

Gifts and Entertainment Policy

Policy: Gifts and Entertainment Policy

CSX Policy Owner: AVP Procurement

Effective Date: June 2016

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Objectives

This policy provides guidance to employees regarding CSX's expectations when accepting or providing gifts and entertainment. Gifts and entertainment can be used to build goodwill between CSX and our business partners; however, some gifts and entertainment may conflict with Company values.

Business decisions should never be based on gifts and entertainment received or provided through our business relationships. In fact, employees should avoid even the appearance of making business decisions based on gifts and entertainment. Company selection of suppliers and business partners, and similar choices made by our customers, must be based on objective factors such as price, quality, service, and value.

For purposes of this policy, "CSX" or the "Company" includes CSX Corporation and any of its subsidiaries and affiliates.

This policy is applicable to all CSX employees and their immediate family members (e.g., parents, spouses, domestic partners, children, fiancés, siblings, stepbrothers, stepsisters, stepparents, stepchildren, ex-spouses, grandparents, and grandchildren).

If you have questions about this policy, please contact Internal Audit & Compliance at 904-366-4774 or via e-mail at InternalAuditandCompliance@csx.com.

Policy

Basic Rules

Gifts and entertainment accepted or provided must:

- Have a legitimate business purpose
- Be consistent with Company values and policies
- Be infrequent
- Comply with all applicable laws and regulations
- Not knowingly conflict with the policies of the receiver
- Be discussed with your supervisor if they exceed the gift limit (see the "Declining Gifts" section) or you have concerns regarding the appropriateness of a gift or entertainment

Gifts

Gift Limit When Accepting Gifts

Employees and their immediate family members are limited to accepting gifts from third parties with a market value of no more than \$100 per gift. Gifts received from third parties valued at more than \$100 should be reported to your supervisor and declined as indicated below.

Acceptance of multiple gifts within a short period of time from the same third party is discouraged since this may be perceived as compromising your objectivity and judgment.

Procurement Department employees have stricter limits since they regularly negotiate with suppliers and the acceptance of gifts could raise doubts as to the impartiality of the recipient. Neither Procurement employees nor their immediate family members may accept gifts from an entity with which the Company does business unless the gift either was previously approved in writing by a supervisor or is of nominal value.

Gift Limit When Providing Gifts

Any gifts provided to third parties should follow the same gift limit listed above. There may be occasional exceptions for special events hosted by the Company where the gift limit is exceeded, but these exceptions must be pre-approved by a VP or above.

Commemorative Gifts Provided to CSX or Given by CSX

Gift limits do not apply to certain commemorative gifts provided by the Company to third parties or those received by the Company from third parties in recognition of certain milestones such as major contract signings or safety and service awards.

Examples of Gifts That Are Acceptable:

- Promotional or logo items of a nominal value such as calendars, hats, t-shirts, and mugs
- Tickets to local sporting or cultural events valued at or under \$100
- Holiday gift baskets and flowers with a value not exceeding the gift limit
- Prizes received in random raffles or contests at business conferences may exceed the \$100 limit due to the random nature of the prize, but they should not be lavish (see the “Event Prizes, Raffles and Giveaways” section below)

Certain Gifts Are Never Acceptable:

- Gifts of cash, cash equivalents, gift certificates, gift cards, stock, bonds, stock options, or loans accepted from or provided to third parties
- Gifts requested or offered in exchange for personal gain or unfair business advantage
- Gifts accepted or provided that influence or give the appearance of influencing business judgments
- Gifts that are illegal, sexually oriented, or that would violate our commitment to treat others with respect and dignity
- Discounts not available to all CSX employees
- Gifts, including gratuities, favors, or anything of monetary value, that are solicited or offered in situations involving outside parties/entities that are currently involved (or expect to be involved) in transactions/contracts involving government funds

Declining Gifts

If you are given a gift that is not allowed by this policy, such as a gift certificate, or a gift that exceeds the limit set forth in this policy, politely return the gift with an explanation that Company policy does not permit you to accept such gifts. If returning the gift is not practical, you should report it to your supervisor. Your

supervisor will determine whether the gift can be donated to a charity or shared with others in your department.

Entertainment

Entertainment accepted from or provided to current or prospective customers, suppliers, or consultants is permissible as long as:

- The entertainment is intended to build goodwill and successful business relations without creating a feeling of obligation or compromising your judgment.
- These events are occasional and not part of an actual or perceived pattern of frequently providing or accepting courtesies from the same entities or persons.
- The entertainment is not lavish under the circumstances.
- The entertainment is in a setting that would not reflect negatively on the reputation of CSX or yourself.
- You are comfortable discussing the entertainment with your supervisor or coworkers, or disclosing the entertainment to the public, if required.

Gifts and Entertainment Requiring Approval

- Gifts that exceed the \$100 limit require supervisor approval, unless returned (see the “Declining Gifts” section).
- Entertainment that could be perceived as lavish must be approved in advance by your supervisor. VP or above approval is required for certain high-profile events such as the Super Bowl, the Olympics, etc.
- Offers of transportation, hotel, or other travel-related expenses to you or an immediate family member from anyone outside the Company are generally prohibited unless the travel is business-related, the customer or supplier is accompanying you, and the offer is approved in advance. There are limited circumstances when a business-related trip on a supplier’s or customer’s private aircraft may be allowable, but the trip must be approved in advance by a VP or above.

Contract Negotiations

If you are directly involved in the decision-making process during a contract negotiation with a Company supplier, you may only accept gifts of nominal value or modest meals and entertainment.

Event Prizes, Raffles and Giveaways

Event prizes, raffles, and giveaways at business conferences or company events (e.g., golf tournaments) can generally be accepted as long as the giveaway is random, done in a public forum, and the item is not lavish. Giveaways received that exceed the gift limit should be reported to your supervisor.

If you use Company funds to purchase prizes for CSX employees, you are required to report the dollar amount of the prize and the name of the employee who received the prize to the Payroll Department so income can be imputed, and taxes paid and reported to the Internal Revenue Service.

Discounts

You and your immediate family members should not accept discounts on personal purchases from third parties unless the discount is available to all Company employees.

Gifts to Government Officials

Rules involving gifts to federal, state, and local government officials are complex and, in some cases, may result in violations subject to criminal penalties. As a result, you should always consult with the VP Government Affairs or the Law Department prior to offering anything of value (including a cup of coffee) to government officials or members of their family. More information about guidelines for interacting with government officials can be found in the CSX Corporation State and Local Lobbying Guidelines for Employees Policy located on the CSX Gateway.

Gifts to Union Officials

The Company is required by the U.S. Department of Labor to report anything of value given to unions or union officers, including but not limited to payments or gifts. All management employees are required to complete a related electronic survey twice each year. All expensed payments that are made to a union or union officer must be coded as "OGA-EXPENSES PAID TO UNIONS" when filling out any AP1, invoice, or expense report or when recoding any Procard expenses associated with such payments.

Personal Gifts Between Employees

Personal gifts provided to other employees should be of reasonable value and work appropriate. For example, personal gifts should never be lavish, embarrass others, or violate any Company policies. If you collect funds for a group gift, be sure that participation is strictly voluntary. Keep in mind that personal gifts to and from supervisors and direct reports may be viewed by others as favoritism if not done carefully. If a lavish gift is received or the gift violates other CSX policies, it should politely be declined. Company sponsored reward and recognition programs such as work anniversaries and Thanks! and Spotlight Award Programs are considered Company gifts versus personal gifts.

Common Terms Used Throughout This Policy

- **Gift** – Anything of value that is accepted from or provided to another individual or organization. This can include merchandise or promotional logo items, gift baskets, discounts on services, loans, stocks, compensation, cash, gift certificates, and gift cards. Tickets to cultural events or sporting events, the use of another company's plane or accommodations, and personal use of a condominium or vacation home when you are not accompanied by the host or gift provider are also considered gifts.
- **Entertainment** – Business courtesies such as meals, refreshments, and cultural and sporting events that employees attend with the third parties. Note: Accepting or providing entertainment is not a gift and is, therefore, not subject to the gift value limits.
- **Lavish** – Gifts and entertainment that could be viewed by others as excessive or out of the norm. If you are not sure if the gift or entertainment is lavish, talk to your supervisor or contact Internal Audit & Compliance for guidance.
- **Nominal Value** – Gifts with a minimal value (e.g., calendars, hats, t-shirts, mugs, and other promotional items).
- **Third Parties** – Business partners including suppliers, customers, consultants, and others.

Important & Related Sources of Information

[CSX Code of Ethics](#)

[CSX Corporation State and Local Lobbying Guidelines for Employees](#)

[CSX Employee Travel & Expense Policy](#)

Information provided in this policy is for internal CSX use only and should not be communicated to, or duplicated for, any outside party without written permission from the Law Department.

Enforcement

Violations of this policy are taken seriously. Violations of this policy will be addressed pursuant to CSX disciplinary practices and other actions that CSX deems appropriate. If you violate this policy, you **may** be subject to discipline, including discharge (for employees) and termination of contracts with CSX (for independent contractors).

Frequently Asked Questions

1. Can I accept a dinner invitation from a supplier or business partner?

In most cases, business meals can be accepted. However, employees directly involved in the negotiation with a supplier may only accept modest entertainment.

2. I would like to entertain some customers at a Jaguars game, but the tickets and refreshments cost more than \$100. Can I still host them?

Yes. As long as you or another CSX employee accompanies them to the event this is considered entertainment, not a gift. Therefore, it is not subject to the \$100 gift limit.

3. A CSX consultant offered me tickets to a sporting event they will not be attending. Is this considered entertainment?

No. This is considered a gift since the consultant is not going with you to the event. The tickets are subject to CSX's gift limit of \$100.

4. I received a \$50 restaurant gift card from a customer for helping them with an issue. Can I accept the gift card?

No. Employees cannot accept gift cards from third parties, regardless of the dollar amount.

5. I received a gift card for completing an online industry survey from a customer. Can I keep the gift card?

No. Gift cards are not allowed and should be returned.

6. I have been invited by a supplier to join them for a charity golf event. The supplier has offered to pay my registration to the event, the golf fees and my lunch. Prizes will also be provided by the supplier for winners of the tournament. Can I accept this offer?

Yes, as long as the supplier is in attendance at the event, and you are not directly involved with current negotiations with this supplier. Prizes for the tournament can be accepted as long as they are not lavish.

7. A supplier offered to cover my registration fee to attend an industry-related conference. Can I accept the offer?

All offers to attend industry conferences and trade shows should be discussed with your supervisor. In some cases, if you have been invited to speak, it is appropriate to allow the conference organizers to cover or waive the registration fee. In most cases, however, if your supervisor believes it is a good use of your time to attend the conference or trade show, CSX should pay the registration fee and related travel expenses.

8. Can I pay for the lunch of a governmental agency official that is on-site for a meeting?

It depends. Does the official work for the federal government or a state or local government? What specific state government? Are they an elected official, an appointed official or a civil servant? Do they work for the executive or legislative branch? Rules involving gifts to government officials are complex so you should always consult with the VP Government Affairs or the Law Department prior to offering government officials anything of value.

9. My spouse received a gift from a supplier. Does the gift limit apply to my spouse?

Yes. The gift limit applies to CSX employees and their immediate family members.

10. I'm planning to host a customer golf outing. We typically provide the winners of the tournament a small gift card to the Pro Shop. Is this against the Policy?

No. Gift cards for such an event that do not exceed the \$100 limit are allowable since this is a prize and not a direct gift to a particular customer.

11. Is it okay to give a coworker a bottle of wine as a gift?

The Drug and Alcohol Policy for Management Employees allows employees to exchange gifts of unopened alcohol at certain authorized CSX facilities. However, the Drug and Alcohol Policy for Management Employees prohibits the consumption of the alcohol on Company property except as authorized in section A(2) of the Policy. Gifts of alcohol received from coworkers and third parties should also be removed from Company property as soon as practical. You should contact your supervisor if you are unsure whether your work location is covered under this exception to the policy.