

A woman with long brown hair, wearing an orange cycling jersey with a white floral pattern and black cycling shorts, stands with her arms crossed next to a yellow and red bicycle. She is looking off to the side with a thoughtful expression. A red and white cycling helmet is hanging from the handlebars. The background is a blurred city street with yellow taxis and tall buildings.

Good thinking

About Enbridge

Headquartered in Calgary, Alberta, Canada, Enbridge is a leader in energy delivery in North America. Enbridge transports natural gas and crude oil, which are used to heat homes, power transportation systems, and provide fuel and feedstock for industries. We operate the world's longest oil and liquids pipeline system, and are actively involved in natural gas transmission, gas distribution, renewable and alternative energy, and international energy projects.


Our vision is to be North America's leading energy delivery company, and our key objective is to generate superior shareholder value. We employ more than 5,700 people, primarily in Canada, the U.S. and South America.

Investment opportunities in Enbridge include: Enbridge Inc. ("ENB"), shares of which trade on the Toronto and New York Stock Exchanges; Enbridge Income Fund ("ENF.UN"), units of which trade on the Toronto Stock Exchange; Enbridge Energy Partners, L.P. ("EEP"), units of which trade on the New York Stock Exchange; and, Enbridge Energy Management, L.L.C. ("EEQ"), shares of which trade on the New York Stock Exchange.

For more information on Enbridge, please visit www.enbridge.com.

About the Enbridge 2008 Corporate Social Responsibility Report

Enbridge's 2008 Corporate Social Responsibility (CSR) Report was prepared using the Global Reporting Initiative (GRI) G3 sustainability reporting guidelines, which serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance. For more information about the GRI, please visit www.globalreporting.org.

Due to the volume of information we have assembled to meet the GRI guidelines, we have placed considerable material on our website, www.enbridge.com/csr2008. Throughout this report, this icon  indicates that additional information is available on that site.

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About our cover photo

Teri Majer, Manager, Corporate Risk Control, has worked at Enbridge for seven years. A dedicated bicycle commuter and recycler, Teri is passionate about the environment. "It's invigorating to work for a company whose values align with my own," said Teri. "We all share a responsibility to reduce our own footprint. It's really just common sense." Enbridge appreciates Teri's good thinking.

in a climate of change.

In the changing world of energy needs, today's solutions were yesterday's goals. The future will depend on the decisions we make now.

Looking forward, Enbridge always aims for the best.

Finding


The world needs new energy solutions. That much is understood. But while you might be surprised to see new solutions coming from Enbridge, you shouldn't be. Because Enbridge is invested in the future.

Balance

The other side of the equation is you. Yes, you. You contribute to the demand for energy, and influence how that demand gets met. The way we see it, we can only lead change by listening to what you think. That's why we're participating in a variety of conversations.

Energy is a requirement of humanity.

It is widely recognized that demand for fuel is not in keeping with the world's ability to supply it or to absorb its byproducts. That's the imperative of sustainability. How long can we keep doing what we're doing before things fall apart? Most people agree that we should change the game before it's over. Come up with new rules. Make the change from offensive to defensive play. As an energy company, Enbridge has a responsibility for the future. For new ideas. And we're driven by a culture that thinks broadly. That creates partnerships. That thinks ahead.



Feels more comfortable about his kids' safety when driving an SUV.

Offsets the impact by cycling in the city whenever he can.

Jamie Gordon is a Senior Advisor in Enbridge's Treasury Department. He knows that taking care of our environment is about making choices. Because every choice has an impact. It's a lesson that we're starting to see around us every day. So Jamie chooses to cycle to work. He uses environmentally friendly products. And he takes his own bags to the grocery store. To him, the safety of his children warrants a safe vehicle, but an SUV driver can be

conscious of his other choices too. He can strive for balance. Because not every choice is easy, and not every choice will please everyone. But it is possible to work toward the big picture together. The trick is to shift the momentum in the right direction. To change the way we think as a society. Like Jamie, Enbridge is making choices. We're doing things differently. We're proud of our accomplishments. And we're building for the future.

THE
LEADERS
OF
TOMORROW
WILL COME
FROM
THE

Building sustainable communities means investing in young leaders through educational sponsorships, scholarships, bursaries, and mentorship programs.

COMMUNITIES
WE BUILD
TODAY.



Michelle Windsor knows what it takes to become a leader. She is a graduate of the Kitimat Valley Institute's Job Readiness Program, which is an initiative sponsored by Enbridge in partnership with the Haisla First Nation. Through the program, Michelle gained the confidence she needed to progress further. She is now studying Home Support and Resident Care and plans to return to her community to put her training to work by caring for elders in Kitimaat Village.



Enbridge's four Canadian wind power projects have a combined capacity of more than 260 megawatts – enough electricity to meet the power needs of about 100,000 homes. "Wind energy is one of the best choices for powering the future," said Chuck Szmurlo, Vice-President, Alternative & Emerging Technology, Enbridge Inc., and President, Enbridge Wind Energy Inc. "It helps decrease acid rain, smog and the greenhouse gases that contribute to climate change."

Our results
reflect a
record of
good
thinking.

Positive outcomes follow focused leadership.

A message from James Blanchard and Patrick Daniel



As we report on Enbridge's corporate social responsibility performance, we find ourselves in a climate of perpetual change.

Our economic situation continues to evolve as we embark on the huge growth projects we've set out for ourselves, as the prices of oil and gas continue to fluctuate and as the costs of materials and labour continue to escalate.

Our environment continues to change as shifting temperature, wind, and precipitation patterns progressively alter the Earth's climate and as we all become personally aware that each of us has a stake in finding solutions.

And the social milieu in which we operate continues to transform as stakeholders rightly insist that they be kept increasingly informed of – and engaged in – Enbridge's activities.

All of this change could be overwhelming except that it comes with enormous opportunity. Opportunity to show leadership. Opportunity to collaborate with leading thinkers in industry, government, environment, and consumer groups. And opportunity to act on our good ideas for everyone's benefit.

We're proud to say that, in 2007, we took advantage of those opportunities on all fronts: economic, environmental, and social.

Our Economic Performance

Enbridge's earnings increased 14 per cent in 2007 to \$700.2 million, and earnings per share rose nine per cent to \$1.97.

While our total shareholder return in 2007 was just three per cent – due to our heavy investments in our growth projects – it has, over the last 54 years, averaged over 13 per cent. This average is thanks, in large part, to our strategy of investing in the future – a strategy we intend to stick with.

With the growth of Canadian oilsands production, we are in an excellent position to play a key role in ensuring that North American markets have reliable access to the energy they need

both today and in the years to come. To that end, some of the \$12 billion of new Liquids Pipelines projects that we are currently building will become operational in 2008. And we're looking at another \$15 billion of projects that could become operational after 2011.

Of course, Enbridge's growth is benefiting not just our shareholders, but the communities in which we operate. We've worked hard in 2007 to strengthen many of them through our Building Sustainable Communities investment program.

Our Environmental Performance

Enbridge has already exceeded our target to reduce Canadian direct greenhouse gas (GHG) emissions to 20 per cent below 1990 levels by 2010. As of 2007, we had achieved a 26 per cent reduction. We are now revising our GHG reduction target for our Canadian operations and developing a company-wide target that will include our assets in the U.S.

In the area of renewable energy, we have three wind farms that are currently operating. Our fourth – the 190-megawatt Ontario Wind Power project – will be the second largest wind farm in Canada when it begins commercial operations in late 2008.

We are also developing a hybrid fuel cell system to produce clean electricity from energy that is recovered from our natural gas pipeline systems and are leading a group of over 30 organizations in Alberta to develop a pilot carbon dioxide sequestration project called the Alberta Saline Aquifer Project (ASAP).

And Enbridge Gas Distribution has over 40 programs to encourage customers to use energy more efficiently and to reduce natural gas consumption. These programs have resulted in a reduction of almost seven million tonnes of carbon dioxide emissions.

Our Social Performance

It is with profound personal sadness that we report on two incidents that took place in the past year – one in 2007 and one in 2008 – that resulted in the deaths of three highly valued Enbridge employees. David Mussatti Jr. and Steve Arnovich died in November 2007 in an incident that occurred during scheduled maintenance just southeast of our terminal in Clearbrook, Minnesota. Henri St. Pierre died in March 2008 in an electrical incident at our Kerrobert, Saskatchewan, station. As a result of these tragedies, we have intensified our efforts to live up to our commitment of protecting the health and safety of all individuals affected by our activities.

Enbridge has also continued our work on implementing programs that reinforce our Enbridge People Strategy, which is based on our belief that people are, and always will be, the basis of our success. Under the People Strategy, in 2007, we implemented talent management and workforce planning procedures that focus on employee engagement, leadership and workforce development, succession management, mentorship, and knowledge transfer.

We also continued our successful community relations, Aboriginal and Native American relations, and community investment work in 2007. We believe that by effectively communicating with our stakeholders, we can mutually identify, address, and solve issues in ways that benefit everyone. And we believe that, by partnering with and investing in stakeholders in the communities in which we operate, we can help build sustainable communities that have strong infrastructure and programming in the areas of Education, Health & Safety, Culture & Community, and Environment.

Thanks to our corporate social responsibility (CSR) performance, we're pleased to report that Enbridge has received some notable recognition. We've listed the awards we've received in 2007 – and so far in 2008 – on the page that follows.

This recognition indicates that, while CSR remains a work in progress, Enbridge is already doing many things right. For us, the recognition also highlights the good thinking of our more than 5,700 employees, who are committed to our CSR efforts and who tell us that they want to work at Enbridge precisely *because* of our CSR efforts. We've featured a few of our employees in this report. Many others contributed to it.

This report also features excerpts of interviews we've had with leaders with whom Enbridge has collaborated on various initiatives. These leading thinkers – and many more like them – have strengthened Enbridge's CSR performance, and we'll continue to seek out their ideas and to build relationships with them.

Enbridge has an important role to play in bringing energy to people, and we plan to continue to play this role for a long time to come. At the same time, we plan on being one of the world's most sustainable corporations. With a lot of good thinking on our side, we're confident we'll achieve both goals.



James J. Blanchard
*Chair, CSR Committee
of the Board*



Patrick D. Daniel
*President &
Chief Executive Officer*

Awards and Recognition

Enbridge received the following corporate social responsibility-related awards and recognition in 2007 and 2008. Criteria such as financial health; environmental performance; workplace health, safety and fairness; community relations; and public disclosure were considered.

Alberta Venture Most Respected Corporations, 2007

Alberta's Top 25 Employers, 2007

Alberta's Top 35 Employers, 2007

Alberta's Top 40 Employers, 2008

Canada's Top 100 Employers, 2007, 2008, and 2009

Canadian Utility Fleet Forum E3 Gold Fleet Award
(for Enbridge Gas Distribution's natural gas vehicle fleet), 2007

Conference Board of Canada Carbon Disclosure Leadership Index,
2007 and 2008

Corporate Knights Best 50 Corporate Citizens in Canada,
2007 and 2008

Corporate Philanthropist Award (Calgary), 2007

CSR Trends – "Outstanding Report"
(Craib Design & Communications), 2008

Dow Jones Sustainability Index (North America), 2007 and 2008

Fortune America's Most Admired Companies (U.S.), 2007

Gold Champion Level Reporter
(Canadian Standards Association's GHG Registry), 2007

Governance Metrics International, highest rating for corporate
governance standards, 2008

Indian and Northern Affairs Aboriginal Relations Award, 2007

Jantzi Research's A- rating for CSR Management
(reported in *Maclean's* magazine), 2008

Natural Gas STAR Processing Partner of the Year (U.S.), 2007

Newsweek International's 100 Most Adaptable Companies, 2007

North York Chamber of Commerce,
Environmental Company of the Year, 2007

One of Canada's Best Employers for New Canadians
(Mediacorp Canada Inc.), 2007

Pollution Probe's Annual Clean Air Commute, 2008

Scarborough Chamber of Commerce,
Environmental Company of the Year, 2007

United Way/Centraide, Community Partner of the Year, 2007

United Way of Greater Toronto Corporate Support Award, 2007

United Way of St. Catharines & District,
Community Builder of the Year, 2007

United Way Thanks a Million Award (Canada), 2007

Ship Shoal 207 is a natural gas junction platform on Enbridge's Manta Ray System in the Gulf of Mexico. This particular platform collects natural gas from three separate locations and delivers it to the Gulf Coast through two pipelines. Enbridge operates seven offshore platforms in the Gulf. The pipeline systems associated with these platforms transport approximately 40 per cent of the Gulf's deepwater natural gas production.



Strategy and Profile

Enbridge's drive for operational excellence is built on a strong foundation of core values and corporate social responsibility policies and practices.

Organizational Profile

Enbridge is a leader in energy transportation and distribution in North America and internationally. As a transporter of energy, Enbridge operates the world's longest crude oil and liquids transportation system, delivering approximately 2.2 million barrels per day of crude oil to customers in Canada and the U.S. Midwest.

As a distributor of energy, Enbridge owns and operates Canada's largest natural gas distribution company and provides distribution services in Ontario, Quebec, New Brunswick and New York state. Enbridge is also involved in international operations and has a growing interest in natural gas transmission and midstream businesses.

Enbridge employs more than 5,700 people, primarily in Canada, the U.S., and South America.

Operations and Assets

Enbridge's activities are carried out through six business segments:

- **Liquids Pipelines** includes Enbridge's petroleum mainline system and feeder pipelines that transport crude oil, natural gas liquids, and other petroleum products in Canada – through Enbridge's wholly owned subsidiary, Enbridge Pipelines, Inc., and in the U.S. – through Enbridge Energy Partners, L.P. (EEP), and other Enbridge Inc. subsidiaries.
- **Major Projects** is responsible for designing and constructing pipeline projects that are currently – or will soon be – under way.
- **Gas Transportation** includes the on- and offshore natural gas transmission, gathering, treating, and processing facilities that belong to Enbridge Inc. and EEP. It also includes Enbridge Inc. and EEP's trucking and rail operations in the U.S. and our large and growing natural gas gathering and processing systems in the Anadarko Basin, Barnett Shale, and Bossier Sands of Texas – which are three of the top four natural gas development areas in the U.S.
- **Joint Ventures** includes Enbridge's interests in the Alliance and Vector natural gas pipelines, which transport natural gas from western Canada to the U.S. Midwest and southern Ontario. Joint Ventures also includes Enbridge's interests in the crude oil Frontier Pipeline and the Olympic Pipeline, which transports gasoline, diesel, and jet fuel.
- **Gas Distribution and Services** includes Enbridge's gas utility operations that serve residential, commercial, industrial, and transportation customers. The most significant of these operations is Enbridge Gas Distribution (EGD), which serves 1.9 million customers in Ontario. EGD is Canada's largest gas distribution utility and one of the fastest-growing gas distribution utilities in North America. Gas Distribution and Services also includes Enbridge's natural gas distribution operations in Quebec, New Brunswick, and New York state, our investment in Aux Sable (a natural gas fractionation and extraction business), and our commodity marketing business.
- **International** includes Enbridge's 24.7 per cent equity ownership of the Oleoducto Central S.A. (OCENSA) crude oil pipeline in Colombia, in which we invested in 1994. In 2008, Enbridge sold our 25 per cent interest in Compañía Logística de Hidrocarburos CLH, S.A. (CLH), Spain's largest refined products transportation and storage business.

Report Parameters

Report Profile

Enbridge's 2008 Corporate Social Responsibility (CSR) Report focuses on data collected and events that took place in 2007. Some significant events that took place in 2008 are also covered. Enbridge prepares a CSR Report each year. We published our previous CSR Report, which focused primarily on 2006 data, in 2007.

This report covers only information on the assets that Enbridge operates. The word "Enbridge" refers to our entire company, its subsidiaries, and affiliates. Where possible, our data and statistics refer collectively to all of the facilities that Enbridge operates. However, when we report on a specific company or business segment – for example, Enbridge Inc., Enbridge Energy Partners, Liquids Pipelines, Enbridge Gas Distribution, or Gas Transportation – we note it in the text.

Dollar figures refer to Canadian dollars unless otherwise indicated.

Enbridge's 2008 CSR Report was prepared using the Global Reporting Initiative (GRI) G3 sustainability reporting guidelines. These guidelines are intended to serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance. They were designed for use by organizations of any size, sector, or location and take into account the practical considerations faced by organizations ranging from small enterprises to those with extensive and geographically dispersed operations. The guidelines contain general and sector-specific content that has been agreed on by a wide range of stakeholders around the world to be generally applicable for reporting an organization's sustainability performance.

In preparing this report, Enbridge engaged the input of our employees through our CSR Employee Advisory Council. The Council's mandate is to provide oversight and advice on CSR policies, practices, and strategies and on the direction and content of Enbridge's CSR Report. Council members are also charged with providing accurate information in the areas outlined in the GRI framework. The Council meets quarterly.

Enbridge also engaged Canadian Business for Social Responsibility (CBSR), a business-led, non-profit CSR


consultancy that advises its members on how to improve CSR performance. CBSR led us through a stakeholder mapping exercise and interviewed representatives of the stakeholder groups we identified to get their feedback on our 2007 CSR Report and on our CSR activities in general.

Enbridge's stakeholders include:

- Associations and civil society groups;
- Employees, contractors, unions, Board of Directors;
- CSR rating organizations such as the Dow Jones Sustainability Index and Jantzi Research;
- Customers (of our pipeline and gas distribution businesses);
- Environmental Non-Governmental Organizations;
- Governments and government regulatory bodies in Canada, the U.S., and Colombia;
- Landowners;
- Media;
- Right-of-way communities, including Aboriginal and Native American communities; and
- Shareholders (retail and institutional investors).

In light of the feedback we received from a representative group of the stakeholders CBSR interviewed, Enbridge has chosen to:

- ensure that our 2008 CSR Report clearly aligns with the GRI guidelines;
- continue to include performance scorecards for each of the main GRI reporting sections (Economic, Environmental, and Social);
- continue to include information about the challenges we face in our CSR Reports;
- shorten our printed CSR Report (the printed version of our 2008 CSR Report is almost 20 pages shorter than the printed version of our 2007 CSR Report);
- continue to aim for balance in our reporting; and
- in 2009, in addition to continuing to engage our CSR Employee Advisory Council, engage an external advisory panel in the report preparation process.


For more information about the scope of Enbridge's 2008 CSR Report, please visit www.enbridge.com/csr2008. 




- ☆ ENBRIDGE INC. Headquarters
Calgary, Alberta, Canada
- ★ ENBRIDGE ENERGY PARTNERS, L.P. Headquarters
Houston, Texas, USA
- ★ ENBRIDGE GAS DISTRIBUTION Headquarters
Toronto, Ontario, Canada
- Liquids Systems and Joint Ventures
- Natural Gas Systems and Joint Ventures
- Gas Distribution
- Growth Opportunities
- ⚙ Wind Assets




GRI Content Index

The following table identifies the location of the GRI Standard Disclosures in the printed version of the report and on Enbridge’s website, www.enbridge.com/csr2008. 


Standard Disclosure	Printed version (page number)	Web version (web page) www.enbridge.com/csr2008
Strategy & Analysis (1.1–1.2)	19	Strategy & Profile
Organizational Profile (2.1–2.10)	15	Organizational Profile
Report Parameters (3.1–3.13)	16	Report Parameters
Governance, Commitments, and Engagement (4.1–4.17)	18	Governance, Commitments and Engagement
Disclosure of Management Approach, per category	19, 21, 31, 43	Strategy & Profile Economic Performance
Core Performance Indicators	28, 36, 46	Environmental Performance Social Performance

For more information about how we have used the GRI G3 sustainability reporting guidelines and input from CBSR, please visit www.enbridge.com/csr2008. 

In preparing our 2008 CSR Report, Enbridge has addressed all of the GRI G3 Performance Indicators. We have also included a “Management Approach” for each GRI Indicator Category and have responded to each core G3 Indicator with due regard to the G3 “Materiality Principle.”

As a result of having met these requirements, and as per the Report Application Levels grid shown below, we have self-declared our report to be at the “A” application level. For more information on the GRI application levels, please visit www.globalreporting.org/GRIReports/ApplicationLevels. 

Report Application Levels

2007 IN ACCORDANCE		C	C+	B	B+	A	A+
MANDATORY	Self-Declared						
	Third-Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
OPTIONAL	GRI-Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured

Assurance

While Enbridge does not currently engage external auditors to audit our CSR Report, the report does undergo a thorough internal review and auditing process and is signed off by the Senior Director, Audit Services (see page 54 of this report), and by Enbridge Inc.’s Disclosure Committee. In addition, the economic information and some of the environmental information in our CSR Report are reviewed by external auditors.

Governance, Commitments, and Engagement

Governance – Enbridge Inc.

Enbridge employs a variety of policies, programs, and practices to manage corporate governance.

Enbridge Inc. shares are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE). Both exchanges have adopted corporate governance guidelines or rules that apply to entities listed on their respective exchanges. Canadian securities regulators and the U.S. Securities and Exchange Commission (under the U.S. Sarbanes-Oxley Act) have enacted or propose to enact additional corporate governance requirements.

Enbridge complies with all corporate governance rules now applicable to us and intends to comply with any new or additional corporate governance standards that will apply to us in the future.

Board of Directors – Enbridge Inc.

Enbridge Inc.’s Board of Directors functions independently of management and is accountable to its shareholders. The Board of Directors comprises 11 directors, nine of whom are independent and one of whom also serves as Enbridge Inc.’s President & CEO.

The Enbridge Inc. Board of Directors has plenary power from shareholders to manage, or supervise the management of, Enbridge Inc.’s business and affairs. The Board is responsible for Enbridge Inc.’s overall stewardship and, in discharging that responsibility, reviews, approves, and provides guidance on the strategic plan and reviews the progress of strategic planning as it occurs. The Board also oversees the identification of principal risks facing Enbridge each year. It monitors Enbridge’s risk management programs and the implementation of succession

planning and seeks assurance that internal control systems and management information systems are in place and operating effectively. The Board approves all significant decisions, supports implementation, and reviews the results.

For more information on corporate governance practices at Enbridge Inc., please visit www.enbridge.com/investor/corporategovernance. For information on governance practices associated with Enbridge Income Fund, please visit www.enbridgeincomefund.com; with Enbridge Energy Partners, please visit www.enbridgepartners.com; and with Enbridge Energy Management, please visit www.enbridgemanagement.com.

Commitments to External Initiatives

Enbridge recognizes the increasing public demand for corporations to be accountable and transparent in all of their business activities and to be seen as proactively dealing with the issues of the day. With that in mind, and in keeping with our commitment to transparency and CSR, in 2002, we adopted the Voluntary Principles on Security and Human Rights, which deal with responsible corporate action in conflict zones and are relevant to our business involvement in OCELSA in Colombia. We incorporated these principles into our Statement on Business Conduct.

In addition, in 2003, Enbridge became a signatory to the United Nations Global Compact and committed to following its principles. The compact is an initiative that brings companies together with UN agencies, labour, and civil society to support principles in the areas of human rights, labour, and the environment. Enbridge has committed to support and advance the Global Compact's principles and to make them part of our strategy, culture, and daily operations.

For more information about Enbridge's commitments to external initiatives, please visit www.enbridge.com/csr2008.

Overall Management Approach to Corporate Social Responsibility

Enbridge defines CSR as conducting business in a socially responsible and ethical way; protecting the environment and the health and safety of people; supporting human rights; and engaging, respecting and supporting the communities and cultures in which we live and work.

We have adopted a CSR Policy that covers business ethics and transparency, environment, health and safety, stakeholder relations, employee relations, human rights, and community investment. This policy applies to activities undertaken by, or on behalf of, Enbridge and our subsidiaries and affiliates whose operations we manage, anywhere in the world.

For more information about Enbridge's CSR Policy, please visit www.enbridge.com/csr2008.

In addition to ensuring that all matters of CSR are aligned with our CSR Policy, Enbridge also ensures they are aligned with our stakeholders' best interests and with our Statement on Business Conduct. Our Statement on Business Conduct emphasizes Enbridge's commitment to specific standards of conduct expected of our directors, officers, employees, consultants, and contractors in all countries in which Enbridge conducts business.

As well, a variety of other policies provide direction for specific activities that pertain to CSR:

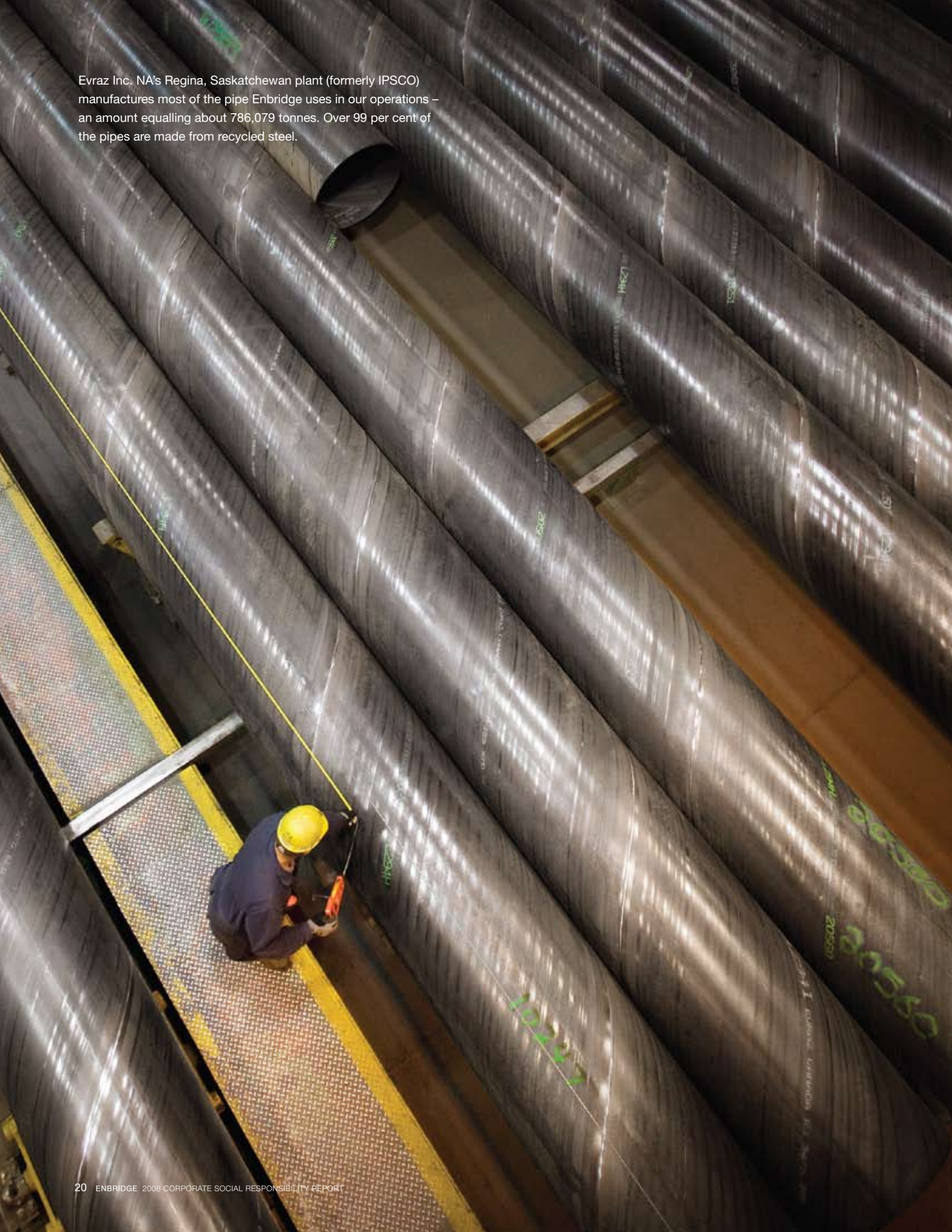
- Environment, Health and Safety Policy
- Indigenous Peoples Policy
- Climate Change Policy
- Voluntary Principles on Security and Human Rights
- Corporate Values Statement
- Community Investment Policy

For more information on Enbridge's Statement on Business Conduct and our CSR-related policies, please visit www.enbridge.com/csr2008.

The following three sections of this report focus on Enbridge's Economic, Environmental, and Social Performance. Each of these sections includes a summary, a scorecard, and information pertaining to the Performance Indicators prescribed by the Global Reporting Initiative (GRI) G3 sustainability reporting guidelines.

The GRI Performance Indicators are intended to identify generally applicable indicators that are material for most organizations. In the interests of space, we have placed our full responses to many of the indicators on www.enbridge.com/csr2008.

Evraz Inc. NA's Regina, Saskatchewan plant (formerly IPSCO) manufactures most of the pipe Enbridge uses in our operations – an amount equalling about 786,079 tonnes. Over 99 per cent of the pipes are made from recycled steel.



Economic Performance

Enbridge had another financially strong year in 2007. Our earnings increased 14 per cent to \$700.2 million and earnings per share rose nine per cent to \$1.97, reflecting solid operating performance in all of our core businesses.

Total shareholder return, which has averaged 13 per cent over the past 10 years, was just three per cent in 2007 as we invested a lot of new capital to provide the basis for significant future earnings growth. Returns have averaged over 13 per cent over the past 54 years, based on our strategy of investing in the future.

With Canadian oilsands production expanding quickly, Canada and Enbridge are set to play an even larger role in providing North American markets with a secure and reliable source of crude oil supply.

Enbridge and Enbridge Energy Partners in the U.S. are now fully engaged in building \$12 billion in new Liquids Pipelines projects that will come into service starting in 2008 and that represent the largest capital program in our history. All of these projects are commercially secured and have terms that support or enhance our low-risk business profile. We are also competing for another \$15-billion worth of opportunities that could come into service beginning in 2011. These growth projects include mainline expansions, new market access through mainline extensions, regional pipelines, and contract terminalling.

Enbridge's Gas Transportation assets in Canada and the U.S., as well as Enbridge Gas Distribution, which is Canada's largest natural gas distribution utility and the second fastest-growing utility in North America, are also equally well positioned strategically for growth.

Enbridge's growth is benefiting not only our shareholders, but also the countries in which we operate. In 2007, we paid out

\$595 million in salaries and benefits to our employees. We also paid \$226 million in income taxes to governments, \$607 million in interest payments to lenders, and \$452 million in dividend payments to shareholders, all of which strengthen local and regional economies.

Our growth has also enabled us to strengthen the communities with which we interact. In 2007, Enbridge invested over \$8.3 million in community infrastructure and programming.

Our conversations with Perrin Beatty, President & CEO, Canadian Chamber of Commerce, and Phil Fontaine, National Chief, Assembly of First Nations, highlight some of the ideas we're listening to with regard to our economic impact on our world and how we can ensure that our growth is sustainable (see interview excerpts on pages 25 and 29).

In the midst of this growth we face significant challenges. Costs of labour and materials have hit an all-time high. Maintaining our position as a leader in developing climate change solutions means that we must continually invest in new technologies. And executing our projects on time and on budget means that we must always keep our focus on operational excellence.

But in this climate of change, we're committed to the kind of good thinking that got us to where we are today. We're committed to collaborating with leading thinkers in industry, government, environment, and consumer groups so that we benefit from their ideas – and they benefit from our successes.

Goals and Performance

Economic Scorecard

OBJECTIVE	2006 RESULT	2007 RESULT	TARGET	CHALLENGES
Realize above industry-average annual adjusted earnings per share ¹ growth.	\$1.74, up 9.4% from 2005	\$1.79, up 2.9% from 2006	2008 – \$1.85 to \$1.95 ²	Enbridge combines a low-risk profile with excellent growth opportunities. However, our business activities are subject to various risks. For details about our risk management practices and principal risks, please see the Risk Management section of Enbridge Inc.'s 2007 Annual Report.
Deliver superior annual dividend growth (payout ratio of 60 to 70% ³ of adjusted operating earnings).	\$1.15 per common share	\$1.23 per common share	2008 – \$1.32 per common share	
Deliver strong total shareholder return. ⁴	14.3%	Approximately 3% ⁵	Ongoing: Consistently deliver solid income growth for shareholders.	

1. Based on adjusted operating earnings, which represent earnings applicable to common shareholders adjusted for significant non-operating factors and variances.
2. Initial guidance provided by Enbridge on February 6, 2008, and repeated on May 7, 2008, was \$1.80 to \$1.90. Guidance was increased on July 31, 2008, to \$1.85 to \$1.95.
3. This target was approved by Enbridge's Board of Directors in November 2005 and represents an increase from the previous 50 per cent to 60 per cent.
4. Represents total cash dividends declared plus common share price appreciation.
5. Total shareholder return in 2007 was 3.1 per cent due to Enbridge's investments in growth projects. Total shareholder return has averaged 13 per cent over the past 10 years and more than 13 per cent over the past 54 years.

Background

The Economic Impact of Pipeline Construction

The oil and natural gas sector is a vital component of the North American economy, improving both our quality of life and our economic well-being. As a key part of that sector, the pipeline industry is also an important contributor to the continent's long-term prosperity.

According to the Canadian Energy Pipeline Association, construction of a typical 1,000-kilometre pipeline project creates more than 12,000 person-years of employment – directly benefiting the many communities through which the construction passes.

“Pipeline construction can be like a mini-boom for those communities,” said Rich Adams, Enbridge Vice-President, Engineering, Procurement and Construction. “Each section we build typically involves between 500 and 600 workers, which has a tremendous economic impact on nearby communities.”

As an example, Enbridge anticipates that our proposed 1,200-kilometre Northern Gateway pipeline, which would connect Strathcona County, near Edmonton, Alberta, to the port at Kitimat, B.C., will bring with it some 5,000 construction jobs and more than \$1 billion in economic benefits to British Columbians and Albertans. The project is expected to be one of the largest petroleum undertakings in North America in more than 50 years – and many of the communities through which it will pass are pleased with the prospects it brings. “Certainly this is great news for Kitimat, Terrace, and the region,” said Kitimat Mayor Richard Wozney, when Enbridge announced that the pipeline would terminate at Kitimat. “I think it will be a great addition to our community.”

It's not just western Canada that will be – or already is – reaping the benefits of Enbridge's pipeline construction activity. Wisconsin, Minnesota and other U.S. states are also enjoying the increased employment and other economic spinoffs that accompany pipeline construction. In addition to construction jobs and other indirectly created jobs, Enbridge's Alberta Clipper pipeline – which runs from Hardisty, Alberta, to Superior, Wisconsin – is expected to create further economic benefits of over \$1.5 billion in purchased goods and services.

Pipeline construction is a huge undertaking, requiring people from all over the continent with many types of skills. “Pipeline construction moves in a similar fashion to a railway,” said Michele Perret, Manager, Community Relations, Enbridge Major Projects, who is responsible for keeping in touch with local community leaders, chambers of commerce, and other stakeholder groups to make sure they know what to expect and what business opportunities may exist for them.

“First the surveyors come in to prepare access to the rights-of-way and identify overhead electrical wires. Then crews arrive to clear the rights-of-way by removing and setting aside topsoil and ensuring that the area is properly graded. Then other teams lay the pipe on the ground and bend it to match the topography and planned road crossings – a process called stringing. Then the welders and pipe layers come in to weld the pieces together. Large equipment is then used to create the trench, and the pipe is buried. Finally, a restoration and clean-up crew replaces the topsoil and returns the area to its former state.” The restoration phase, in fact, can continue long after the pipe has been laid.

“The people who travel to the construction site need food and accommodation,” Perret added. “And these needs generate significant direct and indirect benefits for the local economies.”

In addition, before and after construction, Enbridge commits to maintaining strong and ongoing relationships with the communities that host our pipelines and facilities. “Enbridge has an inclusive approach to engaging with communities near our pipelines,” said Perret. “We consider all of our neighbours to be important stakeholders and we extend our broader corporate social responsibility efforts to include them. We want to make sure we have a positive impact on the quality of life in all of the communities we touch.”

Once the pipelines have been laid, Enbridge continues to contribute to the economy through the taxes we pay. In 2007 alone, Enbridge paid \$226 million in income taxes and \$113 million in property taxes to local, state, provincial, and federal governments in Canada and the U.S.

POLICY

Enbridge has a range of policies and statements in which we address the economic aspects of our business, including our:

- Corporate Values Statement;
- Statement on Business Conduct;
- Corporate Social Responsibility Policy;
- Indigenous Peoples Policy; and
- Whistleblower Policy.

For more information about our CSR-related policies, please visit ‘Economic Performance – Policy’ at www.enbridge.com/csr2008.

FINANCIAL UPDATE

Enbridge exceeded our strategic objectives in 2007. We brought in more new business than in any prior year in our history, securing commercial agreements on over \$5 billion in growth projects.

Added to the \$7 billion of projects already in our portfolio and a potential \$15-billion second wave of growth, we now have a huge pipeline of opportunities that have the potential to deliver outstanding shareholder value for many years to come.

Significant operating factors that increased earnings in 2007 included:

- customer growth and higher operating margins at Enbridge Gas Distribution;
- strong operating results and an increased ownership interest in Enbridge Energy Partners; and
- lower corporate costs primarily due to lower interest expenses.

Significant operating factors that decreased earnings in 2007 included:

- lower earnings from Aux Sable, a natural gas liquids extraction and fractionation business, due to realized derivative losses; and
- the impact of a weaker U.S. dollar on all U.S.-based pipelines.

OPPORTUNITIES

Enbridge is ideally positioned for growth. The fact that our existing infrastructure is located in strategic geographical locations (north, south, east, and west) has put us in an unparalleled position to expand and extend our energy delivery networks to reach new markets for our customers throughout North America and the world.

Liquids Pipelines

Enbridge is changing the face of how crude oil is transported in North America. Over the next four years – expanding and extending from our existing geographically well-positioned infrastructure – we will almost double the size of our Liquids Pipelines business, further diversifying the markets we serve and playing an even more significant role in energy delivery in North America.

The thrust of our current strategy is growth through the development and construction of new infrastructure. Enbridge is advancing the development of \$12 billion of organic growth projects, which support average annual organic earnings per share growth rates for Enbridge Inc. shareholders of 10 per cent over the next four years and similar long-term per-unit growth rates for Enbridge Energy Partners’ (EEP) unitholders. The commercially secured projects, including those being undertaken by EEP, are all expected to be completed within the next four years through 2011.

Regional Oilsands Infrastructure – Our construction of regional pipeline delivery infrastructure in the oilsands corridor between Fort McMurray and Edmonton, Alberta, continued throughout 2007 and 2008. We built the Waupisoo Pipeline and placed it into service on May 31, 2008. With the commencement of production from the Long Lake Oil Sands Project in the first quarter of 2008, we initiated all of our Athabasca Pipeline expansion contracts and placed the pipelines into service. In late 2007, Enbridge was chosen by Fort Hills Energy L.P. to build pipeline and related facilities connecting the Fort Hills oilsands mine north of Fort McMurray with the Sturgeon Upgrader in the Edmonton area. Project execution planning between Enbridge and the Fort Hills Energy Partners continues with a planned in-service date of mid-2011.

Mainline Capacity – In Canada, Enbridge completed the first phase of our Southern Access expansion project in the first half of 2008 and is now constructing the project’s second phase. In the first quarter of 2008, we received National Energy Board (NEB) approval for the Canadian segment of our Alberta Clipper expansion project and our Line 4 extension. We began construction work on Alberta Clipper in August 2008 and on the Line 4 extension project in September 2008. We expect both pipelines to be in service in early 2009.

Continued on page 26

Good Thinking

Q&A

Perrin Beatty



The Honourable Perrin Beatty is President & CEO of the Canadian Chamber of Commerce, the voice of Canadian business. Enbridge is a long-standing member of the Chamber.

The question on many people's minds is: Can sustainability truly exist in a capitalistic world? What's your view, Perrin?

I'm an ardent capitalist. I believe that far and away this is the most efficient and productive economic system in the world. But the free enterprise system can't exist to serve itself. It will survive only if ordinary people feel that it serves the public interest broadly. And those of us who are part of the system have to recognize that we will be able to participate in the free enterprise system only if society as a whole believes that it's beneficial.

But do you think companies can remain competitive and commit to sustainability at the same time?

Absolutely. In Canada our future lies in high-value-added operations, ones in which there is a knowledge component.

Look at the competition that Canadian companies are facing from low-wage countries. Our differentiator is quality. Quality in terms of the design, in terms of the manufacturing process, in terms of the services provided and in terms of other social considerations, such as the impact on the environment, which are important to people who will be purchasing our products. In essence, we can derive sustainable competitive advantage directly from our awareness of the concept of sustainability.

How do businesses go about doing that?

In my view the first change is internal. It's cultural. And in many ways that's the toughest. It's getting beyond the belief that the investments in sustainability are a cost and starting to see them as genuine investments for which there is an economic return.

If you can make that leap, then suddenly the measures that you take become more obvious. The good thing here is that there are all sorts of people who have already blazed the trail, and we needn't all reinvent the wheel.

There's an expression that's used sometimes: "steal with pride." It means that we can borrow each other's best practices or good thinking. That's what Canadian businesses need to do. They need to work together.

If there's a good side to the pressures that we face in the global economy, it's that it has resulted in the recognition that finger pointing or denying that there's a problem simply doesn't work. We're all in this together. We all will fail together or we all will succeed together. It is eminently possible to succeed together.

Diluent Supply – Enbridge has substantially completed our construction activities on the U.S. section of the Southern Lights pipeline from Superior to Delavan, Wisconsin. We began constructing the remaining U.S. segments in June 2008. We received NEB approval for the Canadian portion of the Southern Lights pipeline in the first quarter of 2008 and, with the approval, began modifying our Line 2 pipeline and constructing the new Southern Lights pipeline and station facilities. We expect Southern Lights to be in service in late 2010.

New Market Access – The Spearhead pipeline expansion, to be effected through additional pumping stations, will increase our capacity from Chicago, Illinois, to Cushing, Oklahoma, by 65,000 barrels per day to 190,000 barrels per day. Detailed engineering design and final regulatory approvals are nearing completion, and construction is scheduled to start in the fall of 2008.

Enbridge is re-evaluating the timing of the U.S. portion of our Southern Access extension project as a result of delays that we have encountered in the regulatory process. We remain committed to meeting the demands of shippers that are transporting crude oil supplies from the Chicago area to the Patoka, Illinois, hub, and we are working with customers to reposition the project such that it is commercially appropriate for the market. This work includes creating a rate structure that the U.S. Federal Energy Regulatory Commission (FERC) is expected to approve. State regulatory approvals on the Southern Access project are pending.

Our development of Enbridge's Northern Gateway pipeline from Edmonton to Kitimat, B.C., continues. The pipeline has a target in-service date of between 2012 and 2014, which supports our customers' anticipated need for new capacity in this timeframe.

Based on feedback from shippers, Enbridge has modified our approach to providing increased access for western Canadian crude oil to U.S. Gulf Coast markets. In the near term, we will focus on smaller-scale alternatives involving low-cost reconfiguration of existing facilities to accommodate a modest amount of volume as early as 2010.

In addition to serving Canada and the eastern U.S., our Trailbreaker project will increase capacity on Enbridge's mainline east of Chicago to bring western Canadian crude oil to eastern markets. It will also establish access to the U.S. Gulf Coast markets and eastern seaboard. Subject to finalization of

industry support and regulatory and other approvals, Enbridge estimates the Trailbreaker project will be in service around 2010.

Enbridge will continue to develop the 400,000-barrel-per-day Texas Access pipeline to provide the lowest-cost, large-scale transportation solution to meet shippers' post-2010 requirements, with an expected in-service date of between 2012 and 2014.

In August 2008, Enbridge and BP Pipelines (North America) Inc. announced that we had agreed to develop a new delivery system to transport Canadian heavy crude oil from Flanagan, Illinois, to Houston and Texas City, Texas, using a combination of existing facilities and new pipeline construction. The new delivery system is expected to be in service by late 2012 and to have an initial total system capacity of 250,000 barrels per day into the Gulf Coast.

Terminalling and Tankage Infrastructure – We continue to increase our investment in contract terminals, and tankage construction at the Hardisty Terminal in Alberta is under way. Once complete, it will be one of the largest crude oil terminals in North America. As well, Enbridge has continued to invest in crude oil tankage at our terminal in Cushing, Oklahoma.

Gas Pipelines

Enbridge's natural gas pipelines are superbly positioned to take advantage of growth in the key strategic gas-producing and -consuming regions of North America.

Through Enbridge Offshore Pipelines, we are growing our natural gas gathering and transmission infrastructure in the Gulf of Mexico, from which we transport approximately 40 per cent of all current deepwater natural gas production. Our increased infrastructure further positions us to transport natural gas into the U.S. northeast and southeast.

Alliance Pipeline U.S., a company in which Enbridge has a joint-venture interest, has proposed that the Rockies Alliance Pipeline run from the Rocky Mountains in Wyoming to the Ventura, Iowa, area. We are currently reviewing modifications to the scope of the project based on the input we received from shippers. Subject to obtaining shipper commitments and regulatory approvals, we could place the pipeline into service as early as the third quarter of 2011.

Gas Distribution and Services

Enbridge Gas Distribution (EGD), our natural gas distribution company in Ontario, is Canada's largest natural gas distribution

utility and one of the fastest-growing gas distribution utilities in North America.

EGD is focused on realigning its business to operate more efficiently under the incentive regulation (IR) plan approved by the Ontario Energy Board (OEB) for the five-year period from 2008 to 2012. In May 2008, the OEB granted a fiscal 2008 final-rate order that enabled EGD to change its rates effective January 1, 2008. EGD implemented the rate change on July 1, 2008, and will recover revenues retroactively to January 1, 2008. The OEB decision also changed customer billing to increase the fixed charge portion and decrease the per-unit volumetric charge. The fixed charge portion will increase progressively over the five-year IR term.

Progress continues on the Rabaska liquefied natural gas (LNG) regasification terminal, which will be located on the St. Lawrence River in Lévis, Quebec. In the second quarter of 2008, the Rabaska partners announced that they had entered into an agreement with Gazprom Marketing & Trading U.S. Inc. The agreement sets out the terms under which Gazprom will become an equity partner in the proposed Rabaska LNG project and will contract for 100 per cent of the capacity of the terminal. We expect formal partnership agreements to be completed before the end of 2008. The capacity agreement will follow in 2009. We received project and land-use approvals from the Province of Quebec in October 2007 and federal government approvals in March 2008.

Corporate

Our progress continues on completing Enbridge's Ontario Wind Power project, located in Bruce County, Ontario, on the eastern shore of Lake Huron. We expect the project to begin producing electricity during the third quarter of 2008 and to be fully operational at the end of 2008.


RISKS

Enbridge requires management teams in each business unit to review and regularly report on the risks they face and the controls they have in place to manage them. Enbridge's Board and its Audit, Finance and Risk Committees oversee the annual corporate risks review and monitor Enbridge's risk management program, in consultation with internal and external auditors.

Enbridge's business activities are subject to a variety of risks, including operating, market price, and credit risks.

We have formal risk management policies and systems designed to mitigate these risks. The risks that pertain most directly to CSR include:

- **Environmental, health, and safety risk** – Enbridge's operations, facilities, and petroleum product shipments are subject to extensive environmental, health, and safety laws and regulations governing, among other things, discharges to air, land, and water; the handling and storage of petroleum compounds and hazardous materials; waste disposal; the protection of employee health, safety, and the environment; and the investigation and remediation of contamination. Enbridge's facilities could experience incidents, malfunctions, or other unplanned events that could result in spills or emissions in excess of permitted levels and result in personal injury, fines, penalties, or other sanctions and property damage. We could also incur liability in the future for environmental contamination associated with past and present activities and properties.
- **Pipeline operating risk** – Pipeline leaks are an inherent risk of operations. Other operating risks include the breakdown or failure of equipment, information systems, or processes; the performance of equipment at levels below those originally intended (whether due to misuse, unexpected degradation, or design, construction or manufacturing defects); failure to maintain adequate supplies of spare parts; operator error; labour disputes; disputes with interconnected facilities and carriers; and catastrophic events such as natural disasters, fires, explosions, fractures, acts of terrorists and saboteurs, and other similar events, many of which are beyond Enbridge's control. The occurrence or continuance of any of these events could increase the cost of operating Enbridge's pipelines or reduce revenues, thereby having an impact on earnings.
- **Regulation** – Many of Enbridge's pipeline facility and distribution operations are regulated and are subject to regulatory risk. The nature and degree of regulation and legislation affecting energy companies in Canada and the U.S. have changed significantly in past years, and there is no assurance that further substantial changes will not occur. These changes may adversely affect toll structures or other aspects of pipeline operations or the operations of shippers.

For more information about Enbridge's approach to risk management, please visit 'Economic Performance' at www.enbridge.com/csr2008. 

ECONOMIC PERFORMANCE INDICATORS

Direct and Indirect Economic Impacts

Enbridge adds value to the economy by reliably and economically delivering energy to the regions we serve. Additional economic benefits that we contributed are summed up in the following charts:

Direct Economic Value Generated and Distributed (Enbridge Inc.)

	2007	2006
Revenues	\$11,919.4 million	\$10,644.5 million
Expenses	\$10,770.1 million	\$9,496.2 million
Employee compensation	\$595 million	\$517.2 million
Donations and other community investments	\$8.3 million	\$5.2 million
Retained earnings	\$2,537.3 million	\$2,322.7 million
Payments to capital providers and governments	\$946.4 million	\$768.3 million

Distribution of Economic Value Added – 2007 (Enbridge Inc.)

Income taxes paid to governments	\$226 million
Interest payments to lenders	\$607 million
Dividend payments to shareholders	\$452 million

Shareholder-focused – Enbridge Inc. shareholders realize returns through a combination of capital appreciation and dividends. In 2007, we paid \$452 million to Enbridge Inc. shareholders as dividends and, in 2006, we paid them \$403 million as dividends. For information on shareholder/unitholder returns for Enbridge Income Fund, please visit www.enbridgeincomefund.com; for Enbridge Energy Partners, please visit www.enbridgepartners.com/eep/; and for Enbridge Energy Management, please visit www.enbridgemanagement.com/eeq/.

Employee-focused – Our business operations provide jobs and contracting opportunities in many communities in Canada, the U.S., and internationally. Headquartered in Calgary, we have major offices in Edmonton, Toronto, and Houston and numerous field offices in our areas of operations, including Colombia. We have more than 5,700 employees, with an annual payroll of about \$434 million. In 2007, we paid about \$74 million through our annual incentive program to reward employee performance.

Customer-focused – Every day through our energy transportation and distribution systems in Canada and the U.S., we provide millions of people with hydrocarbon products that are essential to quality of life. These products provide fuel for transportation, heat for our homes, and the resources to manufacture plastics and a wide range of consumer products.

We also work with our gas distribution customers to increase the efficient use of valuable energy resources. Enbridge Gas Distribution’s demand-side management (DSM) programs help customers conserve gas, saving them money and enabling them to contribute to environmental goals. Since 1995, we have helped customers reduce their natural gas consumption by 3.6 billion cubic metres through participation in our DSM programs. This amount translates into the avoidance of almost seven million tonnes of carbon dioxide emissions being released into the atmosphere. Measures like these move Enbridge closer to realizing our emission reduction targets, despite the pressures of significant growth in our customer base.

Nationally-focused – In addition to meeting society’s need for secure supplies of energy through our core business of transporting natural gas and petroleum products, Enbridge’s activities benefit North Americans in other ways. For example, we pay income and property taxes to local, state, provincial, and federal governments in Canada and the U.S., which use the funds to operate public services and infrastructure. In 2007, we paid \$226 million in income taxes and \$113 million in property taxes in the two countries.

Community-focused – At the local level, our operations affect economies through job creation, the purchase of goods and services, and the taxes we pay to governments. We also invest in community programs and charitable organizations. In 2007, we invested \$8.3 million in charitable and non-profit organizations in Canada and the U.S.

For more information about Enbridge’s Economic Indicators, please visit ‘Economic Performance’ at www.enbridge.com/csr2008.

Good Thinking

Q&A

Phil Fontaine



Phil Fontaine is the National Chief of the Assembly of First Nations and the Honorary Patron of the Dominion Institute's Aboriginal Writing Challenge. Enbridge sponsors the Writing Challenge through our Building Sustainable Communities investment program.

National Chief Fontaine, how would you define sustainability?

Sustainability incorporates two perspectives. One is the western perspective and the other is the traditional perspective. Both of these perspectives carry their own values and both are absolutely essential for future development. Too often, one perspective has been absent and that has not been good. The perspective that has been missing has been the traditional knowledge of indigenous people.

What will it take to get things right?

In our country there is huge potential in terms of forestry, mining, oil, and gas. But people must have the ability to take full

advantage of the opportunities that are created through the development of those sectors. There has to be a balance. The effort must incorporate deep respect for the land and all that the land represents. It must consider people and what those people represent, their thinking, their values, their histories, and their traditions; the roots cannot be dismissed.

If development is going to occur in a sustainable way then there has to be engagement and interaction. We need to respect both perspectives if we are ever to find balance. But I believe we can.

One of the other ways you create a balance is by ensuring that the children are able to access the best education possible.

How does education fit into the equation?

Education provides the ability to make choices. Those kinds of opportunities are often absent in many communities because of poverty.

So we need to create an environment that leads to good learning. What is the right environment? All it means is: Decent houses, clean drinking water, good schools, good teachers, good recreation facilities, and a healthy environment. Many of us take these things for granted.

Channa Pelpola is a leading aquatic consultant who has been part of the Enbridge Northern Gateway pipeline's Environmental Management Team since 2005. "I appreciate the importance that Enbridge places on mitigating environmental effects," said Channa. "I enjoy working for a company that cares about sustainability and is prepared to go the extra mile."



Environmental Performance

The relationship between energy consumption and climate change is clear, and the world is changing rapidly in its approach to dealing with the issue.


While North Americans need energy to live our daily lives and improve our standard of living, excess hydrocarbon energy consumption and waste are harming the environment. It is time for both industry and individuals to embrace change and take action.

We need to reduce GHG emissions to decrease the rate of global warming. We need to reduce our reliance on hydrocarbons and find more efficient ways of producing, consuming, and storing energy. And we need to work together to find collaborative climate change solutions.

Enbridge is taking action. We're putting our own house in order by cutting down on our emissions. Already, we've exceeded our target to reduce Canadian direct GHG emissions to 20 per cent below 1990 levels by 2010. We're investing in renewable energy technologies through our soon-to-be four wind farms. And we're developing a hybrid fuel cell system to produce clean electricity from our natural gas distribution system – energy that would otherwise be wasted.

Enbridge is also leading a group of over 30 organizations in Alberta to find ways to develop a carbon dioxide sequestration pilot project we're calling the Alberta Saline Aquifer Project (ASAP). Carbon capture and sequestration is an important tactic in the effort to reduce GHG emissions, and saline aquifers in Alberta alone have the potential capacity to store 20,000 mega-tonnes of carbon dioxide (a "mega-tonne" is one million tonnes). This capacity translates into 342 years of storage capacity based on our current carbon dioxide production levels and regulations.

And Enbridge is helping consumers use energy wisely. Enbridge Gas Distribution has implemented demand-side management (DSM) programs aimed at helping customers reduce their energy consumption. Since 1995, our programs have saved enough natural gas to meet the needs of over one million homes for one year.

Young people are increasingly aware of the climate change issue and are understandably concerned. We believe that educating the next generation about conservation is ultimately very important, and that is why Enbridge is supporting the Pembina Institute's Green Learning online education program, aimed at encouraging changes in the way society thinks about energy consumption and conservation. That's also why we've made the Pembina Institute's booklet, *Climate Change: It's Time*, available on our website. The booklet explains the issues – and the actions you can take to make a difference. If you'd like to review or download a copy, please visit www.enbridge.com/csr2008. 

We face a lot of challenges ahead as we move to make all of our operations more sustainable. Meeting these challenges is going to require a lot of good ideas from everyone – which is why we'll continue to collaborate with individuals like Dr. Bob Page, Chair, National Round Table on the Environment and the Economy (NRTEE), and Robert Hornung, President, Canadian Wind Energy Association (see interview excerpts on pages 35 and 39).

Goals and Performance

Environmental Scorecard

OBJECTIVE	2006 RESULT	2007 RESULT	TARGET	CHALLENGES
Reduce Canadian absolute direct GHG emissions to 20% below 1990 levels by 2010.	Achieved a 27% reduction by the end of 2006.	Achieved a 26% reduction (a 1.3% increase from 2006 levels) due to an increased level of throughput.	20% by 2010. Because we have achieved our target, we are now revising it.	Operational growth. Diversity of operations.
Develop a carbon management strategy.	Expanded GHG reporting to include U.S. operations.	Improved GHG data auditing and implemented management plans.	Develop management systems and improve reductions.	Improving emissions inventory of our U.S. operations, then formulating management strategies. Diversity of operations.
Prevent all spills and leaks from Enbridge's energy transportation and distribution systems.	67 reportable spills (5,663 barrels).	65 reportable spills (13,777 barrels).	Zero spills and leaks. Minimize environmental impacts should releases occur.	Continuing to improve maintenance, response training, and exercises to mitigate the inherent risk of spills.
Help customers use energy wisely (DSM programs).	Saved 77.5 million cubic metres of natural gas (the equivalent of heating 25,000 homes for a year).	Saved 70.3 million cubic metres of natural gas (the equivalent of heating 23,000 homes for a year).	Continue to promote energy savings.	While we can encourage customer efficiency, we cannot enforce it.
Be part of a collaborative solution for climate change.	—	Announced leadership role of the ASAP pilot project to sequester CO ₂ .	Lead and offer climate change solutions to our large GHG-emitting customers.	Uncertainty surrounding proposed GHG regulations and legislation.
Invest in renewable and alternative energy sources that complement our core operations and provide environmental benefits.	Received approvals for Ontario Wind Power project. Began constructing fuel cell pilot plant. Worked with stakeholders to develop the first combined heat and emergency power plant in Ontario. Opened Chin Chute wind power plant (30 MW).	Began installation of wind towers and turbines in Ontario. Continued construction and partially commissioned fuel cell pilot plant.	Track technology. Develop and evaluate business opportunities. Fully commission fuel cell pilot plant in late 2008.	Identifying opportunities and applying technologies. Competitive rate of returns for clean energy.

Background

Capturing Greenhouse Gas Emissions in Alberta

The Alberta Saline Aquifer Project

Our growing demand for energy means we also face a growing challenge. Global dependence on traditional energy sources has caused a significant increase in GHG emissions and strained the environment we all share. And while efforts are under way to find and use alternative energy sources, conventional fossil fuels continue to be our primary energy source. The result: We all need to work harder to reduce our carbon footprint.

Enbridge is rising to the challenge by leading a 35-member industry consortium that is developing a carbon dioxide capture and storage pilot project called the Alberta Saline Aquifer Project (ASAP). "It's about leading by example," said Paul Hunt, Director of Sustainability & Environmental Performance for Enbridge. "True sustainability is not a destination; it's a journey, and we must work collaboratively to reduce our collective emissions footprint."

ASAP began in November 2007 when Enbridge, in partnership with EPCOR, launched an industry-wide effort to determine how to safely inject and store carbon dioxide in deep geological formations called saline aquifers. Other countries were using the injection technology successfully, but the concept was still untested in Alberta.

"Up to this point a lot of the work that had been done on the subject in Canada had been academic or 'think-tank' in nature," said Peter Keeshan, Manager of Alternative & Emerging Technology at Enbridge and part of the team spearheading this project. "Enbridge was the first to say, 'Let's actually do this. Let's get into the ground and figure this thing out.' This could be a global solution to climate change, and we are a part of it. That is what's most exciting for us at Enbridge."

There are three types of geological formations that have the potential for injection and storage of captured carbon dioxide: depleted oil and gas reservoirs, deep coal seams, and deep saline aquifers. Currently, carbon capture in North America is used mainly in depleted oil and gas reservoirs for enhanced oil recovery (EOR) projects.

For EOR projects, carbon dioxide is compressed and injected into mature oilfields to improve pressure and, by extension, oil production. It's an innovative use for GHGs, but the EOR sites lack the capacity to accommodate all of the carbon dioxide that the province will be producing. This makes saline aquifers an appealing alternative.

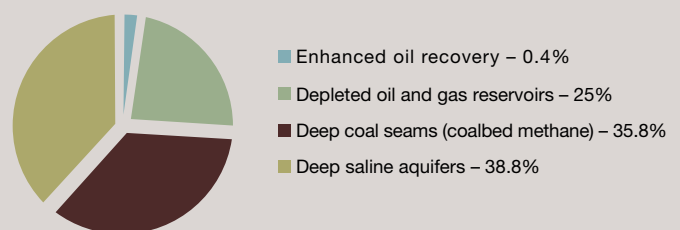
"If you compare storage capabilities of mature oil reservoirs to saline aquifers in Alberta you'll see that the potential for carbon dioxide storage in aquifers is exponentially greater," said Rocco Vita, Senior Manager of Alternative & Emerging Technology for Enbridge. "Enhanced oil recovery operations have the capacity to store approximately 220 mega-tonnes of carbon dioxide. By contrast, deep saline aquifers in Alberta have potential storage capacity for an astounding 20,000 mega-tonnes of carbon dioxide. Our course of action is clear. Now we are figuring out how to proceed."

Phase 1 of ASAP is already in progress and on track for completion by the end of 2008. Currently, the team is identifying suitable saline aquifer locations for long-term carbon dioxide sequestration in Alberta and engaging in discussions with representatives of organizations that could supply large amounts of carbon dioxide. The goal is to sequester between 1,000 and 3,000 tonnes of carbon dioxide daily – the equivalent of pulling between 200 and 600 cars off Alberta roads each day.

ASAP is also working with the Wabamun Area Sequestration Project (WASP) and a Saskatchewan carbon capture and storage (CCS) project called Aquistore. Each project faces similar challenges and each is sharing its "good thinking" philosophy to combat climate change together.

"This year the Alberta government committed to a 200-mega-tonne reduction in emissions by 2050. Carbon capture and storage will represent 70 per cent of those reductions. In order to achieve these goals we are going to need several of these pilot projects to be successful," Rocco said. "It's not about ASAP being the best or the only project. We are sharing our information within the industry because it is in all of our best interests for all of the pilot projects to be successful. To us it just makes sense."

Percentages of CO₂ Storage in Alberta



ADDRESSING CLIMATE CHANGE

Climate change is an issue of strategic and operational importance to all Enbridge businesses, regardless of where they are located.

Our Targets

There has been no significant change in our internal approach to setting GHG reduction targets since our 2007 CSR Report. Our intent has been to reduce our absolute direct emissions to 20 per cent below 1990 levels by 2010.

To the extent that we have already achieved and, in fact, bettered this target (26 per cent reduction in our Canadian operations as of late 2006), Enbridge's Climate Change Steering Committee (CCSC) will be revisiting its target-setting process to accomplish three objectives:

- 1) Determine a revised target for Enbridge's Canadian-based operations;
- 2) Evaluate the degree to which our planned new projects will affect our GHG footprint; and
- 3) Develop targets that include emissions from the U.S. assets that we operate.

These activities will occur within the context of other GHG management activities, including the development of a carbon data management system (CDMS) and a corporate-wide Carbon Management Strategy that will include further actions to reduce our own direct emissions. We expect these initiatives to be completed by the end of 2010.

Carbon Data Management System (CDMS) Development

Enbridge continues to develop new information systems to assist in the monitoring, tracking, management, and reporting of our GHG emissions.

In 2007, we began a needs assessment, working with our Information Technology department, to determine how best to bring our various carbon-related databases and reporting systems under a single umbrella as part of our CDMS.

Reporting Our GHG Emissions Performance

Enbridge continues to publicly report our GHG emissions for our Canadian operations using the World Business Council for Sustainable Development's GHG Protocol. We do this for all emitting assets over which we retain operational control. This


reporting includes mandatory responses to regulators, as well as voluntary reporting to the public and other stakeholders.

In Canada, we also continue to report annually to the Canadian Standards Association's Canadian GHG Challenge Registry. Our reports from all major Canadian business units are publicly available on the Registry's website at www.ghgregistries.ca/index_e.cfm. Our 2007 update report was awarded a "Gold Champion Level Reporter" rating status, and we are preparing our 2008 report.

In the U.S., we report our GHG emissions to the American Petroleum Institute.

In 2007, the Carbon Disclosure Project (CDP), through the Conference Board of Canada, once again invited Enbridge, as one of Canada's 300 largest companies by market capitalization, to report on our GHG performance. We were pleased to respond to their request, and the quality of our response was such that we made the CDP's Climate Disclosure Leadership Index (CDLI). The CDP is a secretariat for the world's largest institutional-investor collaboration on the business implications of climate change. The CDP's website is the world's largest registry of corporate GHG emissions. Enbridge reported again to the CDP in 2008 and was again put on the CDLI.

Enbridge's Climate Change and EH&S Policies

Enbridge has a comprehensive Climate Change Policy and Environment, Health and Safety Policy. For information on these, please visit 'Environmental Performance' at www.enbridge.com/csr2008. 

Enbridge's Board CSR Committee

The CSR Committee of Enbridge Inc.'s Board of Directors has specific oversight responsibility for all of Enbridge's climate-change-related activities and for developing a company-wide Carbon Management Strategy. This committee is supported by Enbridge's senior management Executive Leadership Team, as well as by our Climate Change Steering Committee.

The Board's CSR Committee also has oversight responsibility for Environment, Health & Safety, Community Investment and Partnerships, Stakeholder, Aboriginal and Native American Relations, and Human Rights.

Good Thinking

Q&A

Dr. Bob Page



Dr. Bob Page is the Chair of Canada's National Round Table on the Environment and the Economy (NRTEE) and a professor at the University of Calgary's Institute for Sustainable Energy, Environment and Economy (ISEEE). Enbridge has supported ISEEE by funding a water sustainability study and the development of a solar car.

Tell us, Dr. Page, how do you define sustainability?

I usually like to say that it is ecologically sustainable economic development. I like that it has the ecological side and the economic side working together as a kind of symbiosis. Each is dependent on the other.

Symbiotic? But aren't trade-offs sometimes necessary?

Well, there sometimes are trade-offs but it's usually a trade-off only in the sense that you have short-term actions that may cost you money. From a long-term perspective, they will be investments that sustain the society and the economy. From a long-term point of view, that's always a good, prudent investment.

What, in your view, is the most pressing sustainability issue facing the world today?

I think our greatest issue today is the carbon footprint that all of us are creating on the planet – whether it's in terms of our actions as a corporation, our actions as a city, or our actions as individuals. I think we have to change that carbon footprint fairly aggressively if we are to avoid, in the very near future, some serious climatic destabilization. I think it's more than just global warming and more than just climate change. I think it's a destabilizing of climate systems, and that's where I think there's urgent need for action.

So what kind of action can we take? Is there a current trend or improvement that you've noted of late that you would like to see expanded?

Renewable energy is one that I see really blossoming now. In the last five years, we've seen some increased uptake of renewable energy. Renewable energy is now competitive in the electricity marketplace in a variety of forms. That trend will only continue and increase as prices for fossil fuels continue to increase.

That sounds positive. So are we making progress as a society?

We're making progress as a society, but it is too slow. We're still suffering from inertia. We are making progress, but will that progress be fast enough to turn around climate change? How about the loss of biodiversity? I sound pessimistic and in a sense I am. People have to be really motivated to change and to break the inertia. But I'm optimistic too. I think that human beings have a marvellous capacity for innovation.

Enbridge's Climate Change Steering Committee (CCSC)

The CCSC meets 10 times each year to provide the technical focus needed to support Enbridge's climate-change-related activities. It comprises representatives from each of our business segments in Canada, the U.S., and Colombia. Others are invited to participate and advise as required.

The CCSC reviews the business and environmental risks associated with climate change and identifies policies and actions to mitigate these risks. It also oversees the development of consistent internal methodologies for GHG inventories and reporting, and approves Enbridge's reporting protocols. Currently, the CCSC is overseeing the development of a carbon data management system (CDMS), and is preparing our Canadian Standards Association Canadian GHG Challenge Registry Report.

For information about Enbridge's environmental practices, please visit 'Environmental Performance' at www.enbridge.com/csr2008.

ENVIRONMENTAL PERFORMANCE INDICATORS

Materials

Because it is used to make our pipelines, steel, by weight and volume, is by far the most significant material that Enbridge uses. Over 99 per cent of the pipe that our primary supplier, Evraz Inc. NA (formerly Ipsco), manufactures for us is made from recycled steel. Since 2006, Enbridge has committed to purchasing approximately 4,500 kilometres of pipe from Evraz for Enbridge projects in Canada and the U.S. This amount equates to an estimated 786,079 tonnes of recycled steel.

Energy

Our Liquids Pipeline systems in Canada and the U.S. primarily use electrical pumps, while our natural gas gathering and transmission systems mainly use natural gas as fuel for the compressors that move the gas along the pipeline. In Alberta, about nine per cent of Enbridge's pipeline electricity requirement is supplied by the Magrath wind power project, of which Enbridge Income Fund owns 33.3 per cent. Enbridge's gas distribution systems in Ontario, Quebec, New Brunswick, and New York state are powered by electricity and natural gas. And we use diesel fuel and natural gas to drive pumps in remote locations along the Enbridge Norman Wells system in the Northwest Territories.

We strive to reduce energy use through efficiency improvements and conservation efforts. In 2007, our electricity use on our Liquids Pipelines system was 3,769 gigawatt hours. While our throughput on the system was 3.4 per cent higher than in 2006, our energy use was up only 3.1 per cent, indicating that we are doing slightly more while using less energy.

For information about Enbridge's energy conservation and efficiency improvement practices, please visit 'Environmental Performance – Energy' at www.enbridge.com/csr2008.

Sustainable Energy – Enbridge believes in doing our part to contribute to a sustainable future. That's why we invest in renewable and alternative energy sources that complement our core operations and provide environmental benefits, thus helping reduce GHG emissions and addressing the issue of global climate change.

Wind Power – Enbridge is involved in four wind power projects in Canada. We own three of these through our sponsored investment, Enbridge Income Fund. Enbridge Inc. owns, and is constructing, the fourth in Ontario. Together, these projects have a combined capacity of more than 260 megawatts, which is enough electricity to meet the power requirements of about 100,000 homes.

Wind-generated electricity is the fastest-growing sector of electricity generation in North America, as substantial technological advances and government incentives have enabled wind power projects to become economically attractive investments.

As of mid-2008, Enbridge's investments, along with those of our joint-venture partners, represented about 3.8 per cent of Canada's installed wind power capacity.

For more information about Enbridge's SunBridge, Magrath, Chin Chute and Ontario Wind Power projects, please visit 'Environmental Performance – Energy' at www.enbridge.com/csr2008.

Fuel Cells – Enbridge is demonstrating that new alternative supplies of electricity do not need to take up a lot of space to improve the environment.

Three structures now under construction in the parking lot at Enbridge Gas Distribution's Toronto headquarters will soon house a fuel cell innovation that is also a global first: the Direct FuelCell®-Energy Recovery Generation (DFC®-ERG) Power Plant. This leading-edge natural gas hybrid fuel cell pilot plant has a low visual profile and takes up only 20 parking spaces at E

the back of the parking lot. The power plant will eventually produce 2.2 megawatts of electricity, which is enough to service approximately 1,750 residences.

For more information about Enbridge’s fuel cells project, as well as our distributed energy initiatives and how we are supporting energy diversification in Ontario, please visit ‘Environmental Performance – Energy’ at www.enbridge.com/csr2008.

Water

Enbridge’s operations use only a small amount of water, as we do not use it to transport liquid hydrocarbons or natural gas. During new pipeline construction, we try to avoid crossing waterways and wetlands, and use a variety of measures to reduce our impact on them if we must cross them. Any disturbances we do cause are temporary, as we fully restore these areas to their previous states.

For information on how Enbridge is minimizing our potential impacts on surface water and groundwater, please visit ‘Environmental Performance – Water’ at www.enbridge.com/csr2008.

Biodiversity

We view biodiversity conservation as an important part of responsible environmental management and incorporate ways to conserve wildlife habitats into our project planning and maintenance activities.

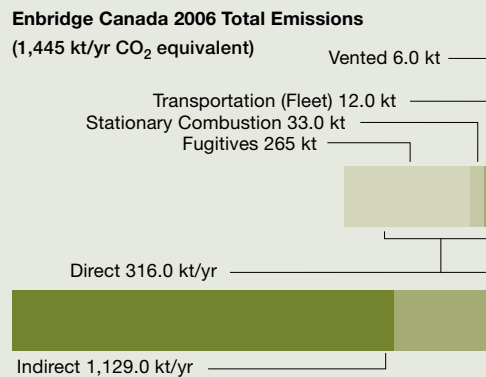
We always carry out detailed environmental impact assessments for our new pipeline projects, not only so that we comply with regulations, but also so that we meet our own standards, which often exceed regulatory requirements. These assessments include reviewing potential routing alternatives so that we can avoid, minimize, or mitigate our impact on sensitive areas.

For more information about Enbridge’s biodiversity initiatives and performance, please visit ‘Environmental Performance – Biodiversity’ at www.enbridge.com/csr2008.

Emissions, Effluents and Waste

GHG Emissions – Enbridge provides full details of our GHG management performance in the Summary of Performance Indicator tables that we have included on our website, www.enbridge.com/csr2008.

As a summary, however, the following three charts show Enbridge’s total direct and indirect 2006 Canadian emissions, our Canadian emissions from 1990 to 2008, and our total GHG footprint in 2006 (Gas Transportation business in the U.S. and our Canadian operations).



Vented emissions are released to the atmosphere by design or operational practice. The most common sources of these emissions are gas-operated devices that use natural gas as the supply medium, equipment blowdowns, and purging activities in Enbridge’s natural gas distribution operations.

Transportation emissions include the emissions from the operation of Enbridge-owned transportation equipment. Emissions from the use of employee-owned vehicles for Enbridge activities are counted as an indirect emissions source.

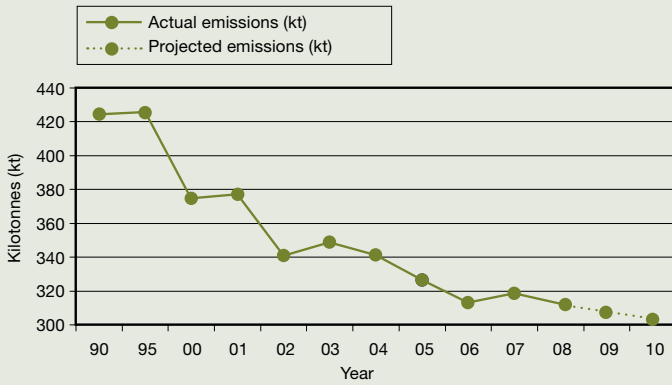
Stationary combustion emissions occur when fuels, predominantly natural gas, are burned as an energy source in Enbridge’s operations.

Fugitive emissions include unintentional leaks from piping and associated equipment components and releases from third-party damages to the pipeline system.

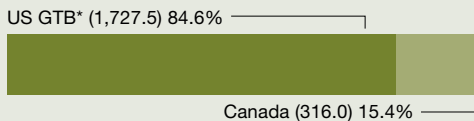
Direct emissions come from sources that are owned or controlled by Enbridge. They include emissions from stationary combustion equipment, transportation (fleet vehicle operation), and vented and fugitive emissions from piping and associated equipment.

Indirect emissions are the GHG emissions associated with purchased electricity and other activities where the emission sources are not owned or controlled by Enbridge.

Enbridge Direct GHG Emissions (Canadian operations)



Enbridge's GHG Footprint in 2006
(direct emissions, 2,043.5 kt/yr)



*Gas Transportation business in the U.S.

We have reported calculation details for each of our Canadian business segments to the Canadian Standards Association (CSA) GHG Challenge Registry website (www.ghgregistries.ca/index_e.cfm). The CSA awarded Enbridge a gold level evaluation for our 2007 update report, based on our 2006 data. Enbridge is currently preparing our 2008 update report, based on our 2007 data.

In late 2008, Enbridge expects to receive a report based on an independent third-party audit of our GHG emissions data management system for our Canadian operations. In 2007 and early 2008, the auditor completed a GHG Inventory Gap Analysis Report, in which Enbridge data is compared with a standard inventory management checklist, as outlined in the World Business Council for Sustainable Development's GHG Protocol.

Reducing Direct Emissions – Enbridge is developing a more comprehensive Carbon Management Strategy that will include further actions to reduce our own direct emissions. As the majority of our Canadian direct emissions emanate from our Gas Distribution and Services business, we will focus on finding ways to reduce those emissions.

While we expect our total emissions (direct and indirect) to rise as we grow our operations, we also expect to be able to achieve absolute reductions in our direct emissions.

We will consider targets for reducing direct emissions from our other assets once we have completed a full emissions inventory and have developed our overall Carbon Management Strategy.

Carbon Dioxide Sequestration – In February 2008, Enbridge announced that we will lead a group of over 30 energy industry participants to explore the development of a carbon dioxide sequestration pilot project. The initiative is called the Alberta Saline Aquifer Project (ASAP). Carbon dioxide sequestration is an emerging technology that presents opportunities for capturing and storing GHGs in geological formations.

For more information about:

- Enbridge Gas Distribution's GHG initiatives;
- Gas Transportation's STAR Program;
- ozone-depleting substances;
- air emissions;
- effluents;
- waste disposal; and
- spills and releases

please visit 'Environmental Performance – Emissions, effluents and waste' at www.enbridge.com/csr2008.

Products and Services

Demand-Side Management

Natural Gas Savings Through Demand-Side Management Programs (cumulative, million cubic metres)

2007	723
2006	631
2005	541
2004	459
2003	385

Enbridge is committed to helping our customers use energy wisely. Enbridge Gas Distribution has more than 40 demand-side management (DSM) programs covering all market sectors that encourage customers to adopt energy-saving equipment and reduce natural gas consumption.

Continued on page 40

Good Thinking

Q&A

Robert Hornung



Robert Hornung is the President of the Canadian Wind Energy Association (CanWEA), a non-profit trade association that promotes the appropriate development and application of wind energy in Canada. Enbridge is a member and sponsor of CanWEA.

Is it possible to meet the needs of the present without compromising the ability of future generations to meet their own needs?

We tend to operate in the short term, but sustainability requires a long-term perspective. Companies are driven by the next quarterly report and annual performance. Governments are driven by electoral cycles. Even individuals, who face an ever-expanding range of responsibilities and activities, get caught up in the day-to-day and are not thinking further ahead.

But ultimately I think sustainability and our ability to continue to thrive and grow on this planet require us to make a mental shift. I think it means we have to change economic signals and change the way we think about governments. We need a fairly fundamental shift in the way we organize ourselves and in the way we think, and therefore it's not an easy thing to do.

And who starts that? You say "we." Who is "we"?

The honest answer is "all of us."

OK, so what do "we" need to do to get there?

I think there are three key elements that define a path to sustainability. One is education. If people are going to make an adjustment and think longer-term about the linkages between their actions and society, the economy, or the environment, then they need information that helps them understand the impact of their actions. This is true for governments and businesses as well.

Secondly, we need to regulate and respond to situations where it is clear that our actions are having a significant negative impact on quality of life. Governments need to play a role and say, "This is something that we simply will not allow."

Perhaps the most fundamental element is that we must change the way we think about the economy. The way we value things within the economy today tends to discount or ignore social and environmental factors. For example, an oil spill can be seen as providing a positive benefit to the economy because a lot of economic activity is required to clean it up. Our systems of economic measurement don't consider the negative social and environmental impacts of the oil spill if it devastates a local fishery.

There's an intergenerational aspect to this discussion as well. Cost should not be defined solely as immediate payments you make right now. It should also consider the costs or benefits of a decision over its lifetime.

In 2007 alone, our DSM programs saved about 70.3 million cubic metres of natural gas, which is enough to supply approximately 23,000 homes with natural gas for a year. Since 1995, our DSM programs have delivered about 3.6 billion cubic metres of natural gas savings (the equivalent of enough gas to supply over one million homes for one year) and net energy savings to our customers of about \$1.3 billion. Through these DSM activities, we have avoided almost seven million tonnes of carbon dioxide emissions.

For more information about Enbridge’s demand-side management initiatives, please visit ‘Environmental Performance – Products and Services’ at www.enbridge.com/csr2008.

Pipeline and System Integrity – Enbridge endeavours to be a leader in pipeline and system integrity by:

- implementing rigorous preventive maintenance programs;
- pursuing and supporting technology research;
- participating in industry forums to share and exchange knowledge;
- contributing to the development of national pipeline safety standards and industry-recommended practices;
- providing technical advisory and training services to pipeline operators around the world; and
- supporting state and provincial excavation one-call efforts to reduce the risk of third-party damage to pipelines.

By undertaking these initiatives, we identify, share, and use best practices in our operations and contribute to public confidence in our systems.

In 2004, Enbridge implemented pipeline and system integrity measures such as leak-reduction teams, small-piping-integrity initiatives, and changes to engineering standards. All of these initiatives have contributed to the improvements we have achieved so far but, as the following table indicates, much remains for us to do.

Year	Facility Leaks
2007	50*
2006	42
2005	51
2004	54

*Includes leaks in Enbridge’s gathering systems.

As we continue in our efforts to reduce and eliminate leaks, we are expanding our initiatives to focus on valves, pumps, and other sources of potential leaks – including the facilities that are related to our pipelines. In addition, we have linked our leak-reduction targets and operations performance goals to our corporate and individual performance and compensation.

Enbridge’s goals for advancing pipeline and system integrity are based on technological advances, as well as on understanding the science of how to find, mitigate, and prevent leaks or ruptures on our pipeline systems. To accomplish these goals, we are actively involved with industry research and standards organizations such as the Pipeline Research Council International, the Canadian Standards Association, the National Association of Corrosion Engineers and the American Petroleum Institute. We actively participate in industry forums and workshops aimed at communicating and sharing information on how to manage pipeline system integrity. For example, in 2007, we presented technical and research papers, participated on industry panels, and participated as workshop-session leaders at the Banff Pipeline Integrity Workshop and at the Pipeline and Hazardous Materials Safety Administration’s R&D Forum.

To aid industry and to advance pipeline safety, Enbridge is also actively involved in supporting and conducting research that will improve our understanding of pipeline hazards and of methods to prevent, monitor, and repair potential defects on the pipeline system. In 2007, we continued to provide financial support for, or initiated research into, advanced understanding of internal corrosion and mitigation techniques for large-diameter transmission pipelines. We also began developing specialized crack inspection equipment and proposals for advanced pipeline-cleaning tools.

For more information about Enbridge’s pipeline and system integrity initiatives, please visit ‘Environmental Performance – Products and Services’ at www.enbridge.com/csr2008.

Compliance

Enbridge manages compliance with laws and regulations through system controls and regular reviews that include training and awareness, adopting best practices, inspections, and third-party audits. We consider any regulatory notification or penalty to be important and expect our employees and contractors to fully comply with all regulatory, legislative, and permit requirements. In the event that our performance falls

short of this expectation, as it did during this reporting period, we carry out rigorous reviews and institute corrective actions, as we did for each non-compliance issue noted below.

In 2007, Enbridge received 14 regulatory notifications from government agencies for environmental or safety issues and we expect to receive additional notices in 2008. The 2007 notifications were:

• **Eight Notices of Violation (NOV) from U.S. regulators.**

The most significant of these included the three NOVs that the Wisconsin Department of Natural Resources (DNR) issued for enforcement consideration to the Wisconsin Department of Justice. The NOVs pertained to environmental infractions that Enbridge allegedly committed while constructing our Southern Access pipeline in 2007. The infractions included insufficient erosion control during a time of record rainfall and runoff, self-reported observations, and a number of other corrective actions that DNR’s independent environmental monitors recommended. Enbridge addressed the infractions shortly after they took place, as well as during our project remediation phase so as to avoid any lasting impact on the environment beyond permit parameters. Although the Wisconsin Department of Justice (as of October 3, 2008) has yet to rule on an enforcement decision or potential settlement, Enbridge expects to be fined.

Enbridge also received an NOV and US\$1,050 fine from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA) pertaining to an incident in which we were late in reporting a pipeline release that took place in Clearbrook, Minnesota, in November 2007. In addition, Enbridge received an NOV and proposed penalty of US\$2.4 million from PHMSA for not having adequate written procedures or training associated with the Enbridge and PHMSA investigation into the November 2007 release we experienced near Clearbrook. That release took place during planned repairs and ultimately resulted in the deaths of two Enbridge employees.


• **Two NOVs – and several fines – that Enbridge received for non-compliance to an air permit.** The most significant of the fines was for US\$3,000 and was issued to our Barton Chapel, Texas, natural gas treatment plant, after a stack test on one of the plant’s compressor engines indicated that the engine did not meet the regulated carbon monoxide limit.

• **Four NOVs that Enbridge Gas Distribution (EGD) received from the Ontario Ministry of Labour.** The NOVs pertained to EGD’s non-compliance with regulations governing the documentation and control of vehicular and pedestrian traffic near EGD work sites.

Regulatory Notifications and Fines

	2007	2006	2005	2004
Regulatory Notifications*	14	10	10	28
Regulatory Fines Incurred (US\$)	4,050	3,580	101,114	207,278


* Regulatory notifications are formal written notices by regulators that Enbridge may not be adhering to legal, regulatory or permit requirements. Examples include formal warnings, enforcement actions, summonses and charges, Notices of Violation, and stop and control orders.

For more information about regulatory notifications in 2007, please visit ‘Environmental Performance – Compliance’ at www.enbridge.com/csr2008. 

Transport

Promoting Markets for Cleaner Vehicles – Enbridge Gas Distribution (EGD) has been building and supporting the natural gas vehicle (NGV) market in Ontario for over 20 years.

In addition to encouraging others to use natural gas as a cost-effective, lower-impact transportation fuel, EGD has the largest natural gas vehicle fleet in Canada, with over 630 of Enbridge’s 825 vehicles running on the low-emission fuel. By converting these vehicles to natural gas, Enbridge benefited in 2007 from \$916,000 in cost savings across the whole fleet (\$1,447 per NGV per year) and reduced carbon dioxide emissions by an estimated 680 tonnes.

For information about how Enbridge is encouraging alternate transportation options for our employees, please visit ‘Environmental Performance – Transportation’ at www.enbridge.com/csr2008. 

The Alberta Shock Trauma Air Rescue Society (STARS) is a non-profit charitable organization dedicated to providing a safe, rapid, highly-specialized emergency medical transport system for the critically ill and injured. Enbridge is partnering with STARS to help purchase new long-range helicopters.



Social Performance

Enbridge continues to look for new ways to enhance our employees' and stakeholders' quality of life, and we've implemented many programs and policies to help us.

We've intensified our efforts to make our operations as safe as they possibly can be for everyone – and we'll never stop improving in this area. Our efforts are particularly heartfelt in light of the two incidents we experienced over the past year that claimed the lives of three Enbridge employees. David Mussatti Jr. and Steve Arnovich died on November 28, 2007, and Henri St. Pierre died on March 24, 2008.

Enbridge has continued implementing programs that reinforce our Enbridge People Strategy, which is based on our belief that people are the basis of our success. Under the People Strategy, in 2007, we implemented talent management and workforce planning procedures that improved leaders' ability to manage the attraction, retention, and transition of our workforce. These procedures focus on employee engagement, leadership and workforce development, succession management, mentorship, and knowledge transfer.

Under the People Strategy, we also strengthened our performance management procedures; reviewed our compensation, benefit, and incentive programs; acted on our commitment to maintaining a diverse and inclusive work environment; and enhanced our employee communications, involvement, and engagement practices.

In the area of Human Rights, Enbridge continued to act on the tenets of our CSR Policy and Statement on Business Conduct, both of which maintain that we will always strive to build trust, deliver mutual advantage, and demonstrate respect for human dignity and rights in all relationships into which we enter and that we will respect the cultures, customs, and values of individuals and groups. Both the policy and the statement apply to all of Enbridge's operations, regardless of the country in which we are operating.

Enbridge also continued our community relations, Aboriginal and Native American relations, and community investment work. Particularly in these times of change and rapid growth, we believe that by effectively communicating with our stakeholders, we can mutually identify, address, and solve issues – either before a project is approved by regulators, during project construction, or after a pipeline, facility, or service is operational.

We also believe that, by partnering with stakeholders in the communities in which we live and work, we can help build sustainable communities in four inter-related areas: Education, Health & Safety, Culture & Community, and Environment. We believe that the time, effort, and investments we make in our communities are an essential part of being a good neighbour and operator in our various geographic regions.

To ensure that our pipelines are safe, Enbridge regularly conducts compliance audits and inspections on all of our liquids and gas pipelines in all of our operating areas. We also employ inspectors and third-party testing firms to check for compliance with construction specifications, regulations, permits, and landowner agreements during new pipeline construction. And we subject all of Enbridge's pipelines to regular leak survey inspection and corrosion survey schedules.

We know we have to continually evolve our performance in the social arena as our stakeholders' expectations change. So, as we grow our programs and initiatives in this area we are working closely with our stakeholders and community leaders – and listening carefully to the good thinking that is offered to us by people such as Tabitha Rice, Vice President, Texas Children's Hospital, and Lucille Pacey, Executive Director, Vancouver Arts Umbrella (see interview excerpts on pages 47 and 51).

Goals and Performance

Social Performance Scorecard

OBJECTIVE	2006 RESULT	2007 RESULT	TARGET	CHALLENGES
Be best-in-class in operational health and safety in all our geographic regions.	Liquids Pipelines received the CEPA 2006 award for the lowest injury frequency rate in Canada in the large pipeline category. Enbridge Gas Distribution won the 2006 American Gas Association (AGA) Safety Achievement Award.	Some improvements made. However, tragically, two incidents (one in 2007 and one in 2008) claimed the lives of three Enbridge employees.	Strive for zero accidents, injuries, or incidents.	Maintaining the best possible health and safety practices in a time of significant growth.
Set and communicate targets for days-away injury frequency and severity, reportable vehicle accidents, emergency response, inspections, leak repairs, and third-party damages.	Both our Liquids Pipelines and Gas Transportation businesses added safety performance categories to their "scorecard" for their short-term incentive reward plans.	The addition of safety performance categories to short-term incentive reward plans has had a direct and positive influence on some Performance Indicators. The number of medical aid injuries and recordable injuries both decreased.	Strive for zero accidents, injuries, or incidents.	Enbridge's rapid expansion, combined with a new and growing workforce.
Invest in an integrated set of talent management initiatives.	In our annual employee survey, Enbridge's employee engagement score exceeded the North American average and, in some business units, exceeded the benchmarks. We began formalizing the Women@Enbridge Community, an initiative focused on leadership development for women in leadership roles and emerging leaders.	Implemented initiatives related to: <ul style="list-style-type: none"> • Talent management and workforce planning • Performance management • Total compensation • Positive work environment • Employee communications • Employee involvement and engagement • Labour relations and collective bargaining 	Attract the best talent and develop, engage, and retain our workforce.	Highly competitive talent market.
Communicate with our stakeholders to identify and address issues.	Liquids Pipelines enhanced our website to share information about the business unit's expansion projects to help landowners and all stakeholders understand the projects. Also, we held landowner open houses regarding our Southern Lights and Alberta Clipper projects and launched our largest U.S. direct mail program to date.	Undertook an unprecedented number of construction projects and, along with them, met with thousands of landowner, Aboriginal and Native American stakeholders from British Columbia to Texas.	Open, transparent, proactive, frequent communications with stakeholders.	Meeting stakeholders' diverse needs and expectations.

Building Safe and Sustainable Communities

When Enbridge builds pipelines, one of our top priorities is ensuring the safety of our employees, contractors, and the public. Our goal is always zero safety-related incidents, and we are committed to leading the industry in the area of safety practices.

To reinforce our commitment, Enbridge launched our new Safe Community Program in 2008.

With an initial investment of \$3 million over the next three years, the program will provide financial support to emergency first-responders in communities that are located near our pipeline rights-of-way across Canada and the U.S. The support will benefit first-responders such as police departments, firefighters (including volunteer firefighters), emergency medical services providers, and other emergency health care providers by helping them acquire safety equipment, deliver safety training programs, and host volunteer recognition events.

“The Safe Community Program is just one way for Enbridge to give back to the thousands of men and women who help keep Enbridge right-of-way communities safe,” said Mike Koby, Director, Operations Services, Enbridge Liquids Pipelines. “It’s about ensuring that these organizations have the training and resources to not only respond to potential emergencies involving our staff and contractors, but to provide a vital service for the greater community.”

This initiative is based on a similar program that Enbridge launched in the U.S. several years ago. In 2002, Enbridge established the 9-11 Fund to commemorate the heroes and victims of the September 11, 2001, tragedy. Under the 9-11 Fund, Enbridge provides grants to first-responders in the U.S. communities in which we operate, enabling them to purchase specialized equipment and training.

“As we’ve seen in the U.S., these first-responder organizations are putting the funding to very good use,” said Larry Springer, Manager, Public Affairs, Enbridge Energy Partners, in Houston, Texas. “It makes good business sense to enhance the capabilities of these hard-working emergency responders. And, at Enbridge, it’s not just about grants. We build close relationships with these

organizations and know that, in the event of an emergency, the partnerships we have established will result in a well-coordinated and effective response to any incident.”

As part of the Safe Community Program, Enbridge is also providing significant funding to the Alberta Shock Trauma Air Rescue Society (STARS), an air ambulance service organization. The funding will help STARS purchase two new emergency rescue helicopters in 2008 and 2009. Enbridge’s support also includes strategic guidance, as two of Enbridge’s executives sit on the STARS Board of Directors.

“Our ongoing support of STARS is part of our overall commitment to building sustainable communities,” said Steve Wuori, Executive Vice-President, Enbridge Liquids Pipelines. “STARS provides a vital service

to rural communities across Alberta. Through this partnership, we’re helping to keep our friends and neighbours safer across the province.”

For many remote western Canadian communities, air ambulance services can mean the difference between life and death. STARS was established in Alberta in 1985 to reduce the number of critical care deaths that were being seen across the province – largely due to the time involved in reaching rural communities and evacuating patients to larger hospitals in Calgary and Edmonton. Providing emergency air ambulance services, the organization completed 1,428 missions in Alberta in 2007 and a total of 16,000 missions since 1985.

“Enbridge is committed to the health and safety of our employees and the communities in which we live and work,” said Wuori.

“We never want to hear that anyone has been hurt at any of our facilities and we take it personally if an accident occurs. Prevention and preparedness are key to us keeping our people safe and, by backing up the numerous health and safety initiatives and protocols we already have in place, we believe that our new Safe Community Program and ongoing partnership with STARS will contribute to the quality of life in our right-of-way communities across North America.”



LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS

Employment

Total Workforce

As at June 30, 2008, Enbridge employed 5,732 permanent employees. This total was broken down by business unit as follows:

Liquids Pipelines (Canada & U.S.)	1,663
Major Projects (Canada & U.S.)	346
Gas Transportation, including International	1,374
Enbridge Gas Distribution and Services	2,151
Corporate	198
Total	5,732

The approximate breakdown of the total by gender was 70 per cent male and 30 per cent female. The average age was 43.9 years.

Occupational Health and Safety

The table below reflects Enbridge’s health and safety performance for 2003 to 2007. It combines data for the following business segments: Liquids Pipelines and Gas Pipelines (“Gas Pipelines” refers to the portion of the Vector natural gas pipeline that Enbridge operates), Enbridge Gas Distribution, and Gas Transportation.

Health & Safety Performance	Enbridge				
	2003	2004	2005	2006	2007
Days-away injuries	10	10	16	11	13
Medical aid injuries	62	62	59	54	48
Fatalities	0	0	1	0	2
Recordable injuries	72	72	76	65	63
Number of days away	126	151	159	266	372
Number of hours worked	6,513,126	6,836,378	7,676,068	7,981,058	8,856,010
Days-away injury frequency	0.31	0.29	0.42	0.28	0.29
Days-away injury severity	3.87	4.42	4.14	6.67	8.40
Medical aid injury frequency	1.90	1.81	1.54	1.35	1.08
Fatality frequency	0.00	0.00	0.03	0.00	0.05
Recordable injury frequency (injuries per 200,000 hours worked)	2.21	2.11	1.98	1.63	1.42
Reportable motor vehicle incidents (preventable and non-preventable)	118	128	124	134	161
Number of kilometres driven	36,521,660	45,206,818	47,217,898	52,890,160	56,052,194
Motor vehicle incident frequency	3.18	2.83	2.63	2.48	2.84

For additional information on Enbridge’s performance in the areas of occupational health and safety training and education, please visit ‘Social Performance’ at www.enbridge.com/csr2008.

As at June 30, 2008, Enbridge employed 399 temporary employees. We do not currently track the number of contractors we employ in our PeopleSoft System, but will in the future through our Identity & Access Management project. We also do not currently track employees by employment type, but are working on a system for doing so.

Turnover

For the year ending December 31, 2007, voluntary employee turnover as a percentage of total workforce population was 4.5 per cent. We do not track employee turnover by age group, gender, or region.

For information on benefits and labour/management relations, please visit ‘Social Performance – Labour Practices and Decent Work’ at www.enbridge.com/csr2008.

Good Thinking

Q&A

Tabitha Rice



Tabitha Rice is Vice President of Texas Children's Hospital. Enbridge has committed financial support to the hospital's Jan and Dan Duncan Neurological Research Institute through our Building Sustainable Communities investment program, as well as executive support to the hospital's campaign fundraising committee.

What do you see as the greatest challenge to sustainable development?

I think people can be too quick to mortgage the future to pay for the present. Unfortunately, our political cycle lends itself to that approach. You're rewarded for what you have done today. Politicians don't say, "Hey, stick with me and a year from now or, even more realistically, 10 years from now, then you're going to see some real change." If you make decisions that way, then you can't invest appropriately in the future.

I believe there is this huge golden opportunity for everyone in the world right now. What if we focused our collective efforts on developing alternative fuels? If we really committed to that, those fuels could be my generation's "man on the moon." It would be transformative. But something like that takes long-term vision and long-term planning. It's not just defining the plan and

taking action; it's also having leaders in place long enough to see it through.

So what will it take to turn the tide?

It will require public and private partnership with the corporate world leading the way. CEOs, for the most part, are rewarded for action and positive outcomes. They're willing to step up and say, "I've considered all the options and here's what we're going with."

I think if we had more people acting responsibly for the common good, then we would make progress.

So are you saying we need a top-down solution?

Well, I think it's a combination. The dialogue must be held at the grassroots and, in order to make any meaningful change over the long term, will require that we hold each other accountable.


Beyond that, it's also about access to education. It's about allowing people, regardless of background, to have relatively similar opportunities. If this conversation starts to happen in the universities and colleges, then, yes, change will take longer than I would like, but ultimately the next generation will be very prepared for the need for long-term planning and sustained action.

You sound confident in the ability of the younger generation to create change.

I think it's already happening. The generation that just entered the workforce is much more attuned to the fact that we need longer-term plans and action to ensure that what they value continues to exist. I have a daughter and I want the world to be a good place for her. That's going to require us to do some things differently. That kind of thinking must become our priority.

Diversity and Equal Opportunity

Composition of Governance Body

Enbridge’s Board of Directors consists of the following 11 directors. Biographies on each of the directors can be found at www.enbridge.com. 

- David A. Arledge
- James J. Blanchard
- J. Lorne Braithwaite
- Patrick D. Daniel
- J. Herb England
- David A. Leslie
- Robert W. Martin
- George K. Petty
- Charles E. Shultz
- Dan C. Tutcher
- Cathy L. Williams


Equal Opportunity

Enbridge is committed to creating a workforce that, at all levels, is representative of the diverse population we serve and to providing a working environment that encourages all people to participate in employment, training, and career advancement opportunities consistent with their abilities, qualifications and aspirations.

We support diversity in the workplace, and all Enbridge employees must adhere to our equal opportunity, employment equity, and anti-harassment policies. As well, through our Human Resources policy, talent management and leadership, and employee development programs, we seek to engage, develop, and retain a diverse workforce with the skills and competencies we need to support our strategic business plan.

Enbridge supports equal pay for work of equal value, and all salaries are based on job scales, not gender. While we do not have formal diversity targets, we do have objectives that are aligned with our equal opportunity policy.

As mentioned earlier, approximately 30 per cent of Enbridge’s total employee population is female, and 70 per cent is male. Sixty-four per cent of the women at Enbridge are in supervisory roles, and 15 per cent are in senior management roles (director level and above).

For additional information on Enbridge’s approach to equal opportunity, please visit ‘Social Performance – Diversity and Equal Opportunity’ at www.enbridge.com/csr2008. 

HUMAN RIGHTS PERFORMANCE INDICATORS

Investment and Procurement Practices


Enbridge strictly adheres to Canadian and U.S. human rights laws with regard to our North American operations. Further, Enbridge’s activities are governed by our Statement on Business Conduct and by the Voluntary Principles on Security and Human Rights, which we have adopted and which were set forth by the U.S. Bureau of Democracy, Human Rights and Labor. As such, we do not include human rights clauses or human rights screening in any of our North American investment agreements.

With specific regard to OCENSA, OCENSA’s Human Rights Policy complies with Colombia’s laws pertaining to human rights. As well, OCENSA has developed a “Monitoring System for Contractors’ Performance in Human Rights” to ensure that all human rights are respected.

Enbridge offers a regular “Respectful Workplaces” course and a periodic “Anti-Harassment” course. Both of these courses are voluntary, and we do not track the number of hours or percentage of employees who have participated. OCENSA also offers various types of training focused on human rights.

Non-Discrimination

Enbridge management is not aware of any incidents of discrimination that took place in 2007.

For additional information on Enbridge’s Human Rights Performance Indicators, please visit ‘Social Performance’ at www.enbridge.com/csr2008. 

SOCIETY PERFORMANCE INDICATORS

Community

Enbridge engages in three types of programs and practices that manage the impacts of our operations on communities: community relations, Aboriginal and Native American relations, and community partnerships and investments.

Community Relations

Enbridge is undertaking an unprecedented number of construction projects in North America. And, whether a particular project pertains to new pipe along new or existing pipeline rights-of-way, construction of wind farms or crude oil tanks, or the acquisition of land, we use proactive public communications and consultation programs to ensure timely two-way communication.

Following is an overview of just some of the community relations activities we undertook in 2007:

Southern Access – Through our offices in central Wisconsin and northern and southern Illinois, Enbridge is engaged in extensive and ongoing stakeholder engagement, which will continue throughout the duration of the project's construction. We have been identifying and addressing issues early on in the process through phone conversations and face-to-face meetings with landowners, local public officials, and other groups.

Southern Lights and Alberta Clipper – Enbridge began consulting Canadian and U.S. stakeholders about the Southern Lights and Alberta Clipper projects early on in our planning stages. We began contacting landowners and public officials in 2006 and have been sending them regular updates since that time.

We worked with landowners during numerous public open houses to discuss the pipeline route and ways to minimize any impacts. In Minnesota and Wisconsin, in response to concerns identified through public consultations, we proposed rerouting some sections of the pipelines. We made similar proposals in Saskatchewan and Manitoba, as well as outside a reservation in eastern Minnesota. Enbridge also modified our agriculture protection plan to add procedures to protect certified organic farm operations.

Northern Gateway – Enbridge's proposed Northern Gateway pipeline project is projected to transport oil from Strathcona County in Alberta to a new marine terminal at Kitimat, British Columbia, where it would be shipped by tanker to Asia-Pacific markets and California. The proposed condensate import pipeline, to be built along the same right-of-way, would transport imported condensate from the Kitimat Terminal to Strathcona County.

In 2007, we reduced our stakeholder consultation activities in support of this project, due to a refocusing of our market priorities. In line with this refocusing, we adjusted our activity

levels on the project to reflect an in-service date of between 2012 and 2014.

Enbridge Gas Distribution – Enbridge Gas Distribution (EGD) operates Canada's largest natural gas distribution company, delivering gas to 155,000 business customers and more than 1.9 million residential customers in Ontario. EGD is committed to providing fair and reasonable service to its customers and regularly seeks customer feedback through surveys, which help it gauge actual performance against customer service commitments.

Ontario Wind Power – Through our Ontario Wind Power project, we will build 115 wind turbine generators on the eastern shore of Lake Huron in Bruce County, Ontario. Following environmental assessments, planning approval and public consultation, Enbridge expects to begin commercial operations in late 2008.


In May 2007, the Ministry of the Environment returned the Environmental Screening Report (ESR) that allowed Enbridge to move forward with this project. And, in September 2007, Enbridge held a celebration in Tiverton to thank landowners and the community for their support of the project.

U.S. Operations – In 2007, Enbridge actively promoted public awareness in the U.S. through several initiatives:

- We developed a new slate of information materials for key stakeholders and sent them to more than 1.1 million people along our 22,530 kilometres (14,000 miles) of pipeline systems. We also participated in more than 50 training sessions for emergency responders and took part in a wide variety of communication activities to promote public awareness about pipeline operations and safety.
- We continued participating in a nationwide survey to help evaluate public awareness of oil and natural gas transmission pipelines. Several Enbridge employees received training on the web-based survey data-reporting tool. The database was developed to store the results of this collaborative program, which surveyed residents and businesses located near pipeline rights-of-way, as well as local officials and excavators, along 322,000 kilometres (200,000 miles) of pipe in the U.S. The portal was opened and population of the database began in mid December 2007.
- Working with other industry leaders, we increased our involvement in the Common Ground Alliance (CGA),

a member-driven association dedicated to preventing damage to all kinds of underground facilities. We supported the hallmark event of the CGA – the May launch of the nationwide One-Call number (811) – by promoting the “Call 811 Before You Dig” campaign on 1,200 Enbridge vehicles, through 1.1 million public awareness mailings and in multiple employee publications. In addition to maintaining our bronze-level sponsorship, we also helped sponsor the annual CGA conference.

Also, in the U.S., Enbridge partnered with stakeholder groups, such as pipeline safety advocacy organizations, local government planners, home builders, property developers, other transmission pipeline operators, and local, state, and federal officials to enhance pipeline safety in U.S. communities through joint participation in the Pipelines and Informed Public Alliance (PIPA) process to develop detailed guidance for property development in the vicinity of transmission pipelines.

For additional information on Enbridge’s Community Relations activities, please visit ‘Community Relations’ at www.enbridge.com/csr2008. 

Aboriginal and Native American Relations

Enbridge is committed to respectful relations, early engagement, and meaningful dialogue with our First Nations, Inuit, and Métis neighbours in Canada and our Native American neighbours in the U.S. We share a high regard for the environment and for tradition and, as such, we respect the land, heritage sites, and traditional knowledge and land use. We are also committed to fair and equal access by Aboriginal and Native American peoples to employment opportunities that result from our operations.

We clearly state this commitment in our Indigenous Peoples Policy, which formalizes the principles that guide our relations with Aboriginal and Native American people. Following is an overview of our 2007 Aboriginal and Native American Relations initiatives in Canada and the U.S.

Canada – Enbridge’s Aboriginal Relations staff spent much of 2007 consulting with First Nations and Métis communities and representative organizations in Alberta, Saskatchewan, and Manitoba in support of our Alberta Clipper, Southern Lights expansion, and Line 4 extension projects. The consultations involved sharing project information, listening to representatives’ concerns and seeking mutually agreeable ways to mitigate any potential impacts these projects may have.

Several First Nations and Métis groups intervened in the hearings that the National Energy Board (NEB) held prior to issuing approval for Enbridge to proceed with the projects. However, three of these groups withdrew their interventions as a result of agreements they had arrived at with Enbridge. The Red Pheasant Cree Nation, the Poundmaker First Nation, and the Keeseekoose First Nation, all of Saskatchewan, had all originally claimed that Enbridge’s Alberta Clipper pipeline project would have an impact on their lands, but were able to satisfactorily resolve their differences through the agreements. Enbridge continues to consult regularly with these three communities and others to find ways they can benefit from the pipeline’s construction.

As well, although the Métis Nation of Saskatchewan had originally intervened based on a claim about which neither the Government of Canada nor Enbridge had properly consulted them, the NEB ruled that the Alberta Clipper project would not have an impact on them in any way that could not be reasonably mitigated. Enbridge also continues to consult regularly with the Métis Nation of Saskatchewan regarding participation opportunities associated with the Alberta Clipper project.

Both the Alberta Clipper and Southern Lights projects will pass through a portion of the Swan Lake First Nation in southern Manitoba. While consulting with representatives of this First Nation, Enbridge became aware of several concerns. One concern related to the First Nation’s water supply, and another to ensuring that appropriate emergency response procedures were put in place to protect residents in the event of a pipeline release.

In response to these concerns, Enbridge commissioned an engineering firm to study the First Nation’s water supply. After reviewing the resulting report, Council members were satisfied that neither the Alberta Clipper project nor the Southern Lights project would adversely affect their water.

Enbridge also agreed to work closely with the Swan Lake First Nation to ensure that Enbridge’s emergency response plans are integrated with the First Nation’s own procedures. To that end, Enbridge will conduct an emergency response planning exercise on the First Nation to make sure that residents fully understand what to do in the event of a pipeline release.

Satisfied that Enbridge could properly mitigate any impacts that could result from our projects, Swan Lake First Nation members consented to letting our pipelines traverse their lands, enabling us to obtain the necessary permits.

Continued on page 52

Good Thinking

Q&A

Lucille Pacey



Lucille Pacey is the Executive Director of Vancouver's Arts Umbrella, which operates the Sarah McLachlan Music Outreach Program for children who might not otherwise get the opportunity to play instruments. Enbridge sponsors the Outreach Program through our Building Sustainable Communities investment program.

Do you have a vision for how we could achieve sustainable communities?

I think at the most basic level art and art education must play a role. Art provides an understanding and appreciation of diversity and an appreciation of who we are. I think art provides a channel of communication that surpasses language and language barriers. It's really where creative thinking and innovation come from.

You see, in order for communities to survive, they need to be nimble. They need to be nimble in the way that they formulate their plans. They need to be able to change and move.

The only way they are going to be nimble is if they foster a creative spirit. So, to me, building sustainability is about investing in people.

But when you ask how we can achieve sustainable communities, I think what we should really be asking ourselves is, "Where can we make the biggest impact?" Of course, I'm a bit biased here, but I think the greatest impact comes from working with our youngest community members – with our children.

Are there ways that we can meet the needs of the present without compromising the prospects of that younger generation?

I think so. I think it comes back to having people say, "I can make a difference." You hear many people say, "Well, this is too big an issue for me. I'm just a sole individual and what can I do that's going to make a change?" We need to help people understand that the small things are as important as the bigger things.

How do you help people understand the role that they can and should play when there are so many out there who haven't joined in the conversation about sustainability? Is there a way to engage those people?

Yes. Through their kids. Because their kids are the ones that are exposed to this thinking and the kids are the ones who will go home and start conversations about issues of the environment and how our behaviour can impact the health of our communities.

Our kids are the promise of our community. They are where we are going to go in the future. And as long as we don't kill their innovation, as long as we don't kill their creativity and their interest in learning, I think we are going to be okay.

As we reported in our 2007 CSR Report, the work we put into planning and building our Waupisoo pipeline project was an excellent example of how we put our Indigenous Peoples Policy into practice, creating several collaborative business opportunities for the Aboriginal communities along the route. For example, with partial funding from Enbridge, the Heart Lake First Nation near Lac La Biche purchased a sawmill and we became one of its first customers, placing an order for the skids we use in pipeline construction.

The relationships we built through the Waupisoo Pipeline put us in good stead for our Fort Hills pipeline project, which will run more or less parallel to the Waupisoo pipeline and which will, subject to regulatory approval, transport heavy oil and bitumen from Fort McMurray to Edmonton, Alberta. Because a number of First Nations communities could be affected, we are well advanced in our consultation efforts.

In addition, in British Columbia, Enbridge established a dedicated Aboriginal Affairs team to support the relaunch of our Northern Gateway pipeline project. The team has begun discussions with First Nations and Aboriginal communities near the proposed pipeline's right-of-way in British Columbia and Alberta. So far, the discussions have focused on ways Aboriginal communities can benefit from the project over the long term.


U.S. – Enbridge monitored and participated in the study and public hearings that the U.S. Departments of Interior and Energy conducted regarding the rights-of-way of energy projects through sovereign tribal lands.

Enbridge also continued to consult with representatives of the Leech Lake, Fond du Lac, and Lac Courte Oreilles Bands of the Ojibwa, as the Alberta Clipper and Southern Lights projects are planned to run through or near those communities.

In mid-2008, we entered into a groundbreaking agreement with the Leech Lake Tribal Council. The agreement gives Enbridge the right to construct our Alberta Clipper and Southern Lights pipelines on tribal land within their reservation. It also includes funding for:

- associations and civil society groups;
- the Band to acquire additional properties within the reservation's boundaries;
- the Band's fire department; and
- building community trails and other projects.

Enbridge also agreed to actively present employment opportunities to Band members and, to that end, held a job information fair in the summer of 2008 to ensure that all interested members understand how to go about seeking employment with Enbridge. Among the positions available are jobs associated with our Southern Lights project, which we are currently building northwest of the reservation. Enbridge also works closely with Leech Lake's Tribal Employment Office (TERO) to ensure that TERO staff know about the pipeline construction jobs available and the hiring process associated with them.

For additional information on Enbridge's Aboriginal and Native American Relations activities, please visit 'Aboriginal and Native American Relations' at www.enbridge.com/csr2008. 

Community Partnerships and Investments

Enbridge makes voluntary contributions to charitable and non-profit organizations in our various geographic regions in Canada and the U.S. We use our dollars, partnerships, and human capital to support organizations that contribute to the economic and social development of communities where we live and work.

In 2007, we invested \$8.3 million in more than 350 charitable, non-profit, and community organizations.

Because this amount represents at least one per cent of our 2007 pre-tax profit, we met Imagine Canada's Caring Company standards. And we have committed to remaining a Caring Company in the years to come.

With our community investments, Enbridge intends to help build communities that are sustainable. We recognize that, for communities to be sustainable, they must have solid infrastructure and programming in four interrelated areas: Education, Health & Safety, Culture & Community, and Environment.

To help us ensure that our community investments are achieving the maximum results possible, Enbridge has been working with London Benchmarking Group (LBG) Canada, of which we are a founding member. LBG Canada comprises a group of companies that are using the "LBG model" to improve their management, measurement, and reporting of community involvement initiatives.

The LBG model focuses on companies' voluntary community contributions and applies consistent accounting


principles to value their total investments. The model accounts for financial donations, as well as for a full range of other contributions – including staff time, in-kind contributions, and management costs – that a company could make to a community.

Enbridge has used a number of means to enhance our financial contributions. We have, for example, contributed employee board members to the following organizations: Alberta Science Foundation, Alberta Shock Trauma Air Rescue Society, Calgary Drop In Centre Society, Calgary Homeless Foundation, Junior Achievement of Southern and Northern Alberta and N.W.T., Junior Achievement of Central Ontario, Leadership Edmonton, National Theatre School of Canada, Stollery Children’s Hospital Foundation, TELUS World of Science Calgary, United Way of the Alberta Capital Region, Volunteer Calgary, American Red Cross, UNICEF, Alley Theatre, Cushing Regional Hospital Foundation, Saint Elizabeth Health Care, West Park Healthcare Centre, Yellow Brick House, Eva’s Initiatives, Agincourt Community Services Association, York Central Hospital, and the Ottawa Regional Cancer Foundation.

We have also contributed employee volunteers (whom we have made available to Habitat for Humanity, among other organizations), and in-kind donations (such as used furniture, computer equipment, and barbecues). As well, we have contributed external marketing, communications, advertising, and fundraising support to various non-profit and community organizations.

Once a full accounting has been completed, the model provides a process for assessing the results that the company – and the community – realized from the contribution.

SiMPACT Strategy Group, representing LBG Canada, worked with Enbridge to determine the true value of 60 per cent of our 2007 Canadian community investments. They determined that Enbridge had realized an extra \$1.6 million due to our additional donations of time, in-kind contributions, and management costs.

For additional information on Enbridge’s Society Performance Indicators and a complete listing of the organizations to which Enbridge donated in 2007, please visit ‘Social Performance – Society’ at www.enbridge.com/csr2008. 

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS


Customer Health and Safety

Under Enbridge’s Liquids Pipelines Health and Safety Audit and Review Program, Enbridge regularly conducts health and safety compliance audits and inspections on all of our liquids and gas pipelines in all of our operating areas.

In Canada, Enbridge conducts comprehensive Health and Safety Management Systems reviews of mainlines, gathering systems, and northern pipelines on a three-year cycle.

In the U.S., we conducted 60 internal inspections in 2007, and external auditors conducted 40 inspections. These inspections were based on either environmental indicators or health and safety indicators.

In the U.S. we perform aerial inspections of pipelines each year. As well, all of Enbridge’s Gas Distribution and Services pipeline mains and services are subject to regular leak-survey inspections and corrosion surveys.

For information on Enbridge’s customer health and safety practices, please visit ‘Social Performance – Product Responsibility’ at www.enbridge.com/csr2008. 

Assurance Statement from Enbridge's Internal Auditors

To: The Board of Directors and Management of Enbridge Inc.

The management of Enbridge Inc. prepared the Enbridge 2008 CSR Report. It met its responsibility to collect and prepare the information in the report and requested that Audit Services review the Summary of Performance Indicators to provide conclusions on the collection, consolidation, and reporting at the business unit level.

We did not attempt to review all information in the report. Our responsibility is to indicate whether anything has come to our attention that would suggest that the selected performance indicators are inaccurate or misleadingly presented.

Scope

We reviewed the following 2007 performance indicators as summarized for Liquids Pipelines, Gas Pipelines (Enbridge-operated portion of the Vector natural gas pipeline), Gas Transportation, and Enbridge Gas Distribution.

Liquids Pipelines	Gas Pipelines	Gas Transportation	Enbridge Gas Distribution
<ul style="list-style-type: none"> • Operations • EH&S Management • Environmental Performance • Health and Safety 	<ul style="list-style-type: none"> • Operations • EH&S Management • Environmental Performance • Health and Safety 	<ul style="list-style-type: none"> • Operations • EH&S Management • EH&S Training • Environmental Performance • Health and Safety 	<ul style="list-style-type: none"> • Operations • EH&S Management • EH&S Training • Environmental Performance • Health and Safety

We did not review the narrative sections of the report.

Methodology

We planned and performed our work to provide reasonable, rather than absolute, assurance with respect to the selected quantitative information. Our procedures included obtaining, examining, and evaluating evidence supporting the collection, consolidation, and reporting of the performance indicators at a business unit level. As well, we interviewed a selection of Enbridge managers and professional staff involved in the process. We believe our work provides a reasonable basis for our conclusion.

Conclusion

Based on our review procedures of these selected quantitative performance indicators, we conclude the information, as reported, is accurate and fairly presented.



Barry Yuzwa
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Enbridge Inc.

Acknowledgements

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This report is printed on Mohawk Options FSC Certified Paper – Forest Stewardship Council certified paper containing 100 percent post-consumer waste fibres and is manufactured using non-polluting, wind generated electricity. By using this environmentally friendly paper, Enbridge saved the following resources:

Trees	Water	Energy	Solid Waste	Greenhouse Gases
74 fully grown	27,126 gallons	52,000 thousand BTUs	3,483 pounds	6,535 pounds

Calculated based on data research provided by Environmental Defense Fund.

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What do you think?

Enbridge is interested in your thoughts about our CSR Report and our CSR activities. If you've got feedback you'd like to share with us, please complete our survey on www.enbridge.com/csr2008.

