



## Supply Chain Management

We work closely with our suppliers and hold them accountable to the same environmental, social, ethical and safety standards to which we hold ourselves.

### Business Context and our Strategic Response

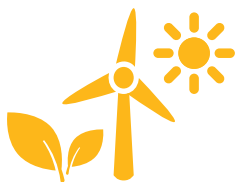
Enbridge's business is complex—and so is our supply chain. To meet the demands of our expansive operations across North America, we rely upon a network of suppliers and contractors to help us construct pipelines and facilities, provide needed equipment and supplies, deliver specialized expertise and serve customers and other stakeholders.

Through our SCM function, Enbridge seeks suppliers who share and reflect our commitment to sustainability. We work closely with the valued links within our supply chain, including manufacturers, contractors, subcontractors, distributors and consultants, to ensure that all adhere to our core values, [Statement on Business Conduct](#), [CSR Policy](#), [Indigenous Peoples Policy](#) and beginning in 2019, a new [Supplier](#)

[Code of Conduct](#). This document outlines the ethical and business conduct expectations of our suppliers in the areas of health and safety, the environment, labor and human rights, and responsible business behavior.

We also continually assess and adapt to concerns and trends affecting our business and supply chain channels. This includes issues such as cost pressures in logistics and transportation, shifting regulations, commodity volatility, technology and digitization gains that impact processes and evolving customer expectations, human trafficking, recycled steel and supplier diversity.

### Supply Chain Management: Delivering competitive advantage through four pillars



#### Environmental stewardship

We consider environmental stewardship performance within the supply chain.



#### Social responsibility

We foster positive relationships with the community through the use of diverse and local businesses within the supply chain.



#### Indigenous engagement

We create economic opportunities for Indigenous communities wherever Enbridge operates.



#### Ethical procurement

We advocate for the highest ethical standard in how we acquire goods and services.

SCM helps Enbridge achieve:



Mitigated execution and operational risks



Enhanced public confidence



Bolstered CSR performance



Increased social and financial value



An aligned supplier community

## Our Structure

Enbridge has a centralized SCM function that serves the entire enterprise. The SCM function is responsible for all aspects of supply management, from planning and governance, to strategic sourcing and tactical procurement, to materials management and contract management. Our SCM function also includes a centralized team focused solely on advancing our sustainability and Indigenous engagement priorities.

“Our new Supplier Code of Conduct is an important, impactful initiative. It outlines, in very clear terms, our expectations regarding ethical standards and business conduct for suppliers, specifically in the areas of health and safety, labor and human rights, and responsible, principled business behavior. We have high standards for the work we do—and the suppliers we work with.”

Phil Teixeira,  
Vice President and Chief Supply  
Chain Officer



## Our Approach

We work with thousands of suppliers across North America—from major international companies to small, local businesses. Our suppliers cover a wide range of disciplines, including manufacturing, construction, engineering, distribution and consulting.

### Integrating Sustainability Factors into our Supply Chain

Our SCM processes are designed to procure goods and services that meet our standards. We satisfy this objective by integrating sustainability factors into our supplier selection and relationship management through a variety of means, including supplier management, requests for proposal (RFPs), proposal evaluations, contracts and supplier performance management.



Safety and opportunities for Indigenous involvement are two major considerations in our proposal evaluation process, and we have a multi-year roadmap to help us further integrate ESG considerations and opportunities into our SCM strategies and programs.

## Supplier Diversity

We recognize the value and innovation that results from having a diverse group of suppliers, including female-, minority-, LBGT+-, small, locally and veteran-owned businesses—and we promote equal opportunity for all qualified suppliers.

We are strengthening and standardizing our approach to supplier diversity, with full program implementation slated for 2020. We began tracking diverse supplier data in our GTM business unit in 2017 and are developing the methodologies and systems to track and maintain data for the enterprise as part of the future program implementation.

## Indigenous Engagement

Our SCM function includes a SCM Indigenous Engagement team dedicated to facilitating opportunities for Indigenous communities and businesses within our supply chain. Because a significant opportunity within our supply chain is sub-contracting and material supply, we continue to work with our contractors and suppliers to enable them to help us increase the economic engagement with Indigenous communities and businesses related to our projects and operations.

We maintain an Indigenous business database which allows us to provide information about Indigenous businesses to our contractors and utilize Indigenous businesses in our own sourcing activities. We created and implemented the Socio-Economic Requirements of Contractors, which requires contractors to submit a Socio-Economic Plan (SEP) outlining how they will incorporate Indigenous businesses into their work for Enbridge. The SEP is submitted as part of the contractor's contract proposal submission and considered as part of the proposal evaluation process. As a result, we spent nearly \$394 million with Indigenous businesses, contractors, subcontractors and suppliers in Canada and the U.S. within our LP, GTM and GDS businesses. See Indigenous Engagement on Page 36.

## Indigenous workforce collaboration

In Manitoba, the Birdtail Sioux First Nation created its own company, Birdtail Inclusive, with help from Enbridge, and began providing electrical installation and commissioning services to Enbridge across multiple geographies. “Instead of digging in our heels, we rolled up our sleeves,” says Chief Ken Chalmers (pictured at right).

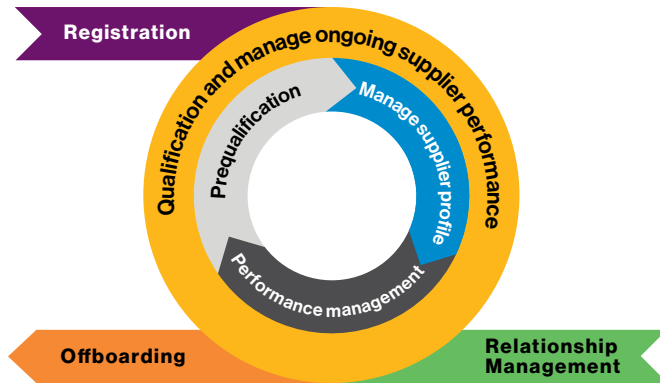
[Learn more](#)

## Supplier Management Program

As part of our Supplier Management program, we evaluate suppliers throughout the supplier lifecycle—from registration through offboarding. Our pre-qualification process ensures all suppliers are screened and that we only work with suppliers who meet and uphold our rigorous standards. We use ISNetwork, a global contractor and supplier management resource, as well as internal subject-matter experts to pre-qualify suppliers and monitor ongoing supplier performance. We conducted approximately 40 onsite supplier

assessments across North America in 2018, with each assessment requiring one to three days to complete. As we continue to implement our Supplier Code of Conduct, it will be integrated into our supplier performance management and relationship management processes.

## Supplier Management Program



## RFPs, Proposal Evaluations and Contracts

Environmental, social, safety and Indigenous participation are key factors included in supply chain RFPs, proposal evaluations and contracts. Beginning in 2018 and expected to continue through 2020, we are updating our sourcing and contracting templates to expand the sustainability criteria and increase the information provided by suppliers in the sourcing process. We anticipate that this standardization will further drive sustainability criteria into decision-making and embed our Supplier Code of Conduct expectations in our contracts.

## Advocacy

Enbridge recognizes its responsibility to educate employees, suppliers and others on key topics affecting communities such as human trafficking, and advocating for ethics and human rights.

## SPOTLIGHT: Standing against human trafficking

Human trafficking is modern-day slavery, a crime that occurs whenever people are bought or sold for forced labor or sexual exploitation. It is more than a North American problem; the International Labour Organization estimates that globally, about 25 million people are victims of trafficking.

To do our part to fight human trafficking, Enbridge has focused on building awareness with our employees, warehousing and logistics providers, contractors and suppliers. We are proactively informing them of the resources available that describe trafficking behaviors to watch for, as well as contact information for reporting concerns. One such resource is the advocacy organization Truckers Against Trafficking (TAT), which provides an educational video, downloadable cards and phone numbers to help truck drivers in North America combat human trafficking.

In 2018, Enbridge raised awareness among our employees and suppliers by inviting those in Minnesota, Wisconsin and the surrounding region to human trafficking awareness events we hosted in partnership with TAT in Superior, WI and Bemidji, MN. The events included speakers from TAT and local non-profit organizations working to combat the crime. In conjunction with the events, we made available to the public TAT's traveling exhibit, Freedom Drivers Project, which is designed to help educate the public about the realities of human trafficking and what the trucking industry is doing to combat it. More than 240 people attended the events, and nearly 200 visited the educational Freedom Drivers exhibit, including

local university students studying supply management and law enforcement. Additionally, in advance of the event, many employee and supplier attendees completed TAT's training.

Our SCM function continues to work within our transportation and logistics network to advance TAT training. At our GTM business unit, 79% of our carriers are now TAT trained, up from 56% in 2017. We also rolled out the TAT training at our Liquids Pipeline warehouses.

Also in 2018, all of Enbridge's warehouse and logistics staff completed the TAT training, making Enbridge a TAT-certified carrier—and we signed on as a silver-level TAT sponsor.

For more information about TAT and Enbridge's joint efforts in 2018, see Pages 12-13 and 24 of the [TAT annual report](#).



Truckers Against Trafficking (TAT) officials and their Freedom Drivers Project exhibit during an awareness event hosted by Enbridge at Superior, WI.

## Our Performance

### 2018 Company-Wide Procurement

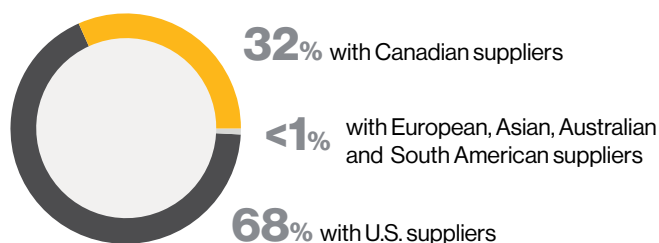
In 2018, we purchased approximately \$11 billion of goods and services from about 11,000 suppliers.

The majority of our annual spend was directed toward manufactured products for constructing pipelines and facilities, and operating, maintaining and monitoring system integrity. One of our most significant materials purchases is steel pipe. In 2018, we purchased about 104,000

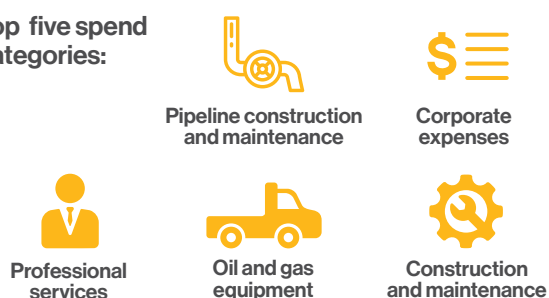
tonnes of pipe. The majority of that pipe was sourced in North America, with recycled steel comprising about 78% of the product. In 2018, we also saw a significant increase in Indigenous spend due to the L3RP in Canada. We joined the Sustainable Purchasing Leadership Council to share and learn from other organizations similarly committed to sustainability within the supply chain.

## Total Spend

In 2018, we purchased approximately **\$11 billion** of goods and services from about **11,000 suppliers**.



### Top five spend categories:



## Performance Summary

	2016	2017	2018
<b>Tonnes of steel pipe purchased/percentage sourced from recycled steel</b>			
LP <sup>1</sup>	324,000 / 96%	119,200 / 95%	77,469 / 97%
GTM	see note 1	see note 1	19,517 / 35%
EGD	793 / 61%	1,624 / 89%	389 / 97%
UG	N/A	12,130 / 12%	7,047 / 82%
<b>Indigenous Spend in Canada and the U.S.<sup>2</sup></b> <i>(millions)</i>			
LP	\$79	\$136	\$325
GTM	N/A	\$70	\$61
UG	\$13	\$11	\$8

<sup>1</sup> GTM spend in 2016 and 2017 is combined under LP. For 2018, this has been separated to align with our current business model.

<sup>2</sup> Indigenous spend includes contracting, both direct from Enbridge and indirect subcontracting opportunities, and wages paid to Indigenous workers.