

# Policy.



## Enterprise Risk Management Policy.

### Purpose and scope

This Policy governs TC Energy's integrated risk management practices and sets accountabilities and responsibilities for:

- identifying and assessing enterprise risks; and
- establishment of risk appetite.

Risk management is integral to the successful operation of TC Energy's business and its strategic objectives. The Company's strategy is to ensure that risks and related exposures are aligned with business objectives and risk tolerances. TC Energy manages risk through a centralized enterprise risk management (ERM) program which identifies, evaluates, and categorizes risks that could materially impact the achievement of TC Energy's strategic objectives.

This Policy applies to all Employees and TC Energy-operated entities whose enterprise risk is managed by TC Energy.

This Policy does not apply to TC Energy's partially-owned entities that manage their own enterprise risks.

All ERM program information is confidential and for internal use only.

### Policy

#### 1 Enterprise risk management principles

1.1 ERM is guided by a set of core principles, in alignment with international risk management standards and guidelines. This alignment provides assurance to the TC Energy Board of Directors (Board) that the Company understands and strives to manage risks associated with, and resulting from, its strategic objectives. These core principles include:

- a) risk management strategies are aligned with and supportive of TC Energy's strategic, financial, and operational directives

- b) risk management is the responsibility of all TC Energy Employees, and the Board
- c) risk management is applied in a synchronized and efficient manner across the Company, using common definitions and framework
- d) risk information is a fundamental component of the Company's strategic planning, business planning, operational management, and investment decisions
- e) risk assessments are performed periodically on no less than an annual basis, considering both risks to, and opportunities from, TC Energy's strategy
- f) the ERM program will continue to improve and evolve to reflect industry best practices and TC Energy's needs.

## 2 Board of Directors and Board committee responsibilities

### 2.1 On an annual basis:

- a) the Board will review and approve the enterprise risk register, heat map and risk appetite
- b) the Board will receive detailed presentations on each enterprise risk as required or requested.

### 2.2 On at least a quarterly basis, the Board will review emerging risks and management response prepared by the Chief Risk Officer (CRO) with the support of the Management Risk Committee (MRC).

### 2.3 TC Energy's Governance Committee of the Board (Governance Committee) oversees the Company's ERM activities and ensures adequate oversight of risk management policies, programs and practices.

### 2.4 If an emerging risk rises to the level of an enterprise risk:

- a) the Governance Committee will review the mapping of such enterprise risk
- b) the Governance Committee chair will include the identified enterprise risk and the enterprise risk governance and execution owners in its report or other communication to the Board.

### 2.5 The Board has responsibility to oversee all risks generally, and in addition certain Board committees also oversee specific types of risk, including:

- a) the Human Resources Committee oversees executive resourcing, organizational capabilities and compensation risk
- b) the Health, Safety, Sustainability and Environment Committee oversees operational, health, safety, sustainability and environmental risk, including climate-related risks
- c) the Audit Committee oversees management's role in managing financial risk, including insurance risk, market risk, counterparty credit risk and cyber security.

## 3 Management Risk Committee

- 3.1 The MRC is comprised of the executive leadership team and is chaired by the CRO. The MRC may, at its discretion, add additional committee members.
- 3.2 The MRC is accountable for developing and implementing risk management plans and actions, including:
  - a) implementing and continuously improving the ERM program, including implementation of risk treatment strategies
  - b) collaborating with the CRO to establish and periodically review the enterprise risk matrix
  - c) designating enterprise risk governance and execution owners
  - d) collaborating with the CRO to produce at least quarterly reporting of enterprise and emerging risks to the Board and its committees.
- 3.3 Each enterprise risk is assigned an enterprise risk governance owner and an enterprise risk execution owner. Both the enterprise risk governance owner and enterprise risk execution owner are involved in developing and implementing comprehensive enterprise risk management and treatment strategies, and periodically reporting to the Board on said enterprise risk. The Chief Executive Officer has decision rights for the risk rating including risk appetite and tolerance.
- 3.4 Each MRC member may delegate execution of risk management activities to an appropriate Employee by notifying the ERM program, and such Employees are members of the enterprise risk liaison network.

#### 4 Enterprise risk management program

- 4.1 The CRO is accountable for implementation, execution, and continuous improvements of the ERM Program, including risk monitoring and reporting, and stewardship of the ERM program. The CRO also:
  - a) ensures the ERM program and processes are established, properly documented, and maintained in a manner that is suitable for TC Energy's risk culture and operating model
  - b) facilitates the annual enterprise risk assessment and management of the enterprise risk register including consideration whether emerging risks should be elevated to enterprise risks
  - c) periodically reports enterprise and emerging risks to the Board and the Governance Committee.
- 4.2 The ERM program is responsible for:
  - a) providing assurance to the Board that enterprise risks are identified, analyzed, evaluated, treated, monitored and reported in a synchronized manner across the Company

- b) facilitating quarterly emerging risks and annual enterprise risk assessment and management of the enterprise risk register, and periodically reports enterprise and emerging risks to the Board and its committees
- c) ensuring that the Company's risks and related exposures are consistent with its business objectives and risk culture, risk appetite and tolerances
- d) coordinating and managing all risks reported to the Board and its committees.

### 5 Enterprise risk liaison network

- 5.1 Enterprise risk liaison network members are designated by the MRC and identify and report risks for potential inclusion in the enterprise risk register, and for contributing to other ERM program deliverables like emerging risks.
- 5.2 Members must have a broad range of experience and skills in risk management and will collaborate with relevant senior leaders in their area(s) to bring diverse perspectives together to identify and assess risks.

### 6 Internal Audit

- 6.1 Internal Audit perform risk-based audits that are aligned with the Company's strategic objectives, assist management in mitigating risks, and address risk mitigation activities identified through the ERM program.

## Your responsibility

Employees must follow all applicable provisions and the spirit and intent of this corporate governance document and support others in doing so. Employees must promptly report any suspected or actual violation of this corporate governance document through available [channels](#) so that TC Energy can investigate and address it appropriately. Employees who violate this corporate governance document 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, collective bargaining agreements and processes.

## 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.

## Non-retaliation

TC Energy supports and encourages Employees and Contractors to report suspected violations of corporate governance documents, applicable laws, regulations, and authorizations, as well as hazards, potential hazards, incidents involving health and safety or the environment, and near hits. Such reports can be made through available [channels](#).

TC Energy takes every report seriously and investigates it to identify facts and, when warranted, makes improvements to our corporate governance documents and practices. All Employees and Contractors making reports in good faith will be protected from retaliation, and all Employees and Contractors must report if they or someone they know is being or has been retaliated against for reporting. Good Faith Reporting will not protect Employees and Contractors who make intentionally false or malicious reports, or who seek to exempt their own negligence or willful misconduct by the act of making a report.

## Definitions

**Board** means the TC Energy Board of Directors.

**Employee** means full-time, part-time, temporary and student employees of TC Energy.

**Emerging Risks** are a condition, situation, or trend with a great degree of uncertainty or lack of clarity that could be internal or external factors that significantly impact TC Energy's financial strength, competitive position or reputation.

**Enterprise Risk Management (ERM)** means the culture, capabilities and practices, integrated with strategy-setting and its performance, that organizations rely on to manage risk in creating, preserving and realizing value.

**Enterprise Risks** are potential events that could impact TC Energy's ability to meet or support its strategic, financial, or operational objectives, and therefore require management's on-going attention due to the higher probability that an event could materially affect the achievement of the Company's objectives.

**Enterprise Risk Execution Owner** is an executive leadership team member(s) responsible for implementing controls to manage the applicable enterprise risk.

**Enterprise Risk Governance Owner** is an executive leadership team member(s) accountable for establishing controls to manage the applicable enterprise risk.

**Enterprise Risk Matrix** is the tool used to rank risks within defined ranges by identifying consequence and likelihood in order to analyze and prioritize management of enterprise risks.

**Enterprise Risk Register** is the list of enterprise risks that could impact TC Energy and their associated ratings, based on the enterprise risk matrix, plotted on a heat map.

**Good Faith Reporting** means an open, honest, fair and reasonable report without malice or ulterior motive.

**Risk Appetite** means the type and amount of risk that TC Energy is willing to accept in pursuit of value.

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

## References

### Related corporate governance and supporting documents

- Code of Business Ethics Policy
- Counterparty Risk Policy
- Insurance Risk Policy
- Interest Rate and Foreign Exchange Market Risk Policy
- Market Risk Policy

### Other References

- TC Energy's Operational Management System Manual
- Board Governance Committee Charter

## How to contact us

- [Policy Questions and Comments](#)

## TC Energy's reporting channels

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