

Why we invest

Working to enhance the quality of life in communities where we operate is important in human terms. It's also important to the long-term sustainability of our business operations. It's the right thing to do and it makes good business sense.

SCIENCE AND CONSERVATION EDUCATION

Two of TransCanada's community investment priorities – education and the environment – are advanced through corporate support for The Canadian Peregrine Foundation.

For the past several years, TransCanada has proudly supported the Foundation's Project School Visit program. This unique initiative fosters stewardship of the environment and an awareness of conservation ethics.

The program is delivered to Ontario students in Grades 4 to 6 as part of the science curriculum. Biologists introduce students to a live peregrine falcon and talk about habitats, ecosystems and diversity of living things. The program gives students valuable first-hand experience with peregrine falcons, and an understanding of environmental and habitat issues that affect this species.

Participating birds are considered non-releasable and are an endangered species.

In 2003-2004, Project School Visit presented its program at 241 Ontario schools, also contributing printed resource materials and a video to the schools' libraries.

In addition to providing financial support to The Canadian Peregrine Foundation, TransCanada also donated a van that will allow for safe transport of "school visit" birds

across the province. By helping to ensure the birds' safety, the Foundation continues to educate the next generation about the importance of environmental stewardship.

MATCHING GIFTS

Many TransCanada employees and retirees are involved in supporting various charitable organizations. The company applauds this spirit of giving, and encourages it through the Matching Gifts program.

Through this program, TransCanada matches financial contributions made by employees and retirees to the charities of their choice. For every dollar they contribute, TransCanada matches that amount, up to an annual maximum of \$1,000 per person.

In 2004, TransCanada matched over \$120,000 in contributions made by employees and retirees.

MIKE KNIGHT (left)
Manager, South Alberta
and British Columbia Area

LAWRENCE PACHAL (right)
Pipeline Technician



community consultation



“To us, the biggest bang for the buck comes when local people get to know local TransCanada employees. Good relationships mean we understand the community and they understand our business better.”

By consulting regularly with directly impacted stakeholders and the broader public, TransCanada better understands the impact on our neighbours of our pipeline and power projects, and ongoing operations. This knowledge allows us to be the good neighbour we are committed to being.

**Public consultation:
an opportunity to learn**

We are proud of our commitment to ensure that impacted and interested stakeholders have an opportunity to learn about our proposed activities and provide valuable input to our project teams.

TransCanada recognizes meaningful consultation builds better projects. We believe that by consulting with stakeholders on our proposed activities, everyone involved, from landowners to community members to the project's engineers and system designers, have an opportunity to learn. Some of the ways TransCanada reaches out include:

- personal visits with landowners,
- public meetings and open houses,
- meetings with special interest groups and community leaders,
- advertisements in local newspapers, and
- distribution of notification packages and project brochures.





Stakeholder relations matter

In addition to project-related community consultation, TransCanada works hard to maintain productive relationships with stakeholders impacted by our ongoing operations. TransCanada meets regularly with landowners and municipalities to address any issues and to ensure that the lines of communication remain open.

LES CÈDRES PIPELINE PROJECT

The proposed Les Cèdres project provides a good example of TransCanada's public consultation process. TransCanada plans to parallel 21.3 kilometres of its existing pipeline west of Montreal in the Les Cèdres area with a 36-inch diameter pipeline. TransCanada is seeking project approvals from the National Energy Board and the Québec Ministry of Environment. These applications are being supported by comprehensive community consultation that began in 2004.

This effort included personal meetings with all impacted landowners and a series of meetings with area municipalities. As well as two public open houses, we held a landowner-specific meeting to communicate potential impacts to these stakeholders. Additionally, the project team advertised details of the project, and associated public consultation meetings, several times throughout the consultation period. Stakeholders received project information through mail-outs throughout this period as well.

Because this is an agricultural area, the region's landowners and community leaders sought assurances that agricultural drainage tiles would be safeguarded. TransCanada also sought input and provided information

on issues such as route selection, environmental mitigation measures, safety, and construction impacts.

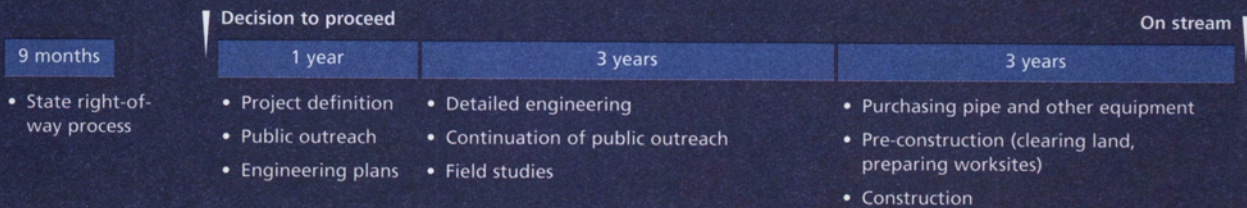
Consultation for the proposed Les Cèdres pipeline project will continue in 2005. Pending approvals, construction is scheduled to begin in 2006 with the pipeline being in use later that year.

INTEGRATED PUBLIC AWARENESS PROGRAM

Through our Integrated Public Awareness Program, TransCanada engages in consistent, ongoing communications with key community stakeholders such as landowners, municipalities, emergency service organizations and contractors.

The Program's objective is to inform key publics about TransCanada's facilities and activities in order to:

- protect the public from injury,
- protect or minimize effects on the environment,
- protect company facilities from third-party damage, and
- provide an opportunity for ongoing public awareness.



An excellent example of a public outreach program is TransCanada's activity in preparation for the Alaska Highway Pipeline Project.



For more information on the Alaska Highway Pipeline Project, go to www.transcanada.com

BUILDING NORTHERN RELATIONSHIPS

In 2004, TransCanada launched a public outreach program in Alaska, in conjunction with the company's right-of-way application to the State of Alaska. The application relates to TransCanada's role in the Alaska Highway Pipeline Project, a proposed 745-mile (1,192-kilometre) pipeline within Alaska. The Alaska Highway Pipeline Project would move natural gas from Prudhoe Bay in northern Alaska to markets in the lower 48 states. Including pre-construction work, construction of the pipeline is expected to take three years and cost approximately \$6.8 billion.

The goal of TransCanada's outreach program was to provide and share information about the proposed pipeline project and answer questions from Alaska residents and community leaders regarding the application for the State right-of-way.

TransCanada conducted one-on-one meetings with stakeholders and key community leaders, and held six public information sessions in Delta Junction, Tok, Fairbanks, Anchorage, Northway Village, and Barrow.

Many of the residents' questions related to TransCanada's values and track record with the environment, and to the project's expected economic impact on Alaskan communities.

The 2004 program was strictly for the purposes of discussion of the right-of-way applications, and initial relationship building. If the project proceeds, extensive public outreach will continue throughout the life of the project.

Our activities provide significant economic benefits to communities in which we operate such as Williams Lake in British Columbia.



Fostering communication

TransCanada stays connected with public stakeholders through membership in a number of synergy groups with members that include industry, regulators, and the general public. It is the goal of these groups to foster communication between industry and impacted communities, and to promote win-win solutions for all stakeholders.

IN THE COMMUNITY

TransCanada operates the largest biomass power plant in North America, at Williams Lake, B.C. In 2004, the plant burned more than 680,000 tonnes of wood waste fuel, including treated and untreated wood waste purchased mainly from local lumber mills and wood product plants.

During 2004, TransCanada initiated a series of meetings with local employees, residents and community officials in Williams Lake to discuss the economic, environmental and social benefits of this unique power operation. Here are the highlights:

Economic Benefits The plant provides \$11.1 million in economic activity annually. Of this, \$9.5 million comes in the form of wages, biomass purchase, trucking, contract services and materials. A further \$1.2 million is accounted for by the plant's property taxes, which amount to 16 per cent of total property tax revenue for Williams Lake.

Environmental Benefits Thanks to the plant, there's been a significant reduction of fly ash

in Williams Lake, as well as lower particulate levels in the air. Since surplus treated and untreated wood is used to generate power, less of it goes into the regional landfill.

Social Benefits The Williams Lake plant supplies power to BC Hydro under a fixed contract that runs to 2018. The community benefits through the stability of 29 full-time jobs, plus the employment of three to four summer students every year. The community is further strengthened by 30 to 40 spin-off jobs and hundreds of out-of-town, business-related visits per year.

This community consultation effort also brought a significant return to TransCanada. With the perspective gained through consultation, the local business leaders and community officials have a much better appreciation for the plant's contribution to the City and local economy. In the spring of 2005, TransCanada was honoured to receive the B.C. Government's Minister of Forests Award of Excellence for the plant's contributions to the local economy and environment.



aboriginal relations
and consultation



ART CUNNINGHAM (centre)
Aboriginal Business Liaison

"I think TransCanada has been very proactive in changing with the times by building its corporate capacity to manage successful Aboriginal relations."



Across Canada, more than 150 Aboriginal communities are located within 50 kilometres of our pipeline and power facilities. We build relationships with impacted communities in the spirit of being a good neighbour and a desirable employer.

Principles guiding our Aboriginal policy

TransCanada strives to create short- and long-term employment opportunities for Aboriginal peoples impacted by our activities. We support learning opportunities for Aboriginal peoples with the objective of providing a well-trained source of Aboriginal employees and building capacity within Aboriginal communities.

ABORIGINAL COMMUNITY CONSULTATION

In February 2004, TransCanada and the Dene Tha' First Nation in Northwest Alberta signed a Community Cooperation Protocol Agreement, the fifth such agreement with Aboriginal communities in Canada.

This protocol governs how TransCanada will work with the Dene Tha' to build, operate and maintain facilities on traditional Dene Tha' lands. TransCanada's actions will be marked by cultural sensitivity toward these lands and strong environmental stewardship. This will help make possible the connection of TransCanada's facilities to a northern pipeline.

To build relationships and create mutual understanding, TransCanada employs a Liaison in each of its operating regions to work with local communities. These Liaisons develop local economic, educational and social opportunities with Aboriginal communities, and help earn community support for the company's plans and operations.

A SUPPORTIVE WORK ENVIRONMENT

TransCanada recognizes Aboriginal employment as an issue of vital mutual interest, matching the Aboriginal community's need for employment with industry's need for skilled and talented employees. To encourage recruitment and retention of Aboriginal employees, TransCanada has developed a range of programs and policies. These include:

- **Aboriginal Awareness Training** Since 2001, 200 TransCanada employees and contractors have participated in this three-module program, which is designed to increase awareness of Aboriginal history and culture and the benefits of working closely with Aboriginal communities.
- **Respectful Workplace Policies** A formal part of TransCanada's human resource management practices, these policies are intended to establish and maintain a working environment that is supportive for all people.
- **Support for Aboriginal Students** Over the years, TransCanada has provided millions of dollars for the education of Aboriginal students through scholarships to individuals and contributions to post-secondary institutions.



For more information on our Aboriginal Relations Program go to www.transcanada.com/social/connections_aboriginal.html

ABORIGINAL HUMAN RESOURCES STRATEGY

TransCanada's Aboriginal Relations and Human Resources teams, with guidance and input from the company's Aboriginal Ambassador Team, developed a comprehensive Aboriginal Human Resources Strategy in 2004.

This Strategy recognizes that Aboriginal youth are an essential source of future employee talent. It takes a long-term approach to increasing Aboriginal employment accessibility, while maintaining a respectful and supportive workplace.

The Strategy is now a formal part of TransCanada's overall human resources planning process.

Throughout 2005, the Strategy will be implemented with the ongoing assistance of the Aboriginal Ambassador Team. Members of the team will provide a crucial perspective on its implementation across the country.

ABOUT THE ABORIGINAL AMBASSADOR TEAM

To advance the Aboriginal Human Resources Strategy, TransCanada established an Aboriginal Ambassador Team. This diverse team consists of members from different areas of the company. This group shares a common vision of maintaining a workplace environment that is aware and accepting of Aboriginal cultures and employees. Together, they make recommendations on human resources policies and keep other employees informed about Strategy progress.

SUPPORTING ABORIGINAL BUSINESSES AND EMPLOYMENT

TransCanada is working to help enhance the economic capacity of our neighbours by hiring Aboriginal contractors for maintenance and construction activities at our facilities from Ontario to British Columbia.

To support Aboriginal businesses, we increased the amount spent on services they provide by 34 per cent in 2004 compared with 2003. That brings our total expenditure on Aboriginal contracting in 2004 to more than \$5.5 million.

TransCanada achieves this by:

- Contracting work with Aboriginal-owned companies,
- Providing Aboriginal subcontractors with opportunities to work with our prime contractors, and
- Encouraging our prime contractors to provide Aboriginal employment.