

# Vote Bulletin – Norfolk Southern Company

**Meeting Type – Annual**

**Meeting Date – 9 May 2024**

## Shareholder Resolution

Item number	Item description	Management recommendation	SSGA vote
1	Elect Management Nominees	FOR	FOR

## Text of Proposal

Election of 13 Directors for a One-Year Term” “The Board of Directors unanimously recommends that shareholders vote FOR ONLY the Board’s 13 nominees for election as directors.

## Analysis

The 2024 Norfolk Southern Company (NSC) AGM was contested, with Ancora Catalyst Institutional, LP (Ancora) nominating 7 director candidates to the company’s board. After several engagements with parties involved, SSGA decided to support management’s slate of director nominees for the following reasons:

- We believe the current management team has the right strategy to unlock long-term value for shareholders. The CEO and COO, who joined the company in 2022 and 2024 respectively, need time to implement this strategy and drive sustainable growth at NSC. While we appreciate the concerns with the company’s relative underperformance in recent years, we believe the current management team should be given sufficient time to implement their balanced strategy.
- We find the dissident’s plan to cut costs to improve the company’s operating metrics to be shortsighted, potentially exposing investors to regulatory, safety, and human capital risks that could erode value over the long-term. We are more compelled by NSC’s current strategy.
- We find the company’s current human capital management strategy, as well as its industry-leading investments in safety, to be an asset for the company.
- Our conversation with several NSC directors gave us confidence in the current composition of the board, especially its approach to refreshment in recent years, with 7 new independent directors added in the past 4 years. We believe that this board, with its diversity of skillsets and perspectives, is equipped to hold management accountable for the successful implementation of its long-term strategy.

## SSGA Policy

### Proxy Contests

We believe nominating committees that are comprised of independent directors are best placed to assess which individuals can properly fulfill the duties of the board, and act as effective fiduciaries. As long-term shareholders, we vote proxies in director elections, including related to nominating committee members, who play a critical role in determining board composition. Our default position is to support the committees’ judgement, and we consider the following factors when evaluating dissident nominees:

- Strategy presented by dissident nominees versus that of current management, as overseen by the incumbent board
- Effectiveness, quality, and experience of the management slate
- Material governance failures and the level of responsiveness to shareholder concerns and market signals by the incumbent board
- Quality of disclosure and engagement practices to support changes to shareholder rights, capital allocation and/or governance structure
- Company performance and, if applicable, the merit of a recovery plan

## SSGA Vote

For these reasons, the SSGA voted FOR management’s nominees.

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\*Pensions & Investments Research Center, as of 12/31/22.

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