



## HUMAN RESOURCES AND COMPENSATION COMMITTEE MANDATE

The Human Resources & Compensation Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Encana Corporation ("Encana"). For purposes of this mandate, reference to the "Corporation" refers collectively to Encana and its respective affiliates and subsidiaries.

### **PURPOSE**

#### 1. **Objectives**

The Committee is responsible for performing such duties as delegated by the Board to assist the Board in fulfilling its responsibilities to provide strategic oversight of the Corporation's Human Resources ("HR") matters including, without limitation, in respect of executive compensation (see "Functions" for further details).

### **CONSTITUTION**

#### 2. **Composition**

The Committee shall consist of duly elected directors of the Corporation only, none of whom is either an officer or employee of the Corporation or any of its subsidiaries.

The Committee shall be comprised of a minimum of three and maximum of five directors, each of whom shall qualify as independent pursuant to Section 303A of the New York Stock Exchange Listed Company Manual and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (as implemented by the Canadian Securities Administrators, as amended from time to time). In determining Committee membership, the Board will consider whether at least two members qualify as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

The non-executive Board Chairman shall serve as a non-voting member of the Committee (see "Quorum" for further details).

#### 3. **Reporting**

The Committee shall report to the Board, and shall keep the Board informed of its activities via the Committee Chair, who shall report to the Board after each Committee meeting.

#### 4. **Appointment of Committee Members**

Committee members shall be appointed, and may be removed or replaced at any time, by the Board. An individual shall cease to be a Committee member concurrently upon ceasing to be a director of the Corporation.

5. **Vacancies**

The Board may fill a vacancy in Committee membership at any time including, without limitation, to maintain Committee membership of at least three directors.

6. **Committee Chair**

The Nominating and Corporate Governance Committee ("NCG Committee") shall recommend the proposed Committee Chair to the Board for approval. The Committee Chair shall be approved and appointed by the Board.

Where the Committee Chair is unable to attend a Committee meeting, s/he shall appoint another Committee member to chair the meeting, failing which Committee members present at such meeting shall, by majority, select a Committee member to serve as chair at the meeting.

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

Items in this section shall be read in conjunction with the Corporation's "*Chair of the Board of Directors and Committee Chair General Guidelines*".

7. **Secretary**

The Committee shall appoint a Secretary who need not be a Committee member or director of the Corporation. The Secretary shall keep minutes of each Committee meeting.

8. **Committee Meetings**

The Committee shall meet at least semi-annually, at the call of the Committee Chair, who may call additional meetings as required. The non-executive Board Chairman, the CEO, or any Committee member may also call a Committee meeting.

Committee meetings may be held in person, by video conference, by telephone or any combination of the foregoing. The Committee shall ordinarily hold an in-camera session prior to the conclusion of each meeting.

9. **Notice of Meeting**

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

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

10. **Quorum**

A majority of Committee members attending in person, by video conference, telephone or a combination thereof, shall constitute a quorum. If the attendance of an ex officio, non-voting Committee member is required to attain quorum, such member shall be allowed to cast a vote at the meeting.

11. **Attendance at Meetings**

The Committee shall determine who may be present at any time during a Committee meeting. Directors who are not Committee members may attend Committee meetings upon the invitation or prior approval of the Committee Chair or a majority of Committee members.

The President & Chief Executive Officer ("CEO") is expected to be available to attend Committee meetings or portions thereof, as requested by the Committee, however may not be present during Board or Committee deliberations, or any determination or voting regarding his or her compensation.

At the invitation of the Committee, the Committee's external compensation consultant, advisors or other resource persons, or members of the Corporation's senior management may attend Committee meetings or portions thereof, either an ad hoc or regular basis, as determined by the Committee.

12. **Minutes**

Minutes of Committee meetings shall be provided to all Committee members.

13. **Mandate**

The Committee shall review its mandate on a periodic basis and where appropriate, recommend changes to the NCG Committee, which will review and recommend final changes to the Board for approval.

14. **Functions and Responsibilities**

In carrying out its mandate, the Committee is expected to act in an advisory capacity to the Board and shall perform the following functions:

***Compensation Philosophy***

- a) approve the Corporation's overall compensation philosophy, intended to support the execution of its strategy and overall business objectives;
- b) review and approve compensation peer group(s) to be used to assess the market competitiveness of the Corporation's executive compensation program and, where applicable, performance under the Corporation's performance-based incentive compensation plans;
- c) annually review and discuss with management an assessment of the Corporation's compensation programs and practices to ensure they do not encourage excessive or inappropriate risk taking among its employees, including its executive officers;

### ***Annual Executive Compensation***

On an annual basis, review and recommend to the independent members of the Board, the following matters for review and approval:

- d) annual performance goals and individual objectives relevant to compensation for the CEO;
- e) CEO performance relative to approved goals and objectives for the prior year (referenced in d) above) for purposes of determining his or her annual award eligibility under the Corporation's annual incentive (or "Bonus") program;
- f) annual compensation for the CEO including: (i) base salary; (ii) prior year Bonus award (based on the performance assessment referenced in e) above); (iii) where applicable, target Bonus award eligibility; and (iv) long- term incentive ("LTI") award;
- g) for each Executive Vice-President ("EVP"), individual annual performance goals and objectives, as recommended by the CEO;
- h) for each EVP, individual performance relative to prior year approved goals and objectives (referenced in g) above), as assessed and recommended by the CEO, for purposes of determining annual award eligibility under the Corporation's annual Bonus program;
- i) for each EVP, annual compensation, including: (i) base salary; (ii) prior year Bonus award (based on the performance assessment referenced in h) above); (iii) where applicable, target Bonus award eligibility; and (iv) LTI award;
- j) annual compensation for any individual promoted or appointed to EVP. Where such event occurs between Committee meetings, approval authority shall be delegated to the CEO, Board Chairman and the Committee Chair (or such other directors as selected by the Board), with such approved compensation to be communicated to the Committee at the next scheduled meeting;

### ***Succession Planning***

On an annual basis, review and recommend to the independent members of the Board the following matters for review and approval:

- k) succession planning for the President & CEO;
- l) succession planning for each respective EVP role; and
- m) on an annual or regular basis, overall succession planning programs and initiatives within the Corporation;

### ***Incentive Compensation***

Review and recommend to the independent members of the Board the following for review and approval:

- n) on an annual or regular basis, as required, performance metrics (including corresponding targets and thresholds) applicable to the Company Scorecard used to determine annual

Bonus award eligibility for eligible employees, including the CEO and respective EVPs;

- o) on an annual basis, the Corporation's performance results relative to Company Scorecard metrics, for purposes of determining the Company award portion of annual Bonus award eligibility;
- p) subject to any required shareholder and/or regulatory approval, adoption of any new share-based or cash-based based LTI plans or any significant amendments thereto;
- q) performance criteria (including performance targets) applicable to any performance-based LTI plan and, following completion of any corresponding performance cycle, the Corporation's performance results relative to such criteria for purposes of determining vesting and/or payout eligibility under such plan(s);
- r) reservation of shares for the Corporation's security-based compensation plans, or any changes thereto, subject to shareholder and/or regulatory approval, where required;

***Pension, Benefits and Retirement Plans***

- s) by way of written mandate, delegate certain duties and responsibilities to the Corporation's Management Pension & Benefits Committee ("MPBC"), in accordance with the Corporation's governance structure for pension and investment matters,
- t) approve the mandate and material policies of the MPBC or any material amendments thereto;
- u) where required, ratify the appointment of a Chairperson for the MPBC;
- v) on an annual basis, and as otherwise required, review the activities of the MPBC, including without limitation, by way of review of written annual report of the MPBC, which shall include such actuarial reports as may be prepared by the Corporation's actuary regarding the status of the Corporation's respective pension plans;
- w) in respect of the activities of the MPBC, review and recommend to the Board, for approval, the following:
  - (i) material amendments to the Corporation's pension and/or retirement plans including, without limitation, those impacting executive compensation and/or having broad funding and/or plan design implications (which would exclude, without limitation, amendments of a housekeeping or administrative nature), as required; and
  - (ii) funding levels to the Corporation's pension and retirement plans.

***Other***

- x) review and recommend to the independent members of the Board for review and approval, any executive Change in Control or formal executive employment or severance agreements, including any material amendments thereto;

- y) review and recommend to the independent members of the Board for review and approval, any executive perquisites and other cash and non-cash benefits for executive officers, including any material amendments thereto;
- z) on an annual basis, review and recommend to the Board, for review and approval, the Corporation's executive compensation disclosure contained in the annual Proxy Statement, and prepare the Compensation Committee report to be included in the annual proxy statement or annual report on Form 10-K;
- aa) on an annual basis, report to the Board the status of participant compliance under the Corporation's Share Ownership Guidelines;
- bb) oversee the Corporation's executive compensation practices and policies including, without limitation, Incentive Compensation Clawback Policy, and recommend to the Board any material amendments thereto or any actions to be taken thereunder;
- cc) review and provide oversight of the Corporation's executive compensation program to monitor alignment with its compensation philosophy, the Corporation's strategic and business objectives, shareholder interests and compensation governance developments;
- dd) review and make recommendations to the Board, as required, on matters related to HR or executive compensation matters as may be specifically delegated by the Board from time to time;
- ee) The Committee shall advise the Board on management proposals to shareholders on executive compensation matters, including advisory votes on executive compensation and frequency of such votes, and proposals received from shareholders on executive compensation matters and the Committee shall oversee management's engagement with shareholders and proxy advisory firms on executive compensation matters. The Committee shall review the results of such votes and consider any implications pertinent to the Committee's ongoing determinations and recommendations regarding the Corporation's executive compensation policies and practice.
- ff) The Committee shall at least annually review its own performance, including its compliance with this Mandate, and provide the Board with a summary of its review. The Committee shall conduct such evaluation and review in such manner as it deems appropriate. The Committee shall review this Mandate regularly and recommend to the Board any changes it determines are appropriate.

15. **Miscellaneous**

The Committee may engage such outside resources it deems advisable including, without limitation, external compensation consultants, advisors, legal counsel or other service providers (collectively, "Advisors"). The Committee shall have sole authority to retain, obtain advice from, instruct and terminate such Advisors, and to approve the terms of such engagement(s) and any applicable service fees.

The Committee shall be directly responsible for oversight of the work of, and the Corporation shall provide appropriate funding, as determined by the Committee, for the payment of reasonable compensation to be paid to, such Advisors. Before selecting or receiving advice from any such Advisors (other than an Advisor subject to an exclusion under applicable securities laws and stock exchange requirements), the Committee shall consider all factors relevant to assessing such

Advisor's independence, including any factors required to be considered under applicable securities laws and stock exchange requirements. Once engaged, such Advisors will be subject to annual performance reviews and re-engagement.

Upon approval by a majority of Committee members, the Committee may delegate its duties and responsibilities to subcommittees of the Committee as permitted and in accordance with applicable securities laws and stock exchange requirements.

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

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