



# Regaining & Retaining in a COVID World

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**SWARS Annual Meeting**  
March 2021



# Thank you!

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2020 was a year like no other and thanks to our fellow railroaders, supply chain partners, and our customers, we got through it together. Collectively, we kept the North American economy moving, kept our customers winning in their markets, and above all else, we kept each other safe.



# Met the challenges of 2020 head on

- Labour, social unrest and COVID-19 disruptions
- CN's ONE TEAM never stopped coming to work to move the North American economy
- Operational momentum in safety, efficiency and supply chain integration
- Managing through changes in business mix, pre and post COVID

**A resilient railroad. Powered by talented people.**

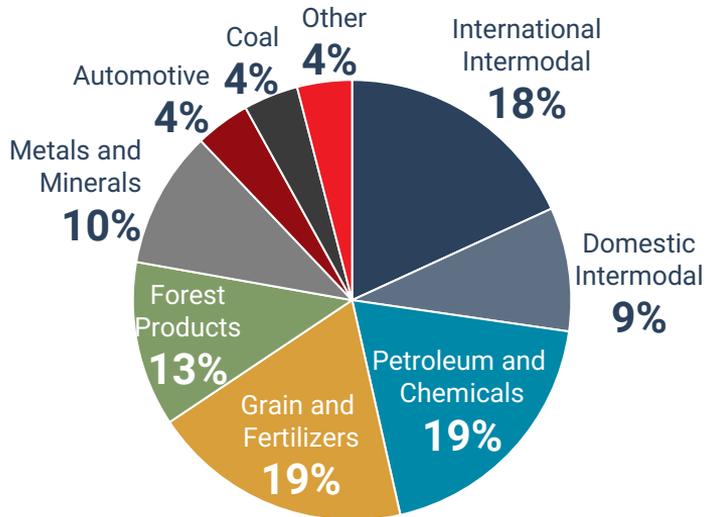


*When supplies were tight throughout North America, Montreal teams worked around the clock to produce and distribute disinfectant wipes across the network.  
(Taschereau Yard, QC - March/April 2020)*



# Unparalleled reach coupled with product diversity

## Well-diversified portfolio



Based on 2020 revenues

Global West 29%

Domestic Canada 17%

Transborder 31%

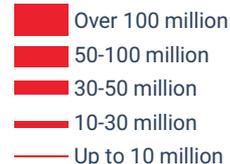
Southbound 21%  
Northbound 10%

Global East 4%

Domestic U.S. 16%

Global South 3%

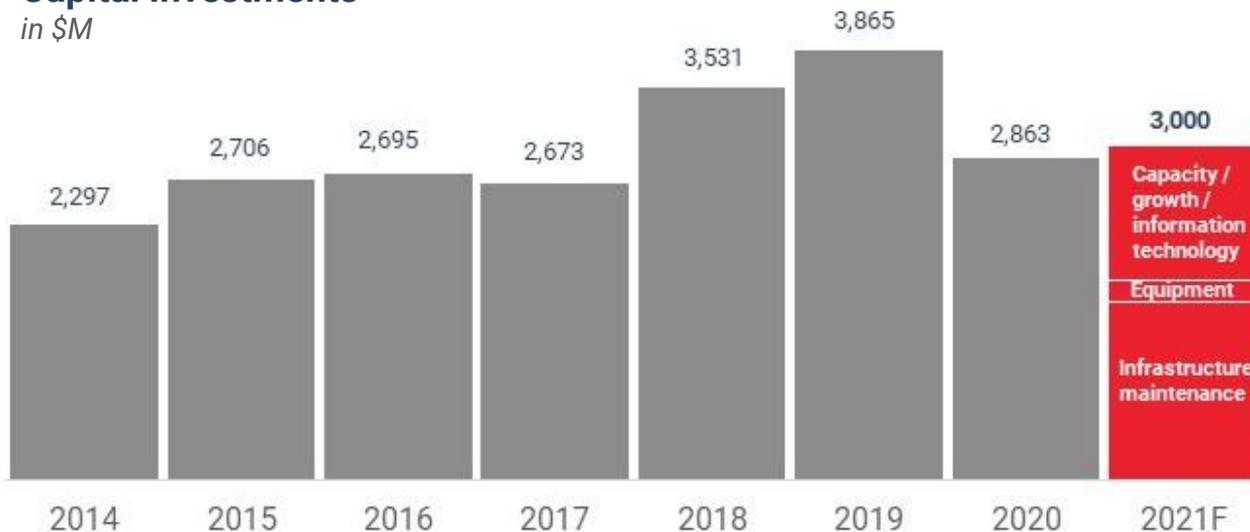
**TRAFFIC DENSITY LEGEND <sup>(1)</sup>**  
GTMs per route mile



# Investing smartly to support our business

## Capital Investments

in \$M



Capital investments as a percentage of revenues

**\$26 Billion**  
capital investments  
over last 10 years

**\$3 Billion**  
capital investments  
planned for 2021

# Moving from PSR to DSR



## PRECISION SCHEDULED RAILROADING

- Focus: Cost, cost
- KPIs: Operating metrics
- View: Operational, inward

## DIGITALIZED SCHEDULED RAILROADING

- Focus: Balancing people, customers, cost efficiency and shareholders
- KPIs: First and last mile service, port container supply chain, cars delivered vs. cars committed, retail on-time delivery
- View: Balanced, outside in

# Improving safety, creating capacity, reducing costs and driving service reliability



Autonomous Track Inspection Program



Automated Inspection Portals



Handheld Technology for Conductors



Enterprise Automation



Handheld Technology for Car Mechanics



Smart Network

# Technology as a driver to improve customer service

- Measuring what's important to our customers: service day, service window, advanced arrival notification and DOP execution – ***doing what we say we will do.***
- Upgrade our customer facing integrations, with a focus on proactive advisal, and exception management follow through.
- Recover is always next scheduled service day – misses car is priority car next service day
- New technology allows for picture capture and scheduled precise advanced arrival notification.



# Shipment Tracking Today

- Remove the need for multiple tracking tools reducing complexity for customers
- Allow customers to:
  - trace their shipments in one tool for Carload or Intermodal shipments
  - find the necessary information based on shipment type
  - configure the view to see the information most relevant to them

The screenshots illustrate the following features:

- My Shipments:** A dashboard showing a list of shipments with columns for Reference, Equipment, Status, and ETA. It includes filters for sorting by destination and ETA date/time.
- Quick Trace Response:** A screen for tracing equipment, showing a table of equipment IDs and their status. It includes filters for sorting by location and then by select sort.
- Trip Plan Response:** A detailed trip plan report for a specific shipment, showing a table of events (At Receiver, Planned Constructive Plac, Arrived, Departed) with columns for Location, City, and Estimated Time.
- Intermodal Shipment Status Response:** A screen for intermodal shipments, showing a table of shipment status with columns for Equipment, Status, CN Type, Documents, and Custom. It includes a menu for unit inquiry, manifest print, waybill print, export booking, vessel forecast, and steamship release.

# Shipment Tracking Workspace

- Filter shipments by shipment parameters such as Origin, Destination, Commodity, etc.
- Visualize traffic on a map
- Alerts on:
  - cars Dwelling and Constructively Placed (accumulating demurrage)
  - cars in Bad Order
  - cars in Hold

EQUIPMENT ID	REFERENCE	ORIGIN	DESTINATION	LAST STATUS	LAST LOCATION	EST. ARRIVAL	ACTION	ADDITIONAL DETAILS
CN 109280	3451628571			Departed from Terminal to Customer	Surrey (BC), CAN	Dec. 22, 2020		
CN 110369	4178102185			Departed from Terminal to Customer	Winnipeg (MB), CAN	Dec. 22, 2020		
CNA 409309	0943152785			Departed from Terminal to Customer	Winnipeg (MB), CAN	Dec. 22, 2020		
CN 396144	6082192543			Departed from Terminal to Terminal	Homewood (IL), USA	Dec. 23, 2020		
DWC 794691	0821352649			Placed at Customer Facility	Montreal (QC), CAN	Dec. 23, 2020	<a href="#">RELEASE</a>	

- Act on cars from the query e.g., Order-in or release cars to stop the demurrage clock, etc.
- Subscribe to notifications if shipment status changes
- Save and share queries, and schedule automatic report creation
- Access information on a mobile device

# Operational Partnerships – Success Story

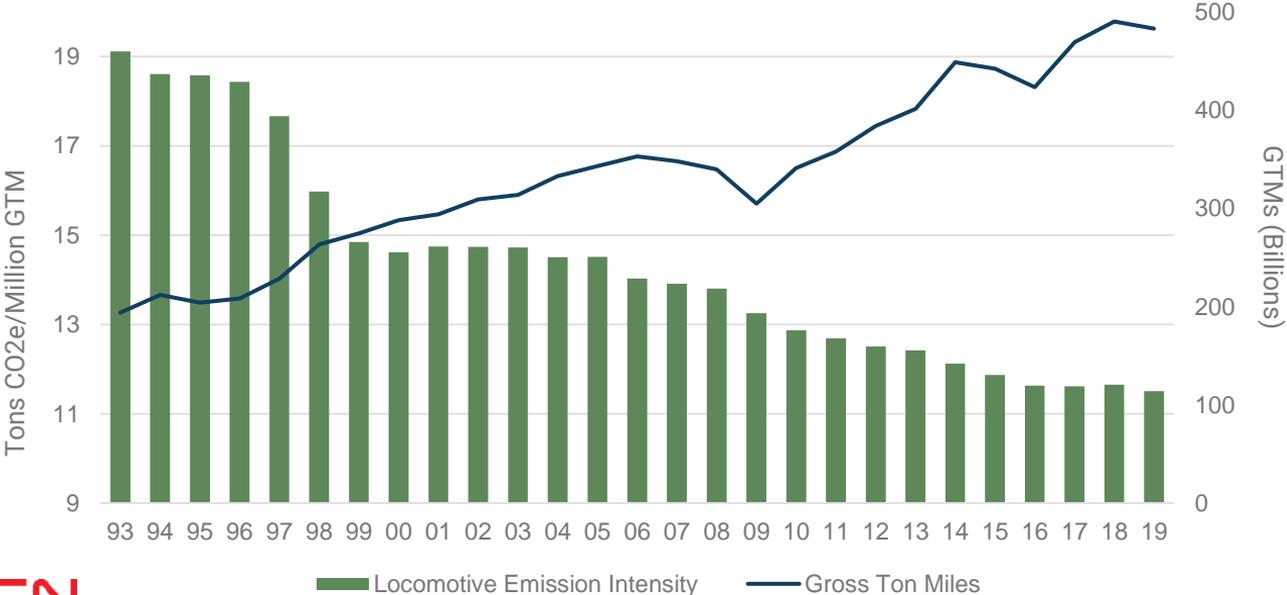
- **Location:** Geismar, LA
- **Operating Partner:** Watco Companies LLC, launched January 16th, 2021
- **Eight CN customers** now directly serviced by the new Watco subsidiary Dutchtown Southern Railway (DUSR)
- **CN interchanges with DUSR 7 days per week** and customers who received 5 days service per week are now able to receive 7 days service at no additional cost



Offering more reliable and consistent customer service with flexibility

# Capitalizing on a Strong Track Record of Fuel and Carbon Efficiency

**CARBON EMISSION INTENSITY vs GROSS TON MILES (GTMs)**  
 (Tons CO2e/Million GTM vs. Traffic Billion GTM)



**40%**  
 Locomotive emissions intensity improvement over the last 25 years

**46 million**  
 Tons of carbon avoided

**#1**  
 Consuming ~15% less locomotive fuel per gross ton mile versus Class 1 average

# Striving to be a leader in sustainability and among the world's best

CN's ESG (Environmental, social and governance) goals include:

- Achieve its **climate change science-based target of 29% GHG intensity improvement by 2030**
- Reduce its **Criteria Air Contaminants intensity by 6% by 2022**
- Attain by 2022 and thereafter, maintain an executive management team in which **at least thirty percent are women**
- Maintain a Board composition in which **at least forty percent of the Board are members of the Designated Groups**
- Continuously drive improvements towards safety, with **a vision to be the safest railroad in North America** by establishing an uncompromising commitment to safety

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA  
Member of the World Index  
(2012-2020)

 **GLOBAL100**  
Most Sustainable  
Corporations in the World

 **CDP**  
A LIST  
2020  
CLIMATE

Climate Change Action  
Leader Climate A List and  
Supplier Climate A List  
(2020)

 **30% Club**  
GROWTH THROUGH DIVERSITY

Member of the 30% Club  
since 2017

Progressive  
Aboriginal  
RELATIONS **BRONZE  
LEVEL**

Canadian Council for  
Aboriginal Business 

Progressive Aboriginal Relations (PAR)  
Bronze Level Certification  
(2018)

Corporate ESG  
Performance

RATED BY  
**ISS ESG**

**Prime**

(2018-2020)

# Transload, Distribution Services & Rail Ready Sites

- CN transloads extending our reach by a **100** mile radius from each DC
- Our facilities connect rail supply chains with last mile delivery
- CN Certified Rail Ready Sites - South
  - Matton, IL
  - Union City, TN
  - Helena, MS



# Supply Chain Agility for the Global Plastics Market

## Providing customers:

- Optionality
- Resiliency
- Velocity
- Agility

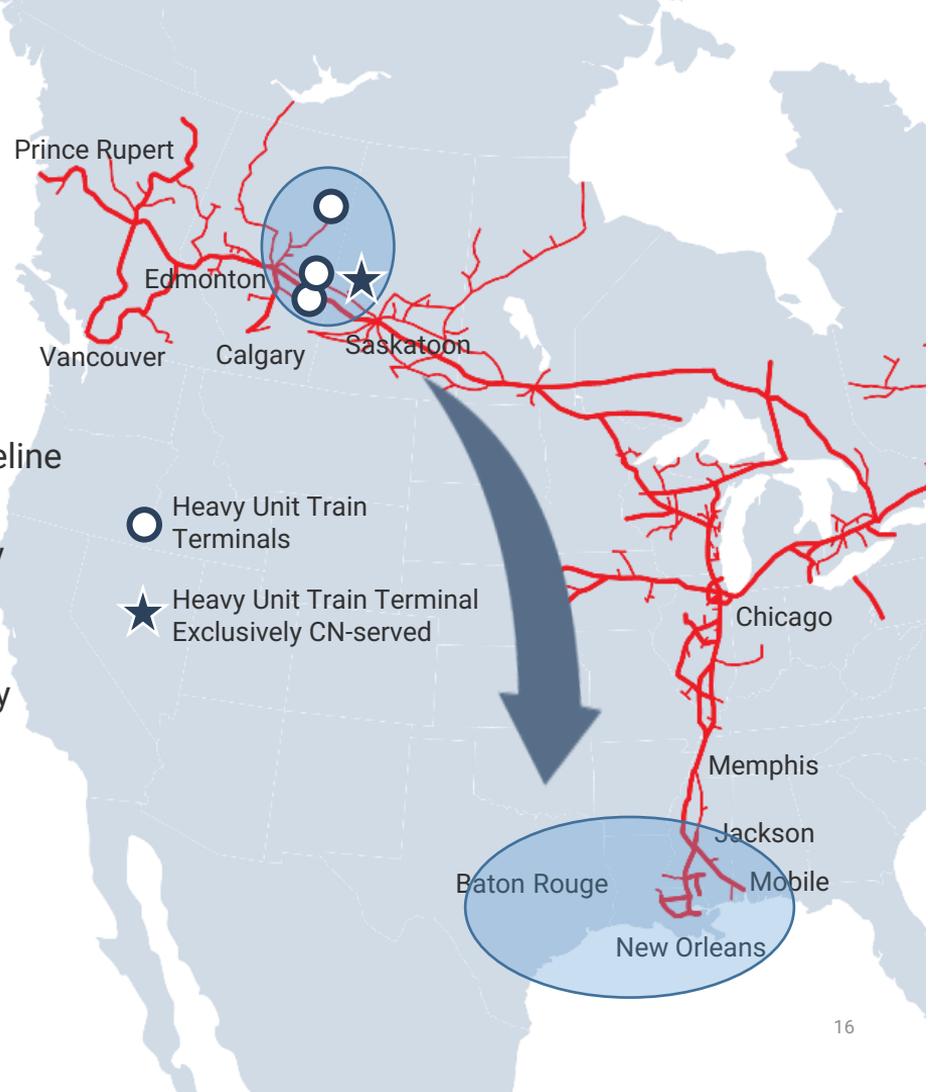
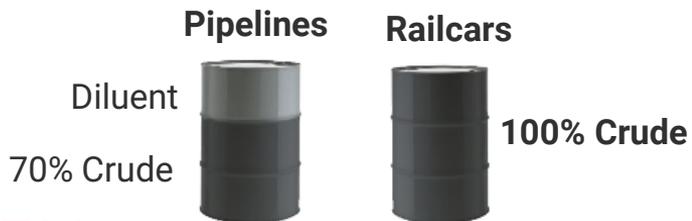


Ability to pivot to meet plastic resin customers' end market needs

# Crude by Rail

Continuing to build the heavy barrel franchise

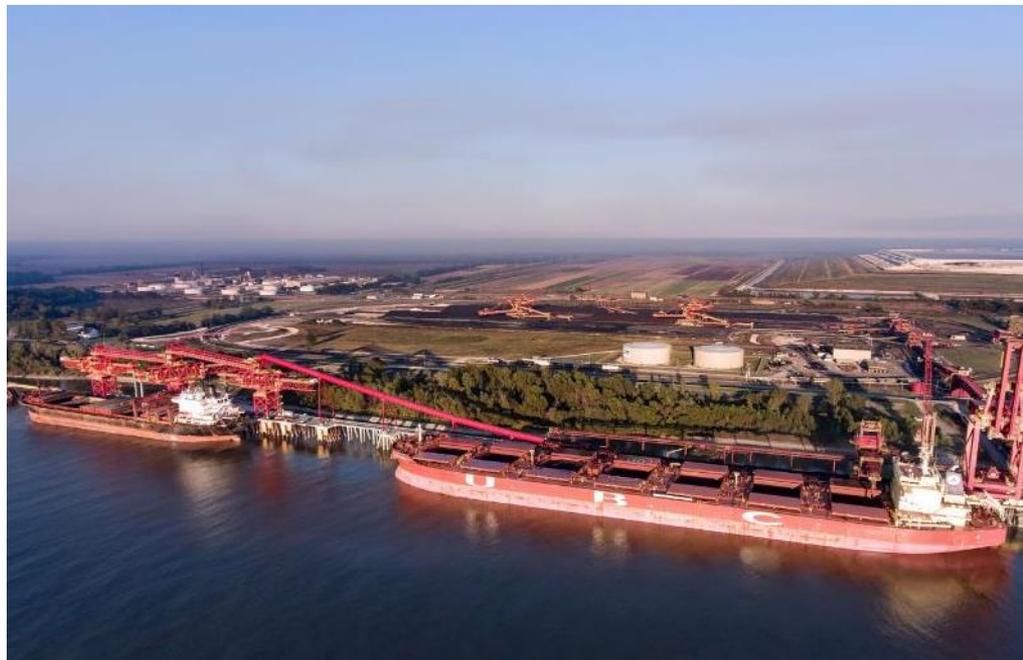
- CN's network is geographically overlaid over natural heavy undiluted barrels
- Heavy undiluted crude allows our customers to competitively ship crude without the need to dilute
- Creates long term rail barrel that is less sensitive to pipeline capacity and differentials
- Strong demand in the USGC for undiluted crude: refinery direct, heated barge, custom blending opportunities
- **NEW** Heavy Unit Train Terminal exclusively CN-served under construction for Q1 2022 start - 37K barrel per day
- DRU Opportunities to create heavy barrel



# Expanded Reach to Bulk Export Markets

## Suncoke Energy's Convent Marine Terminal

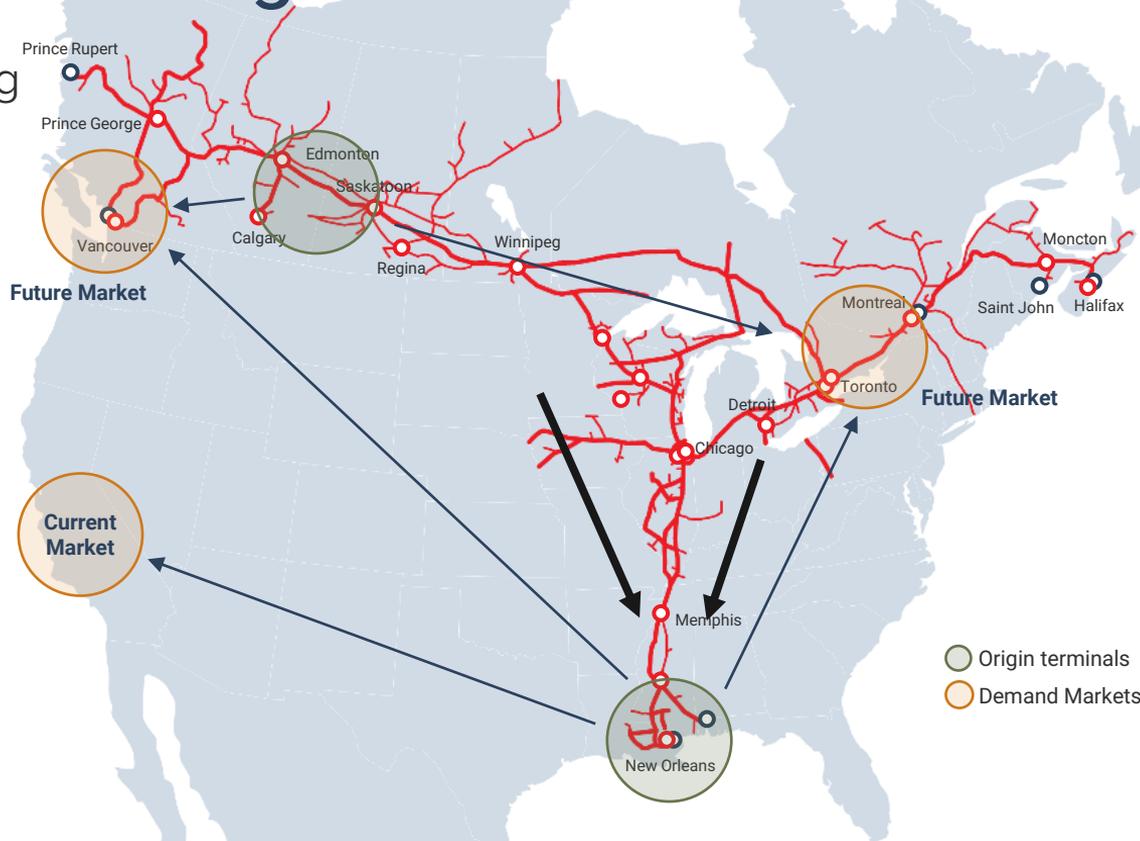
- CN provides only direct rail to multi-commodity bulk terminal on the lower Mississippi with direct vessel loading to serve global markets
- Multi-commodity facility with 14 MMT annual through put capacity
- Recent capital expansion provides for rotary and rapid discharge unloading, and multiple vessel loading
- Direct rail of coal, pet-coke, iron ore, aggregates, and liquid chemicals with unit train unloading capability



# Renewable Diesel: Positioning for the Future of Fuel

Renewable energy is expected to be the world's fastest-growing source of energy

- Policies including U.S. Renewable Fuels Standard, California's low carbon fuel standard, and Canada's CFS are helping drive demand
- Numerous projects are set to come online in the next few years across North America
- One billion gallons of renewable diesel (RD) production direct CN-accessible in the Gulf
- Significant growth opportunity for inbound feedstock (fats, tallow, veg oil) and outbound finished product (RD)



**CN is well positioned to capture origin franchises and end markets**

# The economic recovery is underway



- Demonstrated ability to weather storms and be nimble
- Focused on helping our customer grow and win in their markets
- Industry leader driving innovation & modernizing rail operations
- Supply chain mindset to drive optimization for our customers



# Wrap Up

