

## **CORPORATE GOVERNANCE STANDARDS: DIFFERENCES IN VEREN'S PRACTICES COMPARED TO NYSE STANDARDS**

As a Canadian company listed on the New York Stock Exchange (“NYSE”), we are not required to comply with most of the NYSE corporate governance standards and instead may comply with Canadian corporate governance practices (“Canadian Rules”). We are, however, required, under Section 303A.11 of the NYSE Listed Company Manual, to disclose the significant differences between our corporate governance practices and those required to be followed by U.S. domestic companies under the NYSE corporate governance standards.

The following is a summary of the significant ways in which our corporate governance practices differ from those required to be followed by U.S. domestic companies under the NYSE’s corporate governance standards. Except as described in this summary, we are in compliance with the NYSE corporate governance standards in all significant respects.

- Section 303A.02 of the NYSE Listed Company Manual defines independence standards for directors. Our Board of Directors is responsible for determining whether or not each director is independent. In making this determination, the Board has adopted the definition of “independence” as set forth in the Canadian National Instrument 58-101 Disclosure of Corporate Governance Practices. In applying this definition, the Board considers all relationships of our directors, including business, family and other relationships. Our Board of Directors also determines whether each member of our Audit Committee is independent pursuant to National Instrument 52-110 Audit Committees and Rule 10A-3 of the Securities Exchange Act of 1934.
- Section 303A.07(c)(iii) of the NYSE Listed Company Manual requires, among other things, that the written charter of the audit committee state that the audit committee at least annually, obtain and review a report by the independent auditor describing the firm’s internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues. The written charter of the audit committee complies with Canadian Rules, but does not explicitly state that these functions are part of the purpose of the audit committee, which is not required by Canadian Rules.
- Section 303A.08 of the Listed Company Manual requires that shareholders of the listed company be given the opportunity to vote on all equity-compensation plans and material revisions thereto. Canadian Rules generally require that shareholders approve all equity compensation plans, but the Canadian Rules are not identical to the NYSE Rules. We comply with Canadian Rules.

- Section 303A.09 of the Listed Company Manual requires that, amongst other things, our governance guidelines include provisions relating to director compensation guidelines and director orientation and continuing education. We have adopted corporate governance guidelines and our Board Mandate, in compliance with the Canadian Rules. However, our corporate governance guidelines do not include provisions relating to director compensation guidelines or director orientation and continuing education.
- Section 303A.10 of the Listed Company Manual requires that a listed company's code of business conduct and ethics mandate that any waiver of the code for executive officers or directors may be made only by the board or a board committee and must be promptly disclosed to shareholders. Our code of business conduct and ethics complies with Canadian Rules and does not include such a requirement.