Safety and Environment Committee

1.1.1 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.

1.1.2 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.

1.1.3 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.

1.1.4 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.

1.1.5 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.

1.1.6 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.