

# MOVING FORWARD

CSX Corporate Social Responsibility Report

2014



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# CHAIRMAN'S MESSAGE



Dear Stakeholder,

The railroad I joined 38 years ago is a vastly different place today – in size, culture, aspirations, efficiencies, and outcomes. Over the last 190 years, we have expanded our network to reach nearly two-thirds of American consumers. Currently, we're building new tracks, opening new

terminals, and hiring new people to help us run an ever vital transportation company.

Consumers are just one group among the many who we broadly define as stakeholders – the customers who depend on us to get their goods to market, the investors whose confidence keeps our Eastern network reliable and safe, our employees who are committed to serving the nation's economic demands, and ultimately the 21,000 miles of neighbors whose communities we connect.

This fifth-annual Corporate Social Responsibility Report is about our progress to meet the expectations of these various stakeholders and our perspective on how we plan to continue anticipating the demands of tomorrow. Its content is consistent with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. GRI is a globally recognized reporting framework for environmental, social, and governance performance, all of which are embodied in CSX's Core Values.

What you'll see in the following pages is how we match up against materiality issues – a list, if you will, of what's important to our key stakeholders. We start with an overview of our company, what it looks like when we operate in a community, and how our work is directly tied to the diverse and critical markets we serve.

We also describe how we operate and who we are. CSX works to meet and often exceeds the expectations of our customers and investors by moving important freight such as grain and automobiles over a network built through the judicious and strategic investment of precious capital dollars. We pay tribute to our 32,000 employees, and highlight how their passion and commitment are supported at CSX by competitive compensation and benefits, health and wellness programs, professional development plans, and skills-based training at our Railroad Education and Development Institute to ensure a safe, productive workforce.

We conclude with sections on community and environmental sustainability, including our ability to efficiently move a ton of freight 483 miles on a gallon of fuel in 2014. We're building intermodal facilities to transfer containers of freight from trains to trucks, and we're strengthening our network by updating a century-old tunnel beneath the streets of our nation's capital. We also partner with national organizations that address some of today's most pressing societal issues, like helping children in our communities get access to proper nutrition and keeping them in school.

We call this report *Moving Forward*. That's what our trains do every day to deliver critical freight to keep America's economy strong and ease the burden on highways. I encourage you to read the rest of this report to learn how we're working to realize our vision to be the safest, most progressive North American railroad, and we invite you to join us on the journey.

*Michael Ward*

Michael J. Ward  
Chairman and CEO



# OVERVIEW

## About CSX

CSX, based in Jacksonville, Florida, is a publicly traded premier transportation company. It provides rail, intermodal, and rail-to-truck transload services and solutions to customers across a broad array of markets, including energy, industrial, construction, agricultural, and consumer products.

For nearly 190 years, CSX has played a critical role in the nation's economic expansion and industrial development. As a North American leader in the industry, CSX's rail network stretches across 23 states and two Canadian provinces. The network connects every major metropolitan area in the eastern United States, where nearly two-thirds of the nation's population resides. It also links more than 240 short-line railroads and more than 70 ocean, river, and lake ports with major population centers and farming towns alike.

As economic activity continues to increase, supported by more affordable energy, a domestic manufacturing resurgence, and increasing global trade, the importance and benefits of freight rail are clear. Freight rail transportation supports the broader transportation infrastructure that is critical to American

competitiveness, fueling job creation and driving collaboration between the private and public sector. Rail minimizes emissions compared with other forms of transportation, takes traffic off the already congested highway system, and provides competitively priced transportation solutions.

In this report, you'll learn more about CSX, and the issues, accomplishments, and trends that impacted our business over the last year. But before we dig into the details, we wanted to show you how it all comes together – the business, the employees, the environment, and the community – as we strive to make broad positive impacts.

Just as each location along our network provides new commercial opportunities, there are also local challenges and unique outlets to make a difference in the community. We chose two regions — each distinct in its landscape and operations for CSX — to provide a snapshot in time of the connections of essential goods that CSX is making every day and the issues we look to improve in the future as we continue to evolve as a responsible corporate citizen.

## 2014 Highlights



**98A all-time high performance score**  
on the CDP Climate Disclosure Leadership Index

One ton of freight can move  
**483 miles  
on one gallon of fuel,**  
a company record

More than  
**\$18 million**  
invested in grants and in-kind donations

**70**   
free transportation moves

Nearly  
**32,000  
employees**



More than  
**1.6 million  
hours**  
of employee  
training

# CSX Rail Network with Intermodal Overlay



## **Chicago - The Nation's Freight Hub**

Five hundred freight trains and 800 passenger trains run through the Chicago region every day as the nation's major freight rail cargo exchange between North American carriers. For more than a century, railroads have been a critical part of the Chicago landscape, and CSX plays a major role with a division headquartered in Chicago and nearly 1,400 miles of track across Illinois.

In the area, CSX operates terminals in Bedford Park, Riverdale (Barr Yard), Calumet City (Operations Center), and Chicago (59th Street). Barr Yard serves more than 15 trains per day, and the Bedford Park terminal conducts nearly 900,000 lifts per year, making them both among the busiest terminals in North America. CSX employs 655 people in the greater Chicago area.

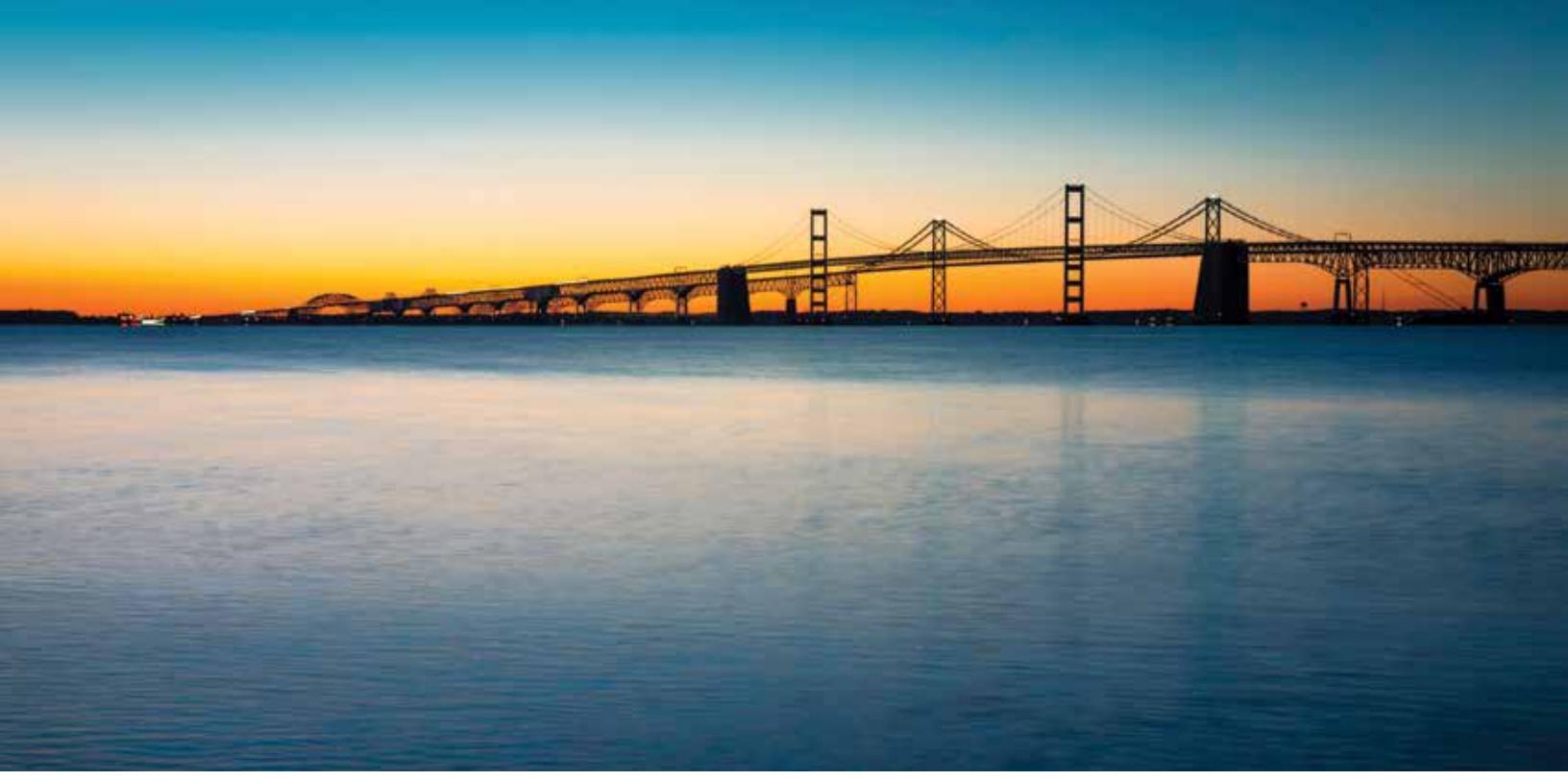
Chicago has one of the most complicated interchange networks in the nation, and therefore other railroads' interchange issues can quickly become problems for CSX, and vice versa. CSX was an original participant in the public-private CREATE partnership, which is focused on adding capacity and efficiency through 70 construction projects in the Chicago region. In 2014, CSX completed a CREATE connection at Thornton Junction in Chicago's south suburbs to reduce several hours per day of transit time on several inbound trains, improving freight efficiency and reducing passenger impacts.

An increased demand for freight transportation, and weather challenges that limited operational abilities to swiftly and safely transport goods created challenges around limiting rail-related disruptions to local neighborhoods. In 2014, CSX followed up with the community on 180 complaints about blocked crossings in the Chicago area. CSX also made a \$10 million investment in Chicago to completely rebuild and modernize Chicago road crossings to better operate in highly populated communities. While it is impossible to entirely eliminate blocked crossings and simultaneously run an efficient rail network, we are looking at opportunities to minimize disruptions by tracking trends.

As a part of our commitment to evolving safe operations, CSX created ongoing partnerships with local first responders through meetings and trainings. Last year, the CSX Safety Train delivered a specialized hands-on training about crude-oil rail response to first responders in the greater Chicago area.

CSX is also actively working with philanthropic partners in the Chicago area, including our sponsorship of Action for Healthy Kids, which is headquartered there, and the American Red Cross. In 2014, CSX contributed more than \$1.4 million to organizations in Illinois, and employees participated in holiday food drives, Ronald McDonald house meal preparations, and tree plantings at Chicago's South Side Rainbow Park.





## **Chesapeake Bay - A Foundational Success and an Opportunity for Progress**

Much of the freight we pick up from Western carriers in Chicago then travels across CSX's Northern Tier to its destination in the Chesapeake region, where it meets its final customer, transfers to trucking providers, or boards an ocean vessel headed across the Atlantic.

CSX can trace its roots to Baltimore, where the B&O railroad began operations as the first common carrier railroad in 1828. This legacy of operations has built a foundation for business success. It also means that CSX has opportunities to continually update infrastructure, such as creating double stack clearances for intermodal freight in the Baltimore transportation hub, which is critical to America's broader freight rail network connectivity.

One of the areas where CSX's spirit of service comes to life is in the Curtis Bay Community Center, where CSX has been a partner to create a safe place for kids and adults to spend time. This began as a listening session, to understand what projects would have the greatest impact in the area, and evolved into a major makeover of the center's computer lab and involvement with CSX's partners at City Year to help students in the area stay on the road to success.

In all areas where we operate, we aim to be as environmentally efficient and sustainable as possible. At Curtis Bay in Baltimore, CSX installed two water storage basin chambers. As a result, we recycled 31,591,000 gallons of water at the Curtis Bay site in 2014.

Safety is at the front of every conversation, especially important in densely populated areas, like Maryland and the District of Columbia in 2014. Tragically, in the U.S. about every three hours, a person or vehicle is struck by a train. Every injury or loss is terrible for all parties involved, and last year we tried a new approach to education on rail safety by supporting Baltimore's Wide Angle Youth Media, a non-profit organization that provides Baltimore youth with media education and an opportunity to tell their own stories. With the help of a grant from CSX, Baltimore youth created PSA videos and print materials to highlight the importance of safety around railroad property.

New opportunities also exist in the Chesapeake region, outlining a bright future for CSX. In 2014, CSX secured approval to begin work on the Virginia Avenue Tunnel, an aging structure which will now accommodate new larger loads, and thereby reduce blocked crossings and emissions in the area.

We continue to focus on hiring veterans, and we also saw new recruiting opportunities come through our nonprofit partners. Through our partnership with City Year, CSX joined the Employers for National Service initiative focused on building a talent pipeline that connects Peace Corps and AmeriCorps alumni, such as City Year graduates, with leading employers. CSX is currently looking at where we can strengthen our workforce of tomorrow by hiring the youth leaders of today.

## About The Report

The CSX Corporate Responsibility Report 2014 outlines CSX Corporation's approach to responsible and sustainable operations; provides an update on the economic, workforce, environmental, and social impacts over the last year; and tracks progress against goals while anticipating challenges ahead. It reflects input received from key stakeholders and exemplifies CSX's view on the trends that are tied to the business.

The report was prepared in accordance with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines, which provide a framework for reporting social, economic, and environmental performance. This CSX Corporate Social Responsibility Report was submitted for the GRI Content Index Service. For more details and a list of all G4 disclosures and indicators referenced in this report, please refer to the [Appendix](#) and the [GRI G4 Content Index](#) on page 57.

## Stakeholder Engagement

Throughout the year, CSX actively engages with key stakeholders, including shareholders, employees, nonprofit organizations, government agencies, and community members. By understanding the diversity of interests, perspectives, and opinions, CSX can perform better as a company.

To best gain this understanding, CSX engages stakeholders in multiple activities and channels, and tailors the approach to most effectively reach each group. For example, CSX

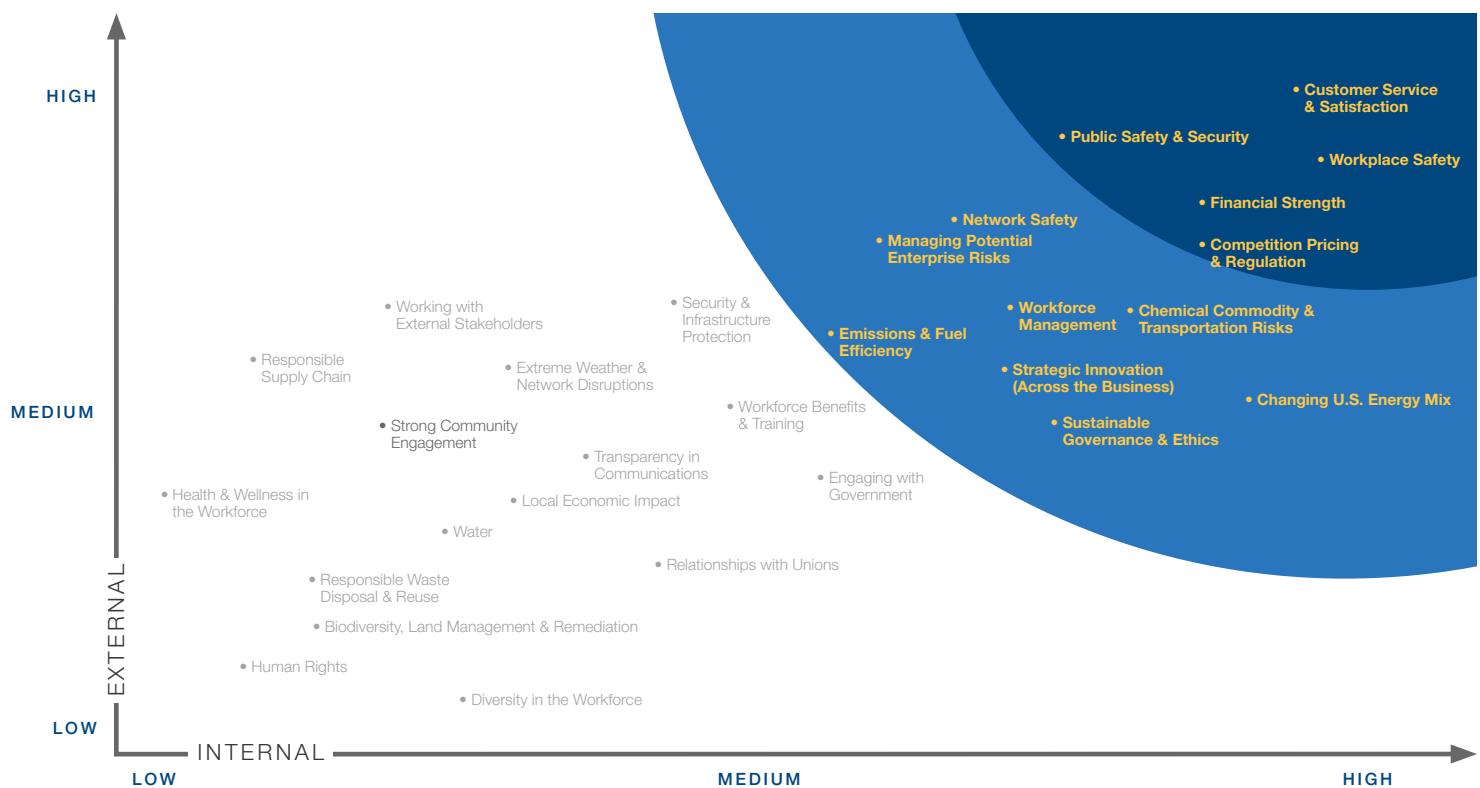
actively communicates with investors on topics that most interest them, including financial results, shareholder returns, capital investments, corporate governance, and safety performance through the channels that they prefer and rely on, such as earnings conference calls and investor conferences, and through regular standardized reports, such as annual SEC reports, the CSR report, and Carbon Disclosure Project and Dow Jones Sustainability Index responses.

Details on how we engage customers, suppliers, and public and regulatory officials can be found in [Business Strength](#); information on our interactions with employees can be found in [Empowering Employees](#); and engagement processes with communities and non-governmental organizations can be found in [Investing in Communities](#).

## CSX Critical Issues

### Inside the Materiality Assessment

- Conducted a survey with a variety of internal and external stakeholders;
- Completed a review of media coverage;
- Solicited feedback on last year's report; and
- Reviewed investor questionnaires, sustainability ratings and rankings, GRI guidelines, industry trends, and customer inquiries.



## Materiality Process

In line with the GRI's G4 requirements, CSX completed a materiality assessment to identify and prioritize the issues most important to stakeholders that would influence them when making a judgment or decision about the company – defined by G4 as “material issues.”

The materiality assessment guided the structure and content of the report, emphasizing the issues identified as the most material to CSX. The map presents the results of the materiality assessment. While all of the issues represented are important, the topics in the top right-hand corner were identified as those that stakeholders currently consider most material to CSX. Priorities can change over time, and this process will continue to be refined to best capture the evolving focus areas of CSX's diverse stakeholders.

## Materiality Guide

This CSX Corporate Social Responsibility Report matches “material issues” to the “material aspects” defined by GRI’s G4 requirements, as outlined below. This chart also identifies the relevant section of the report where each issue is addressed. Some issues impact many different areas of CSX’s business; and therefore, they are mentioned in multiple sections.

Issue Area	Corresponding GRI G4 Material Aspect	Materiality Boundary	Aspect Boundary Within CSX	Aspect Boundary Outside of CSX	Corresponding Report Chapter
<b>Customer Service &amp; Satisfaction</b>	Maps indirectly to Product & Service Labeling and Customer Privacy	Internal	Corporate Office; Transportation/ Field Operations and Services	Customers	<a href="#">Business Strength</a>
<b>Financial Strength</b>	Economic Performance; Indirect Economic Impact	Internal	Corporate Office	Communities and Broader Ecosystem	<a href="#">Business Strength</a>
<b>Public Safety &amp; Security</b>	Local Communities	Internal; External	Corporate Office; Transportation/ Field Operations and Services	Communities and Broader Ecosystem	<a href="#">Investing in Communities</a>
<b>Workforce Safety</b>	Occupational Health and Safety	Internal	Corporate Office; Transportation/ Field Operations and Services		<a href="#">Empowering Employees</a>
<b>Competition, Pricing, &amp; Regulation</b>	Public Policy and Anti-Competitive Behavior	Internal; External	Corporate Office; Transportation/ Field Operations and Services	Customers; Suppliers; and Communities and Broader Ecosystem	<a href="#">Business Strength</a>

<b>Network Safety</b>	Local Communities	Internal; External	Corporate Office; Transportation/ Field Operations and Services	Communities and Broader Ecosystem	<a href="#">Investing in Communities</a>
<b>Chemical Commodity &amp; Transportation Risks</b>	Environmental Compliance and Local Communities	Internal; External	Corporate Office; Transportation/ Field Operations and Services	Communities and Broader Ecosystem	<a href="#">Environmental Sustainability; Investing in Communities</a>
<b>Changing U.S. Energy Mix</b>	Does not map directly to GRI material aspect	External		Suppliers; Customers	<a href="#">Business Strength</a>
<b>Managing Potential Enterprise Risks</b>	Governance	Internal	Corporate Office		<a href="#">Business Strength</a>
<b>Workforce Management, Acquisition, &amp; Retention</b>	Employment; Labor/ Management Relations; Training and Education	Internal	Corporate Office		<a href="#">Empowering Employees</a>
<b>Emissions &amp; Fuel Efficiency</b>	Energy; Emissions; Products and Services	Internal	Corporate Office; Transportation/ Field Operations and Services		<a href="#">Environmental Sustainability</a>
<b>Strategic Innovation (Across the Business)</b>	Does not map directly to a GRI material aspect	Internal	Corporate Office; Transportation/ Field Operations and Services		<a href="#">Business Strength; Environmental Sustainability</a>
<b>Sustainable Governance &amp; Ethics</b>	Governance; Ethics and Integrity	Internal	Corporate Office		<a href="#">Business Strength</a>

## Tracking the Trends

CSX moves the things that matter to American and global consumers. The dynamic state of society is constantly changing how we all work, where we live, and how we shop – and it is fundamentally impacting the way CSX does business. As this report focuses on the topics material to CSX's business, it also aims to connect the company to the larger societal trends that affect us all.

## THE CENTURY OF CITIES

**The UN reports that 54% of the world's population currently lives in cities, and estimates that by 2050, this proportion will increase to 66% with rapid urbanization.**

### OPPORTUNITY

Rapid urbanization demands investment in rail, as goods increasingly need to reach urban centers. CSX's network can serve growing populations abroad through export, and can service the nearly two-thirds of the U.S. population that lives within our territory.

### CHALLENGE

Population density around railroad property brings an increased risk of crossing and pedestrian accidents. Additionally, infrastructure and maintenance projects in urban areas can be challenging.



## NEW MARKETPLACE

**According to the UN, global population is expected to grow to nearly nine billion by 2050. Additionally, this growth in population will correlate with a near-doubling of the global middle class in developing countries.**

### OPPORTUNITY

Rail will help to serve the needs of a growing population in the U.S. and abroad (in export business), while creating jobs. Increasing utilization of intermodal opens up freight transportation options for commodity markets, such as consumer goods.

### CHALLENGE

Capital investments in the U.S.'s freight rail infrastructure will continue to be desired to support demand from growing global markets.



## CHANGING WORKFORCE DEMOGRAPHICS

**Millennials already form 25% of the workforce in the U.S. and by 2020, they will comprise 50% of the global workplace as Baby Boomers retire.**

### OPPORTUNITY

A larger, more diverse recruitment pool is expected as population grows and our ability to reach prospective employees increases.

Workforce diversity will bring new ideas, creative solutions, and increased incorporation to technologies.

### CHALLENGE

New generations in the workforce will require training. They also increasingly demand online efficiencies in their daily jobs and the ability to increasingly balance work life and personal life.



## CULTURE OF COLLABORATION

**Public-private partnerships are effective ways of addressing large societal issues.**

### OPPORTUNITY

Through public-private partnerships, new projects and goals can be achieved using fewer resources, while increasing network capacity. Increased infrastructure capacity takes trucks off the road and utilizes the environmental efficiency of freight rail.

### CHALLENGE

Building trust with communities, local governments, and NGOs takes time and people. Collaborating on key issues and following new regulations can be resource-intensive projects.



## WEATHER VARIABILITY

**Exemplified by the American West's current historic drought and other recent extreme weather events, there is increased weather variability.**

### OPPORTUNITY

Through collaborative relationships, CSX can help provide planning for delivering supplies to hard-to-reach areas in times of emergency. CSX is increasing agility and supply chain diversification to continue operations amid weather challenges.

### CHALLENGE

Extreme weather conditions can hinder the ability to transport goods in a safe and timely manner.





# MARKET ANALYSIS

**CSX serves three primary lines of business: intermodal, coal, and merchandise, which is further divided into nine specific markets. In 2014, new opportunities emerged across nearly all markets, as CSX served the most diverse business mix in the company's history. At CSX, it starts with the customer – and the company is working to identify opportunities for growth, provide reliable customer service and sustain network operations for the long term.**

## Agricultural Products

CSX moved a total of 419,000 carloads of agricultural products in 2014 for revenue of \$1.1 billion – a 12 percent increase from 2013. Volume increases were driven by gains in the grain and ethanol markets.

2014 Highlights		
Carloads	Revenue	Revenue Growth
419,000	\$1.1 billion	12%

Domestic and export grain shipments were supported by favorable weather conditions and improved yields, resulting in a record harvest of 14.2 billion bushels that surpassed the previous record set in 2013. With grain abundantly available and moderately priced, the ethanol industry produced a record 14.3 billion gallons of ethanol, eclipsing the previous record of 13.9 billion gallons set in 2011.

The majority of CSX's agricultural traffic is domestic shipments that fit into two distinct markets: whole grain products, which consist of corn, soybeans; and wheat and processed grains, which consists of feed ingredients, flour, edible oils, corn sweeteners, and ethanol.

### Moving Forward

Global demand for food and grain is continuing to grow, and U.S. crop yields are increasing each year. CSX is well-positioned to meet demand with a continued focus on maximizing asset utilization within the grain markets and improving the efficiency of the ethanol network through increased utilization of equipment and terminal efficiency. As demand grows, CSX continues to develop new, advanced offerings to service grain elevators, feed mills, and ethanol unit-train unloading stations.

## Automotive

CSX's automotive business generated 435,000 carloads in 2014 for revenue of \$1.2 billion – matching the 2013 revenue base. CSX maintained performance by servicing an increase in light vehicle production while facing challenges due to weather.

2014 Highlights		
Carloads	Revenue	Revenue Growth
435,000	\$1.2 billion	Flat

The general U.S. economic recovery and structural changes within the auto industry – along with improved credit availability, low interest rates, new vehicle rollouts, and plant expansions – continue to propel the strength of the domestic auto business. Manufacturers continue to shift light vehicle production to the markets in which vehicles are sold to minimize supply chain disruptions and mitigate oscillating currency exchange rates. This has driven an increase in North American production.

CSX serves automotive manufacturing plants and assembly centers in eight states and provides a network of world-class vehicle distribution centers with cutting-edge inventory and facility management technology. It also serves major vehicle port processing locations that are integral to the finished vehicle supply chain. CSX has strong relationships with traditional domestic manufacturers General Motors, Ford, and Chrysler, as well as “New Domestics” Honda, Nissan, Toyota, Kia, Hyundai, Volkswagen, Subaru, Mercedes, and BMW.

### Moving Forward

The automotive market outlook for 2015 and beyond remains bright for CSX. U.S. auto sales are projected to increase three percent in 2015, and as a result, North American Light Vehicle Production is expected to surpass historic highs set in 2000. In addition, labor costs and favorable exchange rates are encouraging manufacturers to expand and shift production back to the United States, resulting in continued strength in vehicle exports. CSX is planning to handle this growth through continued capital investments in multi-level railcars and vehicle distribution centers.

## Chemicals

CSX moved a total of 620,000 carloads of chemicals and petroleum commodities in 2014 for revenue of \$2.18 billion – a 15 percent increase over 2013. Growth was driven by a large increase in energy-related markets (crude oil, frac sand, and natural gas liquids) as a result of the increase in shale drilling activity in North America.

2014 Highlights		
Carloads	Revenue	Revenue Growth
620,000	\$2.18 billion	15%

Central to this market's growth is the critical role freight rail service plays in transporting products from oil fields in the West to receiving locations in the East, such as refineries and several crude-by-rail terminals that have been constructed to support this demand. These opportunities come with a great responsibility. The strength of CSX's chemicals market depends on the ability to safely move carloads of chemicals across the company's network.

Beyond emerging energy markets, volume in traditional chemical markets like plastics and other industrial chemicals remained relatively flat from 2013 to 2014. The CSX chemicals portfolio is highly diversified, serving hundreds of chemical consumers, plastics converters, glass manufacturing plants, chemical plants, and refineries. Chemical-related shipments primarily move in CSX's single-car merchandise network.

### Moving Forward

The shale gas-driven proliferation of the natural gas supply in the United States has pushed gas prices down to their lowest level in over a decade. Since natural gas is a primary component used in the production of a wide range of petrochemicals, the U.S. is now among the lowest cost production regions in the world. Chemical companies are seizing the opportunity by investing billions of dollars in U.S. production capacity. Over the longer term, the CSX chemicals market will continue to grow given the network's access to natural gas and oil drilling activity in the U.S.

## Coal

CSX's coal business moved 1.3 million carloads in 2014 for revenue of \$2.8 billion – a two percent decrease from 2013.

2014 Highlights		
Carloads	Revenue	Revenue Decline
1.3 million	\$2.8 billion	2%

The CSX network runs through the heart of the Appalachian coal fields, and also serves the growing Illinois Basin coal fields and major interline connections to railroads originating western coal. CSX moves coal shipments to major export terminals in Newport News, Virginia; Baltimore, Maryland; and Mobile, Alabama. It also serves two coal terminals on the Great Lakes and several terminals along the inland river system.

Utility coal volume increased in 2014 as a result of a cold winter and a rise in natural gas prices from the previous year. Increased coal use rapidly drew down existing inventories, requiring stockpile replenishment to return inventories in the north to more normalized levels. Southern inventories remain above normal. Export volume was down 12 percent from 2013, due to over-supply in the global market.

### Moving Forward

Coal-fired generation is expected to decrease in 2015 as utility providers face regulatory pressures. Abundant and relatively low natural gas prices have allowed natural gas-fired units to serve base load, while coal is increasingly being dispatched to serve intermediate load. Still, CSX expects coal-fired generation to remain an integral source of electricity given its low cost and availability. Export coal volumes in 2015 are expected to remain under pressure due to elevated international supply, but export growth is expected over the long-term, benefiting from demand in Europe, Asia, and South America.

## Food and Consumer

CSX's food and consumer business moved a total of 94,000 carloads in 2014 for revenue of \$265 million – a one percent decrease from 2013. Volume declined due to a reduction in shipments in all markets with the exception of alcoholic beverages, which experienced a strong performance as a result of increased volume with one of CSX's customers. Severe winter weather caused longer car cycle times, which proved to be a challenge throughout the year for food shipments which need prompt and timely service.

2014 Highlights		
Carloads	Revenue	Revenue Decline
94,000	\$265 million	1%

Fifty percent of CSX's food and consumer market are dry grocery goods, which include alcoholic and non-alcoholic beverages, canned goods, and dry packaged goods. More than 30 percent of shipments are temperature-controlled products, including orange juice and produce. Consumer products, including manufactured goods and appliances, make up the balance. The reach of the CSX network, in combination with strategic partnerships with other transportation providers, benefits customers by creating direct lines to processing plants that produce food and beverage products, appliances, and other consumer products.

### Moving Forward

As consumer demand continues to increase, CSX is poised to provide premium service for food products and beverages. Imports of fresh produce from Mexico are expected to increase in 2015. Meanwhile, the CSX expedited food network will continue to expand into the Southeast in 2015, and the company will expand to service additional key growth regions for food product demand. Overall, CSX's food and consumer business is poised for long-term growth.

## Forest Products

CSX moved a total of 307,000 carloads for the forest products market in 2014, generating revenue of \$819 million – a six percent increase over 2013 results. Continual improvement in the housing and associated markets bolstered both revenue and volume growth for the forest products market during 2014.

2014 Highlights		
Carloads	Revenue	Revenue Growth
307,000	\$819 million	6%

CSX plays a critical role in the entire North American Forest Products industry, serving two distinct market segments: paper products and building products. While the continued growth of electronic media has dampened demand for printing paper and newsprint, demand for packaging paper was strong, wood pulp remained stable, and forest products remain an integral part of CSX's portfolio.

### Moving Forward

As the U.S. economy recovers, CSX expects steady growth within the forest products market and will work with shippers and receivers to evolve as the residential and commercial construction markets regain strength. While the paper industry experiences changes due to the advent of digital technology, CSX will continue to serve this market's supply chain needs. CSX sees potential opportunities within the biomass growth in Europe, as regulations are demanding the increased consumption of renewable fuels.

## Intermodal

CSX's intermodal business delivered 2.7 million units in 2014 for revenue of \$1.8 billion – a five percent increase over 2013. CSX directly serves 53 intermodal terminals, the transfer points between rail and trucks, on its intermodal network in 19 states and in the Canadian province of Quebec. Intermodal provides key benefits to shippers looking to optimize supply chains through scalable capacity, sustainable savings, and network flexibility.

2014 Highlights		
Carloads	Revenue	Revenue Growth
2.7 million	\$1.8 billion	5%

In 2014, intermodal volume increased due to growth in both domestic and international markets. In domestic markets, drivers included highway-to-rail conversions, increased demand from new and existing customers, service product enhancements, and increased access into smaller markets through CSX's combined hub-and-spoke and corridor network strategy. International intermodal volume growth was driven by a recovering economy and an increase in global container shipments moving to inland destinations.

CSX and government partners are investing in infrastructure to expand capacity on the company's rail network, which provides substantial public benefits, including job creation, increased business at U.S. ports, reduced highway congestion, and lower emissions. The National Gateway is an \$850 million public-private partnership that increases intermodal capacity by clearing key routes between Mid-Atlantic ports and the Midwest for double-stack intermodal trains.

To further extend intermodal solutions, two new intermodal terminals opened in 2014 in Salaberry-de-Valleyfield, Quebec, and in Winter Haven, Florida with the support of public partners.

### *Moving Forward*

The intermodal market plays a key role in the global supply chain and is poised to continue its growth as freight demand rises. CSX is investing to support this growth including plans to begin construction on a terminal outside of Pittsburgh in 2015. CSX's Northwest Ohio intermodal terminal, which completed expansion in early 2015, now has lift capacity of one million units annually. It connects large markets to smaller and medium-sized markets that would not traditionally have density for intermodal service. In addition, Northwest Ohio shifts work outside of Chicago, further enhancing service and fluidity of the intermodal network. With a strong presence in key areas, access to all major Atlantic and Gulf Coast ports, network interchange with other Class I rail carriers, cutting-edge operational technology, and a commitment to providing service levels that meet the needs of global supply chains, CSX is well-positioned to continue the growth of its intermodal business.

### **Metals**

CSX moved a total of 276,000 carloads for its metals business in 2014 for revenue of \$701 million – a nine percent increase over 2013.

2014 Highlights		
Carloads	Revenue	Revenue Growth
276,000	\$701 million	9%

Steel has long played a crucial role in the U.S. and global economy, and CSX has been directly tied to that success. Overall, CSX has more than 700 metals customers in its network and serves all metal-producing states east of the Mississippi. In the U.S., 87 percent of steel is produced within the footprint of CSX's network.

Economic recovery in most key steel end-markets, such as the automotive and energy industries, contributed to market performance. Growth in the metals market was primarily driven by the increase in steel sheet shipments.

### *Moving Forward*

CSX's metals business is strategically positioned for growth in the coming years as domestic steel production makes steady improvements, with automotive, energy, and construction end-markets driving growth. Given strength in U.S. steel production and market position, CSX expects to deliver sustainable growth in this market as the economic environment continues to improve and gains come from modal conversions and new product development.

### **Minerals**

CSX's minerals business unit moved a total of 293,000 carloads in 2014 for revenues of \$459 million – an increase of six percent over 2013. Revenue increased across all eight lines of business.

2014 Highlights		
Carloads	Revenue	Revenue Growth
293,000	\$459 million	6%

In 2014, the growth in the minerals market was driven by two key areas. First, salt volumes experienced strong growth, thanks to weather conditions, depleted inventories, and the introduction of new salt piles in more markets. Second, demand for northern and southern aggregates increased with a growing number of non-residential construction and highway improvements.

### *Moving Forward*

Growth in the minerals market continues to look favorable, given the sustained revival of the construction market and potential increases in highway construction spending in 2015. With a network that spans the East Coast, CSX is well-positioned to handle construction growth in the Southeast, which is one of the fastest-growing regions in the U.S. The salt market should also be a strength for CSX as new salt piles are being introduced and strategically placed given recent winter weather patterns. CSX also anticipates major growth opportunities over the next decade for transporting fly ash as a part of remediation projects. Additionally, there are many opportunities to grow rail volume for the major commodities within this portfolio, including cement, lime, and clay.

## Phosphates and Fertilizers

In 2014, CSX's phosphate and fertilizer business moved 330,000 carloads for revenue of \$534 million – a one percent increase over 2013.

2014 Highlights		
Carloads	Revenue	Revenue Growth
330,000	\$534 million	1%

A late planting season brought domestic shipments above normal well into June, and they remained strong through the third quarter. Overall, rock revenue was up for the year, and strong revenue improvement was seen in nitrogen fertilizers and export phosphate. In the fourth quarter, some domestic phosphate demand went unfulfilled as a strong grain harvest put heavy demand on the covered hopper fleet used by both commodities. In addition, low natural gas prices in the U.S. have resulted in a resurgence of interest in domestic nitrogen production.

A staple of CSX's fertilizer market is the 1,977-square-mile "Bone Valley," central Florida's phosphate mining area, where CSX serves three phosphate mines and four processing plants. Bone Valley makes up about 55 percent of the North American phosphate market and sends products to global destinations, including India, Brazil, China and Australia. In addition, CSX has access to phosphate production facilities in North Carolina and nitrogen production plants in Georgia, Ohio, Virginia, and Ontario. CSX also services two deep-water nitrogen solution import terminals, has excellent connections to the western gateways to service the potash originating in New Mexico and Utah, and has access to 18 East and Gulf Coast ports.

### Moving Forward

The overall outlook for this market is moderately strong, with expected growth in nitrogen, potash and phosphate. While short-term fluctuations in supply and demand may vary, the long-term outlook for fertilizer continues to be positive, due to an increase in global crop demand, a rise in commodity prices, and the need to replenish nutrient levels of potash and phosphates. Domestic and export phosphates are expected to continue to grow as global demand increases for corn and grain consumption. New facilities will also expand the business that CSX serves in this market. In late 2014, a major new nitrogen fertilizer plant was announced to be built in Illinois on the CSX network with an approximate startup in 2018, and several nitrogen production expansion projects continue to be reviewed.

## Waste and Equipment

CSX's waste and equipment business moved a total of 158,000 carloads in 2014 for revenue of \$309 million – a 17 percent revenue growth compared to 2013.

2014 Highlights		
Carloads	Revenue	Revenue Growth
158,000	\$309 million	17%

2014's strongest areas within the market were municipal and construction waste; dimensional moves including wind energy; machinery; transportation equipment; and government moves, with some of these being bellwether industries in the U.S. economy. The generally improving economy and construction activity provided many opportunities to grow rail volume for the major commodities within this portfolio.

The Waste & Equipment Group serves a diverse set of customers, including municipalities, waste-hauling companies, metal processing, hazmat clean-up companies, and original equipment manufacturers. The CSX network moves consumer and hazmat waste to large regional landfills with more competitive pricing than local disposal facilities, providing a low-cost alternative to trucking. CSX also safely moves over-dimensional cargo as well as farm and construction equipment.

### Moving Forward

The sustained revival of construction activity will be a key growth driver for this CSX market. Residential and commercial construction markets are demonstrating a solid recovery. An expected increase in commercial activity in the Northeast should result in more opportunities to handle construction and demolition debris shipments by rail. CSX will also benefit from long-term opportunities in municipal solid waste disposal projects, as well as several major remediation ventures that will keep waste moving on CSX's lines for many years to come. Meanwhile, power generation is rebounding as major infrastructure replacement projects are needed in the immediate future, a market which CSX can support in coordination with partners.



**BUSINESS  
STRENGTH**

**CSX provides safe, reliable freight transportation services that fuel the economy and consumers' lives every day. In 2014, CSX moved more than 6.9 million units of freight across 23 states, the District of Columbia and Canada, ranging from appliances and automobiles to building supplies and food. The company reported record financial results by capitalizing on economic momentum, growing diverse market opportunities, and overcoming challenges, including severe winter weather and weakened coal demand. CSX's financial results in 2014 are continued evidence that its core strategy can create sustainable value for shareholders in an evolving business environment.**

## Financial Performance

In 2014, CSX experienced and helped drive increased demand for freight rail services, supported by more affordable energy, a domestic manufacturing resurgence, and an increase in global trade. CSX worked to meet this demand through a focus on customer service, which drives the company's core strategy to grow merchandise and intermodal businesses faster than the economy, price above rail inflation, and improve asset efficiency. These activities drove new full-year records in 2014 for revenue at \$12.7 billion, operating income at \$3.6 billion and diluted earnings per share at \$1.92. The operating ratio remained relatively stable at 71.5 percent.

The transition in the energy markets since 2011 has resulted in a nearly \$900 million decline in coal revenue. At the same time, CSX's diverse business mix generated revenue that more than offset coal losses. CSX is also supporting America's energy independence by connecting Western oil production to Eastern oil refineries through an efficient network that prioritizes safety.

In 2014, the United States was faced with one of the worst winters on record across the Northern Tier. The critical Chicago interchange endured the third coldest winter and near-record snowfall. The conditions strained the country's transportation network, and as a result, CSX was not able to maintain the high levels of service that the company strives to offer its customers. To address this, CSX invested in the resources that support the network's ability to respond to challenging circumstances.

CSX's confidence in its ability to deliver value is underscored by shareholder actions announced in early 2015, including a 13 percent increase in the quarterly dividend and a new \$2 billion share repurchase program.

## Economic Impact

As global population grows, CSX continues to deliver the goods consumers demand while positively impacting national and local economies. In 2014, CSX contributed to communities by creating new and sustaining current jobs, building new facilities to expand access to freight transportation's benefits, growing and expanding business across the network, and, more broadly, by enabling the reliable and safe transportation of goods.

Financial Performance*			
	2012	2013	2014
Volume	6,409	6,539	6,922
Revenue	\$11,763	\$12,026	\$12,669
Expense	\$8,299	\$8,553	\$9,056
Operating Income	\$3,464	\$3,473	\$3,613
Operating Ratio	70.6%	71.1%	71.5%
Net Earnings	\$1,863	\$1,864	\$1,927
Diluted Earnings Per Share	\$1.79	\$1.83	\$1.92
Total Assets	\$30,723	\$31,782	\$33,053
Cash, Cash Equivalents and Short-term Investments	\$1,371	\$1,079	\$961
Shareholders' Equity	\$9,136	\$10,504	\$11,176
Long-term Debt	\$9,052	\$9,022	\$9,514

\*Note: Dollars and shares are in millions, except per share amounts. Volume is in thousands of units.



In 2014, CSX worked with customers and public partners on 107 projects to build or expand facilities on its network with short-line partners. CSX customers invested more than \$3.5 billion in these projects, which are expected to help generate nearly 5,800 new jobs in local communities and approximately 161,000 annual carloads of new business for CSX. The company's impact on local economies can be seen on a state-by-state basis on our [website](#), including taxes, contributions, job creation, etc. The majority of customer investments involved expanding and improving infrastructure for the energy sector.

Since 2003, CSX has invested nearly \$21 billion of capital in locomotives, cars, track, and strategic projects to strengthen its network. In 2014, CSX invested more than \$2.4 billion to support core infrastructure – like railcars, track work, rail ties, and locomotives – and strategic investments that support long-term profitable growth and productivity initiatives, such as new terminals and increased line-of-road capacity on the Northern Tier. This investment represents one of the highest percentages of revenue committed to capital developments in American business, and complements the other two uses of CSX's balanced deployment of cash: dividends and share repurchases. Over the long term, CSX continues to target spending 16 to 17 percent of revenue on capital projects each year.

Examples of capital investments in 2014 included the opening of a new Central Florida Intermodal Logistics Center in Winter Haven, FL; the opening of a new intermodal terminal in Salaberry-de-Valleyfield near Montreal, Quebec; the expansion of the Northwest Ohio Intermodal facility; the building of a new rail inspection yard in Hopkinsville, Kentucky; and the addition of sections of double track on the River Line route between New York and New Jersey. These investments will help CSX improve reach, capacity, and service.

CSX contributes to the economic health and sustainability of the communities across the network by providing wages and benefits to employees and retirees; paying taxes at the

local, state, and federal level; and helping to grow commerce and attract more local business. In 2014, employee wages, related payroll taxes, health and welfare costs, pension, and other post-retirement benefits and incentive compensation totaled more than \$3.3 billion. Pension benefits are determined by union agreements for 84 percent of CSX's employees and are among the most generous programs available. CSX defined benefit pension plans for salaried management personnel are available for employees based on age, length of service and compensation. More details can be found in [Note 8 of the 10-K](#).

In 2014, CSX also contributed more than \$18 million in grants and in-kind donations to communities across the network. In addition to corporate donations, employees gave back to communities through volunteer time, leadership service on local nonprofit boards, and financial contributions of their own. More information on community engagement and giving activities can be found in the [Investing in Communities](#) section of this report.

## **Corporate Governance**

CSX is built on a foundation of responsible corporate governance and is committed to achieving the right results the right way. By continuing to manage the business in a transparent and accountable way, with the company's Core Values as a guide, CSX can realize its vision of being the safest, most progressive North American railroad.

Each member of the CSX Executive Team has a strong understanding of the opportunities and challenges across the business, having served in a variety of roles during his or her tenure. More information about the Executive Team is available on the [corporate governance page](#) of the company's website.

In addition, in 2014, CSX's Board of Directors was composed of 12 individuals with diverse experience to help make decisions that support the company's long-term growth and success. CSX's Directors are elected each year through a majority voting process, providing transparency and accountability to shareholders.

Board of Directors		
	2014	2015
Size of the Board	12	13
Number of male Board members	10	11
Number of female Board members	2	2
Number of minority Board members	2	3
Number of Board Committees	6	6

With the exception of Michael J. Ward, Chairman of the Board, and Oscar Munoz, who was named President and Chief Operating Officer in 2015, all of the company's current Directors are independent. The CSX Board of Directors evaluates the independence and performance of each Director on an ongoing basis.

The CSX Board of Directors holds at least five regularly scheduled meetings each year, with additional meetings scheduled as needed. The Board also visits sites along the network to gain further insight into operations, customers, current projects, and growth opportunities for the company.

CSX's Board of Directors has six standing committees: Audit, Compensation, Executive, Finance, Governance, and Public Affairs. These committees meet at least five times per year, except for the Executive Committee, which meets as needed. The Public Affairs Committee has a strong focus on Corporate Social Responsibility through its work overseeing compliance with legal requirements and internal policies relating to equal employment, diversity in the workplace, employee safety, and environmental impact.

The Board reviews and sets the compensation for non-management directors at least once every three years, based on the recommendation of the Governance Committee, which takes into account independent market assessments. Director compensation includes both cash and stock-based components, and CSX maintains a set of guidelines for Director stock ownership. In recommending the amount and form of compensation, the Committee considers, among other factors, the level of compensation necessary to attract and retain qualified, independent Directors. For more information about CSX's Board of Directors, please see the [corporate governance page](#) on the investor portion of the company website.

Shareholders may communicate with the Board in writing or through attending the Annual Shareholders Meeting and

various investor conferences. Shareholders are welcome to communicate with the Board of Directors at the address listed here. Shareholders may also request a free, printed copy of the CSX Corporate Governance Guidelines, the CSX Code of Ethics, the charters of each Board committee and Board policies.

CSX Corporation Board of Directors, 500 Water St., C160 Jacksonville, FL 32202

## Values and Ethics

The CSX Code of Ethics lays out standards for the ethical behavior of all employees, officers, and Directors of the corporation and its subsidiaries. It covers such matters as conflicts of interest, insider trading, misuse of confidential information, compliance with laws and regulations, discrimination and harassment, whistle-blower protection, public and employee safety, and proper use of corporate assets.

CSX believes in fair competition, complies with antitrust laws, and expects all employees to comply with the company's strict antitrust and anti-corruption policies. The Code of Ethics and corresponding training includes detailed responsibilities for each employee and third parties doing business on CSX's behalf, particularly in dealings with government officials, customers, competitors, and suppliers.

Each year, management employees complete multiple training courses on ethics and compliance. In 2014, 100 percent of management employees completed the mandatory ethics training. CSX union employees also have the opportunity to take an ethics training course, though

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**CSX Vision: To be the safest, most progressive North American railroad, relentless in the pursuit of customer and employee excellence.**

**CSX Purpose: To capitalize on the efficiency of rail transportation to serve America.**

### CSX Core Values:

- **It Starts with the Customer**
- **People Make the Difference**
- **Safety is a Way of Life**
- **Fact-Based**
- **Right Results, Right Way**

it is not mandatory. Approximately 84 percent of union employees voluntarily completed the ethics training course in 2014, up from 69 percent of union employees in 2013.

CSX employees can voice concerns if they suspect a violation of the Code of Ethics or are unsure about undertaking certain actions through the 24-hour CSX Ethics Helpline and associated website. In 2014, CSX received 1,308 inquiries via the Helpline, website, and letters. When violations are uncovered during the investigation process, the Ethics team ensures appropriate action is taken to resolve the issue, which may include dismissal, and evaluates how to prevent future occurrences. In addition to the appropriate responses for each concern, CSX management reviews aggregate Helpline activity, including the nature of inquiries and substantiation percentages, with the Audit Committee at least once per year.

CSX maintains a company-wide governance program that informs the implementation of and adherence to laws and regulations, as well as company policies, procedures, and Core Values. At CSX, we believe that living by a set of fundamental values helps to define a company. When all employees are aligned with fundamental guiding principles, companies consistently serve their customers and other stakeholders and deliver superior financial results that ensure long-term success.

With operations limited to North America, human rights violations did not emerge as a top material issue for CSX. The company's Code of Ethics and Policy Against Trafficking In Persons guide actions in this area. Employees or subcontractors of CSX or its subsidiaries who violate the policy will be subject to discipline up to and including termination from employment or removal from the contract.

## Enterprise Risk Management

CSX strives to responsibly manage and mitigate inherent business risks. Its approach to enterprise risk management focuses on operations that the company owns or controls, as well as those outside the company—including any risks in the areas of:

- New legislation or regulatory changes,
- Government regulation and compliance risks,
- Changing dynamics in the U.S. and global energy markets, and
- Capacity constraints.

CSX adheres to a risk assessment process which is closely aligned with business strategy and the compliance, external, and strategic risks of every aspect of the business. Identified



## Using Fact-Based Data to Identify Strategic Investments

**Highway traffic theory's fundamental equations have long governed road planning, and now they're being used in innovative ways to improve efficiency across CSX's freight network. As network demand increases, CSX's Operations Research, Modeling & Analytics and Service Measurements teams are working together to enhance analytics of the network and projects by incorporating this theory into the rail industry's longstanding models. Together, the data allows the team to visualize network performance in a way that's factual and easy to understand. Through this work, the teams can provide greater visibility into risks and opportunities across the network, inform capital investments with timely and strategic recommendations, and, in turn, improve the efficiency of CSX's capital investments.**

risks are routinely communicated to and reviewed by CSX's Board of Directors or a committee of the Board. The Audit Committee of the Board provides overall monitoring of this risk management process on behalf of the Board.

## Cybersecurity

CSX understands the critical importance of a secure network to protect customers, employees, and communities. CSX uses preventive, detective, and corrective controls to contain and minimize the risk from increasingly sophisticated cyber-threats. The company also partners with enforcement agencies to deliver timely cyber intelligence, benchmarks processes against best practices, and conducts regular audits to stay ahead of emerging threats. In addition, key suppliers are vetted prior to handling sensitive information or working at CSX facilities.



In 2014, the company reported no incidents related to breaches of data. If an incident were to occur, however, CSX has response plans in place for responding to suspicious activity, security incidents, or breaches. The full Internet privacy and information security policy can be found on the [Privacy page](#) of our website.

Information on CSX's risk management in the community can be found in the [Investing in Communities](#) section of this report.

## Public Policy & Contributions

CSX often interacts with federal, state, and local governments and regulatory agencies to discuss aspects of the business and potential outcomes of legislative and regulatory actions. In these interactions, the company acts in a responsible and accountable manner and complies with the laws and regulations regarding lobbying and making political contributions.

Employees follow the company's guidelines, developed in 2013, regarding political activities and communications with government officials in an effort to ensure full compliance with federal, state and local rules. A comprehensive corporate [political giving policy](#) is publicly available on the website.

CSX's contributions to state and local candidates are based on criteria such as an elected official's location, committee membership, voting record, and positions on issues of interest to the freight rail industry, with a strong emphasis on economic development and job creation. Political contributions to state and local candidates are determined by the Vice President for State Government and Community Affairs, with input from the Regional Vice President responsible for the state in which the candidate resides. Contributions are subject to oversight by the Executive Vice President for Law and Public Affairs and the Board of Directors' Public Affairs Committee. Corporate political

contributions are permitted under certain conditions in 12 of the 23 states in the CSX network: Alabama, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Mississippi, New Jersey, New York, South Carolina, and Virginia.

In addition, CSX supports candidates through the CSX Good Government Fund (GGF), an employee-funded, nonpartisan political action committee. In 2014, contributions through the GGF were \$1,170,250 and \$214,226 to federal and state entities, respectively. Donations through the Good Government Fund were allocated to state candidates in the following states in 2014: Michigan, North Carolina, Ohio, Tennessee, Kentucky, West Virginia, Pennsylvania, and Indiana. CSX Corporation also contributed \$314,500 to non-federal candidates. Contributions through GGF and the CSX Corporation in 2014 totaled \$1,698,976. CSX's political contributions are also disclosed online on our [website](#).

## Advocacy

### Lobbying

To engage on topics relevant to the freight rail industry, CSX uses direct lobbying, written communication, and executive and expert testimony. Because of these activities, the company is subject to federal and state laws governing lobbying contacts and the provision of gifts, entertainment, and travel to public officials. CSX conducts annual training sessions for the company's registered lobbyists, and compliance is part of the overall ethics training for management employees.

### Independent Expenditures and Ballot Measures

On a semiannual basis, CSX discloses expenditures, including independent expenditures and those related to political advertising and other election communications, made

by the company. This also includes contributions made to third-party organizations, such as public advocacy groups organized under Section 501(c)(4) of the Internal Revenue Code.

## Memberships

CSX does not subscribe to any external charters but belongs to many organizations that promote responsible business practices and community interests. The company periodically evaluates participation and support of these trade associations to ensure continued alignment with business goals. Any portion of those dues and other payments used for political purposes is nondeductible under Section 162(e)(1)(B) of the Internal Revenue Code.

The following is a representative sample of our memberships across the company:

- Business Roundtable
- American Coalition for Clean Coal Electricity
- National Association of Manufacturers
- U.S. Chamber of Commerce and state Chambers of Commerce
- Railroad Associations in states of CSX operation
- Civic Federation of Chicago
- Baltimore City Stormwater Advisory Committee
- Local City Year organizations
- Business for Social Responsibility

## Customers and Suppliers

As a transportation services provider, CSX is in the business of making connections. This applies to moving goods, such as corn shipments from Defiance, Ohio to Rose Hill, North



**Delivering excellent service continues to underpin CSX's ability to create strong shareholder value.**

– Fredrik Eliasson  
Chief Financial Officer



Carolina, or orange juice from Bradenton, Florida to Jersey City, New Jersey. It also means promoting responsible connections between points further along the value chain – from suppliers to customers, and ultimately to consumers.

## Customers

Every day, CSX employees strive to live the Core Value that “it starts with the customer.” In 2014, CSX customers did not experience the company’s customary high levels of service due to severe weather, unexpectedly high traffic volume, and related transportation disruptions. In addition to the company’s investments in key resources, communication and collaboration with customers helped CSX find solutions in these challenging circumstances. Thanks to the hard work of employees, local service was a consistent bright spot for customers and the company.

Moving forward, CSX is investing in a return to high service levels for its customers with additional train crews and locomotives, infrastructure improvements, and innovative plans to help mitigate potential service disruptions. Through the Total Service Integration initiative, CSX increased local service frequency for most customers on six of the

## New Life for the New Rock Subdivision

West of Chicago, Illinois, there exists an important piece of CSX: the New Rock Subdivision. It extends nearly 55 miles from Joliet, Illinois to just west of Utica, Illinois. Acquired in 1981, the New Rock Subdivision had previously operated routinely until volume began to grow exponentially in 2008. New Rock is home to high quality sand, which is important to liquid petroleum gas (LPG) production, and other chemical commodities. Aided by the

nation’s rapid growth in shale drillings, CSX’s volume of sand shipments has more than doubled over the last three years, adding 13,000 carloads of new volume. LPG, chemicals and other merchandise volume grew by another 4,000 carloads during the same period. CSX has responded with capital investment projects, including a yard expansion at Rockdale which will allow increased capacity to handle the traffic growth.

company's ten Divisions to five days per week during the second half of 2014.

CSX continues to focus on Service Excellence, which is both a philosophy and an actionable program. The program launched in 2012 to encourage employees to identify and resolve customer concerns, improve the customer's experience, and grow the business. In 2014, CSX trained approximately 15,000 employees in Service Excellence classes. New instructor-led classes included "Success in Partnerships," which demonstrated how a focus on customer service and collaboration has helped drive success at CSX.

CSX recognized 620 employees through the 2014 CSX Service STAR Award, which rewards an individual's outstanding performance in delivering high-quality service to customers. CSX reinforces the importance of service and safety through its Pinnacle Award, given to the highest-performing transportation division within the company each year. In 2014, the Huntington Division won this award for its high service performance despite epic winter weather and changes in the key market sectors served by the division.

### *Customer Engagement*

A two-way conversation with customers is critical to improving service offerings and anticipating changes that position customers for growth. CSX offers many cross-functional forums and workshops for customers to share their ideas on topics such as railroad operations, electronic commerce, market trends, and local service.

Customer Advisory Councils enable customers of varying industries, size, and focus to provide insights regarding freight rail service, especially related to first and last mile performance. CSX invites 12 customers to serve a two-year term and meet twice each year as advisors to its Commercial and Operations teams. In 2014, Advisory Council members also visited the Operations Center in West Jacksonville, Florida and the CSX Yard in Waycross, Georgia to better understand the technological and efficiency improvements the company is making.

CSX maintains a pulse on the customer experience through a customer satisfaction assessment program. This program asks customers to complete an annual Voice of the Customer survey to understand their satisfaction with service in three main areas: planning, which includes account management, rate inquiry and order management; service, which includes shipping instructions, local service, order fulfillment, and equipment quality; and customer assistance, including damage prevention, tracking information, customer service, and financial settlement. Despite the slight decrease in overall satisfaction due to service challenges, local

merchandise satisfaction scores have steadily risen since 2011, from 97 to 122 in 2014.

Voice of the Customer Survey Results*			
	2012	2013	2014
Overall Satisfaction Score	110	113	108

\*Scores are indexed as a percentage over the baseline year score of 100.

### *Service Tools & Innovations*

CSX uses technologies, tools, and processes to improve customer planning and service. As part of CSX's "ONE Plan," the company applies advanced network modeling analytics and network tools to identify the safest, most efficient, and cost-effective routes for customer traffic. CSX also uses a Total Service Integration (TSI) process to support customer needs while reducing loading and unloading times to create more capacity.

### **Supply Chain**

CSX procures the vast majority of supplies and services through a centralized, competitive supplier selection process that incorporates cost considerations as well as long-term maintenance, quality and logistics of materials and services, environmental impact, and labor policies and practices related to diversity and non-discrimination.

The company expects partners to conduct business fairly, ethically, and honestly, and has in place a set of guidelines and expectations for suppliers. CSX shares its Code of Ethics, new policies, and important changes in policy with suppliers as needed. In addition, suppliers that spend more than six weeks per year on CSX sites must undergo annual rail safety training.

CSX's contract language requires suppliers to uphold laws and regulations, respect human rights, and maintain corporate policies that support diversity and non-discrimination. A specially trained team of supplier quality auditors reviews supplier policies and procedures for both product and service quality to determine the extent to which companies reflect CSX Core Values. Auditors examine facilities to gauge safety, environmental, and other quality factors. When instances of noncompliance are identified, CSX provides a five-step corrective action plan to the supplier.

CSX uses a Supplier Performance Rating System to track supplier performance through scorecard measurements. This allows CSX to communicate with suppliers about performance related to quality, delivery and cost, and identify areas for potential process improvement and cost reduction.

### Tools available to CSX customers include:

<b>ShipCSX.com</b>	This desktop website uses the most up-to-date information available to save time and reduce errors that can cause shipment delays. ShipCSX helps the customer plan, ship, trace, and pay for shipments quickly and efficiently with secure data that is specific to their company.
<b>ShipCSX Mobile</b>	This ShipCSX mobile application provides customers anywhere and anytime access to updates on the status of their rail shipments, and the ability to make adjustments to shipments directly from an iPhone or Android device. Customers can retrieve up-to-date information about their shipments using Railcar Trace, Train Trace, and Equipment Specifications, and can send information to CSX using Shipping Instructions, View Inventory, and Plant Switch.
<b>Carbon Calculator</b>	Customers are able to choose from a number of variables – from the type and volume of goods transported to the length of the route – to estimate the average carbon emissions reduced by shipping via rail. CSX was the first Class I railroad to build a publicly available carbon calculator.
<b>Electronic Data Interchange (EDI)</b>	EDI is the exchange of data between computer systems using standard document formats known as transaction sets. CSX uses this to lower the cost of administration and materials for customers, and process data more quickly and accurately.
<b>Junction Look-Up</b>	This routing guide helps customers find the most efficient junctions for exchanging traffic with connecting carriers.
<b>Market Manager Look-Up</b>	Customers can easily use search criteria, including commodity type, to find a CSX market manager who can answer their questions.
<b>Highway-to-Rail Optimizer</b>	This tool allows customers to identify the freight within their network that could benefit from intermodal conversion.

### *Supplier Diversity*

CSX seeks to work with suppliers that match the diversity of the communities in which we operate. The CSX Supplier Diversity Program aims to ensure that suppliers of all size have an equal opportunity to compete to provide required services and commodities.

CSX works with businesses that are certified through agencies such as the Women's Business Enterprise National Council (WBENC) and National Minority Supplier Development Council (NMSDC). CSX serves as a corporate member of these councils, and representatives from the Procurement and Supply Chain Management Team participate in their national events. In addition, CSX and the other Class I railroads participate in a Transportation Industry Group that is focused on aligning, advocating for, and developing diverse suppliers, while sharing best practices within related industries.

CSX maintains a relationship with a third-party firm that reviews and confirms the qualifications of diverse suppliers. In 2014, CSX's diverse spend was more than \$149 million. Women and veterans represent the largest demographic reported for this period. This spend includes transactions

with more than 200 businesses and represents about 15 percent of the company's supply base.

### *Supplier Sustainability*

CSX works with suppliers to help address both business and environmental sustainability, and include related questions in the Supplier Performance Rating System. It also celebrates successes by recognizing suppliers through annual awards for Innovation, Customer Service Excellence & Partnership, and Corporate Social Responsibility & Sustainability.

As part of its role in advocating for sustainability up and down the global transportation supply chain, CSX extended the number of its suppliers participating in the CDP Supply Chain Survey to 64 of the largest suppliers in 2014, up from 50 in 2013. The program recognizes supplier sustainability efforts while sharing business-critical environmental data. As part of its own CDP submission, CSX asks suppliers to identify the proportion of their GHG emissions that they can attribute to business with the company.

A high-contrast, silhouette-style photograph of a construction worker climbing a metal lattice structure, likely a tower or bridge. The worker is positioned in the center-left, facing right, with one hand gripping a horizontal beam and the other reaching up towards a higher point. The background is a bright, cloudy sky, creating a strong visual contrast.

# EMPOWERING EMPLOYEES

**At CSX, “People Make the Difference”—in fact, it is one of our Core Values. For nearly 190 years, generations of skilled railroaders have created a foundation for CSX’s success, and today, nearly 32,000 CSX employees work together to enable the connections needed to move the products consumers demand. CSX’s people and practices continue to evolve to meet today’s job demands, and just last year, the company was recognized as one of “America’s Best Employers” by *Forbes* magazine.**

In 2014, CSX employed 31,775 full-time employees across 23 U.S. states, Canada, and Mexico. The diversity of job opportunities within the company spans from bridge mechanics to boilermakers, trainmasters to engineers, and accountants to customer service representatives. CSX continues to focus on how to attract, engage, and develop a strong workforce as job demands change, markets evolve, and technologies advance.

## Attracting the Best Talent

CSX seeks to develop a sustainable, flexible pipeline of talent to meet business demands. In 2014, the company continued to focus on hiring front-line employees who directly serve customers each day. CSX hired 3,272 employees, and conductor hiring more than doubled in the second half of the year. The company did not employ any part-time employees.

Employment Type*	
Full-time	31,775
Part-time	0
Management	4,945
Union	26,830

As of December 31, 2014

## Recruiting a Diverse Workforce

CSX looks for characteristics and experiences that reflect the skills needed in the freight rail industry, such as learning agility and resiliency. CSX also strives to have a diverse workforce that can offer different perspectives and new ideas. The company builds leaders within the organization and, in 2014, filled 75 percent of open management positions internally.

CSX works hard to recruit and retain veterans because the demands of many positions at CSX often align with skills gained through military experiences – leadership, determination, and a team mentality. One in five CSX employees has served in



the armed forces, and 27 percent of the company’s new employees in 2014 joined with military experience. CSX prides itself on a track record as a top employer of military veterans, as recognized by many recent awards.

CSX also works to attract women and minorities to the workforce. Working with external partners such as DiversityInc and Diversity MBA, CSX gains exposure to a broad group of potential employees. CSX is seeing progress with increased female hiring in management positions, from 29 percent in 2012 to 35 percent of new hires in 2014. Women make up 18 percent of CSX leadership roles, defined as director level and

Diversity Representation			
	2012	2013	2014
Female Employees Total	2,061	2,015	2,043
Female Employees Percent	7%	6%	7%
Female Managers Total	1,087	1,092	1,161
Female Managers Percent	23%	23%	23%
Minority Total	4,607	4,759	4,886
Minority Percent	15%	15%	15%
Minority Managers Total	882	936	1,017
Minority Managers Percent	19%	20%	21%

## Award-Winning Diversity Efforts

- **No. 1 on 2014 DiversityInc's annual Top 10 Companies for Veterans list**
- **G.I. Jobs Magazine's Top 100 Military-Friendly Employers for the seventh consecutive year**
- **CivilianJobs.com Most Valuable Employers for Military 2014**
- **Diversity/Careers magazine's 2014 Best Diversity Companies for engineering and IT professionals**

above. Additionally, 2 of 6 members on CSX's Executive Team in 2014 are women, along with 2 of 12 Board Members.

## Compensation and Benefits

CSX assesses compensation and benefits based on market analysis and external industry benchmarking. The assessments include pay equity between men and women to ensure that CSX is fairly compensating employees regardless of gender. Detailed information about employee compensation and a comprehensive list of employee benefits are on the CSX [website](#), including:

- Pay and Benefits
- Employee Development
- Railroad Retirement
- ADA Policy
- EEO Policy
- FMLA Policies
- FMLA Rights and Responsibilities

Union employees make up 84 percent of CSX's overall workforce, and all are covered by one of the company's many collective bargaining agreements. CSX negotiates and administers agreements together with the country's other Class I railroads. These agreements are enforceable by law and establish individual as well as collective rights. The agreements cover all aspects of the employment relationship, except where terms and conditions are covered by federal law, including minimum notice periods of significant changes, wages, and hours. Pension, disability, and unemployment are covered by the Railroad Retirement Board, which is an agency of the U.S. government that administers retirement programs for tenured railroad retirees.

In an effort to accelerate progress toward its financial goals and focus resources on critical operations, CSX announced an initiative at the end of 2014 to offer voluntary early retirement packages to eligible employees, and reduce and restructure certain departments to leverage new technologies and create efficiencies.

## Engaging the Workforce

CSX's success depends on the performance of highly-engaged employees – from those in operations to those in support positions. By engaging the workforce, CSX can create a more inclusive work environment that enables employees to perform their work safely, work toward common goals, and reach key business objectives.

## Safety in the Workplace

Safety is the first priority at CSX. It is the foundation of every decision and one of our Core Values. There is nothing more important than the safety of employees. CSX had the lowest injury rates of all the Class I railroads in 2014, even as gross ton mileage increased.

In 2014, CSX's Federal Railroad Administration (FRA) personal injury rate, which measures the number of FRA-reportable injuries per 200,000 man-hours, was 0.95 – up from 0.90 in 2013. The train accident/incident rate for 2014 was 2.22, up from 1.98 in 2013. While personal injury frequency has increased, the severity of those injuries has decreased since 2012. CSX has redoubled its focus on understanding and preventing the most serious injuries by using a Life Changing Index, a new predictive model that gauges the potential severity of incidents as part of the evaluation of a team's safety performance. In 2014, CSX saw a reduction in serious incidents. Every incident serves as a reminder of the work necessary to understand and prevent conditions that can lead to accidents or injuries – and ultimately strive to achieve a goal of zero accidents and zero injuries.

Workplace safety begins at the executive level and extends to each employee regardless of title, job responsibilities, or geographic location. Union organizations are encouraged to participate in the CSX Safety Overlap Process, a formal management-union joint health and safety committee; a majority of unions currently participate.

Because the nature of railroad work sometimes requires employees to perform similar functions each day, CSX created programs to encourage strong situational awareness and alertness. These programs remind employees to not allow repetition to lead to overconfidence and potential mistakes. CSX requires safety briefings at the beginning of

daily activities, in order to focus on performing the tasks at hand as safely as possible.

CSX provides employees with ongoing safety training, including:

- Annual job-based training on safety and operating rules
- Monthly training sessions led by local supervisors and supported by updated video tutorials
- Regularly scheduled train accident prevention and safety skills training

In addition, more than 8,000 employees received CPR, AED, and First Aid training in 2014 – representing 25 percent of the CSX workforce and a slight increase from the 24 percent of employees trained in 2013. Approximately half of CSX's employees are currently certified.

## Inside the Safety Briefing

**Safety briefings precede daily activities for each and every employee – both in management positions and field positions.**

**Briefings cover:**

- Sequence of a task or job;
- Potential hazards involved;
- Appropriate equipment to use;
- Personal protective equipment needed; and,
- Responsibilities for emergency response.

**Throughout the day or task, employees follow up on information covered in the safety briefing to help team members understand protocols and remain focused on the job being performed.**

## Health and Wellness

Employee physical and mental well-being is critically tied to employee engagement and business performance. Healthy employees are safer and more productive. In the past few years, CSX has further integrated employee health and wellness into business operations, and in 2014, it was recognized with the American Heart Association Fit Friendly Worksite's Platinum distinction.

Recognizing the high travel demands of many jobs at CSX, the company found that providing health facilities at worksites is the best way to help employees stay strong and healthy to do their jobs safely. In 2014, CSX opened three new wellness centers, totaling 43 on-site wellness centers available to employees across the network.

Beyond access to wellness centers, CSX offers 25 voluntary health and wellness programs to employees. These programs include tobacco cessation, personal training with certified health fitness specialists, exercise programs, and nutrition programs with one of five registered dietitians who travel the network. In 2014, employees participated in 4,500 one-on-one health coaching sessions with a registered dietitian or exercise physiologist, nearly double the 2,500 sessions in 2013.

Of the 28 percent of employees who participated in voluntary healthy heart risk screenings, 18 percent showed health improvements in the 2014 calendar year. Tracking employee health and wellness allows CSX to gauge effectiveness of programming and recalibrate efforts when necessary.

## Health and Wellness: By the Numbers

- **43 on-site wellness centers**
- **25 voluntary programs including tobacco cessation, flu prevention, Healthy Mothers, Medical Emergency Response Training, Eat Right Program, Walking Workstations, Healthy Heart Screenings**
- **80% increase in participation in health counseling sessions**
- **28% participation in voluntary health screenings**

## Focus on Inclusion & Engagement

At CSX, diversity and inclusion are about appreciating the characteristics that make each employee unique. The company strives to provide a workplace where everyone feels respected and has an opportunity to grow and perform to their greatest potential, regardless of race, gender, background, education, life experience, or other factors. This commitment is supported by the CSX Executive Inclusion Council, which helps drive strategic objectives around diversity and inclusion. Employees also participate in more than 20 inclusion groups and councils. Additionally, CSX holds an Annual Inclusion Forum, giving employees the opportunity to come together and participate in a series of workshops, panels, and events to advance diversity and inclusion. The CSX Diversity, Inclusion, and Engagement [Annual Report](#) provides more details.

In 2011, CSX introduced the “Voice of the Employee” survey, a third-party-administered online survey that helps the company learn what is important to employees and where improvement opportunities exist. This process continues to evolve and helps direct many employee engagement strategies. The survey is updated and offered every few years to identify new issues and opportunities.

## Developing Careers

Meeting the transportation demands of tomorrow requires developing the next generation of leaders. CSX is accelerating efforts with skills training, coaching, mentoring programs, and other formal instruction opportunities. The company also encourages employees to dedicate their talent and time to local organizations to further build their skills and improve their communities at the same time.

Once employees are hired, the company provides training and development opportunities to provide them with the skills they need to be effective in their current roles and build careers. CSX delivers training based on a 70-20-10 model, which emphasizes on-the-job experience – experience accounts for 70 percent of training, with 20 percent delivered through coaching and mentoring and 10 percent through formal instruction.

## Skills Training

Skills training focuses on four business-critical areas: accelerated leadership, managerial skills, technical/functional skills, and ethics and compliance. In 2014, 98 percent of new craft hires are trained at the Railroad Education and Development Institute (REDI), and current employees were provided continued education opportunities beyond new hire onboarding programs. CSX also introduced six new training programs last year and increased on-site field training.



## Employee Assistance Program

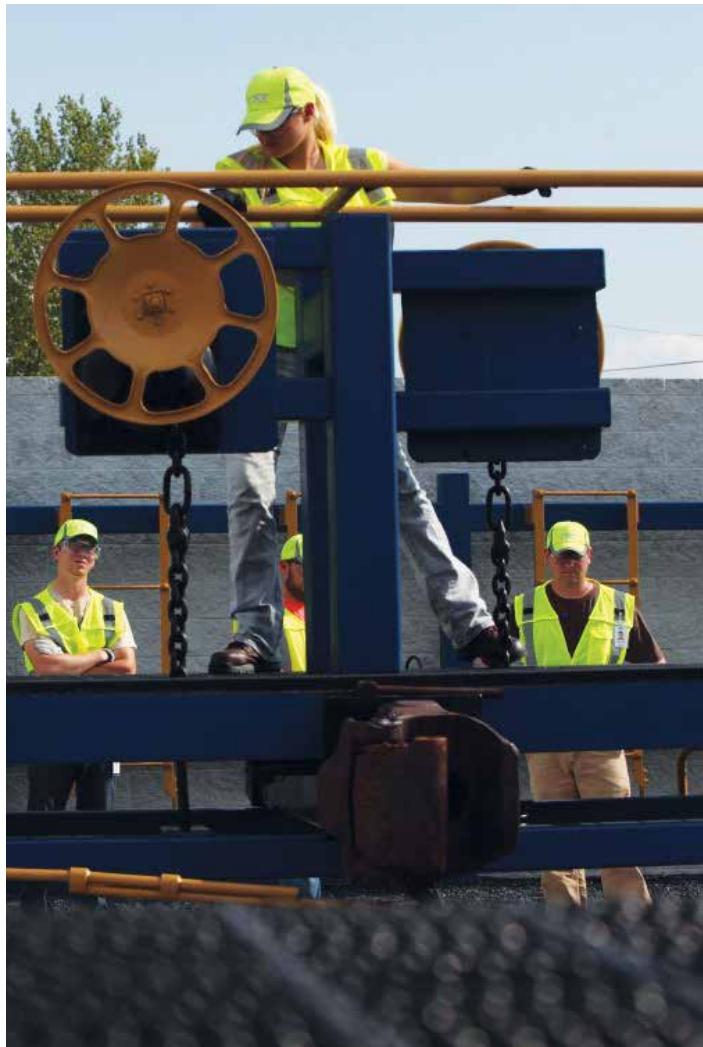
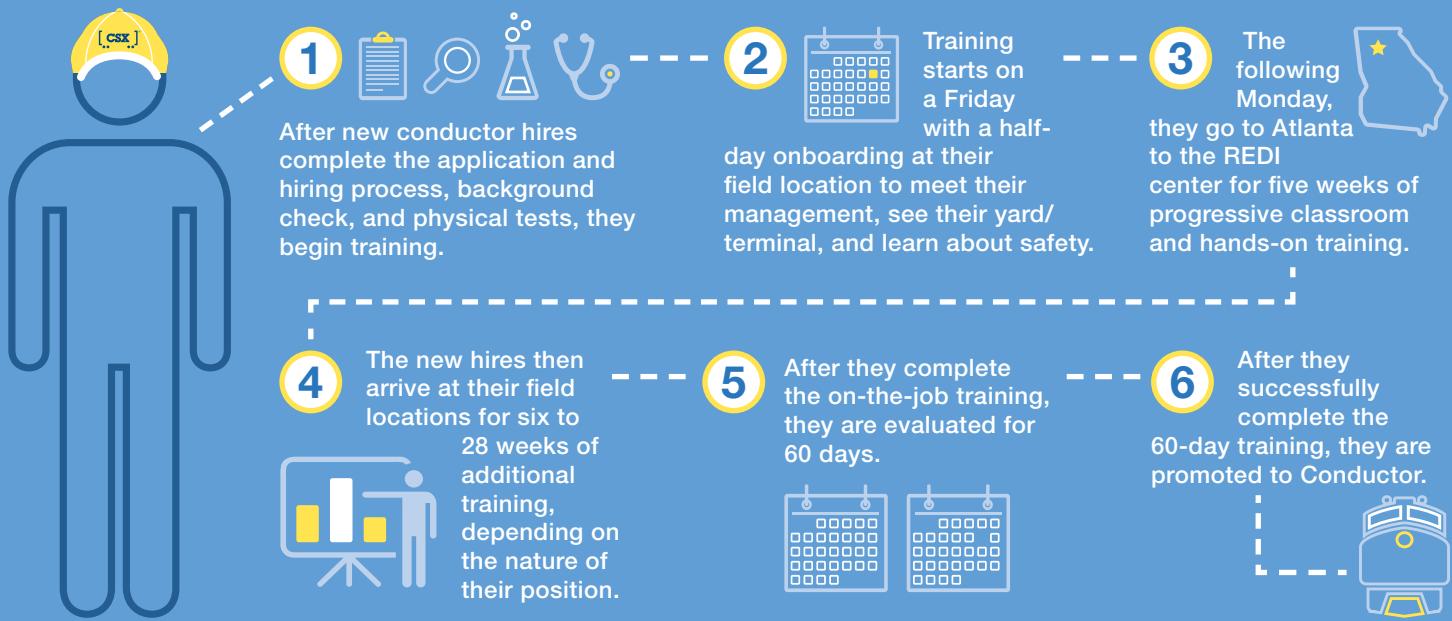
Many companies offer Employee Assistance Programs (EAP), however, at CSX this program has evolved from a traditional support program for substance abuse to a holistic way to address the unique needs of CSX’s workforce. In the event of a critical incident, CSX’s Public Safety Coordination Center immediately contacts the EAP team. CSX’s EAP is staffed by seven full-time managers, who offer support to employees to promote a healthy response to an acute, emotionally stressful experience. Additionally, EAP-trained peer volunteers can provide in-person support to affected employees at their designated work location. For more information on EAP, please visit our [website](#).

Additional data on training hours, including averages by workforce and gender, are included in the [GRI appendix](#) of this report.

The REDI center, based in Atlanta, Georgia, is the central hub for CSX’s Operations Training programs. This state-of-the-art safety and technical training center opened its doors in 2005, and since then, more than 12,000 students, including CSX conductors, engineers, signal workers, and track workers, have been trained at the REDI center. At this facility, employees receive trainings on technical skills, safety preparedness, and career development, among other topics.

Ninety-eight percent of new hires are trained at the REDI center, and current employees can also utilize the center to build skills needed in the field. In 2015, CSX is evolving its formalized, five-week new hire conductor training program to leverage student feedback and lessons learned.

# Getting on Board at CSX



## Career Planning

Just as CSX values experience as a means of training, the company also develops that experience by helping employees plan and track their career goals. For members of the contract workforce, CSX offers a Career Progression Planning (CPP) program to develop employees who demonstrate the capacity and desire to advance. Services include career coaching, resume review, interview techniques, development planning, assistance in identifying online development courses, and networking. Since 2012, 2,661 employees have completed the online CPP self-assessment and 2,183 employees have received advisory sessions, which allow employees to discuss career goals and create a development path. They can also use this time to answer questions about college partnerships, tuition reimbursement, and job interests.



**We are working hard to create an environment that not only encourages diversity, but nurtures and celebrates it in real and impactful ways.**

— Lisa Mancini  
Senior Vice President and Chief Administrative Officer



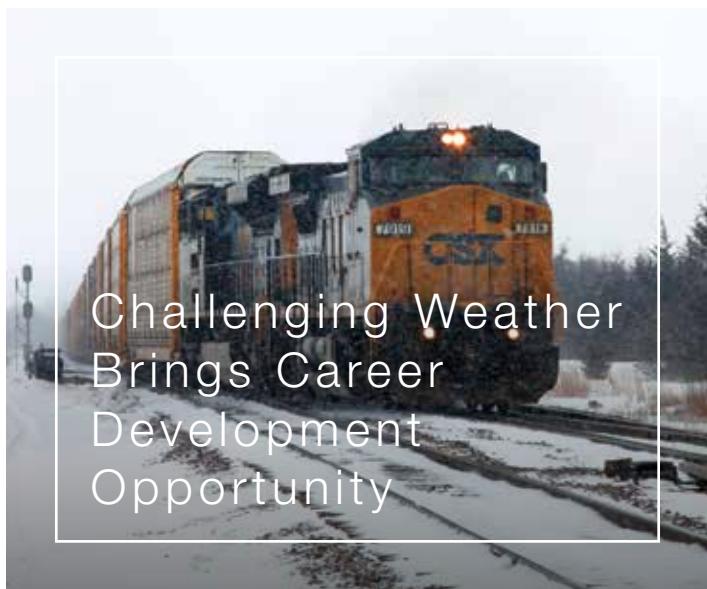
Management employees receive formal performance reviews twice a year, during which they create and discuss professional development plans. Employees are also encouraged to keep open communications with their managers year-round and schedule more informal one-on-one check-in meetings throughout the year.

CSX works to continuously improve and enhance performance management to better reinforce organizational priorities, assess progress, and reward employees based on their contributions. A primary focus for 2015 will be the implementation of a comprehensive training and development strategy for the entire company, crossing employee types and disciplines.

### **Volunteer Programs and Giving**

The development of employees isn't limited to job experience and skills training. CSX also encourages employees to be involved in the community. Our employees have a strong desire for philanthropic opportunities in the workplace.

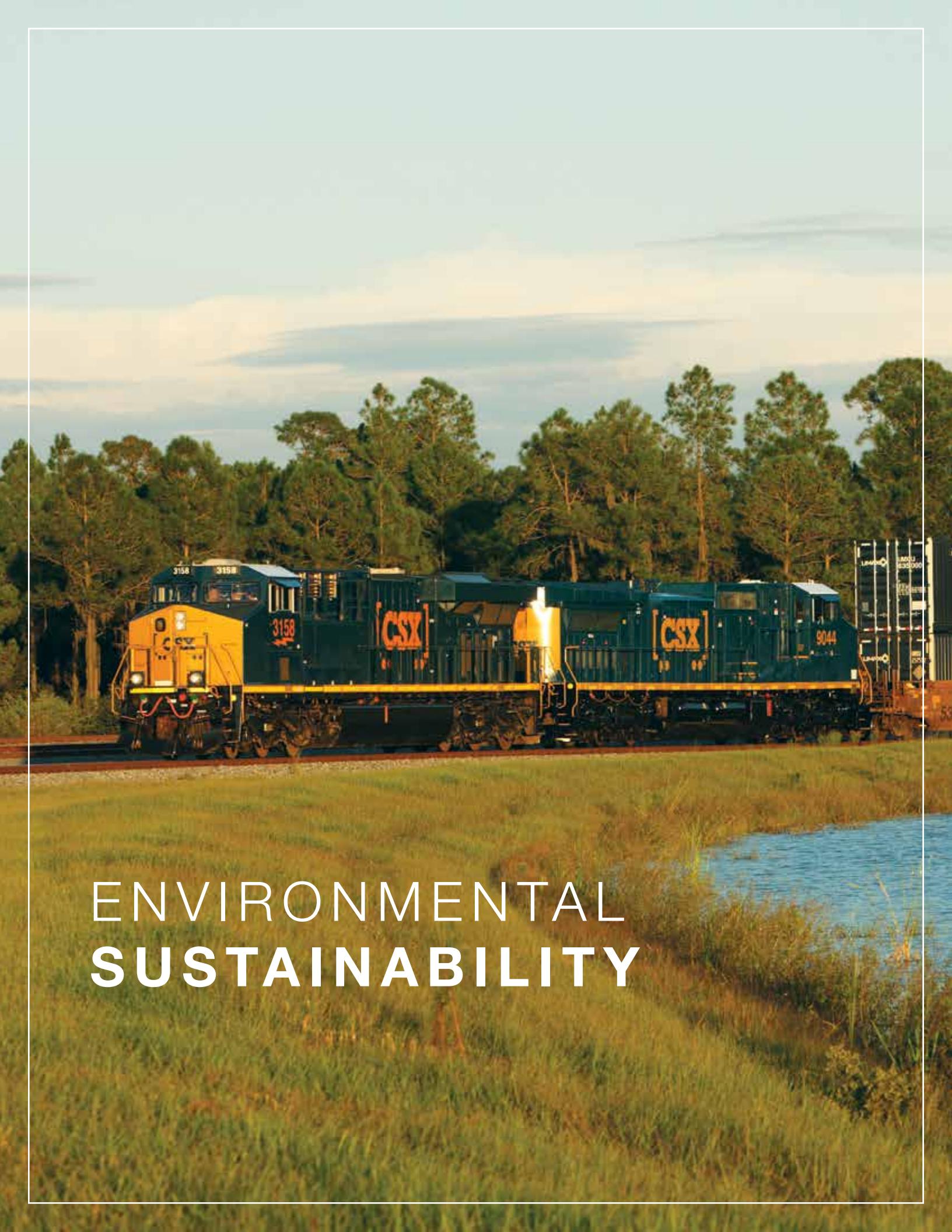
In addition to many other programs for community involvement, CSX established a Dollars for Doers program, which provides company fund matching for employee volunteer service at nonprofit organizations. The company also organizes volunteer service events throughout the network with nonprofit partners. In 2014, 1,314 CSX employee volunteers logged nearly 25,000 volunteer hours across 140 communities, with nearly 4,000 additional volunteer hours from customers, suppliers, and community



As storms battered the U.S. in 2014 and the transportation industry faced challenges to maintain network fluidity, the extreme weather also tested CSX's supply chain. With snow and ice straining communities across the country, rock salt was in high demand; in fact some states' Departments of Transportation struggled to maintain their own supplies of rock salt. Procurement Specialist William Gaines worked tirelessly to supply de-icing salt for CSX terminals and facilities. His work helped many CSX facilities stay up and running through much of the worst weather. Thanks to that performance in a critical moment, and consistent strong performance, Gaines was promoted to Manager, Supplier Strategy & Development at CSX.

partners. By volunteering, employees develop skills and leadership competencies that are transferrable to their daily jobs and support their performance reviews.

New in 2014, CSX introduced How Tomorrow Gives, an online platform to coordinate and propel employee volunteerism and giving. It also includes a hub where employees can view and sign up for volunteer opportunities. This new platform will help employees to develop another aspect of their careers as ambassadors of CSX in their local communities.



# ENVIRONMENTAL SUSTAINABILITY

**As the global population grows, urbanization increases, and demands on the earth's resources multiply, it's more important than ever for CSX to align financial and operational performance with a commitment to environmental sustainability. With approximately 11 million square feet of facilities spread throughout 23 states and two Canadian provinces, and ownership of more than 4,000 locomotives, the company has a significant commitment to implement responsible practices to sustain the future of its business and respect environmental resources for future generations.**

## Environmental Policy

CSX created an Environmental Policy with specific protocols and practices around environmental impacts, resource usage, product after-life, and safety protocols. The Policy serves as a foundation for holding the company accountable for environmental compliance standards.

CSX employees are trained on the Policy, and it is ingrained in all operations and carried out at every level. The Policy is also regularly subject to review and updated in accordance with industry standards and expanded commitments.

Currently, the Policy focuses on:

- Developing a skilled workforce
- Improving fuel efficiency and supply chain management
- Managing and conserving water
- Recognizing and responding to potential impacts on the environment
- Exploring and implementing new technology to achieve continual improvement

CSX also created a Public Safety, Health & Environment (PSH&E) Management System – certified under the requirements of the American Chemistry Council (ACC) Responsible Care initiative and guided by standards set by ISO 14001 – to promote, measure, track, and improve compliance and sustainability across operations.

## Guiding Sustainability at CSX

CSX's Sustainability Statement guides the company's approach to managing a business that simultaneously serves customers, cares for the environment, and drives long-term prosperity. The Statement was created to focus on the key areas where the company has the greatest environmental impact and the best ability to make positive changes, and it

guides the identification of new environmental opportunities and assessment of current business processes. The Sustainability Statement covers three key areas.

# CSX Sustainability Statement

## Reduce the environmental footprint of our operations.

- Transport goods in a manner that minimizes community and environmental impacts.
- Reduce fuel, energy, water, and other resources needed to move each ton-mile of freight.
- Increase recycling and reuse efforts through waste minimization.
- Strive to manage the CSX supply chain in consideration of environmental effects and good governance.

## Engage openly on sustainability issues.

- Communicate regularly with customers, employees, and external stakeholders on sustainability issues, goals, and efforts.
- Provide opportunities for customers, suppliers, employees, and communities to actively participate in sustainability programs.
- Increase transparency and disclosure of sustainability performance through the annual CSR report and related sustainability disclosures.

## Support sustainable development.

- Collaborate with customers and communities to grow sustainably while considering social, economic, and environmental effects.
- Build an innovative infrastructure to support operations and minimize resource use.

## 2014 Environmental Highlights

Following our strategy and protocols, CSX created long-term Environmental Goals to be achieved by 2020. Today, the company continues to make progress on these goals.

CSX reduced greenhouse gas (GHG) emissions intensity by 4.5 percent since 2011 and increased locomotive fuel efficiency. CSX now has the ability to move a ton of freight 483 miles on a single gallon of fuel, which represents a 2.8 percent increase from last year and an all-time company record.

Within operations, CSX focused on designing and constructing sustainable buildings. For example, this year, CSX worked with the Evansville & Western Railway to open the LEED-certified Central Florida Intermodal Logistics Center in Winter Haven, Florida.

CSX's efforts were recognized by the Dow Jones Sustainability Index for North America, the 2014 CDP S&P 500 Climate Disclosure Leadership Index, and the 2014 CDP S&P 500 Climate Performance Leadership Index. On the Climate Disclosure Leadership Index, CSX received an all-time high performance score, 98A. CSX is proud of the recognitions from these organizations that are well-regarded internationally and set high standards for corporate environmental performance.

## Reducing the Environmental Footprint

Each year, CSX measures GHG emissions, fuel and water consumption, fuel efficiency, and waste generation, and tracks progress against its goals. Additional data on each aspect of environmental performance can be found in a table at the end of this report.

### Fuel Use and Efficiency

Rail is the most fuel efficient means of transporting freight by land. A typical CSX freight train is, on average, four times



**CSX teams are leading dramatic fuel-efficiency improvements that minimize our impact on the environment while simultaneously reducing fuel spend.**

— Carl Gerhardstein  
Assistant Vice President of Public Health,  
Safety and Environment



## By 2020, CSX aims to:

- **Reduce** GHG emissions intensity by 6 to 8 percent
- **Increase** our energy blend to 10 percent renewable sources
- **Reduce** hazardous waste generator status by 25 percent
- **Decrease** asphalt, concrete, and brick to landfill to zero
- **Reduce** quantity of water consumed
- **Improve** the quality of effluent water
- **Continue** to elevate sustainable standards of construction for new products
- **Continue** to raise expectations of suppliers' sustainability performance
- **Increase** eco-friendly procurement
- **Encourage** employees to take sustainable actions in their everyday jobs



CSX's new locomotives from the GE Evolution Series **save approximately 12,600 gallons of fuel a year**

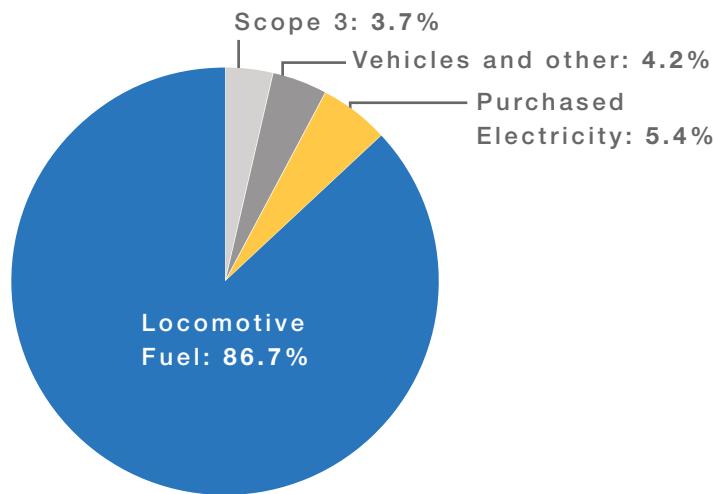
compared to an average fleet locomotive

**CSX reduced GHG emissions intensity by 4.5 percent** since 2011

As of the end of 2014, **CSX decreased its hazardous waste generator status** of 20 percent of facilities



## 2014 Greenhouse Gas Emissions by Source



more fuel-efficient than highway freight transportation and can carry the cargo load of 280 trucks. Since the inception of CSX's Highway-to-Rail conversion program in 2013, CSX has converted nearly 100,000 loads from highway transportation to rail.

Fuel represents the largest percentage of CSX's greenhouse gas emissions, so focusing on locomotive fuel efficiency represents the greatest opportunity to reduce the company's environmental footprint.

Improved fuel efficiency creates environmental gains for CSX, and importantly, for customers, as they increase their use of CSX freight rail as opposed to other ground transportation methods. As freight demand increased in 2014, CSX purchased 25 million more gallons of fuel than the previous year. Despite the increase in overall fuel consumption, 2014 was the most fuel-efficient year CSX has ever had as a result of continued technological advances.

### Technological Advances

CSX regularly evaluates ways to optimize efficiency through technological advancement. In 2014, CSX invested \$70 million in upgrades that provided many benefits including reduced emissions. Over the past 10 years, the company has invested more than \$2.1 billion in capital and technological improvements specifically focused on driving fuel efficiency.

A significant portion of CSX's fuel-efficiency efforts in 2014 focused on Trip Optimizer, a software tool developed in partnership with GE that determines the optimal locomotive trip plan to minimize fuel burn, helping to simplify train handling and improve efficiency. The software calculates maximum efficiency by considering factors such as train length, weight,

grade, track conditions, weather and locomotive performance. CSX has retrofitted 1,500 locomotives with Trip Optimizer and averaged fuel savings of 10.2 percent or 11.8 million gallons. CSX is currently working with GE to develop the next generation of Trip Optimizer, with a goal of increasing fuel savings by another 10 percent.

CSX's new locomotives, the GE Evolution Series, save approximately 12,600 gallons of fuel a year compared to an average fleet locomotive. CSX currently operates about 800 GE Evolution Series locomotives.

In 2015, the company will begin to take the first delivery of Tier 4 locomotives, following the regulatory requirements set by the U.S. Environmental Protection Agency. These are the most efficient locomotives in production today, reducing nitrous oxides and particulate emissions by at least 70 percent from Tier 3 standards. These locomotives are also expected to improve performance and further increase fuel efficiency, and CSX will continue to follow these standards for new locomotive purchases moving forward.



**CSX's commitment to the "right results, right way" can be seen in how environmental performance is integrated into everyday operations. Frank Dougherty, General Foreman for Locomotive Services in Philadelphia, Baltimore, and Grafton, puts team members through training to ensure that there is a designated leader in environmental procedures, also called an Environmental Sentinel, at each location. These employees implement CSX's environmental processes locally, and in turn gain buy-in from the team around specific environmental processes and goals. Frank has also worked with colleagues to incorporate an environmental focus into the team's mentoring programs.**

## Land and Facilities

With a network that spans diverse geographies, CSX pays close attention to the company's land footprint of about 400,000 acres. The company owns approximately 5,000 buildings spread throughout the network, including everything from large locomotive and car repair facilities, to division offices and dispatch centers, to small work locations.

Some of CSX's facilities were constructed in the early twentieth century and others are as new as the upcoming Casky Yard in Christian County, Kentucky, which will open in 2015. The Casky Yard is the first new transportation yard that CSX has built in the last 50 years. The upkeep and maintenance of these facilities are led by 10 teams throughout CSX focused on facilities management, and they work in coordination with colleagues focused on environmental expertise for appropriate environmental permitting and the development and implementation of sustainability strategies.

When a facility's life cycle has ended, CSX's environmental team brings expertise on remediation or potential repurposing. CSX seeks to minimize the company's impact on land through various remediation projects.

## Waste Management

CSX makes every effort to minimize waste by using resources efficiently and through various recycling programs. In 2014, the company successfully diverted approximately 91 percent of non-hazardous waste and about 68 percent of hazardous waste from landfills – a reflection of the ongoing efforts to limit landfill contributions. CSX also decreased the amount of asphalt, concrete and brick sent to landfill by 99 percent, and reused soil generated through a variety of projects.

CSX is making progress towards its goals to reduce the hazardous waste generator status of 25 percent of the company's facilities by 2020. As of the end of 2014, CSX decreased its hazardous waste generator status of 20 percent of facilities. Focus on this reduction in generator status reduces regulatory requirements and risk, and improves safety and health for employees.

In 2014, CSX reported an increase in hazardous waste due to cleanup efforts that occurred in Waycross, Georgia. CSX strives to continue finding opportunities to reduce the amount of material that must be sent to landfills.

To promote waste reduction efforts throughout the network, CSX trains employees who handle waste on best practices in waste management. These trainings include both federal and state standards around the proper handling of

certain materials, and also emphasize the importance of implementing opportunities for reuse and recycling whenever possible.

## Water Use

CSX works to reduce the company's water consumption and responsibly manage waste water outputs in order to protect and conserve this limited resource. In 2014, CSX consumed approximately 1,742,395 kgal of water.

To gain greater insight into water consumption patterns and to identify opportunities for improvement, CSX submitted an initial CDP water questionnaire in 2013, which identified four areas in the network with water vulnerability issues. Currently, CSX is using the questionnaire as a tool to gather the necessary data, and then make informed operational decisions on how to minimize water use.



**CSX recently completed a \$3.5 million environmental remediation to transform a former third-party illegal dump into a clean natural wetland and wildlife area in Tampa, Florida. CSX worked with the Environmental Protection Agency to quickly complete the design, and the company exceeded restoration requirements at the site by expanding the wetlands area. Additional plant species were installed in consultation with the Wildlife Habitat Council to further enhance the biodiversity of the wetland area. The team also created a natural wildflower meadow and butterfly garden, installed various types of bird boxes and created habitat areas for various native animals.**



One example of how the data has been used in application occurred in Baltimore. The company put measures in place to increase rainwater harvesting efforts and other means to limit the amount of water consumed and discharged from local municipalities. Part of this process included improving the water collection system at the Curtis Bay pier facility in Baltimore to become a near-zero discharge site. CSX designed additional water storage basins which will increase water holding capacity in the future at Curtis Bay. As a result of previous construction, in 2014, CSX discharged 2.5 million gallons less water at the Curtis Bay site and recycled 31.6 million gallons.

CSX is connecting more locations each year to the centralized system that allows for remote monitoring and control of wastewater treatment facilities. Its goal is to reach 45 key facilities with this technology in the coming years, and as of the end of 2014, more than half are complete.

### **Supply Chain Impacts**

As CSX continues to work to understand the material impact of different sources of GHG emissions, the company is beginning to measure Scope 3 emissions within the supply chain. For the first time, CSX used the World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD) GHG Protocol Scope 3 Evaluator Tool and annual spend on capital and purchased goods to estimate roughly 2.9 million metric tons of carbon dioxide equivalent from these sources. Since these supply chain emission estimates are outside CSX's direct control and are rough approximations based on simplified approaches, they are not included in the GHG inventory.

## **Engaging Openly on Sustainability Issues**

### **Employee Training**

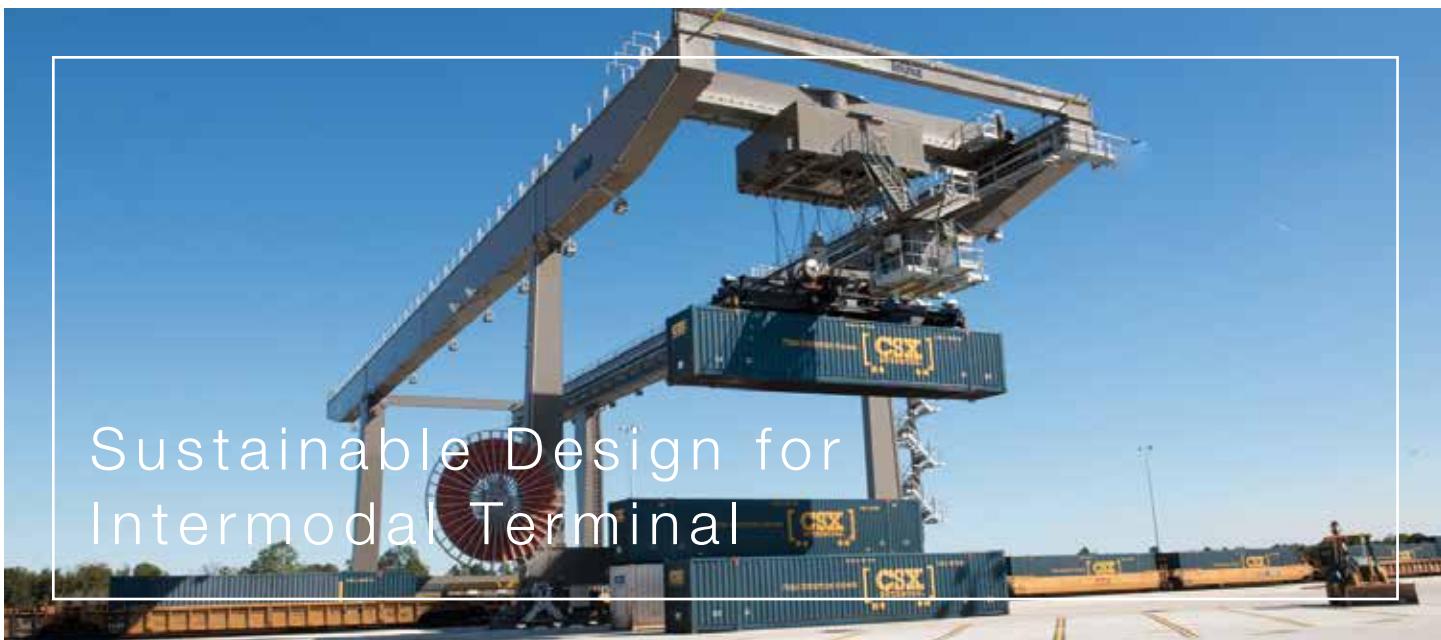
CSX locomotive engineers are well-versed in locomotive technology and operations, and CSX has many training and feedback programs to continue educating locomotive engineers on ways to operate safely and efficiently, while minimizing fuel use.

New locomotive engineers learn about train handling skills, including fuel efficiency, through instructor-led and hands-on trainings at CSX's state-of-the-art REDI center. Incoming train operators spend 24 to 26 hours behind simulators, which provide them with the opportunity to develop the necessary skills to plan routes and safely operate a train without expending any fuel.

Additionally, through Event Recorder Automated Download (ERAD) technology, CSX collects operational data and fuel-efficiency information specific to individual operators. Using this information, CSX generates a ranking of locomotive engineers based on their performance, handling, and fuel efficiency during specific train trips, and these data are used as a teaching tool. For more information on the REDI Center and employee training, visit the [Empowering Employees](#) section of this report.

### **Collaborating on Energy Efficiency**

2014 marked the fifth consecutive year in which CSX partnered with the Environmental Defense Fund Climate Corps fellowship, a program that matches top graduate students with organizations to provide expertise in energy



## Sustainable Design for Intermodal Terminal

In 2014, operations began at the 318-acre Central Florida Intermodal Logistics Center in Winter Haven, Florida. This state-of-the-art facility incorporates new environmentally friendly technology, including solar panels that provide renewable energy and three high-powered cranes that regenerate power to the local grid. LED lighting was also incorporated throughout the facility.

All administrative buildings received Silver LEED certification.

It is estimated that the terminal will process up to 300,000 containers a year. Additionally, the terminal is surrounded by 930 acres, which is planned for development with 7.9 million square feet of warehouse distribution centers, light industrial, and office spaces.



CSX delivers oysters shells to Curtis Bay, Maryland to be transported to barges for the trip to the sanctuaries on Maryland's Eastern Shore.

management initiatives and cost-saving opportunities. CSX worked with Felise Man, a Columbia University student, to develop a framework to identify, plan and measure CSX's current and future energy efficiency projects in order to ensure environmental goals are met. During her time with CSX, Felise created an energy management tool, which can track energy efficiency projects and spending, benchmark electricity usage and savings, and estimate avoided carbon emissions from a project's implementation. This will support CSX's efforts to analyze future energy management plans, measure impacts, and optimize cost and energy savings.

### **Preserving the Environment**

In 2009, CSX first set a goal to plant one tree for every mile of its track in the United States, totaling 21,000 trees. With the help of dedicated employees, their families and nonprofit partners, CSX reached this goal in five years. In 2014, CSX expanded the effort, in coordination with national partner Alliance for Community Trees, and set a new goal to plant an additional second tree for every mile of CSX track in the United States by 2018 for a total of 42,000 trees planted as a part of the Trees for Tracks program.

Another project to help rebuild two Chesapeake Bay oyster sanctuaries was the year-long Oyster Train partnership with the Maryland Department of Natural Resources and the National Fish and Wildlife Foundation. This was completed in 2014 when CSX successfully delivered the final freight train filled with fossilized oyster shells from Florida to the Chesapeake. Throughout the program, approximately 100,000 tons of fossilized shells were delivered.

## **Supporting Sustainable Development**

In 2014, CSX focused on implementing several large-scale LED lighting retrofits at five locations in Maryland and New York. The combined efforts of these projects can save more than four million kilowatt hours representing a savings of more than \$400,000 annually and a 65 percent savings in kilowatt usage for the year.

In 2014, the Railroad Industry Awards recognized CSX Intermodal Terminal employee Chris Durden as the winner of the John H. Chafee Environmental Excellence Award for his high level of environmental stewardship. Chris spearheaded a number of environmental initiatives at the Northwest Ohio Intermodal Terminal, including zero emission wide-span cranes that regenerate a significant portion of their power back to the terminal grid and reduce air pollutants by approximately 80 percent per lift. This terminal's engineering was also recognized with the American Railway Engineering and Maintenance-of-Way Association's Dr. William H. Hay Award for Excellence in Railway Engineering – the first-ever win for CSX Intermodal.

A man with a beard and sunglasses is painting a yellow playground structure. He is wearing a blue shirt and jeans. He is holding a paintbrush in one hand and a red cup of paint in the other. He is smiling at the camera.

INVESTING IN  
COMMUNITIES

**Nearly 190 years of operations have informed, and transformed, CSX's approach to citizenship as the expectations and needs of companies, citizens, and residents have evolved. Today, CSX focuses its outreach efforts in four key areas that align with the business while also meeting real societal needs: safety, community, environment, and health and wellness.**

## A Focus on Safety

As the global population continues to grow and become more urbanized, the importance of rail safety increases, as greater numbers of people are living near active railroad operations.

Employees will tell you that safety is a way of life at CSX. Zero accidents is the ultimate goal, and approximately 25 percent of the CSX workforce is dedicated to maintaining and improving the company's track, signals, and grade crossings, to support safe conditions throughout the network. CSX invests more than \$1 billion annually in the maintenance of the company's tracks, bridges, and signals to make the network safe while handling customers' freight.

## Public Safety Coordination and Outreach

The company also has a long history of working closely with local communities and first responders to promote safety across the network. Internal safety teams play an important role in CSX's ability to respond effectively and efficiently in the case of an incident. The CSX Public Safety Coordination Center (PSCC) is a dispatching and response team at the center of day-to-day safety operations. In 2014, the PSCC, staffed by 25 employees, fielded 48,890 calls on safety or security concerns from the public, law enforcement, customers, local governments, and employees.

The PSCC team coordinates directly with local authorities and addresses issues promptly.

In addition to the emergency call center, TellCSX is a communication hotline that provides a way for communities to directly reach the company regarding non-emergency issues. For example, residents can call to report conditions at a grade crossing or inform CSX of upcoming events where trains should be held or slowed. In 2014, a total of 14,038 requests were brought to CSX's attention through TellCSX, which also handles online and email requests. CSX invested in a new advanced technology system to help track and process these calls, along with a new process for receiving and sharing relevant information across various departments.



## TellCSX Metrics

- **34,242 calls**
- **12,237 online or email inquiries**
- **23% increase in web form/online inquiries**
- **14,038 individual issues raised**
- **2,793 new rough crossings complaints**
- **502 organizations requesting halted or slowed train movement during a local community event**

To report a railroad emergency, contact the CSX Public Safety Coordination Center at 1-800-232-0144. To contact CSX for non-emergency issues, please call TellCSX at 1-877-835-5279.

Additionally, the company continually reviews the best approach to engage on issues and improve two-way conversations with communities. Currently, dedicated members of the CSX Community Affairs and Safety Team are located across the network to work directly with local communities, customers, and fellow employees to plan for and address any situations as they happen.

Highway-rail grade crossing safety is also an ongoing focus of the Community Affairs and Safety Team. The safest crossing is a closed crossing, because that removes the risk. CSX works closely with both internal and external contributors to identify, coordinate, and ultimately close unsafe and redundant public highway-rail grade crossings. Last year, CSX reduced accident risk by closing 247 crossings, in partnership with communities.



CSX provides hands-on safety education at the Safety Train in Philadelphia.

To further preserve the safety of the company's rail network and neighborhoods, the CSX Police work to safeguard personnel, infrastructure, property, and provide security. Special Agents are sworn law enforcement professionals who meet rigorous standards, and the CSX Police are one of only two railroad police departments in the country that are accredited by the national Commission on Accreditation for Law Enforcement Agencies. Special Agents are strategically deployed throughout the 23 states in the CSX network and frequently partner with local, state and federal law enforcement to accomplish their mission.

To read about employee safety, visit the [Empowering Employees](#) section.

### Safety Training Programs

CSX takes a fact-based, data-based approach to safety programs and response preparation – and that extends to first responders. CSX is committed to training local fire departments, emergency officials and community organizations to help them have the experience and information they need to make timely, fact-based decisions in the event of an incident.

CSX takes a comprehensive approach to working with first responders. CSX's Safety Train: Emergency Preparedness Program, which delivered specialized, hands-on tank car training, reached roughly 2,200 firefighters, police officers, and other emergency management personnel across 19 communities in 2014. The company also sponsors local grants across the network to enhance rail response training, and meets with state and local officials on a regular basis to address potential issues and location-specific concerns.



**We hold ourselves to the highest standard of care in our neighborhoods, from making the safe transportation of essential products even safer to responding quickly and compassionately to any rail event.**

– Ellen Fitzsimmons  
Executive Vice President of Law and Public Affairs, General Counsel and Corporate Secretary



In April 2014, a CSX train transporting crude oil derailed in Lynchburg, VA, and the company responded with an extensive, multifaceted approach. CSX worked in close cooperation with local, state, and federal agencies to keep public safety and information sharing as the team's first priority. Within hours of the incident, it established a Community Outreach Center to handle any needs that arose from the derailment and company representatives went door-to-door to visit businesses that were potentially impacted.

Both prior to and after the incident, CSX provided hands-on training to emergency first responders in Virginia, including the Lynchburg Fire Department and Henrico County officials. The timely, effective response was a reminder of why emergency preparedness programs and partnerships with local first responders are so important.



CSX's "Play It Safe" campaign uses a NASCAR sponsorship to target 18-to-34 year old males, who are often most at risk of being involved in a crossing collision or trespassing on railroad tracks.

## Immediate Mobile Safety Information

**CSX shares information with first responders. Many states have access to nearly real-time data regarding hazardous materials moving on CSX trains through Secure NOW, an online platform available to state agencies who have signed security agreements. In 2014, CSX also worked with the Operation Respond Institute, a leader in providing real-time rail information, to launch the industry's first mobile application to share information about hazardous materials with local first responders in the event of an incident. This technology, when combined with CSX's in-person trainings, can better equip local emergency personnel with the information they need to respond to incidents and keep communities safe.**

For more on CSX's safety initiatives, visit the [Community Safety Programs](#) section of our website.

### Safety Awareness and Education

Operating safely also means keeping the public informed about how to stay safe around railroad property. Trains can take more than a mile to stop, and do not always run on predictable schedules. To remind neighbors of these important messages, CSX continued its partnership with NASCAR in 2014 for the Play It Safe campaign. This is part of a long-standing effort to raise awareness of safety around railroads, and the partnership with NASCAR enables CSX to reach the demographic most at risk for accidents at railroad crossings – males ages 18 to 34.

CSX also works with national partner Operation Lifesaver, a nonprofit safety organization working to change people's behavior around railroad tracks and crossings with national public awareness campaigns and local outreach. CSX provides more than half a million dollars in grants to state chapters of Operation Lifesaver across the company's network, and also encourages employees to train in training efforts for school children, school bus drivers, and community groups. Additionally, the "See Tracks, Think Train" PSA campaign supported by CSX and other railroads through Operation Lifesaver aired on 151 TV and 280 radio stations in 2014, with the potential to reach an audience of 224 million.

## Local Engagement

As the company evolves over time, there is a need to invest in infrastructure projects, which increase CSX's permanent presence in many communities. As much as possible, CSX maintains open dialogue and engagement with local leaders and government officials to reach solutions together to support continued development and a strong American infrastructure.

The Salaberry-de-Valleyfield intermodal terminal in Quebec is a clear example of why that two-way dialogue with the local community is so important to major infrastructure projects. After facing operational and community challenges around train switching in downtown Montreal, CSX redesigned an improved terminal outside of the heart of the city. This allowed CSX to close unnecessary crossings and potentially decrease commute times for residents in the area.

## 2014 Giving Totals

- **Total cash and in-kind contributions from CSX in 2014: \$18,342,394**
- **Total Cash Contributions: \$15,859,438**
- **In-Kind Donations: \$288,165 (70 free transportation moves, 36 donations of products/equipment/supplies)**
- **In-Kind Real Estate (property): \$2,482,956**
- **Total CSX Volunteer Hours: 24,971 hours community/customers/suppliers**
- **Community Service Events: 19**

Throughout the process, CSX worked with a diverse group of stakeholders in the region – including the Department of Transportation, the Quebec Chamber of Commerce, local industry groups, and environmental organizations. The new terminal, which opened at the end of 2014, has been supported by regional development officials and community neighbors, and has already shown great business growth opportunities for CSX.

## Community Citizenship

Understanding that the company's network serves nearly two-thirds of the American population, CSX has a responsibility to help improve issues important to the success of its communities on a large scale. In 2014, CSX invested a total of \$18 million in community organizations, which included more than \$15 million in grants,

sponsorships, and matching programs, more than \$288,000 in in-kind donations, and more than \$2 million in real estate donations. Both on the national and local level, CSX's investments support communities in ways that enhance local neighborhoods, promote safety and wellness, and protect and preserve the environment.

## National Partnerships

We seek to focus on certain major issues that affect the success and quality of life in our communities. These include the need for promoting youth education and leadership development, preserving national resources, providing healthy foods and activity programs, and making communities safer and more prepared in case of disaster. CSX works to address these issues through its outreach efforts in four key areas: community, environment, safety, and health and wellness.

CSX supports national partners that are aligned with these focus outreach areas and have the breadth to reach a wider audience. Together, these groups can make a significant impact in each of these areas, and efficiently develop programs to address these concerns across the entire CSX network. More than half of CSX's philanthropic dollars go toward these national partnership investments, which are each doing their own unique work to support communities.



Working in partnership with City Year, a national service organization for young adults, CSX seeks to support the next generation of community leaders and future CSX employees.

As the largest corporate team site supporter, CSX funds 14 teams in 13 cities, which also encourages students to stay in school and helps decrease the drop-out rate in local communities. CSX also coordinates with City Year to give employees the opportunity to volunteer in local schools.



Action for Healthy Kids is a nationwide grassroots network

supporting school-based healthy eating and physical activity improvements that increase academic success. CSX is focused on helping improve employees' health and wellness, and through a partnership with Action for Healthy Kids, CSX is able to help bring that message to life in local communities through school programs and service days. CSX grew its grant program from 197 schools in 2013 to 287 schools in 2014, reaching more than 143,000 students.



FFA was founded in 1928 to provide training and education to students who will be the next generation of leaders in agriculture and their communities. For more than 100 years, CSX has worked closely with the agricultural industry, and



City Year Corps Members kick off the school year with a celebration at CSX's Headquarters in Jacksonville, Florida.

today CSX and FFA work together on a variety of programs focused on leadership, service, and environmental stewardship.



During times of crisis, CSX has a unique ability to help provide essential goods where they are needed most through its logistics

capabilities and partnership with the American Red Cross. CSX also works with the Red Cross on training programs, crisis planning, and risk management to promote emergency preparedness in communities across the network.



Operation Lifesaver's mission is to raise awareness and improve public safety on and around train tracks. It's a mission that CSX shares, and together the two organizations deliver important safety messages and facilitate education programs to help reduce the number of incidents around train tracks.



CSX also works with The Conservation Fund, an organization that works at the intersection of conservation and community, on many environmental programs in the community. Recently, the two organizations paired together to improve access to healthy food choices in rural "food deserts" in the states where CSX operates.



CSX helps better the environment through the Trees for Tracks program in partnership with Alliance for Community Trees (ACT). Together, CSX and ACT hold service days to plant trees in neighboring areas to preserve ecosystems and reduce the effects of carbon

## Moves to Support Nonprofits and Global Crisis Response

In-kind donations enable CSX to put the company's logistics expertise and resources to good use to meet nonprofits' needs. Often, this means moving dry goods for local food banks or clothing for nonprofits like Dignity U Wear, an organization that provides brand new clothing to children and families in need.

CSX also steps in during times of crisis to provide transportation through its "Free Moves" program. During the recent Ebola outbreak in 2014, CSX worked with World Vision and the American Chemistry Council to provide free transportation of essential chemicals to make the bleach needed in West Africa for sanitation efforts.

and other GHG emissions. CSX is currently working with ACT to achieve a new goal of planting an additional 21,000 trees by the end of 2018.

## Local Involvement

CSX provides additional funding to local organizations through an online grant program, which allows requests to be evaluated by a council of employees who live and work in the region and understand critical issues facing individual communities. This program allows the company to have a more personal and localized relationship with organizations in specific communities. CSX also provides localized grant support for board service, workplace giving, and volunteer hours.

To view more information about how CSX gives back in the community, visit [Beyond Our Rails](#) – a website dedicated to CSX's community citizenship efforts.

## Employees in Action

In 2014, CSX invited employees to demonstrate their personal commitments to their communities at CSX-sponsored service days. CSX employees also take on many leadership roles in their communities, serving on more than 70 non-profit boards across the network. Employees also give back with their own financial support throughout the year during workplace giving programs, and in times of crisis through an Employee Disaster Relief Fund, which provides a company match of employee donations.

Read more on employee engagement and volunteerism in the [Empowering Employees](#) section of this report.

## Preserving the Environment

CSX not only provides the most environmentally friendly mode of land transportation, but its focus on the globe's natural resources extends to preservation and protections. Here are a few examples of how CSX worked to preserve the environment in 2014:

- CSX completed the 1812 Tree Initiative in Baltimore, as a part of the city's celebration of the Star-Spangled 200, the bicentennial celebration of America's national anthem. Working through nonprofit partners at ACT and their Parks and People affiliate, CSX's sponsorship added 1,812 trees to the Baltimore landscape.
- Through the year-long Oyster Train partnership with the Maryland Department of Natural Resources and the National Fish and Wildlife Foundation, CSX successfully delivered 22 freight trains filled with fossilized oyster shells from Florida to the Chesapeake Bay. Through the program, CSX delivered approximately 100,000 tons of fossilized shells to help rebuild two Maryland oyster sanctuaries.
- The Mother Nature Network (MNN) provides daily environmental news, blog commentary, and advice on sustainable living, conservation, and social



responsibility. CSX partners with MNN to support and create online content focused on sustainable living and business operations related to the freight rail industry.

- CSX was the premier sponsor of the Anacostia Watershed Society's Earth Day Clean Up, which brought more than 2,000 volunteers to help clean up 24 locations along the river.
- Through the work of the Nature Conservancy, CSX helped to develop 12 community gardens in the Baltimore area, which will provide fresh produce to the community and enable more outdoor education opportunities on the importance of conservation and environmental stewardship.
- CSX also partners with many Riverkeeper programs. In 2014, CSX worked with the St. Johns Riverkeeper on a stewardship education program for students in Duval County, Florida.

More information on how CSX works to preserve the environment can be found under the engagement portion of the [Environmental Sustainability](#) section of this report.



# APPENDIX

## Report Details

All of the information contained in this report is fully representative of the company's principal operating subsidiary, CSX Transportation, as well as its other subsidiaries, including: CSX Intermodal Terminals, Inc. (CSX Intermodal Terminals); Total Distribution Services, Inc. (TDSI); Transflo Terminal Services, Inc. (TRANSFLO); and CSX Technology, Inc. (CSX Technology). Information in this report covers 2011 through 2014, with a focus on activities during fiscal year 2014 (December 29, 2013, to December 27, 2014). There are no significant changes in the boundary or scope of this report compared to the 2013 report, published June 23, 2014.

Any restatements of data from prior years are noted throughout the report where appropriate. Units are metric except where noted otherwise. CSX's greenhouse gas (GHG) emissions were verified by a third party as part of the company's participation in the Carbon Disclosure Project (CDP).

## GRI G4 Content Index



General Standard Disclosures			
General Standard Disclosures	Page or Direct Answer	External Assurance	Description
<strong>Strategy and Analysis</strong>			
G4-1	Chairman's Message (p. 5)	No	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.
<strong>Organizational Profile</strong>			
G4-3	CSX Corporation	No	Name of the organization.
G4-4	Overview chapter, About CSX section ( <a href="#">p.7</a> ); Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Primary brands, products and services.
G4-5	Overview chapter, About CSX section ( <a href="#">p.7</a> )	No	Location of organization's headquarters.
G4-6	Overview chapter, About CSX section ( <a href="#">p.7</a> )	No	Number of countries where the organization operates.
G4-7	Overview chapter, About CSX section ( <a href="#">p.7</a> )	No	Nature of ownership and legal form.
G4-8	Market Analysis chapter ( <a href="#">p.17-21</a> )	No	Markets served.
G4-9	Overview chapter, 2014 Highlights chart ( <a href="#">p.7</a> ); Business Strength chapter, Financial Performance section ( <a href="#">p.23</a> ) and Financial Performance table ( <a href="#">p.23</a> ); Empowering Employees Chapter, Employment Type table ( <a href="#">p.33</a> )	No	Scale of the reporting organization.
G4-10	Empowering Employees chapter, Employment Type table ( <a href="#">p.33</a> ) and Diversity Representation table ( <a href="#">p.33</a> ); Appendix chapter, Additional Data tables ( <a href="#">p.66-68</a> )	No	Total workforce by employment type, employment contract, and region, broken down by gender.

G4-11	Empowering Employees chapter, Compensation and Benefits section ( <a href="#">p.34</a> )	No	Percentage of employees covered by collective bargaining agreements.
G4-12	Business Strength chapter, Supply Chain section ( <a href="#">p.29-30</a> )	No	Description of the organization's supply chain.
G4-13	Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Significant changes during the reporting period regarding size, structure, ownership or supply chain.
G4-14	Business Strength chapter, Enterprise Risk Management section ( <a href="#">p.26</a> )	No	Explanation of whether and how the precautionary approach or principle is addressed by the organization.
G4-15	Environmental Stewardship chapter, Environmental Policy section ( <a href="#">p.41</a> )	No	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes.
G4-16	Business Strength chapter, Memberships section ( <a href="#">p.28</a> )	No	Memberships in associations and advocacy organizations.

#### Identified Material Aspects and Boundaries

G4-17	Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Operational structure of the organization.
G4-18	Overview chapter, About The Report section ( <a href="#">p.11</a> ), Inside the Materiality Assessment section ( <a href="#">p.11</a> ), and Materiality Process section ( <a href="#">p.12</a> )	No	Process for defining report content.
G4-19	Overview chapter, CSX Critical Issues chart ( <a href="#">p.11</a> ) and Materiality Guide section ( <a href="#">p.12-13</a> )	No	Material aspects identified in the process for defining report content.
G4-20	Overview chapter, Materiality Guide section ( <a href="#">p.12-13</a> )	No	Aspect boundary within the organization for each material aspect.
G4-21	Overview chapter, Materiality Guide section ( <a href="#">p.12-13</a> )	No	Aspect boundary outside the organization for each material aspect.
G4-22	Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Explanation of any restatements of information provided in earlier reports, and the reasons for such restatements.
G4-23	Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Significant changes from previous reporting periods in the scope and aspect boundaries.

#### Stakeholder Engagement

G4-24	Overview chapter, Stakeholder Engagement section ( <a href="#">p.11</a> ); Business Strength chapter, Memberships section ( <a href="#">p.28</a> )	No	List of stakeholder groups engaged by organization.
G4-25	Overview chapter, Stakeholder Engagement section <a href="#">p.11</a> )	No	Basis for identification and selection of stakeholders with whom to engage.

G4-26	Overview chapter, Stakeholder Engagement section ( <a href="#">p.11</a> )	No	Approach to stakeholder engagement, including frequency of engagement by type and group.		
G4-27	Overview chapter, Stakeholder Engagement section ( <a href="#">p.11</a> )	No	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded.		
<b>Report Profile</b>					
G4-28	Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Reporting period.		
G4-29	Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Date of most recent previous report.		
G4-30	Appendix chapter, Report Details section ( <a href="#">p.57</a> )	No	Reporting cycle.		
G4-31	Report back cover ( <a href="#">p.74</a> )	No	Contact point for questions regarding the report.		
G4-32	Appendix chapter, GRI G4 Content Index ( <a href="#">p.57-65</a> )	No	Table identifying the location of standard disclosures in the report.		
G4-33	Appendix Chapter, Report Details section ( <a href="#">p.57</a> )	No	External assurance.		
<b>Governance</b>					
G4-34	Business Strength chapter, Corporate Governance section ( <a href="#">p.24-25</a> )	No	Governance structure of the organization.		
<b>Ethics and Integrity</b>					
G4-56	Business Strength chapter, Values and Ethics section ( <a href="#">p.25-26</a> )	No	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		
<b>Specific Standard Disclosures</b>					
Material Aspects	DMA and Indicators	Page or Direct Answer	Omissions	External Assurance	Description
<b>Category: Economic</b>					
Economic Performance	G4-DMA	Business Strength chapter, Financial Performance section ( <a href="#">p.23</a> ) and Economic Impact section ( <a href="#">p.23-24</a> )		No	DMA Economic Performance
	G4-EC1	Business Strength chapter, Financial Performance section ( <a href="#">p.23</a> ), Financial Performance table ( <a href="#">p.23</a> ) and Economic Impact section ( <a href="#">p.23-24</a> )		No	Direct economic value generated and distributed
	G4-EC2	Business Strength chapter, Financial Performance section ( <a href="#">p.23</a> )		No	Financial implications and other risks and opportunities for the organization's activities due to climate change
	G4-EC3	Business Strength chapter, Economic Impact section ( <a href="#">p.24</a> )		No	Coverage of the organization's defined benefit plan obligations

Indirect Economic Impacts	G4-DMA	Business Strength chapter, Economic Impact section ( <a href="#">p.23-24</a> ); Investing in Communities chapter, Community Citizenship section ( <a href="#">p.52</a> ) and Local Involvement section ( <a href="#">p.54</a> )		No	DMA Indirect Economic Impacts
	G4-EC7	Business Strength chapter, Economic Impact section ( <a href="#">p.23-24</a> ); Investing in Communities chapter, A Focus on Safety section ( <a href="#">p.49</a> )		No	Development and impact of infrastructure investments and services supported
	G4-EC8	Overview chapter, Business Strength chapter, Economic Impact section ( <a href="#">p.23-24</a> ) and Community Citizenship section ( <a href="#">p.52-54</a> )		No	Significant indirect economic impacts, including the extent of impacts
<b>Category: Environmental</b>					
Energy	G4-DMA	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ), Reducing the Environmental Footprint section ( <a href="#">p.42-43</a> ), and Technological Advances section ( <a href="#">p.43</a> )		No	DMA Energy
	G4-EN3	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		No	Energy consumption within the organization
	G4-EN4	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		No	Energy consumption outside of the organization
	G4-EN5	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		No	Energy intensity
	G4-EN6	Environmental Sustainability chapter, Reducing the Environmental Footprint section ( <a href="#">p.42-43</a> ), Technological Advances section ( <a href="#">p.43</a> ), and Supporting Sustainable Development section ( <a href="#">p.47</a> ); Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		No	Reduction of energy consumption
	G4-EN7	Environmental Sustainability chapter, Reducing the Environmental Footprint section ( <a href="#">p.42-43</a> ), Technological Advances section ( <a href="#">p.43</a> ), and Sustainable Design for Intermodal Terminal spotlight ( <a href="#">p.46</a> )		No	Reductions in energy requirements of products and services
	G4-DMA	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ) and Water Use section ( <a href="#">p.44-45</a> )		No	DMA Water
Water	G4-EN8	Environmental Sustainability chapter, Water Use section ( <a href="#">p.44-45</a> )		No	Total water withdrawal by source
	G4-EN10	Environmental Sustainability chapter, Water Use section ( <a href="#">p.44-45</a> ) and forthcoming under "CSX Corporation" at CDP Water Report at <a href="http://www.cdp.net">www.cdp.net</a>		No	Percentage and total volume of water recycled and reused

Biodiversity	G4-DMA	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ) and Raleigh Street's Transformation spotlight ( <a href="#">p.44</a> )		No	DMA Biodiversity
	G4-EN13	Environmental Sustainability chapter, Raleigh Street's Transformation spotlight ( <a href="#">p.44</a> ) and Preserving the Environment section ( <a href="#">p.46-47</a> )		No	Habitats protected or restored
Emissions	G4-DMA	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ), Fuel Use and Efficiency section ( <a href="#">p.42-43</a> ), and Supply Chain Impacts section ( <a href="#">p.45</a> )		No	DMA Emissions
	G4-EN15	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		Yes, See External Assurance Statement ( <a href="#">p.72</a> )	Direct greenhouse gas (GHG) emissions (Scope 1)
	G4-EN16	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		Yes, See External Assurance Statement ( <a href="#">p.72</a> )	Energy indirect greenhouse gas (GHG) emissions (Scope 2)
	G4-EN17	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		Yes, See External Assurance Statement ( <a href="#">p.72</a> )	Other indirect greenhouse gas (GHG) emissions (Scope 3)
	G4-EN18	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		Yes, See External Assurance Statement ( <a href="#">p.72</a> )	Greenhouse gas (GHG) emissions intensity
	G4-EN19	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		Yes, See External Assurance Statement ( <a href="#">p.72</a> )	Reduction of greenhouse gas (GHG) emissions
	G4-EN21	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70</a> )		Yes, See External Assurance Statement ( <a href="#">p.72</a> )	NOX, SOX, and other significant air emissions
Effluents and Waste	G4-DMA	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ), Waste Management section ( <a href="#">p.44</a> )		No	DMA Effluents and Waste
	G4-EN23	Appendix chapter, 2014 Environmental Performance Summary table ( <a href="#">p.70-71</a> )		No	Total weight of waste by type and disposal method

Products and Services	G4-DMA	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ) and Fuel Use and Efficiency section ( <a href="#">p.42-43</a> )		No	DMA Products and Services
	G4-EN27	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ), Fuel Use and Efficiency section ( <a href="#">p.42-43</a> ), and Preserving the Environment section ( <a href="#">p.46-47</a> )		No	Extent of impact mitigation of environmental impacts of products and services
Compliance	G4-DMA	Environmental Sustainability chapter, Guiding Sustainability at CSX section ( <a href="#">p.41</a> ) and Environmental Policy section ( <a href="#">p.41</a> )		No	DMA Compliance
	G4-EN29	In 2014, CSX received 14 notices of violation and paid \$1,000 in environmental fines and penalties.		No	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
Supplier Environmental Assessment	G4-DMA	Business Strength chapter, Supplier Sustainability section ( <a href="#">p.30</a> )		No	DMA Supplier Environmental Assessment
	G4-EN32	Business Strength chapter, Supply Chain section ( <a href="#">p.29</a> ) and Supplier Sustainability section ( <a href="#">p.30</a> )		No	Percentage of new suppliers that were screened using environmental criteria

**Category: Social****Sub-Category: Labor Practices and Decent Work**

Employment	G4-DMA	Empowering Employees chapter, Attracting the Best Talent section ( <a href="#">p.33-34</a> ) and Engaging the Workforce section ( <a href="#">p.34-36</a> )		No	DMA Employment
	G4-LA1	Appendix chapter, 2014 Hiring table ( <a href="#">p.67</a> ) and 2014 Attrition table ( <a href="#">p.68</a> )		No	Total number and rates of new employee hires and employee turnover by age group, gender and region
	G4-LA2	Empowering Employees chapter, Compensation and Benefits section ( <a href="#">p.34</a> )		No	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
Labor/Management Relations	G4-DMA	Empowering Employees chapter, Compensation and Benefits section ( <a href="#">p.34</a> )		No	DMA Labor/Management Relations
	G4-LA4	Empowering Employees chapter, Compensation and Benefits section ( <a href="#">p.34</a> )		No	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

Occupational Health and Safety	G4-DMA	Empowering Employees chapter, Safety in the Workplace section ( <a href="#">p.34-35</a> ) and Health and Wellness section ( <a href="#">p.35</a> )		No	DMA Occupational Health and Safety
	G4-LA5	Empowering Employees chapter, Safety in the Workplace section ( <a href="#">p.34</a> )		No	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
	G4-LA6	Empowering Employees chapter, Safety in the Workplace section ( <a href="#">p.34</a> )		No	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
	G4-LA7	Empowering Employees chapter, Employee Assistance Program spotlight ( <a href="#">p.36</a> )		No	Workers with high incidence or high risk of diseases related to their occupation
	G4-LA8	Empowering Employees chapter, Safety in the Workplace section ( <a href="#">p.34</a> )		No	Health and safety topics covered in formal agreements with trade unions
Training and Education	G4-DMA	Empowering Employees chapter, Developing Careers section ( <a href="#">p.36-38</a> )		No	DMA Training and Education
	G4-LA10	Empowering Employees chapter, Skills Training section ( <a href="#">p.36</a> ) and Career Planning section ( <a href="#">p.37-38</a> )		No	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
	G4-LA11	Empowering Employees chapter, Career Planning section ( <a href="#">p.37-38</a> )		No	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
Diversity and Equal Opportunity	G4-DMA	Empowering Employees chapter, Recruiting a Diverse Workforce section ( <a href="#">p.33-34</a> ) and Focus on Inclusion & Engagement section ( <a href="#">p.36</a> )		No	DMA Diversity and Equal Opportunity
	G4-LA12	Business Strength chapter, Board of Directors table ( <a href="#">p.25</a> ); Empowering Employees chapter, Diversity Representation table ( <a href="#">p.33</a> )		No	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Sub-Category: Society					
Local Communities	G4-DMA	Investing in Communities chapter, A Focus on Safety section ( <a href="#">p.49-51</a> ) and Local Engagement section ( <a href="#">p.52</a> )		No	DMA Local Communities
	G4-SO1	Investing in Communities chapter, A Focus on Safety section ( <a href="#">p.49-50</a> ), Local Engagement section ( <a href="#">p.52</a> ), and Local Involvement section ( <a href="#">p.54</a> )		No	Percentage of operations with implemented local community engagement, impact assessments, and development programs
	G4-SO2	Investing in Communities chapter, A Focus on Safety section ( <a href="#">p.49-50</a> )		No	Operations with significant actual and potential negative impacts on local communities
Anti-Corruption	G4-DMA	Business Strength chapter, Values and Ethics section ( <a href="#">p.25-26</a> )		No	DMA Anti-Corruption
	G4-SO3	Business Strength chapter, Values and Ethics section ( <a href="#">p.25-26</a> ); Part 1A ( <a href="#">p.7</a> ) of our annual 10-K: <a href="http://investors.csx.com/phoenix.zhtml?c=92932&amp;p=irol-sec">http://investors.csx.com/phoenix.zhtml?c=92932&amp;p=irol-sec</a>		No	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified
	G4-SO4	Business Strength chapter, Values and Ethics section ( <a href="#">p.25-26</a> )		No	Communication and training on anti-corruption policies and procedures
	G4-SO5	We have not had any incidents of corruption in 2014.		No	Confirmed incidents of corruption and actions taken
Public Policy	G4-DMA	Business Strength chapter, Public Policy & Contributions section ( <a href="#">p.27-28</a> )		No	DMA Public Policy
	G4-SO6	Business Strength chapter, Public Policy & Contributions Section ( <a href="#">p.27-28</a> )		No	Total value of political contributions by country and recipient/beneficiary
Anti-Competitive Behavior	G4-DMA	Business Strength chapter, Values and Ethics section ( <a href="#">p.25-26</a> ) and Item 1, Competition (p.4) of our annual 10-K: <a href="http://investors.csx.com/phoenix.zhtml?c=92932&amp;p=irol-sec">http://investors.csx.com/phoenix.zhtml?c=92932&amp;p=irol-sec</a>		No	DMA Anti-Competitive Behavior
	G4-SO7	In Note 7 (p.77-78) of our annual 10-K, we disclose information around legal actions and claims, which can be found at <a href="http://investors.csx.com/phoenix.zhtml?c=92932&amp;p=irol-sec">http://investors.csx.com/phoenix.zhtml?c=92932&amp;p=irol-sec</a>		No	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
Grievance Mechanisms For Impacts on Society	G4-DMA	Investing in Communities chapter, A Focus on Safety section ( <a href="#">p.49-50</a> )		No	DMA Grievance Mechanisms For Impacts on Society
	G4-SO11	Investing in Communities chapter, Public Safety Coordination and Outreach section ( <a href="#">p.49-50</a> ) and Safety Training Programs section ( <a href="#">p.50</a> )		No	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms

Sub-Category: Product Responsibility					
Product and Service Labeling	G4-DMA	Business Strength chapter, Customers section ( <a href="#">p.28-29</a> ) and Supply Chain section ( <a href="#">p.29-30</a> )		No	DMA Product and Service Labeling
	G4-PR5	Business Strength chapter, Customer Engagement section ( <a href="#">p.29</a> )		No	Results of surveys measuring customer satisfaction
Customer Privacy	G4-DMA	Business Strength chapter, Cybersecurity section ( <a href="#">p.26-27</a> )		No	DMA Customer Privacy
	G4-PR8	Business Strength chapter, Cybersecurity section ( <a href="#">p.26-27</a> )		No	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

## Additional Data

CSX Workforce*	
U.S.	
Floating*	3,932
AL	1,173
CA	4
CT	10
DC	50
DE	44
FL	4,785
GA	2,814
IL	1,017
IN	1,691
KY	1,985
LA	136
MA	230
MD	1,512
ME	1
MI	410
MO	1
MS	38
NC	975
NJ	193
NM	1
NY	2,084
OH	2,989
PA	946
SC	847
TN	1,465
TX	8
VA	971
WA	5
WV	1,405
<b>U.S. Total</b>	<b>31,722</b>
<b>Canada</b>	
Floating*	32
ON	3
QC	18
<b>Canada Total</b>	<b>53</b>
<b>Mexico</b>	
Floating indicates employees that are not assigned to a specific location, but are moved throughout the network based on construction demands.	

2014 Hiring				
Type		Management	Union	Total
Gender	Female	138	42	180
	Male	253	2,839	3,092
Ethnicity	Minority	116	471	587
	Non-Minority	275	2,410	2,685
Age	19 - 29	128	1,342	1,470
	30 - 39	137	1,020	1,157
	40 - 49	85	422	507
	50 - 59	37	94	131
	60+	4	3	7
State/ Geography	AL	1	125	126
	DC	1	1	2
	FL	338	161	499
	GA	7	268	275
	IL	9	164	173
	IN	2	332	334
	KY	1	115	116
	LA	2	12	14
	MA	1	19	20
	MD	6	196	202
	MI		61	61
	MS		1	1
	NC		83	83
	NJ	3	20	23
	NY	3	281	284
	OH	4	451	455
	ON	1	1	2
	PA	1	189	190
	QC	1	6	7
	SC		61	61
	TN	1	120	121
	TX	1		1
	VA	4	86	90
	WV	2	118	120
		2	10	12
<b>Total</b>				<b>3,272</b>

2014 Attrition				
Type		Management	Union	Total
Gender	Female	99	63	162
	Male	2,694	314	3,008
Ethnicity	Minority	552	70	622
	Non-Minority	2,241	307	2,548
Age	19 - 29	128	1,342	1,470
	30 - 39	137	1,020	1,157
	40 - 49	85	422	507
	50 - 59	37	94	131
	60+	4	3	7
State/ Geography	Floating*	255	2	257
	AL	72	6	78
	AR		1	1
	CA		1	1
	DC	7	1	8
	DE	2	1	3
	FL	197	176	373
	GA	247	31	278
	IL	118	11	129
	IN	189	11	200
	KY	181	14	195
	LA	12		12
	MA	36	2	38
	MD	200	15	215
	MI	61	5	66
	MS	1		1
	NC	63	3	66
	NJ	22	4	26
	NY	230	22	252
	OH	300	25	325
	PA	98	5	103
	QC	3	1	4
	SC	93	6	99
	TN	151	15	166
	TX		1	1
	VA	134	7	141
	WA		1	1
	WV	121	10	131
<b>Total</b>				<b>3,170</b>

## Employee Training

### Total Employees

Total Hours of Training	Average Hours of Training	Range of Hours of Training (Min -Max)
1,635,820	2.07	.05 - 250 Hours

### Management Employees Total

Total Hours of Training	Average Hours of Training	Range of Hours of Training (Min -Max)
176,567	1.99	.05 - 240 Hours

### Union Employees Total

Total Hours of Training	Average Hours of Training	Range of Hours of Training (Min -Max)
1,459,253	2.08	.08 - 250 Hours

### Union Employees by Gender

Gender	Total Hours of Training	Average Hours of Training	Range of Hours of Training (Min -Max)
Female	18,876	1.42	.08 - 250 Hours
Male	1,440,377	2.09	.08 - 250 Hours

### Management Employees by Gender

Gender	Total Hours of Training	Average Hours of Training	Range of Hours of Training (Min -Max)
Female	29,965	1.94	.01 - 240 Hours
Male	146,601	2.01	.05 - 240 Hours

2014 Environmental Performance Summary				
	Unit	2012	2013	2014
<b>Emissions</b>				
Total Scope 1	metric tons CO2e	5,268,905	5,251,734	5,212,604
Total Scope 2 (a)	metric tons CO2e	300,170	313,226	327,528
Total Scope 3 (b)	metric tons CO2e	177,381	259,368	223,647
Total Scope 1, 2 & 3	metric tons CO2e	5,746,456	5,824,328	5,763,779
Emissions intensity, normalized Scope 1 & 2	metric tons CO2e/ million revenue ton-mile	24.68	24.55	23.82
NOX emissions (c)	metric tons	81,039	80,693	87,419
SOX emissions (c)	metric tons	946	953	990
<b>Emissions by Kyoto Gas Type</b>				
CO2	metric tons	5,688,903	5,672,010	5,951,468
CH4	metric tons	629	613	626
N2O	metric tons	143	139	146
HFCs	metric tons	0.067	0.048	0.102
<b>Consumption</b>				
Total Direct Consumption	million BTU	71,074,180	70,863,517	74,409,063
Diesel (d)	million BTU	69,318,671	69,084,287	72,447,348
Gasoline	million BTU	1,130,979	1,126,930	1,138,544
Natural Gas	million BTU	303,272	355,929	434,834
Propane	million BTU	238,637	226,070	315,931
Jet Fuel	million BTU	36,002	34,310	31,054
Used Oil	million BTU	46,619	35,991	41,352
Total Indirect Consumption – Electricity	million BTU	1,838,100	1,925,369	2,020,385
Energy intensity	million BTU/ million revenue ton-mile	323	321	312
<b>Locomotive Fuel Efficiency</b>				
Fuel Efficiency	(revenue ton-mile per gallon diesel consumed)	466	470	483
<b>Water</b>				
Water consumed (e)	million gallons	1,127	1,458	1,742

Waste				
	Unit	2012	2013	2014
Hazardous Waste from Ongoing Operations (f)	short tons	46	62	85
Landfilled	short tons	-	17	27
Incinerated	short tons	-	30	6
Recycled	short tons	-	15	52
Hazardous Waste from Remediation and Emergency Response Activities (f)	short tons	71	453	2,791
Landfilled	short tons	-	3	2,525
Incinerated	short tons	-	77	264
Recycled	short tons	-	373	2

Non-Hazardous Waste from Ongoing Operations (g)	short tons	54,806	42,863	56,677
Landfilled	short tons	52,088	40,639	38,134
Incinerated	short tons	1,185	852	218
Recycled	short tons	1,533	1,372	18,324
Non-Hazardous Waste from Remediation and Emergency Response Activities (g)	short tons	51,658	119,102	179,247
Landfilled	short tons	46,360	109,618	31,623
Incinerated	short tons	1,599	3,075	175
Reuse	short tons	N/A	N/A	115,017

Recycling				
	Unit	2012	2013	2014
Used Oil	million gallons	2.25	2.12	2.58
Batteries	short tons	337.1	356.8	314.27
Steel	short tons	245,087	200,227	180,517
Crossties	millions	2.4	4.2	3.4
Asphalt	short tons	NA	NA	108,177
Concrete	short tons	NA	NA	3,637.52

(a) In 2012, CSX completed the expansion of its operational boundary to reflect inclusion of Canadian operations. Emission factors for purchased electricity were obtained from the U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID2012 Version 1.0) and used in the recalculation of 2012 Scope 2 emissions.

(b) These values include emissions from employee business travel in personal and rented vehicles, as well as air travel, employee commuting, and contracted taxi service.

(c) Reported emissions of NOx and SOx include direct (Scope 1) emissions.

(d) Annual locomotive diesel fuel consumption is reported in the Annual Report to the Surface Transportation Board.

(e) Water consumed (in thousands of gallons) is estimated from total cost of water and from actual water usage data when available at certain facilities.

(f) CSX is displaying hazardous waste data from ongoing operations and remediation and emergency response as two separate values to better reflect the distinction between fixed facility generation and waste that is generated from onetime cleanups.

(g) CSX continues to streamline and broaden its data-collection system for non-hazardous waste. Non-hazardous waste data is included starting in 2012 and is considered an estimated value.

## Awards and Recognition

### Overall

- Corporate Responsibility Magazine's 100 Best Corporate Citizens for 2014 and 2015
- Fortune Magazine's World Most Admired Companies

### Environmental

- Carbon Disclosure Project – Performance Leadership Index and Leadership Index
- Dow Jones Sustainability Index
- AAR Chafee Environmental Excellence Award
- Newsweek Green Rankings
- Maplecroft Climate Innovation Index Top 100

### Military

- #4 on GI JOBS Magazine's Most Military Friendly company
- CivilianJobs.com Most Valuable Military Employer Award

### Technology

- #15 on IDG Computerworld's "100 Best Places to Work in IT"

### Diversity

- # 1 on Diversity Inc.'s Top 10 Companies for Veterans
- #14 company on Diversity MBA Magazine's "Best Places for Diverse & Women Managers To Work"
- Best Diversity Companies by Diversity Careers in Transportation

## 7. Statement of Verification

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### 7.1 Scope

CH2M performed a verification of CSX's 2014 GHG emission inventory to determine if a reasonable level of assurance could be provided. CSX's management is responsible for the collection and presentation of the information within the 2014 EI. CH2M's responsibility is to express a conclusion as to whether anything has been identified to suggest that the reported emission inventory is not presented fairly in accordance with referenced GHG accounting principles and associated guidance documents.

### 7.2 Methodology

Our verification review was completed in accordance with ISO 14064-3:2006[E] section 4.4. As such, CH2M planned and performed the verification activities in order to provide a reasonable assurance with respect to GHG emission intensity information reviewed.

### 7.3 GHG Assertions

CSX asserts that their total annual Scope 1, Scope 2, and listed Scope 3 emissions for the 2014 reporting period (exclusive of purchased goods and services and capital goods) is 6,063,779 metric tonnes CO<sub>2</sub>e.

### 7.4 Conclusion

Based on the verification review conducted, the GHG Scope 1, Scope 2, and listed Scope 3 (exclusive of purchased goods and services and capital goods) assertions in CSX's 2014 EI are materially correct and presented fairly in accordance with stated criteria.

**CH2M**

Erin Laude, P.E. (WI)

Senior Reviewer

Milwaukee, WI

June 11, 2015

**CSX Corporate Headquarters**

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Thank you for your interest in CSX. Please use the following index to direct your inquiries and comments.

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