

## BACKGROUND

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### Enbridge's environmental, social and governance goals

November 6, 2020

#### 35% emissions intensity reduction by 2030; net zero by 2050

Climate change requires serious solutions. With assets across the energy system, we are well-positioned to adapt to the energy transition over time while continuing to provide the energy people need and want.

*“Our challenge is two-fold – meeting growing global energy demand with affordable, reliable and secure energy, while at the same time, reducing GHG emissions.*

*At Enbridge, we want to have impact all along the energy value chain – from reducing emissions from our operations to lowering the emissions intensity of the energy we deliver. We're investing in renewable power and in innovative solutions like renewable natural gas (RNG) and hydrogen. And we're working with our customers and consumers to encourage energy efficiency. It all adds up in achieving a lower emissions future.”*

*Al Monaco, President and Chief Executive Officer*

#### Our new targets

- Reduce the intensity of GHG emissions from our operations 35% by 2020.
- Achieve net zero emissions from our business by 2050.

These targets focus on GHG emissions generated by Enbridge's operations arising from the combustion and/or release of carbon dioxide (CO<sub>2</sub>), nitrogen dioxide (NO<sub>2</sub>) and methane (CH<sub>4</sub>) (Scope 1 emissions), as well as emissions from the generation of purchased electricity consumed by the Company (Scope 2 emissions).

Progress against these targets will be measured relative to a 2018 base year, the first full year of operations following the transformational acquisition of Spectra Energy and the roll out of a new long-term strategy for the combined Company.

#### Our approach

Enbridge's strategic planning process has consistently revealed opportunity in energy systems change. We have long focused on energy fundamentals and building optionality in our business. More specifically, we've taken a gradual approach which involves testing the technology, developing the capability and then expanding the opportunity set over time – within a framework of efficient investment and an assured return on capital.

Enbridge made its first transformational investment in natural gas in 1996 when we acquired Consumers' Gas – Canada's largest natural gas distribution system. This became the platform upon which we built our natural gas businesses. As the fundamentals continued to point to a changing energy mix, we accelerated the growth of our natural gas transmission, distribution and storage businesses with the \$37-billion acquisition of Spectra Energy. This acquisition brought balance to our portfolio of oil and natural gas assets and gave us a premium natural gas platform from which to grow.

Similarly, our first foray into renewable energy came in 2002 with an investment in an 11-megawatt (MW) facility near Gull Lake, Saskatchewan. In 2009, we prudently accelerated the pace of investment in renewable energy by acquiring several wind and solar farms across North America. In 2015, Enbridge made its first investment in European offshore wind – which has now become a significant growth platform for the Company.

We will continue to focus on energy fundamentals while building optionality into our business. As we continue to diversify our business mix, we will continue to work to reduce the GHG emissions associated with our business.

### **Building on proven success**

Enbridge has a well-established track record of responsibly addressing environmental consequences of delivering affordable, reliable and secure energy that North Americans need and want. This includes past programs to successfully reduce GHG emissions:

- A 21% reduction in direct GHG emissions from our Canadian operations below 1990 levels between 2005 and 2011. Much of this reduction was achieved through the replacement of approximately 1,800 kilometers of cast iron and bare steel pipe.
- An additional 5% reduction in the GHG emissions intensity of our gas distribution business relative to the total number of customers between 2011 and 2015.
- A 30 billion cubic meter reduction in the amount of natural gas consumed by our gas utility customers between 1995 and 2019 because of our energy efficiency and conservation programs. That's enough energy to serve 12.5 million homes for one year and it amounts to a 56.2 million ton of carbon dioxide equivalent (tCO<sub>2</sub>e) reduction in GHG emissions – or the equivalent of taking 12.2 million cars off the road for one year.

## Principal pathways to reducing emissions from our operations

Innovation is required across the entire energy system if we are to deliver GHG emissions reductions in line with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the goals of the Paris Accord. As we strive to provide secure, reliable and affordable energy, it is clear that existing energy systems need to be part of the solution. Given Enbridge's positioning across the energy system, the Company is well-positioned to make a meaningful contribution. Our 2030 and 2050 targets will be achieved via several initiatives that are aligned with Enbridge's current strategy and longer-term business plans:

- **Modernization and innovation** – reduce GHG emissions by modernizing equipment and applying innovation to existing energy transportation and distribution systems to increase efficiency and reduce the emissions intensity of existing infrastructure.
- **Decarbonizing energy use** – reduce the emissions intensity of the electricity we need with solar self-power projects, utilizing lower intensity power sources from the grid and supporting decarbonization of the power grid.
- **Investment in renewables and lower carbon energy** – disciplined investment in lower-carbon infrastructure and business lines including wind and solar power generation, hydrogen and RNG (consistent with existing strategy).
- **Offsets and carbon credits** – balance residual emissions through procurement of carbon offset credits generated by nature-based solutions and renewable energy certificates (RECs), with a primary focus on areas proximate to our operations.

Efforts already underway that contribute to our emission reductions are provided below:

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### Modernization and innovation

**Liquids pipelines (LP)** – Application of machine learning and predictive analytics to increase system efficiency, reducing the overall energy consumption and emissions used in delivering energy.

Development of an enterprise-level strategy and decision-making framework to optimize power generation, procurement and consumption in a safe and reliable way to maximize value for Enbridge across multiple dimensions including cost, revenue enhancement and GHG reductions, while managing risk and maintaining relationships with external stakeholders (e.g. customers, public, regulators). A pilot project has been initiated by our LP business in Alberta and Saskatchewan.

**Gas transmission and midstream (GTM)** – Replacement of older and less efficient compression facilities on our long-haul natural gas transmission systems to improve energy efficiency and

reduce GHG emissions. The first phase is expected to reduce GHG emissions on the Texas Eastern pipeline by more than 180,000 tons of tCO<sub>2</sub>e annually, beginning in 2024.

Future phases of modernization have the potential to remove up to 850,000 tCO<sub>2</sub>e of additional GHG emissions each year from our gas transmission facilities by 2034.

As a member of Our Nation's Energy (ONE) Future, Enbridge commits to voluntarily reduce methane emissions across the U.S. natural gas value chain to 1% (or less) of total produced natural gas by 2025.<sup>1</sup> This helps to drive a specific focus on methane reductions, including the replacement and modernization of equipment to reduce fugitive emissions.

**Gas distribution and storage (GDS):** Modernization of equipment, capturing of vented emissions from compressor stations and enhanced leak detection and repair programs at Company facilities is expected to reduce both combustion-related and methane emissions.

Development and commercialization of new energy sources that will reduce the GHG footprint from GDS' own operations and further reduce the carbon intensity of the energy that we deliver to our customers (see Reducing Scope 3 Emissions section for more detail).

### Decarbonizing energy use

Enbridge is actively developing and executing on opportunities to “self-power” – to build and operate renewable power generation facilities to meet our own electric power requirements.

The first of several planned solar energy facilities to power electric compressors on Enbridge's natural gas transmission pipelines was placed into service at Lambertville, New Jersey in October 2020. The 2.25-MW project is expected to reduce GHG emissions from electricity generation by nearly 60,000 tCO<sub>2</sub>e over the operation's lifetime. We are advancing the development of similar facilities at several other locations on our gas transmission network which are expected to come into service over the next two to three years.

A 10.5-MW solar facility is currently under construction in Alberta that will provide power to Enbridge's Liquids Mainline beginning in 2021. The Company has identified and is actively developing similar self-power solutions for pump stations across our network of liquids pipelines.

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<sup>1</sup> ONE Future is an industry-led initiative formed in 2018 to achieve a science-based average rate of methane emissions across U.S.-based upstream production, transmission and distribution. The goal of ONE Future is to ensure that the future of natural gas as a long-term sustainable fuel and to advance industry leadership in energy production and reduction of emissions.

Pursuing options to meet the balance of electricity needs through the purchase of power from less emissions intensive (“green”) sources of electricity in the jurisdictions where Enbridge operates. This includes advocacy to support the implementation of cost-effective policies to reduce the carbon footprint of the electricity grid.

### **Investment in renewables and lower carbon infrastructure**

Since 2002, Enbridge has invested C\$8 billion in renewable power generation facilities. Today, we have the capacity (in operation and under construction) to deliver more than 2,000-MW of net zero-emissions power to customers in the U.S., Canada and Europe. This equals the energy consumption of about 950,000 homes or a city the size of San Francisco, California. We are currently advancing another 371-MW of development projects in Europe and actively pursuing opportunities to profitably expand this rapidly growing segment of our business. In Europe, we’ve leveraged our major project execution capabilities and offshore pipeline construction skills. This allows us to expedite the development of commercial, operating and construction capabilities specific to the offshore wind context.

Enbridge is working across businesses and with partners to develop facilities and programs for the production, marketing, transportation and distribution of RNG, hydrogen and compressed natural gas (CNG). With our network of pipelines, Enbridge is also well-positioned to participate in what is expected to be a growing opportunity for investment in Carbon Capture Utilization and Storage (CCUS) facilities. Enbridge is actively working with potential private and public partners and stakeholders to advance opportunities to build, own and operate these facilities.

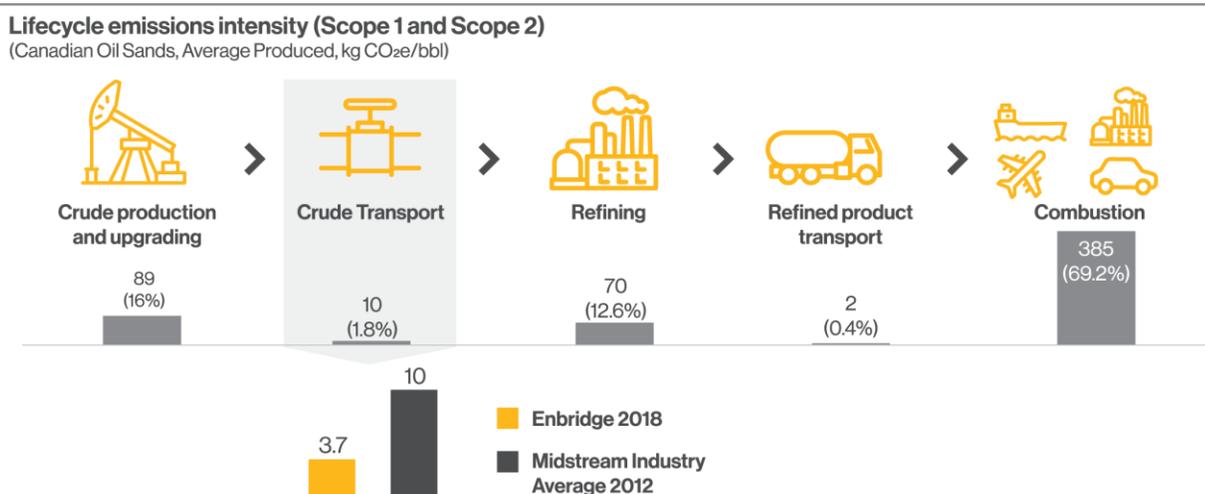
### **Offsets and carbon credits**

Selective investment in nature-based solutions and offsets, including afforestation and soil carbon sequestration through enhanced agricultural practices proximate to our operations.

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## Reducing Scope 3 emissions

Enbridge's GHG emissions reduction targets focus specifically on Scope 1 and Scope 2 emissions. Yet, operational emissions from the midstream comprise only a small portion of total GHG emissions on a lifecycle basis. For example, the transportation of oil sands product makes up less than 2% of lifecycle emissions -- as the diagram below shows, most of the emissions come from combustion, production and upgrading.



Consequently, Enbridge is designing emissions reduction strategies with a view to delivering Scope 3 solutions. Over the next three decades, we are looking to help our suppliers and customers to deliver emissions reductions in line with recommendations of the IPCC.

Accordingly, in addition to tracking and reporting progress against our Scope 1 and 2 GHG emissions and targets announced today, Enbridge will also systematically measure and periodically report on the contribution that our investments make to the avoidance of third party GHG emissions, focusing on two supplementary metrics:

- The absolute reduction and/or avoidance of GHG emissions enabled by Enbridge operated facilities (tCO<sub>2</sub>e per year) including, for example, generation of zero-emissions electricity, Demand Side Management, and RNG.
- The carbon intensity of the energy delivered by Enbridge (tCO<sub>2</sub>e per PJ of energy delivered) based on the total amount of energy contained in the crude oil, natural gas and electricity delivered to customers on an annual basis.

Beyond our investments in zero-emissions electricity generation and delivery of Demand Side Management programs, Enbridge has initiated several projects that reduce or avoid Scope 3 emissions. Representative examples include:

- **Renewable natural gas** – a partnership with the City of Toronto to capture approximately 3.2 million cubic meters of RNG per year that can be used to fuel the city’s waste collection fleet or heat city buildings. More recently, Enbridge and partners [announced](#) a \$42-million partnership in Niagara Falls, ON to build a RNG plant which is expected to generate enough energy to heat 8,750 homes and reduce GHG emissions by 48,000 tonnes per year.
- **Hydrogen** – GDS produces green hydrogen in Markham, ON and we are working to blend that hydrogen into a portion of our distribution network in the city – this would be the first project of its kind in North America and will result in the distribution of a ‘greener’ gas mixture, with fewer emissions.
- **Compressed natural gas** – a partnership between Enbridge and the City of Hamilton, ON to fuel 137 CNG buses at a fast-fill compressor station. CNG buses produce 20% fewer GHG emissions than diesel and can reduce fleet costs by up to 50%.

### Climate disclosure and accountability

Enbridge has been publicly reporting GHG emissions data in our annual sustainability report since 2001 and has regularly reported to the CDP (formerly Carbon Disclosure Project) since 2010. In 2019, Enbridge evolved its disclosure in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), broadening the scope of our data reporting to both emissions intensity and absolute emissions, as well as providing insight to Enbridge’s strategy with respect to the risks and opportunities that arise from climate change. In 2020, Enbridge officially became a TCFD supporter.

Enbridge plans to disclose progress toward our GHG emissions reduction targets – together with the supplementary metrics (described above) and other GHG related information – in our annual sustainability report. Emissions data will continue to be reported to the CDP.

Beginning in 2021, executive and all staff compensation will be tied to progress towards Enbridge’s emissions targets with leading and lagging indicators embedded in business scorecards. More details will be provided in our reporting and in discussion of executive compensation in our annual management information circular.

Enbridge has retained a third party to provide limited assurance on our 2018 and 2019 GHG and energy consumption data. The final report will be made publicly available.

## Safety

**We believe all injuries, incidents and occupational illnesses are preventable and we pursue continuous improvement towards our goal of zero incidents.**

*“Safety is, and will always be, our highest priority. If we don’t get this right, nothing else matters. We believe all incidents can be prevented and our goal is zero – no incident is acceptable. We’re driving to that goal through continuous improvement, applying our learnings and strengthening our safety culture across our company.”*

*Al Monaco, President and Chief Executive Officer*

## Our targets

- **Improve safety performance and target continuous improvement in our total recordable incident frequency** – in 2021, achieve a 10% improvement over our previous three-year average Total Recordable Incident Frequency (TRIF) rate for employees and contractors; and maintain industry-leading safety performance against U.S. Bureau of Labor Statistics benchmarks.
- **Maintain the highest standards for safety toward our goal of zero systems incidents** – in 2021, implement new voluntary industry standard criteria (CSA Z260-19: Pipeline system safety metrics) for pipeline system safety performance enterprise-wide and establish a 2021 baseline to set business unit targets for 2022 forward

Enbridge’s primary duty is to safety and reliability and we’re committed to meeting our obligations for safety, security and protection of the environment, as well as delivering on our commitments to stakeholders. Enbridge’s [Safety and Reliability Policy](#) reinforces the Company’s strong safety culture and disciplined, deliberate and unrelenting approach to risk mitigation.

## Diversity, equity and inclusion

**Diversity and inclusion drives innovation and better decisions, employee engagement and our ability to attract top talent. A workforce that better reflects our communities strengthens relationships and trust.**

*“We know from experience the business value of diverse and innovative thinking and having a workforce that reflects the communities in which we operate. It’s the right thing to do and it’s good business. We’re continually learning from our employees how to cultivate a workplace that is welcoming and inclusive.”*

*Cynthia Hansen, President, Enbridge Gas Inc. and co-chair of Enbridge’s Diversity and Inclusion Steering Committee*

## Our goals

- Build an inclusive environment of talent that represents the communities in which we operate through achievement, by 2025, of workforce representation of<sup>2</sup>:
  - Women – 40%
  - Racial and ethnic groups – 28%
  - People with disabilities – 6%
  - Veterans – 7%
- In 2021, sub-category goals for racial and ethnic groups will be set for 2022 to 2024
- Enbridge’s 2021 Equity and Inclusion Action Plan includes specific milestones for:
  - **Recruitment** – e.g. diverse candidate slates, increased scholarships and internships (including 22% of U.S. internships through Historically Black Colleges & Universities), hiring leader training
  - **Development and succession** – e.g. diverse representation in leadership programs, targeted sponsorship and mentorship, representation levels achieved on succession plans
  - **Unconscious bias and anti-racism training** – we will champion inclusion through delivery of unconscious bias and anti-racism training across 100% of our employees and leaders by the end of 2021

Enbridge’s goals for representation of women, racial and ethnic groups, people with disabilities and veterans were set and shared with employees in 2018; progress towards them is shared through a “Diversity Dashboard” on the Company’s intranet. Having made progress, we’re accelerating our goals from an original date of 2028 to 2025, and sharing them publicly, enhancing transparency and accountability to all stakeholders.

In response to the recent spotlight on injustices experienced in society by Black and Indigenous communities, Enbridge is also exploring ways to elevate anti-racism and equity and place specific focus and emphasis on representation of Black, Indigenous and other racialized groups.

Enbridge is a signatory to pledges set forth by CEO Action for Diversity and Inclusion in the U.S. and BlackNorth in Canada, both of which reinforce our commitment to meaningful and enduring change. Enbridge is also a member of the 30% Club and signatory to Equal by 30, both of which aim to improve gender representation and equality.

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<sup>2</sup> These are aspirational goals which Enbridge intends to achieve in a manner compliant with local, provincial and federal law, including, but not limited to U.S. federal regulations and guidance from the U.S. Equal Employment Opportunity Commission (EEOC), Department of Labor (DOL) and Office of Federal Contract Compliance Programs (OFCCP)

The Enbridge Inc. Board of Directors also took steps to underscore its ongoing commitment to diversity. Board diversity has long been a priority for Enbridge, supported by a written policy that highlights the importance of diversity of thought and experience. Enbridge is expanding its diversity policy to establish specific representation goals for women and racial and ethnic groups: 40% from women and 20% from racial and ethnic groups. Of our 10 non-executive board members, four are currently women; and women chair four of our five board committees.

For more on Enbridge's strategy and approach to building a diverse and inclusive workforce, see our [2019 Sustainability Report](#).

## Indigenous inclusion

**We are committed to Indigenous reconciliation. Our continued success relies on our ability to build and maintain relationships with Indigenous communities near where we do business.**

*"We value collaboration with Indigenous communities – true partnerships that respect culture, the environment and community health first, but also generate economic benefits."*

*Byron Neiles, Executive Vice President, Corporate Services*

### Our goals

- **Increase representation of Indigenous peoples in our workforce** – in 2021, we will continue to evolve our Indigenous employment strategy and work towards a goal of 3.5% representation within our workforce of Indigenous people by 2025.
- **Enhance our understanding and knowledge of Indigenous culture and rights** – require all new employees to complete cultural awareness training in 2021; target 100% completion from all employees and contractors by 2022.

Enbridge's [Indigenous Peoples Policy](#) outlines the key principles that guide our approach to engaging with Indigenous communities that have interests in lands on which our assets are located. We take a lifecycle approach to engagement and remain deeply committed to building relationships for the long term.

In addition to meaningful consultation practices, Enbridge engages with Indigenous communities to invest in projects and initiatives that create short and long-term economic benefits. We have begun the process of identifying and setting economic inclusion targets, including our activities with Indigenous-owned businesses, contractors and suppliers throughout our supply chain and procurement process.

For more on Enbridge's strategy and approach to Indigenous inclusion, see our [2019 Sustainability Report](#).

## Supplier diversity

**We recognize that a strong, diverse supplier community is essential to the resiliency and agility of our supply chain and contributes to the vitality of the communities where we live and work.**

### Our goals

- Advance our supplier diversity program to increase procurement from, and number of, diverse suppliers.
- In 2021, we will:
  - Complete an inventory of current suppliers to confirm diverse suppliers and identify opportunities to increase spend with certified diverse businesses
  - Introduce and implement our supplier diversity policy
  - Set supplier diversity targets

Enbridge has relationships with thousands of suppliers that provide goods and services to us, including manufacturers, contractors and subcontractors, distributors and consultants. These suppliers are essential to our success – and a virtual extension of our company. Just as we pursue diversity and inclusion, we want our suppliers to encourage the same. We are also committed to identifying and working with a growing array of diverse businesses and suppliers.

## Cybersecurity

**Implement effective cyber defense programs to protect the confidentiality, integrity, availability and reliability of information and services.**

### Our goals

- Ensure employee awareness and understanding of security responsibilities – 100% completion of annual certification and training.
- Continue to regularly assess cybersecurity maturity and defense capabilities both through internal audits as well as independent third-party engagements including, but not limited to, an annual maturity assessment against the National Institute of Standards and Technology (NIST) cybersecurity framework.

We recognize that cyberattacks are a top risk and have continued to increase in sophistication and frequency over the years. As an operator of critical energy infrastructure, we conduct continuous assessments of our cybersecurity standards, perform regular tests of our ability to respond and recover, and monitor for potential threats. To further mitigate threats we collaborate with governments, regulatory agencies and take part in external events to learn and share. At all levels of Enbridge, we have robust systems, policies and processes in place to protect our customers' and stakeholders' privacy and data.

## **Governance**

### **ESG reporting and disclosure**

Enbridge has a long history of reporting on its sustainability and ESG performance. Progress on our ESG goals and targets is shared in our annual [sustainability report](#), which is prepared in alignment with Global Reporting Institute (GRI) core standards, the Sustainability Accounting Standards Board (SASB) standards for the oil and gas midstream and natural gas utilities sectors and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

### **Overall accountability for ESG efforts**

To drive results and accountability, Enbridge will expand links to incentive compensation to performance on emissions reduction and diversity and inclusion. This complements performance against safety metrics which are already included in incentive compensation. Objectives will be set out in annual scorecards. All employees will have line-of-sight into the achievement of Enbridge's ESG goals.