

2015 SUSTAINABILITY HIGHLIGHTS REPORT



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 2015 SUSTAINABILITY HIGHLIGHTS REPORT

To Our Fellow Stakeholders.

At Spectra Energy, we're dedicated to serving a triple bottom line that advances economic, social and environmental goals. Our sustainability focus touches all facets of our business, extending beyond what we do – connecting energy supplies to North American markets – to how we conduct our business and build relationships.

In 2015 we delivered solid results across the spectrum. On the employee safety front, our total incident frequency rate remained constant during the year, just short of our top decile goal. We are pleased with the significant progress achieved across the company in vehicular safety, and in the notable reduction in injuries in Western Canada. In addition, we are laying the foundation for positive, lasting improvement in safety performance by implementing new risk identification and mitigation training programs at Union Gas and focusing on safety leadership in our U.S. operations.

Importantly, the natural gas we deliver is playing a critical role in advancing North America's environmental goals. Electric generators across the country are phasing out coal- and oil-fired generation facilities in favor of cleaner-burning, more affordable natural gas. This fuel switch has resulted in lower greenhouse gas emissions. In our own operations we have achieved a significant reduction, more than 20 percent since 2011, in the greenhouse gas intensity of our business, and we continue to participate in voluntary programs that reduce or avoid methane emissions.

We employ a community investment strategy that targets education, workforce development, safety, environmental stewardship and community vitality. Examples include our partnership and education efforts with First Responder agencies, conservation initiatives associated with our project

development work, and scholarship support of local universities and technical schools aimed at building community vitality and the next generation of leaders.

The greatest asset we have at Spectra Energy is our talented and motivated team, and we are committed to being the 'employer of choice' for both new hires and

tenured employees.
We offer a range of innovative training, development and mentoring options; attractive, competitive benefits; employee-led resource networks; and company-supported



volunteer and community engagement opportunities. And we are gratified by our ongoing inclusion in top employer listings in Houston and Canada.

I am proud of our team and their collective capacity and commitment to serving and balancing the social, environmental and economic needs of stakeholders. Their efforts have built a strong and responsive company characterized by a steadfast focus on safety and environmental integrity, consistent financial performance, longstanding connections with the communities we serve, and a workplace culture that respects individual contributions and team collaboration.

We know that our success rests with the trust 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 you will find in our online sustainability report.

Greg Ebel, Chairman, President & CEO

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:

- More than 21,000 miles of natural gas, natural gas liquids and crude oil pipelines.
- 300 billion cubic feet of natural gas storage.
- 4.8 million barrels of crude oil storage.
- · Natural gas gathering, processing and local distribution operations.

Did You Know?

To learn more about our business units and assets. visit our interactive map at www.spectraenergy.com/ operations/ where-we-are.



Current U.S. Projects

- Ozark Conversion
- 2 Salem Lateral
- 3 AIM
- 4 Loudon
- Gulf Markets
- NEXUS
- 10 TEAL

STEP

6 Sabal Trail

8 Atlantic Bridge

- 11 Access South, Adair Southwest and Lebanon Extension
- PennEast
- Stratton Ridge

Current Canadian Projects

- Burlington-Oakville
- 15 Dawn-Parkway Expansions
- 16 High Pine
- Jackfish Lake
- 18 RAM
- 19 Wyndwood

■ U.S. Transmission – transmission & storage

- Western Canada gathering, processing, fractionation & transmission
- Union Gas transmission, storage & distribution
- Spectra Energy Liquids transmission & storage

HOW WE DO BUSINESS

Living Our Values

How we conduct our business is essential to our success in becoming the partner of choice. We live our core values and commit to building win-win relationships in the communities we serve. For our business to flourish, we must understand our stakeholders' needs, and we do so by engaging, respecting and being responsive to their diverse perspectives.

We act with integrity. We promote ethical behavior and meet and exceed minimum legal compliance standards. We also help shape our industry's future by introducing and modeling best practices.

WE SERVE MANY STAKEHOLDERS – AND A

TRIPLE BOTTOM LINE
THAT ENCOMPASSES FINANCIAL, SOCIAL

AND ENVIRONMENTAL IMPERATIVES.

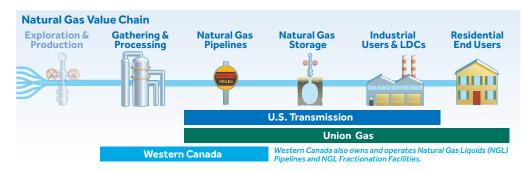
To achieve our business goals we set high performance standards, such as:

- Engaging stakeholders in a meaningful way to help us build needed energy infrastructure; attract and retain customers; obtain our social license to operate; and meet or exceed regulators' expectations.
- Delivering safe and reliable operations and building an employee culture that places safety above all else.
- Recruiting, investing in and retaining employees, and fostering a diverse and inclusive workplace that respects the individual.

We believe that the outcome of living our values will result in our company being sustainable and prosperous. To us, that means providing infrastructure services in a way that is economically, environmentally and socially responsible.

Business Model

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





Safety Above All Else

Q&A with Andy Drake, Vice President, Operations and EHS

How do you engage employees in creating a safe environment?

Two years ago, we started an intentional effort to shift our safety culture. Our goal is to ensure our safety behaviors align with our core value that, above all else, we keep ourselves, our teams and our communities safe. At every level of our company, our employees are responsible for ensuring we operate safely and reliably so that we all go home safely. By focusing on doing the right things at the right time for the right reasons, our people have made significant progress.



Safety goes beyond Spectra Energy, too. We are involved in ensuring our industry adopts safe practices through industry organizations, such as the Interstate National Gas Association of America and Canadian Energy Pipeline Association. We also work with the Common Ground Alliance to promote public understanding of safe digging around utilities. Efforts like our partnership with the Children's Safety Village in Ontario help educate the next generation about individual responsibilities that ultimately make our communities safer.

Engaging Our Stakeholders

Q&A with Susan Waller, Vice President, Stakeholder Outreach and Sustainability

What are key aspects of your engagement with stakeholders?

Start early, educate and be responsive. Proactively engaging the public, whether they are elected officials, landowners or other key community members, allows us to identify and address concerns early in the process. We ensure that we have subject matter experts who can provide answers to stakeholder questions. During our public meetings, stakeholders can speak directly to our engineers, scientists, environmentalists,



safety experts and regulatory representatives. Answering stakeholder questions on the spot is essential to a meaningful and open dialogue and to building trust and confidence. Being transparent and responsive to stakeholders and addressing their questions and concerns in a timely manner is key to building relationships and credibility.

What are we learning from talking with stakeholders in our communities, and how have we made changes?

One of the most important things we've learned over the course of permitting, building and operating new pipelines is that people are willing to work with us when we listen to and work with them regarding their concerns. For example, on our NEXUS Gas Transmission pipeline, we made 352 route adjustments after meeting with landowners and understanding their property use. This type of information exchange and response to it makes a difference in how communities view and interact with our company. Spectra Energy is truly committed to doing the right thing.

Did You Know?

Safety and stakeholder engagement are key factors for success at Spectra Energy. For more in-depth interviews with Andy Drake and Susan Waller, who explain the importance of being safe and engaging locally in the communities where we operate, visit www.spectraenergy.com/sustainability.

HOW WE DO BUSINESS continued

Ethics and Compliance

At Spectra Energy, we are deeply committed to ethical, honest and transparent business conduct.

We put our words – *conducting business ethically* and honestly – into action through:

- Clear company policies and procedures.
- Demonstrated leadership and individual accountability.
- Mandatory training, online and in person.
- Annual assessments of our Code and program.
- Regular reviews with the Audit Committee of the board of directors.
- Membership in industry organizations that promote best practices.

Corporate Governance

Corporate governance at Spectra Energy starts with an effective board structure supported by clearly articulated policies that drive management systems and processes. We are committed to strong and sustainable corporate governance and continue to strengthen our governance policies and procedures through internal reviews and by evaluating and implementing external best practices.

Jackie Phillips
Vice President, Corporate Ethics
and Compliance Officer



"Our values guide us in the conduct of our business, and our Code of Business Ethics establishes the standards we follow. Everyone at Spectra Energy is committed to conducting business ethically, honestly and in compliance with all applicable rules and regulations."

For more information about
Spectra Energy's commitment
to ethics and compliance, visit
www.spectraenergy.com/
sustainability.

Ethics and Compliance



All reports were investigated; 35% were substantiated as violations, and appropriate actions were taken.

Corporate Governance

10 OF 11 DIRECTORS
ARE INDEPENDENT

2 DIRECTORS ARE WOMEN

95% ATTENDANCE IN 38 BOARD AND COMMITTEE MEETINGS

ANNUAL SHAREHOLDER
ADVISORY APPROVAL OF
EXECUTIVE COMPENSATION

www.spectraenergy.com/sustainability

ECONOMIC PERFORMANCE

Spectra Energy delivered strong financial and operational results in 2015, a year with deteriorating economic and energy industry conditions, highlighting the strong fundamentals of our underlying businesses. In both the near and longer term, the company will continue to deliver on growth opportunities in the natural gas, natural gas liquids and crude oil infrastructure businesses. We remain committed to securing contracts totaling \$35 billion in capital expansion projects through the end of the decade – and we're more than halfway there since setting this goal in 2013.

OUR SUPPLY CHAIN

We recognize that our record and reputation are shaped by the performance of our full team, including valued suppliers and contractors. As such, we collaborate with and include our full supply chain in efforts to achieve business and sustainability objectives.

- Our Code of Business Ethics and Supplier Code of Conduct set forth expectations and requirements for our suppliers and contractors.
- Our procurement and supply chain management (PSCM) operating model is focused on integrating our customers, supply chain and external stakeholders.

Local and Aboriginal Vendor Procurement Program



Our Western Canadian business is implementing a local and Aboriginal vendor procurement program to provide opportunities and encourage the inclusion of Aboriginal people in our contracted workforce.

DELIVERED EARNINGS
BEFORE INTEREST, TAXES,
DEPRECIATION AND
AMORTIZATION OF
\$2.75 BILLION

\$1.15/SHARE OF ONGOING EARNINGS INCREASED ANNUAL DIVIDEND BY

14°/SHARE

STRONG DIVIDEND COVERAGE OF 1.3X

RECORDED
DISTRIBUTABLE
CASH FLOW OF
\$1.3 BILLION
8% ABOVE OUR
2015 EXPECTATION

WE ARE COMMITTED TO SECURING CONTRACTS TOTALING \$35 BILLION IN NEW GROWTH PROJECTS 2013-2020

\$10 BILLION
IN PROJECTS PLACED
INTO SERVICE

MORE THAN

\$8 BILLION

OF EXPANSION

PROJECTS CURRENTLY

IN EXECUTION

ASSET INTEGRITY

Safety above all else is our top priority. Our business is dependent on the safe and reliable operation of assets that enable us to ensure the safety of our employees, our contractors and the communities in which we live and operate.

In the past five years, the incident rate for our U.S. onshore natural gas transmission pipelines is roughly half the rate of the industry average.

While we already have a strong safety record and implement rigorous safety practices, our goal is zero incidents. No incident is acceptable. When issues are identified, we work hard to quickly, safely and properly remedy the situation as well as learn from them in order to continuously improve. With our knowledge and solid track record, we have been invited to contribute to several industry committees, helping to raise the bar and set expectations for the industry.



5-YEAR INCIDENT RATE

(2011-2015) per 1,000 miles per year

.15

Spectra Energy's U.S. Natural Gas Transmission Pipelines VS.

All U.S. Natural Gas Transmission Pipelines

From 2011 to 2015, Spectra Energy's reportable incidents for onshore pipelines were less than half the rate of the industry average. Offshore (Gulf of Mexico) pipelines are not included as PHMSA typically tracks offshore incidents separately based on a set of circumstances unique to offshore pipelines.

INVESTS
APPROXIMATELY

\$700 MILLION
ANNUALLY IN
ONGOING
MAINTENANCE
TO ENSURE
PIPELINE INTEGRITY

ENVIRONMENT

We are committed to being responsible environmental stewards as we work to help meet North America's increasing need for clean-burning energy. Our business depends on maintaining our license to operate through responsible resource use and effective management of our asset footprint. We meet or exceed our regulatory commitments, and we take additional measures to go above and beyond compliance and strive for continuous improvement.

Gus McLachlan, Environmental Project Manager Sabal Trail Transmission



"We demonstrate our corporate value of stewardship by assessing environmental risks and opportunities in the planning phase of each construction project. This type of planning helped us adjust our Sabal Trail pipeline route to avoid and reduce impact to wetlands; important cultural resource areas; habitats of threatened and endangered species, such as the Florida scrub jay; and protected sensitive natural areas along the route, such as the Hálpata Tastanaki Preserve and Half Moon Wildlife Management Area."

For a more in-depth interview with Gus McLachlan, visit www.spectraenergy.com/sustainability.

2011-2015 GREENHOUSE GAS INTENSITY



2011-2015 TOTAL AIR EMISSIONS



RECYCLING/ RECOVERING MORE 50% THAN 50 TOTAL WASTE GENERATED



~99% FRESH WATER USED IS RECYCLED TO SIMILAR OR HIGHER QUALITY AVOIDED/REDUCED
MORE 5.3
MILLION METRIC TONS
METHANE EMISSIONS
SINCE 2007



SINCE 1997, UNION GAS DEMAND SIDE MANAGEMENT PROGRAMS HAVE SAVED

\$2.8 BILLION TOTAL RESOURCE COSTS



8 7 BILLION
CUBIC METERS OF
NATURAL GAS



16 MILLION LESS METRIC TONS OF CO₂ EMISSIONS



2.9 MILLION FEWER CARS ON ONTARIO ROADS

LOCAL COMMUNITIES AND ECONOMIC DEVELOPMENT

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.

We directly contribute to local economic growth through the jobs we create, the goods and services we purchase, and the taxes we pay.

Did You Know?

Spectra Energy held more than 1,800 community meetings in 2015 to inform local residents of our project plans, address questions and receive valuable public input. For more information, visit www.spectraenergy.com/operations/new-projects.



From Community Growth to Regional Economic Development

Union Gas, based in Ontario, Canada, has served customers in the region for more than 100 years, providing a significant ongoing boost to local economies.

LOCAL EMPLOYMENT



6,007
EMPLOYEES IN
NORTH AMERICA



\$879 MILLION PAID IN WAGES AND BENEFITS

TAXES



\$514 MILLION IN TAXES TO GOVERNMENTS

SUPPLIERS



13,500



\$3 BILLION+
PAID TO SUPPLIERS
FOR MATERIALS
AND SERVICES



\$102 MILLION SPENT WITH DIVERSE AND LOCAL SUPPLIERS

NATURAL GAS REDUCED ELECTRICITY PRICES BY 10%

AND SAVED AMERICAN HOUSEHOLDS AN ANNUAL AVERAGE OF \$926

BETWEEN 2012 and 2015

STRATEGIC GIVING

To achieve lasting business and community results, we focus our giving in three areas: education and workforce development; community vitality; and employee support and volunteerism.

Our standardized approach to community investments, which includes our new capital expansion projects, helps us align our investments with our corporate strategies, as well as benefit local communities and our company.

Building Capacity

Spectra Energy is committed to building capacity for economic development in the communities that support our business through investments in educational opportunities and skills training. As a critical component of this strategy, we provide educational opportunities for Aboriginal peoples in communities in and near our operations.







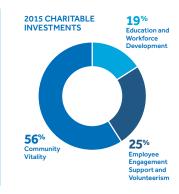
24 AS A S1 MILLION+
DONOR TO THE UNITED WAY
YEARS OF GREATER HOUSTON

\$9.2 MILLION



VOLUNTEER PROJECTS REPRESENTING 30,588 VOLUNTEER HOURS COMPLETED

\$49,100 AND 81 BURSARIES TO ABORIGINAL SCHOLARS



OUR EMPLOYEES

Spectra Energy's success is largely due to our engaged and highly skilled employees.

Employee Safety and Well-Being

Our safety culture emphasizes leadership visibility, safety accountability, encouraging employees to raise concerns, and the importance of continued safety learning for our organization.



Engaging and Developing our Employees

We recognize the importance of an engaged work force and continue to focus on developing and training our employees.

Diversity, Inclusion and Respect

Spectra Energy fosters a culture that values diversity, inclusion and respect. By embracing uniqueness, we hope to create an environment in which our employees feel valued and are engaged, thereby encouraging innovative thinking and ownership of the company's success.

- Our Diversity Statement of Purpose demonstrates our commitment to diversity, inclusion and respect.
- Employee Resource Networks (ERNs) such as the Business Women's Network, Veteran
 Talent, Professional Multicultural Network, Alliance@SE (LGBT) and Working Parents provide a
 stronger sense of community and support our diversity goals and strategies.
- For nearly 60 years, Spectra Energy has built positive, sustainable, long-term relationships with Aboriginal communities in British Columbia.

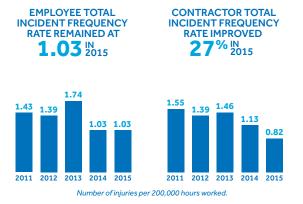
85% FAVORABLE EMPLOYEE ENGAGEMENT RESULT PER 2014 SURVEY

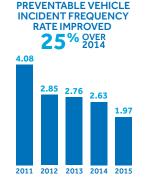
\$1.8 MILLION INVESTED IN LEADERSHIP TRAINING AND PROFESSIONAL DEVELOPMENT WITH 20% OF EMPLOYEES RECEIVING TRAINING

② ② ② ② ② ② 3.7 EMPLOYEE MENTORS

267 EMPLOYEE MENTEES







Number of vehicle accidents per million miles driven.

www.spectraenergy.com/sustainability 11

DATA

Summary of 2013-2015 Health and Safety Performance Report

	2015	201	. 5 by Business	2014	2013	
	Spectra Energy ¹	Western Canada	Union Gas	U.S. Transmission		
Hours Worked	14,213,419	2,211,049	4,402,095	7,600,275	13,750,682	11,268,035
Work Ratio (% of Employee Hours)	100%	16%	31%	53%	100%	100%
Employee Lost Workday Case Rate ²	0.23	0.27	0.05	0.33	0.36	0.39
Employee Total Incident Case Rate ³	1.03	1.18	1.45	0.77	1.03	1.74
Employee Vehicle Incident Case Rate ⁴	3.27	4.05	3.07	3.14	4.02	3.68
Employee Preventable Vehicle Incident Case Rate ⁵	1.97	2.10	2.12	1.95	2.63	2.76
Employee Fatalities	0	0	0	0	0	0
Contractor Total Incident Case Rate ³	0.82	0.96	1.76	0.51	1.13	1.46
Contractor Fatalities	0	0	0	0	0	0

 $^{^{\}rm 1} {\rm Employee}$ Health and Safety data excludes jointly operated assets.

Summary of 2013-2015 Workforce Statistics

	2015	2015 by Business Unit			2014	2013
	Spectra Energy ¹	Western Canada	Union Gas	U.S. Transmission		
Total Employees	6,007	1,337	2,316	2,354	5,861	5,711
Bargaining Unit Employees	1,385	540	845	0	1,370	1,367
Bargaining Unit Employee Percentages	23%	40%	36%	0%	23%	24%
Total Females	1,717	333	830	554	1,688	1,625
Females as a Percentage of Total	29%	25%	36%	24%	29%	28%
Females as a Percentage of Management	25%	24%	30%	23%	25%	25%
Total Minorities ²	N/A	N/A	N/A	492	N/A	N/A
Minorities as a Percentage of Total ²	N/A	N/A	N/A	21%	N/A	N/A
Minorities as a Percentage of Professional ²	N/A	N/A	N/A	33%	N/A	N/A
Minorities as a Percentage of Management ²	N/A	N/A	N/A	19%	N/A	N/A
Voluntary Turnover Rate	4.83%	4.94%	4.32%	5.27%	5.2%	4.2%
Total Workforce Receiving Professional Development and Leadership Training	1,180				932	914
Total Investment in Workforce Leadership and Professional Development Training	\$1.84 million				\$1.95 million	\$1.5 million
Total Payroll	\$879 million				\$918 million	\$872 million

¹ Excludes jointly operated assets.

 $^{^2} Employee \, LWCR \, (Lost \, Workday \, Case \, Rate) = No. \, of \, Lost \, Workday \, Cases \, multiplied \, by \, 200,000 \, hours \, and \, divided \, by \, actual \, hours \, worked.$

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

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

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

² Ethnic diversity data is not captured in Canada due to privacy regulations.

Summary of 2013-2015 Environmental Performance Data

	2015	2015 2015 by Business Unit			2014	2013
	Spectra Energy ¹	Western Canada	Union Gas	U.S. Transmission		
Greenhouse Gas (GHG) Emissions (Thousand Metric Ton CO₂e)						
Carbon Dioxide (CO₂)	4,788	3,040	229	1,519	4,804	4,632
Carbon Dioxide (CO₂) - Vented	1,695	1,695	0	0	1,955	2,045
Carbon Dioxide (CO₂) - Mobile Sources	27	4	8	15	25	26
Methane (CH ₄)	2,091	301	579	1,211	1,981	1,840
Nitrous Oxide (N ₂ O)	29	25	3	1	28	28
Total Direct GHG Emissions ²	8,630	5,066	819	2,746	8,793	8,571
Indirect GHG Emissions	1,352	128	2	1,223	911	640
Total Direct and Indirect GHG Emissions	9,983	5,193	821	3,968	9,705	9,211
Normalized Greenhouse Gas (GHG) Emissions (thousand metric tons CO ₂ e)/BBTU throughput)						
Normalized Total GHG	1.67	5.63	1.08	0.92	1.79	1.86
Normalized Total Criteria Contaminants	0.006	0.031	0.001	0.002	0.008	0.010
Energy Consumption (Thousand MWh)						
Electricity Use	2,579	165	32	2,381	1,833	1,152
Criteria Air Emissions (thousand tons)						
NOx Emissions	16.1	10.0	0.3	5.8	16.5	16.2
SOx Emissions	12.1	12.1	0.0	0.0	14.1	15.8
Carbon Monoxide (CO)	7.7	5.0	0.1	2.5	7.5	8.1
Volatile Organic Compounds (VOC)	2.4	1.1	0.3	1.0	2.5	2.5
Total Criteria Air Pollutant Emissions	38.3	28.2	0.7	9.3	40.6	42.6
Waste Generation (in metric tons)						
Hazardous Waste	3,318	2,626	422	270	4,662	3,645
Non-hazardous Waste	20,256	14,045	604	5,607	16,854	6,848
Total Recyclables	27,778	22,667	533	4,579	26,885	26,290
Spills (Frequency)	47	38	5	4	41	33
Notice of Violations (NOVs)	15	6	0	9	12	8
Fines ³	\$18,750	\$0	\$0	\$18,750	\$4,900	\$22,980

 $^{^{\}rm 1}\!$ All environmental data excludes jointly operated assets.

 $^{^2\}mbox{\rm Direct}$ emissions are reported on operational control basis.

 $^{^3\,\}mbox{Not}$ all NOVs have been reviewed for possible fines at time of reporting.



5400 Westheimer Court Houston, TX 77056

www.spectraenergy.com







in linkedin.com/company/Spectra-Energy



This paper is manufactured using clean, renewable wind-power energy and carbon offsets for additional savings.

Yes. Green-e Certified

Yes, Carbon Neutral Plus

Yes. Forest Stewardship Council (FSC) Certified

100% Post-Consumer Waste

Yes. Green Seal Certified

Yes. Processed Chlorine Free (PCF)

Yes. Acid Free

