

Virtual Card Initiative Supplier FAQ

Program Strategy

1. Why has CSX decided to pay suppliers by automated credit card payments?

- Our goal is to optimize our virtual card program in order to improve process efficiency and working capital management, as well as reduce the cost of processing paper checks.
- This initiative also supports our green efforts by reducing our use of paper.
- Suppliers benefit from this strategy as well, since Virtual Payables provide consistent, predictable payments and allow for streamlined processes.

2. What are the benefits to suppliers of receiving payment by Virtual Card instead of check or other payment methods?

- More and more, suppliers are coming to realize that they can enjoy significant, tangible savings from accepting Virtual Payables from their customers, including:
 - *Working Capital Management:* As an incentive, CSX is agreeing to pay card accepting suppliers on 15 day payment terms, which may result in a significant acceleration of payment.
 - *Process Efficiency:* Suppliers can reduce internal processing and transaction costs by eliminating paper-based processes, including check processing and associated reconciliation efforts.
 - *Customer Acquisition and Retention:* By allowing CSX to pay by virtual card, suppliers provide a valued service which may be a determining factor in becoming or remaining a preferred supplier. Additionally, as other customers seek to concentrate spend, suppliers who offer flexible and beneficial payment solutions may receive increased revenue and strengthen their competitive advantage.

3. Can suppliers receive payment by ACH instead of card?

- Our goal is to expand our virtual card program as much as possible in order to optimize the benefits we can achieve from process efficiency, working capital management, and spend visibility. As such, our preferred method is a virtual (MasterCard - MC) card

payment. However, we will continue to support ACH for vendors who are unable to accept credit card payments.

4. Are there fees associated with receiving payment by Virtual Card?

- The standard processing fees administered by a supplier's merchant acquiring bank will apply. We encourage suppliers to review their merchant account agreement and discuss ways to achieve the most favorable rates with their bank. Additional programs may be available to help reduce these fees based on the transaction size, level of data provided, and frequency of transactions processed.

New Payment Process

5. How will card payment change CSX's current purchasing and payment process with suppliers?

- The current processes for orders and invoices will remain the same. The only change will be to the payment method.
- With the new payment method suppliers will receive a secure email notification for each payment containing the full card account details.
- The new process will allow both suppliers and CSX to streamline operations.

6. What is the process for being paid by CSX's Virtual Card program?

- Suppliers will receive a secure email notification for each payment. These emails will contain a link to a secure web portal (if TLS is not enabled) where the supplier will obtain the full card details for a unique Virtual (MC) credit card account. The credit card account number will change with each payment so suppliers will not be required to keep this information on file. The credit card details can then be utilized by the supplier to process the payment due for the invoice.

7. What is the CVV2 value?

- **Proof that the credit card is in the right hands** – The 3-digit security code shown on the back of a Virtual (MasterCard) card lets suppliers know that the card is in the right hands when the customer is not present during the transaction. The supplier's Point-of-Sale device/software may require this value to be entered.



Additional Help

8. What do suppliers need to do to enroll in this program?

- For those **suppliers who currently accept credit card payments**, they can begin this new payment arrangement by completing the below information (include multiple remittance addresses as appropriate) and send it to the CSX Virtual Payables Enrollment Team at virtualpayables-supplierenrollment@bofa.com.

Legal Company Name:	
Address:	
City:	
State:	
Zip:	
Contact Name:	
Contact Title:	
Contact Phone:	
Remittance Email(s)*:	
CVV2 Required:	[Yes] [No] What is this?

*This is either a Receivable Department email or designated person to process card transaction payments. This email address will receive a link to the card account details required to transact the payment. We recommend a shared distribution group email box and not a single recipient.

- Suppliers will then receive a secure email notification for each payment. These emails will contain a link to a secure web portal (if TLS is not enabled) where the supplier will obtain the full card details for a unique Virtual (MC) credit card account. The credit card account number will change with each payment so suppliers will not be required to keep this information on file.

- For those **suppliers who are not currently set up with a merchant account**, to arrange for basic credit card acceptance, they should contact their corporate banking service provider. Once this step is completed suppliers should contact the CSX Virtual Payables Enrollment Team at virtualpayables-supplierenrollment@bofa.com to complete the remaining steps as noted above.

9. Who do suppliers contact with additional questions?

- For enrollment support or questions about the CSX Virtual Payables program, please contact the CSX Virtual Payables Enrollment Team at virtualpayables-supplierenrollment@bofa.com.