

2015

Committed to sustainability



encana

We are committed to conducting our business in a manner that is ethically, legally, environmentally, and socially responsible, while delivering strong financial performance.

Committed to sustainability

Our commitment to corporate responsibility is integral to protecting and enhancing our reputation which is key to our sustained financial success. Operating responsibly is a core value of Encana's leadership and staff. To manage the environmental, social, and governance aspects of our business we adhere to strong policies and practices.

ENVIRONMENT

We develop and maintain programs to manage air emissions, prevent and respond to spills, minimize habitat disturbance, and protect water across diverse ecosystems and regulatory jurisdictions. We operate under rigorous regulatory frameworks, which are becoming more stringent across our business.

SOCIAL

We continue to demonstrate industry-leading personal safety performance resulting from our proven safety practices. We work with stakeholders near our operations to address concerns and create value through employing local workers, using local suppliers and investing in our operating communities.

GOVERNANCE

Governance plays a critical role in our culture and our ability to execute on our business strategy. Strong corporate governance promotes accountability and transparency throughout the company.



Environment

Environmental considerations are embedded throughout our business practices in order to minimize impacts to air, land and water from our operations. We develop and maintain programs to manage air emissions, prevent and respond to spills, minimize habitat disturbance, and protect water across diverse ecosystems and regulatory jurisdictions. We operate under rigorous regulatory frameworks, which are becoming more stringent across our business.

Our operational management system, Ethos, provides company-wide guidance for managing environmental risks. From this overarching standard, our teams implement regional practices and procedures that meet the needs and regulatory expectations of our operating areas.


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CLIMATE CHANGE

Meeting the world's energy needs while managing greenhouse gas (GHG) emissions is a complex challenge. The growing demand for energy will require the continued development of oil and gas resources. With increasing oil and gas production, energy companies are focused on improving efficiencies and limiting emissions with innovative solutions and technology.

Natural gas has been a big part of the solution. Increased North American natural gas production has encouraged greater use of natural gas for electric power, resulting in dramatically lower GHG emissions. The increased export of natural gas through liquefied natural gas (LNG) terminals will create emission reduction opportunities around the globe. A key learning of the recent past is that technology can change the energy landscape in dramatic and beneficial ways. The current trend toward new technology allowing customers to use oil and gas in lower emitting ways



will continue in the future as innovations improve the ways we convert energy sources into useful work.

Read about how we consider the costs of GHG emissions in our 2015 Annual Report.

AIR EMISSIONS MANAGEMENT

Fugitive methane emissions include unintended releases of natural gas that result from the production, processing and transport of hydrocarbons. These emissions can result in local air quality impacts, contribute to GHG emissions and represent product and revenue losses.

By identifying and understanding fugitive methane emission sources, we can implement fit-for-purpose technologies that improve our operational performance and reduce emissions. We collaborate with industry groups, non-governmental organizations, academic institutions and government agencies to best understand fugitive emissions from our operations. We support the development of best practices, voluntary reduction initiatives, and appropriate regulatory responses to the issue.

Both our Canadian and U.S. operations are subject to regulatory initiatives aimed at reporting and reducing fugitive methane emissions. Although our approaches differ between the two countries according to regulatory requirements, inspection and maintenance programs are the basis of our efforts to manage fugitive emissions.

LAND MANAGEMENT

Our land management practices enable responsible use and development of land resources. We include life cycle analysis, planning and mitigation in our activities from the initial site and risk analysis through to abandonment and reclamation.

Our land management programs are comprehensive. They ensure that environmental risks are effectively identified and managed and include mandatory programs that minimize, reclaim or remediate impacts to land throughout the life of the asset.

RESPONSIBLE PRODUCTS FOR HYDRAULIC FRACTURING

Encana's Responsible Products Program provides our Operations Teams with guidance on managing additives and chemicals used in our hydraulic fracturing and drilling operations. Our Responsible Products Program helps us manage our regulatory risk, and mitigate potential environmental and community impacts. This is accomplished by maintaining an inventory of the products we use, assessing the potential impacts of those products to the environment and public health, and by using only those products which we have screened and that meet our standards in our operations.

SPILL PREVENTION AND MANAGEMENT

Preventing spills is essential to limiting our environmental impact, ensuring a safe workplace and reducing costs. Effective spill management requires routine maintenance, situational preparedness and continuous improvement in every phase of our operations.

Our Spill Prevention Principles focus our efforts on four areas: transferring fluid, following procedures, ensuring equipment integrity, and considering spill prevention in our site design. We use these four focus areas to promote tangible, field-based practices that are incorporated into our operations and work sites to prevent spills from occurring.

WASTE MANAGEMENT

Effective waste management enables Encana to minimize our impacts to the environment. Our waste management practices ensure that waste generated by our activities is appropriately classified for proper handling, storage, transportation, tracking and disposal in accordance with regulatory requirements.



WATER MANAGEMENT

Our water requirements and the nature of our operations require tailored approaches to water management. We regularly assess and implement technologies and processes to improve our water management practices. We work in compliance with robust regulatory regimes, which encourage responsible water use.

Sourcing water for our operations is unique to each location, as the availability and quality of water can vary significantly depending on the nature of each resource play and location of every well pad. There are various sources of water used in developing oil and natural gas: non-potable water, surface water, shallow and deep ground water and recycled/reused water. Depending on the availability, cost and regulatory requirements in each area, we may use one or more of these sources for our operations.

INDUCED SEISMICITY

The overall occurrence of induced seismicity in relations to oil and gas activity, either by hydraulic fracturing or wastewater disposal, is generally very low and is limited to a few specific areas. Encana has operating procedures to help manage the occurrence and magnitude of induced seismicity to levels that minimize any associated or perceived risks. These procedures have been developed based on experience with seismicity associated with those limited cases involving hydraulic fracturing as well as operations related to well injection.

WILDLIFE AND HABITAT MANAGEMENT

Minimizing our impact to wildlife and habitat is not only regulated by law, but is an important consideration as we strive to conduct our business responsibly. We actively manage our development schedules and operational footprint to account for a wide range of wildlife and habitat concerns. In order to identify site-specific wildlife and habitat issues and minimize disturbance, we conduct environmental and wildlife assessments during the project planning process and continuously monitor our performance throughout our operations.





Social

Social considerations are embedded in our business practices to encourage community engagement and to ensure the safety of our workforce and community members. We maintain programs to engage with communities, prevent and respond to incidents, and ensure our diverse workforce is competent, safe, and free from harassment. Encana operates under rigorous regulatory frameworks, which are designed to ensure worker and public safety.

Our operational management system, Ethos, provides company-wide guidance on topics that include occupational health, personal safety, and process safety. From this overarching standard, our teams implement regional practices and procedures that meet the unique needs and regulatory expectations of our operating areas.

COMMUNITY INVESTMENT

Encana continues to invest in communities through grants, sponsorships and in-kind gifts that strengthen partnerships and create shared value. We support projects that promote environmental stewardship, enhance the skills of future industry workers and provide long-term benefits to the communities where we operate.

Through Encana Cares, our year-round employee directed giving program, we encourage our employees to contribute to the registered charities of their choice, which Encana matches dollar-for-dollar. Since 2010, Encana has raised over \$18 million for charities across North America.

STAKEHOLDER AND COMMUNITY ENGAGEMENT

Effective community engagement is integral to earning and maintaining public acceptance, which in turn helps us advance our strategy. We place great emphasis on how we engage with communities and stakeholders connected to our operations. Our engagement activities are tailored to local concerns and needs and we intend for communities to benefit both economically and socially from our operations.

OCCUPATIONAL HEALTH

Occupational Health and Industrial Hygiene are specialized components of safety that focus on managing health hazards found in the workplace.

Our Occupational Health and Industrial Hygiene programs focus on the anticipation, recognition, evaluation and control of workplace health hazards. Utilizing quantitative and qualitative assessment processes, health hazards such as benzene, noise, silica, radiation, heat stress, and bacteria are managed. Awareness training is provided for practices including chemical, biological, and physical health hazards, personal protective equipment, respiratory protection, hearing conservation.



PERSONAL SAFETY

Safety is a foundational value for Encana. From the office to the field, we strive to proactively identify and control the risks associated with our operations and ensure that our expectations are clearly communicated and followed by staff and service providers. Ensuring the safety of our staff, service providers and the public is a basic tenet of running our business efficiently.

Our operational management system, Ethos, plays a critical role in enhancing worker safety by providing company-wide guidance on how to manage the risks associated with issues such as energy isolation, explosive atmospheres, confined space entry, driving safety, emergency preparedness, management of change, and security.

PROCESS SAFETY

Process safety focuses on the appropriate design, construction, operation and maintenance of facilities or processes to prevent the release of hazardous materials. Process safety incidents include fires, explosions and/or spills with the potential for serious consequences resulting in injuries and/or harm to the environment.

Ensuring that process safety practices and procedures are integrated into Ethos (our operational

management system) expanding our process safety practices and expectations, and providing appropriate training to our staff are all central to our approach to achieving operational excellence. By taking these preventative steps to ensure the hydrocarbons we produce and materials we manage are contained where they belong, we can advance our overall safety performance, keeping our workforce safe and minimizing the impact to the public and the environment.

OUR PEOPLE

Encana is committed to providing a respectful, inclusive workplace free from harassment, discrimination, violence and intimidation. We do not discriminate on the basis of gender, race, colour, age, national origin, religion, disability, sexual orientation, marital status or any other characteristic protected by applicable laws.

We apply fair labour practices and abide by all applicable workplace, employment, privacy and human rights legislation including support of the principles of the Universal Declaration of Human Rights within our sphere of influence.

Governance

Strong corporate governance plays a critical role in our corporate culture and our ability to execute our business strategy. More than a mechanism to ensure Encana meets or exceeds applicable laws and regulations, strong corporate governance promotes accountability and transparency throughout the company.

We continually evaluate our governance framework, as well as best practices in the areas of compliance and business ethics, to ensure that our structure remains effective, clearly communicates expected behaviors, and is consistent with principles of good governance.

ETHICS AND INTEGRITY

Encana reveals its character by our ethical behaviour and our respect for staff and stakeholders. Ethical behaviour is a cornerstone of Encana's Values. Acting with integrity cannot be prescriptive, however Encana believes that communicating certain expectations helps to promote the spirit of ethical behaviour.

ETHOS MANAGEMENT SYSTEM

Encana utilizes a comprehensive operational management system, called Ethos. Ethos is a structured and documented set of interdependent standards, practices, and procedures used at every level in the company to manage operational, health, safety, and environmental risks. This framework allows Encana to manage risks by clearly stating how we conduct our business. From this overarching standard, our teams implement regional practices and procedures that meet the unique needs and regulatory expectations of our various operating areas.

COMPLIANCE

Encana's ability to operate and to be successful is dependent on our ability to know and follow the laws and regulations that govern our operations. We need to be in compliance at all times in the countries, states and provinces in which we operate. To ensure our workforce is working in compliance with laws and regulations, Encana has specific policies related to Competition & Anti-Trust, Securities Trading and Insider Reporting, Anti-Fraud, Disclosure, Prevention of Corruption.

Staff are required to review and sign off on their understanding and compliance with key policies on an annual basis and to declare any potential conflicts of interest which may impact Encana.

INTEGRITY HOTLINE

In order to uphold Encana's values and commitment to being compliant, everyone is responsible for reporting behaviour that is believed to be illegal or unethical. Concerned individuals are encouraged to report issues about our operations using our Integrity Hotline. All reports are confidential and requests for anonymity will be honored.

INVESTIGATIONS

Encana is committed to a consistent process by which all reported issues are properly received, reviewed, investigated, documented and brought to an appropriate resolution. All staff are required to fully cooperate and assist in any investigation, whether the investigation is conducted internally by Encana or by any external authority.

VENDOR COMPLIANCE

Service providers and suppliers (collectively referred to as 'vendors') play critical roles in supporting strong environment, health and safety (EH&S), governance and social performance. We expect vendors to uphold the same practices as our employees, and we often work directly with vendors to identify and develop compliance strategies to manage EH&S, governance and social issues.

We use an online prequalification and safety data management system to ensure that vendors meet our expectations. To encourage continued compliance, we regularly audit our vendors to verify that the programs submitted during prequalification are effectively implemented in the field.

Our performance

The purpose of our Sustainability website is to communicate our environmental, social and governance (ES&G) programs and related performance. Our goal is to provide useful and meaningful information to all of our stakeholders.

DETERMINING WHAT MATTERS

Our sustainability reporting process includes identifying and reporting on sustainability issues that are of concern to our stakeholders or may have an impact on Encana's operations. The material we report is determined by utilizing a multi-step process that involves input from subject matter experts from disciplines across the company.

The subject matter experts involved in our issue identification process provide insight on the concerns of our diverse range of stakeholders. This process is validated through the use of focused stakeholder surveys and the resulting feedback is used to inform future reporting.

PERFORMANCE DATA

With a focus on continuous improvement, our performance is frequently reviewed by leaders across the organization to assess our performance against internal goals and targets and to identify trends. Our operational teams analyze their performance and address concerns at the operational level.



Questions? Contact us at:
sustainability@encana.com

2015 Performance data

	2013	2014	2015
AIR EMISSIONS			
Direct GHG emissions ² (10 ³ tonnes CO ₂ e)	4,796	4,475	n/a ¹
Nitrogen oxides (NO _x) (tonnes)	10,997	9,520	n/a ¹
Sulphur dioxide (SO ₂) (tonnes)	3,584	8,244	n/a ¹
Flared gas (10 ³ m ³ /yr)	144,722	131,195	n/a ¹
Vented gas (10 ³ m ³ /yr)	67,790	67,264	n/a ¹
SPILLS			
Reportable spills ³ (number)	175	156	165
WATER USE			
Fresh water ⁵ (MMbbls)	41.87	55.64 ⁴	50.12
Alternative sources ⁶ (MMbbls)	36.78	15.07 ⁴	10.59
Total water use (MMbbls)	78.65	70.71 ⁴	60.72 ⁷
PERSONAL SAFETY			
Recordable injuries ⁸ (number)	168	134	100
Recordable injury frequency (injuries/200,000 work hours)	0.52	0.44	0.34
Lost time injuries (number)	34	31	17
Lost time injury frequency (injuries/200,000 work hours)	0.11	0.10	0.06
Fatalities (number)	1	0	0
PEOPLE			
Total staff (employees and contractors)	3,774	3,544	2,891 ⁹
Gender diversity (% women)	37	36	37

1. Emissions data will be provided upon completion of data quality assurance projects across the organization.
2. Emissions are calculated using locally regulated methodology or the locally recognized industry standard.
3. Spills reported to a regulatory agency, as required in the jurisdiction where the spills occurred.
4. The 2014 water volumes have been restated as a result of corrected volume conversions.
5. Fresh water includes water sourced from surface locations and groundwater aquifers.
6. Alternative water includes saline, produced, recycled and reused water.
7. The decrease in water use is due to reduced completions activity across the organization.
8. Recordable injuries include fatalities, permanent total disabilities, lost work cases, restricted work cases and medical treatment cases.
9. The decrease in total staff is due to asset divestitures and strategic workforce reduction.

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