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Larry Fink
Chairman and Chief Executive Officer
BlackRock Inc.
55 East 52nd Street
New York, New York 10055

Dear Larry,

First, thank you for championing durable, sustainable value for all stakeholders and helping shape the appropriate role for capital markets. Informed decision-making that considers the interests of customers, employees, communities and shareholders is especially important as society navigates an era defined by disruption and change - witness what we're seeing at this very moment with the invasion of Ukraine and upheaval in energy markets. To be successful, companies will need to embrace the constant reinvention that is at the heart of capitalism while broadening perspectives about what it means to create value for all stakeholders.

Enbridge believes firmly that transformational change will take hold when innovation is encouraged across the entire energy system. As the global population marches toward 10 billion people, the demand for energy will continue to grow. While investment in renewable energy will grow dramatically, even the most stringent climate scenarios suggest an ongoing role for conventional energy.

We agree with your assessment that divestment from entire sectors – or simply passing carbon-intensive assets from public markets to private markets – will not help to achieve net zero. Similarly, we agree that any plan focused solely on limiting supply while failing to address demand for hydrocarbons will drive up costs for those who can least afford it. We will remain focused on a just transition.

Every year I respond to your letter, which I find to be a useful exercise in helping us think about strategy and our priorities as we embark on the energy transition. I'm particularly pleased this year to share how we at Enbridge have been evolving our approach to sustainable value creation.

Purpose & The Changing World of Work

I agree with many of your observations about the way the employer/employee relationship has changed in recent years, which has been accelerated by the pandemic. At Enbridge, engagement feedback points to a strengthening bond explained by the very high priority we've placed on the personal safety of employees and families, frequent communication and the support and flexibility focus of our COVID-19 protocols and work from home measures. At the same time, we have taken strong positions on important social issues including race, voting rights and Indigenous reconciliation. This explains why we're experiencing low turnover rates and have not experienced the "great resignation" as are some others.

More broadly, we attribute this progress to the way our team rallies around our purpose – to fuel people's quality of life – and our vision, to be the leading energy delivery company in North America. Our people recognize that energy is needed in every aspect of daily life, and our assets provide an essential source of safe, reliable, affordable and sustainable energy to millions.

This leads me to your question, “will you lead, or will you be led?” For the past two decades we’ve transitioned the Company from a single purpose oil pipeline to a diversified energy infrastructure company positioned to build an “energy bridge” to the future. This strategy involved branching out to natural gas through the acquisition of Consumers Gas in 1994 and Spectra Energy in 2017, our first investment in wind farms twenty years ago to our major presence in in the European offshore today, as well as solar facilities, hydrogen and other early-stage energy technologies. We have the market knowledge, capital, technical expertise and proven track record to lead. Our people are both up to the task and excited about creating the energy systems that the future requires.

Retaining and Recruiting Talent

If we are to create a work environment that draws and retains the best talent, then we must continue to listen to our people. You are right that employees are becoming more discerning and will place an outsized value on affiliation more than they have in the past. We conduct regular surveys, input sessions with employee resource groups, interactive events, and focus groups on a wide variety of topics. We’ve hosted focus groups with over 1000 employees to explore equity and inclusion and conducted input sessions on compensation and benefits programs. In 2022, we’ll continue to solicit feedback to understand what our people value and how well they feel they belong. Last year, this type of listening led us to the introduction of our FlexWork program to give Enbridge employees more choice about how they balance their accountabilities at work and at home.

Diversity, Equity and Inclusion

We are fully committed to advancing diversity, equity and inclusion because we believe that this leads to better ideas, solutions, decisions and better opportunities to attract and retain talent. It’s also because we believe it’s the right thing to do from an equity and fairness perspective. This continues to be a priority and has been embedded in our hiring decisions and training, including mandatory training on racial justice and unconscious bias that we introduced last year.

Our mission is to reflect the communities in which we operate. By 2025 we’re aiming for a workforce that will include 28% racial and ethnic group representation, 40% women, 6% persons with disabilities, and 3.5% Indigenous peoples. Naturally, this all starts at the top, so we’ve established enhanced board diversity representation goals of 40% women and 20% racial and ethnic groups by 2025. Today, our highly engaged Board reflects a balance of diverse perspectives, backgrounds and experiences. We recently increased our diversity with three of 11 directors self-identifying as members of an ethnic or visible minority and, subject to shareholder approval of our 2022 Director Nominees, we expect to increase our diversity further. Four of the directors are women, three of whom chair Board committees.

Having made good progress, our efforts have received several recognitions including Glassdoor Best Places to Work, Bloomberg Gender Quality Index, Top 100 Employers, Best Diversity Employers, Corporate Equality Index (2SLGBTQ+), and the 2022 Global Catalyst Award.

Addressing Emerging Workplace Trends

As you know, many more employees across the world are struggling with their mental health. We recognized this two years ago and expanded our workplace mental health and employee assistance programs to include more resources and education about well-being – programs that have proven very important. We’ve also been working to reduce the stigma around mental health. To demonstrate our commitment and illustrate to our people that they are valued and appreciated, we started our Annual Employee Meeting last month by listening to an employee recount his challenges with mental health.

As the energy transition accelerates, the nature of work, jobs and skills will shift. We’re focused on harnessing the ingenuity and innovation of our people whether that involves automating processes, applying machine learning to improve performance or expanding our capabilities in hydrogen or carbon capture. At the same time, we're enhancing the worker experience with diverse work experiences, on-demand access to learning, formal mentorship, opportunities to upskill / reskill, and access to modern employee and leadership development programs.

Our Board is very engaged in reviewing emerging social and workplace trends. It reviews the progress we're making quarterly on diversity, equity and inclusion goals, employee sentiment, well-being, career development and succession. This involvement extends to review and input to our annual human capital planning and priorities.

Capitalism and Sustainability

As a capital-intensive energy company with long-lived assets, we plan decades ahead to ensure we can meet evolving consumer energy needs. Over the past three decades, we have re-aligned our asset mix from primarily a liquids pipeline business to a diversified energy delivery company. Today, nearly half of our EBITDA is derived from lower-carbon natural gas infrastructure and renewable wind and solar power generation. Our success has been rooted in understanding energy fundamentals and adapting to key market trends while remaining focused on the changing needs of our customers.

Reducing GHG Emissions

To address climate change, we're targeting net zero emissions by 2050 and have established an interim target of reducing emissions intensity 35% by 2030. Our targets are grounded in science and aligned with the Paris Agreement. We have a focused plan – fully embedded in our operations and capital allocation framework – for achieving the targets and resiliency through the transition. To hold ourselves accountable, we've linked incentive pay for the executive and all employees to our emissions performance. We've further integrated our targets into our business with $3 billion in sustainable financing – including the first sustainability linked loan and bond in our sector.

We've devised capital allocation methodologies to ensure that all future capital investments contribute to our net zero goals. And we're testing the resiliency of our business with a 1.5C scenario analysis to be published in our annual sustainability report. In short, we're doing the hard work to ensure that we remain positioned to provide access to affordable, reliable and low emission energy long into the future.

We're proud that our progress has been recognized by independent experts, including CDP which gave us an "A-" grade for our approach to climate change, and Sustainalytics which ranked us in the top 5% of its industry group.

Strategic Planning and Capital Allocation

Our strategic planning process and investment criteria include factors that measure the pace of the energy transition. All potential investments are evaluated in the context of the energy transition to ensure they align with our emissions reduction targets. Our investment hurdle rates account for risks inherent in the transition, and project economics incorporate the cost of carbon and investments required to reduce emissions.

Our recent acquisition of the Ingleside Energy Center is an example of how we evaluate investments through the energy transition and emission lenses. Before proceeding with the investment, we assessed its resiliency to a range of transition scenarios. We also committed to net negative emissions from Ingleside by developing an up to 60 MW onsite solar facility, which will enable Ingleside to achieve net zero operational emissions, and excess renewable power will contribute to emissions reductions for local industry. The facility has significant low-carbon energy potential and is ideally situated to be a hydrogen and carbon capture and storage hub.

It's early days, but we've made good progress so far. We've established clear pathways to achieving our targets, built multi-year business unit plans, a prioritization framework and appropriate governance. While establishing the structure, we've reduced emissions intensity and absolute emissions by approximately 21% and 14% respectively, which puts us on track to achieving our targets. Through 2025, we will invest another $4 billion to expand our zero and low carbon businesses that will further support achieving our emissions reduction targets.

Investing in the Energy Transition

Since 2002, Enbridge has invested more than $8 billion in renewable energy. We are a leading developer and operator of renewable infrastructure with approximately 2,178 MW of net generation capacity in operation or under development, comprised of North American wind and solar facilities and three European offshore wind facilities in operation and four more under construction. We're particularly excited about the floating wind pilot we're building offshore France and our efforts to self-power our existing infrastructure with renewables -- we have three facilities across our pipeline businesses operating today and ten more under construction.

We are a leader in establishing new energy technologies including early investments and development of renewable natural gas, green hydrogen and carbon capture and storage. We believe that RNG provides a cost-effective way to reduce carbon in sectors like heavy transport. We're targeting 5% RNG in our utility's gas system by 2030. For example, the City of Toronto is now using carbon-negative RNG to fuel garbage trucks and we're working with several municipalities to use carbon-negative RNG for buses. Our gas transmission business – through a partnership with Vanguard Renewables – is working to develop an additional eight projects in the US.

Hydrogen represents a tremendous emissions reduction opportunity, and Enbridge was an early investor. We started building our hydrogen expertise in 2018 and – in partnership with Cummins – developed North America's first utility-scale power-to-gas plant. Since Enbridge moves about 20% of the natural gas consumed in the U.S., we're working to determine how much hydrogen can be blended into our natural gas transmission and distribution system. We're part of several major blending studies to keep our pipes used and useful, including the HyBlend Study which was selected and awarded funds from the US Department of Energy in 2020.

We're focused on carbon capture, utilization and storage (CCUS), which allows us to leverage what we're good at - constructing, maintaining and operating pipelines and storage. In the near term, Enbridge is working to develop an open access carbon hub in Alberta, Canada that will help avoid nearly 4 million tonnes of atmospheric CO_2 emissions – which would make it one of the largest such integrated projects in the world.

As we explore new opportunities, our approach will be proactive yet disciplined. We'll continue to align our asset mix with long-term energy fundamentals while investing in projects that build low-cost optionality and complement our low-risk business model.

In summary, I trust that my reply has addressed your questions and affirmed through examples the strength of our convictions about our purpose and sustainability, our short and long term strategies, the unique role we play in in society and how we act in support of numerous stakeholders' interests. In doing so, we'll continue to deliver durable long term returns for our shareholders, including your clients.

Sincerely,

Al Monaco