



Corporate
Social
Responsibility
Report
Summary
2014



TransCanada
In business to deliver

It's what matters.



In 2014, we continued to receive **third-party recognition** of our accomplishments, but we haven't stopped examining our own efforts, setting targets and continually striving for improvement in everything we do.

achievements

International recognition in 2014

Landed a spot on Canada's Top 100 Corporate Research and Development Spenders list by Research Infosource Inc., Canada's Source of R&D Intelligence



Acknowledged with a Governance, Risk Management and Compliance 20/20 Value Award for our excellence in adapting financial audit software to improve internal project processes

Received the Liberty International Underwriters Gold Safety Award for achieving a Restricted and Away From Work Day rate of 0.05 compared to our industry group rate of 6.4

Shortlisted for best overall governance by the Canadian Society of Corporate Secretaries and consistently ranked in the top 10 per cent by other governance assessments

Recognized with a top score for our actions to disclose carbon emissions and mitigate the business risks of climate change by the CDP (formerly the Carbon Disclosure Project)

Received a score at the 88th percentile on the 2014 Dow Jones Sustainability Index, and earned spots on the DJSI North America and World indices that measure social, environmental and economic performance. Received a RobecoSAM Sustainability Award Bronze Class for our 2014 DJSI submission

What matters to you, matters to us.

Through every
moment and
for every
North American,
energy touches
our lives in
countless
ways.

It heats our homes while we sleep, powers our businesses to move the economy and fuels our transportation, all with increasing achievements in efficiency and conservation.

The growing global demand for energy has also generated discussion around how we access the important resources we rely upon. And as a leading energy infrastructure company, TransCanada is taking a proactive, open and collaborative approach to the dialogue, understanding that this complex issue requires balanced consideration of safety, society, the environment and economics.

For over 60 years, we have considered every business decision in terms of our ability to achieve top performance in all of these areas. The result is an unwavering commitment to operating sustainably with minimal environmental impact.

I invite you to read our full CSR Report at www.csrreport.transcanada.com and welcome your comments at csr@transcanada.com



In 2014, we continued to receive third-party recognition of our accomplishments, but we haven't stopped examining our own efforts, setting targets and challenging ourselves to strive for continuous improvement.

Ultimately, we look at Corporate Social Responsibility (CSR) not as a facet of our business, but as a reflection of the way we conduct our business and an expression of our core values of integrity, responsibility, collaboration and innovation.

Building on generations of behind-the-scenes hard work, we know that how we respond to what matters to you will enhance your confidence in our ability to deliver the natural gas, electricity and oil our society needs. It will also help us build new projects to meet the growing global appetite for affordable energy.

We invite you, as stakeholders in TransCanada's business and participants in the energy discussion, to tell us what you think of what we're doing and what we can do better. Ultimately, we're working for you – the people who benefit from the energy we proudly transport and with whom we work closely across the many diverse communities where we live and operate as your neighbour.

Thank you for your continued interest in what we do.

Sincerely,

Russ Girling
President and CEO, TransCanada

ENSURING OUR ASSETS ARE
SAFE AND RELIABLE

\$38M

IN **RESEARCH AND DEVELOPMENT**
SPENDING IN 2014

Getting it right is more important than ever when it comes to **safety**, minimizing environmental impact and taking care of our employees.



reliability

Our **goal** is to ensure you are never negatively affected by the safety and reliability of our pipeline and energy assets, and we know that our performance in these areas also influences **your level of trust** in us.

So even though we have a top industry safety record in terms of the rate and severity of incidents at our facilities, we still believe every incident is preventable and continue toward our goal of realizing **zero safety incidents**.

That's why we have a comprehensive pipeline integrity program that goes beyond regulatory requirement. We are dedicated to being at the industry's leading edge and in 2014, we invested **\$38 million in research and development**.

That being said, ensuring we're all prepared in the unlikely event of a safety incident is part of our commitment to protecting communities, first responders and our employees.

To achieve this goal, TransCanada worked with various local and public agencies to **complete more than 120 emergency drills and exercises** across our network of assets in 2014 – an **increase from over 90** in 2013.

safety

SAFETY

Zero IS REAL

NO SAFETY INCIDENTS ARE ACCEPTABLE. **OUR GOAL OF ZERO INCIDENTS** IS REAL AND WE WILL NOT BE SATISFIED UNTIL WE ACHIEVE IT

120+

OVER 120 **EMERGENCY EXERCISES AND DRILLS**

DEVELOPING OUR PEOPLE

+927

NEW EMPLOYEES HIRED ACROSS OUR THREE OPERATING COUNTRIES

INDIGENOUS PEOPLES

\$104M

GENERATED IN WORK FOR ABORIGINAL **BUSINESSES** OR THEIR **JOINT-VENTURE** PARTNERS IN CANADA AND THE U.S.

COMMUNITY

90+

OVER NINETY COMMUNITY OPEN HOUSES

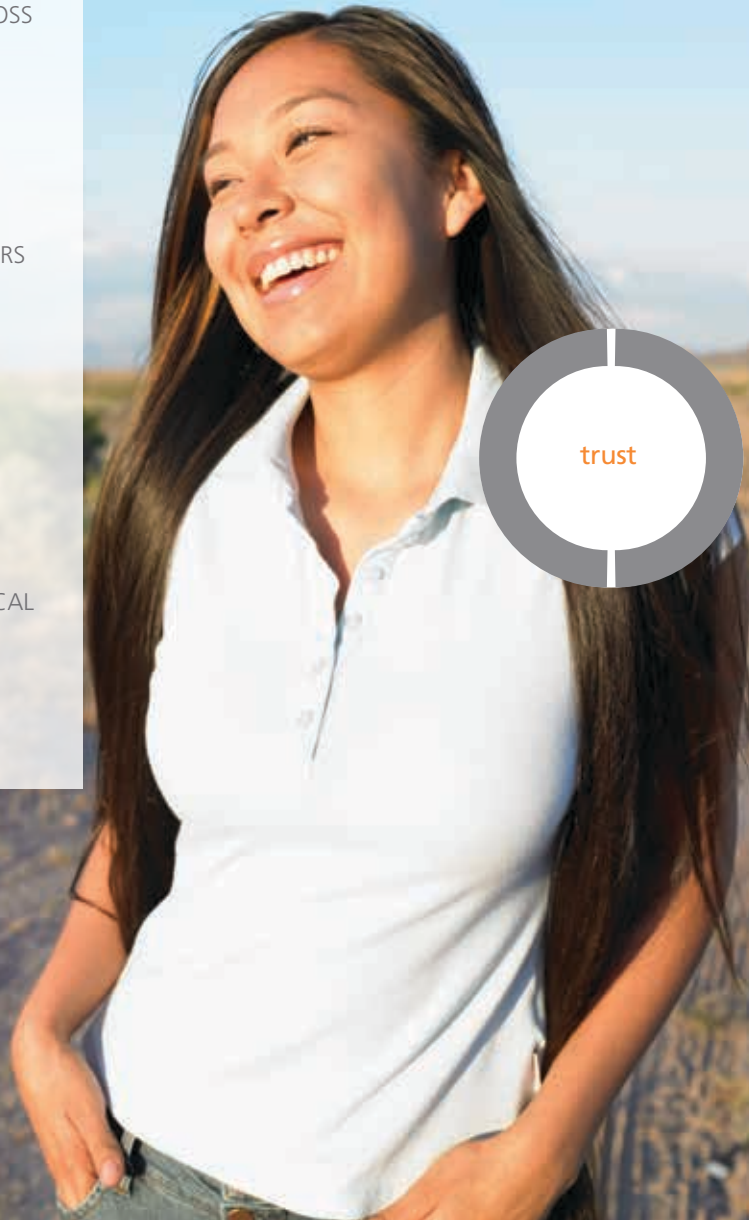
PUBLIC AWARENESS

330,000+

WE REACH OVER 330,000 EMERGENCY RESPONDERS, LOCAL OFFICIALS AND EXCAVATORS EACH YEAR



Collaboration helps us positively contribute to your **community** in a meaningful way.



Making sure **stakeholders like you** are engaged and respected is critical to TransCanada's success.

We know that transparently sharing information and seeking your input will result in better plans – for us, for you and for our communities as a whole. Throughout 2014, TransCanada's project teams **held over 90 community open houses** to provide information about our proposed activities, and more importantly, to listen to our neighbours.

One way we respond to your needs is by considering those things you tell us will help your communities the most. In 2014, TransCanada **invested \$14.6 million in more than 1,400 non-profit organizations** and supported qualified local and diverse suppliers and individuals in the socio-economic opportunities created by our work.

In 2014, we also generated **\$104 million in work for Aboriginal businesses in Canada and the U.S.** and supported our vision to reflect the communities where we live and work with **927 new employees** hired across our three operating countries – Canada, the U.S. and Mexico. We owe our success to our over 6,000 employees who are key stakeholders in the work we do.

society

RESPONSIBLE
STAKEHOLDER RELATIONS

\$14.6M

WAS **INVESTED** IN MORE
THAN 1,400 NON-PROFIT
ORGANIZATIONS



We've been committed to protecting the **environment** for over 60 years. Our strategy gives us the principles that guide our decisions when we design, build and operate energy infrastructure.



RECEIVED A **SCORE** OF

99A-

FROM THE **CDP** (FORMERLY THE CARBON DISCLOSURE PROJECT)

We recognize that how we interact with the **environment** is of vital importance to you.

ENERGY EAST'S **ENVIRONMENTAL AND SOCIO-ECONOMIC IMPACT** ASSESSMENT INVOLVED

180+

MORE THAN
180 MUNICIPALITIES

900+

MORE THAN
900 SCIENTISTS

It is to us, too. That's why TransCanada's updated Environment Strategy reflects TransCanada's long-term corporate culture when it comes to environmental stewardship, protection and performance. It guides our decisions every day when building and operating energy infrastructure.

We undertake an environmental and socio-economic impact assessment for every project. The development of the assessment for the Energy East Pipeline project involved environmental field work in more than **180 individual municipalities** and analysis by over **900 scientists** including wildlife biologists, vegetation ecologists, marine scientists, atmospheric scientists, socio-economic specialists, traditional land use facilitators, GIS technicians, archaeologists and palaeontologists, aquatics and fisheries scientists and soils scientists.

The data collected is also provided to provincial databases, ensuring that data from the Energy East Pipeline project will enrich the scientific knowledge of vegetation and wildlife species abundance and distribution in the study area.

2014 **FINANCIAL HIGHLIGHTS**
(APPROX.)

\$3.8B

IN **NEW ASSETS** BEGAN CONTRIBUTING
TO OUR EARNINGS

NET **INCOME ATTRIBUTABLE TO**
COMMON SHARES

\$1.7B

COMPARABLE EARNINGS **INCREASED**
EIGHT PER CENT TO

\$1.7B⁽¹⁾

FUNDS GENERATED FROM OPERATIONS
WERE **UP SEVEN PER CENT TO A RECORD**

\$4.3B⁽¹⁾

\$7B

IN **NEW COMMERCIALY SECURED**
PIPELINE OPPORTUNITIES

We deliver more than just energy.
The **communities** where we
operate also receive tax benefits
that help pay for things like schools,
roads and hospitals.



deliver

Your community benefits from the **economic** success of our operations as we pay taxes and employ staff.

With \$59 billion in assets we paid **\$582 million in taxes** in 2014 alone. That infrastructure is also relied upon every day to safely deliver **20 per cent of the continent's natural gas supply**, move one-fifth of Canada's crude oil exports to U.S. markets and generate enough electricity for 11-million homes – one-third of which comes from emission-less sources.

We also have **\$46 billion in new pipeline and power generation projects** in development to help meet the world's growing demand for affordable energy, delivered safely, responsibly and reliably.

As we work with you to embark on the period of unprecedented growth that lies ahead, our 60-year track record of commitment to safety, society, the environment and strong economic performance remains unwavering.

We also recognize we can achieve these ambitious growth goals by remaining guided by our values in how we work with you, treat one another and operate every day at TransCanada. Our **Code of Business Ethics** is firmly rooted in those values – **integrity, responsibility, collaboration and innovation**. It's about doing what's right.

(1) These measures do not have any standardized meaning as prescribed by U.S. generally accepted accounting principles (GAAP) and, therefore, may not be similar to measures presented by other entities. For more information on reconciliations of non-GAAP measures to the most closely related GAAP measures, refer to TransCanada's 2014 Annual Report filed with Canadian securities regulators and the U.S. Securities and Exchange Commission and available at TransCanada.com.

\$109M
IN **INCOME TAXES** PAID

\$473M
IN **PROPERTY TAXES** PAID

safety

Strive diligently toward our goal of zero incidents through our pipeline integrity program, while continuing to ensure we're all prepared in the unlikely event of a safety incident.

Please visit

www.csrreport.transcanada.com

to learn more about our corporate social responsibility practices or visit

www.transcanada.com

for more details about our business.



next steps

Forward-Looking Information and Non-GAAP Measures

These pages contain certain forward-looking information and also contain references to certain non-GAAP measures that do not have any standardized meaning as prescribed by U.S. generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other entities. For more information on forward-looking information, the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, and reconciliations of non-GAAP measures to the most closely related GAAP measures, refer to TransCanada's 2014 Annual Report filed with Canadian securities regulators and the U.S. Securities and Exchange Commission and available at TransCanada.com.

society

Collaborate with, and listen to, our stakeholders to learn what matters to you and incorporate that into our plans.



economy

Advance \$46 billion in commercially secured, capital-growth projects and provide ongoing jobs and tax benefits to our communities, whose governments use that income for things like schools, roads and hospitals.

environment

Continue to disclose our data publicly, and maintain our commitment to environmental stewardship, protection and performance on every project.

Let's continue the conversation.

Please email us at csr@transcanada.com

On the cover: As part of our commitment to environmental stewardship and our employee giving and volunteering program, TransCanada team members helped with a reforestation project, designed by the Nature Conservancy of Canada (NCC), to help rebuild wildlife corridors and restore understory plant life on NCC land in Alberta.



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 **ROBECOSAM**
Sustainability Award
Bronze Class 2015

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM ●

 **CDP**
DRIVING SUSTAINABLE ECONOMIES