2025

SUSTAINABILITY REPORT

SOUTHBOW



Table of Contents

Introduction 3

Land Acknowledgment 3

Letter from Our Chief Executive Officer 4

About This Report 5

South Bow at a Glance 6

Our Approach to Sustainability 7

Stakeholder Engagement 9

2025 Sustainability Highlights 10

Governance and Ethics 11

Corporate Governance and Risk Management 12

Ethics and Compliance 14

Cybersecurity Management 14

Supply Chain Management 15

Safe Operations 16

Safety Culture 17

Occupational Health and Safety 17

Emergency Preparedness 18

Asset Integrity 19

Asset Integrity Management Program 19

Spill Management and Environmental Protection 20

Land Use and Ecological Impact 21

Case Study: Milepost 171 Incident 22

Air Quality and Emissions 23

Approach to Emissions Management 24

Greenhouse Gas Emissions and Inventory Management 24

Other Air Pollutants 24

Climate Risk Management, Mitigation, and Opportunities 24

Stakeholder and Community Engagement 25

Employees 26

Indigenous Engagement 26

Public Awareness Program 27

Community Investment Program 28

Appendix 29

Policies and Programs 29

Sustainability Performance Data 30

Task Force on Climate-related Financial Disclosures Index 34

Forward-looking Information and Statements 36

Land Acknowledgment

At South Bow Corporation (South Bow or the Company), we respectfully acknowledge the enduring relationships that First Nations, Inuit, Métis, and Tribal Nations have with the lands and waters where we live and work. We honour their histories, cultures, languages, knowledge systems, and generations of stewardship that continue today.

South Bow's corporate headquarters is located in Moh'kinstsis (Calgary) on the traditional territories of the Blackfoot Confederacy, including the Siksika, Kainai, and Piikani Nations, as well as the Tsuut'ina Nation and Îyâxe Nakoda Nations, which include the Bearspaw First Nation, Chiniki First Nation, and Goodstoney First Nation. We acknowledge that this region is home to the Métis Nation within Alberta, the Calgary Nose Hill Métis District, and the Calgary Elbow Métis Districts 5 and 6, within the Métis Nation Homeland.

As a company that operates energy infrastructure across Canada and the U.S., we understand that our work is connected to the lands and waters that have sustained Indigenous Peoples and Tribal Nations since time immemorial. The routes we operate, the communities we serve, and the resources that support our business exist because of these lands and waters and the care that Indigenous Peoples have taken to steward them over generations, and we recognize our shared responsibility to protect these resources for future generations.

At South Bow, we are committed to building respectful and long-term relationships with Indigenous Peoples, listening and learning from Traditional Knowledge and perspectives, and working together for the safe and responsible stewardship of the lands and waters that connect us all. Through partnerships and collaboration, we strive to create shared value and contribute to a sustainable future for generations to come.





Letter from Our Chief Executive Officer

To our stakeholders,

At South Bow, sustainability is about long-term business resilience. The decisions we make today, from how we operate our assets and manage risk to how we build relationships and allocate capital, will shape our business for decades to come.

Maintaining safe and reliable operations is our highest priority and guides our decisions, actions, and investments across the organization.

In 2026, we experienced a tragic contractor fatality at our Cushing facility. The incident remains under investigation. The loss was deeply felt across our organization and reinforced the responsibility we have to every person who works on or around our assets, and the importance that safety remains at the centre of every decision we make.

That commitment is supported by strong governance, disciplined risk management, and a proactive approach to asset integrity, which are fundamental to achieving safe and reliable operations and maintaining the trust of those who depend on us.

Our success also depends on the relationships we build. Across our operational footprint, we engage with landowners, Indigenous Peoples and Tribal Nations, local communities, regulators, customers, investors, and other stakeholders. We strive to listen, communicate openly, and conduct ourselves with respect, transparency, and accountability. These relationships are essential to our operations and the long-term success of our business.

As a newly independent company, we are focused on building a resilient business that can adapt to evolving market conditions and stakeholder expectations while remaining grounded in the principles that guide our actions. At South Bow, we have established the governance, management systems, and operating principles to support our strategic priorities. This report highlights the sustainability topics most relevant to our business and stakeholders, including governance and ethics, safety, asset integrity, environmental stewardship, and stakeholder and community engagement.

As our business and operating environment evolve, we remain focused on operating safely, maintaining the integrity and reliability of our assets, managing risk responsibly, and creating long-term value for our stakeholders. This requires continuous improvement, learning, and disciplined decision-making.

I want to thank the Indigenous Peoples and Tribal Nations, our local communities, employees, and all of our other stakeholders for the trust they place in South Bow. We recognize that trust is earned through our actions, and we remain committed to earning it every day through safe operations, responsible stewardship, and disciplined execution.

Bevin Wirzba
President & Chief Executive Officer

> We are focused on operating safely, maintaining the integrity and reliability of our assets, managing risk responsibly, and creating long-term value for our stakeholders.

About This Report

As a pure-play crude oil pipeline company, South Bow is committed to operating safely, reliably, and responsibly while managing risks and stakeholder relationships to help strengthen the long-term resilience of our assets and business within the North American energy value chain.

South Bow's 2025 Sustainability Report outlines our approach to managing sustainability-related risks and opportunities across material areas of our business. We aim to provide clear disclosures on the issues most relevant to our business and stakeholders, establishing a foundation for continuous improvement and future disclosure enhancements. As this is our inaugural sustainability report, certain disclosures may evolve as South Bow's internal processes, data quality, and reporting capabilities improve.

This report covers activities and performance related to assets and operations under South Bow's operational control for the fiscal year ended December 31, 2025, unless otherwise noted. As our inaugural sustainability report following our separation from TC Energy Corporation on October 1, 2024, the report focuses primarily on our first full year as an independent company. Unless otherwise noted, all financial figures in this report are presented in U.S. dollars.

Certain disclosures in this report are guided by the Sustainability Accounting Standards Board (SASB) standards for the Oil & Gas–Midstream industry and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to support structured climate-related reporting.

The focus areas and disclosures within this report are informed by South Bow's ongoing commitments to monitor evolving regulatory requirements and engage stakeholders to understand their perspectives and priorities.

Throughout this report, we use the term "stakeholders" as a broad reference to individuals and groups who may be affected by, have an interest in, or engage with South Bow and our operations. Where this term includes Indigenous Peoples and Tribal Nations, its use is not intended to diminish or replace their distinct rights, interests, titles, governance, or connections to the lands and waters affected by our operational footprint. We recognize these distinctions, consistent with our Indigenous Relations Policy.



South Bow at a Glance

South Bow is an energy infrastructure company that owns and operates critical liquids pipelines and facilities within a strategic corridor that connects Canada's robust supply of heavy crude oil with the strongest refining and demand markets in the U.S. Anchored by the Keystone Pipeline System, our highly contracted, long-life assets are characterized by high utilization, stable cash flow generation, and a strong linkage to energy security. Our operations span three Canadian provinces and eight U.S. states.

At South Bow, we manage our pipelines and terminal assets with a disciplined operating philosophy focused on safety, reliability, and environmental responsibility. This approach reflects the realities of long-life infrastructure, where strong governance, ongoing investment, and proactive risk management are fundamental to maintaining the integrity and reliability of our assets while adapting to evolving stakeholder and regulatory expectations.



Spotlight: Our Values and Commitments

South Bow's corporate values were shaped through a collaborative process that engaged leaders from across the Company—from the executive team to those who manage our field operations. By drawing on various employee perspectives and experiences and using clear, accessible language, we developed a set of values that employees can understand, relate to, and put into practice every day.

Our values guide how we make decisions, manage risk, and work together. They underpin the sustainability principles described in this report and support our commitment to safe and responsible operations and long-term business resilience.

WE ARE SAFE

We will:

- Integrate safety into every decision and action.
- Equip our people to achieve excellence in occupational and process safety.
- Earn the trust of our stakeholders by operating safely.

WE DO THE RIGHT THING

We will:

- Embrace humility and act with integrity.
- Listen to our employees, our customers, and our communities, as well as treat them with sincerity and respect.
- Protect the environment and be stewards of the communities where we operate.

WE TAKE PRIDE IN WHAT WE DO

We will:

- Exhibit passion for our business and its essential role in our lives.
- Operate with excellence, deliver extraordinary quality, and exceed customer expectations.
- Ensure our priorities are guided by the enduring nature of our business.

WE WIN AS A TEAM

We will:

- Have an owner's mindset to grow our franchise corridor and responsibly deliver shareholder value.
- Empower our employees to make quality decisions and own the outcomes.
- Operate our business on a foundation of trust, discipline, and sense of community.

Our Approach to Sustainability

Sustainability at South Bow is fundamentally about long-term business resilience. Our long-life, highly contracted assets generate stable cash flows, and our operations are closely connected to the communities and ecosystems we serve today and expect to serve for decades to come.

Sustainability is reflected in how we operate, through disciplined risk management, responsible decision-making, and ongoing engagement with our stakeholders. Guided by our values and commitment to long-term value creation, our approach reinforces a focus on strong governance, safety, asset integrity, environmental stewardship, and trusted relationships.

Our sustainability principles are shaped by the issues most relevant to South Bow, reflecting our core values and informed by regulatory requirements, corporate strategy, enterprise risk management (ERM) processes, stakeholder engagement, and investor-focused reporting frameworks.

The following table outlines our core sustainability principles.



SOUTH BOW'S CORE SUSTAINABILITY PRINCIPLES

Governance and Ethics	Safe Operations	Asset Integrity	Air Quality and Emissions	Stakeholder and Community Engagement
Maintain high standards of corporate governance to help appropriately manage risk and adhere to regulatory standards.	Operate safely and integrate safety into every decision and action.	Maintain a proactive, risk-based asset integrity program that identifies, assesses, and mitigates potential threats to support the safe and reliable operation of our assets.	Support environmental stewardship through the management of air emissions and other adverse operational impacts.	Establish, build, and maintain long-term relationships with Indigenous Peoples and Tribal Nations, communities, organizations, employees, and other stakeholders affected by our operational footprint.

Together, we believe these sustainability principles strengthen the performance of our business, assets, and operations, thereby further reinforcing our long-term resilience, stakeholder relationships, and durable value creation.

Sustainability Governance Framework

South Bow's board of directors (the Board) oversees the Company's approach to sustainability, with responsibility for specific sustainability- and risk-related matters delegated to its committees based on their respective mandates, as outlined in the following Sustainability Governance Framework.

Management is responsible for executing South Bow's sustainability strategy, establishing supporting policies and controls, and regularly reporting to the Board on sustainability objectives, performance, and emerging issues. This governance structure supports the integration of sustainability considerations into strategic decision-making and oversight across the organization.

SUSTAINABILITY GOVERNANCE FRAMEWORK

BOARD OF DIRECTORS

Oversight of sustainability governance, strategy, risk management, and performance, including integration of sustainability considerations into long-term strategy, risk management, and value creation

Audit Committee	Governance and Risk Committee	Human Resources Committee	Safety, Environment, and Operations Committee
• Code of Business Ethics • Whistleblower program • Compliance and controls • Financial risk • Information security, cybersecurity, and business continuity	• Corporate governance practices • Sustainability strategy and governance • Public policy monitoring • Enterprise risk management • Human rights and Indigenous rights • Lobbying and political activity oversight	• Human capital management • Compensation and incentives • Succession planning • Talent and retention risk • Talent and development initiatives	• Safety and environmental performance • Asset integrity and operational reliability • Emergency response and incidents • Environmental and operational metrics • Information security and cybersecurity related to operations and physical assets • Safety, environmental, and operational sustainability reporting

MANAGEMENT TEAM

Implementation of sustainability strategy and policies, management of sustainability-related risks and opportunities, and responsibility for ongoing performance monitoring, continuous improvement, and reporting against objectives

Stakeholder Engagement

South Bow's sustainability strategy is anchored in building strong, trust-based relationships with stakeholders who may be affected by and may affect our operations. We recognize that meaningful, transparent, and respectful engagement with Indigenous Peoples and Tribal Nations, local communities, organizations, employees, and all our other stakeholders is fundamental to the responsible development, operation, and stewardship of our energy infrastructure to support long-term value creation.

Stakeholder feedback helps inform Board and Management decision-making, including the identification and management of sustainability-related priorities, risks, and opportunities. Respectful and meaningful stakeholder dialogue strengthens our operational resilience, emergency preparedness activities, land stewardship initiatives, and community trust, all of which contribute to our long-term success.

We engage and consult with our stakeholders through listening, transparency, and responsiveness to their interests. With respect to Indigenous Peoples and Tribal Nations, our approach considers the distinct governance structures, processes, and protocols of those with whom we engage.

Some of the ways we engage our stakeholders are highlighted to the right.

Stakeholders	Ways We Engage
Employees	• Recruitment and onboarding • Professional development and training • Town hall meetings and Management communications • Annual performance reviews • Periodic employee engagement surveys
Indigenous Peoples and Tribal Nations	• Facility tours, open houses, newsletters, social media, and community meetings • Site visits and participation in environmental assessments • Participation in cultural ceremonies and community events • Emergency response readiness
Landowners and Local Communities	• Direct engagement with landowners throughout the lifecycle of our assets • Town hall meetings, open houses, newsletters, social media, and association meetings • Community emergency response program • Public awareness program and 24-hour emergency hotline • Community partnerships and volunteerism • Community investment program
Customers and Industry Associations	• Meetings, conferences, and industry events
Regulators and Government Officials	• Direct engagement with government and agency officials • Local government delegations and presentations • Written or verbal communication and in-person meetings • Facility tours and site visits
Investors	• Quarterly earnings calls • Participation in conferences and non-deal road shows • Annual meetings of shareholders
Suppliers	• Annual supplier assessment • Onboarding and training programs

2025 Sustainability Highlights

Established the governance, management systems, policies, and oversight structures of a newly independent company, integrating sustainability-related considerations into South Bow's governance, risk management, and strategic decision-making processes.

Demonstrated strong occupational safety performance, with zero fatalities and a total recordable case rate (TRCR) of zero in 2025.

Safely returned the Keystone Pipeline System to service following the Milepost 171 (MP-171) incident, initiated and advanced a comprehensive remedial work program, and incorporated lessons learned to strengthen asset integrity management and operational practices.

Focused on asset integrity and operational reliability through ongoing inspections, maintenance, and remediation activities across our pipeline network, including multiple in-line inspections and integrity digs completed in response to the MP-171 incident and as part of our broader integrity program.

Reported direct Scope 1 greenhouse gas (GHG) emissions of 388 tonnes of carbon dioxide equivalent (CO_2e), supported by our predominantly electric-powered pipeline infrastructure.

Built upon our ethics, compliance, and cybersecurity programs through establishment of annual certifications, employee training, ongoing risk management activities, and Board oversight.

Invested approximately $0.8 million in communities and Indigenous Peoples and Tribal Nations initiatives, supporting more than 90 nonprofit organizations and nearly 20 Indigenous Peoples and Tribal Nations programs across our operational footprint.

Launched new community and Indigenous Peoples and Tribal Nations engagement initiatives, including a new partnership with the Carry the Kettle Nakoda Nation to translate right-of-way signage into the Nakoda language.

Governance and Ethics

Strong corporate governance and ethical business practices are essential to South Bow's ability to operate safely and responsibly, maintain stakeholder trust, strengthen business resilience, and deliver long-term shareholder value.



Corporate Governance and Risk Management

Governance Framework

Our Board is responsible for overseeing our business strategy, risk management, and governance practices, which it carries out directly and through its four standing committees, in collaboration with Management.

South Bow's governance framework helps to establish clear accountability between Board oversight and Management execution. It is designed to support disciplined decision-making, effective risk management, and a culture of integrity, while integrating governance, safety, operational, and financial considerations across our business. The framework is reinforced through regular quarterly reporting by Management to the Board on strategy, performance, compliance, and key risks.

Enterprise Risk Management

South Bow maintains a comprehensive ERM framework that is designed to identify, assess, and mitigate risks that could materially affect our ability to achieve our strategic priorities.

Key elements of South Bow's risk management approach include:

- identification and assessment of strategic, reputational, operational, financial, regulatory, personnel, technology, and emerging risks;
- risk prioritization based on likelihood and potential impact;
- implementation of internal controls and mitigation strategies;
- identification and monitoring of escalation signals and triggers; and
- regular monitoring and reporting to the Board and its committees.

The Board's Governance and Risk Committee oversees our ERM program, including the identification and monitoring of sustainability-related risks and opportunities. The Board and its relevant committees receive regular updates on the principal risks facing South Bow, including in-depth discussions on key and emerging risks, helping to confirm that appropriate systems and processes are in place to identify, assess, and manage enterprise risks.



REFERENCE LIBRARY

- Corporate Governance Guidelines
- Code of Business Ethics Policy
- Contractor Code of Business Ethics Policy
- Ethics Helpline
- Avoiding Bribery and Corruption Policy
- Modern Slavery Report
- Management Information Circular
- Annual Information Form

See *Policies and Programs* in this report

South Bow Management System

South Bow has developed and maintains an operationally focused pipeline safety management system, the South Bow Management System, which outlines the governance requirements for managing health, safety, environmental, and operational performance across the lifecycle of our assets. The framework supports 10 threat management programs that provide a structured approach to identifying, assessing, managing, and mitigating key risks across the business.

Management provides quarterly updates to the Board's Safety, Environment, and Operations (SEO) Committee on the Company's operational health, safety, and environmental performance, including compliance with applicable laws and regulations.

All work conducted across the asset lifecycle must adhere to the requirements of our management system. Our Code of Business Ethics (COBE) Policy and Contractor COBE Policy reinforce these expectations, and in 2025, all employees and representatives of South Bow affirmed their agreement to conduct business in accordance with these requirements.

Embedded within our management system is the Plan-Do-Check-Act continual improvement model, which provides a disciplined framework for planning, implementing, evaluating, and refining our processes and controls. This approach supports continuous improvement in health, safety, environmental, and operational performance.

Our management system aligns with the American Petroleum Institute (API) Recommended Practice 1173 (API RP 1173) Pipeline Safety Management System standard and complies with applicable regulatory requirements, including the Canada Energy Regulator (CER) Onshore Pipeline Regulations (SOR/99-294) and the Canadian Standards Association Z662:23 Oil and Gas Pipeline Systems standard.



Ethics and Compliance

Conducting ourselves ethically, fairly, and responsibly is more than a principle at South Bow. It is a shared commitment that guides our decisions and actions every day.

Ethics Oversight and Policy Framework

South Bow is committed to maintaining high ethical standards and integrity across our organization. The Board oversees compliance with key governance policies, including South Bow's COBE Policy and internal control framework. Together, these policies and programs set clear expectations for ethical conduct, regulatory compliance, insider trading, and the management of conflicts of interest.

To support a strong culture of ethics and compliance, South Bow requires ongoing training and awareness programs that help employees understand their responsibilities and how to apply the Company's standards in their day-to-day activities.

All directors, officers, and employees are required to acknowledge and certify their compliance with the COBE Policy as part of their onboarding and annually thereafter. The COBE Policy is reviewed by the Audit Committee annually and refreshed as needed, with Board oversight and approval.

Whistleblower Program

South Bow maintains an independent whistleblower service, the Ethics Helpline, that provides a secure, confidential, and anonymous channel for employees, contractors, community members, and other stakeholders to report concerns related to legal, ethical, or compliance matters. Employees may also raise concerns through internal reporting channels, including to any member of Management or through our Human Resources, Corporate Compliance, or Legal departments. South Bow takes reports seriously and, when appropriate, investigates reported concerns. South Bow prohibits retaliation against individuals who raise concerns in good faith.

The Board, Audit Committee, and Governance and Risk Committee provide oversight of the whistleblower program, with support from the Corporate Compliance department. Reports are reviewed by the Chief Compliance Officer, with significant matters escalated to the Chair of the Audit Committee. The Governance and Risk Committee receives quarterly reporting on whistleblowing matters, and other Board committees are informed as appropriate.

Avoiding Bribery and Corruption Policy

South Bow maintains an Avoiding Bribery and Corruption Policy that reflects our commitment to conducting business with integrity and in compliance with applicable anti-bribery and anti-corruption laws. Our compliance program includes annual employee training, enhanced training for personnel in higher-risk roles, due diligence reviews of third parties, and internal controls designed to prevent, detect, and address potential misconduct.

Cybersecurity Management

South Bow maintains a cybersecurity program that is supported by formal policies, standards, and governance processes designed to protect information systems, operational technology, and critical business information. Our layered-defence approach includes a dedicated security operations centre. Periodic tabletop exercises and third-party assessments validate our incident response protocols and controls.

Cyber resilience is reinforced through mandatory cybersecurity training for employees and contractors as part of their onboarding and annually thereafter, as well as ongoing awareness initiatives, including phishing simulations. We also maintain cyber-insurance coverage and actively monitor emerging threats and vulnerabilities.

Cybersecurity risk management is integrated into our ERM framework with shared oversight by the Board's Audit Committee and SEO Committee. The Audit Committee oversees corporate cyber risk, while the SEO Committee oversees cyber risks related to our operations and physical assets.

Management provides regular updates to the Board on cybersecurity risks, threat intelligence, vulnerabilities, and incident trends and aims to align the Company's cybersecurity programs with applicable regulatory requirements and recognized industry standards, including the National Institute of Standards and Technology Cybersecurity Framework.

As of the publication date of this report, South Bow is not aware of any cybersecurity threats that have materially affected, or are reasonably likely to materially affect, the Company, either financially or operationally. Additional information is available in South Bow's annual information form (AIF) for the fiscal year ended December 31, 2025.

Corporate Security Policy

We maintain a Corporate Security Policy that reinforces our commitment to providing a safe and secure work environment in which security risks and threats to personnel, corporate assets, and reputation are properly managed. This policy aligns with the requirements of the CER, Alberta Energy Regulator (AER), U.S. Department of Homeland Security and Transportation Security Administration, and internal security requirements.

Artificial Intelligence Policy

Our Artificial Intelligence (AI) Policy establishes principles for the responsible, ethical, and secure use of AI across the organization. The policy is designed to support innovation and operational efficiency while promoting appropriate governance, accountability, and risk management. It outlines expectations for the use of AI tools and helps identify, assess, and manage AI-related risks in a manner consistent with our values, policies, and stakeholder expectations.

Conducting ourselves ethically, fairly, and responsibly is more than a principle at South Bow. It is a shared commitment that guides our decisions and actions every day.

Supply Chain Management

South Bow expects its contractors, including those in our supply chain, to comply with all applicable laws and uphold our standards for ethical conduct, safety, and responsible business practices.

Supply Chain Risk Management and Due Diligence

Effective supply chain risk management is an important component of South Bow's broader risk framework. We assess operational, reputational, and compliance risks as part of our supplier engagement and oversight.

Suppliers are subject to risk-based due diligence, onboarding, and ongoing monitoring processes designed to verify alignment with South Bow's standards for safety, ethics, and legal compliance. These processes may include screening for modern slavery, sanctions, and other compliance-related risks. South Bow reserves the right to terminate supplier relationships when our standards and expectations are not met.

Contractor Code of Business Ethics Policy

All contractors are required to comply with South Bow's Contractor COBE Policy, which establishes expectations for conducting business on behalf of, or in partnership with, South Bow. Contractors are expected to identify and report risks, hazards, and concerns and uphold the integrity of South Bow's business processes, decisions, and assets.

Human Rights

South Bow's COBE Policy affirms our commitment to human rights. This commitment extends to engagement with Indigenous Peoples and Tribal Nations, local communities, organizations, employees, and other stakeholders across our operations.

Our Contractor COBE Policy is informed by internationally recognized standards, including the Universal Declaration of Human Rights and core principles of the International Labour Organization Conventions. These frameworks help guide our approach to promoting and supporting human rights and responsible business conduct throughout our supply chain.

In 2025, we established South Bow's Modern Slavery Report, which provides an overview of our policies and procedures that assist the Company in preventing and reducing the risk of forced child labour within the production of goods in Canada or elsewhere of goods imported into Canada.



Safe Operations

Safety is our highest priority and is reflected in one of South Bow's core values: We Are Safe. This principle guides the design, construction, operation, maintenance, and decommissioning of our assets.

South Bow's governance framework establishes accountability for the systems, controls and operating disciplines that enable safe and reliable operations. Through Board oversight, Management accountability, and our enterprise-wide management system, safety considerations are integrated into decision-making across the organization.



Safety Culture

We believe our people are central to South Bow's operational safety and reliability. As a learning organization, we continually draw on the collective knowledge, experience, and expertise of our employees and contractors to strengthen performance and improve decision-making.

South Bow integrates certain principles of Human and Organizational Performance (HOP), an industry-recognized framework that supports safety and operational excellence, to foster a culture and leadership practices centred on trust, empowerment, learning, and collaboration. HOP recognizes that human performance is shaped by the systems and conditions in which work is performed. By working closely with employees and contractors to better understand those influences, we identify opportunities to strengthen these systems and implement safeguards that enhance safety and reliability.

Embedding a HOP mindset into daily work encourages employees and contractors to raise concerns openly, share ideas for improvement, apply sound judgment, respectfully challenge decisions, and maintain strong operational discipline. We foster a culture of continuous operational learning to better understand how work is performed, enhance our systems and controls, and safeguard our workforce, the communities where we operate, and the environment.

Occupational Health and Safety

Health and Safety Management Program

The safety of South Bow's employees, contractors, and the public is an enduring core value. Through our health and safety management program, we seek to prevent workplace illness and injury, encourage fitness for work, support physical and mental well-being, and foster a culture in which individuals feel empowered to speak up about their safety concerns. Our approach is grounded in proactive risk management, continuous learning, and a commitment to caring for one another.

Additionally, certain South Bow activities are subject to the Occupational Safety and Health Administration (OSHA) Hazardous Waste Operations and Emergency Response Standard, 29 CFR 1910.120, and we maintain programs and procedures to comply with it.

Hazard Assessments

South Bow's approach to hazard assessment is informed by HOP principles and focuses on identifying and managing high-energy hazards, including evaluating exposure to potentially serious injuries and fatalities through a high-energy control assessment. Our assessment process begins by identifying high-energy hazards and determining whether effective controls are in place to manage the associated risks. We prioritize direct controls, and if these are not feasible or available, multiple layers of alternative controls must be in place to help effectively mitigate and help prevent high-energy serious injury or fatality.

Investigation Process and Improvements

South Bow's Incident Management Process establishes the requirements for monitoring, inspecting, reporting, and resolving operational incidents and near misses. This process outlines how investigations are addressed, documented, and communicated, while periodic reviews of significant past incidents help identify trends and support organizational learning.

In addition to formal investigations, South Bow captures learnings from minor events and near misses that would not be formally investigated, incorporating those learnings into procedures, work practices, and training. Process safety events are classified based on the potential to escalate from a minor incident to something more severe or a repetitive pattern of small-scale incidents. High-potential process safety events are reviewed by Management and the SEO Committee, with findings and corrective actions used to strengthen controls, improve operational performance, and reduce the likelihood of recurrence.

Contractor Safety Management and Prequalification

South Bow uses a structured, risk-based approach to contractor safety management to align with our safety standards and operational expectations. Contractors undergo a formal prequalification process that assesses safety performance, management systems, regulatory compliance, workforce competency, and other relevant risk factors.

Safety requirements are embedded throughout the contracting lifecycle through onboarding, site-specific orientations, field oversight, inspections, and assurance programs. Contractor performance is evaluated using leading and lagging indicators, with outcomes and lessons learned informing continuous improvement, contractor selection and engagement, and safety standards.

2025 Safety Performance

South Bow's leading safety indicators are designed to promote proactive risk management, engagement, and accountability across all levels of the organization. These indicators include strong leadership presence in the field, contractor assurance activities, positive safety observations and recognition, and warranted work pauses or stoppages by employees and contractors when conditions change or risks are not fully understood. Monitoring lagging indicators enables us to evaluate performance trends, identify areas for continuous safety improvement, and assess the effectiveness of our safety programs and controls.

Performance against South Bow's annual safety scorecard is incorporated into our compensation framework for executives and employees, reinforcing shared accountability for safe, reliable operations.

0	0	1
RECORDABLE INJURIES OR FATALITIES	TRCR	TIER 1 EVENT

2,553,418

EXPOSURE HOURS

1,207,670 employee hours
1,345,748 contractor hours

Emergency Preparedness

Effective emergency management is essential to maintaining the long-term reliability of our infrastructure and services and to managing risks associated with South Bow's operations. This reflects our commitment to safety, preparedness, and responsible asset management in the communities where we operate.

South Bow maintains emergency preparedness and response systems designed to control, mitigate, and minimize the impacts of emergencies on people, property, and the environment. Our emergency management approach follows a lifecycle model of planning, preparedness, response, and evaluation, supporting continuous improvement in risk management and incident response.

Emergency Management Program

South Bow maintains an emergency management program designed to promote a culture of emergency preparedness and support a coordinated, timely, and effective response to emergency situations. Our program provides a comprehensive framework for emergency preparedness, response, recovery, and business continuity across our organization.

The program incorporates a series of layered response plans tailored to potential emergency scenarios, including site-specific considerations, industry best practices, and standardized emergency response protocols aligned with the Incident Command System (ICS). These plans establish clear processes for incident identification, escalation, resource deployment, and response management, helping to protect people, the environment, and the reliability of our operations. Emergency response planning is integrated within South Bow's broader risk management and operational frameworks and is designed to meet applicable regulatory requirements and industry standards, including the CER Onshore Pipeline Regulations (SOR/99-294), AER Directive 071, Pipeline and Hazardous Materials Safety Administration (PHMSA) Rules 194 and 195, API's Recommended Practice 1174 (API RP 1174) Recommended Practice for Onshore Hazardous Liquid Pipeline Emergency Preparedness and Response, API's Recommended Practice 1162 (API RP 1162) Recommended Practice for Public Awareness Programs for Pipeline Operators, 3rd edition, and the ICS, a standardized management system for managing incidents.

Response plans are regularly reviewed and updated to reflect operational changes, emerging risks, lessons learned from exercises and incidents, and evolving industry practices. Insights gained through incident investigations and near-miss events are used to continuously enhance procedures and preparedness and response capabilities, reinforcing South Bow's commitment to operational excellence and strengthened capabilities.

Training Program

South Bow supports emergency preparedness through structured training and readiness initiatives. These are designed to equip employees and contractors with a clear understanding of their roles and responsibilities within South Bow's emergency management framework while maintaining the competencies required to respond effectively to potential incidents.

Training activities include classroom instruction, field-based exercises, and scenario-driven drills that simulate emergency conditions and reinforce coordination across response teams. South Bow conducts regular emergency response exercises, often in collaboration with local response agencies and communities, to test procedures, strengthen communication and coordination, and evaluate overall preparedness.

Following exercises and emergency events, South Bow conducts after-action reviews to assess performance, identify opportunities for improvement, and incorporate lessons learned into response plans, procedures, and training programs. This ongoing process supports performance improvement and helps strengthen our emergency response capabilities over time.

Our emergency management approach follows a lifecycle model of planning, preparedness, response, and evaluation, supporting continuous improvement in risk management and incident response.

Asset Integrity

Maintaining the integrity of South Bow's assets is fundamental to delivering energy safely and reliably. While our safety culture guides how we work, our asset integrity programs help strengthen the reliability and long-term resilience of our infrastructure by helping to identify, assess, and mitigate potential threats before they impact operational performance. Through disciplined risk management, operational controls, and a commitment to continuous improvement, we seek to protect our people, safeguard the environment, and maintain the trust of our stakeholders. Our goal is to be an industry leader in asset integrity.



Asset Integrity Management Program

South Bow maintains a comprehensive asset integrity management program that combines inspection technologies, data-driven risk assessment, and targeted preventive maintenance activities to support the safe and reliable operations of our pipeline and facilities. We apply industry best practices, benchmark performance against peers, and collaborate with industry partners and technology providers to advance inspection capabilities, assessment methodologies, and emerging technologies.

Our Pipeline Integrity department applies specialized technical expertise to identify, evaluate, and manage integrity threats throughout the lifecycle of our assets. Through a culture of continuous learning and improvement, we regularly assess and improve our programs to strengthen asset performance, reliability, and resilience. Our programs are informed by operational experience, regulatory inspections and findings, evolving risks, and industry practices and developments.

This approach leverages in-line inspection tools and other technologies to develop a detailed understanding of asset condition and risks. We complement these efforts with disciplined capital investment to address identified risks, maintain asset reliability, modernize infrastructure, and support operational durability.

Asset Integrity and Maintenance Program Activities

Pipeline Integrity	Facility Integrity
Inspection • In-line inspections • Investigative digs • Pressure cycling management	**Inspection** • Non-destructive inspections for cracking and corrosion • Tank integrity inspections • Surge line in-line inspections • Vibration surveys
Remediation • Pipeline repair and replacement	**Remediation** • Vibration and stress remediations • Internal and external corrosion remediations

2025 Asset Integrity Performance

Asset Integrity Performance

IN-LINE INSPECTIONS	INTEGRITY DIGS	JOINTS EXPOSED
19 completed across 4,736 kilometres of pipeline[1]	98	300

Process Safety Events

TIER 1[2] PIPELINE	TIER 1[2] FACILITY	TIER 2[3] PIPELINE	TIER 2[3] FACILITY
1 MP-171 incident	0	0	0

[1] Represents pipeline length inspected on a cumulative basis, including segments inspected more than once. South Bow inspected 3,901 kilometres of pipeline length at least once in 2025.

[2] Tier 1 process safety releases are greater than 90 barrels.

[3] Tier 2 process safety releases are between nine barrels and 90 barrels.

Spill Management and Environmental Protection

South Bow is committed to preventing, preparing for, and responding to spills and environmental incidents in a manner that aims to protect our people, the environment, and the communities where we operate. Guided by two of our core values, We Are Safe and We Do the Right Thing, our approach combines robust asset integrity programs, emergency preparedness and response capabilities, and timely remediation efforts.

Our prevention, preparedness, and response and remediation activities include the following:

Spill Management and Environmental Protection Activities

Prevention	Preparedness	Response and Remediation
• Integrity management and inspection programs • Real-time monitoring systems	• Regular emergency response exercises • Coordination with regulators and local responders	• Leak detection systems • Rapid containment and recovery • Environmental remediation and monitoring • Transparent disclosure of incident outcomes

South Bow's Leak Detection Engineering department plays an important role in preventing and mitigating the impacts of potential releases by advancing and maintaining highly reliable leak detection technologies. These systems are designed to enhance the accuracy, responsiveness, and effectiveness of leak detection capabilities while supporting regulatory compliance and environmental protection. The team supports our spill management program through the following initiatives:

Leak Detection Engineering

Leak detection system development	• Design, implement, and refine leak detection methods, including computational pipeline monitoring and acoustic monitoring
Pipeline integrity monitoring	• Continuously monitor pipelines for anomalies to support the earliest possible detection of leaks, minimizing adverse environmental impacts
Around-the-clock incident response	• Provide real-time support for anomaly investigation, working closely with the control centre and field personnel
Innovation and optimization	• Stay abreast of the latest technologies and techniques to improve detection speed and accuracy

Environmental protection is focused on minimizing the adverse impacts of our operations through proactive risk management, regulatory compliance, and the disciplined application and controls designed to prevent, detect, and mitigate potential incidents. This includes robust asset integrity and leak detection programs, emergency preparedness and response capabilities, and ongoing investments in system reliability.

While the Keystone Pipeline System has experienced incidents, including the Milepost 14 incident in 2022 and the MP-171 incident in 2025, South Bow continues to apply lessons learned from these events to strengthen our integrity management and leak detection programs and enhance our safety and operational practices. Transparent disclosure and a commitment to strengthen capabilities remain important to maintaining stakeholder trust and our long-term license to operate.
See ***Case Study: Milepost 171 Incident*** on page 22.

Land Use and Ecological Impact

South Bow is committed to minimizing our environmental footprint through responsible land use practices and proactive management of ecological impacts throughout the lifecycle of our assets. Our approach seeks to avoid, minimize, and mitigate environmental disturbance through careful route selection, early engagement with landowners and Indigenous Peoples and Tribal Nations communities, and application of environmental design standards and Traditional Knowledge intended to protect sensitive habitats, biodiversity, and water resources. These considerations are integrated into project planning, permitting, site-specific mitigation planning, construction, operations, and ongoing monitoring and impact assessment activities.

Restoration of disturbed lands is an important component of our approach to environmental stewardship. Areas affected by construction or maintenance activities are reclaimed and restored over time, and when full restoration is not feasible, alternative measures may be implemented. Together, these prevention, mitigation, and restoration efforts help manage environmental risks.

South Bow also participates in the CER's abandonment funding program, which requires regulated pipeline companies to establish dedicated funding mechanisms to support the future abandonment of pipeline assets at the end of their operational lives.

Environmental Policies and Practices Related to Biodiversity and Land Use

South Bow's environmental program is guided by three overarching principles: stewardship, protection, and performance. These principles guide environmental management throughout the asset lifecycle and reflect our commitment to protecting the environment and being responsible stewards of the communities where we operate. Through environmental assessments, mitigation planning, environmental protection measures, monitoring, and continuous improvement, these principles are integrated into how we plan, permit, construct, operate, maintain, and retire our assets. South Bow manages biodiversity and land use considerations through its environmental program, which supports the identification, assessment, and mitigation of environmental risks across our operations. These processes are designed to maintain regulatory compliance, reduce adverse environmental impacts, and promote consistent environmental performance. The environmental program provides the framework through which environmental risks are identified, assessed, managed, and monitored throughout the asset lifecycle.

Environmental and biodiversity considerations are integrated throughout project planning, permitting, construction, operations, and asset lifecycle management. Through traditional land use studies and environmental assessments, South Bow evaluates potential impacts to wildlife, vegetation, aquatic resources, current and traditional land use, and other sensitive environmental features to inform project design, routing, environmental protection plans, and mitigation measures. Environmental management activities vary across the asset lifecycle and include environmental assessments and routing studies during planning and permitting, environmental protection plans and mitigation measures during construction, environmental monitoring and compliance activities during operations, and reclamation and restoration activities following project completion. When appropriate, site-specific environmental protection plans are developed to address environmentally sensitive areas, including water bodies, wildlife habitat, biodiversity features, and other identified environmental sensitivities, and to support efforts to avoid, minimize, and mitigate project-related impacts.

Environmental management oversight is integrated within South Bow's broader operational and risk management frameworks and is supported by monitoring, inspections, and performance reporting. These activities help verify compliance, evaluate program effectiveness, and identify opportunities to improve practices over time.

Initiatives to Protect Biodiversity and Habitat Restoration throughout the Project Lifecycle

South Bow's approach to biodiversity and habitat management reflects a lifecycle perspective focused on avoiding, minimizing, and restoring adverse environmental impacts when practicable. During project development, environmental and land use assessments inform routing, design, and construction planning to help reduce potential effects on wildlife habitat, vegetation, water bodies, and traditional land uses. Input from landowners, communities, and Indigenous Peoples and Tribal Nations is incorporated through the planning process.

During construction and operations, we implement mitigation measures to help manage land disturbance and protect sensitive environmental features and Indigenous traditional land use sites, including erosion and sediment control, soil conservation, watercourse protection, and vegetation management practices. Following project activities, disturbed areas are reclaimed and restored with the goal of returning land capability and supporting biodiversity recovery.

Monitoring and post-construction evaluations are used to assess the effectiveness of mitigation and restoration measures. Through these measures, we work to manage biodiversity-related risks and support the environments in which we operate.

Case Study: Milepost 171 Incident



Background

In April 2025, South Bow responded to an oil release at MP-171 of the Keystone Pipeline near Fort Ransom, North Dakota. Our control centre's leak detection systems identified a pressure drop, prompting the safe shutdown of the pipeline and isolation of the affected segment. The estimated release volume was approximately 3,500 barrels.

PHMSA subsequently issued a Corrective Action Order, requiring South Bow to complete specific actions before restarting operations. With regulatory approval, we safely returned the Keystone Pipeline to service seven days after the incident.

Emergency Response

South Bow activated its emergency response protocols immediately upon detection of the release, prioritizing the safety of on-site personnel, protecting public health, and minimizing adverse environmental impacts. The pipeline was safely shut down within two minutes, and response personnel and equipment were rapidly mobilized to the site. Through these efforts, impacts were contained to a single parcel of land.

Our response was guided by our established emergency management program and long-standing relationships with local stakeholders. Working under our ICS, we coordinated closely with regulatory agencies, emergency responders, local officials, landowners, Tribal Nations, community representatives, and customers throughout the response and recovery process.

Stakeholder and Community Engagement

Transparent and consistent communication was a key component of our response. We engaged directly with affected landowners, residents, and local officials immediately following the incident and maintained regular communication throughout remediation and recovery activities. These efforts reflected our Landowner Commitments, which guided our approach to engagement through respect, collaboration, transparency, and accountability.

The incident reinforced the value of our ongoing public awareness and emergency management programs, supporting preparedness and response coordination with first responders and community stakeholders across our operational footprint.

Remediation and Restoration

South Bow recovered substantially all released product and carried out restoration work across 15 hectares in close collaboration with the affected landowner and other local stakeholders. Our efforts were focused on returning the site to productive agricultural use by the 2025 growing season.

Continuous Improvement

South Bow launched a comprehensive remedial work plan informed by regulatory requirements, the findings of an independent third-party root cause analysis, and our broader asset integrity framework. Implementation of the remedial work plan and associated regulatory requirements remain ongoing as of the publication date of this report.

Actions completed and underway include multiple in-line inspections and integrity digs, enhancements to inspection methodologies and data analysis processes, and collaboration with technology providers to address known inspection tool limitations. Lessons learned from the incident are being incorporated into South Bow's asset integrity management program and shared with industry peers through API to support continuous improvement across the energy infrastructure sector. Progress against the remedial work plan is ongoing and is regularly reported to the SEO Committee.

We continue to apply these learnings through ongoing monitoring, assessment, and enhancement efforts focused on strengthening system reliability, advancing inspection capabilities, and reducing the potential for similar events in the future.

The MP-171 incident demonstrates how South Bow's governance, safety, asset integrity, and stakeholder engagement practices work together to help support operational reliability, effective incident response, environmental restoration, and long-term business resilience.

Air Quality and Emissions

As a critical energy infrastructure operator, South Bow recognizes that responsible management of air emissions is important to maintaining stakeholder confidence and supporting the long-term sustainability of our operations.



Approach to Emissions Management

South Bow's emissions management strategy is based on three pillars: measurement, operational efficiency, and continuous improvement. Environmental performance is integrated into business decisions, asset management activities, and operational planning. We actively monitor evolving regulations and industry standards to help support program evolution and regulatory compliance.

South Bow's operational profile reflects our use of electric-driven pumping infrastructure to power our pipeline assets. As a result, we focus on efficiency improvements and operational optimization as important drivers of emissions performance. Initiatives are prioritized based on risk, regulatory requirements, and potential adverse economic and environmental impacts, helping support both emissions performance and operational reliability. Initiatives include:

- routine evaluation of opportunities that may help reduce emissions through equipment upgrades, application of new technologies, process optimization, and targeted leak detection and repair programs; and
- enhanced monitoring and data analytics to drive operational improvements, including optimizing power consumption and use of drag-reducing agents.

Greenhouse Gas Emissions and Inventory Management

South Bow's operations are primarily supported by electric-driven pumping infrastructure, resulting in a significant portion of our emissions profile being attributable to indirect Scope 2 GHG emissions rather than direct Scope 1 GHG emissions. As a result, electricity consumption and power efficiency represent important areas of focus within our emissions management approach.

Other Air Pollutants

In addition to GHG emissions, South Bow monitors other air pollutants associated with terminal operations, including nitrogen oxides (NO_x), sulphur oxides (SO_x), and volatile organic compounds (VOCs). South Bow works to minimize non-GHG emissions through preventive maintenance, operational controls, and the use of more efficient technologies, when feasible, throughout our operations.

Climate Risk Management, Mitigation, and Opportunities

South Bow operates its assets within an evolving physical, regulatory, and market environment. As a long-life infrastructure operator, we consider climate-related factors through the same risk management and asset integrity lens used to manage other threats to operational reliability. We evaluate climate-related factors as part of our broader ERM framework, including the potential impacts of extreme weather events, changing environmental conditions, and evolving policy, regulatory, and stakeholder expectations. These factors are assessed alongside other business risks that could influence operational safety and reliability, asset integrity, financial performance, and long-term strategic planning.

Climate Risk Management

The Board provides oversight of climate-related matters through its SEO Committee, which monitors environmental stewardship and climate-related risks and opportunities. The SEO Committee receives regular updates from Management on asset integrity, operational reliability, emergency preparedness, environmental performance, and compliance with applicable environmental and climate-related requirements, including climate-related reporting obligations. This oversight supports our broader approach to risk management and long-term business resilience.

Climate-related Risk Mitigation

South Bow's approach to managing climate-related risks is closely integrated with its existing operational and integrity management programs, reflecting our focus on maintaining the long-term resilience of our assets. Climate-related considerations help inform maintenance priorities, mitigation measures, and investments in pipeline integrity. Ongoing investment in pipeline integrity, maintenance, leak detection, environmental protection, and emergency preparedness supports the safe and reliable operation of our assets while helping manage potential risks associated with changing environmental conditions. These programs are designed to enhance operational resilience, reduce the likelihood and consequences of incidents, and support regulatory compliance.

Climate-related Opportunities

South Bow views climate-related opportunities through the lens of long-term business resilience. Our critical energy infrastructure connects robust Canadian crude oil production with key U.S. refining and demand markets, supported by stable, long-term commercial arrangements.

Opportunities may emerge through optimizing system utilization, enhancing operational performance, and pursuing disciplined growth within our existing corridor. Our focus on safety, asset integrity, operational reliability, and disciplined capital allocation supports our ability to adapt to evolving market conditions and deliver long-term value for stakeholders.

South Bow's electrically powered assets may also benefit from the ongoing decarbonization of electricity generation sources in the jurisdictions where we operate. As regional electricity grids become less carbon intensive, the emissions associated with certain of South Bow's operational activities may decline over time.

Stakeholder and Community Engagement

We recognize that meaningful, transparent, and respectful engagement with Indigenous Peoples and Tribal Nations, local communities, organizations, employees, and all our other stakeholders is fundamental to the responsible development, operation, and stewardship of our energy infrastructure to support long-term value creation.



Employees

The employee experience at South Bow is grounded in our values-driven culture, which shapes how we work, make decisions, and engage with one another and our stakeholders. From recruitment and onboarding through professional development, training, and annual performance reviews, we provide opportunities for employees to build their capabilities and contribute to the long-term success of the business.

Regular town hall meetings, Management communications, and periodic employee engagement surveys support open dialogue and help employees stay connected to our business, strategy, and priorities. Through these engagement and development opportunities, we strive to create an environment where employees can contribute meaningfully, continue learning, and grow their careers.



Indigenous Engagement

We respect the unique cultures, traditions, history, and legal and protected rights of Indigenous Peoples. Guided by a principled approach based on respect and trust, we are proud of the relationships we have built with Indigenous Peoples across Canada and the U.S.

Indigenous Relations Policy

Coupled with our COBE Policy, South Bow's Indigenous Relations Policy establishes expectations for respectful and meaningful dialogue with Indigenous Peoples and Tribal Nations, local communities, and organizations to cultivate long-lasting collaborative relationships. We apply core tenets of this policy to guide our engagement and address matters that may arise in connection with South Bow's business operations and activities.

Through early, transparent, and ongoing engagement, South Bow seeks to build and sustain respectful, mutually beneficial relationships. We work to understand how our business activities may affect Indigenous rights and interests and, where possible, avoid, minimize, and mitigate potential impacts. This approach helps inform our decision-making process and create shared value over the long term through the incorporation of Indigenous perspectives and Traditional Knowledge.

We recognize and respect the spirit and intent of the United Nations Declaration on the Rights of Indigenous Peoples and its guiding principles within the context of existing Canadian and U.S. law, as well as the associated commitments and roles that governments in those jurisdictions have relative to Indigenous Peoples.

Building Cultural Awareness

At South Bow, building cultural awareness across our workforce is an important part of fostering respectful relationships and meaningful engagement. We provide employees and contractors with training to enhance their understanding of Indigenous rights, histories, cultures, governance structures, and engagement protocols.

This knowledge helps our teams engage respectfully, better understand Indigenous perspectives, and recognize how our activities may affect Indigenous rights and interests. Through ongoing engagement, we seek to understand and consider Indigenous rights, interests, perspectives, and Traditional Knowledge, where appropriate, in our project planning, operations, and decision-making processes. We also respect the distinct governance structures, leadership, and protocols, including meaningful leader-to-leader dialogue.

Lifecycle Approach to Engagement

South Bow strives to engage early and often, listen, provide accurate information, and respond to interests in a respectful, timely, and consistent manner. Our engagement approach spans the full lifecycle of our assets and projects, supporting ongoing dialogue, relationship-building, and issue resolution with Indigenous Peoples throughout planning, design, construction, operations, and monitoring activities.

Employment and Community Development

South Bow supports Indigenous economic participation by creating opportunities for employment, skills development, and business engagement. We partner with educational institutions and recruitment organizations to increase awareness of career opportunities and provide internship and mentorship experiences that help Indigenous students explore industry-specific skills and career pathways.

South Bow is committed to increasing awareness of procurement and contracting opportunities by engaging with Indigenous Peoples and Tribal Nations. We are open to the sharing of information on their Indigenous businesses and South Bow's operations and supply chain while fostering relationships that support participation in our procurement processes when aligned with our business needs.

We are committed to supporting Indigenous community initiatives that promote economic well-being, opportunity, and resiliency. South Bow contributes to these Indigenous community initiatives and events with donations and volunteerism through our community investment program, South Bow Cares.

Public Awareness Program

South Bow recognizes that effective emergency preparedness begins with strong relationships and ongoing engagement with stakeholders within our local communities. Through our public awareness and emergency management programs, we engage with stakeholders, including landowners, first responders, emergency management personnel, community officials, and others who live and work near our operational footprint to help build awareness of pipeline operations, strengthen emergency preparedness, and support coordinated response planning with local stakeholders. We use leading indicators to determine high-risk areas for supplemental outreach, which includes geo-targeting audiences with tailored content in high-risk areas, and developing and delivering interactive educational materials to stakeholders engaged in activities that pose elevated risk to our assets.

Our approach is guided by our Landowner Commitments, which establish a framework for project and operational engagement grounded in South Bow's core values. We work to build and maintain trusted relationships with stakeholders within our operational footprint through regular communication, listening, and transparent dialogue. These ongoing engagement activities help South Bow to understand stakeholder concerns and perspectives and consider them, where appropriate, in our planning and decision-making.

Our Landowner Commitments

WE ARE SAFE

We will:

- Work with communities and landowners to ensure public and environmental safety.
- Prioritize protecting private information and ensure confidentiality.

WE DO THE RIGHT THING

We will:

- Engage landowners to build relationships based on trust and respect.
- Maintain professionalism and excellence in all landowner interactions.

WE TAKE PRIDE IN WHAT WE DO

We will:

- Act with integrity by being honest, fair, and respectful.
- Continuously improve through ongoing communication and feedback.

WE WIN AS A TEAM

We will:

- Collaborate closely with landowners, ensuring their voices are heard and considered in decisions that impact their land.
- Understand concerns and seek to arrive at mutually acceptable outcomes.



Community Investment Program

We are committed to building lasting relationships in the communities where we operate and where our employees live and work. Through South Bow Cares, we support initiatives and organizations that help strengthen communities, create shared value, and contribute to long-term prosperity. Our community investment activities are focused on creating meaningful local benefits across four key areas:

- **Safety**: Supporting local first responders and emergency management organizations by providing resources, equipment, and training that help keep communities safe.
- **Education:** Helping prepare the future workforce by supporting education, skilled trades, and science, technology, engineering, and mathematics programs and workforce development initiatives.
- **Environmental Stewardship:** Supporting habitat conservation, environmental restoration, and community-based programs that promote environmental awareness and stewardship.
- **Caring Communities:** Strengthening community well-being by supporting local organizations, food security initiatives, volunteer programs, and community events that foster connection and resilience.

Our corporate community investment supported more than 90 nonprofit organizations and approximately 20 Indigenous initiatives in 2025, representing approximately $0.8 million in investment. Our employees further amplified this impact through their own giving and volunteerism throughout the year.



SPOTLIGHT:
Carry the Kettle Nakoda Nation

In 2025, South Bow worked with representatives of the Carry the Kettle Nakoda Nation to translate right-of-way signage into the Nakoda language. This initiative was developed collaboratively with community leaders to support cultural recognition, awareness, and inclusion while strengthening relationships between South Bow and Indigenous communities located near our operational footprint and providing practical application in areas that intersect with traditional lands.



SPOTLIGHT:
Classroom Champions

Through a multiyear partnership with Classroom Champions and its Energizing Communities Collective, South Bow supports mentorship and educational programs that help students build confidence, resilience, and leadership skills. Without any cost to participating schools, the organization connects students with athlete mentors and equips educators with resources that support social-emotional learning, goal setting, and personal development.

During the 2025-2026 school year, South Bow's support focused on communities across our operational footprint. Through community events in Saskatchewan and Oklahoma, more than 300 students had the opportunity to meet their athlete mentors in person and learn lessons about perseverance, leadership, and the champion mindset.

By supporting organizations like Classroom Champions, South Bow seeks to create lasting benefits in the communities where we operate by expanding access to educational opportunities and helping young people develop the confidence, resilience, and skills needed to thrive both in and beyond the classroom.

APPENDIX

Policies and Programs

DESCRIPTION	
ABOUT SOUTH BOW	
Current annual report	2025 Annual Report 2025 Annual Information Form
Current proxy statement	2026 Management Information Circular
GOVERNANCE AND ETHICS	
Governance	
Board oversight of sustainability	Charter of the South Bow SEO Committee
Ethics and Compliance	
Business ethics policy	COBE Policy
Policy on nonretaliation	COBE Policy (pages 45-46)
Policy on anti-bribery and anti-corruption	Avoiding Bribery and Corruption Policy
Cybersecurity Management	
Privacy policy	South Bow Privacy Statement
Supply Chain Management	
Supplier code of conduct	Contractor COBE Policy
Human rights policy	2025 Modern Slavery Report
SAFE OPERATIONS	
Occupational Health and Safety	
Workforce health and safety	Occupational Health and Safety Standards for Prime/General Contractors (Canada-U.S.)
Emergency management program manual	South Bow Emergency Management Corporate Program
INDIGENOUS AND COMMUNITY RELATIONS	
Policy on engagement with Indigenous Peoples	Indigenous Relations Policy

Sustainability Performance Data

This data table presents key sustainability metrics, including select indicators guided by the SASB framework, now maintained by the International Sustainability Standards Board under the IFRS Foundation. When applicable, metrics are cross-referenced to their corresponding SASB code for the Oil & Gas–Midstream (EM-MD) industry. Our SASB-aligned disclosures are guided by IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.

METRIC	UNIT	2025	SASB CODE
Governance and Ethics			
Board of Directors			
Number of directors	number	11	
Average Board meeting attendance	%	98	
Average director tenure	years	1.25	
Independent directors	%	91	
Women on Board	%	36	
Racially and/or ethnically diverse Board members	%	27	
Safe Operations			
Fatalities			
Employee fatalities	number	0	
Contractor fatalities	number	0	
Total Recordable Case Rate[1]			
Employee TRCR	rate	0.00	
Motor Vehicle Incident Frequency (VIF)[2]			
Employee VIF	rate	0.74	
Process Safety Incidents			
Tier 1 process safety incidents[3]	number	1	EM-MD-540a.1: 1) Number of reportable pipeline incidents: 1 2) Percentage significant[4]: 100%
Tier 2 process safety incidents[5]	number	0	

METRIC	UNIT	2025	SASB CODE
Asset Integrity			
Description of environmental management policies and practices for active operations	discussion	See ***Asset Integrity*** section of this report (page 19)	EM-MD-160a.1
Pipeline Repairs and In-line Inspections			
Hazardous liquid pipelines inspected	kilometres	3,901[6]	EM-MD-540a.2
Spill Prevention and Mitigation			
Incidents (Spills, Releases, and Significant Failures)			
Reportable pipeline incidents[7]	number	1	EM-MD-160a.4
Significant reportable pipeline incidents[8]	number	1	
Hydrocarbon Spills[9]			
Hydrocarbon spills	number	1	EM-MD-160a.4
Aggregate volume of hydrocarbon spills	barrels	3,500	EM-MD-160a.4
Volume of hydrocarbon spills in Arctic[10]	barrels	Not applicable	
Volume of hydrocarbon spills in sites with high biodiversity significance[11 12]	barrels	No area is of high biodiversity significance	EM-MD-160a.4
Volume of hydrocarbon spills recovered	%	100	EM-MD-160a.4
Number of accident releases[13] from rail transportation	number	Not Applicable	EM-MD-540a.3
Number of non-accident releases[14] from rail transportation	number	Not Applicable	EM-MD-540a.3
Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and business lifecycle	discussion	See ***Safe Operations*** section of this report (page 16)	EM-MD-540a.4
Waste Management			
Total Waste (Non-hazardous and Hazardous)[15]			
Total non-hazardous waste	tonnes	46,494	
Total hazardous waste	tonnes	26	
Total waste generated	tonnes	46,520	
Land Use and Restoration			
Terrestrial land area disturbed	hectares	1,283	
Terrestrial land area restored[16 17]	hectares	1,061	

METRIC	UNIT	2025	SASB CODE
Air Quality and Emissions[18] [19]			
Climate Risk Management			
Total Scope 1 GHG emissions[20]	tonnes CO_2e	388	EM-MD-110a.1
Methane	tonnes CO_2e	17	
Methane GHG emissions as % Scope 1 GHG emissions	%	4	EM-MD-110a.1
Total Scope 2 GHG emissions (Location-based)[21]	tonnes CO_2e	1,389,074	
Discussion of long- and short-term strategy or plan to manage Scope 1 GHG emissions, emissions reduction targets, and an analysis of performance against those targets	discussion	See ***Air Quality and Emissions*** section of the report (page 23).	EM-MD-110a.2
Energy Use			
Total electricity consumption[22]	MWh	3,385,265	
Air Quality			
NO_x emissions (excluding N_2O)	tonnes	0.2330	EM-MD-120a.1
SO_x emissions	tonnes	0.0002	EM-MD-120a.1
Volatile organic compounds	tonnes	47	EM-MD-120a.1
Particulate matter (PM10)	tonnes	0.0020	EM-MD-120a.1
Stakeholder and Community Engagement			
Community Investment			
Total investments[23]	$	818,420	
Cash investments	$	650,853	
Indigenous spending	$	167,567	
Employee Volunteering			
Employee volunteering[24]	hours	889	

Table Footnotes

[1] TRCR is the 12-month rolling number of recordable injuries per 100,000 hours of work.

[2] VIF is the 12-month rolling number of recordable vehicle incidents per million kilometres driven.

[3] Tier 1 process safety incidents are higher-severity process safety events involving unplanned or uncontrolled commodity releases greater than 90 barrels, or events that meet established consequence thresholds. South Bow classifies and reports these incidents using industry-recognized standards, including API Recommended Practice 754 and CSA Z260, as applicable, to its facilities and pipeline operations.

[4] A significant incident is defined as (1) a fatality or injury requiring in-patient hospitalization, (2) total costs exceeding jurisdictionally defined property damage thresholds for a pipeline incident/accident reporting in the local presentation currency, (3) highly volatile liquid release of five barrels or more or other liquid releases of 50 barrels or more, or (4) liquid releases resulting in an unintentional fire or explosion.

[5] Tier 2 process safety incidents are lower-severity process safety events involving unplanned or uncontrolled commodity releases between nine barrels and 90 barrels. South Bow classifies and reports these incidents using industry-recognized standards, including API Recommended Practice 754 and CSA Z260, as applicable, to its facilities and pipeline operations.

[6] Represents pipeline length inspected at least once in 2025. South Bow inspected 4,736 kilometres on a cumulative basis, including segments inspected more than once.

[7] Reportable pipeline incidents include regulatory-reportable spills, releases, and significant pipeline failures.

[8] A significant pipeline incident is a regulatory-reportable pipeline release that results in a serious injury or fatality, an unintentional ignition or fire, a liquid release exceeding 8 m^3 (50 barrels), or a rupture or breach of pipeline or containment infrastructure.

[9] A spill is defined as a reportable release greater than one barrel that reaches the environment, including soil or water, and excludes releases that are fully contained within impermeable secondary containment.

[10] Arctic is defined as the area north of the Arctic Circle at approximately 66°33' N latitude.

[11] Volume of hydrocarbon spills in areas of high biodiversity significance measures hydrocarbon spills occurring within drinking water source areas, ecologically sensitive areas, or designated species habitat. A spill is defined as a reportable release greater than one barrel that reaches the environment, including soil or water, and excludes releases that are fully contained within impermeable secondary containment.

[12] Areas of high biodiversity significance are protected areas and other ecologically important locations identified using internationally recognized biodiversity datasets, including the World Database on Protected Areas and Key Biodiversity Areas. High biodiversity significance is defined by the United Nations Environmental Program World Conservation Monitoring Biodiversity Indicators for Site-based Impacts.

[13] Accident-related releases includes all releases of hazardous materials resulting from a transportation-related incident, such as a collision, derailment, or other accident, that are reportable to applicable regulatory or governmental authorities.

[14] Non-accident releases includes all unintentional releases of hazardous materials occurring during transportation operations, including loading and unloading activities, that are not the result of a collision, derailment, or other transportation-related accident.

[15] Hazardous waste includes hydrocarbon residuals, wastes generated from cleaning and maintenance of tanks and pipelines, and materials generated from site remediation. Non-hazardous waste includes all non-hazardous waste, including materials consumed in operations and maintenance.

[16] Restoration is defined as the process of assisting the recovery of an ecosystem that has been degraded, damaged, or destroyed.

[17] Impacted areas restored reflects the percentage of South Bow's disturbed land footprint that was restored during the reporting period. For newly constructed pipelines, restoration activities are considered complete five years after construction is completed and the pipeline has been placed into service.

[18] South Bow reports performance data using an operational control approach. Operational control is defined as the authority to introduce and implement operating policies. Reported data reflects 100% of assets where South Bow has operational control, regardless of its equity interest.

[19] Air quality and emissions data is calculated based on the regulatory requirements in the jurisdictions where South Bow operates. The data reported within includes emissions at, or above, regulatory reporting thresholds.

[20] The quantification of Scope 1 GHG emissions follows the methodologies prescribed by various regulations in the different jurisdictions where South Bow operates. South Bow reports its emissions to Alberta, Saskatchewan, Manitoba, Environment and Climate Change Canada, and the U.S. Environmental Protection Agency. These methods include direct measurement, use of emission factors in conjunction with activity data, and mass balance.

[21] Total Scope 2 (location-based) GHG emissions are calculated using electricity grid emission factors from Environment and Climate Change Canada's National Inventory Report for Canadian facilities (2025) and the U.S. EPA eGRID database for U.S. facilities (2025). Emissions associated with purchased thermal energy are calculated using applicable jurisdictional emission factors.

[22] Total electricity consumption includes invoiced amounts from utility providers. This includes floating as well as unaccounted-for energy and line losses where indicated.

[23] Total community investments is defined as the total value of South Bow's cash investments and Indigenous spending.

[24] Employee volunteering reflects the total number of self-reported volunteer hours completed by employees.

Task Force on Climate-related Financial Disclosures Index

Our climate-related disclosures are guided by the TCFD structure and informed by certain International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures.

TCFD PILLAR	TCFD DISCLOSURE RECOMMENDATION	SOBO RESPONSE
Governance Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	See ***Climate Risk Management*** in the Climate Risk Management, Mitigation, and Opportunities section of this report (page 24). See ***Sustainability Governance Framework*** in the Introduction section of this report (page 8) and ***Enterprise Risk Management*** in the Governance and Risk Management section of this report (page 12).
	b) Describe Management's role in assessing and managing climate-related risks and opportunities.	See ***Sustainability Governance Framework*** in the Introduction section of this report (page 8) and ***Enterprise Risk Management*** in the Corporate Governance and Risk Management section of this report (page 12).
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	South Bow considers climate-related factors within its broader ERM framework. **Physical risks** may arise from changing weather patterns that affect asset integrity and operational reliability, including acute events and chronic changes in temperature and precipitation patterns. **Transition risks** may arise as the economy moves toward lower emissions, potentially raising operating costs, reshaping business plans, and shifting how stakeholders view and engage with South Bow. South Bow considers both risk types in shaping its strategy and investment decisions, recognizing their potential to affect financial performance, reputation, and access to capital over time. **Opportunities** **Short-term opportunities** include improving operational efficiency, reducing emissions, and optimizing utilization across the Company's assets. **Medium-term opportunities** may arise from continued optimization of South Bow's assets and investments that enhance safety, reliability, and resilience. **Long-term opportunities** may be supported by South Bow's strategic market connections, established rights-of-way, and long-life assets, which position the Company to continue providing essential transportation services in an evolving energy landscape. For additional information, see ***Climate Risk Management***, ***Climate-related Risk Mitigation,*** and ***Climate-related Opportunities*** in the Climate Risk Management, Mitigation, and Opportunities section of this report (page 24).
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	

TCFD PILLAR	TCFD DISCLOSURE RECOMMENDATION	SOBO RESPONSE
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	See ***Sustainability Governance Framework*** in the Introduction section of this report (page 8) and ***Enterprise Risk Management*** in the Corporate Governance and Risk Management section of this report (page 12).
	b) Describe the organization's processes for managing climate-related risks.	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	South Bow tracks a range of metrics to monitor climate-related risks and opportunities, including Scope 1 and Scope 2 GHG emissions, methane emissions, emissions intensity, and total energy consumption.
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 GHG emissions and the related risks.	**METRIC** / **2025** Total Scope 1 GHG emissions: 388 tonnes CO_2e Methane emissions: 17 tonnes CO_2e Methane emissions as % Scope 1 GHG emissions: 4% Total Scope 2 GHG emissions: 1,389,074 tonnes CO_2e Total electricity consumption: 3,385,265 MWh For additional information, see ***Sustainability Performance Data*** in this Appendix.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	South Bow has not set climate-related targets at this time.

Forward-looking Information and Statements

Certain statements in this report, including the Letter from Our Chief Executive Officer, constitute forward-looking information or forward-looking statements (collectively, forward-looking information) within the meaning of the applicable securities legislation. Often, but not always, forward-looking information use words or phrases such as: “advancing”, “anticipate”, “believe”, “committed”, “continue”, “ensure”, “estimate”, “expect”, “focus”, “future”, “goal”, “guidance”, “implement”, “intend”, “likely”, “objective”, “opportunity”, “plan”, “potential”, “seek”, “strategy”, “target”, or state that certain actions, events, or results “may”, “can”, “could”, “would”, “might”, “should”, “will”, “regularly”, or “from time to time” be taken, occur, or be achieved. Such forward-looking information, include, but are not limited to, statements included or incorporated by reference, including statements with respect to corporate governance, South Bow’s growth strategy and properties, the programs and policies of South Bow, including the systems used to implement such policies and the effectiveness thereof, and the Company’s future business plans, opportunities, objectives, and strategies, as well as related methods to achieve such objectives and to implement such plans and strategies.

Forward-looking information, while based on Management’s beliefs and assumptions, are based on information available to South Bow at the time the statements were made and, as such, is not a guarantee of future performance. By its nature, forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of South Bow to be materially different from those expressed or implied by such forward-looking information, including but not limited to: environmental and regulatory requirements and delays in obtaining required environmental and other licenses; changes in national and local government legislation, taxation, controls, regulations, and political or economic developments and trade policies; uncertainties and hazards associated with exploration and development; risks associated with operating in foreign jurisdictions; risks associated with capital cost estimates; dependence of operations on infrastructure; fluctuations in foreign exchange or interest rates and stock market volatility; operational and technical problems; the ability to maintain good relations with employees; competition and reliance on key personnel; litigation risks; uncertainties relating to title to property; risks associated with acquisitions and integration; risks associated with the Company’s ability to meet its financial obligations as they fall due; volatility in and demand for the price of oil and gas; or certain other commodities; risks associated with servicing indebtedness; additional funding requirements; risks associated with general economic factors; risks associated with secured debt; changes in the accessibility and availability of insurance for operations and property; increased attention to sustainability-related matters; risks related to our public statements with respect to such matters that may be subject to heightened scrutiny from public and governmental authorities related to the risk of potential or purported greenwashing; risks associated with climate change; scrutiny of certain employment practices and social initiatives by both those calling for the continued advancement of such policies, as well as those who believe they should be curbed; risks associated with the reliance on experts outside of Canada; costs associated with the decommissioning of the Company’s assets; pandemics, epidemics, and public health crises; potential conflicts of interest; uncertainties relating to the enforcement of civil liabilities and service of process outside of Canada; cybersecurity risks; risks associated with operating a joint venture; volatility of the share price; the Company’s obligations as a public company; the Company’s ability to pay dividends in the future; as well as those factors discussed in the section entitled *Risk Factors* in South Bow’s AIF dated March 13, 2026, which is available on South Bow’s website at www.southbow.com, under the Company’s SEDAR+ profile at www.sedarplus.ca, and in its filings with the U.S. Securities and Exchange Commission (SEC) at www.sec.gov.

Although South Bow has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. This report contains statements based on hypothetical or severely adverse scenarios and assumptions, and these statements should not necessarily be viewed as being representative of current or actual risk or forecasts of expected risk. These scenarios cannot account for the entire realm of possible risks and have been selected based on what we believe to be a reasonable range of possible circumstances based on information currently available to us and the reasonableness of assumptions inherent in certain scenarios. However, our selection of scenarios may change over time as circumstances change.

Some of the data provided in this report may be estimated or reliant on estimated information, which is inherently imprecise. While South Bow endeavours to note throughout this report where such estimates are made, the Company cannot guarantee that estimates are identified as such in every instance. Some of the sustainability-related information provided in this report has not been audited or subject to any assurance process by a third-party audit firm, and unless expressly disclosed in each instance, it should not be assumed that such information has been subject to assurance. In some cases, the information in this report is prepared, or based on information prepared, by government agencies or third-party vendors and consultants and is not independently verified by South Bow. Third-party information should not be interpreted as any form of guarantee or assurance of accuracy, future results, or trends, and South Bow makes no representation or warranty as to third-party information. The information contained in this report is expressly not incorporated by reference into any filing that the Company has made on its SEDAR+ profile or in its SEC filings, or any other filing, report, application or statement made by South Bow to any federal, state, tribal, or local governmental authority.

While this report describes potential future events and matters that may be significant, and with respect to which the Company may even use the word “material” or “materiality”, the potential significance of these events and matters should not be read as equating to “materiality” as the concept is used in connection with South Bow’s required disclosures made in response to SEC, Canadian securities laws, and exchange rules and regulations. South Bow uses different approaches to materiality in determining what to include in this report versus what to include on its SEDAR+ profile and in its SEC filings.

The Company has and continues to disclose in its other publicly filed documents, changes to material factors or assumptions underlying the forward-looking information and to the validity of the information, in the period the changes occur. Website references provided throughout this report are for convenience only, and their contents are not incorporated by reference into this report. The forward-looking information is made as of the date hereof and South Bow disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, unless so required by Canadian securities laws. Accordingly, readers should not place undue reliance on forward-looking information.


SOUTHBOW