


MEETING DATE	Tue, 21 Apr 2015 8:30 am	TYPE	AGM	ISSUE DATE	Wed, 15 Apr 2015
MEETING LOCATION	The Peabody Memphis, Venetian Room, 149 Union Avenue, Memphis, Tennessee, U.S.				
CURRENT INDICES	PIRC Global				
SECTOR	Railroads				

COMPANY OVERVIEW

The Canadian National Railway Company is a Canadian Class I railway head-quartered in Montreal, Quebec that serves Canada and the Midwestern and Southern United States. It is the largest railway in Canada, in terms of both revenue and the physical size of its rail network, and is currently Canada's only transcontinental railway company, spanning Canada from the Atlantic coast in Nova Scotia to the Pacific coast in British Columbia.

PROPOSALS		CLIENT ADVICE	PIRC ADVICE
1.01	Elect Donald J. Carty Independent Non-Executive Director. He is chair of a committee which is not fully independent which Triodos does not support.	Withhold	For
1.02	Elect Ambassador Gordon D. Giffin Non-Executive Director. Not considered independent owing to a tenure of over nine years. There are also concerns over his aggregate time commitments. There is insufficient independence on the board. He is chair of a committee which is not fully independent which Triodos does not support.	Withhold	Withhold
1.03	Elect Edith E. Holiday Non-Executive Director. Not considered independent owing to a tenure of over nine years. There are also concerns over her aggregate time commitments. There is insufficient independence on the board.	Withhold	Withhold
1.04	Elect V. Maureen Kempston Darkes Non-Executive Director. Not considered independent owing to a tenure of over nine years. There are also concerns over her aggregate time commitments. There is insufficient independence on the board.	Withhold	Withhold
1.05	Elect The Hon. Denis Losier Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board. He is chair of a committee which is not fully independent which Triodos does not support.	Withhold	Withhold
1.06	Elect The Hon. Kevin G. Lynch Independent Non-Executive Director.	For	For
1.07	Elect Claude Mongeau Chief Executive Officer.	For	For
1.08	Elect James E. O'Connor Independent Non-Executive Director.	For	For
1.09	Elect Robert Pace Non-Executive Chairman. Not considered independent owing to a tenure of over nine years. There are also concerns over his potential aggregate time commitments. There is insufficient independent representation on the board.	Withhold	Withhold

1.10	Elect Robert L. Phillips Independent Non-Executive Director.	For	For
1.11	Elect Laura Stein Independent Non-Executive Director.	For	For
2	Appoint the auditors KPMG LLP proposed. Non-audit fees represented 30.72% of audit fees during the year under review and 36.73% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditors. In addition, the current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos withholds on this resolution.	Withhold	Withhold
3	Advisory vote on executive compensation The company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BDA. Due to the lack of disclosure of background information on annual targets and the use of stock options without performance conditions, Triodos opposes this resolution.	Oppose	Oppose

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory vote on executive compensation

Disclosure: B- Quantifiable performance targets attached to the annual bonus and long term equity awards are disclosed.

Balance: D- It is not possible to assess if the targets attached to the annual bonus are considered challenging owing to a lack of background information relating to challenges the Company faced during the year and its annual forecast for the year under review. It is noted that under the year in review all performance targets attached the annual bonus were exceeded. Part of the long-term incentive awards are in the form of stock options which have no performance criteria beyond time-based vesting and which vest 25% pa over four years. An annual payout can not be said to reflect long-term performance.

Contract: A- No serious concerns raised.

BOARD AND COMMITTEE COMPOSITION

BOARD CHANGES

Non-Executive Directors, Charles Baillie and Edward Lumley are not standing for re-election and will retire from the Board at the annual meeting on April 21, 2015.

DIRECTORS NAME	GENDER	PIRC	COMPANY	BOARD	AC	RC	NC	TENURE
Donald J. Carty	M	Yes	Yes	NED	Y*	Y	Y	4
Ambassador Gordon D. Giffin	M	No	Yes	NED	Y	Y*	-	13
Edith E. Holiday	F	No	Yes	NED	-	Y	Y	13
V. Maureen Kempston Darkes	F	No	Yes	NED	-	Y	Y	20
The Hon. Denis Losier	M	No	Yes	NED	Y	Y	Y*	20
Kevin G Lynch	M	Yes	Yes	NED	-	Y	Y	<1
Claude Mongeau	M	No	No	CEO	-	-	-	5
James E. O'Connor	M	Yes	Yes	NED	Y	Y	-	3
Robert Pace	M	No	Yes	Ch	-	Y	Y	20
Robert L. Phillips	M	Yes	Yes	NED	Y	Y	Y	<1
Laura Stein	F	Yes	Yes	NED	Y	Y	-	<1
Number of Meetings				9	5	5	5	
Number of NED only Meetings				n/d				

BOARD OF DIRECTORS

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, C = Corporate Responsibility or Ethics Committee, * = Committee Chairman.

DONALD J. CARTY		NON-EXECUTIVE DIRECTOR	
AGE	68	TENURE	4 Years
OTHER POSITION	EMC Corporation [Dir]; Porter Airlines, Inc. [Ch]; Research Now Group, Inc. [Ch]; Talisman Energy Inc. [Dir]; Virgin America Airlines, Inc. [Ch]; ex-AMR Airline Group [Pres]; ex-AMR Corporation [Ch, CEO]; ex-American Airlines [Ch, CEO]; ex-Barrick Gold Corporation [Dir]; ex-CP Air [Pres, CEO]; ex-Dell, Inc. [Dir]; ex-Dell, Inc. [VCh, CFO]; ex-Gluskin, Sheff & Associates Inc. [Dir]; ex-Hawaiian Holdings, Inc. [Dir]		
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY	Y
COMMENT	There are concerns over aggregate time commitments.		

AMBASSADOR GORDON D. GIFFIN		NON-EXECUTIVE DIRECTOR	
AGE	65	TENURE	13 Years
OTHER POSITION	Canadian Imperial Bank of Commerce [Dir]; Canadian Natural Resources Ltd [Dir]; Element Financial Corporation [Dir]; Just Energy Group Inc [Dir]; McKenna, Long & Aldridge [Snr Partner]; McLarty Global [Counsellor]; TransAlta Corporation [Ch]; ex-AbitibiBowater Inc. [Dir]; ex-United States Ambassador to Canada		
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY	Y
COMMENT	Not considered independent owing to a tenure of over nine years. There are also concerns over his aggregate time commitments.		

EDITH E. HOLIDAY			NON-EXECUTIVE DIRECTOR		
AGE	63	TENURE	13 Years	COMMITTEES	R,N
OTHER POSITION	Franklin Templeton Group of Mutual Funds [Dir]; Hess Corporation [Dir]; RTI International Metals [Dir]; United States Treasury Department [Dir, Trustee]; White Mountains Insurance Group Ltd [Dir]; ex-Cabinet, The White House [Secretary]; ex-H.J. Heinz Company [Dir]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		Y	
COMMENT	Not considered independent owing to a tenure of over nine years. There are also concerns over her potential aggregate time commitments.				
V. MAUREEN KEMPSTON DARKES			NON-EXECUTIVE DIRECTOR		
AGE	66	TENURE	20 Years	COMMITTEES	R,N
OTHER POSITION	Balfour Beatty Plc [Dir]; Brookfield Asset Management Inc. [Dir]; Enbridge Inc [Dir]; Irving Oil Co. Ltd. [Dir]; Schlumberger Limited [Dir]; ex-Falconbridge Limited [Dir]; ex-General Motors Corporation [Group VP, Reg Pres]; ex-General Motors of Canada Limited [Pres, General Manager]; ex-Noranda Inc. [Dir]; ex-Thomson Corporation [Dir]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		Y	
COMMENT	Not considered independent owing to a tenure of over nine years. There are also concerns over her potential aggregate time commitments.				
THE HON. DENIS LOSIER			NON-EXECUTIVE DIRECTOR		
AGE	62	TENURE	20 Years	COMMITTEES	A,R,N*
OTHER POSITION	Capital DGMC Inc. [Ch]; Enbridge Gas New Brunswick [Dir]; Invest N.B. [Ch]; Plazacorp Retail Properties Ltd [Dir]; ex-Assumption Life [Pres, CEO]; ex-Canadian Blood Services [Dir]; ex-NAV CANADA [Dir]; ex-New Brunswick Business Council [Mem]; ex-XL-ID Solutions Inc [Dir]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		Y	
COMMENT	Not considered independent owing to a tenure of over nine years.				
KEVIN G LYNCH			NON-EXECUTIVE DIRECTOR		
AGE	64	TENURE	<1 Years	COMMITTEES	R,N
OTHER POSITION	BMO Financial Group [VCh]; CNOOC [Dir]; Empire Company Limited [Dir]; ex- Government of Canada				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
CLAUDE MONGEAU			CHIEF EXECUTIVE		
AGE	53	TENURE	5 Years	COMMITTEES	None
OTHER POSITION	Railway Association of Canada [Ch]; SNC-Lavalin Group Inc. [Dir]; Toronto-Dominion Bank [Dir]; ex-Bain & Company [Consultant]; ex-Imasco Inc. [Exec]; ex-Nortel Networks [Dir]; ex-Secor Group [Partner]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		N	
COMMENT	President & Chief Executive. Former Chief Financial Officer.				
JAMES E. O'CONNOR			NON-EXECUTIVE DIRECTOR		
AGE	65	TENURE	3 Years	COMMITTEES	A,R
OTHER POSITION	Clean Energy Fuels Corp [Dir]; ex-Republic Services, Inc. [Ch, CEO]; ex-Waste Management, Inc. [Exec]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

ROBERT PACE		CHAIRMAN (NON EXECUTIVE)			
AGE	60	TENURE	20 Years	COMMITTEES	R,N
OTHER POSITION	Atlantic Salmon Federation [Dir]; High Liner Foods Inc [Dir]; The Pace Group [Pres, CEO]; Walter Gordon Foundation [Ch]; ex-Asia Pacific Foundation [Dir]; ex-Atlantic Canada Advisor to the Prime Minister of Canada; ex-Hydro One [Dir]; ex-Overland Realty Ltd [Ch]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		Y	
COMMENT	Not considered independent owing to a tenure of over nine years. There are also concerns over his potential aggregate time commitments.				

ROBERT L. PHILLIPS		NON-EXECUTIVE DIRECTOR			
AGE	64	TENURE	<1 Years	COMMITTEES	A,R,N
OTHER POSITION	Canadian Western Bank [Dir]; MacDonald Dettwiler & Associates [Ch]; Precision Drilling Corporation [Ch]; R.L. Phillips Investments Inc. [Pres]; West Fraser Timber Co. Ltd [SID]; ex- Canadian Chamber of Commerce [Dir]; ex-Alberta Economic Development Authority [Mem]; ex-Axia NetMedia Corporation [Dir]; ex-British Columbia Railway Company Limited [Pres, CEO]; ex-Capital Power Corporation [Dir]; ex-Dreco EnergyServices Limited [CEO]; ex-Epcor Utilities Inc. [Dir]; ex-MacMillan Bloedel Ltd. [Exec VP]; ex-PTI Group [CEO]; ex-Terra Vest Income Fund [Dir]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
COMMENT	There are concerns over his potential aggregate time commitments.				

LAURA STEIN		NON-EXECUTIVE DIRECTOR			
AGE	53	TENURE	<1 Years	COMMITTEES	A,R
OTHER POSITION	Franklin Resources Inc [Dir]; The Clorox Company [Exec VP, Counsel]; ex- H.J. Heinz Company [SVP, Counsel]; ex-Nash Finch Company [Dir]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

BOARD COMPOSITION

BOARD COMPOSITION FOLLOWING THE AGM

	Number	% of Board
Executive Director	1	9.09
Independent NED's	5	45.45
Connected NED's	5	45.45
Other	0	0.0

BOARD COMMITTEES FOLLOWING THE AGM

	Number of Members	% Independent by PIRC	% Independent by Company
Whole Board	11	45.45	90.91
Audit	6	66.67	100.0
Remuneration	10	50.0	100.0
Nomination	7	42.86	100.0

For Private Circulation only

©Copyright 2015 PIRC Ltd

Researcher: Rasheed Rambaran
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
6th Floor
9 Prescott Street
London E1 8AZ

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority