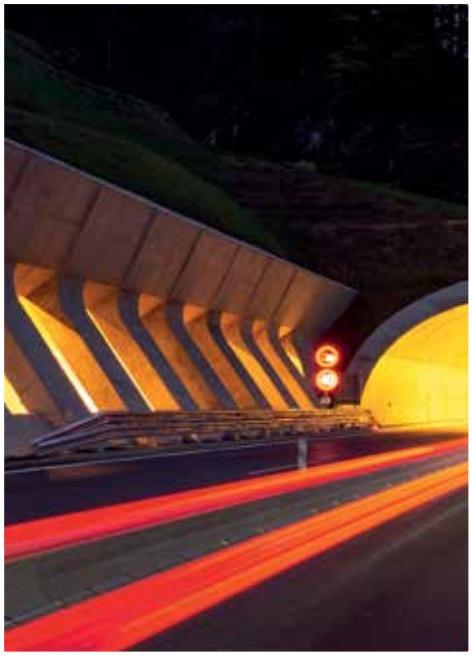
SUSTAINABILITY REPORT

2018



DARS

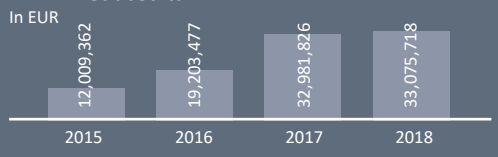
THE SOCIAL FOOTPRINT OF DARS d.d.

DARS d.d. IS A COMPANY OF STRATEGIC IMPORTANCE FOR THE REPUBLIC OF SLOVENIA AND REPRESENTS THE LARGEST CAPITAL INVESTMENT (UNDER THE BALANCE SHEET BOOK VALUE CRITERION) IN TRANSPORT.

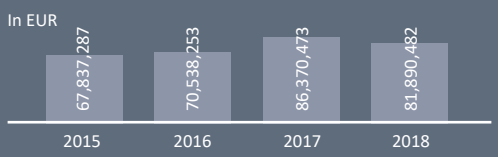
Employees are proud to work for DARS and perform their work in a responsible and committed manner, being the mirror of the Company. That way, employees strengthen their self-respect, self-confidence and loyalty, thus enhancing the Company's reputation.

DARS d.d. is well aware of its responsibility to people, the environment and society. Therefore, it exercises social responsibility in a sustainable manner in all projects and long-term plans at all levels. Ambitious and clearly defined goals ensure that the public will continue to identify DARS d.d. as a responsible and forward-looking company.

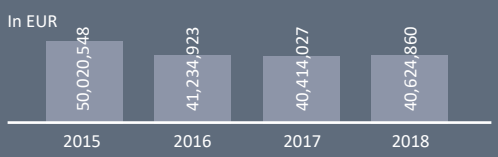
Corporate income tax
2015: € 12,009,362
2016: € 19,203,477
2017: € 32,981,826
2018: € 33,075,718



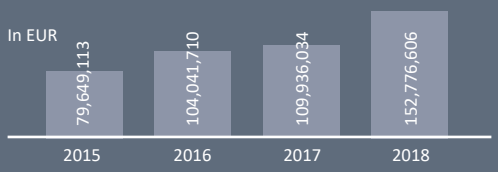
VAT
2015: € 67,837,287
2016: € 70,538,253
2017: € 86,370,473
2018: € 81,890,482



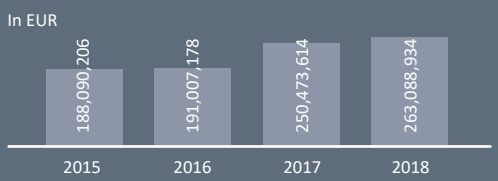
Payment of interest
2015: € 50,020,548
2016: € 41,234,923
2017: € 40,414,027
2018: € 40,624,860



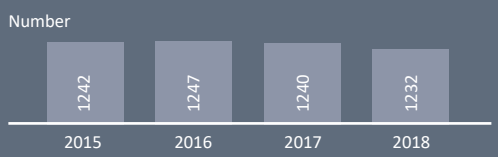
Investments in motorway development and reconstruction
2015: € 79,649,113
2016: € 104,041,710
2017: € 109,936,034
2018: € 152,776,606



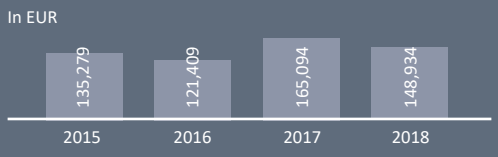
Toll revenue – freight traffic (and the Karavanke tunnel)
2015: € 188,090,206
2016: € 191,007,178
2017: € 250,473,614
2018: € 263,088,934



Number of employees
2015: 1242
2016: 1247
2017: 1240
2018: 1232



Sponsorships and donations
2015: € 135,279
2016: € 121,409
2017: € 165,094
2018: € 148,934



The Slovenian Government introduced toll differentiation based on EURO emissions classes on 1 January 2010 with the Decision determining the toll adjustment factors for vehicles whose maximum permitted weight exceeds 3,500kg. Vehicles with lower emissions of harmful particles (higher EURO emissions classes) are entitled to a reduced tariff.

ENVIRONMENTAL FOOTPRINT OF DARS d.d.

THE COMPANY IS COMMITTED TO ENVIRONMENTALLY FRIENDLY ACTIONS IN ALL STAGES OF OPERATIONS AND CONTINUOUS REDUCTION OF ADVERSE ENVIRONMENTAL IMPACTS.

The implementation of European projects for traffic management and control
- Establishment of interoperability: C-Roads Project
- Traffic control and management systems and the exchange of traffic information: Crocodile 2 Project
- Filling stations for electric vehicles throughout the motorway network: Central European Green Corridors Project

The DarsGo – ELECTRONIC TOLLING SYSTEM and impacts on reduced fuel consumption by MW and EW users and consequently reduced CO_2 emissions and other air contaminants (NO_x and $PM_{2.5}$) since the deployment of the tolling system on 1 April 2018.

The deployment of the DarsGo system is a significant environmental measure in the Republic of Slovenia.

Reduced fuel consumption by MW and EW users

2018: 115,000 MWh or 414 TJ

Reduced CO_2 emissions by MW and EW users

2018: 29,986,000 kg CO_2

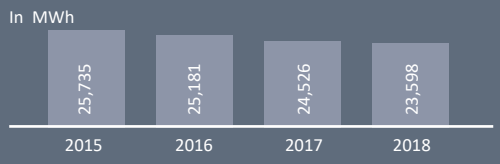
Reduced NO_x emissions from fuel by MW and EW users

2018: 84,000 kg

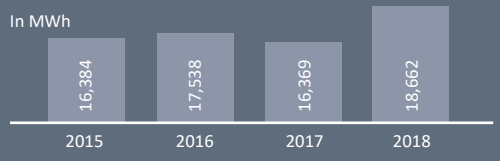
Reduced $PM_{2.5}$ emissions by MW and EW users

2018: 1700 kg

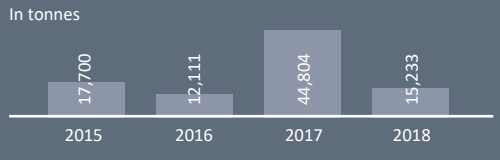
Electricity consumption
2015: 25,735 MWh
2016: 25,181 MWh
2017: 24,526 MWh
2018: 23,598 MWh
DARS d.d. ranks among the large energy consumers in Slovenia based on its annual energy consumption in 2018.



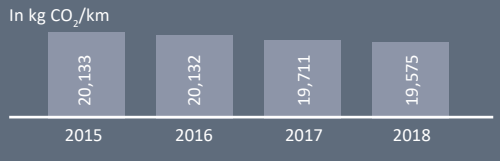
Fuel consumption
2015: 16,384 MWh
2016: 17,538 MWh
2017: 16,369 MWh
2018: 18,662 MWh



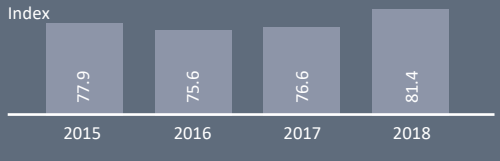
Grit consumption
2015/2016: 17,700 tonnes
2016/2017: 12,111 tonnes
2017/2018: 44,804 tonnes
2018/2019: 15,233 tonnes



Carbon footprint
2015: 20,133 kg CO_2/km
2016: 20,132 kg CO_2/km
2017: 19,711 kg CO_2/km
2018: 19,575 kg CO_2/km

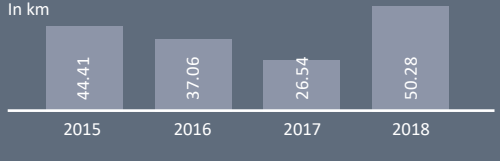


Customer satisfaction index
2015: 77.9
2016: 75.6
2017: 76.6
2018: 81.4



SAFE MOTORWAYS REQUIRE RENOVATION.

Length of reconstructed carriageways and junctions
2015: 44.41 km
2016: 37.06 km
2017: 26.54 km
2018: 50.28 km



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ACRONYMS AND ABBREVIATIONS

MW	Motorway
C-ROADS	International pilot project to introduce cooperative systems for real-time information transfer
DARS d. d.	Motorway Company in the Republic of Slovenia
DarsGo	Electronic tolling system in free traffic flow for heavy vehicles with a maximum permissible weight exceeding 3500 kg (ETS in FTF)
DKOM	National Review Commission for Reviewing Public Procurement Procedures
NSP	National spatial plan
DRSI	Slovenian Infrastructure Agency
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EFQM	European Foundation for Quality Management – Business Excellence model or Slovenian Business Excellence Prize
GRI GS	Global Reporting Initiative Global Standards
EW	Expressway
ILO	ILO Convention
ITS	Intelligent transport systems
Concession Contract	Concession contract for motorway management and maintenance in the Republic of Slovenia
IBC	International border crossing
MOP	Ministry of the Environment and Spatial Planning
MZI	Ministry of Infrastructure
MAM	Maximum authorised mass
CC	Control centre
NMCP	National Motorway Construction Programme
NPB	Noise protection barriers
BPD/ED	Building Permit Design/Executive Design
TIC	Traffic Information Centre for national roads
AADT	Average Annual Daily Traffic
FTF	Free traffic flow
R3	Motor vehicles with two or three axles with a maximum permissible weight exceeding 3,500kg and groups of motor vehicles with two or three axles with a maximum permissible weight exceeding 3,500kg.
R4	Motor vehicles with more than three axles with a maximum permissible weight exceeding 3,500kg and groups of motor vehicles with more than three axles with a maximum permissible weight exceeding 3,500kg.
ROE	Return on Equity
RS	Republic of Slovenia
SDG	Sustainable Development Goals
SSH	The Slovenian Sovereign Holding
TEN-T	Trans-European Transport Network
ZDARS	Motorway Company in the Republic of Slovenia Act (ZDARS) (Official Gazette of the Republic of Slovenia, No. 20/2004 – official consolidated text 1)
ZDARS-1	Motorway Company in the Republic of Slovenia Act (ZDARS-1) (Official Gazette of the Republic of Slovenia, No. 97/2010)
ZGD-1J	Companies Act (Official Gazette of the Republic of Slovenia, No. 15/2017 of 31 March 2017)
ZJN	Public Procurement Act
ZPKROD	Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d.d. for Loans and Debt Securities Raised or Issued for Refinancing the Existing Debts of DARS d.d.
ZUJF	Fiscal Balance Act (Official Gazette of the Republic of Slovenia, No. 40/2012)

I.1 LETTER FROM THE MANAGEMENT

To whom it may concern,

PLANET EARTH IS OUR ONLY HOME

The Sustainability Report for 2018 gives an insight into the efforts of DARS d.d. to achieve sustainable goals in all areas of Company operations.

We have joined the global awareness and proactive efforts to preserve our planet. We must join forces and leave the planet as good heritage to our descendants.

As the entity constructing the motorway system, DARS has pursued the mission of connection to the European motorway networks, thus connecting Slovenia and integrating it into the international flows, which were embedded in the natural environment with many environmentally friendly structures. With the construction of the motorway network, DARS d.d. linked the past with the future and became a strategic operator; the motorway systems already built were integrated into the smart transport corridors with a focus on safety and fluidity. The Company strives for the responsible and effective management, maintenance and construction of the motorway networks, thus ensuring the conditions for their safe use.

A very positive influence on the reduced impact of traffic on the environment was the successful deployment of the DarsGo system, a modern tolling system in free traffic flow that applies to vehicles with a maximum permissible weight exceeding 3.5 tonnes. As of 1 April 2018, trucks no longer have to stop at toll stations, which reduces fuel consumption and greenhouse gas emissions. The successfully deployed DarsGo system is a significant environmental measure in the Republic of Slovenia.

The areas of the environment and energy are systematically managed, as confirmed by the acquired international ISO 14001 and ISO 50001 standards. The Company is committed to environmentally




friendly actions in all stages of operations or throughout the service life and to the continuous reduction of adverse environmental impacts. DARS d.d achieves 8 Sustainable Development Goals (SDG), as adopted by the UN Member States, and contributes to the realisation of global sustainable development.

Within the scope of the Sustainability Report, the key stakeholders were asked about the most important essential content of the Sustainability Report of DARS d.d. and the results were shown within the materiality matrix. Contents of high relevance for stakeholders or DARS d.d. are given even more attention.

HUMAN RIGHTS ALSO INCLUDE THE RIGHT TO A CLEAN ENVIRONMENT

Humanity depends on the natural system providing conditions for its existence and development. Climate change is one of the greatest modern challenges humanity has faced and the most obvious evidence of the devastating impact of human activities on nature, which inevitably has a rebound effect on the lives of people. The results of climate change and the non-sustainable use and management of natural resources, inter alia, cause more and more natural disasters around the world, which is a sign of the deep integration of the environment and human rights. DARS d.d. will continue to carry out activities in sustainability on an ongoing basis. To increase performance in that area, the Company cooperates with research institutions, experts, non-governmental organisations, civil society, business partners and other stakeholders. A great deal of attention is also paid to awareness-raising and education to achieve these goals.

The goal is to operate in the long term. Investments in long-term operations build trust. The trust of users is the Company's commitment.[1]

Tomaž Vidic, PhD
Chairman of the Board

Gašper Marc, MSc
Member of the Board

Vili Žavrlan
Member of the Board

Rožle Podboršek
Member of the Board /Labour Manager

1 GRI GS 102-14.

I.2 NON-FINANCIAL STATEMENT OF DARS d. d.

Pursuant to the provisions of paragraph 12 of Articles 56 70c. of the Companies Act, DARS d.d. hereby provides a Non-Financial Statement:

1. Description of the Company's business model

The Company has the status of a public limited company functioning as a commercial company under the ZGD-1. The sole founder and shareholder of DARS d.d. is the Republic of Slovenia (hereinafter "RS"), which has been represented by the Slovenian Sovereign Holding since the enforcement of the Slovenian Sovereign Holding Act. The Republic of Slovenia exercises its rights as a shareholder, as defined in the ZGD-1 and the DARS Articles of Association, at the General Meeting of Shareholders.

The ZDARS-1 entered into force at the end of 2010 and, on its basis, DARS d.d.:

- performs individual tasks relating to spatial planning and siting motorways, as well as tasks relating to real estate acquisition for the purposes of motorway construction on behalf of and for the account of the Republic of Slovenia;
- builds motorways on its own behalf and for its own account;
- manages and maintains motorway sections based on the granted construction concessions.

The State maintains strategic supervision over motorway development through development documents laying down new sections and deadlines for putting the newly built sections into service.

ZDARS-1 lays down the status, tasks and obligations of DARS d.d. and regulates legal property relations in connection with motorways. Pursuant to the Act, DARS d.d. was transformed into a concessionaire that was awarded the right of superficies for the term of the concession relating to the land where it will build, and has taken over all the financial obligations related to the construction of new motorway sections. The ZDARS-1 also stipulates that DARS d.d. performs individual tasks relating to spatial planning and siting motorways, and tasks relating to real estate acquisition for the purposes of motorway construction on behalf of the Republic of Slovenia and for its account. Furthermore, the Act stipulates that DARS d.d. must continue building motorways and expressways that commenced prior to the enforcement of the ZDARS-1, and managing and maintaining the existing motorways and expressways in the Republic of Slovenia.

According to the ZUJF, which entered into force in 2012, the right of superficies established for the benefit of DARS d.d. is payable.

2. Policies and due diligence, policy results, main risks and their management, key performance indicators

Environment

Policy and due diligence

DARS systematically manages environmental and energy issues, as is confirmed by the obtained international ISO 14001 (environmental management system) and ISO 50001 (energy management system) standards. In relation to this, the Company has implemented an integrated management system policy laying down the quality, environmental and energy aspects along with safety and health at work.

The environmental and energy policy are aimed at increasing the efficient use of all types of materials and energy throughout the life cycle of a service and at identifying and managing environmental impacts and aspects reflected within the scope of the environmental and energy goals and programmes used to reduce the use of energy products, environmental impacts and, consequently, greenhouse gas emissions to the desired level. The policy applies to all business processes within the scope of Company operations.

Responsibility to the natural environment is expressed through:

- systematic environmental and energy management,
- siting of motorways and expressways,
- concern for the preservation of biodiversity,
- reduced light pollution,
- carbon footprint monitoring,
- concern for animals in the MW area of influence,
- reduced air and noise emissions,
- impact of grit material on the environment,
- protection of waters,
- waste management.

Due diligence in the area of environmental and energy management is a component part of the management system. The managerial review checks the suitability of the management system policy, the results of internal audits, the realisation of environmental and energy targets and programmes based on energy reviews and other necessary input data. The results of the managerial review are resolutions that are used to continuously improve the environmental and energy management system.

The main risks and their management

DARS d.d., as the entity managing and maintaining motorways and expressways, established an environmental management system in previous years within the scope of the overall Company operations, which was upgraded with an energy management system in 2017, allowing it to consistently pursue its environmental protection policy in all areas of its operations. In 2018, the Company continuously improved the management system with an emphasis on energy management and the identification of the environmental aspects upon due observation of all the stages of a service life cycle. The underlying theme of the environmental management system pertains to the assessment and analysis of the environmental impacts and aspects taking into account the stages of a service, and their definition in the register of environmental aspects. To reduce the impact on the environment, the Company laid down framework and implementing environmental and energy targets and programmes to achieve the targets. The risks referring to the timely monitoring and enforcement of the legislative requirements in practice are mitigated with measures taken by the appointed responsible persons who cover the area of work to which a legislative amendment refers. Environmental risk, which includes the risk of waste management with a special emphasis placed on hazardous waste, the risk of environmental pollution and the risk of influence area protection have become increasingly important. Activities that started in past for the purposes of environmental protection continued. The systematic management of environmental risk is reflected in the environmental awareness of Company employees. Motorway accidents may have a negative impact on the environment, which is why the Company strives to reduce the risk of their occurrence; however, if an accident takes place, a fast and efficient response is necessary to render any negative implications for the environment as low as possible. To this end, the Company informs and trains all employees in such workplaces to act rapidly and efficiently in a given situation in terms of environmental protection. The probability of the occurrence of emergency events is also reduced through preventive measures. With training and drills for fast, proper and efficient actions, the Company makes sure that the impact of any emergency events on the environment is minimal. With suitable activities within the scope of motorway maintenance, such as the cleaning and regular maintenance of retention basins for the purposes of undisturbed operations, the implementation of an annual programme of the operational monitoring of excess rainwater, and with the collection, separation and controlled disposal of the waste collected (in 2018, the collection area for waste electrical and electronic equipment was further regulated), the implementation of measures to reduce light pollution and ongoing monitoring for the presence of carbon monoxide and of visibility in tunnels, the Company dedicated major efforts to reducing negative impacts on the environment and successfully managed the risk of environmental accidents. DARS d.d. plans to execute noise protection measures based on the results of conducted operational monitoring for noise. The measures have been

planned to cover areas with a large number of overly affected buildings or residents and areas of individual overly affected structures.

The Company also implements the measures imposed by the governmental Noise Action Programme for the 2013-2018 period. The measures included in the Noise Action Programme, Lot B, have already been executed on 5 motorway sections and activities continue to protect individual residential buildings along the motorway network that are most affected by noise – in 2019, it is planned to execute active noise protection measures at 11 locations along the Slovenian motorway network.

In 2019, a new amendment to the Noise Action Programme may be expected, probably for the 2018-2023 period. For the purposes of preparing a set of measures that will be included in the amended Noise Action Programme in order to reduce noise pollution, the Company prepared expert bases in cooperation with an external associate for the reconstruction of noise barriers and expert bases for the Noise Action Programme that define the criteria for the reconstruction of noise barriers.

Pursuant to the law, DARS carries out operational noise monitoring for the motorway and expressway network. Based on the results, noise protection measures will be designed that will be included in the preparation of expert bases for the Noise Action Programme in overly affected areas. The expert bases for the Noise Action Programme lay down guidelines for noise protection from road traffic and will also set criteria for the assessment of the economic viability and proportionality of noise protection measures, guidelines for the design of passive protection and guidelines for the design of noise barriers.

Key performance indicators

In light of its mission, the Company has built and managed a motorway network that is closely linked to the natural environment during siting, management and future motorway network development. The Company is committed to environmentally friendly actions in all stages of operations and the continuous reduction of adverse environmental impacts.

The DARS d.d. 2017-2020 Strategy places great importance on energy efficiency and environmental protection, hence laying down an operative goal referring to the improvement of key energy efficiency indicators in order to rationalise costs:

- the electricity consumed will be reduced by 7% by 2020 compared to 2015 with respect to the existing condition;
- to reduce energy consumption for heating by 10% until 2020 with respect to the baseline year of 2015;
- to reduce CO_2 energy emissions for heating by 20% until 2020 compared to 2015.

To reduce the impact on the environment, the Company laid down a framework and environmental and energy targets and programmes to achieve the targets. Within the scope of energy planning, the Company has identified indicators with energy baselines for electricity, heating, vehicle fleet and other issues reported to the Management Board on a quarterly basis.

DARS d.d. ranks among large energy consumers in Slovenia with an annual energy consumption of 47.3GWh (in 2018). With respect to Company processes, which are characterised by the need for lighting and road management and maintenance, electricity accounts for the largest share in the total energy consumption (49.9%), followed by fuel (39.3%). A minor share of energy is used for heating facilities and this area is an important element of energy management due to the great potentials for optimisation.

Within the scope of the introduced measures, the Company its reduced total electricity consumption despite enlarging the motorway network and opening a new MW section (Draženci - Gruškovje) for traffic.

In 2018, the Company recorded above-average precipitation in the winter; there were some 30% more snow days and some 15% more cold days than the average, which reflected in an increased use of grit material and more kilometres travelled during ploughing and preventive gritting. That also increased the consumption of diesel fuel above the average. To reduce the consumption of fuel and grit material, the Company is introducing a wet salting system using NaCl solution, which allows it to carry out preventive gritting faster and at longer intervals, since the solution stays on the carriageway. Furthermore, the vehicle fleet is being modernised with new, ecologically cleaner vehicles. In 2019, it is planned to make a test purchase of a light truck for road inspection and a gas-powered combination vehicle. Our own pumps for diesel and AD Blue fuel additive were set up at all MMCs.

Year 2018 was a breakthrough year for heating, since the conditions changed significantly upon the deployment of the DarsGo system on 1 April 2018. In addition to the relatively favourable outdoor temperatures, reduced consumption of energy products also resulted from the abolition of certain toll structures, the successful implementation of the Energy Information System (hereinafter "EIS") at 6 facilities in the east cohesion region, the installation of energy meters at all locations, the completion of stage 1 of the energy efficiency improvement of MMC Hrušica and Hrušica toll station, and successful training and the provision of information to facility managers and caretakers. An opportunity to reduce energy consumption is seen in the active promotion of efficient energy use among facility caretakers, the implementation of EIS among all consumers and compliance with the requirements of the Rules on the efficient use of energy in designed building renovations.

Reduced electricity consumption for lighting is also an indicator of reduced light pollution. In 2018, the Company completed stages 3 and 4 of lighting replacement, in which 1500 lamps were replaced.

Furthermore, with respect to the measures introduced to reduce electricity consumption, the carbon footprint also reduced.

Regarding emissions management, the Company complies with the requirements. Emissions into the air caused indirectly by MW users are particularly important in tunnel management. Tunnels exceeding 500m in length have monitoring systems in place for exhaust gas emissions (CO) and visibility. A ventilation system is set up for adequate ventilation in tunnel tubes, which is steered or regulated automatically using the installed fans. Measurements are monitored by the control centres in charge of controlling traffic in individual tunnels.

By optimising traffic flows, the Company reduces traffic congestion, thus reducing the additional emissions of vehicle gases. This is achieved by forcing freight vehicles off motorways on time, creating road diversions, setting up additional variable message signs, and by coordinating all closures and operations of control centres.

In 2018, the effect of salt spreading on the environment was also monitored during the implementation of the Annual Programme of Operational Monitoring of rainwater from retention basins. Analyses of the individual samples taken showed no excess presence of salting elements; in each analysis, the salting elements were within the prescribed limits.

Last year, the operational monitoring of run-off wastewater from the roads managed by DARS, measuring the pollution of drainage water from retention basins, was carried out at the Sneberje representative retention basin in order to monitor the emission of substances into the natural environment. Operational monitoring was conducted on the basis of the Annual Programme of Operational Monitoring (APOM), which was sent to the Ministry of Infrastructure for review and to the Ministry of the Environment and Spatial Planning for approval pursuant to the Decree on the emission of substances in the discharge of meteoric water from public roads. The measurements showed that the parameters of drainage water from the retention basins were within the limits laid down by the mentioned Decree and could as such be discharged into nature without further treatment. In a controlled manner, the Company also collected tunnel wastewater from washing and handed it over for treatment to waste disposal contractors as a specific type of waste.

With respect to the integration of the motorway network into the environment, the Company received 64 complaints in 2018 (59 in the year before) from the interested public relating to the issue of noise. The complaints have been adequately considered and managed. In 2018/2019, the Company has performed operational noise monitoring for the motorway and expressway network in cooperation with external associates. Based on the results of the conducted operational noise monitoring, noise protection measures will be designed that will be included in the preparation of expert bases for the Noise Action Programme in overly affected areas. The preparation of expert bases for the Noise Action Programme runs in parallel with operational noise monitoring for the road network managed by DARS d.d. This year, the Noise Action Programme is expected to be amended, which falls within the competence of the Ministry of the Environment and Spatial Planning in cooperation with the Ministry of Transport, the Ministry of Health and other stakeholders, including DARS d.d., pursuant to the Decree on the assessment and management of environmental noise.

In 2018, the Company continued implementing and upgrading its environmental protection policy, placing an emphasis on controlled waste management as laid down by the applicable legislation. Hence, activities were aimed at proper waste management with consistent waste separation at its very source. Furthermore, the Company continued to pursue its policy for the controlled disposal of all types of waste.

In investments, DARS d.d. also acts as a generator of construction waste. The legal regulation of that area has been translated by DARS d.d. into its own investment execution process. DARS strives to utilise the generated construction waste to the maximum possible extent in the execution of works, provided that the material is compliant with the project requirements. Therefore, several projects already involved in-situ recycling or materials were used in new asphalt mixtures or for the execution of certain other construction works (fills, embankments, etc.). In 2018, the existing pavement structure was reconstructed using cold-in-place recycling in 3 projects, i.e. the reconstruction of the Hrušica-Lipce section and the demolition and rearrangement of the Log and Nanos toll stations.

Social and HR affairs and the protection of human rights

Policy and due diligence

DARS d.d. is one of the most reputable employers in Slovenia according to the research conducted by the Mojedelo.com employment agency. Job seekers see employment at the Company as interesting, providing a well-organised and responsible working environment and a high level of economic and social security. Staffing at the Company is based on a prudently and carefully prepared procedure to select the best human resources. Career development is provided to employees through:

- the identification of employee skills and potentials, and employees' inclusion in Company development activities;
- performance measurements and additional bonuses;
- horizontal promotions in the workplace;
- the development of the expertise, skills and competences of employees for career advancement within the organisation based on internal job vacancies.

The continuing development of expertise and technology is a constant feature in the massive flow of changes in which we operate. Sound predictions, an awareness of circumstances, proper understanding and decision-making are abilities held only by well-qualified expert associates. DARS d.d. appreciates the knowledge of its associates and manages it in a responsible manner. Skilled and well-qualified employees are the basis for efficient and successful Company operations, which is why DARS provides the continuous development of knowledge, abilities and skills to its employees through adequate training and education both within and outside the Company.

DARS is aware of the importance of providing safety at work for its employees, since many employees perform extremely dangerous work on the roads, where their safety not only depends on themselves, but also

on the conduct of road users. Therefore, safety was included in the 2017-2020 Strategy as one of the most important elements for the successful planning of Company development.

The Company management policy includes a commitment to prevent discrimination and tampering with the employees' personality and dignity. The employee recruitment procedure ensures that all candidates receive equal opportunities, irrespective of gender, age or other circumstances.

DARS has a long-standing practice of cooperation with employees through social partners. Within the scope of the Company, there are two representative trade unions with which a special participation agreement or, rather, an agreement on employee participation in management has been made. The Company holds joint consultations with the Workers' Council for all foreseen status or organisational changes at least 15 days before a decision is adopted, and sends every document encroaching upon employee rights and obligations to the trade unions and the Workers' Council for an opinion.

Human rights are observed by way of applicable legislation and internal codes and agreements referring primarily to non-discrimination on the job, workplace harassment and fundamental economic and social human rights.

Taking into account the legislation and practice in human rights (ILO Convention, RS Constitution, Protection against Discrimination Act), the Company has put in place mechanisms that prevent deviations in terms of human rights in the broadest possible terms. The mechanisms are laid down in the DARS Code of Conduct and the Agreement on the prevention and elimination of the consequences of workplace harassment at the Company, concluded by the Management Board and the Workers' Council. The document lays down in detail the conduct understood as workplace harassment, the procedure to resolve cases, and findings and procedures to rehabilitate victims of workplace harassment. Cases may be notified anonymously. To inform as many employees and external stakeholders as possible of the content and instructions of the DARS Code of Conduct, the Company brought it closer to the public. It was published on the intranet and presented in the Avtoceste in-house newsletter, the Preglednik bulletin and on the notice boards at motorway maintenance centres. The Avtoceste newsletter published an article requiring caution in the detection of fraud and deceit. This is a control mechanism for the management of such incidents.

Main risks and their management

Loss of competent or key staff (undesired fluctuation), increased share of actively non-engaged employees and inadequate resources to increase employee competences and as a result improve the target organisational culture

The risk of the loss of competent or key staff at DARS d.d. is mitigated with the provision of a creative, safe and interesting working environment. In order to obtain feedback on the working environment from employees, surveys are carried out on the organisational climate and employee satisfaction, the results of which provide the basis for preparing an annual programme of activities. To increase employee competences and improve the organisational culture, the Company earmarked more funds in 2018 than in previous years. To improve the employees' well-being on the job, measures were carried out last year within the scope of the full Family-Friendly Company certificate, thus making it easier for employees to coordinate their work and family duties. Employees were given the opportunity to educate and train in-house in order to achieve personal and professional development. The results of the survey on the organisational climate and employee satisfaction in 2018 show improvements in all the points measured.

Compared to 2017, employee engagement in 2018 improved due to the lower share of non-engaged and actively non-engaged employees, which was identified through employee engagement measurement using the Gallup method. In order to improve employee engagement and to eliminate identified weaknesses and risks in HR management, the Company prepared the 2020 HR management strategy in 2018, in which the action plan foresees the implementation of measures to prevent undesired fluctuation and an increased

share of non-engaged and actively non-engaged employees, while supporting the competence of employees and improving organisational culture. The Company started implementing measures to strengthen the competences of older employees, as well as intergenerational cooperation and communication. Being aware that managers have a significant impact on the performance of employees, the Company again measured the competences of DARS managers in order to check managerial competences and identify any gaps in the management process that may result in a risk of losing competent human resources or reducing employee engagement. Employees were given the chance to acquire topical expertise and skills beyond the scope of Company activities at various expert meetings in Slovenia and abroad and were thus allowed to grow professionally and personally.

Concern for employee safety and health at work

DARS d.d. is aware of the importance of the provision of safety and health at work. Therefore, it has invested for years in the purchase of new and safer work equipment and in the organisation of a working environment that provides a high level of safety and health at work to employees.

Upon the greatest novelty in 2018 – the change of the tolling system for vehicles with a maximum permissible weight exceeding 3.5 tonnes, which abolished tolling at toll stations on the motorway (the elimination of the dangerous crossing of lanes for employees and exposure to exhaust gas, noise and drafts) – another two important contributions to maintenance should be highlighted, i.e. the replacement of the machines used for cleaning tunnels and the acquisition of a machine for the manufacture of horizontal signs using the hot (thermoplastic) procedure. The machine for washing tunnels has an ergonomically designed operator workplace in a large (enlarged) vehicle cabin. The operator is no longer in an awkward position (as in the old machine), but sits on a vertically adjustable, rotating air suspension seat with steering installed on the armrests, which is why they are no longer exposed to vibrations and have better control over washing – through large cabin windows, including a ceiling window, and a monitor broadcasting the image from 4 video cameras. The machine for the manufacture of signs using the hot (thermoplastic) procedure allowed the Company to take a step forward towards improving working conditions, since it is no longer necessary to use dangerous chemicals (2-component mass and solvents). The old procedures entailed a great deal of tool washing, whereupon employees were exposed to organic solvent vapours, while the new procedure requires no tool cleaning. Furthermore, the new machine doses the granulate using a lift and the machine operator is no longer exposed to external conditions (noise, sun, draft, etc.), because the machine is steered and controlled via a monitor in an air-conditioned vehicle cabin.

With respect to the identified risk of a maintenance officer falling while passing over high safety barriers on the road and the fact that the Company maintenance officers age, the Company prepared a solution for passages over barriers exceeding 80cm in height. The solution is specified in internal instructions and will be executed promptly upon the erection of new barriers and, in future years, on existing barriers.

Key performance indicators

DARS d.d. checks the condition of its organisational climate every year, believing that employees can only optimally develop their potentials and motivation in an organisation in which they feel good. The results of the survey serve the Company as an initiative and commitment to preserve those organisational advantages that promote creativity, a sense of belonging and motivation in employees, as well as to improve areas where there are opportunities for development in the working environment.

The results for 2018 show improvements in innovations and initiatives, internal relations and management compared to 2017. It is pleasing and further encouragement for the implementation of measures prepared on the basis of results that the total score for organisational climate and employee satisfaction improved compared to the previous year. As in previous years, opportunities for development still exist in the reward scheme, career development and internal communications.

In addition to the survey investigating organisational climate and employee satisfaction, the Company also conducts a survey on employee engagement using the Gallup methodology every year. We are aware that employee engagement cannot be taken for granted, but that it is rooted in organisational factors and sound management. In the recent period, a trend of improvement in employee engagement has been observed at DARS. The share of engaged employees increased by 3.98%, while the share of actively non-engaged employees decreased by 2.43%, which is an important positive shift towards the engagement of Company employees.

Since 2015, DARS has been a holder of the Family-Friendly Company certificate. The Company provides 16 measures that allow employees to better and more easily coordinate their job duties and family life, which were also implemented in 2018. At the beginning of the year, an external audit of all activities was conducted and a positive opinion was given of the Company efforts. By concluding a new contract, DARS undertook to extend activities to maintain the full Family-Friendly Company certificate.

In order to maintain the knowledge and working availability of elderly employees, the Company applied to the open call published by the Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia (JP ASI 2017) and obtained €70,000 of additional funds. In May 2018, the Company commenced activities for the preparation of a strategy for the management of elderly employees, to draw up personal development plans for 350 employees included in the project, and to carry out several training courses. The project has continued into 2019.

DARS joined the partner project of the KoC LOGIN competence logistics centre, within the scope of which it obtained €39,000 from the European Social Fund for employee training, which could be drawn in 2017 and 2018. In 2017, it organised training courses in the total value of €16,620 and, in 2018, in the value of €22,380. Within the scope of the project, 187 employees attended training.

Managers at DARS d.d. play a special role and thus hold responsibility for the successful work of all employees, which is why they are included in the competence assessment with the aim of continuing to improve and upgrade their management performance. The first competence assessment was carried out in December 2015 and was repeated in autumn 2018, i.e. for all managerial levels. A total of 132 managers were included in the competence measurement and the scores showed that the Company managers were highly responsible towards their work, abided by what was agreed, and had an in-depth knowledge of their area of operations. The competence assessment improved compared to 2015.

In 2018, the Company provided more external training to enhance the expertise and professional competences of employees who require continuous knowledge upgrades in their work, which increased the investments in employees in terms of value. The value of training per employee in 2018 amounted to €233, which is 51% more than in 2017.

One of the important operative strategic goals is also to reduce the number of injured employees at work by 2020 by 15%, which is why the Company has invested for years in the purchase of new and safer work equipment and in the organisation of a working environment that provides a high level of safety and health at work to employees. Upon the greatest novelty in 2018 – the change of the tolling system for vehicles with a maximum permissible weight exceeding 3.5 tonnes, which abolished tolling at toll stations on the motorway (the elimination of the dangerous crossing of lanes for employees and exposure to exhaust gas, noise and drafts) – another two important contributions to maintenance should be highlighted, i.e. the replacement of the machines used for cleaning tunnels and the acquisition of a machine for the manufacture of horizontal signs using the hot (thermoplastic) procedure.

The fight against corruption and bribery

Policy and due diligence

The Company has adopted the DARS Code of Conduct and Instructions laying down protection for whistle-blowers notifying corruptive, illegal and unethical actions, which are based on the Integrity Plan of DARS d.d., which is in turn based on the Integrity and Prevention of Corruption Act.

The DARS Code of Conduct and Instructions laying down protection for whistleblowers notifying corruptive, illegal and unethical actions lay down measures that should be used by DARS d.d. to provide the necessary measures. The Company appointed the Company Integrity Committee, which is responsible for resolving deviations from the mentioned requirements.

The main risks and their management

A conflict of interest of employees in the Company structure and supervisory bodies reduces independence and the credibility of the Company among employees and the external environment. The abuse of inside information and business secrets is unacceptable, harmful and prohibited by DARS d.d. Associates are required to inform their superiors of any circumstances (business, family or other relations within the Company) that may affect decision-making. In such a case, it is best practice that such an associate should be excluded from a specific work process.

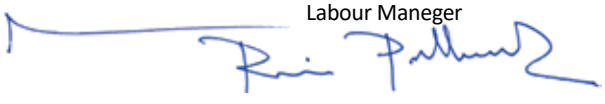
The implications of a failure to observe the obligation to avoid a conflict of interest and the procedure to identify a conflict of interest and lobbying are laid down in the act governing that area. Procedures or the process for the proper conduct of the highest governing body ensuring the prevention of conflicts of interest and managing it are indicated in the Agreement on the prevention and elimination of the consequences of mobbing at the Company.

Key performance indicators

The abuse of inside information, business secrets, personal data, corruption and bribery are unacceptable for DARS d.d. and prohibited, whereby the Company has zero-tolerance for intentional criminal offences. The Company seeks to maintain the number of confirmed cases of corruption at zero.

Tomaž Vidic, PhD	**Gašper Marc, MSc**	**Vili Žavrlan**	**Rožle Podboršek**
Chairman of the Board	Member of the Board	Member of the Board	Member of the Board / Labour Maneger





Celje, 28 June 2019

I.3 PRESENTATION OF DARS d. d.

I.3.1 Company profile

NAME[2]	Motorway Company in the Republic of Slovenia DARS d.d.
REGISTERED OFFICE[3]	Ulica XIV. divizije 4, 3000 Celje Phone: +386 (0)3 426 40 71 Fax: +386 (0)3 544 20 01
BRANCH OFFICE	Dunajska 7, 1000 Ljubljana Phone: +386 (0)1 300 99 00 Fax: +386 (0)1 300 99 01
WEBSITES	www.dars.si www.promet.si
YEAR OF ESTABLISHMENT	1993
REG. ENTRY NO.	1/06158/00, District Court of Celje
FOUNDER	Republic of Slovenia
LEGAL FORM OF ORGANISATION AND OWNERSHIP[4]	state-owned public limited company (Republic of Slovenia 100%)
REGISTRATION NUMBER	5814251000
CODE OF PRINCIPAL ACTIVITY[5]	52.210 Service activities incidental to land transportation
VAT ID NUMBER	SI92473717
SHARE CAPITAL[6]	€2,322,284,140
CAPITAL INCREASE	Total capital €2,963,264,000 Nominal value of bonds issued: €163,779,470
NO. OF SHARES ISSUED	€55,650,231
NO. OF COUNTRIES IN WHICH THE COMPANY OPERATES[7]	1 country (Republic of Slovenia)
NUMBER OF EMPLOYEES[8]	1232
NET SALES REVENUES[9]	€465,605,859
NO. OF COMPANY LOCATIONS[10]	39

2 GRI GS 102-1.
3 GRI GS 102-3.
4 GRI GS 102-5.
5 GRI GS 102-2.
6 GRI GS 102-7.
7 GRI GS 102-4.
8 GRI GS 102-7.
9 GRI GS 102-7.
10 GRI GS 102-7.

I.3.2 Company mission, vision, values, strategic policies and integrated management system policy

Mission

Using modern and environmentally responsible approaches, DARS optimises traffic flows and ensures safety and comfort on the Slovenian motorway network.

Vision

Povezani v prihodnost

The motto of the current and future Company operations is connectivity in all possible forms. This means that the Company vision is focused on:

- users, with whom we share a concern for their safety, reliability and comfort during travel;
- the sustainable development of the Company and its environment to further enhance Company operations in terms of efficiency and performance, and a responsible attitude towards all stakeholders (the owner, business partners, the local community, the wider Europe, the natural environment, etc.), while connecting with peer institutions;
- the needs of employees, with whom we share the goal of providing a safe, creative and interesting working environment.

Core values[11]

Security

The Company provides a safe environment to work in, i.e. a safe working environment for its employees, safety for its business partners and users of the Slovenian motorway network (being a reliable partner on the road), and preservation of the natural environment.

Responsibility

The Company renders the services and tasks undertaken with quality and in a socially responsible manner, bearing in mind its users, the environment (harmonising its activities with the possibilities and needs of the natural environment) and other stakeholders (suppliers, contractors, other business partners, the owner and the local community), making it a reliable business partner.

Development

The Company continuously promotes innovative and modern approaches and develops new or improves existing services rendered by the Company, while striving to improve energy efficiency. With a creative and innovative mindset, we are aware that this is the only way to develop innovative services with high added value for users, employees, the Company and the owner.

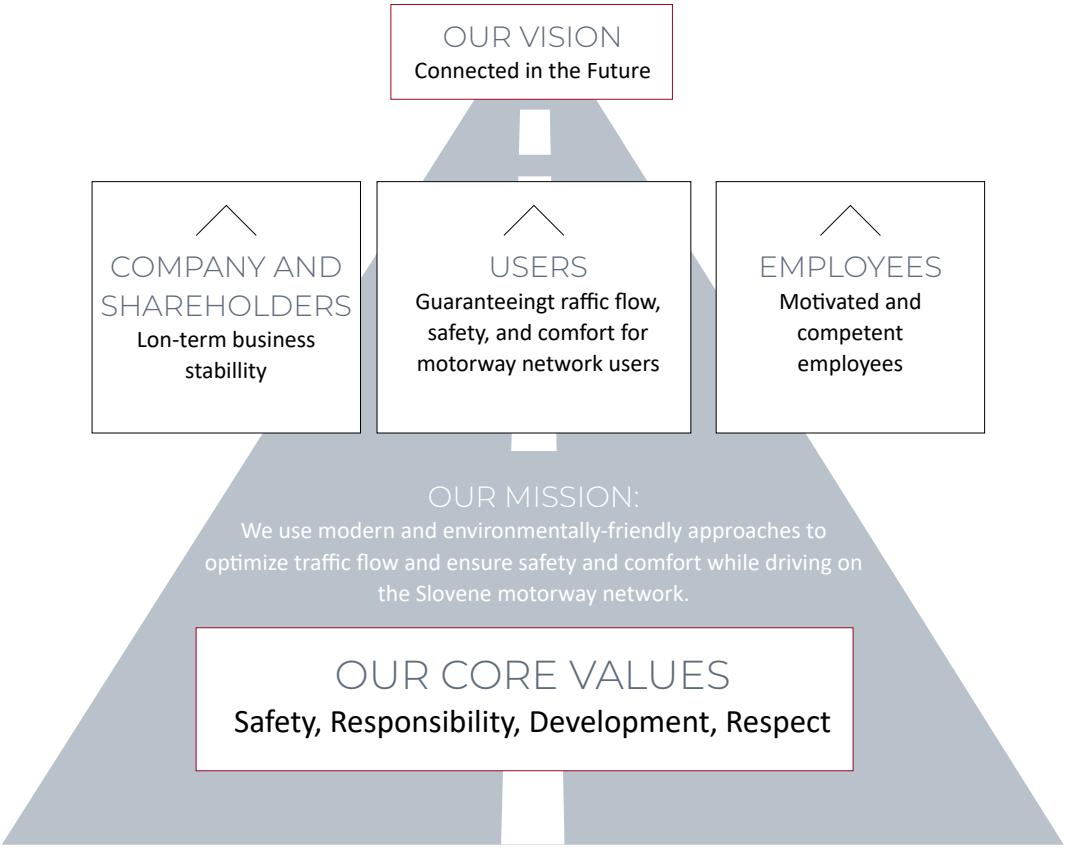
Respect

A high level of trust and respect for all stakeholders (users, the owner and business partners) is reflected in the Company's day-to-day operations and employee actions and conduct.

11 GRI GS 102-16.

Strategic policies of DARS d.d[12]

Figure 1: Strategic policies of DARS d.d.



The provision of safety, traffic flow and comfort for motorway users

- traffic safety
- traffic fluidity
- user-friendly services

Long-term stable operations

- stable operations in the long term
- the introduction of lean enterprise
- the implementation of business excellence

Engaged and competent employees

- continuous strengthening of competences
- leadership development at the Company
- the development of a creative, safe and interesting working environment

12 GRI GS 103-1, 203-1, 201.

Integrated management system policy

With the professional and responsible performance of tasks, the management and all Company employees will make every effort to fulfil the requirements and expectations of stakeholders, users, the owner, employees, the environment and other interested parties. Company success has been planned, managed and controlled carefully. The Company is committed to the continuous improvement of all business processes, with an emphasis placed on preventive actions.

The Company's goal is to act with due quality, environmental and energy efficiency, and to provide safe and comprehensive services to employees, outsourcers and users.

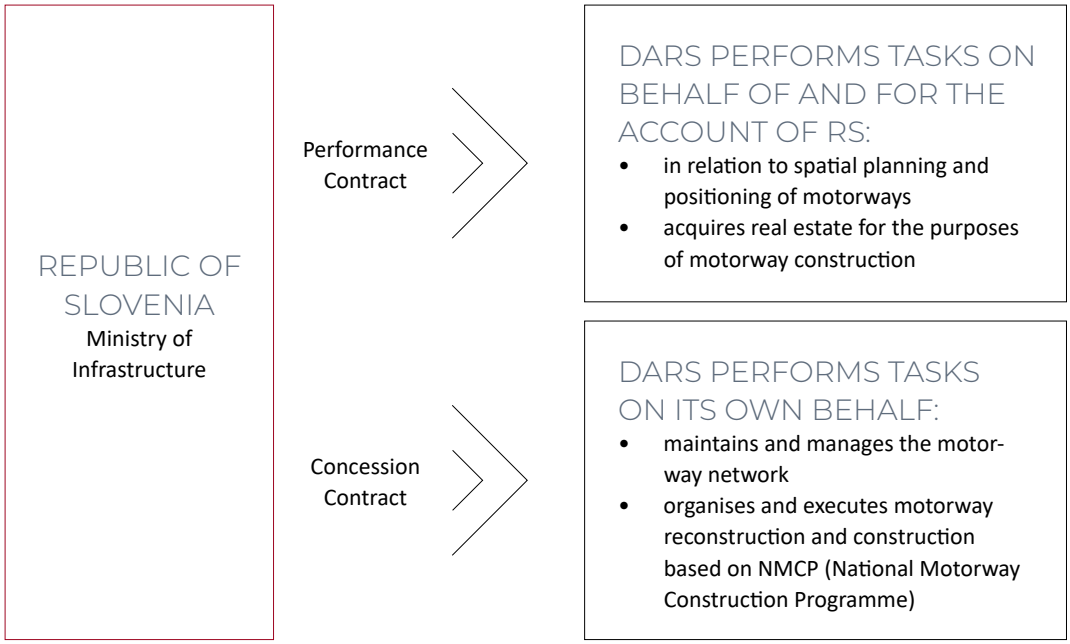
The management system policy is realised in the following manner:

- by making responsible decisions based on specific information and facts,
- by providing good conditions and relations between all stakeholders inside and outside the Company,
- by promoting proactive operations with an emphasis on employee innovations,
- by managing the risks identified and seizing the opportunities detected,
- by enhancing the efficient use of all types of material and energy throughout a service life cycle,
- by consistently complying with the legislation, other statutory requirements and development policies,
- by cooperating with partners and other outsourcers in a mutually beneficial way,
- by supporting the development of the profession and acquiring new knowledge and skills,
- by actively communicating within the Company and with external audiences,
- by committing to prevent health risks and injuries among employees,
- by establishing and achieving measurable goals for improvements in all areas of operation,
- by systematically observing all aspects of operations (the environment, energy, quality, safety, economy) when purchasing products and services and planning new solutions.

The Management Board undertakes to make every effort to achieve the set objectives, including by setting a personal example.

I.3.3 Activities of DARS d. d.[13]

Figure 2: The activities of DARS d. d.



13 GRI GS 102-2.

DARS d.d. was established in 1993 based on the Motorway Company in the Republic of Slovenia Act and started operating on 1 January 1994. Until 31 December 2003, it had the status of a public undertaking in the form of a public limited company and, since 1 January 2004, it has been a public limited company in the form of a company. The sole founder and shareholder of DARS d.d. is the Republic of Slovenia, which is represented by the Slovenian Sovereign Holding (SSH) pursuant to the Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, No. 25/2014; ZSDH-1). DARS d.d. operates in compliance with the Corporate Governance Code for Companies with Capital Assets of the State as adopted by the SSH and the Recommendations and Expectations of the SSH as the manager of the State capital assets, which are aimed at improving the corporate governance system for the capital assets of the State, company organisation and, consequently, company performance.

The ZDARS-1 entered into force at the end of 2010 and on its basis DARS d.d.:
- performs individual tasks relating to the spatial planning and siting of motorways, and tasks relating to real estate acquisition for the purposes of motorway construction on behalf of the Republic of Slovenia and for its account;
- builds motorways on its own behalf and for its own account;
- manages and maintains motorway sections based on the granted construction concessions.

The State maintains strategic supervision over motorway development through development documents laying down new sections and deadlines for putting the newly built sections into service.

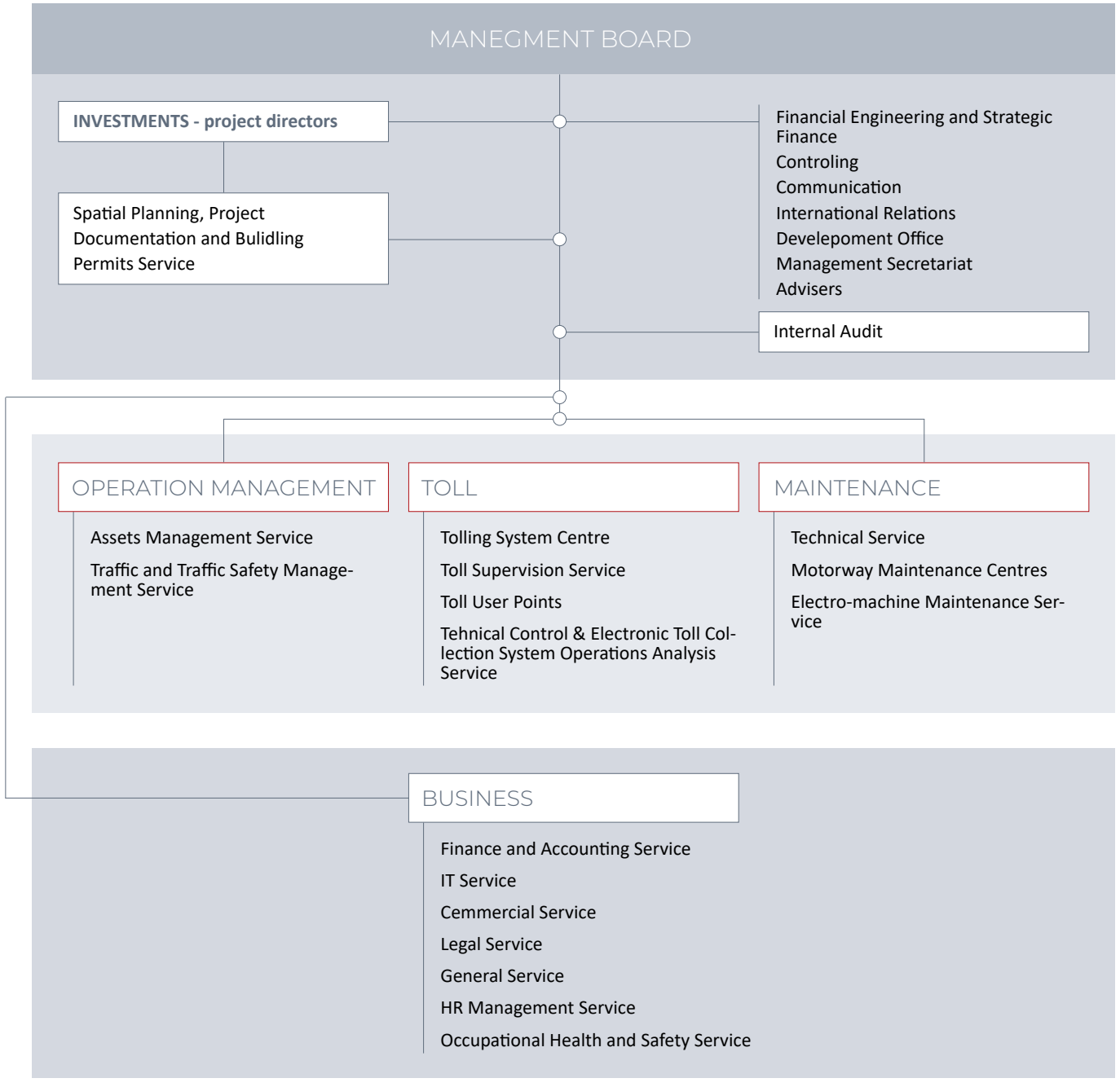
The ZDARS-1 lays down the status, tasks and obligations of DARS d.d. and regulates legal property relations in connection with motorways. Pursuant to the Act, DARS d.d. was transformed into a concessionaire that was awarded the right of superficies for the term of the concession relating to the land where it will build, and has taken over all financial obligations related to the construction of new motorway sections. The ZDARS-1 also stipulates that DARS d.d. performs individual tasks relating to the spatial planning and siting of motorways, and tasks relating to real estate acquisition for the purposes of motorway construction on behalf of the Republic of Slovenia and for its account. The Act also stipulates that DARS d.d. must continue building motorways and expressways that commenced prior to the enforcement of the ZDARS-1, while managing and maintaining the existing motorways and expressways in the Republic of Slovenia.

According to the ZUJF, which entered into force in 2012, the right of superficies established for the benefit of DARS d.d. is payable.

I.3.4 Governance structure[14]

Figure 3: Organisational structure of DARS d. d.

Makro in mezzo Organisational Structure of the Company



14 GRI GS 102-18.

I.3.5 Motorways and expressways in the Republic of Slovenia

In 1994, the Republic of Slovenia transferred all motorways and the infrastructure and facilities built on them to the management and maintenance of DARS d.d. with a special contract. It also transferred to DARS 198.8 kilometres of two-lane and four-lane motorways and expressways built up to that point and 67.5 kilometres of access roads.

With NMCP implementation, the network managed and maintained by DARS d.d. has gradually increased. At the end of 2018, the Company managed 623.311 kilometres of motorways, 140.974 kilometres of motorway junctions, 22.26 kilometres of interchanges and 37.989 kilometres of other roads.[15]

Figure 4: The Slovenian motorway system, December 2018

15 GRI GS 102-7.

The Slovenian motorway system as part of the Trans-European Transport Network

Figure 5: Slovenian motorway system as part of the TEN-T network

I.3.6 Investments in motorway development and reconstruction[16]

Karavanke tunnel (second tube)

The Karavanke motorway tunnel is part of the Trans-European Transport Network (TEN-T) and connects the A2 motorway in the Republic of Slovenia with the A11 motorway in the Republic of Austria. The tunnel represents a bottleneck in this part of the network, as it was built as a single-tube two-lane tunnel in which traffic runs in both directions. Pursuant to Directive No 2004/54/EC of the European Parliament and of the Council on the minimum safety requirements for tunnels in the Trans-European Road Network, it is necessary to ensure full motorway clearance between the A2 and A11 in cooperation with Austria as soon as possible. In order to enhance fluidity and traffic safety, it is planned to build the second tunnel tube anew along with the missing part of the motorway and all necessary accompanying arrangements, including sites for the deposit of excess excavated material. The arrangements planned are located in Jesenice and Kranjska Gora municipalities.

Co-financed by the Connecting Europe Facility of the European Union

16 GRI GS 203-1.

A building permit has been obtained for the relevant investment and a public procurement procedure for a contractor was published, within the scope of which tenders were opened in March 2018. In July 2018, a Decision on the award of the public contract was published against which requests for review were filed. Due to review requests by unsuccessful tenderers and the DKOM decision, which granted the requests, the procedure to select the contractor was not completed in 2018.

Building Permit Design and Executive Design documents, which were co-financed from EU funds in the amount of 50%, were completed. Based on the design documents and the issued building permit, the procedure to award the public contract for the execution of construction works is pending. The Republic of Slovenia and the Republic of Austria received EU grants within the scope of the Connecting Europe Facility (CEF) for the construction of the second tube of the Karavanke motorway tunnel. The Republic of Slovenia received CEF funds in the maximum amount of €7.95 million or 10% of the eligible project costs.

3rd development axis

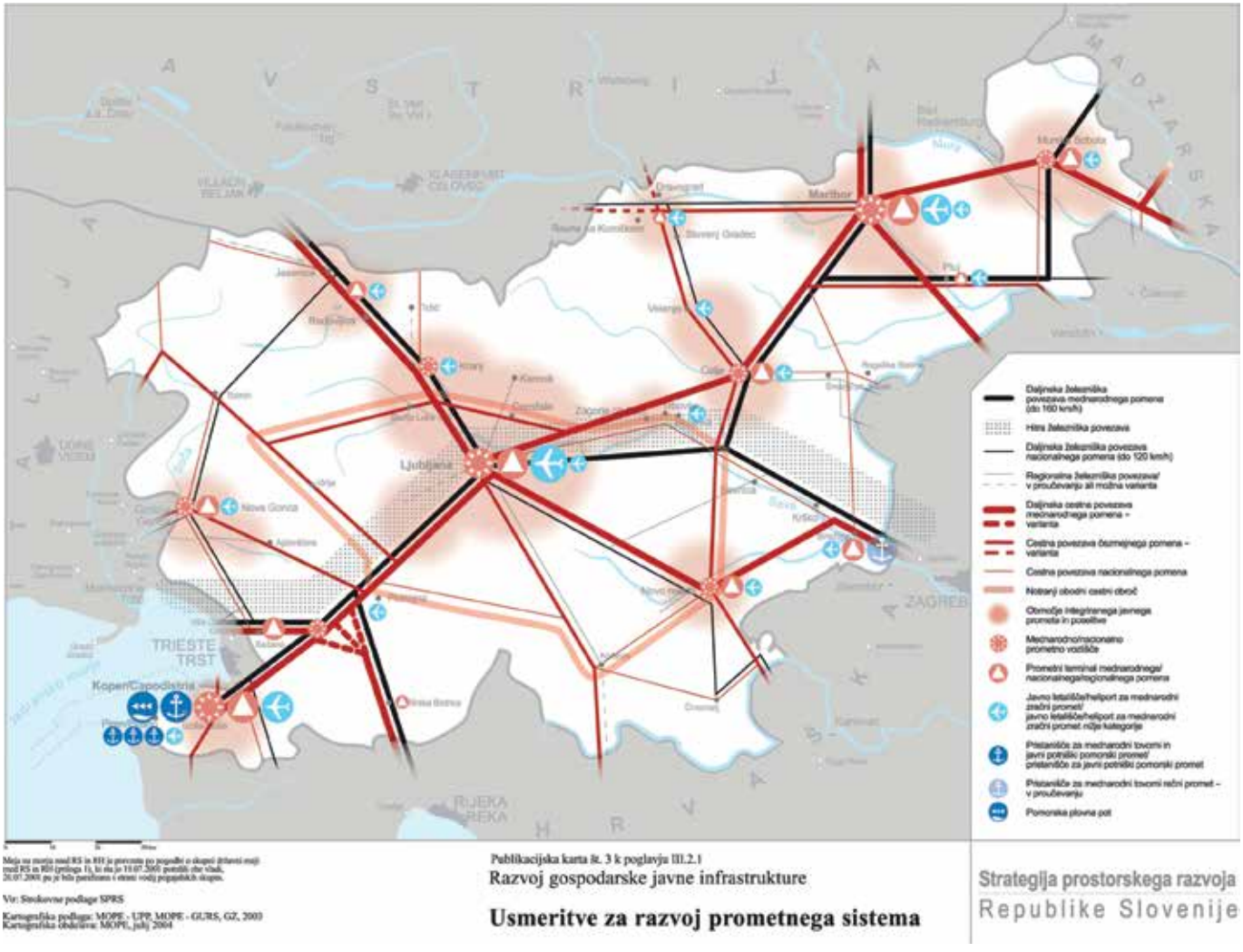
The 3rd development axis entails a future traffic link from north to southeast Slovenia (from the Austrian to the Croatian border). The Ordinance on the Spatial Planning Strategy of Slovenia defines the 3rd development axis as a road link coming from Austrian Carinthia via Slovenj Gradec and Velenje and connecting to the motorway at Celje and then continuing towards Novo mesto and Karlovac or, rather, connecting to the Zagreb-Rijeka motorway. The investment in the 3rd development axis is included in the Resolution on the National Programme for the Development of Transport of the Republic of Slovenia until 2030 (link: https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/2016-01-3211). The construction of the 3rd development axis south from the A2 MW to the Osredek junction was included in the Operational Programme for the Implementation of the EU Cohesion Policy 2014-2020, under which it is planned to co-finance the project from the European Regional Development Fund in the amount of €39.7 million.

The link also includes two new national roads from the A2 motorway at Novo mesto to the Maline junction and from the Šentrupert junction on the A1 motorway to the Slovenj Gradec South junction, for which national spatial plan decrees have been adopted.

Building Permit Design documents have been produced for the 3rd development axis south section from A2 MW to Osredek junction and a building permit request has been filed, while Executive Design documents are being prepared. A technical engineering study for the staging of construction works has been produced and reviewed for the 3rd development axis south section from the Osredek junction to the Maline junction, while the Pre-investment Study and Study of wider economic impacts have already been produced.

The design documents for the acquisition of opinions and the building permit (DGD) and the Executive Design documents for the 3rd development axis north section from Velenje South to Slovenj Gradec South are being prepared, while design activities for the Šentrupert - Velenje South section are at a standstill until a decision is reached by the Constitutional Court regarding the constitutionality and legality of the adopted NSP decree.

Figure 6: **Spatial development strategy of the Republic of Slovenia**



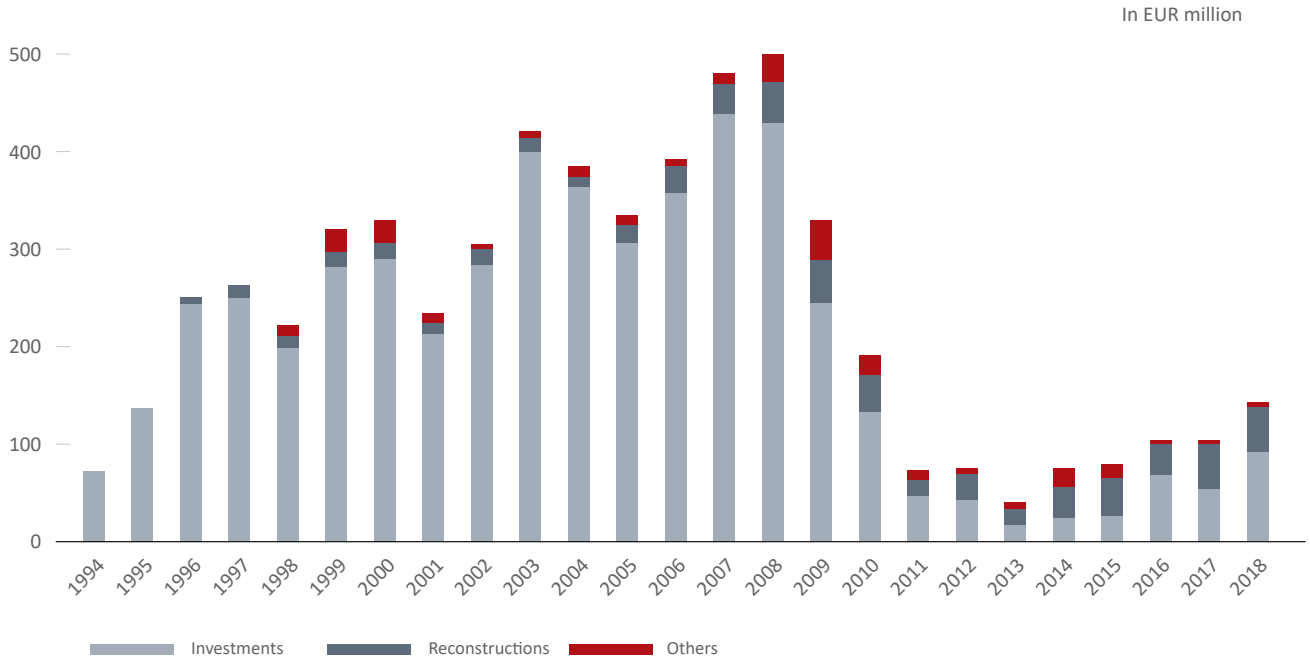
I.3.6.1 Investments planned from 2019 to 2021

Table 1: Major investments planned by DARS d.d. from 2019 to 2021 in € million (source: Business Plan for 2019)

	realisation 2018	2019 plan	2020 plan	2021 plan	Total 2018–2021
DRAGOMER motorway junction	0.03	0.30	12.27	5.83	**18.43**
CONSTRUCTION OF NOISE BARRIERS	1.87	3.65	0.68	6.37	**12.56**
CONSTRUCTION OF WIND BREAKS	0.04	3.63	0.68	6.37	**10.71**
KARAVANKE TUNNEL (second tube)	0.25	11.43	25.39	24.39	**61.46**
DarsGo system	61.78	28.65	6.00	1.50	**97.92**
HAJDINA - ORMOŽ: Markovci - Gorišnica	0.26	0.70	5.90	1.66	**8.53**
HAJDINA - ORMOŽ: Gorišnica - Ormož	1.26	6.66	15.07	9.24	**32.24**
KOSEZE - KOZARJE: expansion into a 6-lane road (construction, other)	0.15	0.45	0.60	23.70	**24.90**
3rd development axis north: Velenje - Slovenj Gradec	1.47	5.92	11.55	37.96	**56.89**
3rd development axis north: Šentrupert - Velenje	0.03	2.00	9.35	28.77	**40.15**
3rd development axis south: Novo mesto - Maline (stage I – stages 1 and 2)	1.25	4.20	20.05	24.00	**49.49**
3rd development axis south: Novo mesto - Maline (stage I – stages 3 and 4)	0.08	1.80	4.95	4.69	**11.52**
Total	**68.47**	**69.38**	**112.49**	**174.48**	**424.82**
MOTORWAY RECONSTRUCTION	50.01	70.91	70.87	68.88	**260.66**
Other investments	34.30	27.31	45.81	35.67	**143.09**
Total	**152.78**	**167.60**	**229.17**	**279.02**	**828.57**

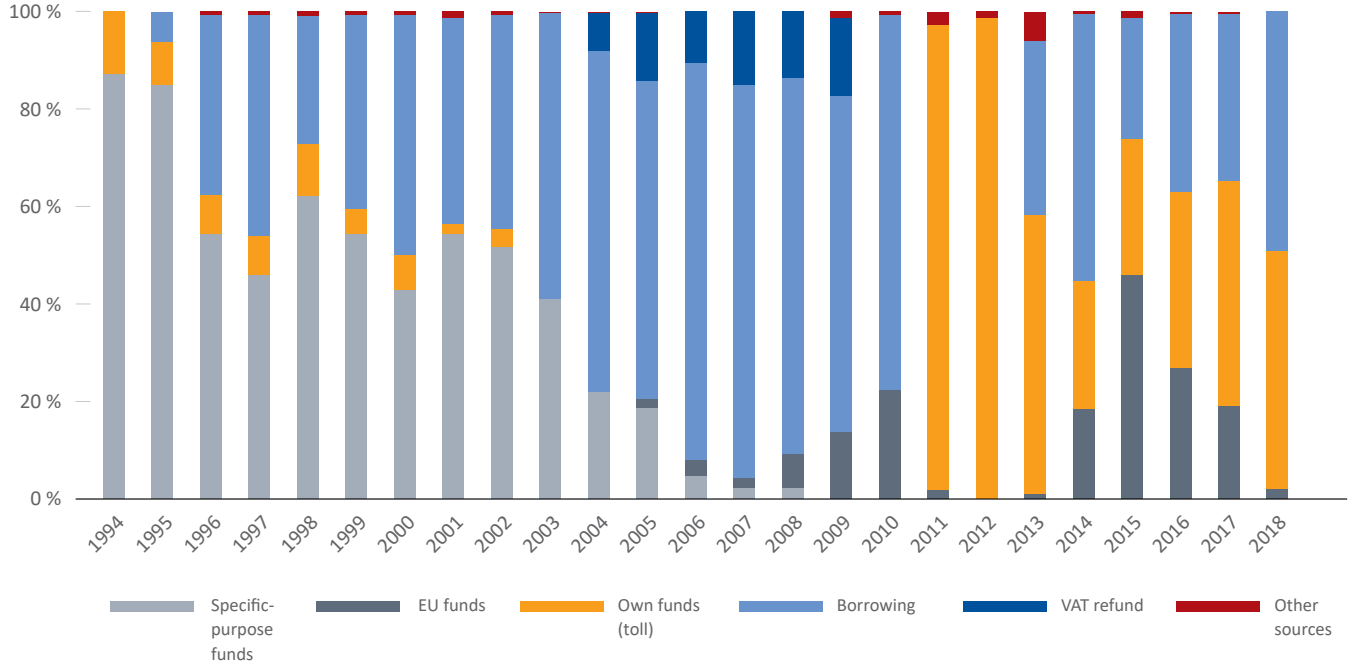
I.3.6.2 Investments in the NMCP (National Motorway Construction Programme) from 1994 to 2018

Figure 7: Investments in the NMCP (National Motorway Construction Programme) from 1994 to 2018



I.3.6.3 Sources of funding for the NMCP (National Motorway Construction Programme) from 2000 to 2018

Figure 8: Sources of funding for the National Motorway Construction Programme (NMCP) from 2000 to 2018



I.3.7 Self-assessment under the EFQM excellence model

Pursuant to the Recommendations and Expectations of the Slovenian Sovereign Holding, the Management Board of DARS d.d. conducts self-assessments under the 2013 EFQM excellence model.

In 2018, the second self-assessment was conducted and a report was produced containing the findings and an action plan containing 13 measures and short- and medium-term objectives of Company operations relating to quality and excellence.

The Management Board places great importance on SSH recommendations and expectations, and has identified the strategic goal "SC 6 Implementation of business excellence" in the "DARS d.d. Strategy 2017-2020" as one of 9 strategic goals with the key indicator "to achieve 500 points by 2020 with respect to the requirements of the EFQM model".

The Supervisory Board discusses a report on the realisation of self-assessment measures as per the EFQM excellence model every 6 months and confirms the suitability of introduced measures.

I.3.8 Integrated management system

The integrated management system includes the quality aspect as per the requirements of the ISO 9001 standard, the environmental management aspect as per the requirements of ISO 14001, the occupational health and safety aspect as per the BS OHSAS 18001 standard and the energy management system aspect as per the ISO 50001 standard. Together, the aspects form a uniform management system, which is described in the Rules of Procedure for the Management System and related documents.

The basis for the integrated management system and standard requirements are continuous improvements using the PDCA approach (plan, do, check and act), which is the driving force of progress and the optimisation of business processes in all areas of Company operations.

In 2018, the Company began setting up an information security system under the requirements of the ISO/IEC 27001 standard, which will be integrated into the existing management system. The basis for the establishment of proper controls is an assessment of information risks, which provides guidance for the introduction of the relevant scope and number of measures to reduce information risks to an acceptable level.

To ensure the credibility of the quality management system, the environmental management system, safety and health at work, and energy management under the requirements of the ISO 9001, ISO 14001, ISO/IEC 27001, BS OHSAS 18001 and ISO 50001 standards, the systems are checked every year and successfully approved by an external accredited institution.

I.4 ABOUT THE REPORT

The Sustainable Development Report of DARS d.d. provides information on economic, environmental, social and management effects and the results of Company operations. The strategy of DARS d.d. pursues long--term goals focused on sustainable development and steers the Company towards socially responsible future operations. With reports on its sustainable development, the Company on the one hand provides quality information on its socially responsible actions to its stakeholders and, on the other, reaches decisions on its future socially responsible actions based on cooperation and the identification of the stakeholders' needs and interests. The key motto of the Company is the connectivity of its operations in all possible forms and with all possible stakeholders.

I.4.1 Sustainability reporting

Non-Financial Statement

The Sustainability Report of DARS d.d. for 2018 contains all the necessary information for the publication of the Non-Financial Statement and is, therefore, in line with the amendments to the Companies Act (Official Gazette of the Republic of Slovenia, No. 15/2017 of 31 March 2017, i.e. Articles 56, 57, 60(a) and 70(c) of the Companies Act) and the requirements laid down in the Guidelines on non-financial reporting (methodology for reporting non-financial information), as adopted and published in the EU Official Journal in July 2017, and in the Directive on the disclosure of non-financial and diversity information by certain large undertakings. The Guidelines became applicable in 2018, i.e. in relation to information for the 2017 financial year.

The second Sustainability Report of the Company under GRI standards

The first independent Sustainability Report of DARS d.d., which the Company published for 2017, was a major milestone for the Company in terms of reporting about its sustainable development, in which the Company observes the international sustainability reporting standards of the Global Reporting Initiative (GRI GS), core option,[17] and significantly improves the quality of the sustainability section compared to previous annual reports, making it a comprehensive report stressing the materiality of Company operations. The Company has also reported about its sustainable development or corporate social responsibility in its annual reports since 2009. The last Sustainability Report for 2017 was published on the Ljubljana Stock Exchance SEOnet information system on 29 June 2018.[18] The Sustainability Report was prepared by all the expert services of DARS. The Sustainability Report of DARS refers to an individual financial and calendar year, and will be published every year by the Company.[19]

I.4.2 The realisation of the strategic goals of sustainable development at DARS d.d.

DARS d.d. is well aware of its responsibility to people, the environment and society. Therefore, it exercises social responsibility in a sustainable manner in all projects and long-term plans at all levels. Ambitious and clearly defined goals ensure that the public will continue to identify DARS as a responsible and forward-looking company.

Strategic policies of DARS d.d.

The DARS d.d. Strategy from 2017 to 2020, which integrates the Company vision and its stakeholders with 3 key strategic guidelines of DARS d.d., is described in detail in chapter I.3.2 Mission, vision, values, strategic guidelines and integrated management system policy, where the central focus is on long-term stable opera-

17 GRI GS 102-54.
18 GRI GS 102-51.
19 GRI GS 102-50, 102-52.

tions, which also significantly relates in content and strategic goals to the realisation of strategic guideline 1 (The provision of fluidity, safety and comfort to users on the motorway network) with users as the target stakeholders, and strategic guideline 3 (Engaged and competent employees) with employees as the target stakeholders.

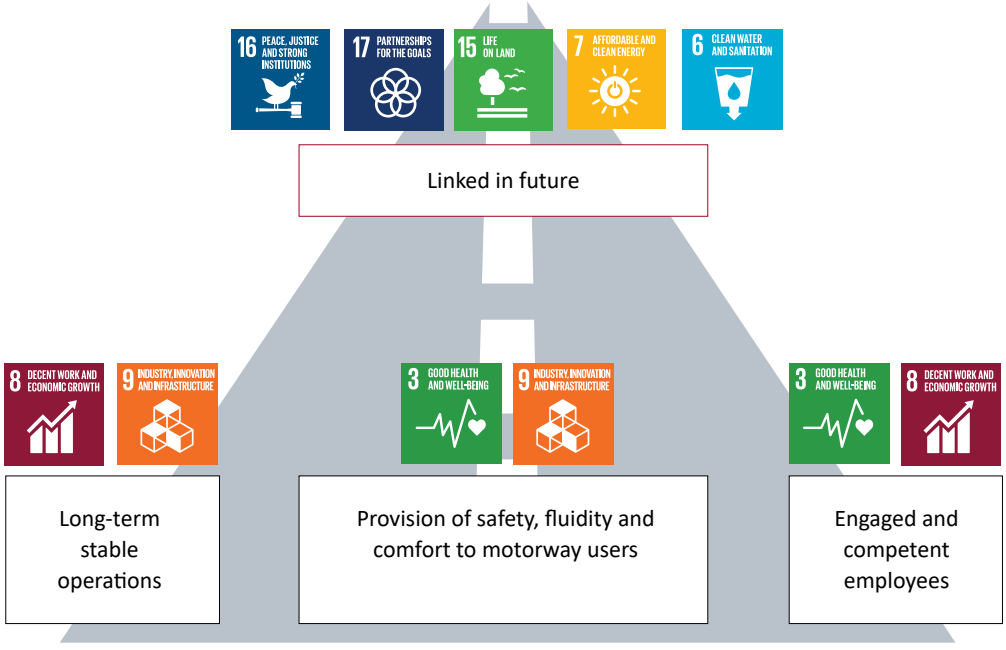
It is also worth noting the role or contribution of DARS to global development, i.e. by observing the Sustainable Development Goals (SDG), as adopted by UN members, which are aimed at devoting efforts to the development of the entire Company, economy, science and civil society – which will play an important role in the attainment of the relevant goals of the entire Company until 2030.

Below are all 17 sustainable development goals, which are also available at the Ministry of Foreign Affairs: http://www.mzz.gov.si/zunanja_politika_in_mednarodno_pravo/mednarodno_razvojno_sodelovanje_in_humanitarna_pomoc/politike_mrs/cilji_trajnostnega_razvoja/ https://sustainabledevelopment.un.org/sdgs

Figure 9: **The UN global sustainable development goals (SDG)**

With its activities, DARS d.d. strives to contribute to 8 of these sustainable development goals; the connectivity of the vision and strategic goals of DARS d.d. is evident from the figure below:

Figure 10: Connectivity of DARS strategic goals with eight sustainable development goals



Linked in future

Peace, justice and strong institutions: By observing the rule of law and measures to prevent corruption and bribery, thus strengthening our integrity and reputation, we contribute to goal 16.

Relevant content: Corporate integrity and compliance

Indicator: The Company seeks to maintain the number of confirmed cases of corruption at zero.

Partnerships for the goals: The motto of Company operations is connectivity in all possible forms, since that is the only way to contribute to a more sustainable society.

Relevant content: Indirect economic effects on the Company, the provision of fluidity, safety and comfort for MW users, inclusion in the community and development.

Indicator: To achieve a customer satisfaction index of 78 by 2020. Execution of the C-ROADS (C-ITS) pilot project by 2020. Provision of regional European tolling interoperability by 2020.

Life on land: DARS' focus on biodiversity and environmental responsibility contributes to the protection of terrestrial ecosystems.

Relevant content: Spatial planning and positioning, biodiversity, waste management and water protection.

Indicator: Fulfilment of the requirements laid down in environmental permits.

Affordable and clean energy: DARS strives for energy efficiency, carbon footprint management and measures to reduce energy consumption, which contributes to goal 7.

Relevant content: Energy use, emissions.

Indicator: Reducing electricity consumption by 7% by 2020, consumption of energy products for heating by 10% by 2020 and CO_2 emissions of energy products for heating by 20% by 2020 with respect to the baseline year of 2015.

Clean water and sanitation: With water economy and activities to protect natural water resources in the event of incidents, DARS strives for the sustainable management of water resources and their preservation.

Relevant content: Water protection, waste management

Indicator: Compliance with legislative requirements and good practices

Provision of safety, fluidity and comfort to motorway users

Health and well-being: With its efforts to improve safety in road traffic and reduce the number of traffic accidents, DARS actively contributes to the realisation of goal 3.

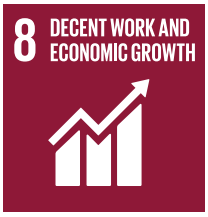
Relevant content: Provision of fluidity, safety and comfort to motorway network users

Indicator: Active cooperation with stakeholders to promote traffic safety: 20% increase in the reach of MW and future users (children, secondary school students, university students) by 2020 compared to 2015. The provision of accurate and timely traffic information and the efficient transmission of information to drivers: 10% annual growth of active traffic information search in own communication channels by 2020.

Industry, innovation and infrastructure: By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS d.d. wishes to provide users with safety and comfort.

Relevant content: The provision of fluidity, safety and comfort to motorway network users

Indicator: The deployment of the electronic tolling system in FTF for heavy vehicles (DarsGo) as of 1 April 2018 is the basis for the establishment of a travel time monitoring system for heavy goods vehicles using the DarsGo electronic tolling system (ETS in FTF) and for floating car data (FCD), probably until 2020. After the deployment of the system: 3% decrease in the amount of congestion per year and improved infrastructure.



Long-term stable operations

Decent work and economic growth: With successful business operations and the promotion of new innovative and modern approaches, DARS strives to achieve goal 8.

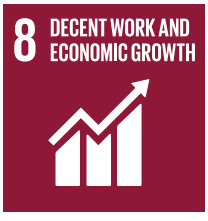
Relevant content: **Long-term stable operations**

Indicator: Net debt to the EBITDA with the target indicator below 8; provision of 4.1% return on equity

Industry, innovation and infrastructure: By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS d.d. contributes to regional and international economic development and the welfare of society. With the deployment of electronic tolling, it seeks to promote the use of environmentally cleaner technologies.

Relevant content: Long-term stable operations, indirect economic effects on the Company

Indicator: Development of the motorway network pursuant to the owner's directions and financial capacities of DARS: the length of the reconstructed directional lanes – at least 55 km/year. Deployment of the DarsGo electronic tolling system in FTF for heavy vehicles.



Engaged and competent employees

Decent work and economic growth: With the role of a reliable and prudent employer, DARS contributes to the achievement of goal 8. DARS strives for safe employment, which is why 99.7% of its employees have permanent employment contracts.

Relevant content: Long-term stable operations, engaged and competent employees, and a creative and interesting working environment

Indicator: The ratio between engaged and actively non-engaged workers increases to 0.90 by 2020.

Health and well-being: With concern for employee safety and health, DARS contributes to goal 3.

Relevant content: Creation of a safe working environment

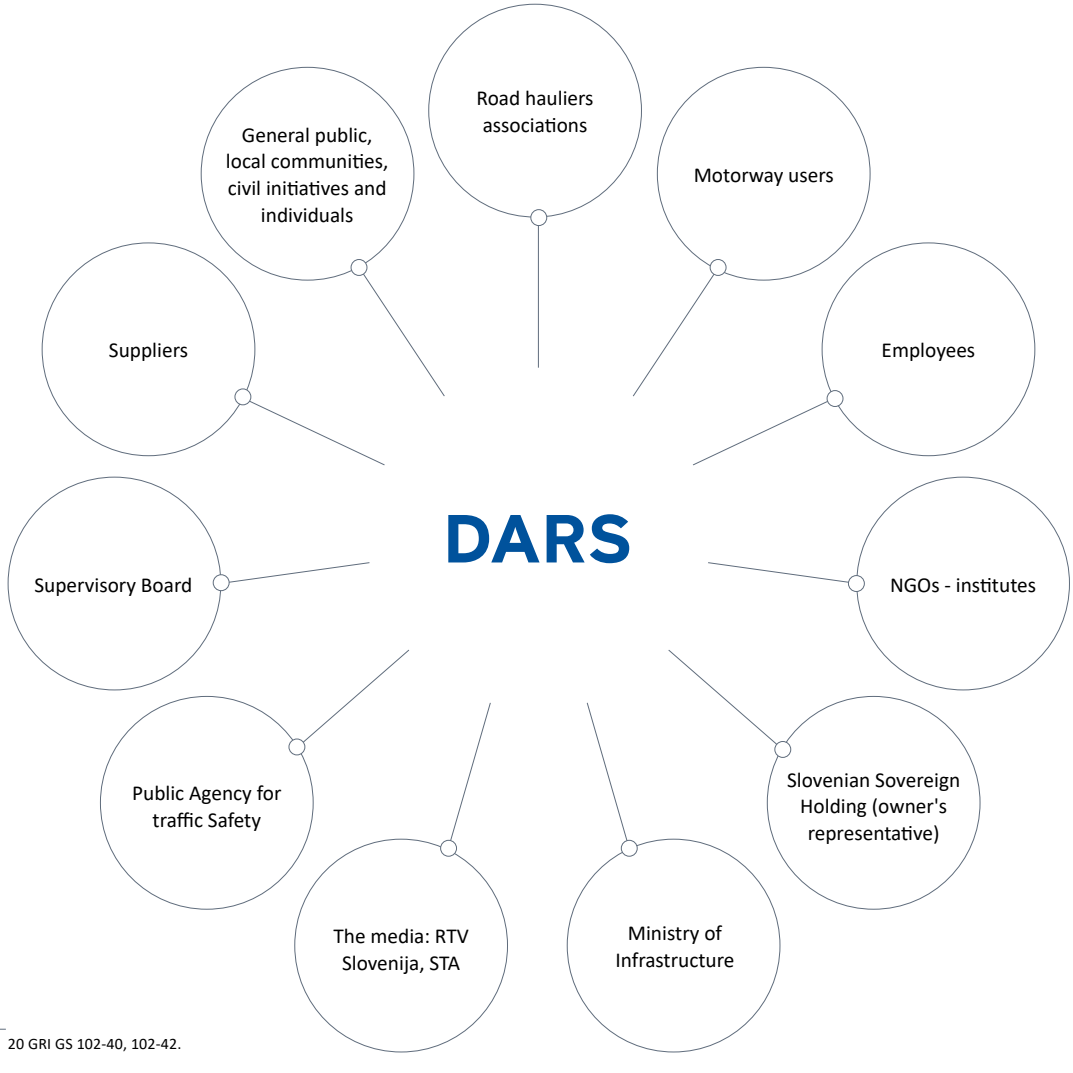
Indicator: Provision of employee safety in order to reduce the number of persons injured at work by 15% until 2020 with respect to the baseline year of 2015.

I.4.3 The Company and its stakeholders

The Company cooperates with its stakeholder groups in an upright and balanced manner, engaging in two--way communication. While realising its mission, the Company identifies and monitors the needs and interests of stakeholders through a web of mutual relations on the strategic and operative levels. This strengthens the understanding between individual groups of stakeholders and the Company and enhances mutual trust.

The stakeholders of DARS d.d. have been identified and defined on the basis of one of the self-assessment measures under the EFQM requirements and are laid down in the document "Needs and expectations of stakeholders". The document defines all the relevant stakeholders, identifies the individual stakeholder's influence on the Company, the needs and expectations of the stakeholder, the persons responsible for relations with the stakeholder, the persons cooperating with individual stakeholders, and the method of monitoring the perception of a stakeholder. The inclusion and management of stakeholders is conducted in various ways with respect to the influence of a particular stakeholder on the Company and the influence of the Company on a particular group of stakeholders.[20]

Figure 11: DARS's relations with stakeholders (indicated key stakeholders)



20 GRI GS 102-40, 102-42.

I.4.4 The inclusion of stakeholders and materiality matrix

I.4.4.1 Communication tools, method and frequency of stakeholder involvement, key topics and response to stakeholder requirements

Table 2: Communication tools, method and frequency of stakeholder involvement, key topics and response to stakeholder requirements [21]

Stakeholders	Communication tools and method of inclusion	Key topics/response to stakeholder requirements	Stakeholder's inclusion in the preparation of the Sustainability Report
Employees	- in-house communication tools: intranet, email, notice boards, in-house newsletter, bulletin, events - Project to identify and monitor the organisational climate at the Company - Workers' assemblies	Possibilities of creative work and development, good relations and fair payment for good performance, concern for safety and health at work, long-term stable operations	✓
SDH d.d. (SSH) (owner's representative)	- Annual Report of DARS d.d. - Annual Management Plan - Criteria for business performance assessment at companies with capital assets of the State - SSH Recommendations and Expectations - Corporate Governance Code for Companies with Capital Assets of the State - Annual report on the management of capital investments of RS and SSH - Feedback information and personal contacts	Successful realisation of the legally defined role of DARS d.d. (compliance), expected realisation of LNU criteria, long-tern stable operations, improved corporate governance practices, sustainable development, increased return on equity, the introduction of lean enterprise, the optimisation of business processes and operating costs, active debt management, fluidity and safety of the motorway network, financially sustainable construction of the motorway network, and the provision of due quality in MW/EW management and maintenance.	✓
Supervisory Board	- SB sessions and committees	Sound performance in line with the plans, compliance	✓
Ministry of Infrastructure	- Annual Report of DARS d.d. - Following up and taking account of proposals and remarks - Regular biweekly coordination meetings with the Directorate - All consents in line with the relevant legislation - Approval of government documents for borrowing - Approval of proposals for a change of the toll pricing policy	Successful realisation of the legally defined role of DARS, long-term stable operations, indirect economic effects, compliance, the provision of fluidity, safety and comfort to MW users and customer privacy, active debt management, the fluidity and safety of the motorway network, the financially sustainable construction of the motorway network, and the provision of due quality in MW/EW management and maintenance	✓
Energy Agency of the Republic of Slovenia	- Press conferences upon major safety occurrences - Events (Sožitje or Symbiosis project and other events related to increased traffic safety) - Periodic plans to provide road traffic safety (annually)	Resolution on the National Programme on Road Traffic Safety 2013-2022 National Programme 2013-2022 Comprehensive consideration of the issue of traffic safety, increased effects in the implementation of traffic safety projects	✓
Ministry of Finance	- Consents to all borrowings - Consents to the section of the Business Plan laying down the refinancing of the Company debt (based on the Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d.d. for Loans and Debt Securities Raised or Issued for Refinancing the Existing Debts of DARS d.d.	The management of the debt secured by government guarantees and any impact on the public debt, the provision of financial sustainability	✓
Motorway network users	- Website of DARS d.d. (www.dars.si) - Research: Motorway user satisfaction measurement - Social networks (Facebook, Twitter) - Events and presentation of DARS d.d. - Mobile apps DarsPromet+ and DarsTraffic+ - Telephone and personal contacts	The examination of proposals and remarks, concern for the safety and satisfaction of motorway users, the timely and complete provision of information on road conditions and other events affecting traffic safety and fluidity.	✓ included on the basis of an analysis

21 GRI GS 102-43, 102-44.

Stakeholders	Communication tools and method of inclusion	Key topics/response to stakeholder requirements	Stakeholder's inclusion in the preparation of the Sustainability Report
	- Website of the Traffic Information Centre – TIC (www.promet.si) - TIC call centre - Website of the DarsGo system (www.DarsGo.si) - DarsGo services - User call centre for the DarsGo system - Market communications - Other communication tools: promotion gifts, information material for various target groups, etc.		✓ of the Motorway user satisfaction measurement questionnaire
Road haulier interest groupings within the scope of the Slovenian Chamber of Commerce and Industry and the Chamber of Craft and Small Business	- Motorway user satisfaction measurement - Following up and taking account of proposals and remarks - harmonisation of toll pricing policy measures - Feedback on the quality of services and overall experience in MW and EW use - Participation in training events and workgroups - Participation in promotional events	The examination of proposals and remarks, concern for the safety and satisfaction of motorway users, the long-term stable operations of DARS, indirect economic effects on the Company.	✓
General public	- Website of DARS d.d. (www.dars.si) - Social networks (Facebook, Twitter) - Mobile apps DarsPromet+ and DarsTraffic+ - Telephone and personal contacts - Other communication tools: events, etc. - Donations and sponsorships, socially responsible projects	Transparency of Company operations, the timely and complete provision of information on road conditions and other events affecting traffic safety and fluidity.	–
Local communities, civil initiatives, individuals	- Complaints, compliments, opinions - Meeting minutes - Presence in the media - Management review	Approval of requests	–
Media	- Presence in the media - Clipping	Updated and transparent replies to questions from the press, the proactive provision of information on Company operations, traffic fluidity and other events affecting traffic safety and fluidity, corporate integrity, environmental responsibility (emissions).	✓ Included: RTV Slovenija and STA
Suppliers	- Website - Personal contacts - Annual Report - Minutes - Workgroup documents - Project documents - Legitimate complaints - Audits - Records	Clear requests and tender requirements, the fulfilment of contractual obligations	–
NGOs and institutes	- Website of DARS d.d. (www.dars.si) - Social networks (Facebook, Twitter) - Presence in the media	Transparency of operations, long-term stable operations and indirect economic, social and environmental impacts on the Company, the provision of fluidity, safety and comfort to MW users, customer privacy, concern for employees, environmental responsibility (emissions).	✓ Included: Varna pot institute and Še vedno vozim, vendar ne hodim institute.

I.4.4.2 Material sustainable development issues of DARS d.d.[22]

The table below shows material issues relevant to DARS d.d. in 2017, which remained unchanged in 2018. Material issues are selected on the basis of the GRI standards, the Company's strategic policies and its impact on the environment, society and economy.

The materiality matrix (below) shows which content is most important in respect of the Company and stakeholders. The table shows the stakeholders and the method of their inclusion in the preparation of the Sustainability Report. The scores are based on an adjusted questionnaire about the importance of individual material content that was sent by DARS d.d. to such stakeholders (of the 20 questionnaires sent, the Company received 17 back), on the expectations of the stakeholders identified in the internal document Needs and expectations of the stakeholders of DARS d.d., on the analysis of the Questionnaire identifying the employee climate and satisfaction, and on the Report on motorway user satisfaction measurement.

The content referring to the provision of fluidity, safety and comfort to motorway users was identified as crucial. It was identified as the most important by the Company and the stakeholders. It is followed by content referring to corporate governance, business performance and concern for employees. The chart does not show content that is not relevant or very important to the Company.

Table 3: Overview of the most important material issues for stakeholders and DARS d.d. (materiality matrix)[23]

22 GRI GS 102-47.
23 GRI GS 102-47.

I.4.4.3 Methodology used for drawing up the Sustainability Report[24]

When drawing up the Sustainability Report, DARS observed the instructions laid down in GRI 101 sustainability reporting standards: Foundation. The table below shows the way in which the Company observed sustainability reporting principles to identify the content of the Report.

Sustainability reporting principle	Compliance with principles in the sustainability report
Inclusion of stakeholders	The content of the Sustainability Report is based on the expectations of the stakeholders included in the preparation of the Sustainability Report.
Sustainability framework	By addressing sustainable development goals, DARS has put its operations in a wider social and environmental context. Certain indicators show the way the Company contributes to individual goals. The Report is mostly limited to the Company, but will expand reasonably in the future with respect to the Company's impact on sustainable development.
Materiality	The content of the Report is based on the materiality matrix in which material contents were selected with respect to importance to stakeholders and the Company. The sustainable development of DARS derives from its strategy and values.
Completeness	When selecting material content, all the relevant indicators relating to business performance, the environment and society were selected. The Company used a comprehensive approach to the writing in respect of its impact on sustainable development.

When collecting and indicating data, DARS observed the principles of: accuracy, balance, clarity, comparability, reliability and timeliness.

The Report contains all relevant information from standard 201: General Disclosures, as required for the core option of reporting. Based on relevancy, the Company selected some additional indicators, but does not report about certain indicators, as they are irrelevant. Based on the materiality matrix, the Company selected material content that is the most relevant to operations and reported about them with respect to the standards GRI 200: Economic, GRI 300: Environment and GRI 400: Social. All material contents are also explained and described in terms of the management approach required in standard GRI 103: Management Approach.

I.4.5 Corporate integrity and compliance

Respect for human rights in business

Although no due diligence was performed at the Company in respect of human rights, the Company observes human rights based on the applicable legislation, internal codes and agreements relating primarily to non-discrimination at work, workplace harassment and fundamental economic and social human rights.

Ethics and integrity[25]

Taking into account the legislation and practice in human rights (ILO Convention, RS Constitution, the Protection against Discrimination Act), the Company has put in place mechanisms that prevent deviations in human rights in the broadest possible terms. The mechanisms are laid down in the DARS Code of Conduct and the Agreement on the prevention and elimination of the consequences of workplace harassment at the Company, concluded by the Management Board and the Workers' Council. The document lays down in detail the conduct understood as workplace harassment, the procedure to resolve such cases, and findings and procedures to rehabilitate victims of workplace harassment. Cases may be notified anonymously. We are pleased that such examples are rare in the Company and that they are resolved to mutual satisfaction if they occur. In 2016, three notifications were received, but no violation was identified. There was no such case in 2017. In 2018, one notification was considered and, with the help of an external expert associate, no workplace

24 GRI GS 102-46.
25 GRI GS 102-16, 102-17.

harassment was established. Pursuant to the competences, the Board put forth measures to the HR management service to improve the existing situation.

To inform as many employees and external stakeholders as possible of the contents and instructions of the DARS Code of Conduct, the Company brought it closer to the public. It was published on the intranet and presented in the Avtoceste in-house newsletter, the Preglednik bulletin and on notice boards at motorway maintenance centres. The Avtoceste newsletter published an article requiring caution in the detection of fraud and deceit. This represents a control mechanism for the management of such incidents.

EXTRACT FROM THE DARS CODE OF CONDUCT

DARS d.d. adopted the DARS Code of Conduct, which is a set of high moral, ethical and working values reflecting the Company's vision and mission in all areas of its operations. It is intended for all DARS employees and for raising awareness of the realisation of Company values and policies. Furthermore, it is intended to give employees a sense of belonging to the Company and ethical principles on which their work should be based. The Code lays down effective and transparent relationships between associates and with the social and business environment, particularly motorway users.

Employees are proud to be employed at DARS and perform their work in a responsible and committed manner, being the mirror of the Company. That way, employees strengthen self-respect, self-confidence and loyalty, thus enhancing the Company's reputation.

Conflicts of interest

A conflict of interest of employees in the Company structure and supervisory bodies reduces the independence and credibility of the Company among employees and the external environment. Abuse of inside information and business secrets is unacceptable, harmful and prohibited by DARS. Associates are required to inform their superiors of any circumstances (business, family or other relations within the Company) that may affect decision-making. In such a case, it is best practice that such an associate be eliminated from the relevant work process.

The implications of a failure to observe the obligation to avoid conflicts of interest and the procedure to identify a conflict of interest and lobbying are laid down in the act governing that area.

Procedures or process for the proper conduct of the highest governing body ensuring the prevention of conflicts of interest and managing it are indicated in the Agreement on the prevention and elimination of consequences of workplace harassment at the Company.

Supervisory Board Members sign a statement of independence, which forms a component part of the Corporate Governance Code for Companies with Capital Assets of the State.

In their work, the Supervisory Board observes and abides by the principles of the Code of Professional Ethics of the Slovenian Directors' Association, the recommendations of the Slovenian Corporate Governance Code for Listed Companies, and the Corporate Governance Code for Companies with Capital Assets of the State. The CVs of SB Members are published on the Company website.

Corruption

The Company has adopted the DARS Code of Conduct and Instructions laying down protection for whistleblowers notifying corruptive, illegal and unethical actions, which are based on the Integrity Plan of DARS d.d., which is in turn based on the Integrity and Prevention of Corruption Act.

The DARS Code of Conduct and instructions laying down protection for whistleblowers notifying corruptive, illegal and unethical actions lay down measures to be used by DARS d.d. to provide the necessary measures. The Company appointed the Company Integrity Committee, which is responsible for resolving deviations from the mentioned requirements.

The Integrity Committee at DARS received two anonymous notifications in 2016 and two in 2017, but none in 2018. In all four cases, the Committee established and decided that the anonymous notifications contain no suspicion of corruptive actions, no violation of the obligation to avoid conflicts of interest or other violations, which is why the procedure was closed in all cases.[26]

Conformity[27]

DARS' compliance with the legislation and rules is evident from the Annual Report for 2018, page 16, Chapter I.4. Corporate Governance Statements of DARS. Compliance in environmental and energy issues is evident from Chapter I.5.6.1.

Legal protection against violations in public procurement procedures is ensured in a review procedure that takes place before the National Review Commission for Reviewing Public Procurement Procedures (hereinafter "DKOM").

Table 5 below shows that 281 public contracts were awarded in 2018. Based on the ZPVPJN[28], 9 review requests were filed and DKOM granted one request (Table 4).

Table 4: Review procedures before DKOM (data for DARS d.d.)*

	2015	2016	2017	2018
Number of partially granted review requests	-	1	-	-
Number of granted review requests	6	6	7	1
Number of annulled procedures	1	1	-	-
Number of dismissed review requests	2	2	-	-
Number of rejected review requests	11	10	4	6
Number of stayed procedures	1	1	1	2

* The data has been taken from www.dkom.si.

26 GRI GS 103-1, 103-2, 103-3, 205-3.
27 GRI GS 103-1, 103-2, 103-3, 419-1.
28 Legal Protection in Public Procurement Procedures Act (Official Gazette of the Republic of Slovenia, No. 43/11, 60/11 – ZTP-D, 63/13, 90/14 – ZDU-1J and 60/17)

Table 5: Published and awarded public contracts on the Public Procurement Portal (data for DARS d.d.)*

	2015	2016	2017	2018
Number of published public contracts	149	139	156	176
No. of awarded public contracts	205	232	255	281

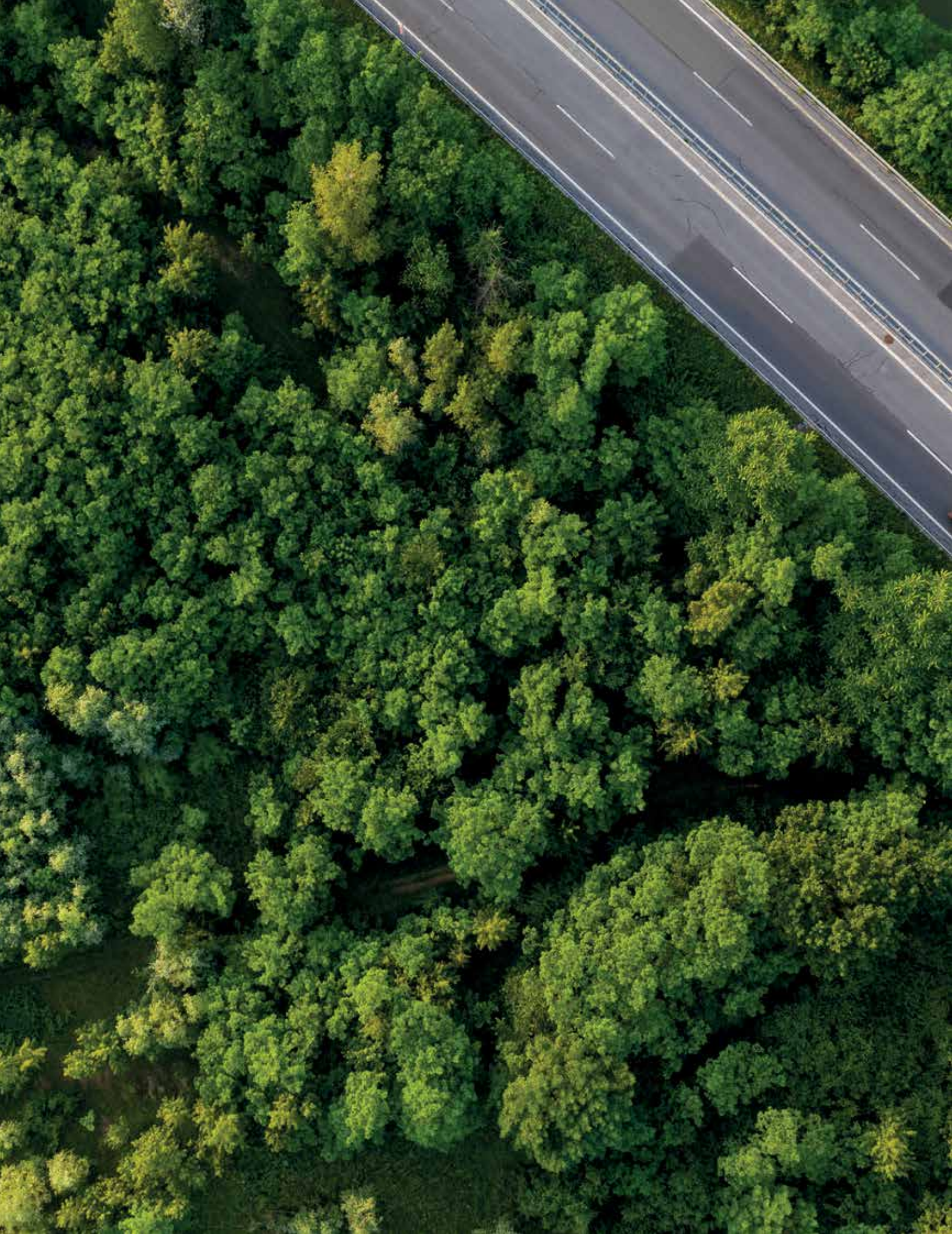
* The data has been taken from https://ejn.gov.si/statist.

I.4.6 Risk management

DARS d.d. is well aware of the gravity of the consequences resulting from the realisation of different types of risks. In the ever-changing business environment, risk management is an important factor of the Company's business success, which is why a great deal of attention is placed on the timely detection of risks and their management. The risk management process has become a part of our strategic operations, which is why we are proud to have successfully managed the risks in 2018. In November 2018, the DARS d.d. Strategy for the 2017-2020 period was amended laying down somewhat revised strategic and operative goals, based on which strategic risks were re-identified. The system is regularly checked and supplemented, so that the key risks to which DARS is exposed are identified in due time, assessed and managed. Risks were identified using the goals set out at the highest level in the DARS d.d. Strategy for 2017-2020 and at lower levels with respect to the goals set out within the scope of each process.

Based on all the risks identified and assessed, members of the Risk Management Board prepared a set of strategic risks that require more attention than other risks. An acceptable risk level was determined for the selected risks, which the Company is willing to take as an undertaking. The risk ceiling is compliant with the Company's business strategy and risk appetite. In cases when the level of acceptable risk does not exceed the level of calculated risk, there is a gap between the actual and still acceptable risk that must be bridged by handling the identified risks. Risk identification falls within the responsibility of the management of the organisational unit, which has developed the necessary control mechanisms (measures and activities) as the risk administrator to reduce and manage them. The adopted control mechanisms in the form of measures and activities are regularly monitored. Risk management is integrated into all levels of Company operations.

The identified risks on which special attention was placed are:
- limited available funds for investments in development,
- increased number of accidents or a decline in the level of safety,
- dependence on outsourcers,
- loss of income during the operations of the new DarsGo system,
- failure of key information systems,
- operating efficiency of the DarsGo system,
- economic viability of investments,
- interest rate risk,
- revenue risk,
- loss of competent or key staff (undesired fluctuation),
- increased share of actively non-engaged employees,
- inadequate resources for increasing employees' competences and, consequently, the development of target organisational culture,
- concern for employee safety and health at work, and
- environmental protection.



I.5 PERFORMANCE REPORT

I.5.1 Economic spotlights from operations

It is DARS' long-term goal to become a stable operator that will ensure its sustainable development, its long--term, stable and socially responsible operations and the safe use of the motorway network using tolls and other revenue. By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS contributes to the regional and international economic development and welfare of the society.[29]

In the 2018 financial year, DARS d.d. generated €465.6 million in net sales revenue, which is 5 percentage points more than in 2017. The 2018 toll revenue, which accounts for 91.1% of the total revenues generated by the Company, was 5% higher than in 2017. Toll revenue increased on account of improved vignette sales, increased freight traffic and the deployment of a tolling system as of 1 April 2018, which partly hampered the negative effect of changes in the structure of freight traffic with respect to the EURO emission classes.

Operating profit or loss amounted to €222.4 million, which is 6% more than in 2017. EBITDA amounted to €397.5 million, which is 7% more than the previous year, and is the highest in the Company history.

The net profit of DARS d.d. for the period between 1 January and 31 December 2018 amounted to €154.4 million and increased by 9% compared to the net profit or loss for 2017.

29 GRI GS 103-1,103-2, 103-3, 203-1.

Table 6: Key performance data by year[30]

Key performance data by year	2016	2017	2018	2018/2017 index
ECONOMIC ASPECT (in €)				
Net sales revenues	372,161,638	442,244,312	465,605,859	105
Operating profit or loss	163,583,049	210,681,424	222,394,940	106
EBITDA	318,288,799	371,822,312	397,476,660	107
Net profit or loss for the accounting period	102,448,010	141,145,144	154,421,963	109
Share capital	2,319,866,345	2,322,284,140	2,322,284,140	100
Capital as at 31/ 12	2,665,453,020	2,811,184,886	2,963,264,000	105
Total value of assets as at 31/ 12	5,680,666,379	5,751,989,678	5,656,311,816	98
Balance of debt as at 31/ 12	2,567,032,918	2,464,024,512	2,269,468,973	92
Debt repayment – principal	349,956,759	203,008,406	219,555,539	108
Payment of interest*	41,234,923	40,414,027	40,624,860	101
ENVIRONMENTAL ASPECT – consumption of energy products (in MWh)				
Electricity	25,181	24,526	23,598	96
Fuel**	17,538	16,369	18,662	114
Natural gas	1524	1676	1443	86
LPG propane	2253	2123	1964	93
LPG propane butane	1225	1105	852	77
Fuel oil	344	291	238	82
District heating	810	778	638	82
MW km	610	618	623	101
No. of employees	1247	1240	1232	99
Performance indicators				
Operating margin	44.0 %	47.6 %	47.8 %	100
EBITDA margin	85.5 %	84.1 %	85.4 %	102
Net margin	27.5 %	31.9 %	33.2 %	104
Return on equity (ROE)	3.9 %	5.2 %	5.3 %	104

* The data refers to actual outflows for interest on received loans and bonds in a particular year.
** At the beginning of 2018, all MW branches were furnished with mobile pumps and the standard system for fuel consumption and conversion to MWh was updated, which resulted in changed data for 2016 and 2017.

30 GRI GS 201-1.

Figure 12: Changes in the net sales revenue and cash flow from operating activities (EBITDA) for the 2014-2018 period

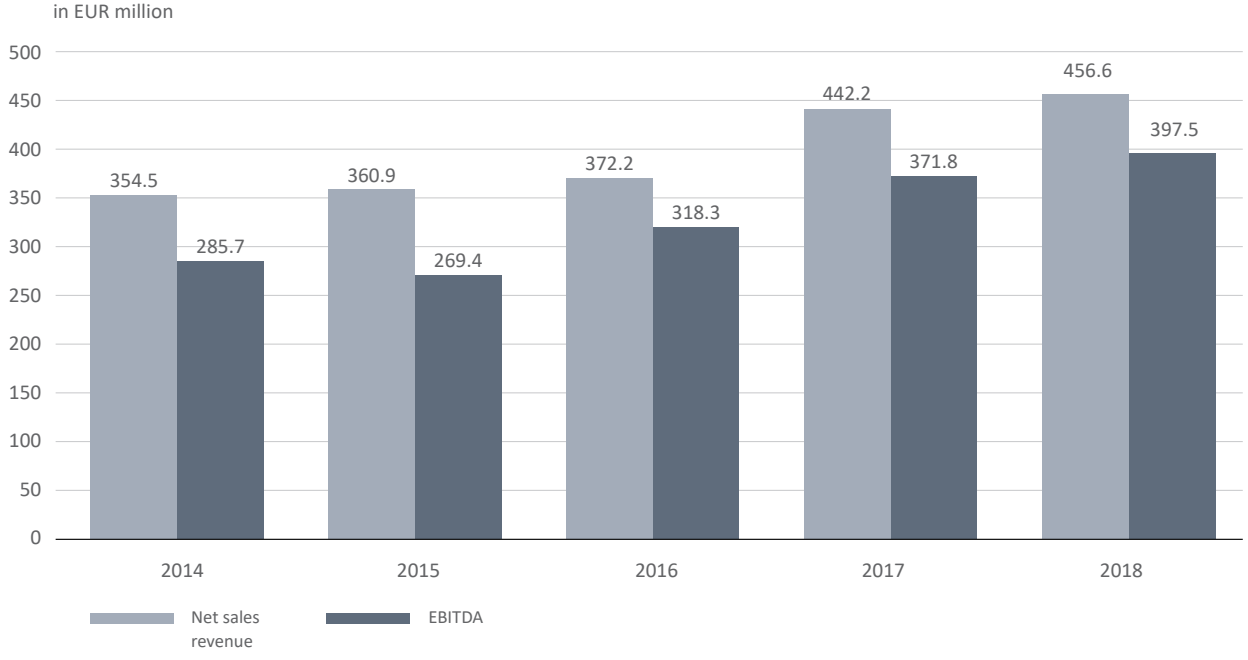


Figure 13: Structure of revenues of DARS d.d. in 2018

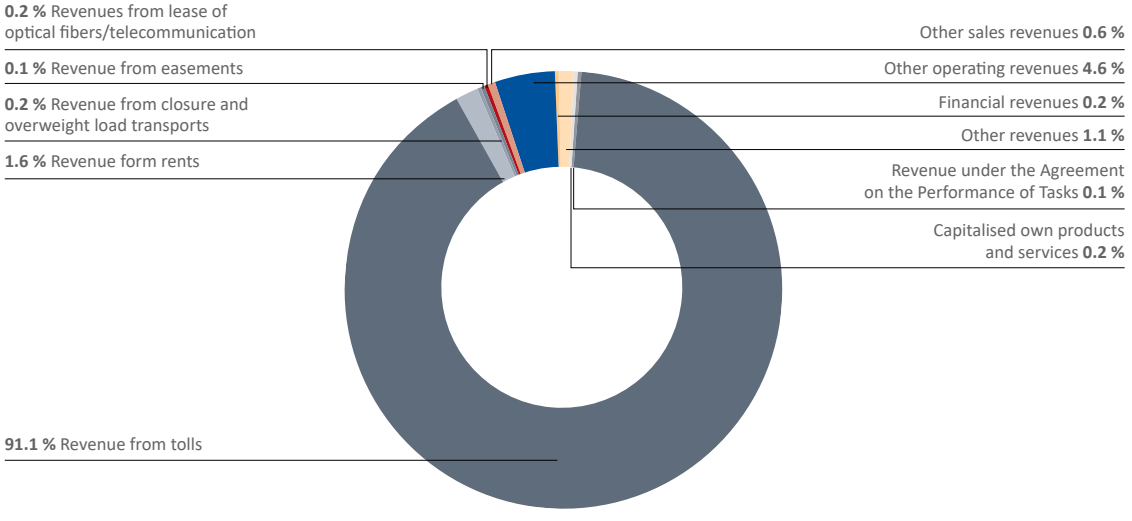


Table 7: Indirectly created and distributed value of DARS d.d. in 2018[31]

Data in €	2016	2017	2018
Revenue (direct economic value) (1)	**372,497,825**	**442,411,843**	**466,246,838**
– from sales	372,161,638	442,244,312	465,605,859
– sale of assets	336,187	167,531	640,979
Distributed economic value (2)	**294,378,679**	**317,224,882**	**344,637,330**
- Cost of goods, material and services	36,740,431	38,635,453	47,646,986
Costs (excluding labour costs)	195,755,737	203,242,941	226,137,622
Labour costs	**37,910,486**	**39,730,512**	**40,847,516**
Loss upon the elimination of fixed assets	**80,143**	**615,603**	**3,749,710**
Disbursements to equity owners and other suppliers of funds	**41,234,923**	**40,414,027**	**40,620,397**
- Dividends	0	0	0
- Interest	41,234,923	40,414,027	40,620,397
Corporate income tax	**19,203,477**	**32,981,826**	**33,075,718**
Investments in the social environment	**193,913**	**239,973**	**206,367**
– Sponsorships and donations	121,409	165,094	148,934
– Other (duties, use-of-construction-land charge, etc.)	72,504	74,879	57,432
Directly generated economic value (1-2)	**78,119,146**	**125,186,962**	**121,609,509**

I.5.2 Marketing and a responsible attitude to customers

I.5.2.1 Use of toll roads and sales revenues

Product of DARS d.d. and its price

The main product of DARS d.d. is the use of toll roads. DARS d.d. is not only a concessionaire authorised to collect tolls and manage the motorway network, but has also set up the predominant part of the existing MW and EW network, which is a major civil engineering achievement in Slovenia with a large impact on the spatial, economic and social development of the country. Revenue from the sale of vignettes and toll collection from heavy goods vehicles generate the predominant share (97%) of the Company sales revenues.

A component part of the overall experience in the use of toll roads includes safety, fluidity and comfort in the use of the motorway infrastructure, which are also the Company's strategic goals and a commitment to its customers. The latter do not generate direct revenue or are not substantial in the structure of revenues. Despite that, the activities of many Company services in that area and investments in safety, fluidity and comfort, as well as the promotion of safe driving, make sense. All this reduces the socioeconomic costs of traffic accidents (human, medical, material and administrative costs, loss of production, etc.) and congestion (cost of lost time).

An optimum level of tolling revenue provides a safe, fluid and quality network of motorways and expressways, which is why DARS considers it a responsibility to pursue a corresponding pricing policy and, thus, the maximum safety and mobility of users.

31 GRI GS 201-1.

Toll revenue – basis for long-term safe, fluid and quality network and mobility

In 2018, DARS d.d. generated sales revenues amounting to €465.6 million, which is 5.3% more than in 2017, with toll revenue accounting for 97%.

All other sales revenues were generated through the following activities: lease of rest areas, closures – excessive traffic loads, marketing optical fibre, easement, revenue under an agency contract, revenue from the sale of DarsGo units, lease of holiday facilities and other services.

In 2018, the Company generated 4.4% more revenue from the sale of vignettes, 5% more revenue from the tolling of heavy goods vehicles and 4.8% more total toll revenue than in 2017.

DARS d.d. strives to cover all or the largest possible share of toll road costs with toll revenue. The cost of infrastructure investments accounts for the largest share of the annual toll road costs, followed by costs related to management, routine and investment maintenance, and tolling. Toll and vignette prices are laid down by the Slovenian government, while DARS d.d., as the operator, is allowed to put forth and substantiate its own proposals. DARS d.d. assumed a more proactive role in that area in 2013.

Until 2018, the Company managed to reduce the gap between the total annual toll road costs and the annual toll revenue with 3 successfully enforced changes to toll and vignette prices. In 2018, toll revenue increased by 48% compared to 2013 (58% higher revenue from tolling heavy goods vehicles and 37% higher revenue from tolling vignette vehicles), whereby 28.1% more vignettes were sold in 2018 and 27.7% more kilometres travelled by heavy goods vehicles and buses were tolled than in 2013 (in addition to the increasing traffic, the growth of tolled kilometres for heavy goods vehicles was the result of the DarsGo tolling system in free traffic flow deployed on 1 April 2018).

Figure 14: Revenue from the tolls collected from vehicles with a maximum permissible weight not exceeding 3500kg by year, in € million

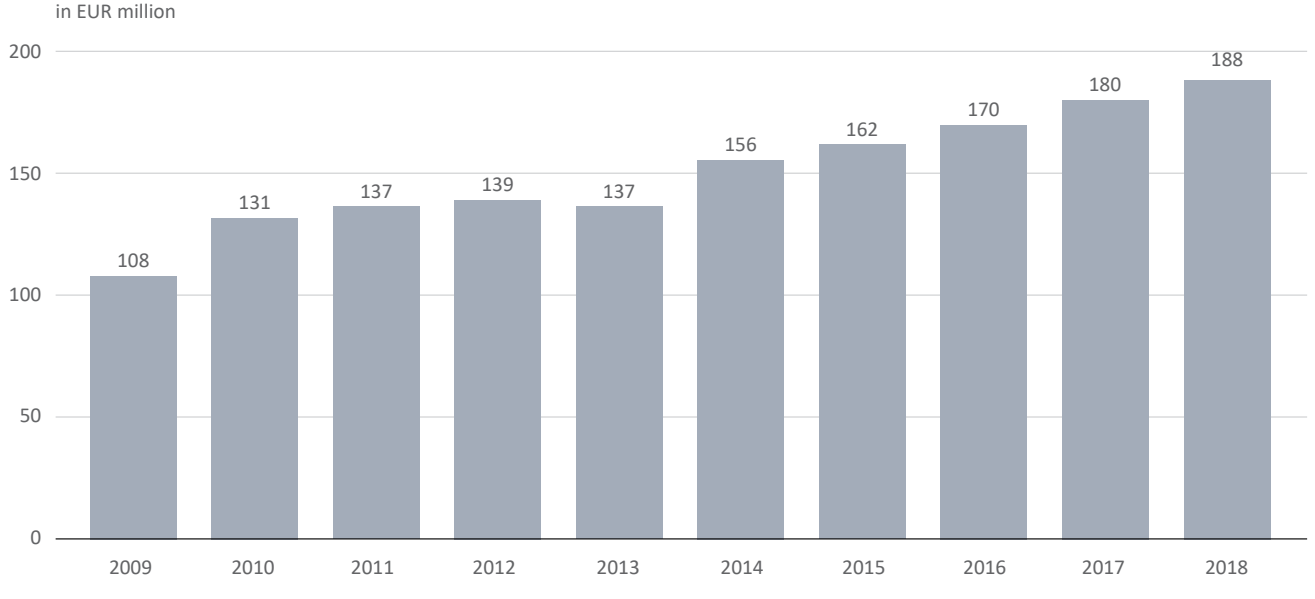
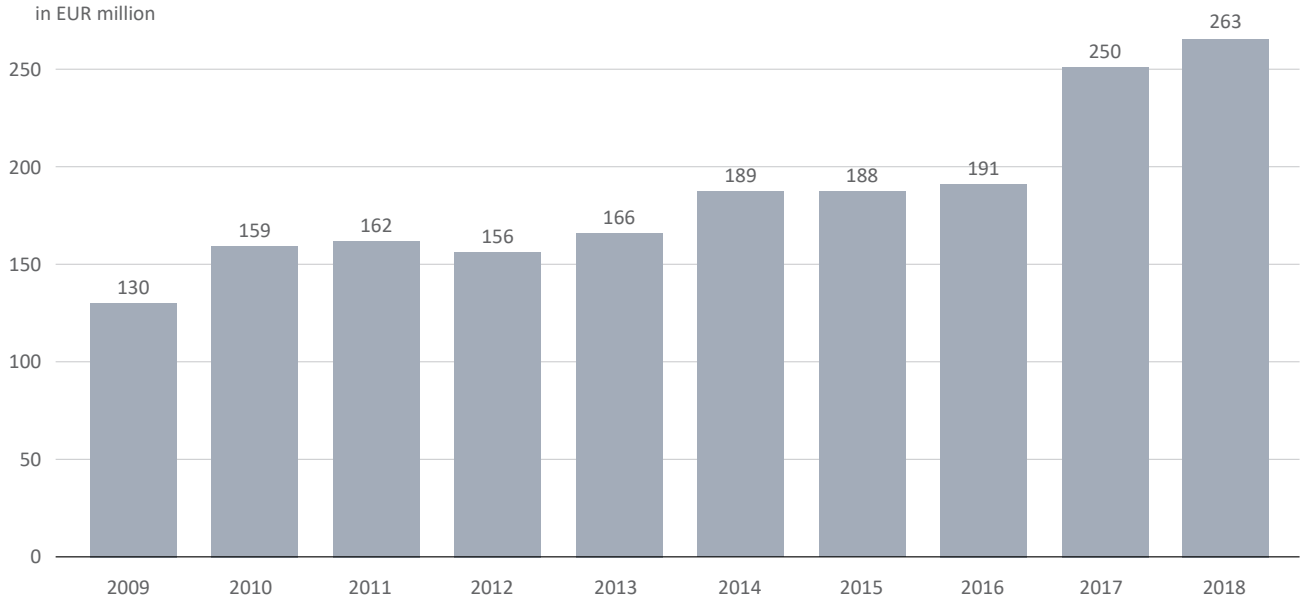


Figure 15: Revenue from the tolls collected from vehicles with a maximum permissible weight exceeding 3500kg by year, in € million



Infrastructure use charge and sustainable development

In its proposal to amend Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructure, which was submitted to the EU Council on 1 June 2017, the European Commission finds:

"An efficient and reliable transport system is essential for the smooth functioning of the internal market and is a key sector of the economy. While road transport plays the most important role in the inland transport system, it is a source of a number of socio-economic and environmental challenges (e.g. climate change, air pollution, noise, congestion). Distance-based road pricing can play a key role in incentivising cleaner, more efficient operations, and its coherent design is crucial to ensuring the fair treatment of road users and sustainable infrastructure financing."

Normative regulation of tolling has become a tool to achieve not only a single market and the non-discriminatory movement of goods, services and people in the EU, but also environmental goals, both through toll prices and toll charging methods (for a fixed period of time or specific distance travelled).

The European Community promotes progress in the application of the "polluter pays" and "user pays" principles, thus promoting "financially and environmentally sustainable and socially just road transport".

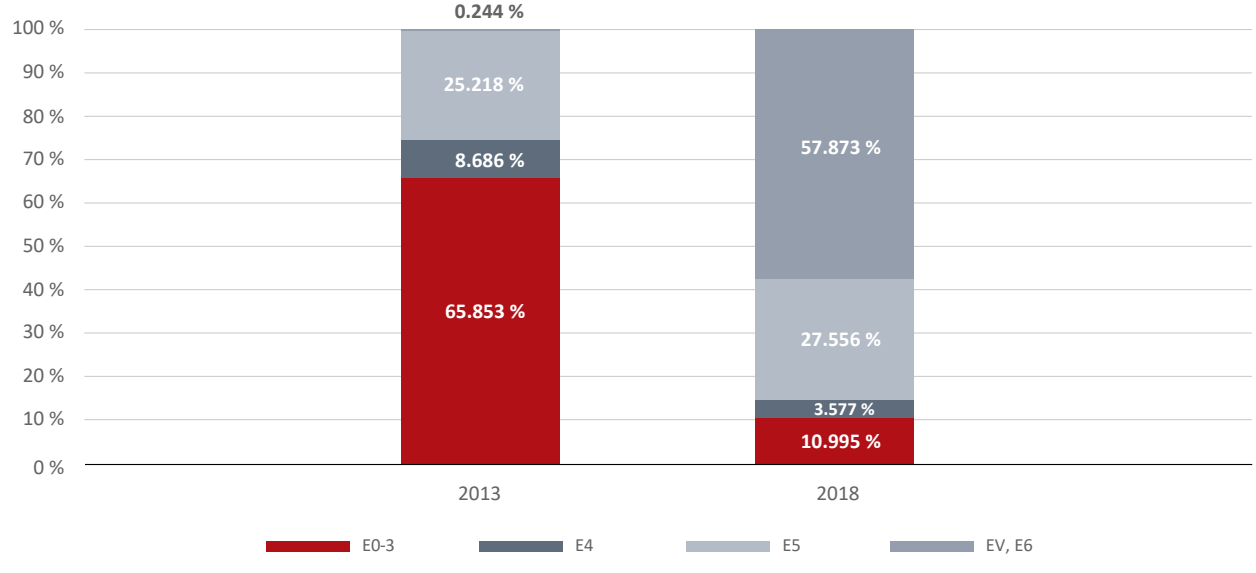
Toll prices for heavy goods vehicles (with a maximum permissible weight exceeding 3.5t) and vignette prices in Slovenia are based on the distance travelled and the costs caused by vehicles, while the prices for light vehicles (with a maximum permissible weight of up to and including 3.5t) are based on the term of infrastructure use.

The "user pays" principle is implemented by DARS d.d. when setting toll prices, since it takes into account a calculation methodology that is based on the principle of a charge for infrastructural costs pursuant to the applicable EU Directive 1999/62/EC. By pursuing optimal (maximum) toll prices, DARS d.d. maintains road infrastructure, while guaranteeing that users will not pay unjustifiably high costs for the use of the MWs and EWs.

The "polluter pays" principle is implemented by DARS d.d. with its pricing policy for tolling heavy goods vehicle, which differentiates the infrastructure charge with respect to the environmental impact caused by vehicles (social costs of air pollution), thus positively influencing the environment and air quality, since customers are encouraged to use cleaner vehicles when driving through Slovenia.

In 2018, Slovenian roads carried over 85% of vehicles ranked in the cleanest emission classes (EURO V, EEV, and EURO VI), while there were merely a good quarter of such vehicles in 2013 (it is not known how many of such vehicles were used by anonymous users who did not register the EURO class). Although the modernisation of the vehicle fleet is not only the result of the toll pricing policy, it certainly contributed to it. In 2013, the incentive to use cleaner vehicles for driving along Slovenian MWs and EWs was less since the difference in the price was much lower (22.5% lower price for the cleanest vehicles; today 40%). The difference in the price implies a certain risk to the stability of the Company's toll revenue and calls for the regulation of revenue with occasional price increases in such conditions.

Figure 16: Comparison of the structure of heavy goods vehicles with respect to EURO emission classes in 2013 and 2018



I.5.2.2 A responsible attitude towards customers and understanding customers

Company customers and their satisfaction with the services rendered by DARS d.d.

Company customers are the users of Slovenian motorways and expressways.

Based on the latest data, the Company sold 6.9 million vignettes in 2018, of which:
- 3.9 million vignettes in Slovenia (56.6% of the total vignettes sold),
- 1.6 million in Austria (23.6%),
- 0.4 million in Germany and 0.4 million in Italy (6%),
- 5% in Hungary and 1% in Croatia.

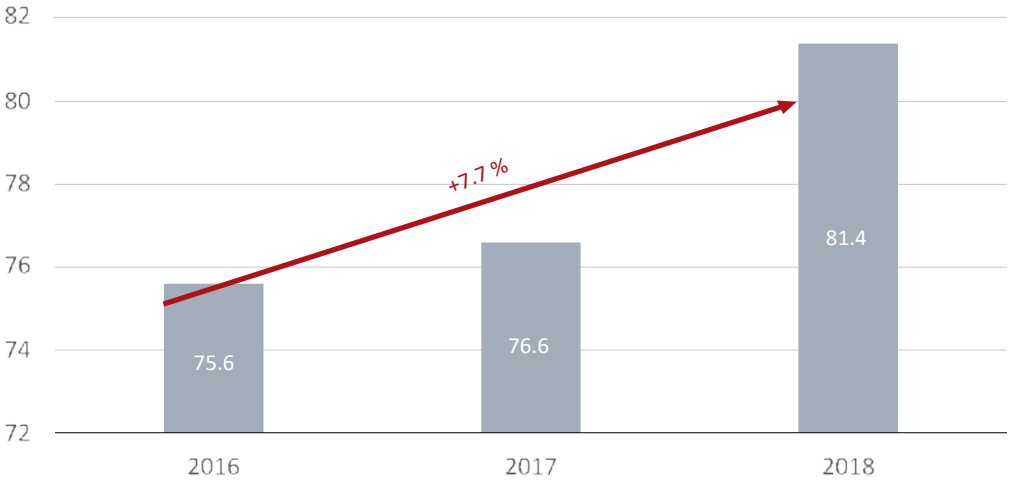
Most kilometres on Slovenian motorways charged as tolls are travelled by trucks from Slovenia (375 million km or 38.5% of the total kilometres tolled), followed by trucks from Hungary (110 million km or 11.3%), Romania (100 million km or 10.2%), Poland (75 million km or 7.8%), Croatia (61 million km or 6.2%) and all other countries together with 253 million (26%) kilometres tolled.

DARS has decided to place the user of its infrastructure at the centre of its operations. The customer satisfaction index has been set in the Company strategy as one of the key indicators. Therefore, the Company has undertaken to measure and understand customer expectations and satisfaction.

In 2018, DARS d.d. again conducted a survey measuring customer satisfaction with Slovenian motorways. The survey was conducted between 20 August and 24 September and included 1529 drivers. Domestic drivers of passenger vehicles answered questions in an online poll, while domestic and foreign drivers of trucks were polled at rest areas along the motorway.

In the survey, respondents assessed their satisfaction with several factors combined in the categories: carriageway, safety, signage, information provision, fluidity, rest areas and electronic tolling (the last category was assessed only by truck drivers).

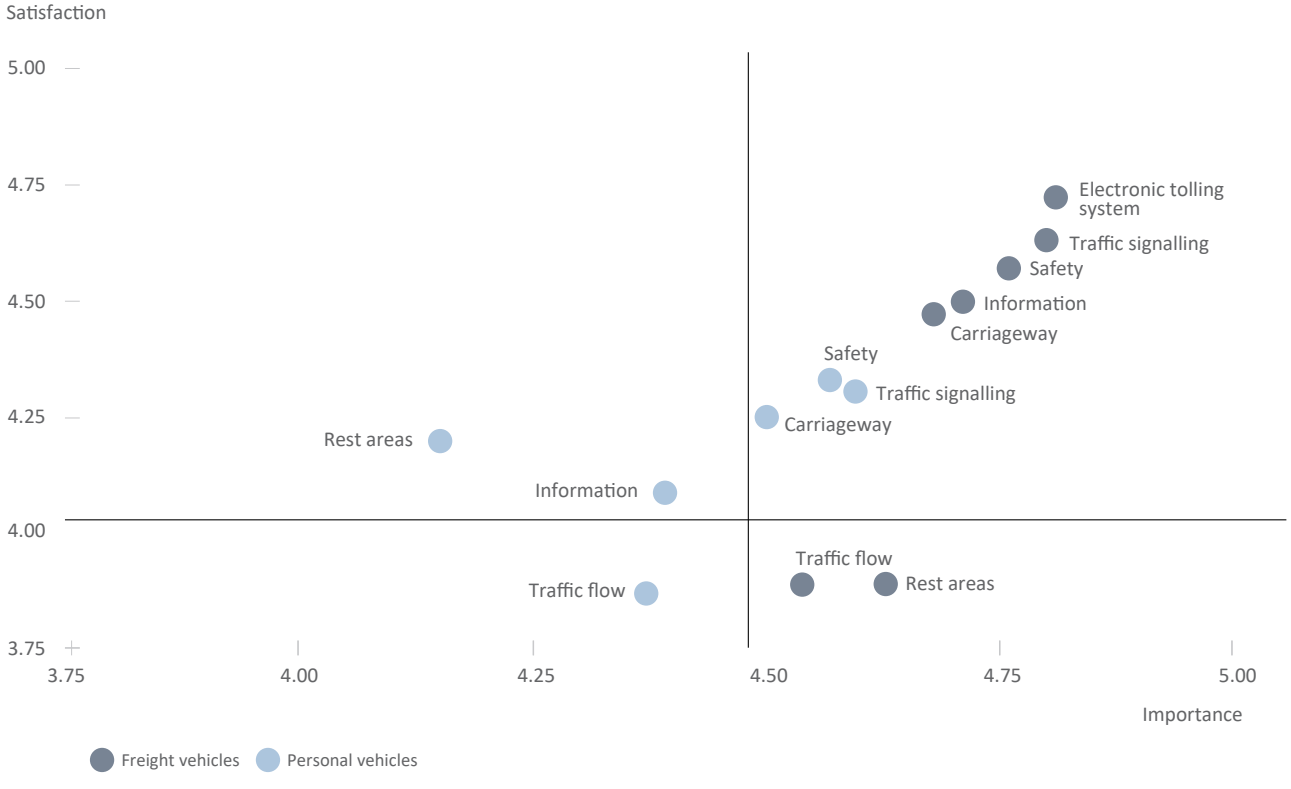
Figure 17: Motorway user satisfaction index



The total satisfaction index was calculated from the assessments of all factors and amounted to 81.4 in 2018 (76.6 in 2017). Foreign drivers were again more satisfied than domestic drivers. This year's increased total satisfaction index is primarily the result of two facts.

1. The increased satisfaction of foreign drivers of passenger vehicles – most likely because the survey was for the first time conducted in August and September, when the sample captured a somewhat different type of drivers of foreign passenger vehicles, primarily tourists returning from holidays.
2. The deployment of the electronic tolling system for trucks was very well received by truck drivers and was the best-rated category. In this year's survey, the category replaced the toll station category, which was more poorly rated in previous years.

Figure 18: Satisfaction by categories of factors



Sales channels and market communications as a reflection of customer relations

A responsible attitude towards DARS customers is revealed through attempts to offer users simple access to a network of own and contractual points of sale and a wide range of payment means, thus contributing to reduced transaction costs for customers and improved satisfaction.

A respectful attitude towards customers is also reflected in market communication activities and communications in general.

Market communications in relation to the use of road infrastructure covers the provision of information about the obligations, terms and methods of toll payment, whereby DARS d.d. distinguishes between and addresses two segments of customers – truck drivers and passenger vehicle drivers. In such case, the goal is to provide ongoing toll payment without unnecessary complications and to resolve warranty claims as soon as possible. Although the area is regulated by the State and warranty procedures (vignette replacement) and recovery procedures (toll supervision) are administrative procedures, the Company strives for congeniality and assistance to customers.

Due to the increased traffic, certain sections of the motorway infrastructure are nearing the limits of their capacities. To attain strategic goals and realise promises from the Company strategy (fluidity, safety and comfort), it is necessary to achieve the desired behavioural changes in customers (MW users), such as safe driving, compliance with proper procedures in the event of traffic accidents, the provision of information about road conditions, the use of infrastructure outside peak hours, the use of alternative routes or means of transport during major reconstructions that reduce fluidity, etc., along with a technological, technical and organisational input.

The goals of market communications in the provision of safety and fluidity are:
- behavioural response of road users: the aim is to promote safe driving and the use of information on road conditions, so that customers avoid congestion;
- to improve the Company image and create trust in the Company: promotion of Company achievements, measures and plans in the establishment of the MW and EW network (availability) and in the provision of safety and fluidity.

Continuing efforts to establish good relations with customers

Toll revenues from heavy vehicles account for more than half of the Company's revenues. Good relations have been established and maintained with the Slovenian Chamber of Commerce and Industry and the Chamber of Craft and Small Business that are based on mutual respect, achieved support for changes in pricing policy, and continuing improvements to the quality of the Company's services within the frames laid down by the Company's competences and technical capabilities. DARS participates in educational events organised by the Chambers, in the establishment of joint workgroups to improve the quality of services, and in promotional events encouraging safe driving and strengthening the Company's reputation.

I.5.2.3 Market communications for improved traffic safety

Communications about traffic safety are carried out within the scope of and in order to improve the corporate image of DARS and as part of achieving the Company's strategic goals, a highly important one being the provision of safety on motorways. Safety is part of an overall user experience on the motorway, which is the main product of DARS. Safety by itself does not generate direct operating revenue, but does reduce the socio-economic costs of traffic accidents (human costs, medical costs, material costs, administrative costs, loss of production, etc.) and provide fluidity. Company efforts in that direction, therefore, make sense.

The promotion of safe behaviour in traffic is aimed at attaining a behavioural response in users who co-create the conditions for safety on the motorway network. Company messages therefore need to be addressed to the right target audience and passed through such communication channels that the message will achieve its purpose, i.e. a change of behaviour in the direction of less risky driving. To that end, the Marketing Department plans to conduct in 2019 a survey of driving habits on the motorway and, based on this and taking into account other important characteristics, place stakeholders and users in segments.

The design and execution of traffic safety promotional campaigns

Based on an in-depth traffic safety analysis and campaigns by other organisations promoting safe driving, the Traffic Safety Service determines the topic of the new campaign.

When the new topic is known, the Marketing Department prepares:

- the creative design of the campaign,
- the design of the communication means (fliers, advertising banners, advertisements),
- design and specifications for printing,
- the conceptual design for an exhibition pavilion and the final content of exhibition events – together with the Traffic Safety Department,
- specification and execution of a public contract for the production of an exhibition pavilion and the procurement of additional services (e.g. promotional gifts) and equipment for presentation at events (e.g. the International Trade Fair in Celje),
- design for roll-up boards, which are used as a component part of a universal ready-to-assemble pavilion of DARS d.d.

Figure 19: **"Safety Distance" campaign**

In 2018, the "Safety Distance" campaign was executed in this way, which also remains relevant in 2019 and is at the centre of attention until a new campaign is developed and launched.

Presentation of the safety campaign at the International Trade Fair

At the International Trade Fair, DARS d.d. presents its activities either through preventive campaigns aimed at improving traffic safety on the motorway (e.g. "Save a life" and "You're not safe") or other topical information for the general public, such as new features related to toll collection – DarsGo and promotion of the DarsPromet+ mobile application. The visit and response to the presentations executed have so far been very good.

In 2018, the Company developed a set-up to the topic of "Observe the 2-second safety distance" for presentation at the largest fair in Slovenia. The "2 seconds" caption also became the distinctive feature of the DARS traffic safety campaign. The Company also set up a safe driving simulator at the Fair and screened a movie showing critical situations on the motorway.

Figure 20: **“Safety Distance” campaign at the International Trade Fair**

Presentation of a safety campaign at the meeting of road hauliers’ families

At the event held in Ajdovščina in September 2018, the Company used the roll-up system for the promotion of the “Safety Distance – 2 Seconds” campaign for the first time. The driving simulator was again the main attraction of the presentation. In 2019, the Company plans to present the current safety campaign or its corporate image at the event.

Figure 21: **“Safety Distance” campaign**

Teaching aid for school children to raise awareness about the importance of safe driving

In 2018, the Company continued to present its activities with the "Useful charts: English tenses BUS" leaflet in cooperation with Ciril Horjak and the Mogenas Agency. The leaflet is a teaching aid for 6th or 7th graders at elementary schools presenting English tenses, which can be used by pupils for several years to build their knowledge.

The leaflet was distributed to the entire population at Slovenian elementary schools at the beginning of September. Based on the teachers' responses, it can be concluded that it is a popular aid and it is reasonable to assume that more and more children are aware of the importance of traffic safety, which also has an impact on parents' behaviour on the road.

The content of the chart (English tenses) is co-developed by teachers with the aim of making the content useful and containing key elements that pupils need to know and repeat for several years. The English language, as part of the learning process, is taught two to three times a week. The method of communication used allows the Company to have its message seen by young people and their parents through the learning process more often, even up to 80 times more often, than is normal for printed matter.

Figure 22: Teaching aid for school children to raise awareness about the importance of safe driving

The title of the useful chart "Observe the safety distance!" and its content are intended for children aged 12 to 13. In the chart, the story presented in a comic relates to the impact of (negative) emotional reactions to dangerous or aggressive driving. The message could also be summed up as: "Don't take bad mood with you on the road." The story encourages people to decide on the healthy relief of pent-up emotions through sports and entertainment rather than offsetting them with aggressive driving, which is dangerous for all traffic participants. It highlights that a decision to observe the safety distance is a reasonable decision of a person/driver who respects his/her own life and the life of others and does not underestimate the laws of physics one is subjected to when braking on a road.

Figure 23: Teaching aid for school children to raise awareness about the importance of safe driving (a useful chart of English tenses)

The selected form of communication (a useful chart for pupils showing English tenses) supports the study of a foreign language that is an obligatory subject at every school, while promoting the Company message through a process involving pupils, parents and teachers. The Company message thus receives the attention of young people and helps with raising awareness about the importance of traffic safety. The message is placed on their map during adolescence, when they develop their habits and relationships. When they become drivers, the messages "Don't take bad mood with you on the road" and "Observe the safety distance!" will be retrieved and transferred to the conscious mind, which will reflect in the tolerance of new drivers.

Advertising message about safety in the media

In 2018, the Company appeared in all key media with advertisements promoting safe driving and the timely provision of information on road conditions.

Figure 24: The DarsPromet+ mobile application

Figure 25: Promotional gifts for promoting safety in traffic

I.5.3 Traffic and safety concerns

The number of fatalities in 2018 was the lowest since official statistics about traffic accidents began.

At the country level, the year 2018 was the most successful in recent years in terms of the number of fatalities and injured persons in traffic accidents, which is no doubt also the result of Company activities. Last year, a total of 91 road users died, which is 12.5% less than in the previous year. The number of fatalities in 2018 was the lowest since official statistics about traffic accidents began (1954). The number of persons with serious bodily injuries decreased by 5.4% compared to the previous year – a total of 805 road users suffered serious bodily injuries, which is the least in the last 5 years.

As regards motorways, 2018 was the most successful in recent years in terms of the number of fatalities in traffic accidents. Last year, a total of 15 road users died, which is 12.5% less than in the previous year. The years 2015 and 2018 were thus the years with the lowest number of fatalities on motorways and expressways in the last ten years. Notably, the phrase "the most successful" must be understood as a description of a statistical data trend rather than a description of the desired situation. The most successful year will be that in which there is no fatality on the motorway. We believe that such a goal can be achieved with such an investment trend, the selection of traffic safety measures and the wide range of stakeholders with which the Company cooperates.

However, the number of persons who suffered serious bodily injuries increased by 44% compared to 2017, i.e. to 69 persons. An increase has also been noted in persons who suffered light bodily injuries, since 659 or 22% more were recorded compared to the previous year.

The chart below shows the numbers for all roads in Slovenia.

Figure 26: Number of fatalities in road traffic in the Republic of Slovenia from 2015 to 2018

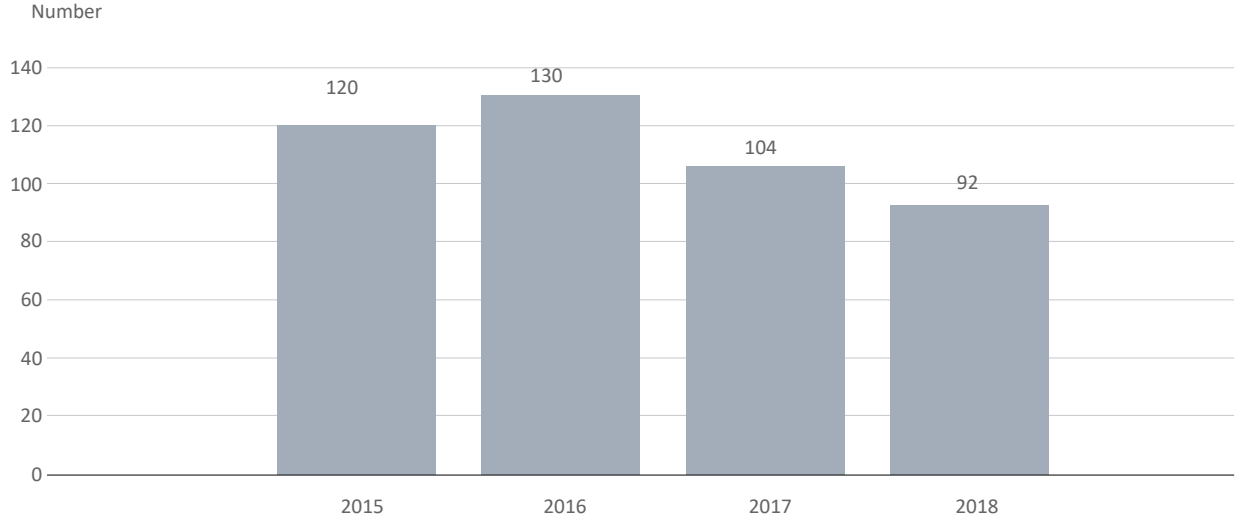
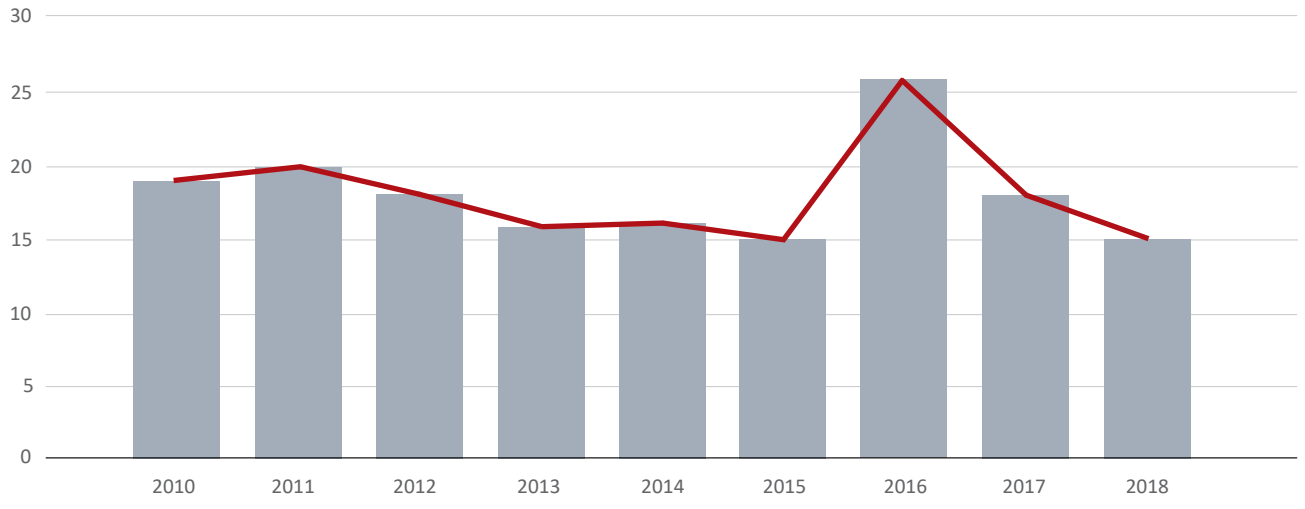


Table 8: Data on traffic accidents on motorways and expressways from 2010 to 2018

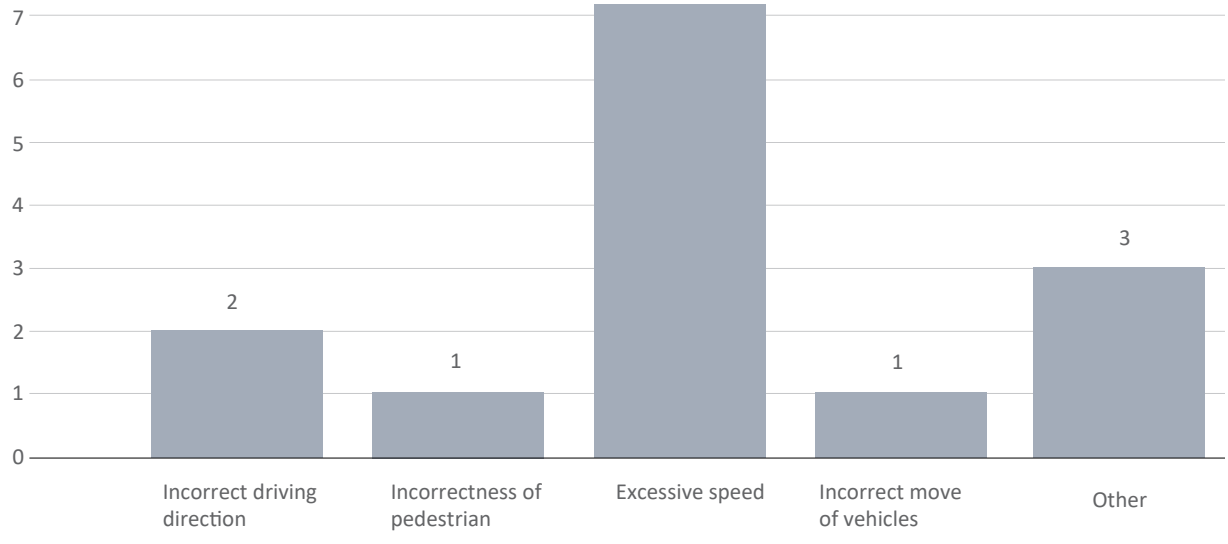
Year	Road category	Light bodily injury	Heavy bodily injury	Death
2010	MW	674	60	18
	EW	142	13	1
2011	MW	647	60	16
	EW	69	7	4
2012	MW	631	59	18
	EW	66	7	0
2013	MW	564	44	16
	EW	80	0	0
2014	MW	548	51	16
	EW	61	6	0
2015	MW	551	55	13
	EW	82	5	2
2016	MW	545	46	23
	EW	64	7	3
2017	MW	491	43	16
	EW	49	5	2
2018	MW	601	63	13
	EW	58	6	2

Figure 27: Implications of traffic accidents on MW/EWs by year



Excessive speed is one of the most frequent causes of accidents, as is evident from the figure below.

Figure 28: Number of fatalities with respect to the cause of the accident in 2018*



* Incorrect driving direction: this not includes only driving in the wrong direction, but also (mostly) run-offs from the MW/EW onto the embankment.

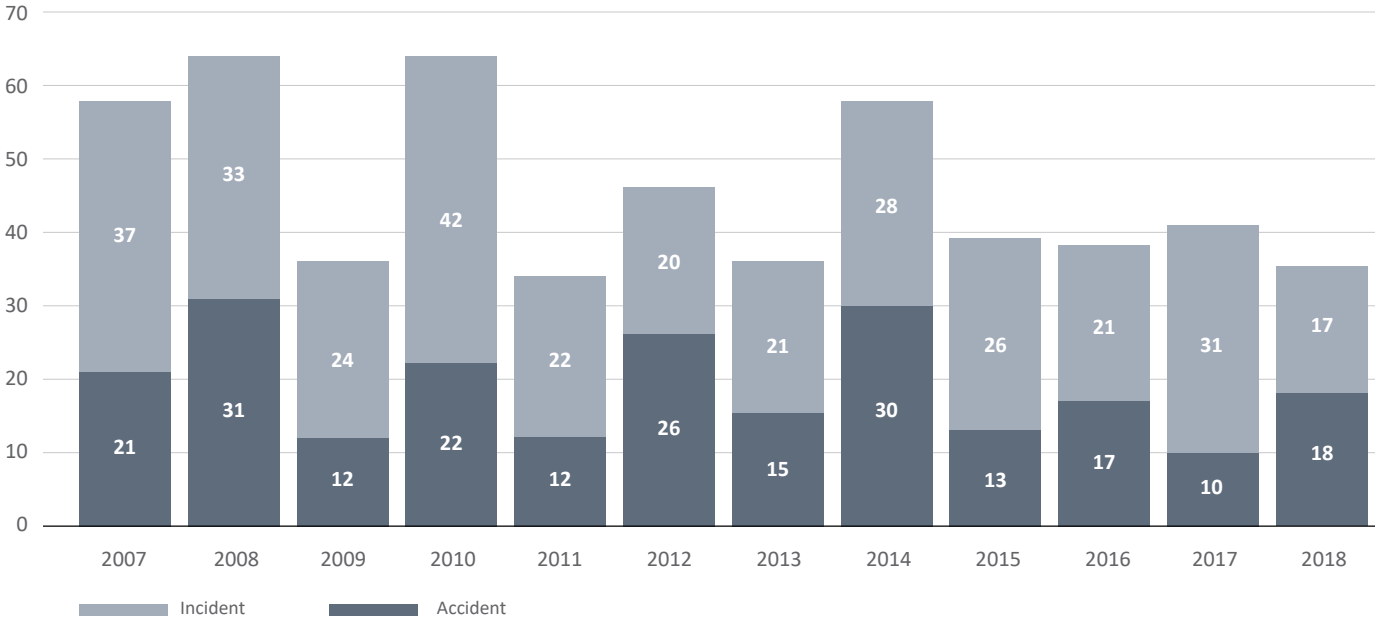
Safety in tunnels: the number of events is still relatively small and at the level recorded in recent years

DARS d.d. keeps upgrading tunnel equipment, regularly maintains tunnels and conducts modern expert upgrades. There were a total of 35 accidents and incidents in tunnels longer than 500 metres in 2018, where emergency services were needed along with a temporary closure of the whole tunnel or a part of it.

It has been found that:

- the number of events is still relatively small and at the level recorded in recent years;
- these events were caused by the actions of users, which is in practice beyond DARS' direct influence;
- no hosting of events were identified,
- the response of competent services to emergency events was efficient.

Figure 29: Accidents and incidents in tunnels longer than 500m since 2007

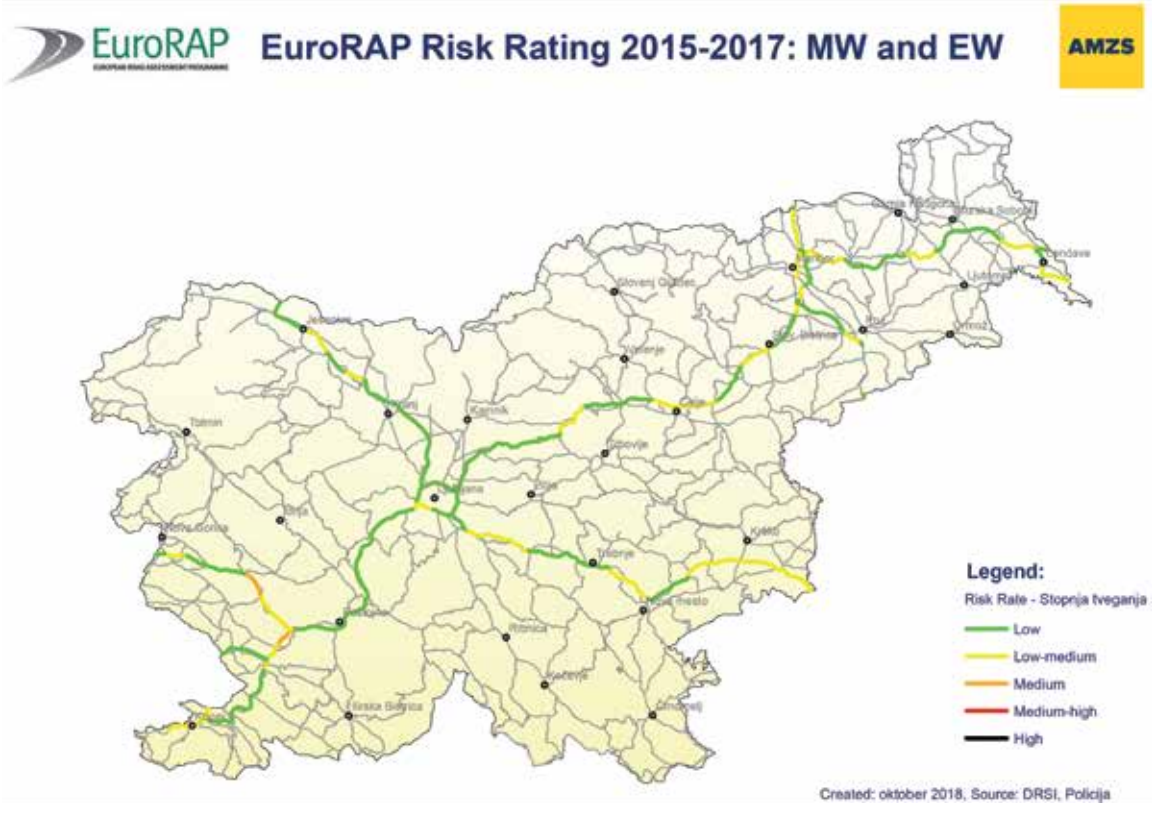


The result of the EURORAP protocols: traffic safety has in general improved both in absolute numbers and in relative terms, which is particularly notable upon the constant growth of traffic loads.

According to the EuroRAP protocols, 82km of selected MW and EW sections (the remaining sections from the list of reconstructed sections in 2016 and 2017) were video recorded from June to September 2018 and processed using the Video Coding procedure, and a physical estimate of road conditions (Star Rating) was made together with a set of possible measures (Safer Roads Investment Plan).

The 4th consecutive Risk Rating was undertaken for the 2015-2017 period, along with the so-called traffic safety relative indicator "Accident Level", which shows the number of traffic accidents with serious bodily injuries or fatalities in a 3-year period with respect to the number of kilometres travelled. The previous periods were: 2006-2008, 2009-2011 and 2012-2014.

Figure 30: **Results of the Risk Rating from 2015 to 2017**



Furthermore, the Performance Tracking comparison of the period was performed, which demonstrates that traffic safety has in general improved in both absolute numbers and in relative terms, which is particularly notable given the constant growth of traffic loads. A comparison of the results of the Star Rating for 2017 and 2018 shows the improved rating for 2018 and is evident from the following pictures:

Figure 31: **Results of the Star Rating in 2017**

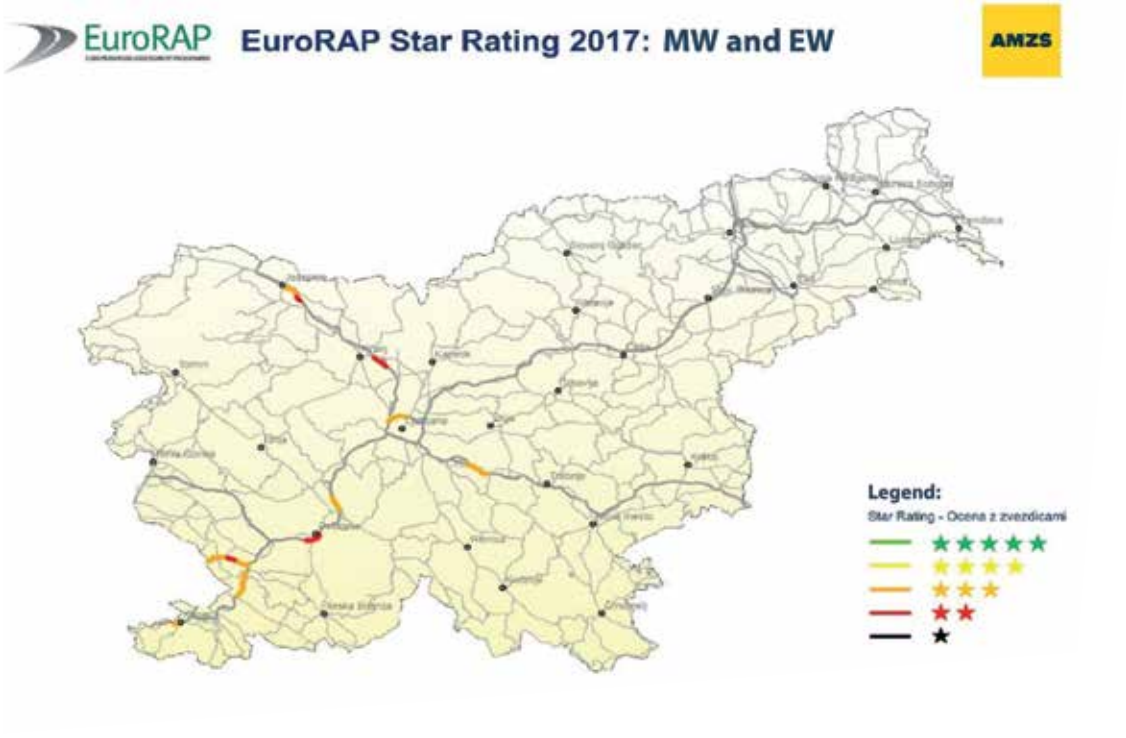
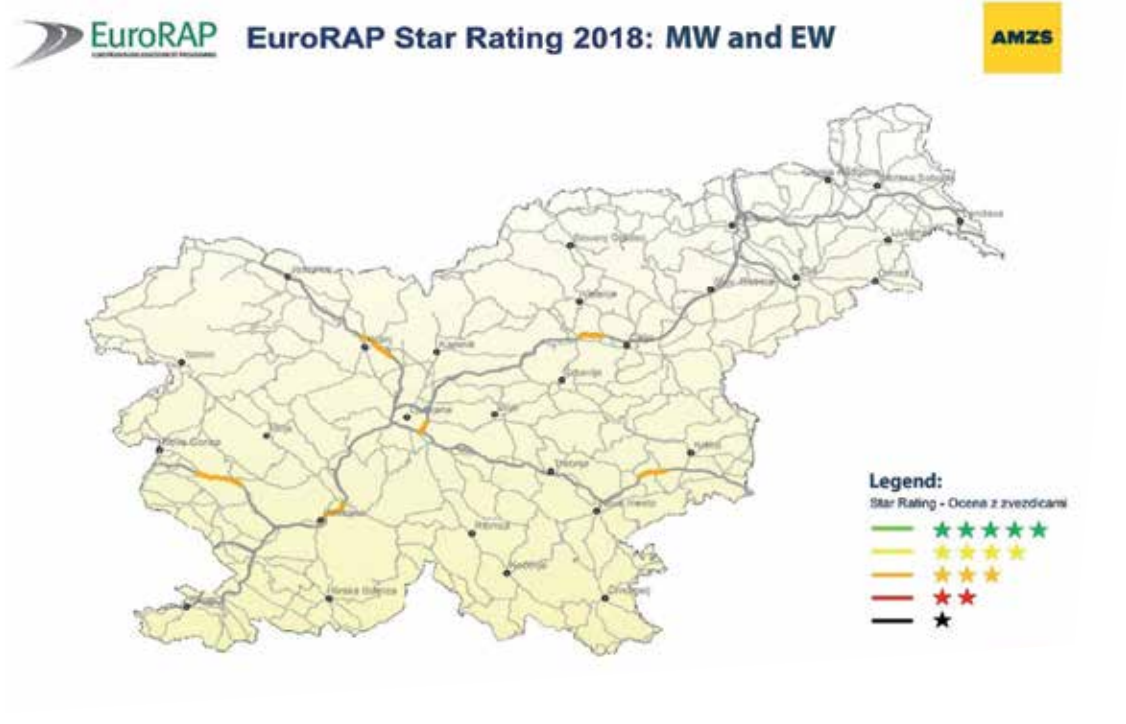


Figure 32: **Results of the Star Rating in 2018**



I.5.4 Projects concerning traffic management and safety concern[32]

DARS d.d. carries out many different measures every year that are directly related to safety, the comfort of motorway users and traffic fluidity. A prerequisite for sound throughput is that the motorway system is furnished with state-of-the-art equipment. Modern equipment for traffic surveillance, management and safety ensures fewer traffic accidents, faster detection and, consequently, reduced congestion.

I.5.4.1 Traffic control and management[33]

24/7 traffic control and management

The Kozina, Ljubljana, Vransko, Sl. Konjice and Hrušica control centres with their teams of traffic supervisors provide continuous traffic control and optimal safety and fluidity on the Slovenian motorways and expressways.

The most expertise and proper measures taken by traffic supervisors are required in the event of accidents involving fires in tunnels, extreme weather conditions (sleet, fog, snow blizzard, strong wind, etc.) and mass accidents. Recently, a great deal of attention has been paid to both traffic safety and fluidity, which is why measures are adjusted to the current conditions on the motorway and systems to detect traffic conditions are upgraded. Hence, the Company is ever-faster in its response to events, thus decreasing dangerous situations and unnecessary congestion.

Motorway traffic is monitored by qualified certified road traffic supervisors

Campaigns: labelling, information provision

The Company mission is not only the concern for the socially responsible and efficient construction, management and maintenance of motorway and other infrastructural networks in the Republic of Slovenia, but also the provision of conditions for their safe use and an increasing focus on the user. Additional awareness-raising among users of the correct and safe use of motorways has a positive effect on reducing the number of casualties and increasing motorway fluidity.

The most common causes of congestion and accidents were merged in the following major campaigns:

- **Be prepared for winter**
  https://www.dars.si/Dokumenti/Medijsko_sredisce/Informativne_kampanje/Zimska_sezona_1047.aspx
- **Safe motorways require renovation**
  https://www.dars.si/Dokumenti/Medijsko_sredisce/Obnavljamo_za_vas_1038.aspx
- **Safety distance**
  https://www.dars.si/Dokumenti/Medijsko_sredisce/Informativne_kampanje/Varnostna_razdalja_1060.aspx
- **Linked in a safe network**
  - For a peaceful journey: https://www.youtube.com/watch?v=pxHUfZxjzkU
  - Motorway accident – don't let it happen: https://www.youtube.com/watch?v=aXjOYOnPe-k
  - Unfavourable weather conditions: https://www.youtube.com/watch?v=1Po-zxwBqRI
  - Safely through a tunnel: https://www.youtube.com/watch?v=-XwQi2TcOvA
- **Common efforts to improve safety upon the start of the motorcycle season – driving safety training for motorcyclists**

32 GRI GS 103-1, 103-2, 103-3, 416-1.
33 GRI 103-2, 103-3.

Cooperation with the VOZIM Institute

The Company supports the implementation of preventive road traffic workshops for young people within the scope of the "Still driving, but not walking" movement. The basis is the implementation of innovative interactive workshops at which the personal experiences of those injured in traffic accidents are presented to young people at secondary schools.

Cooperation in the Sožitje project

DARS d.d. has decided to take an active part in the implementation of comprehensive preventive events or training courses for seniors and retired persons across Slovenia. The purpose of such training is to make elderly drivers feel safe on Slovenian roads, keeping them mobile for as long as possible.

Awareness-raising: 2 SECONDS

Traffic accidents and congestion are increasingly often the result of an inadequate safety distance. That is why the Company launched a major preventive campaign in 2018 called 2 SECONDS or SAFETY DISTANCE.

Figure 33: "Safety Distance" preventive campaign

Implementation of measures concerning traffic and concern for user safety

- The arrangement of run-out zones
- Curbing speed and increasing fluidity
- Section speed control
- Slowing down traffic on the Ljubljana ring road and all radial roads
- Replacement of safety barriers and traffic signs
- Additional safety distance signs

Management of intelligent transport systems (ITS) or the so-called smart motorways

- A security check system for heavy vehicles and buses before the Karavanke tunnel
- Overhaul of electrical and mechanical equipment in tunnels
- Electrical and mechanical equipment in the Markovec tunnel is in line with the latest European security standards for tunnels
- Erection of variable traffic signs
- Renovation of the ventilation system in the Karavanke tunnel
- SOS posts every 2km – quick positioning of the caller

Provision of telecommunications

- The Company provides Wi-Fi, Internet access and the lease of optical fibres

Implementation of European projects

Establishment of interoperability through the European C-Roads project

Within the scope of the C-Roads project, pilot projects are being carried out, the set-up of a basic platform is being harmonised and interoperability is being provided. It is a pilot project to introduce cooperative systems for real-time information transfer based on vehicle to vehicle, vehicle to infrastructure and infrastructure to vehicle communication, whereby DARS d.d. also contributes to the realisation of EU priorities concerning intelligent transport systems.

Charging stations for electric vehicles throughout the motorway network

DARS d.d. promotes green corridors or the development of electric mobility on the Slovenian motorway network. Within the scope of the Central European Green Corridors (CEGC) project, DARS and its partners set up a network of fast charging stations (up to 50km) on the Slovenian motorway network with above-standard technology for electric vehicles.

I.5.4.2 Presentation of individual projects

Adequate safety distance leads to increased safety

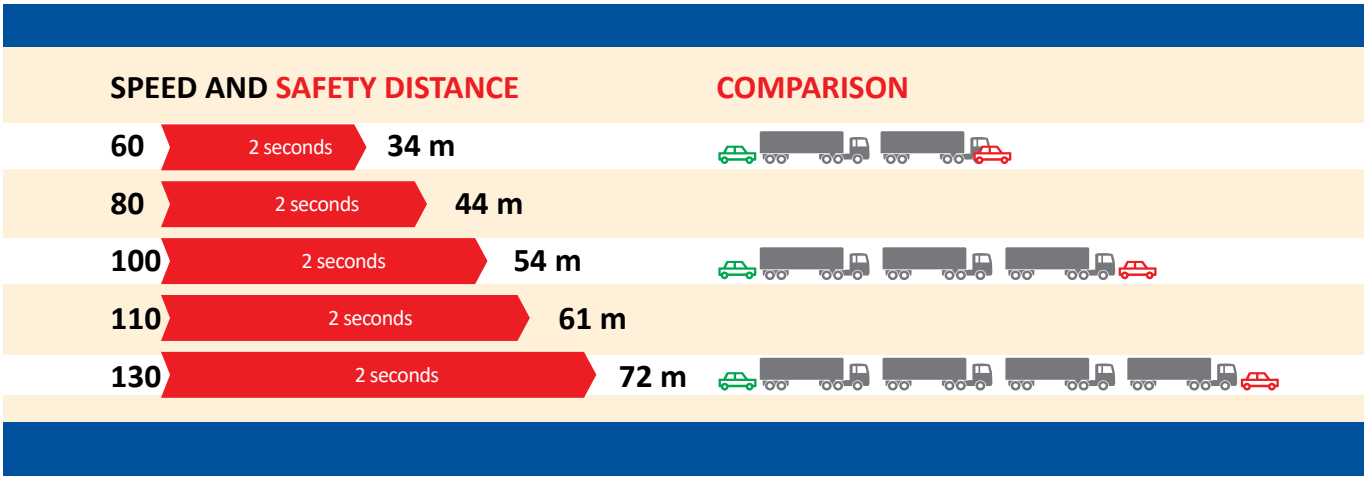
Since inadequate safety distance often leads to traffic accidents on the motorways and expressways, the Company decided to carry out activities that may improve the driving habits of users. DARS d.d. made intense efforts in 2018 to enforce amendments to the Roads Act. The operator was given the opportunity to introduce the so-called “trial marking of traffic signs” on roads. The Roads Act lays down that the trial marking of traffic regulation may be set up for content not specified in the Rules on traffic signs and equipment on roads.

In relation to activities regarding an adequate safety distance, the Company carried out the following:

1. Trial marking of “adequate safety distance” traffic regulation was established in both driving lanes on the A2 motorway section Šmartno - Vodice (between the rest area Povodje and junction Vodice (in the direction from Ljubljana to Kranj) and on the A2 section between the Kranj West and Kranj East junctions (in the direction from Jesenice to Ljubljana).
2. In June 2018, the Company set up preventive banners on some overpasses crossing the motorway (throughout Slovenia) and preventive content was also put on information boards at certain rest areas.

Within the scope of all expert meetings (the Traffic and traffic infrastructure conference, the International Trade Fair in Celje and others), preventive “safety distance” content is being intensively promoted (in some places in relation to other content).

Figure 34: **Demonstration of "one's perception of the necessary safety distance at a particular speed"**



In 2019, activities will continue and preventive content will be communicated in a similar way to 2018, while additional markings will be set up in other motorway directions (the A2 between the Višnja gora and Grosuplje East exit points, the A1 between the Unec and Postojna junctions).

In 2018, there were no fatalities due to inadequate safety distance, which is encouraging information. The police also joined the activities by measuring safety distance with modern devices and issuing fines in case of violations. Recently, the police have noticed that vehicles predominantly observed an adequate safety distance. According to the data provided by the police, there were two fatalities in 2017 due to inadequate safety distance (one immediate, while the other person died later due to consequences of the accident) and no fatalities in 2018.

Figure 35: **Safety distance markings in case of fog**

Warning LED lamps that blink in fog

Since driving in very dense fog poses a great risk for traffic safety, the Company recently carried out several measures to improve safe driving upon reduced visibility.

Therefore, it set up new variable traffic signs in 2018 at certain problematic sections (Goli vrh, Ravbarkomanda, Celje Centre, Tepanje, Dramlje, ahead of the Markovec tunnel, and at the locations of the former Log and Torovo toll stations). At sections near Domžale, Grosuplje and Goli vrh, it introduced a test road marking system with semicircles along the right line and traffic signs. Among other things, it also upgraded its mobile app by optimising warning messages about fog through the Traffic Information Centre.

In addition to all those measures, it also set up a test system in December 2018 for visual traffic management in case of fog at Goli vrh (the A1 motorway section between Senožeče and the Nanor interchange). The system includes road weather stations that automatically turn on LED lamps on both sides of a carriageway when detecting reduced visibility (with respect to the level of fog).

Crash cushions save lives

Crash cushions are the key traffic safety element at interchanges, junctions and in tunnels in addition to end terminals. With crash cushions in tunnels, the Company has managed to prevent mass collisions in tunnel niches. The new forms of crash cushions and increasingly better experiences in their use have enabled the Company to protect drivers at all critical locations. Investments in such equipment are planned annually.

Figure 36: **End terminal**

New safety barriers have enabled the Company to prevent many serious injuries

A safety barrier is extremely important these days, when we are witness to numerous traffic accidents caused by incorrect driving direction (collision into a crash barrier, vehicles running off the road, etc.).

The causes of such accidents are often mobile devices in the vehicle and overtired drivers. New barriers have recently prevented many serious injuries.

Concrete safety barriers are being intensively erected on the central reservation and prevent the penetration of heavy goods vehicles (with a total mass of up to 38 tonnes) to the other carriageway or a fall from a structure, while reducing the need for mowing at such locations and, consequently, the closure of motorways and injured maintenance officers.

Figure 37: **A concrete safety barrier**

Figure 38: **A sandbank**

Due to run-out zones, vehicles do not run off the road, but plunge into a sandbank

At motorway exit points, there are frequent cases when vehicles run off the road due to excessive speed. The safest solution to stop such vehicles is no doubt a run-out zone (picture), where a vehicle plunges into a sandbank.

Smart transport systems to achieve fast and efficient traffic management

A smart transport system allows fast and efficient traffic management, which has a direct impact on traffic safety. There are many systems and they are properly interconnected and integrated in control centres across Slovenia. The systems are upgraded every year, so that traffic information is collected faster and in greater detail. The detection of traffic conditions using various systems (traffic and weather detectors, users' messages, informing intervention units, etc.) has enabled the Company to provide information very quickly and in detail, resulting in faster and more detailed traffic management measures. Data is the main "fuel" for traffic management today. Data speed and credibility are of particular importance. DARS d.d., therefore, follows trends in that area and participates in several international projects (CEDR, PIARC, C Roads, Crocodile), where new technologies are tested and pilot systems are introduced. All this implies adjustment to the future – self-driving vehicles.

Figure 39: **Variable signs and the Kozina regional control centre**

Figure 40: **Log control point**

New control points for the presence of flawless vehicles on the motorway

To provide efficient control over different types of vehicles, the Company will establish control points within the scope of the demolition of toll stations. Currently, two such points are prepared at the former Log and Torovo toll stations. Within the scope of the control points, a set of variable signs has been set up at the section that automatically forces a certain type of vehicles off the road.

The project has been included in the Company's strategic goals, since it is desired that the motorway is used by properly loaded and flawless vehicles, and well-rested and sober drivers. Control points also imply many new traffic programmes on variable signs, which will be used to exclude different types of vehicle.

Figure 41: **Exclusion of all vehicles at the control point**

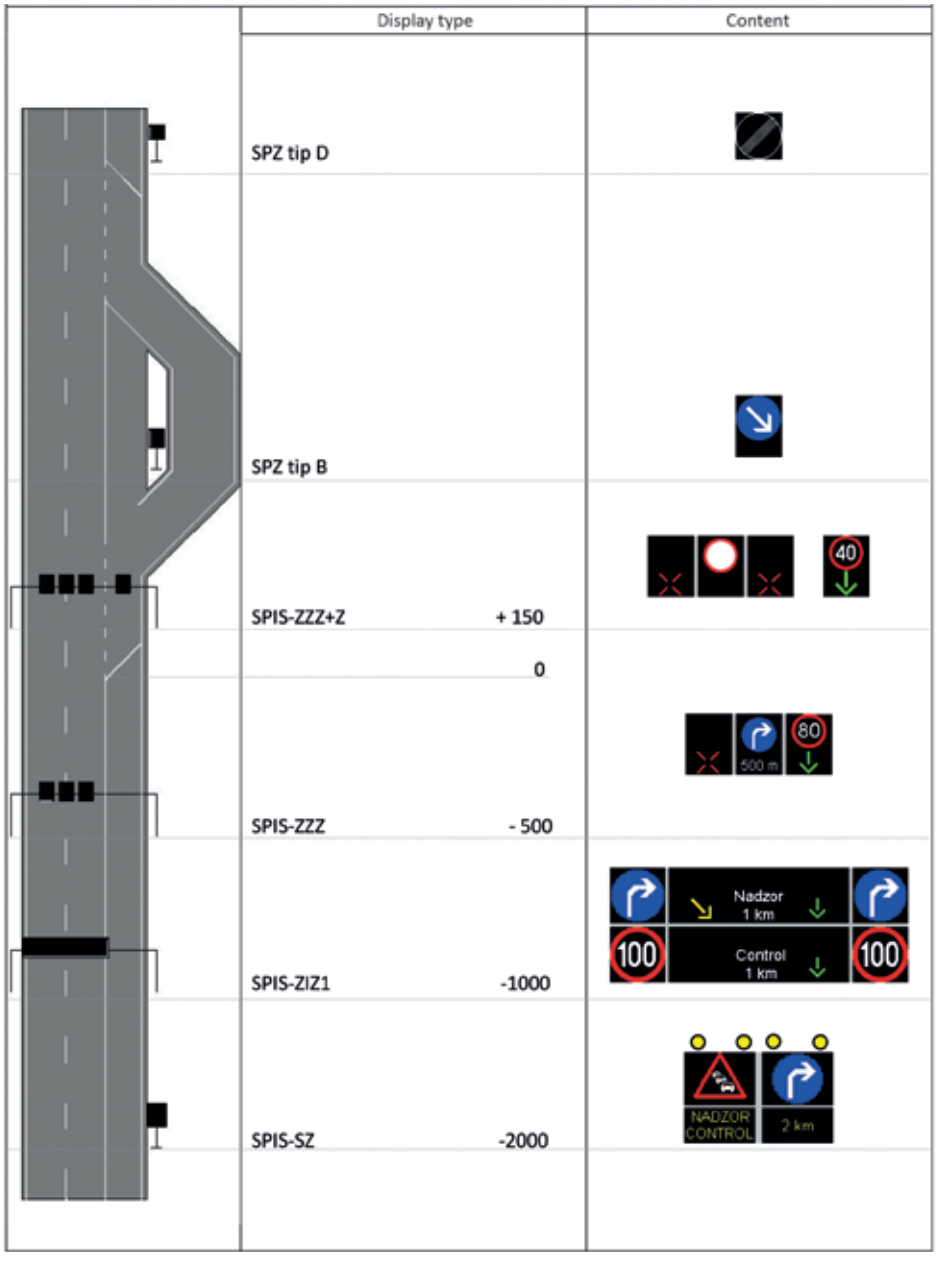


Figure 42: **Expansion of the Malence interchange**

Figure 43: **Training elderly drivers (the Sožitje or Symbiosis project)**

Increasing traffic causes increased wear and tear of carriageways and thus calls for more frequent carriageway reconstruction

The current traffic growth entails the reconstruction of carriageways. The scope of reconstructions grows from year to year, but reconstructions are no doubt a major factor in traffic safety improvement: wider carriageways, the latest materials, transparency, etc.

Major reconstructions are also associated with long-lasting closures and major accidents (inadequate safety distance, excessive speed, etc.). Major efforts to ensure traffic safety are dedicated to the course of a closure at the working site, since the risk of an accident at such sites is very high. Thus, a great deal of effort was invested in 2017 and 2018 into the safety of closures upon the establishment of the new electronic tolling system, the major reconstruction of the Ravbarkomanda viaduct and the demolition of toll stations. The Company is preparing for two major reconstructions on the Slovenian motorways, namely the Golovec and Pletovarje/Golo Rebro tunnels.

Participation in the Sožitje (Symbiosis) project: to keep elderly road users mobile and safe for as long as possible

In 2018, the Company continued training elderly drivers. The Sožitje project for improved road traffic safety covers all of Slovenia and brings together various key stakeholders in road traffic safety. The project is managed by the Slovenian Traffic Safety Agency in cooperation with partners, such as: the Slovenian Federation of Pensions' Organisations, the Police, DARS d.d., the Slovenian Red Cross, the FORTOX Association and other interested expert audiences.

Within the scope of one-day preventive events, participants train using 5 content sets: refreshing the knowledge of road traffic rules, safe driving along the motorway and expressway, consultations of medical driving criteria, fundamental resuscitation procedures and advisory driving with a driving examiner. Training in the safe use of motorways and expressways is prepared and carried out at the workshops prepared by employees in the Traffic Management and Traffic Safety Service.

Participants' responses were very positive and the interest in the mentioned preventive events is growing from year to year. In 2018, slightly more than 30 preventive events for elderly drivers were executed, i.e. in the Pomurska, Savinjska, Zasavska, Spodnjeposavska, Southeast Slovenian, central Slovenian, Gorenjska, Primorsko-notranjska, Goriška and Obalno-kraška statistical regions.

Figure 44: **Vehicle scanning ahead of a tunnel using thermal imaging cameras**

Figure 45: **Markovec tunnel**

Figure 46: **Variable traffic signs**

Figure 47: **SOS post on the motorway**

I.5.4.3 The management of intelligent transport systems (ITS) or the so-called smart motorways

A security check system for heavy vehicles and buses ahead of the Karavanke tunnel

Overhaul of electrical and mechanical equipment in tunnels

Pursuant to the provisions of the European Directive, the Company upgraded the electrical and mechanical equipment in tunnels longer than 500 metres. The Company observed the technical requirements in order to ensure traffic safety and the economy of tunnel construction, use and maintenance. Among other things, the Company upgraded the surveillance control systems in tunnels, reconstructed traffic signage in tunnels (the installation of LED indicators, the replacement of directional boards, testing the lighting regulation system and lighting upgrade at emergency points), air quality control in tunnels, ventilation control system, the harmonisation of the automatic control of traffic equipment with standardised Company requirements and other equipment and signalling with the purpose of safer tunnel management.

The electrical and mechanical equipment in the Markovec tunnel is in line with the latest European security standards for tunnels

Setting up variable traffic signs

Traffic events are regularly monitored throughout the motorway network and, based on the findings, various traffic control and management systems are installed.

Variable message signs were installed at Goli vrh, Ravbarkomanda and ahead of the Markovec tunnel in case of strong winds and other emergency events.

Variable message signs of full content and existing variable message signs were upgraded with traffic content. Both are integrated into the traffic control and management system at the Kozina Regional Control Centre. The signage system will be installed in sections with the heaviest traffic between Lukovica and Postojna and in the Celje - Tepanje section.

Renovation of the ventilation system in the Karavanke tunnel

Pursuant to the European Directive, the Company improved the ventilation in the Karavanke tunnel in terms of safety in case of a fire, provided escape and rescue routes, while upgrading and rehabilitating electrical and mechanical equipment.

SOS posts every 2km – the rapid locating of the caller

Upon a vehicle breakdown, it is recommended to use the SOS call post available to drivers every 2 kilometres in order to identify the driver's location more easily. The SOS call allows DARS employees to react more quickly. The systems are regularly upgraded and their uninterrupted operation is provided.

I.5.4.4 Provision of telecommunications

The Company provides Wi-Fi, Internet access and the lease of optical fibres

DARS d.d. has built its own backbone fibre optical network throughout the motorway network for the transmission of telecommunications. The main advantages of the Company's fibre optical network are its quality, robustness and reliability. The fibre optic network was primarily built for the purposes of communications within DARS (traffic monitoring, toll collection and communications for business purposes). Due to the specifics of the fibre optic network construction, a great deal of optical fibre network has remained unused and is intended for marketing to external users, which is an additional source of income for the Company.

DARS d.d. has implemented the following services:

- the marketing of broadband Wi-Fi access to the target group of truck drivers at motorway rest areas at 23 locations, whereby Wi-Fi coupons are sold at Petrol and OMV petrol stations; these broadband services at rest areas along the motorway for motorway users contribute to the improved image, identity and safety of the motorway network;
- Internet access was provided to business users at 54 locations along the motorway.

Figure 48: **Locations with Wi-Fi Internet access on the MWs and EWs provided by DARS**

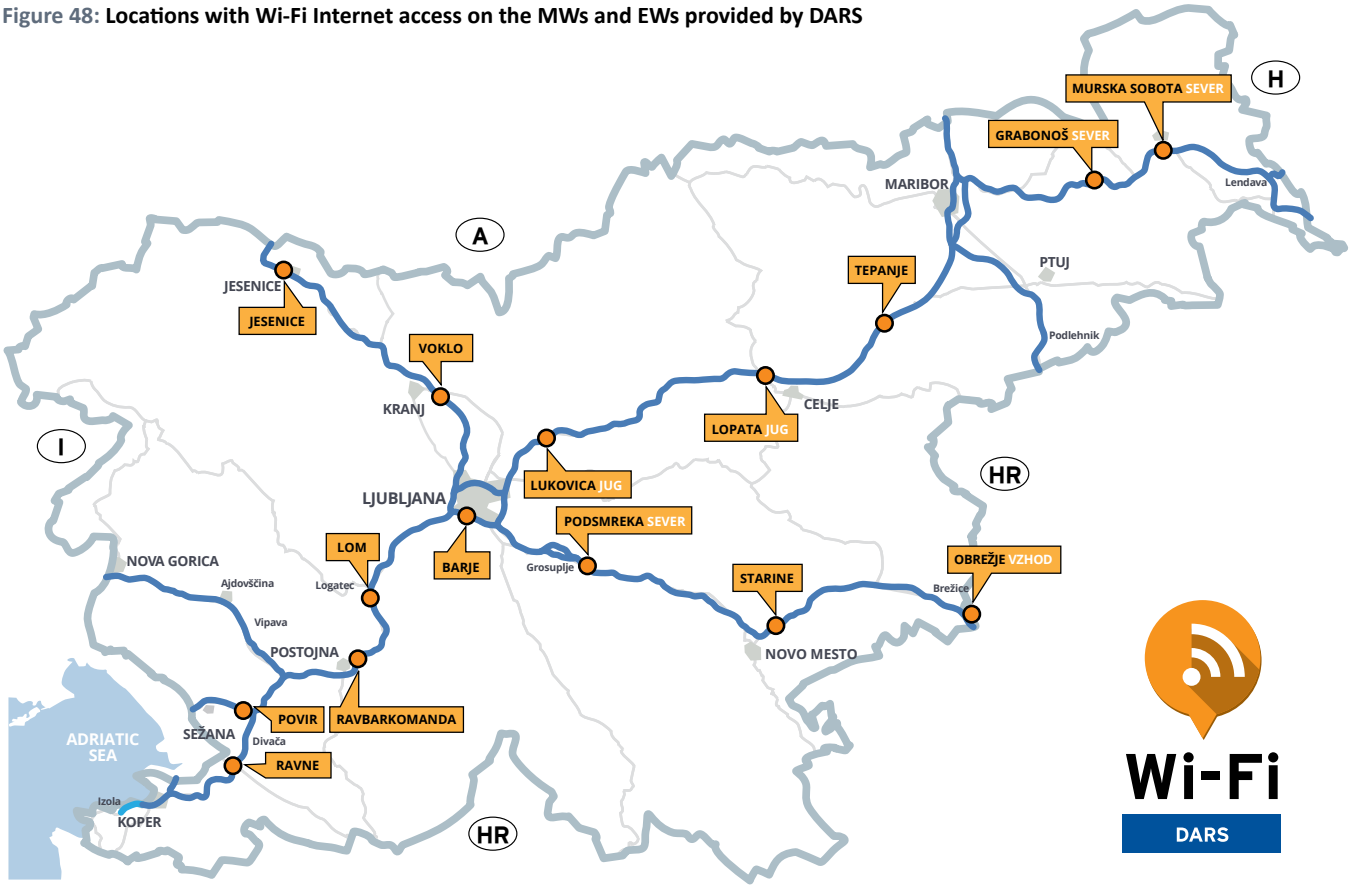


Figure 49: **Radio station**

Digital radio communications of DARS d.d.

DARS d.d. uses the radio communication system on the open alignment and in tunnels. The system is extremely important for communication between maintenance officers, motorway maintenance centres and control centres, and covers the entire area of the motorways and expressways in the Republic of Slovenia.

The system of functional radio communications of DARS d.d. used to be based on analogue technology, i.e. VHF frequencies. In 2018, the entire system was replaced with CMR digital radio communications and modern operational digital dispatch consoles were set up at control centres. Digital technology in radio communications has increased the reliability and coverage of radio communications. Furthermore, the Company obtained a technologically long-term, economically sustainable and easy-to-upgrade system that optimally meets the requirements of all users of the Company radio system.

I.5.4.5 The implementation of European projects

Figure 50: **Various C-ITS system technologies**

The establishment of interoperability through the European C-Roads project

Within the scope of the C-Roads project, pilot projects are being carried out, the set-up of a basic platform is being coordinated and interoperability is being provided. It is a pilot project to introduce cooperative systems for real-time information transfer based on vehicle to vehicle, vehicle to infrastructure and infrastructure to vehicle communication, whereby DARS d.d. also contributes to the realisation of EU priorities concerning intelligent transport systems. In 2018, bases were established for testing G5 microwave technology and LTE mobile technology.

Traffic control and management systems and the exchange of traffic information

Within the scope of the Connecting Europe Facility (CEF), the CROCODILE 2 and CROCODILE 3 projects are being implemented, which are intended for co-financing activities in traffic control and management systems, the exchange of traffic information and the provision of information to users. In addition to Slovenia, participating countries include Austria, Cyprus, Czech Republic, Germany, Greece, Italy, Poland and Romania. DARS d.d. participates in the project by carrying out activities in traffic control and management (collecting and processing traffic data, providing information on traffic conditions, upgrading electronic and mechanical equipment).

Figure 51: Systems for traffic control and management, the exchange of traffic information and the provision of information to users

International cooperation in the development of autonomous driving

In 2018, the Memorandum of understanding on cross-border cooperation in developing and testing electric, integrated and autonomous vehicles was signed by the Austrian Federal Ministry of Transport, Innovation and Technology, the Hungarian Ministry of National Development and the Slovenian Ministry of Infrastructure. Based on that document, a memorandum of understanding was prepared on tripartite cooperation between DARS d.d., ASFINAG and MAGYAR KOZUT on cooperative, connected and automated mobility (CCAM) of road operators in Slovenia, Austria and Hungary. The latter will enable all participants to obtain common knowledge and coordinated development in CCAM activities. Within this scope, activities were carried out in 6 workgroups:

- communication infrastructure for autonomous driving,
- cooperative intelligent transport systems (C-ITS),
- physical and digital infrastructure (HD road and map),
- international traffic management,
- testing autonomous driving along motorways,
- rules and legislation for autonomous driving.

Charging stations for electric vehicles throughout the motorway network

DARS d.d. promotes green corridors or the development of electric mobility on the Slovenian motorway network. Within the scope of the Central European Green Corridors (CEGC) project, DARS and its partners set up a network of fast charging stations (up to 50km) with above-standard technology for electric vehicles on the Slovenian motorway network. The project, co-funded with EU funds, set up 26 fast charging stations that allow users of electric vehicles to charge with 50kW DC and, at the same time, 43kW AC.

Figure 52: Locations of filling stations for electric cars

I.5.4.6 The provision of traffic information

At the European level, traffic information in Slovenia is the most optimally processed and communicated to users. Traffic events are very quickly detected in Slovenia and information is available to users within a few seconds. The channels through which information flows grow every year, since different users (with respect to their age and means of transport) use different communication channels.

DARS d.d. follows the development of information channels and event detection by regularly introducing new technologies, pilot systems and participating in international workgroups in that area.

Traffic Information Centre: a source of credible and updated traffic information

Contents on the www.promet.si website that are most often monitored by users:

- road cameras,
- foreseen travel times between individual large towns and routes,
- traffic events and flow on the map as differently coloured road sections showing traffic density,
- Stane the virtual assistant.

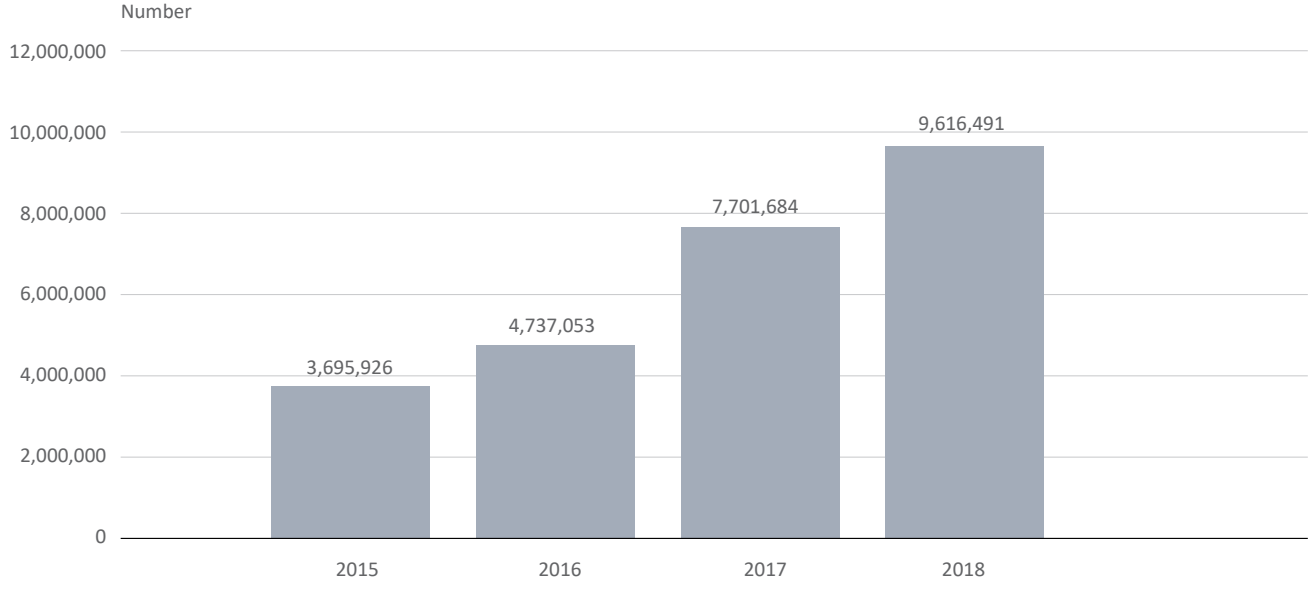
In the last 12 years, the Traffic Information Centre:

- communicated information on events on the national road network more than 300,000 times: on average 25,830 times per year, 2,152 times per month and 71 times per day,
- in the last 8 years, operators at TIC received over 1,000,000 calls, while over 9,000,000 users visited the website.

Increasing use of traffic information

In the modern communication environment, it is getting increasingly important that traffic information is available to drivers through various communication tools. Aware of the fact that drivers informed about traffic are safer drivers, DARS d.d. keeps expanding its media network with the help of the Traffic Information Centre, where users can get information about road conditions.

Figure 53: Active use of traffic information by year*



*The number of active use of traffic information combines contacts over the Internet (www.promet.si), Twitter (@promet_si), Facebook (Vozimo pametno or Driving safely) and the DarsPromet+ mobile application.

Currently, information is available via the call centre on 1970, the automatic phone answering machine on 080 22 44, the website www.promet.si, the Twitter account @promet_si and the mobile application DarsTraffic+. This is the active use of traffic information, since users must search for it on their own. The overall use of these media is growing from year to year.

Traffic information can also reach a user passively. That is to say, TIC information is broadcast promptly every day by practically all the radio stations in Slovenia. Company operators report live to over 20 Slovenian radio and TV stations every day.

International traffic management (Traffic Management Plan – TMP)

DARS d.d. has cooperated with neighbouring countries in international traffic management for several years.

In order for the control centres to cooperate and carry out traffic control measures on international motorway corridors, it is necessary to have professional coordination. To this end, traffic management plans were prepared for the Salzburg-Ljubljana-Zagreb route and the route between Postojna and Palmanova. These will be followed by plans with Hungary and Croatia, and their integration at the level of automation.

Figure 54: **TMP Salzburg-Zagreb and TMP Gruškovje**

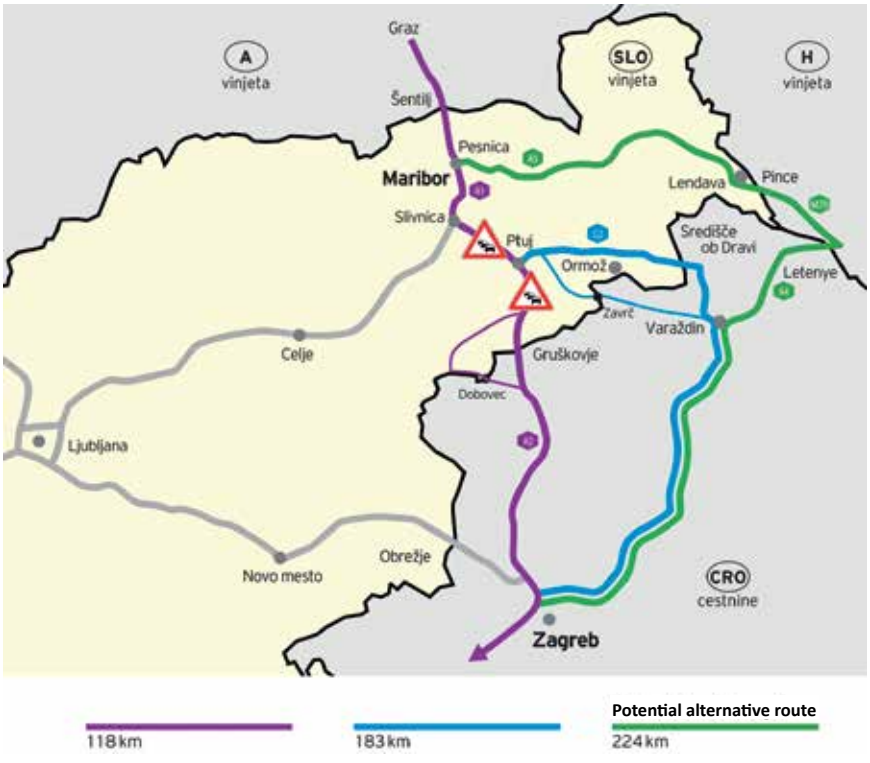


Figure 55: **A vehicle under the control gantry**

I.5.4.7 DarsGo – the introduction of an electronic tolling system[34]

The electronic tolling system in free traffic flow for heavy vehicles with a maximum permissible weight exceeding 3.5t (DarsGo system) was successfully deployed on 1 April 2018. The old tolling system stopped functioning at midnight, whereupon the DarsGo system was put into service. The system recorded the first tolling transaction at 00:00:00.202 (202 milliseconds past midnight) and the first payment order for a violation was issued less than half an hour past midnight.

Figure 56: **DarsGo unit**

The deployment of the system was carried out without complications and did not cause even a minute of congestion on any toll road, including the border crossings. It is estimated that the DarsGo system with all its sub-systems functions well and reliably, but that certain improvements are necessary, primarily in terms of providing an even more friendly system to the users – customers and operators.

Revenue from tolling vehicles with a maximum permissible weight exceeding 3.5t after the deployment of the DarsGo system (1 April) up to and including 31 December 2018 increased from month to month (except June) compared to the old tolling system, i.e. by 3 to 9%, while the total revenue in the period from April to December on average increased by 4.99%. The number of toll kilometres in the DarsGo system increased compared to the old tolling system. From 1 April to 31 December 2018, 12% more kilometres were tolled compared to the same period in the previous year. That is the result of the fact that the DarsGo system charges tolls for the entire network, while the old system did not charge tolls for part of the network.

34 GRI GS 102-2.

Figure 57: Provision of information about the introduction of the new tolling system

Figure 58: Call centre (left) and DarsGo service (right)

The reason for deviations between the revenues and the number of toll kilometres lies in the pricing policy. In the old system, the toll was paid directly at toll stations (using cash, payment cards and without properly personalised electronic media) for a certain share of vehicles (primarily occasional users), which were not entitled to differentiated tolls with respect to the EURO emissions class and thus paid the full toll.

The introduction of the DarsGo system has also had positive environmental and economic impacts on vehicles with a maximum permissible weight exceeding 3.5t. Within the scope of a research paper, the Energy Efficiency Centre of the Jožef Stefan Institute evaluated the effects of the deployment of the DarsGo electronic tolling system on reduced fuel consumption and consequently reduced emissions of carbon dioxide ($C0_2$), nitrogen oxides (NO_x) and dust particles ($PM_{2.5}$).

The old tolling system caused increased consumption due to vehicles stopping and accelerating at toll stations, as is evident from the table below for individual groups of vehicles. Taking into account that the predominant share of heavy goods vehicles had already used the ABC system, the relative savings are somewhat smaller. A detailed overview of the effects is laid down in chapter I.5.6.7.

Table 9: Summary of the results from the recalculation of vehicles for class 3 buses and class 3 and 4 trucks

	Bus Class 3		Cargo vehicle Class 3		Cargo vehicle Class 4	
Previous driving regime through a tool station	**ABC**	**Stopping**	**ABC**	**Stopping**	**ABC**	**Stopping**
Time t [s]	38.99	59.89	38.29	34.57	47.4	78.26
Energy E [kWh]	2.52	4.88	1.91	4.41	5.64	10.67
Diesel fuel equivalent [l]	0.25	0.49	0.19	0.44	0.56	1.07

The graph below shows that tolls between 1 April 2018 and 31 December 2018 were paid by substantially cleaner vehicles than in the same period of the previous year.

Figure 59: EURO emissions classes

In the new DarsGo system, all vehicles are registered with the relevant documents, which is why there are more vehicles in emissions classes E5, E6 and EV. Nevertheless, it has been found that the Slovenian toll system has more than 87% "clean" vehicles with a maximum permissible weight exceeding 3.5t. Based on data from newly registered users, it is assumed that the ratio will continue to improve.

The functioning of the DarsGo tolling system is reliable and DARS d.d. manages all risks that might threaten revenue from the tolling of heavy goods vehicles.

DARS d.d. started removing toll stations immediately upon the successful deployment of the DarsGo system and demolished 12 toll stations by the end of the year, while rearranging one station; the remaining toll stations (21) are planned to be removed by the end of 2019.

I.5.4.8 Conformity in relation to impacts of products/services on safety and health[35]

DARS d.d. has for years placed great emphasis on the preventive identification of potential risks affecting the safety and health of all Company stakeholders, which is reflected in the technical measures adopted on the road, in the acquisition of new work equipment and in organisational measures. The basis is the traffic safety plan and a risk assessment for the employees' health and safety at work laying down measures and guidelines to prevent the deterioration of health on the part of the relevant stakeholders (employees, outsources, users, etc.). The measures are described in detail within the scope of point I.5.5.5 Creation of a safe working environment.

In 2018, no inspection measure was imposed on DARS d.d. by the Labour Inspectorate of the Republic of Slovenia.

Within the scope of chapter I.5.6.1 Systematic environmental and energy management, sub-chapter "Attainment of compliance", DARS presents the inspections conducted and decisions received in respect of environment protection in 2018.

I.5.4.9 Customer privacy

DARS d.d. pays special attention to personal data processing pursuant to the applicable legislation. In 2017, the Company started preparing for the new obligations of personal data controllers as imposed by the General Data Protection Regulation (2016/679), which entered into force on 25 May 2018.

In 2018, different measures were adopted to provide compliance with the legislation on personal data processing and special attention has been placed on data protection.

A data protection officer was appointed, responsible and authorised persons for personal data processing were specified in internal acts, along with the method, purpose and legal bases for data processing, and personal data users, thus ensuring the legality of processing and data protection.

Hardware and software are protected in line with internal acts and principles for managing access to information sources. Access to data processing records is secured with a request for authorisation and the identification of a particular user, thus allowing access only to authorised persons.

Training in personal data protection was organised for employees who work with personal data. Different forms of employee training in that area will be carried out continuously in the future as well, since well-informed employees can contribute significantly to the compliance of personal data processing at the Company.

In 2018, the Company received and considered one request by a customer for the deletion of personal data and one request for the notification of own personal data.

35 GRI GS 416-2.

The information commissioner initiated one procedure against DARS d.d. in 2018, which has not yet been completed, and conducted one inspection in a procedure that was initiated in 2016, which has also not been closed.[36]

The protection of the personal data of customers in the DarsGo system is governed by the general legislation on personal data protection and the Road Tolling Act (ZCestn), which lays down restrictions on storing data about the location and movement of a vehicle in Article 30. Technical solutions for data processing are subject to personal data protection legislation. All data collected, processed and stored in the DarsGo system is subject to Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data and Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector. A data retention concept was created that covers all relevant assets, such as systems and interfaces, and processed and transmitted data; a component part of the concept is the personal data protection concept. The duration of data retention has been harmonised with the legislation. Furthermore, a document has been drawn up describing different groups of data and their retention periods.

I.5.5 Sustainable relationships with employees

Engaged and competent employees are one of three strategic guidelines of DARS deriving from the adopted DARS d.d. Strategy for 2017-2020. The key strategic goals within the scope of that strategic guideline are:

- The continuous strengthening of competences,
- leadership development at the Company,
- the development of a creative, safe and interesting environment.

DARS is well aware that highly motivated, engaged and properly trained employees are the key to success and crucial for achieving and surpassing the set strategic goals. It is employees who create the key and most sustainable added value for our organisation with their talents, which is why the Company pursues the strategic goals laid down in DARS d.d. Strategy for 2017-2020:

1. the Company enables employees to strengthen their competences on an ongoing basis within the scope of in-house and external training, thus promoting their personal development;
2. the Company provides for the development of managers and their competences, encouraging them on their path to leadership;
3. the Company strives for a creative, safe and interesting working environment in which:
   - the safety and health of employees are provided for;
   - employees are given the possibility to coordinate their family life and job duties more easily within the scope of measures deriving from the full Family-Friendly Company certificate;
   - proposals for improvements and sound ideas of employees are considered and rewarded;
   - recognitions and commendations are awarded to employees for their achievements and efforts made at work;
   - the Company provides for sound intergenerational cooperation;
   - employees are provided with a high level of social security and solidarity aid upon difficult life challenges;
   - the Company protects the dignity of employees during work, which is suitably defined in the Agreement on the prevention and elimination of the harmful consequences of workplace harassment and the DARS Code of Conduct.[37]

36 GRI GS 103-1, 103-2, 103-3, 418-1.
37 GRI GS 103-1, 103-2, 103-3, 406-1.

I.5.5.1 Key data on employees

Key data on employees has been collected on the basis of HR records [38]

Table 10: Key data on DARS d.d. employees for 2015-2018 [39]

	2015	2016	2017	2018
Status of employees at DARS d.d.[40]				
Number of employees at DARS d.d. – including replacements	1242	1247	1240	1232
Number of employees at DARS d.d. – excluding replacements	1231	1237	1229	1228
Demographic data on employees				
Average age of employees	44.8 years	45.3 years	45.6 years	45.7 years
Percentage of female employees	25.8 %	25.6 %	26 %	25.4 %
Educational structure of employees				
Percentage of employees with level 4 education	40.3 %	39.8 %	38.2 %	37 %
Percentage of employees with level 5 education	33.3 %	33.4 %	33.4 %	32.6 %
Percentage of employees with level 6 education	16.5 %	16.5 %	17.3 %	17.8 %
Percentage of employees with level 7 education or higher	9.9 %	10.3 %	11.1 %	12.6 %
Social security of DARS d.d. employees				
Number of solidarity benefits granted	47	54	52	54
Number of employees with disability status	36	38	39	40
Number of procedures introduced for disability recognition	12	11	30	32
Number registered in voluntary pension insurance	21	143	45	79
Sick leave rate	5.0 %	4.7 %	5.3 %	5.9 %
Employee development – education and training				
Scope of education in hours per employee[41]	17	21	23	23
Value of education per employee	123	132	154	233
Number of participants in education	1846	2275	2353	2550

I.5.5.2 DARS is a reputable employer[42]

The Company is a highly reputable employer in Slovenia according to research conducted by the Mojedelo.com agency. Job seekers see employment at the Company as interesting, providing a well-organised and responsible working environment and a high level of economic and social security. Staffing at the Company is based on a prudently and carefully prepared procedure to select the best human resources. Career development is provided to employees through:

- the identification of employee skills and potentials, and employees' inclusion in the Company development activities;
- performance measurements and additional bonuses;
- horizontal promotions at the workplace;
- the development of the expertise, skills and competence of employees for career advancement within the organisation based on internal job openings.

Most processes at DARS d.d. are conducted by Company employees, while investments and the management of the DarsGo system are conducted by contractual partners.[43]

38 GRI GS 102-8.
39 GRI GS 401-1.
40 GRI GS 401-1.
41 GRI GS 404-1.
42 GRI GS 103-1, 103-2, 103-3, 401
43 GRI GS 102-8.

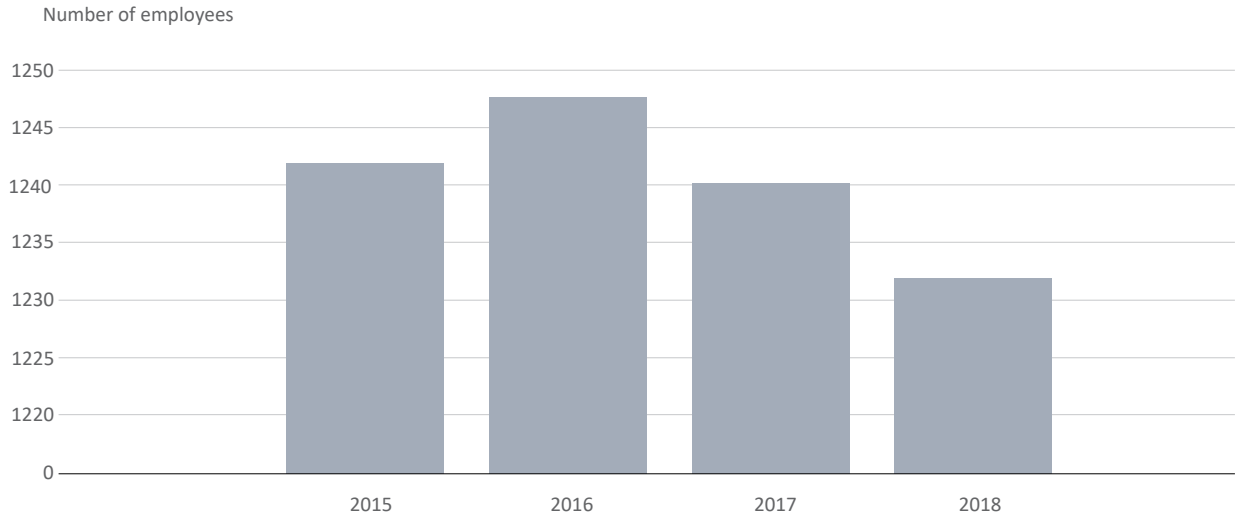
I.5.5.3 Employees realise the Company mission

Recruitment

In order to achieve the set business objectives for 2018 and the uninterrupted execution of the Company mission, the Company has recruited the necessary human resources in a quality and timely manner pursuant to the adopted Business Plan and Operative implementation section of the HR plan for 2018. A total of 221 vacancies were opened, 85 of which were internal.

In 2018, 93 employees left DARS d.d., mostly due to retirement, while 85 persons were recruited. At the end of 2018, DARS employed 1232 workers, 8 fewer than the previous year.[44]

Figure 60: Number of employees at DARS d.d.



44 GRI GS 401-1.

Figure 61: Employees at DARS by education level as at 31 December 2018[45]

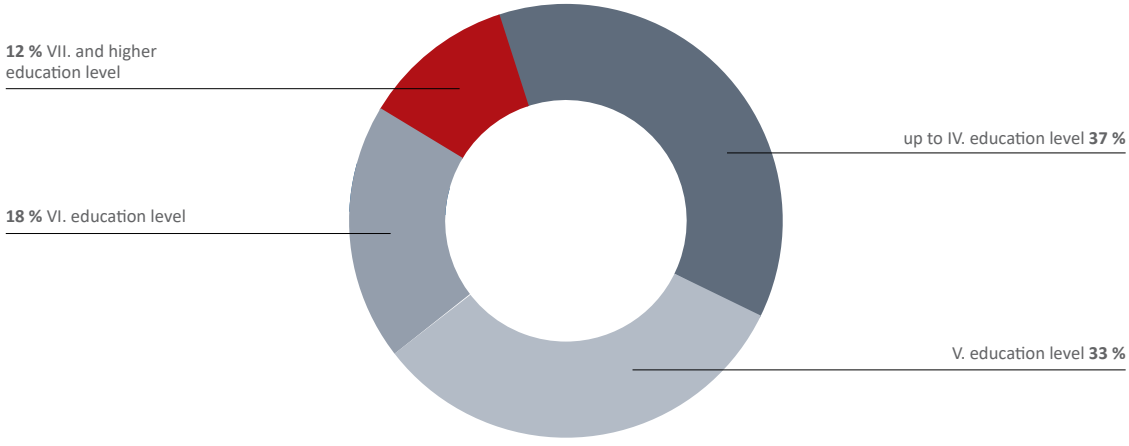


Table 11: Employees at DARS by type of employment (part-time, full-time) as at 31 December 2018[46]

Type of employment in respect of working hours	2015		2016		2017		2018	
	number	%	number	%	number	%	number	%
Part-time	16	1	16	1	15	1	11	0,9
Full-time	1262	99	1231	99	1225	99	1221	99.1
Total	**1242**	**100**	**1247**	**100**	**1240**	**100**	**1232**	**100**

Table 12: Employees at DARS by type of employment (fixed-term, permanent) as at 31 December 2018[47]

Type of employment	2015		2016		2017		2018	
	number	%	number	%	number	%	number	%
Fixed-term	28	2	20	2	34	3	4	0.3
Permanent	1214	98	1227	98	1206	97	1228	99.7
Total	**1242**	**100**	**1247**	**100**	**1240**	**100**	**1232**	**100**

Under the Collective Agreement, DARS d.d. employs 99% of all employees permanently.[48]

45 GRI GS 405-1.
46 GRI GS 102-8.
47 GRI GS 102-8.
48 GRI 102-41.

Table 13: Fluctuation

	2015	2016	2017	2018
Fluctuation in %	1.49	2.35	4.43	7

The main reasons for the fluctuation include an increased retirement and the transfer to the DarsGo tolling system for heavy goods vehicles. The Company recruited 85 persons, while 93 employees left, mostly aged between 61 and 69.[49]

The average total length of service of Company employees in 2018 amounted to 24 years, while the length of service of employees at DARS d.d. alone amounted to 14 years.

Figure 62: Employees at DARS by age as at 31 December 2018[50]

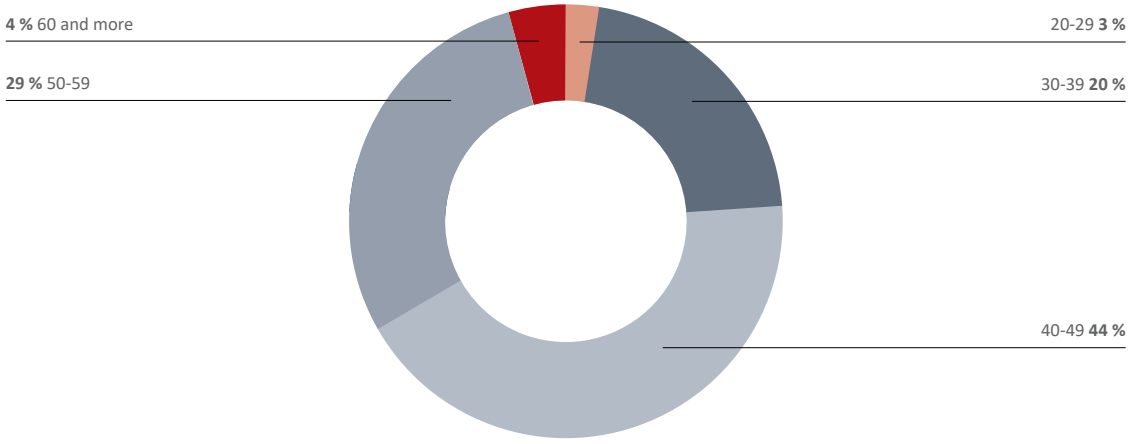
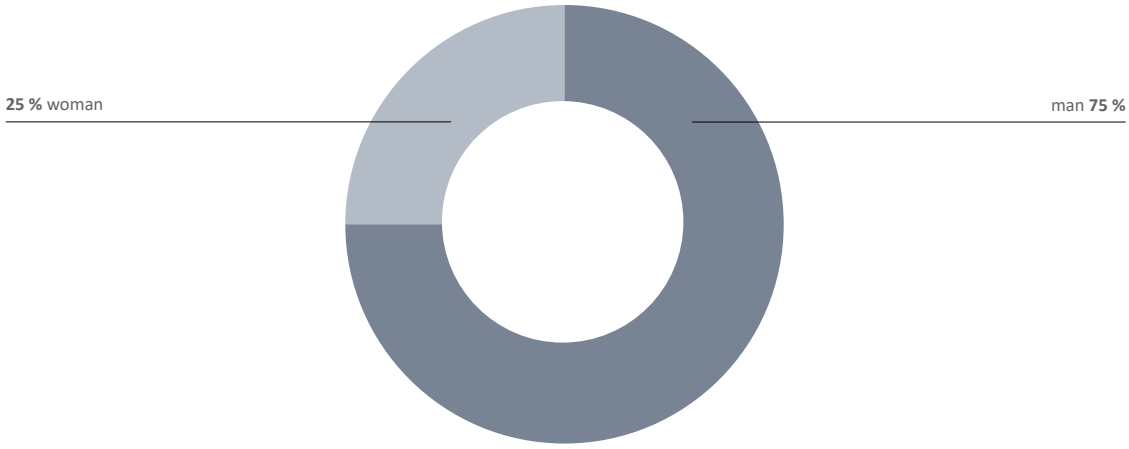


Figure 63: Employees at DARS by gender as at 31 December 2018[51]



49 GRI GS 401-1.
50 GRI GS 405-1.
51 GRI GS 405-1.

I.5.5.4 Knowledge is the basis of our performance[52]

The continuing development of expertise and technology is a constant feature in the massive flow of all other changes in which we operate. Sound predictions, an awareness of circumstances, proper understanding and decision-making is an ability held by only well-qualified expert associates. DARS d.d. appreciates the knowledge of its associates and manages it in a responsible manner. Skilled and well-qualified employees are the basis for efficient and successful Company operations, which is why DARS provides the continuous development of the knowledge, abilities and skills of its employees through proper training and education both within and outside the Company.

In 2018, different forms of training and education were attended by 2550 participants and a total of 28,634 training hours were conducted. On average, every employee trained for 23 teaching hours. Training is a systematically organised process that meets the needs of work processes and employee interests for upgrading their functional skills and expertise, thus allowing them to achieve personal growth. Training is organised according to the needs and wishes of associates in various forms of training.

The Company made sure that employees in the Tolling Department acquired new knowledge for the successful functioning of the DarsGo system, which was put into operation on 1 April 2018.

The Company enables associates to attend in-house training to the maximum extent and develop special skills related to Company operations and professional and personal competences. Employees can attend various in-house training courses, foreign language courses, computer courses and various workshops to develop personal competences and strengthen their health. In 2018, more attention in training was placed on the acquisition of specific expertise to ensure the operation of the new DarsGo tolling system for heavy goods vehicles, the use of information tools, new construction legislation, foreign languages and a healthy lifestyle to increase the quality of work and life. The Company also organised a field trip to Asfinag Austria, thus awarding its employees for their successful work and engagement. The Company provided more possibilities than the previous years to enable employees to attend external training in Slovenia and abroad, thus allowing them to obtain topical, specific and highly demanding skills, and to follow professional trends and legislative amendments in their area of work.

Promoting education

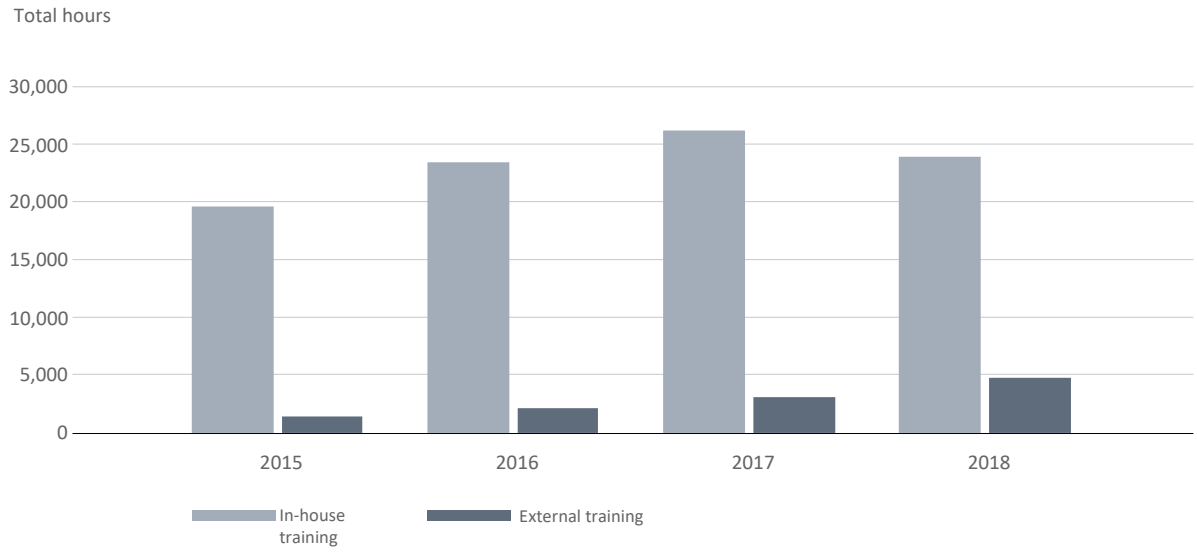
Education spreads knowledge and provides new opportunities for personal and professional development, which is why associates who wish to improve their level of education and enrol in work-study programmes are supported by the Company by way of co-financing their tuition fees and granting them paid leave of absence to perform their study commitments. In 2018, the Company co-financed tuition fees for 14 employees and granted educational leave of absence to 22 employees.

52 GRI GS 103-1, 103-2, 103-3, 404-1.

Table 14: Number of participants in education and training at DARS in the 2015-2018 period

No. of participants/year	2015	2016	2017	2018	2018/2017 index
In-house education and training	1727	2110	2143	2244	128
External education	119	165	210	306	146
Work-study programmes	10	17	17	22	129

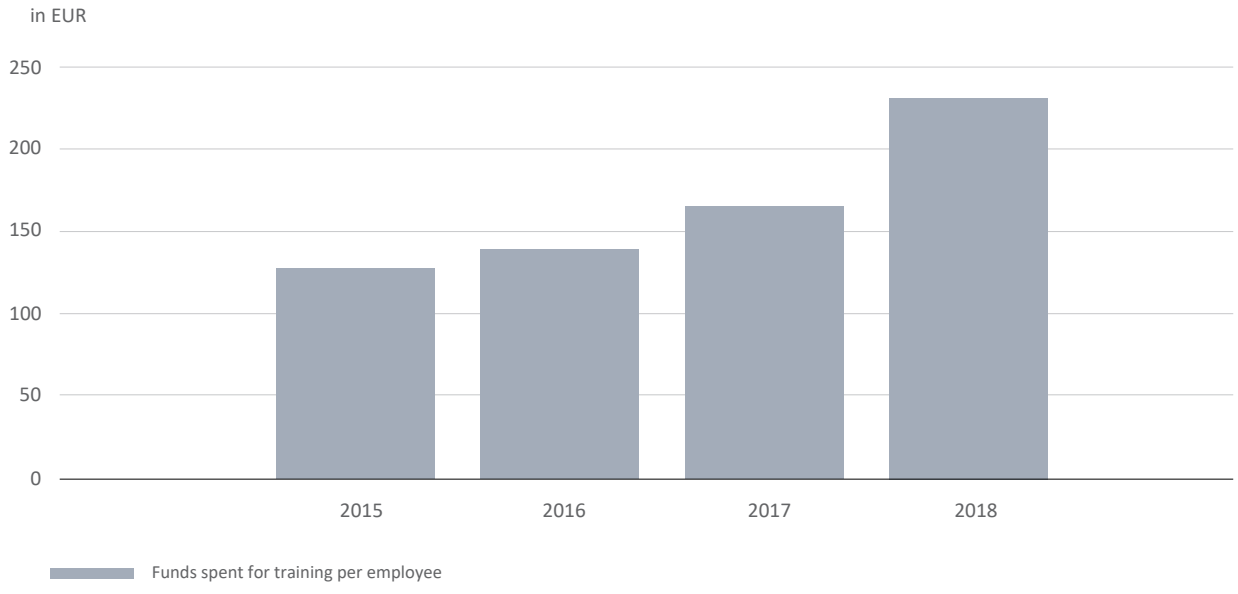
Figure 64: Number of training hours at DARS in the 2015-2018 period



Investing in people because it is a sound investment

Successful operations of DARS d.d. are not taken for granted. Success is brought about by people who know how to and are willing to achieve the set goals, people who care about the quality of the work performed and the satisfaction of users. Such people evolve within the organisation, develop, grow and become a part of the organisation through challenges. Investments in the knowledge of Company employees and hence their personal and professional development is a sound investment for DARS d.d. In 2018, 44% more funds were invested in employee knowledge than in the previous year.

Figure 65: The value of education and training per employee at DARS in the 2015-2018 period[53]



Helping with the first steps on the job

Many young people start working while they are at secondary school or university by doing an internship and thus obtaining practical work experiences and a realistic and professional insight into the area of their studies. In 2018, 25 secondary school and university students were accepted for internships in cooperation with educational institutions.

No. of participants/year	2015	2016	2017	2018	2018/2017 index
Internship	17	13	13	25	192

DARS managers on their way to leadership

Managers play an important role at DARS d.d. By setting an example and with their commitment and engagement at work, they influence their associates. Therefore, the Company measures the development of managerial competences in the 360-degree feedback model, striving to build competences towards leadership. In 2018, the Company assessed the managerial competences of managers at all managerial levels. A total of 132 managers were included in the competence measurement and the scores showed that Company managers were highly responsible in their work, abided by what was agreed, and had in-depth knowledge of their area of operations. The competence assessment improved compared to 2015, but that is merely the basis for the further intensive development of Company managers.

53 GRI GS 404-1.

I.5.5.5 Creation of a safe working environment[54]

DARS is aware of the importance of providing safety at work for its employees, since many employees perform extremely dangerous works on the road, where their safety not only depends on themselves, but also on road users' conduct. Therefore, safety was included in the 2017-2020 Strategy as one of the most important elements for the successful planning of Company development. One of the important operative strategic goals is to reduce the number of injured employees at work by 15% by 2020, which is why the Company has invested for years in the purchase of new and safer work equipment and in the organisation of a working environment that provides a high level of safety and health at work to employees. Upon the largest novelty in 2018 – the change of the tolling system for vehicles with a maximum permissible weight exceeding 3.5 tonnes, which abolished tolling at toll stations on the motorway (the elimination of the dangerous crossing of lanes for employees and exposure to exhaust gas, noise and draft) – another two important contributions to maintenance should be highlighted, i.e. the replacement of the machines used for cleaning tunnels and the acquisition of a machine for the manufacture of horizontal signs using the hot (thermoplastic) procedure.

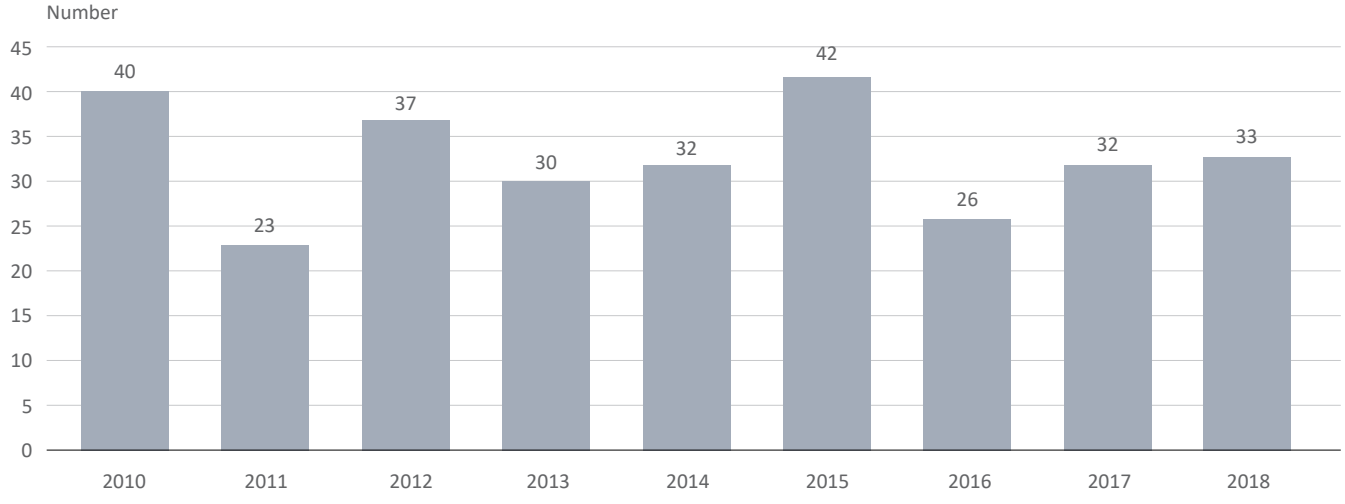
Commitment to the provision of safety is more than merely declarative. The Company expert services exchange experiences with motorway operators in neighbouring countries, monitor advancements in technology, analyse accidents and safety in the society, and propose new measures to improve safety. In addition to the usual permanent measures (employee training, work equipment checks, health check-ups, internal control, etc.), a revision of the risk assessment for safety and health at work was performed, based on which a series of measures was adopted to improve the safety of road users and Company employees.

ZDRAVJE NA POTI

Accidents at work[55]

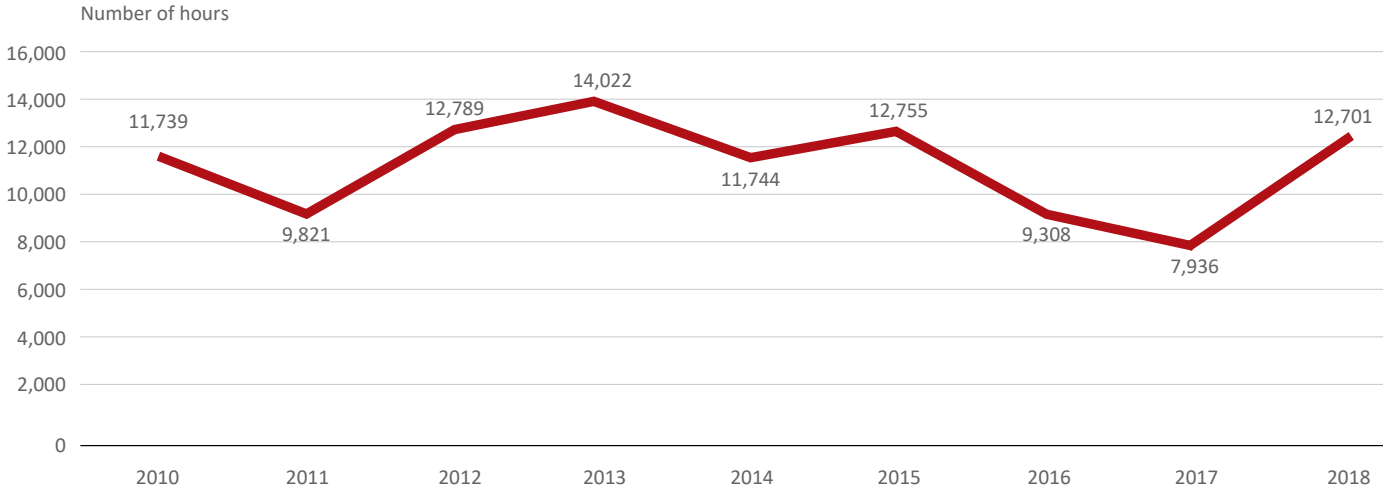
In 2018, there were 33 accidents at work or one more than the previous year. Most accidents resulting in injuries happened in quarter 1, when 12 employees were injured by falling on a snow-covered or icy surface. No injury led to the disability of an employee; however, sick leave was the highest in recent years. As many as 11 workers were on sick leave for more than 20 days.

Figure 66: Number of injured employees



54 GRI GS 103-1, 103-2, 103-3, 403.
55 GRI GS 403-2.

Figure 67: Sick leave in hours as a result of accidents at work



I.5.5.6 Organisational climate and employee satisfaction and engagement

Our organisational climate is an aspiration for quality

DARS d.d. checks the condition of its organisational climate every year, believing that employees can only optimally develop their potentials and motivation in an organisation in which they feel good. The results of the survey serve the Company as an initiative and commitment to preserve those organisational advantages that promote creativity, a sense of belonging and motivation in employees, and to improve areas where there are opportunities for development in the working environment.

The results for 2018 show improvements in innovations and initiatives, internal relations and management compared to 2017. It is pleasing and further encouragement for the implementation of measures prepared on the basis of the results that the total score of organisational climate and employee satisfaction has improved compared to the previous year. As in previous years, opportunities for development still exist in the reward scheme, career development and internal communications.

Improving employee engagement

The Company performs a survey on employee engagement every year using the Gallup methodology. We are aware that employee engagement cannot be taken for granted, but that it is rooted in organisational factors and sound management. In the recent period, a trend of improvement in employee engagement has been noticed at DARS. The share of engaged employees increased by 3.98%, while the share of actively non-engaged employees decreased by 2.43%, which is an important positive shift towards the engagement of Company employees.

LOGINS project: DARS joined the partner project of the KoC LOGIN competence logistics centre, within the scope of which it obtained €39,000 from the European Social Fund for employee training, which could be drawn in 2017 and 2018. In 2017, it organised training courses with a total value of €16,620 and, in 2018, in the value of €22,380. Within the scope of the project, 187 employees attended training.

POLNI CERTIFIKAT

Družini prijazno podjetje

Respect for the employee's family life

DARS has been a holder of the Family-Friendly Company certificate since 2015. The Company provides 16 measures that allow employees to better and more easily coordinate their job duties and family life, which were also implemented in 2018. At the beginning of 2018, an external audit of all activities was conducted and a positive opinion was given on the Company efforts. By concluding a new contract, DARS undertook to extend its activities to maintain the full Family-Friendly Company certificate.

The employees are grateful for the possibility of flexible time or arrival and departure from work with fixed central working hours, which enables employees with children to carry out their family and job duties more easily. Employees in distress can make use of anonymous and free-of-charge psychological support and co-unselling to overcome the trials of life more easily. We also think about the children of Company employees – they receive gifts upon their birth and during the New Year's holidays.

ZDRAVO, VARNEJŠE, BOLJŠE

DARS

Elderly employees are Company aces

With a responsible attitude towards the potential, knowledge and valuable experience of elderly employees, the Company joined in a project providing overall support for companies concerning active workforce ageing (ASI). Well aware that demographic and other changes in the labour market will not bypass this Company, the rich knowledge and experience of elderly employees are all the more appreciated and efforts are made to keep such employees active on the job for as long as possible. By participating in the project, the Company pursues the goal of preserving the knowledge and health of elderly employees, improving their well-being and motivation for work, and enhancing intergenerational cooperation at the Company. A strategy for the management of elderly employees has been prepared, which includes different preventive measures and training programmes in support of elderly employees that are regularly implemented.

Offering employees additional benefits and solidarity aid[56]

- DARS pays additional funds for supplementary pension insurance to 99% of its employees, i.e. €38 per employee, and further contributes 25% to an employee's own contribution;
- employees may take out accident insurance for themselves and their family members under favourable terms;
- DARS helped 56 employees in distress by providing financial solidarity aid in 2018;
- 177 employees received jubilee benefits.

Exemplary cooperation with social partners

DARS has a long-standing practice of cooperation with employees through social partners. Within the scope of the Company, there are two representative trade unions with which a special participation agreement or, rather, an agreement on employee participation in management has been created. The Company holds joint consultations with the Workers' Council for all foreseen status or organisational changes at least 15 days before a decision is adopted, and sends every document encroaching upon employee rights and obligations to the trade unions and the Workers' Council for an opinion.

Parental leave and part-time work[57]

Table 15: Parental leave and part-time work

	Women	Men	Total
No. of employees who came back from parental leave	18	1	19
No. of employees who came back from parental leave and still worked for the Company after 12 months	18	1	19
The rate of reinstatement and the rate of employee retention after the end of parental leave are 100%.			
No. of employees working part-time	3	0	3

56 GRI GS 201-3.
57 GRI GS 401-3.

Responsible concern for employees' health

The Company is aware that successful work requires knowledge, motivation and good health, which is why it has taken care of the employees' well-being and health for several years through various occupational health promotion activities, for which the Company already received recognition from the Ministry of Labour, Family and Social Affairs. In addition to other activities, employees can attend various forms of recreation throughout Slovenia outside their working hours. Employees can do group sports, fitness, pilates or swimming and the Company also organises a sports and recreation event for all its employees. It is pleasing to note that the share of employees attending recreational activities increased in 2018. Upon any disability or the changed working ability of an employee due to health impairment, special efforts are made to find an adequate solution. The Company employs 40 disabled persons who can work in work processes in line with their remaining working ability. All Company activities are the continuation of several years of efforts in that area and substantiate the award received in 2013 from the European Network for Workplace Health Promotion (ENWHP).

Promoting innovations and improvements

The Company continuously promotes new innovative and modern approaches and develops new or improves existing services rendered by the Company, while striving to improve energy efficiency. With a creative and innovative mind-set, we are aware that this is the only way to develop innovative services with high added value for the organisation, employees, users and the owner.

Employees at all levels of the organisation are committed to putting forth initiatives, improvements and innovations that increase the efficiency of business processes and the consumption of natural assets, preserve biodiversity and introduce new technologies.

Respecting human rights and dignity

DARS is actively committed to respect for human rights and takes appropriate action upon any violation. In 2009, DARS took a systematic approach to the consideration and prevention of unlawful practices and concluded an Agreement on the prevention and elimination of workplace harassment consequences at DARS d.d. with the Workers' Council, based on which it established a committee for the prevention and elimination of workplace harassment. In 2018, one notification was considered and, with the help of an external expert associate, no workplace harassment was established. Pursuant to the competences, the Board put forth measures to the HR management service to improve the existing situation.[58]

Diversity and equal opportunities[59]

The Company's Supervisory Board adopted the Diversity Policy of DARS d.d. in 2018, which was drawn up on the basis of the Slovenian Corporate Governance Code for Listed Companies and the Corporate Governance Code for Companies with Capital Assets of the State laid down by the Slovenian Sovereign Holding. The Policy lays down the approach to diversity in managing and supervisory bodies (Supervisory Board committees) of the Company. The Diversity Policy is used to promote diversity in the management and supervision, while setting criteria that allow the Supervisory Board to substantiate its choices. It is necessary to take into account all the relevant aspects of diversity to ensure that the managing and supervisory bodies have sufficiently diverse opinions, expertise and experiences needed for an in-depth understanding of current events and the management of long-term risks and opportunities related to Company operations.

The goal of the Policy is to promote the diversity of members in terms of knowledge, skills, experiences, professional qualification, age, gender, method of work and other aspects used to the benefit of the Company.

The purpose of the Policy is to increase the efficiency of the management and supervisory bodies of the Company as a whole, which will affect the development of the operations and business reputation of the

58 GRI GS 103-1, 103-2, 103-3, 406-1.
59 GRI GS 103-1. 103-2, 103-3, 405-1.

Company. The advantage of a diverse composition of the management and supervisory bodies is one of the essential elements in the preservation of jobs and competitive edges of the Company. The realisation of the Diversity Policy in management and supervisory bodies at the Company is at the focus of shareholders when they appoint the Supervisory Board, the Supervisory Board HR committee and in the assessment of the Management Board, the Supervisory Board and other Supervisory Board committees, and at the focus of the Workers' Council when appointing the Labour Manager.

The Supervisory Board HR committee and the Supervisory Board observe the Policy while appointing members of the Management Board, drawing up proposals for Supervisory Board members for the General Meeting, appointing members of the Supervisory Board committees, jointly specifying the terms for the appointment of the Labour Manager, and self-assessing the work performed by the Supervisory Board, which should also include an assessment of the composition of the Management and Supervisory Boards in terms of ensuring diversity.

The measurable goals of the selected diversity aspects are: compliance with the criteria for members of the management and supervisory bodies, such as the professional diversity of members, interdisciplinary knowledge, age structure, continuity of work and gender representation.

The implementation of the Policy is monitored by the Supervisory Board HR committee, which reports to the Supervisory Board on this at least once a year. The Supervisory Board reports annually on the implementation of the Policy within the scope of the Corporate Governance Statement, which is a component part of the Company's Annual Report.

Table 16: Structure of the management bodies by gender (as at 31 December 2018)

Body	Men	Women	Total	men in %
Supervisory Board	5	1	6	83.3
SB HR committees	2	1	3	66.7
SB audit committee	2	2	4	50.0
Management Board	4	0	4	100.0
Department managers	2	1	3	66.7
Workers' Council	12	3	15	80.0
Total	**27**	**8**	**35**	**77.1**

Since the Diversity Policy of DARS d.d. was adopted in October 2018, the first report will be made for 2019.[60]

Figure 68: Responsibility towards the environment

I.5.6 Responsibility towards the environment

In light of its mission, the Company has built and managed a motorway network that is closely linked with the natural environment during the spatial positioning stage, management stage and future motorway network development stage. The Company is committed to environmentally friendly actions in all stages of operations and the continuous reduction of adverse environmental impacts.[61]

60 GRI GS 405-1.
61 GRI GS 103-1, 307.

I.5.6.1 Systematic environmental and energy management[62]

DARS systematically manages the environment and energy, as confirmed by the acquired and successfully maintained international ISO 14001 and ISO 50001 standards.


SIQ

Certifikat / Certificate

za
sistem vodenja

DARS d.d.
Ulica XIV. divizije 4, 3000 Celje
Z organizacijskimi enotami/lokacijami navedenimi v prilogi E-527/03

Upravljanje, vzdrževanje in cestninjenje avtocest in hitrih cest
ter organiziranje in vodenje investicij

ima vzpostavljen in ustrezno vzdrževan sistem vodenja,
ki izpolnjuje zahteve standarda

ISO 14001:2015

Certifikat št. / Datum certifikacije
E-527 / 2015-03-31

Izdaja 03 / 2019-02-13 Velja do: 2021-03-31
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ter organiziranje in vodenje investicij

ima vzpostavljen in ustrezno vzdrževan sistem vodenja,
ki izpolnjuje zahteve standarda

ISO 50001:2011

Certifikat št. / Datum certifikacije
En-018 / 2017-02-01

Izdaja 02 / 2019-02-13 Velja do: 2020-02-01
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SIQ Ljubljana, Tržaška cesta 2, 1000 Ljubljana, Slovenija

Attainment of compliance

An important part of the systematic management of the environment and energy is the management of all compliance requirements, meaning that all environmental and energy aspects are equally included in the compliance provision process.

Regarding the environment and energy, no major deviation from the legal and other requirements was identified. Based on several inspections, only one reprimand was issued by the Ministry of Agriculture, Forestry and Food with a fine of €30, one decision, which was successfully realised, and one written warning.[63]

Cooperation with outsourcers and suppliers

Cooperation with outsourcers and suppliers is a component part of the Company management systems and is systematically managed. Regarding the environment and energy, it is vital that cooperation is based on public procurement, which includes the Decree on green public procurement, as laid down in detail in the chapter Responsibility to suppliers.

62 GRI GS 103-2, 103-3, 307.
63 GRI GS 103-1, 103-2, 103-3, 307-1.

Use of materials[64]

The total volume of materials used for investments is evident from the construction logbook for a particular project, which is also the basis for billing the works. Amounts are shown in line with the inventory of works and in various metric units.

As the motorway and expressway operator, DARS considers information on the length of newly built roads and reconstructed sections in a particular year as important in terms of sustainability.

Table 17: Length of reconstructed carriageways and newly built roads

	2015	2016	2017	2018
Length of reconstructed carriageways of individual sections (km)	44.41	37.06	26.54	50.28
Length of newly built roads (km)	5.03	0	7.26	5.69

In the following Sustainability Reports, DARS d.d. will present the amounts of reused or recycled materials resulting from the fulfilment of the requirements laid down in the Decree on green public procurement, as described in the chapter Construction waste.

I.5.6.2 Siting of motorways and expressways [65, 66]

Spatial positioning and siting is a process that enables harmonious spatial development with the consideration and alignment of developmental needs and interests with public benefits and environmental protection, the preservation of nature and cultural heritage, the protection of natural resources and protection against natural and other disasters.

The national infrastructure, which includes motorways and expressways, is positioned on-site by way of the national spatial plans (NSP). The national spatial plan as adopted by the Slovenian Government includes all spatial arrangements planned, identifies their area, spatial and implementing conditions, permitted deviations and provides the basis for the preparation of building permit designs and the acquisition of the land required for construction. Procedures to prepare NSPs are run and coordinated by the ministry responsible for spatial planning, the initiator for NSP preparation is the ministry responsible for transport, the entity contracting expert bases and NSP is the investor, with the other participants in the procedure being the spatial planning developers, the service responsible for a comprehensive and normal environment impact assessment, the municipalities (local communities)[67] and the general public.

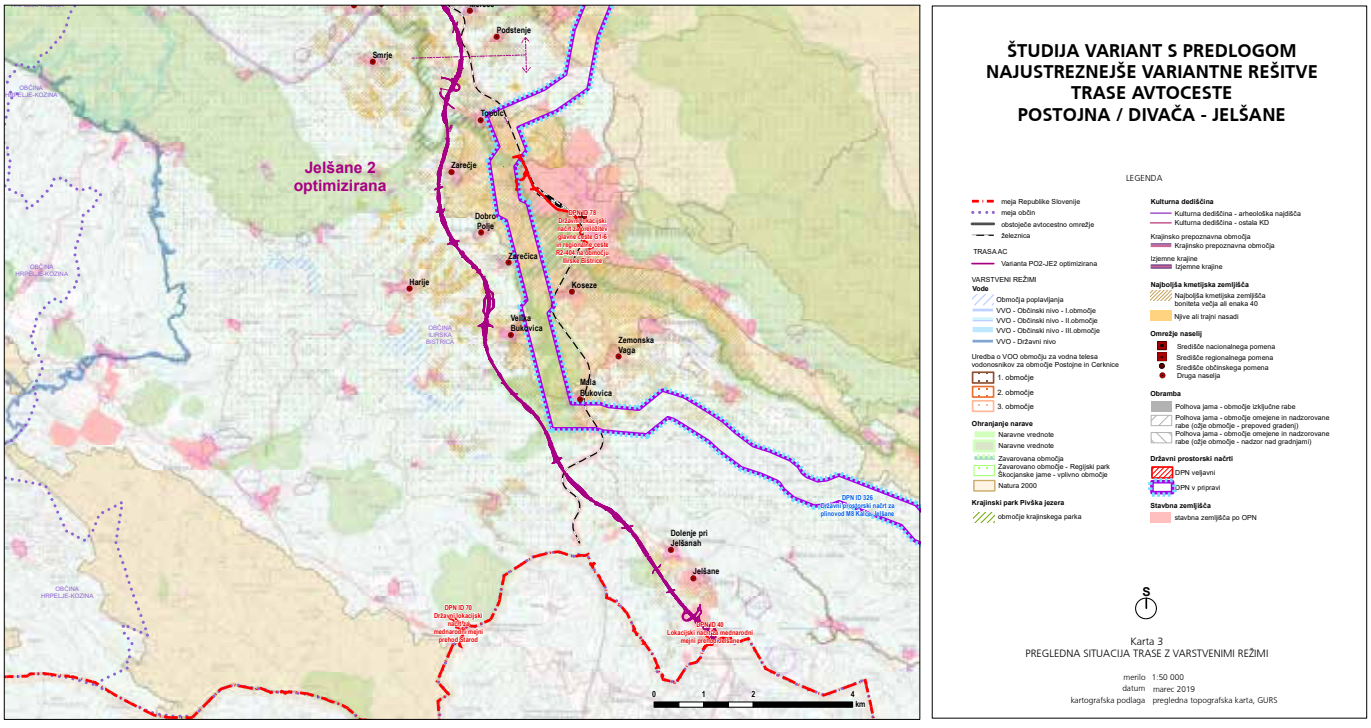
DARS d.d. carries out individual tasks related to the spatial planning and siting of motorways in procedures to prepare the NSP and provides all documents required for the latter.

The procedure to position a motorway on site starts with the preparation of an initiative, which is followed by a decision on NSP preparation. In the continuation of the procedure, a study of the variant solutions is made with a proposal for the most suitable variant that will provide the basis for NSP preparation for the selected variant and the adoption of the NSP decree. All the mentioned key documents are adopted or confirmed by the Government of the Republic of Slovenia.

In line with the Spatial Planning Act, it is necessary to perform an overall environmental impact assessment for spatial works that could have a major impact on the environment, which includes motorways, during the siting stage and an environmental impact assessment procedure in the further design stages. In such procedures, environmental impacts are identified and assessed, along with the inclusion of environmental protection requirements, nature conservation, and health and cultural heritage protection in the plan, and approval of its acceptability is obtained from the ministry responsible for the environment.

64 GRI GS 301-1.
65 GRI GS 102-11, 102-15.
66 GRI GS 103-2, 103-3, 304-1, 304-2, 304-3.
67 GRI GS 103-1, 103-2, 103-3, 413-1.

Figure 69: Extract from the overview of the feasible variant solution for the Postojna/Divača - Jelšane MW with conservation regimes in the area



Environmental protection is a major aspect in the process of variant solution planning, while its environmental acceptability is the key to the assessment of its overall acceptability. Some 10% of the land in Slovenia falls within the nature conservation areas, 35.5% falls within Natura 2000, and there are also cultural heritage conservation regimes, water protection areas and prime farming land areas to be taken into account. In particular, it is necessary to take due account of future climate change, as any structures that are designed must withstand it. Works in flood plains are particularly demanding.

Since 1998, 150 environmental permits have been issued for individual road sections, alignment sections or structures.

In 2018, siting activities were carried out for the following important projects (including cooperation with the local community):[68]

- Slovenj Gradec - Dravograd,
- Otiški Vrh - Holmec,
- Šentrupert - Velenje,
- expansion of the Ljubljana ring road and radial roads,
- Ptuj - Markovci,
- Postojna/Divača - Jelšane,
- Koper - Dragonja.

68 GRI GS 413-1.

Figure 70: Pomurje motorway leg

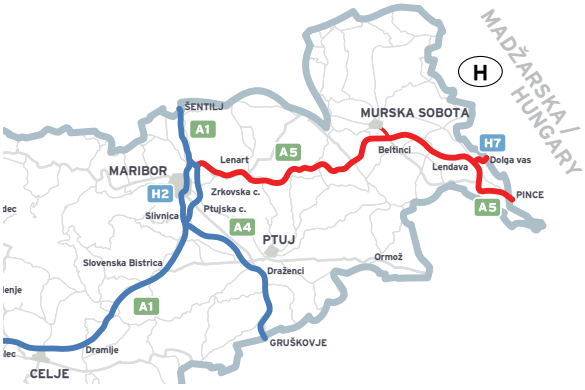


Figure 71: Establishment of a replacement biotope for amphibians

I.5.6.3 Concern for the preservation of biodiversity[69]

A special challenge when positioning motorways is to preserve biodiversity, since Slovenia features extremely diverse and relatively well-preserved nature. Therefore, Slovenia is an area with above-average biodiversity and one of the richest natural environments in Europe and the world.

The greatest risk in the positioning of demanding infrastructure such as motorways is the risk of a high level of fragmentation of natural habitats. Therefore, the inclusion of principles for the preservation of biodiversity in spatial planning procedures is vital to make the planned spatial interventions admissible.

Planning is based on the avoidance of areas of high environmental value. If that is not possible, it is necessary to provide suitable passages linking deer and other wildlife habitats to preserve them. In case of works in special bird conservation areas, which cover 27% of Slovenian territory, replacement habitats are also provided to reduce the impact to an acceptable level. When the motorway alignment encroaches upon an important nature conservation area with any of various statuses or the NATURA 2000 area, it is necessary to provide replacement habitats as a measure for nature conservation.

An example is the Pomurje motorway leg, where replacement habitats were provided – one of the first examples of this kind of nature conservation measure.

Spodnja Senarska - Cogetinci section:
- Verjane (establishment of a replacement biotope for amphibians),
- Komarnica (establishment of a replacement biotope for amphibians and the conservation of marsh meadows).

Beltinci - Lendava section:
- Gosposko (establishment of a rough meadow),
- Črni log - Hotiška gmajna (afforestation).

Lenart - Spodnja Senarska section:
- Komarnik north (establishment of rough meadows),
- Črni les (replacement biotope for amphibians),
- Kamenšak north (establishment of rough marsh meadows and the re-establishment of blind river branch Globovnica,
- Kamenšak south (afforestation between the forest and the motorway),
- daffodil site in Veržej (site arrangement).

Lendava - Pince section:
- Petišovci (establishment of a replacement biotope for amphibians).

69 GRI GS: 103-1, 103-2, 103-3, 304-1, 304-2, 304-3.

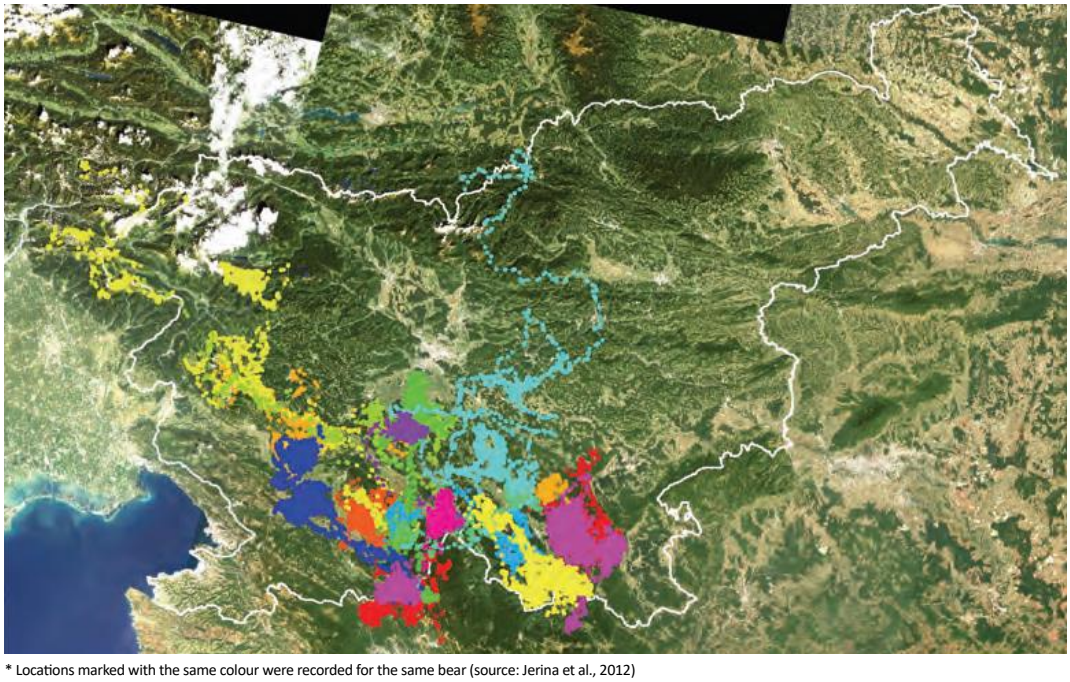
The Company started activities in 2018 to produce expert bases to ensure adequate migration corridors for large beasts and other types of large mammals on the Vrhnika - Postojna motorway section.

The purpose of the task is to reduce the fragmentation of migration habitats for species by establishing passages for wild animals across the Vrhnika - Postojna motorway section (primarily for types from the group of mammals). To this end, a study will be performed that will sum up the findings from the already performed monitoring of wild animal roadkill. Based on the findings, structures will be arranged for the passage of animals. For design purposes, the study will also lay down guidelines for designing proper measures (locations, form, size, planting the structure and the surroundings, etc.).

Since its establishment in 1993, DARS d.d. has ensured all the necessary measures to ensure the reduced fragmentation of migration habitats for species by establishing passages for wild animals during the siting and construction of MW and EW sections pursuant to the requirements of competent services and spatial developers.

On the Vrhnika - Postojna motorway section measuring some 30km in length, which is the first constructed section of a modern 4-lane motorway in Slovenia, DARS d.d. started monitoring in 1997 with the aim of finding optimal locations to erect bridging structures and provide other possible measures that would reduce the fragmentation of habitats in the area of the Vrhnika - Postojna motorway section, thus enabling animals (predominantly bears) to cross the motorway safely. Monitoring was completed with the paper "Expert bases for the construction of bridging structures (ecoducts) for the safer passage of the brown bears (Ursus arctos) and other large mammals across the Vrhnika - Razdrto - Čebulovica motorway sections (Department of Forestry and Renewable Resources, Biotechnical Faculty, University of Ljubljana, and Slovenian Forestry Institute, November 2000)". In the conclusion of the study, three areas of the most likely brown bear crossings were defined, i.e. between Verd and Planina, between Unec and the Ravbarkomanda viaduct, and between Razdrto and Čebulovica. Further measures for animal passages were proposed for the first two areas (between Vrhnika and Postojna), while no additional measures were found to be necessary for the last area (between Postojna and Čebulovica).

Figure 72: GPS locations of 33 monitored bears in the 2005-2011 period*



* Locations marked with the same colour were recorded for the same bear (source: Jerina et al., 2012)

In previous years, several measures were implemented at that section (e.g. the erection of electric safety fences) in cooperation with DARS d.d., along with performance monitoring. Currently, the project LIFE DINALP BEAR (the comprehensive management and conservation of brown bears in the northern Dinaric Mountains and the Alps) is being implemented.

I.5.6.4 Energy management[70]

DARS d.d. ranks among the large energy consumers in Slovenia with an annual energy consumption of 47.3 GWh or 169 TJ (in 2018). With respect to Company processes, which are characterised by the need for lighting and road management and maintenance, electricity accounts for the largest share in the total energy consumption (49.9 %), followed by fuel (39.3 %). A minor share of energy is used for heating facilities and this area requires an important element of energy management due to the significant potentials for optimisation.

The DARS d.d. Strategy for 2017-2020 places great importance on energy efficiency and environmental protection, thus laying down an operative goal referring to the improvement and key energy efficiency indicators in order to rationalise costs:

- the electricity consumed will reduce by 7% by 2020 compared to 2015 with respect to the existing condition of electricity users;
- reduced energy consumption for heating by 10% until 2020 with respect to the baseline year of 2015;
- to reduce CO_2 energy emissions for heating by 20% until 2020 with respect to 2015.

Total energy consumption

The table below shows the energy consumption and trends in energy consumption by energy product. A comprehensive approach to managing energy and pertaining measures has allowed the Company to reduce electricity consumption. The table below does not include energy consumption by MW and EW users.

Table 18: Energy use (MWh)

		2015	2016	2017	2018
Electricity	MWh	25,735	25,181	24,526	23,598
Fuel*	MWh	16,384	17,538	16,369	18,662
Natural gas	MWh	1866	1524	1676	1443
LPG propane	MWh	2018	2253	2123	1964
LPG propane butane	MWh	1171	1225	1105	852
Fuel oil	MWh	238	344	291	238
District heating	MWh	586	810	778	638
Total	**MWh**	**47,998**	**48,875**	**46,868**	**47,395**

* At the beginning of 2018, all motorway branches were furnished with mobile pumps and the standard system for fuel consumption and conversion to MWh was updated, which resulted in changed data for the 2015-2017 period.

70 GRI GS: 103-1, 103-2, 103-3,302-1, 302-3, 302-4.

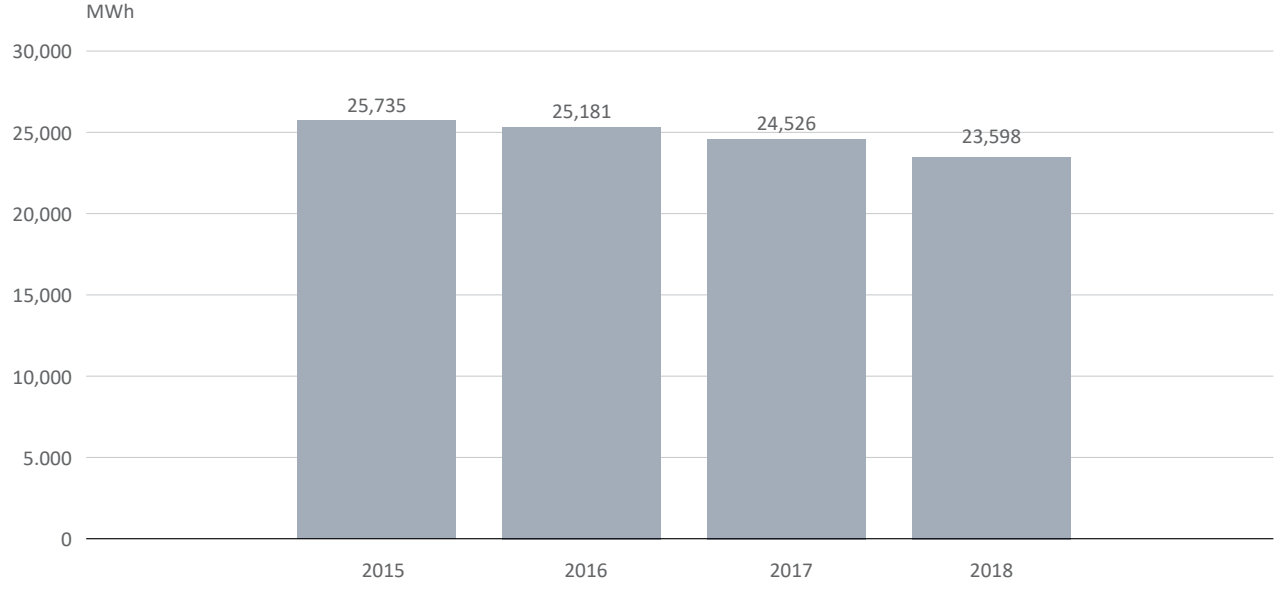
Table 19: Energy use (TJ)[71]

		2015	2016	2017	2018
Electricity	TJ	87	93	91	88
Fuel	TJ	63	59	63	59
Natural gas	TJ	6	7	5	6
LPG propane	TJ	5	7	8	8
LPG propane butane	TJ	4	4	4	4
Fuel oil	TJ	1	1	1	1
District heating	TJ	2	2	3	3
Total	**TJ**	**167**	**172**	**176**	**169**

Electricity

Within the scope of the introduced measures, the Company reduced the total electricity consumption despite enlarging the motorway network and opening a new MW section (Draženci - Gruškovje) for traffic, as is evident from the chart below.

Figure 73: Total electricity consumption (MWh)[72]



71 GRI GS 302-3
72 GRI GS 302-3

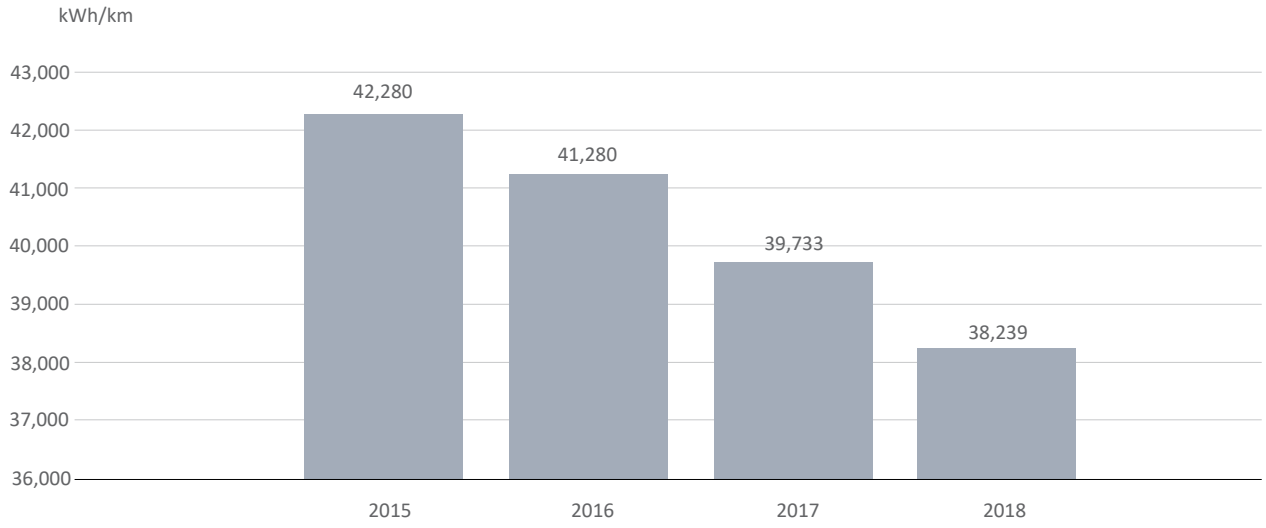
The largest group of electricity consumers includes tunnel equipment, which accounts for 59 % of the total electricity consumption at the Company. Electricity in tunnels is mainly used for lighting, ventilation and other purposes.

The second-largest electricity consumer is street lighting. The Company successfully manages measures to optimise lighting (the replacement of lamps with more energy-efficient ones, the optimisation of regulation, etc.) and, with respect to the system complexity, also optimises the cost of electricity take-off points with respect to tariff items.

The third-largest group of electricity consumers at the Company accounting for 12% of the total consumption is electricity intended for the operation of motorway maintenance centres (MMC) and toll stations (TS). Due to toll system changes in 2018, the role or purpose of the toll stations is changing, since some toll stations are being eliminated or rearranged into toll control points.

The chart below shows the effects of the measures introduced in electricity management per kilometre of maintained MW.

Figure 74: Sotal electricity consumption per MW kilometre (KWh/km)



Fuel for the vehicle fleet

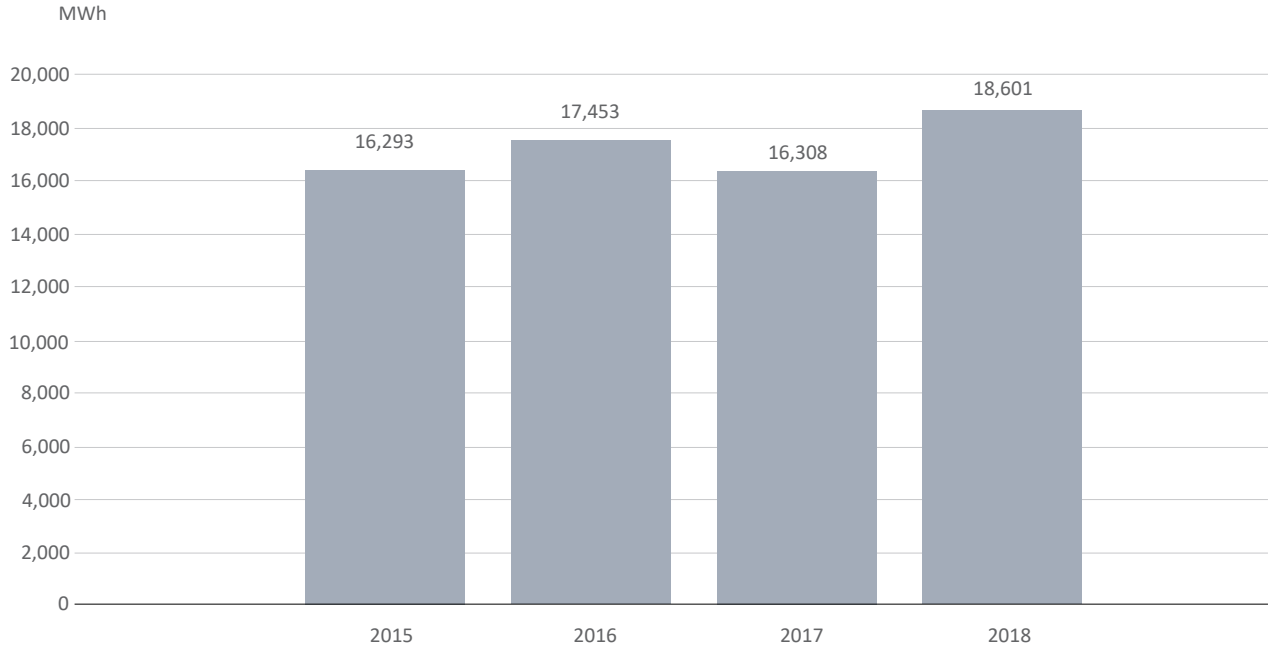
In 2018, the Company had 703 work vehicles, 190 of which were heavy goods vehicles intended for winter service and summer maintenance, 150 were light trucks primarily used for regular inspections and minor maintenance works, 116 were combination vehicles, 43 were special-purpose vehicles used for the special-purpose maintenance of structures and the alignment, 43 were universal vehicles used for winter, summer and technical maintenance, and 161 were various working machinery used for winter and summer maintenance. In 2018, the Company recorded above-average precipitation in the winter; there were some 30% more snow days and some 15% more cold days than average, which reflected in the increased use of grit material and more kilometres travelled during ploughing and preventive gritting. This also increased the consumption of diesel fuel to above average. To reduce the consumption of fuel and grit material, the Company is introducing a wet salting system using NaCl solution, which allows it to carry out preventive gritting faster and at longer intervals, since the solution stays on the carriageway. Furthermore, the vehicle fleet is being modernised with new, ecologically cleaner vehicles.

In 2019, it is planned to make a test purchase of a light truck for road inspection and a combined gas-powered vehicle.

Own pumps for diesel and AD Blue fuel additive were set up at all MMCs.

In addition to the mentioned work vehicles, the Company had 157 passenger vehicles and 27 toll supervision vehicles in 2018.

Figure 75: Annual fuel consumption



Heating

The largest energy consumers are 9 motorway maintenance centres and 6 branches, which are followed by the office building in Celje and other facilities.

The year 2018 was a breakthrough year for heating, since conditions changed significantly upon the deployment of the DarsGo system on 1 April 2018. Energy consumption for heating toll stations reduced significantly with the abolition of toll booths and as the heating of office buildings at toll stations was adjusted to new conditions.

In addition to relatively favourable outdoor temperatures, the reduced consumption of energy products was also the result of the mentioned abolition of certain toll structures, the successful implementation of the Energy Information System ("EIS") at 6 facilities in the east cohesion region, installation of energy meters at all locations, the completion of stage 1 of the energy efficiency improvement of MMC Hrušica and Hrušica toll station, and successful training and the provision of information to facility managers and caretakers.

The result of these facts executed in 2018 is evident from the diagram showing energy consumption for heating (5135 MWh in 2018) and energy consumption per m2 of heated surface (109 kWh/m2). An opportunity to reduce energy consumption is seen in the active promotion of efficient energy use among facility caretakers, the implementation of EIS among all consumers and compliance with the requirements of the Rules on the efficient use of energy in designed building renovations.

Figure 76: Energy consumption for heating

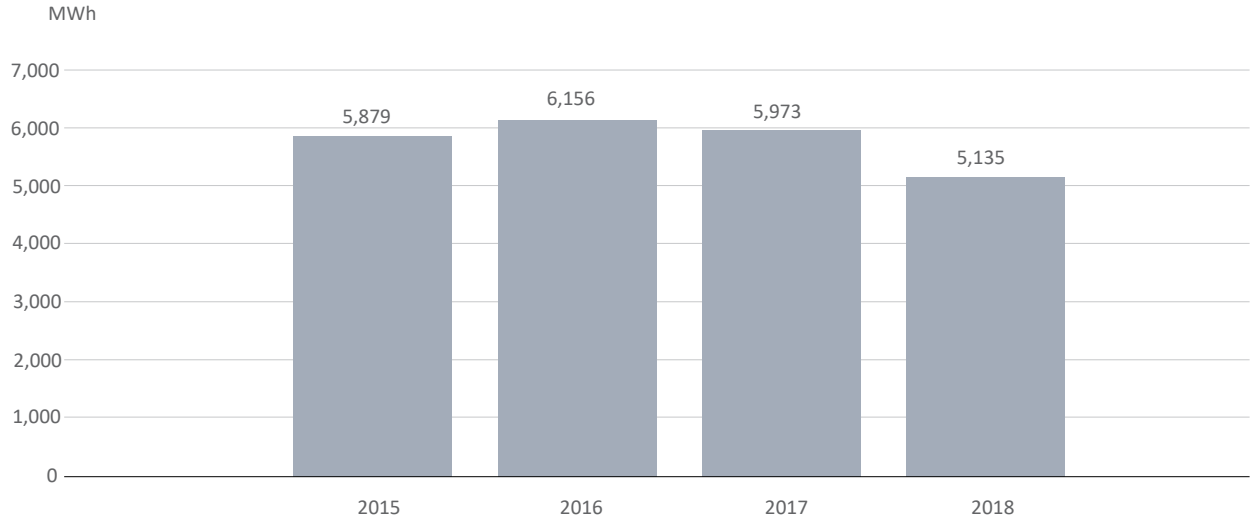
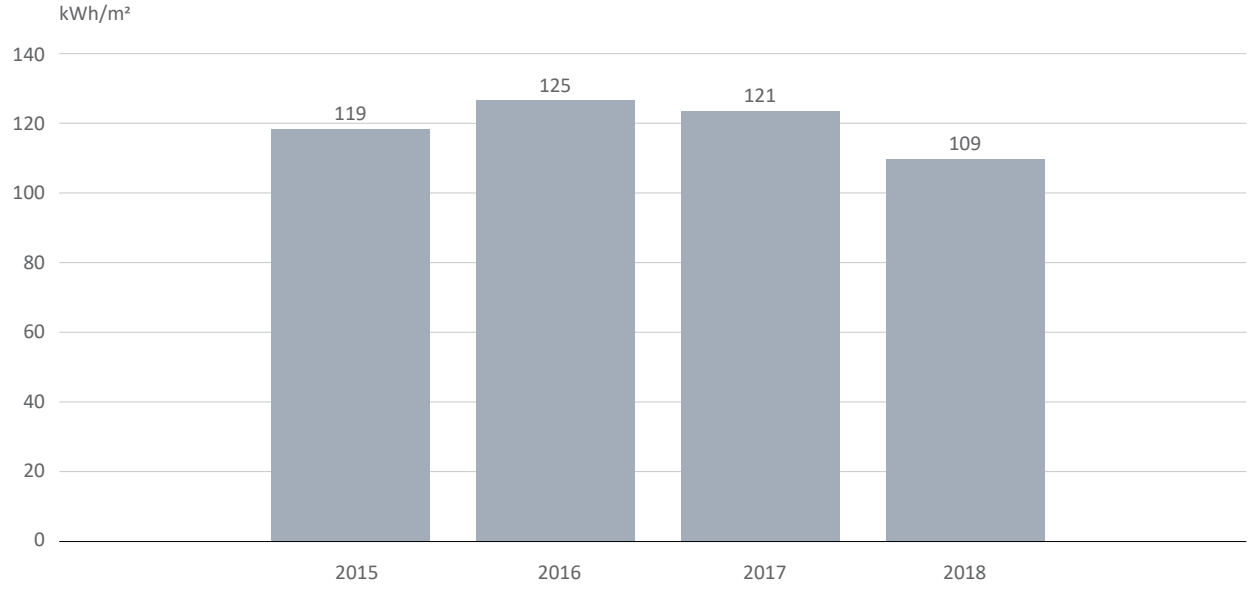


Figure 77: Heat consumption per m² of heating surface



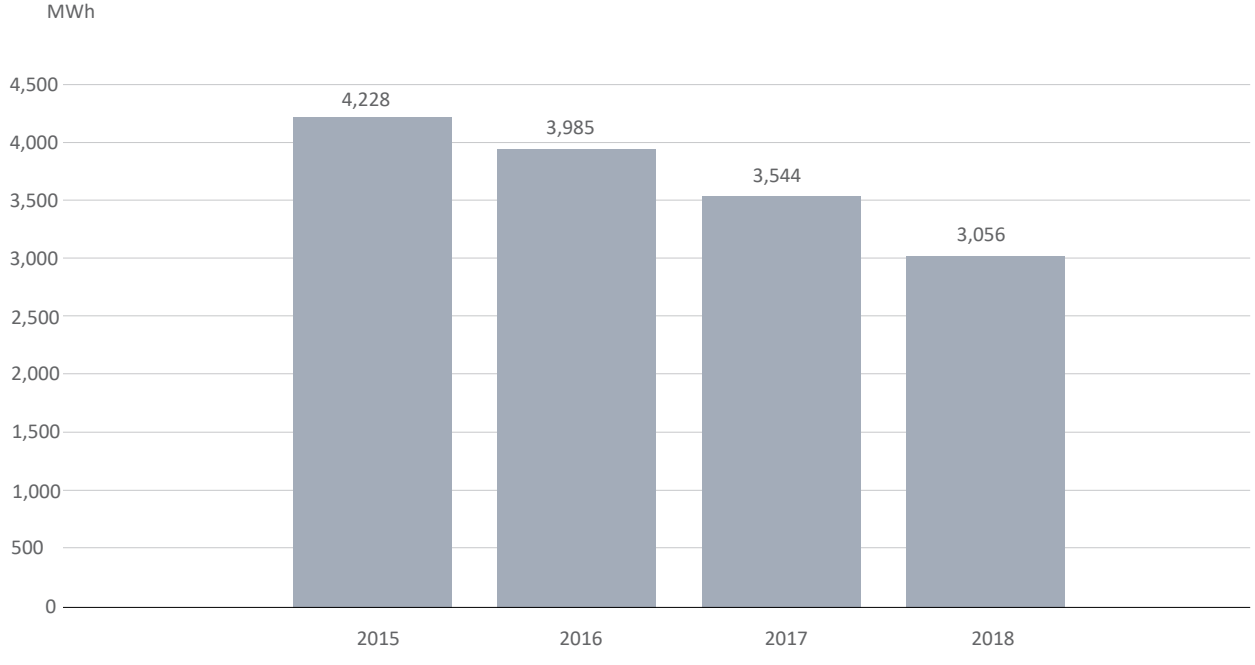
I.5.6.5 Light pollution

Light pollution is the emission of light from light sources that increases the natural illumination of the environment. The International Commission on Illumination (CIE) does not use the term “light pollution”, but the term “light trespass”. Slovenia was one of the first EU Member States to adopt a Decree on limit values due to light pollution of the environment. The Decree requires the lighting operator to use lamps with an upward light output ratio of 0% (ULOR = 0), thus reducing the electricity consumption intended for lighting.

In 2016, stage 1 lighting replacement was completed, in which inadequate lights on the Dolenjska and Primorska MW legs and on the Ljubljana ring were replaced. The stages were broken down into the following lots:
- lot 1: A1 Šentilj - Koper; Ljubljana - Koper and H6 Koper - Semedela,
- lot 2: A2 Karavanke-Obrežje; Ljubljana-Obrežje and the Ljubljana ring road,
- lot 3: A3 Gabrk - Fernetiči and H4 Razdrto - Vrtojba.

The reduced electricity consumption for lighting is an indicator of reduced light pollution, which is shown in the chart below based on the successful completion of several stages of lighting replacement.

Figure 78: Electricity consumption for stages 1, 3 and 4 of lighting replacement



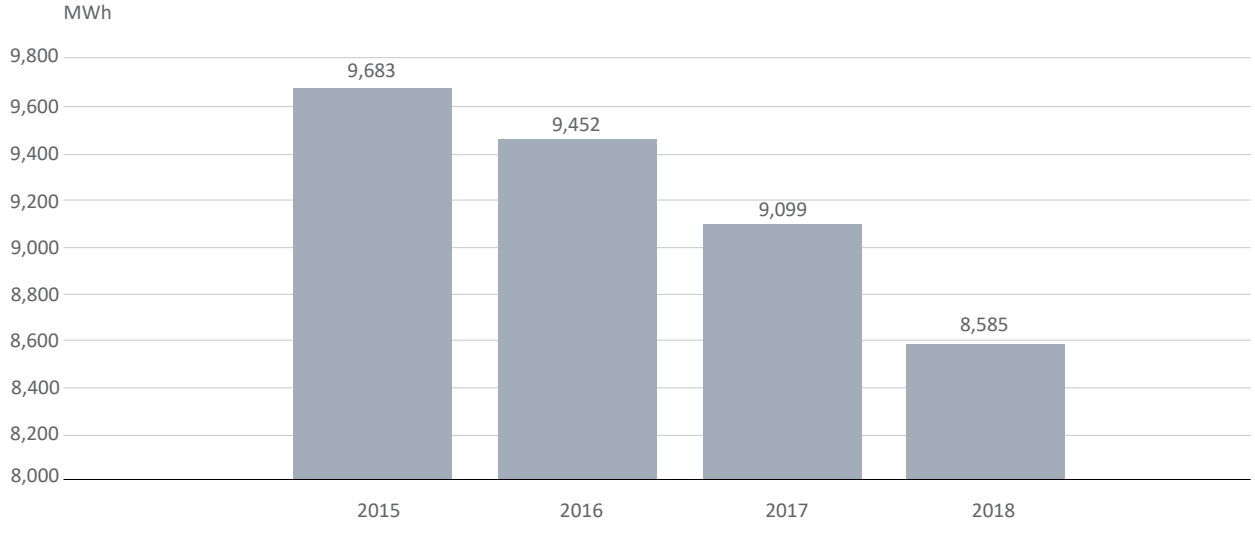
In stage 2, lights at all MMCs were replaced.

In 2018, the Company completed stages 3 and 4 of lighting replacement, whereupon 1500 lamps were replaced at the following sections:

- A1 Šentilj - Koper,
- A2 Karavanke - Obrežje,
- A5 Maribor - Pince,
- H2 Pesnica - Maribor (Tezno),
- H3 Zadobrova - Koseze; Zadobrova - Tomačevo (lighting in the central reservation from the Tomačevo roundabout to Zadobrova interchange),
- H5 Škofije - Srmin - Koper,
- H7 Dolga vas - Hungarian border.

The figure above includes all the metering points at motorway junctions where the lighting was replaced and electricity meters installed. The data does not include places where investment maintenance needs to be carried out but where the Company has no electricity meter (petrol stations).

Figure 79: Electricity consumption – lighting (MWh)



In addition to outdoor lighting on the motorway network, the Company executed a tender procedure under which lighting will be replaced with LED lamps in addition to electrical and mechanical equipment in the Golovec tunnel and the Strmec cut-and-cover.

The figure above shows the reduced electricity consumption intended for overall lighting. In addition to the measures implemented with the replacement of lamps, the graph also shows reduced consumption on account of the abolition or changed intended use of toll stations.

I.5.6.6 Carbon footprint monitoring[73]

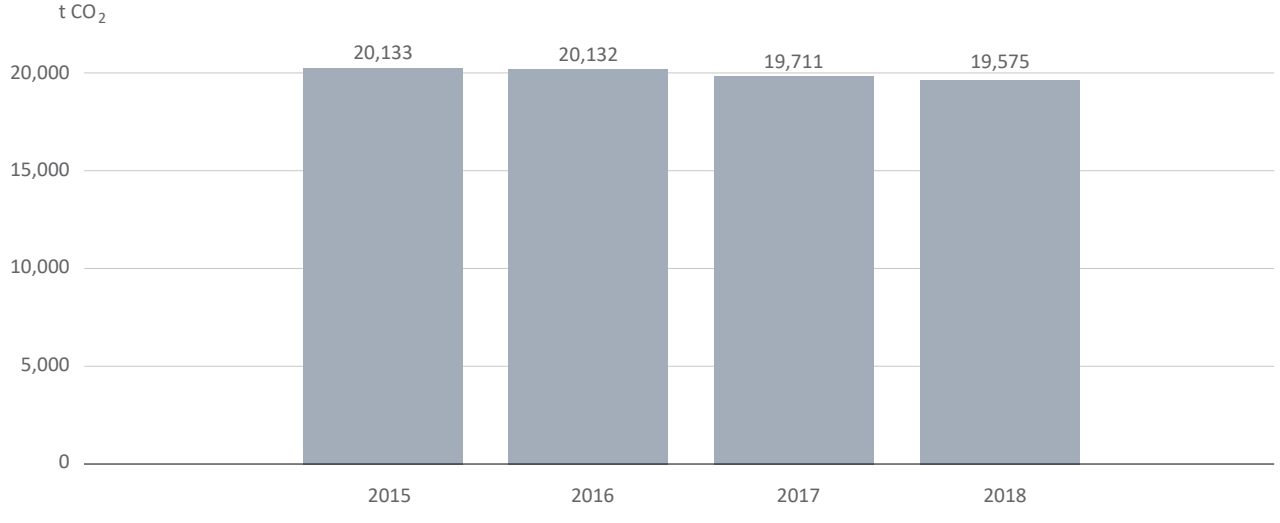
Carbon footprint is the total amount of greenhouse gas emissions related to the operations of DARS d.d. The carbon footprint calculation at the Company level took into account all indirect greenhouse gas emissions (CO_2 and others) that are produced due to DARS d.d. locations.

The calculation of the carbon footprint took into account the emission factors that are indicated in ANNEX III: Emission factors for determining reduced carbon dioxide emissions, page 1996 / No. 14 / 24 March 2017, Official Gazette of the Republic of Slovenia).[74]

These include: fuel consumption for own vehicle fleet, energy consumption for heating (natural gas, LPG propane, LPG propane butane, extra light fuel oil (ELFO) and district heating), loss of coolants, employees' transport to and from work, transport by aircraft (European and overseas flights). The carbon footprint calculation also took into account indirect emissions deriving from the use of purchased energy, i.e. the consumption of electricity, heat, water and auxiliary materials. The calculation does not include the amount of greenhouse gas emission generated by MW and EW users. Chapter I.5.6.7 shows reduced fuel consumption by the users of vehicles with a maximum permissible weight exceeding 3.5 tonnes due to the deployment of the DarsGo system.

Despite opening new MW sections in 2017 and 2018, the value of the carbon footprint has decreased from year to year due to measures to reduce the consumption of energy products, as is evident from the picture below:

Figure 80: Carbon footprint by year

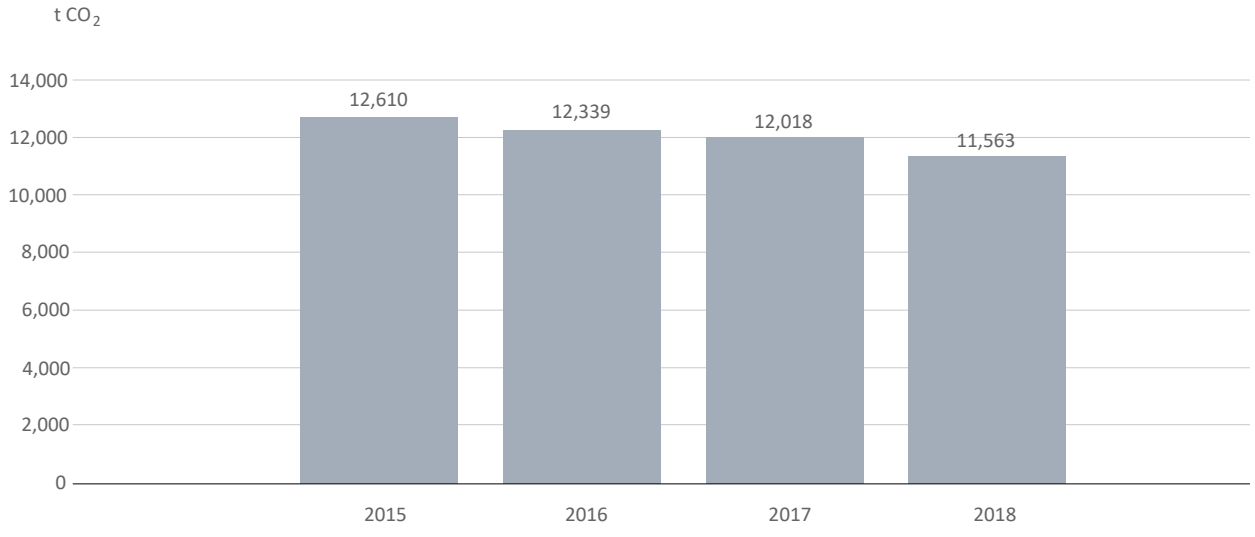


Note: At the beginning of 2018, all motorway branches were furnished with mobile pumps and the standard system for fuel consumption for diesel and petrol was updated, which resulted in changed data for the 2015-2017 period.

73 GRI GS 103-1, 103-2, 103-3, 305-1.
74 GRI GS 103-1, 103-2, 103-3, 305-1.

With respect to the measures introduced to reduce electricity consumption, the carbon footprint also reduced.

Figure 81: Carbon footprint – electricity



I.5.6.7 Reduced fuel consumption by motorway users for vehicles with a maximum permissible weight exceeding 3.5 tonnes due to the deployment of the DarsGo system

As will be presented below, the deployment of the DarsGo system yields positive environmental and economic impacts for vehicles with a maximum permissible weight exceeding 3.5t.

To that end, the Energy Efficiency Centre of the Jožef Stefan Institute evaluated the effects of the deployment of the DarsGo electronic tolling system on reduced fuel consumption and consequently reduced emissions of carbon dioxide ($C0_2$), nitrogen oxides (NO_x) and dust particles ($PM_{2.5)}$ within the scope of a research paper.

Potential savings may be calculated for 2017, since the DarsGo system had not yet been introduced (based on passages through toll stations). Potential savings have been calculated for the first 3 months of 2018, before the toll system was changed on 1 April, while the actual savings have been calculated for the remaining months. Furthermore, calculations were made for short-term forecasts until 2020. They take into account the growth of freight traffic (4 to 5.3%; continued growth from recent years) and improvements to vehicles (transition to a higher emission class).

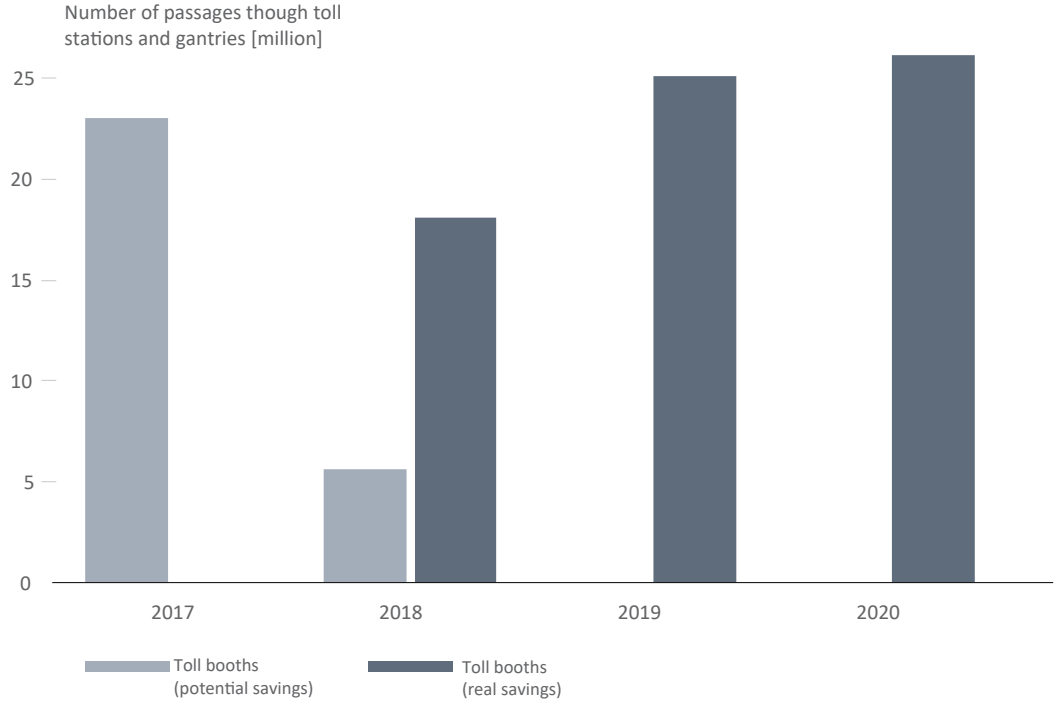
Table 20: Total reduction of emissions due to the deployment of electronic tolling in Slovenia[75]

Year	No. of passages through toll stations	Fuel savings [t]	Fuel savings [GWh]	Emissions of CO_2 [t]	NOx emissions [t]	$PM_{2.5}$ emissions [t]
2017	22,936,633	0 (potential saving 12.456)	0 (potential saving 147)	0 (potential saving 38.308)	0 (potential saving 140)	0 (potential saving 2.3)
2018*	23,927,107 (5,728,548 I-III 2018)	9,750 (potential total saving 12,995)	115 (potential total saving 154)	29,986 (potential total saving 39,966)	84 (potential total saving 112)	1.7 (potential total saving 2.2)
2019	25,028,740	13,590	161	41,795	86	2.0
2020	26,130,373	14,190	168	43,640	78	1.8

*The savings, therefore, have introduced a toll system that emerged after April 1, 2018. Before that, we can only talk about the various potential savings.

The figure below shows that the number of passages through toll stations and gantries has increased since 2017 and is expected to increase until 2020.

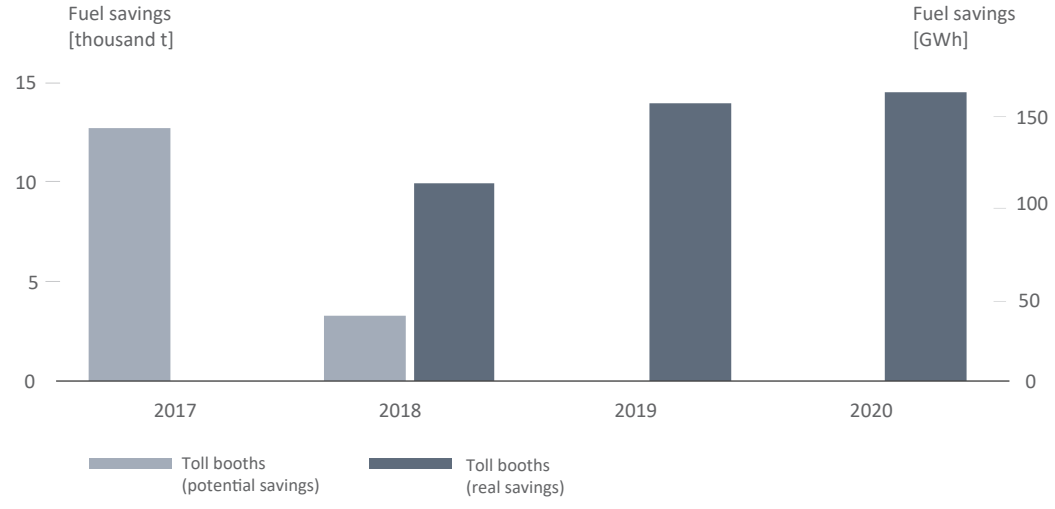
Figure 82: Number of passages through toll stations and gantries from 2017 to 2020



75 GRI GS 302-3.

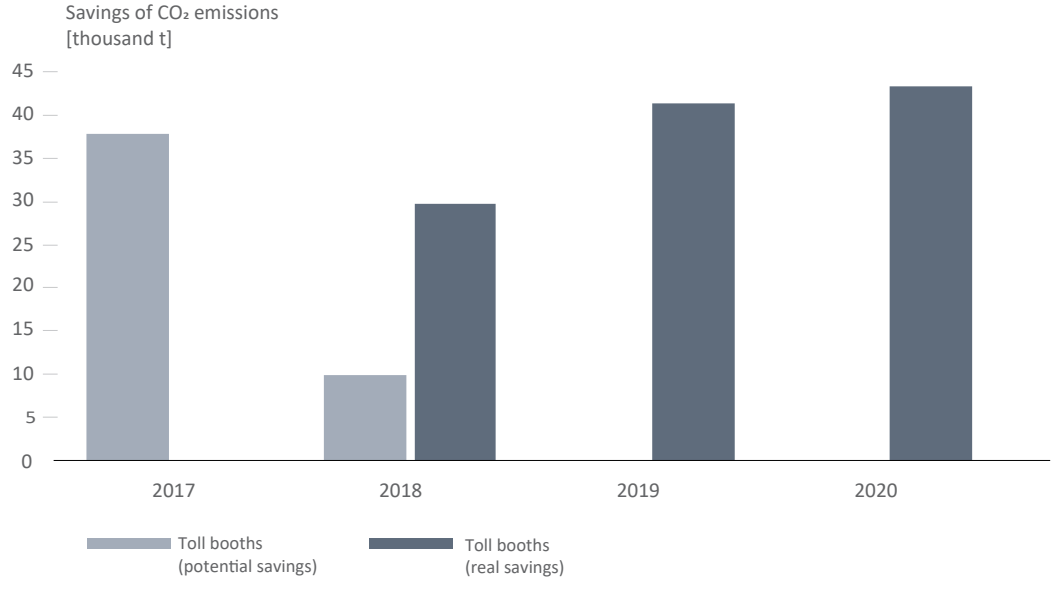
The figure below shows potential and real fuel savings due to the deployment of the DarsGo system without stopping at toll stations, i.e. from 2017 and with a forecast until 2020. It is evident that fuel savings will increase. Both units have been used: fuel mass in tonnes (left) and its energy in GWh (right).

Figure 83: Potential and real fuel savings due to the deployment of the DarsGo system without stopping at toll stations from 2017 and with a forecast until 2020



The figure below shows the potential and real savings of CO_2 emissions due to the deployment of the DarsGo system without stopping at toll stations. It is possible to observe a trend of reduced emissions in the future, which is mostly the subject of an increased number of passages.

Figure 84: Potential and real savings of CO_2 emissions due to the deployment of the DarsGo system without stopping at toll stations from 2017 and with a forecast until 2020



The figure below shows the potential and real savings of NO_x emissions due to the deployment of the DarsGo system without stopping at toll stations. It is possible to observe a trend of reduced emissions in the future, which is mostly the subject of an increased number of passages.

Figure 85: Potential and real savings of NO_x emissions due to the deployment of the DarsGo system without stopping at toll stations from 2017 and with a forecast until 2020

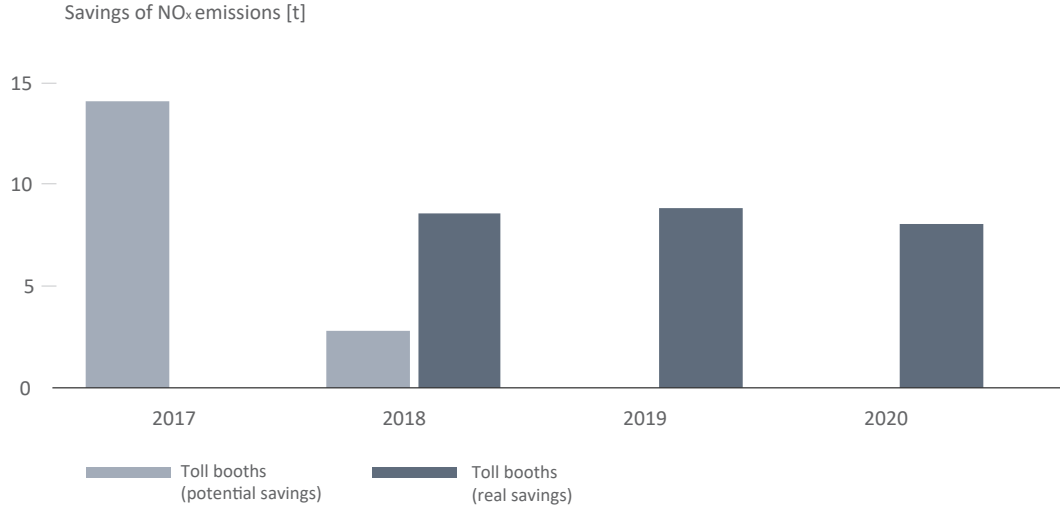
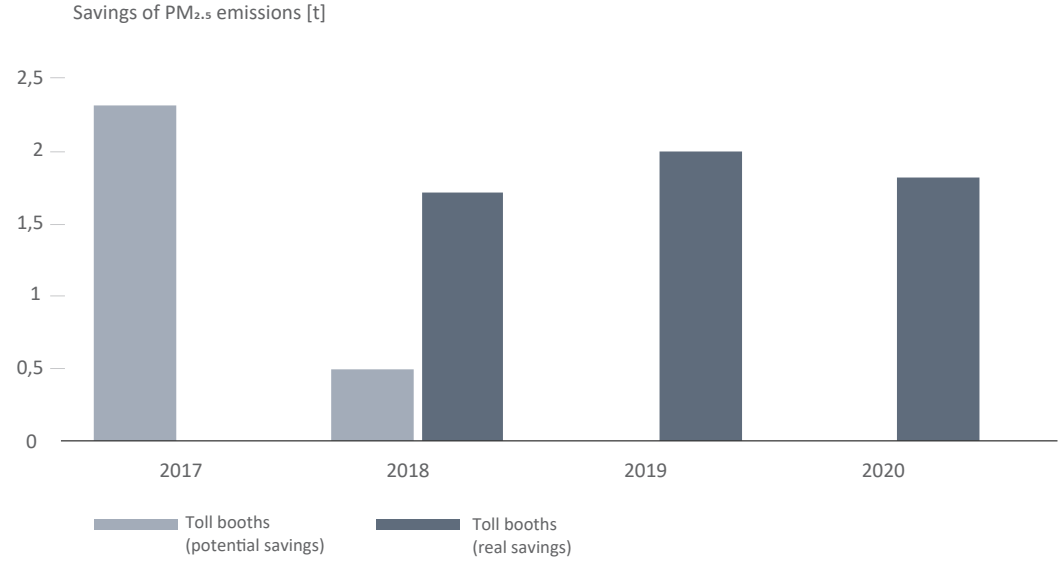


Figure 86 shows the potential and real savings of $PM_{2.5}$ emissions due to the deployment of the DarsGo system without stopping at toll stations. It is possible to observe a trend of reduced emissions in the future, which is mostly the subject of an increased number of passages.

Figure 86: Potential and real savings of $PM_{2.5}$ emissions due to the deployment of the DarsGo system without stopping at toll stations from 2017 and with a forecast until 2020



As evident from the preliminary data, the deployment of the DarsGo system is a major environmental measure in the Republic of Slovenia.

I.5.6.8 Emissions to air[76]

Emissions into the air resulting from Company activities include emissions of exhaust gases from the vehicle fleet and emissions of own heating sources for business premises. Regarding emission management, the Company complies with the requirements.

Emissions into the air caused indirectly by MW users are particularly important in tunnel management. Tunnels exceeding 500m in length have monitoring systems in place for exhaust gas emissions (CO) and visibility. A ventilation system is set up for adequate ventilation in the tunnel tubes, which is controlled or regulated automatically using the fans installed. Measurements are monitored by the control centres in charge of controlling traffic in individual tunnels.

The Hrušica Control Centre (hereinafter "CC") monitors the parameters in the Karavanke tunnel, CC Ljubljana in the Golovec and Šentvid tunnels, CC Kozina in the Kastelec, Dekani, Podnanos and Barnica tunnels and the Rebrnice II cut-and-cover, while CC Vransko and Slovenske Konjice monitor the parameters in the Cenkova, Golo rebro, Pletovarje, Ločica, Jasovnik, Trojane and Podmilj tunnels.

By optimising the traffic flow, the Company reduces traffic congestion, thus reducing additional emissions of vehicles gases. That is achieved by forcing freight vehicles off the motorways on time, making road diversions, setting up additional variable message signs, and by coordinating all closures and operations of control centres.

I.5.6.9 Concern for animals in the MW area of influence[77]

The intrusion of wild animals onto the motorway is an important risk for:

- the safety of all participants in motorway traffic and the animals,
- the safety of motorway maintenance workers who have to remove or catch the animals,
- material damage and severe trauma;
- serious accidents resulting in fatalities or severe bodily injury.

Therefore, DARS has made efforts from the very start to minimise such cases by regularly checking barriers, using deterrent devices and including animal passages in procedures to prepare a national spatial plan. All underpasses located in areas where animal passages were recorded were adjusted or enlarged to allow animals to pass safely. Prevention of animal roadkill on all traffic routes (national roads, motorways and railways) is important both in terms of animal mortality rate and traffic safety improvement. To that end, the Company set up an electric fence on the Logatec - Postojna section and furnished all junctions to the motorway with acoustic deer deterrents, which are installed on indicator lamps. A total of 571 deterrents were installed.

Slovenian motorways feature over 1000 structures – overpasses, underpasses, bridges, viaducts, tunnels, cut-and-cover tunnels and culverts that are used by animals to cross the motorway or pass under it.

76 GRI GS 103-1, 103-2, 305-1.
77 GRI GS 304-2.

By extending bridging structures over watercourses, animals are provided with the necessary space for passage under the bridges. Animals also use numerous overpasses to cross the motorway, whereby some structures have been built solely for the purpose of animal passage (ecoducts) and some are extended overpasses providing a grassed buffer zone of adequate width for animal passage along with a local road. Culverts under motorways have been adjusted to small mammals, amphibians and otters, with a dry shelf installed for crossing.

In order to reduce the number of animals going astray on the motorway, the Company decided to furnish certain MW junctions with an acoustic deterrent device for animals. The mentioned device was first set up in 2007 by associates from MMC Hrušica in the area of the Gorenjska MW leg. Research into its effectiveness confirmed that much less (even up to 92%) wildlife was run over on the roads protected with the device. An acoustic deterrent device for animals is a device with integrated electronics that scares deer away from the protected motorway junction based on ultrasound, infrasound, seismic tones and vibrations. It is installed in existing roadside posts and prevents animals from entering the motorway.

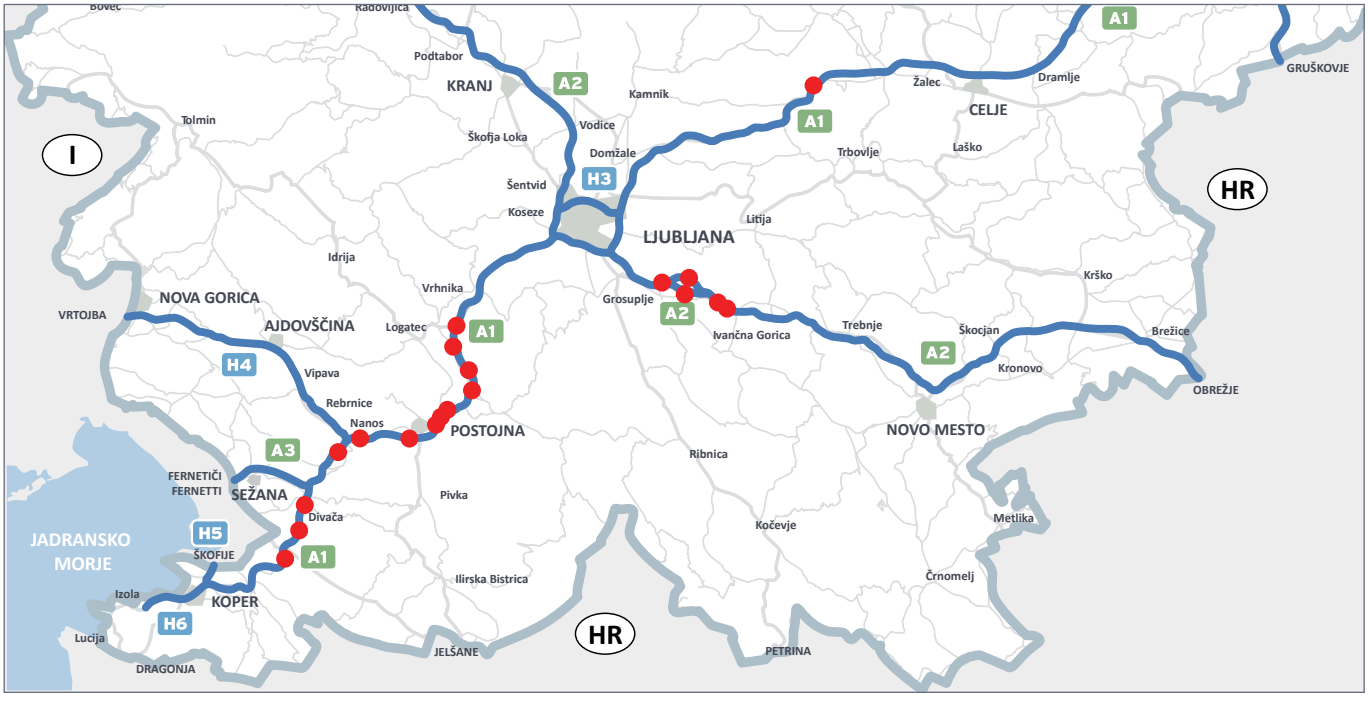
Figure 87: Acoustic deterrent device for animals

In the second half of 2018, some 100 new deer deterrents were installed on indicator lamps at junctions on the Dolenjska motorway leg and partly in the area of Ljubljana. Furthermore, in cooperation with the company Eurofins ERICo, an institute for environmental research from Velenje, the Company has been installing electric fences in the area of Logatec towards Postojna. The electric fence is supposed to prevent the crossing of bears.

The prevention of animal roadkill on all traffic routes (national roads, motorways and railways) is important both in terms of animal mortality rates and traffic safety improvement. As an example, a total of 180 bears were run over between 2005 and 2016 in Slovenia according to the data provided by Eurofins ERICo, which on average amounts to 15 a year or some 15% of the total identified bear mortality in Slovenia. Runovers peak twice, i.e. in late spring (May and June) and early autumn (August to October).

In 10 years, 18% of bears strikes took place on the motorway, 37% on main, regional, municipal and forest roads, while 45% were hit on railway tracks.

Figure 88: **Spatial distribution of locations in Slovenia where bears were hit on the motorway between 2004 and 2018**



Most bears were hit on the Primorska MW leg between Logatec and Postojna, in the surroundings of Razdrto, between Divača and Kozina, and on the Dolenjska MW leg, particularly between Grosuplje and Ivančna Gorica.

Animals otherwise often get onto the motorway at the motorway junctions, where the safety rail ends, which is difficult to prevent. The Slovenian motorway system has a total of 123 motorway junctions; if that is multiplied by a factor of 2 (entry and exit lanes), that means almost 250 potential “free” entrances.

The number of entrance points by motorway leg:

- Štajerska leg: slightly more than 10 crossings;
- Podravje leg: slightly more than 30 passages, 3 of which are flat amphibian passages;
- Gorenjska leg: some 27 passages, also including dirt roads;
- Dolenjska leg: 38 passages (mostly underpasses and culverts);
- Primorska leg: 1 cut-and-cover (on H4 Vipava expressway), and 28 overpasses and 16 underpasses between Brezovica and Senožeče.

Otherwise, animals can use trails under viaducts and bridges and surfaces above tunnels for crossing, i.e. throughout the motorway network.

Below is an example of a successful animal protection measure. DARS d.d. participates in the LIFE DINALP BEAR LIFE13 NAT/SI/000505 project. Within the scope of the action "C.4 Reducing traffic-related brown bear mortality", an electric fence on the exterior side of the existing wire protection MW safety barrier is being installed on selected sections of the A1 Ljubljana-Postojna motorway. The electric fence, installed as a 3-wire system that prevents bears climbing the fence and accessing the motorway, has so far been set up covering a total distance of some 30km of the mentioned section of the Primorska leg, i.e. 15km in each direction towards Koper and Ljubljana.

Figure 89: Animal protection measures

To reduce the number of animals found astray on the motorway, the Company has decided to furnish all junctions on the motorway covered by MMC Murska Sobota with an acoustic deterrent device for animals in due time. The mentioned device was first used in 2007 by associates from MMC Hrušica, who later furnished all the junctions on both sides of the Gorenjska motorway leg.

I.5.6.10 Impact of grit material on the environment[78]

To maintain good driving conditions, substantial amounts of grit salt is used every winter on Slovenian motorways. Its impact on the environment is still uncertain and a current issue worldwide, since Europe and America mostly use NaCl and to a minor extent $CaCl_2$ and $MgCl_2$ at low temperatures. Due to the range of harmful effects chlorides have on the environment and structures, there is a strong tendency to reduce grit amounts in all countries. This is why the Company began wet salting as preventive gritting, which is conducted on average 100 days a year.

To prevent slippery roads and ensure safe road conditions in the winter, roads are gritted using various gritting materials. The grit material used should have no major impact on the soil, the quality of surface and groundwater, vegetation, people and animals, structures (pavement, bridges, viaducts and buildings) or vehicles.

78 GRI GS 103-1, 103-2, 103-3, 301-1.

Figure 90: Consumption of grit material in tonnes

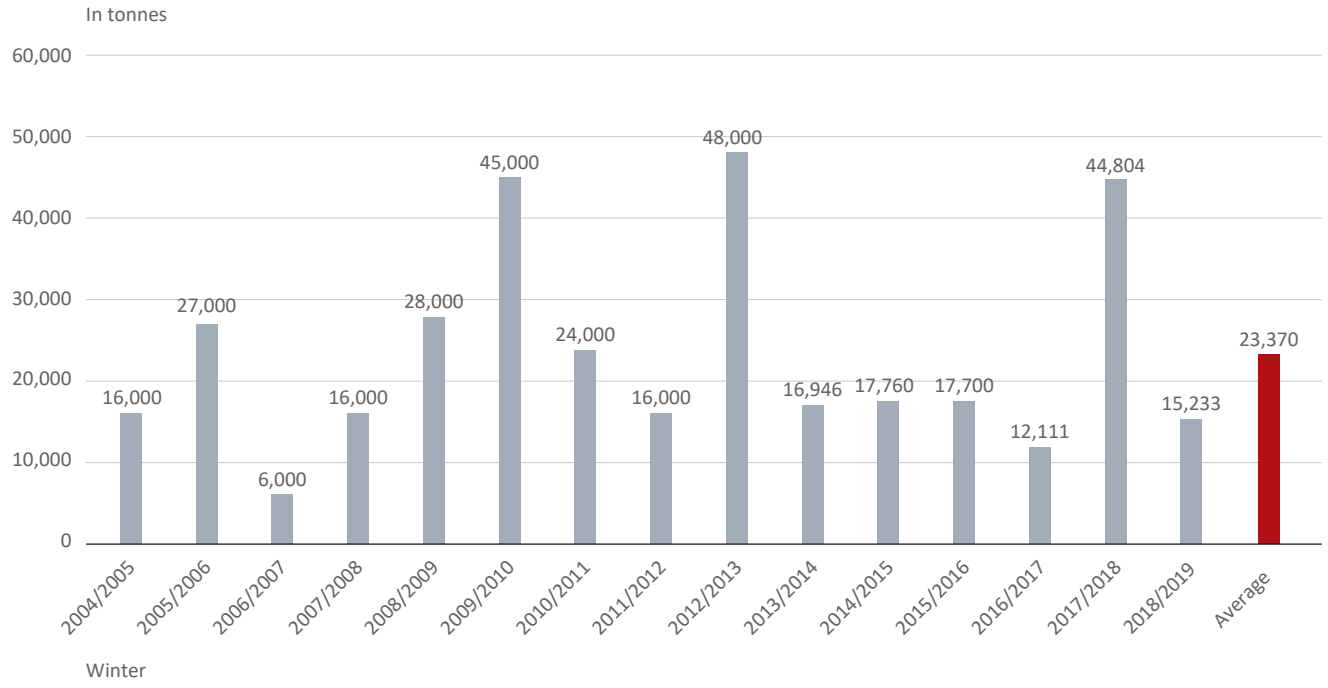


Figure 91: New automated mixing devices

In 2018, the effect of salting on the environment was also monitored during the implementation of the Annual Programme of the Operational Monitoring of rainwater from retention basins. Analyses of the individual samples taken showed no excess presence of salting elements; in each analysis, the salting elements were within the prescribed limits.

Wet salting

Based on foreign and domestic experience with wet salting, DARS decided to use a 20% NaCl solution for preventive gritting. Wet salting is when a saline solution is spread over a road lane. So far, the Company has used FS30 wet salting (30% solution and 70% dry salt). Since the effect of wet salting (FS100) is the same or even better, the Company intends to furnish all MMCs with the relevant equipment. In 2018, MMC Hrušica, MMC Ljubljana and MMC Postojna were furnished with additional silos and devices for the production of sodium chloride solutions. The first new automated mixing devices were delivered and are already in operation at the Podtabor, Dob and Logatec branches, as well as at MMC Postojna.

Notably, environmental pollution was reduced by some 25%. The number of traffic accidents also reduced or, rather, is similar to the number of accidents outside winter conditions.

Figure 92: Impact of salting on the pavement

The most obvious negative impact of salt on infrastructure and the environment can be seen in the form of:

- accelerated corrosion of vehicles in traffic and the corrosion of the reinforcement in reinforced concrete and iron and steel structures;
- damage to vegetation on the roadside due to contact with salt, which is run off the road by traffic or drained upon snow thaw,
- damage to trees and shrubs resulting from balance changes in the absorption of nutrients through roots and leaves, and
- damage to fish and other animals feeding on fish due to high concentrations of chloride ions in roadside watercourses and wetlands.

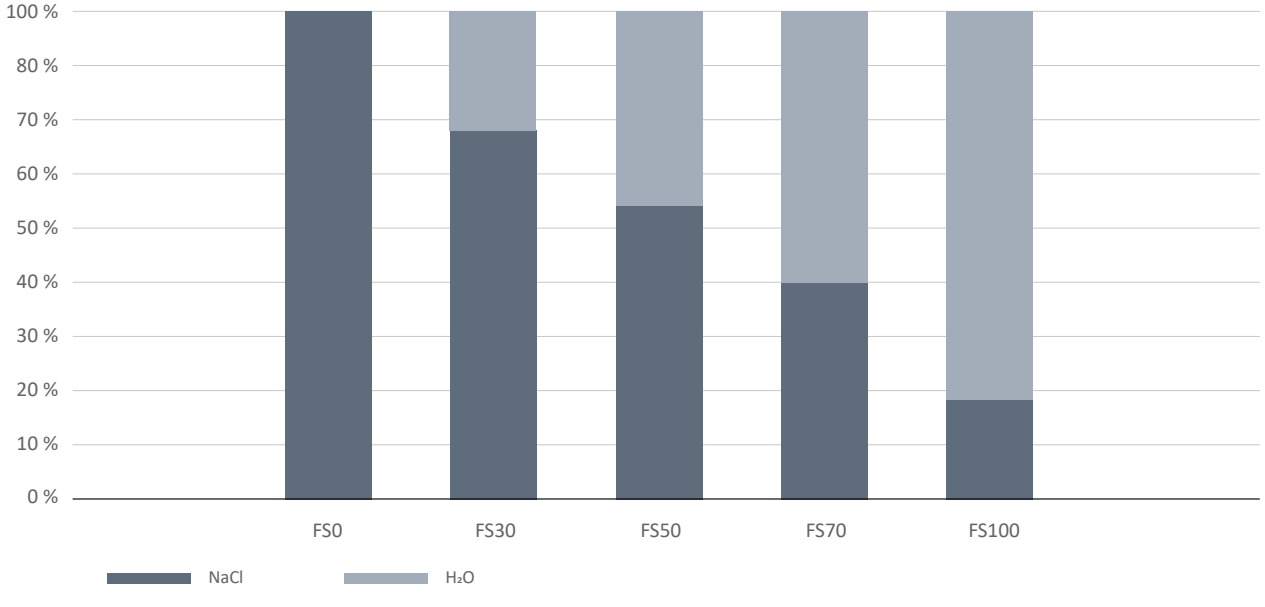
To maintain good driving conditions, substantial amounts of grit salt are used every winter on Slovenian motorways. Its impact on the environment is still uncertain and a current issue worldwide, since Europe and America mostly use NaCl and to a minor extent $CaCl_2$ and $MgCl_2$ at low temperatures. Due to the range of harmful effects chlorides have on the environment and structures, there is a strong tendency to reduce grit amounts in all countries.

To prevent slippery roads and ensure safe road conditions in winter, roads are gritted using various gritting materials. The grit material used should have no major impact on the soil, quality of surface and groundwater, vegetation, people and animals, structures (pavement, bridges, viaducts and buildings) or vehicles.

Example of a negative impact of salt on traffic structures

Concrete, rock or asphalt cracking takes place when all the pores are saturated with water, which is evident from the picture below. After a certain number of freezing and thawing cycles, along with the use of grit material, frost damage occurs. Due to salting and temperature fluctuations on the surface and inside the cracks, internal stress increases resulting in cracks on the surface layers. Due to the presence of chlorides, steel also corrodes.

Figure 93: Types of solution for wet salting

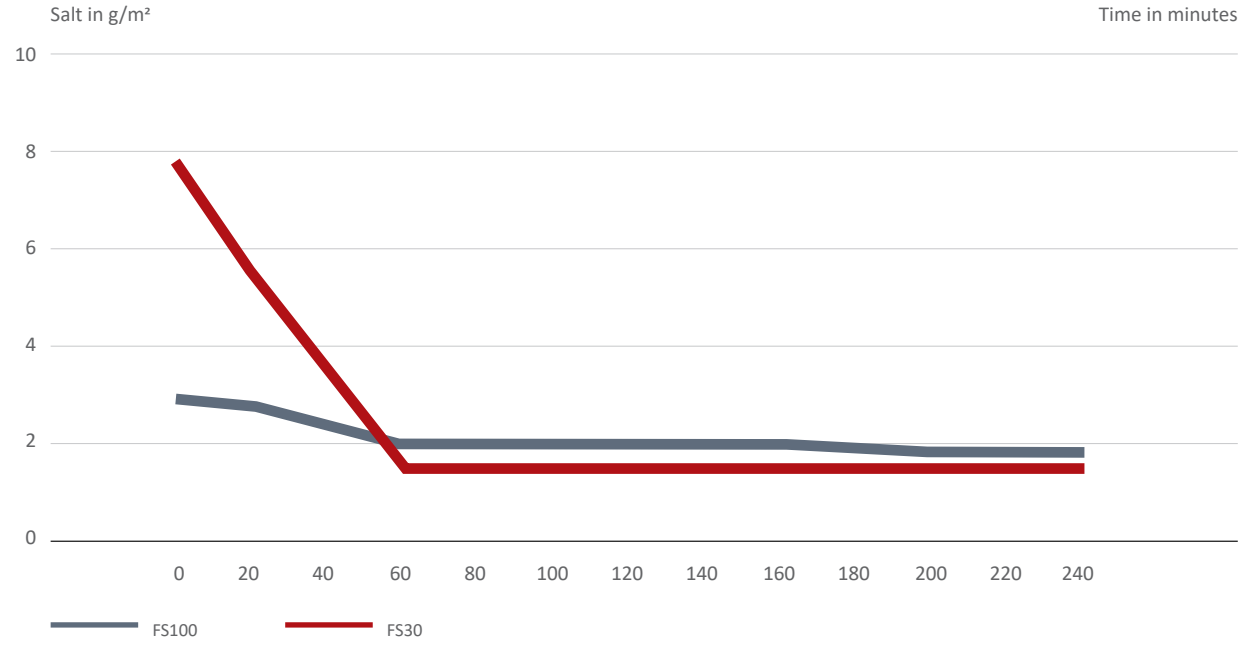


Measuring salt residue upon the use of FS30 and FS100

The chart shows that the effect of wet salting (FS30) after some 50 minutes equals liquid salting (FS100) or that the effect of liquid salting lasts even longer and has more effect than wet salting.

Measurements performed by German colleagues showed a loss of up to 70% in the first 20 minutes after salting, i.e. only 2g/m^2 of wet salt (FS30) remains from the initial amount of 7.5g/m^2, and after 60 minutes only 1.5g/m^2. Interestingly, the loss in FS100 is much less and, if 3g/m^2 is sprayed, almost 2g/m^2 remains after 60 minutes.

Figure 94: Duration of the effect in wet salting (FS30) and liquid salting (FS100)



Road conditions for which liquid salting is recommended

Liquid salting is not fit for all conditions. The basic condition is that the road temperature must remain above -6°C.

A special contribution to this new practice was made by experienced road maintenance services in countries that are large salt consumers in the winter, such as Austria, Germany, Norway, Sweden, Switzerland, etc. Along with the strengthening of environmental awareness, i.e. the need for environment protection, grit requirements also emerged. This was a new grit technology with an increased content of saline that significantly reduced environmental pollution while preserving traffic safety on European roads.

Assuming that the use of new grit technologies using FS30, FS50 and FS100 would amount to “merely” 25% of the purchase cost of salt, the calculation of the financial implications of the use of new grit technologies is simple.

Figure 95: Retention basins by the MW

I.5.6.11 The protection of waters[79]

Run-off wastewater is drained from the motorway pursuant to the Decree on the emission of substances in the discharge of meteoric water from public roads by way of dispersed or controlled point drainage via 745 retention basins, which are indicated by MW leg in Table 16 in chapter I.5.6.1. In 2018, the Company continued to carry out the regular annual cleaning of all of the most burdened oil separators (at motorway maintenance centres and branches) and basic maintenance on retention basins (grass mowing, removal of discarded municipal waste, repairing damaged parts and railings, and cleaning sedimentation and grit basins). Investment maintenance works were carried out at two cleaning facilities (stabilisation of the sedimentation basin beds due to material deposits).

Hazardous and non-hazardous waste generated during the cleaning of cleaning facilities was handed over to a contractual recipient of such waste that possesses a valid environmental permit issued by the Slovenian Environment Agency. Pursuant to the legislative requirements, the internal instructions on waste management and the rules of procedure for oil separator maintenance, an operating log, which forms a component part of the Report on the inspection and operation of retention basins along motorways and expressways, is to be completed for every intervention on an oil separator or retention basin for each calendar year separately.

Measurements were conducted 5 times in 2018 at the representative Sneberje retention basin with the aim of monitoring the emission of substances into nature. Operational monitoring for run-off wastewater from the roads managed by DARS d.d. was conducted within the scope of measuring the pollution of the water discharged from retention basins. Operational monitoring was conducted on the basis of the Annual Programme of Operational Monitoring (APOM), which was sent to the Ministry of Infrastructure for review and to the Ministry of the Environment and Spatial Planning for approval pursuant to the Decree on the emission of substances in the discharge of meteoric water from public roads. The measurements showed that the parameters of drainage water from the retention basins were within the limits laid down by the mentioned Decree and could as such be discharged into nature without further treatment.

Table 21: Number of retention basins per MW leg

Designation and name of MW leg	Number of retention basins along MW leg
A1 Šentilj - Srmin	336
A2 Karavanke - Obrežje	186
A3 Gabrk - Fernetiči	12
A4 Slivnica - Gruškovje	15
A5 Maribor - Pince	88
H3 Ljubljana Northern Bypass	1
H4 Razdrto - Vrtojba	94
H5 Škofije - Srmin - Koper	5
H6 Koper - Lucija	7
H7 Dolga vas - Hungarian border	1
Total	**745**

79 GRI GS 103-1, 103-2, 103-3, 306-1.

I.5.6.12 Noise emissions

DARS has erected noise barriers in noise polluted areas along the motorway alignment due to traffic since 1988. From 1988 to the end of 2018, a total of 217.27 kilometres of noise barriers were erected.

The Noise Action Programme for the First Phase Major Roads and Major Railways (OP HRUP) requires road and railway infrastructure operators to implement measures to limit excessive noise pollution, which comprise two lots.

Lot B (OP HRUP) was implemented by DARS d.d. in 2013 and 2015 within the scope of the Operational Programme of Environmental and Transport Infrastructure Development through the project Construction of noise barriers at 5 motorway sections (Brezovica-Vrhnika, Dramlje-Celje, Celje-Arja vas and Malence-Šmarje – Sap) in the Republic of Slovenia, which was co-funded with European cohesion funds in the amount of 85%. The implementation of noise protection measures ensured that traffic no longer caused excessive noise pollution in the relevant sections. A total of 31.4 kilometres or nearly 141 thousand square metres of new noise barriers were erected in five motorway sections within the scope of that project. The project was completed in August 2018 with the elimination of identified deficiencies in the Dramlje - Celje - Arja vas section, i.e. on barriers measuring 10.4 kilometres in length. In addition to the active noise protection, the so-called passive protection of certain residential buildings exposed in the sections was implemented, meaning that inadequate building furniture was replaced with such that provides adequate living conditions in a residential building.

Lot A (OP HRUP) foresees protection for 11 structures along the motorway that are exposed the most. Based on the preliminary noise protection study and proposal for noise protection for the structures, the Company obtained Executive Design documents in 2017 for 12 of the 14 locations, since 2 locations are subject to consideration within the scope of the national spatial plans for other investments. Passive protection was already prepared for those structures and executed near individual residential buildings in 2018.

Figure 96: Noise measurements

Based on the methodology used for monitoring the condition of noise protection on motorways and expressways, the Company started making an inventory of the condition of noise protection in cooperation with a contractual expert in the relevant area. Based on the data collected and analysed, some of the noise protection was included in the Action Plan for Infrastructure from 2019 to 2021. The data collected was included in the preparation of expert bases for the renovation of noise barriers that were prepared in cooperation with an outsourcer. It defines which noise barriers should be renewed within their existing clearances and which noise barriers should be comprehensively reconstructed, for which guidelines and bases for the planned

reconstruction had to be prepared at the same time. The preparation of the programme takes into account the age of the noise barriers, the adequacy of existing clearances of noise barriers with respect to the latest noise monitoring results, and the condition of the noise barriers. Based on the document, the sequence and scope of noise barrier reconstructions in the following years will be planned.

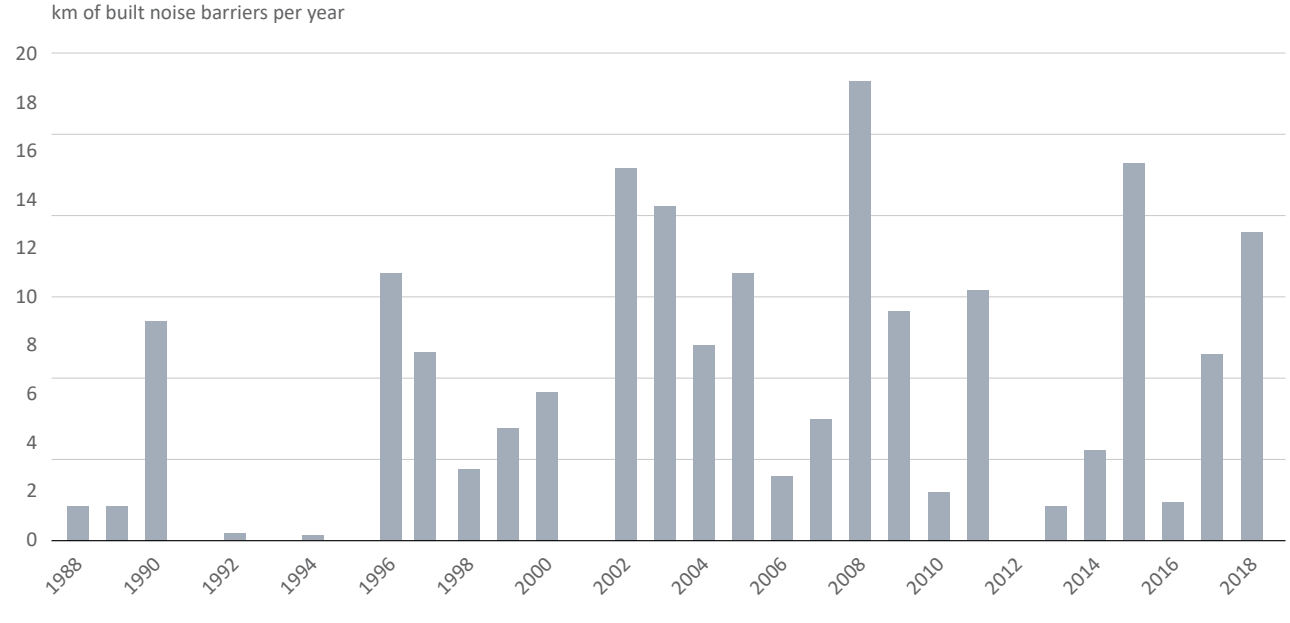
With respect to the integration of the motorway network into the environment, the Company received 64 complaints in 2018 (59 in the year before) from the interested public relating to the issue of noise. The complaints have been adequately considered and managed.

In 2018/2019, the Company has performed operational noise monitoring for the motorway and expressway network in cooperation with external associates. Based on the results of the conducted operational noise monitoring, noise protection measures will be designed that will be included in the preparation of the expert bases for the Noise Action Programme in overly affected areas. The preparation of expert bases for the Noise Action Programme runs in parallel with the operational noise monitoring for the road network managed by DARS d.d. The Noise Action Programme is expected to be amended later this year, which falls within the competence of the Ministry of the Environment and Spatial Planning in cooperation with the Ministry of Transport, the Ministry of Health and other stakeholders, including DARS d.d., pursuant to the Decree on the assessment and management of environmental noise.

Based on the amended Noise Action Programme, DARS d.d. will start implementing measures to reduce noise pollution along MWs and EWs, when such measures are included and confirmed in the amended Noise Action Programme.

DARS has erected noise barriers along the motorway alignment due to traffic since 1988. In that period, a total of 155.6km of noise barriers were constructed within the scope of the new construction of motorway sections and the existing motorway network during its use. Noise barriers were constructed as evident from the chart below:

Figure 97: Noise barrier construction along the motorway network in RS between 1988 and 2018



In the period between 2015 and 2017, noise barriers were constructed within the scope of new section construction (MW Draženci-Gruškovje, EW Koper-Izola, MW junction Šmarje – Sap) and within the scope of additional measures following the implementation of the first noise assessment (MW Pesnica-Zrkovska cesta). With respect to the As-Built Design documents, the Company constructed the following between 2015 and 2017:

- MW Draženci-Podlehnik: 8 lots of noise barriers in the length of 6247m,
- MW Draženci - international border crossing Gruškovje (stage 2a) in the length of 1176m,
- MW junction Šmarje – Sap: 4 lots of noise barriers in the length of 1414m,
- EW Koper-Izola: 8 lots of noise barriers in the length of 1110m,
- MW section Pesnica - Zrkovska: an additional barrier in the length of 259m.

In the period between 2015 and 2018, the following noise barriers were erected on the existing motorway network:

- MW Brezovica - Vrhnika: 11 noise barriers in the length of 7615m,
- MW Dramlje - Celje: 20 noise barriers in the length of 7953m,
- MW Dramlje - Celje - Arja vas: 19 noise barriers in the length of 10511m,
- MW Brezovica - Vrhnika: 3 noise barriers within the scope of the rearrangement of the Log toll station in the length of 852m.

Within that period, 20 noise barriers were erected with a total length of 7953m in 2015 within the scope of the Noise Action Programme, Lot B, on the existing Dramlje - Celje motorway section. In 2018, DARS d.d. eliminated deficiencies on 10,400m of barriers in the same motorway section.

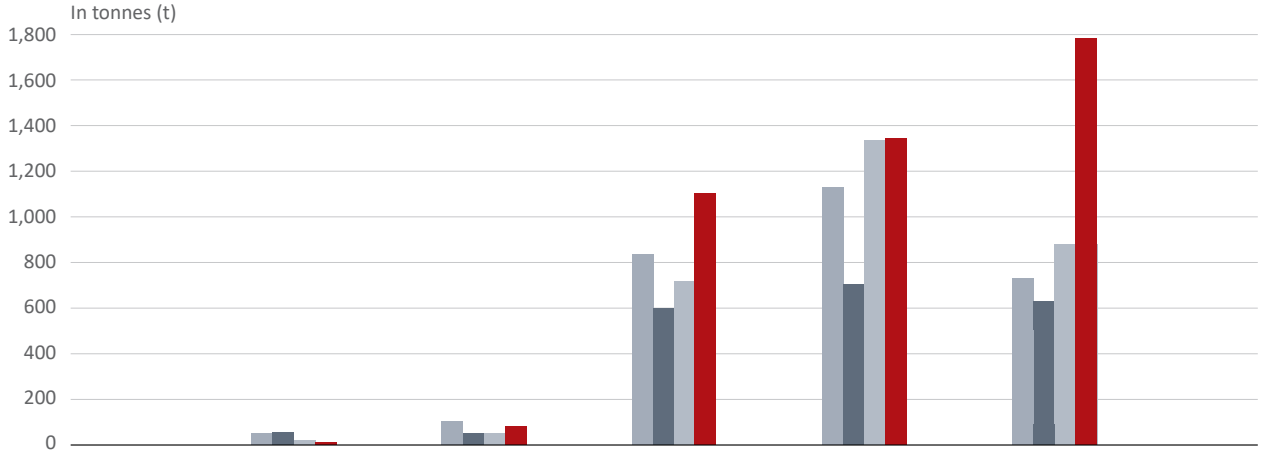
I.5.6.13 Waste management[80]

In 2018, DARS d.d. continued and upgraded its environmental protection policy, placing the emphasis on controlled waste management as laid down by the applicable legislation. Hence, activities were aimed at proper waste management with consistent separation already at its source. Furthermore, the Company continued to pursue its policy for the controlled disposal of all types of waste.

Waste is broken down into two groups: non-hazardous and hazardous waste. As in previous years, non-hazardous waste collected in 2018 mostly included waste generated in investment works for the comprehensive reconstruction of individual motorway sections (asphalt waste, concrete waste, scrap iron, waste soil). These are followed by waste generated in road maintenance, i.e. waste from grit basins, septic tank wastewater, tunnel wash water, scrap plastic, worn-out tyres). The Company also noticed a growing trend in hazardous waste, i.e. mostly waste oil, water containing oil, sludge, waste paint and varnish and absorbent sand (used to clean up roads after accidents).

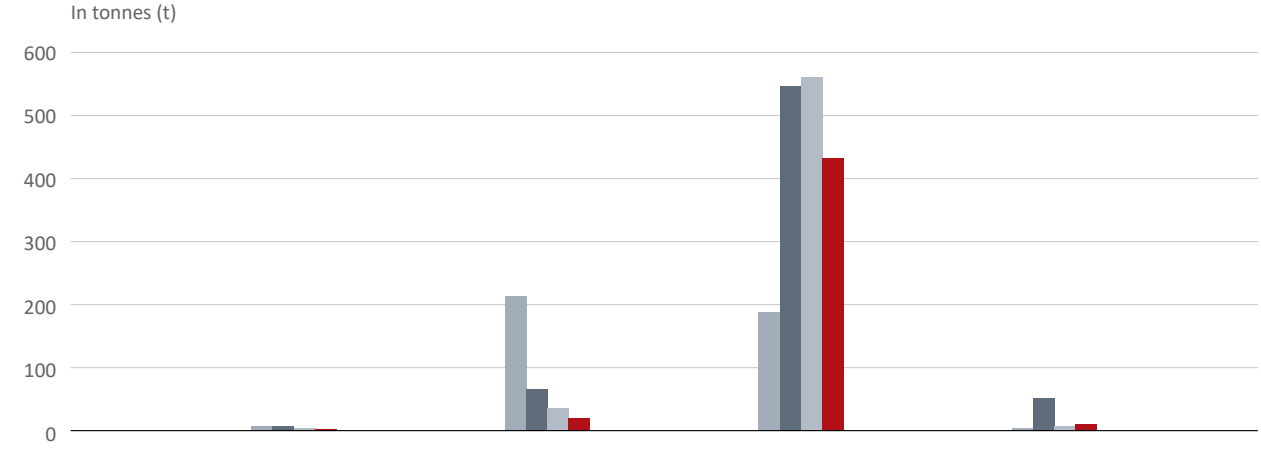
80 GRI GS 103-1, 103-2, 103-3, 306-2.

Figure 98: Volumes of non-hazardous waste handed over in the 2015-2018 period



	Waste plastic	End-of-life tyres	Iron and steel	Waste from desanding	Waste water solutions (not incl. 16 10 01)
2015	49	106	845	1,131	748
2016	54	60	611	704	651
2017	20	59	729	1,343	905
2018	18	80	1,129	1,375	1,776

Figure 99: Volumes of hazardous waste handed over in the 2015-2018 period



	Mineral-based non-chlo-rinated engine gear and lubricating oils	Sluddges from oil/ water seperators	Oily water from oil/water seperators	Construction materials containing asbestos
2015	4	216	188	3
2016	4	68	546	57
2017	2	39	563	7
2018	1	18	424	12

Due to greater consistency and the increasing emphasis placed on waste separation, the volumes of waste continue to increase in most cases. This is, however, not true for municipal waste, which is managed by the public service obligation within the competence of a particular local community.

A major action in previous years was the construction of draining racks for leaching waste sand from sand traps. In 2017, the construction of a draining rack for MMC Novo mesto was completed as the last in the project to put at least one draining rack at every motorway maintenance centre. The draining racks have already been put to good use and, as a result, the amount of waste sand from sand traps, which could not be disposed of anywhere until the construction of the sand traps, has increased.

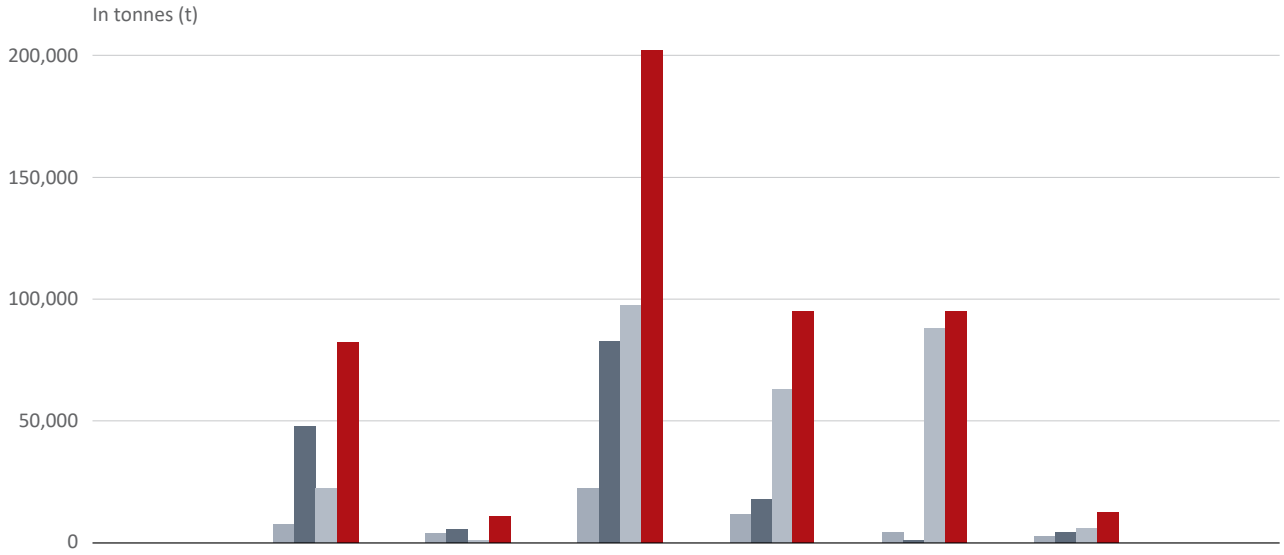
In relation to waste management, a record on waste management as laid down by the ministry and managed by the Slovenian Environment Agency (IS Odpadki) is kept throughout the year and a report on waste management for the year preceding the previous one will be prepared.

Pursuant to the prescribed waste management procedures, the Company has introduced and properly maintained a system of separate waste and raw material collection. Separate waste collection is arranged at all unit locations by preventing waste mixing and supplementing containers for temporary waste storage until it is handed over to the waste disposal contractor for the specific type of waste in line with the needs. Electronic records on waste management as managed by the Slovenian Environment Agency (IS Odpadki) are kept at the Company level. A report on waste management for the previous year is also prepared annually until the prescribed date. The Company has a waste management plan.

Construction waste management

In investments, DARS d.d. is also a generator of construction waste. The legal regulation of the area, was translated by DARS d.d. into its own investment execution process. Hence, an additional requirement is included in the Terms of Reference for the procurement of design documents, which provide the basis for the procurement of construction and the execution of works, under which the design engineer is required to take due account of the applicable legislation in that area. The result is the Plan for handling construction waste, based on which requirements are transferred to the invitation to tender for the contractor. In addition to general requirements, designs also need to take account of all other environmental conditions deriving from other acts applicable in the relevant area (VVO, Natura, etc.). The invitation to tender obliges the contractor to manage construction waste properly. To that end, an authorisation is issued upon the commencement of construction works to the waste disposal contractor.

Figure 100: Volume of construction waste handed over



	Concrete	Mixtures of concrete. bricks, tiles and ceramics	Bitumino us mixtures	Soil and stones	Dredging spoil	Mixed construction and demolition wastes
2015	7,547	4,127	23,047	11,509	4,171	3,036
2016	47,589	5,340	83,117	18,037	914	4,380
2017	23,163	792	98,016	63,427	88,884	6,417
2018	78,299	10,258	204,179	92,972	93,968	13,832

DARS strives to ensure that the generated construction waste is used to the maximum possible extent in the execution of works, provided that the material is compliant with the project requirements. Therefore, several projects already involved in-situ recycling or materials were used in new asphalt mixtures or for the execution of certain other construction works (fills, embankments, etc.). In 2018, the existing pavement structure was reconstructed using cold-in-place recycling (IN SITU) in 3 projects, i.e. the reconstruction of section 0602 Hrušica - Lipce and the demolition and rearrangement of the Log and Nanos toll stations. The procedure described ensures that the existing material is preserved to the maximum possible extent and that a substantial part of the excess removed material is used in recycling. In that area, DARS d.d. played an active part in the preparation of the Decree on green public procurement, which entered into force on 1 January 2018. The main provision in the Decree lays down that reclaimed asphalt pavement (asphalt granulate obtained upon the reconstruction of a road) should be used in pavement construction for that road as a priority for the production of bituminous mixtures and, secondarily, for the layers stabilised with hydraulic or bituminous binder, buffer zone (including roadside verges), bed, embankments and fills, i.e. in the necessary amount. All this is to be foreseen in the design documents for road reconstruction, where the type and amount of materials created during the reconstruction and fit for reuse or recycling in individual road elements reconstructed must be evident.

I.5.7 Inclusion in broader society

I.5.7.1 Inclusion in the local community[81]

The local community is involved in all stages of motorway siting, and its proposals and initiatives are taken into account properly, as described in detail in chapter I.5.6.2.

I.5.7.2 Awards, commitments and memberships

I.5.7.2.1 Recognitions and awards

In recent years, DARS has received the following recognitions and awards:

- DARS, one of the most respected employers for 2016;
- DARS, respected employer in 2015;
- DARS, the most respected employer in Logistics and Traffic for 2013;
- award by the European Network for Workplace Health Promotion (ENWHP) for a good practice example for 2013;
- recognition by the Ministry of Labour, Family, Social Affairs and Equal Opportunities for a good practice example in workplace health promotion for 2012;
- together with the Republic of Slovenia, DARS d.d. received a special Max Fabiani jubilee award in 2015.

DARS d.d. and the Republic of Slovenia received a special Max Fabiani jubilee award from the Town and Spatial Planning Association of Slovenia, Maks Fabiani Foundation, the Ministry of Culture and the Ministry of the Environment and Spatial Planning. The award was presented for the project and realisation of the Slovenian motorway network.

The future belongs to determined, prudent and wholehearted people – people who base their decisions on wisdom, strength and knowledge. These no doubt include everyone who contributed to the idea, realisation and concern for the present-day motorway network spanning over 600 kilometres. These are the people to whom the Maks Fabiani award is dedicated.

By constructing motorways, the Republic of Slovenia pursued its strategic goals to provide adequate internal links, links with the wider European region, improve traffic safety, promote economic development, increase direct economic effects and reduce the negative impact of traffic on the environment.

The over 600-kilometre-long motorway network featuring magnificent structures (from the longest bridge crossing the Mura River, the 1065m long and 95m high Črni Kal viaduct, the almost 3000m long double-tube Trojane tunnel and the 7864m long Karavanke tunnel) provides many advantages, since motorways still constitute a faster, safer and environmentally-friendly form of mobility. Almost half of all traffic was realised on motorways and expressways, which take up almost 10% of the length of the entire national road network.

On the other hand, statistical data has revealed that motorways remain the safest, since the fewest traffic accidents take place on motorways and expressways (4-lane roads are 4.5 times safer than main roads and 7.3 times safer than regional roads). Analyses have shown that the amount of congestion has dropped despite growing traffic.

81 GRI GS 413-1.

DARS has evolved from the entity constructing motorways and expressways into a responsible operator of the constructed assets. This means that it monitors and manages motorways, expressways and accompanying structures and facilities in a systematic and standardised manner and in coordination with foreign operators. It makes sure that regular maintenance and reconstruction works are performed on the network, since their importance grows by the year, allowing the Company to implement suitable measures to achieve the planned service life of a structure and to provide the necessary level of service and traffic safety. DARS implements measures pursuant to the European Directives and the goal of enhancing traffic fluidity and user safety.

Investments and projects in future years pursue two key goals: motorway fluidity and increased user safety. These are also the essential issues that the Company addresses with responsible management and in line with the business excellence vision and responsible management and maintenance by employees.

Upon this occasion, DARS would like to thank everyone who designed the motorways, all contractors, the owner and the stakeholders for a safe and fluid motorway system for our users.

I.5.7.3 DARS in the eyes of the business community

DARS d.d. is one of the very well-known and moderately attractive enterprises in terms of investments in Slovenia that were included in the "2018 Reputation" research conducted by Ninamedia and Kline & Partner. The renown level of DARS d.d. places it in 11th place on the 2018 renown ranking. The reputation level of DARS d.d. places the latter in the 44th place on the 2018 reputation ranking. Representatives of the business community indicated "financial efficacy" as the most typical reputation factor of DARS d.d., followed by "corporate social responsibility". DARS d.d. is a moderately attractive enterprise in terms of investments, ranking in 37th place among all the enterprises included in the research. The most important source of information about DARS d.d. is the messages communicated by the Company. Information from employees is ranked second.

I.5.7.4 Commitments to external incentives[82]

DARS voluntarily participates in incentives promoting ethical conduct and environmental, social and economically sustainable operations.

External initiatives are included in siting procedures, which is defined in detail in chapters I.5.6.2 and I.5.6.3.

Initiatives referring to noise and therewith related measures are described in detail in chapter I.5.6.12.

I.5.7.5 Membership in associations[83]

DARS d.d. has been a representative member of the Slovenian Chamber of Commerce and Industry since 2005, where its principal activity is defined as "Service activities incidental to land transport". It publishes its environmental efforts and sustainability achievements in practice within the scope of the Zeleno omrežje Slovenije network. DARS d.d. is also a corporate member of the Slovenian Directors' Association, a member of the Slovenian Intelligent Transport Systems Association operating within the scope of the Electrotechnical Association of Slovenia, the Association of Employers of Slovenia and, by way of its employees, a member of the Slovenian Chamber of Engineers, the Slovenian Corporate Treasurers Association, the Slovenian Institute of Auditors, the Institute of Business Law, the Institute for Corporate Security Studies, etc.

82 GRI GS 102-12.
83 GRI GS 102-13.

The Company is actively cooperating with related companies abroad and is also a member of several international organisations. In addition to global associations such as the IBTTA and PIARC, it is the most active member in the European Association of Operators of Toll Road Infrastructures (ASECAP). A detailed presentation of international cooperation is provided below.

International cooperation and the acquisition of European grants

Guided by the Company vision focused on integration in various areas, DARS d.d. has maintained good international relations and established new ones since its very beginnings. In addition to participating in the already mentioned international associations, the Company is an active partner in the organisation of conferences and annual meetings held with related companies, cooperates with representatives of European institutions and regularly attends workgroups, multilateral and bilateral meetings. In 2018, the Company hosted delegations from Macedonia, Hungary and Bavaria, and held bilateral talks with foreign ambassadors in service in Slovenia. Employees in International Relations were engaged in the promotion of the new DarsGo tolling system, which was deployed on 1 April 2018, also presenting it to foreign users through the network of embassies and consulates.

DARS is also an important partner in the development of expert bases and organisational guidelines relating to the management, maintenance and funding of road infrastructure. Its representatives actively attend public consultations and participate in important research studies and public opinion surveys that are used to check facts and new trends in traffic and infrastructure. It is very actively involved in discussions about amendments to legislative documents at the level of the European Commission, both in cooperation with the relevant ministry and through the associations of which it is a member.

The DARS representative has successfully chaired the Permanent Committee for Data Gathering and Analysis – Statistics within the scope of the ASECAP (COPER IV) since 2017, which entails a great deal of engagement, but yields useful first-hand results. In 2018, DARS hosted the most important ASECAP meeting, which was held in Ljubljana. Furthermore, together with the ASFINAG, it was active at TEN-T days, which was also held in Ljubljana in April by the European Commission. The event included the presentation of a cross-border project to build the second tube of the Karavanke tunnel, for which funds were received from the Connecting Europe Facility to finance design documents and construction works.

DARS is widely known as a reliable and credible partner, which is why it is often asked to participate in or support various international projects. Last year, it participated in the preparation of the LIFE project, which is run together with the Biotechnical Faculty by partners from Croatia and deals with increasing the available passage over the motorway for large animals. Just before the end of the year, the second co-financing application was submitted to the European Regional Development Fund entitled “DEMO PILOTS”, which entails the development of smart wire fences, in which DARS is supposed to provide a test area on a part of its motorway upon the completion of the project.

More and more activities are also related to the acquisition of European funds, which, however, decrease by the year for motorway projects due to the fierce competition; in 2018, DARS received a total of €8,601,420 of grants, which is merely a good third of the funds acquired in the previous year.

The Company received the remainder of the CEF funds, i.e. €231,029, for the preparation of BPD/ED documents for the 2nd tube of the Karavanke tunnel, €579,364 for projects from the Crocodile 2 programme and €144,848 for the C-Roads Slovenia project.

In 2018, the Company continued to draw funds within the scope of the European cohesion policy for the 2014-2020 period. DARS received €7,646,179 for the construction of the Draženci-Gruškovje border crossing section. Therefore, the EU funds granted for the project in the total amount of €63,528,967 were fully used.

In 2018, activities started for 3 projects that were approved for co-financing from CEF funds in 2017. Crocodile 3, which is the continuation of the previous two projects in cross-border cooperation and the harmonisation of ITS applications, will be co-funded in the amount of 20%; C-Roads Slovenia 2, which is an upgrade to the original C-Roads Slovenia project, will be co-funded in the amount of 50% of the eligible costs, while the largest cross-border project, for which the Company applied for funds together with Austria, i.e. the construction of the 2nd tube of the MW tunnel Karavanke, will be co-funded in the amount of 10% of eligible costs.

Figure 101: 2018 TEN-T days in Ljubljana

Figure 102 : 46th ASECAP study and information days 2018 in Ljubljana

I.5.7.6 Sponsorships and donations

The Company is well aware of its responsibility towards people and the environment in which it operates. By raising awareness and organising preventive campaigns in traffic, traffic safety and environmental protection, the Company is actively involved in current social events, improving the situation through its best efforts.
In corporate social responsibility, special attention is placed to content relating to traffic safety, education and preventive actions on the roads managed by the Company. Donations and sponsorship funds are intended for projects involving preventive actions in traffic and for expert meetings related to traffic, safety and road construction, maintenance and management.
Furthermore, donations are typically given to a major humanitarian project, i.e. the children in the Botrstvo project, which is carried out by the Friends of Youth Association Ljubljana Moste-Polje. Pursuant to internal rules, the remainder is dedicated as a priority to projects relating to traffic safety, awareness-raising among young people about proper behaviour in traffic, humanitarian and social activities for children, fire brigades and other intervention units upon emergency events on the motorway and expressway operated and maintained by the Company.

The funds intended for sponsorships and donations in the last 4 years are evident from the table 22.

In the 2015-2018 period, i.e. until 2017, slightly more than 60% of the funds were intended for large families and disabled persons, i.e. for the purchase of vignettes for vans (toll class 2B), pursuant to an agreement with the Ministry of Infrastructure and the Slovenian Red Cross. In the 2016-2018 period, donations amounting to €65,000 were approved for the Friends of Youth Association (Botrstvo project).

Table 22: Funds for sponsorship and donations

Financial assets	2015	2016	2017	2018
Sponsorship	18,384	20,491	18,892	27,800
Donations	116,895	100,918	146,203	121,134
TOTAL	**135,279**	**121,409**	**165,094**	**148,934**

I.5.8 Responsibility to suppliers/contractors[84]

In 2018, DARS d.d. successfully cooperated with a large number of suppliers/contractors (660)[85] at home and abroad, while most business cooperation was focused on suppliers/contractors from Slovenia (96% in terms of value) providing services (28%), goods (24%) and construction works (48%) with respect to the specific nature of operations. Detailed information on the amount, structure and location of the suppliers/contractors is shown below.[86]

Complex public procurement procedures at DARS, which is one of the largest contracting authorities in the Republic of Slovenia, are carried out by competent employees with the acquired additional qualification "public procurement expert in the Republic of Slovenia". Based on the Slovenian Qualifications Framework Act and a decision reached by the Expert Committee of the National Contact Point of the Slovenian qualifications framework and the European qualifications framework, the Ministry of Labour, Family, Social Affairs and Equal Opportunities adopted a decision to include additional qualifications in the Slovenian qualifications network.

I.5.8.1 Criteria for the award of a public contract

When procuring goods, services and construction works, DARS d.d. is bound to observe the Public Procurement Act.

Criteria for the award of a public contract are laid down in detail in Article 84 of the Public Procurement Act and require a contracting entity to award a public contract based on the most economically advantageous tender.

The most economically advantageous tender is identified based on the price or cost using the cost-efficiency approach, e.g. the calculation of the life cycle cost as laid down by the law, and may also include the best price to quality ratio assessed based on the criteria referring to quality and environmental or social aspects related to the subject of the public contract. Such criteria may, for example, include:

- quality, including technical advantages, aesthetic and characteristics, availability, design for all users, social, environmental and innovative characteristics and therewith related trading and terms;
- the organisation, qualification and experiences of the staff conducting the public contract if the quality of the staff has a major effect on the level of public contract performance;
- after-sales services, technical assistance and delivery terms, such as the delivery date or completion of works, delivery or implementation procedure and the duration of supplies or works.

The contracting entity is not allowed to use the price as the sole criterion for the award of a public contract for the services of software development, architectural and engineering services, and translation and consulting services.

84 GRI GS 103-1, 103-2, 103-3, 308-1.
85 GRI GS 102-9.
86 GRI GS 102-9.

Criteria for the award of a public contract must be non-discriminatory, proportional and related to the subject of the public contract. It is deemed that criteria are related to the subject of a public contract if they refer to construction works, goods or services to be provided in line with the public contract, i.e. in any respect and at any level of their service life, including factors related to a special procedure for the production, provision or marketing of such construction works, goods or services or with a special procedure for the second level of their service life, even if such factors are not part of them in terms of content.

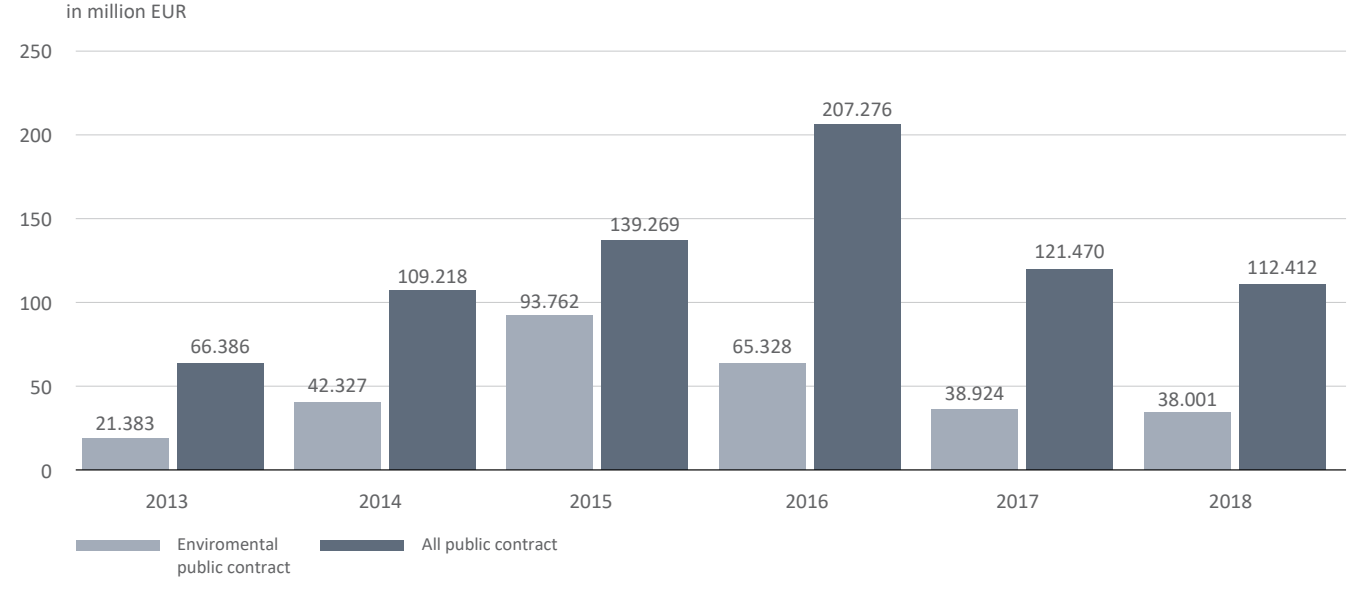
In the documents related to the awarding of a public contract, the contracting entity identifies a relative weight awarded to each criterion selected for the determination of the most economically advantageous tender, unless the latter is determined solely on the basis of the price. The mentioned weighting may be defined in a range with a suitable maximum difference. When a weight cannot be indicated for objective reasons, the contracting entity indicates the criteria in a descending order of relevance.

I.5.8.2 Suppliers/contractors (local, abroad)

The Public Procurement Portal eJN[87] , which is managed by the Ministry of Public Administration, includes the STATIST module, where it is possible to obtain statistical data relating to public procurement in the Republic of Slovenia. The data for 2018 shows that 1333 public contracting entities awarded public contracts amounting to €3,559,522,775 (excluding VAT). The total number of published contract notices was 14,031, while 52,776 public contracts were awarded. The environmental aspect was taken into account in 21,646 or 41.01% of awarded contracts.[88]

Changes in the total public contracts awarded by DARS and in the growth of public contract value in which the environmental aspect was observed from 2013 to 2018 (in € million) are shown below.

Figure 103: Public contracts and "environmental" public contracts for 2013-2018



87 Source: https://ejn.gov.si/statist.
88 GRI GS 308-1

The Decree on green public procurement (hereinafter "Decree") was published in the Official Gazette of the Republic of Slovenia, No. 51/2017, and entered into force in January 2018. Pursuant to the Decree, green public procurement is mandatory for 20 subjects of public procurement. The Decree no longer lays down obligatory environmental requirements as in the previous regulation, but lays down in Article 6 what environmental aspects should be considered by the contracting entity when awarding public contracts and goals that must be achieved in each public procurement procedure for the subjects laid down in Article 4 of the Decree. Pursuant to Article 8 of the Decree, new cases of environmental requirements and criteria that may be included by the contracting entity in a public procurement procedure to achieve the goals laid down in paragraph 2 of Article 6 of the Decree have been prepared and made available on that website. Although the cases of environmental requirements and criteria for green public procurement are similar in content to the fundamental and additional environmental requirements from the previous regulation in several places, the new cases have been updated, supplemented for the newly added subject of green public procurement, more flexible and not binding, while providing contracting entities with more options to achieve the required goal in a particular subject.

In parallel with data on the conducted public procurement procedures taking into account the environmental aspect, as statistically monitored at https://ejn.gov.si/statist, an overview of conducted public procurement procedures will be prepared every year taking into account the Decree on green public procurement, which entered into force on 1 January 2018.

Table 23: Contracting entities with the highest value of awarded public contracts in 2018

Client	in € (VAT excluded)
Ministry of Infrastructure, Slovenian Infrastructure Agency	301,697,632
Javni holding Ljubljana d.o.o.	202,229,747
Slovenske železnice d.o.o.	173,843,500
City of Ljubljana	119,065,497
Motorway Company in the Republic of Slovenia	112,412,409
Slovenian Ministry of Defence	102,497,544
University Medical Centre Ljubljana	93,711,072
Ministry of Public Administration	91,584,749
University Medical Centre Maribor	74,576,807
Institute of Oncology Ljubljana	57,942,758
Total	**1,329,561,714**

The value of the public contracts awarded by the top 10 contracting entities accounts for 37 % of all the public contracts awarded.

In the period between 1 January 2018 and 31 December 2018, DARS d.d. awarded contracts worth €112,412,409. 176 public contracts were published on the Public Procurement Portal. The Company awarded 281 public contracts to 172 tenderers. Data on the share of the acquisition of goods, services and construction works, and the location of suppliers or providers is evident from the tables below.[89]

89 GRI GS 102-9.

Table 24: Awarded contracts by the subject of the contract

Subject of a public contract	in €, VAT excluded	Percentage (%)	Awarded contracts	Percentage (%)
Goods	27,230,968	24.22 %	81	28.83 %
Construction works	53,844,171	47.90 %	38	13.52 %
Services	31,337,270	27.88 %	162	57.65 %
Sum total	**112,412,409**	**100.00 %**	**281**	**100.00 %**

Table 25: Registered office or location of tenderers

Location	Value	No. of tenderers	No. of awarded public contracts
SI	107,871,284	168	277
EU	4,541,125	4	4

The table above shows that 1.4% of public contracts were awarded to tenderers domiciled outside the Republic of Slovenia or 4.0% in terms of value.

Data on the major types of supply of goods and services in 2018 is evident from the table below.[90]

Table 26: Major suppliers and types of goods and services supplied in 2018 (in €)

Supplier (goods)	in €, VAT excluded
Supply of grit material	3,588,000
Supply of electricity with the share from RES and/or CHP with a high utilisation rate	3,118,428
Supply of fuel	3,090,390
Supply of grit material NaCl, 0/4mm, 4% humidity	2,289,600
Supply of vehicles and trailers, vehicle servicing	2,197,583
Supplier (services)	**in €, VAT excluded**
Supervision over the quality of services during the ETS operation stage	2,983,665
The production, preparation for printing, printing, storage, packaging and supply of vignettes 2019-2021	2,225,946
The supply of vehicles, road machinery and equipment	1,408,610
The execution of external quality control in investments in existing MW and EW operated by DARS in 2017-2019	1,187,108
The production of expert opinions, inspections of load-bearing capacities of structures, clearances and axle loads during exceptional freight transport	1,177,200

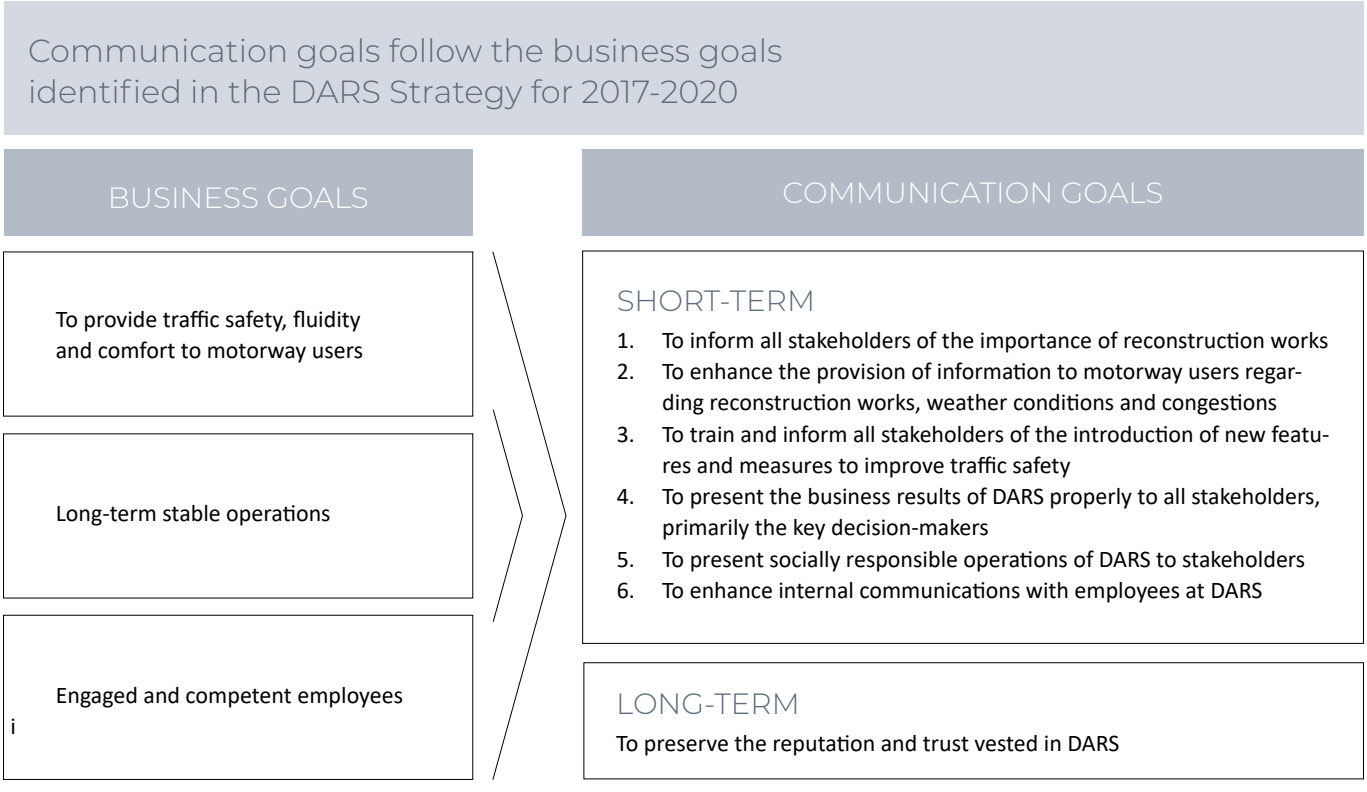
90 GRI GS 102-9.

I.5.9 Communications

Communication strategy

In 2018, the Company adopted the Communication Strategy of DARS d.d., which was harmonised with the DARS d.d. Strategy for 2017-2020 and also includes the management of the Company's social networks (the Facebook profile Vozimo pametno and Twitter profile @DARS_SI). The analyses showed that the current communications of DARS were proactive, but that there were possibilities for upgrades primarily on social networks and in emergency response cases, which is why activities were initiated in that direction.

Figure 104: Communication goals of DARS d.d.



The overarching communication strategy strengthens relations with all key stakeholders or audiences in the long term.

Public relations include a continuing, important and well-planned process for managing continuous changes in the organisation and the environment, a systematically planned and focused process of affecting public approval through mutually satisfactory, interactive and proactive communications based on the open, democratic and characteristic operations of both sides – the organisation and the public.

In public relations, communications are the fundamental tool, a technique to establish a relationship between an organisation and various audiences (internal and external). PR messages are targeted at specific target audiences and primarily try to affect positions that in turn affect the behaviour of those target audiences.

Due to its nature and areas of work, DARS is most often faced with external audiences, such as local inhabitants beside constructions sites or motorway alignments, motorway and expressway users, entities leasing rest areas, representatives of civil society initiatives, environmental organisations, state institutions, media representatives and other co-developers of public opinion.

The media are primarily channels that are used to establish contact and build relationships between DARS d.d. and its internal and external audiences. DARS d.d. systematically maintains regular contact with the domestic and, if necessary, foreign media and their representatives. The Company is guided by currency, a professional approach and transparency.

Figure 105: The Communication Strategy of DARS d.d. strengthens relations with key stakeholders

The overarching communication strategy strengthens relations with all key stakeholders or audiences in the long term

STAKEHOLDER	1. Motorway network users	2. Media	3. Employees	4. Decision-makers	5. Business partners, experts and NGOs	6. Wider social environment
ACTIVITIES	Provision of current information through all available high-reach channels Open days Awareness raising campaigns regarding safe driving Prizes/quizzes Distribution of brochures	Interviews Press conferences Positioning of third-party speakers Answers to questions raised by the media Explanatory material Field trips for journalists	Proposed internal communication guidelines are presented separately at the end of the document	Monitoring Formal meetings with decision-makers Annual and other reports	Open days Membership in the relevant professional organisations Appearances at conferences, positioning of DARS representatives at expert meetings	Socially responsible activities, such as awareness raising campaigns, participation in humanitarian or other campaigns
CONTENTS	Current traffic information/service information	Service information, other corporate information (related with Company operations and activities)	Provision of information about activities involving employees, important Company milestones	Information about Company operations and key projects	Topics related with traffic safety, Company operations and sustainable activities	Topics related with socially responsible activities, such as concern for the environment, contribution to the community, etc.

Compliance with the internal rules (Rules on the method of information provision to the media by DARS d.d.) and the national regulations (Media Act, Public Information Access Act), proper organisation, a professional approach along with the active and constructive cooperation of all those involved ensure that information is provided in due time, is credible and, most of all, is in the best possible interest of DARS d.d.; based on this, the Company builds an open relationship with the media. In particular, sound internal cooperation between all the stakeholders involved ensures that appearances in the media can be efficient, while reducing the risk of misinterpretation in media publications and misunderstandings.

DARS d.d. as a public limited company is required to keep price-sensitive information confidential until it is published in SEOnet, the electronic information provision system of the Ljubljana Stock Exchange. Such information cannot be commented on or released to the public until it is published in the prescribed manner.

Press releases are also published on the Company website and social networks. The Company prepares press releases for the media, organises press conferences, makes press statements and invites the media to important business events.

Employees at DARS d.d. are given the basic information on Company operations, plans and all relevant activities at the Company to the largest possible extent. Well-informed employees are also motivated for work and are considered messengers and credible Company representatives in the general public. The Company also encourages employees to share their thoughts on the accuracy and reality of internal and external reporting in a safe environment.

DARS d.d. uses rules laying down the protection of business secrets and information for members of the management and supervisory bodies and other persons with access to inside information during the term of office and after its expiry.

Method of response following rumours and media reporting in relation to the Company

If indications in the media are false, the Company denies them in line with the Media Act. Otherwise, the Company publishes all important information that may affect the business decisions of investors and the interested public on a regular and ongoing basis. If the Company fails to react to misstatements in articles, it would allow matters to remain unexplained in public, which would not contribute to the quality provision of information to the public.

Persons responsible for communication with the owner

Communication with the owner falls within the responsibility of the Management Board and Chairperson of the Supervisory Board.

Publication of business reports and statements

The Company observes the highest publication standards for business reports, as laid down in the Financial Instruments Market Act and the Ljubljana Stock Exchange Recommendations. It publishes a financial calendar indicating all major business publications and events on its website and SEOnet every year.

I.5.10 Persons responsible for communications, content and data in the Report

The service responsible for questions referring to the 2018 Sustainability Report:[91]

- Communications Service (infodars@dars.si)

Persons responsible for the content and data in the 2018 Sustainability Report:

- Person responsible for the preparation of the Sustainability Report: Jože Knez, MSc (joze.knez@dars.si),
- Coordination of the preparation of the Sustainability Report, general and other content: Metka Petek, MSc (metka.petek@dars.si)

91 GRI GS 102-53.

- Sources of NMCP funding for 2000-2018: Nevenka Predalič, MSc (nevenka.predalic@dars.si)
- Communication tools, methods for including stakeholders and highlighted topics: Marjan Koler (marjan.koler@dars.si), Ulrich Zorin (ulrich.zorin@dars.si), Nika Drakulič (nika.drakulic@dars.si), Matjaž Safran (matjaz.safran@dars.si), Emilija Erent (emilija.erent@dars.si), Robert Štumpf (robert.stumpf@dars.si)
- Compliance (DKOM): Matjaž Safran (matjaz.safran@dars.si)
- Risk management: Cirila Kovačič, MSc (cirila.kovacic@dars.si)
- Economic highlights from operations: Nika Drakulič (nika.drakulic@dars.si)
- Responsible attitude to clients and customer satisfaction: Matjaž Safran (matjaz.safran@dars.si), Emilija Erent (emilija.erent@dars.si)
- Traffic and safety concerns: Ulrich Zorin, MSc (ulrich.zorin@dars.si), Brane Nastran (brane.nastran@dars.si), Janja Pavlin (janja.pavlin@dars.si)
- Projects concerning traffic management and user safety concerns: Ulrich Zorin, MSc (ulrich.zorin@dars.si), Robert Kompan (robert.kompan@dars.si), Božidar Volk (bozidar.volk@dars.si), Alan Karabegovič (alan.karabegovic@dars.si), Matej Jelušič (matej.jelusic@dars.si), Jan Sajovic (jan.sajovic@dars.si), Meta Hribernik (meta.hribernik@dars.si), Janja Pavlin (janja.pavlin@dars.si)
- DarsGo – introduction of an electronic tolling system: Matej Kranjc (matej.kranjc@dars.si)
- Sustainable relationships with employees: Helena Pleslič (helena.pleslic@dars.si)
- Creation of a safe working environment: Jože Nose (joze.nose@dars.si)
- Violation of discrimination/workplace harassment: Milan Šajn (milan.sajn@dars.si)
- Diversity and equal opportunities: Saša Sedlar (sasa.sedlar@dars.si),
- Responsibility towards the environment:
  - cooperation with outsourcers and suppliers: Matjaž Safran (matjaz.safran@dars.si)
  - use of materials: Janez Kušnik (janez.kusnik@dars.si) and Matic Poznič (matic.poznic@dars.si)
  - motorway and expressway positioning and inclusion in the local community: Ana Sodnik Prah (ana.sodnik@dars.si)
  - concern for the preservation of biodiversity: Ana Sodnik Prah (ana.sodnik@dars.si)
  - energy management: Jože Knez, MSc (joze.knez@dars.si), Božidar Volk (bozidar.volk@dars.si), Kristjan Zobovnik (kristjan.zobovnik@dars.si)
  - fuel for the vehicle fleet: Janko Kernel (janko.kernel@dars.si) and Mirko Miklič (mirko.miklic@dars.si)
  - heating: Marjan Levstek (marjan.levstek@dars.si),
  - light pollution: Božidar Volk (bozidar.volk@dars.si), Kristjan Zobovnik (kristjan.zobovnik@dars.si)
  - emissions to air: Aleksander Udovič (aleksander.udovic@dars.si), Robert Kompan (robert.kompan@dars.si)
  - concern for animals in the MW area of influence: Andrej Sever (andrej.sever@dars.si), Marjan Zavec (marjan.zavec@dars.si)
  - impact of grit material on the environment: Andrej Sever (andrej.sever@dars.si)
  - protection of waters: Aleksander Udovič (aleksander.udovic@dars.si), Jana Kejžar (jana.kejzar@dars.si)
  - noise emissions and waste management: Aleksander Udovič (aleksander.udovic@dars.si), Matic Poznič (matic.poznic@dars.si)
  - construction waste management: Janez Kušnik (janez.kusnik@dars.si), Matic Poznič (matic.poznic@dars.si), Aleksander Udovič (aleksander.udovic@dars.si)
- International cooperation and the acquisition of European grants: Alenka Košič (alenka.kosic@dars.si)
- Sponsorships and donations: Marjan Koler (marjan.koler@dars.si) and Nika Drakulič (nika.drakulic@dars.si)
- Responsibility to suppliers/contractors: Matjaž Safran (matjaz.safran@dars.si)
- Communications: Marjan Koler (marjan.koler@dars.si)

I.5.11 Supervisory Board, Management Board, project teams, committees and other Company bodies [92]

Supervisory Board:
- Marjan Mačkošek (Chairman)
- Dr. Miha Juhart (Vice-Chair)
- Tatjana Colnar, MSc (Member)
- Igor Pirnat, MSc (Member)
- Darko Kodrič (employee representative)
- Rožle Podboršek (employee representative until 15 April 2019)
- Martin Stožir (employee representative since 9 May 2019)

Integrity Committee:
- Labour Director (Marjan Sisinger until 9 May 2019, Rožle Podboršek since 9 May 2019)
- Head of HR Management (Roman Didovič)
- Head of Legal Affairs (Melita Trop Đukić)

Energy Committee:
- Jože Knez, MSc, Head
- Božidar Volk
- Jože Nose
- Janko Kernel
- Marjan Levstek
- Kristjan Zobovnik
- Andrej Košir

Improvements Committee:
- Jože Knez, MSc, Head
- Peter Kejžar
- Marjan Koler
- Aleksander Udovič
- Aleksander Morano
- Janko Kernel

Manegement Board:
- Tomaž Vidic PhD (Chairman)
- Gašper Marc, MSc (Member)
- Vili Žavrlan (Member)
- Marjan Sisinger (Labour Manager until 8 May 2019)
- Rožle Podboršek (Labour Manager since 9 May 2019)

Environmental Committee:
- Jože Knez, MSc, Head
- Peter Kejžar
- Jana Kejžar
- Severin Maffi
- Božidar Volk
- Aleksander Udovič
- Jože Nose
- Drago Dolenc

Workplace harassment:
- Milan Šajn, Company management representative, Chairman of the Committee
- Nataša Ivančevič, Workers' Council representative, Committee Member
- Helena Černač, representative of the Slovenian Rail Transport Union, Committee Member
- Matej Jelušič, representative of the Union of Transportation and Telecommunication Workers, Committee Member
- Vesna Kemper, HR Management representative, Committee Member

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Information Security Board:
- Jože Knez, MSc, Head
- Željko Lasan, Member
- Andreja Dular, Member,
- Alenka Manohin Ivanc, Member,
- Andrej Sever, Member and
- Darko Brvar, Member.

Sindikat železniškega transporta Slovenije (Slovenian Rail Transport Union), regional units (RU) at DARS:
- Helena Černač Tavčar, Chairwoman of RU DARS Postojna, coordinator of all 3 RUs
- Božena Pergar, Chairwoman of RU DARS Ljubljana
- Igor Kolar, RU Chairman DARS Tepanje

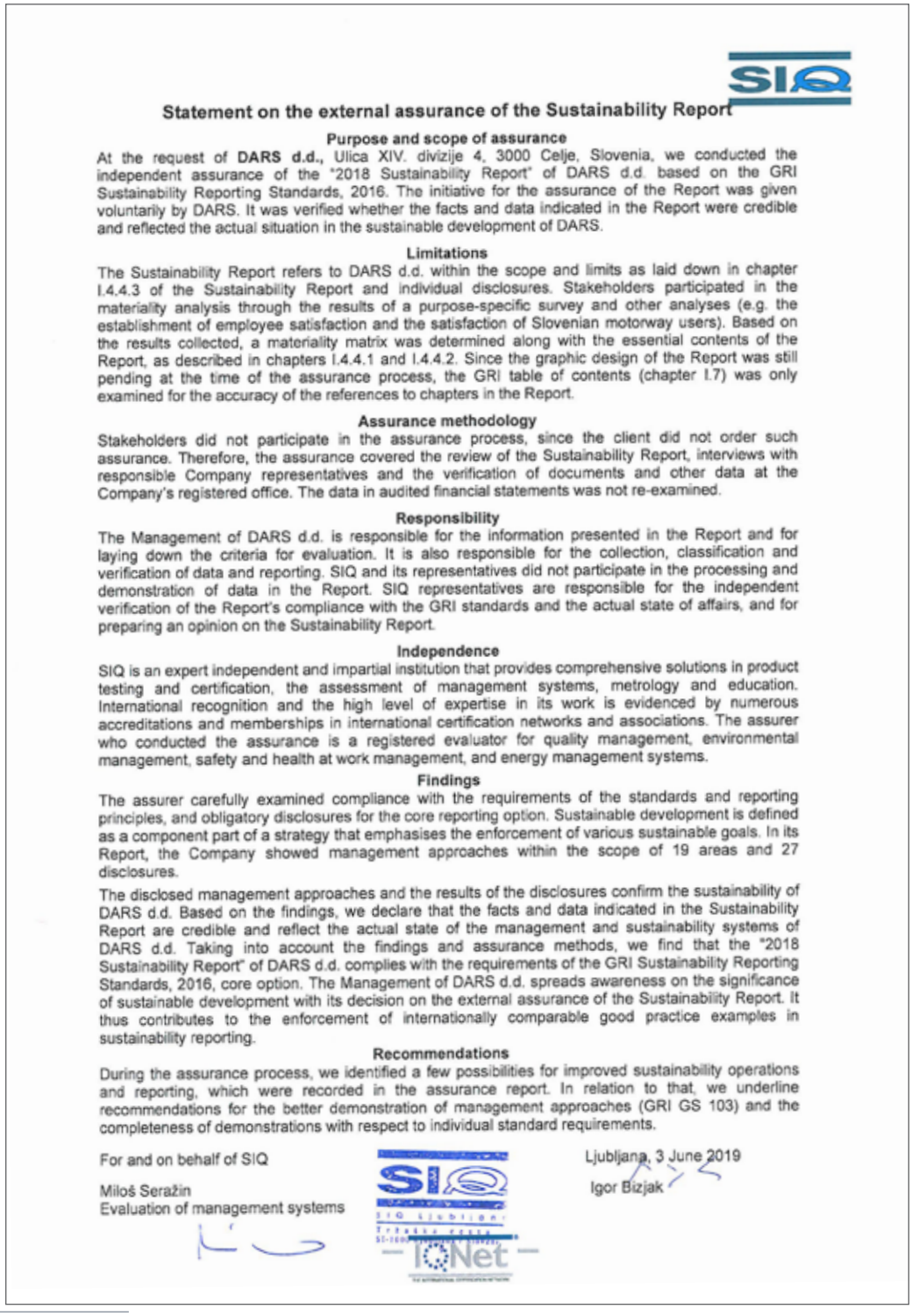
Union of Transportation and Telecommunication Workers – Motorway Workers Union at DARS d.d.:
- Branko Švigelj, Chairman of the Board, Chair at MMC Postojna (until 15 April 2019)
- Mitja Stojnšek, Chairman of the Motorway Workers Union (from 23 May 2019 to 31 December 2019)
- Aleksander Dekleva, Chairman of the Motorway Workers Union for the Primorska region (since 23 May 2019)
- Amir Mehadžić, Chairman of the A2 Motorway Workers Union (since 8 May 2019)
- Jože Fric, Chairman of the Motorway Workers Union for the Štajerska region

Workers' Council:
- Darko Kodrič, Chairman of the Workers' Council,
- Boštjan Juhart, Deputy Chair of the Workers' Council
- Irena Jančič Osterc
- Rožle Podboršek until 9 May 2019, Maja Đogič since 9 May 2019
- Peter Verbič
- Anton Grčman
- Nataša Ivančevič
- Matjaž Zavec
- Damir Lišič
- Martin Stožir
- Jožica Kozlevčar
- Franc Babič
- Jordan Krapež
- Janez Prevodnik
- Igor Kolar

Family Friendly Company certificate:
- Vesna Kemper, Group Manager
- Mojca Štendler, Deputy Group Manager
- Nataša Ivančevič
- Boštjan Smrdelj
- Brigita Piltaver Imperl
- Ester Pipan
- Miljana Knafelc
- Rihard Gerbec
- Saša Sedlar
- Simon Rehberger
- Branko Švigelj
- Tatjana Topole
- Željko Kotnik

Occupational Safety Committee, organised within the scope of the Workers' Council:
- Igor Kolar
- Damir Lisič
- Peter Verbič
- Anton Grčman
- Slana Robert
- Švigelj Branko
- Miha Debevec

I.6 Statement on the external assurance of the Sustainability Report[93]



Statement on the external assurance of the Sustainability Report

Purpose and scope of assurance

At the request of **DARS d.d.**, Ulica XIV. divizije 4, 3000 Celje, Slovenia, we conducted the independent assurance of the "2018 Sustainability Report" of DARS d.d. based on the GRI Sustainability Reporting Standards, 2016. The initiative for the assurance of the Report was given voluntarily by DARS. It was verified whether the facts and data indicated in the Report were credible and reflected the actual situation in the sustainable development of DARS.

Limitations

The Sustainability Report refers to DARS d.d. within the scope and limits as laid down in chapter I.4.4.3 of the Sustainability Report and individual disclosures. Stakeholders participated in the materiality analysis through the results of a purpose-specific survey and other analyses (e.g. the establishment of employee satisfaction and the satisfaction of Slovenian motorway users). Based on the results collected, a materiality matrix was determined along with the essential contents of the Report, as described in chapters I.4.4.1 and I.4.4.2. Since the graphic design of the Report was still pending at the time of the assurance process, the GRI table of contents (chapter I.7) was only examined for the accuracy of the references to chapters in the Report.

Assurance methodology

Stakeholders did not participate in the assurance process, since the client did not order such assurance. Therefore, the assurance covered the review of the Sustainability Report, interviews with responsible Company representatives and the verification of documents and other data at the Company's registered office. The data in audited financial statements was not re-examined.

Responsibility

The Management of DARS d.d. is responsible for the information presented in the Report and for laying down the criteria for evaluation. It is also responsible for the collection, classification and verification of data and reporting. SIQ and its representatives did not participate in the processing and demonstration of data in the Report. SIQ representatives are responsible for the independent verification of the Report's compliance with the GRI standards and the actual state of affairs, and for preparing an opinion on the Sustainability Report.

Independence

SIQ is an expert independent and impartial institution that provides comprehensive solutions in product testing and certification, the assessment of management systems, metrology and education. International recognition and the high level of expertise in its work is evidenced by numerous accreditations and memberships in international certification networks and associations. The assurer who conducted the assurance is a registered evaluator for quality management, environmental management, safety and health at work management, and energy management systems.

Findings

The assurer carefully examined compliance with the requirements of the standards and reporting principles, and obligatory disclosures for the core reporting option. Sustainable development is defined as a component part of a strategy that emphasises the enforcement of various sustainable goals. In its Report, the Company showed management approaches within the scope of 19 areas and 27 disclosures.

The disclosed management approaches and the results of the disclosures confirm the sustainability of DARS d.d. Based on the findings, we declare that the facts and data indicated in the Sustainability Report are credible and reflect the actual state of the management and sustainability systems of DARS d.d. Taking into account the findings and assurance methods, we find that the "2018 Sustainability Report" of DARS d.d. complies with the requirements of the GRI Sustainability Reporting Standards, 2016, core option. The Management of DARS d.d. spreads awareness on the significance of sustainable development with its decision on the external assurance of the Sustainability Report. It thus contributes to the enforcement of internationally comparable good practice examples in sustainability reporting.

Recommendations

During the assurance process, we identified a few possibilities for improved sustainability operations and reporting, which were recorded in the assurance report. In relation to that, we underline recommendations for the better demonstration of management approaches (GRI GS 103) and the completeness of demonstrations with respect to individual standard requirements.

For and on behalf of SIQ

Miloš Seražin
Evaluation of management systems

Ljubljana, 3 June 2019

Igor Bizjak

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I.7 GRI indicators

Table 27: GRI indicators[94]

	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
	GRI 102 General Disclosures			
	Organisational profile			
102-1	Name of the organisation	**DARS d.d.**	**I.3.1/17**	
102-2	Brands, products and services	**DARS d.d.**	**I.3.1/17 I.3.3/21 I.5.4.7/82**	
102-3	Location of headquarters	**DARS d.d.**	**I.3.1/17**	
102-4	Location of operations	**DARS d.d.**	**I.3.1/17**	
102-5	Ownership and legal form	**DARS d.d.**	**I.3.1/17**	
102-6	Markets served (geographic locations, sectors served and types of customers and beneficiaries)	-		**The indicator is irrelevant because the Company only operates in the Republic of Slovenia.**
102-7	Scale of organisation	**DARS d.d.**	**I.3.1/17: share capital I.3.1/17: number of employees I.3.1/17: net sales revenues I.3.1/17: number of organisation locations I.3.5/24: MW and EW km**	
102-8	Information on employees and other workers	**DARS d.d.**	**I.5.5.1/87 I.5.5.2/87 I.5.5.3/89**	**The Company does not report by gender and region of employment. The Company does not report about contractual workers. The Company has no seasonal fluctuations in the number of employees within a calendar year.**
102-9	Supply chain	**DARS d.d.**	**I.5.8/134, 136, 137**	
102-10	Significant changes to the organisation and its supply chain	**DARS d.d.**		**No major changes to the supply chain occurred.**
102-11	Precautionary Principle or approach	**DARS d.d.**	**I.5.6.2/100**	
102-12	External initiatives	**DARS d.d.**	**I.5.7.4/131**	
102-13	Membership of associations	**DARS d.d.**	**I.5.7.5/131**	
	Strategy			
102-14	Statement of senior decision-maker	**DARS d.d.**	**I.1/7**	
102-15	Key impacts, risks, and opportunities	**DARS d.d.**	**I.5.6.2/100**	

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	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
	Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	**DARS d.d.**	**I.3.2/18 I.4.5/42**	
102-17	Mechanisms for advice and concerns about ethics	**DARS d.d.**	**I.4.5/42**	
	Governance			
102-18	Governance structure	**DARS d.d.**	**I.3.4/23 I.5.11/142**	
	Stakeholder engagement			
102-40	List of stakeholder groups	**DARS d.d.**	**I.4.3/38**	
102-41	Collective bargaining agreements	**DARS d.d.**	**I.5.5.3/89**	
102-42	Identifying and selecting stakeholders	**DARS d.d.**	**I.4.3/38**	
102-43	Approach to stakeholder engagement	**DARS d.d.**	**I.4.4.1/39**	**The Company continuously cooperates with the stakeholders shown.**
102-44	Key topics and concerns raised through stakeholder engagement, and the organisation's response to them, including through its reporting)	**DARS d.d.**	**I.4.4.1/39**	**The Company responds to the identified stakeholder requests and expectations through systematic monitoring and responses, as evident from the "Needs and expectations of DARS d.d. stakeholders".**
	Reporting practice			
102-45	Entities included in the consolidated financial statements	**DARS d.d.**		**The Sustainability Report contains information about the operations of DARS d.d.**
102-46	Defining report content and topic Boundaries	**DARS d.d.**	**I.4.4.3/42**	
102-47	List of material topics	**DARS d.d.**	**I.4.4.2/41**	
102-48	Restatements of information given in previous reports, and the reasons for such restatements	**DARS d.d.**		**No changes in reporting.**
102-49	Changes in reporting	**DARS d.d.**		**No changes in reporting.**
102-50	Reporting period	**DARS d.d.**	**I.4.1/33**	
102-51	Date of the most recent report	**DARS d.d.**	**I.4.1/33**	
102-52	Reporting cycle	**DARS d.d.**	**I.4.1/33**	
102-53	Contact point for questions regarding the report	**DARS d.d.**	**I.5.10/140**	

	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
102-54	Claims of reporting in accordance with the GRI Standards	**DARS d.d.**	**I.4.1/33**	
102-55	GRI content index	**DARS d.d.**	**I.7/145**	
102-56	External assurance	**DARS d.d.**	**I.6/144**	
	Specific Disclosures			
	GRI 200 Economic			
	GRI 201 Economic Performance			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.3.2/19** **I.5.1/48**	**The DARS d.d. Strategy is reviewed and, if necessary, amended at annual strategic conferences. Supervision over the realisation of the Strategy is checked by the Management Board through a system of balanced indicators (BSC) and annual strategic conferences and, if required, with the adoption of necessary measures.**
201-1	Direct economic value generated and distributed	**DARS d.d.**	**I.5.1/48, 50**	
201-3	Defined benefit plan obligations and other retirement plans	**DARS d.d.**	**I.5.5.6/96**	**The Company does not report about this (none of the indents).**
	GRI 203 Indirect Economic Impacts			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.3.2/19** **I.5.1/47**	**The DARS d.d. Strategy is reviewed and, if necessary, amended at annual strategic conferences. Supervision over the realisation of the Strategy is checked by the Management Board through a system of balanced indicators (BSC) and annual strategic conferences and, if required, with the adoption of necessary measures.**
203-1	Infrastructure investments and services supported	**DARS d.d.**	**I.3.6/25** **I.5.1/47**	
	GRI 205 Preprečevanje korupcije			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.4.5/44**	**The approach is evaluated with a self-assessment under the EFQM model, within the scope of which the Company decided to introduce the ISO 37001 management system.**
205-3	Confirmed incidents of corruption and actions taken	**DARS d.d.**	**I.4.5/44**	**All notifications refer to persons rather than DARS.**

	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
	GRI 300 Environmental			
	GRI 301 Materials			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.6.10/119, 120, 121**	
301-1	Materials used by weight or volume	**DARS d.d.**	**I.5.6.1/100** **I.5.6.10/119**	
	GRI 302 Energy			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.6.4/104**	
302-1	Energy consumption within the organisation	**DARS d.d.**	**I.5.6.4/104, 105, 106**	**The data shown is based on specific measurements of the consumption of energy products by meters. The report includes data in kWh, MWh or GWh, the conversion factor of 1 kWh being 3,600,000 J (source: Bojan Kravt, Strojniški priročnik). The Company does not use steam and does not sell energy and, therefore, does not report about that. The Company does not obtain energy from renewable sources yet.**
302-3	Energy intensity	**DARS d.d.**	**I.5.6.4/104, 105, 106: Figure 73, Table 19** **I.5.6.7/113: Table 20**	
302-4	Reduction of energy consumption	**DARS d.d.**	**I.5.6.4/104, 105, 106**	**The report includes data in MWH. The Company reports in kWh or MWh, the conversion factor of 1 kWh being 3,600,000 J. (Source: Bojan Kravt, Strojniški priročnik). In 2017, the Company laid down energy bases for individual groups of energy products in the internal document "Organisational rules for the implementation of energy planning".**
	GRI 304 Biodiversity			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.6.2/100** **I.5.6.3/102**	

	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	**DARS d.d.**	**I.5.6.2/100; I.5.6.3/101, 102: geographic location, position and relation to the protected Natura 2000 area, type of activities in the protected area, size and share in % – length of the MW in the nature conservation area or protected Natura 2000 area)**	**The Company reports about the geographic location, position and relation to the protected Natura 2000 area, the type of activities in the protected area, the size and share in % – length of the MW in the nature conservation area or the protected Natura 2000 area.**
304-2	Significant impacts of activities, products and services on biodiversity	**DARS d.d.**	**I.5.6.2/100, 101: methods to avoid conservation and protected areas during motorway construction, direct and indirect impacts on biodiversity I.5.6.3/102, 103, 104 : measures to preserve biodiversity, the execution of replacement habitats and other cases of nature conservation measures I.5.6.9/116: concern for animals in the MW area of influence I.5.6.10/119: impact of grit material on the environment**	**The Company reports about methods to avoid conservation and protected areas during motorway construction, direct and indirect impacts on biodiversity, measures to preserve biodiversity, the execution of replacement habitats and other cases of nature conservation measures.**
304-3	Habitats protected or restored.	**DARS d.d.**	**I.5.6.2/100: planned and successfully executed measures confirmed by experts I.5.6.3/102, 103: re-established habitat locations, planned and successfully executed measures confirmed by experts, monitoring**	**The Company reports about re-established habitat locations, planned and successfully executed measures confirmed by experts and monitoring.**
	GRI 305 Emissions			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.6.6/111 I.5.6.8/116**	
305-1	Direct (Scope 1) GHG emissions	**DARS d.d.**	**I.5.6.6/111 I.5.6.8/116**	**The Company only reports about CO_2 emissions, which are calculated on the basis of real consumption and emission factors.**
	GRI 306 Effluents and Waste			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.6.11/123 I.5.6.13/126**	
306-1	Water discharge by quality and destination	**DARS d.d.**	**I.5.6.11/123**	

	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
306-2	Waste by type and disposal method	**DARS d.d.**	**I.5.6.13/126**	**The Company does not report about the re-use of waste. The Company does not report about recycling, composting, energy recovery and incineration of waste.**
	GRI 307 Environmental Compliance			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.6; I.5.6.1/98, 99**	
307-1	Non-compliance with environmental law and regulations	**DARS d.d.**	**I.5.6.1/99**	
	GRI 308 Supplier Environmental Assessment			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.8/134**	
308-1	New suppliers that were screened using environmental criteria.	**DARS d.d.**	**I.5.8/134, 135**	
	GRI 400 Social			
	GRI 401 Employment			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.5.2/87**	
401-1	New employee hires and employee turnover	**DARS d.d.**	**I.5.5.1/87 I.5.5.3/88, 90**	**The Company does not report about the gender, age and region of residence.**
401-3	Parental leave	**DARS d.d.**	**I.5.5.6/96**	**The Company only reports absolute values after parental leave is used.**
	GRI 403 Occupational Health and Safety			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.5.5/94**	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and the number of work-related fatalities	**DARS d.d.**	**I.5.5.5/94, 95**	**The Company reports about the number of injured employees and sick leave in hours.**
	GRI 404 Training and Education			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.5.4/91**	

	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
404-1	Average hours of training per year per employee	**DARS d.d.**	**I.5.5.1/87: Table 10: Scope of education in hours per employee I.5.5.4/91, 93: Figure 65: Value of education per employee**	**The Company does not report by employee gender and category.**
	GRI 405 Diversity and Equal Opportunity			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.5.6/97, 98: diversity of governing bodies**	**The Company Supervisory Board adopted a Diversity Policy in 2018.**
405-1	Diversity of governing bodies and employees	**DARS d.d.**	**I.5.5.3/89, 90: diversity of employees with respect to the level of education, age, gender I.5.5.6/97, 98: diversity of governing bodies by gender**	**The Company will deliver a comprehensive report about the diversity of governing bodies in 2019.**
	GRI 406 Non-discrimination			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.5/86 I.5.5.6/97**	
406-1	Incidents of discrimination and corrective actions taken	**DARS d.d.**	**I.5.5/86 I.5.5.6/97**	
	GRI 413 Local Communities			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.6.2/100, 101 I.5.7.1/130**	
413-1	Operations with local community engagement, impact assessments and development programmes	**DARS d.d.**	**I.5.7.1/130 I.5.6.2/100, 101**	**The Company reports about projects in which it cooperates with the local community in siting procedures (NSP).**
	GRI 416 Customer Health and Safety			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.4/67 I.5.4.1/67**	
416-1	Assessment of the health and safety impacts of product and service categories	**DARS d.d., users**	**I.5.4/67**	**All measures implemented on the motorway, accompanying infrastructure and motorway maintenance also take into account improved safety of motorway users**
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	**DARS d.d., users**	**I.5.4.8/85**	

	Table of contents as per the GRI Global Standards - core option (2016)			
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
	GRI 418 Customer Privacy			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.5.4.9/86**	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	**DARS d.d.**	**I.5.4.9/86**	
	GRI 419 Socioeconomic Compliance			
103-1 103-2 103-3	Explanation of the material topic and its Boundary	**DARS d.d.**	**I.4.5/44**	
419-1	Non-compliance with laws and regulations in the social and economic area	**DARS d.d.**	**I.4.5/44**	**The Company does not report about fines and other sanctions for non-compliance with regulations in social and economic areas.**

DARS
SUSTAINABILITY REPORT
2018

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