



ENVIRONMENTAL POLICY

Approved by: President & CEO
Effective: July 27, 2020

1.0 Objective

The Environmental Policy (the “Policy”) promotes company-wide standards to facilitate strong environmental performance and compliance with legal and regulatory requirements and other internal and external obligations, as applicable. The Policy provides a platform for robust environmental management across all of the activities, rail network infrastructure, facilities and land holdings of Canadian Pacific Railway Limited (“CPRL”) and Canadian Pacific Railway Company (“CPRC”) and their respective subsidiaries (collectively, “CP”). By incorporating strong environmental commitments into business decisions and operational practices, we minimize the environmental risks and impacts associated with our activities.

2.0 Policy Statement

CP is committed to protecting the environment, promoting the well-being of workers and communities, minimizing our environmental footprint and ensuring compliance with legal and regulatory requirements while providing efficient and reliable transportation solutions for our customers.

3.0 Scope

The Policy applies to all employees, directors, officers, agents, contractors and representatives (collectively, “CP Personnel”). With respect to CP Personnel who provide goods and/or services for CP and who are not in a direct employment relationship with CP, to the extent applicable, it is expected that such CP Personnel will either abide by the Policy or undertake, as a condition of their engagement with CP, to adhere to the principles and standards of business conduct consistent with the Policy.

4.0 Commitments

The following environmental commitments define how CP will maintain strong environmental stewardship consistent with our five foundations as we continue to safely and efficiently operate our railway.

In accordance with this Policy, CP is committed to:

- Understanding the environmental impacts of CP’s operations and implementing measures, practices, and programs to appropriately address, minimize or prevent environmental impact(s) of those operations and facilities;
- Maintaining an Environmental Management System (EMS) to provide consistent, effective guidance and resources to CP employees, aligned with the ISO 14001

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EMS Standard and the Responsible Care Management System (RCMS), including the development of company goals, objectives, and targets, independent evaluation of environmental practices and regular performance review by management;

- Reducing environmental and safety risk through business processes to identify and mitigate potential environmental impacts related to all CP operations, business initiatives, long-term agreements, mergers, acquisitions and partnership arrangements, as appropriate;
- Ensuring that new or altered operations, business initiatives and construction-related activities are, as appropriate, subject to risk assessments or environmental screenings where required to assure activities are planned, permitted in accordance with applicable regulations and executed to mitigate environmental risk;
- Engaging with relevant stakeholders (e.g. investors, employees, customers, municipalities, Indigenous communities, suppliers and regulators) as appropriate to consider and discuss CP’s environmental management practices and environmental issues and concerns associated with our operations;
- Employing best practices, proven technologies and safe operating standards for activities involving elevated environmental risk;
- Planning and preparing for emergency responses to ensure all appropriate steps are taken in the event of a derailment, spill or other incident involving a release to the environment;
- Establishing programs and work practices to promote accountability, drive continuous environmental improvement and reduce pollution and emissions in CP operations, as applicable and appropriate, including:
 - Identifying measures to optimize energy consumption and fuel efficiency across CP’s network, facilities, locomotive fleet and operations, including through capital improvements, equipment upgrades, high-efficiency technology and implementation of energy savings best practices;
 - Reducing air emissions and greenhouse gases through initiatives, strategies, collaboration and partnerships including the evaluation and deployment of emerging renewable fuels and energy alternatives applicable to the rail sector;
 - Promoting the efficient use of water and other natural resources through careful management practices, monitoring, deployment of high efficiency equipment and elimination of water waste across our operations;
 - Managing waste materials responsibly, including monitoring waste production and disposal practices and identifying opportunities for waste

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diversion through reduction, re-use, recycling, and energy recovery mechanisms;

- Designing capital and maintenance projects to minimize impacts on sensitive habitats (e.g. aquatic areas, wetlands, riparian areas, native prairie, old growth forest) to the extent practicable. Where impacts to these areas are unavoidable, implementing appropriate methods to promote no net loss of sensitive habitat areas.
- Providing annual environmental awareness training to appropriate employee groups and generally promoting awareness, understanding and communication of potential environmental issues associated with CP's activities.

5.0 Implementation

- Implementation of this Environmental Policy is led by CP's Senior Vice-President & Chief Risk Officer. All CP Personnel are responsible for applying the Policy in their work and in the work of CP Personnel that they direct or supervise.
- Full implementation of all commitments and appropriate monitoring and reporting requires a period of transition. CP will review procedures, communication and training needs and other documents or processes to provide for alignment, consistency and effective governance of the Policy. Accordingly, the current projected completion date for implementation of the Policy will be July 29, 2022.
- CP's Personnel and the public can report known or suspected issues of non-compliance with this Policy directly to their manager by using CP's confidential, anonymous and independently managed Alert Line (A-Line) at 1-888-279-6235 or filing a report at:
<http://secure.ethicspoint.com/domain/media/en/gui.22547/index.html>.

6.0 Monitoring and Reporting

- Monitoring of and reporting periodically on CP's environmental performance and conformance with this Policy is overseen by the Environmental Risk department and results are reported by the Senior Vice-President & Chief Risk Officer to CP's Executive Committee, President and CEO and the Risk and Sustainability Committee of the Board of Directors.
- Results of environmental performance are communicated through CP's annual reports, sustainability reports, website, sustainability submissions and other public disclosures.
- CP maintains clear and accessible channels for local stakeholders across our network to report environmental issues or concerns via Community Connect, our community engagement platform, or to a specific team via our website contacts page.

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