



## 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 Encana Corporation (the “Corporation”) with two functions:

- (1) To assist the Board in carrying out its responsibilities by reviewing compensation and human resources issues in support of the achievement of the Corporation’s business strategy and making recommendations to the Board as appropriate. In particular, the Committee is responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation, evaluating the Chief Executive Officer’s performance against those goals and objectives, and making recommendations to the Board with respect to the Chief Executive Officer’s compensation.
- (2) To assist the Board in carrying out its fiduciary responsibilities by reviewing pension issues and overseeing the investment management of the Corporation’s pension 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 nor more than five outside 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 non-executive Board Chairman shall be a non-voting member of the Committee (see “Quorum” for further details). Committee members will include only duly elected directors of the Corporation. At the request of the Committee, certain members of the Corporation’s senior management and others may attend Committee meetings on an ad hoc or a regular basis, as required.

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

Members of the Committee shall be appointed at a meeting of the Board, typically held in April (effective after the election of directors at the Corporation’s annual meeting of shareholders), provided that any member of the Committee may be removed or replaced

at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board.

**4. Vacancies**

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

**5. Chairman**

The Nominating and Corporate Governance Committee will recommend an independent director to serve as Chairman of the Human Resources and Compensation Committee to the Board for approval. The Board shall appoint the Chairman of the Committee.

The Chairman of the Committee shall be a member of the Nominating and Corporate Governance Committee to ensure adequate liaison between the two Committees.

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

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

The items pertaining to the Chairman 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 member of the Committee. The Secretary shall keep minutes of the meetings of the Committee.

**7. Committee Meetings**

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

Committee meetings may be held in person, by video conference, by means of telephone or by combination of any of the foregoing.

The Committee shall have an in-camera session on a regular basis.

**8. Notice of Meeting**

Notice of the time and place of each Committee meeting may be given orally, or in writing, or by facsimile, or by electronic means to each Committee member at least 48 hours prior to the time fixed for such meeting.

A Committee member may in any manner waive notice of the meeting. Attendance of a Committee member at a meeting shall constitute waiver of notice of the meeting, except

where a Committee 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 person, by video conference, by telephone or by a combination thereof, shall constitute a quorum. In addition, if an ex officio, non-voting Committee 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 Committee meetings or portions thereof.

The Committee may retain and have in attendance at Committee meetings or portions thereof an independent external compensation consultant and 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 of and approval by the Committee Chairman or by a majority of the Committee members.

**11. Minutes**

Minutes of Committee meetings shall be sent to all Committee members. The full Board shall be kept informed of the Committee's activities by a report to the Board following each Committee meeting.

**12. Mandate**

The Committee shall review its mandate on a periodic basis.

**13. General Responsibilities**

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

- a. Act in an advisory capacity to the Board.
- b. Evaluate the performance of the Committee on an annual basis.

**14. Specific Responsibilities – - Human Resources and Compensation Issues**

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

- a. Review and approve corporate goals and objectives relevant to President & Chief Executive Officer compensation, and evaluate the President & Chief Executive Officer's performance in light of these corporate goals and objectives.

- b. Ensure that the Corporation's security-based compensation plans and all amendments to such plans which require the approval of the Corporation's shareholders are approved by the Board and by shareholders, as may be required.
- c. Approve and evaluate performance measures for executive incentive plans.
- d. Review and monitor the status of compliance with the Corporation's Share Ownership Guidelines.
- e. Review any proposed disclosure of executive compensation. Without limiting the foregoing, annually review the Statement of Executive Compensation (including the Compensation Discussion and Analysis) and recommend to the Board that it be included in the Corporation's management information circular for its annual meeting of shareholders.
- f. Review and recommend to the Board for approval:
  - (i) Based upon the evaluation described in a., the compensation of the President & Chief Executive Officer, including salary, short-term incentive awards and long-term incentive awards;
  - (ii) Total compensation for Executive Vice-Presidents, including salaries, short-term incentive awards and long-term incentive awards, including employment agreements, (if applicable);
  - (iii) Appointment of corporate officers;
  - (iv) Reservation of shares for the Corporation's security-based compensation plans, subject to shareholder approval, where required;
  - (v) The adoption of new security-based compensation plans or other long-term incentive plans, subject to shareholder approval, where required;
  - (vi) Amendments to the Corporation's Employee Stock Option Plan, Employee Stock Appreciation Rights Plan, Deferred Share Unit Plan for Employees, Performance Share Unit Plan for Employees and any other previously approved employee security-based compensation plan(s) or long-term incentive plan(s), subject to shareholder approval of such amendments, where required;
  - (vii) Annual compensation budget for employees;
  - (viii) Incentive compensation plans;
  - (ix) Share Ownership Guidelines, including any amendments thereto;
  - (x) Actions with respect to any of the Corporation's security-based compensation plans or long-term incentive plans referred to herein; and
  - (xi) Succession plans in respect of the Corporation's Executive Vice-Presidents.
- g. Approve and report to the Board:
  - (i) The Corporation's compensation philosophy;
  - (ii) The peer group(s) used by the Committee to assess the competitiveness of the Corporation's executive compensation;
  - (iii) Changes to the Corporation's compensation and/or benefits policies;

- (iv) Number of long-term incentive awards granted to eligible employees on an annual and/or periodic basis; and
  - (v) Number and level of total incentive awards.
- h. Review and report to the Board:
  - (i) Appointment of Divisional and Corporate Group officers; and
  - (ii) Compensation plans of subsidiary companies.
- i. Review and advise on:
  - (i) Salaries of other Divisional and Corporate Group officers; and
  - (ii) Number and level of other Divisional and Corporate Group officers' short-term incentive awards and long-term incentive awards.

#### **15. Specific Responsibilities – - Pension Issues**

In carrying out its mandate with respect to pension issues, the Committee is expected to:

- a. By way of written mandate, delegate certain duties and responsibilities to the Corporation's Management Pension Committee ("MPC"), in accordance with the Corporation's governance structure in respect of pension and investment matters.
- b. Ratify membership of the MPC, as required.
- c. Monitor activities of the MPC.
- d. Approve the mandate of the MPC and any amendments thereto.
- e. Recommend to the Board for approval:
  - (i) Implementation of and changes to the Corporation's pension plan design(s);
  - (ii) Amendments to the Corporation's pension plans;
  - (iii) Funding levels to the Corporation's pension plans; and
  - (iv) Changes to the Corporation's Employee Investment Plan.
- f. Approve and report to the Board:
  - (i) The Statement of Investment Policies and Procedures, including any amendments thereto, based on the recommendations of the MPC; and
  - (ii) The criteria for investment management selection established by the MPC.
- g. Review and advise on:
  - (i) Fund status and investment management results for the Corporation's pension and investment plans; and
  - (ii) The Annual Report of the MPC and actuarial reports in respect of the Corporation's pension plans, as prepared by the Corporation's actuary.
- h. Review and report to the Board:
  - (i) Changes to the design of, or amendments to, pension plans subject to oversight of the Corporation's U.S. subsidiary companies.

**16. Miscellaneous**

The Committee may engage such outside resources if deemed advisable including, without limitation, an external independent compensation consultant or other service provider.

The Committee shall have sole authority to retain, instruct and terminate any independent external compensation consultant or other service provider retained to provide advice or information to the Committee, including, without limitation, to assist in the evaluation of the compensation of the President & Chief Executive Officer, Executive Vice-Presidents or any other senior corporate officer, including in respect of the approval of the consultant's fees and other terms of engagement.

The Committee, upon approval by a majority of the members of the Committee, may delegate its duties and responsibilities to subcommittees of the Committee.

**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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