



April 1, 2019

**Cenovus Energy Inc.**

**Symbol:** CVE (TSX/CVE)

**Annual Meeting Date:** April 24, 2019

## Proxy Alert

**Recommendation:**

**FOR** shareholder proposal at  
Cenovus Energy Inc.

**Filer:** Fonds de Solidarité des Travailleurs du Québec (FTQ), supported by the Shareholder Association for Research & Education (SHARE)

### Shareholder proposal on adopting climate-related targets

Given Canada's commitment to reduce greenhouse gas (GHG) emissions under the Paris Agreement,<sup>1</sup> sectors with high amounts of associated greenhouse gas emissions such as oil and gas have a critical role to play in a low carbon transition. Oil and gas companies and their shareholders are facing climate-related risks and opportunities, which are expected to intensify due to factors such as climate policies, shifting market demand, and technological developments.

Cenovus Energy, a top oil and gas producer in Canada with substantial oil sands assets, has not made clear how it plans to reduce its emissions and manage its climate-related risks in an increasingly carbon-constrained environment. The company's GHG emissions have increased steadily over the past five years with no notable improvements in emissions intensity. The company more than doubled its methane emissions, a particularly potent greenhouse gas, from 2016 to 2017.

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) released a set of recommendations that have received wide support from companies, governments and investors. The TCFD recommends that companies disclose targets used to manage climate-related risks and opportunities.

The proposal filed by Fonds de Solidarité des Travailleurs du Québec (FTQ), represented by the Shareholder Association for Research and Education

(SHARE), seeks information about Cenovus' climate-related targets:

***Resolved,** shareholders request that Cenovus Energy Inc. ("Cenovus") set and publish targets that are aligned with the goal of the Paris Agreement to limit global average temperature increase to well below 2 degrees Celsius relative to pre-industrial levels. These targets should address Cenovus' key climate-related risks and opportunities over medium and long-term time horizons. Such targets should be quantitative, subject to regular review, and progress against such targets should be reported to shareholders on an annual basis.*

### Vote recommendation rationale

The company's current climate-related disclosure provides little information for shareholders about the anticipated GHG emissions trajectory going forward. The company set a GHG emissions target in 2016, but it was quietly removed from last year's disclosures, leaving shareholders in the dark about the company's plans to manage its climate-related risks.

In response to the proposal, the company states that it has "comprehensive reporting on corporate responsibility" and its 2018 Carbon Report follows the recommendations of the TCFD; however, without any targets, the company's climate-related

---

<sup>1</sup> International agreement adopted in December 2015 under the United Nations Framework Convention on Climate Change.

disclosures are missing a crucial component of the TCFD recommendations.

The company also refers to industry-wide emissions reduction targets under the Alberta Climate Leadership Plan and Canada's emissions reduction targets. We believe the company needs to increase its transparency around its own contribution to these shared targets and the shared ambition to keep global warming under 2 degrees.

Many oil and gas companies, including some of Cenovus' Canadian peers, have disclosed climate-related targets. A recent review indicated that the majority of the world's top 25 energy companies have disclosed their climate-related targets and performance against those targets.<sup>2</sup>

While Cenovus states in a general sense that it is committed to reducing its emissions, the complete absence of any specific climate-related target inserts uncertainty into investor understanding of the company's climate strategy and efforts, and causes shareholders to question whether the company is taking the necessary and appropriate steps to address its climate related risks in a timely fashion.



#### SHARE's Recommendation

SHARE recommends a  
vote FOR this proposal.

#### Link to full proposal:

<https://share.ca/share-proposals/2019-climate-change-cenovus/>

#### Contact:

Laura Gosset  
Senior Analyst, Engagement & Policy  
**Shareholder Association for Research & Education**  
lgosset@share.ca  
416-306-6462

---

<sup>2</sup> The Task Force on Climate-related Financial Disclosures. (2018). *2018 Status Report*.