

# **CSX CORPORATION**

## **Board of Directors**

### **Governance Committee Charter**

#### **Purpose**

The Governance Committee's ("Committee") primary function is to assist the Board of Directors ("Board") by: (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, and recommending candidates for election to the Board and its committees, (ii) overseeing and evaluating the performance and effectiveness of the Board, (iii) recommending changes in Board composition and committee structure, (iv) developing, reviewing and recommending changes to governance guidelines, policies and procedures, (v) overseeing matters of broad corporate significance affecting CSX Corporation ("Corporation"); and (vi) overseeing and evaluating compliance with the Corporate Governance Guidelines of the Corporation.

#### **Membership and Operations**

The Committee shall consist of no fewer than three directors. Each member shall meet the independence requirements of the NASDAQ Stock Market's listing standards.

The members of the Committee and the Committee Chair shall be elected by the Board annually and shall serve until their successors have been duly elected and qualified. Any member of the Committee may resign at any time by giving written notice of his or her intention to do so to the Chairman of the Board or the Corporate Secretary, or may be removed, with or without cause, at any time by the Board.

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this Charter at least three times each year at such times as it determines to be appropriate or at the call of the Chair of the Committee. The Chair of the Committee shall prepare or approve an agenda consistent with this Charter in advance of each meeting. Each member is free to suggest the inclusion of items not on the agenda.

A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the affirmative vote of the majority of those present shall be necessary for any action by the Committee.

The Committee shall keep minutes, report its activities to the full Board on a regular basis and make recommendations with respect to the matters covered by this Charter and other matters as the Committee may deem necessary or appropriate.

#### **Duties and Responsibilities**

The Committee periodically reviews the size, function and duties of the Board (as well as composition) consistent with the Board's needs. The Committee identifies individuals qualified to become Board members, and recommends candidates to fill Board vacancies and for election to the Board at the next annual or special meeting of shareholders. In identifying and recommending Board nominees, the Committee uses guidelines, consistent with criteria approved by the Board, that it has developed with

respect to qualifications for nominations to the Board and for continued membership on the Board. The criteria for selecting new directors includes identifying individuals with demonstrated leadership ability and outstanding integrity, values and judgment. The Committee seeks to maintain a diverse Board with a broad range of experience in business matters and the ability to assess and evaluate the role and policies of the Corporation in the face of changing conditions in the economy, regulatory environment and customer expectations.

The Committee shall review suggestions from shareholders for potential Board nominees, and, when appropriate, Committee members will meet with interested shareholders to discuss suggested candidates. Potential nominees suggested by shareholders will be evaluated by the Committee on the same basis as individuals identified directly by the Committee or from other sources.

It is the Committee's responsibility to oversee and evaluate the performance and effectiveness of the Board and its committees. At least annually, the Committee shall conduct evaluations of director independence and performance, committee performance and the effectiveness of the Board as a working group. The Committee shall review and make recommendations to the Board regarding director independence, Board composition generally, Board committee structure, committee membership, committee chairs, and non-management director compensation policies and practices.

The Committee shall periodically, but at least once every three years, review and make recommendations to the Board regarding the compensation for non-management directors. Director compensation includes both cash and stock-based components, and is fully disclosed in the annual proxy statement. In so recommending and approving the amount and form of non-management director compensation, the Committee, shall among other things: (a) identify corporate goals and objectives relevant to director compensation; (b) consider the level of compensation necessary to attract and retain qualified directors; (c) evaluate the possibility that directors' independence may be compromised or impaired for Board or committee purposes if director compensation exceeds customary levels, including if the Company makes substantial charitable contributions to an organization with which a director is affiliated; (d) consider providing incentives that encourage directors to act with the interests of shareholders in mind; (e) periodically review the structure and amount of non-management director compensation at peer companies and such other factors as the Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation); and (f) consider an ability to meet the expectation of stock ownership. Directors who are employees of the Corporation do not receive separate compensation for their service as a director.

The Committee shall review management succession plans for the Corporation at least twice annually (unless reviewed by the full Board), including procedures for the selection of the CEO and other key senior management positions in the case of an emergency. The Committee shall regularly report to the Board on the succession plans, including any changes required thereto.

The Committee shall periodically review the Corporation's organizational documents, including the Articles of Incorporation, Bylaws and other governance documents, as it deems appropriate. The Committee shall also annually review the charters for each committee of the Board of Directors, as well as the Corporate Governance Guidelines of the Corporation.

The Committee shall review reports from management regarding: (i) significant legal, legislative and regulatory initiatives and rulemaking by federal, state, local and foreign government authorities, (ii) political, social and environmental trends, and (iii) other public issues and trends of significance that affect the Corporation's operations or public image.

The Committee shall be responsible for oversight of the Company's sustainability reporting, including an annual review of the Corporation's Social Responsibility Report.

The Committee shall periodically review, and where required pursuant to the Corporation's political giving policy provide approval of: (i) corporate campaign contributions to state and local candidates, (ii) political contributions from its employee-funded Political Action Committee (PAC), known as the CSX Good Government Fund (GGF), and (iii) independent election expenditures and contributions to trade associations for political purposes.

The Committee shall be responsible for oversight of the Corporation's community affairs activities, including the corporate philanthropy policy.

The Committee shall report periodically to the Board on significant results of the foregoing activities.

### **Delegation to Subcommittee**

The Committee may, in its discretion, delegate its duties and responsibilities to a subcommittee of the Committee as appropriate and consistent with applicable regulations, laws and exchange listing standards.

### **Evaluation**

At least annually, the Committee shall conduct an evaluation of its performance. The evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate.

### **Resources and Authority**

The Committee shall have available to it the resources and authority appropriate to discharge its duties and responsibilities, including support from management personnel. The Committee shall also have the sole authority to select, retain and terminate (and approve or ratify the fees and other retention terms of) special or independent counsel, accountants, consultants and other advisors, including any search firm for identifying Board or committee candidates, as it deems necessary or appropriate without seeking approval of the Board or management. The Corporation shall provide appropriate funding to the Committee to allow the Committee to compensate any advisors retained by the Committee and to pay for ordinary administrative expenses of the Committee.