



## **HUMAN RESOURCES AND COMPENSATION COMMITTEE MANDATE**

The Human Resources and Compensation Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of Cenovus Energy Inc. (“Cenovus” or the “Corporation”) to act in an advisory capacity to the Board with two functions:

- To assist the Board in carrying out its responsibilities by reviewing compensation and human resources matters, including but not limited to responsibilities specifically related to Cenovus’s people strategy, culture, engagement and inclusion and diversity, in support of the achievement of the Corporation’s business strategy and making recommendations to the Board as appropriate.
- To assist the Board in carrying out its responsibilities as sponsor of its various pension plans and non-pension savings and investment plans.

### **CONSTITUTION, COMPOSITION AND DEFINITIONS**

#### **1. Reporting**

The Committee shall report to the Board.

#### **2. Composition of Committee**

The Committee shall consist of not less than three and not more than eight directors, all of whom shall qualify as independent directors pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (as implemented by the Canadian Securities Administrators and as amended from time to time). The Board Chair shall be an *ex officio*, non-voting member of the Committee (see “Quorum” for further details).

#### **3. Appointment of Committee Members**

Committee members shall be appointed by the Board, effective after the election of directors at the annual meeting of shareholders, provided that any member may be removed or replaced, subject to any requirements under the heading “Composition of Committee” above, at any time by the Board and shall, in any event, cease to be a Committee member upon ceasing to be a Board member.

#### **4. Vacancies**

Where a vacancy occurs in the membership of the Committee, it may be filled by the Board.

**5. Chair**

The Governance Committee shall recommend to the Board for approval an independent director as Chair of the Committee (the "Chair"). The Board shall appoint the Chair.

If unavailable or unable to attend a meeting of the Committee, the Chair shall ask another Committee member to chair the meeting, failing which a Committee member present at the meeting shall be chosen to preside over the meeting by a majority of Committee members present at such meeting.

The Chair, presiding at any meeting of the Committee, shall have a casting vote.

The items pertaining to the Chair in this section should be read in conjunction with the Committee Chair section of the *Chair of the Board of Directors and Committee Chair General Guidelines*.

**6. Secretary**

The Committee shall appoint a Secretary who need not be a Committee member. The Secretary shall keep minutes of the meetings of the Committee.

**7. Committee Meetings**

The Committee shall meet at least semi-annually. The Chair may call additional meetings as required. In addition, a meeting may be called by the Chair of the Board, Lead Director, the President & Chief Executive Officer, or any Committee member.

Committee meetings may, by agreement of the Chair, be held in person, by video conference, by means of telephone, by other electronic or communication facility or by a combination of any of the foregoing.

At every Committee meeting: a) the independent Committee members shall meet; and b) the Committee members shall meet without the presence of management.

**8. Notice of Meeting**

Notice of the time and place of each meeting may be given orally, or in writing, or by facsimile, or by electronic means to each Committee member at least 24 hours prior to the time fixed for such meeting.

A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

**9. Quorum**

A majority of Committee members, present in accordance with section 7, shall constitute a quorum. In addition, if an *ex officio*, non-voting member's presence is required to attain a quorum of the Committee, then the said member shall be allowed to cast a vote at the meeting.

**10. Attendance at Meetings**

The President & Chief Executive Officer is expected to be available to attend meetings, or portions thereof. Certain members of management may also be expected to be available to attend meetings, or portions thereof, as required.

The Committee shall meet annually with an external compensation consultant and the Committee may, by specific invitation, have other resource persons in attendance.

The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

Directors who are not Committee members may attend Committee meetings, on an *ad hoc* basis, upon prior consultation and approval by the Chair or by a majority of the Committee members.

**11. Minutes**

Minutes of Committee meetings shall be sent to all Committee members. The Committee shall report its activities to the full Board at the next regularly scheduled Board meeting or more frequently as determined appropriate by the Chair.

**12. Human Resources and Compensation Matters**

In carrying out its mandate with respect to human resources and compensation matters, the Committee is expected to:

- (a) Recommend to the Board for approval:
  - (i) The corporate goals and objectives relevant to the President & Chief Executive Officer's compensation, and evaluate the President & Chief Executive Officer's performance in light thereof;
  - (ii) Based upon the evaluation described in section 12(a)(i), remuneration of the President & Chief Executive Officer, including salary, short-term incentive awards and long-term incentive awards, and the material terms of any employment agreement;
  - (iii) Appointment of corporate officers;
  - (iv) Reservation of shares for, and any amendment of, the Corporation's equity compensation plans, including but not limited to: Employee Stock Option Plan, Employee Stock Appreciation Rights Plan, Deferred Share Unit Plan for Employees, Performance Share Unit Plan for Employees, Restricted Share Unit Plan for Employees, Canadian Investment Plan; and all associated grant agreements;
  - (v) Annual compensation budget for staff, as approved in the annual corporate budget;

- (vi) Incentive compensation plans;
- (vii) Share ownership guidelines; and
- (viii) Actions with respect to equity compensation plans;

(b) Approve and report to the Board:

- (i) The Corporation's compensation philosophy, including any related changes to compensation and benefits policies;
- (ii) The selection of the comparator group of companies to be used for the President & Chief Executive Officer and Cenovus leadership team.<sup>1</sup> compensation purposes;
- (iii) Disclosure of executive compensation, including in the management proxy circular;
- (iv) Upon recommendation of the President & Chief Executive Officer, remuneration of the Cenovus leadership team, including salaries, short-term incentive awards and long-term incentive awards, and the material terms of any employment agreements;
- (v) Aggregate number or value of awards authorized for issuance under equity compensation plans;
- (vi) Annual succession planning for the Cenovus leadership team;
- (vii) Permitted exceptions to shareholder approval of the equity compensation plans; and
- (viii) Performance measures for incentive compensation plans applicable to the President & Chief Executive Officer and Cenovus leadership team and evaluate such measures;

(c) Report to the Board:

- (i) Appointment of Group officers; and
- (ii) Compensation plans of subsidiary companies;

(d) Review:

- (i) The results of any shareholder advisory vote on executive compensation held in accordance with the Shareholder Advisory Vote on Executive Compensation Policy or such other applicable policy of the Corporation;

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<sup>1</sup> The Cenovus leadership team consists of all (a) Executive Vice-Presidents and (b) Senior Vice-Presidents designated by the President & Chief Executive Officer.

- (ii) Communications and/or engagement by the Committee with shareholders conducted in accordance with the Shareholder Communication and Engagement Policy or such other applicable policy of the Corporation;
- (iii) Remuneration of Group officers, including salaries, short-term incentive awards and long-term incentive awards;
- (iv) Compliance by the President & Chief Executive Officer and Cenovus leadership team with share ownership guidelines;
- (v) Reports from management to ensure that all equity compensation plans and all material revisions to such plans, subject to permitted exceptions, including for inducement options, plans relating to mergers or acquisitions and tax qualified and excess benefit plans, are approved by the shareholders;
- (vi) Key terms of collective bargaining agreements;
- (vii) Progress related to performance and achievement of environmental, social and governance (ESG) targets, within the Committee's oversight; and
- (viii) Informational reports regarding matters within the Committee's mandate, including compensation and human resources matters, organization and talent management strategies, people strategy, culture, respectful workplace, engagement and inclusion and diversity;

(e) Consider such other human resources matters as delegated to the Committee by the Board, for review, recommendation or decision as appropriate.

### **13. Pension, Savings and Investment Plan Matters**

In carrying out its mandate with respect to pension and investment matters, the Committee is expected to:

- (a) By way of written mandate, delegate certain administrative duties and responsibilities to the Management Pension Committee ("MPC") and the U.S. Management Pension Committee ("USMPC") in accordance with the Corporation's governance structure;
- (b) Ratify membership of the MPC and the USMPC;
- (c) Recommend to the Board for approval:
  - (i) Changes to the Corporation's pension and investment plan design; and
  - (ii) Strategy of funding levels to the Corporation's pension, savings and investment plans;

- (d) Review information provided to the Committee by the MPC and USMPC, including:
  - (i) Fund status and investment management results for the pension, savings and investment plans;
  - (ii) The Statements of Investment Policies and Procedures (or equivalent) approved by the MPC and USMPC;
  - (iii) The Annual Report of the MPC and the USMPC; and
  - (iv) Reports regarding the fulfilment of duties delegated to the MPC and USMPC;
- (e) Provide oversight of pension, savings and investment plan governance.

The Committee may, at the request of and on behalf of the MPC and/or USMPC, convey information or recommendations of the MPC or USMPC, as applicable, to the Board for its consideration. Any such conveyances shall be undertaken solely on behalf of the MPC and/or USMPC, as applicable, and shall not alter or increase the responsibilities of the Committee under this mandate.

#### **14. Risk Oversight**

The Committee has oversight of and reports to the Board about risk related to:

- (a) Human resources, including Cenovus's talent management strategies, people strategy, culture, respectful workplace, health and wellness, engagement and inclusion and diversity;
- (b) Non-compliance with regulations and policies, including trends, insights, initiatives and investigations, relating to matters within the Committee's mandate;
- (c) Compensation and benefit policies and short and long-term incentives, including as they relate to financial or reputational well-being;
- (d) Pension and investment plan matters; and
- (e) Such principal or emerging risks that have been allocated to the Committee by the Board, as recommended by the Governance Committee;

#### **15. Environmental, Social and Governance (ESG) Oversight**

The Committee is responsible for oversight of implementation of the Corporation's ESG strategy within the Committee's mandate.

#### **16. Miscellaneous**

- (a) The Committee, upon approval by a majority of the Committee members, may engage outside advisors if deemed advisable.

- (b) The Committee shall have sole authority to retain and terminate any consultant to be used to assist in the evaluation of executive compensation (including the compensation of the President & Chief Executive Officer), including approval of the consultant's fees and other retention terms. The Committee shall assure itself of the independence of these consultants.
- (c) The Committee shall review and reassess the adequacy of this mandate and recommend any proposed changes to the Governance Committee for consideration.
- (d) The Committee, upon approval by a majority of the Committee members, may delegate its duties and responsibilities to subcommittees of the Committee.
- (e) The Committee shall evaluate its performance on an annual basis.

**The duties and responsibilities of a Committee member are in addition to those duties set out for a Board member.**

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