

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.

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.