Enbridge Climate Policy

Preamble:

Enbridge believes the world must find new ways to meet increasing demand for energy from a growing global population while limiting the greenhouse gas (GHG) emissions that cause climate change. As a North American leader in energy infrastructure systems that deliver oil, natural gas and renewable energy we are uniquely positioned to help bridge the transition to a low carbon economy. The purpose of the Enbridge Climate Policy is to guide our company's efforts to play a leadership role in the transition to a lower carbon future. It identifies the actions we are taking to manage climate risks and respond to climate opportunities. They include:

- *Reducing our carbon footprint and integrating climate considerations across all of our key business decision making processes;*
- *Growing our renewable energy business;*
- *Expanding our natural gas business to make access to lower carbon and renewable energy more feasible;*
- *Expanding the energy efficiency and demand-side management programs and services provided by our utilities business to home owners and small business;*
- *Ensuring the safety and reliability of critical energy infrastructure in North America by being a leader in the application of technologies that improve the environmental performance of our liquid pipelines business;*
- *Supporting the achievement of climate and energy goals established by governments in the jurisdictions in which we operate;*
- *Collaborating with others to achieve progress on shared climate and energy challenges and opportunities.*

An annual review of progress on the commitments made in this policy will be presented to the Enbridge Executive Leadership Team and Board and publicly disclosed in the company's Annual CSR Report.

Policy:

As an energy company, Enbridge recognizes that we have a responsibility to address climate change. We also recognize that this responsibility extends beyond compliance with regulatory requirements to include a proactive approach to reducing our own carbon footprint as well as working more broadly with others to reduce GHG emissions across production, transportation and end use in the energy value chain as a whole.

As a North American leader in energy infrastructure systems that deliver oil, natural gas and renewable energy Enbridge both supports and is actively involved in the transition to a lower carbon future. We are uniquely positioned to help advance energy diversification while ensuring the safety and reliability of energy supply. To achieve this objective we are taking climate actions that are consistent with our business model; align with changing energy market fundamentals; and address government and stakeholder expectations for meaningful progress on emissions reduction and management of climate risks.

A. To ensure our business strategies and management systems address climate change we will:

1) **Adopt Multi-Year Plans and Goals for Carbon Reduction and Energy Efficiency:** Building on our success in meeting our initial target of reducing GHG emissions in our Canadian operations by 20% over 1990 levels, each of our Business Segments or Units ("BUs") will have accountability for developing and implementing a multi-year Carbon and Energy Efficiency Plan ("CEE Plan") specific to their current and proposed operations and facilities. BU CEE plans will identify opportunities to reduce GHG emissions intensity on an output basis and improve energy efficiency. They will also identify capital requirements, timeframes, emissions and cost savings, and applicable performance metrics for inclusion in annual corporate scorecards and incentive programs. To further secure the climate benefits of natural gas, BU CEE Plans will, where applicable, address methane leakage from natural gas processing and distribution. In order to prioritize goals, strategies and capital plans at the enterprise level all CEE Plans will be reviewed by our Executive Leadership Team as part of our annual Corporate Strategic Planning process. Individual BUs will have responsibility for costs and implementation of their CEE Plans.

2) **Integrate Climate Risk into Business Development and Risk Management Strategies:** We will address climate risks in our business development and risk management processes. This will include the use of carbon shadow pricing and other tools to ensure that our capital investment review process incorporates climate sensitivities and evaluates investment opportunities in relation to their impact on emissions and energy efficiency.

3) **Integrate Climate Considerations into Supply Chain Management:** Building on our experience successfully sourcing 90% recycled steel for our pipeline projects we will work with our suppliers to incorporate a more comprehensive approach to the use of environmental criteria in our purchasing decisions.

4) **Expand Consumer Access to Energy Efficiency Programs and Services:** Enbridge has significant experience delivering energy efficiency programs in Canada. In the last 10 years our natural gas distribution business has helped home owners and small businesses avoid over 18 million tonnes of CO2 emissions. Leveraging these results our natural gas utilities in North America will continue to work with their end-use customers to provide world-class demand management programs that will enable more efficient, responsible and cost-effective use of the energy we deliver to them.

5) **Expand Access to Renewable Energy:** We are one of the largest investors in renewable energy for electricity in Canada and have a growing presence in renewables in both the US and Europe. New technologies are continuing to drive the cost of wind and solar energy to more competitive levels and new government targets and policies are supporting growth in renewables and electricity. Building on the $5 billion (CAD) we have invested in renewable energy to the end of 2015, we will expand our position in bringing renewable energy to scale in North America and elsewhere. We will pursue new business opportunities arising from increased consumer demand for renewable energy and new interdependencies between renewables, natural gas and electrical transmission. Because renewable energy is at the forefront of the transition to a low carbon future we will continue to build our competitive

advantage as a developer and operator of wind and solar projects and continue to selectively invest in renewable technology and innovation.

6) **Expand Access to Natural Gas:** Enbridge operates the largest natural gas distribution system in Canada and one of the largest natural gas pipeline and processing systems in the US to the Gulf Coast. Natural gas can create significant climate benefits while advancing local energy efficiency and sustainability. It is an important replacement fuel for coal in electricity generation, a low carbon source of home heating, a lower emission fuel for heavy-duty vehicles and large transportation fleets, and an important enabler of renewable and community scale energy. We will evolve our natural gas systems to expand the availability of natural gas in North America, which is central to making the transition to a low carbon economy both feasible and affordable across a range of GHG emissions reduction scenarios through to 2030. This expansion will include development and deployment of next generation technologies and services that can support district energy and locally distributed energy systems, and that can improve integrated energy resource planning and management at the local and regional level. It may also include investing in opportunities for renewable natural gas (such as biogas for heating), power-to-gas systems that can help store surplus renewable energy, and combined heat and power systems that can help create a path to lower emissions from home heating and power requirements.

7) **Improve the Safety and Environmental Performance of Critical Infrastructure for the Transportation of Liquid Hydrocarbons:** Our liquids pipelines system is the largest in North America. It provides strategic infrastructure for access to energy supply in Canada and the US as well as feedstock for the manufacture of products that are essential to the quality of daily life for millions of people. During the period 2005 to 2015 we increased our investment in the safety and reliability of our liquid pipelines system from $130,000 per billion barrel miles of pipeline to $880,000 per billion barrel miles of pipeline. Our goal is to be a North American leader in the application of new technology and other measures that address environmental risks and improve the safety and environmental performance of our infrastructure for the transportation of liquid hydrocarbons.

8) **Engage and Be Accountable:** We will reach out to our employees, contractors, landowners, shareholders and the communities in which we operate to ensure they are aware of the actions we are taking on climate issues and obtain their input and involvement in our plans and priorities. We will engage with governments, regulators, Indigenous peoples and diverse external stakeholders to ensure we understand their perspectives and requirements and that we are accountable for our actions and strategies on climate issues.

B. To ensure our engagement with governments and other decision makers and stakeholders addresses climate change we will:

- Contribute to the development of public policy that addresses the climate impact of hydrocarbon development and consumption through the establishment of emissions reduction goals and other climate and energy plans and priorities.
- Support achievement of emissions reductions goals set by Canada, the US, and other governments in the jurisdictions in which we operate, as well as the development of common frameworks for tracking, verifying and evaluating progress on emissions reduction goals at the local, national and global levels.

- Support carbon pricing mechanisms that:
  - are relevant to the needs and opportunities of the jurisdiction involved;
  - encourage transparency, equity and cost-effective approaches to emissions reduction and sustainable energy development and trade;
  - recognize the interdependence between energy systems;
  - encourage investment in technological innovation that will reduce carbon intensity and improve energy efficiency and diversification.
- Collaborate with our stakeholders across the energy value chain – including business, consumers, local communities, Indigenous peoples, governments, environmental organizations, and our employees, contractors and shareholders – on new projects and partnerships that advance joint progress, learning and innovation on climate and energy issues.