



**SOUTHBOW**

***Fighting Against Forced Labour and  
Child Labour in Supply Chains Act***  
**Report**

(Fiscal Year 2024)

## 1.0 ABOUT THIS REPORT

South Bow Corporation has prepared this joint report (the “**Report**”) pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for the fiscal year ended December 31, 2024 (the “**Reporting Period**”) on its own behalf, and on behalf of its two affiliates, South Bow (Canada) Limited Partnership and Grand Rapids Pipeline Limited Partnership (the “**South Bow Reporting Entities**”) (together with South Bow Corporation, “**South Bow**”, “**we**”, “**our**”, the “**Company**”).

This Report provides an overview of South Bow’s policies and procedures that assist the Company in preventing and reducing the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Neither South Bow Corporation nor the South Bow Reporting Entities report under similar legislation in any other jurisdiction.

## 2.0 INTRODUCTION

South Bow values doing the right thing as it safely and reliably delivers critical energy supplies for our customers and that North Americans rely upon. For us, doing the right thing covers how we conduct ourselves and our business – we do not tolerate the use of forced labour, child labour, and modern forms of slavery of any kind in our organization and supply chains.

South Bow’s vision and values underpin our goals of protecting the environment and being good stewards of the communities where we operate. We believe earning the trust and respect of our stakeholders, rightsholders and the public is only possible by putting our values in action every day. Our corporate values form the foundation of how we do business to deliver energy, and forge progress, together. Our Code of Business Ethics (**COBE**) demonstrates what ethical conduct looks like, and we expect all South Bow team members to read, understand and comply with the principles and requirements set out in COBE.

We encourage our teams to refer to COBE to facilitate all decision-making when faced with ethical situations experienced at work, including those related to human rights issues. Our reputation as a company will be measured by how well we live our values. Doing so positions us to be successful as a business and community member.

## 3.0 STRUCTURE, ACTIVITIES, AND SUPPLY CHAIN

### 3.1 Structure

South Bow Corporation is incorporated under the *Canada Business Corporations Act* (“CBCA”) and operates out of the head office in Calgary, Alberta.

On October 1, 2024, after completing its planned separation from TC Energy Corporation, South Bow Corporation became an independent, publicly traded company on the Toronto Stock Exchange (TSX & NYSE: SOBO). As of December 31, 2024, the organization employed nearly 600 people throughout Canada and the U.S., with headquarters in Calgary, Alberta.

### 3.2 Activities and Operations



South Bow's business consists of crude oil pipeline and terminal assets that safely transport crude oil primarily from the WCSB and Cushing market hub to the U.S. Midwest and Gulf Coast. South Bow also offers ancillary services, including storage at terminals, which provides customers with increased receipt and delivery optionality. In addition to its crude oil pipeline and terminal assets, South Bow conducts marketing activities through a non-regulated marketing entity.

### 3.3 Supply Chains

The Company has a centralized supply chain department which supports our subsidiaries and affiliates, including the South Bow Reporting Entities. The supply chain department procures all goods and services for the business and corporate activities by working closely with business and operational personnel in the company to understand needs, identify, qualify, and contract with vendors, operate warehouses, maintain inventory, and have processes in place to meet related customs and trade compliance and reporting requirements.

South Bow partners with a multitude of vendors, mostly of equipment, materials, and services. The large majority of all are located in Canada and the U.S., with the others being predominantly located in Europe.

## 4.0 POLICIES AND DUE DILIGENCE PROCESSES

South Bow has established policies and due diligence processes to help prevent and reduce the risk of forced labour or child and child labour in its supply chains.

### 4.1 Policies

#### 4.1.1 Code of Business Ethics

Our COBE sets out the Company's expectations of ethical conduct that apply to our entire organization including, personnel, directors, officers, its wholly owned subsidiaries and operated entities in countries where it conducts business, with the exception of independently operated entities whose corporate governance documents meet or exceed South Bow's requirements. South Bow's Board of Directors, through our Governance and Risk Committee, approves the COBE Policy and monitors compliance with the COBE Policy and its related key policies and procedures.

Specifically, the COBE reiterates South Bow's respect for human rights including South Bow's zero tolerance for human rights abuses. In our business activities, including engaging with Indigenous groups and stakeholders across Canada and the United States, we are committed to respecting human rights.

The COBE expressly considers the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights, and the core International Labour Organization (ILO) Conventions that inform South Bow's consideration and implementation of human rights best practices. This facilitates compliance with all applicable international standards, federal,

provincial, state, and local laws, rules, regulations, orders, and ordinances, including, without limitation, health and safety, and labor laws and regulations, as well as applicable industry codes and standards.

We stand firmly against the use of forced labour, including child labour, prison labour, bonded labour, military labour, modern forms of slavery, human trafficking and any form of physical or mental abuse within our business and operations, including the Contractors and suppliers we do business with.

In addition to South Bow complying with applicable legislated compensation standards, such as minimum wage, wage payment, maximum work hours, mandatory holidays, progressive remuneration in case of overtime and benefits laws, we are committed to providing a fair living wage for all Employees.

#### **4.1.2 Contractor Code of Business Ethics**

The Contractor COBE is specifically directed at South Bow's contract work force and restates the expectations of the COBE, as applicable. Specifically, the Contractor COBE restates South Bow's zero-tolerance stance on human rights abuses, including the use of forced labour and child labour in our business, operations, supply chains, and our commitment to not be complicit with, nor knowingly engage in any business activity that supports or facilitates abuse of human rights.

#### **4.1.3 Reporting and the Ethics Helpline**

Through our COBE, personnel and vendors are expected to report any concerns or potential non-compliances with our policies or any applicable legal requirements. South Bow takes these reports seriously and the Company has processes in place for investigation and processing of these reports. Retaliation is prohibited for any good faith reporting. Any substantiated reports will be overseen and monitored by South Bow's Audit Committee.

A report may be made directly to the Corporate Compliance team or other reporting channels available within the Company. The Company also has an Ethics Help Line that is available to both internal and external parties to report concerns about potential violations of law or policy, including by South Bow contractors. This is operated by an independent third-party service provider so reporting through the Ethics Help Line (online or via telephone) is confidential and may be done anonymously.

#### **4.1.4 Avoiding Bribery and Corruption Program**

South Bow has an Avoiding Bribery and Corruption Program. This program includes:

- An Avoiding Bribery and Corruption Policy;
- Annual online training included as part of annual online COBE training;
- A supplier and contractor due diligence review process; and
- Auditing of certain types of transactions.

## 4.2 Supplier Due Diligence Processes

South Bow strives to work with vendors who share our commitment to safety, ethical conduct, operational excellence, and operate in accordance with applicable laws. South Bow monitors and assesses its suppliers and contractors for compliance with human rights requirements and is entitled to terminate business relationships in the event violations are confirmed.

The Company uses several third-party market intelligence and due diligence tools to help identify if a supplier or counterparty has modern slavery related risks, including with respect to anti-corruption, sanction, safety and other relevant due diligence.

Through our vendor qualification process, suppliers providing goods and services to South Bow must onboard through our supply chain qualification team, which conducts risk screening and monitoring in conjunction with the corporate compliance department. Vendors are asked to submit a completed questionnaire with relevant documentation, and are screened in an independent, third-party tool that flags potential risks in the aforementioned topics. Once a vendor is entered into our supplier database, they are continuously screened using another independent, third-party tool against forced and child labour lists, amongst various other denied-party lists.

## 5.0 RISK ASSESSMENT

### 5.1 Operations

We consider the risk of child and forced labour occurring within our operations to be low considering that all work performed by South Bow and the Reporting Entities is conducted by our US and Canadian workforce. And, of these employees, most of them are skilled workers. Further, these jurisdictions have robust employment and labour standards, as well as a lower prevalence of child and forced labour, lower risk of vulnerability to child and forced labour, and fairly robust governmental responses to these issues.<sup>1</sup>

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<sup>1</sup> WalkFree, [Canada](#) and the [United States](#).

## 5.2 Supply Chains

From a geographical risk perspective, we procure goods and services mostly in Canada and the United States, which are both low-risk jurisdictions.<sup>2</sup> However, we understand that particular regions, products and raw materials carry a higher risk of child and forced labour because of the prevalence of child and forced labour in particular countries. There are also risks linked to certain industries even in countries considered to have lower risks of child and forced labour. Accordingly, during the Reporting Period, our supply chains were subject to assessments for risks of child and forced labour by our procurement team.

As set out in further detail in this Report, South Bow has contractual agreements embedding legal and ethical business conduct with direct vendors, and leverage third-party systems to screen for these human rights related risks in our supply chains and contracting practices. The policies and processes, as described in this Report, were in place to assist with mitigating the potential risks identified in this Report. Based on this, South Bow considers there to be a low risk of forced labour and child labour in its supply chains.

As of the date of this Report, South Bow has not identified or been made aware of any instances or allegations of forced or child labour within its own workforce or its supply chains. Accordingly, no steps were required to remediate child or forced labour or the loss of income associated with remediation efforts.

## 6.0 TRAINING

As part of the onboarding process at the time of hiring, South Bow personnel complete mandatory COBE training. This training is then completed on an annual basis. As part of the training, individuals are expected to acknowledge and attest to the fact that they are aware of, and are expected to comply with, the COBE and related policies. This includes training and certification relating to the human rights and labour rights provisions of the COBE.

## 7.0 ASSESSING OUR EFFECTIVENESS

We are committed to further refining our policies and processes to prevent and reduce the risks of forced labour and child labour throughout our business and supply chains.

As a newly formed company in late 2024, South Bow has not yet established key metrics by which we assess the effectiveness of the policies and processes described in this Report.

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<sup>2</sup> Walk Free, Global Slavery Index 2023, found [here](#)

However, in 2024, we established a multi-disciplinary working group that includes supply chain, legal, and compliance, among others. South Bow created this working group to conduct policy, process and training review, investigations, and to consider and implement remediation measures where appropriate. The working group's high-level mandate is to strive for continuous improvement in this area.

We have also been working with external auditors to assess our effectiveness in this area.

## 8.0 APPROVAL AND ATTESTATION

This report has been approved by the Board of Directors of South Bow Corporation on behalf of itself and the South Bow Reporting Entities pursuant to section 11(4)(b)(ii) of the Act on March 5, 2025.

Bevin Wirzba  
President and CEO  
March 5, 2025

(Signed) *"Bevin Wirzba"*

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I have the authority to bind South Bow Corporation