

# **CSX CORPORATION**

## **Board of Directors**

### **Governance and Sustainability Committee Charter**

#### **Purpose**

The Governance and Sustainability Committee's ("Committee") primary purpose is to assist the Board of Directors ("Board") of CSX Corporation ("Corporation") 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 appointment to its committees, (ii) overseeing the CEO and senior management succession planning process, (iii) evaluating the performance and effectiveness of the Board, (iv) making recommendations to the Board as to determinations of director independence, (v) recommending changes in Board size, composition and committee structure, (vi) making recommendations to the Board as to director compensation, (vii) developing, reviewing and recommending changes to governance guidelines, policies and procedures, (viii) overseeing matters of broad corporate significance affecting the Corporation, including sustainability, and (ix) 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 of the Committee shall meet the independence requirements of the NASDAQ Stock Market ("NASDAQ"), as such rules and provisions may be amended from time to time.

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, and in no case fewer than three times each year, at such times as it determines to be appropriate or at the call of the Committee Chair. The Committee Chair 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 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 the 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.

### ***Board/Committee Nominees***

1. The Committee periodically reviews the size, function and duties of the Board (as well as composition) consistent with the Board's needs, and periodically reviews with the Board the criteria, including qualifications and skills, for Board or committee membership. The Committee oversees searches for and 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 at which directors are to be elected. 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 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. In evaluating current directors for re-nomination to the Board or re-appointment to any Board committees, the Committee also assesses the performance of such directors. The Committee additionally considers any other factors set forth in the Corporate Governance Guidelines of the Corporation or that are deemed appropriate by the Committee or the Board.
2. The Committee shall review recommendations from shareholders for potential Board nominees, and, when appropriate, Committee members will meet with interested shareholders to discuss recommended candidates. Potential nominees recommended by shareholders will be evaluated by the Committee on the same basis as individuals identified directly by the Committee or from other sources.

### ***Board/Committee Evaluations***

3. It is the Committee's responsibility to develop and recommend to the Board the annual process for evaluating the performance and effectiveness of the Board and its committees. At least annually, the Committee shall conduct evaluations of director performance, committee performance and the effectiveness of the Board as a working group, and report to the Board on the results of the evaluations.
4. It is the Committee's responsibility to review and make recommendations to the Board as to a specific determination on the independence of each director candidate on at least an annual basis, based on the criteria approved by the Board (and taking into account the enhanced independence, financial literacy and financial expertise

standards that may be required under law or NASDAQ rules for membership on the Audit Committee, Compensation and Talent Management Committee or other committee purposes).

5. Committee chairs and memberships are generally rotated on a regular basis. The Committee shall review and recommend to the Board any changes to the Board's committee structure, committee membership, or committee chairs, as appropriate.

### ***Director Compensation***

6. The Committee shall annually 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: (i) identify corporate goals and objectives relevant to director compensation, (ii) consider the level of compensation necessary to attract and retain qualified directors, (iii) 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 Corporation makes substantial charitable contributions to an organization with which a director is affiliated, (iv) consider providing incentives that encourage directors to act with the interests of shareholders in mind, (v) 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 Corporation (including the cost to the Corporation of such compensation), and (vi) 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.

### ***Management Succession***

7. 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.

### ***Corporate Governance***

8. 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 in coordination with such committees. At least annually, the Committee shall review and assess the adequacy of the Corporation's Corporate Governance Guidelines and recommend any proposed changes to the Board. The Committee is also responsible for overseeing and evaluating compliance with the Corporate Governance Guidelines.

## **Public Policy/ESG**

9. 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 policy issues and related trends of significance that may affect the Corporation.
10. The Committee shall on a periodic basis review the Corporation's sustainability policies, strategies and programs, including, but not limited to, material environmental, social and governance trends, climate-related issues such as carbon emissions reduction initiatives and climate action targets, and the related long- and short-term impacts of the trends and issues to the Corporation. In addition, the Committee shall review the Corporation's sustainability performance and reporting, including an annual review of the Corporation's Sustainability Report.
11. The Committee shall be responsible for oversight of the Corporation's community affairs activities, including the corporate philanthropy policy.
12. The Committee shall periodically review the Corporation's political giving policy, and where required pursuant to the 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.
13. The Committee shall assist the Board in discharging any applicable responsibilities related to shareholder engagement and response to shareholder proposals submitted pursuant to the Securities and Exchange Commission's proposal submission process.
14. 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. 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 Committee.

The Committee shall review and assess the adequacy of this Charter on an annual basis and recommend any changes to the Board for approval.

## **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 (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.