



## 1.1 Pension and Investment Committee

### 1.1.1 PURPOSE

The purpose of the PI Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the funding and investment management of CN's Pension Plans.

### 1.1.2 MEMBERSHIP

- **Members.** The Board shall appoint a maximum of twelve individuals to be members of the PI Committee, a majority of whom shall be independent directors. The members of the PI Committee shall include the following three officers of CN: the President and Chief Executive Officer of CN, the Executive Vice-President and Chief Financial Officer of CN, the President and Chief Executive Officer of the CN Investment Division.

### 1.1.3 MEETINGS

- **Meetings.** The PI 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 PI Committee meeting shall be a majority of the PI Committee members, including at least two members who are executive management of CN.
- **Additional Participant.** In addition to the PI Committee members, the most senior officer in charge of investments of the CN Investment Division shall be invited to attend each PI Committee meeting.
- **Timing.** The PI Committee shall typically meet one day prior to CN's Board meetings, or as otherwise required.

### 1.1.4 RESPONSIBILITIES

The responsibilities of the PI Committee are in part described in the Standing Resolution on CN Investments and include the following:

- **Investment Division.** The PI Committee shall oversee and review the investment management activities of the CN Investment Division (the "**Investment Division**"). In this regard, the PI Committee shall:
  - in conjunction with the Executive Vice-President and Chief Financial Officer of CN, oversee and determine the hiring, compensation, performance assessment, leadership development and succession planning of the President and Chief Executive Officer of the Investment Division, with the approval of the Human Resources & Compensation Committee and the Board;
  - 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;



and

- review and approve the CN Investment Division Incentive Plan and award payouts thereunder made to the President and Chief Executive Officer of the Investment Division.
- **Pension Management.** The PI Committee shall oversee and review the funding of CN's Pension Plans. In this regard, the PI Committee shall:
  - approve CN's overall pension risk management strategy and report thereon to the Board;
  - approve all of CN's pension trust funds of CN's Pension Plans (the "**CN 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 locked-in investment term of more than three 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 changes to the Statements of Investment Policies and Procedures and Derivative Policy for the CN Pension Trust Funds for approval, including the investment beliefs and principles that are to underly investment decisions to ensure alignment with CN's overall values;
  - review and recommend to the Board actuarial valuations and funding of CN's Pension Plans;
  - review and recommend to the Board the governance structure of the management Pension Advisory Working Committee; and
  - appoint members of the management Pension Advisory Working Committee and its Chair.

#### 1.1.5 EVALUATION OF THE PI COMMITTEE

- **Review.** The PI Committee will review and assess its mandate annually or otherwise as it deems appropriate and shall report to the Board regularly on its deliberations and annually on the adequacy of its mandate.
- **Assessment.** At least annually, the PI Committee will 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 PI 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 PI Committee.



Members of the PI 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.