

CANADIAN NATIONAL RAILWAY COMPANY
POLICY REGARDING DIVERSITY ON THE CN BOARD OF DIRECTORS

Approved by the CN Board of Directors

On March 10, 2015

1. DEFINITIONS

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

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

“**Policy**” means this policy regarding diversity on the Board.

2. PURPOSE

This Policy sets forth the Company’s approach to achieving and maintaining diversity on its Board, with a specific emphasis on gender diversity.

3. POLICY STATEMENT

The Company is of the view that Board member appointment decisions should be based on merit and remains committed to selecting the best person to fulfill these roles. At the same time, the Company recognizes that diversity is important to ensure that the profiles of Board members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to the Company’s success. Furthermore, diversity helps ensure that a wide-variety of perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive. The Company believes in the benefits of having a diverse Board and that it is an important element of good corporate governance, reflects the communities where we live and work and is essential in maintaining a competitive focus.

The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role that women with appropriate and relevant skills and experience can play in contributing to the diversity of perspective on the Board. In selecting qualified candidates to serve as directors of the Company, a wide-range of diversity criteria are considered, including gender, ethnicity, culture, and geography and measures ensuring that the Board, as a whole, reflects a range of viewpoints, backgrounds, skills, experience and expertise.

4. BOARD APPOINTMENTS

The Board’s Corporate Governance and Nominating Committee, in consultation with the Board Chair, is responsible for recommending qualified persons for Board nominations that possess the competencies, skills, business and financial experience, leadership and level of commitment required of a director to fulfill Board responsibilities.

The Corporate Governance and Nominating Committee has developed a set of criteria for Board membership that strives to attain a diversity of background and skills for the Board. The Corporate Governance and Nominating Committee has also created a search protocol that seeks qualified Board candidates from, among other areas, the traditional corporate environment, government, academia, private enterprise, non-profit organizations, and professions such as accounting, human resources, and legal services.

In the process of searching for qualified persons to serve on the Board, the Corporate Governance and Nominating Committee strives for the inclusion of diverse groups, knowledge, and viewpoints. To

accomplish this, the Corporate Governance and Nominating Committee may retain an executive search firm to help meet the Board's diversity objectives. In connection with its efforts to create and maintain a diverse Board, the Corporate Governance and Nominating Committee:

- develops recruitment protocols that seek to include diverse candidates in any director search. These protocols take into account that qualified candidates may be found in a broad array of organizations, including academic institutions, privately held businesses, non-profit organizations, and trade associations, in addition to the traditional candidate pool of corporate directors and officers;
- strives to use, to their fullest potential, the current network of organizations and trade groups that may help identify diverse candidates;
- periodically reviews Board recruitment and selection protocols to ensure that diversity remains a component of any director search; and
- in order to support the specific objective of gender diversity, considers the level of representation of women on the Board and ensures that women are included in the short list of candidates being considered for a Board position.

The Company aspires towards a Board composition target of having a minimum representation of one-third of the Board by women, by 2017.

5. MECHANISMS OF BOARD RENEWAL

The Board has adopted a policy on mandatory retirement age for directors whereby a director would not, unless otherwise determined by the Board, in its discretion, be nominated for re-election at the annual meeting of shareholders following his or her seventy-fifth birthday. The Board has also adopted a new policy, which is part of the Company's Corporate Governance Manual, to the effect that the Board Chair and the Committee Chair tenures would be subject to term limits.

The Company is of the view that its policy on Chair term limits, together with its policy on mandatory retirement age, establishes a mechanism that ensures Board Chair and Committee Chair renewal, provides a fresh perspective in the boardroom and improves the Board's ability to plan its composition over a longer period of time.

6. ANNUAL REVIEW

On an annual basis, the Corporate Governance and Nominating Committee:

- assesses the effectiveness of the nomination process at achieving the Company's diversity objectives outlined in this Policy;
- sets measurable objectives for achieving diversity and recommend them to the Board for adoption;
- measures the annual and cumulative progress in achieving its gender diversity targets; and
- monitors the implementation of this Policy.

7. DISCLOSURE OF POLICY

The Company discloses in its Management Information Circular, among other things:

- a summary of the Policy's objectives and key provisions;
- the measures taken to ensure that the Policy has been effectively implemented;
- annual and cumulative progress in achieving the Policy's objectives;
- whether, and if so how, the Board or its Corporate Governance and Nominating Committee measures the effectiveness of the Policy;
- how the Board or its Corporate Governance and Nominating Committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board;
- a description of the Company's policy on mandatory retirement age, term limits or other mechanisms of Board renewal;
- the Company's target regarding women on the Board, as well as annual and cumulative progress in achieving this target; and
- the number and proportion (in percentage terms) of directors on the Board who are women.

This Policy will be published on the Company's website for public information.