

**PIPELINE MANAGEMENT INC.
ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE
TERMS OF REFERENCE**

GENERAL

This document establishes terms of reference for the Environmental, Health and Safety Committee (the “Committee”) of Pipeline Management Inc. (the “Corporation”).

The Corporation is the General Partner of a limited partnership, Inter Pipeline Fund (the “Partnership”). Class “A” units of the Partnership are traded on the Toronto Stock Exchange. As General Partner, the Corporation is responsible for the operational affairs and reporting for the Partnership.

It is important that the environmental, health and safety (“EH&S”) oversight function, a mechanism key to investor, public and employee protection, works effectively and efficiently, and that material EH&S information is relayed to the Board of Directors (the “Board”) in a timely fashion. Fundamental to this process are the activities of the Committee, a committee of the Board.

The following sections describe in more detail the purpose, procedures and responsibilities of the Committee.

PURPOSE OF THE COMMITTEE

Responsibility for development and maintenance of the Corporation’s and Partnership’s systems that provide direction and stewardship to the Corporation’s EH&S and asset integrity affairs lies with senior management. Ultimate responsibility and oversight responsibilities are vested in the Board. The Committee is a permanent committee of the Board whose purpose is to assist the Board by dealing with specific issues in the EH&S area. The Committee is responsible for EH&S reporting to the Board and to the Partnership’s unitholders. The Committee is responsible for reviewing the Corporation’s EH&S and asset integrity programs, initiatives and performance. These responsibilities also relate to any subsidiary entities of the Partnership.

COMMITTEE PROCEDURES

Composition of the Committee

The Committee shall consist of a minimum of three Directors who are independent directors. The Board will appoint members of the Committee

Vacancies

Where a vacancy in the membership of the Committee occurs at any time, it may be filled by the Board and shall be filled should the membership of the Committee fall below three Directors as a result of the vacancy.

Committee Chairperson

The Board shall appoint a Chairperson from among the members of the Committee.

Absence of Committee Chairperson

If the Chairperson of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the meeting to chair the meeting.

Secretary of Committee

The Committee shall appoint a Secretary who need not be a director of the Corporation.

Meetings

The Chairperson or any two members of the Committee may call a meeting of the Committee. The Committee shall meet at least two times per calendar year.

Quorum

Two members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

Notice of Meetings

Notice of the time and place of every meeting shall be given in writing or e-mail / facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in

any manner waive a notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

Attendance of Corporation Officers, employees or consultants at Meetings

At the invitation of the Chairperson of the Committee, one or more officers, employees or consultants of the Corporation or its subsidiaries may attend any meeting of the Committee. The President and Chief Executive Officer shall be invited to attend all meetings of the Committee.

Reporting

The Committee, through the Chairman, shall report to the Board as soon as practicable following each meeting of the Committee. The report should review the nature of discussions and the major decisions reached by the Committee.

Review of Terms of Reference

The Committee shall review its terms of reference annually or otherwise, as it deems appropriate, and propose any recommended changes to the Board.

Review of Corporation's EH & S Policy, Values, and Commitments

The Committee shall review the Corporation's EH & S Policy, Values, and Commitments annually or otherwise, as it deems appropriate, and make such changes thereto, if any, that the Committee deems are required or prudent to make.

RESPONSIBILITIES

The Committee shall assist the Board of Directors by:

- a. Placing particular focus on EH&S aspects of the Corporation's activities and the activities of its subsidiaries. This will entail monitoring the Corporation's and subsidiaries' compliance with applicable EH&S legislation, conformity with industry standards and effectiveness in preventing or mitigating losses. Specific operational focus areas will include, but not be limited to, the following:

- i) Regulatory compliance programs and performance;
 - ii) Health, safety, and environmental programs and performance;
 - iii) Asset integrity and reliability programs and performance;
 - iv) Environmental remediation programs and activities
 - v) Reviewing programs for Emergency Response, Emergency Preparedness and Security Management
 - vi) Employee training programs; and
- b. Advising and making recommendations to the Board, as appropriate, on significant EH&S or asset integrity issues, existing or emerging, in a timely manner.

The Committee clearly places the onus on corporate management to report EH&S items that may be of concern to the Committee.

Annual & Interim Reporting

The Committee should review all EH&S related information included in the Partnership's annual reports and in the Annual Information Form to ensure that it is consistent with the Board of Directors' knowledge of the Partnership's affairs and is unbiased and non-selective.

Approved by the Board of Directors effective August 10, 2006