

Performance Remuneration System

This Annex regulates the level of penalties and the conditions for their application under the performance remuneration system.

Part A

Performance Remuneration System on the Regional Railway Operated by PKP CARGO INTERNATIONAL a.s.

As a Railway Operator, PKP CARGO INTERNATIONAL, a.s. announces a performance remuneration system for the Milotice nad Opavou – Vrbno pod Pradědem regional railway which aims to motivate Carriers and Railway Operators to minimise deficiencies in the operation of rail transport on the respective line. The introduction of the performance remuneration system is determined by the Carrier's commitment to accept the system.

Terms of Application and Level of Penalties

Both the Railway Operator and the Carrier are obliged to discuss each applied penalty in advance before the end of the calendar month following the respective calendar month in which the reason for application of the penalty arose.

Penalties for Disruption of Operation of the Rail Transport (Railway Operator)

If the disruption of operation of the rail transport is in line with the cause according to Section 4(1) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers, and is the cause of the delay of the respective Carrier's train more than 90 minutes, the Operator is obliged to pay the Carrier a penalty of **CZK 200** for each such delayed Carrier's train on that route and a penalty of **CZK 1,000** for the delay of all Carrier's trains in a given month on a given route, if the total of delayed trains in a given month delayed for more than 90 minutes is **900 minutes**. Carrier's trains that cannot be operated within the time of a closure (planned or extraordinary) discussed with the Carrier within the approved plan of limitation of the railway operation or its part according to Article 23c(1) of Act No. 266/1994 Coll., on Railways, are not considered delayed in the sense of the above and it is not therefore possible to apply a penalty for disruption of operation of the rail transport. However, the Railway Operator shall not be liable for disturbing the operation of the rail transport caused by a defect on the part of another Railway Operator pursuant to Section 4(1)d) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers, and therefore it is not possible to apply a penalty for disruption of operation of the rail transport for delayed trains.

Penalties for Disruption of Operation of the Rail Transport (Carrier)

If the disruption of the operation of rail transport is the cause according to Section 4(2) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers, and if it is the cause of delay of the respective train of any Carrier over 90 minutes, the Carrier is obliged to pay the Railway Operator a penalty in the amount of **CZK 200** for each train of any Carrier so delayed and a penalty in the amount of **CZK 1,000** for delays of trains of each Carrier on a given route in a given month, if the total delays of all the trains of that Carrier in the given month delayed for more than 90 minutes, is **900 minutes**.

However, neither the Operator nor the Carrier is liable for the delay caused by a cause under Section 4(3) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers. These causes are not subject to penalties for disruption of operation of the rail transport.

Part B

Performance Remuneration System on Regional Railways operated by PDV RAILWAY a.s.

As the Railway Operator, PDV RAILWAY, a.s. announces for the regional railways Sokolov – Kraslice and Trutnov hl. n. – Svoboda nad Úpou a performance remuneration system that is designed to motivate the Carrier and the Railway Operator to minimise deficiencies in operation of the rail transport on the respective line. The introduction of the performance remuneration system is determined by the Carrier's commitment to accept the system.

I. Conditions of Application and Level of Penalties

The Railway Operator and the Carrier are obliged to discuss each penalty in advance before the end of the next calendar month following the respective calendar month in which the reason for application of the penalty arose.

II. Penalties for Disruption of Operation of the Rail Transport (Railway Operator).

If the disruption of the operation of the rail transport corresponds to the cause according to Section 4(1) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers, and is the cause of the delay of the Carrier's respective train over 10 minutes, the Operator is obliged to pay the Carrier penalty in the amount of CZK 200 for each such delayed train of the Carrier on a given line and a penalty in the amount of CZK 1,000 for the delay of all trains of the Carrier in a given month on the given line, if the total of delayed trains in a given month, delayed for more than 10 minutes, is 900 minutes. Carrier's trains that cannot be operated within the time of a closure (planned or extraordinary) discussed with the Carrier within the approved plan of limitation of the railway operation or its part according to Article 23c(1) of Act No. 266/1994 Coll., on Railways, are not considered delayed in the sense of the above and it is not therefore possible to apply a penalty for disruption of operation of the rail transport.

However, the Railway Operator shall not be liable for disturbing the operation of the rail transport caused by a defect on the part of another Railway Operator pursuant to Section 4(1)d) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers, and therefore it is not possible to apply a penalty for disruption of operation of the rail transport for delayed trains.

III. Penalties for Disruption of Operation of the Rail Transport (Carrier)

If the disruption of the operation of rail transport is the cause according to Section 4(2) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers, and if it is the cause of delay of the respective train of any Carrier over 10 minutes, the Carrier is obliged to pay the Railway Operator a penalty in the amount of CZK 200 for each train of any Carrier so delayed and a penalty in the amount of CZK 1,000 for delays of trains of each Carrier on a given route in a given month, if the total delays of all the trains of that Carrier in the given month delayed for more than 10 minutes, is 900 minutes. However, the Carrier is not responsible for any disruption of the operation of the rail transport caused by a defect on the part of another Carrier pursuant to Section 4(2)c) of Act No. 76/2017 Coll., on the Content

and Scope of Services Provided by Carriers, and it is not therefore possible to apply a penalty for disruption in the operation of the rail transport for delayed trains.

However, neither the Operator nor the Carrier is liable for the delay caused by a cause under Section 4(3) of Act No. 76/2017 Coll., on the Content and Scope of Services Provided by Carriers. These causes are not subject to penalties for disruption of operation of the rail transport.

Part C

Performance Remuneration System on the Nationwide and Regional Railways Operated by Správa železniční dopravní cesty, státní organizace

SŽDC in accordance with the Act on Railways and Decree No. 76/2017 Coll. monitors and evaluates in cooperation with carriers specific causes of disruption of rail transport operation. The ISOR information system (hereinafter referred to as “IS ISOR”) is intended for monitoring and agreeing the causes of disruption of railway transport operation between SŽDC and the carrier.

During the 2020 timetable, the system for reporting the causes of disruption of rail transport operations, including sanction payments, described in this chapter, is operated without the application of financial amounts. The basic sanction rates for this operation are set at zero. Therefore, SŽDC, the carrier and the Arbiter shall not be entitled to any penalty payment under this Chapter for the entire duration of such operation. The applicable sanction rates are foreseen during the period of validity of the timetable 2022.

From the day of launching the module for approval of causes of disruption of rail transport operation in routine operation, SŽDC will, based on the request of the carrier, also enable data communication of this module with the carrier's information system. Data communication will follow the procedures set out in the TSI TAF / TAP (DelayCauseMessage TSI).

1 Determining the Causes of Disruption of the Operation of the Rail Transport

1.1 Examining the Causes of Disruption of Rail Transport Operation Between SŽDC and the Carrier

Coding of causes of delays by SŽDC operational staff takes place in the respective SPIS applications with subsequent output to the IS ISOR. The cause must be determined for each disruption of the rail transport operation from 1 minute increment of the train delay.

Each increment of the train delay is assigned to the responsibility of SŽDC, the Carrier or other causes based on the code of the cause of the delay. Codes are defined in Annex 2 to Regulation SŽDC D7, which is in accordance with Act No. 76/2017 Coll., Section 4. Information on the increment of delay for each train and its causes is transmitted on-line to the Carrier for reconciliation.

The operator shall make available to the carrier the assigned delay codes for each case first

- a) three hours after passing the point - if a Carrier's liability code is assigned;
- b) 24 hours after passing the point - in case of assigning the responsibility code Operator or Others.

The reconciliation or non-reconciliation of the cause of the delay of each train by the Carrier is possible within 10 working days after assignment of the delay code at a given point of the train route. If the Carrier fails to give reasons for delays within this time limit, the codes for

the causes of delays are deemed to be agreed by the Carrier. Possible disagreement of the Carrier is verified by SŽDC, in the case of accepting the position of the Carrier, the delay code is modified, if not confirmed. This opinion is considered final.

For the final opinion, after every ten working days from the assignment of the delay code at a given transport point, it is also considered to be any cause of disruption of the operation of the rail transport, to which the Carrier did not comment in the IS ISOR.

1.2 Dispute Resolution

If the carrier disagrees with SŽDC's final opinion, it shall record its disagreement within 10 working days of the final opinion in the IS ISOR and SŽDC will assess the disputed case and discuss it within 45 days. The following conditions may occur - SŽDC:

- a) Agree - end the case.
- b) Chooses a compromise - updates the original proposal and creates a new violation.
- c) Disagrees - insists on the original proposal.
- d) Idle - after 45 days automatic change of the violation code to D2 (responsibility of the Operator) and termination of the case.

In the case of letters b) and c), the carrier shall again comment on the proposal. The following cases may occur - Carrier:

- a) Agree - end the case.
- b) Disagrees - change of opinion to "hand over to the Arbitrator".
- c) Idle - automatic consent after 10 days and termination of the case.

If the carrier fails to record any disagreement within ISIS, the final position is confirmed.

In exceptional cases, RIA has the possibility to reopen any case of liability for delays. In this case, however, all the procedure (including deadlines for comment) must be maintained as in the new case.

Disputed cases are continuously referred to SŽDC by the Arbitrator. The time limit for resolving these cases by the Arbitrator is 10 working days.

SŽDC shall pay for each determined case to the Arbitrator in the amount of $1 \times A$. The Carrier shall pay a penalty of $1 \times A$ for each disputed case to SŽDC decided by the Arbitrator in favour of SŽDC. If the Arbitrator's decision is unequivocal in favour of the Carrier or SŽDC, the Carrier shall pay a penalty of $0.5 \times A$ to SŽDC. If the Arbitrator fails to decide the case within 10 business days, the Arbitrator pays a penalty of $2 \times A$ to SŽDC and SŽDC shall pay a penalty of $1 \times A$ to the Carrier. The calculation period is a calendar month.

If the Arbitrator does not decide the case within 10 business days without its own fault, no penalty shall be paid. However, in such a case, the Arbitrator is obliged to prove to SŽDC and to the Carrier the reasons which made it impossible for him to make a decision.

In the cases decided by the Arbitrator, the SŽDC shall adjust the record in the IS ISOR according to the result of this decision if the Arbitrator has not decided the case within the stipulated time limit, SŽDC shall designate it in IS ISOR as the increase of the delay caused by other causes. This solution to the disputed case is considered to be a confirmed final position.

By applying the procedure set forth in the preceding paragraph, neither the right of the Carrier nor SŽDC to bring the dispute to the appropriate court of the Czech Republic shall be affected.

2 Inclusion of Trains into the Penalty Regime

The passenger transport trains that arrive at the last point of the SŽDC network delayed for more than 15 minutes and the freight trains that arrive at the last point on the SŽDC network delayed for more than 60 minutes are included in the penalty regime. In order to determine whether it is a passenger train or a freight train, the type of train at the last point of the SŽDC network and the division of the types of trains to passenger and freight in the Internal Regulation of SŽDC D1 of the Railway Operator are decisive.

Penalties shall not apply for delays incurred on the network of a neighbouring infrastructure manager.

In order to be included in the sanction regime, the increase in delays on the SŽDC network is not significant, but the resulting delay at the last transport point on the SŽDC network, regardless of any train delay when entering from other infrastructure. Once a train is included in the sanction system, the responsibility for increasing the delay between neighbouring transport points on the SŽDC network in the direction of travel from the 1 minute increment of the delay of this train is essential for calculating the penalty amount and determining the level of liability.

The sanctioning regime does not include:

- trains that reach the last point on the SŽDC network with a lead,
- trains in residual capacity,
- denied trains.

3 Penalties for Disruption of the Rail Transport Operations

The evaluation and calculation of the disruption of the rail transport operation takes place in two phases.

- **Evaluating the Carrier's Individual Movements:, calculating the amount of the penalty**
 - Each train of a given Carrier included in the penalty regime is evaluated separately.
 - For each train, increments of delays incurred during the train movement from SŽDC's liability and increments of delays incurred during the train movement from the Carrier's liability are counted separately. The increments of delays generated during the train movement from other causes are not taken into account.
 - The amount of the penalty shall be calculated as the difference between the sum of the increments of delays incurred during the train movement from the liability of one party and the amount of delay increments generated during the train movement from the liability of the other party, the parties being understood to be SŽDC and the Carrier, multiplied by the rate per minute of delay. The amount of this penalty is the same for Carriers as for SŽDC. The rate per minute of delay is set $1 \times B$ per minute of delay for the Timetable 2020.
 - The calculation period is a calendar month.

- **Evaluating All the Movements of the Carrier, determining the level of responsibility:**
 - The number of trains of a given Carrier included in the penalty regime is compared with the number of all the trains of that Carrier in a given calendar month.
 - If the number of trains included in the penalty regime is greater than or equal to 20%, the party responsible for 60% of minutes or more of the delay increments of all trains included in the penalty regime in a given calendar month shall pay a penalty to the other party. The amount of this penalty is the same for Carriers as for SŽDC and it is $1 \times C$ for the Timetable 2020.
 - The calculation period is a calendar month.

4 Basic penalty rates

Process	Symbol	Rate
Dispute Resolution	A	CZK 0
Evaluation of the Carrier's individual movements	B	CZK 0
Evaluation of all Carrier's movements	C	CZK 0