

# Shift2Rail Joint Undertaking (S2R JU)

## 14<sup>th</sup> FORMAL MEETING OF THE S2R JU GOVERNING BOARD

BRUSSELS, 27 October 2017, 10h00 – 13h30

White Atrium building,

Avenue de la Toison d'Or 56-60, B-1060 Brussels

### PRESENT:

<b>European Union,</b> represented by the European Commission	Matthew BALDWIN, DG MOVE, Deputy Director General	Chair (alternate)
	Clara de la TORRE, DG RTD, Director H	Co-Chair (alternate)
	Elisabeth WERNER, Director C	Observer
	Keir FITCH, DG MOVE	Observer
	Jean-Francois AGUINAGA, DG RTD	Observer
	Mihaela WILLIAMS, DG MOVE	Observer
	William BIRD, DG RTD	Observer
<b>ALSTOM</b>	Nicolas CASTRES SAINT MARTIN	Member
<b>ANSALDO STS</b>	Nadia MAZZINO	Member
<b>ANSALDO STS</b>	Antonella TROMBETTA	Alternate Member

<b>AZD Praha</b>	Vladimir KAMPIK	Member
<b>BOMBARDIER TRANSPORTATION</b>	Markus GENGLER	Alternate Member
<b>CAF</b>	José GORTAZAR	Alternate Member
<b>DEUTSCHE BAHN</b>	Ralf MARXEN	Alternate Member
<b>EUROC</b>	Jose Carlos CLEMENTE	Member
<b>HACON</b>	Lars DEITERDING	Member
<b>INDRA</b>	Javier Rivilla LIZANO	Alternate Member
<b>INDRA</b>	David LUENGO	Observer
<b>KNORR - BREMSE</b>	Gert FREGIEN	Member
<b>NETWORK RAIL (Industrial Spokesperson)</b>	Andy DOHERTY	Member
<b>SIEMENS</b>	Jürgen SCHLACHT	Alternate Member
<b>SMARTDEMAIN</b>	Henk SAMSON	Member
<b>SMARTRACON</b>	Meyer ZU HORSTE	Member
<b>SNCF</b>	Christophe CHERON	Alternate Member
<b>THALES</b>	Yves PERREAL	Alternate Member
<b>TRAFIKVERKET</b>	Bo OLSSON	Member
<b>VVAC+</b>	Filip KITANOSKI	Member
<b>European Railway Agency</b>	Richard LOCKET	Observer

<b>Chairperson of the States' Representative Group</b>	Miroslav HALTUF	Observer
<b>Chairperson of the Scientific Committee</b>	Sebastian STICHEL	Observer
<b>S2R</b>	Carlo M BORGHINI, S2R JU	Executive Director
	Giorgio TRAVAINI, S2R JU	Observer
	Isaac GONSALEZ GARCIA, S2R JU	Observer
	Catherine CIECZKO, S2R JU	Observer
	Georgios PATRIS, S2R JU	Secretariat

JU Members invited by the Governing Board to attend the meeting as observers:

<b>AERNNOVA</b>	Miguel Á CASTILLO ACERO	Observer (remotely)
<b>KAPSCH</b>	Michael MIKULANDRA	Observer (remotely)

## **LIST OF DECISIONS:**

The following decisions were taken by the Board:

1. DECISION No 5/2017 adopting Amendment No 2 to the Annual Work Plan 2017 and Budget Figures
2. DECISION No 6/2017 on the Annual Work Plan and budget for 2018
3. DECISION No 7/2017 adopting the Amended Multi-Annual Action Plan
4. DECISION No 8/2017 on the application by analogy of Implementing Rules to the Staff Regulations
5. DECISION No 9/2017 on the S2R JU policy on protecting the dignity of the person and preventing psychological harassment and sexual harassment

## OVERVIEW OF DISCUSSIONS:

### *INTRODUCTION*

The Chair welcomed the participants to the fourteenth meeting of the Governing Board of the S2R JU and introduced Mrs Elisabeth WERNER, recently appointed Director in Directorate C – Land of DG MOVE. As alternate to the Chair, Mrs Werner will be chairing the future meetings of the Governing Board.

### *1. ADOPTION OF THE AGENDA*

The final agenda, as indicated below, was approved by the Board.

1. WELCOME FROM THE CHAIR, ADOPTION OF THE AGENDA AND MoM 2. INFORMATION FROM THE COMMISSION 3. REPORT OF THE EXECUTIVE DIRECTOR ON S2R JU ACTIVITIES
<b>ITEMS FOR DECISION OF THE GOVERNING BOARD</b>
4. ADOPTION OF AMENDMENT No 2 TO THE BUDGET 2017
5. ADOPTION OF THE ANNUAL WORK PLAN AND BUDGET FOR 2018
6. ADOPTION OF THE MAAP – part A
7. ADOPTION OF IMPLEMENTING RULES ON HR ASPECTS - Application by analogy of implementing rules to the staff regulations - Policy on protecting the dignity of the person and preventing psychological harassment and sexual harassment
<b>ITEMS FOR DISCUSSION OF THE GOVERNING BOARD</b>
8. MEMBERSHIP OF THE S2R JU GOVERNING BOARD
9. INFORMATION ON THE PROGRESS OF THE INVITATION TO THE AMs OF S2R JU IN VIEW OF THE REALIGNMENT OF THEIR ACTIVITIES AND ADDITIONAL COMMITMENT TO THE SHIFT2RAIL PROGRAMME
10. MID-TERM EVALUATION OF S2R
11. S2R KPIs: PRESENTATION ON THE STATUS OF THE S2R KPIs
<b>ANY OTHER BUSINESS</b>
12. AOB ▪ INDICATIVE LIST OF DOCUMENTS TO BE ADOPTED BY WRITTEN PROCEDURE OR AT THE NEXT BOARD MEETING ▪ DATE OF THE NEXT MEETING(S)

It was noted that the draft Agenda items concerning a) the rules on the prevention and management of conflicts of interests, b) the rules on the prevention and management of conflicts of interests for staff and c) the annual appraisal, probationary and management trial period of the Executive Director of S2R were removed from the agenda, due to the fact that the Commission Services (DG HR) were not in the position to conclude their internal formal adoption processes. A written procedure may be launched for the adoption of a decision on these topics, unless adopted at the GB meeting of December 2017.

All participants signed a declaration of absence conflict of interest and of confidentiality. In this respect, considering that the Associated Members had a risk of Conflict of Interest concerning Item 9, the Chair proposed to postpone Item 9 at the end of the meeting and deal with it in the absence of the representatives of the Associated Members and Observers. The Governing Board agreed with the Chair proposal.

The minutes of the previous (13<sup>th</sup>) meeting were adopted with the following addition under agenda Item 8: *“Regarding the decision on the appraisal of the Executive Director, the Governing Board requested the Executive Director to put in place the necessary procedure to ensure the Commission's agreement on this topic”* That was not properly recorded in the draft version of the minutes. It was agreed that in order to accelerate the process for the adoption of the minutes, a short written procedure will be organised right after the due date or submitting comments.

## **2. INFORMATION FROM THE COMMISSION**

The Chair highlighted the overall positive outcome from the interim evaluation of the S2R JU, which underpinned its added value. Moreover, there was positive publicity during the recent event in Strasbourg, where a number of members of the European Parliament expressed their support to the JUs. The Chair noted that the next year's TRA in Vienna and InnoTrans in Berlin are key events, where the S2R JU must be visibly present and, in particular, with demos. In addition, the completion of the lighthouse projects is expected to bring the first tangible results in the field of R&I in railways, therefore the year 2018 should be considered as an important milestone for the future. He also highlighted the need to focus on multimodality and how to best promote the efficient use of rail in connection to other modes.

Referring to the discussions about “Brexit”, the Chair noted that the outcome of the negotiations is still uncertain but in the next H2020 Grant Agreements, including those of the JU, will include a provision clarifying the terms of funding towards entities established in UK, after UK's departure from the EU. The Commission Services are working on standardized information to be provided to the stakeholders in this respect.

The Governing Board took note of the information provided by the Commission.

### ***3. INFORMATION FROM THE EXECUTIVE DIRECTOR AND THE COMMISSION***

The Executive Director briefly informed the Members of the most important developments since the last meeting of the Board and provided an outline of the planning until the end of 2018 (please refer to the presentation attached).

During his presentation the Executive Director referred to some issues during the finalization process of a Consortium Agreement in relation to the Grant Agreement PIVOT, in particular on access rights and joint ownership. Moreover he mentioned the substantial number of comments stemming from experts (from UNISIG, EUIG, etc.) supporting ERA's assessment on three deliverables of X2RAIL-1 project. This is a clear example on the need to address the process in a more efficient manner, to ensure a smooth and effective transfer of results from R&I activities into rail operations. IP2 and the relevant stakeholders need to work on a solution. For the next year's activities he highlighted the importance of the quick wins/demos, which are coordinated by the SIWG and in particular for the TRA in Vienna he noted that the presence of rail will be significant as on top of the large number of rail papers there will be also side events such as the final conference for the lighthouse projects and an event on rail freight.

Concerning JUs' event "*Innovation in Action*" that took place on 23-26 October in Strasbourg, the Executive Director highlighted the strong and effective support from the rail sector (Unife, DB, Indra, ERCI, EARTO, etc.), from the Commission and the MEPs, who were present (a detailed note from the Executive Director was sent to all Members of the Board). He noted that, given the overall support expressed towards the notion of the JUs, the discussions for the period beyond 2020 will now focus on the distribution of the available budget, although each JU will have to work to demonstrate the reasons for funding (including through proper business case(s) and KPIs).

The Executive Director referred also to the current situation on staff, where in the near future the JU will need to cover three posts of Programme Managers, due to departures of staff. He noted that the nature of the contracts, which is imposed by the current organigram, brings the JU into a less favourable position in comparison to other JUs/Agencies, which have the possibility to offer more appealing contracts. This needs to be thoroughly considered, in particular in view of S2R 2.

The Executive Director also informed the Members about the [2018 Middle East Rail Conference and Exhibition](#), which will take place on 12-13 March 2018 in Dubai and invited all interested Members to participate and support S2R in the discussions, where digitalisation, automation and decarbonisation

will be the major trends to be discussed. Members are invited to express their interest to be present to the event to the Executive Director as far as possible by the end of November 2017.

The Chair congratulated the JU for the event in Strasbourg and thanked the Commission representatives, who were present. He took note of the situation regarding the JU staff, expressing his confidence that the JU will continue the same quality of work, while agreeing that the issue raised by the Executive Director should be discussed in view of S2R 2. Concerning the events in 2018, he also referred to the TEN-T days planned on 26-27 April 2018, in Slovenia, where S2R should also be present.

The Chairperson of the States Representatives Group (SRG) noted that on 4 December a regional workshop on S2R is organised, with the participation of CZ, SK, AT and CH, while HU and HR will also participate as observers. Moreover the SRG will promote S2R during the TRA event and there are ongoing discussions about possible initiatives also at InnoTrans.

The Governing Board took note of the information provided.

#### ***4. ADOPTION OF AMENDMENT No 2 TO THE BUDGET 2017***

The Executive Director briefly explained that the Budget 2017 was established on the basis of the estimates made in October 2016 for the distribution of the resources available for the running costs and operational activities of the S2R Joint Undertaking and that there is a need to adapt the budget to the actual needs. The proposed amendment balances the unused payment and commitment appropriations on administrative and operational expenditure due in relation to the previous budgetary years and includes a decrease of the payment appropriations on operational nature, following the confirmation that the Commission will administer the S2R Initiative lighthouse projects. The Executive Director noted that all these changes concern transfers within the same budget chapter and could therefore be done by a decision of the Director, however for reasons of transparency the issue has been brought to the attention and approval of the GB.

The Chair expressed his appreciation for the transparency and the Industrial Spokesperson welcomed the fact that the proposed changes are line with the objective of bringing the available budget forward (front-loaded programme).

#### ***Decision***

The Governing Board adopted Amendment No 2 to Annual Work Plan an Budget figures 2017.



## ***5. ADOPTION OF THE ANNUAL WORK PLAN 2018***

The Executive Director provided a brief overview of the AWP2018, explaining that it focuses on the main priorities and takes into account the comments received during the consultation process such as the improved clarity in the IP2 activities concerning automation (better split between IP2 and support in relation to IP5) as well as the amendment of the MAAP – part A (a relevant provision has been included in the topic descriptions).

It was noted that further changes may be necessary following the outcome of the invitation to the Associated Members; however the Executive Director can amend the budget by applying the provision in the AWP on the flexibility rule. If bigger changes are necessary, they will be brought to the Governing Board for adoption in December.

The Executive Director explained that the AWP 2018 provides for that all unused appropriations, including those from the administrative budget, are transferred to operational activities. However, in the future, in a progressive manner, a reverse process may be necessary in relation to the administrative costs, also to avoid budgetary distortion with regard to the Industry Members' contributions to the running costs..

The Industrial Spokesperson noted that the AWP2018 has already started reflecting the amended MAAP and that one of the key issues in the coming months will be the good collaboration between the members' projects and the projects stemming from the open calls. He noted that there are variations in the levels of quality and collaboration of the open call projects and therefore the focus should be on the details of the topic descriptions in order to foster collaboration, especially as the open calls contribute to the KPIs.

The Chairperson of the SRG noted that the Member States have already requested more information on the ongoing projects in order for companies to be better prepared to cooperate in future projects.

The Executive Director explained that the collaboration among projects is a priority for the JU and in this context the next Info-Day, scheduled on 12 December, will focus particularly on this aspect, allowing for the Members to actively participate and interact with the participants. Therefore the participation of the IP coordinators and Members will be requested, together with representatives from ERCI and ETNA in order to attract more SMEs. If necessary, during the Q&A phase, a clarification will be issued on the need for enhanced collaboration of the Open Call Projects with the Members' Projects.

### ***Decision***

The Governing Board adopted the Annual Work Plan and budget for 2018 and noted that the transfer of administrative unused appropriations to the 2018 operational activities will be reversed in the years to come. This will be brought to the attention of the Governing Board.

## ***6. ADOPTION OF THE MAAP – part A***

The Executive Director noted that the new part A of the MAAP is the result of the cooperative work by all Members and that the stakeholders already appreciated it, e.g. at its last meeting the SRG highlighted the significant improvement in the clarity of the document. The Executive Director clarified that the objective of the document is not to justify the continuation of S2R but to provide a vision with a horizon up to 2030. In this sense the MAAP can serve as a basis for the future (S2R 2) programme. The objectives of the document also fit with the envisaged perspectives of ERRAC for the future of railways and should therefore reflect also the EU perspectives on financing the sector.

The Chair agreed with the scope and objectives of the document and with the fact that it provides a vision and a strategy for the future, which needs to be supported by an equivalent deployment action plan and a good set of KPIs in order to provide the necessary justification for the budget. He noted that the Director General of DG MOVE will be participating in the dinner before the next meeting of the Governing Board in December and that this is an excellent opportunity for the Members to structurally present their innovative ideas for the future. Mrs Werner noted that the focus in that dinner discussion should be on digitalisation, decarbonisation, multi-modality and delivery of results.

In answering a question from TRV the Chair noted that the new part A is an excellent compromise between the views of the Commission and the industry and that it can be further developed in the future.

The Chairperson of the Scientific Committee noted that the new part A can be the basis for the development of more radical ideas for the future R&I activities, while the Chairperson of the SRG noted that further work on the vision can be done in cooperation with ERRAC, which has already put in place.

On a question from DB on the notion of “radical ideas” the Executive Director noted that there are challenges to be addressed, e.g. how to maximise the expected benefits from the system, which require a proper transition process and a plan, accompanied by the necessary resources. SIE noted that one of the biggest challenges is to exploit the spare capacity of the rail system (empty tracks compared to congested roads), which is partly due to the limits of the existing traffic management and control systems.

The Executive Director noted that following the approval of the new part A, the revision of the part B will be put in motion and this should also be reflected in the AWP 2019, where the Governing Board should govern the work of the IP Steering Committees by providing the necessary top-down approach. The final version of the part A will undergo a linguistic check and it is planned to be handed over to Commissioner Bulc during the Digital Transport Days, in Tallinn, on 9 November 2017. He invited all Members to participate in that event.

## ***Decision***

The Governing Board, adopted the MAAP – Executive View - Part A.

### ***7. ADOPTION OF IMPLEMENTING RULES ON HR ASPECTS***

The Executive Director reiterated that the set of rules for adoption by the Board reflect the fact that S2R JU's staff members are subject to the Staff Regulations of Officials and Conditions of Employment of Other Servants of the European Union and, in general, apply all the same rules by analogy.

## ***Decision***

The Governing Board, adopted the application by analogy of Implementing Rules to the Staff Regulations and the S2R JU policy on protecting the dignity of the person and preventing psychological harassment and sexual harassment.

### ***8. MEMBERSHIP OF THE S2R JU GOVERNING BOARD***

The Executive Director presented three cases, which have been examined in relation to possible implications in the membership of the JU, namely the following:

- Faiveley acquisition by Wabtec: this change has not affected the membership of Faiveley, which continues to maintain its corporate name, register number and legal entity form
- Hacon acquisition by Siemens: this case has been submitted to Commission Services for their opinion. This may have an impact on the invitation to the Associated Members but with no retroactive effect. Siemens stated, that with regard to the membership the acquisition of HaCon is exactly the same as the Faiveley case, as also HaCon continues to maintain its corporate name, register number and legal entity form.
- Alstom – Siemens: this cooperation has been announced without yet taking effect. It is subject to scrutiny of competent EU and national authorities. SIE noted that the two companies will maintain their autonomy and this will have no effect on membership, at least until the foreseen agreement is concluded.

The Governing Board took note of the information provided.

### ***9. INFORMATION ON THE PROGRESS OF THE INVITATION TO THE AMs OF S2R JU IN VIEW OF THE REALIGNMENT OF THEIR***

## ***ACTIVITIES AND ADDITIONAL COMMITMENT TO THE SHIFT2RAIL PROGRAMME***

The discussion on this topic took place, at the end of the meeting, without the presence of the representatives of the Associated Members and Observers. The Executive Director presented the main information on the submissions and explained the process for the evaluation of the proposals, which will include negotiations with the concerned Associated Members. The Executive Director informed the Governing Board that a procedure on how to process the answers was adopted; inter alia, this procedure foresees that in the final stage, before submission to the Governing Board itself for decision, a committee with representatives of the Founding Members, Commission and Industry, the SRG, the SC and ERA will support the Executive Director to formulate its recommendation to the Governing Board. A report from the Executive Director to the Governing Board (addressed to the Founding Members) with a proposal for the acceptance of the answers after the negotiation is expected by the end of November.

The Chair expressed the Founding Members' agreement with the process.

The Governing Board (Founding Members) took note of the information provided.

### ***10. MID-TERM EVALUATION OF S2R***

The Commission (RTD and MOVE) briefly presented the interim evaluation process and the main identified strengths, challenges and conclusions for all the JUs and S2R JU in particular (please refer to the presentations attached). Certain recommendations for S2R were presented such as the need for increased involvement of SMEs, whose participation appears lower compared to other EU activities.

The Industrial Spokesperson noted that the Members have already provided their comments on the interim evaluation and that a number of the recommendations have already been addressed.

Concerning the SME involvement the Chair noted that it is a structural issue that needs to be addressed and asked also the SRG to contribute by mobilising SMEs at country level. The Commission noted that under the current structure it may be more attractive for an SME not to become a Member of S2R, in order to avoid additional costs but to participate through open calls or other cooperation (e.g. linked third party).

The Executive Director noted that although the evaluated period was only eight months, overall the interim evaluation is positive for S2R, due to the collaborative work of all Members and stakeholders. He focused on the current structure of the programme implementation and demonstrated that the evaluation of results at project level is not only an administrative issue but has a direct effect on the

programme as it hinders the assessment of longer-term efforts at programme level. He asked for the authorisation from the Board to start a discussion on this aspect.

The Governing Board took note of the information provided and authorised the Executive Director to explore solutions regarding the above mentioned project management approach.

### ***11. S2R KPIs: PRESENTATION ON THE STATUS OF THE S2R KPIs***

The Executive Director briefly presented the work for the development of a KPI “tool” which can assess the performance of S2R R&I activities, in line with the provisions of the Regulation as well as the performance and contribution by IP and TD, in a pragmatic approach. The work has already resulted in an “initial tool”, including the definition of the main KPIs and this has been the result of the cooperation among stakeholders. He noted as main shortcoming the lack of “ownership” of this “tool”, the need for a validation process on some key assumptions and values and the need to include IP4. It is essential to provide for a clear business case that would support the S2R 2 and the deployment of technologies, starting from the KPIs. He presented three options for the way forward, with different levels of involvement from the JU and the Board in particular (please refer to the attached presentation).

The Chair noted that for building a strong case to support S2R 2 the KPIs will play a crucial role therefore a small number of relevant KPIs is necessary.

ERA noted that similar challenges were faced when developing its own KPIs and proposed to share experiences and data.

TRV noted its full support to KPI tool that is reliable, simple and easy to understand and supported option 2, which includes the involvement of the Board members in the development and validation of the KPI model. The Executive Director proposed the organisation of a workshop in the afternoon on 13 December, right after the next meeting of the Board. This workshop will be properly prepared in order to allow for the acceleration of the work, in order to have concrete results in spring 2018, i.e. March Governing Board. Following Commission’s proposal, an external expert may be consulted in the validation phase of the model.

The Governing Board agreed to proceed in line with the option 2, as presented by the Executive Director and to organise a well prepared workshop on 13 December 2017. The Members shared the view of proper ownership of the model and urgency to deliver it on time.

## ***12. AOB***

The Governing Board cordially thanked Mr Gert FREGIEN (KNORR-BREMSE) for his contribution to the deliberations of the Board as this was his last meeting of the Board prior to his retirement.

### ***INDICATIVE LISTS OF DOCUMENTS TO BE ADOPTED AT THE NEXT BOARD MEETING OR BY WRITTEN PROCEDURE***

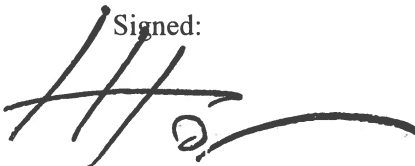
- Rules on the prevention and management of conflicts of interests
- Rules on the prevention and management of conflicts of interests for staff
- Annual appraisal, probationary and management trial period of the Executive Director of S2R

### ***NEXT MEETINGS***

The next meetings of the Governing Board are tentatively scheduled on:

- 13 December 2017
- 23 March 2018

Done in Brussels on 27 October 2017

Signed:  


Henrik HOLLEI

Chairman of the Governing Board

## **Annex 1- List of Actions**

<b>Action</b>	<b>Responsible</b>	<b>Deadline/status</b>
Evaluation of the proposals in response to the invitation to the Associated Members – report to the Board (Founding Members)	S2R ED	By end November
Legal Analysis on membership	S2R - EC	By the next GB meeting on 13 December 2017
Organisation of KPI workshop with interested Members of the Governing Board	S2R ED	By the next GB meeting on 13 December 2017