



ESSENTIAL.

**MANAGEMENT INFORMATION CIRCULAR
AND NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**



APRIL 27, 2021



Notice of Annual Meeting of Shareholders

Our annual meeting of holders of common shares will be conducted solely via a live webcast meeting on **Tuesday, April 27, 2021 at 10:00 a.m.** (Eastern Daylight Time) at **www.virtualshareholdermeeting.com/CNI2021**. At this website, shareholders will be able to attend the meeting live, submit questions and vote their shares while the meeting is being held.

For the purposes of:

1. receiving the consolidated financial statements for the year ended December 31, 2020, and the auditors' reports thereon;
2. electing the directors;
3. appointing the auditors;
4. considering and approving, in an advisory, non-binding capacity, a resolution (the full text of which is set out on page 9 of the accompanying management information circular) accepting the Company's approach to executive compensation as disclosed in the "Statement of Executive Compensation" section of the accompanying management information circular;
5. considering and approving, in an advisory, non-binding capacity, a resolution (the full text of which is set out on page 9 of the accompanying management information circular) accepting the Company's Climate Action Plan as disclosed in the accompanying management information circular;
6. considering two shareholder proposals described in Schedule "D"; and
7. transacting such other business as may properly be brought before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed March 5, 2021 as the Record Date for the determination of the holders of common shares entitled to receive notice of the meeting and vote at the meeting.

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Sean Finn', is written over a horizontal line.

Sean Finn
Executive Vice-President
Corporate Services and Chief Legal Officer and Corporate Secretary

March 9, 2021
Montreal, Quebec

Letter to Shareholders

March 9, 2021

Dear Shareholder:

On behalf of the Board of Directors ("Board" or "Board of Directors") and management of Canadian National Railway Company (the "Company" or "CN"), we cordially invite you to attend the annual meeting of shareholders, which will be held online on April 27, 2021 at 10:00 a.m. (Eastern Daylight Time). This management information circular ("Information Circular") describes the business to be conducted at the meeting and provides information on executive compensation and CN's environmental, social and governance ("ESG") practices. In addition to these items, we will discuss highlights of our 2020 performance and our plans for the future.

CN's front line workers and their colleagues admirably stood up to 2020, despite its unique challenges, by focusing on their mission. We are extremely proud of the essential transportation service they have provided and thank them for what they have accomplished throughout this most difficult year, marked by blockades on our tracks and the pandemic. Our transformational journey started a quarter of a century ago and continued to the point of CN becoming the successful transportation and supply chain leader and trade enabler we are today.

CN's transportation services are essential to keep the economy moving, for its customers to reach their markets, for retailers to get the goods the public rely on every day and for healthcare workers battling the pandemic to get critical supplies. Our key role in the North American supply chain was clearly demonstrated in the difficult circumstances of 2020.

CN has recently undertaken major new environmental, social and governance initiatives that will reinforce its status as a leader in ESG among North American Class I railroads and across the transportation sector. Our longer-term goal is to be at the leading edge of ESG best practices across North America and globally.

These new measures include the creation of the CN Indigenous Advisory Council, an independent body comprised of Indigenous peoples from across the country, with a mandate to advise CN's Board and senior management, and a commitment to a Board of Directors that has at least 50 percent of independent directors coming from diverse groups, including gender parity. They also encompass an annual advisory vote on CN's Climate Action Plan, and a reset of governance policies reducing the age limit and tenure of directors, setting a lower maximum of public boards on which directors can serve, and reducing the size of the Board. CN continues to strive to implement governance policies that reflect best-in-class ESG practices.

We would like to welcome our new Board nominees, Denise Gray and Justin M. Howell, as well as Margaret A. McKenzie who joined the Board in late 2020. These new directors come to us with extensive business, innovation, and strategic planning experience. The Board looks forward to their contribution as CN continues to play an essential role in the North American economy.

We also want to take this opportunity, on behalf of the entire CN family, to thank our distinguished directors who are not standing for re-election at this annual meeting: Don Carty, Maureen Kempston Darkes, Gordon Giffin, Edith Holiday and Denis Losier for their outstanding contribution, lending their wisdom, expertise and careful oversight to CN's success as it has grown and prospered. The Company is deeply indebted to them.

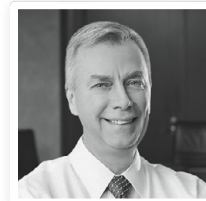
Your participation in the affairs of the Company is important to us. To that effect, we are pleased to embrace the latest technology to provide easy access, improved communication, and cost savings for our shareholders and the Company, all through a webcast Meeting again in 2021. This set up is imperative these days as it eliminates any health risks associated with large gatherings while enabling greater participation by our shareholders from any location around the world and aligning with our sustainability vision and belief. Similar to last year, through our webcast, you will have the opportunity to interact with members of the Board and senior executive officers of the Company.

We encourage you to vote on the internet or complete the enclosed proxy or voting instruction forms and return them in the envelope provided for this purpose, so that your views can be represented. Even if you plan to attend the meeting, you may find it convenient to vote your shares in advance of the meeting over the internet or by completing and returning the enclosed proxy or voting instruction forms, as applicable. Please consult the information on page 5 of the Information Circular to find out how to attend the meeting online and vote your shares.

We are looking forward to your virtual attendance at the Meeting. Please stay safe and healthy.



Robert Pace, D.COMM., C.M.
Chair of the Board



Jean-Jacques Ruest
President and
Chief Executive Officer

CN

Letter to Shareholders

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This Information Circular is provided in connection with the solicitation of proxies by management of Canadian National Railway Company for use at the annual meeting of its shareholders or at any adjournment or postponement thereof (the "Meeting"). In this document "you" and "your" refer to the shareholders of CN and "CN", the "Company", "we", "us", or "our" refer to Canadian National Railway Company. The Meeting will be held on Tuesday, April 27, 2021, at 10:00 a.m. (Eastern Daylight Time) for the purposes set forth in the foregoing Notice of Meeting. The information contained herein is given as at February 26, 2021, except as indicated otherwise.

Shareholder Voting Matters and Recommendation

VOTING MATTER Election of 11 Directors BOARD VOTE RECOMMENDATION FOR each nominee FOR MORE INFORMATION SEE PAGE 10	VOTING MATTER Appointment of KPMG LLP as Auditors BOARD VOTE RECOMMENDATION FOR FOR MORE INFORMATION SEE PAGE 8	VOTING MATTER Advisory Resolution on Executive Compensation BOARD VOTE RECOMMENDATION FOR FOR MORE INFORMATION SEE PAGE 44
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Board of Directors Highlights

5X

Director's share ownership set at 5 times the annual director retainer within 5 years

52

Combined number of board and committee meetings held in 2020

14

Term limit for Directors set at 14-year from their initial election or appointment date

100%

Percentage of board members, other than our CEO, who are independent












0

Board members that sit together on the board of another public company

50%

Percentage of non-management director nominees are women

Our Director Nominees

	NAME/AGE	TOP 4 COMPETENCIES ⁽¹⁾	DIRECTOR SINCE	POSITION	OTHER PUBLIC BOARDS	SHARE OWNERSHIP ⁽²⁾ (MULTIPLE OF REQUIREMENT)	% OF VOTES FOR 2020
	Shauneen Bruder (61)	<ul style="list-style-type: none"> Finance/Accounting/Investor Relations Strategic Planning Customer Experience/Sales/Marketing Technology/Innovation/Artificial Intelligence/Cyber Security 	2017	Corporate Director	1	1.5	99.89
	Julie Godin (46)	<ul style="list-style-type: none"> Finance/Accounting/Investor Relations Technology/Innovation/Artificial Intelligence/Cyber Security People and Talent Management/Organized Labour/Diversity and Inclusion Strategic Planning 	2017	Co-Chair of the Board, Executive Vice-President, Strategic Planning and Corporate Development, CGI Inc.	1	1.5	99.16
	Denise Gray (59)	<ul style="list-style-type: none"> CEO/Executive Leadership Experience Strategic Planning Technology/Innovation/Artificial Intelligence/Cyber Security Transport Industry/Logistics/Supply Chain/Global Trade 	New Director Nominee	President, LG Energy Solution Michigan Inc.	1	–	–
	Justin M. Howell (50)	<ul style="list-style-type: none"> International/Global Experience and Perspective ESG Corporate Governance/Public Company Experience Finance/Accounting/Investor Relations 	New Director Nominee	Senior Investment Manager, BMGI	1	–	–
	Kevin G. Lynch (70)	<ul style="list-style-type: none"> Finance/Accounting/Investor Relations Government/Regulatory/Public Policy/Legal People and Talent Management/Organized Labour/Diversity and Inclusion Strategic Planning 	2014	Corporate Director	–	3	96.38
	Margaret A. McKenzie (59)	<ul style="list-style-type: none"> Finance/Accounting/Investor Relations Risk Management and Safety Strategic Planning ESG 	2020	Corporate Director	3 ⁽⁴⁾	0.5	–
	James E. O'Connor (71)	<ul style="list-style-type: none"> CEO/Executive Leadership Experience People and Talent Management/Organized Labour/Diversity and Inclusion Strategic Planning ESG 	2011	Corporate Director	1	3	99.35
	Robert Pace (66)	<ul style="list-style-type: none"> CEO/Executive Leadership Experience Transport Industry/Logistics/Supply Chain/Global Trade Strategic Planning Corporate Governance/Public Company Experience 	1994	Chair of the Board, CN President and CEO, The Pace Group	1	14	95.85
	Robert L. Phillips (70)	<ul style="list-style-type: none"> CEO/Executive Leadership Experience Transport Industry/Logistics/Supply Chain/Global Trade Strategic Planning Corporate Governance/Public Company Experience 	2014	President, R.L. Phillips Investments Inc.	3	3	93.99
	Jean-Jacques Ruest (66)	<ul style="list-style-type: none"> CEO/Executive Leadership Experience Transport Industry/Logistics/Supply Chain/Global Trade Strategic Planning Customer Experience/Sales/Marketing 	2018	President and Chief Executive Officer, CN	–	Note 3	99.21
	Laura Stein (59)	<ul style="list-style-type: none"> Government/Regulatory/Public Policy/Legal Risk Management and Safety International/Global Experience and Perspective ESG 	2014	Executive Vice-President, Corporate & Legal Affairs and General Counsel, Mondelēz International	–	3	95.10

(1) Refer to description of competencies on page 34 of this Information Circular.

(2) For a discussion on the shareholding requirements of the Board Chair and non-executive directors, please see section on "Share Ownership" on page 25 of this Information Circular.

(3) For a discussion on Mr. Ruest's shareholding requirements, please see section on "Stock Ownership" on page 58 of this Information Circular.

(4) Will be a member of two public boards other than CN starting at the end of April 2021.

2020 Key Business Highlights

24,381

Employees at year end

\$13.8 B

Revenues

\$3.227 B⁽¹⁾

Free cash flow

\$2.9 B

Capital investments

\$5.00

Reported diluted earnings per share

\$5.31⁽¹⁾

Adjusted diluted earnings per share

(1) See the section entitled "Adjusted performance measures" in CN's Management's Discussion and Analysis included in the Company's 2020 Annual Report for an explanation of this measure and reconciliation to the nearest GAAP measure.

Key Environment, Social & Governance Highlights

50%

Adopted a target of at least 50% of the independent directors coming from diverse groups, including gender parity, by the end of 2022. 50% of our non-management director nominees are women.

Transparency

Publicly disclose on www.cn.ca information on our lobbying activities, a list of our political contributions and a detailed list of our corporate memberships, including industry associations and policy organizations.

Iconic Brand

Recognized by Interbrand Canada as one of the 150 companies, organizations and institutions that are the most iconic in Canada.

Catalyst Accord

Signatory to the Catalyst Accord 2022 which promotes gender diversity on boards and executive management.

Climate Change Leader

Reduced locomotive emission intensity by 40% since 1993 while achieving record growth in the volume of freight we move.

In 2020, formally became a supporter of the Task Force on Climate-related Financial Disclosures ("TCFD") and issued our inaugural TCFD report.

Earned a position on the 2020 Climate A List by CDP*.

Sustainability Leader

Annual advisory vote on CN's Climate Action Plan.

Creation of the CN Indigenous Advisory Council.

Listed on the DJSI World Index and on the DJSI North America Index.

World's 100 Most Sustainable Corporations

Ranked 10th on the Corporate Knights 2021 Global 100 Index of the most sustainable corporations in the world.

Best Corporate Citizen

Ranked among the Best 50 Corporate Citizens in Canada by Corporate Knights for the 12th consecutive year in a row.

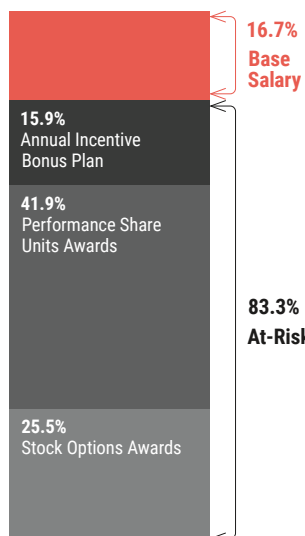
* CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Executive Compensation

Disciplined Approach to Compensation

CN's approach to executive compensation continues to be driven by our goal to deliver sustainable and solid returns to shareholders. CN exercises a disciplined approach by ensuring that target compensation supports the attraction and retention of executive talent while remaining within our executive compensation policy. In addition, short- and long-term incentive plans are structured to align realized pay with shareholder returns. Compensation programs are designed to encourage appropriate behaviours and include appropriate risk mitigation mechanisms. The executive compensation policy aims to position target total direct compensation between the median and the 60th percentile of the executives' respective comparator group.

All NEOs 2020 Target Pay at Risk



Best practices adopted by CN

- ~ 83% of NEOs' target total direct compensation is variable and linked to CN's performance
- Provide shareholders an annual say on pay vote
- Benchmark compensation against a reasonable/size appropriate peer group
- No employment contracts for NEOs
- Incentive payout capped and no guaranteed minimum payout
- Increased weighting of relative total shareholder return on Performance Share Units
- Corporate Safety component in the Annual Incentive Bonus Plan extended to all non-unionized employees in 2021
- Individual component in the Annual Incentive Bonus Plan replaced by a Corporate Strategic component consisting of three quantitative strategic measures: employee engagement, customer centricity and fuel efficiency for senior management employees in 2021
- Stringent stock ownership requirements
- President and CEO post-employment shareholding requirement
- Extended executive clawback policy allowing the clawback of bonus or incentive based compensation awarded after March 7, 2017 in circumstances of gross negligence, intentional misconduct, fraud, theft or embezzlement without the need for a financial restatement
- Double trigger change-of-control provisions

Delivery of Meeting Materials and Voting Information

Your Vote is Important

As a shareholder, it is important that you read this Information Circular carefully and then vote your shares, either before or at the Meeting. The following section provides you with information on how to vote your shares.

Notice and Access

This year, as permitted under Canadian Securities Rules and pursuant to exemptions from the sending of financial statements and proxy solicitation requirements granted by the Director of Corporations Canada, we are using "Notice and Access" to deliver this Information Circular to both registered and non-registered shareholders. Instead of receiving a paper copy of the Information Circular in the mail, shareholders who hold common shares of CN on March 5, 2021, the record date for the Meeting, have access to it online. Shareholders will receive a package in the mail with a notice (the "Notice") explaining how to access the Information Circular electronically and how to request a paper copy of it. A form of proxy for registered shareholders or a voting instruction form for non-registered shareholders or Employee Shares, will be included with the Notice with instructions on how to vote your shares. Adopting Notice and Access allows for faster access to the Information Circular, contributes to the protection of the environment, is consistent with our sustainability strategy and helps reduce printing and postage costs.

How to access the Information Circular electronically

The Information Circular is available on our website (www.cn.ca/investors), on the website of our transfer agent, Computershare Trust Company of Canada (Computershare) (www.envisionreports.com/CNR2021), on SEDAR (www.sedar.com) and on the U.S. Securities and Exchange Commission ("SEC") website (www.sec.gov) through EDGAR.

How to request a paper copy of the Information Circular and Financial Statements

You may request paper copies of the Information Circular and Financial Statements at no cost up to one year from the date the Information Circular was filed on SEDAR (on or about March 23, 2021). Your request should be received at least ten (10) business days prior to the Meeting date in order to receive the Information Circular in advance of such date.

You may request paper copies of either the Information Circular and Financial Statements at www.proxyvote.com or by calling 1-877-907-7643 and entering the control number provided on the proxy form or the voting instruction form and following the instructions provided.

If you request a paper copy of the Information Circular note that you will not receive a new form of proxy or voting instruction form, so you should keep the original form sent to you in order to vote.

Questions?

If you have questions about Notice and Access or to request a paper copy of the Information Circular after the Meeting at no charge, you can contact Broadridge at 1-844-916-0609 for English, and 1-844-973-0593 for French or Computershare by phone at 1-866-962-0498 (toll-free in Canada and the United States) or 1-514-982-8716 (outside North America).

Important information about the Meeting

The Meeting will be conducted online only, via a live webcast. Shareholders will not be able to attend the Meeting in person. You will be able to attend, participate and vote at the Meeting online via the webcast. Board members and senior executive officers will participate in the Meeting and be available for questions.

Attending the Online Annual Meeting

To participate in the Meeting, shareholders (registered, non-registered and holders of Employee Shares) will need to visit www.virtualshareholdermeeting.com/CNI2021 and check-in using the control number included either on your proxy form or voting instruction form, as applicable. The Meeting platform is fully supported across browsers and devices running the most updated version of applicable software plugins. **You should ensure you have a strong, preferably high-speed, internet connection wherever you intend to participate in the Meeting.** The Meeting will begin promptly at 10:00 a.m. (Eastern Daylight Time) on April 27, 2021. Online check-in will begin starting 15 minutes prior, at 9:45 a.m. (Eastern Daylight Time). You should allow ample time for online check-in procedures. For any technical difficulties experienced during the check-in process or during the Meeting, please call the technical support number that will be posted on the Virtual Shareholder Meeting log in page. The webcast Meeting allows you to attend the Meeting live, submit questions and submit your vote while the Meeting is being held if you have not done so in advance of the Meeting.

CN is also providing a toll-free conference call for shareholders that do not have internet access or that prefer that method, either to verbally ask a question at the Meeting, or to listen in as an alternative to the webcast. Using your control number included either on your proxy form or voting instruction form, as applicable, you will be able to listen to the Meeting proceedings and submit your question verbally during the Meeting; however, you will not be able to vote your shares on the phone during the Meeting and will have to use the online webcast for that purpose if you have not done so in advance of the Meeting. To join the conference call, you must call 1-833-722-0214 (Canada and U.S.) or 1-929-517-0688 (International).

Guests will be able to attend the Meeting through the live webcast only, by joining the webcast as a guest www.virtualshareholdermeeting.com/CNI2021. They will not be able to submit questions or vote. They will not be allowed to dial into the conference call.

Submitting Questions

Following the Meeting, we will hold a live Q&A session, during which we intend to answer all written questions submitted before or during the Meeting. Only shareholders may submit questions at the Meeting, either before or during the Meeting. **To ask a question before the Meeting**, you need go to proxyvote.com and log in using your control number included either on your proxy form or voting instruction form, as applicable. Once past the log-in screen, please click on "Submit Questions", complete the question form and click "Submit." **To ask a question during the Meeting** you may do so in two ways: in writing through the live webcast at www.virtualshareholdermeeting.com/CNI2021 after logging-in, type your question into the "Ask a Question" field, and click "Submit"; or verbally through the conference call by dialing 1-833-722-0214 (Canada and U.S.) or 1-929-517-0688 (International) using your control number. A meeting operator will queue-in your question and open the line at the appropriate time. **Guests will not be able to submit questions either before or during the Meeting.**

The Chair of the Meeting reserves the right to edit or reject questions he deems profane or otherwise inappropriate in accordance with the rules of conduct of the Meeting which are available at www.cn.ca/en/investors/ and following the Meeting web page. Any questions pertinent to the Meeting that cannot be answered during the Meeting due to time constraints will be posted online and answered at www.cn.ca/en/investors/. The questions and answers will be available

as soon as practical after the Meeting and will remain available until one week after posting. The Chair of the Meeting has broad authority to conduct the Meeting in an orderly manner. To ensure the Meeting is conducted in a manner that is fair to all shareholders, the Chair of the Meeting may exercise broad discretion in the order in which questions are asked and the amount of time devoted to any one question. Consistent with our prior in-person annual meetings, all questions submitted in accordance with our rules of conduct for shareholders meeting generally are addressed in the order received.

Who can Vote

Shareholders at the close of business on March 5, 2021 (the "Record Date"), are entitled to vote at the Meeting or at any adjournment or postponement thereof, either personally or by proxy. As of the close of business on the Record Date, the Company had 710,694,071 common shares without par value outstanding. Subject to the voting restrictions described in this section, each common share carries the right to one vote.

How to Vote

If you are eligible to vote and your common shares are either registered in your name or are held in the name of a nominee (non-registered or Employee Shares), you can vote your common shares at the Meeting or by proxy in advance of the Meeting, as explained below. Voting by proxy in advance of the Meeting is the easiest way to vote your shares.

The same procedures apply whether you are a registered shareholder, non-registered shareholder or holder of Employee Shares.

You are a *registered shareholder* if your name appears on your share certificate or your Direct Registration System (DRS) confirmation. If you are a registered shareholder, you will receive a proxy form containing the relevant details concerning the business of the Meeting, including a control number that must be used to vote by proxy in advance of the Meeting or join the live webcast and phone line the day of the Meeting to attend the Meeting live, submit your questions and submit your vote while the Meeting is being held.

If your common shares are not registered in your name and are held in the name of a nominee such as a trustee, financial institution or securities broker, you are a *non-registered shareholder*. If your common shares are listed in an account statement provided to you by your broker, those common shares will, in all likelihood, not be registered in your name. Such common shares will more likely be registered under the name of your broker or an agent of that broker. Without specific instructions, brokers and their agents or nominees are prohibited from voting shares for the broker's client. If you are a non-registered shareholder, you will receive a voting instruction form containing the relevant details concerning the business of the Meeting, including a control number that must be used to vote by proxy in advance of the Meeting or join the live webcast and phone line the day of the Meeting to attend the Meeting live, submit your questions and submit your vote while the Meeting is being held.

Common shares purchased by employees of the Company under its Canadian and U.S. Employee Share Investment Plans and its Savings Plan for U.S. Operations (the "Plans") are known as *Employee Shares*. Employee Shares remain registered in the name of the Plans' Custodian (currently Computershare Trust Company of Canada or Fidelity Institutional Retirement Services Company, as applicable), unless the employees have withdrawn their common shares from the Plans in accordance with their provisions. If you are a holder of Employee Shares you will receive a voting instruction form containing the relevant details concerning the business of the Meeting, including a control number that must be used to vote by proxy in advance of the Meeting or join the live webcast and phone line the day of the Meeting to attend the Meeting live, submit your questions and submit your vote while the Meeting is being held.

Vote in advance of the Meeting—Voting by Proxy

Below are the different ways in which you can give your voting instructions, details of which are found in the proxy form or voting instruction form, as applicable, accompanying this Information Circular:



BY INTERNET Go to www.proxyvote.com and follow the instructions. You will need your control number found on your proxy form or voting instruction form, as applicable.



BY MAIL Complete and return the proxy form or voting instruction form as applicable, in the **prepaid envelope** provided.



BY PHONE Call **1-800-474-7493 (English)** or **1-800-474-7501 (French)**. You will need your control number found on your proxy form or voting instruction form, as applicable.



BY FAX Complete the proxy form or voting instruction form, as applicable and return it by fax at **905-507-7793** or **514-281-8911**.

If you are using mail, your duly completed proxy form or voting instruction form, as applicable must have been received by our proxy tabulator with sufficient time for your vote to be processed, and in all cases, no later than **5:00 p.m. on April 23, 2021** (Eastern Daylight Time). For all other methods, you must have voted before **5:00 p.m. on April 26, 2021**, (Eastern Daylight Time) or if the Meeting is adjourned or postponed, by no later than 5:00 p.m. on the business day prior to the day fixed for the adjourned or postponed Meeting.

Voting at the Meeting



If you wish to vote at the meeting, you do not need to complete or return your proxy form or voting instruction form, as applicable. The day of the Meeting, whether you are a registered or non-registered shareholder or holder of Employee Shares, will be able to vote via the live webcast by completing a ballot online during the

Meeting. You will need to visit www.virtualshareholdermeeting.com/CNI2021 and check-in using your control number included on your proxy form or voting instruction form, as applicable, as further described under "Attending the Online Meeting".

If you wish to appoint someone as proxy to vote your shares for you at the Meeting during the live webcast, please follow the instructions found on either your proxy form or voting instruction form, as applicable, or on www.proxyvote.com. You will need to create a unique eight-character identification number which will allow your appointee to join the Meeting and vote your shares on your behalf.

How your Shares will be Voted

You can choose to vote FOR, WITHHOLD or AGAINST, depending on the items to be voted on. When you vote by proxy, you may appoint either the persons named as proxies in the proxy form or voting instruction form (who are the Board Chair and the President and Chief Executive Officer of the Company, or in the case of Employee Shares, Computershare Trust Company of Canada or Fidelity Institutional Retirement Services Company) or you may appoint someone else to vote for you as your proxy holder by using the enclosed form of proxy or voting instruction form. **You have the right to appoint any other person or company (who need not be a shareholder) to attend and act on your behalf at the Meeting. That right may be exercised by writing the name of such person or company in the blank space provided, and following the instructions, found in the proxy form or voting instruction form, or by completing another proper form of proxy. Make sure that the person you appoint is aware that he or she is appointed and that this person log into the online Meeting using the credentials you created for him/her as your appointee.**

Your common shares will be voted or withheld from voting in accordance with your instructions indicated on the proxy form or voting instruction form. If no instructions are indicated, your common shares represented by proxies in favour of the Board Chair or the President and Chief Executive Officer (or in the case of Employee Shares, Computershare Trust Company of Canada or Fidelity Institutional Retirement Services Company) will be **voted as follows:**

- i) **FOR the election of management's nominees as directors**
- ii) **FOR the appointment of KPMG LLP as auditors**
- iii) **FOR, in an advisory, non-binding capacity, the approach to executive compensation disclosed in the "Statement of Executive Compensation" section of this Information Circular**
- iv) **FOR, in an advisory, non-binding capacity, accepting the Company's Climate Action Plan as disclosed in this Information Circular**
- v) **AGAINST the approval of the shareholder proposals**

and at the discretion of the proxy holder in respect of amendments to any of the foregoing matters or on such other business as may properly be brought before the Meeting. Should any nominee named herein for election as a director become unable to accept nomination for election, it is intended that the person acting under proxy in favour of management will vote for the election in his or her stead of such other person as management of the Company may recommend. Management has no reason to believe that any of the nominees for election as directors will be unable to serve if elected to office and is not aware of any amendment or other business likely to be brought before the Meeting.

The Board of Directors and management are recommending that shareholders vote FOR items (i), (ii), (iii), (iv) and AGAINST item (v).

A simple majority of the votes cast will constitute approval of each of these matters.

Changing your Vote

You may revoke your proxy at any time, by voting again on the Internet or by phone or fax before 5:00 p.m. on April 26, 2021 (Eastern Daylight Time) or by following the below instructions:

- by completing an instrument in writing (which includes another form of proxy or voting instructions form, as applicable with a later date) executed by you, or by your attorney (duly authorized in writing), and:
- deposited with the Corporate Secretary of the Company at the registered office of the Company (935 de La Gauchetière Street West, 16th Floor, Montreal, Quebec, Canada, H3B 2M9) at any time up to and including **5:00 p.m. on April 26, 2021** (Eastern Daylight Time) or any adjournment or postponement thereof.
- filed electronically with the chair of the Meeting (at CN_Chair@cn.ca) on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law.

CN's Voting Restrictions

Our articles of continuance, as amended, provide that no person, together with his or her associates, shall hold, beneficially own or control, directly or indirectly, voting shares to which are attached more than 25% in the aggregate of the votes attached to all our voting shares that may ordinarily be cast to elect directors of the Company. In addition, where the total number of voting shares held, beneficially owned or controlled, directly or indirectly, by any one person together with his or her associates exceeds such 25% maximum, no person shall, in person or by proxy, exercise the voting rights attached to the voting shares held, beneficially owned or controlled, directly or indirectly, by such person or his or her associates.

To the knowledge of the directors and senior officers of the Company, based on the most recent publicly available information, the only person who beneficially owns, or directly or indirectly exercises control or direction over, shares carrying 10% or more of the voting rights attached to any class of shares of the Company is Mr. William H. Gates, III. Mr. Gates is the sole member of Cascade Investment, L.L.C. ("Cascade"). Cascade held 101,400,770 common shares of the Company on the Record Date, representing 14.27% of the outstanding common shares of the Company. In addition, Mr. Gates is a co-trustee of the Bill & Melinda Gates Foundation Trust, which held 13,907,283 common shares of the Company on the Record Date, representing 1.96% of the outstanding common shares of the Company. Hence, on the Record Date, Mr. Gates is deemed to have control or direction over 115,308,053 common shares, representing 16.22% of the outstanding common shares of the Company.

Additional Information

Proxy Solicitation

Management of the Company is soliciting your proxy. The solicitation is being made primarily by mail, but our directors, officers or employees may also solicit proxies at a nominal cost to the Company. The Company has retained and will pay for the services of D.F. King Canada, a division of AST Investor Services Inc. (Canada) ("D.F. King"), for the solicitation of proxies in Canada and the U.S., at an aggregate cost estimated to be approximately C\$34,000 plus additional costs relating to out-of-pocket expenses.

Questions

If you have questions about the information contained in this Information Circular or require assistance in completing your form of proxy or voting instruction form, please call D.F. King, the Company's proxy solicitation agent, toll-free in North America at 1-800-239-6813 or at 1-416-682-3825 outside of North America; or by e-mail at inquiries@dfking.com.

Transfer Agent

You can contact the transfer agent either by mail at Computershare Trust Company of Canada, 100 University Ave., 8th Floor, Toronto (Ontario) M5J 2Y1, by telephone at 1-800-564-6253, by fax at 1-888-453-0330 or by internet at www.investorcentre.com/service, or in French at www.centredeinvestisseurs.com/service.

Intermediaries Fees

Non-registered shareholders are either objecting beneficial owners who object that intermediaries disclose information about their ownership in the Company, or non-objecting beneficial owners, who do not object to such disclosure. The Company pays intermediaries to send proxy-related materials to both objecting and non-objecting beneficial owners.

Financial Statements

Our consolidated financial statements for the year ended December 31, 2020, together with the auditors' reports thereon, are included in the 2020 Annual Report of the Company, available on our website at www.cn.ca, on SEDAR at www.sedar.com, in the Company's annual report on Form 40-F available on the SEC's website at www.sec.gov through EDGAR, and in print, free of charge, to any shareholder who requests a copy by contacting our Corporate Secretary at (514) 399-7091 or Vice-President, Investor Relations at (514) 399-0052.

Election of Directors

Our articles of continuance, as amended, provide that our Board of Directors shall consist of a minimum of seven and a maximum of 21 directors. Pursuant to a resolution of the Board of Directors, 11 persons are to be elected as directors for the current year, each to hold office until the next annual meeting of shareholders or until such person's successor is elected or appointed.

The term of office of each of the present directors expires at the close of the Meeting. **The persons named in the section entitled "Nominees for Election to the Board—Description of Nominees" will be presented for election at the Meeting as management's nominees.** All of the nominees proposed for election as directors are currently directors of the Company, except for Denise Gray and Justin Howell who are being proposed for election at the Meeting. All persons nominated were recommended to the Board of Directors by the Corporate Governance and Nominating Committee.

Unless authority is withheld, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the election of the persons named in the section entitled "Nominees for Election to the Board—Description of Nominees". These nominees are, in the opinion of the Board of Directors and management, well qualified to act as directors of the Company for the ensuing year and have confirmed their willingness to serve as directors. The Board of Directors and management do not contemplate that any of these nominees will be unable to serve as a director, but should that occur for any reason before the Meeting, the persons designated in the accompanying form of proxy or voting instruction form reserve the right to vote for another nominee at their discretion unless the shareholder who has given such proxy or voting instruction form has directed that the common shares be withheld from voting on the election of any of the directors.

Majority Voting Policy

The Board of Directors has adopted a policy which is part of our Corporate Governance Manual, to the effect that a nominee for election as a director of the Company who receives a greater number of votes "withheld" than votes "for", with respect to the election of directors by shareholders, will tender his or her resignation to the Board Chair promptly following the meeting of shareholders at which the director is elected. The Corporate Governance and Nominating Committee will consider such offer and make a recommendation to the Board of Directors whether to accept it or not. The Board of Directors will make its decision and promptly announce it in a press release within 90 days following the meeting of shareholders, a copy of which will be provided to the Toronto Stock Exchange ("TSX"). The Board of Directors shall however, accept such resignation absent exceptional circumstances. The resignation shall be effective when accepted by the Board of Directors. The director who offered to tender his or her resignation should not be part of any committee or Board of Directors deliberations pertaining to the resignation offer. This policy only applies in circumstances involving an uncontested election of directors. An "uncontested election of directors" means that the number of director nominees is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not part of the candidates supported by the Board of Directors.

Appointment of Auditors

The Board of Directors and the Audit Committee recommend that KPMG LLP be appointed to serve as the Company's auditors until the next annual meeting of shareholders. The Audit Committee is responsible for recommending the appointment of the external auditors, evaluating and monitoring their qualifications, performance and independence, as well as assessing the appropriateness of the audit fees.

KPMG LLP has served as the Company's independent auditors since 1992. The Audit Committee continuously assesses the Company's external auditors, and on an annual basis reviews the audit and non-audit fees, audit quality, independence, and tenure of our auditors, including the benefits and risks of having a long-tenured auditor and the controls and processes that help ensure KPMG's independence. See "Schedule C – Additional Audit Committee Disclosure" for more details on auditors' independence. For the years ended December 31, 2020 and 2019, the fees for audit, audit-related, tax and all other services provided to the Company by KPMG LLP were the following:

FEE (IN THOUSANDS)	2020 (C\$)	2019 (C\$)
Audit	2,778	2,718
Audit-related	1,122	1,234
Tax	1,205	1,288
All other	42	50
Total fees	5,147	5,290

Pursuant to the terms of its charter, the Audit Committee approves all audit and audit-related services, audit engagement fees and terms and all non-audit engagements provided by the external auditors. The Audit Committee pre-approved all the services performed by the auditors for audit, audit-related and non-audit related services for the years ended December 31, 2020 and 2019.

The nature of the services under each category is described below.

Audit Fees

Consists of fees incurred for professional services rendered by the auditors in relation to the audit of the Company's consolidated annual financial statements and those of its subsidiaries and the audit relating to the Company's internal control over financial reporting.

Audit-Related Fees

Audit-related fees were incurred for professional services rendered by the auditors in relation to the audit of the financial statements for the Company's pension plans, and for attestation services in connection with reports required by statute or regulation and due diligence and other services, including comfort letters, in connection with the issuance of securities and other audit-related fees.

Tax Fees

Fees consist of compliance related services associated to cross-border employee tax filings, for assistance related to the preparation of Canadian and U.S. research and development tax credit filings and other tax compliance services.

All Other Fees

Consists of fees related to cybersecurity services and for services related to a foreign subsidiary.

Unless authority is withheld, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the appointment of KPMG LLP as auditors of the Company to hold office until the next annual meeting of shareholders.

Advisory Vote on Executive Compensation

The Company is again providing its shareholders with an opportunity to cast at the Meeting an advisory vote on the Company's approach to executive compensation, as disclosed in the "Statement of Executive Compensation" section of this Information Circular. Such section describes the role of the Human Resources and Compensation Committee in overseeing compensation of executives and ensuring that it is linked to the Company's three-year business plan. The section also describes the Company's executive compensation principles, the structure of the compensation plans for executives, and the alignment of such plans with the interests of our shareholders.

The Board of Directors recommends that shareholders vote FOR the resolution set out below and, unless otherwise instructed, the persons designated in the form of proxy or voting information form intend to vote FOR the following resolution:

"RESOLVED that, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the section entitled 'Statement of Executive Compensation' of the Information Circular of the Company dated March 9, 2021."

The Board of Directors has adopted a policy to the effect that, if a majority of the shares represented in person or by proxy at a meeting are voted against the above non-binding advisory resolution, the Board Chair or the Chair of the Human Resources and Compensation Committee will oversee a process to engage with shareholders with a view to giving them the opportunity to express their specific concerns. The Board of Directors and the Human Resources and Compensation Committee will consider the results of this process and, if appropriate, review the Company's approach to executive compensation in the context of shareholders' specific concerns.

Advisory Vote on Climate Change

The Company is providing its shareholders with an opportunity to cast at the Meeting an advisory vote on the Company's Climate Action Plan, as disclosed in the "CN Climate Action Plan" section of this Information Circular. Such section describes the role of the Board and the Environment Safety & Security Committee in overseeing the Company's greenhouse gas emissions reduction plan and ensuring it is linked to the Company's long term strategic plan. The section also describes the Company's greenhouse gas emission levels (the "Emissions") in a manner consistent with the Task Force on Climate-related Financial Disclosure recommendations and the strategy that the Company has adopted or will adopt to reduce the Emissions in the future.

The Board of Directors recommends that shareholders vote FOR the resolution set out below and, unless otherwise instructed, the persons designated in the form of proxy or voting information form intend to vote FOR the following resolution:

"RESOLVED that, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the Company's Climate Action Plan disclosing the Company's greenhouse gas emissions and the strategy the Company has adopted or will adopt in accordance with its Climate Action Plan to reduce the Company's greenhouse gas emission levels in the future,

the whole in a manner consistent with the Task Force on climate-related Financial Disclosures recommendations, as disclosed in the section entitled 'CN Climate Action Plan' of the Information Circular of the Company dated March 9, 2021; and

RESOLVED that the Company shall report annually at each annual general meeting of shareholders, the Company's progress made towards achieving the targets set out in its Climate Action Plan, and shall ask shareholders, at each such annual general meeting, to vote upon, on a non-binding advisory basis, the Company's Climate Action Plan."

The Board of Directors has adopted a policy to the effect that, if a majority of the shares represented in person or by proxy at a meeting are voted against the above non-binding advisory resolution, the Board Chair or the Chair of the Environment, Safety & Security Committee will oversee a process to engage with shareholders with a view to giving them the opportunity to express their specific concerns with the Company's Climate Action Plan. The Board of Directors and the Environment, Safety & Security Committee will consider the results of this process and, if appropriate, review the Company's Climate Action Plan in the context of shareholders' specific concerns.

Considering Shareholder Proposals

You will be voting on two shareholder proposals that have been submitted for consideration at the Meeting. The full text of the proposals and supporting statement, together with the Board of Directors' recommendation, is set out in Schedule "D".

The Board of Directors recommends that shareholders vote AGAINST the shareholder proposals set out in Schedule "D", and unless otherwise instructed, the persons designated in the form of proxy or voting instruction form intend to vote AGAINST the shareholder proposal.

Other Business

Following the conclusion of the formal business to be conducted at the Meeting, we will:

- discuss highlights of our 2020 performance and plans for the future, and
- invite questions and comments from shareholders.

As of the date of this Information Circular, management is not aware of any changes to these items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, your proxyholder can vote your shares on these items as he or she sees fit.

Nominees for Election to the Board

Description of Nominees

The following tables set out information as at February 26, 2021, unless otherwise indicated, and include a profile of each nominated director with an explanation of his or her experience, qualifications, top four competencies, participation on the Board and its committees, ownership of securities of CN, as well as participation on the boards of other public companies during the past five years. A more detailed description of our directors' competencies can be found under the heading "Competency Matrix" in the section entitled "Statement of Corporate Governance Practices". Each nominee, other than Denise Gray and Justin Howell, is a current director of the Company.



Shauneen Bruder

Corporate Director

Ms. Bruder was, until her retirement on October 31, 2019, the Executive Vice-President, Operations at the Royal Bank of Canada ("RBC") where she was responsible for overseeing operations related to all personal and business clients in Canada. Her previous senior roles at RBC include Executive Vice-President of Business and Commercial Banking, Chief Operating Officer of the Global Wealth Management division and President of RBC Centura Banks, Inc. in North Carolina.

She is a member of the Institute of Corporate Directors and is Chair of the Board of Governors for the University of Guelph. Previously, she was appointed as the Chairperson of the Canadian Chamber of Commerce and the Canadian American Business Council. She serves as Honorary Consul for Luxembourg in Toronto. In 2012, she was awarded the Queen's Diamond Jubilee Medal.

Ms. Bruder was inducted in the Women's Executive Network 100 Most Powerful Women in Canada Hall of Fame in 2016. Ms. Bruder holds a B.A. from the University of Guelph and an MBA (Gold Medalist) from Queen's University.

Qualifications to sit on the Board

Ms. Bruder's decades-long experience as a senior executive in Canada and in the U.S. of a large capitalization financial institution and her role as board chair of a major Canadian university and Canadian and U.S. business councils gives her invaluable insights into Canadian and U.S. strategic business development, customer experience, financial matters and technology and innovation.

Mrs Bruder's Competencies

The following experience and skills qualify Ms. Bruder to sit on the Board of CN:

Principal (Top 4) Competencies

- **Finance/Accounting/Investor Relations:** Executive Vice-President, Operations and various other senior executive positions at the Royal Bank of Canada and its U.S. affiliates from 1996 to 2019; Member of the Audit Committee (Chair) of CN; Past member of the Finance and the Pension and Investment Committee of CN; Member of the Audit, Finance, and Risk Committee of Andrew Peller Limited since 2018.
- **Strategic Planning:** Executive Vice-President, Operations and various other senior executive positions at the Royal Bank of Canada from 1996 to 2019; Member of the Strategic Planning Committee of CN; Member of the Board of Directors of Andrew Peller Limited since 2018.
- **Customer Experience/Sales/Marketing:** Executive Vice-President, Operations and various other senior executive positions at the Royal Bank of Canada from 1996 to 2019; Member of the Board of Directors of CN since 2017.
- **Technology/Innovation/Artificial Intelligence/Cyber Security:** Past Executive Vice-President, Operations at the Royal Bank of Canada until 2019 responsible for: fraud management, the digitization of core operations and data management programs delivering client value.

MEMBER OF ⁽²⁾	ATTENDANCE 2020	OTHER CURRENT PUBLIC BOARD
Board	100%	Andrew Peller Limited (2018–present)
Audit Committee (Chair) ⁽⁶⁾⁽⁸⁾	100%	
Donations and Sponsorships Committee ⁽³⁾	100%	
Environment, Safety and Security Committee	100%	
Finance Committee ⁽⁷⁾	100%	
Human Resources and Compensation Committee	100%	
Strategic Planning Committee ⁽⁹⁾	–	
SECURITIES HELD		
Value at risk		C\$2,279,791 ⁽⁴⁾
Common Shares Owned or Controlled ⁽⁵⁾		
16,412		February 2021
13,125		February 2020

99.89% votes in favour in 2020

AGE
61 ⁽¹⁾
Ontario, Canada
DIRECTOR SINCE
April 25, 2017
Independent



Julie Godin

Co-Chair of the Board, Executive Vice-President, Strategic Planning and Corporate Development, CGI Inc.

Ms. Godin is Co-Chair of the Board, Executive Vice-President, Strategic Planning and Corporate Development of CGI Inc. ("CGI") (information technology consulting company) where she collaborates with the CGI Board to set the strategic direction of the company and maintain equilibrium among CGI's three stakeholders—clients, employees (whom CGI calls members) and shareholders—to ensure each stakeholders' long-term success. She also oversees the ongoing development of the CGI Management Foundation, which includes the key elements and best practices that define and guide the company's actions, along with leading CGI's strategic planning, marketing & communications and mergers & acquisitions functions.

Previously Ms. Godin was Vice-Chair of the Board and Executive Vice-President, Chief Planning and Administration Officer, where Ms. Godin oversaw a number of functions across the company, including global security and global human resources, including executive compensation and succession planning, as well as organizational model sustainability to secure organic growth.

Before joining CGI, Ms. Godin founded Oxygen Corporate Health, a company that manages comprehensive health and wellness programs in the workplace. Oxygen merged its activities with those of CGI.

In 2000, Ms. Godin co-founded the Godin Family Foundation, a non-profit organization that strives to reduce poverty, promote education and improve the health of children and teens in disadvantaged areas.

Ms. Godin holds a B.A. from the Université de Sherbrooke.

Qualifications to Sit on the Board

Ms. Godin's many years of experience as a senior executive and co-chair of a major Canadian public technology company allow her to contribute global, strategic, technology and logistics perspectives to the Board on a large range of sensitive issues and topics including financing, strategic planning, data management and cyber security, digital platforms and talent and people management.

Ms. Godin's Competencies

The following experience and skills qualify Ms. Godin to sit on the Board of CN:

Principal (Top 4) Competencies

- **Finance/Accounting/Investor Relations:** Member of the Finance Committee of CN; Various senior executive positions at CGI Inc. which include oversight of mergers and acquisitions.
- **Technology/ Innovation/Artificial Intelligence/Cyber Security:** Various senior executive positions at CGI Inc. which include oversight of global security.
- **People and Talent Management/Organized Labour/Diversity and Inclusion:** Member of the Corporate Governance and Nominating Committee of CN; Member of the Human Resources and Compensation Committee of CN; Member of the Pension and Investment Committee of CN; Various senior executive positions at CGI Inc. which include oversight of global human resources.
- **Strategic Planning:** Member of the Strategic Planning Committee of CN; Various senior executive positions at CGI Inc.; Co-Chair of the Board of Directors of CGI Inc.

MEMBER OF ⁽²⁾	ATTENDANCE 2020
Board	85%
Corporate Governance and Nominating Committee	100%
Finance Committee	100%
Human Resources and Compensation Committee	100%
Pension and Investment Committee ^{(3) (7)}	100%
Strategic Planning Committee	80%

99.16% votes in favour in 2020

OTHER CURRENT PUBLIC BOARD	
CGI Inc. (Co-Chair)	(2013–present)
SECURITIES HELD	
Value at risk	C\$2,252,565 ⁽⁴⁾
Common Shares Owned or Controlled ⁽⁵⁾	
16,216	February 2021
13,125	February 2020



AGE
59⁽¹⁾
Michigan, USA
DIRECTOR SINCE
Nominee
Independent

Denise Gray

President, LG Energy Solution Michigan Inc.

Ms. Gray is President, LG Energy Solution Michigan Inc. Tech Center, and a member of its board of directors. She oversees the North American subsidiary of South Korean LG Energy Solution, one of the world's largest lithium-ion battery manufacturers. Prior to March 2018, she was President and Chief Executive Officer of LG Chem Power, Inc., a company focused on lithium-ion polymer battery technology applications in the North American automotive and commercial markets. Prior to September 2015, she was Vice President, Powertrain Electrification at AVL List GmbH in Graz, Austria and North America. For over 30 years prior to March 2013, she had roles of increasing responsibility at General Motors including acting as head of Global Battery Systems Engineering where she was a driving force behind the Chevrolet Volt Vehicle Battery.

Ms. Gray has been a member of the board of Tenneco, Inc., a U.S. public company and a manufacturer of automotive products for global markets, including light vehicle, commercial truck, industrial and the aftermarket since 2019 and serves as a member of the board's audit and compensation committees. Ms. Gray also serves on the board of directors of the Original Equipment Suppliers Association (OESA), a non-profit trade association that represents original equipment automotive suppliers in North America. Her support of the STEM (science, technology, engineering and mathematics) academic disciplines was recognized when she was awarded the 2017 Women of Color Technologist of the Year Award.

Ms. Gray holds a bachelor's degree in Electrical Engineering from Kettering University and a master's degree in Engineering Management Technology from Rensselaer Polytechnic Institute.

Qualifications to Sit on the Board

Ms. Gray's decades long experience as an executive including as President and Chief Executive Officer at the forefront of technological innovation in the transportation industry will provide valuable insight to the Board on innovation and the use of new, greener technology in CN's operations. Her extensive experience in strategic planning for the development and implementation of new technology in traditional industries will also allow her to contribute meaningfully to the Board's vision and CN's strategic plan.

Ms. Gray's Competencies

The following experience and skills qualify Ms. Gray to sit on the Board of CN:

Principal (Top 4) Competencies

- **CEO/Executive Leadership Experience:** As President and Chief Executive Officer of LG Energy Solution Michigan Inc., and LG Energy Solution, a global leading lithium-ion battery manufacturer. Over 30 years' experience as an executive with General Motors, a leading multinational automotive corporation.
- **Strategic Planning:** Overseeing the strategic planning for the development and implementation of innovative technology, including the development of the Chevrolet Volt Vehicle Battery.
- **Technology/ Innovation/Artificial Intelligence/CyberSecurity:** Experience in the application of innovative technology including lithium-ion batteries within traditional industries.
- **Transportation Industry/Logistics/Supply Chain/Global Trade:** Over 30 years experience in the automotive industry both for an automotive manufacturer and for a supplier of original equipment to manufacturers in the transportation industry.

OTHER CURRENT PUBLIC BOARD

Tenneco, Inc.	(2019–present)
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AGE
50⁽¹⁾
Washington, USA
DIRECTOR SINCE
Nominee
Independent

Justin M. Howell

Senior Investment Manager, BMGI

Mr. Howell is a senior investment manager with BMGI, which manages the investments of Cascade Investment, L.L.C. He joined BMGI in 2010. Mr. Howell was formerly an investment banker, with Bank of America Merrill Lynch, New York, New York and a lawyer with the law firm, Cravath, Swaine & Moore LLP, New York, New York.

Mr. Howell is the chair of the nomination and compensation committee and a member of the board of directors of Sika AG, a multinational specialty chemical company listed on the SIX Swiss Exchange and headquartered in Baar, Switzerland. Mr. Howell also sits on the board of OE Holdings, LLC, a private independent power producer based in Texas.

Mr. Howell studied at McGill University, Montreal, Canada and holds a B.A. from UNBC and a LL.B./B.C.L. degree from McGill University Faculty of Law. He is retired from the New York and Washington State Bars.

Qualifications to Sit on the Board

Mr. Howell's in-depth knowledge of international financial and capital markets and extensive international experience in corporate finance, investment banking and M&A together with his wide network across industries gives him valuable insight into CN's international strategic development. With over 10 years of experience working for a global asset owner with a strong focus on sustainable, long-term investment coupled with his background as a lawyer, he brings to the Board broad expertise in the areas of sustainability, environmental, social and corporate responsibility, corporate governance and legal.

Mr. Howell's Competencies

The following experience and skills qualify Mr. Howell to sit on the Board of CN:

Principal (Top 4) Competencies

- **International/Global Experience and Perspective:** Senior investment manager of BMGI, on behalf of Cascade Investment, L.L.C. and as an investment banker, Bank of America Merrill Lynch (Experience in public and private equity investment for a global portfolio, governance principles in the U.S., Canada, and Europe, and complex transactions with multi-national businesses).
- **Environmental/Social/Corporate Responsibility:** Senior investment manager of BMGI, on behalf of Cascade Investment, L.L.C. (Experience in sustainable, long-term investment principles).
- **Corporate Governance/Public Company Experience:** Chair of the Nomination and Compensation Committee and member of the board of Sika AG (Experience in strategy-aligned compensation models and international governance principles for a major publicly listed company).
- **Finance/Accounting/Investor Relations:** Senior investment manager of BMGI, on behalf of Cascade Investment, L.L.C. and as an investment banker, Bank of America Merrill Lynch (Experience in investment management, overseeing complex M&A and other financial transactions, and corporate finance).

OTHER CURRENT PUBLIC BOARD

Sika AG	(2018–present)
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AGE
70⁽¹⁾

Ontario, Canada

DIRECTOR SINCE
April 23, 2014

Independent

The Hon. Kevin G. Lynch, P.C., O.C., Ph.D., LL.D.

Corporate Director

The Honourable Kevin Lynch was Vice Chairman of BMO Financial Group from 2010 until his retirement in the fall of 2020. Prior to joining BMO, Dr. Lynch had a distinguished 33 year career with the Government of Canada, serving as Clerk of the Privy Council, Secretary to the Cabinet, Deputy Minister of Finance, Deputy Minister of Industry as well as Executive Director at the International Monetary Fund.

Dr. Lynch is the past Chancellor of the University of King's College, the past Chair of the Board of Governors of the University of Waterloo, a Senior Fellow of Massey College and a Trustee of the Killam Trusts.

Dr. Lynch is a director emeritus of the Governor General's Rideau Hall Foundation, is a director of Communitech and the Asia Pacific Foundation of Canada, and a member of the Bretton Woods Committee.

Dr. Lynch earned his BA from Mount Allison University, a Masters in Economics from the University of Manchester and a doctorate in Economics from McMaster University. He was made a Member of the Queen's Privy Council for Canada in 2009, was appointed an Officer of the Order of Canada in 2011, has received 11 honorary doctorates from Canadian Universities and was awarded the Queen's Golden and Diamond Jubilee Medals for public service.

Qualifications to Sit on the Board

Due to his distinguished career in public service, numerous academic achievements, significant experience as both a senior executive and director of major public companies, and participation on numerous not-for-profit boards, Dr. Lynch brings to the Board invaluable insight into public policy, strategic business development and financial matters.

Dr. Lynch's Competencies

The following experience and skills qualify Dr. Lynch to sit on the Board of CN:

Principal (Top 4) Competencies

- **Finance/Accounting/Investor Relations:** Deputy Minister of Finance, responsible for federal budgets and the Public Accounts; Member of the Accounting Standards Oversight Council of Canada; Experience as Vice Chairman of BMO Financial Group; Member of the Audit Committee of CN.
- **Government/Regulatory/Public Policy/Legal:** Public service career including as Clerk of the Privy Council, the highest ranking federal public servant, Secretary to the Cabinet, Deputy Minister of Finance, Deputy Minister of Industry as well as Executive Director for Canada at the International Monetary Fund.
- **People and Talent Management/Organized Labour/Diversity and Inclusion:** Head of the Public Service of Canada; Deputy Minister of two government departments; Chair of the Human Resources and Compensation Committee of CN; Member of the Pension and Investment Committee of CN; Former member of the Human Resources Committee of Empire Company Limited.
- **Strategic Planning:** Deputy Minister of Finance, responsible for leading the Government of Canada's annual policy planning and budget cycle; Former Chairman of the board of SNC-Lavalin Group Inc.; Experience as Vice Chairman of BMO Financial Group; Executive Director at the IMF.

MEMBER OF ⁽²⁾	ATTENDANCE 2020	OTHER PUBLIC BOARDS DURING PAST 5 YEARS
Board	100%	SNC-Lavalin Group Inc. (2017–2020)
Human Resources and Compensation Committee (Chair)	100%	CNOOC Limited (2014–2019)
Audit Committee	100%	Empire Company Limited (Sobeys, Inc.) (2013–2017)
Corporate Governance and Nominating Committee	100%	
Pension and Investment Committee ⁽³⁾	100%	
Strategic Planning Committee ⁽⁹⁾	100%	
96.38% votes in favour in 2020		
		SECURITIES HELD
		Value at risk C\$4,243,145⁽⁴⁾
		Common Shares Owned or Controlled⁽⁵⁾
		30,546 February 2021
		28,066 February 2020



AGE
59⁽¹⁾

Alberta, Canada

DIRECTOR SINCE
October 6, 2020

Independent

Margaret A. McKenzie

Corporate Director

Ms. McKenzie is a Corporate Director with more than 30 years experience in the energy sector where she developed expertise in financial reporting, treasury, corporate finance and risk management. She is currently serving on the board of the companies mentioned in the below table.

Ms. McKenzie is the founder and former Chief Financial Officer of Range Royalty Management Ltd, a position she assumed from 2006 to 2014. In addition to being the Chief Financial Officer of Profico Energy Management Ltd. from 2000 to 2006, Ms. McKenzie served on both public and private company boards since 2006. She has also served as director for non-profit boards such as the Audit Committee for the University of Calgary from 2014 to 2017, the Capital Campaign committee for the Alex Community Food Centre in 2016–2017.

Ms. McKenzie holds a Bachelor of Commerce Degree (Accounting) from the University of Saskatchewan and has obtained her designation as ICD.D with the Institute of Corporate Directors. She has also been Chartered Professional Accountant (CPA CA) since 1985.

Qualifications to Sit on the Board

Ms. McKenzie's decades-long experience as a senior executive of Canadian energy companies and extensive experience as a board member of major public issuers operating in the same sector, as well as her service and entrepreneurial experience as a founder and board member of various private companies, allow her to bring invaluable insight into financial matters, environmental, social and corporate governance issues and strategic business development.

Ms. McKenzie's Competencies

The following experience and skills qualify Ms. McKenzie to sit on the Board of CN:

Principal (Top 4) Competencies

- **Finance/Accounting/Investor Relations:** Chief Financial Officer of Range Royalty Management Ltd. from 2006 to 2014; Chief Financial Officer of Profico Energy Management Ltd. from 2000 to 2006; Member of the Finance Committee of CN; Chair of the Audit Committee of PrairieSky Royalty Ltd.; Member of the Audit Committee of Ovintiv Inc.; Member of the Audit Committee of Inter Pipeline Ltd.
- **Risk Management and Safety:** Member of the Environment, Safety and Security Committee of CN; Member of the Major Projects Review Committee of Inter Pipeline Ltd.
- **Strategic Planning:** Founder of Range Royalty Management Inc.; Member of the Strategic Planning Committee of CN; Member of the Board of Directors of PrairieSky Royalty Ltd. since 2014; Member of the Board of Directors of Ovintiv Corporation since 2015; Member of the Board of Directors of InterPipeline Limited since 2015; Appointed Chair of the Special Committee of Independent Directors of Inter Pipeline Ltd. in connection with the launch of a comprehensive Strategic Review process.
- **Environmental/Social/Corporate Responsibility:** Member of the Corporate Governance and Nominating Committee of CN; Member of the Environment, Safety & Security Committee of CN; Over thirty years of experience in energy business overseeing safety, risk management and environmental matters; Individual Member of SASB (Sustainability Accounting Standards Board).

MEMBER OF ⁽²⁾	ATTENDANCE 2020	OTHER CURRENT PUBLIC BOARDS
Board	100%	PrairieSky Royalty Ltd. (PSK) (2014–present)
Corporate Governance and Nominating Committee	100%	Ovintiv Corporation * (2015–present)
Environment, Safety & Security Committee	100%	InterPipeline Limited (IPL) (2015–present)
Finance Committee	100%	
Human Resources and Compensation Committee	100%	
Strategic Planning Committee ⁽⁹⁾	100%	
		OTHER PUBLIC BOARD DURING PAST 5 YEARS
		Bonavista Energy Corporation (2006–2018)

* Ms. McKenzie is not standing for re-election at the April 28, 2021 meeting.

SECURITIES HELD

Value at risk	C\$724,693 ⁽⁴⁾
Common Shares Owned or Controlled ⁽⁵⁾	
5,217	February 2021
475	December 2020

CN

Nominees for Election to the Board



AGE
71 ⁽¹⁾
Florida, U.S.A.
DIRECTOR SINCE
April 27, 2011
Independent

James E. O'Connor

Corporate Director

Mr. O'Connor is the retired chair of the board of directors of Republic Services, Inc., a leading provider of non-hazardous solid waste collection, recycling and disposal services in the United States. From 1998 to 2011, Mr. O'Connor was chair and Chief Executive Officer of Republic Services, Inc. Prior to 1998, he had held various management positions at Waste Management, Inc.

In 2001, Mr. O'Connor was the recipient of the Ellis Island Medal of Honor from the National Ethnic Coalition of Organizations (NECO) which rewards Americans who exemplify outstanding qualities in both their personal and professional lives, while continuing to preserve the richness of their particular heritage. He was named to the list of America's Best CEOs each year, between 2005 and 2010. In 2011, Mr. O'Connor was named to the Institutional Investors' All American Executive Team. He is also active in many community causes, especially those that benefit children. Mr. O'Connor has served on the board of directors of the SOS Children's Village. In addition to serving on the public board mentioned in the following table, Mr. O'Connor serves on the board of directors of the South Florida P.G.A. of America Foundation.

Mr. O'Connor holds a Bachelor of Science in Commerce (concentration in accounting) from DePaul University.

Qualifications to Sit on the Board

Mr. O'Connor has many years of experience as a CEO and chair of a major U.S. public company in the waste management industry, as well as significant experience serving on the boards of other publicly-traded companies in a variety of industries, including waste management, transportation and energy. During his career, Mr. O'Connor has been an active promoter of diversity in the workplace. As such, Mr. O'Connor brings to the Board a global perspective focused on environmental corporate and social responsibility, strategic planning and people and talent management.

Mr. O'Connor's Competencies

The following experience and skills qualify Mr. O'Connor to sit on the Board of CN:

Principal (Top 4) Competencies

- **CEO/Executive Leadership Experience:** Chief Executive Officer at Republic Services Inc. from 1998 to 2011.
- **People and Talent Management/Organized Labour/Diversity and Inclusion:** Member of the Compensation Committee of Casella Waste Systems, Inc.
- **Strategic Planning:** Chair of the Strategic Planning Committee of CN; Lead Director of Casella Waste System's, Inc. since 2015; Member of the Board of Clean Energy Fuels Corp. from 2011 to 2020.
- **Environmental/Social/Corporate Responsibility:** Member of the Donations and Sponsorships Committee of CN; Member of the Environment, Safety & Security Committee of CN.

MEMBER OF ⁽²⁾	ATTENDANCE 2020	OTHER CURRENT PUBLIC BOARD
Board	92%	Casella Waste Systems, Inc. (Lead Director) (2015–present)
Audit Committee	83%	
Corporate Governance and Nominating Committee ⁽⁶⁾	100%	
Donations and Sponsorships Committee ^{(3) (7)}	100%	
Environment, Safety & Security Committee	100%	
Finance Committee	100%	
Strategic Planning Committee ⁽⁹⁾	–	
99.35% votes in favour in 2020		
OTHER PUBLIC BOARD DURING PAST 5 YEARS		
Clean Energy Fuels Corp.		(2011–2020)
SECURITIES HELD		
Value at risk		C\$5,207,739 ⁽⁴⁾
Common Shares Owned or Controlled ⁽⁵⁾		
37,398		February 2021
35,436		February 2020



AGE
66⁽¹⁾
Nova Scotia, Canada
DIRECTOR SINCE
October 25, 1994
Independent

Robert Pace, D. COMM., C.M.

Chair of the Board, CN President & CEO, The Pace Group

Mr. Pace became Chair of the Board of Directors of CN in 2014 and is President and Chief Executive Officer, The Pace Group (radio broadcasting, real estate development and environmental services). He began his professional career practicing law in Halifax. In 1981, he accepted an appointment to act as the Atlantic Advisor to the Prime Minister of Canada, the Right Honorable Pierre Elliott Trudeau, in Ottawa.

In addition to serving on the public board mentioned in the following table, Mr. Pace is former Chairman of the Walter Gordon Foundation. He is also a director of the Atlantic Salmon Federation and former director of the Asia Pacific Foundation.

Mr. Pace holds an MBA and an LL.B from Dalhousie University and holds an Honorary Doctor of Commerce Degree from Saint Mary's University. He was appointed a Member of the Order of Canada in 2016.

Mr. Pace has also completed Corporate Director education programs at both Harvard and Chicago Business Schools.

Qualifications to Sit on the Board

Mr. Pace's extensive experience in the government sector, as a public company director and in business qualify him to serve as the Chair of the Board. His stewardship of the Board is rooted in a deep understanding of the business, legal, regulatory, environmental, public relations and policy aspects of CN's operations allowing him to lead by weighing and intricately balancing these considerations. Over the years, Mr. Pace has served on boards of several public companies; notably, he has been a member of the board of High Liner Foods Incorporated, a leading North American processor and marketer of value-added frozen fish and seafood and in 2019 he was appointed its chairman. Mr. Pace has concurrently run successful businesses, including as President and Chief Executive Officer of The Pace Group providing real estate development and environmental services.

Mr. Pace's Competencies

The following experience and skills qualify Mr. Pace to act as CN's Chair and sit on its Board.

Principal (Top 4) Competencies

- **CEO/Executive Leadership Experience:** President and Chief Executive Officer of the Pace Group.
- **Transport Industry/Logistics/Supply Chain/Global Trade:** Chair of the Board of CN since 2014 (member of the Board of CN since 1994) and member of the Environment, Safety & Security Committee of CN.
- **Strategic Planning:** Member of Strategic Planning Committee of CN; Chairman of the board of High Liner Foods Incorporated since 2019 (member of the board since 1998).
- **Corporate Governance/Public Company Experience:** Chair of the Board of CN since 2014 (member of the Board of CN since 1994); President and Chief Executive Officer of the Pace Group; Chair of the Board of Directors of High Liner Foods Incorporated since 2019 (director since 1998); Chairman of Maritime Broadcasting System. As chair of the Walter Gordon Foundation Mr. Pace has overseen initiatives to protect Canada's water, support the full participation by Indigenous Peoples in Canadian society, and implemented Data Stream, a powerful open access online platform for sharing information on Canada's freshwater.

MEMBER OF ⁽²⁾	ATTENDANCE 2020
Board (Chair)	100%
Donations and Sponsorships Committee (Chair) ⁽³⁾	100%
Corporate Governance and Nominating Committee	100%
Environment, Safety & Security Committee	100%
Strategic Planning Committee ⁽⁹⁾	100%
95.85% votes in favour in 2020	

OTHER CURRENT PUBLIC BOARD	
High Liner Foods Incorporated (Chair)	(1998–present)
SECURITIES HELD	
Value at risk	C\$48,031,466⁽⁴⁾
Common Shares Owned or Controlled⁽⁵⁾	
345,774	February 2021
339,645	February 2020



AGE
70⁽¹⁾

British Columbia,
Canada

DIRECTOR SINCE
April 23, 2014
Independent

Robert L. Phillips

President, R.L. Phillips Investments Inc.

Mr. Phillips is the President of R.L. Phillips Investments Inc. and was previously President and Chief Executive Officer and director of British Columbia Railway Company Limited from 2001 to 2004. Mr. Phillips was Executive Vice-President, Business Development and Strategy for MacMillan Bloedel Ltd. and, before that, held the position of Chief Executive Officer at PTI Group and Dreco Energy Services Limited. He also enjoyed a prestigious career as a corporate lawyer and was appointed to the Queen's Counsel in Alberta in 1991. Mr. Phillips was inducted as a fellow of the Institute of Corporate Directors in June 2017.

Mr. Phillips serves on the public boards mentioned in the following table.

Mr. Phillips received his Bachelor of Laws (Gold Medalist), and Bachelor of Science, Chemical Engineering (Hons) from the University of Alberta.

Qualifications to Sit on the Board

In addition to the transport industry specific experience as President and Chief Executive Officer and director of British Columbia Railway Company Limited, Mr. Phillips brings extensive experience as a board member of major public companies operating in Canada and the US in the transportation, financial, forestry, energy and space industries. This experience enables him to provide the Board with both a transport industry perspective and a broad vision of business strategy.

Mr. Phillips's Competencies

The following experience and skills qualify Mr. Phillips to sit on the Board of CN:

Principal (Top 4) Competencies

- **CEO/Executive Leadership Experience:** President of R.L. Phillips Investments Inc.; President and Chief Executive Officer and director of British Columbia Railway Company Limited from 2001 to 2004; Former Executive Vice-President, Business Development and Strategy for MacMillan Bloedel Ltd; Former Chief Executive Officer at PTI Group and Dreco Energy Services Limited.
- **Transport Industry/Logistics/Supply Chain/Global Trade:** Member of the Board of CN since 2014 and member of its Environment, Safety & Security Committee; President and Chief Executive Officer and director of British Columbia Railway Company Limited from 2001 to 2004.
- **Strategic Planning:** Member of the Strategic Planning Committee of CN; Member of the Risk Management Committee of Canadian Western Bank.
- **Corporate Governance/Public Company Experience:** Member of the Board of CN since 2014; Chair of the Board of Directors of Canadian Western Bank since 2016 (director since 2001); Lead Director of West Fraser Timber Co. Ltd. since 2008 (director since 2005); Member of the Board of Directors of Capital Power Corporation since 2019; Member of the Board of Directors of Precision Drilling Corporation from 2004 to 2017; Member of the Board of Directors of Maxar Technologies from 2003 to 2020.

MEMBER OF ⁽²⁾	ATTENDANCE 2020
Board	100%
Corporate Governance and Nominating Committee (Chair) ⁽⁸⁾	100%
Environment, Safety & Security Committee	100%
Finance Committee	100%
Human Resources and Compensation Committee	100%
Strategic Planning Committee ⁽⁹⁾	–
93.99% votes in favour in 2020	

OTHER CURRENT PUBLIC BOARDS

Capital Power Corporation	(2019–present)
West Fraser Timber Co. Ltd. (Lead Director)	(2005–present)
Canadian Western Bank (Chair)	(2001–present)

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Maxar Technologies Inc. (and its predecessor Maxar Technologies Ltd (formerly MacDonald Dettwiler & Associates Ltd.))	(2003–2020)
Precision Drilling Corporation	(2004–2017)

SECURITIES HELD

Value at risk	C\$4,696,825⁽⁴⁾
Common Shares Owned or Controlled⁽⁵⁾	
33,812	February 2021
31,450	February 2020



AGE
66⁽¹⁾
Quebec, Canada
DIRECTOR SINCE
July 24, 2018
Non-Independent

Jean-Jacques Ruest

President and Chief Executive Officer, CN

Mr. Ruest was appointed President and Chief Executive Officer in July 2018, after having served as Interim President and CEO since March 2018. He was previously Executive Vice-President and Chief Marketing Officer since January 2010, with responsibility for providing the strategic direction and leadership for CN's Sales, Marketing and CN Supply Chain Solutions groups.

Mr. Ruest joined CN in 1996. Prior to this, Mr. Ruest worked for 16 years at a major international chemical company.

Mr. Ruest holds a Masters in Business Administration in Marketing from HEC Montréal (Université de Montréal) and a Bachelor of Science degree in applied chemistry from Université de Sherbrooke. He also completed the executive program of the University of Michigan Business School, and CN's Railroad MBA program.

Over the course of his career, Mr. Ruest has been honoured many times by the business community, notably as 2019 Railroader of the Year and an Inductee to the International Maritime Hall of Fame in 2017.

Qualifications to Sit on the Board

Due to his position as CN's CEO and as a seasoned executive with a 25 year track record at CN, Mr. Ruest brings invaluable insights to the Board of CN with regard to CN's business, customers and prospects, which allows him to provide critical leadership in various areas, including transport-specific logistics and supply chains, strategic planning and customer, sales and marketing.

Mr. Ruest's Competencies

The following experience and skills qualify Mr. Ruest to sit on the Board of CN:

Principal (Top 4) Competencies

- **CEO/Executive Leadership Experience:** President and Chief Executive Officer of CN since January 2018 and various other executive positions at CN since January 2010.
- **Transport Industry/Logistics/Supply Chain/Global Trade:** Member of the Board of CN since 2018; President and Chief Executive Officer of CN since January 2018 and various other executive positions at CN since January 2010.
- **Strategic Planning:** Member of the Strategic Planning Committee of CN; President and Chief Executive Officer of CN since January 2018 and various other executive positions at CN since January 2010.
- **Customer Experience/Sales/Marketing:** President and Chief Executive Officer of CN since January 2018 and various other executive positions at CN since January 2010.

MEMBER OF ⁽²⁾	ATTENDANCE 2020
Board	100%
Donations and Sponsorships Committee ⁽³⁾	100%
Strategic Planning Committee ⁽⁹⁾	100%

99.21% votes in favour in 2020

SECURITIES HELD	
Value at risk	C\$50,535,180 ⁽⁴⁾
Common Shares Owned or Controlled ⁽⁵⁾	
363,798	February 2021
339,375	February 2020
Stock Options Held ⁽¹⁰⁾	
805,999	February 2021
741,559	February 2020



Laura Stein

Executive Vice-President, Corporate & Legal Affairs and General Counsel, Mondelēz International

Ms. Stein has served as Executive Vice-President, Corporate & Legal Affairs and General Counsel of Mondelēz International (consumer products company) since January 2021. Prior to her appointment, she was Executive Vice-President – General Counsel & Corporate Affairs of The Clorox Company (consumer products company). From 2000 to 2005, Ms. Stein was Senior Vice-President, General Counsel of the H.J. Heinz Company. She was also previously a corporate lawyer with Morrison & Foerster in San Francisco and Hong Kong.

Ms. Stein is a former director of Nash Finch Company and Franklin Resources, Inc. and serves on the boards of several not-for-profit organizations, including the Pro Bono Institute and the Leadership Council on Legal Diversity. Previously, Ms. Stein was chair of the Association of Corporate Counsel, president of the Association of General Counsel, co-chair of the General Counsel Committee of the ABA Business Law Section and a director of the Pittsburgh Ballet Theater.

Ms. Stein has received the Margaret Brent Award, the American Bar Association's highest award for women lawyers; the Sandra Day O'Connor Board Excellence Award; and the Corporate Board Member America's Top General Counsel Recognition Award.

Ms. Stein received her J.D. from Harvard Law School, and is a graduate of Dartmouth College where she earned undergraduate and master's degrees.

Qualifications to Sit on the Board

Ms. Stein's current and past roles as a senior executive and general counsel for three multinational corporations and her previous role as a corporate attorney in a major global law firm allows her to bring experience, expertise and a global perspective to the Board in critical areas, including legal, compliance, corporate governance, environmental, social responsibility, risk management and finance and accounting. She has also been responsible for the ESG and sustainability agendas and the corporate affairs, governmental affairs, communications, security and crisis management functions at multinational corporations. She brings experience in diversity and inclusion due to her significant involvement in industry and not-for-profit organizations with a focus on these issues.

Ms. Stein's Competencies

The following experience and skills qualify Ms. Stein to sit on the Board of CN:

Principal (Top 4) Competencies

- **Government/ Regulatory/ Public Policy/ Legal:** Executive Vice-President, Corporate & Legal Affairs and General Counsel of Mondelēz International since January 2021 and former Executive Vice-President – General Counsel & Corporate Affairs of The Clorox Company from 2005 to 2020; Senior Vice-President, General Counsel of the H.J. Heinz Company from 2000 to 2005; previously was Corporate Lawyer with Morrison & Foerster law firm.
- **Risk Management and Safety:** Former member of the Audit Committee of Franklin Resources, Inc. and Nash Finch Company, and has been responsible for the risk management, internal audit and security functions at multinational companies.
- **International/Global Experience and Perspective:** Executive Vice-President, Corporate & Legal Affairs and General Counsel of Mondelēz International; Former Executive Vice-President – General Counsel & Corporate Affairs of The Clorox Company; Former Senior Vice-President, General Counsel of the H.J. Heinz Company; Member of the Board of CN and of Franklin Resources, Inc.
- **Environmental/Social/Corporate Responsibility:** Executive Vice-President, Corporate & Legal Affairs and General Counsel of Mondelēz International with responsibility for the ESG agenda; Former Executive Vice-President – General Counsel & Corporate Affairs of The Clorox Company with responsibility for the ESG agenda; Chair of the Environment, Safety & Security Committee of CN; Former chair of the Corporate Governance Committee of Franklin Resources, Inc.

MEMBER OF ⁽²⁾	ATTENDANCE 2020	OTHER PUBLIC BOARD DURING PAST 5 YEARS
Board	100%	Franklin Resources, Inc. (2005–2021)
Environment, Safety & Security Committee (Chair)	100%	
Audit Committee	100%	
Finance Committee	100%	
Human Resources and Compensation Committee	100%	
Strategic Planning Committee ⁽⁹⁾	–	
SECURITIES HELD		
Value at risk		C\$4,413,865 ⁽⁴⁾
Common Shares Owned or Controlled ⁽⁵⁾		
31,697		February 2021
28,229		February 2020

95.10% votes in favour in 2020

AGE

59 ⁽¹⁾

California, U.S.A.

DIRECTOR SINCE

April 23, 2014

Independent

- (1) The age of the directors is provided as at April 27, 2021, the date of the Meeting.
- (2) For a detailed review of the 2020 Board and committee attendance by directors, please refer to the Attendance Table found in the "Statement of Corporate Governance Practices" section of this Information Circular.
- (3) The Donations and Sponsorships Committee and the Pension and Investment Committee are mixed committees composed of both members of the Board of Directors, as well as officers of the Company.
- (4) The Value at Risk for non-executive directors represents the total value of common shares and Deferred Share Units ("DSUs") under the Deferred Share Unit Plan for non-executive directors ("DSU Plan"), which total value is based on the February 26, 2021, closing price of the common shares on the TSX (C\$138.91) or, for James E. O'Connor and Laura Stein, the closing price of the common shares on the New York Stock Exchange ("NYSE") (U.S.\$109.32) converted to Canadian dollars using the rate of exchange of the Bank of Canada (U.S.\$1.00 = C\$1.2738) on the same date. The Value at Risk for Jean-Jacques Ruest represents the total value of common shares owned or controlled and DSUs under the Company's Voluntary Incentive Deferral Plan ("VIDP"), which total value is based on the February 26, 2021, closing price of the common shares on the TSX.
- (5) The information regarding common shares beneficially owned, controlled or directed directly or indirectly, has been furnished by the respective nominees individually and includes DSUs for non-executive directors. For further information on the DSU Plan, please see the "Board of Directors Compensation" section of this Information Circular. In the case of Jean-Jacques Ruest, common shares owned or controlled includes DSUs under the VIDP, but does not include common shares under stock options. For further details on the VIDP, please see the "Statement of Executive Compensation" section of this Information Circular.
- (6) Became a member of the Committee on April 27, 2020.
- (7) Stepped down from the Committee on April 27, 2020.
- (8) Became Chair of the Committee starting April 27, 2020.
- (9) Membership of the Strategic Planning Committee changed on April 27, 2020 from a Committee comprised of the full Board to the following members: M. Kempston Darkes (Chair), D. Carty, J. Godin, D. Losier, K. Lynch, M. McKenzie (starting October 6, 2020), R. Pace. As the President and Chief Executive Officer, Mr. Ruest attended all meetings of the Strategic Planning Committee.
- (10) The information regarding stock options comprises the stock options granted to Mr. Ruest under the Management Long-Term Incentive Plan. For further details on the plan, please see the "Statement of Executive Compensation" section of this Information Circular.

Additional Disclosure Relating to Directors

As of the date hereof, to the knowledge of the Company and based upon information provided to it by the nominees for election to the Board of Directors, no such nominee is or has been, in the last 10 years, a director or executive officer of any company that, while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Board of Directors Compensation

CN's compensation program is designed to attract and retain the most qualified people to serve on CN's Board and its committees and takes into account the risks and responsibilities of being an effective director. To reflect the Company's extensive operations in the United States and the Company's need to attract and retain directors with experience in doing business in the United States, the compensation of the non-executive directors of the Company is designed to be comparable to that of large U.S.-based companies.

The Board sets the compensation of non-executive directors based on the Corporate Governance and Nominating Committee's recommendations. This Committee regularly reviews the compensation of non-executive directors and recommends to the Board such adjustments as it considers appropriate and necessary to recognize the workload, time commitment and responsibility of the Board and committee members and to remain competitive with director compensation trends in Canada and the U.S. Any director who is also an employee of the Company or of any of its affiliates, does not receive any compensation as a director.

Effective January 1, 2015, following a review of the compensation arrangements for non-executive directors with the help of external advisors, the Board, upon the advice of the Corporate Governance and Nominating Committee, approved revisions to non-executive directors' compensation, which now consists of an all-inclusive annual retainer structure comprising both a cash and an equity component. Board and committee meeting attendance fees, as well as travel attendance fees were eliminated and the flat-fee compensation structure applies regardless of the number of meetings attended by directors. The compensation structure was reviewed thereafter annually by the Corporate Governance and Nominating Committee and the Board and has remained unchanged, including for the year 2021. The flat-fee approach was found, and continues to be, consistent with the compensation trends of the comparator groups, adds predictability to compensation paid to non-executive directors, and is simpler to administer.

Comparator Groups

CN's non-executive directors compensation is compared against three separate comparator groups: (i) selected Class I Railroads (see table below) composed of the same companies used for benchmarking the NEOs' compensation, given CN is one of the Class I Railroads; (ii) a Canadian peer group of companies (see table opposite) with comparable size to CN in terms of revenues and market capitalization, given CN is a Canadian company competing to attract and retain

Canadian directors; and (iii) the U.S. companies comprised of the Standard and Poor's 500 Index, given CN's extensive network in the U.S. and its need to attract and retain U.S.-based directors. We conduct a market review of the compensation of CN's non-executive directors on an annual basis with the assistance of an external firm. In the fall of 2020, our review confirmed that compensation remained well-aligned with the upper end of each of these comparator groups.

Selected Class I Railroads

Union Pacific Corporation

(U.S.)

Norfolk Southern Corporation

(U.S.)

Canadian Pacific Railway Ltd.

(CDN.)

CSX Corporation

(U.S.)

Canadian Peer Group of Companies

Air Canada

Airlines

Bank of Montreal

Banks

Barrick Gold Corporation

Metals & Mining

BCE Inc.

Diversified Telecommunication

Bombardier Inc.

Aerospace & Defense

Canadian Imperial Bank of Commerce

Banks of Commerce

Canadian Natural Resources Ltd.

Oil, Gas and Consumable Fuels

Canadian Pacific Railway Ltd.

Road & Rail

Canadian Tire Corporation

Multiline Retail

Cenovus Energy Inc.

Oil, Gas and Consumable Fuels

CGI Inc.

IT services

Manulife Financial

Insurance Corporation

Nutrien Ltd

Chemicals

Rogers Communications Inc.

Diversified Telecommunication

Sun Life Financial Inc.

Insurance

Suncor Energy Inc.

Oil, Gas and Consumable Fuels

Teck Resources Ltd.

Metals & Mining

Telus Corporation

Diversified Telecommunication

Thomson Reuters Corporation

Media

TC Energy Corporation

Oil, Gas and Consumable Fuels

Compensation Levels

The following table shows the compensation levels for CN's non-executive directors during 2020. The Corporate Governance and Nominating Committee reviewed the compensation levels for CN's non-executive directors in 2020 and in light of the flat fee compensation structure, resolved that such compensation levels remain unchanged for 2021. Directors' compensation levels have therefore remained the same since 2015.

TYPE OF FEE ⁽¹⁾	FEES (U.S.\$) 2020
Board Chair Cash Retainer ⁽²⁾	175,000
Board Chair Share Grant Retainer ⁽²⁾	375,000
Director Cash Retainer	35,000
Director Share Grant Retainer	200,000
Committee Chair Cash Retainers ⁽³⁾	
Audit and HRC Committees Chairs	75,000
Other Committees Chairs	65,000
Committee Member Cash Retainer	55,000

- (1) The non-executive directors (including the Board Chair) may choose to receive all or part of their cash retainers in common shares or DSUs (see the following Compensation Tables for details) and their common share grant retainer can also be received in DSUs. The common shares are purchased on the open market.
- (2) The Board Chair receives no additional director retainer nor committee chair or committee member retainer.
- (3) Committee chairs receive no additional committee chair or committee member retainer.

Compensation Table in Canadian Dollars ⁽¹⁾

The table below reflects in detail the compensation earned by the Company's non-executive directors, expressed in Canadian dollars, in the 12-month period ended December 31, 2020, in accordance with the disclosure rules issued by the Canadian Securities Administrators (the "CSA"). Directors' compensation has been set in U.S. dollars since 2002 and the fluctuation in the exchange rate affects year-over-year comparability. Please see footnote 1 in the below table for currency exchange information, and the Compensation Table in U.S. dollars.

Fees Earned (Canadian \$)

NAME OF DIRECTOR	DIRECTOR AND BOARD CHAIR CASH RETAINER	COMMITTEE CHAIR & COMMITTEE MEMBER CASH RETAINER	TOTAL CASH RETAINER ⁽²⁾	SHARE-BASED AWARDS ⁽³⁾	ALL OTHER COMPENSATION	TOTAL COMPENSATION	PERCENTAGE OF TOTAL FEE RECEIVED IN COMMON SHARES AND/ DSU'S ⁽⁵⁾
Shauneen Bruder	46,260	90,580 ⁽⁶⁾	136,840	264,340		401,180	100%
Donald J. Carty	46,260	99,128 ⁽⁶⁾	145,388	264,340		409,728	100%
Ambassador Gordon D. Giffin	46,953	82,726 ⁽⁶⁾	129,679	264,340		394,019	67%
Julie Godin	46,260	72,694	118,954	264,340		383,294	100%
Edith E. Holiday	46,953	87,198	134,151	264,340		398,491	66%
V. Maureen Kempston Darkes	46,953	82,726 ⁽⁶⁾	129,679	264,340		394,019	67%
The Hon. Denis Losier	46,953	78,254 ⁽⁶⁾	125,207	264,340		389,547	68%
The Hon. Kevin G. Lynch	46,953	100,613	147,566	264,340		411,906	64%
Margaret A. McKenzie ⁽⁷⁾	10,934	17,182	28,116	62,478		90,594	100%
James E. O'Connor	46,953	78,254 ⁽⁶⁾	125,207	264,340		389,547	68%
Robert Pace	234,763	0	234,763	495,638	2,821 ⁽⁴⁾	733,222	68%
Robert L. Phillips	46,953	87,198 ⁽⁶⁾	134,151	264,340		398,491	66%
Laura Stein	46,260	85,911	132,171	264,340		396,511	100%
Total	759,408	962,464	1,721,872	3,465,856	2,821	5,190,549	78%

- (1) All directors earned compensation in U.S. dollars. The directors and the Board Chair may choose to receive all or part of their cash retainers in common shares or DSUs, and may also choose to receive their common share grant retainer in DSUs. Compensation received in cash was converted to Canadian dollars using the average rate of exchange of the Bank of Canada for 2020 (U.S.\$1.00 = C\$1.3415). Compensation elected to be received in common shares or DSUs was converted to Canadian dollars using the rate of exchange of the Bank of Canada (U.S.\$1.00 = C\$1.3217), on the purchase or reference day (January 30, 2020; October 22, 2020 in the case of Ms. McKenzie (U.S.\$1.00=C\$1.3142)).
- (2) The following directors elected to receive cash retainers in common shares or DSUs with respect to the amounts set forth beside their names: Shauneen Bruder (C\$136,840), Donald J. Carty (C\$145,388), Julie Godin (C\$118,954), Margaret A. McKenzie (C\$28,116), and Laura Stein (C\$132,171). The prorated portion of Ms. Bruder's additional compensation as Chair of the Audit Committee from April 27, 2020 to December 2020 was received in DSUs in March 2021.
- (3) Represents a common share grant valued at U.S.\$200,000 received by each non-executive director as part of the director retainer and U.S.\$375,000 for the Board Chair as part of the Board Chair retainer. See Note 1 for currency conversion information.
- (4) Includes the value of insurance premiums for 2020 for North American emergency protection outside Mr. Pace's province of residence. The annual cost to the Company for 2020 for such benefits was C\$2,821.
- (5) This percentage is calculated by dividing the aggregate of the cash retainers elected by non-executive directors to be received in common shares or DSUs described in notes (1) and (3) above and the value provided under the share-based awards column, by the value provided under the total compensation column.
- (6) Effective as of April 28, 2020, Ms. Bruder became Chair of the Audit Committee, Mr. Giffin became Chair of the Finance Committee, Ms. Kempston Darkes became Chair of the Strategic Planning Committee, Mr. Carty came off as Chair of the Audit Committee, Mr. Losier came off as Chair of the Corporate Governance and Nominating Committee, Mr. O'Connor came off as Chair of the Strategic Planning Committee, and Mr. Phillips became Chair of the Corporate Governance and Nominating Committee and came off as Chair of the Finance Committee.
- (7) Ms. McKenzie joined the Board of Directors on October 6, 2020 and as such her compensation was prorated.

Compensation Table in U.S. Dollars

The table below reflects in detail the compensation earned by the Company's non-executive directors in U.S. dollars in the 12-month period ended December 31, 2020.

Fees Earned (U.S.\$)

NAME OF DIRECTOR	DIRECTOR AND BOARD CHAIR CASH RETAINER	COMMITTEE CHAIR & COMMITTEE MEMBER CASH RETAINER	TOTAL CASH RETAINER	SHARE-BASED AWARDS	TOTAL
Shauneen Bruder	35,000	68,333 ⁽²⁾	103,333	200,000	303,333
Donald J. Carty	35,000	75,000 ⁽²⁾	110,000	200,000	310,000
Ambassador Gordon D. Giffin	35,000	61,667 ⁽²⁾	96,667	200,000	296,667
Julie Godin	35,000	55,000	90,000	200,000	290,000
Edith E. Holiday	35,000	65,000	100,000	200,000	300,000
V. Maureen Kempston Darkes	35,000	61,667 ⁽²⁾	96,667	200,000	296,667
The Hon. Denis Losier	35,000	58,333 ⁽²⁾	93,333	200,000	293,333
The Hon. Kevin G. Lynch	35,000	75,000	110,000	200,000	310,000
Margaret A. McKenzie ⁽³⁾	8,320	13,074	21,394	47,541	68,935
James E. O'Connor	35,000	58,333 ⁽²⁾	93,333	200,000	293,333
Robert Pace	175,000	--	175,000	375,000	550,000 ⁽¹⁾
Robert L. Phillips	35,000	65,000 ⁽²⁾	100,000	200,000	300,000
Laura Stein	35,000	65,000	100,000	200,000	300,000
Total	568,320	721,407	1,289,727	2,622,541	3,912,268

(1) Excludes the value of insurance premiums for 2020 for North American emergency protection outside Mr. Pace's province of residence. The annual cost to the Company for such benefits for 2020 was C\$2,821.

(2) Effective as of April 28, 2020, Ms. Bruder became Chair of the Audit Committee, Mr. Giffin became Chair of the Finance Committee, Ms. Kempston Darkes became Chair of the Strategic Planning Committee, Mr. Carty came off as Chair of the Audit Committee, Mr. Losier came off as Chair of the Corporate Governance and Nominating Committee, Mr. O'Connor came off as Chair of the Strategic Planning Committee, and Mr. Phillips became Chair of the Corporate Governance and Nominating Committee and came off as Chair of the Finance Committee.

(3) Ms. McKenzie joined the Board of Directors on October 6, 2020 and as such her compensation was prorated.

Share Ownership

The Directors of the Company play a central role in enhancing shareholder value and each of them has a substantial investment in the Company. The Board revised the share ownership guidelines for non-executive directors in the fall of 2018. Effective January 1, 2019, each

Directors are required to own, within 5 years of joining the Board, CN shares worth 5 times their annual retainer requirements.

non-executive director should own, within five years of joining the Board, common shares, DSUs or similar share equivalents of CN, if any, ("CN Securities") with a value of the Canadian dollar equivalent of five times the aggregate of the annual director retainer (which includes cash and the value of any grant of CN Securities and in the case of the Board Chair, the aggregate

of the annual Board Chair retainer in cash and the value of any grant of CN Securities) (the "Minimum Shareholding Requirement"). Each non-executive director is required to continue to hold such value throughout his or her tenure as a director and continue to hold 50% of the Minimum Shareholding Requirement for a period of two years after the director leaves the Board. In addition, the CN Securities held to comply with the Minimum Shareholding Requirement shall not be, during the director's tenure, the object of specific monetization procedures or other hedging procedures to reduce the exposure related to his or her holding.

Each non-executive director is required to receive at least 50% of his or her annual director, committee, Board Chair and committee chair cash

retainers in CN Securities and may elect to receive up to 100% of such retainers in CN Securities until his or her Minimum Shareholding Requirement is met. Once the Minimum Shareholding Requirement is met, directors may continue to elect to receive up to 100% of such retainers in CN Securities.

Approximately 78% of the total annual compensation of the non-executive directors for 2020 was in the form of CN Securities. The average value of CN Securities owned by the current non-executive directors is approximately C\$14 million (based on the February 26, 2021 closing price of the common shares of the Company on the TSX (C\$138.91), or the NYSE (U.S.\$109.32) for U.S. directors).

Share Ownership Table

The following table provides information on the number and the value of common shares and DSUs owned by each nominee for election to the Board and by the Company's current directors as at February 26, 2021, and the Minimum Shareholding Requirement status.

Values Expressed in Canadian \$

NAME OF DIRECTOR	YEAR ⁽¹⁾	NUMBER OF COMMON SHARES OWNED, CONTROLLED OR DIRECTED	TOTAL VALUE OF COMMON SHARES (VALUE AT RISK) ⁽²⁾	NUMBER OF DSUs HELD ⁽³⁾	TOTAL VALUE OF DSUs (VALUE AT RISK) ⁽²⁾	TOTAL NUMBER OF COMMON SHARES OWNED, CONTROLLED OR DIRECTED AND DSUs ⁽³⁾	TOTAL VALUE OF COMMON SHARES AND DSUs (VALUE AT RISK) ⁽²⁾	GUIDELINE MET/ INVESTMENT REQUIRED TO MEET GUIDELINE	VALUE AT RISK AS MULTIPLE OF SHAREHOLDING REQUIREMENT
Shauneen Bruder	2021	–	–	16,412	–	16,412	–	Met	1.5
	2020	–	–	13,125	2,279,791	13,125	2,279,791		
	Variation	–	–	3,287	–	3,287	–		
Donald J. Carty	2021	83,196	–	21,133	–	104,329	–	Met	10
	2020	84,766	11,585,194	20,752	2,942,809	105,518	14,528,003		
	Variation	-1,570	–	381	–	-1,189	–		
Ambassador Gordon D. Giffin	2021	44,009	–	54,045	–	98,054	–	Met	9
	2020	52,054	6,128,333	53,069	7,525,864	105,123	13,654,198		
	Variation	-8,045	–	976	–	-7,069	–		
Julie Godin	2021	–	–	16,216	–	16,216	–	Met	1.5
	2020	–	–	13,125	2,252,565	13,125	2,252,565		
	Variation	–	–	3,091	–	3,091	–		
Denise Gray (New Director Nominee)	2021	–	–	–	–	–	–	–	–
Justin Howell (New Director Nominee)	2021	–	–	–	–	–	–	–	–
Edith E. Holiday	2021	62,937	–	38,550	–	101,487	–	Met	9
	2020	73,998	8,764,092	37,854	5,368,158	111,852	14,132,249		
	Variation	-11,061	–	696	–	-10,365	–		
V. Maureen Kempston Darkes	2021	142,192	–	57,799	–	199,991	–	Met	19
	2020	140,240	19,751,891	56,758	8,028,859	196,998	27,780,750		
	Variation	1,952	–	1,041	–	2,993	–		
The Hon. Denis Losier	2021	167,254	–	132,212	–	299,466	–	Met	28
	2020	171,254	23,233,253	127,902	18,365,569	299,156	41,598,822		
	Variation	-4,000	–	4,310	–	310	–		
The Hon. Kevin G. Lynch	2020	–	–	30,546	–	30,546	–	Met	3
	2019	–	–	28,066	4,243,145	28,066	4,243,145		
	Variation	–	–	2,480	–	2,480	–		
Margaret A. McKenzie	2021	1,675	–	3,542	–	5,217	–	772,022	0.5
	2020	475	232,674	693	492,019	1,168	724,693		
	Variation	1,200	–	2,849	–	4,049	–		
James E. O'Connor	2021	37,398	–	–	–	37,398	–	Met	3
	2020	35,436	5,207,739	–	–	35,436	5,207,739		
	Variation	1,962	–	–	–	1,962	–		
Robert Pace	2021	209,127	–	136,647	–	345,774	–	Met	14
	2020	205,457	29,049,832	134,188	18,981,635	339,645	48,031,466		
	Variation	3,670	–	2,459	–	6,129	–		
Robert L. Phillips	2021	9,800	–	24,012	–	33,812	–	Met	3
	2020	9,800	1,361,318	21,650	3,335,507	31,450	4,696,825		
	Variation	0	–	2,362	–	2,362	–		
Jean-Jacques Ruest	2021	188,326	–	175,472	–	363,798	–	Met	Note 4
	2020	167,058	26,160,365	172,317	24,374,816	339,375	50,535,180		
	Variation	21,268	–	3,155	–	24,423	–		
Laura Stein	2021	–	–	31,697	–	31,697	–	Met	3
	2020	–	–	28,229	4,413,865	28,229	4,413,865		
	Variation	–	–	3,468	–	3,468	–		

(1) The number of common shares and DSUs held by each director is set out as at February 26, 2021, and for 2020, is set out as at February 27, 2020, except for Ms. McKenzie which is set out as December 2, 2020.

(2) The Total Value is based on the February 26, 2021 closing price of the common shares on the TSX (C\$138.91) or, for Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday, James E. O'Connor and Laura Stein, the NYSE (U.S.\$109.32) converted into Canadian dollars using the closing exchange rate (U.S.\$1.00 = C\$1.2738) on the same date.

(3) Includes DSUs elected as part of directors' 2021 compensation for non-executive directors and DSUs under the Company's VIPD held by Jean-Jacques Ruest.

(4) For a discussion on Jean-Jacques Ruest's shareholding requirements, please see the section on "Stock Ownership" on page 58 of this Information Circular.

Directors' Deferred Share Unit Plan

Subject to the Minimum Shareholding Requirement, non-executive directors may elect to receive all or part of their director, committee member, Board Chair, and committee chair cash retainers either in cash, common shares of the Company purchased on the open market or DSUs. They may also elect to receive their common share grant retainer in DSUs. Each DSU entitles the beneficiary thereof to receive upon resignation, retirement or death, one common share of the Company purchased on the open market, plus additional DSUs reflecting dividend equivalents.

Each non-executive director has an account where notional DSUs are credited and held until the director leaves the Board. The number of DSUs credited to each non-executive director's account is calculated by dividing the amount elected to be received in DSUs by the common share price on the day the credit is made.

Participants in the DSU Plan are credited additional notional DSUs that are equivalent to the dividends declared on the Company's common shares. The number of DSUs is calculated using the methodology described above, using the total notional dividend amount and the share price on the dividend payment date. Such additional DSUs are credited to each non-executive director's account on each dividend payment date.

When a non-executive director leaves the Board, the Company is required to deliver to such director a number of common shares purchased on the open market equivalent to the number of DSUs held by the non-executive director in the DSU Plan, taking into account the appropriate tax withholdings. All administration costs as well as any brokerage fees associated with the purchase and delivery of common shares are supported by CN.

Statement of Corporate Governance Practices

General

We are committed to adhering to the highest standards of corporate governance and our corporate governance practices are designed in a manner consistent with this objective. The role, specific mandate and functioning rules of the Board of Directors and of each of its committees are set forth in our Corporate Governance Manual which was formally approved by the Board of Directors on January 21, 2003, and last amended on March 9, 2021. Our Corporate Governance Manual is available on

CN's Corporate Governance Manual is revised regularly with a view to **continually improving** our practices by assessing their effectiveness and comparing them with evolving best practices, changing circumstances and our needs.

our website at www.cn.ca, under Delivering Responsibly/Governance. It is revised regularly with a view to continually improving our practices by assessing their effectiveness and comparing them with evolving best practices, changing circumstances and our needs. Our Corporate Governance Manual forms part of the documentation given to all persons elected or appointed to the Board of Directors.

As a Canadian reporting issuer with securities listed on the TSX and the NYSE, our corporate governance practices comply with applicable rules adopted by the CSA, applicable provisions of the U.S. *Sarbanes-Oxley Act* of 2002 (the "Sarbanes-Oxley Act") and related rules of the SEC. We are exempted from complying with many of the NYSE corporate governance

rules, provided that we comply with Canadian governance requirements. Except as summarized on our website at www.cn.ca, under Delivering Responsibly/Governance, our governance practices comply with the NYSE corporate governance rules in all significant respects.

The CSA adopted, in June 2005, National Instrument 58-101—*Disclosure of Corporate Governance Practices* (as amended from time to time, the "Disclosure Instrument") and National Policy 58-201—*Corporate Governance Guidelines* (as amended from time to time, the "Governance Policy"). The Governance Policy provides guidance on governance practices to Canadian issuers, while the Disclosure Instrument requires issuers to make the prescribed disclosure regarding their own governance practices. The Company believes that its corporate governance practices meet and exceed the requirements of the Disclosure Instrument and the Governance Policy. The text set forth hereunder refers to the items of the Disclosure Instrument as well as to the guidelines of the Governance Policy, where applicable. The Company also refers, where appropriate, to the NYSE Corporate Governance Standards (the "NYSE Standards").

The Board of Directors is of the opinion that the Company's corporate governance practices are well designed to assist the Company to reflect best-in-class environmental, social and governance practices, and the enhancement of shareholder value. The mandate of the Board is set out in Schedule "A" to this Information Circular. The Board of Directors has approved the disclosure of the Company's governance practices described below, on the recommendation of the Corporate Governance and Nominating Committee.

CN's New Environmental, Social and Corporate Governance (ESG) Initiatives

Since CN became a publicly traded company in 1995, its Board has adopted good governance practices that have been widely recognized as meeting the highest standards and supporting shareholder value creation.

But standards evolve, and expectations change, and as we move into the next phase of the Company's great journey, we are implementing new environmental, social and corporate governance initiatives that will reinforce CN's status as a leader in ESG among North American Class I railroads and across the transportation sector. Our longer-term goal is to be at the leading edge of ESG best practices across North America and globally.

With the ever growing complexity of global issues, the role of companies is increasingly being viewed by both investors and other stakeholders as being more expansive. The Board and CN's executive team recognize that ESG responsibility is a key priority for our stakeholders. Accordingly, CN's Board has put in place measures to ensure that the Company is well positioned to meet these complex challenges. Succinctly stated, CN believes that how we succeed is just as important as what we achieve.

Our new ESG measures include the creation of the CN Indigenous Advisory Council, an independent body comprised of Indigenous people from across Canada. CN operates within or adjacent to nearly 200 reserve lands of more than 110 First Nations and Metis territories in eight provinces. The CN Indigenous Advisory Council's mandate is to provide advice to the Board and to senior management on issues that either the Company or the Council believes are relevant to CN. Among the goals of the Council is to reinforce diversity and inclusion through policies and procedures that reflect these principles.

Another key element of our renewed ESG commitment is an annual advisory vote on the Company's Climate Action Plan, held for the first time at the Meeting. This vote complements CN's long-standing and robust climate change plans and disclosures, its public reporting of its greenhouse gas emissions, its strategy to reduce emissions, as well its year-over-year progress.

CN also recognizes that increasing the diversity of the Board of Directors and senior management of the Company to better reflect its communities and customers is an essential element in sustaining CN's success and maintaining the confidence of our stakeholders. The Board therefore set a new target of at least 50% of the independent directors coming from diverse groups, including gender parity, by the end of 2022. With the Nominees to the CN Board at the Meeting, this new target will have been met well in advance of 2022.

We have further reset our Board governance policies to align with evolving best practices in Canada and in the United States. The Board has unanimously approved the following changes to its policies.

The directors' tenure limit has been confirmed at 14 years, removing the current grandfathering provision. As a result, the 14-year limit will apply to all directors irrespective of their initial election or appointment date. The retirement age of directors has been reduced from 75 to 72 years, subject to possible extensions by the Board in specific circumstances deemed in the best interest of CN. The Board has also revised its overboarding policy, setting at three the maximum number of public boards, including CN's, on which directors other than full-time chief executive officers or senior officers may serve. The rule is subject to a one-year transition period where required. The size of CN's Board has been reduced to 10 independent directors plus the Chief Executive Officer.

CN believes in the importance of consistent engagement and meaningful dialogue with all stakeholders, including shareholders, and these initiatives are informed by such interactions.

The Board is confident that its enhanced governance rules will help position CN as a leader in corporate governance and diversity, with best in class practices, while maintaining the high level of expertise, institutional knowledge and strong board dynamics that have served the Company so well over the last 25 years.

Code of Business Conduct

Our Code of Business Conduct is applicable to all directors, officers and employees of CN. We expect everyone working on our Company's behalf, including consultants, agents, suppliers and business partners, to obey the law and adhere to high ethical standards. The Code of Business Conduct addresses many important matters, including conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing, compliance with laws and reporting of any illegal or unethical behaviour. The Corporate Governance and Nominating Committee and the Board of Directors review and update the Code of Business Conduct regularly to ensure that it is consistent with current industry trends and standards; clearly communicates CN's organizational mission, values, and principles; and, most importantly, serves as a reference guide for employees to support everyday decision making. Although waivers to the Code of Business Conduct may be granted in exceptional circumstances, no waiver has ever been granted to a director or executive officer in connection therewith.

CN's Code of Business Conduct clearly communicates CN's organizational mission, values, and principles; and, most importantly, serves as a reference guide for employees to support everyday decision making.

The Corporate Governance and Nominating Committee reviews, monitors and oversees the disclosure relating to the Company's Code of Business Conduct. Each year, management reports to such committee on the implementation of the Code of Business Conduct within the organization and on any significant contravention of the Code of Business Conduct by employees of the Company. The Office of the Ombudsman offers a confidential, neutral and informal avenue which facilitates fair and equitable resolutions to concerns arising within the Company. Yearly, the CN Ombudsman presents a report that summarizes all cases logged and handled by the Office of the Ombudsman to the Corporate Governance and Nominating Committee. The Company believes that ethical business conduct is an important part of its success. Hence, the mandate of the Board attached as Schedule "A" to this Information Circular states that the Board has the responsibility for overseeing management in the competent and ethical operation of the Company.

The Board of Directors and management are committed to maintaining and instilling a strong ethical culture at CN, and as such, have developed a solid ethics program based on CN's core values of integrity and respect. The Code of Business Conduct is regularly reviewed to ensure it reflects those core values and remains consistent with industry trends and standards. Each director, executive officer and management employee must certify annually his or her compliance with the Code of Business Conduct and employees are required to complete an on-line training course on the Code of Business Conduct. An integrity training is also part of every new employee's onboarding program on our core values of integrity and respect, and the importance of protecting CN's reputation, understanding what *Doing the Right Thing* means and how to identify and avoid potential conflict of interest situations.

As part of such ethics program, employees are required to avoid outside interests that may impair or appear to impair the effective performance of their responsibilities to the Company, and be fair and impartial in all dealings with customers, suppliers and partners. Employees must report to their manager any real or potential conflict of interest, and as required, provide written disclosure of such conflict.

Similarly, the Board requests that every director disclose any direct or indirect interest he or she has in any organization, business or association, which could place the director in a conflict of interest. Every year, a questionnaire is sent to each director to ensure that the director is in no such conflict that has not been disclosed. Should there be a discussion or decision relating to an organization, business or association in which a director has an interest, the Board will request that such director not participate or vote in any such discussion or decision.

The Board of Directors also adopted procedures allowing interested parties (i) to submit accounting and auditing complaints or concerns to CN; and (ii) to communicate directly with the Board Chair, who presides over all non-executive director sessions. These procedures are described on our website at www.cn.ca, under Delivering Responsibly/Governance. The Code of Business Conduct provides that concerns of employees regarding any potential or real wrongdoing in terms of accounting or auditing matters may be submitted confidentially through CN's Hotline.

The Code of Business Conduct is available on our website at www.cn.ca, under Delivering Responsibly/Governance and in print to any shareholder who requests a copy by contacting our Corporate Secretary. The Code of Business Conduct has also been filed with the Canadian and U.S. securities regulatory authorities.

Related-Party Transactions

Under CN's Code of Conduct, directors, officers and employees are required to report any related party transaction or conflict of interest.

For that purpose, CN defines a related party as:

- A director or officer of CN;
- An affiliate, including an immediate family member, of a director or officer; or
- A person who beneficially owns more than 10% of CN's common shares.

Any director or officer that has a material interest in a transaction or agreement involving CN must disclose the interest to the Chair of the Board or the Chief Executive Officer, respectively, and does not participate in any discussions or votes on the matter. In accordance with CN's Corporate Governance Manual, any related party transaction or where a related party has a material interest in a transaction involving CN is submitted to the Corporate Governance and Nominating Committee, or if deemed appropriate by the Chair of the Board, to the Board of Directors, for review and decision.

In 2020, there was no such transaction between CN and a related person as described in Item 404 of Regulation S-K.

Independence of Directors

To better align the interests of the Board of Directors with those of our shareholders, with the exception of our President and Chief Executive Officer, all of the nominees for election to the Board of Directors are independent. In determining whether a director is an independent director, the Board of Directors applies the standards developed by the CSA, the NYSE and the additional standards adopted by the Board. These standards are set out in CN's Corporate Governance Manual which is available on our website at www.cn.ca, under Delivering Responsibly/Governance.

As shown in the table to the right, 10 of the 11 nominees for election to the Board of Directors are independent:

Independence Status of Board of Directors

INDEPENDENT	NON-INDEPENDENT AND REASON FOR NON-INDEPENDENCE STATUS
Shauneen Bruder Julie Godin Denise Gray Justin M. Howell The Hon. Kevin G. Lynch Margaret A. McKenzie James E. O'Connor Robert Pace Robert L. Phillips Laura Stein	Jean-Jacques Ruest President and CEO, CN

Independent Chair of the Board

The Company's Board has been led by a non-executive Chair since CN became public in 1995 and we believe that the separation of the positions of President and Chief Executive Officer and Chair of the Board contributes to allowing the Board to function independently of management. Our Corporate Governance Manual provides that the Board Chair must be an independent director who is designated by the Board. The Corporate Governance Manual describes the responsibilities of the Chair of the Board. The key role of the Board Chair is to take all reasonable measures to ensure that the Board (i) has structures and procedures in place to enable it to function independently of management; (ii) carries out its responsibilities effectively; and (iii) clearly understands and respects the boundaries between the responsibilities of the Board and those of management. Mr. Pace, who is the current independent Chair, became Chair of the Board on April 23, 2014.

The Corporate Governance and Nominating Committee and the Board in its discretion also approved the renewal of the Chair's mandate for one additional year, expiring at the 2022 annual shareholders meeting, as it determined that such renewal was in the best interest of CN to provide continuity to the Board and ensure the implementation of CN's new environmental, social and governance initiatives. At the expiration of his term, the Chair will not stand for re-election. The new Chair will be appointed by the Board following the 2022 annual shareholder meeting.

Position Descriptions

Our Corporate Governance Manual includes position descriptions for the Board Chair and the Committee Chairs, as well as a position description for the President and Chief Executive Officer of the Company.

Committees of the Board

For the period up to April 27, 2021, the Board of Directors had subdivided its supervision mandate into six areas and has established committees that have certain responsibilities for such areas. These committees are: Audit, Finance, Corporate Governance and Nominating, Human Resources and Compensation, Environment, Safety and Security and Strategic Planning. Their charters are available as part of CN's Corporate Governance Manual. The Board of Directors had also established the Pension and Investment Committee and the Donations and Sponsorships Committee, which are mixed committees composed of members of the Board of Directors as well as officers of the Company. Each committee reports to the Board of Directors and, subject to certain limited exceptions, there are no standing delegations of the Board of Directors' decision-making authority to any committees. A report of each committee's activities over the past year can be found at Schedule "B" of this Information Circular.

Following the AGM on April 27, 2021, the Board of Directors plans to restructure and streamline its committee structure. This new committee structure will enhance the Board's focus on key ESG matters and will ensure that the breadth of experience and expertise of our Board, which is being reduced from 14 to 11 directors, is drawn upon as effectively as possible. Accordingly, the Board's committees will be reduced from eight to four as follows:

- the Audit Committee and the Finance Committee will be merged into the Audit, Finance and Risk Committee;

- the Corporate Governance and Nominating Committee and the Environment, Safety and Security Committee will be merged into the Governance, Sustainability and Safety Committee;
- the Human Resources and Compensation Committee will remain unchanged;
- the Pension and Investment Committee will remain unchanged;
- the Strategic Planning Committee will be disbanded and the full Board will assume responsibility for the strategic planning process and oversight of the Company's strategic and business plans and capital budget; and
- the Donations and Sponsorship Committee will be disbanded and the Governance, Sustainability and Safety Committee will have oversight of contributions approved by management.

The following is a brief summary of the mandate of each of the committees of the Board of Directors for the period up to April 27, 2021.

Audit Committee

The Audit Committee is responsible for overseeing the Company's financial reporting, monitoring risk management, including climate-related risks, internal controls and internal and external auditors. The mandate of the Audit Committee is further described in "Schedule C – Additional Audit Committee Disclosure" and in its charter which is included in our Corporate Governance Manual. The charter of the Audit Committee provides that it must be composed solely of independent directors. As at March 9, 2021, each member of the Audit Committee is independent and is financially literate, as such term is defined under Canadian securities laws and regulations and the NYSE Standards.

No member of the Audit Committee receives, other than in his or her capacity as a Director or member of a Board committee, directly or indirectly, any fee from the Company or any subsidiary of the Company, nor is an affiliated person of the Company, or any subsidiary of the Company.

Finance Committee

The Finance Committee has the responsibility of overseeing the Company's financial policies and strategy, and authorizing, approving and recommending certain financial activities. As part of these responsibilities, the Finance Committee provides oversight with respect to our capital structure, dividend strategy, share repurchase program, cash flows and key financial ratios, reviews the opportunities and parameters for debt or equity financing, reviews financing documents and, within the scope of its authority levels established by the Board, may authorize the borrowing of money, the issuing of debt securities or other forms of financing, and makes recommendations to the Board thereon. The responsibilities, powers and operation of the Finance Committee are further described in its charter which is included in our Corporate Governance Manual.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee has the responsibility of monitoring the composition of the Board of Directors and its committees and overseeing corporate governance matters. As part of its responsibilities, the Corporate Governance and Nominating Committee develops, reviews and monitors criteria for selecting directors, including required or desired competencies and skills to improve the Board of Directors and, in consultation with the Board Chair, identifies candidates qualified to become Board members.

This Committee reviews the corporate governance guidelines applicable to the Company, including diversity and inclusion, recommends any change that should be made thereto and monitors the disclosure of its practices. The responsibilities, powers and operation of the Corporate Governance and Nominating Committee are further described in its charter which is included in our Corporate Governance Manual.

The charter of the Corporate Governance and Nominating Committee provides that it must be composed solely of independent directors. As at March 9, 2021, each member of the Corporate Governance and Nominating Committee is independent.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee has the responsibility of monitoring executive management's performance assessment, compensation and succession planning. This Committee also has the mandate to review human resources practices by ensuring, amongst other things, that appropriate human resources systems are in place so that the Company can attract, motivate and retain the quality of personnel required to meet its business objectives. The mandate of the Human Resources and Compensation Committee is further described in the section entitled "Statement of Executive Compensation – Human Resources and Compensation Committee" on page 47 of this Information Circular and in its charter which is included in our Corporate Governance Manual. The charter of the Human Resources

and Compensation Committee provides that it must be composed solely of independent directors. As at March 9, 2021, each member of the Human Resources and Compensation Committee is independent.

The Board has adopted a policy, which is included in our Corporate Governance Manual, providing that no more than one in three members of the Human Resources and Compensation Committee shall be a sitting CEO of another company, at least one member shall be experienced in executive compensation, and the President and Chief Executive Officer of the Company shall be excluded from the Committee member selection process.

Reference is made to the subsection entitled "Statement of Executive Compensation – Human Resources and Compensation Committee – Independent Advice" on page 47 of this Information Circular for disclosure in respect of the executive compensation consultant.

Environment, Safety and Security Committee

The Environment, Safety and Security Committee has the responsibility, amongst other things, of overseeing the development and implementation of environmental, safety and security policies, assessing environmental, safety and security practices, and reviewing the Company's business plan to ascertain whether environmental, safety and security issues are adequately taken into consideration. The Environment, Safety and Security Committee also oversees the Company's Environmental, Sustainability, and Governance disclosures, including CN's Climate Action Plan and monitoring the Company's progress against its set targets under such Plan. The responsibilities, powers and operation of the Environment, Safety and Security Committee are further described in its charter which is included in our Corporate Governance Manual.

Strategic Planning Committee

The Strategic Planning Committee focuses on strategic and financial issues, including the review of the key assumptions, as well as the economic, business, regulatory and competitive conditions underlying the Company's business plan. It also reviews, with the President and Chief Executive Officer and other appropriate executive officers, the Company's business plan and capital budget prior to their formal approval by the Board of Directors. The responsibilities, powers and operation of the Strategic Planning Committee are further described in its charter which is included in our Corporate Governance Manual.

Pension and Investment Committee

The Pension and Investment Committee, which is a mixed committee composed of directors and officers, has the responsibility to review pension-related matters broadly, including reviewing the activities of the CN Investment Division ("CNID"), reviewing and approving CNID Incentive Plan and award payouts thereunder, advising CNID on investment of assets of CN's Pension Trust Funds, approving certain of the investments made by CN's Pension Trust Funds, and being informed of all matters related to pension liabilities or that are otherwise relevant in developing CN's pension risk management strategy and pension plan design. The responsibilities, powers and operation of the Pension and Investment Committee are further described in its charter which is included in our Corporate Governance Manual.

Donations and Sponsorships Committee

The Donations and Sponsorships Committee, which is a mixed committee composed of directors and officers, has the responsibility, amongst other things, of developing a donations and sponsorships strategy and of reviewing and approving donation and sponsorship requests. The responsibilities, powers and operation of the Donations and Sponsorships Committee are further described in its charter which is included in our Corporate Governance Manual.

Risk Management Oversight

At CN, the Board is entrusted with the responsibility to oversee that management identifies and evaluates the significant business risks that the Company is exposed to and implements processes and programs to manage these risks. A significant risk is generally defined as an exposure that has the potential to materially impact CN's ability to meet or support its business objectives.

The Board achieves this risk oversight through strategic overviews of significant risks and issues, and business updates with the President and Chief Executive Officer, and executives.

The overviews may cover among others, risks related to:

- general economic conditions;
- climate change;
- human capital;
- foreign currency;
- capital investments;
- information technology and cybersecurity;
- environment;
- ongoing operations, such as labour disputes and blockades; and
- developments in regulations: tax legislation and safety and environmental regulations.

Company officers provide, to the Board or one of its committees, regular presentations and updates on the execution of business strategies, business opportunities, risk and safety management, ethical conduct, and detailed reports on specific risk issues.

The risk oversight responsibility is shared between the Board and its committees. The Board delegates responsibility for oversight of certain risk elements to the various committees in order to ensure appropriate expertise, attention and diligence. The Board may use external resources when appropriate to assess enterprise risk and management processes. Risk information is reviewed by the Board and/or committees of the Board throughout the year.

Committees and Key Risks Overseen

AUDIT

Financial – Taxation – Business Interruption – Information and Operational Technology Security – Cybersecurity – ERM – Compliance with Laws and Regulations – Climate Change

FINANCE

Credit – Commodity Price – Interest Rate – Foreign Currency – Liquidity – Pension Funding – Capital Plan/Allocation/Acquisitions – Post-Completion Reviews

CORPORATE GOVERNANCE & NOMINATING

Compliance and Ethics – Compliance with Governance rules – Diversity, Equity and Inclusion

HUMAN RESOURCE & COMPENSATION

Human Capital – Compensation – Succession Planning – Employee Benefit Obligations – Pension Plan – Diversity, Equity and Inclusion

ENVIRONMENT, SAFETY AND SECURITY

Health & Safety – Injury and Accident – Security – Regulatory – Environmental – Crisis Management – Operational Safety – Climate Risks, Opportunities and Climate Regulations

STRATEGIC PLANNING

Economic – Market – Competitive – Regulatory – Capital Plan/Allocation/Acquisitions – Commercial

PENSION & INVESTMENT

Pension Investment – Pension Plan

The Audit Committee is responsible for ensuring that appropriate risk management processes are in place across the organization. It considers the effectiveness of the operation of CN's internal control procedures and reviews reports from CN's internal and external auditors. As part of its risk oversight activities, the Audit Committee ensures that significant risks identified are referred to a Board committee or the Board, as appropriate. Specifically, the Audit Committee reviews the Company's risk assessment, including risk oversight and risk management policies under the Enterprise Risk Management ("ERM"). Management undertakes an enterprise-wide process to identify, classify, assess and report on CN's significant risks and mitigation strategies.

ERM provides a risk management approach to identify, assess, monitor, and mitigate key business risks. Management provides to the Audit Committee an annual ERM update. Risks are rated based on an assessment of residual risk, after considering mitigating processes and controls in place. Each risk is assigned to members of senior management who develop and implement controls to mitigate the risks. In addition, the Audit Committee requests that an independent review of the mitigating controls be performed on the identified risks on a rotational basis.

For a detailed explanation of the material risks applicable to CN and its affiliates, see the section entitled "Business risks" in CN's Management's Discussion and Analysis included in CN's 2020 Annual Report, available on SEDAR at www.sedar.com, on the SEC website at www.sec.gov through EDGAR and on CN's website at www.cn.ca.

Board and Committee Meetings

Process

The Board Chair, in collaboration with the Corporate Secretary, has the responsibility of establishing a schedule for the meetings of the Board of Directors and its committees. During this process, the Corporate Secretary, in collaboration with the Board and committee chairs and the appropriate executive officers, establishes Board and committee working plans for the year. We believe that proceeding in this manner helps in the preparation of in-depth presentations conducive to meaningful information sessions and discussions while allowing management to plan ahead. If, during the course of the year, events or circumstances require Board or committee action or consideration, additional meetings are called. The total number of meetings and the attendance record for each director for all Board and committee meetings held during the course of 2020 are set out in the section entitled "Statement of Corporate Governance Practices—Board and Committee Attendance" of this Information Circular.

Independent members of the Board hold *in camera* meetings at or after every regular meeting of the Board.

Communication regularly takes place between the Board Chair and the Company's executives and, through the Office of the Corporate Secretary, between executive officers having responsibilities for matters placed under the supervision of particular committees and the Chairs of such committees. This open communication ensures that all meaningful information concerning the affairs and progress of the Company are transmitted to those members of the Board of Directors or committees having special supervisory responsibilities.

In Camera Meetings

The independent directors meet at or after every regular meeting of the Board of Directors during *in camera* sessions, without the presence of management and under the chairmanship of the Board Chair. During the financial year ended December 31, 2020, there were 13 *in camera* sessions that were attended exclusively by non-executive directors.

Board and Committee Attendance

The following table shows the record of attendance for each current director at meetings of the Board and its committees, of which they were members, as well as the number of Board and Board committee meetings held during the 12-month period that ended on December 31, 2020.

Attendance and Meetings Held Table

NAME OF DIRECTOR	NUMBER AND % OF MEETINGS ATTENDED IN 2020									COMMITTEE (TOTAL)	OVERALL ATTENDANCE/ MEETINGS HELD
	BOARD	AUDIT COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	DONATIONS AND SPONSORSHIP COMMITTEE	ENVIRONMENT SAFETY AND SECURITY COMMITTEE	FINANCE COMMITTEE ⁽¹⁾	HUMAN RESOURCES AND COMPENSATION COMMITTEE ⁽¹⁾	PENSION AND INVESTMENT COMMITTEE	STRATEGIC PLANNING COMMITTEE ⁽¹⁾⁽⁶⁾		
Shauneen Bruder	13/13 (100%)	4/4 ⁽²⁾⁽⁵⁾ (Chair)		1/1	4/4	2/2 ⁽³⁾	8/8			19/19 (100%)	32/32 (100%)
Donald J. Carty	13/13 (100%)	6/6			4/4		8/8	4/4	5/5	27/27 (100%)	40/40 (100%)
Ambassador Gordon D. Giffin	13/13 (100%)		2/2 ⁽³⁾	0/0 ⁽²⁾	4/4	4/4 ⁽²⁾⁽⁵⁾ (Chair)		4/4		14/14 (100%)	27/27 (100%)
Julie Godin	11/13 (85%)		5/5			6/6	8/8	2/2 ⁽³⁾	4/5	25/26 (96%)	36/39 (92%)
Edith E. Holiday	13/13 (100%)	6/6		0/0 ⁽²⁾		6/6		4/4 (Chair)		16/16 (100%)	29/29 (100%)
V. Maureen Kempston Darkes	13/13 (100%)	6/6	2/2 ⁽³⁾			6/6		4/4	5/5 ⁽⁵⁾ (Chair)	23/23 (100%)	36/36 (100%)
The Hon. Denis Losier	12/13 (92%)		2/2 ⁽³⁾	1/1		4/4 ⁽²⁾		4/4	5/5	16/16 (100%)	28/29 (97%)
The Hon. Kevin G. Lynch	13/13 (100%)	6/6	5/5				8/8 (Chair)	4/4	5/5	28/28 (100%)	41/41 (100%)
Margaret A. McKenzie	2/2 ⁽⁴⁾ (100%)		2/2 ⁽⁴⁾		1/1 ⁽⁴⁾	2/2 ⁽⁴⁾	3/3 ⁽⁴⁾		3/3 ⁽⁴⁾	11/11 (100%)	13/13 (100%)
James E. O'Connor	12/13 (92%)	5/6	3/3 ⁽²⁾	1/1 ⁽³⁾	4/4	6/6				19/20 (95%)	31/33 (94%)
Robert Pace	13/13 (100%) (Chair)		5/5	1/1 (Chair)	4/4				5/5	15/15 (100%)	28/28 (100%)
Robert L. Phillips	13/13 (100%)		5/5 ⁽⁵⁾ (Chair)		4/4	6/6	8/8			23/23 (100%)	36/36 (100%)
Jean-Jacques Ruest	13/13 (100%)			1/1						1/1 (100%)	14/14 (100%)
Laura Stein	13/13 (100%)	6/6			4/4 (Chair)	6/6	8/8			24/24 (100%)	37/37 (100%)
Number of meetings held	13	6	5	1	4	6	8	4	5	39	52

(1) In addition to committee members, all non-executive board members were invited to attend the meetings of the Human Resources and Compensation Committee held in January, July and December, and meetings of the Finance Committee held in March, July and October and meetings of the Strategic Planning Committee of October, November and December.

(2) Became a member of the Committee on April 27, 2020.

(3) Stepped down from the Committee on April 27, 2020.

(4) Became a member of the Board & the Corporate Governance and Nominating, Environment, Safety and Security ("ES&S"), Finance, HRC and Strategic Planning Committees on October 6, 2020.

(5) Became Chair of the Committee starting April 27, 2020.

(6) Membership of the Strategic Planning Committee changed on April 27, 2020 from a Committee comprised of the full Board to the following members: M. Kempston Darkes (Chair), D. Carty, J. Godin, D. Losier, K. Lynch, M. McKenzie (starting October 6, 2020), R. Pace. As the President and Chief Executive Officer, Mr. Ruest attended all meetings of the Strategic Planning Committee.

Director Selection

Review of Credentials

In consultation with the Board Chair, the Corporate Governance and Nominating Committee annually reviews the credentials of nominees for election or re-election as members of the Board of Directors. It considers their qualifications, the validity of the credentials underlying each nomination, and, for nominees who are already directors of the Company, an evaluation of their effectiveness and performance as members of the Board of Directors, including their attendance at Board and committee meetings. Board and Board committee members are expected to attend all meetings. As stated in our Corporate Governance Manual, any director who has attended less than 75% of meetings of the Board or meetings of committees on which they sit, for more than two consecutive years, without a valid reason for the absences, will not be renominated.

The Corporate Governance and Nominating Committee monitors and is constantly on the lookout for new candidates for nomination to the Board of Directors and is mindful of the mandatory retirement dates of current directors.

Competency Matrix

The Corporate Governance and Nominating Committee, together with the Board Chair, is responsible for determining the needs of the Board in the long term and identifying new candidates to stand as nominees for election or appointment as directors. Over the last few years, the Corporate Governance and Nominating Committee and the Board Chair focused on board renewal and succession in light of upcoming director retirements and on expanding and completing the Board's overall expertise in certain areas and diversity. The Board Chair and the Corporate Governance and Nominating Committee continue to engage in an ongoing, in-depth succession planning process. Board renewal and succession has been an item at most meetings of the Corporate Governance and Nominating Committee.

In proposing the list of Board nominees, the Board of Directors is guided by the process described in our Corporate Governance Manual. As part of the process, the Board Chair, in consultation with the Corporate Governance and Nominating Committee, develops a competency matrix based on knowledge areas, types of expertise, gender, age and geographical representation. The Board ensures that the skillset developed by directors, through their business expertise and experience, meets the needs of the Board. The Corporate Governance and Nominating Committee regularly reviews its competency matrix to assess the Board's overall strength and diversity of skills and experience, including when considering the recruitment of new director candidates. The Corporate Governance and Nominating Committee and the Board have approved the matrix on page 34.

The Board also gives careful consideration to factors such as age, diversity (including gender and other diverse groups), geographical location, competencies and experience of current directors, the suitability and performance of directors proposed for election, as well as their independence, qualifications, financial acumen, business judgment and board dynamics.

CN's competency matrix is based on areas of knowledge, expertise, diversity, age, gender and geography, and identifies any gaps to be addressed in the nomination process.

In order to assist the Corporate Governance and Nominating Committee and the Board Chair in recommending candidates to become directors of CN, the Corporate Governance and Nominating Committee has constituted, together with the Board Chair, an evergreen list of potential Board candidates, which it updates from time to time.

In 2020 and early 2021, the Board engaged an external search firm to help the Board identify new diverse candidates to expand and complete the Board's overall experience and expertise in order to advance CN's strategic and business plans. The Board Chair and Corporate Governance and Nominating Committee Chair set out specific parameters regarding the skills and expertise sought for each search and ensured that diverse candidates were well represented. Prior to nominating new directors for election or appointment, the Board Chair, the Corporate Governance and Nominating Committee Chair and several other directors, as well as the President and Chief Executive Officer, met with each candidate to discuss his or her interest and willingness to serve on CN's Board, potential conflicts of interest, and his or her ability to devote sufficient time and energy to the Board of Directors.

The CN Board, upon the recommendation of the Corporate Governance and Nominating Committee, is proposing two new nominees for election as directors at the Meeting, Ms. Denise Gray and Mr. Justin M. Howell, while Margaret A. McKenzie was recently appointed to the Board on October 6, 2020 and is a nominee for election at the Meeting. These three nominees were identified and recommended on the basis of their competencies, skills and experience sought by the Board, as well as in pursuit of CN's diversity and shareholder engagement objectives.

Based on the 11 nominees proposed at the Meeting, 50% of CN's non-management directors will come from diverse groups, and the CN Board will have achieved gender parity amongst non-management directors over one year in advance of the date set by the Board to achieve this target.

Ms. Gray will bring to the Board a strong track record of executive leadership and strategic planning, in addition to her management perspective as a President of a global leading lithium battery manufacturer and a leading multinational automotive corporation. She brings over 30 years of experience in the automotive industry where she spearheaded efforts in vehicle electrical and powertrain systems control and software, including battery systems, as well as strategic planning for the implementation of innovative technology within traditional industries.

Ms. McKenzie will contribute renewed finance and accounting expertise to the Board as a financial expert, having been a chartered accountant for over 35 years with extensive chief financial officer experience. She also brings extensive entrepreneurial experience as a founder and board member of various private companies and deep experience in overseeing safety, risk management and environmental matters, as well as corporate governance and strategic business development skills.

Mr. Howell is Senior Investment Manager at BMGI, which manages the assets of Cascade Investment, L.L.C., a CN shareholder for the past 20 years. CN believes strongly in the importance of shareholder engagement and dialogue, and the alignment of the Board and management team with shareholder interests and the creation of shareholder value. The nomination of Mr. Howell to the Board further enhances these priorities and his addition will contribute valuable shareholder perspectives to the Board. Mr. Howell will also contribute strong international strategic development skills and broad expertise in the areas of sustainability, environmental, social and corporate responsibility.

The following table identifies the top four competencies of each nominee for election to the Board of Directors, together with their gender, age range and tenure at CN.

NAME OF DIRECTOR NOMINEE	COMPETENCIES												AGE RANGE			BOARD TENURE			
	FINANCE/ACCOUNTING/ INVESTOR RELATIONS	CEO/EXECUTIVE LEADERSHIP EXPERIENCE	GOVERNMENT/ REGULATORY/ PUBLIC POLICY/LEGAL	RISK MANAGEMENT AND SAFETY	TECHNOLOGY/INNOVATION/ ARTIFICIAL INTELLIGENCE/ CYBER SECURITY	TRANSPORT INDUSTRY/ LOGISTICS/SUPPLY CHAIN/ GLOBAL TRADE	PEOPLE AND TALENT MANAGEMENT/ORGANIZED LABOUR/DIVERSITY AND INCLUSION	STRATEGIC PLANNING	CORPORATE GOVERNANCE/ PUBLIC COMPANY EXPERIENCE	CUSTOMER EXPERIENCE/ SALES/MARKETING	INTERNATIONAL/ GLOBAL EXPERIENCE AND PERSPECTIVE	ESG	GENDER	59 AND UNDER	60-65	66-72	0-5 YEARS	6-10 YEARS	11+ YEARS
Shauneen Bruder	✓				✓			✓		✓			F		✓		✓		
Julie Godin	✓				✓		✓	✓					F	✓			✓		
Denise Gray		✓			✓	✓		✓					F	✓			✓		
Justin M. Howell	✓								✓		✓	✓	M	✓			✓		
The Hon. Kevin G. Lynch	✓		✓				✓	✓					M			✓		✓	
Margaret A. McKenzie	✓			✓				✓				✓	F	✓			✓		
James E. O'Connor		✓					✓	✓				✓	M			✓		✓	
Robert Pace		✓				✓		✓	✓				M			✓			✓
Robert L. Phillips		✓				✓		✓	✓				M			✓		✓	
Jean-Jacques Ruest		✓				✓		✓		✓			M			✓	✓		
Laura Stein			✓	✓							✓	✓	F	✓				✓	

Description of Competencies

Finance/Accounting/Investor Relations

Experience in corporate finance, overseeing complex financial transactions, investment management, mergers & acquisitions, investor relations; experience in financial accounting and reporting, auditing, and internal controls.

CEO/Executive Leadership Experience

Experience as a Chief Executive Officer or senior executive officer of a large publicly listed company.

Government/Regulatory/ Public Policy/Legal

Experience in, or a strong understanding of, the workings of government and public policy in Canada and the United States or experience as a senior practicing lawyer either in private practice or the legal department of a major publicly listed company.

Risk Management and Safety

Significant understanding with respect to the identification, assessment and mitigation of risks and oversight of risk management programs and practices. Knowledge and experience in health and safety programs and issues, particularly in the transportation industry.

Technology/Innovation/Artificial Intelligence/Cyber Security

Strong leadership and experience in deploying technology, innovation and digital platforms, including disruptive technologies, data management and cyber security. Expertise and/or experience in managing and mitigating cybersecurity risks.

Transport Industry/Logistics/Supply Chain/ Global Trade

Deep knowledge and experience in the transportation industry, including strategic context and business of the transportation industry. Experience in designing, developing or managing highly complex logistics and supply chains.

People and Talent Management/ Organized Labor/Diversity and Inclusion

Experience in oversight of compensation programs for executive level employees and incentive based compensation programs. Experience with talent recruitment and management, workplace culture, diversity and inclusion, succession planning, leadership development, executive recruitment, management of organized labor in a large operating company.

Strategic Planning

Experience in strategic planning and leading growth initiatives for a major publicly listed company.

Corporate Governance/ Public Company Experience

Experience as an executive and/or board member of a publicly listed company that provides a strong understanding of requirements of good corporate governance practices.

Customer Experience/Sales/Marketing

Experience as a senior executive in a customer-centric product or service company; strong knowledge of CN's markets and related market trends, customers and strategy.

International/Global Experience and Perspective

Understanding, experience and expertise in international business, including international trade and overall global perspective.

Environmental/Social/Corporate Responsibility (ESG)

Experience in managing and overseeing de-carbonization, environmental, social, corporate responsibility and sustainability risks and opportunities and impact and performance and their relationship to the company's business and strategy. Experience in understanding and assessing complex regulatory requirements, stakeholder led initiatives and the company's overall ESG compliance obligations.

Diversity at CN

At CN, we believe employees are our single greatest asset, and we recognize the importance of creating a work environment that welcomes the contribution and uniqueness of every employee. We are committed to creating a workforce of top talent that reflects the diversity of the population and stakeholders we serve.

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. Put plainly, CN believes Diversity, Equity and Inclusion will deliver value to the Company and our employees.

Our Diversity and Inclusion Plan ("Diversity Plan"), which focuses on increasing the representation of women, members of visible minorities, Indigenous peoples, persons with disabilities, and veterans, and on developing a more inclusive workplace, anchors CN's commitment. The plan applies at all levels within the organization and includes strategies on sourcing (including scholarships and internships), selection, hiring, training and development of diverse candidates.

The strategy of building a diverse and inclusive workforce is holistic; it necessarily involves an integrated approach on sensitizing, recognizing, and building awareness on diversity and inclusion in the workplace.

The Company has entrenched diversity in its policies regarding composition of the Board and executive management.

Board Diversity

The Board's Corporate Governance and Nominating Committee, in consultation with the Board Chair, is responsible for recommending qualified persons to serve on the Board. CN believes that a diverse board has the potential for richer discussion and debate and greater effectiveness in decision-making and advisory functions.

On March 10, 2015, the Corporate Governance and Nominating Committee recommended, and the Board approved, the adoption of a diversity policy for the Board. As set forth below, this policy was further revised on March 9, 2021 to broaden its scope and include new, more ambitious targets.

The revised diversity policy with respect to directors ("Diversity Policy") provides that, in considering the Board's composition and making recommendations for Board members, the Corporate Governance and Nominating Committee will consider:

- (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.

Under the Diversity Policy and as part of its mandate, in order to ensure its effective implementation, the Corporate Governance and Nominating Committee:

- has 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, and legal services;
- uses CN's network of organizations and trade groups that may help identify diverse candidates;
- has in the past and may again retain an executive search firm to help meet the Board's diversity objectives;
- periodically reviews its recruitment and selection processes to ensure that diversity remains a component of any director search; and
- endeavours to consider the level of representation of diverse groups on the Board in identifying and nominating candidates for election or re-election to the Board.

Executive Management Diversity

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.

The Diversity Policy, which also applies to executive management, states that in fulfilling its oversight role, the Committee regularly reviews CN's integrated approach to executive and high-potential talent management and succession planning. The Committee also considers processes and practices for leadership development and reviews the depth of succession pools for senior leadership roles across the Company, and regularly reviews external talent, in order to ensure that CN has diverse candidate pools for potential successors for the executive roles.

Appointments are based on a balance of criteria, including skill, background, experience, and competence. Executive management appointments are also reviewed for appropriate diversity representation.

Supporting Diversity, Equity and Inclusion

CN is undertaking various initiatives aimed at better promoting and reinforcing diversity, equity and inclusion (DE&I). For example, we are:

- formulating a renewed DE&I vision that will be clearly communicated to internal and external stakeholders
- conducting regular reviews of Pay Equity and defining a roadmap to address identified gaps
- refocusing our Sponsorships and Donations budget to better align with our strategic DE&I vision
- assessing hiring practices to leverage diversity focused recruitment agencies and requiring diverse candidate slates for all recruitment mandates
- developing inclusive leaders through targeted training and education, including unconscious bias training, who will be critical in creating and sustaining an inclusive environment
- continuing to support the Employee Resource Groups (ERGs) that have been initiated and are backed by executive sponsors (currently 7 ERGs)
- having dedicated resources to support our DE&I vision

These initiatives are strongly supported through active involvement by management and the Board.

Diversity Statistics and Targets

In 2015, CN adopted a target of having a Board composed of at least one-third (33%) of women directors by 2017. That same year, CN became a member of the Canadian Chapter of the 30% Club, committing to the objective of having a Board comprised of at least 30% women by 2019 and maintaining or growing that number in the future. Having achieved that figure early in 2017, we have sustained our focus in this area and on the record date six out of 14 (43%) of our Board members were women.

In addition, in early 2021, the Board set a target that by the end of 2022, CN would achieve and thereafter maintain, a Board composition in which at least fifty percent (50%) of the non-management Board members are to come from diverse groups, including gender parity. With the nomination of Shauneen Bruder, Julie Godin, Denise Gray, Margaret McKenzie and Laura Stein to the CN Board at the Meeting, this new target will have been met well in advance of 2022.

CN has also elected to set a gender diversity target for executive management (comprising all Vice-Presidents and more senior positions), whereby at the end of 2022, at least 30% of this group will be women. This aligns to the targets as set out in the Catalyst Accord 2022, to which CN is a signatory. At present, of the 35 current Executive roles, six (17%) are held by women. This number is slightly lower than in comparison with the previous year due to the addition of two new executive positions focused on rail automation whose incumbents are males, both being members of diverse groups.

We currently have not adopted specific targets for diversity representation other than gender for executive management. We will however be using the established labour market availability numbers in each province or state as our baseline ambition to measure progress.

We define labour market availability as “the share of designated group members in the workforce from which the employers could hire”.

The current diversity representation on the Board and among executive officers is set out in the tables below. The following disclosure is derived from information provided by the directors and executive officers. In accordance with privacy legislation, such information was collected on a voluntary basis in Canada, and where a particular individual chose not to respond, CN did not make any assumptions or otherwise assign data to that individual. The executive officers are a subset of the executive management team comprising 11 positions.

As at March 9, 2021

	CURRENT DIRECTORS	DIRECTOR NOMINEES	EXECUTIVE OFFICERS	EXECUTIVE MANAGEMENT
Women	6 (43%)	5 (45.5%)	2 (18%)	6 (17%)
Visible Minorities	–	1 (9%)	–	3 (9%)
Aboriginals	–	–	–	–
Persons with Disabilities	–	–	–	–
Total	14	11	11	35

On an annual basis, the Corporate Governance and Nominating Committee (in connection with diversity among directors) and the Human Resources and Compensation Committee (in connection with diversity among executive management) assess the effectiveness of the nomination/appointment process in achieving CN's diversity objectives and measure the annual and cumulative progress in achieving its diversity targets.

The Diversity Policy is available on our website at www.cn.ca, under Delivering Responsibly/Governance.

Board Renewal and Other Practices

Retirement from the Board

Effective April 27, 2021, the Board has updated its policy on the mandatory retirement age for directors whereby a director would not be nominated for re-election at the annual meeting of shareholders following his or her 72nd birthday, subject to the Board's ability to approve possible extensions in specific circumstances deemed in the best interest of CN.

Board Tenure and Term Limits

On February 16, 2021, the Board approved an amendment to its Tenure Policy, to the effect that, effective April 27, 2021, members of the Board of Directors may serve for a maximum term of fourteen (14) years.

The Board has also adopted a policy, which is part of CN's Corporate Governance Manual, to the effect that the Board Chair and the

Effective as of April 27, 2021, members of the Board may serve for a **maximum term of 14 years**.

Committee Chair tenure would be subject to term limits. The Board of Directors is of the view that CN's 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.

- Effective as of April 23, 2014, but without regard to past service, CN's Board Chair may serve for a term of five (5) years, renewable annually for up to a maximum of three (3) more years, subject to the discretion of the Board of Directors to further extend the term, if deemed appropriate. At the end of the term(s) as Board Chair, the departing Board Chair would not stand for election as a director of CN at the next annual shareholders' meeting. The above term(s) for the Board Chair would remain subject to the mandatory retirement age limit of 72 years of age, subject to the Board's ability to approve possible extensions in specific circumstances deemed in the best interest of CN.
- Effective as of April 23, 2014, but without regard to past service, committee chairs will serve for a term of three (3) years, renewable for one further two (2) year term, subject to the discretion of the Board of Directors to extend the term, if deemed appropriate.

The election or appointment of the CN Board Chair or committee chairs, respectively, is subject to annual review and election/appointment. In addition, directors are expected to inform the Board Chair of any major change in their principal occupation so that the Board will have the opportunity to decide the appropriateness of such director's continuance as a member of the Board or of a Board committee.

On March 9, 2021, the Corporate Governance and Nominating Committee and the Board, after giving careful consideration to the board composition, including diversity, competencies, experience and performance of current directors, as well as their independence, qualifications, financial acumen, business judgment and board dynamics, unanimously recommended that the nominees set forth in this Information Circular stand for election at the 2021 Meeting.

The Corporate Governance and Nominating Committee and the Board in its discretion also approved the renewal of the Chair's mandate for one additional year, expiring at the 2022 annual shareholders meeting, as it determined that such renewal was in the best interest of CN to provide continuity to the Board and ensure the implementation of CN's new environmental, social and governance initiatives. At the expiration of his term, the Chair will not stand for re-election. The new Chair will be appointed by the Board following the 2022 annual shareholder meeting.

Common Directorships

With a view to further strengthen directors' independence, the Board has adopted a policy pursuant to which a director shall not accept the invitation to join an outside board on which a director of CN already sits without previously obtaining the approval of the Corporate Governance and Nominating Committee. In addition, the Board has adopted a policy, which is included in our Corporate Governance Manual, to the effect that no more than two of the Company's directors should generally serve on the same outside board or outside board committee.

As of March 9, 2021, no members of our Board of Directors served together on the boards of other public companies.

Number of Directorships

CN recognizes that Board membership requires a significant dedication of time. As a result, the number of boards on which an individual can serve is necessarily limited. With a view to taking reasonable steps to ensure the ability of each candidate to make the commitment of time necessary to be a director of CN, the Board will apply the following guidelines effective on April 27, 2021 when considering candidates to become directors of CN:

- for candidates that are chief executive officers or other senior executives of public corporations, they must hold no more than two (2) public corporation directorships in total (including CN's Board and membership on the board of the corporation at which an individual is employed); and
- for other candidates, they must hold no more than three (3) public corporation directorships in total (including CN's Board), subject to a one-year transition period where necessary for the candidate to bring his or her number of public corporation directorships to no more than three (3).

Directors are expected to provide the Board Chair with information as to all boards of directors that they sit on or that they have been asked to join so as to allow the Board to determine whether it is appropriate for such director to continue to serve as a member of the Board or of a Board Committee. The Corporate Governance and Nominating Committee and the Board Chair will apply Board nominee selection criteria, including directors' past contributions to the Board and availability to devote sufficient time to fulfill their responsibilities, prior to recommending directors for re-election for another term.

The biographies on pages 10 to 21 of this Information Circular identify the other reporting issuers of which each nominee is a director.

Director Emeritus

The Board of Directors confers, from time to time, the honorary status

of Director Emeritus to retiring or former directors who have made significant contributions to the Board through long and distinguished service and accomplishments. Currently, lifetime emeritus status has been bestowed upon Raymond Cyr, James Gray, Michael Armellino, Charles Baillie, Edward Lumley, Donald Carty, Gordon Giffin, Edith Holiday, Maureen Kempston Darkes, Denis Losier and David McLean as Chairman Emeritus, as well as upon the late Hugh Bolton, the late Purdy Crawford and the late Cedric Ritchie.

Directors Emeritus are invited to attend the annual meeting of shareholders and certain Company or Board events taking place in their geographic area of residence and are reimbursed for reasonable travel and other out-of-pocket expenses in connection with attendance at such events.

Board Performance Assessment

Process

The Board of Directors has implemented, and reviews, from time to time, a comprehensive process to annually assess its effectiveness, the effectiveness of its committees, the Board Chair, the committee chairs and individual directors. This process is under the supervision of the Corporate Governance and Nominating Committee and the Board Chair and is comprised of the following steps:

- The following questionnaires are prepared by the Office of the Corporate Secretary and approved by the Corporate Governance and Nominating Committee and the Board Chair, taking into account current issues, the findings of previous years and input from the Board of Directors:
 - Board and committee performance evaluation questionnaires, including a self-assessment by individual directors;
 - Board Chair evaluation questionnaire; and
 - Committee Chair evaluation questionnaires.
- Each questionnaire is then sent to every director and a complete set of the responses is forwarded to the Board Chair, except for the responses to the evaluation questionnaire relating to the Board Chair, which is forwarded directly to each of the Chairs of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee.
- Following receipt of the completed questionnaires, the Board Chair contacts every director and conducts open and confidential one-on-one meetings. The purpose of these meetings is to discuss the answers received from and in respect of each director, to take into account any comments which the director may have and to review the self-evaluation of each director. One of the Corporate Governance and Nominating Committee or Human Resources and Compensation Committee Chairs also discusses individually with each director his or her responses and comments on the Board Chair evaluation questionnaire.
- Reports are then made by the Board Chair, the Corporate Governance and Nominating Committee and Human Resources and Compensation Committee Chairs to the Board of Directors, with suggestions to improve the effectiveness of the Board of Directors, Board committees, Board and committee chairs, and separately to individual directors in respect of their personal performance.
- The Board Chair and committee chairs take into consideration the overall results and suggestions derived from the annual Board performance assessment in order to improve the functioning and activities of the Board and Board committees.

Peer Assessment and Independent Advisor

The Board Chair leads on an annual basis a peer review process through one-on-one meetings with each individual director. In addition, the Board may, from time to time, hire an independent advisor to assist the Board of Directors in independently assessing the performance of the Board of Directors, Board committees, Board and committee chairs and individual directors.

The Corporate Governance and Nominating Committee also considers on an annual basis the appropriateness of conducting a peer assessment through an independent advisor. In 2016, an outside consultant

The overall results and suggestions derived from the annual Board performance assessment are taken into consideration to improve the functioning and activities of the Board and its committees.

was retained to conduct a peer review. The peer evaluation process provided for feedback on the effectiveness of individual directors. Each director was given the opportunity to assess the contribution of each of his or her peers relative to the performance standards for the director position description as set out in CN's Corporate Governance Manual. The results were compiled and reviewed confidentially by the outside consultant. The Chair then received the results of each director's peer assessment and met with each director to discuss his or her respective assessment.

The Board performance assessment process is further described in CN's Corporate Governance Manual which is available on our website at www.cn.ca, under Delivering Responsibly/Governance.

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Director Orientation and Continuing Education

Orientation

Our orientation program includes presentations by the Company's officers on CN's organizational structure and the nature and operation of its business, a review with the Board Chair of the methods of operation and the roles of the Board and its committees, a discussion on the contribution individual directors are expected to make and access to appropriate information or outside resources as required. New directors are provided with the following: a directors' handbook containing corporate and other information required to familiarize themselves with the Company, its organization and operations and CN's key corporate governance and public disclosure documents, including CN's Corporate Governance Manual and board and committee charters; information regarding the review process for the Board, its committees and their chairs, and individual directors; CN's important policies and procedures, including CN's Code of Business Conduct; and organizational charts and other business orientation materials, including CN's Investor Fact Book, sustainability and safety brochures, financial statements and regulatory information.

In addition, meetings are arranged with new directors and members of CN's Leadership team to provide an overview of their areas of responsibility and their function/department. These areas include finance, corporate services, marketing, operations, technology, human resources and investor relations.

New directors also receive presentations by the Company's officers on CN's business and operations, safety, security, sustainability, community outreach initiatives and talent development, amongst others. New directors are also invited to attend the following Company events:

- Annual business plan meeting with top 200 employees;
- Annual sales meetings;
- Industry conferences or CN's analyst/investor meetings;
- Leadership training sessions and networking with participants; and
- Other company events on an *ad hoc* basis.

In addition, new directors are encouraged to visit sites across CN's network relating to the Company's operations. These sites include mechanical and car shops, intermodal and engineering groups, data centres, training centres, railway yards and ports and terminals.

Continuing Education

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education, the Company:

- maintains a membership for each director in an organization dedicated to corporate governance and ongoing director education;
- encourages and funds the attendance of each director at seminars or conferences of interest and relevance;
- encourages presentations by outside experts to the Board or committees on matters of particular importance or emerging significance, such as ESG; and
- from time to time, as appropriate, the Board holds meetings at or near an operating site or other facility of the Company, a key customer, supplier or affiliated company.

The Board Chair arranges for Board members to have access to education and information on an ongoing basis pertaining to Board effectiveness and the best practices associated with successful boards, briefings on factors or emerging trends that may be relevant to the Company's business strategy and other material as deemed appropriate by the Board Chair. The Company also makes available, at its cost, a host of educational programs provided by leading institutions. We encourage directors to attend seminars and other educational programs and to report back to the Board on the quality of such programs. Educational reading materials on corporate governance and other topics are also included in the materials provided to the Board in advance of meetings.

In 2020, Board members were provided with educational reading materials and presentations on a variety of matters and topics, including corporate governance, executive compensation, executive succession planning, shareholders and shareholder associations, key accounting considerations, financial strategy, risk management and disclosure, and Canadian and U.S. securities law developments. The Board regularly received updates and reports by CN's internal counsel on regulatory matters of importance and emerging issues of significance to CN and the railway industry, such as diversity, safety, technology and risk mitigation. Board members also attended industry conferences.

Directors also interacted with executive and senior management at every Board meeting and received regular and extensive presentations on matters of strategic importance to the Company's business, including presentations on its customer engagement initiatives, safety, stakeholder and community outreach initiatives, business growth strategy, operating plans, supply chain strategy, car management, CN's sustainability initiatives, climate action plan, cybersecurity and regulatory matters relevant to the business of the Company.

Moreover, the directors have, from time to time, been provided with first-hand opportunities to visit certain sites where CN has made significant investments. They have visited our Information Technology command centre, certain CN main yards such as Kirk Yard, the CN Woodcrest Shops and the Elgin, Joliet and Eastern Railway properties in the United States. The Board has also visited CN's two state-of-the-art training centres in Winnipeg, Manitoba and near Chicago, Illinois, and toured a Geometry Test Car. Since March 2020 all in-person activities of the Board have ceased given the pandemic and will resume when it is safe to do so. Prior to March 2020, the Board visited and/or participated in the following, among others:

- Two Harbours, Minnesota to tour CN's iron ore dock operations and the E.H. Gott vessel, for an in-depth review of the vessel and dock operations.
- As part of its stakeholder engagement initiatives, attended community events in Regina, Saskatchewan and Ottawa, Ontario.
- Visited the Port of Prince Rupert for a detailed tour of customer operations in Prince Rupert (DP World) and Ridley Island (Ray-Mont Logistics and Ridley Terminals).
- Attended meetings and events in Singapore, including a tour of the Port of Singapore, to provide our directors with the opportunity to see first-hand the scope of the thriving economic activities in South East Asia and gain an understanding of North America's trade potential with South East Asia.

The following table lists seminars and courses by external providers, as well as dedicated internal sessions and presentations on key CN subject matters, that the directors of the Company attended in 2020 and early 2021.

SUBJECT MATTER	TOPIC PRESENTED	PRESENTED/HOSTED BY	ATTENDED BY
Safety	Safety Performance Updates	CN Safety	ES&S Committee members
	Safety Training and Technology Updates	CN Safety	ES&S Committee members
	Incident/Crisis Management	CN Corporate Services	ES&S Committee members
	Engineering Review	CN Mechanical & Engineering	ES&S Committee members
	Business Continuity/Management Pandemic Plan	CN Corporate Services and CN Human Resources	All directors
Customer Relations	Operational and Service Excellence	CN Operations & Marketing	All directors
Investor Relations	Competitive Context	CN Investor Relations	All directors
	Investor Engagement	CN Investor Relations	All directors
Marketing	Market Updates	CN Marketing	All directors
Sustainability	Fuel Productivity	CN Financial Planning	All directors
	Workforce Renewal & Talent to Value	CN Human Resources	All directors
	Climate Action Plan	CN Financial Planning	ES&S Committee members
	Environmental Performance and Compliance	CN Environment	ES&S Committee members
Technology	Positive Train Control Updates	CN Information Technology	Audit Committee members
	Cybersecurity and Information Technology	CN Information Technology	Audit Committee members
	Evolving Information Technology	CN Information Technology	All directors
	Artificial Intelligence and Big Data	CN Information Technology and External Presenter	All directors
Law & Government Affairs	Trade and Policy	CN Corporate Services and External Presenter	All directors
	Regulatory Trends	CN Corporate Services and External Presenter	All directors
	Leading Governance and Diversity & Inclusion Practices	CN Corporate Services and CN Human Resources	All directors
Finance	Credit Rating Presentation	CN Treasury and External Presenter	All directors

Stakeholder Engagement

CN is recognized as a company that delivers responsibly, is a key part of the solution for customers, and is essential to the economy, to its customers and the communities it serves. Over the year, we continued to deepen the Company's sustainability agenda: moving customer goods safely and efficiently, ensuring environmental stewardship, attracting and developing the best diverse team of railroaders, helping build safer and stronger communities, while adhering to the highest ethical standards. CN regularly engages with all of our stakeholders, including shareholders, employees, and Indigenous and community groups.

Shareholders Engagement

CN recognizes the importance of consistent engagement with shareholders and we welcome interaction with our shareholders as we believe it is important to have direct frequent engagement in order to allow and encourage an open dialogue and exchange of ideas. Our Investor Relations department is responsible for communicating with the investment community on behalf of CN and actively engages with shareholders, sell-side analysts, potential investors, and periodically with shareholder advocacy groups. Over the last year, we have engaged in the following initiatives, among others:

- Earnings calls: engagement by CN executives on a quarterly basis with the investment community to review CN's quarterly financial and operating results and outlook;
- Non-deal roadshows: throughout the year, multiple engagements by CN executives and the Vice-President, Investor Relations with institutional investors to provide public information on our strategic agenda, business and operations and ESG performance;

- Sell-side-sponsored conferences: throughout the year, CN executives speak at industry investor conferences about CN's business and operations, including ESG performance and conduct meetings with investors; and
- Investor meetings: as part of regular shareholder engagement, the investor relations team is available for meetings and calls to address shareholder questions or concerns and to provide public information on the Company in a timely and responsive manner.

Approximately every two years, CN hosts an investor day with the investment community to discuss CN's strategy, recent developments and the longer-term outlook for the Company. The last investor day was held in 2019.

The pandemic impacted work and travel practices and consequently, from March through the end of 2020, all shareholder engagement was conducted via video conference calls or by phone.

Quarterly earnings calls and investor conference presentations are webcast and available to listen live via CN's website at www.cn.ca/investors.

We have in place various means of communication for receiving feedback from interested parties, such as a toll-free number for general inquiries (1-888-888-5909). Shareholders and other interested parties may also communicate with the Board and its Chair by calling 1-514-399-6544.

The Board of Directors also has procedures allowing interested parties (i) to submit accounting and auditing complaints or concerns to us and (ii) to communicate directly with the Chair of the Board, who presides over all non-executive director sessions. These procedures are described on our website at www.cn.ca, under Delivering Responsibly/ Governance.

In addition, the Company continued its stakeholder activities by:

- engaging with all levels of government as a participant on advisory councils, review boards and regulatory proceedings;
- conducting community outreach;
- working collaboratively with supply chain partners;
- participating in industry associations (Railway Association of Canada; Association of American Railroads);
- engaging with suppliers at our annual supplier council and through our Sustainable Procurement Excellence program;
- strengthening our relationships and improving our communication with customers;
- ensuring the opportunity for regular two-way communication with employees; and
- taking part in structured community engagement.

For the year 2020, CN received a number of awards and recognition including:

- Ranked among the best 50 corporate citizens in Canada by Corporate Knights for the 12th consecutive year in a row.
- Ranked 10th on the Corporate Knights 2021 Global 100 Index of the most sustainable corporations in the world.
- Recognized by the Globe and Mail's annual review of corporate governance practices in Canada, where CN ranked 3rd overall.
- Listed on the Jantzi Social Index.
- Listed on the MSCI Indices.
- Listed on Climate A list by CDP.
- Listed on the Euronext Vigeo index: World 120.
- Listed on FTSE4Good Index.
- Listed on Canada's Top 100 Employers.
- Named to Dow Jones Sustainability World Index for the ninth consecutive year and to the DJSI North American Index for the 12th consecutive year.

Indigenous Engagement

The Company is committed to developing respectful and mutually-beneficial relationships with all Indigenous peoples and does so by:

- proactively engaging Indigenous communities and maintaining open dialogue;
- promoting opportunities for Indigenous peoples to join the Company's workforce;
- supporting Indigenous Community initiatives and participating in Indigenous organizations; and
- seeking out and encouraging opportunities for Indigenous business and procurement.

In 2015, Canada's Truth and Reconciliation Commission called on corporations to play a role in reconciliation with Canada's Indigenous peoples, including providing education for management and staff on the history of Indigenous peoples. As part of its Indigenous Vision, the Company actively encourages employee sensitivity to Indigenous issues and has provided in-person cultural awareness training since 2015. An eLearning version of the training was launched in early 2017, providing access to a greater number of employees. In 2018, this training received a President's Award in the CN Values category, indicating its importance for CN. In 2019, this training became mandatory for all employees in Canada. In 2018, CN was the first transportation company to obtain the bronze certification under the Progressive Aboriginal Relations program of the Canadian Council for Aboriginal Business ("CCAB") and one of the first companies to become a Procurement Champion of the CCAB program.

Examples of the Company's Indigenous engagement activities include:

- Support of and attendance at the Assembly of First Nations Annual General Assembly and Circle of Trade Tradeshow.
- Safety presentations made to First Nations.
- Celebration of National Indigenous Peoples Day.
- Partnerships with Indspire, Level and Tech for Canada, three national organizations aimed at empowering Indigenous peoples through education.
- Sponsorship and participation in numerous PowWows to celebrate Indigenous culture.
- Participation as a Committee Member for the Canadian First Nation Economic Roundtable.
- Participation as a Committee Member for the Canadian Council for Indigenous Business Procurement Champions.
- Continuing participation as a Bronze member of the Progressive Indigenous Relations program.

In 2018, the CN Law Department was recognized by Thompson Reuters as the recipient of an *Innovatio* Award in the category of Diversity for all the initiatives in Indigenous Relations. For more details, please refer to our website at www.cn.ca/aboriginalvision.

On February 24, 2021, our Board announced the creation of the CN Indigenous Advisory Council ("IAC"), an independent body comprised of Indigenous peoples from across the country. The IAC's mandate is to provide advice to the Board and senior management on issues that either the Company or the IAC believe are relevant to CN. Among the goals of the IAC is to reinforce diversity and inclusion through policies and procedures that reflect these principles.

Community Engagement

Great community relations are vital to the running of CN's transcontinental railroad. That's why CN strives to be a good neighbour – not only in its commitment to safety and environmental sustainability, but also in making Canada's communities better and safer places to live, work and play. As part of CN's commitment to help build safer, stronger communities, CN is establishing community boards across the country. These boards will be located in all major cities across our network and will guide the CN Stronger Communities Fund's decisions and strengthen community partnerships in these major cities. So far, community boards have been established in Nova Scotia, Manitoba, Saskatchewan and British Columbia, Canada.

On the safety front, CN actively engaged communities across its network, meeting with emergency responders and elected officials, providing training and expertise and sharing relevant information on dangerous goods shipments.

Throughout 2020, CN also continued its support of hundreds of CN railroaders in the community who are champions in the causes they choose to support. CN granted C\$1.0 million to support its employees, their families and pensioners in their volunteer efforts.

Climate Action Plan Report

Sustainability is at the heart of how the Company is building for the future; we call it *Delivering Responsibly*. It determines how we conduct our business every day and defines our contribution to building a more sustainable future. Five principles anchor our sustainability commitment:

Environment

Conduct our operations with minimal environmental impact, while providing cleaner, more sustainable transportation services to our customers.

People

Provide a safe, supportive and diverse work environment where our employees can grow to their full potential and be recognized for their contributions to our success.

Safety

Be the safest railroad in North America by establishing an uncompromising safety culture and implementing a management system designed to minimize risk and drive continuous improvement.

Community

Build safer, stronger communities by investing in community development, creating positive socioeconomic benefits and ensuring open lines of communication.

Governance

Continuously improve our culture of integrity and ethical business, building trust and confidence with all our stakeholders.

Our approach to sustainability disclosure aligns with international standards, including the United Nations Global Compact ("UNGC") and Sustainable Development Goals ("SDGs"), the Global Reporting Initiative ("GRI"), the Sustainability Accounting Standards Board ("SASB"), the World Bank Mobility Goals, the Greenhouse Gas Protocol, and the Task Force on Climate-related Financial Disclosure ("TCFD"). Transparency regarding climate-related risks and opportunities is critical to maintaining the trust of our stakeholders and allows our investors to better understand the implications of climate change on our business. Our detailed reports can be found on CN's website at: **CN Delivering Responsibly**.

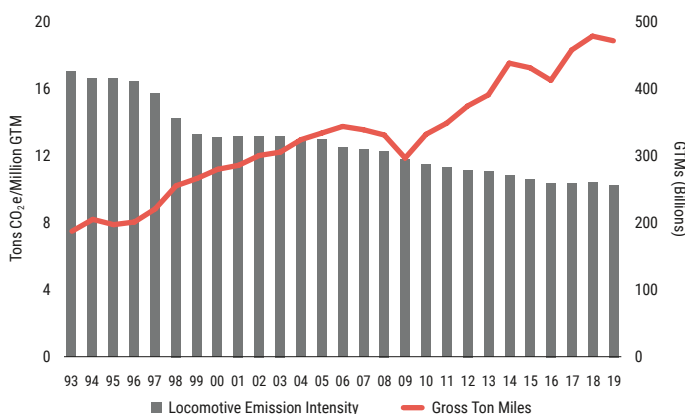
We recognize the importance of mitigating and adapting our business to changing climate conditions and our Climate Action Plan supports the Paris Agreement.

CN has been making a positive contribution in the fight against climate change by offering carbon-efficient transportation solutions to our customers. Since 1993, we have reduced our rail locomotive greenhouse gas ("GHG") emissions intensity by 40%, avoiding 46 million tons of carbon dioxide equivalents (tCO₂e), and we continue to lead the North American rail industry, consuming approximately 15% less locomotive fuel per gross ton-mile than the industry average.

The graph below illustrates the improvement of CN's locomotive GHG emissions intensity since 1993:

Carbon Emission Intensity vs. Gross Ton Miles (GTMs)

(Tons CO₂e/Million GTM vs. Traffic Billion GTM)



We support the Taskforce on Climate-related Financial Disclosures' recommendations, and in 2020 CN became the first North American railroad to formally support the framework, which promotes more effective climate-related financial disclosures. Putting words into action, CN also released its first *TCFD report*, outlining four core elements for disclosing climate-related risks: Governance, Metrics and Targets, Strategy and Risk Management. Our approach under each of these elements is outlined below:

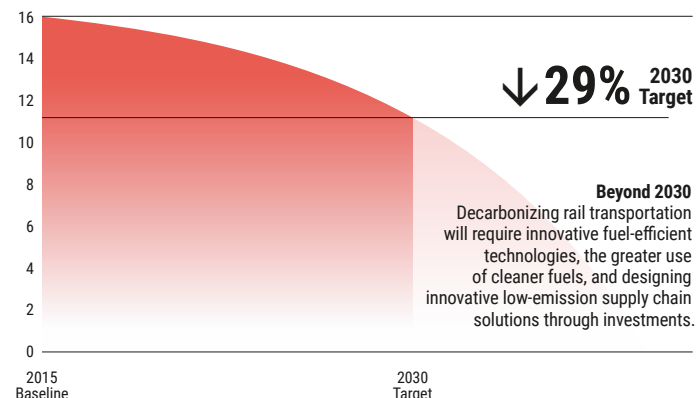
Governance: The Environment, Safety and Security Committee of the Board has the highest level of responsibility for the Company's environmental and sustainability disclosures including CN's Climate Action Plan, as well as the monitoring of the Company's progress against its set targets under such plan, and all related climate issues. The Audit Committee of the Board has the highest level of responsibility for risk management, including climate-related risks. CN's Chief Operating Officer, and its Vice-President, Financial Planning, who has direct overall responsibility for CN's sustainability strategy, including the Climate Action Plan, provide executive oversight.

Long-term Science-based Target: As we prepare for the future, we are committed to reduce emissions and improve our carbon intensity consistent with stabilizing global temperatures. In 2017, CN became the first railroad in North America to set an approved science based target by committing to reduce our GHG emission intensity (tCO₂e/million revenue tonne kilometres) by 29% by 2030 based on 2015 levels. In 2019, CN's combined Scope 1 and 2 emissions were 5.8 million tCO₂e, a decrease of 8% compared to 2015. To ensure consistency with the most recent climate science and best practices that apply a well below 2-degree scenario, and due to our recent acquisition of TransX, we are currently working with the Science-Based Target Initiative ("SBTi") and have resubmitted our target. We expect to issue our new and increased level of ambition target in Q2 of 2021.

Our Science-Based Target

Emissions trajectory in a 2°C Scenario

(tCO₂e/million tonne kilometres)



Strategy

With approximately 85% of our GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. As such, our target informs our low-carbon transition plan and business strategy. To achieve our science-based target to reduce our GHG emission intensity by 29% by 2030 based on 2015 levels, we are focused on five key strategic areas:

Fleet Renewal: Cleaner, more fuel-efficient equipment enables us to decouple our business growth from GHG emissions. We continue to purchase more fuel efficient locomotives and in 2020, we acquired 41 new high-horsepower locomotives.

Innovative Technology: We continue to explore and invest in innovative technologies. We equip our locomotives with energy management and data telemetry systems as well as distributed power functionality to help us maximize locomotive operating effectiveness and efficiency. These innovative technologies will allow us to continuously improve train handling, braking performance, and overall fuel efficiency, therefore, improving our carbon efficiency in the years to come.

Locomotive Energy Management System – Regulates the speed of a train by controlling the locomotive throttle and dynamic brake, and computes the most efficient manner to handle the train.

Locomotive Data Telemetry System – Collects data to drive improved locomotive and train performance, including fuel conservation.

Distributed Power (DP) – Allows for the remote-control operation of a locomotive in conjunction with the locomotive unit(s) at the head end of a train. DP units are placed in the middle or rear of a train to help improve braking performance, train handling and fuel efficiency.

Horsepower Tonnage Analyser (HPTA) – CN's in house built HPTA gives crews instructions and real-time monitoring to ensure they only use the power needed during a trip, by optimizing a locomotive's horsepower-to-tonnage ratio.

Big Data: Through our locomotive telemetry systems, we collect large amounts of data to improve performance and fuel conservation. In addition, HPTA uses the data from the systems to optimize a locomotive's horsepower-to-tonnage ratio, further minimizing fuel consumption. Investments in information technology enable deeper analysis to continue to identify, through big data analytics, additional opportunities for fuel conservation that will present opportunities for us to further reduce our emissions in the coming years.

Operating Practices: CN pioneered Precision Scheduled Railroading ("PSR"), an operating model focused on improving every process that affects delivery of our customers' goods, enabling us to use fewer railcars and locomotives to ship more freight in a tight, reliable and efficient operation. It is a highly disciplined process whereby CN manages all aspects of railroad operations to meet customer commitments efficiently and profitably. This approach to asset utilization is being enhanced by the deployment of incremental operating technology. We are layering advanced technology and automation onto every aspect of our operations. We are calling this next generation operating model Digital Scheduled Railroading ("DSR"). Our Fuel Management Excellence ("FMX") program is one example of how we are increasingly leveraging technology. FMX provides information to track performance in real time and enables focused on-the-job training on practices that promote fuel conservation. We also continue to educate our train crews and rail traffic controllers on best practices – from locomotive shutdowns in our yards to streamlined railcar handling, train pacing, coasting and braking strategies. In addition, our locomotive engineers receive real-time information on train characteristics, performance and terrain, through an Energy Management System ("EMS"), which helps to compute the most efficient train settings and regulate speed. Capitalizing on our locomotive telemetry systems and advanced data analytics, also key DSR initiatives, will help us identify additional opportunities for fuel conservation operating practices in the coming years.

Cleaner Fuels: Driven by regulatory requirements, the growth of the renewable fuel market presents an immediate opportunity to further reduce our emissions by using sustainable renewable fuel blends in our fleets. We are aligned with Canada's Renewable Fuel Standard, which aims to reduce GHG emissions through the increased use of lower-carbon fuels and energy sources. Specifically, we have set a short-term year-on-year rolling target of 2% sustainable renewable fuel consumption for our Canadian locomotive fleet. In 2019, the use of sustainable renewable fuels in our locomotives saved approximately 80,000 tCO₂e. In the medium-term, the proposed Canadian Federal Clean Fuel Standard and other existing Renewable and Clean Fuel Standards in jurisdictions where CN operates, will continue to present an important opportunity for us to further reduce our emissions through increasing sustainable renewable fuel blends. Furthermore, we are also actively working with our fuel suppliers and locomotive manufacturers and are focused on testing and exploring the greater use of sustainable renewable fuel blends, beyond regulated amounts, in our locomotives, to achieve our target.

Achieving our target is dependent in part on the continuing successful development and availability of innovative technologies and the availability of sufficient volumes of cost competitive sustainable renewable fuels in the years to come. The extent of our ability to fully deploy and implement new technologies, as well as to obtain and use sufficient volumes of sustainable renewable fuels will require collaboration between locomotive manufacturers and fuel producers. This ecosystem of collaboration will be key to enabling our success.

Reducing our Non-Rail Carbon Footprint

Operating an efficient railroad has been a key focus at CN for well over two decades and we extend our mindset of rail operational efficiencies to our non-rail operations, enabling further carbon reductions in our ground and vessel fleets, buildings and yards. The carbon footprint of our non-rail operations comprises approximately 15% of our total (Scope 1 and 2) GHG emissions. By building on our leading rail fuel efficiency programs, we continue implementing best practice initiatives, including new equipment and technologies, to further reduce energy consumption.

Upgrading Our Ground Fleet: Our non-rail ground fleet, comprising intermodal equipment, trucking, On Company Service (“OCS”) vehicles and CNTL trucks, makes up approximately 11% of our Scope 1 and 2 emissions. Over the past few years, we have been focused on improving fuel efficiency, while also increasing the use of sustainable renewable fuels, aligned with existing Renewable Fuel and Clean Fuel Standards in various jurisdictions where CN operates. We have also purchased electric vehicles in our OCS fleet, and recently announced an innovative pilot project to use 50 electric trucks for our intermodal services through a partnership with Lion Electric Co. Our teams also continue to be trained on fuel-efficient techniques, from aerodynamic components of trucks to innovative routing optimization initiatives. In 2020, CN installed a new driver-centric fleet management system to improve hours of service management, enable a paperless work flow, and to drive further gains with respect to accident prevention and fuel efficiency.

Retrofitting Yards and Buildings: Our \$5-million annual CN EcoFund, combined with government and utility incentives and subsidies, has enabled us to secure the necessary funding to drive energy-efficient upgrades in our buildings and yards. We continue to invest in retrofits to boilers, air compressors, HVAC systems, and LED lighting, enabling us to improve our carbon efficiency and save costs. Since 2011, we achieved a 33% reduction in electricity consumption at key yards, avoiding more than 86,000 tonnes of carbon.

Meeting Strict Requirements for Our Vessel Fleet: Our marine services extend beyond where track and trucks stop, offering marine shipping in regions like the Great Lakes. Our shipping fleets offer safe, and highly fuel-efficient fleet transportation services and are continually upgraded to meet strict emission requirements. Ship operators are also trained on fuel conservation practices, including strict speed protocols and operating parameters resulting in further carbon emission reductions. We recognize that rail has a tremendous potential to reduce the environmental impact of transportation services and we are actively working with many of our customers to help them reduce their transportation supply chain GHG emissions, by leveraging rail for the long haul and trucking over shorter distances. Shipping heavy freight by rail can reduce carbon emissions by up to 75% when compared to trucks. The greater use of combined modes helps lower transportation costs by allowing each mode to be used for the portion of the trip to which it is best suited. It also helps reduce road traffic congestion, accidents and the burden on transportation infrastructure. Our strategy to further reduce our Scope 1 and 2 emissions will help the company to maintain its position as a key enabler of supply chain decarbonisation over the long-term. In turn, these activities will contribute to reducing the Scope 3 emissions of our customers.

Risk Management

Climate change is integrated into our risk assessment processes, which considers both physical and transition risks, including temperature extremes, flooding, hurricanes, and tornadoes, as well as legal, policy and market impacts. The Audit Committee of the Board of Directors has the responsibility for monitoring our risk management and internal controls approach, which includes climate related risks. Specifically, the Audit Committee reviews risk management policies and provides oversight of our compliance with applicable legal and regulatory requirements. Having oversight for climate-related risks is an important responsibility for the Audit Committee ensuring that appropriate risk management processes are in place across the organization, including the risk oversight and risk management policies under the Enterprise Risk Management (“ERM”). In 2020, the Audit Committee reviewed the results of our ERM and made the decision to approve the identification of the Company’s net risks, which included the identification of climate change physical risks. Specifically, they approved our climate risk mitigation controls and initiatives to integrate climate risk management activities into the business plan.

The future

As we look to 2030 and beyond, decarbonizing rail transportation will continue to require innovative fuel-efficient technologies, the greater use of cleaner sustainable fuels, and designing innovative low emission supply chain solutions through investments and collaboration. CN recognizes the need for new locomotive propulsion technology to meet the deep decarbonisation required to achieve a net zero emissions by 2050. We also recognize the importance of collaborating with governments, supply chain partners, universities, cleantech, fuel producers and locomotive/engine manufacturers in achieving an effective transition to a lower carbon future. Our position in the supply chain will enable us to lead a step change towards decarbonising North America’s freight sector, by leveraging and stimulating progress in the development of low-carbon fuels and technologies. Discussions on the prospects of rail electrification and hydrogen power trains are already underway. Through the Railway Association of Canada, we have been actively working with the Government of Canada since 1995 to address the impacts of rail activities on the environment, through a Memorandum of Understanding (“MOU”). The 2018 – 2022 MOU supports the Government of Canada’s commitments under the Pan-Canadian Framework on Clean Growth and Climate Change, and its vision for green and innovative transportation. It includes the development of a comprehensive pathway for aligning government and industry efforts to reduce emissions produced by the railway sector, identifying opportunities to advance clean technology, clean fuels, and innovation in the sector through research, policy or programs.

At CN, we believe rail has a tremendous potential to reduce the environmental impact of transportation. As a mover of the economy, CN is committed to playing a key role in the transition to a lower-carbon economy.

Statement of Executive Compensation

Dear Shareholder:

On behalf of the Human Resources and Compensation Committee ("Committee") and the Board of Directors ("Board") we welcome this opportunity to share our approach to executive compensation. Once again in 2020, the Company's annual "Say on Pay" advisory vote received strong support with 97.48% of the votes in favour of CN's disciplined approach to executive compensation, the fifth consecutive year with the highest voting percentage amongst the publicly traded Class I Railroads. CN remains committed to transparency by providing clear and comprehensive disclosure information to its shareholders.

2020 Overview

2020 was a challenging year for CN and its customers. The early part of the year was impacted by illegal rail blockades unrelated to CN's activities, followed by the ongoing COVID-19 pandemic, forcing major economies to lockdown. Throughout the pandemic, CN played an essential role in keeping the North American supply chain running and remained nimble in the face of volume fluctuations. CN employees were instrumental in delivering on the Company commitments.

In response to the initial economic shutdown, the Company acted swiftly to adjust its resources and costs structures, adapting to the rapidly changing volume environment. The Company paused its share repurchases in March 2020 while maintaining its dividend growth track record with a seven percent increase in early 2021, illustrating management's confidence in the ability to generate free cash flow over the business cycle.

CN's disciplined approach and operational performance continued to reward shareholders with a share price increase over the past three years of 35% on the TSX, compared to a 7.6% increase over the same period for the S&P/TSX Composite Index. The Company's market capitalization increased by nearly C\$22.3 billion during that same period.⁽¹⁾

Safety is paramount at CN and, as the Company continues to focus on its goal of becoming the safest railroad in North America, it maintained significant investments throughout 2020 in safety training, coaching, and employee involvement initiatives, with a focus on reducing injuries. CN recently established a new conductor training curriculum with a strong emphasis on commitment to safety and also provided a year long safety leadership program to over 300 leaders in the operation functions.

CN ranked 10th on the Corporate Knights 2021 Global 100 index of the most sustainable corporations in the world. Sustainability is at the heart of how the Company is building for the future. Attracting and developing a diverse team of railroaders and instilling a safety culture are core components of CN's *Delivering Responsibly* strategy, which also includes: moving customer goods safely and efficiently, helping build safer, stronger communities, all while being environmentally responsible. CN was also recognized as one of Canada's best diversity employer, for the fourth consecutive year by Canada's Top 100 employers, as it continued to focus on attracting and developing the best diverse team of railroaders.

Disciplined Approach to Compensation

CN's approach to executive compensation continues to be driven by our goal to deliver sustainable and solid returns to shareholders. CN exercises a disciplined approach by ensuring that target compensation supports the attraction and retention of executive talent while remaining within our executive compensation policy. In addition, short- and long-term incentive plans are structured to align realized pay with shareholder returns using various key performance measures, reinforced with the increased use of Relative Total Shareholder Return ("Relative TSR") in the Performance Share Units ("PSU").

Long-term growth and value creation remain central to our pay strategy and targets are set to ensure that our compensation policy does not encourage undue risk-taking on the part of our executives. CN's executive compensation program also supports safe and reliable operations and industry-leading returns.

Our disciplined approach to compensation continues to ensure sound and performance driven compensation which is reviewed annually by the Committee. The Committee also independently retains the services of Hugessen Consulting, Inc. ("Hugessen") to provide advice on compensation recommendations that are presented for Committee approval.

Compensation Decisions in 2020

The compensation of our Named Executive Officers ("NEOs") is paid in U.S. dollars to provide a more precise, meaningful and stable comparison with U.S. denominated compensation of incumbents in equivalent positions within the comparator group. The Committee believes that the Company's comparator groups and the U.S. dollar denominated approach to compensation for the NEOs are appropriate and, combined with an overall disciplined approach provide a competitive total compensation package.

Base Salary

CN's policy for base salaries and target bonuses continues to be at the median of the comparator group. The Committee continues to monitor closely the compensation paid to all executives to ensure it supports a market competitive compensation envelope.

Annual Incentive Bonus Plan

For 2020, changes were made to the Annual Incentive Bonus Plan ("AIBP") to further enhance the link between corporate financial results and payouts. The changes included reducing the number of measures in the Corporate Financial component from five measures to three (revenue, operating income and free cash flow), and modifying the performance ranges relating to the three financial measures to provide a more balanced payout range by increasing the performance targets to be met for the maximum performance level and by introducing a new payout threshold level. A detailed explanation of the changes implemented in 2020 is presented on page 53.

As a result of the unique circumstances of the COVID-19 pandemic in 2020, CN, similar to other large corporations, had to consider whether the use of discretion in the application of the AIBP was necessary and appropriate. The Board, after carefully reviewing the impact of the extraordinary global pandemic, for the bonus determination under the AIBP, excluded all government support related to the pandemic received by CN, as well as CN expenses directly associated with the Company's pandemic response. Similarly, the financial impacts of the illegal rail blockades, which were outside of the control of the Company, were removed for the bonus determination under the AIBP.

(1) Market capitalization increase is based on the period running from December 31, 2017 to December 31, 2020.

Consequently, the resulting corporate financial performance factor was 19.92% (compared to 17.16% had the discretionary adjustments not been made, as per plan). As for the Corporate Safety component, the Company achieved a performance factor of 138.75%. The Individual component continued to be measured against individual key strategic financial and operational objectives. In accordance with the plan rules, a proration of 19.92%, equivalent to the performance factor of the Corporate Financial component, was applied to the Corporate Safety and Individual components for the NEOs.

Considering the commitment and relentless efforts of our management employees during this unprecedented year, the Board authorized an exception to the AIBP terms to not prorate the Corporate Safety and Individual payout level for management employees in 2020, excluding the NEOs who were not covered by the exception.

As such, the Corporate Safety and Individual components, which have a combined weight of 30% at target in the AIBP, were paid independently of the Company's Corporate Financial component to all management employees with the exception of the NEOs. The Board authorized this exception to support greater engagement and retention, and to recognize the outstanding contribution of all management employees in the extraordinary circumstances of the pandemic. Moreover, this decision is aligned with the changes approved by the Board to the AIBP for 2021 and beyond to remove proration on the Corporate Safety and Individual payout levels at the same rate as the Corporate Financial payout level when payout is below 100%, all with a view to support employee engagement on safety and strategic initiatives.

Long-Term Incentive Program

In order to further align with shareholders' return and interest, design changes to long-term incentive plans were also implemented for 2020, including the increased weighting on Relative TSR in the PSU and the extension of the vesting period for stock options from four to five years. With respect to the payment of the 2018 awards (that vested at the end of 2020), the Board applied the same principle, as described in the AIBP section above, to calculate the Return On Invested Capital ("ROIC") performance measure, resulting in an associated impact of less than 1% on the ROIC result due to the discretionary adjustments. A detailed explanation of the changes implemented in 2020 are presented on page 55.

Plan Changes in 2021

In 2020, the Committee continued its review of the Company's compensation plans and approved changes to the AIBP to be effective in 2021. The changes principally aim at further aligning the plan with the long-term strategic vision of the Company as well as environmental, social and governance ("ESG") practices. The changes are summarized below with a detailed explanation presented on page 59.

- The Individual component for the executives and senior management employees is replaced by a Corporate Strategic component consisting of three quantitative strategic measures: employee engagement, customer centricity and fuel efficiency.
- The Corporate Safety component is extended to all management employees, representing approximately 4,850 active employees.
- The downward adjustment on the Corporate Safety, Corporate Strategic/Individual components should the Corporate Financial component be below 100%, has been discontinued in order to support employee engagement on safety and strategic initiatives.

Compensation Risk Mitigation

Our compensation plans are designed to encourage appropriate behaviours and include appropriate risk mitigation mechanisms. In 2020, Willis Towers Watson conducted its annual review, and confirmed its view that "there does not appear to be significant risks arising from CN's compensation programs that are reasonably likely to have a material adverse effect on the Company". At its December 2020 meeting, the Committee reviewed the Willis Towers Watson risk assessment report and supported its conclusions. In its own assessment, the Committee determined that proper risk mitigation features are in place within the Company's compensation programs.

Conclusion

The Committee and the Board believe that compensation outcomes are appropriate and aligned with CN's approach to executive compensation. The Committee remains fully engaged in ensuring that CN's executive compensation continues to be anchored to a disciplined approach, linked to performance, and is market competitive. The Chair and other members of the Committee will be attending the Meeting to answer questions you may have about CN's executive compensation. We believe that our approach to executive compensation supports the execution of the Company's strategic plan, and we remain committed to developing compensation plans that will continue to be aligned with the long-term interests of our shareholders.



Robert Pace

Robert Pace
Chair of the Board
of Directors



The Honorable Kevin G. Lynch

The Honorable Kevin G. Lynch
Chair of the Human
Resources and
Compensation Committee

Human Resources and Compensation Committee

Composition of the Human Resources and Compensation Committee

The Committee is composed of seven independent members. All members have a thorough understanding of compensation policies and principles related to executive compensation and have experience in human resources and compensation matters. Furthermore, they are also members of other committees of the Board and this overlap provides for a strong link between the Committees' risk oversight responsibilities.

The following is a description of the education, skills and experience of each member of the Committee as at the date of this Information Circular that are relevant to the performance of his/her responsibilities as a member of the Committee, including skills and experience enabling the Committee to make decisions on the suitability of the compensation policies and practices of the Company:

- Ms. Bruder is a retired Executive Vice-President, Operations at the Royal Bank of Canada where she was responsible for operations related to all personal and business clients in Canada delivered through more than 8,000 employees. In her corporate and board roles she gained extensive experience overseeing human resource matters including compensation design, performance management and talent/succession planning.
- Mr. Carty spent 30 years in the airline business before retiring as Vice-Chairman and Chief Financial Officer of Dell, Inc. Mr. Carty has experience in developing and implementing compensation plans and performance-based goals for executive and enterprise-wide personnel. Mr. Carty served as chair of the Human Resources Committee of Talisman Energy, Inc. until 2015 and is actively involved in human resources as chair of the board of directors of Porter Airlines, Inc., and past chair of the board of directors of Virgin America Inc.
- Ms. Godin is Co-Chair of the board, Executive Vice-President, Strategic Planning and Corporate Development of CGI where she collaborates with the CGI board to set the strategic direction of the company and maintain equilibrium among CGI's three stakeholders — clients, employees (whom CGI calls members) and shareholders — to ensure each stakeholders' long-term success. She also oversees the ongoing development of the CGI Management Foundation, which includes the key elements and best practices that define and guide the company's actions, along with leading CGI's strategic planning, marketing & communications and mergers & acquisitions functions. Previously Ms. Godin was Vice-Chair of the board and Executive Vice-President, Chief Planning and Administration Officer, where Ms. Godin oversaw a number of functions across the company, including global security and global human resources.
- Ms. McKenzie has more than 30 years of experience in the energy sector in the areas of management, finance, accounting, compensation and corporate governance. She was a founder and the Chief Financial Officer of Range Royalty Management Ltd., a private entity focused on acquiring oil and natural gas royalties in Western Canada from 2006 to 2014 and the Chief Financial Officer of Profico Energy Management Ltd., a private exploration and production company, from 2000 to 2006. Ms. McKenzie has served on both public and private boards since 2006. She currently serves as a director of PrairieSky Royalty Ltd and InterPipeline Limited. Ms. McKenzie obtained her ICD.D designation from the Institute of Corporate Directors in 2013.
- Mr. Lynch, chair of the Committee, held various senior positions in the Government of Canada, including Clerk of the Privy Council, Secretary to the Cabinet and Head of the Public Service of Canada where he was responsible for the overall management of 263,000 employees in 80 departments and agencies of the

Canadian government. Mr. Lynch was a member of the Leadership Council of the Bank of Montreal and, until 2020, chair of the board of directors of SNC-Lavalin Group Inc. He was chair of the Corporate Governance Committee and a member of the Human Resources Committee of Empire Company Limited (Sobeys) until 2017.

- Mr. Phillips served as President and Chief Executive Officer of various companies, including Dreco Energy Services, Ltd., PTI Group, Inc., and British Columbia Railway Corporation where he gained in-depth exposure to human resources and compensation matters. He currently serves on the Human Resources and Compensation Committee of Canadian Western Bank and West Fraser Timber Co. Ltd. Mr. Phillips was inducted as a fellow of the Institute of Corporate Directors in June 2017.
- Ms. Stein has served as the Executive Vice-President, Corporate & Legal Affairs and General Counsel of Mondelēz International since January 2021 and served, prior to that time, as Executive Vice-President — General Counsel & Corporate Affairs of The Clorox Company and Senior Vice-President and General Counsel of H.J. Heinz Company. In her role as general counsel for three Fortune 500 companies, she has worked closely with the board of directors, the Chief Executive Officer and the head of human resources. Ms. Stein has gained extensive experience and expertise in a large variety of human resources and compensation matters, such as succession planning, talent development, and inclusion and diversity. Ms. Stein has also engaged with shareholders and advisory groups on various human capital matters and has had responsibility for the ESG agenda at two Fortune 500 companies. She has served on the compensation committees of three public company boards, including CN.

The following table summarizes the human resources and compensation-related experience of the Committee members:

AREA OF EXPERIENCE	NUMBER OF COMMITTEE MEMBERS WITH VERY STRONG OR STRONG EXPERIENCE	
Membership on HR committees	7/7	100%
Organizational exposure to the HR function	7/7	100%
Leadership and succession planning, talent development	6/7	86%
Approval of employment contracts	6/7	86%
Development/oversight of incentive programs	6/7	86%
Oversight of stress-testing of incentive programs vs. business/operating performance	7/7	100%
Pension plan administration/oversight	4/7	57%
Interpretation and application of regulatory requirements related to compensation policies and practices	5/7	71%
Engagement with investors and investor representatives on compensation issues	5/7	71%
Oversight of financial analysis related to compensation policies and practices	7/7	100%
Exposure to market analysis related to compensation policies and practices	6/7	86%
Drafting or review of contracts and other legal materials related to compensation policies and practices	4/7	57%
Oversight of labour matters	5/7	71%

Mandate of the Human Resources and Compensation Committee

The responsibilities of the Committee include:

- ensuring that appropriate mechanisms are in place regarding succession planning for the executive management positions, including that of the President and Chief Executive Officer;
- reviewing the President and Chief Executive Officer and his direct reports' performance assessment;
- reviewing leadership and talent management for the key positions of the Company;
- overseeing the identification and management of risks associated with CN's compensation policies and practices and reviewing disclosure on: (i) the role of the Committee in that respect; (ii) any practices that CN uses to identify and mitigate such risks; and, (iii) any identified risk arising from CN's compensation policies and practices that is reasonably likely to have a material adverse effect on CN;
- overseeing the selection of any benchmark group used in determining compensation or any element of compensation and reviewing disclosure on such group;
- retaining outside advisors to assist in the performance of its functions and responsibilities, including compensation consultants, independent legal counsel or other independent advisors, and overseeing their work;
- evaluating the independence of compensation consultants in accordance with applicable NYSE listing standards or other applicable laws, rules or regulations;
- recommending to the Board the President and Chief Executive Officer and his direct reports' compensation; and
- reviewing human resources practices by ensuring, among other things, that appropriate human resources systems are in place to allow the Company to attract, motivate and retain the quality of personnel required to meet its business objectives.

The Committee's full charter is available as part of CN's Corporate Governance Manual at www.cn.ca, under Delivering Responsibly/ Governance. Finally, the Committee met eight (8) times in 2020 and held *in camera* sessions during each meeting. The report of the Committee, set forth in Schedule B to this Information Circular, outlines the major subject areas reviewed by the Committee during the year.

Talent Management, Diversity and Succession Planning

Effective talent management, leadership development, succession planning, diversity, and employee engagement are priorities for the Board and the Committee. A comprehensive framework, focusing on the identification, assessment, and development of talent is used to ensure that the Company has an appropriate pipeline of potential diverse successors at the executive and management levels.

CN prepares talent for broader and more complex roles by differentiating development needs and providing meaningful and where possible, cross-functional experiences. When required, the Company also supplements with external hiring to address talent gaps and acquire critical skills.

The Committee reviews, on a regular basis, updates on the talent management, diversity and leadership development of each function. Throughout the year, the Committee also conducts in-depth executive reviews focused on the strength and diversity of succession pools for key leadership roles across CN. The Company integrates a more precise approach for key talent in an effort to prepare them for broader and more complex roles in an expedited manner while also developing critical leadership capabilities.

A complete review of the contingency as well as short-, medium- and long-term succession plans for the executive team is conducted annually, and specific customized plans to address identified gaps are addressed and implemented.

As CN's long-term strategic plan is rolled out, leadership development will be key to the success and implementation. In order to ensure the successful alignment with the Company's strategic goals, the compensation programs will be a key component linking shareholder returns with management's performance. CN has also created the position of Director Diversity, Equity and Inclusion providing a more focused and disciplined approach on delivering on our diversity and inclusion strategy. CN regularly hones its career development program to provide targeted training and practical work experience that will reinforce the development of talent.

The Committee is satisfied that the proper talent management and succession planning strategies are in place to ensure the Company's ongoing success.

Independent Advice

The Committee retains the services of executive compensation consultants to provide advice on compensation recommendations that are presented for Committee approval. Since October 2007, the Committee retains the services of Hugessen for that purpose. The Committee mandated Hugessen to review and provide advice directly to the Committee on executive compensation recommendations and related questions. The fees invoiced by Hugessen in 2020 totalled approximately C\$103,100. Services performed by Hugessen were compensation-related services provided directly to the Committee. The Committee also reviewed the independence of Hugessen and evaluated its performance for 2020. The Committee is satisfied with the advice received from Hugessen and that such advice is objective and independent. Hugessen also meets the independence requirements of the NYSE Listing Standards and confirmed that, on an annualized basis, the amount of fees received by the firm from CN represents less than 5% of Hugessen's total fees. Since 2007, the Board has adopted a policy to the effect that the Chair of the Committee must pre-approve all non-compensation services provided to the Company by the consultant retained by the Committee to perform executive compensation-related services. Pursuant to an understanding between the Committee and Hugessen, the latter has agreed not to perform any work for management.

Executive Compensation – Related Fees

	SERVICES RENDERED IN 2020 (C\$)		SERVICES RENDERED IN 2019 (C\$)	
	EXECUTIVE COMPENSATION – RELATED FEES	ALL OTHER FEES	EXECUTIVE COMPENSATION – RELATED FEES	ALL OTHER FEES
Hugessen	103,100	0	388,700	0

CN

Statement of Executive Compensation

Compensation Discussion and Analysis

Executive Summary

Named Executive Officers

This Compensation Discussion and Analysis ("CD&A") section covers executive compensation for the year ended December 31, 2020, and focuses on the following Named Executive Officers ("NEO") who appear in the compensation tables:

Jean-Jacques Ruest

President and Chief Executive Officer ("President and CEO")

Ghislain Houle

Executive Vice-President and Chief Financial Officer ("CFO")

Robert Reilly

Executive Vice-President and Chief Operating Officer ("COO")

Sean Finn

Executive Vice-President Corporate Services and Chief Legal Officer ("CLO")

Dominique Malenfant

Executive Vice-President and Chief Information and Technology Officer ("CITO")

Dominique Malenfant joined CN in September 2020 as Executive Vice-President, Chief Information and Technology Officer.

Compensation Framework

The Company follows a comprehensive executive compensation program for NEOs which includes: i) base salary; ii) annual incentive bonus; iii) long-term incentives; iv) pension benefits; and v) executive perquisites. The first three elements define total direct compensation. The objective of CN's compensation program is to attract, retain and engage top talent by ensuring that there is a clear link between the Company's long-term strategy, its business plan and executive rewards.

Decisions on how much to pay the NEOs and all other executives in terms of total direct compensation are based on the Company's executive compensation policy. The policy aims to position target total direct compensation between the median and the 60th percentile of the executives' respective comparator groups. For the President and Chief Executive Officer, and the NEOs, the comparator group consists of select Class I Railroads (Union Pacific Corporation, CSX Corporation, Norfolk Southern Corporation and Canadian Pacific Railway Limited). For all other executives, the comparator group is comprised of a broad sample of U.S. industrial organizations with revenues between U.S.\$6 billion and U.S.\$15 billion that participate in Willis Towers Watson's proprietary database. CN generated revenues of C\$13.8 billion in 2020. For executives in group or division level positions, a complete sample of the U.S. industrial organizations is used, with revenue ranges aligned to reflect the scope of the role of the respective CN executives. More information on the comparator groups can be found on page 51.

In December 2020, as part of the annual compensation review process, Willis Towers Watson provided an assessment of how total direct compensation offered to all executives during the year compared against that of the respective comparator groups. Willis Towers Watson reported that the overall aggregate positioning of the total direct compensation of executives is aligned with the comparator group of CN.

In January 2021, a vertical pay ratio analysis was conducted and presented to the Committee, as additional information, when reviewing the 2021 compensation recommendations. The vertical pay ratio analysis consists at comparing the total direct compensation of each NEO to the median annual total direct compensation for all CN employees. This analysis provides additional context when the Committee reviews the compensation programs of the Company.

Decision Process

The compensation of the NEOs, other than that of the President and CEO, is recommended by the President and CEO and reviewed and recommended by the Committee for approval by the Board. The compensation of the President and CEO is recommended by the Committee and approved by the independent members of the Board. The President and CEO serves at the discretion of the Board. Neither the President and CEO nor the other NEOs have employment contracts.

2020 Base Salary

The base salaries of the President and CEO and the NEOs are paid in U.S. dollars in order to provide for a more precise, meaningful and stable comparison with U.S. denominated salaries in equivalent positions within the comparator group. As part of the annual compensation review of the NEOs, base salaries were set with reference to the median of the applicable comparator group. Salary increases reflect market competitiveness, leadership abilities, retention considerations and succession plans. For more information on base salaries, please refer to page 52.

2020 Annual Bonus Results

The Corporate Financial component accounted for 70% of the annual incentive bonus of executives and senior management employees. In 2020, changes were made to the AIBP to further enhance the link between corporate financial results and payouts. The changes included reducing the number of measures in the Corporate Financial component from five measures to three (revenue, operating income and free cash flow), and modifying the performance ranges relating to the three financial measures to provide a more balanced payout range by increasing the performance targets to be met for the maximum performance level and by introducing a new payout threshold level. The Board is of the view that the chosen corporate financial performance measures and objectives are appropriate for a capital-intensive business such as CN.

2020 has been an unprecedented year which significantly impacted CN and its customers. The early part of the year was impacted by illegal rail blockades unrelated to CN's activities, followed by the COVID-19 pandemic which forced major economies to lockdown in response to this unprecedented spread of the virus. The Board, after carefully reviewing the impact of the extraordinary global pandemic, for the bonus determination under the AIBP, excluded all government support related to the pandemic received by CN, as well as CN expenses directly associated with the Company's pandemic response. Similarly, the financial impacts of the illegal rail blockades, which were outside of the control of the Company, were removed for the bonus determination under the AIBP. Consequently, the resulting corporate financial bonus factor was 19.92% (compared to 17.16% had the discretionary adjustments not been made, as per plan). The table showing the 2020 Corporate Financial performance objectives, as approved by the Board in January 2020, and the 2020 results can be found on page 54.

The Corporate Safety component accounted for 10% of the annual incentive bonus of executives and senior management employees and was subject to the achievement of challenging corporate safety accident and injury performance ratios. Similar to the Corporate Financial component, changes were made to the performance ranges relating to the two safety measures to provide a more balanced payout range by increasing the performance targets to be met for the maximum performance level and by introducing a new payout threshold level. Both Federal Railroad Administration ("FRA") injury and accident ratios improved in 2020, and resulted in a corporate safety bonus factor of 138.75%. Except as noted below, the Corporate Safety performance was then prorated to reflect the Corporate Financial factor of 19.92%. The table showing the 2020 Corporate Safety performance objectives, as approved by the Board in January 2020, and the 2020 results can be found on page 54.

The remaining 20% of the annual incentive bonus for executives and senior management employees was based on individual performance that, as in previous years, considered the strategic and operational priorities for CN. The individual bonus factors for the NEOs were reviewed and approved by the Committee and the resulting average Individual bonus factor of all NEOs was 128%. Similar to the Corporate Safety component, the individual performance factor was also adjusted to reflect the Corporate Financial bonus factor of 19.92% for the NEOs. The Individual bonus factor, along with the Corporate Financial and Safety bonus factors, served as the basis for calculating the annual incentive bonus payouts set out in the Summary Compensation Table on page 65. The overall bonus payouts for the NEOs was approximately 22% of the target bonus in 2020.

Considering the commitment and relentless efforts of our management employees during this unprecedented year, the Board authorized an exception to the AIBP terms to not prorate the Corporate Safety and Individual payout level for management employees in 2020, excluding the NEOs who were not covered by the exception.

As such, the Corporate Safety and Individual components, which have a combined weight of 30% at target in the AIBP, were paid independently of the Company's Corporate Financial component to all management employees with the exception of the NEOs. The Board authorized this exception to support greater engagement and retention, and to recognize the outstanding contribution of all management employees in the extraordinary circumstances of the pandemic. Moreover, this decision is aligned with the changes approved by the Board to the AIBP for 2021 and beyond to remove proration on the Corporate Safety and Individual payout levels at the same rate as the Corporate Financial payout level when payout is below 100%, all with the view to support employee engagement on safety and strategic initiatives.

2020 Long-Term Incentives

In determining the appropriate long-term incentive fair value of LTI granted to NEOs, the Committee considered external market data, as well as other factors such as individual performance, retention risk and succession plans, and the Company's compensation policy. The fair value of LTI grants for NEOs is determined with reference to the 60th percentile of the applicable comparator group.

To align with mid- and long-term business performance and shareholder value creation, long-term incentives consist of a combination of PSUs and stock options, respectively weighing 55% and 45% of the long-term incentive fair value granted⁽¹⁾.

In order to further align with shareholders' return and interest, design changes to long-term incentive plans were implemented in 2020, including the increased weighting on Relative TSR in the PSU from 30% to 40% and the extension of the vesting period for stock options from four to five years.

The payout of PSUs granted in 2020 to NEOs is subject to two distinct performance measures. 60% of the PSU award is subject to the achievement of an ROIC performance for the period ending on December 31, 2022, and to the attainment of a minimum average closing share price established at the beginning of the cycle. The remaining 40% is subject to CN's Relative TSR measured against two comparator groups: i) selected Class I Railroads and ii) S&P/TSX 60 companies for the same period ending on December 31, 2022.

The stock options granted in 2020 are conventional and vest over five years at a rate of 20% at each anniversary date. Stock options have a 10-year term.

The table summarizing the performance objectives and payout condition of the 2020 PSU award can be found on page 56.

2018 Performance Share Units Award Payout

The Committee reviewed the vesting of the 2018 PSU award against the performance targets for each measure: ROIC PSUs and Relative TSR PSUs. With respect to the payment of the 2018 awards (that vested at the end of 2020), the Board applied the same principle as described in the AIBP section above, to calculate the ROIC performance measure, resulting in an associated impact of less than 1% on the ROIC result.

ROIC PSUs: The Company achieved a three-year average ROIC to December 31, 2020, of 15.15%. In accordance with the plan rules and considering the achievement of the minimum average closing share price condition, a performance vesting factor of 110.8% (compared to 109.6% had the discretionary adjustments not been made) was applied for the ROIC PSUs awarded in 2018.

Relative TSR PSUs: The Company delivered a TSR of 43.68%⁽²⁾ over the period from January 1, 2018 to December 31, 2020, resulting in an overall performance vesting factor of 99%, reflecting the weighted average performance vesting factor of both measures (0% for Class I Railroads and 198% for S&P/TSX 60).

PSUs were settled on February 25, 2021 in CN common shares purchased on the open market to encourage share ownership among participants, subject to compliance with the other conditions of the award agreements. The table illustrating the 2018 PSU performance objectives and results can be found on page 57.

Non-Compete, Non-Solicitation and Non-Disclosure

The railroad industry operates in a highly competitive market. In recent years, the Company has continued in its efforts to protect its interests and its confidential information. Accordingly, the Company's long-term incentive award agreements, as well as its non-registered pension plans, contain non-compete, non-solicitation, non-disclosure of confidential information and other restrictive clauses. Payouts under the long-term incentive plans or the non-registered pension plans are conditional upon current or former employees continuing to comply with these restrictive commitments for a period of two years following their termination of employment or retirement from the Company. Further details related to CN's non-compete and non-solicitation provisions are available on page 58.

Risk Mitigation in Our Compensation Program

The Company has a formalized compensation policy to guide compensation program design and decisions. Many of the characteristics inherent in the Company's executive compensation program encourage the right behaviours, thus mitigating risks and aligning long-term results with shareholder interests. The following are examples of such characteristics:

- Appropriate balance between fixed and variable pay, as well as short- and long-term incentives;
- Multiple performance measures to be met or exceeded in the AIBP;
- Inclusion of a safety component in the AIBP;
- Inclusion of a strategic component in the AIBP for 2021, which includes ESG metrics;
- Capped incentive payout opportunities with no minimum guaranteed payout;
- The higher weighting on Relative TSR in the PSUs strengthen alignment between executive pay and shareholders return;
- Cannot engage in hedging activity or in any form of transactions in publicly-traded options on CN securities;

(1) The weighting of the 2020 long-term incentive grant value for the President and Chief Executive Officer was different (69% PSUs and 31% Stock Options) to reflect stock option distribution requirements which limit the number of stock options, as per stock exchanges rule, that may be awarded during any calendar year to any individual participant to a maximum of 20% of the stock options awarded in that year.

(2) Relative TSR performance is calculated using the CNR 20-day share price average immediately prior to January 1, 2018 (including dividend reinvestment) and the CNR 20-day share price average for the period ending on December 31, 2020 (including dividend reinvestment). The same calculation is used for all companies part of both comparator groups.

- Executive compensation clawback policy is in place and was amended in 2017 to allow the clawback of bonus or incentive based compensation awarded after March 7, 2017 in circumstances of gross negligence, intentional misconduct, fraud, theft or embezzlement without the need for a financial restatement;
- Stock ownership guidelines apply to executives and senior management employees, including post-employment constraints for the President and CEO; and
- The Committee retains the services of an independent executive compensation consultant.

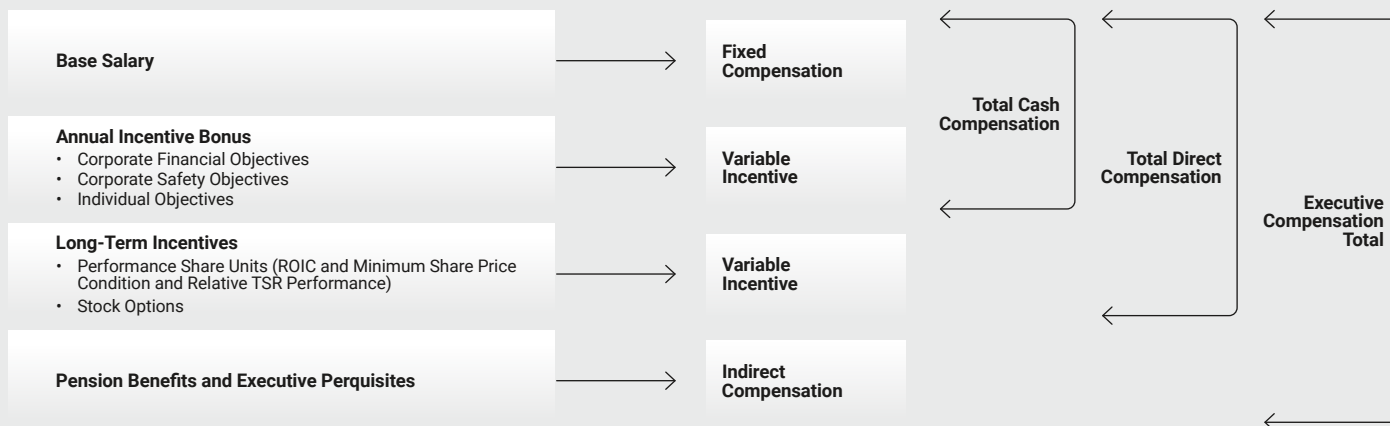
A complete list and description of these risk-mitigating features is available on page 59.

In December 2020, following an annual review of the Company's compensation policy, programs and practices, Willis Towers Watson concluded again this year that "there does not appear to be significant risks arising from CN's compensation programs that are reasonably likely to have a material adverse effect on the Company". The Committee supports the conclusions of the risk assessment report from Willis Towers Watson and, in its own assessment, determined that proper risk mitigation features are in place within the Company's compensation program.

Executive Compensation Policy Objectives

The Company's executive compensation policy and programs are designed to ensure that there is a clear link between the Company's long-term strategy, its business plan and executive rewards, thus encouraging appropriate behaviour. A significant proportion of executive incentive compensation is, as a result, tied to key corporate objectives

that play a critical role in driving the organization's short- and long-term profitability and return to shareholders. The executive compensation program is also designed to be competitive in order to attract, retain and motivate outstanding executive talent while providing for appropriate risk control features.



The executive compensation program is comprised of five elements: i) base salary; ii) annual incentive bonus; iii) long-term incentives; iv) pension benefits; and, v) executive perquisites. The combination of base salary, annual incentive bonus and long-term incentives defines the total direct compensation offering, which is weighted towards variable, "pay-for-performance" elements.

Compensation Policy

The Company's Executive Compensation Policy

The executive compensation policy aims to target total direct compensation between the median and 60th percentile of the executives' respective comparator groups. Base salaries and target annual bonuses are set with reference to the median level of the respective comparator group, whereas the grant date fair value of long-term incentives is set with reference to the 60th percentile. The Committee believes that the compensation policy and its principles provide for competitive and reasonable compensation levels.

Compensation Decisions and Process

The compensation is determined as part of an annual process followed by the Committee and outlined in the chart below:

Step 1 – September to January

- Business plan review and approval by the Board
- Definition of performance criteria and targets based on Business Plan

Step 2 – December

- Evaluation of the individual performance assessment for the NEOs
- Review of compensation benchmark, and pay positioning
- Annual review of risk and assessment of risk mitigation features

Step 3 – January

- Review of annual and long-term incentive payouts for the prior year
- Review of compensation programs and annual compensation adjustments
- Review of new annual targets and long-term incentive awards and performance-vesting conditions
- Stress-testing of incentive grants

Step 4 – March to October

- Monitoring and evaluation of progress and performance of compensation programs
- Talent management reviews

The Committee reviews benchmark information in December each year, and approves compensation adjustments in January of the following year by taking into consideration comparator group practices, economic outlook, individual performance, leadership abilities, retention considerations and succession planning.

The Committee reviews and recommends for approval by the Board the performance targets related to both the AIBP and the PSUs in January. Aside from the Relative TSR targets, these targets are derived from CN's annual business plan, which is prepared by management and reviewed with the full Board during the Strategic Planning Committee meeting. Business planning is an extensive process during which Management examines with the Board the economic, business, regulatory and competitive conditions which affect or can be expected to affect CN's business in the following three-year period. Throughout the year, members of the Committee are provided with updates related to the Company's performance against targets.

The Board and Committee also have open access to executive management throughout the year, should they wish to discuss specific business issues or seek clarification. The Board and the Committee are therefore confident that they have detailed visibility of the Company's financial performance and that they are appropriately equipped to recommend executive compensation decisions. Finally, throughout the annual executive compensation review process, the Committee also receives and considers advice from its independent compensation consultant, Huggessen.

The annual grant of PSUs and stock options to NEOs and other eligible employees is reviewed and approved by the Board in January for the then current year. In determining the appropriate long-term incentive fair value granted to each NEO, the Committee considered external market data, as discussed in the "Benchmarking Using Comparator Groups" section, as well as other factors such as individual performance, leadership, and talent retention.

Benchmarking Using Comparator Groups

The median and 60th percentile competitive pay levels are determined using comparator groups, which have been carefully reviewed and endorsed by the Committee as being appropriate for the level and nature of the benchmarked positions. In determining compensation for the President and CEO and the NEOs, the Company considers a comparator group of North American companies comprised of the following Class I Railroads: Union Pacific Corporation, CSX Corporation, Norfolk Southern Corporation, and Canadian Pacific Railway Limited.

These companies are similar in terms of industry and complexity, including size, revenue, capital investment, and market capitalization and directly compete with CN for key talent. Furthermore, half of CN's Relative TSR performance indicator for the PSUs is measured against the same comparator group (please refer to page 55 for a description of the plan).

The following table shows CN's positioning relative to the primary comparator group for the President and CEO and the NEOs. Data is as at December 31, 2020.

COMPARATOR GROUP	REVENUE (MILLIONS)	NET INCOME (MILLIONS)	MARKET CAPITALIZATION (MILLIONS)	AVERAGE NUMBER OF EMPLOYEES
Union Pacific Corporation	U.S.\$19,533	U.S.\$5,349	U.S.\$139,800	30,960
CSX Corporation	U.S.\$10,583	U.S.\$2,765	U.S.\$69,200	19,630
Norfolk Southern Corporation	U.S.\$9,789	U.S.\$2,013	U.S.\$59,900	20,029
Canadian Pacific Railway, Limited	C\$7,710	C\$2,444	C\$58,800	12,168
AVERAGE ⁽¹⁾	C\$15,311	C\$4,007	C\$100,200	20,697
Canadian National Railway Company	C\$13,819	C\$3,562	C\$99,400	23,786
RANK ⁽¹⁾	3	3	2	2

(1) Values were converted into Canadian dollars using the 2020 average exchange rate of U.S.\$1.00 = C\$1.3415, except for the market capitalization where the December 31, 2020 exchange rate of U.S.\$1.00 = C\$1.2725 was used.

The comparator group used for the benchmarking of compensation for all executives other than the President and CEO and the Executive Vice-Presidents is a broad sample of comparably-sized U.S. industrial organizations with revenues between U.S.\$6 billion and U.S.\$15 billion that participate in Willis Towers Watson's proprietary database. For executives in group or division level positions, a complete sample of the U.S. industrial organizations is used, with revenue ranges aligned to reflect the scope of the role of the respective CN executive. The Committee also considers data from this sample for the President and CEO and the Executive Vice-Presidents for purposes of verifying the alignment with general compensation trends, but not for direct benchmarking purposes, given the direct comparability of the above-mentioned Class I Railroads.

Components of the 2020 Executive Compensation Program

The following table summarizes the components of the Company's executive compensation program, which is driven by the executive compensation policy and weighted towards variable, "pay-for-performance" elements. Each component is then further detailed in this section.

COMPONENT AND FORM	2020 DESIGN SUMMARY	OPPORTUNITY	RISK-MITIGATING ELEMENTS	OBJECTIVES AND RATIONALE
Base Salary	Fixed rate of pay	Set with reference to median of the respective comparator group	Provides for a balanced mix of pay components (fixed vs. variable)	Provide competitive level of fixed compensation
Cash	Individual salary recommendations based on competitive assessment and economic outlook, leadership, retention and succession considerations		Use of external advisor and peer group analysis	Recognize sustained individual performance
				Reflect increase in role responsibility and/or growth in role
Annual Incentive Bonus	Annual awards based on achievement of three pre-determined corporate financial performance objectives (70%), two pre-determined corporate safety performance objectives (10%) and individual performance (20%)	Target is 140% of base salary for the President and CEO and 80% for the other NEOs. Maximum payout is limited to 2.0 times the target	Use of multiple performance measures	Reward the achievement of a balanced set of annual corporate financial performance objectives
Cash-based performance pay	Performance period: 1 year	For other eligible management employees, target is based on grade level with a maximum payout limited to 1.5 or 2.0 times the target	Plan targets reviewed and approved annually based on in-depth review of annual business plan	Reward the achievement of a set of annual corporate safety performance objectives
			Payout trigger based on corporate performance	Reward the achievement of personal objectives aligned with each employee's area of responsibility and role in realizing operating results
			Increased diversification with the safety component	
			Payouts are capped	
			No guaranteed minimum payout	
			Payouts subject to a clawback policy	Drive superior corporate financial and safety as well as individual performance
			Payouts for executives and senior management employees are subject to a three-month notice period in the year of retirement	

COMPONENT AND FORM	2020 DESIGN SUMMARY	OPPORTUNITY	RISK-MITIGATING ELEMENTS	OBJECTIVES AND RATIONALE
Long-Term Incentives Performance-based share units payable in equity, purchased in the market	PERFORMANCE SHARE UNITS (55%) 60% of the PSU value is subject to the attainment of three-year average ROIC targets and to the attainment of a minimum average closing share price established at the beginning of the cycle 40% of the PSU value is subject to CN's relative performance against selected Class I Railroads and S&P/TSX 60 companies In the case of retirement, employees must remain in active and continuous service until March 31 of the year following the year in which the grant was made to be eligible for payout Performance period: Three years	Long-term incentive grant date fair value determined with reference to the 60 th percentile of the applicable comparator group PSU performance vesting factor capped at 200%	Significant weighting towards long-term incentive compensation Overlapping multi-year performance periods Mix of financial, market and relative performance measures PSU payouts are capped and there is no minimum guaranteed payout Payouts subject to a clawback policy Payouts subject to non-compete provisions	Align management interests with shareholder value growth and total return relative to comparable groups Reward the achievement of sustained financial performance Contribute to retention of key talent Recognize individual contribution and potential Increased alignment with Total Shareholder Return
Stock options	STOCK OPTIONS (45%) Conventional stock options that vest over five years at a rate of 20% per year In the case of retirement, employees must remain in active and continuous service until the last day of the year in which the grant was made to be eligible for payout Performance period: Five-year vesting, ten-year term			
Pension Benefits Cash payments following retirement	CANADIAN PENSION PLANS Defined Benefit Plan ⁽¹⁾ : Benefits payable calculated as a percentage of the five-year highest average earnings multiplied by pensionable service Pensionable service period for most defined benefit plans: Maximum of 35 years Defined Contribution Plan ⁽²⁾ : Benefits based on the participant's required and optional contributions and on Company-matched contributions Non-registered plans: Supplement to the registered plans and provide benefits in excess of the Canadian Income Tax Act limits U.S. PENSION PLANS Defined Benefit Plan: Benefits payable calculated as a percentage of the five-year highest average earnings (out of the last 10 years) multiplied by credited service Maximum of 35 years of credited service for most defined benefit plans Savings Plan: 401(k) benefits based on the participant's voluntary contributions and 50% matching by the Company, limited to 3% of base pay Defined Contribution Feature: Additional benefits included in the Savings Plan based on Company contributions equal to 3.5% of base pay Non-registered plans: Supplement to the registered plans and provide benefits in excess of IRS and Railroad Retirement Board limits	Non-registered plans restricted to executives and senior management employees Most retirement benefits for executives and senior management employees are calculated using base salary and annual bonus (up to target levels)	The EVP & COO and the EVP & CITO participate in a Defined Contribution Plan, which limits CN's exposure to risk Payouts subject to non-compete for non-registered plans	Provide an effective and attractive executive compensation program
Executive Perquisites Non-cash perquisites	Healthcare and life insurance benefits, annual physical exam, club membership, company-leased vehicle, parking, financial counselling and tax services	Competitive		Use of corporate aircraft restricted to business-related purposes

(1) Applies to employees hired prior to 2006.

(2) Applies to employees hired after 2005 or who have elected to convert from a defined benefit plan.

Base Salary

The Committee normally reviews the base salaries of executives in January each year, by taking into consideration median comparator group practices, economic outlook, leadership abilities, retention considerations, and succession plans. The base salaries of the President and CEO and the NEOs are paid in U.S. dollars in order to provide for a more precise, meaningful and stable comparison with U.S.-denominated salaries of incumbents in equivalent positions within the comparator group.

Annual Incentive Bonus Plan

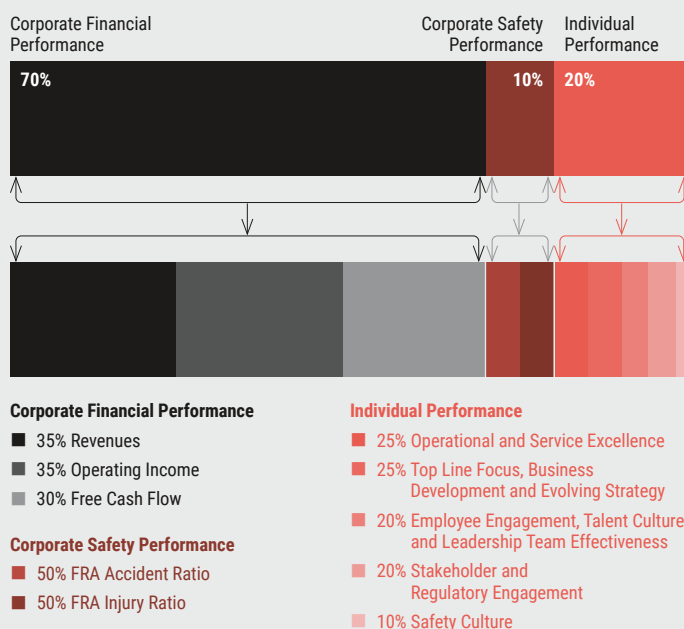
In addition to the NEOs, approximately 4,850 active management employees are eligible to participate in an annual performance-based bonus plan. Under the Company's AIBP, minimum, target and maximum payouts, expressed as a percentage (%) of base salary, are as follows for the President and CEO, the Executive Vice-Presidents, the Senior Vice-Presidents and Vice-Presidents:

POSITION	MINIMUM	TARGET ⁽¹⁾	MAXIMUM ⁽¹⁾
President and CEO	0%	140%	280%
Executive Vice-Presidents	0%	80%	160%
Senior Vice-Presidents	0%	65%	130%
Vice-Presidents	0%	50/60%	100/120%

(1) As a percentage of base salary as at December 31, 2020.

The bonus payout received under the AIBP in 2020 for the executives depended on the achievement of corporate financial (70%), corporate safety (10%), and individual (20%) objectives. This design reflects the Company's view that any short-term incentive should be tied both to the overall financial and operational performance of the Company and to those areas of its business that each employee can influence directly. The following illustrates the 2020 AIBP for the President and CEO:

AIBP for the President and CEO



For 2020, the AIBP was amended following an extensive review to further enhance the link between the corporate financial results and the payouts:

- The corporate financial performance of the AIBP was measured using three measures instead of five: Revenue, Operating Income and Free Cash Flow.
- The performance ranges relating to the financial and operational measures of the corporate financial and safety components were modified to provide a more balanced payout range by increasing the performance targets to be met for the maximum performance level and by introducing a new payout threshold level.

Under the terms of the AIBP, the performance factors for executives and senior management employees, which are applied to the annual target bonus payout, can range from 0% to 200% depending on the results compared to the pre-established objectives, as illustrated in the table below.

AIBP COMPONENT	BELOW THRESHOLD	THRESHOLD	TARGET	MAXIMUM
Corporate Financial Component Achievement ⁽¹⁾	0%	50%	100%	200%
Corporate Safety Component Achievement ⁽¹⁾	0%	50%	100%	200%

(1) Interpolation between points.

The 2020 AIBP was comprised of the following components:

1. Corporate Financial Performance:

70% of the bonus was linked to the achievement of a balanced set of three measures that directly contribute to the Company's long-term financial growth and profitability. The Committee ensures that performance targets and conditions are directly aligned with the achievement of the Company's corporate objectives as set out in the Company's business plan, which is recommended by the Strategic Planning Committee and reviewed and approved by the Board. These corporate objectives are taken into account in establishing the Company's targets under the AIBP. In addition, in setting the AIBP targets for the upcoming year, the Company generally excludes items from the prior year that did not necessarily arise as part of the normal business of the Company, which can impact the comparability of the Company's year-over-year financial performance and the Company's current year targets in relation to the prior year's results.

In 2020, the Board assessed the Company's corporate financial performance for 2020 against targets for revenues, operating income, and free cash flow. These measures were selected because they are quantifiable measures that play an important role in driving the organization's profitability and return to shareholders. Additionally, the Board is of the view that its chosen corporate objectives are appropriate for a capital-intensive business such as CN. The 2020 targets were approved by the Board in January 2020 based on the Company's business and financial outlook at that time.

Performance Objectives and Results – 2020 Annual Incentive Bonus Plan

In January 2020, the performance targets were set assuming an exchange rate of U.S.\$1.00 = C\$1.33. During the year, the actual average exchange rate was at U.S.\$1.00 = C\$1.34. At the end of 2020, AIBP targets under the financial corporate component were adjusted, as per plan, to take into consideration the foreign exchange and, in the case of Revenues, the difference between actual and forecasted oil and diesel prices with respect to the Company's fuel surcharges. As a result of the unique circumstances of the COVID-19 pandemic in 2020, CN, similar to other large corporations, had to consider whether the use of discretion in the application of the AIBP was necessary and appropriate. The Board, after carefully reviewing the impact of the extraordinary global pandemic, for the bonus determination under the AIBP, excluded all government support related to the pandemic received by CN, as well as CN expenses directly associated with the Company's pandemic response. Similarly, the financial impacts of the illegal rail blockades, which were outside of the control of the Company, were removed for the bonus determination under the AIBP.

The following table compares the 2020 adjusted performance targets with the actual 2020 results as reported by the Company and adjusted.

Corporate Financial Performance Objectives and Results - 2020 Annual Incentive Bonus Plan

IN MILLIONS	WEIGHT	CORPORATE OBJECTIVES AS OF JANUARY 1, 2020 ⁽¹⁾			CORPORATE OBJECTIVES AS ADJUSTED ⁽²⁾⁽³⁾			RESULTS 2020 ⁽²⁾⁽⁴⁾ (C\$)	WEIGHTED PERFORMANCE FACTOR
		THRESHOLD (C\$)	TARGET (C\$)	MAXIMUM (C\$)	THRESHOLD (C\$)	TARGET (C\$)	MAXIMUM (C\$)		
Revenues	35%	14,920	15,305	15,690	14,657	15,042	15,427	13,894	0.00%
Operating Income	35%	5,435	5,785	6,135	5,487	5,837	6,187	5,366	0.00%
Free Cash Flow ⁽⁵⁾	30%	2,800	3,120	3,440	2,847	3,167	3,487	2,952	19.92%
Overall Performance Factor									19.92%

(1) Corporate objectives assume an average exchange rate of U.S.\$1.00 = C\$1.33.

(2) Corporate objectives and results reflect an actual average exchange rate of U.S.\$1.00 = C\$1.34.

(3) Revenues target has been adjusted to reflect actual fuel surcharges invoiced to clients based on actual oil and diesel prices in 2020.

(4) The calculation of Revenues, Operating Income and Free Cash Flow for the purposes of the bonus determinations under the AIBP, removes all government support related to the pandemic received by CN and items outside of management's control, the material ones being the benefits related to the U.S. CARES Act, the U.S. and Canadian payroll tax payment postponements, the financial impact from the illegal rail blockades and the direct expenses related to the Company's pandemic response. Consequently, the Company met its corporate financial objectives on the free cash flow measure, resulting in a corporate financial bonus factor of 19.92% (compared to 17.16 % had the discretionary adjustments not been made, as per plan).

(5) Free cash flow is a non-GAAP measure that has no standardized meaning prescribed by U.S. GAAP and, therefore, may not be comparable to similar measures presented by other companies and as such, should not be considered in isolation. See the section entitled "Liquidity and capital resources – Free cash flow" in CN's Management's Discussion and Analysis included in the Company's 2020 Annual Report for explanations of this measure. The Company believes that free cash flow is a useful measure of liquidity as it demonstrates the Company's ability to generate cash for debt obligations and for discretionary uses such as payment of dividends, share repurchases and strategic opportunities. The Company defines its free cash flow measure as the difference between net cash provided by operating activities and net cash used in investing activities; adjusted for the impact of business acquisitions, if any.

For 2020, the Company did not meet the Revenue and Operating Income threshold but met the threshold level for Free Cash Flow, resulting in an overall payout of 19.92% for the financial corporate component.

2. Corporate Safety Performance:

10% of the annual bonus target was linked to the Company's safety performance. In 2020, the Board assessed the Company's corporate safety performance against two safety performance measures with equal weighting: FRA accident and injury ratio.

Under the terms of the AIBP, the performance factor for the corporate safety component can range from 0% to 200%.

Corporate Safety Performance Objectives and Results – 2020 Annual Incentive Bonus Plan

	SAFETY OBJECTIVES AS OF JANUARY 1, 2020				RESULTS 2020	WEIGHTED PERFORMANCE FACTOR
	WEIGHT	THRESHOLD	TARGET	MAXIMUM		
FRA Accident Ratio (per million of train miles)	50%	2.00	1.90	1.80	1.74	100.00%
FRA Injury Ratio (per 200,000 person hours)	50%	1.80	1.60	1.50	1.69	38.75%
Overall Performance Factor						138.75%

Safety is paramount at CN and, as the Company continues to focus on its goal of becoming the safest railroad in North America, it maintained significant investments throughout 2020 in safety training, coaching, and employee involvement initiatives, with a focus on reducing injuries. CN recently established a new conductor training curriculum with a strong emphasis on commitment to safety and also provided a year long safety leadership program to over 300 leaders in the operation functions.

For 2020, after considering the operational results against established safety targets, the Board confirmed the performance factor of 138.75% for the Corporate Safety component of the AIBP. The Corporate Safety component of the NEOs was prorated to reflect the Corporate Financial performance factor of 19.92%.

3. Individual Performance:

20% of the bonus was based on personal business-oriented objectives that considered the strategic and operational priorities related to each executive's respective function, with a strong overall focus on: operations and service excellence, top line focus, mid- to long-term organic business development, and inorganic acquisitions and joint ventures, employee engagement, talent culture, leadership team effectiveness, stakeholder and regulatory engagement, and safety

culture. The individual performance factor can range from 0% to 200% for NEOs, other executives and senior management employees. The individual performance factor for the President and CEO position is based on an individual assessment reviewed and approved by the Board.

In 2020, the individual objectives of the NEOs included both quantitative measures and qualitative strategic and operational considerations related to their function. At year-end, the President and Chief Executive Officer reviewed the performance of the other NEOs, taking into consideration their achievements against their pre-determined individual objectives and determined their individual bonus factor, subject to Committee review and Board approval. The Committee then reviewed and reflected on individual achievements against objectives for each NEO, as well as their overall leadership in meeting their function's objectives.

For 2020, the overall average individual bonus factor for the NEOs was 128%. Similar to the Corporate Safety component of the AIBP, the Individual component for the NEOs was prorated to reflect the Corporate Financial performance factor of 19.92%.

The following formula illustrates how an eligible executive employee's annual base salary (as at December 31, 2020), target payout (expressed as a percentage of base salary), corporate financial, corporate safety and individual performance factors interact in the determination of the actual annual bonus payout:

Annual Bonus Payout Formula



The average bonus payout for the NEOs, (consisting of the corporate financial performance factor, the corporate safety performance factor, and the individual performance factor) was 22% of target bonus in 2020. The actual payouts are reported in the Summary Compensation Table on page 65, under the column "Non-equity incentive plan compensation—Annual incentive plans".

Considering the commitment and relentless efforts of our management employees during this unprecedented year, the Board authorized an exception to the AIBP terms to not prorate the Corporate Safety and Individual payout level for management employees in 2020, excluding the NEOs who were not covered by the exception. As such, the Corporate Safety and Individual components, which have a combined weight of 30% at target in the AIBP, were paid independently of the Company's Corporate Financial component to all management employees with the exception of the NEOs.

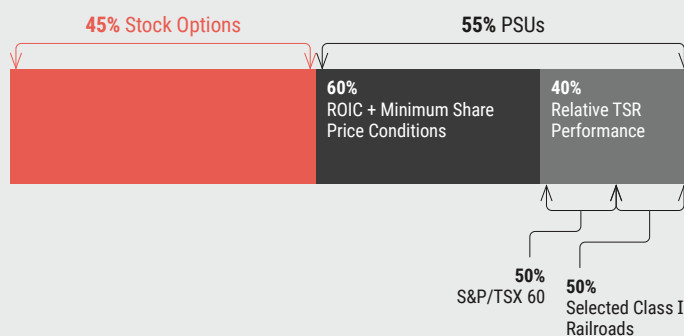
The Board authorized this exception to support greater engagement and retention, and to recognize the outstanding contribution of all management employees in the extraordinary circumstances of the pandemic. Moreover, this decision is aligned with the changes approved by the Board to the AIBP for 2021 and beyond to remove proration on the Corporate Safety and Individual payout levels at the same rate as the Corporate Financial payout level when payout is below 100%, all with a view to support employee engagement on safety and strategic initiatives.

Long-Term Incentives

The Board considers a number of factors to assess the Company's long-term incentive strategy, including the balance between long-term value creation and shareholder wealth protection, executive stock ownership position versus stock option holdings, executive retention risk, as well as the dilution impact of different long-term incentive vehicles. Since 2005, the Board has elected to grant a combination of stock options and PSUs to NEOs, as well as to executives and senior management employees.

LTI values disclosed in the Summary Compensation Table on page 65 are calculated using the Willis Towers Watson expected life binomial methodology. The same valuation methodology is also used for benchmark and grant purposes, ensuring consistency. This valuation methodology provides for precise and comparable compensation information. The Company uses a rolling three-year valuation factor to limit year-over-year fluctuations of the valuation factor for both stock options and PSUs.

PSUs and stock options are weighted 55% and 45% of the long-term incentive award value, respectively, except for the President and CEO position. The long-term award for the President and CEO has a smaller relative weight in stock option value, due to the 20% limitation on the number of stock options that can be awarded to any one individual in a particular year, pursuant to the terms of the Management Long-Term Incentive Plan ("MLTIP") and the stock exchanges rule (please refer to page 71 for a description of the plan).



As part of the review conducted in 2019, the Committee reviewed the compensation programs and the Board approved the following changes to the LTI Plan, effective January 1, 2020, thus impacting LTI awards made in 2020 and after:

- Increase the weighting of the Relative TSR component of the PSUs (increased from 30% to 40%), providing a balanced approach and reinforcing the link to shareholder return;
- Increase the vesting period for stock options from four years to five years to enhance retention; and
- Increase the time period during which stock options may be exercised upon retirement from three to four years following the retirement date to align with the extended vesting period of the stock options through retirement.

The annual grant of PSUs and stock options to NEOs and other eligible employees is reviewed and approved at the meetings of the Committee and the Board, which occur each year in January. In order to determine each NEO's LTI award, the Committee takes into consideration individual performance, retention risk and succession plans, as well as the Company's compensation policy and the value of LTIs granted by the applicable comparator group (please refer to section "Benchmarking Using Comparator Groups" on page 51). The Committee does not consider previous executive grants when setting the individual awards, as the LTI plans are inherently performance-based. The Board may also, at its discretion, approve additional grants of PSUs and stock options to NEOs during the year.

The exercise price of the stock options granted is equal to the closing price of the Company's common shares on the TSX or the NYSE on the grant date.

A minimum active service condition exists for stock options and PSUs to support the retention of key talent approaching retirement. An employee must remain in active service until December 31 of the year of the grant for stock options and until March 31 of the year following the year of grant for PSUs. Should an executive, including NEOs, or other management employees retire prior to the end of the minimum service condition in the award agreement, PSUs and stock options awarded pursuant to that agreement would be forfeited.

Performance Share Units: 2020 Award

The objective of the PSUs is to enhance the Company's ability to attract and retain talented employees and to provide alignment of interests between such employees and the shareholders of the Company.

PSUs vest after three years and the grant date fair value of the PSUs awarded to each NEO in 2020 is included in the Summary Compensation Table on page 65, under the Share-Based Awards column. The vesting of PSUs is subject to the achievement of performance measures defined at the beginning of the cycle and the payout can range from 0% to 200%. At the end of the performance cycle, the number of PSUs will be adjusted based on the achievement of the performance conditions detailed below. PSUs will be settled in CN common shares purchased on the open market.

PSUs awarded in 2020 are subject to the following two performance measures:

1. ROIC PSUs

Sixty percent (60%) of the PSU award value is subject to the achievement of a target related to the Company's average three-year ROIC over the plan period and the payment will be conditional upon meeting a minimum average closing share price during the last three months of 2022. The ROIC for each of the applicable plan years is generally calculated as net income before interest expense, divided by the total of the Company's average net indebtedness and the average shareholders' equity, and may, in certain instances, be adjusted for certain items as determined by the Committee. ROIC measures the Company's efficiency in the use of its capital funds and is viewed as a key measure of long-term value generation to its shareholders. ROIC performance objectives are based on CN's business plan. The 2020 ROIC objective considers the increased capital investments recently deployed increasing capacity and enabling growth, such as track infrastructure expansion and investment in technology to improve safety performance, operational efficiency and customer service. The above combined with the cumulative impact of prior years earnings and the average investment base resulted in a reduction of the expected average ROIC for the three-year period ending on December 31, 2022.

ROIC PSUs granted in 2020 to NEOs and other designated employees are subject to the attainment of the performance measures presented in the table below:

ROIC PSUs performance measure

	OBJECTIVE	PERFORMANCE VESTING FACTOR ⁽¹⁾
PERFORMANCE OBJECTIVE:		
Average ROIC for the three-year period ending on December 31, 2022	Below 12.5%	0%
	12.5%	50%
	13.5%	100%
	15.0%	125%
	15.5%	150%
	16.0% and above	200%
PAYOUT CONDITION:		
Minimum average closing share price for the last three months of 2022	C\$118.56 on the TSX or U.S.\$90.06 on the NYSE	

(1) Interpolation applies between objectives.

2. Relative TSR PSUs

Forty percent (40%) of the PSU award value is subject to CN's Relative TSR measured against two equally-weighted comparator groups: i) selected Class I Railroads, and ii) S&P/TSX 60 companies. Relative TSR performance measures CN's share price appreciation, inclusive of dividends, over the three-year plan period against the companies within each comparator group.

Relative TSR PSUs awarded in 2020 to NEOs and other designated employees are subject to the attainment of the performance measures presented in the table below:

TSR relative to S&P/TSX 60		TSR relative to Selected Class I railways	
CNR	PAYOUT ⁽¹⁾	CNR	PAYOUT
75 th Percentile and above	200%	1 st	200%
50 th Percentile	100%	2 nd	150%
25 th Percentile	50%	3 rd	100%
Less than the 25 th Percentile	0%	4 th	50%
		5 th	0%

(1) Interpolation between points.

The grant date fair value of the PSUs awarded to each NEO in 2020 is included in the Summary Compensation Table on page 65, under the "Share-Based Awards" column.

Performance Share Units: 2018 Award Payout

The Committee reviewed the vesting of the 2018 PSU award against the performance targets for each measure: ROIC PSUs and Relative TSR PSUs. With respect to the payment of the 2018 awards (that vested at the end of 2020), the Board applied the same principle, as described in the AIBP section above, upon calculating the financial results pertaining to the ROIC performance measure, with an associated impact of less than 1% on the ROIC result.

ROIC PSUs: The Company achieved a three-year average ROIC to December 31, 2020, of 15.15%. In accordance with the plan rules and considering the achievement of the minimum average closing share price condition, a performance vesting factor of 110.8% (compared to 109.6% had the discretionary adjustments not been made) was applied for the ROIC PSUs awarded in 2018.

Relative TSR PSUs: The Company delivered a TSR of 43.68%⁽¹⁾ over the period from January 1, 2018 to December 31, 2020, resulting in an overall performance vesting factor of 99%, reflecting the weighted average performance vesting factor of both measures (0% for Class I Railways and 198% for S&P/TSX 60).

PSUs were settled on February 25, 2021 in CN common shares purchased on the open market to encourage share ownership among participants, subject to compliance with the other conditions of the award agreements.

(1) TSR performance is calculated using CNR 20-day share price average immediately prior to January 1, 2018 (including dividend reinvestment) and CNR 20-day share price average ending on December 31, 2020 (including dividend reinvestment). The same calculation is used for all companies part of both comparator groups.

Performance Objectives and Results – Performance Share Units – 2018 Award

ROIC PSUs – 70% of the grant value:

	OBJECTIVE	PERFORMANCE VESTING FACTOR ⁽¹⁾	RESULTS
PERFORMANCE OBJECTIVE:	Below 13.5%	0%	15.15% ⁽²⁾
Average ROIC for the three-year period ended on December 31, 2020	13.5%	50%	translating into a payout factor of 110.8%
	14.5%	100%	
	16.0%	125%	
	16.5%	150%	
	17.0% and above	200%	
PAYOUT CONDITION:			
Minimum average closing share price for the last three months of 2020	C\$102.88 on the TSX or U.S.\$80.71 on the NYSE		C\$140.62 U.S.\$108.04

(1) Interpolation applies between objectives.

(2) The calculation of the Average ROIC, as per plan, removes deferred income taxes resulting from various tax enactments and the loss on assets for sale. Similar to the AIBP, all government support related to the pandemic received by CN and items outside management's control were removed from the calculation, the material ones being the benefits related to the U.S. CARES Act, the U.S. and Canadian payroll tax payment postponements, the financial impact from the illegal rail blockades and the direct expenses related to the Company's pandemic response. Consequently, the resulting ROIC was 15.15% (compared to 15.08% had the discretionary adjustments not been made, as per plan).

Relative TSR PSUs – 30% of the grant value:

TSR relative to S&P/TSX 60 (15% of the grant value)

CNR	PAYOUT ⁽¹⁾	RESULTS
75 th Percentile and above	200%	
50 th Percentile	100%	43.68% ⁽²⁾ TSR resulting in the 74.5 th percentile and translating into a payout factor of 198%
25 th Percentile	50%	
Less than the 25 th Percentile	0%	

(1) Interpolation applies between objectives.

(2) TSR performance is calculated using CNR 20-day share price average immediately prior to January 1, 2018 (including dividend reinvestment) and CNR 20-day share price average ending on December 31, 2020 (including dividend reinvestment). The same calculation is used for all companies part of both comparator groups.

Executive Perquisites

NEOs are eligible to receive perquisites and personal benefits in accordance with the Company's policy and in line with general market practice. These typically include the use of a Company-leased vehicle, parking, financial counselling and tax services, club membership, certain healthcare benefits and life insurance, and an annual executive physical exam. Other executives and senior management employees

TSR relative to selected Class I Railways (15% of the grant value)

CNR	PAYOUT	RESULTS
1 st	200%	
2 nd	150%	
3 rd	100%	43.68% ⁽¹⁾ TSR resulting in the 5 th place ranking and translating into a payout factor of 0%
4 th	50%	
5 th	0%	

(1) TSR performance is calculated using CNR 20-day share price average immediately prior to January 1, 2018 (including dividend reinvestment) and CNR 20-day share price average ending on December 31, 2020 (including dividend reinvestment). The same calculation is used for all companies part of both comparator groups.

The value vested during the year for each NEO is included in the table "Incentive Plan Awards – Value Vested or Earned During the Year", and under the "Share-Based Awards – Value Vested During the Year" column on page 70.

Stock Options

Stock options were granted in 2020 to NEOs and other designated employees pursuant to the MLTIP. Please refer to page 71 for details of the MLTIP. The stock options granted in 2020 vest over five years at a rate of 20% at each anniversary date and have a ten-year term. Grants were made in the currency of the recipient's salary.

Stock options are granted with the objective of rewarding NEOs and other designated employees for creating sustainable, long-term shareholder value. If the share price increases between the grant date and the vesting date, stock options will have a realizable value. Gains are realized once the stock options are exercised. The gain will be equivalent to the difference between the share price on the date of exercise and the grant date share price, multiplied by the number of stock options exercised.

The grant date fair value of the stock options awarded to NEOs in 2020 is included in the Summary Compensation Table on page 65, under the "Option-Based Awards" column.

Employee Share Investment Plan

The Employee Share Investment Plan ("ESIP"), available to all Company employees, provides the opportunity to participate in CN's ownership through the purchase of CN common shares on the open market via payroll deductions. Employees may contribute between 1% and 10% of their gross base salary to the ESIP every pay period. The Company provides a 35% match on the first 6% of employee contributions. Since January 1, 2019, Company contributions to the ESIP are subject to a one-year vesting period and are forfeited should certain participant contributions be sold or disposed of prior to vesting. Over 80% of CN's

employees are shareholders of the Company through participation in the ESIP, and in 2020, all NEOs participated in the ESIP.

On May 25, 2020, the Company suspended the 35% match in an effort to curb expenses during the pandemic. The 35% match was reinstated on October 1st, 2020.

The value of the Company match received by NEOs in 2020 under the ESIP is indicated in the "Details of the All Other Compensation Amounts" table on page 68.

are also eligible to receive select perquisites; the type and value of the perquisites are generally determined by the grade of the employee's position. All executives must comply with the aircraft utilization policy, which restricts the usage of the corporate aircraft to business-related purposes only, save for exceptional circumstances and provided all incremental costs are fully reimbursed.

Other Key Compensation Programs of the Company

Stock Ownership

The Committee strongly supports stock ownership by executives. Stock ownership guidelines require a minimum level of stock ownership, set as a multiple of base salary, to be achieved within a five-year period (or a seven-year period for the lower level of senior management employees) to align the interests of executives with those of shareholders. As at December 31, 2020, 191 executives and senior management employees were subject to share ownership guidelines. Once executives and senior management employees have met their initial shareholding requirements, they are required to maintain compliance, which is reported annually to the Committee. Stock ownership guidelines can be met through the holding of common shares and vested deferred share units under the Company's Voluntary Incentive Deferral Plan ("VIDP"). Stock options (vested or unvested) and unvested LTI grants are not considered towards the minimum level of stock ownership.

The Company believes that its senior leaders have a very significant impact on CN's financial and operational results as well as its long-term growth.

	GUIDELINES ⁽¹⁾
President and CEO	8 times base salary
Executive Vice-Presidents	5 times base salary
Senior Vice-Presidents	4 times base salary
Vice-Presidents	2 to 2.5 times base salary
Senior Management	1.5 times base salary

(1) Stock ownership guidelines were increased on January 1, 2019 and all employees that were subject to stock ownership guidelines before such date were given an additional two years to comply with the increase in ownership guidelines.

The President and CEO is also required to maintain his stock ownership guideline level until one year after cessation of employment. As at December 31, 2020, all NEOs achieved their share ownership requirements, with the exception of Mr. Reilly and Mr. Malenfant who were hired in June 2019 and in September 2020, respectively. They have five years from their date of hire to achieve the minimum stock ownership requirement level.

Stock Ownership Status as at December 31, 2020

NAMED EXECUTIVE OFFICER	NUMBER OF SHARES HELD ⁽¹⁾	VALUE OF HOLDINGS ⁽²⁾ (C\$)	VALUE REQUIRED TO MEET GUIDELINES ⁽³⁾ (C\$)	HOLDINGS AS A MULTIPLE OF BASE SALARY ⁽⁴⁾
Jean-Jacques Ruest	344,567	48,218,706	9,122,200	42.3 x
Ghislain Houle	137,109	19,187,033	4,158,650	23.1 x
Robert Reilly ⁽⁴⁾	713	99,777	4,024,500	0.1 x
Sean Finn	70,455	9,859,473	4,024,500	12.2 x
Dominique Malenfant ⁽⁴⁾	179	25,049	3,923,888	0.0 x

(1) Common shares and/or vested deferred share units as at December 31, 2020.

(2) Value is based on the closing share price of the common shares on December 31, 2020, on the TSX (C\$139.94).

(3) U.S.\$ salaries as at December 31, 2020, were converted to Canadian dollars using the average rate during the year (U.S.\$1.00 = C\$1.3415).

(4) Mr. Reilly and Mr. Malenfant joined the Company in June 2019 and September 2020, respectively.

Anti-Hedging Policy

Under the Company's Insider Trading and Reporting Policy, no directors, officers or employees can engage in hedging activity or in any form of transactions in publicly-traded options on CN securities. This relates to all forms of derivatives, including "puts" and "calls".

Change of Control Provisions

The MLTIP and the Share Units Plan include "double trigger provisions". Pursuant to such provisions, the vesting of non-performance stock options or PSUs held by a participant would not accelerate upon a Change of Control, unless the participant is terminated without cause or resigns for good reason. A Change of Control means any of the following events:

- in the event the ownership restrictions in the CN Commercialization Act are repealed, a formal bid for a majority of the Company's outstanding common shares;
- approval by the Company's shareholders of an amalgamation, merger or consolidation of the Company with or into another corporation, unless the definitive agreement of such transaction provides that at least 51% of the directors of the surviving or resulting corporation immediately after the transaction are the individuals who, at the time of such transaction, constitute the Board and that, in fact, these individuals continue to constitute at least 51% of the board of directors of the surviving or resulting corporation during a period of two consecutive years; or
- approval by the Company's shareholders of a plan of liquidation or dissolution of the Company.

The provisions state that acceleration of vesting would not occur if a proper substitute to the original stock options or PSUs is granted to the participant. If such substitute is granted and a participant is terminated without cause or submits a resignation for good reason within 24 calendar months after a Change of Control, all outstanding substitute stock options or PSUs which are not then exercisable shall vest and become exercisable or payable in full upon such termination or resignation. Substitute stock options that are vested and exercisable shall remain exercisable for a period of 24 calendar months from the date of such termination or resignation and PSUs shall be remitted within 30 days. Discretion is left to the Board to take into account special circumstances. The definition of a resignation for good reason is included in the "Termination and Change of Control Benefits" table on page 75.

Non-Compete/Non-Solicitation Provisions

Non-compete and non-solicitation provisions are included in the PSU and stock option award agreements for all executives and other management employees. In 2010, the Board approved the inclusion of non-compete and non-solicitation provisions in certain supplemental retirement plans and arrangements. Such provisions were also harmonized in 2010 and 2011 across the non-registered pension plans that apply to all executives and senior management employees.

Non-compete and non-solicitation provisions will be applied if a recipient fails to comply with certain commitments for a two-year period following termination of employment. Those commitments prohibit, as detailed in such provisions:

- the use of confidential CN information for any purpose other than performing his or her duties with CN;
- engaging in any business that competes with CN;
- soliciting, accepting the business of a customer, client, supplier or distributor of CN or hiring or engaging employees of CN;
- taking advantage or profit from any business opportunity of which they became aware in the course of employment with CN; and
- taking any action as a result of which relations between CN and its consultants, customers, clients, suppliers, distributors, employees or others may be impaired or which might otherwise be detrimental to the business interests or reputation of CN.

Executive Compensation Clawback

CN's clawback policy applies to all CN executives. Under this policy, the Board may, in its sole discretion, to the full extent permitted by governing laws and to the extent it determines that it is in the Company's best interest to do so, require reimbursement of all or a portion of annual and long-term incentive compensation received by an executive. The Board may seek reimbursement of full or partial compensation from an executive or former executive in situations where:

- a) the amount of incentive compensation received by the executive or former executive was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Company's financial statements;
- b) the executive engaged in gross negligence, intentional misconduct

or fraud that caused or partially caused the need for the restatement; and

- c) the incentive compensation payment received would have been lower had the financial results been properly reported.

In addition, with respect to bonus or long-term incentives awarded after March 7, 2017, in the event that any executive is found to have engaged in gross negligence, intentional misconduct, fraud, theft or embezzlement, whether or not there is a financial restatement, the Board may in its discretion, to the full extent permitted by governing law and to the extent it determines that it is in CN's best interest to do so, require the reimbursement of some or all of the after-tax amount of any incentive compensation already paid in the previous 24 months or forfeit his or her vested or unvested incentive awards in accordance with plan terms.

Plan Changes in 2021

In 2020, the Committee continued its review of the compensation plans and approved the following changes to its short-term incentive plan, effective January 1, 2021. The changes principally aim at further aligning the plan with the long-term strategic vision of the Company and environmental, social and governance ("ESG") practices.

- The Individual component for the executives and senior management employees is replaced by a Corporate Strategic component consisting of three quantitative strategic measures: employee engagement, customer centricity and fuel efficiency.

- The Corporate Safety component is extended to all management employees, representing approximately 4,850 active employees.
- The downward adjustment on the Corporate Safety, Corporate Strategic/Individual components should the Corporate Financial component be below 100% has been discontinued in order to support employee engagement on safety and strategic initiatives.

Risk Mitigation in Our Compensation Program

One of the Company's fundamental goals is to create sustained shareholder value. To support this objective, the Committee focuses on developing and recommending an executive compensation policy and program that aligns with the Company's business strategy, emphasizes pay-for-performance, and encourages the right behaviours. Hence, many characteristics of the Company's executive compensation program serve to mitigate risk and emphasize the importance of longer-term value creation:

Structured Process

- An annual review of the performance measures under the Company's AIBP and Share Units Plan takes place to ensure their continued relevance.
- The Committee completes a formal assessment of performance each year, and can then use discretion to increase or decrease any compensation awards if it deems appropriate based on market factors or other extenuating circumstances.
- Stress-testing exercises are performed annually for proposed LTI grants and results are presented to the Committee for their consideration prior to the Committee and the Board approving such grants.

Balanced Program

- The compensation program appropriately balances fixed and variable pay, as well as short- and long-term incentives (in aggregate, approximately 80% of NEOs' target total direct compensation is directly linked to the Company's performance).
- The Corporate Financial component of the AIBP includes performance measures that are appropriately balanced, thus diversifying the risk associated with the use of any single performance measure (please refer to section "Annual Incentive Bonus Plan" on page 53 for more information).
- The Corporate Safety component of the AIBP includes two standard safety measures and further increases diversification of the plan, thus mitigating potential risk associated with the plan.
- There are multi-year, overlapping performance periods for the PSUs and stock options, which encourages consistent, long-term behaviour and mitigates risk.
- The LTI awards, which constitute a significant portion of NEO compensation, vest over a three- or five-year period, motivating executives to create longer-term value.
- The performance measures used within the Share Units Plan reflect an appropriate balance between financial and share price conditions.
- Payout of PSUs subject to ROIC performance is also contingent upon meeting a minimum share price condition that triggers payment only if share price appreciates during the three-year term.
- The increased preponderance of Relative TSR performance supporting alignment between executive pay and shareholders return.

Fixed Limits on Variable Compensation

- The AIBP and the Share Units Plan are designed to include the possibility of a zero payout, as well as a pre-defined maximum.
- The COO and CITO participate in a Defined Contribution Plan, which limits CN's exposure to risk.

Protection Mechanisms

- The Company's executive compensation clawback policy allows the Board, in certain situations, to request the full or partial reimbursement of annual and long-term incentive awards received by executives (please refer to section "Executive Compensation Clawback" on page 59 for more information).
- The NEOs are not governed by employment contracts and the long-term incentive plans include "double-trigger provisions", such that the vesting of LTI awards would generally not accelerate upon a Change in Control.
- Under the Company's Insider Trading and Reporting Policy, directors, executives and employees are prohibited from engaging in hedging activities against CN securities.
- In order to further align their interests with those of shareholders, executives and senior management employees (191 individuals) are required to meet specific stock ownership guidelines. In addition, the President and CEO must maintain his stock ownership level for one year after cessation of employment (please refer to section "Stock Ownership" on page 58 for more information).
- Commencing at various dates, for executives and senior management employees, the payout of LTI awards and the payment of supplemental retirement benefits under the Company's non-registered pension plans are conditional on compliance with the conditions of their benefit plans, award or employment agreements, including, but not limited to, non-compete, non-solicitation, non-disclosure of confidential information and other restrictive covenants (please refer to section "Non-Compete/Non-Solicitation Provisions" on page 58 for more information).

Independent Advice

- Management retains the services of an external executive compensation consultant to assist in compensation-related matters for its executives. The Committee retains the services of an independent executive compensation consultant to provide advice on compensation recommendations that are presented for Committee approval.

In 2020, Willis Towers Watson was mandated to review the Company's compensation policy, programs and practices and assessed any potential risk implications and concluded that "there does not appear to be significant risks arising from CN's compensation programs that are reasonably likely to have a material adverse effect on the Company". The Committee played an active role in reviewing the risk assessment report and in discussing the finding provided by Willis Towers Watson.

The Committee supports the conclusion from the Willis Towers Watson risk assessment report and in its own assessment determined that proper risk mitigation features are in place within the Company's compensation programs.

Throughout the year, the Committee plays an important oversight role related to the identification and management of risks associated with CN's compensation programs and practices. For example, *in camera* sessions, restricted to members of the Committee, are held at the start of each of the Committee meetings to allow for discussion regarding any compensation or risk-related issue. The Committee also believes in the benefits of a certain level of overlapping membership between the Audit and the Human Resources and Compensation Committees, particularly with regard to risk monitoring. As such, Shauneen Bruder, Chair of the Audit Committee, is a member of the Human Resources and Compensation Committee; and, the Honorable Kevin G. Lynch, Chair of the Human Resources and Compensation Committee, is a member of the Audit Committee and of the Pension and Investment Committee. The Honorable Kevin G. Lynch is also a member of the Strategic Planning Committee. These overlaps effectively provide a link between committees' risk oversight responsibilities.

Compensation of the NEOs

Jean-Jacques Ruest

President and Chief Executive Officer

Mr. Ruest was appointed President and CEO on July 24, 2018, after having served as Interim President and Chief Executive Officer from March 5, 2018. He joined CN in 1996 and held several positions within the sales and marketing team, including the position of Executive Vice-President and Chief Marketing Officer ("CMO") from January 2010 to July 2018. Mr. Ruest is a seasoned executive and has extensive marketing experience within the railway industry. Prior to joining CN, he had more than 15 years of experience working for a major international chemical company. Mr. Ruest holds a Master's in Business Administration in Marketing from HEC Montréal and a Bachelor of Science degree in Applied Chemistry from Université de Sherbrooke. He also completed the executive program from the University of Michigan's business school.

As President and CEO, Mr. Ruest is responsible for providing leadership and vision for CN, as well as achieving strategic and operational goals that will build long-term shareholder value. More details on his role and responsibilities can be found in the Company's Corporate Governance Manual, available at www.cn.ca, under Delivering Responsibly/Governance.

Compensation

The annual compensation of the President and CEO takes into account factors such as competitive positioning against market, economic outlook, and leadership abilities and is recommended by the Committee and approved by the independent members of the Board. The President and CEO serves at the discretion of the Board and does not have an employment contract.

In 2020, Mr. Ruest's base salary was increased to U.S.\$850,000 (C\$1,140,275). Under the AIBP, Mr. Ruest's target bonus was 140% of his base salary.

PSUs and stock options are granted to the President and CEO pursuant to the Share Units Plan and the Management Long-Term Incentive Plan. Grants to the President and CEO are made on the same basis and conditions as those of the other NEOs of the Company, subject to the limitation under the MLTIP⁽¹⁾. In 2020, Mr. Ruest received 74,102 PSUs and 136,000 stock options. The fair value of these awards is included in the "Summary Compensation Table" on page 65, under the "Share-Based Awards and Option-Based Awards" columns.

(1) Under the MLTIP and as per stock exchanges rule, no executive can be granted more than 20% of the overall grant in a year.

2020 Key Accomplishments and Determination of the Annual Incentive Bonus Award

Mr Ruest's performance is measured against objectives approved annually by the Committee and the Board. In 2020, the individual goals as President and CEO for Mr. Ruest included: operations and service excellence (25%); top-line focus, mid- to long-term organic business development, and inorganic acquisitions and joint ventures (25%); employee engagement, talent culture and leadership team effectiveness (20%); stakeholder and regulatory engagement (20%); and safety culture (10%).

Specific measures, both quantitative and qualitative, are considered in each of the above-mentioned categories. Additional details on each category are presented below. The Committee reviewed Mr. Ruest's performance in each category and recommended for Board approval the recommendation of an individual performance factor of 100%. As per the AIBP terms, the individual performance factor was prorated at the same rate as the corporate financial performance factor resulting in a final individual performance factor of 19.92%.

Operations and Service Excellence

2020 was a challenging year, starting with the February illegal rail blockades, followed by various economic shutdown due to the COVID-19 pandemic. As a result, volumes significantly decreased in the first half of 2020 and CN closely managed the workforce to align with volume demands, while managing CN's facilities and optimizing the yard footprint. CN maintained a fluid supply chain to provide our essential service to North America. Despite the pandemic, the Company continued to drive its sustainability agenda by further delivering fuel efficiency improvements of 4% and maintaining the industry lead on this front. In addition, CN moved record grain volumes in 2020 and completed ahead of schedule the U.S. Federal requirement to operate Positive Train Control ("PTC"), thus receiving the certification for the system. Finally, in 2020, CN efficiently deployed the capital investment towards maintaining the safety and integrity of the network through preventive maintenance and safety technologies. CN also advanced the purchases of new grain hopper railcars encouraging economic recovery and expanding grain export.

Top-Line in 2020, Mid- to Long-Term Organic Business Development, and Inorganic Acquisitions and Joint Ventures and Financial Alliances

In 2020, despite the economic slowdown due to the pandemic, CN continued to play an essential role in keeping the North American supply chain running while remaining nimble in the face of significant volume fluctuations.

The Company also continued to advance on measures to reinforce its status as a leader in environmental, social, and governance among North American Class I railroads and across the transportation sector to complement CN's long-standing and robust climate change disclosures, public reporting of its greenhouse gas emissions, its strategy to reduce GHG emissions, as well as its year-over-year progress since 2009 in achieving emission reductions.

Employee Engagement, Talent Culture, and Leadership Team Effectiveness

As at December 31, 2020, CN employed a total of 24,381 employees of which approximately 75% were unionized employees. CN's workforce fluctuated in 2020 as a result of volume variations resulting from the economic downturn caused by the pandemic. The majority of employees who were on layoff during 2020 have returned to work. The Company implemented various protective measures to protect the employees moving essential goods across North America during the COVID-19 pandemic.

Continuing to build a solid team of railroaders is a key component of CN's strategic agenda and takes many forms, across all its talent practices. The Company continued its efforts to advance diversity across the organization resulting in CN being recognized as one of Canada's Best Diversity Employers for a fourth consecutive year. The Company continues to focus on hiring the right people, with a strong commitment to effective onboarding, helping them build positive

relationships with their colleagues, and supporting all employees to grow and develop. In addition, CN continued to maintain broad leadership development, and deepen the succession pipeline.

Stakeholder and Regulatory Engagement

In 2020, CN continued its community and stakeholder engagement efforts. CN is actively involved in building safer, stronger communities through the direct connections it makes with the communities in which it operates, like engaging with the farming community through community partnerships and an increased presence on social media.

CN also continued to engage with the investment community, from the Company's largest shareholders to potential investors, providing transparency to investors on the actions CN has taken to protect its employees from COVID-19 and uncertainty regarding volumes. CN also continued in its commitment to be a leader in safety, sustainability, innovation and growth, and again, in 2020, earned a place on the Dow Jones Sustainability World Index for the ninth consecutive year and to the DJSI North American Index for the 12th consecutive year and recently ranked 10th on the world's 100 most sustainable corporations by Corporate Knight.

Safety Culture

CN continues to have an unwavering commitment to safety and connectivity with its employees, which is central to having a skilled, safe and engaged workforce. The Company connects employees to this core value by sharing the message that safety is everyone's responsibility and engaging leaders in the field, who have the greatest ability and impact to make safety a priority. Since January 1, 2019, all senior management employees have a safety component as part of their AIBP, in addition to executive employees who already had the safety component included in their AIBP, and it has been extended to all management employees effective January 1, 2021.

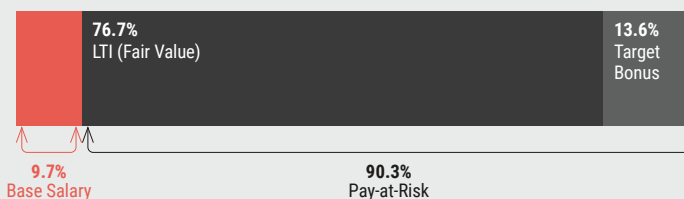
CN continues to strengthen its safety culture by investing significantly in training, coaching, recognition and employee involvement initiatives. In September 2020, CN established a new conductor training curriculum with a strong emphasis on commitment to safety. Additionally, in 2020, CN provided a year long safety leadership program to over 300 of its leaders in operating functions, with plans to provide the training to another 250 in 2021.

In response to the COVID-19 pandemic, CN deployed its multi-phase Pandemic Plan in March and continued to institute various measures to protect its employees, customers, and the communities in which CN operates. CN's medical team and occupational health department, who are members of the Association of American Railroads Health Committee, have played a pivotal role in CN's pandemic planning, taking direction from provincial, state and federal authorities, as required, and offering best practices shared amongst North American railroads.

2020 Target Total Direct Compensation Summary

	2020 TOTAL DIRECT COMPENSATION (AT TARGET)	
	U.S.\$	AS A % OF TOTAL DIRECT COMPENSATION
Salary	850,000	9.7%
AT-RISK COMPENSATION		
Annual Incentive Bonus (target)	1,190,000	13.6%
Performance Share Units	4,639,646	53.0%
Stock Options	2,069,920	23.7%
Total direct compensation (target)	8,749,566	

2020 Target Pay Mix



Ghislain Houle

Executive Vice-President and Chief Financial Officer

Mr. Houle was appointed Executive Vice-President and CFO on July 1, 2016. His responsibilities at CN include financial management, sustainability, procurement and supply management. Mr. Houle joined the Company in 1997 and occupied various executive roles, including Vice-President and Corporate Comptroller and Vice-President, Financial Planning, before being appointed to his current position.

In 2020, Mr. Houle's base salary was increased to U.S.\$620,000 (C\$831,730) to reflect his competitive positioning and experience. As in 2019, Mr. Houle's target bonus for 2020 was 80% of base salary under the AIBP. In addition, Mr. Houle received 16,251 PSUs and 54,690 stock options in 2020, in accordance with the terms of the Share Units Plan and the MLTIP, respectively.

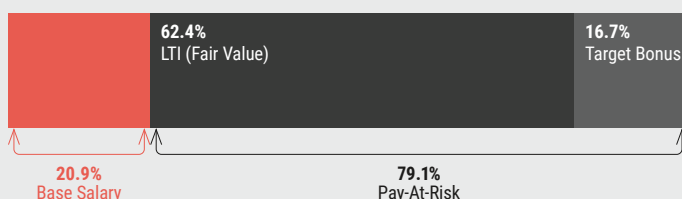
2020 AIBP Objectives

Mr. Houle's performance in 2020 was assessed against individual performance objectives which included: solid, disciplined finance function; operational and service excellence; top line focus, mid-to long-term organic business development, inorganic acquisitions and joint ventures; employee engagement, talent culture, leadership team effectiveness; stakeholder and regulatory engagement; and safety. Mr. Houle was assessed as having exceeded his overall individual performance objectives based on his leadership and disciplined financial approach in navigating throughout the pandemic. As per the AIBP terms, the individual performance factor was prorated at the same rate as the corporate financial performance factor of 19.92%, resulting in a final individual performance factor of 27.89%.

2020 Target Total Direct Compensation Summary

	2020 TOTAL DIRECT COMPENSATION (AT TARGET)	
	U.S.\$	AS A % OF TOTAL DIRECT COMPENSATION
Salary	620,000	20.9%
AT-RISK COMPENSATION		
Annual Incentive Bonus (target)	496,000	16.7%
Performance Share Units	1,017,503	34.3%
Stock Options	832,382	28.1%
Total direct compensation (target)	2,965,885	

2020 Target Pay Mix



Robert Reilly

Executive Vice-President and Chief Operating Officer

Mr. Reilly joined CN in June 2019 as Executive Vice-President, transitioning into the role of COO, function he assumed on July 1, 2019. As COO, Mr. Reilly is responsible for CN's continuous operations, overseeing about 20,000 railroaders from the Transportation, Engineering, Mechanical, Network Operations and Safety groups across North America. Prior to his role at CN, Mr. Reilly joined the Atchison, Topeka and Santa Fe Company (now known as BNSF) in 1989. With his 30 years of experience in the rail industry, Mr. Reilly brings to the Company extensive leadership in safety, rail operations, field application of rail technologies, and a deep understanding of the intermodal business at major ports and large terminals. He is a graduate of Washburn University, Kansas, U.S. and he completed the Executive Program at Stanford University.

In 2020, Mr. Reilly's base salary was increased to U.S.\$600,000 (C\$804,900) to reflect his competitive positioning and experience. Mr. Reilly's target bonus for 2020 was 80% of base salary under the AIBP. In addition, Mr. Reilly received 15,373 PSUs and 51,733 stock options, in accordance with the terms of the Share Units Plan and the MLTIP, respectively.

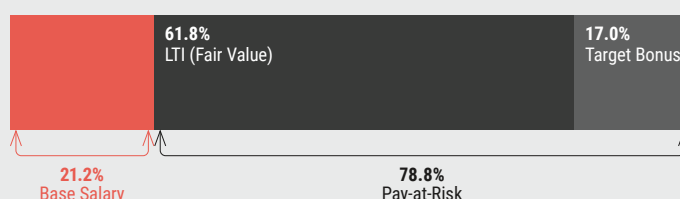
2020 AIBP Objectives

Mr. Reilly's performance in 2020 was assessed against individual performance objectives which included: safety, operational and service excellence; fuel and carbon efficiency, creating value for customers and shareholders; and people. Mr. Reilly was assessed as having exceeded his overall individual performance objectives based on his leadership and focus on the supply chain for our customers during a volatile volume environment. As per the AIBP terms, the individual performance factor was prorated at the same rate as the corporate financial performance factor of 19.92%, resulting in a final individual performance factor of 25.90%.

2020 Target Total Direct Compensation Summary

	2020 TOTAL DIRECT COMPENSATION (AT TARGET)	
	U.S.\$	AS A % OF TOTAL DIRECT COMPENSATION
Salary	600,000	21.2%
AT-RISK COMPENSATION		
Annual Incentive Bonus (target)	480,000	17.0%
Performance Share Units	962,533	34.0%
Stock Options	787,376	27.8%
Total direct compensation (target)	2,829,909	

2020 Target Pay Mix



Sean Finn

Executive Vice-President Corporate Services and Chief Legal Officer

Mr. Finn was appointed Senior Vice-President, Chief Legal Officer and Corporate Secretary, in December 2000 and CN's Executive Vice-President Corporate Services and Chief Legal Officer in December 2008. He is responsible for a wide array of legal, governmental, regulatory, public affairs, risk mitigation and security matters. As Corporate Secretary, he is also responsible for CN's Corporate Governance practices, as well as overseeing CN's Code of Business Conduct and ethics program.

Mr. Finn led CN's tax function and was appointed CN's Vice-President, Treasurer and Principal Tax Counsel, in January 2000. Before joining the Company, he was the Managing Tax Partner for a major Montreal law firm. Mr. Finn graduated from the Faculty of Law of Université de Montréal, after which he was admitted to the Quebec Bar, and is a member of the Canadian and American Bar Associations. Mr. Finn has completed the Directors Education Program offered by the Institute of Corporate Directors and the Rotman School of Management, as well as the Excellence in the Boardroom Program at the Rotman School of Management, Executive Programs, University of Toronto.

In 2020, Mr. Finn's base salary was increased to U.S.\$600,000 (C\$804,900) to reflect his competitive positioning and experience. As in 2019, Mr. Finn's target bonus for 2020 was 80% of base salary under the AIBP. In addition, Mr. Finn received 12,738 PSUs and 42,865 stock options, in accordance with the terms of the Share Units Plan and the MLTIP, respectively.

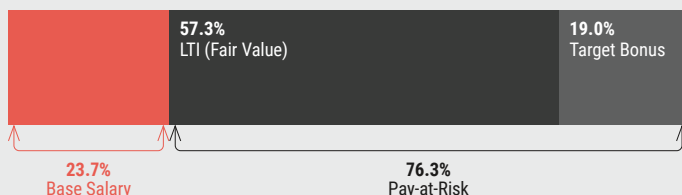
2020 AIBP Objectives

Mr. Finn's performance in 2020 was assessed against individual performance objectives which included: taking CN's stakeholder engagement to the highest standards; leading key strategic initiatives; leadership development and succession; corporate governance and CN Board; and being a trusted advisor to the President and Chief Executive Officer and the executive team at CN and to the Board. Mr. Finn was assessed as having exceeded his overall individual performance objectives as the Company navigated through the illegal rail blockades and during the pandemic to ensure stakeholders recognize how essential the Company is to the economy. As per the AIBP terms, the individual performance factor was prorated at the same rate as the corporate financial performance factor of 19.92%, resulting in a final individual performance factor of 27.89%.

2020 Target Total Direct Compensation Summary

	2020 TOTAL DIRECT COMPENSATION (AT TARGET) ⁽¹⁾	
	U.S.\$	AS A % OF TOTAL DIRECT COMPENSATION
Salary	600,000	23.7%
AT-RISK COMPENSATION		
Annual Incentive Bonus (target)	480,000	19.0%
Performance Share Units	797,549	31.5%
Stock Options	652,405	25.8%
Total direct compensation (target)	2,529,954	

2020 Target Pay Mix



Dominique Malenfant

Executive Vice-President and Chief Information and Technology Officer

Mr. Malenfant joined CN in September 2020 as Executive Vice-President and Chief Information and Technology Officer where he is responsible for delivering on the information and operational technology strategy of CN, with a focus on automation technology and digitalization of the network and operations. Prior to joining CN, Mr. Malenfant was focused on the next generation of Precision Scheduled Railroading, Positive Train Control technologies and spearheading a major digital industrial evolution in rail. Mr. Malenfant has spent nearly 30 years in global leadership roles in the transportation and rail industries, with Wabtec Corporation, GE Transportation and Bombardier Transport. Mr. Malenfant holds a bachelor's degree in Electrical Engineering from Laval University, Quebec.

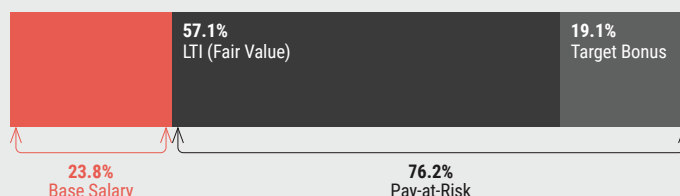
Upon his hiring in September 2020, Mr. Malenfant's base salary was set at U.S.\$585,000 (C\$784,778) to reflect his competitive positioning and experience. Mr. Malenfant's target bonus for 2020 was 80% of base salary under the AIBP. Mr. Malenfant did not receive a bonus in 2020, as per his agreement upon hire. In addition, Mr. Malenfant received 11,114 PSUs and 37,401 stock options, in accordance with the terms of the Share Units Plan and the MLTIP, respectively.

2020 Target Total Direct Compensation Summary

	2020 TOTAL DIRECT COMPENSATION (AT TARGET) ⁽¹⁾	
	U.S.\$	AS A % OF TOTAL DIRECT COMPENSATION
Salary	585,000	23.8%
AT-RISK COMPENSATION		
Annual Incentive Bonus (target) ⁽²⁾	468,000	19.1%
Performance Share Units	770,091	31.4%
Stock Options	629,833	25.7%
Total direct compensation (target)	2,452,924	

- (1) Amounts are on an annualized basis and exclude the special hiring award of U.S.\$1,000,000 granted to Mr. Malenfant, which was paid entirely in cash. The special award was provided to Mr. Malenfant upon his hiring at CN in September 2020 in order to mitigate the compensation losses he incurred by leaving Wabtec Corporation and was determined based on a review of his then outstanding short- and long-term compensation, both in terms of form and timing, with a view to attracting his valued experience and skill set to CN. The special award is subject to a 24-month clawback provision in the case of resignation or termination for cause. In 2020, Mr. Malenfant relocated to CN's head office in Canada. Details regarding Mr. Malenfant's compensation are included in the amounts set forth in the "Summary Compensation Table" on page 65.
- (2) For illustration purposes, as Mr. Malenfant did not receive a bonus payout for the 2020 plan year as per his agreement upon hire. The amount is provided to illustrate his variable pay based on his employment terms.

2020 Target Pay Mix



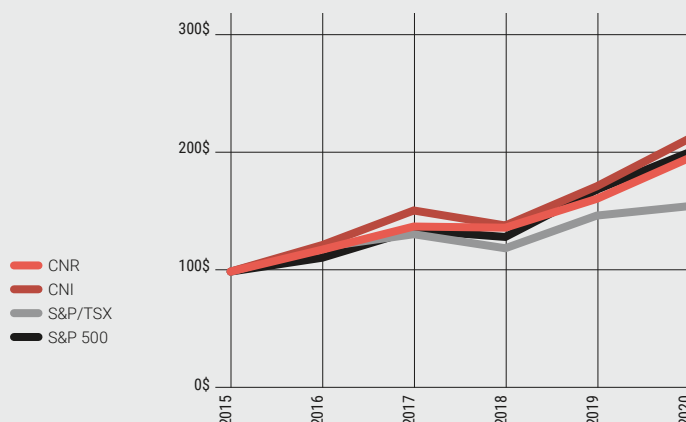
President and Chief Executive Officer Compensation Look-Back Table and Five-Year TSR Comparison

CN's compensation plans are designed to align compensation with the creation of shareholder value. As a result, a significant portion of compensation is at risk and long-term incentives are structured to deliver compensation value to the President and CEO if value is created for shareholders. In a low share performance environment, limited value would be delivered to the President and CEO. Over the last five years, CN's strong operational and financial performance resulted in above target payouts, reflective of the Company's total shareholder return performance of 98%.

The following table compares the total direct compensation awarded to CN's President and CEOs over the past five years, as reflected in the Summary Compensation Table, to the current value (both realized and realizable) as at December 31, 2020. Compensation outcomes are set against the performance graph on the next page which indicates the yearly cumulative total shareholder return on a \$100 investment in CN's common shares compared with the cumulative total return of the S&P/TSX and the S&P 500 Indices from the period beginning December 31, 2015 to the period ended December 31, 2020. It assumes reinvestment of all dividends during the covered period.

		TOTAL DIRECT COMPENSATION AWARDED ⁽¹⁾ (C\$000s)	CURRENT VALUE AS AT DEC. 31, 2020 ⁽²⁾ (C\$000s)
Claude Mongeau ⁽³⁾	2016	5,742	6,771 ⁽⁴⁾
Luc Jobin ⁽⁵⁾	2016	5,478	13,274
Luc Jobin	2017	11,792	16,855 ⁽⁶⁾
Luc Jobin ⁽⁷⁾	2018	2,089	348 ⁽⁸⁾
Jean-Jacques Ruest ⁽⁹⁾	2018	4,575	7,694
Jean-Jacques Ruest	2019	9,266	17,339
Jean-Jacques Ruest	2020	10,303	14,358

- (1) Includes salary and variable compensation awarded during the year, as reported in the Summary Compensation Table each year.
- (2) For any given year, the current value includes salary and annual incentive awarded and the value of long-term incentives (realized and realizable). Long-term incentives for any given year include the value of any exercised stock options, the value of unexercised "in-the-money" stock options as at December 31, 2020, the value attributed to vested PSUs and the value of unvested PSUs as at December 31, 2020, assuming a 100% performance factor.
- (3) The compensation awarded for Mr. Mongeau was pro-rated to June 30, 2016.
- (4) PSUs awarded in 2016 were forfeited upon retirement on January 31, 2017 and were not included as at December 31, 2020.
- (5) The compensation awarded for Mr. Jobin was pro-rated to reflect the appointment date of July 1, 2016.
- (6) As part of his separation agreement, Mr. Jobin agreed to waive any and all rights to 50% of PSUs awarded to him in 2017. Therefore, these PSUs were cancelled and were not included as at December 31, 2020. In addition, Mr. Jobin forfeited the unvested deferred shares of the Company-match awarded under the VIDP for the deferral of his 2016 Annual Incentive Bonus.
- (7) The compensation awarded for Mr. Jobin was pro-rated to his departure date.
- (8) PSUs and stock options awarded in 2018 were forfeited upon his departure in March 2018 and were not included as at December 31, 2020.
- (9) The compensation awarded for Mr. Ruest was pro-rated to reflect the appointment date of July 24, 2018.



	DEC-15	DEC-16	DEC-17	DEC-18	DEC-19	DEC-20
CNR (C\$)	100	119	139	138	163	198
CNI (U.S.\$)	100	123	153	140	174	215
S&P/TSX (C\$)	100	121	132	120	148	156
S&P 500 (U.S.\$)	100	112	136	130	171	203

Over the last five (5) years, the total compensation (in Canadian dollars) of the NEOs decreased by an average of 3.8% per year. The total compensation for our NEOs over that period was generally aligned with the experience of our shareholders, as a substantial portion of NEOs total compensation is at risk and directly linked to CN's share price performance (which increased by 12.6% per year over the same period). The Committee believes that the Company's executive compensation policy is effective and appropriately supports a strong relationship between the compensation earned by NEOs and the investment return of shareholders. The total compensation paid over the last five (5) years, as per the "Summary Compensation Table", is presented in the table of the "Cost of Management Ratio" section below.

Cost of Management Ratio

The cost of management ratio expresses the total compensation reported for the NEOs as a percentage of the Company's adjusted net income.

	2016	2017	2018	2019	2020
Total compensation reported for the NEOs (C\$ million) ⁽¹⁾	29.8	29.2	25.0	21.7	24.5
Adjusted Net Income (C\$ million) ⁽²⁾	3,581	3,778	4,056	4,189	3,784
COST OF MANAGEMENT RATIO	0.8%	0.8%	0.6%	0.5%	0.6%

- (1) Total compensation as reported in the summary compensation table each year (including only active NEOs as at December 31 of any year and influenced by the change in senior management personnel).
- (2) See the section entitled "Adjusted performance measures" in CN's Management's Discussion and Analysis included in the Company's 2020, 2019 and 2018 Annual Reports for an explanation of this measure and reconciliation to the nearest GAAP measure.

Compensation of the NEOs has been paid in U.S. dollars since 2002 as it provides a more precise, meaningful and stable comparison basis for compensation decisions with U.S.-denominated compensation from the selected Class I Railroad comparator group. A table presenting the compensation paid in U.S. dollars for the NEOs is presented on page 66 – "Total Compensation for the NEOs in U.S. Dollars".

Summary Compensation Table in Canadian Dollars

The following table sets forth the annual total compensation in Canadian dollars for the NEOs, in accordance with the Canadian securities disclosure rules issued by the CSA, for the years ended December 31, 2020, 2019, and 2018. Fluctuation in the exchange rate affects year-over-year comparability.

Compensation in Canadian \$

NAME AND PRINCIPAL POSITION	YEAR	SALARY (C\$)	SHARE-BASED AWARDS ⁽¹⁾ (C\$)	OPTION-BASED AWARDS ⁽²⁾ (C\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION – ANNUAL INCENTIVE PLANS ⁽³⁾ (C\$)	PENSION VALUE ⁽⁴⁾⁽⁵⁾ (C\$)	ALL OTHER COMPENSATION ⁽⁶⁾ (C\$)	TOTAL COMPENSATION (C\$)
Jean-Jacques Ruest President and Chief Executive Officer	2020	1,140,275	6,118,773	2,730,880	313,334	490,000	19,973	10,813,235 ⁽⁷⁾
	2019	995,175	5,516,472	2,753,780	–	(351,000)	26,120	8,940,547
	2018	873,383 ⁽⁸⁾	2,508,845	2,052,555	1,577,598	1,449,000	24,034	8,485,415
Ghislain Houle Executive Vice-President and Chief Financial Officer	2020	831,730	1,341,885	1,098,175	140,661	(95,000)	16,351	3,333,802
	2019	802,775	1,335,883	1,092,707	–	(88,000)	20,375	3,163,740
	2018	764,463	1,155,645	945,292	991,246	268,000	19,828	4,144,474
Robert Reilly Executive Vice-President and Chief Operating Officer	2020	804,900	1,269,390	1,038,799	133,691	67,151	274,913 ⁽⁹⁾	3,588,844
	2019	425,713 ⁽¹⁰⁾	1,086,153	888,426	–	51,833	3,388,254 ⁽⁹⁾⁽¹¹⁾	5,840,379
	2018	–	–	–	–	–	–	–
Sean Finn Executive Vice-President Corporate Services and Chief Legal Officer	2020	804,900	1,051,809	860,729	136,123	430,000	15,075	3,298,636 ⁽⁷⁾
	2019	776,237	1,047,037	856,461	–	(282,000)	20,618	2,418,353
	2018	738,549	1,010,640	826,679	932,771	466,000	19,884	3,994,523
Dominique Malenfant Executive Vice-President and Chief Information & Technology Officer	2020	261,593 ⁽¹²⁾	1,006,936	823,944	–	27,021	1,345,531 ⁽¹³⁾	3,465,025
	2019	–	–	–	–	–	–	–
	2018	–	–	–	–	–	–	–

(1) Valuation Disclosure for Share-Based Awards – The fair value of share-based awards at the grant date, as shown in the Summary Compensation Table, reflects the number of PSUs awarded multiplied by the value calculated using the Willis Towers Watson expected life binomial methodology. This methodology was selected as it provides alignment throughout the compensation review process by using the same methodology for benchmarking, grant and disclosure purposes.

A summary of the valuation factors calculated using the Willis Towers Watson expected life binomial methodology as well as under the accounting valuation methodology is presented in the following table. Detailed assumptions and valuation factors are presented in the table below.

WILLIS TOWERS WATSON EXPECTED LIFE BINOMIAL METHODOLOGY				ACCOUNTING VALUATION METHODOLOGY		VARIANCE
VALUATION FACTOR		GRANT DATE FAIR VALUE		VALUATION FACTOR	GRANT DATE FAIR VALUE	WILLIS TOWERS WATSON VS. ACCOUNTING
2020 SHARE-BASED AWARDS						
ROIC	60%	January 30 – C\$75.28		58.4%	January 30 – C\$73.23	January 30 – C\$2.05
		September 1 – C\$82.60		68.2%	September 1 – C\$93.90	September 1 – (C\$11.30)
TSR	77%	January 30 – C\$96.61		120.7%	January 30 – C\$151.50	January 30 – (C\$54.89)
		September 1 – C\$106.00		142.8%	September 1 – C\$196.62	September 1 – (C\$90.62)
2019 SHARE-BASED AWARD						
ROIC	59%	January 31 – C\$64.49		63.5%	January 31 – C\$69.62	January 31 – (C\$4.93)
		June 25 – C\$71.00		75.1%	June 25 – C\$90.38	June 25 – (C\$19.38)
TSR	77%	January 31 – C\$84.43		116.2%	January 31 – C\$127.41	January 31 – (C\$42.98)
		June 25 – C\$92.66		117.7%	June 25 – C\$141.65	June 25 – (C\$48.99)
2018 SHARE-BASED AWARD						
ROIC	59%	January 25 – C\$57.24		50.9%	January 25 – C\$49.39 ^(a)	January 25 – C\$7.85
		March 8 – C\$56.10		50.9%	March 8 – C\$49.39 ^(a)	March 8 – C\$6.71
		March 19 – C\$56.05		50.9%	March 19 – C\$49.39 ^(a)	March 19 – C\$6.66
		July 26 – C\$69.50		74.4%	July 26 – C\$87.61	July 26 – (C\$18.11)
TSR	77%	January 25 – C\$74.71		105.9%	January 25 – C\$102.74 ^(a)	January 25 – (C\$28.03)
		March 8 – C\$73.21		105.9%	March 8 – C\$102.74 ^(a)	March 8 – (C\$29.53)
		March 19 – C\$73.15		105.9%	March 19 – C\$102.74 ^(a)	March 19 – (C\$29.59)
		July 26 – C\$90.71		130.45%	July 26 – C\$153.67	July 26 – (C\$62.96)

(a) All off-cycle ROIC and TSR awards granted in the first quarter of 2018 were expensed at a grant date fair value of C\$49.39 and C\$102.74 respectively.

- (2) Valuation Disclosure for Option-Based Awards – The fair value of option-based awards at the grant date, as shown in the Summary Compensation Table above, reflects the number of stock options awarded multiplied by the value calculated using the Willis Towers Watson expected life binomial methodology. This methodology was selected as it provides alignment throughout the compensation review process by using the same methodology for benchmarking, grant and disclosure purposes.

A summary of the valuation factors calculated using the Willis Towers Watson expected life binomial methodology as well as under the accounting valuation methodology is presented in the following table. Detailed assumptions for both methodologies are presented in the table below.

	WILLIS TOWERS WATSON EXPECTED LIFE BINOMIAL METHODOLOGY		ACCOUNTING VALUATION METHODOLOGY		VARIANCE
	VALUATION FACTOR	GRANT DATE FAIR VALUE	VALUATION FACTOR	GRANT DATE FAIR VALUE	WILLIS TOWERS WATSON VS. ACCOUNTING
2020 OPTION-BASED AWARD	16%	January 30 – C\$20.08	15.1%	January 30 – C\$18.90	January 30 – C\$1.18
		September 1 – C\$22.03	16.1%	September 1 – C\$22.14	September 1 – (C\$0.11)
2019 OPTION-BASED AWARD	16%	January 31 – C\$17.54	14.7%	January 31 – C\$16.08	January 31 – C\$1.46
		June 25 – C\$19.25	15.0%	June 25 – C\$18.06	June 25 – C\$1.19
2018 OPTION-BASED AWARD	16%	January 25 – C\$15.52	15.6%	January 25 – C\$15.10	January 25 – C\$0.42
		March 8 – C\$15.21	15.4%	March 8 – C\$14.67	March 8 – C\$0.54
		March 19 – C\$15.20	15.3%	March 19 – C\$14.57	March 19 – C\$0.63
		July 26 – C\$18.85	16.9%	July 26 – C\$19.91	July 26 – (C\$1.06)

- (3) Represents the incentive award earned under the AIBP for the applicable year. Refer to page 53 for the details of the AIBP.
- (4) Includes the compensatory value of pension benefits as reported in the "Defined Benefit Plans" and "Defined Contribution Plans" tables in the "Pension Plan Benefits" section on page 74 and excludes the notional investment earnings (and losses) from the Defined Contribution Supplemental Executive Retirement Plan for Messrs. Reilly and Malenfant. Refer to page 74 for details of the Defined Contribution Supplemental Executive Retirement Plans.
- (5) The compensatory charges for Messrs. Ruest and Finn are negative in 2019 and negative in 2019 and 2020 for Mr. Houle given their pensionable earnings for those respective years were lower than expected and reduced their highest average earnings used to calculate their pension benefits projected at retirement. The 2020 pensionable earnings for Messrs. Ruest and Finn did not affect their highest average earnings projected at retirement.
- (6) Includes the value of perquisites, personal benefits, and other compensation (as applicable), such as post-retirement benefits or the employer contribution under the ESIP. Perquisites and other personal benefits that, in aggregate, amount to less than C\$50,000 or 10% of the total salary for any of the NEOs are not reported in this column. Details are provided in the table on page 68.
- (7) The 2020 versus 2019 change in total compensation is mainly due to the variation in the assumed pension value (refer to footnote (5) above and the Pension Plan Benefits section for more details), the regular adjustments in annual compensation and the partial bonus payout in 2020.
- (8) Mr. Ruest was appointed President and CEO effective July 24, 2018. Mr. Ruest's 2018 salary reflects five months as President and CEO and seven months as Executive Vice-President and CMO.
- (9) Mr. Reilly's was provided a benefit to maintain his compensation on a post-tax basis at a similar level had he remained in the U.S. to relocate to CN's head office in Canada. The amount shown for 2019 exclude a foreign tax credit received in November 2020 related to his 2019 income taxes. Accounting for this tax credit, the 2019 tax equalization amount would have been C\$762,214 instead of C\$1,060,404.
- (10) Mr. Reilly was hired in June 2019 and, as such, his salary for 2019 reflects only 6 months.
- (11) A special cash award of U.S.\$1,750,000 (C\$2,322,075) was provided to Mr. Reilly upon his hiring at CN in June 2019 in order to mitigate the compensation losses he incurred by leaving BNSF and was determined based on a review of his outstanding short and long-term compensation both in terms of form and timing, with a view to attracting his valued experience and skill set to CN. This amount is included in the 2019 "All Other Compensation" amount and is subject to a 24-month clawback provision in case of resignation or termination for cause.
- (12) Mr. Malenfant was hired on September 1, 2020 and, as such, his salary for 2020 reflects only 4 months.
- (13) A special cash award of U.S.\$1,000,000 (C\$1,341,500) was provided to Mr. Malenfant upon his hiring at CN in September 1, 2020 in order to mitigate the compensation losses he incurred by leaving Wabtec Corporation and was determined based on a review of his outstanding short and long-term compensation both in terms of form and timing, with a view to attract his valued experience and skill set to CN. This amount is included in the 2020 "All Other Compensation" amount and is subject to a 24-month clawback provision in case of resignation or termination for cause.

Total Compensation for the NEOs in U.S. Dollars

The following table sets forth the annual total compensation in U.S. dollars for the NEOs, for the years ended December 31, 2020, 2019, and 2018. Compensation of the NEOs has been paid in U.S. dollars since 2002 as it provides a more precise, meaningful and stable comparison basis with U.S.-denominated compensation from the selected Class I Railroad comparator group.

NAME AND PRINCIPAL POSITION	YEAR	SALARY (U.S.\$)	SHARE-BASED AWARDS (U.S.\$)	OPTION-BASED AWARDS (U.S.\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION - ANNUAL INCENTIVE PLANS (U.S.\$)	PENSION VALUE (U.S.\$)	ALL OTHER COMPENSATION (U.S.\$)	TOTAL COMPENSATION (U.S.\$)
Jean-Jacques Ruest President and Chief Executive Officer	2020	850,000	4,639,646	2,069,920	246,235	377,213	14,889	8,197,903
	2019	750,000	4,202,226	2,097,520	–	(257,388)	19,685	6,812,043
	2018	674,063	1,974,665	1,615,676	1,156,851	1,152,653	18,549	6,592,457
Ghislain Houle Executive Vice-President and Chief Financial Officer	2020	620,000	1,017,503	832,382	110,539	(73,133)	12,189	2,519,480
	2019	605,000	1,017,622	832,301	–	(64,530)	15,355	2,405,748
	2018	590,000	935,143	765,004	726,880	213,189	15,303	3,245,519
Robert Reilly Executive Vice-President and Chief Operating Officer	2020	600,000	962,533	787,376	105,062	51,694	204,930	2,711,595
	2019	320,833	825,044	675,204	–	38,009	2,553,511	4,412,601
	2018	–	–	–	–	–	–	–
Sean Finn Executive Vice-President Corporate Services and Chief Legal Officer	2020	600,000	797,549	652,405	106,973	331,024	11,237	2,499,188
	2019	585,000	797,591	652,355	–	(206,790)	15,538	1,843,694
	2018	570,000	783,831	641,342	684,000	370,694	15,346	3,065,213
Dominique Malenfant Executive Vice-President and Chief Information & Technology Officer	2020	195,000	770,091	629,833	–	20,801	1,003,005	2,618,730
	2019	–	–	–	–	–	–	–
	2018	–	–	–	–	–	–	–

Extension to Notes (1) and (2) of the Summary Compensation Table on the Calculation of Grant Date Fair Value of Awards

The fair value of the LTI awards reflects their expected value on the date of the grant. Since 2014, the value is calculated based on Willis Towers Watson's expected life binomial methodology in an effort to align the valuation methodology used throughout the compensation review process for benchmarking, grant and disclosure purposes. Share-based awards represent the awards of PSUs under the Share Units Plan. Option-based awards represent the awards of stock options pursuant to the Management Long-Term Incentive Plan. The grant date fair value for PSUs and stock options considers the following assumptions:

Share-Based Awards (PSUs)

	2018 (JANUARY)	2018 (MARCH 8)	2018 (MARCH 19)	2018 (JULY)
Closing share price on grant date (C\$)	97.02	95.08	95.00	117.80
Risk-free interest rate over term of the award ⁽¹⁾	0.75% to 1.25% based on yield curve	0.75% to 1.25% based on yield curve	0.75% to 1.25% based on yield curve	0.75% to 1.25% based on yield curve
Expected stock price volatility over term of the award ⁽²⁾	19%	19%	19%	19%
Expected annual dividends per share (C\$)	1.65	1.65	1.65	1.65
Expected term ⁽³⁾	3 years	3 years	3 years	3 years
Resulting fair value per unit (C\$)	ROIC – 57.24 TSR – 74.71	ROIC – 56.10 TSR – 73.21	ROIC – 56.05 TSR – 73.15	ROIC – 69.50 TSR – 90.71

Share-Based Awards (PSUs)

	2019 (JANUARY)	2019 (JUNE 25)	2020 (JANUARY)	2020 (SEPTEMBER 1)
Closing share price on grant date (C\$)	109.65	120.34	125.47	137.66
Risk-free interest rate over term of the award ⁽¹⁾	1.50% to 1.75% based on yield curve	1.50% to 1.75% based on yield curve	2.50% based on yield curve	2.50% based on yield curve
Expected stock price volatility over term of the award ⁽²⁾	18%	18%	17%	17%
Expected annual dividends per share (C\$)	1.82	1.82	2.15	2.15
Expected term ⁽³⁾	3 years	3 years	3 years	3 years
Resulting fair value per unit (C\$)	ROIC – 64.69 TSR – 84.43	ROIC – 71.00 TSR – 92.66	ROIC – 75.28 TSR – 96.61	ROIC – 82.60 TSR – 106.00

Option-Based Awards

	2018 (JANUARY)	2018 (MARCH 8)	2018 (MARCH 19)	2018 (JULY)
Closing share price on grant date (C\$)	97.02	95.08	95.00	117.80
Risk-free interest rate over term of the award ⁽¹⁾	0.75% to 2.25% based on yield curve	0.75% to 2.25% based on yield curve	0.75% to 2.25% based on yield curve	0.75% to 2.25% based on yield curve
Expected stock price volatility over term of the award ⁽²⁾	18%	18%	18%	18%
Expected annual dividends per share (C\$)	1.65	1.65	1.65	1.65
Expected term ⁽³⁾	6.25 years	6.25 years	6.25 years	6.25 years
Resulting fair value per stock option (C\$)	15.52	15.21	15.20	18.85

Option-Based Awards

	2019 (JANUARY)	2019 (JUNE 25)	2020 (JANUARY)	2020 (SEPTEMBER 1)
Closing share price on grant date (C\$)	109.65	120.34	125.47	137.66
Risk-free interest rate over term of the award ⁽¹⁾	1.50% to 2.50% based on yield curve	1.50% to 2.50% based on yield curve	2.50% to 2.75% based on yield curve	2.50% to 2.75% based on yield curve
Expected stock price volatility over term of the award ⁽²⁾	19%	19%	18%	18%
Expected annual dividends per share (C\$)	1.82	1.82	2.15	2.15
Expected term ⁽³⁾	6.25 years	6.25 years	6.5 years	6.5 years
Resulting fair value per stock option (C\$)	17.54	19.25	20.08	22.03

(1) Based on the zero coupon yield curve rate commensurate with the expected term of a given award. The Willis Towers Watson expected life binomial model uses a yield curve for the risk-free interest rate (with different interest rates applying depending on the lattice node) rather than one particular rate.

(2) Based on daily share prices, dividend data and average of volatilities for CN's NYSE and TSX-listed shares for a period commensurate with the expected term of a given award.

(3) Represents the period of time that awards are expected to be outstanding. For option-based awards, the Company uses the SEC Safe Harbor calculation.

The share- and option-based awards are sensitive to variations in assumptions, in particular the risk-free interest rate and stock price volatility.

Details of “All Other Compensation” Amounts for 2020, 2019, and 2018 ⁽¹⁾

NAME	YEAR	PERQUISITES AND OTHER PERSONAL BENEFITS ⁽²⁾ (C\$)		OTHER COMPENSATION (C\$)	ALL OTHER COMPENSATION (TOTAL OF THE TWO PREVIOUS COLUMNS) (C\$)
Jean-Jacques Ruest	2020	Nil	ESIP employer contribution:	15,973 ⁽³⁾	19,973
			Post-retirement benefits:	4,000 ⁽⁴⁾	
	2019	Nil	ESIP employer contribution:	20,920 ⁽³⁾	26,120
			Post-retirement benefits:	5,200 ⁽⁴⁾	
	2018	Nil	ESIP employer contribution:	18,334 ⁽³⁾	24,034
			Post-retirement benefits:	5,700 ⁽⁴⁾	
Ghislain Houle	2020	Nil	ESIP employer contribution:	11,651 ⁽³⁾	16,351
			Post-retirement benefits:	4,700 ⁽⁴⁾	
	2019	Nil	ESIP employer contribution:	16,875 ⁽³⁾	20,375
			Post-retirement benefits:	3,500 ⁽⁴⁾	
	2018	Nil	ESIP employer contribution:	16,028 ⁽³⁾	19,828
			Post-retirement benefits:	3,800 ⁽⁴⁾	
Robert Reilly	2020	Nil	ESIP employer contribution:	8,356 ⁽³⁾	274,913
			Tax Equalization Amount:	266,557 ⁽⁵⁾	
	2019	Nil	ESIP employer contribution:	5,775 ⁽³⁾	3,388,254
			Special Cash Award:	2,322,075 ⁽⁶⁾	
			Tax Equalization Amount:	1,060,404 ⁽⁵⁾	
Sean Finn	2020	Nil	ESIP employer contribution:	11,275 ⁽³⁾	15,075
			Post-retirement benefits:	3,800 ⁽⁴⁾	
	2019	Nil	ESIP employer contribution:	16,318 ⁽³⁾	20,618
			Post-retirement benefits:	4,300 ⁽⁴⁾	
	2018	Nil	ESIP employer contribution:	15,484 ⁽³⁾	19,884
			Post-retirement benefits:	4,400 ⁽⁴⁾	
Dominique Malenfant	2020	Nil	ESIP employer contribution:	4,031 ⁽³⁾	1,345,531
			Special Cash Award:	1,341,500 ⁽⁷⁾	

- (1) This table outlines the perquisites and other compensation received by NEOs in 2020, 2019, and 2018. The amounts are calculated based on the incremental cost to the Company. The policy of the Company on the usage of the corporate aircraft provides that it is restricted to business-related purposes, save for certain exceptional circumstances and subject to reimbursement of cost.
- (2) Perquisites and other personal benefits include the use of a Company-leased vehicle, parking, club membership, executive physical exam, financial counselling and tax services, and certain healthcare benefits and life insurance coverage. The incremental cost to the Company is determined by the actual cost of the Company-leased vehicle (including gas and maintenance fees), parking, club membership, annual executive physical exam, financial counselling and tax services and by the cost of certain healthcare benefits and life insurance coverage in excess of that offered to salaried employees. See section “Executive Perquisites” on page 57 for more details. Perquisites and other personal benefits that amount to less than C\$50,000 (in aggregate) or 10% of total salary for any of the NEOs are reported as “Nil” in this column.
- (3) Represents the value of the Company-match under the ESIP. See section “Employee Share Investment Plan” on page 57 for more details.
- (4) Represents the service cost for post-retirement benefits, if applicable.
- (5) Mr. Reilly’s was provided a benefit to maintain his compensation on a post-tax basis at a similar level had he remained in the U.S. to relocate to CN’s head office in Canada. The amount shown for 2019 exclude a foreign tax credit received in November 2020 related to his 2019 income taxes. Accounting for this tax credit, the 2019 tax equalization amount would have been C\$762,214 instead of C\$1,060,404.
- (6) Represents a special cash award of U.S.\$1,750,000 (C\$2,322,075) paid to Mr. Reilly upon his hire in June 2019 in order to mitigate compensation losses incurred as a result of his departure from BNSF and was determined based on a review of his then outstanding short- and long-term compensation, both in terms of form and timing, with a view to attracting his valued experience and skill set to CN. The special cash award is subject to a 24-month clawback provision in case of resignation or termination for cause.
- (7) Represents a special cash award of U.S.\$1,000,000 (C\$1,341,500) paid to Mr. Malenfant upon his hire in September 2020 to mitigate his compensation losses incurred as a result of his departure from Wabtec Corporation. The special cash award is subject to a 24-month clawback provision in case of resignation or termination for cause. See Note 1 on page 63 for more details.

Incentive Plan Awards

Share-Based and Option-Based Awards in 2020

The following table shows information regarding grants of PSUs made to NEOs under the Share Units Plan, grants of stock options made under the MLTIP and awards of Company-matched deferred share units ("DSUs") under the VIDP in 2020, if any.

NAME	GRANT DATE	AWARD TYPE	SECURITIES, UNITS OR OTHER RIGHTS (#)	END OF PLAN PERIOD OR EXPIRY DATE	SHARE PRICE ON DATE OF GRANT (C\$)	AWARD'S GRANT DATE FAIR VALUE ⁽¹⁾ (C\$)
Jean-Jacques Ruest	January 30, 2020	PSUs ⁽²⁾	74,102	December 31, 2022	125.47	6,118,773
		Options ⁽³⁾	136,000	January 30, 2030	125.47	2,730,880
Ghislain Houle	January 30, 2020	PSUs ⁽²⁾	16,251	December 31, 2022	125.47	1,341,885
		Options ⁽³⁾	54,690	January 30, 2030	125.47	1,098,175
Robert Reilly	January 30, 2020	PSUs ⁽²⁾	15,373	December 31, 2022	125.47	1,269,390
		Options ⁽³⁾	51,733	January 30, 2030	125.47	1,038,799
Sean Finn	January 30, 2020	PSUs ⁽²⁾	12,738	December 31, 2022	125.47	1,051,809
		Options ⁽³⁾	42,865	January 30, 2030	125.47	860,729
Dominique Malenfant	September 1, 2020	PSUs ⁽²⁾	11,114	December 31, 2022	137.66	1,006,936
		Options ⁽³⁾	37,401	September 1, 2030	137.66	823,944

(1) The grant date fair values reported for PSUs and stock options are calculated using the same assumptions as described in the extension to footnotes 1 and 2 of the "Summary Compensation Table" on page 65.

(2) The PSUs granted in 2020 were made under the Share Units Plan. The payout of PSUs granted in 2020 to NEOs is subject to two distinct performance measures. Sixty percent (60%) of the PSU award is subject to the achievement of ROIC objectives for the period ending on December 31, 2022, and to the attainment of a minimum average closing share price established at the beginning of the cycle of C\$118.56 or U.S.\$90.06. The remaining 40% is subject to the TSR performance of CN measured against two comparator groups i) selected Class I Railroads; and ii) S&P/TSX 60 companies for the period ending on December 31, 2022. Details are described under "Performance Share Units: 2020 Award" on page 56.

(3) The stock options granted in 2020 were made under the MLTIP and vest over a period of five years, with 20% of the stock options vesting at each anniversary date of the award. Unexercised stock options shall expire on the tenth anniversary of the date of the award. See section "Management Long-Term Incentive Plan" on page 71 for a description of the plan.

Outstanding Share-Based Awards and Option-Based Awards

The following table shows all awards made to NEOs and outstanding on December 31, 2020.

NAME	OPTION-BASED AWARDS ⁽¹⁾				SHARE-BASED AWARDS		
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE ⁽²⁾ (C\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS ⁽³⁾ (C\$)	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED ⁽⁴⁾ (#)	MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED ⁽⁵⁾ (C\$)	MARKET OR PAYOUT VALUE OF VESTED SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED ⁽⁶⁾ (C\$)
Jean-Jacques Ruest	136,000	121.07	2030/01/30	28,316,058	153,396	21,442,325	30,153,566
	157,000	106.28	2029/01/31				
	55,053	114.74	2028/07/26				
	65,387	99.89	2028/01/25				
	67,942	89.24	2027/01/26				
	77,407	67.16	2026/01/28				
	57,090	85.26	2025/01/29				
	60,120	67.35	2024/02/03				
Ghislain Houle	54,690	121.07	2030/01/30	14,614,466	35,453	4,955,766	8,632,837
	62,298	106.28	2029/01/31				
	60,908	99.89	2028/01/25				
	56,618	89.24	2027/01/26				
	18,047	80.99	2026/07/27				
	10,546	74.17	2026/01/28				
	7,892	84.55	2025/01/29				
	8,260	58.71	2024/02/03				
	8,680	47.30	2023/01/24				
	11,200	38.29	2022/01/26				
Robert Reilly	51,733	121.07	2030/01/30	2,051,315	29,598	4,137,330	0
	46,152	116.32	2029/06/25				
Sean Finn	42,865	121.07	2030/01/30	4,254,334	27,788	3,884,321	2,526,259
	45,829	106.28	2029/01/31				
	27,176	93.83	2028/03/08				
	13,211	89.24	2027/01/26				
Dominique Malenfant	37,401	133.97	2030/09/01	217,499	11,114	1,553,561	0

(1) Includes all stock options granted under the MLTIP and outstanding on December 31, 2020.

(2) Where applicable, stock option exercise prices in U.S. dollars resulting from stock option grants to NEOs made in U.S. dollars were converted to Canadian dollars using the December 31, 2020, exchange rate of U.S.\$1.00 = C\$1.2725. The conversion of these option exercise prices results in different Canadian dollar equivalent values for stock option grants made in U.S. dollars when compared to the values presented in the "Share-Based and Option-Based Awards in 2020" table on page 69, under the "Share Price on Date of Grant" column. The following table presents the option exercise prices that were converted to Canadian dollars based on the December 31, 2020 exchange rate:

OPTION EXPIRATION DATE	OPTION EXERCISE PRICE (U.S.\$)	OPTION EXERCISE PRICE (C\$)	OPTION EXPIRATION DATE	OPTION EXERCISE PRICE (U.S.\$)	OPTION EXERCISE PRICE (C\$)
2030/09/01	105.28	133.97	2027/01/26	70.13	89.24
2030/01/30	95.14	121.07	2026/07/27	63.65	80.99
2029/06/25	91.41	116.32	2026/01/28	52.78	67.16
2029/01/31	83.52	106.28	2025/01/29	67.00	85.26
2028/07/26	90.17	114.74	2024/02/03	52.93	67.35
2028/03/08	73.74	93.83	2023/01/24	47.18	60.04
2028/01/25	78.50	99.89	2022/01/26	38.19	48.60

(3) The value of unexercised in-the-money stock options at financial year-end for stock options granted to NEOs in Canadian dollars is the difference between the closing share price of the common shares on December 31, 2020, on the TSX (C\$139.94) and the exercise price. The value of unexercised in-the-money stock options at financial year-end for stock options granted to NEOs in U.S. dollars is the difference between the closing share price of the common shares on December 31, 2020, on the NYSE (U.S.\$109.85) converted to Canadian dollars based on the December 31, 2020, exchange rate of U.S.\$1 = C\$1.2725 (i.e. U.S.\$109.85 × 1.2725 = C\$139.78) and the exercise price converted to Canadian dollars using this same exchange rate. Please refer to Note 2 of this table for additional details. This value has not been and may never be realized. The actual gains, if any, will depend on the value of the common shares on the date of exercise.

(4) Includes all PSUs outstanding on December 31, 2020, that have not vested on such date under the Share Units Plan. Payouts for these units are conditional upon meeting performance measures and a minimum share price condition that may or may not be achieved.

(5) The value of outstanding share units awarded under the Share Units Plan in Canadian dollars is based on the closing price of the common shares on the TSX on December 31, 2020 (C\$139.94). The value of outstanding share units awarded under the Share Units Plan in U.S. dollars is based on the closing price of the common shares on the NYSE on December 31, 2020 (U.S.\$109.85), converted to Canadian dollars based on the December 31, 2020 exchange rate of U.S.\$1 = C\$1.2725 (i.e. U.S.\$109.85 × 1.2725 = C\$139.78). The values assume that the target average Relative TSR and ROIC objectives (i.e. 100%) and the minimum share price condition are met. In accordance with the Share Units Plan, a performance vesting factor between 0% and 200% will apply to the awarded share units.

(6) Includes the value as at December 31, 2020 of the 2018 PSU awards granted under the Share Units Plan. The value is based on the closing price of the common shares on the TSX on December 31, 2020 (C\$139.94) for grants made in Canadian dollars and based on the closing price of the common shares on the NYSE on December 31, 2020 (U.S.\$109.85) converted to Canadian dollars based on the December 31, 2020 exchange rate of U.S.\$1 = C\$1.2725 (i.e. U.S.\$109.85 × 1.2725 = C\$139.78) for grants made in U.S. dollars. The payout of the 2018 PSUs awards was subject to two distinct performance measures. Seventy percent (70%) of the 2018 PSU award was subject to the achievement of ROIC objectives for the period ending on December 31, 2020, and to the attainment of a minimum average closing share price established at the beginning of the cycle of C\$102.88 or U.S.\$80.71. The average ROIC for the period ended on December 31, 2020 was 15.15%, exceeding the target for the plan period, and the minimum share price condition was met. The ROIC performance vesting factor was therefore 110.8%. The remaining thirty percent (30%) was subject to the TSR performance of CN measured against two comparator groups i) selected Class I Railroads; and ii) S&P/TSX 60 companies for the period ending on December 31, 2020. The Relative TSR performance of CN resulted in a Relative TSR performance vesting factor of 99.0%. The 2018 PSU awards were equity-settled for all NEOs on February 25, 2021.

Also includes the value as at December 31, 2020 of the DSUs that have vested under the terms of the VIDP based on the closing share price of the Company's common shares on the TSX of C\$139.94. Units held under this deferred compensation plan are only payable upon cessation of employment (please refer to page 72 for more details on the "Company's Deferred Compensation Plans"). The following table provides the breakdown, for each of the NEOs, of the market value of vested share-based awards that were not paid out or distributed on December 31, 2020:

NAME	2018 PSUs (C\$)	ACCUMULATED DSUs (C\$)	TOTAL (C\$)
Jean-Jacques Ruest	5,597,960	24,555,606	30,153,566
Ghislain Houle	2,831,026	5,801,811	8,632,837
Robert Reilly	-	-	-
Sean Finn	2,526,259	-	2,526,259
Dominique Malenfant	-	-	-

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value from incentive plans vested or earned by NEOs under the Company's incentive plans, including the annual incentive bonus, PSUs, DSUs and stock options earned during the financial year ended December 31, 2020.

NAME	OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR ⁽¹⁾ (C\$)	SHARE-BASED AWARDS – VALUE VESTED DURING THE YEAR ⁽²⁾ (C\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR ⁽³⁾ (C\$)
Jean-Jacques Ruest	2,572,727	5,597,960	313,334
Ghislain Houle	1,249,712	2,831,026	140,661
Robert Reilly	-	-	133,691
Sean Finn	1,647,196	2,526,259	136,123
Dominique Malenfant	-	-	-

(1) Represents the value of the potential gains from stock options granted under the MLTIP in 2016, 2017, 2018, and 2019 that vested during the 2020 financial year. Grants made prior to 2020 all vest over four years, with 25% of stock options vesting on each anniversary date, while grants made in or after 2020 vest over five years, with 20% of stock options vesting on each anniversary date (see section "Management Long-Term Incentive Plan" starting on page 71 for a description of the Plan). The potential gains are calculated as the difference between the closing price of the common shares on each of the stock option grant anniversary dates in 2020 and the exercise price, converted to Canadian dollars when applicable using the exchange rate on such vesting date (see "Currency Exchange Information" on page 76). This value has not been and may never be realized. The actual gains, if any, will depend on the value of the common shares on the date of exercise.

(2) Includes PSUs granted in 2018 that vested on December 31, 2020 under the Share Units Plan.

(3) Represents the amount of bonus earned under the AIBP for the financial year ended on December 31, 2020.

Incentive Plan Awards – Value of Exercised Stock Options and Performance Share Units Paid During the Year

The following table lists the number of shares acquired and the value realized as a result of stock options exercised by NEOs in 2020 as well as PSUs which vested on December 31, 2020. For stock options exercised, the value realized is calculated by multiplying the number of shares acquired by the difference between the exercise price and the market price of CN common shares on the exercise date.

NAME	STOCK OPTIONS		PSUs	
	NUMBER OF SHARES ACQUIRED ON EXERCISE	VALUE REALIZED ON EXERCISE (C\$)	VALUE REALIZED ON DECEMBER 31, 2020 (C\$)	TOTAL VALUE REALIZED (C\$)
Jean-Jacques Ruest	65,560	5,199,119	5,597,960	10,797,079
Ghislain Houle	-	-	2,831,026	2,831,026
Robert Reilly	-	-	-	-
Sean Finn	45,225	2,130,505	2,526,259	4,656,764
Dominique Malenfant	-	-	-	-

Management Long-Term Incentive Plan

The MLTIP was approved by the Company's shareholders on May 7, 1996, and amended on April 28, 1998; April 21, 2005; April 24, 2007; March 4, 2008; January 27, 2015; January 1, 2019 and, on January 1, 2020.

Eligible participants under the MLTIP are employees of the Company or its affiliates as determined by the Board. Grants cannot be made to non-employee directors under the MLTIP. The maximum number of common shares that may be issued under the MLTIP is 120,000,000. The following table provides information on the status of the reserve and the number of shares issued and issuable under the MLTIP, as at February 28, 2021.

Stock Options Outstanding and Available for Grant as of February 28, 2021

	NUMBER OF COMMON SHARES (#)	% OF OUTSTANDING COMMON SHARES
Stock options already granted and outstanding	4,176,589	0.59%
Stock options issuable under the MLTIP	13,576,526	1.91%
Shares issued following the exercise of stock options	102,246,885	14.38%

Stock Options Granted under the MLTIP as at December 31, 2020, 2019 and 2018

The following table presents information concerning stock options granted under the MLTIP as at December 31 of the years below.

	2020	2019	2018
Number of stock options granted during the year	748,763	933,372	1,099,753
Number of employees who were granted stock options	201	209	199
Number of stock options outstanding at year-end	3,630,673	3,736,116	4,198,175
Weighted average exercise price of stock options outstanding	C\$97.15	C\$86.89	C\$79.73
Number of stock options granted as a % of outstanding shares ⁽¹⁾	0.11%	0.13%	0.15%
Number of stock options exercised	798,591	1,116,974	1,674,277

(1) Annual burn rate, as calculated in accordance with Section 613(p) of the TSX Company Manual.

As per stock exchanges rule, the maximum number of common shares that may be issued and/or be the subject of a grant to any one participant in a particular year is 20% of the awards in that year. The maximum aggregate number of common shares, with regard to which awards may be made to any participant under the MLTIP and under any other plan, which the Company has or may eventually have, shall not exceed 5% of the common shares issued and outstanding. The maximum number of common shares that may be issued to insiders, at any time, under all security-based compensation, cannot exceed 10% of the issued and outstanding common shares. Also pursuant to the March 8, 2005 amendment, the maximum number of common shares with regard to which awards may be made during a calendar year is limited to 1% of the outstanding common shares at the beginning of that year. As demonstrated in the previous table, the number of stock options granted is well below the 1% limitation. Stock options are non-transferable except, in certain circumstances, upon the death of the holder of such stock options.

Stock Option Features

GRANT CURRENCY	SAME CURRENCY AS THE RECIPIENT'S SALARY
Exercise Price	At least equal to the closing share price of the common shares on the TSX or the NYSE (depending on the grant currency) on the grant date.
Term	Ten years
Vesting Criteria	<p>Stock options may become exercisable on the anniversary date ("conventional stock options") and/or upon meeting performance targets ("performance options") as established for each grant.</p> <p>Since 2005, grants have been of conventional stock options, which vest over four years, with 25% of stock options vesting on each anniversary.</p> <p>Effective January 1, 2020, grants vest over five years, with 20% of stock options vesting on each anniversary.</p>
Termination Conditions	<p>Stock options shall be cancelled upon the termination of a participant's employment for cause or if the participant voluntarily terminates employment.</p> <p>In the event that a participant's employment is terminated by the Company other than for cause, all stock options held by such participant continue to vest and shall be cancelled three months after termination of the participant's employment. For awards made in 2019 and before, all vested stock options at time of termination held by such participant shall be cancelled three months after termination of the participant's employment, and all unvested stock options at time of termination shall be cancelled at termination.</p> <p>In the case of retirement, stock options continue to vest and shall be cancelled four years after the retirement date. For awards made in 2019 and before, stock options continue to vest and shall be cancelled three years after the retirement date.</p> <p>Since January 1, 2019, in the event of a participant's death, all available stock options immediately vest and may be exercised by the estate within a period of twelve months from the date of death.</p> <p>In the event non-compete, non-solicitation, confidentiality or other conditions of the grant are breached, stock options shall be forfeited and cancelled.</p> <p>These conditions are subject to the discretion of the Committee.</p>

At the 2007 annual meeting, shareholders approved an ordinary resolution confirming the addition of new amendment provisions to the MLTIP. Such amendment provisions state that the Board or the Committee, as provided in the MLTIP or pursuant to a specific delegation and in accordance with applicable legislation and regulations, may amend any of the provisions of the MLTIP or suspend or terminate the MLTIP or amend the terms of any then outstanding award of stock options under the MLTIP ("Options") provided, however, that the Company shall obtain shareholder approval for:

- any amendment to the maximum number of common shares issuable under the MLTIP, except for adjustments in the event that such shares are subdivided, consolidated, converted or reclassified by the Company or that any other action of a similar nature affecting such shares is taken by the Company (a "Share Adjustment");
- any amendment which would allow non-employee directors to be eligible for new awards under the MLTIP;
- any amendment which would permit any Option granted under the MLTIP to be transferable or assignable other than by will or pursuant to succession laws (estate settlements);
- the addition of a cashless exercise feature, payable in cash or common shares, which does not provide for a full deduction of the number of underlying shares from the MLTIP reserve;
- the addition in the MLTIP of deferred or performance share unit provisions or any other provisions which result in participants receiving common shares while no cash consideration is received by the Company;
- any reduction in the exercise price of an Option after the Option has been granted to a participant or any cancellation of an Option and the substitution of that Option by a new Option with a reduced exercise price granted to the same participant, except in the case of a Share Adjustment;

- (vii) any extension to the term of an outstanding Option beyond the original expiry date, except in the case of an extension due to a blackout period;
- (viii) any increase to the maximum number of common shares that may be issued:
 - a. under the MLTIP to any participant during any calendar year; or
 - b. under the MLTIP and under any other plan to any participant; and
- (ix) the addition in the MLTIP of any form of financial assistance and any amendment to a financial assistance provision, which is more favourable to participants.

No amendment, suspension or termination shall, except with the written consent or the deemed consent of the participants concerned, affect the terms and conditions of Options previously granted under the MLTIP, unless the rights of the participants have terminated in accordance with the MLTIP.

On March 4, 2008, the MLTIP was amended to include a “double-trigger provision”. Pursuant to such provisions, provided that a proper substitute is granted, the vesting of non-performance-based stock options held by a participant would not accelerate upon a Change of Control, unless the participant is terminated without cause or resigns for good reason. Please refer to “Change of Control Provisions” on page 58 for more details on such amendment.

On January 27, 2015, the MLTIP was amended to make certain changes to the retirement definition. Before January 27, 2015, the retirement definition of the MLTIP was based on the retirement definition of pension plans. All reporting and non-reporting Company insiders were subject to a retirement definition providing for a minimum retirement

age of 55. The amended retirement definition maintains the retirement age at 55 and introduces a minimum continuous service condition of five (5) years to be eligible for continued vesting and exercise of stock options upon retirement.

In late 2018, the Board approved changes to the MLTIP which became effective as of January 1, 2019. The retirement definition of the MLTIP was amended for awards made in 2019 and after, to the earlier of (i) 55 years of age and twelve (12) years of continuous service, or (ii) 60 years of age and seven (7) years of continuous service. Another amendment was also made to remove the three-month continued vesting provision in case of involuntary termination without cause for awards made in 2019 and after. The vested stock options at the time of involuntary termination without cause remain exercisable for a period of three months from the termination date, however no stock options become vested during such three-month period. Finally, the MLTIP was amended to provide immediate vesting of all stock options in case of death of the participant.

In July 2019, the Board approved changes to the MLTIP which became effective as of January 1, 2020. The vesting period of the stock options for awards made in 2020 and after was increased from a four-year period, with 25% of the stock options granted that vest on each anniversary date over the first four years of the grant, to a five-year period, with 20% of the stock options granted that vest on each anniversary date over the first five years of the grant. Finally, the time period to exercise stock options upon retirement for awards made in 2020 and after was increased from three to four years following the retirement date to align with the change to the vesting period.

Deferred Compensation Plans

The VIDP was introduced by the Company in 2002. This plan allows NEOs and other senior management employees to elect to defer up to 100% of their annual bonus into DSUs remitted upon retirement or termination of employment. A DSU is equivalent to a common share of the Company and earns notional dividends, which are re-invested into additional DSUs, when cash dividends are paid on the Company's common shares. The amount deferred is converted into a number of units at the deferral date, using the closing share price on the deferral date. Deferral elections are made at least six months prior to the end of the performance period of the incentive plan.

The maximum total amount participants can defer to DSUs is equivalent to their ownership requirement under the Stock Ownership guidelines (see section on “Stock Ownership” under “Other Key Compensation Programs of the Company” on page 58 for a detailed description). The Company also credits a Company match equal to 25% of the number of DSUs resulting from an eligible deferral. These Company-matched DSUs vest over a period of four years (25% per year) from the deferral date.

Due to its tax effectiveness and the additional match provided by the Company, this plan offers an opportunity for executives to increase their ownership in CN, linking their future returns to the share price performance.

In October 2014, CN modified its VIDP to settle future award payouts in CN common shares purchased on the open market rather than cash. The changes affect DSU awards made in 2016 or after. As a result, amounts deferred in DSUs after January 1, 2016 are settled in shares upon retirement or termination (including vested Company-matched DSUs as well as notional dividends accrued over the deferral period and subject to mandatory waiting periods or monthly instalments for eligible U.S. taxpayers).

Following the modification of the VIDP, executives, including NEOs and senior management employees, were offered a one-time election to settle past DSU awards in CN common shares purchased on the open market rather than cash and according to the plan terms. All NEOs have elected to convert their settlement in common shares purchased on the open market.

No modification to the nature of the deferrals under the AIBP plan can be made, unless the Board approves an amendment to the plans.

Employment Arrangements

President and CEO

The Company has not entered into written employment agreement with the President and CEO. It has only provided an appointment letter setting forth general details of employment, which are all described in this Information Circular. The President and CEO is eligible for the same compensation, benefit plans and programs as the other executives except for the following:

- Under the AIBP, his target payout is 140% of base salary with a payout ranging from 0% to 280%.

- Mr. Ruest is required to maintain a minimum level of stock ownership equivalent to eight times his annual salary. He is also required to maintain this stock ownership level for one year following cessation of employment.
- Mr. Ruest is limited to participating in only one outside public company board.

Other NEOs

The Company has not entered into written employment agreements with the other NEOs. It has only provided appointment letters setting forth general details of employment, which are all described in this Information Circular.

Pension Plan Benefits

Canadian Pension Plans and Other Retirement Arrangements

CN Pension Plan ("CNPP") and CN Pension Plan for Senior Management ("CNPPSM")

Messrs. Ruest, Houle and Finn participate in the CNPP and CNPPSM, which are federally-registered defined benefit pension plans designed to provide retirement benefits based on pensionable years of service and highest average earnings. Highest average earnings are defined as the average pensionable earnings during the last 60 months of compensated service or the best five consecutive calendar years, whichever is greater. Under the CNPP, pensionable earnings consist of base salary and overtime. Under the CNPPSM, pensionable earnings include base salary, overtime, and bonuses paid by the Company under the AIBP, up to the employee's target level. In 2020, the aggregate annual retirement benefit payable under both plans was subject to a maximum of C\$3,092 per year of pensionable service and was calculated as follows:

- 1.7% of highest average earnings up to the average year's maximum pensionable earnings (the "YMPE") as defined under the Quebec/Canada Pension Plan, multiplied by the number of years of pensionable service (maximum 35 years)

plus

- 2.0% of highest average earnings in excess of the YMPE, multiplied by the number of years of pensionable service (maximum 35 years).

Under both the CNPP and CNPPSM, if the sum of the participant's age and years of pensionable service is at least 85 and the participant is age 55 or over at the time of retirement from active employment, the participant is eligible to receive an immediate, unreduced pension, subject to the Company's consent. Retirement benefits vest immediately when participation begins.

Special Retirement Stipend

Executives and senior management employees who participate in the CNPP also participate in a non-registered, supplemental executive retirement program called the Special Retirement Stipend (the "SRS"). SRS participants enter into an agreement with the Company, which includes confidentiality, non-compete, and non-solicitation clauses.

Messrs. Ruest, Houle and Finn have each signed a SRS agreement.

The annual amount payable under the SRS equals 2% of the employee's highest average earnings in excess of the average earnings that result in the maximum pension payable under the CNPP and CNPPSM (approximately C\$163,077 in 2020), multiplied by the number of years of pensionable service (maximum 35 years).

Earnings consist of base salary and bonuses paid by the Company under the AIBP, up to the employee's target level.

If the sum of the participant's age and years of pensionable service is at least 85 and the participant is age 55 or over at the time of retirement, the participant is eligible to receive an immediate, unreduced SRS benefit, subject to the conditions set out in the SRS agreement.

SRS benefits for employees who entered into a SRS agreement prior to July 1, 2002, vest after two years of employment. For employees who entered into a SRS agreement on or after July 1, 2002, the SRS benefits become vested only if the employee remains in active service for two years and until the age of 55. SRS retirement benefits are paid out of operating funds.

Mr. Ruest's annual benefit payable under the SRS is capped at C\$1,000,000.

Defined Contribution Pension Plan for Executives and Senior Management ("DCPP")

Mr. Malenfant participates in the DCPP. The DCPP is a federally-registered defined contribution pension plan that was introduced for executives and senior management employees on January 1, 2006. For non-unionized employees other than executives and senior management, a separate defined contribution plan was also introduced on the same date. Executives and senior management employees hired prior to January 1, 2006, had a one-time opportunity to either join the DCPP or maintain participation in the CNPP and CNPPSM mentioned above. Messrs. Ruest, Houle and Finn elected to remain in the CNPP and CNPPSM. Executives and senior management employees hired on or after January 1, 2006, automatically join the DCPP.

Executives participating in the DCPP contribute a specific percentage of their pensionable earnings into their account and the Company contributes the same percentage, subject to the maximum contribution imposed by the *Canadian Income Tax Act* (C\$27,830 in 2020).

The contribution percentage for executives depends on age and service as follows:

POINTS (SUM OF AGE AND SERVICE)	% OF PENSIONABLE EARNINGS
Up to 39	6%
40 – 49	7%
50 – 59	8%
60 and above	9%

Pensionable earnings include base salary and bonuses payable under the AIBP up to the employee's target level. All contributions vest immediately and are invested in various investment funds as selected by the participant. No withdrawals or distributions are permitted prior to employment termination.

Defined Contribution Supplemental Executive Retirement Plan ("DC SERP")

Mr. Malenfant participates in the DC SERP.

The DC SERP is a non-registered defined contribution pension plan designed to provide executives and senior management employees with retirement benefits in excess of the *Canadian Income Tax Act* limit applicable to the DCPP described above. Once contributions have reached the limit prescribed by the *Canadian Income Tax Act* in the DCPP in a given year, an amount equal to employer and employee contributions in excess of the limit is gradually credited by the Company to a notional account under the DC SERP. These notional contributions vest after two years of employment. Employees do not contribute to the DC SERP.

By default, notional contributions accrue investment credits using investment options as selected by the participant in the DCPP. However, participants can make a different investment election under the DC SERP. No withdrawals or distributions are permitted prior to employment termination.

Effective January 1, 2011, the DC SERP was amended to include certain confidentiality, non-compete, non-solicitation, and other covenants as a condition of payment of retirement benefits accruing as of the effective date.

Canadian National Railway Company Savings Plan for U.S. Operations ("401(k) Plan")

Mr. Reilly participates in the 401(k) Plan, which is a defined contribution retirement plan qualified under Section 401(a) of the *Internal Revenue Code* offered to U.S. based CN employees.

Non-unionized employees participating in the 401(k) Plan may elect to defer of up to 100% of their pensionable earnings in the plan and the Company contributes an amount equal to 50% of the first 6% of the pensionable earnings an employee elects to defer to the 401(k) Plan ("Matching Contribution"). Both employee deferrals and Matching contributions are subject to annual limits imposed by the U.S. *Internal Revenue Code*. All Matching Contributions vest immediately.

Under the defined contribution component of the 401(k) Plan, the Company makes an additional contribution for non-unionized employees of 3.5% of pensionable earnings ("Management Contribution"). Management Contributions vest after three years of employment.

Pensionable earnings include base salary and are subject to the annual compensation limit imposed by the *Internal Revenue Code* (U.S.\$285,000 in 2020). The total of all contributions to the 401(k) Plan – employee deferrals, Matching Contributions and Management Contributions for any employee in a plan year are subject to an annual limit imposed by the *Internal Revenue Code* (U.S.\$57,000 in 2020). All contributions are invested in various investment funds as selected by the participant.

Canadian National Railway Defined Contribution Supplemental Executive Retirement Plan ("US DC SERP")

Mr. Reilly participates in the US DC SERP.

The US DC SERP is a non-qualified defined contribution pension plan designed to provide U.S. based CN executives and senior management employees with supplemental retirement benefits in addition to the 401(k) Plan described above. The Company credits contributions to a notional account under the US DC SERP. Employees do not contribute to the US DC SERP.

The annual contribution percentage credited to executives by the Company depends on age and service as follows:

POINTS (SUM OF AGE AND SERVICE)	% OF PENSIONABLE EARNINGS
Up to 39	5%
40 – 49	6%
50 – 59	7%
60 and above	8%

Pensionable earnings include base salary and bonuses payable under the AIBP up to the employee's target level. These notional contributions vest after two years of employment. A participant's notional contributions accrue investment credits as if invested in a default investment option unless the participant makes other investment elections. No withdrawals or distributions are permitted prior to employment termination. Distributions after termination of employment are made in the number of instalments elected by the participant.

Effective January 1, 2011, the US DC SERP was amended to include certain confidentiality, non-compete, non-solicitation, and other covenants as a condition of payment of contributions accruing after 2010.

Defined Benefit Plans Table

The following amounts have been calculated using the actuarial assumptions disclosed in Note 17 – Pensions and Other Post-retirement Benefits, on page 88 of the 2020 Annual Report and in Note 15 – Pensions and Other Post-retirement Benefits, on page 84 of the 2019 Annual Report, available on the Company's website at www.cn.ca and on SEDAR at www.sedar.com. The amounts calculated in this table are estimates only and are based on assumptions, which may or may not materialize. Amounts shown in this table include pension benefits from the Company's defined benefit registered pension plans and non-registered supplemental pension arrangements for 2020 and are in Canadian dollars.

NAME	NUMBER OF YEARS OF CREDITED SERVICE (#)	ANNUAL BENEFITS PAYABLE		OPENING PRESENT VALUE OF DEFINED BENEFIT OBLIGATION ⁽⁴⁾ (C\$)	COMPENSATORY CHANGE (C\$) ⁽¹⁾				NON-COMPENSATORY CHANGE ⁽⁵⁾ (C\$)	CLOSING PRESENT VALUE OF DEFINED BENEFIT OBLIGATION ⁽⁴⁾ (C\$)
		AT YEAR END ⁽²⁾ (C\$)	AT AGE 65 ⁽³⁾ (C\$)		SERVICE COST	IMPACT OF SALARY/ BONUS ⁽⁵⁾	IMPACT OF PLAN CHANGES	TOTAL		
Jean-Jacques Ruest	24.67	686,000	686,000 ⁽⁷⁾	12,311,000	490,000	–	–	490,000	621,000	13,422,000
Ghislain Houle	23.32	493,000	830,000	10,587,000	458,000	(553,000)	–	(95,000)	1,248,000	11,740,000
Sean Finn	27.00	665,000	730,000	11,574,000	430,000	–	–	430,000	1,048,000	13,052,000

- (1) The change in present value that is attributable to compensation includes the service cost net of employee contributions, the impact of any increase in earnings in excess or below what was assumed and the impact of plan changes. The service cost net of employee contributions is the estimated value of the employer portion of benefits accrued during the calendar year.
- (2) Annual benefits payable at year end represent accrued benefits as at December 31, 2020 (based on service and pay up to December 31, 2020), payable at age 65 or at unreduced retirement date, if earlier. Actual benefits payable at year end would have been reduced for employees not yet eligible for unreduced benefits.
- (3) The projected pension is based on current compensation levels and assumes the executive will receive 80% of his target bonus for years after 2020.
- (4) The present value of the defined benefit obligation is the value of the benefits accrued for all service to the specified point in time.
- (5) Highest average earnings are defined as the average pensionable earnings during the last 60 months of compensated service or the best five consecutive calendar years, whichever is greater. The impact of salary/bonus is nil for Mr. Ruest and Mr. Finn because 2020 earnings did not qualify to determine the highest average earnings used to calculate the pension benefits projected at retirement. The impact is negative for Mr. Houle because his pensionable earnings during 2020 were lower than expected and reduced his highest average earnings projected at retirement.
- (6) The change in present value that is attributable to non-compensatory elements includes changes in assumptions, change in currency, interest cost, employee contributions, any benefit payments and experience gains and losses (other than for difference in earnings). The impact on the present value at the end of 2020 relating to non-compensatory elements was mainly due to interest on benefit obligation and a change in assumptions including a decrease in the discount rate which increased the present value. This was partially offset by experience gains and a decrease in the currency exchange rate.
- (7) Mr. Ruest has reached age 65 in April 2020. The annual benefit shown is the annual benefit he would receive had he retired as at December 31, 2020.

Defined Contribution Plans Table

The table below includes amounts from the Company's registered and non-registered defined contribution plans.

NAME	ACCUMULATED VALUE AT START OF YEAR (C\$)	COMPENSATORY AMOUNT ⁽¹⁾ (C\$)	NON-COMPENSATORY AMOUNT ⁽²⁾ (C\$)	ACCUMULATED VALUE AT YEAR END (C\$)
Robert Reilly	61,465	67,151	19,426	148,042
Dominique Malenfant	–	27,021	15,153	42,174

- (1) Represents employer contributions and notional contributions in the non-registered defined contribution plan.
- (2) Represents employee contributions and, if any, investment gains and losses and notional investment credits and losses.

Non-Registered Plans Table

The following table provides the total present value of CN's non-registered defined benefit and defined contribution plans. These amounts were determined using the actuarial assumptions disclosed in Note 17 – "Pensions and Other Post-retirement Benefits", on page 88 of the 2020 Annual Report and in Note 15 – Pensions and Other Post-retirement Benefits, on page 84 of the 2019 Annual Report, available on the Company's website at www.cn.ca and on SEDAR at www.sedar.com. Amounts include the value of pension benefits for active, deferred and retired executive and senior management participants for 2020.

PLANS	OPENING PRESENT VALUE OF BENEFIT OBLIGATION (C\$)	CLOSING PRESENT VALUE OF BENEFIT OBLIGATION (C\$)
Non-Registered Defined Benefit Plans in Canada and the U.S.	490,200,000	518,600,000 ⁽¹⁾
Non-Registered Defined Contribution Plans in Canada and the U.S.	7,566,000	7,468,000

(1) The increase in the present value at the end of 2020 for defined benefit plans was mainly due to benefit accruals, interest on the benefit obligation and a decrease in the discount rate. This was partially offset by the impact of benefit payments, experience gains and a decrease in the currency exchange rate.

Termination and Change of Control Benefits

The Company does not have contractual arrangements or other agreements in connection with termination, resignation, retirement, Change of Control or a change in responsibilities of a NEO, other than the conditions provided in the compensation plans, and summarized as follows:

	RESIGNATION	INVOLUNTARY TERMINATION		RETIREMENT ⁽³⁾	CHANGE OF CONTROL	TERMINATION FOR CAUSE
Annual Incentive Bonus Plan	Forfeits eligibility for the plan	Entitled to a bonus based on corporate, safety and individual performance and pro-rated on active service in plan year (minimum of three months)		Entitled to a bonus based on corporate, safety and individual performance and pro-rated on active service in plan year (minimum of three months), subject to providing a three-month notice period prior to retirement	No specific provision	Forfeits eligibility for the plan
Stock Options ⁽¹⁾	All stock options are cancelled	Grants made before January 2019 Continued vesting for three months Exercise of vested stock options within three months or otherwise forfeited Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions	Grants made since January 2019 Exercise of vested stock options upon involuntary termination within three months or otherwise forfeited Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions	Grants made before January 2020: continued vesting for three years if the executive remains in continuous and active service until the last day of the year in which the grant was made; exercise of vested stock options within three years or otherwise forfeited Grants made since January 2020: continued vesting for four years if the executive remains in continuous and active service until the last day of the year in which the grant was made; exercise of vested stock options within four years or otherwise forfeited Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions	If proper substitute is granted, immediate vesting would occur only if participant is terminated without cause or resigns for good reason ⁽²⁾ within two years of the Change of Control	All stock options are cancelled
Performance Share Units ⁽¹⁾	All PSUs are cancelled	Grants made before January 2019 Partial payout if performance measures are met and pro-rated (a year is considered completed only if 9 months has elapsed in the year) based on active service during the plan period Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions	Grants made since January 2019 Partial payout if performance measures are met and pro-rated based on the number of months of active service during the plan period Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions	Full payout if performance measures are met and if the executive remains in continuous and active service until March 31 of the year following the year in which the grant was made Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions	If proper substitute is granted, immediate vesting would occur only if participant is terminated without cause or resigns for good reason ⁽²⁾ within two years of the Change in Control	All PSUs are cancelled
Deferred Share Units	Payment of all vested units, including the vested Company-matched DSUs	Payment of all vested units, including the vested Company-matched DSUs		Payment of all vested units, including the vested Company-matched DSUs	Immediate vesting of unvested Company-matched DSUs	Payment of all vested units, including the vested Company-matched DSUs
Registered Pension Plans	Payment of vested benefits	Payment of vested benefits		Payment of vested benefits	Payment of vested benefits	Payment of vested benefits
Non-Registered Pension Plans and Arrangements ⁽¹⁾	Payment of vested benefits	Payment of vested benefits Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions		Payment of vested benefits Subject to compliance with the two-year non-compete, non-solicitation and confidentiality provisions	Payment of vested benefits	Payment of vested benefits, except for SRS benefits which are forfeited

(1) In the event of resignation, involuntary termination, retirement or Change of Control, the payment of awards or vested benefits is subject to certain non-compete, non-solicitation, non-disclosure of confidential information and other restrictive provisions as per the respective plan rules and arrangements.

(2) A resignation for good reason may take place only during the 24 months following a Change of Control if (i) the executive is required to relocate his or her office or home base to a location that is outside a 100-kilometer radius of his or her office or home base immediately prior to the Change of Control or (ii) the executive is assigned a set of responsibilities and/or the employment or continued employment of the executive on terms and conditions that are not the substantial equivalent of such executive's set of responsibilities and/or terms and conditions of employment in effect immediately prior to the Change of Control.

(3) For awards made in 2019 and after, the retirement definition (previously 55 years of age and 5 years of continuous service) for the PSUs and the Stock Options has been changed to the earlier of (i) 55 years of age and 12 years of continuous service, or (ii) 60 years of age and 7 years of continuous service. The same definition also applies to the AIBP starting on January 1, 2020.

Involuntary Termination

In the event of an involuntary termination, an NEO would receive a severance amount generally in line with applicable legal requirements. No incremental amounts would be payable. Share-based awards, option-based awards and other benefits will be treated according to the terms of the plans under which they were granted, as described in the summary "Termination and Change of Control Benefits" table on page 75.

Retirement

On December 31, 2020, Mr. Malenfant was eligible for retirement under the registered defined contribution plan, but would have forfeited his DC SERP had he retired on December 31, 2020. Had Mr. Reilly retired on December 31, 2020, he would have been eligible to receive his accumulated 401(k) account balance but would have forfeited the accumulated Management Contributions within the 401(k) and would have also forfeited his US DC SERP. Messrs. Ruest, Houle and Finn were eligible for retirement, but Mr. Houle did not have sufficient service for unreduced retirement benefits under the defined benefit plans. Had Messrs. Ruest, Houle, Finn, Reilly and Malenfant retired on December 31, 2020, no other material payments or benefits would have been payable. Share-based awards, option-based awards and other benefits are treated according to the terms of the plans under which they were granted, as described in the summary "Termination and Change of Control Benefits" table on page 75.

Change of Control

The following table shows the incremental benefits that NEOs would have been entitled to had there been a change of control on December 31, 2020.

NAME	SHARE UNITS PLAN ⁽¹⁾ (C\$)	STOCK OPTIONS ⁽¹⁾ (C\$)	DEFERRED SHARE UNITS ⁽²⁾ (C\$)	TOTAL (C\$)
Jean-Jacques Ruest	-	-	-	-
Ghislain Houle	-	-	-	-
Robert Reilly	-	-	-	-
Sean Finn	-	-	-	-
Dominique Malenfant	-	-	-	-

- (1) An NEO would be eligible for immediate vesting only if no proper substitute is granted, or if the executive is terminated without cause or resigns for good reason within two years of the change of control.
- (2) An NEO would be eligible for immediate vesting of the unvested Company-matched deferred share units allocated to an executive following the deferral of compensation in previous years (see "Deferred Compensation Plans" section on page 72 for a description of the VIDP). The value shown is equal to the number of deferred share units that would vest multiplied by the closing share price of common shares on December 31, 2020 (C\$139.94).

Currency Exchange Information

Compensation disclosed in the "Statement of Executive Compensation" section that is paid in U.S. dollars was converted to Canadian dollars using the following currency exchange rates:

	EXCHANGE RATE USED	ACTUAL RATE U.S.\$1 = C\$X
Salary	AVERAGE RATE DURING THE YEAR	
All other compensation	2020:	1.3415
	2019:	1.3269
	2018:	1.2957
Annual incentive bonus plan	WHEN BONUS IS EARNED (I.E. DECEMBER 31)	
	December 31, 2020:	1.2725
	December 31, 2019:	1.2990
	December 31, 2018:	1.3637
Pension value, Value of unexercised in-the-money options, Market value of share-based awards that have not vested, Non-equity incentive plan compensation – Value earned during the year, Termination scenarios – incremental costs	DECEMBER 31 (DECEMBER 31 OF PRIOR YEAR FOR PENSION VALUE)	
	December 31, 2020:	1.2725
	December 31, 2019:	1.2990
	December 31, 2018:	1.3637
	December 31, 2017:	1.2571
Option-based awards – Value vested during the year	ACTUAL VESTING DATE OF APPLICABLE GRANTS:	
	June 25, 2020:	1.3638
	January 31, 2020:	1.3237
	July 27, 2020:	1.3356
	March 19, 2020:	1.4511
	March 9, 2020:	1.3702
	January 24, 2020:	1.3143
	January 27, 2020:	1.3194
	January 28, 2020:	1.3155

Securities Authorized for Issuance Under Equity Compensation Plans

The table below indicates, as at December 31, 2020, certain information with respect to the Company's Management Long-Term Incentive Plan.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (#)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (C\$)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN THE FIRST COLUMN) (#)
Equity compensation plans approved by security holders	3,630,673	\$97.15	14,253,843
Equity compensation plans not approved by security holders	Nil	Nil	Nil
TOTAL	3,630,673	\$97.15	14,253,843

Indebtedness of Directors and Executive Officers

As of March 9, 2021, there was no outstanding indebtedness of current and former directors or officers of the Company and its subsidiaries, whether entered into in connection with the purchase of common shares of the Company or otherwise.

Interest of Informed Persons and Others in Material Transactions

The management of the Company is not aware of any material interest, direct or indirect, of any informed person of the Company, any proposed director or any associate or affiliate of any informed person or proposed director in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Company or any of its affiliates or subsidiaries.

Shareholder Proposals

Shareholder proposals to be considered at the 2022 annual meeting of shareholders must be received at the head office of the Company no later than December 3, 2021, to be included in the Information Circular for such annual meeting.

Availability of Documents

The Company is a reporting issuer in Canada and the United States and is required to file various documents, including an annual information form and financial statements. Financial information is provided in the Company's comparative financial statements and Management's Discussion and Analysis for its most recently completed financial year. Copies of these documents and additional information relating to the Company are available on SEDAR at www.sedar.com and on the SEC website at www.sec.gov through EDGAR, or may be obtained on request from the Corporate Secretary of the Company by calling (514) 399-7091 or Investor Relations at (514) 399-0052.

Approval

The Board of Directors of the Company has approved the contents of this Information Circular and its sending to the shareholders of the Company.



Sean Finn
Executive Vice-President
Corporate Services and Chief Legal Officer and Corporate Secretary

March 9, 2021

Schedule A | Mandate of the Board

The Board has clearly delineated its role and the role of management. The role of the Board is to supervise the management of CN's business and affairs, with the objective of increasing shareholder value. Management's role is to conduct the day-to-day operations in a way that will meet this objective.

The Board approves all matters expressly required herein, under the *Canada Business Corporations Act* and other applicable legislation and CN's Articles and By-laws. The Board may assign to Board committees the prior review of any issues it is responsible for, or as required by applicable laws. Board committee recommendations are generally subject to Board approval. The Board has delegated the approval of certain matters to management pursuant to its Standing Resolutions on Delegation of Authority, as amended from time to time.

Meetings of the Board are held at least seven times a year and as necessary.

As part of its stewardship responsibility, the Board advises management on significant business issues and has the following responsibilities:

A. Approving CN's Strategy

- adopting a strategic planning process, approving and reviewing, on at least an annual basis, a business plan and a strategic framework which take into account, among other things, the opportunities and risks of the business, and monitoring the implementation of the business plan by management.

B. Assessing and Overseeing the Succession Planning of Executive Management

- choosing the President and Chief Executive Officer (the "President and CEO"), appointing executive management and monitoring the President and CEO and his direct reports' performance taking into consideration Board expectations and fixed objectives, approving the President and CEO's corporate goals and objectives and approving annually the compensation of the President and CEO and his direct reports;
- ensuring that an appropriate portion of the President and CEO and executive management compensation is tied to both the short- and longer-term performance of CN; and
- taking all reasonable steps to ensure that processes are in place for the recruitment, training, development and retention of executives who exhibit the highest standards of integrity as well as competence.

C. Monitoring Corporate Governance Issues and Board Renewal

- monitoring the size and composition of the Board to favour effective decision-making;
- taking all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout CN;
- monitoring and reviewing, as appropriate, CN's approach to governance issues and monitoring and reviewing, as appropriate, CN's Corporate Governance Manual and policies and measures for receiving shareholder feedback;
- taking all reasonable steps to ensure the highest quality of ethical standards, including reviewing, on a regular basis, the Code of Business Conduct applicable to CN's directors, its President and CEO, senior financial officers, other executives and employees, monitoring compliance with such code, approving any waiver from compliance with the code for directors and executive officers and ensuring appropriate disclosure of any such waiver, including transactions involving CN and related parties;
- ensuring the regular performance assessment of the Board, Board committees, Board and committee chairs and individual directors and determining their remuneration;
- approving the list of Board nominees for election by shareholders and filling Board vacancies;
- adopting and reviewing orientation and continuing education programs for directors;
- overseeing the disclosure of a method for interested parties to communicate directly with the Board Chair or with the non-management directors as a group; and
- ensuring a Board succession and renewal plan is in place.

D. Monitoring Financial Matters and Internal Controls

- monitoring the quality and integrity of CN's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, including by overseeing:
 - (i) the integrity and quality of CN's financial statements and other financial information and the appropriateness of their disclosure;
 - (ii) the review of the Audit Committee on external auditors' independence and qualifications;
 - (iii) the performance of CN's internal audit function and of CN's external auditors;
 - (iv) CN's compliance with applicable legal and regulatory requirements (including those related to environment, safety and security);
- ensuring that an appropriate risk assessment process is in place to identify, assess and manage the principal risks of CN's business and financial strategy, including climate change risks; and
- adopting communications and disclosure policies and monitoring CN's investor relations programs.

E. Monitoring Pension Fund Matters

- monitoring and reviewing, as appropriate, CN's pension fund policies and practices, including the investment policies of the Canadian National Railway Pension Trust Funds or any other pension trust fund established in connection with a new pension plan or any other pension plan offered or administered by CN (the "CN's Pension Trust Funds"); and
- approving the annual budget of the Investment Division of CN's Pension Trust Funds.

F. Monitoring Sustainability, Safety and Security Matters

- monitoring and reviewing, as appropriate, CN's sustainability, safety and security policies and practices;
- monitoring CN's Climate Action Plan and the Company's progress against its set targets under such Plan.

The non-executive Board members meet before or after every Board meeting without the presence of management and under the chairmanship of the Board Chair. If such group includes directors who are not independent, an executive session including only independent directors is held regularly.

Board members are expected to demonstrate a high level of professionalism in discharging their responsibilities. They are expected to attend the meetings of the Board and of the Board committees on which they sit and to rigorously prepare for and actively participate in such meetings. They should review all meeting materials in advance. They are also expected to be available to provide advice and counsel to the President and CEO or other corporate officers of CN upon request. The Board annually reviews the adequacy of its mandate.

Schedule B | Reports of the Committees

The following are reports of each Board committee for the year 2020 and up to March 9, 2021. These reports provide details on the activities of each committee but are not meant to be exhaustive. The Charter of each Committee is available in our Corporate Governance Manual available on our website at www.cn.ca.

Report of the Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Company's financial reporting, monitoring risk management, internal controls and internal and external auditors.



CURRENT MEMBERS

S. Bruder (Chair), D.J. Carty, E.E. Holiday, V.M. Kempston Darkes, K.G. Lynch, J.E. O'Connor, L. Stein

Highlights

The Audit Committee, in accordance with its mandate:

Financial Information

- reviewed and approved annual and quarterly results, Management's Discussion and Analysis and the earnings press releases of the Company;
- reviewed the independent auditors' reports of the external auditors on the consolidated financial statements and the internal controls over financial reporting of the Company, and on the financial statements of CN's Pension Trust Funds;
- reviewed financial information contained in the Annual Information Form, the Form 40-F and other reports requiring Board approval;
- reviewed and approved the Audit Committee Report and other information appearing in the Management Information Circular;
- reviewed analysis and communications materials prepared by management, the internal auditors or external auditors setting forth any significant financial reporting issues;
- reviewed the compliance of management's certification of financial reports with applicable legislation;
- reviewed, with the external auditors and management, the quality, appropriateness and disclosure of the Company's critical accounting principles and policies, underlying assumptions and reporting practices, and any proposed changes thereto;
- reviewed judgments made in connection with the preparation of the financial statements, if any, including analyses of the effect of alternative generally accepted accounting principles and/or methods;
- reviewed with external auditors and management, changes in accounting for CN's pension plans and other postretirement benefits; and
- held *in camera* meetings with certain members of management.

Internal Auditors

- reviewed and approved the internal audit plan and Internal Audit Charter;
- monitored the internal audit function's performance, its responsibilities, staffing, budget and the compensation of its members; and
- held *in camera* meetings with the Chief, Internal Audit.

External Auditors

- reviewed and approved the results of the external audit;
- recommended to the Board the appointment and terms of engagement of the Company's external auditors;
- evaluated, remunerated and monitored the qualifications, performance and independence of the external auditors;
- discussed, approved and oversaw the disclosure of all audit, review and attest services provided by the external auditors;
- determined which non-audit services the external auditors are prohibited from providing, and pre-approved and oversaw the disclosure of permitted non-audit services by the external auditors to the Company, in accordance with applicable laws and regulations;
- reviewed the formal statement from the external auditors confirming their independence and reviewed hiring policies for employees or former employees of the Company's external auditors; and
- held *in camera* meetings with external auditors.

Risk Management

- reviewed the Company's risk assessment, including risk oversight and risk management policies under the Enterprise Risk Management, including information technology risk management, and Business Interruption management;
- assisted the Board with the oversight of the Company's compliance with applicable legal and regulatory requirements; and
- oversaw the Company's cybersecurity program for Operations and Information Technologies.

Internal Control

- received management's report assessing the adequacy and effectiveness of the Company's disclosure controls and procedures and systems of internal control;
- reviewed procedures established for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters or employee concerns regarding accounting or auditing matters; and
- reviewed minutes of the Corporate Disclosure Committee meetings.

Committee Performance

- reviewed the processes in place to evaluate the performance of the Audit Committee; and
- reviewed and approved a forward-looking agenda for the Committee.

Other

- made recommendations to the Board with respect to the declaration of dividends;
- reviewed progress report on the implementation of Positive Train Control, the safety technology mandated by the U.S. Congress;
- monitored the tax affairs of the Company; and
- reviewed, on a quarterly basis, expense reports of the Chair of the Board and the President's Office.

Submitted by the members of the Audit Committee.

Report of the Finance Committee

The role of the Finance Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the monitoring and oversight of the Company's financial policies and strategy and authorizing, approving and recommending certain financial activities.



CURRENT MEMBERS

G.D. Giffin (Chair), J. Godin, E.E. Holiday, D. Losier, V.M. Kempston Darkes, M. McKenzie, J.E. O'Connor, R.L. Phillips, L. Stein

Highlights

The Finance Committee, in accordance with its mandate:

Financial Policies and Strategy

- provided oversight with respect to CN's capital structure, cash flows and key financial ratios;
- made recommendations to the Board with respect to the Company's financial policies and practices and financial matters affecting the Company including the Company's Capital Allocation Strategy and Capital Budget;
- reviewed and made recommendations to the Board with respect to the Company's Standing Resolutions on Delegation of Authority;
- reviewed CN's strategy regarding distributions to shareholders, including strategy with respect to dividends and share repurchases;
- reviewed policies regarding financial risk management, short-term investment and credit; and
- reviewed the Company's credit ratings and monitored the Company's activities with respect to credit rating agencies.

Financing

- reviewed the Company's liquidity position, including the Company's capital expenditures, capital structure, financing plan and short-term investments;
- approved a shelf prospectus for the issuance of an aggregate principal amount of C\$6 billion of debt securities;
- approved public debt offering of up to US\$750M, and related hedging, which allowed issuance of US\$600M 2.45% due 2050; and
- in response to uncertainty brought about by the COVID-19 crisis, reviewed and agreed to significantly increasing liquidities by:
 - stopping share repurchases;
 - adding a C\$390M one-year credit facility as well as a US\$310 loan facility.

Financial Activities

- recommended decisions related to indebtedness of the Company, as well as loans, guarantees or extension of credit;
- reviewed Treasury and transactional activities;
- recommended decisions related to derivative financial instruments;
- reviewed and recommended new share repurchase programs and related progress reports;
- reviewed and recommended the acquisition of the Massena Line (pending closing) and the Quebec City Terminal Partnership with Hutchison Ports;
- reviewed and recommended Procurement and Supply Management three-year plan
- reviewed, recommended and monitored significant capital and other expenditures for strategic projects, equipment and rail infrastructure, as well as material purchases of products and services; and
- oversaw internal auditors reports on post-completion audits of selected capital projects approved by the Board; and
- reviewed and recommended the continued use of the end user exemption for derivative instruments under the Dodd-Frank Act.

Committee Performance

- reviewed the processes in place to evaluate the performance of the Finance Committee;
- assessed the adequacy of the Finance Committee's Charter and made a report thereon to the Board; and
- reviewed and approved a forward-looking agenda for the Committee.

Other

- reviewed a CN investor perception survey.

Submitted by the members of the Finance Committee.

Report of the Corporate Governance and Nominating Committee

The role of the Corporate Governance and Nominating Committee is to assist the Board in fulfilling its oversight responsibilities with respect to corporate governance matters which include developing, reviewing and monitoring criteria for selecting directors and reviewing the corporate governance guidelines applicable to the Company.



CURRENT MEMBERS

R.L. Phillips (Chair), J. Godin, K.G. Lynch, M. McKenzie, R. Pace, J. E. O'Connor

Highlights

The Corporate Governance and Nominating Committee, in accordance with its mandate:

Composition of the Board and its Committees

- reviewed the size and composition of the Board and assisted the Board in determining Board Committee size, composition and mandate;
- reviewed directors' independence and financial literacy;
- reviewed criteria for selecting directors and assessed the competencies and skills of the Board members in relation to the Company's circumstances and needs;
- identified three Board candidates with a focus on the Board's desired skills and competencies, geographical representation and the Board's diversity target, and recommended director nominees for the next annual meeting of shareholders; and
- reviewed director succession and board renewal and evergreen list.

Performance of the Board and its Committees

- reviewed the performance of the Board, Board Committees, Board and Committee Chairs and Board members, including reviewing the Board, Committee, and Chair evaluation process and the development of Management Information Circular questionnaires.

Director Compensation

- reviewed the compensation of non-executive Board members.

Continuing Education for Directors

- monitored and reviewed the Company's orientation and continuing education programs for directors.

Corporate Governance Initiatives

- reviewed and recommended changes to the Company's corporate governance guidelines and monitored disclosure of such guidelines in accordance with applicable rules and regulations;
- monitored developments, proposed rule changes and amendments to securities laws, disclosure and other regulatory requirements;
- assisted the Board with the oversight of the Company's corporate governance and monitored legal and regulatory requirements, as well as best practices;
- reviewed the Company's Corporate Governance Manual;
- reviewed, monitored and oversaw compliance with CN's Code of Business Conduct;
- reviewed progress reports on diversity and inclusion and reviewed CN's Diversity Policy with respect to Director and Executive Management positions;
- reviewed the annual report of CN's Ombudsman;
- reviewed adherence to the Company's Aircraft Utilization Policy;
- reviewed the Company's corporate disclosure, including the Management Information Circular, the Annual Information Form, and the Annual Report;
- recommended to the Board a date and location for the annual meeting of shareholders; and
- monitored the Investor Relations Program and reviewed feedback from shareholders and shareholder associations.

Committee Performance

- reviewed the processes in place to evaluate the performance of the Corporate Governance and Nominating Committee; and
- reviewed and approved a forward-looking agenda for the Committee.

Submitted by the members of the Corporate Governance and Nominating Committee.

Report of the Human Resources and Compensation Committee

The role of the Human Resources and Compensation Committee is to assist the Board in fulfilling its oversight responsibility of monitoring executive management's performance assessment, compensation, succession planning and human resources practices.



CURRENT MEMBERS

K.G. Lynch (Chair), S. Bruder, D.J. Carty, J. Godin, M. McKenzie, R.L. Phillips, L. Stein

Highlights

The Human Resources and Compensation Committee, in accordance with its mandate:

Succession Planning

- refined critical role success criteria aligned to the identified key value drivers;
- assessed talent strengths and gaps against critical roles with a focus on optimal fit to ensure the greatest impact on CN's strategic plan;
- analyzed succession pipeline to mitigate risk and bring greater emphasis on diverse talent, including in-depth functional talent reviews;
- reviewed leadership teams and functional organizational structures to ensure strong incumbent fit, including supplementing talent and skills with external hires;
- increased data driven decision-making through dashboards and scorecards, creating leadership accountability and tracking progress; and
- identified how best to monitor performance and create key indicators to assess and measure delivery against value allocation.

President and Chief Executive Officer Compensation

- reviewed corporate goals and objectives relevant to the President and Chief Executive Officer, evaluated his mid-year and annual performance based on those goals and objectives and recommended compensation based on this evaluation, for approval by the Independent Board members; and
- developed performance objectives in conjunction with the President and Chief Executive Officer.

Appointment of Executive Management

- recommended the appointment of executive management and approved the terms and conditions of their appointment and termination or retirement; and
- launched a search process for the position of Executive Vice-President and Chief Information and Technology Officer ("CITO"), and appointed a CITO.

Executive Compensation

- reviewed the validity of the Company's benchmark group used in determining the compensation of executives;
- reviewed the evaluation of the direct reports of the President and CEO's performance and recommended to the Board their compensation;
- examined and reviewed elements of executive compensation and reported on compensation practices;
- monitored any potential risks that could arise from CN's compensation programs and practices, while ensuring proper risk identification and mitigation practices were in place;
- reviewed performance of NEOs and the Company's annual performance as measured under the AIBP;
- closely monitored bonus outlook and recommended to the Board payout under the AIBP, as well as PSU vesting outlook;
- reviewed and recommended proposed bonus targets and the use of discretion of unforeseen events and performance targets related to PSUs; and
- reviewed and recommended changes to the AIBP.

Executive Compensation Disclosure

- produced for review and approval by the Board a report on executive compensation for inclusion in the Management Information Circular.

Compensation Philosophy

- monitored the compensation philosophy and policy that rewards the creation of shareholder value and reflects the appropriate balance between the short- and longer-term performance of the Company; and
- monitored the Company policy relating to the positioning of total direct compensation for executives.

Pension Plans

- reviewed and recommended pension plan amendments.

Human Resources Initiatives

- monitored pension and strategic labour and social issues;
- reviewed and discussed strategies for hiring, training, engaging, and developing a diverse talent; and
- reviewed and discussed strategies for workforce planning.

Committee Performance

- reviewed the processes in place to evaluate the performance of the Human Resources and Compensation Committee;
- reviewed and approved a forward-looking agenda for the Committee; and
- retained the service of independent compensation advisors to help it carry out its responsibilities and approved appropriate fees for such services.

Submitted by the members of the Human Resources and Compensation Committee.

Report of the Environment, Safety and Security Committee

The role of the Environment, Safety and Security Committee is to assist the Board in fulfilling its oversight responsibilities with respect to environmental matters, safety and security of the Company's operations which include overseeing environmental, safety and security policies, practices and procedures, audits and assessments of compliance.



CURRENT MEMBERS

L. Stein (Chair), S. Bruder, D.J. Carty, G.D. Giffin, M. McKenzie, J.E. O'Connor, R. Pace, R.L. Phillips

Highlights

The Environment, Safety and Security Committee, in accordance with its mandate:

Environmental, Health and Safety Audits

- oversaw the development and implementation of environmental, safety and security policies, procedures and guidelines;
- reviewed environmental, health and safety audits and assessments of compliance, taking reasonable steps to ensure that the Company is exercising due diligence;
- oversaw the review of the Company's safety performance and related management action plans and ensured safety initiatives are fully aligned with and reinforce CN's safety culture and its goal of being the safest Class I railroad in North America;
- reviewed the Company's business plan to ascertain that environmental, safety and security issues are taken into consideration;
- ensured appropriate employee training standards and communications are developed and implemented;

- reviewed all significant safety and security matters; and
- oversaw the Company's Environmental, Sustainability, and Governance disclosures, including CN's Climate Action Plan for inclusion in CN's Information Circular.

Accounting Accrual

- monitored accounting accrual for environmental costs in conjunction with the Audit Committee.

Environmental Investigations and Judgments

- reviewed reports in respect of all significant notices, complaints, investigations and proceedings by governmental authorities, and all significant judgments and orders in respect of environmental, safety and security matters.

Other

- reviewed Canadian and U.S. environmental and safety, legal and regulatory developments of importance to the Company; and
- monitored results from various security initiatives and use of technology in risk mitigation.

Committee Performance

- reviewed the processes in place to evaluate the performance of the Environment, Safety and Security Committee.

Submitted by the members of the Environment, Safety and Security Committee.

Report of the Strategic Planning Committee

The role of the Strategic Planning Committee is to assist the Board in fulfilling its oversight responsibilities with respect to financial and strategic issues, including the review of the key assumptions, as well as the economic, business, regulatory and competitive conditions underlying the Company's business plan.



CURRENT MEMBERS

V.M. Kempston Darkes (Chair), D.J. Carty, J. Godin, D. Losier, K.G. Lynch, M. McKenzie, R. Pace

Highlights

The Strategic Planning Committee, in accordance with its mandate:

Strategic Direction

- focused on strategic and financial issues, including the review of key assumptions and external impacts underlying the business plan;
- reviewed and approved the Company's long-term strategic direction;
- reviewed and approved the Company's business plan and capital budget; and
- obtained regular briefings and presentations on strategic issues.

Committee Performance

- reviewed the processes in place to evaluate the performance of the Strategic Planning Committee.

Submitted by the members of the Strategic Planning Committee.

Report of the Pension and Investment Committee

The role of the Pension and Investment Committee is to review pension-related matters broadly, including, reviewing the activities of CNID, reviewing and approving CNID Incentive Plan and award payouts thereunder, advising CNID on investment of assets of CN's Pension Trust Funds, approving certain of the investments made by CN's Pension Trust Funds, and being informed of all matters related to pension liabilities or that are otherwise relevant in developing CN's pension risk management strategy and pension plan design. The Pension and Investment Committee is a mixed committee composed of members of the Board of Directors as well as officers of the Company (not shown here).



CURRENT MEMBERS

E.E. Holiday (Chair), D.J. Carty, G.D. Giffin, V.M. Kempston Darkes, D. Losier, K.G. Lynch

Highlights

The Pension and Investment Committee, in accordance with its mandate:

- reviewed the activities of CNID and advised CNID on investment of assets of CN's Pension Trust Funds in accordance with applicable policies and procedures;
- reviewed and approved the Statements of Investment Policies and Procedures for CN's pension plans;
- reviewed and approved the Investment Strategy of CNID;
- reviewed and approved CNID Incentive Plans and any award payouts thereunder;
- reviewed and approved the annual budget of CNID;
- in conjunction with the President and Chief Executive Officer of CN, oversaw and determined the hiring, compensation, performance assessment, leadership development and succession planning of CNID executives, including the President and CEO of CNID, subject to the approval of the Human Resources & Compensation Committee and the Board;
- approved the overall pension risk management strategy and reporting thereon to the Board;
- oversaw implementation of the overall pension risk management strategy by the Pension Advisory Working Committee and CNID;
- reviewed and recommended, jointly with the Audit Committee, to the Board the financial statements of the CN Pension Trust Funds;
- reviewed management's assessment of the effectiveness of internal controls relating to CN's pension plans and the CN Pension Trust Funds;
- reviewed and approved the governance structure of the management Pension Advisory Working Committee; and
- appointed members of the management Pension Advisory Working Committee and its Chair.

Committee Performance

- reviewed the processes in place to evaluate the performance of the Pension and Investment Committee.

Submitted by the members of the Pension and Investment Committee.

Report of the Donations and Sponsorships Committee

The role of the Donations and Sponsorships Committee is to assist the Board in fulfilling its oversight responsibilities with respect to developing a donations and sponsorships strategy and reviewing/approving donation and sponsorship requests. The Donations and Sponsorships Committee is a mixed committee composed of members of the Board of Directors as well as officers of the Company (not all shown here).



CURRENT MEMBERS

R. Pace (Chair), S. Bruder, G.D. Giffin, E.E. Holiday, D. Losier, J.J. Ruest

Highlights

The Donations and Sponsorships Committee, in accordance with its mandate:

Donations and Sponsorship Strategy

- reviewed and approved the general donations and sponsorships strategy and goals of the Company;
- reviewed and approved the budget for donations and sponsorships; and
- reviewed the Railroaders in the Community Program.

Donations and Sponsorship Requests

- reviewed donation requests and approved selected donations by the Company, including those having a total cost of more than \$100,000;
- reviewed and approved sponsorships and recommended to the Board for approval sponsorships by the Company having a total cost of more than \$500,000; and
- reviewed reports from the Vice-President, Public and Government Affairs concerning sponsorships having a total cost of more than \$100,000 and donations of more than \$50,000 and on other matters.

Committee Performance

- reviewed committee mandate and processes in place to evaluate the performance of the Donations and Sponsorships Committee.

Submitted by the members of the Donations and Sponsorships Committee.

Schedule C | Additional Audit Committee Disclosure

National Instrument 52-110—*Audit Committees* of the CSA requires issuers to include the charter of their audit committee and disclose information with respect to the composition, education and experience of the members of their audit committees, as well as all fees paid to external auditors in their annual information form. We comply with the requirements regarding composition and responsibilities, as summarized hereinafter, and we refer to our Annual Information Form—section “9.2 Audit Committee Disclosure” and “Schedule A”—available on SEDAR at www.sedar.com and on our website at www.cn.ca, under Investors for a description of the education and relevant experience of the Audit Committee members and with regards to the charter of our Audit Committee.

Composition of the Audit Committee

The Audit Committee is composed of seven independent directors, namely, Shauneen Bruder, Chair of the Committee, Donald J. Carty, Edith E. Holiday, V. Maureen Kempston Darkes, Kevin Lynch, James E. O'Connor and Laura Stein. No member of the Audit Committee receives, other than in his or her capacity as a director or member of a Board committee, directly or indirectly, any fee from the Company or any subsidiary of the Company, nor is an affiliated person of the Company, or any subsidiary of the Company.

Mandate of the Audit Committee

As further described below, the Audit Committee's responsibilities can be divided into four categories:

- overseeing financial reporting;
- monitoring risk management and internal controls;
- monitoring internal auditors; and
- monitoring external auditors.

Overseeing Financial Reporting

The mandate of the Audit Committee provides that the Audit Committee is responsible for reviewing, with management and the external auditors, the annual and quarterly financial statements of the Company and accompanying information, including the Company's Management's Discussion and Analysis disclosure and earnings press releases, prior to their release, filing and distribution. The mandate also provides that the Audit Committee should review the procedures in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

The Audit Committee is also responsible for reviewing the financial information contained in the Annual Information Form and other reports or documents, financial or otherwise, requiring Board approval.

Furthermore, the Audit Committee is in charge of reviewing the results of the external audit, any significant problems encountered in performing the audit, and management's response and/or action plan related to any issue identified by the external auditors and any significant recommendations relating thereto.

Monitoring Risk Management and Internal Controls

The Audit Committee is responsible for periodically receiving management's report assessing the adequacy and effectiveness of CN's disclosure controls and procedures and systems of internal control. The mandate of the Audit Committee also provides that the Audit Committee must review CN's risk assessment and risk management policies.

The Audit Committee is also responsible for assisting the Board with the oversight of CN's compliance with applicable legal and regulatory requirements.

Additionally, the mandate of the Audit Committee provides that the Audit Committee must establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, or employee concerns regarding accounting or auditing matters, while ensuring confidentiality and anonymity. CN has adopted such procedures. Please refer to the Corporate Governance section of our website at www.cn.ca, under Delivering Responsibly/Governance for more details on these procedures.

Monitoring Internal Auditors

The Audit Committee is responsible for ensuring that the Chief, Internal Audit reports directly to the Audit Committee, and for regularly monitoring the internal audit function's performance, its responsibilities, staffing, budget and the compensation of its members. It further annually reviews the internal audit plan and ensures that the internal auditors are accountable to the Audit Committee.

Monitoring External Auditors

The mandate of the Audit Committee states that the Audit Committee is responsible for recommending the retention and, if appropriate, the removal of external auditors, evaluating and remunerating them, and monitoring their qualifications, performance and independence.

The Audit Committee is also in charge of approving and overseeing the disclosure of all audit, review and attestation services provided by the external auditors, determining which non-audit services the external auditors are prohibited from providing, and pre-approving and overseeing the disclosure of permitted non-audit services by the external auditors.

Regulations in the U.S. and Canada require that the lead engagement partner must change every five years in the U.S. and every seven years in Canada, followed by a five year absence from the audit. At CN, lead engagement partner rotation occurs at least every five years. The Audit Committee is responsible for overseeing the external auditors and discussing with them the quality and not just the acceptability of the Company's accounting principles, including any material written communications between the Company and the external auditors (including disagreements, if any, with management and the resolution thereof).

The Audit Committee also reviews at least annually, the formal written statement from the external auditors stating all relationships the external auditors have with CN and confirming their independence.

The mandate of the Audit Committee also provides that the Audit Committee is responsible for reviewing hiring policies for employees or former employees of the Company's firm of external auditors.

The Audit Committee assesses the auditor's experience and knowledge of the Company's operations and industry, audit quality and performance, and audit fees, including the results of industry benchmarking. The Audit Committee also considers the results of auditor reviews performed by auditing oversight bodies, including public reports issued by such bodies following their inspections of the firm, as well as other information such as comment letters received periodically from the securities commissions.

Furthermore, the mandate of the Audit Committee states that the Audit 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 Committee makes arrangements for the appropriate funding for payment of the external auditors and any advisors retained by it. Pursuant to its charter, the Audit Committee also has direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The internal and external auditors must meet separately with the Audit Committee, without management, twice a year, and more frequently as required.

The Audit Committee met six (6) times in 2020 and held in camera sessions at each meeting. The report of the Audit Committee, set forth in Schedule B of this Information Circular, outlines the major subject areas reviewed by the Committee during the year, in compliance with its mandate.

Non-Audit Services

The mandate of the Audit Committee provides that the Audit Committee determines which non-audit services the external auditors are prohibited from providing, approves audit services and pre-approves permitted non-audit services to be provided by the external auditors. CN's Audit Committee and the Board of Directors have adopted resolutions prohibiting the Company from engaging KPMG LLP to provide certain non-audit services to the Company and its subsidiaries, including bookkeeping or other services related to the accounting

records or financial statements, financial information systems design and implementation, appraisal or valuation services, fairness opinions, contribution in-kind reports, actuarial services, internal audit outsourcing services, management functions or human resources functions, broker or dealer, investment advisor, or investment banking services and legal services and expert services unrelated to the audit. Pursuant to such resolutions, the Company may engage KPMG LLP to provide non-audit services, including tax services, other than the prohibited services listed above, but only if the services have specifically been pre-approved by the Audit Committee.

The external auditors are prohibited from providing certain non-audit services.

Audit Committee Report Regarding Internal Control Over Financial Reporting

The Audit Committee periodically received management's report assessing the adequacy and effectiveness of our disclosure controls and procedures and systems of internal control in respect of the 2020 fiscal year. The Company's external auditors, KPMG LLP, are responsible for performing an independent audit of our consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board ("PCAOB") in the U.S., and an independent audit of the effectiveness of internal controls over financial reporting, in accordance with the standards of the PCAOB. These audits serve as a basis for KPMG LLP's opinions addressing whether the consolidated financial statements fairly present our financial position, results of operations, and cash flows in conformity with U.S. Generally Accepted Accounting Principles ("GAAP").

The Audit Committee has discussed with KPMG LLP the matters required to be discussed by the PCAOB Auditing Standards No. 16 (Communication With Audit Committees) and Chartered Professional Accountants of Canada ("CPA") Handbook – Assurance Section 260 (Communications With Those Charged With Governance) including matters relating to the conduct of the audit of our financial statements and the assessment of the effectiveness of our internal control over financial reporting under section 404 of the *Sarbanes-Oxley Act*.

KPMG LLP provided the Committee with written disclosures and the letter required by Rule 3526 of the PCAOB. The Audit Committee has discussed with KPMG LLP the firm's independence from the Company. A formal written statement describing all relationships between KPMG LLP and the Company was remitted to the Audit Committee and it includes a written confirmation that KPMG LLP are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation and are independent public accountants with respect to the Company within the meaning of all relevant U.S. professional and regulatory standards, including the independence rules adopted by the SEC pursuant to the *Sarbanes-Oxley Act*, and Rule 3520 of the PCAOB.

Based on this review and these discussions, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be filed with Canadian securities regulators and be included in the Company's annual report on Form 40-F for the year ended December 31, 2020 filed with the SEC.

Education and Relevant Experience of the Audit Committee Members

The Board of Directors believes that the composition of the Audit Committee reflects a high level of financial literacy and experience. As required in the charter of the Audit Committee, all members of the Audit Committee are financially literate, as such term is defined under Canadian securities laws and regulations and the NYSE Standards, and several members of the Committee meet all criteria to be designated as "audit committee financial expert" under the rules of the SEC. The Board has made such determination based on the education and experience of each Committee member.

In determining if a director is an "audit committee financial expert", the Board considers if the director is a person who has: (a) an understanding of generally accepted accounting principles and financial statements; (b) the ability to assess the general application of such accounting

All members of the Audit Committee are financially literate and several members are audit committee financial experts.

principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; (d) an understanding of internal controls and procedures for financial reporting; and (e) an understanding of audit committee functions.

Schedule D | Shareholder Proposals

Shareholder proposals have been submitted for consideration at the Meeting by Ms. Pamela Fraser, an individual investor holding at least \$2,000 worth of CN common shares. The full text of the proposals and supporting comments are set out in italics below, together with the Company's response thereto and the Board of Directors' vote recommendation.

Proposal #1 – Request for the Board of Directors to institute a new safety-centred bonus system

RESOLVED – That for the first CN Railway worker death in any applicable period, every manager and corporate officer's performance bonus is automatically cut by 20% from the higher of the previous or current year's projected figure, with further deductions of 15% for each subsequent death up to a maximum of 80%. Separately, every "serious injury" to a worker automatically deducts 2% from all managers' and corporate officers' bonuses up to an additional 14%.

Supporting statement

In safety conscious workplaces, every worker death is preventable. Even deaths and serious injuries whose causes appear limited to worker error have systemic foundations. Further, worker safety and profitability are allies, not antagonists. In modern industrial nations such as Canada and the United States, it has been demonstrated that safer workplaces enjoy higher worker morale, fewer workdays lost to injuries, and less hiring and training expenses.

The case of Alcoa Corporation, under the leadership of Mr. Paul O'Neil, affirmed the principle that in the long term, worker safety and profitability rise in tandem. Although, price-to-earnings ratios and stock prices are important, in the contemporary industrial landscape, these measures are only sustainable as the by-products of skillful and rigorous promotion of corporate values such as workplace safety.

In 2019, the Transport Safety Board (TSB), reported 1,243 railway accidents. This represents an 18% spike in the 5-year average. In 2019, the TSB reported 72 rail-related fatalities, a 20% spike in the 5-year average. These figures reflect 360 deaths and 6,215 accidents between 2014 and 2019. A substantial number of these incidents involved CN Railway operations.

Corporate strategy and remuneration policy must align with the objectives they intend to accomplish. Tying bonuses more resolutely with workplace

and public safety will create a climate of collective responsibility that will reward CN Railway managers and corporate officers for "putting their money where their workers' safety is". The proposed bonus system is structured to provide an additional and galvanizing incentive for managers and corporate officers to hold each other accountable. Safety shortfalls by one manager or corporate officer will impose financial accountability on them all.

As ESG and the values that inspired its creation become increasingly important for investors and the public, there is no better expression of a corporation's commitment to its customers, workers, and society than tying management's bonuses to their collective success in securing workplace safety. The incentive to promote profitability in tandem with safety will also spark the corporate imagination to redirect the focus from the expedience that often places these goals at odds. This proposal is bold, and necessarily so. Quantum leaps tend to require massive risks. In this case, grafting safety into the DNA of corporate strategy via the performance bonus system poses a modest risk to corporate leaders who are already tasked to guarantee workplace safety. Passing this resolution will make CN Railway the world's safest railway company by a comfortable margin.

The Board of Directors recommends that shareholders vote **AGAINST** this proposal for the following reasons:

Safety is a core value that guides CN's actions and decisions at all times throughout the organization. Our goal is to be the safest railroad in North America by cultivating an unwavering safety culture with all of our managers and employees.

The Board recommends a vote against this proposal because it is of the view that CN's short term incentive compensation plan already incorporates a strong safety component applicable to all management employees irrespective of their functions and that the mechanism suggested by the proposal would not achieve incremental improvement to safety.

There is nothing more important to CN than running a safe railway. CN's commitment to an unwavering safety culture is anchored by training and leadership in establishing and maintaining safe work practices, the implementation of new safety technologies and capital investments.

CN's extensive ongoing safety training program, *Looking Out for Each Other*, is an integral part of CN's safety culture that focuses on exposure to risk and risk reduction before injuries and accidents occur through a focus on continuous prevention and open dialogue. It is a vital safety mindset that employees are taught and encouraged to integrate into their daily practices. It is a peer to peer program that focuses on raising awareness among all employees on the top causes of incidents and injuries, and on identifying and reviewing safe work procedures, training employees to be aware of their surroundings and recognize potential at risk work practices, and teaching employees how to provide constructive feedback to peers.

Our *Life Critical Rules* aim to embed safety further throughout the organization by addressing the day-to-day activities that have the potential to cause serious harm or loss of life. Every employee is taught to understand and follow these rules, and to ensure their peers do the same.

In 2020, CN also introduced a new safety leadership training program that teaches employees the importance of controlling exposures to risk, and on developing the attitudes and behaviours required for a safe workplace.

CN is also implementing new technology to drive improved safety and engineering-out risk and human error. For example, CN is installing powerful sensor and artificial intelligence (AI) technology into specially equipped automated track inspection cars positioned in existing train service, enabling track inspections at normal track speed, without the need for bringing additional equipment onto the track. In 2020, using this new autonomous technology, CN inspected 375,000 miles of track, with some of our key corridors receiving up to 20 times more inspections than with previously methodologies.

CN's new Automated Inspection Portals feature ultra-high-definition cameras that capture 360 degree view of a train as it travels at normal track speed. This method of railcar maintenance, using machine learning algorithms, improves inspection quality, frequency, and railcar reliability. Both these innovations in automation – the track inspection cars and train inspection portals – increase inspection frequency and quality and play an essential role in preventing incidents. The goal is to eventually eliminate the risk of human error.

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CN's compensation structure already contains a strong safety component which connects all management employees to safety as a core value and underlines the message that safety is everyone's responsibility whether in the field or at all management levels. CN's annual incentive bonus program provides for a component of 10% which is conditional on the attainment of corporate safety performance targets designed to embed the importance of safety across the organization and measure improvement achieved and progress to be made within the organization. The safety component of CN's bonus program was first applied to executive management in 2017 to set the tone at the top and has since been extended to all senior management employees in 2019 and recently to all of CN's 4,850 management employees in 2021.

The Board is of the view that CN's management compensation program as set out in this Management Information Circular is appropriately balanced to enhance the railroad's safety culture at the management

level and to drive the attainment by CN employees of high level of safety, including through infrastructure investments, technology, training and the right message from the top management.

The proposal suggests a punitive approach. Not only is that approach not consistent with best practices, but it is broadly thought of as not being effective to deter unsafe behaviors and effect the lasting changes required to embed a safety culture and improve safety performance. The Board and the Company continue to be focused on the safety of CN's employees and on aiming for the elimination of all tragic accidents, and are of the view that the Company's strategy, including its training programs, investments and its bonus plan are the appropriate route to accomplish that objective.

For these reasons, the Board of Directors recommends that shareholders vote **AGAINST** this proposal.

Proposal #2 – The criminal investigation of all railway worker deaths and serious injuries by independent police forces in Canada and the US

RESOLVED – That the Board shall require the CN Police Service to cede and proactively request the criminal investigation of all workplace deaths and serious injuries to the RCMP and independent police forces in Canada and the US. CN Police must play no investigative role in these cases

Supporting statement

The CN Police Service has the same criminal law enforcement powers as Canada's public police forces. However, CN Police is wholly owned and controlled by CN Railway. As employees, CN Police officers are directly answerable to the corporation. This includes in criminal investigations. CN Railway can terminate its police officers without resorting to the courts that formalized their appointments. CN Police has no independent civilian oversight body. In Canada, CN Railway solely appoints the persons who address public complaints against its police force, and by extension, the corporation.

The above is problematic. The Westray laws require employers' potential criminal liability to be at the forefront of all investigations of workplace deaths and serious injuries. Therefore, CN Police's control over criminal investigations into the conduct of the corporate management it reports to, undermines public confidence in the integrity, impartiality, and independence of such investigations.

The status quo violates the legal principle of police independence, which requires police forces to be operationally independent, especially from the parties whose actions are under investigation. Canadians and Americans expect that all criminal investigations of railway fatalities and serious injuries are not controlled by the corporations that may be responsible.

The privatization of criminal law enforcement is inconsistent with Canadians' and Americans' conception of good, accountable, and modern governance. This situation threatens to jeopardize CN Railway's Environmental, Social, and Governance (ESG) rating, a metric of increasing importance to investors and the public.

In 2019, the Transport Safety Board (TSB), reported 1,243 railway accidents, an 18% spike in the 5-year average. In 2019, the TSB reported 72 rail-related deaths, a 20% spike in the 5-year average. These figures reflect 360 deaths and 6,215 accidents between 2014–2019. Given these high figures, the public perception is that certain railway companies' ownership of the investigating police forces explains the near-zero rate of criminal prosecutions. Unfortunately, the TSB and Transport Canada have no authority for criminal investigations or referrals. Only a proactive company policy of requesting independent police investigations will address this accountability deficit.

CN Railway faces significant and indeterminate risks by continuing to exercise de facto and de jure control over criminal investigations. For example, if a mass casualty event such as the Lac Mégantic disaster happens on either side of CN Police's cross-border jurisdiction, CN Railway would face debilitating public and legal scrutiny in Canada and the US. This is inevitable if the company criminally investigates itself, or its police employees are alleged to have squandered preventive opportunities. The legal, commercial, diplomatic, political, governance, and public relations costs of rejecting this resolution are unacceptably high.

The Board of Directors recommends that shareholders vote **AGAINST** this proposal for the following reasons:

The Board of Directors believes that the CN Police Service is paramount to protecting the safety of CN's employees, assets and operations as well as the communities throughout our large network of 19,500 route miles of track which spans Canada and the United States and is the only railroad connecting Canada's Eastern and Western coasts with the U.S. South.

Status

The CN Police Service ("CNPS") was created almost a hundred years ago by an act of the Parliament of Canada and entrusted with the responsibility to protect property owned, possessed or administered by the railways and the protection of persons and property on that property. CN officers, in Canada, have peace officer status and have federal jurisdiction to enforce all the laws of Canada and the Provinces. In the United States, CNPS officers have peace officer status granted by various state statutes and have been given inter-state jurisdiction by the US Secretary of Transportation.

Mission

The mission of CNPS is to protect the safety of CN's employees, its assets and operations and to protect the safety of the public against the risks associated with railway operations. Through prevention and intervention, CNPS helps foster a better, more efficient and safer railway for all.

CNPS fulfills its mission through enforcement and education. For more than 20 years, in Canada and the United States, all CN employees, police officers, and risk managers, from train crews to retirees, have been promoting the importance of safety at highway railway crossings and warning of the danger of trespassing on railway property.

Each year, CNPS offers the *CN All Aboard for Safety Operation Lifesaver* presentation to more than 100,000 students in more than 700 schools in Canada and the United States. The presentations include videos, demonstrations, activities and informational handouts.

CNPS conducts safety blitzes at busy highway railway crossings with local police services to help make drivers aware of the importance of safety.

CNPS is also uniquely positioned to detect and prevent crimes that could threaten the safety of CN's employees, the public in general or the integrity of the railway operations. Its law enforcement status fosters coordination and cooperation with other law enforcement agencies, including the US Federal Bureau of Investigation and the Department of Homeland Security on matters such as terrorism and cyber threats. It also allows it to participate in international programs designed to facilitate the efficient cross-border movement of goods, such as the Canadian Partners in Protection ("PIP") Program and the US Customs Trade Partnership Against Terrorism ("CTPAT") programs.

Public policing agencies do not have sufficient resources to commit to policing a railway network that spans national and international jurisdictions, nor do they have the technical expertise. The railway is best and uniquely positioned to do so.

Governance

CNPS, its jurisdiction and its relationship with CN were established by statute. CNPS officers, while employees of CN, are first and foremost officers of the law and, as such, recognized as public servants required to operate independently from the Company. That independence is safeguarded by rigorous protocols, procedures and policies.

In 2014, CNPS adopted a formal policy governing communication of information to CN employees. The purpose of the policy was to manage the communication of information from CNPS to other employees of CN in a manner that safeguards the exercise of CNPS officers' duties as public peace officers and ensures an appropriate level of discretion and independence in CNPS officers' statutory powers of investigation, arrest and prosecution. The policy prohibits, amongst other, CNPS officers from disclosing information arising out of, or collected by means of, the exercise of CNPS officers' powers of investigation, arrest and prosecution as public peace officers, including information that may become relevant to a criminal investigation or statutory prosecution.

Consistent with the requirements of the Railway Safety Act in Canada and its policy objective of bringing accountability to the railway police, CN has also established a comprehensive procedure for dealing with complaints concerning police constables, including complaints against its Chief or Assistant Chief, which have been filed with the Minister of Transport in Canada.

CNPS fulfills a crucially important role in the protection of the safety of employees, operations and communities. Its specialized expertise and its ability to be present and to protect employees and assets throughout the extensive geography of CN's North American network are unique and paramount to the best interest of CN and its shareholders.

The shareholder proposal would not in any way improve the safety of employees and communities, nor the quality of investigations of workplace deaths and injuries. It would most likely have the opposite effect.

As a matter of policy, and notwithstanding its authority and expertise, CNPS defers investigation of workplace accidents resulting in fatalities or serious injuries to the local police agency, the RCMP or the regulators. Nevertheless, often first to the scene of an accident given its proximity, CNPS will typically take necessary action to preserve the evidence. When investigative authorities arrive at the scene, CNPS offers its full cooperation and its extensive experience and expertise in the investigation of the types of accidents that occur in railway operations. This cooperation ensures an optimal investigative outcome without creating any issue of conflict, real or apparent.

For these reasons, the Board of Directors recommends that shareholders vote **AGAINST** this proposal.

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