



Enbridge wants to be the leading energy delivery company in North America.

To get there, we need to be a leader in corporate social responsibility and in building lasting relationships with our community partners. This is one way we can help to ensure a sustainable future – for our company and all of our stakeholders.

This is our story.



THE PACIFIC SALMON FOUNDATION



The last thing these salmon need are more obstacles.

Our proposed Gateway Pipeline Project would cross more than 1,000 watercourses in Alberta and B.C. And while the majority are minor drainages, some are large rivers. We are working hard to identify and mitigate potential impacts of the project so we can meet all environmental and safety requirements and best practices. And we want to ensure that we conserve pristine watersheds and restore streams to their natural state.

So who better to partner with than the Pacific Salmon Foundation – an organization that is dedicated to helping recover salmon populations throughout B.C.’s streams and rivers. Together, we are working to build healthy, sustainable and naturally diverse Pacific salmon stocks. **SEE PAGE 67**



THE DOMINION INSTITUTE

Sometimes an old story just needs a new voice.

At Enbridge, we know that positive relations with indigenous peoples based on mutual respect and trust will help us reach our strategic business objectives and, in turn, help indigenous peoples to realize some of their aspirations. That is one reason we partnered with The Dominion Institute to launch the Canadian Aboriginal Youth Writing Challenge. This contest encourages Aboriginal youth to provide their perspectives on Canadian life and history. We want to give Aboriginal people an opportunity to write about their own history through their own eyes.

In 2005, the first year of the contest, 16-year-old Nicole Nicholas, a Haida student in Victoria, emerged as the overall winner with her story about her ancestors' first encounter with Europeans. We see this kind of storytelling as a way to build awareness, understanding and better relations. **SEE PAGE 62**



THE WINTER WARMTH FUND



Everybody deserves a little warmth.

In Ontario, Enbridge Gas Distribution is committed to providing assistance to its customers who have a genuine inability to pay for their energy use.

That's why in 2004, Enbridge Gas Distribution, together with Toronto Hydro and the United Way, launched the Winter Warmth Fund.

The fund provides financial assistance to help low-income families and individuals struggling to meet their financial commitments – including heating bills. Last winter the fund helped more than 600 of our customers stay warm.

Just recently we entered into a settlement agreement in a proposed class proceeding related to late payment penalties charged in the past by Enbridge Gas Distribution. As part of this settlement, we will be making a one-time payment of \$9 million to the Winter Warmth Fund. We believe that, by partnering with the United Way to create this fund, we are helping to enhance the quality of life in the communities where we do business. **SEE PAGE 68**



DUCKS UNLIMITED INTERNATIONAL

The future of waterfowl depends on our wetlands.

Lloyd Derry of Ducks Unlimited is both a bird lover and a wetland warrior. He is working hard to conserve our country's precious wetland habitat. And we are helping him. Through a partnership with Enbridge, Ducks Unlimited can purchase key areas of wetland, helping ensure the future of North American waterfowl.

At Enbridge, we conduct business in a manner that promotes environmental sustainability and stewardship. We do this because we believe that the protection of the environment benefits everyone and delivers increased value to our stakeholders. Our licence to operate our business is not just a given. It is dependent on us being a good neighbour, and that means doing what we can to limit our impact on the environment.

Ducks Unlimited is working to achieve a mosaic of natural, restored and managed landscapes capable of sustaining populations of waterfowl and other wildlife. We are proud to help out. **SEE PAGE 67**



THE KEYSTONE SCIENCE SCHOOL



Teaching begins with understanding.

We know that the time and effort we put into developing positive relationships with people affected by our operations is an essential part of being a good neighbour, and one way we can continue to operate successfully. And that is why we are a partner with The Keystone Center in Colorado.

This summer, for the fourth consecutive year, Enbridge sponsored eight teachers to head to Colorado to participate in The Keystone Science School's Key Issues Institute environmental science workshop. These teachers are all from regions where we operate pipelines in the U.S.—including Wisconsin, Missouri, Minnesota and Oklahoma.

The teachers spent one week in the Rocky Mountains learning how to teach their students to look at environmental problems scientifically and to seek thoughtful solutions to mitigate issues. Through its education and public policy programs, The Keystone Center ensures that present and future generations approach environmental and scientific dilemmas and disagreements creatively and proactively. **SEE PAGE 68**



STOLLERY CHILDREN'S HOSPITAL

A little push on the road to recovery.

Enhancing the quality of life in our communities by supporting programs in health is more than just the right thing to do – it's critical to our business success. Businesses can only thrive in areas where society is thriving, and that means having access to health care. We want all our stakeholders – including employees – to have access to quality health care.

Since 2001, Enbridge has proudly supported the volunteer resources program at the Stollery Children's Hospital in Edmonton. Our support has helped them double the number of volunteers at the hospital to more than 1,500. And it has also given us a chance to partner with a hospital in a region where we have extensive operations – and, as a result, many employees.

The Stollery Children's Hospital is home to specialized programs and services not found at any other Western Canadian children's hospital, including the Pediatric Thrombosis program which treats blood-clotting disorders in children, and the Pediatric Centre for Weight and Health, a program to help children battle obesity. [SEE PAGE 67](#)

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WEB LINKS



Throughout this report, a computer mouse icon (above) indicates that more information is available on our website at www.enbridge.com. If you have questions or comments about this report, please e-mail enbridge.news@enbridge.com.

about enbridge

Enbridge is a leader in energy delivery in North America. The company operates, in Canada and the United States, the world's longest oil and liquids pipeline system. Enbridge is also actively involved in natural gas transmission, gas distribution, renewable energy and international energy projects. The company employs more than 4,600 people, primarily in Canada, the United States and South America. Enbridge Inc. common shares trade on the Toronto Stock Exchange in Canada and on the New York Stock Exchange in the United States under the symbol 'ENB.'

Enbridge conducts its business through five operating segments: Liquids Pipelines, Gas Pipelines, Sponsored Investments, Gas Distribution and Services and International. These segments include both operated and non-operated assets. Only information on operated assets is included for discussion in this report – except for CLH within International.


For more details about our company's operations, please go to our website at www.enbridge.com.

ON THE COVER: *Developing green minds and giving young Canadians an early start in environmental thinking is why Enbridge supports the Pembina Institute for Appropriate Development. Through their website greenlearning.ca, students gain an understanding of climate change, energy efficiency and renewable energy resources.*

FOR MORE SEE PAGE 68

ABOUT THIS REPORT

This report outlines Enbridge Inc.'s economic, environmental and social impact on the communities where we do business. The theme of our report this year is 'Our Community Partners', which reflects our commitment to working with the communities where we do business to ensure a sustainable future.

This report can be viewed as disclosure of our corporate responsibility performance. Our intent is to share information in a standardized way on issues that are most relevant to our internal and external stakeholders. Our transparency efforts and our commitment to reporting are not limited to this document. We see value in different methods of reporting and communicating, and this report complements our annual report  to our shareholders and our website where we disclose our financial performance.

REPORTING CONVENTIONS

For reporting purposes, we have included both Enbridge Offshore Pipelines and Enbridge Energy Partners' (EEP) gas assets together in the discussion of our 'United States Natural Gas Business' throughout this report. We have also included the crude oil pipelines assets of EEP and of Enbridge Income Fund (EIF) in our discussion on 'Liquids Pipelines.'

Most of this report refers to year-end 2005 data. Where noted, we have included selected 2006 updates. Where you see the words Enbridge Inc. or Enbridge, we are referring to the whole company and its subsidiaries. Dollar figures are in Canadian dollars, unless otherwise specified.

TARGET AUDIENCES

Our target audience consists of all of our stakeholders, including investors, government leaders, Aboriginals, regulators, employees, business partners, academics, non-governmental organizations, environmental groups, advocacy organization leaders, individuals with an interest in corporate responsibility and the communities where we do business.

DIALOGUE

At Enbridge, we look at a number of sources to give us feedback on our corporate social responsibility report. We do this so we can continually improve our report and our reporting process.

Enbridge's Employee CSR Advisory Committee – a cross-functional group of senior staff who provide advice on CSR policies and strategies – has reviewed drafts of this report and given much valuable input. As well, the company's Corporate Disclosure Committee has reviewed drafts of this report and provided useful feedback. We also review the results of our annual employee survey before preparing our CSR report to ensure we are capturing feedback from our own employees.

And we look at a number of external sources including our annual customer surveys that are done by Enbridge Gas Distribution and Liquids Pipelines to measure customer satisfaction and identify ways we can better meet our customers' needs.



External CSR Advisory Group

In 2006, for the first time, Enbridge assembled an external CSR advisory group to provide independent feedback on our corporate social responsibility report. This six-person advisory group consisted of individuals from a variety of organizations who were familiar with Enbridge and knowledgeable on a range of CSR issues faced by Enbridge. Advisory group members participated in a one-day workshop and a follow-up conference call, and provided detailed input on how we could improve our report. Participants brought their individual perspectives and expertise and did not represent their organizations. Stratos Inc. facilitated the advisory group. Participation by advisory group members does not represent an endorsement of this report.


Enbridge found the sessions very useful and learned from advisory group feedback, making changes to the draft version of this report to address improvements suggested by the advisory group. Enbridge was not able to address all of the suggestions from the group but will incorporate much of their feedback into future reports.

INTERNAL AUDIT OF REPORT

To achieve ongoing improvement, selected information and indicators were again subject to an internal review by our Audit Services Department. (See page 70 for more details.)

GRI GUIDELINES

We have prepared this report in a way that meets the “in accordance” specifications set forth by the Global Reporting Initiative’s 2002 Sustainability Reporting Guidelines.

The GRI offers a comprehensive framework for reporting a company’s impacts and activities. A GRI index  can help readers match this report with sections of the GRI (for more information, visit www.globalreporting.org). We strongly support the GRI as a core tool for corporate social responsibility reporting because it has credibility with a broad cross-section of stakeholder groups. We are committed to using the GRI Guidelines, and we support efforts to advance reporting on the basis of the GRI. (See page 70 for more information.)

EXTERNAL ADVISORY GROUP Left to Right:

BRIAN CALLIQU

*Program Director, Aboriginal Leadership and Management
The Banff Centre
Bragg Creek, Alberta*

JOCELYNE DAW

*Vice President, Marketing and Social Engagement
Imagine Canada
Calgary, Alberta*

ANDREA MOFFAT

*Director, Corporate Outreach
Ceres
Boston, Massachusetts*

DR. PAUL KARIYA

*Executive Director
Pacific Salmon Foundation
Vancouver, British Columbia*

JULIE PEZZACK

*Senior Consultant
Stratos Inc.
Ottawa, Ontario*

GEORGE GREENE

*Chair
Stratos Inc.
Ottawa, Ontario*

SARAH STOKES ALEXANDER

*Director, Sustainability and Leadership Programs
The Keystone Center
Denver, Colorado*

DAVID BROWN

*(Not pictured)
Executive Director
Brown Governance Inc.
Ottawa, Ontario*

a message from Patrick Daniel and James Blanchard



JAMES BLANCHARD (Left) Chair, CSR Committee of the Board
PATRICK DANIEL (Right) President & CEO Enbridge Inc.

We are proud to report that, throughout 2005, Enbridge continued to illustrate that strong achievement in the area of corporate social responsibility goes hand-in-hand with strong corporate financial performance.

Our performance as measured by greenhouse gas emission reduction, environmental spill prevention, safety statistics, customer satisfaction, corporate giving and employee involvement, were all improved. At the same time, we provided our shareholders with a 25.5 per cent total return (trading on the Toronto Stock Exchange) and grew adjusted operating earnings by 9.4 per cent. For the long term, we announced many new projects to move much needed energy to our customers around the world.

This report describes our corporate social responsibility accomplishments over the past year and reviews some of our strategies for remaining among the world's top 100 sustainable corporations. The focus of our 2006 CSR report – Our Community Partners – is relevant and timely. That's because we believe that the trust placed in us by all of our community partners is a key element if Enbridge is going to continue to be successful at achieving both sustainable growth and increased corporate value.

We define our community partners to include indigenous peoples, non-governmental organizations, environmental groups, not-for-profit charitable organizations and the communities where we do business. Our philosophy has always been that a win-win relationship with our community partners will afford us the opportunity to achieve sustainable growth and create new value.

We also realize the need to raise the CSR bar to ensure we operate responsibly and with integrity, and that we listen and respond to the concerns of our stakeholders. This is going to be particularly true as we deal with one of industry's most significant issues – the need to attract and retain skilled employees. We believe that employees want to work in an industry and with companies that are focused on the fundamentals of CSR – and that are able to clearly show how they are making progress in this area.

At Enbridge, we view CSR as a disciplined approach and commitment to how our company acts in dealing with society. We have a formal set of corporate values that guide us in how we behave and interact with our stakeholders. We want all of our employees to live these values as part of their daily activities so we can fulfill our economic, social and environmental commitments to our stakeholders.

Our CSR Report is one of the most important and transparent ways our company has of communicating how we are doing in meeting our social obligations. And while our leadership on CSR is a source of pride for us, we will continue to reach for even higher levels of performance.

Patrick D. Daniel
President & Chief Executive Officer

James J. Blanchard
Chair, CSR Committee of the Board

defining csr

CORPORATE SOCIAL RESPONSIBILITY AT ENBRIDGE

Enbridge has built on its foundation of operating excellence by adhering to a strong set of corporate values, and by adopting and implementing a number of corporate responsibility policies and practices. 🌱

CORPORATE STRUCTURE



HOW WE DEFINE CSR AT ENBRIDGE

At Enbridge, we define corporate social responsibility (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 with which we live and work.

CSR POLICY AT ENBRIDGE

At Enbridge, we have adopted a CSR Policy, which 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 anywhere in the world whose operations we manage. Our CSR Policy can be found on page 6.

In alignment with our Statement on Business Conduct 🌱, Enbridge will ensure that all matters of corporate social responsibility are considered and supported in our operations and administrative matters, and are consistent with Enbridge stakeholders' best interests. Our Statement on Business Conduct emphasizes the commitment of the corporation to specific standards of conduct expected of the corporation's directors, officers, employees, consultants and contractors in all countries in which the Enbridge group of companies conducts business.

In keeping with our commitment to transparency and corporate social responsibility, in January 2002, Enbridge adopted the internationally recognized Voluntary Principles on Security and Human Rights, which deal with responsible corporate action in zones of conflict. Enbridge has incorporated the Voluntary Principles into its Statement on Business Conduct, which further strengthens an already strong code of conduct. And in 2003, Enbridge became a signatory to the United Nations Global Compact, an international initiative in support of human rights, labour and the environment.

CSR MANAGEMENT STRUCTURES

Since 2004, Enbridge has had an Employee CSR Advisory Committee – a cross-disciplinary group that involves senior staff from across our different business units. This committee of about 20 employees provides advice to senior management on CSR policies, strategies, planning and performance. In 2005 and early 2006, this committee met two times. A number of advisory groups made up of CSR Committee members and other employees address specific CSR activities as they relate to Enbridge projects and operations. There are three sub-committees of the Employee CSR Advisory Committee: the Aboriginal Advisory Sub-Committee, the Climate Change Sub-Committee and the Community Investment Sub-Committee. Their activities include advising on project-specific matters, such as creating procurement and contracting policies and programs for pipeline initiatives that traverse First Nations and Aboriginal lands.

The sub-committees and Employee CSR Advisory Committee report to Bonnie DuPont, Group Vice President, Corporate Resources. Ms. DuPont is a member of Enbridge's Corporate Leadership Team and is responsible for informing the Board of Directors of Enbridge Inc. about our company's CSR activities.

ENBRIDGE'S CSR POLICY

All Enbridge employees and contractors will adopt the CSR consideration described in this policy into their day-to-day work activities. Enbridge leaders will act as role models by incorporating those considerations into decision-making in all business activities. Enbridge's leader will ensure that appropriate organizational structures are in place to effectively identify, monitor and manage CSR issues and performance relevant to our businesses.

This Policy is built on the following areas that reflect existing and emerging standards of CSR:

BUSINESS ETHICS AND TRANSPARENCY

- Enbridge is committed to maintaining the highest standards of integrity and corporate governance practices in order to maintain excellence in its daily operations, and to promote confidence in our governance systems;
- Enbridge will conduct its business in an open, honest, and ethical manner;
- Enbridge recognizes the importance of protecting all of our human, financial, physical, informations, social, environmental, and reputational assets;
- Enbridge will advise our partners, contractors, and suppliers of our CSR Policy, and will work with them to achieve consistency with this policy; and
- Enbridge is committed to measuring, auditing and publicly reporting performance on its CSR programs.

ENVIRONMENT, HEALTH AND SAFETY

- Enbridge is committed to protecting the health and safety of all individuals affected by our activities, including our employees, contractors and the public. Enbridge will provide a safe and healthy working environment, and will not compromise the health and safety of any individual. Our goal is to have no accidents and mitigate impacts on the environment by working with our stakeholders, peers and others to promote responsible environmental practises and continuous improvement;
- Enbridge is committed to environmental protection and stewardship;
- Enbridge recognizes that pollution prevention, biodiversity and resources conservation are key to a sustainable environment, and will effectively integrate these concepts into our business decision-making; and
- All employees are responsible and accountable for contributing to a safe working environment, for fostering safe working attitudes, and for operating in an environmentally responsible manner.

STAKEHOLDER RELATIONS

- Enbridge will engage stakeholders clearly, honestly, and respectfully; and
- Enbridge is committed to timely and meaningful dialogue with all stakeholders, including shareholders, customers, and employees, indigenous peoples, governments, regulators, and landowners, among others.

EMPLOYEE RELATIONS


- Enbridge will ensure that employees are treated fairly and with dignity and consideration for their goals and aspirations and that diversity in the workplace is embraced;
- Enbridge will apply fair labour practices, while respecting the national and local laws of the countries and community where we operate; and
- Enbridge is committed to providing equal opportunity in all aspects of employment and will not engage in or tolerate unlawful workplace conduct, including discrimination, intimidation, or harassment.

HUMAN RIGHTS

- Enbridge recognizes that governments have the primary responsibility to promote and protect human rights. Enbridge will work with governments and agencies to support and respect human rights within our sphere of influence;
- Enbridge will not tolerate human rights abuses, and will not engage or be complicit in any activity that solicits or encourages human rights abuse; and
- Enbridge will always strive to build trust, deliver mutual advantage and demonstrate respect for human dignity and rights in all relationships it enters into, including respect for cultures, customs and values of individuals and groups.

COMMUNITY INVESTMENT

- Enbridge stresses collaborative, consultative, and partnership approaches in our community investment programs;
- Enbridge will integrate community investment considerations into decision-making and business practices, and will assist in local capacity building to develop mutually beneficial relationships with communities;
- Enbridge will contribute to our host communities' quality of life by supporting innovative programs in health, education, social services and the environment, as well as cultural and civic projects; and
- Enbridge will strive to provide employment and economic opportunities in the communities where we operate.

A photograph of two men in business suits walking towards the camera in a long, brightly lit hallway. The hallway has large glass windows on both sides, a blue and white checkered floor, and a dark ceiling with recessed lighting. The men are engaged in conversation. The man on the left is gesturing with his hand. The man on the right is carrying a briefcase.

*Colin Gruending,
left, and
Dan O'Grady are
two members of
Enbridge's Employee
CSR Advisory
Committee.*

corporate governance

OUR TARGETS

At Enbridge, corporate governance means ensuring a comprehensive system of stewardship and accountability is in place and functioning among directors, management and employees. We employ a variety of policies, programs and practices to manage corporate governance. Following are some of the targets that will help us continue to have a strong corporate governance culture built on integrity, accountability and transparency.

- Ensure the majority of the Board of Directors are independent.
- Ensure every employee and Director complies with our Statement on Business Conduct.
- Have mechanisms in place to continually evaluate the effectiveness of our environment, health and safety (EH&S) programs.
- Comply with all laws and regulations that affect our business.

OUR 2005 HIGHLIGHTS

- The Board of Directors functions independently of management and is accountable to shareholders. Currently, nine of the 11 directors are independent and have no relationship with the company or its management that could affect their freedom of judgment.
- Directors are committed to owning shares and/or deferred stock units equivalent to two times their annual retainer.
- In 2005, the Board met 10 times with an average attendance rate of 97 per cent.
- Annually, all employees and Directors must sign Enbridge's Statement on Business Conduct to ensure they have read and understood the policy.
- We conducted several internal audits of our EH&S systems throughout all of our business segments and also participated in external audits and inspections of our operations.
- Enbridge Inc. and our United States businesses comply with applicable Sarbanes-Oxley requirements. Enbridge also follows the Canadian securities regulators' corporate governance rules.

OVERVIEW

We have long recognized the importance of good corporate governance. This is partly because our principal businesses – pipelines and gas distribution – are regulated at the state, provincial or federal level. We operate under stakeholder scrutiny and are expected to maintain the highest standards of governance. Through our commitment to building strong governance practices, we are promoting transparent public reporting, a culture of risk management, and efficiencies in business processes.

CSR COMMITTEE OF THE BOARD

Enbridge's Corporate Social Responsibility (CSR) Committee oversees EH&S and CSR guidelines, policies, procedures and practices of Enbridge and its subsidiaries. In 2005, the CSR Committee, comprising five independent directors, met three times.

MANAGING CORPORATE RISKS

Enbridge's approach to risk management is incorporated in our corporate governance framework. This framework requires management teams in each business unit to review and regularly report on the risks they face and the controls in place to manage them. The Board and the Audit, Finance and Risk Committee oversee the annual review of risks to the company, monitor Enbridge's risk management program and oversee the review of risks in consultation with internal and external auditors.

Other Board committees also oversee the implementation and monitoring of risk management systems. Results of this process and comprehensive environment, health and safety reports from our business units are presented each year to the CSR Committee.

EXECUTIVE COMPENSATION

Enbridge's top five executives collectively earned approximately \$5 million in salary and annual bonuses in 2005. These executives also received incentive stock options and performance-based stock units. The amounts are described in Enbridge's Management Information Circular, which can be found at www.enbridge.com.

Besides performance against financial, operations and strategic objectives, which are key determinants of incentive payments under our company's executive compensation program, Enbridge senior executives must also meet non-financial objectives that reflect EH&S performance and CSR commitments.

MEETING SARBANES-OXLEY

The Sarbanes-Oxley Act, enacted by United States Congress in 2002, was created to restore public trust in capital markets after several high profile business scandals. As a result of Sarbanes-Oxley, the United States Securities and Exchange Commission and the stock exchanges have established rules that govern how boards and committees are structured to carry out governance disclosures, company processes and internal control systems.

Enbridge Inc. and our United States businesses comply with applicable Sarbanes-Oxley requirements. Enbridge also follows the Canadian securities regulators' corporate governance guidelines and rules. In ensuring compliance, Enbridge's CEO and CFO sign certificates attesting to the fair presentation, in all material respects, of the company's financial position, results of operations and cash flows as well as attesting to the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that all material information is disclosed.

CONTINUOUS IMPROVEMENT OF OUR MANAGEMENT SYSTEMS

Our business units apply management systems specifically adapted to their activities and business needs. These systems are designed to focus our company's EH&S objectives, improve worker safety, reduce adverse impacts on health and the environment, and measure our progress. A goal of these systems is to increase the consistency of our EH&S activities and to ensure our activities are closely tied to our business and CSR objectives. In 2005, we continued to strengthen these systems:

- DuPont Safety Resources completed a comprehensive review of Liquids Pipelines' Health and Safety Management Systems to determine what we are doing well and where we need to make improvements. DuPont's four key recommendations focused on "felt" leadership, employee involvement, enhancement of policies and procedures, and management of contractors. We are now working on improving our health and safety programs in line with the recommendations. A similar review of Liquids Pipelines' Environmental Management Systems has been commissioned for 2006.
- In 2005, Enbridge Gas Distribution continued to integrate its EH&S programs and policies into the company's Distribution Management System (DMS). The DMS is a customized management system based on the framework adopted by the corporation to comply with the Sarbanes-Oxley Act and the ISO framework. We process-mapped the majority of the company's EH&S programs, identified process stakeholders, and identified process gaps and scheduled them for closure. For example, the company's EHS Training Management process, Contractor Safety Management process, and Chemical Management process each underwent a thorough review by all stakeholders involved, followed by a concerted effort at implementing identified opportunities for improvement in these processes. Overall, the introduction of the DMS to Enbridge Gas Distribution ensures that employees know and understand the systems and controls that are in place for employee safety and environmental protection, and improves the ease and opportunity of conducting checks and audits on the system's effectiveness and efficiency going forward.
- We continued to strengthen EH&S compliance in our United States Natural Gas Business through the use of our Ops Environmental compliance database system, an online set of EH&S tracking and notification tools that help staff in monitoring compliance with federal, state and internal requirements. We have successfully put this system into effect in all areas of the United States Natural Gas Business, including the Gulf of Mexico offshore assets we acquired at the beginning of 2005.

REVIEWS AND AUDITS

We use reviews and audits to assess each business segment's compliance with government regulations and our internal policies and management systems, and to provide guidance for making improvements.

Internal EH&S reviews

We conduct internal EH&S reviews at all facilities we operate. To carry out a review, a team of EH&S professionals inspects the site, conducts interviews, and checks documentation. After the review is completed, the team provides local management with a formal written review report summarizing the findings. Management then develops an action plan to correct deficiencies. The review team follows up on documented issues to ensure they are fully addressed.

- Environmental reviews were conducted on the Enbridge Pipelines (NW) Inc. system, Enbridge Energy Partners L.P./ Cushing Region and the Hardisty Caverns Limited Partnership facility. These reviews are an integral component of the Enbridge Environmental Management System and consist of a formalized program of inspections and reviews to monitor compliance with regulatory requirements, Enbridge policies and procedures, and industry best practices.
- In mid-2005, our United States Natural Gas Business implemented a new corporate EH&S audit program designed to ensure compliance and consistency across our various assets. We completed 11 audits in the second half of the year. Our field EH&S personnel also performed 81 additional internal audits.
- Enbridge Gas Distribution reviewed one-third (13) of the company's gate stations in 2005 for compliance with environment and health and safety regulations. The company also completed an EH&S compliance review at its meter shop facility, and is on track for reviewing three of its operations stations in 2006. The compliance review process is proving valuable in identifying issues, tracking closure of issues, communicating expectations to relevant internal groups, and maintaining strong EH&S compliance across company facilities.

External audits and inspections

Local and federal regulatory agencies carry out environmental and safety audits and inspections of our operations. Here are some examples:

- The Oklahoma Department of Environmental Quality completed a comprehensive hazardous waste inspection at Liquids Pipelines' Cushing tank farm. No deficiencies were identified. In addition, our Vector Pipeline compressor stations in Indiana and Michigan received air compliance inspections by the respective state environmental agencies, also with no notable deficiencies.
- Regulatory agencies conducted 96 external audits at our United States Natural Gas Business facilities in 2005. These audits resulted in two violation notifications. Both of these violations were the result of exceeding emission limits at two separate gas plants. One violation was minor and did not result in a fine, and the other was more significant and is described in more detail in the section below.
- The United States Natural Gas Business also received three additional violation notifications in 2005 for reporting, record keeping and operating variances that were discovered by agencies conducting files reviews.

REGULATORY COMPLIANCE

We manage compliance with laws and regulations through system controls and regular reviews and inspections. We consider any regulatory notification or penalty to be important and continue to work toward our goal of continuous compliance. In the event that our performance falls short of this goal, we carry out rigorous reviews and institute corrective processes.

In 2005, we received 10 regulatory notifications from government agencies for environmental or safety issues:

- Our United States Natural Gas Business received five notices of violation/enforcement for air permit and non-compliance issues. The most significant was a US\$22,500 fine issued to our Plum Creek, Texas, natural gas treating plant. A Notice of Enforcement (NOE) was issued for failure to meet sulphur dioxide emission limits of 42.01 pounds/hour. This NOE is in reference to what Enbridge described as “dramatic variations in the inlet gas’s composition”, which resulted in the plant experiencing SO₂ emissions greater than the permitted limits. We have since changed operating parameters at the plant to prevent a reoccurrence in the future.
- Liquids Pipelines received four notices – three from the United States Department of Transportation’s Pipeline and Hazardous Materials Safety Administration and one from the Illinois Environmental Protection Agency. None were significant violations or bore any monetary fines, and all four were addressed and resolved.
- Enbridge Gas Distribution received one minor administrative order from the Ontario Ministry of Labour, related to construction work at our main Toronto office. The order cited that the company was to post temporary emergency evacuation procedures consistent with the construction flow and work being accomplished during renovation and that the notice of project identify Enbridge Gas Distribution as the primary constructor. We complied immediately with the order, and we reviewed the issues to prevent future recurrences.

Regulatory notifications and fines

	2002	2003	2004	2005
Regulatory notifications*	7	21	28	10
Regulatory fines incurred (US\$)	16,900	54,000	207,278	101,114**

* Regulatory notifications are formal written notices by regulators that Enbridge may not be adhering to the law, regulation or permit requirements. Examples include formal warnings, enforcement actions, summons and charges, notices of violation and stop and control orders.

** In 2005, Gas Pipelines received a fine of US\$69,300 for exceeding operating permit levels for carbon monoxide at the Highland, Michigan compressor station on the Vector pipeline during 2004. We took corrective action, modifying equipment and operating practices, in consultation with the United States Environmental Protection Agency and state regulators.

SETTLEMENT AGREEMENT REACHED IN GARLAND LATE PAYMENT PENALTY PROCEEDINGS

Enbridge Gas Distribution has entered into a settlement agreement in a proposed class proceeding related to late payment penalties charged in the past by Enbridge Gas Distribution. Under the proposed settlement, Enbridge Gas Distribution will make payments of \$21.2 million, including a one-time payment of \$9 million prior to the end of January 2007 to the Winter Warmth Fund which we have been supporting since 2004; \$10.2 million to class counsel on account of the plaintiff’s legal fees and expenses; and approximately \$2 million to the Class Proceedings Fund operated by the Law Foundation of Ontario. This settlement does not constitute any admission of liability on the part of Enbridge Gas Distribution. The settlement agreement is subject to the approval of the Ontario Superior Court of Justice.

Late payment penalty revenues are included in Enbridge Gas Distribution’s estimate of revenues for the year and therefore accrue to the benefit of all customers, reducing the cost of providing distribution services. The Ontario Energy Board (OEB) approves these estimates and resulting rates each year. Enbridge Gas Distribution intends to apply to the OEB for recovery of the proposed payments resulting from the settlement of this action.



Enbridge owns or has interests in 80,000 kilometres of pipelines.

economic performance

OUR TARGETS

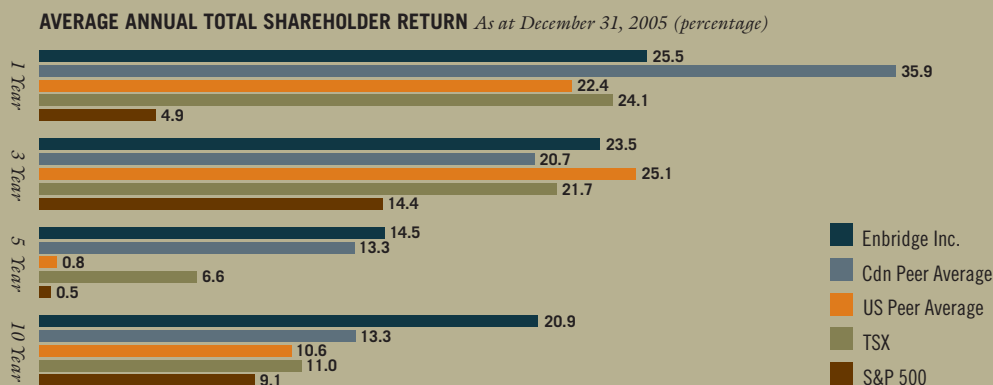
Our vision is to be North America's leading energy delivery company and our objective is to generate superior long-term value for investors. We want to continue to deliver superior earnings growth while maintaining our relatively low risk profile. Following are some of the targets that will help us achieve our corporate goals.

- Realize a six per cent average annual organic earnings per share growth target over the next five years.
- Deliver superior dividend growth and capital appreciation to shareholders.
- Maintain a stable, low-risk investment profile and strong financial position.

OUR 2005 HIGHLIGHTS

- Achieved adjusted operating earnings of \$537.2 million, an eight per cent increase from 2004.
- Total shareholder return* was 25.5 per cent in 2005, and has averaged 13.3 per cent per year since Enbridge became a publicly traded company in 1953.
- Enbridge Inc. expects to spend approximately \$13 billion over the next five years, including \$8 billion on Liquids Pipelines projects such as Athabasca, Waupisoo, Southern Access, Spearhead, Gateway and mainline expansion. Total Liquids Pipelines projects identified to date, during and beyond the next five years, total \$13 billion.
- We reached an agreement on the key terms of a new five-year incentive tolling settlement for 2005 through 2009 for the core component of our mainline liquids pipeline system in Canada. The agreement provides certainty for pipeline rate of return for another five-year period, and provides Enbridge with the opportunity to earn a higher rate of return by providing customers with additional value.

**Total shareholder return includes total cash dividends declared plus common share price appreciation. This is not a standardized measure under Canadian Generally Accepted Accounting Principles, therefore it may not be comparable to similarly titled measures used by other issuers.*



FINANCIAL PERFORMANCE

We remain focused on our main priorities as a business – to be North America’s leading energy delivery company and to generate long-term value for our investors. This requires that we deliver shareholder value and maintain profitability while performing in a socially and environmentally responsible way.

HERE ARE ENBRIDGE’S KEY FINANCIAL HIGHLIGHTS:

- Earnings were \$556.0 million (\$1.65 per common share), compared with \$645.3 million (\$1.93 per share) in 2004. Adjusted operating earnings were \$537.2 million (\$1.59 per share), nine per cent higher than the previous year, reflecting strong performance in all of our company’s business segments.
- Total return to shareholders in 2005 was 25.5 per cent compared with the Toronto Stock Exchange (TSX) return of 24.1 per cent and the S&P 500 Index of 4.9 per cent. We have delivered an annual average total shareholder return of 20.9 per cent per year over the last 10 years, compared with the TSX of 11 per cent and the S&P 500 Index of 9.1 per cent respectively over the same period. Over 50 years, Enbridge has provided a total average annual shareholder return of more than 13 per cent per year compared with the TSX of about 10 per cent.
- We strengthened our balance sheet, improving our debt-to-capitalization ratio from 65.1 per cent at the end of 2004 to 64.5 per cent at the end of 2005. The consistently robust debt-to-capitalization ratio reflects the company’s continuing commitment to maintaining a strong balance sheet.

Investors and readers seeking more detailed information should refer to Enbridge’s 2005 Annual Report. 

EXPANDING OUR CONTINENTAL REACH


Enbridge is uniquely positioned for growth in North America, and is focused on moving energy from areas where we foresee increasing supply to areas of growing demand. In 2005, we made continued progress towards our goal of broadening access to continental markets for customers of our energy delivery systems.


EXPAND EXISTING CORE ASSET PLATFORMS

The Spearhead Pipeline was reversed and first crude oil shipments reached the Cushing terminal in March 2006. Enbridge now directly ships western Canadian crude oil all the way from Alberta to Oklahoma.

In December 2005, we announced that we were proceeding with construction of the Southern Access expansion, to add an additional 400,000 barrels per day of capacity between Hardisty, Alberta, and the Chicago, Illinois area by 2009. In July 2006 we also announced that we were proceeding with a 400,000-barrels-per-day Southern Access extension to Patoka, Illinois.

SUPPORTING MARKET ACCESS TO THE OIL SANDS

Our liquids petroleum system is strategically positioned between Alberta’s oil sands and the United States Midwest, eastern Canadian markets and growing Asian markets. As oil sands producers develop new production facilities in northern Alberta, we are developing pipeline plans to connect the next wave of oil sands projects. In 2005, we finalized shipper agreements on the Waupisoo Pipeline,  a connecting pipeline that will bring oil sands shipments from Fort McMurray, Alberta to the Edmonton hub. We also finalized agreements to construct facilities to ship production from two more oil sands projects – the Long Lake and Surmont projects.

During the year we also made significant strides on our Gateway Project  to build a petroleum export pipeline from Bruderheim, Alberta (near Edmonton) to Kitimat, British Columbia and a



condensate import pipeline from Kitimat to Edmonton to be in service by 2011. We began environmental fieldwork, continued our consultation with Aboriginal groups and stakeholders, and held 18 informational open houses in communities along the right-of-way. Two Open Seasons produced strong interest from potential customers for both pipelines, and we continue to work to get shipping commitments, are continuing our community consultations, and are completing engineering and environmental planning to be in position to file an application in late 2006 for construction of the pipeline.


All of these projects are needed to accommodate growing oil sands production over the next five to 10 years. In February 2006, we also announced plans for the Enbridge Alberta Clipper Pipeline, a proposed 400,000 barrels per day pipeline from Hardisty, Alberta to Superior, Wisconsin. And in 2006 we announced plans for a 180,000-barrels-per-day diluent pipeline called Southern Lights, from Chicago to Edmonton.

We are also developing new infrastructure in the oil sands region of northern Alberta. We announced plans in 2005 to build a pipeline and terminal for a new Fort Saskatchewan upgrader, and invested in Value Creation Inc. to participate in the development of upgrading technologies. At the end of 2005, we announced the acquisition of a majority interest in Olympic Pipe Line giving Enbridge an equity position in a pipeline in the northwest United States.

BENEFITING CUSTOMERS THROUGH INCENTIVE TOLLING

In 2005, we finalized a new incentive tolling settlement with shippers on the Enbridge System. Incentive tolling allows customers to benefit from our cost saving initiatives. Since the inception of incentive tolling in 1995, Enbridge and our customers have shared a total of \$119 million of after-tax savings.

Developing renewable energy resources

Enbridge and Enbridge Income Fund are currently involved in four wind power projects, which will be capable of generating more than 270 megawatts of power. These include a 200-megawatt wind power project, announced in 2005, on the shores of Lake Huron in Ontario.  (For more details on our wind power projects, see pages 38 to 40.)

Expanding Ontario gas distribution system

Our Enbridge Gas Distribution infrastructure in Ontario serves Canada's fastest growing metropolitan area. In 2005, our natural gas franchise continued to grow, with Enbridge Gas Distribution adding more than 50,000 new customers.

HOW WE DIRECTLY BENEFIT STAKEHOLDERS

Enbridge adds value to the economy through our operating expenses and distributions.

DISTRIBUTION OF ECONOMIC VALUE ADDED—2005

Payments and benefits to employees	\$431 million
Income taxes paid to governments	\$150 million
Interest payments to lenders	\$539 million
Dividend payments to shareholders	\$361 million
Payments to suppliers*	\$6,223 million
Corporate donations and sponsorships	\$4.5 million
Retained in business	\$257 million

* Includes the cost of purchasing commodities, power and other supplies and services.

BENEFITS TO INVESTORS

Our returns to shareholders are delivered through a combination of capital growth and dividends. In 2005, \$361 million was paid to common shareholders as dividends, up 14 per cent from the previous year. The graph on page 19 shows dividends per share for the last five years.

BENEFITS TO EMPLOYEES

Our business operations provide jobs and contracting opportunities in many communities in Canada, the United States and internationally. Headquartered in Calgary, we have offices in Edmonton, Toronto and Houston, as well as in Spain and Colombia. We have more than 4,600 employees with an annual payroll of about \$300 million. In 2005, we paid about \$38 million through our annual incentive program to reward employee performance.

BENEFITS TO CUSTOMERS

Every day through our energy transportation and distribution systems in Canada and the United States, we provide millions of customers with hydrocarbon products that are essential to quality of life. These 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 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. Over the past decade, the company has helped customers reduce their natural gas consumption by 2.3 billion cubic metres through participation in our DSM programs. (For more information on the DSM program, please see pages 41 and 42.)

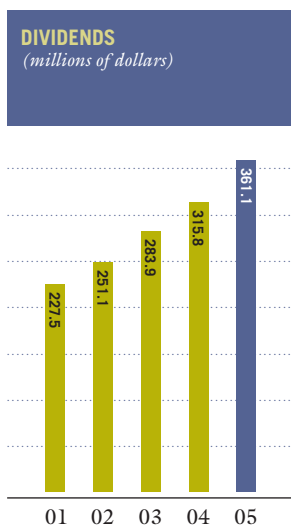
This translates into the avoidance of 4.3 million tonnes of greenhouse gas (GHG) emissions being released into the atmosphere. Each of these measures moves the company closer to the realization of its emission reduction targets, despite the pressures of significant growth in Enbridge's customer base.

BENEFITS TO GOVERNMENTS

Our business activity brings other benefits to society. Some of the greatest beneficiaries are local, state, provincial and federal governments in Canada and the United States, which receive taxes from our activities. These revenues are used to help fund local public services and infrastructure. In 2005, we paid \$150 million in income taxes. This excludes other taxes, such as property taxes of \$82 million, that we paid in Canada and the United States.

BENEFITS TO COMMUNITIES

At the local level, our operations affect economies through the creation of jobs, the purchase of goods and services, and taxes paid to governments. We also invest in community programs and charitable organizations. In 2005, we invested \$4.5 million in charitable and non-profit organizations in Canada and the United States. This was an increase of 14 per cent over 2004 levels.



RECOGNITION OF RESPONSIBLE BUSINESS PRACTICES

INVESTOR INDEXES

A number of investor indexes provide business rankings based on information about a company's social, ethical and environmental policies and practices. They are based on the concept that a company's commitment to corporate social responsibility will sustain and grow long-term shareholder value. Enbridge is included in a number of investor indexes designed to recognize responsible business practices. These include:

Ethibel Sustainability Indices (ESI) - Pioneer & Excellence

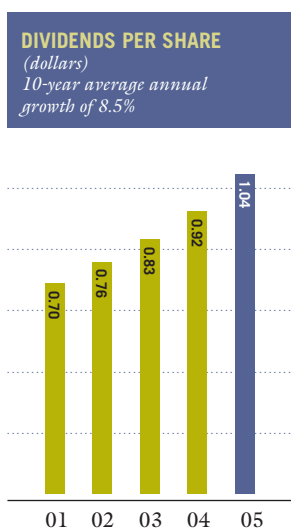
This index contains pioneer companies with respect to sustainability across sectors and regions in Europe, the Americas and Asia Pacific.

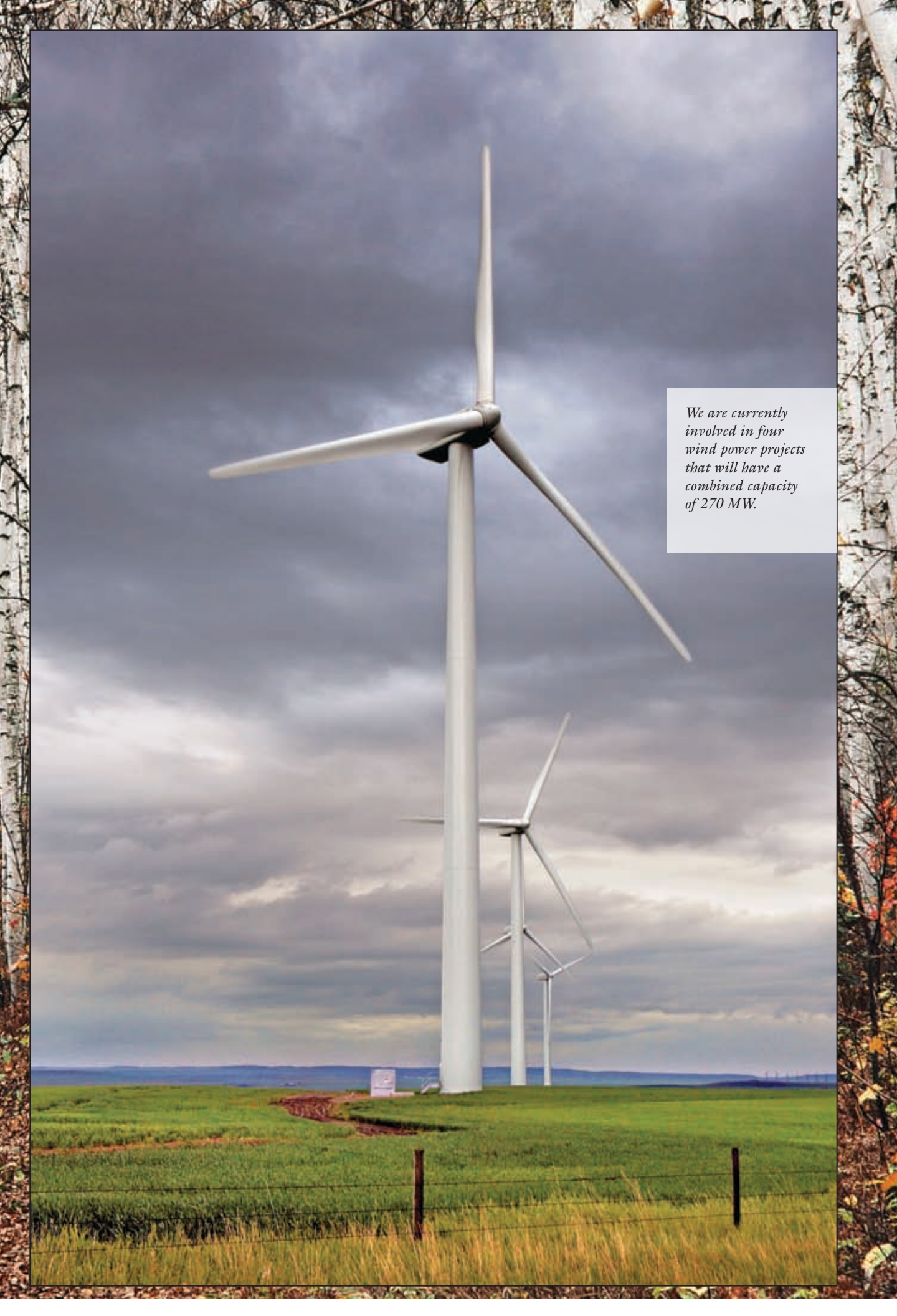
Jantzi Social Index (JSI)

The JSI, a socially screened, market capitalization-weighted common stock index modeled on the S&P/TSX 60, consists of 60 Canadian companies that pass a set of broadly based environmental, social, and governance rating criteria.

Desjardins Environment Fund

This fund's assets are invested in shares of corporations that contribute to maintaining and improving the environment. The Canadian fund is a well known environmental fund and to be included indicates that the company is doing a good job in managing environmental issues.





We are currently involved in four wind power projects that will have a combined capacity of 270 MW.

environmental performance

OUR TARGETS

Enbridge believes that to achieve a consistently strong environmental performance – a key indicator of success – we must set clear goals, find new and better ways to operate, stay on top of developing trends, and constantly challenge ourselves to improve. Following are some of the quantitative and qualitative targets that will help us further build our reputation for environmental leadership.

- Continue to invest in wind power and new energy technology to further our CSR strategy and capitalize on opportunities for economically attractive growth in the emerging energy sector.
- Reduce our Canadian direct greenhouse gas emissions (GHG) to 20 per cent below 1990 levels by 2010.
- Expand GHG reporting to include all our international operations and sponsored investments in the United States where we have operational control over CSR policies and procedures.
- Prevent all spills and leaks from our energy transportation and distribution systems.
- Conduct regular emergency response drills and simulations to test and improve procedures, and strive for continuous improvement in our understanding and management of security best practices.

OUR 2005 HIGHLIGHTS

- In 2005, we achieved our corporate target to reduce our direct Canadian GHG emissions by 15 per cent below 1990 levels.
- In 2005, Liquids Pipelines recorded 70 spills totaling 9,825 barrels. The majority occurred and were contained within the bounds of our fenced industrial facilities.
- For the first time, we are reporting on our Spanish GHG emissions and it is our intention to complete an inventory of GHG emissions from our Colombian and United States operations as soon as possible.
- We are currently involved in four wind power projects in Canada that will have a combined capacity of 270 megawatts.
- In 2005, we conducted about 190 emergency response exercises in Canada and the United States.

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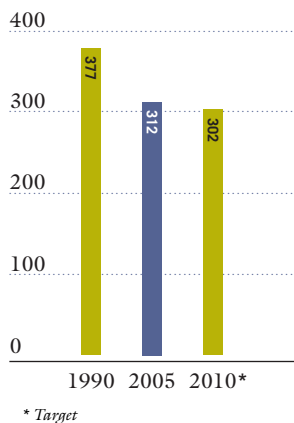
CLIMATE CHANGE

Climate change is an issue of strategic importance to all Enbridge businesses, regardless of where they operate.

As one of North America's major energy delivery companies, Enbridge operates and has equity ownership in an extensive network of pipelines and facilities to transport oil and natural gas to a wide variety of commercial, industrial and residential customers. Our international involvement includes a 24.7 per cent equity ownership of the Oleoducto Central S.A. (OCENSA) crude oil pipeline in Colombia and 25 per cent of Compañía Logística de Hidrocarburos CLH, S.A. (CLH), Spain's largest refined products transportation and storage business.

Our North American network includes natural gas gathering, processing, transmission and distribution pipelines that move natural gas from production fields to distributors, storage and ultimately to customers. Liquids pipelines transport oil and other liquid hydrocarbons across the continent. Each of these different types of pipelines and facilities has a unique mix of GHG emission sources and characteristics.

GHG EMISSIONS – CANADIAN OPERATIONS (thousand tonnes of CO₂ equivalent)



We view the development of a carbon management strategy to identify the risks and opportunities associated with our GHG emissions as an integral part of our broader commitment to CSR.

MANAGING OUR CLIMATE CHANGE INITIATIVES

Board CSR Committee

The CSR Committee of Enbridge's Board of Directors has specific oversight responsibility for the development of a carbon management strategy. This Board Committee is supported by Enbridge's senior management Corporate Leadership Team, as well as our Climate Change Sub-Committee.

Climate Change Sub-Committee (CCSC)

The CCSC meets monthly and provides focus for the corporation for all climate-change related activities. The CCSC reviews business and environmental risks associated with climate change and identifies policies and actions to mitigate this risk. Initially, the CCSC comprised representatives from our business units in Canada and the United States. To ensure a global focus, we expanded CCSC membership in early 2006 to include representatives of our international operations in Colombia and Spain. This committee also oversees the development of consistent internal methodologies for GHG inventorying and reporting and approves the reporting protocols to be used.

PUBLIC REPORTING

We have been publicly reporting GHG emissions from our Canadian operations since 1995 and use internationally recognized reporting protocols developed by the World Resources Institute and the World Business Council for Sustainable Development.

To provide a clearer picture of our global carbon footprint, Enbridge is currently expanding GHG reporting to include all of our international operations and our Sponsored Investments in the United States where we have operational control over CSR policies and procedures.

In this year's CSR report, we are for the first time reporting on our Spanish GHG emissions. Regarding our Colombian and United States operations, it is our intention to complete an inventory of GHG emissions from these assets as soon as possible. We anticipate that we will be able to report this information and our progress in setting GHG reduction targets for these business units in our 2007 CSR report.

Reporting to regulators

In Canada, while there is at present no regulation limiting GHG emissions, we submit data to the Canadian federal government's (Environment Canada's) mandatory GHG reporting program (www.ghgreporting.gc.ca/GHGInfo), as well as to the National Pollutant Release Inventory (www.ec.gc.ca/pdb/npri).

Our United States operations are not currently subject to any GHG regulatory regime. However, we actively participate in the United States Environmental Protection Agency's voluntary Natural Gas STAR Program and report our activities to them. (*See page 25 on broadening our commitment to the EPA's STAR program.*)

Reporting to stakeholders

In Canada, we 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 (www.ghgregistries.ca/challenge).

In early 2006, the Carbon Disclosure Project (CDP), through the Conference Board of Canada, 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. The CDP is a secretariat for the world's largest institutional investor collaboration on the business implications of climate change. CDP's website (www.cdproject.net) is the world's largest registry of corporate GHG emissions.

OUR TARGETS

The base year for our targets is 1990, when Enbridge consisted of only five Canadian-based companies that emitted 377 thousand tonnes of direct carbon dioxide-equivalent (CO₂e) emissions. Another 899 thousand tonnes of indirect emissions were a result of electricity consumed by Enbridge facilities and operations.

In 2005, Enbridge achieved its corporate target to reduce its direct Canadian GHG emissions by 15 per cent below 1990 levels.

Our new interim target is to reduce our Canadian direct GHG emissions to 20 per cent below 1990 levels by 2010. Given the expansion of our company's operations globally over the past few years, we will be reviewing our GHG target setting process as we continue to develop our broader corporate carbon management strategy. We will report on our progress in this area in our 2007 CSR report.

As of June 2006, the recently elected Canadian federal government had not stated its position on mandatory GHG emission reduction targets for companies such as Enbridge.

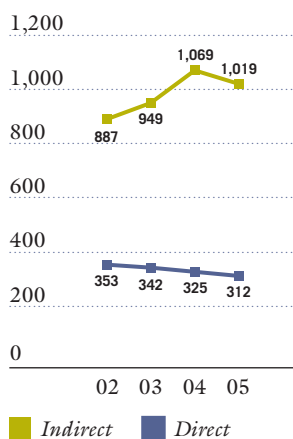
OUR PERFORMANCE IN 2005

In 2005, our Canadian operations had direct and indirect GHG emissions totaling 312 and 1,019 thousand tonnes of CO₂ equivalent emissions respectively. Direct emissions from our Canadian operations were 16 per cent less than in 1990, even though we delivered 33 per cent more liquids and 25 per cent more natural gas on our Canadian energy transportation and distribution systems. Enbridge Gas Distribution is our largest source of direct emissions in Canada and in 2005 was responsible for 90 per cent of our Canadian direct emissions.

We also continued to improve our emission *intensity* (our GHG emissions per unit of product transported). In 2005, emission intensity from our Canadian operations was 23 per cent better than in 1990. We are committed to further improving our emission intensity as part of our long-term carbon management strategy.

In Canada and the United States, our Enbridge business units undertake varying initiatives to address GHG emissions, depending on legislative and regulatory requirements. In each case, our approach has involved a management strategy to help Enbridge manage the risks from GHG emissions and take advantage of the opportunities. Some of the initiatives that have arisen from this strategy are described below.

GHG EMISSIONS – CANADIAN OPERATIONS
(thousand tonnes of CO₂ equivalent)



Improving energy efficiency of our liquids pipelines

Pipelines use significant amounts of energy to transport oil and other liquids over long distances. As a result, one of the major opportunities for managing GHG emissions in our liquids pipelines is to improve energy efficiencies. In 2005, through improvements to our Liquids Pipelines system in Canada, including improving pumping efficiencies, we realized savings of almost 46 gigawatt hours (GWh), enough electricity for about 4,200 houses a year, and an efficiency improvement of 3.3 per cent.

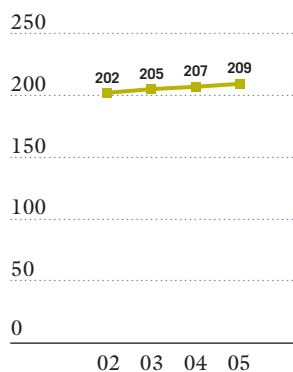
Correction: In our 2005 Corporate Social Responsibility report, due to an editing error, we incorrectly reported that through this program we had saved 1,174 GWh of electricity in 2004. In fact, we saved 69 GWh in 2004 on a total consumption of 1,474 GWh. We apologize for the error.

Replacing cast iron pipe in our gas distribution system

Natural gas is mostly methane (about 95 per cent), a significant GHG. This presents Enbridge with another important opportunity to minimize GHG emissions from our systems by limiting the release of natural gas into the atmosphere.

In our Enbridge Gas Distribution system, one of the ways we are reducing fugitive methane emissions is by replacing older cast iron pipe with new polyethylene and steel pipe. Since the start of this program, we have replaced 1,261 kilometres (784 miles) of our cast iron mains in Ontario. In 2005, these activities avoided the loss of 5.4 million cubic metres of natural gas, the equivalent of avoiding 76.4 kilotonnes of CO₂e. This program is expected to be completed in 2008.

NET DIRECT GHG EMISSION INTENSITY – CANADIAN OPERATIONS
(thousand tonnes of CO₂ equivalent per petajoule of energy delivered)



Encouraging the efficient use of natural gas by customers

We also reduce GHG emissions by helping our 1.8 million Enbridge Gas Distribution customers implement demand-side management (DSM) programs. These use a combination of tools, including information, audits and financial incentives, to encourage and enable customers to use natural gas more efficiently. Over the past decade, these programs have delivered 2.3 billion cubic metres of natural gas savings. This has resulted in “avoided” CO₂ emissions of about 4.3 million tonnes – the equivalent of removing about 930,000 cars from Ontario’s roads for a year.

Promoting renewable energy

Investing in emissions-free renewable energy is an important part of our contribution to mitigating the causes of climate change.

By 2007, Enbridge and Enbridge Income Fund investments in wind power will have the capacity to generate more than 270 MW. By displacing fossil fuel generating sources of electricity, our 270 MW of wind power generation will avoid 6.2 megatonnes of CO₂ equivalent emissions each year.

Enbridge Gas Distribution is also reviewing the role that renewable technologies could play in generating energy in a revitalized and refocused Ontario energy marketplace. Experience from elsewhere leads us to believe that new commercial opportunities exist in Ontario and beyond for the successful deployment of technologies such as ground source heating, solar thermal, and solar photovoltaic (PV) systems. We are now conducting feasibility studies to determine the optimum combination of such technologies with natural gas within a district energy and individual residential energy delivery framework. We already use solar PV technology at three of our sites and we are also looking at expanding the use of these technologies, such as ground source heat on our own gas delivery system to help reduce our GHG footprint. Our Liquids Pipelines group has also installed solar PV panels at 21 of their remote block valve sites to provide power between the months of April and October. *(Please see the Sustainable Energy Commitments section on pages 38 to 41 of this report for more information about our commitment to renewable energy.)*

Broadening our commitment to the EPA's STAR program

We are committed to minimizing our environmental impacts through participation in voluntary programs that promote GHG emission reductions, spill prevention and pipeline integrity. Lowering air emissions and reducing loss of product is better for the environment, good for our customers and good for our bottom line.

Our United States Natural Gas Business is an active participant in the Natural Gas STAR Program, which the United States Environmental Protection Agency (EPA) introduced to encourage companies that produce, process, and transmit and distribute natural gas to implement cost-effective technologies and practices that reduce emissions of methane, a greenhouse gas.

Since the STAR program's inception in 1993, 110 partner companies have eliminated 9.6 billion cubic metres (338 billion cubic feet) of methane emissions – the equivalent of removing more than 27 million cars from the road for one year or planting more than 103 million acres of trees. At the same time, partner companies have saved over US\$1 billion by keeping more gas in their systems for sale in the market. Our United States Natural Gas Business has been a STAR program partner since late 2003, when we enrolled our 35 gas processing plants and 13,000 kilometres (8,000 miles) of intrastate pipelines in the program.

In 2005, our STAR program activities helped us avoid the loss of 37 million cubic metres (1.3 billion cubic feet) of methane or about 527,000 tonnes of CO₂ equivalents. Most of these reductions resulted from our use of aerial infrared imaging to identify pipeline methane leaks. In 2005, we conducted routine monthly surveys, flying over approximately 960 kilometres (600 miles) of lines and discovering and repairing 32 leaks.

We have been so pleased with the methane emission reductions we have achieved through the STAR program that in November 2005 we enrolled our interstate natural gas pipelines, which are located in the United States Midwest and along the United States Gulf Coast area and include our offshore pipelines, to participate in the program.

Also in November 2005, the EPA recognized our United States Natural Gas Business as the 2004 STAR Processing Partner of the Year at its annual conference and awards ceremony. We received the award largely due to our use of innovative leak detection technologies in helping to reduce methane emissions.

Compañía Logística de Hidrocarburos CLH, S.A. (CLH)

Although not currently required by the European Union to report their CO₂e emissions, CLH has been internally tracking and reporting its basic data to allow its GHG emissions to be calculated. Under the auspices of Enbridge's Climate Change Sub-Committee, we are currently developing internal data management systems to allow better tracking, verification and reporting of GHG emissions from CLH.

Oleoducto Central S.A. (OCENSA)

As an ISO 14001 certified company, OCENSA has developed the internal management systems to allow the tracking of data to calculate their GHG emissions. Under the guidance of the Enbridge Climate Change Sub-Committee, the company is developing internal procedures to allow calculations and public reporting of its GHG emissions in the future. This is being managed by an external consultant and we anticipate that we will be able to report OCENSA's GHG emissions in our 2007 CSR report.

CONTRIBUTING TO CLIMATE CHANGE POLICY

With the ratification of the Kyoto Protocol, Canada pledged to cut its GHG emissions by six per cent from 1990 levels by 2012. However, the recently elected federal government has stated publicly that Canada will not reach its Kyoto targets and has indicated it is seeking a "made-in-Canada" response to climate change.

As the federal and provincial governments develop major climate change policies, Enbridge is and will remain actively involved in discussions with them and is committed to providing constructive input and balanced approaches. We will also remain engaged in the discussions through key industry bodies, including the Canadian Gas Association, the Canadian Association of Petroleum Producers, the Canadian Energy Pipelines Association, and the Canadian Energy Partnership for Environmental Innovation.

In the United States, our company monitors and provides input to policy development, regulatory processes and legislative actions, which are driven by clean air standards, including lowering GHG emissions.

AIR QUALITY

OUR IMPACTS

The major air emissions released by Enbridge facilities include methane, carbon monoxide, nitrogen oxides (NO_x) and volatile organic compounds (VOCs). Other contaminants released but in much smaller quantities include sulphur dioxide (SO₂), hydrogen sulphide and particulate matter.

We work to keep emissions to the air from our operations below regulated limits. In some cases, we have introduced environmentally friendly technologies in our plants that reduce air contaminant emissions.

On tanks, the largest source of emissions for Liquids Pipelines, we regularly inspect emission control devices and replace or repair them to ensure they meet regulatory criteria. At our Cushing, Oklahoma terminal we are replacing several older, high-emission storage tanks with new, low-emission tanks.

In large urban centres, such as the Greater Toronto Area, we also take an active role in promoting cleaner fuels and vehicles.

OUR PERFORMANCE

Reporting criteria air contaminants

Criteria air contaminants are a group of common air pollutants released from sources, including incineration, industrial production, fuel combustion and transportation vehicles. We have established programs setting our roles, responsibilities and timelines for reporting our criteria air contaminant emissions to various government agencies in Canada and the United States.

In Canada, Enbridge Gas Distribution and Liquids Pipelines track and report annual criteria air contaminant emissions under the National Pollutant Release Inventory. The air contaminants covered under the regulation include NO_x, SO₂, VOCs, carbon monoxide and particulate matter.

In the United States, we track and report criteria air contaminant pollutants from our liquids pipeline terminals and our natural gas system to state regulators. Under United States regulations, these emissions cover NO_x, SO₂, particulate matter, ozone, lead and carbon monoxide.

Managing emissions from gas plants

Our United States Natural Gas Business operates 23 gas processing plants, seven gas treating plants and five processing and treating plants in Mississippi and Texas. These facilities release various air emissions, including sulphur dioxide and nitric oxides.

We continually look for opportunities to upgrade our gas facilities and pipelines in ways that contribute to operating, environmental and safety goals. One example is acid gas injection, which uses advanced technology to compress acid gas, primarily hydrogen sulphide and carbon dioxide, and inject the gases into suitable underground reservoirs, thereby avoiding emissions to the atmosphere.

Our first acid gas injection plant, which is located in Wayne County, Mississippi, and opened in 2004, has cut sulphur dioxide emissions by about 130 tonnes a year, compared with previous plant levels. We will open our second acid gas injection plant in 2006 in East Texas. When working at full capacity, this US\$8.4 million facility is expected to cut annual emissions of carbon dioxide by about 50,000 tonnes and sulphur dioxide by about 78 tonnes, compared with a traditional gas treating facility.

Promoting markets for cleaner vehicles

For more than 20 years, Enbridge Gas Distribution has been building and supporting the natural gas-vehicle (NGV) market in Ontario. In addition to encouraging others to use natural gas as a cost-effective, environmentally friendly transportation fuel, over 80 per cent of our fleet is made up of low-emission natural gas vehicles and we have introduced a natural gas van pool for employees. (See sidebar article on page 28.) In these and other ways, Enbridge remains a leader in advocating the use of natural gas-powered vehicles, providing an economical solution to the impacts of vehicle emissions on urban air quality.

On behalf of the Canadian NGV industry, Enbridge led an initiative in 2005 to expand the number of vehicle choices available to customers. This was in response to purchasing incentives offered by the federal government's climate change program for vehicles meeting United States Environmental Protection Agency certification, which is one of the highest standards in the world. The initiative resulted in certification of eight new engine platforms being sold across Canada.

Enbridge continues to work with stakeholders through the Canadian Natural Gas Vehicle Alliance and with all levels of government to develop a longer-term national vision/plan for alternative fuels that should lead to a sustainable NGV industry. Canada's new federal government is re-evaluating all climate change funding and we are hopeful of continued support in 2006.

Encouraging alternate transportation options for employees

We are encouraging our employees to use alternate modes of transportation to get to work, including public transit, which we view as part of the solution to urban air quality issues. Every June, Enbridge Gas Distribution participates in Pollution Probe's Clean Air Commute program, a week of friendly competition in which employees can win prizes for commuting in an environmentally friendly manner to work. In 2006, we won the Commuter's Cup challenge, in which we competed with Toronto Hydro and Ontario Power Generation in two categories: percentage of employee participation (Enbridge Gas Distribution achieved 32 per cent); and participation by senior management. Three members of our executive management team – Glenn Beaumont, Vice President, Engineering; Jane Habermusch, Director,

TORONTO EMPLOYEES JUMP INTO THE POOL

Enbridge employees who commute from Barrie, Ontario to our Toronto office are trying out a new way to get to work. It's called the Employee Van Pool and currently seven

employees are driving to work together to save costs, reduce emissions and cut down on stress.

The van, which is fuelled by cleaner-burning natural gas, costs its passengers about \$200 per month each, but each participant saves about \$2,000 per year in fuel and parking costs.

Here's how it works. One of the passengers drives the van each week and this responsibility is rotated among the employees, who first have to take the company-sponsored driving evaluation class. The passengers get together to agree on pick up/drop-off times and locations. The van pool has been operating for about a year and can take up to nine employees.

"One of the great things about the van pool is not only are we helping reduce emissions by driving together in a natural gas vehicle, but we are also saving ourselves some of the stress of being in traffic," says van pool coordinator Tim Adamson, Program Manager for Sustainable Energy. "It's great to sit back and do some work or some reading while driving to work. When you get to the office, you aren't stressed out from fighting traffic."

And by taking their seven cars off the road, these Enbridge employees are saving about 30 tonnes of smog and greenhouse gases annually from being emitted.

Lisa Crone, a Human Resources consultant at Enbridge's Toronto office, has been riding the van pool since September 2005 and loves the money she saves, and the fact she arrives at work stress-free.

"It is a much more fun way to get to work," says Lisa. "And it just makes sense on so many different levels. Obviously we are saving money and the wear and tear on our own vehicles, but we are also helping the environment. It has really been a great team effort on everyone's part to make this work."

Human Resources; and Lino Luison, Vice President, Opportunity Development – each drove a Honda Civic GX NGV during the Clean Air Commute week. Altogether, Enbridge employees prevented 10.5 tonnes of emissions from entering the atmosphere.

In collaboration with SMART Commute, an Ontario-based initiative to reduce traffic congestion and take action on climate change through transportation efficiency, Enbridge Gas Distribution is working to help form a Transportation Management Association in the area of our Victoria Park Centre office in Toronto. We are also looking at developing more sustainable ways for employees to get to work, such as 'vanpooling' (*see sidebar article on this page*), carpooling, active commuting (walking or cycling) and telecommuting. With these initiatives, we are looking for multiple benefits – not only lower vehicle emissions and cleaner air, but also, for our employees, lower stress levels, increased healthy physical activity, reduced personal vehicle costs, and higher morale and personal engagement.

Our United States Natural Gas Business's head office in Houston encourages employees to ride public transportation to work by covering the cost of their transit fees. As a result of this program, our Houston office received a Commuter Award in 2005 from Houston's Best Workplaces for Commuters Coalition. The award, which we have received every year since 2003, recognizes Enbridge as a Houston-area employer that is committed to reducing traffic and air pollution and improving the quality of life for commuters.

Natural gas fuel benefits northern air quality

In northern communities such as Inuvik, Northwest Territories, natural gas provides an environmentally attractive alternative to diesel and heating fuel, decreasing local air emissions and avoiding oil transportation emissions.

Enbridge has a 33 per cent interest in Inuvik Gas Ltd., the first commercial development of natural gas in Canada's Mackenzie Delta. The project began distributing gas to the town of Inuvik in 1999.

In 2005, natural gas consumed by the Inuvik Gas project, including gas delivered to the Northwest Territories Power Corporation, displaced about 14.3 million litres of diesel oil, the equivalent of 360 tractor-trailer loads. By providing a cleaner burning energy source, the project is also benefiting the environment by avoiding the emission of more than 12.62 kilotonnes (kt) of carbon dioxide (CO₂).

OZONE-DEPLETING SUBSTANCES

We have eliminated ozone-depleting substances from most of our operations. However, we do continue to use halocarbon containing equipment (in vehicles, drinking water fountains, refrigeration, and air conditioning systems), as well as halon-containing equipment (fire extinguishers) at some facilities.

In 2005, we developed a draft environmental management plan (EMP) addressing ozone-depleting substances that will be finalized and implemented during 2006 at all our Canadian operations. The plan will be reviewed every three years and updated as necessary to reflect changes in applicable legislation. Compliance with the plan will be reviewed on a regular basis through our environmental review program. This EMP includes a phase-out plan for halon-containing fire extinguishing equipment. In addition, Enbridge will strive to find alternatives to minimize its use of other ozone-depleting substances.

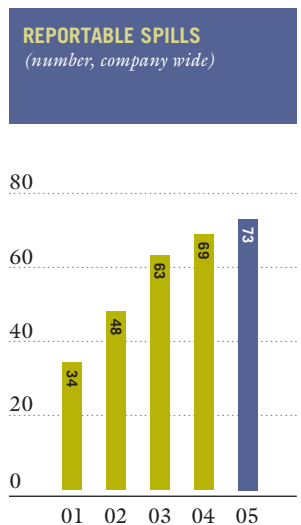
SPILLS AND RELEASES

Our goal is to prevent all spills and leaks from our energy transportation and distribution systems. We carry out spill prevention and detection preventive maintenance programs as part of comprehensive integrity management of our pipelines and facilities. Our communication programs also keep property owners and neighbours along our rights-of-way informed about our system and enlist their help in the prevention, detection and safe response to pipeline spills.

OUR IMPACTS AND PERFORMANCE

In 2005, Liquids Pipelines recorded 70 reportable liquid spills totaling 9,825 barrels from our transmission pipelines in Canada and the United States. However, the majority of those spills occurred and were contained within the bounds of our fenced industrial facilities (stations and terminals). Such locations typically have far more complex piping, valves, fittings and the like compared to our cross-country pipelines. The increase in leaks over the last five years is attributed to the growth and expansion of the Liquids Pipeline system. Nevertheless, our goal is zero releases and to minimize potential environmental impact should a release occur. That is why, in addition to rigorous system-wide integrity programs and processes, we have implemented additional focused programs including the Small Piping Integrity Program and spill containment enhancements, which are described in the Pipeline and System Integrity section of this report. (See pages 30 to 32.)

Our United States Natural Gas Business recorded three reportable spills in 2005 totaling 48 barrels equivalent. Our gas pipelines and Enbridge Gas Distribution had no reportable spills. (A reportable spill is any spill reportable to a regulatory jurisdiction.)



In the case of any spill, we carry out emergency response procedures to immediately shut down the system, contain the spill and manage potential impacts to the environment and public safety. We also work closely with landowners, regulatory agencies and other concerned parties to develop remediation and monitoring plans, collecting as much of the product as possible and verifying that residual contaminants are appropriately managed.

PIPELINE AND SYSTEM INTEGRITY

Pipelines are proven to be the safest, most efficient way to transport petroleum products. Our ongoing monitoring and maintenance programs contribute to that safe operation.

At Enbridge, we endeavor 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 maintain high standards of operating and Environmental, Health and Safety (EH&S) performance and contribute to public confidence in our systems.

OUR PERFORMANCE

Broadening system integrity in Liquids Pipelines

Many federal regulations governing our liquids pipelines operations in Canada and the United States focus on system integrity issues. We have set corporate leak reduction targets across our Liquids Pipelines system, and performance goals are now linked to corporate and individual performance and compensation.

We are taking a proactive approach to spill containment and leak reduction. In 2005, we put a major focus on developing spill containment sites by installing berms and pipe systems at key locations in Canada and the United States. We also focused on reducing small leaks and developing new standards and procedures to address facility incidents.

We initiated a Small Piping Integrity Program, which will result in an improved engineering standard for new connections and replacement of existing small piping connections to prevent future leaks.

In 2006, Liquids Pipelines took a further step by establishing a Leak Reduction Team composed of cross-functional departments to assess leak incidents and develop new integrity programs, standards and equipment specification changes, and procedure changes targeted at reducing leaks.

Innovating to improve underwater pipe repair

They say that necessity is the mother of invention, and our Liquids Pipelines operation in the United States proved the point in 2005 when it needed to repair a dent on an underwater section of our Lakehead Pipeline system crossing the Mississippi River in north-central Minnesota.

Working with an environmental service company, Enbridge developed an innovative solution – a submersible repair habitat that clamps over pipe and creates a dry space that allows workers access to pipe sections to perform required repairs and keeps this important waterway open for business. The 12,250-kilogram (27,000-pound) submersible is designed to be versatile so that it can be used on 18- to 36-inch pipe sections at water depths of up to nine metres (30 feet).

Designed and constructed initially, but not exclusively, for use on the Mississippi River, the habitat has many benefits. It is less intrusive to the environment and waterway traffic because it does not require damming of the river. It provides workers a normal atmosphere to make a repair using dry welding techniques, rather than using wet welding or other wet repair methods. It also provides a strong, safe and continuously monitored atmosphere for the repair process.

Carrying out pipeline integrity “digs”

Our ongoing program of maintenance “digs” involves excavating sections of pipeline to inspect and repair pipe to maintain high levels of system integrity. In 2005, we completed 350 digs along our mainline Liquids Pipelines system in Canada and the United States.

Our goal is to conduct all maintenance digs to the highest environmental standards. Before beginning work, we complete screening tests to identify environmental issues and measures needed to minimize our impacts to land, vegetation and wildlife. We conduct similar environmental reviews for other small engineering and operation and maintenance projects. We also train inspectors and contractors on safety and environmental requirements and best management practices, and provide environmental specifications for these projects.

Inspecting gas distribution pipe in Toronto

In accordance with pipeline integrity regulations in Ontario, Enbridge Gas Distribution continues to perform in-line inspection of its pipelines that are operating at high stress. In-line inspection is a key part of our inspection program, providing a proactive means to ensure a safe and reliable distribution system. We have been carrying out on schedule our baseline inspection plan, which prioritizes inspection of these pipelines by risk.

In 2005, we completed in-line inspection of the 55-kilometre pipeline that runs between Barrie and Collingwood, Ontario. As a result of data obtained during such in-line inspections, we are able to identify and repair pipeline defects, thereby preventing them from becoming a concern in the future.

Pipeline Integrity Management Program

In 2005, our United States Natural Gas Business focused on its Integrity Management Program (IMP), which was introduced in the previous year to comply with a federal regulation requiring gas transmission pipeline operators to develop such programs for pipelines located where a leak or rupture could do the most harm. Under the regulation, operators are required to: perform ongoing assessments of pipeline integrity; improve data collection, integration, and analysis; repair and remediate pipelines as necessary; and implement preventive and mitigation actions.

Our comprehensive IMP initiatives in 2005 included:

- assessing pipeline segments that are located in high-consequence areas on a prioritized basis;
- developing aerial maps to aid in the assessment;
- adding enhanced processes and procedures to ensure compliance with new regulations regarding audit protocols that were introduced during the year;
- expanding the Systems Integrity department to manage the added work stemming from the regulation;
- training personnel about the IMP and developing a new intranet website to communicate our IMP initiatives to all internal stakeholders; and
- adding a Pipeline Integrity section to the Enbridge Energy Partners, L.P. website (www.enbridgepartners.com) to communicate the efforts we are making to protect people and the environment while ensuring a reliable energy transportation system.

In the first quarter of 2006, the United States Pipeline Hazardous Materials and Safety Administration (PHMSA) conducted an audit of our United States Natural Gas Business's IMP. The audit was a joint effort between federal and state inspectors to help ensure compliance with federal safety regulations.

ArcGIS Pipeline Data Management System

In 2005, the United States Natural Gas Business began developing an integrated geographic information system for pipeline data management, which will contribute to compliance with new federal pipeline safety regulations requiring operators to improve data integration and analysis.

Corrosion Control Manual

The United States Natural Gas Business introduced a new Corrosion Control Manual in 2005 to provide guidance on the proper design, installation, operation and maintenance of internal and external corrosion prevention systems for oil and gas pipeline systems.

Hurricane preparedness

In 2005, the United States Natural Gas Business developed new processes and procedures in response to hurricanes Rita and Katrina to aid in the safe return to service of facilities subject to a damaging event.

Enbridge continues to maintain an active risk management program that includes comprehensive insurance coverage, notwithstanding a constrained insurance market. However it is anticipated that related costs will increase in the form of higher insurance premiums and deductibles as well as longer waiting periods for business interruption claims. It is expected that the incidence and severity of windstorm occurrences, and the company's direct experience in the Gulf of Mexico, will dictate future costs and coverage levels in this region.

Tank integrity management

The United States Natural Gas Business is developing a tank integrity testing program in response to a new United States Environmental Protection Agency (EPA) rule requiring testing on a scheduled basis. The rule is part of the EPA's new spill prevention, control and countermeasure regulations for storage facilities that went into effect in 2006.

MONITORING AND REMEDIATING PAST ACTIONS

Throughout our Canadian and United States Liquids Pipeline systems, we conduct programs to assess historic leak sites. Some of these sites have been in existence for more than 50 years and, in many instances, the contamination has resulted from practices that were the standard of the day but are no longer acceptable. We assess historic release locations systematically and take further actions where warranted.

OUR PERFORMANCE

Some examples include:

- In Canada, Enbridge continued to work on its mainline leak site remediation program. During 2005, delineation/monitoring/remediation continued at 22 contaminated sites. We progressed one of these sites to the point where we deemed no further action is required. In addition, we carried out initial investigations at three historic leak sites. Results indicated the need for additional investigation at two of the sites and continued monitoring at the third site.

- In the United States, Liquids Pipelines initiated an assessment – including file review, mapping and risk analysis – of historic leaks on our Mid-Continent Liquids System, which we acquired in 2004. In 2006, we are taking additional steps, including site visits and possibly additional investigation and remediation if warranted at any locations. We are also initiating a review of historic releases along our Spearhead Pipeline system. Enbridge acquired this pipeline in 2003, refurbished it in 2004 and 2005, and placed it in service in March 2006 after reversing the direction of flow.
- Our United States Natural Gas Business’s plant in Springtown, Texas, treats and processes gas. Past operations at the plant, before Enbridge ownership, released hydrocarbons, which have been detected in local groundwater. In 2005, we completed an evaluation that confirmed there is hydrocarbon contamination in the soil and groundwater of the site and adjacent properties. We are now working with state regulators to have a remediation program approved and implemented.



**NOTEBOOKS
DISPLAY CREATIVITY
AND HELP THE
ENVIRONMENT**

A little bit of initiative can go a long way toward saving a lot of paper as the Calgary Office Environment, Health and Safety Committee (COEHSC) discovered last year when they came up with an innovative idea.

The committee decided to collect the banner pages produced from print jobs in the Calgary office and turn them into notebooks. In addition, they were also able to use several thousands of sheets of paper that were sitting in storage, leftover from an old print job.

That created a lot of notebooks and the rest is history. “Basically what this project does is take out one extra stage of energy consumption,” says Paul Millar, Supervisor, Corporate Administration in Calgary. “So instead of directly recycling all those banner pages, they can be used first and then recycled.”

The notebooks were used as giveaways at Enbridge family events as well as given away to a few Calgary community organizations.

Early in 2006, the committee proposed they take on the project. *(See story on page 45 for more information about the committee.)* They agreed and used the notebooks to acknowledge Earth Day in the spring of 2006. Each employee received two notebooks. As an added bonus, the notebooks contain environment, health and safety tips on each page.

“To date this initiative has given approximately 150,000 pieces of paper new life, rather than going directly to recycling,” says Paul. “All it takes is a little bit of environmental awareness and some creativity to make a difference.”

B I O D I V E R S I T Y C O N S E R V A T I O N

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

We carry out detailed environmental impact assessments for new pipeline projects to comply with regulations and meet our own standards. These studies include review of potential routing alternatives and routing or work space restrictions to avoid, minimize or mitigate impact to sensitive resources. For example, in consultation with natural resource management agencies, it may be determined that minor alignment changes of a pipeline or modifying work space will potentially eliminate or greatly reduce both short- and long-term impacts from construction. In past projects, this has included preserving old growth pines or avoiding specific locations of endangered species or their habitat, and similar reviews are currently under way for pending projects such as our Southern Access pipeline project.

We also evaluate water body crossings on a case-by-case basis to minimize impacts to rivers and streams. We incorporate environmental review procedures into all sizes of projects and provide related training or guidelines to employees and contractors.

OUR PERFORMANCE

Mapping pipelines for species at risk

In Canada, some of our liquids pipelines are regulated under the Species at Risk Act, which provides legal protection of wildlife species and the conservation of biological diversity. We have mapped the Canadian mainline system, using digital mapping technology, to identify areas along parts of our right-of-way where there may be species at risk. We have further consolidated this information into a database tool that enables safety and environment staff to identify sensitive wildlife habitat at specific locations before our company undertakes smaller projects or pipeline maintenance digs.

In the United States, a number of our mainline segments have digital data regarding threatened or endangered species on or near our right-of-way, and maintenance activities are reviewed and planned to include appropriate avoidance measures or restrictions.

Restoring wetlands

In the United States, the environmental assessment we conducted before starting the expansion of our East Texas natural gas system showed our construction activities would result in the loss of some wetland areas. In line with regulatory guidelines, our aim was to more than offset this damage either by preserving or restoring wetlands. In this case, we made an arrangement with a private third party to restore 230 hectares (566 acres) of wetlands in Texas. Through this arrangement, Enbridge will pay the third party to perpetually deed-restrict the property as wetland, restore the wetland through replanting and monitor its return to an active wetland area. As a result, we will restore considerably more wetlands than were lost through the pipeline construction.

Riverbank and waterway conservation

Enbridge is committed to protecting the environmental integrity of waterways in and around its operations.

In 2005, Liquids Pipelines restored two riverbank areas in Ontario where its pipelines are located and continued work on a third. Working in conjunction with Parks Canada, we restored 25 metres (80 feet) of riverbank on the historic Rideau Canal waterway, the oldest continuously operated canal in North America, in an area where our pipeline crosses the canal north of Kingston. We put in large rocks to protect the banks from waves, landscaped the banks, and planted shrubs to preserve soil from erosion.

We also took the initiative to restore a 20-metre (66-foot) section of the banks of Hager Creek that is located in a green space in the City of Burlington. Our pipeline crossed above the creek, the banks of which had eroded over the years. Residential housing was starting to encroach on the area and we were concerned about leaving the pipe exposed. With approval from the city, we installed a culvert under our pipe for the creek to flow through, covered the pipe with soil overlain with large stones to protect it, and then restored and stabilized the steep banks of the creek with erosion control blankets and very specific vegetation to prevent future erosion.

Several years ago, erosion had exposed pipe in Oakville, Ontario, at three locations on Joshua Creek. It is believed the creek's flow pattern changed sometime after Hurricane Hazel hit the Toronto area with devastating force in 1954. Following public consultation, we realigned 130 metres (425 feet) of the creek to its pre-1950 location. We have been monitoring the creek since carrying out this work and in 2005, we reworked several areas to allow the creek to follow its natural flow pattern. As requested by the Federal Department of Fisheries and Oceans, we will continue to monitor the creek in 2006 to ensure the flow pattern is maintained.

W A T E R

OUR IMPACTS

Enbridge recognizes the potential impacts our operations can have on surface and ground-water resources. To avoid or minimize potential impacts to water quality, we have taken the following measures:

SURFACE WATER

We have established standards and procedures for managing water runoff from our facilities and during pipeline construction. We have many controls in place, including berms and containment areas to prevent offsite contamination, as well as inspection and controlled discharge procedures.

We occasionally acquire and discharge water to hydrostatically test the integrity of new or existing pipelines. Since existing pipeline sections have transported liquid petroleum or natural gas, we analyze and treat this test water, as needed, before returning it to the environment.

We also carry out an active program to monitor our potential impacts on groundwater from existing facilities in some of our business units in Canada and the United States.

GROUNDWATER

In 2005, Liquids Pipelines conducted a comprehensive review of its groundwater quality monitoring programs in Canada and the United States. The review highlighted several differences and, as a result, we aligned the programs so that we now have one common approach in both jurisdictions.

Also in 2005, we added groundwater monitoring networks at three facilities in Canada and monitored existing pipeline networks at 17 facilities. We identified no issues that required immediate attention. The scope of our work for 2006 includes the installation of up to three new networks, as well as continued monitoring of existing networks.

In the United States, we assessed 10 new sites. This work involved a review of past history and surrounding land use, as well as groundwater monitoring and testing. As relevant, we expand this proactive monitoring effort to include new acquisitions and, in 2005, work included several locations along our Ozark Pipeline, which we acquired in 2004. We identified no issues that required immediate attention. We placed the Spearhead Pipeline system, which runs from Chicago, Illinois to Cushing, Oklahoma, in service in March 2006. Consequently, we will include Spearhead in the program to assess sites within that system.

W A S T E

OUR IMPACTS

Our operations produce mostly non-hazardous wastes, consisting of paper, scrap metals, package materials and construction-related materials. Typically, our operations generate only limited amounts of hazardous wastes. Overall, we make every effort to reduce our waste volumes, regardless of hazard classification, through measurement and management programs at our various facilities.

OUR PERFORMANCE

We minimize the amount of waste from our operations, wherever possible, by reducing the amount of waste we generate or by finding beneficial ways to reuse waste by-products. One of our priorities is to promote consistent waste management practices across our businesses. The development of waste management tracking and training programs helps our employees achieve better waste recovery and meet regulations.

Waste management and minimization in the United States

In 2006, our United States Natural Gas Business published a comprehensive Waste Minimization and Management Plan, a one-stop reference to assist operating personnel in determining the best practices for handling all types of waste generated at Enbridge facilities. We wrote the plan from a field perspective, providing step-by-step procedures for

MAKING A DIFFERENCE WITH DISTRICT ENERGY

In their effort to lower energy costs and greenhouse gases, communities across North America and around the world are turning to a system that the ancient Romans first

developed to heat their buildings and communal baths.

The Roman hypocaust district heating system circulated warm air underground, under floors and between walls from one central heat source.

The modern day equivalents – called district energy systems – use natural gas, oil and other energy sources to produce steam, hot water or chilled water, which then moves underground through a dedicated piping network to heat or cool buildings within a designated area of a community. District energy plants often also include power generation to provide local electricity needs.

Enbridge Gas Distribution is working with communities in the Toronto area to provide district energy solutions to homes, offices and classrooms.

Since the late 1990s, we have been working with the Town of Markham to develop a world-class district energy system. We helped Markham District Energy Inc. design their first plant, which uses high-efficiency natural gas boilers, chillers and a natural gas cogeneration facility with waste heat recovery technology.

Our ongoing support includes improving plant efficiency through demand-side management and helping to expand their system to serve Markham Centre, a new downtown that will be home to more than 25,000 residents and 17,000 employees. When fully developed, Markham's district energy system will achieve a 50 per cent reduction of local greenhouse gas emissions.

Enbridge is also working on similar district energy initiatives with the University of Toronto, York University, and Enwave, one of the largest district energy systems in North America that provides heating and cooling services to more than 130 institutional and commercial buildings in downtown Toronto.

managing waste – from identification and testing, to handling and properly disposing of waste, as well as how to minimize waste by eliminating, reducing in volume and/or toxicity, recycling or reclaiming generated waste whenever possible.

Disposing of nuclear densitometers

When Liquids Pipelines acquired the assets that we renamed the Spearhead Pipeline, which runs from Chicago to Cushing, Oklahoma, we inherited from the previous owner eight nuclear densitometers that no longer fit our operations. The densitometers, which are used to measure the density of crude oil, contain radioactive material. We wanted to find the best and safest means to dispose of the densitometers, so, in 2005, we followed the United States Nuclear Regulatory Commission's requirement to utilize a licensed disposal company to manage the removal and disposal, which was done successfully.

Tracking waste at Enbridge Gas Distribution

In 2005, Enbridge Gas Distribution generated about 1,098 tonnes (2004 – 998 tonnes) of non-hazardous waste. Of this total, 497 tonnes, or 45 per cent of the total weight, were diverted from landfill.

Enbridge Gas Distribution reports liquid and solid hazardous waste materials to the Ontario Ministry of the Environment's Hazardous Waste Information Network. In 2005, we reported just over 908,000 litres of liquid hazardous waste, compared with 230,000 litres in 2004. The major increase was due to a project to place regulator station equipment

underground at a site that was a former manufactured gas plant. The soil was deemed contaminated, and all water that came into contact with the soil (including rain water) during the project had to be disposed of as hazardous waste. We also reported just over 1,050 kilograms of solid hazardous waste in 2005, down 54 per cent from the previous year.

Employee commitment

By making a personal commitment to waste recycling, Enbridge employees across the company are demonstrating that even small initiatives can go a long way to protecting and improving the environment.

For example, employees with Liquids Pipelines' eastern Canada operations have rolled out a program to collect small batteries used in calculators and other equipment, ensuring the batteries are sent to hazardous waste disposal areas. They also mark Earth Day every year by holding a 'clean-up day' at our facilities, ensuring all the waste they collect is disposed of correctly. For their part, employees with Liquids Pipelines' western Canada operations have been pitching in over the past eight years to keep the ditches clean on a section of highway near Edmonton as part of Alberta's Adopt-a-Highway program. In 2006, they also introduced a program to encourage all of their employees to recycle as much as possible, establishing stations in facilities where waste can be segregated – white and coloured paper; cans and bottles – before being sent out for recycling.

ENERGY USE

OUR IMPACTS

Our liquids pipeline transportation systems in Canada and the United States primarily use electrical pumps, while our natural gas gathering and transmission systems mainly use natural gas as fuel. In Alberta, 13 per cent of Enbridge's pipeline electricity requirement is supplied by the Magrath wind power project, in which Enbridge holds a 33.3 per cent share. Our Enbridge Gas Distribution system in Ontario is powered by electricity and natural gas. Diesel fuel and natural gas are used to drive pumps in remote locations along the Enbridge Norman Wells (NW) system in the Northwest Territories.

OUR PERFORMANCE

Lower electricity use in Liquids Pipelines

In 2005, electricity use on the Liquids Pipelines system was 2,757 gigawatt hours (9,925 thousand gigajoules), enough power to supply more than 260,000 homes. Energy use on the system was 7.2 per cent lower than 2004 levels while throughput was down 6.4 per cent.

Optimizing natural flow rates for pipelines

As products on our pipelines and power contracts change, we continually review natural flow rates for our liquids pipelines. The rates are designed to optimize pipeline operating pressures to match equipment and the types of crude oil transported. By applying these rates to the pipeline, we expect to lower the high costs of fuel and reduce maintenance.

Managing energy use in Enbridge Gas Distribution

In Enbridge Gas Distribution, we carry out a comprehensive energy management program to minimize electricity use. We build energy efficiency into our various facilities by improving lighting, heating, information technology, and ventilation and cooling systems. At our Toronto headquarters, these efforts have continually lowered our energy consumption despite using the available building space more intensively and adding equipment.

In 2005, we rebuilt the infrastructure of our Data Centre, replaced overhead lighting, and completed other projects that reduced consumption. We installed a new gas-fired standby generator that can allow the building to run independent of the hydro grid in emergencies and can supply power to the grid at peak pricing periods.

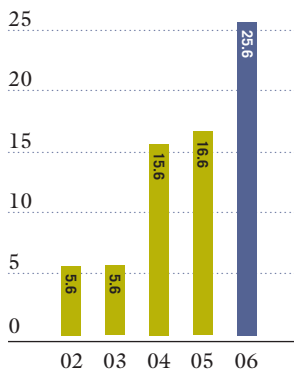
Enbridge Gas Distribution and other building owners such as North York General Hospital and Ontario Power Generation cooperate in a program with Toronto Hydro to remotely dispatch generator power when called upon to reduce the possibility of local blackouts.

Our combined energy projects carried out since 1994 resulted in 2005 annual savings of almost 5,000,000 kilowatt hours, enough to meet the requirements of about 500 homes. As compared with 1990, our efforts to date have reduced the building's energy consumption by 45 per cent, culminating in 2005 in savings of \$542,000 in annual electricity costs. We are now paying less for electricity than we did in 1991. The pursuit of a green building is not only an environmentally sound practice, but also results in a better quality building with significantly lower operating cost.

SUSTAINABLE ENERGY COMMITMENTS

At Enbridge, we believe in doing our part to contribute to the future by investing in renewable and alternative energy sources that complement our core operations and provide environmental benefits, thus helping reduce greenhouse gas emissions and address the issue of global climate change.

ENBRIDGE WIND POWER NET CAPACITY (MW)



WIND POWER

Enbridge is currently involved in four wind power projects in Canada – three through its affiliate Enbridge Income Fund. An additional project is being built in Ontario. Together these projects have a combined capacity of more than 270 megawatts (MW), enough electricity to meet the power requirements for about 100,000 homes.

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

As of June 2006, Enbridge's investments, along with those of our joint venture partners, represented about 4.4 per cent of Canada's installed wind power capacity. Over the long term, we are committed to accelerating Enbridge's wind power investments to further our company's CSR strategy and capitalize on opportunities for economically attractive growth in the wind power sector. In pursuing emerging wind power opportunities in Canada

and the United States, our strategy is to:

- focus on project opportunities near existing Enbridge infrastructure;
- partner with industry peers and local developers to manage our risk exposure;
- arrange power purchase agreements within our company to backstop our investments; and
- pursue long-term power purchase agreements with third-party entities.

SunBridge and Magrath wind power

In a partnership with Suncor Energy, the Fund owns 50 per cent of the Enbridge-operated 11.2-MW SunBridge wind power project near Gull Lake, Saskatchewan.

The Fund, Suncor Energy and ACCIONA Energy are equal partners in the 30-MW Magrath wind power project, located southwest of Lethbridge, Alberta. Enbridge has contracted under a 20-year agreement to purchase one-third of the project's output to supply power to our Alberta pipeline system. A long-term contract of this type reduces risk for the wind project and provides our pipelines with a source of electricity at a stable price.

Investing in the Chin Chute wind power project

Enbridge teamed up again with Suncor Energy and ACCIONA to build the 30-MW Chin Chute wind power plant, located west of Taber in southern Alberta. The Fund now owns a one-third interest in the \$60-million project, which is scheduled to be operational by November 2006. Chin Chute will be operated by ACCIONA Energy, which is the renewable energy subsidiary

of Spain's ACCIONA Group.

Like the Magrath project, Chin Chute consists of 20 1.5-MW wind turbines that use advanced wind power technology to combine high electrical output, low noise levels and a small footprint on the land.

Chin Chute is expected to produce enough zero-emission electricity to power 14,000 Alberta homes and displace the equivalent of 88,000 tonnes of carbon dioxide per year – equal to taking about 13,000 vehicles off the road. With completion of the Chin Chute project, the Fund's share of electrical capacity from its three wind power plants will be 25.6 MW.

Investing in the Ontario Wind Power project

In November 2005, our company announced we will develop 200 MW of wind power on the eastern shore of Lake Huron in Bruce County, Ontario.

Enbridge owns a 100-per-cent working interest in the \$400-million Ontario Wind Power project that will build 121 wind turbine generators dispersed over a 17,000-hectare (35,000-acre) area in the Municipality of Kincardine.

We have executed a 20-year electricity purchase agreement with the Ontario Power Authority for all of the power produced by the project, which will supply enough renewable energy to supply 70,000 homes and reduce greenhouse gas emissions equivalent to taking about 33,000 vehicles off the road.

Following environmental assessments and public consultation, Enbridge expects to begin commercial operations in 2007.

Preparing for growth opportunities

We are exploring other wind power opportunities in Canada and the United States.

We have purchased wind data, wind monitoring equipment and 8,000 hectares (20,000 acres) of wind resource properties in south-central Manitoba. Enbridge has subsequently acquired 9,700 hectares (24,000 acres) of wind lease options in the province. We have also signed a memorandum of understanding with a Manitoba-based developer to jointly develop wind power resources in the province. These achievements position Enbridge for what could potentially be substantial wind growth opportunities in that province.



THE GREENING OF A PARKING LOT

In just a couple of years, Enbridge Gas Distribution's Toronto headquarters expects to be producing its own power and selling the surplus to the Toronto Hydro grid. And

it's all thanks to fuel cell technology – an environmentally friendly source of power.

"The fuel cell will be located in a corner of the parking lot," explains David Teichroeb, Business Development, Fuel Cell Markets.

These fuel cells are large, stationary power plants that internally convert natural gas to hydrogen, which is then converted into electricity and useful heat energy without combustion. They produce almost no smog emissions, have reduced greenhouse gas emissions due to high efficiencies, and are quiet, making them acceptable in urban settings.

"Enbridge will integrate the fuel cell with a second technology to create a hybrid fuel cell plant with increased environmental benefits," says David. "In addition to the fuel cell, we will be recovering waste energy from our gas distribution pipelines and converting it directly into additional low-impact electricity."

Energy is recovered with 'turbo expander' technology, which is basically a direct conversion technology like a water or wind turbine. Natural gas flows past the turbine where we reduce gas pressure in our system, and the turbine converts this energy into a rotary force that powers a generator. Additional benefits result from the fuel cell's heat energy offsetting natural gas consumption in the company's existing boiler plants.

This multi-phase project is currently under construction with commissioning set for the second quarter of 2007. Once the power purchase agreements are in place, the second phase can conclude in 2008 with the fuel cell installation.

Enbridge is working with FuelCell Energy, Inc. to develop the hybrid system. David says that once it is operational, it will produce between 13,000 and 15,000 megawatt hours per year. That's enough power to supply approximately 1,500 homes. The company has plans to replicate this project throughout its network providing electricity with low environmental impacts to over 35,000 homes.

It's just another way Enbridge is working to develop clean energy sources.

FUEL CELLS

Along with our company's investments in wind power, Enbridge is leading an effort to transform its natural gas pipeline operations by integrating multi-megawatt fuel cell power plants within our



FOSTERING A MUTUALLY BENEFICIAL RELATIONSHIP WITH UNITED STATES NATIONAL FORESTS

Enbridge is always ready to go the extra mile to streamline

processes that improve operations and provide benefits to our community partners.

One of our partners is the United States Forest Service. Our Lakehead liquids pipeline corridor runs through three National Forests – the Chippewa, Ottawa and Hiawatha – spanning Minnesota, Wisconsin and Michigan.

One of the most challenging regulatory processes facing pipeline construction and maintenance in the United States is obtaining approval for work conducted on National Forest lands. Federal law dictates that any work conducted on these lands must be reviewed and approved through the provisions specified in the National Environmental Protection Act (NEPA).

While well accepted for large-scale new construction, this process has made it difficult to execute critical and timely repairs to pipelines. Obtaining maintenance project approval could take weeks or even months.

As a result, Enbridge and National Forest staff asked the question: is there a way to make the review process more efficient to expedite repair projects, while still meeting the provisions of NEPA? The answer was “yes” – by working together to develop National Forest Operations and Maintenance Plans that established mutually-agreed review and response timeframes, as well as best management practices.

As a result, each National Forest now can provide immediate approval for repair work conducted on nearly 80 per cent of the lands along the Lakehead pipeline corridor, thereby allowing us to schedule maintenance work in a timely manner while minimizing National Forest staff workload.

This successful outcome demonstrates how, by fostering mutually-respectful relationships, we can facilitate continued safe operation of our pipeline system.

pipeline infrastructure. We are working with FuelCell Energy, Inc. to develop a new hybrid fuel cell plant that will recover waste energy from gas distribution pipelines, and convert this waste energy into electricity with very low environmental impacts. This new product is called the Direct FuelCell®-Energy Recovery Generation (DFC®-ERG) power plant, and Enbridge is its exclusive distributor. The first phase of this hybrid plant is under construction at Enbridge Gas Distribution's Toronto headquarters, and is expected to be operational in 2007, producing 900 kilowatts to supply power to the building with any excess being sold to the Toronto Hydro grid. A planned second phase would double the electricity output, and we are working with government and industry stakeholders to further develop the technology.

A key barrier to industry's adoption of fuel cell technologies is the lack of a level playing field with other low-impact electricity supplies such as wind and biomass systems. Fuel cells have environmental attributes that are similar to many renewable technologies, including near-zero smog emissions, reduced greenhouse gases, and quiet operations that are suitable for urban centres. Enbridge's hybrid fuel cell plant will be a key educational tool to help governments increase their understanding of the environmental benefits that can be achieved with fuel cells. Policies that support a portfolio of low-impact electricity solutions, where both renewables and high-efficiency, near-zero emission fossil energy systems are embraced, can accelerate industry's investments in these clean energy technologies.

By working with stakeholder groups such as Hydrogen & Fuel Cells Canada, the national fuel cell industry association, Enbridge is helping to ensure that the energy sector understands how fuel cell technology is maturing. Today, although large, multi-megawatt fuel cells require an investment premium, just as many renewable energy technologies do, the technology is establishing a track record for the reliable production of clean electricity capacity. Recognition of the growing maturity of the technology can be found in the

Ontario Power Authority's *Supply Mix Advice Report*. Released in 2005, the report recommended 500 megawatts of fuel cells within the provincial energy mix.

DISTRIBUTED ENERGY

Distributed energy sources are small-scale power generation technologies – generators fuelled by natural gas or diesel, or alternative and renewable technologies such as fuel cells and solar photovoltaic cells – located close to homes or businesses. They are an important emerging energy option that can provide customers with reliable, local energy supplies while lowering overall emissions of air pollutants.

Developing a market for on-site natural gas generation

Enbridge Gas Distribution has been working with various government and regulatory agencies to allow on-site natural gas generation to play a greater role in supporting Ontario's electricity grid. There is also increasing use of on-site natural gas generators for "demand response", which is on-site electrical production to reduce demand from the electric grid during peak hours.

Supporting energy diversification in Ontario

Large gas-fired "merchant generation", which is production of electricity for sale into the electricity grid, is expected to become more important in Ontario as older coal-fired generation facilities are replaced with alternative energy technologies. Much of this new capacity is expected to be supplied by natural gas plants. Enbridge Gas Distribution continues to work with project proponents and other industry stakeholders to build facilities and develop rates and services to serve new gas-fired generation.

DEMAND - SIDE MANAGEMENT

At Enbridge, we are committed to helping our customers use energy wisely. Enbridge Gas Distribution's more than 40 demand-side management (DSM) programs encourage customers to adopt energy saving equipment and reduce consumption of natural gas.

We do this in different ways:

- we conduct energy audits of commercial and industrial customers' operations to identify opportunities to improve energy efficiency;
- we provide financial rebates and incentives to all types of customers, from homeowners to large industrial customers, to encourage them to adopt energy-saving equipment;
- we work with industry and trade associations in various sectors – such as chemicals, construction, automotives, food and beverage, and pulp and paper – to promote DSM programs and contribute to industry standards; and
- we partner with governments, suppliers and equipment manufacturers to invest in new energy efficient technologies that benefit our ratepayers and enhance the competitiveness of our business.

OUR PERFORMANCE

Providing energy savings and environmental benefits

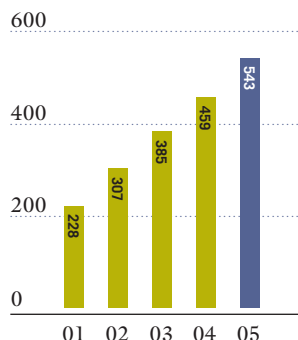
In 2005* alone, our DSM programs saved about 97 million cubic metres of natural gas, enough to supply more than 31,000 homes with natural gas for a year. Over the past decade, our DSM programs have delivered about 2.3 billion cubic metres of natural gas savings (the equivalent of enough gas to supply 750,000 homes for one year) and net energy savings to our customers of about \$1.1 billion. In addition, we have avoided CO₂ emissions of about 4.3 million tonnes.

**Note: These 2005 results are based on a 15-month period due to an adjustment in the year-end reporting.*

Serving low-income customers

Building on this success, we are continually searching for ways to enhance the reach and effectiveness of our DSM programs. In 2005, we broadened our DSM services to reach out to our low-income customers, launching a pilot program that offered our TAPS Partners Program (Thermostats, Aerators, Pipewrap and Showerheads) to areas in our franchise that had been designated as low income. Expanding our company's products and services helps our customers manage their heating costs.

NATURAL GAS SAVINGS THROUGH DEMAND-SIDE MANAGEMENT PROGRAMS
(million cubic metres)



Contributing to policy on DSM

As a recognized DSM leader in the natural gas industry, Enbridge Gas Distribution is frequently invited to provide advice on DSM initiatives. In 2006, we will be involved in an Ontario Energy Board Generic Hearing on natural gas DSM that will encompass a review of natural gas DSM programs throughout Ontario. Through this proceeding, Enbridge Gas Distribution will help to set the framework for the future of natural gas DSM in Ontario.

EMERGENCY PREPAREDNESS

One way of measuring a company's performance regarding emergency threats or risks is to observe how it reacts when an actual emergency occurs. To be truly effective, we ensure that we have an appropriate emergency response infrastructure in place and that emergency preparedness plans are optimized.

Our emergency and crisis preparedness plans are designed to minimize the impact of an incident and verify we comply with regulatory requirements. In addition, employees throughout our business units participate in regular emergency response drills and simulations to test and improve procedures. All our operating facilities maintain regular contact with communities and first responder organizations to keep them up to date and coordinated with Enbridge's contingency plans.

OUR PERFORMANCE

Conducting emergency response exercises

We conducted about 190 emergency response exercises in Canada and the United States in 2005. These ranged from tabletop exercises, where employees discussed responses to various scenarios, to full-scale deployment exercises with local emergency agencies, using equipment to practice recovery and cleanup in various terrains.

Cross-border emergency response

Because Liquids Pipelines operates a system that originates in Canada and transports liquid petroleum products to the United States, it is essential that we be prepared for cross-border emergency response activities. In some cases, our emergency response personnel stationed in Canada may be able to respond more quickly to an emergency condition in the northern-most United States portion of the pipeline system than their United States counterparts. In consideration of this, emergency responders stationed in Gretna, Manitoba, conducted a border-crossing exercise in early 2006 at the Pembina Port of Entry into North Dakota. The exercise was successful in large part due to the development of an effective channel of communication between Enbridge and the United States Pembina Port Authority. Findings from this exercise are being used to develop a general cross-border protocol that will be tested at other United States ports of entry in 2006.

Unannounced emergency exercises

Conducting field exercises is an important component of pre-emergency preparedness. In 2005, Liquids Pipelines carried out several significant exercises whereby prior knowledge of the scenario was not communicated to the responders. This adds an increased level of realism and can be beneficial in determining opportunities for improvement during the exercise review. For example, in the United States, we conducted a large-scale exercise in Michigan that involved three emergency response crews. External resources including local police, fire department, local authorities and regulators were present. In Canada, we conducted a major scenario involving a natural gas liquids release near Edmonton. Internal and external resources were included and a town hall meeting was held afterwards with local authorities to discuss the exercise.

Emergency exercise in Ontario

Enbridge Gas Distribution joined other companies and several external agencies – the RCMP, Natural Resources Canada, the Ontario Ministry of Energy, and Ontario’s Independent Electricity System Operator – for a simulated exercise dealing with a terrorist threat to the companies and their critical infrastructure. From our point of view, the primary purpose of the exercise was to ascertain whether the existing communications protocols we have in place would be adequate for the type of collaboration with governments that would be necessary to respond to and mitigate the potential impacts on the community and essential markets. The exercise proved useful in understanding the roles and assistance that the governments could provide and what these agencies would require from Enbridge.

Emergency preparedness in Canada’s north

Enbridge’s operations in Canada’s north took an active role in two emergency response exercises in 2005:

- Our Northern Region participated in the preliminary phase of Operation Narwhal, an exercise involving the Canadian and United States military, the RCMP, the National Energy Board, territorial governments and the private sector to practice an integrated response to several emergency scenarios in Canada’s north including a terrorist threat to the energy sector, a health threat and a major air disaster. The tabletop exercise was designed to initiate discussions and exchange information amongst the parties involved in preparation for live exercises scheduled for 2007.
- Inuvik Gas Ltd., in which Enbridge has a 33 per cent interest, participated in an intense, live emergency exercise in Inuvik in which the company played a central role. The scenario involved the collision of a light aircraft and a passenger jet that resulted in the light plane crashing into an Inuvik Gas distribution line. Organized by the Northwest Territories’ Department of Transportation, the exercise involved 250 people including representatives from federal and local governments, police and the private sector. The exercise helped raise awareness of all the participants and identified ways to improve response and emergency plans.

SECURITY

Enbridge is committed to the security of our people and facilities. We view security as an integral component of emergency preparedness and response, and have developed interdependent security response plans for each of our operating units. These plans identify measures to deter adverse events and enable staff to respond in a safe and effective manner.

We strive for continuous improvement in our understanding and management of security best practices to:

- protect and enhance the company's reputation and provide assurance to customers and shareholders;
- protect and educate employees and business partners to provide a safe and secure working environment;
- protect company assets and information to prevent loss or damage;
- support efficient business practice by anticipation of risk and avoidance of cost;
- comply with legal obligations and regulatory targets; and
- ensure business continuity and emergency preparedness.

Our security programs rely on the diligence of our employees to protect from harm the public and Enbridge's people, assets and reputation.

OUR PERFORMANCE

Corporate Security Steering Committee

We established our Corporate Security Steering Committee in 2004 to provide overall planning, direction, and prioritization of the strategic security requirements of Enbridge. Made up of managers in our various business units and chaired by Bonnie DuPont, Group Vice President, Corporate Resources, the committee communicates on an ongoing basis, and meets at least twice a year to review changing security issues such as regulations, security vulnerabilities, emergency response capabilities and the global threat environment.

In 2005/2006, the committee developed comprehensive Public Health Emergency Contingency Planning Guidelines for all of our business units and our corporate headquarters to address a possible influenza pandemic or other health crisis that would affect our employees and business operations.

One of our priorities is to ensure a common approach to the management of our security program. In 2005, the committee adopted the Security Vulnerability Assessment Methodology as developed by the American Petroleum Institute and the National Petrochemical and Refiners Association. This model will provide consistency across all Enbridge business units in the assessment and prioritization of risk and implementation of appropriate mitigation strategies.

Assessing security levels in our business

Our business units assess their systems every year for security weaknesses and areas for improvement. In 2005, Enbridge Gas Distribution developed a Heavy Equipment Theft Prevention Program, which included an education and awareness component that was delivered in all operating regions, as well as identification of theft prevention best practices.

The United States Coast Guard approved the Enbridge Offshore (Gas Transmission) L.L.C. security plans for all company offshore platforms in the Gulf Mexico. The company also initiated a facility security exercise to test communications, incident command structure, procedures for interfacing with vessels and aircraft, and security incident procedures in accordance with the provisions of the United States Marine Transportation Security Act.

In Liquids Pipelines, we conducted a test of the Corporate Emergency Notification Procedures, and, in Canada, participated in a National Energy Board (NEB) initiative flowing from the Pipeline Security Management Assessment conducted by the NEB in 2004 and 2005.

We also closely monitor global security issues facing the energy delivery industry through our involvement in various industry associations and strategic relationships with federal, provincial, and state emergency response agencies. Enbridge is an active member of the American Petroleum Institute, the American Gas Association, the Canadian Gas Association, and the Association of Oil Pipelines.

Security and corporate social responsibility

We look for opportunities to contribute to the safety and security of the communities in which we work. In 2005, we participated in numerous forums dedicated to security and public-private sector partnerships:

- Dufour Petroleum, a marketing and transportation company based in Mississippi and owned by our United States Natural Gas Business, enlisted many of their truck drivers to participate in the United States Highway Watch Program, which is administered by the American Trucking Association under agreement with the United States Department of Homeland Security. The program teaches participants to observe, detect, assess and report suspicious and unsafe activities.
- Since Sept. 11, 2001, governments and corporations have been focusing more attention than ever on security issues. In 2005, with support from Enbridge, the two sectors had a rare opportunity to come together to discuss the threats and vulnerabilities they face and the measures they must use to protect themselves. The occasion was the first Public-Private Sector Summit on National Security, held in Ottawa in May. The meeting was organized by the Conference Board of Canada and sponsored in part by Enbridge.
- Liquids Pipelines and Enbridge Gas Distribution provided a joint presentation on pipeline security to participants attending a pipeline security forum, jointly sponsored by Natural Resources Canada and the United States Transportation Security Administration. The forum provided an opportunity for public and private sector leaders to explore how they can work together to address today's shared security challenges.



*Paul Millar,
Supervisor of Corporate
Administration*

A DIFFERENT APPROACH TO OFFICE EH&S

In a boardroom at the Enbridge Calgary Office, a group of 14 employees gather for a meeting. Nothing special about that, you might think. But that's where you're wrong.

Employees in this meeting are members of the employee-led Calgary Office Environment, Health and Safety Committee (COEHSC). The group reports to the chair of the COEHSC Committee, currently led by the Manager of Corporate Administration.

Many other companies have environment, health and safety committees made up of employees trained in this area and hired specifically for this role. But Enbridge's Calgary office has taken a different approach and, instead, is using a volunteer-led strategy with employees from many different areas bringing a variety of viewpoints to the table.


Paul Millar, Supervisor of Corporate Administration, says they simply address whatever needs to be addressed for the corporate office.

"We've developed a variety of programs including battery recycling, paper recycling and a newsletter that we post on the inside of bathroom stalls," he laughs. "That way, people can't miss it."

The committee also organizes lunch-and-learn sessions on environment, health and safety topics and has organized an annual fitness challenge the last couple of years. Last year, they gave out pedometers and asked employees to log-in their distances. Everyone who participated was eligible for a draw prize.

Other committee initiatives include training fire wardens for each floor of the Calgary office, emergency preparedness procedures and donating sunscreen for participants in the annual employee golf tournament.

"People think environment, health and safety issues aren't important in an office setting, but they are," says Paul. "Our role is to create awareness and be a support structure for people."

A photograph showing three volunteers wearing white hard hats standing in a wooden frame under construction. The structure is made of light-colored wood and oriented strand board (OSB). The volunteers are smiling and looking towards the camera. The background shows the sky and the interior of the building under construction.

Enbridge volunteers helping to build homes through Habitat for Humanity. From left, Barry Callele, Jackie Thompson and Roger Wu.

social performance

OUR TARGETS

At Enbridge, we are always looking for new opportunities to enhance the quality of life of our employees and stakeholders through a wide range of comprehensive programs, including workplace health and safety, human resources management, and community investment focusing on education, health, the environment, social services, arts and culture, civic leadership and volunteer resources. Following are some of the steps we are taking to improve our social performance.

- Be best-in-class in operational health and safety in all our geographic regions and strive to have zero accidents, injuries or incidents.

- Set and communicate targets for days-away injury frequency and severity, reportable vehicle accidents, emergency response, inspections, leak repairs, and third-party damages.

- Invest in an integrated set of talent management initiatives to attract the best talent and develop, engage and retain our workforce.

- Increase our community investment dollars over time to meet the Imagine Canada annual target of one per cent of pre-tax earnings.

OUR 2005 HIGHLIGHTS

- Our Liquids Pipelines days-away injury rate was 0.25 incidents per 200,000 hours worked, better than our 0.52 frequency in 2004.

- Company-wide, we experienced a slightly lower overall number of motor vehicle incidents – 124 in 2005 compared to 128 in 2004.

- We launched the Enbridge People Strategy in 2005. This business strategy articulates five principles by which the company proactively manages our relationship with our employees.

- We invested \$4.5 million in charitable and non-profit groups, benefiting more than 750 organizations. This represents approximately 0.8 per cent of our pre-tax earnings.

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WORKPLACE HEALTH AND SAFETY

We value the health and safety of our employees and the public. For Enbridge, we are focused on being “best-in-class” in operational health and safety in all our geographic regions.

Our approach to workplace health and safety emphasizes the importance of open communication with employees; training; prevention, which requires identifying and addressing health and safety risks before serious incidents occur; and engaging with industry peers.

OUR PERFORMANCE

We deeply regret that in November 2005 an Enbridge Gas Distribution employee died on the job. The employee had been dispatched to a residence to investigate a damaged natural gas service line. The company continues to cooperate with the local authorities as they complete their investigation into the incident. Enbridge Gas Distribution has conducted its own internal investigation of the incident and has taken measures to prevent a recurrence. These measures include a review of its systems and procedures, and appropriate changes to further enhance public and employee safety.

Reducing injury frequency

When gauging world-class safety performance, days-away injury frequency is a statistical comparative industry measure. Based on our latest results, our workforce continues to show exceptional and ongoing attention to injury prevention. In 2005, our days-away injury rate in Liquids Pipelines was 0.25 incidents per 200,000 hours worked, better than our 0.52 frequency rate in 2004.

For 2005, our Liquids Pipelines business unit achieved a 50 per cent reduction in days-away injuries and a 36 per cent reduction in medical-aid injuries. Liquids Pipelines received the Canadian Energy Pipelines Association’s 2005 award for the lowest injury frequency rate in Canada in the large pipeline category. Although we do not conduct our safety programs for the awards, we believe this recognition is indicative of the high priority everyone at Enbridge is giving to employee safety.

Establishing measures and setting targets

Enbridge Gas Distribution publishes an annual “Scorecard” to inform employees about the business unit’s annual strategic objectives for the year and key performance indicators. For 2006, we added two new safety measurements to the Scorecard. In addition to the days-away injury frequency measure, for which our target is 0.62 injuries per 200,000 working hours, we have added:

- days-away injury – severity. This tracks time lost due to work-related injuries. The target is 8.60 days per 200,000 working hours; and
- reportable vehicle accidents. This measures vehicle accidents per million kilometres driven, including personal injuries or property damage. The target is 3.80 accidents per million kilometres driven.

Another key measure is our Public Safety and Reliability Index, which gauges the effectiveness of Enbridge Gas Distribution programs to deliver natural gas safely and reliably to customers. Targets in this measure include: emergency response; inspection of valves, regulator stations and customer appliances; leak repairs; and third-party damages. Enbridge Gas Distribution’s target for this is 3.00, which is a numerical representation of the safety and reliability of our distribution system.

Participating in industry associations

To help us attain our goal to be “best-in-class” among gas distribution utilities, Enbridge Gas Distribution is an active participant on the Canadian Gas Association’s Safety Task Force, which gathers safety statistics to analyze cross-industry trends. In the first half of 2006, the task force reported on industry-wide employee injuries and vehicle accidents and the conclusions are being used by Enbridge

and other Canadian gas utilities to determine which targeted short-term strategies would have the greatest impact on reducing accidents. The task force is also examining which higher-level factors can help build a best-in-class safety culture and performance, such as senior management commitment and the use of leading safety indicators to improve safe behaviours before accidents happen.

Enbridge Gas Distribution is also an active member of the Safety and Occupational Health Committee of the American Gas Association. The committee is currently investigating use of leading indicators (versus lagging safety indicators), improvement of assessment of the safety performance and safety management systems of contractors, and placing emphasis on integrating ergonomics principles into office and field tasks.

Engaging employees

We believe strongly in the value of a grassroots approach to engaging our employees on health and safety issues. We do this through training, communication programs, and our well-established network of local and regional safety committees that provide input from our front-line staff and reinforce a safety culture within the organization. Following are a few examples of our activities:

- In 2005, Liquids Pipelines conducted an innovative safety training program that used a mock criminal trial format to communicate key supervisory safety expectations to the more than 85 Canadian supervisors who participated. In each training session, an area supervisor was “charged” for a fictional but realistic safety incident. In a simulated trial before a “judge” (played by a real regulatory lawyer), the supervisor was questioned on her or his decisions that led up to the incident by an actual occupational health and safety prosecutor.
- Also in 2005, our United States Natural Gas Business held their first-ever Health and Safety Fair, organized to coincide with the annual physical ‘check-up’ for Houston-based employees. Through information booths and seminars, employees learned about everything from managing workplace stress and diet and nutrition, to driving, fire and home safety.
- Enbridge Gas Distribution ensures all new office and field employees receive core safety and environmental training promptly following their start date. This business unit employs more than 100 summer students, all of whom are required to receive core environment, health and safety training as the first item of business when they start. They are also provided close supervision and coaching from the outset of their summer duties. In addition, over 900 of the business unit’s staff who have office-related duties have participated in two-hour office safety training sessions, which were introduced in 2004.
- In 2005, Inuvik Gas Ltd., in which Enbridge has a 33 per cent interest, participated in the Occupational Safety and Health Week organized by the Northwest Territories Workers’ Compensation Board (NWT WCB). Inuvik Gas held daily safety activities for their eight employees focused on such issues as helicopter safety, carbon monoxide awareness and contractor safety. The NWT WCB recognized Inuvik Gas’s innovative Safety Week program as the best for companies with up to 20 employees. It was the sixth consecutive year Inuvik Gas had received the award.

Addressing emerging issues

As our business grows and changes, we make an effort to identify emerging issues and manage them proactively.

For example, Liquids Pipelines has announced plans to construct two new pipelines to transport diluent – a light hydrocarbon that will be blended with the heavy bitumen that will be produced in the oil sands so the bitumen can flow to markets through existing and planned pipelines. As Enbridge prepares to add a new product to our mix of hydrocarbons transported, we will develop a worker and

contractor training program to ensure they are aware of potential hazards of these hydrocarbons if exposed to high concentrations, such as when working in confined spaces.

Another emerging issue concerns abrasive blast agents, which Liquids Pipelines uses to prepare surfaces during pipeline integrity digs and tank refurbishment. In 2005, we commissioned a major study on the effects of abrasive blasting, looking at several areas including worker exposure to airborne dust and characteristics of wastes generated. While the independent third-party study found that in most cases our employees were using the appropriate level of respiratory protection, it made several recommendations including use of alternative blast media, use of full-face respirators and protective clothing, and provision of hygiene facilities. We are now addressing the study's findings and recommendations.

At Enbridge Gas Distribution, prior to introducing new equipment or chemicals to the workplace and making significant changes to operating procedures, we conduct a formal, multi-departmental new product/new process review, which includes an assessment of safety and environmental issues that may result from the change, and entails understanding what controls will be needed to address those issues. We also identify opportunities for improvement of current safety and environmental performance, such as preferring new tools that reduce ergonomic strain or choosing water-based paints over solvent-based paints. This assessment of hazards and opportunities in the early planning stages contributes substantially to improving the quality of our decision-making process.

We are also concerned about the slips, trips and sprains that our employees may experience on the job and we have ongoing programs to address these soft-tissue injuries.

In 2005, Liquids Pipelines in the United States commissioned third-party experts to analyze the ergonomic stressors and pressure risks of several field staff disciplines, including pipeline maintenance staff, terminal maintainers and gaugers, electricians and mechanics. We are now acting on their recommendations, as well as those from a previous study of office workers.

Enbridge Gas Distribution conducted ergonomic assessments of the use of keyhole technology, which is revolutionizing how we inspect and repair our distribution pipelines. In keyhole operations, rather than digging a large excavation to expose a pipeline, an 18-inch diameter hole is excavated down to the pipeline by vacuum suction, and long-handled tools are used to inspect and maintain the exposed pipeline, with work crew members remaining at ground level above the pipeline. This process is already considered valuable for its reduced disturbance to both the environment and local traffic. In 2005, we conducted ergonomic assessments of vacuum excavation and of cutting and handling of the concrete or asphalt "cores" that are removed to excavate down to the pipeline. The assessments demonstrated overall improvement of ergonomic safety through use of keyhole technology versus traditional open-trench excavations, and identified a few areas for further reducing soft-tissue strain within these operations.

Promoting safe driving practices

Company-wide, we experienced a lower overall number of motor vehicle incidents: 124 in 2005, versus 128 in 2004. We continue to promote safe driving practices in all our business units.

Vehicle incidents in our United States Natural Gas Business dropped in 2005. From 2004 to 2005 our trucking business achieved a 70 per cent reduction in our preventable vehicle incident ratio and our pipeline assets achieved a 49 per cent reduction.

Our United States Natural Gas Business also evaluated past vehicle accidents in 2005 and as a result has introduced a driver's safety initiative in 2006 with the goal of eliminating vehicle accidents. The program includes comprehensive defensive driver training and installation of backup alarms on company vehicles.

At Liquids Pipelines, a 10-step driving safety action plan helped reduce their incidents by 29 per cent in 2005. Liquids Pipelines was honoured to receive the Canadian Energy Pipelines Association's 2005 award for the lowest motor vehicle incident frequency rate among our industry peers.

In 2005, Enbridge Gas Distribution analyzed factors contributing to vehicle accidents from the previous three years and out of that developed an in-class defensive driving course for employees. Focused on improving accident prevention, the course emphasizes recognizing and improving driver attitude, improving constant awareness of surroundings, minimizing driver distractions, and the importance of paying special attention when navigating intersections. As of June 2006, more than 700 Enbridge Gas Distribution staff had taken the course.

Pandemic planning

Based upon Enbridge's experiences with the SARS outbreak in Ontario in 2003, the company has been able to get an early start on pandemic planning. At Enbridge Gas Distribution, issues unique to gas distribution over other types of operations include the need to service individual customer homes and business premises, which entails direct contact with the public when responding to reported gas emergencies.

As such, mission critical functions must have contingencies in place to allow for the continuation of operations – particularly those relating to flowing gas to customer premises and being able to receive and respond to reported natural gas field emergencies. The Enbridge Gas Distribution Public Health Emergency Plan has been developed with contingencies that can be employed should any kind of pandemic outbreak occur. The plan contains event triggers that align with our current emergency plans and emergency operating conditions.

Because all sectors of society would be affected during an outbreak, it is important that Enbridge Gas Distribution is involved with all government agencies. We are involved in workshops and mock exercises within industry sector groups to practice communications channels and identify opportunities and gaps that must be addressed to ensure that support will be in place to assist us in delivering natural gas to our customers during an outbreak. Enbridge Gas



MENTORING THE FUTURE

*Left to right:
Tim Howard and
Bill Trefanenko*

For the past three years, Enbridge has sponsored an undergraduate mentorship program at the University of Calgary's Haskayne School of Business, providing positive experiences for mentors and valuable guidance for business students.

"I like working with young people, I like fresh minds," explains Bill Trefanenko, Director of International Operations for Enbridge International who was a mentor this past year. "It takes time to be a mentor but I'll sure be doing it again as the personal rewards are significant."

This past year, Bill was matched up with Tim Howard, a University of Calgary student currently completing Finance/Marketing and Psychology degrees simultaneously. Tim was interested in the practical side of business and Bill says he was very keen in learning about the business world and asked a lot of relevant questions. He was very impressed with the energy and ambition of his young protégé.

The mentorship program, sponsored by Enbridge, recently completed its third year of operation. Each year, the program benefits from a high level of representation by Enbridge employees as volunteer mentors. In addition, Voula Cocolakis, director of the Career Centre, confirms that a total of 27 local organizations are now represented by their employees who contribute their time and expertise as volunteer mentors.

Once a student is matched with a mentor – who is typically in the same field the student is studying – the two get together to discuss how to structure their relationship. Meetings between Bill and Tim took place every three weeks and were held in Bill's office, over lunch or at the university depending on their schedules. As well as one-on-one meetings, Bill helped introduce Tim to the business world by having him join him on conference calls with international clients and in attending business conferences.

"We learn theory at school but it comes down to having good people skills in the real world," says Tim. "Bill gave me an insight into how to deal successfully with people. I look at him, in his position and see the considerate and respectful nature he has when dealing with people, which facilitates the building of mutually beneficial relationships. That's what brings success in business. The mentorship program is a great initiative because it has given me a real-life perspective of the corporate world – something far more than a textbook can offer."

Distribution is also leading a Canadian Gas Association task force that is mandated to develop recommendations to member gas companies.

Our Liquids Pipelines and United States Natural Gas business have also developed and implemented their plans based on the same format as EGD.

All company departments already have business continuity and resumption plans in place to deal with threats to the most critical functions. These threats have traditionally focused on the loss of a facility, the loss of a supporting utility, or the loss of IT applications. But in the case of pandemic planning, it is crucial to plan for large numbers of staff absences that can be expected during an outbreak. It is also important to have measures to be used to protect staff and facilities during any kind of outbreak.

OUR PEOPLE

WHERE ENERGY MEETS PEOPLE, YOU'LL FIND OPPORTUNITY.

People are the basis of our success at Enbridge. Our vision to be North America's energy delivery leader depends on the commitment, development and performance of an engaged and highly skilled workforce across our company. We want, and need, to attract and retain the best talent, and invest in an integrated set of talent management initiatives to develop, engage and retain our workforce. At Enbridge, our employees have confirmed – through our annual employee engagement survey – that opportunities for challenging and rewarding careers are one of our strengths. Enbridge actively invests in the development of employees by providing a positive work environment, offering opportunities for skill and career development and offering competitive total compensation programs.

The Enbridge People Strategy

The Enbridge People Strategy was launched in 2005. This business strategy articulates five principles by which Enbridge proactively manages its relationship with our people. The Enbridge People Strategy was developed by senior leadership as a framework to support the development of policy, program and practice which demonstrate our belief that people are the basis of our success. In keeping with the recently formalized People Strategy, a number of new programs and initiatives are being undertaken to further reinforce Enbridge's investment in our people.

Our workforce, our people

In 2005, Enbridge continued to expand its workforce through organic growth in alignment with business growth. At year-end, the Enbridge workforce was comprised of more than 4,600 regular employees both full-time and part-time, largely based in our Canadian and United States operations. In addition, Enbridge hires temporary and contract employees for projects and seasonal work and regularly collaborates with consulting organizations for specific project needs.

Managing Human Resources strategically

At Enbridge, Human Resources is a strategic partner in the guidance and operation of our business. The company-wide Human Resources (HR) Council, consisting of senior HR professionals representing all business units, is a mechanism by which the Human Resources function contributes to business leadership through sharing best practices, providing strategic direction and recommendations to senior management and stewardship of the management of human capital across all businesses. The HR Council's Charter reinforces the council's contribution and commitment to effective human resource policy and programs at Enbridge. Within our business units, Enbridge leaders manage

people. The role of the individual leader to lead both the business operations and the team organization is central to our future workforce development. Individual leaders contribute daily to our employee engagement through effective employee relations, active development of employees, and the creation of positive and supportive work environments.

At Enbridge, our human resources programs help to facilitate the management of human capital; individual leaders manage people.

Performance management

Performance management at Enbridge is central to our ability to meet our business objectives and to create and sustain a high-performance workforce. Leaders support employees in effectively aligning their contributions with the strategic goals of Enbridge’s business. Leaders provide feedback to employees to guide their performance and development in each performance year. Effective performance management ensures strong performance, the ability to recognize and reward performance and the development of opportunities for advancement.

Individual leaders are encouraged to develop their ability to provide effective performance feedback, to recognize and reward effective performance and to support employees in their development planning.

The Enbridge Competency Framework identifies Core and Leadership Competencies that are valued at Enbridge – a framework that employees can apply in their development planning to prepare for opportunities at Enbridge. The Core Competencies are: customer focus, execution and results, flexibility, interpersonal skills and job/technical skills.

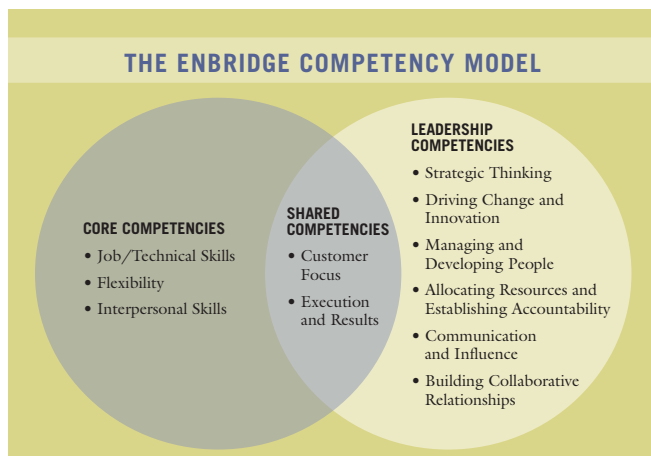
Total compensation

Our total compensation program is at the centre of our efforts to attract and retain talented employees, and is one of our key principles in our People Strategy. Total compensation consists of a variety of programs to reward and recognize employee contributions to our business success.

In 2005, we reviewed our total compensation program for competitiveness and effectiveness. This included evaluating the mix of plans offered and their features to ensure there is alignment to support the achievement of our company’s strategic objectives. As a result of this review, Enbridge’s Total Compensation Strategy was confirmed and existing programs were fine-tuned.

Total compensation at Enbridge consists of base pay, short- and longer-term incentive plans, benefits, pension and savings plans. Program design and administration is consistent across the company in most areas with some adjustments for local market conditions and the unique needs of each business. Pay for performance remains a strong theme in the total compensation program. Employee performance on an individual and/or group level is an integral part of our base pay and incentive programs. Our collective performance and success impacts our ability to provide competitive benefits, pension and savings and recognition programs for employees and their families.

ENBRIDGE PEOPLE STRATEGY
EMPLOYEE ACCOUNTABILITY Employees have the responsibility and authority to guide and operate the business
WORKFORCE PLANNING AND TALENT MANAGEMENT Enbridge actively invests in its people through workforce planning, talent management, leadership development, succession planning and performance management
TOTAL COMPENSATION Enbridge is committed to providing competitive total compensation that will directly contribute to our ability to attract and retain employees
EMPLOYEE COMMUNICATION Enbridge is committed to a culture of continuous open and frank communication
WORK ENVIRONMENT Enbridge is committed to a positive and challenging work environment that facilitates employee performance, employee engagement and a culture of innovation



In conjunction with various plan refinements, we launched a number of initiatives to increase communication about total compensation to all employees including all leaders. The purpose of this communication was to create a better understanding of not only the programs, but to engage our leaders in actively managing the total compensation of their employees. The initiatives will continue through 2006; however, the benefits of this are expected to endure for years.

Talent Management at Enbridge

At Enbridge, we define Talent Management as the full continuum of the employee relationship including: attraction; ‘on-boarding’; engagement; performance management; mentorship; succession management; employee involvement; and retention.

Enbridge has recently undertaken a number of new initiatives in support of the effective management of talent including a dedicated expansion of Leadership and Employee Development programs, services and initiatives within each business unit and across the company. We are committed to continuing to advance our culture of leadership and employee development at all levels of our organization.

Building on the strength of existing programs and policies, new initiatives include:

- expansion of mentorship programs within Enbridge;
- continued growth of participation in external mentorship programs;
- enhanced development planning programs, tools and resources;
- refinement of the Leadership and Employee Development Framework;
- development and delivery of new Leadership Development programs in each business unit; and
- continued expansion of external partnerships in support of bringing best-in-class curriculum to our leadership talent pools.

The Leadership and Employee Development function is managed through collaboration across all business units with business unit-based human resources professionals managing the design and delivery of employee development offerings in alignment with Enbridge’s leadership development framework and in response to local business needs. Integrated development programs for leadership pools are now in development. Leadership and Employee Development at Enbridge is a shared responsibility between the organization and the employee, and occurs through four primary processes:

- work experience – current role, volunteering, project assignments;
- formal learning – courses, learning programs, seminars and workshops;
- self-directed learning – reading and informal learning; and
- learning through relationships – learning leaders, mentors, industry peers.

Succession management continues to be of significant focus as we seek to attract, develop, engage, retain and promote our leadership of today and our leaders of tomorrow.

At Enbridge we seek to expand our external community-based partnerships in support of collaborative development of our communities, external talent pools and our leadership and employee populations. Two strong examples of this are:

- Mentorship – The Enbridge Undergraduate Mentorship Program, in partnership with the University of Calgary’s Haskayne School of Business. Now in its third year, the program

has expanded to include participation of 27 local business organizations whose volunteer mentors offer their time and expertise in supporting the development of business students as they plan for their career. Students and mentors both report strong value and positive experiences.

(See story on page 51.)

- Internships – In 2005, Enbridge began a collaborative relationship with CareerBridge, a program designed to provide opportunities to immigrants to Canada to gain experience relevant to their chosen career. At Enbridge Gas Distribution, a number of foreign-skilled individuals have found the opportunity to apply their skills and gain relevant Canadian workplace experience to support their entry into the permanent workforce. *(See story on page 56.)*

In addition to a broad offering of in-house employee development programs, Enbridge offers a Tuition Reimbursement Program to provide financial support to employees who are continuing to advance their education to support their career goals. Enbridge also offers a company-wide scholarship program to support access to education for children of employees.

Enbridge’s commitment to a diverse and inclusive work environment

Enbridge has a firm commitment to creating a healthy and positive work environment. The company’s workplace harassment and anti-discrimination policies denote our strong commitment to maintaining the dignity and respect of all employees. We also subscribe to the principles of a fair and equitable work environment.

Our work environment promotes a diversity of roles and enriched job experience through project work and participation on cross-functional teams. We also encourage our employees to take an active role in their communities through a variety of volunteer committees and United Way activities.

Each of our businesses recognizes the special achievements of our employees on an ongoing basis. These activities include service awards, monetary gifts, recognition in our internal communications and opportunities for challenging assignments.

Enbridge’s diverse workforce is represented by multiple generations, members of minority groups, increasing frequency of women in leadership roles, and accommodates employee interest in options for alternative work arrangements. Enbridge’s participation in community-based educational initiatives with community partners such as The Bow Valley College in Calgary and Career Bridge in Toronto enable greater diversity in our workforce.

Our workforce statistics for 2005 were as follows: a 71 per cent male and 29 per cent female workforce with an average age of employees of 43.66 years. Turnover as a percentage of workforce population, for the year ending Dec. 31, 2005, was 8.8 per cent of the total workforce.

TALENT MANAGEMENT AT ENBRIDGE

- Workforce Planning & Management
- Succession Management
- Leadership & Employee Development
- Performance Management
- Target Talent Pool Development & Mobilization
- Employee Engagement
- Talent Pipeline Management–External

Employee communications

Effective internal communications and employee relations are of strategic importance to Enbridge, particularly as we continue to grow and develop our workforce to support our business growth.

INTERNSHIP PROGRAM BRIDGES THE EMPLOYMENT GAP

Enbridge Gas Distribution is among 80 Toronto area companies working to solve the job market challenge faced by professionals new to Canada. Skilled immigrants

find it difficult to acquire suitable jobs as they lack Canadian experience. But without suitable job opportunities, they cannot acquire that experience. As a result, internationally qualified newcomers are often underemployed and businesses lose out on valuable talent.

Career Bridge, an innovative paid internship program administered by a Toronto-based not-for-profit organization, is trying to change that picture. Since the fall of 2005, Enbridge Gas Distribution has recruited seven interns through the program, all with excellent business credentials. Interns are placed from four months to one year, during which they are paired with a mentor and receive regular feedback and opportunities for professional development.

Daniela Perciasepe, Human Resources Business Partner, says Enbridge Gas Distribution has been very receptive to the program. "It's a great way to provide opportunities for highly educated new Canadian residents who might not otherwise find work in their professional field. We value the international work experience and cultural diversity these individuals can bring to Enbridge, and we are pleased to be a part of helping them obtain the work experience they need."

While it's too early to assess program results, informal feedback from both managers and interns has been extremely positive.

Steve Noble, Director, Finance and Control, Enbridge Distribution Management Services Inc. says that Mahdi Dinian, an Accounting Analyst intern under his direction is well qualified and experienced and brings a lot of skills to the position.

Mahdi arrived in Canada from Iran about 18 months ago, armed with bachelor and master's degrees in accounting, private school instruction in English, and seven years of experience in business and finance. He hopes his one-year internship will translate into a permanent position with Enbridge, which he describes as "a great place to work – nice people, well organized, sophisticated, one of the best companies in Canada."

We seek to foster an environment committed to open and frank communication with a dedicated channel for employee upward feedback and input.

We actively engage our employees in exchange of information and communications through:

- annual employee meetings;
- enhanced Human Resources communications practices and tools;
- our intranet and employee newsletters;
- regular e-mail updates to employees;
- business performance review videos;
- local face-to-face sessions that enable employees to meet our CEO and share their questions, issues and recommendations;
- local manager and leader updates to employees;
- local and regional EH&S committees and working groups, where employees and management meet regularly to discuss local issues; and
- active employee social clubs.

Each year, Annual Employee Meetings are held across the organization within each local business unit to ensure employees receive and exchange information with regard to the company's plans for strategic growth. These forums provide an opportunity for employees to meet with our CEO, local senior leadership and guests to discuss the challenges and opportunities for Enbridge, and engage in a discussion about the issues that matter to them.

In 2005, we held Annual Employee Meetings in Toronto, Edmonton, Calgary and Houston. Question and answer segments in the annual meetings ensured employee questions and input were addressed including inquiries about the business strategy and growth, workforce planning, strategic projects, total compensation, the development of women in leadership roles, employee engagement programs and leadership development opportunities.

Employee involvement and engagement

As a central component of Enbridge's commitment to our people, the annual Employee Perspectives Project offers a dedicated channel for communication to our employees. Through the use of a company-wide employee engagement survey, Enbridge annually invites employees to contribute feedback and their perspectives. The project is a focused initiative that supports leadership

at Enbridge in responding to opportunities to reinforce, evolve or enhance our policies, programs and practices in support of our people and the Enbridge People Strategy.

In the 2005 Perspectives Survey, 65 per cent of Enbridge's workforce participated, with 72 per cent of respondents indicating that they 'would, without hesitation, highly recommend Enbridge to a friend seeking employment'.



Enbridge leaders apply insights gained from employee input in their daily management of their organizations and their deployment of programs and practices. On an ongoing basis, leaders monitor and communicate their activities in support of enhancing our employee engagement and delivering against our People Strategy.

Labour relations and collective bargaining

We believe that healthy and productive labour relations contribute to our company's long-term success, and we have designed our labour relations strategies to maintain and foster a cooperative approach between the company and the various unions and Joint Industrial Councils (JICs.) For example, all unions (except the I.B.E.W. at St. Lawrence Gas) and JICs, participate in incentive compensation programs based on the achievement of the company's strategic goals.

In 2005, we established several joint workforce model committees in partnership with the unions to review and make recommendations on hours of work, work location and work functions, as a result of various operational changes.

We provide ongoing labour relations training and education for our managers and supervisors to help them understand our company's labour relations strategy and programs, and to update them on changes in collective agreements. In 2005, 40 managers and supervisors in Canada and the United States received this training.

In 2005, in the United States, Enbridge is well positioned with our unions with three new four-year collective agreements in place. These were the first four-year collective agreements negotiated by Enbridge.

Early in 2006, in Canada, Enbridge negotiated a new four-year deal with the four JICs in Liquids Pipelines. These were the first four-year agreements negotiated with the JICs. In addition, Enbridge negotiated a new three-year deal with the JIC at Enbridge Gas Storage.

The current collective agreement between Enbridge Gas Distribution and the Communications, Energy and Paperworkers Union of Canada (CEP) expires Dec. 31, 2006. Union density at Enbridge is currently 24 per cent.

Enbridge's grievance procedure for unionized employees has a formal mechanism for resolving workplace issues. Employees can raise issues and concerns with their managers or local union representatives. There were 20 formal grievances filed in 2005. Issues involved included rate of pay, contracting-out and termination.

Business Unit, Union and Joint Industrial Council

Business Units	Bargaining Units	Jurisdictional Area	Number of employees
Enbridge Gas Distribution	Communications, Energy and Paperworkers (CEP) Union of Canada, Local 975	Ontario	800
Enbridge Gas Storage	Joint Industrial Council	Sarnia, Ontario	20
Liquids Pipelines	Joint Industrial Councils (4)	Alberta, Saskatchewan, Ontario, Quebec, Northwest Territories	145
Enbridge Energy Partners	Chicago, Superior and Cushing Regions United Steelworkers of America (USW)	Minnesota, Wisconsin, Michigan, Illinois, Indiana	100
St. Lawrence Gas	International Brotherhood	New York State	20
Enbridge Energy Partners Cushing Region of America (USW)	United Steelworkers Missouri	Kansas, Oklahoma,	14

STAKEHOLDER ENGAGEMENT

Enbridge's stakeholders are drawn from all sectors of society affected by our operations. They include employees, suppliers, customers, investors, government agencies, environmental groups, business partners and local communities. The time and effort we put into developing positive relationships with these stakeholders is an essential part of being good neighbours and operators in our different geographic regions. This engagement occurs in many different ways, including:

- project consultation;
- public awareness;
- community relations;
- customer engagement; and
- relations with indigenous peoples.

GATEWAY PROJECT

Stakeholder consultation continues to be of paramount importance on the Enbridge Gateway Project – our proposal for dual pipelines running from Strathcona County (west of Bruderheim, Alberta) to a new marine terminal in Kitimat, British Columbia. The pipelines, built along the same right-of-way, would consist of a 36-inch petroleum export line along with a 20-inch condensate import line.

A key component of the public consultation and communications program in late 2005 and early 2006 involved hosting 18 community open houses along the proposed project route. These open house sessions provided interested parties with a chance to learn more about the project and voice their opinions. It also gave them an opportunity to meet members of the Gateway Project team.

Approximately 86 per cent of all respondents surveyed at our open houses indicated that they were either supportive of or neutral towards the Gateway Project. Ongoing stakeholder consultation efforts include newsletter mailouts, an updated website, community meetings and presentations. Gateway also hosted five invitational workshops during the last two weeks of November 2005.

These were designed to gauge issues and create discussion about potential environmental effects perceived to be associated with the project. Suggestions about how the effects could be studied or mitigated were also recorded.

In addition, the Gateway Project team continued to build relationships with Aboriginal communities who might be affected by the project. We have identified communities or reserve lands located within 80 kilometres on either side of the proposed right-of-way and terminal site. Our consultation program now involves almost 50 Aboriginal communities in B.C. and Alberta. Because some of these communities are represented by an umbrella organization or tribal council, our program currently involves ongoing discussions with nearly 40 Aboriginal organizations.

To help ensure Aboriginal communities have the capacity to engage in meaningful consultations and participate in environmental and regulatory reviews of our project, we have offered capacity funding to most of these communities. In addition, Enbridge's Aboriginal traditional knowledge program is well underway to gather and record traditional land use and traditional knowledge along the pipeline corridor. Offers to participate in traditional land use studies have been made to most communities by our environmental team and meetings have been held with 31 communities.

We take pride in our long-standing reputation as a good neighbour and socially responsible corporation. We are committed to meaningful discussion with stakeholder communities as well as First Nations and Métis in Alberta and B.C. Enbridge will also remain committed to addressing issues raised by interested parties. Follow-up actions are being, and will continue to be, undertaken at various levels. Enbridge's consultation efforts will continue through the regulatory process and will be extended through the construction and operations phases.

The consultation we undertake and the relationships we have developed allow us to better understand the issues and concerns of our neighbours, and to continue to refine the development of the Gateway Project in order to realize the best solutions for all parties.

PIPELINE INDUSTRY OUTREACH

Through its leadership on various liquids and natural gas pipeline industry committees, Enbridge successfully advocated to increase opportunities for stakeholder group representatives to participate as speakers or panelists in pipeline industry conferences. For example, representatives of the Pipeline Safety Trust – a nationwide pipeline safety advocacy group based in Bellingham, Washington – spoke at the annual American Petroleum Institute Pipeline Conference in 2005 and 2006. Enbridge also helped arrange for a Pipeline Safety Trust member to speak to members of the Southern Gas Association. And the Trust has invited pipeline industry representatives to speak at its annual meeting in 2006, further enhancing the communication channels that are carefully being developed between pipeline operators and their host communities.

With the United States Congress preparing to move forward on pipeline safety reauthorization legislation in 2006, Enbridge government affairs representatives joined a small contingent from industry to prompt early dialogue among industry and pipeline safety advocacy groups to better understand mutual positions and potential legislative provisions. This communication has led to increasing common ground on several pipeline regulatory and policy issues – issues that previously proved contentious, frustrating the congressional representatives and regulatory staff who strive to issue new mandates for the pipeline industry.

PUBLIC AWARENESS

Enbridge completed and implemented a significantly enhanced pipeline public awareness program along our 22,530 kilometres (14,000 miles) of pipeline in the United States. Enbridge worked with the federal pipeline safety regulator, and in June 2005 the consensus standard for pipeline public awareness was adopted into federal regulations for transmission and some gathering pipelines. While this has been a long-standing practice, our Enbridge program uses new technology to identify those who work and live along the pipeline as well as helping us identify other key stakeholders, including thousands of excavators, emergency responders and public officials.

On an industry level, Enbridge continued its leadership role in development of the new industry consensus standard and chaired an effort to create a nationwide survey to help evaluate the recommended public awareness practices. The collaborative program, involving 27 pipeline operators, will survey affected public, local officials and excavators along 322,000 kilometres (200,000 miles) of pipe in the United States.

COMMUNITY RELATIONS

Establishing good community relations around new facilities helps residents understand the purpose and safety features of a new facility, such as our new Henderson Gas Processing plant in Texas. As the final touches were being built at that facility, Enbridge conducted an open house for plant neighbours, local public officials and employees. The event included facility tours, a discussion of safety measures in place at the plant, and community investments in local youth organizations.

To commemorate the startup of our Spearhead Pipeline – which launched the first continuous delivery of Canadian crude oil into the United States Mid-Continent region – Enbridge hosted an open house and ‘first oil’ event in March 2006 for local and state public officials, community leaders and news media at our Cushing Terminal in central Oklahoma. The event included a donation of US\$30,000 to the Cushing Regional Hospital in support of the institution’s campaign to launch a new Women’s Health Center. Since 2004, Enbridge has invested more than US\$53,000 in support of the hospital.

STAKEHOLDER CONSULTATION

Enbridge is undertaking an unprecedented number of new pipeline construction projects in North America. Whether the project is a new pipe along existing pipeline right-of-way, construction of new crude oil tanks or the acquisition of new land as our pipeline system extends to new markets, we undertake proactive public communication and consultation programs. Trained right-of-way professionals work directly with landowners following initial mailed communications that provide stakeholders with an introduction to the project.

Enbridge believes that by communicating with all stakeholders – including local officials, state and federal legislators and the media – we can help identify and resolve issues in the first stages of a project. Enbridge benefits by learning about issues and proactively responding as early in the project as possible. Our stakeholders benefit by an open and transparent process conducted early enough to have meaningful input. As we prepared for the expansion of our East Texas gas gathering and transportation system, the project staff contacted local and county officials in eight counties. Communications outreach training was conducted twice with right-of-way representatives. Right-of-way landowners received information in the mail, in addition to the personal contact with our representatives.

Each Enbridge public consultation program is adapted for the project and the uniqueness of community expectations and issues. For our major Southern Access expansion, 216 kilometres (134 miles) of the more than 805-kilometre (500-mile) project are along new rural farming routes where no other utilities are located. Landowners and local officials in these areas often have little prior knowledge of the pipeline industry. A project website was created to provide background information and link stakeholders to other third-party sources of information. Prior to broad communications with landowners along the route, Enbridge met with senior environmental and energy agencies and with state and federal legislators so as word of the project spread, they would be prepared to answer questions. Environmental staff, community relations representatives and right-of-way senior staff consulted with local, state and federal officials and agencies to identify major issues early in the process and the proposed route was adjusted accordingly. A public opinion survey was conducted to help Enbridge better understand local concerns, including views on energy supply, safety and environmental issues.

We have maintained regular communications with landowners, local officials, legislators and environmental agencies. Along the portion of the Southern Access expansion route in Illinois, Enbridge needs new right-of-way. Early understanding of farming practices and issues – through consultation with county Farm Bureaus and others – significantly assisted in negotiation of an agricultural impact mitigation agreement with the state Agriculture Department. This agreement is an invaluable tool in working with individual farmer landowners, who then have assurances that our construction techniques will have the least possible impact to their crop productivity.

CUSTOMER ENGAGEMENT


We operate Canada’s largest natural gas distribution company and deliver gas to 150,000 business customers and more than 1.6 million residential customers in Ontario. Enbridge Gas Distribution is committed to providing fair and reasonable service to our customers. Customer feedback gathered through regular surveys helps gauge our performance against our commitment and adjust service where necessary.

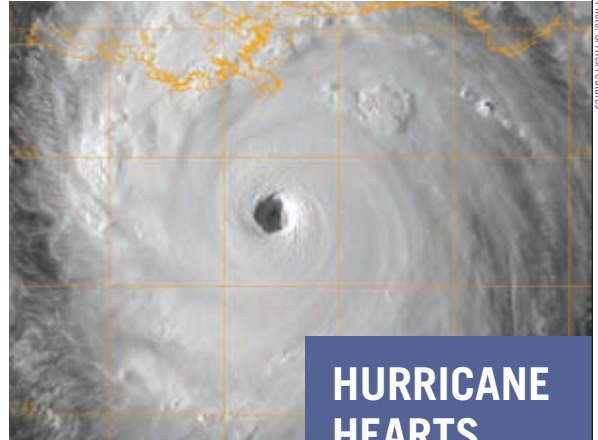
Enbridge Gas Distribution conducts annual surveys of business customers and monthly surveys of residential customers. These surveys are used to better understand customer needs. We also discuss industry and customer issues with an Enbridge-led industry advisory council, consisting of heating, ventilating and air conditioning (HVAC) contractors, manufacturers and industry associations.

During the past six years, Enbridge Gas Distribution’s customer satisfaction levels have remained relatively stable. Despite the changing Ontario energy marketplace, this stability illustrates customers’ continued attraction to natural gas as a reliable and safe energy product.

RELATIONSHIP WITH INDIGENOUS PEOPLES

Enbridge is committed to respectful relations, early engagement and meaningful dialogue with our First Nation and Métis neighbours about our projects that potentially affect them so that, together, we can respect the environment and traditional ways and develop opportunities to participate in and benefit from our projects.

Enbridge’s Indigenous Peoples Policy  has been established to guide our employees and contractors in their approach to consultation and engagement with Aboriginal communities to ensure that it is consistent and thorough. The policy expresses the key principles for relations with indigenous peoples.



HURRICANE HEARTS

During the summer of 2005, as the United States Gulf Coast

was pumelled by highwinds, flooded by sea water and in some areas completely destroyed by hurricanes Katrina and Rita, Enbridge employees showed their best sides by going above and beyond the call of duty to assist others.

Within weeks of the storms, employees across the United States had donated more than US\$35,000 to hurricane relief efforts via the Red Cross, a donation that was matched by the company. And stories of individual heroic efforts abound in the offices located in and around the hurricane zones.

One anonymous employee in Houston took an evacuated family shopping and bought them enough clothes and undergarments to last for a week. The Cushing Region and other businesses in the area donated a state-of-the-art shower trailer to The Federal Emergency Management Agency (FEMA) to use during the relief efforts. The Bazor Ridge facility in Waynesboro, Mississippi loaned one of their generators to an elderly person who was on an oxygen machine and without power.

Joe Giles of North Texas coordinated a delivery of drinking water to Enbridge’s Dufour Petroleum office in Petal, Mississippi, which was one of the hardest hit areas. Marty Cathey and Lee Gilson both of North Texas gave up their Memorial Day weekend to deliver a load of much needed fuel to Fairbanks, Louisiana. The Houston office donated several sets of its Houston Astros season tickets to evacuated families to provide a short entertainment break in their stressful lives.

These are only some of the hundreds of acts of kindness seen across Enbridge as employees reached out to help others in need.

“Whether it was supporting employees and their families in time of need or helping to restore operations, it’s a special kind of teamwork that’s deeply appreciated,” says Rich Adams, Vice President, Engineering and Operations.

Photo © Peter Fratus

In 2005, Enbridge engaged with over 70 First Nations and Métis communities and organizations to ensure that we remain respectful of traditional ways and land use, heritage sites, the environment and traditional knowledge. Additional resources have been added to assist us with our relationships and commitments. Enbridge has hired three Aboriginal people within our Aboriginal Affairs team: a Senior Advisor, Aboriginal Affairs and an Advisor, Aboriginal Affairs to assist with our relations with First Nations and Métis communities and organizations. We have also hired a Senior Advisor,



ENBRIDGE BRINGS DIVERSE GROUPS TOGETHER

*Phil Fontaine,
National Chief*

Business Relations and Skill Development to focus on our commitment to fair and equal access of indigenous peoples to opportunities in education, training, employment and business development that result from our operations, and foster greater participation in those opportunities.

One of the priority focuses of Aboriginal Affairs is the Gateway Project. The proposed pipeline will traverse Treaty 6 and Treaty 8 territory in northwestern Alberta and northeastern B.C. then continues westward to Kitimat, B.C. through First Nation traditional territories that are the subject of land claim and treaty negotiations in northwestern B.C.

The Supreme Court of Canada has recognized that First Nations in northwestern B.C. have a legal interest overlying the Crown's interest in Crown lands and developments on those lands. This presents a unique challenge for Enbridge due to the Crown's subsequent duty to consult with First Nations and Metis regarding land-based resource developments. Enbridge has taken a proactive and broadly inclusive approach that is consistent with our Indigenous Peoples Policy.

Although a significant portion of our time and resources remain focused in Alberta and B.C., we have also demonstrated our sincere interest in Aboriginal culture, history and literacy nationally through, a partnership with The Dominion Institute, the publication of a book called *Our Story* featuring 12 prominent Aboriginal authors writing about their perspectives of Canadian history, and the launch of the Aboriginal Writing Challenge, which provided hundreds of Aboriginal youth the chance to share their views on an aspect of Canadian history in a short-story contest. An August 2005 jury panel of Aboriginal writers reviewed the entries and selected 10 stories for special recognition and one top story. As well, Enbridge

Enbridge was proud to sponsor a special reception in Ottawa in March that brought together First Nations Chiefs and primary policy-makers in the Canadian government.

The National Chief's Reception was held on the occasion of the Assembly of First Nations' Special Chiefs' Assembly in Gatineau to celebrate the Norval Morrisseau Exhibit at the National Gallery of Canada. Morrisseau is a well-known Ojibwa painter and this was the first major exhibit of an Aboriginal artist at the National Gallery.

"It was a spectacular evening," says Robin Wortman, Senior Advisor, Aboriginal Affairs. "National Chief Phil Fontaine invited people in Ottawa to pay tribute to a great artist and to learn more about young Aboriginal storytellers and an enthusiastic crowd turned out."

More than 400 guests attended the event ranging from representatives of Aboriginal organizations to cabinet ministers and other Parliamentarians.

The event also drew attention to a unique contest sponsored by Enbridge in conjunction with The Dominion Institute. The Canadian Aboriginal Writing Challenge is open to Aboriginal youths ages 14 to 29 who are encouraged to write about their perspectives of Canadian history. The winners are published online and in a periodical produced by The Dominion Institute.

sponsored a reception at the National Gallery of Canada hosted by the National Chief of the Assembly of First Nations to celebrate the Norval Morrisseau Exhibit – the first Aboriginal artist in Canada to have a major exhibit at the National Gallery of Canada in Ottawa.

And in June 2006 we announced our support of a new National Chair in Aboriginal Economic Development based at the University of Victoria. Discovering a way for Aboriginal people to be able

to access more jobs, create additional businesses, and have a better quality of life is just part of the job description of Canada's first National Chair in Aboriginal Economic Development. The chair will direct a program of research, relationship-building and education to advance Aboriginal economic development in Canada. It will conduct independent and collaborative research, develop a repository of best practices, serve as a catalyst for and broker of partnerships among a range of parties, and offer students relevant learning in a supportive environment. A symposium on issues relating to the chair and its mandate will be hosted by the University of Victoria this fall, and a national search for the chair holder will be undertaken in the coming year.


HUMAN RIGHTS

Enbridge supports universal human rights. This is one of our core corporate social responsibility principles and we are reinforcing this with comprehensive policies and practices addressing human rights.

ENBRIDGE AND THE VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

Enbridge was one of the first Canadian companies to adopt the Voluntary Principles on Security and Human Rights, which were launched in 2000 through a multi-stakeholder process initially convened by the governments of the United States and the United Kingdom. Participating non-governmental organizations included Amnesty International and Human Rights Watch.

The Voluntary Principles stress the importance of promoting and protecting human rights throughout the world and the constructive role business and civil society – including non-governmental organizations, labour and trade unions, and local communities – can play in advancing these goals. The Voluntary Principles guide companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms.

The Voluntary Principles are now an integral part of our comprehensive Statement of Business Conduct,  which applies to everyone working for us – our employees, our senior management team and our Board of Directors. All of them are required to read and sign our Statement of Business Conduct annually as a condition of employment.

Responsibility for human rights is also part of the mandate of our Board of Directors' CSR Committee, which provides strategic oversight to senior management on CSR issues.

UNITED NATIONS GLOBAL COMPACT

Enbridge is a signatory of the United Nations Global Compact, which brings companies together with UN agencies, labour and civil society to embrace, support and enact, within their sphere of influence, 10 principles in the areas of human rights, labour standards, the environment and anti-corruption. Regarding human rights, the principles state that businesses should support and respect the protection of internationally proclaimed human rights, and ensure that they are not complicit in human rights abuses.

HUMAN RIGHTS IN COLOMBIA

Enbridge owns 24.7 per cent of Oleoducto Central S.A. (OCENSA), a consortium that built Colombia's largest liquids pipeline system, which stretches from oilfields in the central interior of the country to the Caribbean coast.

Enbridge operates and provides technical and management services to the pipeline and in cooperation with our OCENSA partners we have taken action to create awareness, understanding and respect for human rights in Colombia, a long-established democracy but also a country with an ongoing conflict involving guerilla rebel groups and paramilitary groups.

OCENSA adopted a detailed Human Rights Policy and Code of Conduct in 2004 for all employees to follow. The Human Rights Policy specifically commits OCENSA to respect human rights, and obligates employees and contractors to reject violence and to avoid associating with any of the illegal armed groups that are fuelling Colombia's civil war. OCENSA's Code of Conduct reinforces the Human Rights Policy. All OCENSA employees are required to sign the code annually to indicate their understanding and acceptance of the code.

OCENSA has appointed a Human Rights Coordinator, who tracks and audits the company's human rights practices and monitors employees' and contractors' compliance with the Human Rights Policy.

OCENSA also implemented an extensive education and awareness program on human rights and social issues. The training program is conducted by Costa Rica's Center for Studies in Human Rights and focuses on increasing understanding of rights and obligations under international humanitarian law and the constitution of Colombia. This program is directed at a wide audience – not only OCENSA employees and contractors, but also Colombian communities and the military.

The OCENSA pipeline traverses an extensive portion of Colombia's geography, which includes zones of conflict. The Colombian constitution requires energy companies to establish contracts with military personnel as part of the government's obligation to protect the people who live and work in Colombia, as well as to protect the infrastructure and the resources. Close to 1,000 soldiers, airmen and marines who are stationed near OCENSA's pipeline assets have participated in our human rights awareness training programs.

OCENSA has also conducted human rights workshops and meetings with community leaders in communities along our pipeline right-of-way. Moreover, through a strategic alliance that OCENSA has with Colombia's National Ombudsman's Office, 448 teachers at 50 schools have been trained and qualified to teach human rights. As a result of this program, 4,750 children from 25 municipalities are now receiving education about human rights.

PROMOTING CSR IN COLOMBIA

The OCENSA pipeline in Colombia runs from the Cusiana and Cupiagua oilfields in the central interior of Colombia to the Port of Coveñas on the Caribbean coast. Enbridge provides technical and management services to this pipeline, which has a 550,000 barrels-per-day capacity.

We entered into this investment in 1994 as our first international venture, and Enbridge has since transferred to Colombia technology, skills and technical know-how, as well as environment, health, and safety standards. Enbridge and its OCENSA partners have taken action in Colombia to create economic, social and environmental value by:

- creating awareness, understanding and respect for human rights (*please see the Human Rights section on page 75 for more information*);
- making corporate social responsibility a priority; and
- engaging all levels of stakeholders – local communities, governments, landowners, NGOs, contractors, employees and others.

OCENSA published its first CSR report in 2004, which featured its environmental, social and financial programs and initiatives. Publishing the report was a significant development for OCENSA. It signaled OCENSA's commitment to a higher level of public awareness and transparency in corporate reporting. OCENSA is hopeful that its CSR policies and practices will influence other companies in Colombia to take similar steps.

And OCENSA is seeing tangible results from its CSR program. Stakeholders are improving the way they live and work. New forests are growing along the OCENSA pipeline right-of-way. OCENSA employees and their families, as well as contractors and communities and other groups

we interact with on a daily basis have a greater awareness of the importance of respecting human rights and improving society and the environment. OCENSA will continue to work with these stakeholders. This is a long-term commitment.

HELPING COMMUNITIES AND INDIVIDUALS

OCENSA sponsors a social and environmental management education program for municipal administrators, community leaders and students. The program is designed to develop responsible citizenship by promoting participation in local communities and establishing local business initiatives. Since 1998, OCENSA has supported the establishment of 16 leadership schools in 25 municipalities in Colombia to provide this training. More than 2,400 public officials and community leaders have graduated from the training program, while younger students are being provided real alternatives to start their own businesses.

OCENSA has extended its environment, occupational health and safety training for its workers to also include communities and families near its pipeline right-of-way. This program has helped them improve their skills in various areas of health and safety.

In alliance with government organizations, OCENSA is helping small farmers increase their incomes through productivity initiatives. In 2005, this program helped 1,295 families improve their incomes and the quality of their produce.

OCENSA is also 'planting seeds' to generate the process of social change in poor and vulnerable communities through its support of educational – music, dance and sports – programs for young people.

EMERGENCY PREPAREDNESS AND RESPONSE

Emergency preparedness and response programs are a high priority for OCENSA. The company regularly updates its Oil Spill Contingency Plan and provides people in local communities with the training and equipment they require to be effective first responders during emergencies. In 2005, OCENSA conducted 80 local drills and more than 1,500 people received training in emergency response. Moreover, the Coveñas offshore terminal participated in the annual National Emergency Response Exercise, which is led by the Colombian government.

REFORESTATION PROGRAM

As a part of its commitment to the environment, OCENSA has an ongoing program to plant trees along its pipeline right-of-way. To date, about 1,970 hectares (4,870 acres) of trees have been planted. In sensitive shoreline areas, 120 hectares (297 acres) of red mangrove trees, a rare and endangered species, have been planted with the assistance of local communities.

OCENSA has also purchased 160 hectares (395 acres) of high mountain forest and plans to buy an additional 120 hectares (297 acres). OCENSA took this action as part of an agreement with Colombia's Environment Minister.

WORKPLACE SAFETY

OCENSA's workforce is focused on injury prevention. In 2005, the company's days-away injury (DAWC index) registered a rate of 0.11 incidents per 200,000 hours worked.

In 2005, Enbridge signed on as one of 10 founding members to the London Benchmarking Group Canada (LBG Canada). LBG Canada is a member-driven

LONDON BENCHMARKING GROUP CANADA

association working toward a higher standard in the management, valuation and performance measurement of corporate community involvement. Through the LBG model, Enbridge is able to value community contributions consistently and maximize the impact of our corporate community involvement programs. LBG is a structured process that includes goal-setting, clarity on the investment required to achieve a desired outcome and then performance measurement of the result. In adopting this approach, it enhances Enbridge's ability to demonstrate the value of our work to key internal and external stakeholders, and to communicate our achievements more effectively.

The LBG Model is the most comprehensive and widely used means of valuing, managing, measuring and benchmarking corporate community involvement. Development began in 1994 in London, England. Today, the UK membership exceeds 100 and use of the LBG Model is expanding around the world.

HSE MANAGEMENT SYSTEM

In 2005, OCENSA obtained two important certifications: ISO 14001:2004 (environmental management system standard) and OHSAS 18001 (an international occupational health and safety management system specification). ISO was granted by SGS, a leading inspection, verification, testing and certification company, and accredited by SIC (the Superintendencia de Industria y Comercio in Colombia), ANAB (the ANSI-ASQ National Accreditation Board) and UKAS (the United Kingdom Accreditation Service).

SPILLS AND RELEASES

OCENSA reported no oil spills from its pipeline in 2005.

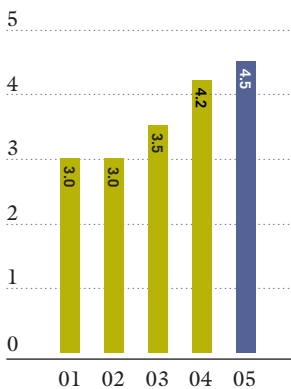
COMMUNITY INVESTMENT

Enbridge makes voluntary contributions to charitable and non-profit organizations in our different geographic regions in Canada and the United States. Our key investment areas include: education, health, environment, social services, arts and culture, civic leadership and volunteer resources. We focus on using our dollars, our partnerships and our human capital to support organizations that contribute to the economic and social development of communities where we live and work.

In 2005, we invested \$4.5 million in charitable and non-profit organizations. Our contributions benefited more than 750 organizations in Canada and the United States, and represented about 0.8 per cent of our average pre-tax earnings. We are committed to increasing our community investment dollars over time to meet the Imagine Canada annual target of one per cent of pre-tax earnings.

Some community investment highlights include:

COMMUNITY INVESTMENT DOLLARS
(millions of dollars)



ENBRIDGE RESEARCH CHAIR IN PSYCHOSOCIAL ONCOLOGY

In November 2005, Enbridge announced its largest community investment to date – the Enbridge Research Chair in Psychosocial Oncology at the University of Calgary, in partnership with the Alberta Cancer Foundation and the Canadian Cancer Society, Alberta & N.W.T. Division.

This example of pioneering leadership will look at cancer from a holistic viewpoint – focusing on the emotional toll cancer has on its victims, their families and friends, and the community at large. (See story on page 67.)

HABITAT FOR HUMANITY EDMONTON

In support of our ongoing commitment to our communities, Enbridge participated and sponsored Habitat for Humanity's Wood Build – a five-unit housing complex in north-central Edmonton. And in March 2006, eight members of the Phillips family received keys to their very first home. Sixty-seven

Enbridge employees donated close to 900 hours to the projects. Enbridge volunteers had their personal time matched by the company to allow for a full week leave from their job.

POLICE AND FIREFIGHTER TRIBUTE PLAZA

The Police and Firefighter Tribute Plaza was officially unveiled in January 2006 to pay tribute to the nine Calgary firefighters and 11 police officers who have given their lives in the line of duty since the inception of both departments in 1885. The Tribute Plaza also recognizes the courage and commitment of current firefighters and police officers who put their lives on the line to ensure a safe community.

Enbridge was a founding donor for Tribute Plaza, and Steve Letwin, Executive Vice President, Gas Transportation and International, chaired the fundraising committee that raised in excess of \$900,000. Funds raised went directly to the Tribute Plaza's construction, but will also be used for educational initiatives.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Enbridge continues to take a leadership role in the community by providing funds to help local charitable and non-profit organizations manage effective volunteer resource programs. We do this because of our belief in the power of volunteerism to build caring and healthy communities.

As part of an ongoing partnership with the Stollery Children's Hospital Foundation in Edmonton, Enbridge supports the Miracle Workers Volunteer Program. This provides the Foundation with the resources to effectively recruit, retain and recognize volunteers. In the past two years, the foundation has doubled their volunteer base to more than 1,500 volunteers.

DUCKS UNLIMITED

At Enbridge, we are committed to protecting and preserving our environment. To support these efforts, Enbridge partnered with Ducks Unlimited to purchase key areas of wetland, helping to ensure the future of North American waterfowl. We were also proud to support the Bow Habitat Station in Calgary – a centre for aquatic environmental education. This centre hosts interpretive components, including a viewing blind, water quality and aquatic invertebrate stations, along with providing educational tours for inner-city kids. Our partnership with Ducks Unlimited is another example of our unconditional commitment to environmental stewardship and educational discovery.

ALLEY THEATRE

Houston's Alley Theatre, founded in 1947, is a professional resident theatre company that received the 1996 Special Tony Award. The Alley performs year-round in its two-theatre complex and has toured 40 American cities and abroad. In 2005, Enbridge made a three-year commitment to be a lead sponsor for two Alley productions each season. As a result of the sponsorship, many Houston office employees receive free and/or discounted tickets to the venue, building awareness of the arts.

SARAH MCLACHLAN MUSIC OUTREACH PROGRAM

Enbridge recognizes the importance of giving children and youth the opportunity to express themselves creatively. Enbridge has partnered with Arts Umbrella's Sarah McLachlan Music Outreach Program to give inner city kids an opportunity to experience the arts through an amazing musical introduction. This program combines several Enbridge community investment areas by merging arts and culture with a unique educational component.

PACIFIC SALMON FOUNDATION

In 2005, Enbridge partnered with the Pacific Salmon Foundation, based in Vancouver, B.C. to ensure that Pacific salmon stocks are preserved and restored through B.C.'s streams and rivers. This commitment to environmental sustainability is very important to Enbridge, and we see the Pacific Salmon Foundation as taking a leadership role through their research, advocacy, recovery and prevention work.

When Yvonne Merchant was diagnosed with cancer in May 2002, she was referred to Dr. Barry Bultz, the head of Psychosocial Oncology at the University of Calgary.

"You have doctors to cut the cancer out of your body but the physical stuff is beside the point," says Yvonne. "Emotionally, you need to learn the tools to centre yourself and calm yourself. Dr. Bultz made me see that I had no choice about getting cancer, but I can control how I lead my life."

Dealing with the emotional side of cancer isn't just an extra when treating this disease, which affects one in three Canadians. It is an essential part of the healing process.

To support the groundbreaking work of Dr. Bultz and encourage development of this emerging research area, last year Enbridge made its largest community contribution to date by donating \$1.2 million toward creating a new research chair in psychosocial oncology. The role of the chair will be to conduct research into the emotional care of cancer patients and their families, and build a strong team of researchers.

"We are planning to develop a large-scale program to screen cancer patients in a routine and systematic way when they are first diagnosed," says Dr. Bultz. "We don't want to wait until we see people in high levels of distress. We also want to look at survivorship which considers life-beyond-treatment given that over 65 per cent of all patients will live beyond five years of diagnosis."

Psychosocial oncology uses a variety of mind-body therapies to ease the emotional distress of living with cancer. These can include meditation, acupuncture, Reiki, and others.

It's bad enough to be diagnosed with cancer but thanks to health professionals in psychosocial oncology, there is now help for the emotional distress that accompanies it.

A HOLISTIC APPROACH TO CANCER RESEARCH

THE PEMBINA INSTITUTE'S GREENLEARNING.CA

Enbridge has been supporting the Pembina Institute since 2002, and recently began a three-year agreement to support the organization's Greenlearning.ca online education program. As a diversified energy transportation and distribution company with investments in wind energy, fuel cell technology and solar energy, Enbridge's focused support of Pembina's Greenlearning.ca program is aimed at encouraging changes in the way society thinks about issues of energy consumption and conservation.

Greenlearning.ca is an innovative educational project inspired and designed by teachers to meet

their curriculum needs. It uses a mix of online interactive and downloadable activities to provide teachers and students with a flexible new kind of learning resource.

Enbridge's hope is that this program will become an indispensable tool for all teachers across Canada and that we have supported a program that adds environmental education into the mix of curriculum in a reliable and steady way.

KEYSTONE CENTER TRAINING INSTITUTE

Each summer, Enbridge sponsors teachers from various communities where we operate at the Keystone Center's Key Issues Institute in Colorado. This program provides hands-on interdisciplinary education following a non-biased scientific framework to middle-level teachers who can, in turn, take environmental issues into the classroom and investigate these complex issues with their students.

ENBRIDGE ENERGY 9/11 FUND

In September 2002, we established the Enbridge Energy 9/11 Fund to memorialize the heroes and victims of the Sept. 11, 2001 tragedy and to show our appreciation for the emergency first responders who serve their communities. The 9/11 Fund helps annually underwrite special projects or equipment acquisitions for local fire departments, emergency medical services and police and sheriffs departments – in the areas in which we operate.

WINTER WARMTH FUND

In Ontario, Enbridge Gas Distribution is committed to providing assistance to customers who have a genuine inability to pay for their energy use in a timely manner. That is why in late 2004 Enbridge Gas Distribution, together with Toronto Hydro and the United Way of Greater Toronto, officially launched the Winter

Warmth Fund. The fund provides financial assistance to help low-income families and individuals struggling to meet their financial commitments, including heating bills. Last winter, the fund helped more than 600 families in need. In 2006, with the added participation of local United Ways and community-based agencies, the Winter Warmth Fund will be expanded to reach Enbridge customers in other Ontario communities.



TO BE
OR NOT
TO BE . . .

*Brendan Meyer
Camp Shakespeare Actor*

Some scholars may consider the plays of William Shakespeare too complex for kids to understand, but the Free Will Players (FWP) of Edmonton beg to differ.

Each year, the FWP, a non-profit professional theatre company founded in 1989, produces the River City Shakespeare Festival. And a key element of the festival is a theatre camp – called Camp Shakespeare – for kids ages eight to 16.

Enbridge has been a festival sponsor for the past year, and the success of Camp Shakespeare has been overwhelming.

"I have been at the camp for two years," says nine-year old Brendan Meyer. "I will be going again next year for sure. We get to act right on the stage in Hawrelak Park and also played a lot of fun games. A chipmunk got the teacher's snack one day. It is an extremely great time."

Camp Shakespeare is a one-week program for children held during the festival. In the summer of 2006, three courses were offered over two different weeks in July and included Shakespeare's Clowns for ages eight to 10 years, Shakespeare's Heroes and Villains for kids ages 11 to 13 years; and Shakespeare's Players for ages 14 to 16 years.

The kids learn acting techniques including stage fighting and put on a show every day at 12:30 p.m., right before the matinee performance by FWP.

This unique summer camp has created more than a few star-struck kids and Enbridge is there to support them, right on cue.

UNITED WAY

Each year, Enbridge employees actively participate in United Way campaigns across Canada and the United States. In 2005, employees exceeded expectations and, including company matches, raised more than \$1.7 million across Canada and the United States.

- In Calgary, a silent and live auction was held featuring hundreds of donated items and was attended by 300 employees, clients and customers of Enbridge. This event, along with others, helped the Calgary office exceed their goal and raise approximately \$390,000.
- Enbridge Gas Distribution ran the 28th annual Enbridge CN Tower Stair Climb, with a record 89 climbers scaling the 1,776 steps of the tower to help the United Way of Greater Toronto reach its goal of \$94.5 million for the 2005 campaign. In total, Enbridge Gas Distribution employees raised more than \$772,000 for the United Way and exceeded their campaign goal by 19 per cent.
- In Edmonton, a combination of special events and company matches saw \$287,000 raised.
- Employees at Enbridge Gas New Brunswick exceeded their 2005 campaign goal within the first 24 hours of their kick-off. Employees raised over \$27,000 for the campaign. Houston office employees were heavily involved with the United Way in 2005. During the city-wide Day of Caring, more than 100 Enbridge volunteers worked 822 man-hours at The Women's Home, which has a mission to help women in crisis regain their self-esteem and dignity, empowering them to return to society as productive, self-sufficient individuals. Overall, the Houston office raised US\$243,645 for the United Way, a 50 per cent increase from the prior year. Employee giving rose 40 per cent as well.
- In Saskatchewan, employees biked across the border to Minot, North Dakota in the annual Enbridge Connection Bike Relay. Through this, and other United Way events, employees raised almost \$7,000.
- In the Superior Region, employees participated in a Chili & Dessert cook-off. Employees at the St. Lawrence Gas office in New York State raised more than US\$5,300 through employee pledges and a number of events including casino games, bake sales and raffles.

EMPLOYEE INVOLVEMENT

Employee involvement is part of the culture at Enbridge in all areas of the company. In 2005, our employees were actively involved in numerous community activities with company support and encouragement.

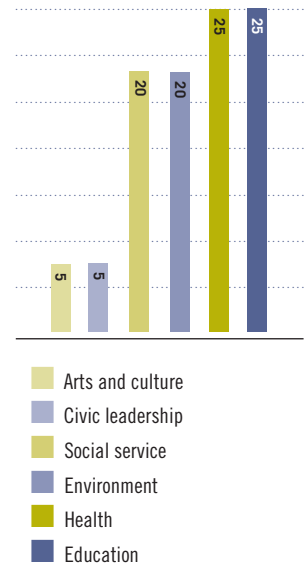
In Calgary, employee-run volunteer initiatives raised money for the Families in Transition Program, which helps provide more stable living conditions to families who are homeless or at extreme risk of becoming homeless.

For 82 years, Houston's Society for the Prevention of Cruelty to Animals placed more animals into loving, permanent, responsible homes than all other area shelters combined. Enbridge sponsors one hour of the SPCA's annual telethon, and employees participate in both on- and off-camera duties associated with the event.

In spring 2006, Enbridge's Houston office was a house lead for a special Habitat for Humanity build sponsored by Oprah Winfrey's private foundation and viewer-supported Angel Network. More than 30 Enbridge employees spent five days constructing a home for one of the families displaced by Hurricane Katrina who chose to permanently relocate to Houston.

In March 2006, 67 Liquids Pipelines employees in Edmonton donated nearly 900 hours to help build a five-unit housing complex in north-central Edmonton with Habitat for Humanity.

**COMMUNITY INVESTMENT
BY FOCUS AREA**
(% of total)



ASSURANCE STATEMENT FROM ENBRIDGE'S INTERNAL AUDIT SERVICES

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

The management of Enbridge Inc. prepared the Enbridge Inc. 2006 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 (*included in pages 71 to 76, as outlined below*) 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 2005 performance indicators as summarized for Enbridge's liquids pipelines, gas pipelines, United States natural gas business, gas distribution and international operations.

LIQUIDS PIPELINES	US NATURAL GAS BUSINESS	GAS PIPELINES	GAS DISTRIBUTION	INTERNATIONAL
<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 • 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 • Environmental Performance

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 selected performance indicators. As well, we interviewed a selection of Enbridge managers and professional staff who supported the collection, consolidation and reporting of the performance indicators at a business unit level. 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 is accurate and fairly presented.




Barry Yuzwa, *Senior Director, Audit Services*

COMPARISON WITH GUIDELINES OF GLOBAL REPORTING INITIATIVE (GRI)

This report has been prepared in accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our organization's economic, environmental and social performance.



Patrick Daniel, *President & CEO*
Enbridge Inc.

Enbridge created this report using the 2002 GRI Sustainability Reporting Guidelines. As part of those guidelines, we have included this GRI content index, which allows readers to quickly assess the degree to which Enbridge has included information and indicators contained in the GRI guidelines. Our sustainability reporting has evolved over the years and will continue to do so to meet all GRI guideline requirements. Enbridge is committed to a strategy of continual improvement to reflect existing and emerging standards of CSR practices and reporting. To see our GRI checklist,  visit www.enbridge.com/csr2006.

SUMMARY OF PERFORMANCE INDICATORS

The following pages include summaries of information on systems operated by Enbridge and information on CLH within International. Any changes from the previous year in measurement methods applied to key information have been footnoted.

LIQUIDS PIPELINES

	2001	2002	2003	2004	2005
OPERATIONS ¹					
Deliveries (<i>thousands of barrels/day</i>) ^{2,3}	2,109	2,088	2,189	2,138	2,008
Barrel miles (<i>billions</i>) ^{3,4}	695	705	710	757	695
Kilometres of right-of-way ⁵	10,251	10,309	10,240	11,074	11,082
Number of employees ⁶	1,158	1,124	1,148	1,213	1,293
EH&S MANAGEMENT					
Major incidents ⁷	5	9	7	3	6
Regulatory notifications ⁸	0	1	7	5	4
EH&S fines and penalties (<i>thousands of dollars</i>) ⁹	0	0	0	6	0
EH&S professionals (<i>full-time</i>)	23	22	25	28	32
ENVIRONMENTAL PERFORMANCE					
Greenhouse gas emissions ^{10,11}					
Total direct emissions (<i>thousand tonnes of CO₂ equivalent</i>)	17	36	24	25	23
Total indirect emissions (<i>thousand tonnes of CO₂ equivalent</i>)	915	879	942	1,062	1,012
Total emissions intensity (<i>direct and indirect emissions, tonnes of CO₂ equivalent/petajoule of throughput</i>) ¹²	182	160	165	173	174
Direct emissions intensity (<i>tCO₂e/pj</i>) ¹³	3.4	6.4	4.2	4.0	4.1
Energy					
Energy use (<i>thousand gigajoules</i>) ¹³	5,162	5,246	5,440	6,123	5,751
Energy intensity (<i>thousand gigajoules/million cubic metres of throughput</i>)	39	36	37	38	39
Reportable Spills ¹⁴					
Number of spills	27	46	58	64	70
Spill volume (<i>barrels</i>)	25,670	14,680	6,377	3,114	9,825
Spill volume rate (<i>barrels/billion barrel miles of throughput</i>)	36.22	20.22	8.68	3.84	12.98
Waste					
Recycled material (<i>tonnes</i>) ¹⁵	88	48	46	54	41

(see next page)

LIQUIDS PIPELINES *(Continued)*

	2001	2002	2003	2004	2005
HEALTH AND SAFETY					
Personal injuries ¹⁶					
Employee days away injury frequency ¹⁷ <i>(days away injuries/200,000 hours worked)</i>	0.34	0.18	0.09	0.52	0.25
Employee days away injury severity <i>(days away/200,000 hours worked)</i>	1.97	4.25	0.09	8.15	1.33
Employee recordable injury frequency <i>(recordable injuries/200,000 hours worked)</i> ¹⁸	1.20	1.11	1.31	1.65	1.00
Contractor days away injury frequency <i>(days away injuries/200,000 hours worked)</i> ^{17, 19}	0.10	1.07	0.83	1.69	0.25
Contractor recordable injury frequency <i>(recordable injuries/200,000 hours worked)</i> ^{18, 19}	1.25	4.70	4.14	5.07	3.24
Absenteeism ²⁰					
Absenteeism <i>(number of days absent/employee)</i>	3.13	2.72	3.15	2.84	2.94
Motor vehicle incidents					
Reportable motor vehicle incident frequency <i>(incidents/1,000,000 kilometres driven)</i> ²¹	2.71	2.17	3.22	3.73	2.59

1 Unless otherwise noted, data covers Enbridge Pipelines Inc., Enbridge Energy Partners, L.P. (Lakehead and North Dakota Systems), Enbridge Pipelines (NW) Inc., Enbridge Pipelines (Saskatchewan) Inc., Enbridge Pipelines (Athabasca) Inc., and Enbridge Pipelines (Toledo) Inc. Results for the Mid-Continent system acquired from Shell on March 1, 2004 are also included in this report.

2 1 barrel = 0.159 cubic metres or 42 United States gallons.

3 Includes Enbridge Pipelines Inc., Enbridge Energy, Limited Partnership (Lakehead System), Enbridge Pipelines (NW) Inc., Enbridge Pipelines (Saskatchewan) Inc. and Enbridge Pipelines (Toledo) Inc.

4 Barrel-miles are the number of barrels delivered multiplied by the distance traveled in miles.

5 Includes main line and gathering line right-of-way.

6 Includes Liquids Pipelines and Enbridge Energy Company North United States Operations permanent full time equivalents, and Enbridge Energy Company Shared Services permanent full time equivalents working in Superior Office.

7 Major incidents are EH&S events that result in a critical employee or contractor injury or fatality, significant regulatory enforcement action, a liquid spill in excess of 100 barrels, or significant adverse impact to the environment.

8 Regulatory notifications are formal written notification by regulators that Enbridge may not be adhering to the law, regulation or permit requirements. Examples of notifications include formal warnings, enforcement actions, summonses and charges, notices of violation, and stop and control orders. Notifications do not include field inspection reports or other informal communications. Notifications may result in fines or penalties.

9 EH&S fines and penalties are levied against the company as a result of regulatory notifications. Fines and penalties in a particular year often relate to activities in prior years. Reported in Canadian dollars.

10 Includes Enbridge Pipelines Inc., Enbridge Pipelines (NW) Inc., Enbridge Pipelines (Saskatchewan) Inc., Enbridge Pipelines (Athabasca) Inc. and Enbridge Midcoast Canada Operating Corp.

11 Data is based on data from the Enbridge Inc. Canadian GHG Challenge Registry Update 2006.

12 Net emissions include reductions related to any offset project.

13 Energy use includes electricity and fuel consumption in operations of Enbridge Pipelines Inc., Enbridge Pipelines (NW) Inc., Enbridge Pipelines (Saskatchewan) Inc., Enbridge Pipelines (Athabasca) Inc., and Enbridge Midcoast Canada Operating Corp.

14 Reportable spills are any spill reportable to a regulatory jurisdiction.

15 Includes office paper, aluminum, glass, metal and newspaper. Materials such as wax, waste oil, rags and batteries are recycled but not tracked.

16 Personal injury classifications are based on OSHA Recordkeeping Guidelines for Occupational Injuries and Illnesses.

17 Measure of any work-related injury that prevents a worker from reporting to work on the next calendar day.

18 Includes days away and medical aid injuries.

19 Contractor days away and recordable injury frequency rates include engineering project contractors. They do not include operations contractors, because number of hours worked is not tracked for these contractors.

20 Includes Liquids and Gas Pipelines data.

21 Motor vehicle incident frequency rates do not include incidents that occurred at office locations in Edmonton, Alberta and Duluth, Minnesota/Superior, Wisconsin, because mileage is not tracked for these locations.

GAS PIPELINES ¹

	2001	2002	2003	2004	2005
OPERATIONS					
Deliveries (billion cubic feet) ^{2,3}	259	281	376	375	389
Kilometres of right-of-way	466	466	466	466	466
Number of employees ⁴	6	5	6	6	6
EH&S MANAGEMENT					
Major incidents ⁵	0	0	0	2	0
Regulatory notifications ⁶	0	0	0	2	0
EH&S fines and penalties (thousands of dollars) ⁷	0	0	0	0	69.3
ENVIRONMENTAL PERFORMANCE					
Reportable Spills ⁸					
Number of spills	0	0	0	0	0
HEALTH AND SAFETY					
Personal injuries ⁹					
Employee days away injury frequency (days away injuries/200,000 hours worked) ¹⁰	0.00	0.00	0.00	0.00	0.00
Employee injury severity (days lost/200,000 hours worked)	0.00	0.00	0.00	0.00	0.00
Employee recordable injury frequency (recordable injuries/200,000 hours worked) ¹¹	0.00	0.00	0.00	17.46	17.50
Contractor days away injury frequency (days away injuries/200,000 hours worked) ^{10, 12}	4.83	0.00	0.00	0.00	0.00
Contractor recordable injury frequency (recordable injuries/200,000 hours worked) ^{11, 12}	15.70	0.00	0.00	0.00	0.00
Motor vehicle incidents					
Reportable motor vehicle incident frequency (incidents/1,000,000 kilometres driven)	n/a	0.00	4.38	0.00	0.00

1 Data covers Vector Pipeline.

2 One thousand cubic feet = one dekatherm.

3 Source: FERC Form 2, Major Natural Gas Pipeline Annual Report

4 Includes Enbridge Energy Company North United States Operations permanent full time equivalents.

5 Major incidents are EH&S events that result in a critical employee or contractor injury or fatality, significant regulatory enforcement action, a liquid spill in excess of 100 barrels, or significant adverse impact to the environment.

6 Regulatory notifications are formal written notification by regulators that Enbridge may not be adhering to the law, regulation or permit requirements. Examples of notifications include formal warnings, enforcement actions, summonses and charges, notices of violation, and stop and control orders. Notifications do not include field inspection reports or other informal communications. Notifications may result in fines or penalties.

7 EH&S fines and penalties are levied against the company as a result of regulatory notifications. Fines and penalties in a particular year often relate to activities in prior years. Reported in United States dollars.

8 Reportable spills are any spill reportable to a regulatory jurisdiction.

9 Personal injury classifications are based on OSHA Recordkeeping Guidelines for Occupational Injuries and Illnesses.

10 Measure of any work-related injury that prevents a worker from reporting to work on the next calendar day.

11 Includes days away and medical aid injuries.

12 Contractor days away and recordable injury frequency rates include engineering project contractors. They do not include operations contractors, because number of hours worked is not tracked for these contractors.

UNITED STATES NATURAL GAS BUSINESS

	2003	2003	2004	2004	2005	2005
	Pipeline	Trucking	Pipeline	Trucking	Pipeline	Trucking
OPERATIONS ¹						
Gas transmission volume ² <i>(billion cubic feet per day)</i>	1.8	–	2.03	–	3.71	NA
Deliveries <i>(barrels per day)</i> ³	28,000	–	35,695	21,376	48,900	15,000
Length of right-of-way ⁴ <i>(miles)</i>	6,430	45	8,500 ⁴	45	NA	NA
Length of pipeline <i>(miles)</i>	7,500	45	9,200	45	13,081	45
Employees	515	162	694	160	896	144
EH&S MANAGEMENT						
Major incidents ⁵	0	2	2	0	0	0
Regulatory notifications ⁶	10	1	18	0	5	0
EH&S fines and penalties <i>(thousand dollars)</i> ⁷	53.5	0.5	202.3	0	31.8	0
EH&S TRAINING						
Total hours	7,800	1,850	11,471	1,997	13,080	2,137
Hours per employee ⁸	29.4	11.4	16.5	12.5	14.6	14.8
EH&S professionals <i>(full-time)</i>	9	1	11	1	16	1
ENVIRONMENTAL PERFORMANCE ⁹						
Reportable spills ¹⁰						
Spills <i>(number)</i> ¹¹	2	2	5	0	3	0
Spill volume <i>(barrels)</i>	11	21	138	0	48	0
HEALTH AND SAFETY ¹²						
Employee days away injury frequency <i>(days away injuries per 200,000 hours worked)</i> ¹³	0.19	1.23	0.30	1.88	0.24	0.95
Employee days away severity <i>(days away per 200,000 hours worked)</i>	0.19	111.56	1.80	33.82	3.06	10.93
Employee recordable injury frequency <i>(recordable injuries per 200,000 hours worked)</i> ¹⁴	1.55	2.47	1.35	0.47	1.18	0.95
Preventable motor vehicle incident frequency <i>(incidents per million miles driven)</i>	2.59	1.61	1.68	2.23	0.85	0.68

1 Unless otherwise noted, data covers natural gas transmission, gathering, processing and trucking operations of Enbridge Energy Partners, L.P. and Enbridge Offshore operated by Enbridge Inc.

2 Reflects aggregate throughput of Enbridge Energy Partners, L.P., natural gas transmission, gathering and processing lines and Enbridge Offshore operated by Enbridge Inc.

3 1 barrel = 0.159 cubic metres or 42 United States gallons (all liquid products).

4 Includes 8,500 right-of-way miles for transmission, processing and gathering and 45 miles for Dufour Petroleum.

5 Major incidents are EH&S events that result in a critical employee or contractor injury or fatality, significant regulatory enforcement action, a liquid spill in excess of 100 barrels, or significant adverse impact to the environment.

6 Regulatory notifications are formal written notification by regulators that Enbridge may not be adhering to the law, regulation or permit requirements. Examples of notifications include formal warnings, enforcement actions, summonses and charges, notices of violation, and stop and control orders. Notifications do not include field inspection reports or other informal communications. Notifications may result in fines or penalties.

7 EH&S fines and penalties are levied against the company as a result of regulatory notifications. Fines and penalties in a particular year often relate to activities in prior years. Reported in United States dollars.

8 Measures hours of EH&S training per operations employee. Does not include additional training provided to office employees.

9 Because of different regulatory requirements and business needs, our United States Natural Gas Business does not track some corporate performance indicators. A key priority of this business operation is full compliance with existing regulatory requirements. The company's management system provides accountability for achieving this performance.

10 Reportable spills are any spill reportable to a regulatory jurisdiction.

11 Includes liquid spills from gas transmission and the limited number of liquids pipelines that are included in the United States Natural Gas Business segment.

12 Health and safety statistics refer only to Enbridge employees. Personal injury classifications are based on United States Occupational Safety and Health Administration (OSHA) reporting guidelines for occupational injuries and illnesses.

13 Measure of any work-related injury or illness that prevents a worker from reporting to work on the next calendar day.

14 Includes days away and medical aid injuries.

ENBRIDGE GAS DISTRIBUTION

	2001	2002	2003	2004	2005
OPERATIONS ¹					
Gas distribution volumes (<i>billion cubic feet</i>)	413	413	433	430	439
Length of pipeline (<i>thousand kilometres</i>) ²	28.0	29.0	30.5	31.4	32.9
Number of employees	1,780	2,008	1,682	1,607	1,799
EH&S MANAGEMENT					
Major incidents ³	0	1	3	0	1
Regulatory notifications ⁴	4	3	3	3	1
EH&S fines and penalties (<i>thousands of dollars</i>) ⁵	0	0	0	0	0
EH&S TRAINING					
Total hours ⁶	n/a	4,939	4,166	4,646	5,849
Hours per employee ⁷	n/a	2.46	4.03	5.30	5.66
EH&S professionals (<i>full-time</i>) ⁸	12	11	10	10	10
ENVIRONMENTAL PERFORMANCE					
Greenhouse gas emissions ⁹					
Direct emissions (<i>thousand tonnes of CO₂e</i>)	338 ¹⁰	317 ¹⁰	318 ¹⁰	300	289
Indirect emissions (<i>thousand tonnes of CO₂e</i>)	9	8	7	7 ¹¹	7
Net emissions intensity (<i>tonnes of CO₂e per petajoule of energy delivered</i>)	780	730	701	945 ¹¹	962
Direct emissions intensity (<i>tCO₂e/pj</i>)	765	714	683	924	946
Energy					
Energy use (<i>thousand gigajoules</i>)	1,322	911	938	949	913
Energy intensity (<i>thousand gigajoules per billion cubic feet of throughput</i>)	3.2	2.2	2.2	2.2	2.2
Reportable spills ¹²					
Number of spills (<i>gas</i>) ¹³	1	0	1	0	0
Number of spills (<i>liquid</i>)	1	1	0	0	0
Spill volume (<i>litres of liquid</i>)	5	180	0	0	0
Spill volume rate (<i>barrels per billion cubic feet of throughput</i>)	0.01	0.45	n/a	n/a	0
Waste					
Waste to offsite disposal					
Total non-hazardous waste (<i>tonnes</i>)	469	565	958	998	1,098
Total liquid Ontario Ministry of Environment registerable waste (<i>thousand litres</i>) ¹⁴	46	132	196	230 ¹⁵	908 ¹⁶
Total solid Ontario Ministry of Environment registerable waste (<i>kilograms</i>) ¹⁴	38,000	7,789	2,202	2,296	1,053
Recycled material (<i>tonnes</i>)	40	431	444	469	497

(see next page)

ENBRIDGE GAS DISTRIBUTION (Continued)

	2001	2002	2003	2004	2005
HEALTH AND SAFETY					
Employee days away injury frequency <i>(days away injuries per 200,000 hours worked)</i> ¹⁷	0.62	1.21	0.48	0.13	0.62
Employee days away severity <i>(days away per 200,000 hours worked)</i>	6.98	11.27	7.45	2.83	6.57
Employee recordable injury frequency <i>(recordable injuries per 200,000 hours worked)</i> ¹⁸	3.29	3.42	3.00	2.58	2.91
Absenteeism <i>(days absent per employee)</i>	4.86	4.44	4.51	3.85	3.84
Motor vehicle incident frequency <i>(incidents per million kilometres driven)</i>	2.98	2.75	3.32	3.22	3.79

- 1 Includes overall distribution system of Enbridge Gas Distribution.
- 2 Does not include gas services (pipe required from the main to serve residential, commercial or industrial buildings).
- 3 Major incidents are EH&S events that result in a critical employee or contractor injury or fatality, significant regulatory enforcement action or significant adverse impact to the environment.
- 4 Regulatory notifications are formal written notification by regulators that Enbridge may not be adhering to the law, regulation or permit requirements. Examples of notifications include formal warnings, enforcement actions, summonses and charges, notices of violation and stop and control orders. Notifications do not include field inspection reports or other informal communications. Notifications may result in fines or penalties.
- 5 EH&S fines and penalties are levied against the company as a result of regulatory notifications. Fines and penalties in a particular year often relate to activities in prior years. Reported in Canadian dollars.
- 6 Includes EH&S training for employees such as driver safety, pipeline excavation safety and WHMIS (Workplace Hazardous Material Information System).
- 7 Measures hours of EH&S training per operations employee. Does not include additional training provided to office employees. 2002 data was reported for all employees.

- 8 Includes vehicle safety trainers and nursing staff in the company's Wellness Centre.
- 9 Does not include customer emissions.
- 10 Data excludes St. Lawrence Gas.
- 11 Data is based on the Enbridge GHG Challenge Registry 2006 Update.
- 12 Reportable spills are spills reportable to a regulatory jurisdiction.
- 13 Does not include fugitive emissions, planned releases or third party incidents.
- 14 Includes wastes registered under the Ontario Hazardous Waste Information Network.
- 15 This increase was largely due to a water utility main break which caused water to flow into gas utility lines and resulted in Enbridge Gas Distribution having to dispose of pumped-out water as hazardous waste.
- 16 This increase was largely due to disposal of water (including rain water) that came into contact with soil that was deemed contaminated at a former manufactured gas plant.
- 17 Measure of any work-related injury or illness that prevents a worker from reporting to work on the next calendar day.
- 18 Includes days away and medical aid injuries.

INTERNATIONAL¹

	2002	2003	2004	2005
OPERATIONS				
Pipeline Transport Volumes <i>(thousands of metric tonnes)</i>	20,044	21,612	23,242	25,008
Length of pipeline <i>(thousands of kilometres)</i>	3.4	3.4	3.4	3.4
Number of employees	2,192	2,071	1,954	2,109
ENVIRONMENTAL PERFORMANCE				
GHG emissions				
Direct emissions <i>(thousands of tonnes of CO₂e)</i>	24	20	12	7
Indirect emissions <i>(thousands of tonnes of CO₂e)</i>	20	22	26	34
Net emissions intensity <i>(thousands of tonnes of CO₂e/pj)</i>	422	323	210	226
Energy				
Energy use <i>(thousands of gigajoules)</i>	1,761	1,719	1,388	1,362
Energy intensity <i>(thousands of gigajoules per million cubic metres of throughput)</i>	641	496	288	280

- 1 CLH (Spain) data only - GHG emissions/energy data reflect Enbridge 25% ownership.

2005/2006 CSR AWARDS AND RECOGNITION

ECONOMIC

Global 100 Most Sustainable Corporations in the World In January 2006, it was announced at the World Economic Forum in Davos, Switzerland that Enbridge was again on the Global 100 list for 2006 as one of the 100 Most Sustainable Corporations in the world. Enbridge was one of five Canadian companies included in this listing.

Dow Jones Sustainability Index In September 2005, Enbridge was added to the Dow Jones Sustainability World Index for 2005/2006. The prestigious global ranking evaluates companies on economic, environmental and social criteria. (Enbridge was not named to the index for 2006/2007.)

Desjardins Environment Fund This fund's assets are invested in shares of corporations that contribute to maintaining and improving the environment. The Canadian-based Desjardins Fund is a well-known environmental fund, and to be included indicates that the company is doing a good job in managing environmental issues.

Ethibel Sustainability Indices (ESI) - Pioneer & Excellence This index contains pioneer companies with respect to sustainability across sectors and regions in Europe, the Americas and Asia Pacific.

Jantzi Social Index (JSI) The JSI, a socially screened, market capitalization-weighted common stock index modeled on the S&P/TSX 60, consists of 60 Canadian companies that pass a set of broadly based environmental, social, and governance rating criteria.

2006 Fortune 500 Enbridge Energy Partners, L.P. advanced from No. 488 in 2005 to No. 335 on the 2006 Fortune 500 list. Among pipeline companies on the Fortune 500, EEP ranks No. 6.

Fortune's America's Most Admired Companies 2006 Enbridge Energy Partners, L.P. was ranked third among pipeline companies for America's Most Admired Companies 2006 based on eight criteria from investment value to social responsibility.

ENVIRONMENT, HEALTH AND SAFETY

Green Toronto Awards In March, Enbridge Gas Distribution was recognized by the City of Toronto with an Environmental Award of Excellence in the Energy Conservation category for efforts in helping customers reduce energy consumption and GHG emissions.

Canadian Business Magazine's Cleaner, Greener 22 list In February, Canadian Business Magazine ranked 22 companies in their list of the Cleaner, Greener 22. Enbridge was one of them. This list is made up of companies who are on the Dow Jones Sustainability World Index, the Dow Jones Sustainability North American Index and Innovest Strategic Value Advisor's Global 100 ranking.

Stratos Inc. annual rating of CSR reports For the past three years, Stratos Inc. – a sustainability consultancy company – has published a detailed assessment of Canadian corporate sustainability reporting. In 2005, they looked at 114 Canadian companies who publish social responsibility reports and then ranked the top 30. We ranked 12th on the list, and received high marks for our emissions reporting in Canada. The detailed report and a summary report are available on the Stratos Inc. website at www.stratos-sts.com/pages/publica014.htm.

Canadian Energy Pipelines Association Award for lowest injury rate Liquids Pipelines received the Canadian Energy Pipelines Association's 2005 award for the lowest injury frequency rate in Canada in the large pipeline category.

Canadian Energy Pipelines Association Award for lowest motor vehicle incident rate Liquids Pipelines was honoured to receive the Canadian Energy Pipelines Association's 2005 award for the lowest motor vehicle incident frequency rate among our industry peers.

Work Safe Alberta Enbridge was selected for the Work Safe Alberta 2005 Best Safety Performer Awards for exceptional performance in workplace health and safety.

Northwest Territories Workers' Compensation Board Award Inuvik Gas Ltd., in which Enbridge has a 33 per cent interest, participated in the Occupational Safety and Health Week organized by the Northwest Territories Workers' Compensation Board (NWT WCB). The NWT WCB recognized Inuvik Gas's innovative Safety Week program as the best for companies with up to 20 employees. This is the sixth consecutive year Inuvik Gas has received the award.

2005 Award from the Houston's Best Workplaces for Commuters Coalition Our United States Natural Gas Business's head office in Houston encourages employees to ride public transportation to work by covering the cost of their transit fees. As a result of this program, our Houston office received a Commuter Award in 2005 from the Houston's Best Workplaces for Commuters Coalition. The award, which we have received every year since 2003, recognizes Enbridge as a Houston-area employer that is committed to reducing traffic and air pollution and improving the quality of life for commuters.

SOCIAL

Canada's Top 100 Employers Enbridge was named to the 2006 and 2007 listing of Canada's Top 100 Employers, and also named one of Alberta's Top 25 Employers for both years.

Most Respected Corporation for Community Involvement by Alberta Venture Magazine For the third time, Enbridge ranked as Alberta Venture's Most Respected Corporation in the category of Community Involvement. President and CEO Pat Daniel was also recognized by Alberta Venture in their Corporate Leader category. The Corporate Leader category acknowledges CEOs who provide visionary leadership and a purposeful voice for their industry.

Corporate Knights Best 50 Corporate Citizens In 2006, Enbridge was named to Corporate Knights Magazine's list of the best 50 corporate citizens in Canada.

Thanks A Million Award from United Way The Thanks a Million Award recognizes the success of organizations that raise \$1 million or more nationally for United Ways across Canada. This is the seventh time Enbridge has received this award.

Patron Award for Sustained Support at Calgary Mayor's Luncheon This award celebrates the arts, artists and partnerships that are created between business and the arts. Alberta Ballet, Alberta Theatre Projects and Theatre Junction nominated Enbridge for this award.

Corporate Volunteer Award of Excellence The Wild Rose Foundation of the Alberta government presented this award to Enbridge. This honour was received in recognition of Enbridge's outstanding commitment and contributions to Alberta's Voluntary Sector.

Winter Warmth Fund Enbridge Gas Distribution received its first award for the Winter Warmth Fund from Conscious Media, a magazine that deals with social issues. The award was called the Conscious of the Cold award. Other recipients included the City of Toronto and the Ontario Ministry of Energy.

The Globe and Mail Business for the Arts Awards In the category of Most Effective Corporate Program, Enbridge received an Award of Distinction for its support of Alberta Theatre Projects, as well as its support of other arts organizations.

CORPORATE GOVERNANCE

The Globe and Mail Report on Business Annual Corporate Governance Evaluation 2005 Enbridge Inc. tied for 12th scoring 93 (the same as 2004) out of a possible 102 points (best score was 97).

Canadian Coalition for Good Governance 2005 Enbridge was one of three honourable mentions for the first Canadian Coalition for Good Governance Golden Gavel Award for effective disclosure of director information. In 2006, Enbridge received the "Governance Gavel Award" for being corporate Canada's leader in director disclosure.

Canadian Business Magazine 2005 Enbridge tied for 15th best Board of Directors scoring 92 (best score was 99).

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