



Environmental Policy

Approved by: President & CEO

Effective: August 6, 2025

1.0 OBJECTIVE

This Environmental Policy ("Policy") provides a framework for environmental management across all of the activities, rail network infrastructure, facilities and land holdings of Canadian Pacific Kansas City Limited and its subsidiaries (collectively, "CPKC"). By incorporating environmental commitments into business decisions and operational practices, CPKC seeks to minimize the environmental risks and potential impacts associated with our activities.

2.0 POLICY STATEMENT

CPKC strives to operate in a manner that minimizes adverse impacts of our business to the land, air, water, and natural environment. We are committed to protecting the environment, promoting the health and wellness of our employees and communities, and complying with applicable legal and regulatory requirements while providing an efficient and reliable transportation solution for our customers.

3.0 SCOPE

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

4.0 COMMITMENTS

The Policy outlines how CPKC intends to maintain our environmental stewardship practices, including in order to comply with applicable legal and regulatory requirements.

In accordance with this Policy, CPKC intends to:

1. Maintain Appropriate Environmental Management Practices

- Assess and reduce environmental risks by maintaining business processes, programs and practices designed to identify, minimize, or prevent adverse impacts related to CPKC's projects, operations, business initiatives, long-term agreements and partnerships in accordance with applicable legal and regulatory requirements.
- Maintain an Environmental Management System (EMS) designed to provide consistent and effective guidance and resources to CPKC personnel. In designing this system, CPKC will take into consideration the Responsible Care Management System (RCMS) and industry best practices, including setting company-specific goals, objectives, and targets, conducting independent evaluations of environmental practices and performing regular management reviews.
- Maintain environmental performance tracking and reporting processes and regularly review CPKC's environmental performance with the aim of continuous improvement, including by incorporating as appropriate environmental management best practices, proven technologies and effective operating standards for activities involving elevated environmental risk.

- Maintain and regularly update emergency preparedness and response plans designed to ensure appropriate steps are taken in the event of a derailment, spill or other incident involving a release to the environment, while continuing to focus on preventative maintenance and spill prevention.
- Provide appropriate environmental awareness training to applicable CPKC Personnel and generally promote awareness, understanding and communication of potential environmental issues associated with CPKC's operations and our environmental management practices.

2. Practice Responsible Waste Management

- Manage waste materials responsibly, including by monitoring waste production, employing appropriate disposal practices for hazardous and non-recyclable waste in accordance with applicable regulations and identifying opportunities for waste diversion through reduction, reuse, recycling and energy recovery mechanisms.
- Strategically aim to improve our waste management practices through initiatives in recycling, reuse and repurposing practices, promoting circularity, and reducing environmental impact.

3. Advance Energy Efficiency, Air Quality, and Emissions Reductions Across Rail Operations

- Consider opportunities to enhance energy efficiency, air quality and greenhouse gas (GHG) emissions when planning business developments and operational activities.
- Implement practices to identify, evaluate and deploy measures to optimize energy consumption, fuel efficiency, air and GHG emissions across CPKC's network, facilities, locomotive fleet and operations.
- Monitor and report on energy consumption, GHG and other air emissions from our operations.

4. Promote the Protection of Nature and Biodiversity

- Identify and monitor potential changes to habitats or other ecological areas where CPKC operates and, where required, maintain environmental practices designed to minimize adverse effects from our operations.
- Implement appropriate measures designed to identify and respond to nature-related risks and opportunities within our operations and value chain.
- Promote the efficient use of water through management practices, including monitoring water use, deployment of high efficiency equipment to minimize consumption and maintaining effective wastewater treatment systems and practices focused on protecting the environment and downstream communities.

5. Engage with our Stakeholders and Communities

- Engage with relevant stakeholders, including our employees, customers, suppliers, municipalities, Indigenous communities, investors and regulators to raise awareness about CPKC's environmental management practices and, where appropriate, support efforts to improve and encourage responsible environmental practices.

5.0 IMPLEMENTATION

- Implementation of this Policy is overseen by CPKC's Senior Vice-President & Chief Risk Officer. The Corporate Risk department is responsible for coordinating the implementation of this Policy.
- CPKC will develop supporting procedures, communication and training tools and other documents or processes to provide for alignment, consistency and effective governance of this Policy.

6.0 MONITORING AND REPORTING

- Monitoring of and reporting periodically on CPKC's environmental performance and compliance with this Policy is overseen by the Corporate Risk department. CPKC maintains processes for monitoring and reporting compliance with this Policy, including periodic reporting to CPKC's Executive Leadership Team and the Risk and Sustainability Committee of the Board of Directors.
- Results of environmental performance are communicated through CPKC's sustainability reports, website, and other public disclosures as appropriate.
- CPKC maintains publicly accessible feedback mechanisms for stakeholders to report suspected issues, concerns or non-compliance with this Policy via [Community Connect](#) – our community engagement platform, to a specific CPKC team via our website [Contact Us](#) page, or through our confidential, anonymous and independently managed [Ethics Line](#) by telephone at 1-888-279-6235 in Canada and the United States, and +52 800 777 0424 in Mexico, or by filing a report at <https://secure.ethicspoint.com/domain/media/en/gui/22547/index.html>

7.0 SUPPORTING POLICIES

This Environmental Policy reflects CPKC's commitment to sustainable business practices, which also includes the following policies:

- [Code of Business Ethics](#)
- [Human Rights Policy](#)
- [Supplier Code of Conduct](#)

History

Version	Description	Date
1.0		July 27, 2020
2.0		August 6, 2025