



**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, March 9, 2021, March 7, 2023 and  
January 23, 2024**

## 1. DEFINITIONS

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

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

“**Underrepresented Groups**” means the broader range of underrepresented groups covered under this Policy, including 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 executives of CN holding the position of Vice-President and more senior positions of the Company (Grade A to F).

“**Policy**” means the CN Diversity Policy with Respect to Director and Executive Management Positions.

## 2. PURPOSE

This Policy sets forth the Company’s approach to achieving and maintaining diversity specifically in relation to its Board and among its Executive Management.

## 3. POLICY STATEMENT

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.

## 4. BOARD APPOINTMENTS

### 4.1 Selection Process

CN aims to have a Board whose members represent diverse backgrounds and experiences, having regard to gender, members of visible minorities, Indigenous status, persons with disabilities, age, business experience, professional qualifications, stakeholder perspectives, and geographic context.

The Board’s Governance, Sustainability and Safety 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 Governance, Sustainability and Safety 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 Governance, Sustainability and Safety 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 Governance, Sustainability and Safety 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 Governance, Sustainability and Safety 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 Governance, Sustainability and Safety 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 Underrepresented Groups on the Board in identifying and nominating candidates for election or re-election to the Board.

#### **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-second 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 individual nominated or elected to the Board of Directors would be subject to a 14-year term limit.

The Company is of the view that its policy on Chair term limits, together with its policy on mandatory retirement age and its director term limit, 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, employee engagement, and an inclusive culture 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 skill, background, experience and competence and endeavors that Executive Management appointments are reviewed with our diversity and talent objectives in mind, including the level of representation of Underrepresented Groups in Executive Management positions.
- reviews the company's policies, programs, initiatives and performance with respect to diversity and inclusion.

## **6. TARGETS**

The Board adopted a target for its independent members, which provides that it aspires to maintain a Board membership composed of at least forty percent (40%) of men and women directors, respectively, and that at least two directors come from the broader Underrepresented Groups beyond gender.

The Company also aspires to attain by the end of 2027, and thereafter maintain, an Executive Management team in which at least thirty-five percent (35%) of Executive Management are women.

## **7. ANNUAL REVIEW**

On an annual basis, the Governance, Sustainability and Safety 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 Governance, Sustainability and Safety Committee, the Human Resources and Compensation Committee, and the Board measure the effectiveness of the Policy;
- how the Governance, Sustainability and Safety Committee, the Human Resources and Compensation Committee, and the Board consider the level of representation of members of the Underrepresented 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.