

# Contractor Management Policy

## Policy statement

This Policy describes South Bow's requirements for engaging Contractors and provides direction on relevant processes.

## Scope

All Employees and Contractors must comply with this Policy.

## Principles

### 1 Contractor engagement

1.1 As part of its workforce strategy, South Bow engages Contractors to meet short-term demands for additional human resources to complete a project or meet peak or unusual demands. All Contractors must be engaged through proper channels, be managed in alignment with this Policy and their scope of engagement and comply with all relevant Company policies.

## Implementation

### 1 Engagement

- 1.1 All Contractors (except legal counsel) must be engaged through Supply Chain and be managed in accordance with the legal requirements of the applicable jurisdiction.
- 1.2 Employers of Contractors must conduct all applicable background checks (refer to the Background Screening Policy for detailed direction).
- 1.3 Contractors must not be engaged as both a Contingent Workforce Contractor (CWC) and Excluded Contractor concurrently.
- 1.4 Leaders must not discuss performance, development, pay and benefits, contract termination, renewal and extension and any other contract-related content directly with Contractors; these must be arranged between South Bow's Supply Chain department (Supply Chain) and the Contractor's employer.
  - a) Leaders may provide task-related direction.
- 1.5 An Employee who was terminated (with or without cause), resigned, or retired must not be engaged as a Contractor for a period of 12 months following the date their employment

ended. A third party who has taken a legal action against the Company must not be engaged as a Contractor.

- a) Any exceptions to section 1.5 of this Policy must be approved in writing by both the accountable Vice-President whose team proposes to engage such a Contractor and the Vice-President, Human Resources.
- b) Notification of the approved exception must be sent to SCM Operations before such Contractor is engaged by the Company.

1.6 If a core employment opportunity with South Bow is offered to a Contractor, all terms of the applicable contract, the Code of Business Ethics Policy, and South Bow's hiring processes must be followed.

1.7 Employees must not report directly to Contractors.

### 2 Identification and representation

2.1 All Contractors must be clearly identified as such in South Bow's Global Address List.

2.2 When using business cards, email signatures, or signing business correspondence, a Contractor must represent themselves as a "Contractor representing South Bow".

2.3 Contractor attendance at business meetings, Company team builds, site tours, team lunches or volunteer events must be limited to events that have content directly relevant to their work assignment.

- a) Participation in other Company functions is at the discretion of the Senior Leadership Team.

### 3 Pay

3.1 Contractors must be paid for the time they worked by their employer. If eligible, Contractors will be paid for statutory holidays by their employers in accordance with the labour law applicable in their jurisdiction.

3.2 Employers of Contractors must administer Contractor's pay.

3.3 Contractors may be eligible for overtime depending on the terms of their contract with their employer. All eligible overtime must be:

- a) pre-approved by South Bow's leader accountable for the Contractor;
- b) arranged directly with the Contractor's employer and communicated to the Contractor directly by their employer; and
- c) paid for the hours worked and not be compensated for by alternative schemes such as 'time off in lieu'.

### 4 Expenses

4.1 South Bow must not provide Contractors with a Company credit card.

- 4.2 Before incurring any expenses, Contractors must obtain the expense pre-approval from the South Bow leader with the appropriate level of spending authority (see the Authorities and Spending Limits Policy).
- 4.3 Employees must not pay for any Contractor-related expenses through the Company's credit card with the exception of working sessions or permitted team activities.
- 4.4 Contractors are responsible for the initial payment of any pre-approved business-related expense and must claim it within 30 days of incurring it. Contractors must claim the pre-approved expenses through their employer.
- 4.5 Contractors may lease and rent vehicles for the purpose of completing their assignment for South Bow with prior written approval from the Company. Reimbursement of such expenses must conform with section 4.4 of this Policy.
- 4.6 Contractors must not use their own vehicle and charge back mileage as an expense. There can be tax implications as it is a taxable benefit.
- 4.7 Contractors must comply with the Business Expense and Travel Policy for all business travel-related approvals and expenses.

### 5 Benefits and recognition

- 5.1 Contractors are not eligible for South Bow employment benefits, including without limitation:
  - a) Education and professional development;
  - b) dental and health insurance;
  - c) vacation;
  - d) recognition programs;
  - e) incentive compensation;
  - f) personal share units; and
  - g) Company's stock plan options.
- 5.2 Contractors may receive occasional promotional gifts from South Bow (i.e. swag) at a maximum of \$150 CAD/USD per instance or \$300 per year.
- 5.3 Contractors must not receive direct payments or gifts (other than stated in section 5.2) from South Bow unless there is a pre-approved exception by the accountable Vice President. If granted, it must be coordinated by Supply Chain and delivered to the Contractor directly from their employer.

### 6 Additional provisions for Contingent Workforce Contractors (CWCs)

- 6.1 All initial engagements and extensions require consultation with the Contingent Workforce (CW) Program Office and approval from the accountable Vice-President. Supply Chain

negotiates and maintains all South Bow's contracts with employers of Contractors in accordance with South Bow's Policies, templates and processes.

- 6.2 CWCs cannot be engaged for more than 24 continuous months; a 3-month break is required before re-engagement. Leaders accountable for CWCs must monitor the length of engagement of the CWCs they are accountable for.
- 6.3 Any exceptions to section 6.2 of this Policy must be approved in writing by the accountable Vice-President. A copy of the written approval must be submitted to SCM Operations for monitoring and to be included in the quarterly exception report for the Senior Leadership Team.
- 6.4 CWCs' pay must be set and administered in accordance with agreed market rate between the accountable leader and SCM Operations.
- 6.5 CWCs may be granted spending authority only if they have a specific designation granted in accordance with the Authorities and Spending Limits Policy.

### 7 Additional provisions for Excluded Contractors

- 7.1 Excluded Contractors must not be provided with a South Bow cell phone, laptop, or any other asset, unless approved in writing by the accountable Vice-President as an exception.
- 7.2 Excluded Contractors must not use vehicles owned, leased, or rented directly by the Company.
- 7.3 Excluded Contractors do not have any spending authority.

### 8 Exceptions

- 8.1 Any exceptions that are not explicitly addressed in this Policy must be approved by the Chief Compliance Officer, in consultation with relevant VPs as required.

## Your responsibility

Team Members and Excluded Contractors must follow all applicable provisions and the spirit and intent of this Policy and support others in doing so. You must promptly report any suspected or actual violation of this Policy through available [channels](#) so that South Bow can investigate and address it appropriately. Those who violate this Policy or knowingly permit others under their supervision to violate it may be subject to appropriate corrective action, up to and including termination of employment or contract, as applicable, in accordance with the Company's corporate governance documents, employment practices, contracts, and agreements.

South Bow supports the reporting of suspected breaches of governance, laws, regulations, health, safety, environmental incidents, and near hits, and takes all reports seriously. Those who report in good faith are protected from retaliation, though this protection does not extend to intentionally false or malicious reports or attempts to shield personal negligence or misconduct.

## Interpretation and administration

The Company has sole discretion to interpret, administer and apply this corporate governance document and to change it at any time to address new or changed legal requirements or business circumstances.

## Definitions

**Contingent Workforce Contractor (CWC)** means an individual who:

- is employed by a third party (preferred Contingent Workforce supplier) to work on behalf of South Bow at a South Bow Office or work site;
- uses South Bow's assets (e.g., workstation, email, phone) and corporate services;
- is compensated on an hourly basis for a defined timeline;
- enters timesheets in Workday following South Bow Guidelines; and
- works under the direction of a South Bow leader.

**Contingent Workforce (CW) Program Office** means a department in Supply Chain that supports the procurement and management of CWCs on behalf of South Bow. The CW Program Office plays an administrative and governance role ensuring proper procurement, engagement and management of CWCs.

**Contractor** means a third party hired by South Bow to perform services for or supply equipment, materials, or goods to the Company. Contractors include, without limitation, Contingent Workforce Contractors and Excluded Contractors.

**Employee** means full-time, part-time, temporary and student employees of South Bow.

**Excluded Contractor** means a third party or individual employed by a third party who:

- delivers services, equipment, materials, or goods to the Company using their own tools and assets (e.g., workstation, laptop, email, phone, PPE, vehicle);
- does not increase South Bow corporate headcount and overhead costs;
- works remotely (offsite);
- does not enter timesheets in South Bow Workday; and
- directs their own work or receives direction from their employer.

**External Spend** means the commitment to make expenditures to Contractors of South Bow for goods or services provided. For purposes of this Policy, External Spend does not include the following:

- non-influential spend, such as taxes, energy supply, supply of goods or services by regulated entities;
- key financial activities as authorized by the Senior Leadership Team which include insurance, financial derivative contracts, procurement of services for corporate financing transactions

(e.g., rating agencies and bank advisors), real estate transactions, and Corporate Law department expenses reported and accounted for under Stock Exchange and Filing Fees;

- consistent with the Contractor Management Policy, commitments relating to the provision of legal services to the Company which must be under the direction of the Senior Vice President and General Counsel, such as engaging external legal counsel and comparable legal service providers, Contractors retained under legal privilege, engagement of experts for litigation or as a part of other legal retainers; and
- entering into settlement agreements in respect of disputes with Contractors that are otherwise authorized in accordance with the Company's policies, including the AED Policy and the ASL Policy.

**SCM Operations** means the supply chain operations team at South Bow responsible for providing administrative support to Supply Chain for the Supply Chain Activities.

**South Bow** or the **Company** means South Bow Corporation and its wholly-owned subsidiaries and/or operated entities.

**Supply Chain** owns the processes for the commitment of External Spend and the execution of Supply Chain Activities for procurement of goods and services for South Bow.

**Supply Chain Activities** means activities Supply Chain is accountable to perform; including, but not limited to: procurement, expediting, sourcing and development of the contracting and category strategies, Contractor selection, qualification and quality surveillance, logistics, material management and disposition activities for all direct and indirect goods and services that are required to design, construct, operate and abandon South Bow assets.

## References

### Related corporate governance and supporting documents

- Authorities and Spending Limits Policy
- Background Screening Policy
- Business Expense and Travel Policy
- Code of Business Ethics Policy
- Individual and Team Events Employment Practice

### Other References

- Supply Chain CWC, Excluded Contractor, and CM&I Intranet Site
- Email Signature QRG

## How to contact us

- [Policy Questions and Comments](#)

## South Bow's reporting channels

- [Ethics Helpline](#)
- [Corporate Compliance](#)
- [Human Resources](#)
- Legal department
- Compliance Coordinators