

June 24, 2020

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec)
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Re: Proposed National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Québec)
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Dear Sirs/Mesdames:

Cenovus Energy Inc. ("Cenovus") is appreciative of the substantive changes made from the original materials and is pleased to provide comments on the *Proposed National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure* (the "Proposed Instrument") released for a second comment period on February 13, 2020.

Cenovus is a leading Canadian integrated oil company, listed on both the Toronto and New York stock exchanges, with a market capitalization of approximately \$8 billion. We report our financial results in accordance with International Financial Reporting Standards ("IFRS").

While we support adding Section 5 to the Proposed Instrument, which allows the incorporation by reference of required disclosure to the Management Discussion and Analysis ("MD&A") when specified financial measures are disclosed, we believe Section 5 should also permit incorporation by reference of information to a company's financial statements. The MD&A is to be read in conjunction with the financial statements and is a supporting document to the financial statements. We see no reason to exclude financial statements as a source of incorporation by reference.

In addition, we strongly disagree with the exclusion of news releases from this section. We continually strive for improved disclosures and a key component is providing clear and concise documents which includes reducing duplications where possible. News releases generally accompany the release of core filing documents and it seems illogical to repeat these detailed disclosures when they are currently reflected in the MD&A. News releases are also intended to provide an overview of key financial results and highlight information for a given period. The requirement to include significant disclosures surrounding non-GAAP measures and other specified financial measures directly in the news release removes the ability to present a high level, simplified document that summarizes the Company's position and engages the interest of investors who can easily access our core filing documents for additional information. Adding significant disclosure without permitting incorporation by reference defeats the purpose of the news release, which is to provide a concise representation of our financial results. We recommend leveraging current technology by requiring a link within the news release to the Company's website that provides the necessary disclosure in addition to the incorporation by reference to the financial statements or the MD&A. This approach ensures specified financial measures are identified and provides an efficient method to navigate to additional information if the investor chooses to do so.

In relation to the total of segments measure, IFRS requires an entity to reconcile segment revenues, segment profit and loss, assets and liabilities to the entity's total of these items, when reporting operating segment information. The reconciliation of the components of operating margin is included in note 1 of Cenovus's financial statements. If we report operating margin as a total of segments measure by combining two or more segments, this financial statement note would need to be replicated in the MD&A and news release to meet the disclosure requirements of the Proposed Instrument as it suggests that a quantitative reconciliation must be included in the MD&A and news release. While Cenovus agrees with the importance of clearly identifying and defining the specified financial measures, we believe the quantitative disclosure requirements could be satisfied using incorporation by reference to the financial statements.

Cenovus uses capital management measures presented as ratios to measure our overall financial strength. Under the definition in the Proposed Instrument, we are unsure whether each individual component of the ratio is automatically deemed to be a capital management measure or whether it is appropriate to reconsider the definitions for specified financial measures for each component when used for another purpose. As an example, we calculate net debt to adjusted EBITDA which is disclosed in our financial statements and together meets the definition of a capital management measure. However, if we present adjusted EBITDA in the MD&A as a line item of overall company results, we are questioning whether this component on its own is still identified as a capital management measure. Alternatively, is it appropriate to consider whether it meets the definition of any specified financial measure. In this case, if it is not considered a capital management measure, we conclude it does not meet any definition of specified financial measures, including non-GAAP measures, as it is presented in the financial statements. We recommend adding clarification to this definition.

We have also identified an inconsistency with respect to Section 10 of the companion policy. It states that if a capital management measure is calculated using one or more non-GAAP financial measures, the issuer must comply with Section 6 of the Proposed Instrument. However, if the components used to calculate the capital management measure are disclosed in the financial statements, it would not be possible to have a non-GAAP financial measure under the definitions as they are currently written. We have used our adjusted EBITDA to provide a specific example for clarity, but the theory would apply to all financial measures excluded from the definitions of specified financial measures strictly due to their inclusion in the financial statements. Section 10 of the companion policy should be revised for clarity surrounding identification and disclosure of the individual components of a capital management measure.

We feel clarity is needed to reconcile a specified financial measure to the most comparable financial measure presented in the primary financial statements. As an example, if we report operating margin for our upstream assets by combining two of our reporting segments, we are required to provide the quantitative reconciliation to the most comparable financial measure in our primary financial statements. In this case, we would reconcile to gross sales. However, gross sales on our primary financial statements is the total of all combined reportable segments. Under the Proposed Instrument, we are unsure whether it is sufficient to identify the line item for gross sales to be our most comparable financial measure or if the expectation is to reconcile the full value of gross sales from the primary financial statements to the specified financial measure we are reconciling. We believe adding clear guidance and examples on the reconciliation to the most comparable financial measure would be a helpful addition to the Proposed Instrument.

We also noted the term 'financial statements' is not defined. The Proposed Instrument refers to financial statements, notes to the financial statements and primary financial statements throughout the document. We have presumed the term 'financial statements' includes both primary financial statements and notes to the financial statements, however the base term is not defined. For example, the definition of non-GAAP measures uses the term 'financial statements' as well as 'primary financial statements'. Presuming the distinction was intentional, we recommend defining the term to clarify what is and is not included under the definition of 'financial statements'.

The Companion Policy has been very helpful with providing additional explanations of the Proposed Instrument. Section 2 of the Companion Policy explains that reporting issuers should not disclose a specified financial measure using social media if it is unable to include all the relevant disclosure. However, our understanding is that websites and social media fall within the scope of Section 5 of the Proposed Instrument allowing for incorporation by reference. We recommend including the additional wording "...either directly or by incorporating by reference" to Section 2 of the companion policy to clarify the requirements on social media disclosure.

Thank you for the opportunity to provide further commentary on this important area of Canadian securities regulations.

Yours truly,

Cenovus Energy Inc.



Jonathan M. McKenzie
Executive Vice-President & Chief Financial Officer