

Performance Remuneration System

This annex regulates the amounts of sanctions and conditions of their application within the Performance Remuneration System.

Part A

Performance Remuneration System on the regional railway operated by Advanced World Transport, a.s.

The infrastructure manager Advanced World Transport, a.s. does not publish any performance remuneration system for the regional railway Milotice nad Opavou – Vrbno pod Pradědem.

Part B

Performance Remuneration System on the regional operated by PDV Railway, a.s.

PDV RAILWAY a.s., as infrastructure manager publishes a performance remuneration system for the period from 1 January 2015 up to 31 December 2015. This performance remuneration system has as objective to regulate the system of price setting for infrastructure usage as an incentive for railway undertakings to minimize defects and increase performance by means of a remuneration system. The whole system has as objective to increase service quality of all railway undertakings doing business on regional lines Sokolov – Kraslice and Trutnov – Svoboda nad Úpou.

The whole system is divided into two parts:

1. remunerations for exceeding planned performance and remunerations for performance quality,
2. fines for disrupting operation;

I. Remuneration system for exceeding planned performance

- a RU that exceeds in a given year planned performance of train-kilometres in public passenger transport will receive a 50% reduction from the price for railway infrastructure usage for train-kilometres above the planned performance
- a RU in non-public passenger transport and a RU in freight transport will receive a 20% reduction from the price for railway infrastructure usage from each invoicing for railway infrastructure usage exceeding 50,000 CZK in a given year,

II. Remuneration system for performance quality

- a RU that uses rail vehicles produced after 1995 for 50% of his performances in rail transport at minimum will receive a 3% reduction from the price for railway infrastructure usage for all performances he realized,

III. System of fines for disrupting operation

- In case of limitation in rail operation consisting in late termination of a planned

closure, in extending a planned closure or not repairing a defect extending journey times above times specified in the timetable, the RU is entitled to request from the IM a refund of costs or damages demonstrably arisen.

- In case a train delay occurs on the side of the RU for reasons on his side (e.g.. change of planned vehicles' series and thus a journey time extension, late train crew boarding on a starting train, inability of a hauling vehicle connected to a replacement by another vehicle, train jamming on the line etc.) the RU is obliged to refund costs and damages demonstrably arisen to other RUs..
- In case operation gets limited or stopped by cause of the RU (e.g. bad technical state of vehicles – leak of working fluids, flat wheels etc.), the RU is obliged to refund costs or damages demonstrably arisen.

Introducing a performance remuneration system is conditioned by an obligation of the RU that he would accept the system mentioned above.

Part C

Performance Remuneration System on nationwide and regional railway operated by the Správa železniční dopravní cesty, state organisation

Both SŽDC and the RU are obliged to negotiate together every applied sanction in advance up to the end of the calendar month following the respective calendar month (in case of sanctions applied pursuant to item 4, following the respective trimester), during which the cause for the sanction's application has arisen.

Conditions for application and sanctions' amount:

1. If the RU enters incorrect data on the train into SPIS which:
 - a) may have a negative impact on safety and seamless operation (especially a smaller length of a train than in reality, missing information on transport of extraordinary or dangerous goods), it will pay 10,000 CZK (in words: ten thousand Czech crowns) to the benefit of SŽDC for each separate case,
 - b) lowers the amount of the charged price for railway infrastructure usage (especially specifying an incorrect type of transport, lower train weight than in reality etc.), it will pay 1,000 CZK (in words: one thousand Czech crowns) to the benefit of SŽDC for each separate case as well as a possible difference in payment for railway infrastructure usage.
2. If the RU does not immediately on discovery does not notify on leakage of a dangerous substance pursuant to SŽDC Regulation No 103 from rail vehicles of his own or transported by him or from transported goods with a negative impact on the environment, it will pay 1,000 CZK (in words: one thousand Czech crowns) to the benefit of SŽDC for each separate case.
3. If the RU marshals into his train a rail vehicle with a lower maximum allowed speed than the set speed of the train it will pay 1,000 CZK (in words: one thousand Czech crowns) to the benefit of SŽDC for each separate case.
4. If the RU uses repeatedly for a ride a rail vehicle marked by an equipment for diagnostics of defects of running railway vehicles - indicator of incorrect ride (INJ) and if the defect is confirmed by an immediate inspection of the vehicle or if the issue concerns repeated marking of a same defect on an identical vehicle, it will pay 500 CZK (in words: five hundred Czech crowns) to the benefit of SŽDC for each separate case. The period of

following for these cases equals 3 consecutive calendar months. In case of investigation of a (un)confirmed defect, the RU and SŽDC are obliged to provide their cooperation.

5. If SŽDC invoiced a price for a request for infrastructure capacity allocation without authorization it will pay to the RU 1,000 CZK (in words: one thousand Czech crowns) for each separate case.
6. If SŽDC in case of slow rides on line tracks and main station tracks exceeds the basic time of a slow ride duration (see below) it will pay for each minute of each train's delay of the RU according to the timetable a sum of 50,- CZK (in words: fifty Czech crowns). The train delay is calculated by SŽDC (train dynamic) SŽDC is obliged to submit documentation for the delay calculation to the RU on his request and to negotiate the calculation with him.

Sanctions do not apply however if the basic time of a slow ride duration was exceeded for the following reasons:

- a) in-process of line modernization, optimization or repairs,
- b) safety of employees while performing works on the railway infrastructure,
- c) resulting from decrees of state administration bodies if the reasons for issuing decrees are not caused by irregular behaviour of SŽDC,
- d) resulting from a legislation change which entered into force and took effectiveness after this Network Statement has been published in the Transport and Tariff Bulletin and replaced the previous legislation which the existing state of railway infrastructure was in accordance with,

or possibly if the slow ride was caused by:

- e) natural disasters,
- f) influence of external legal entities /or their equipment) on the railway infrastructure or near it (e.g. road bridges over the line etc.), except cases when an external legal entity carries out construction activity on the railway based on a contractual relation with SŽDC.

The basic time for slow ride duration (the period for which the sanction is not applied) is perceived as a period not exceeding:

- the period as shown for each case in annex "G" of this Network Statement unless the period shown in Annex "G" clearly exceeds the strictly necessary period,
- 180 days in case of a slow ride occurred for reasons that could not have been anticipated by SŽDC at the time of publishing this Network Statement in the Transport and Tariff Bulletin,
- 59 days in other cases.

Between cancelling and renewing the slow ride, a period of fifteen days without slow ride at least is required. Failing this, these slow rides are considered for the purpose of duration following as one slow ride. A slow ride speed change or slow ride kilometre position shift is not considered as a slow ride cancellation either if the cause for introducing the original slow ride did not change.

SŽDC will submit to the RU for consideration a list of slow rides subject to sanction payment in the respective calendar month always up to the 10th day of the following calendar month at the latest..

7. SŽDC will pay to the RU 1.000,- CZK (in words: one thousand Czech crowns) for each separate case when:
- a) it makes a closure that has not been negotiated with the RU pursuant to Article 3 of the contract on operating rail transport,
 - b) it cancels a closure negotiated in advance,
 - c) it changes the term of a closure negotiated in advance when a term change is perceived as a change of date or time of the closure execution.

The obligation to pay these sanctions does not apply to cases:

- of non-negotiated closures caused by force majeure
- of non-negotiated closures that did not influence the RU's train ride,
- pursuant to letter b) or c), for which the RU did not submit to SŽDC or did not implement its measure into a respective order on closure having an impact on a ride of a specific train,
- shortening the closure duration due to a sooner completion of planned closure works.

The RU will submit to SŽDC for consideration a list of possible closures coming into in the respective calendar month up to the 10th day of the following calendar month at the latest.

8. If SŽDC exceeds the planned closure term it will pay sanctions to the RU shown hereunder:

In cases concerning passenger trains according to the impact on RU's trains directly affected by the extended closure:

- a) up to 60 minutes of train delay inclusive – a sum of 500,- CZK (in words: five hundred Czech crowns) for each started 10 minutes of each train delay,
- b) over 60 minutes up to 120 minutes of train delay inclusive – a sum pursuant to letter a) and 400,- CZK (in words: four hundred Czech crowns) for each following started 10 minutes of each train delay,
- c) over 120 minutes up to 4 hours of train delay inclusive – a sum pursuant to letter b) and 1,500,- CZK (in words: one thousand five hundred Czech crowns) for each following started one hour of each train delay,
- d) over 4 hours up to 12 hours of train delay inclusive – a sum pursuant to letter c) and 1,000,- CZK (in words: one thousand Czech crowns) for each following started one hour of each train delay,
- e) over 12 hours up to 24 hours of train delay inclusive – a sum pursuant to letter d) and 500,- CZK (in words: five hundred Czech crowns) for each following started one hour of each train delay.

In cases concerning freight trains according to the impact on RU's trains directly affected by the extended closure:

- f) up to 120 minutes of train delay inclusive – a sum of 500,- CZK (in words: five hundred Czech crowns) for each delayed train,
- g) over 120 minutes up to 4 hours of train delay inclusive – a sum pursuant to letter f) and 1,500,- CZK (in words: one thousand five hundred Czech crowns) for each following started one hour of each train delay,
- h) over 4 hours up to 12 hours of train delay inclusive – a sum pursuant to letter g) and 1,000,- CZK (in words: one thousand Czech crowns) for each following started one hour of each train delay,

- i) over 12 hours up to 24 hours of train delay inclusive – a sum pursuant to letter h) and 500,- CZK (in words: five hundred Czech crowns) for each following started one hour of each train delay.

In cases the planned time of line closure end exceeds 24 hours and operation on the line is completely stopped for this reason, this closure is considered for purposes of the Performance Remuneration System as a closure not negotiated in advance. In this case, SŽDC will pay to the RU the sanction pursuant to Point 7 of this Performance Remuneration System for each started calendar day on which the planned time of line closure is exceeded.

The following cases are not subject to sanctions' payment:

- the planned closure completion term having impact on passenger trains does not exceed 10 minutes,
- the planned closure completion term having impact on freight trains does not exceed 60 minutes,
- the planned closure completion term extension does not have any impact on RU's trains,
- the planned closure completion term extension concerned a closure started with a delay for reasons on the side of the RU but the total closure duration was observed,
- the planned closure completion term extension was caused by force majeure,
- secondary train delay

SŽDC will submit the RU for consideration a list of cases concerning planned closure completion term extensions which may occur in the respective calendar month up to the 10th day of the following calendar month at the latest.