

Corporate Governance Guidelines

DIRECTOR QUALIFICATIONS

Independence: The Board of Directors (the “**Board**”) of Encana Corporation (the “**Corporation**”) shall be comprised of a majority of independent directors. The independence of each director shall be determined in accordance with applicable securities laws and the rules of any stock exchange on which securities of the Corporation are listed for trading. A minimum of 25% of the members of the Board must be Canadian residents.

Individual Director Qualifications: The Nominating and Corporate Governance Committee of the Corporation (the “**NCG Committee**”) shall annually review the skills, knowledge and business expertise of individual directors, in considering nominations to the Board. The objective of this review is to maintain a highly skilled and experienced Board to provide strong and effective oversight and to steward the Corporation’s future growth. Accordingly, the Board has established certain criteria to consider in evaluating candidates for appointment or election to the Board, including but not limited to:

- ability and willingness to dedicate adequate time and effort to Board and committee matters;
- diverse professional experience, skills and background, including diversity and geographic representation;
- experience overseeing governance practices;
- experience with mergers, acquisitions and/or divestitures for a major public company;
- experience with various aspects of natural gas, oil and natural gas liquids development and operations, including exploration, marketing and production;
- experience working with all levels of government or gained public relations or government experience as a senior executive in a major public company;
- experience with reviewing externally disclosed natural gas and oil reserves and resources data and reports;
- experience identifying principal corporate risks to ensure management implements the appropriate steps to manage and mitigate risks as a senior executive in a major public company; and
- compatibility with the independence and other qualification tests established by the Corporation, applicable law and the rules and regulations in accordance with applicable securities laws and any stock exchange on which securities of the Corporation are listed for trading.

Selection Process: The selection of Board members is critical for successful governance. The NCG Committee assists the Board in carrying out its responsibilities by reviewing corporate governance and nominations issues and making recommendations to the Board as appropriate. Pursuant to the NCG Committee Mandate, the NCG Committee identifies individuals qualified to

become Board members and recommends potential new Board members. The NCG Committee will report at least annually to the Board.

Chairman of the Board and President & Chief Executive Officer Positions: The Board has determined that the Corporation is best served by separating the positions of Chairman of the Board and President & Chief Executive Officer. The Chairman of the Board shall be an independent member of the Board and appointed by the other members of the Board.

Board Size: The Corporation's governing documents provide that the Board shall consist of a minimum of eight and a maximum of 17 directors. The NCG Committee, with the assistance of an external search consultant if necessary, identifies and recommends to the Board the proposed nominees for appointment or election at each annual meeting of shareholders consistent with criteria approved by the Board.

Board Tenure: The Board does not have a mandatory retirement age nor does it have formal director term limits. Board renewal is managed through regular Board assessments and evaluations.

Limitations on Other Boards: The Board does not expressly limit the number of other public company boards upon which its directors may serve. The time commitment and expectations of its Board members are, however, carefully discussed with each candidate by the NCG Committee prior to such individual agreeing to be nominated as a director and on an ongoing basis thereafter, where required. The Board does not have a formal policy on interconnecting directorships but considers it to be good governance to avoid interlocking relationships, if possible.

DIRECTOR RESPONSIBILITIES

The primary duty of the Board is to appoint a competent executive team and oversee management of the business, to maximize shareholder value and ensure corporate conduct in an ethical and legal manner through appropriate corporate governance and internal controls. Directors should apply their business judgement to act in what they reasonably believe to be in the best interests of the Corporation in a manner consistent with their fiduciary duties.

Directors are expected to attend each meeting of the Board and the committees upon which they serve. To prepare, directors are to review all materials that are sent to them in advance of those meetings and to engage in regular evaluation of the effectiveness of the Board, its committees and individual directors.

The Board has implemented a comprehensive Business Code of Conduct (the "**Code of Conduct**") as well as other corporate governance policies which are applicable to all employees, contractors and directors of the Corporation and they are required to acknowledge their adherence to such policies, including the Code of Conduct. The Board is responsible for monitoring compliance with the Code of Conduct.

Each director is expected to understand the nature and operations of the Corporation's business and the external factors which may impact the Corporation. The Board is responsible for approving the strategic plan and any transaction that would have a significant impact on the plan. The Board must review strategic plans with management and evaluate the Corporation's performance against the plan. The Board should hold annual dedicated strategic planning sessions, or more frequently if the Board deems it necessary, to evaluate the Corporation's progress relative to the plan, as well as the significant opportunities, challenges and potential risks facing the Corporation. Also to be discussed at the dedicated strategic planning sessions are major operational and financial objectives, and potential significant capital allocations.

The Board should approve annual operating and capital budgets to ensure that it has the necessary information to enable it to take any remedial action necessary. The Board should review annually, and more frequently if the directors deem it necessary, the performance of each of the Corporation's core asset areas and the strength of the Corporation's competitive position and the relative returns it is delivering to its shareholders.

The Board must ensure that communications with the Corporation's shareholders and other interested parties is available and welcomed, particularly as they relate to the Corporation's strategies, policies and risk profile.

The Board will regularly meet without management present at regularly-scheduled Board and committee meetings.

COMMITTEES OF THE BOARD

The Board shall maintain five standing committees to assist it in allocating and carrying out its responsibilities: (1) an Audit Committee, (2) an NCG Committee, (3) a Human Resources and Compensation Committee ("**HRC Committee**"), (4) a Reserves Committee and (5) a Corporate Responsibility, Environment, Health and Safety Committee, each of which must report to the Board.

Each of the standing committees must have its own mandate, which sets forth the responsibilities and procedures of the committee and must operate in accordance with applicable laws and the applicable rules of each stock exchange on which securities of the Corporation are listed for trading.

The Board may also establish special *ad hoc* committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and as the Board sees fit.

Notwithstanding the delegation of responsibilities to the Board committees, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided for in the mandate of the committee or a resolution of the Board, the role of the Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by such committee.

DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

The Corporation shall provide each director, including new Board members, with regular opportunities to interact with management to discuss key operational, financial and industry matters regarding the Corporation.

The Board and its committees have authority to retain independent financial, legal, compensation and other advisors as it considers appropriate to assist in the discharge of its duties.

DIRECTOR COMPENSATION

Director compensation will consist of an all-inclusive Board retainer and, for the Chairman of the Board, an increased proportion of equity-based compensation and corresponding annual cash compensation. Directors will not receive performance-based compensation, benefits or other perquisites from the Corporation. The President & Chief Executive Officer does not receive any compensation from the Corporation in his capacity as a director.

DIRECTOR ORIENTATION

The NCG Committee is responsible for the orientation of new directors and continued education of the Corporation's existing directors. The Corporation must have a director orientation program which provides new directors with background information on the Corporation, the role and expectations of the Board and the Board committees, strategy, operations and assets, as well as annual and quarterly financial information. Directors will receive access to orientation material and information regarding the organization and its policies, guidelines and governance practices. Directors shall also participate in field tours of the operations of the Corporation's core asset areas.

New directors are encouraged to meet independently with the Chairman of the Board, other directors and the President & Chief Executive Officer to discuss matters regarding the Corporation or its business.

DIRECTOR CONTINUING EDUCATION

Members of the Board are encouraged to remain current regarding issues and/or governance matters which may impact the Corporation. The Corporation supports continuing director education through paid subscriptions for Board members to leading national director education associations in the United States and Canada. Members of the Board are provided with the opportunity to participate in or attend appropriate programs, sessions, webinars or receive materials related to board governance and industry matters.

MANAGEMENT EVALUATION AND SUCCESSION

The Board will conduct an annual review of the performance and compensation of the President & Chief Executive Officer, taking into account the recommendations of the HRC Committee as set forth in that committee's mandate.

The Board will establish and review succession planning processes, in consultation with the HRC Committee, the NCG Committee, the President & Chief Executive Officer and other members of management, as it considers appropriate.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD

The NCG Committee will assess the effectiveness of the Board, its committees and individual directors on an annual basis and will report to the Board the results of such assessment.

On a regular basis, the Board will undergo a comprehensive review to determine whether it and its committees and individual directors are functioning effectively. The evaluation will be conducted by the Chairman of the Board through detailed effectiveness questionnaires and individual director interviews. Results of the formal evaluation process and individual director interviews will be combined by the Chairman of the Board and reported to the Board and the NCG Committee.

Effective January 1, 2017