Governance and Sustainability Committee

1.1.1 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.

1.1.2 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.

1.1.3 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.

1.1.4 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.

1.1.5 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.

1.1.6 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.