

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.

Advanced World Transport, a.s. as infrastructure manager publishes a performance remuneration system for the regional railway Milotice nad Opavou – Vrbno pod Pradědem as an incentive for the RU and the IM to minimize defects while operating rail transport on the respective network. Introducing a performance remuneration system is conditioned by the obligation of the RU to accept the system's terms.

Conditions for application and sanction amount

Both the IM and the RU are obliged to negotiate mutually each applied sanction in advance up to the end of the calendar month following the respective calendar month during which the reason for the sanction's application arose.

Sanctions for disruption of rail transport operation (IM)

If the disruption of rail transport operation corresponds to the cause pursuant to Art. 4 paragraph 1 of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs and causes a delay of a RU's respective train exceeding 90 minutes, the IM is obliged to pay the RU a sanction amounting **200 CZK** for each such delayed train of the RU on a given network and a sanction amounting **1,000 CZK** for all delayed trains of the RU in a given month on a given network if the sum of trains delayed by more than 90 minutes in a given month exceeds **900 minutes**. Trains of the RU the running of which could not be realized during a closure negotiated with the RU (planned or exceptional) within an approved plan of railway operation restrictions or its part pursuant to Art. 23c paragraph 1 of Act No 266/1994 Coll., on Rail Systems are not considered as delayed pursuant to the provisions mentioned above, therefore no sanction for disruption of rail transport operation can be applied for these. However, the IM is not responsible for a disruption of railway operation caused by a defect on the side of another IM pursuant to Art. 4 paragraph 1 letter d) of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs, therefore no sanction for disruption of rail transport operation can be applied for delayed trains.

Sanctions for disruption of rail transport operation (RU)

If the disruption of rail transport operation corresponds to the cause pursuant to Art. 4 paragraph 2 of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs and causes a delay of any RU's respective train exceeding 90 minutes, the RU is obliged to pay the IM a sanction amounting **200 CZK** for each such delayed train of any RU and a sanction amounting **1,000 CZK** for delayed trains of any RU in a given month on a given network if the sum of all trains of a given RU delayed by more than 90 minutes in a given month exceeds **900 minutes**. However, the RU is not responsible for a disruption of railway operation caused by a defect on the side of another IM pursuant to Art. 4 paragraph 2 letter c) of the Ordinance No 76/2017 Coll., on the content and extent of services provided by

RUs, therefore no sanction for disruption of rail transport operation can be applied for delayed trains.

However, neither the IM nor the RU are responsible for delays due to a cause pursuant to Art. 4 paragraph 3 of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs. These causes are not subject so a sanction's application for disruption of railway operation.

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 on regional lines Sokolov – Kraslice and Trutnov – Svoboda nad Úpou as an incentive for the RU and the IM to minimize defects while operating rail transport on the respective network. Introducing a performance remuneration system is conditioned by the obligation of the RU to accept the system's terms.

Conditions for application and sanction amount

Both the IM and the RU are obliged to negotiate mutually each applied sanction in advance up to the end of the calendar month following the respective calendar month during which the reason for the sanction's application arose.

Sanctions for disruption of rail transport operation (IM)

If the disruption of rail transport operation corresponds to the cause pursuant to Art. 4 paragraph 1 of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs and causes a delay of a RU's respective train exceeding 90 minutes, the IM is obliged to pay the RU a sanction amounting **200 CZK** for each such delayed train of the RU on a given network and a sanction amounting **1,000 CZK** for all delayed trains of the RU in a given month on a given network if the sum of trains delayed by more than 90 minutes in a given month exceeds **900 minutes**. Trains of the RU the running of which could not be realized during a closure negotiated with the RU (planned or exceptional) within an approved plan of railway operation restrictions or its part pursuant to Art. 23c paragraph 1 of Act No 266/1994 Coll., on Rail Systems are not considered as delayed pursuant to the provisions mentioned above, therefore no sanction for disruption of rail transport operation can be applied for these. However, the IM is not responsible for a disruption of railway operation caused by a defect on the side of another IM pursuant to Art. 4 paragraph 1 letter d) of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs, therefore no sanction for disruption of rail transport operation can be applied for delayed trains.

Sanctions for disruption of rail transport operation (RU)

If the disruption of rail transport operation corresponds to the cause pursuant to Art. 4 paragraph 2 of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs and causes a delay of any RU's respective train exceeding 90 minutes, the RU is obliged to pay the IM a sanction amounting **200 CZK** for each such delayed train of any RU and a sanction amounting **1,000 CZK** for delayed trains of any RU in a given month on a given network if the sum of all trains of a given RU delayed by more than 90 minutes in a given month exceeds **900 minutes**. However, the RU is not responsible for a disruption of railway operation caused by a defect on the side of another IM pursuant to Art. 4 paragraph 2 letter c) of the Ordinance No 76/2017 Coll., on the content and extent of services provided by

RUs, therefore no sanction for disruption of rail transport operation can be applied for delayed trains.

However, neither the IM nor the RU are responsible for delays due to a cause pursuant to Art. 4 paragraph 3 of the Ordinance No 76/2017 Coll., on the content and extent of services provided by RUs. These causes are not subject so a sanction's application for disruption of railway operation.

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.

In cases there are more set speeds in a train's timetable in the same line section, SŽDC acts for purposes of applying a sanction by taking into consideration the lowest of set speed values in this section and therefore applies a sanction only in case a railway vehicle is marshalled in a train with a maximum allowed speed being lower than the lowest value set in the given line section as shown in this train's timetable.

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.