



November 20, 2019

Via email: [Nathan\\_Goldman@CSX.com](mailto:Nathan_Goldman@CSX.com)

Nathan D. Goldman  
Executive Vice President-Chief Legal Officer and Corporate Secretary  
CSX Corporation  
500 Water Street, C160  
Jacksonville, Florida, 32202

Dear Mr. Goldman:

The Unitarian Universalist Association, a long-time shareowner of CSX Corporation, is hereby submitting the enclosed resolution for consideration at the upcoming annual meeting. The resolution requests that the Board conduct an evaluation and issue a report describing if, and how, CSX Corporation's direct and indirect lobbying activities align with the goals of the Paris Climate Agreement and how the company plans to mitigate risks presented by any misalignment.

The Unitarian Universalist Association ("UUA") is a faith community of more than 1000 self-governing congregations that brings to the world a vision of religious freedom, tolerance and social justice. With roots in the Jewish and Christian traditions, Unitarianism and Universalism have been forces in American spirituality from the time of the first Pilgrim and Puritan settlers. The UUA is also an investor with an endowment valued at approximately \$200 million, the earnings from which are an important source of revenue supporting our work in the world. The UUA takes its responsibility as an investor and shareowner very seriously. We view the shareholder resolution process as an opportunity to bear witness to our values at the same time that we enhance the long-term value of our investments.

We submit the enclosed resolution for inclusion in the proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 for consideration and action by the shareowners at the upcoming annual meeting. We have continuously held at least \$2,000 in market value of the company's common stock for more than one year as of the filing date and will continue to hold at least the requisite number of shares for filing proxy resolutions through the stockholders' meeting.

Verification that we are beneficial owners of the requisite shares of CSX will be provided on request. Others may join in co-filing this resolution. If you have questions or wish to discuss the proposal, please contact me at (617) 620-0574 or [tbrennan@uua.org](mailto:tbrennan@uua.org).

Yours very truly,



Timothy Brennan,  
Special Advisor on Responsible Investing

cc: Andrew McGeorge, Treasurer & CFO UUA

Enclosure: Shareholder resolution



Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, CSX Corporation's lobbying activities (direct and through trade associations and other organizations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal) and how the company plans to mitigate risks presented by any misalignment.

### **Supporting Statement:**

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According to the most recent annual "Emissions Gap Report" issued by the United Nations Environment Programme (November 26, 2019), critical gaps remain between the commitments national governments have made and the actions required to prevent the worst effects of climate change. Companies have an important and constructive role to play in enabling policymakers to close these gaps.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present regulatory, reputational and legal risks to investors. These efforts also present systemic risks to our economies, as delays in implementation of the Paris Agreement increase the physical risks of climate change, pose a systemic risk to economic stability and introduce uncertainty and volatility into our portfolios. We believe that Paris-aligned climate lobbying helps to mitigate these risks and contributes positively to the long-term value of our investment portfolios.

Of particular concern are the trade associations and other politically active organizations that speak for business but, unfortunately, too often present forceful obstacles to progress in addressing the climate crisis.

As investors, we view fulfillment of the Paris Agreement's agreed goal—to hold the increase in the global average temperature to "well below" 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C—as an imperative. We are convinced that unabated climate change will have a devastating impact on the value of our portfolio. We see future "business as usual" scenarios of 3-4°C or greater as both unacceptable and uninvestable.

While we commend CSX for setting long-term greenhouse gas emission goals<sup>1</sup>, transporting coal represents one of its three primary lines of business: in 2019 shipping coal generated 14 percent of its shipping volume and 17 percent of its revenue.<sup>2</sup> According to press reports<sup>3</sup>, CSX has supported its coal customers by funding lobbying

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<sup>1</sup> [https://s2.q4cdn.com/859568992/files/doc\\_presentations/2020/CSX-ESG-Highlights\\_7.23.20.pdf](https://s2.q4cdn.com/859568992/files/doc_presentations/2020/CSX-ESG-Highlights_7.23.20.pdf), at 6.

<sup>2</sup> <https://www.sec.gov/ix?doc=/Archives/edgar/data/277948/000027794820000008/csx-12312019x10k.htm#sA07C3B3427B55C338805B4258C34D414>, at 4.

<sup>3</sup> <https://www.theatlantic.com/science/archive/2019/12/freight-railroads-funded-climate-denial-decades/603559/>.

organizations, such as the American Coalition for Clean Coal Electricity, that discredit climate science and oppose most federal climate policies.

CSX does not currently explain how its management and Board of Directors reconcile these conflicting actions; how CSX works to ensure that its lobbying activities, directly in its own name, and indirectly through its trade and other associations, align with the Paris Agreement's goals and CSX's own science-based targets; or whether CSX is taking any action to address any misalignment and the corresponding risks.

Thus, we urge the Board and management to assess CSX's climate-related lobbying and report to shareholders.