

2025 CDP CORPORATE QUESTIONNAIRE

Delivering Responsibly



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ABOUT THIS REPORT

Delivering Responsibly is at the heart of how CN is building for a sustainable future. The following report contains the data and information CN disclosed in response to the CDP 2025 Corporate Questionnaire.

OUR APPROACH

We believe maintaining the trust of our stakeholders and investors requires meaningful transparency in CN's approach to climate-related governance, risks and opportunities, strategy, and performance. Being transparent offers a clearer understanding of how climate change and other environmental factors could influence our operations, business, and long-term resilience. For the sixteenth straight year, CN responded to the CDP Corporate Questionnaire, outlining our approach to combating climate change by reducing emissions, managing and mitigating climate risks, identifying opportunities, and collaborating with our stakeholders to support an effective transition to a low-carbon future.

EVOLVING ENVIRONMENTAL DISCLOSURE

CDP's annual environmental disclosure and scoring process is widely recognized as a gold standard for corporate environmental transparency and consistently evolves to drive corporate ambition further, while supporting companies and financial markets to transition aligned with a 1.5°C world. CDP collects environmental data from the world's largest organizations on behalf of 640+ institutional capital markets signatories with a combined US\$127 trillion in assets, and 270+ major purchasers with over US\$6.4 trillion in combined purchasing power.

In 2025, the CDP full corporate climate change questionnaire follows the latest science, aligns with new high-quality disclosure frameworks and standards that deliver consistent, comparable, and useful environmental data to capital markets, procurement teams, and policymakers.



The *Delivering Responsibly* section of our website provides online access to our complete sustainability reporting suite, including the most current editions of our Sustainability Report, Data Supplement, CDP Corporate Questionnaire with TCFD Index.

www.cn.ca/delivering-responsibly

OUR REPORTING

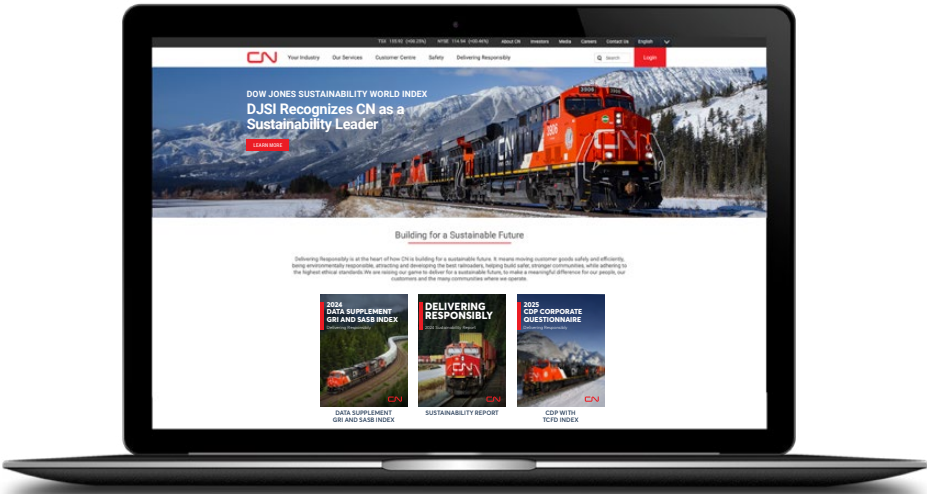
Our approach to sustainability disclosure aligns with international standards, including the Global Reporting Initiative, the World Bank Mobility Goals, and the Greenhouse Gas Protocol, as well as recommendations from the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures (TCFD), now both managed under the International Sustainability Standards Board. Transparency regarding climate-related risks and opportunities is critical to maintaining the trust of our stakeholders and allows our investors to better understand the implications of climate change on our business.

We recognize that our climate is changing, and that businesses must not merely adapt, but be part of the solution. As a mover of the economy, CN is focused on making a positive contribution in the fight against climate change and playing a key role in the transition to a low-carbon economy.

External Assurance



We are dedicated to continuously improving our sustainability reporting and believe that independent assurance leads to quality and process improvements. We also prepare a separate Greenhouse Gas (GHG) Emissions Report upon which we obtain limited assurance. Our 2024 GHG Emissions Report can be found on our website at www.cn.ca/delivering-responsibly.



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> IN THIS SECTION:

We provide an overview of our business and strategy, including data parameters, reporting timeframe, boundaries, and details on our value chain. This provides context for CN's activities and sector, as well as its connection to environmental issues and corporate strategy.

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PICTURED: Skeena, BC. Photo by CN employee Tim Stevens

INTRODUCTION

An Introduction to CN (cont.)

MOVING THE ECONOMY



> INTERMODAL

Intermodal containers harness the global reach of vessels, the speed and efficiency of trains, and the local adaptability of trucks. We offer seamless supply chain solutions with flexible door-to-door market reach in Canada, the U.S., and Mexico through 21 intermodal terminals located near ports and large urban centres.



> GRAIN AND FERTILIZERS

Each year, we move millions of tonnes of Western Canadian grain for export via three ports: Vancouver, Prince Rupert, and Thunder Bay. We also serve the U.S. grain market from the Midwest to the Gulf Coast. Fertilizers (mainly potash) are transported throughout North America and to/from ports on Canada's West and East Coasts.



> PETROLEUM AND CHEMICALS

We provide single-line access to refineries in the Alberta Industrial Heartland, Eastern Canada, as well as the U.S. Midwest and Gulf Coast. Our 20 transload facilities as well as export terminals in Prince Rupert, Vancouver, Montreal, and Mobile offers gateways to international markets for propane, plastics, renewable fuels, and others.



> METALS AND MINERALS

Our rail network reaches deep into mining regions rich in metals, minerals, iron ore, and frac sand, as well as key aluminum- and steel-producing areas. Our 14 distribution centres and fully integrated supply chains make CN among the top transporters of aluminum and iron ore in North America.



> FOREST PRODUCTS

Our network reaches Canadian and U.S. fibre-producing regions to move forest products across North America and to overseas markets. With the help of 13 distribution centres and the largest railcar fleet, we move more forest products than any other rail carrier in North America.



> COAL

Export demand for Canada's high-quality, low-sulfur metallurgical coal, notably to supply Asian steelmaking plants, is growing. Our network offers a competitive advantage for producers with time-saving and cost-efficient services to transport the metallurgical coal from mines to export terminals on Canada's West Coast.



> AUTOMOTIVE

We serve 11 assembly plants across Michigan, Ontario, and Mississippi via 18 distribution centres. The Autoport in Halifax is the only facility in Eastern Canada with exclusive CN rail access. Our access to the Port of Vancouver offers efficient connections to/from Asian markets.

Our freight revenues are derived from seven main commodity groups representing a balanced, diversified portfolio of 180 product types. Our supply chain services include rail, intermodal, trucking, marine services, bulk handling, transloading, and customs brokerage – offering various options for transporting more than 300 million tons of natural resources, manufactured products, and finished goods.

An Introduction to CN (cont.)

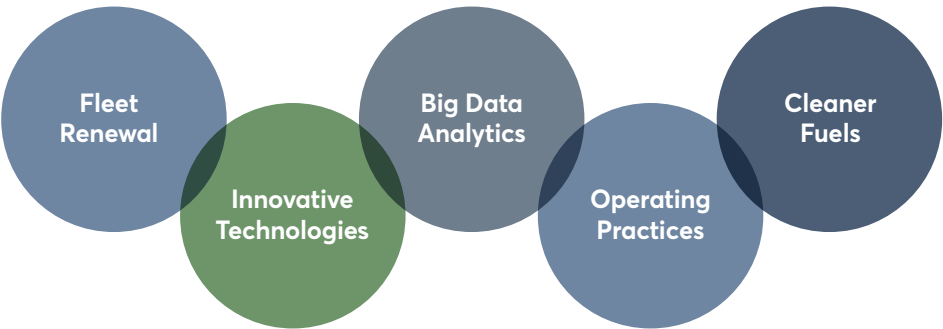
INCREASING OUR LEVEL OF AMBITION

In 2017, CN became the first railroad in North America, and among the first 100 companies globally, to set an approved science-based target. We revised our target in 2020 and CN's new target, approved by the Science Based Targets initiative (SBTi) in April 2021, commits CN to reducing Scope 1 and 2 GHG emission intensity by 43% by 2030 from a 2019 base year. We also commit to reduce Scope 3 GHG emissions intensity from fuel- and energy-related activities by 40% by 2030 from a 2019 base year. CN remains a leader in the North American rail industry, consuming approximately 15% less locomotive fuel per gross ton-mile than the industry average. In 2024, CN's net-zero by 2050 target was validated by the SBTi.

OUR STRATEGY TO DECARBONIZE OUR BUSINESS

With 85% of our Scope 1 emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. As such, our 2030 target informs our low-carbon transition plan and business strategy which focuses on five key strategic areas: fleet renewal, innovative technologies and big data analytics, operating practices, and cleaner fuels.

In 2024, CN significantly increased our use of renewable fuels, which represented close to 10% of our locomotive fuel in the year. We are working to reduce our non-rail carbon footprint, which comprises approximately 15% of our total Scope 1 and 2 emissions, by upgrading our ground fleet, retrofitting yards and buildings, and decarbonizing our vessel fleet.



BUILDING RESILIENCY AND BIODIVERSITY

An important element of building our resiliency involves climate scenario analysis to identify and understand how climate-related risks will impact our business while integrating this into our risk assessment process. In 2023, we released CN's latest *Delivering Responsibly* sustainability report which provided an update on our approach to managing the physical and transitional risks associated with climate change that we could face as a business. Additionally, our latest sustainability report provided an update on our approach to biodiversity.

We recognize the importance of biodiversity and protecting natural capital. Our *EcoConnexions* programs promote the greening of municipalities and Indigenous communities situated adjacent to our rail network. Working together with our partners, we have planted over 2.6 million trees – improving air quality and the national landscape for future generations to enjoy. Our target is 3 million trees by 2030.

COLLABORATING BEYOND 2030

Decarbonizing rail transportation will continue to require innovative fuel-efficient technologies, the greater use of cleaner sustainable fuels, and designing innovative low emission supply chain solutions through investments and collaboration with various stakeholders including governments, supply chain partners, customers, suppliers, academics, and cleantech to accelerate the fight against climate change. We are actively engaging with other rail companies, directly and through associations such as the Association of American Railroads and the Railway Association of Canada as well as with locomotive manufacturers, fuel suppliers, and customers.

In 2024, we announced the purchase of a plug-in hybrid mainline locomotive, which will be tested on CN's mainline in northern British Columbia to increase CN's knowledge of battery technology, which is used in different alternative propulsion options, such as hydrogen fuel cell locomotives for example, under varying operational and weather conditions. We expect to receive the locomotive in 2026. We recognize the entire rail transportation industry will need to collaborate and make significant investments to find innovative solutions to achieve net-zero by 2050. We believe rail has a tremendous potential to reduce the environmental impact of transportation and are committed to playing a key role in the transition to a more sustainable world.

Reporting Data

1.4, 1.7

Reporting data and
emissions timeframe

The report covers data and information from January 1 to December 31, 2024 for our operations in Canada and the United States of America. Our emissions data is provided for the current year only. Financial information is disclosed in Canadian dollars throughout the response, unless otherwise noted.

Boundary

1.5

Reporting boundary
and approach

CN uses an operational control method for its greenhouse gas emissions and energy consumption calculations. CN's approach to its consolidated financial statements includes the accounts of all subsidiaries and variable interest entities for which CN is the primary beneficiary.

Unique Identifiers

1.6

Unique
identifier codes

CN's unique identifier codes are as follows:		
International Securities Identification Number (ISIN) ISIN: CA1363751027	Legal Entity Identifier (LEI) 3SU7BEP7TH9YEQOZCS77	Ticker Symbol TSX: CNR.TO NYSE: CNI
Committee on Uniform Securities Identification Procedures (CUSIP) CUSIP: 136375102	D-U-N-S number 20-213-5729	

Organizational Activities: Transport Services and Transport OEMS

1.21

Transport modes

The transport modes for which we are providing data include rail, heavy-duty vehicles (HDV), light-duty vehicles (LDV), and marine.

Value Chain Mapping

1.24

Description of our value chain mapping process and coverage

MAPPING PROCESS AND COVERAGE

At CN, we map our value chain – both upstream and downstream – to understand and provide visibility into different parts of our value chain, to facilitate activities such as effective risk management, traceability, and supplier engagement. The highest supplier tier we map is Tier 1. The highest known tier is Tier 2 but we have not mapped that tier at this time.

Collaboration with our suppliers is essential to drive responsible sourcing and continuous improvement. CN strives to work with suppliers, agents, consultants, and other third parties and business partners, as well as their respective employees, directors, and officers (the Suppliers) who share our commitment to social, ethical, and environmental responsibility. By embedding sustainability principles, fostering supplier collaboration, and promoting diversity, we aim to create a more sustainable and inclusive supply chain.



Our main Suppliers provide a wide range of goods and services, which include locomotives, rolling stock, spare parts and maintenance; track and signalling materials and maintenance; infrastructure construction and maintenance; trucks, spare parts and maintenance; information and technology products and services; operational services (i.e., accommodation, transportation, training); and fuel.

As CN procures many goods and services from a broad range of industries, both domestically and internationally, we acknowledge that sustainability risks can exist in our extended supply chain. We understand the importance of risk mitigation and relationship management throughout the procurement process. As such, we adopt a multi-pronged approach to managing opportunities and risks in our supply chain, starting with how we select our suppliers.

We seek to gain visibility into our supply chain through the procedures established under our Procurement Policy and Sustainable Procurement Program, as well as screening our Suppliers on environmental, social, and governance (ESG) and Indigenous engagement criteria. Significant suppliers are asked to assess their ESG performance through a third-party platform to help us identify, manage, and monitor the ESG performance of our Suppliers. Currently, suppliers representing approximately 40% of CN's addressable spend are monitored by the third-party platform. CN uses ESG platform scorecards, which consider country- and industry-specific ESG risks, to monitor our Suppliers' sustainability performance and reference during performance reviews to discuss any improvement areas or corrective actions required based on the results of our risk framework. In conjunction with the ESG platform, onsite audits, and safety performance assessments are leveraged to assess ESG issues. In 2024, these assessments covered 98% of CN's critical Suppliers.

PRIORITIZING TOPICS THAT MATTER MOST

We apply the principles of materiality and stakeholder inclusiveness to prioritize the topics that matter most to our business and our stakeholders, which helps us to focus our strategic priorities, refine our reporting, and inform the evolution of our sustainability programs.

In 2024 and 2025, we conducted our most recent biennial materiality assessment to identify and prioritize our sustainability topics and applied the principles of materiality from a business and impact perspective. Our most recent materiality assessment did not identify plastics as a priority.

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We outline our environmental criteria for determining significant potential impacts on our operations. We also detail our processes for identifying, evaluating, and mitigating potential environmental risks and opportunities that could potentially have a substantive financial and/or strategic effect on our business.

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Substantive Effects

PICTURED: Central City, IL

IDENTIFICATION, ASSESSMENT, AND MANAGEMENT

of Dependencies, Impacts, Risks, and Opportunities

Definition of Time Horizons

2.1

Time horizons in relation to environmental dependencies, impacts, risks, and opportunities

Time horizon	From (years)	To (years)	Comments
Short-term	0	1	The short-term time horizon aligns with our annual planning and targets.
Medium-term	2	5	The medium-term horizon aligns with our five-year strategic plan.
Long-term	6	10	The long-term horizon aligns with our 2030 science-based target.

Identification, Assessment, and Management Process

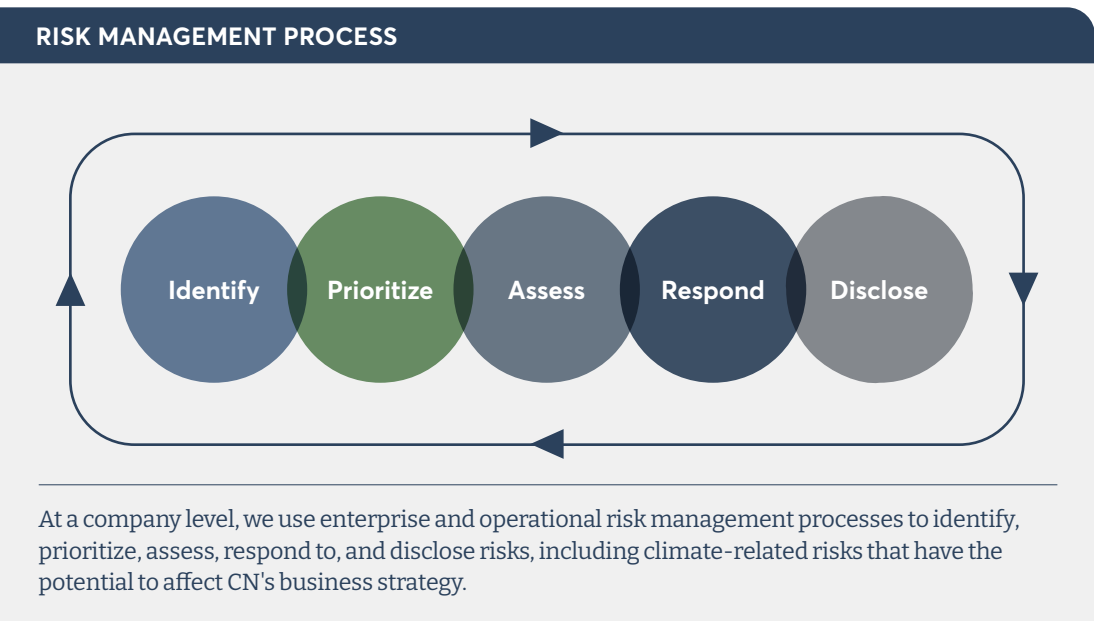
2.2

Process for identifying, assessing, and managing environmental dependencies, impacts, risks, and opportunities

MULTI-DISCIPLINARY RISK MANAGEMENT PROCESS

CN's Board is responsible for ensuring that appropriate risk assessment processes are in place to identify, assess, and manage the significant business risks CN is exposed to, and implements processes and programs to manage these risks. We incorporate financial materiality principles in our sustainability materiality assessment to identify actual and potential, negative and positive impacts across our value chain based on key sustainability topics. Through CN's enterprise risk management framework and materiality assessment, which evaluates the actual and potential, negative and positive dependencies and impacts across our value chain, including operational locations, climate change remained a key topic that could impact CN and that CN impacted.

CN uses a multi-disciplinary, company-wide risk management process to assess short, medium, and long-term climate risks and opportunities. At a company level, we use enterprise and operational risk management processes to identify, prioritize, assess, respond to, and disclose risks, including climate-related risks that have the potential to affect CN's business strategy. For each risk, a ranking is provided ranging from high to low, based on financial, operational, environmental, and reputational impacts and the associated likelihood of occurring.



Identification, Assessment, and Management Process (cont.)

Environmental issue	Areas covered by the process for this environmental issue	Value chain covered - Coverage - Supplier tiers covered	Assessment type - Assessment frequency - Time horizons	Integration process - Location-specificity - Tools and Methods	Risk types and criteria considered		Partners and stakeholders considered	
Climate change	Dependencies	Direct operations	Qualitative and quantitative	Integrated into multi-disciplinary organization-wide risk management process	Acute physical • Landslides • Drought • Wildfires • Heat waves • Cold wave/frost • Flood (coastal, fluvial, pluvial, ground water) • Storm (including blizzards, dust, and sandstorms)	Market • Changing customer behaviour Reputation • Increased partner and stakeholder concern and negative feedback	• Customers • Employees • Investors • Suppliers • Regulators • NGOs • Local communities • Indigenous peoples	
	Impacts	Upstream value chain						Annually
	Risks	Downstream value chain	Full	Enterprise Risk Management				
	Opportunities	Tier 1 suppliers			Materiality assessment	Scenario analysis	External consultants	

PROCESS FOR DETERMINING FINANCIAL OR STRATEGIC IMPACT

The determination of whether a risk has a substantive financial impact is aligned with our corporate risk management framework taking into consideration the likelihood of occurrence and the degree of the impact.

For operational and business-level risks, including climate-related risks, a substantive financial or strategic impact is defined as having a maximum impact value that is greater than 2% on Earnings Before Interest and Taxes (EBIT) or is otherwise perceived as significant and could result in irreparable damage to CN's reputation and/or assets. Enterprise-level risks are captured on CN's risk heat map which includes enterprise-level risks associated with a financial impact as low as \$35 million and/or having undesirable outcomes related to strategic objectives.

We regularly report on our risks internally, highlighting substantive risks/opportunities that have the potential financial maximum impact value that is greater than 2% of EBIT or is otherwise perceived as significant and could result in damage to our reputation and/or assets.

CN's risk assessment process integrates climate change, both physical risks (increased frequency or severity of temperature extremes, flooding and sea level rise, fires, hurricanes, and tornadoes) and transition risks (legal, policy, reputation, and market impacts). The processes for climate-related risks and opportunities take place on an ongoing basis at the operational level, and formally on an annual basis during our climate risk assessment leading up to the business planning cycle and voluntary sustainability disclosure events.

ASSESSING THE RESILIENCY OF OUR STRATEGY

We assess the resiliency of our strategy by modeling the impacts of climate change under multiple scenarios and integrate physical and transition risk scenarios into our strategic planning and risk assessment processes. We leverage the best available information, including from the International Energy Agency, to improve our understanding of potential climate change impacts for our customers, supply chain partners, and regions where we operate. Through our analysis, we identify potential climate vulnerabilities that we translate into tangible actions to mitigate climate-related risks and take advantage of opportunities.

Assessment of Interconnections

2.2.7

Interconnections between environmental dependencies, impacts, risks, and opportunities assessed

CN is committed to building a sustainable future, to working with our supply chain partners and customers to provide cleaner, more sustainable transportation services, and to working with stakeholders and rightsholders to avoid, minimize, or offset our environmental impact and when we do impact the environment, to restore it. CN's Environmental Policy and commitments are focused on continuous improvement, ensuring that environmental leadership and performance are firmly embedded in the way we work and that we comply with applicable legal and regulatory requirements.

Through CN's Environmental Policy, the Company commits to employ comprehensive assessment frameworks and sustainability business processes to identify and mitigate potential environmental risks and impacts related to CN operations. CN conducts environmental and social impact assessments before starting construction projects to understand and mitigate potential environmental risks which include ecosystem, biodiversity, and community risks.

Assessment activities include, but are not limited to, taking inventory and mapping critical habitat, threatened and endangered species, wetlands, critical environmental receptors and adjacent lands, and taking inventory of Indigenous communities and local municipalities when completing capacity growth and construction activities or in relation to derailment response events and remedial sites across the network.

CN's environmental strategy is guided by the Company's Environmental Policy and focuses on emissions and energy efficiency, waste management, and biodiversity and land management and is firmly embedded in our operating practices and culture; it is a key area of consideration in every decision we make across our business. At the board level, the Safety and Environment (SE) Committee oversees the development and implementation of CN's environmental and climate change strategy, including CN's GHG emission reduction goals and actions as well as climate change adaptation and resiliency.

Interconnections between environmental dependencies, impacts, risks and/or opportunities are monitored through CN's management-level Sustainability Committee, which is mandated to monitor, assess, propose, and initiate mitigation measures for sustainability risks and opportunities. The committee comprises senior management-level representatives from relevant business units and corporate functions that have oversight over or can influence critical levers in managing CN's environmental or social impact. These include, but are not limited to, Operations, Human Resources, Legal, Procurement, and Sales and Marketing. CN's Senior Director, Sustainability chairs the meetings and reports directly to the CFO.

Priority Locations

2.3

Identification of priority locations across our value chain

CN conducts environmental and social impact assessments before starting construction projects to understand and mitigate potential environmental risks which include ecosystem, biodiversity, and community risks. Assessment activities include, but are not limited to, taking inventory and mapping critical habitat, threatened and endangered species, wetlands, critical environmental receptors and adjacent lands, and taking inventory of Indigenous communities and local municipalities when completing capacity growth and construction activities or in relation to derailment response events and remedial sites across the network.

We work cross-functionally within CN and externally with regulators, experts, local municipalities, and Indigenous communities to inventory and identify critical habitat, species at risk, sensitive areas as well as archaeological and heritage features. We also work with key stakeholders and rightsholders to identify opportunities to implement mitigation measures using the hierarchy of avoidance,

minimization, restoration, and offsetting, where appropriate. Our systematic approach ensures we consider the specific environmental and regulatory context when completing maintenance, growth, remediation, and/or emergency response projects across our network.

When CN's operations have the potential to disturb nearby ecological or community environments, we make best efforts to minimize our impact. Where impacts are unavoidable, we implement appropriate measures that promote the principles of no net loss of sensitive habitat. Post-construction of projects, we monitor our mitigation measures and adjust when required. This allows us to verify that our environmental initiatives are functional, which helps improve the design and delivery of future projects. CN is also committed to follow-up programs and ongoing engagement with local and Indigenous communities.

2.4

How we define substantive effects on our business

Effect type	Type of definition	Indicator used to define substantive effect	Change to indicator • % Change	Metrics considered in definition	Application of definition
Risks	Qualitative and quantitative	EBIT	% decrease • 1–10%	- Frequency of effect occurring - Time horizon over which the effect occurs - Likelihood of effect occurring	There are a number of factors that CN considers when defining a substantive financial or strategic impact on our business. CN uses a multi-disciplinary company-wide risk management process to assess short-, medium-, and long-term climate-related risks and opportunities. When identifying or assessing climate risk, the determination of whether it has a substantive financial impact is aligned with our corporate risk management framework taking into consideration the likelihood of occurrence and the degree of the impact.
Opportunities	Qualitative and quantitative	EBIT	% increase • 1–10%	- Frequency of effect occurring - Time horizon over which the effect occurs - Likelihood of effect occurring	For operational and business-level risks, including climate-related risks, a substantive financial or strategic impact is defined as having a maximum impact value that is greater than 2% of EBIT or is otherwise perceived as significant and could result in irreparable damage to CN's reputation and/or assets. Enterprise-level risks, such as climate change, are captured on CN's risk heat map which includes enterprise-level risks that are associated with a financial impact as low as \$35 million and/or having undesirable outcomes related to strategic objectives.

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We share our environmental risks and opportunities which could have a substantive effect within our direct operations and other parts of our value chain, and the extent to which we are aligning our business and strategy with these risks and opportunities.

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PICTURED: Blue River, B.C.

DISCLOSURE OF RISKS AND OPPORTUNITIES

Risk Disclosure

3.1.1

Climate-related risks with potential for a substantive financial or strategic impact on our business

RISK 1 | EXTREME WEATHER, FLOODING AND WILDFIRES

Environmental issue	Risk description	Company-specific description of risk	Anticipated effect of the risk on our financial position, performance, and cash flow	Anticipated financial effect and explanation of financial effect figures
Climate change	Risk identifier Risk1 Risk type Acute physical Value chain Direct operations Country(s) the risk occurs Canada and U.S. Primary financial effect Disruption to sales Time horizon Short-term Likelihood Virtually certain Magnitude of impact High 	Severe weather events, could disrupt operations and service for the railroad, affect the performance of locomotives and rolling stock, and disrupt operations for CN and our customers. These types of business interruptions could result in increased direct costs, increased potential liabilities, and lower revenues. CN conducted a physical risk assessment to better understand the potential physical risks due to extreme cold temperatures on our rail network in Canada which acted as a proxy for our U.S. rail network. The analysis used Representative Concentration Pathways (RCPs) 2.6 and 4.5 scenarios, data from the World Climate Research Programme, Climate Atlas, and Climate Explorer by calculating the total number of cold days impacting our Canadian rail network from 2020 to 2030 (determined as the relevant time horizon). In RCP 2.6, the analysis found the number of extreme cold days that could impact CN's network by 2030 would decrease by 26% from 2020. In RCP 4.5, the number of extreme cold days that could impact CN's network by 2030 would decrease by 44% from 2020. In 2021, a major precipitation event in Western Canada shut down CN's mainline network for three weeks in Q4 (due to flooding, washouts, and mudslides) in which CN experienced 58 outages. In Q2 2023, wildfires in Western and Eastern Canada affected CN's operations and our customers. We had to make modifications to our operating plan to ensure the safety of our employees and the community during the wildfire period.	Severe weather and natural disasters, such as extreme cold or heat, flooding, droughts, fires, hurricanes, landslides, and earthquakes, can disrupt operations and service for the railroad, affect the performance of locomotives and rolling stock, disrupt operations for CN, its customers and damage CN's infrastructure or properties. Changes in weather patterns caused by climate change are expected to increase the frequency, severity, or duration of certain adverse weather conditions. Business interruptions resulting from severe weather could result in increased costs, including modifications to existing infrastructure or implementation of new infrastructure to prevent or reduce severity of future impacts to CN's business, and increased liabilities and lower revenues, which could have a material adverse effect on CN's results of operations, financial condition, or liquidity. If any natural occurrence leads to catastrophic interruption of service, CN may not be able to restore service without a significant interruption in operations. Insurance maintained by CN to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of the Company's damages or damages to others, and may not continue to be available at commercially reasonable rates. Additionally, acute physical risk is anticipated to effect CN's direct operations through decreased revenues as extreme weather events disrupt operations and CN's ability to service its customers. Decreased revenues without a mitigating offset will serve to reduce CN's operating earnings and cash flows. It is important to note that these events are unpredictable and, as such, the impacts to our network are variable based on the length and severity of the weather event. The figures provided below are not representative of the total annual cost of climate-related physical risks and instead provide a range of potential impacts.	Anticipated financial effect Approximately \$60–\$130 million Explanation of financial effect figures The stated financial effect figure of our exposure to extreme weather events was informed by CN's prior financial impacts experienced during the 2021 British Columbia floods and the 2023 wildfires, both being a proxy for similar climate-related events. In late 2021, CN was impacted by large flooding events throughout British Columbia and Western Canada which shut down CN's mainline for 20 days between mid-November and December. In addition to the flooding in British Columbia, CN was prevented from moving the backed-up traffic in December 2021 due to a cold snap mid-December to the end of December which caused further delays. In turn, as a result of difficult operating conditions and network outages, CN could not move product worth approximately \$120 million to \$130 million of revenue which represent the maximum potential financial impact disclosed. In 2023, wildfires in parts of both Eastern and Western Canada had a temporary impact on volumes as the result of disruptions to both our operations as well as those of our customers. We estimate the financial impact of the event to be worth approximately \$60 million of earnings, which represent the minimum potential financial impact disclosed. In addition to the flooding and fire impacts CN experienced in 2021 and 2023, the results of our climate-related physical risk assessment underscored that in either scenario analyzed, CN's business would be impacted by climate change in jurisdictions where CN has already experienced impacts. For example, extreme cold days, on average, are most pronounced on our operations in Alberta, Manitoba, Saskatchewan, and British Columbia. CN used the \$60 million to \$130 million as an estimate of the monetary impact of a similar magnitude of event due to severe or acute weather circumstances for one region of our network. It is important to note that these events are unpredictable and, as such, the impacts to our network are variable based on the length and severity of the weather event. The figures provided are not representative of the total annual cost of climate-related physical risks and instead provide a range of potential impacts.

Risk Disclosure (cont.)

RISK 1

EXTREME WEATHER, FLOODING AND WILDFIRES (cont.)

Environmental issue	Response to risk and cost	Response explanation	Cost calculation of response
Climate change	Response to risk Improve maintenance of infrastructure Cost of response to risk Approximately \$2.5 billion	The extreme cold scenario analysis continues to be discussed in the context of influencing our winter readiness plans, particularly in areas of extreme cold exposures. These strategies can include reducing carload train lengths as well as adapting and right sizing the fleet. The analysis has helped us better understand exposure and plan network resilience measures. During the 2024-2025 winter, CN had 1,950 high- and mid-horsepower locomotives available to ensure we have the locomotive fleet required to operate through the network and move the traffic offered for shipment by customers, and we complete our locomotive winterization and equipment inspection programs well in advance of winter. To support customer demand for shipping, CN acquired 500 new high-capacity boxcars and 750 high-efficiency hopper cars in 2024 to increase capacity and productivity. These actions were the result of sustained capital investment through the years totaling approximately \$11 billion from 2020 to 2024. To manage the risk of extreme cold, CN has made significant changes in our operational planning model to deliver consistent results and improved network resiliency as well as continuing to invest capital in our network. CN has implemented other measures to maximize efficiency and car utilization such as acquiring new locomotives and rolling stock, investing in network infrastructure, and expanding our crew base. To manage the risk of fire, sprinkler systems have been deployed on many of our wooden structures in high-risk areas, and our Poseidon Firefighting Train, a bulkhead flat car converted into a self-contained, rail-mounted fire suppression system, which draws water from attached tank cars, has been deployed since May 2023. In 2023, CN made the decision to enhance our fire response by building two additional Poseidon Trains to better protect our network and support the communities in which we operate, and they were put into service in 2024.	In 2024, CN invested approximately \$2.5 billion from our capital program to equipment and track maintenance in support of safe and efficient operations. These investments ensure the safe and efficient operation of our rail network, increase capacity, improve fluidity, and accommodate growth. CN will continue to innovate and improve our ability to deal with severe weather events.
CASE STUDY MITIGATING THE IMPACT OF EXTREME COLD TEMPERATURES  CN's air distribution braking car The development of CN's air distribution braking car fleet is one example of implementing new technology to mitigate the impact of extreme cold temperatures on our operations. CN modifies boxcars to add air compressors and associated equipment that supplement the air supply to a train's air brake system which enable air pressure to be maintained, even in extreme cold. Air cars can reduce the need to shorten trains, improve service dependability, and protect capacity. Since their conception in 2006, CN has invested nearly \$62 million to build and operate over 100 air cars.			

Risk Disclosure (cont.)

RISK 2 | CHANGING CUSTOMER BEHAVIOUR

Environmental issue	Risk description	Company-specific description of risk	Anticipated effect of the risk on our financial position, performance, and cash flow	Anticipated financial effect and explanation of financial effect figures
Climate change	Risk identifier Risk2 Risk type Market Value chain Direct operations Country(s) the risk occurs Canada and U.S. Primary financial effect Decreased revenues due to reduced demand for products and services Time horizon Medium-term Likelihood About as likely as not Magnitude of impact Medium-high 	Increasing consumer preference for cleaner energy sources to limit the impacts of climate change could affect commodities moved by CN, such as coal. CN's coal commodity group consists of thermal grades of bituminous coal, metallurgical coal, and petroleum coke which accounted for approximately 6% of CN's total freight revenues in 2024. In evaluating the risk associated with changing customer behaviour, we conducted a scenario analysis using the International Energy Agency's (IEA) Sustainable Development Scenario (SDS) and the Stated Policy Scenario (STEPS) to determine the financial impact of reduced coal production on our business using a short-term time horizon of 2030 and 2050 for the long-term as they align with Canada's 2030 GHG reduction target and net-zero by 2050 commitments. The SDS outlines a major transformation of the global energy system and is aligned with an end-of-century warming below 1.8°C. The STEPS reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those announced by governments around the world, and is aligned with an end-of-century warming around 2.6°C. Under the SDS, CN's thermal coal volumes and revenues would fall drastically representing a decline of approximately \$430 million by 2050 when compared to the 2019 base year. Under the conservative STEPS scenario, CN thermal coal volumes and revenues decrease by approximately \$365 million by 2050.	CN's business is based on transporting a wide variety of commodities from suppliers to the marketplace. CN regularly transports energy commodities that serve refineries, processing locations, and end-users across North America and global markets. CN's business lines include thermal and metallurgical coal, crude oil and petroleum products, including liquefied petroleum gas, fuel oil, asphalt, gasoline, condensate (diluent), and lubricant oils. Shifting consumer demand to lower-carbon products and increased climate-focused regulations, such as carbon pricing and fuel regulations, may bring about a broad transition in the energy sector. A comprehensive transition in the energy sector could significantly impact the markets of CN's energy customers or lead to market differentiation through geographic variation in policies and demand trends. A portion of CN's business could be materially affected by potential future changes and instability of such a transition. Government incentives encouraging the use of alternative sources of energy also could affect certain of CN's customers and the markets for certain of the commodities it carries in a manner that could alter our traffic patterns. Climate change could affect the markets for, or the volume of, the goods CN carries or otherwise have a material adverse effect on CN's results of operations, financial positions, or liquidity. As such, changing customer behaviour is anticipated to affect CN's direct operations through decreased revenues, mostly relating to the movement of thermal coal. Decreased revenues without a mitigating offset will serve to reduce CN's operating earnings and cash flows. CN has several risk mitigation strategies to reduce this changing customer behaviour risk, including deriving our freight revenues from a diversified commodity group which includes revenue related to providing low-carbon freight revenue. Traffic from our truck-competitive business accounted for 64% of CN's freight revenues in 2024.	Anticipated financial effect Approximately \$365–\$430 million Explanation of financial effect figures The stated financial impact of our exposure to changing customer behaviour was informed by a detailed climate scenario analysis CN completed in 2022. The climate scenario analysis was conducted for 1.8°C and 2.6°C warming scenarios to provide relevant insights from a temperature impact as well as a policy impact. We calculated the historical proportion of North American thermal coal production transported by CN and assumed this proportion remained constant until 2050. We then used this proportion to map the IEA World Energy Model (WEM) coal forecasts to tons of thermal coal transported by CN. A time-horizon of 2030 was selected for the short term and 2050 for the long term. Given the flows of movement of coal across the U.S. and Canada border, we analyzed CN's operations in North America as a whole. Under the conservative STEPS scenario, which considers only stated policies to date, tons of thermal coal are expected to decrease by 52% between 2019 and 2030 and by 80% between 2019 and 2050. Assuming CN maintains our same share of the contracting thermal coal market, this translates to an 80% reduction of tons of thermal coal transported by CN in 2050. As such, in 2050, CN would face approximately \$365 million in reduced revenue which represents the minimum reported financial impact. Under the SDS, which has a more ambitious decarbonization policy, thermal coal volumes would decrease by 75% by 2030 and 94% by 2050. Assuming CN maintains our same share of the contracting thermal coal market, CN's thermal coal volumes and revenues fall by 94%. As such in 2050, CN would face approximately \$430 million in reduced revenue which represents the reported maximum potential financial impact CN could face under this scenario. This estimation makes several high-level assumptions and is not meant to indicate a forecast of true costs to CN, but presents the range of potential financial impacts to the Company.

Risk Disclosure (cont.)

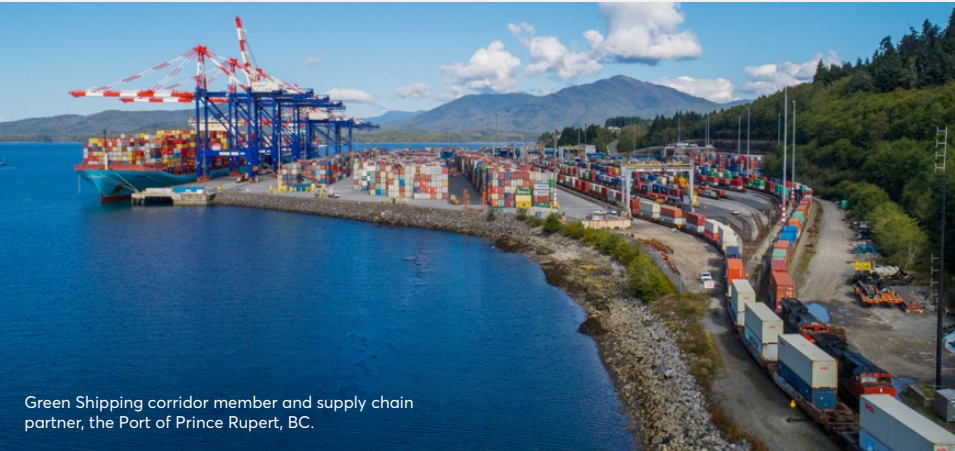
RISK 2

CHANGING CUSTOMER BEHAVIOUR (cont.)

Environmental issue	Response to risk and cost	Response explanation	Cost calculation of response
Climate change	Response to risk Engage with customers Cost of response to risk Approximately \$6 million	While changing customer behaviour could impact CN's future revenues, the results of the market analysis have reinforced our strategy to maintain a diversified portfolio of goods transported, continue to position the environmental benefits of shipping by rail, and grow opportunities in new and sustainable products and markets. In 2024, we continued to play a key role in this transition by transporting cleaner energy products including methanol, renewable fuels, solar panels, wood pellets, and wind turbines. We provide shipments to meet the growing demand for a more sustainable renewable fuel solution for residential, institutional, or industrial heating. We leverage our network reach into the lithium-rich regions of North America to offer supply chain solutions for concentrate products. Finally, we extend our reach through additional EV automotive distribution centres.	The cost to manage this risk is approximately \$6 million based on CN's 2024 expenses associated with managing our relationships and engagement with current and potential customers. This includes CN's <i>EcoConnexions Partnership Program</i>, which celebrates our customers and supply chain partners working to reduce their emissions, as well as internal resources supporting the development of new revenue streams, advertising, and consultant expenses.

CASE STUDY

ENHANCING ACCESS TO CLEAN ENERGY MARKETS



CN's freight revenues represent a diversified and balanced portfolio of goods transported between a wide range of origins and destinations which better positions us to face economic fluctuations and act on potential growth opportunities while playing a role in the low-carbon economy transition through the transportation of low-carbon products.

In 2024, CN entered a Memorandum of Understanding with PlasCred, a transformative leader in the plastic waste upcycling sector, to support growth in rapidly developing sustainable supply chains, including the circular economy of plastics. In 2024, CN joined the North Pacific Green Corridor Consortium whose members are committed to establishing the consortium as a catalyst for decarbonization efforts, including new markets for low-carbon fuels in North America and Asia.

Risk Disclosure (cont.)

RISK 3 | CARBON PRICING MECHANISMS

Environmental issue	Risk description	Company-specific description of risk	Anticipated effect of the risk on our financial position, performance, and cash flow	Anticipated financial effect and explanation of financial effect figures
Climate change	Risk identifier Risk3 Risk type Policy Value chain Direct operations Country(s) the risk occurs Canada and U.S. Primary financial effect Increased direct costs Time horizon Long-term Likelihood Likely Magnitude of impact Medium-high 	CN operates across Canada and the U.S. and conducts activities in rail, trucking, and marine transportation. CN is subject to several provincial, state, and federal climate-related regulations and approximately 85% of CN's Scope 1 emissions, in 2024, are from our rail operations and could be impacted by carbon pricing mechanisms. Carbon pricing has a direct impact on our operational costs. In evaluating the risk associated with carbon pricing regulations, we multiplied the carbon price by the forecasted locomotive emission volumes, taking into consideration fuel efficiency gains in line with CN's climate target, to determine the financial exposure to carbon pricing. CN used a climate transition scenario from the IEA, the Bank of Canada, and a time horizon from 2019 to 2030, which acted as our base year and target year respectively. For the analysis, a long-term time horizon to 2030 was relevant as it aligns with our science-based targets. The SDS outlines a major transformation of the global energy system to achieve universal access to energy, to reduce the severe health impacts of air pollution and to tackle climate change. The Nationally Determined Contributions (NDCs) outlines a scenario where, as of 2020, countries act according to their pledges under the Paris Agreement. They reduce global warming, but their actions are not enough to limit warming to an additional 2°C above pre-industrial levels by 2100.	Government action or inaction to address climate change could also affect CN. In 2024, the Company was subject to climate change and other emissions-related laws and regulations that have been proposed and, in some cases adopted, at the federal, provincial, and state levels. While CN is continually focused on efficiency improvements and reducing our carbon footprint, cap-and-trade systems, carbon taxes, or other controls on emissions of greenhouse gases imposed by various government bodies could increase the Company's capital and operating costs. An escalating price on carbon emissions could materially increase direct costs related to fuel purchases and indirect expenses related to purchased goods, materials, and electricity required to operate our business. The Company may not be able to offset such impacts through, for example, higher freight rates. Specifically, carbon pricing regulations effect CN's direct operations through higher operating expenses, mostly relating to fuel for our locomotive fleet. Higher operating costs without a mitigating offset will serve to reduce CN's operating earnings and cash flows.	Anticipated financial effect Approximately \$450–\$750 million Explanation of financial effect figures The stated financial impact figure of our exposure to carbon price mechanisms was informed by a detailed climate scenario analysis CN completed in 2021. Carbon pricing has a direct impact on our operational costs. Through CN's scenario analysis, CN could incur a potential maximum carbon price impact of approximately \$750 million by 2030 under the SDS where CN does not have a science-based target. The climate scenario analysis was conducted for 1.8°C and 3.5°C warming scenarios to provide relevant insights. We applied the Government of Canada's carbon price projections until 2030, which line up with the Bank of Canada's scenario that aligns with the well-below 2°C Paris Agreement goals. We also modeled the Bank of Canada's NDCs, which is aligned to a 3.5°C warming scenario by the end of the century. For the U.S., we analyzed the IEA's SDS leading to below 2°C and a prorated Bank of Canada's NDC scenario for our U.S. operations leading to 3.5°C. For the assessment, we modeled two different scenarios, one in which CN's projections and assumptions are consistent with our climate science-based target and another scenario in which CN does not have a science-based target specific to each of the 1.8°C and 3.5°C warming scenarios. Using our 2019 GHG baseline and estimated future emissions to 2030, we multiplied those emissions by the respective carbon pricing scenarios as forecasted by the IEA and Bank of Canada for Canada and the U.S. The reported minimum potential financial impact aligns with the IEA's SDS. In 2030, under this scenario, CN is exposed to a carbon price financial impact of approximately \$450 million where CN meets our science-based target. Conversely in 2030, under this scenario, CN is exposed to a carbon price financial impact of approximately \$750 million where no science-based target exists. This estimation makes several high-level assumptions, including the Canadian carbon tax being in effect, and is not meant to indicate a forecast of true costs to CN, but presents the range of potential financial impacts to the Company.



[Business Strategy, Scenario Analysis, page 49](#)
[Carbon Pricing and Tax Systems, page 23](#)

Risk Disclosure (cont.)

RISK 3

CARBON PRICING MECHANISMS (cont.)

Environmental issue	Response to risk and cost	Response explanation	Cost calculation of response
Climate change	Response to risk Establish organization-wide targets Cost of response to risk Approximately \$1.9 billion	CN has several risk mitigation strategies to limit our exposure to carbon pricing mechanisms. As part of our Climate Action Plan, our strategy to reduce our Scope 1 emissions intensity includes a focus on fuel efficiency, including fleet renewal, and cleaner fuels. CN's fleet renewal approach focuses on acquiring cleaner, more fuel-efficient equipment, and modernizing our existing equipment to enable us to decouple business growth from GHG emissions. CN's cleaner fuels approach presents an opportunity for us to further reduce our emissions by testing and exploring the greater use of renewable fuel blends, beyond regulated amounts, in our locomotives. Our 2030 science-based target informs our low-carbon transition plan and business strategy. To achieve our science-based target, we are focused on five key strategic areas: fleet renewal, innovative technology, big data, operating practices, and cleaner fuels. Our fleet renewal approach included receiving delivery, in 2024, of 83 units out of a multiyear modernization program, where existing locomotives from the CN fleet are upgraded with the latest technology, extending their life and enhancing fuel efficiency. Additionally, we continue to purchase the most fuel-efficient high-horsepower locomotives and grain hopper cars currently available. CN is actively working with our fuel suppliers, other Class I's, and locomotive manufacturers to focus on testing and exploring the greater use of renewable fuel in our locomotives to achieve our target as an ecosystem of collaboration is an important area of focus for CN.	The cost to manage this risk is approximately \$1.9 billion based on CN's three-year capital program spend on equipment from 2022 to 2024. Specifically, to achieve our 2030 science-based target, cleaner, more fuel-efficient equipment will enable us to decouple our business growth from GHG emissions. As such, in 2024, we continued to renew our fleet to the most fuel efficient high-horsepower locomotives currently available, receiving delivery of 83 units out of a multiyear modernization program, where existing locomotives from the CN fleet are upgraded with the latest technology, extending their life and enhancing fuel efficiency. Additionally, included in the cost calculation is CN's three-year spend on acquiring high-efficiency hopper cars from 2022 to 2024. During this time frame, CN acquired 1,750 high-efficiency grain hopper cars.

CASE STUDY

FLEET RENEWAL ENHANCES FUEL EFFICIENCY AND EXTENDS LIFE



CN's fleet renewal approach focuses on renewing CN's fleet to the most fuel-efficient high-horsepower locomotives currently available. In 2024, we received delivery of 83 units out of a multiyear modernization program, where existing locomotives from the CN fleet are upgraded with the latest technology, extending their life, and enhancing fuel efficiency. Cleaner, more fuel-efficient equipment enables us to decouple our business growth from GHG emissions and can lead to gains in CN's fuel efficiency.

Risk Disclosure (cont.)

3.1.2

Amount and proportion of our financial metrics that are vulnerable to the substantive effects of environmental risks

FINANCIAL VULNERABILITY TO ENVIRONMENTAL RISKS

To determine the amount and proportion of CN's financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks, we looked to the reported financial effect figure from the reported risks in section 3.1.1.

Environmental issue	Financial metric	Risk category	Amount of metric vulnerable to risk • % of metric vulnerable to risk	Explanation of financial figures
Climate change	Revenue	Transition risk	Approximately \$430 million • 1 - 10%	Changing customer behaviour is a transition risk that will have an impact on CN's revenue. CN used its detailed climate scenario analysis from 2022 to inform the financial impact figure of our exposure to changing customer behaviour. The climate scenario analysis was conducted for 1.8°C and 2.6°C warming scenarios to provide relevant insights from a temperature impact as well as a policy impact. We calculated the historical proportion of North American thermal coal production transported by CN and assumed this proportion remained constant until 2050. We then used this proportion to map the IEA World Energy Model coal forecasts to tons of thermal coal transported by CN. A time horizon of 2030 was selected for the short term and 2050 for the long term. Under the conservative STEPS scenario, tons of thermal coal are expected to decrease by 52% between 2019 and 2030 and by 80% between 2019 and 2050. Assuming CN maintains our same share of the contracting thermal coal market, CN could face approximately \$365 million in reduced revenue. Under the more ambitious SDS, thermal coal volumes would decrease by 75% by 2030 and 94% by 2050. Assuming CN maintains our same share of the contracting thermal coal market, CN could face approximately \$430 million in reduced revenue. We used the maximum effect of \$430 million to calculate the percentage of 2024 total revenues vulnerable to transition risk.
	Revenue	Physical risk	Approximately \$130 million • Less than 1%	Acute physical risk will also have an impact on CN's revenues. The stated financial impact of our exposure to extreme cold physical risks was informed by CN's prior financial impacts experienced during the 2021 British Columbia floods for similar climate-related events. In late 2021, CN was impacted by large flooding events throughout British Columbia and Western Canada which shut down CN's mainline for 20 days between mid-November and December. In addition to the flooding in British Columbia, CN was prevented from moving the backed-up traffic in December 2021 due to a cold snap which caused further delays. In turn, as a result of difficult operating conditions and network outages, CN could not move product worth approximately \$120 million to \$130 million of revenue which represent the maximum potential financial impact disclosed. We used the maximum impact of \$130 million to calculate the percentage of 2024 total revenue vulnerable to physical risk.

CARBON PRICING SYSTEMS

System name	Percentage of Scope 1 emissions covered by the ETS . Percentage of Scope 2 emissions covered by the ETS	Period start and end date	Allowances allocated . Allowances purchased	Verified Scope 1 emissions in metric tonnes CO ₂ e	Verified Scope 2 emissions in metric tonnes CO ₂ e	Details of ownership	Comments
Quebec Cap-and-Trade (CaT) ETS	4.57% . 0%	January 1, 2024 - December 31, 2024	176 . 0	221,349	0	Facilities we own and operate	No additional comment as we have included the emission trading schemes CN is regulated by.

CARBON TAX SYSTEMS

Tax system	Period start date	Period end date	Percentage of total Scope 1 emissions covered by tax	Total cost of tax paid	Comments
Canada federal fuel charge	January 1, 2024	December 31, 2024	52%	\$151.8 million	No additional comment as we have included the carbon tax systems CN is regulated by.
British Columbia carbon tax	January 1, 2024	December 31, 2024	15%	\$58.6 million	
Northwest Territories carbon tax	January 1, 2024	December 31, 2024	0%	\$10,637	Percent of total Scope 1 emissions covered by tax is: 0.001% The total cost of tax paid was \$10,637 CAD.

DESCRIPTION OF STRATEGY FOR COMPLYING WITH THE SYSTEM

Our strategy to comply with the emission trading and tax systems is to ensure we effectively monitor, forecast, and plan for the impacts of carbon pricing and regulations on our business. On an annual basis, we report and verify our emissions, track our fuel consumption and import volumes to calculate regulated emissions, submit the required verified reports, and pay our carbon tax and cap-and-trade liabilities promptly.

For example, within each of the jurisdictions, we track our monthly fuel purchases and consumption data to estimate carbon cost impacts to the Company, as well as to determine our regulatory compliance obligations under the respective cap-and-trade or tax systems. Cap-and-trade compliance obligations are tracked by the Sustainability department, who arrange to participate in the quarterly emissions allowance auctions as required. Carbon tax obligations are tracked and paid monthly by Accounts Payable with support from the Taxation group.

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Opportunity Disclosure

3.6.1

Climate-related opportunities with potential for a substantive financial or strategic impact on our business

Environmental issue	Opportunity description	Company-specific description of opportunity	Anticipated effect on financial position, performance, and cash flow	Anticipated financial effect and explanation of financial effect figures ⁽¹⁾
Climate change	Opportunity identifier Opp1 • Opportunity type Resource efficiency • Value chain Direct operations • Country(s) the opportunity occurs Canada and U.S. • Primary financial effect Reduced direct costs • Time horizon Short-term • Likelihood Virtually certain • Magnitude of impact Medium 	With approximately 85% of our Scope 1 GHG emissions generated from rail operations, we see important cost saving opportunities from improving rail fuel and carbon efficiency in line with the Paris Agreement, anchored by our 2030 and 2050 net-zero approved science-based targets. Since 1993, we have reduced our rail locomotive GHG intensity by 45% and we consume approximately 15% less locomotive fuel per gross ton mile than the industry average. Cleaner, more fuel-efficient equipment enables us to decouple our business growth from GHG emissions. Reducing our rail carbon footprint is driven by focusing on five key strategic areas: fleet renewal, innovative technologies, big data, operating practices, and cleaner fuels. These areas help identify important strategic opportunities to improve our fuel and carbon efficiency and save costs. Since 2020, CN's locomotive fuel savings, from these initiatives, amounted to approximately \$115 million. Opportunities to deliver locomotive fuel savings, which can reduce CN's direct costs, is furthered by renewing our fleet to the most fuel efficient high-horsepower locomotives currently available, leveraging big data, and investing in innovative technologies.	The use of more efficient modes of transport is anticipated to effect CN's direct operations through decreased operating expenses, mostly fuel in our locomotive fleet. Decreased operating expenses will serve to increase CN's operating earnings and cash flows.	Anticipated financial effect Approximately \$18.2 million Explanation of financial effect figures By focusing our efforts on ensuring we deliver carbon efficiencies and fuel savings, we can enable the reduction of operating costs, while observing emission savings. Since 2019, the annual average direct cost savings due to the use of more efficient modes of transportation from our fuel efficiency efforts amounts to approximately \$18.2 million in fuel savings which represents the potential impact figure noted in our response. To determine the impact of the fuel efficiency efforts on annual fuel volumes, the actual amount of diesel fuel consumed in a given year was compared to the estimated amount of diesel fuel that would have been required based on the prior year's locomotive fuel efficiency performance and using actual GTMs. This was then assessed against the 2019 baseline to determine the average annual impact on fuel volumes. Note, we cannot specifically quantify the financial amount of that opportunity due to restrictions governing public disclosure of sensitive forward-looking financial information. Details on inputs to financial impact figure In 2019, locomotive fuel efficiency performance was 0.935 U.S. gallons of locomotive fuel consumed per 1,000 GTMs. In 2024, CN moved 457,694 million GTMs. Using 2019 locomotive fuel efficiency performance, moving the 2024 GTMs would have required approximately 427.9 million U.S. gallons of fuel (0.935 x 457,694,000,000 ÷ 1000 = 427,900,000). In 2024, approximately 400.9 million U.S. gallons of fuel were actually consumed. Hence, the average annual improvement in locomotive fuel efficiency between 2024 and 2019 is approximately 4.5 million U.S. gallons of fuel (400,900,000 – 427,900,000 = 27,000,000/6 = 4,500,000). To determine the financial impact, the fuel savings for each year from 2019 through 2024 were multiplied by the average price of fuel for the previous year. The sum of the annual savings was then averaged over six years.

(1) Our response to this question has been corrected due to a calculation error that impacted related figures. The information shown here reflects the corrected data and may differ from the response submitted to CDP.

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Summary of Substantive Risks and Opportunities

Risk Disclosure

Carbon Pricing and Tax Systems

Opportunity Disclosure

Opportunity Disclosure (cont.)

OPPORTUNITY 1

USE OF MORE EFFICIENT MODES OF TRANSPORT (cont.)

Environmental issue	Cost to realize the opportunity	Strategy to realize the opportunity	Cost calculation
Climate change	Approximately \$800 million	Our strategy to reduce our rail carbon footprint and achieve fuel efficiency savings requires taking actions that are informed by our low-carbon transition plan as well as our business strategy and focus on five key strategic areas: fleet renewal, innovative technologies, big data, operating practices, and cleaner fuels. These actions are driven from our Climate Action Plan which outlines how CN plays a key role in the transition to a low-carbon economy. Additionally, CN embeds climate metrics into executive compensation. The performance goals of senior management and executives include improvements in CN's locomotive GHG emission intensity which is directly correlated to GHG emissions intensity and a key contributor towards the achievement of CN's 2030 science-based climate target.	The cost to realize the rail fuel efficiency opportunities is calculated based on equipment acquisitions, upgrades, and fuel-efficient operations, which change annually. In 2024, we invested \$800 million in equipment.

CASE STUDY

TESTING SUSTAINABLE FUEL BLENDS



In partnership with Union Pacific, CN is sharing costs and resources to test a blend of renewable fuels on two different classes of locomotives.

In 2024, CN joined the Clean Fuels Alliance America, a trade association representing the biodiesel, renewable diesel, and sustainable aviation fuel supply chain. The increased use of cleaner fuels is a key strategic enabler for decarbonizing supply chains. In 2024, renewable fuels represented nearly 10% of all fuel used in our locomotives across CN's North American network.

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Summary of Substantive Risks and Opportunities

Risk Disclosure

Carbon Pricing and Tax Systems

Opportunity Disclosure

Opportunity Disclosure (cont.)

OPPORTUNITY 2

ABILITY TO DIVERSIFY BUSINESS ACTIVITIES

Environmental issue	Opportunity description	Company-specific description of opportunity	Anticipated effect on financial position, performance, and cash flow	Anticipated financial effect and explanation of financial effect figures
Climate change	Opportunity identifier Opp2 Opportunity type Products and services Value chain Direct operations Country(s) the opportunity occurs Canada and U.S. Primary financial effect Increased revenues resulting from increased demand for products and services Time horizon Medium-term Likelihood More likely than not Magnitude of impact Medium-high 	Increasing demand by customers for low-carbon freight transportation present opportunities to increase revenues from shipping heavy freight by rail over long distances versus other more carbon-intensive modes like transport trucks. Rail has tremendous potential to reduce the environmental impact of transportation services. We are actively working with our customers to help reduce their transportation supply chain GHG emissions, leveraging rail for the long haul, and trucking for shorter distances. Shipping heavy freight by rail can reduce GHG emissions by up to 75% as compared to trucks. The greater use of combined modes helps lower transportation emissions by allowing each mode to be used for the portion of the trip to which it is best suited. Our strategy to reduce our Scope 1 and 2 emissions will help maintain our position as a key enabler of supply chain decarbonization. Positioning rail as a less emissions intensive way to move freight could present opportunities to grow revenue in our intermodal and carload segments. Revenue from our truck-competitive business accounted for 64% of total freight revenue in 2024. CN is investing to grow its intermodal business including our commitment to realize CN's Milton Logistics Hub which will help meet growing demand for goods in Southern Ontario. Revenues from truck competitive and intermodal could increase as we grow our market share of truck-competitive business by better positioning the environmental benefits of rail.	Diversification of CN's business activities is anticipated to effect CN's direct operations through increased revenues. Increased revenues will serve to increase CN's operating earnings and cash flows.	Anticipated financial effect Approximately \$10.6 billion Explanation of financial effect figures The potential financial impact related to providing low-carbon freight transportation goods and services is between \$1 and up to approximately \$10.6 billion. The range was estimated by determining revenue from our truck-competitive business which accounted for 64% of CN's freight revenue in 2024. In 2024, the revenue related to providing low-carbon freight transportation goods and services was approximately \$10.6 billion. Note, we cannot specifically quantify the financial amount of that opportunity due to restrictions governing public disclosure of sensitive forward-looking financial information.

Opportunity Disclosure (cont.)

OPPORTUNITY 2

ABILITY TO DIVERSIFY BUSINESS ACTIVITIES (cont.)

Environmental issue	Cost to realize the opportunity	Strategy to realize the opportunity	Cost calculation
Climate change	Approximately \$6.95 billion	CN recently expanded many of our 22 inland terminals to increase capacity to meet our customers’ growing needs. We are also investing in the digital intermodal supply chain of the future by equipping our terminals with advanced operational technology that demonstrate our commitment to managing customer supply chains through system integration. Our strategic acquisitions of TransX and H&R’s temperature controlled businesses allow us to broaden our supply chain focus and provide expanded opportunities for our customers, especially in the domestic refrigerated market. CN provides customers a transcontinental network with strong access to key natural resources, three-coast optionality, and service through 22 inland rail terminals. To grow our reach for carload customers, CN recently expanded many of our terminals to increase capacity to meet our customers’ growing needs. We are also investing in the digital intermodal supply chain of the future by equipping our terminals with advanced operational technology that demonstrate our commitment to managing customer supply chains through system integration. Supported by our rail access to three North American coasts, as well as expansions of CN-served ports, inland terminals, and our partnerships, CN’s international intermodal franchise is prepared for new opportunities for our import/export customers and additional international intermodal volumes. Additionally, our Climate Action Plan includes actively engaging with existing and potential customers to position the environmental benefits that rail offers for long-haul shipments of freight over other modes of transport.	The cost to realize the opportunity was calculated based on CN’s five-year investment in our strategic initiatives to increase capacity and equipment investment from 2020 to 2024. Between 2020-2024, we invested approximately \$6.95 billion on strategic initiatives to increase capacity, enable growth, and improve our network resiliency including line capacity upgrades and information technology initiatives.
CASE STUDY NEW TRANSLOADING FACILITY ENABLES THE CONVERSION OF TRUCK SHIPMENTS TO RAIL  New transload logistics facility in Flat Rock, Michigan is enabling a modal shift from long-haul truck to rail, the facility enhances operational efficiency, reduces freight costs, and supports more sustainable transportation solutions. In 2024, CN announced the grand opening of a new transload logistics facility in Flat Rock, Michigan which will allow our first customer, Target Steel, to convert a large part of their traffic from trucks to rail for steel coils. This resulting streamlining of operations and removal of a substantial number of heavy weight trucks off highways is expected to reduce related greenhouse gas emissions by up to 75%. We are also deploying advanced technologies to improve decision-making, capacity, productivity, and service levels at key intermodal terminals.			

Opportunity Disclosure (cont.)

OPPORTUNITY 3

EXPANSION INTO NEW MARKETS

Environmental issue	Opportunity description	Company-specific description of opportunity	Anticipated effect on financial position, performance, and cash flow	Anticipated financial effect and explanation of financial effect figures
Climate change	Opportunity identifier Opp3 Opportunity type Markets Value chain Direct operations Country(s) the opportunity occurs Canada and U.S. Primary financial effect Increased revenues through access to new and emerging markets Time horizon Long-term Likelihood More likely than not Magnitude of impact Medium 	Shifts in global trade Increasing growth in the cleaner energy market present opportunities to grow CN's revenues. Supply chains are diversifying their supplier base by partnering across different geographies to enhance their resilience in the face of major disruptions, including Southern California port congestion. Decoupling of the Chinese and U.S. economies could lead to further fragmentation of global supply chains, with Southeast Asian countries gaining more prominence and shifting supply routes to the Atlantic. CN expects to benefit from these shifting global trade routes with continued growth at the Port of Prince Rupert and the Port of Halifax, which are exclusively served by CN, as well as the Gulf Coast ports of Mobile and New Orleans. Delivering clean energy In 2024, we continued to play a key role in this transition by transporting cleaner energy products including methanol, renewable energy sources, like wood pellets, renewable fuels, propane, and hydrogen. Transition to electric vehicles Many of CN's automotive customers have made EV production commitments, and this shift provides CN with opportunities as EV assembly plants are being announced on or near our network. EV battery production is expected to create long-term opportunities for CN to transport critical inputs like lithium, copper, nickel, cobalt, and graphite. Demand for aluminum is expected to increase as an alternative to steel in EV manufacturing. Canada has large deposits of these materials and CN is actively working with our customers on supply chain solutions.	Expanding into new markets is anticipated to effect CN's direct operations through increased revenues. Increased revenues will serve to increase CN's operating earnings and cash flows. Leveraging global market predictions, like BP's 2024 Energy Outlook, there is a significant opportunity for CN to increase our revenues in these markets. According to the 2024 Energy Outlook, in a Current Trajectory scenario, renewable energy doubles to more than a quarter of all primary energy by 2050. This is against a 2022 baseline of 10%, implying a compound annual growth rate (CAGR) of 12%. The increase in renewable energy is projected to come mostly at the expense of coal. As such, based on these market predictions, CN's "Clean Energy" revenue could grow from approximately \$400 million in 2022 to approximately \$1.8 billion by 2035. This would be offset by a loss in thermal coal revenue of approximately \$430 million as noted under Risk #2. Therefore, the net revenue opportunity is \$943 million. In 2024, CN's clean energy share of our total freight revenue was 4%.	Anticipated financial effect Approximately \$943 million Explanation of financial effect figures Using BP's 2024 Energy Outlook's Current Trajectory scenario which implies that CN's "Clean Energy" CAGR could increase by 12% out to 2050 versus a 2022 baseline, we have estimated the financial impact of the clean energy market within an approximate range of \$1 to \$943 million by 2035, recognizing that this growth may not be linear. We ensure CN will continue to play a key role in energy transition by moving cleaner energy products including transporting oil seeds, vegetable oils, renewable fuels, wind turbines, and solar panels. Additionally, CN's network reaches into lithium-rich regions which will serve the growing demand for EVs. We are shipping lithium out of northern Quebec and are actively working on supply chain solutions with our customers on several large lithium-mining projects, which are progressing toward production. Note, we cannot specifically quantify the financial amount of that opportunity due to restrictions governing public disclosure of sensitive forward-looking financial information.

> Summary of Substantive Risks and Opportunities

Risk Disclosure

Carbon Pricing and Tax Systems

Opportunity Disclosure

Opportunity Disclosure (cont.)

OPPORTUNITY 3

EXPANSION INTO NEW MARKETS (cont.)

Environmental issue	Cost to realize the opportunity	Strategy to realize the opportunity	Cost calculation
Climate change	Approximately \$6 million	As one of the most efficient and environmentally friendly ways to move goods, rail has a tremendous potential to reduce the environmental impact of transportation by offering sustainable transportation solutions today and into the future. We are working closely with our customers to further develop new clean energy market opportunities. This includes proactively marketing the environmental benefits of shipping by rail. For example, CN is working closely with our customers to provide supply chain solutions to transport wood pellets from North American plants to customers across the world looking to move to a more renewable fuel solution. As part of our annual Climate Action Plan, we are working closely with our customers to further develop these business opportunities. This includes proactively engaging with clean energy customers to market the environmental benefits of shipping by rail.	The cost to realize the opportunity is approximately \$6 million based on CN's 2024 general expenses associated with managing our relationships and engagement with current and potential customers. This includes, CN's <i>EcoConnexions Partnership Program</i>, which celebrates our customers and supply chain partners working to reduce their emissions, as well as internal resources supporting the development of new revenue streams, advertising, and consultant expenses.

CASE STUDY

MOVING CLEANER ENERGY PRODUCTS



CN grain train, Winnipeg, MB

CN is a key player in the rapidly developing renewable fuels market in North America. We transport seed to oilseed crush plants, vegetable oil and other feedstocks to refineries, and renewable fuels to end markets. CN has efficient and integrated supply chain solutions to participate in the transportation of raw materials and finished products for the renewables industry in Canada and the U.S. Canola oil and soybean oil are both important sources of feedstock to support the dramatic expansion in renewable fuels production in North America.

New canola crush plants in Western Canada and soybean crush projects in the U.S. are coming online or being expanded. Growth in renewable fuel demand on both sides of the border is also expected, supported by low carbon and renewable fuel standards. However, we also note the more significant role government plays in ensuring regulations and policies that support continued growth of the clean energy market.

Opportunity Disclosure (cont.)

3.6.2

Amount and proportion of our financial metrics that are aligned with substantive effects of environmental opportunities

FINANCIAL ALIGNMENT WITH ENVIRONMENTAL OPPORTUNITIES

Environmental issue	Financial metric	Amount of financial metric aligned with environmental opportunities	Percent of financial metric aligned with environmental opportunities	Explanation of financial figures aligned to environmental opportunities ⁽¹⁾
Climate change	OPEX	\$18.2 million	Less than 1%	The use of more efficient modes of transport resulting from improved rail fuel and carbon efficiency will have an impact on CN's direct operating costs, mostly locomotive fuel costs. By focusing our efforts on ensuring we deliver carbon efficiencies and fuel savings, we can enable the reduction of operating costs, while observing emission savings. Since 2019, the annual average direct cost savings due to the use of more efficient modes of transportation from our fuel efficiency efforts amounts to approximately \$18.2 million in fuel savings which represents the potential impact figure noted in our response. To determine the impact of the fuel efficiency efforts on annual fuel volumes, the actual amount of diesel fuel consumed in a given year was compared to the estimated amount of diesel fuel that would have been required based on the prior year's locomotive fuel efficiency performance and using actual GTMs. This was then assessed against the 2019 baseline to determine the average annual impact on fuel volumes. Detail on inputs to the financial impact figure In 2019, locomotive fuel efficiency performance was 0.935 U.S. gallons of locomotive fuel consumed per 1,000 GTMs. In 2024, CN moved 457,694 million GTMs. Using 2019 locomotive fuel efficiency performance, moving the 2024 GTMs would have required approximately 427.9 million U.S. gallons of fuel (0.935 x 457,694,000,000 ÷ 1000 = 427,900,000). In 2024, approximately 400.9 million U.S. gallons of fuel were actually consumed. Hence, the average annual improvement in locomotive fuel efficiency between 2024 and 2019 is approximately 4.5 million U.S. gallons of fuel (400,900,000 – 427,900,000 = 27,000,000/6 = 4,500,000). To determine the financial impact, the fuel savings for each year from 2019 through 2024 were multiplied by the average price of fuel for the previous year. The sum of the annual savings was then averaged over 6 years. We used the range of \$1 to \$18.2 million to calculate the percentage of 2024 total operating expenses aligned with climate change opportunities. In both cases, the impact to OPEX was less than 1%.
	Revenue	\$5.8 billion	31–40%	As one of the most efficient and environmentally friendly ways to move goods over land, rail has a tremendous potential to reduce the environmental impact of transportation by offering sustainable transportation solutions today and into the future. We are working closely with our customers to further develop new clean energy market opportunities and by leveraging rail for the long haul and trucking over shorter distances. Using BP's 2024 Energy Outlook's Current Trajectory scenario which implies that CN's "Clean Energy" CAGR could increase by 12% out to 2050 versus a 2022 baseline, we have estimated the financial impact of the clean energy market within an approximate range of \$1 to \$943 million by 2035 after considering potential reduced thermal coal revenue. To determine the impact of providing low-carbon freight transportation goods and services, we estimated the upper range by determining traffic from our truck-competitive business which accounted for 64% of CN's freight revenue in 2024. In 2024, the revenue related to providing low-carbon freight transportation goods and services was approximately \$10.6 billion. The sum of these two opportunities yields a range of \$1 to \$11.5 billion with the average being \$5.8 billion or approximately 35% of total freight revenue.



Business Strategy,
Financial Planning, page 57

(1) Our response to this question has been corrected due to a calculation error that impacted related figures. The information shown here reflects the corrected data and may differ from the response submitted to CDP.

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			≡ ← → ↺ 🔍
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	C6 CONSOLIDATED APPROACH	C7 CLIMATE CHANGE	C11 BIODIVERSITY	APPENDIX

➤ IN THIS SECTION:

We provide information on CN's governance structure, mechanisms and approach to environmental and climate-related topics at the board and management-level including: public policy, board oversight and competency, management's responsibility, incentives, external engagement, and environmental-related communications.

- 32 Board Oversight
- 35 Board Competency
- 36 Management Responsibility
- 39 Incentives
- 41 Environmental Policies
- 42 External Frameworks or Initiatives
- 43 Public Policy Engagement
- 47 Communications

PICTURED: Rendering of CN's new head office located in Montreal, QC.

GOVERNANCE

Board Oversight

4.1-4.1.1

Board composition, diversity and board-level oversight for environmental issues

BOARD OF DIRECTORS⁽¹⁾

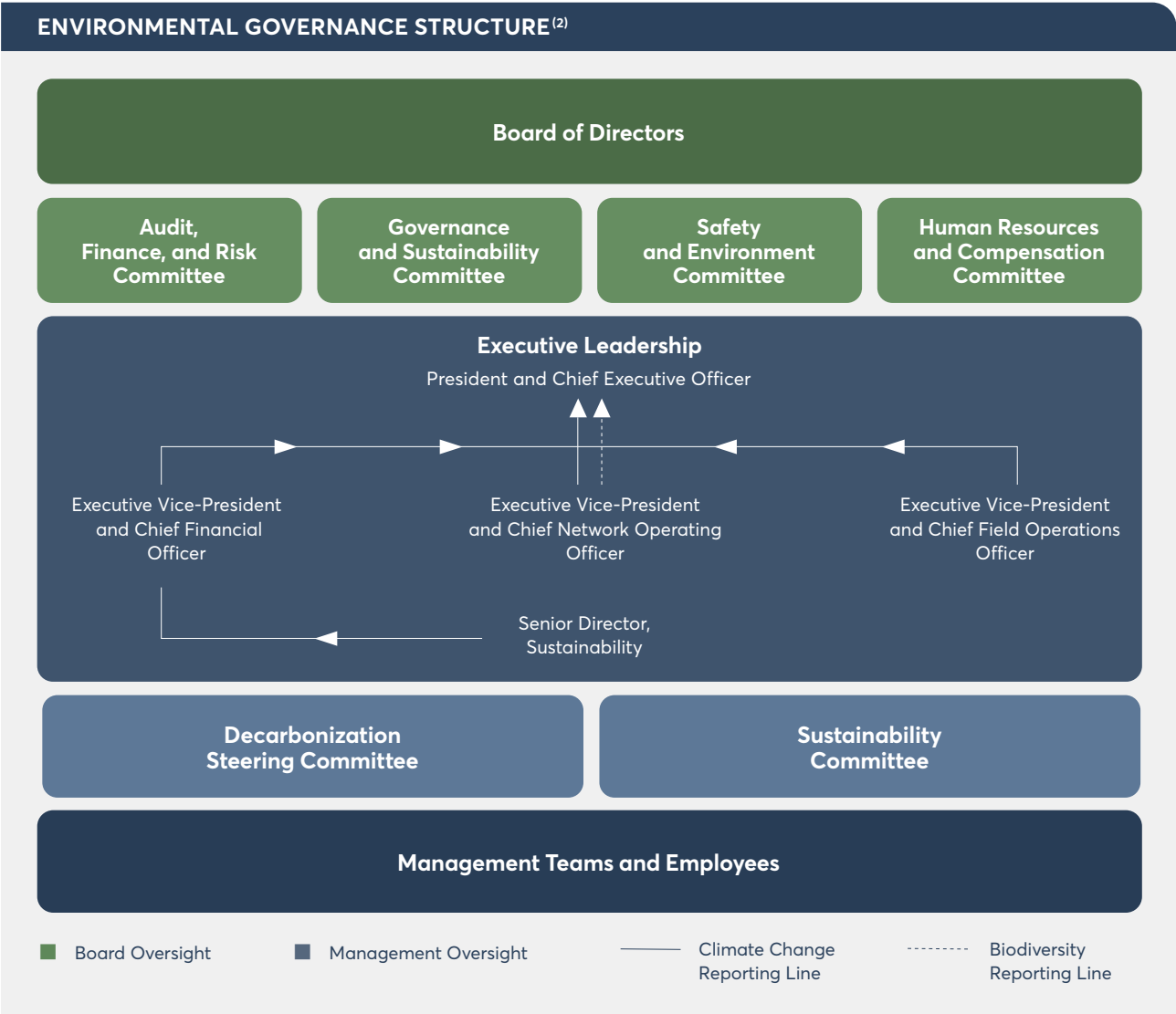
Responsible governance is a fundamental part of our business practices and culture. Having in place a strong governance structure is the foundation of an effective framework to support and embed our *Delivering Responsibly* philosophy and provide clear guidance on how authority is exercised within our Company. CN's Board of Directors (the Board) comprises a non-executive and independent Chairman, the President and Chief Executive Officer (CEO), and ten non-executive independent Directors, who meet on a regular basis (more frequently than quarterly).

BOARD DIVERSITY AND INCLUSION POLICY

In 2015, the CN Board approved a diversity policy for the Board (Policy). This Policy was most recently revised in early 2024 to, among other matters, update CN's diversity targets with respect to the representation of under-represented groups in Board and Executive Management positions and is reviewed regularly.

The Policy acknowledges that the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to CN'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. CN believes in the benefits of having diversity at the Board and Executive Management levels and that it is an important element of good corporate governance to reflect the communities where we live and work, and is essential in maintaining a competitive focus.

CN aims to have a Board of Directors whose members represent diverse backgrounds and experiences, having regard to gender, members of visible minorities, Indigenous status, persons with disabilities, age, business experience, professional qualifications, stakeholder perspectives, and geographic context. CN recognizes the importance of having a diverse Executive Management team which offers a depth of perspectives and enhances CN's operations.



(1) For the purposes of this report, the terms "Board member" and "Director" are used interchangeably.

(2) Framework and executive leadership as of the end of 2024.

Board Oversight (cont.)

4.1.2

Individuals or committees on the board with accountability for environmental issues and details of oversight

CN's Board has ultimate accountability and oversight for climate change and biodiversity environmental issues.

Environmental issue	Accountability level ⁽¹⁾	Policies which outline accountability	Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Explanation of oversight ⁽¹⁾
Climate change	Chief Financial Officer Chief Network Operating Officer Chief Field Operations Officer Board-level committee	Board mandate	Scheduled agenda item in every board meeting (standing agenda item)	• Reviewing and guiding annual budgets • Overseeing and guiding scenario analysis • Overseeing the setting of corporate targets • Monitoring progress toward corporate targets • Overseeing and guiding major capital expenditures • Overseeing and guiding the development of a business strategy • Monitoring the implementation of the business strategy • Overseeing reporting, audit, and verification processes • Overseeing and guiding the development of a climate transition plan • Monitoring the implementation of a climate transition plan • Approving corporate policies and/or commitments • Monitoring compliance with corporate policies and/or commitments • Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities • Overseeing and guiding public policy engagement • Approving and/or overseeing employee incentives • Monitoring supplier compliance with organizational requirements	The Safety and Environment (SE) Committee of the Board has the highest level of responsibility for the CN's safety and environmental matters, including climate change. In line with such responsibility, the SE Committee oversees the development and implementation of CN's environmental and climate change strategy, including the Company's GHG emission reduction goals and actions as well as climate change adaptation and resiliency. The SE Committee reviews CN's Climate Action Plan (including the Company's goals set under the plan, its strategy for meeting them, and its progress towards achieving them) at least annually. The SE Committee also oversees management's assessment of the major risk exposures, strengths and opportunities presented due to climate change. The Audit, Finance, and Risk (AFR) Committee has centralized responsibility for the overall oversight of Enterprise Risk Management of the Company, while the oversight and monitoring of management's assessment of the Company's major risks relating to environment, climate change and GHG emission reduction, and biodiversity, including related operating technology initiatives, has been delegated to, and falls under, the specific oversight of the SE Committee. The Board ensures that the skillset developed by directors through their business expertise, experience, and training meet the needs of the Board for the oversight of CN's business and strategic direction. Board members have access to education and information on an ongoing basis; in 2024, an external speaker provided a presentation on the use of renewable fuels, a key component to achieving our 2030 target, to all Board members. The competency matrix reviewed by the Governance and Sustainability (GS) Committee of the Board as part of their annual review of the credentials of nominees for election or re-election as members of the Board includes consideration of climate change knowledge. CN's Executive Vice-President and Chief Financial Officer (CFO) as well as our Senior Director Sustainability, have direct overall responsibility for CN's sustainability strategy (including the Climate Action Plan) and are responsible for sustainability and climate-related issues, provide executive oversight and brief CN's Board via board meetings. CN's senior management and executive compensation policies and programs are designed to ensure there is a clear link between the Company's long-term strategy, business plan, and executive rewards, thus encouraging appropriate behaviours. The attainment of three goals – environmental performance measured through locomotive GHG emissions intensity (a key contributor towards the achievement of our 2030 target), employee engagement, and customer centricity are incorporated into the short-term incentive plan for senior management and executives. The compensation policies and programs are approved by CN's Board of Directors.

(1) Executive leadership as of the end of 2024.

> Board OversightBoard CompetencyManagement ResponsibilityIncentivesEnvironmental PoliciesExternal Frameworks or InitiativesPublic Policy EngagementCommunications

Board Oversight (cont.)

Environmental issue	Accountability level ⁽¹⁾	Policies which outline accountability	Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Explanation of oversight ⁽¹⁾
Biodiversity	Chief Network Operating Officer Board-level committee	Board mandate	Scheduled agenda item in some board meetings (at least annually)	- Overseeing the setting of corporate targets - Monitoring progress toward corporate targets - Monitoring compliance with corporate policies and/or commitments	At the board level, CN's SE Committee is responsible to assist the Board in fulfilling its oversight responsibilities, in addition to the policies, practices, and metrics relating to safety and environmental matters, which includes biodiversity-related issues. The SE is responsible for monitoring performance against our biodiversity strategy and environmental performance goals. The SE Committee has been delegated the responsibility to oversee and monitor management's assessment of CN's major risk exposures relating to the environment, including climate change, GHG emissions reduction, biodiversity, and biofuels, including related operating technology initiatives. Biodiversity strategy and performance areas at the SE level include CN's environmental assessment and permitting standards, construction and environmental compliance, significant spills and restoration efforts, and vegetation management, in addition to our commitment to working with customers, Indigenous communities, and local municipalities to plant 3 million trees by 2030. CN's environmental strategy is guided by our Environmental Policy and focuses on, among other priorities, land management and biodiversity. The Company's Chief Network Operating Officer and executive leadership team are responsible for the approval of governance documents overseeing our Environmental Management System and Environmental Management Programs.

(1) Executive leadership as of the end of 2024.

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			    
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	C6 CONSOLIDATED APPROACH	C7 CLIMATE CHANGE	C11 BIODIVERSITY	APPENDIX
> Board Oversight	<u>Board Competency</u>	Management Responsibility	Incentives	Environmental Policies	External Frameworks or Initiatives	Public Policy Engagement	Communications	

Board Competency

4.2

**Board-level
competency and
expertise on
environmental issues**

The Board ensures that the skillset developed by Directors through their business expertise, experience, and training meet the needs of the Board for the oversight of CN's business and strategic direction. Board members have access to education and information on an ongoing basis; an external speaker provided a presentation on the use of renewable fuels, a key component to achieving our 2030 target, to all Board members. The competency matrix is reviewed by the GS Committee of the Board as part of their annual review of the credentials of nominees for election or re-election as members of the Board and includes consideration of climate change knowledge.

MECHANISMS TO MAINTAIN AN ENVIRONMENTALLY COMPETENT BOARD

- Integrating knowledge of environmental issues into board nominating process
- Having at least one board member with expertise on this environmental issue
- Consulting regularly with an internal, permanent, subject-expert working group
- Engaging regularly with external stakeholders and experts on environmental issues
- Regular training for directors on environmental issues, industry best practice, and standards

ENVIRONMENTAL EXPERTISE OF THE BOARD MEMBER

Additional training

- CN's Board Chair, Ms. Shauneen Bruder, and Ms. Jo-ann dePass Olsovsky, each completed a course on climate and biodiversity-related issues to provide insight on best climate-related governance practices.

Experience

- Active member of an environmental committee or organization
- Executive-level experience in a role focused on environmental issues
- Experience in an organization that is exposed to environmental-scrutiny and is going through a sustainability transition

Management Responsibility

4.3 CN's Executive Management have accountability and oversight for climate change and biodiversity environmental issues.

Highest senior management-level position(s) or committee(s) with responsibility for environmental issues

Environmental issue	Position of individual or committee with responsibility ⁽¹⁾	Climate-related responsibilities of this position	Reporting line • Frequency of reporting to the Board	Explanation of oversight ⁽¹⁾
Climate change	Chief Financial Officer	Dependencies, impacts, risks and opportunities - Assessing and managing environmental dependencies, impacts, risks, and opportunities - Assessing future trends in environmental dependencies, impacts, risks, and opportunities Engagement - Managing supplier compliance with environmental requirements - Managing value chain engagement related to environmental issues Policies, commitments, and targets - Setting corporate environmental policies and/or commitments - Monitoring compliance with corporate environmental policies and/or commitments - Setting corporate environmental targets - Measuring progress towards environmental corporate and science-based targets Strategy and financial planning - Developing and implementing a climate transition plan - Conducting environmental scenario analysis - Managing annual budgets related to environmental issues - Managing environmental reporting, audit, and verification processes - Managing major capital and/or operational expenditures relating to environmental issues - Managing priorities related to innovation/low-environmental impact products or services (including R&D) Other - Providing employee incentives related to environmental performance	Reports directly to the CEO and the Board • More frequently than quarterly	CN's Executive Vice-President and CFO is the highest-level management position with direct responsibility for climate-related issues and reports on these issues to the SE Committee. The CFO oversees the Finance function and works with the Senior Director, Sustainability, to oversee CN's Sustainability team, and reports directly to the President and CEO and the Board. CN's Enterprise Risk Management (ERM) program functionally reports to the CFO. Our identification and assessment of risk is based on the Chartered Professional Accountants of Canada's Framework for Board Oversight of Enterprise Risk and the assessment covers internal and external trends impacting our business, including climate change. Our ERM program provides a framework to identify, assess, monitor, and mitigate key risks. Oversight of specific risks that naturally fall within the mandate of one of the other committees is delegated to that committee. For example, climate change risk is reviewed at the SE Committee. In 2024, the SE Committee oversaw and monitored management's climate risk assessment, including physical risks of climate change, and mitigation controls, and reviewed initiatives to maintain progress towards its climate goals. In 2024, CN's SE Committee received updates on climate and environmental priorities more frequently than quarterly facilitated by the CFO and the Senior Director, Sustainability. With climate-related risks and opportunities impacting the business, the Sustainability function needs to have direct responsibility for ensuring CN proactively identifies climate-related risks and opportunities, and for ensuring CN establishes the right policies and programs to meet regulatory compliance obligations, corporate targets, and effectively mitigate potential risks. The CFO receives updates on these priorities more frequently than quarterly through the internal Sustainability Committee and through CN's Senior Director, Sustainability.

(1) Executive leadership as of the end of 2024.

Management Responsibility (cont.)

Environmental issue	Position of individual or committee with responsibility ⁽¹⁾	Climate-related responsibilities of this position	Reporting line • Frequency of reporting to the Board	Explanation of oversight ⁽¹⁾
Climate change	Chief Network Operating Officer Chief Field Operations Officer	Dependencies, impacts, risks and opportunities - Assessing and managing environmental dependencies, impacts, risks, and opportunities - Assessing future trends in environmental dependencies, impacts, risks, and opportunities Policies, commitments, and targets - Setting corporate environmental policies and/or commitments Strategy and financial planning - Developing a business strategy which considers environmental issues - Implementing the business strategy related to environmental issues - Implementing a climate transition plan - Managing environmental reporting, audit, and verification processes - Managing annual budgets related to environmental issues - Managing major capital and/or operational expenditures relating to environmental issues - Managing priorities related to innovation/low-environmental impact products or services (including R&D)	Reports directly to the CEO • More frequently than quarterly	As part of the Executive Leadership Team, the Executive Vice-President and Chief Network Operating Officer (CNOO) and the Chief Field Operations Officer (CFOO) report directly to the President and CEO, and the Board on climate-related risks, which include fuel efficiency, winter readiness plans, and rail network resiliency and safety. CN's operating executives' mandate is to drive operational and service excellence and enable the Company to run a safe, fluid, reliable, and efficient railroad. CN's CNOO is accountable for overseeing Network Operations across North America as well as overseeing the Mechanical, Engineering, Safety, and Environment functions. CN's CFOO is responsible for running the operational plan for the Western, Eastern, and Southern regions and for Multimodal Operations. With approximately 85% of our Scope 1 GHG emissions generated from rail operations, this mandate includes providing Executive Management oversight on the fuel efficiency strategy to meet relevant targets and oversight on implementation of innovative rail technologies. CN's CNOO and CFOO receive updates on these priorities more frequently than quarterly through CN's internal Sustainability Committee and internal Decarbonization Committee as well as through CN's Senior Director, Sustainability. Through CN's Sustainability team, individual business units reporting to CN's CNOO and CFOO are engaged to help with planning and the initial execution of priority sustainability initiatives as well as supported to build capabilities within the units to manage these initiatives independently. These initiatives can include fleet renewal, operating practices as well as innovative technologies to help CN maximize locomotive operating effectiveness and efficiency.
Climate change	Sustainability Committee	Dependencies, impacts, risks and opportunities - Assessing and managing environmental dependencies, impacts, risks, and opportunities - Assessing future trends in environmental dependencies, impacts, risks, and opportunities Policies, commitments, and targets - Monitoring compliance with corporate environmental policies and/or commitments - Measuring progress towards environmental corporate and science-based targets - Setting corporate environmental policies and/or commitments	Reports to the CFO • Not reported to the board	The mandate of CN's Sustainability Committee is to monitor, assess, propose, and initiate mitigation measures for sustainability risks and opportunities, including climate related matters. The Committee comprises senior management-level representatives from relevant business units and corporate functions that have oversight over or can influence critical levers in managing CN's environmental or social impact. These include, but are not limited to, Operations, Human Resources, Legal, Procurement, and Sales and Marketing. CN's Senior Director, Sustainability chairs the monthly meetings and reports directly to the CFO. Critical matters are reported to the GS and SE Committees of the Board.

(1) Executive leadership as of the end of 2024.

Management Responsibility (cont.)

Environmental issue	Position of individual or committee with responsibility ⁽¹⁾	Climate-related responsibilities of this position	Reporting line • Frequency of reporting to the Board	Explanation of oversight ⁽¹⁾
Climate change	Decarbonization Steering Committee	Strategy and financial planning - Implementing a climate transition plan - Managing priorities related to innovation/low-environmental impact products or services (including R&D)	Reports to the CFO • Not reported to the board	The mandate of CN's Decarbonization Steering Committee is to provide strategic support and decisions regarding CN's decarbonization investments and projects, developed at the cross-functional working group level, comprising of subject matter experts who work to realize the projects. The committee includes the Chief Network Operating Officer, the Chief Information and Technology Officer, the Chief Strategy Officer, the Vice-President, Mechanical, and the Vice-President of Procurement. CN's Senior Director, Sustainability, chairs the monthly meetings and reports directly to the CFO. Critical matters are reported to the SE Committee of the Board.
Biodiversity	Chief Network Operating Officer	Dependencies, impacts, risks and opportunities - Assessing and managing environmental dependencies, impacts, risks, and opportunities - Assessing future trends in environmental dependencies, impacts, risks, and opportunities Policies, commitments, and targets - Setting corporate environmental policies and/or commitments - Monitoring compliance with corporate environmental policies and/or commitments Strategy and financial planning - Managing annual budgets related to environmental issues	Reports directly to the CEO • More frequently than quarterly	CN's Executive Vice-President and CNOO, is one of CN's two operating executives, who is responsible for network operations across North America as well as overseeing the Mechanical, Engineering, Safety, and Environment functions. As part of the Executive Leadership Team, the CNOO reports directly to the President and CEO, and the Board on environmental-related risks. CN's environmental strategy is guided by our Environmental Policy and focuses on, among other priorities, land management and biodiversity. The Environment function, which reports through the CNOO, supports CN's objective to avoid, minimize, and offset potential environmental impacts from our operations will be delivered. At CN's executive level, our Executive Review Committee is responsible for the approval of governance documents overseeing our Environmental Management Programs, as advanced through our Emergency Management Systems (EMS). Committed to continuous improvement, CN's EMS strategy is led by our Senior Director of Environment, who reports under CN's CNOO, who works across all layers of the Executive Review Committee to provide oversight across systems, policies, and programs to ensure our policy, standards and commitments are delivered across the network.

(1) Executive leadership as of the end of 2024.

Management Responsibility (cont.)

Environmental issue	Position of individual or committee with responsibility	Climate-related responsibilities of this position	Reporting line • Frequency of reporting to the Board	Explanation of oversight
Biodiversity	Sustainability Committee	Dependencies, impacts, risks and opportunities - Assessing and managing environmental dependencies, impacts, risks, and opportunities - Assessing future trends in environmental dependencies, impacts, risks, and opportunities Policies, commitments, and targets - Monitoring compliance with corporate environmental policies and/or commitments - Setting corporate environmental policies and/or commitments	Reports to the CFO Not reported to the Board	The mandate of CN's Sustainability Committee is to monitor, assess, propose, and initiate mitigation measures for sustainability risks and opportunities, including environmental-related matters. The committee comprises senior management-level representatives from relevant business units and corporate functions that have oversight over or can influence critical levers in managing CN's environmental or social impact. These include, but are not limited to, Operations, Human Resources, Legal, Procurement, and Sales and Marketing. CN's Senior Director, Sustainability chairs the meetings and reports directly to the CFO. Critical matters are reported to the GS and SE Committees of the Board as required.

Incentives

4.5
% of total C-suite and board-level monetary incentives linked to the management of environmental issues

Environmental issue	% of total C-suite and board-level monetary incentives linked to climate change	Further details of incentive(s)
Climate change	6.67%	CN's senior management and executive compensation policies and programs are designed to ensure there is a clear link between the Company's long-term strategy, its business plan, and executive rewards, thus encouraging appropriate behaviours. The attainment of three goals – environmental performance measured through locomotive GHG emissions intensity a key contributor towards the achievement of our 2030 science-based climate target, employee engagement, and customer centricity – are incorporated into the short-term incentive plan for senior management and executives. The 2024 annual incentive bonus program (AIBP) was based on CN's performance against preset goals for three corporate components: 70% financial, 20% strategic and 10% safety, with the three strategic goals listed above each weighting 6.67% of the overall bonus target. In 2024, the locomotive GHG emissions intensity target measures resulted in the maximum payout opportunity as CN improvement results more than met the target.

Incentives (cont.)

4.5.1

**Monetary incentives
for management
of environmental
issues including
the attainment
of targets**

With approximately 85% of our Scope 1 GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. Locomotive emissions represent CN's largest source of Scope 1 emissions and are derived from the fuel that powers our locomotives. Improving CN's fuel and the attainment of CN's fuel efficiency targets drives progress towards our medium- and long-term targets and focuses the business on reducing operating expenses,

as fuel is a major expense for rail. The attainments of CN's locomotive fuel efficiency goal, among other goals, is incorporated into the short-term incentive plan for senior management and executives. These incentive contributions vary according to employee levels within the organization and the extent to which the employee contributes to meeting objectives and are outlined below.

Environmental issue	Position entitled to monetary incentive	Incentive(s) • Performance metric(s) • Incentive plan the incentive(s) link to	Further details of incentive(s)
Climate change	CEO CFO Corporate Executive Team	Bonus: % of salary • Progress towards environmental targets Reduction in emissions intensity • Both Short-Term and Long-Term Incentive Plan, or equivalent	CN's executive compensation policy and programs are designed to ensure there is a clear link between the Company's long-term strategy, its business plan, and executive rewards, thus encouraging appropriate behaviours. Executive incentive compensation is, as a result, tied to key corporate objectives that play a critical role in driving the organization's short- and long-term profitability and return to shareholders. The 2024 AIBP was based on CN's performance against preset goals for three corporate components: 70% financial, 20% strategic and 10% safety. In 2024, the corporate strategic objectives included three quantitative strategic measures: environmental performance measured through locomotive GHG emissions intensity which is a key contributor towards the achievement of our 2030 science-based climate target, employee engagement, and customer centricity, each weighting 6.67% of the overall bonus target. Environmental performance is measured through improvement of locomotive fuel efficiency (U.S. gallons of locomotive fuel consumed per 1,000 gross ton miles [GTMs]), which is directly correlated to GHG emissions intensity and a key contributor towards the achievement of CN's 2030 science-based climate target. Long-term incentives aim to align management interests with shareholder value growth and reward the achievement of sustained financial performance and the creation of shareholder value. CN is committed to long-term value creation through strong financial performance, shareholder distributions, a strong balance sheet, sound capital investment, and <i>Delivering Responsibly</i>. <i>Delivering Responsibly</i> is the heart of all CN's decisions, commitments and investments to help build a sustainable future. The Company continues to focus on moving customers' goods safely and efficiently, doing so in a manner that seeks to minimize our impact on the environment, attracting and retaining top talent, helping build safer and stronger communities, and adhering to the highest governance standards.
	Management Group	Bonus: % of salary • Progress towards environmental targets Reduction in emissions intensity • Short-Term Incentive Plan or equivalent, only (e.g. contractual annual bonus)	The attainment of three goals, environmental performance measured through fuel efficiency, employee engagement, and customer centricity, are incorporated into the short-term incentive plan for senior management and executives. The 2024 AIBP was based on CN's performance against preset goals for three corporate components: 70% financial, 20% strategic and 10% safety. In 2024, the corporate strategic objectives included three quantitative strategic measures: environmental performance measured through locomotive GHG emissions intensity which is a key contributor towards the achievement of our 2030 science-based climate target, employee engagement, and customer centricity, each weighting 6.67% of the overall bonus target. Environmental performance is measured through improvement of locomotive fuel efficiency U.S. gallons of locomotive fuel consumed per 1,000 GTMs, which is directly correlated to GHG emissions intensity and a key contributor towards the achievement of CN's 2030 science-based climate target.

Environmental Policies

4.6

Details of CN's environmental policies

Environmental issue(s) covered	Level of coverage • Value chain stages covered	Alignment with global environmental treaties or policy goals	Availability of policy	Explanation of coverage	Environmental policy content
Climate change Biodiversity	Organization-wide • Direct operations Upstream value chain Downstream value chain	Paris Agreement	Publicly available	CN is committed to building a sustainable future, to working with our supply chain partners and customers to provide cleaner, more sustainable transportation services, and to working with stakeholders and rightsholders to avoid, minimize, or offset our environmental impact and when we do impact the environment, to restore it. Our Environmental Policy and commitments are focused on continuous improvement, ensuring that environmental leadership and performance are firmly embedded in the way we work and that we comply with applicable legal and regulatory requirements. CN's Environmental Policy applies to all employees, subsidiaries, suppliers, and contractors who perform services for, or on behalf of CN (collectively referred to as CN agents). It is expected that CN agents will act in accordance with the Policy when performing work for CN across the entirety of our rail network, land holdings, facilities, and business operations. There are no exclusions to the policy within CN's operations.	• Commitment to net-zero emissions • Commitment to comply with regulations and mandatory standards • Commitment to take environmental action beyond regulatory compliance • Commitment to avoidance of negative impacts on threatened and protected species • Commitment to stakeholder engagement and capacity building on environmental issues • Commitment to respect and protect the customary rights to land, resources, and territory of Indigenous Peoples and Local Communities • Commitment to implementation of nature-based solutions that support landscape restoration and long-term protection of natural ecosystems • Commitment to a circular economy strategy

External Frameworks or Initiatives

4.10

External frameworks, initiatives and/or commitments related to environmental issues for which CN is a signatory/member



SCIENCE-BASED TARGETS INITIATIVE

In 2017, CN became the first railroad in North America, and was among the first 100 companies globally, to set an approved science-based target. To ensure consistency with the most recent climate science and best practices that apply a well below 2°C scenario, and in the context of the Company's acquisition of TransX, we revised our target in 2021.

The new target, which was approved by the Science-Based Targets initiative in April 2021, commits CN to reducing Scope 1 and 2 GHG emissions by 43% per gross ton mile by 2030 from a 2019 base year.

We also commit to reducing Scope 3 GHG emissions from fuel- and energy-related activities by 40% per gross ton mile by 2030 from a 2019 base year. CN's net-zero target commits the Company to net-zero GHG emissions across the value chain by 2050 which is a reduction in Scope 1, 2, and 3 GHG emissions of 90% by 2050 based on 2019 levels which is 1.5°C-aligned.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2020, CN became the first North American railroad company to formally support the framework, which promotes more effective climate-related financial disclosures, joining more than 1,500 organizations globally. CN's TCFD report reinforces the Company's long-standing commitment to transparent disclosure on sustainability matters through our *Delivering Responsibly* Report.

CN's approach to sustainability disclosure aligns with international standards, including the GRI (Global Reporting Initiative), the SASB (Sustainability Accounting Standards Board), and the UNSDG (United Nations Sustainable Development Goals).



RACE TO ZERO CAMPAIGN

In 2017, CN became the first railroad in North America, and was among the first 100 companies globally, to set an approved science-based target for GHG emissions reductions. In 2021, CN was the first North American railroad to formally commit to setting a 2050 net-zero target which was validated by the SBTi in 2024.

CN commits to net-zero GHG emissions across the value chain by 2050 which is a reduction in Scope 1, 2, and 3 GHG emissions of 90% by 2050 based on 2019 levels.

Public Policy Engagement

4.11

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

External engagement activities	Types of transparency register	Transparency registers and relevant ID numbers	Process to ensure that external engagement activities are consistent with CN's environmental commitments and/or transition plan
- Directly with policy makers - Indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation	Mandatory government register	Office of the Integrity Commissioner of Ontario - Lobbyist Number: PP1861 - Registration Number: PP1861-20160901017851 Office of the Registrar of Lobbyists Saskatchewan - Registration Number: 3362-1621-13 Alberta Lobbyist Registry - Registration Number: OL-10497-22 Lobbyisme Québec - La Compagnie des chemins de fer nationaux du Canada - Quebec Business Number: 1142327262 Office of the Commissioner of Lobbying of Canada - Registration Number: 951358-5260 Office of the Clerk U.S. House of Representatives - House Identification Number: 353030000 - Senate Identification Number: 58795-12	CN's advocacy, directly to governments, and indirectly through trade associations, is a key part of our strategy and our commitment to reduce emissions and improve our greenhouse gas emissions intensity in line with the Paris Agreement, anchored by our industry-leading approved science-based target and recent net-zero commitments under the "Business Ambition for 1.5°C" and UN "Race to Zero" Campaign. CN is recognized as a company that delivers responsibly, is a key part of the solution for customers, and is essential to the economy and the communities we serve. CN engages directly with policy makers, indirectly through trade associations that could influence policy, law, or regulation that may impact the climate and indirectly by funding organizations who could influence climate policies, laws, or regulations. The GS Committee of the Board oversees CN's strategic government advocacy, corporate memberships, and political contributions. The GS Committee receives an update annually that provides information on our lobbying activities, a detailed list of our corporate memberships, including industry associations and policy organizations, and a list of our corporate political contributions. These governance mechanisms are managed through CN's Board committees: the GS Committee and the SE Committee. CN takes pride in being a company that our stakeholders can count on to make the right choices and do the right thing. The direct and indirect activities that could influence public policy are typically reviewed by the Government and Public Affairs department on an annual basis to ensure alignment with the strategic direction of the business, including our climate change strategic focus areas. Public policy decisions that could impact our overall climate strategy are communicated to the Sustainability team to be validated for consistency with our climate strategy. Where inconsistencies are noted, recommendations are proposed to ensure alignment. CN's Climate Action Plan, included in our Management Information Circular available on our website, is our public commitment to conduct our engagement activities in line with the goals of the Paris Agreement.

Public Policy Engagement (cont.)

4.11.1

Policy, law, or regulation that may impact the environment that CN engages directly with policy makers

Category of legislation • Focus of legislation • Environmental issues related	Geographic coverage • Country/region	Corporate position • Alignment with global environmental treaties or policy goals • Funding provided in the reporting year	Description of engagement	Relevance of this policy, law, or regulation to the achievement of CN's environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement
Low-carbon and decarbonization technologies • Alternative fuels • Climate change	National • Canada and U.S.	Support with no exceptions • Evaluated, and aligned with the Paris Agreement • \$0	- Regular meetings - Participation in working groups organized by policy makers - Responding to consultations - Submitting written proposals/inquiries	CN's Climate Action Plan is focused on reducing our rail carbon footprint which accounts for approximately 85% of our Scope 1 GHG emissions. We believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. As such, we have set two 2030 GHG emissions intensity targets, which are aligned to a well below 2°C scenario, in addition to a net-zero by 2050 target, which is aligned to 1.5°C scenario, and are all validated by the Science-Based Targets initiative. To achieve our science-based targets, we are focused on five key strategic areas (fleet renewal, innovative technology, big data, operating practices, and cleaner fuels) which are supported by Canadian and U.S. low-carbon and alternative fuel policy options. In Canada, CN engaged government officials regarding funding related to Green Transportation including renewable fuels and alternative propulsion methods as these initiatives continue to present an important opportunity for us to further reduce our emissions. CN is dedicated to achieving net-zero emissions by 2050. To achieve its decarbonization goals, CN will need to continue improving the fuel efficiency of its fleets, increase its use of renewable fuels and test, and eventually deploy, alternative propulsion locomotive technologies. Through the Railway Association of Canada, we have been actively working with the Government of Canada since 1995 to address the impacts of rail activities on the environment through a Memorandum of Understanding (MOU). The 2023–2030 MOU, announced in December 2023, reflects a shared vision of working towards net-zero emissions by 2050 and builds upon the meaningful progress made to date by the Canadian rail sector. In accordance with the MOU, Transport Canada, and the Railway Association of Canada members will work together to advance low-carbon fuel use, move more goods by rail where possible, and accelerate the development of advanced net-zero solutions for locomotives. In 2024, CN was also a founding member of the North Pacific Green Corridor Consortium whose members and partners, coming from diverse sections of the value chain including bulk commodity producers, railway and intermodal transportation providers, marine vessel owners and operators, port facilities and port authorities, and clean technology providers, will work together to decarbonize the value chain for commodities between North America and Asia.
Carbon price and emission trading schemes • Carbon taxes • Climate change	National • Canada	Support with no exceptions • Evaluated, and aligned with the Paris Agreement • \$0	- Regular meetings - Participation in working groups organized by policy makers - Responding to consultations - Submitting written proposals/inquiries	CN's Climate Action Plan is focused on reducing our rail carbon footprint which accounts for approximately 85% of our Scope 1 GHG emissions. We believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. As such, we have set two 2030 GHG emissions intensity targets, which are aligned to a well below 2°C scenario, in addition to a net-zero by 2050 target, aligned to 1.5°C scenario, and are all validated by the Science-Based Targets initiative. To achieve our science-based targets, we are focused on five key strategic areas (fleet renewal, innovative technology, big data, operating practices, and cleaner fuels) which are supported by Canadian carbon tax and pricing policies. CN engages with provincial and federal government officials on climate-related regulations and carbon pricing and emissions trading schemes. Our engagement with government includes the Quebec Cap-and-Trade system, which includes GHG reporting and verification obligation, British Columbia and Northwest Territories carbon taxes, the Government of Canada Federal backstop levy that came into effect in April 2019, the Canadian government's Federal Fuel Charge of \$15 per tonne yearly from 2023 to 2030, which aligns with the British Columbia and Northwest Territories carbon tax requirements as well as the Clean Fuel Regulation enacted in 2022. CN engages policy makers on carbon price and emission trading scheme to move the transportation sector forward in identifying the most practical, effective, and simplified solutions that contribute to, and support, future policy developments in a manner that will foster low-carbon economic growth while ensuring significant GHG emission reductions. We engage with various Canadian federal and provincial governments on their programs to position rail freight as a viable low-carbon transportation solution. In 2024, CN joined the Clean Fuels Alliance America which is a national trade association representing the biodiesel, renewable diesel, and sustainable aviation fuel supply chain. While CN is continually focused on efficiency improvements and reducing our carbon footprint, programs that place a price on carbon emissions or other government restrictions on certain market sectors may further impact current and potential freight rail customers in the energy sector. Climate change legislation, including carbon pricing and emission trading schemes, and regulation could also affect CN's customers and make it difficult for CN's customers to produce products in a cost-competitive manner due to increased energy costs.

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Board Oversight

Board Competency

Management Responsibility

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Environmental Policies

External Frameworks or Initiatives

Public Policy Engagement

Communications

Public Policy Engagement (cont.)

4.11.2

Indirect engagement on policy, law, or regulation that may impact the environment that CN engages with through trade associations

Trade Associations	Is our position on climate change consistent with theirs? • Level of support • Alignment with global environmental treaties or policy goals	The trade association’s position on environmental issues, explain where your organization’s position differs, and how you are attempting to influence their position	Funding provided in the reporting year	Aim of this funding and how it could influence policy, law, or regulation that may impact the environment
Railway Association of Canada (RAC)	Consistent • We publicly promote their current position • Evaluated, and aligned with the Paris Agreement	The RAC represents close to 60 freight and passenger railway companies and its mission is to work with governments and communities to ensure that Canada’s rail sector remains globally competitive, sustainable, and most importantly, safe. We are a long-standing full member of RAC and hold two seats on the RAC’s Board of Directors. Our Senior Director, Sustainability is a member of the Environment Committee and works closely with RAC’s Policy Analyst and Program Coordinator on matters of policy, emissions regulations, and climate risks and opportunities. In 2024, CN’s Janet Drysdale was announced as the chair of the Board of Directors for the RAC. In 2023, RAC announced that it has signed another MOU with Transport Canada to establish voluntary reduction targets for emissions produced by locomotives in Canada. This is the fifth MOU signed by the RAC and the federal government since 1995, and it demonstrates the rail industry’s long-time commitment to reducing locomotive emissions. The MOU also builds upon ongoing research and development efforts to advance new and innovative solutions to reduce emissions from the rail sector. Transport Canada and Canada’s railways are advancing this work through direct research with technology developers, academia, standards development organizations, and the U.S. wherever possible. We supported policy recommendations by RAC to the Government of Canada with respect to the Canadian Clean Fuel Regulation, which included ensuring Environment and Climate Change Canada works with fuel suppliers to ensure that renewable fuel content disclosure is make available, and creating a robust funding program to support research, development and deployment of low-carbon and net-zero technology in the Canadian rail sector. Through the RAC, we have been actively working with the Government of Canada to address the impacts of rail activities on the environment. The RAC initiatives as noted above are consistent with CN’s Climate Action Plan and approach to achieving our 2030 science-based targets which focus on five key strategic areas including fleet renewal, innovative technology, big data, operating practices, and cleaner fuels.	\$3,715,083	Our funding relates to our long-standing membership of the RAC. The aim of our funding is to ensure CN’s active engagement in initiatives such as the MOU with Transport Canada and the development of emissions targets. CN holds two seats on RAC’s Board of Directors. CN’s Janet Drysdale is the chair of the Board of Directors for the RAC. CN’s Senior Director of Sustainability is a member of the Environment Committee and works closely with RAC’s Policy Manager and Program Coordinator on matters of policy, emissions regulations, and climate risks and opportunities.
Association of American Railroads (AAR)	Consistent • We publicly promote their current position • Evaluated, and aligned with the Paris Agreement	Founded in 1934, the AAR is the world’s leading railroad policy, research, standard-setting and technology organization that focuses on the safety and productivity of the U.S. freight rail industry. The AAR full members include the six Class I freight railroads in the U.S., Canada, and Mexico. Working with elected officials and leaders in Washington, DC, the AAR advances sound public policy that supports the interests of the freight rail industry to ensure it will continue to meet America’s transportation needs. The AAR positions freight rail as being ahead of other land modes of surface transportation when it comes to limiting its carbon footprint. The AAR also advocates and works with its members to enhanced operating practices and rail car components to minimize fuel usage by improving aerodynamics and reducing overall weight, friction between wheels and rail, and total horsepower required for moving the train. The AAR recently released a series of policy proposals in March 2021 aimed at effectively combating climate change. We engage with the AAR as a member of the organization and support them in promoting cleaner, greener, efficient, and environmentally responsible transportation solutions. Our Senior Director, Sustainability is a member of the Environment Committee and works with the AAR on matters of climate policy, and to position the environmental benefits of shipping heavy freight by rail as well as the industry’s efforts to further decarbonize rail operations. The AAR positions as noted above are consistent with CN’s Climate Action Plan and approach to achieving our 2030 science-based targets which focus on five key strategic areas including fleet renewal, innovative technology, big data, operating practices, and cleaner fuels.	\$3,798,039 USD	The aim of our funding is to ensure CN’s membership to the AAR which includes supporting them in promoting cleaner, greener, efficient, and environmentally responsible transportation solutions. CN’s Senior Director, Sustainability is a member of the Environment Committee and works with the AAR on matters of climate policy, and to position the environmental benefits of shipping heavy freight by rail as well as the industry’s efforts to further decarbonize rail operations.

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Public Policy Engagement (cont.)

Trade Associations	Is our position on climate change consistent with theirs? • Level of support • Alignment with global environmental treaties or policy goals	The trade association’s position on environmental issues, explain where your organization’s position differs, and how you are attempting to influence their position	Funding provided in the reporting year	Aim of this funding and how it could influence policy, law, or regulation that may impact the environment
Clean Fuels Alliance America (CFAA)	Consistent • We publicly promote their current position • Evaluated, and aligned with the Paris Agreement	In 2024, CN became a member of CFAA, a national trade association representing the biodiesel, renewable diesel, and sustainable aviation fuel (SAF) industries, in line with our commitment to promote the use of sustainable renewable fuels in our operations. The CFAA is the national trade association representing the biodiesel, renewable diesel, and sustainable aviation fuel industries. The CFAA works to create sustainable industry growth through education, communication, governmental affairs, and technical and quality assurance programs. The CFAA is a member-driven organization representing the entire biodiesel, renewable diesel, and sustainable aviation fuel supply chain. They serve as the coordinating body for research and development in the U.S., comprised of state, national, and international feedstock and feedstock processor organizations, fuel suppliers, fuel marketers, distributors, and technology providers. Working with elected officials and leaders at the state and federal levels, the CFAA advocates on regulatory and legislative issues to advance the growth of biodiesel, renewable diesel, and sustainable aviation fuel in the U.S. Specifically, the CFAA focuses its efforts on or funding on a variety of programs to help increase consumer access to biodiesel through infrastructure grants, education, and producer support payment; renewable fuel standards to require transportation fuel sold in the U.S. to include annual set volumes of advanced clean fuels such as biomass-based diesel; tax credits to incentivize homegrown production, and market access for biodiesel, renewable diesel, and SAF as well as enhancements to state low-carbon fuel programs. The CFAA’s advocacy is consistent with CN’s Climate Action Plan and approach to achieving our 2030 science-based targets which focus on five key strategic areas including fleet renewal, innovative technology, big data, operating practices, and cleaner fuels. The increased usage of biodiesel and renewable diesel between now and 2030 is the key strategic enabler for meeting our 2030 target. Overall, achieving our 2030 target is dependent on the availability of sufficient volumes of cost competitive renewable fuels which will require collaboration between locomotive manufacturers, fuel producers, and governments.	\$2,500 USD	The aim of our funding is to ensure CN’s membership to the CFAA which includes supporting them in promoting the use of sustainable renewable fuels. Biodiesel, renewable diesel, and sustainable aviation fuel are renewable, cleaner-burning fuels deliver crucial reductions in greenhouse gas emissions.

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Communications

4.12

Information CN has published relating to our response to environmental issues

Publication	Communication pathway	Environmental issues covered in the publication	Standard or framework	Status	Page references	Content elements	Comments
Annual Report	Mainstream report	Climate change Biodiversity	–	Complete	iv, v, vii, xix, 10, 11, 12, 13, 59, 60, 65, 66, 83, 89	• Strategy • Risks and opportunities • Emission targets	We publish information on our sustainability initiatives, our fuel efficiency performance (directly relates to our locomotive emissions), as well as business risks related to climate change in our 2024 Annual Report, available on our website www.cn.ca .
Management Information Circular	Mainstream report, in line with environmental disclosure standards or frameworks	Climate change Biodiversity	TCFD	Complete	1, 6, 15, 33, 34, 35, 36, 40, 43, 44, 48, 49, 50, 51, 52, 54, 63, 93, 94, 97, 98	• Strategy • Governance • Risks and opportunities • Dependencies and impacts • Value chain engagement • Public policy engagement • Emission targets • Emissions figures	We publish information on our Climate Action Plan in our 2025 Management Information Circular available on our website www.cn.ca which incorporates the TCFD four sections of Governance, Risk Management, Strategy, and Metrics & Targets.
Sustainability Report	Voluntary sustainability report	Climate change Biodiversity	–	Complete	2, 3, 6-9, 14–15, 17, 28-45, 60, 63, 71-72, 74–75	• Strategy • Governance • Risks and opportunities • Dependencies and impacts • Content of environmental policies • Value chain engagement • Public policy engagement • Emission targets • Emissions figures • Biodiversity indicators	We publish a comprehensive overview of how we drive sustainability including progress around: the SDGs, our climate change strategy, our carbon reductions, and low-carbon transition plan, as well as building resiliency and biodiversity The 2022 <i>Delivering Responsibly</i> Report was published in 2023 and is available on our website www.cn.ca .
Data Supplement	Voluntary sustainability report	Climate change Biodiversity	–	Complete	2, 3, 6-8, 16, 19, 22, 24	• Strategy • Value chain engagement • Emissions figures • Emission targets • Biodiversity indicators	Annually we publish statistics related to our carbon inventory emissions intensity, emissions targets, and other energy and fuel efficiency metrics in our 2024 Data Supplement published in 2025, available on our website www.cn.ca .

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2024 Annual Report

2025 Management Information Circular

2024 Data Supplement

2022 Sustainability Report

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	C6 CONSOLIDATED APPROACH	C7 CLIMATE CHANGE	C11 BIODIVERSITY	APPENDIX

> IN THIS SECTION:

We share how environmental issues are integrated into our business strategy, outlining our scenario analysis, climate transition plan, financial and strategic planning, and carbon pricing. We also share how we engage with stakeholders to drive progress on environmental issues.

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Strategy and Financial Planning
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Revenue Alignment with Our Climate Transition Plan
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Low-carbon Research and Development
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Carbon Pricing
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Value Chain Engagement

PICTURED: Recently modernized CN Progress Rail SD75 that was converted from DC to AC traction. Photo by CN employee Tim Stevens



> Scenario Analysis

Climate Transition Plan

Strategy and Financial Planning

Revenue Alignment with Our Climate Transition Plan

Low-carbon Research and Development

Carbon Pricing

Value Chain Engagement

Scenario Analysis

5.1

Our use of scenario analysis to identify environmental outcomes

OUR APPROACH TO SCENARIO ANALYSIS

In alignment with our climate risk process, CN has undertaken qualitative and quantitative climate change scenario analysis to explore climate driven vulnerabilities as we continue to enhance our resilience to climate-related risks. Our scenario analysis capabilities deepens our understanding of climate-related risks and opportunities.

We have also taken further steps to translate these insights into tangible actions that will enable us and our customers to mitigate climate-related risks and take advantage of the opportunities that the transition to net-zero will create.

1

Physical Risk

4.0°C and Above

RCP 8.5 SCENARIO

- Represents the high range of possible future warming and results in ~4.5°C average global temperature rise by 2100 relative to pre-industrial times.
- The RCP 8.5 envisions a future with high population growth, increased reliance on fossil fuels, and little progress in energy efficiency or emission reduction technologies.
- CN used the Intergovernmental Panel on Climate Change (IPCC) WGI Interactive Atlas as the data source as well as the SSP5 pathway to conduct the analysis.
- The SSP5 assumes economic growth is very strong, driven by the heavy use of fossil fuels and technology advances.
- RCP 8.5 scenario was selected as it represents the maximum warming case and is considered to reflect the most extreme potential physical risks.

Read more on [page 50](#)

2

Physical Risk

2.5°C - 2.9°C

RCP 4.5 SCENARIO

- Represents moderate action to reduce GHG emissions, resulting in a stabilization of atmospheric concentrations where global warming is projected to reach 2.4°C to 3°C above pre-industrial levels by 2100.
- The RCP 4.5 assumes a combination of policy, technological advancements, and market-based solutions will help to reduce emissions. The SSP2 is a middle-of-the-road scenario and assumes there are medium challenges to mitigation.
- CN used the IPCC WGI Interactive Atlas as the data source as well as the SSP2 pathway to conduct the analysis.
- RCP 4.5 scenario and SSP2 were selected as they represent the middle-of-the-road warming case with substantial impacts of climate change still occurring, but they are less severe.

Read more on [page 51](#)

3

Transition Risk

1.6°C - 1-9°C vs. 3.5°C

INTERNATIONAL ENERGY ASSOCIATION (IEA) SUSTAINABLE DEVELOPMENT SCENARIO (SDS)

- Under IEA SDS, assumes carbon prices increase steadily based on the Government of Canada's carbon price projections. The SDS reflects a surge in clean energy policies and investment and is consistent with limiting the global temperature to 1.8°C.

NATIONALLY DETERMINED CONTRIBUTION (NDC)

- Bank of Canada's NDC reflects countries acting according to their pledges under the Paris Agreement. The countries reduce global warming, but their actions are not enough to limit warming to an additional 2°C above pre-industrial levels by 2100.

These above two scenarios were used to assess the financial impact of carbon prices in North America as it relates to our locomotive fuel emissions.

Read more on [page 52](#)

Influences our strategy, financial planning, risk and opportunities identification, assessment, and management

CN

2025
CDP CORPORATE QUESTIONNAIRE

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> Scenario Analysis

Climate Transition Plan

Strategy and Financial Planning

Revenue Alignment with Our Climate Transition Plan

Low-carbon Research and Development

Carbon Pricing

Value Chain Engagement

Scenario Analysis (cont.)

5.1.1

Details of the scenarios used in our analysis

SCENARIO 1

PHYSICAL RISK – MINIMAL MITIGATION (RCP 8.5)

Environmental issue	Scenario details	Temperature alignment of scenario	Assumptions, uncertainties, constraints, and rationale for choice of scenario
Climate change	Scenario used RCP 8.5 • SSP used in conjunction with scenario SSP5 • Scenario coverage Organization-wide • Risk types Acute physical Chronic physical • Reference year 2023 • Timeframes covered 2050 / 2090 • Driving forces in scenario Climate change (one of five drivers of nature change)	4.0°C and above	Assumptions, uncertainties and constraints CN conducted a qualitative climate scenario analysis using RCP 8.5 scenario, which represents the high range of possible future warming and results in ~4.5°C average global temperature rise by 2100 relative to pre-industrial times. The scenario envisions a future with high population growth, increased reliance on fossil fuels, and little progress in energy efficiency or emission reduction technologies. CN used the IPCC WGI Interactive Atlas as the data source as well as the SSP5 pathway to conduct the analysis. The physical risk analysis was conducted for the RCP 8.5 and SSP5 scenarios at an organization-wide level. The RCPs describe four different 21st century pathways of GHG emissions and atmospheric concentrations, air pollutant emissions, and land use, adopted by the IPCC. The RCP 8.5 is the high-emissions scenario and assumes global GHG emissions are emitted at a very high rate without significant changes in energy use, technology, or policies and predicts global temperatures rise significantly over the next century. The SSP5 assumes economic growth is very strong, driven by the heavy use of fossil fuels and technology advances. Within the IPCC WGI Interactive Atlas tool, CN covered its entire network and selected IPCC variables to represent each of the categories of physical risk determined relevant including, but not limited to, extreme temperature, warming trend/drought, extreme precipitation, extreme wind, snowfall, and sea rise. Limitations within the scenario include areas of uncertainty in the model, which does not allow for granularity in the analysis, and the need for a wider range of indicators focused on the compounding effect of the variables. Rationale for choice Sustainability is at the heart of how CN is building for the future. CN's goal is to conduct its operations in a way that seeks to minimize environmental impact, while offering a carbon-efficient and sustainable way to move goods. CN is focused on making a positive contribution in the fight against climate change and playing a key role in the transition to a lower-carbon economy. CN's success is dependent on its ability to operate its railroad efficiently. Severe weather and natural disasters, such as extreme cold or heat, flooding, droughts, fires, hurricanes, landslides and earthquakes, can disrupt operations and service for the railroad, affect the performance of locomotives and rolling stock, disrupt operations for both the Company and its customers as well as damage the Company's infrastructure or properties. Changes in weather patterns caused by climate change are expected to increase the frequency, severity, or duration of certain adverse weather conditions. CN selected the RCP 8.5 scenario as it represents the maximum warming case and is considered to reflect the most extreme potential physical risks. CN used the IPCC WGI Interactive Atlas as the data source. The IPCC WGI Interactive Atlas was selected as the tool for its credibility as an international authority on science related to climate change and offers a single, consistent source of data for CN's network. In completing the assessment, CN selected a mid-century time frame, representing potential physical risks in the near-term as well as a late-century time frame, considered relevant given the long-lived nature of CN's assets.

> Scenario Analysis

Climate Transition Plan

Strategy and Financial Planning

Revenue Alignment with Our Climate Transition Plan

Low-carbon Research and Development

Carbon Pricing

Value Chain Engagement

Scenario Analysis (cont.)

SCENARIO 2

PHYSICAL RISK – MODERATE MITIGATION (RCP 4.5)

Environmental issue	Scenario details	Temperature alignment of scenario	Assumptions, uncertainties, constraints, and rationale for choice of scenario
Climate change	Scenario used RCP 4.5 • SSP used in conjunction with scenario SSP2 • Scenario coverage Organization-wide • Risk types Acute physical Chronic physical • Reference year 2023 • Timeframes covered 2050 / 2090 • Driving forces in scenario Climate change (one of five drivers of nature change)	2.5°C - 2.9°C	Assumptions, uncertainties and constraints CN conducted a qualitative climate scenario analysis using RCP 4.5 scenario, which is considered the moderate mitigation scenario. The RCP 4.5 scenario represents a world where we take moderate action to reduce GHG emissions, resulting in a stabilization of atmospheric concentrations by the end of the century where global warming is projected to reach 2.4°C to 3°C above pre-industrial levels by 2100. The impact of climate change would still be substantial but less severe. CN used the IPCC WGI Interactive Atlas as the data source as well as the SSP2 pathway to conduct the analysis. The physical risk analysis was conducted for the RCP 4.5 and SSP2 scenarios at an organization-wide level. The RCPs describe four different 21st century pathways of GHG emissions and atmospheric concentrations, air pollutant emissions, and land use, adopted by the IPCC. The RCP 4.5 is a stabilization scenario and assumes a combination of policy, technological advancements, and market-based solutions will help to reduce emissions. The SSP2 is a middle of the road scenario and assumes there are medium challenges to mitigation and adaptation. Within the IPCC WGI Interactive Atlas tool, CN covered its entire network and selected IPCC variables to represent each of the categories of physical risk determined relevant including, but not limited to, extreme temperature, warming trend/drought, extreme precipitation, extreme wind, snowfall, and sea rise. Limitations within the scenario include areas of uncertainty in the model, which does not allow for granularity in the analysis, and the need for a wider range of indicators focused on the compounding effect of the variables. Rationale for choice Sustainability is at the heart of how CN is building for the future. CN's goal is to conduct its operations in a way that seeks to minimize environmental impact, while offering a carbon-efficient and sustainable way to move goods. CN is focused on making a positive contribution in the fight against climate change and playing a key role in the transition to a lower-carbon economy. CN's success is dependent on its ability to operate its railroad efficiently. Severe weather and natural disasters, such as extreme cold or heat, flooding, droughts, fires, hurricanes, landslides and earthquakes, can disrupt operations and service for the railroad, affect the performance of locomotives and rolling stock, disrupt operations for both the Company and its customers as well as damage the Company's infrastructure or properties. Changes in weather patterns caused by climate change are expected to increase the frequency, severity, or duration of certain adverse weather conditions. CN selected the RCP 4.5 scenario and SSP2 as it represents the middle of the road warming case with substantial impacts of climate change still occurring, but they are less severe. CN used the IPCC WGI Interactive Atlas as the data source. The IPCC WGI Interactive Atlas was selected as the tool for its credibility as an international authority on science related to climate change and offers a single, consistent source of data for CN's network. In completing the assessment, CN selected a mid-century time frame, representing potential physical risks in the near-term as well as a late-century time frame, considered relevant given the long-lived nature of CN's assets.

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			    
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	C6 CONSOLIDATED APPROACH	C7 CLIMATE CHANGE	C11 BIODIVERSITY	APPENDIX
> Scenario Analysis	Climate Transition Plan	Strategy and Financial Planning	Revenue Alignment with Our Climate Transition Plan	Low-carbon Research and Development	Carbon Pricing	Value Chain Engagement		

Scenario Analysis (cont.)

SCENARIO 3 | TRANSITION RISK – (IEA SDS versus NDC)

Environmental issue	Scenario details	Temperature alignment of scenario	Assumptions, uncertainties, constraints, and rationale for choice of scenario
Climate change	Scenario used IEA SDS	1.6°C – 1.9°C	Assumptions, uncertainties and constraints CN conducted a quantitative climate scenario analysis using the IEA SDS to help evaluate potential risks and business impacts aligned with our risk process focused on a transition risk scenario analysis. The IEA SDS scenario was chosen as the scenario provides a structured, credible, and comprehensive way to explore different energy futures. Under the SDS, it is assumed global warming is limited to 1.8°C and a major transformation of the global energy system to achieve universal access to energy, to reduce the severe health impacts of air pollution and to tackle climate change. The IEA SDS assumes carbon prices increase steadily based on the Government of Canada's carbon price projections. The SDS reflects a surge in clean energy policies and investment and is consistent with limiting the global temperature to 1.8°C, which aligns with CN's 2030 science-based target. CN also used the Bank of Canada's NDC which is aligned to a 3.5°C warming scenario by the end of the century. The NDC reflects countries, beginning in 2020, acting according to their pledges under the Paris Agreement. The countries reduce global warming, but their actions are not enough to limit warming to an additional 2°C above pre-industrial levels by 2100. These two scenarios were leveraged to assess the financial impact of carbon prices in North America up to 2030 related to our locomotive fuel emissions. In our analysis, we applied the Government of Canada's carbon price projections until 2030, which line up with the Bank of Canada's scenario that aligns with the well-below 2°C Paris Agreement goals. We modelled the Bank of Canada's NDC scenario, which is aligned to a 3.5°C warming scenario by the end of the century. For the U.S., we analyzed the IEA SDS leading to below 1.8°C and a prorated Bank of Canada's NDC scenario for our U.S. operations leading to 3.5°C. To conduct the carbon price analysis, we multiplied the carbon price by the forecasted locomotive emission volumes to determine the financial exposure to the carbon price. Scenario inputs included CN GHG locomotive fuel emissions for the 2019 baseline year, as well as emission projections up to 2030, taking into consideration forecasted business volumes as well as fuel efficiency gains in line with our climate science target.
	•		
	Scenario coverage Organization-wide		
	•		
	Risk types considered Policy		
	•		
	Reference year 2020		
	•		
	Timeframes covered 2030 / 2090		
	•		
Driving forces in scenario Global targets Level of action (from local to global)			

> Scenario Analysis

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Carbon Pricing

Value Chain Engagement

Scenario Analysis (cont.)

5.1.2

Outcomes of our scenario analysis and implications for other environmental issues

OUTCOMES OF OUR SCENARIO ANALYSIS

Our scenario analysis has enhanced our understanding of climate-related risks and opportunities, informing both our corporate business strategy and financial planning. Building on these insights, we have taken further steps to translate these insights into tangible actions that will help us and our customers mitigate climate-related risks and capitalize on the opportunities presented by the transition to a net-zero future.

Further Integrating Climate Risk Management into CN's Business Plan

Climate change is integrated into our risk assessment processes, which consider both physical risks, including increased frequency or severity of temperature extremes, flooding and sea level rise, fires, hurricanes, and tornadoes, as well as transition risks, including legal, policy, and market impacts.

In 2023, CN's Audit, Finance, and Risk (AFR) Committee of the Board reviewed management's assessment of enterprise risks, including the identification of the Company's net risks, which incorporated different scenarios and the identification of physical and transition climate-related risks. Specifically, the AFR Committee reviewed management's report to the previous Governance, Safety, and Sustainability (GSS) Committee on our climate risk mitigation controls and initiatives to integrate climate risk management activities into the business plan. In 2023, the GSS Committee had oversight of climate risk which has now been delegated to the SE Committee of CN's Board.

Establishing a Cross-functional Working Group

In 2023, CN created a cross-functional working group to: (1) share information and perspectives between departments relevant to a corporate-level understanding of CN's work on climate resiliency and (2) make recommendations for highest priority actions to improve CN's climate resiliency.

In the first year of the working group, members evaluated the SSP5 and RCP 8.5 scenario to understand potentially high priority regions and/or variables worth more detailed study. Based on this exercise, CN focused further study to understand in detail the potential risks and opportunities for prioritized regions and assets.

Reinforcing Our Commitment to Achieving Our Science-based Target

CN's IEA SDS carbon pricing analysis found that in a below 1.8°C scenario, CN could be exposed to a financial impact of approximately \$750 million by 2030, where no science-based target exists versus approximately \$450 million where CN meets our science-based target. Conversely, in a 3.5°C scenario, CN could be exposed to a financial impact of approximately \$350 million by 2030, where no science-based target exists, versus \$200 million where CN meets our science-based target. The results of the carbon pricing scenario analysis have informed and reinforced our commitment to achieving our science-based target and climate strategy.

For example, in 2024, we continued to renew our fleet to the most fuel efficient high-horsepower locomotives currently available, receiving delivery of 83 units out of a multiyear modernization program, where existing locomotives from the CN fleet are upgraded with the latest technology, extending their life, and enhancing fuel efficiency.

The increased usage of biodiesel and renewable diesel between now and 2030 is the key strategic enabler for meeting our target. Canadian federal Clean Fuel Regulations and other renewable and low-carbon fuel standards in jurisdictions where CN operates will continue to present an important opportunity for us to further reduce our emissions. Trials and qualifications on CN's existing locomotive fleet of up to 100% renewable fuel blends continued to progress in 2024. Carried out in partnership with locomotive manufacturers, fuel producers, and other Class I railroads, these trials will allow CN and the industry to better understand the long-term durability and operational impacts of renewable fuels on locomotives, especially in cold weather, and plan needed modifications to leverage their increased usage over the next decade.

Climate Transition Plan

5.2.1
Overview of our climate transition plan which aligns with a 1.5°C world

5.2.6
Explanation of spending on and revenue generation from activities that contribute to fossil fuel expansion

5.2.7
Mechanism by which feedback is collected from shareholders on our climate transition plan

5.2.10
Description of key assumptions and dependencies on which the transition plan relies

OVERVIEW OF OUR TRANSITION PLAN

As a supporter of the Paris Agreement, and one of the first companies to offer shareholders a vote on CN’s Climate Action Plan, we are committed to providing transparent climate-related disclosures aligned with leading practices. Our Climate Action Plan aligns with a 1.5°C world and is presented for shareholders to vote on at our Annual General Meeting. The plan is structured around the four core pillars of the TCFD framework: Governance, Strategy, Risk Management, and Metrics and Targets. An index outlining our alignment with TCFD is included in our 2025 CDP Corporate Questionnaire and can be found on [page 94](#), and full details of our Climate Action Plan are available in our [2025 Management Information Circular](#).

CN has been making a positive contribution in the fight against climate change by offering carbon-efficient transportation solutions to our customers. With approximately 85% of our Scope 1 GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. Since 1993, we have reduced our rail locomotive GHG intensity by 45% and we remain a leader in the North American rail industry, consuming approximately 15% less locomotive fuel per gross ton mile than the industry average. As CN is a publicly regulated service and subject to the ‘common carrier’ obligations defined in sections 113 to 115 of the *Canadian Transportation Act*, we are obliged to accommodate all traffic offered to us and must operate a network that meets the needs of all shippers.

We recognize that rail has a tremendous potential to reduce the environmental impact of transportation services, and we are actively working with many of our customers to help them reduce their transportation supply chain GHG emissions, by leveraging rail for the long haul and trucking over shorter distances. Shipping heavy freight by rail can reduce GHG emissions by up to 75% when compared to trucks. The greater use of combined transportation modes helps lower emissions by allowing each mode to be used for the portion of the trip to which it is best suited. It also helps reduce road traffic congestion, accidents, and the burden on public transportation infrastructure. Our strategy to reduce our Scope 1 and 2 GHG emissions will help the Company maintain its position as a key enabler of supply chain decarbonization over the long term. In turn, these activities will contribute to reducing the Scope 3 emissions of our customers.

KEY ASSUMPTIONS AND DEPENDENCIES

CN has set several specific climate targets, including near-term 2030 GHG emissions intensity targets as well as a 2050 net-zero target. Achieving these targets is subject to several risks and uncertainties. For example: future investments in and the availability of GHG emissions reduction tools and technologies, significant changes in our GHG emissions profile as a result of changes to our railway asset base, the ability to work with governments and third parties to mitigate the impacts of climate change, domestic and international economic conditions, including exchange rates, the effects of competition and regulation, uncertainties in the financial markets, capital spending, actions of vendors, the willingness of customers to acquire our services, cost of network expansion, maintenance and retrofits, and physical impact of climate change on our business.

Highlighted in our Climate Action Plan, our low-carbon transition plan and business strategy focuses on five key strategic areas: fleet renewal, innovative technology and big data, operating practices, and cleaner fuels. Achieving our 2030 targets is dependent on the availability of sufficient volumes of cost competitive renewable fuels in the years to come, as well as on the continuing development and availability of innovative technologies. The extent of our ability to fully deploy and implement new technologies, as well as obtain and use sufficient volumes of renewable fuels, will require collaboration between locomotive manufacturers, fuel producers, and governments. This ecosystem of collaboration is a key area of focus and potential risk.

To achieve its decarbonization goals, CN will need to continue improving the fuel efficiency of our fleets, increase our use of renewable fuels and test, and eventually deploy, alternative propulsion locomotive technologies.

> Scenario Analysis

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Climate Transition Plan (cont.)

5.2.11

Description of progress against transition plan

PROGRESS IN FIVE KEY STRATEGIC AREAS

With approximately 85% of our Scope 1 GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. Our target informs our low-carbon transition plan and business strategy.

We are focused on five key strategic areas:

Fleet Renewal

In 2024, we continued to renew our fleet to the most fuel-efficient high-horsepower locomotives currently available, receiving 83 units out of a multiyear modernization program, where existing locomotives from the CN fleet are upgraded with the latest technology, extending their life, and enhancing fuel efficiency.

Innovative Technology and Big Data

We continue to explore and invest in innovative technologies such as energy management and data telemetry systems as well as distributed power functionality, to help us maximize locomotive operating effectiveness and efficiency. CN's in-house Horsepower Tonnage Analyzer uses the data from the systems to optimize a locomotive's horsepower-to-tonnage ratio, further minimizing fuel consumption.

Operating Practices

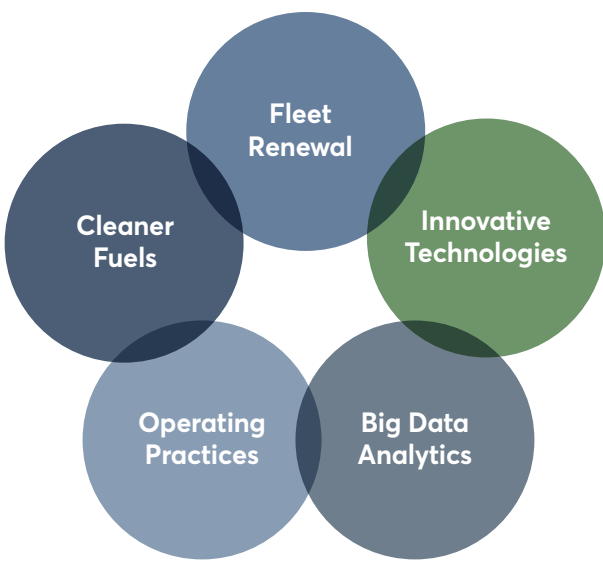
CN continues to leverage real-time information on train operations, enabling on-the-job guidance on practices that reduce fuel consumption. CN's disciplined approach to capital allocation support the safety of our network, improve efficiency and resilience, and enable growth. Capacity upgrades, including lengthening sidings and doubling sections of mainline track, allow us to drive fluidity in our busiest corridors, improving fuel and carbon efficiency. Investments in new equipment like higher-capacity hopper cars save fuel as such cars can carry more volume per train. In 2024, CN's operations were impacted by labour disruptions and cold weather operations in Western Canada.

Cleaner Fuels

The increased usage of biodiesel and renewable diesel between now and 2030 is the key strategic enabler for meeting our target. Canadian federal Clean Fuel Regulations and other renewable/low carbon fuel standards in jurisdictions where CN operates will continue to present an important opportunity for us to further reduce our emissions.

Trials and qualifications on CN's existing locomotive fleet of up to 100% renewable fuel blends continued to progress. Carried out in partnership with locomotive manufacturers, fuel producers, and other Class I railroads, participants expect to better understand the long-term durability and operational impacts of renewable fuels on locomotives, especially in cold weather, and plan needed modifications to leverage their increased usage over the next decade. In 2024, CN significantly increased our use of renewable fuels, which represented close to 10% of our locomotive fuel.

To support our strategy and meet our targets, CN has been investing in initiatives and programs that decarbonize our activities and provide other benefits such as improved capacity and service to our customers. From 2020-2024, CN's investments supporting decarbonization were approximately \$2.535 billion.



> Scenario Analysis

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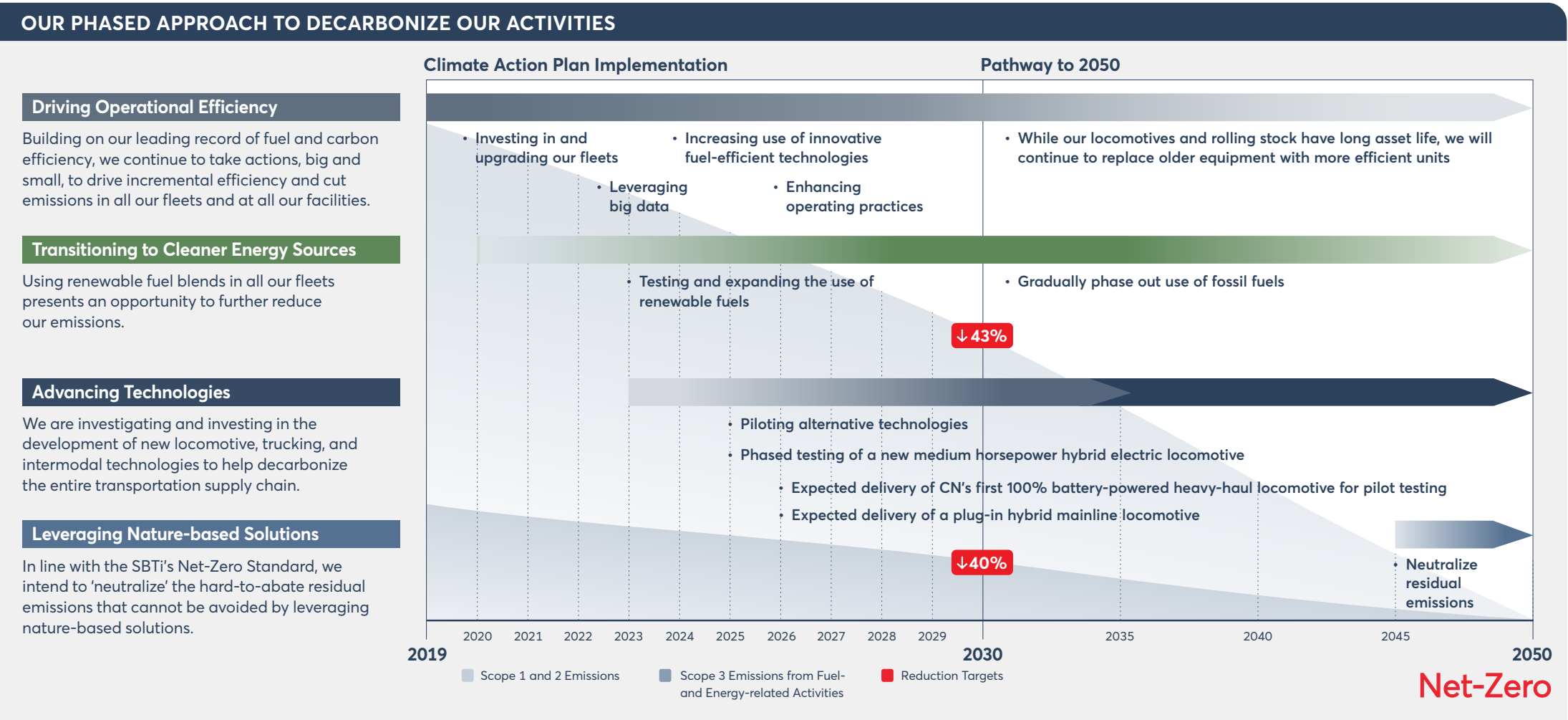
Low-carbon Research and Development

Carbon Pricing

Value Chain Engagement

Climate Transition Plan (cont.)

CN is committed to net-zero emissions by 2050. To achieve our decarbonization goals, we will need to continue improving the fuel efficiency of our fleets and increase our use of renewable fuels. Achieving our target will also be dependent on collaboration between the rail industry, locomotive manufacturers, and fuel producers to continue to develop innovative technologies, as well as make available enough cost-competitive renewable fuels in future years.



Strategy and Financial Planning

5.3.1

Description of where and how environmental risks and opportunities have affected our strategy

RISKS AND OPPORTUNITIES THAT HAVE EFFECTED OUR STRATEGY

Environmental issue	Effect type	Business area	Description of how environmental risks and/or opportunities have affected our strategy in this area
Climate change	Risks and Opportunities	Products and services	Market risks and opportunities have a direct influence on our products and services strategy in the short-, medium- and long-term. Our intermodal and carload business growth strategy has been influenced by the ability to position the environmental benefits of rail with our customers. For example, we are actively working with many of our customers to help them reduce their transportation supply chain GHG emissions. Shipping heavy freight by rail can reduce GHG emissions by up to 75% when compared to trucks. The greater use of combined modes helps lower transportation emissions by allowing each mode to be used for the portion of the trip to which it is best suited. Our strategy to further reduce our Scope 1 and 2 emissions will help CN to maintain our position as a key enabler of supply chain decarbonization over the long-term. In turn, these activities will contribute to reducing the Scope 3 emissions of our customers. Specifically, carbon pricing mechanisms in North America, coupled with growing pressure on our customers to reduce their supply chain emissions presents opportunities for our business. With approximately 85% of our Scope 1 GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously improving our rail efficiency. As such, to achieve our 43% science-based reduction target we are focused on five key strategic areas: fleet renewals, leveraging innovative technologies, big data analytics, operating practices, and cleaner fuels. We also continue to strengthen our position within emerging cleaner energy markets, such as wood pellets, wind turbines, solar panels, and renewable fuels.
		Upstream/ downstream value chain	Regulatory risks and opportunities associated with the decrease of carbon and air emissions and the increase of renewable fuel sources have a significant short-, medium- and long-term influence on our fuel procurement and management strategy, which includes the active engagement of our locomotive manufacturers as well as our fuel suppliers. In the medium-term, Canada’s Clean Fuel Regulations, and other existing renewable and clean fuel standards in jurisdictions where CN operates, will also present an important opportunity to further reduce our emissions. Shifting consumer demand to lower-carbon products and climate-focused regulations, such as carbon pricing mechanisms and fuel regulations, may bring about a broad transition in the energy sector. Programs that place a price on carbon emissions or other government restrictions on certain market sectors may further impact current and potential freight rail customers in the energy sector. A comprehensive transition in the energy sector could significantly impact the markets of the Company’s energy customers or lead to market differentiation through geographic variation in policies and demand trends. A portion of the Company’s business could be materially affected by potential future changes and instability of such a transition. Government incentives encouraging the use of alternative sources of energy also could affect certain of the Company’s customers and the markets for certain of the commodities it carries in a manner that could alter our traffic patterns. Climate change could affect the markets for, or the volume of, the goods the Company carries or otherwise have a material effect on the Company’s results of operations, financial positions, or liquidity.

Strategy and Financial Planning (cont.)

Environmental issue	Effect type	Business area	Description of how environmental risks and/or opportunities have affected our strategy in this area
Climate change	Risks and Opportunities	Investment in research and development	CN is pursuing an ambitious innovation agenda by leveraging the rapid evolution in technology, analytics, and automation to be more efficient, improve safety, grow market share, and deliver more reliable and seamless services to our customers. Our innovation efforts are focused on making it easier to do business with us through closer data integration and transparency. We are also exploring applications of advanced analytics to proactively remove human error, reduce risk, optimize our decision making, and improve predictive maintenance. We continue to explore and invest in innovative technologies such as energy management and data telemetry systems as well as distributed power functionality, to help us maximize locomotive operating effectiveness and efficiency. Through these systems, we collect large amounts of data to help improve performance and fuel consumption. In the medium-term, the Canadian Clean Fuel Regulations and other renewable and clean fuel standards in jurisdictions where CN operates will continue to present important opportunities for us to further reduce our emissions. We are actively working with our fuel suppliers and locomotive manufacturers to explore and test the greater use of sustainable renewable fuel blends in our locomotives, beyond regulated amounts, to achieve our target. Trials and qualifications of up to 100% bio-based diesel fuel, important steps in reducing GHG emissions from CN's existing locomotive fleet, have continued to progress in 2024. These testing programs will allow us to better understand the long-term operational impacts of renewable fuels on locomotives, especially in cold weather, and plan needed modifications to leverage their usage over the next decade.
		Operations	CN's objective is to deliver sustainable, profitable growth by providing superior customer service, growing faster than the economy, pricing ahead of rail inflation, and continuously improving operating efficiency. Regulatory risks and opportunities like the increase of fuel efficiency, use of renewable fuels, and carbon pricing mechanisms, also influence our short- and medium-term operations strategy. As part of our Climate Action Plan and to comply with our environmental policy, we are focused on five key strategic areas: fleet renewal focused on cleaner, more fuel-efficient equipment to enable us to decouple our business growth from GHG emissions; innovative technology such as energy management and data telemetry systems as well as distributed power functionality; big data to collect large amounts of data to improve performance and fuel conservation; operating practices such as CN's commitment to a disciplined scheduled operating plan, with a focus on velocity, to drive related gains in fuel efficiency; and cleaner fuels to further reduce our emissions. The Company's operations are subject to numerous federal, provincial, state, municipal, and local environmental laws and regulations in Canada and the U.S. A risk of environmental liability is inherent in railroad and related transportation operations; real estate ownership, operation or control; and other commercial activities of the Company with respect to both current and past operations. As a result, the Company incurs significant operating and capital costs, on an ongoing basis, associated with environmental regulatory compliance and clean-up requirements in its railroad operations and relating to its past and present ownership, operation or control of real property. The Company's exposure to such risk may be reduced by mitigation strategies including periodic audits, employee training programs, emergency plans and procedures, and insurance.

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Strategy and Financial Planning (cont.)

5.3.2

Description of where and how environmental risks and opportunities have affected our financial planning

FINANCIAL PLANNING

Revenues

As part of our financial planning processes, we assess the revenues and growth projections from individual commodity groups, which include impacts of climate-related risks and opportunities. CN's freight revenues are derived from seven commodity groups representing a diversified and balanced portfolio of goods transported between a wide range of origins and destinations. This product and geographic diversity better position the Company to face economic fluctuations and enhances its potential for growth opportunities As part of CN's climate risk process, the Company considers the potential impact of changing consumer behaviour for low-carbon products and the resulting effect on commodities such as thermal coal, which could be impacted by more aggressive climate policy changes and regulations.

CN mitigates potential negative revenue impacts by continuing to play a key role in energy transition, transporting cleaner energy products such as methanol, renewable fuels, solar panels, and wind turbines as well as providing shipments of wood chips and wood pellets to meet the growing demand for a more renewable fuel solution for residential, institutional, or industrial heating. Our time horizon for financial planning is a three-year forward-looking revenue and demand view. The revenue/demand plan drives all resource and capital planning decisions. Major investments, such as a new intermodal terminal, would generally be on a five-year planning basis.

Direct Costs

We assess the impact of in-year climate-related events on our operating costs and assess the range of potential future operating costs to achieve our decarbonization targets. To achieve these targets, CN will need to continue to improve the fuel efficiency of our fleets, increase our use of renewable fuels, and test alternative propulsion technologies while working collaboratively to bring low-carbon alternatives to market. Collaboration with suppliers, customers, supply chain partners, innovators, and regulators is critical for CN to deliver on our climate commitments and to help drive economic prosperity in a low-carbon environment. Specifically, fuels procurement has a direct impact on CN's operating expenses. In 2024, fuel expense decreased by \$37 million, or 2%, compared to 2023, mainly due to lower fuel prices.

Capital Expenditures

CN allocates a significant budget to our capital program. CN's success is dependent on our ability to operate our railroad efficiently. In 2024, CN spent approximately \$3.5 billion in our capital program, of which \$1.7 billion was invested to maintain the safety and integrity of CN's network, particularly track

infrastructure. CN's capital spending also included \$1.0 billion for strategic initiatives to increase capacity, enable growth and improve network resiliency, including line capacity upgrades and information technology initiatives, and \$0.8 billion on equipment, including the acquisition of 750 new grain hopper cars.

Severe weather and natural disasters, such as extreme cold or heat, flooding, droughts, fires, hurricanes, and earthquakes, can disrupt operations and service for the railroad, affect the performance of locomotives and rolling stock, as well as disrupt operations for both CN and our customers. Business interruptions resulting from severe weather could result in increased costs, increased liabilities, and lower revenues, which could have a material adverse effect on CN's results of operations, financial condition, or liquidity. To help mitigate some of the risks associated with severe weather, CN prepares a [Winter Plan](#) on an annual basis which sets out the actions we are taking to effectively plan and execute our operations throughout the season, and serves as a framework to support our efforts to safely meet the needs of our customers and stakeholders during the winter months ahead. The plan is shaped by four thematic objectives including a focus on improving resiliency across the network.

Assets

As part of our financial planning process, our Network Transportation and System Engineering function will assign specific budgets to ensure we plan for potential disruptions to our network and impact on our assets from extreme weather events. A significant portion of CN's investments in 2024 were dedicated to track maintenance to support safe and efficient operations, including the replacement of rail and ties, bridge improvements, crossing protection upgrades and maintenance, as well as other general track maintenance. Our capital program also creates optionality and nimbleness to better respond to the unexpected, including extreme winter weather. In 2024, CN invested approximately \$1.7 billion from our capital program to track maintenance in support of safe and efficient operations, including the replacement of rail and ties, bridge improvements, crossing protection upgrades, and maintenance.

Access to Capital

CN's access to long-term funds in the capital markets depends on our credit ratings and market conditions. In March 2021, CN became the first North American railroad to secure a sustainability-linked loan tying the cost of capital to environmental targets which include GHG emission reductions and increased fuel efficiency.

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Revenue Alignment with Our Climate Transition Plan

5.4 – 5.4.2

Identification of spending or revenue that is aligned with our climate transition plan

Financial metric	Amount of selected financial metric that is aligned in current reporting year	Percentage share of selected financial metric aligned in current reporting year	Percentage share of selected financial metric planned to align in 2025	Percentage share of selected financial metric planned to align in 2030	Description of alignment with our climate transition plan
Revenue/ Turnover	\$10.6 billion	64%	64%	64%	CN has been making a positive contribution in the fight against climate change by offering carbon-efficient transportation solutions to our customers. Moving long-haul freight by train instead of truck can reduce GHG emissions by up to 75%. We recognize that rail has a tremendous potential to reduce the environmental impact of transportation services and we are actively working with many of our customers to help them reduce their transportation supply chain GHG emissions, by leveraging rail for the long haul, and trucking over shorter distances. The greater use of combined modes helps lower transportation emissions by allowing each mode to be used for the portion of the trip to which it is best suited. It also helps reduce road traffic congestion, accidents, and the burden on transportation infrastructure. The revenue related to providing low-carbon freight transportation goods and services is \$10.6 billion, which we calculated based on our truck-competitive business segment. CN's truck-competitive business segment accounted for 64% of CN's total freight revenue in 2024. We ensure CN's continued role in the energy transition by transporting cleaner energy products including methanol, renewable fuels, solar panels, and wind turbines as well as providing shipments of wood chips and wood pellets to meet the growing demand for a more renewable fuel solution for residential, institutional, or industrial heating. We are committed to reduce emissions and improve our GHG emissions intensity consistent with stabilizing global temperatures. In 2024, we were the first North American railroad to have our net-zero by 2050 target approved by SBTi. Note, we cannot specifically quantify the percentage of financial revenue or revenue aligned with a 1.5°C world in 2025 or 2030 due to restrictions governing public disclosure of sensitive forward-looking financial information.



Domestic intermodal train, Elma, MB. The greater use of combined modes, leveraging rail for long haul and trucking over shorter distances, helps lower transportation emissions by allowing each mode to be used for the portion of the trip to which it is best suited. Photo by CN employee Ildar Noureev

Low-carbon Research and Development

5.5

Details of our investments in low-carbon R&D for transport-related activities over the last three years

With approximately 85% of our direct GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously improving our rail fuel efficiency. Over the years, this focus has led us to strategically focus on investing in new technologies to drive even greater efficiency through investments in research and development. Operating an efficient railroad extends to our non-rail operations, enabling further carbon reductions in our ground and vessel fleets, buildings, and yards. CN is also investing in developing the necessary technology to decarbonize these aspects of our business.

Activity	Technology area	Stage of development	Average % of total R&D investment over the last 3 years	Investment in the reporting year	Average % of total R&D investment planned for the next 5 years	Explanation of how R&D investment in this technology area is aligned with CN's climate commitments and/or climate transition plan
Light Duty Vehicles (LDV)	Battery electric vehicle	Pilot demonstration	1%	\$0	1%	CN purchased Ford F-150 Lightning trucks for use in our operations. The electric trucks have been deployed in mixed applications to test the technical and economic feasibility of the vehicles. Preliminary results on mileage have been received, and the feedback is positive. Further analysis is being done to assess impact to maintenance costs.
Rail	Electrification	Pilot demonstration	3%	\$1,900,000	14%	In 2021, we announced the purchase of Wabtec's FLX drive battery-electric freight locomotive, the first 100% battery heavy-haul locomotive in support of our ambitious long-term goals. The anticipated efficiencies and emission reductions from the technology will be significant, reducing locomotive consist fuel consumption and emissions by up to 30%, and will help open the door to new alternatives beyond the diesel-powered locomotives used today. This new technology is a key component in achieving an effective transition to a lower-carbon future. In 2024, we announced the purchase of our first hybrid diesel-battery electric mainline locomotive from Progress Rail. The plug-in hybrid mainline locomotive, a first of its kind in North America, will be evaluated on CN's mainline in British Columbia, starting in Prince George and the northern part of the province, under varying operational and weather conditions. We expect to receive delivery of these two locomotives in 2026. CN also announced the launch of its new medium horsepower hybrid electric locomotive developed in collaboration with Knoxville Locomotive Works. The hybrid system targets up to approximately 50% reduction in fuel consumption compared to a typical locomotive used in similar operations today. CN expects this initiative will help drive the advancement of hybrid technology in locomotives and contribute to immediate emissions reductions.
Rail	Control systems	Applied research and development	1%	\$200,000	1%	CN has renewed our investment in operations research partnering with Université de Montréal for development of mathematical models to potentially find new operational and fuel efficiencies. More optimal assignment and routing of locomotives and allocation of container delivery and pick-up windows to intermodal customers are focus areas within this research with the potential to drive carbon emission reductions.
Heavy Duty Vehicles (HDV)	Battery electric vehicle	Pilot demonstration	2%	\$1,200,000	2%	CN is exploring the use of electrification in its yards and intermodal facilities. In 2024, CN received electric shunt trucks for use in our intermodal facilities. The trucks were deployed in differing geographical regions to assess the technical and economic feasibility of the vehicles.
Rail	Alternative fuels	Pilot demonstration	10%	\$300,000	1%	In 2024, renewable fuels represented close to 10% of all fuel used in our locomotives across CN's North American network. A first for our Company. Progressing towards 10% renewable fuel in 2024 was a collective achievement. We partnered with key players across the value chain, from fuel producers to locomotive manufacturers, to bring this to fruition: • Locomotive manufacturers like Wabtec and Progress Rail helped test and validate the use of renewable fuel blends. • Fuel producer Chevron Renewable Energy Group contributed to cold-weather trials of biodiesel and renewable diesel, critical for scaling across CN's northern operations. • Class I railroad Union Pacific joined forces with CN in industry-wide trials to advance standardization and accelerate the use of renewable fuels.

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5.10

Details of our internal price on carbon

CN has established an internal shadow price of carbon of \$48.31 per tonne as the minimum, which was the weighted average Quebec Cap-and-Trade Settlement price in the 2024 auctions. As the maximum, we leverage our transition risk scenario analysis to inform our internal price of carbon which considers the Canadian federal carbon tax rate, which, at the time, was \$80 per tonne in 2024. In 2024, our shadow price covers 68% of CN’s total Scope 1 GHG emissions.

CN’s objective for implementing an internal carbon price include:

- Navigate regulations
- Manage stakeholder expectations
- Identify and seize low-carbon opportunities
- Drive low-carbon investment
- Drive energy efficiency
- Setting and/or achieving of climate-related policies and targets
- Incentivize consideration of climate-related issues in risk assessments and decision-making
- Influence strategy and/or financial planning

Factors considered when determining the price include alignment with the price of a carbon tax and with the price of allowances under an Emissions Trading Scheme, as well as scenario analysis.

CARBON PRICING APPROACH

CN’s network nearly 20,000 route miles of track spans Canada and the U.S., connecting Canada’s Eastern and Western coasts with the U.S. South. As such, we are exposed to different carbon prices given the broad range of jurisdictions in which we operate.

CN uses a differentiated internal price of carbon to best align with the prevailing cost of carbon within the jurisdiction of decision making. It is used as a strategic planning tool, considering climate change as both a business cost and opportunity. The development of an internal price of carbon helps to identify revenue opportunities, risks, and creates an incentive to drive energy efficiencies to reduce costs.

For example, our Taxation Department uses the federal and British Columbia carbon taxes and the Quebec Cap-and-Trade to ensure compliance to our obligations under Canadian regulatory requirements. Our Corporate Procurement Department uses them to inform business decisions related to the purchase of fuels, and we look at regulatory carbon prices to assess tariffs. Finally, CN’s Sales and Marketing uses the prices to assess customer pricing.

CALCULATION METHODOLOGY AND ASSUMPTIONS

We internalize the cost of carbon-based on current and projected carbon tax and cap-and-trade carbon pricing analysis. We also leverage our transition risk scenario analysis to inform our internal price of carbon which considers the Canadian federal carbon tax rate was at \$80 per tonne in 2024. This rate is publicly available on the Government of Canada website, and CN uses it to inform our maximum actual carbon price. The Quebec Cap-and-Trade system is a provincial mechanism in lieu of the federal backstop. We use the Quebec Cap-and-Trade price to inform our minimum actual carbon price because it is lower than the federal rate. To calculate the 2024 Quebec Cap-and-Trade price, we determined the weighted average settlement price at the quarterly auctions. This information is publicly available on the Quebec government’s website. As carbon pricing can be impacted by shifts in governing political parties, we closely monitor changes that could influence CN’s cost of carbon assumptions.

Canada’s carbon tax, also known as its price on carbon, came into effect at \$20 per tonne in 2019. It has steadily climbed in the years since, reaching \$80 per tonne in 2024. The rate was scheduled to go up \$15 each year until 2030, reaching \$170 per tonne, but in March of 2025, the Canadian government set the rate at \$0 per tonne for the consumer portion of the tax. The Quebec Cap-and-Trade system started in 2013 with a settlement price of \$10.75 per tonne. Since that time, the settlement price has risen to almost \$50 per tonne in 2024. The regulation requires that the auction reserve price, the minimum price at which emission units are available at auction, be equivalent to the annual minimum price of the previous year, increased by 5% and an indexation rate based on the Price Index Consumption as established by the *Financial Administration Act*.

Given changes to the Canadian federal carbon tax in 2025, CN is closely monitoring the impact to our overall internal carbon price over time.

MONITORING AND EVALUATION

CN considers current and projected carbon taxes when determining our internal price of carbon. The price of a carbon tax changes over time depending on prevailing policy and regulations. Within Canada, for example, the federal carbon tax came into effect in 2019 at \$20 per tonne. It has steadily climbed in the years since and was \$80 per tonne in 2024.

CN monitors current and projected carbon taxes across the jurisdictions in which we operate on at least an annual basis, noting that in March of 2025, the Canadian government set the carbon price to \$0 per tonne for the consumer portion of the tax.

Value Chain Engagement

5.11

Value chain stakeholders we engage with on environmental issues

We recognize the importance of engaging with suppliers, supply chain partners, customers, and investors and shareholders to achieve an effective transition to a low-carbon future.

Our decarbonization goals are ambitious and will require the support and collaboration of many stakeholders, starting internally with our employees, as well as external partners who will play a key role.

5.11.1

Assessment of supplier environmental dependencies and/or impacts

SUPPLIER ASSESSMENT OF ENVIRONMENTAL DEPENDENCIES AND/OR IMPACTS

Environmental issue(s)	Assessment of supplier dependencies and/or impacts on the environment	Criteria for assessing supplier dependencies and/or impacts on the environment	% Tier 1 suppliers assessed	Definition for threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment	% Tier 1 suppliers meeting the threshold for substantive dependencies and/or impacts on the environment	# of Tier 1 suppliers meeting the threshold for substantive dependencies and/or impacts on the environment
Climate change	Yes, we assess the dependencies and/or impacts of our suppliers	Contribution to supplier-related Scope 3 emissions	76–99%	To define a threshold, we focused our analysis on CN's third-largest operating expense category: fuel. As 85% of CN's Scope 1 GHG emissions are generated from rail operations, we focus on reducing our carbon footprint. We believe fuel suppliers are uniquely positioned to help support CN's climate and environmental commitments. In 2024, fuel suppliers represented 28% of our procurement spend and 7% of suppliers managed by CN's Procurement and Supply Management function as compared to all addressable suppliers.	1–25%	508

5.11.2

Details of our supplier engagement prioritization on environmental issues

SUPPLIER ENGAGEMENT PRIORITIZATION

At CN, we prioritize which suppliers to engage with on environmental issues including:

- Procurement spend

• Product lifecycle

• Reputation management

• Supplier performance improvement

• Business risk mitigation
- Vulnerability of suppliers

• Strategic status of suppliers

• In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to climate change

We understand the importance of risk mitigation and relationship management throughout the procurement process. We have partnered with a third party that utilizes a cloud-based platform to help us identify, manage, and monitor the ESG performance of our suppliers. The ESG platform is used to

review and onboard critical and high-spend suppliers. Currently, suppliers representing approximately 40% of CN's addressable spend are monitored by the third-party platform. We use ESG platform scorecards, which consider country- and industry-specific sustainability risks, to monitor our supplier's sustainability performance and to reference during performance reviews to discuss any improvement areas or corrective actions required based on the results of our risk framework.

In conjunction with the ESG platform, onsite audits and safety performance assessments are leveraged to assess ESG issues. The supplier risk assessment audits examine the quality system of our suppliers and to ensure alignment with all applicable requirements and guidelines, including CN's Supplier Code of Conduct. We have expanded our audit checklist to include sustainability topics (i.e., human rights, safety, decarbonization, environment, etc.), encompassing the review of policies in place and a walk through of processes. If deficiencies are found, we require our suppliers to build corrective action plans, and we review their progress until the issue is resolved.

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Value Chain Engagement (cont.)

5.11.5–5.11.6

Details on our environmental requirements suppliers need to make as part of our purchasing process and compliance measures in place

SUPPLIER ENVIRONMENTAL REQUIREMENTS

At CN, our suppliers need to meet environmental requirements related to climate change and are included in our supplier contracts.

CN's Supplier Code of Conduct states suppliers must conduct their operations with minimal environmental impact, respect applicable environmental laws and regulations and adopt procedures, contingency plans, emergency response measures and management systems, as appropriate for their business. Suppliers should also take the necessary measures to ensure the resiliency of their business to the impacts of climate change. Suppliers should implement measures to prevent pollution, limit energy consumption, reduce greenhouse gas emissions and other pollutants, including setting climate change objectives and targets.

Suppliers will be expected to demonstrate compliance with the Supplier Code upon CN's request. CN reserves the right to verify compliance with this Supplier Code including through site visits and inspections by CN personnel or designated agents. Suppliers must cooperate with requests from CN to provide information to assist in CN's efforts to conduct any compliance verifications.

If a supplier fails to comply with any aspect of this Supplier Code, immediate notice of the violation must be provided to CN. The supplier is expected to implement corrective actions immediately to address any contraventions of this Supplier Code, to the reasonable satisfaction of CN. In the event of non-compliance with the Supplier Code, CN may consider such event as a breach of contract.

Environmental issue	Environmental requirement	Mechanisms for monitoring compliance with requirement	% Tier 1 suppliers by procurement spend required to comply with requirement	Non-compliance details	Threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment
Climate change	Environmental disclosure through a non-public platform	- Supplier scorecard or rating - Supplier self-assessment	51–75% % in compliance 51–75%	Response to supplier non-compliance Retain and engage % of non-compliant suppliers engaged 100% Procedures to engage non-compliant suppliers Providing information on appropriate actions that can be taken to address non-compliance	CN's Sustainable Procurement program focuses on integrating sustainability into the procurement process, encompassing supplier selection, risk assessment, continuous improvement, and capacity building. We seek opportunities which enable us to reduce our environmental impact while focusing on safety and active supplier engagement. To assess ongoing sustainability performance of our suppliers, we partnered with a third-party cloud-solution platform enabling us to help identify, manage, and monitor high ESG risk and opportunity suppliers. Currently, we onboard critical and high spend suppliers and request they respond to the ESG assessment, which is a requirement outlined in their supplier contracts and that must be met within a set timeframe. We use the scorecards, which consider country and industry specific risks, to monitor our suppliers' sustainability performance and during performance reviews to discuss any improvement areas or actions required. Suppliers that do not meet a minimum threshold are sent a corrective action request requiring performance improvement actions be taken within their next assessment period. This improvement request, along with re-assessment requests, are discussed during the ESG portion of supplier performance reviews. Through the assessment, suppliers have access to peer benchmarks to help them compare their performance within relative industries. In 2024, all suppliers required to comply with CN's environmental requirement that were not in compliance were engaged.

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Value Chain Engagement

Value Chain Engagement (cont.)

5.11.7

Additional details on how we proactively engage with our suppliers on environmental initiatives

SUPPLY CHAIN ENGAGEMENT ON ENVIRONMENTAL ISSUES

Environmental issue	Action driven by supplier engagement	Type and details of engagement	Upstream value chain coverage	% of Tier 1 suppliers by procurement spend covered by engagement	Definition for threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment	Engagement is helping your Tier 1 suppliers meet an environmental requirement
Climate change	Upstream value chain transparency and human rights	Capacity building - Periodic business reviews with suppliers Financial incentives - Feature environmental performance in supplier awards scheme Information collection - Collect environmental risk and opportunity information at least annually from suppliers - Collect targets information at least annually from suppliers Innovation and collaboration - Collaborate with suppliers on innovations to reduce environmental impacts in products and services	Tier 1 suppliers	51–75%	CN's Sustainable Procurement program focuses on integrating sustainability into the procurement process, encompassing supplier selection, risk assessment, continuous improvement, and capacity building. We strive to collaborate with businesses sharing our commitment to sustainability, strategically deploying procurement spend to meet operational requirements but also promoting fairness and competition. We seek opportunities which enable us to reduce our environmental impact while focusing on safety, positive social change, transparency, and active supplier engagement. CN utilizes ESG platform scorecards, which consider country- and industry-specific ESG risks, to monitor our supplier's sustainability performance and to reference during performance reviews to discuss any improvement areas or corrective actions required based on the results of our risk framework. In conjunction with the ESG platform, onsite audits and safety performance assessments are leveraged to assess ESG issues. Additionally, to enable further collaboration and understanding of risks within the supply chain, we have started including ESG performance discussions as part of recurring supplier performance reviews starting with a phased roll out to our Significant Tier 1 suppliers. In 2024, we had 19 ESG reviews with Significant Tier 1 suppliers and screened 44% of Significant Tier 1 suppliers on ESG issues. Through these discussions, we set expectations on CN's sustainable procurement program and requirements, provide guidance to suppliers on improvement areas, and learn more about our suppliers' sustainability journeys. In 2024, our <i>EcoConnexions Partnership Program</i> included our suppliers and supply chain partners to recognize their efforts in embedding sustainability within their operations and supply chains, with a particular focus on climate action, resource efficiency and biodiversity. Through CN's <i>EcoConnexions Partnership Program</i>, we recognized 73 customers, suppliers, and supply chain partners for their enhanced and continued commitment to sustainability.	Yes, environmental disclosure through a non-public platform or Supplier Code of Conduct.

Value Chain Engagement (cont.)

5.11.9

Details on engagement activity with our customers

CUSTOMER ENGAGEMENT ON ENVIRONMENTAL ISSUES

Environmental issue	Type and details of engagement	% of stakeholder type engaged	Rationale for engaging these stakeholders and scope of engagement	Effect of engagement and measures of success
Climate change	Education/Information sharing - Run an engagement campaign to educate stakeholders about the environmental impacts about your products, goods and/or services - Share information on environmental initiatives, progress and achievements Innovation and collaboration - Align our company goals to support customers' targets and ambitions	100%	Rationale for engagement and scope of engagement As part of our active engagement with customers, we use both public forums and customized approaches to serve the needs of our customers. We continued to communicate our Climate Action Plan and our performance, which include through our sustainability reports, resulting sustainability ratings, as well as through a continuous education campaign to help our customers better understand the environmental benefits of shipping their goods by rail. Though all our sustainability reports are accessible to our customers, we also proactively engage with customers who reach out to learn more about our Climate Action Plan, as well as how we can support their objectives to achieve their carbon reduction commitments. This active engagement includes one-on-one meetings, sustainability performance reviews, and discussions on how we can align our services with their climate-related objectives and in support of carbon saving strategies. We continued to promote our web-based carbon calculator, which is a business tool that allows existing and potential customers to estimate the emissions from rail, marine, and truck transportation. As the carbon calculator is publicly accessible, we assume all customers access and use this tool. Our <i>EcoConnexions Partnership Program</i> aims to both partner with and recognize customers who are committed to building an efficient and more sustainable future, including leveraging the environmental benefits of shipping heavy freight over long distances by rail rather than truck to reduce emissions. Each year, customers are invited to partake in the <i>EcoConnexions Partnership Program</i> and submissions are evaluated based on the following sustainability criteria: availability of policies or commitments, climate action plans and CDP reporting, responsible consumption including energy efficiency and waste reduction, and integrating modal shift. Based on the evaluation, we recognize customers based on their level of commitment, and in honour of this partnership, we dedicate the greening of communities across Canada and the U.S. to promote biodiversity and minimizing environmental impacts.	We measure our success by looking at various metrics: the number of requests for our carbon emissions web-based calculator as well as both recurring and first-time customer engagement, such as customer meetings and sustainability performance reviews. Last year, we deemed our engagement with our customers as successful because we saw an increase in the occurrence of direct interactions with customers. In 2023, we launched a new self-service, sustainability tool, <i>My Carbon Emissions</i>. The new tool, available on the CN One eBusiness platform, provides customers with a detailed report of their estimated GHG emissions based on all their loaded shipments moved on CN, as well as the emissions avoided by choosing rail over truck. Customers have continued to request reports using the <i>My Carbon Emissions</i> tool with more than 170 customers initiating reports in 2024. In 2024, we recognized 64 of our customers and supply chain partners supporting and advancing CN's sustainability ambitions. We measure our success by our continued engagement with past participants as well as an increase in the number of customers participating in the program, with an exceedance threshold of 61 – the number of customers recognized in 2023. Last year, there was an increase in participation to 78 total applications received.

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Value Chain Engagement (cont.)

5.11.9

Details on engagement activity with our investors and shareholders

INVESTORS AND SHAREHOLDERS ENGAGEMENT

Environmental issue	Type and details of engagement	% of stakeholder type engaged	Rationale for engaging these stakeholders and scope of engagement	Effect of engagement and measures of success
Climate change	Education/Information sharing - Share information on environmental initiatives, progress, and achievements Innovation and collaboration - Collaborate with stakeholders in creation and review of our climate transition plan	76–99%	Rationale for engagement and scope of engagement Since CN became a publicly traded company in 1995, our Board has adopted governance practices that have been widely recognized as meeting the highest standards and supporting shareholder value creation. With the ever-growing complexity of global issues, the role of companies is increasingly being viewed by both investors and other stakeholders as being more expansive. At CN, the Board has oversight responsibility for the stewardship of CN and our business and is accountable to shareholders for the performance of CN. The Board's role is to supervise the management of CN's business and affairs, with the objective of creating value for shareholders and considering the interests of other stakeholders. The Board and CN's executive team recognize that sustainability responsibility is a key priority for our stakeholders. Accordingly, the Board has put in place measures with a view of ensuring that the Company is well positioned to meet these complex challenges. Succinctly stated, CN believes that how we succeed is just as important as what we achieve. One of the key elements of CN's sustainability commitment is an annual advisory vote on the Company's Climate Action Plan. As a supporter of the Paris Agreement, this vote complements CN's long-standing and extensive climate change plans and disclosures, its public reporting of its GHG emissions, its strategy to reduce emissions, as well as its year-over-year progress. Transparency regarding climate-related risks and opportunities is critical to maintaining the trust of our shareholders and allows our investors to better understand the implications of climate change on our business. Additionally, we engage regularly with our shareholders and the broader investment community to share information and solicit feedback about our company strategy, financial and sustainability performance, capital allocation, performance expectations, and business growth objectives.	As a supporter of the Paris Agreement, and one of the first companies to enable shareholders to vote on its Climate Action Plan, we are committed to providing our stakeholders with transparent climate change disclosures aligned with leading practices. We obtain feedback on our Climate Action Plan from shareholder votes at our Annual General Meetings (AGM). Our Climate Action Plan includes annual disclosure of our GHG emissions aligned to the TCFD recommendations, our science-based 2030 emission intensity reduction target and 2050 target, and annual progress update. The first non-binding vote took place at our AGM of shareholders in April 2021. We, in part, measure the success of our Climate Action Plan, through the annual non-binding shareholder vote at our AGMs. The last vote took place in May 2025 with 95.23% in support of CN's Climate Action Plan. This vote complements CN's long-standing and robust climate change plans and disclosures, our public reporting of our GHG emissions, and our strategy to reduce emissions as well as our year-over-year progress. The significant shareholder support we receive through the annual non-binding vote for CN's Climate Action Plan ensures our efforts to decarbonize CN's business remain aligned with shareholder interests.

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			☰ ⬅ ➡ ↺ 🔍
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	C6 CONSOLIDATED APPROACH	C7 CLIMATE CHANGE	C11 BIODIVERSITY	APPENDIX

➤ IN THIS SECTION:

We recognize the interconnection of climate change, and all nature-related issues. The CDP Corporate Questionnaire asks for data on biodiversity and plastics in addition to their climate change performance to encourage a more holistic and balanced disclosure across different environmental issues. The consolidated approach is the method used to calculate environmental impacts.

69 Consolidated Approach:
Climate Change, Biodiversity, and Plastics

PICTURED: CN's EcoConnexions programs encourage and support our environmental values and initiatives with key stakeholders, including employees, communities, and customers.



Environmental Performance

CONSOLIDATED APPROACH

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			☰ ⬅ ➡ ↺ 🔍
					C6	C7	C11	
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	CONSOLIDATED APPROACH	CLIMATE CHANGE	BIODIVERSITY	APPENDIX

Consolidated Approach

6.1

Details on our consolidation approach for the calculation of environmental performance data

CLIMATE CHANGE

CN’s climate-related impacts are reported using a consolidated approach within an operational control reporting boundary. CN uses an operational control approach as it focuses on the emissions from operations where we have control meaning we can directly implement measures to reduce emissions and ensure compliance with new and emerging regulations. Additionally, our reporting approach aligns with *The Greenhouse Gas Protocol*, which is widely used for emissions reporting.

BIODIVERSITY

As our network extends to three North American coasts, it passes through a wide range of habitats, including national parks, forests, prairies, and wetlands. These habitats are home to rich and diverse species that provide essential ecosystem and social benefits to the surrounding communities. We are committed to improving the environment where we operate, as well as conducting our activities and operations in a way that minimizes our disturbance of these ecosystems.

In 2023, CN began to baseline its environmental performance data related to biodiversity and intends to disclose performance on these metrics in future reporting. Prior biodiversity information disclosed to CDP pertained to project-specific key performance indicators and is not representative of the Company’s biodiversity performance overall.

PLASTICS

We apply the principles of materiality and stakeholder inclusiveness to prioritize the topics that matter most to our business and our stakeholders, which helps us focus our strategic priorities, refine our reporting, and inform the evolution of our sustainability programs. In 2024 and 2025, we conducted our most recent biennial materiality assessment to identify and prioritize our sustainability topics and applied the principles of materiality from a business impact perspective. In our most recent assessment, plastics was not identified as a material sustainability topic and as such is not deemed an immediate strategic priority.



Rail has tremendous potential to reduce the environmental impact of transportation. We are committed to playing a key role in the transition to a more sustainable world.



Through our EcoConnexions Partnership Program, we recognize customers, suppliers, and supply chain partners for their leadership and commitment to building a more sustainable future. In 2024 CN planted 100,000 trees in seven communities.



Our network passes through diverse habitats and home to a variety of species. We are committed to minimizing our impact, and improving the environment where we operate.

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			
					C6	C7	C11	
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	CONSOLIDATED APPROACH	CLIMATE CHANGE	BIODIVERSITY	APPENDIX

> IN THIS SECTION:

We disclose our emissions methodologies, breakdown, energy-related activities, production data, and intensity and efficiency metrics. We also share CN's climate targets, details on emission reduction initiatives, and the advancement of our low-carbon products and services.

- 71 Emissions Methodology
- 72 Emissions Inventory
- 76 Emissions Breakdown
- 79 Energy-related Activities
- 81 Efficiency, Intensity, and Other Climate-related Metrics
- 83 Targets
- 88 Emissions Reduction Initiatives
- 90 Low-carbon Products and Services

PICTURED: Swan Landing, AB. Photo by CN employee Tim Stevens

Environmental Performance

CLIMATE CHANGE

Emissions Methodology

7.1

**Change(s) in
methodology, boundary,
reporting year definition,
or recalculations**

CHANGES OR RECALCULATIONS

First year reporting to the CDP	Structural changes in the reporting year being accounted for in emissions data disclosure	Change(s) in methodology, boundary, and/or reporting year definition	Details of methodology, boundary, and/or reporting year definition change(s)	Recalculations of base year emissions and past years' emissions and rationale	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
No	No	Yes	We have updated our Scope 1 methodology to utilize reported biofuel volumes (i.e., biodiesel and renewable diesel volumes), rather than estimating volumes based on regulated blend rates of such fuels. Purchased biofuel volumes are obtained from monthly confirmations from fuel suppliers that represented the majority of total fuel volume purchased. For other fuel suppliers, fuel was assumed to be conventional diesel. Consumed biofuel volumes are estimated by assuming that the proportion of biofuel consumed to total fuel consumed is equal to the proportion of biofuel purchased to total fuel purchased. Renewable diesel and biodiesel were not differentiated: all biofuel was treated as biodiesel. This change only applies to our 2024 reporting year.	No, because the impact does not meet our significance threshold	No impact to base year	No

7.2

Standards, protocols, or methodology used to collect activity data and calculate emissions

STANDARDS AND PROTOCOLS USED

- ISO 14064-1
- *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)*
- *The Greenhouse Gas Protocol: Scope 2 Guidance*
- *The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard*

7.3

Our approach to reporting Scope 2 emissions

SCOPE 2 EMISSIONS: REPORTING APPROACH

Scope 2, location-based	Scope 2, market-based
We are reporting a Scope 2, location-based figure	We are reporting a Scope 2, market-based figure

7.4

Source omissions in reporting boundary

SOURCE OMISSIONS IN SELECTED REPORTING BOUNDARY

All relevant Scope 1, 2, and 3 emission sources within the reporting boundary are covered. See section C1.5 "Reporting boundary and approach" on [page 06](#).

Emissions Inventory

7.5

Relevant base year and base year emissions (Scope 1, 2 and 3)

RELEVANT BASE YEAR EMISSIONS				
Scope	Category	Base year end	Base year emissions (metric tonnes CO ₂ e)	Methodological details
Scope 1	–	December 31, 2019	5,771,270	The Greenhouse Gas Protocol (GHG Protocol) was applied. Please refer to CN's annual Data Supplement for additional notes on our methodology.
Scope 2	Location-based	December 31, 2019	164,641	
Scope 3	Purchased goods and services	December 31, 2019	384,934	
Scope 3	Capital goods	December 31, 2019	445,895	
Scope 3	Fuel-and-energy-related activities (not included in Scope 1 or 2)	December 31, 2019	1,845,296	
Scope 3	Upstream transportation and distribution	December 31, 2019	56,373	
Scope 3	Waste generated in operations	December 31, 2019	46,225	

7.6

Gross global Scope 1 emissions

SCOPE 1 EMISSIONS: GROSS GLOBAL			
Year	Gross global Scope 1 emissions (metric tonnes CO ₂ e)	End date	Methodological details
2024	4,838,442	December 31, 2024	Our Scope 1 GHG emissions include rail and non-rail emissions. The GHG Protocol was applied. We calculated carbon dioxide, methane, and nitrous oxide using emission factors and global warming potentials from the Environment and Climate Change Canada <i>National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada</i> ('Canadian National Inventory Report 1990–2022') and the International Panel on Climate Change (IPCC) Sixth Assessment Report, respectively. Scope 1 emissions exclude direct CO ₂ emissions from the use of biofuels.

7.7

Gross global Scope 2 emissions

SCOPE 2 EMISSIONS: GROSS GLOBAL				
Year	Gross global Scope 2 location-based emissions (metric tonnes CO ₂ e)	Gross global Scope 2 market-based emissions (metric tonnes CO ₂ e)	End date	Methodological details
2024	86,356	110,779	December 31, 2024	A new methodology was implemented for 2022 onward, where CN utilizes a hybrid approach that sources actual electricity consumption data for a portion of CN's total coverage merged with estimated electricity consumption data from spend on electricity by reporting period for specific site addresses using CN specific rate. The formula used is: GHG Emissions (tCO ₂ e) = Electricity Consumption (kWh)* Electricity EF (tCO ₂ e/kWh). Canadian emission factors were sourced from the Canadian <i>National Inventory Report 1990–2022 (Part 3, Annex 13)</i> . U.S. emission factors were sourced from the <i>eGrid2023 and 2024 Green-e Residual Mix Emissions Rates (2022 Data)</i> .

Emissions Inventory (cont.)

7.8

Our organization's gross global Scope 3 emissions explaining any exclusions

RELEVANT AND CALCULATED SCOPE 3 EMISSIONS

Percentage of emissions calculated using data obtained from suppliers or value chain partners equals 100%.

Scope 3 category	Emissions in reporting year (metric tons CO ₂ e)	Emissions calculation methodology	Explanation
Purchased goods and services	183,172	Hybrid method	CN's key goods purchases were identified based on spend and value to the business. These include locomotives, freight cars, containers, rail ties, ballast, as well as rail and other track materials. Quantities and weights of goods purchased by source location were calculated by summing supplier invoice data from SAP. Representative materials for each type of good were identified. Emissions factors for each material and source location were then applied to the corresponding total weight of goods purchased. Emissions factors applied were taken from various sources including GREET2_2021, GREET2_2024, ICE V4.0, ecoinvent 3.10, and studies on railroad cross ties (Christopher Bolin and Stephen Smith, 2013). The split of Scope 3 emissions between capital goods and other goods purchased was derived based on 2024 capital versus operating expenses extract from SAP (excluding TransX intermodal purchased goods). Emissions from purchased services are quantified following a spend-based methodology as follows: CN's key spend categories were identified based on spend and relevance to CN and mapped to relevant economic sectors. Economic input-output emission factors were developed based on emissions and GDP per economic sector for Canada from the World Input Output database. GDP data was adjusted for inflation and converted to Canadian dollars. These emission factors were applied to the 2024 CN spend by economic sector to calculate the estimated CN Scope 3 emissions from purchased services. Emissions from the "Inland transport" economic sector were separated from other purchased services into the "Upstream transportation and distribution" Scope 3 category.
Capital goods	441,601	Hybrid method	CN's key goods purchases were identified based on spend and value to the business. These include locomotives, freight cars, containers, rail ties, ballast, as well as rail and other track materials. Quantities and weights of goods purchased by source location were calculated by summing supplier invoice data from SAP. Representative materials for each type of good were identified. Emissions factors for each material and source location were then applied to the corresponding total weight of goods purchased. Emissions factors applied were taken from various sources including GREET2_2021, GREET2_2024, ICE V4.0, ecoinvent 3.10, and studies on railroad cross ties (Christopher Bolin and Stephen Smith, 2013). The split of Scope 3 emissions between capital goods and other goods purchased was derived based on 2024 capital versus operating expenses extract from SAP (excluding TransX intermodal purchased goods).
Fuel-and-energy-related activities (not included in Scope 1 or 2)	1,425,858	Fuel-based method	Litres/gallons of fuel purchased across all fleet types were obtained from supplier invoice data in our SAP system.
Upstream transportation and distribution	60,387	Spend-based method	Emissions from the "Inland transport" economic sector were separated from other purchased services into the "Upstream transportation and distribution" Scope 3 category.
Waste generated in operations	35,997	Waste-type-specific method	Emissions were calculated by using tonnes of waste generated by disposal method which were obtained directly from our waste management service providers. Emission factors were obtained from various sources including the Environment and Climate Change Canada <i>National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada</i> , the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (Volume 3, Chapter 4), and the ecoinvent database V3.
Employee commuting	19,651	Distance-based method	Emissions were calculated by estimating the total annual commute distances for CN employees during the reporting year based on assumed commuting days per a week for unionized and union-represented employees, average commute distance, and average fuel economy. Employee counts were obtained from CN's 2024 Management Discussion and Analysis, average commute distances were obtained from Statistics Canada, and average light duty vehicle fuel economy from the IEA. Passenger vehicle emission factors were obtained from Environment and Climate Change Canada's <i>National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada</i> , and the U.S. EPA.

Emissions Inventory (cont.)

SCOPE 3 EMISSIONS THAT ARE NOT RELEVANT AS PER PROVIDED EXPLANATION

Scope 3 category	Emissions in reporting year (metric tons CO ₂ e)	Emissions calculation methodology	Explanation
Business travel	N/A	N/A	Estimated to be below 1% of total Scope 3.
Upstream leased assets	N/A	N/A	We lease railcars and some rail equipment. Emissions related to the operation of these assets are included in our Scope 1 and Scope 3, category 3 emissions.
Downstream transportation and distribution	N/A	N/A	As a transport and logistics services company, all distribution and transportation-related emissions are included in our Scope 1 and 2 emissions.
Processing of sold products	N/A	N/A	As a transport and logistics services company, we do not process sold products.
Use of sold products	N/A	N/A	We do not process sold products that are then used by third parties. We offer a transportation and logistics services.
End of life sold products	N/A	N/A	We do not process sold products and therefore end-of-life treatment of sold products is not relevant.
Downstream leased assets	N/A	N/A	We do not lease assets downstream.
Franchises	N/A	N/A	We do not own any franchises.
Investments	N/A	N/A	CN does hold an equity share in entities outside of its operational control, which we have estimated to not contribute materially to our Scope 3 emissions. CN will continue to evaluate annually whether to include category 15 emissions in our inventory, and if so, will update our disclosures accordingly.

7.9

Details of the verification/
assurance undertaken for
Scope 1, 2, and 3 emissions

VERIFICATION OR ASSURANCE STATUS

We have a third-party limited assurance process in place for Scope 1, Scope 2, and Scope 3 emissions as outlined below.

Scope category	Verification or assurance cycle in place	Status	Type of verification or assurance	Relevant standard	Proportion of reported emissions verified (%)
Scope 1	Annual process	Complete	Limited assurance	CSAE 3410	85%
Scope 2 location-based	Annual process	Complete	Limited assurance	CSAE 3410	100%
Scope 3: Fuel and energy-related activities (not included in Scope 1 or 2)	Annual process	Complete	Limited assurance	CSAE 3410	88%
Scope 3: Purchased goods and services	Annual process	Complete	Limited assurance	CSAE 3410	100%
Scope 3: Capital goods	Annual process	Complete	Limited assurance	CSAE 3410	100%
Scope 3: Upstream transportation and distribution	Annual process	Complete	Limited assurance	CSAE 3410	100%

Emissions Inventory (cont.)

7.10–7.10.2

Gross global
Scope 1 and 2 emissions
(combined) compared
to previous reporting year

SCOPE 1 AND 2 EMISSIONS: CHANGE OVER PREVIOUS REPORTING YEAR

Compared to the previous year, our gross global emissions have decreased. Our emissions performance calculations use a location-based Scope 2 emissions figure.

Reason	Change in emissions (metric tonnes CO ₂ e)	Direction of change in emissions	Emissions value (percentage)	Calculation Explanation
Change in renewable energy consumption	250,584	Decreased	4.9%	Please refer to Question 7.55.1 for a detail description of contributing activities. GHG reductions from biofuels is estimated by calculating incremental increase in locomotive biofuel consumption from 2023 to 2024. The percent is calculated by dividing the estimated emission reductions by total Scope 1 and 2 GHGs in 2023.
Other emissions reduction activities	38,888	Decreased	0.8%	Please refer to Question 7.55.1 for a detail description of contributing activities. The percent is calculated by dividing the estimated emission reductions by total Scope 1 + 2 GHGs in 2023.
Change in output	64,491	Increased	1.7%	Estimated by assuming that year-over-year Scope 1 and 2 GHGs would have changed at the same rate as GTMs, all else being equal. The percent is equal to the difference divided by 2023 emissions.
Unidentified	87,162	Increased	1.7%	The difference is equal to 2024 global Scope 1 and 2 emissions minus 2023 global Scope 1 and 2 emissions after removing noted GHG changes estimated in 'change in renewable energy consumption', 'other emissions reduction activities', and 'change in output' rows above. The percent is equal to the difference divided by 2023 emissions.

7.12

Carbon dioxide
emissions from
biogenic carbon

BIOGENIC CARBON

Carbon dioxide emissions from biogenic carbon are relevant to our organization. In 2024, CN's emissions from biogenic carbon were 373,750 CO₂ related to volumes of biodiesel and other biofuels.

Emissions Breakdown

7.15.1

Gross global Scope 1 emissions by greenhouse gas type

SCOPE 1 BREAKDOWN: GREENHOUSE GAS TYPE		
Greenhouse gas	Scope 1 emissions (metric tonnes in CO ₂ e)	GWP reference
CO ₂	4,395,704	IPCC Sixth Assessment Report (AR6 – 100 year)
CH ₄	7,614	IPCC Sixth Assessment Report (AR6 – 100 year)
N ₂ O	435,124	IPCC Sixth Assessment Report (AR6 – 100 year)

7.16

Gross global Scope 1 and 2 emissions by country/area

SCOPE 1 AND 2 BREAKDOWN: COUNTRY			
Country/Area	Scope 1 emissions (metric tonnes in CO ₂ e)	Scope 2 (location-based) emissions (metric tonnes in CO ₂ e)	Scope 2 (market-based) emissions (metric tonnes in CO ₂ e)
Canada	3,545,472	31,370	31,370
United States of America	1,292,970	54,987	79,409

7.17

Gross global Scope 1 emissions by business activity

SCOPE 1 BREAKDOWN: BUSINESS ACTIVITY	
Activity	Scope 1 emissions (metric tonnes in CO ₂ e)
Rail Locomotives	4,107,444
Intermodal Trucks	163,136
Marine Vessel Fleet	179,925
On Company Service Fleet	100,107
Miscellaneous Fuel Consumption	215,949
Intermodal Equipment	71,881

7.19

Gross global Scope 1 emissions by sector production activity

SCOPE 1 BREAKDOWN: SECTOR PRODUCTION ACTIVITY	
Sector production activity	Scope 1 emissions (metric tonnes in CO ₂ e)
Transport services activities	4,838,442

Emissions Breakdown (cont.)

7.20–7.21

Gross global
Scope 2 emissions by
business activity and
sector production activity

SCOPE 2 BREAKDOWN: BUSINESS ACTIVITY / SECTOR PRODUCTION ACTIVITY		
Business activity	Scope 2, location-based, emissions (metric tonnes in CO ₂ e)	Scope 2, market-based, emissions (metric tonnes in CO ₂ e)
Transport services activities	86,356	110,779

7.22

Gross global
Scope 1 and 2 emissions
between consolidated
accounting group and
other entities

SCOPE 1 AND 2 BREAKDOWN: CONSOLIDATED ACCOUNTING GROUP AND OTHER ENTITIES				
Group of Entities	Scope 1 emissions (metric tonnes in CO ₂ e)	Scope 2, location-based, emissions (metric tonnes in CO ₂ e)	Scope 2, market-based, emissions (metric tonnes in CO ₂ e)	Explanation
Consolidated accounting group	4,838,442	86,356	110,779	Scope 1 and 2 captured for single CN entity

7.23

Gross global
Scope 1 and 2 emissions
by subsidiary

SCOPE 1 AND 2 BREAKDOWN: SUBSIDIARIES					
Subsidiary name • Primary activity	Unique identifier	Scope 1 (metric tonnes CO ₂ e)	Scope 2, location-based, emissions (metric tonnes in CO ₂ e)	Scope 2, market-based, emissions (metric tonnes in CO ₂ e)	Comment
TransX • Intermodal transport	No unique identifier	100,882	1,004	1,004	We do not disaggregate for any other subsidiaries

Emissions Breakdown (cont.)

7.26

Emissions allocation for goods and services sold to customers

CUSTOMER EMISSIONS

We calculate Scope 1 emissions values allocated to Supply Chain members who request them. Our allocation method and unit of measure are based on tonne kilometres shipped. The primary sources of emissions come from burning locomotive fuel to transport products. Our allocation has not been verified by a third party or used in any other publication.

Requesting member	Emissions in metric tonnes of CO ₂ e allowing for a variance of ± 5%	Explanation of GHG source identification, any major limitations to this process and assumptions made
Canada Post Corporation	775	CN identifies emission sources within its operational control boundary using the general procedures for identifying and selecting sources, as detailed in standards such as ISO 14064 and the GHG Protocol. As almost 85% of CN's direct GHG emissions come from locomotives, CN's Scope 1 methodology is as follows: Locomotives: CN calculates GHG emissions based on fuel consumption and standard emission factors from the Environment and Climate Change Canada <i>National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada</i> . On Company Service Fleet: CN uses fuel (gasoline and diesel) purchases paid by fuel credit cards and uploaded into the Automotive Management Information System (AMIS), reconciling the AMIS and credit card records annually to attain a 99% reporting accuracy. Miscellaneous Fuel Consumption: CN uses data from invoices for fuel purchases entered into CN's tanks database. Intermodal Trucking: CN calculates GHG emissions based on fuel consumption and standard emission factors from the Environment and Climate Change Canada <i>National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada</i> .
Dow Chemical Company	52,073	
Smurfit Westrock Public Limited Company	5,576	
L'Oréal	21,103	

7.27–7.28

Challenges in allocating emissions to different customers and plans to develop allocation capabilities

CHALLENGES IN ALLOCATING CUSTOMER EMISSIONS

The challenge is that data is not available to allocate fuel consumption directly to a single customer for all emission sources. We applied conservative estimates to allocate emissions. CN has data related to business volume, including freight weights and distances, directly allocated to each customer, which enables a reasonably accurate emissions calculation for freight transportation, the largest emission source. To improve, CN will continue to work on improving the allocation methodology to allow for commodity specific emissions allocations.

Energy-related Activities

7.29

Operational spend on energy-related activities

ENERGY SPEND

Percentage of total operational spend on energy-related activities is more than 15% but less than or equal to 20%

7.30

Energy consumption totals for our energy-related activities

ENERGY CONSUMPTION

We only consume fuel and purchased or acquired electricity. We don't consume any – purchased, acquired, or generated – heat, steam, or cooling.

Activity	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable + non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	1,487,953	17,712,651	19,200,604
Consumption of purchased or acquired electricity	Unable to confirm heating value	125,785	261,384	387,169
Total energy consumption	HHV (higher heating value)	1,613,738	17,974,034	19,587,772

7.30.1

Applications of our consumption of fuel

We only consume fuel for the generation of heat (including combustion for engines). We don't consume fuel for the generation of electricity, steam, or cooling, or for co-generation or tri-generation.



Energy-related Activities (cont.)

7.30.7

Fuel consumed
by fuel type

FUEL CONSUMPTION: BY FUEL TYPE

Fuel type (excluding feedstocks)	Heating value	Total MWh consumed by the organization	Comment
Oil	HHV (higher heating value)	16,877,124	Diesel, Gasoline, Other oil-based fuels
Sustainable biomass	HHV (higher heating value)	1,487,953	Biogasoline + Biodiesel
Gas	HHV (higher heating value)	835,526	Natural gas
Total fuel	HHV (higher heating value)	19,200,604	All fuel types summed

7.30.16

Non-fuel energy
consumption by country

ENERGY CONSUMPTION: COUNTRY/AREA

Country	Consumption of purchased electricity (MWh)	Total electricity/heat/steam/cooling energy consumption (MWh)
Canada	237,591	237,591
U.S.	149,578	149,578

Efficiency, Intensity, and Other Climate-related Metrics

7.36

Relevant efficiency metrics to transport products and/or services

EFFICIENCY METRICS

Activity	Metric figure	Metric numerator	Metric denominator	Percentage change from previous year	Explanation
Rail	8.97	4,107,444 tonnes CO ₂ e	457,694 million GTMs	-5.86%	Overall, our rail emissions intensity in 2024 decreased versus 2023, mainly due to an increase in locomotive biofuel consumption. The increased usage of biodiesel and renewable diesel between now and 2030 is the key strategic enabler for meeting our 2030 target. In 2024, renewable fuels represented close to 10% of all fuel used in our locomotives across CN's North American network, a first for our company. Renewable fuels, such as biodiesel and renewable diesel, are produced from a variety of renewable sources, including vegetable oils (canola and soybean), used cooking oil, and animal by-products. Compared to traditional fossil fuels, they help reduce GHG emissions over their entire lifecycle from production to use, enabling a more sustainable way to power our operations. Non-rail emissions increased in 2024 compared to 2023, but the increase was smaller than the reduction in emissions from rail operations.
Heavy Duty Vehicles (HDV)	1.07	163,136 tonnes CO ₂ e	152,652 thousand kms travelled	-1.42%	Our HDV fleet – CNTL and TransX trucks – makes up approximately 3% of our Scope 1 and 2 emissions. Over the past few years, we have been focused on improving the fuel efficiency of these fleets. Overall, our truck emission intensity in 2024 decreased versus 2023 due to improvement in operational efficiencies. Our teams continue to be trained on fuel efficiency, including on the usage of fleet management system technologies.
Marine	18.3	179,925 tonnes CO ₂ e	9,830 million net ton-mile	3.71%	Our marine fleet makes up approximately 4% of our Scope 1 and 2 emissions. Overall, our marine emissions intensity in 2024 increased versus 2023 due to environmental conditions and changes to how we operate the fleet.

7.45

Gross global combined Scope 1 and 2 emissions intensity

INTENSITY METRICS

Intensity figure	Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tonnes CO ₂ e)	Metric denominator • Metric denominator: unit total (thousands of dollars)	Scope 2 figure used	Percentage change from previous year • Direction of change and reason for change	Explanation
0.289	4,924,798	Unit total revenue • 17,046,000	Location-based	-4% • Decreased due to changes in renewable energy consumption and physical operating conditions, and other emissions reduction activities.	Overall, our rail emissions intensity in 2024 decreased versus 2023, mainly due to an increase in locomotive biofuel consumption. The increased usage of biodiesel and renewable diesel between now and 2030 is the key strategic enabler for meeting our 2030 target. In 2024, renewable fuels represented close to 10% of all fuel used in our locomotives across CN's North American network, a first for our company. Renewable fuels, such as biodiesel and renewable diesel, are produced from a variety of renewable sources, including vegetable oils (canola and soybean), used cooking oil, and animal by-products. Compared to traditional fossil fuels, they help reduce GHG emissions over their entire lifecycle from production to use, enabling a more sustainable way to power our operations. Non-rail emissions increased in 2024 compared to 2023, but the increase was smaller than the reduction in emissions from rail operations.

Efficiency, Intensity, and Other Climate-related Metrics (cont.)

7.51

Intensity (activity-based) metrics for our emissions from transport activities

EMISSIONS INTENSITY METRICS BY ACTIVITY							
Activity	Scopes used for calculation of intensities	Intensity figure	Metric numerator (emissions in metric tonnes CO ₂ e)	Metric denominator: unit	Metric denominator: unit total	Percentage change from previous year	Explanation of any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
HDV	Scope 1 only	1.07	163,136	p.km	152,652	-1.42%	Our HDV fleet – CNTL and TransX trucks – makes up approximately 3% of our Scope 1 and 2 emissions. Over the past few years, we have been focused on improving the fuel efficiency of these fleets. Overall, our truck emission intensity in 2024 decreased versus 2023 due to improvement in operational efficiencies. Our teams continue to be trained on fuel efficiency, including on the usage of fleet management system technologies. There are no exclusions.
Rail	Scope 1 only	8.97	4,107,444	t.mile	457,694	-5.86%	Overall, our rail emissions intensity in 2024 decreased versus 2023, mainly due to an increase in locomotive biofuel consumption. In 2024, renewable fuels represented close to 10% of all fuel used in our locomotives across CN's North American network, a first for our company. Renewable fuels, such as biodiesel and renewable diesel, are produced from a variety of renewable sources, including vegetable oils (canola and soybean), used cooking oil, and animal by-products. Compared to traditional fossil fuels, they help reduce GHG emissions over their entire lifecycle from production to use, enabling a more sustainable way to power our operations. There are no exclusions.
Marine	Scope 1 only	18.3	179,925	t.mile	9,830	3.71%	Our marine fleet makes up approximately 4% of our Scope 1 and 2 emissions. Overall, our marine emissions intensity in 2024 increased versus 2023 due to environmental conditions and changes to how we operate the fleet. There are no exclusions.
All	Scope 1 and 2	10.25	4,924,798	t.mile	480,445	-3.95%	Overall, our combined Scope 1 and 2 emissions intensity per million GTMs decreased in 2024 compared to 2023 mainly due to an increase in locomotive biofuel consumption. With 83% of our Scope 1 and 2 emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously reducing our rail emissions intensity.

Targets

7.53.2

Emissions intensity targets active in reporting year

As we prepare for the future, we are committed to reducing GHG emissions through science-based targets and improving our GHG emissions intensity consistent with stabilizing global temperatures. We are seeking a 43% reduction in Scope 1 and 2 GHG emissions intensity, and a 40% reduction in Scope 3 GHG emissions intensity⁽¹⁾ by 2030 from a 2019 base year. In 2024, the Science Based Targets initiative (SBTi) approved CN’s 1.5°C-aligned 2050 ambition to reduce our absolute Scope 1, 2, and 3 GHG emissions by 90% by 2050 from a 2019 base year.

PROGRESS TOWARDS OUR 2030 SCIENCE-BASED TARGETS

SCOPE 1 AND 2 GHG EMISSIONS INTENSITY

(Metric tonnes of CO₂e per million GTMs)

11.61

11.24

10.91

10.60

10.67

10.25

↓43%

2030 TARGET

2019

2020

2021

2022

2023

2024

27%

progress towards

OUR SCOPE 1 AND 2 GHG EMISSIONS TARGET IN 2024

Our SBTi-approved emissions reduction target is consistent with levels required to meet the goals of the Paris Agreement. CN is committed to reduce Scope 1 and 2 GHG emissions by 43% per million GTMs by 2030 from a 2019 base year. At the end of 2024, CN achieved 27% progress toward our 2030 target for Scope 1 and 2 GHG emissions.

(1) From fuel- and energy-related activities from locomotive, truck, and vessel fleets.

SCOPE 3 GHG EMISSIONS INTENSITY⁽¹⁾

(Metric tonnes of CO₂e per million GTMs)

3.61

3.30

3.28

3.16

3.16

2.97

↓40%

2030 TARGET

2019

2020

2021

2022

2023

2024

44%

progress towards

OUR SCOPE 3 GHG EMISSIONS⁽¹⁾ TARGET IN 2024

In alignment with the SBTi framework for the transportation sector, CN is committed to reduce Scope 3 GHG emissions from fuel- and energy-related activities from locomotive, truck, and vessel fleets by 40% per million GTMs by 2030 from a 2019 base year. At the end of 2024, CN achieved 44% progress toward the 2030 target for Scope 3 GHG emissions.⁽¹⁾

PROGRESS TOWARDS OUR 2050 AMBITION

GHG EMISSIONS ACROSS THE VALUE CHAIN

(Millions metric tonnes of CO₂e)

8.74

7.64

7.52

7.29

7.38

7.09

↓90%

2050 AMBITION

2019

2020

2021

2022

2023

2024

21%

progress towards

OUR NET-ZERO AMBITION IN 2050

Using a science-based approach to our climate commitments, CN's net-zero ambition was validated by the SBTi in 2024. CN's net-zero ambition is to reduce Scope 1, 2, and 3 GHG emissions by 90% from a 2019 base year. At the end of 2024, CN achieved 21% progress toward our 2050 ambition.



SBTi Targets and Commitments



2025
CDP CORPORATE QUESTIONNAIRE

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Targets (cont.)

EMISSIONS INTENSITY TARGET (SCOPES 1 AND 2)

Target reference number	Scope(s)	End date of target	Percentage achieved relative to base year	Further details
Is this a science-based target?	Intensity metric	Target reduction from base year (%)	Intensity figure at end date of target for all selected Scopes	
Target ambition	End date of base year	Intensity figure in reporting year for all selected Scopes	Target status in reporting year	
Date target was set	Intensity figure base year and percentage covered	% change anticipated in absolute Scope 1 + 2 emissions		
Target coverage		Target coverage explanation and any exclusion		
Greenhouse gases covered by target				
Land-related emissions covered by target				
Int1	Scope 1 and Scope 2 (location-based)	2030	27.24%	Target Objective As we prepare for the future, we are committed to reduce GHG emissions and improve our GHG emissions intensity consistent with stabilizing global temperatures. In 2017, CN became the first railroad in North America to set an approved science-based target. Our current 2030 target, set in 2021 aligns to a well-below 2-degrees scenario, versus the 2-degrees scenario reflected in our 2017 target. The Science-Based Target initiative approved CN's 2030 target which reflects a commitment to reduce Scope 1 and 2 GHG emissions by 43% per gross ton mile by 2030 from a 2019 base year, and to reduce Scope 3 GHG emissions from fuel- and energy-related activities by 40% per gross ton mile by 2030 from a 2019 base year.
Yes, and this target has been approved by the Science Based Targets initiative	tCO ₂ e/million GTMs	43%	Scope 1: 10.07	
Well-below 2°C aligned	December 31, 2019	6.6 tCO ₂ e/million GTMs	Scope 2: 0.18	Plan to Achieve Target With 83% of our Scope 1 and 2 GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously reducing our rail emissions intensity. As such, our target informs our low-carbon transition plan and business strategy. To achieve our science-based target to reduce our Scope 1 and 2 GHG emission intensity by 43% by 2030 based on 2019 levels, we are focused on five key strategic areas: fleet renewal, innovative technology, big data, operating practices, and cleaner fuels. Operating an efficient railroad extends to our non-rail operations, enabling further carbon reductions in our ground and vessel fleets, buildings, and yards, through best practice initiatives, new equipment, and technologies. We are taking concrete steps to reduce our non-rail carbon footprint, which comprises 17% of our Scope 1 and 2 GHG emissions, focusing on driving ground fleet upgrades, retrofitting yards and buildings, and decarbonizing our vessel fleet.
January 30, 2021	Scope 1: 11.29 (100%)	-22.5%	All Scopes (Scope 1 and 2): 10.25	
Organization-wide	Scope 2: 0.32 (100%)	This target is for Scope 1 and 2, subject to the methodological details described in our annual Data Supplement	Underway	
Carbon dioxide (CO ₂) Methane (CH ₄) Nitrous oxide (N ₂ O)	All Scopes (Scope 1 and 2): 11.61 (66%)			
No, the target does not cover any land-related emissions (e.g. non-FLAG SBT)				

Targets (cont.)

EMISSIONS INTENSITY TARGET (SCOPE 3)

Target reference number	Scope(s)	End date of target	Percentage achieved relative to base year	Further details
Is this a science-based target?	Intensity metric	Target reduction from base year (%)	Intensity figure in reporting year and percentage covered in all Scope 3 categories	
Target ambition	End date of base year	Intensity figure at end date of target for Scope 3 emissions	Target status in reporting year	
Date target was set	Intensity figure for base year and percentage covered	% change anticipated in absolute Scope 3 emissions		
Target coverage		Target coverage explanation and any exclusions		
Greenhouse gases covered by target				
Land-related emissions covered by target				
Int2	Scope 3	2030	44.32%	Target Objective As we prepare for the future, we are committed to reduce GHG emissions and improve our GHG emissions intensity consistent with stabilizing global temperatures. In 2017, CN became the first railroad in North America to set an approved science-based target. Our current 2030 target, set in 2021 aligns to a well-below 2-degrees scenario, versus the 2-degrees scenario reflected in our 2017 target. The Science-Based Target initiative approved CN's 2030 target which reflects a commitment to reduce Scope 1 and 2 GHG emissions by 43% per gross ton mile by 2030 from a 2019 base year, and to reduce Scope 3 GHG emissions from fuel- and energy-related activities by 40% per gross ton mile by 2030 from a 2019 base year.
Yes, and this target has been approved by the Science Based Targets initiative	Fuel-and-energy-related activities (not included in Scopes 1 or 2)	40%	All selected Scope 3 categories: 2.97	
Well-below 2°C aligned	tCO ₂ e/million gross ton miles	2,166 tCO ₂ e/million gross ton miles	Underway	Plan to Achieve Target To reduce fuel- and energy-related activities from our Scope 3 emission, we are mainly focused on locomotive carbon efficiencies. With 83% of our Scope 1 and 2 GHG emissions generated from rail operations, we believe the best way to reduce our carbon footprint is by continuously reducing our rail emissions intensity. As such, our target informs our low-carbon transition plan and business strategy. We are focused on five key strategic areas: fleet renewal, innovative technology, big data, operating practices, and cleaner fuels. These initiatives taken to reduce Scope 1 emissions from running locomotives will cascade to reducing the volume of fuel purchased.
January 30, 2021	December 31, 2019	-18.3%		
Business division	Scope 3 Fuel-and-energy-related activities:	This target is for Scope 3 Category 3, subject to the methodological details described in our annual Data Supplement		
Carbon dioxide (CO ₂) Methane (CH ₄) Nitrous oxide (N ₂ O)	3.61 (100%)			
No, the target does not cover any land-related emissions (e.g. non-FLAG SBT)				

Targets (cont.)

EMISSIONS INTENSITY TARGET (SCOPE 1 LOCOMOTIVE EMISSIONS)

Target reference number • Is this a science-based target? • Date target was set • Target coverage • Greenhouse gases covered by target • Land-related emissions covered by target	Scope(s) • Intensity metric • End date of base year • Intensity figure for base year and percentage covered	End date of target • Target reduction from base year (%) • Intensity figure at end date of target for Scope 1 emissions • % change anticipated in absolute Scope 1 emissions • Target coverage explanation and any exclusions	Percentage achieved relative to base year • Intensity figure in reporting year and percentage covered Scope 1 • Target status in reporting year	Further details
Int3 • No, but we are reporting another target that is science-based • December 31, 2023 • Business activity • Carbon dioxide (CO ₂) Methane (CH ₄) Nitrous oxide (N ₂ O) • No, the target does not cover any land-related emissions (e.g. non-FLAG SBT)	Scope 1 • tCO ₂ e/million gross ton miles • December 31, 2023 • Scope 1: 9.53 (87%) All selected Scopes: (57%)	December 31, 2024 • 1.75% • 9.36 tCO ₂ e/million gross ton miles • -1.5% • This target is for Scope 1 locomotive emissions intensity. It does not include any other Scope 1 emissions.	335.78% • Scope 1: 8.97 • Achieved	Target Objective This target is part of CN's senior management and executive Annual Incentive Bonus Program (AIBP). CN's compensation policies and programs are designed to ensure there is a clear link between the Company's long-term strategy, its business plan, and executive rewards, thus encouraging appropriate behaviours. The attainment of three goals – environmental performance measured through locomotive GHG emissions intensity, employee engagement, and customer centricity – are incorporated into the short-term incentive plan for senior management and executives. The locomotive GHG emissions intensity target represents 6.67% of the overall bonus target. The 2024 target was set to be a 1.75% improvement in locomotive GHG emissions intensity compared to 2023. This target was exceeded resulting in a maximum payout opportunity for this component of the AIBP. In 2024, 85% of CN's Scope 1 emissions were derived from the direct combustion locomotive fuel. Reducing CN's locomotive GHG emissions will be a key contributor towards achieving CN's 2030 science-based climate target. Initiatives which Contributed Most to Achieving this Target CN achieved its 2024 locomotive emissions intensity target through an increased use of biofuels in its locomotive fleet. A new target has been established for the upcoming reporting year to drive continued year-over-year reductions in emissions intensity. CN will continue to focus on enhancing fuel efficiency and expanding biofuel usage to meet this new objective.

Targets (cont.)

7.54.3

Details of our net-zero target

NET-ZERO TARGET			
Target reference number - Date target was set - Target coverage - Targets linked to this net-zero target	Target year - Is this a science-based target? - Scopes - Greenhouse gases covered by target	Objective - Target status in reporting year - Process for reviewing target	Further details
NZ1 - April 15, 2024 - Organization-wide - Int1, Int2	2050 - Yes, and this target has been approved by the Science Based Targets initiative - Scopes 1, 2, and 3 - Carbon dioxide (CO₂) Methane (CH₄) Nitrous oxide (N₂O)	Achieve net-zero greenhouse gas emissions across the value chain by 2050 - Underway - Annual review by Internal Sustainability team and annual reporting process	CN's net-zero target is organization-wide, covering all direct and indirect emissions (Scopes 1, 2, and 3) across all business activities, sites, and regions. It also includes land-related emissions from bioenergy feedstocks. There are no significant exclusions. The objective of the target is to achieve net-zero greenhouse gas emissions across the value chain by 2050. As our target is years in the future, CN's focus in the near-term is on emissions reduction within our direct operations. We engage with our value chain on emissions reduction opportunities. Furthermore, we recognize that nature-based solutions have the potential to play a major role in addressing the interlinked environmental crises humanity faces of climate change and nature loss. Since 2012, our <i>EcoConnexions</i> programs have been supporting the greening of our local communities and Indigenous communities along our network as well as mass reforestation projects. Our current goal is to plant 3 million trees by 2030. In 2024, CN planted 112,000 trees, for a total of 2.6 million trees since 2012. CN has realized 87% progress towards its 2030 tree planting target. We do not plan to purchase and cancel carbon credits for neutralization and/or beyond value chain mitigation.

Emissions Reduction Initiatives

7.55.1

Emissions reduction initiatives active within the reporting year

Stage of development	Number of initiatives	Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e
Under investigation	5	N/A
Implemented	5	289,472

7.55.2

Emissions reduction initiatives implemented in the reporting year

Initiative category	Initiative type • Estimated annual CO ₂ e savings (metric tonnes CO ₂ e)	Scope(s) • Voluntary or mandatory?	Annual monetary savings • Investment required	Payback period • Estimated lifetime of the initiative	Comments
Energy efficiency in buildings	Lighting	Scope 2 (location-based)	\$688,900	4 - 10 years	We continue to work to reduce our Scope 2 emissions from electricity consumption at our buildings and yards. We continuously invest in energy efficiency projects including lighting, energy as a service, boilers, and HVAC. This includes an approximate \$5 million <i>EcoFund</i> to support energy and emission reduction projects. In addition, through our <i>EcoConnexions</i> employee engagement program, our employees receive training on energy efficiency practices at our yard facilities.
	• 1,130	• Voluntary	• \$225,445	• 11 - 15 years	
Energy efficiency in production processes	Machine/equipment replacement	Scope 1	\$15.5 million	4 - 10 years	The estimated emissions savings relate to Scope 1 emissions covering our rail locomotives. We continue to renew our fleet to the most fuel efficient high-horsepower locomotives currently available. Cleaner, more fuel-efficient equipment enables us to decouple our GHG emissions from our business growth. In 2024, we invested approximately \$300 million to modernize high-horsepower locomotives which will helps us achieve our science-based emissions intensity reduction target of 43% in 2030, based on 2019 levels.
	• 29,249	• Voluntary	• \$300 million	• >30 years	
Energy efficiency in production processes	Smart control system	Scope 1	\$4.5 million	4 - 10 years	The estimated emissions savings relate to Scope 1 emissions covering our rail locomotives. In 2024, we continued to implement projects related to our rail locomotive emissions, which represent approximately 85% of our direct greenhouse gas emissions. This includes installation of new locomotive technologies such as Trip Optimizer, locomotive telemetry systems, and anti-idling devices. Our locomotive engineers receive real-time information on train characteristics, performance, and terrain through an Energy Management System, which helps to compute the most efficient train settings and regulate speed. Our in-house-built Horsepower Tonnage Analyzer also instructs crews on how to optimize a locomotive's horsepower-to-tonnage ratio to minimize fuel consumption. In 2024, CN's commitment to a disciplined scheduled operating plan, with a focus on velocity, helped to increase network fluidity, reducing unplanned train stops across the network, and driving related gains in fuel efficiency. These initiatives will help us achieve our science-based emissions intensity reduction target of 43% in 2030, based on 2019 levels.
	• 8,508	• Voluntary	• \$14 million	• >30 years	
Low-carbon energy consumption	Liquid biofuels	Scope 1	\$0	No payback	The increased usage of biodiesel and renewable diesel between now and 2030 is the key strategic enabler for meeting our 2030 target. In 2024, renewable fuels represented close to 10% of all fuel used in our locomotives across CN's North American network, a first for our company. Renewable fuels, such as biodiesel and renewable diesel, are produced from a variety of renewable sources, including vegetable oils (canola and soybean), used cooking oil, and animal by-products. Compared to traditional fossil fuels, they help reduce GHG emissions over their entire lifecycle from production to use, enabling a more sustainable way to power our operations. Progressing towards 10% renewable fuel in 2024 was a collective achievement. We partnered with key players across the value chain, from fuel producers to locomotive manufacturers, to bring this to fruition. Estimated annual CO ₂ e savings in this reporting row are only for the incremental growth in biofuels utilization achieved during the reporting year.
	• 250,584	• Voluntary	• \$0	• <1 year	

>

Emissions Methodology

Emissions Inventory

Emissions Breakdown

Energy-related Activities

Efficiency, Intensity, and Other Climate-related Metrics

Targets

Emissions Reduction Initiatives

Low-carbon Products and Services

Emissions Reduction Initiatives (cont.)

7.55.3

Methods driving investment in emissions reduction activities

DEDICATED BUDGET FOR ENERGY EFFICIENCY

Energy efficiency is part of our approach to achieving our science-based target to reduce our GHG emission intensity by 43% by 2030, based on 2019 levels. To meet this objective, we identify processes and equipment where the biggest reductions are possible by reviewing our energy management data information. Once identified, we conduct a business analysis to determine the key projects that could support our reduction initiatives. We then assess the projects based on saving potentials, investment needs, and return on investment calculations. Feasible projects are financed through a dedicated energy management budget, facility-specific budgets, and subsidies/grants. We have also established a dedicated *EcoFund* budget of approximately \$5 million annually for our emission and energy reduction activities as identified through our *EcoConnexions Employee Engagement* program.

EMPLOYEE ENGAGEMENT

Our employees are integral to our ability to reduce energy consumption. Our *EcoConnexions Employee Engagement* program focuses on embedding environmental sustainability into our corporate culture through targeted initiatives to reduce energy consumption, minimize waste, and improve housekeeping practices at our yards and offices. Since 2011, *EcoConnexions* has empowered employees to work collaboratively to reduce energy consumption, minimize waste, and improve housekeeping practices.

INTERNAL INCENTIVES/RECOGNITION PROGRAMS

CN's senior management and executive compensation policies and programs are designed to ensure there is a clear link between the Company's long-term strategy, its business plan, and executive rewards, thus encouraging appropriate behaviours. The attainment of three goals—environmental performance measured through locomotive GHG emissions intensity (a key contributor towards the achievement of our 2030 target), employee engagement, and customer centricity are incorporated into the short-term incentive plan for senior management and executives. The 2024 AIBP was based on CN's performance against preset goals for three corporate components: 70% financial, 20% strategic, and 10% safety, with the three strategic goals listed above each weighting 6.67% of the overall bonus target.

COMPLIANCE WITH REGULATORY REQUIREMENTS/STANDARDS

Through the U.S. EPA and Environment Canada Locomotive Emission Standards, we continue to follow through on our commitment to acquire, retire, and upgrade locomotives to improve air quality, enhance rail fuel efficiency, and reduce rail GHG emission intensity. Based on this obligation, we assess our locomotive fleet annually through financial optimization calculations to determine the budget that would be necessary to meet our commitments in the context of our business needs.

In 2024, CN spent approximately \$3.5 billion in its capital program, of which \$1.7 billion was invested to maintain the safety and integrity of its network, particularly track infrastructure. CN's capital spending also included \$1.0 billion for strategic initiatives to increase capacity, enable growth, and improve network resiliency, including line capacity upgrades and information technology initiatives, and \$0.8 billion on equipment, including the acquisition of 750 new grain hopper cars, receiving delivery of 83 units out of a multiyear modernization program, where existing locomotives from the CN fleet are upgraded with the latest technology, extending their life and enhancing fuel efficiency.

Low-carbon Products and Services

7.74

Services we classify as low-carbon products or services

LOW-CARBON TRANSPORTATION SERVICE				
Freight railroads are the most fuel-efficient way to move freight over land. By leveraging CN for the long haul, this equates to a 75% reduction in CO ₂ e for freight transportation by rail that could have been moved by heavy truck. Additionally, CN trains consume approximately 15% less locomotive fuel per gross ton mile than the industry average.				
Taxonomy used to classify product(s) or service(s) as low-carbon • Methodology used to calculate avoided emissions	Life cycle stage(s) covered • Functional unit used • Reference product/service	Life cycle stage(s) covered for the reference product/service • Estimated avoided emissions compared to reference product/service or baseline scenario	Explanation of calculation of avoided emissions, including any assumptions	Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year
Taxonomy used is based off the avoided emissions (See methodology below) • Estimating and Reporting the Comparative Emissions Impacts of Products (WRI)	Use stage • Hauling an 81.6 tonnes (average weight of a railcar) railcar for 1,000 kilometres by rail compared to trucking. • Moving freight with a long-haul truck with an average 6 miles per gallon fuel efficiency.	Use stage • 5 metric tonnes CO ₂ e per functional unit	We applied an attributional approach to our LCA and calculated the difference in combustion emissions between transporting by rail using CN's current fuel efficiency performance and movement by heavy truck using industry average fuel efficiency numbers. We used the following global warming potential factors from the IPCC Sixth Assessment Report: CO ₂ : 1, CH ₄ :27.9, N ₂ O: 273 and the following emission factors from the Environment and Climate Change Canada <i>National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada</i> of 2,965.9 gCO ₂ e/Litre diesel for rail and 2,725.0 gCO ₂ e/Litre diesel for truck. Based on the fuel efficiency for both modes of transportation as well as an assumed payload per truck, we were able to estimate the combustion GHG intensity measured in grams of CO ₂ e per tonne kilometre and calculate the avoided emissions for a defined distance and load weight.	64%

ENVIRONMENTAL BENEFITS OF SHIPPING BY RAIL

Reduces GHG Emissions

75%

MOVING FREIGHT BY RAIL INSTEAD OF TRUCK REDUCES GHG EMISSIONS BY UP TO 75% ⁽¹⁾

More Fuel Efficient

up to 4X

TRAINS ARE UP TO FOUR TIMES MORE FUEL EFFICIENT THAN TRUCKS ⁽¹⁾

Moves Farther with Less

480 miles

ONE TRAIN CAN MOVE A TON OF FREIGHT 480 MILES ON ONE GALLON OF FUEL ⁽¹⁾

Avoids Congestion

300 trucks

ONE FREIGHT TRAIN CAN TAKE OVER 300 TRUCKS OFF THE ROAD ⁽²⁾

(1) Association of American Railroads (2) Railway Association of Canada

CN

2025
CDP CORPORATE QUESTIONNAIRE

90

Low-carbon Products and Services (cont.)

7.75

Tracking metrics for the implementation of low-carbon transport technology

LOW-CARBON TECHNOLOGY IMPLEMENTATION

Activity	Metric	Technology	Metric figure	Unit	Explanation
Rail	Yearly purchase	Modernized high-horsepower locomotives with reduced GHG and particulate matter emissions	83	Number of locomotives	CN continues to renew its fleet to the most fuel efficient high-horsepower locomotives currently available, receiving delivery of 83 units in 2024 out of a multiyear modernization program, where existing locomotives from the CN fleet are upgraded with the latest technology, extending their life, and enhancing fuel efficiency.
Rail	Use of renewable fuels in locomotive fleet	Locomotives using biofuel	10	Biofuel % of total locomotive fuel consumption	The increased usage of biodiesel and renewable diesel between now and 2030 is the key strategic enabler for meeting our 2030 target. In 2024, renewable fuels represented close to 10% of all fuel used in our locomotives across CN's North American network, a first for our company. Renewable fuels, such as biodiesel and renewable diesel, are produced from a variety of renewable sources, including vegetable oils (canola and soybean), used cooking oil, and animal by-products. Compared to traditional fossil fuels, they help reduce GHG emissions over their entire lifecycle from production to use, enabling a more sustainable way to power our operations. Progressing towards 10% renewable fuel in 2024 was a collective achievement. We partnered with key players across the value chain, from fuel producers to locomotive manufacturers, to bring this to fruition. Estimated annual CO ₂ e savings in this reporting row are only for the incremental growth in biofuels utilization achieved during the reporting year.
Heavy Duty Vehicles (HDV)	Use of renewable fuels in trucking fleet	Vehicle using biofuel	2.3	Biodiesel % of total trucking fuel consumption	CN's owner-operated CNTL trucking fleet and TransX trucking fleet use diesel blended with renewable fuels when operating in Canada, in compliance with federal and provincial renewable fuel standards and clean fuel regulations. As these regulations increase in stringency, emissions from our trucks are expected to decrease in intensity.

 Watch a video: Partnering to Test Renewable Fuels

PICTURED:
CN actively works with our suppliers such as with Progress Rail and Chevron Renewable Energy Group to test high-level renewable fuel blends.



C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			
					C6	C7	C11	
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	CONSOLIDATED APPROACH	CLIMATE CHANGE	BIODIVERSITY	APPENDIX

> IN THIS SECTION:

We share our commitment to protecting and restoring the natural environments where we operate. This involves taking action to preserve biodiversity, minimize disruptions, and investing in nature within the communities along our network. We are working to establish a baseline for biodiversity data to enhance our ability to measure performance over time and for future reporting.

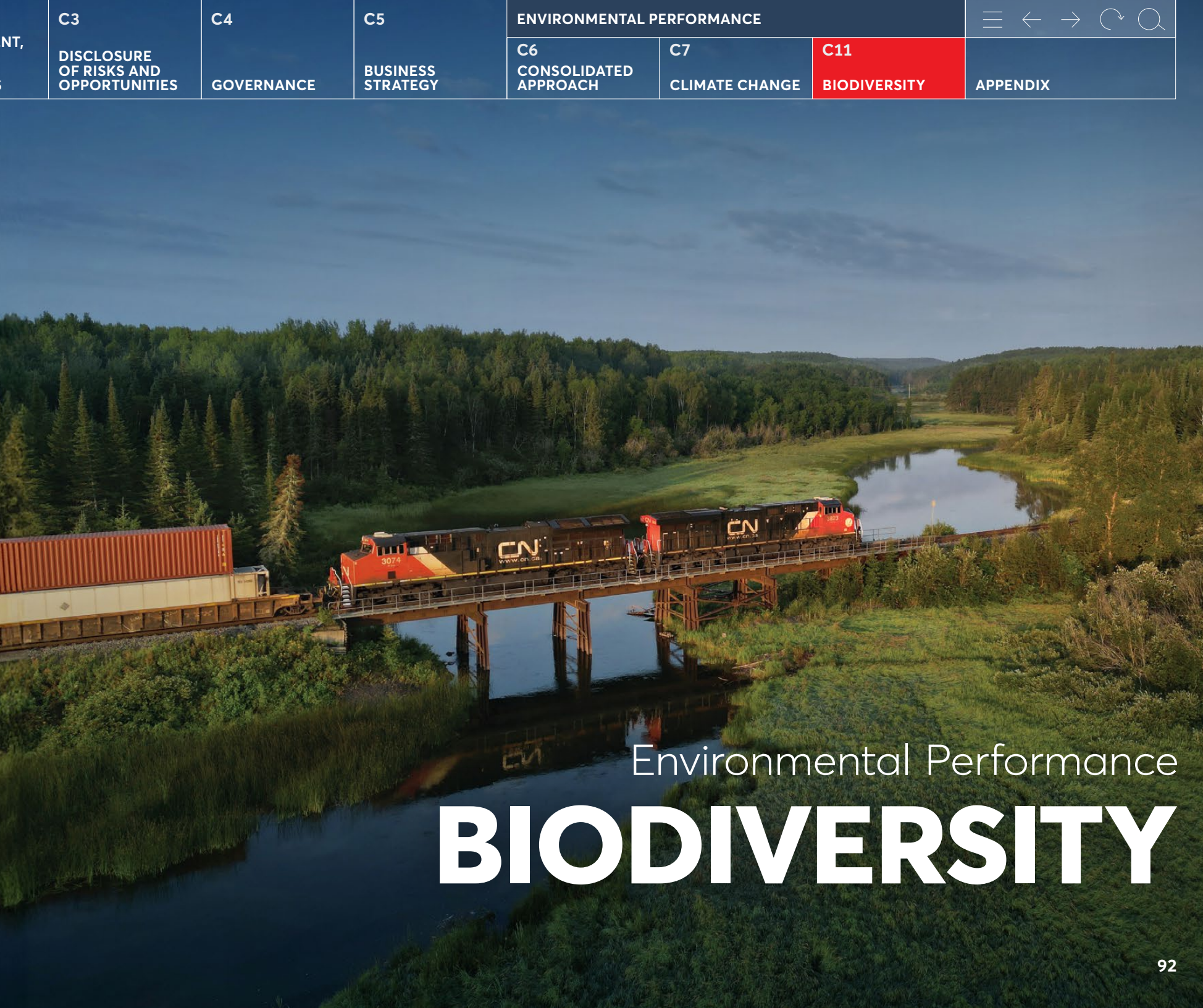
- 93

Actions to Progress Our Biodiversity-related Commitments
- 93

Biodiversity Indicators
- 93

Activities Areas

PICTURED: Sioux Lookout, ON. Photo by CN employee Steven Roberts



Environmental Performance

BIODIVERSITY

Actions to Progress Biodiversity-related Commitments

11.2

Actions taken to progress our biodiversity-related commitments

Our network passes through a wide range of habitats, including national parks, forests, prairies, and wetlands. We are committed to working collaboratively with key stakeholders and rightsholders to identify opportunities to implement measures using the biodiversity mitigation hierarchy to avoid, reduce, regenerate, restore, and transform our environmental impact.

We are taking actions to progress our biodiversity-related commitments including:

• Land/water management

• Species management

• Education and awareness

• Law and policy

Biodiversity Indicators

11.3

Biodiversity indicators to monitor performance

At CN, we use various biodiversity indicators to monitor performance across our activities including: state and benefit indicators, pressure indicators, and response indicators.

Activities Areas

11.4

Activities located in or near to areas important for biodiversity

In 2023, CN began to baseline its environmental performance data related to biodiversity and intends to disclose performance on these metrics in future reporting. Prior biodiversity information disclosed to CDP pertained to project-specific key performance indicators CN and is not representative of the Company's biodiversity performance overall.

2025 TCFD INDEX

CN supports the recommendations from the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD), which are designed to encourage consistent and comparable reporting on climate-related risks and opportunities by companies to their stakeholders. We have been providing disclosures aligned to the TCFD recommendations annually since 2019. This disclosure reflects CN’s long standing journey in climate change transparency since 2009 through the CDP and is aligned with our 2025 CDP Corporate Questionnaire.

TCFD Category	TCFD Recommendation	Response / Location, Page and URL
Governance Disclose the organization’s governance around climate-related issues and opportunities.	a) Describe the board’s oversight of climate-related risks and opportunities.	2025 CDP Corporate Questionnaire , Board Oversight, p. 32–34 2025 Management Information Circular , p. 36, 50, 98 Corporate Governance Manual , Governance and Sustainability Committee, p. 30–35, Safety and Environment Committee, p. 40–43, Say on Climate Action Plan, p. 47–48
	b) Describe the management’s role in assessing and managing climate-related risks and opportunities.	2025 CDP Corporate Questionnaire , Management Responsibility, p. 36–39
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s business, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.	2025 CDP Corporate Questionnaire , Disclosure of Risks and Opportunities, p. 16–22 and 24–30 2024 Annual Report , p. 66–67
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	2025 CDP Corporate Questionnaire , Disclosure of Risks and Opportunities, p. 16–22 and 24–30, Climate Transition Plan, p. 54–56, Strategy and Financial Planning, p. 57–59, Revenue Alignment with Climate Transition Plan, p. 60, Low-Carbon Research and Development, p. 61
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2025 CDP Corporate Questionnaire , Scenario Analysis, p. 49–53
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization’s processes for identifying and assessing climate-related risks.	2025 CDP Corporate Questionnaire , Identification, Assessment, and Management of Dependencies, Impacts, Risks, and Opportunities, p. 10–11, 13
	b) Describe the organization’s processes for managing climate-related risks.	2025 CDP Corporate Questionnaire , Disclosure of Risks and Opportunities, p. 16–30, Identification, Assessment, and Management of Dependencies, Impacts, Risks, and Opportunities, p. 10–11, 13; 2025 Management Information Circular , p. 51
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	2025 CDP Corporate Questionnaire , Identification, Assessment, and Management of Dependencies, Impacts, Risks, and Opportunities, p. 10–11, 13, Summary of Substantive Risks and Opportunities, p. 13, Board Oversight, p. 33, Management Responsibility, p. 36–38 2025 Management Information Circular , p. 51
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process.	2025 CDP Corporate Questionnaire , Incentives, p. 39-40, Environmental Performance – Climate Change, p. 70–91, Carbon Pricing and Tax Systems, p. 23 2024 Data Supplement / GRI and SASB Index , p. 3, 6–7
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	2025 CDP Corporate Questionnaire , Emissions Methodology, p. 71, Emissions Inventory, p. 72–75, Emissions Breakdown, p. 76–78, Energy-related Activities, p. 79–80, Efficiency, Intensity, and Other Climate-related Metrics, p. 81–82 2024 Data Supplement / GRI and SASB Index , p. 3, 6–7
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2025 CDP Corporate Questionnaire , Targets, p. 83–87 2024 Data Supplement / GRI and SASB Index , p. 3, 6–7 2025 Management Information Circular , p. 49–52; 2024 Annual Report , p. xx

C1	C2	C3	C4	C5	ENVIRONMENTAL PERFORMANCE			≡ ← → ↺ 🔍
INTRODUCTION	IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF DEPENDENCIES, IMPACTS, RISKS, AND OPPORTUNITIES	DISCLOSURE OF RISKS AND OPPORTUNITIES	GOVERNANCE	BUSINESS STRATEGY	C6 CONSOLIDATED APPROACH	C7 CLIMATE CHANGE	C11 BIODIVERSITY	APPENDIX

CONTACT

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PICTURED:
Above: Levis, QC. Photo by CN employee Jean-François Dumont
Cover: Jasper, AB. Photo by CN employee Tim Stevens

As used herein, "Company" or "CN" refers to Canadian National Railway Company and, as the context requires, its wholly owned subsidiaries.

FORWARD-LOOKING STATEMENTS: Certain statements included in this report are "forward-looking statements" within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and under Canadian securities laws, including statements based on management's assessment and assumptions and publicly available information with respect to CN. By their nature, forward-looking statements involve risks, uncertainties and assumptions. CN cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. These forward-looking statements also include, but are not limited to, statements relating to our sustainability-related strategies and goals and commitments, including our climate goals and expected benefits of new technologies. Forward-looking statements may be identified by the use of terminology such as "believes", "expects", "anticipates", "assumes", "outlook", "plans", "targets", "goals" or other similar words.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements of CN to be materially different from the outlook or any future results, performance or achievements implied by such statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Important risk factors that could affect the forward-looking statements include, but are not limited to, general economic and business conditions, including factors impacting global supply chains such as pandemics and geopolitical conflicts and tensions; trade restrictions, trade barriers, or the imposition of tariffs or other changes to international trade arrangements; industry competition; inflation, currency and interest rate fluctuations; changes in fuel prices; legislative and/or regulatory developments; compliance with environmental laws and regulations; actions by regulators; increases in maintenance and operating costs; security threats; reliance on technology and related cybersecurity risk; transportation of hazardous materials; various events which could disrupt operations, including illegal blockades of rail networks, and natural events such as severe weather, droughts, fires, floods and earthquakes; climate change; labour negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings and other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; the availability of and cost competitiveness of renewable fuels and the development of new locomotive propulsion technology; reputational risks; supplier concentration; pension funding requirements and volatility; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the U.S., including its Annual Information Form and Form 40-F. Reference should also be made to Management's Discussion and Analysis (MD&A) in CN's annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators and available on CN's website, for a description of major risk factors relating to CN.

CN has sustainability-related commitments and climate goals and continues to assess the impact on its operations of related initiatives, plans and proposals that CN and other stakeholders (including government, regulatory and other bodies) are pursuing in relation to climate change and carbon emissions. The achievement of CN's climate goals is subject to several risks and uncertainties, including those disclosed in the section entitled Business risks: Reputation of the Company's 2024 Annual MD&A in CN's annual and interim reports. The achievement of these goals is also subject to circumstances outside of the Company's control, including the availability and cost competitiveness of renewable fuels and the development and availability of new technologies, such as alternative propulsion locomotive technologies, and the cooperation of third parties such as suppliers, customers, supply chain partners and regulators. While the Company currently believes its goals are reasonably achievable, there can be no certainty that the Company will achieve any or all of these goals within the stated timeframe, or that achieving any of these goals will meet all of the expectations of its stakeholders or applicable legal requirements. If the Company is unable to achieve its climate goals or satisfy the expectations of its stakeholders, its brand and reputation could be materially and adversely affected.

Forward-looking statements reflect information as of the date on which they are made. CN assumes no obligation to update or revise forward looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable securities laws. In the event CN does update any forward-looking statement, no inference should be made that CN will make additional updates with respect to that statement, related matters, or any other forward-looking statement. Information contained on, or accessible through, our website is not incorporated by reference into the CDP Corporate Questionnaire.



OUR SUSTAINABILITY COMMITMENTS

Delivering Responsibly is at the heart of how CN is building for a sustainable future. Our vision is moving customer goods safely and efficiently, being environmentally responsible, attracting and developing talented railroaders, and helping build safer, stronger communities, all while adhering to the highest standards of governance and supporting shareholder value. Our sustainability vision is anchored on five principles:

ENVIRONMENT

Conduct our operations in a manner that seeks to minimize our environmental impact, while providing cleaner, more sustainable transportation services to our customers.

SAFETY

Be the safest railroad in North America by establishing an uncompromising safety culture and implementing a management system designed to minimize risk and drive continuous improvement.

PEOPLE

Provide a safe, supportive, and inclusive work environment where our employees can grow to their full potential and be recognized for their contributions to our success.

COMMUNITY

Build safer, stronger communities by investing in development, creating socioeconomic benefits, and ensuring open dialogue with all stakeholders and Indigenous peoples.

GOVERNANCE

Continuously improve our culture of integrity and ethical business conduct, building trust and confidence with all our stakeholders.

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