2024 CDP RESPONSE

Notice to users: This report includes activities and operations for Canadian Pacific Kansas City Limited (CPKC) and its wholly owned subsidiaries from Jan. 1 to Dec. 31, 2023. It is not intended to serve as a comprehensive report of all sustainability initiatives by CPKC. On April 14, 2023, we completed our acquisition of Kansas City Southern (KCS). The results from the acquired KCS operations are included in this report from the date of acquisition unless otherwise stated. For more information or questions regarding this report or sustainability at CPKC, please contact sustainability@cpkcr.com

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C1. Introduction

1.1

In which language are you submitting your response?

☑ English

1.2

Select the currency used for all financial information disclosed throughout your response.

☑ CAD

1.3

Provide an overview and introduction to your organization.

Organization type

☑ Publicly traded organization

Description of organization

With global headquarters in Calgary, Alta., Canada, CPKC delivers transportation solutions across the only single-line transnational railway linking Canada, the United States and Mexico. Stretching approximately 20,000 route miles, and employing approximately 20,000 railroaders, CPKC provides North American customers freight transportation services, logistics solutions and supply chain expertise. This CDP response covers the Company's activities and operations from January 1st through December 31st of 2023. For purposes of this response, unless the context indicates otherwise, all references herein to "CPKC", "the Company", "we", "our" and "us" refer to Canadian Pacific Kansas City Limited and its subsidiaries, which includes Kansas City Southern Railway Company (KCS) as a consolidated subsidiary on and from April 14, 2023. Unless the context indicates otherwise, all references herein to "legacy CP" refer to Canadian Pacific Railway Limited (CPRL) and its subsidiaries prior to April 14, 2023. Unless the context indicates otherwise, all references herein to "legacy KCS" refer to KCS and its subsidiaries prior to April 14, 2023. This report is not intended to serve as a comprehensive report of all climate initiatives undertaken by CPKC. We are continuing to integrate additional data in CPKC's future sustainability disclosures. Please note that, in this report we may use words, including "impact", "ESG", "sustainability" and "significant", in ways that differ from the meaning under any law or regulation. The terms "materiality" and "materiality assessment" are used specifically to refer to the process we use to identify the sustainability topics most relevant to our business or our stakeholders. The specific meaning of the term "materiality" in this context may differ from the meaning of the terms "material" or "materiality" under any law or regulation or when used in connection with public disclosure of material information, including financial filings with securities regulators. Given our ongoing sustainability integration efforts, including our ongoing assessment of information, processes and practices related to legacy KCS and their consistency with those of legacy CP, certain consolidated sustainability metrics and information for the 2023 reporting period are not currently available. As such, there may be some questions in this response that refers to legacy CP's activities and operations, on a standalone basis, without factoring in any policies, practices, programs, goals and objectives that may exist with respect to legacy KCS or the combined company. As a result of these development and as we continue to evolve our sustainability approach in light of changing regulatory, scientific, business and other factors, we may include information in this document that different from our prior disclosures to CDP, and may in future disclosures include information that differs from the information in this document. Please refer to the most recent document. We undertake no obligation to update or otherwise revise any information contained in this document or prior disclosures. See our sustainability report for additional cautionary notes regarding information, including forward-looking information, related to sustainability at CPKC. Scenario analysis involves significant assumptions and uncertainties, and the results of the analysis are not meant to indicate a forecast of future results but rather presents a range of potential financial impacts. Unless otherwise noted, Combined Operations Performance Metrics have been determined by combining operations performance data of legacy CP and legacy KCS. GHG data reported for 2023 is presented on a combined basis incorporating KCS and CP data from Jan. 1, 2023 to Dec. 31, 2023. This report includes and relies upon data and information, including GHG data, that existed in, or were prepared using, KCS's systems prior to our acquisition of control of KCS, and some of such data and information may have been prepared using methodologies, assumptions, and processes that are different than those that CPKC's systems would have otherwise applied or may apply in the future, following integration of such systems. These metrics are presented to illustrate the estimated effects of combining legacy CP and legacy KCS operating performance for the year 2023 as if legacy CP and legacy KCS formed a combined company for these periods. These metrics are not prepared in accordance with Regulation S-X Article 11 (Article 11) as Article 11 does not encompass the presentation of non-financial information. This information is being presented for illustrative purposes only and does not purport to represent what the actual consolidated results of operations, revenue performance, GHG emissions, or operating performance would have been had legacy CP had control of legacy KCS and consolidation actually had occurred for the periods presented.

1.4

State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

End date of reporting year	Alignment of this reporting period with your financial reporting period	Indicate if you are providing emissions data for past reporting years
12/31/2023	☑ Yes	☑ No

1.4.1

What is your organization's annual revenue for the reporting period?

12,555,000,000

1.5

Provide details on your reporting boundary.

Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
☑ Yes

1.6

Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN CODE - BOND

Does your organization use this unique identifier?
☑ No

ISIN CODE - EQUITY

Does your organization use this unique identifier?	Provide your unique identifier
☑ Yes	CA13646K1084

CUSIP NUMBER

Does your organization use this unique identifier?	Provide your unique identifier
☑ Yes	13646K108

TICKER SYMBOL

Does your organization use this unique identifier?	Provide your unique identifier
☑ Yes	CP

SEDOL CODE

Does your organization use this unique identifier?
☑ No

LEI NUMBER

Does your organization use this unique identifier?
☑ No

D-U-N-S NUMBER

Does your organization use this unique identifier?
☑ No

OTHER UNIQUE IDENTIFIER

Does your organization use this unique identifier?
☑ No

1.7

Select the countries/areas in which you operate.

☑ Canada
☑ Mexico
☑ United States of America

1.8

Are you able to provide geolocation data for your facilities?

Are you able to provide geolocation data for your facilities?	Comment
☑ No, we do not have this data and have no plans to collect it	CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

1.21

For which transport modes will you be providing data?

☑ Rail

1.24

Has your organization mapped its value chain?

Value chain mapped

☑ Yes, we have mapped or are currently in the process of mapping our value chain

Value chain stages covered in mapping

☑ Upstream value chain

Highest supplier tier mapped

☑ Tier 1 suppliers

Highest supplier tier known but not mapped

☑ All supplier tiers known have been mapped

Description of mapping process and coverage

In 2023, CPKC mapped its value chain to identify and classify Critical Tier 1 suppliers. Critical Tier 1 suppliers include vendors whose goods or services (G&S) could reasonably have significant impact on our operations or performance, who are a primary provider of specific G&S, or whose G&S are difficult to replace or substitute. These suppliers typically have a high level of spend, high profitability impact and account for a large portion of overall supplier spend. An example of a typical Critical Tier 1 Supplier would be a vendor who supplies locomotive fuel. CPKC regularly updates our mapping of Critical Tier 1 suppliers.

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.1

How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

	From (years)	Is your long-term time horizon open ended?	To (years)	How this time horizon is linked to strategic and/or financial planning
Short-term	0	N/A	1	The climate-related scenario analysis conducted by legacy CP in 2020 examined potential climate-related risks and opportunities out to 2050. Legacy CP defined short-, medium, and long-term time horizons in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and aligned these time horizons with its strategic and financial planning periods, which typically fell into three categories: short-term (0-1 years), medium-term (2-10 years), and long-term (10+ years). CPKC plans to update its scenario analysis for the combined entity.
Medium-term	2	N/A	10	
Long-term	11	☑ No	30	

2.2

Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

Process in place

☑ Yes

Dependencies and/or impacts evaluated in this process

☑ Impacts only

Primary reason for not evaluating dependencies and/or impacts

☑ Not an immediate strategic priority

Explain why you do not evaluate dependencies and/or impacts and describe any plans to do so in the future

CPKC's methodology for evaluating both risks and opportunities is informed through the identification of impacts, as defined by us. In this report and in our general approach, our definition of "impact" may differ from the meaning of the term "impact" under any law or regulations. Our recent climate physical risk assessment for the rail network focused on the identification of high-risk zones as well as potential impacts to the Company. We also adopted a similar approach for the transition risks and opportunities. Through its sustainability materiality assessment, CPKC has also identified business impacts due to climate change and associated risks and opportunities. Regarding water, we primarily focus on acute and chronic physical risks associated with precipitation impacting our rail network. In addition, CPKC also assesses risks associated with non-compliance with regulations on discharge requirements. Currently, CPKC has not identified and assessed dependencies as a part of our risk assessment process. With the integration of legacy KCS into the Company, CPKC is actively evaluating the sustainability priorities, policies, practices, programs, goals, and objectives of the combined entity.

2.2.1

Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
☑ Yes	☑ Both risks and opportunities	☑ Yes

2.2.2

Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

ROW 1

Environmental issue

☑ Climate change

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

☑ Impacts
☑ Risks
☑ Opportunities

Value chain stages covered

☑ Direct operations
☑ Upstream value chain
☑ Downstream value chain

Coverage

☑ Full

Supplier tiers covered

☑ Tier 1 suppliers

Type of assessment

☑ Qualitative and quantitative

Frequency of assessment

☑ More than once a year

Time horizons covered

☑ Short-term
☑ Medium-term
☑ Long-term

Integration of risk management process

☑ Integrated into multi-disciplinary organization-wide risk management process

Location-specificity used

☑ Site-specific
☑ National

Tools and methods used

Enterprise Risk Management

☑ Interprise Risk Management

International methodologies and standards

☑ IPCC Climate Change Projections

Other

☑ Desk-based research
☑ Materiality assessment
☑ Partner and stakeholder consultation/analysis
☑ Scenario analysis

Risk types and criteria considered

Acute physical

☑ Drought
☑ Avalanche
☑ Landslide
☑ Wildfires
☑ Heat waves
☑ Cold wave/frost
☑ Heavy precipitation (rain, hail, snow/ice)
☑ Flood (coastal, fluvial, pluvial, ground water)
☑ Storm (including blizzards, dust, and sandstorms)

Chronic physical

☑ Precipitation or hydrological variability
☑ Temperature variability

Policy

☑ Carbon pricing mechanisms

☑ Changes to national legislation

☑ Other policy, please specify :Assessing applicability of and compliance with emerging international and regional regulations in jurisdictions in which we have operations

Market

☑ Changing customer behavior

Reputation

☑ Other reputation, please specify :Growing interest in lower-carbon freight transportation

Technology

☑ Transition to lower emissions technology and products

Liability

☑ Exposure to litigation

☑ Non-compliance with regulations

Partners and stakeholders considered

☑ Customers

☑ Employees

☑ Regulators

☑ Suppliers

Has this process changed since the previous reporting year?

☑ No

Further details of process

Organizational risks or opportunities are identified, assessed and prioritized on an as required basis based on potential impact and likelihood, taking account of financial, safety, environmental, strategic and reputational impacts, as well as existing management measures. The ERM program integrates climate-related risks across short-, medium- and long-term time horizons and includes risks that impact CPKC's direct operations in addition to the upstream and downstream value chain. This process is designed to support CPKC's ability to identify, assess and respond to climate-related risks and classify them from a minimal to a catastrophic level of impact.

Legacy CP conducted climate-related scenario analysis in 2020 and assessed how physical and transitional risks could manifest under multiple climate scenarios and time horizons. To stress-test the business and assess its resilience in a low-carbon economy, legacy CP considered a well-below 2°C scenario. Legacy CP's scenario analysis also considered how impacts to the business could change under both a more modest degree of global warming and following a business-as-usual scenario.

The scenario analysis was utilized to assess risks to legacy CP's direct operations and extended value chain. This included evaluating how climate-related risks and opportunities could impact customers, specifically the demand for commodities that the Company transports on their behalf. Based on stakeholder input during the process, climate risks and opportunities were identified and evaluated using international, national and regional databases. CPKC is working to utilize the results of the climate-related risk assessment and scenario analysis on an as needed basis to support business decisions surrounding the response to and mitigation of climate risks and to act on climate-related opportunities across all time horizons. CPKC plans to update its risks and opportunities assessment and scenario analysis for the combined entity.

In 2022-2023, we advanced our understanding of physical climate risks to our network by obtaining funding from Transport Canada's Rail Climate Change Adaptation Program for a pilot study. This project aims to evaluate climate risks using climate data and field observations across 2,700 km of our network in British Columbia.

CPKC's 2023-2024 Winter Contingency Plan improved operating performance through forecasting, contingency planning, and predictive winter modeling to prepare for adverse winter conditions. This plan complements CPKC's seasonal and business continuity plans to mitigate the impacts of severe weather events on operations and safety.

ROW 2

Environmental issue

☑ Water

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

☑ Impacts

☑ Risks

Value chain stages covered

☑ Direct operations

Coverage

☑ Partial

Type of assessment

☑ Qualitative and quantitative

Frequency of assessment

☑ More than once a year

Time horizons covered

☑ Short-term

☑ Medium-term

☑ Long-term

Integration of risk management process

☑ Integrated into multi-disciplinary organization-wide risk management process

Location-specificity used

☑ Site-specific

Tools and methods used

Enterprise Risk Management

☑ Enterprise Risk Management

International methodologies and standards

☑ IPCC Climate Change Projections

Databases

☑ Other databases, please specify :Winter weather prediction models and data from various meteorological services

Other

☑ Materiality assessment

☑ Scenario analysis

Risk types and criteria considered

Acute physical

☑ Flood (coastal, fluvial, pluvial, ground water)

☑ Heavy precipitation (rain, hail, snow/ice)

Chronic physical

☑ Precipitation or hydrological variability

Liability

☑ Non-compliance with regulations

☑ Other liability, please specify :Assessing applicability of and compliance with emerging international and regional regulations in jurisdictions in which we have operations

Partners and stakeholders considered

☑ Customers

☑ Employees

☑ Regulators

☑ Suppliers

Has this process changed since the previous reporting year?

☑ No

Further details of process

Organizational risks or opportunities are identified, assessed and prioritized on an as required basis based on potential impact and likelihood, taking account of financial, safety, environmental, strategic and reputational impacts, as well as existing management measures. Our risk management strategy includes a process for identifying, assessing, and responding to water-related risks, specifically, acute and chronic physical risks associated with precipitation impacting our rail network. In addition, CPKC also assesses risks associated with non-compliance with regulations on discharge requirements. The ERM program integrates climate-related risks across short-, medium- and long-term time horizons and includes risks that impact CPKC's direct operations. This process is designed to support CPKC's ability to identify, assess and respond to climate- and water-related risks and classify them from a minimal to a catastrophic level of impact.

Legacy CP conducted climate-related scenario analysis in 2020 and assessed how physical risks to our direct operations could manifest under multiple climate scenarios and time horizons. To stress-test the business and assess its resilience in a low-carbon economy, legacy CP considered a well-below 2°C scenario. Legacy CP's scenario analysis also considered how impacts to the business could change under both a more modest degree of global warming and following a business-as-usual scenario. CPKC plans to update its risks and opportunities assessment and scenario analysis for the combined operations.

In 2022-2023, we advanced our understanding of physical climate risks to our network by conducting a pilot study to evaluate climate risks across 2,700 km of our rail network in British Columbia. Funded in part by Transport Canada's Rail Climate Change Adaptation Program, the study integrated current climate data and field observations to assess how climate risk to rail operations is anticipated to change through 2050.

As a part of its Winter Contingency Plan, CPKC reviews winter weather prediction models and data from various meteorological services. In addition, systems have been deployed to monitor real-time weather conditions across the rail network. This helps the Company in assessing the impact and likelihood of risks and associated impacts. This approach complements CPKC's seasonal and business continuity plans to mitigate the impacts of severe weather events on operations and safety.

2.2.7

Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

☑ Yes

Description of how interconnections are assessed

Organizational risks or opportunities are identified, assessed and prioritized on an as required basis based on potential impact and likelihood, taking account of financial, safety, environmental, strategic and reputational impacts, as well as existing management measures. CPKC utilizes climate-related scenario analysis as well as a sustainability materiality assessment process to assess the interconnections between environmental, impacts, risks and opportunities. The results of legacy CP's scenario analysis have identified impacts associated with key risks and opportunities as well as areas where further investments can mitigate climate-related risks and capture opportunities. For example, scenario analysis enhances CPKC's ability to adapt operational practices by deepening the understanding of potential climate impacts on CPKC's assets and network operations. Specifically, this process provides insights into specific vulnerabilities and adaptive capacities (referring to precautionary measures) required to respond to climate change, pinpoints specific high-risk zones that may experience changes in climate-related hazards, and assesses their potential severity and likelihood under varying climate trajectories. This information supports the prioritization of risks, the effective allocation of capital investments, and the implementation of targeted management strategies. Integrating the outcomes of the risk assessment into adaptive planning involves translating findings into actionable strategies and measures for enhancing climate resilience. The results of this effort support the Company's initiatives and investments in proactive infrastructure upgrades, operational adjustments, and community transparency around climate resiliency.

2.3

Have you identified priority locations across your value chain?

Identification of priority locations

☑ Yes, we are currently in the process of identifying priority locations

Value chain stages where priority locations have been identified

☑ Direct operations

Types of priority locations identified

Sensitive locations

☑ Areas important for biodiversity

Description of process to identify priority locations

CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We are in the process of identifying and updating the list to include similar locations in Mexico.

Will you be disclosing a list/spatial map of priority locations?

☑ No, we do not have a list/geospatial map of priority locations

2.4

How does your organization define substantive effects on your organization?

RISKS

Type of definition

☑ Qualitative
☑ Quantitative

Indicator used to define substantive effect

☑ Direct operating costs

Change to indicator

☑ Absolute increase

Absolute increase/ decrease figure

100,000,000

Metrics considered in definition

☑ Frequency of effect occurring
☑ Time horizon over which the effect occurs
☑ Likelihood of effect occurring

Application of definition

Organizational risks or opportunities are identified, assessed and prioritized on an as required basis based on potential impact and likelihood, taking account of financial, safety, environmental, strategic and reputational impacts, as well as existing management measures. The program integrates climate-related risks across short-, medium- and long-term time horizons and includes risks that impact CPKC's direct operations in addition to the upstream and downstream value chain. This process is designed to support CPKC's ability to identify, assess and respond to climate-related risks and classify them from a minimal to a catastrophic level of impact. Moderate risks are identified as those with a financial impact of at least $100M in operating costs or an event that requires up to a year of monitoring and recovery. Major risks are those likely to result in a significant disruption to business operations (such as infrastructure damage related to flooding, fire or other climate-related impacts) and identified as having a financial impact of at least $250M with an extended negative environmental, health and safety or reputational impact on the business. Catastrophic risks cause more than $400M of financial impact and create long-term and severe consequences for the business.

In addition to rating corporate risks by severity, we assess the frequency and probability of occurrence, ranging from slight, not likely, likely, highly likely and expected. For example, a slight risk is considered to have less than a 10 percent probability of occurring or may occur every ten years or greater. Conversely, an expected risk has a 90 percent or greater probability of occurring or may occur at least annually. Together with the quantifiable financial and environmental thresholds, the frequency and probability of occurrence contribute to our assessment of substantive financial or strategic impact when assessing climate-related risks. If risks are deemed to have an impact severity of moderate or above or frequency of likely or above, they are considered substantive.

OPPORTUNITIES

Type of definition

☑ Qualitative

Metrics considered in definition

☑ Frequency of effect occurring
☑ Time horizon over which the effect occurs
☑ Likelihood of effect occurring

Application of definition

Legacy CP had determined opportunities, including climate-related opportunities in line with the TCFD recommendations over short-, medium-, and long-term time horizon. Short-term is defined as 0-1 years, medium-term is defined as 2-10 years, and long-term is defined as 11-30 years. Opportunities such as increased annual freight revenue, fuel switching, and fuel efficiency were evaluated qualitatively on the basis of likelihood and probability of occurrence as well as potential impact.

2.5

Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

Identification and classification of potential water pollutants

☑ Yes, we identify and classify our potential water pollutants

How potential water pollutants are identified and classified

CPKC's operations and real estate assets are subject to extensive federal, provincial, state, and local environmental laws and regulations, including those governing discharges to water. CPKC has implemented an Environmental Management System to facilitate the reduction of environmental risk. Specific environmental programs and infrastructure are in place and designed to address areas such as wastewater management. CPKC is committed to meeting applicable regulatory and legal obligations with respect to environmental matters. Emerging contaminants are tracked by subject matter experts through professional seminars, continuing education, and involvement in industry associations and conferences. CPKC does not currently classify potential water pollutants beyond applicable regulations. CPKC screens and classifies sites according to typical activities and scale of operations conducted. As necessary, CPKC develops a remediation strategy for impacted property based on the nature and extent of the contamination, location of the property and surrounding areas that may be adversely affected by the presence of contaminants. CPKC also considers available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the pollutants and affected groundwater.

2.5.1

Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

ROW 1

Water pollutant category

☑ Oil

Description of water pollutant and potential impacts

Within our railcar rolling stock and locomotive service and repair facilities cleaners, soaps and other petroleum-based products are used. These products and associated waste streams may include oil and related constituents, oxygen demanding pollutants, wear metals, dissolved or suspended solids, among other pollutant categories. Incidental spills or releases of these substances may have a negative impact on human health and the environment, if proper safeguards are not in place. CPKC's actions to mitigate these risks is discussed below.

Value chain stage

☑ Direct operations

Actions and procedures to minimize adverse impacts

☑ Upgrading of process equipment/methods
☑ Provision of best practice instructions on product use
☑ Requirement for suppliers to comply with regulatory requirements
☑ Industrial and chemical accidents prevention, preparedness, and response
☑ Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements
☑ Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience

Please explain

The response above is not intended to be inclusive of all possible contaminants but rather the typical categories managed by CPKC through routine operation and maintenance of railroad rolling stock and of our right-of-way. Properties managed under an environmental remediation accrual are handled in accordance with applicable regulations. CPKC has established an environmental audit program aimed at conducting thorough, systematic and routine assessment of its facilities to promote compliance with legal requirements and adherence to accepted industry standards, accompanied by a corrective action follow-up process and senior management review. CPKC focuses on key strategies to support and operationalize our environmental commitments: 1. Implementing measures to minimize or prevent environmental impacts from our operations and facilities, and ensure compliance with environmental laws and regulations; 2. Maintaining an Environmental Management System to provide consistent, effective guidance and resources to CPKC employees; 3. Employing best practices, proven technologies, and safe operating standards; 4. Planning and preparing for emergency responses to ensure all appropriate steps are taken in the event of a derailment, spill or other incident; and 5. Our Supplier Code of Conduct extends to all CPKC suppliers and requires them to conduct business and business activities in a manner that meets or exceeds all applicable laws and regulations in jurisdictions in which they operate.

ROW 2

Water pollutant category

☑ Pesticides

Description of water pollutant and potential impacts

CPKC uses herbicides (a type of pesticide) to manage vegetation within the property owned and controlled by CPKC. This is especially true in areas where non-chemical methods cannot be employed or are not effective, or in areas such as track ballast where there are no effective non-chemical control alternatives available. Herbicide spills can be harmful to human health and the environment, if proper safeguards are not in place. CPKC's actions to mitigate these risks are discussed below.

Value chain stage

☑ Direct operations

Actions and procedures to minimize adverse impacts

☑ Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
☑ Industrial and chemical accidents prevention, preparedness, and response
☑ Provision of best practice instructions on product use
☑ Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements
☑ Upgrading of process equipment/methods

Please explain

The response above is not intended to be inclusive of all possible contaminants but rather the typical categories managed by CPKC through routine operation and maintenance of railroad rolling stock and of our right-of-way. Properties managed under an environmental remediation accrual are handled in accordance with applicable regulations. CPKC has established an environmental audit program aimed at conducting thorough, systematic and routine assessment of its facilities to promote compliance with legal requirements and adherence to accepted industry standards, accompanied by a corrective action follow-up process and senior management review. CPKC focuses on key strategies to support and operationalize our environmental commitments: 1. Implementing measures to minimize or prevent environmental impacts from our operations and facilities, and ensure compliance with environmental laws and regulations; 2. Maintaining an Environmental Management System to provide consistent, effective guidance and resources to CPKC employees; 3. Employing best practices, proven technologies, and safe operating standards; 4. Planning and preparing for emergency responses to ensure all appropriate steps are taken in the event of a derailment, spill or other incident; and 5. Our Supplier Code of Conduct extends to all CPKC suppliers and requires them to conduct business and business activities in a manner that meets or exceeds all applicable laws and regulations in jurisdictions in which they operate.

C3. Disclosure of risks and opportunities

3.1

Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental risks identified	Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain	Please explain
Climate Change	☑ Yes, both in direct operations and upstream/downstream value chain	N/A	N/A
Water	☑ No	☑ Evaluation in progress	Organizational risks or opportunities are identified, assessed and prioritized on an as required basis based on potential impact and likelihood, taking account of financial, safety, environmental, strategic and reputational impacts, as well as existing management measures. Our climate-related risk management approach includes a process for identifying, assessing, and responding to water-related risks, specifically, acute and chronic physical risks associated with extreme precipitation impacting our rail network. Currently, CPKC is in the process of conducting scenario analysis for the combined entity.
Plastics	☑ No	☑ Not an immediate strategic priority	CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of plastics management has not been identified as a top sustainability priority for CPKC's freight railway operations.

3.1.1

Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

CLIMATE CHANGE

Risk identifier

☑ Risk1

Risk types and primary environmental risk driver

Policy

☑ Carbon pricing mechanisms

Value chain stage where the risk occurs

☑ Direct operations

Country/area where the risk occurs

☑ Canada

☑ Mexico

☑ United States of America

Organization-specific description of risk

An escalating price on carbon emissions could materially increase direct costs related to fuel purchases and indirect expenses related to purchased goods, materials, and electricity required to operate our business. As a fuel-intensive operation, the Company is exposed to both emerging and escalating carbon pricing regulations. The Company is regulated under multiple carbon taxation systems and cap and trade market mechanisms in the Canadian provinces in which we operate. The Company's Scope 1 and Scope 2 GHG emissions generated through our operations in Canada and Mexico are impacted by carbon pricing mechanisms. The Company is further exposed to carbon pricing through electricity purchases, where electric utilities pass on carbon costs to customers. Introduction of, or changes to, regulations by government bodies in response to climate change that increase the cost of carbon emissions could result in a significant increase in expenses and could adversely affect our business performance, results of operations, financial position, and liquidity.

Primary financial effect of the risk

☑ Increased direct costs

Time horizon over which the risk is anticipated to have a substantive effect on the organization

☑ Long-term

☑ The risk has already had a substantive effect on our organization in the reporting year

Likelihood of the risk having an effect within the anticipated time horizon

☑ Unlikely

Magnitude

☑ Medium-high

Effect of the risk on the financial position, financial performance and cash flows of the organization in the reporting year

CPKC is regulated by the British Columbia Carbon Tax and Canada Federal Fuel Charge. Under these tax systems, CPKC is required to remit carbon taxes based on fuel consumption within the province during 2023. Costs to comply with the carbon tax program increase the price of CPKC locomotive fuel and associated operating costs. Any increase in operating costs related to operations within the province is allocated to CPKC's customers based on Tariff 9800. The purpose of this tariff is to transparently convert carbon emissions costs from the method by which they are charged to the railway ($ per ton of CO_2-equivalent emissions per litre of fuel consumed) into a format applicable to customer shipments ($ per loaded car mile, $ per unit shipped, etc.). Tariff 9800 is publicly available and applies to all shipments moving through Canada to recover the incremental expense associated with carbon taxes or levies. The surcharge amount is calculated to recover this projected expense and appears as a separate line item on invoices for customer freight charges.

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Through our scenario analysis, legacy CP had assessed potential risks that could occur under a range of climate change scenarios, including a transformative world scenario that features a rapid transition to a low carbon economy and features a range of climate mitigation policies, in particular a regulatory price on carbon emissions. In this scenario, carbon pricing rates could continue to escalate into the future with additional jurisdictions adopting carbon pricing programs.

In 2023, Canada's federal carbon tax was increased from $50 to $65 per metric ton CO_2e. Should carbon pricing rates continue to escalate incrementally over the long term, additional expense to the business could pose a risk to the company, including increased fuel costs or carbon costs covering our emissions. Through our scenario analysis, legacy CP modelled how carbon pricing risk may impact the business in the long term under a range of global warming scenarios. Costs to the business could range from $72M by 2040 under a business-as-usual scenario characterized by limited to no actions taken to respond to climate change, to as high as $544M by 2040 following a transformative scenario characterized by strong climate policy and actions to move global economies towards low carbon emissions. This estimation makes several high-level assumptions and is not meant to indicate a forecast of true costs to the Company but rather presents an illustration of the range and magnitude of potential financial impacts that could impact the Company into the future. CPKC is now in the process of updating our scenario analysis for the combined entity.

Are you able to quantify the financial effect of the risk?

☑ Yes

Financial effect figure in the reporting year (currency)

123,000,000

Anticipated financial effect figure in the long-term – minimum (currency)

72,000,000

Anticipated financial effect figure in the long-term – maximum (currency)

544,000,000

Explanation of financial effect figure

The stated range of financial impact for long-term was informed by a scenario analysis exercise legacy CP had completed in 2020. In evaluating the risk associated with carbon pricing regulations, which could increase legacy CP's direct costs, we modelled carbon pricing and emissions from a 2019 base year to align with the Company's previous 2030 science-based emissions reduction targets, including the locomotive target approved by the SBTi. To model the potential financial impacts of carbon pricing, legacy CP followed the International Energy Agency's (IEA) Current Policy Scenario (CPS) and Sustainable Development Scenario (SDS), for which carbon pricing is forecasted to be 50$ per metric ton of CO_2e or $186 per metric ton of CO_2e respectively by 2040 in both Canada and the U.S. The financial impact was modelled assuming legacy CP's GHG emissions remains consistent with 2019 levels (with no reductions through the modelling period). In our scenario analysis, legacy CP's potential Scope 1 emissions would have been approximately 2M metric tons CO_2e, and total Scope 2 emissions would have been 0.03M metric tons CO_2e in 2040. It was also conservatively assumed that legacy CP's Scope 1 and 2 emissions would be exposed to a carbon price incrementally increasing from $50 to $186 per metric ton by 2040. Therefore, the Company's costs from carbon pricing, both directly from fuel consumption and indirectly from purchased electricity, could total between $119M to $591M, which would be $72M to $544M higher annually than under current prices (i.e., total 2019 baseline levels estimated at $47M, and $119M-$47M=$72M; $591M – $47M = $544M). The financial effect figure in the reporting year has been calculated based on the total tax paid under British Columbia Carbon Tax and Canada Federal Fuel Charge as described in section 3.5.3 of this response.

This estimation makes several high-level assumptions and is not meant to indicate a forecast of true costs to the Company but rather presents an illustration of the range and magnitude of potential financial impacts that could impact the Company into the future. CPKC is now in the process of updating our scenario analysis for the combined entity.

Primary response to risk

Compliance, monitoring and targets

☑ Establish organization-wide targets
☑ Increase investment in R&D
☑ More ambitious environmental commitments and policies
☑ Implement internal price on carbon

Cost of response to risk

609,000,000

Explanation of cost calculation

To support lowering CPKC's operational GHG emissions footprint and mitigate this risk, the Company has incorporated consideration of emissions reductions as essential to several large capital purchases. As an example, when upgrading our grain car fleet we purchased high efficiency product grain hopper cars ($600M). We also have invested in renewable power through the installation of a solar farm at our headquarters ($9.3M). Together, these initiatives have required $609M ($600M+$9.3M) of total investment through December 31st, 2023 to reduce emissions and respond to this risk. This is not inclusive of all initiatives CPKC is implementing as we do not separate out the costs for all initiatives.

Description of response

Through our risk management process, CPKC assesses changing carbon pricing systems across all Canadian provinces in which we operate, as well as federal programs to ensure the Company can either mitigate regulatory risks or take advantage of business opportunities. Expanded geographical coverage of carbon pricing systems and increased price per ton of GHGs emitted pose a risk to the Company. Improving the energy efficiency of our operations and increasing the amount of energy from renewable sources will help CPKC minimize exposure to carbon pricing and other regulatory costs. Therefore, we continually monitor and assess new technologies or operational efficiency investments that could reduce emissions. The following is a case study of how CPKC is reducing carbon pricing risk by reducing the emissions impact of our operations. (S) CPKC has strategic landholdings located across our rail network. CPKC continually evaluates opportunities to utilize our land assets to add business value and reduce our environmental footprint, helping reduce risk from carbon pricing. (T) Generating renewable energy presents an opportunity to improve operational efficiency, add value to land assets, demonstrate climate action and lower CPKC's exposure to carbon pricing programs. (A) In 2021, CPKC constructed a solar farm at its Calgary headquarters. The facility spans approximately five hectares, providing covered parking for up to 500 employee vehicles and incorporates four electric car charging stations and a solar garden. This innovative project has enabled our corporate headquarters building to run on renewable electricity. (R) In 2023, the solar farm generated more than 4,900 MWh of electricity, corresponding to a GHG emissions savings of around 2,899 metric tons. This project has an expected timescale corresponding to its useful life of 25 years after the project completion in 2021.

3.3

In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

Water-related regulatory violations	Comment
☑ No	No additional comment.

3.5

Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

☑ Yes

3.5.1

Select the carbon pricing regulation(s) which impact your operations.

☑ BC carbon tax
☑ Canada federal fuel charge

3.5.3

Complete the following table for each of the tax systems you are regulated by.

BC CARBON TAX

Period start date
01/01/2023

Period end date
12/31/2023

% of total Scope 1 emissions covered by tax
19

Total cost of tax paid
38,000,000

Comment
Various Canadian provinces and the federal government have implemented carbon pricing programs to incentivize consumers to reduce fossil fuel use and related GHG emissions. Under the British Columbia carbon tax, CPKC is required to remit carbon taxes to British Columbia based on fuel consumption within the province during 2023. Costs to comply with the carbon tax program increase the price of CPKC locomotive fuel and associated operating costs. Any increase in operating costs related to operations within the province is allocated to CPKC's customers based on Tariff 9800. The purpose of this tariff is to transparently convert carbon emissions costs from the method by which they are charged to the railway ($ per ton of CO_2-equivalent emissions per litre of fuel consumed) into a format applicable to customer shipments ($ per loaded car mile, $ per unit shipped, etc.). Tariff 9800 is publicly available and applies to all shipments moving through British Columbia to recover the incremental expense associated with carbon taxes or levies. The surcharge amount is calculated to recover this projected expense and appears as a separate line item on invoices for customer freight charges.

CANADA FEDERAL FUEL CHARGE

Period start date
01/01/2023

Period end date
12/31/2023

% of total Scope 1 emissions covered by tax
45

Total cost of tax paid
85,000,000

Comment
Various Canadian provinces and the federal government have implemented carbon pricing programs to incentivize consumers to reduce fossil fuel use and related GHG emissions. Under the federal carbon tax, CPKC is required to remit carbon taxes to the federal government based on fuel consumption (except in provinces with an approved carbon pricing program ex. Quebec and British Columbia). Costs to comply with carbon tax programs effectively increase the price of locomotive fuel and associated operating costs to CPKC. Any increase in operating costs related to operations within this region is allocated to CPKC's customers based on Tariff 9800. The purpose of this tariff is to transparently convert carbon emissions costs from the method by which they are charged to the railway ($ per ton of CO_2-equivalent emissions per litre of fuel consumed) into a format applicable to customer shipments ($ per loaded car mile, $ per unit shipped). Specifically, the surcharges in the tariff apply to all shipments moving through Canadian provinces that are subject to the federal carbon pricing program to recover the incremental expense associated with carbon taxes or levies. A greenhouse gas emissions surcharge is applied to every shipment moving through applicable provinces and appears as a separate line item on invoices for freight charges.

3.5.4

What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

CPKC actively engages in all carbon pricing programs that impact our operations. To support compliance with these programs, CPKC established a cross-functional team with participants from Treasury, Fuel Group, Commodity Taxation, Environmental Risk, Strategy and Legal. Subject matter experts regularly review program developments and implement appropriate compliance mechanisms to prepare CPKC for complying with the carbon pricing systems in which we participate.

Carbon pricing programs continue to evolve in Canada. During 2023, this team periodically reviewed carbon pricing program developments in Alberta, Québec, Manitoba, Saskatchewan and British Columbia, as well as at the federal level. In 2023, Canada's federal carbon tax was $65 per metric ton CO_2e and is expected to rise by $15 per year until reaching $170 in 2030. CPKC's cross-functional team is responsible for all aspects of maintaining compliance, including fuel procurement, tracking, reporting, verification, sourcing carbon allowances (as needed), internal/external communications and meeting regulatory deadlines. For example, one output of this strategy is annually updating and communicating our Tariff 9800 to impacted customers.

As governments implement or adjust environmental taxes or levies, CPKC updates surcharge rates reflected in Tariff 9800. The tariff was updated in 2023 and will continue to be adjusted to accommodate for changes to fuel pricing and carbon pricing schemes. The timescale of implementation for this action is anticipated to be through at least 2030 based on the current timeframe communicated by Canada's federal government. Tariff 9800 establishes emissions surcharge rates at the province level to recoup carbon price costs related to fuels used in transporting customer goods. Tariff 9800 is designed to maintain an equitable, revenue-neutral system to clearly articulate and distribute carbon costs to our customers. The result of these actions to comply with carbon pricing systems and updating and communicating Tariff 9800 enables CPKC to maintain competitive shipping rates, which are key to our strategy for complying with regulatory carbon pricing systems.

3.6

Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

CLIMATE CHANGE

Environmental opportunities identified

☑ Yes, we have identified opportunities, and some/all are being realized

WATER

Environmental opportunities identified

☑ No

Primary reason why your organization does not consider itself to have environmental opportunities

☑ Not an immediate strategic priority

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations. Please note that water-related risks such as flooding and precipitation are evaluated under the scope of climate-related risks.

3.6.1

Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

CLIMATE CHANGE

Opportunity identifier

☑ Opp1

Opportunity type and primary environmental opportunity driver

Products and services

☑ Development of new products or services through R&D and innovation

Value chain stage where the opportunity occurs

☑ Direct operations

Country/area where the opportunity occurs

☑ Canada

☑ Mexico

☑ United States of America

Organization specific description

Demand to ship goods and materials by rail, particularly for intermodal container shipments is increasing in North America. As this demand grows, CPKC's current and prospective customers are increasingly looking for opportunities to reduce the carbon footprint associated with their supply chains. According to the Association of American Railroads (AAR), transporting

freight by rail is three-to-four times more fuel efficient than shipping by truck and produces about 75 percent less GHG emissions. As customer demand continues to increase for low-carbon services, the inherent carbon intensity advantage of CPKC's rail services over other modes of transportation presents a significant opportunity to generate additional revenue. This opportunity is anticipated to be most pronounced for CPKC's intermodal services, where products are readily transitioned from highway truck transport to freight rail service. To help realize the opportunity associated with increased demand for freight rail due to climate and environmental considerations CPKC's efforts revolved around merging legacy CP with legacy KCS. CPKC anticipates the combination of legacy CP's and legacy KCS's rail network could result in increased demand for rail intermodal services. As a result, this could divert up to 64,000 long-haul truck shipments to rail annually and reduce total truck vehicle miles traveled by almost 2 billion miles over the next two decades, saving more than $750M in highway maintenance costs.

Primary financial effect of the opportunity

☑ Other, please specify : increased revenues resulting from combination of legacy CP and legacy KCS

Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

☑ Long-term

Likelihood of the opportunity having an effect within the anticipated time horizon

☑ Likely (66–100%)

Magnitude

☑ High

Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Through our scenario analysis exercise, legacy CP considered multiple energy transition pathways developed by the IEA to understand potential impacts on the transport sector. The Base Scenario, grounded on existing and planned policies, forecasts a significant increase in North American freight rail activities. A High Rail Scenario assumes increased GHG policy effort and substantial investment in rail infrastructure. In this scenario, freight rail services replace significant demand from alternative modes such as road freight. Following the IEA's projections for future growth in North American freight rail demand (under a high rail scenario), legacy CP's total freight revenues could increase from $7.541B in 2020 to nearly $9.7B by 2030. This is not a projection of legacy CP's anticipated freight revenue position in 2030, but rather an illustration of the potential opportunity should the future align with the IEA High Rail Scenario.

Are you able to quantify the financial effects of the opportunity?

☑ Yes

Anticipated financial effect figure in the long-term – minimum (currency)

2,800,000,000

Anticipated financial effect figure in the long-term – maximum (currency)

3,700,000,000

Explanation of financial effect figures

In 2020, legacy CP undertook a scenario analysis, which is used to inform the potential financial impact figure and utilizes 2020 freight revenue as the basis for modelling calculations. In 2020, legacy CP's freight revenues were $7.541B. In future scenarios, there is likely to be increased customer demand for low-carbon services provided by CPKC, related to the inherent energy efficiency benefits and carbon intensity savings of transporting goods by freight rail over other modes of transportation. An increase in demand for low-carbon services could correspond to an increase in our freight revenue. Using climate-related scenario analysis, we projected the increases in freight rail under the Base Scenario, in which North American freight rail growth could increase at a 1.8 percent compounding annual growth rate until 2030 and then at a 1.36 percent rate until 2040. Annual freight revenues could reach $10.32B ($7.541B*(1+0.018)^10 = $9.01B; $9.01B*(1+0.0136)^10 = $10.32B) by 2040, which represents an increase in annual freight revenues of $2.8B above current levels by 2040 ($10.32B is about $2.8B greater than $7.541B). Under the more ambitious High Rail Scenario, North American freight rail could grow 2.33 percent annually until 2030 and then by 1.69 percent until 2040. Annual freight revenues would then reach $11.23B ($7.541B*(1+0.0233)^10 = $9.49B; $9.49B*(1+0.0169)^10 = $11.23B) by 2040, which is an increase of $3.7B above current levels ($11.23B is about $3.7B greater than $7.541B).

These estimates are intended to illustrate the potential for business growth should the future align with the IEA High Rail Scenario. The values presented here are not intended to provide a projection of future revenue at CPKC.

Cost to realize opportunity

1,896,000,000

Explanation of cost calculation

CPKC is undertaking efforts to realize the opportunity associated with growing demand for freight rail services. This has included our strategic approach to business growth, highlighted by our acquisition of legacy KCS (acquired control in 2023). Please note that we cannot specifically quantify the costs associated with the acquisition of legacy KCS to realize this opportunity.

This acquisition helps CPKC to take further advantage of the environmental and operational efficiencies of freight rail. In addition, CPKC's continued investment in increasing operational efficiency will also help to realize this opportunity. These investments in 2023 included continued re-investment in the Company's existing locomotive fleet and rail cars, for renewal of depleted assets and increased fuel efficiency and reduction in GHG emissions. In 2023, CPKC invested $186M in upgrading the existing locomotive fleet, $87M in rail cars, $250M in network improvements and growth initiatives, and $1,373M in track and roadway investment for the renewal of depleted assets, totaling $1,646M ($186M + $87M + 1,373M+$250M = $1,896M).

Strategy to realize opportunity

(S) Legacy CP had been working to grow our network to offer more destinations and routing options for our customers and the North American logistics supply chain. This includes our 2020 acquisition of the Central Maine & Quebec Railway, which extended our network reach to the East Coast for the first time in 25 years. (T) The Company continued to explore opportunities to expand the reach of our network, and grow our capabilities to provide reliable, safe and environmentally friendly services to our customers and other stakeholders. (A) To help realize the opportunity associated with increased demand for freight rail due to climate and environmental considerations, legacy CP's efforts revolved around merging with legacy KCS in. The acquisition was approved by the STB in March 2023, acquiring control of legacy KCS in April 2023 to form a combined railroad company, CPKC. Following completion, CPKC became the only railway spanning Canada, the U.S. and Mexico, with a much larger integrated and more competitive network. The timescale of integration for CPKC is expected to occur over the next three years. (R) CPKC anticipates the combination of legacy CP and legacy KCS rail network could result in increased demand for rail intermodal services. As a result, this could divert up to 64,000 long-haul truck shipments to rail annually and reduce total truck vehicle miles traveled by almost 2 billion miles over the next two decades, saving more than $750M in highway maintenance costs. CPKC estimated that in the six months between April 2023 and October 2023, over 2,260 trucks have been removed from the highway due to CPKC's intermodal rail operations.

C4. Governance

4.1

Does your organization have a board of directors or an equivalent governing body?

Board of directors or equivalent governing body

☑ Yes

Frequency with which the board or equivalent meets

☑ More frequently than quarterly

Types of directors your board or equivalent is comprised of

☑ Executive directors or equivalent

☑ Independent non-executive directors or equivalent

Board diversity and inclusion policy

☑ Yes, and it is publicly available

Briefly describe what the policy covers

The Board of Directors Diversity Policy confirms that diversity of thought, background, skills, and experience facilitates a broader exchange of perspectives and is essential in maintaining an effective Board. The objective of this policy is to set out principles by which the Board will continue to enhance diversity and inclusion. When identifying candidates for election or appointment to the Board of Directors, CPKC will take into account skills, background, experience and knowledge; we will also strive to consider factors such as gender, age, geographical representation from the regions in which we operate, cultural heritage and different abilities. We also strive to use, to their fullest potential, CPKC's network of relationships, in addition to using third party organizations, that may help identify diverse candidates joining the Board.

Attach the policy (optional)

CPKC Board Diversity Policy.pdf

4.1.1

Is there board-level oversight of environmental issues within your organization?

	Board-level oversight of this environmental issue
Climate change	☑ Yes
Water	☑ Yes
Biodiversity	☑ Yes

4.1.2

Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

CLIMATE CHANGE

Positions of individuals or committees with accountability for this environmental issue

☑ Board-level committee

Positions' accountability for this environmental issue is outlined in policies applicable to the board

☑ Yes

Policies which outline the positions' accountability for this environmental issue

☑ Board Terms of Reference

Frequency with which this environmental issue is a scheduled agenda item

☑ Scheduled agenda item in some board meetings – at least annually

Governance mechanisms into which this environmental issue is integrated

☑ Reviewing and guiding annual budgets
☑ Overseeing the setting of corporate targets
☑ Monitoring progress towards corporate targets
☑ Approving corporate policies and/or commitments
☑ Overseeing and guiding public policy engagement
☑ Monitoring the implementation of a climate transition plan
☑ Overseeing and guiding the development of a business strategy
☑ Overseeing and guiding acquisitions, mergers, and divestitures
☑ Monitoring compliance with corporate policies and/or commitments
☑ Overseeing and guiding the development of a climate transition plan
☑ Overseeing and guiding public policy engagement
☑ Reviewing and guiding innovation/R&D priorities
☑ Overseeing and guiding major capital expenditures
☑ Monitoring the implementation of the business strategy
☑ Overseeing reporting, audit, and verification processes

Please explain

The Board is responsible for overseeing CPKC's business, providing overall guidance and direction to management, our long-term strategic direction, succession plans for senior officers, risk oversight and ensuring that the long-term interests of shareholders are served. The Board also has final approval on all matters related to executive compensation and employee incentives.

CPKC's Board-level Risk and Sustainability Committee (RSC) provides oversight for sustainability and climate topics. The RSC formally met three times in 2023 and also had a number of informal meetings to discuss matters relevant to the committee. Key objectives of these meetings were to, among other things: (1) Review CPKC's short- and long-term sustainability objectives and results of any internal and external stakeholder engagement, (2) Review CPKC's performance against our short- and long-term sustainability objectives and review plans to improve performance concerning sustainability practices and reporting, (3) Review strategic plans and opportunities for the business to ensure alignment with our sustainability objectives and long-term sustainability considerations, including climate change, workforce risks and supply chain risks and (4) Monitor and report on emerging trends, risks or issues related to sustainability topics relevant to CPKC.

Specifically, regarding climate change, in 2023, the RSC engaged with management on CPKC's key carbon reduction efforts, including reviewing management's analysis of potential carbon reduction opportunities and progress on important ongoing climate initiatives. The RSC also supported management's announcement of CPKC's Commitment to Climate Action, which outlines CPKC's commitment to establish an emissions reduction target aligned with a 1.5°C future and the global objective of achieving a net-zero emissions economy by 2050. In addition, the RSC supported CPKC's prioritization of a 2030 GHG emissions reduction target for CPKC's combined locomotive operations, which was validated by SBTi.

4.2

Does your organization's board have competency on environmental issues?

CLIMATE CHANGE

Board-level competency on this environmental issue

☑ Yes

Mechanisms to maintain an environmentally competent board

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues

☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)

☑ Having at least one board member with expertise on this environmental issue

Environmental expertise of the board member

Experience

☑ Executive-level experience in a role focused on environmental issues

WATER

Board-level competency on this environmental issue

☑ No, and we do not plan to within the next two years

Primary reason for no board-level competency on this environmental issue

☑ Not an immediate strategic priority

Explain why your organization does not have a board with competence on this environmental issue

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

4.3

Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue
Climate change	☑ Yes
Water	☑ Yes
Biodiversity	☑ Yes

4.3.1

Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

CLIMATE CHANGE

Position of individual or committee with responsibility

Executive level

☑ Chief Executive Officer (CEO)

Environmental responsibilities of this position

Policies, commitments, and targets

☑ Measuring progress towards environmental corporate targets
☑ Measuring progress towards environmental science-based targets
☑ Setting corporate environmental policies and/or commitments
☑ Setting corporate environmental targets

Strategy and financial planning

☑ Implementing a climate transition plan

Reporting line

☑ Reports to the board directly

Frequency of reporting to the board on environmental issues

☑ Quarterly

Please explain

With oversight from the President and CEO, implementation of CPKC's sustainability objectives, including as they relate to climate change, is guided by a cross-functional executive Sustainability Steering Committee. Implementation of CPKC's sustainability objectives, including those related to climate change, is guided by a cross-functional executive Sustainability Steering Committee. The Sustainability Steering Committee regularly reports progress quarterly and advances recommendations on the Company's sustainability objectives, policies and management approach to the Risk and Sustainability Committee of the Board. To lead the Company's focus on decarbonization, we have established a Carbon Reduction Task Force (CRTF), composed of the Company's industry-leading engineers and operations experts. Reporting to the executive Sustainability Steering Committee, the CRTF evaluates, recommends and implements climate action measures to reduce GHG emissions and drive performance on our science-based target. The CRTF engages with various stakeholders, including climate experts to conduct research and implement pilot and demonstration-level projects, which support innovation and development of solutions for the rail sector.

4.5

Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

CLIMATE CHANGE

Provision of monetary incentives related to this environmental issue

☑ No, but we plan to introduce them in the next two years

Please explain

CPKC expects to inform stakeholders about any updates to our Climate Strategy that we adopt for the Company in 2024, including any updates made to the expectations, targets or goals set forth in our current Climate Strategy.

WATER

Provision of monetary incentives related to this environmental issue

☑ No, and we do not plan to introduce them in the next two years

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

4.6

Does your organization have an environmental policy that addresses environmental issues?

Does your organization have any environmental policies?
☑ Yes

4.6.1

Provide details of your environmental policies.

ROW 1

Environmental issues covered

☑ Climate change
☑ Water
☑ Biodiversity

Level of coverage

☑ Organization-wide

Value chain stages covered

☑ Direct operations
☑ Upstream value chain
☑ Downstream value chain

Explain the coverage

Legacy CP's Environmental Policy, which is currently applicable to CPKC, promotes company-wide standards to facilitate strong environmental performance, compliance with legal and regulatory requirements and other internal and external obligations, as applicable. We are committed to protecting the environment, promoting the well-being of workers and communities, minimizing our environmental footprint and ensuring compliance with legal and regulatory requirements while providing efficient and reliable transportation solutions for our customers. The Policy applies to all employees, directors, officers, agents, contractors and representatives. With respect to CPKC personnel who provide goods and/or services for CPKC and who are not in a direct employment relationship with CPKC, it is expected that such personnel will either abide by the Policy or undertake, as a condition of their engagement with CPKC, to adhere to the principles and standards of business conduct consistent with the Policy. The Policy also highlights our commitment to engage with relevant stakeholders – including our investors, employees, customers, regulators, suppliers and Indigenous communities to discuss our environmental management practices and environmental issues and concerns associated with our operations. Our environmental and social commitments are also enshrined in Supplier Code of Conduct and Human Rights Policy. CPKC is in the process of updating policies for the combined entity.

Environmental policy content

Environmental commitments

☑ Commitment to comply with regulations and mandatory standards
☑ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

☑ Other climate-related commitment, please specify : Reducing greenhouse gas emissions and optimizing energy consumption

Water-specific commitments

☑ Commitment to control/reduce/eliminate water pollution
☑ Other water-related commitment, please specify : Promoting the efficient use of water and other natural resources through careful management practices, monitoring, deployment of high efficiency equipment and elimination of water waste across our operations.

Social commitments

☑ Adoption of the UN International Labour Organization principles
☑ Commitment to promote gender equality and women's empowerment
☑ Commitment to respect and protect the customary rights to land, resources, and territory of Indigenous Peoples and Local Communities
☑ Commitment to respect internationally recognized human rights
☑ Other social commitment, please specify : Building and maintaining constructive relationships with local and Indigenous communities and other key stakeholders, and integrating community environmental related concerns and insights into our operations and decision making.

Indicate whether your environmental policy is in line with global environmental treaties or policy goals

☑ Yes, in line with the Paris Agreement

Public availability

☑ Not publicly available

Attach the policy

CPKC_Supplier_Code_of_Conduct.pdf

4.10

Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Are you a signatory or member of any environmental collaborative frameworks or initiatives?

☑ Yes

Collaborative framework or initiative

☑ Science-Based Targets Initiative (SBTi)

☑ Task Force on Nature-related Financial Disclosures (TNFD)

☑ UN Global Compact

Describe your organization's role within each framework or initiative

CPKC is proud to be the first freight company in North America to participate in the United Nations Global Compact, a voluntary leadership platform for the development, implementation and disclosure of responsible business practices.

Launched in 2000, the UN Global Compact is the largest corporate sustainability initiative in the world, with more than 22,000 participating companies in over 160 countries. In 2023, CPKC joined the Task Force on Nature-related Financial Disclosures (TNFD) Forum. Both legacy CP and legacy KCS had previously adopted SBTi-validated targets to reduce GHG emissions by 2030 and 2034 respectively. As part of our sustainability integration, we made it an early priority for CPKC to replace those two different targets with a single CPKC GHG emissions reduction target. As a result, the new science-based emissions reduction target for the combined CPKC, validated by SBTi, is: CPKC will reduce our well-to-wheel (WTW) locomotive emissions by 36.9% per gross ton-mile by 2030 from a 2020 base year. We also announced our commitment to develop a greenhouse gas (GHG) emissions reduction target aligned with a 1.5°C future and support the global economy to achieve net-zero emissions by 2050.

4.11

In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

☑ Yes, we engaged directly with policy makers

☑ Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

☑ Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

Global environmental treaties or policy goals in line with public commitment or position statement

☑ Paris Agreement

Attach commitment or position statement

CPKC 2023 Climate Statement.pdf

Indicate whether your organization is registered on a transparency register

☑ Yes

Types of transparency register your organization is registered on

☑ Mandatory government register

Disclose the transparency registers on which your organization is registered & the relevant ID numbers for your organization

- Federal Registry of Lobbyists (Canada)
- British Columbia Registry of Lobbyists (#: 1231-793-34)
- Alberta Registry of Lobbyists (#: OL-10239-23)
- Saskatchewan Registry of Lobbyists (#: 3852-1236-23)
- Ontario Registry of Lobbyists (#: PP1789-20160706017531)
- Quebec Registry of Lobbyists (#: 202223193)
- New Brunswick Registry of Lobbyists (individual registration: #1621)
- US Senate (Soo Line Railroad Company: ID #: 401104876)
- US House (Soo Line Railroad Company: ID #: 440390001)

Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

To ensure broad alignment across the business, CPKC released its commitment to climate action, which acknowledges the effects of rising global temperatures and lays out our commitment to ongoing efforts to mitigate these impacts. CPKC commits to support the goals of the Paris Agreement, which seek to limit global temperature rise to well below 2 degrees Celsius above pre-industrial levels. A key component of our Commitment to Climate Action is collaboration, partnerships and engagement with stakeholders including suppliers, customers, investors, employees and governments, to achieve our climate goals. This involves strategic engagements to support our Climate Strategy, including topics related to cap and trade, carbon taxes, fuel efficiency standards, renewable fuel standards and emissions reporting programs. CPKC's Climate Commitments, Climate Strategy and overall approach to sustainability are reviewed with CPKC's Executive team and the Board's RSC. With oversight from the President and CEO, implementation of CPKC's sustainability objectives, including those related to climate change, is guided by a cross-functional executive Sustainability Steering Committee. The Sustainability Steering Committee regularly reports progress quarterly and advances recommendations on the Company's sustainability objectives, policies and management approach to the Risk and Sustainability Committee of the Board. To lead the Company's focus on decarbonization, we have established a Carbon Reduction Task Force, composed of industry-leading engineers and operations experts. Reporting to the executive Sustainability Steering Committee, the CRTF evaluates, recommends and implements climate action measures to reduce GHG emissions and drive performance on our science-based target. The CRTF engages with various stakeholders, including climate experts to conduct research and implement pilot and demonstration-level projects, which support innovation and development of solutions for the rail sector.

4.11.1

On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

ROW 1

Specify the policy, law, or regulation on which your organization is engaging with policy makers

The Canada Transportation Act regulates the transportation sector to achieve the goals of Canada's National Transportation Policy. CPKC engages with policymakers on capital cost allowance rates to incentivize investments in rail and other supply chain participant assets. We also advocate for regulatory changes to streamline railway infrastructure construction and expedite decisions, which can (and do) reduce emissions.

Environmental issues the policy, law, or regulation relates to

☑ Climate change

Focus area of policy, law, or regulation that may impact the environment

Environmental impacts and pressures

☑ Emissions – CO_2

☑ Emissions – other GHGs

Geographic coverage of policy, law, or regulation

☑ National

Country/area/region the policy, law, or regulation applies to

☑ Canada

Your organization's position on the policy, law, or regulation

☑ Support with minor exceptions

Details of any exceptions and your organization's proposed alternative approach to the policy, law, or regulation

In line with the independent recommendations of the 2015 Statutory Review Panel of the Canada Transportation Act, and the recommendations of others including the Railway Association of Canada, CPKC proposes accelerated depreciation rates and rules for the cost of capital in the rail industry. In addition to delivering meaningful benefits to Canada's supply chain capacity, efficiency, and performance, this policy change could have associated environmental benefits in the form of emissions reducing and infrastructure hardening (climate resilient) investments. CPKC proposes that the federal regulatory regime for the approval of railway projects be amended to emphasize results, not process, which we believe can be achieved while maintaining the highest environmental standards in the world. Duplicative and uncertain regulatory processes can (and do) delay or prevent the progress of projects with significant environmental benefits.

Type of direct engagement with policy makers on this policy, law, or regulation

☑ Other, please specify :CPKC has a history of participating in policy and regulatory processes with the aim of contributing to the development of sound public policies and regulations that are relevant to our business.

Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

CPKC is sustainably driven, including in our advocacy. The policy changes advocated by CPKC respecting accelerated depreciation and regulatory approval processes are aligned with – and support – CPKC's publicly accessible climate commitments. Accelerated depreciation could have associated environmental benefits in the form of stimulating emissions reduction and infrastructure hardening (climate resilient) investments across supply chains. Amending the regulatory requirements for the construction of railway infrastructure would enable clearer and faster decision-making by regulators on railway projects which can (and do) reduce emissions. Success is measured by the effectiveness of the engagements or communications products.

Indicate if you have evaluated whether your organization's engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

☑ Yes, we have evaluated, and it is aligned

Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

☑ Paris Agreement

4.11.2

Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

ROW 1

Type of indirect engagement

☑ Indirect engagement via a trade association

Trade association

North America

☑ Other trade association in North America, please specify :Railway Association of Canada (RAC)

Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

☑ Climate change

Indicate whether your organization's position is consistent with the organization or individual you engage with

☑ Consistent

Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

☑ Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

According to their 2021 Locomotive Emissions Monitoring Report, the Railway Association of Canada (RAC) advocates on behalf of its members, representing close to 60 freight and passenger railway companies. This can include environmental matters, namely policies that enable modal shift to rail which reduces emissions in the transportation sector while providing strong service to customers. Its Locomotive Emissions Monitoring (LEM) program, providing a public accounting for rail emissions, was established through Memorandum of Understandings (MOUs) dating back to 1995 reports. The updated LEM report can be viewed at https://www.railcan.ca/wp-content/uploads/2023/09/SPARK-RAC-21-LEM_REPORT-2023-EN10.pdf. RAC signed a renewed voluntary MOU with Transport Canada in 2023 with the aim of collaborating constructively to further reduce rail industry emissions. Discussions related to the renewed MOU touched upon subjects such as the federal Clean Fuel Regulation and, more broadly, how the federal government can best support railways in reducing the industry's greenhouse gas emissions and clean air contaminants, among many other related topics. The renewed MOU also focuses on accelerating adoption of zero-emission locomotives in Canada's rail sector. RAC engages with various government departments on matters such as climate resiliency, railway or railway-related climate plans, environmental frameworks, protecting against invasive species, supporting a circular economy, climate modelling, clean tax credits, and more. RAC's advocacy and other government engagements are consistent with the climate commitments of its members. CPKC's Assistant Vice-President, Canadian Government Affairs and Assistant Vice-President, Communications and Media Relations are directors on the board of RAC. RAC's board of directors is responsible for the Association's strategic leadership and, in this capacity, engage in discussions and advocacy with industry representatives, policymakers, and other stakeholders on public policy positions. https://www.railcan.ca/what-we-do/rac-board-of-directors/.

Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

☑ Yes, we have evaluated, and it is aligned

Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

☑ Paris Agreement

ROW 2

Type of indirect engagement

☑ Indirect engagement via a trade association

Trade association

North America

☑ Other trade association in North America, please specify :Association of American Railroads (AAR)

Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

☑ Climate change

Indicate whether your organization's position is consistent with the organization or individual you engage with

☑ Consistent

Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

☑ Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

The AAR advocates on behalf of the U.S. freight rail industry, leading policy development, research, standard-setting and technology organization that focuses on rail sector safety and productivity. In March 2021, the AAR released a new report on Freight Railroads & Climate Change outlining the intrinsic benefits that rail provides in reducing greenhouse gas emissions. The report establishes several policy positions including, 1) instituting market solutions to reduce climate change, 2) creating a user-pay system for freight transported on public highways, 3) emissions surcharge programs, 4) partnerships for research funding, 5) streamlining railroad regulation to support decarbonization, 6) support for carbon capture, utilization and storage and 7) encouraging investment in decarbonization practices. The report, Freight Railroads and Climate Change, can be found here: https://www.aar.org/wp-content/uploads/2021/02/AAR-Climate-Change-Report.pdf

In 2023, CPKC was represented at AAR by the Assistant Vice President of U.S. Government Affairs, and the Senior Director of U.S. Government Affairs, and the Director of U.S. Government Affairs, who are the representatives for Alabama, Arkansas, Illinois, Iowa, Kansas, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, New York, North Dakota, Oklahoma, South Dakota, Tennessee, Texas, Vermont and Wisconsin. In this capacity, we engage in discussions with industry representatives, policymakers and other stakeholders on public policy positions.

Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

☑ Yes, we have evaluated, and it is aligned

Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

☑ Paris Agreement

4.12

Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

☑ Yes

4.12.1

Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

ROW 1

Publication
☑ In mainstream reports

Environmental issues covered in publication
☑ Climate change

Status of the publication
☑ Complete

Content elements
☑ Risks & Opportunities
☑ Strategy
☑ Emission targets

Page/section reference
p. 16 – 19, 23, 25, 38 – 39, 47 – 48

Attach the relevant publication
CPKC_AnnualReport_2023.pdf

Comment
2023 Annual Report

ROW 2

Publication
☑ In mainstream reports

Environmental issues covered in publication
☑ Climate change

Status of the publication
☑ Complete

Content elements
☑ Governance
☑ Strategy
☑ Emission targets

Page/section reference
p. 12, 14 – 15, 79, 90 – 96

Attach the relevant publication
cpkc-2024-management-proxy-circular-final.pdf

Comment
2024 Management Proxy Circular

C5. Business strategy

5.1

Does your organization use scenario analysis to identify environmental outcomes?

CLIMATE CHANGE

Use of scenario analysis

☑ Yes

Frequency of analysis

☑ Every three years or less frequently

WATER

Use of scenario analysis

☑ Yes

Frequency of analysis

☑ Every three years or less frequently

5.1.1

Provide details of the scenarios used in your organization's scenario analysis.

CLIMATE CHANGE

Scenario used

Climate transition scenarios

☑ IEA SDS

Approach to scenario

☑ Qualitative and quantitative

Scenario coverage

☑ Business division

Risk types considered in scenario

☑ Policy
☑ Market
☑ Reputation
☑ Technology
☑ Liability

Temperature alignment of scenario

☑ 1.6ºC - 1.9ºC

Reference year

2015

Timeframes covered

☑ 2030
☑ 2040
☑ 2050

Driving forces in scenario

Stakeholder and customer demands

☑ Consumer sentiment
☑ Consumer attention to impact

Regulators, legal and policy regimes

☑ Global regulation
☑ Global targets

Relevant technology and science

☑ Other relevant technology and science driving forces, please specify : Markets powered by renewables, including solar, wind and biofuels

Assumptions, uncertainties and constraints in scenario

Legacy CP used the IEA's Sustainable Development Scenario to help evaluate potential business impacts, which assumes global warming is limited to 2 degrees Celsius due to several anticipated regulatory, technological and societal lifestyle changes. The key assumptions under the scenario include:

- All major economies have an energy sector at least 90% less carbon intensive than today;
- Fossil fuel subsidies are phased out by 2025 in net-importing countries and by 2035 in net-exporting countries;
- Policies promoting alternative fuels and technologies, such as hydrogen, biogas, bio-methane and carbon capture, use and storage (CCUS) are enacted across sectors;
- Efficient markets are powered by renewables including solar, wind and biofuels which represents the majority of electricity generation;
- Technology advances can be seen to facilitate the transformation;
- Focus on decarbonization of transportation through new technologies; and
- Extreme weather impacts are avoided due to GHG mitigation

This was compared to the IEA baseline scenarios as presented in the Current Policies and New Policies scenarios. Where the Company's internal market projections were available, this information was combined with IEA scenario projections to identify potential impacts on the company. Where not available, legacy CP's market share was used as the baseline from which to model the financial impacts of the different scenarios.

Rationale for choice of scenario

In line with the recommendations of the former TCFD, legacy CP identified at least one scenario aligned with limiting global average temperature rise to 2°C or below by the end of this century (i.e., the 2-Degrees Scenario, or 2DS). The TCFD encourages companies to demonstrate that they are considering their resilience in a radically different future, one that will require dramatic changes in energy systems, global markets, policies, and regulations in ways that could significantly impact the business landscape. Considering this, legacy CP used the IEA's Sustainable Development Scenario (SDS) with a 1.7°C warming outcome. In this pathway, the world's largest economies, embrace climate action and the energy transition, and put the planet on a path to be well below 2°C by 2050, meaning many nations and entities will/must achieve net zero GHG emissions by 2050. Along with this scenario, legacy CP had conducted a comparative evaluation with two other global scenarios: IEA's Current Policies Scenario for a business-as-usual pathway and IEA's Stated Policies Scenario for an incremental pathway.

WATER

Scenario used

Physical climate scenarios

☑ RCP 7.0

Scenario used SSPs used in conjunction with scenario

☑ SSP3

Approach to scenario

☑ Qualitative and quantitative

Scenario coverage

☑ Country/area

Risk types considered in scenario

☑ Acute physical

☑ Chronic physical

Temperature alignment of scenario

☑ 4.0ºC and above

Reference year

2000

Timeframes covered

☑ 2030

☑ 2050

Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Speed of change (to state of nature and/or ecosystem services)

☑ Climate change (one of five drivers of nature change)

Regulators, legal and policy regimes

☑ Global regulation

☑ Global targets

Assumptions, uncertainties and constraints in scenario

Our process for identifying, assessing, and responding to water-related risks such as flooding and heavy precipitation and mitigating impacts to our rail network is included in our climate-related risk management strategy (see 2.2.2.16 above). Legacy CP drew upon publicly available scenarios from the Intergovernmental Panel on Climate Change (IPCC) to model physical risks. SSP1-2.6 assumes strong

global cooperation and ambitious climate policies aimed at limiting greenhouse gas emissions. Driving forces include carbon pricing, regulations, and policies incentives energy efficiency. It also assumes stable and inclusive economic growth and global collaboration on climate action. SSP3-7.0 assumes population growth drives an increased fossil fuel consumption, inconsistent or weak climate policies lack commitment and international cooperation. This scenario typically represents significant physical climate risks, including extreme temperatures, weather events, flooding and sea-level rise. The reference year is generally in the early 2000s, and an average across 30 years (1985-2014) is used to get a more comprehensive climate view. The Company used geographic information system modelling to evaluate several locations across the rail network to understand how physical impacts associated with this climate change scenario could affect railway operations. In 2020, this physical risk exercise covered legacy CP's entire operations, with an additional focus on five key operating sites across our network. Where possible, this evaluation included global warming data and trends specific to 2030 and 2050 to understand the potential medium- and long-term impacts.

Rationale for choice of scenario

Choosing scenarios like SSP1-2.6 and SSP3-7.0 for a risk analysis provides a robust framework for assessing and planning for a range of possible future climate and socioeconomic conditions. They represent two diverging outcomes which allow for sensitivity testing of long-term consequences on climate timescales. Scenario analysis results provide insight into how climate change might impact the business. The process highlights key financial risks of climate-related issues under varying global warming scenarios while identifying plausible solutions to reduce climate-related risks to the organization. Operating a rail network across North America exposes the organization to both acute and chronic physical risks, including:

- Acute physical impacts from exposure to increasing extreme weather and precipitation events could damage rail infrastructure, possibly disrupting rail operations.
- Chronic changes, such as changing temperature conditions, could lead to disruptive impacts across the network.

CLIMATE CHANGE

Scenario used

Physical climate scenarios

☑ RCP 7.0

Scenario used SSPs used in conjunction with scenario

☑ SSP3

Approach to scenario

☑ Qualitative and quantitative

Scenario coverage

☑ Country/area

Risk types considered in scenario

☑ Acute physical

☑ Chronic physical

Temperature alignment of scenario

☑ 4.0°C and above

Reference year

2000

Timeframes covered

☑ 2030

☑ 2050

Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Speed of change (to state of nature and/or ecosystem services)

☑ Climate change (one of five drivers of nature change)

Regulators, legal and policy regimes

☑ Global regulation

☑ Global targets

Assumptions, uncertainties and constraints in scenario

Legacy CP drew upon publicly available scenarios from the Intergovernmental Panel on Climate Change (IPCC) to model physical risks. SSP1-2.6 assumes strong global cooperation and ambitious climate policies aimed at limiting greenhouse gas

emissions. Driving forces include carbon pricing, regulations, and policies incentives for energy efficiency. It also assumes stable and inclusive economic growth and global collaboration on climate action. SSP3-7.0 assumes population growth drives increased fossil fuel consumption, inconsistent or weak climate policies lack commitment and international cooperation. This scenario typically represents significant physical climate risks, including extreme temperatures, weather events, flooding and sea-level rise. The reference year is generally in the early 2000s, and an average across 30 years (1985-2014) is used to get a more comprehensive climate view. The Company used geographic information system modelling to evaluate several locations across the rail network to understand how physical impacts associated with this climate change scenario could affect railway operations. This physical risk exercise focused on five key operating sites across the network. Where possible, this evaluation included global warming data and trends specific to 2030 and 2050 to understand the potential medium- and long-term impacts.

Rationale for choice of scenario

Choosing scenarios like SSP1-2.6 and SSP3-7.0 for a risk analysis provides a robust framework for assessing and planning for a range of possible future climate and socioeconomic conditions. They represent two diverging outcomes which allow for sensitivity testing of long-term consequences on climate timescales. Scenario analysis results provide insight into how climate change might impact the business. The process highlights key financial risks of climate-related issues under varying global warming scenarios while identifying plausible solutions to reduce climate-related risks to the organization. Operating a rail network across North America exposes the organization to both acute and chronic physical risks, including:

- Acute physical impacts from exposure to increasing extreme weather and precipitation events could damage rail infrastructure, possibly disrupting rail operations.
- Chronic changes, such as changing temperature conditions, could lead to disruptive impacts across the network.

5.1.2

Provide details of the outcomes of your organization's scenario analysis.

CLIMATE CHANGE

Business processes influenced by your analysis of the reported scenarios

☑ Risk and opportunities identification, assessment and management
☑ Strategy and financial planning
☑ Resilience of business model and strategy
☑ Capacity building

Coverage of analysis

☑ Business division

Summarize the outcomes of the scenario analysis and any implications for other environmental issues

Legacy CP conducted scenario analysis in 2020 to model the financial impacts of potential climate-related risks and opportunities. This process identified the Company's potential exposure to the following risks and opportunities:

Policy:

- Carbon Pricing: New or additional carbon pricing could lead to increased costs.
- Fuel Efficiency: Legacy CP's inherent efficiency advantage over trucking may be amplified by climate-related regulations.

Technology:

- Fuel Switching: Switching railway operations to renewable fuels and/or alternative propulsion can reduce fuel consumption and associated carbon costs.
- Trucking Competition: Technology leading to the decarbonization of highway transport may lead to increased competition.

Markets:

- Coal Markets: Scenario analysis identified that decreasing coal demand could impact legacy CP's revenue by as much as $187M annually by 2040.

- Energy Markets: Scenario analysis identified that decreasing consumer demand for certain energy commodities, such as crude oil and petroleum products, could impact legacy CP's revenue by as much as $354M annually by 2040.
- Freight Rail Demand: Decarbonization of the broader transport sector may expand demand for freight rail services and increase revenue.

Scenario analysis involves significant assumptions and uncertainties, and the results of the analysis are not meant to indicate a forecast of future results but rather presents a range of potential financial impacts.

CPKC is in the process of updating its scenario analysis for the combined operations.

CPKC also conducted a detailed scenario analysis of physical risks in 2022-2023 for its Canadian portion of the network. The process is described below.

- Climate Risk Profiles for Critical Assets: The assessment developed an Excel dashboard that provides a risk profile for each of the 1,200+ assets (tunnels, bridges, yards) and 8,000+ miles of track analyzed. The risk profile forecasts trends through 2050 for nine climate hazards (heat, cold, freeze-thaw cycles, drought, rainfall, river flooding, coastal flooding, landslides, and wildfire weather). The resulting high-risk profiles can be integrated into CPKC business processes to enable better prioritization and planning.
- Risk Prioritization Matrices: Areas across CPKC's network already at high risk from today's climate conditions (ex. embankments that are flood prone) may find even more substantial increases in risk by mid-century as hazards intensify (ex. Increased rainfall leading to higher flood depths). The project utilized risk prioritization matrices to target areas of the assessed rail network that have high exposure to climate hazards and may be a worthwhile investment for CPKC to implement mitigation strategies.

The scenario analysis identified landslides, flooding, extreme heat, and wildfire weather as the four primary risks that have the potential to increase in the number of annual disruptions within the Canadian rail network. The scenario analysis enhances capacity building by deepening the understanding of potential climate impacts on CPKC's assets and network operations by: providing insight into specific vulnerabilities and adaptive capacities required to respond to climate change, pinpointing specific high-risk zones that may experience changes in climate-related hazards, and assessing their potential severity and likelihood under varying climate trajectories. The scenario analysis also allows CPKC to prioritize risks, allocate capital investments effectively, and implement targeted management strategies. Integrating the outcomes of the risk assessment into adaptive planning involves translating findings into actionable strategies and measures for enhancing resilience. The results of this effort build company support for initiatives and investments of proactive infrastructure upgrades, operational adjustments, and community engagement around climate resiliency.

Results of the 2020 scenario analysis have identified areas where further investments can mitigate climate-related risks and capture opportunities. This includes investment in upgrading our locomotive fleet, testing low-carbon fuels, and advancing our Hydrogen Locomotive Program. In 2023, we have completed two low horsepower units that have entered service within our Calgary terminal in switching operation. As of December 2023, the units have completed eight full eight-hour shifts without fail, operating at below freezing temperatures. The units have delivered seamless performance in combination with diesel-electric locomotives. Both units have also been part of 48 mainline tests accumulating a combined 3,840 miles in rail operations. Our high horsepower locomotive, which includes a tender car delivering 1,200 kilograms of additional hydrogen enabling a range comparable with diesel-electric locomotives in Alberta, has completed its first movement test.

WATER

Business processes influenced by your analysis of the reported scenarios

☑ Risk and opportunities identification, assessment and management
☑ Strategy and financial planning
☑ Resilience of business model and strategy
☑ Capacity building

Coverage of analysis

☑ Country/area/region

Summarize the outcomes of the scenario analysis and any implications for other environmental issues

Our process for identifying, assessing, and responding to water-related risks such as flooding and heavy precipitation and mitigating impacts to our rail network is

included in our climate-related risk management strategy (see 2.2.2.16 above). CPKC also conducted a scenario analysis of physical risks in 2022-2023. The scenario analysis identified flooding as an emerging risk that has the potential to increase annual disruptions in the British Columbia segments of our rail network. The scenario analysis enhances capacity building by deepening the understanding of potential climate impacts on CPKC's assets and network operations by: providing insight into specific vulnerabilities and adaptive capacities required to respond to climate change, pinpointing specific high-risk areas that may experience changes in climate-related hazards, and assessing their potential severity and likelihood under varying climate trajectories. The scenario analysis also allows CPKC to prioritize risks, allocate capital investments effectively, and implement targeted management strategies. Integrating the outcomes of the risk assessment into adaptive planning involves translating findings into actionable strategies and measures for enhancing resilience. The results of this effort build company support for initiatives and investments of proactive infrastructure upgrades, operational adjustments, and community transparency around climate resiliency.

5.2

Does your organization's strategy include a climate transition plan?

Transition plan

☑ No, but we are developing a climate transition plan within the next two years

Primary reason for not having a climate transition plan that aligns with a 1.5°C world

☑ Other, please specify :legacy CP and legacy KCS combination

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world

Legacy CP's acquisition of legacy KCS marks a pivotal moment for our company, a unique opportunity to evaluate our practices and advance our commitment to sustainable, long-term growth. As a Sustainably Driven company, we strive to combine forward-thinking planning with concrete measures and practices aimed at addressing climate change. CPKC is committed to thoughtfully planning and preparing our business for a lower-carbon future. In 2023, CPKC announced our commitment to develop a GHG emissions reduction target aligned with a 1.5ºC future and support the global economy to achieve net-zero emissions by 2050.

Building on the Climate Strategy we adopted for CP in 2021, we are working to develop a CPKC 1.5ºC aligned climate transition plan to guide the Company's long-term objectives and practices. Preparing a credible transition plan requires the completion of substantial foundational tasks currently in early implementation at CPKC, including: 1) updating our scenario analysis, 2) integrating our data management systems and harmonizing emissions inventories, 3) engaging with our extended value change on potential carbon mitigation opportunities, 4) working with SBTi to establish a 1.5ºC aligned emissions reduction target, 5) assessing climate risks and opportunities impacting our business and 6) updating our external reporting practices and public disclosures. We look forward to reporting on CPKC's Climate Transition Plan in future CDP and other climate related publications.

5.3

Have environmental risks and opportunities affected your strategy and/or financial planning?

Environmental risks and/or opportunities have affected your strategy and/or financial planning

☑ Yes, both strategy and financial planning

Business areas where environmental risks and/or opportunities have affected your strategy

☑ Products and services
☑ Upstream/downstream value chain
☑ Investment in R&D
☑ Operations

5.3.1

Describe where and how environmental risks and opportunities have affected your strategy.

PRODUCTS AND SERVICES

Effect type

☑ Risks
☑ Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

☑ Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

Efficiency plays a central role in CPKC's strategy when designing our logistics services. According to the FRA, railways are the most efficient and low-carbon form of transporting freight, long distances over land. Our ability to offer customers fuel-efficient, lower-carbon services is a climate-related opportunity for CPKC. Using less fuel per ton of freight reduces our exposure to increasing fuel costs, regulatory risk and escalating carbon pricing programs. CPKC is implementing further strategies to realize this opportunity. For example, in 2023, CPKC also announced the launch of our Mexico Midwest Express (MMX) premium intermodal service. The MMX is the only dedicated single-line premium intermodal service between the U.S. Midwest and Mexico, offering consistent and truly truck competitive service to a market that, prior to our combination, did not have a single-line intermodal option. CPKC's significant investment in the high-efficiency product grain train (HEP train) model product is an example of how current business decisions are supporting climate risk mitigation in the medium and long term. (S) As a highly fuel-efficient operation, CPKC is well-positioned to grow our business while meeting customer expectations for lower carbon freight services. (T) CPKC's business strategy involves improving operational and resource use efficiency to deliver low carbon, less fuel-intensive freight services. (A) An example of CPKC's strategic approach includes the implementation of our HEP train. Our 8,500-foot HEP train model, which paired with our higher-capacity grain hopper cars, enables 40 percent more grain per train, reducing the required total number of train starts, fuel consumption and GHG emissions versus conventional grain shipments. Following project completion in 2022, there were 5,900 new high-capacity grain hopper cars in operation across our network. (R) The capacity improvements associated with these projects have enabled CPKC to grow Canadian grain products shipments. Based on the successful implementation in Canada, we are now expanding it to the U.S. In 2023, we launched and landed the first 8,500-foot train in the U.S.

UPSTREAM/DOWNSTREAM VALUE CHAIN

Effect type

☑ Risks

☑ Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

☑ Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

Legacy CP conducted scenario analysis to assess climate-related risks and opportunities within major customer markets that the company serves. Specifically, CP looked at how changes in coal and energy markets might occur across multiple climate scenarios. This process identified how changes in CP's downstream value chain could impact our future financial performance. In 2023, the Company's energy, chemicals and plastics (ECP) and coal customers accounted for 19 percent and seven percent of our freight revenue, respectively. The findings of scenario analysis have helped inform our customer engagement strategy and enhanced our understanding of how market-specific demand for freight rail transportation could evolve over time. Legacy CP's scenario analysis evaluated how climate-related risks and opportunities might impact customer markets through 2050. CPKC is in the process of updating the scenario analysis for the combined operations. (S) Climate change is anticipated to impact the volatility of specific industrial sectors and markets, particularly energy products. (T) Legacy CP conducted a scenario analysis to evaluate and mitigate potential climate-related risks in the Company's downstream value chain, including how our customers and the markets they serve could be affected by climate change. (A) Legacy CP examined energy-related business lines through scenario analysis, including coal, petroleum products, crude oil, biofuels and wind. Under a 2-degree-aligned future scenario, it was identified that legacy CP could simultaneously experience a future decrease in revenue from petroleum products, crude oil and coal and a revenue increase from the transportation of biofuels and wind power generation equipment. (R) The outcomes of scenario analysis influenced legacy CP's business strategies and customer engagement practices, including engagements with wind energy developers in Alberta or ethanol producers in the U.S. Midwest. Building on the outcomes of scenario analysis and increasing interest from the Company's value chain, we updated our publicly available Carbon Emissions Calculator in 2023 for the combined CPKC network. This web-based tool is designed to give customers greater insight into the carbon footprint of their freight rail transportation services. The tool enables complex, tailored emissions calculations and incorporates customer-specific shipping details to estimate route and commodity-specific greenhouse gas emissions.

INVESTMENT IN R&D

Effect type

☑ Risks

☑ Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

☑ Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

Adopting emerging technology to enable the delivery of low-carbon services for our customers is a key element of CPKC's business strategy. Given the complexity of reducing emissions in the transportation sector, researching and developing next-generation fuels, efficiency technologies and fuel alternatives for the rail sector will be critical as the industry decarbonizes operations. To lead the Company's focus on decarbonization, we have established a Carbon Reduction Task Force (CRTF), composed of the Company's industry-leading engineers and operations experts. Reporting to the executive Sustainability Steering Committee, the CRTF evaluates, recommends and implements climate action measures to reduce GHG emissions and drive performance on our science-based target. (S) Hydrogen fuel cell/battery hybrid propulsion technology is being tested as an alternative fuel in the transportation sector, in particular for freight rail systems. If proven successful at scale, hydrogen technology could significantly reduce the GHG emissions from freight railway operations. (T) Since December 2020, CPKC has been developing North America's first line-haul hydrogen-powered locomotive. (A) CPKC's engineering and mechanical experts are leading this program to research, develop and test the conversion of existing diesel-powered units into hydrogen-electric locomotives. (R) CPKC's program is intended to spur innovation, demonstrate leadership and encourage collaboration to expedite the advancement

of zero-emission fuel cell technology for the freight rail sector. In 2023, we have completed two low horsepower units that have entered service within our Calgary terminal switching operations. As of December 2023, the units have completed eight full eight-hour shifts without fail, operating at below freezing temperatures. The units have delivered seamless performance in combination with diesel-electric locomotives. Both units have also been part of 48 mainline tests, accumulating a combined 3,840 miles in rail operations. Our high horsepower locomotive, which includes a tender car delivering 1,200 kilograms of additional hydrogen enabling a range comparable with diesel-electric locomotives, has completed its first movement. In 2023, CPKC also advanced production on a third hydrogen-powered locomotive, as well as the installation of two hydrogen production and fueling facilities.

OPERATIONS

Effect type

☑ Risks

☑ Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

☑ Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

Continued investment in optimizing the rail network, coupled with locomotive fleet improvements, enables CPKC to operate a fuel-efficient freight railway. Climate-related opportunities, such as increasing customer expectations for reliable, efficient, low-carbon transportation services, have influenced our operations. CPKC continues to improve locomotive fuel efficiency through a variety of programs and technology deployments. In addition to implementing actions to reduce the emissions impact of our locomotive fleet, CPKC is also looking at opportunities to reduce the environmental and climate impact of our non-locomotive operations. As we continue to implement solutions to reduce scope 1 and 2 emissions from our business, we are also working to enhance emissions data reporting accuracy by integrating CPKC energy management systems. As a part of this effort, CPKC has calculated emissions for the combined operations for 2023.

5.3.2

Describe where and how environmental risks and opportunities have affected your financial planning.

ROW 1

Financial planning elements that have been affected

☑ Capital expenditures

Effect type

☑ Risks

☑ Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

☑ Climate change

Describe how environmental risks and/or opportunities have affected these financial planning elements

Operating and maintaining a transcontinental railroad is capital intensive. CPKC annually allocates significant capital funds to enhance the resiliency and efficiency of our locomotive fleet, rolling stock and rail network. Executing CPKC's Climate Strategy requires deploying new data management systems, advanced technologies and next-generation renewable fuels to mitigate GHG emissions. Given the limited availability of financial and people resources, successfully implementing our Climate Strategy will require an innovative approach to business planning.

Capital expenditures:
How the company allocates capital resources directly influences business performance and operating ratio (as measured by dividing total operating expenses by total revenues). Capital planning decisions are increasingly influenced by climate-related risks and opportunities, including carbon pricing and evolving customer preference for low-carbon transportation solutions.

A key objective of CPKC's growth model is investing in projects that directly benefit operational efficiency, including fuel and energy savings opportunities. Our financial planning process supports capital expenditures to meet this objective. In 2023, CPKC invested $273M to renew depleted assets, encompassing $186M in locomotive upgrades and $87M in rail car improvements, including the acquisition of new freight cars.

(S) CPKC consumes a significant volume of diesel fuel as part of our locomotive operations representing the vast majority of the company's annual GHG emissions. (T) CPKC implements strategic investments in our rail network, equipment and locomotive fleet through our annual capital program to improve the fuel efficiency of our operations. (A) Locomotives upgraded through this program have a direct and positive impact on CPKC's fuel efficiency and corresponding GHG and air pollutant emissions. (R) Supported by these investments, CPKC recorded a 2023 fuel efficiency of 1.026 U.S. gallons of locomotive fuel per 1,000 GTM. CPKC continues to mitigate climate-related risks by reducing locomotive fuel consumption to improve operational efficiency.

5.4

In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

Identification of spending/revenue that is aligned with your organization's climate transition	Methodology or framework used to assess alignment with your organization's climate transition
☑ Yes	☑ Other methodology or framework

5.4.1

Quantify the amount and percentage share of your spending/revenue that is aligned with your organization's climate transition.

ROW 1

Methodology or framework used to assess alignment
☑ Other, please specify :Self-assessment of financial planning

Financial metric
☑ Revenue/Turnover

Amount of selected financial metric that is aligned in the reporting year (currency)
9,121,000,000

Percentage share of selected financial metric aligned in the reporting year (%)
74

Details of the methodology or framework used to assess alignment with your organization's climate transition

CPKC is proud to support a lower-carbon future for North America and recognizes the pivotal role that rail freight transportation could play in this transition. In 2023, CPKC established a new science-based emissions reduction target to reduce our well-to-wheel locomotive emissions by 36.9% per gross ton-mile by 2030 from a 2020 base year, aligned with SBTi's only sectoral-based approach for freight railroads and a well-below 2°C global warming scenario. CPKC recognizes that shipping freight by rail is an important way our customers can reduce their scope 3 emissions. In 2023, CPKC's locomotive emissions intensity was below the Climate Bonds Initiative's Low Carbon Transport Criteria 2020 emissions threshold of 25 grams CO_2e per tonne kilometer which is aligned with the Paris Agreement and the goal of keeping global temperature rise to no more than 1.5°C above pre-industrial levels.

The 74% of total freight revenue above is related to CPKC's 2023 freight revenue for bulk, merchandise and intermodal business lines excluding revenue from energy, chemicals, and plastics and coal.

5.5

Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

Investment in low-carbon R&D

☑ Yes

Comment

To execute our Climate Strategy, we are implementing new approaches to allocate limited capital, operating budgets and people in the most efficient way. This includes systematic ways to:

- Identify potential carbon reduction levers.
- Rigorously assess potential solutions with regards to carbon reduction potential, feasibility for the rail sector and cost to CPKC.
- Conduct bench-scale and pilot testing.
- Successfully deploy promising alternative fuels and propulsion methods.
- Engage and collaborate with others to progress this work. In support of these objectives, since 2020, CPKC has invested in our Hydrogen Locomotive Program to develop North America's first line-haul hydrogen-powered locomotive using fuel cells and batteries to power the locomotive's electric traction motors.

5.5.8

Provide details of your organization's investments in low-carbon R&D for transport-related activities over the last three years.

ROW 1

Activity

☑ Rail

Technology area

☑ Alternative fuels

Stage of development in the reporting year

☑ Pilot demonstration

Average % of total R&D investment over the last 3 years

100

Average % of total R&D investment planned over the next 5 years

100

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

Since December 2020, CPKC has been developing North America's first line-haul hydrogen-powered locomotive using fuel cells and batteries to power the locomotive's electric traction motors. This work will refine the process of converting diesel-electric powertrains to hydrogen-electric powertrains over a series of three distinct locomotive models, which collectively represent most locomotive types in use throughout North America. In 2021, legacy CP received $15M in funding from Emissions Reduction Alberta (ERA), which built on the amount that the Company already planned to invest in the development of this project. In addition, CPKC received an additional funding of $7M from ERA. This funding enabled the Company to increase the number of hydrogen locomotive conversions from one to three and add hydrogen production and fueling facilities.

The hydrogen production and fueling facilities are located in Calgary and Edmonton, Alberta, Canada. Both fueling facilities include an electrolysis plant to produce hydrogen from water. The Calgary facility operates on solar energy generated at CPKC's headquarters campus and produce zero GHG emissions.

CPKC's Hydrogen Locomotive Program will demonstrate and evaluate the technical performance of hydrogen-powered locomotives and supporting fueling infrastructure in real-world operations. In 2023, CPKC placed two locomotives into regular yard service As of December 2023, the units have completed eight full eight-hour shifts without fail, operating at below freezing temperatures. The units have delivered seamless performance in combination with diesel-electric locomotives. Both units have also been part of 48 mainline tests accumulating a combined 3,840 miles. In parallel, we converted a third, high-horsepower AC-traction locomotive, and initiated mainline operations trials. Our high horsepower locomotive, which includes a tender car delivering 1,200 kilograms of additional hydrogen enabling a range comparable with diesel-electric locomotives in Alberta, has completed its first movement. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen.

The project represents 100 percent of CPKC's R&D project spend specific to low-carbon initiatives over the last three reporting years.

5.10

Does your organization use an internal price on environmental externalities?

Use of internal pricing of environmental externalities	Environmental externality priced
☑ Yes	☑ Carbon

5.10.1

Provide details of your organization's internal price on carbon.

ROW 1

Type of pricing scheme

☑ Shadow price

Objectives for implementing internal price

☑ Identify and seize low-carbon opportunities

☑ Navigate regulations

Factors considered when determining the price

☑ Alignment with the price of a carbon tax

Calculation methodology and assumptions made in determining the price

In 2021, legacy CP's capital assessment team introduced an internal carbon price when evaluating capital projects to support investments in low-carbon solutions and limit the potential exposure to carbon pricing risks. The price used by the Company matches Canada's federal carbon tax, which was $65 per metric ton CO_2e in 2023 and is expected to rise by $15 per year until reaching $170 in 2030. CPKC has also developed an assessment process to prioritize emissions reduction projects by determining GHG emissions reduction potential and assigning a $ value per metric ton of CO_2e mitigated.

Scopes covered

☑ Scope 1

☑ Scope 2

Pricing approach used – spatial variance

☑ Uniform

Pricing approach used – temporal variance

☑ Evolutionary

Indicate how you expect the price to change over time

As a fuel-intensive business, regulations that increase the cost of carbon emissions directly impact CPKC's operating costs. The price of CPKC's services could consequently increase and, if the costs of service become too high, could impact CPKC's competitive advantage over alternative modes of transport based on competitors' abilities to reduce fuel consumption and carbon emissions. In response to this, and to assess CPKC's risk exposure to carbon pricing programs, we have introduced the use of an internal carbon price as part of our capital assessment process. CPKC's internal carbon price matches Canada's federal carbon tax, which was $65 per metric ton CO_2e in 2023 and is expected to rise by $15 per year until reaching $170 in 2030.

Our scenario analysis looked at long-term business risks and opportunities to inform strategic financial planning decisions. Through scenario analysis, legacy CP modelled the effects of potential regulatory changes based on the three future pathways to understand the potential financial implications to the business from 2020 through 2050. Evaluated carbon pricing across these scenarios ranged from $30 to $239 per tonne. CPKC is now in the process of updating the scenario analysis for the combined operations.

Minimum actual price used (currency per metric ton CO_2e)

65

Maximum actual price used (currency per metric ton CO_2e)

65

Business decision-making processes the internal price is applied to

☑ Capital expenditure

☑ Risk management

☑ Opportunity management

Internal price is mandatory within business decision-making processes

☑ Yes, for some decision-making processes, please specify : Capital expenditure and opportunity management

% total emissions in the reporting year in selected scopes this internal price covers

100

Pricing approach is monitored and evaluated to achieve objectives

☑ Yes

Details of how the pricing approach is monitored and evaluated to achieve your objectives

CPKC uses a carbon calculator to monitor and evaluate its internal carbon price annually. This tool references the Canadian policy price as an indicator of the cost of carbon and is applied throughout the CPKC network. When evaluating internal requests for capital expenditures and various business opportunities, CPKC considers the expected changes in carbon emissions alongside the internal carbon price as part of the cost/benefit analysis. For instance, CPKC estimates the environmental benefits of introducing new technologies, which includes assessing the impact on GHG emissions, fuel efficiency, and cost savings through the application of the carbon price.

5.11

Do you engage with your value chain on environmental issues?

SUPPLIERS

Engaging with this stakeholder on environmental issues

☑ Yes

Environmental issues covered

☑ Climate change

☑ Water

CUSTOMERS

Engaging with this stakeholder on environmental issues

☑ Yes

Environmental issues covered

☑ Climate change

INVESTORS AND SHAREHOLDERS

Engaging with this stakeholder on environmental issues

☑ Yes

Environmental issues covered

☑ Climate change

OTHER VALUE CHAIN STAKEHOLDERS

Engaging with this stakeholder on environmental issues

☑ No, and we do not plan to within the next two years

Primary reason for not engaging with this stakeholder on environmental issues

☑ Not an immediate strategic priority

Explain why you do not engage with this stakeholder on environmental issues

CPKC considers suppliers, customers and investors as our key stakeholders and engage with them on environmental issues. While we consider other stakeholders such as local and indigenous communities important, we primarily engage about our operations and our community investment programs.

5.11.1

Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

CLIMATE CHANGE

Assessment of supplier dependencies and/or impacts on the environment

☑ Yes, we assess the dependencies and/or impacts of our suppliers

Criteria for assessing supplier dependencies and/or impacts on the environment

☑ Contribution to supplier-related Scope 3 emissions

% Tier 1 suppliers assessed

☑ 1-25%

Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

CPKC is implementing processes to assess and monitor broader ESG risks in its supply chain. Critical Tier 1 suppliers complete a questionnaire to identify and evaluate these risks during supplier selection. CPKC has established a scoring methodology for this process, calculating an ESG score based on the questionnaire responses, threshold ESG weighting for the Request for Proposal (RFP), and industry weighting. The ESG threshold for RFPs varies, ranging from 5% to 15%.

% Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

☑ 1-25%

Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

71

WATER

Assessment of supplier dependencies and/or impacts on the environment

☑ Yes, we assess the dependencies and/or impacts of our suppliers

Criteria for assessing supplier dependencies and/or impacts on the environment

☑ Dependence on water

☑ Impact on water availability

% Tier 1 suppliers assessed

☑ 1-25%

Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

CPKC is implementing processes to assess and monitor broader ESG risks in its supply chain. Critical Tier 1 suppliers complete a questionnaire to identify and evaluate risks during supplier selection. CPKC uses a scoring methodology for this process, calculating an ESG score based on the responses, threshold ESG weighting for the RFP and industry weighting. The ESG threshold for RFPs ranges from 5% to 15%. This assessment is designed to evaluate from an impacts perspective and not dependencies.

% Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

☑ 1-25%

Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

71

5.11.2

Does your organization prioritize which suppliers to engage with on environmental issues?

CLIMATE CHANGE

Supplier engagement prioritization on this environmental issue

☑ Yes, we prioritize which suppliers to engage with on this environmental issue

Criteria informing which suppliers are prioritized for engagement on this environmental issue

☑ In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to climate change
☑ Business risk mitigation
☑ Procurement spend
☑ Regulatory compliance

Please explain

The criteria for supplier prioritization and selection include assessing substantive impacts and risks associated with climate change. Critical tier 1 suppliers complete a questionnaire to identify and evaluate these risks during supplier selection. Information is requested on suppliers' emissions reduction targets and initiatives to reduce energy usage. CPKC then calculates an ESG score based on the questionnaire responses, threshold ESG weighting for the RFP, and industry weighting.

WATER

Supplier engagement prioritization on this environmental issue

☑ Yes, we prioritize which suppliers to engage with on this environmental issue

Criteria informing which suppliers are prioritized for engagement on this environmental issue

☑ In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to water
☑ Business risk mitigation
☑ Procurement spend
☑ Regulatory compliance

Please explain

The criteria for supplier prioritization and selection include assessing substantive dependencies, impacts, and risks associated with climate change. Critical tier 1 suppliers complete a questionnaire to identify and evaluate these risks during supplier selection. Information is requested on suppliers' initiatives to monitor and reduce water usage. CPKC then calculates an ESG score based on the questionnaire responses, threshold ESG weighting for the RFP, and industry weighting.

5.11.5

Do your suppliers have to meet environmental requirements as part of your organization's purchasing process?

	Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process	Policy in place for addressing supplier non-compliance	Comments
Climate Change	☑ Yes, suppliers have to meet environmental requirements related to this environmental issue, but they are not included in our supplier contracts	☑ Yes, we have a policy in place for addressing non-compliance	No additional comment
Water	☑ Yes, suppliers have to meet environmental requirements related to this environmental issue, but they are not included in our supplier contracts	☑ Yes, we have a policy in place for addressing non-compliance	No additional comment

5.11.6

Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

CLIMATE CHANGE

Environmental requirement

☑ Environmental disclosure through a non-public platform

Mechanisms for monitoring compliance with this environmental requirement

☑ Supplier scorecard or rating

% tier 1 suppliers by procurement spend required to comply with this environmental requirement

☑ 1-25%

% tier 1 suppliers by procurement spend in compliance with this environmental requirement

☑ 1-25%

% tier 1 supplier-related scope 3 emissions attributable to the suppliers required to comply with this environmental requirement

☑ 1-25%

% tier 1 supplier-related scope 3 emissions attributable to the suppliers in compliance with this environmental requirement

☑ 1-25%

Response to supplier non-compliance with this environmental requirement

☑ Retain and engage

% of non-compliant suppliers engaged

☑ None

Procedures to engage non-compliant suppliers

☑ Providing information on appropriate actions that can be taken to address non-compliance

Comment

As part our Sustainable Procurement roadmap, we are implementing processes for assessing and monitoring broader ESG risks in our supply chain. Alignment to our Supplier Code of Conduct is required in all new supplier agreements and requests for proposal. Through a supplier registration questionnaire, all Critical Tier 1

suppliers (who collectively represent a substantial portion of CPKC supplier spend) are required to provide information on environmental practices including climate change topics, human rights practices, diversity policies, and business ethics to assess ESG risk exposure. We are assessing our sourcing practices to identify the category-level ESG risks to adapt our sourcing approach evaluation criteria to limit exposure and effectively manage category specific risks.

WATER

Environmental requirement

☑ Environmental disclosure through a non-public platform

Mechanisms for monitoring compliance with this environmental requirement

☑ Supplier scorecard or rating

% tier 1 suppliers by procurement spend required to comply with this environmental requirement

☑ 1-25%

% tier 1 suppliers by procurement spend in compliance with this environmental requirement

☑ 1-25%

Response to supplier non-compliance with this environmental requirement

☑ Retain and engage

% of non-compliant suppliers engaged

☑ None

Procedures to engage non-compliant suppliers

☑ Providing information on appropriate actions that can be taken to address non-compliance

Comment

As part our Sustainable Procurement roadmap, we are implementing processes for assessing and monitoring broader ESG risks in our supply chain. Alignment to our Supplier Code of Conduct is required in all new supplier agreements and requests for proposal. Through a supplier registration questionnaire, all Critical Tier 1 suppliers (who collectively represent a substantial portion of CPKC supplier spend) are required to provide information on environmental practices including climate change topics, human rights practices, diversity policies, and business ethics to assess ESG risk exposure. We are assessing our sourcing practices to identify the category-level ESG risks to adapt our sourcing approach evaluation criteria to limit exposure and effectively manage category specific risks.

5.11.7

Provide further details of your organization's supplier engagement on environmental issues.

CLIMATE CHANGE

Action driven by supplier engagement

☑ Emissions reduction

Type and details of engagement

Information collection

☑ Collect environmental risk and opportunity information at least annually from suppliers

Upstream value chain coverage

☑ Tier 1 suppliers

% of tier 1 suppliers by procurement spend covered by engagement

☑ 1-25%

(% of tier 1 supplier-related scope 3 emissions covered by engagement

☑ 1-25%

Describe the engagement and explain the effect of your engagement on the selected environmental action

As part of our Sustainable Procurement roadmap, we are implementing processes for assessing and monitoring broader ESG risks in our supply chain. Alignment to our Supplier Code of Conduct is required in all new supplier agreements and

requests for proposal. Through a supplier registration questionnaire, all Critical Tier 1 suppliers (who collectively represent a substantial portion of CPKC supplier spend) are required to provide information on environmental practices including climate change topics, human rights practices, diversity policies, and business ethics to assess ESG risk exposure. We have piloted a supplier ESG questionnaire with select Critical Tier 1 suppliers to identify and evaluate ESG risks during supplier selection. We are assessing our sourcing practices to identify the category-level ESG risks to adapt our sourcing approach evaluation criteria to limit exposure and effectively manage category specific risks.

Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

☑ Yes, please specify the environmental requirement :To respond to CPKC's ESG questionnaire, as described in 5.11.6

Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

☑ No

WATER

Action driven by supplier engagement

☑ Total water withdrawal volumes reduction

Type and details of engagement

Information collection

☑ Collect environmental risk and opportunity information at least annually from suppliers

Upstream value chain coverage

☑ Tier 1 suppliers

% of tier 1 suppliers by procurement spend covered by engagement

☑ 1-25%

% tier 1 suppliers with substantive impacts and/or dependencies related to this environmental issue covered by engagement

☑ 1-25%

Describe the engagement and explain the effect of your engagement on the selected environmental action

As part our Sustainable Procurement roadmap, we are implementing processes for assessing and monitoring broader ESG risks in our supply chain. Alignment to our Supplier Code of Conduct is required in all new supplier agreements and requests for proposal. Through a supplier registration questionnaire, all Critical Tier 1 suppliers (who collectively represent a substantial portion of CPKC supplier spend) are required to provide information on environmental practices including climate change topics, human rights practices, diversity policies, and business ethics to assess ESG risk exposure. We are assessing our sourcing practices to identify the category-level ESG risks to adapt our sourcing approach evaluation criteria to limit exposure and effectively manage category specific risks.

Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

☑ Yes, please specify the environmental requirement :To respond to CPKC's ESG questionnaire, as described in 5.11.6

Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

☑ No

5.11.9

Provide details of any environmental engagement activity with other stakeholders in the value chain.

CLIMATE CHANGE

Type of stakeholder

☑ Customers

Type and details of engagement

Education/Information sharing

☑ Run an engagement campaign to educate stakeholders about the environmental impacts about your products, goods and/or services
☑ Share information about your products and relevant certification schemes
☑ Share information on environmental initiatives, progress and achievements

Innovation and collaboration

☑ Align your organization's goals to support customers' targets and ambitions
☑ Collaborate with stakeholders in creation and review of your climate transition plan
☑ Collaborate with stakeholders on innovations to reduce environmental impacts in products and services
☑ Engage with stakeholders to advocate for policy or regulatory change
☑ Other innovation and collaboration, please specify : Encourage collaborative work in multi-stakeholder landscape towards initiatives for sustainable land-use goals

% of stakeholder type engaged

☑ 100%

% stakeholder-associated scope 3 emissions

☑ Unknown

Rationale for engaging these stakeholders and scope of engagement

CPKC provides the opportunity for our customers to engage with us directly on climate-related programs and information. Through this engagement, CPKC aims to earn and retain new business related to increasing supply chain demand for low carbon services, an opportunity for CPKC identified through our scenario analysis. To realize this opportunity, CPKC's customer engagement practices and initiatives are focused on increasing customer awareness of CPKC's GHG emissions reductions, ongoing climate initiatives, science-based emissions reductions targets and how CPKC can support customers in meeting their own sustainability goals. CPKC also provides our customers with additional resources and GHG planning tools, including CPKC's online rail transport Carbon Emissions Calculator. CPKC's Carbon Emissions Calculator is designed to provide current and prospective customers with the ability to calculate and compare an estimate of the GHG emissions related to transportation of freight by CPKC's rail services versus heavy haul trucking alternatives. This information assists potential and current customers in estimating the GHG emissions savings of shipping freight across user-selected origin and destination pairs for a wide variety of commodities commonly shipped by rail. Customers seeking a deeper understanding of CPKC's climate change practices and emissions data can connect with their CPKC customer account managers, who can provide further information and opportunities for collaboration. CPKC also responds directly to customer supply chain surveys, including the annual CDP climate change questionnaire.

Effect of engagement and measures of success

In 2023, CPKC directly engaged with 19 existing or potential customers to evaluate GHG emissions associated with rail services and respond to climate-related questions. Our engagement practices have improved customer awareness of the GHG emissions associated with our rail services and how we can help to reduce emissions within their value chains. There is also growing customer interest in the potential for freight rail services to reduce supply chain GHG emissions. Building on increasing interest from the Company's value chain, CPKC released its updated online Carbon Emissions Calculator in 2023 to facilitate stakeholder engagement. This tool is designed to allows customers and other stakeholders to model carbon emissions and other ESG-related benefits of shipping goods by our freight rail service. Users can review shipping options and generate customized estimates to inform discussions on low carbon rail services with our sales and marketing team. Since we released our updated Carbon Emissions Calculator in 2023, the Carbon Emissions Calculator has had over 2,465 distinct users.

CLIMATE CHANGE

Type of stakeholder

☑ Investors and shareholders

Type and details of engagement

Education/Information sharing

☑ Share information about your products and relevant certification schemes

☑ Share information on environmental initiatives, progress and achievements

Innovation and collaboration

☑ Collaborate with stakeholders in creation and review of your climate transition plan

☑ Collaborate with stakeholders on innovations to reduce environmental impacts in products and services

% of stakeholder type engaged

☑ 100%

% stakeholder-associated scope 3 emissions

☑ None

Rationale for engaging these stakeholders and scope of engagement

CPKC provides the opportunity for our shareholders to engage with us directly on climate-related programs and information. Through our "say on climate" vote, CPKC receives critical feedback for the board and management to further engage in meaningful discussions about our Climate Strategy, including commitments related to alignment with a 1.5°C future. In 2024, the resolution received 89.26 percent approval, which reflects an increase in shareholder support as compared to 2023. Although the vote is non-binding, the Risk and Sustainability Committee will review and consider the voting results when evaluating the Company's approach to climate change in the future. CPKC expects to inform shareholders about any updates to our Climate Strategy that we adopt for the Company in 2024, including any updates made to the expectations, targets or goals set forth in our current Climate Strategy as part of our evaluation process or in response to the feedback we receive from our shareholders, in due course.

In the first quarter of 2024, we engaged with many of our top institutional shareholders, collectively representing approximately 30 percent of our public float, to participate in a combination of in-person and virtual meetings. The objective of the meetings was to provide shareholders an update on the Company's key topics around the legacy KCS integration, governance, sustainability, compensation, and of particular focus was succession and retention planning. Other topics of interest raised by shareholders included safety and our hydrogen locomotive program.

Effect of engagement and measures of success

Through our advisory "say on climate" resolution, shareholders signaled approval of the Company's approach to climate change, including our Climate Strategy. In 2024, the resolution received 89.26 percent approval, an increase from 83.70 percent in 2023.

5.12

Indicate any mutually beneficial environmental initiatives you could collaborate on with specific CDP Supply Chain members.

ROW 1

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 2

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 3

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 4

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 5

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 6

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' products/services operational emissionss

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 7

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' products/services operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 8

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' products/services operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 9

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' products/services operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 10

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Innovation

☑ New product or service that reduces customers' products/services operational emissions

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 11

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Logistical change

☑ Change transportation mode (e.g., switch from aviation to rail)

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 12

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Logistical change

☑ Change transportation mode (e.g., switch from aviation to rail)

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 13

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Logistical change

☑ Change transportation mode (e.g., switch from aviation to rail)

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 14

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Logistical change

☑ Change transportation mode (e.g., switch from aviation to rail)

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 15

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Logistical change

☑ Change transportation mode (e.g., switch from aviation to rail)

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 16

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

☑ Other initiative type, please specify : education and awareness, partnerships, policy development and climate-related disclosure

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 17

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Other

☑ Other initiative type, please specify : education and awareness, partnerships, policy development and climate-related disclosure

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 18

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Other

☑ Other initiative type, please specify : education and awareness, partnerships, policy development and climate-related disclosure

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 19

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Other

☑ Other initiative type, please specify : education and awareness, partnerships, policy development and climate-related disclosure

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

ROW 20

Requesting member

Environmental issues the initiative relates to

☑ Climate change

Initiative category and type

Other

☑ Other initiative type, please specify : education and awareness, partnerships, policy development and climate-related disclosure

Details of initiative

CPKC looks for opportunities to engage with our customers through education and awareness, partnerships, policy development and climate-related disclosure as a key component of our Climate Strategy. Through these processes, CPKC is working to fully explore and understand the climate-related impacts facing our business, build shared capacity for climate action, enhance the resiliency of our network and remain connected with emerging technology solutions that support the emissions reduction objectives of CPKC and our customers. We recognize that sharing experiences and insights with our customers adds value to CPKC's climate programs, supporting collaboration and learning from different perspectives. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen. This project was completed in April 2024, when CSX unveiled its first operational hydrogen-powered switch locomotive. We also announced a pilot program with Teck Resources to deploy and test hydrogen locomotive operations as a component of CPKC's freight rail services in support of Teck's (now Elk Valley Resources) metallurgical coal mining operations.

Expected benefits

☑ Reduction of customers' operational emissions (customer scope 1 & 2)

Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?

☑ No

5.13

Has your organization already implemented any mutually beneficial environmental initiatives due to CDP Supply Chain member engagement?

Environmental initiatives implemented due to CDP Supply Chain member engagement

☑ No, and we do not plan to within the next two years

Primary reason for not implementing environmental initiatives

☑ Not an immediate strategic priority

Explain why your organization has not implemented any environmental initiatives

With the integration of legacy KCS into the company, CPKC is actively evaluating the sustainability priorities, policies, practices, programs, goals, and objectives of the combined entity. This evaluation may lead to changes in these areas.

C6. Consolidation approach

6.1

Provide details on your chosen consolidation approach for the calculation of environmental performance data.

CLIMATE CHANGE

Consolidation approach used

☑ Operational control

Provide the rationale for the choice of consolidation approach

CPKC employs an operational control consolidation approach in our GHG Inventory with the goal of capturing all emissions associated with the facilities and activities where CPKC has the full authority to introduce and implement its operating policies. As part of our ongoing integration efforts, we continue to review whether all relevant emissions are included in our GHG Inventory.

WATER

Consolidation approach used

☑ Operational control

Provide the rationale for the choice of consolidation approach

CPKC employs an operational control consolidation approach for all our water-related performance data with the goal of capturing data from all facilities and operations under CPKC's operational control, maintaining alignment with our climate approach.

PLASTICS

Consolidation approach used

☑ Operational control

Provide the rationale for the choice of consolidation approach

CPKC employs an operational control consolidation approach for all our plastics-related performance data with the goal of capturing data from all facilities and operations under CPKC's operational control, maintaining alignment with our climate approach.

BIODIVERSITY

Consolidation approach used

☑ Operational control

Provide the rationale for the choice of consolidation approach

CPKC employs an operational control consolidation approach for all our biodiversity-related performance data with the goal of capturing data from all facilities and operations under CPKC's operational control, maintaining alignment with our climate approach.

C7. Climate change

7.1

Is this your first year of reporting emissions data to CDP?

☑ Yes

7.2

Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

☑ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
☑ The Greenhouse Gas Protocol: Scope 2 Guidance
☑ The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

7.3

Describe your organization's approach to reporting Scope 2 emissions.

Scope 2, location-based

☑ We are reporting a Scope 2, location-based figure

Scope 2, market-based

☑ We are reporting a Scope 2, market-based figure

Comment

Scope 2 indirect emission sources result primarily from energy consumed in CPKC buildings and office space. The market-based method considers emission rates from purchased energy certificates or contractual arrangements under which power is procured from specific sources, such as renewable energy. CPKC does not currently utilize energy attribute certificates, power purchase agreements, or supplier specific emissions rates. CPKC uses residual mix emission factors obtained from Green-e for calculating its market-based Scope 2 emissions. The location-based method considers average emission factors for the electricity grids from the following sources: - Emissions & Generation Resource Integrated Database (eGRID) emission factors (eGRID2022, released Jan 30, 2024) - Emission Factors and Reference Values: Canada's greenhouse gas offset credit system, Canadian National Inventory Emission Factors 2023 - Mexico Emissions Factors were obtained from Gobierno De Mexico Emission Factor of the National Electric System 2021 (released February 28, 2022)

7.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

☑ No

7.5

Provide your base year and base year emissions.

SCOPE 1

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
4,635,700

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC's Scope 1 emissions include on-road mobile combustion, off-road equipment, stationary heating sources, and other stationary sources. Emission factors for diesel, propane, gasoline, and other mobile and stationary sources were primarily sourced from the Canadian National Inventory. These emission factors were then multiplied by CPKC's energy consumption data and the IPCC GWP AR5 values to calculate Scope 1 GHG emissions.

SCOPE 2 (LOCATION-BASED)

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
63,848

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. Electricity consumption data is collected for CPKC facilities and aggregated by geography (the U.S., Canada and Mexico). Emissions are calculated using emission factors from the U.S. EPA Emission Factors Hub for Greenhouse Gas Inventories, Emission Factors and Reference Values: Canada's greenhouse gas offset credit system, Canadian National Inventory Emission Factors 2023, Gobierno De Mexico Emission Factor of the National Electric System 2021 and IPCC GWP AR5 values.

SCOPE 2 (MARKET-BASED)

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
65,071

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. Electricity consumption data is collected for CPKC facilities and aggregated by geography (the U.S., Canada and Mexico). Emissions are calculated using emission

factors from the U.S. EPA Emission Factors Hub for Greenhouse Gas Inventories, Emission Factors and Reference Values: Canada's greenhouse gas offset credit system, Canadian National Inventory Emission Factors 2023, Gobierno De Mexico Emission Factor of the National Electric System 2021 and IPCC GWP AR5 values.

SCOPE 3 CATEGORY 1: PURCHASED GOODS AND SERVICES

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
103,316

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. Emissions from Purchased Goods & Services (PG&S) and Capital Goods are quantified through a hybrid methodology. CPKC's total spend was sorted by product category. Each remaining product spend category is mapped to the North American Industry Classification System (NAICS) category using U.S. Environmentally Extended Input-Output (U.S. EEIO V1.2) codes. These categories are used to estimate the environmental and economic impacts of goods and services. Total spend by each NAICS category is calculated and multiplied by the corresponding USEEIO emission factor. Capital goods data were unable to be separated out from the PG&S data, so the totals are reported as a combined emissions number. The greenhouse gas emissions associated with CPKC's spend with Progress Rail and Wabtec were excluded from the above USEEIO spend based methodology and were calculated using an allocated emissions spend based methodology. Both companies serve as locomotive suppliers for CPKC. CPKC utilized Progress Rail's and Wabtec's 2023 sustainability reports to acquire data on total Scope 1 and Scope 2 market-based emissions, as well as sales and revenue figures in U.S. dollars for 2022, as the 2023 data had not been published yet in their 2024 reports. By calculating the percentage of spend from Progress Rail and Wabtec's total revenue that was from CPKC, that same percentage was then applied to Progress Rail and Wabtec's total emissions to calculate the emissions associated with CPKC's activities.

SCOPE 3 CATEGORY 2: CAPITAL GOODS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. See explanation from Category 1: Purchased goods and services, since it was not possible for CPKC to separate procurement data for purchased goods and services and capital goods. Emissions from purchased capital goods are included in Category 1, and emissions reported in this category are zero (0).

SCOPE 3 CATEGORY 3: FUEL-AND-ENERGY-RELATED ACTIVITIES (NOT INCLUDED IN SCOPE 1 OR 2)

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
1,132,884

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. FERA emissions for locomotive diesel fuel were quantified by country. Canadian diesel usage was multiplied by a factor for Locomotive and Marine Diesel from GHGenius (5.02b). For the U.S. and Mexico, the overall diesel usage was multiplied by the GLEC factor for locomotive diesel WTT. Emissions from FERA for biodiesel usage in Canada was quantified by multiplying biodiesel usage by a WTT factor that was calculated from a carbon intensity supplied by the fuel supplier. FERA emissions from other mobile sources were also quantified by country. Canadian fuel usage was multiplied by the appropriate factor from GHGenius (5.02b). For

the U.S. and Mexico, the fuel usage was multiplied by the appropriate factor from DEFRA. Upstream emissions from the use of fuels used for stationary sources were estimated using GHGenius 5.02b upstream emissions factors. Upstream emissions from fuel combusted for the generation of electricity that CPKC purchases were estimated based on electricity consumed by geographic location. Emission factors for well-to-tank emissions per kWh electricity consumed were sourced from the DEFRA emission factor database. These were applied to the total electricity consumed for each location in CPKC's business. Emissions from T&D loss rate are calculated using information from the most recent NIR for Canada and published eGRID grid loss percent and U.S. average factor (U.S. EPA E-grid 2023) for the United States. Mexico emissions factors were obtained from Gobierno De Mexico Emission Factor of the National Electric System 2023 (Released March 1, 2024). The location appropriate grid loss emissions rate is then multiplied by total electricity consumed in that location to determine emissions from grid loss.

SCOPE 3 CATEGORY 4: UPSTREAM TRANSPORTATION AND DISTRIBUTION

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
121,098

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. Emissions from upstream transportation and distribution for CPKC operations are quantified by using the distance-based calculation method provided in the WRI/WBCSD GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (WRI and WBCSD 2013). The total weight (U.S. short tons) of each truck load (TL) and less than truck load (LTL) shipments is multiplied by the mileage of each shipment and the emission factor for the transportation method (assumed Medium-Duty and Heavy-Duty Trucks). Emission factors were obtained from the U.S. EPA GHG Emission Factors Hub. TL shipments are fully loaded trucks dedicated entirely to CPKC. LTL shipments are trucks that may have non-CPKC freight items in addition to the CPKC freight.

SCOPE 3 CATEGORY 5: WASTE GENERATED IN OPERATIONS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
40,881

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. Emissions from waste generated in CPKC operations are quantified by using the Average-Data Method provided in the WRI/WBCSD GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (WRI and WBCSD 2013). The total mass of waste is multiplied by the proportion of total waste being treated by a waste treatment method and the emission factor of the waste treatment method. Emission factors were obtained from the U.S. EPA GHG Emission Factors Hub. Waste treatment methods include landfill, recycle, and incineration.

SCOPE 3 CATEGORY 6: BUSINESS TRAVEL

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
33,633

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. Emissions from on-road gasoline fuel combustion for mobile sources (employee business travel via rental or taxi/shuttle vehicles) are quantified by multiplying miles traveled with the emission factor obtained from the U.S. EPA GHG Emission Factors Hub. Total fuel consumption was determined by multiplying the total miles traveled by the average fuel economy for the vehicle type. Emissions from employee business air travel are quantified by assuming all CPKC commercial

air travel to be medium haul (300 miles to 2,300 miles) and applying emission factors from the U.S. EPA GHG Emission Factors Hub. The total passenger miles traveled were multiplied by the appropriate emission factors to calculate the CO_2, CH_4, and N_2O emissions. Emissions from the electricity associated with hotel stays are quantified using assumptions from U.S. EPA Center for Corporate Climate Leadership, December 2018, Section 4, Table 5, which give the average electricity usage for hotel nights. It is assumed that the hotels are "Midscale with food and beverage". The assumed kWh per night is 30 kWh. The kWh per night was multiplied by the number of stay nights that CPKC had. The total hotel stays are multiplied by the average Canadian electricity factor (Canadian National Inventory Emission Factors 2023) or the U.S. average factor (U.S. EPA E-grid 2023) to calculate the total emissions.

SCOPE 3 CATEGORY 7: EMPLOYEE COMMUTING

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
71,134

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. Employee commuting emissions were estimated by combining CPKC employee location data and census data from Canada, the U.S. and Mexico including the average transportation mode, commuting time and distance by relevant census district. Commuting distance was determined based on zip code data converted into the latitude and longitude of the geographic center of each zip location. The direct distance between two zip code locations was calculated using an excel formula obtained from Pearson (2018) and BlueMM (2007). The calculated distance was multiplied by the number of CPKC employees who lived and worked in those zip codes. Commuting was assumed to include two commuting trips per day, 5 days per week, 48 weeks per year for 480 commutes per employee per year. Total fuel consumption was obtained by dividing the total miles traveled by the vehicle fuel economy. Employee vehicles used for commuting were assumed to be gasoline light duty-trucks with model years between 2005 and 2019. An average fuel economy of 22.5 mpg was assumed per the GHG Protocol Emission Factors from Cross Sector Tools.

SCOPE 3 CATEGORY 8: UPSTREAM LEASED ASSETS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC does not operate upstream leased assets. Therefore, GHG emissions from this source are reported as zero (0). Emissions related to all CPKC assets are included in the Scope 1 and 2 GHG emissions.

SCOPE 3 CATEGORY 9: DOWNSTREAM TRANSPORTATION AND DISTRIBUTION

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC is a railway freight service provider and does not sell products. Category 9 is limited to emissions from the transportation of sold products by equipment and facilities not owned or controlled by CPKC. Therefore, downstream transportation and distribution are not relevant to CPKC. GHG emissions from this source are reported as zero (0). Any additional services purchased by CPKC to transport goods are included in Category 4: upstream transportation and distribution.

SCOPE 3 CATEGORY 10: PROCESSING OF SOLD PRODUCTS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC is a railway freight service provider and does not sell any products. Therefore, processing of sold products is not relevant and GHG emissions from this source are reported as zero (0).

SCOPE 3 CATEGORY 11: USE OF SOLD PRODUCTS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC is a railway freight service provider and does not sell any products. Therefore, use of sold products is not relevant and GHG emissions from this source are reported as zero (0).

SCOPE 3 CATEGORY 12: END OF LIFE TREATMENT OF SOLD PRODUCTS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC is a railway freight service provider and does not sell any products. Therefore, end-of-life treatment of sold products is not relevant and GHG emissions from this source are reported as zero (0).

SCOPE 3 CATEGORY 13: DOWNSTREAM LEASED ASSETS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC does not have any downstream leased assets; therefore, GHG emissions from this source are zero (0). CPKC directly manages assets which are included in reported Scope 1 and 2 GHG emissions.

SCOPE 3 CATEGORY 14: FRANCHISES

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC does not own or operate any franchises; therefore, GHG emissions from this source are reported as zero (0).

SCOPE 3 CATEGORY 15: INVESTMENTS

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC has partial ownership of other short line railroads. Cumulative GHG emissions from these operations have been estimated to be very small in relation to the rest of CPKC's GHG inventory and are therefore assessed to be not relevant to the total GHG inventory.

SCOPE 3: OTHER (UPSTREAM)

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC does not have other (upstream) emissions which have not been accounted for in this inventory.

SCOPE 3: OTHER (DOWNSTREAM)

Base year end
12/31/2023

Base year emissions (metric tons CO_2e)
0

Methodological details
This is the first year in which CPKC has provided GHG data on a combined company basis (see 1.3.3 for additional information), therefore CPKC's GHG inventory base year is 2023. The current reporting year is also 2023, therefore the emissions methodology for the base year and the reporting year are the same. CPKC does not have other (downstream) emissions which have not been accounted for in this inventory.

7.6

What were your organization's gross global Scope 1 emissions in metric tons CO_2e?

REPORTING YEAR

Gross global Scope 1 emissions (metric tons CO_2e)
4,635,700

Methodological details
CPKC's Scope 1 emissions include on-road mobile combustion, off-road equipment, stationary heating sources, and other stationary sources. Emission factors for diesel, propane, gasoline, and other mobile and stationary sources were primarily sourced from the Canadian National Inventory. These emission factors were then multiplied by CPKC's energy consumption data and the IPCC GWP AR5 values to calculate Scope 1 GHG emissions.

7.7

What were your organization's gross global Scope 2 emissions in metric tons CO_2e?

REPORTING YEAR

Gross global Scope 2, location-based emissions (metric tons CO_2e)
63,848

Gross global Scope 2, market-based emissions (metric tons CO_2e) (if applicable)
65,071

Methodological details
Electricity consumption data is collected for CPKC facilities and aggregated by geography (the U.S., Canada and Mexico). Emissions are calculated using emission factors from the U.S. EPA Emission Factors Hub for Greenhouse Gas Inventories, Emission Factors and Reference Values: Canada's greenhouse gas offset credit system, Canadian National Inventory Emission Factors 2023, Gobierno De Mexico Emission Factor of the National Electric System 2021 and IPCC GWP AR5 values.

7.8

Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

PURCHASED GOODS AND SERVICES

Evaluation status
☑ Relevant, calculated

Emissions in reporting year (metric tons CO_2e)
103,316

Emissions calculation methodology
☑ Hybrid method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
2

Please explain
Emissions from Purchased Goods & Services (PG&S) and Capital Goods are quantified through a hybrid methodology. CPKC's total spend was sorted by product category. Each remaining product spend category is mapped to the North American Industry Classification System (NAICS) category using U.S. Environmentally Extended Input-Output (U.S. EEIO V1.2) codes. These categories are used to estimate the environmental and economic impacts of goods and services. Total spend by each NAICS category is calculated and multiplied by the corresponding USEEIO emission factor. Capital goods data were unable to be separated out from the PG&S data, so the totals are reported as a combined emissions number. The greenhouse gas emissions associated with CPKC's spend with Progress Rail and Wabtec were excluded from the above USEEIO spend based methodology and were calculated using an allocated emissions spend based methodology. Both companies serve as locomotive suppliers for CPKC. CPKC utilized Progress Rail's and Wabtec's 2023 sustainability reports to acquire data on total Scope 1 and Scope 2 market-based emissions, as well as sales and revenue figures in U.S. dollars for 2022, as the 2023 data had not been published yet in their 2024 reports. By calculating the percentage of spend from Progress Rail and Wabtec's total revenue that was from CPKC, that same percentage was then applied to Progress Rail and Wabtec's total emissions to calculate the emissions associated with CPKC's activities.

CAPITAL GOODS

Evaluation status
☑ Relevant, calculated

Emissions in reporting year (metric tons CO_2e)
0

Emissions calculation methodology
☑ Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
See explanation from Category 1: Purchased goods and services, since it was not possible for CPKC to separate procurement data for purchased goods and services and capital goods. Emissions from purchased capital goods are included in Category 1, and emissions reported in this category are zero (0).

FUEL-AND-ENERGY-RELATED ACTIVITIES (NOT INCLUDED IN SCOPE 1 OR 2)

Evaluation status
☑ Relevant, calculated

Emissions in reporting year (metric tons CO_2e)
1,132,884

Emissions calculation methodology
☑ Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0.18

Please explain
FERA emissions for locomotive diesel fuel were quantified by country. Canadian diesel usage was multiplied by a factor for Locomotive and Marine Diesel from GHGenius (5.02b). For the U.S. and Mexico, the overall diesel usage was multiplied by the GLEC factor for locomotive diesel WTT. Emissions from FERA for biodiesel usage in Canada was quantified by multiplying biodiesel usage by a WTT factor that was calculated from a carbon intensity supplied by the fuel supplier. FERA emissions from other mobile sources were also quantified by country. Canadian fuel usage was multiplied by the appropriate factor from GHGenius (5.02b). For the U.S. and Mexico, the fuel usage was multiplied by the appropriate factor from DEFRA. Upstream emissions from the use of fuels used for stationary sources were estimated using GHGenius 5.02b upstream emissions factors. Upstream emissions from fuel combusted for the generation of electricity that CPKC purchases were estimated based on electricity consumed by geographic location. Emission factors for well-to-tank emissions per kWh electricity consumed were sourced from the DEFRA emission factor database. These were applied to the total electricity consumed for each location in CPKC's business. Emissions from T&D loss rate are calculated using information from the most recent NIR for Canada and published eGRID grid loss percent and U.S. average factor (U.S. EPA E-grid 2023) for the United States. Mexico emissions factors were obtained from Gobierno De Mexico Emission Factor of the National Electric System 2023 (Released March 1, 2024). The location appropriate grid loss emissions rate is then multiplied by total electricity consumed in that location to determine emissions from grid loss.

UPSTREAM TRANSPORTATION AND DISTRIBUTION

Evaluation status
☑ Relevant, calculated

Emissions in reporting year (metric tons CO_2e)
121,098

Emissions calculation methodology
☑ Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Emissions from upstream transportation and distribution for CPKC operations are quantified by using the distance-based calculation method provided in the WRI/WBCSD GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (WRI and WBCSD 2013). The total weight (U.S. short tons) of each truck load (TL) and less than truck load (LTL) shipments is multiplied by the mileage of each shipment and the emission factor for the transportation method (assumed Medium-Duty

and Heavy-Duty Trucks). Emission factors were obtained from the U.S. EPA GHG Emission Factors Hub. TL shipments are fully loaded trucks dedicated entirely to CPKC. LTL shipments are trucks that may have non-CPKC freight items in addition to the CPKC freight.

WASTE GENERATED IN OPERATIONS

Evaluation status

☑ Relevant, calculated

Emissions in reporting year (metric tons CO_2e)

40,881

Emissions calculation methodology

☑ Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Emissions from waste generated in CPKC operations are quantified by using the Average-Data Method provided in the WRI/WBCSD GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (WRI and WBCSD 2013). The total mass of waste is multiplied by the proportion of total waste being treated by a waste treatment method and the emission factor of the waste treatment method. Emission factors were obtained from the U.S. EPA GHG Emission Factors Hub. Waste treatment methods include landfill, recycle, and incineration.

BUSINESS TRAVEL

Evaluation status

☑ Relevant, calculated

Emissions in reporting year (metric tons CO_2e)

33,633

Emissions calculation methodology

☑ Hybrid method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Emissions from on-road gasoline fuel combustion for mobile sources (employee business travel via rental or taxi/shuttle vehicles) are quantified by multiplying miles traveled with the emission factor obtained from the U.S. EPA GHG Emission Factors Hub. Total fuel consumption was determined by multiplying the total miles traveled by the average fuel economy for the vehicle type. Emissions from employee business air travel are quantified by assuming all CPKC commercial air travel to be medium haul (300 miles to 2,300 miles) and applying emission factors from the U.S. EPA GHG Emission Factors Hub. The total passenger miles traveled were multiplied by the appropriate emission factors to calculate the CO_2, CH_4, and N_2O emissions. Emissions from the electricity associated with hotel stays are quantified using assumptions from U.S. EPA Center for Corporate Climate Leadership, December 2018, Section 4, Table 5, which give the average electricity usage for hotel nights. It is assumed that the hotels are "Midscale with food and beverage". The assumed kWh per night is 30 kWh. The kWh per night was multiplied by the number of stay nights that CPKC had. The total hotel stays are multiplied by the average Canadian electricity factor (Canadian National Inventory Emission Factors 2023) or the U.S. average factor (U.S. EPA E-grid 2023) to calculate the total emissions.

EMPLOYEE COMMUTING

Evaluation status

☑ Relevant, calculated

Emissions in reporting year (metric tons CO_2e)

71,134

Emissions calculation methodology

☑ Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Employee commuting emissions were estimated by combining CPKC employee location data and census data from Canada, the U.S. and Mexico including the average transportation mode, commuting time and distance by relevant census district. Commuting distance was determined based on zip code data converted

into the latitude and longitude of the geographic center of each zip location. The direct distance between two zip code locations was calculated using an excel formula obtained from Pearson (2018) and BlueMM (2007). The calculated distance was multiplied by the number of CPKC employees who lived and worked in those zip codes. Commuting was assumed to include two commuting trips per day, 5 days per week, 48 weeks per year for 480 commutes per employee per year. Total fuel consumption was obtained by dividing the total miles traveled by the vehicle fuel economy. Employee vehicles used for commuting were assumed to be gasoline light duty-trucks with model years between 2005 and 2019. An average fuel economy of 22.5 mpg was assumed per the GHG Protocol Emission Factors from Cross Sector Tools.

UPSTREAM LEASED ASSETS

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC does not operate upstream leased assets. Therefore, GHG emissions from this source are reported as zero (0). Emissions related to all CPKC assets are included in the Scope 1 and 2 GHG emissions.

DOWNSTREAM TRANSPORTATION AND DISTRIBUTION

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC is a railway freight service provider and does not sell products. Category 9 is limited to emissions from the transportation of sold products by equipment and facilities not owned or controlled by CPKC. Therefore, downstream transportation and distribution are not relevant to CPKC. GHG emissions from this source are reported as zero (0). Any additional services purchased by CPKC to transport goods are included in Category 4: upstream transportation and distribution.

PROCESSING OF SOLD PRODUCTS

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC is a railway freight service provider and does not sell any products. Therefore, processing of sold products is not relevant and GHG emissions from this source are reported as zero (0).

USE OF SOLD PRODUCTS

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC is a railway freight service provider and does not sell any products. Therefore, use of sold products is not relevant and GHG emissions from this source are reported as zero (0).

END OF LIFE TREATMENT OF SOLD PRODUCTS

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC is a railway freight service provider and does not sell any products. Therefore, end-of-life treatment of sold products is not relevant and GHG emissions from this source are reported as zero (0).

DOWNSTREAM LEASED ASSETS

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC does not have any downstream leased assets; therefore, GHG emissions from this source are zero (0). CPKC directly manages assets which are included in reported Scope 1 and 2 GHG emissions.

FRANCHISES

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC does not own or operate any franchises; therefore, GHG emissions from this source are reported as zero (0).

INVESTMENTS

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC has partial ownership of multiple joint venture short line railway operations. Cumulative GHG emissions from these operations have been estimated to be very small in relation to the rest of CPKC's GHG inventory and are therefore assessed to be not relevant to the total GHG inventory.

OTHER (UPSTREAM)

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC does not have other (upstream) emissions which have not been accounted for in this inventory.

OTHER (DOWNSTREAM)

Evaluation status

☑ Not relevant, explanation provided

Please explain

CPKC does not have other (downstream) emissions which have not been accounted for in this inventory.

7.9

Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	☑ Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	☑ Third-party verification or assurance process in place
Scope 3	☑ Third-party verification or assurance process in place

7.9.1

Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

ROW 1

Verification or assurance cycle in place

☑ Annual process

Status in the current reporting year

☑ Complete

Type of verification or assurance

☑ Reasonable assurance

Attach the statement

CPKC 2023 GHG Emissions Assurance Report.pdf

Page/section reference
Verification findings are on page 2 in the document. Auditor Assurance Opinion: GHD completed the verification in accordance with the ISO 14064 Part 3 Specification with guidance for the validation and verification of greenhouse gas assertions, the GHG Protocol, and associated guidance and ISO 14064 Part 1 Specification with guidance at the organizational level. The GHG statement is, in all material aspects, in accordance with the verification criteria and is free of material misstatements.

Relevant standard
☑ ISO14064-3

Proportion of reported emissions verified (%)
100

7.9.2

Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

ROW 1

Scope 2 approach
☑ Scope 2 location-based

Verification or assurance cycle in place
☑ Annual process

Status in the current reporting year
☑ Complete

Type of verification or assurance
☑ Reasonable assurance

Attach the statement
CPKC 2023 GHG Emissions Assurance Report.pdf

Page/section reference
Verification findings are on page 2 in the document. Auditor Assurance Opinion: GHD completed the verification in accordance with the ISO 14064 Part 3 Specification with guidance for the validation and verification of greenhouse gas assertions, the GHG Protocol, and associated guidance and ISO 14064 Part 1 Specification with guidance at the organizational level. The GHG statement is, in all material aspects, in accordance with the verification criteria and is free of material misstatements.

Relevant standard
☑ ISO14064-3

Proportion of reported emissions verified (%)
100

ROW 2

Scope 2 approach
☑ Scope 2 market-based

Verification or assurance cycle in place
☑ Annual process

Status in the current reporting year
☑ Complete

Type of verification or assurance
☑ Reasonable assurance

Attach the statement
CPKC 2023 GHG Emissions Assurance Report.pdf

Page/section reference
Verification findings are on page 2 in the document. Auditor Assurance Opinion: GHD completed the verification in accordance with the ISO 14064 Part 3 Specification with guidance for the validation and verification of greenhouse

gas assertions, the GHG Protocol, and associated guidance and ISO 14064 Part 1 Specification with guidance at the organizational level. The GHG statement is, in all material aspects, in accordance with the verification criteria and is free of material misstatements.

Relevant standard
☑ ISO14064-3

Proportion of reported emissions verified (%)
100

7.9.3

Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

ROW 1

Scope 3 category
☑ Scope 3: Capital goods
☑ Scope 3: Business travel
☑ Scope 3: Employee commuting
☑ Scope 3: Purchased goods and services
☑ Scope 3: Waste generated in operations
☑ Scope 3: Upstream transportation and distribution
☑ Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place
☑ Annual process

Status in the current reporting year
☑ Complete

Type of verification or assurance
☑ Reasonable assurance

Attach the statement
CPKC 2023 GHG Emissions Assurance Report.pdf

Page/section reference
Verification findings are on page 2 in the document. Auditor Assurance Opinion: GHD completed the verification in accordance with the ISO 14064 Part 3 Specification with guidance for the validation and verification of greenhouse gas assertions, the GHG Protocol, and associated guidance and ISO 14064 Part 1 Specification with guidance at the organizational level. The GHG statement is, in all material aspects, in accordance with the verification criteria and is free of material misstatements.

Relevant standard
☑ ISO14064-3

Proportion of reported emissions verified (%)
100

7.10

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

☑ This is our first year of reporting, so we cannot compare to last year

7.12

Are carbon dioxide emissions from biogenic carbon relevant to your organization?

☑ Yes

7.12.1

Provide the emissions from biogenic carbon relevant to your organization in metric tons CO_2.

CO_2 emissions from biogenic carbon (metric tons CO_2)
3,549

Comment
Represents the CO_2 portion of biogenic source emissions from biodiesel used to power locomotives. Any methane (CH_4) and nitrous oxide (N_2O) from biogenic emissions are accounted for in our Scope 1 reporting. 2023 was the first year CPKC tracked and quantified GHG emissions from locomotive biofuels at CPKC. Specifically, these biogenic emissions reflect fuel combustion from our locomotive biofuel trial held in BC.

7.15

Does your organization break down its Scope 1 emissions by greenhouse gas type?

☑ Yes

7.15.1

Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used global warming potential (GWP).

ROW 1

Greenhouse gas
☑ CO_2

Scope 1 emissions (metric tons of CO_2e)
4,213,731

GWP Reference
☑ IPCC Fifth Assessment Report (AR5 – 100 year)

ROW 2

Greenhouse gas
☑ CH_4

Scope 1 emissions (metric tons of CO_2e)
7,956

GWP Reference
☑ IPCC Fifth Assessment Report (AR5 – 100 year)

ROW 3

Greenhouse gas

☑ N_2O

Scope 1 emissions (metric tons of CO_2e)

412,045

GWP Reference

☑ IPCC Fifth Assessment Report (AR5 – 100 year)

ROW 4

Greenhouse gas

☑ HFCs

Scope 1 emissions (metric tons of CO_2e)

1,968

GWP Reference

☑ IPCC Fifth Assessment Report (AR5 – 100 year)

7.16

Break down your total gross global Scope 1 and 2 emissions by country/area.

	Scope 1 emissions (metric tons CO_2e)	Scope 2, location-based (metric tons CO_2e)	Scope 2, market-based (metric tons CO_2e)
Canada	2,474,095	24,516	24,516
Mexico	766,227	7,536	7,536
United States of America	1,395,378	31,795	33,019

7.17

Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

☑ By activity

7.17.3

Break down your total gross global Scope 1 emissions by business activity.

ROW 1

Activity
Off Road Locomotive

Scope 1 emissions (metric tons CO_2e)
4,450,137

ROW 2

Activity
Off Road Equipment

Scope 1 emissions (metric tons CO_2e)
45,606

ROW 3

Activity
Off Road Aircraft

Scope 1 emissions (metric tons CO_2e)
3,929

ROW 4

Activity
On-Road Vehicle Fleet

Scope 1 emissions (metric tons CO_2e)
88,314

ROW 5

Activity
Stationary Heating Sources

Scope 1 emissions (metric tons CO_2e)
38,004

ROW 6

Activity
Stationary Combustion Sources

Scope 1 emissions (metric tons CO_2e)
6,576

ROW 7

Activity
Oil/Water Separators (OWS)

Scope 1 emissions (metric tons CO_2e)
1,167

ROW 8

Activity
Misc Refrigerant Losses

Scope 1 emissions (metric tons CO_2e)
1,968

7.19

Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO_2e.

	Gross Scope 1 emissions, metric tons CO_2e	Comment
Transport services activities	4,635,700	CPKC is a railway freight service provider. We consider all CPKC emissions related to Transport services.

7.20

Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

☑ By activity

7.20.3

Break down your total gross global Scope 2 emissions by business activity.

	Activity	Scope 2, location-based (metric tons CO_2e)	Scope 2, market-based (metric tons CO_2e)
Row 1	Freight Rail Services – Purchased Electricity	63,848	65,071

7.21

Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO_2e.

TRANSPORT SERVICES ACTIVITIES

Scope 2, location-based, metric tons CO_2e
63,848

Scope 2, market-based (if applicable), metric tons CO_2e
65,071

Comment
The emissions associated with purchased electricity are attributable to facility use in rail yards, maintenance operations and office-related functions.

7.22

Break down your gross Scope 1 and Scope 2 emissions between your consolidated accounting group and other entities included in your response.

CONSOLIDATED ACCOUNTING GROUP

Scope 1 emissions (metric tons CO_2e)
4,635,700

Scope 2, location-based emissions (metric tons CO_2e)
63,848

Scope 2, market-based emissions (metric tons CO_2e)
65,071

Please explain
All the entities included in CPKC's emissions calculations for the reporting year are accounted for in CPKC's annual financial statements.

ALL OTHER ENTITIES

Scope 1 emissions (metric tons CO_2e)
0

Scope 2, location-based emissions (metric tons CO_2e)
0

Scope 2, market-based emissions (metric tons CO_2e)
0

Please explain
CPKC does not include any other entities.

7.23

Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

☑ No

7.27

What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

ROW 1

Allocation challenges
☑ Customer base is too large and diverse to accurately track emissions to the customer level

Please explain what would help you overcome these challenges
CPKC's current approach to calculating locomotive emissions is based on customer activity data. We have continually sought to improve the accuracy of our process for capturing customer emissions. An area where we might continue to improve is the allocation method that can over/underestimate the Scope 1 emissions associated with the movement of the customer's products due to the use of an

overall corporate average of GHG emissions per RTM, as opposed to focusing on customer-specific efficiency factors. To obtain more accurate values, it could be necessary to refine the emissions factors to take into account additional customer data, such as geographic areas for the movements, origin-destination pairs, the commodity being transported and the configuration of railcars involved (intermodal containers, automotive, bulk gondola, tank car, etc.). As our approach to climate change continues to evolve, there might be opportunities to work with our customers to refine our methodology.

ROW 2

Allocation challenges

☑ Diversity of product lines makes accurately accounting for each product/product line cost ineffective

Please explain what would help you overcome these challenges

CPKC's current approach to calculating locomotive emissions is based on customer activity data. We have continually sought to improve the accuracy of our process for capturing customer emissions. An area where we might continue to improve is the allocation method that can over/underestimate the Scope 1 emissions associated with the movement of the customer's products due to the use of an overall corporate average of GHG emissions per RTM, as opposed to focusing on customer-specific efficiency factors. To obtain more accurate values, it could be necessary to refine the emissions factors to take into account additional customer data, such as geographic areas for the movements, origin-destination pairs, the commodity being transported and the configuration of railcars involved (intermodal containers, automotive, bulk gondola, tank car, etc.). As our approach to climate change continues to evolve, there might be opportunities to work with our customers to refine our methodology.

ROW 3

Allocation challenges

☑ Managing the different emission factors of diverse and numerous geographies makes calculating total footprint difficult

Please explain what would help you overcome these challenges

CPKC's current approach to calculating locomotive emissions is based on customer activity data. We have continually sought to improve the accuracy of our process for capturing customer emissions. An area where we might continue to improve is the allocation method that can over/underestimate the Scope 1 emissions associated with the movement of the customer's products due to the use of an overall corporate average of GHG emissions per RTM, as opposed to focusing on customer-specific efficiency factors. To obtain more accurate values, it could be necessary to refine the emissions factors to take into account additional customer data, such as geographic areas for the movements, origin-destination pairs, the commodity being transported and the configuration of railcars involved (intermodal containers, automotive, bulk gondola, tank car, etc.). As our approach to climate change continues to evolve, there might be opportunities to work with our customers to refine our methodology.

7.28

Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Do you plan to develop your capabilities to allocate emissions to your customers in the future?

☑ Yes

Describe how you plan to develop your capabilities

CPKC has developed a web-based Carbon Emissions Calculator intended for use by current and prospective rail customers. This innovative tool is designed to provide users with the ability to calculate and compare an estimate of the GHG emissions related to transportation of freight by CPKC's rail services versus heavy haul trucking alternatives. The additional insight into the climate-related impacts of moving freight by CPKC rail network versus heavy haul trucking supports customers awareness of freight transportation options that are most consistent with their climate-related strategies.

7.29

What percentage of your total operational spend in the reporting year was on energy?

☑ More than 15% but less than or equal to 20%

7.30

Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	☑ Yes
Consumption of purchased or acquired electricity	☑ Yes
Consumption of purchased or acquired heat	☑ No
Consumption of purchased or acquired steam	☑ No
Consumption of purchased or acquired cooling	☑ No
Generation of electricity, heat, steam, or cooling	☑ Yes

7.30.1

Report your organization's energy consumption totals (excluding feedstocks) in MWh.

CONSUMPTION OF FUEL (EXCLUDING FEEDSTOCK)

Heating value

☑ HHV (higher heating value)

MWh from renewable sources

0

MWh from non-renewable sources

16,777,213[1]

Total (renewable and non-renewable) MWh

16,777,213[1]

CONSUMPTION OF PURCHASED OR ACQUIRED ELECTRICITY

Heating value

☑ Unable to confirm heating value

MWh from renewable sources

0

MWh from non-renewable sources

235,873

Total (renewable and non-renewable) MWh

235,873

[1]Following the submission of our climate change questionnaire to the CDP, we identified an error in reported energy consumption values. The corrected values are included in this report.

CONSUMPTION OF SELF-GENERATED NON-FUEL RENEWABLE ENERGY

Heating value

☑ Unable to confirm heating value

MWh from renewable sources

3,757

Total (renewable and non-renewable) MWh

3,757

TOTAL ENERGY CONSUMPTION

Heating value

☑ Unable to confirm heating value

MWh from renewable sources

3,757

MWh from non-renewable sources

17,013,086[1]

Total (renewable and non-renewable) MWh

17,016,843[1]

7.30.6

Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	☑ Yes
Consumption of fuel for the generation of heat	☑ Yes
Consumption of fuel for the generation of steam	☑ No
Consumption of fuel for the generation of cooling	☑ No
Consumption of fuel for co-generation or tri-generation	☑ No

7.30.7

State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

SUSTAINABLE BIOMASS

Heating value

☑ Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

No sustainable biomass is used.

[1]Following the submission of our climate change questionnaire to the CDP, we identified an error in reported energy consumption values. The corrected values are included in this report.

OTHER BIOMASS

Heating value
☑ Unable to confirm heating value

Total fuel MWh consumed by the organization
319,990[1]

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
319,990[1]

Comment
Heat energy from fuel combustion used to power locomotives and work equipment.

OTHER RENEWABLE FUELS (E.G. RENEWABLE HYDROGEN)

Heating value
☑ Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

Comment
No renewable fuels used.

COAL

Heating value
☑ Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

Comment
No coal is used.

OIL

Heating value
☑ Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

Comment
No oil is used.

GAS

Heating value
☑ Unable to confirm heating value

Total fuel MWh consumed by the organization
201,279

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
201,279

Comment
Natural gas as a heating source in buildings and powering heat generating equipment.

[1]Following the submission of our climate change questionnaire to the CDP, we identified an error in reported energy consumption values. The corrected values are included in this report.

OTHER NON-RENEWABLE FUELS (E.G. NON-RENEWABLE HYDROGEN)

Heating value

☑ Unable to confirm heating value

Total fuel MWh consumed by the organization

16,255,944[1]

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

16,255,944[1]

Comment

Heat energy from fuel combustion used to power locomotives, vehicles, work equipment, heaters, and other equipment used to support operations.

TOTAL FUEL

Heating value

☑ Unable to confirm heating value

Total fuel MWh consumed by the organization

16,777,213[1]

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

16,777,213[1]

Comment

Heat energy from fuel combustion used to power locomotives, vehicles, work equipment, heaters, and other equipment used to support operations.

7.30.9

Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

ELECTRICITY

Total Gross generation (MWh)

5,342

Generation that is consumed by the organization (MWh)

4,137

Gross generation from renewable sources (MWh)

4,962

Generation from renewable sources that is consumed by the organization (MWh)

3,757

HEAT

Total Gross generation (MWh)

0

Generation that is consumed by the organization (MWh)

0

Gross generation from renewable sources (MWh)

0

Generation from renewable sources that is consumed by the organization (MWh)

0

[1]Following the submission of our climate change questionnaire to the CDP, we identified an error in reported energy consumption values. The corrected values are included in this report.

STEAM

Total Gross generation (MWh)
0

Generation that is consumed by the organization (MWh)
0

Gross generation from renewable sources (MWh)
0

Generation from renewable sources that is consumed by the organization (MWh)
0

COOLING

Total Gross generation (MWh)
0

Generation that is consumed by the organization (MWh)
0

Gross generation from renewable sources (MWh)
0

Generation from renewable sources that is consumed by the organization (MWh)
0

7.30.14

Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in 7.7.

ROW 1

Country/area
☑ Canada

Sourcing method
☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

Comment
CPKC calculated Scope 2 market-based emissions in 2023. However, CPKC did not deliberately purchase zero or near zero emission electricity in 2023 and is therefore not accounting for purchased zero or near-zero emission electricity as part of this reported value.

ROW 2

Country/area
☑ Mexico

Sourcing method
☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

Comment
CPKC calculated Scope 2 market-based emissions in 2023. However, CPKC did not deliberately purchase zero or near zero emission electricity in 2023 and is therefore not accounting for purchased zero or near-zero emission electricity as part of this reported value.

ROW 3

Country/area
☑ United States of America

Sourcing method
☑ None (no active purchases of low-carbon electricity, heat, steam or cooling)

Comment
CPKC calculated Scope 2 market-based emissions in 2023. However, CPKC did not deliberately purchase zero or near zero emission electricity in 2023 and is therefore not accounting for purchased zero or near-zero emission electricity as part of this reported value.

7.30.15

Provide details on the average emission factor used for all transport movements per mode that directly source energy from the grid.

ROW 1

Category
☑ Rail

Emission factor unit
☑ gCO_2/kWh

Average emission factor: unit value
0

Comment
CPKC does not currently have any rail transport movements that directly source energy from the grid.

7.30.16

Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

CANADA

Consumption of purchased electricity (MWh)
142,997

Consumption of self-generated electricity (MWh)
3,757

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total electricity/heat/steam/cooling energy consumption (MWh)
146,754.00

MEXICO

Consumption of purchased electricity (MWh)
17,206

Consumption of self-generated electricity (MWh)
0

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total electricity/heat/steam/cooling energy consumption (MWh)
17,206.00

UNITED STATES OF AMERICA

Consumption of purchased electricity (MWh)
75,670

Consumption of self-generated electricity (MWh)
0

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total electricity/heat/steam/cooling energy consumption (MWh)
75,670

7.36

Provide any efficiency metrics that are appropriate for your organization's transport products and/or services.

ROW 1

Activity
☑ Rail

Metric figure
0.003956

Metric numerator
☑ Liters of fuel

Metric denominator
☑ t.mile

Metric numerator: Unit total
1,497,429,000

Metric denominator: Unit total
378,539,472,594

% change from last year
1

Please explain
This is the fuel efficiency value used by CPKC. The numerator represents diesel and biodiesel fuel consumed by locomotives and the denominator is gross ton-miles (GTMs). CPKC's overall fuel efficiency performance increased by 1% as the liters of fuel consumed increased by 0.6% and GTMs increased by 1.1%.

7.51

What are your primary intensity (activity-based) metrics that are appropriate to your emissions from transport activities in Scope 1, 2, and 3?

RAIL

Scopes used for calculation of intensities

☑ Report just Scope 1

Intensity figure

0.0000117654

Metric numerator: emissions in metric tons CO_2e

5,657,183

Metric denominator: unit

☑ t.mile

Metric denominator: unit total

378,539,472,594

% change from previous year

0

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.

This metric only includes locomotive fuel consumption and excludes all facility-related and non-locomotive associated Scope 1 and Scope 2 emissions. This is the most appropriate indicator of emissions related to transportation activities, as locomotive fuel emissions accounted for about 95 percent of CPKC's total Scope 1 and Scope 2 GHG emissions in 2023. The percent change from previous year has not been calculated as this is the first reporting year for CPKC.

ALL

Scopes used for calculation of intensities

☑ Report just Scope 1

Intensity figure

0.0000117654

Metric numerator: emissions in metric tons CO_2e

5,657,183

Metric denominator: unit

☑ t.mile

Metric denominator: unit total

378,539,472,594

% change from previous year

0

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.

This metric only includes locomotive fuel consumption and excludes all facility-related and non-locomotive associated Scope 1 and Scope 2 emissions. This is the most appropriate indicator of emissions related to transportation activities, as locomotive fuel emissions accounted for about 95 percent of CPKC's total Scope 1 and Scope 2 GHG emissions in 2023. The percent change from previous year has not been calculated as this is the first reporting year for CPKC.

7.52

Provide any additional climate-related metrics relevant to your business.

ROW 1

Description

☑ Other, please specify :Fleet adoption of hydrogen locomotives

Metric value

3

Metric numerator

Number of hydrogen locomotives

Please explain

CPKC's Hydrogen Locomotive Program is intended to evaluate the technical performance of hydrogen-powered locomotives and supporting fueling infrastructure in real-world freight rail operations. The program is generating critical industry knowledge and experience to help inform potential future commercialization and development. In 2023, CPKC placed two locomotives into regular yard service and advanced the installation of hydrogen production and fueling facilities. As of December 2023, the units had completed eight full eight-hour shifts without fail, operating at below freezing temperatures. During these tests, the units have delivered seamless performance in combination with diesel-electric locomotives. Both units have also supported 48 mainline tests accumulating a combined 3,840 miles in freight rail operations. In parallel, we converted a third, high-horsepower AC-traction locomotive, and initiated mainline operations trials. Our high horsepower locomotive, which includes a fuel tender car delivering 1,200 kilograms of additional hydrogen enabling a range comparable with diesel-electric locomotives in Alberta, has completed its first movement. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen.

7.53

Did you have an emissions target that was active in the reporting year?

☑ Intensity target

7.53.1

Provide details of your absolute emissions targets and progress made against those targets.

	Base year total Scope 3 emissions covered by target (metric tons CO_2e)	Total base year emissions covered by target in all selected Scopes (metric tons CO_2e)	Total emissions in reporting year covered by target in all selected scopes (metric tons CO_2e)
Row 1	0.000	0.000	0.000

7.53.2

Provide details of your emissions intensity targets and progress made against those targets.

ROW 1

Target reference number

☑ Int 1

Is this a science-based target?

☑ Yes, and this target has been approved by the Science Based Targets initiative

Science Based Targets initiative official validation letter

Canadian Pacific Kansas City SBTi Validation Report.pdf

Target ambition

☑ Well-below 2°C aligned

Date target was set

06/08/2023

Target coverage

☑ Business activity

Greenhouse gases covered by target

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

Scopes

☑ Scope 1

☑ Scope 2

☑ Scope 3

Scope 2 accounting method

☑ Location-based

Scope 3 categories

☑ Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Intensity metric

☑ Other, please specify :grams CO_2e per gross ton-mile (GTM)

End date of base year

12/31/2020

Intensity figure in base year for Scope 1 (metric tons CO_2e per unit of activity)

11.47

Intensity figure in base year for Scope 2 (metric tons CO_2e per unit of activity)

0

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO_2e per unit of activity)

2.8

Intensity figure in base year for total Scope 3 (metric tons CO_2e per unit of activity)

2.8000000000

Intensity figure in base year for all selected Scopes (metric tons CO_2e per unit of activity)

14.2700000000

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

97

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

0

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

97

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure

42

% of total base year emissions in all selected Scopes covered by this intensity figure

77

End date of target

12/31/2030

Targeted reduction from base year (%)

36.9

Intensity figure at end date of target for all selected Scopes (metric tons CO_2e per unit of activity)

9.0043700000

% change anticipated in absolute Scope 1+2 emissions

35

% change anticipated in absolute Scope 3 emissions

16

Intensity figure in reporting year for Scope 1 (metric tons CO_2e per unit of activity)

11.77

Intensity figure in reporting year for Scope 2 (metric tons CO_2e per unit of activity)

0

Intensity figure in reporting year for Scope 3, Category 3: Fuel- and energy-related activities (metric tons CO_2e per unit of activity)

2.83

Intensity figure in reporting year for total Scope 3 (metric tons CO_2e per unit of activity)

2.8300000000

Intensity figure in reporting year for all selected Scopes (metric tons CO_2e per unit of activity)

14.6000000000

Land-related emissions covered by target

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year

-6.27

Target status in reporting year

☑ New

Explain target coverage and identify any exclusions

This intensity-based target commits CPKC to reduce locomotive WTW GHG emissions per gross ton-miles (GTMs) by 36.9 percent by 2030, from a 2020 base year. Well-to-wheel emissions included in the target are Scope 1 emissions from locomotive fuel (typically around 95 percent of our total Scope 1 and 2 emissions) and Scope 3, Category 3 emissions from locomotive fuel, which covers our largest source of Scope 3 emissions. The use of GTMs is an important measure of CPKC's freight transportation business activity and is consistent with industry practice, aligning with the SBTi Sectorial Decarbonization Approach (SDA) target-setting approach. This target was calculated using the SBTi's SDA Tool for the transport sector.

Target objective

CPKC's locomotive target establishes a GHG intensity objective for well-to-wheel emissions per gross ton mile by 2030. As a low-carbon mode of freight transport, the volume of goods transported by the rail sector, and by CPKC, is expected to grow in the years to come. By following an intensity-based approach for our target-setting pathway, CPKC can confidently accommodate future business growth while improving the emissions intensity of our freight rail operations. We believe the growth of freight transportation by rail is an essential component of the broader decarbonization and modal optimization within the transportation sector.

Plan for achieving target, and progress made to the end of the reporting year

In June 2023, the Company released our Commitment to Climate Action, which represents an update to our Climate Strategy. As part of our Commitment to Climate Action, we announced a commitment to establish an emissions reduction target aligned with a 1.5°C future. Our Commitment to Climate Action also includes a new GHG emissions reduction target for CPKC's combined locomotive operations, using SBTi's sectoral-based approach for freight railways and a well-below 2°C global-

warming scenario. CPKC has committed to reduce our WTW locomotive emissions by 36.9 percent per gross ton-mile by 2030 from a 2020 base year. This consolidated target was validated by SBTi and has replaced the targets we previously announced in our Climate Strategy for CP on a standalone basis.

In 2023, CPKC's locomotive GHG emissions intensity was 2.3% percent higher than the GHG emissions intensity reported during the combined Company's target base year of 2020. The 2023 emissions performance reflects a year of unprecedented growth and change for our business.

In support of our commitment to climate action, CPKC continues to progress on evaluating and implementing initiatives to reduce operational emissions, including exploring and investing in the low-carbon solutions best suited to meet the strenuous demands of our business. We are actively exploring several initiatives, including advanced testing of alternative and renewable fuels, to significantly reduce emissions within our business.

Target derived using a sectoral decarbonization approach

☑ Yes

7.54

Did you have any other climate-related targets that were active in the reporting year?

☑ No other climate-related targets

7.55

Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

☑ Yes

7.55.1

Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO_2e savings.

	Number of initiatives	Total estimated annual CO_2e savings in metric tonnes CO_2e (only for rows marked *)
Under investigation	6	`Numeric input
To be implemented	0	0
Implementation commenced	0	0
Implemented	1	2,899
Not to be implemented	0	`Numeric input

7.55.2

Provide details on the initiatives implemented in the reporting year in the table below.

ROW 1

Initiative category & Initiative type
Low-carbon energy generation

☑ Solar PV

Estimated annual CO_2e savings (metric tonnes CO_2e)
2,899

Scope(s) or Scope 3 category(ies) where emissions savings occur
☑ Scope 2 (location-based)
☑ Scope 2 (market-based)

Voluntary/Mandatory
☑ Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
185,284

Investment required (unit currency – as specified in C0.4)
9,303,000

Payback period
☑ 11-15 years

Estimated lifetime of the initiative
☑ 21-30 years

Comment
The installation of the Ogden solar project has been completed. The completed installation spans approximately five hectares and provides covered parking for up to 500 employee vehicles and a solar garden. Four electric car-charging stations were also added to provide employees with access to electric vehicle charging at work. The project will also assist in reducing CPKC's Scope 2 emissions, a category specific to indirect emissions related to electricity usage. The Ogden Solar project produced more than 4,900 MWH in 2023. When translated to emissions savings, the project saved approximately 2,899 metric tons of GHG emissions relative to what would have resulted from electricity used from the Alberta grid.

7.55.3

What methods do you use to drive investment in emissions reduction activities?

ROW 1

Method

☑ Financial optimization calculations

Comment

Successfully implementing our Climate Strategy, requires the company to direct the flow of our limited capital, operating budgets and people resources in the most efficient and effective ways possible. CPKC currently invests significant portion of our annual capital program to maintaining and upgrading our locomotive fleet and network, to improving overall efficiency and ensuring system reliability. We are increasingly utilizing new data management systems, technologies and fuels to mitigate GHG emissions in our operations.

7.73

Are you providing product level data for your organization's goods or services?

☑ No, I am not providing data

7.74

Do you classify any of your existing goods and/or services as low-carbon products?

☑ Yes

7.74.1

Provide details of your products and/or services that you classify as low-carbon products.

ROW 1

Level of aggregation

☑ Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

☑ Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Rail

☑ Other, please specify :Intermodal Freight Rail Transport

Description of product(s) or service(s)

According to research conducted by the AAR, shipping goods and materials by rail currently represents the most fuel-efficient method of on-land freight transportation over long distances. According to the AAR, a single-unit train is estimated to keep more than 300 trucks off public roads and transporting freight by rail is estimated to be roughly three-to-four times more fuel efficient than shipping by truck and produce about 75 percent less GHG emissions, which helps our customers further reduce GHG emissions. As one specific example, CPKC's intermodal services move goods from a broad spectrum of industries, including wholesale, retail, food and various other commodities. Our intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck and in domestic containers that can be moved by train and truck. The increased fuel efficiency of shipping with rail can result in lower GHG emissions in intermodal freight rail transportation.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

☑ Yes

Methodology used to calculate avoided emissions

☑ Other, please specify :CPKC Internal Methodology

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

☑ Gate-to-gate

Functional unit used

One time shipment of 100 intermodal 40 foot long shipping containers weighing 14 U.S. Tons, shipped from Monterrey to Chicago utilizing rail and drayage trucking versus an identical shipment transported only by heavy duty highway truck.

Reference product/service or baseline scenario used

Intermodal transport via heavy duty highway truck transport

Life cycle stage(s) covered for the reference product/service or baseline scenario

☑ Gate-to-gate

Estimated avoided emissions (metric tons CO_2e per functional unit) compared to reference product/service or baseline scenario

158

Explain your calculation of avoided emissions, including any assumptions

This metric reflects the estimated CO_2e emissions savings associated with shipping the specified number, weight, and size of Intermodal containers from Monterrey to Chicago according to the CPKC Carbon Emissions Calculator. This carbon emissions calculator (Calculator) is a tool designed by CPKC to help users estimate the greenhouse gas (GHG) emissions of freight by CPKC rail transportation plus truck drayage and the GHG emission reductions and savings users may potentially achieve by switching from long-haul trucking to CPKC rail transportation plus truck drayage. To learn more go to: https://www.cpkcr.com/en/sustainability/cpkc-carbon-calculator.

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

20

7.75

Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.

ROW 1

Activity

☑ Rail

Metric

☑ Fleet adoption

Technology

☑ Other, please specify :Hydrogen Locomotive

Metric figure

3

Metric unit

☑ Other, please specify :Number of hydrogen locomotives

Explanation

CPKC's Hydrogen Locomotive Program is intended to demonstrate and evaluate the technical performance of hydrogen-powered locomotives and supporting fueling infrastructure in real-world freight rail operations. The program is generating critical industry knowledge and experience to help inform potential future commercialization and development. In 2023, CPKC placed two locomotives into regular yard service and advanced the installation of hydrogen production and fueling facilities. As of December 2023, the units had completed eight full eight-hour shifts without fail, operating at below freezing temperatures. During these tests, the units have delivered seamless performance in combination with diesel-electric locomotives. Both units have also supported 48 mainline tests accumulating a combined 3,840 miles in freight rail operations. In parallel, we converted a third, high-horsepower AC-traction locomotive, and initiated mainline operations trials. Our high horsepower locomotive, which includes a fuel tender car delivering 1,200 kilograms of additional hydrogen enabling a range comparable with diesel-electric locomotives in Alberta, has completed its first movement. In the summer of 2023, CPKC and CSX, a U.S.-based Class 1 railroad, established a joint venture for CPKC to build and supply a hydrogen locomotive conversion kit in support of CSX converting a diesel-electric switch locomotive to operate on hydrogen.

7.79

Has your organization canceled any project-based carbon credits within the reporting year?

☑ No

C9. Water security

9.1

Are there any exclusions from your disclosure of water-related data?

☑ Yes

9.1.1

Provide details on these exclusions.

ROW 1

Exclusion

☑ Specific groups, businesses, or organizations

Description of exclusion

As a part of our integration of legacy KCS into our company, we are continuing to evaluate the sustainability priorities, policies, practices, programs, goals and objectives of the combined CPKC, and may make changes to our priorities, policies, practices, programs, goals and objectives as a result of that evaluation. These efforts also include our ongoing assessment of information, processes and practices related to legacy KCS and their consistency with those of legacy CP. The current water data includes only legacy CP operations.

Reason for exclusion

☑ Recent acquisition or merger

Completion date of acquisition or merger

04/13/2023

Data from the merger/acquisition will be incorporated in the next reporting year

☑ Yes

Percentage of water volume the exclusion represents

☑ Unknown

Please explain

Given the low priority assigned to water management during sustainability materiality assessments to date, CPKC has not made the collection and inventory of water data across all its operations an immediate priority. The current water data excludes legacy KCS operations. The percentage of the excluded water data is unknown. CPKC plans to report on water data for the combined operations in future reporting years.

9.2

Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

WATER WITHDRAWALS – TOTAL VOLUMES

% of sites/facilities/operations

☑ 100%

Frequency of measurement

☑ Yearly

Method of measurement

In accordance with CDP's Technical Note on Water Accounting (p. 6) water consumption is equal to water withdrawn minus water discharged. Therefore, the reported water consumed and water discharged volumes, which are tracked monthly for legacy CP operations, are summed and reported as legacy CP's water withdrawn.

Please explain

As a part of our integration of legacy KCS into our company, we are continuing to evaluate the sustainability priorities, policies, practices, programs, goals and objectives of the combined CPKC, and may make changes to our priorities, policies, practices, programs, goals and objectives as a result of that evaluation. These efforts also include our ongoing assessment of information, processes and practices related to legacy KCS and their consistency with those of legacy CP. The current water data includes only legacy CP operations.

WATER WITHDRAWALS – VOLUMES BY SOURCE

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

WATER WITHDRAWALS QUALITY

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

WATER DISCHARGES – TOTAL VOLUMES

% of sites/facilities/operations

☑ 100%

Frequency of measurement

☑ Monthly

Method of measurement

CPKC discharges industrial wastewater in a responsible manner according to local regulations and permits. All wastewater discharges are planned. Where applicable, CPKC processes industrial wastewater through treatment plants, including oil water separators, dissolved air flotation, chemical injection and activated carbon systems. Treated effluent is typically discharged to publicly owned sewage treatment works for further treatment.

Please explain

As a part of our integration of legacy KCS into our company, we are continuing to evaluate the sustainability priorities, policies, practices, programs, goals and objectives of the combined CPKC, and may make changes to our priorities, policies, practices, programs, goals and objectives as a result of that evaluation. These efforts also include our ongoing assessment of information, processes and practices related to legacy KCS and their consistency with those of legacy CP. The current water data includes only legacy CP operations.

WATER DISCHARGES – VOLUMES BY DESTINATION

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

WATER DISCHARGES – VOLUMES BY TREATMENT METHOD

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

WATER DISCHARGE QUALITY – BY STANDARD EFFLUENT PARAMETERS

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

WATER DISCHARGE QUALITY – EMISSIONS TO WATER (NITRATES, PHOSPHATES, PESTICIDES, AND/OR OTHER PRIORITY SUBSTANCES)

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

WATER DISCHARGE QUALITY – TEMPERATURE

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

WATER CONSUMPTION – TOTAL VOLUME

% of sites/facilities/operations

☑ 100%

Frequency of measurement

☑ Monthly

Method of measurement

Water data is for legacy CP only. Water consumption volumes are calculated on the basis of metered service connections to municipal water treatment and distribution systems supplied to legacy CP facilities across the network. These values do not reflect a small amount of unmetered water supplied by local wells at remote operating locations.

Please explain

As a part of our integration of legacy KCS into our company, we are continuing to evaluate the sustainability priorities, policies, practices, programs, goals and objectives of the combined CPKC, and may make changes to our priorities, policies, practices, programs, goals and objectives as a result of that evaluation. These efforts also include our ongoing assessment of information, processes and practices related to legacy KCS and their consistency with those of legacy CP. The current water data includes only legacy CP operations.

WATER RECYCLED/REUSED

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

The provision of fully-functioning, safely managed WASH services to all workers

% of sites/facilities/operations

☑ Not monitored

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

9.2.2

What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

TOTAL WITHDRAWALS

Volume (megaliters/year)

685

Comparison with previous reporting year

☑ This is our first year of measurement

Primary reason for comparison with previous reporting year

☑ Mergers and acquisitions

Five-year forecast

☑ About the same

Primary reason for forecast

☑ Mergers and acquisitions

Please explain

This water is specific to legacy CP operations, We are working to integrate CPKC wide water information.

In accordance with CDP's Technical Note on Water Accounting (p. 6) water consumption is equal to water withdrawn minus water discharged. Therefore, the reported water consumed and water discharged volumes, which are tracked monthly for legacy CP operations, are summed and reported as legacy CP's water withdrawn.

Water withdrawn in 2023 = water discharged (118 ML) + water consumed (567 ML) = 685 ML

TOTAL DISCHARGES

Volume (megaliters/year)
118

Comparison with previous reporting year
☑ This is our first year of measurement

Primary reason for comparison with previous reporting year
☑ Mergers and acquisitions

Five-year forecast
☑ About the same

Primary reason for forecast
☑ Mergers and acquisitions

Please explain
Water discharge in 2023 = 118 ML

The water withdrawn is expected to increase in the future in reporting on the combined CPKC (inclusive of legacy KCS's operations).

TOTAL CONSUMPTION

Volume (megaliters/year)
567

Comparison with previous reporting year
☑ This is our first year of measurement

Primary reason for comparison with previous reporting year
☑ Mergers and acquisitions

Five-year forecast
☑ About the same

Primary reason for forecast
☑ Mergers and acquisitions

Please explain
Water consumption in 2023 = 567 ML

The water withdrawn is expected to increase in the future in reporting on the combined CPKC (inclusive of legacy KCS's operations).

9.2.4

Indicate whether water is withdrawn from areas with water stress, provide the volume, how it compares with the previous reporting year, and how it is forecasted to change.

Withdrawals are from areas with water stress

☑ Unknown

Please explain
CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

9.3

In your direct operations and upstream value chain, what is the number of facilities where you have identified substantive water-related dependencies, impacts, risks, and opportunities?

DIRECT OPERATIONS

Identification of facilities in the value chain stage

☑ No, we have assessed this value chain stage but did not identify any facilities with water-related dependencies, impacts, risks, and opportunities

Please explain

Our climate-related risk management strategy includes a process for identifying, assessing and responding to water-related risks, specifically, acute and chronic physical risks associated with precipitation impacting our rail network. In addition, CPKC also assesses risks associated with non-compliance with regulations on discharge requirements. CPKC's methodology for evaluating water-related risks is informed through identification of impacts. Our recent climate physical risk assessment for the rail network focused on the identification of high-risk zones as well as potential impacts to the company. However, CPKC does not assess risks associated with water withdrawal, consumption and stress. Currently, CPKC has not identified and assessed dependencies as a part of our risk assessment process.

UPSTREAM VALUE CHAIN

Identification of facilities in the value chain stage

☑ No, we have not assessed this value chain stage for facilities with water-related dependencies, impacts, risks, and opportunities, and are not planning to do so in the next 2 years

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations. Therefore we have not focused on our value chain water-related dependencies, impacts, risks, and opportunities, and do not have current plans to do so.

9.4

Could any of your facilities reported in 9.3.1 have an impact on a requesting CDP supply chain member?

☑ No facilities were reported in 9.3.1

9.5

Provide a figure for your organization's total water withdrawal efficiency.

Revenue (currency)	Total water withdrawal efficiency	Anticipated forward trend
12,555,000,000	18328467.15	CPKC's water withdrawal efficiency is anticipated to remain consistent in future reporting years.

9.13

Do any of your products contain substances classified as hazardous by a regulatory authority?

Products contain hazardous substances

☑ No

Comment

CPKC delivers transportation solutions across the rail network in Canada, the U.S. and Mexico. It does not manufacture any products. However, as a part of our common carrier obligations, we are legally required to transport hazardous materials. We do so in accordance with all applicable laws, including safety and environmental protection regulations.

9.14

Do you classify any of your current products and/or services as low water impact?

Products and/or services classified as low water impact

☑ No, and we do not plan to address this within the next two years

Primary reason for not classifying any of your current products and/or services as low water impact

☑ Judged to be unimportant, explanation provided

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations. Therefore we have not classified our services.

9.15

Do you have any water-related targets?

☑ No, and we do not plan to within the next two years

9.15.3

Why do you not have water-related target(s) and what are your plans to develop these in the future?

Primary reason

☑ Judged to be unimportant, explanation provided

Please explain

CPKC periodically conducts sustainability materiality assessments involving internal and external stakeholders to identify the sustainability topics most relevant to our business and stakeholders. See 1.3.3 for a discussion of how we use the term "materiality assessment" in this document. The topic of water management has not been identified as a top sustainability priority for CPKC's freight railway operations.

C11. Biodiversity

11.2

What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

Actions taken in the reporting period to progress your biodiversity-related commitments

☑ Yes, we are taking actions to progress our biodiversity-related commitments

Type of action taken to progress biodiversity-related commitments

☑ Land/water protection

☑ Land/water management

11.3

Does your organization use biodiversity indicators to monitor performance across its activities?

Does your organization use indicators to monitor biodiversity performance?
☑ No, we do not use indicators, but plan to within the next two years

11.4

Does your organization have activities located in or near to areas important for biodiversity in the reporting year?

LEGALLY PROTECTED AREAS

Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

☑ Yes (partial assessment)

Comment

CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We operate through a UNESCO World Heritage Site, National Parks, National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries. We are in the process of identifying and updating the list to include similar locations in Mexico.

UNESCO WORLD HERITAGE SITES

Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

☑ Yes (partial assessment)

Comment

CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We operate through a UNESCO World Heritage Site, National Parks, National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries. We are in the process of identifying and updating the list to include similar locations in Mexico.

UNESCO MAN AND THE BIOSPHERE RESERVES

Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

☑ Yes (partial assessment)

Comment

CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We operate through a UNESCO World Heritage Site, National Parks, National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries. We are in the process of identifying and updating the list to include similar locations in Mexico.

RAMSAR SITES

Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

☑ Yes (partial assessment)

Comment

CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We operate through a UNESCO World Heritage Site, National Parks, National Heritage Site, Ramsar Wetlands, and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries. We are in the process of identifying and updating the list to include similar locations in Mexico.

KEY BIODIVERSITY AREAS

Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

☑ No

Comment

No additional comments.

OTHER AREAS IMPORTANT FOR BIODIVERSITY

Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

☑ No

Comment

No additional comments.

11.4.1

Provide details of your organization's activities in the reporting year located in or near to areas important for biodiversity.

ROW 1

Types of area important for biodiversity

☑ Legally protected areas

Protected area category (IUCN classification)

☑ Not applicable

Country/area

☑ Canada

Name of the area important for biodiversity

We operate through a UNESCO World Heritage Site, three National Parks, a National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries.

Proximity

☑ Adjacent

Briefly describe your organization's activities in the reporting year located in or near to the selected area

CPKC owns and operates the only freight railway spanning Canada, the U.S. and Mexico. CPKC provides rail and intermodal transportation services over a network of approximately 20,000 miles, serving principal business centres across Canada, the U.S. and Mexico. CPKC transports bulk commodities, merchandise freight and intermodal traffic. CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We operate through a UNESCO World Heritage Site, National Parks, National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries. We are in the process of identifying and updating the list to include similar locations in Mexico.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

☑ Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

☑ Scheduling
☑ Restoration
☑ Site selection
☑ Project design
☑ Physical controls
☑ Abatement controls
☑ Operational controls
☑ Biodiversity offsets

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

At CPKC, all new business initiatives and construction-related projects along our right of way are subject to structured risk assessments or natural environmental screenings. These processes are designed to promote careful planning and execution of new projects or activities to mitigate environmental risk, protect sensitive biodiverse areas and the safety of our employees, contractors and communities. For projects requiring further analysis, the Environmental Risk group evaluates project design and proposed construction activities to identify potential environmental effects and regulatory requirements. Project managers incorporate findings from this screening process into project design and execution, including a variety of mitigation and restoration measures, including: 1. Timing of construction activities to avoid wildlife impact, such as during critical nesting periods. 2. Constructing or upgrading stream crossings to facilitate the safe passage of fish. 3. Installing erosion control structures to prevent materials from washing into adjacent water bodies. 4. Managing post-project vegetation to promote beneficial growth and to control the spread of invasive plant species in disturbed areas. 5. Implementing habitat improvement projects for impacted species.

ROW 2

Types of area important for biodiversity

☑ UNESCO World Heritage sites

Country/area

☑ Canada

Name of the area important for biodiversity

We operate through a UNESCO World Heritage Site, three National Parks, a National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries.

Proximity

☑ Adjacent

Briefly describe your organization's activities in the reporting year located in or near to the selected area

CPKC owns and operates the only freight railway spanning Canada, the U.S. and Mexico. CPKC provides rail and intermodal transportation services over a network of approximately 20,000 miles, serving principal business centres across Canada, the U.S. and Mexico. CPKC transports bulk commodities, merchandise freight and intermodal traffic. CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We operate through a UNESCO World Heritage Site, National Parks, National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries. We are in the process of identifying and updating the list to include similar locations in Mexico.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

☑ Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

☑ Scheduling
☑ Restoration
☑ Site selection
☑ Project design
☑ Physical controls
☑ Abatement controls
☑ Operational controls
☑ Biodiversity offsets

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

At CPKC, all new business initiatives and construction-related projects along our right of way are subject to structured risk assessments or natural environmental screenings. These processes are designed to promote careful planning and execution of new projects or activities to mitigate environmental risk, protect sensitive biodiverse areas and the safety of our employees, contractors and communities. For projects requiring further analysis, the Environmental Risk group evaluates project design and proposed construction activities to identify potential environmental effects and regulatory requirements. Project managers incorporate findings from this screening process into project design and execution, including a variety of mitigation and restoration measures, including: 1. Timing of construction activities to avoid wildlife impact, such as during critical nesting periods. 2. Constructing or upgrading stream crossings to facilitate the safe passage of fish. 3. Installing erosion control structures to prevent materials from washing into adjacent water bodies. 4. Managing post-project vegetation to promote beneficial growth and to control the spread of invasive plant species in disturbed areas. 5. Implementing habitat improvement projects for impacted species.

ROW 3

Types of area important for biodiversity

☑ Ramsar sites

Country/area

☑ Canada

Name of the area important for biodiversity

We operate through a UNESCO World Heritage Site, three National Parks, a National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries.

Proximity

☑ Adjacent

Briefly describe your organization's activities in the reporting year located in or near to the selected area

CPKC owns and operates the only freight railway spanning Canada, the U.S. and Mexico. CPKC provides rail and intermodal transportation services over a network of approximately 20,000 miles, serving principal business centres across Canada, the U.S. and Mexico. CPKC transports bulk commodities, merchandise freight and intermodal traffic. CPKC has identified portions of its network that are in proximity to areas of high biodiversity value in Canada and the U.S. We operate through a UNESCO World Heritage Site, National Parks, National Heritage Site, Ramsar Wetlands and numerous other protected areas such as Fish and Wildlife Refuges and Bird Sanctuaries. We are in the process of identifying and updating the list to include similar locations in Mexico.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

☑ Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

☑ Scheduling
☑ Restoration
☑ Site selection
☑ Project design
☑ Physical controls
☑ Abatement controls
☑ Operational controls
☑ Biodiversity offsets

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

At CPKC, all new business initiatives and construction-related projects along our right of way are subject to structured risk assessments or natural environmental screenings. These processes are designed to promote careful planning and execution of new projects or activities to mitigate environmental risk, protect sensitive biodiverse areas and the safety of our employees, contractors and communities. For projects requiring further analysis, the Environmental Risk group evaluates project design and proposed construction activities to identify potential environmental effects and regulatory requirements. Project managers incorporate findings from this screening process into project design and execution, including a variety of mitigation and restoration measures, including: 1. Timing of construction activities to avoid wildlife impact, such as during critical nesting periods. 2. Constructing or upgrading stream crossings to facilitate the safe passage of fish. 3. Installing erosion control structures to prevent materials from washing into adjacent water bodies. 4. Managing post-project vegetation to promote beneficial growth and to control the spread of invasive plant species in disturbed areas. 5. Implementing habitat improvement projects for impacted species.

C13. Further information & sign off

13.1

Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

Other environmental information included in your CDP response is verified and/or assured by a third party
☑ Yes

13.1.1

Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

ROW 1

Environmental issue for which data has been verified and/or assured

☑ Climate change

Disclosure module and data verified and/or assured

Environmental performance – Climate change

☑ Progress against targets

Verification/assurance standard

Climate change-related standards

☑ ISO 14064-3

Further details of the third-party verification/assurance process

CPKC annually conducts reasonable level of third-party assurance of the locomotive well-to-wheel GHG intensity in the reporting year.

Attach verification/assurance evidence/report (optional)

CPKC 2023 GHG Emissions Assurance Report.pdf

13.3

Provide the following information for the person that has signed off (approved) your CDP response.

Job title

Executive Vice-President and Chief Financial Officer

Corresponding job category

☑ Chief Financial Officer (CFO)

Appendix 1: Foward-looking information

FORWARD-LOOKING INFORMATION

This report contains certain forward-looking information and forward-looking statements (collectively, "forward-looking information") within the meaning of applicable securities laws, including with respect to the environmental, social, governance and sustainability priorities, policies, practices, programs, goals and objectives of CPKC. Any statements about our expectations, beliefs, plans, goals, targets, predictions, forecasts, objectives, assumptions, information and statements about possible future events, conditions and results of operations or performance are not historical facts and may be forward-looking. Forward-looking information in this report includes, but is not limited to, plans or objectives of management for future operations; information regarding sustainability related actions we plan to take in the future, including CPKC's climate strategy for reducing GHG emissions, our Commitment to Climate Action or other sustainability-related commitments; fuel efficiency of railways and our operations; future investments in and the availability of carbon emissions-reduction tools and technologies including through our fleet modernization program and technology upgrades; the impacts of existing and planned capital investments and our ability to work with governments and third parties to mitigate the impacts of climate change; and assumptions underlying or relating to any of the foregoing. Forward-looking information is often, but not always, made through the use of words or phrases such as "anticipates", "aims", "believes", "can", "could", "may", "predicts", "potential", "should", "will", "estimates", "plans", "projects", "continuing", "ongoing", "expects", "intends" and similar words or phrases suggesting future outcomes.

Forward-looking information is based on current assumptions about our business and our strategy as well as economic, political, regulatory, market and environmental conditions affecting them. Although we believe the assumptions reflected in the forward-looking information presented in this report are reasonable as of the date hereof, there can be no assurance that they may prove to be correct. Readers should not put undue reliance on forward-looking information, as it is not a guarantee of future performance. Forward looking information involves many inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking information. This includes risks such as: change in business strategies, general North American and global economic, credit and business conditions, changes in the availability and price of commodities and energy; the effects of competition; industry capacity; shifts in demand; changes in laws and regulations; natural or other disasters, including earthquakes, wildfires, pandemics or acts of terrorism affecting the markets in which we operate; the adverse effects of climate change on our business, investors, customers, suppliers and counterparts; our ability to successfully execute on initiatives relating to sustainability; cost increases; claims and litigation; labour disputes; liabilities arising from derailments and the outbreak of a pandemic or contagious disease and the resulting effects on economic conditions, among other things. The foregoing list of risks is not exhaustive.

These and other factors are detailed from time to time in reports we file with the securities regulators in Canada and with the U.S. Securities and Exchange Commission (SEC) in the United States. Readers should refer to Item 1A – Risk Factors, Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations and Forward-Looking Statements in our 2023 annual report on Form 10-K and to our risk factor and forward-looking information disclosure in our annual and interim reports filed on SEDAR (www.sedar.com) and EDGAR (www.sec.gov). In addition, our environmental, social, governance and sustainability priorities, policies, practices, programs, goals and objectives (including CPKC's climate strategy and our Commitment to Climate Action) remain under development as we continue to refine our analysis of and response to potential future climate and other risks and opportunities, and as the science, data and methodology underlying our analysis and strategy continue to evolve over time. Further, as we continue to integrate the operations of KCS into ours, we are conducting additional data-gathering and intend to further assess the climate and other environmental, social, governance and sustainability strategies and initiatives for the combined company, and may make changes to our existing strategies and initiatives as a result. For these reasons, in future disclosures, we may include information that differs from information contained in this report. Unless indicated otherwise or the context otherwise requires, forward-looking information in this report speaks only as of the date hereof. We undertake no obligation to update or otherwise revise any forward-looking information, unless we are required to by applicable law

Appendix 2: Assurance Opinion

455 Phillip Street, Unit 100A
Waterloo, Ontario N2L 3X2
Canada
www.ghd.com

18 June 2024

CPKC Management Team
Canadian Pacific Kansas City
7550 Ogden Dale Road SE
Calgary, Alberta
T2C 4X9

Independent Assurance Statement to CPKC Management

This statement, including the opinion(s), are addressed to you and are solely for your benefit in accordance with the terms of the contract. We consent to the release of this statement by CPKC to others but without accepting or assuming any responsibility or liability to any other party who may have access to this statement.

In accordance with our engagement and for the avoidance of doubt, we confirm that our Verification Report: *CPKC 2023 Assurance Report* to you dated June 18, 2024 (the "Assurance Report") incorporated the following matters:

1. Boundaries of the reporting company covered by the Assurance Report and any known exclusions[1]:

   CPKC operations assessed as part of this verification include CPKC and its subsidiaries over which it has operational control. The inventory boundary includes the direct mobile emissions (locomotive and other vehicles such as corporate on road and offroad vehicles), direct stationary combustion (building heating), and indirect emissions due to electricity supply to CPKC corporate operations. Other indirect (Scope 3) emissions included in the inventory include purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting. Verification is completed at the corporate level.

[1] GHD Reference No: 11196249-LTR-5

2. Emissions data verified -is broken down by Scope 1, Scope 2, and Scope 3 categories with figures given; option to include other relevant data that has been verified with figures:

Total Entity Wide Emissions Verified	Estimated Emission (tonnes CO_2e)
Scope 1 Emissions[2]:	**4,635,700**
Carbon Dioxide (CO2)	4,213,731
Methane (CH4)	7,956
Nitrous Oxide (N2O)	412,045
Refrigerant Losses (HFCs)	1,968
Biogenic CO2 (excluded from Scope 1 Total above)	3,549
Scope 2 Emissions (Market -based):	**65,071**
Scope 2 Emissions (Location -based):	**63,848**
Scope 3 Emissions:	**1,502,946**
Purchased Goods and Services, Capital Goods	103,316
Fuel-and Energy-related Activities	1,132,884
Upstream Transportation and Distribution	121,098
Waste Generated in Operations	40,881
Employee Business Travel	33,633
Employee Commuting	71,134

Reporting Metrics in the CDP Climate Change Questionnaire 2023 Verified

Locomotive Well-to-Wheel GHG Intensity (Scope 1, 2, and 3). CPKC is committed to reduce its well-to-wheel GHG emissions intensity in grams of CO2e per gross ton-mile (GTM) of locomotive operations 36.9% by 2030 from a 2020 base year. The 2020 base year emission intensity was 14.27 gCO2e/GTM while the 2023 emissions intensity is 14.60 gCO2e/GTM, representing an emissions intensity increase of 2.3%.

3. **Period covered (DD/MM/YYYY):**

   The reporting period is between 01/01/2023 and 31/12/2023.

4. **Verification standard used:**

   For the verification of the 2023 GHG Report, GHD has applied ISO 14064-3.

5. **Assurance opinion (incl. level of assurance and any qualifications):**

   The GHG Protocol states, "as a rule of thumb, an error is considered to be materially misleading if its value exceeds 5% of the total inventory for the part of the organization being verified." Consistent with this, and industry practice, GHD established a quantitative materiality for this verification of ±5% of the total reported GHG emissions. An individual error, misrepresentation, or a series of discrete errors, omissions, or misrepresentations or individual or a series of qualitative factors, when aggregated may be considered material.

   – Net sum of all Scope 1 discrepancies: no discrepancies noted

[2] Excludes biogenic CO2 emissions from biodiesel fuel.

- Net sum of all Scope 2 discrepancies: no discrepancies noted
- Net sum of all Scope 3 discrepancies: no discrepancies noted

GHD completed the verification in accordance with the ISO 14064 Part 3 Specification with guidance for the validation and verification of greenhouse gas assertions, the *GHG Protocol,* and associated guidance and ISO 14064 Part 1 Specification with guidance at the organizational level. GHD completed the work to provide a reasonable level of assurance. The verification criteria were selected from guidelines presented in ISO 14064 Part 3. The work conducted is believed to provide an appropriate basis for this verification statement.

Based on our verification, the GHG statement is, in all material aspects, in accordance with the verification criteria and is free of material misstatements.

6. Verification provider and accreditations (if relevant):

VERIFICATION BODY NAME:	GHD Limited
VERIFICATION BODY ADDRESS:	455 Phillip Street, Unit #100A, Waterloo, Ontario, N2L 3X2
VERIFICATION BODY CONTACT:	Mr. Gordon Reusing
TITLE:	Principal
TELEPHONE:	519-340-4231
EMAIL:	**Gordon.Reusing@ghd.com**

ACCREDITATIONS: GHD is a Canadian based company accredited by the American National Standard Institute (ANSI) under ISO 14065 to provide organizational level verification services.

7. Lead verifier name and relevant accreditations/professional membership (if relevant):

LEAD VERIFIER:	Mr. Erik Martinez
TITLE:	Business Group Leader – EHS Compliance
TELEPHONE:	519-340-4213
EMAIL:	**Erik.Martinez@ghd.com**

8. This letter should be prepared on the verifier's letterhead or include the signature of the lead verifier (or authorized signatory/organization responsible for issuing the Assurance Report/statement).

Regards,

Erik Martinez, P. Eng.
GHD Business Group Leader – EHS Compliance