

## **CORPORATE GOVERNANCE AND NOMINATING COMMITTEE**

### **1. Membership and Quorum**

- a minimum of five directors appointed by the Board;
- only Independent directors shall be appointed;
- quorum of majority of members.

### **2. Frequency and Timing of Meetings**

- normally one day prior to CN Board meetings;
- at least four times a year and as necessary;
- committee members meet before or after every meeting without the presence of management.

### **3. Mandate**

The responsibilities of the Governance Committee include the following:

#### **A. Monitoring the composition and performance of the Board and its committees**

- together with the Board Chair, monitoring the size and composition of the Board and its committees to favour effective decision making and making recommendations to the Board in connection therewith;
- developing, reviewing and monitoring, in consultation with the Board Chair, criteria for selecting directors by regularly assessing the competencies, skills, personal qualities, availability, geographical representation, business background and diversified experience of the Board members and CN's circumstances and needs, and assisting the Board Chair in developing a competency matrix for CN;
- in consultation with the Board Chair, identifying candidates qualified to become Board members, who can devote sufficient time and resources to their duties as Board members, and selecting or recommending that the Board select the director nominees for the next annual or special meeting of shareholders;
- reviewing, with the Board Chair, the performance of the Board, Board committees, Board and committee chairs and Board members;
- assisting the Board in determining Board committee composition, as well as the appropriate mandate of each committee for submission to the Board;
- making recommendations to the Board on the remuneration of the Board Chair, the committee chairs and non-executive directors.

B. Overseeing Corporate Governance matters

- reviewing corporate governance guidelines applicable to CN, recommending to the Board any change that should be made thereto and monitoring the disclosure of CN's corporate governance practices in accordance with applicable rules and regulations;
- developing, reviewing and monitoring procedures for meeting the Board's information needs, including formal and informal access to executive management;
- in consultation with the Board Chair, developing, monitoring and reviewing, as applicable, CN's orientation and continuing education programs for directors;
- reviewing, monitoring and overseeing the disclosure of CN's Code of Business Conduct, including a code of ethics applicable to CN's directors, its President and CEO, senior financial officers, other executives and employees, and such other policies as may be approved by the Board from time to time;
- reviewing CN's policy prohibiting its directors and officers to directly or indirectly purchase, sell or otherwise acquire or transfer securities of CN during pension fund blackout periods, taking all reasonable measures to ensure that such policy as well as the list of pension fund blackout periods are provided to every director and officer of CN and overseeing the appropriate disclosure of same;
- monitoring CN's Corporate Disclosure and Communications Policy and the Investor Relations and Public Affairs Program, and overseeing CN's lobbying activities and political contributions and disclosure of same;
- reviewing from time to time CN's Corporate Governance Manual;
- reviewing CN's community investment program.

C. Evaluating the performance of the Governance Committee

- ensuring that processes are in place to annually evaluate the performance of the Governance Committee.

As appropriate, the Governance 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 Governance Committee shall report to the Board regularly on its deliberations and annually on the adequacy of its mandate.

The Board Chair shall supervise the Governance Committee annual performance assessment.

Nothing contained in the above mandate is intended to assign to the Governance Committee the Board responsibility to ensure CN's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Governance Committee.