

Bulletin No. 9

(This bulletin supersedes Bulletin No. 8)

KCSM – Shipper Terminal Services Agreement

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Effective as of January 12, 2021

KCSM – Shipper Intermodal Terminal Services Agreement

This official statement and the rules contained apply to all Intermodal traffic on Intermodal Equipment, originating from and / or destined to KCSM Controlled and / or Private Controlled Terminals, interchanged to and subject to line haul services provided by KCSM.

In addition, Shippers will also be bound to the Rules Tariff Publications (current and future posted) listed on the KCS website <https://www.kcsouthern.com/en-us/customer-resources/guidelines-regulations/rules-publication-page> which includes, but is not limited to, the most current versions of

- KCS 9011: rules for traffic on KCS' US rail network, subject to percentage based fuel surcharge
- KCSM Freight Railroad Transportation Public Service Agreement: rules for traffic on KCSM's Mexico rail network.

In addition, Shippers will be bound to the Intermodal related accessorial charges listed on the KCS website, <https://www.kcsouthern.com/en-us/customer-resources/guidelines-regulations/accessorial-services>

This includes, but is not limited to the most current versions of the following tariffs:

- KCS 6000 – KCS' US rail network tariff related to rail car demurrage and Intermodal Equipment storage
- KCS 9213 – KCS' US rail network tariff governing diversions and reconsignments
- KCSM Freight Rules Catalog – KCS' Mexico rail network
- As well as the registered SCT maximum charges eligible to be assessed at our KCSM owned intermodal facilities at Salinas Victoria, NL, Interpuerto, SLP and Puerta Mexico, EDOMEX.

1. KCSM Controlled Intermodal Terminals

1.1 Overview.

As used in this agreement, the term “KCSM Controlled” means any intermodal terminal that is owned and operated by KCSM (or one of KCSM's subsidiaries), which includes Salinas Victoria, NL, Interpuerto, SLP and Puerta Mexico, EDOMEX. KCSM line haul rate offers include the following: standard rail car switching (i.e. not in connection with Customs or diversions activity), primary lifts, gate-house services, chassis inventory for rail-controlled owned / lease containers (private asset ownership excluded), and other related intermodal services. KCSM is responsible for cargo liability and security while Intermodal Equipment are located inside KCSM Controlled terminals. Shippers will abide the KCSM intermodal rules, policies, and yard tariffs for free time, daily storage fees, and secondary lift charges.

1.2 Hours of Operation: Terminal Gatehouses

The 3 terminals controlled by KCSM have operating hours from 24 hours a day, 7 days a week.
Except for holiday closure on December 25th and January 1st

1.3 Hours of Operation: Mexican Customs

NOTE: Mexican Customs does not operate on Sundays at any KCSM bonded yard locations.

NOTE: Times are based on Mexico's time standard (CST), which varies slightly from the US during the daylight savings time (DST) transitions in both spring and fall

- Salinas Victoria: Monday to Friday from 9:00 to 18:00. Saturday from 10:00 to 12:00.
- Interpuerto: Monday to Friday from 9:00 to 19:00. Saturday from 10:00 to 13:00.
- Puerta Mexico: Monday to Friday from 9:00 to 17:00. Saturday from 09:00 to 14:00.

These schedules are subject to change without prior notification by Mexican Customs. KCSM is not responsible for the schedules above.

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1.4. Privately Owned or Leased Assets: Intermodal Storage Free Time and Storage Fees: At KCSM Controlled terminals, the storage free time for Intermodal equipment located within the terminal for both revenue empty and/or loaded Intermodal Equipment, which includes containers, trailers, chassis, or isotanks, and for both inside / outside bonded yard shipments are as follows:

1.4.1 The storage free days from first notification event (“PNTF”) sent to the Shipper after the train discharge or deramp (“DRMP”) event.

Note: Notify profile updates are a Shipper’s responsibility, please contact customer service by email for Mexico at cscautointer@kcsms.com.mx and for US at CSolutions@KCSouthern.com to verify that your notify profile information is up to date.

Inbound rail traffic to KCSM intermodal terminal	Day of notification plus 5 <i>calendar</i> days (includes all weekends and holidays)
If First Notify (PNTF) is on: Monday Tuesday Wednesday Thursday Friday Saturday Sunday	Then Free Storage Time will end at 23:59 on these days Saturday Sunday Monday Tuesday Wednesday Thursday Friday

NOTE: The Notification is programmed to be sent at the moment of unloading (discharge, deramp) from the train. Notifications will be sent through EDI or email to the Shipper’s designated contacts according to their pre-established shipping profile. Failure to receive notifications should be escalated to KCSM Customer Service as soon as possible to remedy the profile. It is the Shipper’s responsibility to have a valid shipping profile and designated contacts on file. Repeat notification will be sent on a daily basis until unit is successfully outgated from the KCSM Terminal.

1.4.2 The free days from ingate at the bonded yard for outbound loads:

To facilitate timely Customs documentation processing, KCSM allows up to 14 days at the KCSM Origin terminal’s bonded yard for proper Customs clearance prior to loading the Intermodal Equipment to a rail car destined to a US or Canadian destination.

While today there is no charge for this storage time, it is constantly monitored for proper Shipper behaviors on the KCSM Terminals with regards to bonded yard space and chassis use. In addition, after 15 days have elapsed the “pedimento” becomes expired and Shippers have a responsibility to reprocess Customs documentation and KCSM will not add the Intermodal Equipment to the load plan until customs broker notifies Mexican Customs at Nuevo Laredo office that the “pedimento” has become expired to obtain additional days of extension for the interchange and must show a copy from Customs Broker Agency stamped of submitted letter to Aduana de Nuevo Laredo. This will be accompanied by KCSM accessorial charges to modify waybills and handle this additional administrative duty.

For inbound Intermodal Equipment from Lazaro Cardenas with destination at KCSM Terminals bonded yards (T3), the “pedimento” becomes expired after 15 days from the clearance stamped. After this time has elapsed, KCSM has to notify destination Customs (Aduana de Toluca, Aduana de Aguascalientes Sección Interpuerto San Luis Potosí and/or Aduana de Monterrey) to obtain days of extension for final clearance.

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Outbound Bonded rail traffic at KCSM intermodal terminals	Day of ingate plus 14 <i>calendar</i> days (includes all weekends and holidays)
If Ingate (IGAT) is on: Monday Tuesday Wednesday Thursday Friday Saturday Sunday	Then Free Time will end at 2359 on these days Second Monday after Ingate Second Tuesday after Ingate Second Wednesday after Ingate Second Thursday after Ingate Second Friday after Ingate Second Saturday after Ingate Second Sunday after Ingate

1.4.3 Privately Owned or Leased Assets: Storage Charges: Once exceeding the last free day, a storage charge will be applied at a rate of \$30.00 USD plus 16% IVA (Mexico’s Value Added Tax) per storage day in excess of allotted free time.

As of January 12, 2021 and the implementation of KCSM’s new storage program, Shipper setup with KCSM requires definition of the storage payment practices for the Shipper at each of the KCSM facilities. The Shipper may elect to apply for credit (or extend current credit used with line haul charges) and ‘guarantee’ all storage at a given KCSM Intermodal Facility, meaning that the units will outgate without payment prior to outgate and electing to be invoiced and pay on credit terms. The alternative is that a Shipper may consider not to apply for credit or a Shipper may have credit with KCSM, but elect not to put storage charges against their credit as “guaranteed”. In this case, the Intermodal Equipment would be considered “non-guaranteed” and the Shipper would pay for individual Intermodal Equipment at the KCSM Intermodal facilities based on ultimate responsibility for storage. A non-guaranteed Shipper could be a KCSM line haul customer, or could be a drayman, customs broker, beneficial cargo owner or other party to the logistics channel. KCSM requires non-guaranteed customers to make payment, or to guarantee payment prior to outgating the unit via our MyKCS Intermodal Storage platform. A unit can only be guaranteed if a customer has credit established with KCSM. If not, then payment is required. If a unit is marked as guaranteed, then that means the customer is agreeing to be invoiced and pay for the charges due.

Storage charges are assessed independently of any other accessorial charge, including but not limited to: secondary lift charges (aka: flips or swing charges, section 1.5), chassis charges, or rail controlled equipment per-diem expense. KCSM or a subsidiary of KCSM that owns/operates a given intermodal terminal will provide an invoice to the Shipper for each Intermodal Equipment where storage charges are incurred. This process is generated on an overnight batch process, resulting in an invoice provided 1 day after outgate.

KCSM provides no guidance regarding the storage policies of Privately Controlled Intermodal terminals.

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1.4.4 Abandonment of Intermodal Equipment: Should Intermodal Equipment exceed more than 60 calendar days from date of ingate or deramp for purposes of revenue service, the Intermodal Equipment is deemed to be 'abandoned'. This is a state that is regardless of loaded or empty status. KCSM Intermodal Operations and Legal will make formal notification to the line haul Payer of Freight (which may differ from the Shipper) on the prior movement waybill. Once deemed abandoned, KCSM will proceed according to Commercial Law: Articles 603 and 604. Any expenses incurred by KCSM to destroy product deemed abandoned will be charged back to the Shipper.

Should Intermodal Equipment exceed more than 60 calendar days from date of last ingate for purposes of non-revenue service (i.e. empty storage or a chassis pool), the Intermodal Equipment is deemed to be 'abandoned'. The units in this classification are all considered either empty or bare. KCSM Intermodal Operations and Legal will make formal notification to the Shipper on the prior movement waybill (empty storage) or the Equipment Owner of the given chassis mark. Once deemed abandoned, KCSM will proceed according to Commercial Law: Articles 603 and 604.

1.5 Secondary Lift Charges (aka: flips or swing charges): Primary lifts are included in the Shipper's line haul rates when originating or terminating linehaul service at a KCSM Controlled Intermodal Terminal.

Primary lifts are defined as:

- the unloading from the rail car to a chassis or to the ground (destination primary lift) or
- the unloading from a chassis to the railcar or from the ground to the railcar (origin primary lift)

Any lift in addition to this primary lift activity is considered as a secondary lift. This secondary lift will be chargeable to the Shipper for the following actions:

- The lift from the ground to a chassis
- The lift from a chassis to the ground or
- The lift from one chassis to another chassis, in the case where the Shipper is deficit of chassis inventory or is experiencing a mechanical issue ('bad order') with the chassis. This scenario is often called a flip or a swing.

Secondary lift charges will be applied at \$30 USD plus 16% IVA (Mexico's Value Added Tax) per secondary lift.

1.6 Blume Global Rail – Controlled Container Charges – TMXU Program

KCSM has authorized Blume Global (formerly known as Rez-1) to administer, invoice and collect from Shippers for charges related to the TMXU program, which is jointly owned and operated by KCSM and Norfolk Southern.

There are many charges associated with use of a TMXU container, including but not limited to:

- Per Diem charges for container usage
- Storage
- Cross-Overs
- Various reservation charges

Details of these policies can be found on Blume Global's website, <https://alcm.rez1.com/externalx/documentation/policies/shipper/index.htm>, with appropriate administrative credentials, under the "Help and Policies" section and selecting "TMX".

TMXU units will be available for Shipper use for intermodal shipments originating from KCSM Controlled Intermodal Terminals. TMXU product is offered only at Salinas Victoria, NL, Interpuerto, SLP and Puerta Mexico, EDOMEX.

KCSM will not provide equipment per diem free time (includes weekends and holidays) for TMXU. Shippers are charged per diem from the time of reservation until that unit is returned loaded to KCSM for origin line haul shipment cross-border. Sections 1.4.1, 1.4.2, and 1.4.3 also apply to the TMXU product.

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Inbound rail traffic to KCSM intermodal terminal	Day of notification plus 5 <i>calendar</i> days (includes all weekends and holidays)
If First Notify (PNTF) is on: Monday Tuesday Wednesday Thursday Friday Saturday Sunday	Then Free Storage Time will end at 2359 on these days Saturday Sunday Monday Tuesday Wednesday Thursday Friday
KCSM Per Diem Rates, effective January 01, 2019	
Days 1 thru 5 Days 6 thru 10 Days 11 thru 20 Days 21 ++	\$20 USD per Day \$30 USD per Day \$50 USD per Day \$200 USD per Day

For billing inquiries, please contact Blume Global Response at response@blumeglobal.com.

1.7 All Intermodal Equipment outside the KCSM Controlled Intermodal Terminals

1.7.1 All equipment located outside the KCSM Controlled Intermodal Terminals is the sole responsibility of the Shipper that outgated the equipment.

1.7.2 The Shipper’s drayman is responsible to return the empty Intermodal Equipment clean, without any residue or dunnage.

1.7.3 Any empty Intermodal Equipment with trash or residue will not be allowed in the KCSM Controlled Intermodal Terminal.

1.7.4 A twist lock mechanism to secure the container to a chassis must be used. Chains will not be allowed to secure the container to a chassis.

1.7.5 All Intermodal Equipment must have all its hazardous placard labels removed prior to ingate if they are moving under a non-hazardous waybill.

1.7.6 The Shipper is responsible for paying the DV (Depreciated Value) and any other legal costs to KCSM for any KCSM rail controlled equipment that is stolen or is determined to be a total loss caused by an accident once the equipment has been outgated.

1.7.7 Any damages detected in the ingate inspection will be recorded on the J-1 format (EIR) and handling carrier damages (AAR guidelines) will be invoiced to the Shipper’s assigned Intermodal drayage company.

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1.7.8 Any failure of the Shipper's drayage company to pay for such damage may result in their suspension of accessing any Intermodal terminal. In addition, the Shipper will be held responsible for all outstanding invoices incurred by their Intermodal drayage company of choice.

Note: Upon arrival to the Intermodal terminal ingate, the drayman will be responsible to notify the Intermodal terminal personnel of any damage that occurred outside the Intermodal terminal. The drayman will also be responsible during the ingate inspection process to open the empty Intermodal Equipment doors so that the unit's interior can be inspected. The Intermodal terminal personnel will inspect the equipment outside and the inside (empty Intermodal Equipment) physical condition and will record any damages on the J-1 format (EIR), both owner and handling carrier damages (AAR guidelines). Once the inspection process is completed, the Intermodal terminal personnel will provide the drayman a printed copy of the J-1.

1.8 Maintenance of Intermodal Equipment KCSM Controlled Terminals: The cost of repairs for the Shipper's private fleet of Intermodal Equipment (non-railroad controlled equipment) shall be allocated at the KCSM Controlled terminals as follows:

1.8.1 Shipper shall perform at their expense both AAR's owner and handling carrier responsible repairs:

- All Shipper's owned / leased chassis either bare or mounted under a container.
- All Shipper's owned / leased Intermodal Equipment received **empty** by rail car from a foreign railroad, by rail car from a Private Controlled terminal, or by the KCSM Controlled terminals' ingate lanes.

1.8.2 KCSM shall pay handling carrier damages as governed by the AAR's rules for the Shipper's **loaded** Intermodal Equipment if not recorded by a J-1 and or J-2 inspection form. Shipper will be required to receive a purchase order approval from KCSM prior to any repairs to the loaded Intermodal Equipment. The Shipper's repair invoice will require the approved KCSM Purchase Order number with the approved repair cost for payment from KCSM. The Equipment Owner has ten (10) calendar days from the time the equipment enters the KCSM Controlled intermodal terminal (off the rail car or through the gatehouse) to receive a purchase order number for any and all KCSM handling carrier damage responsibilities. After the 10th calendar day, KCSM will not be responsible for handling carrier damages. KCSM will have the date of the receipt of the purchased order request plus three (3) calendar days to respond concerning their responsibility of the equipment damages.

1.8.3 As between the Shipper and KCSM, KCSM shall not be responsible for any repairs that become necessary while a Shipper's Intermodal Equipment is in the possession of a third party, including a motor carrier, Private Controlled terminals, or foreign railroads.

1.8.4 Damages to trailers not equipped with full-length lift pads will not be the responsibility of KCSM.

1.8.5 KCSM shall be liable for costs and / or damages for equipment (AAR DV standards) and lading (KCSM current liability limits) resulting from KCSM train accidents, (derailments, collisions, side- swipes, etc) while shipments are in the possession of KCSM. KCSM will also be responsible for reported KCSM Controlled intermodal terminals accidents that are attributed to their intermodal lift operator.

1.8.6 Depreciated Value Calculation (DV) concerning trailers and aluminum containers are assumed to have a useful life of fifteen (15) years and a residual value equal to 10% of the original purchase price. Chassis and steel containers are assumed to have a useful life of twenty (20) years and also a residual value equal to 10% of the original purchase price.

1.8.7 KCSM shall not be liable for any loss, damage, or delay to the lading and / or Intermodal Equipment, caused by Act of God, force majeure, the public enemy, and the authority of law, act of default of the Shipper or Owner, or natural shrinkage, riots, or strikes.

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1.8.8 Draymen are responsible to unlock twist locks when parking Intermodal Equipment at a KCSM Controlled Intermodal Terminal.

1.9 General Operating Rules

1.9.1 KCSM will require KCSM indemnity agreements to be signed by the Shipper and their service vendors to enter a KCSM Controlled Intermodal Terminal.

1.9.2 Waybill cancellation requests will not proceed for any reason once the Intermodal Equipment has been scheduled to the load plan or it is loaded on the flat car.

1.9.3 Payment of storage charges must be defined and agreed to as covered in section 1.4.3 prior to shipping with KCSM. For a non-guaranteed Shipper, the unit must either be “guaranteed” or payment for storage must be made prior to outgate. If storage charges are pending to be paid by a non-guaranteed Shipper, the Intermodal Equipment will not be allowed to outgate.

2. Private Controlled Intermodal Terminals

2.1 Overview. As used in this agreement the term “Private Controlled” means any intermodal terminal facility that is not owned and operated by KCSM. Private Controlled terminals may or may not be open to the public.

In addition, Shippers will be bound to the Intermodal related accessorial charges listed on the KCS website,

<https://www.kcsouthern.com/en-us/customer-resources/guidelines-regulations/accessorial-services>

This includes, but is not limited to the most current versions of the following tariffs:

- KCS 6000 – KCS’ US rail network tariff related to rail car demurrage and intermodal unit storage
- KCS 9213 – KCS’ US rail network tariff governing diversions and reconsignments
- KCSM Freight Rules Catalog – KCS’ Mexico rail network

As well as the registered SCT maximum charges eligible to be assessed at our KCSM owned intermodal facilities at Salinas Victoria, NL, Interpuerto, SLP and Puerta Mexico, EDOMEX.

2.2 Private Controlled Intermodal Terminals Open To The Public. “Private Controlled” means any intermodal terminal not owned or operated by KCSM. Any intermodal terminal not listed section 1.1 is considered a Private Controlled terminal. KCSM line haul rates include only train service to the Shipper’s designated spot inside the Shipper’s choice of Private Controlled terminals. Shippers will abide by the Private Controlled terminal intermodal rules, policies, and yard tariffs for free time, daily storage fees, and primary / secondary lift charges. Private Controlled terminals will be responsible for cargo liability and security while Intermodal Equipment is parked within the Private Controlled terminals. Shipper will also be responsible to follow the KCSM Private Controlled intermodal terminals tariffs. Private Controlled terminals opened to the public include (but are not limited to):

- Cuautitlan APM
- Pantaco – KCSM’s *line haul* rate includes the primary lift
- Querétaro SID
- Litton
- Ferroservicios
- Logistik
- Terminal Amigo
- Hidalgo TILH
- All Mexican Port Terminals

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2.3 Private Controlled Intermodal Terminals Not Open To The Public. “Private Controlled” means any intermodal terminal not owned or operated by KCSM. Any intermodal terminal not listed in section 1.1 is considered a Private Controlled terminal. KCSM line haul rates include only train service to the Shipper’s designated spot inside the Shipper’s choice of Private Controlled terminals. Shippers will abide to the Private Controlled terminal intermodal rules, policies, and yard tariffs for free time, daily storage fees, and primary / secondary lift charges. Private Controlled terminals will be responsible for cargo liability and security while Intermodal Equipment is parked within the Private Controlled terminals. Shipper will also be responsible to follow the KCSM Private Controlled terminals intermodal tariffs. Private Controlled terminals not open to the public include:

- Pesquería – KIA plant
- Encantada – FCA plant
- Rojas – General Motors plant
- Silao – General Motors Plant
- Espanita – BMW Plant

3. General Operational Rules for KCSM & Private Terminals

3.1 General Operating Rules

3.1.1 KCSM enforces the “No Bill – No Movement” policy at all ingate lanes. Shippers are responsible to provide KCSM all required billing information prior to the Shipper’s drayage company entering the KCSM Controlled terminal or private terminals. All units without waybills will be rejected at the gate at KCSM terminals and will not be moved by KCSM from/to Private terminals.

Exceptions:

- Bare chassis for plate renewal will be only allowed to be ingated prior the signature of a written legal agreement.
- Ingate of TMXU empty equipment need not be accompanied with a waybill

3.1.2 KCSM and Private Terminals will load containers exclusively on flatbeds / chassis, which have been modified with bulkheads or twist locks that provide a positive locking mechanism. Other different mechanisms to secure containers will not be allowed.

3.1.3 KCSM and private terminals will only schedule Intermodal Equipment to load plan when:

Requirements to schedule Intermodal Equipment to load plan				
Destination	Waybill Required	Mexican Customs Pedimento	US Entry	QP Bond
Domestic	✓	N/A	N/A	N/A
US	✓	✓	✓	N/A
Canada	✓	✓	N/A	✓

3.1.4 Shipper will ensure that the lading does not exceed the weight capacity of the Equipment Owner’s Intermodal Equipment guidelines. KCSM will not accept Intermodal Equipment with the combined gross weight exceeding 65,000 pounds for 53 foot and 40 foot containers and 52,900 pounds for 20 foot containers. Gross weight means combined weight of the Intermodal Equipment and its lading.

3.1.5 Twenty (20’) foot containers, including ISO Tanks, must be tendered by the Shipper in pairs. Containers not tendered in pairs will be held for a matching twenty (20’) foot container from each Shipper in order to fill a railcar. KCSM will not be responsible to cover additional costs (storage, Customs clearance, etc.) nor to transport empty containers free of charge due to lack of 20’ pair.

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3.1.6 KCSM will not accept coiled metal or scrap metal intermodal shipments via steel-wheeled interchange with another railroad or from on-dock locations, regardless if stated in a price authority.

3.1.7 The Shipper is responsible for any charges, cost, expenses, duties, taxes, and fees that are associated with a shipment's clearance at the border and Customs (or any government agency) inspections. In addition, the Shipper is responsible for any charges resulting from the shipment being delayed, detained, moved, lifted, drayed, and stored at the border, an examination facility, or a KCSM facility.

3.1.8 For any reason due to the Shipper's action for a rail car destined to the U.S. or Mexico has to be removed from the train at the border rail bridge and / or on the KCSM rail network Intermodal Equipment load shifts, improper documentation / waybill, illegal commodities / contraband, Customs intensive inspection, etc.) the Shipper will be assessed all fines in addition to a USD \$500.00 plus IVA tax (16%) per container penalty switch fee plus USD \$100.00 plus IVA tax (16%) per day per diem penalty fee until the rail car has been released for the next available train movement.

3.1.9 If for any reason the Shipper requests Intermodal Equipment to be unloaded from the train prior to reaching its final destination, all fines will be assessed in addition to a USD \$500.00 plus IVA tax (16%) per rail car switch. KCSM will not guarantee removing Intermodal Equipment from active train movements. A fee of USD \$75.00 plus IVA tax (16%) will be applied for the waybill correction for each container unloaded from the train short of its original destination. KCSM does not guarantee this request will be accepted.

3.9.10 Waybill cancellation request will not proceed for any reason once the Intermodal Equipment has been scheduled to the load plan or it is loaded on the flat car.

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4. Operational Rules for Private Controlled terminals to follow with KCSM Railroad

4.1 KCSM Private Controlled Terminal Tariffs. All Shippers of record will be accountable to abide by the KCSM Private Controlled intermodal terminal tariff guidelines:

4.1.1 Point of Interchange

- KCSM will provide line haul services to its designated point of spot for rail cars inside the Shipper's choice of Private Controlled terminal.
- KCSM will provide the Shipper with a designated point of pick-up for rail cars loaded and / or bare at the Shipper's choice of Private Controlled terminal.
- Shipper will be accountable to provide KCSM rail cars that have undergone a proper railroad initial terminal inspection. Inspection includes: initial air brake test, Intermodal Equipment securement on the rail car, and a mechanical rail car inspection.

4.1.2 Facility Standards

- The Shipper's choice of Private Controlled terminal must meet KCSM track standards and be approved by KCSM personnel at any given time.
- The Shipper's choice of Private Controlled terminal must be free and clear of any hazardous conditions for KCSM personnel to enter and work within.
- KCSM will have the right to enter the Shipper's choice of Private Controlled terminals at all time to validate the safe conditions of the Private Controlled terminal.

4.1.3 Demurrage / Costs

- Intermodal rail cars spotted to a Shipper's choice of Private Controlled terminal will be handled under public tariff provisions for Demurrage. This publication is available on the Internet. The KCS Home Page address is <http://www.kcsouthern.com>. From the Home Page choose the 'Customer Resources' link, then click the 'Accessorial Services' link and click 'KCSM Accessorial Service Catalog' link.
- Each chargeable debit (debits greater than credits) will be invoiced at USD \$75.00 plus IVA tax (16%) per debit.
- Private Terminals will be responsible for using the KCSM on-line Demurrage system.
- The Shipper will not be responsible for Demurrage on Intermodal rail cars at Pantaco.
- Shipper will be responsible for fees / costs associated with re-railing / clearing / damage to rail cars, and facilities.

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4.1.4 Load Planning

- Private terminals should only schedule Intermodal Equipment on the load plan as follows:

Requirements to schedule Intermodal Equipment to load plan				
Destination	Waybill Required	Mexican Customs Pedimento	US Entry	QP bond
Domestic	✓	N/A	N/A	N/A
US	✓	✓	✓	N/A
Canada	✓	✓	N/A	✓

- KCSM will furnish a load blocking plan that the Shipper must comply with on each track released to KCSM.
- KCSM will notify in writing any destinations allowed to be co-mingled to a single rail car.
- KCSM will expect a minimum 95% car well / hitch utilization: Shipper must manage its choice of Private Controlled terminal to comply with this requirement. Rail cars with less than 92% rail car utilization are subject to not being pulled from the Private Controlled terminal.
- KCSM will ensure to supply sufficient IBC inventory to reload maximum containers to each rail car. KCSM will request the private terminal to guarantee the proper usage, storage of the IBC inventory
- Shipper will ensure their choice of Private Controlled terminal to follow AAR / KCSM loading rules and guidelines to rail cars. Examples of some of the rules / guidelines include: not to exceed the maximum gross weight per each rail car position, heaviest container loads on the bottom well position / lightest container load on the top position in the same car well, no 20' containers loaded in the top well position, no single 20' container loaded in the bottom rail position, all IBC's are in the proper locked position, correct Intermodal Equipment in the correct position listed on the final load plan, Intermodal Equipment have proper door seals applied, all Intermodal Equipment have proper KCSM waybill requirements, Intermodal Equipment tied in the KCSM MCS system to the rail car, and Intermodal Equipment lading is properly blocked and braced for rail transport.
- Shipper will ensure that the lading does not exceed the weight capacity of the Equipment Owner's Intermodal Equipment guidelines. KCSM will not accept Intermodal Equipment with the combined gross weight exceeding 65,000 pounds. Gross weight means combined weight of the Intermodal Equipment and its lading.
- Over-width shipments that exceed AAR and KCSM Railway Line Clearances will not be accepted unless authorized by KCSM.
- KCSM will not receive Intermodal Equipment containing restricted hazardous materials and / or hazardous waste. Shipper will comply with the KCSM Rules Publication.
- Shipper must comply with the regulations governing the transportation of hazardous materials, including hazardous wastes and hazardous substances (where the movement of said material on the Carrier is not restricted), and where a hazardous material is shipped, must be precisely and clearly identified on the shipping documents the commodity being transported by proper shipping name, hazard class, and UN / NA number. Shipper is also required to apply the proper hazardous placard label. Where the Shipper fails to comply with the foregoing requirements, the Shipper shall hold KCSM harmless against and reimburse KCSM for all costs, damages, penalties and other liabilities incurred by KCSM in the event the commodity is spilled or released from the shipping package into the environment for any reason. Shipper also must include on their bill of lading the safety contact number in case of an emergency and / or accident.
- Shipper must verify that the Private Controlled terminal has the proper permits to handle the specific hazardous material shipment, including hazardous wastes and hazardous substances (where the movement of said material on the carrier is not restricted). Where the Shipper fails to comply with the proper permits, the Shipper shall hold KCSM harmless against and reimburse KCSM for all fines and / or penalties.
- For the specific traffic origin from Lazaro Cardenas, MH, the Shipper must complete the load plan and programming procedure with at least 24 hours of the shipping document validity by the cut off time of the Service Design. It is recommended to complete the load plan with 48 hours prior the shipping document expiration.
- KCSM will not absorb additional costs from any private terminal.

KCSM Intermodal Terminal Rules
Effective as of January 12, 2021

4.1.5 Penalties / Fines

- Failure to comply with initial terminal inspections and / or proper brake test will result in a penalty of actual costs from KCSM.
- Failure to comply with facility standards will result in the immediate discontinuance of service by KCSM.
- Failure to comply with the approved block plan will result in a USD \$100.00 plus IVA tax (16%) per rail car penalty for KCSM to reposition said rail car into its proper train block sequence.
- Co-mingling Intermodal Equipment on the same rail car not approved by KCSM will result in said rail car to be delivered to the interchange railroad partner as – is and the Shipper will be responsible for actual costs if any imposed upon KCSM by any party. If the rail car must be handled at a KCSM / KCSR facility, an unapproved co-mingling of destinations on a rail car will result in a USD \$500.00 plus IVA tax (16%) per rail car switch penalty fee for KCSM / KCSR to re-work the rail car.
- Failure to comply with Cross Border documentation / waybill requirements will result in penalties assessed in KCSM's public tariff. Any and all fines from Mexico Customs and / or U.S. Customs assessed against KCSM / KCSR will be passed on the Shipper.
- For any reason due to the Shipper's action for a rail car destined to the U.S. or Mexico has to be removed from the train at the border rail bridge and / or the KCSM rail network (intermodal load shifts, improper position of the Intermodal Equipment on the rail car vs. the train consist, improper documentation / waybill, illegal commodities / contraband, Customs intensive inspection, etc.) the Shipper will be assessed all fines in addition to a USD \$500.00 plus IVA tax (16%) per rail car penalty switch fee plus USD \$75.00 plus IVA tax (16%) per day per diem penalty fee until the rail car has been released for the next available train movement.
- If for any reason the Shipper requests Intermodal Equipment to be unloaded from the train prior to reaching its final destination, all fines will be assessed in addition to a USD \$500.00 plus IVA tax (16%) per rail car switch. KCSM will not guarantee removing Intermodal Equipment from active train movements. A fee of USD \$75.00 plus IVA tax (16%) will be applied for the waybill correction for each Intermodal Equipment unloaded from the train short of its destination.

Acronyms

KCS: Kansas City Southern Railway

KCSM: Kansas City Southern de México, S.A de C.V

AAR: Association of American Railroads

U.S.: United States of America

NL: Nuevo León

SLP: San Luis Potosí

EDOMEX: Estado de México

MH: Michoacán

PNTF: Patron Notification

DRMP: Deramp event

IVA: Value added tax (Impuesto Sobre Valor Agregado)

DV: Depreciated value

AKA: Also known as

IGAT: Ingate

OGAT: Outgate

EIR/J1: Evidence of interchange receipt

GM: General Motors

COFC: Container on flat car

TOFC: Trailer on flat car

USD: US dollar

IBC: Intermodal box connector

UN/NA: United Nations number

Intermodal Equipment: Container/Trailer/Chassis/Isotank/Bulktank

APM: Arnold Peter Möller

TILH: Terminal Intermodal Logística de Hidalgo