



Addendum to Enbridge's 2013 Corporate Social Responsibility Report (with a focus on 2013 data)

Supply Chain and Procurement Practices Performance Data Sheet

While this performance data sheet does not relate to any specific Global Reporting Initiative (GRI G3.1) Performance Indicator, Supply Chain and Procurement Practices are an important component of the new G4 Performance Indicators.

Context

Our supply chain and procurement management activity is primarily carried out through our Major Projects (MP), Liquids Pipelines (LP), Gas Distribution (GD) and Gas Transportation (GT) business units.

The policies, practices and procedures that these business units use are currently relatively distinct from each other, so efforts are under way to better align and coordinate them.

One of the first steps toward achieving this alignment has been the recent formation of an enterprise-wide Supply Chain Council, consisting of procurement leaders from each of the business units noted above. This council is paving the way for the development of a comprehensive and consistent approach to supply chain management throughout Enbridge.

2013 Key Performance Areas

#1. Develop a comprehensive and consistent set of policies and practices to govern supply chain and procurement

MP, LP, GD and GT formed a Supply Chain Council so that they can work together to develop comprehensive and consistent governing policies.

Management Approach and Background

Business units throughout Enbridge have incorporated our core values—Integrity, Safety and Respect—and our Statement on Business Conduct into their supply chain management policies, practices and procedures. MP, for example, has adopted a Supply Chain Management Protocol that states that all supply chain management activities must be conducted in an ethical manner that delivers the best value for Enbridge, while ensuring adherence to our values, Statement on Business Conduct and Compliance Policy.

MP has also incorporated Social License Guiding Principles for Enbridge Projects that state that:

Enbridge's commitment to Corporate Responsibility performance goes beyond compliance with regulations, to living our values and engaging stakeholders in ways that are beneficial to both the company and our stakeholders. It is evident that our customers, investors, internal and external stakeholders, landowners, the public, suppliers and regulators want to deal with responsible and reputable organizations that continue to earn and maintain their social license to operate. Enbridge is committed to meeting or exceeding their expectations.

Our Social License Guiding Principles complement our values and guide our actions. For example, in alignment with them, and to the extent possible, we ensure that the pipe we buy to build our pipelines is made from recycled content. In 2013, MP purchased approximately 380,000 tonnes of steel pipe, almost 95 per cent of which was recycled.

For its part, in 2013, GD purchased approximately 9,718 tonnes of steel pipe. Approximately 36 per cent of the total comprised steel that had recycled content of 96 per cent, while the remainder comprised steel that had recycled content of between 25 to 100 per cent. GD also purchased approximately 1,051 tonnes of polyethylene pipe in 2013. Fifty-one per cent of that total comprised polyethylene that had recycled content of up to 30 per cent.

In addition to our Social License Guiding Principles, the business units noted above have established the following principles and policies in various areas that provide guidance on the way we relate with communities and the stakeholders affected by our activities:

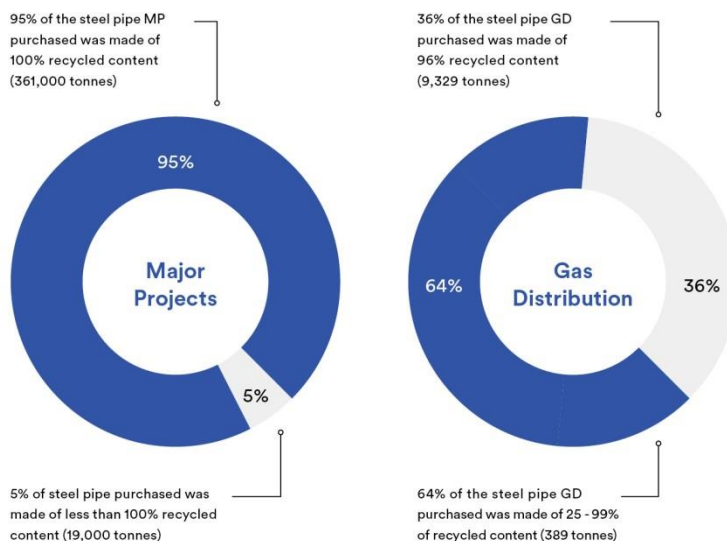
- Enbridge Values—Integrity, Safety and Respect
- Statement on Business Conduct
- Corporate Social Responsibility Policy
- Aboriginal and Native American Policy
- Environment, Health and Safety Policy
- Enbridge’s Safety and Environmental Guidelines for Contractors
- Enbridge’s Environmental Guidelines for Construction
- Enbridge’s Major Projects Environment Policy

Compliance with these policies and statements of principle is a condition of conducting business with and on behalf of Enbridge.

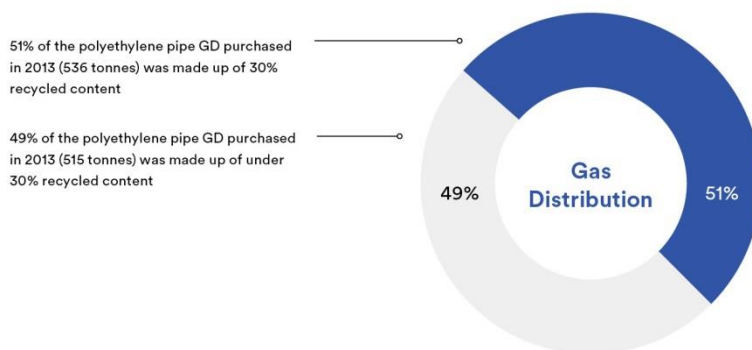
Pre-qualification

For many years, LP, MP and GT have used ISNetwork (ISN), a global resource for connecting corporations with safe, reliable contractors and suppliers, as a pre-qualification standard for service-providing suppliers, and GD has started to incorporate the use of this resource, too. Through ISN, GT is also a member of the Facility Audit Network (FAN) through which five pipeline companies agree to perform standardized audits of contractors and share the results with the other members.

In addition, MP and LP utilize a Pre-qualification Committee consisting of a diverse range of leaders representing MP and LP Supply Chain Management, Engineering, Operations, Control Systems and MP Quality. The committee provides an important forum to obtain input into supplier pre-qualification and disqualification processes, and for the group to share emerging issues. It also ensures that our standards regarding safety, quality, human rights and environmental practices are upheld throughout the supply chain.



Recycled Content of Polyethylene Pipe (2013)



For the same purpose, GD employs a Vendor Policy that outlines the qualifications that suppliers must have before they can be hired. These qualifications include financial stability, product quality, technical competence, quality assurance programming, and adherence to our Corporate Social Responsibility Policy. GD's Vendor Policy also includes criteria on how GD must select and evaluate suppliers, and the environmental responsibility criteria that suppliers must meet.

Contracts

Some of our supplier contracts, in addition to incorporating our [Statement on Business Conduct](#), also incorporate scorecards focused on financial and non-financial criteria. For example, MP employs Master Service Agreements (MSAs), which incorporate scorecards based on safety, quality, corporate responsibility, financial, environmental and customer service objectives.

Similarly, GD uses Extended Alliance contracts to govern its relationships with its three largest suppliers (which include a customer services firm and two large pipeline construction companies). These contracts include scorecards for safety, quality, customer care and delivery-related objectives. GD gives each objective a weighting and a target score, and then scores each supplier against the objectives. The supplier's actual score becomes a variable that determines the rate at which GD pays the supplier. In areas where the supplier does not meet objectives, GD meets with the supplier to discuss appropriate corrective actions.

Suppliers with Extended Alliance contracts must also meet regularly with GD, undergo various types of audits (quality assurance audits, for example), and meet the requirements of GD's stringent quality assurance program.

Supplier Development/Relationships

While all of the business units noted above have always maintained informal relationships with their suppliers, most of them are also developing formal meetings with key suppliers to ensure that existing agreements and supplier performance are reviewed, tracked and updated on a regular basis. For example, MP has created formal governance structures between Enbridge and key MP suppliers, such that their performance can be tracked and improved, and such that MP can better manage its supplier relationships (which include senior executives from both MP and from suppliers).

In addition, in 2013, LP and MP joined forces to hold their first-ever supplier forums, with the intent to build and renew sustainable supplier relationships. The two one-day-long forums were held in Calgary, Alberta, and Minneapolis, Minnesota, for Canadian and U.S.-based suppliers, respectively. Each forum involved approximately 100 representatives from over 60 of LP's and MP's key suppliers of materials and services. The forums underscored the reality that the market for materials and services is tight, and that, in order to obtain quality service providers and good suppliers, Enbridge must be a customer of choice. The forums also highlighted the reality that, in order for us to maintain our social license to operate, our suppliers must be aligned with our values and with our expectations for quality and timely delivery. We plan to continue to host similar supplier events in the future in both Canada and the U.S.

Safety Roundtables

Because safety is one of our values, we have a vested interest in ensuring that this value is extended to our suppliers of services and materials. As such, we have begun to involve our suppliers in industry-organized safety roundtables.

The principal safety roundtable that we participate in is the Pipeline Construction Safety Roundtable (PCSR), which helps us raise the overall caliber of safety among pipeline owners and main-line construction contractors. We understand that many of the major contractors we hire are also being hired by other North American companies. By inviting all of the parties to join the conversation on how best to organize practices, training, equipment safety and leadership competency, we can help turn good practices into industry standards.

Restricted-party Screening

Working with our Law department, MP, GD and GT are cross-referencing the suppliers with which we do or intend to do business against various databases to ensure that we do not inadvertently contract with suppliers who have behaved in a socially irresponsible manner anywhere in the world. This recent initiative has proved invaluable because it enables us to be aware of supplier restrictions throughout our company. LP also screens its suppliers with the assistance of Enbridge's Risk, Compliance and Law departments.

For More Information

Please see the following performance data sheet on www.csr.enbridge.com: [Compliance](#); [Human Rights](#); [Human Health and Safety](#); [Aboriginal and Native American Rights and Engagement](#); [Society](#); and [Economic Benefits/Contributions to Local Economy](#).