



Risk management

GRI: 102-15; 102-30

We are committed to effective risk management across our company and operations.

Our ability to operate and ensure long-term success is linked to our ability to identify and manage potential risk to our company. Our Board oversees all risks with the goal of ensuring that we can achieve our long-term strategic priorities. This includes risks in the following areas: safety and operations, strategy and competition, cybersecurity, financial matters, brand and reputation, legal and compliance activities and regulatory requirements.

Enbridge's governance of specific risks, including ESG topics, is spread among our Board committees as follows:

Board committee	Risk oversight
Audit, Finance and Risk	<ul style="list-style-type: none"> The Company's strategies, policies and practices relating to assessing, managing, preventing and mitigating risk and the integrity of our financial statements and financial reporting process, including the annual review of the company's principal and financial risks and insurance program
Safety and Reliability	<ul style="list-style-type: none"> Safety and operational risk, including pipeline and facility integrity management, security, emergency response, enterprise-wide safety culture and environment, health and safety
Corporate Social Responsibility	<ul style="list-style-type: none"> Corporate social responsibility and sustainability matters, including climate and energy, Indigenous rights and relationships, stakeholder engagement, government relations and ESG matters, as well as our reporting in this area
Human Resources and Compensation	<ul style="list-style-type: none"> People- and compensation-related risk, ensuring our compensation program and practices do not encourage inappropriate or excessive risks that could have a material adverse impact on the Company; succession planning; and pension, retirement and savings plans
Governance	<ul style="list-style-type: none"> Corporate governance framework, including director appointment, education and evaluation processes, Enbridge's corporate governance practices and Statement on Business Conduct

Risk management activities are undertaken across Enbridge each and every day. The Corporate Risk Assessment (CRA) is a comprehensive annual process and report to the committees of Enbridge Inc.'s Board. The process engages risk management participants across Enbridge to consistently assess and prioritize enterprise-wide risks and treatments, highlight top risks, trends in the Company's risk profile and treatment effectiveness.

Mid-cycle CRA updates are provided to the Board for the Company's top risks. Pandemic and specifically COVID-19 risks and treatments have been an important focus in 2020.

The CRA provides management and the Board with valuable insights in carrying out risk management responsibilities. Following its completion, the CRA is provided to relevant internal departments, including Audit, Corporate Strategy, Financial Reporting, Safety and Reliability and Corporate Social Responsibility departments to inform their processes and drive continuous improvement. Enbridge's resiliency is further enhanced by fostering a strong risk management culture where people at all levels proactively anticipate and escalate risks, look out for each other and Enbridge and respond to evolving opportunities and threats in pursuit of our strategic objectives.

Complementary to the CRA, the annual Top Operational Risk report highlights the highest consequence operational risks across Enbridge and it includes further detail on the risks and treatment. This information helps inform the Board about the potential impact of Enbridge's top operational risks and demonstrates that appropriate treatments are in place to manage these risks.

Our Executive Leadership Team (ELT) and Operations and Integrity Committee (OIC) oversee the management of our most significant operational risks. The OIC is chaired by Enbridge's President & CEO.

Our internal risk controls are governed by our Statement of Business Conduct, management systems, organizational structure and procedures and processes that together form how we do business and manage risks.

Climate change

Climate change is a key catalyst that drives the transition to a lower carbon future, advancements in energy technology, growing fossil fuel activism and government scrutiny. Climate-related risks are intensifying for the Company and society, and we are increasing our focus on them. Climate-related risks are integrated into multiple larger Enbridge risk categories that encompass operational, financial and stakeholder consequences. This is done because the interconnected nature of climate impacts (economically, socially and environmentally) requires a comprehensive review within the context of other risks impacting Enbridge.

The energy transition presents both risks and opportunities. In 2019, Enbridge voluntarily published a climate report using the recommendations of the TCFD. This report details our strategic decision-making approach as it relates to climate-related risks and opportunities. Our work includes scenario analysis that provides a view of future impacts with variable global warming outcomes.

The bottom-line result of this first report on the resiliency of our business is that we see strong utilization of our existing assets through 2040 and significant opportunity for growth within each of our businesses. We are investing to ensure that we are positioned to compete in a world that will be defined increasingly by both cost effectiveness and environmental protection, including through emission reductions. We are mitigating risk by employing a low-risk business model where the bulk of our revenue is generated by long-term contracts or highly reliable utility-like commercial constructs – that's a key part of our stakeholder value proposition.

To read more about more about climate change adaptation, see the [Climate Change and Energy Transition](#) chapter.

Cybersecurity

We recognize that cyber attacks are a top risk and have continued to increase in sophistication and frequency over the years. As an operator of critical energy infrastructure, we conduct continuous assessments of our cybersecurity standards, perform regular tests of our ability to respond and recover, and monitor for potential threats. To further mitigate threats we collaborate with governments, regulatory agencies and take part in external events to learn and share.

As with any operational risk, Enbridge has a robust governance structure around cybersecurity. We have centralized the Technology and Information Services function across the Company to have a clear line-of-sight into how well our policies drive improvements and have created a senior level Cybersecurity Awareness team to assess issues. We have also engaged independent third parties to audit our cybersecurity program. We have embedded cybersecurity into the OIC where the Senior Vice President & Chief Information Officer discusses cybersecurity with the CEO and the Executive Vice Presidents (EVPs) quarterly besides meeting with the EVP for Corporate Services monthly.

Cybersecurity is a top risk for the Company and we have developed and implemented a risk-based cybersecurity control framework to manage our risks in addition to testing and measuring the effectiveness of controls. Specific areas of focus in 2019 included:

- Improved Cyber Incident Response process and operating procedures
- Increased security awareness and training for employees and contractors
- Enhanced Cybersecurity program for Enbridge vendors and partners
- Conducted external independent assessments to validate our controls

Our workforce is engaged in regular security awareness training, including exercises to build capabilities to identify and report suspect emails to our Security Operations Centre (SOC). Besides a trained workforce, our SOC team uses several layers of defense and protection technologies, a team of cybersecurity experts and automated alerting and response mechanisms reducing risk to Enbridge.

Enbridge's [Annual Report on Form 10-K](#), filed with the Securities and Exchange Commission (SEC) and System for Electronic Document Analysis and Retrieval (SEDAR), contains more information about the risks applicable to Enbridge.