

Cenovus: Climate Policy Engagement Overview

An investor briefing on Cenovus' climate policy engagement in advance of its 2023 Annual General Meeting (AGM)

March 2023

Executive Summary

- On 26th April 2023, Cenovus investors will vote on a shareholder resolution requesting that the company “produce a report, at reasonable cost and omitting proprietary information, outlining whether and how Cenovus is aligning its direct and indirect lobbying and public policy advocacy with its net zero goal”. This briefing provides an overview of Cenovus’ direct and indirect climate-related policy engagement. It shows that, despite Cenovus stating top-line support for limiting warming to 1.5°C, the company has not aligned its policy engagement activities with this goal¹.
- InfluenceMap’s analysis suggests that Cenovus’ direct climate policy engagement is misaligned with science-based pathways for achieving the goal of the Paris Agreement to limit warming to 1.5°C, which entails achieving net-zero emissions globally by 2050. The company *opposed* the recently announced federal Oil & Gas Emissions cap in Canada and *advocated* to suspend the scheduled increase in Canada’s federal carbon tax. The company *supports* a long-term role for oil and gas in the energy mix and *advocates* for new investments in the sector – positions that appear misaligned with the IPCC pathways on oil and gas to limit global warming to 1.5°C. A summary of the company’s direct climate policy engagement is on [page 4](#). InfluenceMap’s online profile of Cenovus can be found [here](#).
- Cenovus is a member of several industry associations displaying highly strategic and negative engagement with climate legislation and regulation both in Canada and the US, including the *Canadian Association of Petroleum Producers (CAPP)*, *American Fuel & Petrochemical Manufacturers (AFPM)*, and *Canadian Chamber of Commerce*. All these associations have also advocated in 2022 for a sustained role for fossil fuels in the energy mix, contrary to IPCC 1.5°C-aligned decarbonization pathways. A detailed overview of these industry associations’ climate policy engagement is on [page 7](#).
- Cenovus has not published a review of its climate policy engagement activities in line with standards put forward by investors as part of the 2022 *Global Standard on Responsible Climate Lobbying*.

¹ Further analysis on Enbridge’s climate policy engagement can be found in InfluenceMap’s February 2023 ‘*The Canadian Oil and Gas Industry and Climate Policy*’ report.

Background: Shareholder resolution on climate advocacy

Engagement with companies over their climate policy engagement is now firmly on the investor agenda on climate change. It is an integral part of the *Climate Action 100+* (CA100+) investor-engagement process, which now has over 700 investor signatories with a total of \$68 trillion in assets under management.

As a research partner to CA100+, InfluenceMap maintains a global system for tracking, assessing and scoring companies on their engagement with climate change policy against Paris-aligned benchmarks. This system currently covers around 450 companies along with 250 of their key industry associations.

InfluenceMap refers to the UN's *Guide for Responsible Corporate Engagement in Climate Policy* as a guide for what constitutes engagement. This can include advertising, social media, public relations, sponsoring research, direct contact with regulators and elected officials, funding of campaigns and political parties, and participation in policy advisory committees.

This briefing provides an overview of Cenovus’ direct and indirect climate policy engagement in advance of the shareholder resolution at its 2023 Annual General Meeting (AGM), summarized in Table 1 below. This resolution will be voted on at Cenovus’ AGM on 26th April 2023.

Table 1: Key information for shareholder resolution at Cenovus’ 2023 AGM

Resolution: Report on extent to which lobbying and public policy advocacy is consistent with net-zero goal			
Lead Filer:	Investors 4 Paris Compliance	AGM Date:	26 th April 2023
Proposal Summary: <i>The full resolution text is available here.</i>	“Shareholders request that the Board produce a report, at reasonable cost and omitting proprietary information, outlining whether and how Cenovus is aligning its direct and indirect lobbying and public policy advocacy with its net zero goal. The report should be repeated periodically and disclose evaluation criteria and external stakeholders consulted, if any.”		

Summary of Cenovus' climate policy engagement

InfluenceMap's methodology, available [on our website](#), uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the advice of [IPCC science](#) or the stated intentions of governments looking to implement the Paris Agreement. This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company's climate policy engagement, and that of its industry associations, is Paris-aligned.

InfluenceMap's online profile of Cenovus, including access to the underlying data which forms this assessment, can be found [here](#). The analysis of Cenovus's industry association relationships, including detailed profiles for each association, can be explored via the "Details of Relationship Score" tab. An overview of this assessment is provided in Table 2 below.

Table 2: Overview of InfluenceMap's assessment of Cenovus

Cenovus		
Performance Band	D-	Performance Band (A+ to F) is a full measure of a company's climate policy engagement, accounting for both its own engagement and that of its industry associations. A+ indicates full support for Paris-aligned climate policy, with grades from D to F indicating increasingly obstructive climate policy engagement.
Organization Score	47%	Organization Score (0 to 100) expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement is, with scores under 50 indicating misalignment with the Paris Agreement
Relationship Score	35%	Relationship Score (0 to 100) expresses how supportive or obstructive the company's industry associations are towards climate policy aligned with the Paris Agreement, with scores under 50 indicating misalignment with the Paris Agreement.
Engagement Intensity	30%	Engagement Intensity (0 to 100) is a measure of the level of policy engagement by the company, with scores above 12 indicating active engagement, and scores above 25 indicating highly active or strategic engagement.

Summary of direct climate policy engagement

InfluenceMap's analysis of Cenovus' direct climate policy engagement is based on 159 independent data points, 91 of which have been logged since 2020. Under InfluenceMap's system, recent evidence is heavily weighted in the calculation of metrics, as explained in the [methodology](#).

Cenovus communicates high-level support for climate policy action while at the same time emphasizing conditions to this support that appear to exclude a range of policy levers that governments might consider in their response to climate change. For example:

- In its filing to the Alberta Lobbyist Registry in August 2022, Cenovus [disclosed](#) support for policy developments that maintain the oil and gas sector's "competitiveness".
- In November 2021, Cenovus CEO, Alex Pourbaix, [stated](#) that carbon pricing needs to be applied globally so that the Canadian economy is not "handicapped" by countries without carbon pricing, as reported by Calgary Herald.

Cenovus appears to actively promote a sustained role for fossil fuels in the energy mix in Canada and globally, contrary to IPCC pathways on oil and gas to limit global warming to 1.5°C. For example:

- Multiple federal lobbying filings from Cenovus in June-August 2022 reveal that the company [advocated](#) for support for provincial government investment in the West White Rose/White Rose project, an offshore oil project in Newfoundland and Labrador.
- Frequent statements from the company's CEO Alex Pourbaix support a sustained role for oil and gas in the energy mix. For instance, in a December 2022 opinion article in The Globe and Mail, Pourbaix [promoted](#) the advantages of Canadian oil and gas and appeared to advocate for government support for the sector. In June 2022, Pourbaix stated that Canadian oil should be the "preferred barrel of oil" for imports to US and the world, as reported by an article in National Post.
- This messaging appears inconsistent with advice provided by the [IPCC's 2022 Mitigation of Climate Change report](#) which states that in pathways that limit warming to 1.5°C with no or limited overshoot, the global use of oil and gas in 2050 is projected to decline by 60% and 45% respectively compared to 2019. Cenovus' advocacy, which appears to entail a continued or increased role for Canadian oil and gas, also appears to be inconsistent with IPCC's less ambitious mitigation pathways, including scenarios for 1.5°C warming by 2100 with overshoot (50% reduction in oil and 45% reduction in gas) and 2°C warming (30% reduction in oil and 15% reduction in gas), all compared to 2019 levels.

Cenovus appears to engage negatively on Canada's key GHG emissions reduction policies. For example:

- In March 2023, Cenovus CEO Pourbaix argued that Canada's Emission Reduction Plan is too aggressive, describing Ottawa's roadmap for a 42% drop in oil and gas emissions by 2030 as "not feasible by any stretch" and "based on some very, very optimistic assumptions".
- In July 2022, Pourbaix *opposed* Canada's proposed federal oil and gas emissions cap, stating that the policy would result in future production cuts from Canada's oil sands, as reported by Calgary Herald.

Summary of indirect climate policy engagement via industry associations

InfluenceMap's platform tracks and analyzes the climate policy engagement of over 250 industry associations, using the same benchmarks and scoring process applied to companies. This gives an assessment of each association's engagement against Paris-aligned benchmarks. This section details InfluenceMap's analysis of Cenovus's key industry associations and governance processes.

- Cenovus has *disclosed* its membership to a list of industry associations on its corporate website. However, the company does not appear to have undertaken a review of its climate policy engagement, including an assessment of alignment with its industry associations on climate change. The [Global Standard on Responsible Climate Lobbying](#) - instigated by investors and launched in March 2022 - highlights the need for companies to publish a detailed annual review to ensure that its climate policy engagement (direct and indirect via industry associations) is consistent with the 1.5°C goal of the Paris Agreement.
- InfluenceMap analysis indicates that Cenovus likely holds memberships to three industry associations with misaligned climate policy engagement (ranked as a D or below by InfluenceMap's system). These include the [Canadian Association of Petroleum Producers \(CAPP\)](#), [American Fuel & Petrochemical Manufacturers \(AFPM\)](#), and [Canadian Chamber of Commerce](#). Cenovus' senior executives hold executive committee positions in all these associations.
- Cenovus is also one of the founding members of the [Pathways Alliance](#) – a group of Canadian oil sands companies demonstrating policy engagement misaligned with the Paris Agreement. In a submission to the Canadian government, the Alliance *advocated* for a long-term role for oil stating that the focus of the government should be on "reducing emissions and not reducing production." In this submission, the Alliance *opposed* the proposed Oil and Gas Emissions Cap, stating that the policy had "impractical timeframes" that could drive away investments from the oil and gas sector in Canada.
- Detailed profiles for all Cenovus' industry associations can be explored via the links in the following table or the "Details of Relationship Score" tab on Cenovus's [company profile](#). Table 3 below gives an overview of three key industry associations with examples of recent obstructive climate policy engagement.

Table 3: Evidence of recent climate policy engagement by Cenovus’ key industry associations

Industry Association	Performance Band	Examples of recent engagement
<p>American Fuel and Petrochemical Manufacturers (AFPM)</p>	<p>F</p>	<ul style="list-style-type: none"> • Opposed California’s ZEV target and advocated for increased fossil fuel production (<i>AFPM and API Letter to US President Joe Biden, June 2022</i>) • Opposed provisions in the Inflation Reduction Act that would tax crude oil and methane pollution (<i>AFPM Blog, August 2022</i>) • Opposed the proposed ZEV mandate in the New York State Climate Draft Scoping Plan (<i>Comments on Climate Draft Scoping Plan, New York State Public Comment Process, July 2022</i>) • Participated in legal action against US government’s GHG emission standards for passenger cars (<i>Wall Street Journal, March 2022</i>)
<p>Canadian Association of Petroleum Producers (CAPP)</p>	<p>E</p>	<ul style="list-style-type: none"> • Advocated for investments in oil and gas, including construction of pipeline projects between the United States and Canada (<i>CAPP Registration at Lobby Canada, January - June 2022</i>) • Opposed Canadian government’s plans to phase-out fossil fuel subsidies (<i>Comments to the Standing Committee on Environment and Sustainable Development (ENVI), May 2022</i>) • Opposed Canadian government’s proposed oil and gas emissions cap (<i>Letter to Canadian Minister of Environment and Climate Change, Steven Guilbeault and Minister of Natural Resources, Jonathan Wilkinson, March 2022</i>) • Advocated for the reduction or delay of carbon taxes via the Canadian government (<i>British Columbia Lobbyist Registry, May 2022</i>)
<p>Canadian Chamber of Commerce (CCC)</p>	<p>D</p>	<ul style="list-style-type: none"> • Opposed Canada’s federal oil and gas emissions cap (<i>Comments to Environment and Climate Change Canada, September 2022</i>) • Advocated for Enbridge’s Line 5 pipeline by submitting an amicus curiae brief; opposed the shutdown order for the project (<i>Amicus brief submitted to District Court for the Western District of Michigan, Southern Division, March 2022</i>) • Appeared to advocate for the expansion of fossil gas production in Canada (<i>CCC President, Perrin Beatty, Twitter, June 2022</i>)