

Report on ZSSK's Service Quality Performance in 2010

Provision of high quality services for its customers is a priority for Železničná spoločnosť Slovensko, a.s. (ZSSK), Slovak passenger transport operator.

Integrated quality management system of ZSSK currently includes:

- **ISO 9001:2008 Quality Management System** with certified products in the most important services:
 - InterCity (IC) trains on route *Bratislava – Žilina – Košice* and back
 - Travel documents sale services

- **OHSAS 18001:2007 Occupational Health and Safety Management System with certification for:**
 - *rail passenger transport services*

In accordance with the actual Strategy of the company, ZSSK builds its quality system using the method of gradual certification steps until 2015.

In 2010 an independent certification company Bureau veritas certification, s.r.o. verified compliance of the system with requirements of the international ISO 9001:2008 (on quality) and OHSAS 18001:2007 (on occupational health and safety) norms and validated the certificates for the following year.

CUSTOMER – ORIENTED SERVICES

Since its origin in 2005, ZSSK has been gradually enhancing the quality of its services and modernizing the information and communication technologies employed in its ticket services.

We monitor regularly passengers' requirements on rail transport services as well as their satisfaction with quality of our services using the questionnaire method. We also receive feedback from our customers and from our first contact employees who provide our services directly on spot; in the framework of claims and complaints handling procedures and through cooperation with our partners and consumer organizations.

We monitor quality of our products, services and rail passenger transport processes using several indicators that are collected directly in the process of products and services provision. Every year, we set target values for the individual indicators. Quality of our performance is also monitored during controls and inspections (an integrated control system with an on-line database) and by questionnaires filled in by our first contact employees. After analyzing the obtained data, our experts implement appropriate measures to improve the respective processes.

Herewith we fulfill requirements of the Regulation (EC) No 1371/2007 of the European Parliament and of the Council of 23 October 2007 on rail passenger rights and obligations.

Information and Travel Documents

Complex Ticket Service - New Services

Our customer can choose from 10 sales channels to purchase their travel ticket. In terms of revenues, the electronic sales systems had the largest share (99,54%) in 2010. ZSSK's cash desk sales had the share of 89,24%. POS terminal payments reached 15% in

2010, what represents an increase of 1,82 percentage points and revenues increase of 14,57% in comparison with 2009.

Electronic sales systems are also in the lead in terms of amount of sold travel tickets, with a share of 98,03% in 2010. ZSSK's cash desks had a share of 77,97%.

Hence, the main distribution channel both in terms of revenues and in terms of sold travel tickets amounts are the cash desks of the ZSSK. Almost all the cash desks are equipped with an integrated system for complex ticket services (iKVC). This system enables purchase of domestic and international tickets as well as seat, couchette and berth reservations.

At stations with no distribution channels, passengers are always informed on how they can purchase their travel documents. Customers who want to make an international journey or who want to make a place reservation are advised to visit one of our 10 Customer Centers, where they can get information on train connections or on the most advantageous offers from our trained personnel.

In 2010, we recorded an increase of revenues from ticket vending machines sales by 66,96% and increase of revenues from online sales by 62,21% in comparison with 2009.

Downwards price adjustments since January 1, 2009; gradual familiarization of customers with self-purchase of travel tickets and less coins needed for a ticket purchase after launching the euro currency have contributed to the increased ticket vending machines sales.

The online sales have increased especially due to an enlarged product portfolio available online (all domestic trains since 2010, introduction of a „home printed travel document,“ SparNight ZSSK/ČD product – a package of a travel ticket and a couchette or berth reservation). Duration of a travel ticket purchase and cancellation procedure, including a direct reimbursement in cash for customers at iKCV cash desks, has been reduced. The product portfolio available online will also include travel tickets to Austria in the nearest future. Following the example of German railways, ZSSK has introduced a system of 2D codes that are specific for each travel document, what enables faster inspection of the travel tickets onboard the trains.

Information – Increasing Availability

ZSSK offers a wide range of information for its customers via various information channels before, during and after their journey:

- Our on-line portal www.slovakrail.sk has recorded an increased visit rate. In 2010 we recorded 1 821 856 visits and out of these, 1 184 390 visits were unique (visiting the web page only once). The visitors browsed altogether 4 274 721 pages. This represent a visit rate increase of 33,99% in comparison to 2009. TV portal and a user friendly train connection search application have also contributed to an increased attractivity of the ZSSK's web site.
- We use several information channels to provide information for our customers at train stations and onboard our trains (written information, web pages, Call Centre, audio/visual information, direct information provided by the rail personnel, information on posters and leaflets). High standard ticket and information services are also provided by three ZSSK's Information Offices as well as by individual informants at selected sale points.

- We update 33 types of „Train Guide“ leaflets in a total amount of 1 520 000 pieces four times a year. The „Train Guides“ are available onboard the long distance trains to provide information for passengers on the most important train connections, on services available onboard the train and at stations, where the train stops. We issue 12 types of train timetables for individual train lines in total amount of 15 500 pieces every year.
- Our Call Centre (tel. 18 188, no prefix) is an important interface for our customers. The Call Centre's telephone number is universal for the whole territory of the Slovak Republic and it is available from all telecommunication networks in Slovakia. The price of a call from a mobile network is max. 0,16 €/min including VAT. Our customers can receive the information they need comfortably and quickly via our Call Centre that is available 24/7.

Approximately 178 000 customers call our Call Centre every year. The rate of unanswered telephone calls was 4,99% in 2010. This represents an improvement of 6,85% in comparison with 2005 (the rate of unanswered phone calls was 11,84% in 2005). The customers' calls (on average 14 820 calls pro month) are answered on a basis of predefined time rates – an average waiting time is 14 seconds. The Call Centre's service level has reached regularly more than 96,00% since 2008. Decrease of the service level during several months in 2010 was caused by extra-ordinary circumstances of floods and winter calamities.

E – mail information requests (on average approx. 1360 e-mail requests pro month) were answered within 1,5 hour in 2010. There have been no substantiated complaints regarding the availability of the Call Centre's services during the last 5 years.

An online survey from 2010 showed that 16% of the respondents call our Call Centre to obtain the information they need. However, the leading information channel is internet with 44%.

Reliability of the Transport Services

Punctuality of Trains - Train Timetables are Adhered to at a Standard European Level

Punctuality is an important quality indicator for our customers. Rail punctuality requirements are very strict compared to other transport modes.

For the purposes of punctuality measurements, we compare the actual arrival times with the scheduled arrival times for each train journey. These data are compiled in the „Train Timetable Adherence“ indicator. The overall punctuality of the rail passenger transport was 94,83% in 2010 (delay tolerance of + 5 minutes at arrival at the destination station). ZSSK has achieved a train timetable adherence of more than 92% during the last 5 years. In 2010 the train timetable adherence of international fast trains was 83,01% (delay tolerance of + 5 minutes at the state border) with exception of external factors and unexpected extraordinary circumstances on the rail network (such as extraordinary distortions, Railway Police activities, extreme weather etc.). We strive to reduce the transport constraints incurred under these circumstances.

Average level of customers' satisfaction with the punctuality of ZSSK's trains as expressed in a „face to face“ survey was 2,24 in the IC trains and 2,36 in other domestic trains in 2010 (measured with grades of 1-5, where 1= the best, 5=the worst).

Journey time of long distance trains InterCity Kriváň, Gerlach and Tatran has been reduced by 8-9 minutes in the 2010/2011 train timetable. The journey time reduction was possible due to a completed reconstruction of the „*Bratislava/Rača – Nové Mesto nad Váhom*“ line, where these selected trains can reach a velocity of 160 km/hour. ZSSK's rolling stock fleet includes traction units and coaches that are suitable for operation at this speed.

Czech Railways in cooperation with the ZSSK have launched one international express SuperCity Pendolino train „*Slovenská strela*“ with a reduced journey time of 3 hours and 45 minutes on the *Praha – Bratislava* route. A second class Pendolino ticket includes seat reservation; hence there are no extra charges for a seat reservation onboard this train in a second class.

Online Train Location

Information on actual location of ZSSK's trains on the rail network between their originating station and destination station are available:

- Online at www.zsr.sk
- Via mobile phone after sending a SMS in a „*MES_number of train*“format to 7772. Price of a return message is max. 0,10 € including VAT.

Interrupted and Cancelled Services

Number of cancelled services is generally low. Planned transport volumes in train kilometres have been performed at min. 99,4% since 2005.

Management of Distortions – Prevention and Operative Measures

Almost 1570 passenger trains operate on Slovak rail network every day. Even small distortions or defects may lead to a chain reaction. Therefore, our activities and processes are designed to reduce negative impacts of such failures. In 2010 there was one traction unit failure on every 17 490,67 train kilometres and 1 coach failure on every 96 762,7 vehicle kilometers.

Functionality of the rolling stock is maintained 24 hours a day on the whole territory of the Slovak Republic in cooperation with ZSSK Cargo. ZSSK Cargo's technological facilities that we use for maintenance of our rolling stock are historically bound to ZSSK's operation centres and our partner, ZSSK Cargo is able to provide all the necessary – but quite obsolete - technical, technological, personal and documentary background in all regions and at all stations with access to rail tracks.

We usually manage eventual distortions thanks to our back up trains and thanks to operative measures of our dispatching and maintenance centres that enable us to provide substitute trains or substitute bus transportation. Hence, in case of traffic distortions, we are usually able to take care for the passengers, to transport them or to offer them a hotel accommodation.

ZSSK has developed a system to handle accidents, extraordinary and emergency situations in transportation. Train drivers and train crew are trained to handle these situations.

Information on extraordinary traffic distortions and on alternative transport services are provided by ŽSR's and ZSSK's traffic management units in the premises of railway stations and onboard the trains in an audiovisual form or directly by the train crew.

EU Funds Program – Project of Renewal of ZSSK Rolling Stock

ZSSK is the first railway company in Europe that has received EU funding for purchase and modernization of its rolling stock. The first of the 10 contracted double decked EMU train sets started to operate on Slovak tracks in the end of year 2010. In following steps, 10 new Push-Pull train sets as well as 12 new double decked DMUs will be gradually put into operation all around Slovakia to renew the old rolling stock fleet.

Transport Safety and Security – Our Priority

Rail transportation is the most safe transport mode in Slovakia. Since 2005, only 1 passenger has died and 65 passengers have been injured due to a train accident during their train journey. Out of these, 0 deaths and 23 injuries were recorded in 2010.

ZSSK continually improves safety and security of its passengers. In 2010, four locomotives were equipped with ETCS - a modern signalling, control and train protection device used on the basis of Agreement on ERTMS. The system controls for example train speed or canting of the rail using the information on track conditions that are broadcasted by track balises and received by an antenna installed on the locomotive. Another renewed locomotive will be ready in 2011.

In 2010, our company became a part of a prestigious international consortium of security industry companies led by Italian industrial company Ansaldo STS. The consortium intends to build an integrated system of security technologies and organizational measures under the heading of PROTECTRAIL project (The Railway-Industry Partnership for Integrated Security of Rail Transport). ZSSK is actively participating in particular in the first phase of the project that involves security requirements specification, crisis scenario definition and assessment of regional disparities from the RU's point of view.

Cleanness of ZSSK's Rolling Stock

Cleanness of Vehicles – Part of ZSSK's Basic Transport Services

ZSSK guarantees sanitary maintenance and cleanness of its rolling stock as part of its basic transport services.

ZSSK has implemented internal regulations, standards and technological control procedures for the purposes of systematic quality management of the cleaning services. Cleaning services standards reflecting expectations of passengers have also been defined in contracts concluded with partners who provide cleaning services for ZSSK.

ZSSK cleans its rolling stock using three fixed cleaning facilities (fixed washing devices in Košice, Zvolen and Žilina) and one mobile cleaning facility (Nove Zámky). The facilities are designed to clean outer frames of the rolling stock, especially the rolling stock for the long distance traffic (37 trains a day).

ZSSK's rolling stock is cleaned at least once in every 24 hours. Besides this, 15% of the long-distance trains are cleaned also during the journey.

Intervals of the cleaning services as well as their scope and quality are regularly inspected. The ratio of insufficient cleaning services provided/planned volume and quality of the cleaning services has been stabilised at the level of $\leq 12,5\%$ since 2009.

Customers' satisfaction with cleanness of our trains is regularly examined by a "face to face" survey. In 2010, the level of customers' satisfaction with cleanness of our coaches expressed in grades (1= the best grade, 5=the worst grade) reached an average value of 2,33 for IC trains and an average value of 2,96 for domestic trains, where we recorded an improvement of 0,21 grade in comparison to 2009.

Public Health Authority of the Ministry of Transport, Construction and Regional Development of the Slovak Republic controls regularly quality of drinking water and cleanness of passenger rolling stock in order to maintain a high standard of quality.

Air-Conditioned Coaches in Fast Trains

ZSSK operates more than 300 air-conditioned coaches. New passenger coaches of both 1st and 2nd class, including the new and reconstructed coaches of a special construction (couchette berth and sleeping berth coaches, dining cars and open saloon coaches) are equipped with air-conditioning systems. The new, EU funded train sets and units are also equipped with air-conditioning and air-venting as a matter of course.

Customers' Satisfaction Survey

Customers' Surveys - Understanding Customers' Needs

Regular and systematic feedback from customers is vital for providing an adequate quality of products and services.

ZSSK has developed an internal concept of conducting market researches and surveys. We address approximately 2 300 respondents in a personal interviews and approximately 10 000 online respondents. We prepare online questionnaires and we carry out at least 3 surveys on customers' satisfaction every year to understand passengers' perception of our services. Our surveys distinguish several stages of transport services provision – they begin with availability of travel information and travel ticket purchase, continue with services at the station of departure and the services onboard the train and conclude with services at the destination station and eventual complaints handling procedures. Every three years we invite independent market research companies to conduct surveys for us. We evaluate the results in a structured way in order to develop measures to improve our weak points.

In 2010 our customers' surveys focused on quality of IC train services and domestic train services; on travel habits of parents travelling with their children and on satisfaction with the frequency and quality of train services on the main *Zvolen – Košice* line. Our online surveys focused on availability of information on passengers' rights and obligations in international transport and on international rail transport services in general; on evaluation of rail personnel and their services in passenger transportation; on reduced fares for students; on availability of cash desks outside the premises of railway stations; on cancellation of the Orange telepay in the online ticket sales service and on ZSSK's travel information services in general.

We have also carried out a mini-survey on „train crews“ for the first time in order to gather basic information on customers' satisfaction and views on rail safety and security as compared with views of our first contact employees on this issue.

Reliability of the Surveys – Basis of a Professional Approach

Reliability of ZSSK's surveys has reached the level of $\geq 90\%$ for the „face to face“ method and at least 60-70% for other methods (online questionnaires, correspondence surveys) over the period of last two years.

Professional approach is secured by following measures:

- The surveys and questionnaires are compiled by a qualified personnel of ZSSK in cooperation with the involved expert departments or in cooperation with an external expert company
- The surveys are conducted by a network of trained internal or external interviewers
- External expert companies are required to control their data input twice and to control at least 20% of their interviews.

Customers' Satisfaction – Our Goal

Following table summarizes the results of an online questionnaire on rail personnel and rail services published on the ZSSK's web site:

	2009	2010
Excellent and praiseworthy	41,47%	46,00%
Good and sufficient	27,03%	26,50%
Insufficient	31,50%	27,50%.

In 2010, service improvement of IC trains was perceived by 41,42% and service improved of domestic trains (except the IC trains) was perceived by 31,03% of a “face to face” survey respondents. An overall satisfaction of the respondents with IC trains and domestic trains measured with an average grade has been stabilized at the level of approximately 2,2 - 2,4 (1= the best grade, 5=the worst grade) since 2006.

Findings and recommendations resulting from the ZSSK customers' surveys represent an important management tool for improvements – the data are used to support planning of services quality improvements as well as decision making and risk management processes. The findings and recommendations are implemented in form of action tasks and action programs. Customers' satisfaction surveys are also a tool that improves communication between ZSSK and its customers.

Complaints Handling Procedures, Reimbursements and Compensations for Non-compliance with Service Quality Norms

ZSSK's customers are entitled to submit complaints on quality of services and claim compensation for damages. Exercise of this right must not result in any harmful consequences for the customer.

ZSSK has developed standard and documented procedures and rules for handling claims, complaints, reimbursements and compensation requests. Our customers are informed about their rights in the claim handling process via public information channels.

Claims, complaints, reimbursement and compensation requests are centrally recorded, categorized, evaluated and handled as a part of ZSSK's managed processes. The main aim is to handle these claims professionally and continuously in a transparent and fair dialog. Adherence to legally binding dates for answering the claims, complaints, reimbursement requests and compensation requests is regularly controlled.

ZSSK has been insured and has made further arrangements for cover of its liability in respect of non-compliance with the service quality standards.

Claims – Handling of Claims at Sale Points

Passengers' claims regarding the fare were handled in 92,6% of cases directly at the sale points. Claims that were impossible to handle directly at the sale points (7,4%), were handled by ZSSK's Rail Clearing Section. Total amount of 9 815,92 EUR was refunded due to fault on the part of the carrier.

Complaints – Low Share of the Fault on the Part of ZSSK

Total amount of rail passenger complaints was 2454 in 2010. After a rapid growth of complaints in 2005-2007, the amount of customers' complaints was stabilized on the level of 1960 complaints/year in 2007-2009. In 2010 we recorded a rapid growth of number of complaints again. Beside the growth of number of electronic complaints (1229) we recorded growth of anonymous complaints (183) in 2010, too.

Validity of customers' complaints ranged between 61-69% in 2005-2010. Share of valid complaints due to fault on the part of ZSSK was stabilized on the level below 25% thanks to a system of preventive and corrective measures during this period. In 2010 for example, the level was 24,93%.

We cooperate with the Ministry of Transport, Construction and Regional Development and with other partners participating on services provision to reduce the so called external validity of the complaints (the share of complaints regarding service quality that are valid due to fault on the part of other subjects, not on the part of ZSSK). In 2010, the external validity of complaints reached the level of 44,10%.

Communication channels used for submission of customers' complaints in 2010:

Personal submission	0,65%
Paper, complaints book, or other type of printed form	48,39%
Electronic submission	50,14%
Indirect complaints, media feedback	0,78%
Other	0,04%.

Compensations for Non-compliance with Service Quality Norms in International Rail Passenger Services

Regulation (EC) No 1371/2007 of the European Parliament and of the Council on rail passengers' rights and obligations entered into force on December 13, 2009.

The regulation entitles our passenger with international travel documents issued by ZSSK to request compensation for delays in international traffic. For the purposes of compensation request, ZSSK has prepared a special form: „*Request for Compensation of the Ticket Price and for Refund of the Assistance Costs For International Rail Passenger Transportation.*“

Compensation requests are processed by the ZSSK's Rail Clearing Section. After collecting all the necessary background materials, the requests are processed within a legally binding period of one month. The compensations are transferred either to customers' bank accounts or via postal orders or by a notice for foreign carriers in case of passengers from abroad.

Number of compensation requests received between December 3, 2009 - December 31, 2010	449
Number of invalid and refused requests	102
Number of requests in progress	2
Number of requests forwarded to the competent carrier (usually ČD)	82
Number of compensations paid	263
Amount of compensations paid pursuant to Regulation (EC) No. 1371/2007 of the European Parliament and of the Council	6 025,59 EUR

Constant and focused service quality measures are implemented on the basis of customers' claims, complaints, suggestions, and reimbursement and compensation requests' analysis.

Assistance for Passengers with Reduced Mobility (PRM)

Approximately 45 millions of passengers use our services every year. It is our social responsibility to provide transport service also for the passengers with reduced mobility. In 2010 we have provided transport assistance in 660 cases, what represents an increase of 3,5 times since 2005.

ZSSK has developed and implemented internal guidelines for PRM transport assistance in accordance with the EU legislation. We have also developed relationships with PRM umbrella organisations and rail infrastructure manager (ŽSR) to discuss topics related to PRM transport assistance. We use our know-how and PRM's feedback to adjust our services to the requirements of this target group.

Rolling Stock Renewal – Higher Comfort for Passengers with Reduced Mobility

In 2010, ZSSK coupled daily 11 special coaches with hydraulic lifting devices in 66 trains and 7 DMUs with doors leveled to station platforms. Besides this, under certain circumstances it is possible to couple a special coach with a hydraulic lifting device as an additional coach for other trains. It is also possible to request assistance with boarding and disembarking for PRM.

Since the launch of a new timetable for 2010/2011, ZSSK has put into operation the first of the ten new double decked EMUs for suburban and regional transport. The three-vehicle train set is designed to meet the needs of both the PRM and visually impaired passengers – including low-floor entrances for secure and comfortable boarding and disembarking, 4 wheelchair spaces, special on-board lift, two obstacle-free toilets, information system technologies for visually impaired passengers (for example door opening buttons and help buttons identified in Braille letters). The double decked EMU has been tested and positively evaluated by the representatives of PRM. Other nine double decked trains will be launched in 2011 and 2012.

Information – Enhanced Service Accessibility for PRM

Information on service accessibility for PRM, on equipment onboard the trains, on assistance and on accompanying persons are provided in the train timetable; on ZSSK's web site www.slovakrail.sk and at ZSSK's Call Centre that is accessible 24/7 via e-mail or phone.

Visually or hearing impaired passengers are informed directly by the ZSSK's personnel during their journey.

Information on conditions of carriage for PRM, including the Call Centre's contact data are published on notice boards at every train station. At unstaffed stations, ZSSK provides information regarding the nearest station with directly available boarding and disembarking assistance for PRM. Provision of information on PRM's rights and assistance was supported by the general campaign of ZSSK on passengers' rights in 2010.

Quality Award for ZSSK

In 2010 ZSSK participated in a nation-wide contest *National Quality Award of the Slovak Republic* in order to get an objective and independent evaluation of the efficiency of its own activities and to compare its quality performance with other Slovak organizations. The contest is one of the core national quality policy program activities in the framework of National Quality Programme of the Slovak Republic under the auspices of the Slovak Office of Standards, Metrology and Testing.

In November 2010, the jury of the National Quality Award contest decided to award a prize for enhancing performance according the criteria of the EFQM Excellence Model in A2 category (services providing organizations with more than 51 employees) for **ZSSK**.

Information on travelling by train are available at our Call Centre (18 188), at cash desks, at ZSSK's Customer Centers and online on www.slovakrail.sk.

Remark on Fulfillment of Quality Standards

Despite the advances in fulfillment of the defined quality standards in 2010, the reasons that led our company to request exemptions from the Regulation 1371/2007 are still valid. The technical and technological parameters of ZSSK's infrastructure, especially the obsolete rolling stock fleet did not improved in 2010 to such an extend that would be sufficient for fulfilling the defined quality standards.

Furthermore, ZSSK is currently not able to maintain the desired level of cleanness and sanitary standards of its rolling stock and its station facilities, mainly due to a non-existent network of its own centers of technical and sanitary maintenance.