REPORT ON NORFOLK SOUTHERN CORPORATION’S LOBBYING ALIGNMENT WITH THE PARIS CLIMATE AGREEMENT’S GOALS

In May 2021, Norfolk Southern Corporation’s shareholders passed a resolution at our annual shareholder’s meeting asking that we evaluate and publish a report describing if, and how, our lobbying activities (direct and through trade associations and other organizations) align with the goals of the Paris Climate Agreement and risks presented by any misalignment.

Following the shareholder vote, we engaged with shareholders and asked for their feedback to best understand what shareholders wanted included in this report. Beyond the explicit requests set forth in the resolution, our shareholders generally communicated that they were looking for an understanding of our efforts in the climate area, transparency as to our activities concerning climate lobbying, and the oversight of such activities. We took these shareholders concerns into account when drafting this report.
We are committed to operating an environmentally sustainable business and, as such, sustainability is embedded into our daily operations in ways that advance our business goals and honor our environmental and social commitments as a responsible corporate citizen. For example, our business of moving surface by rail produces fewer greenhouse gas (GHG) emissions compared to other forms of freight transportation. Indeed, studies show that trains, on average, are three to four times more fuel-efficient and produce 75% fewer greenhouse gas emissions than trucks. We publish a voluntary annual report that highlights our accomplishments in integrating sustainability business practices into daily operations, which is available at http://www.norfolksouthern.com/content/nscorp/en/about-nsc/sustainability.html. Our 2021 ESG report includes our statement regarding climate change, which provides:

At Norfolk Southern, our actions to reduce the environmental impact of our operations are rooted in our values, and our understanding of current climate science. We all want cleaner air and a healthier planet for ourselves and future generations, and this responsibility inspires us to integrate sustainability into our daily operations. We also recognize that significant scientific evidence points to the effect of greenhouse gas emissions on the global climate. As a leading provider of freight-rail service—the most sustainable mode of surface transportation—we have committed to do our part to reduce our carbon emissions by setting a science-based target consistent with the Paris Agreement on climate change, pursuing innovative solutions, and providing our customers with unparalleled, energy-efficient service.

ADOPTING A SCIENCE-BASED TARGET FOR GHG EMISSIONS REDUCTION.

Our progress to continued sustainability is reflected by our commitment, in April 2021, to set a science-based target for GHG emissions reduction that aligns with the goals of the Paris Climate Agreement. Norfolk Southern established this emissions-reduction target in collaboration with the Science Based Targets initiative, or SBTi. SBTi is a joint initiative of CDP, the United Nations Global Compact, the World Resources Institute, and the World Wild Fund for Nature (WWF). Under the process established by the SBTi, targets are considered “science-based” if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Climate Agreement.

Under our overall science-based target, which was validated and approved by the SBTi, we have committed to reduce scope 1 and 2 GHG emissions intensity 42% per million gross ton-miles by 2034 from a 2019 base year. To support our science-based emissions reduction goal, we will continue adopting technologies and smart operating practices to improve the fuel economy of our locomotive fleet, which accounts for roughly 90% of our company’s GHG emissions. We are developing short-term and long-term goals, along with an action plan to achieve our ambitious targets.

Achieving our science-based target will drive our future activities to mitigate our GHG emissions, and reflects the alignment of our business strategy with the goals of the Paris Climate Agreement.
ISSUING GREEN BONDS TO FUND SUSTAINABLE BUSINESS INITIATIVES

Following our science-based target commitment, we issued $500 million in green bonds in May 2021 to fund investments to reduce our company’s carbon emissions and help customers reduce their supply-chain emissions. We were the first North American railroad to issue green bonds, aligning with investors’ desire to put their money toward projects addressing climate change and sustainability.

Our Green Financing Framework, which was validated by an independent third party, complies with the Green Bond Principles to promote the integrity of the green financing market with transparency, disclosure, and reporting guidelines. Projects that can be funded with proceeds from the green bond offering include:

- Improving the fuel efficiency of Norfolk Southern’s locomotive fleet;
- Investing in intermodal terminals that promote the shift of freight from trucks to trains;
- Powering company operations with cleaner energy;
- Increasing the use of energy-efficient buildings and technology; and
- Supporting reforestation projects that restore natural landscapes and offset carbon emissions.

Our use of green bonds reflects our holistic approach to sustainability, which can be found in every aspect of our company.
NS LOBBYING ACTIVITIES

As described in the Corporation’s Political Activity and Political Contributions report, we engage in lobbying in the United States at both the federal and state levels to advocate positions that affect our company and the railroad industry.

Federal law requires that Norfolk Southern report activities and expenditures associated with our federal lobbying activities with the U.S. House of Representatives and the U.S. Senate. These reports are publicly available and provide information on activities affecting legislation through our communication with any member or employee of either legislative body or with any covered executive branch official. As required by law, these reports also describe the legislation that were the topic of communication and identify the individuals who lobbied on behalf of Norfolk Southern Corporation. These reports may be found by searching for “Norfolk Southern” in either the registrant or client field at https://disclosurespreview.house.gov/ for reports filed with the U.S. House of Representatives, and at https://lda.senate.gov/filings/public/filing/search/ for reports filed with the U.S. Senate.

DIRECT LOBBYING BY NORFOLK SOUTHERN EMPLOYEES AND CONTRACT LOBBYISTS

The publicly filed reports reflect that our employees and contract lobbyists did not engage direct lobbying on climate matters in the one-year period prior to this report’s publication. Instead, these reports reflect that our employees and contract lobbyists engaged in direct lobbying on matters that have an immediate direct and material impact on the railroad industry. Such matters included, for example, lobbying on issues related to:

- infrastructure legislation;
- legislation regarding surface transportation reauthorization;
- passenger and commuter railroad operations, including crew size requirements;
- Railroad Retirement Board, including railroad unemployment insurance;
- railroad technology and railroad operations;
- highway-rail grade crossings; and
- truck length and truck weight.

LOBBYING THROUGH TRADE ASSOCIATIONS.

We may engage in indirect lobbying through trade associations and chambers of commerce of which we are a member. Our membership in any such organization does not imply that we agree with or endorse every position that these groups may take. We work with the other members to ensure that lobbying, if any, conducted through trade organizations reflects our values and concerns.

For more information about our governance and participation in trade associations, please see the Corporation’s Political Activity and Political Contributions report. The report shows non-deductible payments attributable to lobbying activity in 2021 to organizations that were in excess of $10,000 and 10% of the tax deductible amount that we paid to the organization, with such contributions to seven trade associations and chambers of commerce totaling $776,107, divided as shown below.

Norfolk Southern's Nondeductible Lobbying Contributions to Trade Associations and Chambers of Commerce
DISCUSSION OF TRADE ASSOCIATION POSITIONS

Association of American Railroads (AAR)

The overwhelming majority of our nondeductible contributions to trade associations or chamber of commerce in 2021, representing 86% of the total of such contributions, was to the Association of American Railroads.

The AAR’s mission is to promote a safe and efficient North American rail system, with principal activities in areas such as standards, operations, safety, security, public affairs and public policy. The AAR’s full members include the seven Class I freight railroads in the United States, Canada and Mexico, as well as Amtrak. The AAR works with elected officials and leaders in Washington DC to advance sound public policy that supports the interests of the freight rail industry.

The AAR’s climate policy, as outlined in a white paper published by the AAR in 2021, recognizes the impact of climate change and highlights that, as the most fuel-efficient way to move freight over land, freight rail is already ahead of other surface transportation modes when it comes to limiting its carbon footprint. For example, the AAR notes that:

- one train can carry the freight of hundreds of trucks, which reduces highway congestion;
- freight railroads are 3-4 times more fuel efficient than trucks, on average;
- moving freight by train instead of by truck reduces GHG emissions by up to 75%;
- railroads account for 40% of U.S. freight, but only 1.9% of U.S. transport-related GHGs.

As such, the AAR notes the potential reduction in transportation-related GHG emissions associated with moving more freight by rail is substantial. The AAR’s policy goals in this arena are designed to encourage policymakers to: remove impediments to transporting freight by rail; promote policies that enable the rail industry to move more goods, more efficiently; and, promote modal equity in the incorporation of new and emerging technologies.

The AAR notes that all seven Class I freight railroads that are members of the AAR are participating in the Science Based Targets initiative to reduce their GHG emissions. Thus, all the major freight railroads in North America, which are all AAR members, have committed to adopt GHG emission reductions consistent with what the climate science deems necessary to meet the goals of the Paris Climate agreement.

Considering the AAR’s stated recognition of climate change impacts, and stated policy goal of increasing rail transportation, and the concurrent reduction in GHG emissions, we have concluded that there is no misalignment between the AAR and the emission-reduction goal of the Paris Climate Agreement.

The purpose of the state railroad associations is to provide a unified voice for the freight rail industry in state government matters, and to keep members informed of relevant state governmental actions. These organizations have not taken an explicit position on climate change, and they do not lobby on the issue. Therefore, there is no misalignment with the stated emission-reduction goal of the Paris Climate Agreement.

State Railroad Associations

We reported that about 7% of our total non-deductible lobbying contributions to trade associations and chambers of commerce for 2021 were made to three organizations: America’s Power, the National Association of Manufacturers, and the Pennsylvania Chamber of Business and Industry.

America’s Power

About 3.5% of our reportable non-deductible lobbying contributions in 2021 to trade associations and chambers of commerce, totaling $27,500, were made to America’s Power. America’s Power is a national trade organization...
whose sole mission is to advocate at the federal and state levels on behalf of coal-fueled electricity and the coal fleet. The organization’s membership is comprised of major industries — electricity generators, coal producers, railroads, barge operators, and equipment manufacturers — involved in generating electricity from coal.

Given the immaterial dollar contribution that we made to America’s Power in 2021, we do not believe that there was a material risk presented by any misalignment between our respective positions on the Paris Climate Accords. Nonetheless, we have decided to withdraw from membership in America’s Power after 2021.

The National Association of Manufacturers (NAM)
We spent $17,898, or about 2.3% of our non-deductible lobbying amount in 2021 to trade associations and chambers of commerce, as contributions to the NAM, which is the largest manufacturing association in the United States. The NAM represents small and large manufacturers in every industrial sector and in all 50 states. The NAM is the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States.

In its publication The Promise Ahead, the NAM’s policy roadmap on addressing climate change published in 2021, the NAM lays out manufacturers’ plan for taking action on climate. The report notes that “A global consensus has emerged that we must restrict global temperature rise to 2 degrees Celsius above preindustrial levels” – that is, the Paris Climate Agreement’s goals – “and strive to limit the rise to 1.5 degrees.”

The NAM further states that it believes that a unified federal policy combined with an equitable and enforceable international agreement is key to achieving the goals of the Paris Climate Agreement.

We have concluded that the NAM’s stated policy positions are currently aligned with the goals of the Paris Climate Agreement.

Pennsylvania Chamber of Business and Industry (Pennsylvania Chamber)
In 2021, we spent $12,952, or about 1.7% of our non-deductible lobbying spend on trade associations and chambers of commerce for the year as contributions to the Pennsylvania Chamber. The Pennsylvania Chamber is the largest broad-based business association in Pennsylvania, with a membership of close to 10,000 member businesses of all sizes and industry sectors throughout the state, representing nearly 50 percent of the private workforce of the Commonwealth.

The Pennsylvania Chamber has not explicitly expressed support for, or opposition to, the Paris Climate Agreement. We have, and will continue to, communicate to the Pennsylvania Chamber about our belief that the organization should explicitly adopt the Paris Climate Agreement’s climate reduction policy.

We do not perceive there is any material misalignment between the Chamber’s policy positions and the goals of the Paris Climate Agreement or the potential for any material risk arising from such a contribution given the small dollar contribution.
This report reflects the current positions and views of trade associations described above, which positions and views necessarily evolve as their members' views evolve. Engagement is valuable and vital. We believe it is important for all stakeholders that we remain engaged with organizations in an attempt to influence and shape policy ideas and actions – not only on climate but on other matters as well.