

Charter of the South Bow Board of Directors

1. Introduction

- a) The Board of Director's (the "Board") primary responsibility is to foster the long-term success and sustainability of South Bow Corporation (the "Company") consistent with the Board's responsibility to act honestly and in good faith with a view to the best interests of the Company.
- b) The Board has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board. This Charter is prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

2. Composition and Board Organization

- a) Nominees for directors are initially considered and recommended by the Governance and Risk Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Company.
- b) The Board must be comprised of a majority of members who have been determined by the Board to be independent. A member is independent if the member has no direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.
- c) Directors who are not members of management will meet on a regular basis to discuss matters of interest independent of any influence from management.
- d) Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their Charter, as amended from time to time.

3. Duties And Responsibilities

1. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Certain of the legal obligations of the Board are described in detail in Section 4. Subject to these legal obligations and to the Articles and Bylaws of the Company, the Board retains the responsibility for managing its own affairs, including:

- a) planning its composition and size;
- b) selecting its Chair;
- c) nominating candidates for election to the Board;
- d) determining independence of Board members;

- e) approving committees of the Board and membership of directors thereon;
- f) determining director compensation; and
- g) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

II. *Management and Human Resources*

The Board has the responsibility for:

- a) the appointment of the Chief Executive Officer (“CEO”) and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- b) approving a position description for the CEO;
- c) with the support of the Human Resources Committee, providing input and reviewing CEO performance at least annually, against agreed-upon written objectives and competencies;
- d) approving the appointment of officers of the Company and members of the executive leadership team;
- e) review, provide input, and approve the CEO’s Planned and Emergency Succession Plan; and
- f) the overall oversight of the Company sponsored pension plans and ensuring that processes are in place to properly oversee the administration and management of such pension plans either directly or through delegation of the duties and responsibilities to one or more Board committees.

III. *Strategy and Plans*

The Board has the responsibility to:

- a) participate in strategic planning sessions to ensure that management develops corporate strategic priorities and objectives and approve the resulting strategic plan;
- b) approve capital commitment and expenditure budgets and related operating plans;
- c) approve financial and operating objectives used in determining compensation;
- d) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- e) approve material divestitures and acquisitions; and

- f) monitor management's achievements in implementing major corporate strategies and objectives, in light of changing circumstances.

iv. *Financial and Corporate Issues*

The Board has the responsibility to:

- a) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- b) monitor operational and financial results;
- c) approve annual and interim financial statements, related Management's Discussion and Analysis and the release thereof by management;
- d) approve the Company's continuous disclosure in accordance with applicable Canadian and United States securities laws, rules and regulations, including the Management Information Circular or equivalent, Annual Information Form or equivalent, and documents incorporated by reference therein;
- e) declare dividends;
- f) approve financings, changes in authorized capital, issue and repurchase of shares, issue and redemption of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and trust indentures;
- g) recommend appointment of external auditors and approve auditors' fees;
- h) approve banking resolutions and significant changes in banking relationships;
- i) approve appointments, or material changes in relationships with corporate trustees;
- j) approve contracts, leases and other arrangements or commitments that may have a material impact on the Company;
- k) approve spending authority guidelines; and
- l) approve the commencement or settlement of litigation that may have a material impact on the Company.

v. *Business and Risk Management*

The Board has the responsibility to:

- a) take reasonable steps to ensure that management has identified the enterprise risks of the Company's businesses and implemented appropriate strategies to manage these risks, understands the enterprise risks and achieves a proper balance between risks and benefits;

- b) review reports on capital commitments and expenditures relative to approved budgets;
- c) review operating and financial performance relative to budgets or objectives;
- d) oversee environmental and social issues and receive, on a regular basis, reports on matters relating to, among others, ethical conduct, environmental management, employee and contractor health and safety, human rights, relationships with Indigenous communities and related party transactions; and
- e) assess and monitor management control systems by evaluating and assessing information provided by management and others (e.g. internal and external auditors) about the effectiveness of management control systems.

vi. *Policies and Procedures*

The Board has responsibility to:

- a) monitor compliance with all significant policies and procedures by which the Company is operated;
- b) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- c) provide policy direction to management while respecting its responsibility for day-to-day management of the Company's businesses; and
- d) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

vii. *Compliance Reporting and Corporate Communications*

The Board has the responsibility to:

- a) take all reasonable steps to ensure the Company has in place effective disclosure and communication processes with shareholders and other stakeholders and financial, regulatory and other recipients;
- b) approve interaction with shareholders on all items requiring shareholder response or approval;
- c) take all reasonable steps to ensure that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- d) take all reasonable steps to ensure that financial results are reported fairly and in accordance with generally accepted accounting principles;

- e) take all reasonable steps to ensure the timely reporting of any other developments that have significant and material impact on the Company; and
- f) report annually to shareholders on the Board's stewardship for the preceding year.

4. General Legal Obligations of The Board of Directors

The Board is responsible for:

- a) directing management to ensure legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- b) approving changes in the By-laws and Articles of Incorporation, matters requiring shareholder approval, and agendas for shareholder meetings;
- c) approving the Company's legal structure, name, logo, mission statement and vision statement; and
- d) performing such functions as it reserves to itself or which cannot, by law, be delegated to Committees of the Board or to management.