COMS)

Enterprise Risk Management (ERM)

In the pursuit of Cenovus's strategic objectives, the company is exposed to a number of risks, some of which impact the oil and gas industry as a whole and others that are unique to our operations. Effective risk management helps ensure consistent and reliable execution of our strategy and major business objectives. Our approach to risk management begins with our Board-approved [Enterprise Risk Management \(ERM\) Policy](#), which defines our risk management principles as well as the roles and responsibilities of our staff.

The framework is embedded into various standards, practices, processes and risk assessment tools we use across the company. Our ERM policy outlines expectations for the identification, measurement, prioritization and management of risk across Cenovus. Risks are assessed considering potential health and safety,

operational, financial, environmental and regulatory or reputational impacts to our business in the context of our risk tolerance.

The results of our enterprise risk management program are documented in an annual risk report presented to the Board as well as through quarterly Board updates and our Management's Discussion and Analysis (MD&A).

Cenovus Operations Management System (COMS)

The integrated COMS provides a consistent framework for assessing, managing and optimizing business processes, operations risk, safety, environment and operating performance. COMS is an operations excellence management system – a type that's used across many industries. The COMS framework aims to manage aspects such as quality, safety and environment through seven elements that guide our work:

- Leadership: Leaders establish a clear vision, set goals, targets and plans and ensure they are well communicated
- People: The right people are in place to achieve the company's goals, they know what they are accountable for and they take ownership
- Risk identification and assessment: Once people understand their role in preventing risks, identifying those risks creates value
- Risk mitigation: With risks identified and assessed, the means for controlling them can be identified and implemented
- Knowledge sharing: Consistent application of controls across Cenovus means staff can be properly trained and cross-functional knowledge and understanding is shared
- Management of change: Processes must be clearly defined and controlled before change can be effectively managed
- Continuous improvement: Measurable improvement can be made on processes that are defined and controlled.

Internal groups at Cenovus also undertake assurance programs to evaluate conformance with COMS and compliance with existing regulation.

Compensation Programs

Our total compensation package for management and staff provides a certain fixed compensation, such as base salary, in addition to discretionary components such as performance bonuses and long-term incentive awards.

Our compensation programs are designed to:

- Align employee and management interests with those of our shareholders
- Attract and retain high-performing staff and executives
- Reward strong performance
- Discourage excessive risk-taking that could have a material adverse effect on the company.

Our [Human Resources and Compensation Committee](#) assists the Board in carrying out its oversight responsibilities with respect to our compensation programs, executive compensation, pay for performance and senior succession planning. To give our shareholders a say on pay, a non-binding advisory vote on our approach to executive compensation is held every year as part of our Annual Meeting of Shareholders.

Our key governance practices and elements for compensation can be found in our [2018 Management Information Circular](#).

Payment Transparency

We recognize that conducting our business in a responsible, ethical and respectful way requires a commitment to transparency with our stakeholders. Reporting payments to governments is an important way to increase trust with our stakeholders. The [Extractive Sector Transparency Measurement Act \(ESTMA\) report](#), available on our website, provides an overview of the payments made to governments by Cenovus and our subsidiaries and partnerships involved in the commercial development of crude oil and natural gas. Our first ESTMA report was released in 2017, reflecting payments we made in 2016. The report released in 2018, covering 2017 payments, is the first time we were required to disclose payments made to Aboriginal governments.

Human Rights

Cenovus is committed to ensuring compliance with applicable laws and regulations relating to human rights, employment and labour relations in the jurisdictions in which we operate. This commitment is integrated into various aspects of our policies and business practices. Our Corporate Responsibility Policy confirms our support of the principles contained in the Universal Declaration of Human Rights.

Addressing Concerns

We have an independent and confidential third-party operated [Integrity Helpline](#). Contact information for the Integrity Helpline and our [Investigations Committee](#) is available on our website. Stakeholders, including local community residents and other members of the public as well as our employees and contractors are

encouraged to report any business conduct concerns through the Integrity Helpline. Staff may also report concerns to their supervisor, a human resources business partner or a member of Cenovus's Investigations Committee. Residents in the communities near our operations can raise any concerns through the Integrity Helpline or with their local community relations representative. As stated in our Code of Business Conduct & Ethics, retaliation against individuals who report violations of the Code of Business Conduct & Ethics is not tolerated.

In 2017, we received 84 contacts through our Integrity Helpline, which resulted in 23 new investigations by our Investigations Committee. Reports that were not handled by the Investigations Committee were forwarded to the appropriate business lead or subject matter expert for resolution. (See the data on our [Integrity Helpline contacts](#).)

Advocacy, Memberships and Sponsorships

Cenovus recognizes that it's important for stakeholders to understand how companies engage in the public policy process. We aim to have our interactions with external groups, such as industry associations or organizations that we sponsor, be consistent with our public policy positions. We are committed to maintaining high ethical standards when communicating with government and regulatory officials, whom we meet with from time to time to share insights on the business impacts of potential policy changes and to make recommendations on efficient ways to achieve policy objectives.

Membership and sponsorship management

Cenovus has memberships in numerous industry and business groups, and we sponsor a number of organizations for specific community activities that align with our business objectives or commercial interests. Many of our memberships and sponsorships provide services such as data gathering for analysis and publication or the hosting of instructional workshops on topics not related to policy. In some cases, federal and provincial governments will specifically seek industry input as part of government-led policy consultation processes with organizations of which we are members. Governments may also participate in cross-sector dialogue during events that we sponsor.

Memberships and sponsorships, including those where indirect political advocacy could occur, are managed by teams reporting to Cenovus's Executive Vice-President, Stakeholder Engagement, Safety, Legal & General Counsel. Depending on the cost and potential for reputational impact, decisions about specific sponsorships or membership may include review and approval by a Leadership Team member.

We disclose the politically oriented organizations that we support through memberships and sponsorships in our corporate responsibility report.

Political donations and lobbying

As of March 1, 2017, our Code of Business Conduct & Ethics prohibits political contributions by the company. We comply with all applicable lobbying legislation. This includes the Lobbying Act (Canada) and the lobbying acts in Alberta and British Columbia, which impose reporting requirements on lobbying communications with certain officers and employees of government, also known as "public office holders."

TABLE 3 - INDICATORS

Sponsorships in 2017 ^a	Memberships in 2017 ^b	
<p>\$1,000 - \$25,000</p> <ul style="list-style-type: none"> • Calgary Chamber of Commerce • Calgary Economic Development • The Conference Board of Canada • Public Policy Forum <p>> \$25,000</p> <ul style="list-style-type: none"> • University of Ottawa Positive Energy Project 	<p>\$1,000 - \$25,000</p> <ul style="list-style-type: none"> • Alberta Chamber of Resources • Alberta Chamber of Commerce • American Fuel & Petrochemical Manufacturers • Bonnyville & District Chamber of Commerce • Brooks & District Chamber of Commerce • Canadian Council For Aboriginal Business • Canadian Society for Unconventional Resources • C.D. Howe Institute • Cold Lake Regional Chamber of Commerce • Drumheller & District Chamber of Commerce • EXCEL Partnership • Greater Vancouver Board of Trade • Independent Power Producers Society of Alberta • ISC3 • Lac La Biche & District Chamber of Commerce • Medicine Hat & District Chamber of Commerce • National Freight Transportation Association • Pembina Area Synergy Group • Petroleum Technology Alliance Canada • Region One Aboriginal Business Association • Rimbey Regional Synergy Group • Saskatchewan Chamber of Commerce • Sundre Petroleum Operators Group • WESTAC • West Central Stakeholders 	<p>> \$25,000</p> <ul style="list-style-type: none"> • Business Council of British Columbia • Calgary Chamber of Commerce • Canadian Council of Chief Executives • CAPP • Industrial Power Consumers Association of Alberta • Northeast Capital Industrial Association • Resource Works Society
<p>^a May include organizations to which Cenovus provided financial sponsorship for activities that supported advocacy in one or more of the following ways: support of activities to encourage stakeholder dialogue on policy related matters involving engagement with government officials; support of events that generally promoted a position on a project that aligned with Cenovus's commercial interests; support of events that provided general financial assistance to an organization known to undertake policy advocacy activity, such as meeting or corresponding with government officials for the purpose of influencing decisions. The advocacy position of these groups may or may not reflect Cenovus's perspective.</p> <p>^b May include organizations and trade associations that are known to undertake advocacy activities such as meeting or corresponding with government officials in order to influence policy decisions. The advocacy positions taken by these groups may or may not reflect Cenovus's perspective.</p>		

ECONOMY

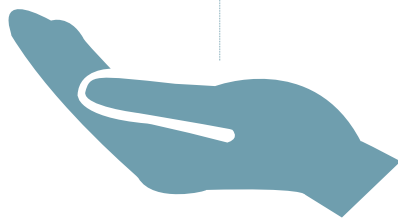
Our Economic Contribution

As a Canadian oil and natural gas company, we're committed to developing our country's resources responsibly. We contribute to Canada's economy and to the wealth and prosperity of local communities near our operations. Our contributions include:

- Providing direct and indirect jobs in Alberta, British Columbia and across Canada
- Paying taxes and royalties to multiple levels of government
- Paying dividends to our shareholders and interest to our lenders
- Purchasing goods and services from Aboriginal and other local suppliers, as well as from businesses across Canada and the United States
- Driving innovation through investments in research and technology development and through collaboration with peers, academia, governments and other organizations and people around the world
- Enhancing quality of life and opportunities for the communities where we work and live through our community investment programs and in-kind donations.

2017 Cenovus economic contributions

\$1.66 BILLION	ANNUAL CAPITAL INVESTMENT	GROSS EMPLOYEE WAGES AND BENEFITS	\$667 MILLION
\$445 MILLION	ROYALTIES	PROCUREMENT OF GOODS AND SERVICES FROM ABORIGINAL BUSINESSES	\$240 MILLION
\$225 MILLION	DIVIDENDS ¹	TOTAL VALUE OF COMMUNITY INVESTMENT ²	\$10 MILLION



¹ Source: 2017 annual report (page 38)

² Total value of community investments = total value of company investments plus stakeholder contribution (e.g. employee donations), audited by LBG Canada

Total industry economic contributions

The oil sands industry provides significant economic benefits to Canada. These include:

- Royalty payments: For the eighth fiscal year in a row, bitumen royalties were the largest contributor to provincial resource royalty revenue. In 2016 and 2017, revenue from bitumen royalties accounted for \$1.5 billion, or about 48 percent of non-renewable provincial resource revenue. Conventional crude oil royalties contributed \$716 million, or about 23 percent of provincial non-renewable resource revenue³
- Employment opportunities: In 2017, the oil sands supported and created about 69,000 direct jobs and about 153,000 indirect jobs across Canada⁴
- Supply chain: In 2016, the oil sands industry purchased goods or services from over 2,000 companies across Canada⁵
- Working with Aboriginal companies: In 2015 and 2016, nearly 400 Aboriginal companies from across Alberta provided goods or services, valued at about \$3.3 billion, to oil sands operators. These companies come from 65 communities across the province.⁶

³ Source: Alberta Energy's 2016-2017 Annual Report

⁴ Source: CAPP The Facts on Canada's Oil Sands

⁵ Source: CAPP The Facts on Canada's Oil Sands (latest available data)

⁶ Source: CAPP 2017 Indigenous Engagement Survey Results

Supply Chain Management

Our goods and services are primarily procured within North America, where over 99 percent of our operations budget was spent in 2017. While we procure goods and services from across the continent, Cenovus remains committed to finding opportunities to work with and purchase from local businesses.

We have a formalized process in place to identify risks within our supply chain. This includes a risk matrix, which is reviewed and updated biannually. The matrix helps us evaluate a variety of risks, including those related to corporate responsibility issues.

Over the last several years, we have been working to standardize our supply chain processes to more effectively manage Cenovus's spending. This includes implementing a mandatory approval process that controls the number of suppliers we use. By reducing our supplier base and pre-qualifying suppliers, we've been able to improve our supply chain performance from a financial, health and safety, execution, ethics and risk perspective. These processes help ensure that we continue to work with qualified suppliers who best meet our needs while adding new suppliers only when there is demonstrated value.

Incorporating Aboriginal businesses into our supply chain

Cenovus is a company that wants to create opportunities for Aboriginal people. We place value on doing business with local Aboriginal contractors. We believe this business relationship is an important part of contributing to the long-term sustainability of communities. Cenovus favours safe, competitive local Aboriginal businesses for our projects.

► [Learn more](#)

Contractor safety management

Service providers and contractors account for roughly 75 percent of the hours worked at our field operations, so it is critical that they are as committed to safety as our staff. Our Contractor Safety Management Program integrates health and safety considerations into our supply chain. We have a 95 percent supplier compliance rating in ISNetworld, a database we use to access information on contractors that helps us ensure base compliance to health and safety and environmental requirements. *(For more, see the [Health & Safety](#) section of this report.)*

OUR PEOPLE

WORKFORCE MANAGEMENT

Our goals and targets	Examples of progress we made last year
<p>Goal: Improve organizational health</p>	<ul style="list-style-type: none"> • Conducted a company-wide survey to identify areas where we can improve staff engagement and morale • Launched two different staff feedback mechanisms – one to provide feedback directly to our President & Chief Executive Officer; the other to provide feedback on internal communications • Hosted our fourth Innovation Summit for staff • Hosted our first Development Summit for employees

We aim to be the energy company of choice for investors, staff and stakeholders. Attracting and retaining smart, dedicated people while ensuring our culture supports bottom line results is key to the success of our business strategy. It is important to both our staff and our 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 safely to their families.

Our Management Approach

Organizational health

At Cenovus, organizational health is about how we deliver results and is focused on four key pillars:

- Alignment is about ensuring staff can see how their work contributes to the success of their team and the company
- Execution is about having the right tools and processes in place to help staff deliver on their accountabilities and do meaningful work
- Engagement is about the workplace experience. We want our staff to feel recognized and appreciated, and to feel a sense of community in our workspaces and camps
- Agility is about sensing and adapting to change. We want to help staff be agile by empowering them to make decisions, innovate, drive change and leverage technology.

Performance and development

We are committed to developing and maintaining a dynamic and competent workforce and ensuring that our employees clearly understand Cenovus's strategy and their role in executing that strategy. We have performance programs that include formal performance and development conversations that provide employees with valuable feedback that acknowledges their strengths and identifies areas for improvement.

Talent attraction and retention: Cenovus takes a total rewards approach to recruiting and retaining qualified employees who are able to deliver on the company's business objectives while striving for continuous improvement in what they do. Our total rewards approach includes providing Cenovus employees with competitive compensation, health and insurance benefits and pension and savings plans.

Performance planning and reviews: All of our employees complete an annual performance agreement and have performance reviews. This involves a series of meaningful conversations throughout the year between the employee and their supervisor to establish clear accountabilities and align work goals to improve productivity, reinforce expected behaviours and drive business results.

Career development: Employee development is one of Cenovus's organizational health priorities. Employees complete an annual development plan with their supervisor to identify opportunities to enhance their skills and experience and to support career development in alignment with Cenovus's business interests. Development is provided through on-the-job learning, mentoring, networking, volunteering and through formal internal and external course work.

Key Initiatives and Actions

Improving staff feedback

We encourage staff to provide feedback and voice workplace concerns. If workplace concerns exist, staff can speak with either their supervisor, a Human Resources Business Partner, a member of our Investigations Committee or they can report a concern through our anonymous Integrity Helpline, either by phone or through an online intake form.

We conduct periodic surveys to gauge organizational health, understand key cultural drivers and measure staff engagement. These anonymous and confidential surveys are conducted by an

independent consulting firm and give staff the opportunity to influence positive change within the organization by sharing their feedback. In 2017, we conducted a survey to establish baseline data on organizational health and we plan to conduct additional staff surveys annually.

We also gather feedback from our staff using intranet tools. In 2017, this included:

- Feedback for Alex: We implemented an online tool that gave staff the opportunity to directly share their comments or suggestions with our newly-appointed President & Chief Executive Officer, with an option to remain anonymous
- Provide your feedback on this communication: We created a tool to let staff provide feedback on messages and bulletins posted on our company intranet.

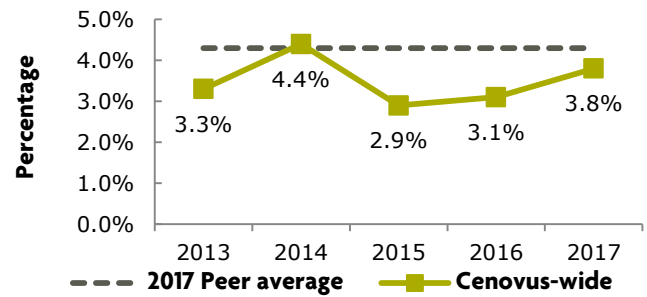
Innovation Summit

We hosted our two-day bi-annual Innovation Summit to give our staff the opportunity to share knowledge and ideas with their colleagues and learn about innovations others are working on across the company. In May 2017, nearly 1,300 staff members participated in the company's fourth Innovation Summit.

Development Summit

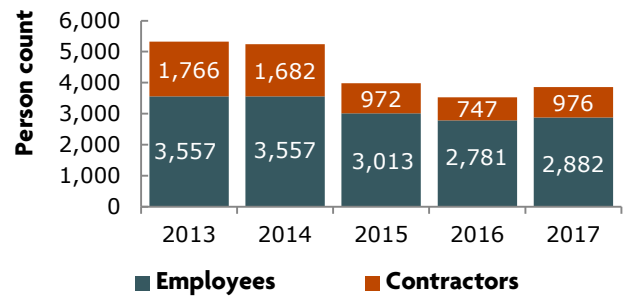
Our first Development Summit was held in October 2017 in Calgary. The purpose of the summit was to bring employees and leaders together to share practical tips about development, and to help employees and their supervisors have more meaningful development conversations.

Voluntary employee turnover



In 2017, our voluntary turnover rate was 3.8 percent compared with an average attrition rate of 4.3 percent among our industry peers. See our [Workforce data](#).

Workforce by type



As of December 31, 2017, Cenovus had 3,858 employees and contractors. About 75 percent of our staff were employees while the remaining 25 percent were contractors. See our [Workforce data](#).

DIVERSITY AND INCLUSION

Our goals and targets	Examples of progress we made last year
<p>Goal: Progress diversity in our workplace and foster an inclusive culture</p> <p>Goal: We aspire to have women make up at least one-third of the independent members of the Board of Directors by 2020</p>	<ul style="list-style-type: none"> We worked with Catalyst, a global non-profit organization, to develop a more formal approach to integrating diversity and inclusion into our workplace

People who work at Cenovus value a workplace environment where they feel respected and appreciated. To help us address these expectations and achieve our business goals, we are focused on developing programs to actively foster diversity and inclusion in the workplace.

Our Management Approach

At Cenovus, we embrace diversity of thought, experience and backgrounds to help us make better business decisions, address our challenges, seize opportunities and unlock innovative solutions.

Building an inclusive workplace by drawing on the skills and talents of a diverse workforce provides Cenovus with a competitive advantage. That's why it's important to maximize the potential of everyone who works for our company and ensure people feel respected, appreciated and heard.

Our commitment to diversity and inclusion is anchored in our [Corporate Responsibility Policy](#) and [Code of Business Conduct & Ethics](#). We are dedicated to conducting our business with respect and care for the people affected by our activities. This includes providing a safe workplace, applying fair labour practices, treating our workforce with dignity, fairness and respect and supporting the principles of the Universal Declaration of Human Rights. Our Workplace Violence & Harassment Prevention Standard articulates our expectations of staff and highlights the values that foster a diverse and inclusive workplace.

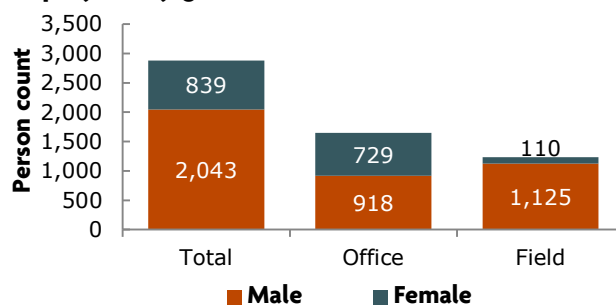
Our near-term approach to advancing diversity and inclusion is focused on:

- Inclusive workplace: Defining what an inclusive workplace is at Cenovus and clarifying expectations
- Hiring and talent processes: Ensuring our talent practices are transparent and support diversity
- Flexible work arrangements: Taking action to address employees' needs for more flexibility in the workplace to help meet business goals
- Leadership: Building leadership capabilities through training and awareness about unconscious bias

Key Initiatives and Actions

- Board diversity policy: Board qualifications are based on skills, expertise and experience. Diversity criteria including gender, ethnicity, age and other distinctions between directors are also considered when determining the optimum composition and effectiveness of the Board. [Our Board Diversity Policy](#) includes an aspirational target to have at least one-third female independent directors by 2020.
- Women at Cenovus Network: The Women at Cenovus Network is a grassroots employee resource group that provides an engaging and supportive community to empower women to develop themselves personally and professionally. The group, supported at the executive level, encourages participation through knowledge sharing, networking events, keynote speakers and advice for female leaders, working parents and young professionals.

Employees by gender and location



As of December 31, 2017, 57 percent of employees at our Calgary office locations were male and 43 percent were female. At our field operations, 91 percent of employees were male and nine percent were female. Across the company, females held 23 percent of management positions and 13 percent of top management positions. See our [Workforce](#) data.

HEALTH AND SAFETY

Our goals and targets	Examples of progress we made last year
<p>Goal: Deliver strong safety performance</p>	<ul style="list-style-type: none"> • Our total recordable injury frequency (TRIF) in 2017 was 0.36 - the lowest in Cenovus's history • 2017 safety milestones: <ul style="list-style-type: none"> • no work days missed due to injuries at our Foster Creek oil sands operations in 2017 • no work days missed due to injuries in our 2016 and 2017 integrated winter program, which includes winter work such as drilling, completions and construction at our oil sands operations • incorporated Deep Basin into Cenovus's emergency response systems • our operations in Clearwater, Edson/Kaybob and Elmworth/Wapiti had no recordable injuries for 730 days, 1,000 days and nearly 1,100 days, respectively • Cenovus contractors and vendors achieved a 98 percent compliance rate with our health and safety requirements

Safety Management

At Cenovus we put safety before all else. Nothing is more important than the safety of our staff, contractors, service providers and the people in the communities where we operate. Safety considerations are an integral part of pre-project planning and are a top priority as we go about the daily business of running our operations. In addition to our commitment to create a safe workplace, we emphasize the personal responsibility all our workers have for their own safety and that of their co-workers.

Our Management Approach

Our approach to health and safety begins with our Corporate Responsibility Policy and Code of Business Conduct & Ethics. These policies commit our leaders, employees and contractors to meet all legal requirements and to uphold industry best practices and our eight [Safety Commitments](#).

Our Corporate Responsibility Policy commits Cenovus to ensure efficient and effective management of emergency situations that have the potential to impact our company, stakeholders, the environment, our assets, our financial condition or our reputation.

Cenovus staff are also accountable for understanding and upholding our Alcohol and Drug policy, which requires staff to report and remain fit for work at all times.

Cenovus Operations Management System

We rely on [COMS](#) to implement our safety commitments. Using COMS, we manage health and safety by:

- Integrating health and safety performance and improvements into our work at a leadership level
- Setting annual internal targets and goals for the organization and individual leaders and reviewing progress on goals and targets regularly throughout the year
- Ensuring that clear accountabilities for roles are established for safety
- Training staff and providing sufficient resources to support implementation of our health and safety management system
- Engaging leaders, staff and contractors to identify hazards and risks company-wide by project
- Ensuring management controls are in place to address risks (risks to critical equipment and procedures are identified and managed through the Management of Change (MOC) processes)
- Maintaining emergency response plans and organizational readiness to ensure that if an incident or near miss does occur, we respond to it in a safe and timely way
- Learning from previous incidents and taking corrective actions to prevent them from occurring again
- Assuring our management controls are effective and support continuous improvement.

Leadership engagement

Participation and leadership in health and safety starts with active engagement from our Board and Leadership Team. Safety is routinely discussed by the Safety, Environment and Responsibility (SER) Committee of the Board and the Cenovus Leadership Team. Leaders across the company have access to a variety of health and safety resources. These resources range from information on effectively identifying and controlling hazards, to providing training, to working collaboratively with employees and contractors.

Supervisors at all levels are also provided with the tools and support they need to coach and mentor staff on safety and to demonstrate the importance of safety through their daily actions and behaviours as leaders.

Worker engagement

We engage our staff using a variety of means to identify and address concerns relating to health and safety. They include:

- Our workplace health and safety committees, which provide a dedicated forum for staff and management to raise concerns and discuss efforts to continually improve our safety systems and performance
- Feedback from staff through our company-wide survey along with other channels such as our anonymous Integrity Helpline.

Personal safety

Effective management of health and safety requires active involvement by all staff. We have implemented personal safety programs aimed at helping workers make better personal choices at work and at home. Key elements include:

- Hazard identification and control: Hazard analysis is conducted during the project planning stage and again at the field level before any work begins. Where appropriate, staff at our sites are also encouraged to *Stop. Think. Act.* if they identify a safety concern that requires mitigation
- Life-saving rules: We adopted eight standardized rules from [Energy Safety Canada](#) to promote safer practices at our operations. These safety rules are designed to reduce the likelihood of injuries, and save lives by focusing on eliminating unsafe behaviours.
▶ [Learn more](#)
- Safety campaigns: We undertake regular communications campaigns to raise awareness of safety issues and inform staff of specific actions they can take to avoid the risk of an injury.

Contractor safety management

Service providers and contractors account for roughly 75 percent of the hours worked at our field operations, so it is critical that they are as committed to safety as our staff.

We have established a comprehensive contractor safety program to integrate safety and reinforce performance through the selection, on-boarding and continuous management of contractors who work on our behalf. Through our health and safety and supply chain processes, we collect information to help us select contractors and manage their safety performance based on:

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

Once selected, contractors are continuously managed to ensure compliance with our standards. This includes verification of regulatory requirements such as Workers Compensation ratings.

Key Initiatives and Actions

Verifying vendor drug and alcohol policies

We expect all of our vendors to have a fully-implemented alcohol and drug program that meets or exceeds Cenovus's program. In 2017, we continued to evaluate our vendors' alcohol and drug programs using ISNetworld. All vendors must have an alcohol and drug program score of 100 percent in order to continue working at our field sites.

Start Safe program

In 2017, our annual Start Safe information campaign focused on hand safety. Hand injuries account for roughly 25 percent of all injuries at our worksites. By increasing awareness, we hope to reduce the incidence of hand injuries.

▶ [Learn more](#)

Process Safety

Incidents that involve operating systems and processes that contain hazardous substances can affect the safety of workers, the environment and our business.

Process safety combines engineering and management disciplines to help prevent potentially high impact accidents such as explosions, fires and releases associated with the use of chemicals and petroleum products. At Cenovus, our approach to process safety is governed by COMS. COMS outlines the requirements and expectations for

process risk identification, assessment and mitigation and continuous improvement at our operations. We also have an asset integrity management team that focuses on the reliability and integrity of our operating assets to ensure reliable and predictable performance.

Our integrity management and process safety management programs incorporate industry best practices and are designed to meet or exceed regulatory requirements. Process safety performance is specifically tracked and reported regularly to leadership in accordance with the CAPP Process Safety Event Reporting Guide, which is based on the American Petroleum Institute (API) Recommended Practice 754 and the International Association of Oil and Gas Producers (IOGP) Report 456.

Emergency Management

Emergency situations could potentially impact our staff, local communities, the environment, our assets, our financial conditions or our reputation. Being prepared to respond quickly and safely in the initial stages of an emergency situation is critical.

Our Management Approach

At Cenovus, our commitment to ensuring efficient and effective emergency management is outlined in our Corporate Responsibility Policy and COMS. Our Emergency Management program is based on CSA Standard Z246.2 (Emergency preparedness and response for petroleum and natural gas industry systems). The Incident Command System (ICS) is used to manage emergencies should they occur.

All of our operating locations maintain emergency response plans (ERPs) that are updated and tested regularly to ensure we have the appropriate people, facilities and equipment in place. We also conduct training exercises regularly and keep key stakeholders informed as part of the ERP development and annual ERP review process.

We maintain ongoing communication with local emergency services and health authorities, other stakeholders and members of the public who live near our operations to share information regarding the location of our operations, potential hazards or emergency situations and safety procedures in case of an emergency. This includes providing a detailed [Emergency Management Program Overview](#) and [24-hour emergency contact information](#) for the public on our website.

Key Initiatives and Actions

Emergency Management exercises

We carried out a variety of emergency exercises in 2017 to evaluate our level of preparedness and response, including:

- Emergency management drills to test specific emergency response skills
- Simulated emergencies to evaluate our response to hypothetical scenarios in accordance with regulatory requirements
- Three full-scale emergency exercises that involved our senior leaders, teams from across the company and various third parties such as the Alberta Energy Regulator

Wildfire emergency response

After facing a number of wildfire-related emergencies over the past two years, we've been working to evaluate our response and identify key lessons so we can improve our wildfire monitoring, evacuation, shut-down and start-up activities.

▶ [Learn more](#)

Occupational Health and Wellness

Supporting and encouraging employees to maintain personal health and well-being helps create a productive and effective workforce. Cenovus's Occupational Health & Wellness team aims to reduce the risk of hazardous exposures, ensure regulatory compliance and improve our working conditions. The Occupational Health & Wellness team does this by working closely with the business to develop and deliver strategies that identify, evaluate and control workplace health hazards that could affect the well-being of our workers or members of the community.

Our Management Approach

Cenovus's occupational health and wellness programs also provide tools and resources that promote the wellness of our employees and help manage health risks in the workplace. These programs include:

- Employee & Family Assistance Program, which provides employees and their families with confidential counselling and support on issues that affect well-being, health and work performance
- Wellness programming, which provides health information seminars, group fitness, wellness classes and other resources to help staff learn more about health issues that matter to themselves and their family
- Disability resources for employees with short and long-term disabilities. This includes providing support to those who are able to remain in the workplace during their period of disability as well as supporting those as they prepare to return to work following an injury or illness
- On-site health centres, which provide readily available quality health care at our Christina Lake and Foster Creek sites, including first aid and acute care treatment, field health assessments, communicable disease management, as well as education and

prevention programs. Benefits of these services include early treatment, decreased referrals and impact to health facilities in surrounding municipalities, reduced downtime and costs associated with offsite travel for medical care, a healthier site population and improved morale.

At our Deep Basin assets, where we don't have dedicated health centres, we offer health assessments by third-party service providers, wellness programs and referrals to local public health facilities and resources.

Communicable disease prevention

We run an annual program to prevent the spread of communicable illnesses. This includes an influenza education and vaccination program at our Calgary offices and Christina Lake and Foster Creek sites. Our Occupational Health & Wellness team closely monitors health-related trends and takes steps to protect the well-being of our staff.

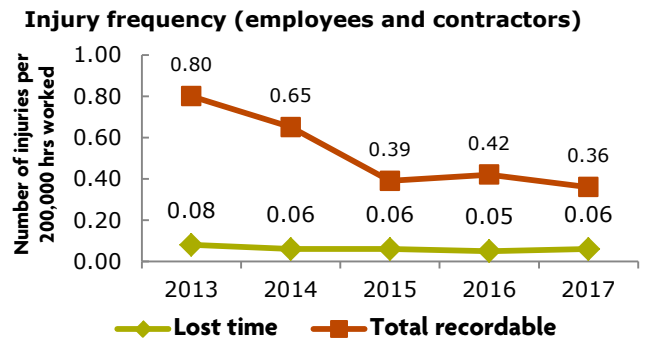
Key Initiatives and Actions

Providing resources for mental health

In 2017, we continued to offer increased mental health resources for staff that included workshops on building resilience and managing stress as well as confidential on-site counselling services and family workshops.

Promoting cardiovascular health

In February 2017, in coordination with Heart Month in Canada, we launched the *Know your numbers* campaign to provide staff with health screening as well as tools and resources to learn about and assess their own cardiovascular well-being.



In 2017, we had a total recordable injury frequency (TRIF) of 0.36, our best ever. In 2017, we had 44 worker injuries at our sites that required more than basic first aid treatment, down from 51 in 2016. See our [Health, Wellness and Safety data](#).

COMMUNITY

We have made a commitment to treat all communities near our operations fairly and with respect. This commitment begins with our Corporate Responsibility Policy.

Recognizing that every community is different, we focus on their individual needs. We go beyond just making financial donations and aim to develop opportunities that create long-term economic and social value for residents. Whenever possible, we hire locally and use businesses and services from the areas around our operations. We work with community partners to find ways to create programs, provide in-kind support and host and sponsor events that are meaningful to our communities. We also provide opportunities for our employees and their families to get involved through volunteering activities.

Stakeholder Engagement

Engagement is a critical part of our business. We want those who have a vested interest in our company to understand who we are and how we operate.

Hearing the different perspectives of our stakeholders informs our understanding of what issues are material to them so that we can provide relevant information and work toward solutions on issues of concern.

Our interactions with stakeholders vary from daily to monthly to annually. Some of the stakeholder groups we engaged with in 2017 include:

- Investors
- Governments and regulators
- Employees and contractors
- Local communities, including Aboriginal communities
- NGOs
- Associations and industry committees
- Economic development organizations
- Business partners
- Suppliers
- Academic institutions and think tanks
- Technology and cleantech companies
- Media outlets
- Trappers

Information we gathered through engagement with these groups informed our materiality assessment which was used to define the content in this report. *(For more on the stakeholder groups we engage with, see the [Our Reporting Approach](#) section of this report.)*

Aboriginal Engagement

Alberta has rigorous standards for formal consultation with Aboriginal communities potentially impacted by oil and gas development. Before a project begins, Cenovus provides the government with detailed information about the project. After conducting an assessment, the government provides us with a list of communities that need to be consulted. We also determine whether other groups, such as Métis communities, trappers and adjacent municipalities, could be impacted by our project. While we aren't formally directed to engage with these other groups, we often do so voluntarily as a responsible operator.

We typically provide consultation capacity funding for Aboriginal communities to help ensure they have the people and resources to effectively engage with us and the broader community about our proposed projects. In addition, as part of our long-term agreements with many First Nations and Métis communities adjacent to our oil sands operations, we provide annual consultation capacity funding.

In addition to formal consultation, Cenovus also regularly engages with Aboriginal communities to build a relationship of mutual understanding and respect. This includes participating and volunteering at community events, meeting with community leadership and community engagement bodies, and committee meetings that guide the implementation of our long-term agreements. *(For more, see the [Aboriginal Engagement](#) section of this report.)*

COMMUNITY INVOLVEMENT AND INVESTMENT

Our goals and targets	Examples of progress we made last year
<p>Goal: Strengthen the communities where we live and work</p> <p>Target: Positively impact 250,000 youth by 2020</p>	<ul style="list-style-type: none"> • Donated over \$10 million to more than 1,000 organizations. These included over 65 organizations that are focused on building strong families and safe communities and increasing public access to key social and emergency services. • Provided over 95 company-sponsored opportunities for our staff and teams to volunteer with the organizations that we support • Positively impacted over 220,000 youth through ongoing community investments since 2016

At Cenovus we realize we have a responsibility to create a positive impact for local communities and businesses in the areas where we operate. Our oil and natural gas projects can have a lifespan of several decades, which can provide significant opportunities for local communities to benefit from our operations. We also invest in programs and infrastructure that address the specific needs of our local communities. Our goal is to ensure that the communities where we live and work are stronger and better off as a result of us being there.

Our Management Approach

Our community investment program helps us build meaningful relationships with our local communities that reflect the long-term nature of our business. We engage with our communities on an ongoing basis to understand what their specific needs are so that we can focus our investments on local organizations that will have the greatest community impact while complementing our business goals and priorities.

We tailor our community investment decisions based on our two priority areas:

- Giving Youth A Chance: Increasing literacy rates, supporting healthy lifestyles and building skills
- Strong Families, Safe Communities: Increasing access to key social and emergency services and sustaining community traditions

By providing volunteering and giving opportunities, our community investment program also aims to create a culture of engagement and a sense of pride among our employees. Examples of this include our *Thanks & Giving* campaign and year-round Matching Gifts Program.

We also coordinate numerous opportunities for staff members and their families to volunteer with organizations that Cenovus supports, and provide grants to other charitable organizations where our employees and their immediate family members like to volunteer. To maximize impact, identify best practices and continually improve, we

evaluate our volunteer programs through our membership in [London Benchmarking Group \(LBG\) Canada](#).

► [Learn more](#)

Key Initiatives

Celebrating Canada's 150 birthday

We commemorated Canada's 150th birthday by donating more than \$200,000 to local libraries and Aboriginal communities across our operating areas. This included donations to more than 20 community libraries to support learning and literacy and to 19 Aboriginal communities to help them celebrate Canada Day in ways that were meaningful to them.

► [Learn more](#)

Thanks & Giving

Thanks & Giving is an annual campaign that lets employees double the impact of their charitable donations. Every October, employees are encouraged to give to their charity of choice and participate in food drive challenges and volunteering opportunities. Cenovus matches individual employee donations up to \$25,000.

In 2017, *Thanks & Giving* raised nearly \$1.5 million for 522 charitable organizations. Since 2009, the campaign has raised \$16.6 million in total.

Outside of *Thanks & Giving*, Cenovus has a year-round *Matching Gifts Program* that supports employee donations to eligible charitable and non-profit organizations with a dollar-for-dollar company match.

► [Learn more](#)

Giving back

In 2017, we donated over \$10 million to organizations that are committed to the needs of our local communities and are best aligned with our two priority areas. This includes more than \$8.8 million in direct cash investments plus the estimated value of employee time donated during work hours, in-kind donations and program management costs. (See our [Aboriginal Engagement & Community Investment data](#).)

Since 2009, we have invested over \$106 million in the communities around our operations through financial, in-kind and employee contribution matching. This includes:

- Over \$4.7 million of donated in-kind goods (e.g. surplus office furniture, computers and tickets)
- Almost 500 volunteer events for staff, teams and family members
- Matching over \$14 million of employee donations to the organizations that matter to them.

ABORIGINAL ENGAGEMENT

Our goals and targets	Examples of progress we made last year
<p>Goal: Build strong relationships with our local Aboriginal communities and provide opportunities that will benefit both the communities and Cenovus</p>	<ul style="list-style-type: none"> • Launched our internal Aboriginal Inclusion Advisory Committee • Spent \$240 million doing business with local Aboriginal-owned companies or Aboriginal joint ventures • Awarded 33 scholarships valued at \$3,500 each for Aboriginal students pursuing a full-time degree, diploma or certified trade • Supported the participation of over 70 Aboriginal youth in leadership training programs since 2010

At many of our operations, Aboriginal communities are among our closest and most important neighbours. We build and maintain our relationships with local Aboriginal communities by taking a responsible approach to safety and the environment, respecting their treaty rights as defined by law and ensuring that our development activities are mutually beneficial.

Our Management Approach

Our approach to working with Aboriginal communities focuses on six key areas:

- **Consultation:** We engage with communities regularly to help ensure they understand the potential impacts of our operations so we can identify ways to mitigate these impacts. Cenovus not only works to meet regulatory requirements, but also to respect community consultation processes
- **Relationships:** Our relationships with Aboriginal communities are forged based on mutual respect and trust
- **Employment:** We support education and training programs that may help community members find employment with Cenovus or another company
- **Investment:** We support a range of organizations focused on the needs that are important to each of our local communities

- **Business:** Whenever possible, we include local Aboriginal-owned businesses in our supply chain. In 2017, we surpassed \$2.4 billion in cumulative business spending with Aboriginal-owned companies or Aboriginal joint ventures in our operating areas since 2009. This is a reflection of our efforts to engage Aboriginal suppliers as well as the growing number of qualified Aboriginal businesses.

▶ [Learn more](#)

- **Long-term agreements:** We've signed long-term benefit agreements with nine Aboriginal communities around our oil sands operating areas. The agreements provide a framework for how we will interact with each other over the life of our projects and define our commitment to continue to invest in the community.

▶ [Learn more](#)

United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

In 2015, the Government of Canada joined Alberta in announcing that it is adopting the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The Canadian Association of Petroleum Producers (CAPP) has expressed its support for the adoption of UNDRIP in a way that is consistent with the Constitution and Canadian law, and Cenovus is fully aligned with that position. We believe UNDRIP provides a framework for reconciliation in

Canada and establishes an important set of standards to help ensure Indigenous rights are respected around the world. We believe that meaningful consultation is at the heart of the declaration. By engaging in meaningful consultation, industry and Indigenous communities can better understand issues related to development and can work together to mitigate those issues and identify opportunities wherever possible.

► [Learn more](#)

Key Initiatives and Actions

Aboriginal Inclusion Advisory Committee

In December 2017, Cenovus established an internal Aboriginal Inclusion Advisory Committee comprised of senior leaders within the company. The mandate of the committee is to provide advice and guidance on meaningful inclusion of Aboriginal people in our businesses. The initial focus of the committee is on supporting Aboriginal business development, with the potential to expand into other areas.

Supporting Aboriginal youth

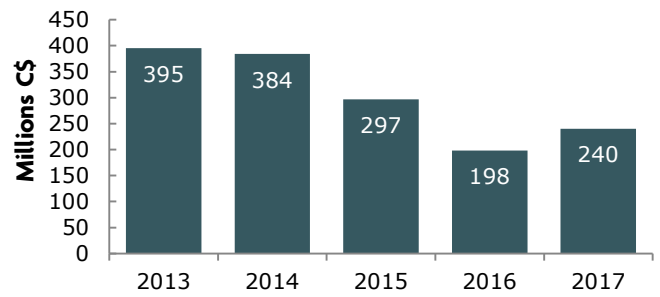
We provide support for post-secondary education for Aboriginal students living in the communities where we operate. Each year, we offer up to 10 new scholarships for Aboriginal students who are pursuing a full-time degree, diploma or certified trade. These scholarships are valued at \$3,500 and are renewable for up to four years, or to the completion of their first degree.

► [Learn more](#)

We've also been partnering with the Northern Alberta Institute of Technology (NAIT) on the Aboriginal Youth Leadership Program, which supports young people from Aboriginal communities near our operations to participate in a week-long course designed to help Aboriginal youth develop key business and life skills.

► [Learn more](#)

Aboriginal business spend



Our total Aboriginal business spending increased in 2017, compared with 2016, as a result of an increase in our company-wide capital spending. See our [Aboriginal Engagement & Community Investment data](#).

ENVIRONMENT

From the initial planning and design phase, to how we operate, to the decommissioning and reclamation of our project areas and facilities, we strive to be a responsible developer of Canada's valuable resources. That includes our ongoing efforts to minimize our impact and continuously improve our environmental performance.

► [Learn more](#)

With operations in Alberta and British Columbia, Cenovus is subject to some of the world's most rigorous regulatory processes and compliance requirements. Learn more about the [regulatory environment](#) and about the [Alberta Energy Regulator](#), [BC Oil & Gas Commission](#) and [National Energy Board](#).

Our Management Approach

Our approach to environmental management begins with specific commitments made by our Board of Directors within our [Corporate Responsibility Policy](#) and [Code of Business Conduct & Ethics](#). Environmental considerations are also integrated into our [Enterprise Risk Management Policy](#) and Enterprise Risk Management Practice.

Our Corporate Responsibility Policy specifically outlines our recognition that the environment has limits and that through science we will strive to understand these limits and operate within them by:

- Integrating an environmental perspective into our business plans, performance management, project development, operations, communications and stakeholder relations
- Using risk management throughout our operations to effectively mitigate environmental impact
- Pursuing improvements through proactive investment, internally and externally, in energy efficiency and conservation projects, new technology and research that will help create business value and reduce environmental impact

Organizational structure

Cenovus has teams of subject matter experts for air and GHG emissions, water, waste and spills, land and biodiversity, reclamation and remediation, compliance, environmental planning and assurance. They report to the Executive Vice-President, Stakeholder Engagement, Safety, Legal & General Counsel.

Cenovus Operations Management System (COMS)

We implement our company-wide policy commitments for the environment through the [COMS](#). This includes:

- Managing environmental risks and performance through annual review, goal setting and business planning in alignment with our Corporate Responsibility Policy and Environmental Commitments
- Identifying environmental and compliance related risks and potential impacts at a company-wide and project-specific scale
- Mitigating potential risks and impacts with management controls implemented through the planning, construction, operations and decommissioning phases of our projects
- Preparing for and effectively responding to environmental incidents, such as spills, when they occur
- Assuring our management controls are effective and identifying ways to continuously improve our environmental performance through internal inspections and audits, and addressing issues where they exist
- Ensuring clear accountabilities for environmental management are established and that knowledgeable, competent staff and sufficient resources are available to support implementation of our management system to manage environmental aspects of our business.

Measurement and reporting

As part of our commitment to transparency and to meeting all regulatory requirements, we track and report a broad range of environmental metrics and disclose our environmental management approach, risks and performance through our corporate responsibility report, [Management's Discussion and Analysis](#), [Annual Information Form](#) and [Management Information Circular](#).

EMISSIONS AND ENERGY USE

Our goals and targets	Examples of progress we made last year
<p>Goal: Continuously improve our upstream emissions performance to reduce GHG emissions and compliance costs and fuel gas usage, while positioning us for more stringent GHG regulations in the future</p> <p>Goal: Provide current and prospective investors with transparent and relevant consolidated disclosure on the carbon risks associated with our business</p>	<ul style="list-style-type: none"> • Decreased company-wide GHG emissions intensity compared with 2016, primarily due to lower steam to oil ratios at our oil sands assets • Decreased company-wide venting of natural gas by five percent compared with 2016 • Decreased flared natural gas volumes at our legacy conventional oil and gas and oil sands operations, compared with 2016, due to fewer unplanned flaring events. (Cenovus divested its legacy conventional assets between September 2017 and January 2018). • Published Cenovus's Carbon Disclosure: Managing climate-related risks • Received approximately \$9.5 million in combined funding from Natural Resources Canada (NRCan) and Alberta Innovates to launch a pilot to test a solvent-driven process at Foster Creek

Carbon

Cenovus's operations consume energy and generate emissions. This includes indirect emissions from electricity we purchase from third parties and direct emissions from:

- Combustion equipment such as steam generators, boilers, heaters and reciprocating and centrifugal engines
- Flaring
- Venting (e.g. from gas pneumatic instruments and storage tanks)
- Fugitive emissions (leaks).

Cenovus recognizes the need to assess and manage climate change related risk so our company and our products can continue to play an important role in a lower-carbon future. We are focused on technology and collaboration to find incremental and game-changing solutions to address the GHG emissions challenge associated with the production and use of oil and natural gas. This includes engaging in constructive discussions with a variety of groups and stakeholders to support the development of effective policies and the advancement of emissions-reducing technologies.

Our Management Approach

Board engagement on climate change

To ensure our Board members are effective in their roles as stewards of Cenovus, it's critical they understand how climate change related risks relate to our company, the industry and our regulatory environment. In addition to receiving regular briefings on climate change and related topics, the Board conducts an extensive annual review of risk factors for Cenovus, including climate change related risks, as part of the preparation of the company's annual MD&A and AIF. The Board also engages on the topic of climate

change and Cenovus's ability to remain resilient under a variety of low-carbon-future scenarios as part of its strategy development process. In addition, the Safety, Environment and Responsibility (SER) Committee of the Board reviews and reports to the Board on issues relating to climate change, Cenovus's GHG emissions risks and related liabilities.

Carbon pricing and scenario analysis

Before we finalize plans for new oil sands projects, we assess the projects' future GHG emissions, and alternatives for reducing those emissions, by conducting scenario analysis. This helps us better understand the technology and capital required to build projects that can be competitive both on a cost and carbon basis.

Carbon risk disclosure

We are committed to being transparent about climate related risks and our efforts to address those risks. We regularly report on climate change related risk factors in our annual MD&A, and our management approach and performance is addressed in our annual corporate responsibility report. In 2018, we published *Cenovus's Carbon Disclosure: Managing climate-related risks*. This report follows the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, including an assessment of our strategy under various future low-carbon scenarios.

Innovation and collaboration

Canada's oil and gas industry has a demonstrated track record of innovation and technology development. Through Cenovus's continued focus on technology and collaboration, we expect to find solutions to further reduce development costs while also addressing key environmental challenges. This includes reducing the GHG emissions associated with the production and use of oil and natural gas so our products can continue to play an important

role in a lower-carbon future. For example, through technology and innovation we have reduced our GHG emissions intensity at our oil sands operations by about a third since 2004. As a result, Cenovus's oil sands assets have an emissions profile comparable to the average barrel of crude refined in North America. Cenovus continues to focus on technology development to achieve further emissions reductions. (For more, see the [Our Approach to Innovation](#) section of this report.)

Methane

Studies have shown that methane has up to a 25 times greater comparative impact on climate change than CO₂ over a 100-year period⁷, and recent research suggests the impact could be even greater. That's why reducing methane emissions is an important way to address the climate change challenge. Cenovus has already made significant progress, and we'll be looking for further opportunities to reduce methane emissions.

► [Learn more](#)

Our Approach to Management

⁷ Source: [Intergovernmental panel on climate change](#)

Managing methane emissions is largely about the development and deployment of technology, an area in which Alberta has played a leading role. With its robust regulatory system, including established conservation requirements, limits on flaring and venting and guidelines to minimize fugitive emissions, the province has made significant progress towards established goals for methane emissions reduction. Alberta's Climate Leadership Plan sets a target of reducing methane emissions from oil and gas production by 45 percent by 2025⁸.

Methane is the primary component of the natural gas we produce in our operations. Methane emissions mostly occur from venting and leaks (also called fugitive emissions). Leaks can come from a variety of production equipment including connectors, seals and valves. We have been proactively tracking and managing our methane emissions for many years. As part of this work, we have implemented a system for reporting unmetered fuel gas, flared gas and vented gas. This is in addition to the production accounting systems that Cenovus has for collecting and reporting metered volumes.

⁸ Source: [Government of Alberta](#)

Key Initiatives and Actions

Cogeneration

Cogeneration means producing steam and electricity at the same time from the same source. At Cenovus, we have two cogeneration

plants – one at each of our oil sands operations – that use natural gas to power a combustion turbine that generates electricity. This electricity is used to power our operations. As an additional benefit, the exhaust heat from the turbine is used to generate steam for our oil sands operations, reducing the amount of steam needed from our traditional steam generators. This reduces our overall natural gas consumption and our GHG emissions.

When we produce more electricity than we need, we sell the surplus to Alberta's electrical grid for use by residents and businesses. The electricity supplied from our cogeneration plants helps reduce GHG emissions in the province because it has a lower carbon intensity than the average electricity currently supplied to the grid.

Our first cogeneration plant is located at our Foster Creek facility and has been operational since 2003 with a maximum capacity of 98 MW. The second plant is at our Christina Lake facility and has been operating since late 2016 with a maximum capacity of 100 MW.

► [Learn more](#)

Solvent-aided process (SAP)

SAP is a modification of SAGD which involves adding components of natural gas liquid (NGL), such as butane or propane, to the steam that's injected into the reservoir. These NGL components, which are a by-product of natural gas and are often naturally present in our reservoirs in lower concentrations, work like a solvent, thinning the oil and allowing it to flow more freely to the producing well. SAP is a technological improvement that can be applied to SAGD operations to help maximize the amount of oil recovered, while also reducing our environmental impact. We estimate that SAP technology could help reduce our steam to oil ratio (SOR), or the amount of steam needed to produce a barrel of oil, by up to 30 percent, which would result in a corresponding 30 percent reduction in GHG emissions. In May 2018, Emissions Reduction Alberta announced \$10 million in funding for a proposed Cenovus pilot to implement SAP technology at multiple well pads at our Foster Creek oil sands project.

► [Learn more](#)

Solvent-driven process

In 2017, we began to field test a new process at Foster Creek that we call a solvent-driven process or SDP. This process uses a much greater ratio of solvent to steam than our previous solvent pilots and has the potential to achieve even greater reductions in CO₂ emissions than SAP. Natural Resources Canada and Alberta Innovates are providing \$7.5 million and \$2 million in funding, respectively, for our SDP pilot, which continues and has shown promising initial results.

Air quality management and energy efficiency

In accordance with the environmental approvals for our facilities,

we monitor ambient air quality to ensure that sulphur dioxide (SO₂), hydrogen sulphide (H₂S) and nitrogen oxides (NO_x) concentrations do not exceed acceptable levels.

► [Learn more](#)

To help reduce air pollutants such as SO₂ and NO_x, as well as GHG emissions such as methane, we invest funds to implement technologies that help us reduce energy consumption in our day-to-day operations and processes. These technologies and efforts also ensure we meet existing air quality regulations and other requirements related to our project approvals.

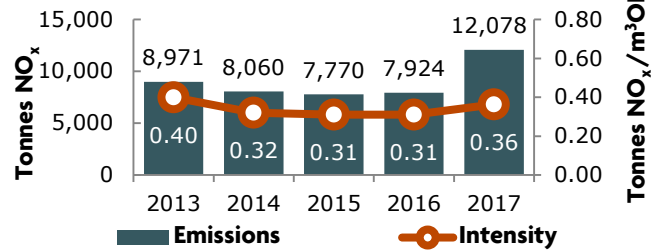
Since Cenovus's inception in 2009, we've invested nearly \$30 million to support energy efficiency initiatives. Actual spend varies year to year depending on the execution stage of long-term projects that we've committed to. While we had less activity in 2017, we continue to evaluate opportunities to reduce energy consumption through efficiency retrofits as well as technology development.

Examples of initiatives and technologies we've implemented to reduce energy use and manage air pollutants and methane emissions include:

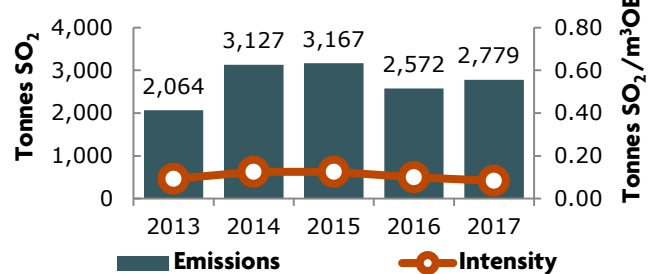
- Retrofitting and upgrading equipment such as reciprocating engines with modern fuel management technology, utilizing electricity-driven chemical injection pumps rather than natural gas-driven pneumatic pumps and converting process instruments to use compressed air or electricity rather than natural gas
 - Implementing our Fugitive Emissions Management Program to proactively assess and stop methane leaks at our facilities. When leaks are found, they are documented and repaired
 - Installing sulphur scavenger units at each of our oil sands facilities to help ensure we meet or exceed sulphur emissions limits under Alberta's Environmental Protection and Enhancement Act
 - Using flue gas recirculation technology as part of the standard facility design at Christina Lake to significantly reduce NO_x emissions. (For the majority of our equipment at Christina Lake, NO_x emissions are at least 50 percent below the regulatory threshold.)
- [Learn more](#)
- Engaging with federal and provincial governments to help develop effective air quality policies
 - Using the infrastructure at our site and our extensive network of pipelines to separate solution gas from produced oil and water at the wellsite so we can use it for our operations or sell it rather than venting or flaring it
 - Ensuring our oil and gas well completion process is designed

to reduce emissions and conserve gas as much as possible, in compliance with Alberta Energy Regulator Directive 060: Upstream Petroleum Industry Flaring, Incinerating and Venting.

NO_x emissions and intensity

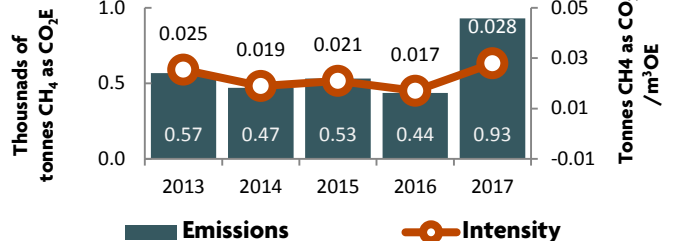


SO₂ emissions and intensity



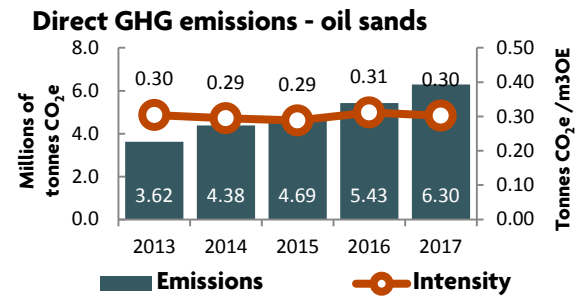
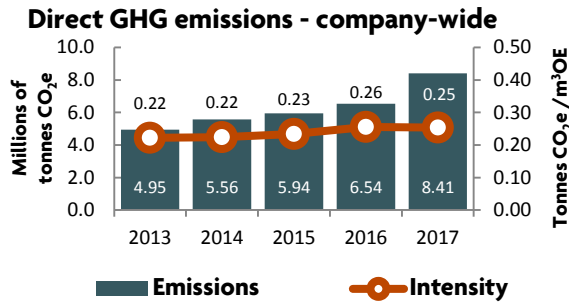
NO_x and SO₂ are a by-product of the fuel combustion process. Cenovus-wide NO_x and SO₂ emissions increased in 2017 as a result of additional cogeneration capacity at our Christina Lake facility that was commissioned in late 2016. The acquisition of our Deep Basin assets also contributed to the increase. At our Christina Lake project, we use flue gas recirculation technology to reduce NO_x emissions. Our NO_x emissions at this facility are at least 50 percent below the regulatory threshold of 400 tonnes per year. See our [emissions](#) data.

Methane emissions and intensity



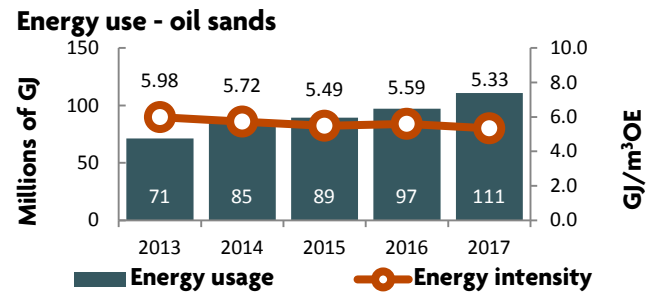
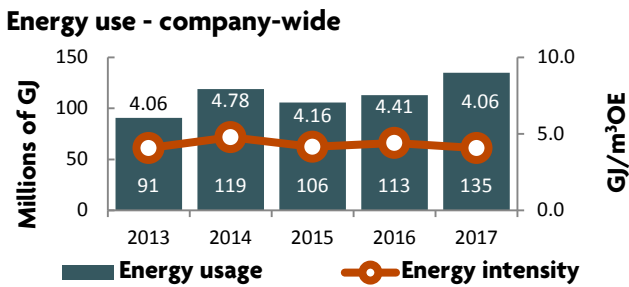
We had higher methane emissions and intensity in 2017, compared with 2016, mostly due to the acquisition of the Deep Basin assets in May 2017, which increased the number of facilities where methane leaks and emissions can occur. This increase was offset in part by lower methane emissions in our oil sands assets due to fewer unplanned flaring events. See our [emissions](#) data.

Emissions

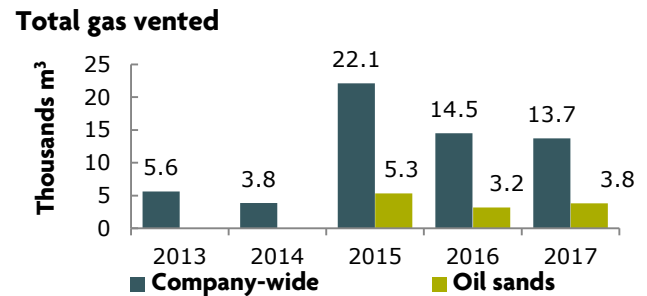
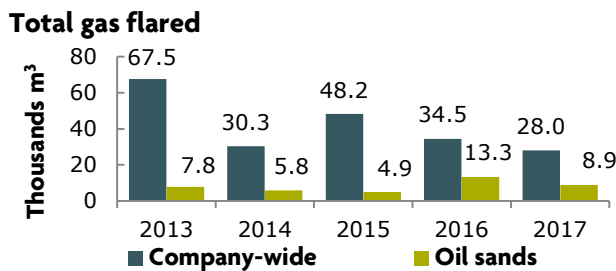


Direct GHG emissions company-wide and at our oil sands projects increased primarily due to increased oil sands production and additional production associated with the acquisition of our Deep Basin assets. Our company-wide GHG emissions intensity decreased in 2017 primarily due to improved oil sands GHG intensity resulting from lower steam to oil ratios at our oil sands assets. See our [emissions](#) data.

Energy use



Company-wide energy use increased primarily due to increased oil sands production and additional production associated with the acquisition of our Deep Basin assets. Our company-wide energy use intensity decreased due to higher oil sands production and additional cogeneration capacity at Christina Lake, which improves our plant efficiency. See our [emissions](#) data.



Flaring is a controlled burning of natural gas. In 2017, we had fewer unplanned flaring events and lower flared volumes overall at our legacy conventional and oil sands operations compared with 2016. To better manage flaring and venting, we have a fuel, flare and vent management program aimed at improving the quality of measurement and reporting of flaring data. (Cenovus divested its legacy conventional assets between September 2017 and January 2018). See our [emissions](#) data.

Venting is a controlled release of natural gas into the atmosphere. Company-wide venting decreased by five percent in 2017, compared with 2016, while total gas vented at our oil sands operations was higher due to the increased volume of waste treated onsite by our Foster Creek Tricaster. Higher company-wide venting data for 2015 through 2017 generally reflects improved measurement and tracking implemented for corporate responsibility reporting. Venting data for 2015 was also higher due to an isolated unplanned event. See our [emissions](#) data.

WATER

Our goals and targets	Examples of progress we made last year
<p>Goal: Manage our use of water resources efficiently and responsibly</p>	<ul style="list-style-type: none"> In 2017, our fresh water use intensity for oil sands production was 0.14 barrels of fresh water per barrel of oil produced. That's well below the industry average for in situ oil sands operators and the target set by COSIA members to reduce oil sands water use to 0.20 barrels of fresh water for every barrel of oil produced.

We use water to create steam for the SAGD process at our oil sands projects, to drill wells, maintain access roads at our sites and to run our camps. How we use water and the way that impacts the environment is important to Cenovus and our stakeholders in the areas where we operate. We're always looking for ways to reduce the amount of water we use and be more efficient with how we use it. We consider many options, including developing new technologies and processes to handle water, finding more ways to recycle and reuse water and identifying opportunities to use more saline and other non-fresh water sources for our operations.

Here's how our water use breaks down:

- Produced water: The vast majority of the water we use for our oil sands operations is produced water from our SAGD process. When steam is injected into the ground to heat the oil during SAGD, it condenses. Eventually water from the condensed steam as well as water that already exists naturally in the formation is brought to the surface with the oil. This water, called produced water, is separated from the oil and recycled over and over again to make more steam
- Saline groundwater: When we need to draw additional water to make steam for our oil sands operations, we primarily use saline water from deep underground aquifers. That's salty water that's not fit for consumption or agricultural use
- Fresh groundwater: We use a limited amount of fresh water from underground aquifers to generate steam in our oil sands operations. We also use fresh groundwater to support our camp operations
- Fresh surface water: Only a small amount of the water we use across our operations comes from rivers, lakes or streams. We use this for drilling wells, construction, road maintenance and building ice roads. At our Deep Basin operations, surface water is also used for hydraulic fracturing. We do not use fresh surface water to make steam in our oil sands operations.

Our Management Approach

We are committed to managing our use of water resources efficiently and responsibly. Through our Corporate Responsibility Policy, we continuously pursue improvements to our water management practices.

► [Learn more](#)

Pre-water use assessments for licensing

The Alberta and British Columbia governments closely monitor and regulate water use. We apply for licenses and are required to demonstrate how much water we will consume to avoid adversely affecting or disturbing the ecosystems in the area. We continue to monitor the water flow throughout the entire life of the project to successfully meet these requirements.

Hydraulic Fracturing Practices

We have voluntarily adopted the CAPP Guiding Principles for Hydraulic Fracturing and have established internal processes to implement best practices when undertaking hydraulic fracturing activities. These guiding principles include a commitment by industry to:

- Safeguard the quality and quantity of regional surface and groundwater resources through sound wellbore construction practices, sourcing fresh water alternatives where appropriate and recycling water for reuse as much as practical
- Measure and disclose water use with the goal of continuing to reduce our impact on the environment
- Support the development of fracturing fluid additives that have the least environmental risks
- Advance, collaborate on and communicate technologies and best practices that reduce the potential environmental risks of hydraulic fracturing.

We disclose the hydraulic fracturing chemicals we use through fracfocus.org.

Regional Planning Collaboration

We actively engage with local communities, including Aboriginal communities, on issues such as water use and impacts, through the regulatory process. We're a part of the Christina Lake Regional Water Management Agreement, where we work with other operators in the Christina Lake area to develop a collective approach to water use and demand.

Technology and Innovation

We collaborate on technology development and water best management practices through COSIA, CAPP and the Petroleum Technology Alliance Canada (PTAC) - Water Innovation Planning Committee.

Monitoring

We comply with all regulatory requirements for construction, monitoring and reporting. Teams across the company also monitor our water use and potential impact on water quality. In addition, we work with other water users to better understand the long-term availability of water resources and to monitor ground and surface water in the vicinity of our operations.

Key Initiatives and Actions

Recycling and reusing water

We aim to reuse and recycle as much water for steam generation as possible. We do this by:

- Using innovations such as our patented [blowdown boiler technology](#) which can convert more than 90 percent of every barrel of water we use into steam, allowing us to recycle a greater percentage of the water we use. Through this technology we can potentially reduce our demand for additional water by up to 50 percent.
[▶ Learn more](#)
- Reusing camp waste water after it has been treated and approved for release to build ice roads, for dust suppression and for our drilling activities.

Managing our steam to oil ratio

We continue to develop and invest in technologies to reduce our SOR, or the amount of steam (and water) we need to produce a barrel of oil at our oil sands operations. Examples of these technologies include:

- Electrical submersible pumps (ESPs), which help us efficiently manage reservoir pressure and keep fluid volumes in the well and reservoir low, which helps keep heat in the reservoir.

Keeping heat in the reservoir reduces the overall amount of steam we need to maintain appropriate reservoir temperatures.

[▶ Learn more](#)

- SAP, a modification of SAGD, which involves adding NGL components such as butane or propane to the steam that's injected into the reservoir. The NGL components help thin the oil and reduce our overall need for steam. We estimate SAP technology could reduce our SOR as well as our associated GHG emissions by up to 30 percent.

[▶ Learn more](#)

As we develop our Deep Basin operations, we will continue to look for ways to reduce our fresh water use by moving to low quality groundwater, saline groundwater or by recycling and reusing produced water from our operations.

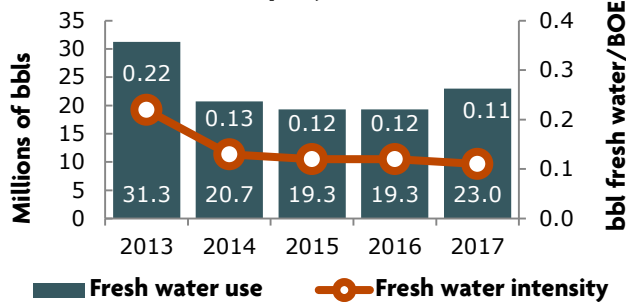
Walnut Shells

We use crushed walnut shells to treat and filter some of the produced water at our oil sands operations.

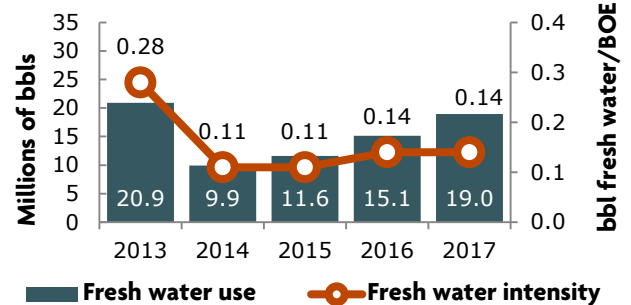
[▶ Learn more](#)

Water

Fresh water use - company-wide



Fresh water use - oil sands



Our 2017 company-wide fresh water use increased to support higher oil sands production and increased drilling activity. While our oil sands fresh water intensity remained about the same as in 2016, our company-wide fresh water intensity decreased due to reduced fresh water intensity in our legacy conventional assets and the acquisition of our Deep Basin assets which have relatively lower fresh water intensity. (Cenovus divested its legacy conventional assets between September 2017 and January 2018). See our [Water](#) data.

WILDLIFE AND BIODIVERSITY

Our goals and targets	Examples of progress we made last year
<p>Goal: Reduce habitat loss and impact on wildlife, particularly woodland caribou</p> <p>Target: Treat forest fragmentation within an area of approximately 3,900 square kilometres over ten years</p>	<ul style="list-style-type: none"> As part of our Caribou Habitat Restoration Project, we treated linear forest fragmentation within an area of 270 square kilometres in 2017. From 2013 to 2017, we've cumulatively treated more than 700 kilometres of these linear disturbances and planted more than 556,000 trees. We continued our work through COSIA on the Regional Industry Caribou Collaboration

Our activities on the landscape are temporary and we develop restoration plans even before we begin work on a project. When we design our facilities and operating procedures, we take biodiversity considerations into account so that we can restore the natural diversity of plants and animals at the end of a facility's life. Our approach to managing biodiversity includes avoidance, mitigation, monitoring and, where required, re-establishing disturbed habitat. This is important to our business and to our stakeholders in the areas where we operate.

Our Management Approach

Pre-project planning and assessment

All of our oil sands projects go through a detailed [environmental impact assessment \(EIA\)](#) prior to being approved. As part of the EIA process, we're required to assess potential impacts of our operations on vegetation, soils, wetlands, aquatic habitats and wildlife.

Before we begin development of a project, we complete pre-disturbance assessments to identify strategies to avoid, mitigate and monitor potential impacts to wildlife and habitat throughout the lifecycle of our projects and to reclaim the land once the projects are complete.

Wildlife mitigation and monitoring plans

As part of the regulatory approval process, we're also required to submit comprehensive mitigation and monitoring plans for caribou and other wildlife. These plans commit us to specific measures such as minimizing barriers to wildlife movement, planning our activities to avoid sensitive times for various species, reducing our commercial footprint and restoring habitat. In addition, we also use specialized geomatics software that improves our biodiversity performance by helping us identify and map sensitive areas so that we can make more informed mitigation recommendations.

Research and innovation

For many years, the common industry practice for forest recovery was a passive approach, leaving the soil as is and letting trees regenerate on their own. Recognizing that this method made for a slow return to forest cover, we initiated research in the science of forest regeneration starting in 2008. Taking an active approach to restoration was groundbreaking, with Cenovus being the first company in the oil sands to do so. Since that time, we have tested a range of techniques to facilitate the return of natural forest cover, and results from this research and testing have contributed to widespread change in practices in our sector. Using techniques such as mounding the soil for tree planting in wet areas and adding woody

debris has helped to accelerate restoration, and in some cases has helped triple the rate of tree growth in areas under reclamation.

Key Initiatives and Actions

Collaborating through COSIA to improve biodiversity

Cenovus is partnering with other oil sands companies through COSIA on a number of initiatives to help restore caribou habitat. This included leading a study to identify and prioritize zones for habitat restoration throughout northeast Alberta.

The project looked at existing industrial disturbances as well as the mineral resources underground to determine where there are large areas of caribou habitat that can be restored quickly with minimal likelihood of conflict with industry development plans. The results from the prioritization exercise support a working landscape concept, in which space for both industrial operations as well as caribou habitat can be maintained over the next century.

Caribou habitat restoration

Cenovus has made woodland caribou, which are listed as threatened under the Canadian Species at Risk Act, a key environment and biodiversity priority. We've been working on major habitat restoration programs across northeast Alberta since 2008. We believe that caribou and industrial activity can co-exist, and that the oil and gas industry can play a leadership role in protecting and restoring caribou habitat. We'll continue to measure and monitor the results of our restoration work and share what we learn with others through COSIA. Find out how we're making significant progress on our voluntary 10-year, \$32 million [Caribou Habitat Restoration Project](#).

Regional Industry Caribou Collaboration

Cenovus is a founding member of the Regional Industry Caribou Collaboration (RICC), a group of companies from the oil sands and forestry sectors that work collaboratively across individual tenures and lease boundaries to deliver science-based research and monitoring and implement landscape-level habitat restoration projects in the East Side Athabasca River (ESAR) and Cold Lake caribou ranges.

► [Learn more](#)

Tracking wildlife sightings at our operations

We worked with the [Miistakis Institute](#) at Calgary's Mount Royal University to develop the Wild Watch App. The app allows our field staff to easily record wildlife sightings near our operations using their mobile devices, so that the information can be compiled digitally and used to help reduce human and industrial impacts on wildlife in the areas where we operate.

► [Learn more](#)

Integrated land management

Through the Foothills Landscape Management Forum (FLMF), which includes five forestry and eight oil and gas companies, we are helping develop a Regional Access Management Plan for the Little Smoky and A La Pêche caribou ranges in cooperation with Alberta Environment and Parks. The plan has a long-term horizon of more than 80 years and is designed to optimize shared access for all land tenure holders in order to help reduce industry's footprint within the caribou ranges.

Aquatic habitat restoration

Through the Foothills Stream Crossing Partnership (FSCP), we are working with other companies to assess crossings, such as bridges and culverts, in watersheds in the eastern slopes of Alberta that have been identified as a priority by Alberta Environment and Parks. The goal is to re-establish habitat continuity by removing or remediating barriers to fish passage, as well as silt buildup resulting from our road crossings.

DECOMMISSIONING AND RECLAMATION

Our goals and targets	Examples of progress we made last year
<p>Goal: Manage our inactive well inventory and improve efficiency around well abandonment and reclamation.</p>	<ul style="list-style-type: none"> Reclaimed over 795 hectares of land and have over 3,900 hectares of land undergoing reclamation Submitted 233 reclamation applications to the Alberta Energy Regulator Received 157 well site reclamation certificates

Once we've recovered as much oil and natural gas from our reservoirs as is economically possible, we restore the land to a condition comparable to the untouched land around it. All the land we use will ultimately be reclaimed, including access roads, well pads and seismic lines. Once the entire project is complete and the equipment and infrastructure are removed, we plant trees and other vegetation as needed and then let nature take its course.

How we manage the end-of-life phase of our facilities, and any associated financial liability, is important to Cenovus, our shareholders and our stakeholders. Since no two areas across our operations are the same, we give a lot of thought to our land use approach throughout the full life cycle of our projects.

Our Management Approach

Our Corporate Responsibility Policy reinforces proper management of our projects throughout their life cycle – from initial construction through to decommissioning and reclamation. This includes re-establishing habitat to restore the natural diversity of plants and animals in areas where we operate, which we plan for well before we begin development of a project. The intent of our decommissioning and reclamation efforts is to minimize habitat loss, reduce our impact on wildlife and manage our inactive wells. We also aim to involve and support local communities and businesses in our reclamation activities.

Due to the long-term nature of oil sands projects, companies must develop and receive approval of plans for how affected areas will ultimately be reclaimed well before the project itself can begin. Reclamation certificates can only be issued once long-term monitoring shows that the reclaimed land meets the standards outlined by the Government of Alberta.

Once projects are constructed, they are managed as part of a proactive liability management program. We track and manage wells throughout their life cycle, from initial planning through production, abandonment and reclamation. Information from our well management tracking systems helps us manage our inactive well inventory more effectively to ensure we are in compliance with governing regulations while also keeping costs low, reducing the

length of time required for reclamation and managing our long-term liability appropriately. At remote locations, our land use strategy takes a single entry abandonment and reclamation approach. We combine both activities to help minimize the number of winter roads we have to build to a site. Targeting the completion of abandonment and reclamation activities together results in potentially fewer impacts to local wildlife, significantly reduces costs and maximizes the number of sites we can reclaim in a given time period. *(See our [Land data](#).)*

Key Initiatives and Actions

Reclaiming the land where we work

In 2017, we began reclamation work on several borrow pits across our Christina Lake oil sands project. Borrow pits are areas from which we “borrow” clay, soil or gravel that we use to make roads and well pads at our sites. We have four borrow pits of differing sizes that have been completely reclaimed and are in various stages of vegetation regrowth.

▶ [Learn more](#)

Roadless reclamation

One of the main challenges we face at our remote northern operations is that our oil and natural gas well sites are a long way from roads that are able to handle the heavy equipment needed when it comes time to reclaim them. Previously, this has meant building winter ice roads to reach these areas, resulting in increased costs, greater impact on the environment and a reduced work season. By using tracked equipment, we can access these remote areas with heavier vehicles for a longer period of the year while limiting our impact on the environment. This contributes to a safer and more efficient operation by spreading out reclamation activity beyond a traditional winter work program.

▶ [Learn more](#)

SPILLS

Our goals and targets	Examples of progress we made last year
<p>Goal: Have zero significant spills⁹</p> <p>Goal: Improve spill prevention and respond effectively when spills occur</p>	<ul style="list-style-type: none"> Cenovus's operations leadership set internal corporate targets for reportable spill reductions and managed them throughout the year. This resulted in a reduction in spill count compared with 2016.

⁹ A significant spill is one that could have a significant impact on the public, wildlife or the environment. For pipeline reporting purposes, the significance of a spill incident is defined based on the [Alberta Energy Regulator's](#) high/medium/low consequence classification.

While our goal is to have zero significant spills, incidents can and do happen despite the rigorous engineering controls and safety procedures we have in place. Managing our facilities and work practices to avoid spills, and having an effective response if they occur, is important to our local communities, employees and our business. Avoiding spills can increase productivity and reduce environmental impacts. Spills can occur while transferring materials between vessels, while loading and unloading and as a result of overfilling containers. Leaks from storage tanks, hoses, piping or other equipment, equipment failure and accidents such as motor vehicle incidents can also cause spills.

Our Management Approach

Cenovus applies risk management throughout our operations to effectively mitigate environmental impact. We work to proactively reduce the risk of spills through:

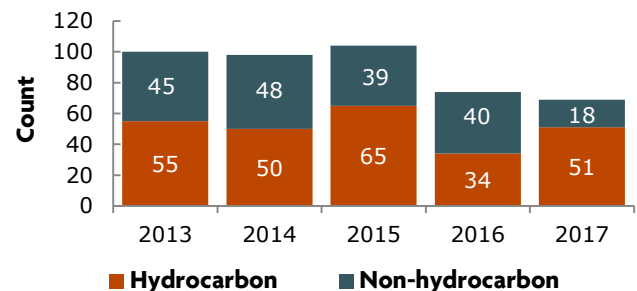
- Risk management, maintenance and process safety:** We apply rigour to our maintenance and process safety activities. For example, we identify safety critical equipment where the potential for risk of impact from spills is highest, based on the type of equipment and chemical. We're continuously working to improve spill management through our safety programs. *(For more about process safety, see the [Health & Safety](#) section of this report.)*
- Tracking:** We track spills across our operations and report key trends to management and operations teams to help identify the cause of spills and how they can be prevented. We continually work to better understand spill trends by improving spill reporting and analysis where possible.
- Awareness:** Before a job begins, we identify and avoid potential spill hazards. We also work to raise spill prevention awareness among staff and contractors to prevent or reduce the number, size and extent of spills that occur in our operations. When spills do occur, they are reported and cleaned up with the goal of achieving no lasting impacts on the environment. The regulations we operate under specify whether a spill is reportable based on

a combination of spill volume, the released substance and the location of the spill (i.e. off-lease or into water).

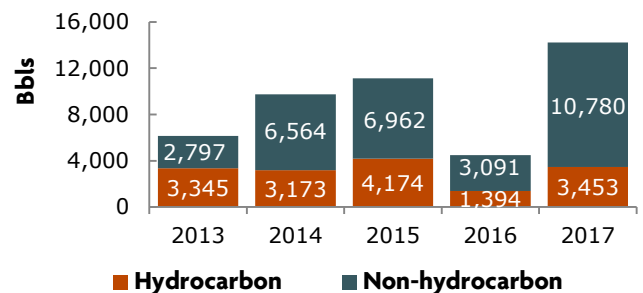
When a spill is detected, Cenovus responds immediately, implementing containment and recovery plans while safeguarding our workers, the public and the environment.

Spills

Spill count for reportable spills greater than one barrel



Estimated spill volume for reportable spill greater than one barrel



While we had fewer company-wide spills in 2017, our total spill volume increased compared with 2016. Overall, we had fewer non-hydrocarbon spills at our oil sands operations and legacy conventional assets, while the number of hydrocarbon spills increased at our legacy conventional assets. Company-wide, our total non-hydrocarbon spill volume increased primarily due to a few high volume spills of produced water at our legacy conventional and Deep Basin assets. Our hydrocarbon spill volumes increased due to one large bitumen spill from a storage tank that was fully contained within a berm at our oil sands operations, as well as three larger emulsion spills within our legacy conventional operations. (Cenovus divested its legacy conventional assets between September 2017 and January 2018). See our [Spills](#) data.

REPORTING DATA

The data in this report is based on available information from January 1, 2017 through December 31, 2017 for the corporate entities in which Cenovus was the operator. This includes 100 percent of the FCCL projects and the Deep Basin conventional assets for the period in which we operated them. A detailed summary of the reporting boundaries for this report can be found in the GRI index & supplement below. All financial amounts are reported in Canadian dollars unless otherwise stated.

Cenovus's corporate responsibility report has been prepared in accordance with the [Global Reporting Initiative \(GRI\) 2016 Standard](#) to the 'Core' option. We also align our performance metrics with the guidelines set out by the [Canadian Association of Petroleum Producers' \(CAPP\) Responsible Canadian Energy Program](#) and the [IPIECA Oil and Gas Industry Guidance on Voluntary Sustainability Reporting](#).

Financial	2013	2014	2015	2016	2017	% change	Footnote	GRI 2016
Common shares outstanding (millions) - period end	756	757	833	833	1,229	48%	-	
Market capitalization (\$ millions)	22,984	18,148	14,583	16,916	14,107	-17%	-	102-7
Gross sales (\$ millions)	18,993	20,107	13,207	12,282	18,623	52%	EN-08	
Adjusted Funds Flow (\$ millions)	3,609	3,479	1,691	1,423	2,914	105%	EN-01; EN-08	
Per share - diluted (\$)	4.76	4.59	2.07	1.71	2.64	54%	EN-08	
Annual capital investments (\$ millions)	3,262	3,051	1,714	1,026	1,661	62%	EN-02; EN-08	201-1
Operating expenses (\$ millions)	1,782	2,045	1,839	1,683	2,375	41%	EN-06; EN-08	
Dividends per common share (\$/share)	0.9680	1.0648	0.8524	0.2000	0.2000	0%	-	201-1
Dividend yield (percentage)	3.2	4.4	4.9	1.0	1.7	70%	EN-04	
Current income tax expense (recovery) (\$ millions)	188	92	574	(173)	(231)	34%	EN-08	201-1
Gross employee wages and benefits (\$ millions)	713	769	730	600	667	11%	EN-05; EN-07; EN-08	201-1
Royalties (\$ millions)	336	465	143	148	445	201%	EN-08	201-1
Total assets (\$ millions)	25,224	24,695	25,791	25,258	40,933	62%	-	102-7
Debt to capitalization ratio (percentage)	33	35	34	35	32	-9%	EN-01	102-7
Net debt to capitalization ratio (percentage)	29	31	16	18	31	72%	EN-01	102-7

EN-01	Non-GAAP measure as referenced in our Advisory (for more information, see the Advisory in our latest quarterly earnings news release or MD&A under Investors on cenovus.com)
EN-02	Capital expenditures before acquisition capital
EN-04	Based on TSX closing share price at year end using annualized dividend
EN-05	Employee salaries and benefits are recorded in either operating and general and administrative expenses, or property, plant and equipment and exploration and evaluation assets, corresponding to the type of service provided
EN-06	Employee stock-based compensation costs previously included in operating expense were reclassified to general and administrative expense for 2014 and 2013 to conform to the presentation adopted in 2015
EN-07	Gross employee wages include salaries, short term benefits, bonuses, pension costs and severance
EN-08	2017 amounts include the results of the company's legacy conventional segment, which was classified as a discontinued operation as required by International Financial Reporting Standards and has since been divested; see note 11 in our 2017 annual consolidated financial statements

Operating Production and Reserves		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Gross production, before royalties	Total (m ³ OE/yr)	22,332,837	24,863,486	25,403,385	25,634,201	33,236,631	31%		
	Oil sands bitumen (m ³ OE/yr)	11,882,475	14,874,272	16,267,742	17,407,093	20,819,417	20%		
	Total (MBOE/yr)	139,149	155,170	158,673	160,228	209,153	31%	OP-01	102-7
	Oil sands bitumen (Mbbbls/yr)	74,775	93,602	102,371	109,541	131,014	20%	OP-01	102-7
<p>OP-01 Gross production numbers are disclosed in this report and converted to oil equivalents because we use these values to calculate our emissions and water intensities. Reported production values, which reflect practices outlined in the CAPP Guidelines for Calculating GHG Emissions (2003), are derived from gross operating production data from Petrinex, and as such will vary from net production values in our financial reports. Natural gas is converted using a factor of 0.973 m³OE per E3m³ natural gas. Bitumen, oil, NGLs and condensate are converted to m³OE from m³ using a 1:1 conversion factor.</p>									

Governance	2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016	
Business conduct investigations	38	30	27	18	23	28%	GV-01		
Integrity Helpline intakes	132	161	117	81	84	4%	-		
Political donations (C\$)	100,325	131,000	62,000	14,700	0	-100%	GV-02	415-1	
<p>GV-01 Investigations can include (but are not limited to) compliance with laws and regulations, conflict of interest, fraud, confidentiality and disclosure and other potential breaches of policies and practices.</p> <p>GV-02 As of March 2017, Cenovus no longer permits political donations as a matter of policy.</p>									

Aboriginal Engagement & Community Investment	2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016	
Aboriginal business spending - annual (\$ millions)*	395	384	297	198	240	21%		204-1	
Percentage of operations with implemented local community engagement, impact assessments, and development programs	100%	100%	100%	100%	100%	0%	CM-02	413-1	
Total community investment (millions C\$)	14.679	13.895	8.485	5.781	8.834	53%	CM-03		
<p>* Indicator assured by Ernst & Young LLP</p> <p>CM-02 Cenovus undertakes a number of activities relating to community engagement and impact assessments depending on the scale of our operations within a region and the type of impact they may have. Some programs, such as our Integrity Helpline, apply to 100 percent of our operations. In regions such as southern Alberta where conventional oil and natural gas operations exist on private land, our staff liaise with landowners on an as-needed basis. (Cenovus divested its legacy conventional assets between September 2017 and January 2018). Operations with a larger scale, such as our oil sands operations in northern Alberta, have more extensive assessment and engagement activities. For example, environmental impact assessments that include a socioeconomic impact analysis are required as part of the regulatory process for our oil sands projects. Approvals we have received for our oil sands projects through this process require ongoing environmental monitoring programs. Additionally, Cenovus undertakes regular stakeholder engagement activities and has developed a number of long-term agreements with Aboriginal communities in our oil sands operating regions.</p> <p>CM-03 Total value of company community investments as audited by the London Benchmarking Group (LBG) Canada.</p>									

Health, Wellness and Safety		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Total recordable injury frequency (number of injuries per 200,000 hours worked)	Total *	0.80	0.65	0.39	0.42	0.36	-14%	HS-01	403-2
	Employees	0.38	0.14	0.14	0.18	0.15	-17%	HS-01	403-2
	Contractors	0.88	0.75	0.46	0.50	0.43	-14%	HS-01	403-2
Lost time injury frequency (number of injuries per 200,000 hours worked)	Total *	0.08	0.06	0.06	0.05	0.06	20%	HS-02	403-2
	Employees	0.09	0.03	0.06	0.00	0.03	-	HS-02	403-2
	Contractors	0.08	0.06	0.06	0.07	0.07	0%	HS-02	403-2
Process safety events	Tier I	-	-	1	0	4	-	HS-03	OG-13
	Tier II	-	-	5	6	16	167%	HS-03	OG-13
Fatalities	Total *	0	0	0	0	0	-	-	403-2

* Indicator assured by Ernst & Young LLP

HS-01 Recordable injuries include lost-time injuries, restricted-work injuries as well as medical aid injuries. Medical aid injuries require medical attention but do not result in an employee being absent from work. Recordable injury frequency is the total number of recordable injuries per 200,000 hours worked.

HS-02 A lost time injury is any injury that prevents a worker from returning to work the day following an incident and any subsequent work day beyond the day of the event. Lost time injury frequency is the total number of such injuries per 200,000 hours worked. The increase reflects a higher lost time injury frequency (LTIF) at our Deep Basin assets. Because our Deep Basin staff is smaller and has fewer total hours worked relative to our oil sands operations, a small increase in incidents has a more dramatic percentage impact on total LTIF at Deep Basin. LTIF for oil sands and our legacy conventional assets were relatively unchanged from 2016. (Cenovus divested its legacy conventional assets between September 2017 and January 2018).

HS-03 Cenovus follows the CAPP Process Safety Event Reporting Guide, which is based on the American Petroleum Institute (API) Recommended Practice 754 and the International Association of Oil and Gas Producers (IOGP) Report 456. We are also an active member of CAPP's Process Safety Management Committee and are dedicated to improving process safety at Cenovus and throughout industry through shared learnings and strategies. Tier 1 process safety events are defined as all major scale events that involve a process release that leads to a lost time injury, a fatality, a fire or an explosion resulting in damages greater than US\$100,000 or a highly toxic or flammable release over a certain threshold. Tier 2 process safety events are defined as moderate scale events that involve a process release that leads to medical treatment, a fire or an explosion resulting in damages greater than US\$2,500 and less than US\$100,000 or a highly toxic or flammable release over a certain threshold. Oil sands process safety events remained relatively unchanged. The increase reflects a year over year increase in process safety events in our legacy conventional assets. The year over year increase was also impacted by the acquisition of our Deep Basin assets. (Cenovus divested its legacy conventional assets between September 2017 and January 2018).

Workforce		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Voluntary employee turnover (percentage)		3.3%	4.4%	2.9%	3.1%	3.8%	23%	WF-02	401-1
Total workforce	Total	5,323	5,239	3,985	3,528	3,858	9%	WF-01	102-7
	Employees	3,557	3,557	3,013	2,781	2,882	4%	WF-01	102-7
	Contractors	1,766	1,682	972	747	976	31%	WF-01	102-7
Gender breakdown (employees)	Male - Total	2,462	2,477	2,164	2,020	2,043	1%	-	102-8; 405-1
	Office	1,143	1,123	886	842	918	9%	-	102-8; 405-1
	Field	1,319	1,354	1,278	1,178	1,125	-4%	-	102-8; 405-1
	Female - Total	1,095	1,080	849	761	839	10%	-	102-8; 405-1
	Office	946	935	720	648	729	13%	-	102-8; 405-1
	Field	149	145	129	113	110	-3%	-	102-8; 405-1
Age (employees)	<26	222	198	148	85	70	-18%	-	405-1
	26-30	478	450	413	350	309	-12%	-	405-1
	31-35	569	605	525	495	535	8%	-	405-1
	36-40	540	544	476	458	496	8%	-	405-1
	41-45	525	519	436	431	449	4%	-	405-1
	46-50	442	430	378	373	376	1%	-	405-1
	51-55	448	441	353	312	324	4%	-	405-1
	56-60	254	268	208	206	231	12%	-	405-1
	>60	79	102	76	71	92	30%	-	405-1
Average age (employees)	Company-wide	41	41	41	41	42	2%	-	405-1
	Office	40	40	42	42	42	1%	-	405-1
	Field	42	42	40	41	41	0%	-	405-1
Percentage of employees female	Company-wide	-	30%	28%	27%	29%	7%	-	405-1
	Management positions	-	27%	26%	25%	23%	-8%	-	405-1
	Junior management positions	-	26%	25%	24%	24%	0%	-	405-1
	Top management positions	-	19%	18%	22%	13%	-41%	WF-03	405-1
Location of employees (count)	Office	2,089	2,058	1,606	1,490	1,646	10%	-	102-7
	Field	1,468	1,499	1,407	1,291	1,236	-4%	-	102-7
Percent of employees covered by performance reviews	Management by Objective appraisal	-	100%	100%	100%	100%		-	404-3
	Multidimensional performance appraisal	-	100%	100%	100%	100%		-	404-3
WF-01 Employee total is based on head count and includes part-time employees.									
WF-02 The three main reasons why employees left Cenovus were better job fit and career opportunity, retirement and family/personal reasons.									
WF-03 Top management includes the following employee categories: President & CEO, Executive Vice-President, Senior Vice-President, Vice-President and Chief.									

Air		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
SO ₂ emissions (tonnes)	Company-wide	2,064	3,127	3,167	2,572	2,821	10%	EM-01; EM-10	305-7
	Oil sands	887	903	942	1,083	1,550	43%	EM-10	
SO ₂ emissions intensity (tonnes/thousand m ³ OE)	Company-wide	0.09	0.13	0.13	0.10	0.08	-16%	EM-10	
	Oil sands	0.07	0.06	0.06	0.06	0.07	20%	EM-10	
NO _x emissions (tonnes)	Company-wide	8,971	8,060	7,770	7,924	12,381	56%	EM-01; EM-10	305-7
	Oil sands	1,481	1,699	1,986	2,100	2,746	31%	EM-10	
NO _x emissions intensity (tonnes/thousand m ³ OE)	Company-wide	0.40	0.32	0.31	0.31	0.37	19%	EM-10	
	Oil sands	0.12	0.11	0.12	0.12	0.13	10%	EM-10	
Volatile Organic Compounds (VOCs) (tonnes)	Company-wide	516	2,446	5,088	2,306	4,688	103%	EM-10 EM-12	305-7
	Oil sands	158	195	2,686	382	1,043	173%	EM-10 EM-12	
Total Particulate Matter	Company-wide	113	81	73	97	113	16%		305-7
	Oil sands	35	29	26	61	54	-11%		
Total gas flared (1000 x m ³)	Company-wide	67,520	30,266	48,199	34,479	28,042	-19%	EM-02;	305-7
	Oil sands	7,785	5,789	4,910	13,334	8,926	-33%	EM-10	
Total gas vented (1000 x m ³)	Company-wide	5,605	3,834	22,094	14,496	13,732	-5%	EM-04; EM-10	305-7
	Oil sands	see footnote	see footnote	5,330	3,166	3,830	21%	EM-04; EM-10	

GHGs		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Direct GHG emissions (MT CO ₂ E) - all sources	Company-wide *	4.950	5.564	5.945	6.540	8.411	29%	EM-05; EM-10	305-1
	Oil sands *	3.618	4.381	4.689	5.431	6.299	16%	-	305-1
Direct GHG emissions intensity (MT CO ₂ E/m ³ OE)	Company-wide *	0.222	0.224	0.234	0.255	0.253	-1%	EM-10	305-4
	Oil sands *	0.304	0.295	0.288	0.312	0.303	-3%	EM-10	305-4
GHG emissions intensity percent reduction from 2004	Oil sands	31%	33%	35%	29%	31%	na	EM-11	
Direct GHG emissions by source (MT CO ₂ E) - Company-wide	Combustion	4.399	5.110	5.379	6.095	7.473	23%	-	
	Flaring	0.150	0.066	0.103	0.078	0.066	-15%	-	
	Venting	0.203	0.211	0.289	0.185	0.307	66%	-	
	Fugitives	0.198	0.178	0.174	0.181	0.564	212%	-	
Direct GHG Emissions by Constituent - Company-wide	CO ₂ (tonnes CO ₂)	4.462	5.079	5.398	6.086	7.458	23%	-	
	CH ₄ (tonnes CH ₄)	0.023	0.019	0.021	0.017	0.037	113%	-	
	N ₂ O (tonnes N ₂ O)	0.0216	0.0001	0.0001	0.0001	0.0001	37%	-	
Indirect GHG emissions (MT CO ₂ E)	Company-wide *	0.996	1.379	1.293	1.247	1.042	-8%	EM-06	305-2
	Oil sands *	0.263	0.366	0.384	0.400	0.061	-85%	EM-10	305-2
Indirect GHG emissions intensity (tonnes CO ₂ E/m ³ OE)	Company-wide	0.030	0.041	0.039	0.037	0.031	-8%	EM-10	305-4
	Oil sands	0.022	0.025	0.024	0.023	0.003	-87%	EM-10	305-4

Methane		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Methane emissions (MT CO ₂ E)	Company-wide	0.567	0.471	0.531	0.436	0.929	113%	EM-09; EM-10	305-1
	Oil sands	0.005	0.005	0.033	0.022	0.021	-5%	EM-09; EM-10	305-1
Methane emissions intensity (tonnes CO ₂ E/m ³ OE)	Company-wide	0.025	0.019	0.021	0.017	0.028	63%	EM-10; EM-12	305-1
	Oil sands	0.0004	0.0003	0.0020	0.0013	0.0010	-21%	EM-10; EM-12	305-1
Methane emissions from Natural Gas Production MT CO ₂ E)	Company-wide	see footnote	see footnote	12,386	12,037	11,654	-3%	EM-08; EM-10	305-1

Energy		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Energy use (millions GJ)	Company-wide	90.722	118.799	105.701	113.079	135.040	19%	EM-07; EM-10	302-1
	Oil sands	71.095	85.124	89.243	97.226	110.865	14%	EM-10	302-1
Energy intensity (GJ/m ³ OE)	Company-wide	4.1	4.8	4.2	4.4	4.1	-9%	EM-10; EM-12	302-1
	Oil sands	6.0	5.7	5.5	5.6	5.3	-5%	EM-10; EM-12	302-1

* Indicator assured by Ernst & Young LLP

- EM-01 NO_x and SO₂ are a by-product of the fuel combustion process. Cenovus-wide NO_x and SO₂ emissions increased in 2017, which reflected emissions generated from the additional cogeneration capacity at our Christina Lake facility that was commissioned in late 2016. The acquisition of the Deep Basin assets also contributed to the increase. At our Christina Lake project, we use flue gas recirculation technology to reduce NO_x emissions. Our NO_x emissions at this facility are at least 50 percent below the regulatory threshold of 400 tonnes per year.
- EM-02 Flaring is a controlled burning of natural gas. In 2017, the amount of gas flared at our conventional and oil sands operations decreased due to fewer unforeseen flaring events. To better manage flaring and venting, we have a fuel, flare and vent management program aimed at improving the quality of measurement and reporting of flaring data to support better management.
- EM-04 Venting is a controlled release of natural gas into the atmosphere. In 2017, we had an increase in venting in our oil sands operations due to increased venting from our Foster Creek Tricenter used to reduce waste onsite as well as additional venting sources resulting from our Deep Basin acquisition. The increase in oil sands venting in 2015 onward from previous years reflects improved measurement and tracking for corporate responsibility reporting, with 2015 being notably higher due to a single unforeseen isolated event.
- EM-05 Our company-wide and oil sands direct GHG emissions increased primarily due to an increase in oil sands production and additional production from the acquisition of our Deep Basin assets. Our company-wide GHG emissions intensity decreased in 2017 primarily due to improved oil sands GHG intensity resulting from lower steam to oil ratios at both our oil sands assets.
- EM-06 The decrease in indirect GHG emissions and intensity is due to additional cogeneration capacity at our Christina Lake oil sands facility, which improved our plant efficiency.
- EM-07 In 2017, our company-wide energy use increased, reflecting the growing production in our oil sands assets and added production from the acquisition of our Deep Basin assets. Energy intensity decreased due to a scaling up of production in our oil sands assets and additional cogeneration capacity at Christina Lake, which improves our plant efficiency.
- EM-08 Data for years prior to 2015 was not available at the time of reporting, but will be provided in future reporting years where possible.
- EM-09 We had higher methane emissions in 2017, mostly due to the acquisition of the Deep Basin assets in 2017 which increased the number of facilities where methane leaks and emissions can occur.
- EM-10 Methodology based on CAPP Guide to Calculating GHG Emissions (CAPP, 2003) and guided by requirements of the Alberta Specified Gas Reporting Regulation, where applicable. CAPP 2014 Responsible Canadian Energy Metrics Guide (CAPP, 2014), and CAPP Guide: A Recommended Approach to Completing the National Pollutant Release Inventory (NPRI) for the Upstream Oil and Gas Industry (2007).
- EM-11 Oil sands percent reduction calculated from 2004 baseline value of 0.441 tonnes CO₂E/m³OE.
- EM-12 Our VOC emissions increased due to an increase in gas vented. See note EM-04 for further explanation.

Land	2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Total area under reclamation (hectares)	4,975	6,091	5,721	4,780	3,900	-18%	LD-01	304-3
Well site reclamation certificates received	101	67	59	235	157	-33%	LD-01	304-3
Total wells undergoing active reclamation	2,787	3,236	3,617	3,743	3,286	-12%	LD-01	304-3
Total reclaimed land (hectares)	271	288	155	1,136	795	-30%	LD-01	304-3

LD-01 Due to limitations in data at the time of reporting, reported values do not include the Deep Basin assets acquired in May 2017.

Spills			2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Number of reportable spills greater than one bbl	Company-wide	Total *	100	98	104	74	69	-7%	SP-01; SP-02	306-3
		Hydrocarbon	55	50	65	34	51	50%	SP-01; SP-02	306-3
		Non-hydrocarbon	45	48	39	40	18	-55%	SP-01; SP-02	306-3
	Oil sands	Total	47	45	39	35	26	-26%	SP-01	306-3
		Hydrocarbon	11	9	14	9	11	22%	SP-01	306-3
		Non-hydrocarbon	36	36	25	26	15	-42%	SP-01	306-3
Estimated volume of reportable spills greater than one bbl	Company-wide	Total *	6,143	9,737	11,136	4,485	14,234	217%	SP-01; SP-02	306-3
		Hydrocarbon	3,345	3,173	4,174	1,394	3,453	148%	SP-01; SP-02	306-3
		Non-hydrocarbon	2,797	6,564	6,962	3,091	10,780	249%	SP-01	306-3
	Oil sands	Total	3,265	5,708	5,174	1,800	2,507	39%	SP-01	306-3
		Hydrocarbon	742	656	995	246	1,331	441%	SP-01	306-3
		Non-hydrocarbon	2,523	5,052	4,179	1,553	1,176	-24%	SP-01	306-3

* Indicator assured by Ernst & Young LLP

SP-01 Spill count and volume reporting methodology has been updated to reflect only reportable spills greater than one barrel in volume in order to align with IPIECA reporting guidelines. Values from previous years have been restated to reflect this methodology change. A reportable spill volume is the aggregate volume associated with all unintended liquid or solid releases to the environment on-site that exceeds the regulator defined threshold volume; any amount that may have an adverse environmental effect or pose a danger to public safety; any amount not confined to a site; any release from a pipeline; or any release into a watercourse, groundwater or surface water. A hydrocarbon spill includes a liquid or solid component consisting of carbon and hydrogen molecules that are the principal constituents of petroleum products (both refined and unrefined). A non-hydrocarbon spill can include liquids and solids that are water, waste or chemical based, non-hydrocarbon refined products or other substances used in operations or generated as waste material.

SP-02 While we had fewer company-wide spills in 2017, our total spill volume increased compared with 2016. Overall, we had fewer non-hydrocarbon spills at our oil sands operations and legacy conventional assets, while the number of hydrocarbon spills increased at our legacy conventional assets. Company-wide, our total non-hydrocarbon spill volume increased primarily due to a few high volume spills of produced water at our legacy conventional and Deep Basin assets. Our hydrocarbon spill volumes increased due to one large bitumen spill from a storage tank that was fully contained within a berm at our oil sands operations, as well as three larger emulsion spills within our legacy conventional operations. (Cenovus divested its legacy conventional assets between September 2017 and January 2018).

Waste			2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Waste (tonnes)	Company-wide	Total	1,196,620	924,683	461,133	421,552	678,668	61%	WS-01	306-2
		Hazardous	345,721	232,626	104,757	165,271	21,523	-87%	WS-01	306-2
		Non-hazardous	850,899	692,057	356,376	256,280	657,145	156%	WS-01	306-2
	Oil sands	Total	604,861	466,424	326,859	344,880	436,296	27%	WS-01	306-2
		Hazardous	323,801	203,638	94,035	156,396	6,577	-96%	WS-01	306-2
		Non-hazardous	281,060	262,786	232,824	188,484	429,719	128%	WS-01	306-2

WS-01 Total waste increased in 2017 due to an increase in production in our oil sands assets, increased drilling activity and the acquisition of the Deep Basin assets in 2017. Changes in hazardous and non-hazardous waste reflect an internal improvement made in our waste classification methodology that began in 2017. Data from 2016 and previous years have not been restated to reflect this change.

Water		2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Fresh water use (Mbbbls)	Company-wide	31.258	20.715	19.311	19.307	22.973	19%	WT-01	303-1
	Oil sands	20.906	9.901	11.595	15.121	18.959	25%	WT-01	303-1
Fresh water use intensity (bbbls/BOE)	Company-wide	0.22	0.13	0.12	0.12	0.11	-9%	WT-01	
	Oil sands	0.28	0.11	0.11	0.14	0.14	5%	WT-01	
Saline water use (Mbbbls)	Company-wide	71.189	79.713	68.975	50.019	50.871	2%	-	303-1
	Oil sands	34.456	36.398	39.054	34.253	32.687	-5%	-	303-1
Saline water use intensity (bbbls/BOE)	Company-wide	0.51	0.51	0.43	0.31	0.24	-23%	-	
	Oil sands	0.46	0.39	0.38	0.31	0.25	-5%	-	
Fresh surface water withdrawals (Mbbbls)	Company-wide	4.663	4.561	3.196	2.480	3.648	47%	WT-01	303-1
Fresh groundwater withdrawals (Mbbbls)	Company-wide	26.595	16.146	16.311	16.826	19.325	15%	WT-01	303-1
Saline groundwater withdrawals (Mbbbls)	Company-wide	71.189	79.722	68.977	50.019	50.871	2%		303-1

WT-01 Fresh water use represents all the fresh water we used directly for oil production, potable camp water, dust suppression, ice road construction and drilling. Our company-wide fresh water use increased due to a greater need for fresh water at our oil sands operations to support increasing production. We also used more surface fresh water to support increased drilling activity. While oil sands fresh water intensity remained about the same as 2016, our company-wide fresh water intensity decreased, reflecting lower water intensity in our legacy conventional assets and our acquisition of our Deep Basin assets in 2017. (Cenovus divested its legacy conventional assets between September 2017 and January 2018).

Environmental Compliance	2013	2014	2015	2016	2017	% change	Foot-note	GRI 2016
Monetary value of significant fines and total non-monetary sanctions for non-compliance with environmental laws and regulations (C\$)	259,385	0	0	0	0	-	ENV-01	307-1

ENV-01 Data includes regulatory fines related to environmental, health and safety contraventions paid during the stated year. Our fine in 2013 included the \$252,385 administrative penalty for unlicensed water withdrawals at our prospective Steepbank oil sands operations and the \$7,000 administrative penalty for SO₂ exceedances at Christina Lake.

GRI INDEX AND SUPPLEMENT

GRI INDEX

GRI 2016 Standard		Disclosure Expectation	Reference
102-01	Name of the organization	Name of the organization.	<ul style="list-style-type: none"> CR Report: title page
102-02	Activities, brands, products, and services	A description of the organization's activities. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	<ul style="list-style-type: none"> 2017 AIF (pages 3-12) Cenovus.com: Our operations CR report: <i>Our Business</i>, under <i>About us</i>
102-03	Location of headquarters	Location of the organization's headquarters.	<ul style="list-style-type: none"> CR report: <i>Our Business</i>, under <i>About us</i>
102-04	Location of operations	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	<ul style="list-style-type: none"> 2017 AIF (pages 3-12) Cenovus.com: About us CR report: <i>Our Business</i>, under <i>About us</i> CR report: GRI index and supplement
102-05	Ownership and legal form	Nature of ownership and legal form.	<ul style="list-style-type: none"> 2017 AIF (pages 3-12)
102-06	Markets served	Markets served, including: geographic locations where products and services are offered; sectors served; types of customers and beneficiaries.	<ul style="list-style-type: none"> Cenovus.com: Marketing and transporting our oil CR report: <i>Our Business</i>, under <i>About us</i> CR report: Our reporting approach
102-07	Scale of the organization	Total number of employees.	<ul style="list-style-type: none"> CR report: Workforce, under Reporting data
		Total number of operations.	<ul style="list-style-type: none"> 2017 AIF (pages 3-12)
		Net sales (for private sector organizations).	<ul style="list-style-type: none"> CR report: About Us
		Total capitalization (for private sector organizations) broken down in terms of debt and equity.	<ul style="list-style-type: none"> CR report: GRI index and supplement (reporting boundaries)
		Quantity of products or services provided.	<ul style="list-style-type: none"> CR report: Financial (gross sales), under Reporting data
102-08	Information on employees and other workers	Total number of employees by employment contract (permanent and temporary), by gender.	<ul style="list-style-type: none"> CR report: Workforce, under Reporting data (gender breakdown not provided)
		Total number of employees by employment contract (permanent and temporary), by region.	<ul style="list-style-type: none"> CR report: Workforce, under Reporting data (separation by employment contract not provided)
		Total number of employees by employment type (full-time and part-time), by gender.	<ul style="list-style-type: none"> In 2017, 99 percent of Cenovus employees were full-time and one percent were part-time. Employees working less than a 1.00 full-time equivalent are considered part-time
		Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	<ul style="list-style-type: none"> This information was not readily available at the time of this report. We will aim to assess the feasibility of providing this information in future reporting years
		Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c.	<ul style="list-style-type: none"> No significant seasonal variations in employment numbers occur in our operations
		An explanation of how the data have been compiled, including any assumptions made.	<ul style="list-style-type: none"> CR report: Workforce (footnotes), under Reporting data
102-10	Significant changes to the organization and its supply chain	Significant changes to the organization's size, structure, ownership, or supply chain, including: changes in the location of, or changes in, operations, including facility openings, closings, and expansions; changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	<ul style="list-style-type: none"> CR report: Supply chain management, under Economy 2017 AIF (pages 3-6) CR report: Aboriginal engagement, under Community
102-11	Precautionary Principle or approach	Whether and how the organization applies the Precautionary Principle or approach.	<ul style="list-style-type: none"> Cenovus.com: MD&A for the year ended December 31, 2017 (Risk management and risk factors page 37)
102-12	External initiatives	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	<ul style="list-style-type: none"> CR report: Advocacy, Memberships and Sponsorships, under Governance
102-13	Membership of associations	A list of the main memberships of industry or other associations, and national or international advocacy organizations.	<ul style="list-style-type: none"> CR report: Table 1, under Our reporting approach CR report: Advocacy, Memberships and Sponsorships, under Governance
102-14	Statement from senior decision-maker	A statement from the most senior decision-maker of the organization (such as CEO, Chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	<ul style="list-style-type: none"> CR Report: A message from our CEO

GRI 2016 Standard		Disclosure Expectation	Reference
102-16	Values, principles, standards, and norms of behaviour	A description of the organization's values, principles, standards, and norms of behaviour.	<ul style="list-style-type: none"> CR Report: About Us Cenovus.com: Our vision, mission and values
102-18	Governance structure	Governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social topics.	<ul style="list-style-type: none"> CR Report: Governance Cenovus.com: Our Board; Key Governance Documents
102-40	List of stakeholder groups	A list of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> CR report: Table 1, under Our reporting approach CR report: Advocacy, Memberships and Sponsorships, under Governance
102-41	Collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements.	<ul style="list-style-type: none"> Cenovus does not have any employees covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	The basis for identifying and selecting stakeholders with whom to engage.	<ul style="list-style-type: none"> CR Report: Community CR report: Table 1, under Our reporting approach
102-43	Approach to stakeholder engagement	The reporting organization shall report the following information: The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<ul style="list-style-type: none"> CR Report: Community CR report: Table 1, under Our reporting approach
102-44	Key topics and concerns raised	Key topics and concerns that have been raised through stakeholder engagement, including: how the organization has responded to those key topics and concerns, including through its reporting; the stakeholder groups that raised each of the key topics and concerns.	<ul style="list-style-type: none"> CR Report: Our Reporting Approach CR report: Table 1, under Our reporting approach
102-45	Entities included in the consolidated financial statements	A list of all entities included in the organization's consolidated financial statements or equivalent documents. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	<ul style="list-style-type: none"> 2017 AIF (pages 3-12) CR report: About Us CR report: GRI index and supplement (reporting boundaries)
102-46	Defining report content and topic boundaries	The reporting organization shall report the following information: An explanation of the process for defining the report content and the topic Boundaries. An explanation of how the organization has implemented the Reporting Principles for defining report content.	<ul style="list-style-type: none"> CR report: Our Reporting Approach CR report: GRI index and supplement (reporting boundaries)
102-47	List of material topics	A list of the material topics identified in the process for defining report content.	<ul style="list-style-type: none"> CR report: Our Reporting Approach
102-48	Restatements of information	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	<ul style="list-style-type: none"> CR report: Data table footnotes, under Reporting data
102-49	Changes in reporting	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	<ul style="list-style-type: none"> CR Report: About Us CR report: GRI index and supplement (reporting boundaries)
102-50	Reporting period	Reporting period for the information provided.	<ul style="list-style-type: none"> January 1, 2017 – December 31, 2017
102-51	Date of most recent report	If applicable, the date of the most recent previous report.	<ul style="list-style-type: none"> July 15, 2017
102-52	Reporting cycle	Reporting cycle.	<ul style="list-style-type: none"> Annual
102-53	Contact	The contact point for questions regarding the report or its contents.	<ul style="list-style-type: none"> Email: corporate.responsibility@cenovus.com
102-54	Claims of reporting	The claim made by the organization, if it has prepared a report in accordance with the GRI Standards.	<ul style="list-style-type: none"> This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	For each disclosure, the content index shall include: the number of the disclosure (for disclosures covered by the GRI Standards); the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	<ul style="list-style-type: none"> Refer to GRI Content Index below
102-56	External assurance	A description of the organization's policy and current practice with regard to seeking external assurance for the report. If the report has been externally assured: A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; The relationship between the organization and the assurance provider; Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	<ul style="list-style-type: none"> CR report: Reporting Assurance, under Our reporting approach

GRI CONTENT INDEX

GRI Standard		GRI Disclosure		CR Report Section for GRI DMA	Data	Other references
201	Economic Performance	201-01	Direct economic value generated and distributed	Economy	Economic	
204	Procurement Practices	204-01	Proportion of spending on local suppliers	Supply Chain Management	Community	Limited to local Aboriginal spend.
302	Energy	302-01	Energy consumption within the organization	Emissions and Energy Use	Energy	Fuel consumption of renewables, energy sold not reported.
302	Energy	302-03	Energy intensity	Emissions and Energy Use	Energy	
303	Water	303-01	Water withdrawal by source	Water	Water	Only fresh surface, fresh groundwater and saline groundwater are reported as significant sources of water withdrawals.
304	Biodiversity	304-03	Habitats protected or restored	Wildlife & Biodiversity Decommissioning	Land	Only areas restored under site reclamation programs are reported. Protected areas, interim reclamation and Linear Deactivation (LiDea) are not reported.
OGS ^a	Community	OG11	Site decommissioned or in the process of decommission	Decommissioning and Reclamation	Land	
305	Emissions	305-01	Direct (Scope 1) GHG emissions	Emissions and Energy Use	GHG Emissions	No biogenic GHG emissions occur within reporting boundary.
305	Emissions	305-02	Energy indirect (Scope 2) GHG emissions	Emissions and Energy Use	GHG Emissions	
305	Emissions	305-04	GHG emissions intensity	Emissions and Energy Use	GHG Emissions	Scope 1 and scope 2 are reported.
305	Emissions	305-07	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Emissions and Energy Use	Air Quality	Persistent organic pollutants, hazardous air pollutants are not reported.
306	Effluents and Waste	306-03	Significant spills	Spills	Spills	
307	Environmental Compliance	307-01	Non-compliance with environmental laws and regulations	Environmental Management	Environmental Compliance	
403	Occupational Health and Safety	403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety Management; Occupational Health and Safety	Safety	Overall injury rates and fatalities reported. Not reported by type of injury, gender or region.
OGS ^a	Process Safety		Asset Integrity and Process Safety	Governance (COMS); Process Safety	Safety	
404	Training and Education	404-03	Percentage of employees receiving regular performance and career development reviews	Workforce Management	Workforce	Cenovus has 100 percent coverage in this indicator and therefore split of employee category and gender are not provided.
405	Diversity and Equal Opportunity	405-01	Diversity of governance bodies and employees	Governance; Diversity & Inclusion	Workforce	Cenovus does not track employees and governance body members by minority group. Board diversity is reported in the 2018 Management Information Circular.

GRI Standard		GRI Disclosure		CR Report Section for GRI DMA	Data	Other references
413	Local Communities	413-01	Operations with local community engagement, impact assessments, and development programs	Community	Community	Programs such as applicability of our Integrity Helpline and types of assessments (EIA) and engagement are included. Community development programs were not included in the current reporting year.
OGS ^a	Community	OG11	Site decommissioned or in the process of decommission	Decommissioning and Reclamation	Land	
OGS ^a	Emergency Preparedness	OG	Mechanisms used to involve local communities in the development of emergency plans	Emergency Management	NA	
415	Public Policy	415-01	Political contributions	Advocacy, Memberships and Sponsorships		

a – Refers to GRI G4 Oil and Gas Sector Disclosures (Global Reporting Initiative, 2014)

REPORTING BOUNDARIES

Corporate entity	Operations during 2017 associated with entity	Region where operations exist	Financial stake/ ownership role	Operator	Inclusion in report ^b
Cenovus Energy Inc.	Conventional oil and natural gas operations and some oil sands projects including Grand Rapids, Telephone Lake and emerging oil sands projects as listed in the AIF ^a	Alberta Saskatchewan	Yes	Yes	Included in report boundary for all topics.
	Deep Basin assets (acquired in 2017)	Alberta British Columbia	Yes	Not during reporting period (2017 fiscal year)	This recent acquisition (March 2017) is referenced in the report; however KPIs and management of issues for 2017 do not include Deep Basin
	Bruderheim crude-by-rail terminal to transport crude oil	Alberta	Yes	No (operated by third party)	Included in spills topic.
Intercorporate relationships as listed in the AIF^a					
Cenovus FCCL Ltd.	Foster Creek, Christina Lake and Narrows Lake projects	Alberta	Yes	Yes	Included in report boundary for all topics.
Cenovus Energy Marketing Services Ltd.	Marketing operation in the U.S. to buy and sell oil, arrange transportation/trade in derivatives. This entity also holds some office leases, such as Cenovus head office in Calgary.	Alberta	Yes	No	Generally excluded as the office operations are not material activities relating to exploration, construction, production and decommissioning. Cenovus does in some cases charter shipments of our crude oil, but the operator of those shipment vessels are external 3rd parties.
Cenovus US Holdings Inc.	Refer to WRB Refining LP	Refer to WRB Refining LP	Yes	Refer to WRB Refining LP	Holds Cenovus interest in WRB Refining LP.
FCCL Partnership ("FCCL")	Refer to Cenovus FCCL Ltd.	Refer to Cenovus FCCL Ltd.	Yes	Refer to Cenovus FCCL Ltd.	See Cenovus FCCL Ltd. FCCL Partnership holds Cenovus interest in Cenovus FCCL Ltd. which is the FCCL operator and managing partner.
WRB Refining LP ("WRB")	Wood River (IL) and Borger (TX) refineries	Illinois Texas	Yes	No (Phillips 66 is the operator)	Excluded as Cenovus is not the operator of this facility.
Other organizations related to Cenovus Energy Inc. considered during boundary determination of the CR report					
Evok Innovations ^c	Investment partnership, along with Suncor Energy and the BC Cleantech CEO Alliance, formed to connect the energy industry and the global clean technology community.	Offices are located in Vancouver, British Columbia	Yes	No	Activities relating to investments are discussed as part of the management approach to environment related issues.
COSIA ^c	Alliance of oil sands producers focused on accelerating the pace of improvement in environmental performance in Canada's oil sands through collaborative action and innovation.	Offices are located in Calgary, Alberta	Yes	No	Activities relating to investments are discussed as part of the management approach to environment related issues.
a	Reporting boundaries – Details of Cenovus Energy Inc. and its intercorporate relationships are provided in the Cenovus Energy Inc. 2017 AIF				
b	Cenovus reports operating areas where it has both a financial stake and is the operator in the CR report				
c	While not reported in the AIF as a partnership or subsidiary, COSIA and Evok, where considered as our investments in these organizations, are included in the report				

OPERATING REGION DEFINITIONS

Cenovus reports operating areas where it has both a financial stake and is the operator in the CR report as outlined in the Reporting Boundaries section above.

Group as reported in AIF ^a	Operating area	Status during reporting period	Reportable segment in AIF ^b	Primary product	CR report oil sands category ^b	Reporting notes
Conventional Alberta	Deep Basin	Producing	Conventional	Natural gas, NGLs and oil	Not included in KPIs for this reporting period.	Cenovus became the operator of Deep Basin assets in May 2017.
	Grassland, Langevin, Pelican Lake, Suffield, other	Producing	Conventional	Natural gas, NGLs and oil	No	Pelican Lake refers to the polymer flood heavy oil operation and is distinct from the Grand Rapids SAGD pilot. Some assets were divested during the reporting period.
Conventional Saskatchewan	Weyburn, Bakken	Producing	Conventional	Oil	No	Some assets were divested during the reporting period.
Oil sands	Athabasca Gas	Producing	Oil sands	Natural gas	No	Excluded from the CR report oil sands category in order to be more fully representative of bitumen versus non-bitumen related performance.
	Foster Creek	Producing	Oil sands	Bitumen	Yes	Athabasca Gas and Foster Creek operating areas overlap.
	Christina Lake	Producing	Oil sands	Bitumen	Yes	
	Narrows Lake	Not producing	Oil sands	Bitumen	Yes	
	Grand Rapids (SAGD pilot)	Producing (pilot)	Oil sands	Bitumen	Yes	The Grand Rapids SAGD pilot is sometimes referred to as the Pelican Lake Grand Rapids SAGD pilot in other public documents. This asset produces bitumen and is distinct from the Pelican Lake heavy oil polymer flood operation noted above.
	Telephone Lake	Not producing	Oil sands	Bitumen	Yes	
	Other emerging assets	Not producing	Oil sands	Bitumen	Yes	
Transport	Bruderhiem	Operating	Refining and marketing	Crude-by-rail transport	No	
a	Cenovus Energy Inc. 2017 Annual Information Form					
b	"Oil sands" performance in our CR report differs from term used in the AIF under "Description of the Business" in that it only measures for operating activities associated with bitumen production as included. Gas production from the Athabasca gas field is excluded from the CR oil sands category					

Independent Assurance Statement

To the Board of Directors and Management of Cenovus Energy Inc. (Cenovus)

Scope of our Engagement

The scope of this engagement included providing reasonable and limited assurance over a selection of performance indicators (the Subject Matter) as presented in Cenovus' 2017 Corporate Responsibility Report (the Report).

Subject Matter

We have performed reasonable assurance procedures for the following quantitative performance indicators as presented in the respective section of the Report and the overall indicator data table for the year ended December 31, 2017:

- ▶ Direct Greenhouse Gas (GHG) emissions (Company-wide and Oil Sands) (in million tCO_{2e})
- ▶ Direct GHG emissions intensity (Company-wide and Oil Sands) (in tCO_{2e}/m³OE)
- ▶ Indirect GHG emissions (Company-wide and Oil Sands) (in million tCO_{2e})

We have performed limited assurance procedures for the following quantitative performance indicators as presented in the respective section of the Report and the overall indicator data table for the year ended December 31, 2017. Unless otherwise noted, the indicators were assured on a corporate-wide basis.

- ▶ Number of reportable spills greater 1 bbl (Company-wide)
- ▶ Estimated reportable volume spilled greater 1 bbl (Company-wide) (in bbls)
- ▶ **Total recordable injury frequency (Company-wide)** (number of injuries per 200,000 hours worked)
- ▶ Lost time injury frequency (Company-wide) (number of injuries per 200,000 hours worked)
- ▶ Fatalities (Company-wide)
- ▶ Aboriginal business spend (in million CAD)

Criteria

Cenovus has prepared its specified performance information using the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards), regulatory requirements where applicable and internally developed criteria as their framework.

Cenovus Management Responsibilities

The Report was prepared by the management of Cenovus, who are responsible for the assertions, statements, and claims made therein including the assertions we have been engaged to provide reasonable and limited assurance over the collection, quantification and presentation of the performance indicators and the criteria used in determining that the information is appropriate for the purpose of disclosure in the

Report. In addition, management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process.

Our Responsibilities

Both, our reasonable and limited assurance procedures have been planned and performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information”.

Our procedures were designed to obtain a reasonable and a limited level of assurance on which to base our conclusion.

The procedures for the three listed performance indicators subjected to reasonable assurance were designed and executed to allow the conclusion as to whether or not they are, in all material respects, accurate, and prepared in accordance with the relevant criteria.

The procedures conducted for the six indicators subjected to limited assurance do not provide all the evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable level of assurance. While 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 and, accordingly, we express no conclusions thereon.

This assurance statement has been prepared for Cenovus for the purpose of assisting management in determining whether the Subject Matter is in accordance with the criteria and for no other purpose. Our assurance statement is made solely to Cenovus in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Cenovus for our work, or for the conclusions we have reached in this assurance statement.

Assurance procedures

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. Our assurance procedures included but were not limited to:

- ▶ Interviewing relevant personnel at the head office to understand data management processes related to the selected performance indicators.
- ▶ Checking the accuracy of calculations performed - on a test basis - primarily through inquiry, variance analysis and performance of re-calculations.
- ▶ Checking that data and statements have been correctly transcribed from the corporate system into the Report.
- ▶ Assessing risk of material misstatement due to fraud or errors relating to the selected performance indicators.
- ▶ Evaluating the overall presentation of the Report, including the consistency of the Subject Matter.

Limitations of our Work Performed

Our scope of work did not include expressing conclusions in relation to:

- ▶ The materiality, completeness or accuracy of data sets or information relating to areas other than the selected performance data, and any site-specific information.
- ▶ Information reported outside of the Report.
- ▶ Management's forward looking statements.
- ▶ Any comparisons made by Cenovus against historical data.
- ▶ The appropriateness of definitions for internally developed criteria.

Independence and competency statement

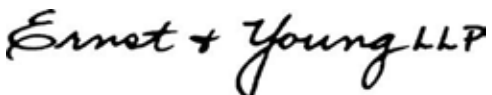
In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA).

Our Conclusion - Reasonable Assurance Scope

In our opinion those indicators subjected to reasonable assurance, as outlined above, are presented, in all material respects, in accordance with the relevant criteria.

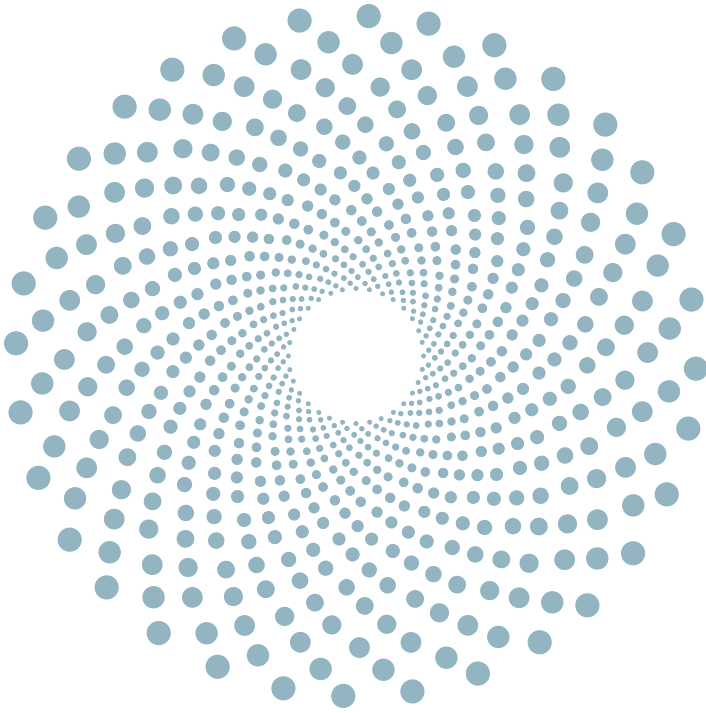
Our Conclusion - Limited Assurance Scope

Based on our procedures over those indicators subjected to limited assurance, as outlined above, nothing has come to our attention that causes us to believe that the Subject Matter is not, in all material respects, reported in accordance with the relevant criteria.



Ernst & Young LLP
Calgary, Canada

31 July 2018



Cenovus Energy Inc.

Cenovus Energy Inc. is a Canadian integrated oil and natural gas company. It is committed to maximizing value by responsibly developing its assets in a safe, innovative and efficient way. Operations include oil sands projects in northern Alberta, which use specialized methods to drill and pump the oil to the surface, and established natural gas and oil production in Alberta and British Columbia. The company also has 50% ownership in two U.S. refineries. Cenovus shares trade under the symbol CVE, and are listed on the Toronto and New York stock exchanges. For more information, cenovus.com.



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