

# **CSX CORPORATION**

## **Board of Directors**

### **Compensation and Talent Management Committee Charter**

#### **Purpose**

The primary purpose of the Compensation and Talent Management Committee (the “Committee”) is to develop and oversee the compensation philosophy, strategy and design for CSX Corporation (the “Corporation”) on behalf of the Board of Directors (the “Board”). As set forth in further detail below, the Committee is responsible for: (i) regularly reviewing, approving and monitoring compensation policies, practices and plans, and the associated financial impact and risks to the Corporation; (ii) regularly reviewing executive talent and leadership development; and (iii) assessing the Corporation’s diversity, including any pay equity initiatives.

#### **Membership and Operations**

The Committee shall consist of not fewer than three members, each of whom shall qualify as a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 (the “Exchange Act”), and shall meet the independence requirements of the NASDAQ Stock Market’s listing standards (collectively, the “Independence Requirements”). The determination regarding each member’s independence for purposes of NASDAQ independence standards shall only be made after considering all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director’s ability to be independent from management in connection with the duties of a Committee member, including, but not limited to: (i) the sources of compensation of such member, including any consulting, advisory or other compensatory fee paid by the Corporation to such member and (ii) whether such member is affiliated with the Corporation, a subsidiary of the Corporation or an affiliate of a subsidiary of the Corporation. Any action taken by the Committee during a period in which one or more of the members subsequently is determined to have failed to meet the Independence Requirements shall nevertheless constitute duly authorized actions of the Committee and shall be valid and effective for all purposes, except to the extent required by law or determined appropriate by the Committee to satisfy regulatory standards.

Members of the Committee, including the chairperson of the Committee (the “Committee Chair”) shall be recommended by the Governance Committee of the Board (the “Governance Committee”) and appointed by the Board annually and as vacancies or newly created positions occur and shall serve until their successors have been duly appointed 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, either in person or by virtual or telephone conference, as often as it determines is appropriate to carry out its responsibilities under this charter and (i) at least three times each year at such times as it determines to be appropriate or at the request of the Committee Chair or any member of the Committee, and (ii) periodically in executive session without management in attendance. The Committee Chair shall prepare or approve an agenda in advance of each meeting. Each member is free to suggest the inclusion of items 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 matters covered by this Charter and other matters as the Committee may deem necessary or appropriate, or as requested by the Board.

### **Duties and Responsibilities:**

The Committee shall, in its judgment:

### **Compensation Programs and Policies**

1. Consider, approve and, where necessary or appropriate, recommend to the Board for approval, the adoption, amendment or termination of compensation practices, policies, programs and plans maintained by the Corporation or its affiliates for the Chief Executive Officer (“CEO”) and each Executive Vice President and the Chief Accounting Officer, each other person who is subject to Section 16 of the Exchange Act (the “Section 16 Officers”) and, as deemed appropriate, other employees, including but not limited to cash and stock-based incentive plans, deferred compensation and share ownership plans, retirement plans, health and group benefit plans and perquisites.
2. Review compensation governance practices and policies, as well as reports from management regarding compliance matters and any significant issues pertaining to the implementation or administration of any such plan, policy or program.
3. Establish and annually review a comparison group of companies to provide current, competitive data and applicable information to support pay decisions for the Section 16 Officers and any other employees determined from time to time by the Committee in its discretion.
4. Review and consider the results of the Corporation’s most recent “Say on Pay” vote, as well as any other feedback garnered through shareholder outreach initiatives.
5. Review and approve the implementation or revision of any clawback policy allowing the Corporation to recoup compensation paid to Section 16 Officers and other employees under certain circumstances.
6. Review the share ownership guidelines for Section 16 Officers and monitor compliance with the ownership thresholds set forth in therein.

## **Risk Management**

7. Review compensation practices, policies and programs to ensure that they do not encourage unnecessary or excessive risk taking and assess whether any risks arising from such practices, policies and programs are reasonably likely to have a material adverse effect on the Corporation.

## **Incentive and Equity-based Compensation**

8. Review and, as appropriate, approve incentive plan structure, vesting, performance measures, performance targets, payout curves and payouts under the Corporation's performance-based incentive compensation plans, including the application of adjustment principles and the exercise of judgment related to the achievement of performance results.
9. Review and approve, and recommend for Board approval in the case of the CEO, stock-based and cash-based incentive awards for all Section 16 Officers and delegate to the CEO, or the Executive Vice President and Chief Administrative Officer, the authority to take such actions with respect to stock-related awards provided to other employees who are not Section 16 Officers, as deemed appropriate, and consistent with the Corporate Policy: Executive Compensation Administration and Delegation of Authority, as from time to time in effect.

## **Evaluation and Compensation of the CEO**

10. The Committee, in consultation with the Board, shall:
  - a. annually review and approve goals and objectives for the CEO and evaluate and discuss with the CEO his or her performance based on these goals and objectives;
  - b. consider, as a factor in determining the CEO's compensation, the CEO's conduct and compliance with the Company's Code of Business Conduct and Ethics and such other factors as it deems appropriate; and
  - c. review: (i) changes to CEO compensation, including base salary adjustments or adjustments to incentive opportunity levels under the short and/or long-term incentive programs; (ii) discretionary or special compensation awards, including any awards under applicable nonqualified plans for the CEO; and (iii) employment, severance and change-in-control agreements for the CEO.

The CEO may not be present during voting or deliberations related to his or her compensation.

## **Evaluation and Compensation of Section 16 Officers**

11. Annually discuss the performance of, and approve the compensation for, all other Section 16 Officers. The Committee may review any of the Corporation's records, if necessary, for this purpose. In addition, the Committee shall consider and discuss with the Audit Committee, as necessary, the conduct of the Section 16 Officers and their compliance with the Corporation's Code of Business Conduct and Ethics.
12. For all Section 16 Officers other than the CEO, review and determine: (i) changes to compensation, including base salary adjustments, promotions and title changes that impact compensation; (ii) any adjustments to incentive opportunity levels under the short and/or long-term incentive programs; and (iii) discretionary compensation awards, including any awards under applicable nonqualified plans.
13. Make compensation decisions for Section 16 Officers, in consultation with one or more compensation consultants, without any affected members of management present unless the decision is related to a broad-based incentive compensation plan or program.
14. In reviewing compensation and benefits policies, consider the recruitment, development, promotion, retention and compensation of Section 16 Officers and any other factors that it deems appropriate.

## **Talent Management and Leadership Development**

15. Provide oversight with respect to the Company's workforce and human capital management processes, including policies and strategies regarding recruiting and retention, career development and progression, workplace environment and culture, and organizational engagement and effectiveness.
16. Periodically review the results of the Corporation's employee engagement survey, as applicable.
17. Review the Corporation's executive development programs including leadership development, performance management and talent acquisition. Monitor the Corporation's progress on talent management and leadership development programs.

## **Diversity, Equity and Inclusion**

18. Review annually, unless presented to the full Board, the Corporation's plans and processes for promoting diversity, equity and inclusion, including the Corporation's policies and strategies relating to its culture, talent diversity, inclusion and equal employment opportunities.
19. Monitor the Corporation's progress on diversity, equity and inclusion initiatives.

## **Disclosure**

20. Review the Compensation Discussion and Analysis section (“CD&A”) and associated compensation tables of the Corporation’s Annual Report on Form 10-K or Proxy Statement for the Corporation’s Annual Meeting of Shareholders (the “Proxy Statement”) with management and provide a recommendation to the Board regarding the inclusion of the CD&A and associated tables in the Corporation’s Annual Report on Form 10-K or Proxy Statement.
21. Review and approve the Compensation and Talent Management Committee Report for inclusion in the Corporation’s Proxy Statement.

## **Employment Agreements**

22. Review, approve and, in the case of the CEO, make recommendations to the Board regarding employment, severance, retention, non-compete and change-in-control agreements, plans or provisions and any other special agreements or supplemental benefits applicable to the CEO or other Section 16 Officers, including all amendments thereto.

## **Employee Benefit Plans**

23. Periodically review the goals and objectives of the Corporation’s employee benefit plans, including, but not limited to, the pension and thrift plans, and health and group benefits plans.
24. Review and approve, or recommend to the Board for approval, as necessary, any substantial or material changes to the Corporation’s employee benefits plans (on behalf of the Corporation as settlor and sponsor of such plans), including but not limited to the Corporation’s pension, 401(k) plans, employee stock purchase plans and applicable health and group benefits plans.

## **Administration and Governance**

25. Review and assess the adequacy of this Charter on an annual basis with the advice of the Governance Committee.
26. Report periodically to the Board regarding the foregoing activities.
27. In addition to the foregoing, the Committee shall perform such other functions as may be delegated to it under the resolutions and other directives of the Board.

## **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.

## **Delegation to Subcommittee**

The Committee may, as appropriate and consistent with applicable regulations, laws and listing standards, delegate its duties and responsibilities to the Committee Chair or a subcommittee of the Committee, or to the CEO or other Section 16 Officers.

## **Advisers**

The Committee shall have available to it such support personnel, including management staff, outside auditors, attorneys and consultants as it deems necessary to discharge its responsibilities. The Committee may obtain advice and assistance from outside advisers who are advisers to the Corporation.

In addition, the Committee may select and appoint advisers to separately advise the Committee. Accordingly, the Committee shall have the sole authority to select, retain and terminate any compensation consultant, legal counsel or other advisers to the Committee, as the Committee deems appropriate in discharging its duties. With respect to such advisers, the Committee will be directly responsible for the selection, appointment, terms of engagement (including compensation) and oversight of such advisers. Whether the Committee receives advice from an adviser to the Corporation or an adviser separately selected and appointed by the Committee, prior to engaging such advisor, the Committee will consider the adviser independence factors under applicable NASDAQ Stock Market listing standards and any other factors deemed relevant by the Committee.

The Committee shall receive appropriate funding from the Corporation, as determined by the Committee, for the payment of compensation to its compensation consultants, legal counsel and other advisers.