

# CPKC



## 2024 Joint Forced Labour and Child Labour Report





## Reporting Period

January 1, 2024 to December 31, 2024

## Reporting Entities

This joint report (Report) is prepared to address the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the Act) for:

- Canadian Pacific Kansas City Limited (CPKC), and
- Canadian Pacific Railway Company (CPRC), a direct wholly-owned subsidiary of CPKC (each a Reporting Entity and together Reporting Entities).

The Report outlines the steps taken by the Reporting Entities during their previous financial year (the Reporting Period) to prevent and reduce 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. Many of these steps were implemented by CPRC as the principal operating company in Canada.



## Structure, Activities and Supply Chains

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### Structure of the Reporting Entities

CPKC was formed by the combination of Canadian Pacific Railway Limited and Kansas City Southern Railway in April 2023. CPKC is the first and only single-line transnational railway linking Canada, the United States and México, with access to ports from Vancouver to Atlantic Canada to the Gulf of México to Lázaro Cárdenas, México. Stretching approximately 20,000 route miles and employing 20,000 railroaders, CPKC, through its subsidiaries, provides North American customers with rail service and has network reach to key markets across the continent.

CPKC is a widely held publicly traded entity with all but one director (the President and CEO) being considered independent for purposes of Canadian and United States securities laws. The principal operating company in Canada is CPRC. The directors of CPKC simultaneously serve as directors of CPRC.

### Operations of the Reporting Entities

CPKC's head office is based in Calgary, Alberta with operations, through its subsidiaries, across Canada, the United States and México. CPKC, through its subsidiaries, transports freight consisting of bulk commodities, merchandise, and intermodal traffic. The principal place of operation of each Reporting Entity is in Canada.

### Supply Chains

CPRC's multi-tiered supply chain includes a diverse and global pool of suppliers from which CPRC purchases goods and services for its corporate office, projects and operations. In the 2024 fiscal year, the largest procurement categories included direct goods and services related to the operation and maintenance of CPRC's rail fleet and network, environmental services, energy and fuel used in the transportation of customers' goods, and IT goods and services. The majority of goods and services in these categories were sourced from North America, with the remainder sourced from Europe and Asia.

### Policies and Due Diligence Processes

The Reporting Entities have a culture of strong corporate governance in which they engage in regular review of their policies and practices and make changes and improvements where appropriate. Supplier due diligence and contractual processes are conducted through CPRC's centralized procurement function.

CPKC and CPRC have a clear governance structure to communicate and respond to environmental, social and governance (ESG) matters, while implementing their commitments and policies. The Boards of Directors of CPKC and CPRC are responsible for monitoring and overseeing key risks, strategies and sustainability topics.


With oversight from the President and CEO of the Reporting Entities, implementation of the Reporting Entities' sustainability objectives are guided by a cross-functional executive Sustainability Steering Committee. Updates and progress reports on the Reporting Entities' sustainability objectives and management approach to sustainability topics are regularly provided to the Risk and Sustainability Committee of the Boards of the Reporting Entities.

Activities of CPRC are covered by the governance, policies, procedures and systems of CPKC, including those relating to Risk Management, Procurement and Human Resources. CPRC has implemented additional policies, procedures and systems at the operating level. Senior management and employees working in the Risk Management, Procurement and Human Resources departments employed by CPRC are responsible for the oversight (within the parameters of their respective responsibilities) of CPRC's activities.

The Reporting Entities' applicable governance policies and practices are publicly disclosed through their sustainability reporting and include:

- **Code of Business Ethics<sup>1</sup> (Code)** sets out the Reporting Entities' expectations for conduct. The Code applies to directors, officers, employees (unionized and non-unionized), contractors and suppliers who work for the Reporting Entities. The directors, officers and

<sup>1</sup> [CPKC Code of Business Ethics](#)



non-union employees of the Reporting Entities must acknowledge every year that they have read, understood and agree to comply with the Code. Interactive web-based learning has been provided for the Code.

- **Human Rights Policy**<sup>2</sup> articulates the Reporting Entities' commitment to respect the universal human rights of all people throughout its operations. In 2024, the policy underwent a review and the policy will be updated and posted on the corporate website in 2025. As a participant in the United Nations Global Compact (UN Global Compact), the Reporting Entities commit to support and respect the protection of internationally proclaimed human rights and strive to ensure that the Reporting Entities are not complicit in human rights abuses.

- **Supplier Code of Conduct**<sup>3</sup> defines the expectations the Reporting Entities maintain for suppliers, including specific expectations of suppliers regarding human rights-related issues such as forced labour and child labour. Updated in 2024, the Supplier Code of Conduct is informed by the United Nations Guiding Principles on Business and Human Rights, International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The Supplier Code of Conduct was communicated to key suppliers at CPKC's 2024 Annual Supplier Forum and through subsequent ongoing communication to its broader supplier base. CPKC has implemented language into all of its contract and purchase order documentation requiring suppliers to read and understand the Supplier Code of Conduct.

## Forced Labour and Child Labour Risks

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CPKC has implemented a structured supplier segmentation framework to classify its supply chain and identify critical suppliers. Through this process, suppliers are characterized by criticality to the business, based on, among other things, annual spend and the complexity of the particular service or product supplied to CPKC. Classifying suppliers in this way supports CPKC in highlighting critical supplier dependencies and reducing risk across the supply chain. CPKC assesses environmental, social and governance supply chain risks with a priority focus on critical suppliers. All suppliers identified as critical to CPKC's supply chain are required to read and understand the Supplier Code of Conduct as a condition of doing business with CPKC. CPKC aims to review and classify its suppliers on an annual basis.

### Risk Assessment and Identification

The Reporting Entities' approach to human rights, including the use of forced labour and child labour, is founded on the principles established by the United Nations Guiding Principles on Business and Human Rights. In addition to its policy commitment, CPKC has undertaken a company-specific human rights due diligence project through which

it identified the human rights issues most salient to its operations. As a result of this identification and assessment process, CPKC has identified its supply chain as an area where it is focusing its efforts. In 2024, CPKC continued to advance this initiative, working with an external consultant with sustainable procurement expertise to further enhance the robustness of its supplier ESG risk management practices.

### Risk Management and Mitigation

The Reporting Entities are actively working to manage human rights issues throughout its decision-making processes and through specific actions. CPKC is increasing supplier requirements and verification and is also defining and implementing comprehensive ESG supplier assessment measures, including:

- **Supplier Code of Conduct:** Supplier compliance with the Code of Business Ethics and Supplier Code of Conduct is an expectation of CPKC of suppliers. Through CPKC's supplier registration process described below, competitive sourcing processes and execution of an ESG questionnaire, suppliers are expected to review and commit to an understanding of the Supplier Code of Conduct.

<sup>2</sup> [CPKC Human Rights Policy](#)

<sup>3</sup> [CPKC Supplier Code of Conduct](#)



- **Supplier registration:** CPRC has implemented a supplier registration process and, as part of this process, has implemented a specific supplier ESG questionnaire (discussed below) to identify potential ESG risk exposure. The supplier registration questionnaire requests suppliers to provide information on ESG governance including, human rights and environmental practices and policies, business ethics, and other relevant topics.
- **Supplier ESG questionnaire:** CPRC has expanded the scope of its supplier risk assessment to include broader ESG risks through the use of a supplier ESG questionnaire. The ESG questionnaire is included in CPRC's supplier registration process. Key criteria include regulatory compliance, business ethics, and labour and human rights practices. This process will enable CPRC to assess and manage supplier risk through a holistic

lens and incorporate ESG risks in the supplier selection process. The supplier ESG questionnaire has been included in all requests for proposals issued by CPRC since July 2022. In 2024, the questionnaire was reviewed and updated to refine the process to identify supplier ESG risks, and specifically human rights risk, exposure. Among the updates to the questionnaire was the addition of a new question regarding the origin of goods and services.

- **Supplier audits:** As CPRC gains a stronger understanding of supplier ESG risks, it is defining an approach to auditing suppliers. If the responses to the supplier ESG questionnaire indicate a heightened ESG risk profile, CPRC reserves the right to conduct an audit of suppliers' processes and require a corrective action plan.

## Training

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In addition to the annual Code of Business Ethics training, CPRC's procurement personnel and designated business personnel receive training on the Supplier Code of Conduct and the supplier ESG questionnaire. As of December 31, 2024, 100% of the CPRC's procurement personnel completed training on the updated Supplier Code of Conduct through an online learning management system. The aim of this training is to support procurement personnel in communicating CPRC's expectations during interactions with suppliers, and implementation of the Supplier Code of Conduct.

The Procurement Department also works closely with CPRC's Sustainability Team, which engages with third-party organizations on human rights and sustainable supply chain topics to identify best practices and further build internal capacity in these areas. Examples of the Sustainability Team's engagement include participation in the Canadian Business for Social Responsibility and the UN Global Compact Network for Canada, and engagement with industry peers to exchange information on current best practices related to human rights-related risks in supply chains.

## Remediation Measures

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To support effective remediation and remedies, the Reporting Entities provide several different mechanisms through which affected persons can register a grievance or suggest an improvement to the Reporting Entities' existing systems and processes. These mechanisms include:

- **The Ethics Line<sup>4</sup>** is a confidential, anonymous, and independent third party administered website and hotline established for reporting concerns related to ethical business practices, violation of the Code and


other policies, environmental and safety violations, and accounting and auditing misconduct. The Ethics Line is publicly available on the corporate website.

- **The Community Connect<sup>5</sup>** platform can be used by members of the public to submit feedback on any matter. Each concern is treated individually and confidentially. The platform is publicly available on the corporate website.

Once reports are received, CPRC assigns the most appropriate internal teams to conduct a thorough and

<sup>4</sup> [CPKC Ethics Line](#)

<sup>5</sup> [CPKC Community Connect](#)



prompt investigation. Throughout the process, confidentiality is maintained and protection from retaliation is provided when reporting in good faith.

If an investigation determines that remedial action is required, this action may include disciplinary action against any offending employees or contractors, up to and including, unpaid suspension or termination of employment or any other working relationship that the offending party may have with CPRC. It should be noted that the Reporting Entities did not receive any calls to the Ethics Line related to forced labour or child labour in CPRC's supply chain for the reporting period.

## Remediation of Loss of Income

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The Reporting Entities have not been made aware of any instances of forced labour or child labour occurring in the CPRC's supply chain in the reporting period.

## Assessing Effectiveness

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To ensure that CPRC's supply chain quality standards are met, CPRC conducts ad hoc audits of suppliers for its operational and engineering activities to confirm that products and services are delivered to the standards it expects.

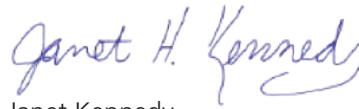
## Authority of Report

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This Joint Report was approved by:

The board of directors of CPKC, on its own behalf, and on behalf of the other Reporting Entity as its controlling shareholder on February 26, 2025.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, in my capacity as a director, attest that I have reviewed the information contained in the Report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Janet Kennedy

Chair of the Audit and Finance Committee

*I have the authority to bind Canadian Pacific Kansas City Limited.*