# Ovintiv Announces Enhanced Compensation, Governance and Environmental Initiatives

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DENVER, Feb.17, 2021 /CNW/ - Ovintiv Inc. (NYSE: OVV) (TSX: OVV) today, in conjunction with reporting its fourth quefull-year 2020 results, provided an update on enhanced corporate governance, compensation and environmental initiat

# Highlights:

- Executive Compensation: Modified executive compensation program, adding debt reduction to short term incentive as well as the inclusion of the S&P and XOP indices in Ovintiv's performance share unit (PSU) peer group, a return invested capital (ROIC) metric in the Company's long term incentive (LTI) structure, and the addition of a methan intensity target across the incentive pay structure for all employees.
- Governance Enhancement: Board adopted a "Rooney Rule" requirement to ensure a diverse group of candidates in its Director search process.
- Environment and Safety: Continued to build on a foundation of superior risk management, achieving less than 0.5 vent performance in the fourth quarter of 2020. Despite the challenges presented by COVID-19, the Company represented to consecutive safest year ever in 2020, with total recordable incident frequency (TRIF) for both employees contractors dropping to 0.19.

Ovintiv's independent Board Chair Peter Dea said, "We are pleased to announce these important updates, which stem ongoing dialogue and annual Board shareholder outreach program, and a continuation of actions taken over the last tw Board works to integrate our ESG initiatives with corporate strategy to deliver strong business outcomes and sharehold over the long-term. Board engagement is a vital part of identifying issues important to our stakeholders and most notab and reporting progress on our path to continuously enhancing our business. We believe we have industry-leading pract several ESG facets, but we recognize this is a journey and the Board challenges itself and the Ovintiv management tea continuously improve. Today's enhancements ensure we incentivize value-creation at every level of the organization the rigorous goal setting and compensation actions to drive lasting value."

### **Executive Compensation**

Ovintiv's Board regularly reviews executive compensation to ensure alignment with the Company's shareholders and ir practice. The Human Resources and Compensation Committee have made the following changes to named executive (NEO) compensation in 2020 and 2021:

- Reduced target value of LTI awards granted to NEOs by 15% in 2020.
- Included a 33% methane intensity reduction target by 2025-benchmarked to 2019 results; the new metric will be in the annual incentive pay for all employees beginning in 2021.
- LTI payouts now settled in shares to build insider ownership.
- Capped the relative total shareholder return (TSR) payout of PSU awards at 100% beginning in 2020 if Ovintiv's to TSR for the performance period is negative. The cap is to be applied regardless of peer-group relative performance.
- Added the S&P 400 and XOP indices to its 2021 PSU peer group, measuring performance against the broader m more diverse group of industry peers.
- Emphasized key financial metrics in the 2021 Company scorecard that include debt reduction, non-GAAP Free C capital efficiency and Total Costs.
- Included a ROIC metric in the 2021 LTI program.
- With input from the Board's compensation consultant, the Board rigorously reviewed and strengthened its annual targets.

The Committee's decisions were based on feedback from Ovintiv's ongoing shareholder engagement program. During members of the Board and management directly engaged with shareholders representing more than 40% of outstandir

### Governance Enhancement

Ovintiv has an active, engaged and independent Board that is diverse by gender, skills and experiences. In mid-2020 the retained an external consultant to support board refreshment and succession with a goal to ensuring the company has required for today and the future and accesses diverse perspectives. Since 2019, the Board has added three new direct announced the retirement of two long-tenured directors, appointed new chairs to its standing committees, as well as a non-executive chairman. Board rejuvenation is an important conduit to new ideas, effective oversight and adapting to sexpectations. At the end of 2020, average board tenure was approximately 6 years, which compares favorably to the Sexpectations are represented by the sexpectations.

The Board values and is committed to diversity. The Company's corporate governance framework has been revised to

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reflect this commitment. On February 10, 2021, the Board adopted a requirement that candidates of gender and racial diversity are sought out and included in its Director search processes, commonly known as the "Rooney Rule".

# **Environment and Safety**

Ovintiv continues to build on a track record of peer-leading performance on emissions reduction through technology an performance. Ovintiv is ranked at the top amongst 12 industry peers across key third party ESG rating agencies.

Building on this foundation and with input from third-party experts, Ovintiv set a target in the fourth quarter of 2020 to remethane intensity by 33% to 0.10 metric tons CH4/thousand barrels of oil equivalent (CH4/MBOE) by 2025. The target benchmarked against 2019 actual methane intensity of 0.15 metric tons CH4/MBOE. Additional details can be found in Company's 16<sup>th</sup> annual Sustainability Report (https://www.ovintiv.com/sustainability/).

The Company works continuously to reduce the impact of its operations and in 2020 significantly reduced flaring and ventural gas across its operations. Ovintiv does not engage in routine flaring by ensuring that gas gathering infrastructur for all wells drilled. In the fourth quarter of 2020, flared and vented gas volumes accounted for less than 0.5% of total nasales volumes, down significantly from approximately 1.2% in 2019. The Company has also been working closely with midstream providers to reduce emissions.

The Company has been a leader and early adopter of key disclosure frameworks from the Task Force on Climate-related Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). Ovintiv released its TCFD- and SASB Sustainability Report in the fourth quarter of 2020 for the 16<sup>th</sup> consecutive year. Ovintiv executives also serve in leaders climate-related issues within the largest industry trade associations in North America and are collaborating with industry ensure consistent methodology and disclosure of key metrics across the industry.

The Company remains committed to protecting the health of its workforce. At the onset of the pandemic, the Company a cross-functional Pandemic Response Team, including medical professionals, and developed and implemented risk-be protocols and procedures. These actions enabled Ovintiv's employees and contractors to safely continue their work in the for low-risk staff to return to the office. For the seventh consecutive year, Ovintiv recorded the safest year in its history of dropping to 0.19 for both employees and contractors. Peer leading safety performance remains a component of the Overexcutive compensation 2021 scorecard.

# Fourth Quarter and Full Year 2020 Results

The Company today issued a separate news release on its fourth quarter and full-year 2020 financial and operating res 2021 Outlook. A conference call and webcast to discuss recent results will be held at 9 a.m. MT, February 18, 2021. Su slides and financial statements are available at www.ovintiv.com.

### About Ovintiv Inc.

Ovintiv is one of the largest producers of oil, condensate and natural gas in North America. The Company is committed preserving its financial strength, maximizing profitability through disciplined capital investments and operational efficien returning capital to shareholders. A talented team, in combination with a culture of innovation and efficiency, fuels Ovin economic performance, increases shareholder value and strengthens its commitment to sustainability in the communiti employees live and work.

# Advisory Regarding Non-GAAP Measures

Certain measures in this news release do not have any standardized meaning as prescribed by U.S. GAAP and, theref considered non-GAAP measures. These measures may not be comparable to similar measures presented by other considered not be viewed as a substitute for measures reported under U.S. GAAP. These measures are commonly used in gas industry and/or by Ovintiv to provide shareholders and potential investors with additional information regarding the liquidity and its ability to generate funds to finance its operations. For additional information regarding non-GAAP measures as follows:

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- Non-GAAP Cash Flow is a non-GAAP measure defined as cash from (used in) operating activities excluding net
  other assets and liabilities, net change in non-cash working capital and current tax on sale of assets. Non-GAAP
  Flow is a non-GAAP measure defined as Non-GAAP Cash Flow in excess of capital expenditures, excluding net
  and divestitures.
- Total Costs is a non-GAAP measure which includes the summation of production, mineral and other taxes, upstream sportation and processing expense, upstream operating expense and administrative expense, excluding the illumentary costs, restructuring costs and current expected credit losses. It is calculated as total operating excluding non-upstream operating costs and non-cash items which include operating expenses from the Market Cand Corporate and Other segments, depreciation, depletion and amortization, impairments, accretion of asset retrobligation, long-term incentive costs, restructuring costs and current expected credit losses. When presented on a basis, Total Costs is divided by production volumes. Management believes this measure is useful to the Company investors as a measure of operational efficiency across periods.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS - This news release contains certain forward-looking or information (collectively, "FLS") within the meaning of applicable securities legislation, including the United States Pr Securities Litigation Reform Act of 1995. FLS include: future financial and operating results. FLS involve assumptions, uncertainties that may cause such statements not to occur or results to differ materially. These assumptions include ex and projections made in light of the Company's historical experience. Risks and uncertainties include: ability to generat cash flow to meet obligations; commodity price volatility and impact to the Company's stock price and cash flows; ability adequate transportation and potential curtailments of refinery operations, including resulting storage constraints or wide differentials; discretion to declare and pay dividends, if any; business interruption, property and casualty losses or unex technical difficulties; impact of COVID-19 to the Company's operations, including maintaining ordinary staffing levels, se operational inputs, executing on portions of its business and cyber-security risks associated with remote work; counterp credit risk; impact of changes in credit rating and access to liquidity, including costs thereof; risks in marketing operation associated with technology; risks associated with decommissioning activities, including timing and costs thereof; and of and uncertainties as described in the Company's Annual Report on Form 10-K, Quarterly Report on Form 10-Q and as from time to time in its other periodic filings as filed on EDGAR and SEDAR. Although the Company believes such FLS reasonable, there can be no assurance they will prove to be correct. The above assumptions, risks and uncertainties a exhaustive. FLS are made as of the date hereof and, except as required by law, the Company undertakes no obligation or revise any FLS.

SOLICITATION OF PROXIES - Ovintiv intends to file a proxy statement and WHITE proxy card with the U.S. Securities Exchange Commission (the "SEC") and Canadian securities regulatory authorities in connection with its solicitation of proceedings of Stockholders (the "2021 Annual Meeting"). OVINTIV STOCKHOLDERS ARE STRONGLY ENGINEED TO READ THE DEFINITIVE PROXY STATEMENT (AND ANY AMENDMENTS AND SUPPLEMENTS THERETO) AND ACCOMPANYING WHITE PROXY CARD WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders may obtain the proxy statement, any amendments or supplements to the proxy statement documents as and when filed by Ovintiv with the SEC without charge from the SEC's website at www.sec.gov and Can securities regulatory authorities at www.sedar.com.

### Certain Information Regarding Participants

Ovintiv, its directors and certain of its executive officers may be deemed to be participants in connection with the solicit proxies from Ovintiv's stockholders in connection with the matters to be considered at the 2021 Annual Meeting. Inform regarding the ownership of Ovintiv's directors and executive officers in Ovintiv common stock is included in their SEC fi Forms 3, 4, and 5, which can be found through the SEC's website at www.sec.gov. Information can also be found in Ov SEC filings. More detailed and updated information regarding the identity of potential participants, and their direct or incinterests, by security holdings or otherwise, will be set forth in the proxy statement and other materials to be filed with the three documents can be obtained free of charge from the sources indicated above.

Further information on Ovintiv Inc. is available on the Company's website, www.ovintiv.com, or by contacting:

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