

# **CSX CORPORATION**

## **Board of Directors**

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

#### **Purpose**

The primary purpose of the Compensation and Talent Management Committee ("Committee") is to develop and oversee the compensation philosophy, strategy and design for CSX Corporation ("Corporation") on behalf of the Board of Directors ("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 workforce and human capital management processes.

#### **Membership and Operations**

The Committee shall consist of no fewer than three members. Each member of the Committee 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 ("NASDAQ"), as such rules and provisions may be amended from time to time (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 Corporation 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 and the Committee Chair shall be appointed by the Board after reviewing the recommendation of the Governance and Sustainability Committee annually and as vacancies or newly created positions may occur. Any member of the Committee may resign from the Committee at any time by giving written notice of his or her intention to do so to the Chair 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 such times as it determines to be appropriate or at the call of the Committee Chair, and (i) at least three times each year, 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 Chair shall preside at each meeting and, in the absence of the Committee Chair, one of the other members of the Committee shall be designated as the acting chair of the meeting.

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**

In addition to any other responsibilities which may be assigned from time to time by the Board, the Committee is responsible for the following matters. The Committee shall, in its judgment:

### ***Compensation Programs and Policies***

1. Consider, determine and, in the case of the Chief Executive Officer ("CEO"), recommend to the Board for determination, the adoption, amendment or termination of compensation practices, policies, programs and plans maintained by the Corporation or its affiliates for the CEO and each Executive Vice President, the Chief Accounting Officer and each other person who is subject to Section 16 of the Exchange Act (together, 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 evaluate 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 requiring or permitting 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 with respect to evaluating whether they 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 independent directors of 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 and discuss with the Audit Committee, as necessary, as a factor in determining the CEO's compensation, the CEO's conduct and compliance with the Corporation's Code of Business Conduct and Ethics and such other factors as it deems appropriate; and
  - c. review and determine, or recommend to the Board for determination: (i) changes to CEO compensation, including base salary adjustments or adjustments to incentive opportunity levels under the Corporation's 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 Section 16 Officers other than the CEO. 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 Corporation's short- and/or long-term incentive programs; and (iii) discretionary or special compensation awards, including any awards under applicable nonqualified plans.
13. Make compensation decisions for all Section 16 Officers other than the CEO, in consultation with one or more compensation consultants and the CEO, 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 Corporation'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.

### ***Inclusion***

18. Review annually, unless presented to the full Board, the Corporation's plans and processes for promoting inclusion, including the Corporation's policies and strategies relating to its culture and talent diversity.
19. Monitor the Corporation's progress on 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 and Sustainability Committee.
26. Report periodically to the Board regarding the foregoing activities.

## ***Delegation to Subcommittee***

The Committee may, in its discretion, delegate its duties and responsibilities to the Committee Chair or a subcommittee of the Committee, or to the CEO or other Section 16 Officers, as appropriate and consistent with applicable regulations, laws and exchange listing standards and the terms of the Corporation's applicable stock plan. Any such delegation shall be by majority vote of the Committee.

## ***Evaluation***

The Committee shall prepare and review with the Board an annual performance evaluation of

the Committee, based on the annual evaluation process determined by the Board, based on the recommendation of the Governance and Sustainability Committee.

The Committee shall review and assess the adequacy of this Charter on an annual basis with the advice of the Governance and Sustainability Committee and recommend any changes to the full Board.

### **Resources and Authority**

The Committee shall have available to it the resources and authority appropriate to discharge its duties and responsibilities pursuant to this Charter, including support from management. The Committee shall also have the sole authority to select, retain and terminate, or otherwise obtain the advice of, (and approve or ratify the fees and other retention terms of) any compensation consultant, legal counsel or other advisers to the Committee as it deems necessary or appropriate without seeking approval of the Board or management. With respect to such advisers, the Committee will be directly responsible for the appointment, compensation and oversight of the work of any such advisers. The Committee may select such advisers, or receive advice from any other adviser, only after taking into consideration the independence factors enumerated under applicable NASDAQ Stock Market listing standards and any other factors deemed relevant by the Committee. The Corporation shall provide appropriate funding to the Committee, as determined by the Committee, for the payment of compensation to its compensation consultants, legal counsel and other advisers.