



Environmental, Social, and Governance (ESG) Disclosure in Proxy Statements.

August 2023

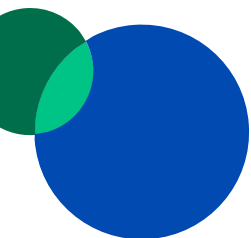


LABRADOR

Transparency by design

Table of Contents

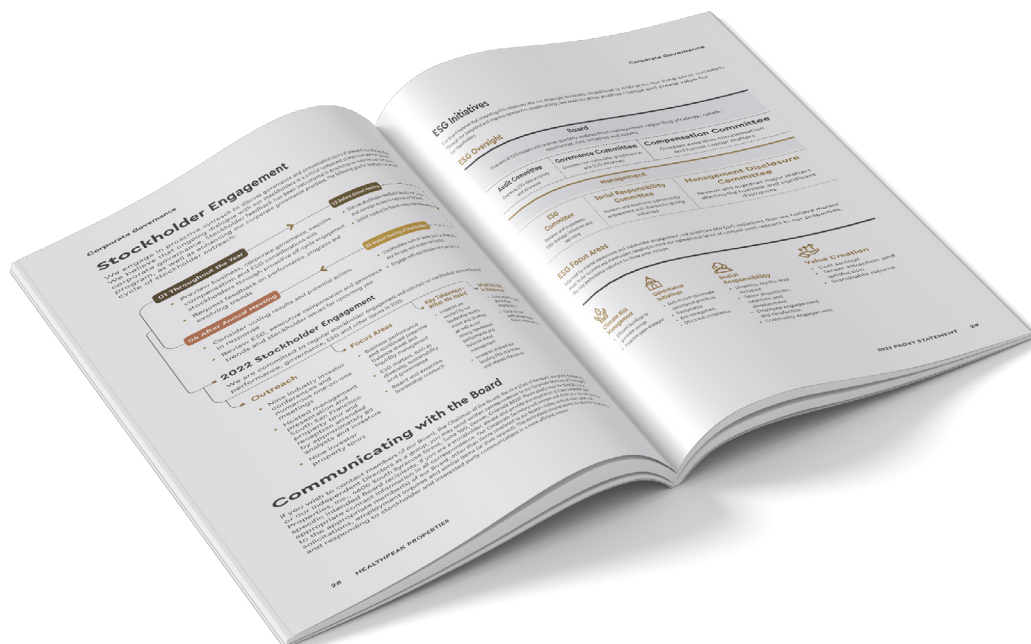
- 3** Introduction
- 4** The Importance of Summarizing ESG in Proxy Statements
- 4** What To Include?
- 5** How Much Is Too Much?
- 5** Where Should the ESG Summary Live?
- 6** Disclosure Examples
- 6** Comprehensive Overview within Proxy Summary
- 8** Standalone ESG Section



Introduction

As interest in Environmental, Social, and Governance (ESG) matters continues to expand, investors and other stakeholders expect disclosure around ESG topics in proxy statements. The focus on ESG disclosures probably extends to the broadest group of stakeholders compared to other disclosures in the proxy statement. Similarly, ESG encompasses a vast and ever-increasing list of topic areas. Given the breadth of interested stakeholders and topics to discuss, it can be a challenge to determine what to discuss in a proxy statement primarily focused on governance, compensation, and matters pertaining to the annual meeting.

This Thought Piece highlights examples of ESG disclosures that meet stakeholder expectations by emphasizing the importance of ESG, describing the board's role in ESG matters, and explaining how ESG priorities were determined, measured, and tracked. Regardless of what a company discloses in their proxy statement, it is important to ensure messaging is consistent with separate ESG reports. The proxy statement should present a coherent message to inform shareholders' voting decisions on directors.



The Importance of Summarizing ESG in Proxy Statements

What To Include?

Stakeholders expect the board to actively identify key ESG priorities through formal risk assessments and regular reviews. They want to understand how the board assesses the company's impacts, determines priorities with stakeholder input, sets goals, approves resources, listens to management-led ESG steering committees, reviews disclosures, establishes quality controls, and holds management accountable.

Stakeholders also want useful and comparative disclosures. They ask companies to comply with reporting frameworks like TCFD, GRI, and SASB. While companies have separate ESG/sustainability reports, investors expect to find summarized disclosures about ESG governance, priorities, and targets/goals in the annual proxy statement.

When preparing disclosure in the Proxy Statement, consider the following topics:

- Explain why ESG is important to the company and how it is connected to the company's strategy.
- Emphasize the company's commitment to transparency and accountability, mentioning current reporting practices and recognized frameworks (TCFD, SASB, GRI, etc.). Provide the location of the most recent report/data.
- Describe the board's role in overseeing ESG matters and the governance structure that supports ESG priorities and reports to the board. Include specific disclosure on climate-related risks and opportunities.
- Give an overview of how ESG priorities were determined, such as through materiality assessment or stakeholder engagement.
- Share key quantitative and qualitative highlights for each ESG priority, including goals and progress. Ensure any specific data, like greenhouse gas emissions, are verified by third parties and consistent with information in a separate ESG or sustainability report.
- Consider mentioning any relevant awards or recognition that demonstrate ESG successes.

How Much Is Too Much?

Because ESG disclosures cross-over multiple documents, it can be difficult to determine the level of detail to provide in the proxy statement. As a baseline for proxy statements, companies usually provide an oversight section, which describes how ESG responsibilities are allocated among management personnel and the board and its committees. Many companies describe the process for identifying ESG priorities and often summarize a formal assessment process that collects the views of internal and external stakeholders. Increasingly, companies are providing specific goals and targets set by the company.

Where Should the ESG Summary Live?

The most common locations for ESG disclosures within proxy statements are a summary within the Proxy Summary or Governance section, or a standalone ESG section. Most disclosures range from 2-10 pages and a well constructed 2-4 page summary incorporated into the Proxy Summary or Governance section can be just as effective as a longer dedicated ESG section. This thought piece will highlight quality examples representing both approaches.



Disclosure Examples

Comprehensive Overview within Proxy Summary

Healthpeak's and Cardinal's 2023 proxy statements offer thorough and concise overviews of their ESG efforts, effectively addressing nearly all of the aforementioned topics. They encourage readers to consult their ESG report for more comprehensive details, creating a seamless connection between the two reports.

Proxy Summary

ESG Highlights

We believe that environmental, social and governance, or ESG, initiatives are a vital part of value creation and corporate responsibility. For additional information, please read our annual ESG Report or visit our website at healthpeak.com/esg.

Environmental Highlights



Recognitions

- GRESB Green Star Rating (2012-2022)
- CDP Leadership Band (2013-2022)
- DJSI N. America Index Constituent (2013-2022)
- S&P Global Sustainability Yearbook (2016-2022)
- Nareit Leader in the Light – 9-Time Award Recipient
- FTSE4Good Index Series (2012-2022)

We strive to advance our building performance, efficiency, resilience and sustainability by identifying projects that minimize environmental impacts, deliver return on investment and reduce operating costs. In 2022, we published our 11th annual ESG Report, aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD"), Sustainability Accounting Standards Board ("SASB"), Global Reporting Initiatives and United Nations Sustainable Development Goals reporting frameworks. In 2022, we reported on the progress of our long term environmental goals for greenhouse gas emissions ("GHG"), energy, water, waste and recycling with respect to properties in our operational boundary (Scopes 1 & 2).

GOALS	GHG EMISSIONS REDUCTION (SCIENCE-BASED TARGETS) (BY 2033) ¹	ENERGY SAVINGS (BY 2030) ²	WATER SAVINGS (BY 2030) ³	WASTE (LANDFILL) DIVERSION (BY 2030) ³	RECYCLING INCREASE (BY 2030) ³
	37.5%	15%	10%	10%	10%
	Scopes 1 & 2				
PROGRESS ⁴	11.8%	0.7%	2.7%	—	0.3%
	Year 1 of 15	Year 1 of 10	Year 1 of 10	Year 1 of 10	Year 1 of 10

¹ Relative to 2019 baseline. Validated by the Science-Based Targets initiative.

² Relative to 2021 baseline.

³ As reported in 2022 for performance for the year ended December 31, 2021, compared using a "like-for-like" methodology. Under our "like-for-like" methodology, direct and indirect GHG emissions are compared on a year-over-year basis using Scope 1 and Scope 2 GHG emissions for the properties that we have owned for two full consecutive calendar years, excluding non-stabilized developments and redevelopments.

Green Building Certifications¹⁰

ENERGY STAR **185**

LEED **5.3** Million Sq. Ft.

¹⁰ Cumulative as of December 31, 2022. LEED®—an acronym for Leadership in Energy and Environmental Design™—and its related logo are trademarks owned by the U.S. Green Building Council® and are used with permission. Learn more at www.usgbc.org/LEED.

ENERGY STAR® Partner of the Year

2022 Partner of the Year
65 Certifications in 2022

We were named an ENERGY STAR Partner of the Year for the second time in 2022. This honor recognizes our leading energy management practices and commitment to advancing energy efficiency across our portfolio.

2023 PROXY STATEMENT



Proxy Summary

Social Highlights

GENDER DIVERSITY

46%
Female Workforce¹¹

RACIAL/ETHNIC DIVERSITY

37%
Racially/Ethnically Diverse Workforce¹²

Recognitions

- Bloomberg Gender Equality Index Constituent (2019-2022)
- Great Place to Work Certified (2020-2022)
- Orange County Business Journal Best Places to Work (2020 & 2022)
- The Tompkinson Top Workplace (2022)
- Fortune Best Places to Work in Real Estate (2022)

EMPLOYEE SATISFACTION

Employee satisfaction **exceeded the Kingstley Index average** (based on 2022 annual employee engagement survey results)

TRAINING AND DEVELOPMENT

We completed company-wide belonging and inclusion training and fostered employee leadership and development through our Building Bridges program, which brings together our rising leaders to identify and address corporate value-add opportunities

¹¹ As of December 31, 2022.

Diversity, Equity and Inclusion

We believe we are a stronger organization when our workforce represents a diversity of ideas and experiences. We value and embrace diversity in our employee recruiting, hiring and development practices, with a 2022 intern program that was 66% gender or racially/ethnically diverse. We continue to support numerous endeavors to further our commitment to racial diversity and awareness, including augmenting recruiting practices to hire more diverse talent; conducting company-wide diversity, equity and inclusion training for all employees; and sponsoring and contributing to community outreach programs that support the education of underrepresented groups, including through executive speaking engagements at universities.

To view our most recently filed EEO-1 Report, please visit healthpeak.com/esg/social.

Governance Highlights

- ✓ All director nominees, other than Mr. Binkler, our President & CEO, are independent
- ✓ Codes of Conduct for directors, employees and vendors
- ✓ Independent Board Chairman and Vice Chair
- ✓ Award-winning ESG reporting practices and annual standalone ESG Report
- ✓ Average director tenure of 7 years
- ✓ Anti-hedging, anti-pledging and clawback policies
- ✓ Annual director elections with majority voting standard
- ✓ Robust executive officer and director stock ownership requirements
- ✓ Annual Board and committee self-evaluations
- ✓ Director term limit policy to support orderly Board refreshment
- ✓ Board diversity, including three female directors and one racially/ethnically diverse director
- ✓ Stockholder proxy access rights reflecting market standard terms
- ✓ Board oversight of corporate culture, human capital management, ESG, cybersecurity and risk management

Recognitions

- Corporate Secretary and IR Magazine – Finalist for Best Proxy Statement (2020-2022)
- Corporate Secretary and IR Magazine – Finalist for Best ESG Reporting (2022)
- Newsweek America's Most Responsible Companies List (2019-2022)
- CDP Supplier Engagement Rating A+ (2019-2021)
- ISS ESG Corporate Rating – Prime MSCI Rating – AA-
- Fortune Modern Board 25 List (2022)
- Wall Street Journal Best Managed Company List (2022)

12 HEALTHPEAK PROPERTIES

PROXY SUMMARY

Approach to Environmental, Social, and Governance ("ESG")

As a global company, we know that our actions can help to influence the long-term health of our employees, our customers and partners, our communities, and the natural systems on which we depend. Our approach to ESG prioritizes the people and resources we rely on and the customers and patients we serve every day to help ensure that we are doing our part to create a healthy, equitable, and sustainable future.

During fiscal 2022, with the assistance of an ESG consultant, we refreshed our ESG priorities through a series of internal and external surveys and interviews. These refreshed priorities are presented below and will be covered in our upcoming 2022 ESG Report, which we expect to publish in early calendar 2023.






HUMAN CAPITAL MANAGEMENT <ul style="list-style-type: none"> Talent management Wages and benefits Workplace health and safety Employee well-being Diversity, equity, and inclusion 	SUPPLY CHAIN STEWARDSHIP <ul style="list-style-type: none"> Responsible procurement and sourcing Supply chain resiliency 	CUSTOMERS AND COMMUNITY <ul style="list-style-type: none"> Product quality and patient safety Responsible use of prescription medications Community engagement 	CLIMATE RISK <ul style="list-style-type: none"> Efficient transportation and logistics Energy Climate action Product and packaging innovation Waste 	GOVERNANCE, ETHICS, AND COMPLIANCE <ul style="list-style-type: none"> Business ethics and compliance Data privacy and security Corporate governance
---	---	--	---	---

ESG Highlights

We continue to advance ESG efforts across the company by building stronger governance practices internally, working together with colleagues across the business on our priorities, and transparently reporting on our progress. Here are a few 2022 ESG highlights:

 <p>Creating a diverse, equitable, and inclusive future</p>	<p>Having devoted years to building a strong foundation, we communicated a strategy to increase diverse representation in leadership.</p> <p>Last August, we set the following goals to change our workforce representation by 2030:</p> <ul style="list-style-type: none"> globally, increase representation of women at the manager level and above to 48% (up from 40%); in the United States, increase representation of African American and Black employees at the manager level and above to 11% (up from 5%); and in the United States, increase representation of all other ethnically diverse groups at the manager level and above to 23% (up from 17%). <p>As noted in the CDRA beginning on page 42, these goals were incorporated into our fiscal 2022 compensation programs. We also disclose our EEO-1 U.S. employee demographic data and pay equity metrics for women and minority employees.</p>
 <p>Our enterprise environmental goals</p>	<p>We set an enterprise-wide greenhouse gas reduction goal.</p> <p>Last September, we publicly committed to setting a science-based target for Scope 1 and 2 greenhouse gas ("GHG") emissions. We have set an initial target to reduce Scope 1 and 2 GHG emissions by 50% by 2030, over a 2019 base year. We plan on having a science-based target by the end of calendar 2023, which will include a Scope 3 supply chain emissions target.</p>

PROXY SUMMARY

 <p>Maintaining a responsible and ethical supply chain</p>	<p>We assess ESG risk in our supply chain.</p> <p>As regulatory and supply chain due diligence requirements increase, it is critical that we work with suppliers to help ensure that they operate safely, ethically, and sustainably, and that suppliers provide fair and equitable treatment of their workforce. In addition to quality and other risks, we assess ESG risks for suppliers primarily of our Cardinal Health branded medical products and conduct on-site audits as appropriate.</p>
 <p>Sustainability reporting and transparency</p>	<p>We continued to advance our sustainability reporting and transparency.</p> <p>We seek to continually evolve our disclosure to better meet the expectations of our shareholders and other stakeholders. We have issued an annual Corporate Citizenship Report since 2017 and began leveraging the Global Reporting Initiative standards in our 2019 report and the Sustainability Accounting Standards Board ("SASB") reporting standards for healthcare distributors in our 2020 report. Our 2021 Corporate Citizenship Report was accompanied for the first time by a separate report addressing our climate-related risks and opportunities using the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") as a guide.</p>
 <p>Prioritizing the ESG topics most relevant to our business</p>	<p>We conducted an ESG priority assessment in fiscal 2022.</p> <p>Following up on our first ESG priority assessment in fiscal 2019, we updated that assessment in fiscal 2022 and enhanced our methodology with deeper and broader stakeholder engagement across a larger number of ESG topics. Working again with an outside consultant, we aligned with management and the Board's Governance and Sustainability Committee around a refreshed, but largely consistent set of ESG priorities.</p>
 <p>Enhancing Board oversight of ESG and building out our ESG team</p>	<p>We formalized Board oversight of ESG activities, policy, and strategy in a renamed Governance and Sustainability Committee. We also consolidated leadership of ESG under a new Vice President, ESG to help us build an enterprise-wide strategy.</p> <p>In fiscal 2022, we formalized our Board's oversight of ESG activities, policies, strategy, and reporting and disclosure practices in a renamed Governance and Sustainability Committee. We also formed a new internal ESG Governance Committee composed of the CEO, the CEO's direct reports, and other senior business and functional leaders to help manage ESG risks across the business, identify opportunities, and approve and track progress against ESG strategies and goals. A new Vice President, ESG is helping us build an enterprise-wide ESG strategy to drive progress across the company.</p>
 <p>Positively impacting our communities</p>	<p>We continued to place a high priority on making communities stronger through influencing social determinants of health and employee volunteerism.</p> <p>We are taking action to influence the social determinants of health through increasing access to healthy foods, mental health services, and education on the responsible use of prescription medications. In recognition of Cardinal Health's 50th anniversary last year, we set a goal to volunteer 50,000 hours in our communities. By December 2021, our employees surpassed this goal, logging 56,000 hours of volunteerism across the company.</p>

More information about our ESG efforts can be found in our Corporate Citizenship Reports and our website at www.cardinalhealth.com under "About Us — Corporate Citizenship." Note that this information is not incorporated by reference into this proxy statement. Forward-looking statements in this proxy statement and in our ESG reports and disclosures are

aspirational and not guarantees or promises that goals, targets, or projections will be met, and no assurance can be given that any commitment, expectation, initiative, or plan referenced in this proxy statement or in our ESG reports and disclosures can or will be achieved or completed.

Standalone ESG Section

Freeport McMoRan's 2023 Proxy Statement includes a compact, standalone ESG section that highlights their sustainability strategy. It prominently describes Board and Committee oversight of ESG and emphasizes their roles in overseeing compliance programs and procedures in alignment with the company's global strategies.



ESG / Sustainability

Our sustainability strategy, **Accelerate the Future, Responsibly**, is underpinned by the recognition that our products are key contributors to global progress, including the acceleration of decarbonization around the world. We recognize the importance of effective management, integration and governance of key ESG matters. Strong ESG performance is imperative to our long-term success and our ability to deliver shared value to our stakeholders. Our core values of **safety, respect, integrity, excellence and commitment** are foundational to our sustainability and business strategy, and we are committed to continuous improvement and to aligning our sustainability programs with leading practices.

Our sustainability strategy is supported by our ESG commitments, which, in alignment with our business objectives, seek to enhance responsible production practices at our sites around the world. Fundamental to this work is the health, safety and well-being of our workforce and host communities where we operate. We seek to work collaboratively with our stakeholders to support shared value creation in our host communities and countries and to recognize, respect and promote human rights everywhere we conduct business. We are dedicated to effective environmental protection and stewardship, which are key to ensuring the long-term viability of our business, including maintaining the necessary support from communities and governments.

To learn more about our sustainability strategy and ESG initiatives and progress, stockholders are encouraged to review our 2022 Annual Report on Sustainability, which is independently assured and has been published annually since 2001, as well as our most recent Climate Report and other sustainability information available on our website at [fcs.com/sustainability](https://www.fcs.com/sustainability).

2022 Sustainability Highlights

- 12 sites**
Awarded the Copper Mark, including 4 in 2022 and 1 in early 2023
- 6 sites**
Awarded the Molybdenum Mark, including 2 primary mines and 4 copper mines that produce by-product molybdenum
- 2030 GHG Emissions Reduction Targets**
Established for Atlantic Copper and primary molybdenum sites, now covering nearly 100% of our Scope 1 and 2 GHG emissions
- Wildlife Habitat Council**
15 sites certified gold by the Wildlife Habitat Council for our biodiversity programs
- 89%**
Total water use efficiency
- 99%**
Of our employees are from the countries where we operate
- Human Rights Impact Assessments**
Completed for all 5 Arizona sites and initiated at PT-FI
- \$177M**
Invested in our communities
- Global Tailings Standard**
Progressed implementation at applicable tailings storage facilities in the Americas

Sustainability Program Aligns with International Best Practices

VOLUNTARY MEMBERSHIPS AND COMMITMENTS



Additional information regarding our programs and activities related to our people, including our global workforce diversity data and our U.S. Equal Employment Opportunity Commission EEO-1 employment data for our U.S.-based employees, is available in our 2022 Annual Report on Sustainability.

Board Oversight of ESG

The corporate responsibility committee oversees the company's environmental and social policies and implementation programs and related risks. The corporate responsibility committee reviews the effectiveness of the company's strategies, programs and policy implementation with respect to health and safety, responsible production frameworks, climate, tailings management and stewardship, water stewardship, biodiversity and land management, waste management, human rights, stakeholder relations, social performance and Indigenous Peoples, responsible sourcing, and political activity and spending practices. During 2022, the corporate responsibility committee met four times.

Additionally, each of the audit, governance and compensation committees oversees key ESG matters. The audit committee oversees our global compliance program and corporate compliance procedures and our information technology and cybersecurity processes and procedures. Additionally, tax matters are included within the audit committee's financial oversight responsibilities. The governance committee maintains our corporate governance guidelines and oversees our corporate governance practices and procedures. The compensation committee oversees the company's human capital management policies, programs, practices and strategies, including those relating to workforce recruitment, retention and development, pay equity and inclusion and diversity.

2022 KEY ESG TOPICS

In 2022, the board and its committees received presentations from and had active dialogue with management on key ESG initiatives linked to our strategy and performance.

Board Meetings

- Workforce health and safety
- ESG stockholder engagement feedback and ESG update
- Workforce inclusion and diversity update
- Annual adoption of UK Modern Slavery Act Statement

Compensation Committee Meetings

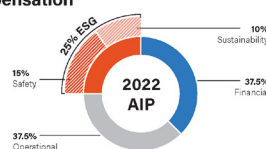
- Workforce health and safety
- Workforce recruitment, retention and development update

Corporate Responsibility Committee Meetings

- Workforce health and safety
- Climate strategy and performance update
- Human rights program, including progress on human rights impact assessments and annual adoption of UK Modern Slavery Act Statement
- Tailings management, including progress implementing the Global Industry Standard on Tailings Management in the Americas
- Update on PT-FI's human health assessment
- Water strategy and resilience update
- Social performance and charitable contributions
- Political spending review
- Responsible sourcing of minerals program update

ESG and Annual Executive Compensation

Our chairman and CEO has ultimate responsibility for the company's ESG performance. Executive officers are held accountable for the company's ESG performance in part through the company's performance-based annual incentive program (AIP) via pre-determined ESG metrics aligned with our key ESG commitments and priorities. In 2022, ESG metrics collectively accounted for 25% of the AIP (15% safety and 10% sustainability). See "Executive Officer Compensation - Compensation Discussion and Analysis - Principal Components of Executive Compensation in 2022" for more information.



CSX's 2023 Proxy Statement features a standalone ESG summary that showcases their impressive 10-year track record of ESG efforts. They use this space to respond to a wider stakeholder group by addressing recent service disruptions and enhancements before going on to discuss additional important topics that fall under E, S, and G.



ESG Highlights

Our commitment to environmental stewardship, social responsibility and governance best practices are critical to our mission to be a leading supplier of rail-based freight transportation in North America—one that meets customers' needs, creates value for our shareholders and provides a safe and rewarding work environment for its employees. As the most fuel-efficient mode of freight transportation on land, rail will continue to enable significant emission reductions and help drive economic prosperity. By conducting business in a sustainable way, we demonstrate our dedication to industry-leading ESG performance that supports our customers, shareholders, employees and communities. Our ESG approach is reflective of our efforts to be responsible corporate stewards, and it is also critically embedded in our growth strategy.

We are proud of our efforts to establish CSX's leadership on ESG action. Our development and implementation of innovative tools and technologies has enabled us to drive meaningful improvements on safety, customer experience, environmental efficiencies and employee engagement. As we move into the future and continue our emissions reduction trajectory, our focus is on creating long-term value for our people and our planet for decades to come. Our willingness to adapt, evolve and innovate has enabled CSX to deliver excellence and will continue to guide us into the future.

More Than a Decade of Industry-Leading ESG Action

- | | |
|--|---|
| <p>2010</p> <ul style="list-style-type: none"> Achieved first greenhouse gas ("GHG") goal set in 2007 <p>2011</p> <ul style="list-style-type: none"> Released first Corporate Social Responsibility Report Published sustainability strategy and set second GHG goal <p>2012</p> <ul style="list-style-type: none"> Named to Corporate Responsibility Magazine's list of "100 Most Responsible Corporate Citizens" <p>2013</p> <ul style="list-style-type: none"> Named to CDP Supplier Performance Leadership Index for commitment to helping customers reduce carbon emissions and meet sustainability goals <p>2014</p> <ul style="list-style-type: none"> Completed goal to plant one tree for every mile of track <p>2015</p> <ul style="list-style-type: none"> Opened first new transportation rail yard in 40 years, with modern systems that minimize the environmental impact of the facility <p>2016</p> <ul style="list-style-type: none"> Achieved second GHG goal <p>2017</p> <ul style="list-style-type: none"> Began business transformation with introduction of new operating model defined by guiding principles | <p>2018</p> <ul style="list-style-type: none"> Set target approved by the Science Based Targets initiative (a first for U.S. Class I railroads) to reduce GHG emissions Launched Pride in Service to honor those who serve and support local communities <p>2019</p> <ul style="list-style-type: none"> Set new Company record for fewest Federal Railroad Administration ("FRA")-reportable personal injuries and avoided lowest injury rate of all Class I railroads <p>2020</p> <ul style="list-style-type: none"> Issued CSX's first GRI, SASB and TCFD-aligned report covering 2019 ESG performance Formed cross-functional ESG team for deeper integration and collaboration on issues across departments Developed cross-functional social justice advisory roundtable to help CSX combat racial injustice <p>2021</p> <ul style="list-style-type: none"> Introduced ONE CSX culture initiative, centered on each employee's unique value and role in reaching business objectives Launched supplier engagement program focused on maximizing impact through value chain engagements <p>2022</p> <ul style="list-style-type: none"> Awaiting regulatory approval to become the first railroad to use Trip Optimizer's Zero-to-Zero function, which extends fuel savings capabilities to low-speed operations, including starting and stopping Tested use of biofuels to run our locomotives |
|--|---|



ESG and Sustainable Growth

Sustainable Growth and Our Customer Experience

Our Commitment to Customer Service

CSX is proud of the resiliency our customer service teams have demonstrated in recent years. Despite varying degrees of disruption in 2021, we responded to supply chain challenges in 2022 with innovative solutions and adjusted our operating plans accordingly, leading to the successful transport of 6.2 million units of freight across the United States. Recognizing that we had to quickly adapt to deliver the best-in-class service and interaction that our customers have grown to expect from CSX, we have expanded our workforce significantly and increased our customer solutions team over the past couple of years.

By continuing to invest in network capacity, customer service technology and new service offerings, CSX added to a solid operating foundation that will support future business growth by accelerating highway-to-rail freight conversion, which is a crucial step in facilitating the transition to a lower-carbon economy. Additional 2022 and early 2023 milestones include:

<p>Completion of the acquisition of Pan Am Systems, Inc., expanding CSX's reach in the Northeastern United States, providing customers with new service possibilities</p>	<p>Identification of close to 90 growth projects across the CSX network that will have significant financial impact on CSX and the communities we serve by way of job creation and additional opportunities</p>
<p>Increased customer investment at CSX Select Sites, which are premium certified rail-served locations for industrial development and expansion. New partnerships over 2022 and early 2023 included electric-vehicle manufacturing complexes, a steel mill and a megastore property in Central South Carolina</p>	<p>Ongoing improvements to our ShipCSX customer service platform, further enhancing the value proposition of rail and supporting CSX's strategy for capturing market share from the trucking industry</p>

Service Innovations Enhancing Customer Experience and Results

Providing excellent customer service means investing in the tools and technologies that provide added value and efficiencies. In 2022, we continued our digital business transformation with the understanding that measures we take to improve the safety and efficiency of the railroad ultimately translate to an improved customer experience.

<p>Our Intermodal Terminal Reservation System allows us to ensure maximum flexibility and fluidity at terminals, with 69% of customers leveraging the technology solution to make gate reservations.</p>	<p>TRANSFLO, a CSX subsidiary that provides transloading services across our network, helps customers take advantage of the economic and environmental benefits of rail without having rail infrastructure at their facilities.</p>	<p>Our ShipCSX customer service platform allows customers to plan, ship, trace and pay for shipments quickly and securely, while streamlining terminals so shipments can arrive efficiently.</p>	<p>Our pioneering XGate System not only accelerates the pace of customer deliveries, but also reduces potential emissions from idling trucks at intermodal terminals by up to 50%.</p>
---	--	---	---

ESG and Sustainable Growth

CSX is proud of the many business resource groups ("BRGs") that have been initiated by our employees to connect with colleagues who have shared interests and experiences. Each BRG is led by an executive-level sponsor, with the goal of promoting a diverse, inclusive and engaged workplace culture.

Our BRGs include: (i) ABLE Business Resource Group, which focuses on fostering a sense of belonging for those employees living with visible and invisible disabilities; (ii) African American Inclusion Group, which focuses on creating a culture that embraces inclusion and promotes African American representation at CSX; (iii) Asian Professionals for Excellence, which seeks to promote stronger working relationships between Asian and non-Asian employees; (iv) Interchange Women's Business Resource Group, which creates forums to engage aspiring women leaders on career and leadership development; (v) LGBTQ+ Allies, which focuses on advocacy, education, policy and community outreach in support of the LGBTQ+ community and engaging family and friends who serve as allies; (vi) Military Business Resource Group, which honors and supports CSX's veterans or active-duty military employees, Pride in Service activities and employee families when their loved ones are deployed in active military service; (vii) STEAM, which focuses on sparking interest in technology and innovation among all employees in the areas of science, technology, engineering, art and math; and, as most recently added in 2022, (viii) Hispanic Origin/Latin American (HOLA) Business Resource Group, which is committed to the engagement and professional growth of CSX's Hispanic and Latinx employees with a focus on recruitment, development, cultural awareness and community involvement.

Commitment to Social Justice and Racial Equity

CSX is committed to social justice and racial equality—within our organization and throughout our communities. We are adding CSX's voice to the side of anti-racism to not only meet our societal obligation but also to help strengthen our culture of inclusion. As we resolve to address social justice with purpose, we are continuing efforts with our own social justice advisory roundtable, a cross-functional group of CSX employees and leaders, to advance our efforts. This group reflects a diverse range of perspectives and expertise that has already increased dialogue around diversity, equity and inclusion at CSX and produced meaningful change for our employees and in our communities. Specifically, our social justice advisory roundtable is responsible for developing strategy and overseeing the Company's social justice action plan. The internal portion of the plan includes specific items that directly impact employees and improve the corporate culture, ranging from anti-racism awareness seminars and development opportunities for people of color to voter education and changing potentially offensive job titles. Externally, the plan includes partnerships with organizations that promote anti-racism awareness and provide support for people and communities of color.

For example, in alignment with the Company's strong stance against hate speech, racism and discrimination, CSX recently joined other Jacksonville organizations and business leaders to promote diversity, equity and inclusion by contributing \$100,000 to the newly formed Together Strong Community Fund. Backed by multiple large Jacksonville-based companies, the fund will use education, conversation and interaction initiatives to address antisemitism and bring the community together. Moreover, in 2022, CSX partnered with the United Way of Northeast Florida to support and promote Jacksonville's Civil Rights Conference.

Communities

At CSX, service to our communities is core to who we are and our commitment to people extends beyond our employees. Service is at the heart of every decision we make, for our customers, for our employees and for our communities. We serve the communities in which we live and operate through monetary and in-kind giving, as well as employee volunteerism opportunities. For example, in 2022, CSX contributed \$200,000 to support relief and recovery efforts in the Florida and South Carolina communities affected by hurricane Ian.

Additionally, 2022 marked the fourth full year of our signature community investment initiative, CSX Pride in Service. Pride in Service is a company-wide commitment to honor and serve the nation's military, veterans and first responders by connecting them and their families with the support they need. CSX understands intimately the sacrifice that comes with military service, as nearly one in five CSX employees have a former or current military connection. Oftentimes, our military, veteran and first responder heroes find themselves with various hardships and financial adversity once they are no longer in the line of duty.

Overall, in 2022, CSX contributed approximately \$10.4 million and nearly 12,300 volunteer hours to our communities, with \$7 million of such contribution directed to causes supporting military, veterans, first responders and their families. With Pride in Service's nonprofit partners, CSX makes possible critical financial assistance, community connections and acts of gratitude. In 2022, we reached 315,000+ service men, women and family members through our Pride in Service initiative, and we participated in 751 related service events, partnering with the following organizations:



13 2023 Proxy Statement

ESG and Sustainable Growth

Governance

Governance Practices and Oversight

At CSX, we believe good governance practices begin with strong leaders who understand the opportunities and challenges across our business and bring diverse perspectives for how to approach them, to help make decisions that support the Company's long-term growth and success. Our Board of Directors and executive team hold ultimate responsibility for developing and communicating CSX's vision and purpose, overseeing the implementation of sound governance practices, upholding Company policies, codes, procedures and values and ensuring ongoing monitoring of and adherence to existing and emerging laws and regulations. Key elements of our comprehensive governance program include: annual election of directors; majority voting standard for election of directors and director resignation policy; separation of the roles of Chair of the Board of Directors and Chief Executive Officer; independent Chair of the Board of Directors; stock ownership guidelines for officers and directors; policy against hedging and pledging of CSX common stock; proxy access and rights to call special meetings; pay-for-performance alignment; and Audit Committee, Compensation and Talent Management Committee and Governance and Sustainability Committee comprised solely of independent directors.

Business Ethics

We prioritize responsible business practices not only because it is the right thing to do, but also because it helps CSX manage and respond to potential risks and opportunities that can have an impact on our business and our ability to provide value to our stakeholders. All CSX employees and officers, members of the Board of Directors and partners conducting business with or on behalf of CSX are expected to act with the highest standards of personal integrity, consistent with the ethical behaviors outlined in our Code of Ethics. This code covers a wide slate of business matters including: conflicts of interest; insider trading; confidential information misuse; discrimination and harassment; whistle-blower protection; public and employee safety; and proper use of corporate assets. In consultation with the Board of Directors, our executive leadership team develops governance policies and sets clear expectations for those across all levels of our Company. Annual ethics training, which focuses on applying the CSX Code of Ethics in daily interactions, is required for all CSX management employees and is highly encouraged for union employees.



Cybersecurity

Strong performance and reliability of our technology systems are critical to our ability to operate safely and effectively. Our security framework is broadly integrated across the organization to enable the protection of our customers' personal information and the integrity of our operations, our contractors and our suppliers. Our information security team is responsible for day-to-day management and strategy implementation, including equipping our systems with the latest cybersecurity tools; conducting daily vulnerability scans; regularly providing critical cybersecurity information to all application users; and facilitating the annual required cybersecurity awareness trainings.

Over the last few years, CSX has brought in Board and executive-level experts to expand oversight of our cybersecurity and technology systems. In 2019, Suzanne M. Vautrinot, a retired U.S. Air Force ("USAF") Major General, joined our Board of Directors. Maj. Gen. (ret.) Vautrinot, who led the USAF's Cyber Command and is currently the president of a cybersecurity strategy and technology consulting firm, provides invaluable expertise and guidance in cyber and information security management. More recently, Stephen Fortune joined CSX as Executive Vice President and Chief Digital & Technology Officer in April 2022. Mr. Fortune brings decades of experience as a corporate technology leader to the Company through his long tenure as Chief Information Officer of the global BP Group.



CSX 14



LABRADOR

Transparency by design

About Labrador

Labrador exists to offer the science of transparency to corporations wishing to communicate effectively with their readers.

Our experienced and passionate team is composed of attorneys, designers, project managers, thinkers and web developers. We collaborate together around a process that encompasses drafting, editing, designing and publishing across all digital and print channels.

We are thrilled that communications prepared by Labrador have contributed to trustful relationships between our clients and their readers, whether investors, employees or other stakeholders.

In turn, our commitment to our clients has resulted in meaningful long-term relationships with some of the most respected public and private companies in the world.

contact-us@labrador-company.com

Labrador
530 Means Street
Suite 410
Atlanta, GA 30318
(404) 688 3584

Copyright © 2023 by Labrador

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, email the publisher at contact-us@labrador-company.com.