

# Trade Laws & Acting with Integrity

## Owner: Vice-President, Supply Chain Management

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Further to the Cenovus Energy Inc. *Code of Business Conduct and Ethics* and *Supplier Code of Business Conduct*, Cenovus Energy Inc. and its subsidiaries (Cenovus) expect suppliers and their officers, directors, employees, subcontractors, agents and other representatives (collectively “Suppliers”) to comply with all applicable Trade Compliance & Integrity (TCI) related laws. Cenovus expects that Suppliers shall ensure their internal processes and procedures are sufficient to maintain compliance with applicable TCI laws. A general description of relevant TCI elements and Cenovus’s minimum compliance expectations are described below and apply while performing work for or on behalf of Cenovus.

## Anti-Bribery & Anti-Corruption

Any form of bribe, kickback or facilitation payment is prohibited, including anything that could be perceived as such. Suppliers are prohibited from, directly or indirectly (including through a third-party), giving, accepting, offering, requesting or authorizing bribes or kickbacks. This includes, but is not limited to:

- Improperly influencing any act or decision of a public official in their official capacity by offering or providing personal benefit (whether monetary or in-kind) to the official, their family members, or an associate.
- Improperly inducing individuals including public officials to perform or omit performing a duty owed to their employer or principal.
- Improperly inducing an individual including public officials to use their influence, in a manner that does not constitute lawful lobbying activities, with a government, state, province, municipality, public international organization, business, non-profit organization, or other organization to affect or influence any act or decision of such organization.

Suppliers must accurately record and report, internally and to Cenovus, payments related to their interactions with public officials while conducting business for or on behalf of Cenovus, including without limitation in relation to the provision of gifts, entertainment, travel, hospitality, meeting fees, donations or charitable activities. Maintaining proper books and records is an important requirement of anti-corruption laws.

## Economic Sanctions and Embargoes

Suppliers must ensure that the import and export of goods and services, technology (including software and intellectual property), information or funds and any related agreements comply with applicable laws.

## Anti-Boycott and Blocking Statutes

Anti-boycott laws prohibit entities and individuals from complying with or supporting a foreign country’s boycott of another country. Similarly, blocking statutes are designed to prevent companies and their employees from one country (a home country) complying with boycott laws of other countries, where such sanctions are contrary to national policy interests of the home country. Cenovus expects suppliers to monitor for boycott language or requests and accurately record and report the same internally and to Cenovus.

## Anti-Money Laundering and Anti-Terrorist Financing Laws

Anti-money laundering laws target attempts to deal with the proceeds of illegal activities, including corruption, embezzlement, drug trafficking and terrorism. Prohibited actions include:

- Engaging in, or facilitating, any business or transaction that constitutes, or facilitates, actual or suspected money laundering or terrorist financing.
- Engaging in direct or indirect business and dealings with individuals or entities reasonably suspected of money laundering or terrorist financing.
- Knowingly, or being willfully blind to, dealing with the proceeds of any fraud (whether foreign or domestic).

To avoid triggering anti-money laundering laws, Suppliers must make appropriate due diligence enquiries and report internally and to Cenovus any suspicions of fraud, or wrongful payments.

## Human Rights, Forced and Child Labour

Human rights and forced and child labour laws prohibit entities and individuals primarily from purchasing goods and conducting business with certain countries, entities or individuals associated with human rights violations or the use of forced or child labour.

In accordance with Cenovus's *Supplier Code of Business Conduct*, Suppliers must not use child labour, forced labour, human trafficking, or slavery. Suppliers should also exercise care when dealing with counterparties connected to High-Risk Countries alleged to be associated with human rights, forced or child labour violations.

For more information, refer to Cenovus's *Human Rights Policy* and annual *Modern Slavery Report*.

## Customs and Import / Export Regulatory Laws

Suppliers involved in any aspect of the cross-border transfer of goods and materials (including sale and purchase transactions) must follow the applicable import/export regulations of a jurisdiction with respect to permitting, reporting declarations, end-use verifications of imports and exports, accurate record keeping and vigilance in tracking, recording and reporting details of such transactions.

## Compliance

Suppliers who act on Cenovus's behalf, particularly those exposed to a larger proportion of TCI law elements, must always operate in accordance with applicable anti-bribery and anti-corruption practices, anti-money laundering and sanctions laws, and Cenovus will seek to monitor and enforce such compliance through appropriate mechanisms such as contractual representations and audits and termination rights.

Suppliers are expected to be familiar with and watch for red flags indicating a potential non-compliance issue within any transaction. Red flag screening and consideration is also part of expected "know your client" (KYC) due diligence.

A list of common red flags is set out in the Appendix to this document. In the event one or more of the red flags is present, you should report it to Cenovus via the confidential *Integrity Helpline*.

## Enforcement and Consequences of Non-Compliance

Cenovus does not tolerate any conduct that exposes it to severe penalties and reputational harm. Violations of this Statement will constitute a breach of contract and may result in actions for enforcement under the applicable contract, up to and including termination of such contract.

## Glossary

**“Bribe”:** the giving, offering, or authorization, directly or indirectly, of anything of value to obtain or retain business, gain an improper advantage for the company or induce an action which is illegal, corrupt, unethical or a breach of trust. “Anything of value” in this context includes but is not limited to:

- Cash payments of any amount or cash equivalents.
- Loans, loan guarantees or other extensions of credit on preferential terms, or other intangible forms of preferential treatment.
- Providing jobs or “consulting” arrangements not purely for legitimate commercial objectives.
- Charitable contributions or political donations.
- Gifts (of cash or property), travel, accommodations or entertainment expenditures that do not comply with the applicable provisions of Cenovus’s Code of Business Conduct & Ethics, the Gift & Entertainment Guideline or any applicable processes and procedures.
- Free provision of Cenovus’s services, or use of Cenovus’s facilities or property.
- Favours, such as engaging a company owned by an individual’s family or paying inflated prices to purchase the individual’s property or services.

**“Facilitation Payment”:** a payment made to expedite or secure the performance of any act of a routine nature that is part of a public official’s duties or functions.

**“High-Risk Country”:** a country that is considered a high-risk for potential anti-bribery and anti-corruption or anti-money laundering exposures and violations, as well as countries considered to be high-risk and associated with human rights and forced or child labour violations. Notable countries identified as such by independent third parties like Transparency International through its global Corruption Perceptions Index.

**“Kickback”:** the payment of a portion of contract consideration to another contracting party or representative of another contracting party in exchange for favourable treatment. This includes the improper or secretive use of sub-contracts, purchase orders, consulting agreements or gifts, whether made directly or channeled through family members or business associates.

**“Know Your Client or KYC”:** the relevant protocols, controls and due diligence required or performed to be familiar with and watchful for red flags indicating a potential non-compliance issue within any transaction, including understanding and assessing the entities a party does business with.

**“Public Official”:** includes, without limitation, any minister, civil servant, director, officer, employee, official or other person (including immediate family members of the foregoing) acting for or on behalf of any:

- local, provincial, state or national government, regardless of rank (i.e. police officers, firefighters, members of the military, tax authorities, customs inspectors, etc.).
- statutory and legislative bodies, and boards, commissions, committees and other bodies appointed by the government or government officials.
- political party or candidate for public office.
- government department, agency or body.
- government-owned or controlled company, (i.e. hospitals, utility companies, energy companies, universities, financial services companies).
- public international organization (i.e. the United Nations, International Red Cross, World Bank).
- aboriginal band, Metis local or society (or entities owned by such band / local / society) and any other organization which purports to exercise public rights for and on behalf of one or more Indigenous groups.
- members of the judiciary or a legislative body or a member of their staff.

**“Wrongful Payment”:** any corrupt payment, including bribes and kickbacks.

# Appendix

## Common Red Flags

The red flags described below are examples only and do not represent an exhaustive list. Suppliers must exercise prudence and good judgment in assessing risks and warning signs around business dealings for or on behalf of Cenovus. Equally, the presence of a red flag(s) does not necessarily indicate unlawful activity, but where identified, further due diligence is required.

## Transaction Red Flags

Laws and regulations – Entity or individual(s):

- Has been subject to prior investigation for corrupt activity similar or related crimes like bribery, corruption or money laundering.
- Is reluctant to certify compliance with TCI laws or appears indifferent to such laws.
- Directions or documentation contain common boycott requests, including:
  - negative certificates of origin; boycott questionnaires.
  - requests for negative carrier, insurance, supplier blacklisting information.
  - request for national origin, nationality, or religious affiliation information.
  - requests to exclude blacklisted firms.
  - requests that owner's agent, charterer, or master certify a vessel is "eligible" or "otherwise eligible" in order to enter into the ports of a boycotting country.
  - requests to comply with boycott requirements or boycott-related unilateral directives appearing in import permits, cheque endorsements, letters of credit, packaging instructions or shipping documents.
- Cross-border transaction involves goods that may be used for a military or strategic purpose (i.e. oil and gas equipment that could be used or adapted for a nuclear program).

Country of Origin:

- Activity or entity or individual is in a High-Risk Country with a reputation for corruption, money laundering, drug trafficking, or terrorist activity/financing.
- Entity or individual is from or closely associated with a sanctioned country or a country subject to anti-boycott, human rights or forced labour laws.

Conflicts of Interest:

- Family or business ties exist or are suspected between the entity or individual and a public official.
- A public official recommends the entity or individual to do business with.

Business Viability:

- Entity or individual(s):
  - Has a name or address similar to a sanctions target.
  - Provides incomplete, false, or misleading business contact information.
  - Has little or no business background, (i.e. financial information unavailable from normal commercial sources and corporate principal's unknown by trade sources).
  - Is the subject of credible rumors or media reports of inappropriate activity.
  - Seeks to have its business relationship kept confidential, without substantial and compelling justification.
  - Lacks appropriate facilities or qualified staff to provide the goods or services it holds itself out as providing.
  - Business structure is complex or contains entities and divisions with little apparent relationship to each other without a credible explanation, or refuses to disclose owners, partners or principals.
  - Makes misrepresentations or has material inconsistencies in its representations.

## Payment Red Flags

- Excessive or unusually high payments, especially in the context of payment for goods, services or expenses.
- Unusual payment terms that appear to have no objectively credible and legitimate commercial purpose, such as large up-front payments.
- Vague or overly general invoices.
- Requests for payment to a third-party's bank account, or to accounts in a country other than the party's country of residence or where goods or services are provided.
- Entity or individual is willing to pay cash or requests alternative forms of payment for very expensive products or services.