CANADIAN NATIONAL RAILWAY COMPANY

CORPORATE GOVERNANCE MANUAL

Approved by the Board of Directors

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OVERVIEW

Canadian National Railway Company (**CN** or **Company**) is committed to adhering to the highest possible standards in its corporate governance practices. As set forth in this Corporate Governance Manual, these practices are designed to assist CN in achieving its principal stated corporate objective, which is the enhancement of shareholder value on a long term basis. CN believes that in order to enhance shareholder value, on a long term basis, it is advisable to take into account the interests of its other stakeholders.

The following description of CN's corporate governance practices fully complies with the disclosure and listing requirements of the Toronto Stock Exchange (the **TSX**) and with applicable Canadian legislation and related regulations such as National Instruments 51-102, 52-108 and 58-101, Multilateral Instruments 52-109 and 52-110 and National Policies 51-201 and 58-201 of the Canadian Securities Administrators (the **CSAs**) (collectively the **Canadian Corporate Governance Standards**). In addition, CN complies with the New York Stock Exchange's (the **NYSE**) corporate governance standards and with applicable U.S. legislation, such as the *Sarbanes-Oxley Act of 2002* and related regulations (collectively the **US Corporate Governance Standards**)[1].

Disclosure of CN's corporate governance practices is made annually in the Management Information Circular (**Information Circular**) provided in connection with the annual meeting of shareholders, which Information Circular is available on CN's website at *www.cn.ca*, under Delivering Responsibly/Governance.

CN's Board of Directors (the **Board**) from time to time reviews this Corporate Governance Manual with a view to continuously improving CN's corporate governance practices by assessing their effectiveness and comparing them with evolving best practices, standards identified by leading governance authorities and CN's changing circumstances and needs.

For the purpose hereof and where the context requires, **executive officers** of CN means executives holding the position of Senior Vice-President or more senior positions at the Company and **executive management** means executives holding the position of Vice-President or more senior positions at the Company.

Committee Structure

As a general rule, the committees of the Board make recommendations to the Board, which has the decision authority unless otherwise required by law. However, the Board may, from time to time, delegate its decision authority or part thereof, subject to applicable laws.

The current committee structure of the Board includes the following committees:

- the Audit, Finance and Risk Committee (**AFR Committee**);
- the Governance and Sustainability Committee (**GS Committee**);
- the Human Resources and Compensation Committee (**HRC Committee**); and
- the Safety and Environment Committee (**SE Committee**).

The members and chairs of the committees are recommended to the Board by the Board Chair in consultation with the GS Committee. New members of each committee will be nominated taking into account their skills and qualifications so that the committees may properly oversee the discharge of the responsibilities delegated to them by the Board.

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[1] This Corporate Governance Manual shall be reviewed by CN's Board of Directors, from time to time, in order to ensure ongoing compliance with Canadian Corporate Governance Standards as well as US Corporate Governance Standards.

1. BOARD AND COMMITTEE MANDATES

1.1 Board of Directors

1.1.1 PURPOSE

The Board has oversight responsibility for the stewardship of CN and its business and is accountable to shareholders for the performance of CN. The role of the Board is to supervise the management of CN's business and affairs, with the objective of creating value for shareholders and taking into account the interests of other stakeholders.

The Board, in consultation with management, establishes and is responsible for the company's strategic direction and regularly reviews CN's strategic plan to ensure that it continues to be responsive to the changing business environment in which CN operates. The Board provides stewardship to CN management by reviewing corporate strategy, assigning responsibility to management for achievement of that strategy, establishing limitations on the authority delegated to management and overseeing performance against approved objectives and overseeing the appropriate capital allocation framework for CN.

The Board has decision making responsibility and approves all matters expressly required herein, under applicable legislation, including the *Canada Business Corporations Act* as well as CN's Articles of Continuance and By-laws. Subject to applicable legislation, the Board may assign to Board committees the prior review of any issues it is responsible for, or as required by applicable laws. The Board can delegate approval of matters to a committee or seek a recommendation from a committee for approval by the Board. The Board has also delegated the approval of certain matters to management pursuant to its Standing Resolutions on Delegation of Authority, as amended from time to time.

As the Board has overall plenary power, this mandate is intended not to limit the powers of the Board but to assist the Board in the exercise of its powers and the fulfillment of its duties.

1.1.2 MEETINGS

- **Meetings**. The Board shall meet at least six times a year and as necessary.
- **Meeting Without Management**. The non-executive Board members shall meet before or after every Board meeting without the presence of management, under the chairmanship of the Board Chair. If such group includes directors who are not independent, an *in camera* session including only independent directors shall be held at every Board meeting.

1.1.3 RESPONSIBILITIES

In fulfilling its oversight and decision-making responsibilities, the Board shall have unrestricted access to management and authority to select, retain, terminate, and approve the fees of any independent legal, accounting, or other advisor to assist it in fulfilling its responsibilities.

A. Strategic Planning

- **Strategic Planning**. In consultation with management as appropriate, the Board will:
    - establish and approve CN's strategic direction and objectives;
    - oversee the strategic planning process and the formulation of CN's strategic direction;
    - review and approve, on at least an annual basis, CN's strategic business plan and framework which take into account, among other things, the opportunities and risks

of the business, sustainability matters, the competitive environment in the rail industry as well as emerging trends and technologies, including artificial intelligence;

- develop an in-depth knowledge of the business, understand and question the assumptions underlying CN's strategic business plans and framework and reach an independent judgment as to the probability that the strategic plan and framework can be realized;
- review and approve all major initiatives, corporate decisions and transactions, as well as applicable funding transactions;
- approve strategic, business and capital allocation plans and policies within which management will operate in relation to capital expenditures, acquisitions and dispositions;
- monitor the execution and fulfillment of CN's approved strategic, business and capital allocation plans and policies; and
- review material technological advancements and initiatives which may impact CN and the rail industry to ensure alignment with CN's strategic direction and objectives.

- **Corporate Performance Evaluation**. Having regard to CN's strategic objectives, the Board will:
  - review and approve the criteria, goals, metrics, and/or budgets against which corporate performance and executive performance will be measured;
  - monitor and evaluate performance against such criteria, goals, metrics, and/or budgets; and
  - review and approve management's operational plans with a view to ensure consistency with CN's strategy and goals.

B. Executive Oversight

- **Succession Planning.** The Board will:
  - with the assistance and upon recommendation of the HRC Committee, oversee the executive succession planning processes and strategy;
  - with the assistance and upon recommendation of the HRC Committee, oversee the process for the selection of the President and Chief Executive Officer (the **President and CEO**) as well as executive officers;
  - approve the terms and conditions of appointment, termination and retirement, of the President and CEO, as well as the executive officers; and
  - approve the appointment, as officers of CN, of all executive officers as well as the Treasurer and the Corporate Secretary in accordance with CN's By-Laws, and any such other member of executive management, from time to time as it deems appropriate.

- **Performance Assessment and Compensation.** The Board will:
  - with the assistance and upon recommendation of the HRC Committee, monitor and evaluate the performance of the President and CEO as well as the executive officers who report directly to the President and CEO;
  - approve annually the performance objectives of the President and CEO upon recommendation of the HRC Committee;

- approve annually the compensation of the President and CEO by the independent directors only, as well as each of the executive officers who report directly to the President and CEO; and
- with the assistance and upon recommendation of the HRC Committee, oversee that an appropriate portion of the President and CEO and executive management compensation is tied to both the short and longer-term performance of CN while being aligned with the Company's strategy.

C. Governance

- **Board Mandate.** The Board shall review and approve its mandate at least annually.
- **Board Governance**. With the assistance and upon recommendation of the GS Committee, the Board will:
  - annually monitor the size and composition of the Board to favour effective decision-making;
  - ensure that a majority of CN's directors have no direct or indirect material relationship with CN and determine who, in the reasonable opinion of the Board, are independent pursuant to applicable legislation, regulation and listing requirements;
  - develop appropriate qualifications and criteria for the selection of Board members, including criteria for determining director independence;
  - approve the list of director nominees for election at the next annual or special meeting of shareholders and fill Board vacancies, as applicable;
  - adopt and oversee the orientation and continuing education programs for directors;
  - oversee the disclosure of a method for interested parties to communicate directly with the Board Chair or with the non-executive directors as a group; and
  - annually review and approve the remuneration of non-executive directors, the Board Chair and the Committee Chairs.
- **Corporate Governance and Ethical Conduct.** With the assistance and upon recommendation of the GS Committee, the Board will:
  - ensure a Board succession and renewal plan is in place;
  - take all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout CN;
  - monitor and review, as appropriate, CN's Corporate Governance Manual and policies and measures for receiving shareholder feedback;
  - monitor and review stakeholder and Indigenous feedback, activism and the potential for shareholder activism; and
  - take all reasonable steps to ensure the highest quality of ethical standards, including reviewing, on a regular basis, the Code of Business Conduct applicable to CN's directors, its President and CEO, senior financial officers, other executives and employees, monitoring compliance with such code, approving any waiver from compliance with the code for directors and executive officers and ensuring appropriate disclosure of any such waiver, including transactions involving CN and related parties.

- **Committees**. The Board shall establish such committees as it deems necessary or desirable, to assist it in the fulfillment of its duties and responsibilities. In this regard, the Board will:
    - develop and review as appropriate, with the assistance and upon recommendation of the GS Committee, the mandates of such committees and delegate from time to time to such committees or other persons any of the Board's responsibilities that lawfully may be delegated; and
    - appoint members of each committee of the Board, in consultation with the relevant Committee Chair and considering any recommendations of the GS Committee.
- **Board and Committee Chairs**. The Board shall:
    - annually approve position descriptions for the Chair of the Board and Committee Chairs, upon recommendation from the GS Committee; and
    - appoint the chair of the Board and the chair for each committee from among the independent directors.
- **Board Performance and Effectiveness**. The Board, with the assistance and upon recommendation of the GS Committee, shall annually review, approve and perform the effectiveness assessment process of the Board, Board committees, Board and Committee Chairs and individual directors.

D. Risk Management, Financial Reporting, Internal Controls

- **Risk Management**. The Board shall, with the assistance and upon recommendation of the AFR Committee, ensure that an appropriate risk assessment process is in place to identify, assess and manage the principal risks facing CN with respect to its business and strategy, including climate change and other sustainability risks. The Board shall satisfy itself as to the effective oversight of risk management of individual risks, through the receipt of periodic reporting from the Chair of the AFR Committee and the Chairs of such other committees of the Board which have been delegated responsibilities for specific risks.
- **Financial Reporting and Internal Controls**. With the assistance and upon recommendation of the AFR Committee, the Board shall oversee:
    - the quality and integrity of CN's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems;
    - the integrity and quality of CN's financial statements and other financial information and the appropriateness of their disclosure;
    - the review of the AFR Committee on external auditors' independence and qualifications;
    - the performance of CN's internal audit function and of CN's external auditors; and
    - CN's compliance with applicable legal and regulatory requirements (including those related to environment, safety and security).
- **Disclosure and Communications**. The Board shall:
    - adopt communications and disclosure policies;
    - monitor CN's investor relations programs; and
    - approve annually the Management Information Circular, the Annual Information Form, the Annual Report, the annual report regarding forced labour, child labour and supply chains, and any other continuous disclosure document, as required.

E. Capital Allocation

- **Operating and Capital Plans**. Following the Board's approval of CN's strategic plan, the Board shall review and approve CN's annual operating plans, capital expenditures programs and capital allocation plans, including CN's capital structure and cash flows and the alignment of these plans to CN's long-term strategy. The Board shall also monitor performance against these plans with the assistance and upon recommendation of the AFR Committee.

- **Significant Expenditures**. The Board shall review and approve significant capital (budgeted and non-budgeted) and other expenditures, sales and leases of assets and any other transactions, including any merger and acquisition transactions, that could alter, impact or otherwise significantly affect CN's financial or corporate structure, and off-balance sheet items, as well as projected and actual returns from investments, in each case that exceed any delegation of authority to management.

- **Dividends and Share Repurchases**. The Board shall review and approve CN's shareholder distributions, including with respect to dividends and share repurchases.

- **Significant Investments**. The Board shall, with the assistance and upon recommendation of the AFR Committee, receive regular reports from management on the status and risks related to CN's significant or strategic investments, such that the Board may monitor the execution of such investments against objectives and oversee any related risks.

F. Sustainability, Environment, Safety and Security

- **Sustainability, Environment, Safety and Security Policies and Practices**. With the assistance and upon recommendation of the GS and SE Committees (as specified in their respective mandates), the Board will:
    - evaluate on an ongoing basis, the Company's sustainability strategy, metrics, goals, targets, and performance against them, and whether CN's resources are being managed in a manner consistent with ethical considerations and stakeholders' interests and in order to enhance shareholder value;
    - monitor and approve as applicable, CN's sustainability, safety and security policies and practices, including CN's Climate Action Plan and progress against the targets set under such plan;
    - review and monitor emerging technologies, artificial intelligence and digital transformation initiatives;
    - review and monitor human rights matters that have the potential to affect CN and its supply chain (including forced labour or child labour), and annually review and approve CN's annual statement and report regarding the prevention and reduction of risks associated with the use of forced labour or child labour; and
    - as part of the strategic planning process, evaluate and review public issues of significance that may affect CN's business, operations and stakeholders, including social, political and environmental trends and both the opportunities and risks to CN's business that each presents.

G. Pension Matters

- **Pension Policies and Practices**. The Board shall, with the assistance and upon recommendation of the AFR Committee and the Pension Advisory Working Committee (a management level committee), monitor and review, as appropriate, CN's pension fund policies and practices, including the investment policies of the Canadian National Railway Pension Trust Funds or any other pension trust

fund established in connection with a new pension plan or any other pension plan offered or administered by CN (**CN's Pension Trust Funds**).

1.2 Audit, Finance and Risk Committee

1.2.1 PURPOSE

The AFR Committee assists the Board in fulfilling its oversight responsibilities in relation to:

- the integrity and quality of CN's financial statements, financial reporting, systems of internal control and internal audit function;
- the qualifications, independence and performance of CN's auditor;
- CN's financing plans and programs relating to treasury operations, credit facilities and credit ratings, financial risks and contingent exposures;
- the funding of CN's Pension Plans, the investment management performance of the CN Investment Division and the activities of the Pension Advisory Working Committee;
- CN's risk assessment and enterprise risk management process, policies and practices; and
- any additional matters delegated to the AFR Committee by the Board.

1.2.2 MEMBERSHIP

- **Number**. The Board shall appoint a minimum of four directors to be members of the AFR Committee, one of whom shall also be a member of the HRC Committee.

- **Independent Directors**. Only independent directors, as determined by the Board and under Canadian and U.S. corporate governance standards, may be appointed. A member of the AFR Committee may not, other than in their capacity as a director or member of a Board committee and subject to the exceptions provided in Canadian and U.S. laws and regulations, accept directly or indirectly any fee from CN or any subsidiary of CN nor be an affiliated person of CN or any subsidiary of CN.

- **Qualifications**. Each member must be **financially literate** and at least one member must be an **audit committee financial expert**, as determined by the Board.

- **Simultaneous Service**. Because of the AFR Committee's demanding role and responsibilities, the Board Chair, together with the GS Committee chair, shall review any invitation to the AFR Committee members to join the audit committee of another entity. Where a member of the AFR Committee simultaneously serves on the audit committee of more than three public companies, including CN, the Board shall determine whether such simultaneous service impairs the ability of such member to effectively serve on the AFR Committee and either requires a correction to the situation or discloses in CN's Information Circular that there is no such impairment.

1.2.3 MEETINGS

- **Meetings**. The AFR Committee shall meet at least four times annually, or more frequently as needed. Such meetings may be held by telephone or by any other means which enables all participants to communicate with each other simultaneously and as necessary.

- **Quorum**. A quorum for the transaction of business at an AFR Committee meeting shall be a majority of the AFR Committee members.

- **Meeting Without Management**. Each AFR Committee meeting will include a portion without the presence of management.

- **Access to Outside Advisers**. As appropriate, the AFR Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair. The AFR Committee has the authority to independently make arrangements for the appropriate funding for payment of any advisors retained by it. The Board will make arrangements for the appropriate funding for all administrative expenses necessary or appropriate to allow the AFR Committee to carry out its duties.

- **Reporting**. The AFR Committee shall report to the Board following each regularly scheduled meeting of the AFR Committee, or more frequently if circumstances warrant, on the AFR Committee's activities.

1.2.4 RESPONSIBILITIES

The AFR Committee will be responsible for overseeing the performance of the following functions:

A. Audit Functions

- **Financial Reporting**. The AFR Committee shall:
    - monitor the quality and integrity of CN's accounting and financial reporting process through discussions with management, the external auditors and the internal auditors;
    - review – with management and the external auditors – and recommend to the Board for approval the annual audited financial statements and the quarterly consolidated financial statements of CN as well as any accompanying information, including in each case CN's MD&A disclosure and earnings press releases prior to their public release, filing and distribution;
    - review – with management and the external auditors – and recommend to the Board for approval the annual audited financial statements of CN's pension trust funds of CN's Pension Plans (CN's Pension Trust Funds);
    - review the level and type of financial information provided, from time to time, to financial markets;
    - review and recommend to the Board for approval the financial information contained in the annual information form, prospectuses or other offering documents and any other document including financial information requiring Board approval;
    - review – with management and the external auditors – the quality, appropriateness and disclosure of CN's accounting principles and policies, underlying assumptions and reporting practices, and any proposed changes thereto, as well as any significant financial reporting issues and judgments made in connection with the preparation of financial statements, including without limitation (i) all critical accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the ramification of their use and the treatment preferred by the external auditors, as well as (iii) any other material written communications between CN and the external auditors; and be directly responsible for the resolution of any disagreement with management regarding CN's financial reporting and any audit problems or difficulties and management's response;
    - review the external auditors' reports on the annual consolidated financial statements and internal controls over financial reporting of CN and on the annual financial statements of CN's Pension Trust Funds;
    - review the external auditors' quarterly review engagement reports on the consolidated financial statements of CN;

- review the compliance of management certification of financial reports with applicable legal and regulatory requirements; and
- review the results of the external audit, any significant problems encountered in performing the audit, and management's response and/or action plan related to any Management Letter issued by the external auditors, including any significant recommendations contained therein.

- **Internal Controls over Financial Reporting (Internal Controls)**. The AFR Committee shall:
  - oversee and monitor the integrity and quality of CN's Internal Controls;
  - review management's report assessing the adequacy and effectiveness of CN's disclosure controls and procedures as well as Internal Controls;
  - review CN's compliance with applicable legal and regulatory requirements relating to Internal Controls;
  - while ensuring confidentiality and anonymity, establish procedures for the receipt, retention and treatment of complaints received by CN regarding any matter that could pose a risk to CN's business, including concerns regarding accounting or auditing matters; and
  - request the performance of an audit of any specific risk or of Internal Controls, as required.

- **Internal Auditors**. The chief internal auditor reports directly to the AFR Committee and the internal auditors are accountable to the AFR Committee as well as to the Board. Accordingly, the AFR Committee shall:
  - recommend to the Board the appointment and termination of the chief internal auditor;
  - monitor the internal audit function's performance, responsibilities, staffing and resources; and
  - approve at least annually the internal audit plan and regularly monitor its progress.

- **External Auditors**. The external auditor is accountable to and reports directly to the AFR Committee. Accordingly, the AFR Committee shall:
  - be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor and oversee and be directly responsible for CN's relationship with the external auditor;
  - recommend to the Board and CN's shareholders the appointment and, if appropriate, the removal of external auditors for CN and CN's Pension Trust Funds;
  - oversee the evaluation and compensation of the external auditors, and monitor their qualifications, performance and independence in this context;
  - approve and oversee the disclosure of all audit, review and attest services provided by the external auditors, determining which non-audit services the external auditors are prohibited from providing, and pre-approving and overseeing the disclosure of permitted non-audit services by the external auditors to CN or any of its subsidiaries, in accordance with applicable laws and regulations;
  - approve all fees paid to the external auditors;
  - review at least annually a report by the external auditors describing their internal quality-control procedures; any material issues raised by their most recent internal quality-control review of their firm, or peer review, or by any inquiry or investigation by

governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by them, to the extent available, and any steps taken to deal with any such issues;

- review at least annually, the formal written statement from the external auditors stating all relationships the external auditors have with CN and confirming their independence, and holding discussions with the external auditors as to any relationship or services that may impact their objectivity or independence;
- review hiring policies for employees or former employees of CN's external auditors;
- ensure the rotation of lead, concurring and other audit partners, to the extent required by Canadian corporate governance standards and US corporate governance standards; and
- every five (5) years, oversee a comprehensive review of CN's external auditor.

- **Communications with Auditors and Management**. The AFR Committee has direct communication channels with the internal and external auditors to discuss and review specific issues, as appropriate. In addition, each must meet separately with the AFR Committee, without management, quarterly, or more frequently as required. The AFR Committee must also meet separately with management quarterly, or more frequently as required.

- **Communications with Investors**. The AFR Committee shall oversee CN's policies and procedures related to disclosure of financial and other material information to investors and the processes in place to ensure the information is accurate, complete and consistent with other public disclosures made by CN; the AFR Committee will ensure procedures in place for the review of CN's disclosure of financial information extracted or derived from CN's financial statements and periodically assessing the adequacy of those procedures.

B. Finance Matters

- **Operating and Capital Plans**. Following the Board's annual approval of CN's strategic and business plan, and overall capital allocation plan and shareholder distributions (including with respect to dividends and share repurchases), the AFR Committee shall monitor performance against CN's annual operating plans, capital expenditures programs and capital allocation plans, including monitoring CN's capital structure and cash flows, and the alignment of these plans to CN's long-term strategy.

- **Financial Policy and Financings**. In each case that exceeds any delegation of authority to management, the AFR Committee shall review and make recommendations to the Board relating to CN's financial policies and financing plans, including:
  - treasury operations, such as the opportunity and parameters of debt and equity financings and the prepayment, redemption, repurchase or defeasance of any indebtedness;
  - the use of financial derivatives and hedging activities;
  - loans, guarantees of the credit of others, or other extensions of credit by CN; and
  - significant additional voluntary pension contributions above current service cost and above any required special payments that would materially impact CN's capital allocation plan.

- **Credit Ratings**. The AFR Committee shall regularly review CN's credit ratings and monitor CN's activities relating to credit rating agencies.

- **Credit Facilities**. The AFR Committee shall review CN's credit facilities, including amendments thereto, and review compliance by CN with its financial covenants.

- **Significant Investments**. The AFR Committee shall receive regular reports from management on the status and risks related to CN's significant or strategic investments, such that the AFR Committee may monitor the execution of such investments against objectives and oversee any related risks.

C. Risk Management

- **Enterprise Risk Management.** The AFR Committee is responsible for the overall oversight of CN's enterprise risk management program and the work carried out by management in this regard. The Board, upon recommendation of the AFR Committee, also has the authority to delegate to other committees the responsibility for oversight of specific risks that fall within such committee's mandate.
- In this context, the AFR Committee shall:
    - review regular enterprise risk management reports prepared by management;
    - report to the Board on any significant risks or other matters identified in the enterprise risk management reports it receives and on any major issues arising with respect to the management of those risks; and
    - monitor the work of other committees which have delegated authority to oversee specific risks through periodic reporting, such that the AFR Committee can have a holistic view of all risks CN faces, including their potential interplay and/or cumulative effect on CN's business and strategy.

- **Risk Monitoring and Assessment**. The AFR Committee shall:
    - oversee management's assessment of CN's major risk exposures having the potential to materially impact CN's ability to meet or support its business objectives, and report to the Board on any significant risks (with the exception of risks for which another committee has been delegated responsibility for by the AFR Committee or the Board). The AFR Committee shall oversee the steps management has taken to monitor/control and mitigate those exposures;
    - in coordination with the GS, HRC and SE Committees, review any risks overseen by such Committees and the adequacy and effectiveness of applicable internal controls related to such risks;
    - review CN's processes and policies for identifying, assessing and managing risks, including CN's insurance coverage, to satisfy itself as to the effective risk management of all risks facing CN;
    - monitor management's oversight of matters relating to non-operating information technology, cybersecurity or data governance affecting CN and CN's information technology systems;
    - review CN's business continuity plans and disaster recovery plans; and
    - monitor any litigation, claim or other contingency, any investigations and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of CN.

- **Fraud Control**. The AFR Committee shall oversee CN's anti-fraud programs and controls, including its policies and procedures over fraud risk assessments and fraud risk management.

D. Delegation of Authority

- The AFR Committee shall review and recommend for approval CN's Standing Resolutions on Delegation of Authority, including the delegation of authority to approve financing transactions and other matters.

E. Pension Matters and Investment

- **Pension Plan Funding**. The AFR Committee shall:
  - review the funding and investment management of CN's Pension Plans;
  - approve CN's overall pension risk management strategy and report thereon to the Board;
  - approve all of CN's Pension Trust Funds investments made in any one real estate property, resource property, the shares or debt of any single corporation not listed on a prescribed stock exchange as defined in the Income Tax Act (Canada), or any investment in a single externally managed fund in any asset class with a non-redeemable investment term averaging more than five years, including real estate, oil and gas, private equities, private debt, infrastructure, and absolute return, for which the aggregate investment exceeds CAD $150,000,000 (or the equivalent thereof), except when the loan or interest is by way of a first mortgage. Debt securities included in standard investment-grade Canadian bond indices are excluded from this requirement;
  - review and recommend to the Board for approval any changes to the Statement of Investment Policies and Procedures and Derivative Policy for CN's Pension Trust Funds, including the investment beliefs and principles that are to underlie investment decisions to ensure alignment with CN's overall values and risk tolerance; and
  - review and recommend to the Board actuarial valuations and funding of CN's Pension Plans.

- **Pension Advisory Working Committee**. The AFR Committee shall:
  - review and recommend to the Board the governance structure of the management Pension Advisory Working Committee;
  - appoint members of the management Pension Advisory Working Committee, including the Chair of the management Pension Advisory Working Committee; and
  - through the Pension Advisory Working Committee, oversee the Investment Division performance on investment of assets of CN's Pension Trust Funds in accordance with the Statement of Investment Policies and Procedures approved by the Board, as well as the funded status of CN's Pension Plans more broadly.

1.2.5 EVALUATION OF THE AFR COMMITTEE

- **Review**. The AFR Committee shall review its mandate at least annually.

- **Report**. The AFR Committee shall report to the Board on its deliberations relating to its mandate and, annually, on the adequacy of its mandate.

- **Assessment**. At least annually, the AFR Committee shall review its effectiveness in fulfilling its responsibilities and duties as set out in its mandate.

1.2.6 GENERAL

Nothing contained in the above mandate is intended to assign to the AFR Committee the Board's responsibility to ensure CN's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the AFR Committee. Even though the AFR Committee has a specific mandate and its members may have financial experience and expertise, it is not the duty of the AFR Committee to plan or conduct audits, or to determine that CN's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Such matters are the responsibility of management, the internal auditors and the external auditors.

Members of the AFR Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to CN by the external auditors.

1.3 Governance and Sustainability Committee

1.3.1 PURPOSE

The GS Committee assists the Board in fulfilling its oversight responsibilities in relation to:

- Board composition, remuneration, evaluation and effectiveness;
- corporate governance policies, practices, structure and processes;
- CN's overall sustainability framework as well as disclosures, ratings, policies, practices, goals and metrics relating to sustainability matters (with the exception of environment), including public and government affairs, lobbying, inclusion, human rights, ethics, supply chain and other corporate responsibility matters relevant to CN;
- shareholder and stakeholder relations, including Indigenous engagement as well as community investments;
- compliance with laws and regulations to which CN is subject; and
- any additional matters delegated to the GS Committee.

1.3.2 MEMBERSHIP

- **Number**. The Board shall appoint a minimum of four directors to be members of the GS Committee.

- **Independent Directors**. Only independent directors, as determined by the Board and under Canadian and U.S. corporate governance standards, may be appointed.

1.3.3 MEETINGS

- **Meetings**. The GS Committee shall meet at least four times annually, or more frequently as needed. Such meetings may be held by telephone or by any other means which enables all participants to communicate with each other simultaneously and as necessary.

- **Quorum**. A quorum for the transaction of business at a GS Committee meeting shall be a majority of the GS Committee members.

- **Meeting Without Management**. Each GS Committee meeting will include a portion without the presence of management.

- **Access to Outside Advisers**. As appropriate, the GS Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair. The GS Committee has the authority to independently make arrangements for the appropriate funding for payment of any advisors retained by it. The Board will make arrangements for the appropriate funding for all administrative expenses necessary or appropriate to allow the GS Committee to carry out its duties.

- **Reporting**. The GS Committee shall report to the Board following each regularly scheduled meeting of the GS Committee, or more frequently if circumstances warrant, on the GS Committee's activities.

1.3.4 RESPONSIBILITIES

The responsibilities of the GS Committee include the following:

A. Board Governance

- **Board Composition**. The GS Committee shall, in consultation with the Board Chair as appropriate:
    - monitor the size and composition of the Board and its committees to favour effective decision making;
    - review and monitor criteria for selecting directors by regularly assessing the competencies, skills, personal qualities, availability, geographical representation, business background and diversified experience of the Board members and CN's circumstances and needs, and assisting the Board Chair in developing a competency matrix for CN;
    - monitor the current and future profile of the Board in support of CN's strategic plan and, in doing so, the GS Committee will consider diversity, including gender and language proficiency, when considering candidates for nomination to the Board;
    - identify candidates qualified to become Board members, who can devote sufficient time and resources to their duties as Board members;
    - recommend to the Board for approval the director nominees for election at the next annual or special meeting of shareholders;
    - assess the independence of CN's directors and ensure that a majority of CN's directors have no direct or indirect material relationship with CN and determine who, in the reasonable opinion of the GS Committee and the Board, are independent pursuant to applicable legislation, regulations and listing requirements;
    - make recommendations to the Board relating to the appointment of the Committee Chairs as well as oversee succession planning for such roles;
    - make recommendations to the Board relating to the composition of committees; and
    - review and evaluate the mandate of each committee annually, and recommend to the Board for approval the appropriate mandate of each committee.

- **Board Performance and Effectiveness**. The GS Committee shall:
    - in consultation with the Board Chair, review the performance and effectiveness of the Board, Board committees, Committee Chairs and Board members;
    - review the Board Chair's performance and effectiveness in consultation with the Chair of the HRC Committee;

- oversee the action plan for areas of improvement identified in the context of the performance and effectiveness assessment process; and
- consider on a periodic basis the appropriateness of conducting a review through an independent advisor.

- **Orientation and Onboarding Program.** In consultation with the Board Chair, the GS Committee shall develop, review and monitor, as applicable, CN's onboarding and orientation program for new Board members and continuing education programs and resources for directors and periodically review such programs.

- **Position Descriptions.** The GS Committee shall annually review and recommend for approval to the Board the position descriptions for the Chair of the Board and Committee Chairs.

- **Board Remuneration**. The GS Committee shall make recommendations to the Board on the remuneration of the Board Chair, the Committee Chairs and the non-executive directors.

B. Corporate Governance

- **Governance.** The GS Committee shall:
  - review and oversee the development and implementation of CN's corporate governance policies and practices and review related disclosures in accordance with applicable rules and regulations;
  - review, monitor and oversee the disclosure of CN's Code of Business Conduct, including a code of ethics applicable to CN's directors, its President and CEO, executive management, senior financial officers, and other employees, and such other policies as may be approved by the Board from time to time and monitor any violations of the Code of Business Conduct by executive management of the Company; and review at least annually a report on compliance with the Code of Business Conduct and employee training programs;
  - review and oversee the governance and ethics practices and policies relating to the use of artificial intelligence at CN as well as related risks and opportunities;
  - review, and recommend appropriate actions to the Board, as required, with regard to any related party transaction or where a related party has a material interest in a transaction involving CN, where related party is defined as: a director or executive management of CN, an affiliate, including an immediate family member, of a director or executive management, or person who beneficially owns more than 10% of CN's common shares;
  - review periodically CN's Insider Trading and Reporting Policy prohibiting its directors and executive management from directly or indirectly purchasing, selling or otherwise acquiring or transferring securities of CN during blackout periods or when they are in possession of material undisclosed information, and ensure that all reasonable measures are taken to provide such policy as well as the list of blackout periods to every director and executive management of CN and oversee the appropriate disclosure of same;
  - monitor CN's Corporate Disclosure and Communications Policy;
  - monitor compliance with material laws and regulations applicable to CN; and
  - review from time to time CN's Corporate Governance Manual and monitor the continuous improvement and public disclosure of CN's corporate governance practices and policies.

C. Sustainability

- **Disclosures, Policies and Practices.** The GS Committee shall:
    - oversee and review CN's overall sustainability framework, ratings, policies, practices, metrics and goals relating to sustainability matters with the exception of matters relating to environment, climate change and safety, which are reviewed and overseen by the Safety and Environment Committee;
    - review CN's short and longer-term sustainability strategy, objectives, targets, goals, and performance, and the Company's plans with respect to sustainability practices and reporting, as well as integration into the business model and strategy;
    - review CN's policies, practices and metrics relating to Board inclusion, including French/English language bilingualism as well as compliance with any applicable laws and goals for the Board of Directors;
    - review CN's sustainability metrics and goals, other than specific goals related to the environment, climate change and safety, which will be reviewed by the Safety and Environment Committee, set out in CN's compensation plans;
    - review programs designed to promote corporate citizenship and the results of internal and external stakeholder engagement and advise the Board on the status and adequacy of efforts to ensure that CN's business is conducted to meet high standards of ethics, and corporate responsibility;
    - evaluate on an ongoing basis, whether CN's resources are being managed in a manner consistent with ethical considerations and stakeholders' interests and in order to enhance shareholder value;
    - conduct an annual review of CN's overall sustainability disclosures in collaboration with the SE Committee; and
    - evaluate and review public issues of significance that may affect CN's business, operations and stakeholders, including sustainability leading practices and the opportunities and risks each presents, and ensure that such matters are adequately taken into consideration in CN's strategic plan.

- **Human Rights and Supply Chains.** The GS Committee shall:
    - review and oversee human rights matters that have the potential to affect CN and its supply chain (including forced labour or child labour), namely through reports (from management, consultants, or otherwise) in respect of CN's supply chain structure, ethical sourcing practices and policies, forced labour and child labour due diligence processes, any remedial measures and related risks; and
    - review and recommend for approval by the Board the annual report regarding forced labour, child labour and supply chains.

D. Stakeholder and Indigenous Relations

- The GS Committee shall:
    - oversee and monitor the development and implementation of CN's Stakeholder and Indigenous Relations Framework and related practices;
    - monitor the Investor Relations and Public/Government Affairs Program;
    - oversee CN's lobbying activities and political contributions as well as their disclosure;

- review CN's stakeholder engagement policies and programs, including CN's shareholder engagement policies and programs to ensure ongoing and proactive oversight of public and government policy developments, investor sentiment and reputational risks; and

- oversee CN's Indigenous engagement and Indigenous relations-related work, including communication, engagement and relationship-building initiatives with Indigenous communities, Indigenous engagement and participation framework and CN's Indigenous reconciliation action plan, and with respect to its partnerships, accommodation and other significant relationships and engagement with Indigenous Peoples and their communities; and oversight of CN's approach to enhancing long-terms relationships of trust and mutual respect with Indigenous Peoples communities.

- **Community Investment**: The GS Committee shall oversee CN's community investment policies and programs, including CN's donations and sponsorships strategy and budget.

E. Risk Management

- The GS Committee shall oversee and monitor management's assessment of CN's major risk exposures relating to compliance with laws and regulatory requirements, government and public policy concerns, reputation, human and social rights, Indigenous relations, activism and such other risks delegated to the Committee by the AFR Committee or the Board, and management's mitigation plans, including insurance coverage.

1.3.5 EVALUATION OF THE GS COMMITTEE

- **Review**. The GS Committee shall review its mandate at least annually.

- **Report.** The GS Committee shall report to the Board on its deliberations relating to its mandate and, annually on the adequacy of its mandate.

- **Assessment**. At least annually, the GS Committee shall review its effectiveness in fulfilling its responsibilities and duties as set out in its mandate.

1.3.6 GENERAL

Nothing contained in the above mandate is intended to assign to the GS Committee the Board responsibility to ensure CN's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the GS Committee.

Members of the GS Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, and (ii) the accuracy and completeness of the information provided.

1.4 Human Resources and Compensation Committee

1.4.1 PURPOSE

The HRC Committee assists the Board in fulfilling its oversight responsibilities in relation to:

- the selection and appointment as officer of the Company of all executive officers[2] as well as, pursuant to CN's By-Laws, the Treasurer and Corporate Secretary, and, from time to time, such other executive management as it deems appropriate;
- the compensation, retention, development and evaluation of the President and CEO and of executive officers who report directly to the President and CEO;
- succession plans for the President and CEO and executive officers;
- the oversight of key talent management and human resources strategies, policies and practices, including with respect to employee engagement, culture, inclusion with respect to management and employees, pension matters, labour relations as well as health and wellness;
- the design of incentive-compensation plans, equity-based plans, and CN's pension plans;
- the assessment of compensation, talent, succession and culture risks; and
- any other matter delegated to the HRC Committee.

1.4.2 MEMBERSHIP

- **Number**. The Board shall appoint a minimum of four directors to be members of the HRC Committee, one of whom shall be a member of the AFR Committee. The President and CEO shall be excluded from the member selection process.

- **Independent Directors**. Only independent directors, as determined by the Board and under Canadian and U.S. Corporate Governance Standards, may be appointed. Under US Corporate Governance Standards, when affirmatively determining the independence of any director who will serve on the HRC Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to CN which is material to that director's ability to be independent from management in connection with the duties of a HRC Committee member, including, but not limited to:
    - the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and
    - whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

- **Simultaneous Service**. No more than one member of the HRC Committee shall be a sitting CEO of another company.

- **Qualifications**. One or more members of the HRC Committee shall have: (i) direct experience in executive compensation matters, (ii) skills and experience that enable him or her to provide

[2] For the purpose hereof and where the context requires, "executive officers" of CN means executives holding the position of Senior Vice-President or more senior positions at the Company and "executive management" means executives holding the position of Vice-President or more senior positions at the Company.

input on the suitability of CN's compensation policies and practices, and (iii) experience in talent management (both executive and non-executive).

1.4.3 MEETINGS

- **Meetings**. The HRC Committee shall meet at least four times annually, or more frequently as circumstances dictate. Such meetings may be held by video conference or telephone or by any other means which enables all participants to communicate with each other simultaneously and as necessary.

- **Quorum**. A quorum for the transaction of business at an HRC Committee meeting shall be a majority of the HRC Committee members.

- **Meeting Without Management**. Each HRC Committee meeting will include a portion without the presence of management.

- **Access to Outside Advisers**. As appropriate, the HRC Committee may retain such outside advisors to assist it in the performance of its functions and responsibilities, including the sole authority to retain or obtain the advice of compensation consultants, independent legal counsel or other advisors, including fixing such advisors' fees and retention terms, subject to advising the Board Chair and overseeing their work. Before retaining or obtaining advice of any outside advisors, the HRC Committee will consider the independence of the advisor in accordance with applicable Canadian and U.S. corporate governance standards, or other applicable laws, rules and regulations, as the foregoing may be amended from time to time. The HRC Committee will make arrangements for the appropriate funding for payment of such consultants. The HRC Committee shall pre-approve all non-compensation services provided by the consultants retained by the HRC Committee to perform compensation-related services. The fees paid to such consultants, regarding compensation and non-compensation services, shall be disclosed separately in CN's Information Circular.

- **Reporting**. The HRC Committee shall report to the Board following each regularly scheduled meeting of the HRC Committee, or at the request of the Board Chair, on the HRC Committee's activities.

- **Annual Meetings**. The HRC Committee chair or another member of the HRC Committee shall attend annual shareholder meetings in order to respond directly to any questions shareholders may have on executive compensation.

1.4.4 RESPONSIBILITIES

The responsibilities of the HRC Committee include the following:

A. <u>Executives</u>

- **Succession Planning**. The HRC Committee shall:
    - oversee the executive succession planning processes and strategies, as well as mechanisms, practices and policies for the position of President and CEO and the executive officers;
    - oversee the succession planning mechanisms, practices and policies for management, including processes to identify, develop and retain the talent of "high potential" executive management;
    - oversee the process for the selection of the President and CEO as well as the executive officers;

- recommend to the Board for approval the terms and conditions of appointment, termination and retirement of the President and CEO as well as the executive officers;
- recommend to the Board for approval the appointment as officers of the Company of all executive officers, as well as the Treasurer and the Corporate Secretary, and from time to time, such other members of executive management, as deemed appropriate; and
- receive regular reporting by the President and CEO on executive management changes, including compensation details.

- **Performance Assessment**. The HRC Committee shall:
  - monitor and oversee the performance assessment and development of the President and CEO, as well as each of the executive officers who report directly to the President and CEO;
  - review and recommend to the Board for approval the annual objectives of the President and CEO;
  - evaluate the performance of the President and CEO against the approved annual objectives and such other factors as the HRC Committee deems to be appropriate and in the best interest of CN; and recommend the President and CEO's performance assessment and compensation based on this evaluation, for approval by CN's independent directors;
  - review the performance evaluation of each of the executive officers reporting directly to the President and CEO; and recommend their compensation to the Board for approval;
  - review the performance and compensation of other executive officers based on reporting by the President and CEO; and
  - review the career development needs of the executive officers and the proposed development plans for their potential successors.

- **Compensation**. The HRC Committee shall:
  - oversee CN's executive compensation policies and practices;
  - examine all elements of executive remuneration and report annually to the Board on compensation practices;
  - make recommendations to the Board with respect to the design of incentive-compensation plans and equity-based plans;
  - approve material amendments and adjustments to CN Investment Division's Incentive Plan, including with respect to referenced benchmarks and performance range for mandates during any plan year, which could be warranted by changes to the financial structure of CN Investment Division or other major unplanned events or unforeseen prevailing conditions;
  - oversee the selection of any benchmark group used in determining compensation or any element of compensation ;
  - identify, oversee and monitor risks associated with CN's compensation policies and practices and assess whether they provide an appropriate balance of risk and reward in relation to the company's overall strategic direction and objectives
  - annually review and approve disclosure relating to executive compensation, including relating to policies and practices, benchmark groups, risks facing CN relating to compensation reasonably likely to have a material adverse effect on the Company, as

well as the role of the HRC Committee relating to oversight of compensation-related risks and any practices that CN uses to identify and mitigate such risks; and

- oversee and review the report on executive compensation for inclusion in CN's Information Circular for approval by the Board.

B. Human Resources

- **Practices and Policies**. The HRC Committee shall:
  - review and monitor CN's human resource management policies, practices and strategies for its employees, including those related to corporate culture, recruitment, retention, incentive, advancement, development and inclusion, for consistency with CN's strategic direction
  - oversee that appropriate human resources practices, such as hiring policies, training and development policies and compensation structures are in place so that CN can attract, motivate and retain the quality of personnel required to meet its business objectives;
  - oversee and review inclusion goals and metrics with respect to management and employees; and monitor performance against such goals and metrics; and
  - ensure a compensation philosophy and policy that rewards the creation of shareholder value and reflects an appropriate balance between the short- and longer-term strategic objectives of CN.

- **Employee Experience.** The HRC Committee shall:
  - ensure regular employee engagement surveys and monitor the results of the surveys and their implications for effective talent management at CN; and
  - monitor pension, strategic labour and social issues, including bilingualism and inclusion with respect to management and employees.

- **Union and Labour Relations.** The HRC Committee shall monitor on a regular basis CN's union relations and labour relations strategies, consistent with CN's strategic plan.

C. Pension Matters

- The HRC Committee shall:
  - review CN's pension plans, governance structure and design, and recommend changes and amendments, as required, to the Board that are: (i) material, which for the purposes hereof means an amendment that has a present value of $50M or more on a solvency funding basis for defined benefit plans, or an annual cashflow increase of $5M or more for defined contribution plans, and (ii) existential to CN's pension plans (other than, for example, annuitizations, wind-ups, and mergers), or strategic in nature (other than, for example, plan redesign, conversion, consent to unreduced pensions).

D. Risk Management

- The HRC Committee shall oversee and monitor management's assessment of CN's major risk exposures relating to executive management, human resources, compensation, succession, culture and design of pension plans, and such other risks delegated to the Committee by the AFR Committee or the Board, and management's mitigation plans, including insurance coverage.

1.4.5 EVALUATION OF THE HRC COMMITTEE

- **Review**. The HRC Committee shall review its mandate at least annually.

- **Report.** The HRC Committee shall report to the Board on its deliberations relating to its mandate and, annually on the adequacy of its mandate.

- **Assessment**. At least annually, the HRC Committee shall review its effectiveness in fulfilling its responsibilities and duties as set out in its mandate.

1.4.6 GENERAL

Nothing contained in the above mandate is intended to assign to the HRC Committee the Board responsibility to ensure CN's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the HRC Committee.

Members of the HRC Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, and (ii) the accuracy and completeness of the information provided.

1.5 Safety and Environment Committee

1.5.1 PURPOSE

The SE Committee assists the Board in fulfilling its oversight responsibilities in relation to:

- policies, programs, practices, metrics and goals relating to safety, security and environmental matters, including climate change;
- environmental, safety and security related public disclosures, including CN's Climate Action Plan;
- risks and opportunities related to environment (including climate change), safety and security;
- operating technology, including related risks and opportunities relating to the adoption or exploration of such technologies; and
- any additional matters delegated to the SE Committee.

1.5.2 MEMBERSHIP

- **Number**. The Board shall appoint a minimum of four directors to be members of the SE Committee.

- **Majority Independent Directors**. A majority of the Committee shall consist of independent directors, as determined by the Board and under Canadian and U.S. corporate governance standards. For greater certainty, non-independent director members of the Committee shall not include management.

1.5.3 MEETINGS

- **Meetings**. The SE Committee shall meet at least four times annually, or more frequently as circumstances dictate. Such meetings may be held by telephone or by any other means which enables all participants to communicate with each other simultaneously and as necessary.

- **Quorum**. A quorum for the transaction of business at a SE Committee meeting shall be a majority of the SE Committee members.

- **Meeting Without Management**. Each SE Committee meeting will include a portion without the presence of management.

- **Access to Outside Advisers**. As appropriate, the SE Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair. The SE Committee has the authority to independently make arrangements for the appropriate funding for payment of any advisors retained by it. The Board will make arrangements for the appropriate funding for all administrative expenses necessary or appropriate to allow the SE Committee to carry out its duties.

- **Reporting**. The SE Committee shall report to the Board following each regularly scheduled meeting of the SE Committee, or more frequently if circumstances warrant, on the SE Committee's activities.

1.5.4 RESPONSIBILITIES

The responsibilities of the SE Committee include the following:

A. Safety

- **Policies and Practices.** The SE Committee shall:
  - oversee and monitor the implementation and enforcement of CN's safety culture and initiatives that promote safety compliance;
  - review CN's safety strategy, programs, initiatives, policies and practices, their enforcement and performance, including as compared to industry peers and leading companies from other safety sensitive industries such as energy, logistics, industrials, oil and gas and transportation;
  - review and oversee CN's process for collection, communication and analysis of safety data and review trends in respect of such data;
  - periodically review internal audits and assessments of compliance on health, safety and environmental incidents; review CN's safety targets and metrics set out in CN's compensation plans;
  - review health and safety notices, orders, complaints, investigations, proceedings and other assessments of compliance and, where applicable, oversee related remedial or mitigation plans and programs, including that adequate reserves are in place and have been accounted for properly – in collaboration with the AFR Committee; and
  - monitor management's oversight of matters relating to operating technology and any related material investments and review and receive reports on advancements in operating technology and initiatives relevant to safety matters, including opportunities and risks to CN's business of adopting or exploring such technologies or initiatives.

B. Environment

- **Policies and Practices**. The SE Committee shall:
  - review CN's short, medium and longer-term environmental and climate change strategy, objectives, targets, and performance, including as compared to industry peers, and CN's plans with respect to related practices and reporting, as well as integration into the business model and strategy;
  - review strategic plans and opportunities for CN, to ensure alignment with its environmental and climate change objectives and with CN's long-term strategy and risk management priorities;
  - review CN's strategy, programs, initiatives, policies and practices relating to environmental matters, including greenhouse gas emissions reduction goals and actions, climate change adaptation and resiliency, environmental enhancement actions, biodiversity and environmental clean-up;
  - review and oversee CN's environmental goals and targets, and monitor progress against them;
  - review CN's environment metrics and targets set out in CN's compensation plans, such as greenhouse gas emissions reduction and other similar targets;
  - review environmental notices, orders, complaints, investigations, proceedings and other assessments of compliance and, where applicable, oversee related remedial or

mitigation plans and programs, including that adequate reserves are in place and have been accounted for properly – in collaboration with the AFR Committee; and

- monitor management's oversight of matters relating to operating technology and any related material investments; and oversee advancements in operating technology and initiatives relevant to environmental and climate change matters relating to the rail industry, including opportunities and risks to CN's business of adopting or exploring such technologies or initiatives, and review and receive reports thereon.

C. Security

- **Policies and Practices.** The SE Committee shall:
  - review and oversee CN's security strategy, programs, initiatives, policies and practices, including assessing enforcement and performance;
  - review and oversee the executive officers' security program, policies, practices and related risks; and
  - monitor management's oversight of matters relating to operating technology and any related material investments and review and receive reports on advancements in operating technology and initiatives relevant to safety or security matters, including opportunities and risks to CN's business of adopting or exploring such technologies or initiatives.

D. Public Disclosure

- The SE Committee shall review and approve, at least annually, CN's public disclosures regarding environmental and climate change matters, including CN's Climate Action Plan, as well as CN's public disclosures regarding safety and security.

E. Risk Management

- The SE Committee shall oversee and monitor management's assessment of CN's major risk exposures relating to environment, climate change, greenhouse gas reduction, biodiversity, safety and security, including related operating technology initiatives, and such other risks delegated to the Committee by the AFR Committee or the GS Committee or the Board, and management's mitigation plans, including insurance coverage.

1.5.5 EVALUATION OF THE SE COMMITTEE

- **Review**. The SE Committee shall review its mandate at least annually.
- **Report.** The SE Committee shall report to the Board on its deliberations relating to its mandate and, annually on the adequacy of its mandate.
- **Assessment**. At least annually, the SE Committee shall review its effectiveness in fulfilling its responsibilities and duties as set out in its mandate.

1.5.6 GENERAL

Nothing contained in the above mandate is intended to assign to the SE Committee the Board responsibility to ensure CN's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the SE Committee. Members of the SE Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, and (ii) the accuracy and completeness of the information provided.

2. POSITION DESCRIPTIONS

2.1 Board Chair

2.1.1 ROLE

The Board Chair is an independent director who is designated and appointed by the Board.

The role of the Board Chair is to take all reasonable measures to ensure that the Board (i) has structures and procedures in place to enable it to function independently of management, (ii) carries out its responsibilities effectively and (iii) clearly understands and respects the boundaries between Board and management responsibilities.

The Board Chair may attend and participate in all meetings of the Board committees. The Board Chair may vote at meetings of the Board and meetings of the Board committees.

The Board Chair's responsibilities include the following:

A. Providing leadership to enhance Board effectiveness

- taking all reasonable steps to ensure that the Board works as a cohesive group and providing the leadership essential to achieve this; and
- taking all reasonable steps to ensure that the resources available to the Board (in particular timely and relevant information) are adequate to support its work.

B. Managing the Board

- chairing Board meetings and meetings of shareholders;
- setting the agenda of the Board, in consultation with the President and CEO and the Corporate Secretary;
- adopting procedures allowing the Board to conduct its work effectively and efficiently;
- overseeing committee structure and composition, as well as the scheduling and management of meetings, including meetings without management present;
- regularly reviewing with the GS Committee the size and composition of the Board and its committees to favour effective decision-making;
- recommending committee chairs to the Board, in consultation with the GS Committee;
- taking all reasonable steps to ensure that the conduct of Board meetings provides adequate time for serious in-depth discussion of relevant issues; and
- taking all reasonable steps to ensure that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board.

C. Ensuring Board quality and continuity

- meeting, from time to time, with the GS Committee to review Board, Board committee, Committee Chairs and Board members' performance and to discuss nominees as directors to be submitted to the Board for its approval;

- in consultation with the GS Committee, monitoring and reviewing, as appropriate, CN's orientation and continuing education programs for Directors; and

- in consultation with the GS Committee, developing a competency matrix for Board membership.

D. Acting as liaison between Board and management and representing CN to external groups

- providing advice and counsel to the President and CEO;

- facilitating the conduct of relationships between the Board and management in a professional and constructive manner. This involves working closely with the President and CEO and the CLO to take all reasonable steps to ensure that CN is building a healthy governance culture; and

- at the request of the Board or the President and CEO, representing CN to external groups such as shareholders and other stakeholders, including local community groups and governments.

2.1.2 OBJECTIVES AND PERFORMANCE ASSESSMENT

Every year, the Board Chair's performance is assessed in the context of the Board effectiveness process.

The GS Committee and the HRC Committee chairs collate the information and meet with the Board Chair to discuss the findings of the effectiveness process and then report on the results of the Board Chair assessment to the GS Committee and the Board of directors.

2.2 Committee Chairs

2.2.1 ROLE

Each committee of the Board is chaired by a non-executive director (the "**Committee Chair**"). The Committee Chair is responsible for the management and the effective performance of their committee. The Committee Chair takes all reasonable measures to ensure that the committee fully executes its mandate.

The Committee Chair's responsibilities include the following:

A. Providing leadership to enhance committee effectiveness

- taking all reasonable steps to ensure that the committee works as a cohesive group and providing the leadership essential to achieve this;
- taking all reasonable steps to ensure that the resources available to the committee (in particular, timely and relevant information) are adequate to support its work; and
- taking all reasonable steps to ensure that a process is in place for the assessment on a regular basis of the effectiveness of the committee and the contribution of each of its members.

B. Managing the committee

- chairing committee meetings;
- setting the agenda of each committee meeting, in consultation with the Corporate Secretary;
- adopting procedures allowing the committee to conduct its work effectively and efficiently;
- taking all reasonable steps to ensure that the conduct of committee meetings facilitates discussions and provides adequate time for serious in-depth discussion of the business under consideration; and
- overseeing the committee's full discharge of its responsibilities.

Each Committee Chair reports to the Board on the deliberations of the committee and on any decisions or recommendations of the committee.

2.2.2 PERFORMANCE ASSESSMENT

The GS Committee, together with the Board Chair, annually supervises the performance assessment of each Committee Chair and reports to the Board on such assessment.

2.3 President and Chief Executive Officer

2.3.1 ROLE

The President and CEO is responsible for the management of CN's strategic and operational agenda and for the execution of the Board's resolutions and policies.

The responsibilities of the President and CEO include the following:

A. Providing strategic orientation

- as the leading executive officer of CN, assuming ultimate accountability for the development and execution of CN's strategy and policies and, where appropriate, their communication to CN's key internal and external stakeholders;
- formulating and recommending to the Board a business plan;
- ensuring the efficient utilization of CN's resources to meet CN's strategic objectives, including short-term and long-term growth and profitability objectives; and
- monitoring global trends in business and in transportation services specifically with a view to remaining an industry leader, providing leadership in managing change and ensuring that CN's culture enables it to respond to the changing competitive environment.

B. Managing CN

- managing the business and affairs of CN;
- developing and monitoring CN's organizational structure, business plans and budgets to meet goals and objectives, as approved by the Board;
- assuming responsibility for CN's day-to-day operations, including capital management and financial management, as well as for acquisitions and divestitures, all of which must be accomplished within CN's strategic framework;
- ensuring that CN has in place effective disclosure controls and procedures and internal control over financial reporting capable of producing periodic reports that fairly present CN's business, financial condition and results of operations in a timely and accurate manner and enables investors to understand the business and to make investment decisions accordingly;
- taking all reasonable steps to identify, assess and manage the risks that CN takes in the course of its business;
- assuming responsibility for the hiring, compensation, performance assessment, leadership development and succession planning of management resources, subject to the approval of the Board and the HRC Committee as to the compensation of the President and CEO and their direct reports;
- ensuring that CN recruits, develops and retains talented and motivated employees;
- ensuring that the Board's policies with respect to legal, accounting, ethical, moral, safety, security and environmental standards are met and, with the CLO, that CN is in full compliance with applicable laws and regulations; and

- fostering a corporate culture that promotes human rights and ethical practices, encourages individual integrity, and fulfills social responsibility.

C. Overseeing Corporate Governance matters

- overseeing the development of corporate governance principles applicable to CN;
- collaborating with the Board Chair in the setting of Board agendas;
- ensuring that the Board Chair and the Board are kept appropriately informed of CN's overall business operations and major issues facing CN;
- maintaining an effective communication link with the Board Chair and the Board as a whole;
- taking all reasonable steps to ensure that an open and positive climate exists between CN and its stakeholders; and
- serving as CN's key spokesperson on all major issues.

Because of the President and CEO's demanding role and responsibilities, the Board Chair, in consultation with the GS Committee, shall review any invitation to the President and CEO to join an outside board of directors to take all reasonable steps to ensure that such directorship would not impair the President and CEO's ability to fulfill the responsibilities of the position.

2.3.2 OBJECTIVES AND PERFORMANCE ASSESSMENT

The HRC Committee, together with the President and CEO, develop each year corporate and personal objectives that the President and CEO is responsible for meeting, which objectives are submitted to the Board for review and approval. Every year, the President and CEO is assessed against these objectives and all other relevant criteria.

After a review of the President and CEO's performance by the HRC Committee, the HRC Committee chair and the Board Chair meet with the President and CEO to discuss such review and the HRC Committee chair then reports to the Board on the results of the review and recommendations for Board approval of the President and CEO's objectives for the following year.

The CEO's compensation is determined by CN's independent directors only, in accordance with Canadian and US Corporate Governance Standards.

2.4 Corporate Secretary

The Corporate Secretary provides a communication and information link between the Board, management and shareholders, with particular emphasis on facilitating the flow of information. The Corporate Secretary receives information from management and takes all reasonable steps to ensure that it is formulated so as to facilitate effective Board and committee evaluation, discussion and decision-making. The Corporate Secretary advises management of Board and committee comments and decisions and is the custodian of the corporate records.

The Office of the Corporate Secretary is responsible for arranging the logistics of Board and committee meetings.

The Corporate Secretary acts as an advisor or arranges for the provision of independent advice to the Board and its committees on legal and procedural matters and assists the Board Chair and the GS Committee in providing director orientation and continuing education programs.

The Corporate Secretary serves as a source of expertise and advice to the GS Committee on new developments in corporate governance and best practices.

The Corporate Secretary abides by applicable rules and standards of professional conduct imposed by law or adopted from time to time by regulatory authorities.

The Corporate Secretary takes all reasonable steps to ensure the relevance, on a continuous basis, of CN's Articles, corporate by-laws, administrative resolutions and policies, as well as of CN's Corporate Governance Manual and Code of Business Conduct.

The Corporate Secretary reports to the Board Chair and the President and CEO and is assessed annually on their performance by the President and CEO, after consultation with the Board Chair.

3. BOARD GOVERNANCE AND BEST PRACTICES

3.1 Composition of the Board

CN's Articles of Continuance, as amended, provide that its Board shall consist of a minimum of seven and a maximum of 21 directors.

The Governance and Sustainability Committee (the **GS Committee**) regularly reviews with the Board Chair the size and composition of CN's Board and that of its committees to favour effective decision-making and makes recommendations to the Board in connection therewith. The GS Committee also considers the language proficiency in, including and without being limited to, the official languages of Canada, the geographical representation, business background, personal qualities and experience of the Board as a whole in the context of CN's evolving business environment. In that regard, the GS Committee regularly monitors the current and future profile of the Board in support of CN's strategic plan to ensure the Board functions effectively and, in doing so, focuses on diversity, including gender and proficiency in the official languages of Canada, when considering candidates for nomination to the Board. Finally, the GS Committee assists the Board in ensuring that appropriate mechanisms are in place regarding succession planning for the members of CN's Board and that of its committees.

Director Independence

Independent directors comprise a substantial majority of CN's Board. The Board discloses annually which directors qualify as independent.

In determining whether or not a director is *independent*, as that term is defined in the Canadian Corporate Governance Standards and the US Corporate Governance Standards, the Board considers all direct and

indirect material relationships that a director may have with CN. In addition, a director is not independent if:

(a) the director is, or has been within the last three years, an employee of CN, or an immediate family member of the director is, or has been within the last three years, an executive officer of CN;

(b) the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $CAD 75,000 in direct compensation from CN, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(c) (A) the director or an immediate family member of the director is a current partner of a firm that is CN's internal or external auditor; (B) the director is a current employee of such firm; (C) the director has an immediate family member who is a current employee of such firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such firm and personally worked on CN's audit within that time;

(d) the director or an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another entity where any of CN's present executive officers at the same time serves or has served on that entity's compensation committee;

(e) the director is a current employee, or an immediate family member of the director is a current executive officer, of a company that has made payments to, or received payments from, CN for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $US 1 million, or 2% of such other company's consolidated gross revenues;

(f) the director is a current employee or an immediate family member of the director is a partner or executive officer of a firm that receives payments from CN for professional services in an amount which, in any of the last three fiscal years, exceeds 3% of the total annual billing of the firm;

(g) the director or an immediate family member of the director is an executive officer, director or trustee of a not-for-profit organization that has received charitable contributions from CN in an amount which, in any of the last three fiscal years, exceeds 1% of that organization's consolidated gross revenues (CN's contributions matching employee contributions being excluded from such calculation).

In its determination as to the independence of directors, the Board may also consider mutual and reciprocal directorships of Board members.

In order to be considered independent, a member of the Audit, Finance and Risk Committee (the **AFR Committee**) must also qualify as such under the applicable Canadian Corporate Governance Standards and US Corporate Governance Standards, and as such may not, other than in their capacity as a director or member of a Board committee and subject to the exceptions provided in Canadian and U.S. laws and regulations, accept directly or indirectly any fee from CN or any subsidiary of CN nor be an affiliated person of CN or any subsidiary of CN.

In order to be considered independent, a member of the Human Resources and Compensation Committee (the **HRC Committee**) must also qualify as such under US Corporate Governance Standards.

With a view to further directors' independence, the Board has adopted a policy pursuant to which a director shall not accept the invitation to join an outside board on which a director of CN already sits without previously obtaining the approval of the GS Committee. In addition, the Board has adopted a policy to the effect that no more than two of the Company's directors should generally serve on the same outside board or outside board committee.

Director Financial Literacy and Expertise

All members of the AFR Committee are "financially literate", and several members of the committee meet all the criteria to be designated as "audit committee financial experts" (under the applicable US Corporate Governance Standards).

In determining whether or not a director is "financially literate", the Board considers if the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by CN's financial statements.

In determining if a director is an "audit committee financial expert" under US Corporate Governance Standards, the Board considers if the director has acquired, through (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor, or experience in one or more positions that involve the performance of similar functions, (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions, (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements, or (iv) other relevant experience, the following attributes:

(a) an understanding of generally accepted accounting principles and financial statements;

(b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by CN's financial statements, or experience actively supervising one or more persons engaged in such activities;

(d) an understanding of internal controls and procedures for financial reporting; and

(e) an understanding of audit committee functions.

Because of the AFR Committee's demanding role and responsibilities, the Board Chair, together with the GS Committee chair, reviews any invitations to the AFR Committee members to join the audit committee of another entity. Where a member of the AFR Committee simultaneously serves on the audit committee of more than three public companies, including CN, the Board determines whether such simultaneous service impairs the ability of such member to effectively serve on the AFR Committee.

3.2 Appointment of Directors

In consultation with the Board Chair, the Governance and Sustainability Committee (the **GS Committee**) reviews annually the credentials of nominees for election or re-election as members of the Board. The GS Committee monitors the current and future profile of the Board in support of CN's strategic plan and, in doing so, focuses on diversity, including gender diversity, when considering candidates for nomination to the Board. The GS Committee considers the qualifications of each nominee under applicable law, the validity of the credentials underlying the appointment of each nominee, and, for nominees who are already directors of CN, an evaluation of their skills, effectiveness and performance as members of the Board, including their attendance at Board and committee meetings. Board and Board committee members are expected to attend all meetings; those who have attended less than 75% of meetings of the Board or meetings of committees on which they sit, for more than two consecutive years, without a valid reason for the absences, will not be renominated. The GS Committee then submits a report to the Board Chair, for presentation to the Board.

In proposing the list of CN Board nominees, the Board is guided by the following process:

- based on CN's current strategic and business plans, the opportunities and risks facing CN, the nature of CN's operating and competitive environment, and the work carried out by each of the committees of the Board, the GS Committee identifies, in consultation with the Board Chair, the criteria for the selection of director nominees to be recommended to the Board and the expertise, competencies, skills and knowledge that the Board as a whole and its committees require to understand the business, to adequately fulfill their mandates and enhance shareholder value;
- the Board Chair, in consultation with the GS Committee, develops a competency matrix with knowledge areas, types of expertise, competencies, skills and geographical representation listed on one axis and individual Board members listed on the other;
- based on the results of the most recent director performance assessment both at the Board and committee levels, the GS Committee's knowledge of the competencies, skills, personal qualities, diversity, availability, geographical representation, business background and experience of the Board members and with the help of the competency matrix, the GS Committee identifies any improvement to be addressed in the director nomination process;
- based on the improvements to be made as identified by the GS Committee, and considering Board membership requirements such as those for Independence and availability, the GS Committee, in consultation with the Board Chair, conducts a search for the requisite new Board members, taking into account diversity considerations, including gender and language proficiency, with a view to ensuring that the Board benefits from a broad range of perspectives and relevant experience;
- once potential Board candidates have been identified, the Board Chair meets with and interviews each candidate to assess the candidate's fit with the Board and the candidate's ability to work as part of a team and advises the GS Committee of the results;
- as appropriate, the GS Committee may rely on assessments made by the Board Chair and other Board members who have interviewed or who know the candidate(s);
- based on the above process and the recommendations of the GS Committee, the Board Chair brings forth to the Board, for consideration and approval, a slate of nominees to consider for appointment as directors of CN at the next annual meeting of shareholders.

In order to assist the GS Committee and the Board Chair in recommending candidates to become directors of CN, the GS Committee shall constitute and update a list of potential candidates. Such a list will be constituted and updated based on the same process as described above with respect to CN Board nominees.

Overboarding

CN recognizes that Board membership requires a significant dedication of time. As a result, the number of boards on which an individual can serve is necessarily limited. With a view to taking reasonable steps to ensure the ability of each candidate to make the commitment of time necessary to be a director of CN, the Board adheres to the following guidelines when considering candidates to become directors of CN:

- for candidates that are chief executive officers or other senior executives of public corporations, they must hold no more than two (2) public corporation directorships in total (including CN's Board and membership on the board of the corporation at which an individual is employed).
- for other candidates, they must hold no more than three (3) public corporation directorships in total (including CN's Board).

The GS Committee, in consultation with the Chief Legal Officer (the **CLO**), will assess annually if Board candidates meet the above guidelines. The Board of Directors may, in its discretion, authorize a waiver to the above guidelines if deemed in the best interest of the Company and only for a transitioning period of up

to one (1) year to allow the affected candidate to reduce their boards in order to meet the Company's guidelines. For the purpose of assessing the number of public corporation directorships held by a candidate, it is understood that directorships with public entities associated, affiliated or otherwise related together may be considered as constituting only one directorship.

The term of office of each director expires at the close of the annual meeting of shareholders following that at which he or she was elected. Board nominees, as recommended by the GS Committee and the Board Chair and approved by the Board, are put to a vote of shareholders. Should a vacancy occur during the course of the year, the Board may fill the vacancy in accordance with the foregoing process and applicable laws. In accordance with CN's Articles, the Board may appoint one or more additional directors, who shall hold office for a term expiring not later than the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

Inclusive Board

CN recognizes the importance of board renewal and succession planning to ensure that its Board continues to reflect an optimal balance of backgrounds and experiences, to promote new ideas and fresh perspectives and to generally ensure continued effective decision making by the Directors collectively.

CN strives for its Director nominee selection process to be inclusive. To this effect, CN aspires to have a Board whose members represent diverse backgrounds and experiences, having regard amongst other, to language proficiency (namely in the official languages of Canada), gender, members of visible minorities, Indigenous status, disabilities, age, business experience, personal attributes, professional qualifications, stakeholder perspectives, and geographic context.

The Board, upon the recommendation of the GS Committee, adheres to a Policy on Inclusion and Diversity which addresses the balance of criteria to be considered in the context of Board renewal and appointments, including skills, background, experience and knowledge. Annually, the GS Committee also reviews its aspirational goals relating to gender representation and the broader underrepresented groups, beyond gender, among directors.

In an increasingly complex global marketplace, the ability to draw on diverse backgrounds and experiences helps CN better understand and respond to the needs of its business and stakeholders. This is critical to the Company's success and it also helps ensure that a wide variety of perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive.

Majority Voting

The election of directors is governed by the majority voting requirements under the *Canada Business Corporations Act* (**CBCA**) which took effect on August 31, 2022. Pursuant to such requirements, in an uncontested election of directors, a nominee must receive 50% or more in favour of their election, of the total votes cast "for" or "against" such nominee by shareholders, in order to be elected as a director of the Company. If a nominee does not receive a majority of votes cast by shareholders in favour of their election, except in limited circumstances, the nominee will not be elected and the Board position will remain open; however, if such nominee is an incumbent director, he or she will still be permitted to remain in office until the earlier of: (a) the 90th day after the day of the election; or (b) the day on which their successor is appointed or elected.

These statutory majority voting requirements only apply to "uncontested elections of directors", meaning elections where the number of director nominees is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not part of the candidates supported by the Board of Directors.

Board Tenure Policy

Pursuant to the Board's policy on the mandatory retirement age for directors, a director will not be nominated for re-election at the annual meeting of shareholders following their seventy-fifth (75th) birthday. The Board of Directors may, in its discretion in specific cases, extend the mandatory age limit if deemed in the best interest of the Company and the Board.

Furthermore, the Board Chair, the Committee Chairs and individual director tenure are subject to the following term limits:

- CN's Board Chair will serve for a term of five (5) years, renewable for one further three (3) year term, subject to the discretion of the Board to further extend the term, if deemed appropriate and in the best interest of the Company and the Board. At the end of the term(s) as Board Chair, the departing Board Chair would not stand for election as a director of CN at the next following annual shareholders' meeting.
- Committee Chairs will serve for a term of three (3) years, renewable for one further two (2) year term, subject to the discretion of the Board to further extend the term, if deemed appropriate and in the best interest of the Company and the Board.
- Any current or future member of the Board of Directors elected or appointed to the Board of Directors will serve for a maximum term of fourteen (14) years.

In each of the above instances, the election or appointment of the CN Board Chair or Committee Chairs, respectively, remains subject to annual review and election/appointment and the above term(s) for the Board Chair and Committee Chairs remain subject to the mandatory retirement age limit of 75 years of age and director term limit of fourteen (14) years. The Board retains its discretion to extend the above term limits, in order to preserve its ability to deal with special circumstances warranting the extension of the mandate.

In addition, directors are expected to inform the Board Chair of any major change in their principal occupation so that the Board would have the opportunity to decide the appropriateness of such director's continuance as a member of the Board or of a Board committee. Directors are expected to provide the Board Chair with information as to all boards of directors that they sit on or that they have been asked to join so as to allow the Board to determine whether it is appropriate for such director to continue to serve as a member of the Board or of a Board Committee. The GS Committee and the Board Chair will apply Board nominee selection criteria, including directors' past contributions to the Board and availability to devote sufficient time to fulfill their responsibilities, prior to recommending directors for re-election for another term.

3.3 Board Performance Assessment

The Board has implemented and reviews, from time to time, a process to annually assess the effectiveness of the Board, Board committees, Board and committee chairs and individual directors. The GS Committee and the Board Chair oversee this process which is comprised of the following steps:

The following questionnaires are prepared by the Office of the Corporate Secretary and approved by the GS Committee and the Board, taking into account current issues, previous years findings and input from the Board on the specific objectives for the Board evaluation process and the Board priority topics:

- Board and committee performance evaluation questionnaires, including an assessment of individual directors;
- a Board Chair evaluation questionnaire;
- Committee Chair evaluation questionnaires; and

- Executive Officers evaluation questionnaire (Board effectiveness through the eyes of management).

Such questionnaires take into account the responsibilities set forth in Board and committee mandates as well as competencies and skills each individual director is expected to bring to the Board.

Each questionnaire is then sent to every director and responses are forwarded directly to the Board Chair, except for the responses to the Board Chair evaluation questionnaires, which are forwarded directly to each of the chairs of the GS Committee and the HRC Committee. The Executive Officers evaluation questionnaire is sent to each executive officer identified, and responses are forwarded to the President and CEO, who shares the results with the Board Chair.

Following receipt of the completed questionnaires, the Board Chair contacts each director to discuss the answers and any comments to the questionnaires which the director may have. One of the GS Committee or HRC Committee chairs also discusses individually with each director the director's responses and comments on the Board Chair evaluation questionnaires.

The Board Chair and the GS Committee Chair then present a report to the GS Committee and the Board summarizing the results of the evaluations and setting out recommendations for improvement, except with regards to the Board Chair evaluation which is addressed at the GS Committee and the Board by the GS Committee Chair and the HRC Committee Chair.The Board Chair and Committee Chairs take into consideration the overall results and suggestions derived from the annual Board performance assessment in order to improve the functioning and activities of the Board and Board committees.

At least annually, the Board and each committee reviews and assesses its mandate.

In addition to the above, the Board may, from time to time, hire an independent advisor to independently assess or assist the Board in independently assessing the performance of the Board, Board committees, Board and Committee Chairs and individual directors. Such assessment may include an individual director peer assessment conducted with the assistance of an independent advisor.

Expectations from Directors

Directors are expected to demonstrate a high level of professionalism in discharging their responsibilities. They are expected to attend the meetings of the Board and of the Board committees on which they sit and to rigorously prepare for and actively participate in such meetings. They should review all meeting materials in advance. They are also expected to be available to provide advice and counsel to the President and CEO or other executive management of CN upon request.

3.4 Board Member Orientation and Continuing Education Programs

CN has developed, for the benefit of new directors, a Board Orientation Program, which normally includes the following:

- presentations by CN executive officers or other key executive management on CN's organizational structure and the nature and operation of CN's business, including a review of the current strategic and business plans. Such presentations may include visits to key business locations in order to acquaint the new director with CN's business activities;
- a review with the Board Chair of the methods of operation and the roles of the Board and its committees, including a discussion of the Board performance assessment process, meeting format, access to information both included in, and outside of, the Board and Board committee meeting materials, and other factors that are important to Board effectiveness;
- meetings with the Board Chair and Committee Chairs to review Board and Committee priorities and expectations;

- a discussion on the contribution individual directors are expected to make (including the commitment of time and energy that CN expects from its directors);
- access to a summary of the legal and ethical responsibilities of Board members including a review of the Code of Business Conduct applicable to CN's directors, executive management and employees; and
- access to other appropriate information or outside resources as discussed with the Board Chair, given the new director's previous experience as a member of other boards of directors and the new director's responsibilities, both at the Board and committee levels.

In addition to the Board Orientation Program for new directors, the Board Chair ensures that Board members have access to education and information on an on-going basis and as required pertaining to the following:

- board effectiveness and the best practices associated with boards that are the most successful at adding value for their shareholders;
- briefings as required on factors or emerging trends that may be relevant to CN's current or future business strategy; and
- other material as deemed appropriate by the Board Chair or as suggested to the Board Chair by other Board members.

CN also encourages directors to attend seminars and other educational programs, at CN's expense and with the approval of the Board Chair, and to report back to the Board on the quality of such programs.

3.5 Director Compensation Policy

The GS Committee annually reviews with the Board Chair and makes recommendations to the Board on the adequacy and form of the compensation for non-executive directors, taking all reasonable steps to ensure such compensation realistically reflects the responsibilities and risk involved, without compromising a director's independence.

A substantial portion of the total non-executive directors' compensation package should be in the form of CN common shares or share equivalents in order to align the interests of CN's directors with the interests of its shareholders. The Board has adopted a guideline stating that each non-executive director should own, within five (5) years of joining the Board, common shares, deferred share units or similar share equivalent of CN, if any, (**CN Securities**) with a value of the Canadian dollar equivalent of five (5) times the aggregate of the director's annual director retainer (which includes cash and the value of any grant of CN Securities and in the case of the Board Chair, the aggregate of the Board Chair cash annual retainer and the value of any grant of CN Securities, (such shareholding requirement, the **Minimum Shareholding Requirement**)). Each director shall continue to hold such value throughout their tenure as a director and the CN Securities held to comply with the Minimum Shareholding Requirement shall not be, during the director tenure, the object of specific monetization procedures or other hedging procedures to reduce the exposure related to their holding. In addition, each director shall continue to hold CN Securities with a value of at least the Canadian dollar equivalent of fifty percent (50%) of the Minimum Shareholding Requirement for a period of two (2) years following and commencing on, the date the director ceases to be a member of the Board.

Each director shall be required to receive at least fifty percent (50%) of their annual board, committee, board chair and Committee Chair cash retainers in CN Securities and may elect to receive up to one hundred percent (100%) of such retainers in CN Securities until their Minimum Shareholding Requirement is met. Once the Minimum Shareholding Requirement is met, directors may elect to receive up to one hundred percent (100%) of such retainers in CN Securities.

Directors who are executives of CN receive no additional remuneration for their services as director.

The GS Committee also reviews and makes recommendations, on an annual basis, on the amount and form of the Board Chair's compensation.

3.6 Access to Management and to External Advisors

Board members have full access to executive management. Advice and counsel from directors to executive management occur both in formal Board and committee meetings and through informal, individual directors' contacts and discussions with the President and CEO, the CLO and Corporate Secretary and other members of CN executive management.

The Board relies on the information that management provides to the Board and its committees. The timeliness, quality and completeness of this information is critical to the effectiveness of Board decisions and is monitored by the Board on an ongoing basis. Nonetheless, on occasion, members of the Board may seek legal or expert advice at CN's expense from a source independent of management. Hiring of such advisors is subject to Board approval, except as otherwise provided in the committee's mandate.

3.7 Director Emeritus

The Board may, from time to time, confer the honorary status of Director Emeritus to retiring or former directors who have made significant contributions to the Board through long and distinguished service and accomplishments. As a general rule, over ten (10) years of tenure as CN Board member would be considered long service; however, exceptions can be made in length of service, if recommended by the Board Chair or the President and CEO and approved by the Board.

Emeritus titles are granted by action of the Board on recommendation by the Board Chair or the President and CEO. Upon approval of the recommendation by the Board, the designation of "Emeritus" shall then be added to the designation of the former or retiring director. The Director Emeritus status is a lifetime designation.

A Director Emeritus status confers the benefits and privileges described below. They will:

- be invited to the Annual General Meeting of CN; and
- be invited to certain CN or CN Board events taking place in the geographical area of residence of the Director Emeritus.

Directors Emeritus shall be reimbursed for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at the above-mentioned events.

4. EXECUTIVE COMPENSATION

4.1 Advisory vote – Say on Pay

The Board has adopted a policy to the effect that the Company provides, on an annual or such other basis as it may determine from time to time, its shareholders with an opportunity to cast at the Annual Meeting of Shareholders (the **Annual Meeting**) a non-binding advisory vote on the Company's approach to executive compensation, as disclosed in the Statement of Executive Compensation section of the Information Circular prepared in connection with the Annual Meeting. Such section will describe the role of the HRC Committee in overseeing compensation of executives and the Company's executive compensation principles, the structure of the compensation plans for executives, and the alignment of such plans with the interests of the Company shareholders.

The form of resolution to be put forth to the Company shareholders is set out below:

"RESOLVED that, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the section entitled "Statement of Executive Compensation" of the Information Circular of the Company dated •."

Furthermore, the Board has adopted a policy to the effect that, if a majority of the shares represented in person or by proxy at the Annual Meeting are voted against the non-binding advisory resolution, the Board Chair or the Chair of the HRC Committee will oversee a process to engage with shareholders with a view to giving them the opportunity to express their specific concerns. The Board and the HRC Committee will consider the results of this process and, if appropriate, review the Company's approach to executive compensation in the context of shareholders' specific concerns.

4.2 Advisory Vote – Say on Climate Action Plan

The Board has adopted a policy to the effect that the Company provides, on an annual or such other basis as it may determine from time to time, its shareholders with an opportunity to cast at the Annual Meeting a non-binding advisory vote on the Company's Climate Action Plan, as disclosed in the "CN Climate Action Plan" section of the Information Circular. Such section describes the role of the Board and the SE Committee in overseeing the Company's greenhouse gas emissions reduction plan and ensuring it is linked to the Company's long term strategic plan. Such section will also describe the Company's greenhouse gas emission levels (the **Emissions**) and targets in a manner consistent with the Task Force on Climate-related Financial Disclosure recommendations and the strategy that the Company has adopted or will adopt to reduce the Emissions in the future.

The form of resolution to be put forth to the Company shareholders is set out below:

"RESOLVED that, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the Company's Climate Action Plan disclosing the Company's greenhouse gas emissions and the strategy the Company has adopted or will adopt in accordance with its Climate Action Plan to reduce the Company's greenhouse gas emission levels in the future, the whole in a manner consistent with the Task Force on climate-related Financial Disclosures recommendations, as disclosed in the section entitled 'CN Climate Action Plan' of the Information Circular of the Company dated •; and

RESOLVED that the Company shall report annually at each annual general meeting of shareholders, the Company's progress made towards achieving the targets set out in its Climate Action Plan, and shall ask shareholders, at each such annual general meeting, to vote upon, on a non-binding advisory basis, the Company's Climate Action Plan."

The Board of Directors has adopted a policy to the effect that, if a majority of the shares represented in person or by proxy at a meeting are voted against the above non-binding advisory resolution, the Board Chair or the Chair of the GS Committee will oversee a process to engage with shareholders with a view to giving them the opportunity to express their specific concerns with the Company's Climate Action Plan. The Board of Directors and the GS Committee will consider the results of this process and, if appropriate, review the Company's Climate Action Plan in the context of shareholders' specific concerns.

4.3 Clawback Policy

The Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that it is in CN's best interest to do so, require reimbursement of all or a portion of any bonus or vested incentive compensation awarded to an executive management after March 4, 2008, require the reimbursement of any profit realized by the executive management from the exercise of options granted after March 4, 2008, or effect the cancellation of unvested incentive compensation awards granted to the executive management after March 4, 2008 if:

(a) the amount of a bonus or incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of CN's financial statements,

(b) the executive management engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement, and

(c) the amount of the bonus or incentive compensation that would have been awarded to or the profit realized by the executive management had the financial results been properly reported would have been lower than the amount actually awarded or received.

In addition, with respect to bonus or incentive based compensation awarded after March 7, 2017, in the event that any executive management (current of former) is found to have engaged in gross negligence, intentional misconduct, fraud, theft or embezzlement, the Board may in its discretion, to the full extent permitted by governing law and to the extent it determines that it is in CN's best interest to do so, require the reimbursement of some or all of the after-tax amount of any incentive compensation already paid in the previous 24 months or forfeit their vested or unvested incentive awards in accordance with plan terms.

For the purposes of this Policy:

"**Board**" means the Board of directors of CN or, if determined by the Board, one of its committees; and

"**gross negligence**" means any act or failure to act by any executive management which was intended to cause, or which was in reckless disregard of or wanton indifference to, the significant and harmful financial consequences such executive management knew, or should have known, such act or failure would have on the Company.

Notwithstanding the foregoing, current or former executive officers shall also be subject to CN's Financial Statement Compensation Recoupment Policy adopted on October 24, 2023 (the **Mandatory Policy**), intended to comply with the requirements of Section 10D of the Securities and Exchange Act of 1934 and Section 303A.14 of the NYSE Listed Company Manual for any Covered Compensation (as defined in the Mandatory Policy) awarded and/or received after October 2, 2023. For such executive officers, in the event of any conflict or inconsistency between the foregoing Clawback Policy and the requirements under the Mandatory Policy, the Mandatory Policy shall prevail, provided that the Board may in its discretion, to the full extent permitted by governing law and to the extent the Board determines that it is in CN's best interest to do so, determine to enforce the terms of the foregoing Clawback Policy in addition to those under the Mandatory Policy. The determination as to whether there is any conflict or inconsistency shall be made by the Board in its sole discretion.

5. PROCEDURE RELATIVE TO COMPLAINTS REGARDING ACCOUNTING AND AUDITING MATTERS

5.1 General

The purpose of CN's complaint procedure regarding accounting and auditing matters (the **Complaint Procedure**) is to offer an effective and confidential method for interested parties to notify the Board of any potential or real wrongdoing with respect to accounting or auditing matters.

The complaint channel is advertised through CN's Internet site, Intranet site and through CN's Code of Business Conduct.

Any person who wishes to raise issues relating to accounting and auditing matters will be asked to call CN's Hot Line Number at 1-800-925-5974 or online by following this link: www.reportanissue.com.

5.2 Protection

The Complaint Procedure offers protection to those who disclose their concerns. No complaint will result in dismissal or disciplinary action or any other form of detriment for the complainant. Any acts of reprisal against a complainant shall be treated by CN as a very serious matter.

5.3 Confidentiality

The identity of any complainant under the Complaint Procedure will be kept confidential and any complaint can be made anonymously.

5.4 Detailed procedure

The CN Hot Line is reserved for complaints related to accounting and auditing matters. Complaints about other matters made using the CN Hot Line will be redirected to the appropriate organization or person.

Complaints will be classified in four categories: (1) Accounting, (2) External Audit, (3) Internal Audit or (4) Unclassified.

Detailed information about the complainant and the complaint allegations will be recorded and complaints details will be sent to Internal Audit for review (unless the complaint or allegations concern Internal Audit in which case it will be forwarded to the CLO). Complainants requesting to remain anonymous will be assigned a reference number.

A quarterly report of all complaints and/or disclosures as well as any subsequent actions taken will be made to the AFR Committee.

5.5 Procedure review

The Complaint Procedure will be reviewed periodically.

6. INTERESTED PARTIES COMMUNICATIONS WITH THE BOARD CHAIR

In addition to the Complaint Procedure, the Board has made available a method for interested parties to communicate their concerns to the Board Chair. This process is posted on CN's website.

Such method allows any interested party to communicate directly by telephone or telecopier with the Board Chair at locations determined and agreed to by him or her.

The Board Chair will report periodically to the Board on any valid concerns expressed by interested parties.