CANADIAN PACIFIC KANSAS CITY LIMITED

AND

CANADIAN PACIFIC RAILWAY COMPANY

MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE

TERMS OF REFERENCE

*The term "Corporation" herein shall refer to each of Canadian Pacific Kansas City Limited ("**CPKC**") and Canadian Pacific Railway Company ("**CPRC**"), and the terms "Board," "Directors", "Board of Directors" and "Committee" shall refer to the Board, Directors, Board of Directors, or Committee of CPKC or CPRC, as applicable.*

A. Committee and Procedures

1. Purpose

The purposes of the Management Resources and Compensation Committee (the "**Committee**") are to fulfill applicable public company compensation committee legal obligations and to assist the Board with its responsibilities relating to:

- the appointment, compensation and reporting relationships of the Corporation's executives;
- the compensation philosophy and programs of the Corporation;
- the adoption and amendment of incentive compensation plans, equity based plans and retirement plans, subject to shareholder approval if required;
- the establishment of performance objectives and the conduct of performance evaluations for certain senior officers;
- the Corporation's organizational health; and
- succession planning

2. Composition of Committee

The Committee shall be comprised of not less than three Directors, none of whom is either an officer or employee of the Corporation or any of its subsidiaries. All members of the Committee shall meet all requirements and guidelines for compensation committee service, including being independent and unrelated to the Corporation, set forth in applicable securities laws, securities commission policies or the rules of any stock exchange on which the Corporation's securities are listed for trading. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be affirmatively made by the full Board.

3. Appointment of Committee Members

Members of the Committee shall be appointed from time to time by the Board and shall hold office at the pleasure of the Board.

4. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill a vacancy whenever necessary to maintain a Committee membership of at least three Directors.

5. Committee Chair

The Board shall appoint a Chair for the Committee.

6. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

7. Secretary of Committee

The Committee shall appoint a Secretary who need not be a Director of the Corporation.

8. Meetings

The Chair of the Committee or the Chair of the Board or any two of its other members may call a meeting of the Committee. The Committee shall meet at such times during each year as it deems appropriate, and as part of such meeting, shall meet in executive session without management being present.

9. Quorum

Three members of the Committee shall constitute a quorum.

10. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing by any means of recorded communication, including via e-mail, via secured Board portal such as Diligent Boards or by other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. Attendance of Others at Meetings

At the invitation of the Chair of the Committee, individuals who are not members of the Committee may attend any meeting of the Committee.

12. Procedure, Records and Reporting

Subject to any statute or articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board, and not less than annually).

13. Review of Terms of Reference

The Committee shall review and reassess the adequacy of these Terms of Reference annually or otherwise as it deems appropriate and recommend changes to the Board.

B. **Mandate of Committee**

14. From time to time, the Committee shall consider and make recommendations to the Board concerning:

(a) succession planning for senior management positions in the Corporation, including processes to identify, develop and retain executive talent;

(b) the appointment of persons as officers of the Corporation;

(c) the compensation philosophy and programs of the Corporation generally;

(d) total compensation for named executive and any other officers of the rank of Senior Vice President and above who report directly to the Chief Executive Officer ("CEO"), excluding the CEO (where such recommendations are made to the independent Directors of the Board), including salaries, annual incentive opportunity, long-term incentive opportunity, supplemental benefits including pension, perquisites, and the terms of employment agreements (if applicable), including severance arrangements and change of control payments;

(e) the market competitiveness of executive pay relative to compensation philosophy;

(f) the design of cash-based and equity-based incentive compensation plans, including, short-term incentive, stock option, stock purchase or other similar plans in which officers are or may be eligible to participate, and the administration and monitoring, as required, of any benefits granted pursuant to any such plan referred to in this subparagraph; including evaluating the pay and performance relationship, reviewing the cost implications under various performance scenarios, considering the accounting and tax implications, reviewing the compensation plans with the view towards not encouraging excessive or undue risk taking and ensuring all equity compensation plans and revisions to such plans are approved by shareholders (if applicable);

(g) amendments to the Corporation's retirement plans as proposed by the Management Pension Committee, the financial implications of which amendments shall be provided to both the Committee and the Audit and Finance Committee;

(h) review and make recommendations to the Board concerning executive share ownership guidelines and monitor compliance;

(i) the adoption and amendments, if any, to a clawback policy of the Corporation that is compliant with the U.S. Securities and Exchange Commission's Dodd-Frank Clawback Rule and related listing standards adopted by the New York Stock Exchange;

(j) the adoption and amendments, if any, to any other clawback policy of the Corporation; and

(k) the organization's health, morale and employee attitudes.

15. The Committee shall:

(a) establish the performance objectives for the CEO, including the corporate goals and objectives relevant to CEO compensation, and design the process for evaluating the performance of the CEO;

(b) conduct performance evaluations of the CEO in accordance with the performance evaluation process designed by the Committee;

(c) review and make recommendations to the independent Directors of the Board on the level of compensation (including salary, short-term incentives, and long-term incentives) to be paid to the CEO based on the evaluation of the CEO's performance in light of the aforementioned corporate goals and objectives;

(d) have authority to retain, terminate and compensate, on such terms and at such fees or other compensation as the Committee may determine according to its sole discretion, any compensation consultant to be used to assist in the evaluation of CEO or senior executive compensation, and any other external advisors that the Committee deems necessary to permit it to carry out its duties;

(e) approve changes in compensation for officers of the rank of vice-president and above who report directly to the CEO and are not referred to in 14(d), including salaries, annual incentive opportunity, long-term incentive opportunity, and supplemental benefits including pension, perquisites; and

(f) act under, or assist the Board in acting, as required under the Corporation's clawback policies.

16. The Committee shall oversee the identification, consideration and management of risks associated with the Corporation's compensation philosophy and programs, and review disclosure on: (i) the role of the Committee and the Board in that regard; (ii) the practices used to identify and mitigate any such risks (particularly inappropriate or excessive risks); and (iii) any risk identified as part of the compensation philosophy and programs which is reasonably likely to have a material adverse effect on the Corporation.

17. The Committee shall each year review and approve a "Report on Executive Compensation" to be included in the Corporation's management proxy circular for its annual meeting of shareholders.

18. The Committee may perform such other activities, consistent with these Terms of Reference, the Corporation's articles and by-laws and governing law, as the Committee or the Board deems appropriate.