

PENSION AND INVESTMENT COMMITTEE

1. **Membership and Quorum**

- composed of up to twelve members, a majority of whom are Independent directors, and three of whom are officers of the Company;
- quorum is a majority of members, including at least two members who are officers of the Company;
- participants at committee meetings include the President and CEO of CN, the Executive Vice-President and Chief Financial Officer of CN, the President and Chief Executive Officer of the CN Investment Division, who shall all be members of the Committee, and the Vice-President(s) Investments of CN's Investment Division (the "**Investment Division**").

2. **Frequency and Timing of Meetings**

- normally one day prior to CN Board meetings;
- at least four (4) times a year and as necessary.

3. **Mandate**

The responsibilities of the Pension and Investment Committee are in part described in the Standing Resolutions on CN Investments and include the following:

- reviewing the activities of the Investment Division;
- in conjunction with the President and Chief Executive Officer of CN, overseeing and determining the hiring, compensation, performance assessment, leadership development and succession planning of CN Investment Division executives, including the President and Chief Executive Officer of the CN Investment Division, subject to the approval of the Human Resources & Compensation Committee and the Board;
- monitoring the Investment Division performance on investment of assets of CN's Pension Trust Funds in accordance with the Statement of Investment Policies and Procedures approved by the CN Board, as well as the funded status of CN's defined benefit pension plans ("**CN's Pension Plans**") more broadly;;
- approving the overall pension risk management strategy and reporting thereon to the Board;
- overseeing implementation of the overall pension risk management strategy by the Pension Advisory Working Committee and the Investment Division;
- ensuring that all necessary information (e.g. actuarial valuation, asset/liability study results, plan amendments, investment performance results, etc) supporting the Pension and Investment Committee's decisions and recommendations have been considered;
- approving all of CN's Pension Trust Funds investments made in any one real estate property, resource property or the shares of a corporation not listed on a prescribed stock exchange as

defined in the *Income Tax Act* (Canada), for which the aggregate investment exceeds \$50,000,000, except when the loan or interest is by way of a first mortgage;

- reviewing and approving the annual budget of the Investment Division;
- reviewing and approving the CN Investment Incentive Plan and award payouts thereunder;
- recommending to the Board changes to the Statement of Investment Policies and Procedures and Derivatives Policy for the CN Pension Trust Funds for approval
- reviewing and recommending, jointly with the Audit Committee, to the Board the financial statements of the CN Pension Trust Funds and annual report;
- review management's assessment of the effectiveness of internal controls relating to CN's Pension Plans and the CN Pension Trust Funds;
- reviewing and approving the benchmark selections for evaluating the performance of the CN Pension Trust Funds in accordance with the Statement of Investment Policies and Procedures and reporting thereon to the Board;
- reviewing and approving the governance structure of the management Pension Advisory Working Committee;
- appointing members of the management Pension Advisory Working Committee and its Chair;
- ensuring that processes are in place to annually evaluate performance of the Pension and Investment Committee.

The Pension and Investment Committee shall report annually to the Board on the adequacy of its mandate.

Nothing contained in the above mandate is intended to assign to the Pension and Investment Committee the Board's 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 Pension and Investment Committee.