



Sustainably Driven

2020 CORPORATE SUSTAINABILITY REPORT



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SUSTAINABILITY PERFORMANCE HIGHLIGHTS

INCLUSION ON THE
DOW JONES SUSTAINABILITY
NORTH AMERICA INDEX

AWARDED THE
GOLD MILITARY FRIENDLY TOP 10
EMPLOYER DESIGNATION

1.9 MILLION
MAIN TRACK MILES
INSPECTED IN 2020

1.11

FRA-REPORTABLE
PERSONAL INJURY
FREQUENCY RATE

**THE LOWEST
IN CP'S HISTORY**

44%

**IMPROVED
LOCOMOTIVE
FUEL EFFICIENCY
SINCE 1990**

ESTABLISHED SCIENCE-BASED
GHG EMISSIONS REDUCTIONS
TARGETS COVERING
100%
OF OUR SCOPE 1 AND 2 EMISSIONS

AVERAGE OVERALL
CUSTOMER SATISFACTION SCORE OF
7.3/10
OUR BEST SCORE TO DATE

BOARD
COMPRISED OF
45%
WOMEN

ESTABLISHED
3 DIVERSITY COUNCILS
FOCUSED ON THE TOPICS
OF RACIAL, GENDER (INCLUDING 2SLGBTQ+)
AND INDIGENOUS DIVERSITY

HELPED RAISE OVER
\$23.3 MILLION
TO IMPROVE HEART HEALTH
IN NORTH AMERICA SINCE 2014

15TH
STRAIGHT YEAR
NORTH AMERICAN CLASS 1
RAILWAY LEADER
IN FRA-REPORTABLE TRAIN
ACCIDENT FREQUENCY RATE

ABOUT THIS REPORT

Corporate sustainability reporting

Canadian Pacific (CP) has invested in corporate sustainability reporting since 2001. Our 2020 Corporate Sustainability Report outlines the key aspects of our management approach and our progress across sustainability topics most important to CP and our stakeholders. Please see our [Sustainably Driven](#) website for additional information on these topics, including performance metrics.

This report covers Canadian Pacific Railway Limited and its subsidiaries ("CP" or the "Company") activities, performance highlights and developments across our network in Canada and the U.S. Unless otherwise noted, all operating and financial data in this report are presented in Canadian dollars.

This year's report expands on our previous sustainability reporting efforts, offering a highlight of CP's performance and ongoing initiatives to tackle the challenges most pertinent to our organization. Our sustainability disclosures are prepared in accordance with the Global Reporting Initiative (GRI) Standards – Core option and the Sustainability Accounting Standards Board (SASB) Rail Transportation framework. This year, we expanded our sustainability disclosure to include reporting aligned with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). We also introduced reporting on our contributions towards the United Nations Sustainable Development Goals (SDGs) and have identified throughout the report the goals which are most aligned with our business. See our [Sustainability Metrics](#) and content indices for a full list of our [GRI](#)-, [SASB](#)- and [TCFD](#)-related disclosures.

This report can be read in conjunction with CP's [Sustainably Driven](#) website. We look forward to continuing on our Sustainably Driven journey and reporting on our progress in future years.

For more information or questions regarding this report or sustainability at CP, contact sustainability@cpr.ca.

COMMUNITY CONNECT

Have a question or concern? Want to know what it's like living near the railway? Visit [Community Connect](#).

CANADIAN HEAD OFFICE

Canadian Pacific
ATTN: Sustainability
7550 Ogden Dale Road S.E.
Calgary, AB, Canada T2C 4X9

OTHER CONTACTS

CP Emergency Line – Trouble near the tracks? Call our 24/7 Police Communications Centre line: 1-800-716-9132



FORWARD-LOOKING INFORMATION

This report contains certain forward-looking information and forward-looking statements within the meaning of applicable United States and Canadian securities laws, including the "safe harbour" provisions of applicable Canadian securities laws, the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Exchange Act, as amended and Section 27A of the United States Securities Act of 1933, as amended (collectively, "forward-looking information"). This forward-looking information relates, but is not limited, to CP's operations, priorities and plans (including planned acquisitions), anticipated financial performance, business prospects, planned capital expenditures, programs and strategies. This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions and statements about possible future events, conditions and results of operations or performance.

All forward-looking information is based on CP's current beliefs as well as assumptions made by and information currently available to CP. Forward-looking information may contain statements with words or headings such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "should" or similar words suggesting future outcomes. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that CP will not achieve predictions, forecasts, projections and other forms of forward-looking information. Current economic conditions render assumptions, although reasonable when made, subject to greater uncertainty.

By their nature, CP's forward-looking information involves numerous assumptions, inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking information, including but not limited to the following factors: changes in business strategies, general North American and global economic, credit and business conditions; risks associated with agricultural production, such as weather conditions and insect population; the availability and price of energy commodities; the effects of competition and pricing pressures, including competition from other rail carriers; industry capacity; shifts in market demand; changes in commodity prices; uncertainty surrounding timing and volumes of commodities being shipped; inflation; geopolitical stability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; disruption in fuel supplies; uncertainties of investigations, proceedings or other types of claims and litigation; compliance with environmental regulations; labour disputes; changes in labour costs and labour difficulties; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; exchange rates; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions or other changes to international trade arrangements; the effects of current and future multinational trade agreements on the level of trade among Canada and the U.S.; climate change and the market and regulatory responses to climate change; ability to achieve commitments and aspirations relating to reducing greenhouse gas (GHG) emissions and other climate-related objectives; anticipated in-service dates; success of hedging activities; operational performance and reliability; regulatory and legislative decisions and actions; public opinion; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes; cybersecurity attacks and technological changes, as well as security threats and governmental response to them; acts of terrorism, war or other acts of violence or crime or risk of such activities; insurance coverage limitations; material adverse changes in economic and industry conditions, including the availability of short and long-term financing; the pandemic created by the outbreak of COVID-19 and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains. The foregoing list of factors is not exhaustive.

Specifically with respect to GHG emissions, we can provide no assurance that CP's plans to reduce GHG emissions per our commitments and aspirations will be viable or successful. The primary risks associated with achieving these commitments could include but are not limited to (a) future investments in and the availability of carbon emissions-reduction tools and technologies, (b) CP's ability to work with governments and third parties to mitigate the impacts of climate change, (c) domestic and international economic conditions, including exchange rates, (d) the effects of competition and regulation, (e) uncertainties in the financial markets, (f) capital spending, (g) actions of vendors, (h) the willingness of customers to acquire our services, (i) cost of network expansion, maintenance and retrofits, and (j) physical impact of climate change on our business. The commitments are subject to the successful implementation of the actions and plans outlined in the Climate Strategy as well as the accuracy of the assumptions in the science-based methodology used to calculate these targets.

Forward-looking information is not a guarantee of future performance. The foregoing list of factors is not exhaustive. These and other factors are detailed from time to time in reports filed by CP with securities regulators in Canada and the U.S. Reference should be made to "Risk Factors" and "Management's Discussion and Analysis of Financial Condition" and "Results of Operations – Forward-Looking Information" in CP's annual and interim reports on Form 10-K and 10-Q. Readers are cautioned not to place undue reliance on forward-looking information. Forward-looking information is based on current expectations, estimates and projections and it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by CP. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.



LETTER FROM THE PRESIDENT AND CEO

Since 1881, CP has focused on providing sustainable transportation services and supply chain solutions to major centres across North America. Building on our legacy of providing safe and efficient transportation, we have established ourselves as a sustainability leader in the rail industry. While the challenges of 2020 were felt at CP and around the globe, we are proud of the resilience demonstrated by our workforce and the bold sustainability steps we have taken.

Safety is non-negotiable at CP. Amidst the COVID-19 pandemic, we continue to work carefully to prioritize the health and safety of our employees and the communities in which we operate. CP's Pandemic Response Team has implemented several measures to keep employees safe and ensure our business continuity. We aligned our actions with public health measures and introduced the CP7, outlining seven steps employees can take to help protect themselves and others from COVID-19. Our work as railroaders is critical to the North American economy, and ensuring the health and safety of our employees is integral to maintaining a resilient supply chain.

Despite challenges presented by the pandemic, 2020 was a record year for CP regarding safety performance. We had the lowest Federal Railroad Administration (FRA)-reportable train accident frequency rate among North American Class 1 railways for the fifteenth consecutive year and achieved the lowest FRA-reportable personal injury frequency rate in CP's history. Building on this performance, we continue to invest in innovation, including cold wheel detection technology, broken rail detection and remote safety inspections, to further improve network velocity, resiliency and safety.

This past year, we outlined strong foundational commitments in support of our people and the planet. In 2020, we released CP's Diversity and Inclusion Commitment in furtherance of our core value to foster a diverse, equitable and inclusive work environment.

To bolster this commitment and ensure that we consider diversity and inclusion in corporate decision making, we launched three diversity councils focused on racial, gender (including 2SLGBTQ+) and Indigenous diversity. To date, these councils have provided mentorship programs and employee education and awareness around their respective mandates.

Outlined in our recently released [Climate Strategy](#), CP has set ambitious science-based targets to reduce our greenhouse gas (GHG) emissions. We are proud to be taking a leadership role in the freight industry's low-carbon transition and of the progress we have made to date.

CP has continued to reduce GHG emissions through fuel efficiency measures, achieving a 44 percent improvement in locomotive fleet fuel efficiency since 1990. The installation of a solar energy farm at our Calgary headquarters allows us to generate up to five megawatts of renewable electricity and avoid approximately 2,600 tons of CO₂ emissions each year. Through our Hydrogen Locomotive Program, we will retrofit diesel-powered locomotives with hydrogen fuel cells and battery technology to deploy North America's first hydrogen-powered line-haul freight locomotive prototype. As we progress our Climate Strategy, we will continue to focus on fuel efficiency efforts in the near term to support the advancement of alternative fuels and emerging technologies for the future.

I am proud of the achievements we have realized on our journey to be [Sustainably Driven](#), and look forward to continued action on our Climate Strategy and further embedding sustainability into all levels of our organization.

Sincerely,

A handwritten signature in black ink that reads "Keith Creel".

Keith Creel, President and Chief Executive Officer



LETTER FROM THE BOARD CHAIR

On behalf of the Board of Directors, I am pleased to share CP's 2020 sustainability highlights with our shareholders, customers, employees, communities and other stakeholders. We demonstrated a strong sustainability performance this past year, advancing our strategy and strengthening CP's sustainability commitments.

We recently released our Climate Strategy, outlining CP's approach to managing climate-related impacts across the business. Through establishing ambitious science-based emissions reduction targets, we are committed to rising to the challenge posed by climate change by adapting our business and operations going forward. Overseeing risk and strategy for the company, CP's Board of Directors was closely involved with the development and approval of our Climate Strategy. In particular, our Risk and Sustainability Committee of the Board of Directors reviewed and considered the results of our scenario analysis to develop our Climate Strategy. This committee will continue to oversee our climate-related risks and opportunities as we integrate solutions into our business processes.

We recognize the important role that transportation of freight by rail will play in the low-carbon future in North America. While climate change poses risks, it also challenges us to pursue technology and innovation to deliver best-in-class, low-carbon rail and logistics services. CP is already confronting this challenge by developing a hydrogen locomotive prototype and is committed to remaining an industry leader in climate action.

We deepened our recognition of the importance of strong governance and diversity by adopting a [Board of Directors Diversity Policy](#) outlining recommendations for diversity considerations in the appointment of Board members. We extended the mandate of the [Corporate Governance, Nominating and Social Responsibility Committee](#) of the Board of Directors to have oversight of diversity and inclusion and other social objectives. Our three new employee-led, executive-sponsored diversity councils will provide input and diverse perspectives on policies and initiatives to support CP's overarching goal to attract, hire, develop and retain a diverse and inclusive workforce. I am proud of our increased focus and efforts on diversity at CP, and look forward to sharing our progress.

Built on our dedication to being [Sustainably Driven](#), we continue to make improvements in health and safety, diversity, fuel efficiency, innovation and other important sustainability topics and our 2020 highlights demonstrate this progress. On behalf of the Board, I thank you for taking the time to read about our sustainability highlights and progress.

Sincerely,

A handwritten signature in black ink, appearing to read "Isabelle Courville".

Isabelle Courville, Chair of the Board

ABOUT CP

Corporate profile

CP provides rail and intermodal transportation services across a 13,000-mile network, servicing major centres in Canada and the U.S. Our industry-leading transportation services and supply chain solutions are a vital service for the North American economy, ensuring the efficient, safe and reliable movement of goods and commodities.

Our freight revenues are derived from diversified lines of business representing a balanced portfolio of industries, goods and commodities transported between domestic and export markets.

140 YEARS IN OPERATION

To learn more about CP and the history of the railway in Canada, explore the [CP Connecting Canada](#) interactive timeline.

2020 HIGHLIGHTS

0.96

FRA-REPORTABLE
TRAIN ACCIDENT
FREQUENCY RATE:
**INDUSTRY-LEADING
SAFETY PERFORMANCE**

**FOR 15
CONSECUTIVE YEARS**

\$7.7B REVENUES

30.3M TRAIN-MILES TRAVELED

\$1.7B REINVESTED INTO THE RAILWAY

2.7M CARLOADS TRANSPORTED



OUR NETWORK

competitive access to key markets across North America

13,000 miles of main line track

11 ports served on the west and east coasts

network of more than 100 transload facilities

shortest route from Vancouver to the Midwest, Toronto to Calgary, Saint John to Montréal and Toronto

moving freight by rail is 3 to 4 times more fuel-efficient than by truck

OUR PURPOSE

Founded in 1881 to connect Canada, today we deliver transportation solutions that connect North America and the world. By doing this safely and efficiently, we create long-term sustainable value for our shareholders and the broader economy.

COVID-19 RESPONSE

CP has worked diligently to prioritize the health and safety of our employees and the communities in which we operate during the COVID-19 pandemic. As the railway is critical to communities, customers, supply chains and the economy, we have taken the necessary steps to ensure continued service and operations when the global pandemic began. Given the economic challenges across North America and around the world, we know our work as railroaders is integral, now more than ever.

When the COVID-19 pandemic began in early 2020, we established a Pandemic Response Team responsible for developing a comprehensive pandemic planning framework and detailed contingency action plans. Led by our Chief Risk Officer, this cross-functional team has a direct line of communication to the Chief Executive Officer (CEO) and senior executives. More recently, the committee has established a sub-committee focused on office reintegration and supporting vaccination efforts.

We have developed policies and procedures to direct and support the safety of our team members. For example, CP implemented physical distancing protocols, travel restrictions, face-covering requirements and enhanced sanitization measures. Our procurement and facilities teams ensured that sanitizers and personal protective equipment were readily available to our operations teams while our office-based employees were seamlessly transitioned to work remotely from home.

We established the Emergency Operations Centre (EOC) to support employees and provided a 24/7 access channel for them to share concerns, report potential virus exposure or illness and obtain current and accurate COVID-19 information. The EOC tracks vital data and monitors business impacts related to confirmed positive cases, affected employees and locations, and employee COVID-19 inquiries. We are continuing to monitor the dynamic situation to ensure that we take appropriate actions to support the health of our employees and maintain business continuity.



Consistent with public health advisories, CP established and communicated the CP7, which outlines seven simple steps to help keep employees and others safe at work and at home.

SUSTAINABILITY AT CP

Sustainably Driven

Sustainably Driven is designed to inspire action across our business and is centred on three core commitments to sustainability: safety, operational excellence and social impact. To ensure that CP manages the topics most significant to our business and sustainability objectives, we have structured our approach around these three strategic areas.

To learn more, visit [Sustainably Driven](#).

CP's sustainability priorities

To develop CP's sustainability priorities, we completed a materiality assessment engaging multiple stakeholders through an evidence-based evaluation of the environmental, social and governance (ESG) topics most significant to our business. Conducted in 2018, the assessment covered a wide variety of topics that impact or are affected by our business, industry, operations and stakeholders. Through this assessment, we identified the material topics listed below, which form the basis for our sustainability commitments and the contents of this report. We intend to revisit our materiality assessment in the future to ensure that we are reporting on the topics most important to our business and stakeholders. Learn more about our materiality topics and process at [Sustainably Driven](#).



SAFETY

- Safety Culture
- Public Safety and Emergency Preparedness



OPERATIONAL EXCELLENCE

- Climate Change
- Environmental Footprint
- Asset and Rail Network Resiliency
- Customer Experience
- Supply Chain Management



SOCIAL IMPACT

- Diversity and Inclusion
- Workforce Management
- Indigenous Relations
- Community Investment

Sustainability governance

Sustainability at CP is rooted in our long-standing legacy of building for the future. CP has established a clear governance structure to effectively communicate and respond to emerging ESG topics while proactively implementing our sustainability commitments and practices.

Sustainability Governance Structure at CP



CP's Board of Directors, through its committees, is responsible for the monitoring, measurement and oversight of CP's key risks, strategies and sustainability topics. The cross-functional Sustainability Steering Committee guides decisions on CP's day-to-day sustainability tasks, programs and priorities, and reports progress and recommendations to the Risk and Sustainability Committee. The Disclosure Policy Committee gives direction and support to the Sustainability Steering Committee concerning how CP communicates about its material sustainability topics. CP leadership and employee engagement at all levels of the business drives the success of our sustainability program.



Safety



SAFETY TOPICS

Safety Culture

Public Safety and
Emergency
Preparedness



Safety is foundational to everything we do, and as such, we never prioritize business objectives above safety. Safeguarding our people and communities contributes to long-term sustainable growth and success.

CP has led the industry with the lowest train accident frequency rate in North America for 15 years, illustrating the effectiveness of our efforts to enhance public safety and protect the environment. We continue to improve our company's safety measures, with the goal of continuing to be the safest railway in North America.

To achieve this goal, CP commits to integrating workplace, operational and public safety procedures across our network. By executing our integrated safety plans, implementing technology and applying effective process controls, we will maintain industry-leading safety performance while assuring compliance with applicable rules and regulations.

We aim to drive a culture of safety within our workforce and collaborate with our customers, suppliers, contractors, industry peers, regulators, government agencies, communities and first responders to prepare for and respond to incidents.

Find more information on CP's approach to safety on our [Sustainably Driven](#) site.

SAFETY CULTURE

Our approach



CP's safety culture supports healthy lives and promotes the well-being of our workers and communities.

Our employees' safety and security is of the utmost importance to CP. We believe that working safely takes priority over getting a job done quickly. Our safety culture is supported by a centralized Safety Management System (SMS) which includes effective safety policies and employee training. As part of our management system approach, we monitor performance through safety-specific dashboards to track key metrics and communicate results internally, including to our Board of Directors. We drive ongoing program improvements through annual planning of safety-related targets and initiatives.

Every employee is responsible for instilling a culture of safety at CP. Through CP Home Safe®, we empower our employees to take responsibility and do everything in their power to make sure that everyone goes home safe, every day. Our employees actively engage in the development and evaluation of our SMS through various channels, including local and executive-level health and safety committees.

CP Home Safe is designed to improve our safety culture by promoting peer-to-peer safety engagement and feedback. CP Home Safe training empowers employees to commit to applying our CP Home Safe actions:

- give a heads-up
- offer and ask for help
- warn people who are putting themselves or others at risk
- identify, report and remove hazards

CP continued to reduce the frequency of injuries in 2020

Following the inception of CP Home Safe in 2016, we have observed a steady decrease in personal injury frequency rates. In 2020, we remained a leader in the Federal Railroad Administration (FRA) reportable train accident frequency rate and had the lowest FRA-reportable personal injury frequency rate in our company's history, demonstrating the effectiveness of our efforts to strengthen safety and protect the environment.

FRA-reportable train accident frequency rate



FRA-reportable personal injury frequency rate



2020 highlights and developments

To reinforce accountability for CP's health and safety performance, an additional safety metric was included in our short-term performance incentive program. In addition to the current industry standard FRA-reportable train accident frequency rate, CP added FRA-reportable personal injury frequency rate as a performance factor in 2020. These key safety performance indicators account for 20 percent of CP's annual short-term incentive program.

During the COVID-19 pandemic, we continued to prioritize the health and safety of our people, customers and communities. We quickly adjusted our practices to maintain employee safety while operation of essential freight rail service continued. Our COVID-19 response included the creation of a cross-functional Pandemic Response Team to provide health and safety guidance, create policies and procedures and communicate with employees.

To ensure that employees continue to access training and development opportunities, we modified our health and safety training programs to meet enhanced safety protocols, including social distancing, sanitization protocols and smaller class sizes. Despite the challenges of gathering together in-person during 2020, we achieved our safety testing and training targets, completing more than 495,000 safety interactions, including manager-observed efficiency tests, locomotive rides and peer-to-peer documented safety interactions. We also successfully hosted important safety events virtually, including our annual CP Safety Awards for Excellence Gala, celebrating outstanding safety leadership.

As a key part of our safety program, we focused on strengthening our Hazard Prevention program in 2020. This program outlines our approach to identify, assess and mitigate hazards through job hazard analyses. Overseen by a sub-committee of union and management leads, we completed more than 50 job hazard analyses with plans to conduct and develop additional analyses in 2021. We are also preparing our Risk Reduction Program Implementation Plan in 2021 to meet FRA requirements.

LOWEST FRA-REPORTABLE TRAIN ACCIDENT FREQUENCY RATE AMONG NORTH AMERICAN CLASS 1 RAILWAYS FOR 15 CONSECUTIVE YEARS



Recognizing exemplary safety behaviour at CP

In 2020, CP hosted its second annual Safety Awards for Excellence Gala virtually, due to the COVID-19 pandemic. CP senior leaders and union leaders recognized the safety accomplishments of two workplace health and safety committees and 14 employees. Additionally, 11 employees won a Broken Wheel Award, which recognizes employees who identified a cracked or broken railcar wheel and took immediate corrective action. CP created these awards to recognize the outstanding efforts of employees who have stepped up to make CP's railway a safer place to work every day and who consistently ensure that safety is top of mind. All of these individuals exemplify our CP Home Safe commitment and have participated in some way to preserve the integrity of our railway. CP is proud to recognize these railroaders.



PUBLIC SAFETY AND EMERGENCY PREPAREDNESS

Our approach



CP's public education and emergency response initiatives support and protect public health and safety.

CP strives to ensure that our operations are conducted safely. We focus on preventing accidents by maintaining resilient assets and infrastructure, implementing safe operating procedures, conducting proficiency testing and transporting hazardous and non-hazardous goods in a safe and responsible manner. CP's operations are complex and involve daily interactions with the public. Maintaining safe operations at CP requires frequent collaboration and communications with stakeholders along our right-of-way.

CP strategically invests in personnel, infrastructure, resources and training to maintain our high standards for public safety. We proactively plan and train for emergency events to protect our workforce, the environment and the communities in which we operate. We are prepared to quickly deploy hazardous materials and emergency response teams to implement our [Integrated Contingency Plan](#) (ICP) in cooperation with local emergency response organizations and our network of emergency response contractors. Our Emergency Operations Centre personnel interface directly with our field operators to ensure that the right resources are in place should an incident arise.



AskRail™

For rail-related incidents, authorized first responders can obtain real-time information about the contents of any tank car through [AskRail](#), a smartphone application that provides relevant emergency response information about the products that CP moves.

2020 highlights and developments

Our ICP serves as CP's primary emergency response framework for advising employees when responding to incidents that may represent a hazard to people, property or the environment. In 2020, the U.S. Department of Transportation established new requirements for railways to develop comprehensive oil spill response plans for route segments travelled by trains carrying high-hazard, flammable goods. The flexibility and adaptability of our ICP permitted us to promptly incorporate the new comprehensive oil response planning requirements.

Our ICP is supported by an extensive emergency preparedness training program. CP regularly explores and implements new tools to enhance training opportunities. We recently incorporated augmented reality and virtual reality technology into our classroom training programs, simulating conditions a first responder might experience when responding to an emergency event. This technology allows our hazardous materials and emergency response personnel to conduct realistic training exercises that facilitate an effective and safe response to an emergency scenario.

During the COVID-19 pandemic, we adapted our training practices to keep our people safe while making sure that they had the skills to conduct their job safely and effectively. We transitioned to virtual training platforms and incorporated safety measures (physical distancing, increased sanitization, personal protective equipment) when in-person training was required.

Each year, we support local firefighters across our network to obtain rail-specific hazmat training at the [Security and Emergency Response Training Center](#) (SERTC). In 2019, CP sponsored 113 firefighters from Canada and seven from the U.S. to attend SERTC training events. We also trained 42 CP trainmasters, mechanical personnel and police officers through SERTC in 2019, increasing the number of CP field staff with critical first response knowledge to 241. In response to public health restrictions, the SERTC training program was cancelled for 2020; however, CP created a downloadable derailment experience application to assist first responders in developing their emergency response skills virtually.

SINCE 2012, CP HAS TRAINED
MORE THAN 30,000
EMERGENCY RESPONDERS
ACROSS CANADA AND THE U.S.
ON HAZMAT RESPONSE



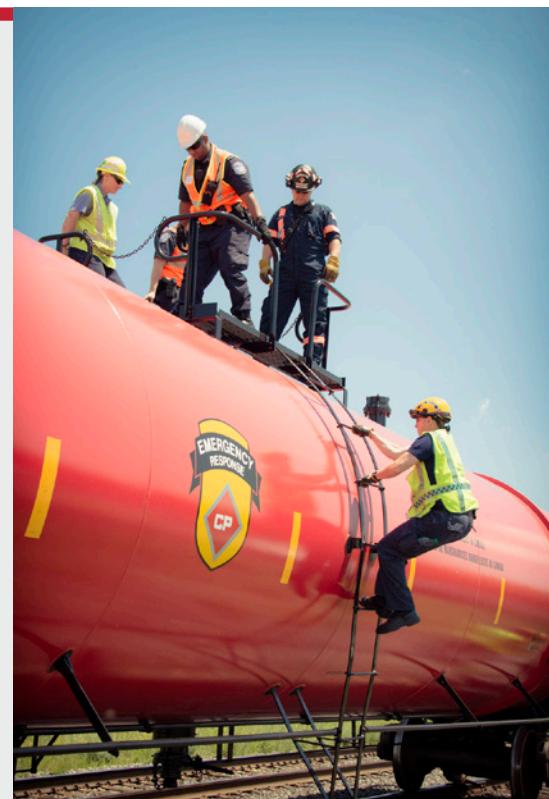
CP continued to collaborate with Transportation Community Awareness and Emergency Response ([TransCAER](#)), a volunteer outreach organization that assists communities to prepare for and respond to possible hazardous material transportation incidents. TransCAER collaborates with CP to train local response personnel on proper equipment use and make sure that they know how to work with CP's emergency response teams. In 2020, CP conducted limited exercises and training with local first responders through the TransCAER program before transitioning to virtual engagement.

Over 1,810 individuals, including emergency responders, municipal government representatives and community members, attended emergency response exercises and virtual training in 2020. We anticipate continuing to maintain training in a virtual environment, adding new courses in the coming years. We recognize the importance of this training to support community awareness and emergency response throughout our network, and are proud to have adapted this program to accommodate public health restrictions.

CP adds two new emergency operations posts in Canada

CP has made significant investments to be certain that we have the equipment, technology and expertise to promptly respond to any incident that may occur along our right-of-way. We maintain emergency response equipment at strategic locations across our network to permit an effective response to any incident and to offer mutual aid to industrial partners as necessary.

Our emergency response fleet includes emergency operations posts, which are portable trailers designed and equipped to act as a communications hub for CP's hazmat team, local responders and other agencies during an emergency. In 2020, CP added two new emergency operations posts in Canada, providing a total of 10 posts on our network. Emergency operations posts are equipped with state-of-the-art telecommunications equipment and provide a safe and functional place for emergency responders to work.



Operational Excellence



OPERATIONAL EXCELLENCE TOPICS

- Climate Change
- Environmental Footprint
- Asset and Rail Network Resiliency
- Customer Experience
- Supply Chain Management

CP strives to provide superior service to our customers while benefiting communities and the economy, and managing our environmental impact.

Our foundations and values guide our day-to-day efforts to foster respect and inspire our journey towards excellence through precision scheduled railroading.

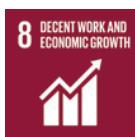
Building on our corporate value of accountability, we pursue operational excellence by regularly challenging the status quo of our business practices. We provide exceptional service to our customers and take responsibility for our actions.

Through CP's focus on operational excellence, we aim to provide efficient and reliable transportation solutions for our customers while reducing emissions and environmental impact and infusing accountability in our supply chain to manage risks and maintain quality.

Find more information on CP's approach to operational excellence on our [Sustainably Driven](#) site.

CLIMATE CHANGE

Our commitment to climate action



CP's investments in innovation and locomotive fleet upgrades promote sustainable economic growth and improved resource efficiency.



CP's climate strategy supports resilient infrastructure and fosters innovation.



CP's climate strategy, approved science-based target and evaluation of emerging technologies and alternative fuels combat climate change and its impacts.

Climate change is the challenge of our generation, presenting both risks and opportunities for CP and the global economy. Transportation of freight by rail will play an integral role in a low-carbon future for North America, and CP is embracing our leadership role in this transformation. For more than 140 years, our business has embodied strategic, long-term thinking. As we look ahead, we remain committed to confronting the challenges created by climate change and planning for the long-term sustainability of our business. We are dedicated to serving North America and the world through efficient and sustainable rail transportation for the next 140 years and beyond.

In 2020, CP released our first public [Climate Statement](#), framing our commitment to mitigating impacts and establishing a foundation for our [Climate Strategy](#). Published in 2021, CP's Climate Strategy outlines the company's approach to managing potential climate-related impacts, reducing our carbon footprint and establishing CP as an industry leader in the transition to a low-carbon future. CP's business and Climate Strategy are built on our dedication to being [Sustainably Driven](#).

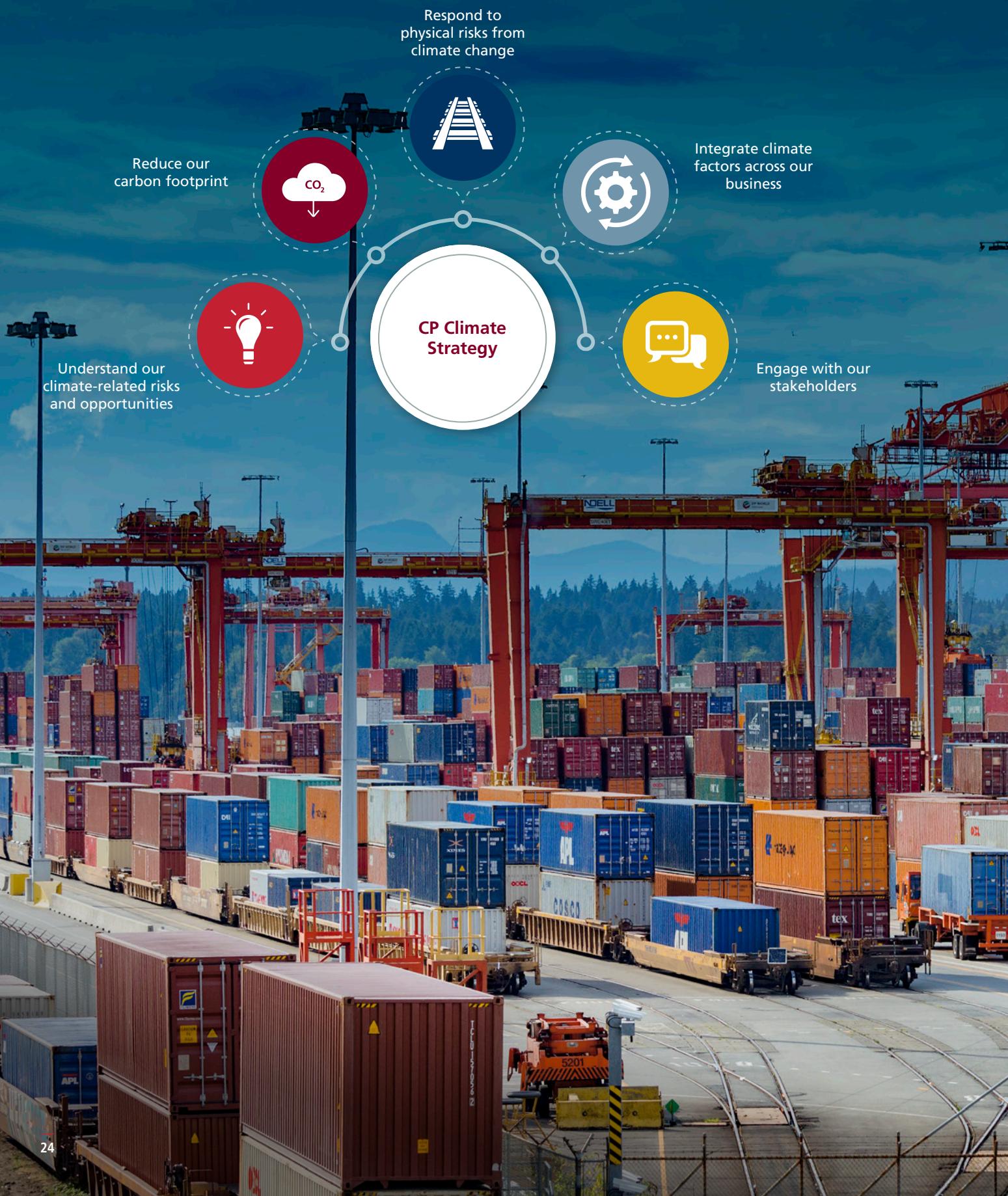
CP'S FRAMEWORK FOR CLIMATE ACTION

Our Climate Strategy applies to our business operations in Canada and the U.S. and supports ongoing collaboration and engagement with stakeholders within and beyond our value chain.

To inform the development of our Climate Strategy, we completed our first climate scenario analysis in 2020. This analysis evaluated possible impacts to CP under different future scenarios, allowing us to stress-test the business and assess our resilience under a range of possible climate conditions. The outcomes of this analysis have advanced our understanding of how policy, market, technology and physical impacts may manifest as future risks and opportunities for CP across a spectrum of climate scenarios.

To respond to the risks and opportunities posed by climate change, our Climate Strategy includes actions across five strategic pillars.

Our five strategic pillars



TIME FRAME

The challenges presented by climate change require immediate and sustained action during the coming decades. To align our approach with leading scientific and policy guidance, our Climate Strategy establishes science-based emissions reduction targets to guide our activities until 2030. CP also acknowledges the importance of the 2050 time horizon in response to climate change and will continue our leadership in the pursuit of technology and other means that have the potential to deliver more significant decarbonization beyond our 2030 target.

REDUCING OUR CARBON FOOTPRINT

We are committed to reducing the carbon footprint of our operations, including all Scope 1, 2 and 3 greenhouse gas (GHG) emissions. We have set ambitious science-based targets to guide emissions reductions across our business.

The majority of CP's carbon footprint is associated with the operation of our fleet of diesel-powered locomotives. We have long focused on locomotive fuel efficiency to lower operating costs and reduce the environmental impact of our operations. While CP has demonstrated success in this approach by improving fuel economy by more than 40% since 1990, fuel efficiency enhancements alone will not accomplish our long-term climate action objectives. Achieving our emissions reduction targets will require new approaches, the application of innovative technology and operational changes. CP's operations are critical to the North American supply chain, and our efforts to reduce our GHG footprint benefit our business while supporting the climate objectives of our customers and their value chains.

CP's GHG emissions footprint and reduction targets

Our science-based targets address **100% of our Scope 1 and Scope 2 emissions, and more than half of our Scope 3 emissions**. These targets are based on the most current approach available to the transportation sector through the Science Based Targets initiative (SBTi).¹

Locomotive Target



We will reduce our well-to-wheel GHG emissions intensity (grams per revenue ton-mile²) from locomotive operations by **38.3%** by 2030.

Locomotives represent CP's greatest source of emissions. Recognizing the magnitude of this target for our operations, this target has been validated by the SBTi.



Non-locomotive Target



We will reduce our absolute Scope 1 and 2 GHG emissions from non-locomotive operations (including emissions associated with our buildings and facilities) by **27.5%** by 2030.

This target is directed at a relatively small but critical proportion of our GHG footprint. While this target has not been submitted to the SBTi for validation, CP followed a similarly robust and science-based methodology to calculate this target.

¹ All targets are calculated with reference to base year emissions for 2019.

² Revenue ton-mile (RTM) refers to the movement of one revenue-producing ton of freight over a distance of one mile. RTMs measure the relative weight and distance of rail freight moved by the company.

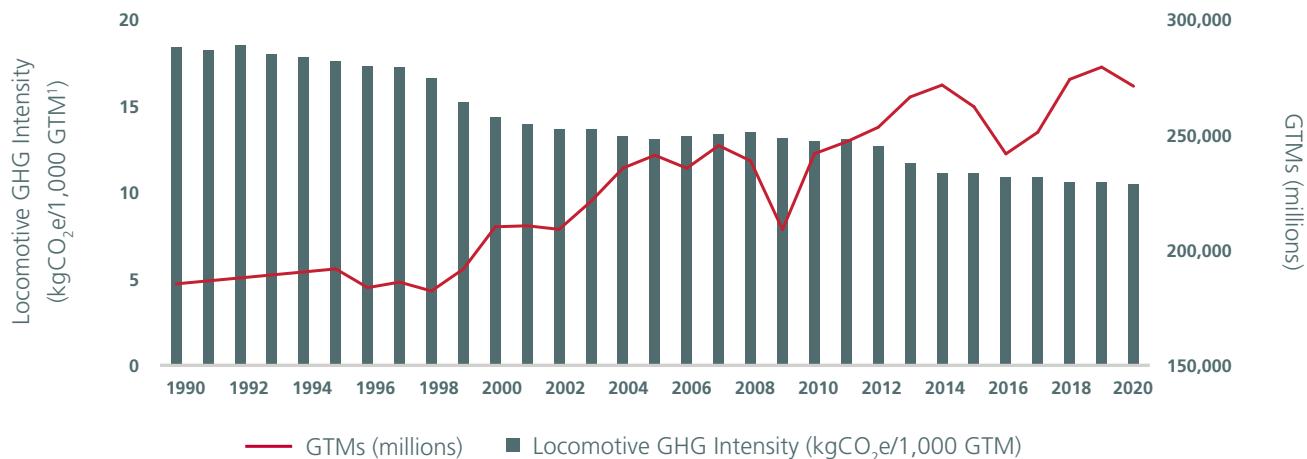
Achievements in 2020

Trip Optimizer technology helped CP save 6.7M litres of locomotive fuel and avoid 19,000 tonnes of GHG emissions in 2020.

CP's largest source of GHG emissions is associated with the operation of our locomotive fleet. Subsequently, our primary climate mitigation efforts have focused on reducing locomotive GHG emissions by implementing best operating practices and deploying proven and emerging fuel-saving technologies. We continue to improve locomotive fuel efficiency by investing in Trip Optimizer (TO) technology and our Locomotive Modernization program. TO technology allows our Operations teams to implement train-specific operating plans to optimize fuel economy. CP has invested approximately \$12 million to equip 432 high-horsepower locomotives with TO technology over the past six years. CP plans to install TO on 30 more locomotives in 2021 and continue implementation across 50 percent of our high-horsepower locomotive fleet by the end of 2022.

Since 2012, CP has updated 386 line-haul locomotives (46 percent of CP's total active line-haul fleet) with EPA-certified fuel and emissions reduction technologies through our Locomotive Modernization program. We will invest approximately \$50 million to upgrade an additional 30 locomotives through this program in 2021. Updated locomotives have a positive impact on CP's fuel efficiency, extend the useful life of each locomotive and reduce GHG and air pollutant emissions.

Locomotive GHG Intensity



¹ Gross ton-mile (GTM) is the movement of one ton of train weight per mile. GTMs are calculated by multiplying total train weight by the distance the train moved. Total train weight comprises the weight of the freight cars, their contents and any inactive locomotives.

Since 1990, we have improved our fuel efficiency by 44%, avoiding over 33 million metric tonnes of carbon. In 2020, CP fuel efficiency was 11.3 percent lower than the North American Class 1 freight railway average.

OUR SOLAR ENERGY FARM PROJECT
**WILL AVOID AN ESTIMATED
2,600 TONNES**
**OF CARBON EMISSIONS ANNUALLY,
THE EQUIVALENT OF TAKING
570 CARS OFF THE ROAD**



To further reduce GHG emissions across our locomotive fleet, CP is supporting the advancement of alternative fuels and investing in emerging technologies. In 2020, we announced our plans to develop North America's first hydrogen-powered line-haul freight locomotive prototype. CP will convert three different types of diesel-electric locomotives into zero-emissions hydrogen-powered locomotives using fuel cells and batteries to power the electric traction motors. Hydrogen production and fueling facilities will be installed at two CP rail yards in Alberta.

Once operational, CP will conduct service trials and qualification testing to evaluate the technology's readiness for the freight rail sector. As nearly the entire North American freight locomotive fleet is currently diesel-powered, this globally significant project positions CP at the leading edge of freight sector decarbonization. This program will demonstrate and evaluate the technical performance of hydrogen-powered locomotives and fueling infrastructure in real-world rail operations and is expected to generate critical industry knowledge and experience to inform potential commercialization and future development.

To lead our focus on decarbonization, we have established a Carbon Reduction Task Force, composed of CP's industry-leading engineers and operations experts.

The Carbon Reduction Task Force will evaluate and implement climate action measures to reduce our GHG emissions and drive performance in the direction of our science-based targets. CP is working to foster an enterprise-wide innovation mindset that encourages creative thinking and collaborative problem solving to reduce our carbon footprint by lowering — and potentially eliminating — GHG emissions across our business.

In an effort to reduce our Scope 2 emissions from purchased electricity, CP completed the installation of our first solar energy farm at our Calgary headquarters in 2020. One of the largest private solar farms in Alberta, CP's solar project spans 10 hectares and includes four electric car-charging stations and covered parking for up to 500 vehicles. The solar energy farm is expected to generate five megawatt hours of electricity, exceeding the annual power consumption of our main headquarters building.



ENVIRONMENTAL FOOTPRINT

Our approach

CP recognizes the potential for our operations to have an impact on the environment. We are committed to minimizing the environmental effects of our activities and conduct business with the intent to protect the natural environment, the well-being of our employees and the communities we serve. Our focus on environmental performance is directed by CP's team of environmental practitioners, and is informed by our commitments to environmental best practices, regulatory compliance and ongoing engagement with local communities and environmental experts.

CP's [Environmental Policy](#) governs our environmental practices. Updated in 2020, this policy outlines our commitment to environmental protection through strong environmental practices and management systems, as well as compliance with regulatory requirements and other external obligations. We frequently review and update our environmental programs and employee awareness initiatives to align with the changing activities and services across CP's network.

Our environmental management system (EMS) is the framework through which we evaluate and mitigate environmental risk, develop treatment and protection systems, deploy management and prevention tools and increase environmental awareness for CP employees. Since 2007, CP has implemented a [Responsible Care Management System](#) (RCMS) which incorporates core planning, program delivery, monitoring, reporting, auditing and corrective action elements common to EMS standards. CP's RCMS includes regular [third-party verification](#) of our management system and programs against the detailed RCMS standard.

2020 highlights and developments

Enhancing our wastewater management treatment systems has been an important focus of our environmental efforts in recent years. Since 2018, CP has invested approximately \$11 million to upgrade our wastewater infrastructure to improve treatment capacity, monitoring and control systems, and effluent quality. Recent projects include:

- Installing a new industrial wastewater treatment plant (WTP) at our Moose Jaw, Sask., terminal.
- Initiating construction for a replacement WTP at our Toronto, Ont. terminal.
- Updating control systems and pumping equipment for the industrial wastewater treatment system in Brandon, Man.
- Finalizing plans to upgrade the stormwater treatment system at our St. Paul, Minn., terminal, including low sheer and low emulsification pumps, improvements to the oil recovery and control system, and installation of oil thickness and sheen sensors.
- Continuing to implement an asset management program to improve WTP maintenance, operation and performance.

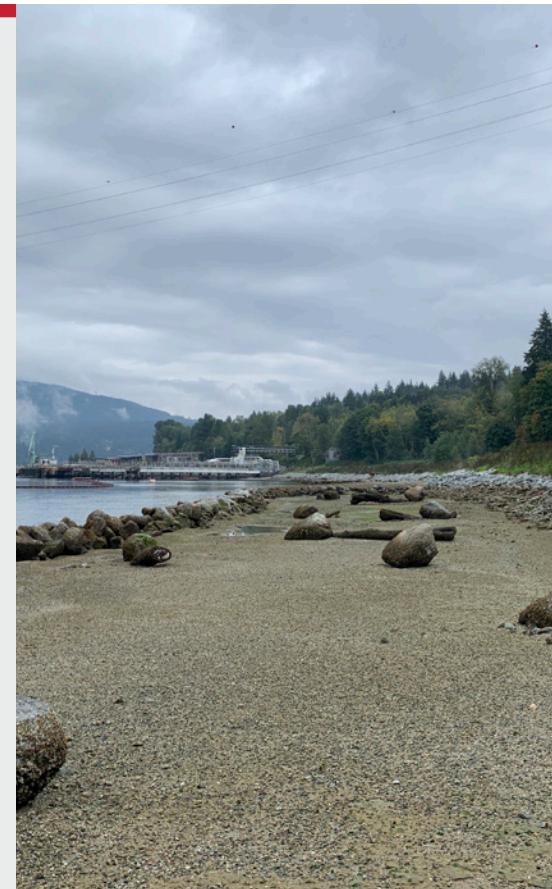
Restoration of fish habitat

In June of 2020, CP completed construction of a capacity expansion project located along the south shore of the Burrard Inlet. The expansion project is critical to CP's long-term growth strategy supporting the Vancouver Terminal and CP's west coast operations. It enables CP to alleviate rail traffic congestion along one of the busiest rail corridor terminals and maintain high-quality service for customers.

The location of this one kilometer section of track presented environmental and construction related challenges. Careful planning and execution was required to avoid service disruptions and protect high-value environmental resources and wildlife habitat.

In collaboration with local agencies and First Nations, CP built grade embankment into the fisheries sensitive zone of the Burrard Inlet. To accommodate this one kilometer expansion, CP constructed five acres of spawning beach to support native fish species.

Through environmental effects assessment and responsible construction practices, CP was able to mitigate impacts to the local environment and create additional fish habitat in the Burrard Inlet.





CP's efforts to protect water quality from our operations often extend beyond our own facilities. To protect sensitive wildlife habitat in the Columbia River Valley, we worked closely with the town of Golden, B.C. to connect our wastewater treatment system with municipal services. Before 2020, CP's Golden Yard discharged treated water to the adjacent Columbia Wetlands. With CP's wastewater treatment system now connected to municipal services, all effluent diverts to Golden's municipal sanitary sewer system prior to discharge into the Columbia River, well downstream of the sensitive wetland area.

Our waste management system includes closely monitoring and tracking the wastes that CP generates and regular follow-up with our network of waste vendors to confirm adherence to regulatory requirements and best practices. Since 2019, CP has installed seven centralized waste storage facilities at our larger facilities to safely and securely handle and consolidate industrial waste materials as they are prepared for disposal.

Scrap rail ties generated by track maintenance and renewal programs represent CP's largest source of operational waste. CP partners with a network of eight scrap rail tie processors and 14 cogeneration facilities and industrial plants to identify sustainable end-of-life solutions for scrap rail ties, such as combustion for energy recovery and the production of renewable fuels. In 2020, CP transported 1.2 million scrap rail ties, equating to more than 99,000 metric tonnes, to cogeneration (heat and power) and industrial facilities.

CP's new business initiatives and construction-related activities are subject to formal project risk assessments or environmental screenings. As a result, we carefully plan and execute actions to mitigate environmental risk and protect our employees, contractors and communities. We are currently undertaking an environmental effects evaluation to support our proposed expansion of the CP Logistics Park: Vancouver, located in Pitt Meadows, B.C. As part of the project planning and review process, CP has established ongoing communications with stakeholders to allow them to remain fully informed and have the opportunity to provide meaningful direction and feedback.

CP supports conservation efforts for the Jim Prentice Wildlife Corridor

CP has joined the [Nature Conservancy of Canada](#) (NCC) in support of the Jim Prentice Wildlife Corridor Legacy Project, conserving a critical wildlife corridor through the Crowsnest Pass.

Announced in 2018, the [Jim Prentice Wildlife Corridor Legacy Project](#) creates a network of conservation lands that provide a natural link for wildlife movement. Located in Alberta between Crowsnest Lake and the town of Coleman, the corridor benefits wildlife — including elk, wolves, moose and bears — that live in the foothills and mountain regions of Alberta.

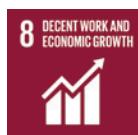
In January 2020, CP provided a financial contribution of \$500,000 that will help conserve the lands within the corridor and conduct research on the wildlife movement within. Additionally, CP is supporting NCC to raise awareness for the corridor by participating as presenting sponsor for various community events.

To date, more than 80 percent of the target lands within the corridor area have been successfully conserved for the long-term. CP is proud to support the Jim Prentice Wildlife Corridor as part of our commitment to operating a sustainably driven railway.



ASSET AND RAIL NETWORK RESILIENCY

Our approach



CP's implementation of advanced technologies, fleet modernization and investment in innovation promote sustainable economic growth.



CP's investments in technology, research, development and deployment help build resilient infrastructure and foster innovation.



CP's mitigation efforts and investments in resiliency are based on scenario analysis to address climate change and its impacts.

Operating a railway across approximately 13,000 miles of North America's challenging terrain and variable seasonal conditions requires strong management processes, dependable work practices, the deployment of cutting-edge technology and robust assets and rail infrastructure. The overall resiliency of our physical infrastructure, information systems and technology network is critical to our ability to operate safely and efficiently every day.

Our network is exposed to severe weather conditions throughout the year, including extreme cold, heat and storm events. CP proactively plans for these conditions, leveraging sophisticated weather monitoring systems and predictive models from meteorological services to forecast conditions and prepare our Operations teams to respond accordingly.

To maintain a safe and reliable network, we conduct visual and technological inspections on the condition of our assets to inform maintenance, repair or replacement schedules. Scheduled maintenance cycles ensure that assets are repaired or replaced as needed. Information collected during inspections is used to prioritize infrastructure improvements through our capital planning processes.

In 2020, CP invested \$1.67 billion in capital improvements to further enhance network capacity and improve performance and safety.

2020 highlights and developments

To enhance our ability to identify defects and predict failures, CP invests in advanced technical solutions to collect and analyze rail network data. At the forefront of predictive analytics in the rail industry, we are optimizing our service efficiencies and improving safety across our network. By leveraging rail side monitoring systems to capture vital information about our locomotives, railcars and track infrastructure, CP employs proprietary predictive analytics to identify and plan critical equipment maintenance long before incidents occur.



COMPLETED MORE THAN
380,000
VISUAL TRACK INSPECTIONS
ACROSS OUR NETWORK IN 2020

COMPLETED MORE THAN
91,000
MAIN TRACK INSPECTIONS ON OVER
1.9 MILLION TRACK MILES IN 2020

In 2020, CP enhanced our technology-driven train inspection program to improve the safety and efficiency of our operations, including:

- **Wheel-forecasting model detection system** improves safety and network speed by accurately predicting the occurrence of wheel failure.
- **Broken rail detection technology** alerts Operations staff about rail breaks by analyzing electrical circuits across rail infrastructure in non-signalled or dark territories.
- **Cold wheel detection technology** evaluates rail car wheel temperature to determine if air brakes are operating effectively, eliminating the need for manual inspection, reducing terminal dwell time and increasing rail network velocity.
- **Remote safety inspection portal** allows inspectors to conduct visual train inspections on moving trains, increasing efficiency for customers by reducing terminal dwell time required for manual inspections and increasing network fluidity.

CP continues to expand the use of autonomous track geometry inspections to identify and address rail quality and safety concerns. Autonomous inspections employ laser-based optical measuring systems to detect defects in rails in near real-time. As a result, the technology is able to monitor and predict track deterioration, allowing for increased planning around track maintenance and leading to reduced incidents. CP expanded our fleet of autonomous testing vehicles in 2020, allowing us to cover more than 150,000 track miles with geometry inspections, a 150 percent increase compared to 2018.

In 2020, CP completed our first in-depth climate scenario analysis to understand how climate-related risks and opportunities may manifest in the future under a range of climate scenarios and ultimately result in significant business interruptions that adversely affect CP's entire rail network. Results from this analysis are integrated into CP's enterprise risk management process and inform our approach to seasonal and regional planning to address acute climate-related impacts and build long-term climate resiliency into sensitive rail infrastructure.

CP implements remote safety inspection portal

In November 2020, CP train 603-825 became the first to undergo inspection under a Transport Canada exemption at CP's remote safety inspection portal in Maple Creek, Sask. As trains pass through the portal, a cluster of infrared cameras takes 72 high-resolution photos of each railcar, supplying inspectors with detailed views from all angles. This technology allows CP to perform visual terminal inspections on moving trains along strategic locations of the network.

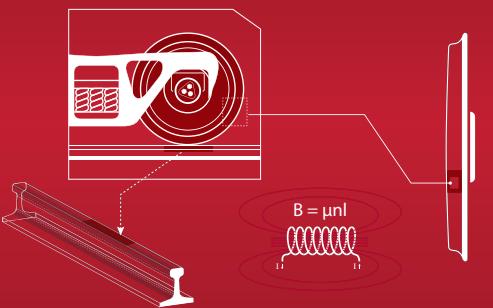
The ability to capture and examine a 360-degree view of passing equipment allows inspectors to detect substantially more railcar defects versus traditional manual inspection procedures. This can significantly reduce a train's terminal dwell time, improve network fluidity and increase rail service efficiency for our customers. The program has improved safety performance by detecting and repairing 87 percent more defects than manual static visual inspections. Remote inspections are part of a suite of emerging technologies that help CP maintain our industry-leading safety record.

CP wins safety award for wheel inspection innovation

CP was awarded the 2020 Railway Association of Canada Safety Award for the development of a wheel-forecasting model detection system for railcars and locomotives. This technology uses electromagnetic sensors embedded in railheads to detect defects in the surface of the wheels more accurately than traditional inspections. The system, which uses an array of 30 sensors, proactively identifies wheels with subsurface conditions that could lead to a broken wheel.

When implementing these technologies, CP includes finite element modelling to ensure the safety and reliability of sensor and rail designs, further reducing network disruptions and asset failures. This project also required significant design work to produce a robust system of sensors and rail equipment that could be deployed safely on rail networks and withstand harsh Canadian environments. As the technology continues to advance, CP has begun attaching electromagnetic sensors to rolling stock to inspect railheads for similar conditions.

CP's innovative approach to wheel inspection improves operational safety by better predicting the operational life of a wheel. CP is the first railway in North America to implement this technology.



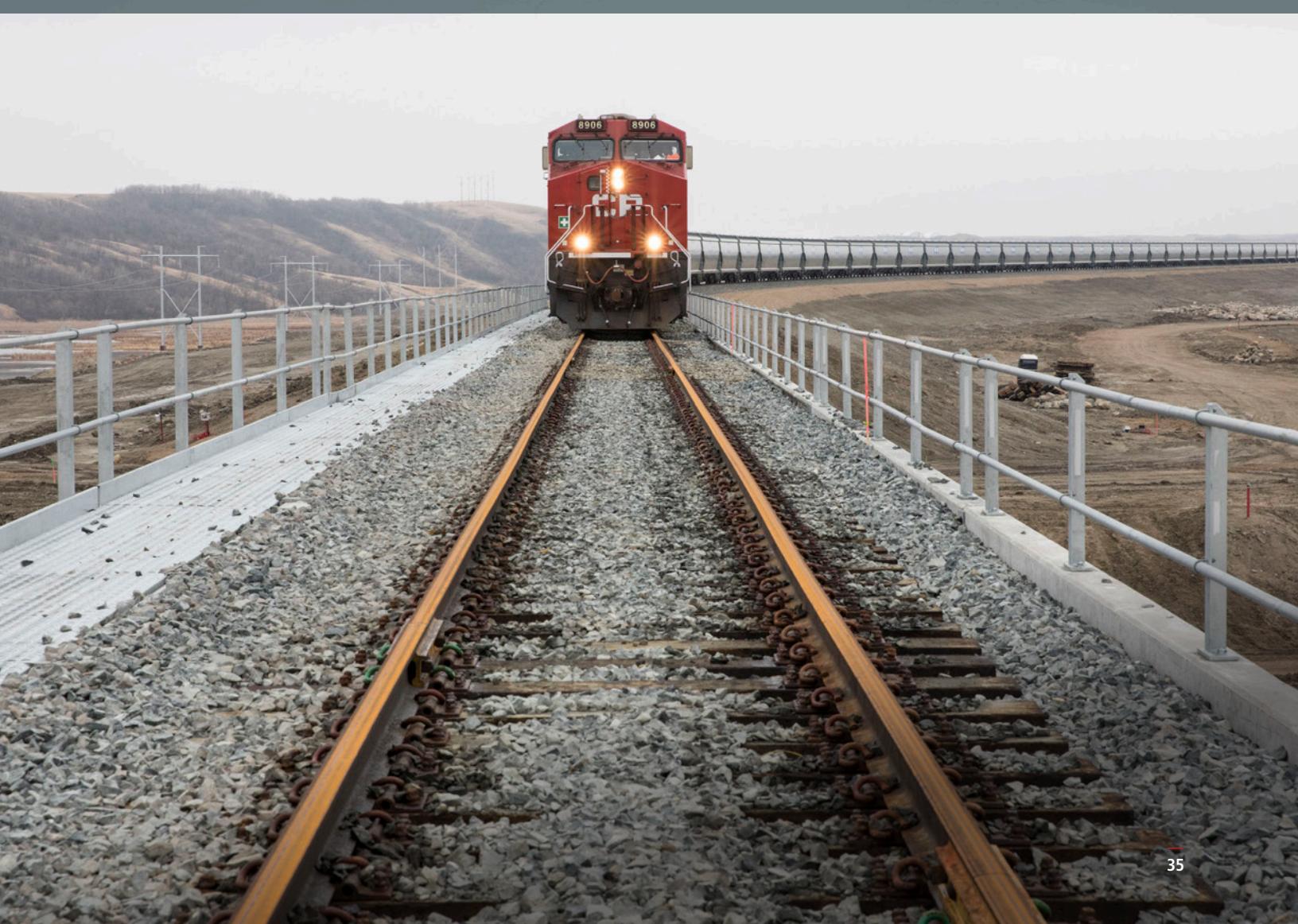
Enhancing infrastructure resiliency

In 2019, CP's main rail corridor in Davenport, Iowa, experienced major flooding from the Mississippi River. During the emergency response, CP raised three miles of track by approximately one metre, successfully keeping trains operational and on schedule during the highest and longest duration flood event recorded at this location. Following this incident, CP conducted a risk-based review of flood risks across the region. As a result, several sensitive locations were identified where watershed conditions and land-use practices have increased variability in seasonal river flows that may impact operations. To address these concerns, CP invested in rail infrastructure upgrades to maintain resiliency during future flood events.

Some examples of these improvements include:

- CP raised a bridge on the Turkey River by an additional 0.5 metre to allow greater clearance for future ice and peak water flows.
- CP raised a rail bridge over the Maquoketa River and nearby track by approximately 0.5 metre to accommodate increased variability in streamflow.
- CP replaced three wooden structures along CP's Kansas City Subdivision with raised steel and concrete structures to minimize impacts from future flooding events.

CP builds resiliency into our rail operations by incorporating a risk-based management approach to evaluating and designing infrastructure improvements.



CUSTOMER EXPERIENCE

Our approach

Our ability to respond to changing customer expectations and needs helps us sustain long-term relationships and realize new opportunities. We believe that prioritizing customer experience allows us to maintain value in the marketplace and enables future product development. We support our customers by providing prompt service based on our strong knowledge of the rail sector. Our team delivers four critical aspects of customer experience through our Shared Services Centre (SSC): customer service, finance support, operations support and technology.

2020 CP Safe Shipper Award

In September 2020, CP recognized 45 shippers with our annual Safe Shipper Award for safely transporting dangerous goods by rail in 2019.

To help us better understand the topics that affect our business relationships, CP has established a Customer Advisory Panel (CAP) comprising members of our customer base from each line of business. Members contribute their experiences and recommendations through workshops and discussions with CP Executives and Customer Service and Information Security teams. Beyond this forum, we gather a broad range of customer input through surveys to understand topics such as the ease of doing business with CP, basic principles of rail service, website usability and overall customer experience and satisfaction.

CP's Customer Service and Sales and Marketing teams effectively collaborate with our Operations and Sustainability teams to build strong customer relationships and support their business and sustainability objectives. We increasingly engage with customers to share knowledge and identify opportunities to improve ESG performance as we work towards our shared sustainability objectives, particularly surrounding climate change, operational safety, diversity and inclusion, and Indigenous relations.



2020 highlights and developments

Based on insight from the CAP, we are leveraging innovative technology to improve customer engagement, business efficiency and experience. Feedback from customers has influenced our multi-year customer experience road map, which seeks to improve customer experience through short-, mid- and long-term goals.

Our investments in new technology support streamlined processes to suit customers' needs. Before launching new tools or platforms, we collaborate with customers to pilot technology solutions and incorporate feedback to ensure expectations are met. In 2020, CP delivered key investments in communications, service and technology solutions to improve customer experience, including:

- Creating an asset use application to provide customers with access to real-time information surrounding shipment delays.
- Modernizing our [Customer Station](#) web portal to improve user experience and functionality.
- Enhancing customer data integration through our application programming interface (API).

Our new Intermodal Demand Management program enables customers to select a preferred number of transit days for the delivery of their products. This technology-based service provides end-to-end visibility of customers' inventories and our key service metrics. CP is currently expanding our offerings in this area to increase value to our customers.

Understanding customer perspectives about our current performance is critical to improving the overall experience. We have developed innovative survey tools and metrics to evaluate customer satisfaction, and we are strengthening our customer engagement programs with new methods for tracking and trending feedback. In 2020, we realized our highest overall customer satisfaction results to date and look forward to building on this success.

Improved customer satisfaction

Customer satisfaction surveys are an important part of our customer satisfaction program at CP, which allows us to listen to our customers' feedback. Each survey includes standard questions across all lines of business where customers rate their satisfaction with various CP services on a scale of 1 to 10. CP had set a target customer satisfaction score of 7.2 out of 10 for 2020's survey, ultimately achieving an overall score of 7.3.



High efficiency product train model increases capacity for grain customers

In late 2018, CP introduced the new high efficiency product (HEP) train model to improve supply chain capacity, customer service and fuel efficiency. The 8,500-foot HEP train, supported by high-capacity grain cars, can transport approximately 44 percent more grain per train, improving train capacity (by volume and weight) at key grain terminals across CP's network.

As part of C\$500M multi-year investment, CP has a total of 4,700 high-capacity grain cars in service across our network, with a total of 5,900 cars expected to be in service by 2023. In collaboration with supply chain partners, investments in track and facilities upgrades to accommodate the longer trains have resulted in improved supply chain capacity and efficient service of our customers.

These capacity improvements have allowed CP to move more Canadian grain products during the 2020 calendar year than any other year in our history.



CP hosts a successful Customer Advisory Panel virtual workshop

CP is committed to engaging with customers through our Customer Advisory Panel, building relationships and learning through dialogue. In October 2020, CP leaders engaged with key customers virtually to present a progress update on our customer experience strategy. These discussions allowed us to better understand how we can further strengthen our service offerings and enhance customer communications by leveraging technology and innovation to support sustainable growth.

With record-breaking participation, attendees included key customers and CP representatives from Marketing, Investor Relations and Operations. The CP team shared exciting updates, including:

- mobile workforce and customer APIs
- Customer Station modernization
- 360-degree customer view
- asset use demurrage enhancements
- ESG and sustainability
- customer communications

SUPPLY CHAIN MANAGEMENT

Our approach

CP is committed to forming business relations with economically, socially and environmentally responsible suppliers. Robust supply chain management is one of the many ways we reduce risk for the company and our investors. We are enhancing our supply chain management practices, identifying and mitigating environmental and social risks and collaborating with suppliers to support our own sustainability objectives. Our centralized approach to procurement promotes active management of supply chain risk by controlling expenses, reducing downstream impacts, cascading best practices across the value chain and ensuring the safety of our suppliers, employees and the environment.

2020 highlights and developments

In 2020, CP developed our first [Supplier Code of Conduct](#), establishing the company's commitment to environmentally and socially responsible practices throughout our operations, including the procurement of goods and services. The Supplier Code of Conduct confirms CP's responsibility to uphold human rights, environmental stewardship and responsible business practices, and articulates CP's intent to extend expectations to meet these responsibilities for our suppliers.

CP is dedicated to partnering with suppliers who:

- Align with CP's Environmental Policy and commitments and implement practices that promote environmental health.
- Implement a sustainable procurement policy for themselves and their suppliers and contractors.
- Uphold strong standards of business ethics in accordance with applicable laws and CP's Code of Business Ethics.
- Uphold the fundamental human rights of their workforce in alignment with CP's [Human Rights Policy](#).

We are engaging with our suppliers in this process, developing management tools and embedding decision-making practices to align with CP's sustainable business objectives.

CP continues to enhance the sustainability of our procurement program by defining processes for assessing and monitoring broader ESG risks in our supply chain. As part of enhancing our sustainable procurement process and implementing our Supplier Code of Conduct, CP intends to work with our critical suppliers to evaluate practices across a broad range of

ESG topics, including regulatory compliance, labour and human rights practices, management and operational issues, climate change and adverse media exposure. We aim to review and update our list of critical suppliers annually to manage risk associated with changes in supplier spend and performance.



CP's Procurement, Facility and Pandemic teams rise to the COVID-19 challenge

The COVID-19 pandemic posed significant and unusual challenges for CP's Procurement team. A prompt and innovative response was required to provide access to the vital supplies and services necessary to keep our people safe and our railway operating. The Procurement team collaborated with suppliers to secure cleaning materials and personal protective equipment. The Pandemic Response Team partnered with the Facilities team to identify cleaning and health practices required to allow CP to maintain operations in line with varying public health guidelines.

We relied on the knowledge and expertise of our Procurement team and leveraged strong relationships with our suppliers to keep our business running smoothly. As a result of these efforts, CP received and distributed 850 shipments of personal protection products to more than 350 facilities across our network.



Implementation of enhanced fuel to improve fuel efficiency and reduce emissions

CP works collaboratively with our supply chain to identify products that reduce environmental impact. In 2021, CP implemented the use of ESSO Diesel Efficient™ fuel for its locomotive fleet in Canada. Based on the results of trials conducted in 2020, this fuel will lessen fuel consumption in 2021 by 3M litres, lower CO₂ emissions by 8M kg and reduce particulate matter emissions by 21,000 kg.

CP partners with an Alberta renewable fuel startup to trial the conversion of scrap railway ties into renewable diesel

CP continually looks for opportunities to increase the amount of material we divert from the landfill in a safe and environmentally responsible way. During the past two years, CP's Procurement team has assessed a variety of ways to divert one of our largest waste streams, scrap railway ties.

Recently, CP has partnered with Cielo Waste Solutions Corp. (Cielo) to evaluate the use of railway ties as feedstock at a renewable fuel refinery in development in Dunmore, Alta.

Cielo uses an innovative closed process to convert carbon-based waste materials into renewable diesel. This process blends pulverized railway ties with a catalyst and carrier fluid under low heat and low pressure to produce renewable fuel.

Some of the key aspects of the system include:

- Limited waste production: the process produces ash and sulphur, which is used as fertilizer, rather than sent to landfill.
- Limited air emissions: there are no waste gas emissions produced, other than limited flaring.
- No waste water: there is no water discharge or tailings ponds associated with this process.
- Closed process: all conversion processes are enclosed.

Through this arrangement, CP has agreed to supply Cielo with a minimum of 2.5 million rail tiles over five years. It is expected that this will enable CP to divert more than 200,000 metric tonnes of landfill waste.

Social Impact



SOCIAL IMPACT TOPICS

- Diversity and Inclusion
- Workforce Management
- Indigenous Relations
- Community Investment

As a responsible corporate citizen, CP believes that we must focus not only on our economic impact but on the ways in which we contribute to society.

Whether it's investing in our employees' growth and development, supporting communities along our network through job creation, business partnerships or educational programs, or enabling healthy lifestyle initiatives through our [CP Has Heart](#) community investment program, we recognize that our success is directly linked to building positive relationships with all our stakeholders.

We aim to establish a culture of integrity, inclusion and respect within our workforce and develop our people to become CP leaders. CP is committed to expanding and strengthening relationships with Indigenous communities along our network and advancing our community investment initiatives. Enhancing CP's social impact is an important component of our corporate strategy.

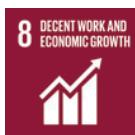
Find more information on CP's approach to social impact on our [Sustainably Driven](#) site.

DIVERSITY AND INCLUSION

Our approach



CP's culture of inclusion, upheld by our diversity councils, support gender equality and empower women.



CP's human resources policies and practices, competitive compensation and benefits, and commitment to diversity and inclusion support decent work and equality.

We believe that a railway operated by employees of different backgrounds, experiences and perspectives enhances creativity and sparks innovation in the workplace. CP is committed to fostering a diverse, equitable and inclusive environment where employees are empowered to strive for and achieve success. Diversity is a core value at CP, which supports our high-performance culture and is integral to our growth and success as an organization.

To guide our practices in this area, we adhere to strong business policies and organizational guidance, including our [Diversity & Inclusion Policy](#), [Human Rights Policy](#) and [Code of Business Ethics](#). CP's Executive team and Board of Directors lead our commitment to diversity and inclusion (D&I) and monitor implementation of our objectives and performance. Our three diversity councils, focused on racial, gender (including 2SLGBTQ+) and Indigenous diversity, provide our leadership with important perspectives to influence policies and initiatives that support a diverse workforce. Our Human Resources department is responsible for deploying programs to foster respect and inclusion at all levels of the organization and to achieve our D&I goals. To foster a diverse and inclusive workplace culture at CP, employees complete mandatory training on respectful, diverse and inclusive practices that include employment equity and duty to accommodate guidelines.

75

CURRENT AND FORMER CANADIAN
AND U.S. MILITARY SERVICE
MEMBERS HIRED IN 2020





1,885 EMPLOYEES RECEIVED
RESPECTFUL AND INCLUSIVE
WORKPLACE TRAINING IN 2020

~800 MANAGEMENT EMPLOYEES
COMPLETED D&I EDUCATION
SESSIONS IN 2020

2020 highlights and developments

We collaborated with our employees, partner organizations and communities along our network to progress and support CP's commitment towards a more representative and inclusive workplace. In 2020, we published our first [Commitment to Diversity and Inclusion](#), articulating our resolve to promote and maintain a diverse and inclusive workplace. This commitment aligns with our Code of Business Ethics and values of accountability, diversity and pride. CP's [Board of Directors Diversity Policy](#) requires Board member appointments to be based on a balance of skills, experience and knowledge while accounting for diversity considerations, such as gender, age, ethnicity and abilities. CP also extended the mandate of the [Corporate Governance, Nominating and Social Responsibility Committee](#) of the Board of Directors to have oversight of diversity and inclusion and other social responsibility objectives.

Our three recently established diversity councils are focused on supporting racial, gender (includes 2SLGBTQ+) and Indigenous diversity in the workplace. Each council is chaired by a senior leader from CP's Diversity and Leadership Development Steering Committee and involves employee representatives from across the organization. The councils are mandated to influence policies and initiatives that advance CP's goal of attracting, hiring, developing and retaining a diverse and inclusive workforce. These councils report progress to the Corporate Governance, Nominating and Social Responsibility Committee. An early focus for diversity councils includes enhancing employee education and awareness of diversity and inclusion in the workplace. Our diversity councils have hosted employee training sessions related to Indigenous cultural awareness and 2SLGBTQ+ awareness workshops. CP's senior leadership has also participated in training to enhance understanding of diversity and inclusion topics and challenges, including changing workforce demographics, overcoming unconscious biases and developing skillsets to lead diverse and inclusive teams.

To identify more opportunities to improve CP's goal of recruiting, hiring and retaining a diverse workforce, our three new diversity councils circulated a voluntary D&I survey to our employees in 2021, the results of which will further progress our D&I strategy and associated road map.



CP donates US\$1 million to three U.S. charities dedicated to strengthening communities

In response to ongoing social unrest and social injustice across the U.S. in 2020, CP donated US\$1 million to three U.S. charities to support the people of Minneapolis, home to the headquarters of CP's U.S. operations, as well as to support meaningful positive change nationally.

The receiving organizations included Lake Street Council (We Love Lake Street), East Side Neighborhood Services and Equal Justice Initiative. These charities not only support Minneapolis communities, but also help others throughout the U.S. as they restore and rebuild following the social unrest that has impacted communities across the country.

"To effect change we have to redouble our efforts on diversity and equality, and as a company, working together we are committed to doing so," said Keith Creel, President and CEO. "We are duty-bound to help others and to uphold the values we strive to embody as an organization: accountability, diversity and pride. In these challenging times, we must pull together and commit to continuous improvement! Together, we can make a positive difference now and in the future."



CP Pride flag raising

On June 7, 2021, CP proudly raised the Pride flag to kick-off Pride Month across our network.

CP displayed the modern Progress Pride Flag, redesigned from the original Pride flag by Daniel Quasar in 2018. The modern Progress Pride Flag brings additional representation to the 2SLGBTQ+ community and shows there is always room to change and grow as we work towards equality.

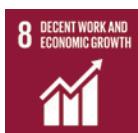
We are committed to a respectful and inclusive workplace and continue to work collaboratively with our employees, communities along our network and partner organizations toward implementing our commitment.

WORKFORCE MANAGEMENT

Our approach



CP's human resource policies and practices support gender equality and the empowerment of women.



CP's investment in education, training and competitive compensation support productive employment and decent work for all.

Cultivating a workforce of skilled employees is critical to CP's sustainable growth and success. Our employees underpin our company's success and provide value for customers and shareholders.

To attract the best candidates, we implement a recruitment strategy that encourages a diverse pool of skilled applicants to align with our ongoing workforce planning requirements. Frequent employee development and training programs are integral to supporting our resilient high-performing workforce. A variety of training opportunities are available to enable employees to succeed in their current roles and prepare for career advancement. To further support employee development, we adopt a performance-based culture and reward those who excel through performance reviews, compensation and benefits, ongoing feedback mechanisms and an employee recognition program.

Our Human Resources department oversees employee recruiting, hiring, development and ongoing engagement, providing progress updates and communicating plans with our Board of Directors annually. The Management Resources and Compensation Committee of the Board of Directors reviews and informs CP's compensation program and makes recommendations to the Board on succession planning. While various teams are responsible for workforce management, our approach is governed by internal [corporate policies](#) related to recruitment, compensation, human rights and employment equity.





2020 highlights and developments

While the events of 2020 challenged CP in new ways, we were able to adapt our recruitment, training and engagement initiatives to support the needs of our employees and business.

To bolster our high-performance workforce amidst the challenges of the pandemic, we moved to virtual classrooms to deliver our leadership development courses. To remain connected with our employees, we engaged with office-based staff through virtual town halls while senior leaders safely met with field operations teams following appropriate social distancing guidelines.

Leadership the CP Way is a robust development program for high-potential candidates, which builds on CP's foundational leadership training programs to advance the skills and continual development of our current and emerging leaders. Leadership the CP Way continues to be developed, refined and rolled out in response to the changing needs of our employees.

37 future front-line managers were hired into the Leadership Management Trainee program, aimed at ensuring that all new front-line managers have the leadership capabilities, industry knowledge and technical skills to succeed in leadership roles.

Our training programs are delivered by expert technical instructors and often require hands-on interaction with locomotives and other specialized equipment. Where in-person learning was deemed essential, we adapted training programs to align with public health guidelines. Wherever possible, employee training was moved to virtual instructor-led platforms or online learning systems. A focus on safety and adaptability allowed us to carry on with effective learning and development opportunities for our employees while ensuring the health of instructors and trainees.

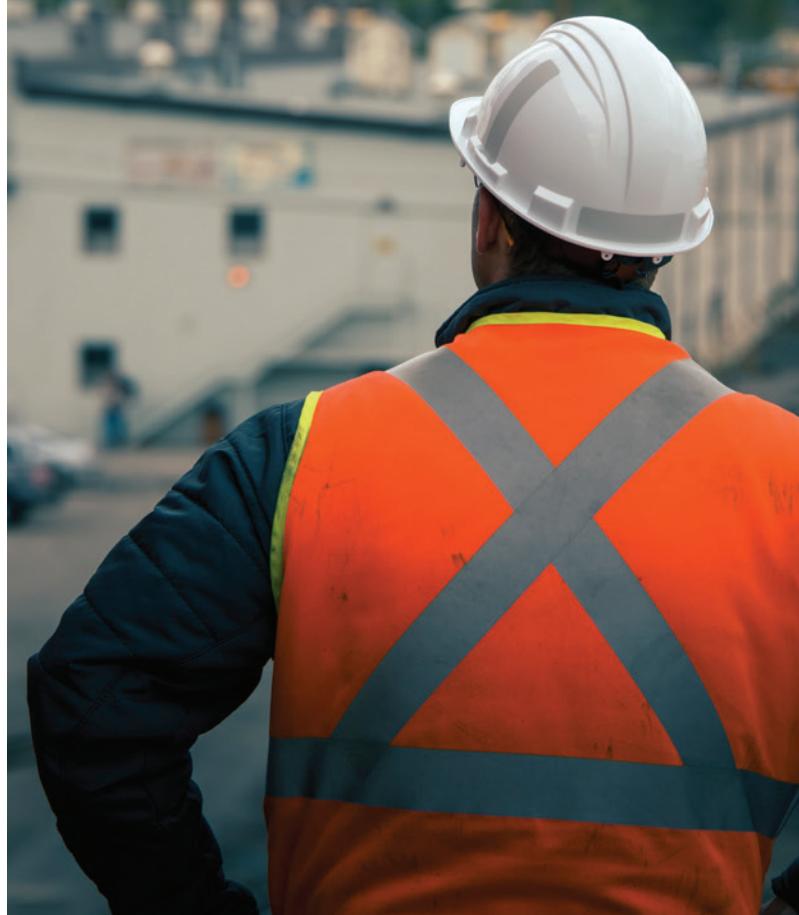
Recruitment initiatives also shifted to online platforms in response to COVID-19 restrictions. We supplemented our recruitment process for select positions with online assessments, which further evaluate candidate behaviour and competency to identify the right fit for the job. We anticipate that insights generated from these assessments will help to reduce attrition, particularly in roles that typically see higher turnover. For roles that can be challenging to fill, we implemented a pre-boarding process to provide candidates with an early introduction to CP's culture and the technical training and skillsets required to succeed in railway operations.

Our Diversity and Leadership Development Steering Committee meets monthly to discuss diversity and leadership development initiatives. As part of our efforts to continually improve and enhance our leadership-level training programs, we review participant diversity breakdowns by course, particularly for our high-potential candidate programs, to understand and promote diverse representation.

CP has been recognized for our commitment to develop and invest in our people and to actively promote diversity and inclusion in our workplace. In 2021, CP was awarded 2021 Gold Military Friendly Top 10 Employer designation, 2021 Alberta Top 70 Employers and 2021 Canada's Best Diversity Employers.

1,146
**ROLES FILLED BY
INTERNAL CANDIDATES**

1,166
NEW EMPLOYEES HIRED



INDIGENOUS RELATIONS

Our approach

We strive to build and maintain strong relationships with Indigenous communities in proximity to our network. These relationships are mutually beneficial, supporting economic and development opportunities for Indigenous communities and enhancing CP's operations, workforce and reputation. Our approach to Indigenous relations is governed by our policies and commitments to diversity, inclusion and human rights. CP's [Human Rights](#) and [Diversity & Inclusion policies](#) describe our commitment to respect the cultures, customs and values of the communities in which we operate and foster a culture of inclusion within our company. This approach requires internal collaboration among CP teams, including Indigenous Relations, Human Resources and Procurement, to support our policy objectives.

CP recognizes the constitutionally protected rights of Indigenous people. We take a proactive approach to implement a meaningful engagement process. Early and ongoing engagement with Indigenous communities that may be impacted by our operations and projects allows us to incorporate feedback, adjust our practices and initiate dialogue surrounding potential mitigation measures. CP regularly engages with the Government of Canada to stay informed about the evolving landscape of Indigenous rights and title in Canada and related implications for the policy and regulatory environment.

2020 highlights and developments

CP is committed to interacting with Indigenous communities in a safe, respectful and responsible manner. Our level of engagement with communities varies based on each community's expressed level of interest in, proximity to and anticipated impact from the project. We recognize that interest and participation will fluctuate throughout the lifecycle of a project. In 2020, we engaged with Indigenous communities on several CP projects:

- Engaged with more than 25 Indigenous communities during planning for [CP's Logistics Park: Vancouver](#) project and worked towards capacity funding agreements with four of these communities to support meaningful project involvement.
- Initiated engagement with more than 15 Indigenous communities for the Pitt Meadows Road and Rail Improvements Project.
- Finalized a capacity funding agreement with the Tsleil-Waututh First Nation for CP's Cascadia Track Expansion Phase 4 project.
- Worked closely with the Tk'emlúps te Secwépemc during the construction of the Vicars Lead in Kamloops to hire qualified members of the community to be archaeological monitors on all project-related excavations.
- Engaged with the Cooks Ferry Indian Band in the archaeological impact assessment related to the Ashcroft (Ripley) bank stabilization project

CP's \$25,000 donation was matched through a federal government program to support the Building Brighter Futures scholarship program facilitated through Indspire.

1,500+

EMPLOYEES TRAINED IN INDIGENOUS CULTURAL AWARENESS

Our newly created Indigenous Diversity Council ensures that we create a feedback-rich environment that supports our corporate direction and institutional learning to facilitate a deeper understanding of one another. CP's Indigenous Diversity Council launched the new Indigenous Liaison-Network Program, which aims to foster an inclusive work environment for Indigenous employees by offering support from and connection to other Indigenous employees.

In response to the COVID-19 pandemic, we implemented measures recommended by public health authorities to maintain our commitment to engaging safely with Indigenous communities. CP adapted our approach by shifting our engagement activities to virtual platforms to sustain our commitment to robust and meaningful consultation.

In previous years, CP has provided funding for community-driven events and programs. As many of these events were cancelled in 2020, with feedback from impacted communities, CP redirected funding to new initiatives. We concentrated our efforts on COVID-19 related support for a wide range of projects focused on food sustainability, emergency relief centre support, including an Indigenous COVID-19 task force and children's backpack program. As part of our community investment initiatives, we supported several Indigenous-based non-profit organizations, educational programs and heart health-related initiatives that align with our [CP Has Heart](#) program.

To further advance our commitment to diversity and inclusion, we continue to evaluate and update our procurement processes to promote contracting opportunities for minority-owned businesses, including Indigenous-owned companies and consultants. CP's Procurement team has established a dedicated representative for all opportunities related to incorporating Indigenous-owned businesses into our organization's supply chain. CP is continually assessing new initiatives and approaches to build relationships with Indigenous communities and businesses. CP is committed to deepening our Indigenous relations efforts and understanding, and we are optimistic about our future efforts.

CP Indigenous Diversity Council virtual event

CP hosted a virtual education session with author Bob Joseph, who engaged more than 270 CP employees in a discussion about his book "21 Things You May Not Know About the Indian Act." He shared important understanding and analysis about the rich cultural history of Indigenous peoples in Canada and the challenges faced today. His presentation gave insight into how CP employees can work collaboratively with Indigenous partners.

CP supports Indigenous community-driven programs

The Aboriginal Friendship Centre of Calgary created a task force to support the delivery of necessary services to Indigenous communities during the COVID-19 pandemic. A range of agencies combined efforts to supply food hampers, share COVID-19 awareness, provide mental health support and provide assistance with emergency support applications. CP provided funding to the Aboriginal Friendship Centre of Calgary to support the task force in easing the impact of the COVID-19 pandemic experienced by Indigenous communities.



CP supports Indspire's Soaring: Indigenous youth empowerment gathering

CP is proud to collaborate with Indspire, Canada's leading charity dedicated to Indigenous education, through project sponsorship and scholarship donations.

Since 2019, CP has supported Soaring, Indspire's annual Indigenous youth empowerment gathering event. The event brings together Indigenous high school students to learn about career and post-secondary opportunities, understand financial support options, and engage with Canada's top employers. In 2021, Indspire hosted Soaring as a virtual event. A total of 978 Indigenous students participated in the two-day event.

In support of Indspire's Building Brighter Futures scholarship program, CP made a \$25,000 donation that will be matched by the federal government for a total contribution of \$50,000. The scholarship program provides financial support to Indigenous students. CP also intends to offer work term positions for Indigenous candidates with access to our Leadership Management Trainee program.

CP is honoured to work with Indspire as they continue on a mission to invest in the education of Indigenous people for the long-term benefit of the individuals, communities and the country.



COMMUNITY INVESTMENT

Our approach



CP invests in the health and well-being of communities in which we live and work through CP Has Heart and other initiatives.

CP is proud to support the communities in which we live, work and operate. We contribute a variety of initiatives that work to enhance the health and well-being of communities through donations, partnerships and sponsorship programs. Our long-standing community investment program, [CP Has Heart](#), is focused on improving the heart health of adults and children in North America. CP promotes employee giving through CP's Giving Engine, our workplace giving program. By matching employee donations, CP is able to assist the programs and charities that matter most to our employees.

Our Community Investment and Workplace Giving team coordinates our giving strategy, measures the impact of our contributions and collaborates with departments across the company to ensure that donations are connected with our giving objectives. In alignment with our commitment to diversity and inclusion, we seek opportunities to support organizations that assist women and the Black, Indigenous and People of Colour (BIPOC) community.

2020 highlights and developments

The ongoing impacts of the COVID-19 pandemic are far-reaching, and CP has focused our giving objectives on supporting communities during this challenging year. While the pandemic has led to the cancellation of numerous annual charitable events, including the Spruce Meadows 'Masters' Tournament and Canadian Pacific Women's Open, we continued to financially assist the daily efforts of these organizations.

Through our primary community investment program, CP Has Heart, CP recognizes that heart health is an issue that affects everyone. Through this program, we have helped raise more than \$23.3 million to improve the heart health of adults and children. Since 2014, CP has partnered with Heart & Stroke and the American Heart Association to promote heart health in our terminals and offices throughout North America. In 2020, CP renewed our research partnership with Heart & Stroke by committing to donate an additional \$1.5 million to promote cardiovascular research through 2023.

As a result of the ongoing social unrest and injustice in the U.S., CP donated US\$1 million directly to three organizations in Minneapolis, the location of our U.S. headquarters. Receiving organizations included Lake Street Council (We Love Lake Street), East Side Neighborhood Services and Equal Justice Initiative. These charities helped restore and rebuild following the social unrest that affected communities across the country. By assisting organizations that promote social justice, our donations help advance diversity and equality in the communities where we live, work and operate.

IN 2020, CP PROVIDED IN-KIND DONATIONS TOTALING MORE THAN \$325,000

CP HAS HELPED RAISE MORE THAN \$23.3 MILLION TO IMPROVE THE HEART HEALTH OF ADULTS AND CHILDREN IN NORTH AMERICA SINCE 2014



CP donates to local food banks, hosting a virtual concert for 2020 Holiday Train

The CP Holiday Train program, running since 1999, shifted to a Holiday Train at Home virtual benefit concert in 2020 due to the COVID-19 pandemic. This year's modified program continued to draw attention to local food security issues while ensuring that donations went to the food banks that would ordinarily receive them, including those that typically host a CP Holiday Train event. In 2020, CP donated \$1.24 million to more than 200 food banks in communities along our network that host CP Holiday Train events.

In a typical year, two festively decorated trains visit more than 160 communities in Canada and the U.S. to raise money, food donations and awareness for local food banks through local concerts and events. Since the program's inception, the CP Holiday Train program has contributed 4.8 million pounds of food donations and more than \$19 million in financial support to more than 200 food banks in Canada and the U.S.

CP employees support veterans in need with fourth annual Spin for a Veteran event

In November 2020, seven CP teams participated in the fourth annual Spin for a Veteran event. Teams competed to raise funds and create awareness for the Homes for Heroes Foundation, which assists veterans experiencing homelessness. This year's event took place at CP's Royal Canadian Pavilion, where teams competed to cover the most distance in a 24 hour period.

In total, the event raised more than \$400,000, which was well above the stated \$200,000 fundraising goal. To date, CP has helped raise more than \$1.2 million for the Homes for Heroes Foundation, which has contributed to building 12 homes for veterans since 2016.

Find out more about CP's [Spin for a Veteran](#).



SUSTAINABILITY METRICS

About CP

102-7 201-1 SASB TR-RA-000.A, B, D

Economic Impact	Units	2016	2017	2018	2019	2020
Economic Value Generated						
Total Revenues ¹	\$ Millions	6,232	6,554	7,316	7,792	7,710
Canada	\$ Millions	4,473	4,667	5,232	5,675	5,829
U.S.	\$ Millions	1,759	1,887	2,084	2,117	1,881
Economic Value Distributed						
Total Operating Expenses ²	\$ Millions	3,821	4,035	4,485	4,668	4,399
Canada	\$ Millions	2,706	2,816	3,199	3,314	3,209
U.S.	\$ Millions	1,115	1,219	1,286	1,354	1,190
Compensation & Benefits ³	\$ Millions	1,356	1,309	1,468	1,540	1,560
Capital Expenditures ⁴	\$ Millions	1,205	1,366	1,574	1,664	1,688
Payments to Providers of Capital ⁵	\$ Millions	1,932	1,121	1,890	1,964	2,367
Payments to Government ⁶	\$ Millions	438	546	442	639	708

Operational Metrics	Units	2016	2017	2018	2019	2020
Revenue Ton-Miles ⁷	Millions	135,952	142,540	154,207	154,378	151,891
Gross Ton-Miles ⁸	Millions	242,694	252,195	275,362	280,724	272,360
Carloads Transported	Thousands	2,525	2,634	2,740	2,766	2,708
Intermodal Units Transported	Thousands	976	997	1,026	1,046	1,050
Train Miles Travelled	Thousands	30,373	30,632	32,312	32,924	30,324

¹ Total Revenues includes all freight and non-freight revenue. Freight revenues are generated from goods or property transported. Non-freight revenues are generated from leasing certain assets; other arrangements, including logistical services and contracts with passenger service operators; and switching fees. CP's total revenues decreased by 1% in 2020 from 2019, driven primarily by the unfavorable impact of lower fuel surcharge revenue as a result of lower fuel prices, and lower volumes as measured by revenue ton-miles (RTMs) primarily due to the impacts of COVID-19. This decrease was partially offset by higher liquidated damages, including customer volume commitments and higher freight rates.

² Changes in freight volumes generally contribute to corresponding changes in freight revenues and certain variable expenses, such as fuel, equipment rents and crew costs.

³ Compensation & Benefits includes employee wages, salaries, fringe benefits and stock-based compensation.

⁴ Capital Expenditures are additions to properties. Capital Expenditures include expenditures to expand and enhance its rail network, rolling stock and other infrastructure. These expenditures are aimed at improving efficiency and safety of our operations. Such investments are also an integral part of the Company's multi-year capital program and support growth initiatives.

⁵ Payments to Providers of Capital includes dividends paid to shareholders, interest paid to shareholders, interest paid to debtholders and payments for share repurchases less issuance of shares.

⁶ Payments to Government includes income tax paid and property tax.

⁷ Revenue Ton-Mile (RTM) refers to the movement of one revenue-producing ton of freight over a distance of one mile. RTMs measure the relative weight and distance of rail freight moved by the Company.

⁸ Gross Ton-Mile (GTM) refers to the movement of one ton of train weight over a distance of one mile. GTMs are calculated by multiplying total train weight by the distance the train moved. Total train weight comprises the weight of the freight cars, their contents and any inactive locomotives. An increase in GTMs indicates additional workload.

Employees

102-8 404-1 SASB TR-RA-000.E

Workforce	Units	2016	2017	2018	2019	2020
Total Workforce ⁹	Total Number	11,738	12,294	12,866	12,732	11,904
Total Employees ¹⁰	# Employees	11,693	12,215	12,840	12,694	11,890
Canada	# Employees	9,010	9,476	10,021	9,923	9,409
U.S.	# Employees	2,683	2,739	2,819	2,771	2,481
Women	# Employees	1,106	1,167	1,222	1,227	1,191
Men	# Employees	10,587	11,048	11,618	11,467	10,699
Unionized Employees	# Employees	8,760	9,173	9,618	9,390	8,587
Non-unionized Employees	# Employees	2,933	3,042	3,222	3,304	3,303
Total Full-Time Employees ¹¹	# Employees	11,661	12,173	12,782	12,643	11,844
Women	# Full-Time Employees	1,100	1,157	1,215	1,220	1,174
Men	# Full-Time Employees	10,561	11,016	11,567	11,423	10,670
Total Temporary Employees ¹²	# Employees	23	41	57	49	44
Women	# Temp Employees	4	9	6	6	16
Men	# Temp Employees	19	32	51	43	28
Total Part-Time Employees ¹³	# Employees	9	1	1	2	2
Women	# Part-Time Employees	2	1	1	1	1
Men	# Part-Time Employees	7	0	0	1	1
Total Contractors ¹⁴	Total Number	45	79	26	38	14

9 Total Workforce values reflect all CP employees, contractors and consultants as at Dec. 31 of each reporting year. Decrease in total workforce from 2019 to 2020 is primarily due to more efficient resource planning.

10 Total Employees refers to individuals currently engaged in full-time, part-time or seasonal employment with CP. The count is based on total number of employees as at Dec. 31 of the reporting year. The decrease in total employees from 2019 to 2020 is primarily due reduced workload as measured in GTMs and more efficient resource planning.

11 Total Full-Time Employees refers to individuals who work more than 90 percent of the full 40-hour workweek.

12 Total Temporary Employees refers to seasonal or fixed-term individuals. All temporary employees were located in Canada during the reporting period.

13 Total Part-Time Employees refers to individuals who work between 50–90 percent of the full 40-hour workweek. All part-time employees are located in Canada.

14 CP does not currently monitor workforce-related metrics for contractors.

Training ¹⁵	Units	2016	2017	2018	2019	2020
Union Staff	Avg Hours/ Employee	28	40	41	65	30
Non-union Staff	Avg Hours/ Employee	30	49	67	55	46
Total Training Cost ¹⁶	Millions	29.9	33.9	51.2	58.5	29.7
Average Spend on Training per Full-Time Employee ¹⁶	\$	2,565	2,786	4,006	4,657	2,497

Governance and Ethics

102-18 102-22 405-1

Board of Directors Composition ¹⁷	Units	2016	2017	2018	2019	2020
Number of Directors	# Directors	10	9	10	11	11
Percent Independence ¹⁸	% Directors	80.0	88.9	90.0	90.9	90.9
Average Age	Years	60	60	61	61	62
Average Tenure	Years	2.4	2.6	3.5	3.6	4.7
Canada ¹⁹	% Directors	60.0	55.6	50.0	54.5	54.5
U.S. ¹⁹	% Directors	40.0	44.4	50.0	45.5	45.5
Visible Minorities	% Directors	0.0	11.1	10.0	9.1	9.0
Women	% Directors	40.0	44.4	40.0	45.5	45.5
Men	% Directors	60.0	55.6	60.0	54.5	55.5
< 30 Years Old	% Directors	0.0	0.0	0.0	0.0	0.0
30–50 Years Old	% Directors	20.0	22.2	20.0	9.1	0.0
Over 50 Years Old	% Directors	80.0	77.8	80.0	90.9	100.0

15 Training Hours include training related to in-class training provided by internal trainers, CP's web-based learning management system, and external consultants. Hours do not include field based or on-the-job employee training. The decrease in CP's training-related metrics from 2019-2020 is largely a result of the impacts from the COVID-19 pandemic on in-person training and the associated reduction in hiring.

16 Training Costs include expenses related to the management of CP's Training, and Learning and Development departments, costs for internal trainers, CP's web-based learning management system, external consultants, online learning platforms such as Harvard ManageMentor, and compensation for employee time while training. Costs do not include field based or on-the-job employee training.

17 Board of Directors Composition is reported as of Dec. 31 for all reporting years.

18 The Board has adopted standards for director independence based on criteria of the New York Stock Exchange, U.S. Securities and Exchange Commission, and Canadian Securities Administrators. The Board reviews director independence continually and annually using director questionnaires as well as by reviewing updated biographical information, meeting with directors individually, and conducting a comprehensive assessment of all business and other relationships and interests of each directors with respect to CP and our subsidiaries. In 2020 and 2021, the Board confirmed that each director, except for the President and CEO, is independent of the Corporation in accordance with the standards for independence established by the New York Stock Exchange and the Canadian Securities Administration.

19 Canada and U.S. metrics are calculated based on each director's country of residence.

Ethics	Units	2016	2017	2018	2019	2020
CP Code of Business Ethics Training ²⁰	# Employees	2,665	2,773	2,969	3,202	3,240
Alert Line Calls ²¹	Total Number	30	19	22	28	32

Safety

Safety Culture

403-9 SASB TR-RA-320a.1

Work-Related Injury	Units	2016	2017	2018	2019	2020
Hours Worked	Thousands	26,779	26,828	28,151	30,300	26,557
Total Recordable Injury Rate ²²	Injury Rate	3.10	3.25	3.14	2.67	2.59
FRA-Reportable Personal Injury Frequency Rate ²³	Injury Rate	1.67	1.65	1.47	1.42	1.11
Women	Injury Rate	0.00	1.40	0.92	0.93	0.68
Men	Injury Rate	1.75	1.65	1.52	1.47	1.15
Contractors ²⁴	# FRA Injuries	26	30	34	20	8
Lost Time Injury Frequency Rate (Per 200,000 employee hours worked) ²⁵	Injury Rate	*	1.12	0.97	0.90	0.77
Canada	Injury Rate	*	1.00	0.87	0.82	0.72
U.S.	Injury Rate	*	1.53	1.37	1.23	0.93
Women	Injury Rate	*	0.86	0.67	0.56	0.47
Men	Injury Rate	*	1.15	1.00	0.93	0.80

20 The figures presented represent training completed by non-unionized employees; however, the Code of Business Ethics (the "Code") applies to everyone at CP and its subsidiaries: directors, officers, employees (unionized and non-unionized) and contractors who do work for CP. Unionized employees are provided with a copy of the Code every three years. In 2019, unionized employees were mailed a copy of the Code. Directors must also confirm annually that they have complied with the Code. The Code is part of the terms and conditions of employment for non-unionized employees, and contractors must agree to follow principles of standards of business conduct consistent with those set out in our Code as part of the terms of engagement.

21 CP's independently managed Alert Line (A-Line) is a tool that allows employees to report an instance directly to their manager or anonymously. All employees are obligated to report any known or suspected violations of the Code, or any instance that may violate CP's commitments to ethics and integrity. A-Line is available 24/7 by phone or online to all employees and stakeholders. Translation services are available as well if required. All reports to A-Line are handled confidentially and investigated in accordance with CP's Business Ethics Reporting Policy.

22 Total Recordable Injury Rate (TRIR) is a measure of recordable injuries resulting from a discernable work-related event, to an on-duty employee and is a physical injury in nature (not incident stress or psychological in nature), including fatalities. TRIR is calculated as total number of recordable cases multiplied by 200,000, divided by total employee hours worked during the reporting period. Recordable incidents include all safety-related events reported by employees regardless of incident severity.

23 The Federal Railroad Administration (FRA)-Reportable Personal Injury Frequency Rate (PIFR) reflects the frequency of personal injuries, multiplied by 200,000, divided by total employee hours. PIFR is limited to personal injuries that require employees to lose time away from work, modify their normal duties or obtain medical treatment beyond minor first aid. PIFR employee hours are the total hours worked, excluding vacation and sick time, by all employees, excluding contractors. FRA-reportable personal injuries per 200,000 employee-hours for the year ended December 31, 2018 previously reported as 1.48 was restated to 1.47 in this report. This restatement reflects new information available within specific periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

24 CP does not track contractor hours; therefore, CP cannot calculate a total recordable work-related injuries rate.

25 Lost Time Injury Frequency Rate (LTIFR) reflects an injury that results in calendar days away from work, as recommended by a physician. LTIFR is calculated as total number of injuries that result in an employee losing time away from work, multiplied by 200,000 or 1,000,000, divided by total employee-hours worked during the reporting period.

Work-Related Injury	Units	2016	2017	2018	2019	2020
Lost Time Injury Frequency Rate (Per 1,000,000 employee hours worked)	Injury Rate	*	5.59	4.87	4.49	3.84
Canada	Injury Rate	*	3.91	3.48	3.30	3.62
U.S.	Injury Rate	*	1.68	1.39	1.19	4.66
Women	Injury Rate	*	4.32	3.37	2.75	2.26
Men	Injury Rate	*	5.73	5.02	4.67	4.02
Representation by Health & Safety Committee	% Employees	100	100	100	100	100

Fatalities	Units	2016	2017	2018	2019	2020
Employee Fatalities	# Fatalities	1	2	3	4	0
Contract Worker Fatalities	# Fatalities	1	1	0	0	0

Public Safety and Emergency Preparedness

SASB TR-RA-540a.1-3

Train Accidents	Units	2016	2017	2018	2019	2020
Train-Related Incidents & Accidents ²⁶	# Accidents	601	638	670	694	603
FRA Train Accident ²⁷	# Accidents	37	33	39	38	32
Train vs. Vehicle Fatalities ²⁸	# Accidents	4	10	9	8	5
Train vs. Vehicle Injuries ²⁹	# Accidents	28	29	17	26	16
Train-Related Accidents Involving the Release of Hazardous Materials ³⁰	# Accidents	1	2	3	5	2
Non-Accident Release of Hazardous Materials ³¹	# Accidents	23	12	24	17	20

26 Train-Related Incidents & Accidents refers to any event that causes damage to mobile on-track equipment during the course of railway operations.

27 Federal Railroad Administration (FRA) Train Accident refers to a subset of reported train-related incidents and includes only those events involving damage exceeding a specific monetary value set by the FRA. The reporting threshold for 2017–2020 was US\$10,700 in damage, and US\$10,500 in damage for 2016.

28 Train vs. Vehicle Fatalities refers to incidents involving train and road vehicle collisions that result in a fatality.

29 Train vs. Vehicle Injuries refers to incidents involving train and vehicle collisions that result in an injury.

30 Train-Related Accidents Involving the Release of Hazardous Materials refers to incidents involving the release of hazardous materials (U.S.) or dangerous goods (Canada) from a means of containment during transportation by train.

31 Non-Accident Release of Hazardous Materials refers to an unintentional release of hazardous materials (U.S.) or dangerous goods (Canada) from a means of containment during transportation. These events do not involve a train-related accident and can result from equipment failure or improperly secured materials.

Train Accidents	Units	2016	2017	2018	2019	2020
Grade Crossing Accident Rate ³²	# Accidents/ Million Train Miles	2.81	2.60	2.73	2.58	2.23
FRA-Reportable Train Accident Frequency Rate ³³	# Accidents/ Million Train Miles	1.12	0.99	1.10	1.06	0.96

Significant Spills	Units	2016	2017	2018	2019	2020
Spill Events ³⁴	# Spills	37	21	34	35	38

Operational Excellence

Climate Change

Locomotive	Units	2016	2017	2018	2019	2020
Total Locomotive Fuel	Million U.S. Gallons	238	248	263	270	258
	Million Litres	903	939	995	1,023	978
Locomotive Fuel Efficiency	U.S. Gallons/1,000 GTMs	0.980	0.980	0.953	0.955	0.942
Freight Efficiency ³⁵	RTMs/U.S. Gallons	570	574	586	572	588

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Energy	Units	2016	2017	2018	2019	2020
Total Energy Consumption ³⁶	1,000 MWh	10,401	10,758	11,384	11,625	11,073
Locomotive Diesel	1,000 MWh	9,548	9,939	10,533	10,745	10,288
Locomotive Renewable Fuel ³⁷	1,000 MWh	147	149	157	163	161

³² Grade Crossing Accident Rate refers to any impact between on-track railway equipment and a highway user at a highway-rail grade crossing. Highway-rail grade crossing means: (1) a location where a public highway, road, street or private roadway, including associated sidewalks, crosses one or more railway tracks at grade; or (2) a location where a pathway explicitly authorized by a public authority or a railway carrier (dedicated for the use of non-vehicular traffic, including pedestrians, bicyclists and others), not associated with a public highway, road, street or private roadway, crosses one or more railway tracks at grade.

³³ Federal Railroad Administration (FRA)-Reportable Train Accident Frequency Rate reflects the number of train accidents resulting in damage exceeding a specific monetary threshold (set by FRA), multiplied by 1,000,000, divided by total train miles travelled during the reporting period. The reporting threshold for 2017–2020 was US\$10,700 in damage, and US\$10,500 in damage for 2016.

³⁴ Spill Events includes all reported incidents involving CP employees or contractors, which result in the unintentional release of hazardous materials or materials which may adversely impact the environment. Spills include events involving an accidental release, spill or leak, or result from the failure of means of containment. Reported values are limited to significant releases where a material has been released in excess of local regulatory reporting thresholds.

³⁵ Freight efficiency represents the number of route miles one ton of revenue generating freight can be transported by a CP train on a single U.S. gallon of fuel.

³⁶ Total Energy Consumption includes all liquefied gas, fuel and electricity consumed inside the organization during the reporting year.

³⁷ All diesel fuel supplied to the Canadian marketplace must contain an annual average of 2 percent renewable content. Locomotive — Renewable Fuel is estimated to be equivalent to 2 percent of all locomotive diesel fuel consumed in Canada during the reporting year.

Energy	Units	2016	2017	2018	2019	2020
Other Liquid Fuel ³⁸	1,000 MWh	406	357	364	373	309
Natural Gas and Propane	1,000 MWh	117	128	139	150	131
Electricity Consumption	1,000 MWh	183	185	192	194	184
Energy Costs	\$ Millions	591	702	945	908	677
Energy Intensity — Total Company	kWh/1,000 GTMs	42.9	42.7	41.3	41.4	40.7
Energy Intensity — Locomotive Fuel	kWh/1,000 GTMs	39.9	40.0	38.8	38.9	38.4

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Emissions	Units	2016	2017	2018	2019	2020
Total Direct (Scope 1) & Indirect (Scope 2) Greenhouse Gas (GHG) Emissions ³⁹	1,000 Metric Tonnes CO ₂ e	2,850	2,931	3,102	3,179	3,031
Direct (Scope 1) GHG Emissions	1,000 Metric Tonnes CO ₂ e	2,797	2,883	3,052	3,130	2,988
Locomotive	1,000 Metric Tonnes CO ₂ e	2,671	2,771	2,936	3,013	2,887
Other Scope 1 ⁴⁰	1,000 Metric Tonnes CO ₂ e	126	112	116	117	101
Direct (Scope 1) GHG Emissions ⁴¹						
CO ₂	1,000 Metric Tonnes CO ₂ e	2,549.43	2,628.91	2,782.71	2,851.98	2,722.01
CH ₄	1,000 Metric Tonnes CO ₂ e	3.98	4.14	4.38	4.50	4.27
N ₂ O	1,000 Metric Tonnes CO ₂ e	243.67	249.82	264.68	273.87	260.01
HFC	1,000 Metric Tonnes CO ₂ e	0.09	0.04	0.08	0.08	0.04
Indirect (Scope 2 & 3) GHG Emissions						
Indirect (Scope 2) GHG Emissions ⁴²	1,000 Metric Tonnes CO ₂ e	53	48	50	49	43

³⁸ Other Liquid Fuel includes all liquid and gaseous fuel, excluding locomotive diesel, consumed by the organization during the reporting period. Common fuel reported here includes gasoline, diesel, heating oil and liquid biofuels.

³⁹ Values reflect a combined total of Direct (Scope 1) emissions from CP owned or controlled sources (primarily locomotives for CP) and Indirect (Scope 2) GHG emissions from the generation of purchased energy (CP's electricity consumption). Since 2019, Scope 3 GHG emissions relating to Business Travel is no longer aggregated with Direct (Scope 1) and Indirect (Scope 2) GHG Emissions. Scope 3 GHG emissions from Business Travel is reported separately.

⁴⁰ Other Scope 1 GHG emissions includes, GHG emissions related to off-road vehicles, vehicle fleet, work equipment and stationary sources such as propane and natural gas for heating facilities.

⁴¹ Direct (Scope 1) GHG Emissions are calculated following The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Total GHG emissions are presented as 1,000 Metric Tonnes CO₂e and have been converted following global warming potentials from IPCC Fifth Assessment Report (AR5).

⁴² Indirect (Scope 2) GHG Emissions consists of emissions from the generation of electricity purchased by CP. Canadian emissions are based on emissions factors used for Canada's National Inventory Report. U.S. emissions are based on the U.S. EPA eGRID 2019 emissions factors. Electricity usage is based on electric utility billing data.

Emissions	Units	2016	2017	2018	2019	2020
Other Indirect (Scope 3) GHG Emissions ⁴³	1,000 Metric Tonnes CO ₂ e	*	*	*	1,734	1,700
Purchased Goods & Services and Capital Goods ⁴⁴	1,000 Metric Tonnes CO ₂ e	*	*	*	631	620
Fuel & Energy-Related Activities ⁴⁵	1,000 Metric Tonnes CO ₂ e	*	*	*	917	860
Upstream Transportation & Distribution ⁴⁶	1,000 Metric Tonnes CO ₂ e	*	*	*	142	181
Waste Generated in Operations ⁴⁷	1,000 Metric Tonnes CO ₂ e	*	*	*	5	4
Business Travel ⁴⁸	1,000 Metric Tonnes CO ₂ e	17	16	16	21	18
Employee Commuting ⁴⁹	1,000 Metric Tonnes CO ₂ e	*	*	*	18	17

GHG Emissions Intensity ⁵⁰	Units	2016	2017	2018	2019	2020
Company (Scope 1 and 2)	kg CO ₂ e/1,000 GTMs	11.7	11.6	11.3	11.3	11.1
Locomotive (Scope 1)	kg CO ₂ e/1,000 GTMs	11.0	11.0	10.7	10.7	10.6
Company (Scope 1 and 2)	kg CO ₂ e/1,000 GTKs	8.0	8.0	7.7	7.8	7.6
Locomotive (Scope 1)	kg CO ₂ e/1,000 GTKs	7.5	7.5	7.3	7.4	7.3
Company (Scope 1 and 2)	kg CO ₂ e/1,000 RTMs	21.0	20.6	20.1	20.6	20.0
Locomotive (Scope 1)	kg CO ₂ e/1,000 RTMs	19.6	19.4	19.0	19.5	19.0

43 Prior to 2019, CP's reporting on Other Indirect (Scope 3) GHG Emissions was limited to Business Travel. Beginning in 2019, CP expanded GHG reporting to include additional relevant Scope 3 emissions categories of purchased goods & services and capital goods, fuel and energy-related activities, upstream transportation and distribution, and waste generated in operations for 2019. The asterisk (*) indicates that a reporting of these categories of Other Indirect (Scope 3) GHG Emissions relevant to CP is not available for earlier reporting periods.

44 An estimate of GHG emissions related to Purchased Goods & Services and Capital Goods was derived following an economic input-output (EIO) model developed by Carnegie Mellon University. EIO categories by spend were totaled and converted into GHG emissions using factors consistent with this approach.

45 Fuel and Energy-Related Activities includes upstream emissions associated with the fuel that CP uses to operate, from fuel combusted for generation of electricity purchased by CP and transmission and distribution losses from electricity consumed.

46 GHG emissions related to the transport of purchased material, truck transport of intermodal containers, and postage and couriers. Emissions from transport of purchased material were calculated using each order's weight and transport distance with tonne-mileage emissions factors for trucks. For all other Upstream Transportation and Distribution, an economic input-output (EIO) calculator was used to estimate emissions from purchased transportation services.

47 GHG emissions associated with annual waste generated by CP. Derived using factors from the U.S. EPA Center for Corporate Climate Leadership.

48 Emissions for Business Travel, including hotel stays, vehicle rentals and flights. Emissions factors for hotel stays from DEFRA were used to calculate GHG emissions. Emissions factors for vehicle rentals and passenger flights from the U.S. EPA Center for Corporate Climate Leadership were used to calculate GHG emissions.

49 Employee Commuting emissions were estimated using average commuting time, transportation mode and distance statistics from census data in the U.S. and Canada. Work from home adjustment factor was applied to adjust annual emissions due to increased number of employees working from home due to the COVID-19 pandemic. GHG emissions were calculated following emissions factors from the U.S. EPA Center for Corporate Climate Leadership.

50 GHG Emissions Intensity values presented here represent those most commonly presented or publicly requested within the freight rail sector. Company GHG Emissions Intensity includes total Scope 1 and 2 emissions divided by gross ton-miles (GTMs), gross tonne-kilometres (GTKs), revenue ton-miles (RTMs) or revenue tonne-kilometres (RTKs) during the reporting period. Intensity metrics have also been provided specific to locomotive GHG emissions.

GHG Emissions Intensity ⁵⁰	Units	2016	2017	2018	2019	2020
Company (Scope 1 and 2)	kg CO ₂ e/1,000 RTKs	14.4	14.1	13.8	14.1	13.7
Locomotive (Scope 1)	kg CO ₂ e/1,000 RTKs	13.5	13.3	13.0	13.4	13.0
Revenue (Scope 1 and 2)	MT CO ₂ e/\$ Million Revenue	457	447	424	408	393
Employee (Scope 1 and 2)	kg CO ₂ e/Employee	239	236	238	247	255

Locomotive Air Emissions ⁵¹	Units	2016	2017	2018	2019	2020
Nitrous Oxide (NO _x)	Kilotonnes	31.73	33.05	34.52	35.00	34.05
Sulfur Oxide (SO _x)	Kilotonnes	0.02	0.02	0.02	0.02	0.03
Particulate Matter (PM)	Kilotonnes	0.67	0.66	0.70	0.69	0.68
Hydrocarbons	Kilotonnes	1.45	1.43	1.51	1.44	1.33
Carbon Monoxide (CO)	Kilotonnes	6.55	6.81	7.17	7.06	6.69

Asset and Rail Network Resiliency

SASB TR-RA-540a.4

Performance Metrics	Units	2016	2017	2018	2019	2020
Average Terminal Dwell	Hours	6.7	6.6	6.8	6.4	6.5
Average Train Speed	Miles/Hour	23.5	22.6	21.5	22.2	22.0
Main Track Inspections ⁵²	Total Number	81,425	81,408	83,832	86,723	91,503
Main Track Miles Inspected	Total Number	1,626,119	1,677,032	1,793,249	1,855,173	1,923,379
Total Main Track Miles	Total Number	12,423	12,489	12,469	12,683	13,046
Frequency of Internal Railway Integrity Inspections ⁵³	Ratio	2.52	2.58	2.77	2.81	2.84

⁵¹ Locomotive Air Emissions represents common contaminants associated with the combustion of fuel by CP's locomotive fleet. Calculations are specific to each locomotive's corresponding EPA emissions tier class. Air emissions are derived by combining CP active locomotive fleet data with EPA tier class emissions factors, total fuel consumed and nature of locomotive use (line haul or switching). This methodology is consistent with practices of the Canadian rail sector and Railway Association of Canada – Locomotive Emissions Monitoring Program.

⁵² Main Track Inspections includes both regulatory and special track inspections.

⁵³ Frequency of Internal Railway Integrity Inspections is calculated as the number of inspections per week, weighted for the number of main track miles on which those inspections took place. Calculated as (weekly inspections × miles of track on which they took place) / (total main track miles).

Environmental Footprint

Environmental	Units	2016	2017	2018	2019	2020
Annual Spend on Remediation	\$ Millions	12	8	7	7	7
Provision for Environmental Remediation Programs ⁵⁴	\$ Millions	85	80	83	81	83
Environmental Audits Completed ⁵⁵	# Audits	4	14	9	10	0
Number of Environmental Fines	# Fines	0	0	1	0	0
Amount of Environmental Fines ⁵⁶	\$ Total Spent	0	0	31,500	0	0

303-5

Water	Units	2016	2017	2018	2019	2020
Water Consumption ⁵⁷	ML	535	557	503	813	768
Canada	ML	434	493	466	566	666
U.S.	ML	101	64	36	40	87
Water Discharge ⁵⁸	ML	110	110	84	134	135

306-3

Waste ⁵⁹	Units	2016	2017	2018	2019	2020
Total Waste Generated	Metric Tonnes	93,867	79,268	104,325	90,112	113,823
Hazardous Waste	Metric Tonnes	1,742	1,757	2,623	3,274	5,011
Non-Hazardous Waste	Metric Tonnes	92,125	77,511	101,702	86,838	108,812

54 Provision for Environmental Remediation Programs represents an estimate of probable future obligation and includes both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP's best estimate of all probable costs, CP's total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change periodically as new information about previously untested sites becomes known, environmental laws and regulations evolve, and advances are made in environmental remediation technology.

55 CP did not complete environmental audits in 2020 due to COVID-19 travel and work restrictions.

56 The environmental penalty in 2018 was an administrative penalty for exceeding permit limits.

57 Water Consumption volumes are based on metered service connections to municipal water treatment and distribution systems supplied to CP facilities across the network. These values do not reflect a small amount of unmetered water supplied by local wells at remote operating locations. The reported value for 2019 has been updated to reflect actual annual water consumption for CP's EH Hunter Harrison Campus (headquarters facility). In 2019, this location experienced water meter connectivity challenges which led to inconsistent data quality. This has since been resolved by the utility.

58 CP discharges industrial wastewater in a responsible manner according to local regulations and permits. All wastewater discharges are planned. Where applicable, CP 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. Currently, treated effluent from CP wastewater treatment plants is not reused for other purposes. CP does not currently report on water discharge quality.

59 CP's waste metrics disclosure for all hazardous and non-hazardous waste streams have been updated to align with recent changes to the GRI Standard (GRI 306-2020). All 2016-2019 values have been restated in alignment with the new GRI 306-2020 format.

306-4

Hazardous Waste Diversion ⁶⁰	Units	2016	2017	2018	2019	2020
Total Hazardous Waste Diverted	Metric Tonnes	1,642	1,734	2,605	3,269	4,349
Offsite Recycled	Metric Tonnes	1,303	1,426	2,588	2,715	108
Other Offsite Recovery Operations ⁶¹	Metric Tonnes	339	308	17	554	4,241

Non-Hazardous Waste Diversion	Units	2016	2017	2018	2019	2020
Total Non-Hazardous Waste Diverted	Metric Tonnes	1,897	9,304	2,323	2,198	2,306
Offsite Recycled	Metric Tonnes	1,794	9,197	2,268	2,164	1,302
Offsite Compost	Metric Tonnes	103	65	55	34	68
Other Offsite Recovery Operations	Metric Tonnes	0	42	0	0	936

306-5

Hazardous Waste Disposal	Units	2016	2017	2018	2019	2020
Total Hazardous Waste Disposed	Metric Tonnes	99	23	18	5	662
Offsite Incineration (with energy recovery)	Metric Tonnes	15	2	2	0	68
Offsite Landfilling	Metric Tonnes	84	21	16	5	594

Non-Hazardous Waste Disposal	Units	2016	2017	2018	2019	2020
Total Non-Hazardous Waste Disposed	Metric Tonnes	90,186	68,249	99,379	84,640	106,505
Offsite Incineration (with energy recovery)	Metric Tonnes	83,120	61,766	92,950	77,755	99,336
Offsite Landfilling	Metric Tonnes	7,066	6,483	6,429	6,885	7,169

60 Definitions of hazardous and non-hazardous waste are aligned with Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. Waste disposal methods and associated quantities are provided to CP by third party waste disposal contractors, and tracked by CP's third party consultant. CP works collaboratively with our third party waste contractors to identify beneficial reuse and recycling options for CP's industrial waste streams.

61 CP's offsite recovery operations include deep-well injection, fuel-blending, on-site storage and other recovery methods.

Other Waste	Units	2016	2017	2018	2019	2020
Rail Ties Sent to Cogeneration Facility	# Ties	1,006,280	747,774	1,125,619	941,615	1,202,724
Rail Ties Sent to Cogeneration Facility ⁶²	Metric Tonnes	83,072	61,732	92,976	77,755	99,317

301-1

Resource Consumption	Units	2016	2017	2018	2019	2020
Total Steel Products Purchased	Metric Tonnes	88,434	71,251	73,101	81,591	95,584
New Rail Purchased	Metric Tonnes	68,972	47,289	51,293	60,741	69,828
Other Track Materials ⁶³	Metric Tonnes	19,462	23,962	21,808	20,849	25,756
Total Rail Ties Installed	1,000s Rail Ties	1,008	1,138	1,015	1,122	1,417

Supply Chain Management

204-1

Supply Chain Management	Units	2016	2017	2018	2019	2020
Total Supplier Spend	\$ Millions	3,132	3,555	4,042	4,269	3,005
Spending on Local Suppliers — Canada	\$ Millions	1,659	1,896	2,234	2,406	1,867
Spending on Local Suppliers — U.S.	\$ Millions	1,471	1,624	1,696	1,850	1,138

Social Impact

Diversity and Inclusion

405-1

Employee Composition ⁶⁴	Units	2016	2017	2018	2019	2020
Gender						
Women	% Employees	9.5	9.6	9.5	9.7	10.0
Men	% Employees	90.5	90.4	90.5	90.3	90.0
Age						
< 30 Years Old	% Employees	14.0	16.2	17.9	17.1	15.7
30–50 Years Old	% Employees	55.3	55.5	56.5	58.2	56.9
Over 50 Years Old	% Employees	30.7	28.3	25.6	24.7	27.4

62 Annual volumes of rail ties sent to cogeneration facilities are also included in the non-hazardous waste disposal table, reported as Offsite Incineration (with energy recovery).

63 Other Track Materials includes anchors, spikes, screw spikes, rail clip fasteners, tie plates and track bolts.

64 Employee Composition data for 2016-2019 have been restated in alignment with 2020 presentation for comparison purposes.

Employee Composition ⁶⁴	Units	2016	2017	2018	2019	2020
Gender and Age by Management Level						
Sr. Executive Management ⁶⁵	# Employees	74	78	88	88	94
Women	% Sr Exec Mgmt	14.9	17.9	18.2	17.0	17.0
Men	% Sr Exec Mgmt	85.1	82.1	81.8	83.0	83.0
< 30 Years Old	% Sr Exec Mgmt	0.0	0.0	0.0	0.0	0.0
30–50 Years Old	% Sr Exec Mgmt	59.5	65.4	63.6	61.4	55.3
Over 50 Years Old	% Sr Exec Mgmt	40.5	34.6	36.4	38.6	44.7
Management ⁶⁶	# Employees	1,825	1,925	2,001	2,053	2,100
Women	% Mgmt	20.3	20.4	20.7	20.9	21.6
Men	% Mgmt	79.7	79.6	79.3	79.1	78.4
< 30 Years Old	% Mgmt	6.4	7.1	6.0	5.5	5.1
30–50 Years Old	% Mgmt	62.9	63.7	64.6	66.5	63.6
Over 50 Years Old	% Mgmt	30.8	29.2	29.4	28.0	31.3
Non-Management — Non-Union ⁶⁷	# Employees	1,034	1,039	1,134	1,163	1,109
Women	% Non-mgmt Non-union	27.5	26.9	24.0	23.5	24.0
Men	% Non-mgmt Non-union	72.5	73.1	76.0	76.5	76.0
< 30 Years Old	% Non-mgmt Non-union	12.1	15.1	18.4	17.8	16.2
30–50 Years Old	% Non-mgmt Non-union	60.9	60.3	60.1	62.0	62.6
Over 50 Years Old	% Non-mgmt Non-union	26.9	24.6	21.5	20.1	21.2
Non-Management — Union ⁶⁸	# Employees	8,760	9,173	9,618	9,390	8,587
Women	% Non-mgmt Union	5.1	5.3	5.5	5.4	5.3
Men	% Non-mgmt Union	94.9	94.7	94.5	94.6	94.7

65 Sr. Executive Management at CP includes all EVP, AVP, Chief, General Counsel, GM, Managing Director, SVP and VP positions.

66 Management at CP includes Director, Superintendent, Assistant Chief, Gen Superintendent, Manager, Assistant Superintendent, Trainmaster, Roadmaster, Assistant Trainmaster and Specialist positions.

67 Non-management — Non-union at CP includes Supervisor, Analyst, and Coordinator positions.

68 Non-management — Union at CP is defined as all unionized employees.

Employee Composition ⁶⁴		Units	2016	2017	2018	2019	2020
< 30 Years Old	% Non-mgmt Union	16.0	18.4	20.5	19.8	18.4	
30–50 Years Old	% Non-mgmt Union	53.0	53.2	54.4	55.9	54.6	
Over 50 Years Old	% Non-mgmt Union	31.0	28.4	25.1	24.3	27.0	
Other Diversity Metrics ⁶⁹							
Canada							
Women	% Cdn Employees	10.6	10.7	10.8	11.0	11.2	
Indigenous ⁷⁰	% Cdn Employees	3.4	4.0	4.2	4.5	4.2	
Persons with Disabilities ⁷¹	% Cdn Employees	3.0	2.7	2.4	2.8	2.9	
Visible Minorities ⁷²	% Cdn Employees	8.5	10.3	11.8	12.8	13.2	
U.S.							
Women	% U.S. Employees	5.3	5.3	4.8	5.0	5.2	
Persons with Disabilities ⁷¹	% U.S. Employees	1.4	1.2	1.6	1.6	1.7	
Visible Minorities ⁷²	% U.S. Employees	11.3	12.5	12.5	11.8	11.6	
Women in STEM Positions ⁷³	% Women in STEM Positions	12.8	14.5	15.5	17.1	18.2	
Women in Revenue Generating Functions ⁷⁴	% Women in Revenue Generating Functions	30.0	33.6	29.5	20.7	33.9	

69 Other Diversity Metrics are based on self-identification of employee status at CP.

70 In this report, the word Indigenous includes First Nations, Inuit, Metis and North American Indian peoples. These metrics are not tracked in the U.S.

71 Persons with Disabilities is defined as individuals who have a long-term or recurring physical, mental, sensory, psychiatric or learning impairment and who (a) consider themselves to be disadvantaged in employment by reason of that impairment, or (b) believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment, and includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace.

72 Visible Minorities defines "persons, other than Indigenous, who are non-Caucasian in race or non-white in colour." Categories in the visible minorities variable include South Asian, Chinese, Black, Filipino, Latin American, Arab, Southeast Asian, West Asian, Korean, Japanese, visible minorities not included elsewhere, multiple visible minorities and not a visible minority.

73 Women in non-union positions in Information Services, Innovation and Business Transformation, Finance and Risk and Operations Systems teams that have roles that required a background and/or education in Science, Technology, Engineering or Mathematics (STEM) as a percentage of all such positions.

74 Women in management positions in revenue generating functions (i.e. sales and marketing) as a percentage of all such positions.

New Hires	Units	2016	2017	2018	2019	2020
Applications Received	# Applicants	43,722	62,341	106,765	92,807	70,627
Total Positions Hired	# Positions	1,775	3,160	4,181	3,871	2,312
New Hires	# Employees	674	1,657	2,402	1,756	1,166
Internal Hires ⁷⁵	# Employees	1,101	1,503	1,779	2,115	1,146
Rate of Internal Hires	% Total Positions Hired	62.0	47.6	42.5	54.6	49.6
Gender						
Women	% New Employees	13.8	11.3	9.6	11.2	10.5
Men	% New Employees	86.2	88.7	90.4	88.8	89.5
Age						
< 30 Years Old	% New Employees	42.1	47.4	44.7	52.6	46.6
30–50 Years Old	% New Employees	50.3	45.0	48.3	41.5	44.6
Over 50 Years Old	% New Employees	7.6	7.6	7.0	6.0	8.8
Region						
Canada	% New Employees	82.2	80.9	78.6	86.0	84.0
U.S.	% New Employees	17.8	19.1	21.4	14.0	16.0

Employee Turnover	Units	2016	2017	2018	2019	2020
Total Employee Turnover ⁷⁶	# Employees	2,146	1,729	1,785	1,705	1,446
Employee Turnover Rate ⁷⁷	% Total Employees	18.4	14.2	14.0	13.6	12.2
Voluntary Employee Turnover Rate ⁷⁸	% Total Employees	7.7	6.5	7.0	7.0	5.8

75 Internal Hires is defined as an existing employee moving to a new position, including all promotions and lateral moves within the Company during the reporting year.

76 Total Employee Turnover refers to the number of workers who left CP during the reporting period. This includes retirements, voluntary and non-voluntary terminations.

77 Employee Turnover Rate is calculated as total turnover by employee category divided by the total number of employees in each category.

78 Voluntary Employee Turnover Rate refers to employees who leave the Company of their own volition, and does not include departures due to retirement. Calculated as total voluntary turnover divided by total number of employees.

Employee Turnover	Units	2016	2017	2018	2019	2020
Gender						
Women	% Women Employees	17.7	13.6	15.7	15.3	12.0
Men	% Men Employees	18.5	14.3	13.8	13.4	12.2
Age						
< 30 Years Old	% Age Class	16.6	12.8	16.4	19.1	15.6
30–50 Years Old	% Age Class	13.0	10.4	10.0	8.9	8.4
Over 50 Years Old	% Age Class	27.6	21.5	20.0	20.7	18.1
Region						
Canada	% Regional Employees	18.2	14.2	13.7	13.7	11.7
U.S.	% Regional Employees	19.3	14.2	15.2	13.2	13.8

Community Investment

Investment and Donations	Units	2016	2017	2018	2019	2020
Canada						
Community Investments by CP	\$ CAD	4,807,029	4,604,679	4,000,947	3,531,458	4,018,341
Monetary Donations by CP	\$ CAD	4,494,260	4,470,664	3,617,418	3,447,379	3,698,021
In-kind Donations by CP	\$ CAD	312,769	134,015	383,529	84,079	320,320
Community and Employee Donations — CP Led	\$ CAD	1,055,163	1,493,153	1,367,233	1,930,783	1,671,521
U.S.						
Community Investments by CP	\$ USD	442,768	475,240	415,086	553,676	2,174,680
Monetary Donations by CP	\$ USD	442,768	452,804	415,086	553,676	2,170,280
In-kind Donations by CP	\$ USD	0	22,436	0	0	4,400
Community and Employee Donations — CP Led	\$ USD	224,297	295,354	303,459	321,261	570,530

GRI INDEX

General Disclosures

GRI Standard	Disclosure	Location / Direct Answer
Organizational Profile		
GRI 102: General Disclosures	102-1 Name of the organization	Canadian Pacific Railway Limited
	102-2 Activities, brands, products and services	About CP
	102-3 Location of headquarters	Sustainability at CP Calgary, Alberta, Canada
	102-4 Location of operations	About CP; 2021 Investor Fact Book, p. 4–5
	102-5 Ownership and legal form	CP is a publicly traded company on the Toronto Stock Exchange and New York Stock Exchange under the symbol “CP”. 2020 Annual Report, p. 26
	102-6 Markets served	About CP; 2021 Investor Fact Book, p. 4–7
	102-7 Scale of the organization	Sustainability Metrics ; About CP ; 2020 Annual Report, p. 58, 61
	102-8 Information on employees and other workers	Sustainability Metrics
	102-9 Supply chain	CP’s supply chain consists of a wide array of goods and services to support CP’s corporate offices, fuel for trains, IT systems, the operation of a variety of facilities and the day to day needs of maintaining CP’s track infrastructure, communications systems, locomotives and rail cars. Selling to CP
	102-10 Significant changes to the organization and its supply chain	In June 2020, CP completed the acquisition of the Central Maine & Quebec Railway US Inc. (CMQ US). The acquisition integrates CMQ US’s 244.2 route-miles of rail line in Maine and Vermont into CP’s network, and includes 57.3 route-miles leased from the Maine Department of Transportation. In December 2020, CP acquired full ownership of the Detroit River Tunnel Partnership, which owns a 1.6-mile rail tunnel linking Windsor, Ont. and Detroit, Mich. 2020 Annual Report, p. 26–28

GRI Standard	Disclosure	Location / Direct Answer
GRI 102: General Disclosures	102-11 Precautionary Principle or approach	CP does not formally use the precautionary approach, but has a formal risk management process. All new business initiatives and construction-related projects are subject to structured risk assessments or natural environmental screenings. 2021 Management Proxy Circular, p. 38
	102-12 External initiatives	Governance & Ethics ; Sustainability at CP ; Diversity & Inclusion ; Indigenous Relations
	102-13 Membership of associations	Governance & Ethics ; Sustainability at CP ; Diversity & Inclusion ; Indigenous Relations
Strategy		
GRI 102: General Disclosures	102-14 Statement from senior decision-maker	2020 Sustainability Report, p. 8–9
	102-15 Key impacts, risks, and opportunities	2020 Sustainability Report, p. 8–9 ; Sustainability at CP ; 2020 Annual Report, p. 44
Ethics and Integrity		
GRI 102: General Disclosures	102-16 Values, principles, standards and norms of behavior	Governance & Ethics ; About CP ; Our Purpose
	102-17 Mechanisms for advice and concerns about ethics	Governance & Ethics ; Code of Business Ethics ; Business Ethics Reporting Policy
Governance		
GRI 102: General Disclosures	102-18 Governance structure	Sustainability Metrics ; Governance & Ethics ; Corporate Governance ; 2021 Management Proxy Circular, p. 73 CP's Corporate Governance Principles and Guidelines and Terms of Reference for the Board of Directors outline director qualifications, expectations and responsibilities as part of their tenure with CP.
		The Board completes an annual director assessment to assure members' competencies, experience and perspectives support CP achieving our goals and objectives. This assessment process typically involves an independent advisor and includes goal setting, director interviews, recommendations, committee meetings to review recommendations and committee monitoring on progress.
	102-19 Delegating authority	Governance & Ethics ; Corporate Governance ; 2021 Management Proxy Circular, p. 72

GRI Standard	Disclosure	Location / Direct Answer
GRI 102: General Disclosures	102-20 Executive-level responsibility for economic, environmental, and social topics	<p>Sustainability at CP</p> <p>As illustrated in its Terms of Reference, responsibilities of the Risk and Sustainability Committee include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Reviewing short- and long-term sustainability objectives and results of any internal and external stakeholder engagement ▪ Reviewing performance against short- and long-term sustainability objectives and reviewing CP's plans to improve performance with respect to sustainability practices and reporting ▪ Reviewing strategic plans and opportunities for CP, to ensure alignment with our sustainability objectives and long-term sustainability considerations including climate change, workforce risks and supply chain risks ▪ Monitoring and reporting to the Board on emerging sustainability trends, risks or issues relevant to CP <p>At the management level, CP has a Sustainability Steering Committee that guides decisions on day-to-day sustainability tasks, programs and priorities.</p>
	102-21 Consulting stakeholders on economic, environmental, and social topics	Sustainability at CP
	102-22 Composition of the highest governance body and its committees	Sustainability Metrics ; 2021 Management Proxy Circular, p. 8 ; CP Board of Directors
	102-23 Chair of the highest governance body	Governance & Ethics ; 2021 Management Proxy Circular, p. 20 ; CP Board of Directors
	102-24 Nominating and selecting the highest governance body	Governance & Ethics ; Corporate Governance Principles and Guidelines, p.2 ; 2021 Management Proxy Circular, p. 84
	102-25 Conflicts of interest	Code of Business Ethics, p. 3 ; 2021 Management Proxy Circular, p. 86
	102-26 Role of highest governance body in setting purpose, values, and strategy	2021 Management Proxy Circular, p. 73
	102-27 Collective knowledge of highest governance body	2021 Management Proxy Circular, p. 89

GRI Standard	Disclosure	Location / Direct Answer
GRI 102: General Disclosures	102-28 Evaluating the highest governance body's performance	<p>Our executive compensation program supports our railway culture, and is linked to the critical metrics that drive the achievement of our strategic plan and follow through on our values. CP has established a number of sustainability performance-based compensation metrics for our CEO and executive suite, as well as management personnel.</p> <p>Our short-term incentive plan (STIP), which applies to all non-unionized positions, includes annual targets for two key sustainability metrics — namely, safety and customer service. In 2020, we updated our executive short-term performance incentive program to include safety metrics related to CP's FRA personal injury frequency and FRA train accident frequency metric, accounting for 20 percent of CP's annual short term incentive program. Our customer service metric, Trip Plan Compliance, has a 10 percent weighting. For more information on executive compensation, see our 2021 Management Proxy Circular, p. 33, 44, 84.</p>
	102-29 Identifying and managing economic, environmental, and social impacts	Sustainability at CP
	102-30 Effectiveness of risk management processes	<p>As illustrated in its Terms of Reference, responsibilities of the Risk and Sustainability Committee include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Reviewing short- and long-term sustainability objectives and results of any internal and external stakeholder engagement ▪ Reviewing performance against short- and long-term sustainability objectives and reviewing CP's plans to improve performance with respect to sustainability practices and reporting ▪ Reviewing strategic plans and opportunities for CP, to ensure alignment with our sustainability objectives and long-term sustainability considerations including climate change, workforce risks and supply chain risks ▪ Monitoring and reporting to the Board on emerging sustainability trends, risks or issues relevant to CP <p>At the management level, CP has a Sustainability Steering Committee comprising representatives of Investor Relations, Environment Risk, and Communications and Media Relations. This team guides decisions on CP's day-to-day sustainability tasks, programs and priorities, and reports to the Disclosure Policy Committee, composed of the Chief Financial Officer, Chief Risk Officer and Chief Legal Officer and Corporate Secretary.</p>

GRI Standard	Disclosure	Location / Direct Answer
GRI 102: General Disclosures	102-31 Review of economic, environmental, and social topics	Sustainability at CP
	102-32 Highest governance body's role in sustainability reporting	Sustainability at CP
	102-33 Communicating critical concerns	Governance & Ethics; Business Ethics Reporting Policy; 2021 Management Proxy Circular, p. 17
	102-34 Nature and total number of critical concerns	Governance & Ethics; Corporate Governance
	102-35 Remuneration policies	2021 Management Proxy Circular, p. 40
	102-36 Process for determining remuneration	2021 Management Proxy Circular, p. 32
	102-37 Stakeholders' involvement in remuneration	2021 Management Proxy Circular, p. 14
Stakeholder Engagement		
GRI 102: General Disclosures	102-40 List of stakeholder groups	Sustainability at CP Investors; Employees; Customers; Municipalities and Indigenous Communities; Suppliers; Trade Associations; Regulators and Governments; Academic Institutions; Non-governmental Organizations.
	102-41 Collective bargaining agreements	Workforce Management; 2020 Annual Report p. 40
	102-42 Identifying and selecting stakeholders	Sustainability at CP

GRI Standard	Disclosure	Location / Direct Answer
GRI 102: General Disclosures	102-43 Approach to stakeholder engagement	<p>Sustainability at CP</p> <p>Investors: Actively engage with the broader investment community throughout the year, including current and prospective investors, analysts, advocacy groups and bond rating agencies</p> <p>Employees: CEO Town Hall meetings multiple times a year; biennial pulse surveys for measuring employee engagement; Women on Track panel discussions to promote diversity and inclusion in the workplace</p> <p>Customers: Customer Advisory Panel; Customer surveys; Hazardous materials shippers emergency planning and response networks (TransCAER, Responsible Care)</p> <p>Municipalities and Indigenous Communities: Community Connect online platform, available 24/7; Regular sponsorships and participation in Indigenous events; Direct engagement during project development; CP Police Service interface, as needed; Annual community first responder trainings; Corporate giving activities and sponsorships</p> <p>Suppliers: New product development, as needed; Periodic safety and quality audits</p> <p>Trade Associations: Active participation in strategic trade associations; Direct engagement through association committees to enhance rail industry safety, environmental and operations practices</p> <p>Regulators and Governments: Participation in multi-stakeholder initiatives; Direct engagement with federal, state and provincial level agencies regarding rail and transportation sector initiatives</p> <p>Academic Institutions: Support for aligned research activities; Collaboration on rail sector training programs</p> <p>Non-Governmental Organizations: Knowledge sharing, program funding and partnerships</p> <p>In 2020, we invited our top institutional shareholders to participate in virtual meetings to solicit their views on CP's approach to topics of interest including climate change and sustainability reporting.</p>
	102-44 Key topics and concerns raised	Sustainability at CP

GRI Standard	Disclosure	Location / Direct Answer
Reporting Practices		
GRI 102: General Disclosures	102-45 Entities included in the consolidated financial statements	2020 Annual Report, p. 108 Our 2020 Sustainability Report and Sustainably Driven microsite cover Canadian Pacific Railway Limited and its subsidiaries' activities and performance across our entire network in Canada and the U.S. Unless otherwise noted, all operating and financial data in this report is presented in Canadian dollars.
	102-46 Defining report content and topic Boundaries	Sustainability at CP
	102-47 List of material topics	Sustainability at CP
	102-48 Restatements of information	CP's 2020 Sustainability Report does not contain any significant restatements of previously reported sustainability information. See our Sustainability Metrics regarding minor updates to previously reported metrics (FRA personal injury rate, waste and employee composition).
	102-49 Changes in reporting	Sustainability at CP
	102-50 Reporting period	January 1, 2020–December 31, 2020
	102-51 Date of most recent report	CP's last full sustainability report covered sustainability performance in 2018, and was published in December 2019. A data supplement covering 2019 activities was published in August 2020.
	102-52 Reporting cycle	CP currently reports on a biennial basis providing annual updates for key sustainability metrics.
	102-53 Contact point for questions regarding the report	Sustainability at CP
	102-54 Claims of reporting in accordance with the GRI Standards	This 2020 Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards—Core option.
	102-55 GRI index	GRI Index
	102-56 External assurance	We obtained external assurance of our greenhouse gas emissions data from GHD. Other data within this report has not been externally verified.

Specific Disclosures

Economic

GRI Standard	Disclosure	Location / Direct Answer
Procurement Practices		
GRI 204: Management Approach	103-1 Explanation of the material topic and its Boundary	Supply Chain Management
	103-2 The management approach and its components	Supply Chain Management
	103-3 Evaluation of the management approach	Supply Chain Management
GRI 204: Procurement Practices	204-1: Proportion of spending on local suppliers	Sustainability Metrics
Additional Metrics: Non-Material Economic Topics		
GRI 201-1	Direct economic value generated and distributed	Sustainability Metrics
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate Change; 2020 Annual Report, p. 46; 2020 CDP Climate Change Questionnaire, section C2
GRI 201-3	Defined benefit plan obligations and other retirement plans	2020 Annual Report, p. 94
GRI 205-2	Communication and training about anti-corruption policies and procedures	Sustainability Metrics

Environmental

GRI Standard	Disclosure	Location / Direct Answer
Materials		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environmental Footprint
	103-2 The management approach and its components	Environmental Footprint
	103-3 Evaluation of the management approach	Environmental Footprint
GRI 301: Materials	301-1 Materials used by weight or volume	Sustainability Metrics

GRI Standard	Disclosure	Location / Direct Answer
Energy		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Climate Change; 2020 CDP Climate Change Questionnaire, section C1
	103-2 The management approach and its components	Climate Change; 2020 CDP Climate Change Questionnaire, section C1
	103-3 Evaluation of the management approach	Climate Change; 2020 CDP Climate Change Questionnaire, section C1
GRI 302: Energy	302-1 Energy consumption within the organization	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C8
	302-2 Energy consumption outside of the organization	The energy consumption outside the organization is reflected in Scope 3 emissions; Sustainability Metrics
	302-3 Energy intensity	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C8
	302-4 Reduction of energy consumption	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C4
Water		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environmental Footprint
	103-2 The management approach and its components	Environmental Footprint
	103-3 Evaluation of the management approach	Environmental Footprint
GRI 303: Water (2018)	303-1 Interactions with water as a shared resource	Environmental Footprint; 2020 Sustainability Report, p. 28
GRI 303: Water (2018)	303-2 Management of water discharge-related impacts	Environmental Footprint
	303-5 Water consumption	Environmental Footprint; Sustainability Metrics
Emissions		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Climate Change
	103-2 The management approach and its components	Climate Change
	103-3 Evaluation of the management approach	Climate Change

GRI Standard	Disclosure	Location / Direct Answer
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C7
	305-2 Indirect (Scope 2) GHG emissions	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C7
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C7
	305-4 GHG emissions intensity	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C6
	305-5 Reduction of GHG emissions	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C7
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Sustainability Metrics
Effluents and Waste		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environmental Footprint
	103-2 The management approach and its components	Environmental Footprint
	103-3 Evaluation of the management approach	Environmental Footprint
GRI 306: Effluents and Waste (2020)	306-1 Waste generation and significant waste-related impacts	Environmental Footprint
	306-2 Management of significant waste-related impacts	Environmental Footprint
	306-3 Waste generated	Sustainability Metrics
	306-4 Waste diverted from disposal	Sustainability Metrics
	306-5 Waste directed to disposal	Sustainability Metrics

Social

GRI Standard	Disclosure	Location / Direct Answer
Employment		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Workforce Management
	103-2 The management approach and its components	Workforce Management
	103-3 Evaluation of the management approach	Workforce Management
GRI 401: Employment	401-1 New employee hires and employee turnover	Sustainability Metrics
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits
Occupational Health and Safety		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Safety Culture
	103-2 The management approach and its components	Safety Culture
	103-3 Evaluation of the management approach	Safety Culture
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	Safety Culture
	403-2 Hazard identification, risk assessment, and incident investigation	Safety Culture
	403-3 Occupational health services	Safety Culture
	403-4 Worker participation, consultation, and communication on occupational health and safety	Safety Culture
	403-5 Worker training on occupational health and safety	Safety Culture

GRI Standard	Disclosure	Location / Direct Answer
GRI 403: Occupational Health and Safety (2018)	403-6 Promotion of worker health	Workforce Management; 2020 Sustainability Report, p. 12
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Supply Chain Management
	403-8 Workers covered by an occupational health and safety management system	Safety Culture 100% of CP's workforce is covered by our safety management system.
	403-9 Work-related injuries	Sustainability Metrics Slip, trip and overexertion injuries are the top contributors to the overall personal count, 24 percent and 23 percent respectively. These injuries primarily resulted from walking on uneven surfaces, using hand tools, riding and detraining from equipment.
		 Following increased employee engagement through CP's Home Safe initiative and efforts to accommodate and support employee recovery since 2016, CP has been able to reduce the average number days of lost time following an incident by 34% for our US workforce.
Training and Education		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Workforce Management
	103-2 The management approach and its components	Workforce Management
	103-3 Evaluation of the management approach	Workforce Management
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Sustainability Metrics
	404-2 Programs for upgrading employee skills and transition assistance programs	Workforce Management
	404-3 Percentage of employees receiving regular performance and career development reviews	2020 Sustainability Report, p. 47

GRI Standard	Disclosure	Location / Direct Answer
Diversity and Equal Opportunity		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Diversity & Inclusion
	103-2 The management approach and its components	Diversity & Inclusion
	103-3 Evaluation of the management approach	Diversity & Inclusion
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Sustainability Metrics ; Diversity & Inclusion ; Governance & Ethics
Rights of Indigenous Peoples		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Indigenous Relations
	103-2 The management approach and its components	Indigenous Relations
	103-3 Evaluation of the management approach	Indigenous Relations
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	CP did not have any files involving litigation, complaints or allegations of human rights claims relating to indigenous background or claims of any violations of the rights of indigenous people in 2021.
Local Communities		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Community Investment
	103-2 The management approach and its components	Community Investment
	103-3 Evaluation of the management approach	Community Investment
GRI 413: Local Communities	413-1 Operations with local community engagement, impacts assessments, and development programs	Community Investment ; Indigenous Relations ; Environmental Footprint

SASB INDEX

Sustainability Disclosure Topics and Accounting Metrics

Topic	Accounting Metric	Location / Direct Answer
Greenhouse Gas Emissions	110a.1 Gross global Scope 1 emissions	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C7
	110a.2 Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate Change; 2020 CDP Climate Change Questionnaire, section C3; Climate Strategy
	110a.3 Total fuel consumed, percentage renewable	Sustainability Metrics; 2020 CDP Climate Change Questionnaire, section C8
Air Quality	120a.1 Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O) and (2) particulate matter (PM)	Sustainability Metrics
Employee Health	320a.1 (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Sustainability Metrics
Competitive Behavior	520a.1 Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	CP was not subject to monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations in 2020.
Accident and Safety Management	540a.1 Number of accidents and incidents	Sustainability Metrics
	540a.2 Number of (1) accident releases and (2) non-accident releases (NARs)	Sustainability Metrics
	540a.3 Number of Federal Railroad Administration (FRA) Recommended Violation Defects	Sustainability Metrics
	540a.4 Frequency of internal railway integrity inspections	Asset & Rail Network Resiliency; Sustainability Metrics

Activity Metrics

Metric	Location / Direct Answer
000.A Number of carloads transported	Sustainability Metrics; 2020 Annual Report, p. 2
000.B Number of intermodal units transported	Sustainability Metrics; 2020 Annual Report, p. 74
000.C Track miles	About CP; 2020 Annual Report, p. 50
000.D Revenue ton miles	Sustainability Metrics; 2020 Annual Report, p. 69
000.E Number of employees	Sustainability Metrics; 2020 Annual Report, p. 61

TCFD INDEX

Governance	Disclose the organization's governance around climate-related risks and opportunities.
a) Describe the board's oversight of climate-related risks and opportunities.	<p>The Canadian Pacific (CP) Board of Directors is responsible for oversight of climate change risks and opportunities.</p> <p>The Risk and Sustainability Committee of the Board of Directors reviews CP's short- and long-term sustainability objectives and monitors emerging trends. As outlined in the Committee's Terms of Reference, the Risk and Sustainability Committee is responsible for reviewing performance against sustainability objectives, plans to improve sustainability practices and reporting, and strategic plans and opportunities to ensure alignment with sustainability objectives and long-term climate strategy. The Risk and Sustainability Committee of the Board meets quarterly and reports relevant issues to the full Board of Directors. Through this structure, CP has established a clear process for the Board's review of climate-related matters and effective oversight and review of climate-related topics.</p> <p>In 2020, the Board of Directors established CP's Climate Commitments outlining a vision for how freight rail will play an integral role in the low-carbon future for North America and CP's ambition to lead the industry in this transformation. To support the Climate Commitments, the Board recently published CP's Climate Strategy outlining the Company's response to climate change across five strategic pillars:</p> <ul style="list-style-type: none">▪ Understand CP's climate-related risks and opportunities.▪ Reduce CP's carbon footprint.▪ Respond to physical risks from climate change.▪ Integrate climate factors across CP's business.▪ Engage with CP's stakeholders. <p>During the past year, the Board Chair, the Chair of the Risk and Sustainability Committee, and the head of Investor Relations at CP met with 10 of CP's top shareholders to discuss perspectives on climate change. Shareholders have stated that they appreciate CP's approach to climate change and transparent communications of key milestones and timelines. CP encourages ongoing engagement with our stakeholder community on all ESG topics material to our business including climate change.</p>

<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>CP's President and CEO, who is a Director on the Board, holds the highest level of responsibility for organizational management and performance related to climate change. The President and CEO sets CP's broader vision in alignment with the Board of Directors and works with key leaders across the business to deliver results related to sustainability and climate change.</p> <p>CP's Senior Vice-President and Chief Risk Officer (CRO) reports to the President and CEO and is responsible for all corporate risk-related functions, including enterprise risk management (ERM), environmental affairs, community and organizational safety, and sustainability policy and performance, including climate-related concerns. The CRO supports the President and CEO to ensure that the corporate vision is translated into operating plans and practices.</p> <p>CP's Sustainability Steering Committee drives action and ensures internal engagement on sustainability across the company. The Sustainability Steering Committee is overseen by several senior leaders and executives, including the CRO. The committee meets regularly to discuss sustainability planning and CP's material environmental, social and governance topics, including climate change. CP's Sustainability Steering Committee monitors and reports annual performance on material climate topics.</p> <p>To support the ongoing focus on climate change, CP created a new full-time role dedicated to climate-related efforts. This position will support the effective delivery of processes and tools to facilitate CP's greenhouse gas (GHG) performance and energy conservation practices. CP is establishing a Carbon Reduction Task Force to progress the Climate Strategy and drive an internal focus on decarbonization across the organization. Through this task force, CP's industry-leading engineers and operations experts will evaluate potential levers, practices and tools to reduce GHG emissions.</p>
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Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p>	<p>Acute physical risk: As a transcontinental railway company, CP's network is exposed to severe weather conditions and natural disasters such as floods, fires, avalanches, extreme temperatures and precipitation. These events have the potential to cause business interruptions and adversely affect CP's rail network. Changing climate-related physical conditions such as higher temperatures, intense rainfall and extreme storms may impact CP through delays, disruptions, derailments and other events. These changes can lead to increased costs and liabilities and decreased revenues, which may materially affect operational results, financial condition and liquidity.</p>

<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p>	<p>Railway operations are at risk of being impacted by changes in precipitation patterns and the frequency of large-scale stormwater runoff events, particularly in floodplains or areas vulnerable to snow avalanches and landslides. Two areas of CP's rail network at particular risk of precipitation-related events are stretches of track through the Rocky Mountains of Alberta and British Columbia and adjacent to the Mississippi River in the U.S. Midwest. In January and February 2019, CP faced significant challenges related to avalanches and network outages resulting in several service disruptions in the Rocky Mountain Corridor. In 2019, CP's operations in Davenport, Iowa experienced major flooding from the Mississippi River. In response, the company raised approximately three miles of track by three feet to maintain rail operations during the flood event. By improving network resiliency at locations subject to physical events in the past, CP actively works to mitigate future climate-related risks and reduce rail infrastructure vulnerability.</p> <p>Market risk (coal and petroleum products): CP's business is based on transporting a wide variety of commodities from suppliers to the marketplace. A number of the sectors we serve have the potential to be significantly impacted by climate-related transitional risks, including increased regulations, technology changes and shifts in consumer preferences. CP transports energy commodities that serve refineries, processing locations and end-users across North America and global markets. CP's business lines include thermal and metallurgical coal, crude oil and petroleum products, including liquefied petroleum gas, fuel oil, asphalt, gasoline, condensate (diluent) and lubricant oils.</p> <p>Shifting consumer demand to lower-carbon products and increased climate-focused regulations, such as carbon pricing and fuel regulations, may instigate a broad transition in the energy sector. A comprehensive transition in the energy sector could significantly impact the markets of CP's energy customers or lead to market differentiation through geographic variation in policies and demand trends. A subset of CP's business lines could be materially affected by such a transition, including coal, crude oil and petroleum products. Together, these business lines accounted for 19 percent of CP's freight revenues in 2020. Potential future changes and instability in these markets represent a significant transition risk to these business lines at CP.</p> <p>Regulatory (policy) risk: As a fuel-intensive industry, the freight rail sector is exposed to the risk of emerging and escalating carbon pricing regulations. Carbon pricing programs can significantly increase both energy costs and indirect expenses related to purchased goods, materials and electricity required for operations. Approximately 75 percent of CP's Scope 1 and Scope 2 GHG emissions are generated through our operations in Canada and are currently impacted by carbon pricing programs. CP is subject to multiple carbon taxation systems and cap and trade market mechanisms in the Canadian provinces in which we operate. We regularly monitor carbon pricing systems in these jurisdictions and evaluate our exposure to this transition risk. Most provincial programs align with Canada's Greenhouse Gas Pollution Pricing Act, which has established a minimum carbon price set to escalate annually until reaching \$50/TCO₂e in 2022. As the majority of our business is in Canada, we are monitoring our carbon pricing exposure under this planned carbon pricing system.</p>
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<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p>	<p>In most provinces, energy providers and utilities are directly regulated through carbon pricing programs. CP's carbon costs are generally assessed by our primary fuel suppliers based on fuel purchase transactions. The amount collected by our suppliers follows current regulatory carbon pricing rates multiplied by the total volume of fuel purchased. CP's carbon costs are also paid to a province as part of tax returns in some locations, based on reported locomotive fuel consumption in a specific region. CP is further exposed to carbon pricing through electricity purchases, where electric utilities pass on carbon costs to customers.</p> <p>Additionally, CP could be exposed to further business risks if impacts from climate change increase and political focus and consumer preferences shift. North America could undergo a more transformative energy transition under which carbon pricing increases significantly and the U.S. adopts regulations similar to those in Canada. In alignment with this more transformative transition, the Government of Canada has determined that the national carbon price would need to grow from \$50 in 2023 to \$170 by 2030 to meet Canada's commitment to the Paris Agreement.</p> <p>Shift in consumer preferences opportunity: There is increasing demand in North America to ship goods by rail, particularly for intermodal container shipments. From 2000 through 2017, the number of domestic containers transported in the U.S. tripled compared to international container traffic. As demand for shipping grows, CP's current and prospective customers continue to look for opportunities to reduce the carbon footprint associated with their supply chains, including the transportation of goods. Canada's freight rail sector accounts for just 1 percent of national GHG emissions while transporting 70 percent of all intercity freight. According to an independent study by the Federal Railroad Administration, moving freight by rail is on average four times more efficient than highway transport, with approximately 75 percent fewer GHG emissions. As customer demand continues to increase for low-carbon services, the inherent carbon intensity advantage of freight by rail over other modes of transportation represents a significant opportunity for CP to generate additional revenue. This opportunity is anticipated to be most pronounced for CP's intermodal services, where products are readily transitioned from truck transport to freight rail service. Through scenario analysis, CP considered multiple energy transition pathways developed by the International Energy Agency (IEA) to understand potential impacts on the transport sector. The pathways forecasted an increase in freight rail activity in North America, and that in some cases, freight rail services could replace demand for alternative modes such as highway freight transport. A significant increase in North American freight rail demand aligned with the IEA scenario could support a potential growth of CP's total freight revenues from 2020 through 2030.</p>
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a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

Market opportunity (renewable energy products): CP transports a variety of energy-related commodities that are critical to support the transition to renewable energy, such as biofuels. In 2020, CP's freight revenue from biofuels increased by 12 percent from 2019, reflecting the growing demand for renewable fuel products. Increased regulatory pressure is expected to drive additional growth in biofuel demand, representing an opportunity to grow CP's business. Several jurisdictions across CP's Canadian rail network, including British Columbia, Manitoba and Ontario, have proposed changes to regulatory fuel standards. These amendments are expected to increase market demand for ethanol, biodiesel, renewable diesel and other renewable products as fuel suppliers increase renewable fuel blending operations to meet regulatory limits. Specific to ethanol, as of 2020, the Government of Ontario began mandating that all gasoline sold within the provincial market must contain a minimum of 10 percent renewable content. This change in renewable fuel blending standards, up from a 5 percent minimum, is expected to double transportation demand for ethanol products in Ontario. Sizable expansion of Alberta's renewable wind energy production has presented a significant market opportunity for CP. CP has played a critical role in this expansion, transporting large wind turbines and specialized generation equipment from manufacturing locations to field operations in Southern Alberta. As demand for renewable wind energy increases, CP's unique ability to support ongoing wind farm development by leveraging our optimally located rail network, land assets, transportation expertise and ability to connect wind generation equipment manufacturer's with wind project developers, highlights the potential for increased revenue from wind energy infrastructure transport on the short-, medium- and long-term horizons. In preparing to meet increased consumer demand due to these emerging standards and initiatives, CP conducted scenario analysis in 2020 to evaluate the scope of climate-related opportunities in these expanding markets that align with a climate-driven transformation.

Locomotive emissions reduction opportunity: CP has developed a Climate Strategy to align our approach to climate action with leading scientific practice and policy guidance. As a cornerstone of our Climate Strategy, we have established a science-based emissions reduction target to guide CP's activities through 2030. CP's locomotive fleet accounts for more than 90 percent of the fuel needed to run our business. While CP will continue to improve locomotive performance through fuel efficiency improvements and equipment upgrades, achieving the ambitious science-based target will require the exploration of new emissions reduction levers. CP will focus on the efficient use of existing technology and market-ready renewable fuels to meet near-term objectives. The Company will also continue to evaluate alternative propulsion technologies, particularly the hydrogen-based solutions necessary for longer-term reductions in GHG emissions within the freight rail industry. CP is developing North America's first hydrogen-powered line-haul freight locomotive by retrofitting a diesel-powered locomotive with a combination of hydrogen fuel cells and battery technology to power the locomotive's traction motors. Hydrogen fuel cell/battery hybrid propulsion technology is being tested worldwide as a viable alternative fuel for the transportation sector, with particular promise for rail and other long-haul heavy freight transportation systems. If proven successful at scale, hydrogen technology can minimize air emissions from locomotives, significantly reduce the GHG footprint of railway operations and offer additional benefits that include reduced operational noise and vibration compared to diesel-electric engines. CP's program is intended to spur innovation, demonstrate leadership and encourage supply chain collaboration to expedite the advancement of zero-emissions fuel cell technology for the freight transportation sector.

<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p>	<p>In June 2021, recognizing the potential of the hydrogen locomotive program, the Government of Alberta awarded the company a \$15M grant allowing CP to install hydrogen production and fueling facilities and expand from one to three hydrogen locomotive conversions. Once fully operational, CP's hydrogen locomotive program will demonstrate the technical performance of hydrogen-powered locomotives and supporting fueling infrastructure in real-world operations. The program will generate critical industry knowledge and experience that will inform commercialization and future development.</p> <p>For additional information regarding CP's climate related risks and opportunities please see our current response to CDP.</p>
<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.</p>	<p>In July 2021, CP developed a Climate Strategy to focus the company's climate actions on innovation, collaboration and thought leadership. The Climate Strategy builds on CP's Climate Statement and outlines our approach to manage potential climate-related impacts across the business. We recognize that a changing climate and related economic impacts can have significant ramifications for our business. To be proactive, we strive to understand possible implications, identify market opportunities and build climate mitigation and adaptation investment measures into our planning processes. The Climate Strategy aims to position CP as a leader while the transportation sector transitions to a low-carbon future.</p> <p>To respond to the risks and opportunities posed by climate change, and to meet CP's decarbonization commitments, our Climate Strategy includes actions across five strategic pillars:</p> <ul style="list-style-type: none"> ▪ Understand CP's climate-related risks and opportunities ▪ Reduce CP's carbon footprint ▪ Respond to physical risks from climate change ▪ Integrate climate factors across CP's business ▪ Engage with CP's stakeholders <p>As part of our Climate Strategy, we established two science-based emissions reduction targets (2019 baseline), including an ambitious target to reduce our locomotive emissions, complemented by a non-locomotive target to address other parts of our business. Our targets are aligned with a well-below 2-degree scenario and provide a vision for our company's future that is intended to drive innovation and spur the adoption of new technologies and operational practices. Our science-based targets address 100 percent of our Scope 1 and Scope 2 emissions and more than half of our Scope 3 emissions:</p> <ul style="list-style-type: none"> ▪ Locomotive Target (approved by the Science-Based Targets Initiative — SBTi): CP commits to reduce Scope 1, 2 and 3 locomotive well-to-wheel GHG emissions by 38.3 percent per revenue ton-mile* by 2030 from a 2019 base year. ▪ Non-locomotive Target: CP will reduce absolute Scope 1 and 2 GHG emissions from non-locomotive operations, including emissions associated with our facilities by 27.5 percent by 2030 from a 2019 base year.

<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.</p>	<p>CP is establishing a Carbon Reduction Task Force to lead the internal focus on decarbonization, which will help to improve operational efficiency, support cost-effective mitigation measures and reduce exposure to carbon pricing mechanisms. CP's industry-leading engineers and operations experts will evaluate potential levers that could reduce GHG emissions. Levers may involve factors such as internal carbon pricing, alternative fuels, renewable energy sources (on-site solar power, green power purchasing), use of electric vehicles and equipment, network modifications and alternative propulsion for locomotives.</p> <p>CP will report annually to shareholders on the progress of the Climate Strategy. Shareholders are encouraged to provide feedback on our efforts in the form of a non-binding, advisory vote on the progress and any changes we may propose to the CP Climate Strategy.</p> <p><i>*Revenue Ton-Mile (RTM) refers to the movement of one revenue-producing ton of freight over a distance of one mile. RTM measures the relative weight and distance of rail freight moved by the company.</i></p>
<p>c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning.</p>	<p>We undertook our first in-depth climate scenario analysis in 2020. Our scenario analysis considered the following three future climate scenarios:</p> <p>1. Business as Usual: No (or limited) significant actions are taken to respond to climate change, current policies remain in place and physical impacts from extreme weather are significant. Overall global warming is expected to be in the range of 5 to 6°C.</p> <p>2. Incremental: Most nations try to implement their pledges under the Paris Agreement and progress toward their goals; however, changes are slow, signals are mixed and shared action to raise ambition beyond the Paris Agreement is unrealized. This scenario assumes global warming in the range of 3.0 to 3.5°C.</p> <p>3. Transformative: Most countries, especially those with the strongest economies, embrace climate action and low-carbon transition. This puts the world on a path for warming to be well below 2°C by 2050 by quickly changing regulations, markets and technologies. This scenario assumes global warming of 1.7°C.</p> <p>Through engagements with a wide range of cross-functional stakeholders, expert assessment and literature review, and with reference to the priorities of our suppliers and customers, we identified eight priority climate impacts (including risks and opportunities) for further exploration and detailed financial modelling.</p> <p>Policy:</p> <ul style="list-style-type: none"> ▪ Carbon Pricing: New or additional carbon pricing could lead to increased costs for CP, which may impact the company's advantage over competitors. ▪ Fuel Efficiency: Rail's inherent efficiency advantage over trucking may be amplified by regulations such as carbon pricing.

<p>c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning.</p>	<p>Market:</p> <ul style="list-style-type: none"> ▪ Coal Markets: CP's revenue may be impacted by a decrease in demand for thermal coal and an increase in demand for metallurgical coal. ▪ Energy Markets: Changes in demand for different energy products (petroleum products, crude oil, biofuels and wind generation) may increase or decrease revenue from those sectors. ▪ Freight Rail Demand: A focus on decarbonizing the broader transport sector may increase demand for lower carbon transport options, expanding freight rail services and increasing revenue. <p>Technology:</p> <ul style="list-style-type: none"> ▪ Fuel Switching: Switching railway operations to renewable fuels and/or alternative propulsion such as hydrogen fuel cells can reduce fuel and carbon costs in the medium and long term. ▪ Trucking Competition: Technology leading to the decarbonization of highway transport may make it more cost-effective to operate these heavy-duty trucks over long distances, leading to increased competition from trucking in North America. <p>Physical Impacts:</p> <ul style="list-style-type: none"> ▪ Physical Impacts: Changing physical conditions such as higher temperatures, intense rainfall and more extreme storms may increase (or decrease in some cases) costs for CP due to delays, disruptions, derailments and other events. <p>Under the Transformative scenario, potential transitional risks to CP include lost revenue or higher costs related to increased trucking competition, rising carbon costs, decreased demand for oil and petroleum products, and decreased demand for metallurgical and thermal coal. However, opportunities for CP were also identified in this scenario, including the competitive advantage of freight rail (higher fuel efficiency compared to road transport), new opportunities with renewable energy markets and significant carbon costs savings, should CP reduce emissions in line with a science-based target. There are clear business benefits associated with decarbonization for CP, which are related to both carbon costs savings and improved competitive advantage.</p> <p>These findings will help CP prioritize climate-related impacts against other business risks and opportunities, ultimately supporting the integration of climate risks and opportunities within existing business processes and cross-functional decision-making structures.</p>
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Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>CP's ERM framework allows the company to objectively assess and prioritize organizational risks and opportunities, including climate-related risks. To evaluate climate-related risks, CP conducted a scenario analysis in 2020 to determine how policy, market, technology, reputational and physical risks may manifest under multiple climate scenarios. To stress-test the business and assess its resilience in a low-carbon economy, our scenario analysis included a well-below 2-degree or Transformative scenario. This scenario analysis also considered how impacts may manifest under the Incremental scenario (where climate action is slow and global warming amounts to 3 to 3.5°C) and the Business as usual scenario (where zero or limited action is taken and global warming amounts to 5 to 6°C).</p> <p>The scenario analysis process involved extensive input from internal experts experienced in operations, communications, regulatory compliance, marketing and environmental matters. Based on their understanding of the business, risks and opportunities were evaluated using various international, national and regional databases, including the IEA, Environment and Climate Change Canada, the National Oceanic and Atmospheric Administration and Statistics Canada. Through this process, CP identified and prioritized climate risks financially material to CP's business in alignment with thresholds set by our ERM program. CP is in the process of integrating prioritized climate-related risks and opportunities into relevant business processes, including (but not limited to) ERM, capital expenditures and strategic planning. Integrating climate factors could include establishing low-carbon budgets and the inclusion of a shadow price on carbon in our capital expenditures process.</p>
<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>CP's Climate Strategy provides the overarching framework for managing our climate-related risks. It encompasses and applies to all of our business operations in Canada and the U.S., and where relevant, contemplates collaboration and engagement with a number of stakeholders within and outside our value chain.</p> <p>It also addresses CP's carbon footprint in terms of both direct and indirect GHG emissions (Scope 1 and Scope 2 emissions, respectively), as well as the emissions in our value chain (Scope 3) to the degree that we can influence them. Leading organizations, corporations and national governments are setting science-based targets to support rapid decarbonization across all sectors of the economy. CP has set two science-based emissions reduction targets, including an ambitious target to reduce our locomotive emissions, complemented by a non-locomotive target to address other parts of our business. Our targets are aligned with a well-below 2-degree scenario and provide a vision for our company's future to drive innovation and spur the adoption of new technologies and operational practices.</p> <p>To respond to the risks and opportunities posed by climate change and to meet CP's decarbonization commitments, the Climate Strategy includes actions across five strategic pillars:</p> <ul style="list-style-type: none">▪ Understand CP's climate-related risks and opportunities▪ Reduce CP's carbon footprint▪ Respond to physical risks from climate change▪ Integrate climate factors across CP's business▪ Engage with CP's stakeholders <p>We are focused on the efficient use of existing technology and market-ready renewable fuels while evaluating alternative propulsion technologies, particularly hydrogen-based solutions necessary for longer-term reductions in GHG emissions from the freight rail industry.</p>

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	CP's ERM program is a hybrid of the ISO 31000 risk management standard and COSO risk management framework, providing principles, processes and guidelines for managing risks. Organizational risks and opportunities are assessed and prioritized every year based on potential impact and likelihood, taking account of financial, safety, environmental, strategic and reputational impacts, as well as existing management measures. This process results in the classification of risks from minimal to catastrophic. For CP, moderate risks are identified as those with a substantive financial impact of at least \$100 million in operating costs or an event that requires up to a year of monitoring and recovery. Major risks, likely to result in a significant disruption to business operations such as infrastructure damage related to flooding, fire or other climate-related impacts, are identified as having a financial impact of at least \$250 million or extended negative environmental, health and safety or reputational impact on the business. Catastrophic risks cause more than \$400 million of financial impact or create long-term and severe consequences. Through this process, CP prioritizes, manages and monitors the top significant risks (typically around 10) on a quarterly basis.
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Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>The main source of CP's GHG emissions is associated with the operation of the diesel-powered fleet of locomotives that drive our business. In 2019, the baseline year for our targets, emissions from locomotives comprised 96 percent of our Scope 1 emissions and 80 percent of our combined Scope 1, 2 and 3 emissions. CP has long focused on locomotive fuel efficiency to lower operating costs and reduce the environmental impact of our operations. As outlined on our Sustainably Driven website, we report on:</p> <ul style="list-style-type: none"> ▪ total locomotive fuel consumed ▪ locomotive fuel efficiency ▪ freight efficiency ▪ total energy consumption (by locomotive fuels) ▪ scope 1, 2 and 3 GHG emissions (by source and category) ▪ locomotive emissions (by source) ▪ main track inspections (to ensure resiliency against physical risks) ▪ annual reporting to CDP ▪ third party emissions verification statements

<p>b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p>	<table border="1"> <thead> <tr> <th>Metric</th><th>Unit</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th></tr> </thead> <tbody> <tr> <td>Direct (Scope 1) GHG emissions</td><td>1,000 metric tonnes</td><td>2,797</td><td>2,883</td><td>3,052</td><td>3,130</td><td>2,988</td></tr> <tr> <td>Indirect (Scope 2) GHG emissions</td><td></td><td>53</td><td>48</td><td>50</td><td>49</td><td>43</td></tr> <tr> <td>Other Indirect (Scope 3) GHG emissions*</td><td>CO₂e</td><td>*</td><td>*</td><td>*</td><td>1,734</td><td>1,700</td></tr> </tbody> </table>	Metric	Unit	2016	2017	2018	2019	2020	Direct (Scope 1) GHG emissions	1,000 metric tonnes	2,797	2,883	3,052	3,130	2,988	Indirect (Scope 2) GHG emissions		53	48	50	49	43	Other Indirect (Scope 3) GHG emissions*	CO ₂ e	*	*	*	1,734	1,700
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<p>Please see our Sustainably Driven website for a full breakdown of our GHG emissions.</p>																													
<p><i>*Prior to 2019, CP's reporting on Scope 3 GHG emissions was limited to business travel. Beginning in 2019, CP expanded GHG reporting to include additional relevant Scope 3 emissions categories of purchased goods and services and capital goods, fuel and energy-related activities, upstream transportation and distribution, and waste generated from operations in 2019. The asterisk (*) indicates that a reporting of these categories within other indirect (Scope 3) GHG emissions relevant to CP is not available for earlier reporting periods.</i></p>																													
<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>Setting clear, ambitious and science-based targets is vital to reducing our carbon footprint and delivering on our Climate Strategy. CP has set two science-based emissions reduction targets (2019 baseline) that are aligned with a well-below 2-degree scenario. These targets include an ambitious locomotive target to reduce locomotive emissions and a non-locomotive target to address other segments of the business. These targets provide a vision for our company's future that is intended to drive innovation and spur the adoption of new technologies and operational practices. Our science-based targets address 100 percent of our Scope 1 and Scope 2 emissions and more than half of our Scope 3 emissions.</p> <p>CP's two science-based targets are:</p> <ul style="list-style-type: none"> ▪ Locomotive Target (approved by the Science-Based Targets Initiative — SBTi): CP commits to reduce Scope 1, 2 and 3 locomotive well-to-wheel GHG emissions by 38.3 percent per revenue ton-mile* by 2030 from a 2019 base year. ▪ Non-locomotive Target: CP will reduce absolute Scope 1 and 2 GHG emissions from non-locomotive operations, including emissions associated with our facilities by 27.5 percent by 2030 from a 2019 base year. <p>A total of 80 percent of CP's GHG emissions are addressed through our locomotive target, including 96 percent of our Scope 1 emissions plus 53 percent of our Scope 3 emissions. In addition, 3.4 percent of CP's total GHG emissions are captured by this target, including 100 percent of our Scope 2 and 4 percent of our Scope 1 emissions.</p>																												



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