

CANADIAN NATIONAL RAILWAY COMPANY
DIVERSITY POLICY WITH RESPECT TO DIRECTOR AND EXECUTIVE MANAGEMENT POSITIONS

Approved by the CN Board of Directors
On March 10, 2015, revised on March 10, 2020

1. DEFINITIONS

“Board” means the Company’s board of directors.

“Company” or “CN” means Canadian National Railway Company.

“Designated Groups” means the diverse groups covered under this Policy, such groups being women, Aboriginal peoples, members of visible minorities and persons with disabilities, as such terms are defined under the *Employment Equity Act*, S.C. 1995, c. 44.

“Executive Management” means any officer of CN who has been designated as such by the Board (Vice-Presidents and more senior positions).

“Policy” means this policy regarding diversity on the Board.

2. PURPOSE

This Policy sets forth the Company’s approach to achieving and maintaining diversity on its Board and among its executives.

3. POLICY STATEMENT

The Company is of the view that Board member and Executive Management appointment decisions should be based on merit and remains committed to selecting the best person to fulfill these roles. At the same time, the Company recognizes that ensuring diversity of profiles in order to provide the necessary range of perspectives, experience and expertise is also important to effectively perform these functions.

In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to the Company’s success. Furthermore, diversity 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. The Company believes in the benefits of having diversity at the Board and Executive Management levels and that it is an important element of good corporate governance, reflects the communities where we live and work and is essential in maintaining a competitive focus.

The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role that women with the appropriate and relevant skills and experience can play in contributing to the diversity of perspectives on the Board and in the executive ranks.

4. BOARD APPOINTMENTS

4.1 Selection Process

The Board’s Corporate Governance and Nominating Committee, in consultation with the Board Chair, is responsible for recommending qualified persons for Board nominations that possess the competencies, skills, business and financial experience, leadership and level of commitment required of a director to fulfill Board responsibilities.

In considering the Board’s composition and making recommendations for Board members, the Corporate Governance and Nominating Committee will take into account: (i) the size of the Board; (ii) the particular

competencies, skills and experience currently sought by the Board, including requirements to staff certain Board committees; (iii) the competencies, skills and experience each of the current directors possesses; and (iv) personal attributes and other qualities of each director, having regard to the benefits of all aspects of diversity on the Board.

The Corporate Governance and Nominating Committee has developed a set of criteria for Board membership that strives for the inclusion of diverse groups in order to attain a diversity of background and skills for the Board. The Corporate Governance and Nominating Committee has also created a search process that seeks qualified Board candidates from, among other areas, the traditional pool of corporate directors and officers, government, academic institutions, private enterprise, non-profit organizations, trade associations and professions such as accounting, human resources, finance and law. The Corporate Governance and Nominating Committee also uses CN's network of organizations and trade groups that may help identify diverse candidates and may retain an executive search firm to help meet the Board's diversity objectives.

In addition, the Corporate Governance and Nominating Committee periodically reviews its recruitment and selection processes to ensure that diversity remains a component of any director search and endeavors to consider the level of representation of women and other members of the Designated Groups on the Board in identifying and nominating candidates for election or re-election to the Board.

In 2015, the Board set a target of having a minimum representation of one-third of the Board by women by 2017. The Board reached the target in advance and has maintained it since.

4.2 Mechanisms of Board Renewal

The Board has adopted a policy on mandatory retirement age for directors whereby a director would not, unless otherwise determined by the Board, in its discretion, be nominated for re-election at the annual meeting of shareholders following his or her seventy-fifth birthday. The Board has also adopted a policy, which is part of the Company's Corporate Governance Manual, to the effect that the Board Chair and the Committee Chair tenures are subject to term limits. The Board also approved amendments to its Board renewal policy, to the effect that any new individual nominated or elected to the Board of Directors after April 24, 2017, would be subject to term limits.

The Company is of the view that its policy on Chair term limits, together with its policy on mandatory retirement age and its new director term limits, establishes a mechanism that ensures Board Chair, Committee Chair, and director renewal, provides a fresh perspective in the boardroom and improves the Board's ability to plan its composition over a longer period of time.

5. EXECUTIVE MANAGEMENT APPOINTMENTS AND SUCCESSION PLANNING

CN recognizes the importance of having a diverse Executive Management team which offers a depth of perspectives and enhances the Company's operations. Effective talent management, leadership development, succession planning, and employee engagement are priorities for the Board and the Human Resources and Compensation Committee.

The Human Resources and Compensation Committee is responsible for considering candidates for Executive Management appointments that possess the qualifications, competencies, experience, leadership skills and level of commitment required to fulfill executive functions.

In fulfilling such role, the Human Resources and Compensation Committee:

- regularly reviews CN's integrated approach to Executive Management and high-potential talent management and succession planning, and the Company's comprehensive recruitment framework focusing on the identification, assessment, and development of talent used to ensure that CN has an appropriate diverse pipeline of potential successors at the Executive Management level;
- conducts in-depth reviews of potential candidates within CN, focusing on the strength and diversity of succession pools for key leadership roles across CN. A complete review of the contingency as well as short-, medium- and long-term succession plans for Executive Management is conducted annually, and specific plans to address identified gaps are reviewed; and
- seeks to ensure that Executive Management appointments are based on a balance of criteria, including merit, skill, background, experience and competency of the individual at the relevant time and endeavors that Executive Management appointments are reviewed with our diversity and talent management objectives in mind, including the level of representation of Designated Groups in Executive Management positions.

6. TARGETS

The Company wishes to maintain at least one-third (33%) representation by women on the Board, and aspires to attain by the end of 2022, and thereafter maintain, a Board composition in which at least forty percent (40%) of the Board members are members of the Designated Groups.

The Company also aspires to attain by the end of 2022, and thereafter maintain, an Executive Management team in which at least 30 percent (30%) of Executive Management are women.

7. ANNUAL REVIEW

On an annual basis, the Corporate Governance and Nominating Committee (*Directors*) and the Human Resources and Compensation Committee (*Executive Management*):

- assess the effectiveness of the nomination/appointment processes in achieving the Company's diversity objectives outlined in this Policy;
- set measurable objectives for achieving diversity and recommend them to the Board for adoption;
- measure the annual and cumulative progress in achieving its diversity targets set out in this Policy; and
- monitor the implementation of this Policy.

8. DISCLOSURE OF POLICY

The Company discloses in its Management Information Circular, among other things:

- a summary of the Policy's objectives and key provisions;
- the measures taken to ensure that the Policy has been effectively implemented;

- annual and cumulative progress in achieving the Policy’s objectives;
- how the Corporate Governance and Nominating Committee, the Human Resources and Compensation Committee, and the Board measure the effectiveness of the Policy;
- how the Corporate Governance and Nominating Committee, the Human Resources and Compensation Committee, and the Board consider the level of representation of members of the Designated Groups in identifying and nominating candidates for election or re-election to the Board and for appointment as Executive Management;
- a description of the Company’s policy on mandatory retirement age, term limits or other mechanisms of Board renewal;
- the Company’s target regarding diversity on the Board and at the Executive Management level, as well as annual and cumulative progress in achieving these targets; and
- the number and proportion (in percentage terms) of Directors and Executive Management of each Designated Group.

This Policy is published on the Company’s website for public information.