CP’S GUIDE TO PRODUCTS AND SERVICES

Tariff 1

www.cpr.ca
Tariff 1 – CP’s Guide to Products and Services

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## Introduction to services

### About Canadian Pacific

Information about the markets Canadian Pacific (CP) serves, as well as the transportation and logistical services CP offers can be found at www.cpr.ca or by contacting a CP account manager [see http://www.cpr.ca/en/customer-resources/become-a-customer]. The suite of tools for doing business with CP is housed in Customer Station [http://www.cpr.ca/en/customer-resources/customer-station].

### Core transportation service and supplemental services

Pricing in a published freight contract or tariff will include the core transportation services provided by CP. Optional services provided beyond this core transportation service are supplemental. Unless otherwise stated in the applicable freight contract or tariff, Table A summarizes the service elements that are included as core and some examples of optional supplemental services:

#### Table A: Core transportation services

<table>
<thead>
<tr>
<th>Service element</th>
<th>Rail Direct</th>
<th>Door Direct</th>
<th>Terminal Direct</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carload</td>
<td>Intermodal</td>
<td>Transload</td>
</tr>
<tr>
<td>Pick-up of released railcar from origin facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement from origin facility to destination facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial placement of railcar at destination facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One switch per scheduled service day* (service days are subject to change)</td>
<td></td>
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</tr>
<tr>
<td>Switch request for a specific car ID or specific car type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switching of railcars at facility after initial placement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional cars switched to carry out customer’s car movement instructions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live delivery and pick-up of the shipment / equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of standard container and chassis for live (un)load</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of standard flatbed or trailer type appropriate to commodity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct shipment transfer from truck / chassis to railcar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One in-gate or out-gate at the terminal per trailer / chassis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct shipment transfer between trailer / chassis and railcar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Load and secure vehicles or unload vehicles</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*CP operates 24 hours per day and 7 days per week. Facilities receive service on scheduled service days, the frequency and timing of which depend on local operating factors and are subject to change. CP’s core service includes one switch per service day.

The provision of supplemental services, and the fees or charges related to such, is governed by CP’s Supplemental Services Tariffs:

- **Tariff 2 [Railcar]** – rules, supplemental services and fees for shipments in railcars
- **Tariff 3 [Intermodal]** – rules, supplemental services and fees for shipments in intermodal or international containers
- **Tariff 4 [Transload]** – rules, supplemental services and fees for shipments into or out of transload facilities
- **Tariff 5 [Unit Train]** – rules, supplemental services and fees for shipments travelling as full trains
- **Tariff 6 [Private Equipment]** – rules governing private equipment on CP’s network, including mileage equalization
- **Tariff 7 [Between Railways]** – switching rules and fees in Canada and the United States
- **Tariff 8 [Hazardous Commodities]** – rules and fees for hazardous shipments
- **Tariff 9 [Automotive]** – supplemental services and fees for automotive shipments
- **Tariff 10 [Miscellaneous]** – supplemental services and fees with limited application or infrequent usage

Ordering service from CP indicates acceptance of the terms and conditions published in CP’s tariffs in effect at the time of the order.
Shipping

Safety starts with you  Item 114

Customers are essential to ensure the safety of shipments, equipment, employees and the communities through which the railway runs. Customers are responsible to ensure that equipment is loaded, unloaded and released properly, and are liable for the consequences when this is not done, including but not limited to damage, theft, injury or fatalities. Some customer shipping responsibilities include:

Preparation
- Know and abide by the applicable laws, regulations and requirements for the areas through which the shipment will travel.
- Adhere to applicable commodity restrictions in effect (e.g. in Tariff 8 or Tariff 3 Appendix).
- Receive required permits and CP pre-authorization for any shipment exceeding standard equipment dimensions or restrictions.
- Inspect equipment before loading to ensure it is suitable and free from material defects.
- Ensure tank-type equipment meets IMO, AAR and Transport Canada’s TC Impact Approved standards.
- All Wood Packing Material (WPM) to be used in the shipment must be compliant per Tariff 1 Item 132.

Loading
- Always wear personal protective equipment (PPE) when working near railway facilities, tracks or equipment.
- Follow applicable AAR / RAC loading guide, CP approved standard operating procedures (SOP) and applicable CP shipping guide.
- Distribute the shipment weight evenly and within the equipment load limit.
- Temperature-controlled shipments must be loaded to allow proper air flow and product pre-warmed/cooled to the set temperature.
- Ensure the shipment is contained entirely within the equipment.

Securing
- Secure the shipment to prevent both linear and lateral shifting, using blocking and bracing as necessary.
- Close and secure all gates, doors, hatches, etc.
- Apply ISO 17712 seals on all equipment, including containers to be picked up or dropped off at multiple locations.
- Clear the exterior of the equipment of debris, product or other accumulation to ensure it is safe to travel.

Releasing and Unloading
- A Bill of Lading must be submitted prior to tendering any shipment for transportation (see Tariff 1 Item 120).
- Unload / release equipment in a timely fashion to avoid asset use charges.
- Equipment must be available for immediate pick-up when billed or released.
- At destination, empty equipment of all product, ensuring any dunnage or debris is removed and doors, gates or hatches are closed.
  Note: for tankcars, prior to being released for movement, all valves, fittings, closures, covers, plugs, caps, and fasteners must be checked for tightness per manufacturer’s specifications even if not utilized during the loading/unloading process.
- Intermodal equipment must be cleared of snow and debris, and ready for highway travel before the driver arrives for pick-up.

While it is a customer’s responsibility to ensure a safe facility and the proper loading, unloading and release of equipment, CP’s Damage Prevention Team can assist in planning for the safe movement of shipments. This team has loading guides online [http://www.cpr.ca/en/customer-resources/damage-prevention-and-claims] and can be reached by email at dpcs_sop@cpr.ca.


Wood packing material  Item 132

For all cross-border (loaded or empty) shipments tendered to CP, the customer represents and warrants that any Wood Packaging Material (WPM) [e.g. pallets, crates, boxes, dunnage, etc.] used to support or brace the cargo is either heat treated or fumigated with methyl bromide, and marked with an approved international stamp certifying compliance with the international standard. The Customer further represents and warrant that the interior and exterior of all commodities, packaging and equipment is free of pests, including insects (live or dead), insect larva, insect eggs and weed seed, prior to the shipment being tendered. Shipments will be denied entry/border crossing if the shipment does not conform to the above or related regulatory requirements. Non-compliant shipments are subject to fees in CP’s Supplemental Services Tariffs and may be re-routed for export from border locations at the customer’s expense. CP reserves the right to request that the customer provide proof of compliance to regulations and standards associated to WPM.
Shipping instructions

Item 120

Shipping instructions – by way of a Bill of Lading – authorize CP to move shipments. It is the customer’s responsibility to ensure that shipment instructions are received prior to (but not more than 7 days before) a shipment being tendered to the railway. By submitting a Bill of Lading, customers are agreeing to the rates, terms and conditions of the shipping authority (contract or tariff) that governs the movement of the shipment. CP will not pick-up a shipment without a complete Bill of Lading in place. Shipments without a complete Bill of Lading at the time of service will be left behind, which may result in delays to the shipment and additional tariff charges. Bills of Lading must be accurate and complete and may be submitted electronically through Customer Station [http://www.cpr.ca/en/customer-resources/customer-station] or via EDI. The components required for a complete Bill of Lading are summarized in Table B below:

<table>
<thead>
<tr>
<th>All shipments</th>
<th>Cross-border shipments</th>
<th>Hazardous commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment details (initials, number, size, type, etc.)</td>
<td>Customs broker</td>
<td>Commodity UN Number</td>
</tr>
<tr>
<td>Payer of freight (i.e. billable party)</td>
<td>Country of origin</td>
<td>Commodity Class Number</td>
</tr>
<tr>
<td>Shipper’s legal name and full address</td>
<td>Invoice value and currency</td>
<td>Commodity Packing Group</td>
</tr>
<tr>
<td>Consignee’s legal name and full address</td>
<td>Full shipper/exporter name and full address</td>
<td>24-hour telephone contact number</td>
</tr>
<tr>
<td>Any other parties to the shipment (e.g. care of)</td>
<td>Full consignee/importer name and full address</td>
<td>Emergency response plan # and phone number</td>
</tr>
<tr>
<td>Origin, destination and route</td>
<td>ITN, T&amp;E, CCN and any other required customs info</td>
<td>Other required commodity or region-specific info</td>
</tr>
<tr>
<td>Equipment load or empty status</td>
<td>Commodity description and all STCCs in shipment</td>
<td></td>
</tr>
<tr>
<td>Commodity description and all STCCs in shipment</td>
<td>All seal numbers affixed to secure equipment</td>
<td></td>
</tr>
<tr>
<td>All weight and unit of measure (e.g. kg, tons)</td>
<td>Total # of pieces and package type</td>
<td></td>
</tr>
<tr>
<td>Total # of pieces and package type</td>
<td>Shipping authority (i.e. contract or tariff #)</td>
<td></td>
</tr>
<tr>
<td>Additional requirements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Shipment instructions must meet all local, provincial, state and national regulatory requirements to be considered complete

Temperature-controlled shipments require set-temperature details in the Bill of Lading

When a 3rd party terminal loads containers to a railcar, the Bill of Lading must include car and container information, including the position of the containers

Any special notes or instructions on the Bill of Lading are not binding on CP or other carriers
Invoicing and payment

Credit  Item 111
Every customer must secure credit with CP prior to shipping. Without credit, funds for shipments are required in advance, which could result in shipment delays. Customers can apply for credit online at: [http://www.cpr.ca/en/customer-resources/become-a-customer/credit-application-form](http://www.cpr.ca/en/customer-resources/become-a-customer/credit-application-form). A CP Credit Analyst is available for assistance at 1-877-404-0433. For companies without publically-available financial information, additional information (e.g. financial statements) may be required to grant or maintain credit. Any changes to company name or ownership must be disclosed to CP immediately using CP’s online credit application form (link above). Failure to pay invoices within credit terms, a change in credit-worthiness, or a failure to provide financial information requested by CP to demonstrate credit-worthiness may result in credit suspension or cancellation without notice.

Payment  Item 140
Payment must be made no later than the due date on the invoice. Electronic payment is made through the Manage Invoices tool on Customer Station [http://www.cpr.ca/en/customer-resources/customer-station](http://www.cpr.ca/en/customer-resources/customer-station). Questions about electronic invoicing and payment options may be directed to CP’s e-Business team by email at eB_Support@cpr.ca or by phone at 1-888-333-8111.

Disputes  Item 141
In the event that invoiced charges are not correct, they should be disputed promptly. Disputes are submitted electronically through the Manage Invoices tool on Customer Station [http://www.cpr.ca/en/customer-resources/customer-station](http://www.cpr.ca/en/customer-resources/customer-station) and must be submitted prior to the due date on the invoice. Any undisputed amounts on the invoice must be remitted as described in Item 140. The dispute submission should include a brief description of the reason for the dispute along with documentation to support the dispute as indicated in Table C below. Disputes submitted without the required documentation may be declined. Contact information for the appropriate CP accounts receivable representative is indicated on the top right of each invoice.

<table>
<thead>
<tr>
<th>Dispute type</th>
<th>Rate Authority (CP or Foreign RR)</th>
<th>Amount Expected</th>
<th>Correspondence supporting dispute</th>
<th>Bill of lading or purchase order</th>
<th>Contact person</th>
<th>Correct Bill To party</th>
<th>Duplicate invoice # and/or date</th>
<th>Payment information (details of disbursement)</th>
<th>Foreign RR contact (email, phone)</th>
<th>Correct reference, PO or branch</th>
<th>Evidence of cars shipped (provide reason if incentive volume not met)</th>
<th>Tax exemption form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorrect rate applied</td>
<td></td>
<td></td>
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<tr>
<td>Fuel surcharge error</td>
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<tr>
<td>Incorrect Bill To Party</td>
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<tr>
<td>Duplicate invoice</td>
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<td>No physical move</td>
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<tr>
<td>Already paid</td>
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<tr>
<td>Movement / service should be free</td>
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<tr>
<td>Rule 11 vs Through movement</td>
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<tr>
<td>Incorrect reference # or branch</td>
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<tr>
<td>Supplemental services fees incorrect</td>
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<tr>
<td>Incentive rate error</td>
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<tr>
<td>Tax issue</td>
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<tr>
<td>Origin / Destination / Route error</td>
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<tr>
<td>Operations error (e.g. derailment, pulled in error)</td>
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<tr>
<td>Other dispute not covered above</td>
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</tr>
</tbody>
</table>
Interest Charges Item 144

Canadian Pacific assesses an interest charge on freight and supplemental service invoice amounts that are beyond specified Credit Terms. The method of interest application is described below, with sample scenarios provided in Table D for additional context:

- Interest is assessed at a rate of 0.0329% per day [12% per annum] for each day the invoice is/was past due.
- Separate monthly statements outline the interest charges for all open invoices that are past due, as well as any closed invoices from the previous month that were paid past specified Credit Terms.
- Credit Terms are outlined in Item 200 of this tariff [Section 10 - Payment and Credit Terms] unless otherwise specified within the applicable freight tariffs and contracts that govern shipments on CP.
- Due Date is calculated as Invoice Date plus Credit Terms.
- Days Past Due is calculated as Due Date minus the date funds were received by CP.
- When an invoice is disputed [see Item 141], it is placed into a disputed status, which is not subject to the interest charge. If the disputed invoice is deemed accurate, the disputed status is removed and interest charges reinstated.
- Questions regarding interest charges may be directed to the CP accounts receivable representative indicated on the top right of each invoice, or to the CP Receivables Management team at 1-877-474-5008.

### Table D: Sample interest scenarios

**Based on an invoice generated Jul 6 for the period of Jun 1 - 30**

<table>
<thead>
<tr>
<th>#</th>
<th>Waybill Date</th>
<th>Invoice Date</th>
<th>Credit Terms [Days]</th>
<th>Due Date</th>
<th>Invoice Amount</th>
<th>Amount Paid</th>
<th>Date Paid</th>
<th>Balance</th>
<th>Days Past Due</th>
<th>Interest Charge [Current Month]</th>
<th>Current Invoice Status</th>
<th>Interest Charge Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jun 1</td>
<td>Jun 2</td>
<td>15</td>
<td>Jun 17</td>
<td>$1,500</td>
<td>$0.00</td>
<td>-</td>
<td>$1,500</td>
<td>13</td>
<td>$6.42</td>
<td>Unpaid</td>
<td>Interest charges assessed as invoice amount is 13 days beyond terms.</td>
</tr>
<tr>
<td>2</td>
<td>Jun 20</td>
<td>Jun 21</td>
<td>15</td>
<td>Jul 6</td>
<td>$1,000</td>
<td>$0.00</td>
<td>-</td>
<td>$1,000</td>
<td>0</td>
<td>$0.00</td>
<td>Unpaid</td>
<td>No interest assessed during this period as invoice amount is still within credit terms.</td>
</tr>
<tr>
<td>3</td>
<td>May 1</td>
<td>May 2</td>
<td>15</td>
<td>May 17</td>
<td>$2,000</td>
<td>$0.00</td>
<td>-</td>
<td>$2,000</td>
<td>30</td>
<td>$19.74</td>
<td>Unpaid</td>
<td>Interest charges assessed for entire interest period [Jun 1-30] as amount is beyond terms. Customer would have also received interest charges for this invoice on the previous interest invoice [covering May 17-30].</td>
</tr>
<tr>
<td>4</td>
<td>Jun 1</td>
<td>Jun 2</td>
<td>15</td>
<td>Jun 17</td>
<td>$1,000</td>
<td>$1,000</td>
<td>Jun 22</td>
<td>$0.00</td>
<td>5</td>
<td>$1.65</td>
<td>Paid</td>
<td>Interest charges assessed as full amount paid was not within credit terms.</td>
</tr>
<tr>
<td>5</td>
<td>Jun 1</td>
<td>Jun 2</td>
<td>15</td>
<td>Jun 17</td>
<td>$1,000</td>
<td>$0.00</td>
<td>-</td>
<td>$1,000</td>
<td>13</td>
<td>$0.00</td>
<td>Dispute</td>
<td>Invoice amount was disputed within credit terms, therefore no interest is charged at this time. After investigation, it an amount is still owing to CP, interest will be reinstated.</td>
</tr>
<tr>
<td>6</td>
<td>Jun 9</td>
<td>Jun 10</td>
<td>15</td>
<td>Jun 25</td>
<td>$2,000</td>
<td>$1,500</td>
<td>Jun 22</td>
<td>$500</td>
<td>5</td>
<td>$0.00</td>
<td>Dispute</td>
<td>Invoice amount was partially paid and therefore automatically placed into dispute status. No interest is charged at this time. After investigation, it an amount is still owing to CP, interest will be reinstated.</td>
</tr>
<tr>
<td>7</td>
<td>Jun 1</td>
<td>Jun 2</td>
<td>15</td>
<td>Jun 17</td>
<td>$1,500</td>
<td>$0.00</td>
<td>-</td>
<td>$1,500</td>
<td>13</td>
<td>$6.42</td>
<td>Dispute over; balance unpaid</td>
<td>Customer disputed amount on Jun 16, however total amount was deemed valid on Jun 24 and has yet to be paid. Therefore, interest charges are assessed.</td>
</tr>
</tbody>
</table>
1. Application

In this Tariff 1, and all other applicable CP tariffs (including but not limited to tariffs 2 through 10) and other ancillary tariffs and supplements ("CP Tariffs"), "CP" shall mean, each and together:

- Canadian Pacific Railway Company;
- Dakota, Minnesota & Eastern Railroad Corporation;
- Delaware and Hudson Railway Company, Inc.; and
- SOO Line Railroad Company

respectively, where each is involved in the movement of the shipment.

"Customer" or "Customers" means the Payor of Freight, the Shipper, the Receiver, the Consignor or the Consignee, as the case may be.

CP’s Tariffs shall be enforced in accordance with the laws of the province or state in which the shipment tendered originates, together with applicable federal legislation and the custom and usage of the railway industry. The Customer acknowledges and agrees that on shipments moving to or from other railways, all applicable tariffs of the other railways apply to that portion of the shipment on the respective other railways, and that the services offered on other railways may differ from CP. For greater clarity, the Customer acknowledges and agrees that such other railways are independent contractors and are not agents, representatives, or subcontractors of CP, nor shall anything be construed as establishing or implying a relationship of agency, subcontractor, joint venture or partnership between CP and any connecting railway.

"Carrier" or "Carriers" shall mean CP and any connecting railway. "Commodities" mean the goods transported. "Hazardous Commodities" are as specified in CP’s Tariff 8. “Private Equipment” is as specified in CP’s Tariff 6. References to CP cars shall also extend to cars owned or operated similarly by other railways unless stated otherwise. Except as otherwise provided, rates and charges published in CP’s Tariffs are competitive rates and only apply from or to points specified. Rates do not apply to intermediate points and cannot be used to construct combination rates.

Shipping Instructions, also referred to as Bill of Lading, are deemed to be duly authorized when submitted and are valid and binding, irrespective of means of transmission, including electronic submission of same, including but not limited to "EDI 404". Any Shipping Instruction submitted for shipments originating in Canada shall be deemed to use CP’s Standard Bill of Lading, and for shipments originating in the United States of America, the Uniform Straight Bill of Lading, the terms and conditions of which are incorporated by reference. Each Bill of Lading, whether issued under the authority of a rate tariff or a confidential contract, shall constitute a “Contract of Carriage” and such Contract of Carriage shall incorporate CP’s Tariffs. In addition to this Tariff 1, Shipper is responsible for ascertaining all other applicable CP Tariffs and complying with all requirements therein.

2. Updates to This Tariff

This document and the associated documents outlining chargeable services and rules will be updated from time to time with 30 days’ notice of any price increase or change of rules or conditions. For notifications of updates to this Tariff, subscribe using CP Customer Station.

3. Limitation on Common Carrier Offering

Intermodal services are not common carrier offerings, and CP does not hold itself out to be a common carrier for Intermodal services.

4. Customer Representations and Warranties

The Customer represents and warrants to the Carrier(s) that the commodity(ies), the packaging thereof, the loading and unloading thereof, and all other obligations of the Customer under the Contract of Carriage have been and will be performed in accordance with all applicable provincial, federal, state or local laws, regulations, decisions, orders, tariffs, and schedules as well as customer responsibilities as detailed in this tariff and associated tariffs. The Customer represents and warrants to the Carrier(s) that it controls the responsibility of the commodity(ies) being transported by the Carrier(s) and is the purchaser of these services as described in the Contract of Carriage.

5. Rights to Inspect, Reject, Return, and Determine Final Weight

CP reserves the right to inspect shipments to ensure safety or ascertain the accuracy of the description(s). The description of the commodity(ies), as set forth on all shipping documents, must conform to the Standard Transportation Commodity Code 6001 Series and must show ALL applicable STCC numbers. In the event a description is incorrect, CP shall be permitted to:

a) adjust the rates being charged to ensure the rates conform with the commodity actually being transported;

b) refuse to transport the commodity; or

c) respond in any other legal manner.

CP reserves the right to reject any shipment which does not comply with provisions set-out by CP. Failure of CP to reject a shipment which does not comply shall not make CP responsible for loss, damage or injury resulting from the nonconformity or otherwise alter CP’s responsibility or liability. When shippers or consignees are responsible for loss, damage or injury, CP reserves the right to require reimbursement.

CP reserves the right to require the consignee to indemnify, defend and hold harmless CP for any claim, cost or expense related to the consignee. The consignee shall indemnify, defend and hold harmless CP from all claims, costs, and expenses, and to assume all risk, responsibility and liability for death, personal injury, or property damage, arising from, related to, or in any manner caused by, in whole or in part, the use of such team track facilities.

6. Use of “Team Tracks” or Public Delivery Tracks

Existing team track service, including loading/unloading platforms and other structures, are available for use by shippers for non-hazardous commodities only on a pro-rata share usage basis, at the sole cost, risk and expense of the Customer(s) using the team track facilities. By using such facilities, the Customer agrees to indemnify, defend and hold harmless CP from all claims, costs, and expenses, and to assume all risk, responsibility and liability for death, personal injury, or property damage, arising from, related to, or in any manner caused by, in whole or in part, the use of such team track facilities.

By using a CP team track, the Customer agrees to CP’s Tariffs. Team tracks may be accessed only upon CP permission and signed written agreement. CP may deny access if, in CP’s discretion, it is determined that the Customer’s use of the facilities is negatively affecting the safety of the team track, other Customers, or other CP operations. Upon completion of loading or unloading, the Customer(s) shall leave...
CP’s property in a safe and clean condition, removing all materials brought onto CP’s property or removed during unloading.

7. Switching performed by other railways

Where switching or “inter-switching” charges are incurred in the transportation of commodities, Shipper shall be responsible for any switching charges incremental to those included in Rates as detailed in tariffs or confidential contract.

8. Customer’s Owned or Leased Equipment

If equipment used for any shipments tendered by the Customer is owned or leased and provided by, or on behalf of, the Customer, the Customer represents and warrants to the Carrier(s) that such equipment is in compliance with all terms listed in CP’s Tariff 6 [Private Equipment]. Should any Private Equipment as defined in CP Tariff 6 be used, the terms and conditions of CP Tariff 6 shall apply.

9. Hazardous Commodities

If any Hazardous Commodities (loaded or residue) are transported, the Customer represents and warrants to the Carrier(s) that such commodities are in compliance with all terms listed in CP’s Tariff 8 [Hazardous Commodities]. Any application of Hazardous Commodities to CP equipment or shipment not in compliance will be deemed unsafe and unauthorized, and will be subject to applicable fees.

10. Payment & Credit Terms

The Customer shall pay all rates, charges, costs, expenses and taxes in full within fifteen (15) days (inclusive of Saturdays, Sundays and statutory or civic holidays) of the day following the date of issuance of an invoice for the same. If the Customer disputes any portion of the invoice, the Customer shall pay the invoice by the due date shown on the invoice less the disputed amount in accordance with the Customer’s records and indicating the reason for the adjustment. The Carrier will accept a whole or partial claim for overcharge, over-collection or duplicate payment only if the claim is:

- made within 180 days of the date of the invoice in which it is alleged to have been made;
- in writing; and
- contains sufficient information for the Carrier to conduct an investigation, including:
  - the name of the claimant (which must be the same as the party who overpaid);
  - the amount of the claim;
  - the applicable quote number;
  - the original bill of lading;
  - the original freight bill;
  - a description of the freight bill payment charges at issue and supporting documentation; and
  - in the case of overcharges: the rate, weight, description of the commodities, and applicable supporting documentation.

Any claim or dispute must include all documentation required in accordance with Item 141 of this Tariff 1. Failure to file all required information and documentation within the times and as stipulated in this Tariff 1 will result in denial of the claim or dispute. If the Customer’s Financial Statements (as defined below) are not publicly available on the EDGAR database of the United States Securities and Exchange Commission or the SEDAR database of the Canadian Securities Administrators or a similar public database, the Customer shall, within two (2) Business days of receipt of a request from the Carrier, deliver to the Carrier its consolidated balance sheet for its most recently completed fiscal quarter and year, and the related statement of income and statement of changes in financial position of the Customer for such fiscal quarter and year (collectively the “Financial Statements”), prepared in accordance with applicable generally accepted accounting principles or international financial reporting standards, all in reasonable detail and in the case of such annual Financial Statements information certified by independent chartered or certified public accountants of recognized standing.

If:

a) The Carrier determines, in its reasonable discretion, that Customer’s credit worthiness has deteriorated;

b) Customer fails to provide Financial Statements following a request for the same from the Carrier; or

c) Customer fails to pay an invoice within fifteen (15) days,

the Carrier may do any one or more of the following:

- assess interest charges of twelve percent (12%) per annum on all past due amounts;
- cancel credit and either (a) request payment in advance, or (b) require that Customer provide Performance Security in order to ship under credit for any further shipments under the Contract of Carriage or any other contract for the transportation of Commodities between the Carrier and Customer; or
- terminate the Contract of Carriage or any contract for the transportation of Commodities between the Carrier and Customer on five (5) days written notice to Customer.

Where Performance Security is provided it shall be maintained by Customer during the entirety of the duration that Customer is tendering shipments to CP, unless otherwise agreed by the Carrier. In this section “Performance Security” means sufficient security in an amount acceptable to the Carrier and in the form of either an irrevocable standby letter of credit in a form and from a financial institution acceptable to the Carrier, or prepayment. Unless Performance Security is provided, Customer shall pay an additional fee of $100 for each railcar or container shipped under the Contract of Carriage. This charge will be in addition to all other rates, charges, costs, expenses and taxes for such shipment.

11. Liability

Claims for loss, damage or delay to the Commodity will be governed in accordance with terms and conditions as listed within this tariff unless otherwise specified in a Confidential Contract or any other CP Tariff. The liability of CP for any alleged loss, damage or delay to the commodity shall be as follows:

a) For transportation of Commodities within Canada, CP’s liability for claims and the procedures for processing such claims, shall be the same as that imposed on a Canadian rail common carrier. For greater certainty, the terms and conditions regarding liability shall be those of the Railway Traffic Liability Regulations SOR/91-488, except as otherwise provided herein.

b) For transportation of Commodities within the United States, CP’s liability for claims and the procedures for processing such claims, shall be the same as that specified in 49 U.S.C. Section 11706, except as otherwise provided herein.

c) In no event shall CP be liable for more than a value of $2 per pound up to $50,000, for shipments not under common carrier service.

d) No claim for loss or damage shall be filed by the claimant or investigated by the Carrier for $500.00 or less per container/railcar.

e) With respect to liability claims, the “value” of the Commodity or portions thereof shall be computed on the basis of the value at the time of shipment of the Commodities at the place and time of shipment under the Bill of Lading including the freight and other charges if paid, and the customs duty if paid or payable and not refundable. However, the “value” of the commodity or portions thereof shall be computed on the
basis of the manufactured cost of the Commodities only in the case of replenishment movements (Transfer of Stock).
For Transfer of Stock, the Customer shall provide the Carrier with written certification as follows: “We hereby certify that this shipment is a transfer of stock and no actual sale is involved and that the foregoing statement of facts is correct and price(s) used in this claim do not exceed the value at the place and time of shipment in the quantity shipped and does/do not include profit not earned or earned, warehousing, distribution, transportation or other expenses not actually incurred.”

f) CP will not be liable for the rejection of Commodities due to off-temperature or variances. CP does not provide or release confidential reefer mechanical operation download reports.

g) CP will not be liable for Commodities due to expiration of shelf life or delay while in transit.

h) When transporting Commodities in carload form to or from a siding, station, wharf or landing, the Commodities will only be at the risk of the Carrier from the time the car is picked up until the car is placed at destination.

i) CP will not be liable for loss of, damage to, or delay in transportation of Commodities of extraordinary value where the Customer, before shipping, does not disclose in writing the value of the Commodities to CP.

j) CP will not be liable for concealed loss or damage to any container or the contents thereof.

k) CP will not be liable for loss of, damage to, or delay in the transportation of Commodities arising from consignee’s failure to unload the Commodities in a timely manner.

l) CP will not be liable for loss due to natural shrinkage and/or difference between origin and destination weight except where loss results from defective equipment and such defect is directly attributable to CP (i.e. derailment).

m) CP will not be liable for damaged packaging of Commodities unless it is the direct result of derailment occurrence.

n) CP will not be liable for damaged Commodities due to overhead stacking compression onto lower layers.

o) CP will not be liable for water damage in equipment not solely owned and operated by CP except where the water damage is the direct result of damage that CP caused to the equipment.

p) CP will not be liable for loss when bottom outlet gates on hopper railcars do not have the outlet gate retainer locks in the locked position and wired in the locked position. A security seal may act as the wire.

q) There shall be no presumption of CP fault for the loss of, damage to, or delay in the transportation of Commodities. The burden of proof to establish the culpability of CP is upon the claimant. CP is not liable for any loss of, damage to, or delay in transportation of Commodities, except where CP’s intentional act or omission, gross negligence or simple negligence is the direct and proximate cause of the injury.

r) The Customer is responsible for proper and lawful packaging, loading, stacking, blocking, bracing and ventilation of the Commodities. Shifting of a load en route is, of itself, not evidence of CP mishandling. If a car without mechanical protection against heat and cold is requested by the Customer, CP is not responsible for the deterioration of the product which may occur because of temperature within the car.

s) Full Liability Transportation – As an alternative to the preceding Restricted Liability provisions, CP offers Full Liability transportation subject to the terms and conditions of 49 U.S.C. Section 11706 (Carmack Amendment) and at a rate or charge higher than that applicable to transportation under restricted liability terms. If the Customer elects to use the Carmack Amendment or alternative, it must comply with all of the following:

i. The Customer must notify the appropriate CP sales representative and damage prevention and claims services (contact_dpfc@cpr.ca) no less than 72 hours before the shipment is released for the shipment to be subject to 49 U.S.C. Section 11706.

ii. The Customer must obtain a special CP price authority from the appropriate sales representative that is not less than 250% of the otherwise applicable price authority. The price authority must reference 49 U.S.C. Section 11706.

iii. The shipping instructions must note that the shipment is moving under 49 U.S.C. Section 11706 liability terms and is subject to the special price authority.

iv. The shipment must be prepaid. Collect shipments are not accepted.

v. Carmack Liability coverage is not available for shipments that originate in Mexico.

Claims for damaged private equipment as defined in Tariff 6 [Private Equipment] will be adjudicated or governed under the same principles and practices of the current copy of the AAR Interchange Rules for repairs to and settlement of rail equipment.

In no event shall CP be liable for any legal fees or special, consequential, reliance, indirect, incidental or punitive damages, loss of revenue or profits, loss of market, vessel or third party demurrage which are based upon, arise out of or are connected with the transportation of Commodities or anything done or maintained hereunder or anything not done or maintained as required hereunder or for any amount in excess of the actual damage to the Commodities transported under this Contract whether arising in negligence, tort, statute, equity, contract, common law, or any other cause of action or legal theory, even if such damages were foreseeable.

12. Seal Requirements

Seal requirements for shipments that move on CP apply as published here: www.cpr.ca/en/customer-resources-site/Documents/seal-sop.pdf. CP does not monitor shipments for seal compliance (i.e. seal existence, seal type, seal identification number, electronic reconciliation of seal identification numbers) on behalf of the shippers, receivers or the Billable Party for the shipment, and CP is not obliged to report the condition of seals during transportation to any party (including but not limited to Shippers, Consignees or the Billable Party for the shipment). CP will not be liable for loss when adherence to ISO/PAS 17712 seal standards are not proven with:

a) digital photos of seal serial number at time of loading;

b) affidavit inclusive of seal serial number at time of loading; or


13. Claims

For more information on how to report overages, shortages and/or damages, options for salvage handling and how to file a formal freight claim, please refer to the following link: http://www.cpr.ca/en/customer-resources/damage-prevention-and-claims.

In case of incident, CP reserves the right to dispose of commodities as it sees fit. To report an exception: contact_dpfc@cpr.ca

The Carrier shall only be liable for loss or damage resulting from the Carrier’s own negligence during the service of rail transportation. Any damages discovered at final destination shall be reported to the Carrier for verification before claim is honoured. The Customer and/or
consignee releases and agrees to indemnify and hold harmless the Carrier from any and all claims for loss, damage, or delay in the event of failure of the Customer and/or consignee to give such notice and provide such opportunity for inspection. No claim for special or consequential damage will be honoured without prior agreement. The Contract of Carriage a shipment moves under contains certain provisions that stipulate the time frames during which a claimant may file a claim. Under a Canadian Bill of Lading, notification of loss/damage must be received by the delivering carrier within four (4) months after delivery. A formal claim must be submitted within the statute of limitations. On shipments moving under a United States Bill of Lading, notification of loss/damage must be received within nine (9) months from date of delivery. The below documents are required to support the Customer’s claim:

a) Bill of Lading and paid freight invoice
b) Invoice showing ownership and costs
c) Detailed breakdown of all items damaged/lost and the amount claimed for each
d) A copy of a survey report (if applicable) and/or an Exception Report or its number
e) In the case of bulk shipment(s), a copy of the scale documentation both at origin and destination to substantiate the amount of product lost or damaged
f) A copy of the delivery receipt or proof of delivery (POD)
g) If a shortage claim, verification of quantity shipped and quantity received, as well as seal record at time of unloading and on receipt from CP
h) If repairs are required, invoices for parts and labour
i) If shipment is a transfer of stock, a stock transfer certification
j) For claims on shipments under perishable protective service related to “off-temperature”, a temperature history log for the unit in question

Amounts claimed for loss, damage or delay may not be deducted from any freight bills issued by the Carrier.

To submit a formal Freight Claim: freight_claims@cpr.ca

For product overages, disposition will be handled by CP’s Warehouse Agent. Contact CP Account Manager for details.

14. Claims for Damage to Containers

CP liability for any alleged loss or damage to the container or trailer shall be as outlined in the AAR Intermodal Interchange Rules, except as otherwise provided below where CP shall:

a) not be liable for damage in excess of the lesser of:
 i. the calculated depreciated value;
ii. the cost to repair; or
iii. $20,000/unit of equipment (“Liability Limit”);
b) not be claimed against for damage per container or trailer for amounts of $1,000.00 or less;
c) not be liable for damage that does not impair the structural integrity of the trailer or container, nor internal damage to the trailer or container, unless damage is proven to be the result of Carrier mishandling;
d) not be liable for damage to trailer or container appurtenance or external mountings or fuel tanks which are not compatible or come into contact with the railcar;
e) not be liable for prior damage to trailer or container, damage as a result of vandalism (e.g. graffiti), or damage to the door or securement mechanisms;
f) not be liable for any special, consequential, reliance, indirect, incidental or punitive damages or loss resulting from the loss of use of the trailer or container;
g) not be liable for damage as the result of an Event of Force Majeure.

A claim for equipment damage must be submitted within two (2) months of the incident occurring. The nature of repair must reflect the standards as outlined AAR Intermodal Interchange Rules.

CP shall calculate the Depreciated Value of units based on the following information and method:

- Manufactured Date (month and year)
- Damaged Date (month and year)
- Price is the Original Purchase Price or Reproduction Price with invoice support
- Monthly Depreciation Factor:
  - 180 (months) for “steel welded”
  - 120 (months) for “post and panel” design

Monthly Depreciation: Price ÷ Monthly Depreciation Factor
Depreciation: Monthly Depreciation x Mos. in Service
Depreciated Value: Price - Depreciation

15. Emergency Routing

In the event the Carrier(s) transport the Commodity(ies) over a route other than that specified in the Contract of Carriage because of traffic congestion, washout, wreck or other similar emergency, or the Carrier(s) error, the rates to be charged shall be the lesser of the rates in the Confidential Rate Quote or the most recent applicable rates for the route published by CP.

16. Force Majeure

The Customer, Consignee, and CP shall be excused from its or their obligations, with the exclusion of obligations related to ensuring safety and any obligation to pay invoices in accordance herewith, under the Contract of Carriage or CP Tariffs, provided that the Customer or CP is prevented or delayed in such performance by any event which is unavoidable or beyond its reasonable control (an “Event of Force Majeure”). These may include, without limitation:

- act of God;
- act of the Queen’s or public enemies;
- flood or washout;
- rockslide, landslide, snow-slide or avalanche;
- storm or earthquake;
- expropriation;
- fire or explosion;
- strike, lockout, walkout or other industrial dispute;
- labour shortage;
- war, sabotage, riot or insurrection;
- derailment;
- power or fuel shortage; or
- the act or failure to act of any government or regulatory body.

Lack of funds shall not be considered an Event of Force Majeure.

Under an Event of Force Majeure, all time periods provided for in the applicable contracts or tariffs shall be extended for a period equal to the period during which the Event of Force Majeure is continuing. So far as reasonably possible, the party affected will take all reasonable steps to remedy the Event of Force Majeure: provided, however, that nothing contained in this paragraph shall require any party to settle any industrial dispute or to test the constitutionality of any provincial, federal, state or local law or regulation. Upon the occurrence of an Event of Force Majeure, the party affected shall give prompt written notice to the other party describing the event in question in reasonable detail, and such party shall also furnish prompt notice when the Event of Force Majeure has ended. Failure to provide notice shall not preclude a party from relying on the existence of an Event of Force Majeure.
## Summary of changes

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Effective</th>
<th>Change Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>200</td>
<td>Rules and regulations</td>
<td>2019-10-01</td>
<td>Language</td>
<td>The term 'Customer' is defined in Section 1 for application in Tariff 1 and all other applicable CP Tariffs.</td>
</tr>
<tr>
<td>200</td>
<td>Rules and regulations</td>
<td>2019-10-01</td>
<td>Language</td>
<td>Information updated on notification of changes to Tariffs in Section 2.</td>
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