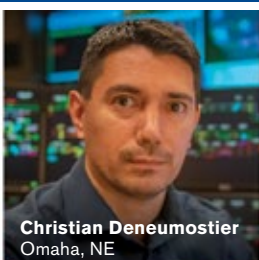


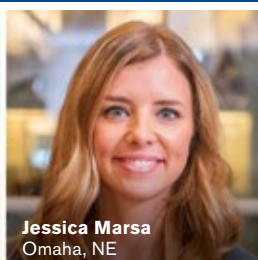
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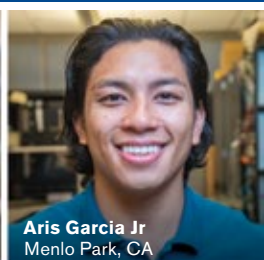
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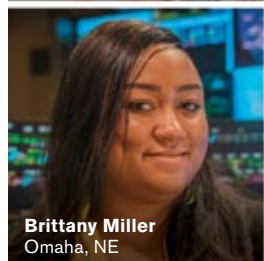
John Richard
System Gang



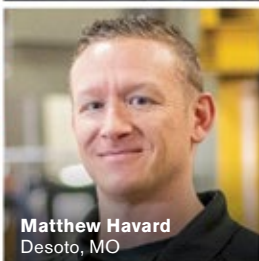
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Aris Garcia Jr
Menlo Park, CA



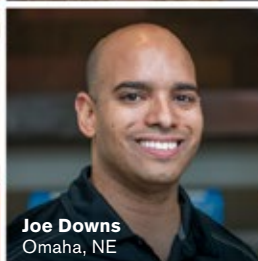
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Matthew Havard
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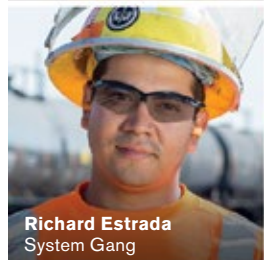
Chuck Wullschleger
System Gang



Joe Downs
Omaha, NE



Thomas Hottenrott
Dupo, IL



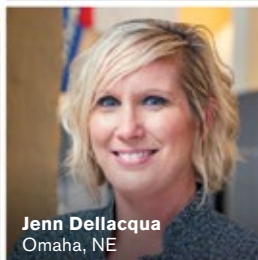
Richard Estrada
System Gang



Joshy Madathil
Omaha, NE



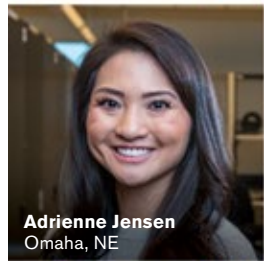
Jimmy Thompson
Cheyenne, WY



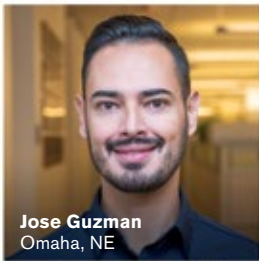
Jenn Dellacqua
Omaha, NE



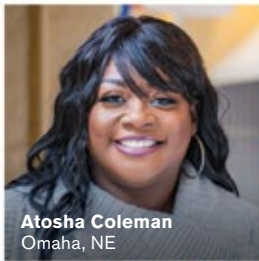
Demarcus Thompson
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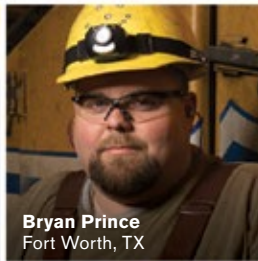
Adrienne Jensen
Omaha, NE



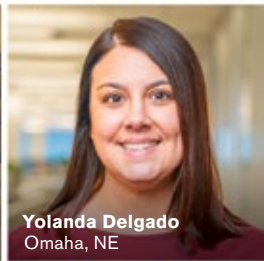
Jose Guzman
Omaha, NE



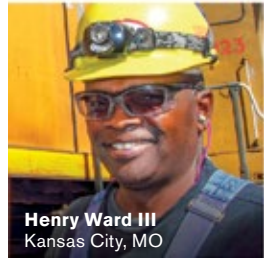
Atosha Coleman
Omaha, NE



Bryan Prince
Fort Worth, TX



Yolanda Delgado
Omaha, NE



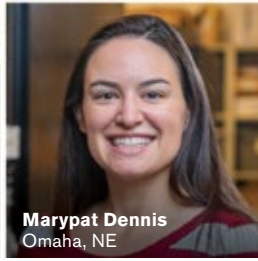
Henry Ward III
Kansas City, MO



Sharron Jourdan
Roseville, CA



Booker Williams
Fort Worth, TX



Marypat Dennis
Omaha, NE



Jon Ruda
Omaha, NE



2020 Building America Report

A report to our stakeholders on Union Pacific's environmental, social and governance initiatives and achievements.



About the Report

Union Pacific's vision of Building America means we connect the nation's businesses and communities to each other and the world by providing safe, reliable and efficient supply chain solutions. In doing so, we strive to serve our customers, enhance shareholder value, invest in our communities and provide promising careers, while operating in an ethical manner. Together, these actions allow Union Pacific to build a more sustainable future.

This report details progress in our four areas of concentration related to environmental, social, and governance issues: investing in our workforce, driving sustainable solutions, championing environmental stewardship and strengthening our communities. This report also summarizes our 2020 financial performance and, new this year, includes a Facts and Figures section.

We used the Global Reporting Initiative's global sustainability reporting standards as a framework to report our most material social responsibility issues, and are reporting our GRI Standards Index data for the first time. This publication focuses on initiatives and accomplishments from the 2020 calendar year and includes 2020 data, unless otherwise noted. Information also is available at [up.com](https://www.up.com).



UP 5064 in Dalles, Oregon.

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Letter to Stakeholders



The year 2020 will be remembered as one of the most challenging in this country's history. I'm proud of our employees who once again proved they have what it takes to face global crises now and into the future.

The women and men of Union Pacific have demonstrated their resiliency time and time again over the past 158 years, but no one could have anticipated the COVID-19 pandemic and its impacts on every aspect of our lives.

As an essential part of America's infrastructure, Union Pacific played a critical role supporting public health and safety, and delivering materials to power hospitals, stock grocery store shelves, purify water, make medicine and feed livestock. Our team responded to evolving customer needs, while also vigorously working to meet the objectives of Precision Scheduled Railroading. Freight cars moved across our

network faster and more efficiently, and despite steep fluctuations in demand, our consistent trip plan compliance for manifest, autos and intermodal meant we delivered on our promise to customers.

Our commitment to environmental, social and governance (ESG) initiatives didn't waiver during the pandemic. We realigned our ESG work, creating a more comprehensive strategy called Building a Sustainable Future 2030. This report is arranged to align to the strategy's four areas of concentration:

- Investing in our Workforce
- Championing Environmental Stewardship, and
- Driving Sustainable Solutions
- Strengthening our Communities.

This approach addresses the evolving needs of our stakeholder groups over the next decade, serving as a roadmap to address our most material ESG risks while building on a foundation of safety – our No. 1 priority.

The importance of ESG can be seen in our reaction to climate change. We're committing to reduce absolute scope 1 and 2 GHG emissions from our operations 26% by 2030 against a 2018 baseline. These targets were approved by the Science Based Targets Initiative in early 2021 and put our company in an even greater strategic position as we work to support global climate change goals outlined in the Paris Agreement.

Our approach to developing and implementing new technology will help us further reduce our carbon footprint, as will maintaining equipment and training employees in environmentally responsible behaviors. This requires long-term planning and commitment; however, we're making short-term plans, too. We continue to reduce the size of our locomotive fleet as we operate longer trains, and anticipate further opportunities to grow train size. Our Energy Management Systems on locomotives help us identify opportunities to save fuel, and we're using automatic shutdowns for locomotives, rather than leaving them idle in yards. We've tasked senior leaders in Engineering, Mechanical and Operating to identify more ways -- both near- and long-term -- to drive meaningful change.

Our efforts to reduce GHG emissions directly align with goal No. 11 of the United Nation's Sustainable Development Goals (SDGs). It's one of the seven SDGs Union Pacific identified as areas where we can make a difference. This report details our progress, and I'm proud of the impact we're having, especially on goals addressing Gender Equality and Reduced Inequalities.

Several events in 2020 brought racial injustice and inequality to the forefront. I am proud of the work Union Pacific is doing to unite itself and the communities where we operate. Our headquarters building was damaged during protests surrounding George Floyd's death. Instead of merely boarding up our windows, we covered the broken glass with artwork that bore a heartfelt message: We Are One. It's a powerful statement to the community about where we stand. We're also holding listening sessions that include minority employees and external speakers to better understand their experiences and identify areas where we can improve as a company and as leaders. These are passionate conversations, and we are stronger because of them.

Though we're all still learning, healing and growing, the impacts of the past year will be felt in our communities – and our world – for years to come. With 2020 in the rearview mirror, we as a company are approaching the future with a new business strategy built on these four words: Serve, Grow, Win, Together. That combination, along with the best employees in the industry, position us to keep Building America for generations to come.

Lance Fritz – Chairman, President and CEO

Our Company

Union Pacific Railroad Company is the principal operating company of Union Pacific Corporation (NYSE: UNP). We are one of America's most recognized companies, and one of only a few created by an act of Congress and signed into being by a sitting president. We have a heritage of building and uniting the country, and our work today propels the nation forward, connecting businesses to communities around the world.

Our rail network provides logistics solutions and connects 23 states in the western two-thirds of the nation, making us a critical link in the global supply chain. Over the last 10 years, from 2011 to 2020, Union Pacific invested nearly \$35 billion in our network and operations, supporting America's transportation infrastructure and enabling economic growth.



From left, Engineering's Hal Chatwin, track inspector, and Eric Chouquer, section foreman.

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UP 8693 leads a manifest train near Melrose, Montana.

VISION

We Build America for all generations by connecting our nation's businesses and communities to each other and the world.

PURPOSE

The people of Union Pacific deliver North America's safest, most reliable and most efficient supply chain solutions.

VALUES

Passion for Performance

Passion, determination and expertise drive our safety, customer experience and financial results.

High Ethical Standards

Our reputation will always be a source of pride for our employees and a bond connecting us to our customers, shareholders and communities. Our values shine through in everything we do, including our work to improve sustainability, invest in our workforce and provide an excellent customer experience.

Work as a Team

We work together, embrace diversity and create opportunity for all. We promote an inclusive environment where people from varied backgrounds can be their best, reflect the communities where we live and work, and deliver a competitive advantage to our customers.

FAST FACTS



32,313
ROUTE MILES IN 23 STATES
WITH 7 BORDER CROSSINGS



7.8
MILLION ANNUAL CARLOADS



7,600 LOCOMOTIVES



53,000 RAIL CARS



31,000 EMPLOYEES



30,000
RAILROAD CROSSINGS



18,500 BRIDGES

The Impact of COVID-19 and Our Response



The view as Union Pacific train crews travel down the tracks in Okarche, Oklahoma.

Throughout history, railroads have played important roles protecting and caring for the country. During American wars, Union Pacific moved soldiers, equipment and artillery. During natural disasters, we delivered relief supplies and maintained our essential transportation supply chain, helping communities nationwide recover and rebuild.

Amid COVID-19, the nation once again depended on Union Pacific and its employees to deliver. We delivered the materials to power hospitals, stock grocery shelves, purify water, make medicine and feed livestock.

During the national emergency, as some local communities and state governments ordered residents to stay home, our essential front-line employees reported to work, helping keep the country's economy going and moving critical goods. We encouraged employees who work in offices, including our Omaha, Nebraska, headquarters, to maximize the ability to work from home and allow social distancing for team members needing onsite access.

Union Pacific's ongoing efforts to safeguard employees and protect customers' shipments are coordinated by a cross-departmental pandemic planning team, which was created in 2006 to develop business continuity plans for the possibility of an influenza pandemic. The team met daily through much of the pandemic, working to keep our employees as safe as possible, meeting and in some cases exceeding Centers for Disease Control and Prevention standards, by creating an internal COVID-19 resource website informing employees of

guidance and policies; coordinating increased facility cleanings; and distributing personal protective equipment, including facial coverings, among other efforts.

Our response included a pandemic operating plan that examined train movement to ensure network fluidity, and traffic diversions and equipment planning as supply chain changes or disruptions occurred. COVID-19 changed consumer behavior, driving intermodal volume and, unsurprisingly, strength in brown paper due to increased box demand. We also saw strength in lumber as consumers took advantage of increased time at home to tackle remodeling projects.

Despite our pivotal role keeping the economy moving, our railroad was affected by the pandemic. The most significant business impact was a 7% decline in carloadings compared to 2019, with volume down across all three business teams. To further protect our company from the economic impacts of the virus, Union Pacific enacted a four-month 25% salary cut for all executives, including the board of directors. Nonagreement employees were required to take an unpaid leave of absence for one week each month over a three-month period.

Although 2020 presented challenges no one anticipated, we are proud of the women and men of Union Pacific who answered our nation's call, working hard in the face of the pandemic to provide our customers with fluid and uninterrupted service. Additionally, we provided more than \$7 million in COVID-19 Relief Grants, supporting 675 organizations through the Community Ties Giving Program.

My Dad Is Essential



Sam Pha, machine operator, Engineering, and his fellow Union Pacific co-workers received an extra boost of support from his children, Lliyah and Khyson (pictured) and Zayden and Isaiah.

Where's The Toilet Paper?



The average U.S. household (2.6 people) uses 409 regular-sized toilet paper rolls per year, according to manufacturer Georgia-Pacific.

It's a household essential that became as rare as finding the hottest toy at Christmas. Early in the pandemic, as toilet paper flew off store shelves as quickly as it was stocked, Union Pacific worked with its customers to move pulp, the raw material tissue mills need, for production.

"The increased demand was a short-term bump in response to the COVID-19 outbreak," said John Ivester, director-Industrial Products, Marketing and Sales. "We worked with our customers on both ends of the supply chain, shipping pulp in boxcars and finished tissue paper via intermodal."

HDC Bands Together – At A Distance



Corridor Manager Mackenzie Ryan at her HDC workstation.

It takes teamwork across Union Pacific to keep our trains running during these unprecedented times. The Harriman Dispatching Center (HDC) is a shining example of how dedicated employees worked together, dispatching the trains to help crews keep America's supplies stocked.

Approximately 120 HDC support staff worked from home and a handful at Union Pacific Center (UPC). The core teams, including train dispatchers, crew callers, immediate supervisors and superintendents, remained at the HDC.

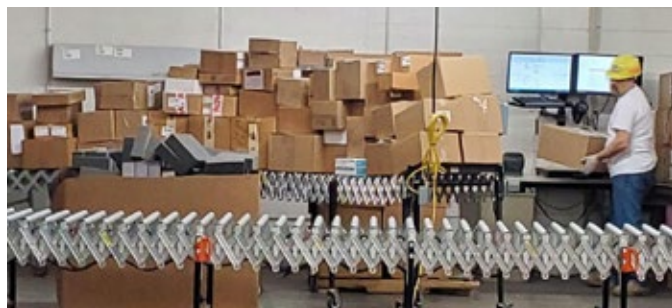
To help keep our employees as safe as possible, teams at HDC and UPC implemented a number of new protocols that help to reduce potential contacts and maintain social distancing. For the first time, train dispatchers conducted shift turnover by cell phone instead of in person. The amount of turnover paperwork was limited and left on the printer for incoming employees. Start times were staggered, reducing the number of employees entering and exiting buildings at the same time.

"Staggering start times impacts employees' personal lives," said Ira Cooper, senior director-Operations Support, HDC. "Dispatchers rose to the occasion and understand these measures are to protect them and their families."

Teamwork Makes The Supply Chain Work

As COVID-19 began spreading, Union Pacific's Supply Chain team preemptively sourced the vital necessities needed to protect employees and keep trains running.

When the virus officially hit U.S. soil and made purchasing and distributing items such as hand sanitizer and face coverings an uphill battle, Supply Chain called for reinforcements. Among them was Engineering, whose Bridge Inspection and Track Assessment teams locally sourced and procured products such as hand sanitizer and bleach, along with the materials needed to mix our own hand sanitizer and help keep our employees safer.



Material Clerk Matthew Kudlacz processing outbound packages at the Council Bluffs, Iowa, warehouse.

Engineering Crews March On

Union Pacific's safety initiative, Courage to Care, took on new meaning in the last year as we worked to keep our employees, customers and communities as safe as possible during the COVID-19 pandemic. For Jake Allen, director-Track Maintenance, Engineering, it's all about finding the right balance as employees play a critical role during the pandemic.

"Employees are essential to our operations," he said. "They also are essential to their families at home. We're looking out for each other with Courage to Care at work so we can go home safely to our families."

From holding remote job briefings and staggering gang starting times, to cleaning and stocking vehicles daily, Engineering took various steps to protect employees as they did their part to keep trains rolling.

"In many cases, employees are meeting at their trucks or getting a safety briefing from their leadership over the phone or conference call," Allen said. "We keep trucks sanitized and limit the number of people around. We also try to limit meeting length so employees can come in and begin protecting the railroad."



Speed Swing Operator Mike Brown working in Portland, Oregon.

Recognizing Agreement Professionals' Critical Pandemic Role

Union Pacific recognized the critical role agreement employees played. Employees who worked at least 30 days during the pandemic received a one-time \$1,000 gross bonus payment in December.

"While many fellow citizens were sheltering in place, our craft professionals rolled up their sleeves and answered the nation's call during one of its greatest times of need," said Chairman, President and CEO Lance Fritz. "The important role these essential employees play delivering critical supplies and keeping the economy open cannot be emphasized enough. This recognition reflects how notable their efforts are and how much their great work is appreciated."

Union Pacific Joins Forces With Omaha Distillery

Union Pacific's Engineering and Supply Chain departments formed a cross-functional team to source hand sanitizer, and in turn, help a local Omaha business. The goal? Produce more than 400,000 ounces of hand sanitizer in 4-ounce and 8-ounce bottles for employees as they keep America moving during the COVID-19 pandemic.

Omaha's Brickway Brewery & Distillery, which already was producing hand sanitizer for first responders and hospitals, mixed and packaged the railroad's sanitizers. This work enabled Union Pacific to meet our goal, distributing hand sanitizer to our front-line employees, and provided income for the Brickway Brewery and Distillery.

North Platte Hurdles Pandemic Challenges

Union Pacific's Bailey Yard in North Platte, Nebraska, has overcome its fair share of challenges in its 150-year history. Now, the world's largest classification yard can add "pandemic" to their list after about 50 employees were quarantined simultaneously due to potential COVID-19 exposure.

"We were faced with a challenge that had the potential to inhibit our ability to operate effectively," said John Hall, superintendent-Train Operations. "Thanks to the flexibility, collaboration and execution capabilities of our agreement professionals as well as teammates from neighboring service units and departments, we were able to adapt quickly, cover our resources and continue moving our customers' freight."

The North Platte team didn't miss a beat, setting a record while moving critical supplies through its 114 bowl tracks. On March 28, employees processed 3,549 cars between Bailey's east and west hump yards, achieving a single-day car dwell of 17.2 hours – the lowest in the yard's history.



From left, Material Supervisor Eric Vasquez with Material Handlers Beronica Ellis, Bill Bowman and Michelle Seibert in the Council Bluffs, Iowa, warehouse with hand sanitizer ready for distribution.



Yardmen Larry Allen and Robert Guest are part of the team keeping North Platte running efficiently during the COVID-19 pandemic.

Corporate Strategy

While the work we do Building America remains steadfast, we are evolving the way we think about our corporate strategy. Union Pacific is dedicated to growing with new and existing customers by providing innovative supply chain solutions. Our success hinges on four key areas that work in harmony, and helps employees see themselves and their work in our strategy.

SERVE

Providing customer-centric service means we must leverage technology to better integrate into our customers' world and understand their needs, while providing the safe, reliable service they expect and deserve.

GROW

We have the strongest franchise in North America and are dedicated to growing our book of business to keep the global supply chain moving.

WIN

Safety remains our top priority and is at the foundation of everything we do. We also win with industry-leading margins and cash returns for our investors, while being smart about the way we invest in our own network to power our growth opportunities.

TOGETHER

The work we do is not possible without the support of our customers, shareholders, communities, and most of all, our employees. We are dedicated to having a diverse workforce that reflects the communities our railroad touches and being responsible environmental stewards.

Our values – a passion for performance, high ethical standards and teamwork – must be at the heart of our work and part of everything we do. We will not settle for anything less. As we move into 2021, we're working with all of our stakeholders to serve, grow and win together.



Operations

Union Pacific faced several headwinds, with carloadings down 7% from 2019, as all three business teams declined due to the economic conditions brought on by the COVID-19 pandemic. Despite that, we continued transforming our service product, implementing Precision Scheduled Railroading (PSR) principles that drove year-over-year improvements in our key operating performance indicators.

PSR is working, and it's putting us in charge of our future as we work toward our ultimate objective of operating a safe, reliable and efficient railroad. Our operating plan encompasses the following principles:

- Shifting the focus of operations from moving trains to moving cars.
- Minimizing car dwell, car classification events and locomotive power requirements.
- Utilizing general-purpose trains by blending existing train services.
- Balancing train movements to improve the utilization of crews and rail assets.

Our goal is to move cars faster and reduce the number of times each is touched. The end result is delivering a better customer experience. First Mile, Last Mile, which measures if we delivered and picked up cars to and from customer facilities as scheduled, is up 1 point to 91.9% from 2019. We're driving down Freight Car Dwell to record levels, shaving off approximately 2 hours. Customers' cars are moving 12 miles-per-day faster, meaning fewer cars are needed to move the same volume, and product is getting to market faster and more reliably.

The work our employees are doing continues to be transformational and key to providing a safe, reliable and efficient service product to our customers. Their dedication to teamwork allows us to focus on high-value work and eliminate tasks that do not directly support service. We are pleased with the progress we've made, and we are committed to continued improvement going forward.

Going To Great Lengths

Systemwide efforts are underway to continue to safely and efficiently increase train size, enabling us to provide reliable customer service. The Harriman Dispatching Center serves as a critical piece of the puzzle, identifying opportunities to consolidate shorter trains. The Safety Department also plays a key role, partnering with Network Planning and Operations to analyze and modify train makeup rules.

"We don't just randomly increase train lengths," said David O'Hara, general director-Operating Practices, Safety. "We use the latest technology to model and simulate trains in every possible configuration before putting them on the rail. Sometimes it comes back with no problems, sometimes it comes back with stipulations. It's all done through simulation and science to determine the best possible solution."



Locomotive Engineers Kirk Thompson, left, and Matthew Fields simulating a Yuma Subdivision train run from the Los Angeles Service Unit Simulator Training Room.



A Union Pacific intermodal train winds through the El Paso, Texas, desert.

Seizing Combo Opportunities On The Sunset

The Sunset Service Unit completes a minimum of three train combinations – combining smaller trains into one large train – per day in El Paso, Texas, with strong results.

One example involves consolidating two intermodal trains from the Dallas Intermodal Terminal and another from Houston's Englewood Yard at New Mexico's Santa Teresa Intermodal Facility.

The team also is taking advantage of manifest, or mixed commodity train, consolidations. A short train originating at San Antonio's Kirby Yard now pairs with a short Fort Worth train at Santa Teresa. These longer trains reduce El Paso's car dwell time, while keeping Union Pacific's system fluid.

New Intermodal Terminal Expands Customer Reach

Union Pacific announced the opening of the Union Pacific Twin Cities Intermodal Terminal, launching intermodal service to Minneapolis in early 2021. The new service initially features domestic intermodal service between the Twin Cities and Los Angeles, expanding customers' reach to key Upper Midwest markets.

"We are excited to introduce an intermodal terminal strategically located in the heart of the Minneapolis – St. Paul metropolitan area that offers efficient access to Union Pacific's intermodal network," said Kenny Rocker, executive vice president-Marketing and Sales. "This new marketplace alternative will give regional shippers and receivers fast, direct and reliable intermodal service to key markets."

Financial Performance



Freight railroads are the backbone of the U.S. economy, supporting the livelihoods of employees in most sectors. In fact, one job in the rail sector supports nearly eight others across the economy.¹ Union Pacific's diversified portfolio generates operating income and shareholder returns, further stimulating the economy.

For the full year, Union Pacific reported net income of \$5.3 billion or \$7.88 per diluted share, which represents a 10% decrease and a 6% decrease, respectively, compared to 2019. After adjusting for the impact of the Brazos non-cash impairment charge, net income was \$5.6 billion or \$8.19 per diluted share,* which represents a 6% decrease and 2% decrease, respectively, compared to 2019. Operating revenue totaled \$19.5 billion compared to \$21.7 billion in 2019, while our adjusted operating income was \$8.1 billion,* a 5% decrease.

Freight revenue totaled \$18.3 billion, a 10% decrease compared to 2019. As previously mentioned, carloadings were down across all three business teams – Bulk, Industrial and Premium – due to the economic conditions brought on by the COVID-19 pandemic.

Given the challenging volume environment, we leveraged strong productivity to deliver solid financial results.

**Non-GAAP results, adjusted to exclude the Brazos non-cash impairment charge. See [page 132](#) for a GAAP reconciliation.*

¹Source: [American Association of Railroads](#)

Cybersecurity

Union Pacific is committed to maintaining web users' confidence and trust on the web. In general, they can visit our website without telling us who they are or revealing personal information; however, customers and other users can, if they choose, participate in additional secured applications. We sometimes use cookies, tracking pixels and IP addresses to collect information to complete business transactions, enhance our services, better meet the needs and preferences of our customers and other visitors, and enhance the security of our online and digital properties. Our detailed privacy policy is available at [up.com](https://www.up.com).

Data Security

Our Information Assurance team is responsible for the confidentiality, integrity and availability of Union Pacific's infrastructure and assets. The team has robust processes and redundancies in place to prevent, detect and respond to potential threats. We also perform regular vulnerability scanning and system penetration testing to validate our security controls and assess our infrastructure and software applications. Like many organizations our size, we are continuously probed by malicious computers around the world. In 2020 alone, the Union Pacific network was probed 602 billion times. None was successful. Extensive incident response, disaster recovery and business resumption plans are in place and tested annually, ensuring the computing environment can withstand a wide range of scenarios.

Following the Sept. 11, 2001, terrorist attacks, the rail industry developed a security plan that includes a comprehensive blueprint for security enhancement and risk mitigation actions. It applies a unified, risk-based and intelligence-driven approach to rail security. In coordination with our industry partners, we regularly exercise and enhance cybersecurity prevention and incident response plans.

The Railway Alert Network is the industry's intelligence and security information center. Each day, its staff reviews intelligence and related security information to produce analyses of terrorist tactics, malicious cyber activity, rail-related threats and incidents, and suspicious activity. Union Pacific uses these materials for threat hunting and in our security awareness communications.

Union Pacific employees take security awareness training that includes information on data security policies and procedures. As a Fortune 150 company, Union Pacific blocks over 50 million emails each year, some attempting to gain access to company or private information. These emails are attempts to gain access to company or private information. Employees are regularly coached on how to identify phishing attacks, and how to avoid being victimized.

Data Protection

Union Pacific is committed to protecting the security and confidentiality of our data and that of our customers, employees and contractors. Although the U.S. has not enacted widespread regulation, such as the European Union's General Data Protection Regulation, a patchwork of state laws and regulations govern

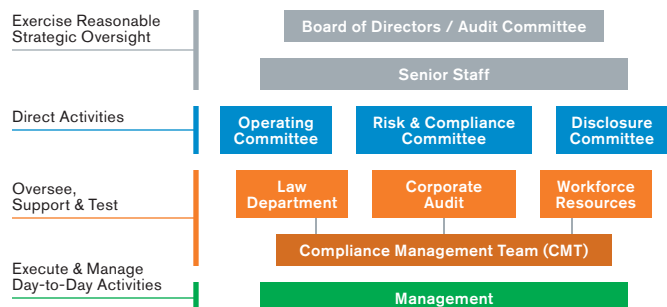
personal data collection and use. Union Pacific developed a program to comply with the California Privacy Act, the most comprehensive state law, which took effect Jan. 1, 2020. Specifically, Union Pacific worked to increase transparency around our data collection and use procedures to enhance our ability to respond to inquiries and requests regarding a person's data.

Risk Oversight Approach

We continuously monitor our dynamic risk management process to identify and address potential concerns, including those arising in the ever-changing economic, political and legal environments in which Union Pacific operates.

Management identifies and prioritizes enterprise risks and regularly presents them to our board of directors for review and consideration. Our chief compliance officer reports to the board on risk mitigation strategies, supported by senior executives responsible for implementing risk mitigation. We also report risk factors in our [Annual Report Form 10-K](#).

The board's Audit Committee oversees internal audits of the company's enterprise risks. Internal auditors present their findings on mitigating controls and processes to the committee, which, in turn, reports to the board.



Board of Directors

Union Pacific works on behalf of our shareholders, employees, customers and communities to be among the best-governed companies in America. Our efforts begin with our board of directors, which is comprised of a majority of independent directors, including only one management director. At year-end, our board consisted of 11 independent directors and one management director. Our board has four standing committees: the Audit Committee, Finance Committee, Compensation and Benefits Committee, and Corporate Governance and Nominating Committee. Each is comprised entirely of independent directors and operates under a written charter adopted by the board.

We expect directors to attend all regularly scheduled meetings, as well as their committee meetings and the annual shareholders meeting in May. The board met seven times, six of which were virtual meetings due to COVID-19. None of the directors attended fewer than 75% of the aggregate number of board or committee meetings they were responsible for attending.

Board Membership Criteria

The Corporate Governance and Nominating Committee is responsible for developing and periodically reviewing the appropriate skills and characteristics required of our board members. The committee develops and recommends membership criteria to the board, including factors such as business and management experience; familiarity with the business; Union Pacific customers and suppliers; varying and complementary talents; backgrounds and perspectives; diversity (inclusive of gender, race, ethnicity and national origin); as well as relevant regulatory and stock exchange membership requirements.

Evaluation Of Board And Committee Performance

The Board and its Committees conduct self-evaluations annually to assess their performance. The evaluation process includes a self-assessment that invites comments on all aspects of the Board and each Committee's process. These evaluations serve as the basis for a discussion of Board and Committee performance as well as recommended improvements.

Our Directors



Andrew H. Card, Jr.



Erroll Davis*



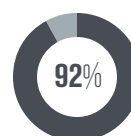
William J. DeLaney



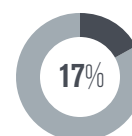
David B. Dillon

2020 DIRECTOR COMPOSITION

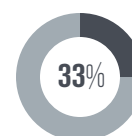
NUMBER: 12
AVERAGE AGE: 66



Director Independence



Female



Minority



Lance M. Fritz



Deborah C. Hopkins



Jane H. Lute



Michael R. McCarthy



Thomas F. McLarty III



Bhavesh V. Patel



Jose H. Villarreal



Christopher J. Williams

*Erroll Davis retired in May.

Our ESG Approach: Building a Sustainable Future 2030

Union Pacific trains traverse through metropolitan cities, cozy communities and lands where only trains and wildlife can be heard. From the terrain our rails touch to communities worldwide, it's important we act as stewards to support the transition to a more sustainable future. One that fosters diverse and inclusive environments, provides innovative economic solutions, pursues clean air and plentiful water supplies, and improves the quality of life for everyone. At the beginning of this new decade, Union Pacific is reinforcing our commitment by introducing a more comprehensive approach to environmental, social and governance (ESG) issues: Building a Sustainable Future 2030.

The COVID-19 pandemic taught the world about the importance of resiliency, and, in many cases, businesses like Union Pacific reacted faster than governments to support employees, supply chains and communities. As a critical part of America's infrastructure, we played a key role ensuring continuity of functions to support public health and safety, and deliver materials to power hospitals, stock grocery store shelves, purify water, make medicine and feed livestock. These responsibilities and our agility in responding to evolving customer and community needs will continue to be critical long into the future as we face the impacts of climate change, social injustice and other global crises.

Built on four areas of concentration – Investing in our Workforce, Driving Sustainable Solutions, Championing Environmental Stewardship and Strengthening our Communities – our new approach addresses the evolving needs of our stakeholder groups over the next decade and is more inclusive of the overall impact we can have. It builds on our foundation of safety as our No. 1 priority. It also addresses our most material ESG risks, while aligning our commitment with the United Nation's Sustainable Development Goals (SDGs). Within each area of concentration we are identifying measurable targets, and we will report our progress annually in the Building America Report.

Today, Union Pacific moves a ton of freight 454 miles on a single gallon of fuel. Rail remains the most fuel-efficient way to move freight over land by cutting greenhouse gas (GHG) emissions by up to 75% compared to commercial trucks.² This ESG approach supports Union Pacific's corporate strategy to be the best freight railroad in North America and also leverages our expertise and enables sustainable growth across our supply chain.



Henry Ward III, electrician at the Kansas City Locomotive Shop.

Over the next 10 years, we envision:

- New initiatives to recruit, develop and retain a diverse workforce that better reflects the world around us and prepares employees for the jobs of the future, allowing Union Pacific and the U.S. to better compete for global business.
- A seamless customer experience, and opportunities for large and small companies to leverage rail, making Union Pacific the go-to source for movement of goods.
- Actions to achieve GHG emissions consistent with science-based targets, waste initiatives supporting a circular economy, and addressing ongoing habitat loss and the need for clean water due to growing populations and urban sprawl.
- Increased support of minority- and women-owned businesses that strengthens local economies, as well as philanthropic aid that leads to safe places to live, family-supporting jobs and vibrant spaces that inspire people to live their best lives.

²Source: [American Association of Railroads](https://www.aar.org/)



Investing In Our Workforce

Our employees are passionate about their work Building America. We believe the work that every employee does matters, and how the work is accomplished is just as important as producing results and achieving goals. Every employee's career path is unique, from working on or with trains to working in an office setting. At Union Pacific, our goal is to help employees develop skill sets enabling them to grow, move into positions across the company and become experts in their role, leading to fulfilling careers.

Union Pacific is committed to fostering a diverse and inclusive environment that reflects the diverse markets and communities we serve, and one where people can be their best, personally and professionally. Recognizing we still have work to do, we continue to focus on building an inclusive culture, and a talented workforce, with a goal to reach 40% minority and 11% female representation by 2030.



Driving Sustainable Solutions

By operating a safer, more efficient, highly reliable and environmentally responsible rail network, we aim to deliver the best customer experience, create economic strength and grow our business profitably and responsibly, allowing us to invest more in our future. We create economic opportunities for local communities through direct employment with us, as well as through spending by local employees.

We continue to develop seamless customer experiences through technology-enabled tools and customer collaboration, helping customers improve their own environmental footprint by converting from truck to rail. We're identifying and marketing shovel-ready sites that improve rail access, promote local growth and provide businesses the environmental benefits provided by moving goods by rail. Union Pacific also hauls many sustainable commodities, such as wind turbines, renewable energy and fuels, and recycled products.

Union Pacific's capital investments create economic opportunity through employment and supply chain activity and represent investments in building a rail network that supports sustainable economic growth for generations to come. The more we invest in building a safe and efficient railroad today, the better our infrastructure can support communities going forward.



Championing Environmental Stewardship

We believe a healthy environment is an essential foundation for a strong country and a vibrant economy, and our vision of Building America involves protecting and strengthening this foundation.

Railroads are one of the most fuel-efficient means of transporting freight by land. Our ESG strategy supports Union Pacific's corporate strategy to be the best freight railroad in North America and leverages our expertise to enable further sustainable growth across our supply chain.

Union Pacific's services can enable our customers to reduce their own carbon footprint and create meaningful global change. In early 2021, the Science Based Targets Initiative approved our targets to reduce absolute scope 1 and 2 GHG emissions from our operations 26% by 2030 against a 2018 baseline. We believe this is an important step to understanding how much and how quickly we need to reduce our emissions, as well as anticipate future policies and regulations. This is not an easy task, as we must closely examine every aspect of our operations. We must strive for transformational change by supporting the development of promising technology and other solutions that will help us further reduce our carbon footprint, as well as maintaining equipment and training employees in environmentally responsible behaviors.



Strengthening Our Communities

Union Pacific is dedicated to serving and investing in communities, improving the quality of life where our employees live and work. We take tremendous pride in our relationships and efforts to improve the futures of these communities through the Community Ties Giving Program. In the four years since we redefined our philanthropic pillars to focus on safety, workforce development and community spaces, we've served approximately 48 million people, 18 million of whom are in underserved populations. We believe our impact has a ripple effect and the potential to change future generations.

Union Pacific annually purchases millions of dollars in goods and services from more than 275 diverse suppliers in 35 states. Our spending with diverse suppliers is growing, and we are committed to doing more in this area. Additionally, approximately 89% of our strategic suppliers reported purchasing goods and services from diverse suppliers, demonstrating their support for our diversity initiative.

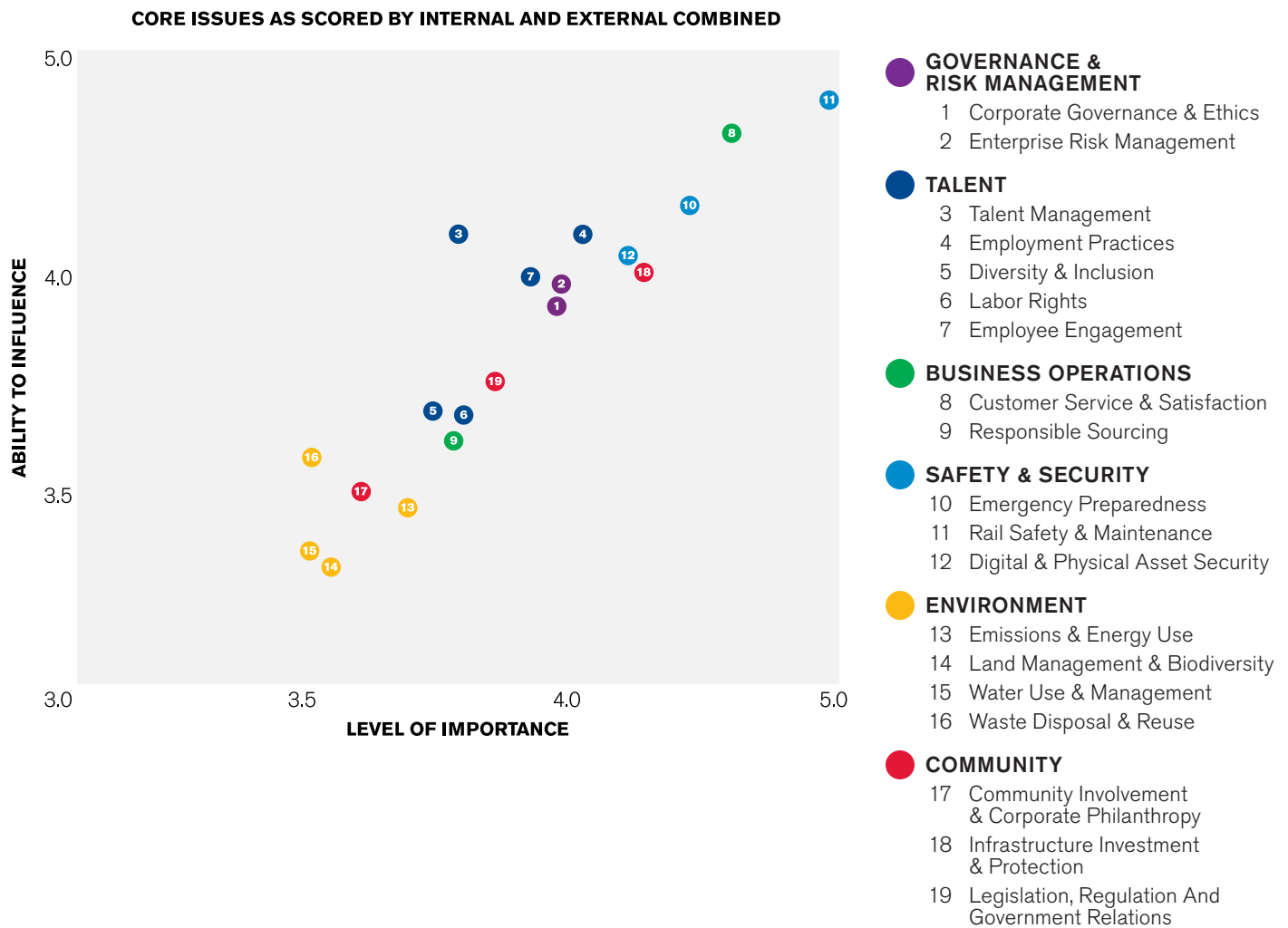
Union Pacific's chairman, president and CEO, and senior management oversee our corporate ESG strategy, and report progress to the board of directors. We encourage our 31,000 full-time employees to embrace and implement the strategy. We encourage employees to get involved and share their ideas on ways we can make a positive impact. Our stewardship is important – it's a way to unify our diverse workforce around a single purpose.

We track our performance toward these goals using the Key Performance Indicators (KPIs) shown in the table on [page 26](#). Modeled after Global Reporting Initiative (GRI) standards, our KPIs align with our stakeholder groups' priorities. Achieving success in each category directly impacts Union Pacific's business. KPIs are updated annually in this report. Specific ESG performance data is available on [page 134](#). Financial performance results are presented during Union Pacific's quarterly earnings calls and on form 10-Q and 10-K.

Material Issues

Union Pacific completed a preliminary materiality assessment with input from internal and external stakeholders, including customers, shareholders and community leaders in 2019. We asked respondents to rate 19 key issues on a five-point scale based on the significance of Union Pacific's ability to impact the issue and each issue's level of importance. The results were used to determine our highest ranking material issues. Internal and external stakeholder groups were strongly aligned on most issues. Both ranked Customer Service and Satisfaction, and Rail Safety and Maintenance as high priorities. Not surprisingly, talent issues, such as Engagement and Employment Practices ranked higher among the internal group. We are proud of our Community Ties Giving Program, which provides support to nearly 3,000 nonprofit organizations; however, we were surprised that Community Involvement and Corporate Philanthropy were ranked slightly lower in importance by the external group.

The materiality assessment results help us understand what's important to each stakeholder and allow us to align our business strategy to address the most material issues. The results also make it clear these issues are important to investors who want to understand where we stand on material issues. In some areas, we're already achieving great results; however, we need to do better at sharing these results with our stakeholders. We anticipate completing a full materiality assessment in 2021.





Highest-Ranked Material Issues

A complete list of the key issues and their definitions can be found in the ESG Performance Data on [page 134](#).

	Material Issue	Definition	Our Approach
SAFETY AND SECURITY	Rail Safety and Maintenance	Efforts to maintain quality rail infrastructure and prevent derailments, including track inspections and other measures.	<ul style="list-style-type: none"> Our track inspection program customizes schedules and techniques to examine each rail line, mile by mile. State-of-the-art equipment is used to regularly inspect rail lines, locomotives and cars. Algorithms are used to predict maintenance needs.
	Emergency Preparedness	Measures taken to prepare for and reduce the impact of disasters, including but not limited to building relationships with emergency responders and preventing incidents involving hazardous materials.	<ul style="list-style-type: none"> Union Pacific partners with customers, regulators and other stakeholders to conduct hazardous materials shipment inspections, sponsor training opportunities and actively participate in numerous industry initiatives focused on continuous improvement of hazardous materials shipments. We provide fire departments and other emergency responders along our routes with comprehensive training on minimizing derailment-related impacts, including classroom and hands-on training. We conduct drills and exercises with local, state and federal stakeholders. The Union Pacific Railroad Police Department is a team of highly trained special agents dedicated to maintaining the railroad's security and integrity.
	Digital and Physical Asset Security	Protecting the company's critical physical infrastructure and data.	<ul style="list-style-type: none"> Our Information Assurance team has robust processes and redundancies in place to prevent, detect and respond to potential threats. We perform regular vulnerability scanning and system penetration testing to validate our security controls and assess our infrastructure and software applications. Union Pacific uses Railway Alert Network materials to find threats and in our security awareness Employees receive annual training to identify phishing attacks and how to avoid being victimized.
BUSINESS OPERATIONS	Customer Service and Satisfaction	Efforts to meet or exceed customer expectations and build productive customer relationships.	<ul style="list-style-type: none"> Our Customer Experience team uses regular surveys to track trends and analyze data. A Customer Advisory Board is comprised of customers providing guidance on best practices.
TALENT	Employment Practices	Employee compensation and benefits, and the efficacy of policies and practices that maintain a healthy and safe work environment, and promote employee well-being.	<ul style="list-style-type: none"> Increased cleanings, resources and equipment provided to meet, and in some cases exceed, CDC guidance, keeping employees safe during the COVID-19 pandemic. Comprehensive benefits program, including medical insurance, educational assistance and a 401(k). Benefits vary based on the applicable collective bargaining agreement or an employee's non-union status. Employee Assistance Program, offering all employees and their families counseling and referral services for personal or work-related problems. System health facility program, giving employees access to thousands of gyms located near Union Pacific work sites. A diverse mix of training to help retain employees and help them progress their career.
COMMUNITY	Infrastructure Investment and Protection	Investing in and protecting our network infrastructure, and working with regulatory officials to align our business with the country's infrastructure requirements and needs.	<ul style="list-style-type: none"> Union Pacific's 2020 capital program totaled \$2.8 billion, supporting infrastructure replacement, locomotives and equipment, commercial facilities and innovation.

Sustainable Development Goals

Members of the United Nations adopted the [Sustainable Development Goals](#) (SDGs) with a target date for completion in 2030. They are aspirations aimed at all countries, governments and organizations, and with less than 10 years to achieve these goals, world leaders are calling for action. Union Pacific recognizes that it's our responsibility to act. Just as the railroad connects the nation, these goals connect the world, ensuring a better and more sustainable future for every person. We examined the SDG targets in 2019, identifying areas where we can align our business efforts to make the greatest impact, and we continue to advance initiatives in these areas.



Quality Education



We believe education is the essential foundation for improving quality of life. We launched an innovative new partnership with the University of Nebraska at Omaha, offering employees an opportunity to pursue their degree or a certification.

Already, more than 1,000 employees in

26 states have expressed interest with more than 400 taking steps to become a student.

The Community Ties Giving Program supports programs that put youth on the right track. We invest in programming that emphasizes Science, Technology, Engineering and Mathematics-related careers, like those offered at Union Pacific. It's equally important students learn soft skills that are essential for thriving in a business environment. Our funding covers educational programs for youth, in middle and high school, and adult learners.

Union Pacific is the largest private donor to the National Park Foundation's Open Outdoors for Kids program, which provides students with transportation, programming and free entry to national parks. The majority of schools served are Title I, representing minority and underserved populations. We believe it's important for students to explore the world around them while learning about science, history, conservation and their role in protecting national and local treasures.

Gender Equality



Equal treatment of others is important to us. We are taking aggressive steps to remove barriers for women in a predominantly male-dominated rail industry. We work with trade schools that encourage women to see themselves in Transportation, Engineering and Mechanical fields, and we offer the

training needed to succeed. Once in the workforce, we're making sure all of our employees have the tools and support they need to be successful in all aspects of their lives.

Decent Work and Economic Growth



Freight railroads are the backbone of the U.S. economy, supporting the livelihoods of employees in most sectors. One job in the rail sector supports eight others across the economy. We create economic opportunities for local communities through direct employment with Union

Pacific, as well as spending by local employees.

Union Pacific provides competitive compensation and benefits to 31,000 employees across 23 states. We offer employment opportunities in many areas, from office settings to working on or with trains. In some cases, a college degree or post-high school education is not required.

The rail infrastructure Union Pacific maintains and operates enables growth and innovation across the country. By helping businesses form new partnerships, provide cost-competitive solutions and source new types of raw materials, our network supports the transition toward a more sustainable economy.

Industry, Innovation and Infrastructure



Union Pacific's capital investments represent our commitment to building a sustainable rail network that can support economic growth for generations to come. We believe the more we invest in building a safer and more efficient railroad today, the better our infrastructure can serve

communities going forward. By 2045, U.S. freight shipments will increase by more than 40% and America's population will grow by 70 million.³ Union Pacific has capacity to safely and reliably meet this increased demand, moving additional goods and decreasing truck congestion on the nation's already crowded highways and interstates.

From apps managing train systems to enhanced track inspection systems, we continually invest in new technologies that enhance safety, efficiency and service. We are also working to cut our carbon emissions, investing in locomotive upgrades that meet strict air quality standards and help us save fuel. Today, railroads are the most environmentally responsible way to move freight on land. On average, Union Pacific moves a ton of freight 454 miles on a gallon of diesel fuel, making us three to four times more fuel efficient than trucks.

³Source: [U.S. Federal Highway Administration](#)

Reduced Inequalities



Union Pacific employees have the fundamental right to fair treatment within a discrimination-free workplace. We create a work environment where others are encouraged to respect and value differences, which is essential for employees to reach their fullest potential. We are

committed to a work environment free of offensive behavior regarding a person's race, color, national origin, religion, gender, sexual orientation, age, gender identity, veteran status or disability. This includes offensive behavior directed at employees, customers, visitors to company facilities and others who employees may contact during the normal course of work, and we hold our partners in the supply chain, as well as nonprofit organizations that we support, to these same high standards.

We believe diversity, equity and inclusion is the right approach and also our responsibility. These core values must extend outside the walls of our business and into the community. We want employees to live and work in places where they feel inspired, and that means interacting with people who have different opinions, backgrounds and experiences.

Sustainable Cities and Communities



Union Pacific moves the goods that families and businesses use every day, including the food we eat, the cars we drive, the chemicals to clean our water, and the steel and lumber to build our communities. We work with businesses to find solutions that decrease emissions and congestion on

America's already crowded highways and interstates.

Despite growing challenges in the recycling market, Union Pacific generated an estimated 2.11 million tons of waste and diverted approximately 47% from landfills. We recycled about 480,000 tons of scrap metal, the largest contributor to our success diverting recyclable materials from landfills. Steel, aluminum and copper are the most recycled materials on the planet and are found in a variety of unexpected products. From appliances to cell phones, buildings to highways, recycled materials are being utilized in new ways, globally transforming construction and consumer products.

Responsible Consumption and Production



Our footprint touches many diverse ecosystems, and we are committed to being a responsible steward of the land we own. We work to preserve our ecosystems, improve our resiliency and reduce our impact. This is fundamental to ensuring a healthy environment and supporting vibrant local economies.

In 2020, we announced our intention to set science-based targets to help us understand how much and how quickly we need to reduce GHG emissions to support global climate change goals. In early 2021, the Science Based Targets initiative approved our targets to reduce absolute scope 1 and 2 GHG emissions from our operations 26% by 2030 against a 2018 baseline.

Fuel efficiency is a critical part of Union Pacific's sustainability approach. We have employees dedicated to finding ways to reduce consumption as diesel fuel accounts for approximately 11% of our operating expenses. Fuel efficiency and carbon emission reductions fluctuate based on business volumes and commodity mix. Fuel efficiency improves as loaded cars add weight to the overall train.

Another crucial consumption issue is water. Many parts of the country experience water stress in local and regional watersheds, when the demand for water exceeds the available amount. The U.S. Global Change Research Program notes widespread stress in much of the Southwest, western Great Plains and parts of the Northwest. Union Pacific helps prevent water resources from being affected by our operations in these areas with Stormwater Pollution Prevention Plans, as well as Spill Prevention Control and Countermeasures plans at our facilities. Wastewater treatment facilities capture and treat water from equipment washing and maintenance. We also treat captured wastewater to reduce our impact on the environment and comply with government regulations and wastewater discharge permits.

Union Pacific used an estimated 790 million gallons of water, a decrease from 910 million in 2019. We continue exploring ways to conserve water by analyzing accounts, researching irregularities, and making changes and repairs to eliminate unnecessary use.

Union Pacific's utility conservation projects reduced energy consumption by 2.0 million kWh, which is enough to annually power more than 239 U.S. homes. Many of these projects were employee-driven solutions, such as retrofitting lights with LED bulbs and upgrading air compressor systems. These solutions also provide guidance for future initiatives.

Business and Industry Affiliations

Union Pacific is a member of many national industry and business organizations, including:

- Association of American Railroads
- Business Roundtable
- GoRail
- GreenBiz Executive Network
- Intermodal Association of North America
- Midwest Association of Rail Shippers
- Mountain Plains Minority Supplier Development Council
- National Association of Manufacturers
- National Association of Rail Shippers
- National Business Group on Health
- National Freight Transportation Association
- National Grain and Feed Association
- National Minority Supplier Development Council
- National Rail Labor Conference
- National Safety Council
- Operation Lifesaver
- Pacific Northwest Association of Rail Shippers
- Produce Marketing Association
- Southwest Association of Rail Shippers
- Transportation, Elevator and Grain Merchants Association
- United Fresh Produce Association
- U.S. Chamber of Commerce
- Women's Business Development Center
- Women's Business Enterprise National Council

We review our associations on a periodic basis, and as memberships come up for renewal, to determine whether participation is consistent with our position on climate change. We look at news articles and publicly available policies to determine whether an association's position is consistent with the Paris Agreement's goal to limit the rise in global average temperatures this century to well below 2°C.

Union Pacific identified several associations that were completely or partially aligned with its position. We also identified several requiring further evaluation. One organization, the American Coalition for Clean Coal Electricity (ACCCE), now known as America's Power, was materially misaligned with our views and we ended our ACCCE membership as a result.

Key Performance Indicators

Financial	2018	2019	2020
Net income	\$6.0 billion	\$5.9 billion	\$5.6 billion*
Operating revenue	\$22.8 billion	\$21.7 billion	\$19.5 billion
Investing in Our Workforce	2018	2019	2020
Percent of unionized employees	85%	85%	83%
Workforce diversity	5% Female 95% Male 2% Asian 12% Black 71% Caucasian 14% Hispanic 1% Native American	5.5% Female 94.5% Male 2% Asian 12% Black 71% Caucasian 14% Hispanic 1% Native American	6% Female 94% Male 2% Asian 12% Black 70% Caucasian 14% Hispanic 2% Native American 1% Two or More
Driving Sustainable Solutions	2018	2019	2020
Capital program (private funds, no taxpayer dollars)	\$3.2 billion	\$3.2 billion	\$2.8 billion
Spend with minority- and women-owned businesses	\$357 million	\$328 million	\$423 million
Championing Environmental Stewardship	2018	2019	2020
Energy usage	44.5 million megawatt hours	40.4 million megawatt hours	35.9 million megawatt hours
Water usage withdrawals	1.2 billion gallons	910 million gallons	790 million gallons
GHG emissions			
Intensity per million gross ton miles	12.8 metric tons	12.45 metric tons	11.87 metric tons
Locomotive fossil fuel emissions (Scope 1)	10,874,731 metric tons	9,688,964 metric tons	8,537,679 metric tons
Fossil fuel emissions (Scope 1 and 2)	11,760,366 metric tons	10,415,469 metric tons	9,157,473 metric tons
Employee travel (Scope 3)	17,138 metric tons	15,495 metric tons	8,139 metric tons
Purchases from biomass sources	122,692 metric tons	127,645 metric tons	187,265 metric tons
Waste			
Total waste generated	2.09 million tons	1.43 million tons	2.11 million tons
Tonnage diverted from landfills	71%	68%	47%
Strengthening Our Communities	2018	2019	2020
Rail crossing accidents (per million train miles)	2.69	2.72	3.04
Reportable injury rate (per 200,000 employee-hours)	0.82	0.90	0.90
Community Ties Giving Program	\$20.1 million	\$22.2 million	\$26.8 million

*Non-GAAP results, adjusted to exclude the Brazos non-cash impairment charge. See [page 132](#) for a GAAP reconciliation.

Stakeholder Engagement

Union Pacific regularly engages with our four key stakeholder groups to understand their evolving needs. Ultimately, we want to create competitive advantages for customers, job stability for employees, strong returns for shareholders and economic strength in communities.

Employees

Union Pacific employees work 24/7 across our 23-state service area. We support and engage employees through the following channels:

- Communication from our CEO in many forms, such as online and in-person town halls with question-and-answer sessions; CEO videos covering key issues, including safety, Precision Scheduled Railroading, COVID-19 and employee engagement; and a CEO blog highlighting observations from field visits and topics impacting the company.
- Information Television Network.
- Senior management town halls with question-and-answer sessions.
- Employee clubs and resource groups.
- Focus groups and engagement surveys to gather direct employee feedback that informs decision-making on policies.
- Annual ethics training and regular ethics bulletins.
- A values line allowing employees to anonymously report concerns 24/7.

Customers

Union Pacific has strong relationships with its customers. At the heart of those relationships are multi-faceted communication efforts, enabling us to develop solutions that meet their changing needs and support growth. We engage customers through the following channels:

- Face-to-face, teleconference and virtual meetings.
- [Our customer website](#) and secure customer portal.
- Smartphone apps and mobile-friendly services.
- API integration.
- [Track Record](#), our online magazine designed to help transportation and logistics professionals secure accessible, cost-effective and reliable solutions.
- Social media.
- Shipment notifications.
- Rail operation announcements and commercial updates from the executive vice president – Marketing and Sales.
- Customer surveys and forums for evaluations and suggestions.
- Our 24/7 Customer Care and Support team.

Communities

Union Pacific's business positively impacts communities by creating economic growth and development for local businesses, providing career opportunities and reducing road congestion. We seek to support communities through the following channels:

- Local public affairs representatives who regularly work with elected officials, economic development alliances, civic groups and other community organizations.
- Our national 24/7 emergency hotline.
- Event sponsorships and employee volunteerism.
- [The Community Ties Giving Program](#).
- [UP CARES program](#).
- Free safety training for emergency responders.
- [Inside Track](#), our website dedicated to sharing news, photos and video about Union Pacific, our employees and the communities where we live and work.
- Social media platforms, including Facebook, LinkedIn, Twitter, Instagram and YouTube.

Shareholders

Clear communication with shareholders is important to Union Pacific. We engage them through the following channels:

- Annual reports, proxy statements and other SEC filings.
- Our [Investor Relations](#) site, featuring upcoming events, public filings, weekly industry reports, shareholder resources and answers to frequently asked questions.
- Annual Building America Report.
- Face-to-face, teleconference and virtual shareholder meetings with management and investor conferences.
- Quarterly earnings reports and conference calls.

Other Key Audiences

Regulatory Officials

Union Pacific works closely with federal and state regulatory officials to align our business with the country's infrastructure requirements, shaping a responsible and sustainable operating environment through the following channels:

- Transparent compliance reports, voluntary agreements and in-person meetings.
- Ongoing dialogue via staff in Washington, D.C., and across our network.
- Participation in the Association of American Railroads (AAR) and U.S. Environmental Protection Agency's (EPA's) SmartWay Transport Partnership.
- Employee and corporate regulatory and legislative advocacy.
- Union Pacific Environmental Management team regulatory engagement.
- Collaboration with the Federal Railroad Administration, Surface Transportation Board, U.S. Customs and Border Protection (CBP) and other government agencies.

Suppliers

Suppliers are an important part of Union Pacific's business, helping us serve our customers and provide quality materials. We manage suppliers through our [Supplier Code of Conduct and Quality](#) program, engaging them through the following channels:

- Electronic commerce capabilities.
- Supplier performance tracking system.
- Supplier diversity program.
- Face-to-face, teleconference and virtual meetings.

Key Awards and Recognition

Union Pacific is proud of the work we do delivering the goods Americans use every day, building a diverse and inclusive workforce, and strengthening communities. Our efforts were recognized with the following awards:

- Named by Fortune among its 'Most Admired Companies.'
- Among the top 300 public companies listed on America's Most Responsible Companies 2020 by Newsweek.
- Recognized on the 2020 CDP Supplier Engagement Leaderboard.
- Supply Chain Digital magazine named Clark Ponthier, SVP-Supply Chain and Continuous Improvement, to its Top 10 list of global logistics executives.
- Ranked among the Top Ten on VIQORY's 2021 Military Friendly Employer list.
- Ranked among the Top 100 Best Internships by Vault, including the top 10 for Best Internships for Information Technology and top 20 for Best Tech and Engineering Internships.

The Staggers Act Turns 40

Forty years ago, after decades of increasing government regulation – combined with intense competition from other transportation modes – the U.S. freight railroad industry was near ruin.

On Oct. 14, 1980, Congress passed the Staggers Rail Act, instituting a system of balanced regulation in the rail industry. The act ushered in a new era in which railroads could largely decide for themselves what routes to use, what services to offer and what rates to charge.

Since Staggers was passed, average rail rates have fallen 43%, safety has dramatically improved, rail traffic volume is up 90% and railroads have invested more than \$710 billion of their own funds back into their networks.

"The Staggers Rail Act paved the way for a series of mergers that make up today's Union Pacific," said Patricia LaBounty, curator of the Union Pacific Museum. "It was a turning point in modern railroad history that shaped how our railroad looks and operates today."

Celebrating 150 Years on the New York Stock Exchange



The remote celebration took place at Union Pacific Center in Omaha. Pictured from left: Ryan Long, Arthnia Allen, Patrick Forrester, Pam Shupp, Missy Miller, Lance Fritz, Damian Guy, Jennifer Hamann, Sara Haines, Emily Peters, Melissa Price, Abby Zach, and Michael Moody.

Union Pacific celebrated the 150th anniversary of being publicly traded on the New York Stock Exchange (NYSE) on Sept. 16. The remote celebration featured live interviews with Chairman Lance Fritz and Executive Vice President and Chief Financial Officer Jennifer Hamann, employee pride videos and a bell ringing featuring 11 employees. The footage was broadcast live on multiple cable news networks and in Times Square in New York City.

What's Ahead

When we began our PSR journey in the fourth quarter of 2018, our objective was to drive efficiency across every facet of our operations, while providing customers with safer, more reliable service. We've made tremendous strides toward that goal, and we are building a solid foundation of operational excellence. We will continue this work by leveraging Precision Scheduled Railroading with relentless determination as we strive to be the best logistics provider in North America.

It's critical our employees understand their role propelling Union Pacific into the future. With that in mind, we're simplifying our strategy to 'Serve, Grow, Win, Together.' The elements of our current strategy roll up into this, but the new approach makes it easier for employees to understand exactly how their work fits in and how everything we do must revolve around our values.

We're activating a comprehensive communications plan designed around three key pillars: Unite Union Pacific; Amplify Growth and Wins; and Protect and Promote the Union Pacific Brand. This allows us to showcase the power of Union Pacific through our employees, connect all of our stakeholders to inspire future growth and progress, and promote our brand, fusing our iconic past with our innovative future. We are excited about this work and look forward to sharing more stories about our wins in upcoming reports and at up.com.



Adrienne Jensen, senior project engineer, Information Technologies



Investing in Our Workforce

We know Union Pacific's employees are passionate about their role Building America. We believe the work that every employee does matters, and how the work is accomplished is just as important as producing results and achieving goals. The work we do every day, moving customers' goods is not possible without the hard work and dedication of our employees.

We know every employee's career path is unique, from working on or with trains to working in an office setting. At Union Pacific, we help employees develop skill sets enabling them to grow, move into positions across the company and become experts in their role, leading to fulfilling careers. To ensure our company's future vibrancy, we must challenge ourselves to improve productivity and focus on the work that moves our strategy forward. In some instances, efficiency improvements have resulted in a reduction of our valued workforce. We never make these decisions lightly and work closely with the management and union employees affected to determine the best path forward for all involved. As we continue to evolve as a company, Union Pacific is committed to upholding our values and investing in the people who are vital to our prosperity.



Richard Estrada, machine operator, Engineering

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Embracing Employee Needs

Union Pacific is a company that is always moving, advancing and building. We have the best employees in the industry, and we are dedicated to engaging and motivating them to unlock new levels of passion and dedication while leveraging their diverse talents.

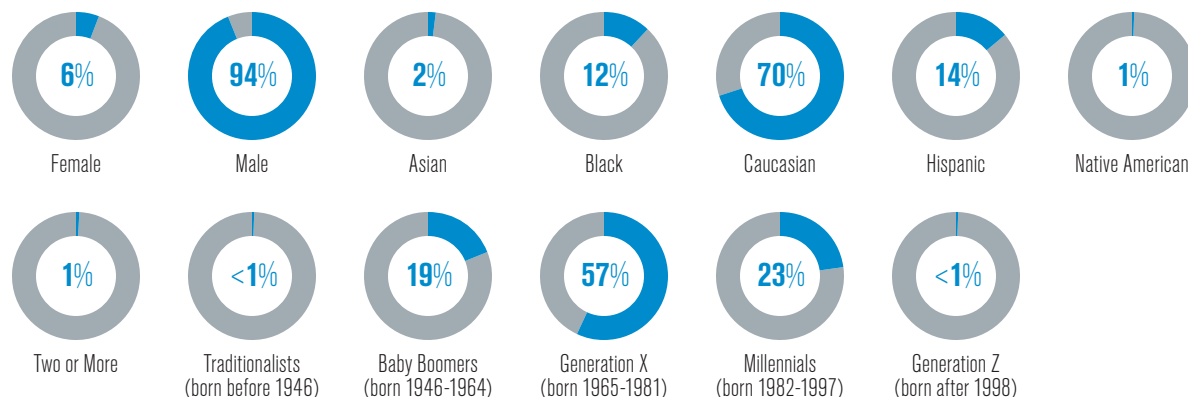
The key to our nearly 160 years of success is our people. Our valuable suite of compensation and benefits reflects our commitment to our employees. We provide competitive pay programs designed to attract, retain and motivate our talent while our best-in-class benefits programs support employees and their families in every stage of life.

The philosophy behind our compensation and benefits programs is rooted in maintaining our competitive position in the market. Our comprehensive and valuable package of rewards is designed to attract and retain a talented and diverse workforce, while building a robust and supportive culture.

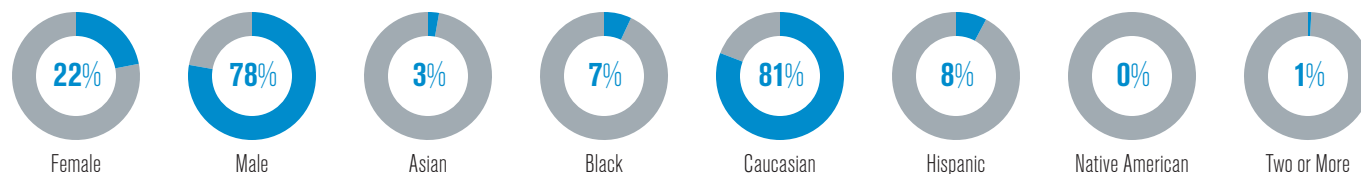
Our board of directors evaluates our compensation plans and reviews recommendations from the Compensation and Benefits Committee. The median annual total compensation for all our employees who were employed as of Dec. 31, 2020, was \$99,153.¹ Additional information about our executive compensation structure is available in the 2021 [Proxy Statement](#).

POPULATION

TOTAL COMPANY ~31,000



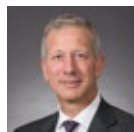
SENIOR MANAGEMENT



¹The median annual compensation reported in the company's Form 10-K for the year ended Dec. 31, 2020, was \$77,778 and is calculated differently than the \$99,153 noted above. The \$99,153 includes \$21,375 for pre-tax medical premiums and 401(k)/thrift plan contributions.

²Senior management includes approximately 100 employees with an assistant vice president, general manager or general superintendent title or higher.

Executive Staff



LANCE FRITZ

Chairman, President and
Chief Executive Officer



PRINTZ BOLIN

Vice President, External Relations



ERIC GEHRINGER

Executive Vice President, Operations²



JENNIFER HAMANN

Executive Vice President and
Chief Financial Officer



RAHUL JALALI

Senior Vice President, Information
Technologies and Chief Information Officer



SCOTT MOORE

Senior Vice President, Corporate Relations
and Chief Administrative Officer



JON PANZER

Senior Vice President, Strategic Planning



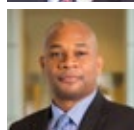
CLARK PONTHER

Senior Vice President, Supply Chain and
Continuous Improvement



CRAIG RICHARDSON

Executive Vice President, Chief Legal
Officer and Corporate Secretary³



KENNY ROCKER

Executive Vice President,
Marketing and Sales



JIM VENA

Chief Operating Officer



BETH WHITE

Executive Vice President and
Chief Human Resource Officer

Building Employee Engagement

When employees are empowered and respected, they feel connected to the company. Union Pacific believes every employee needs to be engaged in making his or her work safer and more productive.

Union Pacific administers an engagement survey to collect employee feedback on an annual basis. The results are synthesized and shared with senior leadership and those managing employees, who are then charged with creating action plans to address trending opportunities.

Analyzing the results of our 2020 employee engagement survey showed significant areas of both opportunity and strength. The survey had an all-time high participation rate of 40%, and the manager effectiveness scores increased year over year. Employees noted they feel respected by team members and supervisors, contributing to the increased manager effectiveness index score.

The employee engagement index, which measures the current engagement level, declined. Given the workforce reduction and changes implemented with our operating strategy, combined with the impact of the COVID-19 pandemic, a drop in scoring was expected. We know we have work to do, and we are committed to listening to employees' feedback and finding solutions.

We expanded COMMIT, our field-testing program that's a direct result of engagement survey feedback, to include our Engineering and Mechanical employees. COMMIT, which stands for Coaching, Observing, Mentoring and Motivating with Integrity and Trust, focuses on results-based, in-person coaching instead of discipline. The modernized program simplifying our rules structure was initially rolled out to Train, Engine and Yard (TE&Y) employees in 2019.

Kevin Andersen, senior director, Safety, said COMMIT's ultimate goal is to facilitate comfortable and frequent peer-to-peer interactions, not just manager engagements.

"When we hold each other accountable, we build stronger relationships built on trust," he said. "It's harder to let down someone you respect and trust, changing future behaviors."

Providing Meaningful Benefits

We offer a comprehensive benefits program, including medical insurance, Railroad Retirement and a 401(k), as well as niche benefits employees may find useful at various life stages. Benefits vary based on the applicable collective bargaining agreement or an employee's non-union status. We understand that as our company and workforce continue to evolve, so must our practices and policies.

We are proud of our benefit offerings; however, work schedules required to operate our railroad's 24/7 operations can be challenging, and employees often need extra support caring for loved ones. The Bright Horizons Care Advantage™ database helps employees connect with essential, supportive care providers and services, such as:

- Center-based and in-home child care.
- Elder care.
- Pet care.
- Housekeeping.
- Tutoring and homework help.

²Eric Gehringer succeeded Thomas Lischer as Senior Vice President - Transportation in July and assumed oversight of Union Pacific's Northern Region. He was later elected Executive Vice President - Operations effective January 1, 2021.

³Craig Richardson succeeded Rhonda Ferguson in August on an interim basis before officially taking the reins in December.

Union Pacific supports our employees and families with paid-leave programs for short- and long-term disability, paid parental leave for new parents, three to five weeks of vacation depending on years of service and 11 paid holidays. We continually review our benefits to make sure they meet employee needs, and recently made changes focused on additional vacation, increasing flexibility of our holiday policy and enriching bereavement leave.

We expanded our benefit offerings to include:

- An enhanced vacation benefit, allowing increased flexibility with vacation carry-over and more frequent vacation increments.
- Enhanced adoption assistance, broadening our current policy to reimburse employees who become a parent through a surrogacy arrangement.
- Voluntary benefits for all employees and interns, including auto insurance, home/renters insurance, identity theft protection and pet insurance.
- An enhanced bereavement leave policy, increasing the number of bereavement days for loss of a spouse or child, and providing leave to a birth, surrogacy or adoptive parent who experiences a pregnancy loss.

Expanding Educational Opportunities

We also announced an exciting new partnership with the University of Nebraska at Omaha (UNO), enhancing our Education Assistance benefits and supporting the professional development of all our employees. More than 1,000 employees expressed interest with nearly 400 taking steps to become a UNO student.

UNO's robust online class offerings enable employees throughout our 23-state system to enroll, contributing to a nine-fold increase in enrollment since the program began.

"UNO is helping Union Pacific empower employees by removing financial and scheduling barriers that can discourage employees from pursuing higher education," said Beth Whited, executive vice president and chief human resource officer. "We are proud to support our employees' professional growth through UNO's nationally-recognized education programs, which can lead to future career advancement opportunities."

Full-time employees who want to attend classes at a university other than UNO may do so. Union Pacific reimburses the employee 100% of tuition, up to a maximum of \$5,250 per calendar year, for classes to earn an undergraduate or graduate degree, or a certification program directly related to the employee's job.



The University of Nebraska at Omaha offers Union Pacific employees in-person and online classes.

Labor Agreements

Union Pacific works with 13 major rail unions, representing approximately 83% of our roughly 31,000 full-time employees.

In November 2019, the National Railway Labor Conference (NRLC) and its members, including the nation's largest freight railroads, launched a new bargaining round with 13 labor unions representing more than 142,000 unionized employees industry-wide. Negotiations are ongoing.

Key issues on the table include wages, health care benefits and work rules. The industry is seeking new agreements that would allow railroads to leverage transformational technologies, including developments in automation and safety to help manage an uncertain economy, and those involving long-term structural changes in demand for transportation.

The majority of unions and more than 45 railroads participate in negotiations on a national multi-employer basis. The National Carriers Conference Committee (NCCC) of the NRLC, consisting of the top labor officers of most Class I railroads, is the bargaining committee for the carriers.

Railroads are governed by the Railway Labor Act (RLA), a federal statute enacted in 1926 to bring the railroads and unions to agreement without disruptions to rail transportation. The RLA includes numerous safeguards to help overcome bargaining stalemates.

Under the law, collective bargaining agreements remain in force indefinitely until the parties agree to change them. Without contract expiration dates, negotiators don't work against a fixed deadline. Instead, they proceed through a structured and regulated process.

Diversity, Equity and Inclusion

Union Pacific is committed to improving and strengthening performance through an inclusive workforce that reflects the diverse markets and communities we serve. Recognizing we still have work to do, we continue to focus on building an inclusive culture and a talented workforce.

Our diversity council, chaired by our CEO, provides frontline insight and develops strategic work within our four diversity pillars that is designed to progress Union Pacific's policies and culture. These strategic initiatives are presented to senior management. We also have an Employee Resource Group (ERG) Steering Committee that helps coordinate our nine ERGs. These groups are critical to supporting the company's diversity and inclusion strategy by raising awareness and providing an environment where all employees can realize their potential.

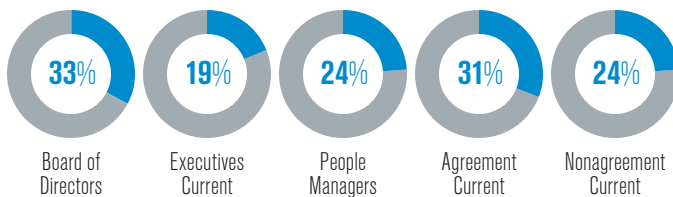
Attracting, acquiring and retaining a diverse workforce helps us access the broad skills, character and viewpoints we need to foster innovative ideas and drive optimal business growth. Drawing on different experiences and expertise is critical for strategic decision-making, problem-solving, leadership development and creativity.

We recruit talented individuals who are dedicated to serve and passionate about performing to the best of their abilities while working as one team. We recognize and value that people come from all backgrounds and walks of life, and embrace those with cognitive diversity. Union Pacific wants employees from all groups to launch and grow their career within the company.

Diversity Pillars

Focusing on four pillars – People, Practices, Procurement and Philanthropy – will ensure an all-inclusive approach impacting change not only within our own railroad, but also in the communities we serve.

WORKFORCE DEMOGRAPHICS AS OF DECEMBER 31, 2020



People

We've challenged ourselves to achieve some big goals: By 2030, we endeavor to increase the representation of women in our workforce to 11%, doubling our current population, and to grow our minority workforce to 40%, a 36% improvement.

Our workforce continues to change with the rest of the world as Gen Z enters the workforce and the eldest Millennials reach the age of 40, becoming the nation's largest adult generation according to the U.S. Census Bureau. This means our workforce's priorities and values have evolved as well. Even before COVID-19, Union Pacific was adapting our policies to address these changes, adding more virtual recruiting platforms, progressing benefit offerings, creating Dress for Your Day, which allows for more casual work apparel, as well as creating flexible schedules and more opportunities to work remotely. By getting in front of these trends, we more easily transitioned to a work-from-home model for many management roles during the pandemic.

In addition, company volunteerism is a highly desired attribution for this generation. Millennials prefer to volunteer with their co-worker instead of work independently.⁵ Union Pacific has long valued volunteerism and offered monetary donations for employees when accumulating enough volunteer hours. Our employee resource groups are heavily focused on volunteer outreach efforts, and Union Pacific piloted a half-day paid volunteer opportunity at Heartland Workforce Solutions. More than three dozen employees participated, helping those hit hardest by COVID-19 unemployment.

⁵Source: [New Report on Millennials, Forbes](#)

Practices

Union Pacific is committed to reducing inequalities in the workplace. We've combed through an employee's journey, from recruitment to retirement, and pinpointed all places where bias, inequity or narrowness can occur. This exercise allowed us to edit or insert policies, protecting against those issues. As a result, we are working to remove bias with required diverse interview panels and gender-bias language evaluations for all job postings. We combat inequities overall with progressive supervisor training, minority mentorships, leadership programs and robust pay equity analysis.

To test for narrowness, we reviewed our recruiting sources and evaluated their minority availability, which allowed us to make meaningful changes in our talent acquisition plans. From there, we are building individual departmental dashboards so leaders can focus their attention in areas that are not producing the desired DE&I results and take quick action, whether through promotions, attrition or a variety of other levers.

Procurement and Philanthropy

We're thoughtfully crafting similar actions around who we do business with and where we invest our community giving, supporting our procurement and philanthropy pillars. For example, although we have the oldest Supplier Diversity program in our industry, we have expanded it with additional dedicated employees, partnered with additional minority procurement organizations and improved our data system. We're proud of the results we're already generating – about \$423 million in goods and services were purchased from more than 275 diverse suppliers in 35 states, which is a 29% increase from 2019.

On the Philanthropic side, we are looking at our giving through a diversity, equity and inclusion (DE&I) lens to ensure we are supporting underrepresented groups. We are proud of the work we do supporting underprivileged groups and communities, but we can do more, so we are conducting a strategic review and benchmark of our corporate giving. The review is meant to help us understand where we are and set specific goals for future philanthropic giving efforts.

Taking Action: New DE&I Team Created

Union Pacific is taking a decisive and active stance to side with social justice. One component is having a strong voice in the communities Union Pacific serves. Another is to continually examine our own organization and identify unintended barriers. Union Pacific named a chief diversity officer and a DE&I team who report directly to the Executive Vice President and Chief Human Resource Officer. The team is responsible for developing, implementing and supporting strategies focused on attracting, developing and engaging our diverse workforce, and promoting an inclusive workplace where all employees can be their best, professionally and personally.

'We Are One' Video Campaign

We launched 'We Are One' in August, a video series highlighting personal employee stories that challenge viewers to identify their role making a difference in the DE&I space. The first video features Chairman Lance Fritz discussing his involvement in quarterly Equal Employment Opportunity (EEO) classes and how he is committed to making a difference as a national business leader.

"Examples could be selecting children's books representing diverse characters or participating in a Black Lives Matter protest. We all have a role in building a more inclusive workplace and community," said Debra Schramper, assistant vice president-Workforce Resources and chief diversity officer. "It's my hope that all employees are moved by these stories from their co-workers to make personal changes – big or small."

Union Pacific Is Listening, Learning

We believe it's important for employees to recognize and eliminate bias and racism, building an inclusive workplace where everyone can thrive as their whole self. In June, we intensified our efforts to listen and learn from those who have experienced racial injustice and bias through our new Listening Sessions.

Around 600 employees participated in each open conversation, hosted by senior leaders and an external DE&I expert. The topics ranged from social injustice, assimilation and microaggressions.

Recognizing Martin Luther King Jr. Day As Company Holiday

Union Pacific announced Martin Luther King Jr. Day is now a recognized holiday for part of our workforce,⁶ replacing the Presidents Day holiday. Our first observation of this holiday was Jan. 18, 2021.

"The Union Pacific leadership team first discussed recognizing Martin Luther King Jr. Day a few years ago when we revised the nonagreement holiday schedule," said Beth Whited, executive vice president and chief human resource officer. "Given our country's recent outcry for real change, we decided that recognizing this special day as an official holiday was a step in the right direction. I hope our employees take the day to learn more about Dr. King's work and impact."

Union Pacific holds the unique position of printing the industry's longest-running railroad calendar, which started in the early 1900s. For most of that time, calendar highlights were limited to paid railroad holidays. During production last fall, the calendar was expanded to be more inclusive, and now includes Martin Luther King Jr. Day and a litany of multi-religion and multicultural celebrations.

Fostering Equality

Pay Equity

Pay equity is an ongoing commitment that requires a high degree of integrity. Every worker has the right to expect equal pay for equal work regardless of their gender, race, religion, national origin, age or physical/mental abilities. Union Pacific offers pay transparency so employees can understand how their wages compare to target ranges across all company levels. Each year, we perform a statistical analysis to identify potential pay equity concerns. If any gaps are identified, an action plan is created to address any concerns and verify the appropriate action is taken in conjunction with our mid-year and/or year-end compensation programs.

Self-identification Campaign

Our employees are unique individuals. Whether they identify as a specific race, more than one race, a person with disability, a veteran, or a member of the LGBTQ+ community – joined together they create an increased level of belonging in the workplace. Through our 'Count Me In' campaign, we announced employees are now able to select more than one race and select they are a member of the LGBTQ+ community in addition to self-identifying as a person with a disability or a veteran. More than 9,000 employees voluntarily participated in the campaign by selecting one of the new categories or logging into their employee profile to ensure accuracy.

Mansfield Certification

Union Pacific is proud our Law Department is among 54 legal departments who signed on to achieve Mansfield Certification by completing Mansfield Rule: Legal Department Edition (MRLD) 2.0, which runs from July 2020 through June 2022. MRLD measures whether legal departments have affirmatively considered at least 50% women, racial and ethnic minorities, LGBTQ+ lawyers, and lawyers with disabilities for leadership, high-visibility opportunities, and secondment or intern programs, and for leadership roles when hiring new outside counsel. The MRLD requires legal departments to implement tracking and processes that prompt them to consider a broader pool of candidates when hiring and promoting lawyers for internal and outside counsel roles.

Human Rights Policy

Union Pacific employees have the fundamental right to fair treatment within a discrimination-free workplace. We create a work environment that respects and values differences, which is essential for employees to reach their fullest potential.

We are committed to a work environment free of offensive behavior regarding a person's race, color, national origin, religion, gender, sexual orientation, age, gender identity, veteran status or disability. This includes offensive behavior directed at employees, contractors, customers, visitors to company facilities and others who employees may contact during the normal course of work.

The Human Rights Campaign Foundation publishes a Corporate Equality Index (CEI), identifying America's most and least LGBTQ-inclusive companies. Scores, from zero to 100, measure the treatment of LGBTQ employees and are based on a company's non-discrimination policies, employment benefits, efforts to support an inclusive culture and responsible citizenship. Thanks to consistent work driving inclusive company policies and benefits packages, Union Pacific is proud to have achieved a best-in-industry score of 95% on the newly released 2021 CEI, significantly outperforming the other Class 1 railroads.

⁶Agreement employees recognize holidays as provided in the national holiday agreements and amendment.

Inclusive Leadership

Diversity and inclusion aren't just values to live by; they have real impact on business outcomes. According to a McKinsey study, large companies with ethnically diverse executive teams were 33% more likely to have industry-leading profitability.⁷ Boston Consulting found that companies reporting above-average diversity on management teams reported 9% higher operating margins.⁸ Credit Suisse found that companies with women representing more than 20% of its managers resulted in greater share price increases.⁹

Understanding the significance of these potential impacts, we created an unconscious bias training course called Inclusive Leadership. The four-hour class helps employees better understand unconscious bias and the impact it can have, as well as empowers them to see it and take action. Our goal is for Union Pacific employees to lead by example and demonstrate inclusive behavior at work and in their communities.

Nearly 2,000, or approximately 86%, of required managers completed the in-person Inclusive Leadership class prior to the COVID-19 pandemic. The training is required for executives, senior managers and anyone with direct reports. All other employees are required to take an abbreviated online version of the same training that focuses on how each individual can be more inclusive. Nearly 80% of required employees have completed this online course.

Our next chapter in inclusion training prepares supervisors to have difficult conversations on inclusivity and helps them understand areas of privilege, psychological safety and how to become a full diversity partner. Last fall, we brought together an executive cohort to pilot the content in preparation for rolling this out to “people” managers in 2021.

⁷Source: [Delivering through Diversity, McKinsey & Company](#)

⁸Source: [How Diverse Leadership Teams Boost Innovation](#)

⁹Source: [Diversity Yields Stronger Results](#)

Leading By Example

At Union Pacific, diversity, equity and inclusion are more than a goal – they are a responsibility. These values are core to who we are, and employees must lead by example in our communities, ensuring they extend beyond the rail yard and office. We want employees to live and work in communities where they feel inspired, and that means interacting with people who have different opinions, backgrounds and experiences.

We've called Omaha, Nebraska, home for nearly 160 years, and we're building our future here – one that's based on equal opportunity. We're proud to work with the Greater Omaha Chamber of Commerce on collaborative efforts to engage the business community on advancing diversity, equity and inclusion in the workplace. In May, Chairman Lance Fritz sat down with a

handful of Omaha leaders to create a video, “Inclusive City” where he and others discussed diversity and inclusion topics, such as ways to keep young people actively involved.

When our Omaha headquarters experienced superficial damage during a George Floyd protest, we took the opportunity while repairing the glass to make a visual statement to the community – one that clearly shows Union Pacific's stance and its support of Black Lives Matter.



Union Pacific showed its support for the Black Lives Matter demonstrations with “We are One” messaging at our Omaha, Nebraska, headquarters.

“This artwork is a strong message for us to send locally,” Fritz said. “Instead of letting the boarded windows and doors be reminders of the damage that occurred, we took the opportunity to put in place artwork and a message that was not passive. We got this message right, and the community knows where we stand.”

Union Pacific is a proud participant and lead sponsor of Omaha's Commitment to Opportunity, Diversity and Equity (CODE). As part of this ongoing initiative, Omaha's ‘CEOs for CODE’ announced a regional initiative designed to address systemic racism. More than 140 CEOs are working to address such topics as housing disparity, educational opportunity, health availability, access to economic prosperity and moving Greater Omaha forward amid racial inequity. Chairman Lance Fritz, senior staff, the D&I Council, ERG presidents and other Union Pacific employees joined with the business community to virtually learn and discuss regional diversity efforts.

Encouraging Women To See Themselves At Union Pacific

Women make up approximately 5.5% of Union Pacific's total workforce, a percentage that represents one of the company's biggest diversity opportunities. We are working to double the representation of women to 11% by 2030.

Businesses such as ours face a potential shortfall of skilled trade workers due to fewer people choosing to learn a trade. We're looking at potential barriers for women in this line of work and finding solutions to these roadblocks. For example, we've taken steps to address important issues for nursing mothers through Milk Stork, a service that provides free overnight shipping of breast milk for women traveling for work. We also are working to engage women who are furloughed, due to business volume, to make sure they're ready to come back to work as soon as demand returns.

It's important all employees have development opportunities and understand their career potential, and the many paths it can take. We're examining each department to understand what the work looks like. If there are lower proportions of women within the group, we want to understand why and create solutions. In some cases, this could mean redesigning the work to better support employees balancing work and family.

Just as important as retaining our employees is building a robust pipeline to recruit the very best and encourage women to see themselves succeeding at Union Pacific. Our [careers website](#) features stories of women working in Transportation, Engineering, Mechanical and Technical teams. We partner with skilled trade organizations, veterans groups, technical and trade schools, and affinity groups at multiple universities, sharing opportunities with women interested in pursuing a career at Union Pacific.



Ashanti Mieres, manager-Marketing and Sales in Mexico City, Mexico, was featured on the [FairyGodBoss.com](#) website.

We partnered with [FairyGodBoss.com](#), the largest career community for women. The website, which provides free expert career advice, job openings and company reviews written by women for women, profiled Union Pacific employees including Ashanti Mieres, manager-Marketing and Sales, who lives and works in Mexico City. The article provided readers with a "day in the life" perspective of a female railroader.



Diversity And Inclusion Council

Union Pacific's Diversity and Inclusion Council is made up of nine carefully selected individuals, representing each ERG. These individuals represent our diverse workforce, exhibit a high level of business expertise, possess strong leadership skills and have an acute understanding of DE&I issues. The chief human resource officer and chief diversity officer choose the management personnel for a three-year rolling appointment to sit on the council, which is chaired by the CEO.

The council was restructured so members co-lead projects that fit within our diversity pillars, and include internal and external research sources, all of whom are looking to lead industries, resolve issues and evolve our culture. Currently, we externally evaluate ourselves against CSR best-in-class benchmarks and Diversity Inc.'s Top 50. Internally, we extrapolate our engagement survey feedback into actionable themes, choosing the most critical one as well as one senior staff DE&I directive. The Council also serves as a sounding board, and elevates more informal 'water cooler' concerns to help keep Union Pacific on top of developing trends.

Employee Resource Groups

Union Pacific's ERGs are nurturing networks that promote a diverse workplace where everyone does their best work. Each ERG has an executive sponsor directing the leadership team's attention to concerning issues. ERGs support their members, educate other employees and embrace the communities we serve.

In January, we brought officers from each ERG together for an ERG Development Workshop. It was an opportunity for the groups to discuss tools available to support their work, the DE&I strategy, challenges and rewards they experience, as well as brainstorm and plan for the upcoming year.

More than 1,700 employees across Union Pacific are involved in one or more ERGs, which include:

- Asian Employee Resource Organization (AERO).
- Black Employee Network (BEN).
- LGBT Employee Network (BRIDGES).
- Council of Native American Heritage (CONAH).
- Educate, Advocate, Support and Encourage (EASE).
- A Women's Initiative – Lead, Educate, Achieve and Develop (LEAD).
- Latino Employee Network (LEN).
- Emerging Professionals Network (UP Ties).
- Union Pacific Veterans Network (UPVETS).



Embedding an Ethical Approach

Union Pacific's reputation and success are determined by the decisions we make as employees, as a company and by the people with whom we choose to do business. Providing the training and tools needed to help employees make the right decisions is a priority.

Our policy on Ethics and Business Conduct, [The How Matters](#), explains our expectation of ethical conduct, prohibiting offensive remarks and sexual harassment, among other violations. Union Pacific does not tolerate inappropriate behavior involving Equal Employment Opportunity (EEO) and retaliation, and encourages employees who witness behavior they believe violates EEO policy to report the incident.

Union Pacific employees operate under the following high ethical standards:

- **Honesty** – Being truthful when dealing with customers, suppliers, shareholders and fellow employees.
- **Fairness** – Treating everyone fairly.
- **Integrity** – Voicing concerns when we believe our company or colleagues are not acting ethically or complying with the law.
- **Respect** – Maintaining a foundation of trust and respect with colleagues, customers, regulators, suppliers and other stakeholders.
- **Loyalty** – Ensuring no employee is, or appears to be, subject to influences, interests or relationships that conflict with the company's best interests.
- **Accountability** – Holding ourselves, peers and customers to the company's high ethical standards.
- **Adherence to the law** – Complying with all laws.
- **Compliance with policies** – Complying with the letter and spirit of company policies.

Ethics Awareness

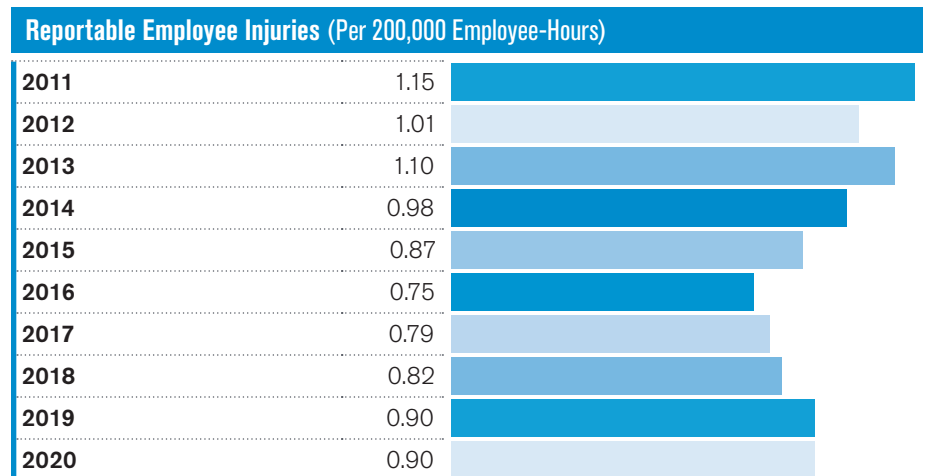
Union Pacific educates employees about ethics and our expectation of high ethical conduct throughout the year. We focus on The How Matters and the premise that how we do our jobs is as important as what we accomplish. Published articles on our employee news website, regular ethics bulletins and mandatory training modules remind employees of Union Pacific's high ethical standards.

Keeping Employees Safe

We want our employees to return home safely every day, which is why safety must be at the foundation of everything we do. We're moving in the right direction, but we will not be satisfied until we work in an environment with zero incidents. Our safety results demonstrate substantial improvement in reducing rail incidents, as we held the line on personal injuries in a very challenging environment. The employee reportable injury rate of 0.90, measured by the number of injuries for every 200,000 employee-hours worked, remained flat compared to 2019. We are committed to engaging with employees to talk about being attentive to risks they may encounter in their daily work.

One of our employees did not return home, and that is unacceptable. Their deaths deeply affected not only their families and communities, but our Union Pacific family as well. We honor their memory by working toward an injury-free railroad.

Union Pacific continues to improve technology, enhancing processes and fostering a culture focused on operating safely. This includes technology like UP Vision, a visual management tool used by our Operating Practices Command Center (OPCC) to pull real-time train information and provide train crews tips to mitigate risk, and Precision Train Builder, a tool used to simulate trains and their operations over hundreds of miles of track compressed into minutes. Precision Train Builder accurately identifies where to place rail cars within a train, how much “power” – i.e., locomotives – to use, and where to place that power within the train for the most efficient and safe operation.



Courage To Care And Total Safety Culture

Our employees are our eyes and ears – they identify risks, initiate action to mitigate those risks and work to keep each other safe.

Courage to Care, a voluntary commitment made by Union Pacific employees since 2012, empowers each person to look out for their peers and “stop the line” on any operation that could result in an incident. We encourage employees to have candid safety discussions and share experiences to learn from each other.

Total Safety Culture complements these efforts. The employee-owned, voluntary process includes training, observations and feedback. Employees recognize each other for safe behaviors while intervening in a positive way to address at-risk actions.

When In Doubt, Take The Safe Route

Ever need to “phone a friend” to ask a work-related question? Rather than going through a manual, Operating employees can call a 24/7 help desk to receive immediate, job-specific answers from their experienced co-workers. The Operating Practices Command Center (OPCC) provides employees with accurate and consistent information, and ensures that safety protocol comply with local, federal and companywide standards across all 23 states where we operate.

OPCC members also are responsible for monitoring operating practices from both a technological and safety standpoint. From Union Pacific's headquarters building in Omaha, Nebraska, they're able to connect remotely to onboard systems and contact train crew members via radio, as a standard field manager would do. When there are issues or incidents, such as a derailment, the OPCC can use incident reports to help determine if mechanical issues played a role and help mitigate future risk.

Monitoring Performance And Embedding Safe Behavior

Union Pacific uses video technology across our locomotives to monitor engineers' performance, ensuring safety, security and situational awareness. This proactive performance sampling validates and confirms our employees' professionalism with very few exceptions. It also increases our in-depth understanding of people's response to different situations, enabling us to improve coaching and embed safe behaviors.

Most of our locomotives cabs are equipped with cameras. We installed in-cab cameras inside approximately 100 locomotives, increasing the total number of equipped locomotives to nearly 6,400. These complement external-facing cameras, providing a complete view of incidents and helping Union Pacific better understand what happened – and make improvements for the future. We also capture event recorder data such as train speed, throttle position, brake settings and horn use.

Developing Employees

The work of building, maintaining and operating a railroad is challenging. Union Pacific's commitment to employee training and development is vital for cultivating the high-quality workforce we need. It also plays a critical role keeping our employees safe, ensuring we operate ethically and retain an engaged workforce. In 2020, the voluntary attrition rate for our workforce was 4%.

Training And Developing Skills

Our training and development focus on setting goals and achieving great results.

We invested approximately \$30 million to develop and deliver a wide range of training to our employees. Of our 31,000 employees, 100% participated in training activities.

We offer skill development opportunities for employees at all levels. These include:

- **New Employee Onboarding Program** – Courses on communication and industry-specific training through interactive experiences.
- **Skill Development** – Technical, communication, safety and environmental courses.
- **Managerial and Leadership Development** – Management and leadership courses helping employees grow and develop.
- **Transitioning Managers** – Courses helping newly promoted managers lead teams.
- **Transportation Operations Training** – Operational excellence courses strengthening employee skills and training for superior service.
- **Field Management and Operations Management Training Programs** – Programs preparing employees for frontline management positions within the Operating Department.

Union Pacific Recognizes 50-Year Employees



Chairman Lance Fritz takes to Zoom to honor Union Pacific's dedicated 50-year employees.

While it looked a little different, Union Pacific's annual tradition of honoring its dedicated 50-year employees marched on despite the COVID-19 pandemic. Instead of an awards ceremony at Omaha's Union Pacific Center, the recognition went virtual, with Chairman Lance Fritz and honorees visiting via Zoom and reminiscing of years on the railroad gone by.

Congratulations to the 2020 honorees:

- **Terry Cooley Sr.**, clerk, Alton & Southern, East St. Louis, Illinois (retired)
- **Bobby Grijalva**, conductor, El Paso, Texas (retired)
- **Jack Harle**, conductor, Longview, Texas
- **Patrick McMullen**, Maintenance of Way general clerk, Thornton, Colorado (retired)
- **Randy Smith**, locomotive engineer, Dupo, Illinois (retired)

The honorees also were in the spotlight during a companywide online town hall in November. They were gifted with a custom model locomotive made especially for 50-year employees that recognizes their extraordinary service to Union Pacific.

Managing The Talent Pipeline

Union Pacific has a strong succession planning program, inclusive of critical role identification, readiness analysis and deliberate development. The talent pipeline across the company is assessed annually to ensure Union Pacific has the right people in the right place to maximize the success of the organization. We use the strengths of our training organization to continuously develop and mature this pipeline.

Redefining How The Work Gets Done



Employee participants in a pre-COVID Workforce Resources focus group share their insights.

With help from more than 2,500 employees participating in surveys, focus groups, coalition meetings and change-champion discussions, our Workforce Resources team revised Union Pacific's 45 competencies and sub-competencies into just four core competencies that reflect our values and priorities: Create Value. Lead Together. Own It. Think Boldly.

"Revising the competencies is a talent management best practice, and the timing aligns with the transformation our railroad is experiencing," said Josh Perkes, assistant vice president-Talent Management, Workforce Resources. "I'm hopeful the simplified competencies will reset our performance expectations and help create a culture where employees are comfortable trying new things, celebrating failures and being OK with progress over perfection."

Signal Maintenance Takes Training Virtual



Joe Geis, senior instructor-Technical Training, Workforce Resources, demonstrates proper switch tension during a presentation at the Lone Star Training Center Signal Lab.

With social distancing guidelines in full effect, Union Pacific is relying on technology to stay connected. This includes the railroad's Signal Department, which partnered with Workforce Resources to take signal maintenance training online through 'Virtual Instructor-Led Training (VILT).'

The new approach almost immediately resulted in a win – one workgroup reported a 60% reduction in power-operated switch machine failures, while two other employees found and repaired several items on a switch before they became defects just two hours after their training.

"What initially presented as a challenge resulted in a great development, taking training right to the employees who need it," said Kevin Reilly, director-Signal Maintenance, Engineering. "The cooperation and innovation in this effort has made training more broadly and easily available, has helped develop and engage our workforce, and is resulting in improved performance. It's been a great success."

Knowledge Is Speed As Dispatchers Ramp Up Communication



Train Dispatcher Don Koehn at the Harriman Dispatching Center.

Whether it's from the Harriman Dispatching Center or a locomotive cab, Train Dispatcher Don Koehn understands how critical communication is between a dispatcher and train crew. Before his current role at the Harriman Dispatching Center (HDC), the 16-year Union Pacific employee spent 12 years as a conductor and locomotive engineer.

Feedback from the HDC's new 'Dispatching with Excellence' training course showed a desire for dispatchers to spend more time in the field with employees directly working on the trains. In response, core initiatives included adding dispatcher road trips to expand knowledge on work event locations and critical elements; and increasing conductor, locomotive engineer and field supervisor sit-ins with dispatchers.

"We want our TE&Y employees to know we're listening," said Ira Cooper, senior director-Operations Support, HDC. "We want to engage as many crews as we can and bring that information back to the HDC, ultimately helping to increase the railroad's fluidity."

Simulators Put Employees To The Test

Before a locomotive engineer or conductor climb inside the cab, they log hours in one of Union Pacific's full-size locomotive simulators. The idea is to replicate the experience of operating a locomotive along our tracks, allowing the crew to work through different scenarios they could face along their route. We have five mobile training trailers, each equipped with seven workstation simulators and laptop simulators that support Positive Train Control training.

TRAINING HOURS

	2018	2019	2020
Locomotive simulator	20,600 hours	18,000 hours	10,000 hours
Mobile PTC simulator	2,560 employees	60 employees	360 employees
RCL simulator	9,500 hours	5,460 hours	444* hours

*The decrease in training hours is due to COVID-19. We did not have new hires who required the training."

Continuous Improvement the UP Way

The UP Way engages all employees to continuously improve safety, service and efficiency by providing methods, tools and processes to standardize work, eliminate variability and waste, and solve problems at the root cause. We use the following primary UP Way tools to achieve continuous improvement (CI):

- **Standard Work** – Operations are performed in a consistent manner and are regularly improved by employees doing the work, improving engagement and reducing variability.
- **Leader Standard Work** – The audit function of the UP Way suite of tools; utilized to ensure improvement is sustained by engaging and developing employees.
- **5S** (Sort, Straighten, Shine, Standardize and Sustain) – The workplace is cleaned and organized in a systematic process, improving our work areas and increasing efficiency.
- **Value Stream Mapping** – A map-like illustration shows the flow of the process, information, materials and cycle times, allowing us to process constraints and eliminate waste.
- **Problem-Solving** – A process for analyzing problems to determine the root causes in order to solve the problem for the last time.
- **Visual Management** – Work cues that indicate process performance for all employees, providing opportunities to improve and understand processes.

Employees who have a passion for improvement can apply for our UP Way Certification Program. This nine-month program pairs the employee with a mentor while they are trained in CI and gives them an opportunity to use their skills to complete improvement projects within their department. Union Pacific currently has more than 380 employees who have earned their UP Way certification.

Solving Tomorrow's Problems Today In West Texas



A manifest train departs the Monahans, Texas, yard.

From safety to efficiency, Frank Herrera, superintendent-Train Operations, is using UP Way to drive process improvements from the ground up. Key to a project's success is engaging those closest to the work, which is exactly what Herrera did when tackling a car dwell initiative for three tightly connected West Texas yards: Big Springs, Monahans and Odessa.

Herrera and the local team used Value Stream Mapping to pinpoint congestion and excessive dwell. The data then was used to revamp the transportation plan, creating a more efficient traffic flow among the three yards. Within six months, car dwell dropped by 38%.

"It's so important to incorporate at a very early stage the people doing the work," Herrera said. "When you take their input and use UP Way tools to create a solution, it's beautiful to see the fulfillment they get from a job well done."

Unearthing Root Cause The UP Way



Cherramiee Peterson, manager-Shipment Quality Claims, streamlines a claims process using UP Way.

Union Pacific transports more than 4 million finished vehicles across its network each year. While strict processes are in place to prevent damage, accidents can still happen. When they do, an inspection process triggers a Major Damage Report (MDR) requiring one of six field managers on Marketing and Sales' Shipment Quality team to investigate.

Using UP Way tools, Cherramiee Peterson, manager-Shipment Quality Claims in Palestine, Texas, streamlined the review process – reducing the number of open reports pending review by 37% within two weeks and helping field managers better prioritize cases.

"UP Way tools helped reduce open cases and streamline the options for a more manageable process," Peterson said.

Keeping Employees Healthy and Well

We are committed to helping employees stay healthy. Our wellness programs help employees take charge of their well-being with tools to manage physical and mental health. Available resources include access to fitness centers, health education programs and flu shots.

When employees sustain injuries, Union Pacific's Return to Work program offers meaningful work within their physical capabilities. We also provide education and assistance to help with substance abuse, staying alert and stress-related conditions.

Other employee wellness programs include:

- Employee Assistance Program, offering all employees and their families counseling and referral services for personal or work-related problems.
- System health facility program, giving employees access to thousands of gyms located near Union Pacific work sites.
- Incentives encouraging annual wellness assessments and physicals for non-union employees.

Sharing Best Practice On Peer Support

A central role in Union Pacific's approach to well-being is our Peer Support networks, where trained employees offer confidential advice and guidance to their colleagues. This strengthens bonds and builds a sense of community within Union Pacific, providing support from those with an inherent understanding of the rail industry.

North Little Rock Embraces Family

It's not uncommon to hear Union Pacific employees say: "My co-workers are like family," and stories like this one out of North Little Rock, Arkansas, prove these aren't empty words.

When the Mid-America Service Unit lost one of its own, Conductor Vince Logan's co-workers and local Peer Support team stepped up to help his family navigate the unexpected loss.

Within 12 hours, Peer Support team members were onsite providing employees support at two terminal locations – within another 12 hours, they added a third location. Peer Support members met with Logan's widow to review his benefits and helped raise an additional \$5,000 to support this family during this difficult time.

Overwhelmed with support from their extended Union Pacific family, Logan's daughter, Katie, had one more request – would the Peer Support team join her grandfather in walking her down the aisle at her upcoming wedding. Six members of the Peer Support team walked Katie down the aisle.

After the death of Conductor Vince Logan, members of the North Little Rock Peer Support team walked his daughter down the aisle – their 'scowls' indicating to her new groom that her Union Pacific family will always be watching out for her. Pictured from left: Conductor Scottie Page, Conductor Sam Shirley, Conductor Floyd Carrethers, Locomotive Engineer Mark Songer, friend Brad Homesly and Locomotive Engineer John Beasley.



Employee Assistance Program

Union Pacific is proud to offer a 24/7 Employee Assistance Program designed to provide confidential support to employees and their families facing everyday challenges or more serious problems. This program provides the first five visits with a licensed, master's-level therapist or psychologist for free, after which medical plan coverage kicks in.

Operation Redblock: Supporting Employees For 40 Years

Union Pacific offers a variety of resources to help employees, including Operation RedBlock (ORB). Celebrating 40 years, ORB is an employee-driven alcohol and drug abuse prevention and referral program that works to uphold Union Pacific's strict policy prohibiting the use of drugs at any time and any use of alcohol in the workplace, on company property, or after accepting a call to report for duty. When necessary, volunteers intervene and refer co-workers to support services.

Employees Actively Serving

Some of Union Pacific's first employees were Civil War veterans, and through our nearly 160-year history, we've consistently supported the military – whether by moving troops and supplies, or by providing good jobs for veterans and reserve-duty soldiers. We recognize that members of the U.S. military are dedicated individuals who bring unique experience and skills to Union Pacific. Approximately 19% of employees have military experience, with some still active in the National Guard or Reserves. In the last five years, 21% of new hires were veterans.

Union Pacific complies with the Uniformed Services Employment and Reemployment Rights Act (USERRA), which provides leave and reemployment rights for veterans, reservists, National Guard members and others serving in the armed forces. Every month, approximately 96 agreement and 11 nonagreement employees are deployed. We have a military liaison who serves as a point of contact for employees and their families during deployments, answering questions and handling any concerns.

Union Pacific's 'Support our Troops' initiative encourages employees to send messages to our railroad's uniformed soldiers on active duty around the world. The messages, along with an American flag and care packages, are sent to colleagues stationed overseas on Memorial Day.

Friend To Friend Network: They'll Be There For You



Track Foreman Dennis Louis with his wife, Sandra, and children Addyson, 8, and Taryn, 20.

When Union Pacific employees need support most, the Friend to Friend Network is there. The nonprofit organization, run by employee-volunteers and retirees, helps active and retired railroaders, and their families, who have been impacted by health or home-related hardships.

Among those who have benefited from the Friend to Friend Network is Track Foreman Dennis Louis, a 22-year employee based in Alexandria, Louisiana. What started as a slight cough developed into a fever, shortness of breath and body chills. After he tested positive for COVID-19, a co-worker submitted his name to the Friend to Friend Network.

"It made a big difference," Louis said. "You never know when you're going to be down and out. In times of need, when you think nobody else is there, they'll be there for you."

The Friend to Friend Network is funded by approximately 7,000 Union Pacific employees contributing through monthly payroll deduction. The company donated more than \$650,000 to allow the network to expand its support to include employees furloughed due to the business impact of COVID-19.

What's Ahead



From left, Joe Downs, director-Premium, Marketing & Sales; Jessica Benson, manager-Bulk, Marketing & Sales; and Zoe Song, senior systems consultant-IT; discuss a project at Union Pacific Center in Omaha, Nebraska.

Engagement is the name of the game in 2021. Union Pacific builds engagement by telling employee stories that are focused on winning, whether in safety, DE&I efforts or personal achievement. We believe our people are our greatest asset, and we will continue our work to provide an inclusive workplace where every employee feels comfortable bringing their whole self to work. We have several new DE&I Listening Sessions and a book club planned; both are designed to spark meaningful conversations. Our Talent Acquisition team will focus on attracting and recruiting women and minorities as we work toward the goals outlined in our ESG strategy: Building a Sustainable Future 2030. We are pleased to begin several new partnerships to help us achieve these goals. Among them are Computing Alliance of Hispanic-Serving Institutions (CAHSI), a national alliance aimed at recruiting, retaining, and advancing Hispanics in computing, and Catalyst, a global nonprofit that works with leading companies to help build workplaces that work for women.



Booker Williams, machinist, Mechanical.



Driving Sustainable Solutions

Union Pacific moves the goods families and businesses use every day, including the food we eat, the cars we drive, the chemicals to clean our water, and the steel and lumber to build our communities.

By operating a safe, efficient, reliable and environmentally responsible rail network, we deliver the best customer experience, strengthen the economy and grow our business profitably and responsibly, allowing us to invest in the future.



UP 7119 leads an intermodal train near Soda Springs, California.

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What We Carry

Our railroad directly serves many of the fastest growing cities in the U.S., and connects the country's global supply chain at all major West Coast and Gulf Coast ports to Canada, Mexico and the country's eastern gateways. Approximately 43% of our freight originated or terminated outside of the U.S.

Our Diversified Commodity Mix

Bulk

Union Pacific transports the food and energy that fuels the nation. Our Bulk team members are experts at providing innovative solutions for transporting coal, fertilizer, fresh and frozen food, grain and renewables.

Industrial

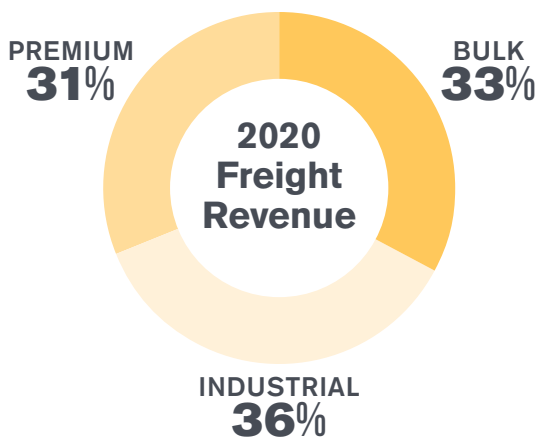
We carry a variety of raw materials and finished goods, including the lumber, steel, cement, pipe and plastics used to construct communities and build roads.

Premium

Our wide range of multi-modal transportation solutions offer truck-competitive rates and service schedules for domestic and international intermodal shippers, moving products such as electronics, toys, furniture and clothing. We also deliver finished vehicles and automotive parts.

Mexico Markets

We are the leading freight transportation service provider connecting the U.S. and Mexico, and the only railroad serving all six major Mexico gateways. Cross-border traffic with Mexico comprised about 10% of Union Pacific's total 2020 volume.



Loup Logistics Extends Rail's Reach

[Loup Logistics Company](#) provides innovative transportation logistics services that help connect shippers to rail. A Union Pacific subsidiary, the company provides door-to-door transportation services, including transloading, warehousing, cross-border expertise, shipment visibility and supply chain optimization.

Why Transload?

Transloading is when freight is transferred between truck and train along its journey from origin to destination. A single rail car can carry the same amount of product as three to four truckloads. Also trains are up to four times more fuel efficient, meaning freight travels even further on a single gallon of fuel. These efficiencies are built into the customers' transportation costs, allowing them to ship heavier loads without having to lease warehouses or equipment, or be located next to the tracks.

Rolling Out The (Green) Carpet

Did you know more than 4 billion pounds of carpet is placed into U.S. landfills every year? That's a lot of rugs. To help combat this, California state law requires diversion of all carpet from California landfills.

RISE Composite Technologies is using a manufacturing process to compress recycled carpet fibers into a durable, synthetic wood-replacement product used for siding and trim on home exteriors – and Union Pacific is all-in on this new business.

RISE works with a California plastics recycler to source carpet from industrial spaces, such as libraries, hospitals and schools. The recycler bales this recycled carpet, and Union Pacific subsidiary Loup Logistics coordinates pick-up by a vendor, which transloads the bales into 60-foot-high cube box cars. Union Pacific then transports those cars to a warehouse in Waseca, Minnesota.

"We're already seeing significant opportunities to move carloads of recycled carpet to other customers and markets in need of California's recycled carpet supply," said John Behrendt, manager-Industrial Products, Marketing and Sales. "This is a great example of our commitment to environmental stewardship while focusing on our goals to grow business in new markets."

The World Series Of Wind Shipments



Wind blades are nearly as large as a football field and require over three rail cars to safely transport them.

A championship team not only performs well in crunch time, it often breaks records. Both are the case for the Union Pacific team when it came to wind shipments.

In July, Union Pacific – coordinated by Loup Logistics – shipped the most wind unit trains (large wind turbine components, such as blades) in its history. A volume record – just over 18,000 carloads – was achieved for this market segment.

"It's the World Series of wind shipments," said Matt Bosch, senior manager-Carload Operations, Loup Logistics. "We shipped nearly double the amount we've done in any other year."

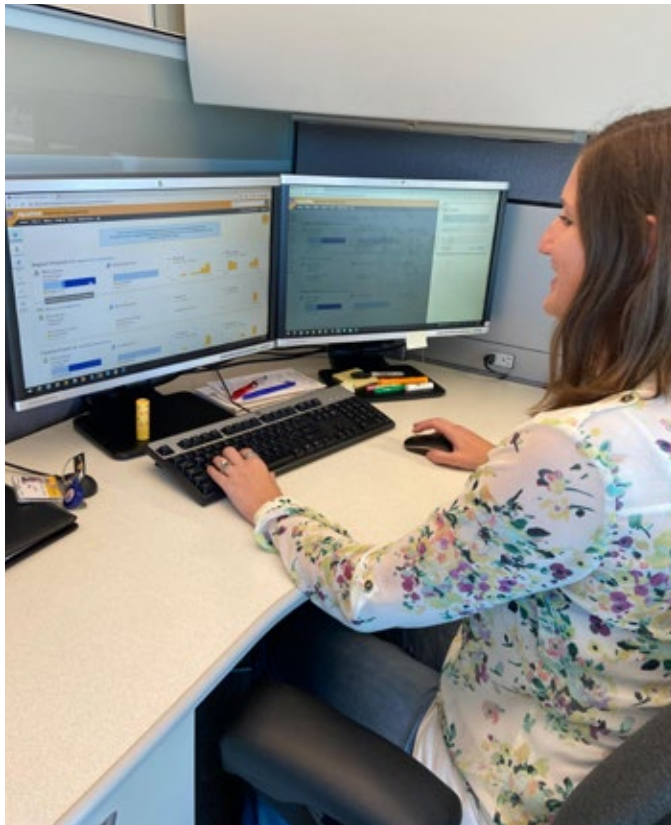
Responding to Customer Needs

Developing customer loyalty takes hard work – these relationships are built on open dialogue and regular feedback. Our Customer Experience team is dedicated to understanding what's important to our customers and responding to those needs, whether by improving a business process or finding an innovative solution.

Customer surveys allow us to track trends and analyze data. Every month, we receive evaluations from customers who interact with local Union Pacific operations through the daily management of their rail inventory. These surveys show the direct impact of achieving operational Key Performance Indicators (KPIs), such as First and Last Mile performance. These metrics measure whether we arrived when we said we would and left with a customers' goods on time.

We ask top decision-makers of companies, representing approximately 90% of Union Pacific's book of business, for their assessment through biannual surveys; approximately 20%-30% are returned. These surveys give customers an opportunity to provide Union Pacific perspective in areas such as operational consistency, local service, sales team effectiveness, rate comparison and service issue resolution. The scores and comments are analyzed in-house to create a Net Promoter Score that helps guide our decision-making. For example, we are committed to improving our customers' supply chain visibility.

New Visual Dashboard Gives Customers The Scoop



When you order a package, you probably like to be up-to-date on where it is and when it will arrive. Union Pacific knows its customers are no different.

We launched an updated data visualization dashboard offering customers an easier way to keep track of their shipments in real time. The dashboard's new look and approach gives it a more user-friendly perspective.

"You now have a quick view of multiple facilities on a single screen to track how fluid your inventory is moving," said Desiree Rue, manager-Business Integration, Customer Care and Support. "The product is much easier to use and helps customers quickly identify any problems."

Logistics managers can view inbound and outbound numbers to look ahead when planning staff, and facility managers can use the location summaries feature to determine how long a car has been dwelling in one spot, giving users the ability to take action while being well-informed.

Desiree Rue, manager-Product Management, Customer Care and Support, follows shipments on her desktop.

Leveraging Technology to Support Customers

Part of offering a reliable service product is improving the customer experience so they know what to expect and when. We've made excellent progress by enhancing our technology to provide proactive notifications that allow customers to plan better and improve their shipping experience.

Our User Experience team meets with customers to analyze their supply chain from beginning to end, gaining an understanding of their processes and identifying gaps Union Pacific can fill with our Customer Experience tools. The team also is on hand to explain new technology and look for ways to further improve the customer journey.

Empowering Customers One API At A Time

Union Pacific understands our customers use data to make decisions and manage their supply chains. We're the first in the rail industry to invest in Application Program Interfaces (APIs), which allow our systems to connect, integrate and interact with our customers. They're similar to travel advisor apps that allow you to track your flight, car and hotel reservations.

We've implemented more than 30 API services for our customers, including APIs that reduce manual work and streamline business transactions. For example, customers can integrate an API directly into their systems, which allows them to release rail equipment without having to log into our website. The idea is to put data into our customers' hands, empowering them to take action.

Each API is a building block, and we continue to work with customers to add API services. Whether customers interact with us on our website or through APIs that connect to intelligent personal assistants like Alexa, our goal is to ensure customers receive the same answers in easily digestible formats.

Check Out The New ITR Check-In System

The speedy creation and implementation of the new Intermodal Terminal Reservation (ITR) system is producing results across Union Pacific's system, significantly improving terminal fluidity and enabling customers with better end-to-end supply chain planning tools.

The new application, now active at all Union Pacific intermodal terminals, provides customers with the ability to see available terminal and train capacity. Customers using ITR can reserve a spot in line before they come to the gate, and receive pre in-gate and pre out-gate validation via the UPGo mobile app.

"It's an easy-to-use reservation system, giving you a graphical, color-coded representation of what's available," said Russ Shue, senior director, Customer Care & Support.

Track Shipments Has Arrived

Step aside, Equipment Trace – a new app called Track Shipments is here and ready to provide Union Pacific customers with more transparency than ever before.

Equipment Trace has been the most-used application on our customer website, averaging 4 million to 5 million hits and 17,000 unique visitors each month. Because of its popularity, IT and Customer Care and Support included the tracking software's best features in the next generation version, Track Shipments.

After piloting the software with over 1,000 customers – the new tool launched in June. Thanks to customer feedback, the app features increased supply chain visibility through easy-to-read route tracking on a map; the ability to sort cars by status; and a filter feature allowing customers to monitor cars with potential delays.

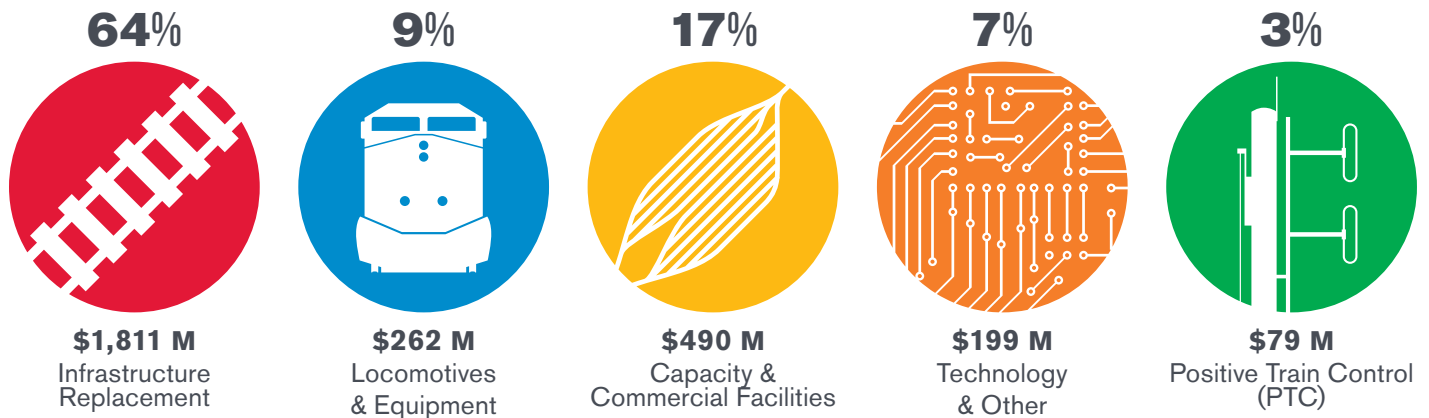
"This filter feature allows customers to monitor shipments more closely and take action if needed," said Frances Haferkamp, senior manager, Customer Care and Support. "This is the first of many enhancements we will be rolling out to customers that will give them a more complete view of their shipments."

Investing in Infrastructure

Union Pacific's capital investments create economic opportunity through employment and supply chain activity. They also represent investments in building a rail network that supports sustainable economic growth for generations to come.

Union Pacific's capital program totaled \$2.8 billion. The more we invest in building a safe and efficient railroad today, the better our infrastructure can support communities going forward. By 2045, U.S. freight shipments will increase by more than 40% and America's population will grow by 70 million. Union Pacific has capacity to safely and reliably move additional goods, decreasing truck congestion on the nation's already crowded highways and interstates.

Our capital investment efforts combined with our PSR initiative provide customers the opportunity to grow, boosting the local, regional and national economy. The chart on this page shows the level of capital investments Union Pacific made in 2020.



Infrastructure Replacement

Our largest form of capital investment strengthens our rail network through track, signal and bridge replacement projects.

Locomotives And Equipment

Upgraded locomotives, new rail cars and equipment investments meet customer needs, enhance safety and reduce our environmental impact.

Capacity And Commercial Facilities

New commercial facilities and network expansions increase our capacity to support economic growth and provide opportunities to serve new locations.

Positive Train Control (PTC)

This advanced system of technologies is designed to automatically stop a train before certain accidents occur, such as train-to-train collisions and incidents caused by excessive speed or unauthorized movements.

Innovation

From apps managing train systems to enhanced track inspection programs, we continually invest in new technologies enhancing safety, efficiency and service.

Taking Sides On Capital Investment



UP 6464 at the east end of East Portal siding, Colorado, on the Moffat Tunnel Subdivision.

Accelerating Union Pacific's strategy to run longer trains, the railroad's approximately \$2.8 billion capital plan included significant capacity investments in new and extended sidings. These long sidings allow us to decrease the number and duration of train meets, reducing main line congestion and delays.

The majority focuses on three key routes:

- Texas and Pacific (T&P) route from El Paso, Texas, to Shreveport, Louisiana
- Del Rio from El Paso to Houston, Texas
- Golden State from El Paso to Kansas City, Missouri

"The more efficient we make these routes, the more competitive we become with trucking," said Peggy Harris, senior director-Asset Planning, Network Planning and Operations. "Approximately \$150 million of this spend was reallocated after the initial budget, allowing us to start work on 19 additional sidings. Hats off to the Engineering team for their hard work and flexibility in accomplishing this work."

New Deal Paves Way For Chicago Tollway, Railroad Improvements



Union Pacific's Proviso Yard, which is just to the south of the Tollway project areas along the Milwaukee Subdivision.

After several years of negotiations, Union Pacific, the Illinois Tollway and Canadian Pacific (CP) reached an agreement providing the Tollway with property rights to build a planned beltway around Chicago's O'Hare International Airport.

"It's been a great cross-functional effort," said Mark Bristol, general director-Network Development, Network Planning and Operations. "Union Pacific was diligent in protecting its franchise while coming out with a solution benefiting Chicago citizens."

The complicated discussions revolved around access to railroad property in and around CP's Bensenville Yard northwest of Chicago. The agreements allow for construction of a new multibillion dollar I-490 Tollway, scheduled for completion in 2025. The highway will carry north-south traffic around the western border of O'Hare and provide airport access. Work will cross Union Pacific and CP property in several locations.

Among many items, the project involves relocating 3,000 feet of Union Pacific track, access to our crossing path over CP's Bensenville Yard, property and easements from Union Pacific allowing parallel highway construction, and the right to box in Union Pacific for 5,000 feet between CP and the new highway.

Rail Safety Maintenance

Rigorously maintaining quality rail infrastructure is foundational to our ability to safely operate. It helps prevent derailments, provides a safe path for train crews and avoids shipment delays for our customers.

Union Pacific continuously inspects railroad tracks, locomotives and other equipment. Our track inspection program customizes schedules and techniques to examine each rail line, mile by mile. We inspected more than 4.2 million track miles, enough to cover our 32,000-mile network more than 134 times.

Our efforts to strengthen our rail infrastructure are evident, with Federal Railroad Administration (FRA) reportable derailments improving 28.7% from 422 in 2019 to 301 in 2020. A derailment occurs when at least one wheel comes off the track. In many cases, the impacted cars and locomotives remain upright. The majority of these incidents were attributable to human factors. We are targeting additional training and resources in the affected areas of our network to provide employees the necessary tools to complete their tasks. We also continue to monitor and revise train make-up and handling rules, as appropriate.

Safety Inspection Fleet

We use state-of-the-art equipment to regularly inspect rail lines. Geometry cars use an optical gauge measuring system, consisting of lasers and cameras under the rail car, to produce real-time track geometry images. The system evaluates track structure wear and tests for defects to help prevent derailments, maintain track health and increase track longevity. Union Pacific's two evaluation cars, featuring military-grade navigation systems, cover a combined 70,000-80,000 track miles per year – enough to annually traverse our main lines at least twice.

We have four Gauge Restraint Measurement System (GRMS) vehicles positioned across our system to identify signs of wear or potentially weak spots in the track. Each vehicle is capable of testing up to 60 miles of track daily, specifically focusing on curved sections. To simulate the force generated by a locomotive, the GRMS vehicle applies 9,000-10,000 pounds of lateral force to the track. Its operator verifies and addresses any potential defects. We used GRMS vehicles to aid inspection of more than 3,610 track miles.

Union Pacific's Precision Measurement Vehicle (PMV), designed and built by employees, is among the most advanced truck-based survey platforms in the industry. The PMV captures high-definition, 360-degree video and acquires data using an advanced inertial navigation system and cameras mounted under vehicles. The data collected is integrated into employee training simulation models, helping familiarize train crews with territories. It also helps with system mapping by transmitting

GPS locations of critical facilities, such as control points and road crossings, to Union Pacific's Positive Train Control system. We currently use two PMV units, which together measure more than 8,000 track miles per year.

Further expansion of our Locomotive Track Geometry System, which attaches to a regular locomotive hauling freight, allows us to detect track abnormalities and communicate in near-rail time the type, severity and location of the problem to a data facility for verification and potential remediation. Using locomotives to test track geometry allows us to cover a larger footprint while evaluating conditions with an actual train. These units are capable of testing up to 60,000 track miles per unit per year.

Steel Wheels Keep On Turning



Wheel profile detectors capture critical information every time a train passes by.

Imagine if roadside sensors could warn you before one of your tires suffers a blowout, preventing an accident. While that technology is still a fantasy for drivers, Union Pacific has been using a similar technology to prevent train derailments for years.

Thousands of sensors are strategically placed along our more than 32,000-mile rail network to create a sophisticated system that converts detections into data identifying rail car wheel defects like flat spots and worn bearings. Bearings are mechanical components facilitating movement and reducing friction.

In one day, we use more than 5,000 sensors to record approximately 16 million rail car bearing temperatures, 7 million wheel temperatures, 250,000 wheel impact measurements and 100,000 bearing acoustic measurements.

Detectors transfer recorded events in near real time to central servers at our Omaha, Nebraska, data center where our expert analytics system analyzes the millions of readings to generate actionable predictions. Internal analytics determine whether to immediately pass the information to dispatchers, who can stop the train if necessary, inform the mechanical derailment prevention desk for further analysis or flag the wheel if future intervention may be necessary.

Innovation at Work

At Union Pacific, we believe innovation is any change making us better. It can be a big idea leading to large-scale improvement or something smaller that impacts an employee's day-to-day activities. We leverage both high- and low-tech approaches. That can mean tweaking a process by leveraging continuous improvement tools or using an existing technology for a new purpose.

Just as important as embedding innovative thinking into our culture is understanding that not all ideas will be successful. We know some solutions take more time to develop and require multiple iterations.



Union Pacific special agents use a drone to gather evidence and eventually make an arrest in a Los Angeles, California, theft case.

Drone Inspections

Unmanned Aerial Systems (UAS), or drones, are part of Union Pacific's safety tool kit, collecting valuable information at derailment sites and natural disaster incidents. This allows us to assess our infrastructure and respond while keeping employees out of harm's way.

Union Pacific employees with a Federal Aviation Administration (FAA) Part 107 certificate, a government requirement to commercially operate drones, are stationed in all 14 service units across our network. Through 2020, more than 250 employees received training specific to FAA regulations and Union Pacific policies, and were equipped with drones.

Union Pacific trains and supplies its police officers, known as special agents, with drones equipped with a loud speaker and thermal technology. They allow special agents to observe and speak with people trespassing on Union Pacific property, often in remote areas. The technology also is used for crowd control, general train and right-of-way inspections, as well as crime prevention and control. At year's end, 60 special agents, representing approximately 51% of the team, were using these customized drones.

Positive Train Control

Union Pacific installed and implemented Positive Train Control (PTC) on 100% of required rail lines, including passenger train routes. PTC is a complex, nationwide system of newly developed technologies that continuously relays critical information such as speed limits, train movement authorization, switch positions, work zone locations and other operational data. Visit up.com to watch a video showing how the technology works.

One of the most challenging aspects of PTC implementation is ensuring system interoperability among all U.S. rail lines and locomotives. North American freight and passenger railroads, including publicly funded commuter lines and short lines, have various readiness levels. As a result, it is important that all railroads continue working together to maintain the health, safety, resiliency and fluidity of the rail network during PTC implementation.

Union Pacific hosts the operation of 25 freight and passenger railroads, which are required to operate PTC on its network; all of these railroads are in full PTC operation.



Next-Gen Dispatching Has Arrived

After much anticipation, Union Pacific's new Computer-Aided Dispatching system (CADX) has launched. The first dispatcher and the associated signals and switches were cut over to the new software in July, spanning parts of the Pacific Northwest region.

CADX is the primary technology used by the Harriman Dispatching Center (HDC) to safely and efficiently manage train movement across the rail network while balancing proper protections for track and signal maintenance. A multiyear, multiteam effort, CADX was developed in-house and brings numerous operational and safety efficiencies.

"When fully implemented, CADX will increase efficiency by allowing us to reduce the amount of transactions and focus on keeping trains moving," said Derek Renner, train dispatcher. "It's been a long-awaited project that will usher in a new way of railroading."

The system will be completely implemented across the rail network in 2021.



Harriman Dispatching Center Train Dispatcher Bryan Zurek uses CADX as Train Dispatcher Jim Gill looks on.

Enabling Sustainable Economic Development

The rail infrastructure Union Pacific maintains and operates enables growth and innovation. By helping businesses form new partnerships, provide cost-competitive solutions and source new types of raw materials, our network supports the transition toward a more sustainable economy.

Zero In On A Union Pacific Focus Site

Union Pacific's [Focus Site program](#) features more than 25 shovel-ready sites on our rail network, ready for customers to build their facilities. Our Focus Site network decreases customers' uncertainty with connecting to rail and increases their speed to market.

Focus Site benefits include a Union Pacific-approved rail design; a large-scale development area (generally 125+ acres); accessible utilities and roads; local development support; and a single controlling land owner.

Ammunition For Growth



The first train in 40 years arrived at the Great Plains Industrial Park Feb.10 carrying wind turbine components.

The Great Plains Industrial Park near Parsons, Kansas, was once an ammunition plant; now, it's a transportation hub offering speed-to-market solutions for companies looking for a fast, easy connection to rail.

After investments to clean the site and update about 43,000 feet of track, the first train in 40 years arrived at the park Feb. 10 carrying 27 wind turbine blades on 65 cars.

"There was an immediate environmental benefit of the clean-up that occurred to convert the plant into an industrial park," said Lindsey Douglas, deputy secretary, Kansas Department of Transportation. "The added rail service at the park will allow for more freight to be delivered by rail to this region. And sourcing the wind components closer to the farms will reduce the emissions from having to truck the components further distances."

Connecting People, Markets and Economies

Union Pacific strongly believes robust international trade is critical to America's economy. Following years of negotiations, we are pleased Congress and the president secured two victories in early 2020 – Congressional ratification of the United States-Mexico-Canada Agreement (USMCA) and a "Phase One" trade deal with China.

Trade with Canada and Mexico supports more than 12 million jobs in the U.S. economy. It drives U.S. export growth, as Canada and Mexico buy one-fifth of everything manufacturers make in America and more U.S.-made goods than our next 11 trading partners combined.

Congressional passage of the USMCA provides the long-term certainty Union Pacific and other U.S. businesses, need in order to leverage new opportunities in cross-border movements. It also modernizes rules to reflect technological progress and higher standards to level the playing field for job creators in the U.S. It includes enforcement for all issues, including market-opening commitments, stronger protections for our nation's innovators, and new labor and environmental standards.

What's Ahead

As businesses continue recovering from COVID-19, our supply chain partners are adapting to satisfy demand. For us, that means fostering a deeper engagement with our customers, providing visibility into our supply chain through APIs. By turbocharging technology, we're running intelligent train operations with a greater sense of predictability – a win for Union Pacific, its employees and our customers. Our team is energized by the improving economy and ready to win new business. Union Pacific's improved service product, fueled by progress made with PSR, allows us to better compete in the market place and convert truck traffic to rail. We anticipate retail inventory restocking, along with continued strength in sales and a tighter truck supply, will improve our domestic intermodal volumes. Our premium business will benefit from a new intermodal terminal in the Twin Cities. The first shipment arrived from Los Angeles in January 2021, and although we're starting out small with capacity at roughly 20,000 loads, we have capacity to expand by more than five times. We will continue moving goods, such as biofuels and wind components, that help communities find more environmentally responsible solutions. We're always on the hunt for new customers who can quickly access our focus sites, allowing them to get their products to market faster and more reliably.



Championing Environmental Stewardship

More frequent and more severe weather events resulting from climate change present challenges to our operations. We believe a healthy environment is an essential foundation for a strong country and a vibrant economy, and our vision of Building America means protecting and strengthening this foundation – and we are committed to doing more.

Railroads are already one of the most fuel efficient means of ground transportation, and combined with our efforts to further reduce emissions, we can create even more change by helping our supply chain partners reduce their own carbon footprints.



UP 7729 leads a string of refrigerated boxcars near Pebble, Idaho.

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Our Approach to Environmental Management

Every Union Pacific employee must commit to preventing pollution, complying with regulations and continuously improving our environmental performance, according to the company's [environmental policy](#) signed by Chairman, President and CEO Lance Fritz.

Environmental Management policies and procedures provide a pathway for us to meet or exceed applicable environmental laws and regulations. Union Pacific's Environmental Management System improves processes and tracks performance.



From left, Kevin Fernald, senior manager-Track Maintenance, Engineering, and Rachael Fisher, manager-Fuel and Environmental Field Operations, Supply Chain, discuss Albina Yard's stormwater drain lines and additional efforts needed between the tracks.

Environmental Management Celebrates 30 Years

NASA deployed the Hubble Telescope, "Ghost" hit the silver screen and the most complete skeleton of a T-Rex was discovered in South Dakota. The year was 1990, and President George H.W. Bush signed the Clean Air Act amendment defining the Environmental Protection Agency's responsibility to improve the nation's air quality. That same year, Union Pacific created its Fuel and Environmental Management group to oversee environmental compliance across our operations.

The Environmental Management group (EMG) is integrated into daily operations. They rigorously plan, coordinate and communicate environmental requirements and best practices. Thanks to its uniquely designed Environmental Management System, the EMG focuses on prevention and eliminating risk, and looking for ways to shrink the railroad's environmental

footprint. They also ensure compliance on the more than 3,000 environmental regulations impacting our operation, which includes everything from wastewater treatment plants to locomotive fueling to the waste each person generates.

"The environment is everyone's job, whether it's properly disposing of a spray paint can or calling in a diesel spill to RMCC; each department has something that goes beyond that to make sure we don't cause harm," said Mark Lutz, assistant vice president-Fuel and Environmental Management, Supply Chain. "This speaks to our culture and where we are going. People care about the planet and expect Union Pacific to contribute to a better future."

Environmental Risk Management

Union Pacific's assistant vice president of Fuel and Environmental Management is directly responsible for the company's progress regarding environmental compliance and provides an annual report to the board of directors. Continuous improvement in achieving the company's fuel efficiency goals, which directly impacts our emissions, is tied to our performance review process.

Compliance

Union Pacific is subject to federal and state environmental statutes and regulations related to public health and environment, which are administered and monitored by the U.S. Environmental Protection Agency (EPA) and other federal and state agencies. Primary federal laws affecting rail operations include:

- Resource Conservation and Recovery Act, regulating solid and hazardous waste management and disposal.
- Comprehensive Environmental Response, Compensation, and Liability Act, governing contaminated property cleanup.
- Clean Air Act, regulating air emissions.
- Clean Water Act, protecting the country's waters.

Union Pacific is committed to following applicable laws and regulations in all areas of our operations. From time to time, we are involved in legal proceedings, claims and litigation that occur in connection with our business. For example, we received notices from the EPA and state environmental agencies for remediation costs at various sites throughout our operating footprint, including sites on the Superfund National Priorities List or state superfund lists. We cannot predict the ultimate impact of these proceedings and lawsuits because of the number of potentially responsible parties involved, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites, and the speculative nature of remediation costs. If we are found in violation of specific rules or regulations, we seek remedy through the appropriate channels. More information on these notices can be found in our [Annual Form 10-K](#).

Our Environmental Partners

We collaborate with a range of partners to identify opportunities to reduce our environmental impact and manage our land responsibly. Organizations with which Union Pacific collaborates include:

- GreenBiz Executive Network, a peer-to-peer learning forum for sustainability executives from a diverse group of some of the world's largest companies.
- The California Council for Environmental and Economic Balance, a nonprofit, nonpartisan coalition of industry, labor and public leaders working to solve the most pressing environmental policy problems facing California.
- The Association of American Railroads Environmental Affairs Committee, a rail industry forum sharing best practices.

Climate Change and Environmental Risks

We understand the Earth's climate is changing and that human activities are part of the cause. As one of the nation's largest freight railroads, it is our responsibility to act as environmental stewards, working to reduce fuel consumption and greenhouse gas (GHG) emissions, providing for a more sustainable future.

Railroads move approximately one-third of all U.S. exports and intercity freight volume in the United States. Despite the large volume, EPA data shows freight railroads only account for 0.6% of total U.S. GHG emissions and just 2.1% of emissions from transportation-related sources.²

At Union Pacific, we move a ton of freight 454 miles on a single gallon of diesel fuel. If 25% of the truck traffic moving at least 750 miles went by rail instead, annual greenhouse gas emissions would fall by approximately 13.1 million tons – equivalent to removing around 2.6 million cars from highways for a year or diverting more than 4 million tons of recyclable waste from landfills. We are committed to investing in technology that helps us identify fuel-saving opportunities and increase locomotive productivity. For example, we use software that helps us predict potential locomotive failures. It runs while a train is traveling our network, rather than requiring the locomotive to operate in a static position, burning fuel.

While working to improve our environmental footprint, we also have robust processes in place to respond to climate change impacts. Union Pacific acts to strengthen our network's resiliency from potential effects of extreme weather events such as blizzards, floods and hurricanes, which could lead to slower train speeds, service interruptions, track damage and recovery costs. We have emergency response procedures, which include moving required resources to regions likely to be affected. We also are pursuing improvements that further increase our infrastructure's resiliency, including mitigating the potential impact of rising sea levels.

For additional information on how climate change could have a material adverse effect on operations results, financial condition and liquidity, see the risk factors in Union Pacific's [Annual Form 10-K](#) and [CDP Filings](#).

¹Source: [American Association of Railroads](#)

Water Train Fighting California Wildfires

When wildfires roar across Northern California, a team of Union Pacific Engineering employees is on the front lines, battling hot spots along the railroad's tracks, bridges and tunnels.

Their equipment of choice is a water train consisting of two cars, each holding 12,500 gallons of water and a pumper. The train goes back and forth over a 7-mile stretch, traversing up to 50 miles daily.

The crew was out in force near Quincy, California, battling more than 16 fires in the Valley, Winnemucca and Canyon subdivisions, and the Reno, Nevada, industrial leads.

"We stockpiled trains in Portola, California, and made arrangements with the Harriman Dispatching Center (HDC) to escort trains through the track at night when everything cooled down," said Jerry Rhea, manager-Bridge Maintenance, Engineering.

Coordination is key among multiple departments, including Engineering, Transportation and the HDC.

"The team does a fantastic job working as one with our fellow Engineering co-workers and Transportation crews," Rhea said. "Safety and communication have been excellent to keep trains running while protecting our infrastructure. We're seeing very valiant efforts on everyone's part."



Union Pacific crews protect the railroad by helping fight fires on board a water train near Spring Garden, California.

Have You Heard The Rumbles About Up Shake?

An innovative new earthquake protocol – aptly named UPShake – is on the horizon, helping Union Pacific zero in on its potential operational impact.

In 2019, California experienced its most powerful earthquake in 20 years. The 7.1 magnitude Ridgecrest earthquake was felt by nearly 30 million people and impacted Union Pacific train movements as far away as 150 miles into the Los Angeles Basin. This rare, yet impactful event prompted Engineering to research how we could further improve our earthquake response plan.

The new UPShake system automatically and continuously monitors recorded data and tracks every time an earthquake meeting specific criteria potentially impacts our network. The HDC and Engineering Maintenance of Way (MoW) teams are then quickly notified in their critical alert system and via email about events within their territory. Trains can be stopped and inspections conducted where there is risk to our operations.



The ruptured ground near Ridgecrest, California, after an earthquake.

With UPShake's new technology and use of geospatial data, testing has shown the areas needing inspections following earthquakes can safely be reduced by nearly 85%. For the Ridgecrest earthquake, protocol at the time mandated the inspection of about 1,791 track miles. With UPShake, we can now accurately pinpoint an impact area, which would have reduced the area needing inspection to just 266 track miles.

"Significant earthquake events have some of the highest potential to severely damage our infrastructure and suspend our train operations," said Tim Boland, senior manager-Engineering Systems, Engineering. "By utilizing the best data models available to better define our inspection areas, MoW can respond to these events more effectively and HDC can better protect train movements."

A Scientific Approach To Flood Risk Management

Union Pacific works with scientists at the U.S. National Oceanic and Atmospheric Administration (NOAA) to determine which spots along our 32,000-mile network are most vulnerable to catastrophic water flows from storms and build a resiliency plan. That could mean creating culverts or raising the railroad tracks – whatever it takes to maintain traffic flow.

We invested more than \$2 million and performed flood mitigation work in 17 locations along multiple subdivisions on the North and South, stabilizing rock around the track, cleaning culverts and upgrading drainage systems. These locations have been repeatedly impacted by flooding; however, we have not had an issue since implementing these mitigation strategies.

Our Engineering Department identified similar areas across the system where repeat issues occur, including the North Platte Terminal and Kearney Subdivision in Nebraska; the Houston and Laredo Subdivisions in Texas; and the Black Butte Subdivision in California. Plans and projects are being developed to address these locations. Crews established new drainage ditches, cleared right of way, reshaped slopes and "armored" culverts, meaning we added rock around the culvert/ditch to reduce the impact of running water. It's important to note, this kind of work requires close collaboration with our neighbors and government entities to ensure adjustments to our track and the surrounding area don't redirect the water to negatively impact other properties or communities. We will continue these projects systemwide throughout 2021 and beyond.

As part of our efforts to stay ahead of Mother Nature, we continue to vigilantly monitor extreme weather and water events. We have established specific protocols to prepare and respond to these kinds of events, including stockpiling material, dispatching emergency response teams, developing alternative train operations, preparing surge resources (ie. Engineering work crews, pumps, generators, locomotives and ballast) and moving equipment into recovery position.

Employees Rally After Midwest Derecho



The derecho caused widespread damage across the Midwest, including in Iowa.

"We call it an Iowa hurricane."

Joe Buxton, manager-Train Operations, Transportation, would know; he experienced it firsthand.

After a derecho – a widespread, straight-line windstorm – blew through parts of Nebraska, Iowa and Illinois, Union Pacific crews worked diligently to clear its path of destruction and restore service.

Winds up to 100 mph impacted our rail network in several locations, including Marshalltown and Cedar Rapids, Iowa, which experienced service outages. The high winds left significant debris, including large trees and power lines, across the main line and area rail yards.

"I've never seen anything like it, and I'm starting my 15th year with Union Pacific," said Buxton, based in Des Moines, Iowa. "The storm intensified as it crossed through the state and hit us hard. Everyone stepped up – we have a great team in Central Iowa."

Transportation and Engineering teams made safe and quick progress to keep our trains running and our employees safe.

"It was a once-in-a-lifetime event that came through," said Andrew Graham, director-Track Maintenance, Engineering. "The crews went right to work and got after it. We worked with utility companies, ensuring our employees were protected as they cleared electrical lines from the tracks. It was a team effort all the way."

Rail Relief Called To Action



Senior Recruiter Ed Nicholson volunteered in Longview, Texas.

Reaching a peak wind speed of 154 mph, Hurricane Laura made its presence known across the Gulf Shore, wiping out buildings and destroying homes and businesses in its path. Union Pacific was ready to respond, activating its Rail Relief volunteers so local crews didn't have to face recovery alone.

Rail Relief is comprised of employee volunteers who help during times of severe weather or major business disruptions to provide support to front-line transportation supervisors.

Collins Brundige, director, Continuous Improvement, traveled to Lake Charles, Louisiana, to survey the town and assess damages to UP buildings and facilities. Prior to joining UP, he spent time as a firefighter and in the military, responding to major storms.

"I've worked quite a few storms along the Gulf Coast – Rita, Harvey, Ike, Katrina – but I have never seen damage from winds quite like what I saw those few days," Brundige said. "Our buildings had minimal damage, but some areas were completely destroyed."

Ed Nicholson, senior recruiter-Talent Acquisition, Workforce Resources, had a similar experience in the field, driving employees and navigating around paths that were no longer passable.

"We're here to help the flow of the business and to fill those gaps for our fellow employees," Nicholson said. "These people are passionate about the great work they do for the company; I'm just glad I could help them perform that job."

Operation: Tomatoes



Union Pacific employees leave encouraging notes for storm victims.

Louisiana faced a difficult hurricane season, weathering blow after blow as high winds and rain battered its communities.

As residents cleaned up the aftermath, companies including Union Pacific and one of its customers, Morning Star, lent a hand. The California-based tomato processing and packing company, which supplies over 40% of national markets

with ingredient tomato paste and diced tomatoes, had food to donate but needed help with logistics.

Marketing and Sales teamed up with Public Affairs and Operating to help arrange transport from California to Lake Charles, Louisiana, aboard a donated Union Pacific rail car. On Nov. 2, that car – loaded with 52 pallets of various tomato products, including enchilada sauce, pizza sauce and diced tomatoes – reached its destination. The care package featured notes of encouragement from Morning Star and Union Pacific employees.

"I grew up in rural America and know firsthand the power of community," said Brooke Ballou, manager, Marketing and Sales. "We recognized the need in Louisiana and felt fortunate to be able to team up with our customers to lend a hand."

Reducing Emissions

Union Pacific's Science-Based Targets Approved

It's clear our climate is changing, and Union Pacific is taking action to reduce our GHG emissions. We committed to setting targets through the Science Based Targets initiative, which independently assesses corporate emissions reduction targets in line with what climate scientists say is needed to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels. We believe this is an important step to help us understand how much and how quickly we need to reduce our emissions, as well as anticipate future policies and regulations.

This is not an easy task. It means examining every aspect of our operation and looking for innovative solutions; however, it is an important step toward creating a more sustainable future and meeting goal No. 11 of the United Nations' Sustainable Development Goals. Union Pacific believes our actions will inspire our supply chain partners to take action – ultimately, causing a chain reaction that puts us on a path toward cleaner air.

We submitted our commitment letter and proposed targets to SBTi and received approval in early 2021. We are committed to reduce absolute scope 1 and 2 GHG emissions from our operations 26% by 2030 against a 2018 baseline.

"As the world seeks to improve environmental sustainability, it's critical for businesses to take action," said Chairman, President and CEO Lance Fritz. "Although we move freight in an environmentally responsible way, we will not be complacent about our operations' impact. We're proud to solidify our commitment through actions that also will enable our customers to reduce their carbon footprint and protect the environment."

Greenhouse Gas Emissions Performance

Union Pacific locomotives produced 8,537,679 metric tons of GHG emissions in 2020, down from 9,688,964 metric tons in 2019 from decreased freight volume. This decrease was in large part due to the economic effects of the COVID-19 pandemic, combined with increases in operational efficiency and modernization of locomotives. We overhauled approximately 175 locomotives to meet more stringent emissions standards, and achieved a 14% increase in locomotive productivity compared to 2019.

We also used more renewable and biodiesel fuel, and a higher percentage of our emissions came from non-petroleum based products. Our biomass source emissions were 187,265 metric tons, including 98,930 metric tons, or 53%, from renewable fuels. This is an increase from 127,645 metric tons in 2019, which included 49,555 metric tons, or 39%, from renewable fuel. This rise is largely due to increasing renewable diesel consumption by almost 5 million gallons in 2020.

Scope 3 emissions from employee travel totaled 8,139 metric tons, a decrease from 15,495 metric tons in 2019, which is partly attributed to COVID-19 related travel restrictions. Employee travel includes rental car fuel and commercial air travel.

GHG Verification

Union Pacific works with independent organizations to assure an accurate calculation of its annual GHG emissions. Cadmus Group assists with methodology to accurately measure and calculate GHG inventory. GHD Limited verifies our GHG emissions inventory.

Union Pacific earned an A- rating on the CDP's Climate Change Survey, improving from a B rating in 2019. This is the 13th consecutive year we submitted climate change data to the CDP.

Working With Customers To Reduce Emissions

Customers seeking to reduce carbon emissions can calculate savings from rail by using Union Pacific's online [Carbon Emissions Estimator](#). Many also receive annual emissions savings estimates compared to moving goods by truck. Our customers eliminated an estimated 21.9 million metric tons of GHG emissions by choosing rail over truck transportation.



Managing Fuel and Locomotives

We strive to appropriately balance financial returns, environmental performance and social commitment. Fuel efficiency plays a critical part with diesel fuel accounting for approximately 12% of our total operating expenses. Our employees are dedicated to finding ways to reduce diesel fuel consumption as a fundamental element of our ESG approach.

Fuel efficiency and carbon emission reductions fluctuate based on business volumes and commodity mix. The heavier a train, the more fuel-efficient it can be. Our fuel consumption rate, measured in gallons of fuel per thousand gross ton miles, improved 2% in 2020 compared to 2019, helping us achieve our commitment to reduce overall locomotive consumption by 1.5% from 2018 to 2020. We're no longer setting a separate fuel goal as we take a more holistic view of our efforts to reduce emissions. This work will now be part of our larger focus on achieving the targets we committed to with the SBTi.

Incorporating Technology

Technology plays a fundamental role in Union Pacific's fuel-efficiency performance, supporting the train crews responsible for the daily movement of goods Americans rely on. The following technologies help drive fuel efficiency across the system.

Trip Optimizer® and LEADER® are energy management systems that work like cruise control. They automatically control a locomotive's throttle and dynamic brake to reduce fuel usage, minimize GHG emissions and optimize train handling. The systems calculate the most efficient way of operating a train by considering such factors as train length, weight, grade, track conditions and locomotive performance.

Our more than 2,200 LEADER- and Trip Optimizer-enabled locomotives completed more than 23 million miles with auto control used by locomotive engineers. We deployed enhancements that allow the systems to integrate with Positive Train Control (PTC), providing increased efficiency opportunities. The operational territory of both energy management systems was expanded to more than 17,000 route miles, matching Union Pacific's PTC territory.

Process improvements reduce fuel consumption and GHG emissions by optimizing how we manage and maintain locomotives. For example, Union Pacific's cross-functional Fuel Mizers Load Testing Reduction Team implemented a more efficient process for locomotive tests that ensures engines and generators produce enough horsepower to pull loaded rail cars. The process reduces fuel consumption cost by more than \$3.5 million annually and improves reliability.

Modernizing Locomotives

Union Pacific did not acquire new locomotives in 2020, and we do not plan to purchase any in 2021; however, we continue modernizing our existing fleet. Nearly 175 high- and low-horsepower locomotives were overhauled, meaning they were completely rebuilt to meet more stringent emissions standards. The locomotives receive new engines and other mechanical components, based on their age and mileage. The majority of retrofitting takes place at the Jenks Locomotive Shop in North Little Rock, Arkansas.

We invested in "mother-slug" sets, which replace two locomotives with one diesel locomotive connected to an accessory, or slug. We use older SD38-2 locomotives, typically with higher emissions, for the conversion and remove the engine and alternator. The engineless slug increases traction motors available to the locomotive, boosting the pulling and braking power – key for yard operations. The new mother-slug sets achieve fuel and maintenance savings, plus offer environmental benefits, mainly because only one engine is used versus two. We began rolling out this equipment in 2017 and have more than 65 sets operating in yards systemwide, where emissions tend to be more concentrated.

We have invested roughly \$3.4 billion to purchase more than 1,300 new locomotives since 2010. These locomotives all meet the EPA's tier standards. Union Pacific retired about 2,500 older, less fuel-efficient locomotives over the same period.

Union Pacific operates 10 Tier 4 single-engine switching locomotives, the highest tier and cleanest diesel-fueled technology available, for exclusive use in California; we continue assessing their performance, as we do with all pioneering technology. The Sacramento Metropolitan Air Quality Management District and the Bay Area Air Quality Management District awarded approximately \$15 million in grants to repower 10 diesel-electric switching locomotives into new EPA-certified Tier 4 single-engine switching locomotives. Switching locomotives operate within rail yards, assembling and disassembling trains. Because they work within a concentrated area, improving switching locomotive emission levels can improve the local air quality by more than 90%. Union Pacific is the only Class I railroad operating Tier 4 Genset switchers and is the first Class 1 to pursue Tier 4 single-engine repowers.

Keeping Our Cool

Union Pacific introduced an entire fleet of new and improved 64-foot refrigerated boxcars to move cold, fresh and frozen foods as efficiently as truck. It's the only true hybrid refrigeration unit on the market, which includes a plug-in for running on electricity instead of diesel, when possible.

The new reefer car design was developed by our own experts, including structural and welding engineers and drafters. Once a plan was on paper, the skilled team at our DeSoto, Missouri, car shop got to work building and testing the car.

"Our teams were focused on developing the best performing refrigerated boxcar in the industry," said Louis Oborny, manager-Mechanical Engineering. "By benchmarking against existing refrigerated rail cars and truck trailers in the market and through extensive discussions with food shippers and industry experts, we were able to identify the car features that needed to be enhanced."

After years of careful planning, designing and thorough testing, the new refrigerated rail car was ready for wide-scale production at a manufacturing facility. Features include an air distribution system to maintain temperature, patented floor design to maximize air flow and a door sweep seal to lock in freshness – all adding up to a car that's 37% more thermally efficient than its truck competition.



Union Pacific's new 64-foot refrigerated boxcars offer fresh and frozen foods customers a new solution for moving their goods.

Union Pacific Adds First Electric Vehicle To Fleet

Juan "JP" Montalvo, manager-Industrial Products, Marketing and Sales, is proudly sporting Union Pacific's first electric vehicle, reflecting the railroad's sustainability commitment.

Montalvo, based in Spring, Texas, drives the Chevy Bolt to frequently visit local customers within 150 miles. The vehicle can go about 280-300 miles per charge, depending on road conditions.

"These cars are ideal for in-city trips or around the yard where you can charge it every night," he said. "If you drive 40-50 miles a day, an overnight charge will recover that. It will take extra planning for longer trips to build in charging time – that's the challenge."

Following a successful pilot with Montalvo, Union Pacific anticipates adding more electric cars to its fleet, further reducing our environmental impact.



Union Pacific's first electric vehicle, a Chevy Bolt.

Energy Conservation

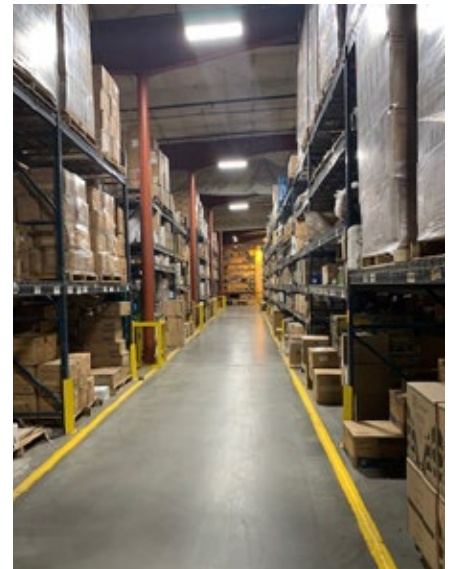
Union Pacific's utility conservation projects reduced energy consumption by 2.0 million kWh, which is enough to annually power more than 239 U.S. homes. For example, we upgraded the yard air compressor in our Englewood Yard in Houston, Texas, which will save 657,000 kWh annually.

We continue to see energy savings through solar panels at two intermodal facilities: Global IV in Joliet, Illinois, and Santa Teresa in Santa Teresa, New Mexico. In both locations, the solar arrays are tied to the electrical power grid, providing energy to offset the amount we consume from the utility company.

Energy Consumption*	2018	2019	2020
Diesel	1,075.1 gallons	957.7 gallons	842.5 gallons
Gasoline	10.7 gallons	10.1 gallons	9.1 gallons
Other fuel	15.2 gallons	16.2 gallons	21.3 gallons
Electricity	899.4 kilowatt hours	662.6 kilowatt hours	659.9 kilowatt hours
Natural gas	1,059 standard cubic feet	961 standard cubic feet	945 standard cubic feet

*estimated in millions

A Bright Solution



The before and after photos show the difference LED lights make in this North Platte, Nebraska, shop.

Union Pacific continues to work on reducing its carbon footprint by using LED light bulbs. In addition to financial savings, these options place less demand on the nation's energy grid and, ultimately, the natural resources used to power it.

We replaced 47 fluorescent high-bay fixtures with LED lights in our North Platte, Nebraska, Supply Department, reducing our electric consumption by 100,000 kWh annually. Equally important, the better lighting requires less maintenance and provides a safer work environment for employees working around heavy equipment. We completed a similar shop project in Fort Worth, Texas, replacing 160 fixtures to annually save 425,000 kWh.

Waste Management

Despite ongoing challenges in the recycling market, Union Pacific generated an estimated 2.11 million tons of waste and diverted approximately 47% from landfills. The tonnage increase and diversion decrease is primarily due to a higher number of soil removal projects, making room for longer rail sidings and yard improvements that optimize our infrastructure in support of PSR.

We recycled about 480,000 tons of scrap metal, the largest contributor to our success diverting recyclable materials from landfills. Steel, aluminum and copper are the most recycled materials on the planet and found in a variety of unexpected products. From appliances to cell phones, buildings and highways, recyclable materials are globally transforming construction and consumer products.

We provide steel recycling bins for employee use at fixed facilities, along our right of way and at off-site locations. Recyclable material includes rail car parts, locomotive parts, rail, tie plates, spikes and anchors.

Union Pacific scraps rail cars that have reached the end of their useful life. In many cases, scrappers strip useful parts from the cars, which are sold back to Union Pacific for continued use. The remaining metal can be re-purposed in the manufacturing of other metal components without drawing from our natural resources. We work with several vendors who use the recycled metal to create new rail and other steel products, which we purchase and put back into our system.

Rubber: Not Just For Tires

Union Pacific kept more than 500 tires out of landfills by repurposing them as rubber flooring in buildings throughout our Midwest facilities. The floors are a hit with employees in colder climates – the durable rubber holds up against shoe spikes, is slip resistant and is easy to both install and repair. For every 10,000 square feet installed, approximately 500 tires are saved from a landfill. We anticipate installing more flooring in 2021 and have several projects out to bid.

Aloha! The Role UP Played Protecting Hawaiian Beaches

Union Pacific rail yards may be a long way from Hawaii, but we played a part in protecting the state's marine life.

For the past 15 years, a Hawaii nonprofit named Beach Environmental Awareness Campaign Hawai'i (B.E.A.C.H.) led a campaign to educate residents about the danger of plastic bottle caps to Hawaii's sea birds, which mistake the small, colorful pieces as food.



A B.E.A.C.H. volunteer holds a sample of an unfinished batch of oil made from recycled plastic bottle caps at New Hope Energy in Tyler, Texas.

B.E.A.C.H. spearheaded a community-driven effort to collect, sort and clean plastic bottle caps, and residents and organizations stepped up to help. More than 1.2 million plastic caps were gathered for recycling, safely away from Hawaiian beaches.

Union Pacific and subsidiary Loup Logistics, along with a few other logistics companies, donated costs involved in transporting the caps to California's Port of Long Beach aboard a 40-foot intermodal container.

The container was loaded onto a rail car and transported to Dallas, Texas. Loup arranged the container's delivery via truck from Dallas to New Hope Energy in Tyler, Texas, where the caps were converted into oil.

Recycling Fuel And Oil

We recycled more than 1.96 million gallons of oil and fuel at our facilities. Union Pacific facilities have systems to catch spills and extract engine oil from wastewater. Facilities also use fuel nozzles that shut off automatically, preventing locomotive fuel tank overflow.

Water Management

Many parts of the country experience water stress, when the demand for water exceeds the available amount, in local and regional watersheds. The U.S. Global Change Research Program notes widespread stress in much of the Southwest, western Great Plains and parts of the Northwest. Union Pacific helps protect water resources in partnership with Stormwater Pollution Prevention Plans at about 275 facilities, as well as spill prevention controls and countermeasure plans at more than 140 facilities. About 85 wastewater treatment facilities capture and treat water from equipment washing and maintenance. We also treat captured wastewater to comply with government regulations and wastewater discharge permits.

Union Pacific used an estimated 790 million gallons of water, a decrease from 910 million gallons in 2019. We saved an estimated 1.5 million gallons by fixing identified leaks in Marshall, Missouri, and Salt Lake City, Utah; we attribute additional savings to reduced demand as a result of COVID-19, volume reductions and facility consolidations. We continue exploring ways to conserve water by analyzing accounts, researching irregularities, and making changes and repairs to eliminate unnecessary use. Our team is focused on using data to identify and address consumption changes, which might suggest a leak or other issue.

Rocky Mountain Pure

The Moffat Tunnel was constructed in 1928 to support east and westbound rail traffic through the Continental Divide in north-central Colorado. Springs within the tunnel generate water runoff year-round that can carry sediment to the portals' entries.



Union Pacific's new industrial wastewater treatment plant (IWTP) at the East Portal.

Demonstrating Union Pacific's commitment to protect local water sources, a more than \$7 million investment was made for a new industrial treatment plant, which includes ultrafiltration systems, at the East Portal of Moffat Tunnel.

Reporting Water Consumption To CDP

Union Pacific was the first Class 1 railroad to report water consumption to the CDP, which we submitted for the seventh consecutive year. We improved from a B- in 2019 to a B.

Largest Industrial Wastewater Collection System Renewal In Rail History

Union Pacific's JR Davis Yard in Roseville, California, is the largest freight rail yard west of the Rocky Mountains. The yard's existing industrial wastewater collection system was built and expanded over the decades as our operations grew. It's designed to collect diesel and oil, and impacted industrial wastewater from locomotive shops, fueling facilities and other industrial areas for pre-treatment prior to discharge to the city.



Crews work on a new industrial wastewater system in JR Davis Yard.

Union Pacific recently completed a more than \$13 million renewal and replacement of the yard's entire collection system. This work is believed to be the largest collection system renewal project in U.S. freight rail history.

Biodiversity and Land Preservation

Biodiversity refers to the variety of living organisms in a particular habitat or ecosystem. Union Pacific's footprint touches many diverse ecosystems, and we are committed to being a responsible steward of the land we own. We work to preserve our ecosystems, improve our resiliency and reduce our impact. This is fundamental to ensuring a healthy environment and supporting vibrant local economies.



Willamette Riverkeeper volunteers pick up trash through the River Guardians program.

Union Pacific implements habitat conservation plans to protect ecosystems and endangered species in various locations. Plans in the western half of our network address species including the desert tortoise, endangered southwestern willow flycatcher and valley elderberry longhorn beetle.

We also engage with community partners and nonprofit organizations working to protect our natural resources or reinvigorate specific ecosystem needs. For example, we supported the Willamette Riverkeeper's River Guardians program, which engages volunteers in restoration, monitoring and cleanup of trash and debris in Oregon's Willamette Basin communities. In Baton Rouge, Louisiana, we assisted the Nature Conservancy in its efforts to maintain a 9,500-acre preserve called Cypress Island. Preserve volunteers provide educational tours, conduct restoration projects and host events for over 8,000 volunteers annually.

What's Ahead

With our targets to reduce GHG emissions verified by the SBTi, we are carefully analyzing every aspect of our business and challenging employees to consider innovative solutions that will help us to meet our targets. We continue to pursue technology enhancements that will help us improve locomotive fuel consumption, and we anticipate increasing our electric car fleet to save gasoline. Union Pacific will further pursue work to conserve energy, replacing LED bulbs at facilities across the system.



Matthew Havard, senior special agent – UP Police, Law

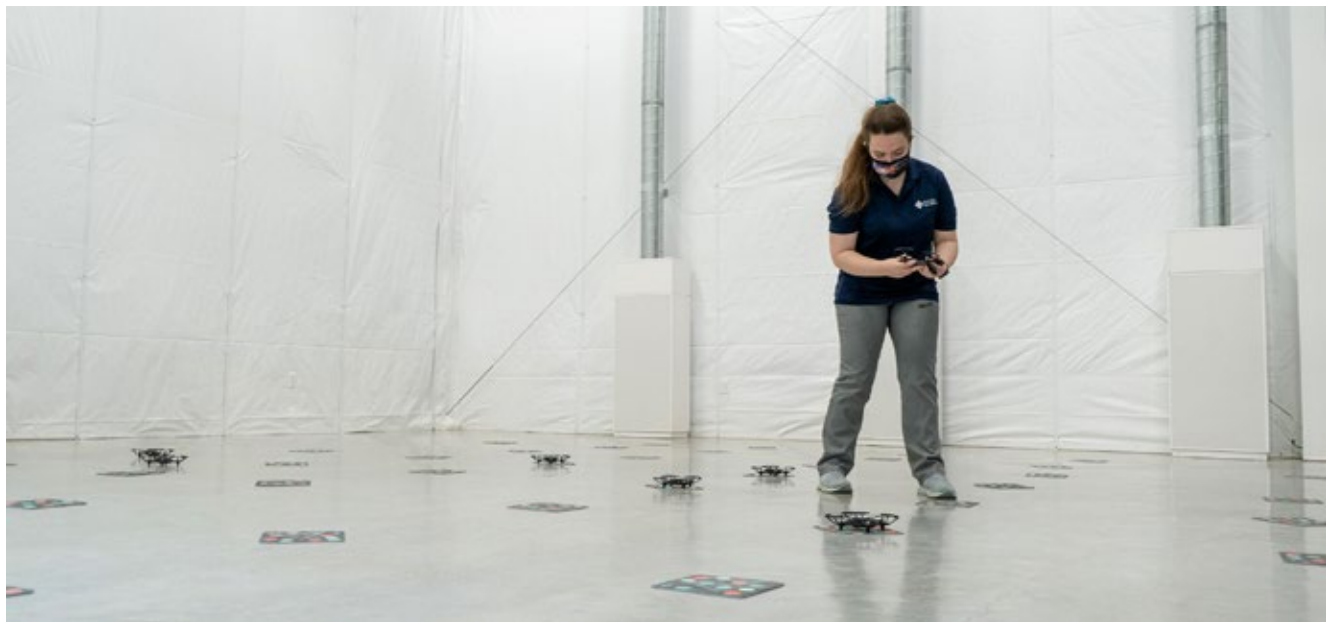


Strengthening Our Communities

Union Pacific is committed to serving and investing in the futures of communities our rail touches, as we move the goods used to build and sustain them. Central to this goal is our effort to improve public safety through educational rail safety events, partnerships with local law enforcement and training to prevent potential incidents.

As the nation came together to face the COVID-19 pandemic, Union Pacific stepped in to offer its support. Through the Community Ties Giving Program, we provided more than \$7 million in direct assistance to 675 organizations.

The goal of our Community Ties Giving Program is to help create safe, prosperous and vibrant communities where people want to live and work. In the four years since we redefined our philanthropic pillars to focus on safety, workforce development and community spaces, we've served about 48 million people, 18 million of whom are in underserved populations. We believe our impact has a ripple effect and the potential to change future generations.



St. Mary's University in San Antonio, Texas, opened its new Unmanned Aerial Systems Laboratory, made possible in part from a Union Pacific Community Ties Giving Program local grant.

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Public Safety

Keeping our communities safe involves proactive outreach to raise awareness and prevent risky behavior near railroad tracks, but we can't do it alone. We rely on our employees to be safety ambassadors in the communities where they live and work, and we also collaborate with local law enforcement partners.

Approximately 94% of all rail-related fatalities and injuries occur at railroad crossings or due to trespassing.¹ Nearly all are preventable, and Union Pacific is committed to helping people understand how to stay safe around railroad tracks.

¹Source: [Federal Railroad Administration](#)

Engaging Communities Through UP CARES

Risky behavior near railroad tracks has tragic consequences and can be devastating for all involved. Our UP CARES program recognizes that the most compelling arguments for staying safe are often those delivered face-to-face. Our employee volunteers deliver rail safety presentations to pedestrians, motorists and professional truck drivers across our 23-state network. Although in-person safety outreach was impacted by COVID-19, we leveraged technology to host virtual presentations and discussions, resulting in meaningful conversations. We plan to continue virtual offerings into the future. To request a safety presentation, visit [up.com](#).

In 2020, 55% of crossing incidents occurred at crossings with active warning devices, and 24% of incidents were the result of drivers going around or through the crossing while warning devices were activated. Investigations reveal risky or distracted driving was the cause. UP CARES addresses this by partnering Union Pacific's special agents with local and state police departments to observe driver and pedestrian behavior. Our goal is not to write tickets, but to have meaningful conversations that change behavior.

National Rail Safety Week



In celebration of National Rail Safety Week Sept. 21-27, Union Pacific partnered with several law enforcement agencies and communities across our 23-state system to share life-saving messages, reminding drivers and pedestrians to use caution every time they cross the tracks.

We also had a few special friends help us: Wilson, Koko and Brewster, the stars of "Chuggington: Tales from the Rails," an animated series on Disney Junior and DisneyNOW. The train engines known as "Chuggers" helped Union Pacific spread awareness about rail safety to preschoolers, elementary students, and their parents and teachers through a new partnership with Herschend Entertainment Studios (HES), the franchise's owner, and Safe Kids Worldwide.

"The world of Chuggington has been engaging and entertaining children for more than 10 years, and it's an honor that our young trainee trains will now lead this new program to teach important rail safety tips in a fun and engaging way, while reinforcing caring, kindness and togetherness," said Natalie Setton, vice president-commercial, content distribution and licensing, HES.

The safety campaign, which includes a new video featuring the Chuggers, is designed to teach families critical rail safety lessons. After watching the video, children and adults are asked to take the Rail Safety Pledge at [chuggington.com/railsafety](#), and then print and proudly display their Rail Safety Certificate.

"Exposing young students to safety messages from beloved characters puts them in a position to be safety ambassadors for their parents and more careful drivers in the future," said Erin Batt, assistant vice president and chief safety officer. "This campaign also serves as a reminder for parents and teachers to set a positive example. Often, we hear 'I've walked along these tracks since I was a kid.' While that may be true, it's still trespassing, and it's dangerous."



Homeless Safety Awareness

Union Pacific owns and operates more than 32,000 track miles, many of which are in communities that have significant homeless populations. Despite efforts to keep our tracks clear and safe, unlawful encampments are set up on our right of way, putting lives at risk and delaying our trains. Homelessness, along with dumping, graffiti and other illegal activities, is a growing social problem that state and local governments are struggling to get their arms around.

Our highest priority is the safety of our employees and the communities we serve. Trespassing on railroad property is illegal, unsafe and creates a hazard for the public, as well as Union Pacific employees. Union Pacific is actively working with communities to improve safety and reduce this activity.

Our special agents periodically patrol Union Pacific property and work with local contractors to prevent recurrence of illegal encampments and dumping. We also work with local authorities to enforce criminal trespass laws on our property and to deter other illegal activities. We work collaboratively with local communities and service organizations to connect displaced individuals, including those who may be displaced through these enforcement efforts, to existing services that can help them find a safe place away from active railroad tracks.

Responding To Incident Reports

Union Pacific's Response Management Communications Center (RMCC) processes emergency and non-emergency calls from communities across our 23-state network. The RMCC team operates 24/7, responding to emergencies, reports of vehicles stuck on railroad tracks, criminal activity and other concerns. On average, a single dispatcher may take 70-plus calls in an eight-hour period. Drivers and pedestrians can contact the RMCC by using the phone number posted near railroad crossings, 888-UPRR-COP (888-877-7267).

In addition to working with citizens, employees and public officials, RMCC dispatchers occasionally take unusual calls, such as requests from the United States Secret Service motorcade teams when transporting the president on or near Union Pacific property. The RMCC team also plays an integral role in tracking and coordinating inspections of military shipments across the network. When dispatchers aren't taking calls, they are responsible for compiling and auditing reports, and providing notifications to state and federal regulatory agencies.

The RMCC is accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA), which recognizes an advanced standard of compliance across policy and procedures, administration, operations and support services. In 2016, the CALEA awarded a second distinguished accreditation to our RMCC team; we are in a four-year cycle of accreditation maintenance and will qualify for our third distinguished accreditation in 2021. RMCC is one of only 100 public safety communications centers worldwide recognized in this way for emergency response and professional excellence.

Safely Handling Hazardous Materials



A Union Pacific team, including Josh Carrillo, manager-hazmat, left, and Joe Smith, senior consultant-Commercial Equipment, Marketing and Sales, second from right, visited Round Rock Fire Department in Round Rock, Texas, where first responders received hands-on instruction in a controlled environment.

Union Pacific is obligated to transport hazardous materials by federal law, while trucks are not. Our commitment to safely haul this material is reflected in our 99.99% success rate delivering without incident.

Union Pacific focuses on accident prevention, preparedness, response and recovery. Our Hazardous Materials Management group consists of highly trained experts in hazardous material transportation safety who work with customers and inspect tank cars, ensuring products are properly secured.

Responsibly Moving Hazmat And LNG

With over \$26 billion in annual private investments to improve track and equipment reliability, as well as the development and implementation of safety technologies, the rail industry has helped decrease hazmat release rates 64% since 2000.² As a result, more than 99.99% of the roughly 2.3 million carloads of hazmat moved by rail each year reach their destination without a release caused by a train accident.

For more than 80 years, railroads have safely shipped cryogenic liquids similar to liquefied natural gas (LNG), such as liquefied oxygen, ethylene and hydrogen chloride. Despite this, and until recently, railroads were required to obtain special permits from the U.S. Department of Transportation (USDOT) to transport LNG, while the commercial trucking industry, which has a hazmat rate more than 13 times higher, than rail was not.

In June, following extensive consideration and public comment, the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Federal Railroad Administration (FRA) published a final rule authorizing the transportation of LNG by rail and outlining stringent measures to ensure its safety, including improved tank cars; advanced route analysis; and enhanced operations and equipment.

²Source: [American Association of Railroads](#)



Prevention

Through our prevention efforts, Union Pacific partners with customers, regulators and other stakeholders to conduct hazardous materials shipment inspections, sponsor training opportunities and actively participate in numerous industry initiatives focused on continuous improvement of those shipments.

“Our primary goal is safety, so our efforts focus on activities that keep our employees and the communities we serve safe,” said Damian Guy, manager-hazmat management, Supply Chain. “We climb and inspect more than 5,000 tank cars every year, helping us identify trends and reduce potential defects headed down our lines.”

Preparedness

While we work to prevent incidents, Union Pacific's Hazardous Materials Management group regularly prepares for such an event. We do this by partnering with stakeholders to establish response plans, proactively building strong relationships with first responders and conducting regular drills and exercises with federal, state, local and tribal agencies that use our unique tank cars and boxcars.

Union Pacific provides fire departments and other emergency responders along our routes with comprehensive training on minimizing derailment-related impacts. Amid the COVID-19 pandemic, we pivoted our approach to provide virtual training to roughly 5,400 local, state and federal first-response agencies through a combination of webinars, conference calls and training videos.

The Security and Emergency Response Training Center (SERTC), an initiative of Transportation Technology Center, Inc. (TTCI), a subsidiary of the Association of American Railroads (AAR), adopted a similar approach by launching its first-ever online training academy with a Highway Emergency Response Class. The new platform allows SERTC to advance its mission of providing quality, essential training to the nation's first responders despite ongoing challenges of the COVID-19 pandemic.

Over the last 35 years, SERTC has trained more than 70,000 first responders and emergency responders worldwide on safely managing rail incidents involving hazardous material (hazmat) shipments. Union Pacific typically sponsors emergency responders to attend this rail-specific hazmat training center in Pueblo, Colorado – the online, interactive classes will fulfill the classroom component of the training and give participants a leg-up when they can safely travel to Pueblo for the hands-on portion of the class.

Over the last 10 years, Union Pacific trained more than 50,000 emergency responders throughout our network. We are a charter member of TRANSCAER® – a voluntary national outreach effort focused on helping communities prepare for and respond to a possible hazardous materials transportation incident. Union Pacific has won the TRANSCAER® National Achievement Award for 13 consecutive years.

Response

If an incident involving hazardous materials occurs, Union Pacific's Hazardous Materials Management group responds to safely and quickly mitigate any potential hazards to public health, environment and property. We do this by working with emergency response agencies and our network of specialized contractors, and by using internal resources, such as firefighting trailers and waterway spill containment systems.

All hazardous materials professionals are trained thoroughly in hazardous materials response and in the National Incident Management System. This allows for safe and effective response operations while working together with our public partners.

Recovery

Once an incident is under control, our hazardous materials professionals continue ensuring the communities, environment and Union Pacific's network have properly recovered. We do this through environmental remediation and proper product handling practices. As part of these efforts, Union Pacific is capable of removing product from a damaged container and placing it into non-damaged containers. We accomplish this with our state-of-the-art transfer trucks and equipment, as well as numerous smaller transfer trailers that can safely and effectively remove liquid products. This creates a safer and more effective option for communities and reduces costs to our customers.

“We never want to get that call,” said Tim O'Brien, senior director-hazardous materials operations, Supply Chain. “But when we do, we can feel confident we've done all we can to prepare our team and our partners to safely and efficiently respond and contain any incident.”

Safety Through Security: Union Pacific's Special Agents

The Union Pacific Railroad Police Department is a team of highly trained special agents dedicated to maintaining the railroad's security and integrity. The department holds accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA), which is considered the gold standard in law enforcement accreditation, and recognizes agencies meeting the highest law enforcement standards.

The police department uses security monitoring technology to protect critical infrastructure from intruders around the clock, coordinating with U.S. Customs and Border Protection (CBP), the U.S. Coast Guard, the Federal Bureau of Investigation, the Department of Homeland Security and the Transportation Security Administration, as well as state and local law enforcement. Union Pacific was the first U.S. railroad named a partner in CBP's Customs-Trade Partnership Against Terrorism.

Technology permeates our security program, including at international gateways where safety and fluidity is critical. All rail cars entering the U.S. are inspected by VACIS gamma ray inspection devices. This technology is similar to an X-ray and can detect trespassers or hidden items. Additionally, cars are inspected by Union Pacific Police K-9 teams.

Union Pacific's special agents are an important part of the communities where we operate, educating the public about railroad safety. This occurs through joint efforts with local law enforcement agencies and at various community events, such as Back-to-School events and neighborhood gatherings.

The Sky's The Limit: Crime Fighting Moves To The Air

Union Pacific's special agents added drones to their set of tools to help keep employees, communities and customers safe. More than 60 special agents, or approximately 51%, are trained and equipped as drone pilots.

"Drones help our teams safely respond to and mitigate train burglaries, transient encampments and trespass issues," said Tony Paulsen, senior supervisor-UP police, Law.

Union Pacific's drones are equipped to deliver messages via loudspeaker and allow special agents to locate and gain information on suspects, while maintaining safety. Agents who take on the responsibility to become pilots must complete online training, go through numerous hands-on learning sessions and pass the Federal Aviation Administration flight exam.



Special Agent Adam Cleveland uses his drone along Union Pacific tracks.



Generating Opportunity Through Our Supply Chain

Each year, Union Pacific spends billions of dollars across our network of more than 8,000 suppliers who support our operations with fuel, engineering services, construction materials and more in every one of the 23 states where we operate. This spending represents a significant portion of the economic impact our business generates.

Union Pacific purchased about \$423 million in goods and services from more than 275 diverse suppliers in 35 states. Our spending with diverse suppliers grew 29% from 2019 to 2020. Approximately 89% of our strategic suppliers reported purchasing goods and services from diverse suppliers, demonstrating their support for our diversity initiative.

A Focus On Inclusive Procurement

Union Pacific has proudly laid claim to many firsts throughout our history. Among them – being the first U.S. railroad to establish a supplier diversity program in 1982. Nearly four decades later, we are reinforcing our commitment to inclusive procurement. We are working to increase our year-over-year spend on diverse suppliers by 25% by the end of 2021. To help us accomplish this goal, we've grown our supplier program from one part-time employee to a full-time team of two dedicated to finding and working with diverse suppliers across Union Pacific's network.

"We're a diverse organization, and we want our railroad's spend to reflect that same diversity," said Andrea Oswald, general director-strategic sourcing, Supply Chain. "As good corporate citizens, it's the right thing to do."

Omaha Business Answers The Call To Help UP Customers

It's tough to finish your work when the phone keeps ringing. When Diana Prauner, general director-revenue accounting, took a new position on Union Pacific's accounting team, she wanted to do something to help. Her group supports customers with questions regarding the railroad's Account on the Web (AOW) online billing application. Prauner recalled a tour she'd taken at North End Teleservices (NET) in Omaha, Nebraska, an omni-channel contact center serving a variety of commercial and government industries.

Union Pacific now works with NET to provide additional contact channels, reporting capabilities and dedicated staff to answer our customers' invoicing inquiries. Their work frees up Union Pacific's Accounting team to focus on its core competency – collecting the company's \$18 billion in freight revenue.

Founded in 2015 by Carmen Tapio, NET's mission is to create jobs and change lives in a historically disadvantaged part of the community. After six years, NET has approximately 400 employees and is on the Inc. 5000 list of fastest growing private companies in America.

North End Teleservices President and CEO Carmen Tapio began her career in teleservices at age 18.



Creating Local Economic Opportunity

The following chart shows Union Pacific's economic impact in the states where we operate.

State	Employees	Payroll*	Route Miles	Capital Investment*	In-State Purchasing*	Community Ties Giving Program
Arizona	923	92.9	691	52.8	21.7	540,328
Arkansas	1,610	167.3	1,324	124.1	33.3	1,293,154
California	3,181	335.6	3,363	270.3	176.2	2,211,786
Colorado	670	72.6	1,504	47.1	111.5	607,399
Idaho	669	70.8	850	39.8	9.4	268,410
Illinois	2,876	288.7	2,302	163.5	986.8	1,123,606
Iowa	1,208	116.6	1,433	86.8	59.9	490,898
Kansas	872	96.3	2,199	107.1	170.1	517,173
Louisiana	825	91.1	1,143	71.0	24.3	445,699
Minnesota	329	34.9	645	17.9	93.7	230,373
Missouri	1,436	150.2	1,541	81.1	356.8	646,354
Montana	12	0.8	125	2.0	10.0	32,750
Nebraska	6,230	928.0	1,065	272.6	156.2	8,082,679
Nevada	419	37.1	1,193	20.0	17.6	282,328
New Mexico	411	41.4	618	82.7	477.8	117,226
Oklahoma	272	30.1	1,240	17.4	118.4	234,066
Oregon	987	102.4	1,073	103.3	96.8	647,759
Other	135	26.8	31	377.7	867.0	1,633,169
Tennessee	40	3.0	17	0.1	53.9	55,015
Texas	5,517	535.3	6,354	701.0	1,340.3	2,421,779
Utah	1,007	103.5	1,269	66.2	128.8	575,597
Washington	261	24.3	540	11.9	161.7	296,639
Wisconsin	271	33.9	919	35.4	125.0	182,207
Wyoming	802	66.1	874	85.5	46.7	259,620
Total	30,965	3,450	32,313	2,837.5	6,903.4	26,794,010

*In millions

The Community Ties Giving Program

Union Pacific's charitable giving programs have helped thousands of nonprofit organizations achieve their missions since 1959. Funding allocated by the Community Ties Giving Program ranges from \$2,500-\$25,000 for organizations receiving local grants, and up to \$3 million for multiyear key partnerships.

The ethical treatment of others is important to Union Pacific. Our [Anti-Discrimination Policy](#) reflects our dedication to work only with nonprofit organizations that do not discriminate based on a person's race, color, sex, ethnicity, national origin, age, disability, religion, past or present military service, sexual orientation, gender identity and or/expression, genetic information, pregnancy, political affiliation, marital or familial status, or any other status protected by law. Organizations must be willing, if asked, to attest that they prohibit discrimination on these grounds.

Union Pacific understands each community has its unique challenges and opportunities. The programs we support align with one or more of our social impact goals related to safety, workforce development and community spaces. Together, our work in these areas builds safe, prosperous and vibrant communities – places people want to be.

Providing Support During A Global Pandemic

Union Pacific quickly adapted its giving strategy to address immediate community needs associated with the COVID-19 pandemic. This included expanding our giving beyond our set priorities and accelerating the process to quickly aid those organizations providing critical services.

Our board of directors approved an additional funding for COVID-19 Relief Grants, resulting in a total of more than \$7 million in direct assistance to 675 organizations through our local grants program. We estimate these organizations will serve over 21 million individuals thanks to our relief funding. And while every organization felt the pandemic's effects in some way, we proudly provided an additional \$3.3 million for projects or programs that met our social impact priority areas.

Our employees are generous and passionate about giving back. With this in mind, we increased our Matching Gifts program to two-to-one for gifts to local food banks or hospitals with a 501(c)3 designation. With our employees' help, Union Pacific donated over \$100,000 to food banks and hospitals through the Matching Gifts program alone.

Union Pacific donated \$660,000 to the Friend to Friend Network, a volunteer-led 501(c)3 dedicated to helping our employees and their families in times of personal tragedies or medical emergencies. Thousands of our employees were impacted by COVID-19 and Union Pacific's contributions allowed the network to expand its support to include employees affected by or furloughed due to the pandemic's business impacts. Between March and December, Friend to Friend aided more than 900 employees impacted by COVID-19.



MORE THAN
\$7 MILLION
IN DIRECT ASSISTANCE TO
675 ORGANIZATIONS

Safety

Communities thrive when residents feel safe. Union Pacific is committed to helping communities prevent and prepare for accidents and emergencies, helping everyone go home safely at the end of each day. This reflects our commitment to employee safety and the communities we serve. We prioritize funding for programs that achieve the following objectives:

- Encourage safe behaviors and prevent accidents through education and awareness, particularly projects focused on rail, driver, bike and pedestrian safety.
- Eliminate risks and improve safe access to community spaces through infrastructure improvements. Examples include signage, proper lighting and public trail upgrades.
- Prepare and equip residents and emergency responders to effectively respond to incidents and emergencies, if or when they occur.
- Prevent crime and violent incidents through efforts addressing the root causes and seeking to mitigate their occurrence.
- Provide homeless and at-risk populations access to safe shelter and services that ameliorate and prevent homelessness.

'Mother Mabas': Motherload In Emergency Relief



Hurricane sprayers, purchased with funding from Union Pacific, help keep work areas and materials clean during the pandemic.

What happens when local fire chiefs in Illinois need help battling an out-of-control blaze, conducting a search-and-rescue mission, or responding to the COVID-19 pandemic? There isn't a red telephone or Bat Signal, but they do have their own 9-1-1 system: The Mutual Aid Box Alarm System (MABAS), also lovingly referred to by many Illinois firefighters as "Mother MABAS."

This mutual aid system, which includes nearly all Illinois fire departments, works for both urban and rural areas so volunteers can work together and ensure no area is left without emergency services. Union Pacific provided local grant funding to assist in providing Personal Protective Equipment (PPE) and other sanitization solutions to mitigate COVID-19 exposure for MABAS departments.

"We needed help and we needed it now; we needed a partner," said Bernie Lyons, section chief - finance and administration, MABAS. "Union Pacific stepped up and made themselves that partner. Getting Hurricane Sprayers and disinfectant, in addition to much-needed PPE, out into the state to fight against COVID-19 meant everything to us and made a difference."

Workforce Development

For nearly 160 years, Union Pacific has helped stimulate economic growth in cities and towns across the nation by training and providing employment to thousands of workers. We believe a skilled workforce and access to jobs paying good wages are essential elements for a prosperous community. We prioritize funding for programs that support the following objectives:

- Putting youth on the right track by creating awareness of family-supporting jobs, such as those offered by Union Pacific, and building foundational skills, specifically in the Science, Technology, Engineering and Mathematics-related fields, as well as necessary technical and life skills to begin a trajectory toward these careers.
- Raising awareness of educating and preparing young adults for middle-skills jobs through community colleges, vocational and career training programs, workforce readiness initiatives and programs assisting with job placement and/or on-the-job experience.
- "Up skilling" the existing workforce by providing training and resources enabling workers to reach the next level in their careers.
- Providing training and mentorship for nonprofit professionals, helping them grow and advance their organizations.

Foster Care Youth Offered 'Keys To Success'



Ryan Young, left, and Keys to Success Career Development Specialist Jo Anna Senna after Young received an award at the program's fall camp.

Foster care graduate Ryan Young used to have a bleak vision of the future: "There's no telling where we'll end up," he said. "Without support for kids growing up, there's a lot of uncertainty, and in foster care that becomes even harder."

Now about to enter his 20s, Young is looking hopefully toward his future thanks to the Arizona Friends of Foster Children Foundation's (AFFCF) initiative, Keys to Success.

The only program like it in the state, Keys to Success annually serves around 300 Arizona youth. The program provides participants with a professional team to support in career development, professional wardrobe needs, technology for education and transportation, and scholarships to help with college tuition.

Community Spaces

Vibrant communities attract businesses, tourists and skilled workers. We seek to ensure residents within our communities have access to special places celebrating cultural diversity, artistic expression, our natural environment and the social interactions enriching their lives. We believe such community spaces contribute to the distinct identity of cities and towns. We prioritize funding for programs and projects that meet the following objectives:

- Creating, sustaining or expanding upon artistic and cultural experiences offered to a broad and diverse audience. For example, museums, theaters, libraries, concerts and lectures.
- Preserving and sharing a local community's unique history, including projects related to trains and/or Union Pacific history.
- Providing clean, safe and positive outdoor recreational and/or educational opportunities fostering an appreciation for our natural environment.
- Beautifying neighborhoods and main street areas to improve livability, promote commerce and, ultimately, attract more residents, businesses and visitors.
- Planning for, creating or enhancing unique spaces reflecting a community's character, and diverse needs and desires.

Museum Remains 'Virtually' Open

COVID-19 may have forced the [Colorado Model Railroad Museum](#) in Greeley, Colorado, to temporarily close its doors, but the facility is leveraging virtual experiences to keep its after-school and summer programs open for business. Staff leveraged a Community Ties Giving Program grant to support its science, technology, engineering, art and mathematics (STEAM) Kids Virtual Classroom.

"Because the museum is closed as a safety precaution, we have no income to support the additional youth programming we began in response to the COVID crisis," said Michelle Kempema, executive director, Colorado Railroad Museum. "This grant covers expenses to create take-home kits and the production of accompanying YouTube lessons through September."

The kits include hands-on lessons designed to engage the entire family. For example, in June the kits focused on structures, highlighting earthquake-proof buildings and how to engineer toys by building a catapult. All 478 kits were claimed, and the museum increased its July kits focused on nature to 750 and its August kits highlighting flight785.

"We really enjoy doing this together as a family," said Greeley resident and mom Kristen Trevarton. "The paleontology kit, specifically the excavation, was my son's favorite, and it promoted other creativity. He gathered dinosaur toys he received over Easter and put them in his sandbox to excavate them."



A three-year-old Greeley, Colorado, boy learns about dinosaurs thanks to a paleontology STEAM take-home kit.

Our Impact



\$6.4M

Community Spaces



200

Community buildings constructed or enhanced.



1,600

Green spaces created or enhanced.



400

Public spaces cleaned.



\$4.1M

Workforce Development



38,000

Trained in job skills.



9,800

Job placements.



1.1M

Hours of career-related classroom training provided.

\$3.5M

Safety



112,000

Trained in safety procedures.



23,000

Hours of safety training.



4,300

Emergency services equipment procured.



\$9.4M

Local Community Support



Corporate Sponsorships, Memberships and local needs grants.

\$3.3M

Matching Gifts



GivePlus and Fund for Effective Government (FFEG)

Key Partnerships

From local grants to key partnerships, our philanthropic outreach aligns with Union Pacific's long-standing commitment to Building America. Key regional and national partnerships provide large-scale, targeted grants intended to achieve significant, measurable and sustainable impact in our communities, while supporting Union Pacific's key areas of giving in safety, workforce development and community spaces.

National Partners

Following a nationwide search in 2017, Safe Kids Worldwide, Local Initiatives Support Corporation (LISC) and the National Park Foundation were selected as national key partners, each receiving \$1 million annually in 2018, 2019 and 2020. Together, we empower communities to create a safe place for children and families, bring economic prosperity and well-being to our neighborhoods, and encourage exploration of our country's greatest treasures – national parks.

Safe Kids Worldwide



A group of teens developed a matching game to teach elementary students how to be safe around railroad tracks as part of Safe Kids El Paso's Rail Safety Service Learning sessions.

[Safe Kids Worldwide](#) is a nonprofit organization working to prevent childhood injury, the No. 1 cause of death for children ages 0-19 in the U.S. Our partnership with Safe Kids Worldwide is designed to reach a full continuum – from preschoolers to K-12 youth, and parents – with research-based education and messaging designed to reduce risky behaviors that lead to rail-related incidents.

Our previously [published research](#) informed new messaging and social media content targeting teens and parents. Clifford the Big Red Dog is still teaching kids important lessons on rail safety. More than 6,000 Clifford books were distributed in six states at pediatric clinics, book fairs (pre-COVID) and drive-thru COVID-19 testing sites. We also added another popular set of children's characters from "Chuggington: Tales from the Rails," an animated series on Disney Junior and DisneyNOW. The partnership with Herschend Entertainment Studios (HES), the franchise's owner, includes a video featuring the popular "Chuggers," and is designed to teach families critical rail safety lessons. After watching the video, children and adults are asked to take the Rail Safety Pledge.

In a year challenged by COVID-19, Safe Kids Worldwide modified Start Safe Travel and Rail Safety programming for teens to be accessible in a virtual environment. Findings from the pilot of these virtual programs will be used to shape future offerings.

LISC



A welder practices her skills at Jane Addams Resource Corporation (JARC) in Chicago, Illinois

Union Pacific partners with Local Initiatives Support Corporation ([LISC](#)) to invest in American workers and a prosperous economic future based on quality jobs. This collaboration is an important tool to help build pathways for diverse, under-served individuals to

find family-sustaining careers, as well as build a skilled pipeline for in-demand jobs in the rail industry and beyond.

Our partnership supports the Bridges to Career Opportunities (Bridges) program, which helps participants build foundational literacy, math and technical skills that allow them to qualify for training and credentialing programs that can lead to living-wage jobs. The curriculum is tailored to local growth industries and includes "soft skills" that are necessary for success in a work environment. The Bridges program is part of an integrated set of services offered by LISC's Financial Opportunity Centers (FOCs), a network of career and financial coaching service centers across the country. Our partnership specifically focused on FOC programs in Chicago, Illinois; Kansas City, Missouri; Houston, Texas; and Los Angeles, California.

All of the FOC/Bridges sites suspended in-person services in March in response to the pandemic and state or local stay-at-home mandates. The LISC-Union Pacific partnership provided crucial support during this challenging time by allowing FOC/Bridges sites to "keep the doors open," albeit virtually, and continue their training and coaching activities while also addressing new challenges brought by the health and economic crisis. Our support and the sites' flexibility and resilience allowed LISC's FOC/Bridges partners to serve more than 10,000 individuals.

National Park Foundation

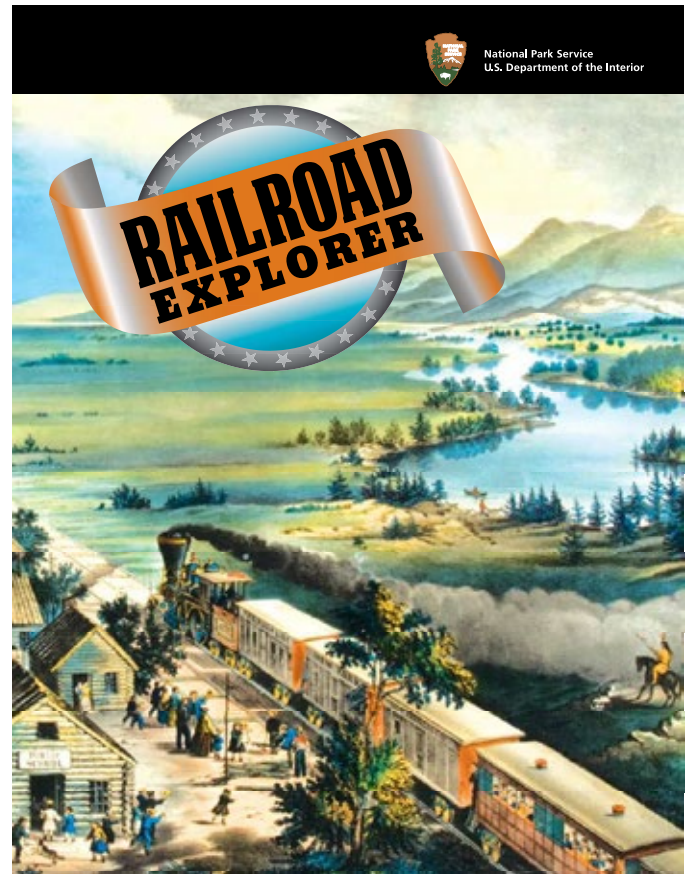
Our history with the national parks began more than 100 years ago when the railroad provided access to pristine landscapes that were otherwise virtually impossible to visit, giving way to iconic places including Yellowstone, Zion Grand Canyon and Death Valley. We were pleased to renew our partnership in 2018 under the theme “Explore America’s Backyard,” encouraging younger and more diverse populations to visit national parks and bring awareness to lesser-known parks – the ones in our own backyards.

Approximately half of our funding supports the National Park Foundation’s (NPF) [Open Outdoors for Kids \(OOK\) program](#). We supported approximately 17,750 students with visits to 24 national parks in 12 states, a reduction from 2019 due to COVID-19. We believe it’s important for students to explore the world around them while learning about science, history, conservation and the role they play in protecting national and local treasures. Union Pacific’s contribution constituted 21% of the total OOK budget, making us the program’s largest private donor for the third consecutive year.

With Union Pacific’s help, NPF reached a big milestone – more than 1 million students have engaged with national parks as classrooms through programs such as OOK since 2011. They’ve set a new goal to reach the next 1 million kids in four years, half the time it took to reach the first million. Union Pacific continues to offer its support, through OOK and other “Explore America’s Backyard” initiatives, encouraging the next generation of explorers.

While the pandemic presented challenges for in-person events and field trips, NPF quickly worked to provide fun and educational Find Your (Virtual) Park experiences. OOK curriculum shifted to provide schools and their students with the flexibility of remote, in-classroom or a hybrid approach to delivering program materials. NPF is working with experts in digital programming, community organizing and national park leadership to provide best practices as the demand for virtual content continues.

Following the 150th anniversary celebration of the transcontinental railroad’s completion at the Golden Spike National Historical Park in 2019, Union Pacific collaborated with NPF and the National Park Service to create and launch the newest Junior Ranger book, Railroad Explorer. More than 10,000 copies were distributed, teaching readers about the transcontinental railroad and its impacts on westward expansion. The booklet was downloaded more than 9,000 times and is available at nps.gov, allowing visitors to enjoy its contents without traveling to the parks.



The Junior Ranger Railroad Explorer booklet highlights modern-day railroading and its iconic past.

Regional Partners

Regional partnerships are granted by invitation only and, like our national partnerships, are often multiyear commitments designed to provide long-term impact in our communities. We want to work with organizations with which we can explore big ideas, build powerful momentum within our communities and achieve significant, lasting impact across Union Pacific's network.

Texas A&M Transportation Institute



Union Pacific's booth at TTI's virtual Teens in the Driver Seat event.

Teen and young adult drivers experience the highest rate of transportation-related fatalities.³ In an effort to change these statistics, Union Pacific is working with the [Texas A&M Transportation Institute's Youth Transportation Safety \(YTS\) program](#), which focuses on promoting safe driving habits.

Union Pacific participated in virtual events hosted by TTI to address railroad safety with drivers. In connection with National Teen Driver Safety Week, we joined TTI for a virtual "Teens in the Driver Seat" event that opened with a greeting from Union Pacific's Chief Safety Officer.

"Being new drivers, they're bombarded with information," said Buck Russel, senior supervisor-public safety, Law. "This gave [teens] a more direct approach to safety when it comes to the railroad and gets to them before they create bad habits."

TTI's "U in the Driver Seat" app launched following the event. It's designed to educate young drivers on practicing safety behind the wheel and creating smart habits, such as putting down their mobile devices and paying attention to the road, especially around railroad tracks.

Union Pacific also participated in a State Farm event for its employees across four districts, allowing us to have important safety conversations with more than 40,000 people.

³Source: [Youth Transportation Safety Program](#)

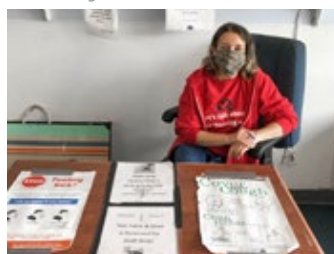
City Net



City Net provides help and transportation for those needing temporary shelter and other services.

Union Pacific partners with [City Net](#), a street outreach organization in Los Angeles, California, that assists vulnerable populations experiencing homelessness through a set of Continuum of Care programs. With our support, City Net reaches out and engages those living on or near Union Pacific property, safely connecting them with housing, medical and other services. These clients are enrolled in an individualized program tailored to their needs, with the ultimate goal of helping them secure a safe, permanent residence. We believe this partnership will help prevent rail-related incidents while encouraging the health and safety of vulnerable populations.

Mercy House



Despite the pandemic, Mercy House successfully ended or prevented the homelessness of nearly 1,700 men, women and children and provided emergency shelter to more than 4,000 people.

Our commitment to safety guides our support of [Mercy House](#), a rapid re-housing program. Our partnership focuses on people experiencing homelessness near or on Union Pacific property that could be impacted by rail-related incidents, fires and communicable diseases. Mercy House is working with City Net to

provide housing, medical, and other social services to these vulnerable populations. Mercy House is also working to provide a transitional solution designed to end their homelessness, while also preventing the re-emergence of encampments along railroad tracks.

Chicago Cook Workforce Partnership



Interns learn how trains are built at Union Pacific's Proviso Yard in Chicago.

Union Pacific is working with the [Chicago Cook Workforce Partnership's](#) Opportunity Works program in Chicago, Illinois, giving young adults the resources they need to find a job to support themselves and their families. The program hosts a group of interns, providing job shadow opportunities with our Engineering, Mechanical, Transportation and Workforce Resources employees. Prior to spending time at Union Pacific's facilities, the interns attend an intense program that includes fundamental skills training such as money management, scheduling and personal hygiene, as well as OSHA and forklift instruction. Due to COVID-19, many of these fundamental programs were held online before interns were sent to the field. While the pandemic impacted the number of interns we could accommodate, most were able to continue in-person internship programs after lockdowns were lifted and Transportation, Distribution and Logistics (TDL) demand increased. The program also offered Information Technology and technical training in direct response to the pandemic.

Junior Achievement Of Utah



Students become safety inspectors through Union Pacific's interactive experience with JA City.

In this digital era, a skills gap is making it difficult for some students to enter the workforce. [Junior Achievement of Utah](#) (JA) and Union Pacific are working together to put youth on the right track, enhancing foundational skills in finance; science, technology, engineering and math (STEM); life skills; and career awareness through gaming. JA City is an interactive, hands-on learning facility with the feel of an actual community, featuring 25 businesses – including an installation from Union Pacific. The locomotive holds two monitors where JA students

can try their hand at three interactive safety inspection video-games. Those who succeed will become a JA City certified Union Pacific Safety Engineer.

JA went completely virtual due to COVID-19, and, ultimately, offered programs to more students than ever before. While the shift to virtual learning changed the format, it didn't alter the depth of knowledge students gained. JA plans to continue with a blended remote and in-person learning program, allowing them to better serve rural Utah communities.

The Union Pacific Diversity Scholars Program At Creighton University



Christopher Whitt, PhD, center, Creighton vice provost for Institutional Diversity and Inclusion with Heider College of Business student Traemon Anderson, left, and School of Law student Jamel Walker, right, believe the scholars program extends beyond an excellent education.

Union Pacific and [Creighton University](#) are teaming up to create a diverse and inclusive culture and build Omaha's future workforce. The Union Pacific Diversity Scholars Program at Creighton University creates access to academic merit scholarships and professional development opportunities for minority students over a four-year period. The inaugural class of eight freshmen was paired with Union Pacific mentors, and despite challenges imposed by the pandemic, the program got off to a strong start with mentors and mentees meeting virtually. As the scholars advance, they will engage in peer-to-peer mentoring and connect with community partners to grow their professional networks. Junior and senior college students will apply to Union Pacific's internship program for a chance to explore career opportunities. At the conclusion of their college education, 32 Union Pacific Diversity Scholars will be uniquely prepared to enter Omaha's workforce.

Boys & Girls Club Of Placer County



These campers are all smiles at The Boys & Girls Club's summer camp.

Union Pacific believes that building prosperous communities includes ensuring the safety and wellbeing of children. The [Boys & Girls Club of Placer County](#) in Roseville, California, works to empower young people to unlock their full potential as productive, responsible and caring citizens. Together, the Boys and Girls Club and Union Pacific are building a new clubhouse where up to 3,700 vulnerable students can participate in after-school programming. The Union Pacific Railroad Clubhouse will host a variety of programs geared toward developing the mind, body and soul of the kids and teens the Boys and Girls Club serves. Although the pandemic caused unforeseen permitting and construction delays, the clubhouse is expected to be completed in Summer 2021.

Denver Zoo



Visitors practice safe habits around railroad tracks as they experience Denver Zoo's sights and sounds.

Like Union Pacific, [Denver Zoo](#) is a central chapter in Colorado's story. It is one of America's oldest public zoos and still features structures dating back to the early 20th century. Denver Zoo's train station is at the historic heart of

its campus, offering rides to more than 270,000 train riders each year – in a normal year. Due to the pandemic, operations were temporarily suspended; however, after reopening at limited capacity, and implementing social distancing guidelines and physical barriers, the beloved train once again resumed operations. In addition to fun facts about animals such as Asian elephants, rhinos and gorillas, the train's conductor shares important rail safety reminders with passengers. Signs at the train depot and across the park encourage visitors to consider how they interact with trains and tracks, and practice safe behavior at the park's rail crossings.

Oregon Museum Of Science And Industry



OMSI created and donated 600 STEAM kits with items like blocks, slime, and art supplies to Title I schools across the Portland area.

Union Pacific and the [Oregon Museum of Science and Industry](#) (OMSI) unveiled the newly transformed Turbine Hall, home to Innovation Stations, offering hands-on learning experiences that empower youth to solve some of modern society's biggest challenges through science, technology, engineering, art and math (STEAM). The museum was forced to close to the public at the onset of the COVID-19 pandemic, but immediately got to work creating new programs and virtual learning experiences. OMSI was able to open intermittently throughout the pandemic, providing emergency childcare to support high-needs children with their virtual schooling, as well as supplemental educational materials for students struggling with virtual learning and some socially-distanced day camps. While Turbine Hall remained closed due to health and safety concerns, Innovation Station construction will continue through 2022 to create an enriching experience for all who visit.

Hemisfair



The Union Pacific Splash Pad at Yanaguana Gardens provides a refreshing break for families trying to escape the Texas heat.

Union Pacific is making a splash at one of San Antonio, Texas', well-known attractions – Yanaguana Garden at [Hemisfair](#) – with the Union Pacific Splash Pad. The park itself is lauded for its social and economic equity, providing play spaces and accessibility for all abilities and ages. Our funding covers splash pad operations and maintenance, as well as improvements to the park's lighting, and security and sun safety around the play area. Hemisfair sees more than 650,000 visitors annually, making it one of the busiest per-acre parks in Texas.

Jefferson City Parks And Recreation



The bridge's artwork will feature prominent moments in Missouri and the nation's history.

Every community has its own special places that provide access to outdoor recreation, celebrate cultural diversity or artistic expression. In Jefferson City, Missouri, Union Pacific is teaming up to improve accessibility to one of these unique community spaces. [Jefferson City Parks and Recreation](#) is constructing a walking path and footbridge for pedestrians that will link the state capitol with a 30-acre nature park along the Missouri River. In addition to enhancing park use, it will create a safer environment that keeps pedestrians away from rail operations. The walking bridge will include interpretive panels that commemorate famous Missourians, significant events in state history, and a Union Pacific panel, highlighting the railroad's impact on transportation.

Mosaic Templars Cultural Center



The exhibit includes opportunities for guests to listen to notable African Americans from Arkansas' history.

Union Pacific believes a community's identity is rooted in artistic and cultural experiences unique to that community. The [Mosaic Templars Cultural Center](#) (MTCC) in Little Rock, Arkansas, is working with Union Pacific to renovate its educational museum exhibit, focusing on the notable African Americans from Arkansas' history, as well as those who are paving the way for the future. The exhibit's theater will feature an orientation film depicting the successes, oppression and culture of the African American community throughout Arkansas' history. This experience will allow anyone an opportunity to learn and appreciate the contributions of African Americans across the state.

Union Pacific believes a community's identity is rooted in artistic and cultural experiences unique to that community. The [Mosaic Templars Cultural Center](#) (MTCC) in Little Rock, Arkansas, is working with Union Pacific to renovate its educational

City Of Villa Grove



A rendering shows the future community center.

The City of [Villa Grove](#), Illinois, is preparing to break ground on a new community center for its residents and those in surrounding areas. Thanks to its partnership with Union Pacific, the facility will include basketball courts, gathering rooms, and other areas designed to give community members a place to be physically and socially active. It's an attraction city leaders hope will entice visitors from neighboring communities to shop local while they're in town, providing small businesses with an economic boost. Groundbreaking is scheduled for Spring 2021.

Street Soccer USA



Young girls like Sky and Sage Williams learn the values of teamwork and discipline on and off the field at the "Ladies First Initiative."

Recreation and sports teach youth life skills, from health and wellness to sportsmanship and teamwork. [Street Soccer USA](#) assists minority and underserved populations by providing free youth street soccer clubs and leagues designed to improve quality of life and community engagement. The new Union Pacific Street Soccer USA Park in Sacramento, California, opened in September. Since then, small group activities, individual training, and outdoor exercise space has been made available to the public. SSUSA implemented new programs such as the "Ladies First Initiative," a program that partners with the California Storm professional women's soccer team to coach young girls about the game, as well as teamwork and leadership skills they can use off the field in school and in future careers.



Making a Difference in Our Communities

Union Pacific's business is inextricably linked with communities, and we strive to make positive impacts. Every partnership is important to us, and the work we do has the potential to change a life.

Local Support Spotlight

Local Grants are traditionally awarded in Union Pacific's three philanthropic priority areas: safety, workforce development and community spaces, but this year, most of our support was directed to COVID-19 relief.

Some of the organizations receiving Local Grants include:

Safety

- Providence Health Care Foundation in Spokane, Washington, provides an injury prevention program to educate and inform children, parents, teachers and caregivers on how to prevent injuries and protect children.
- Buffalo County Community Health Partners in Kearney, Nebraska, runs suicide prevention programs and mental health first-aid training in public schools.
- Maggie's Place in Phoenix, Arizona, provides safe housing for homeless pregnant, and women and their children who have experienced human trafficking.

Workforce Development

- Our House Café in Davis, California, is working to expand employment opportunities for individuals with disabilities, focusing on expanding their wholesale and catering operations to adapt to COVID-19.
- Life House in Duluth, Minnesota, runs the "Legitimate Hustle" program, providing at-risk youth with career and technology skills to help obtain family-supporting jobs, and soft skills that strengthen their personal and professional lives.
- Geeking Out Kids of Color in Seattle, Washington, offers an after-school program to engage low-income elementary and middle-school students in building technology skills, such as computer programming, robotics and artificial intelligence, through a lens of race and gender equity.

Community Spaces

- Chicago Public Library in Chicago, Illinois, is leveraging its citywide reach to engage over 40,000 residents in conversation around social issues, such as immigration, refugees, home and family, inspired by Mohsin Hamid's bestselling novel, Exit West.
- Friends of Arches and Canyonlands Parks, in Moab, Utah, promote appreciation and conservation of Moab's rare night sky, raising awareness of the importance of limiting light pollution in one of the few remaining truly dark areas in the nation.
- Carlin Historical Society in Carlin, Nevada, are using display cases and equipment to educate the public about rail history in Carlin.

COVID-19 Relief

- South Texas Food Bank in Laredo, Texas, distributed approximately 200,000 emergency food boxes to local families impacted by COVID-19.
- Food Outreach Inc in St. Louis, Missouri, inverted their agency model and moved to curbside delivery for the protection of their nearly 1,900 clients who are immune-compromised, living with HIV/AIDS or cancer.
- Conway Regional Health Foundation in Conway, Arkansas, worked to quickly create a 26-bed critical care unit with 24 isolation rooms for COVID-19 patients.

Feeding Sacramento's Most Vulnerable



Sacramento Covered served 21,000 meals over ten weeks after Sacramento County Public Health issued its Stay-at-Home Order.

When the pandemic hit, Solomon's Delicatessen, in the heart of downtown Sacramento, was required by the state to shift to takeout and delivery only. Knowing her business relied on foot traffic from nearby and now closed government offices, owner Andrea Lepore had no choice but to furlough employees. However, a unique collaboration with Sacramento Covered – a community-based nonprofit dedicated to achieving health care access for all – and funding from several organizations, including Union Pacific, brought a new opportunity: the Community Kitchen Project.

Grant money covered the cost to bring four part-time Solomon's employees back to work, cooking and helping deliver 500 fresh meals daily to residents who were medically fragile and living in homeless encampments.

"The Community Kitchen Project, coupled with existing health and housing support from Sacramento Covered helps contain the spread of COVID-19 among our most vulnerable populations," said Jennifer Yang, communications coordinator, Sacramento Covered. "It benefits the entire community when we also have the best interest of our residents experiencing or at risk for homelessness."

Youth Program Offers Virtual Mental Health Support



BAM students work together for a group activity to help build trust, form strong bonds and develop leadership skills.

When the pandemic hit and schools closed, hundreds of youth in Chicago, Illinois, were temporarily left without a critical support system: Youth Guidance's Becoming A Man® (BAM) program. The two-year program is a school-based, group counseling and mentoring program for young men of color in 7th- through 12th-grade.

"BAM has had to quickly pivot to address mental health and well-being for each of its students," said Michelle Morrison, executive director, Youth Guidance. "Our program is now more necessary than ever as it addresses the emerging needs of our students and their families during this unprecedented crisis."

BAM used its COVID-19 Relief Grant from Union Pacific to help students gain access to technology, allowing them to connect to their counselors for virtual sessions and to receive valuable resources for their entire families.

"Week two and three it started getting real, everybody in my house was laid-off," said Armani, a BAM student. "It was kind of a struggle for me emotionally, too. I didn't realize how much I took these BAM sessions for granted. I look up to my BAM counselor and being able to have conversations professionally, academically and personally — where I can call him if I have to cry or just talk — definitely made me appreciate BAM."



A New Use For Railroad Assets

Union Pacific understands support comes in many forms, and sometimes it extends beyond a monetary donation. Every year, rail cars and other assets at the end of their life span are removed from service. In some cases, rather than scrapping these materials, we donate them to organizations that benefit from their use. For example, we donated scrap material to a high school welding class in Milford, Nebraska, as well as a rail car, container and chassis to the Los Angeles City Fire Department to use for first responder training.

The COVID-19 outbreak provided a unique opportunity for us to step in and help our communities with pandemic-related supplies. We donated bleach bottles to California's Woodland Memorial Hospital and 6,600 N95 masks to Nebraska Medicine in Omaha, Nebraska.

Supporting The United Way

The Community Ties Giving Program proudly supports local United Way organizations across our operating regions. Union Pacific has a long-standing partnership with United Way, an organization we support as a vital resource and contributor to communities across the country. Employees answered the call to help their communities in 2020, pledging over \$1 million to United Way. Employee pledges stay in their home area and we were able to assist nearly 180 United Way agencies.

Matching Our Employees' Generosity

Union Pacific's GivePLUS program matches employee donations to nonprofit organizations and supports employees who volunteer their personal time by providing matching grants. Monetary donations to nonprofit organizations are matched dollar for dollar, while those made to educational institutions carry a 2:1 match. In total, we matched our employees' generosity and donated nearly \$3.3 million to nonprofit organizations improving our communities. Additionally, Union Pacific matches dollar-for-dollar employee contributions to its Fund for Effective Government by donating to charities of employees' choosing.

What's Ahead



Train Dispatcher Brittany Miller manages train movement across Union Pacific's Northern Region from the Harriman Dispatching Center in Omaha, Nebraska.

We concluded our three-year commitments with our national key partners: Safe Kids Worldwide, LISC and the National Park Foundation. Following a nationwide search, Union Pacific decided to renew our multi-year partnerships with Safe Kids Worldwide and National Park Foundation, beginning in 2021. We will continue collaborating with Safe Kids Worldwide to find new, meaningful ways for parents and children to learn about rail safety and create lifelong habits that keep them safe around the tracks. We look forward to our continued Open Outdoors for Kids partnership with the National Park Foundation, helping reach the goal to provide 1 million children a parks experience over the next four years. The grand opening of the new Pullman National Monument in September will bring new opportunities for us to engage with the Chicago community and highlight the important contributions of Pullman porters in history.

We are proud of our national partnership with LISC, providing impactful tools for thousands of LISC clients, especially in disadvantaged communities. While not at the national level, we continue to work with LISC, identifying local opportunities in our focus cities to continue leveraging the work already underway.

Union Pacific is laser-focused on achieving its goals to build a more diverse workforce by 2030. With this in mind, we will launch a new national partnership with the Manufacturing Institute, the National Association of Manufacturer's workforce development and education partner. The initiative, called Careers on Track, will work to inspire women and youth to pursue modern industry careers through digital STEM curriculum and experiences.

We will continue our focus on diversity, equity and inclusion with a strategic review and benchmark of our corporate giving. We are proud of the work we do supporting underprivileged groups and communities, but we can do more. The review is meant to help us understand where we are and set specific targets for future philanthropic giving efforts.



Facts & Figures

Union Pacific's investor relations are coordinated through the Corporate Treasurer. Requests for meetings and general information should be directed to: (402) 544-4227 or (877) 547-7261 or investor.relations@up.com.

Please refer to the disclaimer regarding Cautionary Information on page XX.

To receive new information as it becomes available, we invite you to regularly visit www.up.com. In the Investors section you can view online or download a variety of informative documents, including SEC filings, annual reports, proxy statements, quarterly earnings, press releases, company presentations and corporate governance information. For automatic updates, please subscribe to the Company's RSS (Really Simple Syndication) feed, which provides links to new headlines and summaries through your news reader.

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Network Map



Key Metrics and Facts

Key Financial and Operating Metrics

	2020	2019	2018	2017	2016
Operating Revenue (millions)	\$19,533	\$21,708	\$22,832	\$21,240	\$19,941
Operating Income (millions)*	\$8,112	\$8,554	\$8,517	\$7,894	\$7,243
Operating Ratio*	58.5%	60.6%	62.7%	62.8%	63.7%
Revenue Carloads (thousands)	7,753	8,346	8,908	8,588	8,442
Revenue Ton-Miles (millions)	384,976	423,433	473,957	466,721	440,139
Gross Ton-Miles (GTMs) (millions)	771,765	846,616	928,587	898,746	856,895
Fuel Consumed in Gallons (millions)	849	953	1,068	1,004	974
Average Fuel Price per Gallon Consumed	\$1.50	\$2.13	\$2.29	\$1.81	\$1.48
Employees (average)	30,960	37,483	41,967	41,992	42,919

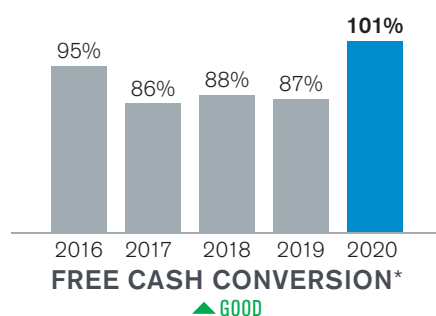
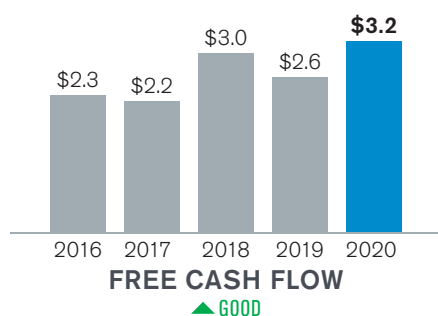
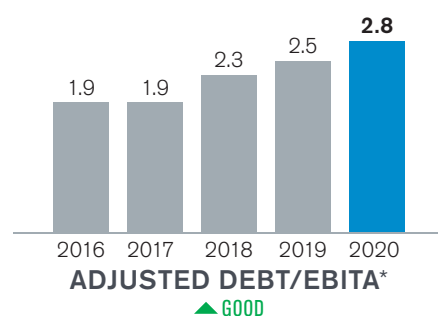
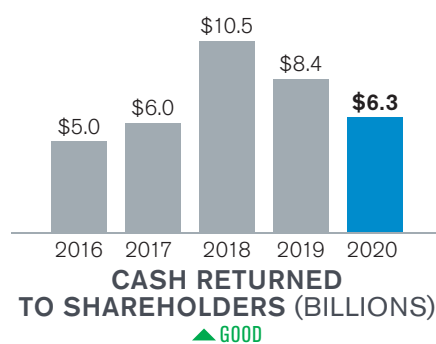
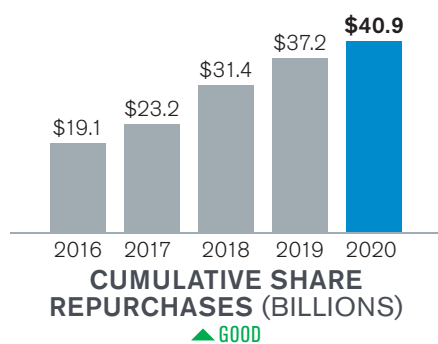
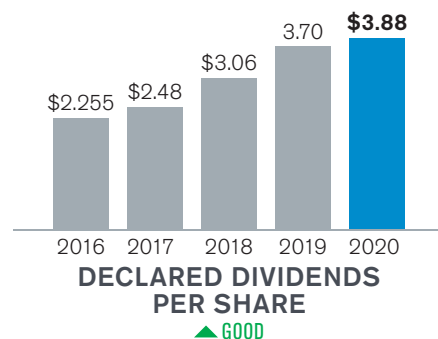
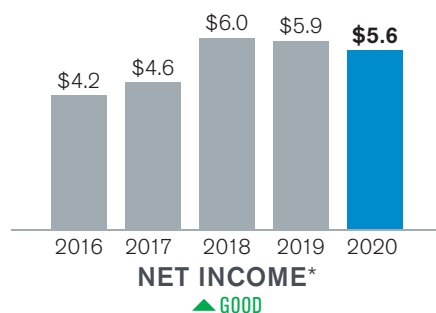
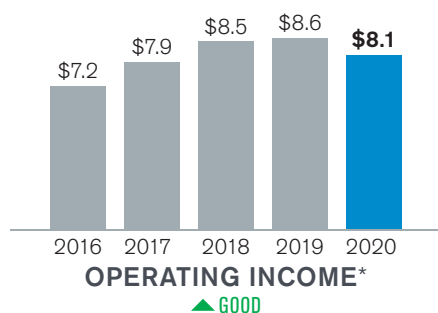
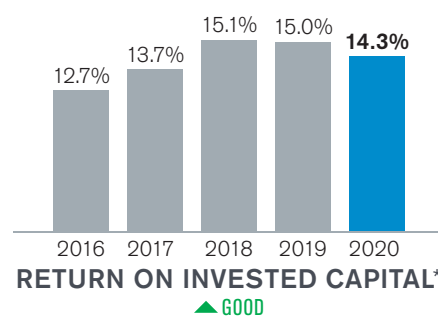
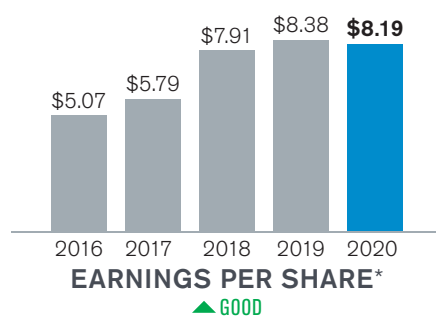
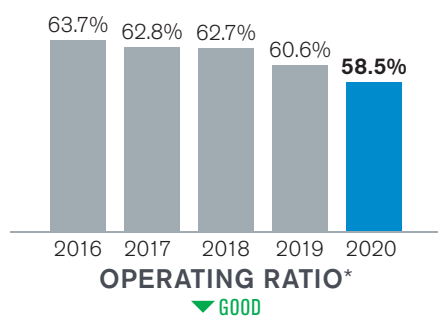
2020 Facts (as of 12/31/2020)

Track Miles				
Route	32,313	Track Miles of Rail Replaced		468
Other Main Line	7,097	Track Miles of Rail Capacity Expansion		83
Passing Lines and Turnouts	3,382	Miles of Track Surfaced		10,414
<u>Switching and Classification Yard Lines</u>	<u>9,001</u>	Total New Ties Installed (thousands)		4,671
Total Miles	51,793			

Rail Equipment	Owned	Leased	Total	Avg. Age (years)
Locomotives				
Multiple Purpose	6,255	1,055	7,310	21.7
Switching	174	—	174	40.5
Other	<u>24</u>	<u>61</u>	<u>85</u>	40.4
Total Locomotives	6,453	1,116	7,569	N/A
Freight Cars				
Covered Hoppers	13,328	8,298	21,626	21.6
Open Hoppers	5,202	1,762	6,964	32.2
Gondolas	5,431	2,001	7,432	29.3
Boxcars	2,306	6,620	8,926	41.1
Refrigerated Cars	2,279	2,464	4,743	26.4
Flat Cars	2,027	945	2,972	35.3
Other	<u>2</u>	<u>268</u>	<u>270</u>	32.4
Total Freight Cars	30,575	22,358	52,933	N/A
Highway Revenue Equipment				
Containers	49,409	3,547	52,956	9.8
Chassis	<u>30,099</u>	<u>14,270</u>	<u>44,369</u>	11.6
Total Highway Revenue Equipment	79,508	17,817	97,325	N/A

*2016 and 2017 adjusted to include the retrospective adoption of ASU 2017-07. 2017 adjusted to exclude the impact of Corporate Tax Reform. 2020 adjusted to exclude Brazos non-cash impairment change. See [page 132](#) for a GAAP reconciliation.

Financial Results



*2016 and 2017 adjusted to include the retrospective adoption of ASU 2017-07. 2017 adjusted to exclude the impact of Corporate Tax Reform. 2020 adjusted to exclude Brazos non-cash impairment change. See [page 132](#) for a GAAP reconciliation.

Track and Terminal Density



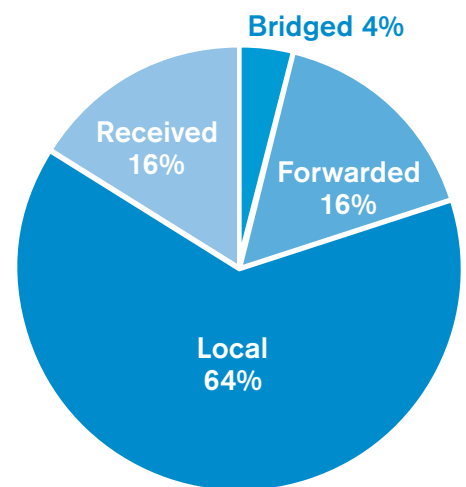
MAJOR CLASSIFICATION YARDS

North Platte, Nebraska
 North Little Rock, Arkansas
 Englewood (Houston), Texas
 Livonia, Louisiana
 West Colton, California
 Houston, Texas
 Proviso (Chicago), Illinois
 Roseville, California

MAJOR INTERMODAL TERMINALS

Joliet (Global 4), Illinois
 East Los Angeles, California
 ICTF (Los Angeles), California
 Global II (Chicago), Illinois
 City of Industry, California
 Lathrop, California
 LATC (Los Angeles), California
 Salt Lake City, Utah

TRAFFIC CLASSIFICATION – 2020 CARLOADS



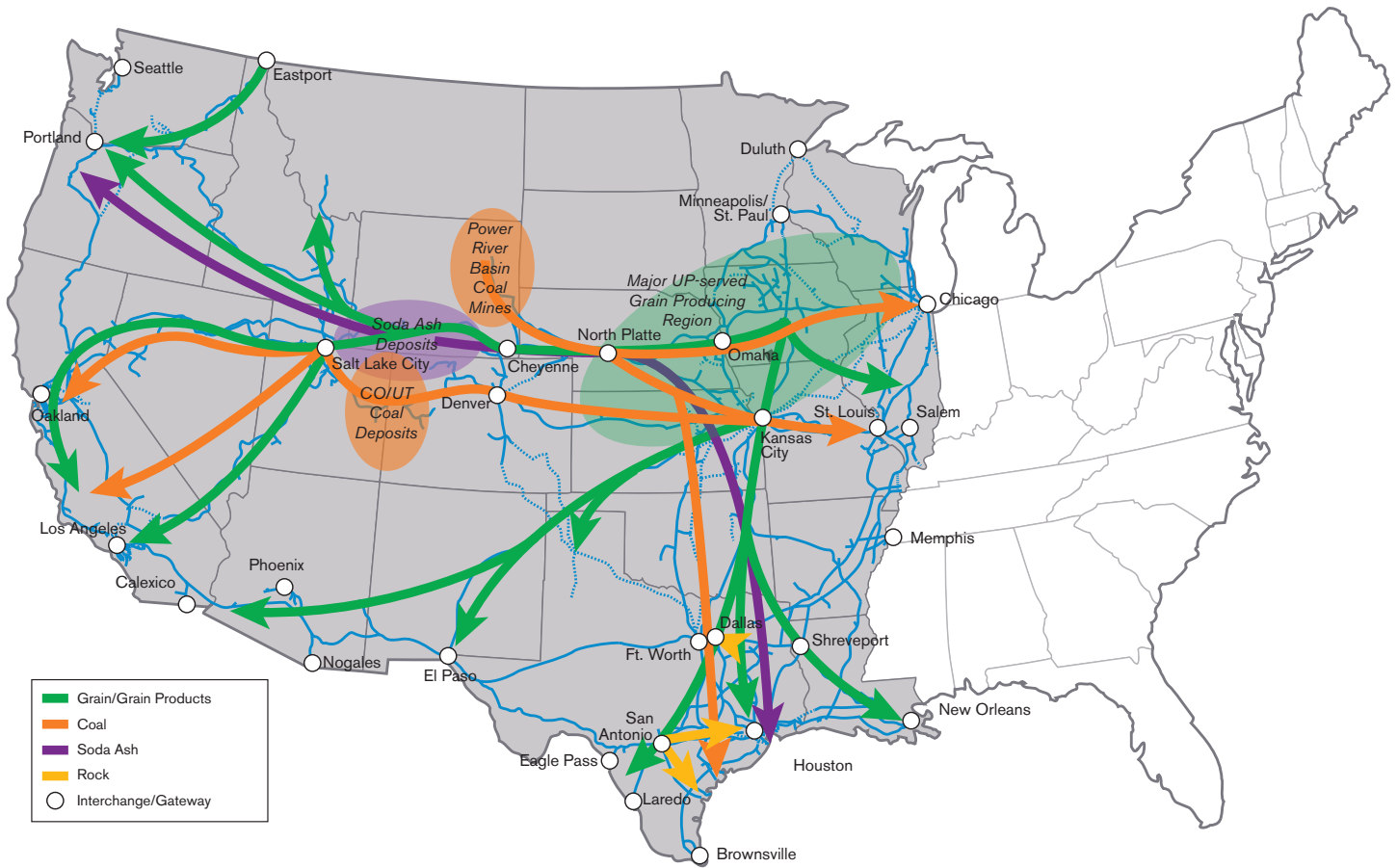
Local: UP Origin + UP Destination

Forwarded: UP Origin + Other Destination

Received: Other Origin + UP Destination

Bridged: Other Origin + UP Intermediate + Other Destination

Unit Train Network



Unit train traffic primarily consists of grain, coal, rock and soda ash shipped in trains transporting a single commodity from one origin to one destination. Grain and grain products move out of the Midwest to domestic markets and for export to Mexico and elsewhere through ports in the Gulf Coast and Pacific Northwest (PNW). Most of UP's coal traffic originates from the Powder River Basin (PRB) of northeastern Wyoming and the Uinta Basin of Colorado and Utah. Producers mine soda ash near Green River, Wyoming, destined for export through Gulf Coast and PNW ports. Rock trains move primarily in and around Texas. In 2020, unit train traffic represented 21 percent of the UP's volume and 19 percent of freight revenue.

Manifest Network

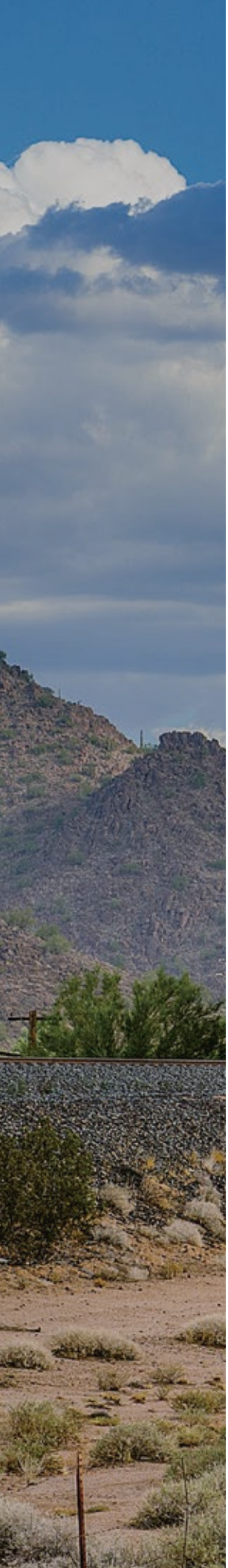


Manifest traffic includes individual carload or less-than-train-load business, involving commodities such as industrial chemicals, plastics, lumber, fertilizer, petroleum products, steel, cement, paper, food and biofuels, all transported across UP's network from thousands of locations. UP's extensive manifest infrastructure includes terminal locations throughout its system and storage-in-transit facilities in the Gulf Coast region, which allow our chemical customers to store their products at our facilities prior to final delivery. This unique aspect of UP's franchise serves customers in virtually every segment of the economy. In 2020, manifest traffic represented 32 percent of the UP's volume and 53 percent of freight revenue.

Premium Network



UP's premium business includes the transportation of finished vehicles, auto parts, intermodal containers and trailers. UP is the largest automotive carrier west of the Mississippi River. UP's extensive franchise serves vehicle assembly plants and connects to West Coast ports and the Port of Houston to accommodate import and export shipments. UP's unique network can directly access all six major U.S. / Mexico rail gateways, providing expedited handling of growing cross-border automotive traffic. Intermodal and automotive import traffic benefits from excellent service in competitive long-haul routes connecting the West Coast ports to Eastern gateways, particularly along the Sunset Corridor from Los Angeles to El Paso. Additionally, time-sensitive domestic intermodal shippers benefit from the ramp-to-ramp and door-to-door service UP provides across its network. In 2020, premium traffic represented 47 percent of the UP's volume and 28 percent of freight revenue.



UP 2577 leads a train of autoracks near Soda Shawmut, Arizona.

Marketing and Sales Review

UP moves the goods American families and businesses use every day, including the food we eat, the cars we drive, the chemicals to clean our water and the steel to build our communities. We have roughly 10,000 customers and work to deliver their products in a safe, reliable, fuel-efficient and environmentally responsible manner.

UP directly serves many of the fastest growing cities in the United States and connects the country's global supply chain at all major West Coast and Gulf Coast ports to Canada, Mexico and the country's eastern gateways. In 2020, over 40 percent of our freight originated or terminated outside of the U.S.



West Memphis, Arkansas.

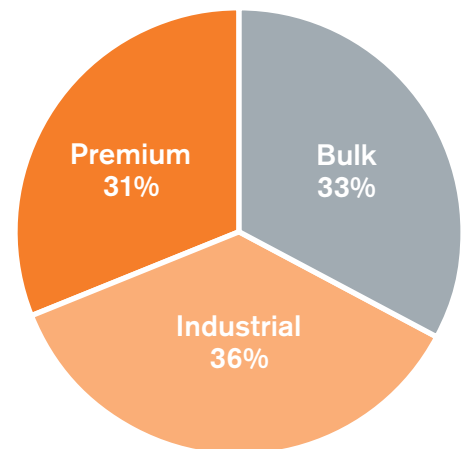
Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2019	\$5,010	106,650	2,087	\$2,401
2Q 2019	5,236	108,744	2,137	2,450
3Q 2019	5,146	108,107	2,129	2,417
4Q 2019	4,851	99,932	1,993	2,435
Full Year 2019	\$20,243	423,433	8,346	\$2,425
1Q 2020	4,880	99,683	1,940	2,516
2Q 2020	3,972	85,914	1,718	2,312
3Q 2020	4,596	97,913	2,044	2,248
4Q 2020	4,803	101,466	2,051	2,341
Full Year 2020	\$18,251	384,976	7,753	\$2,354
Pct Change vs 2019	(10%)	(9%)	(7%)	(3%)

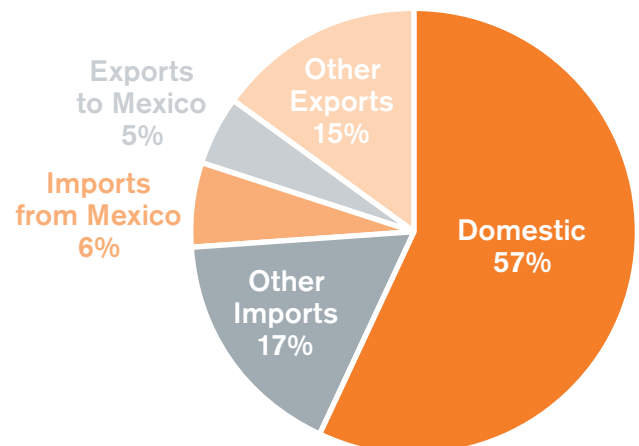
2020 FREIGHT REVENUE (MILLIONS)

	2020	2019	Chg
Bulk	\$5,960	\$6,529	(9%)
Industrial	6,622	7,472	(11%)
Premium	5,669	6,242	(9%)
Total	\$18,251	\$20,243	(10%)

2020 FREIGHT REVENUE



2020 CARLOAD COMPOSITION



Bulk

Bulk includes shipments of grain and grain products, fertilizer, food and refrigerated foods, and coal and renewables.

UP accesses most major grain markets, connecting the Midwest and Western U.S. producing areas to export terminals in the Pacific Northwest and Gulf Coast ports, as well as Mexico. U.S. grain production is a principal volume driver within our Bulk portfolio, with corn supply and demand having the largest impact as average corn yields are roughly three times that of soybeans or wheat. Global crop supply and commodity prices can impact demand for U.S. grain as approximately 50 percent of UP's 2020 grain carloads were exported. Grain production and its impact on domestic commodity prices also has a secondary impact on many commodities within grain products, including ethanol, soybean meal, soybean oil, distiller's dried grains with solubles (DDGs), and biodiesel.

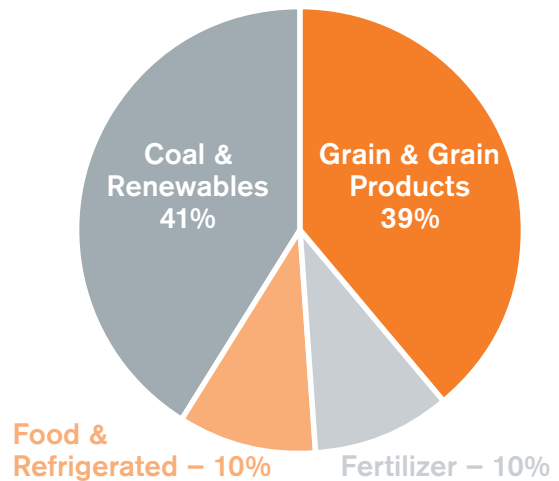
Fertilizer movements, which include shipments of nitrogen, phosphate, and potash, originate in the Gulf Coast region, Midwest, western U.S., and Canada (through interline access) for delivery to major agricultural users in those areas as well as abroad.

UP's unique franchise, coupled with the ownership of approximately 55 percent of the rail-owned refrigerated boxcar fleet in North America, creates a competitive advantage in the shipment of perishables.

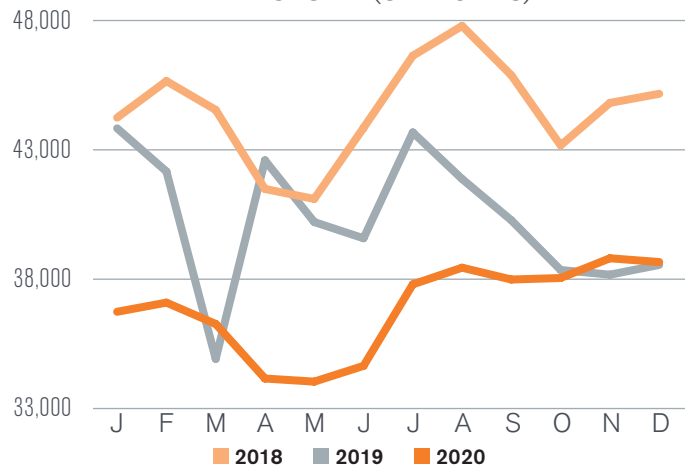
UP's network supports the transportation of coal shipments to independent and regulated power companies and industrial facilities throughout the U.S. Through interchange gateways and ports, UP's reach extends to eastern U.S. utilities as well as to Mexico and other international destinations. UP's largest segment of coal traffic is reliable, low cost, low sulfur, sub-bituminous coal that originates in the Powder River Basin (PRB) area of Wyoming. Coal produced in the Uinta Basin region of Colorado and Utah is mostly sub-surface coal has a relatively high BTU (British Thermal Unit) and low sulfur content. The remaining coal traffic consists of shipments forwarded to UP from other carriers, as well as carloads originating from southern Wyoming's Hanna Basin and the Illinois Basin, along with petroleum coke originating from oil refineries throughout the country. Almost all of the coal UP transports is thermal coal, and about 2 percent of 2020 coal carloads were exported.

Renewable shipments consist primarily of biomass exports and wind turbine components.

2020 CARLOAD COMPOSITION



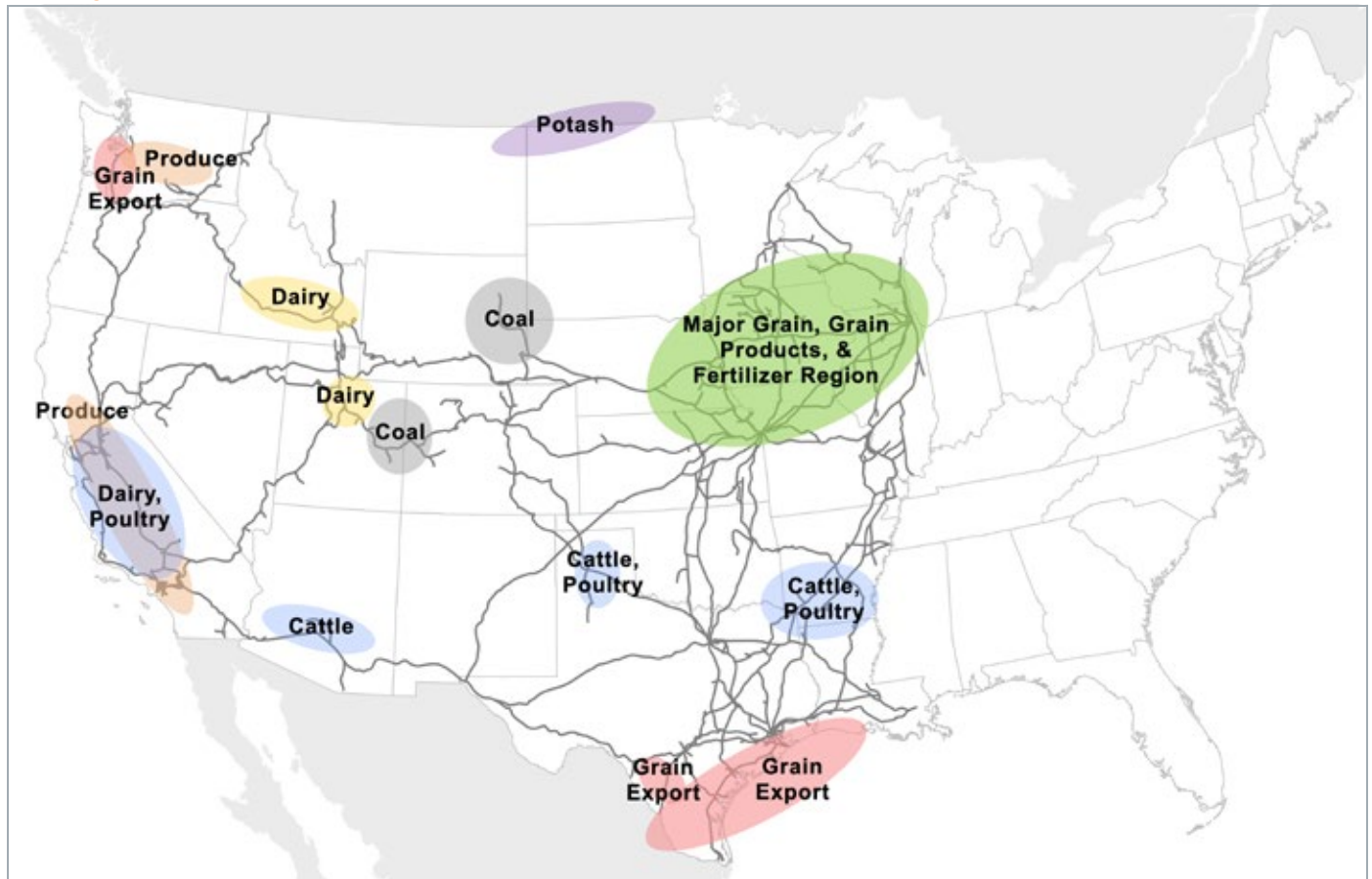
7-DAY VOLUME (CARLOADS)



LANE DENSITY MAP



Key Bulk Markets



Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2019	\$1,620	49,899	515	\$3,146
2Q 2019	1,678	50,049	528	3,179
3Q 2019	1,682	51,477	548	3,068
4Q 2019	1,549	44,875	496	3,121
Full Year 2019	\$6,529	196,300	2,087	\$3,128
1Q 2020	1,534	43,666	477	3,219
2Q 2020	1,386	41,298	447	3,099
3Q 2020	1,478	45,955	498	2,964
4Q 2020	1,562	47,313	498	3,139
Full Year 2020	\$5,960	178,232	1,920	\$3,104
Pct Change vs 2019	(9%)	(9%)	(8%)	(1%)

Industrial

UP's Industrial business includes shipments of industrial chemicals, plastics, metals, minerals, forest products, energy and specialized markets.

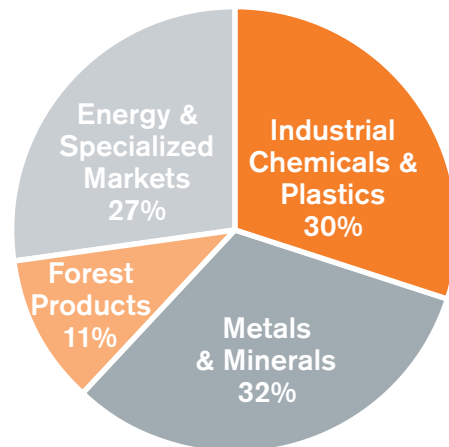
The industrial chemicals market consists of a vast number of chemical compounds that support the manufacturing of more complex chemicals. Plastics shipments support automotive, housing, and the durable and disposable consumer goods markets. UP is an important link in the plastics supply chain through its ownership and operation of rail storage-in-transit (SIT) facilities. Plastics customers utilize these SIT yards for intermediate storage of plastic resins. With UP having more SIT capacity than any other railroad, the Company has a distinct competitive advantage in the shipment of plastic resins.

Metals and minerals shipments including aggregates, steel, and cement products are driven by commercial, residential, and governmental infrastructure investments. Steel, non-ferrous materials, minerals and other raw materials are shipped to industrial and light manufacturing plants. Oil and gas drilling generates demand for raw steel, finished pipe, stone, frac sand and drilling fluid commodities. Global commodity demand drives shipments of ores and concentrates for export and domestic production.

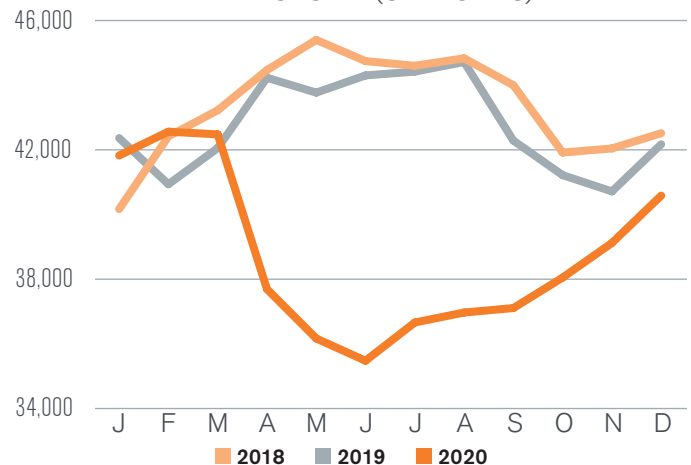
Forest product shipments of lumber originate primarily in the Pacific Northwest or Western Canada and move throughout the U.S. for use in new home construction, and repairs and remodeling. Paper shipments primarily support packaging needs. Consumer spending drives demand for paper and packaging commodities.

Energy and specialized markets include petroleum and liquefied petroleum gas shipments that are primarily impacted by refinery utilization rates, regional crude pricing differentials, pipeline capacity, and the use of asphalt for road programs. Soda ash shipments originate in southwestern Wyoming and California, and are destined for chemical and glass producing markets in North America and abroad. UP directly serves the world's largest natural soda ash reserve and natural soda ash production region at Green River, Wyoming. In addition, the railroad provides safe and efficient transportation for waste management companies and governmental entities.

2020 CARLOAD COMPOSITION



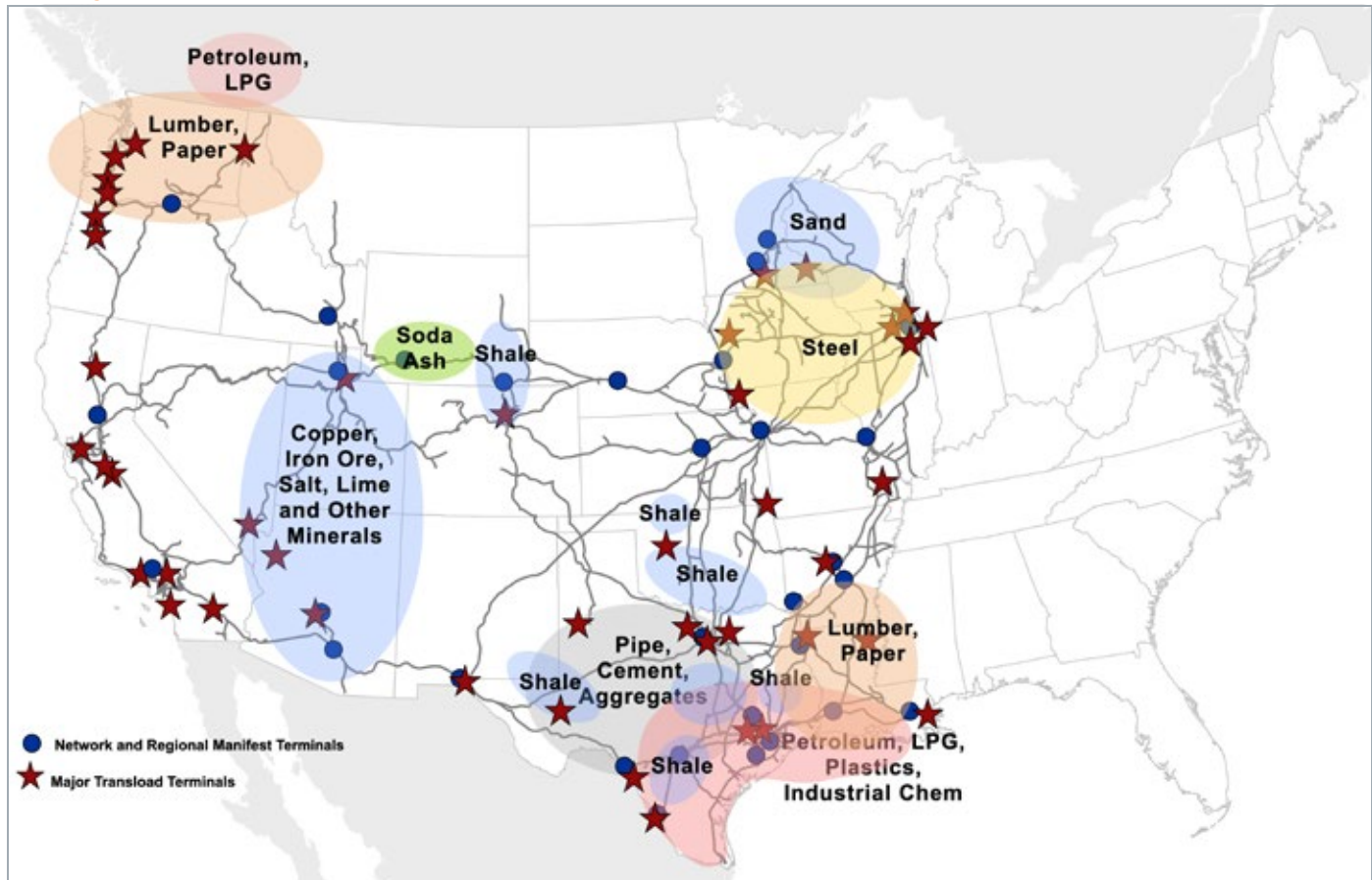
7-DAY VOLUME (CARLOADS)



LANE DENSITY MAP



Key Industrial Markets



Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2019	\$1,839	33,220	531	\$3,465
2Q 2019	1,937	34,705	568	3,408
3Q 2019	1,902	33,657	570	3,336
4Q 2019	1,794	32,405	530	3,386
Full Year 2019	\$7,472	133,987	2,199	\$3,398
1Q 2020	1,894	33,794	546	3,469
2Q 2020	1,500	25,362	468	3,201
3Q 2020	1,567	27,593	480	3,271
4Q 2020	1,661	29,962	498	3,331
Full Year 2020	\$6,622	116,711	1,992	\$3,324
Pct Change vs 2019	(11%)	(13%)	(9%)	(2%)

Premium

UP's Premium franchise includes finished automobiles, automotive parts, and merchandise in intermodal containers, both domestic and international.

UP is the largest automotive carrier west of the Mississippi River, operating or accessing 38 vehicle distribution centers while also serving five vehicle assembly plants. UP's network uniquely connects to West Coast ports, all six major Mexico gateways, and the Port of Houston to accommodate import and export shipments. In addition to transporting finished vehicles, UP provides expedited handling of automotive parts in both boxcars and intermodal containers destined for Mexico, the U.S., and Canada.

UP's intermodal franchise includes two segments: international and domestic. International intermodal business consists of import and export traffic moving in sea-faring ISO 20 or 40-foot shipping containers (20, 40 or 45 feet in length), which typically pass through West Coast ports served by our extensive inland terminal network. UP's international intermodal customers include a variety of ocean carriers (vessel-operating common carriers or VOCCs).

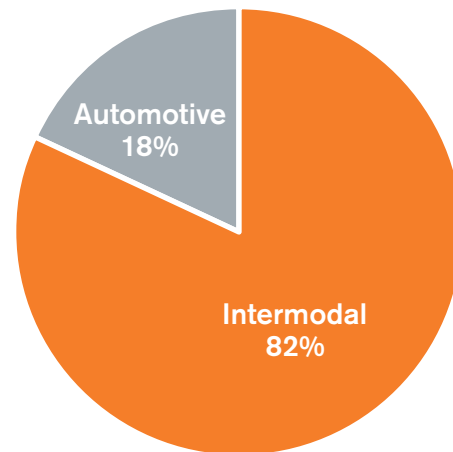
Domestic intermodal business includes containers and trailers transported within North America on behalf of intermodal marketing companies, primarily shipper agents and logistics companies, as well as truckload carriers. Less-than-truckload and parcel carriers with time-sensitive business requirements are also an important part of domestic intermodal. Domestic shipments predominately move in 53-foot containers or trailers within the U.S., Canada and Mexico. U.S. import volume transloaded from ISO containers into domestic containers at a port is classified as domestic intermodal.

Overall, intermodal utilizes just over half of the route miles of the UP network, routing freight between 31 UP-owned or operated intermodal terminals, as well as customer-operated, on-dock rail facilities.

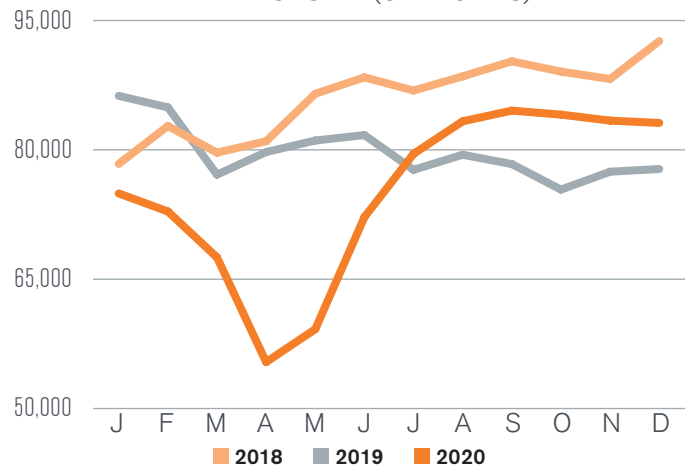
During 2020, approximately 15 percent of UP's premium volume crossed one of the six major Mexico gateways.

UP's extensive network and diverse access to ports, intermodal terminals, automotive distribution centers, border crossings and interchange gateways enable customers to access virtually any market in North America.

2020 CARLOAD COMPOSITION



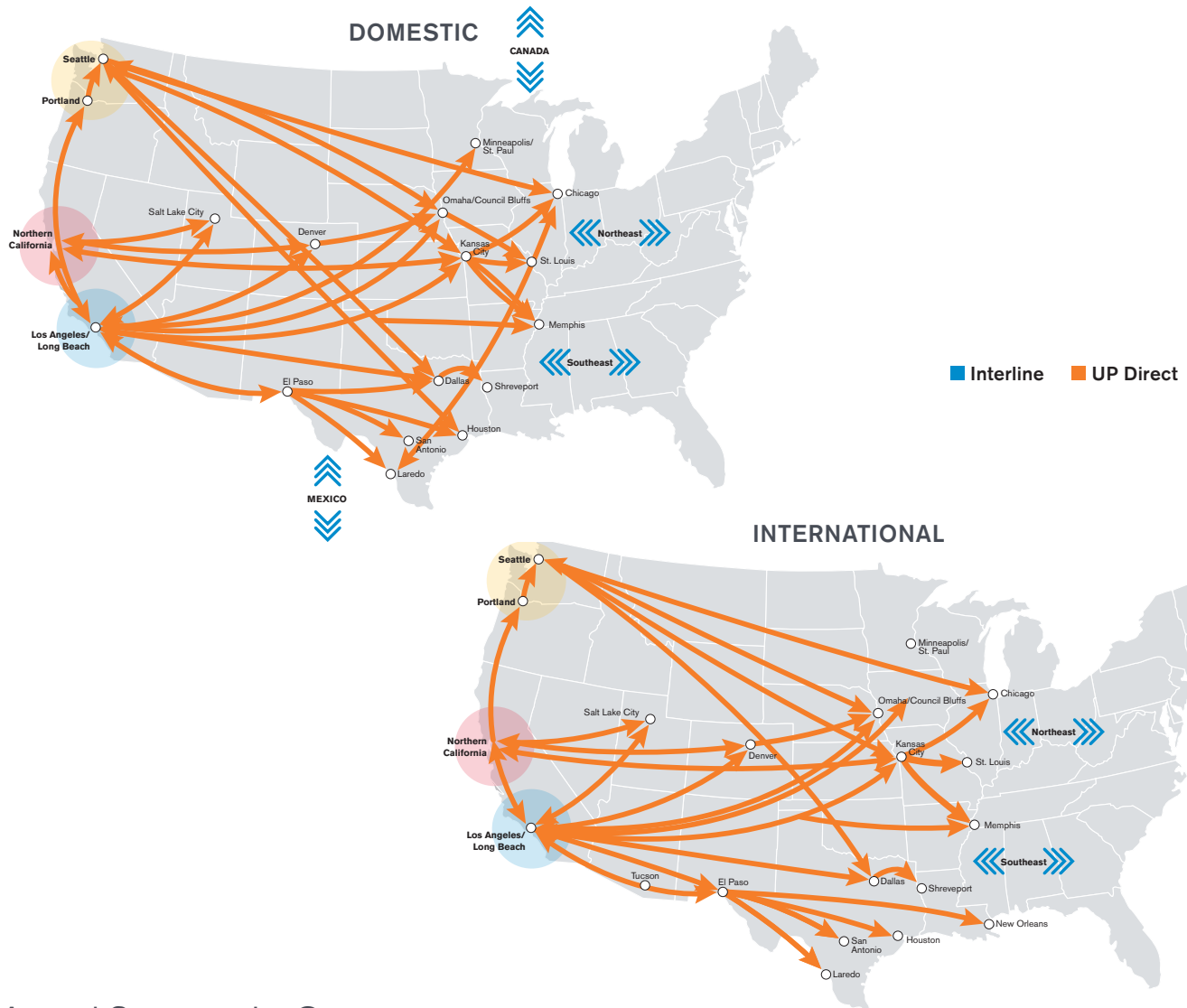
7-DAY VOLUME (CARLOADS)



LANE DENSITY MAP



Key Premium Markets



Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2019	\$1,551	23,531	1,041	\$1,489
2Q 2019	1,621	23,990	1,041	1,557
3Q 2019	1,562	22,973	1,011	1,545
4Q 2019	1,508	22,652	967	1,560
Full Year 2019	\$6,242	93,146	4,060	\$1,538
1Q 2020	1,452	22,223	917	1,583
2Q 2020	1,086	19,254	803	1,354
3Q 2020	1,551	24,365	1,066	1,454
4Q 2020	1,580	24,191	1,055	1,497
Full Year 2020	\$5,669	90,033	3,841	\$1,476
Pct Change vs 2019	(9%)	(3%)	(5%)	(4%)

Mexico

UP's unique franchise has the industry's best access to Mexico as the Company is the only railroad that serves all six major rail gateways between the U.S. and Mexico. Cross-border traffic with Mexico comprised approximately 11 percent of UP's total 2020 volume.

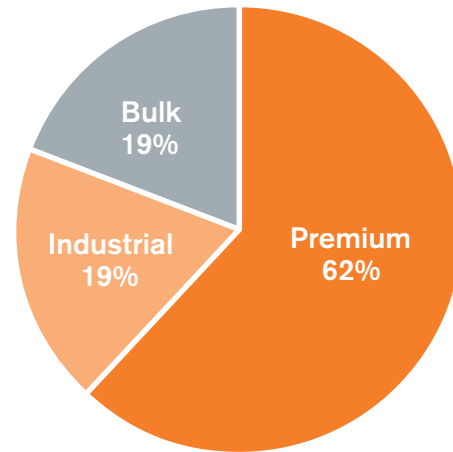
While UP does not physically operate within Mexico, UP is able to interchange traffic at the border, working primarily in cooperation with the two largest Mexican railroads, Kansas City Southern de Mexico (KCSM) and Ferrocarril Mexicano (Ferromex or FXE). This enables UP to capture opportunities created by the regional integration of U.S. and Mexico's supply chains, the bilateral trade relationship between both countries, and by Mexico's enhanced competitive position in today's global economic landscape.

In 2020, 53 percent of UP shipments to and from Mexico were interchanged with FXE, with the remaining 47 percent interchanged with KCSM. UP also retains a 26 percent minority ownership interest in FXE.

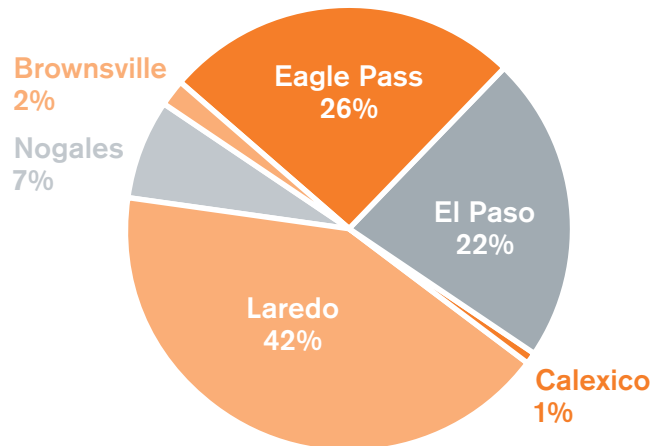
Northbound shipments, which account for just over one-half of UP's overall cross-border traffic with Mexico, have grown during the past ten years alongside increased Mexican manufacturing. Automotive, beer and beverages, and intermodal shipments represent about 90 percent of northbound moves. Southbound shipments primarily consist of auto parts, intermodal shipments, agricultural products and petroleum products.

Across UP's three business groups, freight revenue associated with cross-border shipments was \$2.1 billion in 2020, down 10% when compared with 2019. Premium carloads represented the largest share of UP's Mexico revenue and volume during the year.

2020 CARLOAD COMPOSITION



PERCENT OF 2020 UP CARLOADS AT BORDER CROSSINGS



LANE DENSITY MAP



Mexico Intermodal

Three Ways In and Out of Mexico

Union Pacific offers seamless service to and from Mexico, moving more products across the border than all competitors combined.

Mexico Direct

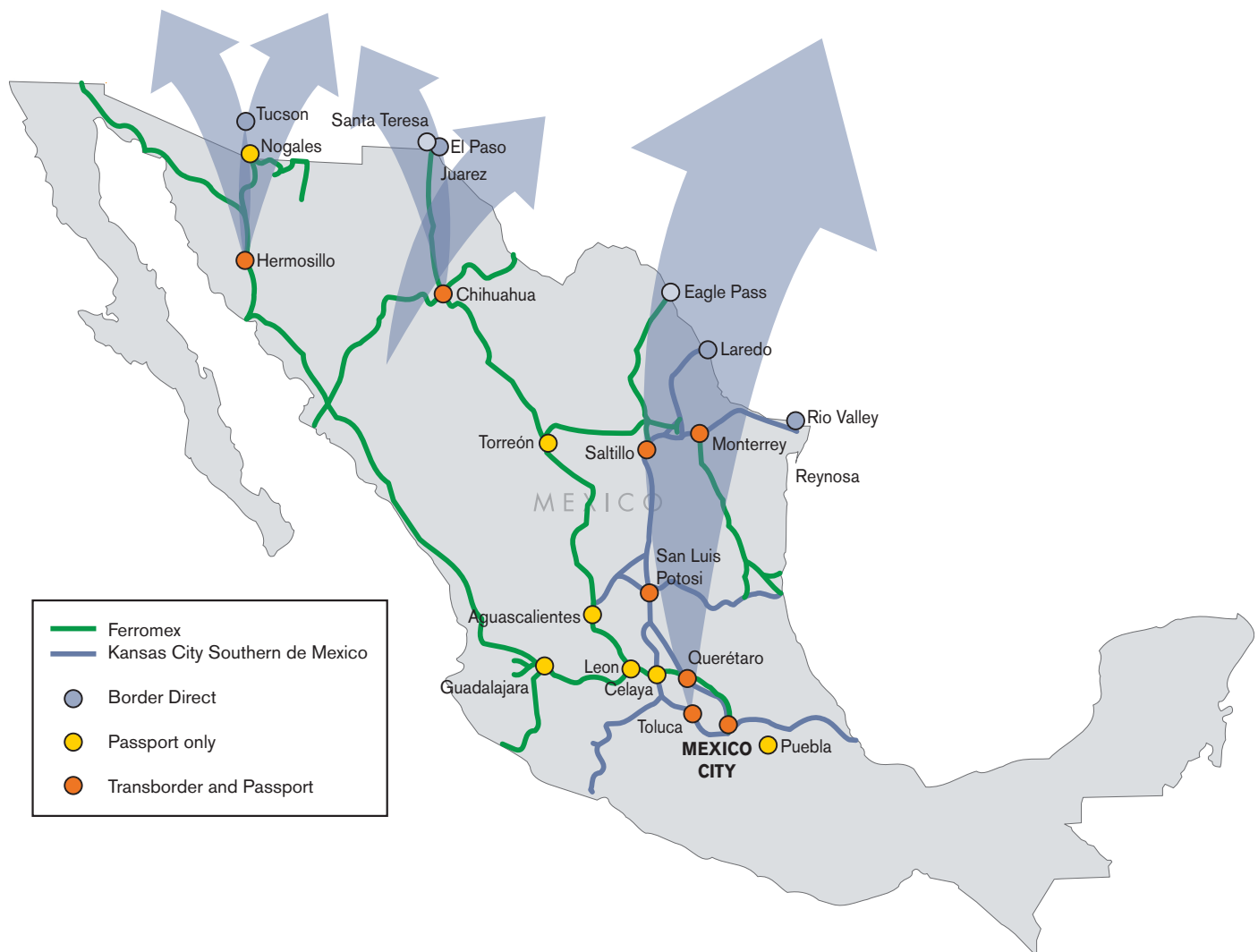
An all-rail, seamless option, offering intermodal service between the U.S. and Canada, and major Mexican markets. With Mexico Direct, shipments do not stop at the border for customs clearance. Instead, they travel in-bond, clearing customs at interior Mexican origins and destinations. Mexico Direct offers a through-rate structure that provides customers the convenience of a single price and a single bill for their ramp to-ramp shipments to and from Mexico.

Border Direct

Service to and from the U.S. / Mexico border. Union Pacific's intermodal network provides expanded access to markets across North America, utilizing four Union Pacific border gateways: El Paso, Laredo and Rio Valley, Texas, and Tucson, Arizona. Intermodal Marketing Companies (IMCs) monitor the customs clearance process at the border, eliminating the need for customers to do so and making the customs process simple and efficient.

Loup Passport

A door-to-door intermodal freight transportation solution for customers throughout Mexico, backed by one of the industry's largest intermodal container fleets and Loup's (a Union Pacific subsidiary company) extensive drayage network. Shipments clear customs at the border and are serviced to and from Union Pacific's border terminals, including Laredo and El Paso, Texas; and Nogales, Arizona, with drayage in and out of Mexico.



Operations Review



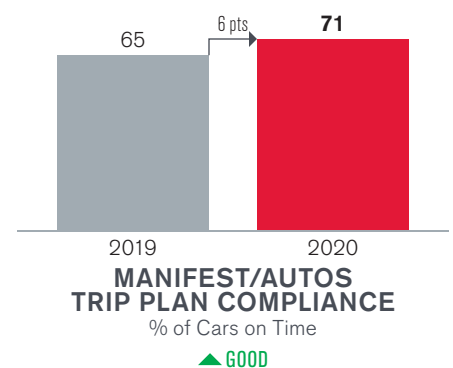
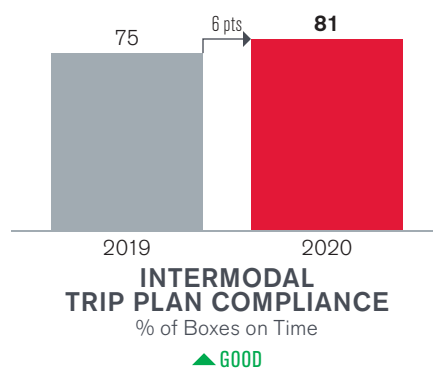
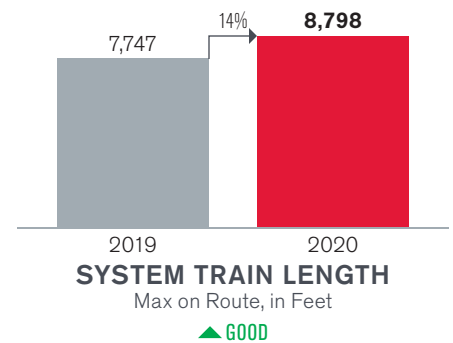
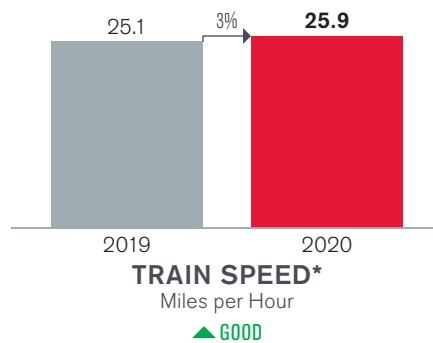
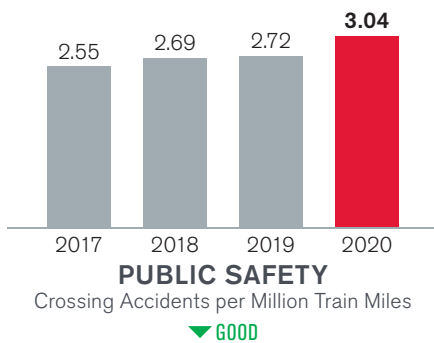
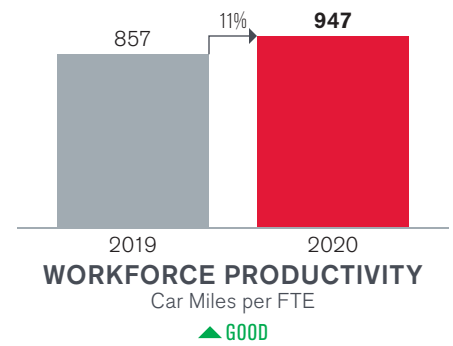
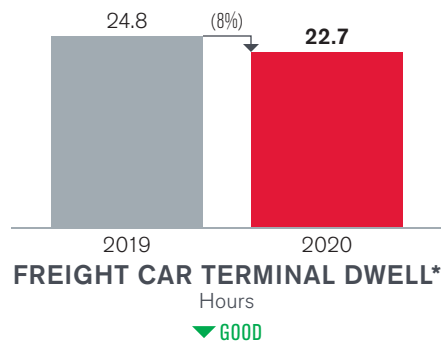
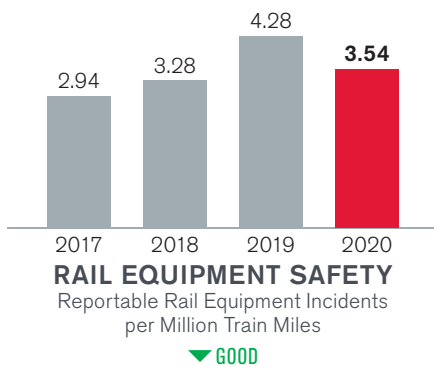
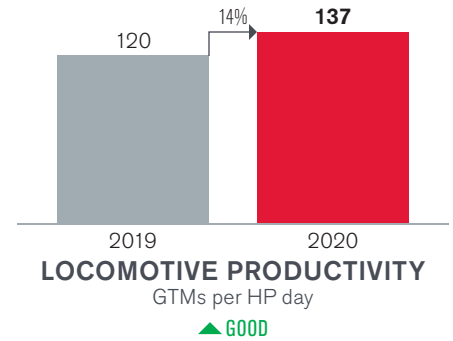
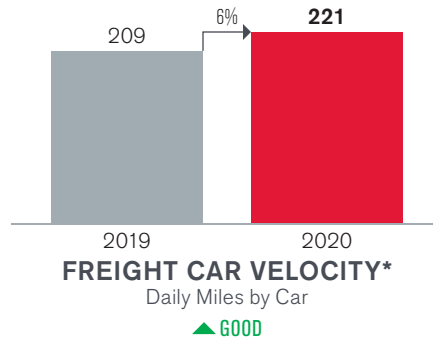
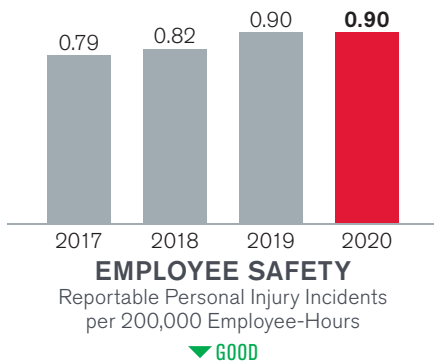
UP 6481 leads a string of autoracks near Midland, Kansas.

In 2020, UP continued to implement precision scheduled railroading and transform our operations despite the changes in the operating environment due to COVID-19. UP continued to rationalize terminals, streamline intermodal operations, increase train length and better align the management structure. UP adjusted its transportation plan and resources as we saw tremendous volume swings as the U.S. economy first shut down and then reopened.

Our 2020 safety results demonstrate substantial improvement on rail incidents with our reportable equipment incident rate of 3.54, compared to 4.28 in 2019. We held the line on personal injuries in a very challenging environment as our reportable personal injury rate was 0.90, flat compared to 2019. Our crossing incident rate was 3.04, compared to 2.72 in 2019. We want our employees to return home safely every day and to eliminate equipment incidents; our performance in 2020 has us moving in the right direction toward that goal.

UP increased the reliability of our service product, reduced variability in network operations, and improved resource utilization. This was evident as our key performance indicators have improved substantially year over year. Transportation plan changes to reduce car touches and improved terminal processes drove an 8% improvement in freight car terminal dwell. Improved dwell coupled with 3% faster average train speed led to a 6% improvement in freight car velocity. Trip plan compliance for both Intermodal and Manifest/Autos improved 6 points. We also saw 14% improvement in locomotive productivity and 11% improvement in work force productivity. Train length across our system increased 14% to 8,798 feet. These improvements demonstrate how we balanced asset utilization with meeting customer commitments.

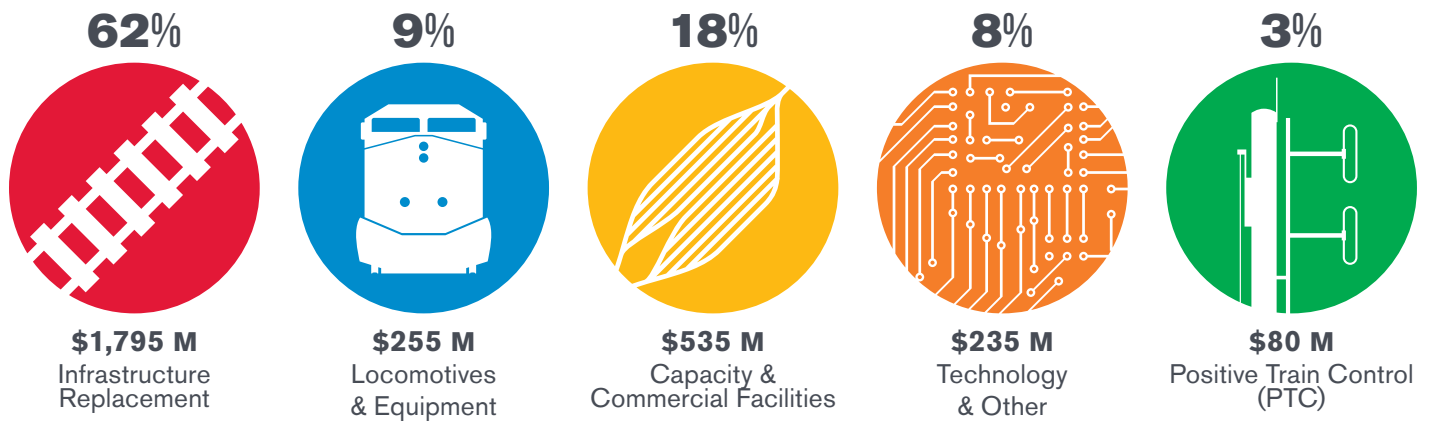
Operations Review



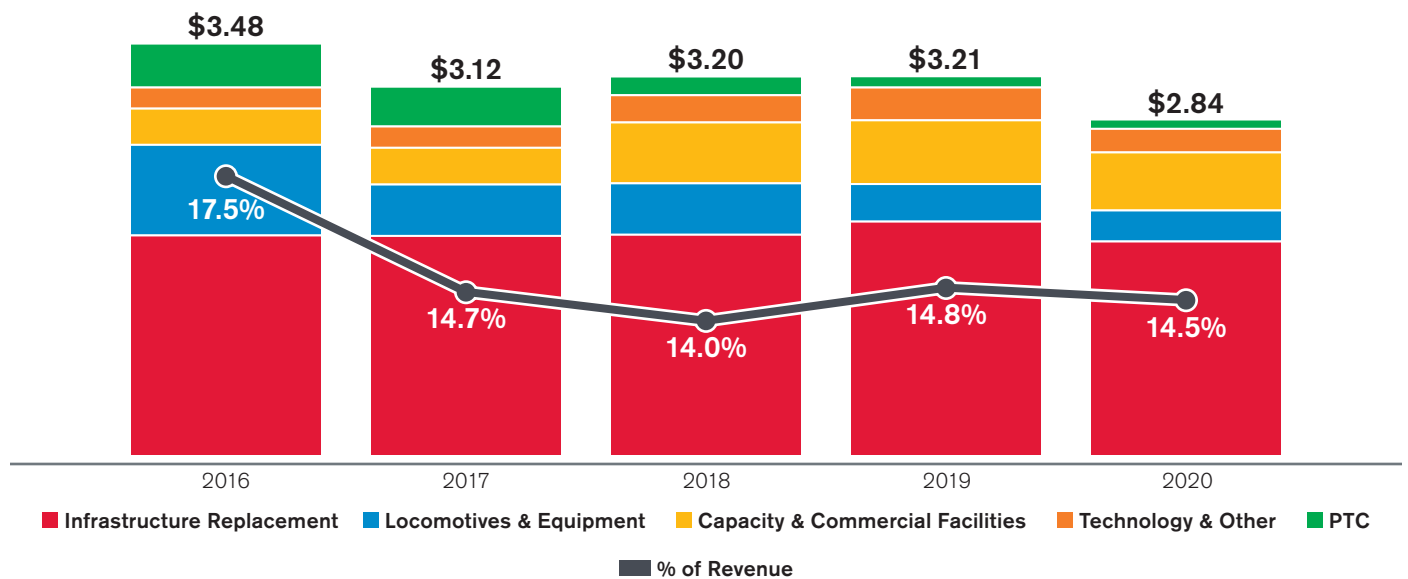
*Prior years have been recast to conform to the current year presentation.

Capital Investments

~\$2.9 BILLION 2021 CAPITAL PLAN



CAPITAL PROGRAM (BILLIONS)



SELECTED FINANCIAL DATA (unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, Except per Share Amounts, Carloads, Employee Statistics, and Ratios</i>	2020[a]	2019	2018	2017[b]	2016
For the Year Ended December 31					
Operating revenues [c]	\$ 19,533	\$ 21,708	\$ 22,832	\$ 21,240	\$ 19,941
Operating income	7,834	8,554	8,517	8,106	7,243
Net income	5,349	5,919	5,966	10,712	4,233
Earnings per share - basic	7.90	8.41	7.95	13.42	5.09
Earnings per share - diluted	7.88	8.38	7.91	13.36	5.07
Dividends declared per share	3.88	3.70	3.06	2.48	2.255
Cash provided by operating activities	8,540	8,609	8,686	7,230	7,525
Cash used in investing activities	(2,676)	(3,435)	(3,411)	(3,086)	(3,393)
Cash used in financing activities	(4,902)	(5,646)	(5,222)	(4,146)	(4,246)
Cash used for share repurchase programs	(3,705)	(5,804)	(8,225)	(4,013)	(3,105)
At December 31					
Total assets	\$ 62,398	\$ 61,673	\$ 59,147	\$ 57,806	\$ 55,718
Long-term obligations [d]	41,267	39,194	34,098	29,011	32,146
Debt due after one year	25,660	23,943	20,925	16,144	14,249
Common shareholders' equity	16,958	18,128	20,423	24,856	19,932
Additional Data					
Freight revenues [c]	\$ 18,251	\$ 20,243	\$ 21,384	\$ 19,837	\$ 18,601
Revenue carloads (units) (000)	7,753	8,346	8,908	8,588	8,442
Operating ratio (%) [e]	59.9	60.6	62.7	61.8	63.7
Average employees (000)	31.0	37.5	42.0	42.0	42.9
Financial Ratios (%)					
Return on average common shareholders' equity [f]	30.5	30.7	26.4	47.8	20.8

[a] 2020 includes a \$278 million non-cash impairment charge related to Brazos yard.

[b] 2017 includes a \$5.9 billion non-cash reduction to income tax expense and \$212 million non-cash reduction to operating expenses related to the Tax Cuts and Jobs Act enacted on December 22, 2017.

[c] Includes fuel surcharge revenue of \$967 million, \$1.6 billion, \$1.7 billion, \$966 million, and \$560 million for 2020, 2019, 2018, 2017, and 2016, respectively, which partially offsets increased operating expenses for fuel. See 2020 SEC Form 10-K for more information.

[d] Long-term obligations is determined as follows: total liabilities less current liabilities.

[e] Operating ratio is defined as operating expenses divided by operating revenues.

[f] Return on average common shareholders' equity is determined as follows: Net income divided by average common shareholders' equity.

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts and Percentages	2020				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating Revenues					
Freight revenues	\$ 4,880	\$ 3,972	\$ 4,596	\$ 4,803	\$ 18,251
Other revenues	349	272	323	338	1,282
Total operating revenues	5,229	4,244	4,919	5,141	19,533
Operating Expenses					
Compensation and benefits	1,059	905	1,008	1,021	3,993
Depreciation	547	551	555	557	2,210
Purchased services and materials	521	441	508	492	1,962
Fuel	434	247	301	332	1,314
Equipment and other rents	227	211	217	220	875
Other	298	235	299	513	1,345
Total operating expenses	3,086	2,590	2,888	3,135	11,699
Operating Income	2,143	1,654	2,031	2,006	7,834
Other income	53	131	37	66	287
Interest expense	(278)	(289)	(295)	(279)	(1,141)
Income before income taxes	1,918	1,496	1,773	1,793	6,980
Income taxes	(444)	(364)	(410)	(413)	(1,631)
Net Income	\$ 1,474	\$ 1,132	\$ 1,363	\$ 1,380	\$ 5,349
Share and Per Share					
Earnings per share - basic	\$ 2.15	\$ 1.67	\$ 2.02	\$ 2.05	\$ 7.90
Earnings per share - diluted	\$ 2.15	\$ 1.67	\$ 2.01	\$ 2.05	\$ 7.88
Weighted average number of shares - basic	684.3	677.7	675.0	672.2	677.3
Weighted average number of shares - diluted	686.2	679.2	676.8	674.1	679.1
Dividends declared per share	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 3.88
Operating Ratio	59.0%	61.0%	58.7%	61.0%	59.9%
Effective Tax Rate	23.1%	24.3%	23.1%	23.0%	23.4%

Refer to the Union Pacific Corporation 2020 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts and Percentages	2019				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating Revenues					
Freight revenues	\$ 5,010	\$ 5,236	\$ 5,146	\$ 4,851	\$ 20,243
Other revenues	374	360	370	361	1,465
Total operating revenues	5,384	5,596	5,516	5,212	21,708
Operating Expenses					
Compensation and benefits	1,205	1,145	1,134	1,049	4,533
Purchased services and materials	576	573	574	531	2,254
Depreciation	549	551	557	559	2,216
Fuel	531	560	504	512	2,107
Equipment and other rents	258	260	236	230	984
Other	305	247	277	231	1,060
Total operating expenses	3,424	3,336	3,282	3,112	13,154
Operating Income	1,960	2,260	2,234	2,100	8,554
Other income	77	57	53	56	243
Interest expense	(247)	(259)	(266)	(278)	(1,050)
Income before income taxes	1,790	2,058	2,021	1,878	7,747
Income taxes	(399)	(488)	(466)	(475)	(1,828)
Net Income	\$ 1,391	\$ 1,570	\$ 1,555	\$ 1,403	\$ 5,919
Share and Per Share					
Earnings per share - basic	\$ 1.94	\$ 2.23	\$ 2.22	\$ 2.03	\$ 8.41
Earnings per share - diluted	\$ 1.93	\$ 2.22	\$ 2.22	\$ 2.02	\$ 8.38
Weighted average number of shares - basic	716.8	705.5	699.3	692.2	703.5
Weighted average number of shares - diluted	719.5	708.0	701.9	694.9	706.1
Dividends declared per share	\$ 0.88	\$ 0.88	\$ 0.97	\$ 0.97	\$ 3.70
Operating Ratio	63.6%	59.6%	59.5%	59.7%	60.6%
Effective Tax Rate	22.3%	23.7%	23.1%	25.3%	23.6%

Refer to the Union Pacific Corporation 2020 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(unaudited)*
Union Pacific Corporation and Subsidiary Companies

<i>Millions, Except Share and Per Share Amounts as of December 31,</i>		<i>2020</i>	<i>2019</i>
Assets			
Current assets:			
Cash and cash equivalents	\$	1,799	\$ 831
Short-term investments		60	60
Accounts receivable, net		1,505	1,595
Materials and supplies		638	751
Other current assets		212	222
Total current assets		4,214	3,459
Investments		2,164	2,050
Properties:			
Land		5,246	5,276
Road		55,627	53,954
Equipment		12,600	12,631
Technology and other		1,947	2,385
Accumulated depreciation		(21,259)	(20,330)
Net properties		54,161	53,916
Operating lease assets		1,610	1,812
Other assets		249	436
Total assets	\$	62,398	\$ 61,673
Liabilities and Common Shareholders' Equity			
Current liabilities:			
Debt due within one year	\$	1,069	\$ 1,257
Income and other taxes payable		635	496
Accounts payable		612	749
Accrued wages and vacation		340	370
Interest payable		326	289
Current operating lease liabilities		321	362
Accrued casualty costs		177	190
Equipment rents payable		101	100
Other		592	538
Total current liabilities		4,173	4,351
Debt due after one year		25,660	23,943
Operating lease liabilities		1,283	1,471
Deferred income taxes		12,247	11,992
Other long-term liabilities		2,077	1,788
Total liabilities		45,440	43,545
Common shareholders' equity:			
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,112,227,784 and 1,112,014,480 issued; 671,351,360 and 692,100,651 outstanding, respectively			
		2,781	2,780
Paid-in-surplus		4,864	4,523
Retained earnings		51,326	48,605
Treasury stock		(40,420)	(36,424)
Accumulated other comprehensive loss		(1,593)	(1,356)
Total common shareholders' equity		16,958	18,128
Total liabilities and common shareholders' equity	\$	62,398	\$ 61,673

Refer to the Union Pacific Corporation 2020 SEC Form 10-K for additional information.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
Union Pacific Corporation and Subsidiary Companies

Millions, for the Years Ended December 31,	2020	2019	2018	2017	2016
Operating Activities					
Net income	\$ 5,349	\$ 5,919	\$ 5,966	\$ 10,712	\$ 4,233
Adjustments to reconcile net income to cash provided by operating					
Depreciation	2,210	2,216	2,191	2,105	2,038
Deferred and other income taxes	340	566	338	(5,067)	831
Net gain on non-operating asset dispositions	(115)	(20)	(30)	(111)	(94)
Other operating activities, net	490	98	347	(282)	(228)
Changes in current assets and liabilities:					
Accounts receivable, net	90	160	(262)	(235)	98
Materials and supplies	113	(9)	7	(32)	19
Other current assets	(34)	87	(24)	9	22
Accounts payable and other current liabilities	(73)	(179)	(125)	182	232
Income and other taxes	170	(229)	278	(51)	374
Cash provided by operating activities	8,540	8,609	8,686	7,230	7,525
Investing Activities					
Capital Investments	(2,927)	(3,453)	(3,437)	(3,238)	(3,505)
Proceeds from asset sales	149	74	63	168	129
Maturities of short-term investments	141	130	90	90	520
Purchases of short-term investments	(136)	(115)	(90)	(120)	(580)
Other investing activities, net	97	(71)	(37)	14	43
Cash used in investing activities	(2,676)	(3,435)	(3,411)	(3,086)	(3,393)
Financing Activities					
Debt issued	4,004	3,986	6,892	2,735	1,983
Share repurchase programs	(3,705)	(5,804)	(8,225)	(4,013)	(3,105)
Dividends paid	(2,626)	(2,598)	(2,299)	(1,982)	(1,879)
Debt repaid	(2,053)	(817)	(1,736)	(840)	(1,013)
Debt exchange	(328)	(387)	-	-	(191)
Net issuance of commercial paper	(127)	(6)	194	-	-
Other financing activities, net	(67)	(20)	(48)	(46)	(41)
Cash used in financing activities	(4,902)	(5,646)	(5,222)	(4,146)	(4,246)
Net change in cash, cash equivalents, and restricted cash	962	(472)	53	(2)	(114)
Cash, cash equivalents, and restricted cash at beginning of year	856	1,328	1,275	1,277	1,391
Cash, cash equivalents, and restricted cash at end of year	\$ 1,818	\$ 856	\$ 1,328	\$ 1,275	\$ 1,277
Supplemental Cash Flow Information					
Non-cash investing and financing activities:					
Term loan renewals	\$ 250	\$ 250	\$ 250	\$ -	\$ -
Capital investments accrued but not yet paid	166	224	205	366	223
Locomotives sold for material credits	-	18	-	-	-
Finance lease financings	-	-	12	19	-
Cash paid during the year for:					
Income taxes, net of refunds	\$ (1,214)	\$ (1,382)	\$ (1,205)	\$ (2,112)	\$ (1,347)
Interest, net of amounts capitalized	(1,050)	(1,033)	(728)	(666)	(652)

Refer to the Union Pacific Corporation 2020 SEC Form 10-K for additional information.

FINANCIAL AND OPERATING STATISTICS (unaudited)
Union Pacific Corporation and Subsidiary Companies

Financial and Revenue Statistics	2020				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating revenues (millions)	\$ 5,229	\$ 4,244	\$ 4,919	\$ 5,141	\$ 19,533
Operating expenses (millions)	\$ 3,086	\$ 2,590	\$ 2,888	\$ 3,135	\$ 11,699
Operating ratio (%)	59.0	61.0	58.7	61.0	59.9
Compensation and benefits (millions)	\$ 1,059	\$ 905	\$ 1,008	\$ 1,021	\$ 3,993
Compensation and benefits/Operating revenue (%)	20.3	21.3	20.5	19.9	20.4
Freight revenue/Average employees (000)	144.1	132.1	152.4	161.4	589.5
Fuel expense (millions)	\$ 434	\$ 247	\$ 301	\$ 332	\$ 1,314
Average fuel price per gallon consumed [a]	\$ 1.87	\$ 1.26	\$ 1.36	\$ 1.45	\$ 1.50
Freight revenues (millions)	\$ 4,880	\$ 3,972	\$ 4,596	\$ 4,803	\$ 18,251
Average revenue per car	\$ 2,516	\$ 2,312	\$ 2,248	\$ 2,341	\$ 2,354
Freight revenue/Revenue ton-mile (cents)	\$ 4.89	\$ 4.62	\$ 4.69	\$ 4.73	\$ 4.74
Effective tax rate (%)	23.1	24.3	23.1	23.0	23.4
Operating Statistics					
Revenue carloads (thousands)	1,940	1,718	2,044	2,051	7,753
Revenue ton-miles (billions)	99.7	85.9	97.9	101.5	385.0
Gross ton-miles (billions)	201.3	170.6	197.0	202.9	771.8
Freight car velocity (daily miles per car) [b]	211	227	223	223	221
Average train speed (miles per hour) [c]	25.4	26.9	25.3	26.1	25.9
Average terminal dwell time (hours) [c]	23.8	21.6	22.8	22.4	22.7
Locomotive productivity (GTMs per horsepower day)	131	136	138	142	137
Train length (feet)	8,396	8,664	8,984	9,154	8,798
Intermodal car trip plan compliance (%)	85	82	77	83	81
Manifest/Automotive car trip plan compliance (%)	64	76	72	74	71
Fuel consumed (millions of gallons)	225	189	213	222	849
Workforce productivity (car miles per employee)	894	868	998	1,032	947
Total employees (average)	33,872	30,059	30,155	29,753	30,960
GTMs per employee (millions)	5.94	5.68	6.53	6.82	24.93

[a] Including taxes and transportation costs.

[b] Prior periods have been recast to conform to the current year presentation which reflects minor refinements.

[c] As reported to the Surface Transportation Board.



FINANCIAL AND OPERATING STATISTICS (unaudited)
Union Pacific Corporation and Subsidiary Companies

Financial and Revenue Statistics	2019				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating revenues (millions)	\$ 5,384	\$ 5,596	\$ 5,516	\$ 5,212	\$ 21,708
Operating expenses (millions)	\$ 3,424	\$ 3,336	\$ 3,282	\$ 3,112	\$ 13,154
Operating ratio (%)	63.6	59.6	59.5	59.7	60.6
Compensation and benefits (millions)	\$ 1,205	\$ 1,145	\$ 1,134	\$ 1,049	\$ 4,533
Compensation and benefits/Operating revenue (%)	22.4	20.5	20.6	20.1	20.9
Freight revenue/Average employees (000)	125.1	135.4	140.4	140.4	540.1
Fuel expense (millions)	\$ 531	\$ 560	\$ 504	\$ 512	\$ 2,107
Average fuel price per gallon consumed [a]	\$ 2.07	\$ 2.21	\$ 2.09	\$ 2.16	\$ 2.13
Freight revenues (millions)	\$ 5,010	\$ 5,236	\$ 5,146	\$ 4,851	\$ 20,243
Average revenue per car	\$ 2,401	\$ 2,450	\$ 2,417	\$ 2,435	\$ 2,425
Freight revenue/Revenue ton-mile (cents)	\$ 4.70	\$ 4.82	\$ 4.76	\$ 4.86	\$ 4.78
Effective tax rate (%)	22.3	23.7	23.1	25.3	23.6
Operating Statistics					
Revenue carloads (thousands)	2,087	2,137	2,129	1,993	8,346
Revenue ton-miles (billions)	106.7	108.7	108.1	99.9	423.4
Gross ton-miles (billions)	210.3	220.0	215.5	200.8	846.6
Freight car velocity (daily miles per car) [b]	198	204	217	220	209
Average train speed (miles per hour) [c]	24.6	24.5	25.2	26.2	25.1
Average terminal dwell time (hours) [c]	26.8	25.7	23.6	23.3	24.8
Locomotive productivity (GTMs per horsepower day)	111	121	124	126	120
Train length (feet)	7,292	7,652	7,924	8,185	7,747
Intermodal car trip plan compliance (%)	66	69	81	84	75
Manifest/Automotive car trip plan compliance (%)	63	59	67	71	65
Fuel consumed (millions of gallons)	248	245	232	228	953
Workforce productivity (car miles per employee)	812	866	883	874	857
Total employees (average)	40,053	38,657	36,659	34,563	37,483
GTMs per employee (millions)	5.25	5.69	5.88	5.81	22.59

[a] Including taxes and transportation costs.

[b] Prior periods have been recast to conform to the current year presentation which reflects minor refinements.

[c] As reported to the Surface Transportation Board.

Non-GAAP Definitions

The following are non-GAAP financial measures under SEC Regulation G and Item 10 of SEC Regulation S-K, and may not be defined and calculated by other companies in the same manner. We believe these measures provide an alternative presentation of the results that more accurately reflect ongoing Company operations. These should be considered in addition to, not a substitute for, the reported GAAP results.

Free Cash Flow and Cash Flow Conversion Rate

Free cash flow is cash provided by operating activities less cash used in investing activities and dividends paid. Cash flow conversion rate is cash provided by operating activities less cash used for capital investments as a ratio of net income. Free cash flow, cash flow conversion rate, and comparable cash flow conversion rate are considered non-GAAP financial measures by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe free cash flow, cash flow conversion rate, and comparable cash flow conversion rate are important to management and investors in evaluating our financial performance and measures our ability to generate cash without additional external financing. Free cash flow, cash flow conversion rate, and comparable cash flow conversion rate should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

Return on Invested Capital as Adjusted (ROIC)

ROIC and comparable ROIC are considered non-GAAP financial measures by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe these measures are important to management and investors in evaluating the efficiency and effectiveness of our long-term capital investments. In addition, we currently use ROIC as a performance criteria in determining certain elements of equity compensation for our executives. ROIC and comparable ROIC should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The most comparable GAAP measure is return on average common shareholders' equity. At December 31, 2020, 2019, and 2018, the incremental borrowing rate on operating leases was 3.7%.

Adjusted Debt / Adjusted EBITDA

Total debt plus operating lease liabilities plus after-tax unfunded pension and OPEB obligation divided by net income plus income tax expense, depreciation, amortization, interest expense, and adjustments for other income and interest on operating lease liabilities. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, other income, and interest on operating lease liabilities) and comparable adjusted debt to adjusted EBITDA are considered non-GAAP financial measures by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe these measures are important to management and investors in evaluating the Company's ability to sustain given debt levels (including leases) with the cash generated from operations. In addition, a comparable measure is used by rating agencies when reviewing the Company's credit rating. Adjusted debt to adjusted EBITDA and comparable adjusted debt to adjusted EBITDA should be considered in addition to, rather than as a substitute for, net income. At December 31, 2020, 2019, and 2018, the incremental borrowing rate on operating leases was 3.7%.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Non-GAAP Measures Reconciliation to GAAP (unaudited)

Free Cash Flow

Millions for the Twelve Months Ended	2020	2019	2018	2017	2016
Cash provided by operating activities	\$ 8,540	\$ 8,609	\$ 8,686	\$ 7,230	\$ 7,525
Cash used in investing activities	(2,676)	(3,435)	(3,411)	(3,086)	(3,393)
Dividends paid	(2,626)	(2,598)	(2,299)	(1,982)	(1,879)
Free cash flow	\$ 3,238	\$ 2,576	\$ 2,976	\$ 2,162	\$ 2,253

Cash Flow Conversion Rate (Millions)

Millions for the Twelve Months Ended	2020	2019	2018	2017	2016
Cash provided by operating activities	\$ 8,540	\$ 8,609	\$ 8,686	\$ 7,230	\$ 7,525
Cash used in capital investing	(2,927)	(3,453)	(3,437)	(3,238)	(3,505)
Total (a)	\$ 5,613	\$ 5,156	\$ 5,249	\$ 3,992	\$ 4,020
Net Income (b)	5,349	5,919	5,966	10,712	4,233
Cash flow conversion rate (a/b)	105 %	87 %	88 %	37 %	95 %

Comparable Cash Flow Conversion Rate

	2020	2019	2018	2017	2016
Cash flow conversion rate	105%	87%	88%	37%	95%
Factors Affecting Comparability:					
Adjustments for Tax Cuts and Jobs Act [a]	N/A	N/A	N/A	49	N/A
Brazos yard impairment [b]	(4)	N/A	N/A	N/A	N/A
Comparable cash flow conversion rate	101 %	87 %	88 %	86 %	95 %

[a] Adjustments remove the impact of \$5.9 billion and \$139 million from net income for the year ended December 31, 2017.

[b] Adjustments remove the impact of \$209 million from net income for the year ended December 31, 2020.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP (unaudited)

Return on Average Common Shareholders' Equity

Millions, Except Percentages	2020	2019	2018	2017	2016
Net income	\$ 5,349	\$ 5,919	\$ 5,966	\$ 10,712	\$ 4,233
Average equity	\$ 17,543	\$ 19,276	\$ 22,640	\$ 22,394	\$ 20,317
Return on average common shareholders' equity	30.5%	30.7%	26.4%	47.8%	20.8%

Return on Invested Capital as Adjusted (ROIC)

Millions, Except Percentages	2020	2019	2018	2017	2016
Net income	\$ 5,349	\$ 5,919	\$ 5,966	\$ 10,712	\$ 4,233
Interest expense	1,141	1,050	870	719	698
Interest on average operating lease liabilities	64	76	82	105	121
Taxes on interest	(282)	(266)	(218)	(309)	(306)
Net operating profit after taxes as adjusted (a)	\$ 6,272	\$ 6,779	\$ 6,700	\$ 11,227	\$ 4,746
Average equity	\$ 17,543	\$ 19,276	\$ 22,640	\$ 22,394	\$ 20,317
Average debt	25,965	23,796	19,668	15,976	14,604
Average operating lease liabilities	1,719	2,052	2,206	2,288	2,581
Average invested capital as adjusted (b)	\$ 45,227	\$ 45,124	\$ 44,514	\$ 40,658	\$ 37,502
Return on invested capital as adjusted (a/b)	13.9%	15.0%	15.1%	27.6%	12.7%

Comparable Return on Invested Capital as Adjusted (Comparable ROIC)

	2020	2019	2018	2017	2016
Return on invested capital as adjusted	13.9%	15.0%	15.1%	27.6%	12.7%
Factors Affecting Comparability:					
Adjustments for Tax Cuts and Jobs Act [a]	N/A	N/A	N/A	(13.9)	N/A
Brazos yard impairment [b]	0.4	N/A	N/A	N/A	N/A
Comparable return on invested capital as adjusted	14.3%	15.0%	15.1%	13.7%	12.7%

[a] Adjustments remove the impact of \$5.9 billion and \$139 million from both net income for the year ended and shareholders' equity as of December 31, 2017.

[b] Adjustments remove the impact of \$209 million from both net income for the year ended and shareholders' equity as of December 31, 2020.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES*Non-GAAP Measures Reconciliation to GAAP (unaudited)***Adjusted Debt / Adjusted EBITDA**

<i>Millions, Except Ratios For the Twelve Months Ended</i>	<i>Dec. 31, 2020</i>	<i>Dec. 31, 2019</i>	<i>Dec. 31, 2018</i>	<i>Dec. 31, 2017</i>	<i>Dec. 31, 2016</i>
Net income	\$ 5,349	\$ 5,919	\$ 5,966	\$ 10,712	\$ 4,233
Add:					
Income tax expense/(benefit)	1,631	1,828	1,775	(3,080)	2,533
Depreciation	2,210	2,216	2,191	2,105	2,038
Interest expense	1,141	1,050	870	719	698
EBITDA	\$ 10,331	\$ 11,013	\$ 10,802	\$ 10,456	\$ 9,502
Adjustments:					
Other income	(287)	(243)	(94)	(245)	(221)
Interest on operating lease liabilities*	59	68	84	98	114
Adjusted EBITDA (a)	\$ 10,103	\$ 10,838	\$ 10,792	\$ 10,309	\$ 9,395
Debt	\$ 26,729	\$ 25,200	\$ 22,391	\$ 16,944	\$ 15,007
Operating lease liabilities**	1,604	1,833	2,271	2,140	2,435
Unfunded pension and OPEB, net of taxes of \$195, \$124, \$135, \$238, and \$261	637	400	456	396	436
Adjusted debt (b)	\$ 28,970	\$ 27,433	\$ 25,118	\$ 19,480	\$ 17,878
Adjusted debt / Adjusted EBITDA (b/a)	2.9	2.5	2.3	1.9	1.9

Comparable Adjusted Debt / Adjusted EBITDA

	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
Adjusted debt / Adjusted EBITDA	2.9	2.5	2.3	1.9	1.9
Factors Affecting Comparability:					
Brazos yard impairment [a]	(0.1)	N/A	N/A	N/A	N/A
Comparable Adjusted Debt / Adjusted EBITDA	2.8	2.5	2.3	1.9	1.9

[a] Adjustments remove the impact of \$209 million from net income and \$69 million from income tax expense for the year ended December 31, 2020.

* Represents the hypothetical interest expense we would incur (using the incremental borrowing rate) if the property under our operating leases were owned or accounted for as finance leases.

** Effective January 1, 2019, the Company adopted Accounting Standard Update No. 2016-02 (ASU 2016-02), Leases. ASU 2016-02 requires companies to recognize lease assets and lease liabilities on the balance sheet. Prior to adopting, the present value of operating leases was used in this calculation.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP (unaudited)

2020 Financial Performance Adjusted for Brazos Yard Impairment [a]

Millions, Except Per Share Amounts and Percentages	Reported results (GAAP)	Brazos Yard Impairment	Adjusted results (non-GAAP)
<i>For the Year Ended December 31, 2020</i>			
Other expense	\$ 1,345	\$ (278)	\$ 1,067
Operating expense	11,699	(278)	11,421
Operating income	7,834	278	8,112
Income taxes	1,631	69	1,700
Net income	\$ 5,349	\$ 209	\$ 5,558
Diluted EPS	\$ 7.88	\$ 0.31	\$ 8.19
Operating ratio	59.9%	(1.4)pts	58.5%
<i>As of December 31, 2020</i>			
Shareholders' Equity	\$ 16,958	\$ 209	\$ 17,167

[a] The above table reconcile our results for the year ended December 31, 2020, and as of December 31, 2020, to adjust results that exclude the impact of certain items identified as affecting comparability. We use adjusted other expense, adjusted operating expense, adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted earnings per share (EPS), adjusted operating ratio, and adjusted shareholders' equity, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP financial measures provide valuable information regarding earnings and business trends by excluding specific items that we believe are not indicative of our ongoing operating results of our business, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry. Since these are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, other expense, operating expense, operating income, income taxes, net income, diluted EPS, operating ratio, and shareholders' equity as indicators of operating performance.

2017 Financial Performance Adjusted for Tax Cuts and Jobs Act [b]

Millions, Except Per Share Amounts and For the Year Ended December 31, 2017	Reported (GAAP)	Equity-method affiliates	Deferred taxes	Adjusted results (non-GAAP)
Operating income	8,106	(212)	-	7,894
Income taxes	(3,080)	(73)	5,935	2,782
Net income	\$ 10,712	\$ (139)	\$ (5,935)	\$ 4,638
Diluted EPS	\$ 13.36	\$ (0.17)	\$ (7.40)	\$ 5.79
Operating ratio	61.8 %	1.0 pts	-	62.8 %
<i>As of December 31, 2017</i>				
Shareholders' Equity	\$ 24,856	\$ (139)	\$ (5,935)	\$ 18,782

* Adjusted for the retrospective adoption of ASU 2017-07, which was effective January 1, 2018.

[b] The above table reconcile our results for year ended December 31, 2017, and as of December 31, 2017, to adjusted results that exclude the impact of certain items identified as affecting comparability. We use adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted EPS, adjusted operating ratio and adjusted shareholders' equity, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP measures provide relevant and useful information for management and investors because they clarify our actual operating performance by excluding certain significant items that are not considered indicative of future financial trends and allow investors to review performance in the same way as our management. Since these are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, operating income, income taxes, net income, diluted EPS, operating ratio, and shareholders' equity as indicators of operating performance.

GRI Standards Index

GRI 102: GENERAL DISCLOSURES

Organization Profile	
102-1: Name of the Organization	Union Pacific Corporation
102-2: Activities, brands, products and services	Union Pacific Corporation (NYSE:UNP) is one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, is North America's premier railroad franchise, covering 23 states across the western two-thirds of the United States.
102-3: Location of Headquarters	Omaha, Nebraska
102-4: Location of Operations	The company operates across 23 states in the United States.
102-5: Ownership and Legal Form	Union Pacific Corporation is a publicly traded company, incorporated in Utah. The official trading symbol is "UNP".
102-6: Markets served	Fast Facts, p. 6; Financial Performance, p. 14
102-7: Scale of the Operation	Financial Performance, p. 14; What We Carry, p. 52
102-8: Information on employees and other workers	Key Performance Indicators, p. 26; Population, p. 32; Labor Agreements, p. 34
102-9: Supply Chain	Supply Chain Code of Conduct ; Generating Opportunity Through our Supply Chain, p. 83
102-10: Significant changes to the organization and its supply chain	Over the past two years, Union Pacific has transformed its operations, driving year-over-year improvement in our key operating performance indicators. Our work has enabled us to provide safe, reliable and efficient service product to our customers. See Operations, p. 12-13. Additionally, we continue to advance inclusive procurement goals. See Generating Opportunity Through Our Supply Chain, p. 84
102-11: Precautionary principle or approach	Rail Safety Maintenance, p. 58; Public Safety, p. 78; UP: Commitment to Health & Safety
102-12: External initiatives	Sustainable Development Goals, p. 22; Diversity, Equity, and Inclusion, p. 35-40; Reducing Emissions, p. 69, Strengthening our Communities, p. 77
102-13: Membership of associations	Business and Industry Affiliations, p. 25
Strategy	
102-14: Statement from senior decision-maker	Letter to Stakeholders, p. 4
102-15: Key impacts, risks, and opportunities	Material Issues, p. 20-21
Ethics and Integrity	
102-16: Values, principles, standards, and norms of behaviors	Corporate Strategy, p. 11
102-17: Mechanisms for advice and concerns about ethics	The How Matters
Governance	
102-18: Governance structure	Proxy Statement, 2021 , p. 27-32; Board of Directors, p. 16
102-19: Delegating authority	UPC discloses its governance structure in its 2021 Annual Proxy Statement: Proxy Statement, 2021
102-20: Executive-level responsibility for economic, environmental and social topics	Our ESG Approach, p. 19



Governance (continued)

102-21: Consulting Stakeholders on economic, environmental and social topics	Stakeholder Engagement, p. 27
102-22: Composition of the highest governance body and its committees	Board of Directors, p. 16; Proxy Statement, 2021, p. 27-32
102-23: Chair of highest governance body	Proxy Statement, 2021, p. 12
102-24: Nominating and selecting the highest governance body	Proxy Statement, 2021, p. 9-17
102-25: Conflicts of interest	The How Matters , p. 15-16
102-26: Role of highest governing body in setting purpose, values, and strategy	The Board of Directors provides oversight of our ESG Strategy, Proxy Statement, 2021, p. 34
102-28: Evaluating the highest governance body's performance	Proxy Statement, 2021, p. 19
102-30: Effectiveness of risk management processes	Risk Oversight Approach, p. 15; We also report risk factors in our Annual Report Form 10-K .
102-33: Communicating critical concerns	The How Matters, p. 6-7
102-35: Remuneration policies	Proxy Statement, 2021, 54-56
102-36: Process for determining remuneration	Proxy Statement, 2021, 54-56
102-38: Annual total compensation ratio	Pay Ratio Disclosure, Proxy Statement, 2021, p. 88

Stakeholder Engagement

102-40: List of stakeholder groups	Stakeholder Engagement, p. 27
102-41: Collective bargaining agreements	Percent of Unionized Employees, p. 26
102-42: Identifying and selecting stakeholders	Stakeholder Engagement, p. 27
102-43: Approach to stakeholder engagement	Stakeholder Engagement, p. 27
102-44: Key topics and concerns raised through stakeholder engagement around the report	Stakeholder Engagement, p. 27

Ethics and Integrity

102-45: Entities included in consolidated financial statements	Annual Report R-1, 2020 , p. 4
102-46: Process for defining report content and boundaries	About the Report, p. 2
102-47: List of material topics	Material Issues, p. 20-21
102-48: Restatements of Information	There have been no restatements of the information reported in the 2020 Building America Report. Past reports can be found on the UPC Building America website.
102-49: Changes in reporting	There have been no changes in reporting in the 2020 Building America Report.
102-50: Reporting Period	About the Report, p. 2
102-51: Date of most recent previous report (if any)	2019 Building America Report
102-52: Reporting Cycle	This report documents UPC's activities and impact in calendar year 2020.
102-53: Contact point for questions regarding the report	Feedback, p. 134
102-54: Claims of reporting in accordance with the GRI Standards	Our ESG Approach, 19
102-55: GRI Content Index	GRI Standards Index, p. 134
102-56: External Assurance	GHG Verification, p. 69

GRI 201: ECONOMIC

Economic Performance

201-1: Direct economic value generated and distributed	Financial Tables, p. 119-125s
201-2: Financial implications and other risks and opportunities due to climate change	Annual Report Form 10-K , p. 15; Environmental Policy
201-3: Defined benefit plan obligations and other retirement plans	Annual Report Form 10-K , p. 59-62
201-4: Financial assistance received from government	UPC does not obtain significant financial assistance from governments.

GRI 103/301: ENVIRONMENT

Materials (301)

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management approach and its components	Our Approach to Environmental Management, p. 64-65
103-3: Evaluation of management approach	Our Approach to Environmental Management, p. 64
301-1: Materials used by weight or volume	Bulk, p. 108; Industrial, p. 110; Premium, p. 112

Energy (302)

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management approach and its components	Our Approach to Environmental Management, p. 64-65
103-3: Evaluation of management approach	Our Approach to Environmental Management, p. 64
302-1: Energy consumption within the organization	Energy Conservation, p. 72
302-4: Reduction in energy consumption	Energy Conservation, p. 72

Water and Effluents (303)

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management approach and its components	Our Approach to Environmental Management, p. 64-65
103-3: Evaluation of management approach	Our Approach to Environmental Management, p. 64
303-3: Water withdrawal	Key Performance Indicators, p. 26

Emissions (305)

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management approach and its components	Our Approach to Environmental Management, p. 64-65
103-3: Evaluation of management approach	Our Approach to Environmental Management, p. 64
305-1: Direct (Scope 1) GHG Emissions	Key Performance Indicators, p. 26
305-2: Energy Indirect (Scope 2) GHG Emissions	Key Performance Indicators, p. 26
305-3: Other indirect (Scope 3) GHG Emissions	Key Performance Indicators, p. 26
305-4: GHG emissions intensity	Key Performance Indicators, p. 26
305-5: Reduction of GHG Emissions	Greenhouse Gas Emissions Performance, p. 69

Environmental Compliance (307)

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Our Approach to Environmental Management, p. 64-65
103-3: Evaluation of management approach	Our Approach to Environmental Management, p. 64
307-1: Non-compliance with environmental laws and regulations	Compliance, p. 65



GRI 103/301: ENVIRONMENT (CONTINUED)

Supplier Environmental Assessments

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Generating Opportunity Through our Supply Chain, p. 83; Supplier Code of Conduct
103-3: Evaluation of management approach	Generating Opportunity Through our Supply Chain, p. 83; Supplier Code of Conduct
308-1: New suppliers screened using environmental criteria	All suppliers engaged by Purchasing must certify compliance with UP's Supplier Code of Conduct .

GRI 400: SOCIAL STANDARDS

Employment

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Embracing Employee Needs, p. 32
103-3: Evaluation of management approach	Embracing Employee Needs, p. 32
401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Providing Meaningful Benefits, p. 33-34; Union Benefits
401-3: Parental leave	Providing Meaningful Benefits, p. 33; Life & Family

Labor-Management Relations

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Investing in Our Workforce, p. 31; Labor Agreements, p. 34
103-3: Evaluation of management approach	Continuous Improvement the UP Way, p. 46
402-1: Minimum notice period regarding operational changes	In compliance with laws and regulations.

Occupational Health & Safety

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Keeping Employees Safe, p. 42; Commitment to Health & Safety
103-3: Evaluation of management approach	Keeping Employees Safe, p. 42; Commitment to Health & Safety
403-1: Occupational health and safety management system	Keeping Employees Safe, p. 42; Commitment to Health & Safety
403-2: Hazard identification, risk assessment, and incident investigation	Keeping Employees Safe, p. 42; Keeping Employees Healthy and Well, p. 47; Safely Handling Hazardous Materials, p. 80-81; Commitment to Health & Safety
403-3: Occupational Health Services	Keeping Employees Safe, p. 42; Keeping Employees Healthy and Well, p. 47; Safely Handling Hazardous Materials, p. 80-81; Commitment to Health & Safety
403-5: Worker training on occupational health and safety	Keeping Employees Safe, p. 42; Developing Employees, p. 43; Commitment to Health & Safety
403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Keeping Employees Safe, p. 42; Keeping Employees Healthy and Well, p. 47; Safely Handling Hazardous Materials, p. 80-81

GRI 400: SOCIAL STANDARDS (CONTINUED)

Training and Education

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Developing Employees, p. 43
103-3: Evaluation of management approach	Developing Employees, p. 43
404-2: Programs for upgrading employee skills and transition assistance programs	Developing Employees, p. 43

Diversity and Equal Opportunity

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Diversity, Equity and Inclusion, p. 35-40; UP: Diversity at Union Pacific
103-3: Evaluation of management approach	Diversity, Equity and Inclusion: Practices, p. 36
405-1: Diversity of governance bodies and employees	2020 Director Composition, p. 16; Key Performance Indicators, p. 26; Population, p. 32; Senior Management p, 32

Local Communities

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Strengthening Our Communities, p. 77
103-3: Evaluation of management approach	What's Ahead, p. 98
413-1: Operations with local community engagement, impact assessments, and development programs	Public Safety, p. 78; The Community Ties Giving Program, p. 85; Our Impact, p. 88; Making a Difference in our Communities, p. 95
413-2: Operations with significant actual and potential negative impacts on local communities	Public Safety, p. 78-79; Safely Handling Hazardous Materials, p. 80-81

Supplier Social Assessment

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Generating Opportunity Through our Supply Chain, p. 83; Supplier Code of Conduct
103-3: Evaluation of management approach	Generating Opportunity Through our Supply Chain, p. 83; Supplier Code of Conduct
414-1: New suppliers screened using social criteria	All suppliers engaged by Purchasing must certify compliance with UP's Supplier Code of Conduct .

Supplier Social Assessment

103-2: Management Approach and its components	Political Contributions Policy and Procedures
415-1: Political Contributions	2020 Contributions

Customer Health and Safety

103-1: Explanation of material topic and its boundary	Our ESG Approach, p. 17-21
103-2: Management Approach and its components	Strengthening our Communities, p. 77; Public Safety, p. 78
103-3: Evaluation of management approach	Public Safety, p. 78
416-1: Assessment of the health and safety impacts of product and service categories	Public Safety, p. 78

Customer Privacy

418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cybersecurity, p. 15. No breaches were recorded in 2020.
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MATERIALITY ASSESSMENT KEY ISSUES

Category	Issue	Definition
Corporate Governance	Corporate Governance and Ethics	Corporate management approach and governance structure, including a culture of respect and observance of business ethics throughout the company.
	Enterprise Risk Management	Systems and controls to effectively identify, assess and prepare for events that pose a risk to the company's operations and objectives.
	Legislation, Regulation and Government Relations	Understand the potential or existing business impacts of legislative and regulatory actions and building relationships with elected officials.
Talent	Talent Management	Efforts to attract, retain and develop the best talent for the company.
	Diversity and Inclusion	Providing equal opportunity for employees and executives who represent diversity in all aspects.
	Employment Practices	Employee compensation and benefits and the efficacy of policies and practices that maintain a healthy and safe work environment and promote employee well-being.
	Labor Rights	Ensuring the fundamental rights of workers, such as freedom of association and the right to collective bargaining.
	Employee Engagement	Efforts to enhance employees' commitment to Union Pacific and its goals, through workplace relationships, employee rewards, job responsibilities and personal growth opportunities.
Business Operations	Customer Service and Satisfaction	Efforts to meet or exceed customer expectations and build productive customer relationships.
	Responsible sourcing	Maintaining a diverse and responsible supply chain that ensures ethical business conduct and proactively manages its social and environmental impacts.
Safety & Security	Emergency Preparedness	Measures taken to prepare for and reduce the impacts of disasters, including but not limited to building relationships with emergency responders and preventing incidents involving hazardous materials.
	Rail Safety & Maintenance	Efforts to maintain quality rail infrastructure and prevent derailments, including track inspections and other measures.
	Digital & Physical Asset Security	Protecting the company's critical physical infrastructure and data.
Environment	Emissions & Energy Use	Energy use and the resulting direct and indirect greenhouse gas (GHG) emissions (Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions not included in Scope 2).
	Land Management & Biodiversity	Managing the use and development of land resources and the potential impact of our supply chain and operational activities on biodiversity (the variety and variability of living organisms).
	Water Use & Management	Water usage and the efficient management of water resources.
	Waste Disposal & Reuse	Waste generated, recycling and other efforts to divert waste from landfills.
Community	Community Involvement & Philanthropy	Activities to strengthen the communities within which we operate, including through corporate philanthropy, partnerships and employee volunteering.
	Infrastructure Investment & Protection	Investing in and protecting our network infrastructure and working with regulatory officials to align our business with the country's infrastructure requirements and needs.

Additional Resources

For ongoing updates on our citizenship and sustainability efforts, visit www.up.com.

- [Media](#) – Up-to-date information about Union Pacific.
- [Environment](#) – Sustainability commitments and progress.
- [Employees](#) – Programs and services available to our workforce.
- [Customers](#) – Product offerings and business groups.
- [Investors](#) – Annual report, proxy statements and other SEC filings.
- [Communities](#) – News, photos and video about Union Pacific and the communities where we operate.
- [Careers](#) – Career opportunities and benefits to joining Union Pacific's workforce.

Feedback

For questions on this report or to provide feedback, contact Union Pacific via email at sustainability@up.com.

Cautionary Information

Our 2020 Building America Report provides additional explanatory information regarding Union Pacific that may not be available, included or directly derived from information in the company's Annual Report.

This report includes statements and information regarding future expectations or results of the company that are not historical facts. These statements and information are, or will be forward looking as defined by federal securities laws. Forward-looking statements and information can be identified by use of forward-looking terminology (and derivations thereof), such as "believes," "expects," "may," "should," "will," "would," "intends," "plans," "estimates," "anticipates," "projects" and other words or phrases of similar intent. Forward-looking statements and information generally include the following: the company's expectations or forecasts with respect to general economic conditions in the United States and the world; the company's financial and operational performance; increases of the company's earnings; demand for the company's rail service; improving customer service; enhancing profitability; volume and revenue growth; efficiency improvements and increasing returns; and improving asset utilization. Statements also include the effectiveness or growth of new and newer services; management of network volumes; increasing shareholder value; total amount of capital investments; completion and effectiveness of capacity expansion and other capital investments, and other investments in infrastructure improvements; returns on capital investments; improvements regarding safety of our operations and equipment; improving efficiencies in fuel consumption; preserving the environment and communities where the company operates; and effectiveness of plans, programs and initiatives to reduce costs and other efficiency improvements. Forward-looking statements and information should not be read as a guarantee of future performance or results and will not necessarily be accurate

indications of the times that, or by which, such performance or results will be achieved. Forward-looking statements and information are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements and information reflect the good faith consideration by management of currently available information and may be based on underlying assumptions believed to be reasonable under the circumstances. However, such information and assumptions (and, therefore, such forward-looking statements and information) are or may be subject to variables or unknown or unforeseeable events or circumstances over which management has little or no influence or control.

The risk factors in Item 1A of the company's [Annual Form 10-K](#), filed Feb. 5, 2021, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements and information. This report should be read in consideration of these risk factors. To the extent circumstances require or the company deems it otherwise necessary, the company will update or amend these risk factors in subsequent Annual Reports, periodic reports on Form 10-Q or current reports on Form 8-K.

Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.