

## **CSX CORPORATION**

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### **Board of Directors Corporate Governance Guidelines**

The following guidelines have been adopted by the Board of Directors (“Board”) and, together with the charters of the standing Board committees, provide the framework for the governance of CSX Corporation (“Corporation”). The Board regularly reviews its corporate governance practices, including these guidelines, to ensure that they continue to reflect the high standards that those who deal with the Corporation as employees, investors, clients, customers, vendors and other stakeholders can and should expect.

#### **Board Responsibilities**

1. The business and affairs of the Corporation are subject to the overall oversight and authority of the Board, acting in what the Board reasonably believes to be in the best interests of the Corporation. The Board has delegated authority to act on its behalf between regularly scheduled Board meetings, when time is of the essence, to an Executive Committee comprised of the Chief Executive Officer (“CEO”), the Chair of the Board, the Vice Chair of the Board, and the chairs of each standing committee. The Board has assigned primary responsibility for several important functions to the following standing committees: Audit (financial reporting and internal controls); Compensation and Talent Management (CEO review and evaluation, and executive development and compensation); Finance (capital structure and financial policies); and Governance and Sustainability (Board and committee composition, corporate governance, director and executive officer succession planning and corporate sustainability programs). Each of these standing committees consists solely of independent directors. Each standing committee operates under a written charter, and committee chairs and memberships are generally rotated on a regular basis, based on the Governance and Sustainability Committee’s review and recommendation.
2. The Board holds at least five regularly scheduled meetings each year, with additional meetings scheduled when necessary. Each Board committee other than the Executive Committee meets three or more times each year. Additional committee meetings are held as needed, either in person or by virtual or telephone conference. To the extent possible, each director is expected to attend in person all meetings of the Board and the committees on which the director sits, and to participate by remote means when they are unable to attend in person. The Corporation sends most materials for Board and committee meetings in advance of such meetings, and directors are expected to review the materials prior to meetings. In some cases, due to timing or the sensitive nature of an issue, materials are presented only at meetings. Directors are also expected to participate in other applicable activities designed to increase their knowledge of the Corporation and their ability to perform their duties. Absent extenuating circumstances, directors are expected to attend the Corporation’s annual meeting of shareholders.

#### **Independence of Board from Management**

3. A substantial majority of the Board shall be independent, as that term is defined in applicable laws and the NASDAQ Stock Market’s listing standards. An independent director means a person other than an executive officer or employee of the Corporation or any other individual having a relationship which, in the opinion of the Corporation’s Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making this affirmative determination in regards to a director who will serve on the Audit Committee or the Compensation and Talent Management Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Corporation which is material to that director’s ability to be independent from management in connection with the duties of an Audit Committee member or a Compensation and Talent Management Committee member, respectively, including, but not limited to (a) the source of compensation of any such director, including any

consulting, advisory or other compensatory fee paid by the Corporation, or a subsidiary or parent of the Corporation to such director and (b) whether such director is affiliated with the Corporation, a subsidiary of the Corporation or an affiliate of a subsidiary of the Corporation. The Board shall make an affirmative determination at least annually with respect to director independence and disclose the basis in the Corporation's annual proxy statement.

4. Members of management will be considered for Board membership only if they are serving as the current CEO or are considered by the Governance and Sustainability Committee to be a key member of management. Members of management are not eligible to serve on the Audit, Compensation and Talent Management or Governance and Sustainability committees.
5. The non-management directors meet alone in executive session at each Board meeting, as necessary. These executive sessions are chaired by the Chair if he or she is an independent director. In addition, the independent directors (if different from the non-management directors) meet alone in executive session at least once a year. This session is also chaired by the Chair if he or she is an independent director. If the Chair is not independent, such sessions shall be chaired by the Vice Chair.

#### **Director Qualifications and Selection**

6. The Board shall designate one of its members to serve as Chair. The Board currently believes that the positions of Chair and CEO should be separate and that the director serving as the Chair should be an independent director. The Board recognizes that circumstances do change and will review this structure periodically.
7. The duties of the Chair include, as needed: (a) calling special meetings of the full Board and meetings of independent directors; (b) presiding at all meetings of the Board; (c) presiding over meetings of the shareholders; (d) calling special meetings of the shareholders; (e) serving as a liaison between the CEO and the independent directors; (f) in consultation with the Vice Chair, approving information, meeting agendas and meeting schedules sent to the Board; (g) guiding Board discussions and facilitating discussions between the Board and the Corporation's management; (h) interacting with the Corporation's analysts, investors, employees and other key stakeholders; (i) keeping the Vice Chair informed, and consulting with the Vice Chair, as to material internal and external discussions the Chair has, and material developments the Chair learns about the Corporation and the Board; (j) pre-clearing all transactions in the Corporation's securities by the other directors, the CEO, and the Executive Vice President – Chief Legal Officer and Corporate Secretary; (k) considering resignations of directors in consultation with the Board; and (l) such other duties as may be set forth in the Bylaws of the Corporation or delegated by the Board.
8. The Board establishes criteria for the skills and qualifications of its nominees and the Governance and Sustainability Committee recommends individuals for membership on the Board based on this criteria. The Board is expected to represent a diverse group with a broad range of experience in business matters and to be able 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. To reflect the Corporation's commitment to diversity, the Governance and Sustainability Committee will instruct any third-party search firm to use its best efforts to include qualified candidates who reflect diverse backgrounds, skills, perspectives, experiences and demographics, in light of the specific needs of the Board at that time. Nominees for Board membership are expected to be prominent individuals with demonstrated leadership ability and to possess outstanding integrity, values and judgment. Directors and nominees must be willing and able to devote the substantial time required to carry out the duties and responsibilities of directors.
9. Potential nominees recommended by shareholders will be evaluated on the same basis as individuals identified directly by the Governance and Sustainability Committee or from other

sources. Each Board member is expected to represent the broad interests of the Corporation and its shareholders as a group, and not any particular constituency.

10. Directors of the Corporation are elected at the annual shareholders' meeting to serve until the next annual shareholders' meeting and their successors are duly elected. Under the Corporation's Bylaws, a person is not eligible for election or reelection to the Board following that person's 75th birthday, except that the Board, in its sole discretion, may waive such ineligibility for a period not to exceed one year. In addition, if a director has a substantial change in principal employment, he or she is expected to contact the Chair of the Governance and Sustainability Committee and volunteer to resign from the Board, which the Governance and Sustainability Committee will consider and make a recommendation to the Board.

### **Director Resignation Policy**

11. Any incumbent director who is not reelected in accordance with Article II, Section 3, clause (c)(ii) of the Corporation's Bylaws shall promptly tender his or her resignation following certification of the shareholder vote. The Governance and Sustainability Committee shall consider the resignation offer and recommend to the Board whether to accept or reject it. The Board will act on the Governance and Sustainability Committee's recommendation within 90 days following certification of the shareholder vote. Thereafter, the Board will promptly disclose its decision whether to accept or reject the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a press release to be disseminated in the manner that the Corporation's press releases typically are distributed. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance and Sustainability Committee recommendation or Board action regarding whether to accept or reject the resignation offer. However, if each member of the Governance and Sustainability Committee fails to receive a sufficient vote for reelection, then the independent directors who did receive a sufficient vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if the only directors who did receive a sufficient vote for reelection in the same election constitute three or fewer directors, all directors may participate in the action regarding whether to accept or reject the resignation offers.

### **Board Access to Management and Independent Advisors**

12. The Corporation provides directors with regular access to management of the Corporation. Directors have regular, ongoing contact with senior executives and other members of management through the annual Board strategy sessions, visits to operating facilities, management participation in Board meetings and other venues.
13. Management keeps the Board informed about operations and the state of the Corporation's business so that the Board can carry out its oversight functions. In that context, the Board annually reviews the Corporation's strategic long-range plan and its annual operating plan and budget.
14. Management designates appropriate senior staff members to serve as the primary support and management contact for each standing Board committee.
15. The Board, and each Board committee, may obtain advice and assistance, as needed, from internal and external legal and consulting firms or other advisors, including the retention, termination and negotiation of terms and conditions of the assignment. The Corporation shall provide adequate resources to compensate such advisors.
16. The Board has access to the Corporation's books and records, and can speak to any employee, in the course of fulfilling its responsibilities.

## **Director Compensation**

17. The Board annually reviews and approves the compensation for non-management directors based on the recommendation of the Governance and Sustainability Committee. Director compensation includes both cash and stock-based components, and is fully disclosed in the annual proxy statement. Directors who are employees of the Corporation do not receive separate compensation for their service as a director.

## **Director Orientation, Training and Continuing Education**

18. At the time they join the Board, new directors are provided with materials and receive briefings by senior management on the policies governing the Board, and information about the Corporation and its operations, financial profile, strategic plans, management organization, compliance programs and corporate policies.
19. Management regularly furnishes directors with information to enable the Board to perform its oversight functions, including relevant corporate, legal and regulatory developments, and provides regular opportunities for Board members, individually or as a group, to tour facilities, meet with both executive and non-executive employees, and engage in other activities designed to keep the Board informed about the Corporation's operations.
20. As necessary and appropriate, the Corporation conducts in-house director education programs on relevant topics. In addition, at the request of individual directors, the Board will make available outside training opportunities in areas relevant to the directors' duties.

## **Evaluation of the Chief Executive Officer; Management Succession**

21. The responsibilities of the Compensation and Talent Management Committee include an annual review of the performance of the CEO. The Compensation and Talent Management Committee, in consultation with the independent directors of the Board, approves goals and objectives for the CEO, evaluates his or her performance, and, reviews or determines, or recommends to the independent directors of the Board for determination, his or her compensation level based on this evaluation. The results of the evaluation are discussed with the independent directors in executive session and with the CEO.
22. Among the most important functions of the Board is the selection of the CEO and planning for management succession to execute the strategic plans approved by the Board. The Board and/or the Governance and Sustainability Committee will review succession plans for the Corporation at least twice annually, including procedures for the selection of a CEO and other key management positions in the case of an emergency. The formal succession review process includes identifying individuals who could assume key positions on an interim basis if an executive were to die, become incapacitated or leave unexpectedly. During this process, Board members have ongoing contact with senior executives and other members of management and may take into account their experiences with management, as well as management's opinions, with respect to individuals qualified to succeed the CEO and other executives.

## **Evaluation of the Board and Board Committees**

23. The Board believes an annual review of its performance, as a whole and as individual directors, is essential for ensuring overall effectiveness, including fulfillment of its oversight responsibilities, strategic planning and communications. The Governance and Sustainability Committee is responsible for developing and recommending the annual evaluation process to the Board, which may include the periodic use of a third-party. Each standing Board committee also conducts an annual evaluation of its own performance using the same process. The collective evaluation shall

be presented by the Chair and the Governance and Sustainability Committee to the full Board for discussion.

### **Code of Ethics and Internal Reporting**

24. The Corporation has adopted a Code of Ethics applicable to all officers, directors and employees of the Corporation and its subsidiaries. The Code of Ethics covers such matters as conflicts of interest, insider trading, misuse of confidential information, compliance with laws and protection and proper use of corporate assets. Directors are expected to read and fully comply with the Code of Ethics and report any concerns, including any potential conflicts of interest, as outlined in the Code. Any waiver of the requirements of the Code of Ethics for any director must be approved by the Board and promptly disclosed on the Corporation's website.

### **Stock Ownership**

25. In order to be eligible for re-nomination, a non-management member of the Board who has served for at least one year is expected to own shares of the Corporation's common stock. Within five years of election to the Board, a non-management director is expected to acquire and hold an amount of the Corporation's common stock equal in value to five times the amount of such non-management director's annual retainer. If the annual retainer increases, the non-management directors will have five years from the time of the increase to acquire any additional shares needed to satisfy the guidelines.

### **Service on Other Public Company Boards**

26. Each director is expected to inform the Chair of the Governance and Sustainability Committee in advance in writing in the event such director is considering an offer to serve on the board of another public company. If a director intends to join a new public company board, any new engagements or committee appointments shall be discussed with the Governance and Sustainability Committee in advance to the extent that such engagements or appointments may create concerns with respect to scheduling issues or potential conflicts of interest.
27. A director who serves as the CEO of a public company may not serve on more than three public company boards, including the Corporation's Board. All other directors may not serve on more than five public company boards, including the Corporation's Board.

### **Confidentiality**

28. Each director shall maintain the confidentiality of information provided to such director by the Corporation (including information disclosed at Board and committee meetings and in other Board discussions) and any other confidential information about the Corporation that comes to such director, from whatever source, in his or her capacity as a director, and shall not disclose any such confidential information to any person or entity (including members of the media) other than the directors and executive officers of the Corporation, the independent accountants, legal counsel and financial and other advisors retained by the Corporation and, except in each case, when disclosure is permitted by the Corporation's Code of Ethics or is authorized by the Board or required by law.

No director shall use confidential information for his or her personal benefit or to benefit persons or entities other than the Corporation and its shareholders. For purposes of these guidelines, "confidential information" includes all non-public information relating to the Corporation, including information regarding Board deliberations and discussions and the status thereof.

## **Communications with the Board**

29. Unless otherwise indicated in these Guidelines or the Corporation's policies, all requests for communications with individual directors or the Board by shareholders, analysts, or media outlets shall initially be made to the Corporate Secretary. Generally, management speaks for the Corporation, and the Chair speaks on behalf of the Board. Other communications between individual directors and interested parties may be held, at the request of the Board, the CEO or the Chair.

## **Communications with the Employees**

30. The Board expects that the CEO shall provide regular communications to the Corporation's employees to convey his focus on the following, and periodically report to the Board or a relevant Committee, as appropriate:
- (i) critical issues, including workplace safety, compliance, injury reporting, anti-discrimination and harassment, workplace respect and dignity, zero tolerance for workplace bias based on gender, sexual orientation, religion, race or any other status or class protected by any applicable federal or state law or corporate policy, and non-retaliation and reporting;
  - (ii) the importance of protecting the integrity of operating statistics, financial numbers and reporting, injury reporting and other data collected by, published and/or reported externally, including to regulators; and
  - (iii) other aspects of the CSX Code of Ethics.