

TRACKING SUSTAINABILITY AT **CP**



TABLE OF CONTENTS

1.0	Sustainability At Canadian Pacific	1
1.1	Introduction: Welcome From E. Hunter Harrison, Chief Executive Officer, Canadian Pacific	2
1.2	Canadian Pacific Profile	4
1.3	Focus Area: Economic Performance	6
1.4	Driving Sustainability Within Our Company And Beyond: Laird Pitz, VP and Chief Risk Officer	7
1.5	Awards and Recognition	9
1.6	Introduction to Sustainability Indicators	10
1.7	Focus Area: Governance & Sustainability Management	11
1.8	Sustainability Spotlight: Doing More with Less	19
2.0	Canadian Pacific Sustainability Performance	22
2.1	Focus Area: Energy, Fuel Efficiency and Greenhouse Gas Emissions	23
2.2	Sustainability Spotlight: Investing in Innovation	26
2.3	Focus Area: Waste Management and Diversion	29
2.4	Focus Area: Water Consumption	31
2.5	Sustainability Spotlight: A Move for the Better	32
2.6	Focus Area: Biodiversity	36
2.7	Focus Area: Emergency Preparedness and Response	38
2.8	Sustainability Spotlight: Focused on Safety	40
2.9	Focus Area: Workforce Diversity	44
2.10	Focus Area: Employee Health and Wellness	45
2.11	Focus Area: Community Investment	46
2.12	Sustainability Spotlight: Fighting Hunger One Stop at a Time	47
2.13	Focus Area: Moving Freight	50
2.14	Performance Summary Table	52
3.0	More Information	57
3.1	Commitments To External Initiatives	58
3.2	Report Boundaries	59
3.3	Applied Protocols and Standards	60
3.4	GRI Reporting Reference Table	61
3.5	Abbreviations and Glossary	66
3.6	Getting Involved/Contact Information	68
3.7	General Disclaimer About Forward Looking Statements	69

1. SUSTAINABILITY AT CANADIAN PACIFIC

CP is driving change as it moves through its transformational journey to become the best railroad in North America, while creating long-term value for shareholders. The Company is focused on providing customers with industry leading rail service; driving sustainable, profitable growth; optimizing our assets; and reducing costs, while remaining a leader in rail safety. Corporate sustainability is integrated into our railroad and forms part of our business strategy.

1.0	Sustainability At Canadian Pacific	1
1.1	Introduction: Welcome From E. Hunter Harrison, Chief Executive Officer, Canadian Pacific	2
1.2	Canadian Pacific Profile	4
1.3	Focus Area: Economic Performance	6
1.4	Driving Sustainability Within Our Company And Beyond: Laird Pitz, VP and Chief Risk Officer	7
1.5	Awards and Recognition	9
1.6	Introduction to Sustainability Indicators	10
1.7	Focus Area: Governance & Sustainability Management	11
1.8	Sustainability Spotlight: Doing More with Less	19

1.1

INTRODUCTION

WELCOME FROM E. HUNTER HARRISON,
CHIEF EXECUTIVE OFFICER, CANADIAN PACIFIC



Sustainability is good business. Sustainability is about making smart choices and making sure that you do the right thing for your shareholders, your customers, your communities, and your employees.

Here at Canadian Pacific (CP), we've been moving freight for more than 130 years. During that time we've made many changes to the way we operate. But the one thing that has never changed is our end goal: to move our customer's products on time, in the most cost efficient way we can, and do it all safely. We're railroaders and this is organic to what we do. Sustainability is an important part of our business, and the natural efficiencies of rail are used to leverage wins for both the customer and the environment.

Our Foundations have provided the company with a practical blueprint for efficient railroading, and we have positioned CP for long term success. We have been performing important work in the areas of economic, environmental and social sustainability, and within this report you will find information on CP's progress in our focus areas as well as some feature stories that showcase sustainable aspects of our operations. I am pleased to share with you information on the work that has been done on our new Corporate head office and in the innovative ways we have found to improve our service without additional purchase of resources – ensuring that we are using what we have on hand before we make the decision to purchase more.

Any conversation around sustainability for railways will always touch upon the subject of fuel use and emissions generated. I am very proud to report that our total emissions for 2013 have declined from our 2012 numbers. This is even more impressive when you consider CP has increased both average train weight and length during the same period. In fact, our revenue ton-miles (RTMs) are up 11% in 2013 compared to 2011 and yet our GHG emissions are down 3.36% over the same period. This is a monumental achievement for CP. Never before have we been able to reduce total emissions as we grow our business. This illustrates the future opportunities and the runway that's ahead of us.

I am also proud to share with you that we achieved record fuel efficiency in 2013, moving a ton of freight 507-ton miles on a single gallon of diesel fuel. If you've been following CP's operational progress over the past two years, you'll know that we've been achieving many new records, and it is gratifying to report that we are making such a significant mark in the important area of fuel efficiency. The advantages of moving freight by rail are well known: for every individual intermodal railcar we move on CP, it is the equivalent of taking three transport trucks off our roads. When we improve in key areas like fuel efficiency and emissions, the natural advantages of rail transport are further emphasized.

The tragedy at Lac Mégantic focused industry dialogue on the subject of safe train operations, and the ongoing role of railroads within communities. This is a subject that I feel very passionate about. CP is a valued neighbour in communities across North America, and our employees know the importance we place on safety in our company. Over the past year, I've been vocal about the need for our industry as a whole to pay attention to safety concerns raised around the DOT-111 model tank cars. Several times I have called for the immediate removal of these pieces of equipment from railway service. People tend to forget that the majority of rolling stock are not owned by railroads, but are property of the shippers. I feel strongly that immediate action is needed in this area, and that the industry must have a direct and honest conversation about better and safer options. CP has always prided itself on running a safe operation – for 2013 we had an FRA train accident rate of 1.8 per million train miles, which keeps us as an industry leader in this vital area. However, it isn't enough. We can always find ways to keep improving, and we will. At CP, our safety culture is actively practiced each and every day, in all aspects of our operation by all of our employees.

I will continue to be a vocal agent of change for safety improvements in the railway industry, and CP will continue to seek feedback and guidance on matters of mutual importance. Our operations will continue to be safe and reliable, and our communities and employees will see social and economic benefit. Toward these outcomes, we will be guided by CP's Foundations because they are the very heart of what sustainability is about. On behalf of CP's Board of Directors, I would like to thank all of our employees, suppliers and business partners for their ongoing efforts in encouraging sustainable rail operations.

I'm proud of the work we do at CP, and I would like to thank you for taking the time to read our 2014 Sustainability Report.

Sincerely,



E. Hunter Harrison
Chief Executive Officer

1.2

CANADIAN PACIFIC PROFILE



Headquartered in Calgary, Alberta, CP operates a transcontinental railway in Canada and the United States, and provides logistics and supply chain expertise. CP provides rail and intermodal transportation services over a network of approximately 13,700 miles, serving the principal business centres of Canada from Montreal to Vancouver, and the U.S. Northeast and Midwest regions. CP's railway feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend CP's market reach east of Montreal in Canada, throughout the U.S. and into Mexico.

CP is a public company with shares listed on the Toronto Stock Exchange and New York Stock Exchange. Our key economic indicators are included in the table on [page 6](#).

CP's corporate strategy is aligned with, and complementary to, our sustainability strategy. For example, operating efficiencies reduce our environmental footprint; our corporate foundations of operate safely and develop people contribute to our social license to operate; our ability to provide service enables more North American transportation users to elect a cleaner mode to move their goods to market. Together, the rewards of good environmental, social and governance stewardship reduce the risk profile of CP and increase long-term shareholder return.

1.2

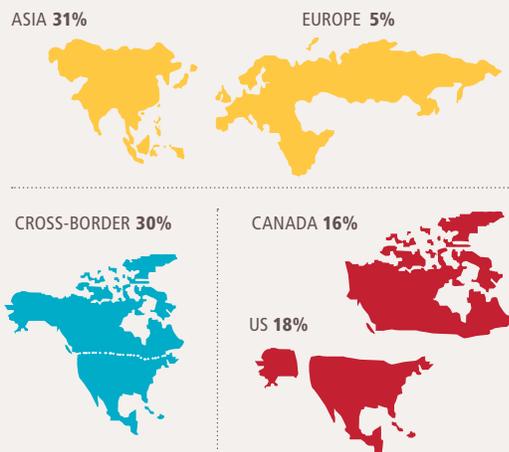
The following graphs and table highlight important financial indicators. The sustainability report mainly focuses on Environment, Social and Governance (ESG), non-financial, indicator performance.

During the reporting period, there have been no significant changes to the organization's scope and scale of operations, organizational structure or ownership. Some GHG numbers have been updated to reflect a change in emission factors.

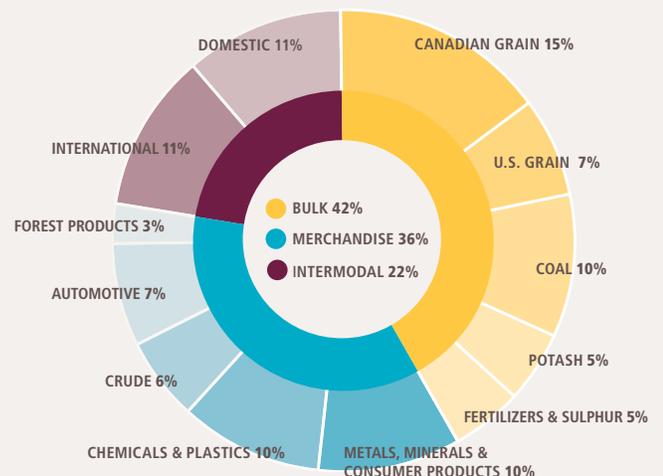
This report is published biennially.

DIVERSIFIED BOOK OF BUSINESS/KEY MARKETS/BUSINESS MIX

GEOGRAPHIC DISTRIBUTION (% OF 2013 FREIGHT REVENUE)



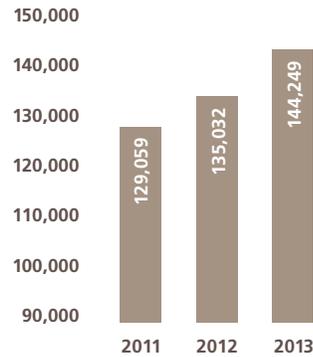
GEOGRAPHIC DISTRIBUTION (% OF 2013 FREIGHT REVENUE)



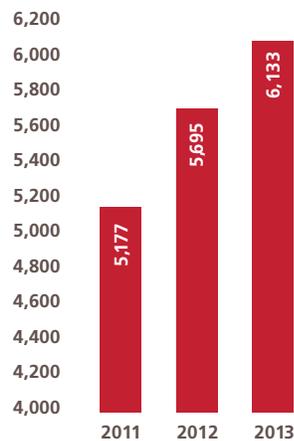
1.3

FOCUS AREA ECONOMIC PERFORMANCE

REVENUE TON MILES (MILLIONS)



TOTAL REVENUE (\$ MILLIONS)



ECONOMIC INDICATORS

YEAR	2011	2012	2013
Total Revenues (Millions)	\$ 5,177	\$ 5,695	\$ 6,133
Operating Expense (Millions)	\$ 4,210	\$ 4,746	\$ 4,713
Operating Ratio	81.3%	83.3%	76.8%
Adjusted Operating Ratio ⁽¹⁾⁽²⁾	81.3%	77.0%	69.9%
Compensation and Benefits (Millions)	\$ 1,426	\$ 1,506	\$ 1,418
Income Taxes Paid (Millions)	\$ 4	\$ (3)	\$ 31
Net Income (Millions)	\$ 570	\$ 484	\$ 875
Income, Excluding Significant Items (Millions) ⁽¹⁾⁽²⁾	\$ 530	\$ 753	\$ 1,132
GTM (Millions)	247,955	254,354	267,629
RTM (Millions)	129,059	135,032	144,249
Workforce (End of Period)	18,519	16,907	14,977

¹ These non-GAAP measures exclude other specified items that are not among our normal ongoing revenues and operating expenses. These non-GAAP measures have no standardized meaning and are unlikely to be comparable to similar measures presented by other companies.

² A reconciliation of non-GAAP measures can be found on www.cpr.ca or within CP's annual report.



1.4

DRIVING SUSTAINABILITY WITHIN OUR COMPANY & BEYOND

LAIRD PITZ
VP AND CHIEF RISK OFFICER

As a North American railway, CP's purpose is straightforward: we create value by providing safe, efficient and secure rail freight services that support our economy and society. This is the business we have been in for over 130 years. We understand that the long-term wellbeing of society, the strength of the North American economy, and the continuing success of our own business is dependent on a fully functioning and sustainable environment.

Since our last Sustainability Report, we have been on a transformational journey to redesign the way we operate. Our improved operations planning, execution of that plan and investment in technology is paying dividends. CP has for many years conducted business and implemented strategic and operational decisions with sustainability as a core corporate principle. We have now integrated this principle within our enterprise risk management system. We believe that by identifying and proactively addressing the broad spectrum of risks facing a complex organization such as CP, we can improve performance and protect and create value for our stakeholders in both the short and long term. Robust processes ensure that diverse aspects of risk are analyzed, validated and prioritized. Those risks are then managed through various response strategies and monitored on an ongoing basis.

Our sustainability strategy also spans time – we are committed to cleaning up our past through voluntary and proactive remediation activities that continue to reduce liability associated with historic contamination; managing our present through diligent compliance with regulations and standards; and protecting our future through innovative technologies and operational plans that reduce our greenhouse gas emissions. These are our overarching sustainability goals that are supported by many other corporate-wide activities some of which are presented in this report.

It is a reality that, despite best efforts, accidents can happen. And that demands comprehensive emergency preparedness and the capacity to respond quickly and effectively. CP has strengthened its capabilities through enhanced training of internal and external emergency responders, additional response and containment materials strategically placed across our network, and strategic

1.4

partnerships for mutual aid assistance. We continue to conduct emergency response drills and exercises with municipalities to build understanding, capacity and better integration of response activities.

We are not done yet but the roadmap is there and we are determined to be the most admired and efficient railway in North America. We encourage our employees and customers to join us in our journey by supporting and furthering our sustainability efforts.

CP's Sustainability Report demonstrates our commitment to the full transparency and accuracy of our sustainability effort and to reporting on our key sustainability performance using the Global Reporting Initiative framework. Our locomotive fuel consumption, greenhouse gas and other emissions data have been externally verified.



Laird Pitz
VP and Chief Risk Officer

1.5

AWARDS AND RECOGNITION

AWARD	WHAT WE'RE DOING
50 BEST CORPORATE CITIZENS IN CANADA	<p>In 2012, CP was ranked 14th in Canada in Corporate Knights' annual ranking. This ranking provides insight into the state of responsible business in Canada. Companies are rated on their environmental, social, governance and transparency practices.</p> <p>In 2013, CP was ranked 24th.</p>
TRANSCAER	<p>TransCAER (Transportation Community and Emergency Response) is a voluntary outreach effort that focuses on assisting communities to prepare for and to respond to a possible hazardous materials transportation incident. TransCAER is stewarded by the Chemistry Industry Association of Canada and the American Chemistry Council.</p> <p>In 2012 and 2013, CP earned one of the ten National Achievement Awards. The award is given in recognition of extraordinary achievement in support of the TransCAER initiative that extends beyond the geographic boundaries of any one region. Approximately 2,400 emergency responders, from 51 cities, 7 states and 5 provinces attended TransCAER events put on by CP Field Hazmat Specialists. The 2012 individual achievement award was given to Dale Buckholtz who again earned the honours in 2013 shared with team members Scott Croome and Mike Ball. William Fairfield, a retiree from CP, also received a 2012 Torch Award which recognizes individuals whose legacy leaves a lasting impact on the TransCAER program.</p>
RAILWAY ASSOCIATION OF CANADA AWARDS	<p>CP won the 2013 RAC Environmental Award for its interdisciplinary Crude Oil Transload Team. The team is tasked with handling the environmental challenges associated with transporting energy products by rail. Additionally, it is responsible for identifying sustainable opportunities, selecting business partners and planning facilities while communicating with local stakeholders. In 2013, CP was also recognized as a leader in safety with our automatic train brake effectiveness program, garnering a 2013 RAC Safety Award (Third Party Incident Category).</p>
2012 PRIME MINISTER'S VOLUNTEERS – HOLIDAY TRAIN	<p>The CP Holiday Train, our cornerstone community program focused on raising food money and awareness for food banks, was recognized with this award in the Prairie Region. The Holiday Train is an example of the contribution the railway makes to the communities in which we operate by encouraging voluntary contributions and innovative ideas and approaches to address social challenges.</p>
2013 CP EMPLOYEE ENVIRONMENTAL EXCELLENCE AWARD	<p>Steve Grant, Director Transload Services from Calgary, was selected as CP's Employee Environmental Excellence Award winner in 2013. Steve was instrumental in the incorporation of a new enhanced risk assessment process for new crude oil transload facilities.</p>



1.6

INTRODUCTION TO SUSTAINABILITY INDICATORS

GOVERNANCE	ECONOMIC PERFORMANCE
	GOVERNANCE & SUSTAINABILITY MANAGEMENT
ENVIRONMENT	ENERGY & FUEL EFFICIENCY
	GREENHOUSE GAS EMISSIONS
	WASTE MANAGEMENT AND DIVERSION
	WATER CONSUMPTION
	ENVIRONMENTAL PROTECTION
	ENVIRONMENTAL INCIDENTS
	MOVING FREIGHT
SOCIAL	TRAIN & EMPLOYEE SAFETY
	WORKFORCE DIVERSITY
	HEALTH & WELLNESS
	COMMUNITY INVESTMENT & ENGAGEMENT

Our sustainability report content is organized into three main sections:

- Governance
- Environment
- Social

Each section has focus areas and indicators that speak to each of the identified topics. The following report outlines our performance from 2012-2013, and highlights many of our initiatives we are undertaking to integrate sustainability while creating shareholder value for our business and for our many stakeholders.

FOCUS AREA

GOVERNANCE & SUSTAINABILITY MANAGEMENT

STRATEGY

Our objective is to create long-term value for our customers, shareholders and employees by aligning all parts of the organization around our Foundations:

- **Provide Service:** Promise only what we can do. Always do what we have promised. Our standards and what we offer must always be getting better. This maxim belongs to every department, person and part of our railway.
- **Control Costs:** Always looking for the better way is in everyone's role. Can we not do something? Can we do it faster, better and less expensively? The answer is always Yes.
- **Optimize Assets:** Have only the assets we absolutely need to provide the services we have promised. Intelligently exhaust all other ways to improve productivity before spending one dollar of capital.
- **Operate Safely:** Don't get anyone hurt. Protect our people. Protect our customer's goods. Protect our communities. Protect the environment.
- **Develop People:** One employee focused on a plan is powerful. 15,000 are unstoppable. If you lead people your role is to coach them every day to be better than the day before. If you don't lead people then lead by example. It's the way of winners.

BOARD OF DIRECTORS

Becoming a truly sustainable business means integrating sustainability into our core processes and decision-making, starting with committed and visionary governance. The board has sole responsibility for CP's long-term strategic direction, succession plans for senior officers and risk management oversight. This includes taking reasonable steps to confirm that management has an effective risk management structure in place to identify, understand and appropriately manage business risks. The Board and its Governance Committee are responsible for developing CP's approach to corporate governance and annually reviews the Corporate Governance Principles and Guidelines, Board and Committee Terms of Reference, Board composition and skills and the performance of the Board, its directors and its committees.

In 2013, the CP Board composed a Safety Operations and Environment Committee (SOE) with a mandate that covers health, safety, security, environment, and operations. The Committee provides oversight on, and assists the Board of Directors in discharging its oversight responsibilities with respect to, health, safety, security and environmental issues.

Responsibilities of the SOE Committee include:

- Review with management on a periodic basis and be satisfied that adequate practices and procedures are in place:
 - monitoring applicable legislation, regulatory requirements and industry standards relating to environmental, safety, and occupational health matters affecting the Corporation and its subsidiaries, and
 - for the review of such practices and procedures in light of changes to applicable legislation, regulatory requirements and industry standards.
- Review with management whether the Corporation's and its subsidiaries' environment, safety, and occupational health policies are being effectively implemented;
- Review management efforts focused on prevention and mitigation of problems and incidents related to significant environmental, safety, and occupational health issues, and major hazard analysis; and
- Review the effectiveness of the response to, and management of, significant environmental, safety, and occupational health issues by the Corporation and its subsidiaries, as the case may be.

A complete terms of reference for the SOE committee can be reviewed at: www.cpr.ca/en/about-cp/corporate-governance.

With the exception of Chief Executive Officer, E. Hunter Harrison, all Board members are independent. For more details on our governance structure and Board composition, please visit our 2014 Management Proxy Circular online at: www.cpr.ca/en/investors.

CEO

The CEO is responsible for developing and managing a Board approved long term strategy, business plan and budget. The CEO identifies and manages risks and opportunities in CP's daily operation, and implements board approved decisions and policies. The CEO establishes and maintains an ethical work environment which supports CP's core principles and ensures that CP's policies and operations are in accordance with government and regulatory requirements.

CODE OF BUSINESS ETHICS

CP's Code of Business Ethics (the "code") addresses conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing with third parties, compliance with laws, rules and regulations and reporting of illegal or unethical behaviour. The code applies to all directors, officers and employees, both unionized and non-unionized, of CP and its subsidiaries in Canada, the United States and elsewhere. All directors, officers and non-union employees are required to acknowledge that they have read, understood and agree to comply with the code on an annual basis. Contractors engaged by CP or its subsidiaries must also adhere to principles and standards of conduct consistent with those in the code.

RISK MANAGEMENT

As part of the preservation and delivery of value to our shareholders, we have developed an integrated Enterprise Risk Management framework to support consistent achievement of key business objectives through daily proactive management of risk. The objective is to identify events that result from risks, thereby requiring active management. Each event identified is assessed based on the potential impact and likelihood, taking account of financial, environmental and reputation impacts and existing management controls. Risk mitigation strategies are formulated to accept, treat, transfer, or eliminate the exposure to the identified events.

At CP, we believe that measuring our performance of key environmental and social indicators is a significant component of our overall management system and complements traditional economic measures of success. This translates from the Board of Directors Safety, Operations and Environment Committee right through to our front line employees working on the property day in, day out.

Below is an overview of the how we've chosen to address key sustainability focus areas.

ENVIRONMENT

CP strives to be the North American rail industry leader in environmental protection. Our commitment to conduct environmentally responsible and sustainable business operations is at the core of our franchise and it is the collective responsibility of our employees to ensure that we protect our environment. Our pledge to clean operations benefits our land, our water and our air. Good environmental practices don't just make sense from a corporate responsibility perspective; they are inseparable from sound business practices.

We have implemented a comprehensive Environmental Management System to facilitate the reduction of environmental risk using a Plan-Do-Check-Act model. Specific environmental programs are in place to address areas such as air emissions, wastewater, management of vegetation, chemicals and waste, storage tanks and fuelling facilities. We also undertake environmental impact assessments and risk assessments. There is continued focus on preventing spills and other incidents that have a negative impact on the environment. There is an established Strategic Emergency Response Contractor network and spill equipment kits are located across Canada and the U.S. to ensure a rapid and efficient response in the event of an environmental incident. In addition, emergency preparedness and response plans are regularly updated and tested. We are active in first responder training and make cash contributions for emergency response equipment.

²Prior to December 2011, this Board Committee was called the Health, Safety, Security and Environment Committee.

We have developed an environmental audit program that comprehensively, systematically and regularly assesses our facilities for compliance with legal requirements and our policies for conformance to accepted industry standards. Included in this is a corrective action follow-up process and review meetings with the Safety, Operations and Environment Committee of the Board of Directors.

SOCIAL

CP continues to be a leader in railway safety. We firmly believe that no job on our railway will ever be so important that we can't take the time to do it safely. That's why we actively integrate workplace, operational and public safety into everything we do. There is a continued leadership commitment and support to improve the safety of our operations, the safety and health of all employees and the safety of communities through which we operate. A bottom-up safety action process, called the Safety Framework, actively involves employees, management and executives together through health and safety committees.

CP produces a comprehensive corporate safety plan each year that is supported by individual safety plans produced by each operating department. Additionally, senior union and operating employees meet regularly to discuss systemic safety enhancement opportunities. There are four functional policy committees in Canada, as well as three safety advisory boards in the U.S.

This integrated approach to safety management covers all operating functions, ensures a consistent approach, promotes the sharing of best practices and has sustained our industry-leading safety performance.

In addition to being a safe place to work, CP strives to promote workplace diversity and employee well-being. One focus is on addressing high cholesterol and lack of exercise issues amongst our workforce through programs like our Wellness Subsidy Program.

CP's commitment to investing in its people extends to the more than 1,100 North American communities through which it operates. We strive to uphold our reputation as a valued and integral part of these communities, and that means knowing what matters to local residents and building meaningful relationships. We encourage our employees to support their local causes by volunteering time and donating to charities of their choice, with a portion of their funds matched by the company.

OUR STRATEGY IS BASED ON FIVE FOUNDATIONS



PROVIDE SERVICE

Delivering efficient and consistent service is essential. We promise only what we can do, and we always do what we have promised.



CONTROL COSTS

Controlling and removing unnecessary costs from the organization, eliminating bureaucracy and continuing to identify productivity enhancements are the keys to success.



OPTIMIZE ASSETS

Through longer sidings, improved asset utilization, and increased train lengths, we are moving increased volumes with fewer locomotives and railcars while unlocking capacity for future growth potential.



OPERATE SAFELY

Each year, we safely move millions of carloads of freight across North America while ensuring the safety of our people and the communities through which we operate. Safety is never to be compromised.



DEVELOP PEOPLE

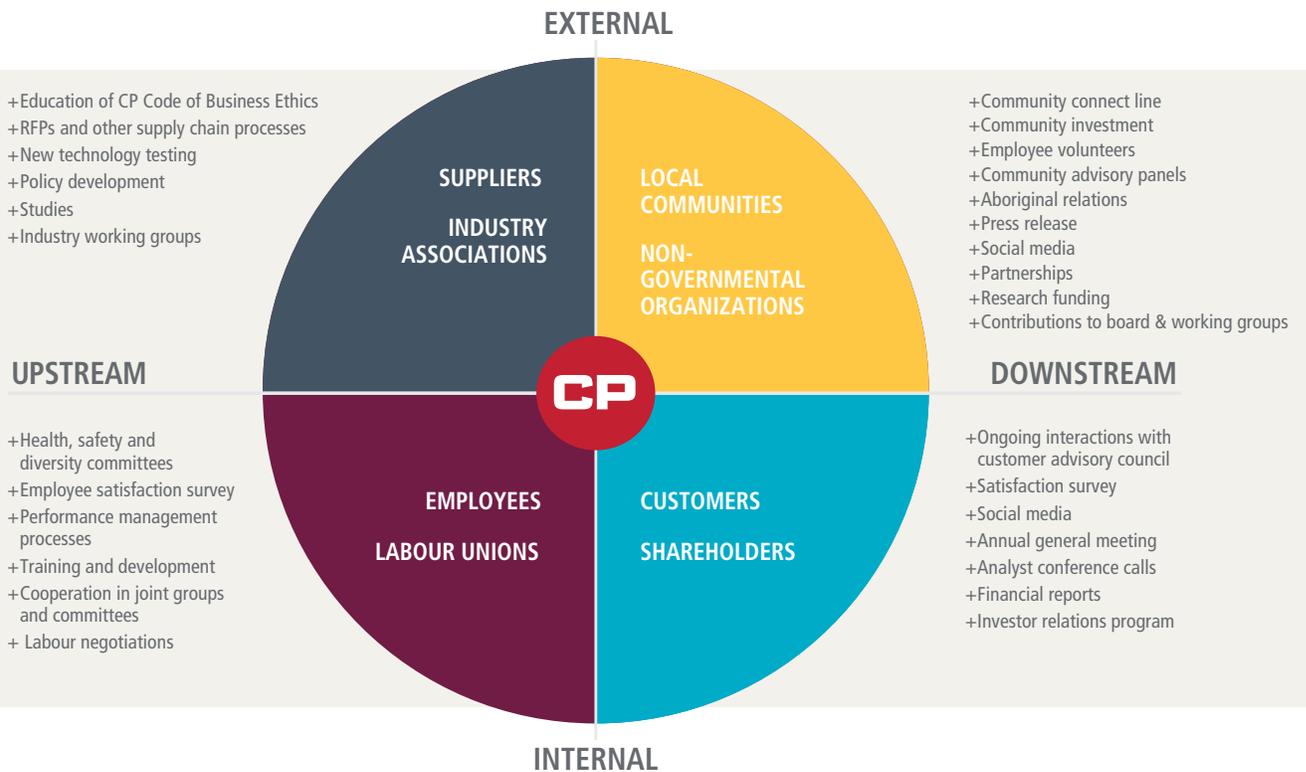
We recognize none of the other foundations can be achieved without our people. Every employee is a railroader and we are shaping a new culture focused on a passion for service with integrity in everything we do.

STAKEHOLDER ENGAGEMENT

CP's operations impact a variety of stakeholder groups. As such, we seek to understand their views and involve them in working towards mutually beneficial outcomes. This involves being increasingly transparent and disclosing information to the appropriate groups regarding our operations and performance.

CP stakeholder engagement activities take place in ongoing, monthly and annual forums, and include initiatives such as:

- Ongoing working groups
- Community advisory panels



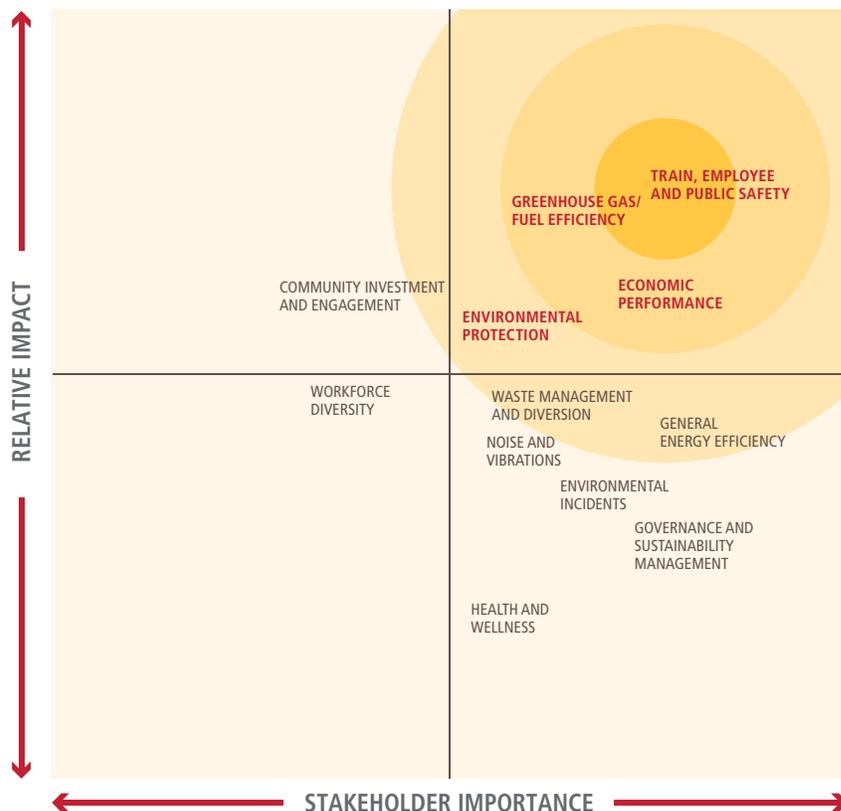
STAKEHOLDER ENGAGEMENT: COMMUNITY CONNECT LINE

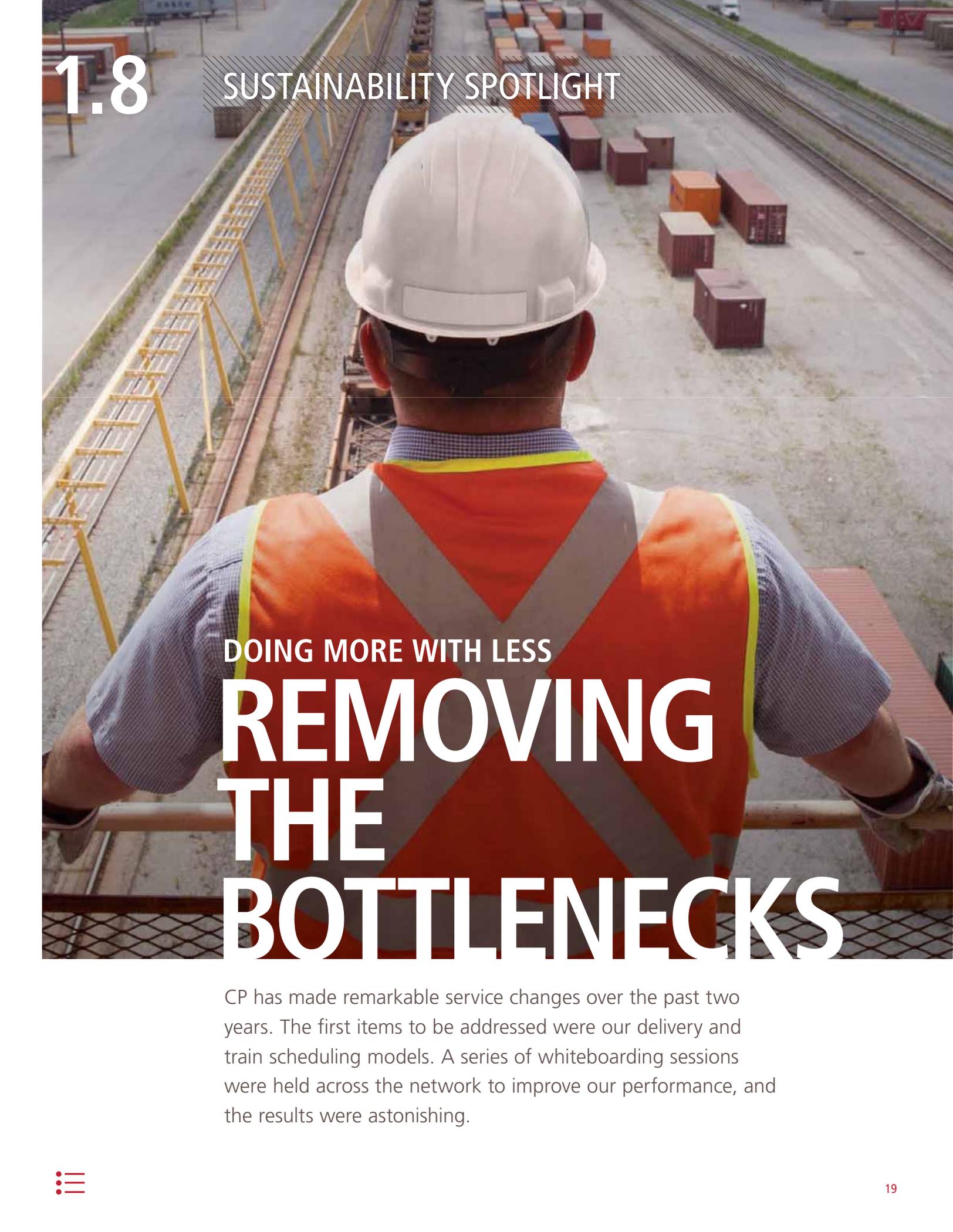
Our toll-free phone line and email service offer a single point of contact between residents, local governments and other stakeholders to ensure that CP has a constant presence in our communities and that we can promptly respond to inquiries. These range from proximity concerns to level crossings to questions about railway safety and train frequencies. In 2013, more than 9,000 people in Canada and the U.S. contacted us. This represents more than 170 community responses per week. CP's Community Connect toll-free number is: 1-800-766-7912. Our email address is: Community_Connect@cpr.ca

MATERIALITY

Global Reporting Initiative (GRI) requires reporting organizations to identify the issues that are most important to the organization and its stakeholders. In developing this report, we followed the GRI process for identifying, prioritizing and validating report content. We have listened to the views of our customers, shareholders, employees and other stakeholders as described in the previous section. We have evaluated our own strategy and those of our industry peers to identify additional issues. We have consolidated this feedback and identified a number of focus areas that cover those parts of our business that are most significant to us and our stakeholders. Many of these focus areas represent both a potential risk to our operations and reputation if not managed appropriately, as well as an opportunity to create value for everyone involved with CP. Within each focus area, we have established indicators to measure our performance over time and demonstrate our commitment to sustainability.

The diagram below was compiled qualitatively through interviews with ESG analysts and reviewing their formal assessments of CP’s sustainability performance, benchmarking customers, suppliers and industry peers, and conducting interviews with managers at CP with a sustainability mandate. Viewed within the overall aspect of moving freight, these material focus areas drive the strategic management of sustainability at CP and each one is described in detail in the pages that follow, including our targets and results.





1.8

SUSTAINABILITY SPOTLIGHT

DOING MORE WITH LESS

REMOVING THE BOTTLENECKS

CP has made remarkable service changes over the past two years. The first items to be addressed were our delivery and train scheduling models. A series of whiteboarding sessions were held across the network to improve our performance, and the results were astonishing.



1.8

Whiteboarding sessions gathered people from all levels of the operation into one room, along with CEO Hunter Harrison and CP President and COO Keith Creel. The purpose was to talk about everything – absolutely everything – that we did as a railroad and see how we could find ways to make things better, provide better service, improve our processes and simplify our operations. Sometimes the answers came back the same; a piece could not be changed at this time, but that doesn't mean it's forgotten about and off the table forever. At some point, it will be raised again. The other opportunities realized in these

sessions began saving CP significant money and time. Issues were resolved, items that hadn't really been examined were now opened up. Nothing was too small, nothing was taboo. People were now empowered to ask why we did things in the manner that we did them, and to really ask if our existing structures were serving us and our customers in the best possible way.

We've eliminated 20 hours off of our regular Toronto-Calgary intermodal service, making it the fastest service available.

Whiteboarding is a tool, not a be-all and end-all, but a means for driving an entirely new way of thinking and working together. The days of service design teams coming up with changes in the back room, then going out and selling them are gone. Now, all responsible parties—from all levels and departments—are in the same room, brainstorming. When people leave the

room, they are committed to making the solution work because they helped create it. Now it's a plan. Our plan. It's also an extremely valuable learning process. Operations and sales people hear directly from top management what's expected; management gets to know the operators and directly hear the issues they deal with. "We can't do that" now becomes: "let's figure out a way to do that."

In terms of sustainability, one significant outcome that came from whiteboarding was the decision to run fewer trains overall. By adding railcars and lengthening some of our trains, CP was able to move the same amount of traffic using less fuel and waste. For example, where our old model called for running 12 or 14 trains per day between Calgary and Toronto, we now run 8 to 10 longer trains. That's fewer locomotives idling, and less fuel being used. When you add up the time and fuel over a single year, it's a big win for the environment.

Whiteboarding is just one part of the new CP culture that's forming; a culture that questions the status quo and never stops learning. Success leads to more success and inspires you to improve and be better than you were the day before.

That's the new CP.



1.8

ASKING WHY

Less railcars on line means less waste. Hunter Harrison's railroading strategy has always been about asking why things are done in a certain way. Part of it is done for background: finding out the reasons why an operation is performed teaches you about the context behind it, and the logic being applied in the decision making process. The other part is about starting a conversation. This dialogue allows you to find out how people feel about what they're doing, and why they do it. It can lead to other questions and kick-starts the creative process.

One of these moments came during a discussion about congestion on the network, and those areas where train traffic seemingly collects and pools. These locations are referred to as "pinch points" or "bottlenecks." One issue that was identified was the amount of idle railcars that were being stored around the network, and there were thousands of them. When they are not being used to fill an order, rail cars will be placed in yard tracks, or backtracks or sidings in locations across the network. What will end up happening is lowered capacity and reduced options for the operation – you have lost a track that you could have used for something else, simply because you are tying it up with empty cars. A few cars that were kept in reserve for a bump in orders became an ever-increasing number.

Beyond the physical tracks that are plugged with these cars, are the costs associated with keeping them. Railways do not own the majority of the cars they move on their tracks – the cars are owned by the customers, or owned by a leasing company. Railways spend quite a lot of money in leasing rolling stock, and they are not inexpensive assets. When you think about holding on to something simply because you think you might need it, and spending money on something you aren't using to its fullest potential (and that now impacts your ability to provide service in other areas), the reasons for keeping things the same get less and less logical and compelling.

So, the conversation shifted. It became about how much could we remove and where. Cars that weren't needed were returned to their owners, the resulting in savings of \$30 million. Older cars that were reaching the end of their natural service cycle were sold for scrap/recycling and generated more than \$17 million. Productivity was also positively impacted. Employees who were responsible for checking and maintaining the cars now were able to focus on those cars that were actually being used; their time wasn't being divided by checking on stationary equipment. Extra switching moves that would have been necessary because of the blocked sidings and yard tracks were eliminated, saving time and fuel and reducing emissions.

Result: a business decision that benefits both our customers with better service and the environment with less waste being generated to take care of the idle cars. When everyone wins, that's smart railroading.



2. SUSTAINABILITY PERFORMANCE

We are committed to assist our customers in analyzing, reducing and managing their environmental impact and risks. In this way, we are working towards balancing resource usage and supplies over time to meet society's needs in the future - the fundamental goal of sustainability.

2.0	Canadian Pacific Sustainability Performance	22
2.1	Focus Area: Energy, Fuel Efficiency and Greenhouse Gas Emissions	23
2.2	Sustainability Spotlight: Investing in Innovation	26
2.3	Focus Area: Waste Management and Diversion	29
2.4	Focus Area: Water Consumption	31
2.5	Sustainability Spotlight: A Move for the Better	32
2.6	Focus Area: Biodiversity	36
2.7	Focus Area: Emergency Preparedness and Response	38
2.8	Sustainability Spotlight: Focused on Safety	40
2.9	Focus Area: Workforce Diversity	44
2.10	Focus Area: Employee Health and Wellness	45
2.11	Focus Area: Community Investment	46
2.12	Sustainability Spotlight: Fighting Hunger One Stop at a Time	47
2.13	Focus Area: Moving Freight	50
2.14	Performance Summary Table	52

2.1



FOCUS AREA ENERGY, FUEL EFFICIENCY AND GREENHOUSE GAS EMISSIONS

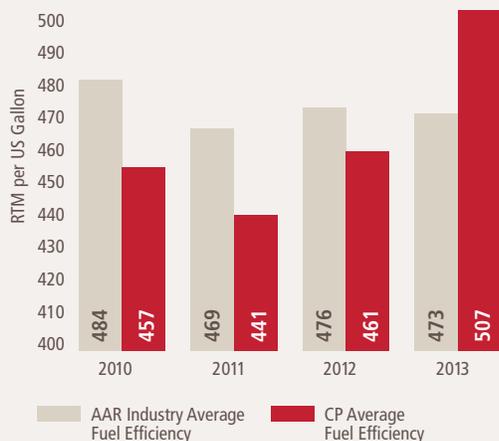
STRATEGY

The transportation sector accounts for slightly more than one quarter of the greenhouse gas emissions in Canada and the United States. Railways move approximately 70% of all freight on a ton-kilometre basis in Canada but only account for 3.6% of the greenhouse gas emissions from the transportation sector. Despite this inherent efficiency, CP recognizes the importance of continuing to strive for improvements in our operations to drive down emissions of greenhouse gases and air pollutants.

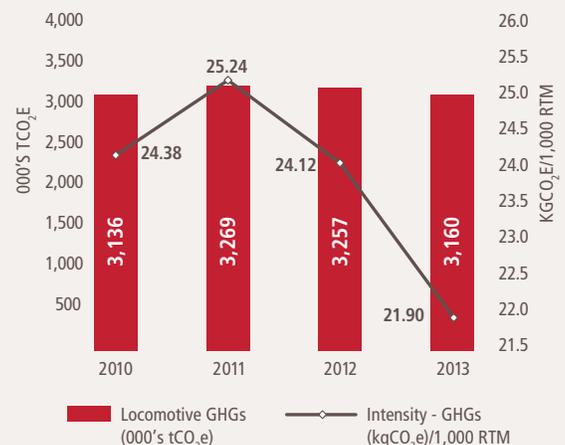
PERFORMANCE HIGHLIGHTS

Despite an increase of 11% in revenue ton-miles from 2011 to 2013, our total greenhouse gas actually decreased by 3.4% over the same period.

LOCOMOTIVE FUEL CONSUMPTION AND FUEL EFFICIENCY



LOCOMOTIVE GHG EMISSIONS AND INTENSITY



2.1

We establish internal fuel efficiency targets every year to drive continual improvement in this important area. We are also active participants through the Railway Association of Canada and the Association of American Railroads in voluntary locomotive emissions reduction initiatives:

CP is also an active participant in the Canada-U.S. Regulatory Cooperation Council project on greenhouse gas emissions from locomotives. The project aims to build on previous efforts between Canada and the U.S. on locomotive criteria pollutant emissions from locomotives, to develop potential future strategies to reduce GHG emissions from locomotives. The project involves Transport Canada, the U.S. Environmental Protection Agency, the Railway Association of Canada and its members and the AAR and its members. A workshop was held October 18 and 19, 2013 at the University of Illinois to review and assess current, emerging and advanced technologies and practices intended to reduce greenhouse gas emissions from locomotives.

The initiative work plan includes the following key elements:

	COMPLETE	IN PROGRESS
A technology and infrastructure review on options for reducing greenhouse gas (GHG) emissions	✓	
A workshop with industry experts to obtain input for the development of the voluntary program	✓	
Development of a Canadian Memorandum of Understanding (MOU) with industry on the reduction of GHG emissions	✓	
The development of GHG emission performance targets, operating measures, technology improvements and fleet change actions for the voluntary program		✓
Work towards development of a Canada-U.S. industry-government MOU on voluntary actions to reduce GHG emissions		✓

CLIMATE CHANGE PROGRESS

CP achieved record fuel efficiency levels in 2013, moving a ton of freight 507-ton miles on a gallon of diesel fuel.

We report each year to CDP (previously known as the Carbon Disclosure Program) on our progress with respect to climate change. Our disclosure scores for CDP 2012 and 2013 respectively were 70 and 72.



CP was an active participant in the negotiation and signing of a new Memorandum of Understanding on locomotive emissions in Canada covering 2011 – 2015 on April 30, 2013. The new agreement includes a greenhouse gas intensity target for Class 1 freight to achieve emissions levels 6% below 2010 levels by 2015. The latest Locomotive Emissions Monitoring report (2012) published under the new MOU shows that the freight rail industry is progressing towards the 2015 target of 15.45 kg of carbon dioxide equivalent per thousand revenue ton kilometres with a 2012 value of 15.80.

Progress on GHG emissions: Our greenhouse gas emissions, as measured in metric tons of carbon dioxide equivalent per thousand GTM, have decreased 8.0% since 2010.

We have had our greenhouse gas emissions data independently verified in accordance with ISO 14064 Part 3 *Specification with guidance for the validation and verification of greenhouse gas assertions* and ISO 14064-1 *Specification with guidance at the organizational level* in the last two years. 2012 data was verified to a limited level of assurance, while 2013 data was verified to a reasonable level of assurance.

DID YOU KNOW?

- Where possible, CP takes advantage of new technology and training to limit our fuel consumption. Additionally, we review our operating practices regularly to ensure we are maximizing fuel use.
- CP has spent money to retrofit existing engines to improve their performance and fuel efficiency.
- CP uses internal systems to collect and analyze information about our track network including grades and curvature, which is all used to inform our train and engine employees about optimum train handling.
- Training and qualification processes also have built in components that address fuel consumption and offer tips and strategies to CP employees operating our locomotives.
- CP engines equipped with anti-idling technology allows locomotives to shut down when they are not in use and when ambient temperatures permit. This saves both fuel and equipment wear while reducing emissions and noise.
- Innovations in rolling stock and locomotive component design can save fuel. CP is supportive of advances in these areas that are directed toward improving efficiency of our equipment and lowering our fuel consumption.



INVESTING IN INNOVATION

BUILDING MOMENTUM WITH EFFICIENT LOCOMOTIVES

The locomotive is arguably the most visible piece of equipment that railways use. They are in operation 24 hours a day, 7 days a week. Rigorously maintained throughout its life-cycle, a locomotive can be in active service for decades. When the time comes to renew the fleet and purchase a new locomotive, the price tag is around \$2.2 million.

2.2

For decades, CP has relied on general purpose Electro-Motive Diesel (EMD) locomotives to handle yard and road work. But over the past two years the reinvigorated CP has been updating its locomotive roster with EMD GP20C-ECO units. In 2008, EMD began developing the technology for a new locomotive set-up—the GP20C-ECO. CP has been the industry leader in operating these locomotives. They began pulling freight for us in 2013.

The EMDEC allows for better operations and monitoring of the engine's performance in real time.

CLEANER, STRONGER, FASTER

The remanufactured locomotives reuse many components that have been overhauled, including trucks, traction motors, main generators and air compressors. However, their former 567 engines have been replaced with brand new turbocharged eight-cylinder 710 series prime movers that promote 2000 hp. Importantly, these new engines operate with reduced exhaust emissions.

They also create a better working experience for the engineers who run them. Small comforts like air conditioning go a long way towards helping employees stay focused throughout a long shift. Although sharing many similarities with their predecessors, GP20C-ECOs are not just a newer build of the conventional GP9 engine. The GP20s represent an evolution of the GP locomotive. According to employees who have run both the older and the new GP locomotives, these new engines perform much better than the previous models. Noting that the former engines would slip on wet rail and keeping momentum could be challenging, they remark that the new engines have much better tractive control, and that they are more responsive and user-friendly for the engineer.

INNOVATIONS AND IMPROVEMENTS

The GP20's 710 engine has proven to be 25 per cent more efficient than the former GP9 engine due to design features such as Electro-Motive Diesel Engine Control (EMDEC) electronic fuel injection, higher peak firing pressure, turbocharger, as well as other new locomotive system technology such as AESS and AST® engine heating systems, which enable the locomotive to be shut down when not in use.

In combination, these features help improve locomotive fuel efficiency and reliability. The EMDEC allows for better operation and monitoring of the

2.2

engine's performance in real time. This enables the GP20C-ECO to reduce component wear, fuel consumption and engine oil use in comparison to the GP9.

The old relay logic analog control system has been replaced with a new Electro-Motive EM2000 Control System, a microprocessor-based system that provides improved performance, reliability and diagnostic capabilities.

Additionally, another significant plus for operators and mechanics is the Functionally Integrated Railroad Electronics (FIRE) system. FIRE helps all of the cab electronics communicate with one another. It provides our Train & Engine (T&E) personnel with improved management of locomotive operation and performance, and it displays relevant operating data for the locomotive engineer on a computer screen.

This is important for the mechanics because FIRE enables locomotive system information and fault history to be quickly and reliably accessed. Defects can be pinpointed very quickly, and with greater accuracy. When something does go down in the engine, the FIRE system makes for a faster, straightforward repair. This integrated approach in turn reduces maintenance costs and repair times.

Numerous other upgrades, including improved cab space built to meet the existing crashworthiness specifications, new car bodies, and microprocessor controls have also been fitted, making the engines safer and more reliable. We now have a fleet of engines that are more reliable for our customers and safer for our T&E employees to operate.

DID YOU KNOW?

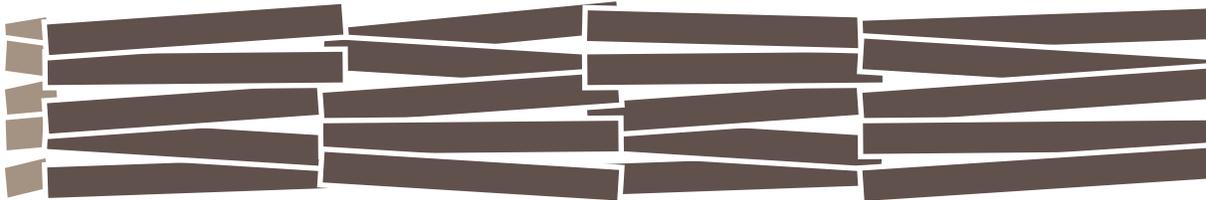
- CP improved fuel efficiency by 8% in 2013 – more than \$70 million in savings.
- This efficiency equates to savings of more than \$40,000 in fuel per engine per year.
- **Intellitrain Remote Satellite:** This capability makes it easier for CP's mechanical managers to troubleshoot faults and access operational data.
- **Upgraded Air Brake System:** This new air brake system also offers improved reliability, reduces fuel waste and has self-diagnostic capability.



FOCUS AREA WASTE MANAGEMENT & DIVERSION

1,012,784 Ties disposed of in 2013

RAILWAY TIE
DIVERSION



2% Sold to contractors to be reused

98% Sent to co-generation facilities

With operations spread across North America, CP uses a variety of raw materials and resources. As part of our commitment to sustainability we are focused on optimizing all our materials in the most efficient and productive ways possible. Our solid waste and liquid waste programs have been in place for many years, and demonstrate CP's awareness of the importance of being a responsible environmental steward.

WOOD

The one million railway ties disposed of in 2013 represents over 65,000 metric tons of waste kept out of the landfill. This material is shipped to facilities where they are burned to produce heat and power for use within the facility or to produce electricity for distribution to the power grid. This material displaces more carbon-intensive fuels such as coal.

STEEL

Steel rail is reused where possible, if not it is sent for recycling. Materials such as spikes, tie plates, anchors and joint bars are collected during track production work and sent for metal recycling. Rail cars and locomotives are scrapped and sent for recycling at the end of their useful life. As part of our Wheelset Diversion Program, our partner wheelset manufacturers are provided with scrap steel, which they in turn use to manufacture new wheelsets, avoiding the need for virgin steel.

2.3



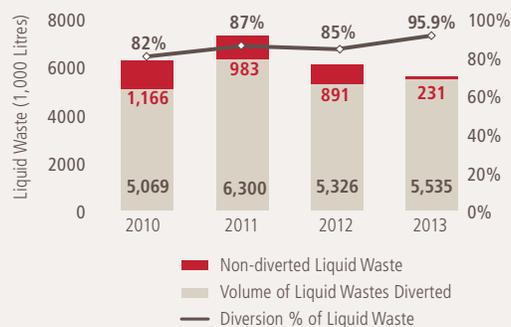
The following graphs represent the wastes that are generated through our operations such as locomotive and railcar maintenance and the treatment of wastewater at our facilities. Materials such as used oil from locomotives and other vehicle maintenance, batteries from mobile equipment, wayside signals systems and flashlights, and solvents from parts washers are all recycled.

PERFORMANCE HIGHLIGHTS

SOLID WASTE GENERATION AND DIVERSION



LIQUID WASTE DIVERSION



2.4

FOCUS AREA WATER CONSUMPTION



Water is necessary for the functioning of our business. That means we must be aware of how much we consume, the manner in which we use water, and always be looking for new and different ways to lower use and eliminate wasting this essential resource. Water stewardship is a key consideration in any environmental review that we conduct prior to building any new track or facility-related project.

In addition to office and employee use, we use water for the purpose of servicing our locomotive fleet. As CP continues to modernize and replace infrastructure across our network, new water-efficient plumbing is considered, and installed where and when possible. These features include upgrades that have pre-set water temperatures for faucets, automatic sensors to activate/shut off fixtures, and the use of low-flow and low-flush technologies.

In our rail yards and maintenance facilities, water treatment plants are built into CP's operation. Working under a set of guidelines for wastewater monitoring, CP will treat all our water which has come into contact with oil and lubricants, and other substances used within our yards.

Through improved tracking and billing processes, CP is able to more accurately monitor and record overall water use. In 2013, we used 42 CCF less than 2012, which is the equivalent of 31,416 gallons. While this number seems large, it is miniscule compared to other industries such as power generation, agriculture, mining, and oil and gas. Information on industry water use is available on many public websites.

PERFORMANCE HIGHLIGHTS

Total Water Use for 2013

1,744,484 CCF¹

Total Water Cost for 2013

\$861,537

¹ Centum cubic feet

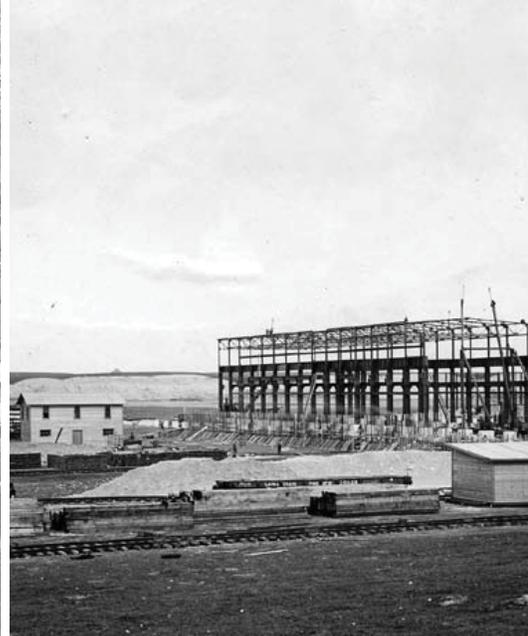




A MOVE FOR THE BETTER

CP'S NEW HEAD OFFICE

Since 1996, CP's Calgary head office had occupied several floors of a glass office building in the downtown core. While CP has significant land holdings and owns property in locations across North America, ironically for our head office, we owned neither the land nor the building that we occupied in Calgary. All of the floors we had were leased, and the cost of downtown office space was not inexpensive.



In 2012, our lease came up for renewal, at a cost of more than \$200 million dollars. Under the direction of Mr. Harrison, the CP Executive team was instructed to look at options for head office. After a very short discussion, the decision was made to use our own property. After an examination of available land and existing infrastructure, CP's property at Ogden Yard was chosen as the site for our new head office.

Outdoors, there is a basketball court and a large circular pathway that is used by both runners and walkers.

Ogden offered several advantages for us. CP needed something that was still within the city, had enough room for the 1,100 people that needed to move, and had space for us to grow as we needed. Our Ogden property met all this criteria. Once the decision had been made, all of the planning groups began to work quickly.

The former steel car shop building at Ogden was chosen as our new main head office building. Originally built as CP's primary rolling stock construction and repair facility in the Calgary area, the building's footprint was ideal for redevelopment. Within a few months, the building had radically changed. The engineering inspection showed that the bones of the structure were good, and construction began immediately.

The building was stripped down to the girders and because the height of the existing structure could accommodate it, a second floor was added. The property around the steel car shop was re-graded and new paths and roadways were planned and laid out. A water feature and fountain were built, while orders were placed for new trees, sod, gravel, and other landscaping materials.

In addition to the construction that was happening on the steel car shop, work was also occurring on the other buildings on the Ogden property. CP's Administration, and Training Building. The Ogden locomotive shop, wheel shop, maintenance building and warehouses also had crews going in and performing repair and cleaning work.

While the construction crews were busy at Ogden, the activity within the downtown offices was just as intense. More than 1,000 people were moving, and this required continual communications to departments, the

2.5

establishment of timelines for moves, and synchronization between the groups who were finalizing our new space.

In many respects, a delicate balancing act was being performed. Not only was a new building being constructed, but old spaces had to be cleaned, vacated, and surrendered back to the leaseholder on a defined timeline. At last, all of the final pieces began to fall into place, and each of the groups began to pack and prepare to move to our new space.



The Operations Centre was a department of special focus and attention during this move. Housing the key rail traffic control functions for the entire CP network, the OC is in operation 24 hours a day, 7 days a week. In order to keep our train traffic moving without disruption, a phased plan was created to transfer the functionality from downtown to Ogden. This move took place in October 2013, and all pieces went according to schedule and the OC move was seamless.

CP's new head office features kitchens for employee use, a full-service bistro that offers a large menu of hot and cold prepared foods, as well as a fully equipped gym. In addition, a local health club provider offers exercise and training classes throughout the year. Outdoors, there is a basketball court and a large circular pathway that is used by both runners and walkers. As the Ogden property is extensive, and portions are heavily treed, some employees will snowshoe in the winter time, as an alternative form of outdoor exercise. The wooded areas of Ogden are home to many different kinds of wildlife, including deer.

CP's new Ogden head office is a return to our roots. CP opened the Ogden Yard in 1913 and having our own building and individual presence in Calgary speaks to our commitment to the community and our identification as a company. The move to the newly designed buildings with a functional footprint, specifically built to the needs of our railroad, is more suited for our modern operations and the employees working out of Calgary's head office. It makes economic sense to use what we own, rather than rent, and the move takes us back to the immediate location of our business. Our new head office is a daily reminder to all who work at Ogden about the great things can be accomplished when CP optimizes assets in creative ways.

2.5



LED inside light fixtures with occupancy sensors



moving boxes



wellness center and outdoor running track



pipng, metals, steel & tin removed and recycled from Ogden property.



\$20M saved per year on rent



trees planted

OGDEN FAST FACTS



Injuries on site during the move



15 MINUTES from downtown Calgary



in donations have been raised for Calgary charities



35%

more efficient "R" value for the building



4,630 TONS

of asphalt has been recycled on site, crushed and reused for new paving



750 TRUCKLOADS

of earth and loam were used to build the berm at Ogden



LIGHT POLES

All parking lots are equipped with ample outdoor lighting



Ogden's new buildings have energy efficient windows



Security and CP Police yard patrols

FOCUS AREA BIODIVERSITY

With over 13,700 miles of track, our operations cross through a diversity of ecosystems and the species they support. Our main approach to biodiversity involves the identification of potential impacts through our environmental assessment program. Both routine and emergent activities are screened to determine the potential for impacts on the natural environment. Depending on the degree of risk posed by the activity, the impacts are then addressed through different approaches such as prevention and mitigation to allow for the work to continue with a reduced or eliminated impact on local biodiversity.

We have always been conscious of our role as stewards of the land. One of the unique aspects of our operation is the fact that while our business has continued to increase in size and scope over the last 130 years, our geographical footprint has remained largely unchanged. This sustainable approach continues to emphasize efficiency improvements in order to meet tomorrow's challenges.

Since incorporation in 1881, our business activities have included a strong focus on management of our land and property holdings. Real estate was a necessary component in the running of our operation, and CP has used our land for track, stations, offices, yards and for all the various functions associated with the railroad. We have always been conscious of our role as stewards of the land, and we recognize the continuing importance of the role that land management plays in our company.

CP-PARKS CANADA JOINT RESEARCH INITIATIVE ON GRIZZLY BEAR MORTALITY

CP continues to work with Parks Canada on wildlife initiatives to reduce the mortality of the limited number of grizzly bears in Banff and Yoho National Parks, and to build on our relationship with Parks Canada. As a result, railway related wildlife mortalities in these two parks are monitored.

There were four confirmed grizzly bear mortalities on the rail line through Banff and Yoho National Parks between 2011 and 2012. For the first time since 2008, there were no mortalities confirmed in 2013.

In February 2012, the first projects under the CP-Parks Canada joint research initiative were selected for funding. The projects selected were as follows:

- Offsite Habitat Enhancement
- GPS Monitoring of Grizzly Bears to Reduce Bear Use of the Rail Corridor
- Methods to Identify and Mitigate Contributors to Bear-Train Collisions
- Conditioned Taste Aversion with grain
- Bear Behaviour Analysis using Locomotive Cameras

2.6



After the second field season under the research initiative, progress on the research was presented at a research forum and public open house on October 29, 2013 in Banff, AB.

In addition to the research work, CP and Parks Canada have been working together on testing the effectiveness of fencing and fence-end designs that are intended to prevent wildlife from entering fenced areas via the opening required to allow train passage. Two sites were designed as a rail corridor entering a fenced enclosure with electro-mats effectively providing continuity of the fence at the opening. The enclosure area was baited to encourage wildlife to attempt to cross over the mats. Testing in 2013 proved successful with no entries into the enclosure with the mats electrified during non-winter conditions. One grizzly bear did gain access to the enclosure by climbing the fence in November 2013 and as a result an electrified wire has been added to the top of the fence to prevent recurrence. Snow and ice on the mats significantly reduce their effectiveness and as a result testing in 2014 will explore means of keeping the mats clear through a melting system.



FOCUS AREA EMERGENCY PREPAREDNESS AND RESPONSE

The tragic events of Lac-Mégantic, Quebec on July 6, 2013 are a sobering reminder of the importance of being prepared to respond to emergencies associated with railway operations.

Despite a continual drive to eliminate them, train accidents do still occur. In 2012 and 2013, CP had five (two in Canada and three in the U.S.) significant non-crossing related derailments involving the release of dangerous goods. None of the incidents involved explosions, fatalities, fire or injuries to employees or members of the public. In each case, CP worked closely with regulatory and emergency response agencies to fully contain the release, remediate the site and ultimately restore the location as required. In addition, CP has a number of operations protocols that are enacted when environmental conditions dictate, such as extremes in heat and cold. Yearly plans such as our avalanche management process are reviewed and updated regularly.

Emergency Response Equipment: CP has increased its Emergency Response capabilities by acquiring two additional AR-FFF firefighting trailers and two additional Emergency Response/Transfer Trailers in 2014 to an existing network of spill response trailers. These are deployed for use by local firefighters and CP Emergency Response contractors to address oil or ethanol incidents and dangerous goods product transfers. CP has mutual aid agreements with other railroads and industries so equipment and experts can be quickly deployed in the event of an emergency.

Emergency Response Training: CP has trained over 180 firefighters across North America in Flammable Liquid emergency response. Hazardous materials and emergency response training continues to be provided to operations personnel who are likely to be the first on the scene should an incident occur. CP's ability to respond to derailments and other emergencies will be improved by issuance and adoption of the CP Emergency Response Field Manual.

Emergency Response Assistance Plan: CP has an Emergency Response Assistance Plan for Flammable Liquids as required by the recent Transport Canada Protective Direction 33. This is being implemented in coordination with other shippers of flammable liquids.

Hazmat Audits: Additional audits of customer and trans-load facilities for loading and documentation practices are being undertaken across the CP network to ensure the appropriate securement of dangerous goods in transit.

EMERGENCY RESPONSE OUTREACH ACTIVITIES

Each year CP completes emergency response outreach activities with communities and shipping partners. In 2012, a total of thirty-nine (39) activities were completed, which increased to sixty-two (62) in 2013.

These outreach activities included participation from fire departments, police, EMS, hospitals, surrounding community facilities (e.g. schools), public works and others. Exercises and awareness sessions typically involve simulated releases of dangerous commodities from rail equipment to review both the community and CP Emergency Response capability.

A full-page photograph of a male worker in profile, facing right. He is wearing an orange hard hat with a headlamp, safety glasses, a dark grey long-sleeved shirt, a high-visibility orange safety vest with reflective stripes, and blue jeans. He is wearing white work gloves and is operating a large, dark grey metal wheel or control lever of a piece of heavy machinery. The background is a bright, slightly hazy sky. The text 'FOCUSED ON SAFETY' is overlaid in white, uppercase letters above the main title 'PROTECTING OUR COMMUNITIES', which is in a much larger, bold, white, uppercase font.

FOCUSED ON SAFETY

PROTECTING OUR COMMUNITIES

CP has been a presence in communities for more than 130 years. In many cases, communities have grown up around CP, expanding out from the rail line. We have a unique understanding of the geography of the continent, and we celebrate the ties we have with our many neighbours across North America. For us, nothing is more important than ensuring we are maintaining a safe operation each and every day, in all parts of the CP network. The CP Hazmat team was recently recognized for their excellent work in an industry leading piece of safety equipment.

2.8

Continuous research and development in state-of-the-art safety technology and highly focused employees ensure our trains are built for safe and efficient operation across our network.

Improving our operation and protecting our communities, people, and freight while examining new methods of executing our safety strategy: this is a hallmark of how CP does business. Below is an example of how CP is working to make a safe operation even better.

CP is a leader in provisioning for emergencies.

Recognizing that external contracted emergency response resources are limited, CP's Hazmat and Environmental Engineering teams have taken the initiative to invest in industry-leading response equipment. The newest features of this program are the emergency response trailer and transfer semi-trailer. No other Class 1 railroad in Canada has this caliber or scale of equipment.

The Emergency Response Transfer semi-trailers are capable of transferring non-regulated and regulated commodities and contain various pumps and chemical compatible hoses for all classes of products CP transports ranging from cooking to crude oil and other hazardous products including compressed gases. These units are designed to have all resources needed to make necessary tank car repairs in the field.

CP offers first responder training at national events such as TransCAER, at provincial and state fire colleges, and within the communities in which we operate. This training is done on weekends or evenings. The aim is to educate non-railroad personnel about what CP does, how our operations work, and to show them how to properly manage a first-response scenario that involves railway equipment.

CP utilizes training trailers as educational tools that can be accessed by first responders in a safe manner, and enables them to handle and practice on actual railcar fittings in order to become familiar with rolling stock equipment. These training trailers are conducted away from our rail yards (for safety and space considerations) and have been effective in being a non-impact to our yard operations, while allowing safe hands-on training.

In addition to hazmat resources, CP has implemented a program to improve our terrestrial and water-based spill-response capacity through the purchase and distribution of additional standardized spill response containers. Spill

2.8



resources will be placed at strategic locations across our system in both the Canada and the U.S.

Spill response trailers and containers will improve our immediate spill response capacity (fuel and oils) in the critical early stages of an incident. These resources, in conjunction with our network of trained responders and membership in response organizations, will provide for a more effective response to land-based and water-based spills.

TRANSCAER

TransCAER is a volunteer North American outreach organization that focuses on assisting communities in preparing for, and responding to, possible hazardous material transportation incidents.

TransCAER is made up of representatives from the chemical manufacturing, transportation, distributor, and emergency response industries, as well various levels of government.

2.8

CRUDE OIL RISK ASSESSMENT PROGRAM

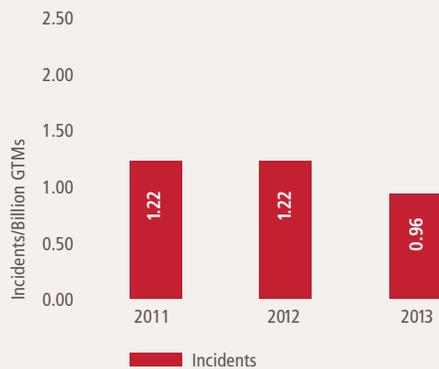
In order to ensure the sustainability of crude oil transload facilities, CP assembled a cross-functional team tasked with handling the challenges associated with transporting energy products such as crude oil by rail. The team identifies sustainable opportunities, selects the right business partners and assists with planning facilities while communicating with local stakeholders. Before a new facility or modification to an existing facility is approved, a formal risk assessment, led by third party Certified Risk Managers, is conducted to identify environmental, safety and operational risks followed by the development of an appropriate mitigation strategy.

RESPONSIBLE CARE

Responsible Care is the chemical industry's public commitment to sustainability. CP became a Responsible Care partner in Canada in 1998 and in the U.S. in 1999. Responsible Care partner companies are held accountable through a certification of their health, safety, security and environmental practices and procedures every three years. In 2012, CP was re-verified by an independent third party, as conforming to the requirements of the Responsible Care Management System®.

PERFORMANCE HIGHLIGHTS

ENVIRONMENTAL INCIDENTS



We strive to reduce environmental incidents. In 2013, we had an incident rate of 0.96 incidents/billion GTMs, improving from 2012.

FOCUS AREA WORKFORCE DIVERSITY

While all the CP Foundations are intended to be equal in importance, developing our people is perhaps the central cogwheel that drives the other four. As our CEO Hunter Harrison remarked, “Without People, you might as well not bother with the other Foundations.” There is no better way of developing our people than by recognizing and valuing the diversity that our employees have. Diversity is all about inclusion, removing the kinds of systemic and other barriers that separate people and prevent them from contributing their skills and experiences to our organization. Like all organizations, CP must attract and retain a diverse workforce of people with varying skills, experiences and viewpoints. That’s because there is strength in diversity. Diverse workforces are creative and productive and have fresh perspectives. These are qualities we need to remain competitive in a changing economy. A qualified, high functioning and diverse workforce will have the skills and support to respond quickly to challenging operational situations and can understand and respond to the needs of increasingly diverse customer needs. Side by side, we will continue building our workforce to reflect Canadian society, and the communities we serve as a railway.



DID YOU KNOW?

- 23 immigration work experience candidates were hosted in 2013
- CP’s Corporate membership in the Women’s Executive Network was renewed and expanded to 125 members
- Joint company-union training on human rights and respect in the workplace training were delivered in various locations across the CP network in 2013
- CP has a presence on the Federal Employer’s Transportation Communication Organization’s (FETCO) Employment Equity Committee and with the Canadian Human Rights Commission and Employment and Social Development Canada (ESDC).
- The Company is also represented on the Employer Advisory Council to the Canadian Human Rights Commission, the purpose of which is to provide a forum for raising, examining, discussing and acting on issues related to the prevention of discrimination in workplaces across Canada.

FOCUS AREA COMMUNITY INVESTMENT

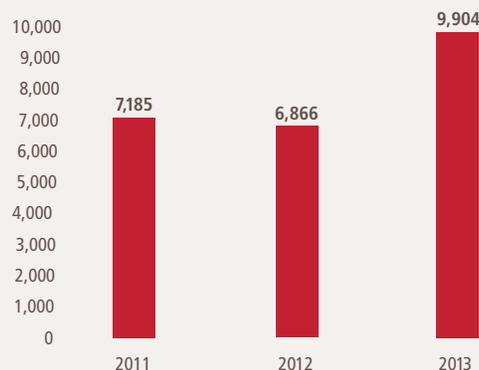
Our community investment program is focused on the historic ties we have with the communities along our tracks, and our goal of making a significant and lasting contribution to the quality of life in these towns and cities. To achieve this, we partner with local charities and organizations which have a broad reach.

In addition to programs that focus on areas of safety, the environment, education and heritage, we have established long-term partnerships with a number of charitable organizations across North America. CP employees are proud of the communities in which they live and work, and of the various programs that allow us to give back to our neighbours.

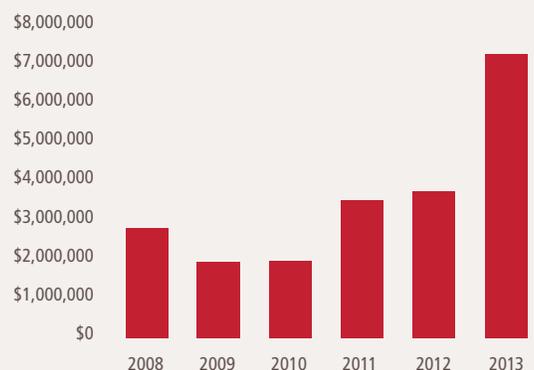
PERFORMANCE HIGHLIGHTS

CP has invested millions of dollars in communities all across North America. Additionally, our Holiday Train campaign raised more than \$9.5 million and close to 3.3 million pounds of food for local food banks.

COMMUNITY CONNECT PUBLIC INTERACTIONS



COMMUNITY INVESTMENT



THE CP HOLIDAY TRAIN

CELEBRATING 15 YEARS OF MAKING A DIFFERENCE, ONE STOP AT A TIME.

Each winter, it has been an eagerly anticipated event in towns and cities all across North America. Bringing a live show, a beautiful light display, and a message of community support and fellowship, the CP Holiday Train celebrated 15 years of service in 2013.

2.12

The idea of running a special train began as something quite different back in 1998. The first Holiday Train was a decorated engine and a series of containers outlined in lights. Over time, the concept grew and the program expanded. The containers were removed in favour of dedicated railcars, a stage car with a platform that raises and lowers was built for the performances, and the light displays on the locomotives and the sides of the cars were expanded to be more intricate and dazzling.

However, even though the look of the Holiday Train has evolved over time, the purpose has always remained constant: to raise money, food, and awareness for local food banks in Canada and the U.S. Since 1999 the Holiday Train has raised close to \$9.5 million and 3.3 million pounds of food.

More than 2 million dollars and 300,000 pounds of food were raised, which is a new record.

As part of what was raised during the 2013 Holiday Train, the Breakfast Club of Canada and Feeding America each received \$250,000 from CP in support of their national programs. Additionally, in celebration of our 15th anniversary, the Holiday Train staged free public celebrations in three CP communities, headlined by the talent of award-winning artists Great Big Sea (Hamilton, Ontario), Sarah McLachlan (Calgary, Alberta) and Sheryl Crow (Cottage Grove, Minnesota), among other great acts. CP also increased its corporate contributions to local food shelves and food banks in the more than 150 communities the train visits.

There are actually two completely separate Holiday trains. Recognizing that CP's rail network has extensive track through the U.S. and that one train simply wouldn't be reach all the communities though which we operate, a second holiday train covers the CP lines in the U.S.

The Holiday Train highlights the important role that local food banks play in our communities, and aids local leaders who are fighting hunger in their neighbourhoods. The Holiday Train has become part of the social fabric and is an important fundraiser for many food shelves. In some communities the money and food raised from the train's stop is a main fundraising event for the next 12 months.

2.12

Our Holiday Train program is an important community initiative for us. CP employees live and work in more than 1,100 North American communities. Hunger is an issue that can, and does, impact their neighbours. At CP, we recognize the issues that matter to the communities in which we live and do business. The issue of those who rely on food banks is a reality that impacts all of us in some way. We feel it is important to show our support for local food banks, especially at this critical time of year for food bank programs. Every dollar raised gives food banks the equivalent of \$4 in purchasing power.

2013 was a banner year for the Holiday Train program: more than two million dollars and 300,000 pounds of food was raised, which is a new record. The generosity was overwhelming. CP's Chief Executive Officer, E. Hunter Harrison said, "This was a record year for the Holiday Train and CP congratulates all those who rallied together in supporting communities in their fight against hunger."

DID YOU KNOW?

- Planning for the Holiday Train begins at least seven months prior to the fundraising kick off. This is a grassroots employee effort. Thousands of CP workers volunteer for the special fundraising journey every year – many taking their vacations to work on each train – from train assembly to operations.
- Two Holiday Trains raising awareness and collecting money and donations for hunger relief, crossing eight U.S. states and six Canadian provinces for a combined distance of about 10,000 kilometers (approx. 6,000 miles).
- The two CP Holiday Trains visit close to 150 communities in Canada and the U.S. Northeast and Midwest.
- Each Holiday Train is about 1,000 feet in length with 14 decorated rail cars, including a modified box car that has been turned into a traveling stage for performers.
- The Holiday Trains are each decorated with hundreds of thousands of technology-leading LED Christmas lights. Both Holiday Trains are powered by GE-built locomotives with four diesel generators to power the light systems.
- The Holiday Train program features an interactive website where you will be able to read stories. Visit www.cpr.ca. As well, join the Holiday Train on Facebook and follow the two trains on Twitter @CPHolidaytrain.
- Since 1999, we've traveled about 100,000 miles on the Holiday Train - enough to go around the world more than 3 and a half times.
- It takes approximately 30 CP employees 100 days to completely transform and decorate the Holiday Trains before they start their journey across Canada and the U.S.





FOCUS AREA MOVING FREIGHT

CP provides efficient and consistent transportation solutions for our customers. “Doing what we say we are going to do” is what drives CP by providing a reliable product with a lower cost operating model. Centralized planning aligned with local execution is bringing us closer to the customer and accelerating decision-making. This focus on efficient operation directly supports worldwide resource conservation and the drive to minimize emissions. As a North American rail carrier, we are ideally positioned to contribute to this move toward a greener economy.

Globally, the transportation sector uses approximately 20% of delivered energy. Within this percentage is the fact that approximately 70% of total CO2 emissions come from road transport. Rail accounts for only 2% of these emissions within the transport sector. The advantages of rail transport are obvious. In 2010, the Association of American Railroads (AAR) noted that “if just 10% of long-haul freight now moving by truck moved by rail instead, annual greenhouse gas emissions would fall by more than 12 million tons.” CP supports this logic of lowering the total carbon footprint of the transport of goods through the increased use of rail. We are working with our customers to offer them premium rail service which supports both their business needs and their desire to contribute to the green economy.

In addition to freight, CP has long standing partnerships with commuter rail operators in cities such as Vancouver, Toronto, Montreal, and Chicago. Commuter trains run over CP lines in these locations, allowing millions of people to travel in a manner that is 18 times safer than highway driving and significantly reduces emissions. The cost of road congestion can be measured in wasted fuel and in potential impact to the economy through lost time. In 2009, a study indicated that the real cost of road traffic congestion in the U.S. was \$115 billion dollars and the equivalent wasted fuel was 3.9 billion gallons. Railways offer solutions to traffic congestion and options for sustainable mobility.



BUSINESS RESILIENCE

Owing to the nature of our business, railways must necessarily demonstrate a high level of resiliency. CP's proven ability to respond to business disruptions while maintaining our operation has made us a trusted partner for our customers, and has allowed us to focus on continued growth. Understanding that workflow and the supply chain must be preserved in order to survive unexpected events, CP has an extensive business continuity plan.

Through ongoing capital investment in our network, our awareness of environmental conditions and our ability to react swiftly to them, CP has always been well positioned to meet the challenges of unforeseen events. Mitigation strategies, planning, training and readiness are part of CP's business resilience approach.

2.14

PERFORMANCE SUMMARY TABLE

	2011	2012	2013
ECONOMIC			
TOTAL REVENUE (MILLIONS)	5,177	5,695	6,133
FREIGHT REVENUE (MILLIONS)	5,052	5,550	5,982
GROSS TON-MILES (GTM) (MILLIONS)	247,955	254,354	267,629
TRAIN MILES (THOUSANDS)	40,145	40,270	37,817
REVENUE TON-MILES (RTM) (MILLIONS)	129,059	135,032	144,249
FREIGHT REVENUE PER RTM (CENTS)	3.9	4.11	4.15
ENVIRONMENT			
ENERGY AND FUEL EFFICIENCY			
TOTAL ENERGY CONSUMPTION, THOUSAND EMWH	13,972	12,992	12,734
FUEL, THOUSAND EMWH	13,789	12,684	12,464
DIESEL/GAS/OIL, THOUSAND EMWH	13,404	12,437	12,151
MOTOR GASOLINE, THOUSAND EMWH	141	132	133
PROPANE, THOUSAND EMWH	5	21	21
NATURAL GAS, THOUSAND EMWH	238	90	159
PURCHASED ELECTRICITY, THOUSAND EMWH	183	308	270
PURCHASED ELECTRICITY, GJ	658,800	1,108,800	972,000
LOCOMOTIVE FUEL CONSUMPTION, M US GALLONS	291	289	282
LOCOMOTIVE FUEL CONSUMPTION, GJ	40,572,000	40,434,000	38,916,000
LOCOMOTIVE FUEL EFFICIENCY, US GALLONS /1,000 GTM	1.18	1.15	1.06
LOCOMOTIVES EQUIPPED WITH FUEL TRIP OPTIMIZER, #	261	291	391

2.14

	2011	2012	2013
GREENHOUSE GAS EMISSIONS			
TOTAL EMISSIONS (SCOPE 1,2,3), THOUSAND TCO ₂ E	3,563	3,509	3,404
TOTAL SCOPE 1 GHG EMISSIONS ¹ , THOUSAND TCO ₂ E	3,496	3,377	3,290
LOCOMOTIVE, THOUSAND TCO ₂ E	3,347	3,257	3,160
OTHER SCOPE 1, THOUSAND TCO ₂ E	149	120	130
TOTAL SCOPE 2 GHG EMISSIONS ² , THOUSAND TCO ₂ E	63	109	93
TOTAL SCOPE 3 GHG EMISSIONS ³ , THOUSAND TCO ₂ E	3.9	23.1	21
BUSINESS AIR TRAVEL, TCO ₂ E	2.8	3	4.5
BUSINESS CAR TRAVEL, TCO ₂ E	0.5	0.4	0.3
BUSINESS HOTEL TRAVEL, TCO ₂ E	0.6	19.7	16.2
COMPANY GHG INTENSITY ⁴ , KGCO ₂ E/1,000 RTM	27.6	25.8	23.45
LOCOMOTIVE GHG INTENSITY, KGCO ₂ E/1,000 GTM	12.28	11.92	11.07
REVENUE GHG INTENSITY SCOPE 1 AND 2, TCO ₂ E/\$MILLION TOTAL REVENUE	687	612	552
EMPLOYEE GHG INTENSITY SCOPE 1 AND 2, TCO ₂ E /FTE EMPLOYEE	251	239	225
AVERAGE TRAIN WEIGHT (TONS)	6,593	6,709	7,573
AVERAGE TRAIN LENGTH (FEET)	5,665	5,838	6,530
WASTE MANAGEMENT AND DIVERSION			
LIQUID WASTES, THOUSAND LITRES	7,283	6,267	5,766
LIQUID WASTES RECYCLED, %	87%	85%	95.9
LUBRICANT RECYCLED, %	100%	100%	100%
SOLID WASTES, TONS	583	901	369

¹ Scope 1 emissions include locomotive diesel, propane, natural gas and others.

² Scope 2 emissions include purchased electricity.

³ Scope 3 emissions include business car, air and hotel travel.

⁴ GHG intensity values are calculated using scope 1 and 2 emissions.

2.14

	2011	2012	2013
SOLID WASTES RECYCLED, %	36	32.5	38.6
SOLID INDUSTRIAL WASTES DIVERTED, TONS	211	293	142
RAIL TIES DISPOSED, #	895,870	947,798	1,012,784
TOTAL RAILWAY TIES DIVERTED, %	100	100	100
RAILWAY TIES TO CO-GENERATION FACILITIES, %	82	100	98
RAILWAY TIES SOLD TO CONTRACTORS FOR REUSE, %	18	0	2
NEW RAIL PURCHASED, NET TONS	89,700	98,566	90,918
TIE PLATES, SPIKES, RAIL ANCHORS PURCHASED, NET TONS	23,000	31,354	33,523
WATER CONSUMPTION			
WATER CONSUMPTION FROM MUNICIPAL SOURCES, 1,000 M ³	1,635	1,872	1,830
ENVIRONMENTAL PROTECTION			
REMEDICATION OF CONTAMINATED SITES, ENVIRONMENTAL LIABILITY REDUCTION, %	9	15.2	17.2
PROVISION FOR ENVIRONMENTAL REMEDIATION PROGRAM, \$ MILLION	97	87.3	88.2
SPENT ON REMEDIATION, \$ MILLION	14	11	9
ENVIRONMENTAL INCIDENTS			
ENVIRONMENTAL AUDITS PERFORMED, #	10	7	7
ENVIRONMENTAL INCIDENTS, INCIDENTS/BILLION GTM	1.22	1.22	0.96
TOTAL WILDLIFE MORTALITY, (BANFF AND YOHO NATIONAL PARKS)#	29	32	17
BEAR MORTALITIES (BANFF AND YOHO NATIONAL PARKS), #	9	4	4
SOCIAL			
TRAIN AND EMPLOYEE SAFETY			
PERSONAL INJURY RATE, CASES/200,000 EMPLOYEE HOURS	1.85	1.55	1.69
FATALITIES, #	0	2	2
FRA TRAIN ACCIDENT RATE ACCIDENTS/MILLION TRAIN-MILES	1.88	1.67	1.78
GRADE CROSSING ACCIDENT RATE PER MILLION TRAIN-MILES	2.5	2.7	3.2

2.14

	2011	2012	2013
CP POLICE COMPLAINTS, #	9	6	7
CHARGES FOR CROSSING VIOLATIONS, #	824	800	958
SPEEDING TICKETS ISSUED, #	2,731	2,414	2,779
WORKFORCE DIVERSITY			
WORKFORCE, #, END OF PERIOD	18,519	16,907	14,977
EMPLOYEES, #, END OF PERIOD	14,169	15,713	14,506
CONTRACTORS & OTHERS, #	N/A	1,194	471
EMPLOYEES IN UNIONS OR ASSOCIATIONS, %	75	81	78
FEMALE, %	10.1	10.7	10.5
PERSONS WITH A DISABILITY, %	3.4	3.2	3.1
ABORIGINAL, %	3.6	3.8	3.9
VISIBLE MINORITIES, %	6.8	6.8	7.5
NUMBER OF CP BOARD DIRECTORS BY MINORITY GROUP			
FEMALE BOARD DIRECTORS, %	20	28.6	28.6
FULL TIME BOARD DIRECTORS, %	99	42.9	94
BOARD OF DIRECTORS BY REGION, %: CANADA	75.8	57.1	50
BOARD OF DIRECTORS BY REGION, %: UNITED STATES	24.2	42.9	50
RATE OF TURNOVER BY AGE GROUP			
25 OR LESS, % OF TOTAL ATTRITION	8.3	9.2	6.9
25 TO 35, % OF TOTAL ATTRITION	20.1	19	22.3
35 TO 45, % OF TOTAL ATTRITION	14.2	14.0	16.1
45 TO 55, % OF TOTAL ATTRITION	14.1	11.8	13.4
55+, % OF TOTAL ATTRITION	43.3	46.0	41.3
RATE OF TURNOVER BY GENDER			
MALE, %	8.9	11.8	17.0
FEMALE, %	11.2	12.4	19.4

2.14

	2011	2012	2013
RATE OF TURNOVER BY REGION			
ALBERTA/SASKATCHEWAN, %	9.8	15.1	21.8
BRITISH COLUMBIA, %	7.7	11.4	15.0
MANITOBA/ONTARIO, %	7.8	10.3	16.0
QUEBEC/SOUTHERN ONTARIO, %	7.8	9.9	12.9
US EAST, %	11.9	10.7	14.9
US WEST, %	9.0	10.7	19.7
AVERAGE HOURS OF TRAINING PER EMPLOYEE PER EMPLOYEE CATEGORY, HRS			
UNION HRS	21	21	14
NON-UNION HRS	33	13	13
EMPLOYEE HEALTH AND WELLNESS			
TOTAL WORKFORCE REPRESENTED BY HEALTH & SAFETY COMMITTEES, %	100	100	100
COMMUNITY INVESTMENT			
NUMBER OF ACADEMIC SUPPORT AND RESEARCH PROGRAMS, #	35	32	35
VALUE OF ACADEMIC SUPPORT AND RESEARCH PROGRAMS, \$ THOUSANDS	2,325	800	644
DONATIONS TO REGISTERED CHARITIES, \$ THOUSANDS	3,492	3,714	7,272
COMMUNITY INVESTMENTS, \$ THOUSANDS	696	419	747
COMMUNITY ENGAGEMENT			
COMMUNITY CONNECT PUBLIC INTERACTIONS, #	7,185	6,866	9,904
CALLS TO COMMUNITY CONNECT RE: NOISE COMPLAINTS, #	1,171	947	1,203

3. MORE INFORMATION

3.0	More Information	57
3.1	Commitments To External Initiatives	58
3.2	Report Boundaries	59
3.3	Applied Protocols and Standards	60
3.4	GRI Reporting Reference Table	61
3.5	Abbreviations and Glossary	66
3.6	Getting Involved/Contact Information	68
3.7	General Disclaimer About Forward Looking Statements	69

3.1

COMMITMENTS TO EXTERNAL INITIATIVES AND AWARDS

CP supports many local, regional and national organizations that have important mandates in the area of safety, environmental protection, human rights, education and community support. Below are a few of the organizations that CP has supported.

CANADIAN PACIFIC IS PROUD TO SUPPORT

International

- Smartway
- Carbon Disclosure Project (CDP)
- Vancouver Olympics
- American Association of Railroads
- Responsible Care (Chemical Industry Association of Canada and American Chemistry Council)
- Duke of Edinburgh Award
- Feeding America

National

- Parks Canada
- TransCAER
- Network for Business Sustainability
- Fisheries and Oceans Canada
- Women's Executive Network
- Railway Association of Canada
- Assembly of First Nations
- Canadian Human Rights Commission
- Nature Conservancy of Canada
- United Way
- Food Banks Canada
- Conference Board of Canada – Council on Corporate Aboriginal Relations
- Ducks Unlimited
- Integrated Vegetation Management Associations (IVMA)
- Lord Strathcona's Horse
- Breakfast Clubs of Canada
- Canadian Red Cross
- Children's Wish Foundation
- Canadian Football League

Provincial

- University of British Columbia
- Simon Fraser University
- Vancouver General Hospital
- Trinity Western University
- University of Saskatchewan
- University of Alberta
- CTA Technical Advisory Committee on Noise and Vibration BC, AB, SK

Regional

- Spruce Meadows
- Alpine Canada
- Cochrane Ecological Institute
- Canadian Avalanche Centre
- Columbia Basin Environmental
- Assiniboine Park Conservancy



3.2

REPORT BOUNDARIES

This report is prepared in accordance with the Global Reporting Initiative (GRI) Third Generation (G3.1) guidelines. The report primarily contains sustainability data from January 1, 2011 to December 31, 2013. We include information relating to prior or subsequent periods if it is determined to be material. Our performance data present numerical data using the metric system and Canadian dollars, unless otherwise noted. Comparative historical data from four previous years (2010, 2011, 2012 and 2013) is included where available to demonstrate trends in certain indicators. Historical data omissions are primarily due to new indicators for which historical data were not available. Emissions data pertaining to the Dakota, Minnesota & Eastern Railroad Corporation subsidiary is excluded prior to 2010, as information relating to prior periods was not tracked.

GRI guidelines require an organization to determine which entities' (e.g., subsidiaries and joint ventures) performance will be represented by the report. For the purpose of this report, we have included performance data on all of our managed operations, which include Canadian Pacific Railway Limited, Canadian Pacific Railway Company and all of their subsidiaries in Canada and the United States.

3.3

APPLIED PROTOCOLS & STANDARDS

GREENHOUSE GAS PROTOCOL (GHG PROTOCOL)

The Greenhouse Gas Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions. CP uses the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), to calculate our GHG emissions. The GHG Protocol Corporate Standard provides standards and guidance for companies and other organizations preparing a GHG emissions inventory. It covers the accounting and reporting of the six greenhouse gases covered by the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

FEDERAL RAILROAD ADMINISTRATION (FRA), TRANSPORT CANADA (TC) AND TRANSPORTATION SAFETY BOARD (TSB)

We are required to report train accidents and incidents by type to the FRA for our U.S. operations, and to the TSB for our Canadian operations. Transport Canada sets policies and standards regarding rail transport in Canada, and the FRA has policy responsibilities for rail in the U.S.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)

The emission factors used to calculate the three GHG emitted from locomotives (CO₂, CH₄ and N₂O) are those used in Canada and the U.S. National Inventory Reports (1990-2012) as filed with the UNFCCC.

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

The global warming potentials used in determining CP's climate change impact were determined by the IPCC. The IPCC is a scientific body established by the United Nations to review and assess the most recent scientific, technical and socioeconomic information produced worldwide relevant to the understanding of climate change.

GLOBAL REPORTING INITIATIVE (GRI)

Please refer to section 3.4 of this report for information regarding our commitment to GRI.

3.4

GLOBAL REPORTING INITIATIVE REFERENCE TABLE

LEGEND:

Complete  Not reported 
 Partially complete  N/A 

GRI INDICATOR	DESCRIPTION	REFERENCE SECTION	COVERAGE
STRATEGY AND ANALYSIS			
1.1	President and CEO statement ¹	1.1	
1.2	Description of key impacts, risks, and opportunities ²	1.2	
ORGANIZATION PROFILE			
2.1	Name of the organization	2.1	
2.2	Primary brands, products, and/or services	2.2	
2.3	Operational structure	2.3	
2.4	Location of headquarters	2.4	
2.5	Operation locations	2.5	
2.6	Ownership and legal form	2.6	
2.7	Markets served	2.7	
2.8	Scale of organization	2.8	
2.9	Significant changes during the reporting period	2.9	
2.10	Awards and recognition	2.10	
REPORT PARAMETERS			
Report Profile			
3.1	Reporting period	3.1	
3.2	Date of previous report	3.2	
3.3	Reporting cycle	3.3	
3.4	Contact information	3.4	
Report Scope and Boundary			
3.5	Process for defining report content	3.5	
3.6	Boundary of the report	3.6	
3.7	Limitations on the boundary of the report	3.7	
3.8	Basis for reporting on other entities that can impact reporting	3.8	

¹ CP currently does not report its sustainability challenges as data is not available.

² CP currently does not report its key risks and opportunities as data is not available.



3.4

GRI INDICATOR	DESCRIPTION	REFERENCE SECTION	COVERAGE
3.9	Data measurement techniques	3.9	●
3.10	Explanation any re-statements of information provided in earlier reports	3.10	●
3.11	Significant changes from previous reports	3.11	●
GRI Context Index			
3.12	Table of disclosures	3.12	●
Assurance			
3.13	Policy and current practice regarding external assurance	3.13	●
GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
Governance			
4.1	Governance structure of the organization ¹	4.1	◐
4.2	Chair and relationship to Executive Officer	4.2	●
4.3	Number and gender of members of the board	4.3	●
4.4	Mechanisms for shareholders and employees to provide recommendations to the board	4.4	●
4.5	Linkage between compensation and sustainability performance	4.5	●
4.6	Processes to prevent conflicts of interest	4.6	●
4.7	Process for determining the qualifications and diversity of board	4.7	●
4.8	Mission or values, codes of conduct, and sustainability principles	4.8	●
4.9	Procedures for overseeing sustainability performance and compliance	4.9	●
4.10	Processes for evaluating performance	4.10	●
Commitments to External Initiatives			
4.11	How the precautionary principle is addressed	4.11	○
4.12	Endorsed external economic, environmental, and social charters, principles, or other initiatives	4.12	●
4.13	Memberships in associations	4.13	●

¹ CP currently does not track data on the diversity of our Board of Directors. The individual ages of our Board of Directors is published in our Management Proxy Circular as part of the descriptive information tables.



3.4

GRI INDICATOR	DESCRIPTION	REFERENCE SECTION	COVERAGE
Stakeholder Engagement			
4.14	List of stakeholder groups engaged	4.14	●
4.15	Basis for identifying and engaging stakeholders ²	4.15	◐
4.16	Approaches to stakeholder engagement	4.16	●
4.17	Key stakeholder topics and how they have been addressed	4.17	●
MANAGEMENT APPROACH AND PERFORMANCE INDICATORS			
ENVIRONMENT PERFORMANCE INDICATORS			
DMA	Disclosure on Management Approach	1	●
Energy			
EN3	Direct energy consumption by primary energy source	2	●
EN4	Indirect energy consumption by primary source	2	◐
EN5	Energy saved due to conservation and efficiency improvements	2	●
EN6	Energy efficiency or renewable energy products and services	2	●
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	2	●
Water			
EN8	Total water withdrawal by source	2	◐
Biodiversity			
EN12	Significant impacts on biodiversity	2	●
EN13	Habitats protected or restored	2	●
EN14	Strategies for managing impacts on biodiversity	2	●
Emissions, Effluents, And Waste			
EN16	Total direct and indirect greenhouse gas emissions	2	●
EN17	Other relevant indirect greenhouse gas emissions	2	●
EN18	Initiatives to reduce greenhouse gas emissions	2	●
EN22	Total weight of waste	2	◐

² CP does not currently report on this indicator because data is not available.

3.4

GRI INDICATOR	DESCRIPTION	REFERENCE SECTION	COVERAGE
Products And Services			
EN26	Initiatives to mitigate environmental impacts	1,2	●
HUMAN RIGHTS PERFORMANCE INDICATORS			
DMA	Disclosure on Management Approach	1	●
Investment and Procurement Practices			
HR3	Employee training on policies and procedures concerning aspects of human rights	2	●
Freedom Of Association And Collective Bargaining			
LABOUR PRACTICES AND PERFORMANCE INDICATORS			
DMA	Disclosure on Management Approach	1	●
Employment			
LA1	Total workforce	2	●
LA2	Number of new hires and rate of employee turnover	2	●
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	2	●
Occupational Health and Safety			
LA6	Percentage of total workforce represented in joint occupational health and safety programs	2	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	2	◐
LA8	Education, training, counseling, prevention, and risk-control programs in place to address serious diseases	2	◐
Training and Education			
LA10	Average hours of training per year per employee	2	●

3.4

GRI INDICATOR	DESCRIPTION	REFERENCE SECTION	COVERAGE
Diversity And Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees by diversity group	2	⊖
SOCIETY PERFORMANCE INDICATORS			
DMA	Disclosure on Management Approach	1	●
Local Community			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	2	●
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS			
DMA	Disclosure on Management Approach	1	●
Customer Health And Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	2	●
ECONOMIC PERFORMANCE INDICATORS			
DMA	Disclosure on Management Approach	1	●
Economic Performance			
EC1	Direct economic value generated and distributed	1,2	●
EC2	Risks and opportunities related to climate change	2	⊖
LOGISTICS AND TRANSPORTATION PERFORMANCE INDICATORS (SECTOR SUPPLEMENT)			
Policy			
LT3	Policies and programmes relating to sustainable transportation, modal shift and route planning	1,2	●
Energy			
LT4	Initiatives to use renewable energy sources and to increase energy efficiency	2	●
Urban Air Pollution			
LT5	Initiatives to control urban air emissions in relation to road transport	2	●
Noise/Vibration			
LT7	Policies and programs for noise management/abatement	2	●



3.5

ABBREVIATIONS & GLOSSARY

TERM	DEFINITION
CANADIAN PACIFIC LOGISTIC SOLUTIONS	Canadian Pacific Logistics Solutions, CPLS, is a CP business unit which delivers logistics and transportation management services.
CANADIAN PACIFIC POLICE SERVICE	The Canadian Pacific Police Service, CPPS, is a part of CP and works closely with communities, other law enforcement and government agencies to promote railway safety and infrastructure security.
CDP	An independent, non-for-profit organization with a mission to improve climate change and water disclosure to reduce organizations' greenhouse gas emissions and water use. It provides a global system for companies and cities to measure, disclose, manage and share environmental information. It is supported by over 767 institutional investors holding more than US \$92 trillion.
CLASS 1 RAILROAD	A Class 1 railroad in the United States, or a Class 1 railway/rail carrier in Canada, is one of the largest freight railroads based on operating revenue of approximately \$350 million (2006).
ENERGY INTENSITY	A ratio of energy consumption to an activity measure, such as floor space, passenger-miles, employees or revenue.
EQUIVALENT MEGAWATT-HOURS	A unit of energy equivalent to one megawatt of power expended for one hour of time. A megawatt is equal to one thousand kilowatt-hours or one million watt-hours. For ease of comparison, it is customary to convert energy consumption of different fuel types, such as diesel, gasoline, electricity and propane, into one common unit of energy. All energy consumption in this report is expressed as equivalent megawatt-hours, or eMWh.
FEDERAL RAILROAD ADMINISTRATION	An administration created by the US Department of Transportation; it has five purposes: promulgate and enforce rail safety regulations, administer railroad assistance programs, conduct research and development in support of improved railroad safety and national rail transportation policy, provide for the rehabilitation of Northeast Corridor rail passenger service, and consolidate government support of rail transportation activities. It is commonly abbreviated FRA.
FUEL EFFICIENCY	The output from one unit of fuel input, such as miles per gallon for an automobile or ton-miles of freight for rail.
GIGAJOULES	Standard measure of energy (abbreviation: GJ).
GREENHOUSE GAS	A gas in the atmosphere that contributes to the greenhouse effect by absorbing and emitting infrared radiation. For the purposes of this report the greenhouse gases that are relevant to our operations are carbon dioxide, halocarbons, methane and nitrous oxide.
GROSS-TON-MILE	A measure of total workload for one ton, moved one mile (abbreviation: GTM). It includes commodities carried, the weight of the railcars and locomotives, and can include non-revenue movements of ties, rail, diesel fuel and other company materials.

3.5

TERM	DEFINITION
INTERMODAL TRANSPORTATION	The movement of goods (in the same loading unit or vehicle) by successive modes of transport, such as rail, ship and truck, without handling of the goods themselves when changing modes.
KILOGRAMS OF CARBON DIOXIDE EQUIVALENT & TONS OF CARBON DIOXIDE EQUIVALENT	Standard measures of greenhouse gas emissions. Abbreviations: KCO ₂ e and TCO ₂ e.
NET TONS	This is a standard measure of steel weight.
REVENUE TON-MILE	A measure of one ton of revenue-earning commodity moved one mile (abbreviation: RTM). It excludes the weight of the railcar and locomotives.
SCOPE 1 EMISSIONS	All direct greenhouse gas emissions, including those from locomotive fuel and natural gas.
SCOPE 2 EMISSIONS	Indirect greenhouse gas emissions from the consumption of purchased electricity, heat or steam.
SCOPE 3 EMISSIONS	Other indirect emissions, including emissions from CP employee business travel.
TRANSLOAD FACILITY	The facility in which product is transferred from one mode of transportation to another. In CP's case, product is moved from truck to rail car, or vice versa.

3.6

GETTING INVOLVED/ CONTACT INFORMATION

ENVIRONMENTAL, SAFETY AND COMMUNITY INFORMATION

Environmental, safety and community information is available under the “In Your Community” section on CP’s website at www.cpr.ca.

COMMUNITY CONNECT

An online question and feedback form monitored by our Community Connect team is available under the “In Your Community” section on CP’s website at www.cpr.ca. You can also call our 24/7 toll-free bilingual community connect line at:
1 (800) 766-7912.

PROXIMITY

As communities continue to grow around train tracks and railway operations, issues including noise and vibrations, idling locomotives and blocked highway and railway crossings become more commonplace in many municipalities.

To build common approaches for the prevention and resolution of issues that arise when people live and work near railway operations, the Federation of Canadian Municipalities and the Railway Association of Canada have jointly created a program known as “Proximity.” To learn more, visit proximityissues.ca

COMMUNICATIONS AND PUBLIC AFFAIRS

Contact Communications and Public Affairs, CP,
7550 Ogden Dale Road S.E.,
Calgary, AB T2C 4X9, Canada.

3.7

GENERAL DISCLAIMER ABOUT FORWARD LOOKING STATEMENTS

The information in this report may contain forward-looking statements relating but not limited to CP's operations, priorities and plans, anticipated financial performance, business prospects, planned capital expenditures and programs and strategies. This forward looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions information and statements about possible future events, conditions and results of operations or performance.

Forward-looking information typically contains statements with words such as "anticipate," "believe," "expect," "plan" or similar words suggesting future outcomes.

By its nature, CP's forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to the following factors: changes in business strategies; general North American and global economic and business conditions; credit and business conditions; risks in agricultural production such as weather conditions and insect populations; fluctuations in the value of the Canadian dollar relative to the U.S. dollar; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demands; changes in laws and regulations including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; uncertainties of litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; health, safety and environmental risks; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; and various events that could disrupt operations, including severe weather conditions, security threats and governmental response to them; and technological changes.