

MOVING FORWARD

CSX Corporate Social Responsibility Highlights

2014





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.

What you'll see in these *Highlights* helps explain how we operate and who we are. CSX works to meet 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.

The passion and commitment of our 32,000 employees are supported at CSX by competitive compensation and benefits, health and wellness programs, professional development plans, and skills-based training to ensure a safe, productive workforce.

We're also focused on our community involvement 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 trucks to trains, 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 get access to proper nutrition and keeping them in school.

I hope you find these *Highlights* enlightening and join us on the journey.

Michael Ward

Michael J. Ward
Chairman and CEO

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.

CSX serves three primary lines of business: intermodal, coal, and merchandise, which is further divided into nine specific markets within the agricultural sector, industrial sector, and housing and construction sector. In 2014, new opportunities emerged across nearly all markets, as CSX served the most diverse business mix in the company's history.



2014 Highlights

 **\$12.7 billion**
in revenue



\$1.92
diluted
earnings
per share

\$3.6 billion
operating
income



107 projects to build
or expand facilities on CSX's
network and short line partners



**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



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 and 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.

At CSX, we believe that living by a set of fundamental values – what we call our Core Values – which create a foundation for everything we do. Last year, 100 percent of management employees and 84 percent of union employees completed ethics and compliance training courses, to ensure we're adhering to our values and focusing on what's important.

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**
-

Just as our Core Values state, "It Starts With the Customer" at CSX. In 2014, CSX trained approximately 15,000 employees in Service Excellence classes. CSX also recognized 620 employees through the 2014 CSX Service Star Award, which

rewards an individual's outstanding performance in delivering high-quality service to customers. While winter weather and unexpected high traffic volume hampered service levels in 2014, CSX invested in key resources, communication, and collaboration to find solutions.

CSX also seeks to work with suppliers that match the diversity of the communities in which we operate. As a part of our 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.

Increased demand drove new full-year records for CSX in 2014 with 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.

Along with creating value for our shareholders, CSX creates and sustains jobs, builds new facilities, and grows and expands business across the network. In 2014, CSX worked with customers on 107 projects to build or expand facilities on its network and short-line partners. CSX customers invested more than \$3.5 billion in these projects, which are expected to generate nearly 5,800 new jobs in local communities.



A photograph of a worker in a high-visibility vest and cap climbing a metal structure, possibly a ladder or scaffolding, against a sunset sky. The worker is silhouetted against the bright light of the setting sun, which creates a strong glow and long shadows. The structure is made of dark metal beams and rungs.

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 seeks to develop a sustainable, flexible pipeline of talent to meet business demands, and 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. Of those new hires, 27 percent had previous military experience.

Union employees make up 84 percent of CSX's overall workforce, and CSX negotiates and administers bargaining agreements together with the country's other Class I railroads. The agreements cover all aspects of the employment relationship, except where terms and conditions are covered by federal law.

CSX also works to attract women and minorities to the workforce. CSX increased the number of females hired for management positions from 29 percent in 2012 to 35 percent in 2014.

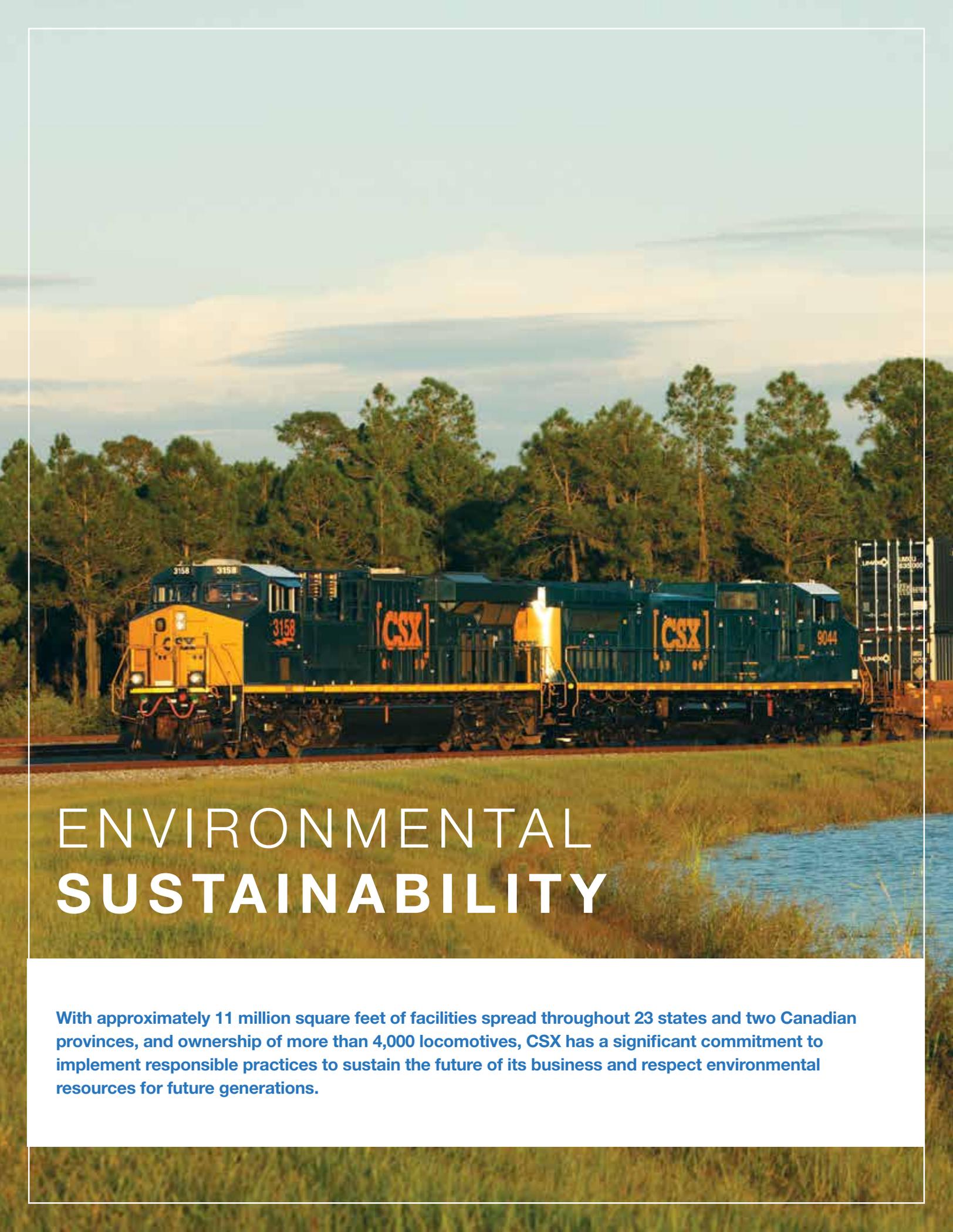
Award-Winning Diversity Efforts

- **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**

At CSX, "Safety is a Way of Life." CSX had the lowest injury rates of all the Class I railroads in 2014, even as gross ton mileage increased. Additionally, more than 8,000 employees received CPR, AED and First Aid training last year, an increase from 2013.



In recent years, CSX's workforce has transitioned to include a diversity of ages, almost evenly split between Millennials, Gen-X, and Baby Boomers. Meeting the transportation demands of tomorrow requires developing the next generation of leaders. CSX develops employees with a combination of 70 percent experience training, 20 percent coaching and mentoring, and 10 percent formal instruction. By building leaders within the organization, CSX was able to fill 75 percent of open management positions internally in 2014.



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, CSX has a significant commitment to implement responsible practices to sustain the future of its business and respect environmental resources for future generations.

CSX's sustainability strategy focuses on reducing the environmental footprint of our operations, engaging openly on sustainability issues, and supporting sustainable development.

In 2011, CSX created long-term Environmental Goals to be achieved by 2020. So far, CSX has reduced greenhouse gas (GHG) emissions intensity by 4.5 percent since 2011. 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.

CSX also focuses on designing and constructing sustainable facilities. For example, CSX worked with the Evansville & Western Railway to open the LEED-certified Central Florida Intermodal Logistics Center in Winter Haven, Florida in 2014. Additionally, CSX implemented large-scale LED lighting retrofits at five locations in Maryland and New York, which can together save more than four million kilowatt hours.

CSX's sustainability 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 also supports environmental preservation efforts throughout its network. CSX's "Oyster Train" partnership with the Maryland Department of Natural Resources and the National Fish and Wildlife Foundation was completed in 2014 when CSX successfully delivered the 22nd freight train filled with fossilized oyster shells from Florida to the Chesapeake Bay. CSX also set a new goal to plant a second tree for every mile of CSX track in the United States by 2018, following its previously completed goal to plant 21,000 trees. Once completed, CSX will have planted 42,000 total trees as a part of the Trees for Tracks program.



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



A man with a grey beard and sunglasses, wearing a blue polo shirt, is smiling while painting yellow playground equipment. He is using a brush to apply yellow paint to a metal bar. In the background, another person in a blue shirt is also painting. The setting is an outdoor playground with a gravel surface and a fence in the distance.

INVESTING IN COMMUNITIES

Nearly 190 years of operations have informed, and transformed, CSX's approach to citizenship. Today, the company holds a high standard of care in the communities we serve along both sides of our network's 21,000 miles. 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.

CSX has a long history of working closely with local communities to promote safety across the network. Approximately 25 percent of the CSX workforce is dedicated to maintaining and improving the company's track, signals, and grade crossings, and CSX invests more than \$1 billion annually in maintenance to make the network safe.

CSX takes a "fact-based" approach to safety programs and response preparation – and that extends to first responders. CSX's Safety Train: Emergency Preparedness Program, which delivers specialized, hands-on tank car training, reached roughly 2,200 firefighters, police officers, and other emergency management personnel across 19 communities in 2014.

As urbanization trends continue, the importance of rail safety increases with a greater numbers of people living near active railroad operations. CSX's "Play It Safe" campaign uses a partnership with NASCAR to raise awareness of safety around railroads. Ultimately the safest crossing is a closed crossing, and last year CSX closed 247 crossings throughout the network.

In 2014, CSX invested a total of \$18 million in community organizations, which included more than \$15 million in grants, sponsorships, and matching programs and more than \$2 million in real estate.



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



Major issues that affect communities across the network include the need for promoting youth leadership development, preserving natural resources, providing access to healthy foods, and making communities safer and more prepared in case of disaster. CSX addresses these issues by supporting national and local organizations who focus on the community, environment, safety, and health and wellness.

CSX employees also live out personal commitments to giving back. In 2014, CSX employees logged 24,971 volunteer hours through independent volunteering and 19 company-organized service events. More than 70 CSX leaders serve on non-profit boards throughout the network.



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