

ANTI-CORRUPTION POLICY

1. POLICY STATEMENT AND OBJECTIVE

CN believes that “clean” business is sustainable business and is committed to using only ethical and legal business practices. Corruption hinders CN’s ability to develop and maintain long-term, fair, mutually beneficial relationships with our suppliers, customers and business partners.

The purpose of this Policy is to ensure legal compliance and prevent illicit activities which are counter to CN’s ethical culture and would harm CN’s reputation and business.

2. SCOPE

This policy applies to all employees of Canadian National Railway Company and its subsidiaries, including contract employees (“CN” or the “Company”).

3. DEFINITIONS

The definitions set out below apply for the purpose of this Policy.

3.1. “FOREIGN GOVERNMENT OFFICIAL”

This means any officer, employee, department, agency or instrumentality of a foreign government, political party, state-owned or state-controlled business or public international organization, as well as any person acting in an official capacity for, or on behalf of, these entities.

This expression includes aboriginal and tribal communities. For Canadians, this means US government officials and vice versa. If you are uncertain whether a specific individual is a “foreign government official” under this Policy, please contact CN Law.

3.2. “PAYMENT”

Under this Policy, a payment means the conveyance of any reward, gift, advantage, benefit or any thing of value; it is not limited to cash. Payments made in certain areas are particularly sensitive:

- Commissions, consulting fees, royalties, social responsibility payments, legal, audit and tax fees, marketing fees, visa permits and licensing fees, customs and duties or other miscellaneous fees;
- Sales expenses, rebates, discounts, after sales fees or write-offs;
- Meals & Entertainment (M&E), hospitality or travel where CN is hosting a third party;
- Financial operations performed through intercompany accounts; and
- Donations, sponsorships and charitable and political donations.

Note that under relevant legislation, there is no materiality threshold for a breach to have occurred, the value of a payment is irrelevant to the determination of whether

an act complies with this Policy. Under Canadian legislation, there is no time limitation on the prosecution of an offence.

3.3. "AGENT"

This means any broker, representative, partner, consultant, joint venture partner or agent with whom CN contracts to procure or transact business on CN's behalf or resell or distribute CN's services.

This term also includes contract employees and professionals who act on CN's behalf, such as lawyers and accountants.

3.4. "BRIBE"

This term means directly or indirectly making a payment or giving a reward, advantage, kick-back or benefit or any thing of value to a foreign government official or to a government official of one's country of residence to obtain or retain business or any other improper advantage or for any improper or corrupt purpose, whether for the benefit of CN or the employee. This term includes directly or indirectly making a payment to a person knowing, or being reasonably expected to know, that they will forward it, or have it forwarded, to a foreign or domestic government official.

This term also includes commercial bribery, e.g., paying a secret bribe or commission to or conferring a secret benefit on an employee, representative or agent of any third party, without that company's knowledge, to induce the recipient to act or forebear to act in relation to that company's affairs.

4. WHAT IS COVERED UNDER THIS POLICY?

The following are principles and directives which underlie CN's ethical culture and this Policy. They must be complied with at all times by CN employees and anyone acting for or on behalf of CN.

4.1. PROHIBITION AGAINST BRIBERY

No CN employee, contractor or agent may:

- Offer, promise, give or authorize the giving of a bribe;
- Accept a bribe as an inducement to confer a benefit on a third party; or
- Make facilitation payments, i.e., payments intended to accelerate the performance of local administrative government services such as permits or utilities (other than those authorized under the written laws of Canada and the local country).

Although bribery is prohibited in any circumstances, the following are sensitive activities where CN employees must be particularly mindful of their obligations under this Policy when making payments:

- Business development and marketing;
- Mergers & acquisitions;
- Customs brokerage;

- Payments made by CN Employee's and Pensioners Community Fund;
- Dealings with government officials;
- Aboriginal & Tribal affairs;
- Activities of CN's Environmental Department, notably seeking the issuance or renewal of permits;
- Operations in foreign countries, in particular Transparency International high-risk countries (www.transparency.org);and
- Supply Management operations.

4.2. MAINTAINING ACCURATE BOOKS AND RECORDS

CN employees must properly record payments made to any third parties, including those to foreign government officials, and shall not make, falsify, conceal or destroy any records of payments constituting a bribe in the accounting records of the company. All transactions or payments must be accurately and fairly reflected in CN's books and records and all expenses and asset dispositions must be recorded in reasonable detail.

The following items illustrate possible practical applications of the above requirements:

- All Meals & Entertainment expenses must be reimbursed in compliance with CN's Expense Reimbursement Policy.
- Payments to third parties must not be inaccurately represented as marketing services, expense reimbursements, discounts, or Meals & Entertainment expenses when that is not the case.
- Cash payments to third parties are prohibited, except with prior supervisor approval or to cover travel expenses such as taxi fares when use of other payment methods is not reasonably practicable.
- It is prohibited to keep secret accounts, falsely record or inadequately identify transactions, record non-existent expenditures, enter liabilities with incorrect identification of their object or use false documents.
- Creating or managing "off-the-books" accounts is prohibited.
- All transactions and payments at the Head Office and subsidiary levels are properly recorded and must be conserved pursuant to CN's Document Retention Policy and any document retention requirements under local legislation.
- No employee of CN shall alter, destroy (in particular ahead of schedule), conceal or falsify records or documents in violation of CN's Document Retention Policy with the intent to obstruct, impede, or influence a potential or actual investigation.

4.3. TRANSACTION AUTHORIZATION

Only employees properly authorized under CN's Standing Resolutions on Delegation of Authority may enter into transactions that commit CN, including local Delegations of Authority for subsidiaries in foreign countries. If you are unsure if you are authorized to make a commitment on behalf of the Company, contact your supervisor or CN Law.

Only CN Treasury officers authorized under CN's Delegation of Authority for Treasury may open or close bank accounts, delegate authority to sign cheques and confirm electronic fund transfers.

4.4. TRAVEL, GIFTS AND MEALS & ENTERTAINMENT

All travel where CN is hosting a third party must be in accordance with the CN Travel Policy.

Hosted Meals & Entertainment expenses must not exceed \$200 per guest and hosted travel expenses must not exceed \$350 per guest. Any expenses exceeding these amounts require prior supervisor approval, must have a valid business purpose, be reasonable by local standards, be properly recorded in CN's books and include supporting justification documents.

Gifts should be promotional marketing items or traditional ceremonial gifts with a value of less than \$200. Gifts of a value exceeding \$200 require prior supervisor approval.

Donations by CN employees acting for or on behalf of the Company, to governments, political parties or candidates for political office must be reasonable, comply with the relevant legislation on such payments and receive prior approval from CN Public and Government Affairs.

4.5. INTERNAL CONTROLS

The following internal controls must be followed by CN employees when acting for or on behalf of the Company. Any questions regarding their application should be directed to the CN Law department.

4.5.1. REQUIREMENT FOR WRITTEN CONTRACTS

All business agreements with third parties must be confirmed by written contract.

Contracts shall specify compliance with applicable laws and in particular with anti-corruption legislation in all relevant countries where the third party operates or supplies services to CN. Contracts for higher risk activities may require more specific representations and warranties and require the third party to certify compliance with CN's Code of Business Conduct and Anti-Corruption Policy, that they have not paid any bribes and that they will not do so in the future.

4.5.2. ENGAGEMENT OF FOREIGN AGENTS

The engagement of any agents outside of North America must be approved by the EVP of the relevant department and the VP Law.

Contracts with third parties acting as CN's agents shall require the agent to comply with the CN Code of Business Conduct and this Policy. In addition, the agent shall undertake to:

- not engage in any conduct that is contrary to or incompatible with the Code of Business Conduct or this Policy;
- remain in compliance with the Code of Business Conduct, this Policy and all applicable anti-bribery and anti-corruption legislation for the duration of its agreement with CN.
- provide an annual certification that it has read and is in compliance with CN's Code of Business Conduct and this Policy.
- keep proper books and records regarding its activities on behalf of CN, retain them for the appropriate time period and make them available for inspection by CN upon request.
- not use undisclosed agents nor split commissions or payments with any other undisclosed party.
- require its employees to undertake in writing to comply with the requirements of CN's Code of Business Conduct and this Policy.

A breach of the agent's obligations under the Code of Business Conduct or this Policy is grounds for termination of the contract.

When selecting an agent to act on behalf of the Company, CN employees must perform a due diligence in cooperation with CN Law in order to determine the integrity, reputation, professional capacity and experience of the candidates.

Payments to agents for services and expenses must be as per the contract, reflect market rates, be reasonable per local standards and commensurate with the services actually provided to CN. Payments will only be made to a bank account in the agent's name in either the agent's country of residence or where services are performed.

4.5.3. THIRD PARTIES IN THE SUPPLY CHAIN

When dealing with third parties in CN's supply chain (including suppliers, partners and other railroads), a due diligence must be performed to ensure that they have anti-corruption policies, codes of conduct or adequate accounting controls in place.

4.5.4. ACQUISITIONS AND JOINT VENTURES

When acquiring companies, entering into joint ventures or co-investing with third-party entities, a due diligence must be performed to ensure that the other party has anti-corruption policies or adequate accounting controls in place. This review must include a determination of whether any corruption occurred prior to the acquisition or joint venture by CN for which CN may be liable.

Post-acquisition or joint venture training of new staff must be done to ensure that any previous behaviour that does not meet CN's standards does not continue.

4.5.5. USE OF LOCAL OUTSIDE COUNSEL AND ACCOUNTING FIRMS

CN Finance and Law departments shall oversee the engagement of and instructions to foreign accountants and lawyers, respectively. Foreign accountants and lawyers must be advised of CN's Code of Business Conduct and Anti-Corruption Policy and agree to abide by them.

4.5.6. ACCOUNTING

Accounting and financial reporting must include controls for the detection and prevention of bribery.

Any payments required to be made to or through foreign government officials must be made out to the government entity involved, not to the individual official, and that government entity shall be recorded as the contact in SAP Accounts Payable.

5. LEGAL FRAMEWORK

CN is subject to anti-corruption legislation in the countries around the world where we do business and have agents.

6. CORRECTIVE MEASURES

In the event that an employee of CN violates the terms of this Policy, CN will take appropriate remedial action, which may include disciplinary action, up to and including termination of employment. If appropriate, law enforcement officials and/or regulatory agencies will be notified.

7. ORDER OF PRECEDENCE

This Policy supplements the high ethical standards set out in CN's policies and Code of Business Conduct and, in the event of any inconsistency between the documents, employees should always apply the most stringent of the two requirements.

8. CONTACT INFORMATION

Any questions on this Policy should be forwarded to CN Law.