

## 2014 Sustainability Highlights Report



What It Takes



# Our Charter

## Vision

We are Spectra Energy, one of North America's leading pipeline and midstream companies.

## Purpose

We create superior and sustainable value for our investors, customers, employees and communities by delivering natural gas, natural gas liquids and crude oil to premium markets.

## We value:

- **Stewardship** – Demonstrating a commitment to environmental responsibility and vibrant communities
- **Integrity** – Ethically and honestly doing what we say we will do
- **Respect for the Individual** – Embracing diversity and inclusion, enhanced by openness, sharing, trust, leadership, teamwork and involvement
- **Safety** – Sharing a relentless commitment to a zero work-related injury and illness culture
- **High Performance** – Accountability, achieving superior business results and stretching our capabilities
- **Win-Win Relationships** – Having relationships which focus on the creation of value for all parties
- **Initiative** – Having the courage, creativity and discipline to lead change and shape the future

## We know we are successful when we are the:

- Supplier of choice for customers
- Employer of choice for individuals
- Advisor of choice on policy and regulation for governments and regulators
- Partner of choice for communities
- Investment of choice for investors



## Welcome to the 2014 Sustainability Highlights Report

To Our Fellow Stakeholders,

At Spectra Energy, sustainability is far more than a program; it is a deeply held value and an encompassing approach to our work, actions and decisions. The work we do is mission critical – connecting supplies of natural gas, natural gas liquids and crude oil to high-demand markets across North America.

Equally important is how we work. We strive every day to operate safely and reliably ... develop new infrastructure responsibly ... and enhance the communities where we work and live. In 2014 we delivered strong financial, operational, safety, environmental and social results. The details of our successes, challenges and strategy can be found in our online sustainability report.

I am proud of our team and I believe we have what it takes to succeed in being a valued partner of choice to those we serve: an expansive asset footprint; the ability to deliver projects into service on time and on budget; an abiding focus on safety and environmental integrity; longstanding connections with the communities we serve; and a workplace culture that respects individual contributions and team collaboration. We know that having what it takes includes maintaining the trust and engagement of our stakeholders.

We hope you'll continue to share your thoughts and ideas with us. Please let us know how we're doing through the survey that you will find in our online sustainability report.



Gregory L. Ebel, Chairman, President & CEO

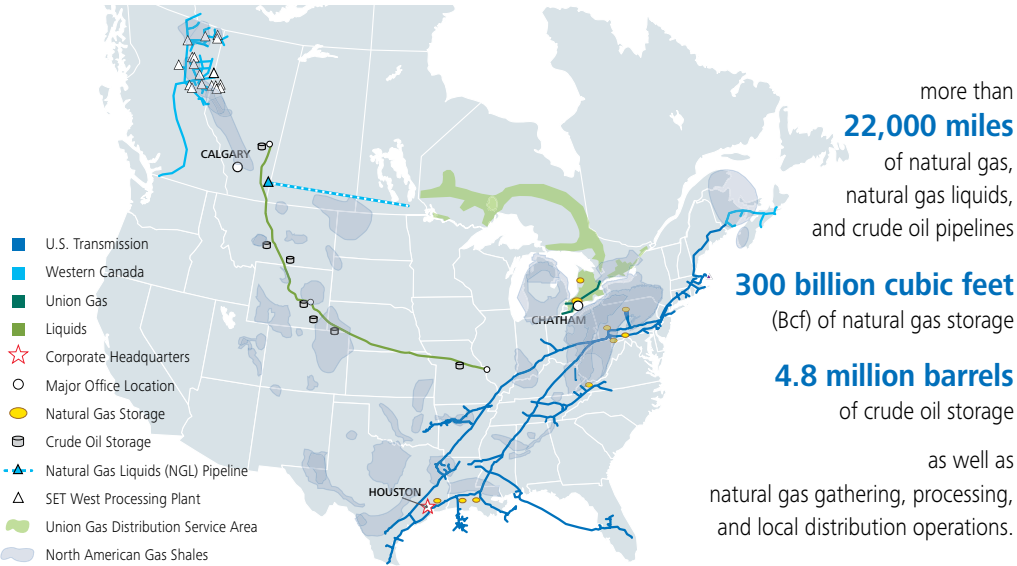
**20%** Our natural gas system handles approximately **20%** of the natural gas consumed in North America.

**more than \$6 Billion in Savings** The infrastructure we provide is helping North American customers and communities save more than **\$6 billion** on their annual energy bills:

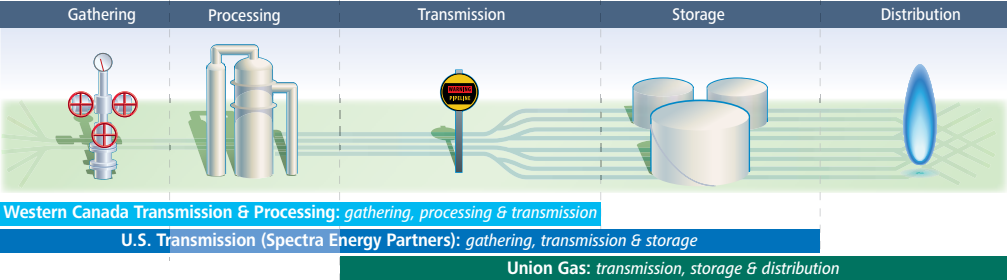
- Once Access Northeast is operational, it could save electric customers an average of **\$1 billion** a year.
- Our New Jersey-New York Expansion Project is expected to save consumers **\$700 million** annually in energy costs.
- Ontario's families, businesses and industry have realized as much as **\$5 billion** in annual savings since 2008, by converting to clean, affordable natural gas.

# About Spectra Energy

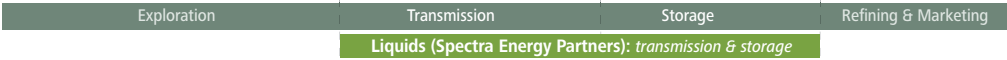
Spectra Energy is one of North America's leading pipeline and midstream companies. Based in Houston, Texas, the company's operations in the United States and Canada include:



## Natural Gas Value Chain



## Crude Oil Value Chain



### Western Canada gathering, processing & transmission

- One of the largest midstream natural gas businesses in Canada.
- Business is comprised of: BC Pipeline, BC Field Services, Canadian Midstream and Empress NGL operations and Maritimes & Northeast Pipeline Canada.
- Approximately 1,300 employees.

### U.S. Transmission gathering, transmission & storage

- Provides transmission, storage and gathering of natural gas through interstate pipeline systems for customers in various regions of the midwestern, northeastern and southeastern United States.
- Approximately 14,000 miles of transmission and gathering pipelines across the system.
- Approximately 2,200 employees.

### Union Gas transmission, storage & distribution

- Second largest natural gas utility in Canada.
- 1.4 million residential, commercial and industrial customers in more than 400 communities.
- Approximately 40,000 miles of distribution main & service lines with almost 3,000 miles of transmission pipeline system-wide.
- Approximately 160 Bcf in 25 underground storage facilities.
- Approximately 2,200 employees.

### Liquids transmission & storage Express-Platte

- Transports crude oil from Western Canada and the Bakken shale to refineries in the midwest United States.
- Consists of over 1,700 miles of transmission pipeline.
- System includes 44 storage tanks with a total capacity of 4.8 million barrels and 38 pumping stations.
- Approximately 140 employees.

# Sustainability at Spectra Energy

In 2013, we identified five key sustainability focus areas – stakeholder engagement; supply chain management; environmental, social and governance reporting; environmental resource conservation; and community economic development – that not only represent risks to be managed, but also significant opportunities.



In 2014, we consulted internally and externally to advance our sustainability strategy in order to develop approaches and tools that strike the right balance with business priorities and key stakeholders’ needs.

Progress was achieved in each of the five focus areas:

- Supply chain** – All suppliers and contractors are now expected to comply with our Supplier Code of Conduct, a tool that specifies environmental, social and governance performance expectations.
- Environmental, social and governance (ESG) reporting** – Engaged with key investors to address opportunities to enhance our ESG disclosure. Data from our recently acquired liquids business is now included in our corporate sustainability reporting.
- Environmental resource conservation** – Worked to conserve environmental resources and minimize our environmental footprint in expansion projects, resulting in strengthened business partner relationships and timely regulatory approvals.
- Stakeholder engagement** – Launched the Spectra Energy stakeholder engagement committee, comprised of senior executives, to better inform management of stakeholder-related risks and opportunities and to share best practices.
- Community development** – Deepened our approach to local community development, particularly with our Aboriginal communities.

# Economic

*Spectra Energy delivered strong financial results in 2014. We conduct our business with integrity, transparency and accountability. Responsible, reliable and safe operations are essential in our drive to create superior and sustainable value – above all else.*

## Our Priorities and 2014 Highlights

### Delivering on our financial commitments and effectively executing our expansion plans:

- Recorded distributable cash flow of nearly **19% above** our expectation for the year.
- Over the past eight years, we have implemented more than **65 infrastructure projects**, representing almost **\$8.5 billion** of investment, through diligent consultation and collaboration.

### Operating safely and reliably:

- Once operational, we ensure pipeline integrity by investing almost **\$800 million** annually in ongoing maintenance - and ensuring we are ready to respond in an emergency.
- In 2014, our recordable injury frequency rate **improved 40%** over 2013 results.

### Ensuring strong corporate governance and transparency:

Named to the Ethisphere Institute's World's Most Ethical Companies list.



### Collaborating with our supply chain:

- In 2014, we spent **\$2.5 billion** on materials and services to expand and maintain our business.
- Our new procurement & supply chain management (PSCM) operating model involves integrating our customers, supply chain and external stakeholders.

*"Construction of the Spectra Energy pipeline into Lower Manhattan has made Con Edison's supply of natural gas more robust and saved our customers an estimated \$104 million in electric costs and \$107 million in gas costs since the pipeline went into service in November 2013."*

- Ivan Kimball, Vice President of Energy Management for Consolidated Edison Company of New York





## Safety Above All Else

Safety is a core value at Spectra Energy, and we recently created an award to recognize employees who demonstrate an unwavering commitment to safety.

The Theopolis Holeman Safety Award celebrates the legacy of Theopolis Holeman, former vice president of Spectra Energy's EHS and U.S. Operations, who passed away in 2013. Theopolis was a safety champion who constantly reminded all of us to "stay in the moment."

Our first recipient of the annual Holeman Safety Award was Richard Carlson, station specialist and safety lead at the Accident Compressor Station for 39 years. He also is the mayor and fire chief of Accident, Maryland. As a safety lead, Richard is a tireless supporter of hands-on training. He and his colleagues across Spectra Energy are committed to putting safety above all else to keep ourselves, our teams and our communities safe.

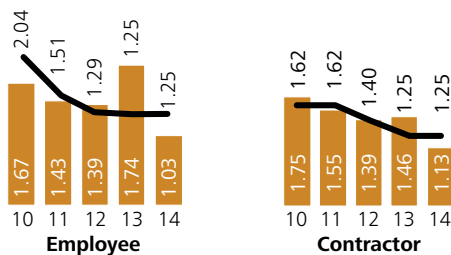


## 2014 Safety Performance

### Total Incident Frequency

Number of injuries per 200,000 hours worked

■ Actual — Target



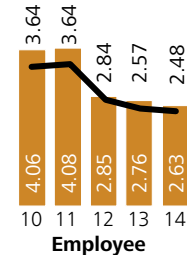
2013 PEER GROUP AVG. = 2.05

- Our **employee total incident frequency rate** improved **40%** to 1.03 from 2013 to 2014. This rate remains below our 2013 industry peer group average of 2.05, and close to our peer group's 2013 top-decile performance of 0.96.
- **Contractor total incident frequency rate** declined to 1.13 in 2014, a **20% improvement** compared to 2013.

### Vehicle Incident Frequency

Number of vehicle accidents per million miles driven

■ Actual — Target



2013 PEER GROUP AVG. = 1.71

- Our **employee preventable vehicle incident frequency rate** of 2.63 in 2014 reflects a **5% improvement** compared to 2013, but does not meet our peer group average of 1.71.



# Environment

*Spectra Energy considers environmental stewardship a fundamental priority and a key component in becoming the ‘company of choice.’*

## Our Priorities and 2014 Highlights

### Environmental resource conservation:

- Total water use declined **4%. 98%** of the water we used was recycled.
- Supported **3** biodiversity conservation Wildlife Habitat Council Wildlife at Work projects; implemented a corporate-wide biodiversity working group to share best practices.

### Maintaining a progressive approach to climate change and energy efficiency:

- Union Gas’ Demand Side Management programs have saved an estimated **\$2.6 billion** in total resource costs and **7.5 billion cubic meters** of natural gas since 1997, equivalent to a **14 million ton** reduction in CO<sub>2</sub> emissions.
- Our U.S. transmission business’ participation in U.S. EPA’s Natural Gas STAR Program has reduced methane emissions by over **12.4 billion cubic feet since 2007.**

- CO<sub>2</sub> intensity per unit of throughput **decreased 4%** from 2013.
- Corporate-wide fleet fuel efficiency **improved 5%** from 2013.

### Reducing environmental impacts from our operations:

- Achieved a **5% reduction** in non-Greenhouse Gas air emissions.
- 41 spills in 2014. While we didn’t achieve our goal of reducing spills in 2014, we are targeting a **10% reduction** in spills for 2015.
- Recycled **more than 26,000 metric tons** of waste during 2014.

Union Gas has partnered with Hamilton Street Railway Company (HSR) for more than 25 years, supplying natural gas as a transportation fuel for its bus fleet. Over the next five years, HSR plans to purchase 120 new compressed natural gas (CNG) buses. Going forward, Union Gas will be more than a supplier; we’ll also help HSR design, construct and maintain a new CNG fueling station at its transit headquarters.

*“Natural gas as a transportation fuel presents the City of Hamilton with the opportunity to benefit both from an economic and environmental perspective, and we are excited to move forward on this initiative with Union Gas.”*

- Geoff Lupton, Director of Energy, Fleet & Traffic for the City of Hamilton’s Public Works Department





## *Environmental Resource Conservation in our Projects*

At Spectra Energy, we recognize that our operations have an effect on the environment. We work systematically to conserve environmental resources and minimize impacts by designing and operating our pipeline facilities in an environmentally responsible manner.

For example, during 2014 we progressed planning and environmental permitting for two major greenfield projects: Sabal Trail Transmission, a 515-mile interstate natural gas pipeline in the southeast U.S., and our Westcoast Connector Gas Transmission Project, which is a new 525-mile natural gas system in British Columbia.

Protecting the habitats for endangered and at-risk species is an important part of the development process for both projects. The company conducts risk assessments to identify sensitive areas, including protected species and habitats, before proposing pipeline routes and support facility locations. We avoid environmentally or culturally sensitive areas when practical and when alternative routes are feasible; and we continue to support biodiversity conservation efforts, including those beyond our operational footprint.

Our Sabal Trail project team worked closely with the Florida Department of Environmental Protection and several stakeholders to reroute the pipeline around the Halpata Tastanaki Preserve located in Marion County, Florida. This reroute avoided designated areas which contained listed species such as the Florida Scrub Jay, as well as minimized impacts to wetlands and cultural resource sites. The site is very important to our key stakeholders and is used for recreation, wildlife viewing and research.

Spectra Energy's Westcoast Connector Gas Transmission Project involves building a new natural gas transportation corridor to serve multiple LNG projects in the Prince Rupert, British Columbia area. With more than six decades of experience in B.C., we know this opportunity must be developed efficiently, safely, with minimal environmental disruption, and in collaboration with Aboriginal and local communities. Our team has spent the past three years gathering input from across northern B.C. with various stakeholder groups. The project route was amended several times as a result of their recommendations.



**Florida Scrub Jay**

The Westcoast Connector is now the only B.C. LNG project that provides for up to two pipelines in the same corridor, which helps limit potential environmental and community impacts during construction and operations. It also consolidates future growth in a smart, thoughtful way. In November 2014, the project received an Environmental Assessment Certificate from the B.C. government.

For additional information, please visit our projects websites, where we provide key stakeholders with the information they need.

# Social

*Spectra Energy is proud to be a member of numerous communities across North America. We build mutually beneficial relationships with communities and support local economic development. Spectra Energy's success is largely due to our engaged and highly skilled employees.*

## Our Priorities and 2014 Highlights

### Valuing our employees:

- Our 2014 employee engagement **score of 85** places Spectra Energy among North America's High Performing companies, according to Towers Watson.

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| • Spectra Energy has ranked among Houston's <b>top 150 workplaces</b> for <b>5 years</b> . | • Union Gas has ranked among Canada's <b>top 100 workplaces</b> for <b>5 years</b> . |
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- Spectra Energy fosters a culture that **values diversity, inclusion and respect**. For nearly **60 years**, Spectra Energy has built positive, sustainable, long-term relationships with Aboriginal communities in British Columbia.

### Engaging our stakeholders:

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| • Engaged in <b>over 1,200</b> community meetings to inform local residents of our project plans, address questions and receive valued public input. | • Held <b>2 corporate-wide</b> stakeholder committee meetings to expand our process of sharing best practices and lessons learned. |
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### Supporting our communities:

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| • Contributed approximately <b>\$10 million</b> in 2014 to the communities where we live and work, including volunteering more than 34,000 hours. | • Employees and retirees selected, coordinated and participated in <b>440 volunteer projects</b> in 2014. |
|---|---|
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- In 2014, we directly contributed **\$5.3 billion** to the economies and communities of Canada and the U.S. through our core business activities, including employment, procurement of materials and services, and tax payments to governments.



*"Our ability to make good business decisions is related to the quality of our relationships with our key stakeholders. As senior leaders, we are expected to bring stakeholder feedback into the organization, as well as share best practices and lessons learned."*

- Tina Faraca, Vice President, Engineering and Construction

### **Sabal Trail Transmission\***

We believe public participation strengthens our connection with people living and working near our pipelines and related facilities and is critical to the successful completion of our projects. Sabal Trail Transmission, a new interstate natural gas transmission system, will be constructed, owned and operated by Sabal Trail to provide natural gas transportation to the southeastern U.S. The project will include nearly 515 miles of interstate natural gas pipeline and five compressor stations in Alabama, Georgia and Florida, and will be capable of transporting more than one billion cubic feet per day of natural gas. A unique feature of this pipeline system is that it parallels a variety of existing utility corridors, significantly reducing environmental and community impacts for construction and operation.

The Sabal Trail team's objective in implementing a comprehensive stakeholder outreach strategy has been to identify and potentially resolve issues raised by stakeholders from the beginning. The Sabal Trail team has been interacting with the public and receiving feedback on the project through public meetings, landowner informational meetings, one-on-one discussions, written materials and other communication channels, such as Twitter and newsletters. Our project representatives continue to be in direct contact with landowners and other interested persons through local offices across the project area.



Sabal Trail's government relations team has also communicated with local and county officials, state legislators, state executive offices, and the Alabama, Georgia, and Florida Congressional delegations and their district staff about the project. Keeping our communities and their elected leaders informed has been of the highest priority for Sabal Trail, and we will continue to engage with communities throughout the construction and operations of the project.

\* In partnership with NextEra Energy, Inc. and Duke Energy.

## Summary of 2012-2014 Health and Safety Performance Report

	2014	2014 by business unit			2013	2012
	<b>Spectra Energy<sup>1</sup></b>	<i>Western Canada</i>	<i>Union Gas</i>	<i>U.S. Transmission</i>		
Hours Worked	13,750,682	2,767,850	4,026,731	6,956,101	11,268,035	10,778,916
Work Ratio (% of Employee Hours)	100%	20%	29%	51%	100%	100%
Employee Lost Workday Case Rate <sup>2</sup>	0.36	0.94	0.20	0.23	0.39	0.32
Employee Total Incident Case Rate <sup>3</sup>	1.03	1.73	1.44	0.52	1.74	1.39
Employee Vehicle Incident Case Rate <sup>4</sup>	4.02	3.08	5.61	3.45	3.68	3.61
Employee Preventable Vehicle Incident Case Rate <sup>5</sup>	2.63	2.41	3.79	2.05	2.76	2.85
Employee Fatalities	0	0	0	0	0	0
Contractor Total Incident Case Rate <sup>3</sup>	1.13	1.12	2.64	0.68	1.46	1.39
Contractor Fatalities	0	0	0	0	0	0

<sup>1</sup> Employee Health and Safety data excludes jointly operated assets.

<sup>2</sup> Employee LWCR (Lost Workday Case Rate) = No. of Lost Workday Cases multiplied by 200,000 hours and divided by actual hours worked.

<sup>3</sup> Employee/Contractor TICR (Total Incident Case Rate) = No. of injuries multiplied by 200,000 hours and divided by actual hours worked.

<sup>4</sup> Employee VICR (Vehicle Incident Case Rate) = No. of vehicle accidents multiplied by 1,000,000 miles and divided by actual miles driven.

<sup>5</sup> Incident types to be deemed non-preventable, after thorough review, include: animal strikes, struck while properly stopped, and struck by flying debris.

## Summary of 2012-2014 Supply Chain Data

	2014	2014 by business unit			2013	2012
<i>(in millions)</i>	<b>Spectra Energy<sup>1</sup></b>	<i>Western Canada</i>	<i>Union Gas</i>	<i>U.S. Transmission</i>		
Material and Service Spend	\$2,513	\$728	\$499	\$1,286	\$2,726	\$2,280
Diversity Spend <sup>2</sup>	\$176	\$62	\$3	\$111	\$80	\$71

<sup>1</sup> Excludes jointly operated assets.

<sup>2</sup> Only diversity spend data captured in Canada is Aboriginal spend.

## Summary of 2012-2014 Environmental Performance Data

	2014	2014 by business unit			2013	2012
	Spectra Energy <sup>1</sup>	Western Canada	Union Gas	U.S. Transmission		
<i>Greenhouse Gas (GHG) Emissions (Thousand Metric Ton CO<sub>2</sub>e)</i>						
Carbon Dioxide (CO <sub>2</sub> )	4,804	3,137	219	1,448	4,632	4,284
Carbon Dioxide (CO <sub>2</sub> ) - Vented	1,955	1,955	0	0	2,045	2,235
Carbon Dioxide (CO <sub>2</sub> ) - Mobile Sources	25	4	7	14	26	27
Methane (CH <sub>4</sub> )	1,981	330	484	1,166	1,840	1,870
Nitrous Oxide (N <sub>2</sub> O)	28	26	2	1	28	26
Total Direct GHG Emissions <sup>2</sup>	8,793	5,453	712	2,629	8,571	8,382
Indirect GHG Emissions	911	117	2	793	640	608
Total Direct and Indirect GHG Emissions	9,705	5,569	714	3,422	9,211	8,990
<i>Normalized Greenhouse Gas (GHG) Emissions (thousand metric tons CO<sub>2</sub>e)/BBTU throughput)</i>						
Normalized Total GHG	1.79	5.96	1.00	0.91	1.86	1.95
Normalized Total Criteria Contaminants	0.008	0.032	0.002	0.003	0.010	0.010
<i>Energy Consumption (Thousand MWh)</i>						
Electricity Use	1,833	153	32	1,648	1,152	1,025
<i>Criteria Air Emissions (thousand tons)</i>						
NOx Emissions	16.5	9.8	0.9	5.8	16.2	17.0
SOx Emissions	14.1	14.0	0.0	0.0	15.8	18.6
Carbon Monoxide (CO)	7.5	4.3	0.3	3.0	8.1	7.7
Volatile Organic Compounds (VOC)	2.5	1.5	0.0	1.0	2.5	2.4
Total Criteria Air Pollutant Emissions	40.6	29.6	1.2	9.8	42.6	45.8
<i>Waste Generation (in metric tons)</i>						
Hazardous Waste	4,662	3,861	634	167	3,645	6,959
Non-hazardous Waste	16,854	8,563	942	7,349	6,848	13,537
Total Recyclables	26,885	21,451	832	4,603	26,290	33,279
<i>Spills (Frequency)</i>						
	41	33	4	4	33	31
<i>Notice of Violations (NOVs)</i>						
	12	1	1	10	8	27
Fines <sup>3</sup>	\$4,900	\$4,900	\$0	\$0	\$22,980	\$134,880

<sup>1</sup>All environmental data excludes jointly operated assets.

<sup>2</sup>Direct emissions are reported on operational control basis.

<sup>3</sup>Not all NOVs have been reviewed for possible fines at time of reporting.

## Summary of 2012-2014 Workforce Statistics

	2014	2014 by business unit			2013	2012
	<b>Spectra Energy<sup>1</sup></b>	<i>Western Canada</i>	<i>Union Gas</i>	<i>U.S. Transmission</i>		
Total Employees	5,861	1,332	2,265	2,264	5,711	5,447
Bargaining Unit Employees	1,370	533	837	0	1,367	1,356
Bargaining Unit Employee Percentages	23%	40%	37%	0%	24%	25%
Total Females	1,688	345	809	534	1,625	1,513
Females as a Percentage of Total	29%	26%	36%	24%	28%	28%
Females as a Percentage of Management	25%	23%	30%	23%	25%	24%
Total Minorities <sup>2</sup>	N/A	N/A	N/A	466	N/A	N/A
Minorities as a Percentage of Total <sup>2</sup>	N/A	N/A	N/A	21%	N/A	N/A
Minorities as a Percentage of Professional <sup>2</sup>	N/A	N/A	N/A	32%	N/A	N/A
Minorities as a Percentage of Management <sup>2</sup>	N/A	N/A	N/A	18%	N/A	N/A
Voluntary Turnover Rate	5.2%	6.1%	4.0%	5.9%	4.2%	4.1%
Total Workforce Receiving Professional Development and Leadership Training	932				914	828
Total Investment in Workforce Leadership and Professional Development Training	\$1.95 million				\$1.5 million	\$1.2 million
Total Payroll	\$918 million				\$872 million	\$964 million

<sup>1</sup> Excludes jointly operated assets.

<sup>2</sup> Ethnic diversity data is not captured in Canada due to privacy regulations.







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**Yes.** Processed Chlorine Free (PCF)

**Yes.** Acid Free



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