2016

Committed to sustainability

encana

Energy is the foundation of modern life. From the cars and planes that transport us and the computers, smart phones and electronic devices we rely on, to heating and cooling our homes and offices and powering life-saving equipment in hospitals. Everything we rely upon in our lives demands energy.

Committed to sustainability

As the global population rises, so too does demand for energy. The International Energy Agency (IEA) noted in 2016 that fossil fuels, particularly oil and natural gas will continue to be the bedrock of the global energy system for decades to come.

Encana produces some of the oil and gas the world relies on. Our goal is to do this in a safe, ethical and socially responsible way while minimizing our environmental impact. These considerations are integral to our strategy and are embedded throughout our planning, decision-making and operational processes.

Our track record of innovation strongly underpins these goals as it drives continuous efficiency and sustainability across our business. While we are proud of our accomplishments, we continually strive to better our performance and adhere to strong policies and practices which you can learn about here.

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 by 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 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.

CLIMATE CHANGE

Meeting some of 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 limiting emissions with innovative solutions and technology and improving efficiencies.

Natural gas has been a big part of the solution. Increased North American natural gas production has encouraged greater use for electric power generation, 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.

AIR EMISSIONS MANAGEMENT

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 and government agencies to better 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 in accordance with 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 using only those products which we have screened and that meet our standards.

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 operational 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 the location of each well. 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 relation to oil and gas activity, either by hydraulic fracturing or wastewater disposal, is generally very low and 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 the 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. 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 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 $ 21 million for charities across North America.

Read more about our Community Investment programs at: encana.com/communities/investment/

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.

Read more about our work with Indigenous communities and our good neighbour program, Courtesy Matters™ at: encana.com/communities/

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 and 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 hydrocarbons. Process safety incidents can include fires, explosions and/or spills with the potential for serious consequences resulting in injuries, harm to the environment or property damage.

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 based on 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.

Read about working at Encana at: encana.com/careers/

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 applicable laws and regulations, governance promotes accountability and transparency throughout the company.

Encana's Board of Directors has oversight responsibility for material risks associated with the Company's business. This includes taking reasonable steps to ensure management has an effective risk management system in place to identify, understand and appropriately mitigate risks associated with the Company's business.

Board Committees also play a key role in risk oversight. Each Committee has responsibility for reviewing the policies and procedures respecting the Committee's respective areas of allocated risk, as well as working with management to identify, monitor and manage those risks.

The Corporate Responsibility, Environment, Health and Safety Committee is responsible for oversight on policies and systems related to EH&S issues; monitoring EH&S performance, management systems and audit protocols; and oversight of ethics and compliance-related risk.

Read the Board of Directors' Mandate and the Corporate Responsibility, Environment, Health and Safety Committee Mandate at: encana.com/about/board-governance/

ETHICS AND INTEGRITY

Encana's Corporate Responsibility Policy establishes our commitment to conducting our business ethically and legally. In keeping with that commitment, our Business Code of Conduct and related policies are used to identify and manage ethical situations and make ethical business decisions.

Read Encana's Business Code of Conduct and related policies at: encana.com/about/board-governance/policies/

ETHOS MANAGEMENT SYSTEM

Ethos is Encana's operations management system. Ethos is a structured and documented set of interdependent standards, practices, processes and procedures used at every level of the organization to manage operational risks. It is a framework that clearly states how we conduct our business.

The Ethos framework consists of 12 Standards, each of which addresses a key category of broad operational risk. These standards are supported by practices that describe how to address specific areas of risk. Each practice describes roles and responsibilities, specific requirements, performance measurements and necessary training for staff and service providers. In some cases, our teams implement regional procedures that meet the unique needs and regulatory expectations of our various operating areas.

Our Ethos Governance Committee is comprised of operational staff with overall accountability to the Corporate Responsibility, Environment, Health and Safety (CREHS) Committee of the Board. The mandate of the Ethos Governance Committee is to ensure processes are in place to engage stakeholders, ensure quality, maintain continual improvement and make decisions regarding the ongoing effectiveness of our operations management system.

Read our Environmental Policy, Health & Safety Policy and more about Ethos at: encana.com/about/board-governance/ethos.html

COMPLIANCE

Encana's ability to operate successfully is dependent on our ability to know and follow the laws, rules and regulations that apply to our business in the jurisdictions where we operate. Encana's Business Code of Conduct and supporting policies outline expectations to ensure our workforce is working in compliance with laws and regulations. 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 that may impact Encana.

Read more about our Policies and practices at: encana.com/about/board-governance/policies/

INTEGRITY HOTLINE

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.

Access our Integrity Hotline at: secure.ethicspoint.com/domain/media/en/gui/37435/index.html

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.

CONTRACTOR AND SERVICE PROVIDER COMPLIANCE

Contractors and service providers play critical roles in supporting strong environment, health and safety (EH&S), governance and social performance. We expect contractors and service providers to uphold the same practices as our employees and we often work directly with contractors and service providers to identify and develop compliance strategies to ensure alignment with Encana's expectations.

Read about doing business with us at: encana.com/business/

Sustainability reporting

We have chosen to use Encana's Sustainability website as our primary method for communicating our environmental, social and governance (ES&G) programs and related performance. Our goal is to provide useful and meaningful information to our stakeholders.

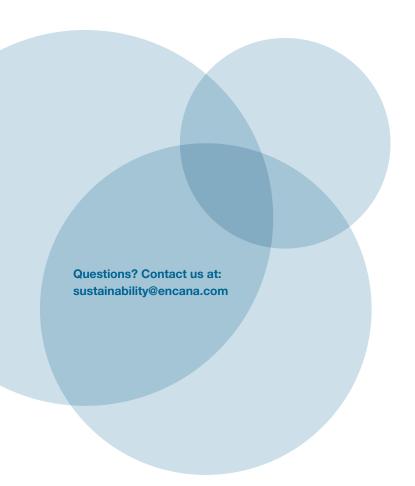**Read more at: encana.com/sustainability/**

DETERMINING WHAT MATTERS

Our sustainability reporting process focuses on identifying and reporting issues that may concern our stakeholders or potentially impact Encana's operations.

The material we report is informed by subject matter experts from across the company. We validate our internal views through our stakeholder engagement activities and outreach.

OUR PERFORMANCE

Focusing 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 teams analyze their performance and address concerns at the operational level.

Questions? Contact us at:
sustainability@encana.com

2016 Performance data

	2014	2015	2016
PRODUCTION			
Total Production (MBOE/d)	478.5	405.9	352.7
AIR EMISSIONS			
Direct GHG emissions[1] (10^3 tonnes CO_2e)	4,475	4,352	4,072
Flared gas ($10^3 m^3$/yr)	131,195	86,320	67,608
Vented gas ($10^3 m^3$/yr)	67,264	98,170	81,472
Nitrogen oxides (NO_x) (tonnes)	9,520	10,266	10,221
Sulphur dioxide (SO_2) (tonnes)	8,244	3,875	3,440
SPILLS			
Reportable spills[2] (number)	156	165	65
WATER USE			
Fresh water[3] (MMbbls)	55.64	50.12	39.52
Alternative sources[4] (MMbbls)	15.07	10.59	16.40
Total water use (MMbbls)	70.71	60.72	55.92
PERSONAL SAFETY			
Recordable injuries[5] (number)	134	100	53
Recordable injury frequency (injuries/200,000 work hours)	0.44	0.34	0.30
Lost time injuries (number)	31	17	6
Lost time injury frequency (injuries/200,000 work hours)	0.10	0.06	0.03
Fatalities (number)	0	0	0
PEOPLE			
Total staff (employees and contractors)	3,129	2,726	2,200
Gender diversity (% women)	36	37	35

1. Emissions are calculated using locally regulated methodology or the locally recognized industry standard.
2. Spills reported to a regulatory agency, as required in the jurisdiction where a spill occurs.
3. Fresh water includes water sourced from surface locations and groundwater aquifers.
4. Alternative water includes saline, produced, recycled and reused water.
5. Recordable injuries include fatalities, permanent total disabilities, lost work cases, restricted work cases and medical treatment cases.