



Sustainably Driven

Climate Insights

Overview of CPKC's climate
governance and strategy



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Background

About this report

Canadian Pacific Kansas City's (CPKC) *Climate Insights* report is intended as a consolidated resource that brings together key CPKC climate-related information in an accessible document. This report is designed to provide stakeholders with transparency on our approach to climate change and details our approach to climate governance, strategy, metrics and emissions targets. In these pages, we discuss how climate-related risks, opportunities and transition planning are incorporated into our enterprise-wide governance, strategic decision-making and financial planning.

Climate Insights also describes CPKC's current expectations regarding long-term climate pathway and details the processes we are implementing to identify, assess and manage important climate-related risks and opportunities. This report reflects our sustainability governance and the role of climate-related scenario analysis (CSA) in guiding strategic and risk-management processes, while detailing actions we are taking to advance decarbonization and strengthen resilience across our network.

We released our initial Climate Strategy in July 2021, outlining the Company's approach to managing climate-related impacts across our business. In June 2023, we further refined our climate approach through our *Commitment to Climate Action*. *Climate Insights* provides an update on CPKC's strategic approach to climate change and replaces and supersedes these previous publications.

As with many companies in energy-intensive industries, CPKC's climate pathway may not follow a linear or consistent year-over-year trajectory. As external data, market conditions, target-setting methodologies and approaches to climate-related analysis and the availability of climate solutions continue to evolve, we expect to continue to refine our strategic approach to climate change – including reassessing the suitability of both existing and future targets. Additionally, as technology advances and our understanding of hydrogen locomotive deployment deepens, we may adjust our strategy, goals, objectives, priorities, investments and initiatives in this area.

About CPKC

CPKC is the first and only single-line railway linking Canada, the United States and Mexico. Formed through the combination of Canadian Pacific (CP) and Kansas City Southern (KCS) in 2023, CPKC operates approximately 20,000 route miles of rail network, providing essential freight transportation, logistics services and supply chain expertise across North America. Our network connects major agricultural, energy, automotive, intermodal and industrial regions, enabling efficient and reliable transportation across three countries.

CPKC recognizes that acting on climate change is essential to sustaining long-term business resilience and stakeholder trust. A comprehensive approach

to climate change enables proactive financial planning, informed capital allocation and cost optimization while mitigating environmental impacts. It strengthens our ability to attract and retain talent, meet evolving customer expectations and foster transparency and collaboration across the value chain. By advancing emerging technologies, staying responsive to regulatory developments and integrating climate considerations into strategic decision-making, CPKC is committed to supporting sustainable growth and maintaining its role as a reliable transportation provider.

Forward-looking information

This report contains certain forward-looking information and forward-looking statements (collectively, "forward-looking information") within the meaning of applicable securities laws, including with respect to the sustainability priorities, policies, practices, programs, goals and objectives of CPKC. For our cautionary statement on forward-looking information and other disclaimers, please see [page 16](#) in this report.



CPKC Terminal - San Luis Potosi, SLP

Climate governance

The Company has established a governance structure that is intended to effectively communicate and respond to relevant sustainability topics, while proactively assessing and implementing our commitments and initiatives.



Board oversight

The Board, through its committees, is responsible for the oversight and monitoring of the Company's key risks, strategies and sustainability topics. The Risk and Sustainability Committee (RSC) of the Board reviews the Company'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 align sustainability objectives with the Company's long-term sustainability considerations.

For additional information about the Board's role across risk and sustainability matters, including climate-related topics and director skills and experience, please see our most recent Management Proxy Circular available at investor.cpkcr.com.

Management's role

With oversight from the President and CEO, implementation of CPKC's sustainability and climate change objectives is guided by the cross-functional executive Sustainability Steering Committee (SSC). The SSC reports progress and advances recommendations on these objectives, policies and our management approach to the RSC.

To drive the Company's focus on decarbonization, we have established a Carbon Reduction Task Force (CRTF), composed of engineers and various experts at the company. Reporting to the SSC, the CRTF evaluates, recommends and implements climate action measures that are intended to reduce greenhouse gas (GHG) emissions and drive performance on our science-based emissions reduction target. The CRTF engages with various stakeholders, including climate experts, to conduct research and implement pilot and demonstration-level projects, which support innovation and development of solutions for the rail sector.



CPKC's strategic approach to climate change

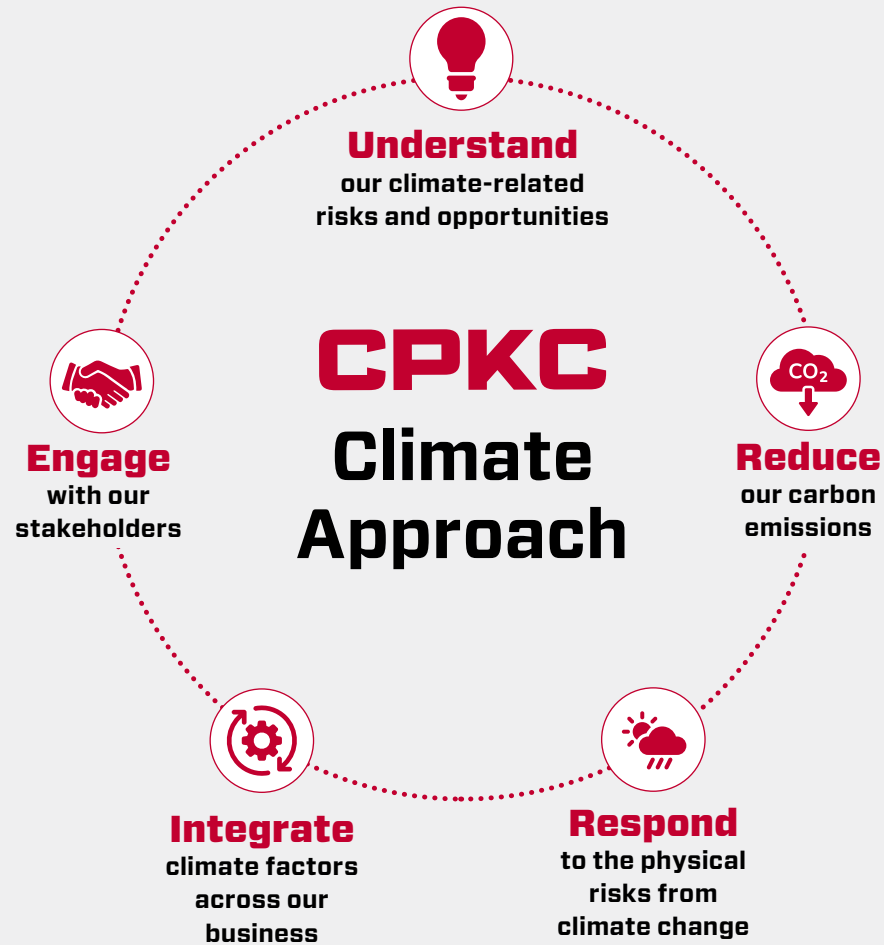
Climate change presents risks and opportunities to CPKC's network, markets and long-term performance. We believe that an appropriate approach to addressing these challenges and potential benefits is critical to preserving the long-term value of our business.

The five pillars of CPKC's strategic approach to climate change guide our actions in ways that strengthen both our resilience and our readiness for transition. By proactively assessing and preparing for the risks and opportunities associated with climate change, we are positioning CPKC for a strong and enduring future built on our extensive history.



New Wabtec Tier 4 ET44AC locomotive in service

To respond to the risks and opportunities posed by climate change and meet our decarbonization commitments, our strategic approach to climate includes actions across five distinct pillars:



Understand our climate-related risks and opportunities

CPKC continues to refine our understanding of how climate change – through both physical impacts and the global transition to a low-carbon economy – may influence our network, markets, operations and value chain.

CPKC utilizes CSA to assess the interconnections between our business and environmental impacts, risks and opportunities. These assessments are conducted periodically and may either take a comprehensive view, covering a wide range of physical and transition risks or focus on specific aspects such as the physical impacts of climate change on CPKC’s rail infrastructure. Each iteration builds upon previous analyses, enhancing our organizational understanding and informing strategic decision making. By examining these scenarios across short-, medium- and long-term timeframes, we gain valuable insights into where risks and opportunities may emerge. CSA results are often based on changing or inherently uncertain factors and assumptions and generally presents a range of potential financial impacts, which may or may not occur.

Understanding these climate-related dynamics helps us make smarter decisions today to stay resilient tomorrow. The findings from our CSA are helpful in shaping our strategic approach, informing climate investment priorities, incentivizing innovation and strengthening our ability to continue delivering reliable service in a changing world. For our customers, investors and communities this means CPKC is preparing for the future, reducing uncertainty and positioning our network to support sustainable growth for decades to come. CPKC integrates certain climate-related risks and opportunities into our enterprise risk management, capital planning and strategic decision-making. This structured approach is intended to enable the Company to assess important evolving climate risks across our operations and value chain, allocate capital effectively and guide investments to support our climate-related objectives.





Reduce our carbon emissions

The North American freight rail sector is highly integrated, featuring efficient operations that rely on inter-operable equipment and technologies. Reducing GHG emissions from rail operations requires sector-wide effort to lower locomotive emissions and develop complex fueling infrastructure. The feasibility and timeline of these efforts depend on the pace and success of cross-industry efforts to enable breakthrough technologies and mobilize investment in lower-carbon locomotives and supporting infrastructure.

Fuel efficiency

The main source of CPKC's GHG emissions is associated with the operation of the diesel-powered fleet of locomotives that drive our business. Locomotive GHG emissions are directly correlated with fuel efficiency and CPKC has long focused on initiatives to improve fuel efficiency. These efforts include, where appropriate, the deployment of advanced technologies such as automatic engine start-stop systems, Wabtec's Trip Optimizer™ Energy Management System, Talos™ Train Automation system, adherence to horsepower-per-trailing-ton guidelines and comprehensive locomotive fleet modernization programs. CPKC's Fuel Centre of Excellence is focused on integrating fuel and operational data to drive enhanced performance through train handling improvements such as isolating trailing locomotives and CPKC's HyperMiler program – which incentivizes efficiency.

Our Engineering team has completed multiple siding projects, along with yard and industry lead upgrades, to increase network capacity, reduce car dwell time and enable more fluid train operations. Collectively, these strategic investments continue to support improved fuel and operational efficiency, minimize delays and strengthen safety performance.

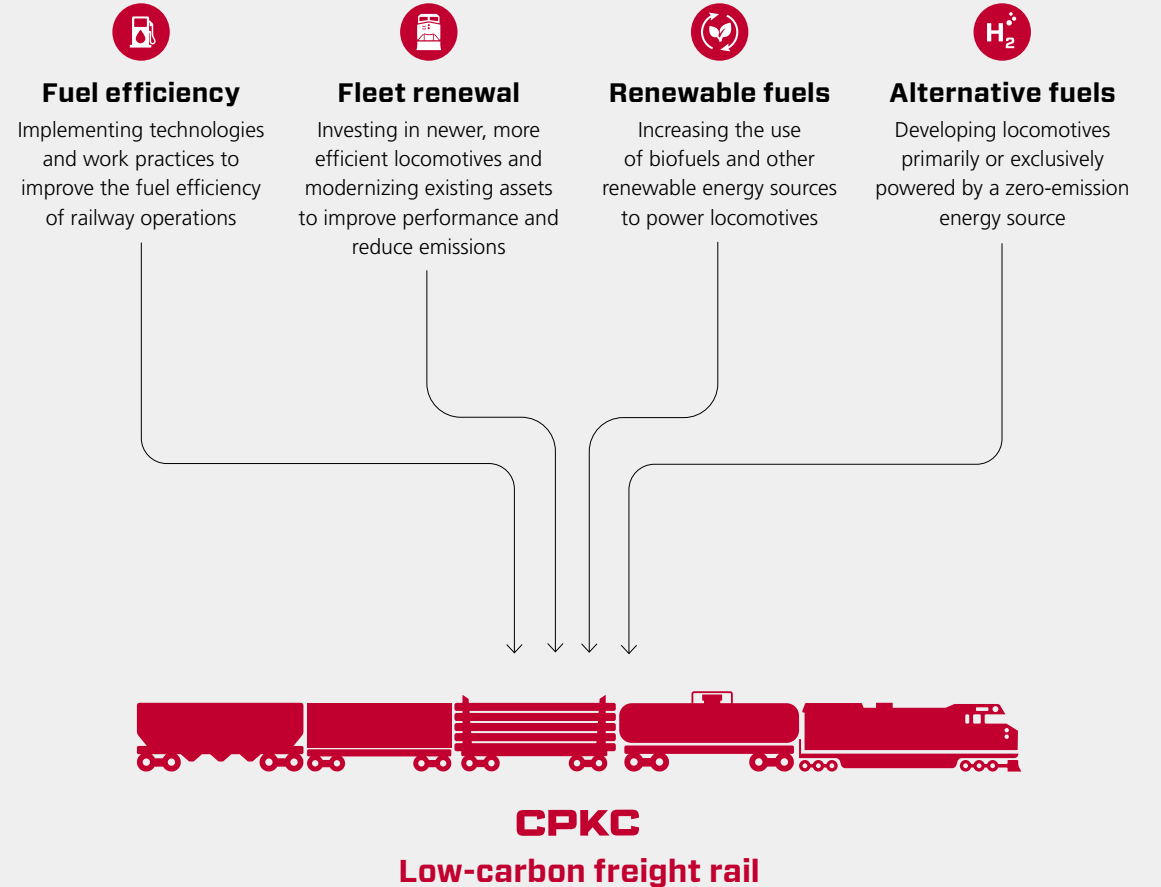
Fleet renewal

CPKC is enhancing energy management systems and practices, upgrading existing locomotives and investing in new energy-efficient models to support our operations and reduce emissions from freight rail.

Informed by our ongoing fleet planning, CPKC is integrating new Tier 4 diesel-electric locomotives into our operations. The addition of Tier 4 locomotives has the potential to lower emissions compared to older models because they are designed to improve fuel efficiency and meet the most stringent U.S. Environmental Protection Agency standards currently available. Tier 4 locomotives are expected to significantly reduce air pollutants, including nitrous oxides and particulate matter, compared to older Tier 3 diesel-electric locomotive technology. Additionally, these locomotives offer flexibility to integrate emerging technologies and alternative fuels as they may become commercially viable.

Pathways to reduce emissions

Key potential pathways to reduce locomotive GHG emissions fall into four categories:



Renewable fuels

CPKC is actively evaluating potential opportunities to expand testing of renewable fuels in our locomotive operations. This effort includes strategic sourcing and infrastructure upgrades to enable broader adoption of renewable fuels. Working with our industry peers and locomotive suppliers, we are validating the real-world performance and operational impacts of advanced renewable fuel blends in heavy rail operations.

Alternative fuels

CPKC continues to advance testing and evaluation of our Hydrogen Locomotive Program, which examines the feasibility of hydrogen fuel cell and battery technology for freight rail. This initiative involves retrofitting diesel-electric locomotives with hydrogen fuel cells and battery technology to power the locomotive's electric traction motors.

Developing these locomotives requires groundbreaking innovation, supported by years of research and rigorous testing across diverse operating conditions to confirm suitability for the integrated North American freight rail network. This testing evaluates safety, reliability and performance over time in a wide range of real-world operating conditions, including various commodities in all kinds of weather and terrains. We believe that these tests are critical for CPKC to build confidence among our stakeholders, including investors, regulators, customers and industry partners, prior to potential large-scale deployment.

The accomplishments of CPKC's Hydrogen Locomotive Program have been made possible in part by funding from:



Hydrogen fueling - Golden, B.C.



Respond to the physical risks from climate change

Climate change is increasing both acute physical risks – such as extreme weather events, flooding, wildfires and severe temperature fluctuations – and chronic risks, including long-term temperature increases and evolving precipitation and freeze-thaw patterns. These events have caused and in the future can cause track outages, severe damage to infrastructure and business interruptions that adversely affect the company’s entire rail network. These events have resulted and may in the future result in substantial costs to respond during the event and recover following the event.

As these risks intensify, CPKC seeks to remain resilient across our rail network through, among other measures, strategic capital planning, proactive infrastructure management, deployment of advanced technologies and robust business continuity preparedness.

Investing in resilient infrastructure and capital planning

CPKC seeks to integrate climate risk considerations into long term capital planning and investment decisions because we believe such integration could enhance the durability and adaptability of our network. Our infrastructure and engineering teams assess how climate-related stresses – both acute and chronic – could impact operations over time and we strive to pursue projects that improve system robustness and reduce vulnerability.

These investments, which may change or evolve in response to changing conditions in the future, include strengthening track, bridges and embankments; upgrading drainage and water-management systems; modernizing key structures; and enhancing the reliability and redundancy of critical IT systems. We believe that together, these measures can help CPKC build a rail network capable of better withstanding increasing climate-related pressures and reducing service disruption when extreme events occur.

Proactive and technology-enabled asset management

To maintain a resilient network, CPKC employs rigorous engineering standards, disciplined maintenance practices and advanced digital tools that are intended to help us anticipate and address infrastructure risks before they escalate.

Key elements of our current approach, which may change or evolve in response to changing conditions in the future, include:

- Frequent inspections of track, signals, bridges and other infrastructure using both visual and technology assisted methods.
- Condition-based maintenance, where inspection and sensor data trigger targeted repairs or asset replacement.
- Technology-enhanced inspections, including wayside and onboard sensors, real-time track-monitoring systems, infrared imaging and predictive analytics to identify defects earlier and with greater precision.
- AI-enabled water body monitoring that evaluates satellite and radar imagery to detect emerging water-related hazards across thousands of miles of track.
- Enhanced inspection protocols for infrastructure supporting unit trains transporting hazardous materials.



Although climatic impacts – such as heat-related rail stress, water-related washouts and severe weather effects on track stability – vary greatly based on the severity and length of the event and scope of network impact, we believe that taking proactive measures may improve our ability to address and respond to such impacts in the future.

More information on our use of advanced technologies is available at cpkcr.com/en/safety/Innovation.

Emergency preparedness and seasonal risk management

CPKC strives to remain prepared for a broad range of environmental and operational risks that could interrupt the continuity of our network. These risks are discussed in our annual report on Form 10-K and may include climate-related risks such as hurricanes, tropical storms, tornadoes, floods, wildfires, extreme temperatures,

drought and significant precipitation and natural disasters including earthquakes, volcanism, avalanches and mudslides.

In addition, we maintain and regularly update a suite of emergency preparedness and seasonal risk management plans to address natural disasters and severe weather-related events that may impact our network. These plans span multiple hazard types across our footprint and include, among others, our Seasonal Flood Preparedness Plan, Avalanche Control Program and Integrated Emergency Response Plan. Together, these programs outline prevention, monitoring, response and recovery protocols designed to protect our people, infrastructure and communities while supporting continuity of operations.

As examples, our Winter Contingency Plan leverages multiple meteorological forecasting models, real-time weather intelligence systems and operational readiness

measures to anticipate severe cold events and mitigate associated operational risks. Similarly, our Extreme Weather Fire Risk Mitigation Plan establishes prevention, detection and response procedures for periods of elevated wildfire risk, utilizing tools such as advanced fire-risk mapping, daily danger assessments and real-time temperature and humidity monitoring. When wildfire activity occurs, CPKC deploys specialized equipment – such as foam trailers and fire-flat railcars – supported by trained wildland firefighting personnel.

Business continuity centre

The CPKC Business Continuity Centre (BCC) provides centralized coordination during significant disruptions, including extreme weather events, flooding, wildfires, hurricanes, earthquakes, cyber incidents and other emergencies. The BCC integrates operational data, weather-forecasting tools and network-wide

communications to support rapid, informed decision-making that protects the integrity of our operations.

Across our network, emergency response resources – including firefighting equipment, spill-response units and other specialized tools – are strategically positioned to support safe and efficient response when climate-driven or operational incidents occur. Regular training exercises with first-response agencies across Canada, the United States and Mexico are intended to keep our teams prepared to maintain network resilience under a wide range of scenarios.



Emergency response training



Fire trailer in CPKC's emergency response fleet



Integrate climate factors across our business

CPKC continues to advance how climate considerations are embedded in systems that guide our planning, governance and investment decisions. This includes, to the extent appropriate, strengthening climate governance, enhancing internal awareness and integrating climate-related risks and opportunities into enterprise risk management, strategic planning and capital allocation processes. By incorporating tools such as internal carbon-pricing concepts in relevant financial and operational decisions, CPKC strives to ensure that climate considerations are integrated appropriately into such decisions.

This integrated approach is intended to create a consistent, forward-looking framework across the organization. It is designed to support resilience, reinforce operational excellence and position CPKC to deliver long-term value as climate factors continue to evolve.



Engage with our stakeholders

We support customers, suppliers, regulators and other stakeholders across our value chain on climate action. This includes:

- Offering tools such as our Carbon Emissions Calculator to help customers estimate potential GHG savings from rail transport.
- Collecting information on environmental practices – including climate-related topics – from critical Tier 1 suppliers to strengthen our understanding of Scope 3 emissions.
- Supporting the Memorandum of Understanding between Transport Canada and the Railway Association of Canada for reducing locomotive emissions.



Port of Vancouver, B.C.



Metrics and targets

Implementing effective climate action requires ongoing evaluation of progress against established objectives. CPKC tracks climate-related metrics to measure advancement toward decarbonization goals, assess exposure to climate-related risks and guide strategic decision-making. These metrics are aligned with our science-based target and reinforce transparency in climate disclosures and accountability in our response.

Locomotive fuel tank at CPKC terminal

GHG emissions reduction target

Our locomotive fleet is CPKC's largest source of emissions and uses the vast majority of the energy required to power our operations. In 2023, we introduced a new GHG emissions reduction target, validated by the Science Based Targets Initiative (SBTi).

CPKC committed to reduce scope 1, 2 and 3 well-to-wheel (WTW) locomotive GHG emissions 36.9% per gross ton-miles by 2030 from a 2020 base year.

This emissions-intensity target reflects the scale of our network and the essential role of freight rail in supporting lower-carbon transportation across North America. An intensity-based approach enables CPKC to enhance emissions performance as we continue to accommodate expected growth in rail-served volumes.

Our target was developed using SBTi's sector-specific freight-rail methodology and is aligned with a well-below-2°C pathway. As climate accountability expectations and target-setting standards evolve, including updates to SBTi guidance, we continue to monitor developments to ensure future commitments remain technically feasible, operationally practical and reflective of the realities of long-haul freight rail.

Progress toward our target is supported by continued investment in locomotive fleet modernization, increased use of renewable and lower-carbon fuels, network efficiency

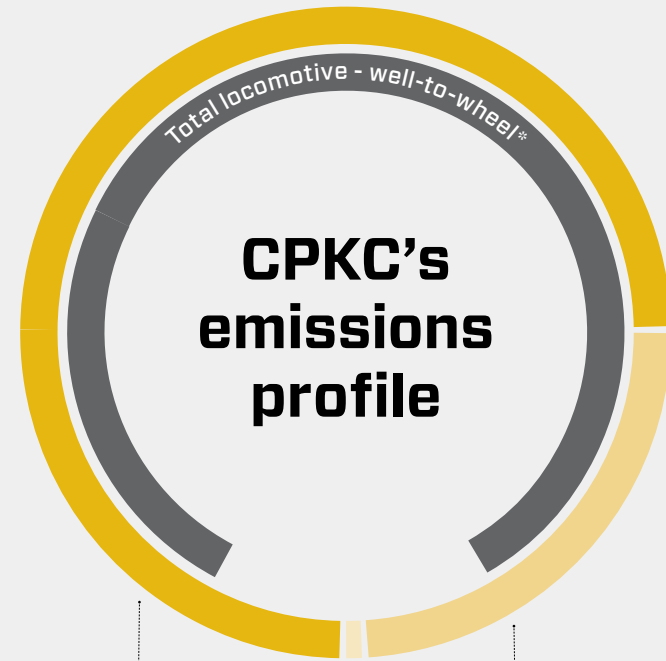
initiatives and assessment of emerging low-emission technologies as they mature. Oversight of our progress occurs through regular review by the Board's Risk and Sustainability Committee and our executive Sustainability Steering Committee.

At the same time, our progress is shaped by the current constraints facing the freight-rail sector, where the limited availability of commercially viable low-emission technologies remains a significant challenge. Many of the solutions required to achieve deeper emissions reductions – such as zero-emission locomotives, scalable alternative fuels and the associated fueling and charging infrastructure – are still in early stages of development or deployment. As a result, near-term implementation at scale across CPKC's operations and value chain is not yet feasible. These sector-wide realities reinforce the importance of our continued innovation, pilot testing and collaboration with industry partners as next-generation technologies advance.

CPKC remains committed to reducing emissions in a manner that is credible, transparent and aligned with the needs of our customers, communities and the freight-rail sector.

For more energy and GHG emissions performance data, see CPKC's Sustainability Data Report at cpkcr.com/sustainability.

~95%
of CPKC Scope 1 & 2 GHGs related to locomotive operations.



Scope 1

Direct emissions

CPKC's direct emissions from fuel and energy used in locomotives, equipment and facilities it operates or controls.



Scope 2

Indirect energy emissions

Emissions from the electricity and other purchased energy CPKC consumes across its network.



Scope 3

Value chain emissions

All other indirect emissions linked to CPKC's value chain, including goods and services, third-party transport, waste and employee travel, for example.



*Well-to-wheel emissions are the total GHG emissions from the entire lifecycle of a fuel - from its production and distribution (Scope 3) to use in a locomotive (Scope 1).

Climate-related metrics

CPKC prepares an annual inventory of Scope 1, Scope 2 and Scope 3 GHG emissions across our operations. Emissions data is managed through an integrated data management system that is designed to enhance quality, consistency, accountability and auditability in our reporting. We believe this process enhances the effectiveness of our monitoring and tracking of emissions across our operational footprint.

CPKC is committed to transparent reporting and continuous assessment of our climate-related metrics and target. We continue to evaluate, among other things, evolving standards and stakeholder expectations. Current information about our climate-related metrics, GHG emissions reduction target and progress is available in our most recent Sustainability Data Report on our website cpkcr.com/sustainability.

As with many companies in energy-intensive industries, CPKC's pathway to reducing GHG emissions may not follow a linear or consistent year-over-year trajectory. As external data, market conditions, regulatory expectations, target-setting methodologies and approaches to climate-related analysis and the availability of climate solutions continue to evolve, we expect to refine our strategic approach to climate change – including reassessing the suitability of both existing and future targets. Additionally, as technology advances and our understanding of hydrogen locomotive deployment deepens, we may adjust our objectives, priorities, investments and initiatives in this area.

We value your input. Please send any comments on this report to sustainability@cpkcr.com.



Key metrics include:

- Total locomotive fuel consumption
- Direct and indirect GHG emissions (Scope 1 & 2)
- Category-level breakdown of Scope 3 emissions
- WTW GHG emissions intensity and progress toward our 2030 target

Forward-looking information

This *Climate Insights* report contains certain forward-looking information and forward-looking statements (collectively, “forward-looking information”) within the meaning of applicable securities laws relating to our compensation programs, operations, anticipated financial performance, business prospects, planned capital expenditures and strategies, and board and committee composition and roles, among other things, including with respect to the environment, social, governance and sustainability priorities, policies, practices, programs, goals, targets, strategies and objectives of CPKC. Any statements about our expectations, beliefs, plans, goals, targets, predictions, forecasts, objectives, assumptions, information and statements about possible future events, conditions and results of operations or performance are not historical facts and may be forward-looking. Forward-looking information in this report includes, but is not limited to, plans or objectives of management for future operations; information regarding sustainability-related actions we plan to take in the future, including our climate approach and our goals and commitments for reducing greenhouse gas (GHG) emissions, or other sustainability-related commitments; the availability of carbon emissions-reduction tools and technologies; and assumptions related to the foregoing. Forward-looking information is often, but not always, made through the use of words or phrases such as “anticipates”, “aims”, “believes”, “can”, “could”, “may”, “predicts”, “potential”, “should”, “will”, “estimates”, “plans”, “targets”, “milestones”, “projects”, “continuing”, “ongoing”, “expects”, “intends” and similar words or phrases suggesting future outcomes.

The forward-looking statements contained in this *Climate Insights* report are based on current expectations, estimates, projections and assumptions, having regard to the Company’s experience and its perception of historical trends, and include, but are not limited to, expectations, estimates, projections and assumptions related to: changes in business strategies; North American and global economic growth and conditions; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates; effective tax rates; performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business

plan; geopolitical conditions; applicable laws, regulations and government policies, including, without limitation, those relating to regulation of rates, tariffs, import/export, trade, taxes, wages, labour and immigration; the availability and cost of labour, services and infrastructure; labour disruptions; the satisfaction by third parties of their obligations to the Company; and carbon markets, evolving sustainability strategies, and scientific or technological developments. Although the Company believes the expectations, estimates, projections and assumptions reflected in the forward-looking statements presented herein are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Current conditions, economic and otherwise, render assumptions, although reasonable when made, subject to greater uncertainty.

Undue reliance should not be placed on forward-looking statements as actual results may differ materially from those expressed or implied by forward-looking statements. By their nature, forward-looking statements involve numerous inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements, including, but not limited to, the following factors: changes in business strategies and strategic opportunities; general Canadian, U.S., Mexican and global social, economic, political, credit and business conditions; risks associated with agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures, including competition from other rail carriers, trucking companies and maritime shippers in Canada, the U.S. and Mexico; North American and global economic growth and conditions; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped by the Company; inflation; geopolitical instability; changes in laws, regulations and government policies, including, without limitation, those relating to regulation of rates, tariffs, import/export, trade, wages, labour and immigration; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; disruption of 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; sufficiency of budgeted capital expenditures in carrying out business plans; services and infrastructure; the satisfaction by third parties of their obligations; 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, including the imposition of any tariffs, or other changes to international trade arrangements; the effects of current and future multinational trade agreements on or other developments affecting the level of trade among Canada, the U.S. and Mexico; climate change and the market and regulatory responses to climate change; anticipated in-service dates; success of hedging activities; operational performance and reliability; customer, regulatory and other stakeholder approvals and support; regulatory and legislative decisions and actions; the adverse impact of any termination or revocation by the Mexican government of Kansas City Southern de Mexico, S.A. de C.V.S. concession; public opinion; various events that could disrupt operations; including severe weather, such as droughts, floods, avalanches, volcanism and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; 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; the outbreak of a pandemic or contagious disease and the 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; disruptions to global supply chains; the realization of anticipated benefits and synergies of the Canadian Pacific Railway Limited (CP) and Kansas City Southern (KCS) (CP-KCS) transaction and the timing thereof; the satisfaction of the conditions imposed by the U.S. Surface Transportation Board (STB) in its March 15, 2023 decision; the successful integration of KCS into the Company; the focus of management time and attention on the CP-KCS integration and other disruptions arising from the CP-KCS integration; estimated future dividends; financial strength and flexibility; debt and

equity market conditions, including the ability to access capital markets on favourable terms or at all; cost of debt and equity capital; improvement in data collection and measuring systems; industry-driven changes to methodologies; and the ability of the management of the Company to execute key priorities, including those in connection with the CP-KCS transaction. The foregoing list of factors is not exhaustive.

These and other factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this *Climate Insights* report are detailed from time to time in reports filed by the Company with securities regulators in Canada and the United States, which can be accessed on SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov). Reference should be made to “Part I – Item IA – Risk Factors” and “Part II – Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Forward Looking Statements” in the Company’s annual report on Form 10-K and “Part II – Item IA – Risk Factors” and “Part I – Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Statements” in the Company’s interim reports on Form 10-Q. The forward-looking statements contained in this *Climate Insights* report are made as of the date hereof. Except as required by law, the Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, or the foregoing assumptions and risks affecting such forward-looking statements, whether as a result of new information, future events or otherwise.



Patrick J. Ottensmeyer International Railway Bridge

Additional report information

This document incorporates or otherwise relies upon data from third parties, which may have been prepared in ways that are not consistent with our methodologies or practices. We do not independently verify such third-party information. As a result of these and other factors, including our ongoing sustainability integration and factors described elsewhere in this document, information disclosed in this document might differ from that contained in prior disclosures (including prior KCS disclosures). In future disclosures, we may change or update the mileposts, plans, targets, objectives and other information contained herein or include disclosures that otherwise differ from those contained in or implied

by this document. We undertake no obligation to update the information in this report or prior disclosures, except to the extent required by law.

Our approach to the disclosures included in this document differs from our approach to other disclosures, including our filings with the SEC and any disclosures we may make under any other regulatory frameworks. This document is intended to provide information from a different perspective and in some cases in greater detail than is required to be included in such other reports. The terms “materiality” and “materiality assessment” are used specifically to refer to the process we use to identify the sustainability topics most relevant to our business

or our stakeholders. The specific meaning of the term “materiality” in this context differs from the meaning of the terms “material” or “materiality” under any law or regulation or when used in connection with public disclosure of material financial information, including financial filings with securities regulators. Such terms as well as other words used in this document (including any references to “significance,” “importance,” “priority,” “transition planning,” “climate-related scenario analysis,” “sustainable,” “impact,” “emissions reduction” or “sustainability” or similar terms) should not be read to have the meanings ascribed to them under any securities laws or regulations or any other applicable

legal requirements in any jurisdiction. Unless otherwise stated, we use such words in this document to refer to our internal criteria, processes and approaches. Scenario analysis involves significant assumptions and uncertainties and the results of the analysis are not meant to indicate a forecast or projection of future results but rather presents a range of potential financial impacts.

All references to websites, reports or other documents in this report are for your information only. The content of such websites, reports or other documents (or any other information they refer to) is not incorporated by reference into this report.

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