

SUSTAINABILITY REPORT 2017



DARS

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.

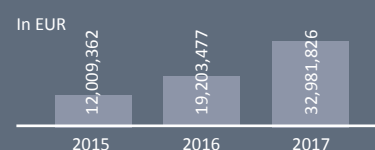
DARS d. d. is well aware of its responsibility to people, the environment, and society. Hence, it exercises social responsibility in a sustainable manner in all projects and long-term plans at all levels. Ambitious and clearly defined goals ensure that the public will continue to identify DARS as a responsible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

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

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

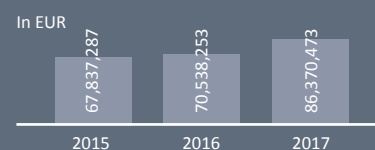
Corporate income tax

2015: €12,009,362
2016: €19,203,477
2017: €32,981,826



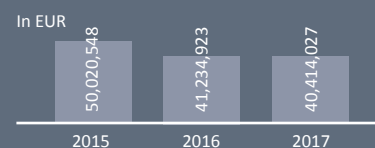
VAT

2015: €67,837,287
2016: €70,538,253
2017: €86,370,473



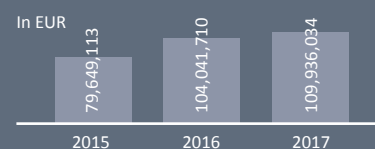
Payment of interest

2015: €50,020,548
2016: €41,234,923
2017: €40,414,027



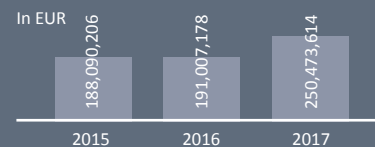
Investments in motorway development and reconstruction

2015: €79,649,113
2016: €104,041,710
2017: €109,936,034



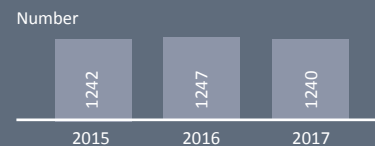
Toll revenue – freight traffic

2015: €188.090.206
2016: €191.007.178
2017: €250.473.614



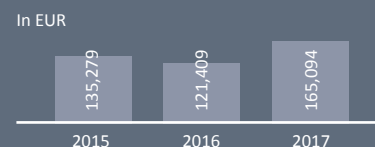
Number of employee

2015: 1,242
2016: 1,247
2017: 1,240



Sponsorships and donations

2015: €135.279
2016: €121.409
2017: €165.094



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.

DarsGO – the introduction of an electronic tolling system as of 1 April 2018 implies tolling without stopping and reducing speed, which will contribute to reduced pollution, noise and fuel consumption.

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

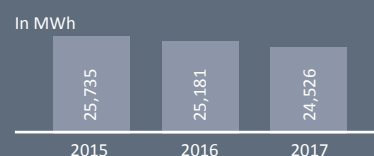
Electricity consumption

2015: 25,735 MWh

2016: 25,181 MWh

2017: 24,526 MWh

DARS d. d. ranks among large energy consumers in Slovenia based on its annual energy consumption in 2017.

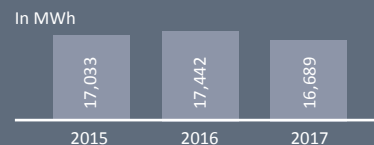


Fuel consumption

2015: 17,033 MWh

2016: 17,442 MWh

2017: 16,689 MWh



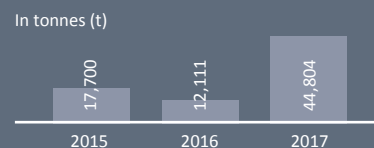
Grit consumption

2015/2016: 17,700 ton

2016/2017: 12,111 ton

2017/2018: 44,804 ton*

*salt consumption increased heavily due to a harsh winter and more ploughing days

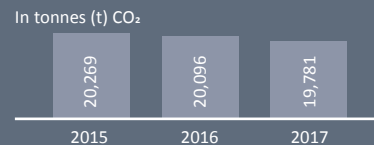


Carbon footprint

2015: 20,269 ton CO₂

2016: 20,096 ton CO₂

2017: 19,781 ton CO₂

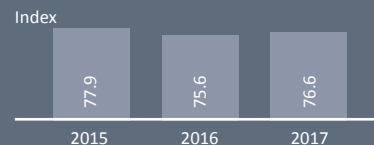


Customer satisfaction index

2015: 77.9

2016: 75.6

2017: 76.6



SAFE MOTORWAYS REQUIRE RENOVATION.

Length of reconstructed directional lanes

2015: 44.41 km

2016: 37.06 km

2017: 26.54 km*

*The realisation of the planned volume of reconstructed road lanes in 2017 was postponed to 2018 due to objective reasons.

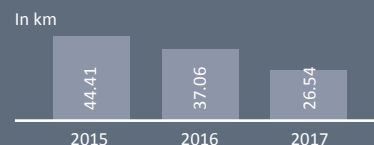


TABLE OF CONTENT

SOCIAL FOOTPRINT OF DARS D. D.	2
ENVIRONMENTAL FOOTPRINT OF DARS D. D.	3
I.1 LETTER FROM THE MANAGEMENT	6
I.2 NON-FINANCIAL STATEMENT OF DARS D. D.	7
I.3 PRESENTATION OF DARS D. D.	13
I.3.1 Company profile	13
I.3.2 Company mission, vision, values, strategic policies and integrated management system policy	14
I.3.3 The activities of DARS d. d.	17
I.3.4 Governance structure	19
I.3.5 Motorways and express ways in the Republic of Slovenia	20
I.3.6 Investments in motorway development and reconstruction	21
I.3.7 Self-assessment using the EFQM excellence model	26
I.3.8 Integrated management system	26
I.4 ABOUT THE REPORT	27
I.4.1 Sustainability reporting	27
I.4.2 The realisation of strategic sustainable development goals at DARS d. d.	27
I.4.3 The Company and its stakeholders	32
I.4.4 Inclusion of stakeholders and materiality matrix	33
I.4.5 Corporate integrity and compliance	36
I.4.6 Risk management	39
I.5 PERFORMANCE REPORT	41
I.5.1 Economic spotlights from operations	41
I.5.2 Responsible attitude to clients and customer satisfaction	44
I.5.3 Traffic and safety concerns	50
I.5.4 Projects concerning traffic management and safety concern	57
I.5.5 Sustainable relationships with employees	73
I.5.6 Responsibility towards the environment	85
I.5.7 Inclusion in broader society	112
I.5.8 Responsibility to suppliers/contractors	115
I.5.9 Communications	119
I.5.10 Persons responsible for the content and data in the Report	120
I.5.11 Project teams, committees and other Company bodies	121
I.6 GRI INDICATORS	123

ACRONYMS AND ABBREVIATIONS

MW	Motorway
C-ROADS	International pilot project to introduce cooperative systems for real-time information transfer
CSC	Customer Service Centre
DARS d. d.	Družba za avtoceste v Republiki Sloveniji d.d. (Motorway Company in the Republic of Slovenia)
DarsGO	Electronic tolling system in free traffic flow for heavy vehicles with maximum permissible mass exceeding 3,500kg (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
ETS in FTF	Electronic tolling system in free traffic flow for heavy vehicles with maximum permissible mass exceeding 3,500kg (DarsGO)
EFQM	European Foundation for Quality Management – Business Excellence model or Slovenian Business Excellence Prize
GRI GS	Global Reporting Initiative Global Standards
EW	Express way
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
PGD/PZI	Building Permit Design/Executive Design
TIC	Traffic Information Centre
AADT	Average annual daily traffic
FTF	Free traffic flow
R3	Motor vehicles having two or three axles with maximum authorised mass exceeding 3,500kg and groups of motor vehicles having two or three axles with maximum authorised mass exceeding 3,500kg
R4	Motor vehicles having more than three axles with maximum authorised mass exceeding 3,500kg and groups of motor vehicles having more than three axles with maximum authorised mass exceeding 3,500kg
ROE	Return on Equity
RS	Republic of Slovenia
SDG	Sustainable Development Goals
SDH	Slovenski državni holding d.d. (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 Obligations of DARS d. d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d. d.
ZUJF	Fiscal Balance Act (Official Gazette of the Republic of Slovenia, No. 40/2012)

1.1 LETTER FROM THE MANAGEMENT



To whom it may concern,

PLANET EARTH IS OUR ONLY HOME

The Sustainable Report for 2017, presented for the first time as an independent document, gives insight into the efforts made by 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.

DARS as the entity constructing the motorway system has pursued the mission of integration with European motorway networks, thus connecting Slovenia and making it part of international flows, which have been 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 present and became a strategic operator; the motorway systems already built were integrated in smart transport corridors with a focus on safety and fluidity. The Company strives for responsible and effective management, maintenance, and construction of motorway networks, thus providing conditions for their safe use.

The area of the environment and energy is 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

Tomaž Vidic, PhD
Chairman of the Board

Gašper Marc, MSc
Board Member

Vili Žavrlan
Board Member

Marjan Sisinger
Labour Manager/Board Member

and throughout the service life and to continuous reduction of adverse environmental impacts. DARS d.d achieves eight goals of sustainable development, i.e. Sustainable Development Goals (SDG), as adopted by UN Member States, and contributes to the realisation of global sustainable development.

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 largest modern challenges of humanity and the most obvious evidence of the devastating impact of human activities on the natural environment, which inevitably have a rebound effect on the lives of people. The results of climate change, non-sustainable use, and management of natural resources cause more and more natural disasters worldwide, which is a sign of close connection of the environment and human rights.

Dars d. d. will continue to carry out sustainability activities on an ongoing basis. To increase performance in that area, the Company connects with research institutions, experts, non-governmental organisations, civil society, business partners and other stakeholders. A great deal of attention is also placed on awareness raising and education to achieve these goals. The goal is to act in the long term. Long-term investments build trust. The trust of users is the Company's commitment.¹

1.2 NON-FINANCIAL STATEMENT OF DARS d. d.

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

1. Description of the Company business model

The Company has the status of a public limited company functioning as a commercial company under 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 shareholder rights, as defined in ZGD-1 and the Articles of Association, at the General Meeting of Shareholders.

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 positioning motorways in the environment, 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.

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 land where it will build, and has taken over all financial obligations related with the construction of new motorway sections. ZDARS-1 also stipulates that DARS d. d. performs individual tasks relating to spatial planning and locating motorways in the environment, 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 further lays down that DARS d. d. is to continue building motorways and express ways that commenced prior to the enforcement of ZDARS-1, while managing and maintaining the existing motorways and express ways in the Republic of Slovenia.

Pursuant to 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

The environment

Policy and due diligence

DARS systematically manages the environment and energy as confirmed by the obtained international ISO 14001 (environmental management system) and ISO 50001 (energy management system) standards. In relation to that, the Company has put in place an integrated management system policy laying down the quality, environmental and energy aspect along with safety and health at work.

The environmental and energy policy is aimed at increasing 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 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
- Spatial location of motorways and express ways
- Concern for the preservation of biodiversity
- Reduced light pollution
- Carbon footprint monitoring
- Concern for animals in MW area of influence
- Reduced air and noise emissions
- Impact of grit material on the environment
- Protection of waters
- Waste management

Due diligence of environmental and energy management is a component part of the management system. The management 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 management review are resolutions that are used to continuously improve the environmental and energy management system.

Main risks and their management

As the entity managing and maintaining motorways and express ways, DARS d.d has established an environmental management system in previous years within the scope of overall Company operations, which was upgraded with an energy management system in 2017 that allowed it to consistently pursue its environmental protection policy in all areas of its operations. In 2017, the Company continuously improved the management system with emphasis placed on energy management and identification of environmental aspects upon due observation of all stages of a service life cycle. The underlying theme of the environmental management system pertains to the assessment and analysis of environmental impacts and aspects taking into account the stages of a service and their definition in the register of environmental aspects. The risks referring to the timely monitoring and enforcement of legislative requirements in practice are mitigated with measures taken by the appointed responsible persons covering the area of work to which a legislative amendment refers. Environmental risk, which includes the risk of waste management with special emphasis placed on hazardous waste, the risk of environmental pollution and the risk of influence area protection have become increasingly important. 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, fast and efficient actions are necessary to render any negative implications for the environment as low as possible. To that end, the Company informs and trains all employees at such workplaces to act fast and effectively in a given situation as regards environmental protection. The probability of the occurrence of emergency events is also reduced with 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 cleaning and regular maintenance of retention basins for the purposes of undisturbed operations, implementation of an annual programme of operational monitoring of excess rainwater, and with the collection, separation and controlled disposal of the waste collected, implementation of measures to reduce light pollution and ongoing monitoring for the presence of carbon monoxide and for visibility in tunnels, the Company has devoted major efforts to reduce negative impacts on the environment and successfully managed the risk of environmental accidents. Furthermore, the Company realised the governmental Noise Action Programme for the first phase major roads and major railways outside Municipality of Ljubljana for 2012-2017. Most measures on five motorway sections have already been executed, while the protection of individual most affected residential buildings along the motorway network continues.

Key performance indicators

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

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

- The volume of electricity spend will reduce by 5% by 2020 with respect to the existing situation of electricity users and the cost of electricity will reduce by 3% with respect to 2015.
- To reduce energy consumption for heating by 10% until 2020 with respect to 2015.
- To reduce CO₂ energy emissions for heating by 20% until 2020 with respect to 2015.

To reduce impact on the environment, the Company laid down framework and implementing 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.

A comprehensive approach to manage energy and pertaining measures have allowed the Company to reduce electricity consumption. Over the years, the Company successfully reduced average fuel consumption, achieving the latter with the purchase of new low energy vehicles and awareness raising among employees on low energy driving, thus reducing fuel consumption, risk of accidents, noise emissions and exhaust gas emissions.

In respect of emission management, the Company complies with requirements. Emissions to 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 controlled or regulated automatically, using the fans installed. The control centres in charge of controlling traffic in individual tunnels monitor measurements.

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

In 2017, the effect of salt on the environment was also monitored during the implementation of the Annual Programme of Operational Monitoring of rainwater from retention basins. Analyses of individual samples taken showed no excess presence of salting elements; in each analysis, the salting elements were within the prescribed limits.

Concerning the operation of retention basins in terms of protecting the natural environment, the Company implemented the Annual Programme of Operational Monitoring (APOM) for wastewater from rainfall. The measurements showed that the parameters of drainage water from the retention basins were within the limits laid down by the Regulation and could, as such, be discharged into nature without further treatment. The Company also collected tunnel wastewater from washing in a controlled way and handed it over for treatment to waste disposal contractors as a specific type of waste.

Based on the methodology used for monitoring the condition of noise protection on motorways and express ways, the Company started to make 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, a part of noise protection was included in the Action Plan for Infrastructure from 2016 to 2018.

In 2017, DARS d. d. continued and upgraded its environment protection policy, placing stress 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.

In investments, DARS d. d. also acts as a producer of construction waste. The legal regulation of the area was translated by DARS d. d. into its own investment execution process.

Social and HR affairs and protection of human rights

Policy and due diligence

According to a survey carried out by the agency Mojedelo.com, DARS is one of the most reputable employers in Slovenia as it provides employment in all Slovenian regions as an organisation. Employment within the scope of the Company provides employees with a high degree of economic and social security. Staffing at the Company is based on a prudently and carefully prepared procedure to select the best human resources, while the career development of employees is implemented through:

- the identification of employee skills and potentials, and employees' inclusion in Company development activities,
- performance assessment,
- horizontal advancement at workplace,
- development of management skills and expert skills within the scope of lifelong learning and acquisition of experiences for vertical and career promotion within the organisation based on internally published vacancies.

We are aware that the Company's success depends primarily on its associates and their skills, knowledge, and abilities. Only engaged and highly qualified associates are able to make sound predictions, understand, plan and adjust work processes in the organisation to internal and external circumstances, which is the basis for effective and successful Company operations. That is why DARS enables its employees to develop skills, knowledge and talents on an ongoing basis through appropriate education and training, both within and beyond the scope of DARS, that is based on the strategic and development needs of the organisation. Education and training represent an open process for the purposes and interests of employees towards upgrading and improving their functional and expert knowledge and personal growth in various forms of education.

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. Hence, safety was included in the 2017-2020 Strategy as one of the most important elements for successful planning of Company development.

The Company management policy includes a commitment to prevent tampering with employees' personal lives, and to prevent discrimination. The employee selection process 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 and Workers' Council with which a special partici-

pation agreement or, rather, an agreement on employee participation in management has been made. The Company holds joint consultations with 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.

Main risks and their management

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

The risk of the loss of competent or key staff at DARS d. d. is mitigated with the provision of creative, safe and interesting working environment. In order to obtain feedback on the working environment from employees, surveys are carried out on organisational climate and employee satisfaction, the results of which provide the basis for preparing an annual programme of activities. To raise employee competences and improve the organisational culture, the Company earmarked more funds in 2017 than in previous years. To improve 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 organisational climate and employee satisfaction in 2017 show improvements in all points measured.

To identify the share of actively non-engaged employees, the Company also measured engagement in 2017. The results show an increased share of actively engaged employees and a reduced share of actively non-engaged employees. The measures carried out previous years to reduce the share of actively non-engaged employees included performance-based variable bonuses, successful training in management, constructive communication, and the acquisition of new skills at various expert conferences in Slovenia and abroad.

High costs of HR reorganisation within the Company upon the deployment of the DarsGO system

The risk of high costs in the process of HR reorganisation in toll collection upon the deployment of the DarsGO system in 2017 was mitigated with systematically organised activities, i.e. firstly with activities for target in-house employee re-qualification, due consideration of protected employee categories and, lastly, with the execution of appropriate in-house staffing to workplaces within the scope of the electronic tolling system. The identified risk of HR reorganisation, which is challenging in terms of costs, was taken into account as early as in the preparation stage of the DarsGO system specifications and later on in the implementation stage, which is why the Company sought to automate business processes to the maximum possible level.

Key performance indicators

DARS d. d. has measured the organisational climate for the tenth time, since its results direct the Company to make continuous efforts and improvements to organisational systems and working environment in light of raising motivation and employee satisfaction. Compared to 2016, the total index rose by 0.16 points while scores in 2017 also improved for all organisational climate points measured. The results reveal that employees have developed a high level of responsibility for quality performance, support innovations, have a sense of belonging to DARS, and are well qualified and motivated.

Employee engagement has an important impact on the effectiveness and efficiency of the organisation, which is why employee engagement has been measured for the past few years among Company employees using the Gallup methodology. The share of engaged employees at DARS hence rose by 5.61% in 2017, which is 2.36% more than the Slovenian average. The share of actively non-engaged employees reduced by 6.87% with

respect to the previous year, which is an important step forward to the engagement of Company employees. DARS joined the partner project of the KoC LOGIN competence logistics centre, within the scope of which it obtained €31,500 from the European Social Fund for employee training, which can be drawn in 2017 and 2018. Within the scope of the mentioned project, seven training courses were conducted in 2017 in the total value of €16,620.

DARS is well aware of the importance of employee knowledge for successful performance of duties, which is reflected in a continuous growth trend of training hours between 2015 and 2017, particularly within the scope of in-house training. Since 2013, the volume of training hours increased by 100%.

Fight against corruption and bribery

Policy and due diligence

Human rights are observed by way of applicable legislation and internal codes and agreements referring primarily to non-discrimination on the job, mobbing, 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 human rights in the broadest possible terms. The Company has adopted the Dars Code of Conduct and Instructions, laying down protection for whistle-blowers notifying corruptive, illegal and unethical actions that are based on the Integrity Plan of DARS d. d. and which resulted from the Integrity and Prevention of Corruption Act.

The Dars Code of Conduct and Instructions laying down protection for whistle-blowers notifying corruptive, illegal and unethical actions set out 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.

Main risks and their management

A conflict of interests of employees in the Company structure and supervisory bodies reduces the Company independence and credibility among employees and external environment. 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 case, it is best practice that an associate be eliminated from the specific work process.

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

Key performance indicators

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
Chairman of the Board



Gašper Marc, MSc
Board Member



Vili Žavrlan
Board Member



Marjan Sisinger
Labour Manager
/Board Member



Ljubljana, June 27th 2018

I.3 PRESENTATION OF DARS d. d.

I.3.1 Company profile

NAME ²	Družba za avtoceste v Republiki Sloveniji d.d. (Motorway Company in the Republic of Slovenia) DARS d. d.
REGISTERED OFFICE ³	Ulica XIV. divizije 4, 3000 Celje Phone: (03) 426 40 71 Fax: (03) 544 20 01
BRANCH OFFICE	Dunajska 7, 1000 Ljubljana Phone: (01) 300 99 00 Fax: (01) 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	state-owned public limited company
OWNER (shareholder) ⁴	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	€2,322,284,140
CAPITAL INCREASE	Total capital €2,811,184,886 Nominal value of issued bonds: €163,779,470
NO. OF SHARES ISSUED	€55,650,231
LOCATION OF OPERATION (MARKET) ⁶	Republic of Slovenia
NUMBER OF EMPLOYEES ⁷	1240
NET SALES REVENUES	€442,244,312

² GRI GS 102-1.

³ GRI GS 102-3.

⁴ GRI GS 102-5.

⁵ GRI GS 102-2.

⁶ GRI GS 102-4.

⁷ 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 provides safety and comfort on the Slovenian motorway network.

Vision

Linked in future

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

- users, with whom we share 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, local community, wider Europe, 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 values⁸

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, keeping 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, owner, local community) in a socially responsible manner, making it a reliable business partner.

Development

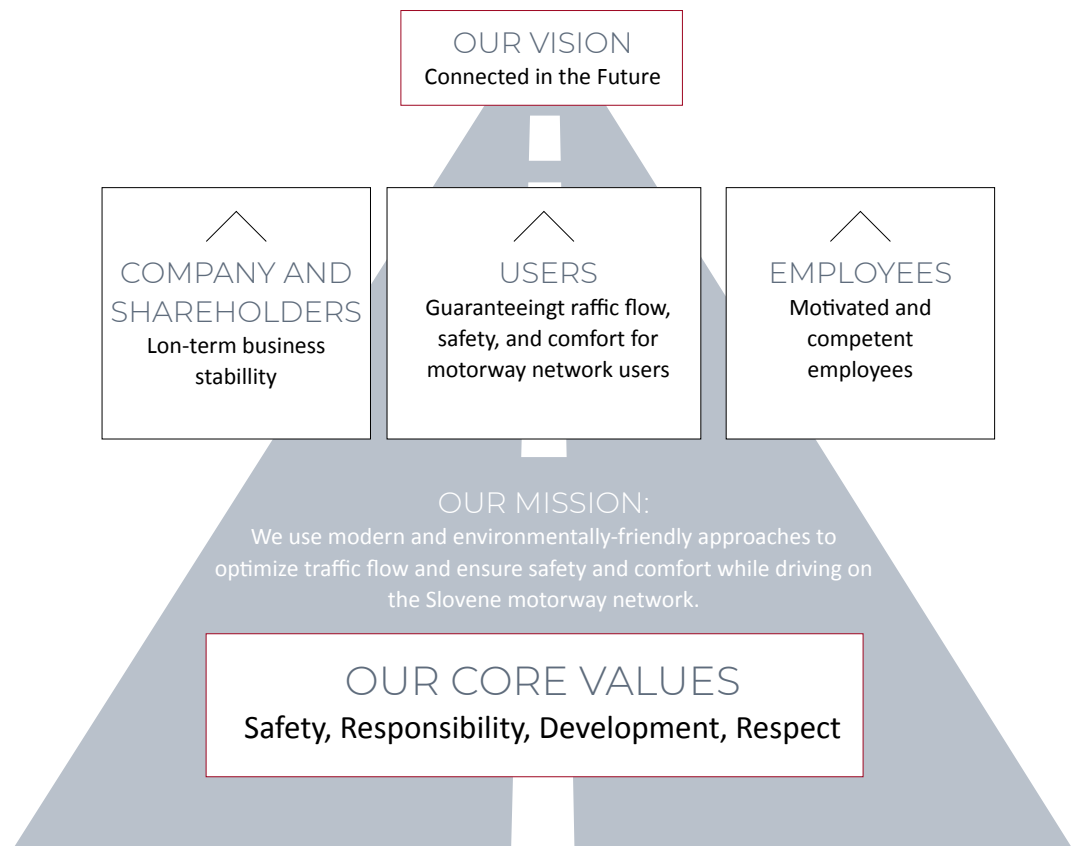
The Company continuously promotes new innovative and modern approaches and develops new or improves existing services rendered by the Company, while striving to improve energy efficiency. With a creative and innovative mind-set, we are aware that this is the only way to develop innovative services with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

Strategic policies of DARS d. d.⁹

Figure 1: Strategic policies of DARS d. d.



Provision of safety, fluidity and comfort to motorway users

- provision of traffic safety
- provision of traffic fluidity
- provision of user-friendly services

Long-term stable operations

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

Engaged and competent employees

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

⁹ GRI GS 103-1.



Integrated management system policy

With professional and responsible performance of tasks, the management and all Company employees will make every effort to fulfil the requirements and expectations of its 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 continuous improvements of all business processes, with 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:

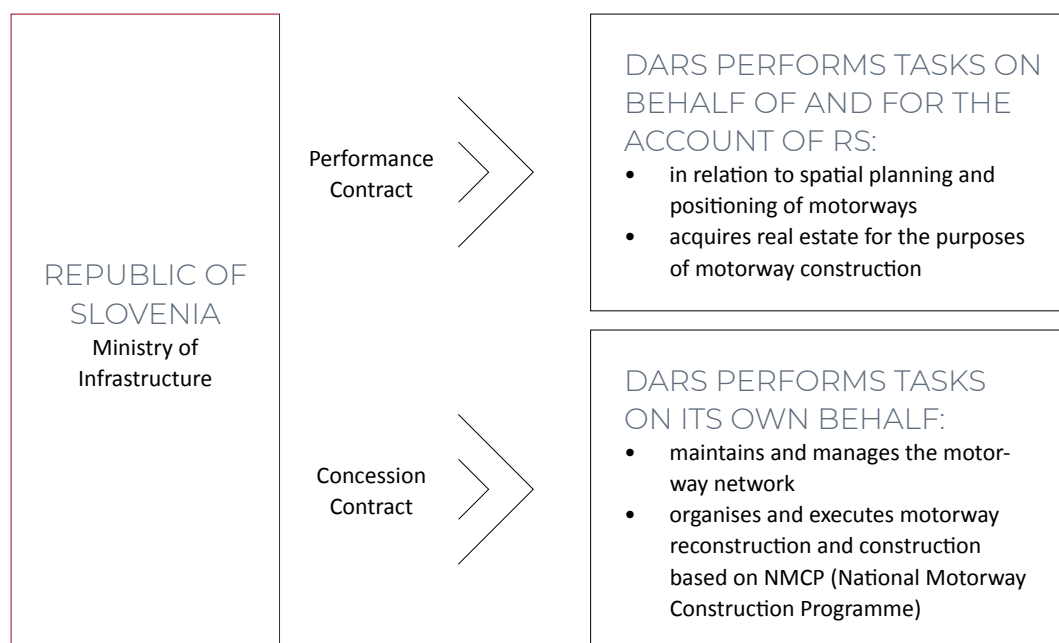
- by making responsible decisions based on specific information and facts,
- by providing good conditions and relations between all stakeholders inside and outside the Company,
- by promoting proactive operations with emphasis placed on employee innovations,
- by managing the risks identified and seizing the opportunities detected,
- by enhancing 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, also by personal example.



I.3.3 The activities of DARS d. d.¹⁰

Figure 2: The activities of DARS d. d.



¹⁰ GRI GS 102-2.

DARS d. d. was established in 1993 based on ZDARS 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 SSH and the Recommendations and Expectations of SSH as the manager of the State capital assets, which are aimed at improving the corporate governance system for capital assets of the State, company organisation and, consequently, company performance.

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 locating motorways in the environment, 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.

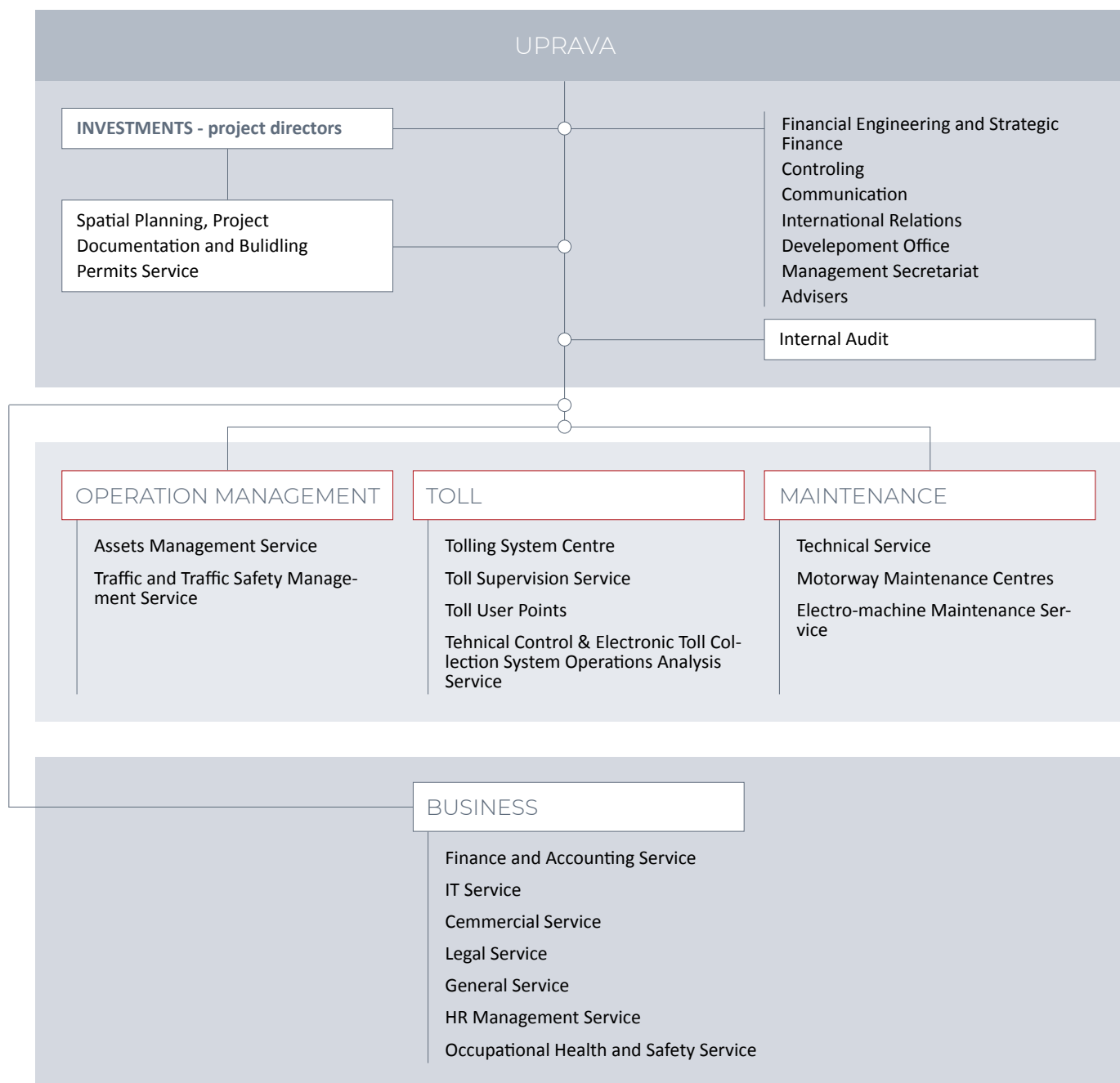
ZDARS-1 lays down the status, tasks and obligations of DARS d. d. and regulates legal property relations in connection with motorways. Pursuant to the Act, DARS d. d. was transformed into a concessionaire that was awarded the right of superficies for the term of the concession relating to land where it will build, and has taken over all financial obligations related with the construction of new motorway sections. ZDARS-1 also stipulates that DARS d. d. performs individual tasks relating to spatial planning and locating motorways in the environment, 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 further lays down that DARS d. d. is to continue building motorways and express ways that commenced prior to the enforcement of ZDARS-1, and managing and maintaining the existing motorways and express ways 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 structure¹¹

Figure 3: Organisational structure of DARS d. d.

Makro in mezzo Organisational Structure of the Company



¹¹ GRI GS 102-18.

I.3.5 Motorways and express ways in the Republic of Slovenia

In 1994, the Republic of Slovenia transferred all motorways, infrastructure, and facilities built on them to the management and maintenance of DARS d. d. with a special contract. Hence, RS transferred 198.8 kilometres of two-lane and four-lane motorways and express ways built and 67.5 kilometres of access points to DARS d. d.

With NMCP implementation, the network managed and maintained by DARS d. d. has gradually increased. At the end of 2017, the Company managed 617.6 kilometres of motorways, 139.8 kilometres of motorway access points, 22.3 kilometres of interchanges, and 36.4 kilometres of other roads.¹²

Figure 4: The Slovenian motorway system, December 2017



¹² 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 reconstruction¹³

Karavanke tunnel (2nd 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 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 minimum safety requirements for tunnels in the Trans-European Road Network, it is necessary to ensure full motorway clearance between 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, also including sites for the disposal of excess excavated material. The arrangements planned are located in Jesenice and Kranjska Gora municipalities.

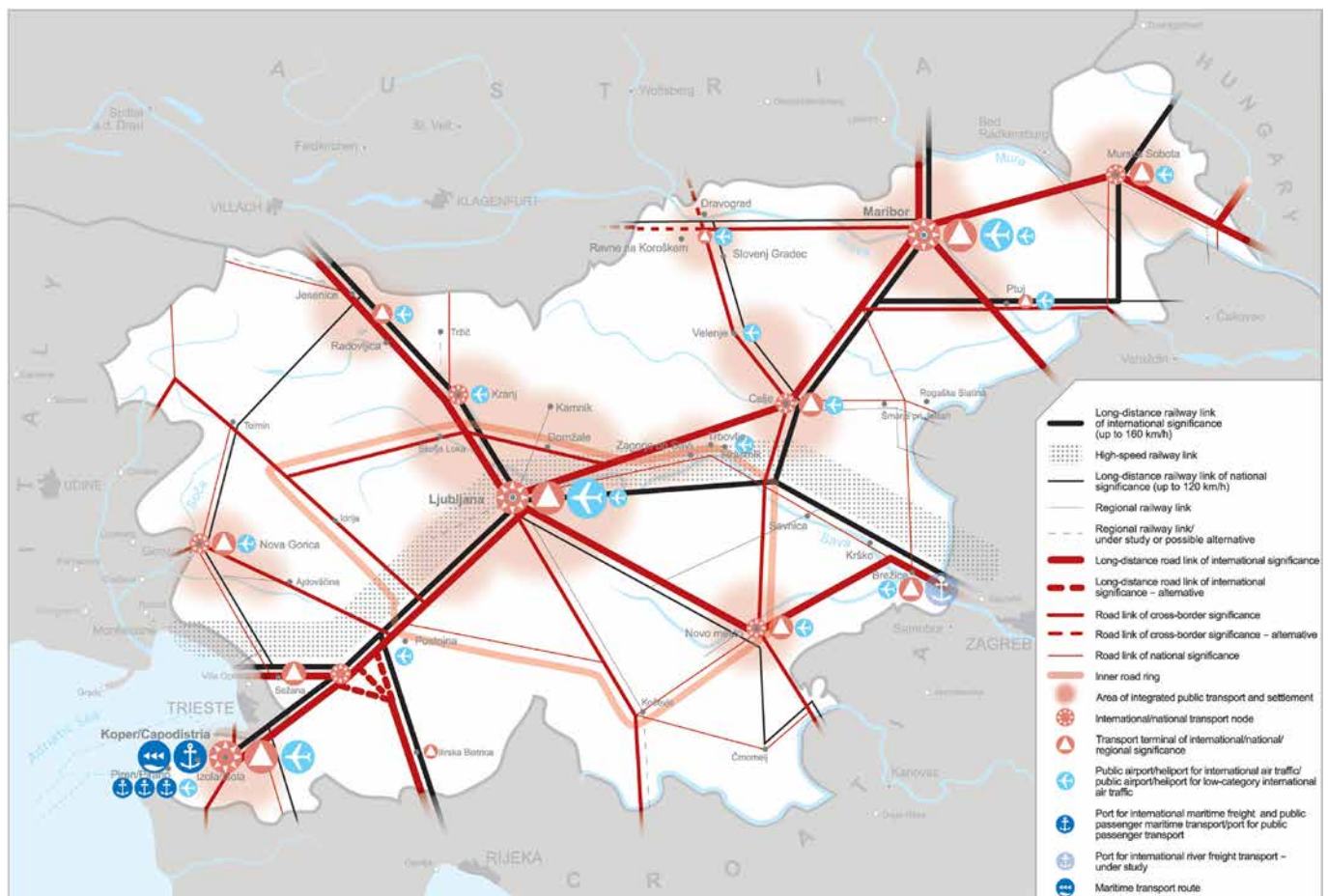
¹³ GRI GS 203-1.

3rd development axis

The third development axis entails a future traffic link from north to southeast Slovenia (from the Austrian to the Croatian border). The link also includes two new national roads from A2 motorway near Novo mesto to access point Maline and from access point Šentrupert on A1 motorway to access point Slovenj Gradec – south.

The Ordinance on Spatial Planning Strategy of Slovenia mentions the 3rd development axis as a road link coming from Carinthia via Slovenj Gradec and Velenje and connecting to the motorway near 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>).

Figure 6: Spatial development strategy of the Republic of Slovenia



The sea border between the Republic of Slovenia (RS) and the Republic of Croatia (RC) assumed from the Treaty on the Common State Border between the RS and the RC (Annex 1) approved by both governments on 19 July 2001, and initiated by the heads of negotiating groups on 20 July 2001.
Source: Expert research for the SDSS
Cartographic: MOPE - UPP MOPE - GURS, GZ, 2003
Cartographic processing: MOPE, July 2004

Publication Map No 3 Chapter III.2.1
**Public Infrastructure Development
Guidelines for Development of the
Transport System**

**Spatial Development Strategy
of the Republic of Slovenia**

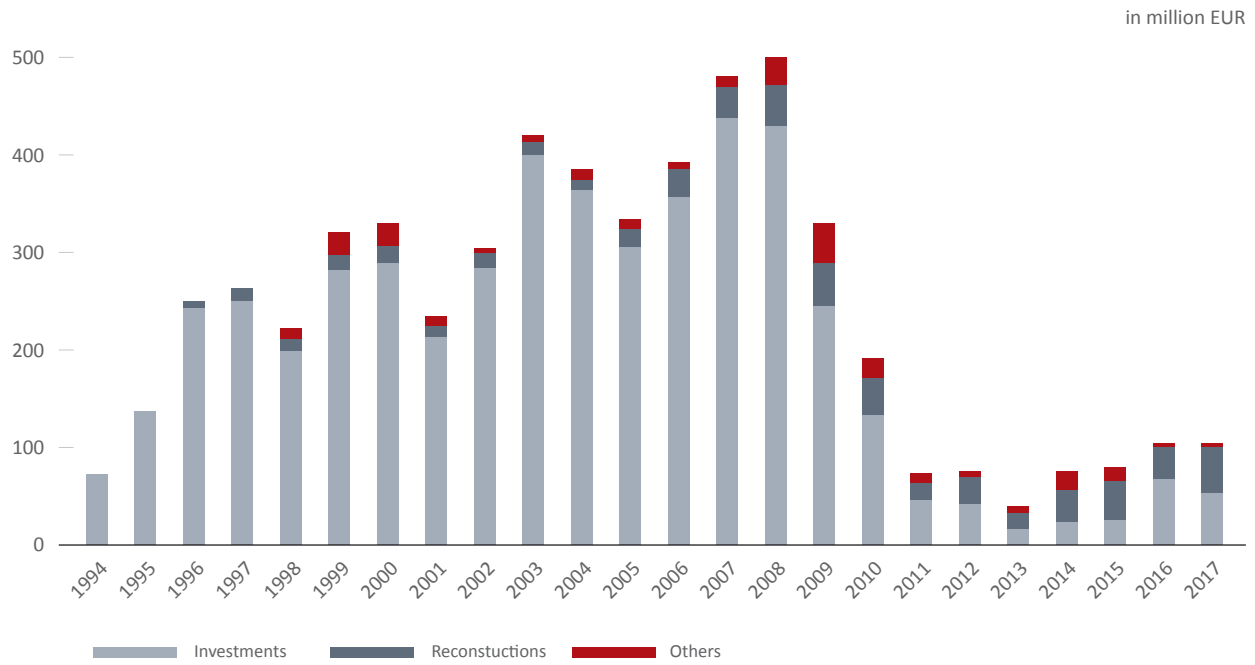
I.3.6.1 Investments planned from 2017 to 2020

Table 1: Major investments planned by DARS d. d. from 2018 to 2020 in € million (source: Amended Business Plan for 2018)

	realisation 2017	2018 plan	2019 plan	2020 plan	Total 2017-2020
SLIVNICA-GRUŠKOVJE: Draženci-Gruškovje	43.83	13.88	0.45	0.00	58.16
ŠMARJE – SAP motorway access point	2.82	0.02	0.00	0.00	2.84
DRAGOMER motorway access point	0.10	0.22	10.23	5.97	16.52
CONSTRUCTION OF NOISE BARRIERS	0.22	4.76	4.30	2.00	11.28
CONSTRUCTION OF WIND BREAKS	0.02	2.97	0.55	10.66	14.20
KARAVANKE TUNNEL (2 nd tube)	1.60	10.84	35.22	35.22	82.88
DarsGO (ETS)	3.37	69.19	20.00	5.00	97.57
HAJDINA-ORMOŽ: Markovci-Gorišnica	0.07	0.25	5.95	7.25	13.52
KOSEZE-KOZARJE: expansion into a 6-lane road (construction, other)	0.16	0.33	1.06	17.00	18.55
3 rd development axis north: Velenje-Slovenj Gradec	0.06	2.70	5.53	29.31	37.60
3 rd development axis north: Šentrupert-Velenje	0.05	1.90	4.56	25.94	32.46
3 rd development axis south: Novo mesto-Maline (stage I – stages 1 and 2)	0.54	1.45	8.75	18.03	28.76
3 rd development axis south: Novo mesto-Maline (stage I – stages 3 and 4)	0.01	0.16	7.80	8.29	16.26
Total	52.86	108.68	104.39	164.67	430.60
MOTORWAY RECONSTRUCTION	46.65	65.80	64.08	63.26	239.79
Other investments	10.43	32.61	54.65	30.87	128.56
Total	109.94	207.09	223.12	258.80	798.95

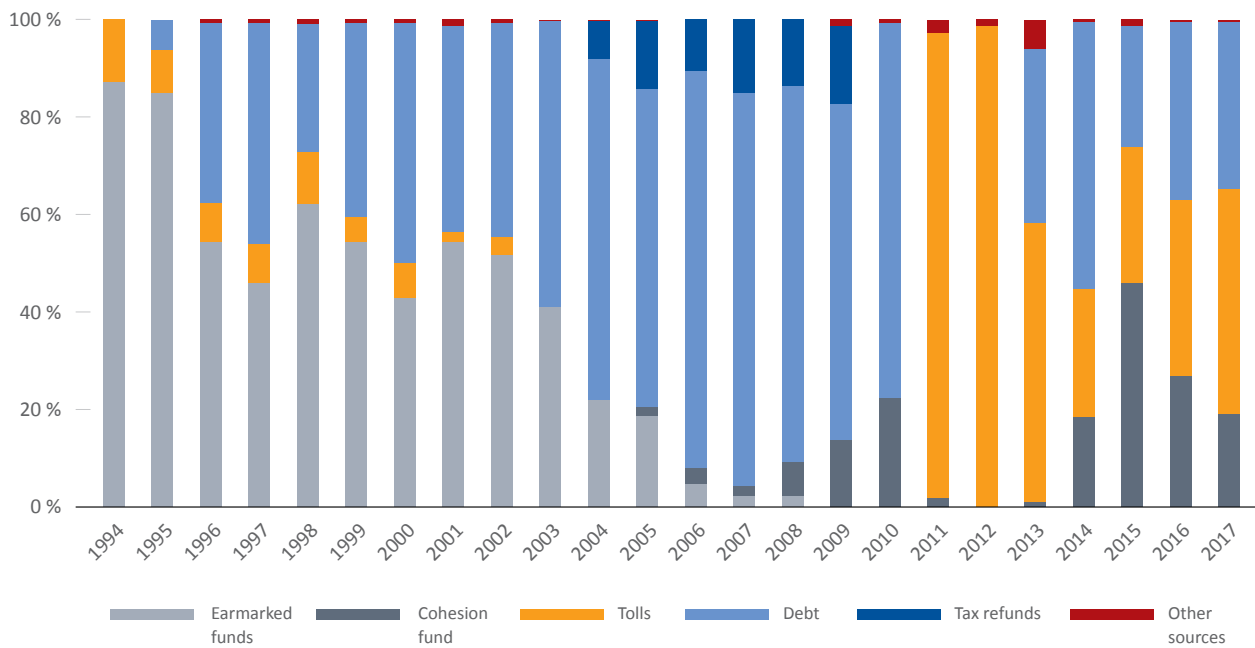
I.3.6.2 Investments in NMCP (National Motorway Construction Programme) from 1994 to 2017

Figure 7: Investments in NMCP (National Motorway Construction Programme) from 1994 to 2017



I.3.6.3 Sources of funding NMCP (National Motorway Construction Programme) from 2000 to 2017

Figure 8: Sources of funding the National Motorway Construction Programme (NMCP) from 2000 to 2017



I.3.7 Self-assessment using the EFQM excellence model

Pursuant to the Recommendations and Expectations of the Slovenian Sovereign Holding, the Management Board of DARS d. d. appointed a work group for self-assessment using the 2013 EFQM excellence model. In line with the requirements of the Model, the group performed a self-assessment and produced a report containing findings, an action plan with 34 measures, and short- and medium-term desired objectives for company operations in relation to quality and excellence.

The Management Board places great importance on SSH recommendations and expectations, and has identified the "DARS d. d. Strategy from 2017 to 2020" document within the scope of nine strategic goals under "Strategic guidelines for long-term operating stable operations," strategic goal "SC 6 Implementation of business excellence" 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 six months and confirms the suitability of introduced measures.

I.3.8 Integrated management system

The integrated management system includes the quality aspect according to the requirements of the ISO 9001 standard, the environmental management aspect according to the requirements of ISO 14001, the occupational health and safety aspect according to the BS OHSAS 18001 standard, and the energy management system aspect according to the ISO 50001 standard. Together, these aspects form a unified 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 to continuously improve through the PDCA approach (plan, do, check and act), which is the driving force of progress and optimisation of business processes in all areas of Company operations.

In order to establish a project to introduce an energy management system according to the ISO 50001 standard, the requirements of which were integrated in the quality management system, environmental management system and health and safety at work, the Company confirmed the success of the requirements introduced by passing part 2 of the certification assessment made by an independent accredited institution in January 2017.

The credibility of the quality and environmental management systems and of the occupational health and safety system is regularly and successfully certified 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 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 one hand provides quality information on its socially responsible actions to its stakeholders and, on the other, forms decisions for its future socially responsible actions based on cooperation and identification of stakeholders' needs and interests. The key motto of the Company is 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 2017 contains all necessary information for the publication of the Non-Financial Statement and is, therefore, in line with 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 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 disclosure of non-financial and diversity information by certain large undertakings. The Guidelines will become applicable in 2018, i.e. in relation to information for the 2017 financial year.

The first Sustainability Report of the Company under GRI standards

The first independent Sustainability Report of DARS d. d. is a great milestone of the Company and regards reporting about its sustainable development, where the Company has observed international sustainability reporting standards Global Reporting Initiative (GRI GS), core option,¹⁴ and significantly improved the quality of sustainability section in previous annual reports, making it a comprehensive report stressing the materiality of Company operations. The Company has reported about sustainable development and corporate social responsibility in its annual reports since 2009, with the last annual report for 2016 published on 26 April 2017.¹⁵ The Sustainability Report was prepared by all 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.¹⁶

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

DARS d. d. is well aware of its responsibility to people, the environment and society. Hence, 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 for 2017-2020, linking its vision and stakeholders with three crucial strategic policies of DARS d. d., is shown in detail in Chapter I.2.3 Mission, vision, values, strategic policies and integrated management system policy, with the central focus on stable operations in the long term. It also importantly relates in content and strategic goals to the realisation of the first strategic policy (Provision of fluidity, safety and comfort to motorway users) with users as the key stakeholders and to the third strategic policy (Engaged and competent employees) with employees as target stakeholders.

¹⁴ GRI GS 102-54.

¹⁵ GRI GS 102-51.

¹⁶ GRI GS 102-50, 102-52.

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 develop the entire company, economy, science and civil society – which will play an important role in the attainment of important goals of the entire Company until 2030.

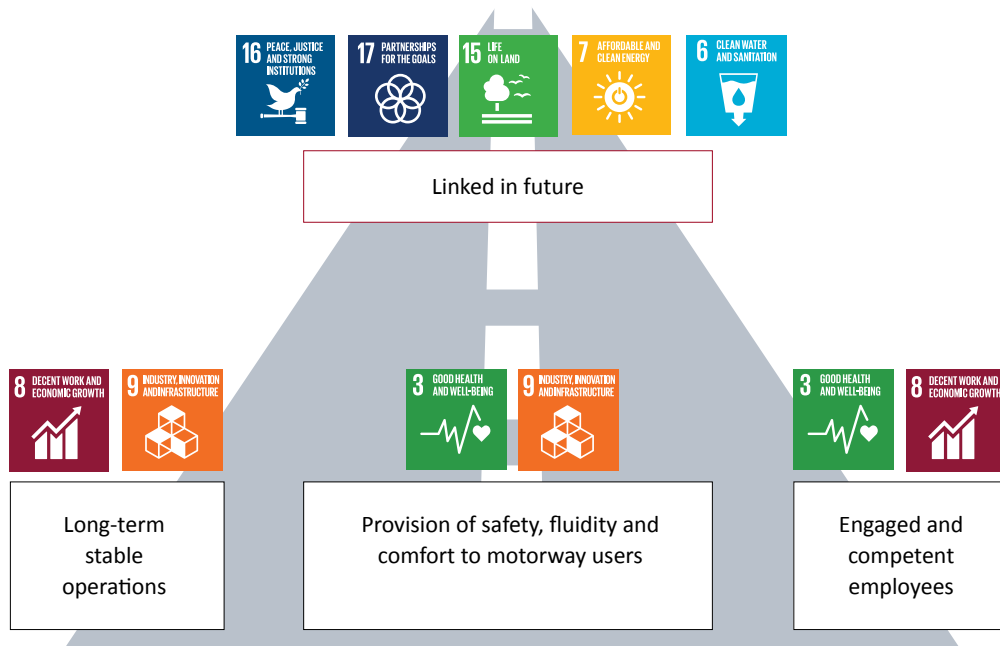
Below are all 17 sustainable development goals, which are also available at the Ministry of Foreign Affairs link: http://www.mzz.gov.si/zunanja_politika_in_mednarodno_pravo/mednarodno_razvojno_sodelovanje_in_humanitarna_pomoc/politike_mrs/cilji_trajnostnega_razvoja/ <https://sustainabledevelopment.un.org/sdgs>)

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



With its activities, DARS d. d. strives to contribute to eight 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 and justice 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 contents: 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 contents: Indirect economic effects on the Company, provision of fluidity, safety and comfort to MW users, inclusion in the community and development.

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



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

Relevant contents: 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, reducing carbon footprint and taking measures to reduce energy consumption, which contributes to goal 7.

Relevant contents: Energy use, emissions.

Indicator: Reducing electricity consumption by 5% by 2020, consumption of energy products for heating by 10% until 2020 and CO₂ emissions of energy products for heating by 20% by 2020 with respect to the base-line year of 2015.



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

Relevant contents: 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 contents: 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 with respect to 2015. Provision of accurate and timely information to users using existing and new communication channels: 10% growth in the use of all available communication channels by users until 2020 with respect to 2015.

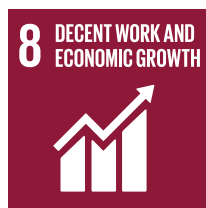


Industry, innovation and infrastructure: By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS d. d. wishes to provide users with safety and comfort.

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

Indicator: Deployment of an electronic tolling system in FTF for heavy vehicles (DarsGO) until the beginning of 2018 and establishment of a travel time and congestion monitoring system using the DarsGo electronic tolling system (ETS in FTF) and floating car data (FCD). Following the deployment of the system: 3% reduction in congestions per year and improved infrastructure.

Long-term stable operations



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

Relevant contents: Long-term stable operations.

Indicator: Net debt to EBITDA with the target indicator below 8; provision of 3% return on equity.

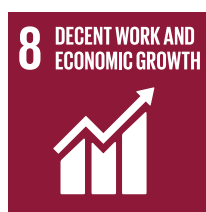


Industry, innovation and infrastructure: By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS d. d. contributes to regional and international economic development and welfare of the society. With the deployment of electronic tolling, it seeks to promote the use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

Relevant contents: 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 reconstructed directional lanes – at least 35km/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 secure forms of employment, which is why most employees have permanent employment contracts, while the number of agency workers and students is insignificant. The latter depends on labour needs.

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

Indicator: 3% of Company employees have fixed-term employment contracts, while the rest have permanent employment contracts. The Company usually has no agency workers, although a few are employed for a fixed period of time due to the transition to the new tolling system.



Health and well-being: With concern for employees' safety and health, Dars contributes to goal 3.

Relevant contents: 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 a correct and balanced way, while 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 strategic and operative level. This strengthens understanding between individual groups of stakeholders and the Company, and enhances mutual trust.

The stakeholders of DARS d. d. are identified and defined in the document Needs and Expectations of Stakeholders, indicating a stakeholder's influence on the Company, the needs and expectations of a stakeholder, the persons responsible for relations with a stakeholder, the persons cooperating with individual stakeholders, and the method of monitoring the perception of a stakeholder, i.e. for all relevant stakeholders. 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.¹⁷

Figure 11: DARS's relationship with stakeholders



¹⁷ GRI GS 102-40, 102-42.





I.4.4 Inclusion of stakeholders and materiality matrix

I.4.4.1 Communication tools, methods to include stakeholders, and highlighted topics

Table 2: Communication tools, methods to include stakeholders, and highlighted topics¹⁸

Stakeholders	Communication tools and method of inclusion	Key topics/interests	Stakeholder's inclusion in the preparation of the Sustainability Report
Employees	<ul style="list-style-type: none"> In-house communication tools: intranet, email, notice boards, in-house newsletter, bulletin, events Project to research and monitor 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. (owner's representative)	<ul style="list-style-type: none"> 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 (compliance), expected realisation of LNU criteria, long-term stable operations, improved corporate governance practices, sustainable development, increased return on equity, introduction of lean enterprise, optimisation of business process 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 and MW/EW management and maintenance	✓
Supervisory Board	<ul style="list-style-type: none"> SB sessions and committees 	Sound performance in line with the plans, compliance	✓
Ministry of Infrastructure	<ul style="list-style-type: none"> Annual Report of DARS d. d. Following up and taking into account proposals and remarks Regular biweekly coordination meetings with the Directorate All consents in line with the relevant legislation Approval of government documents for borrowing 	Successful realisation of the legally defined role of DARS, long-term stable operations, indirect economic effects, compliance, provision of fluidity, safety and comfort to MW users and customer privacy, active debt management, fluidity and safety of the motorway network, financially sustainable construction of the motorway network, and the provision of due quality of MW/EW management and maintenance.	✓
Slovenian traffic safety Agency	<ul style="list-style-type: none"> Press conferences upon major safety occurrences Events (Sožitje project and other events related with 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	<ul style="list-style-type: none"> Consents to all borrowings Consents to the section of the Business Plan laying down the refinancing of the Company debt (based on ZPKROD) 	The management of the debt secured with Republic of Slovenia guarantees and any impact on the public debt, provision of financial sustainability	✓
Motorway network users	<ul style="list-style-type: none"> Website of DARS d. d. (www.dars.si) Social networks (Facebook, Twitter) Mobile app DarsPromet+ or DarsTraffic+ Telephone and personal contacts 	Observation of proposals and remarks, concern for the safety and satisfaction of motorway users, timely and complete provision of information on road conditions and other events affecting traffic safety and fluidity	✓ included on the basis of an analysis of the Motorway user

¹⁸ GRI GS 102-43, 102-44.

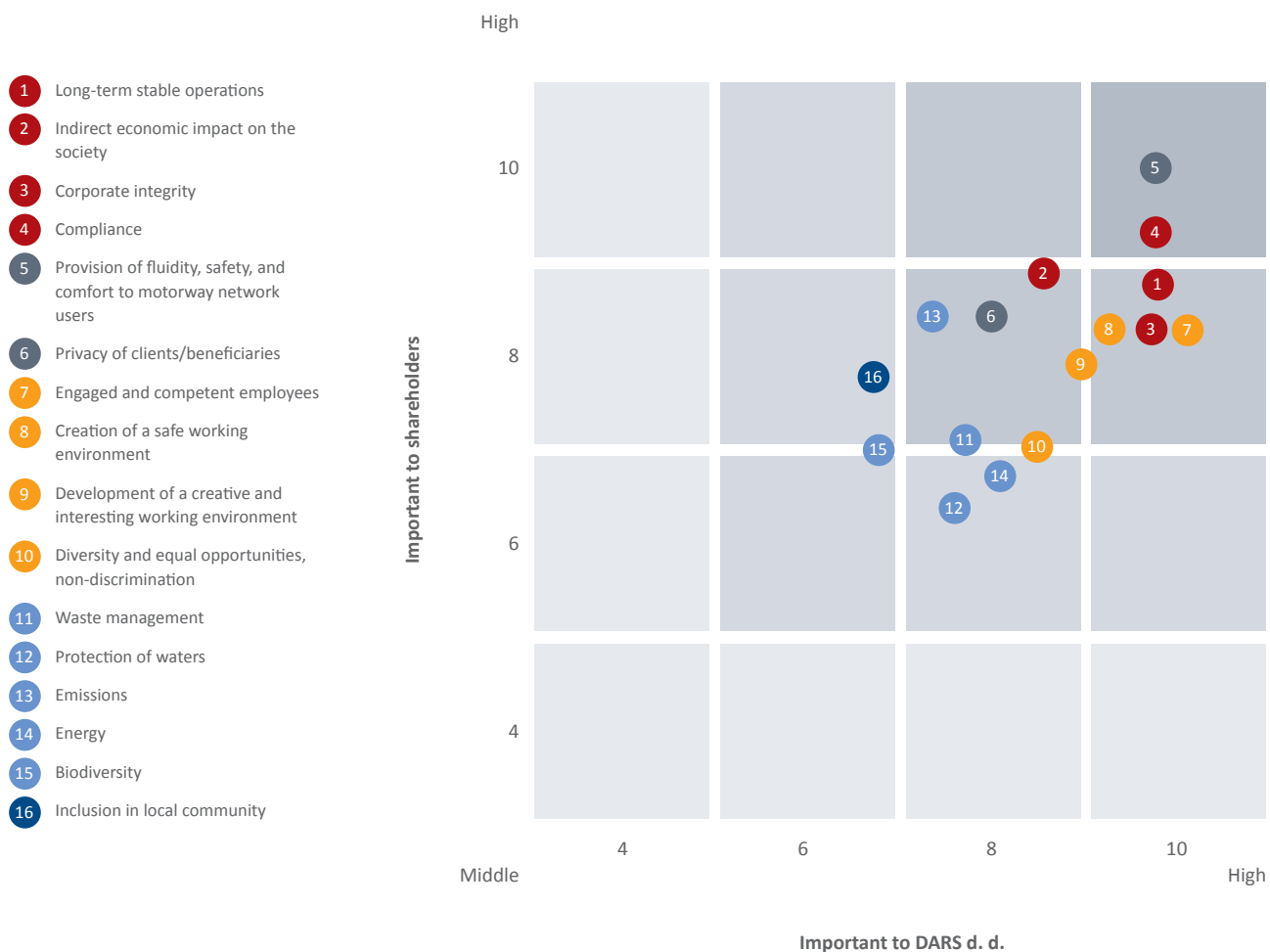
Stakeholders	Communication tools and method of inclusion	Key topics/interests	Stakeholder's inclusion in the preparation of the Sustainability Report
	<ul style="list-style-type: none"> Website of the Traffic Information Centre – TIC (www.promet.si) TIC call centre Customer Service Centre (CSC) Website of DarsGO (www.darsgo.si) DarsGO services User call centre for DarsGo Other communication tools: events, etc. Survey questionnaire: Motorway user satisfaction measurement 		 satisfaction measurement questionnaire
Road haulier interest groupings	<ul style="list-style-type: none"> Motorway user satisfaction measurement Following up and taking into account proposals and remarks 	Observation of proposals and remarks, concern for the safety and satisfaction of motorway users, long-term stable operations of DARS, indirect economic effects on the Company	
General public	<ul style="list-style-type: none"> Website of DARS d. d. (www.dars.si) Social networks (Facebook, Twitter) Mobile app DarsPromet+ or DarsTraffic+ Telephone and personal contacts Other communication tools: events, etc. Donations and sponsorship, socially responsible projects 	Transparency of Company operations, timely and complete provision of information on road conditions and other events affecting traffic safety and fluidity. .	–
Local communities, civil initiatives, and individuals	<ul style="list-style-type: none"> Complaints, compliments, opinions Meeting minutes Presence in the media Management review 	Approval of requests	–
Media	<ul style="list-style-type: none"> Presence in the media Clipping 	Updated and transparent replies to questions from the press, 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	<ul style="list-style-type: none"> Website Personal contacts Annual reports Minutes Work group documents Project documents Legitimate complaints Audits Records 	Clear requests and tender requirements, fulfilment of contractual obligations	–
NGOs and institutes	<ul style="list-style-type: none"> 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, 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 Materiality matrix (major sustainable development issues)

The table below shows material issues that are relevant to DARS d. d. Material issues are selected on the basis of important content of GRI standards, the Company's strategic policies and its impact on the environment, society and economy.

The materiality matrix (below) shows which contents are the 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 on the importance of individual material contents that was sent by DARS d. d. to certain stakeholders (of the 20 questionnaires sent, the Company received 17 back), on the expectations of 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 for 2017, and on the Report on motorway user satisfaction measurement in 2017.

Table 3: An overview of the most important material issues for stakeholders and DARS d. d. (materiality matrix)¹⁹



¹⁹ GRI GS 102-47.

The contents referring to the provision of fluidity, safety and comfort to motorway users was identified as the most important by the Company and stakeholders. It is followed by contents referring to corporate governance, business performance, and concern for employees. The chart does not show contents that are not relevant or very important to the Company. In this Sustainability Report, DARS focused primarily on the impact it has on employees and motorway users, but will include more stakeholders in future sustainability reports, and stretch the reporting limits to include other stakeholders as well.

I.4.4.3 Methodology used for drawing up the Sustainability Report²⁰

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 wider social and environmental context. Certain indicators show the way the Company contributes to individual goals. Reporting limits are 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 contents all relevant indicators relating to business performance, the environment, and society were selected. The Company used a comprehensive approach to the writing in respect to 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 contents that are the most relevant to operations and reported about them with respect to 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 made 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 integrity²¹

Taking into account the legislation on and practice in human rights (ILO Convention, RS Constitution, 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 Agreement on the prevention and elimination of the consequences of workplace harassment at the Com-

²⁰ GRI GS 102-46.

²¹ GRI GS 102-16, 102-17.

pany, 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, findings and procedures to rehabilitate victims of workplace harassment. Cases may be notified anonymously. We are pleased that such examples are rare at the Company and that they are resolved to mutual satisfaction if they do occur. In 2016, three notifications were received, but no violation was identified. There was no such case in 2017.

To inform as many employees and external stakeholders as possible of the contents and instructions of the Dars Code of Conduct, the Company presented it to the public. It was published on the intranet and presented in the Avtoceste in-house newsletter, 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. That 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 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 meant 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 to 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 reputation.

Conflict of interests

A conflict of interests of employees in the Company structure and supervisory bodies reduces the Company's independence and credibility among employees and external environment. 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 case, it is best practice that an associate be eliminated from the specific work process.

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

Procedures or process for proper conduct of the highest governing body ensuring the prevention of a conflict of interests 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 that forms a component part of the Corporate Governance Code for Companies with Capital Assets of the State. In its work, the Supervisory Board also takes into account the recommendations of the Slovenian Corporate Governance Code for Listed Companies. 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 whistle-blowers, notifying corruptive, illegal, and unethical actions that are based on the Integrity Plan of DARS d. d., which resulted from the Integrity and Prevention of Corruption Act.

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

The Integrity Committee at Dars d. d. received two anonymous notifications in 2016 and two in 2017. In all four cases, the Committee established and decided that the anonymous notifications contained no suspicion of corruptive actions and no violation of the obligation to avoid a conflict of interests or other violation, which is why the procedure was closed in all cases.²²

Compliance²³

DARS's compliance with the legislation and rules is evident from the Annual Report, Chapter I.4. Corporate Governance Statement of DARS.

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 255 public contracts were awarded in 2017. Based on ZPVPJN,²⁴ 12 review requests were filed and DKOM granted seven requests (Table 4).

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

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

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

²² GRI GS 103-1, 103-2, 103-3, 205-3.

²³ GRI GS 103-1, 103-2, 103-3, 419-1.

²⁴ Legal Protection in Public Procurement Procedures Act (Official Gazette of the Republic of Slovenia, No. 43/11, 60/11 – ZTP-D, 63/2013 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
Number of published public contracts	149	139	156
No. of awarded public contracts	205	232	255

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

I.4.6 Risk management²⁵

Operational risks

DARS d. d. is well aware of the gravity of 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 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 management risks in 2017. On the first of the year, the DARS d. d. Strategy for the 2017-2020 period was adopted laying down strategic 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 have been 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. Risk assessment methodology was not upgraded in 2017 due to other priorities. The probability of occurrence was assessed using a 5-level scale: highly unlikely (10-20 years), rather unlikely (5-10 years), likely (1-5 years), fairly likely (1 month to 1 year), very likely (1 day to 1 month), while the consequences of the risk are expressed either in value using a 5-level value scale (up to €100,000, €100,000 to €1 million, €1 million to €10 million, €10 million to €50 million, and €50 million to €100 million) or in a semi-qualitative manner using a scale of 1 to 5 (low, moderate, medium, high and very high). Furthermore, the number of events in the period was also measured, which was assessed using a 4-level scale (1-5, 5-10, 10-50 and 50-100).

Based on all risks identified and assessed, members of the Risk Management Board prepared a set of 14 strategic risks that require more attention. The Company set an acceptable level of risk for the 14 risks that the Company is willing to take as an organisation. The risk ceiling must comply with the Company's business strategy and risk appetite. In cases where 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. The management of the risk management organisational unit has developed control mechanisms for the risks identified – activities for mitigating and managing risks – and regularly monitors the adopted control mechanisms. Risk management is integrated in all levels of Company operations.

The risks identified as requiring special attention and defined in detail in the Annual Report of DARS for 2017 are:

- limited available funds for investments in development,
- inappropriate allocation of funds intended for new investments and settlement of financial liabilities,
- increased number of accidents or a decline in the level of safety,
- dependence on outsourcers,
- establishment and functioning of the DarsGO system (FTF ETS),
- failure of key information systems,

²⁵ GRI GS 102-11, 102-15.



- loss of income during the operations of the new system (FTF ETS),
- 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 raising employees' competences and, consequently, the development of target organisational culture,
- high costs of HR reorganisation within the Company upon the deployment of the DarsGO system (FTF ETS),
- concern for employees' safety and health at work, and
- environment protection.

1.5 PERFORMANCE REPORT



1.5.1 Economic spotlights from operations

It is Dars's long-term goal to become a stable operator that will provide the sustainable development of the Company, its long-term, stable and socially responsible operations and safe use of the motorway network using toll 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.²⁶

In the 2017 financial year, DARS d. d. generated €442.2 million in net sales revenue, which is 19 percentage points more than in 2016. The 2017 tolling revenue, which accounts for 93.9% of total revenues generated by the Company, was 19% higher than in 2016. Tolling revenue increased on account of improved vignette sales (6%), increased freight traffic (5%) and the toll increase as of 1 January 2017, which partly hampered the negative effect of changes in the structure of freight traffic with respect to EURO emission classes.

Operating profit or loss amounted to €210.7 million, which is 29% more than in 2016. EBITDA amounted to €371.8 million, which is 17% more than the previous year, is the highest in the Company history.

The net profit of DARS d. d. for the period between 1 January and 31 December 2017 amounted to €141.1 million, and increased by 38% compared to the net profit for 2016.

²⁶ GRI GS 103-1, 103-2, 103-3.

Table 6: Key performance data by year²⁷

Key performance data by year	2015	2016	2017	2017/2016 index
ECONOMIC ASPECT (in €)				
Net sales revenues	360,880,094	372,161,638	442,244,312	119
Operating profit or loss	119,551,249	163,583,049	210,681,424	129
EBITDA	269,429,961	318,288,799	371,822,312	117
Net profit or loss for the accounting period	60,456,694	102,448,010	141,145,144	138
Share capital	2,319,866,345	2,319,866,345	2,322,284,140	100
Capital as at 31/12	2,566,206,940	2,665,453,020	2,811,184,886	105
Total value of assets as at 31/12	5,510,535,999	5,680,666,379	5,751,989,678	101
Balance of debt as at 31/12	2,502,668,888	2,567,032,918	2,464,024,512	96
Debt repayment – principal	228,478,238	349,956,759	203,008,406	58
Payment of interest*	50,020,548	41,234,923	40,414,027	98
ENVIRONMENTAL ASPECT – consumption of energy products (in MWh)				
Electricity	25,735	25,181	24,526	97
Fuel	17,033	17,442	16,689	96
Natural gas	1,866	1,524	1,676	110
LPG propane	2,018	2,253	2,123	94
LPG propane butane	1,171	1,225	1,105	90
Fuel oil	238	344	291	85
District heating	586	810	778	96
MW km	610	610	618	101
No. of employees	1,242	1,247	1,240	99
Performance indicators				
Operating margin	33.1 %	44.0 %	47.6 %	108
EBITDA margin	74.7 %	85.5 %	84.1 %	98
Net margin	16.8 %	27.5 %	31.9 %	116
Return on equity (ROE)	12.4 %	3.9 %	5.2 %	132

* The data refers to actual outflows for interest on received loans and bonds in a particular year.

27 GRI GS 201-1.

Figure 12: Changes in net sales revenue and cash flow from operating activities (EBITDA) for the 2013-2017 period

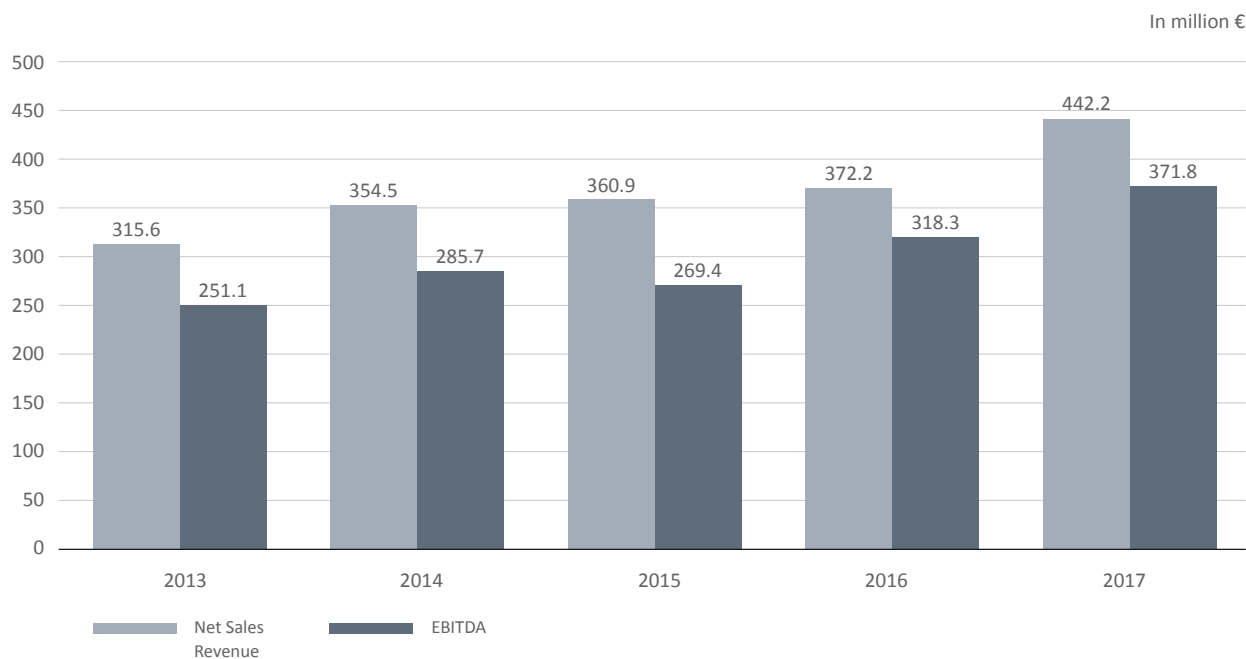


Figure 13: Structure of revenues of DARS d. d. in 2017

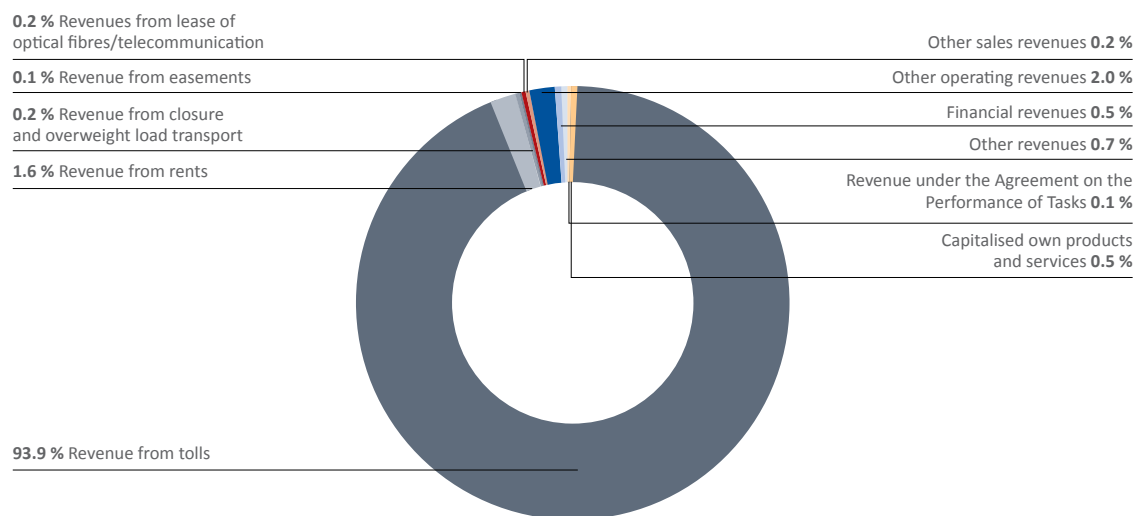


Table 7: Indirectly created and distributed value of DARS d. d. in 2017²⁸

Data in €	2015	2016	2017
Revenue	361,196,548	372,497,825	442,411,843
– sales	360,880,094	372,161,638	442,244,312
– sale of assets	316,453	336,187	167,531
Operating costs	286,789,411	270,406,654	281,608,906
– cost of goods, material and services	35,872,408	36,740,431	38,635,453
– costs (excluding labour costs)	215,084,936	195,755,737	203,242,941
Labour costs	35,832,067	37,910,486	39,730,512
Loss upon the elimination of fixed assets	125,189	80,143	615,603
Disbursements to equity owners and other suppliers of funds	81,020,548	41,234,923	40,414,027
– dividends	31,000,000	0	0
– interest	50,020,548	41,234,923	40,414,027
Corporate income tax	12,009,362	19,203,477	32,981,826
Investments in the social environment²⁹	207,756	193,913	239,973
– sponsorships and donations	135,279	121,409	165,094
– other (duties, use-of-construction-land charge, etc)	72,477	72,504	74,879

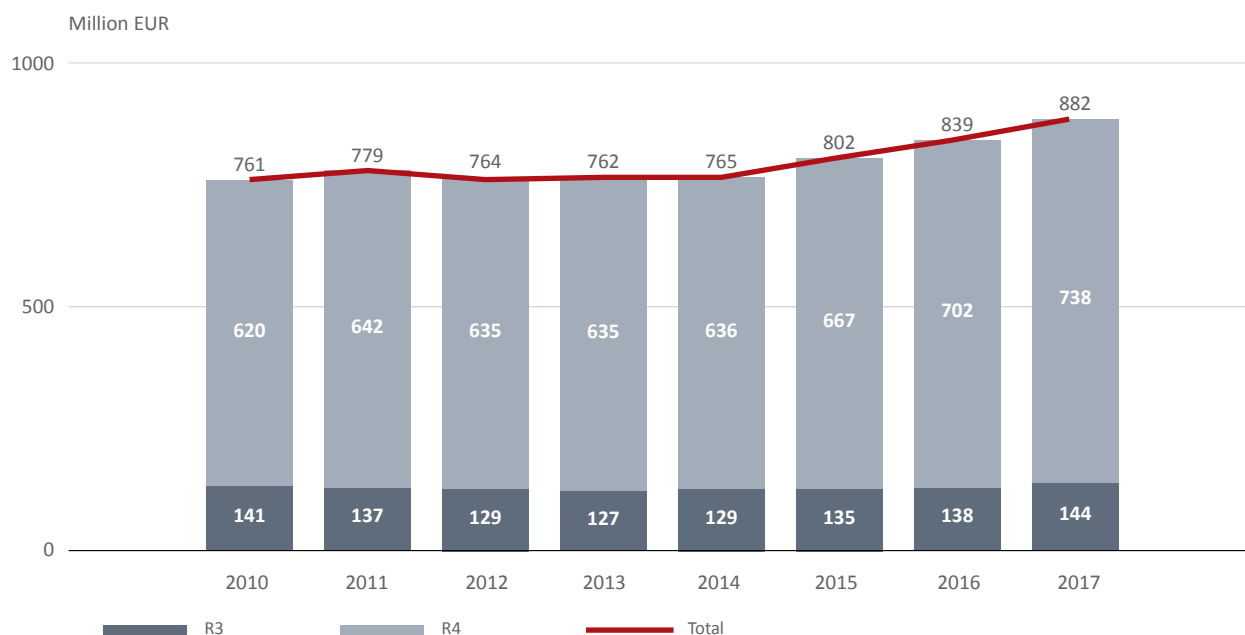
I.5.2 Responsible attitude to clients and customer satisfaction

DARS d. d. is well aware that a responsible attitude to clients in relation to tolling revenue is set up at several levels:

- an optimum level of tolling revenue provides a safe, fluid and quality network of motorways and express ways, which is why DARS considers it a responsibility to pursue a corresponding pricing policy and, hence, maximum safety and mobility of users;
- toll prices for heavy vehicles and vignette prices are based on the kilometres travelled or term of infrastructure use and the costs incurred by vehicles;
- when setting toll prices, DARS observes the methodology of a calculation that is based on the principle of the reimbursement of infrastructure costs pursuant to the applicable EU Directive 1999/62/EC, thus ensuring users not to pay unreasonably high costs for MW and EW use;
- DARS strives to provide users with easy 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;
- most freight transport on MW and EW is executed by foreign carriers, which make decisions on transit vehicles based on the amount of toll in transit countries and whether toll is differentiated according to vehicle emission classes. DARS and its pricing policy, which is drawing closer to the maximum level according to the adopted methodology, has a positive effect on the environment and quality of air.

²⁸ GRI GS 201-1.
²⁹ GRI GS 203-1.

Figure 14: Toll kilometres in the 2010-2017 period



Toll revenue is the basis for Company activities.

Toll revenue depends on:

- external factors influencing the amount of traffic subject to toll, e.g. economic activity of countries to and from which traffic runs over our network, the cost of rendering transport services at home and abroad (e.g. cost of fuel, toll in other countries, cost of congestions or waiting);
- external factors influencing the amount of the toll tariff realised, which covers the applicable legislation within the scope of which toll conditions are laid down, the amount of toll per kilometre travelled and the trend of vehicle fleet upgrading, since vehicles of higher EURO emission classes pay lower toll;
- internal factors, e.g. the level of Company activity in the enforcement of such regulations in tolling allowing the generation of optimum toll revenues, and efficiency of toll collection (technological solutions) and supervision over toll payment.

Figure 15: Toll revenue from vehicles up to 3,500kg MAM (maximum authorised mass)

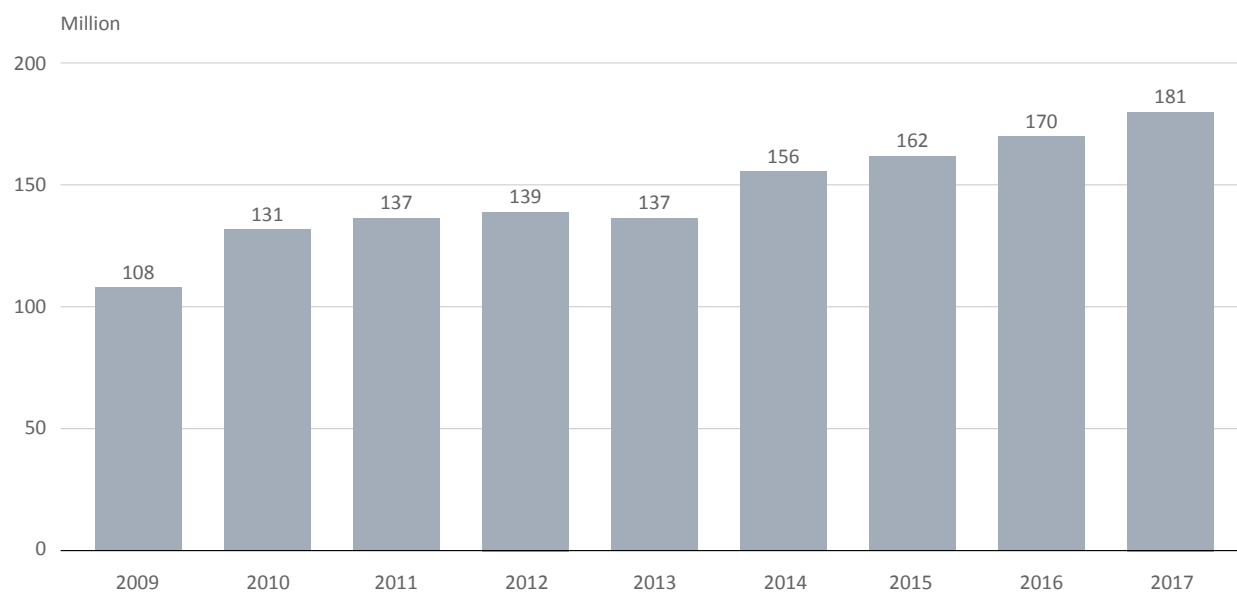
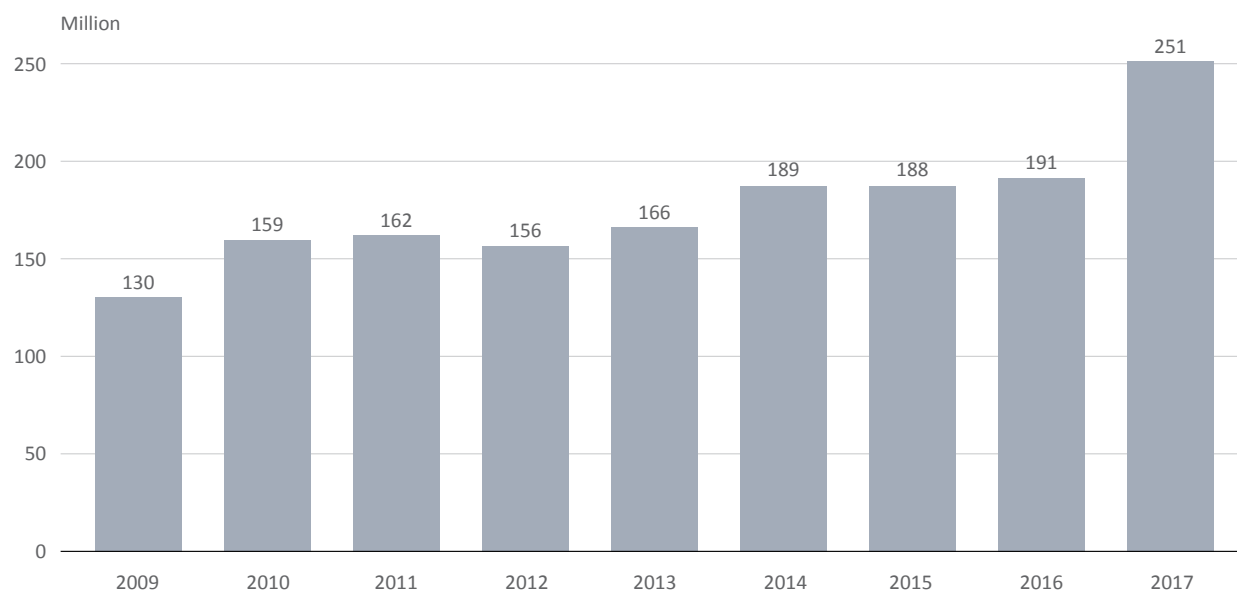


Figure 16: Toll revenue from vehicles exceeding 3,500kg MAM (maximum authorised mass)



Structural shifts between emission classes of vehicles subject to toll have a negative impact on toll revenue, which is why it is vital to adjust the pricing policy to achieve long-term revenue stability.

In 2016, the Company noticed a stagnation of toll revenue from heavy vehicles taking into account the fact that toll or charged kilometres grew by 5% compared to 2015. Due to the enforcement of a new pricing policy, toll revenue increased in 2017 and further inflows are expected with the introduction of the free-flow electronic tolling system (DarsGo) in 2018, but it is estimated that toll revenue could reduce in future upon an unchanged pricing policy due to an increased share of toll kilometres travelled by cleaner vehicles, primarily EURO VI, which pay the lowest toll.

The Slovenian Government introduced toll differentiation with respect to EURO emission classes on 1 January 2010, with the Decision determining the toll adjustment factors for vehicles whose maximum permitted weight exceeds 3,500kg. Vehicles with the lowest emission of harmful particles (higher EURO emission classes) are entitled to a reduced tariff. Vehicle fleet upgrading generates a trend of changes in the structure of toll kilometres according to EURO emission classes, which has had a negative impact on DARS revenues since 2010. In addition to the “natural” trend of vehicle fleet upgrading, such trends further strengthened upon each toll increase, since carriers were encouraged to execute transport using cleaner vehicles, thus lowering their toll costs (the co-called negative feedback effect of toll increase).

Figure 17: Toll adjustment factors in Slovenia with respect to emission classes in 2017

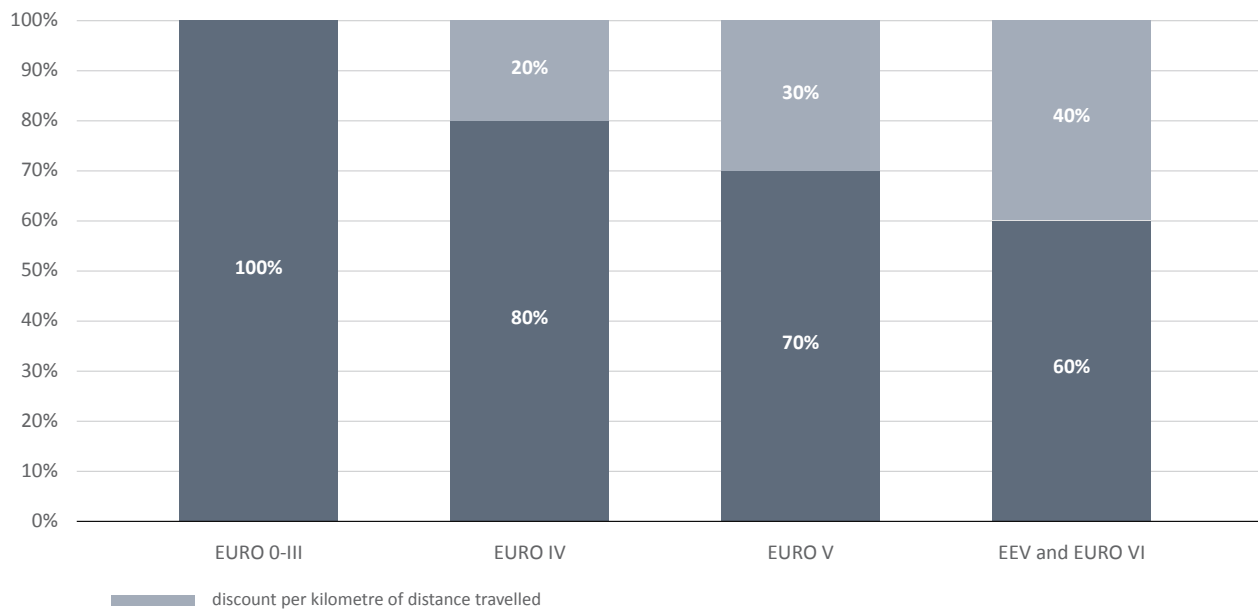
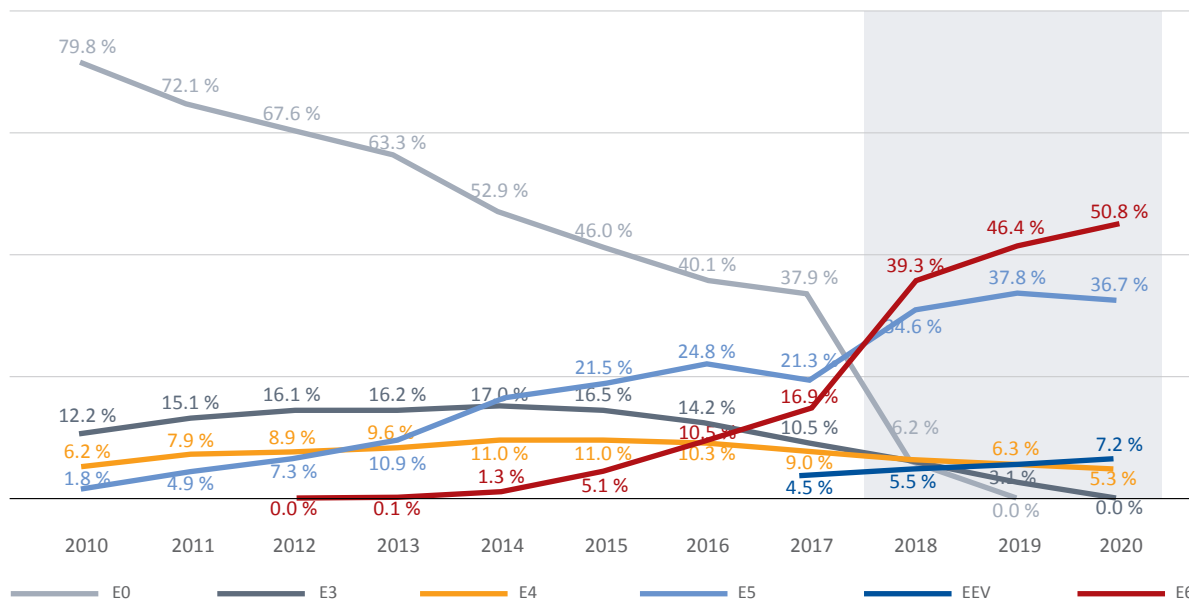
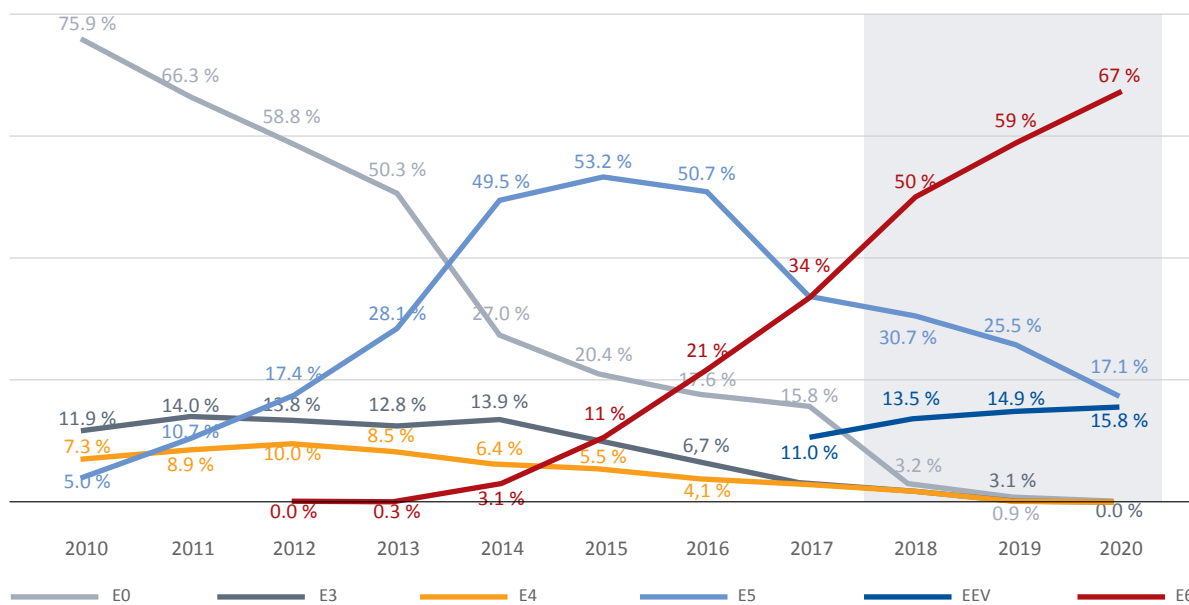


Figure 18: Structure of toll kilometres of toll class 1 heavy vehicles by EURO emission class with a forecast until the end of 2020*



* The fall in the EURO 0 emission class curve in 2018 is the result of an assessment that all vehicles will be registered in higher or actual EURO classes upon the deployment of the DarsGO system.

Figure 19: Structure of toll kilometres of toll class 2 heavy vehicles by EURO emission class with a forecast until the end of 2020*



* The fall in the EURO 0 emission class curve in 2018 is the result of an assessment that all vehicles will be registered in higher or actual EURO classes upon the deployment of the DarsGO system.

Continuing efforts to establish good relations with customers are crucial for the provision of long-term revenue stability

Toll revenue from heavy vehicles accounts for some 55 % of Company revenues, while total toll revenue accounts for 94% of total Company revenues. Good relations were established in recent years with representatives in the Slovenian Chamber of Commerce and Industry and Chamber of Craft and Small Business, within the scope of which Slovenian road hauliers are organised, which are based on mutual respect. They received support for changes in pricing policy and continuing improvements to the quality of Company services within the frames laid down by the Company's competences and technical capabilities. Positive changes to relations between the Chambers and DARS d. d. are evident.

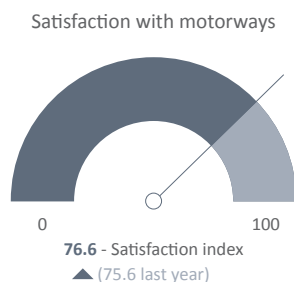
The success of negotiations on the pricing policy of DARS d. d. leads to changes in toll prices and increased toll revenue, which is no doubt facilitated by sound communication, proper consideration of road hauliers as partners and our key clients, and trust built on positive past experiences when DARS fulfilled its promises and introduced changes in maintenance, toll collection and management of motorways and express ways that benefit the transport industry. In different areas of Company operations, periodic meetings are held with carriers or their representatives at which current issues are resolved.

1.5.2.1 Customer satisfaction

In 2017, the Company again conducted a customer satisfaction survey among motorway users in Slovenia with the aim to learn the opinions and positions of drivers with respect to individual factors they encounter while driving on Slovenian motorways and express ways.

The survey has been conducted once a year since 2010 among Slovenian and foreign users of Slovenian motorways. The survey among domestic drivers of passenger cars is carried out online, while foreign and domestic drivers of heavy vehicles are interviewed at selected rest areas along the motorway. The total annual sample includes 1500 motorway and express way users driving on the Ljubljana ring road and all four motorway legs in Slovenia. The survey is used by the Company to identify motorway and express way users in Slovenia and the positions of Slovenian and foreign users on individual factors affecting their satisfaction with motorways in Slovenia.

The total satisfaction index slightly grew in 2017 compared to the previous year amounting to 76.6 (75.6 in 2016) and shows that the needs of drivers are well satisfied. The index is somewhat lower only among Slovenian drivers of passenger cars, 66.5 (67.1 last year). The satisfaction index has been calculated as the average satisfaction with factors on a 5-level scale, where each factor is balanced based on its importance, while the average is then translated into an interval between 0 and 100.



Drivers of passenger cars see fluidity as the most critical factor, while drivers of heavy vehicles deem that to be parking at rest areas. Slovenian drivers of passenger cars see fluidity during reconstruction works as the most critical factor (followed by pavement quality and other fluidity factors – in the winter, during maintenance works), while Slovenian drivers of heavy vehicles see parking at rest areas as the most critical factor (followed by safety and restrooms at rest areas and fluidity – toll stations, fluidity in wintertime).

Drivers of foreign passenger cars see restrooms at rest areas as the most critical factor (followed by fluidity and signalling during reconstruction works and congestions), while foreign drivers of heavy vehicles, just like Slovenian, see parking at rest areas as the most critical factor (followed by safety and restrooms at rest areas and fluidity at toll stations). 85% of Slovenian drivers of passenger cars and heavy vehicles assess the work performed by DARS as successful (75% in 2016).

I.5.3 Traffic and safety concerns

Figure 20: Comparison of emergency events by year

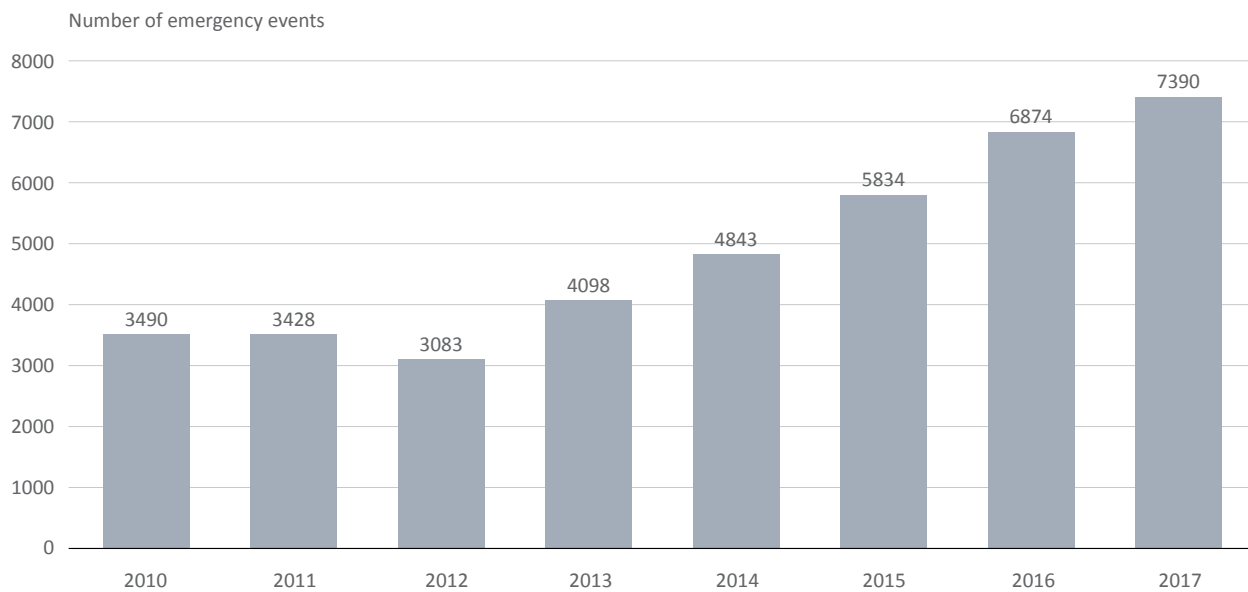
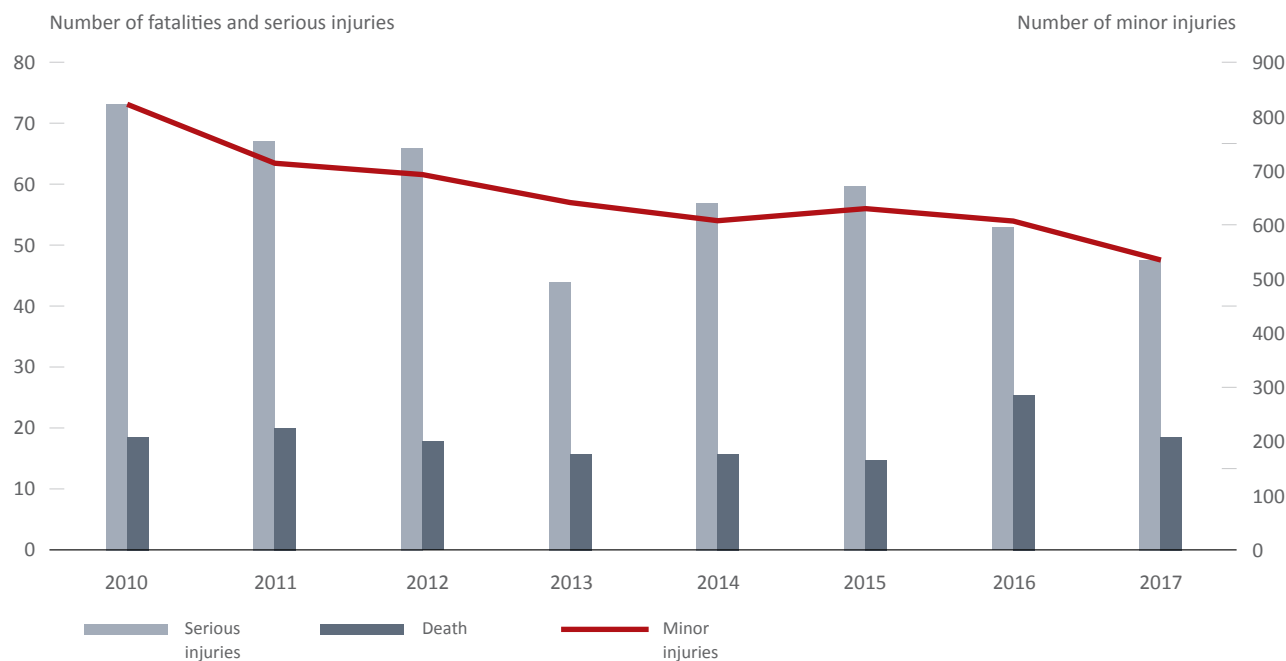


Figure 21: Implications of traffic accidents on MW and EW by year



Last year, traffic safety on MW/EW improved with respect to the previous year. Since the Company strives to make improvements every year, all actions – existing and new – will continue and intense efforts will be made to offer users a safe journey along MW/EW.

Considering last year's traffic growth on MW/EW by 2-7% (depending on the section), a drop has been recorded in the number of all traffic accidents considered by the police, i.e. by 44%. The number of accidents fell in all categories (no injuries, light injuries, severe injuries, fatalities). In 2017, a drop of fatalities of 27% was recorded with respect to 2016.

A major influence on traffic safety was the pilot introduction of a section speed control system at the section crossing Trojane. Based on the results, instructions provided by MZI and DARS Management Board, the Company approached the preparation and implementation of a public procurement procedure for the purchase of the system at potentially dangerous sections across the country. The first system is expected to be deployed in 2018.

The effect of safety campaigns and cooperation with stakeholders in that area also have a positive effect on traffic safety, which is why activities in that area are very broad and continued. Particularly efficient are new tools for campaign distribution: TW, FB, apps.

Figure 22: Average AADT growth on MW and EW by leg for 2016-2017

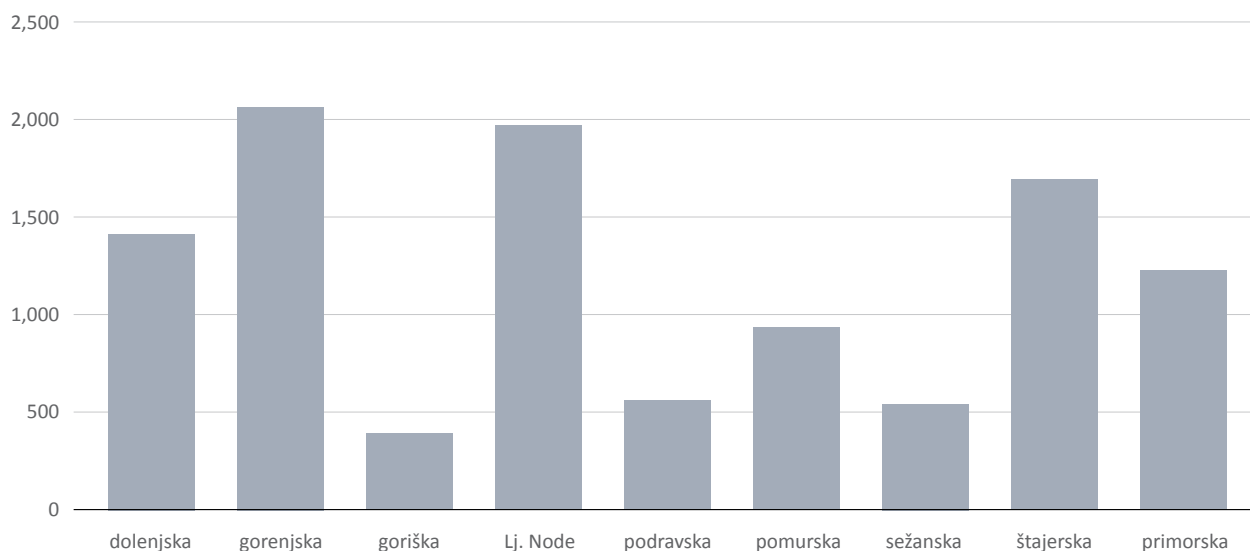
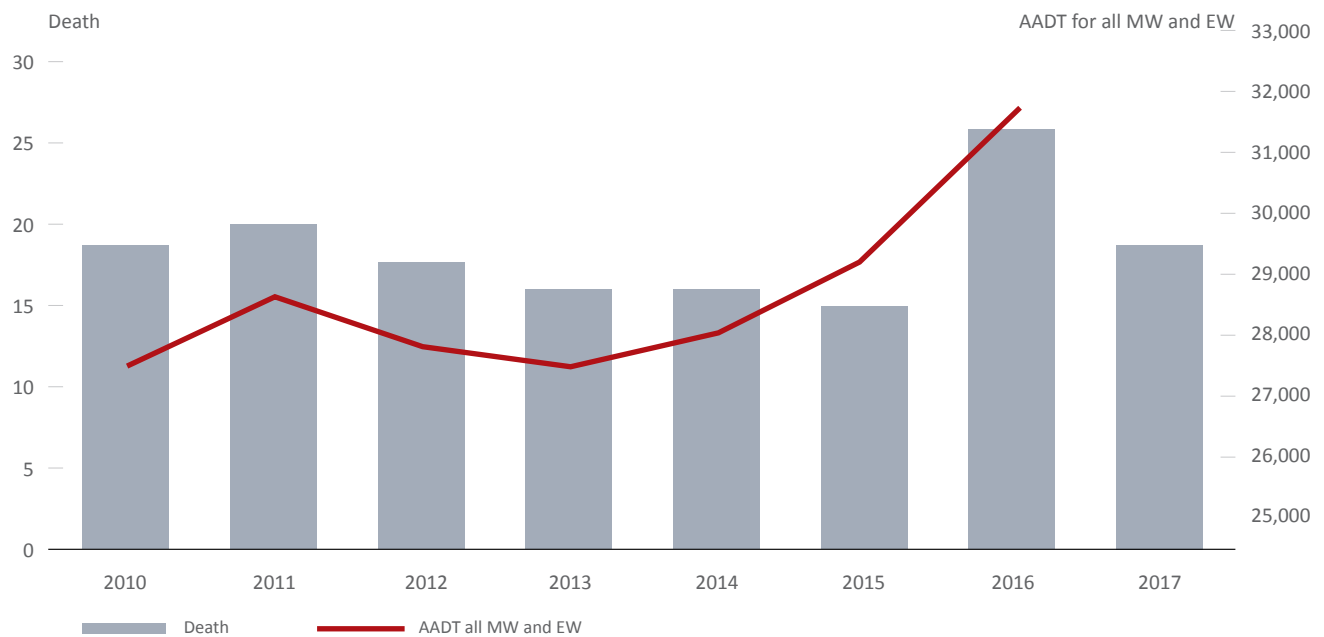


Figure 23: AADT in 2017 at selected MW and EW sections



Average AADT has been taken from the data provided by the Slovenian Infrastructure Agency; the data on average AADT for 2017 will be available in the second half of 2018, which is why the mentioned data is not shown in figures 24, 25 and 26

Figure 24: The consequences of traffic accidents with fatalities by year and comparison with average AADT at MW and EW

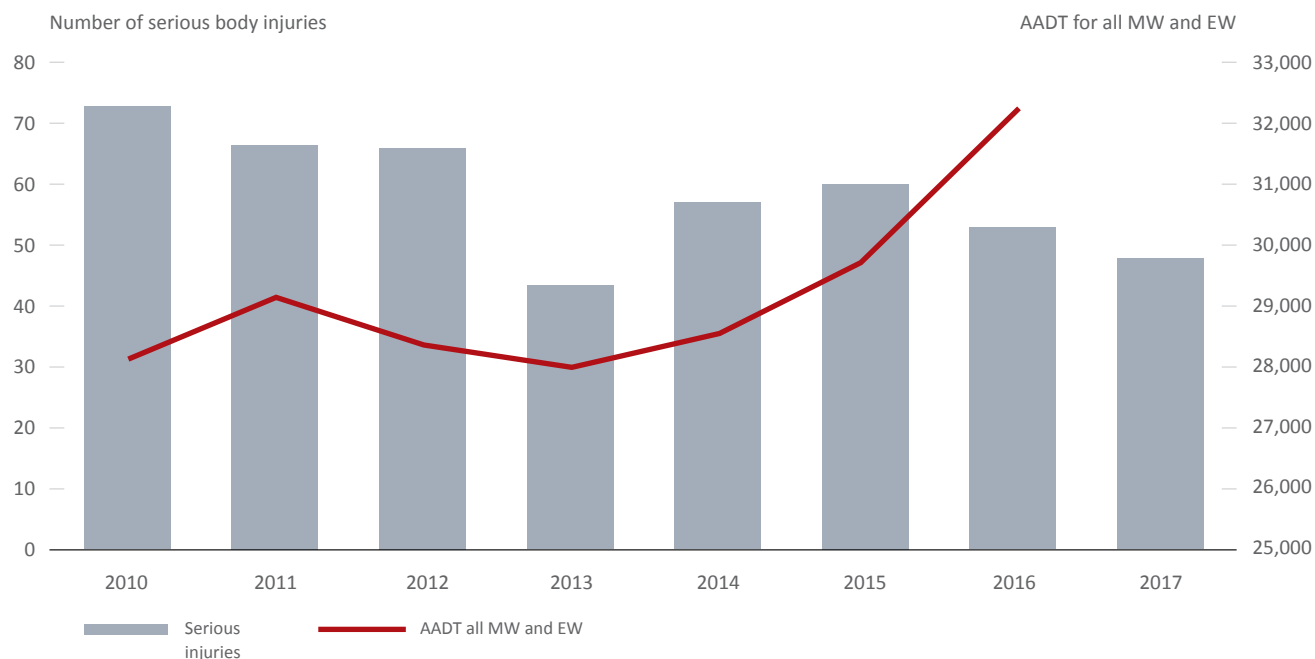


Accidents resulting in fatalities have decreased on Slovenian MW and EW with respect to the growth of average annual daily traffic (AADT).

The Company is by no means satisfied with the number of fatalities, which is why traffic safety measures are defined every year in the traffic safety plan with respect to the analysis of traffic accidents in the previous year.

It is very difficult to maintain a declining trend in fatalities, which is why the Company has planned the most efficient measures to increase safety, i.e. section speed control and intelligent transport systems at the most dangerous sections.

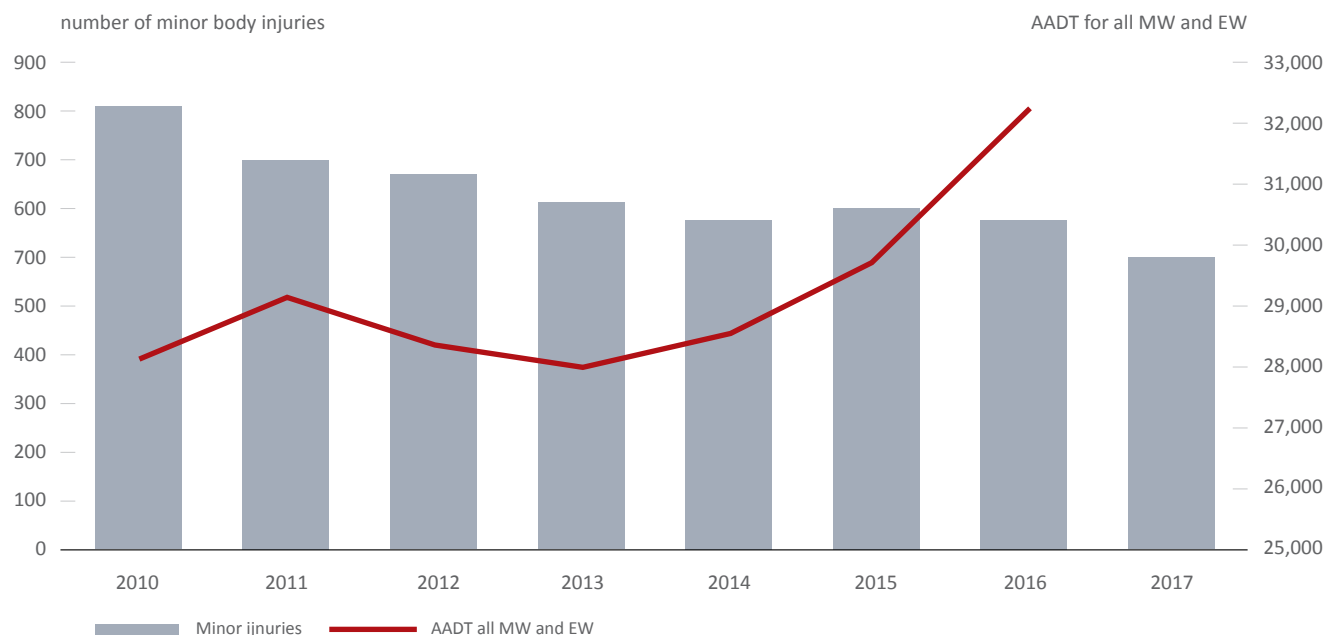
Figure 25: The consequences of traffic accidents with serious injuries by year and comparison with average AADT at MW and EW



Furthermore, the number of traffic accidents resulting in serious body injuries has fallen as a result of numerous projects and measures taken by Dars in all areas of operations, i.e. toll collection, maintenance and management. A lot of effort is devoted to prevention (Sožitje project, Vozim Institute, online tools), consistent maintenance, introduction of new intelligent transport systems, the implementation of real-time traffic control measures and in relation to weather, and traffic inconveniences.

The number of traffic accidents resulting in serious body injuries has fallen despite growing traffic, meaning that traffic safety on MW and EW has improved.

Figure 26: The consequences of traffic accidents with minor injuries by year and comparison with average AADT at MW and EW



Traffic safety measures will no doubt continue with special focus on the issue of speed, safety distance and heavy vehicles.

Significant progress in safety is made with regular motorway inspections, introduction of a new method of work (adaptation to new trends in traffic safety and fluidity), participation in international projects, and co-operation with ministries when drafting legislation in the area.

The number of traffic accidents resulting in minor body injuries has fallen despite growing traffic, meaning that traffic safety on MW and EW has improved in that segment as well.

Tunnel safety

There were a total of 41 accidents and incidents in tunnels longer than 500 metres in 2017, where emergency services were needed along with a temporary closure of the whole tunnel or a part of it. The most common primary causes for the events were category I or II accidents (29%), followed by vehicle breakdowns (27%) and other events, such as too high vehicles, out-of-fuel vehicles or a pedestrian in the tunnel (15%). After several years, the Company again recorded a crash into the rear wall of an emergency point that resulted in a fatality due to high speed and despite a crash cushion. The vehicle went into flames after the collision. Due to the review of the occurrence by investigating bodies and the control of the functioning of damaged security systems, the tunnel tube was closed for traffic for more than ten hours.

In addition to the mentioned fire, a bus and cargo vehicle also went into flames, both holding large fire potential. In both cases, note should be taken of extremely sound actions of drivers, who managed to contain fire to a great extent before the competent fire brigade arrived, thus preventing graver consequences with

their actions. Due to efficient actions of the drivers and the fire response system with a quick intervention by professional fire fighters and quick elimination of damage, both tunnel tubes were closed for traffic for only minimum time. The longer of the closures lasted less than 2.5 hours.

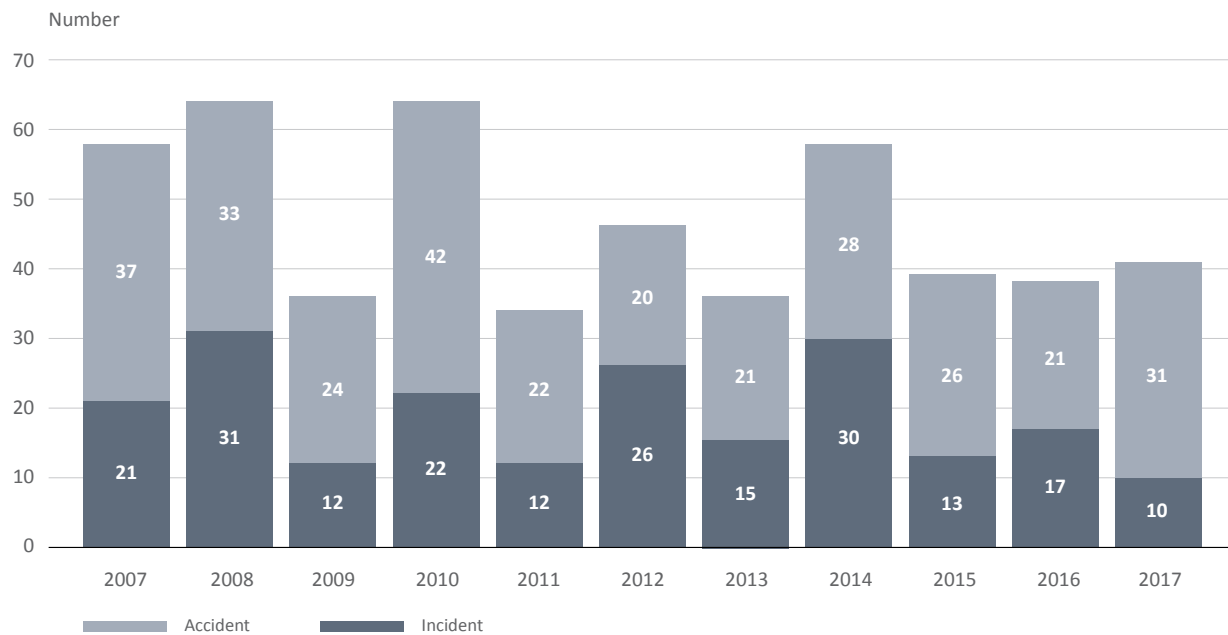
Another incident involved an accident with a vehicle transporting dangerous goods, i.e. the collision of a passenger car into a tank truck carrying fuel with no resulting consequences.

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 practically beyond DARS's direct influence;
- no congestions were identified;
- the response of competent services upon emergency events was efficient.

In addition to the mentioned accidents, preventive tunnel closures had to be made due to accidents on the alignment and the impact of bora wind on the Kastelec tunnel in January, which lasted 46 hours.

Figure 27: Accidents and Incidents in tunnels longer than 500 m between 2007 and 2017



I.5.4 Projects concerning traffic management and safety concern³⁰

DARS d. d. carried out many different measures each year that are directly related to safety, 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 congestions.

I.5.4.1 Traffic control and management³¹

24/7 traffic control and management

The primary “activity” of control centres is to provide top level of traffic safety and fluidity in tunnels and on MW/EW using traffic control and management systems.

Five control centres across Slovenia control and manage traffic at the level of the motorway network 24 hours a day. There are two traffic supervisors always present at the centres who deal with accidents and other events, manage traffic control and management systems, and communicate with emergency units, DARS maintenance services and users over emergency phone lines based on instructions and experiences.

Traffic supervisors are included in the regular periodic training and examination system, since they play an extremely important and responsible role upon tunnel accidents (e.g. fire), implementing initial measures to rescue and providing top level of safety to users in a tunnel. Great strain for traffic supervisors are mass accidents, extremely heavy snowfall (and as a result forcing trucks off the road) and other extreme weather inconveniences. To be prepared for incidents, they regularly monitor traffic (floating car data – FCD, traffic counters) and weather conditions (road weather information system or RWIS).

Figure 28: Regional Control Centre Ljubljana (Dragomelj)



³⁰ GRI GS 103-1, 103-2, 103-3, 416-1.

³¹ GRI 103-2, 103-3.

The figure below shows traffic control and management centres at DARS d. d. on Slovenian MW and EW working 24/7.

Figure 29: Traffic control and management centres



Most expertise and proper measures taken by traffic supervisors are required in accidents involving fires in tunnels, extreme weather conditions (sleet, fog, snow blizzard, strong wind, etc.), and mass accidents. Essential devices that help traffic supervisors are mostly:

- 1298 cameras,
- 84 portals with variable message signs (SPIS),
- 32 SPIS semi-portals,
- 69 road weather stations (RWS).

Upon incidents and other events, traffic supervisors play the central role, since all information is gathered by them. They are the first to learn of an incident and, hence, take on the management of an intervention. During incidents, they most frequently communicate with the police, fire fighters and DARS maintenance officers. The central tool of traffic supervisors in communication and provision of information is the Kažipot web app. The app is used by supervisors to enter incidents on MW and EW. The app also enables a series of other operations.

Motorway traffic is monitored by qualified certified road traffic supervisors

At the end of 2017, DARS d. d. obtained additional 17 certified traffic supervisors. The certificate gives supervisors official attestation of the relevant knowledge, skills, abilities and competences, while the number of certified supervisors is indisputably important to the entire Company and its key stakeholders. The work of a traffic supervisor is an important contribution to users and the environment with increased fluidity. Every decision they make, at a moment when they are concentrated, focused, and in a cloud of abundant information, alarms, calls and surveillance camera images holds a great deal of responsibility. With highly qualified skills, they have maintained adequate fluidity and, in particular, safety of motorway users despite a 5% traffic increase throughout the motorway network.

Coordinated and fast rescue of injured persons by amending protection and rescue plans

In the last five years, the Company amended and harmonised protection and rescue plans for tunnels and motorway at regional level. That means that rescue plans are uniform and regularly updated, thus making rescue procedures more coordinated.

The Company has drawn up nine plans for the alignment (Operative protection and rescue plan for a mass accident on the motorway) and 11 plans for tunnels (Operative protection and rescue plan for tunnels).

Within the scope of rescue plans, periodic tunnel drills for emergency units are foreseen for regular training of all teams involved in handling accidents throughout the motorway network. In 2017, four field and three command post drills were executed.

Figure 30: Protection and rescue drill



Campaigns: labelling, information provision

The Company mission is not only the concern for 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 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 for congestions and accidents were merged in the following major campaigns:

Figure 31: Be prepared for winter



Be prepared for winter

In winter, road conditions change, which is why it is necessary to prepare one's vehicle for such changed conditions. Vehicles must be furnished with proper winter equipment. During snowfall and winter conditions, one should travel only with prescribed winter equipment, take due account of traffic signs, remain patient and adjust their driving to road conditions, avoid overtaking snowploughs, as that puts them and other road users at risk, and bear in mind that the journey may take longer than usual, which is why they should set off earlier. DARS maintains motorway passability and safety with some 450 Company employees and 270 vehicles. The campaign is available on the Internet at:

https://www.dars.si/Dokumenti/Medijsko_sredisce/Informativne_kampanje/Zimska_sezona_1047.aspx

Figure 32: Safe motorways require renovation



Safe motorways require renovation

The motorway system, which is a live organism, requires investments, i.e. new investments, reconstruction and regular maintenance. DARS d. d. , as a responsible operator of the motorway system and assets entrusted, strives for safe and fluid motorways. Reconstruction and maintenance works are carried out by taking into account traffic loads and only when urgent. We decide whether we wish to have good and safe motorways or leave them to deteriorate. Safe motorways and expressways require regular maintenance and reconstruction. The campaign is available on the Internet at:

https://www.dars.si/Dokumenti/Medijsko_sredisce/Obnavljamo_za_vas_1038.aspx

Figure 33: Safety distance

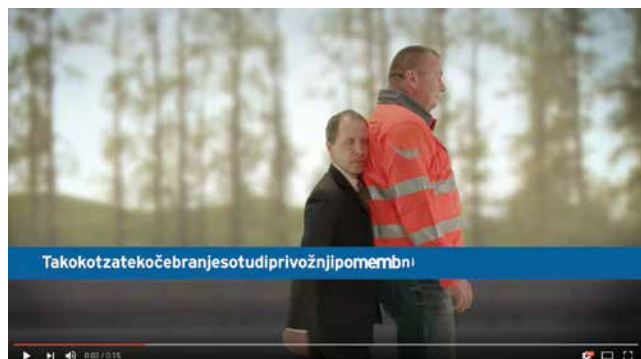


Figure 34: “Still driving, but not walking”

KER TAKRAT NISEM REKLA NIČESAR, BOM ZDAJ Povedala vse.

Sobotni večer sem preživel s prijateljico in družbo. Nekaj smo popili, potem pa sem želela oditi k svojemu fantu. Znanec se je ponudil, da nas odpelje. Ko sem sedla v avto, nisem opazila, da je vinjen. Med pogovorom v avtu sem pogledala naprej, zagledala zvozna luči vozila in zaradi hude poškodbe hrbtništja pristala v bolnišnici. ... Po dolgi in težki rehabilitaciji mi je uspelo, da lahko hodim s pomočjo batel.

Vesna Novak

Pošljite SMS s ključno besedo VOZIM ali VOZIM5 na številko 1919 in prispevali boste 1 ali 5 EUR za predavanja, ki ozaveščajo mlade o varni vožnji.

Prispevajo lahko uporabniki mobilnih storitev Telekom Slovenije, Izimobila, A1, Telemacha. Pravila in pogoji za sodelovanje pri storitvi SMS-donacija so objavljeni na spletni strani www.vozim.si.

VOZIM

triglav

AVP

DARS

REPUBLIKA SLOVENIJA
MINISTRSTVO ZA ZDRAVJE

ŠE VEDNO VOZIM - Vendar ne hodim

NAKUPU ZA VEČJO PROMOTIVNO VARNOST

BREZPLAČNA OBJAVA

Safety distance

Statistically, inadequate safety distance is one of the most frequent causes for traffic accidents. Most often, the cause is also related with speeding. Most drivers drive too close to a vehicle, because they are not aware of the stopping distance made by their vehicle upon braking with respect to speed and road conditions; some drivers believe that a shorter safety distance increases road throughput and that they would arrive at their destination earlier, while some drivers try to force an overtaking vehicle to the driving lane by sticking to its tail. The campaign is available on the Internet at:

https://www.dars.si/Dokumenti/Medijsko_sredisce/Informativne_kampanje/Varnostna_razdalja_1060.aspx

Linked in a safe network

What can DARS do for user safety and what can users do for their safety and the safety of other road users? The Company has set up a safe network, with campaigns available at:

- For a peaceful journey: <https://www.youtube.com/watch?v=pxHufZxjkU>
- 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 a motorcycle season – driving safety trainings for motorcyclists

• Cooperation with the VOZIM Institute

The Company supports the implementation of preventive road traffic workshops for the youth within the scope of the “Still driving, but not walking” movement. The basis is the implementation of innovative interactive workshops at which personal experiences of those injured in traffic accidents are presented to the youth at secondary schools. They give direct information on the importance of safe driving, observation of traffic signs and the implications of traffic accidents through their own experiences. Interactive workshops are based on the method of providing a personal experience by a peer mentor (an expert who has been involved in a traffic accident and experienced the consequences of their own or other people’s irresponsible actions in road traffic), which is why they are best fit to share information.

- **Participation 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 mobility for as long as possible. According to statistical data, over 219,000 licensed drivers in Slovenia are aged over 64, which accounts for 16% of all licenced drivers. In future, the population will continue to age and more and more drivers will be seniors. In 2017, over 500 seniors were addressed within the scope of the project.

- **Awareness raising: Save a life**

Accidents, which are for many reasons more frequent in nice weather (drivers are more cautious in bad weather and lower their speed, while travels reduce in winter due to shorter daylight; on the other hand, when daylight is the longest, travels grow, making a journey longer and a driver more tired), have a major impact on traffic fluidity. Drivers have been informed for several years of the fact that proper positioning in case of congestion not only contributes to elimination of obstacles, but also increases the chance of survival by up to 40%.

1.5.4.2 Implementation of measures concerning traffic and concern for user safety

Arrangement of run-out zones

Figure 35: A bus in the run-out zone of access point Unec



Figure 36: Run-out zone instead of a steel safety rail



Figure 37: Casing for a stationary speedometer



Curbing speed and increasing fluidity

- **Section speed control**

DARS has funded the purchase of radar systems on the motorway for years, using them to increase traffic safety and fluidity. In 2017, the Company installed a pilot system for section speed control that will be installed in future at the most dangerous motorway sections and those carrying largest traffic loads. A total of 18 casings for stationary speedometers have been installed on the Slovenian motorway network. The Police uses them alternately for stationary speedometers.

- **Slowing down traffic on the Ljubljana ring road**

Since 2014, Dars has carried out activities to enforce a traffic regime on a network of roads forming the so-called Ljubljana ring road (H3 – “northern bypass” and A1 and A2 motorways).

In March 2017, two important rules entered in force, i.e.:

- traffic ban for vehicles exceeding 7.5 tonnes (so-called heavy goods vehicles) on the H3 northern bypass in night time (between 10 p.m. and 6 a.m.) and
- no overtaking for cargo vehicles with maximum authorised mass exceeding 3.5 tonnes throughout the ring road.

The current traffic situation on the Ljubljana ring road shows changed conduct of the drivers of heavy-goods vehicles, which was desired, and it is estimated that both actions taken were well-planned and yielded positive results.

Figure 38: Crash cushions in a tunnel



- **Crash cushion**

Within the scope of measures to protect the end walls of tunnel niches, crash cushions were set up at 20 tunnel niches and safety barriers at four niches. Crash cushions were tested pursuant to the SIST EN 1317 system.

I.5.4.3 Management of intelligent transport systems (ITS) or the so-called small motorways

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

Figure 39: Vehicle scanning before a tunnel using thermal imaging cameras



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

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

Figure 40: Markovec tunnel



Figure 41: Variable traffic signs



Installation of variable traffic signs

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

Variable message signs were installed at Goli vrh, Ravbarkomanda and before 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 contents. Both are integrated in the traffic control and management system at the Regional Control Centre Kozina. The signalling system will be installed at sections with the heaviest traffic between Lukovica and Postojna and at section Celje-Tepanje.

Slika 42: SOS-stebriček na avtocesti



Renovation of the ventilation system in the Karavanke tunnel

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

SOS posts every 2km – quick location of the caller

Upon a vehicle breakdown, it is recommended to use the SOS call post available to drivers at every two 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.

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

DARS d. d. implemented the following services:

- Figure 43: Locations with Wi-Fi Internet access at MW and EW provided by DARS**



I.5.4.5 Implementation of European projects

Establishment of interoperability through the European C-Roads project

Within the scope of the C-Roads project, pilot projects are carried out, the set-up of a basic platform is coordinated and interoperability is provided. It is a pilot project to introduce cooperative systems for a 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 system.

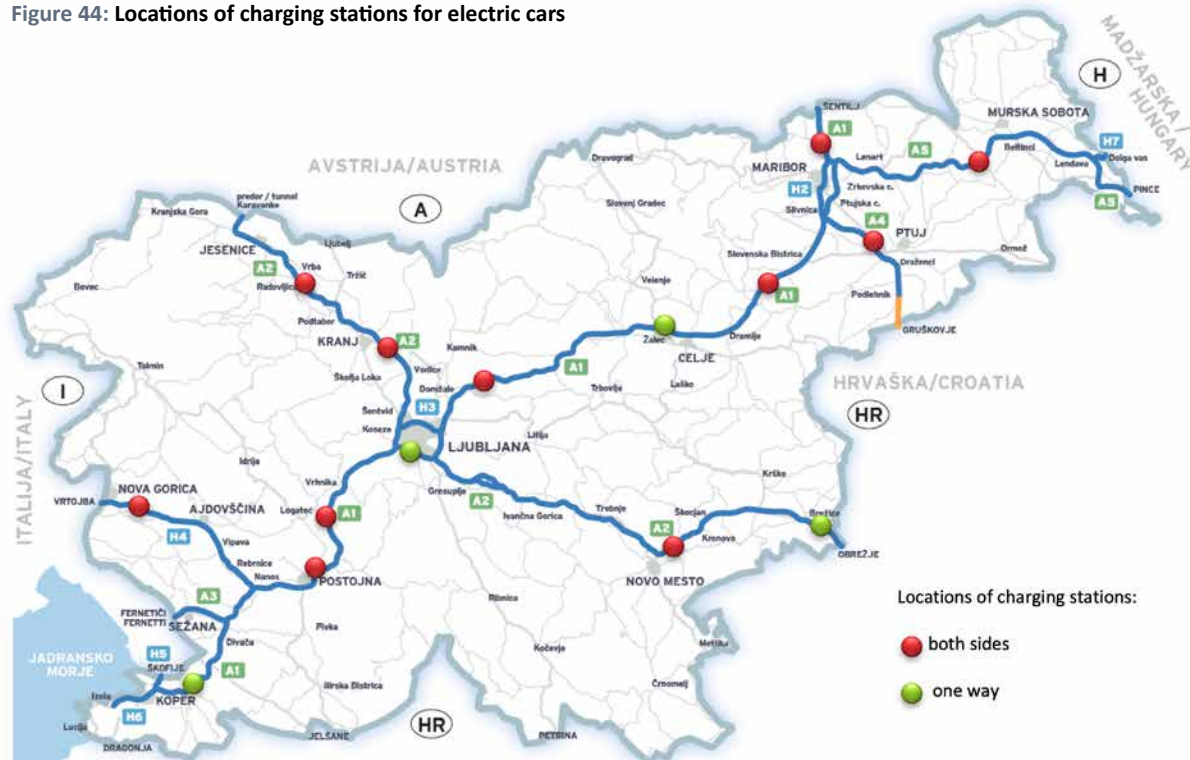
Traffic control and management systems and exchange of traffic information

Within the scope of the Connecting Europe Facility (CEF), the CROCODILE 2 project is being implemented, which is intended for co-financing activities in traffic control and management systems, exchange of traffic information and provision of information to users. In addition to Slovenia, participating countries are also 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 electrical and mechanical equipment).

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 have 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 44: Locations of charging stations for electric cars



I.5.4.6 Provision of traffic information

Figure 45: Number of contacts on the www.promet.si website

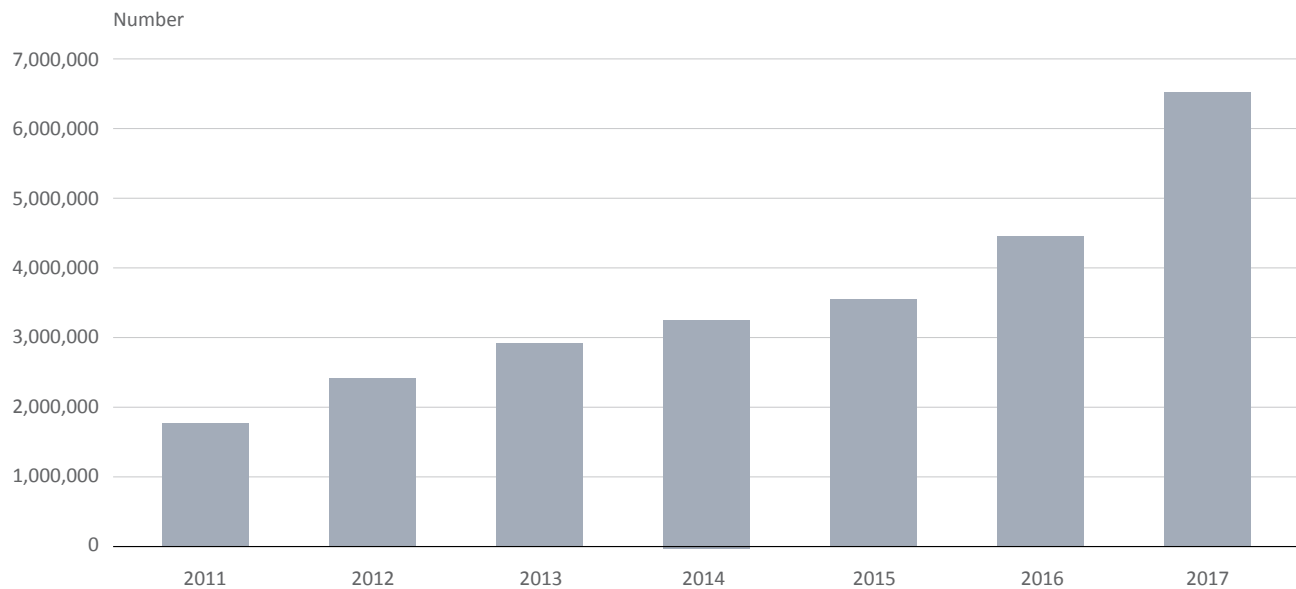
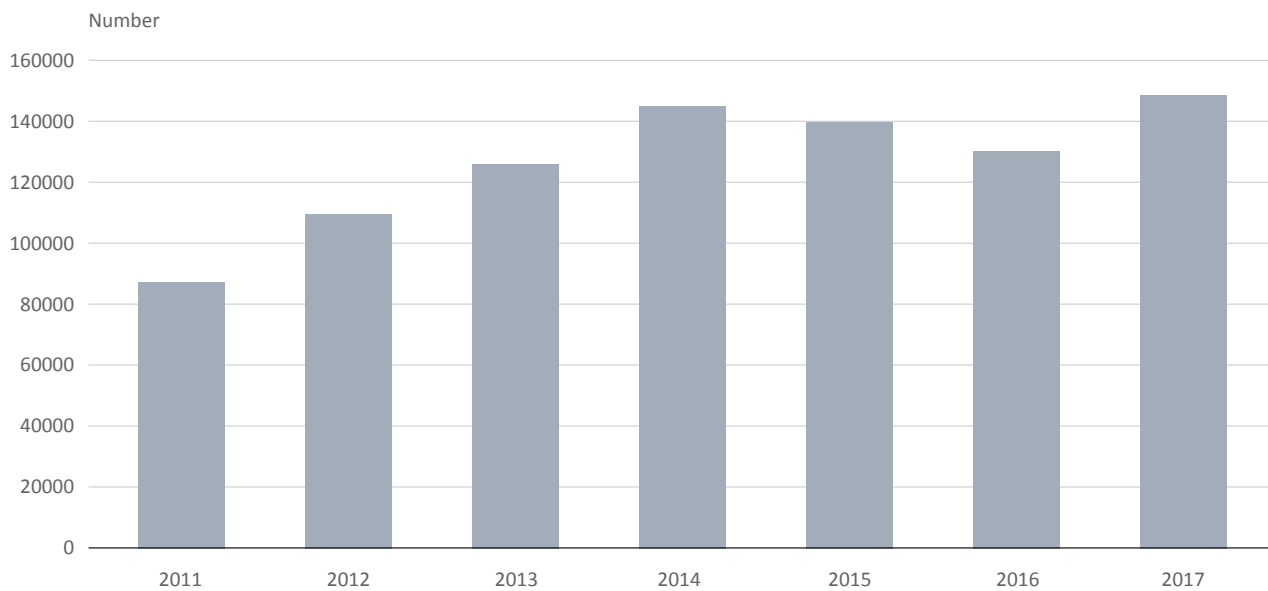


Figure 46: Number of calls received by TIC by year



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

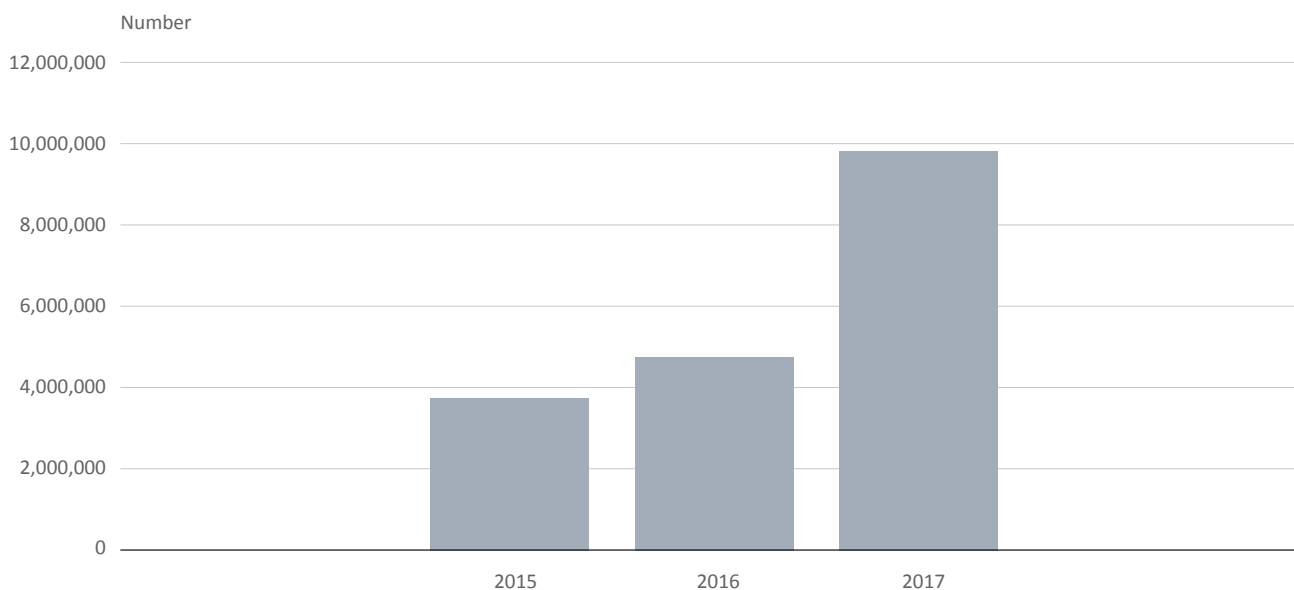
New content is now available to users on the promet.si website:

- foreseen travel times between individual large towns and routes;
- traffic data can now be seen on a map as variously coloured road sections showing traffic density;
- virtual assistant Stane.

In the last 10 years, the Traffic Information Centre:

- communicated information on events on the national road network more than 196,000 times: 19,627 times per year, 1635 times per month and 53 times per day on average;
- in the last five years, operators received over 600,000 calls and recorded over 3.4 million users on the promet.si website

Figure 47: Total active searches for traffic information



DarsPromet+ mobile app (or DarsTraffic+)

It is intended primarily for those who drive to work every day in Slovenia. Drivers need information about any obstructions or prolonged travel time when on road. Hence, the key information provided by the app contains prompt calculation of travel time at a pre-selected route provision of information on obstructions (events) on the road.

The application provides users with:

- traffic information,
- route planning,
- travel times,
- all other information at the disposal of DARS d. d. ,
- voice support, and
- a link with a virtual assistant.

The application was developed for Android, IOS and Windows operating systems.

Since traffic safety is still of primary importance, one of the key functions of the app is voice notification. But not just any; this is the e-Bralec (e-Reader) app that is able to read any text in Slovenian. The text for the app is prepared by a special program browsing through the Company databases and extracting information that refers to a certain route. An important functionality is the automatic reading setting.

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 that 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 48: TMP Salzburg-Zagreb and TMP Gruškovje

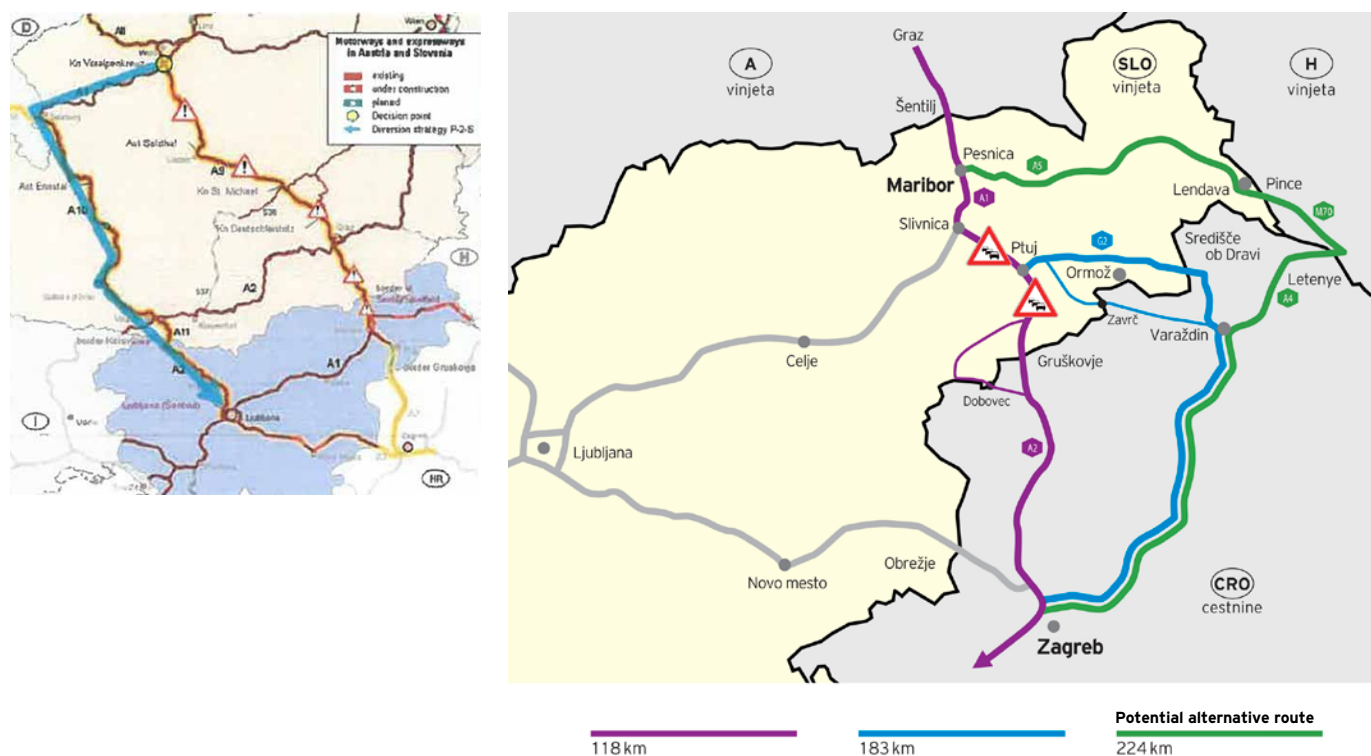


Figure 49: Toll payment for heavy vehicles without stopping



1.5.4.7 DarsGO – introduction of an electronic tolling system

The deployment of an electronic tolling system (ETS in FTF) at DARS d. d. called DarsGO was planned and successfully executed on 1 April 2018. The goals of its deployment are:

- replacement of an out-dated tolling system at toll stations for vehicles exceeding 3.5 tonnes with an electronic tolling system in free traffic flow;
- establishment of financial sustainability of DARS that will enable independent repayment of financial liabilities for the construction of the motorway and express way network and maintenance of existing infrastructure;
- toll rates will depend on the length of a segment and vehicle characteristics, such as toll class, number of axes, EURO emission class, etc. The rate will also depend on the time of road use (e.g. hours in a day, day of the week or other time periods);
- provision of toll payment based on the “users pay” and “polluters pay” principle pursuant to the EURO emission class for vehicles exceeding 3.5 tonnes;
 - toll will be collected in free traffic flow. Users will be provided with a complete automatic solution, i.e. an On-Board Unit (“DarsGO”) containing DSRC (Dedicated Short Range Communications) technology, which is in line with Directive 2004/52/EC;
 - the system will comply with the interoperability of the European electronic tolling system (EETS) as per Directive 2004/52/EC.

Figure 50: DarsGO OBU



The main advantages of the new system

1. toll collection without stopping or reducing speed, which will help:
 - reduce pollution,
 - reduce noise,
 - reduce fuel consumption,

Figure 51: DarsGO service



- reduce traffic congestions,
- save time,
- improve traffic safety on the motorway;
- 2. toll payment based on the distance travelled;
- 3. possibility of toll collection by time period (e.g. hour in a day, day of the week or other time periods);
- 4. flexibility in case new toll sections are added;
- 5. increased revenue for DARS with toll collection from heavy vehicles throughout the motorway network;
- 6. no more employees collecting toll 24/7 at toll stations;
- 7. due to the mentioned system, the Company will reorganise, introduce new jobs with high added value at the call centre and at customer service points, and ensure reinforcements in the control service.

It is planned that the new system will provide possible value-added services including:

- real-time traffic information;
- payment services (e.g. parking fees);
- safe parking for trucks;
- vehicle tracking (e.g. transport of dangerous goods) and
- toll collection without toll stations for enhanced traffic fluidity.

The calculated economic savings of users due to the introduction of the DarsGO system for heavy vehicles (benefits or cost reductions) that the Company will achieve due to the introduction of DarsGO amount to almost €150 million for the next 13 years (source: Investment Programme for ETS in FTF ([source: Rapp Trans AG/Ipmit])). Notably, all effects and savings cannot be financially evaluated, but they do represent benefits in terms of quality. Savings in time account for the largest share of financially evaluated savings (some €70 million), followed by savings due to reduced fuel consumption (€53 million), where most savings will be

achieved due to reduced need for deceleration and acceleration, while savings due to reduced pollution will amount to some €20 million and increased traffic safety for the remainder (some €7 million).

1.5.4.8 Conformity in relation to impacts of products/services on safety and health

In investments, management and provision of occupational safety in 2017, no actions were imposed by inspectorates in relation to the impact of products/services on safety and health, other than in maintenance, where a case of non-conformity was recorded in relation to the use of plant protection products for bitter-weed control.³²

1.5.4.9 Client privacy

DARS d. d. ensures the privacy of its clients and operates in line with the legislation applicable to the area, i.e. the Personal Data Protection Act (ZVOP-1). DARS received no complaint in 2017 in relation to a violation of personal data protection nor a decision by the Information Commissioner.³³

DARS already made intensive preparation in 2017 for the new requirements of personal data controllers brought forward by the EU General Data Protection Regulation. Among other things, the organisational measures for ensuring compliance in the processing of personal data also include the appointment of an authorised person for the protection of personal data, the acceptance of the new Rules on the protection of personal data and Privacy policy. Two internal acts (Records of processing activities and Operational regulation on the processes and measures for the protection of personal data) are being coordinated, which are expected to be accepted by the end of August. We will begin making impact assessments in September. Preparations and signing of contracts with personal data processors are in motion, and we have already gathered the majority of consents from individuals for processing their personal data. In July and August we will organise training for employees because raising awareness on the importance of the protection of personal data is one of the key elements for actually complying with the regulations.

The protection of personal data of clients in the DarsGO system is governed by general legislation on personal data protection and the Road Tolling Act (ZCestn), which lays down restrictions on holding data about the location and movement of a vehicle in Article 30. Technical solutions for data processing are subject to the personal data protection legislation. All data collected, processed and stored in the DarsGO system are 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 made that covers all relevant assets, such as systems and interfaces, and processed and transmitted data; a component part of the concept is also a 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 retention period.

³² GRI GS 416-2.

³³ GRI GS 103-1, 103-2, 103-3, 418-1.

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:

- continuous strengthening of competences,
- leadership development at the Company,
- 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 are 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 following strategic goals in employee development:



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:
 - various activities are carried out to protect employee health;
 - the Company is the holder of the Family Friendly Company certificate, thus enabling associates to better coordinate family life with job duties;
 - the Company has put in place a scheme for considering and rewarding proposals for improvements and good ideas, and a system for awarding recognition and commendations to employees for their work achievements and efforts on the job;
 - 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 harmful consequences of workplace harassment and the Dars Code of Conduct.³⁴

³⁴ GRI GS 103-1, 103-2, 103-3, 406-1.

1.5.5.1 Key data on employees

Table 8: Key data on DARS d. d. employees for 2015-2017³⁵

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

1.5.5.2 Employment policy³⁷

In Slovenia, DARS is one of the most reputable employers according to a survey carried out by the agency Mojedelo.com, as it provides employment in all Slovenian regions as an organisation. Employment within the scope of the Company provides employees with a high degree of economic and social security. Staffing at the Company is based on a prudently and carefully prepared procedure to select the best human resources, while the career development of employees is implemented through:

- the identification of employee skills and potentials, and employees' inclusion in Company development activities;
- performance measurement;
- horizontal advancement at workplace,
- development of management skills and expert skills within the scope of lifelong learning and acquisition of experiences for vertical and career promotion within the organisation based on internally published vacancies.

³⁵ GRI GS 401-1.

³⁶ GRI GS 102-7, 401-1.

³⁷ GRI GS 103-1, 103-2, 103-3.

1.5.5.3 Recruitment and employee structure

Recruitment

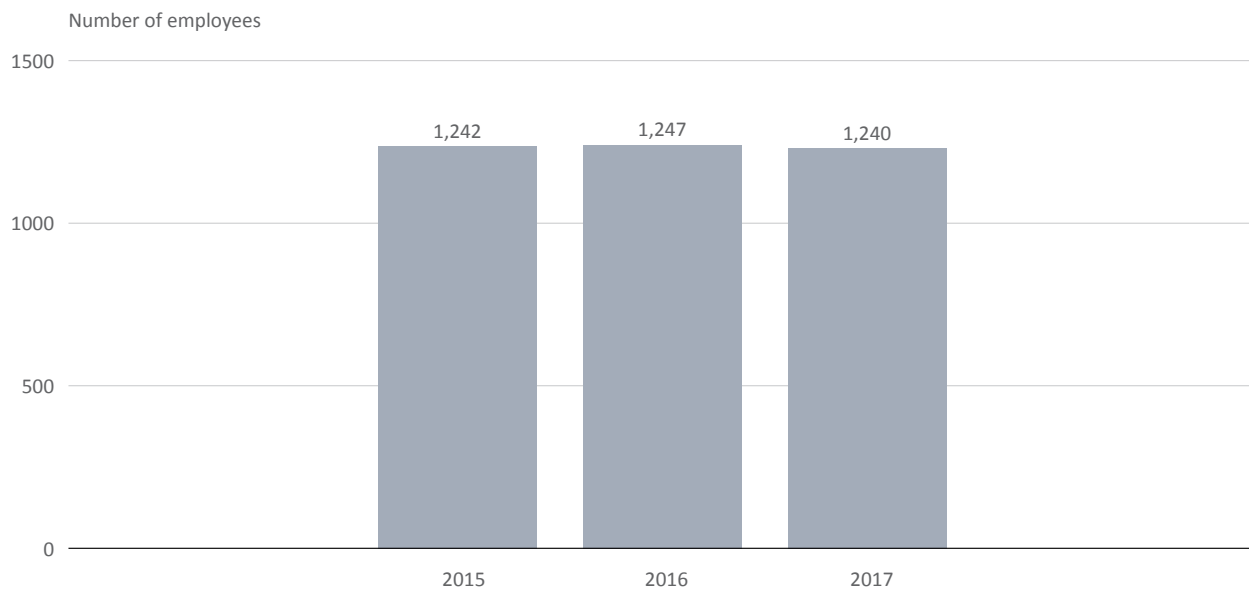
In order to achieve the set business objectives for 2017 and uninterrupted operations, the Company recruited new people, pursuant to the adopted Business Plan and Operative implementation section of the HR plan for 2017.

The Company published 47 in-house and 61 external job vacancies. Most vacancies in 2017 were related with the new DarsGO tolling system.

In 2017, 55 employees left DARS d. d. , while 48 were recruited. To successfully reorganise human resources in toll collection due to the deployment of the new DarsGO tolling system, suitable amendments to the Rules on Company organisation and Rules on job classification at DARS were made in cooperation with social partners and a Programme for excess employee dismissal was prepared and adopted.³⁸

At the end of 2017, DARS employed 1240 workers, which is seven fewer than the previous year.

Figure 52: Number of employees at DARS



³⁸ GRI GS 401-1.

Figure 53: Employees at DARS with respect to education level as at 31 December 2017

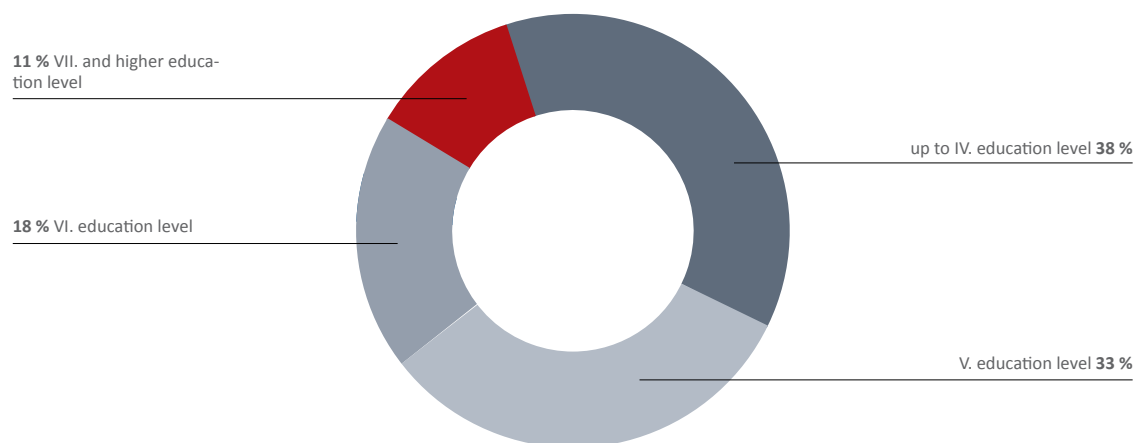


Table 9: Employees at DARS with respect to type of employment (part-time, full-time) as at 31 December 2017³⁹

Type of employment in respect of working hours	number	2015 %	number	2016 %	number	2017 %
Part-time	16	1	16	1	15	1
Full-time	1262	99	1231	99	1225	99
Total	1242	100	1247	100	1240	100

Table 10: Employees at DARS with respect to type of employment (fixed-term, permanent) as at 31 December 2017⁴⁰

Type of employment in respect of working hours	number	2015 %	number	2016 %	number	2017 %
Fixed-term	28	2	20	2	34	3
Permanent	1214	98	1227	98	1206	97
Total	1242	100	1247	100	1240	100

Under the Collective Agreement, Dars d. d. employs 99% of all employees.⁴¹

³⁹ GRI GS 102-8.
⁴⁰ GRI GS 102-8.
⁴¹ GRI102-41.

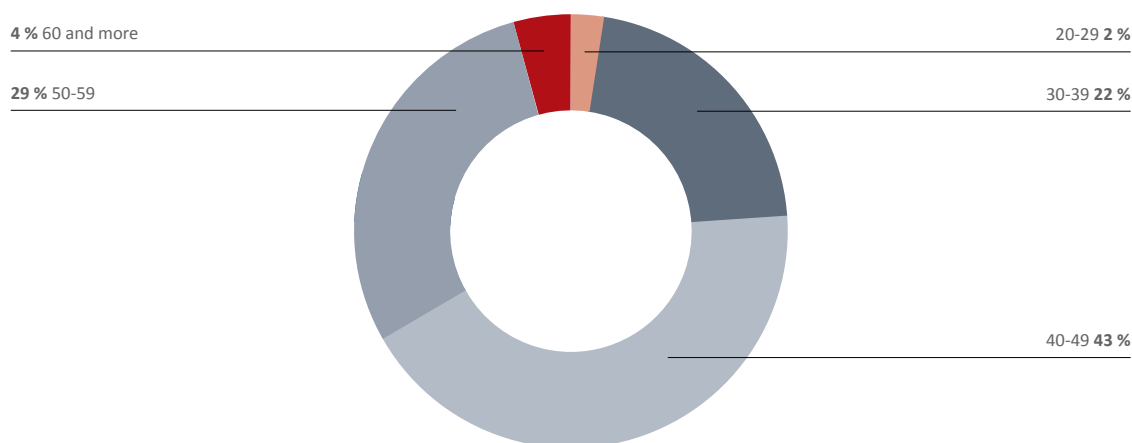
Table 11: Fluctuation

	2015	2016	2017
Fluctuation in %	1.49	2.35	4.43

With respect to previous years, fluctuation increased primarily on account of an increased number of retirements. The Company hired 48 workers, mostly in the age group between 30 and 39. The organisation was left by 55 workers, most of them aged between 61 and 69.⁴²

The average total length of service of Company employees in 2017 amounted to 24 years, while the length of service of employees at Dars d. d. alone amounted to 14 years.

Figure 54: Employees at DARS with respect to age as at 31 December 2017



1.5.5.4 Education and HR development⁴³

The Company is aware that its success depends primarily on its associates and their skills, knowledge and abilities. Only engaged and highly qualified associates are able to make sound predictions, understand, plan and adjust work processes in the organisation to internal and external circumstances, which is the basis for effective and successful Company operations. That is why DARS enables its employees to develop skills, knowledge and talents on an ongoing basis through appropriate education and training, both within and beyond the scope of DARS, which are based on the strategic and development needs of the organisation. Education and training represent an open process for the purposes and interests of employees in upgrading and improving their functional and expert knowledge and personal growth in various forms of education.

⁴² GRI GS 401-1.

⁴³ GRI GS 103-1, 103-2, 103-3, 404-1.

In 2017, training allowed associates in toll collection to obtain new knowledge and skills for working with the new DarsGO tolling system and in other areas of Company operations, thus helping them to keep their jobs.

The Company enables associates to the maximum extent to attend in-house training and develop special skills related with 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. Recently, the Company has enabled associates to attend external training in Slovenia and abroad, thus allowing them to obtain topical, specific and highly in-demand skills, and follow professional trends and legislative amendments in their area of work.

Secondary school and university students requiring practical training in their education can do an internship at the Company, which is coordinated with the relevant educational institution and supervised by an in-house expert mentor. That way, DARS enables secondary school and university students to obtain practical experience and a realistic and professional insight in the field they are educated in.

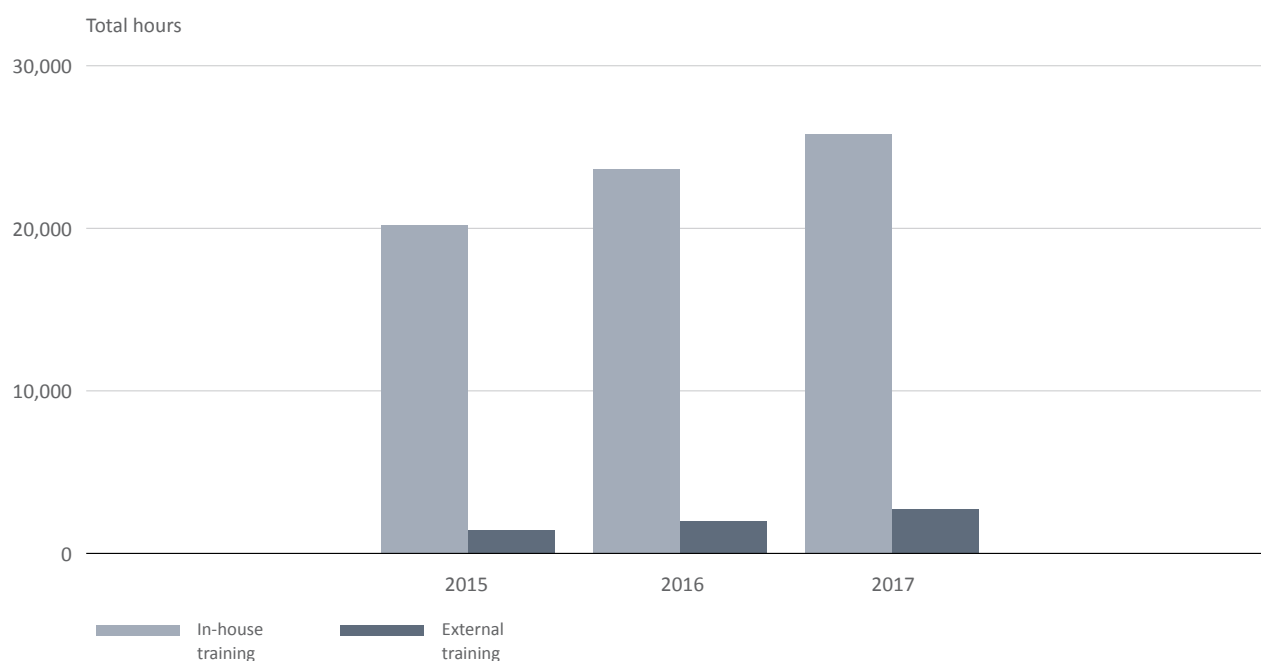
DARS also cooperates with other organisations to exchange knowledge and good practice and address the challenges faced during work together. Hence, the Company participates in the LOGINS Competence Centre, which enables employees in road transport and warehousing to develop their competences and exchange good practice. The Company also organises expert meetings entitled Road as the working environment, where various professional challenges faced by organisations and employees doing work on the road and during traffic are presented and discussed and where guidelines are developed to increase workers' safety while doing work on the road and the traffic safety of all motorway and other road users.



Table 12: Number of participants in education and training at DARS in the 2015-2017 period

No. of participants/year	2015	2016	2017	2017/2016 index
In-house education and training	1727	2110	2143	102
External education	119	165	210	127
Work-study programmes	10	17	17	100
Apprenticeship	17	13	13	100

Figure 56: Number of training hours at DARS in the 2015-2017 period

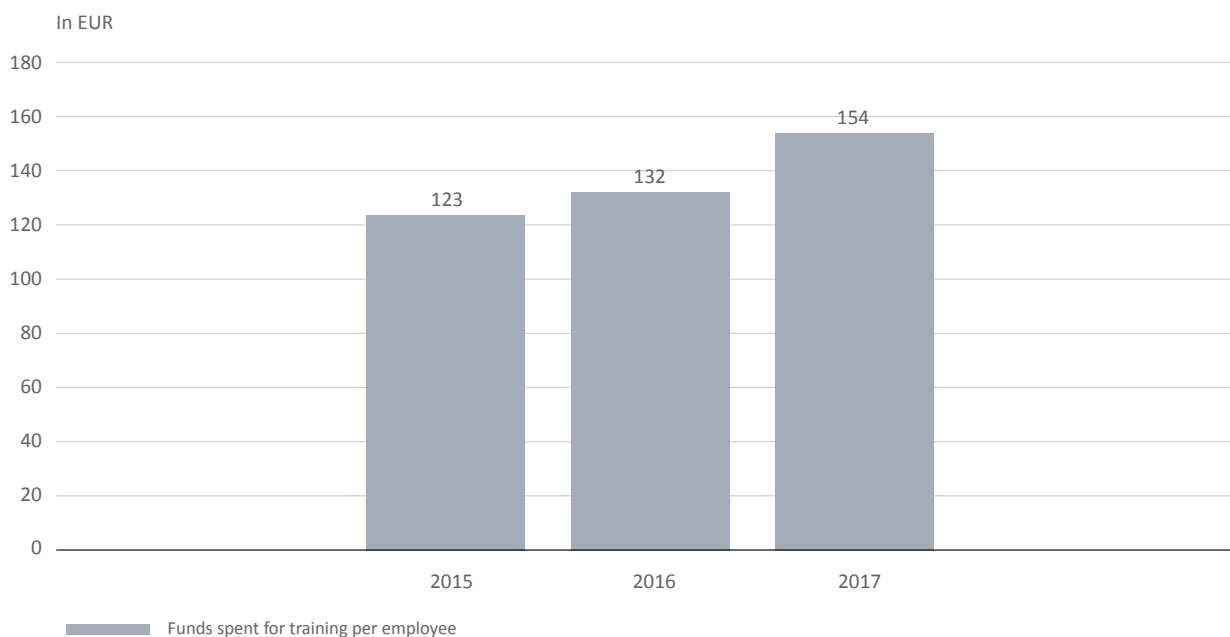


DARS is well aware of the importance of employee knowledge for successful performance of duties, which is reflected in a continuous growth trend of training hours between 2015 and 2017, particularly within the scope of in-house training. Since 2013, the volume of training hours increased by 100%.



The Company promotes in-house knowledge transfer, since many Company employees have in-depth expertise and are given the chance to transfer their knowledge to other associates. That way, the Company spends less, but effectively enables the acquisition of new knowledge to a wider group of associates, and professional and personal development to in-house lecturers.

Figure 57: Value of education and training per employee at DARS in the 2015-2017 period



In 2017, the Company earmarked 25% more funds per employee than in 2015 and 16% more than in 2016.

Assessment of competences

Employee competences are the key to good business results and realisation of strategic goals. DARS has developed a model of competences and, within the latter, defined the key business conduct of employees by competence profile. Special importance is attributed to the measurement of leaders' competences, since it is used to realise the strategic goal of leadership development at the Company. The average competence score amounts to 4.82 (at a 6-level grading scale). To enhance the leaders' competence score, DARS organises target leadership training and coaching to eliminate the identified competence gaps. The Company is aware that its success depends on well-managed and satisfied employees, which is why the development of leadership competences will continue to be an important task.

1.5.5.5 Creation of a safe working environment⁴⁴

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. Hence, safety was included in the 2017-2020 Strategy as one of the most important elements for successful planning of Company development. One major operative strategic goal is also the reduction of the number of persons injured at work by 15% until 2020.

Commitment to the provision of safety is not merely declarative. The Company's 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 2016, the usual permanent measures (employee training, work equipment checks, health check-ups, internal control, etc.) were accompanied by a revision of the risk assessment for safety and health at work, based on which a series of measures was adopted to improve the safety of users and employees. Most measures were adopted by the end of 2017, while some system measures were integrated in the Company work and will continue. A great deal of equipment was purchased to secure work sites on the road as per the requirements of the new Rules on road closures, along with remote-controlled mowers and other safer equipment. Upon motorway reconstruction between Unec and Postojna, the central reservation was covered in asphalt, traffic running in the opposite direction was set apart with a concrete safety barrier, and the emergency lane was extended to 3.5m. That reduced the scope of regular maintenance works at that section (while reducing the number of congestions) and increased the safety of maintenance officers and users stopping in the emergency lane. Furthermore, the Company reduced the risk of accidents and workers' injuries at work. The measures will continue upon motorway reconstruction works.

Accidents at work⁴⁵

In 2017, a somewhat higher number of work accidents was recorded (32) than in the previous year (26), but most accidents resulted in minor injuries. Seven employees never went on sick leave and the total number of sick leave days also decreased. Injuries were suffered by four toll supervisors, one employee in management, one employee in administration, while all other employees injured (26) were maintenance officers.

⁴⁴ GRI GS 103-1, 103-2, 103-3.

⁴⁵ GRI GS 403-2.

Figure 58: Number of injured employees

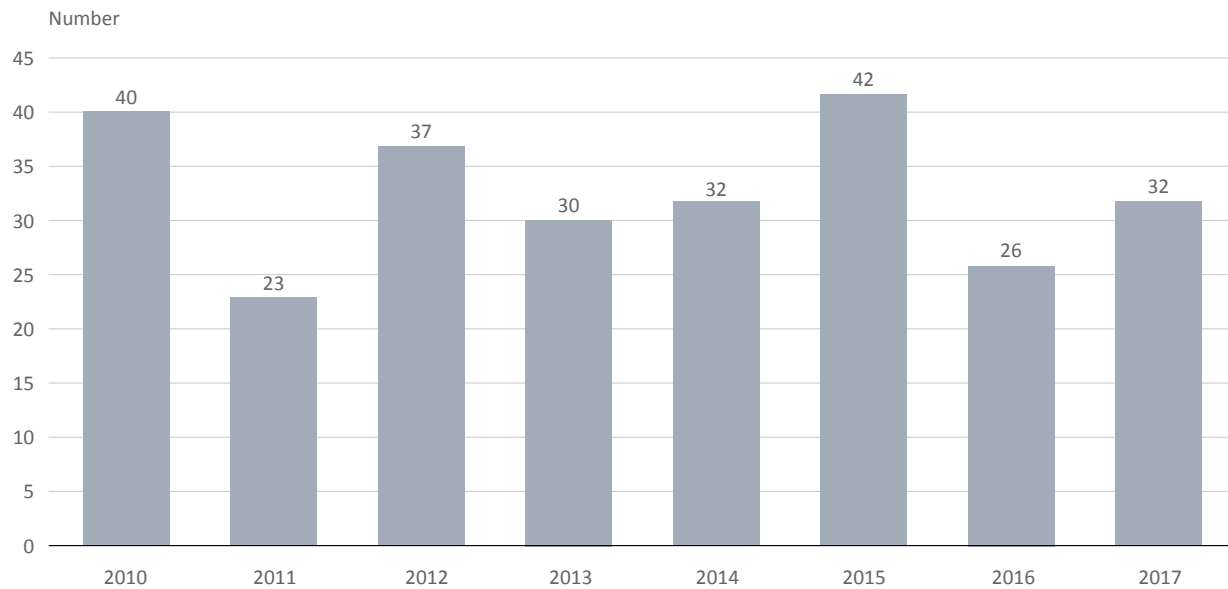
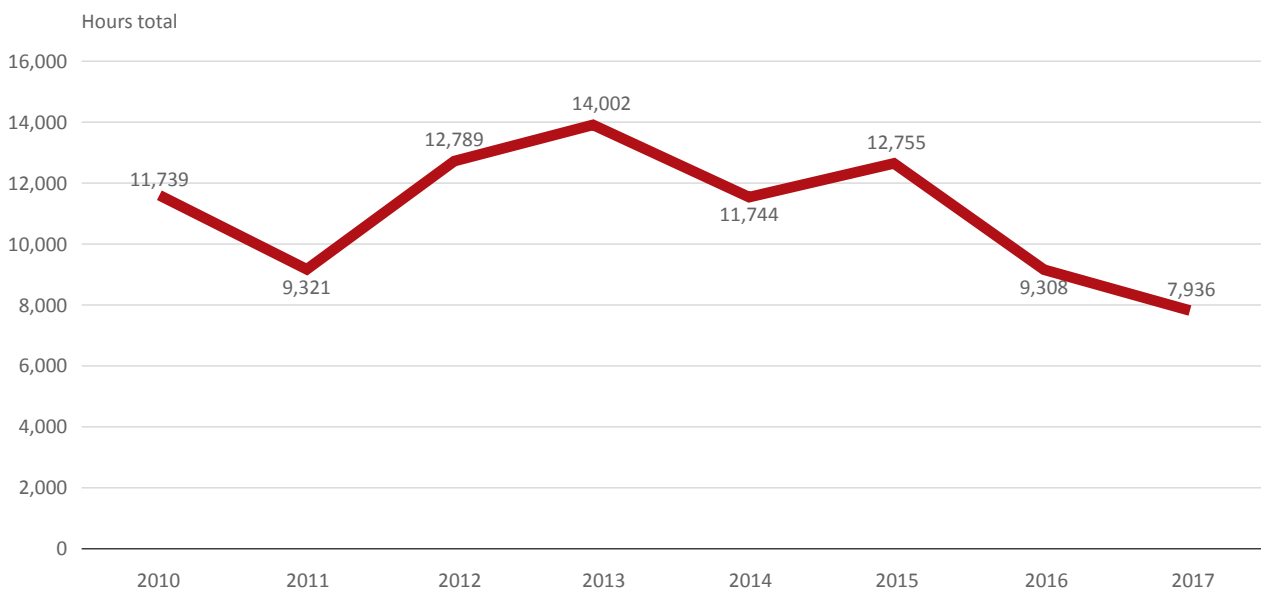


Figure 59: Sick leave resulting from accidents at work



No occupational diseases have been recorded so far at the Company. Nevertheless, dangerous phenomena, i.e. events in which a human life could be threatened or major material damage caused, have been identified. These in particular include collisions with site protection signs on the road and aggressive behaviour of users towards our employees. The number of collisions at sites has not decreased much despite improved signalling, provision of information to users on road work sites (Dars traffic app) and awareness raising among users on safe driving (preventive advertising campaigns), which is why the activities will continue. Furthermore, the Company has recorded a few cases of violence against Company maintenance officers and toll supervisors, but with no serious consequences. Employees who are in contact with clients have been informed of procedures to handle violence, robbery or threats and were specifically trained how to handle difficult persons they speak with.

I.5.5.6 Provision of customer satisfaction

Measurement of organisational climate

DARS has measured the organisational climate for the tenth time, since its results direct the Company to make continuous efforts and improvements to organisational systems and working environment in light of raising motivation and employee satisfaction. The Slovenian organisational climate survey questionnaire was completed by 54% employees in 2017, which is 18% more than in the previous year. Compared to 2016, the total index rose by 0.16 points while scores in 2017 also improved for all organisational climate points measured. The results reveal that employees have developed a high level of responsibility for quality performance, support innovations, have a sense of belonging to DARS, and are well qualified and motivated.

Despite a better assessment of organisational climate, there are also a few challenges, primarily as regards rewarding, career development and in-house communications. The management of DARS seeks to improve employee satisfaction in the mentioned areas, which is why it adopted suitable measures that are being implemented.

Measurement of employee engagement

Employee engagement has an important impact on the effectiveness and efficiency of the organisation, which is why employee engagement has been measured for the past few years among Company employees using the Gallup methodology. The share of engaged employees at DARS hence rose by 5.61% in 2017, which is 2.36% more than the Slovenian average. The share of actively non-engaged employees reduced by 6.87% with respect to the previous year, which is an important step forward to the engagement of Company employees.

Family Friendly Company certificate

DARS obtained the full Family Friendly Company certificate in 2015. Within the scope of that certificate, 16 measures were adopted that enable employees to better coordinate their job duties and family life. One of measures best accepted by employees was flexible time of arrival to and departure from work with fixed central working hours enabling employees with children to carry out their family and job duties more easily. Employees may use anonymous and free-of-charge psychological support and counselling if in distress. The Company gives presents to employees' children and to each newly born child of a Company employee every year upon New Year's holidays.



Additional benefits for employees⁴⁶

- DARS pays in additional funds for supplementary pension insurance to 99% of its employees, i.e. €38 per employee and further contributes 25% to the employee's own contribution;
- employees may take out accident insurance for themselves and their family members under favourable terms;
- DARS helped 52 employees in distress in 2017 by providing them financial solidarity aid;
- 172 employees received jubilee benefits.

Cooperation with employees – 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 and Workers' Council with which a special participation agreement or, rather, an agreement on employee participation in management has been made. The Company holds joint consultations with Workers' Council 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 work⁴⁷

Table 13: Parental leave and part-time work

		Men	Total
No of employees who came back from parental leave	8	0	8
No. of employees who came back from parental leave and still worked for the Company after 12 months	8	0	8
The rate of reinstatement and the rate of employee retention after the end of parental leave are 100%.			
No. of employees working part-time	5	1	6

Concern for employees upon changed ability to work or disability

DARS uses a responsible approach to resolve any case of disability or changed ability to work due to health impairment, for which it also received an award from the European Network for Workplace Health Promotion (ENWHP) in 2013. The Company employs 39 disabled persons who can do work in work processes in line with their remaining ability to work.

Concern for employees outside working hours

The Company is aware that successful work requires knowledge, motivation and good health, which is why it has taken care of employees' well-being and health for several years through different 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 may do group sports, fitness, pilates or go swimming and the Company also organises a sports and recreation event for all its employees.

⁴⁶ GRI GS 201-3.

⁴⁷ GRI GS 401-3.

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

Violation of discrimination/workplace harassment

DARS is actively committed to the 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 2016, the Company received three notifications, where no workplace harassment was found, and no notification in 2017.⁴⁸

Diversity and equal opportunities

The Supervisory Board of the Company will draw up a Diversity Policy this year. In a two-tier governance system, the supervisory body is the only body that should adopt such a document, since the managing body has no legal competence in respect of proposals for the appointment of Supervisory or Management Board Members.

I.5.6 Responsibility towards the environment

In light of its mission, the Company built and manages a motorway network that is closely linked with the natural environment during spatial location stage, management stage and future motorway network development stage. The Company is committed to environmentally friendly actions in all stages of operations and continuous reduction of adverse environmental impacts.⁴⁹

⁴⁸ GRI GS 103-1, 103-2, 103-3, 406-1.

⁴⁹ GRI GS 103-1.

Figure 60: Responsibility towards the environment



1.5.6.1 Systematic environmental and energy management⁵⁰

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



⁵⁰ GRI GS 103-2, 103-3.

Attainment of compliance

An important part of 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.

As regards the environment and energy, no major deviation from legal and other requirements was identified. Detailed information on compliance is provided in the Chapters Corporate integrity and compliance and Corporate Governance Statement.⁵¹

Cooperation with outsourcers and suppliers

Cooperation with outsourcers and suppliers is a component part of Company management systems and is systematically managed. In respect of 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.

Use of materials⁵²

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.

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

Table 14: Length of reconstructed directional road lanes and newly built roads

	2015	2016	2017
Length of reconstructed directional road lanes of individual sections (km)	44.41	37.06	26.54*
Length of newly built roads (km)	5.03	0	7.26

* Note: the realisation of the planned volume of reconstructed road lanes in 2017 (35km) was postponed to 2018 due to objective reasons.

In the following Sustainability Reports, DARS d. d. will show 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.

1.5.6.2 Spatial location of motorways and express ways

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

National infrastructure, which also includes motorways and expressways, are positioned on site by way of national spatial plans (NSP). A decree on a national spatial plan as adopted by the Slovenian Government

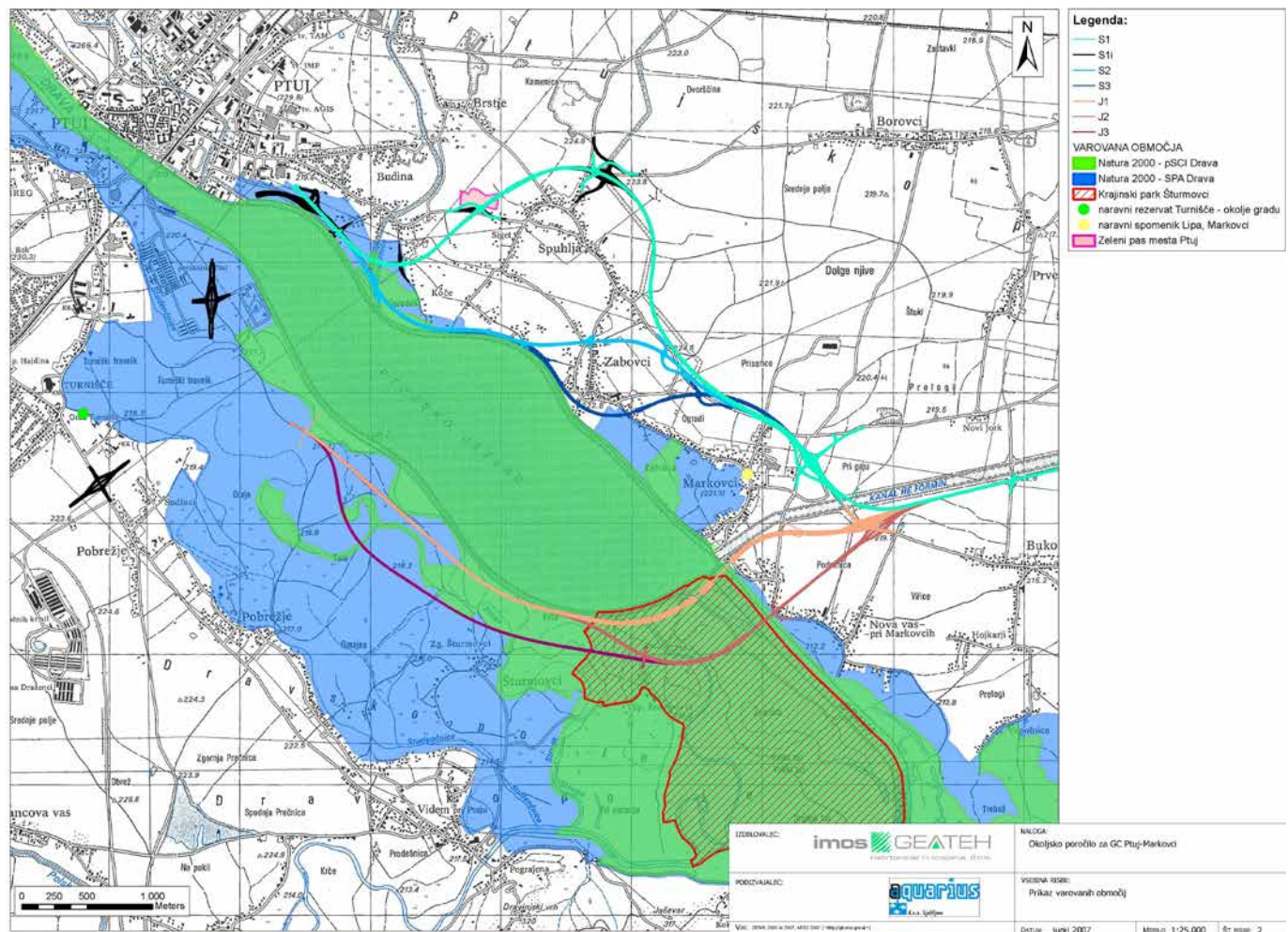
⁵¹ GRI GS 103-1, 103-2, 103-3, 307-1.

⁵² GRI GS 301-1.

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 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 spatial planning developers, the service responsible for a comprehensive and normal environment impact assessment, municipalities and interested public.

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

Figure 61: Variant solutions of a main road section between Ptuj and Markovci and surrounding nature conservation areas



The procedure to position a motorway on site starts with the preparation of an initiative, followed by a decision on NSP preparation. In the continuation of the procedure, a study of 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 an NSP decree. All mentioned key documents are adopted or confirmed by the Government of the Republic of Slovenia.

In line with the Environmental Protection Act, an overall environmental impact assessment must be conducted for spatial interventions that could have a major impact on the environment, which includes motorways, during the variant study stage and an environmental impact assessment procedure must be carried out in the NSP preparation stage for the selected variant. In such procedures, environmental impacts are identified and assessed, along with the inclusion of environment 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.

Environment 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 land in Slovenia falls within 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 the structures designed must withstand it. Particularly demanding are works in flood plains.

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

1.5.6.3 Concern for the preservation of biodiversity⁵³

A special challenge when locating motorways in space is to preserve biodiversity, since Slovenia features extremely diverse and relatively well preserved nature. Hence, 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 location 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 that cover 27% of Slovenian territory, replacement habitats are also provided to reduce impact to an acceptable level. When the motorway alignment encroaches upon an important nature conservation area of various statuses or the NATURA 2000 area, it is necessary to provide replacement habitats as a mitigation measure for nature conservation.

An example is the Pomurje motorway leg, where replacement habitats were provided and which is one of the first cases of such nature conservation measures.

⁵³ GRI GS: 103-1, 103-2, 103-3, 304-1, 304-2, 304-3.

Figure 62: Pomurje motorway leg



Figure 63: Establishment of a replacement biotope for amphibians



Section Spodnja Senarska-Cogetinci:

- Verjane (establishment of a replacement biotope for amphibians),
- Komarnica (establishment of a replacement biotope for amphibians and conservation of marsh meadows).

Section Beltinci-Lendava:

- Gospodsko (establishment of a rough meadow),
- Črni log-Hotiška gmajna (afforestation).

Section Lenart-Spodnja Senarska:

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

Section Lendava-Pince:

- Petišovci (establishment of a replacement biotope for amphibians).

1.5.6.4 Energy management⁵⁴

DARS d. d. ranks among large energy consumers in Slovenia with annual energy consumption of 47.6GWh (in 2017). 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 total energy consumption (51.6%), followed by fuel (35.1%). A minor share of energy is used for heating facilities and that area requires an important element of energy management due to large potential for optimisation.

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

- reduced electricity consumption by 5% until 2020 with respect to the existing situation of electricity users and reduced cost of electricity by 3% with respect to 2015;
- reduced energy consumption for heating by 10% until 2020 with respect to the baseline year of 2015;
- reduced CO₂ emissions of energy products for heating by 20 % until 2020 with respect to the baseline year of 2015.

⁵⁴ GRI GS 103-1, 103-2, 103-3, 302-1, 302-3, 302-4.

Total energy consumption

The table below shows energy consumption and trends in energy consumption by energy product. A comprehensive approach to manage energy and pertaining measures has allowed the Company to reduce electricity consumption.

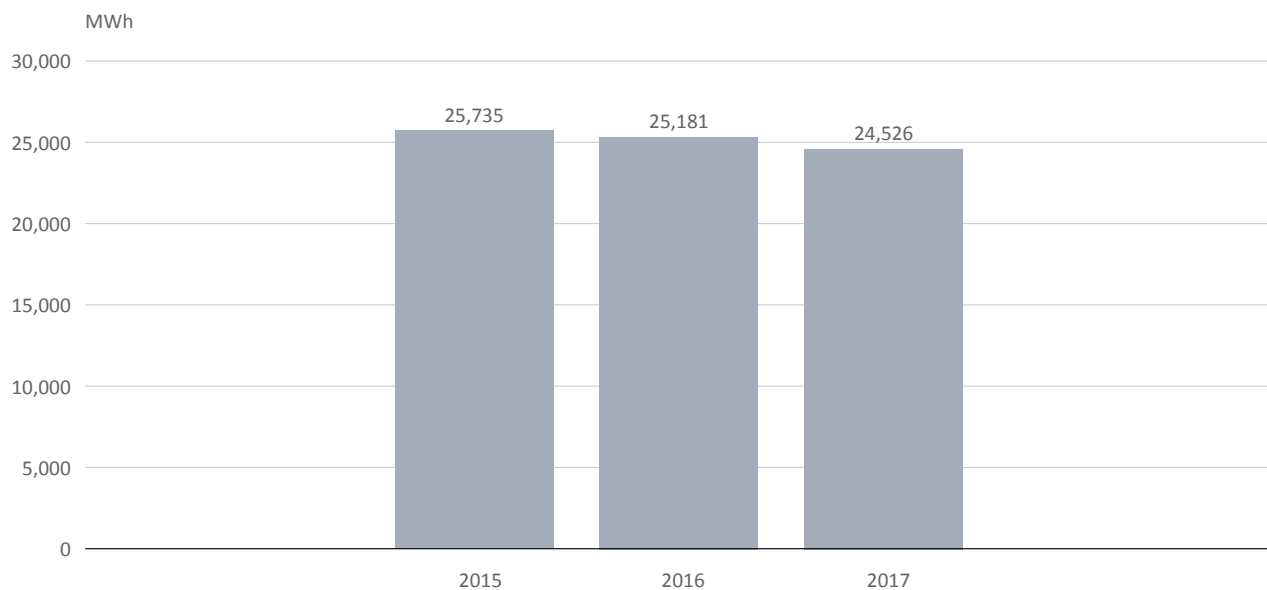
Table 15: Energy use (MWh)

		2015	2016	2017
Electricity	MWh	25,735	25,181	24,526
Fuel	MWh	17,033	17,442	16,689
Natural gas	MWh	1,866	1,524	1,676
LPG propane	MWh	2,018	2,253	2,123
LPG propane butane	MWh	1,171	1,225	1,105
Fuel oil	MWh	238	344	291
District heating	MWh	586	810	778
Total	MWh	48,647	48,779	47,188

Electricity

Within the scope of measures introduced, the Company managed to reduce total electricity consumption despite enlarging the motorway network and opening new 7.26km of motorway in the second half of 2017, as shown in the chart in Figure 64.

Figure 64: Total electricity consumption (MWh)



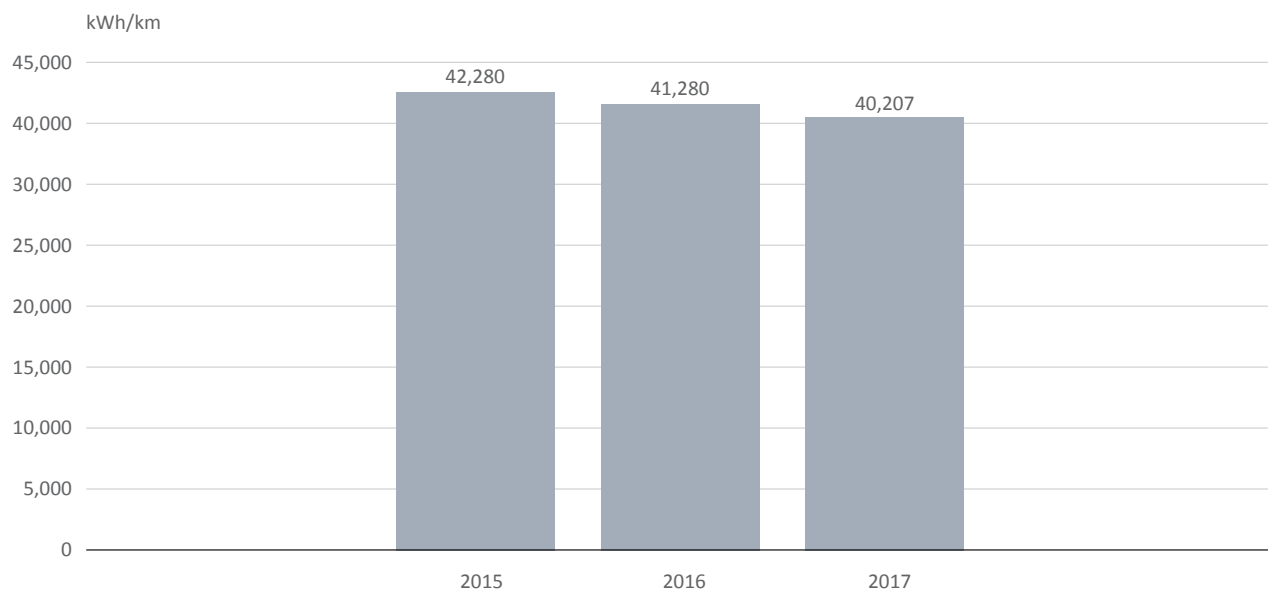
The largest group of electricity consumers includes tunnel equipment, which accounts for 50.7 % of total electricity consumption at the Company. Electricity in tunnels is mainly used for lighting, ventilation and other.

The second largest electricity consumer is street lighting, which accounts for 15.1% of total electricity consumption. The Company successfully manages measures to optimise lighting (replacement of lamps with more energy-efficient ones, 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 13.1% of 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 toll stations will change, as some toll stations will be eliminated.

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

Figure 65: Total electricity consumption per MW kilometre (KWh/km)



Fuel for vehicle fleet

The second largest energy cost for the Company is the cost of fuel for vehicles (work and passenger). The Company has put in place a data collection system for fuel consumption by unit and type of vehicle in relation to energy factors, such as kilometres travelled or operating hours.

For the purposes road and equipment maintenance, DARS d. d. uses 230 heavy-goods vehicles and purpose machinery with maximum authorised mass exceeding 3.5t. The vehicles are used for annual and winter road, equipment and vegetation maintenance.

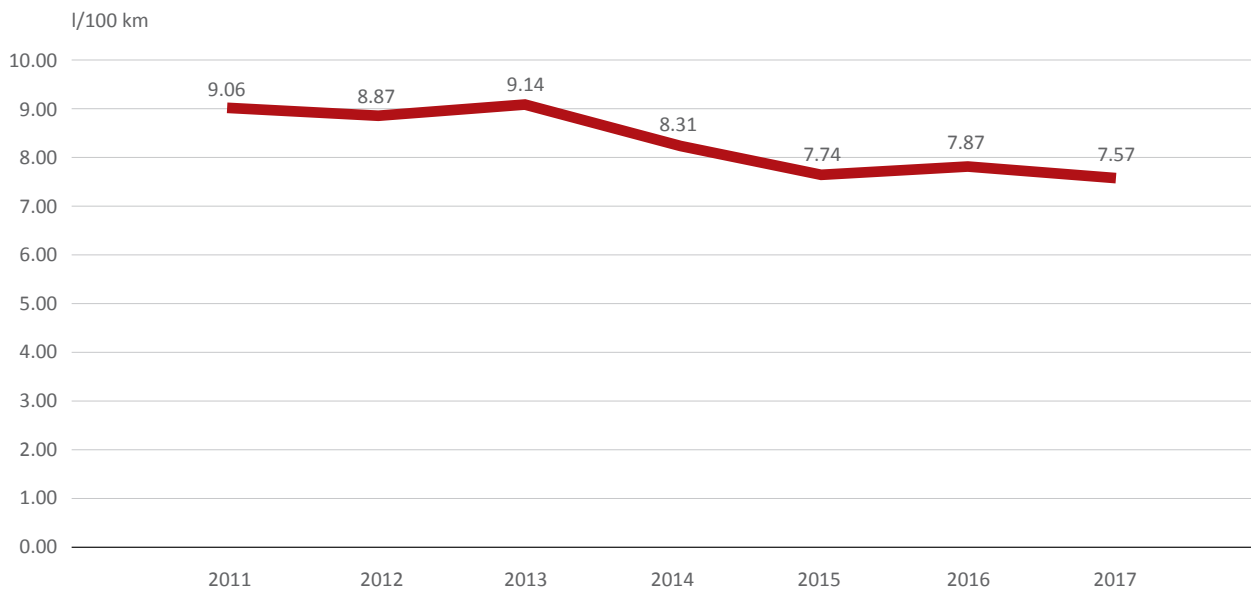
For the purposes of road inspection, interventions and minor maintenance works, DARS d. d. has 154 light commercial vehicles with maximum mass of up to 3.5t.

It has 124 passenger cars and vans for the supervision of works and other tasks. In mid-2017, an information system was set up for data collection on fuel consumption by work vehicles and the results will be available next year.

Fuel consumption for passenger cars and toll supervision vehicles

In 2017, the Company had 198 passenger cars and toll supervision vehicles. Over the years, average fuel consumption was successfully reduced, as shown in the chart below. That was achieved with the purchase of new low energy vehicles and awareness raising among employees on low energy driving, thus reducing fuel consumption, risk of accidents, noise emissions and exhaust gas emissions.

Figure 66: Average annual fuel consumption for passenger cars and toll supervision vehicles



Heating

The largest energy consumers for heating are nine motorway maintenance centres (MMCs) and six branches, followed by the office building in Celje and 14 frontal toll stations and 22 other facilities. Structures at five locations are connected to the natural gas network, two MMCs use LPG propane butane for heating, 25 facilities use LPG propane for heating, while eight locations are heated solely with light fuel oil.

Within the scope of a comprehensive energy inspection, one of the measures was the introduction of an en-

ergy surveillance information system that was set up within the scope of a pilot project at MMC Vransko and will spread to facilities in the eastern cohesion region in 2017 and 2018. By implementing the system, facility administrators will gain a powerful tool to monitor the consumption of energy products and take actions to reduce energy consumption.

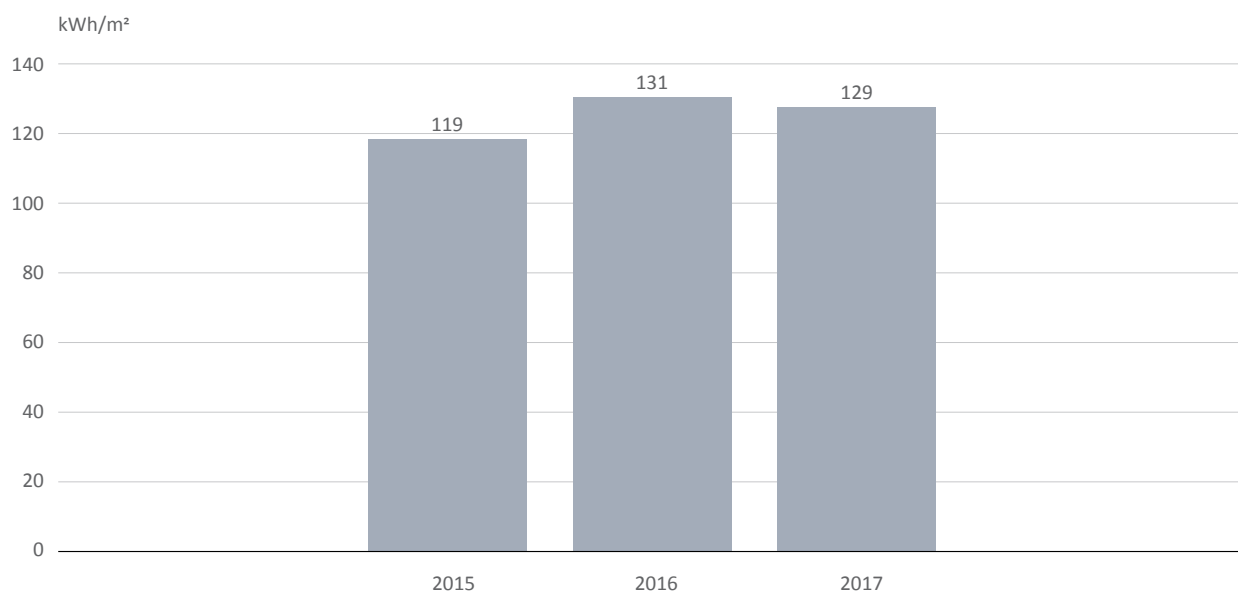
The following measures started in 2017 within the scope of a comprehensive energy inspection:

- a heat pump was installed at MMC Vransko as replacement for the deteriorated gas boiler, i.e. for heating sanitary water during summer;
- an open invitation to tender was published for the energy efficiency improvement of MMC Hrušica;
- activities are carried out at MMC Hrušica to replace the heating source, i.e. shift from the existing hot water network to biomass heating.

Due to improved monitoring of LPG consumption, which accounts for some 50% of energy consumption for heating, gas meters are being installed, which will substantially improve the monitoring of energy consumption and resulting actions.

Based on the chart, it is evident that specific heat consumption for heating facilities per total heating surface is very high and has grown for the past three years. The largest potential to improve energy use is in toll stations and MMC garage facilities. Notably, heat consumption is largely affected by winter weather conditions.

Figure 67: Heat consumption per m² of heating surface



I.5.6.5 Light pollution

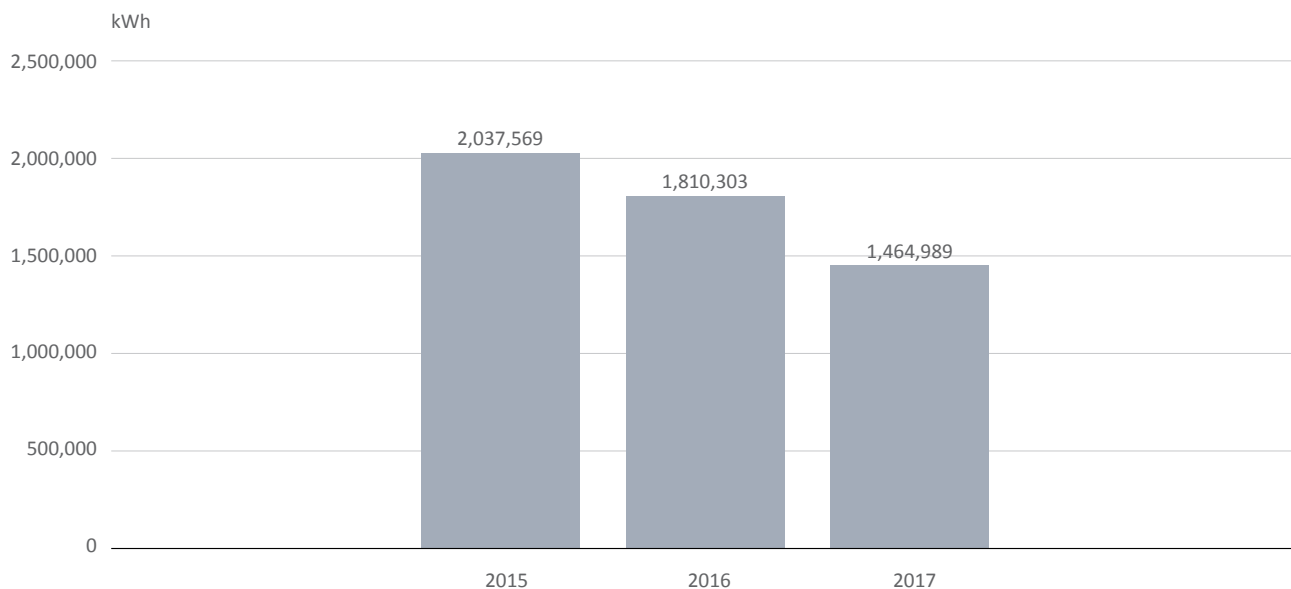
Light pollution is the emission of light from light sources that increases natural illumination of the environment. The International Commission on Illumination (CIE) does not use the term “light pollution,” but the term “light trespass.” Slovenia was among the first EU Member States to adopt a Decree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

- lot 1: A1 A1 Šentilj-Koper; Ljubljana-Koper and H6 Koper-Semedela,
- lot 2: A2 Karavanke-Obrežje; Ljubljana-Obrežje and Ljubljana ring road,
- lot 3: A3 Gabrk-Fernetiči and H4 Razdrto-Vrtojba.

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 stage 1 lighting replacement.

Figure 68: Electricity consumption for stage 1 lighting replacement



In stage 2, lights at all MMCs were replaced.

Stages 3 and 4 are currently under way and involve the replacement of 1500 lights 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

Charts for the mentioned stage are not enclosed, because the replacement was completed at the end of 2017. Effects will reveal in the following sustainable reports.

1.5.6.6 Carbon footprint monitoring⁵⁵

Carbon footprint is the total amount of greenhouse gas emissions related with the operations of DARS d. d.

The carbon footprint calculation at Company level took into account all indirect greenhouse gas emissions (CO₂ and other) that are incurred at DARS d. d. locations. These are:

- consumption of engine fuel for own vehicle fleet,
- consumption of energy products for heating (natural gas, LPG propane, LPG propane butane, extra light fuel oil and district heating),
- loss of coolants,
- employees' transport to work,
- transport by aircraft (across Europe and overseas).

The carbon footprint calculation took into account indirect emissions deriving from the use of purchased energy. These are:

- consumption of electricity and heat energy,
- consumption of water and ancillary material.

The charts below show the carbon footprint calculation for the Company as a whole and relatively per kilometre of maintained motorway.

⁵⁵ GRI GS 103-1, 103-2, 103-3, 305-1.

Figure 69: Carbon footprint by year

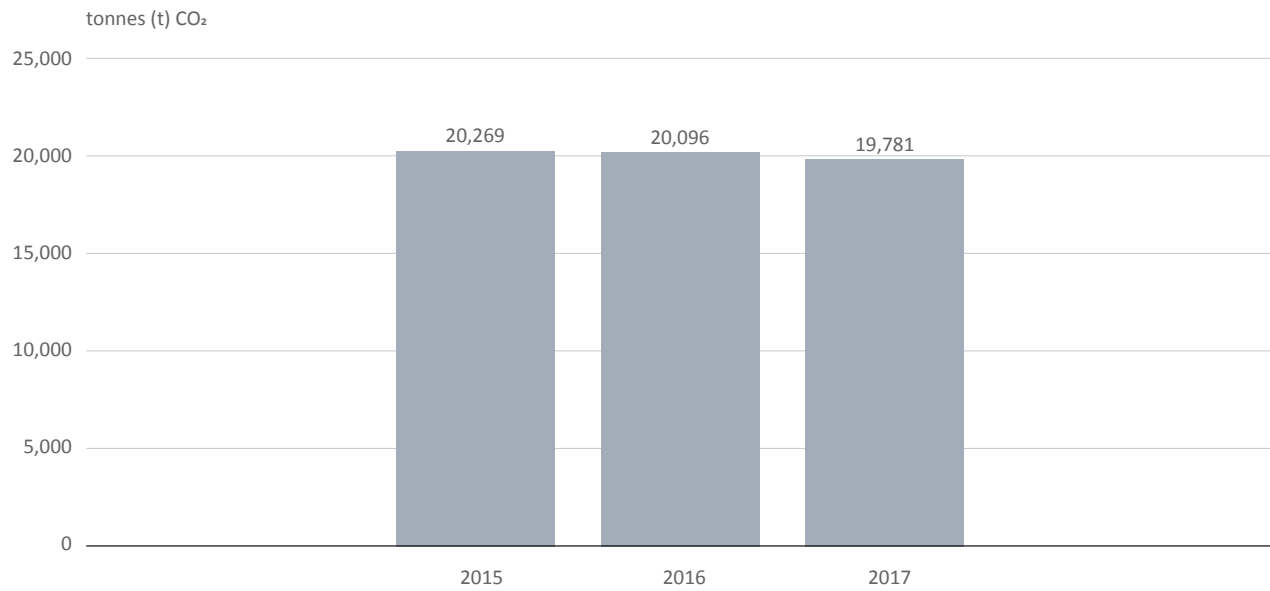
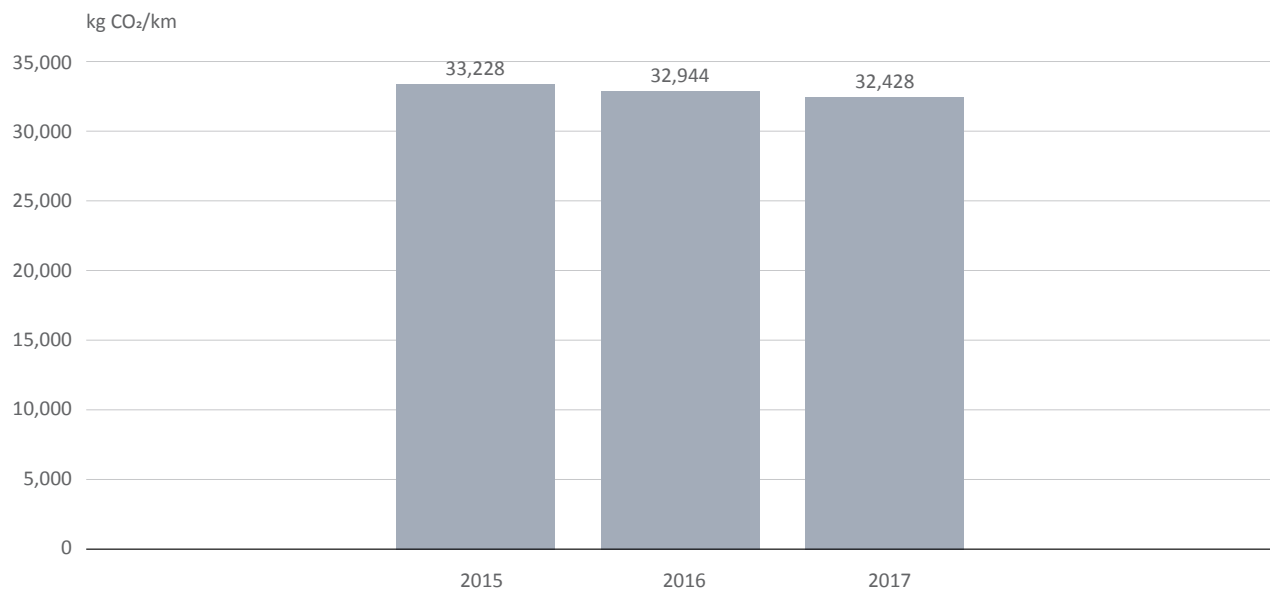


Figure 70: Carbon footprint by MW kilometre



1.5.6.7 Emissions to air⁵⁶

Emissions to air resulting from Company activities are emissions of exhaust gases from the vehicle fleet (see chapter I.15.8.4) and emissions from own heating sources for business premises (see chapter I.15.8.4). In respect of emission management, the Company complies with requirements.

Emissions to 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 fans installed. Measurements are monitored by the control centres in charge of controlling traffic in individual tunnels.

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

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

1.5.6.8 Concern for animals in MW area of influence⁵⁷

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

- the safety of all participants in motorway traffic and animals;
- the safety of motorway maintenance workers who have to remove or catch the animal;
- material damage and severe trauma;
- a serious accident resulting in a fatality or severe body injury

Hence, DARS has made efforts since the very start to make such cases minimal by regularly checking barriers, using deterrent devices and including the issue of animal passages in procedures to prepare a national spatial plan.

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 beneath it.

All underpasses located in areas where animal passages were recorded were adjusted or enlarged to allow animal to pass safely.

By extending bridging structures over water courses, animals are provided with the necessary area for passage under bridges along water courses. Animals also use numerous overpasses to cross the motorway,

⁵⁶ GRI GS 103-1, 103-2, 305-1.

⁵⁷ GRI GS 304-2.

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 minor mammals, amphibians and otters, and have 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 access points 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 on 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 off deer from the protected motorway access point based on ultrasound, infrasound, seismic tones and vibrations.

It is installed in existing roadside posts and prevents animals from entering the motorway.

Figure 71: Acoustic deterrent device for animals

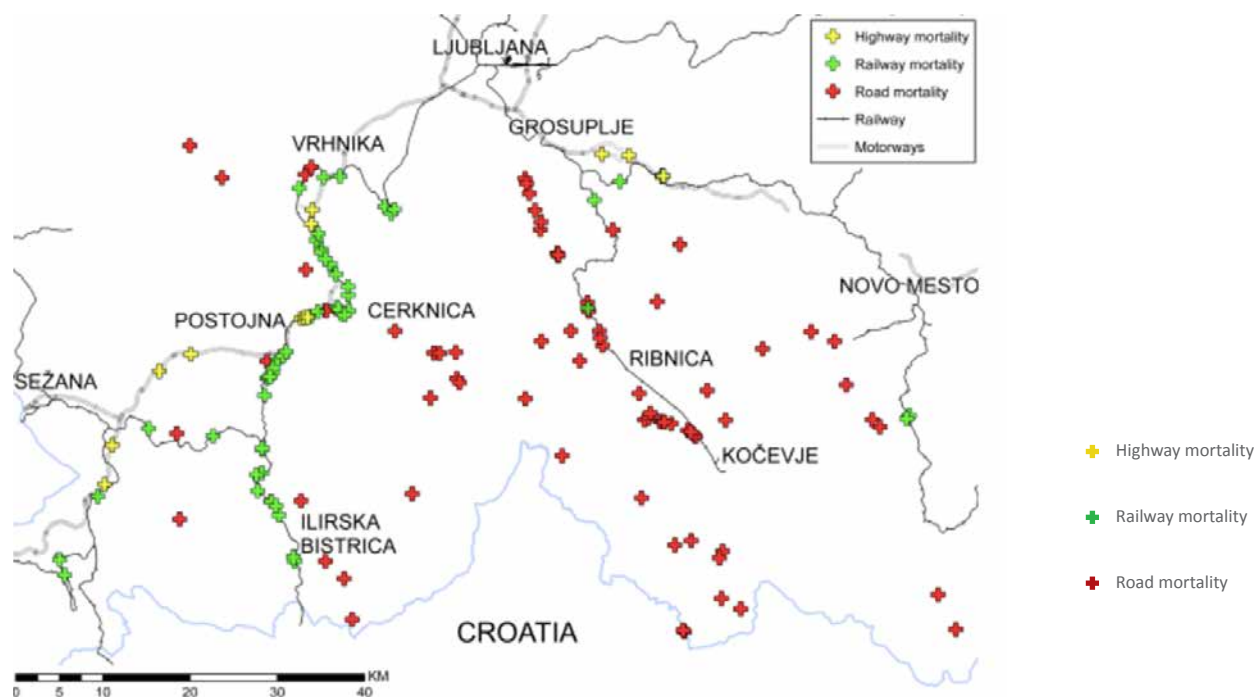


In the second half of 2018, some 100 new deer deterrents will be installed on direction indicator lamps of access points on the Dolenjska MW leg and partly in the area of Ljubljana. Furthermore, in cooperation with the company Eurofins ERICo, an institute for environmental research from Velenje, the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

Prevention of animal road kill on all traffic routes (national roads, motorways and railways) is important both in terms of animal mortality rate and traffic safety improvement. With focus on brown bear, 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 total identified bear mortality in Slovenia. Animal-vehicle collisions increased twice, i.e. in late spring (May and June) and early autumn (August and October).

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

Figure 72: Spatial distribution of locations in Slovenia where bears were hit between 2005 and 2014



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

The number of passages by motorway leg:

- Štajerska leg: slightly more than 10 crossings;
- Podravje leg: slightly more than 30 passages, three 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: one cut-and-cover (on H4 Vipava express way), and 28 overpasses and 16 underpasses between Brezovica and Senožeče.

Otherwise, animals can also 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 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 at selected sections of A1 motorway Ljubljana-Postojna. The electric fence installed in a 3-wire system that prevents bears from climbing the fence and their access to the motorway has so far been set up at the total distance of some 30km at the mentioned section of the Primorska leg, i.e. 15km along each directional lane towards Koper and Ljubljana.

Figure 73: Animal protection measures



To reduce the number of animals found astray on the motorway, the Company has decided to furnish all access points 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 on furnished all access points on both sides of the Gorenjska motorway leg.

1.5.6.9 Impact of grit material on the environment⁵⁸

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

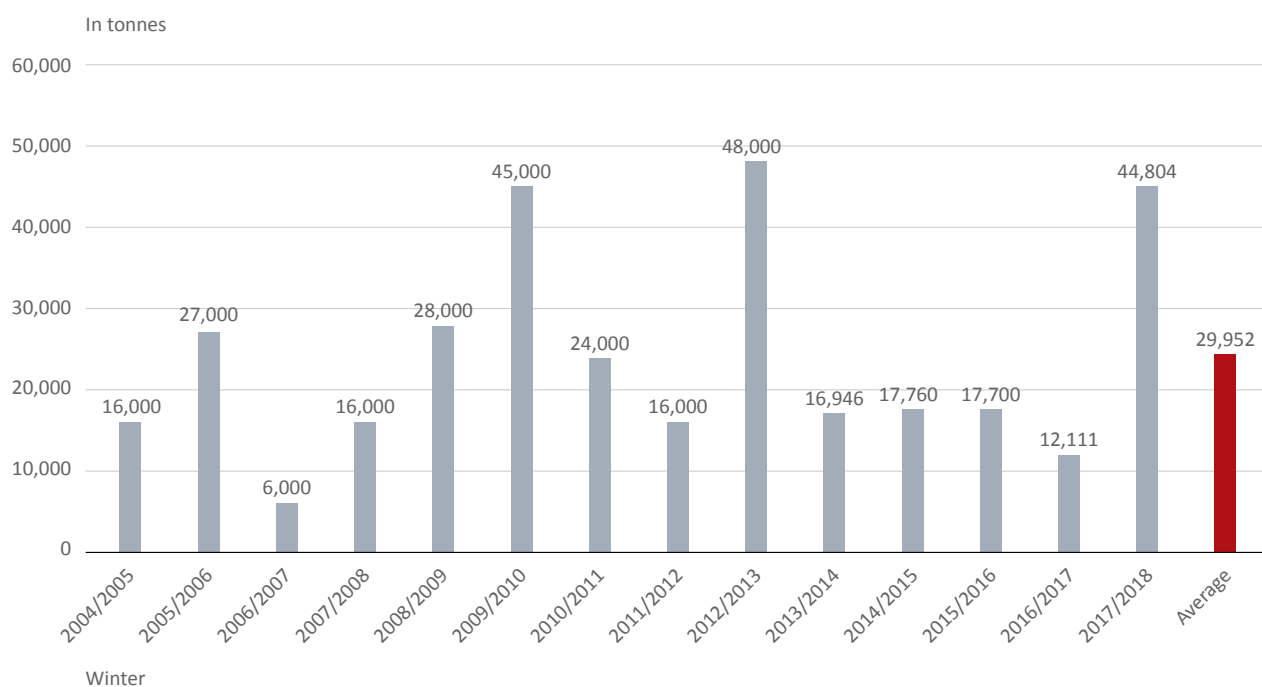
- accelerated corrosion of vehicles in traffic and corrosion of reinforcement in reinforced concrete and iron and steel structures;
- damage to vegetation on the road side due to contact with salt, which is run off the road by traffic or drained upon a snow thaw,
- damage to trees and shrubs resulting 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 water courses and wetlands.

⁵⁸ GRI GS 103-1, 103-2, 103-3, 301-1, 304-2.

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 CaCl₂ and MgCl₂ at low temperatures. Due to a series of harmful effects of chlorides 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 soil, quality of surface and groundwater, vegetation, people and animals, structures (pavement, bridges, viaducts and buildings) and vehicles.

Figure 74: Consumption of grit material in tonnes



In 2017, the effect of spreading salt 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. The final monitoring report for 2016 was made in February 2017 and was sent to the Ministry of the Environment and Spatial Planning (hereinafter "MOP") for review and approval. Currently, the monitoring report for 2017 is being prepared, which will be sent to MOP by the end of March 2018 as planned.

Figure 75: Impact of salting on the pavement (source: own footage, 2010)



Example of a negative impact of salt on traffic structures

Concrete, rock or asphalt cracking takes place when all 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 surface layers. Due to the presence of chlorides, steel also corrodes.

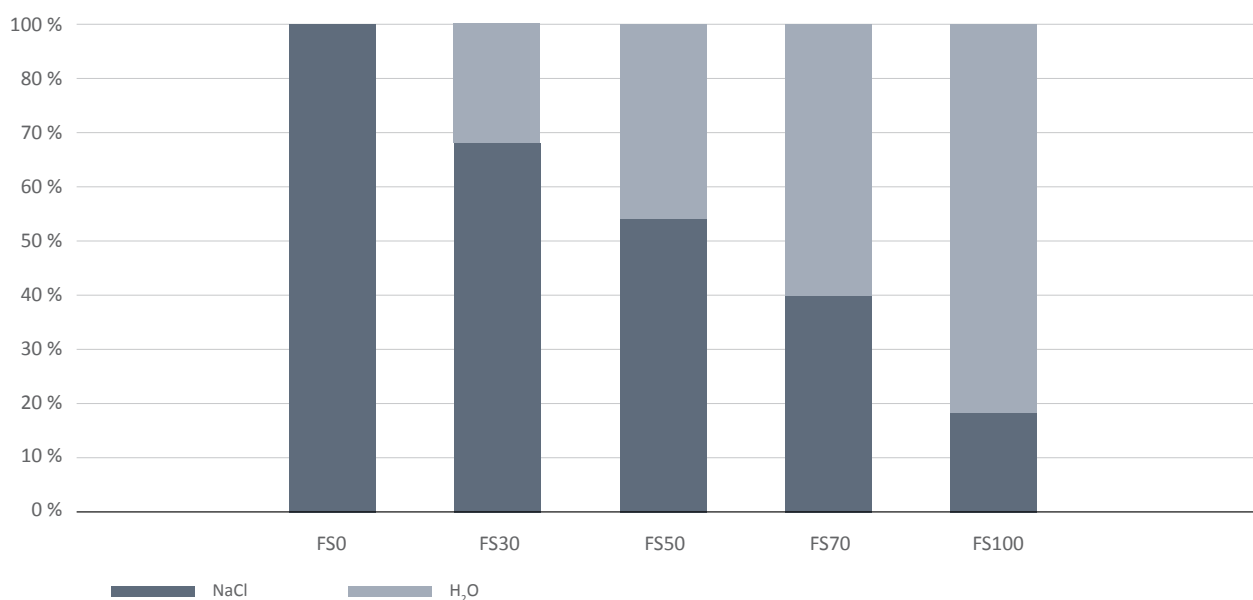
Wet salting

Based on foreign and domestic experiences in wet salting, DARS decided to use 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 is the same or even better, the Company expects to furnish all MMCs with the corresponding equipment.

In wet salting, different ratios of salt and liquid may be used. Such solution types carry international terms FS0, FS30, FS50, FS70 and FS100, which are used as a solution with no dry salt.

Figure 76: Types of solution for wet salting

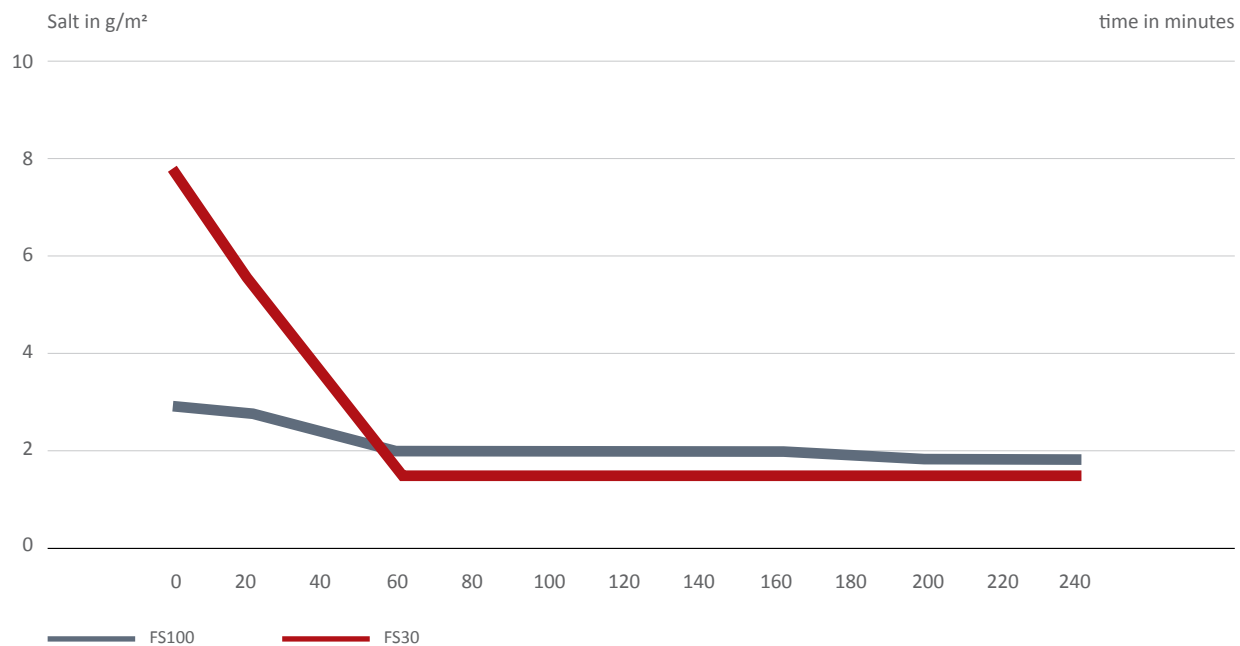


Measuring salt residue upon the use of FS30 and FS100

The chart shows that the effect of wet salting (FS30) after some 50 minutes equals liquid salting (FS100) or 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/m² of wet salt (FS30) remains from the initial amount of 7.5g/m², and after 60 minutes only 1.5g/m². Interestingly, the loss in FS100 is smaller and, if 3g/m² is sprayed, almost 2g/m² remains after 60 minutes.

Figure 77: Duration of the effect in wet salting (FS30) and liquid salting (FS100) (salt in g/m²) in minutes



Road conditions for which liquid salting is recommended

Liquid salting is not fit for any condition. The basic condition is that road temperature stays above -6°C. Special contribution to the new practice was made by experienced road maintenance services in countries that are large salt consumers in 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. That was a new grit technology with an increased content of saline that significantly reduced environment 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 financial implications of the use of new grit technologies is simple.

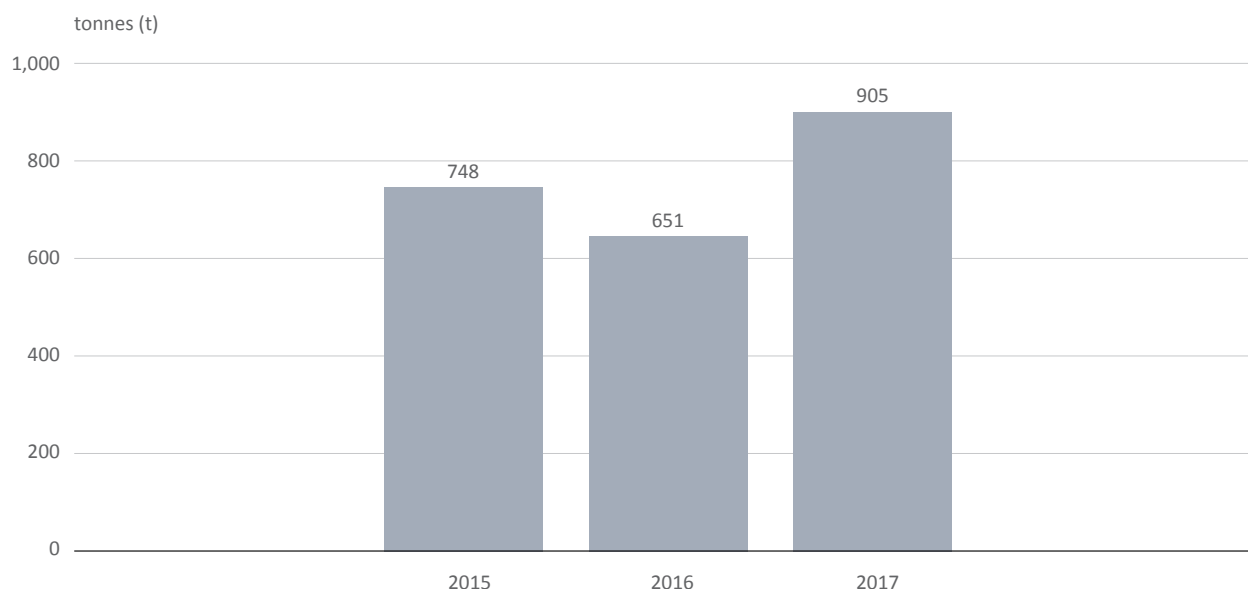
Notably, environment pollution reduced by some 25%. Furthermore, the number of traffic accidents fell and is similar to the number recorded outside winter season.

I.5.6.10 Protection of waters⁵⁹

Rainwater is removed from motorways using two methods: with dispersed water drainage and controlled water drainage through 735 retention basins as indicated in Table 16 by MW leg. In 2017, the Company continued to carry out 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, repairing damaged parts and railing, and cleaning sedimentation and grit basins). Hazardous and non-hazardous waste that was generated was handed over to a contractual recipient of such waste that disposes with a valid environmental permit issued by the Slovenian Environment Agency. Pursuant to legislative requirements, internal instructions on waste managements and rules of procedure for oil separator maintenance, an operating log, which forms a component part of the Report on inspection and operation of retention basins along motorways and express ways, is to be completed for every intervention on an oil separator or retention basin for each calendar year separately.

Concerning the operation of retention basins in terms of protecting the natural environment, the Company implemented the Annual Programme of Operational Monitoring (APOM) for waste water from rainfall, which measures the pollutant load of the drainage water from the retention basins. The measurements showed that the parameters of drainage water from the retention basins were within the limits laid down by the Regulation and could, as such, be discharged into nature without further treatment. The Company also collected tunnel waste water from washing in a controlled way and handed it over for treatment to waste disposal contractors as a specific type of waste, as shown in the chart below.

Figure 78: Amount of tunnel waste water handed over



⁵⁹ GRI GS 103-1, 103-2, 103-3, 306-1.

Table 16: Number of retention basins along MW leg

Code 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	5
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	735

Figure 79: Retention basins along MW



Figure 80: Noise measurements



1.5.6.11 Noise emissions

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 five 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 amount of 85%. The implementation of noise protection measures ensured that traffic no longer caused excessive noise pollution at the relevant sections. A total of 31.4 kilometres or nearly 141 thousand square metres of new noise barriers were erected at five motorway sections within the scope of that project. The project will be completed with the elimination of identified deficiencies at section Dramlje-Celje-Arja vas, i.e. on barriers measuring 10.4 kilometres, as expected in 2018. In addition to the active noise protection, the so-called passive protection of certain residential buildings exposed at the sections was made, 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 14 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 two locations are subject to consideration within the scope of national spatial plans for other investments. Passive protection, if required, has already been prepared for the structures.

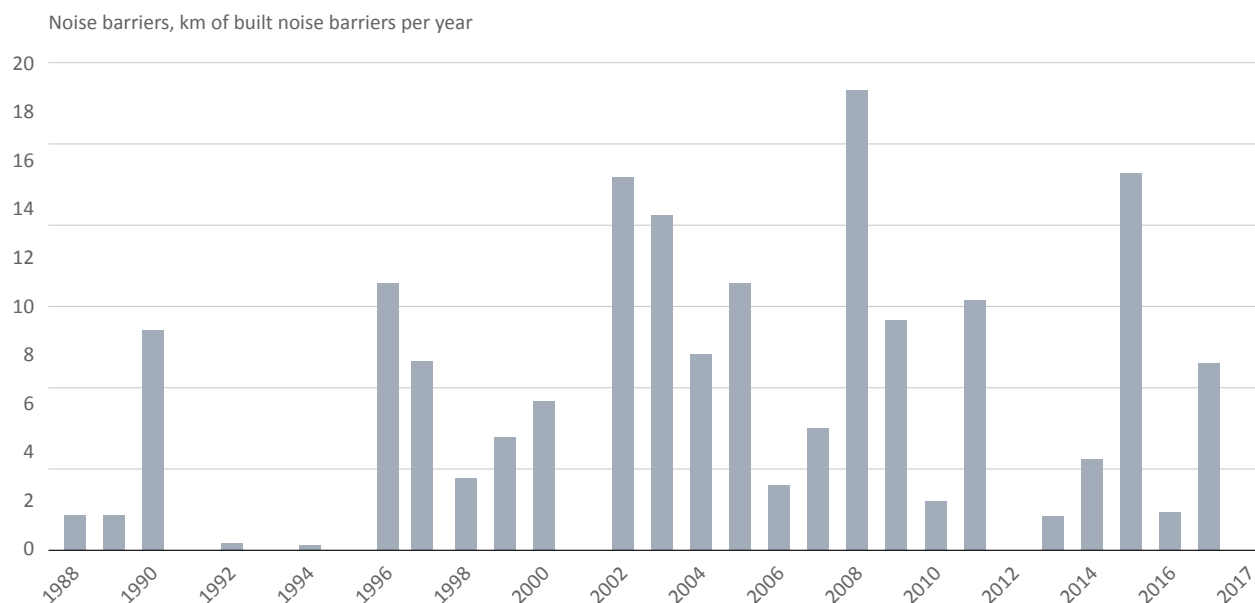
Based on the methodology used for monitoring the condition of noise protection on motorways and expressways, the Company started to make an inventory of the condition of noise protection in cooperation with a contractual expert in the relevant area. Based on the data collected and analysed, a part of noise protection was included in the Action Plan for Infrastructure from 2016 to 2018. The data collected was included in the preparation of expert bases for the renovation of noise barriers that are prepared in cooperation with an out-sourcer. The document is the final stage of preparation. It will define what noise barriers should be renewed within their existing clearances and what noise barriers should be comprehensively reconstructed, for which guidelines and bases for the planned reconstruction will have to be prepared at the same time. The preparation of the programme takes into account the age of noise barriers, the adequacy of existing clearances of noise barriers with respect to the latest noise monitoring results, and the condition of 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 MW network in the environment in year 2017 there were 59 complaints (one more than in 2016) received from the interested public due to the issue of noise. The complaints have been adequately considered and managed.

In spring 2017, the Ministry of the Environment and Spatial Planning started carrying out activities to prepare a Noise Action Programme for 2013-2018. DARS d. d. representatives were included in an inter-ministerial working group for the preparation of the relevant document. With respect to the short term of document validity, the latter included the measures implemented and foreseen for the provision of noise protection that were already included in OP HRUP 2012-2017, while no new noise protection measures along the roads managed by Dars d. d. have been foreseen.

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 made within the scope of the new construction of motorway sections and the existing MW network during its use. Noise barriers were made as evident from the chart below.

Figure 81: Noise barrier construction along MW network in RS between 1988 and 2017



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

- MW Draženci-Podlehnik: 8 lots of noise barriers in the length of 6247m,
- MW access point 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: additional barrier in the length of 259m.

Within the scope of OP HRUP Lot B, the Company made in 2015 on the existing MW:

- MW Damlje-Celje: 20 noise barriers in the total length of 7953m.

I.5.6.12 Waste management⁶⁰

In 2017, DARS d. d. continued and upgraded its environment protection policy, placing stress on controlled waste management as laid down by the applicable legislation. Hence, activities were aimed at proper waste management with consistent separation of waste already at its source. Furthermore, the Company continued to pursue its policy for controlled disposal of all types of waste.

Waste is broken down to two groups: non-hazardous and hazardous waste. Like in previous years, non-hazardous waste collected in 2017 mostly included waste generated in investment works for comprehensive reconstruction of individual MW sections (asphalt waste, concrete waste, scrap iron, waste soil). It is followed by waste generated in road maintenance, i.e. waste from grit basins, septic tank waste water, 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).

⁶⁰ GRI GS 103-1, 103-2, 103-3, 306-2.

Figure 82: Volume of non-hazardous waste

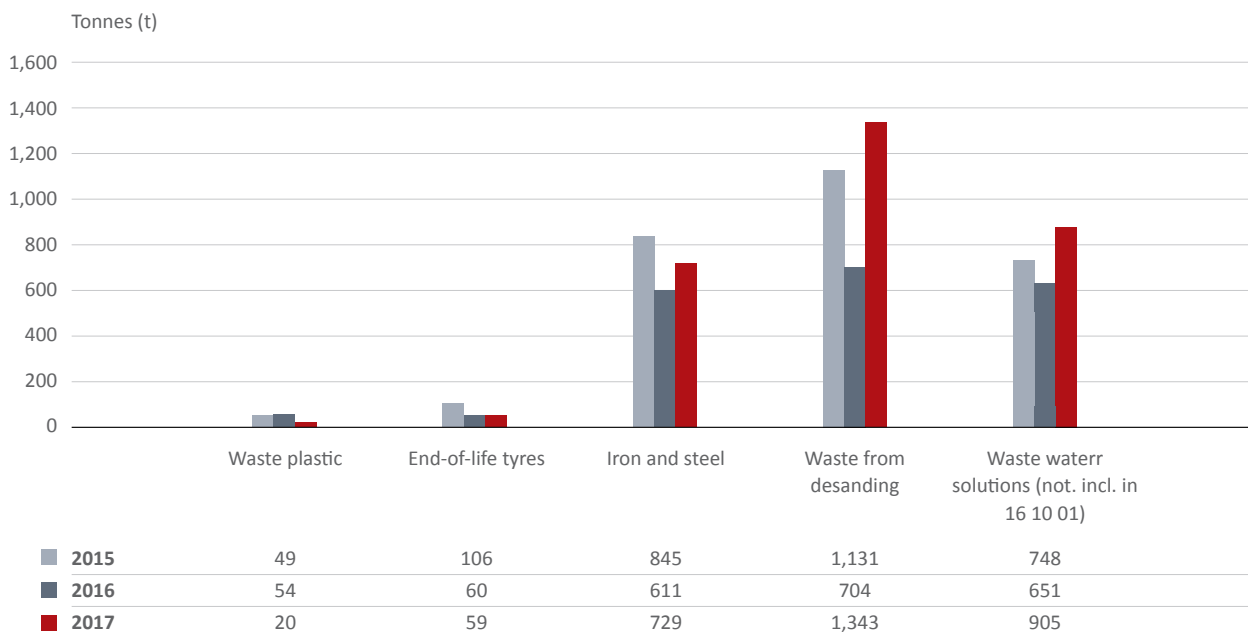
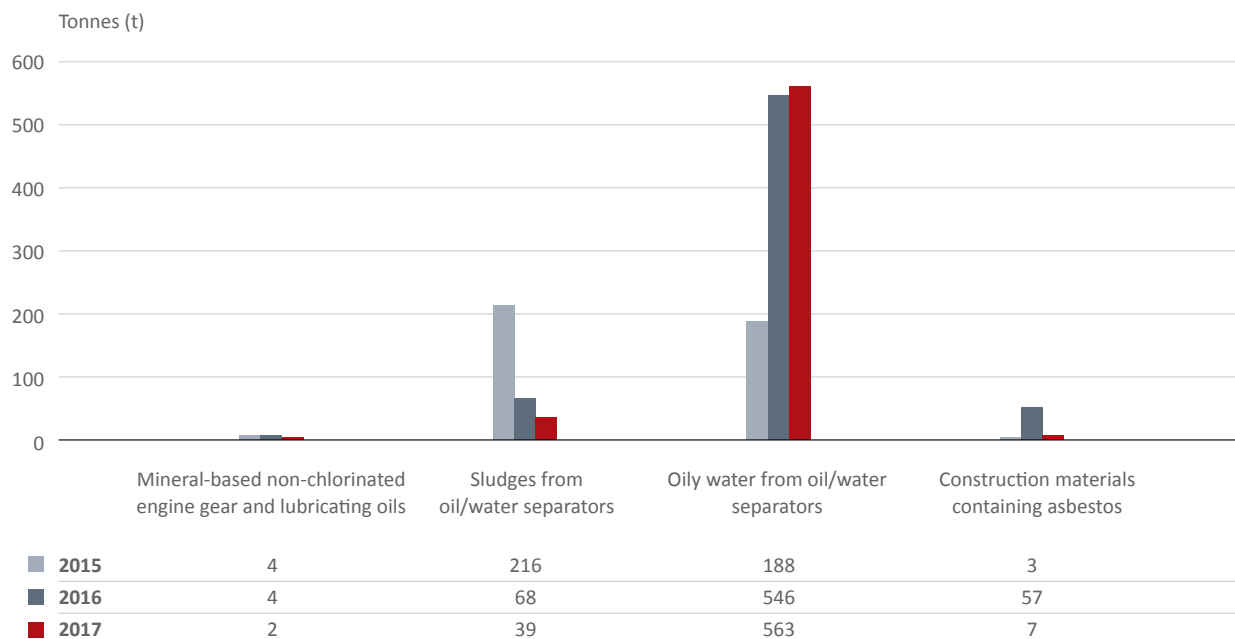


Figure 83: Volume of hazardous waste



Due to greater consistency and increasing stress placed on waste separation, the volumes of waste continue to grow in most cases. This, however, is 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 anywhere until the construction of sand traps, has increased.

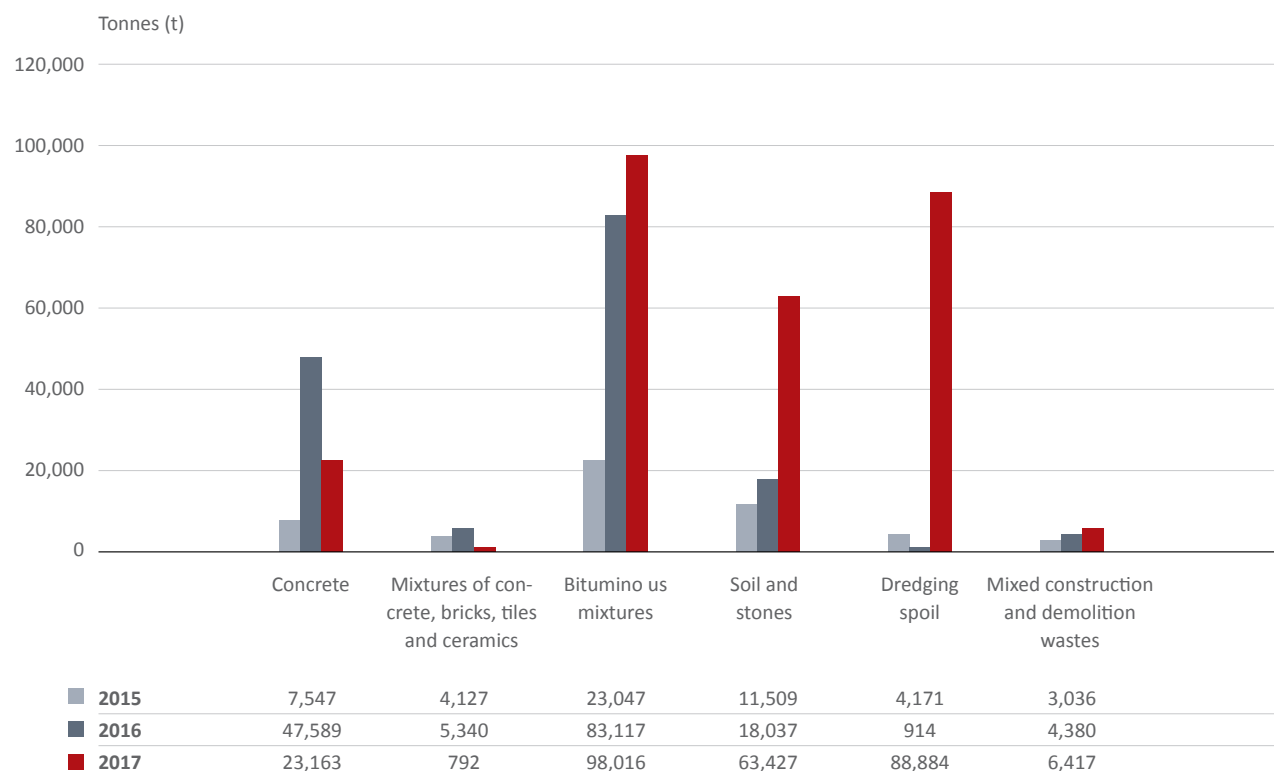
In relation to waste management, a record on waste management as laid down by the ministry and managed by the Slovenian Environment Agency (IS Odpadki) is kept throughout the year and a report on waste management for the year preceding the previous one will be prepared.

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 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. also acts as a producer 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 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 84: Volume of construction waste handed over



DARS strives to have the generated construction waste used to the maximum possible extent in the execution of works, provided that the material is compliant with project requirements. Hence, 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 that area, DARS d. d. took 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) 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 that is to be foreseen in 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 of the local community⁶¹

Local communities and interested public are included in the positioning of motorways on site, and their reasonable and substantiated initiatives and proposals are taken into account in the process.

I.5.7.2 Awards, commitments and memberships⁶²

I.5.7.2.1 Recognitions and awards

In recent years, DARS received recognitions and awards:

- DARS, respected employer in 2016;
- DARS, respected employer in 2015;
- DARS, respected employer in 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, which is explained in detail below.

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.

Future belongs to determined, prudent and wholehearted people. Those 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. They are the ones to whom the Maks Fabiani award is dedicated to.

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

Over 600-kilometre-long motorway network featuring magnificent structures (from the longest bridge crossing the Mura River, 1065-metre-long and 95-metre-high Črni Kal viaduct, almost 3000-metre-long double-tube Trojane tunnel and the 7864-metre-long Karavanke tunnel) provides many advantages, since motorways are still 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 to be 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 number of congestions has dropped despite growing traffic.

⁶¹ GRI GS 413-1.

⁶² GRI GS 102-12, 102-13.

Dars has evolved from the entity constructing motorways and expressways into a responsible manager of the built assets. That 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 done 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 provide the necessary level of service and traffic safety. Dars implements measures pursuant to 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. Those are also the essential issues, which 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 motorways, all contractors, the owner and stakeholders for a safe and fluid motorway system for our users.

1.5.7.3 Commitments to external incentives

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

1.5.7.4 Membership in associations

In Slovenia, DARS with its employees is a member of the Chamber of Commerce and Industry of Slovenia, the Zeleno omrežje Slovenije network, the Slovenian Directors' Association, the Slovenian Chamber of Engineers, the Slovenian Corporate Treasurers Association, the Greens of Slovenia, the Slovenian Intelligent Transport Systems Association operating within the scope of the Electrotechnical Association of Slovenia, the Association of Employers of Slovenia, the Slovenian Institute of Auditors, Institute of Business Law, Institute for Corporate Security Studies, etc.

DARS d. d. actively cooperates with related companies abroad and is a member of international organisations, such as the European Association of Operators of Toll Road Infrastructure (ASECAP), International Bridge, Tunnel and Turnpike Association (IBTTA) and is also included in PIARC (World Road Association) via the National PIARS Slovenia Committee, which is a non-political and non-profit global road association established with the purpose of exchanging knowledge in roads and traffic. A detailed presentation of international cooperation of DARS is evident below.

International cooperation and acquisition of European grants

DARS d. d. has been trying to establish and maintain as best international connections as possible for a number of years in line with its commitment to the Company vision, which is focused on integration in various areas. By participating in international associations, such as ASECAP, PIARC and IBTTA, congresses and annual meetings with relative business entities, representatives of European institutions and work groups and platforms, DARS d. d. is an important partner in the development of legal bases and organisational policies in road infrastructure management, maintenance and financing. Its representatives attend public consultations and participate in important research studies and public opinion surveys that are used to co-develop values and new trends in traffic and infrastructure.

Several years of successful cooperation at ASECAP board meetings resulted in the Company's management of the traffic statistics and analyses board in 2017 (COPER IV), thus demonstrating the Company's engagement, knowledge and experiences. In the same year, DARS became a member of IBTTA, a global association of owners and operators of road structures (motorways, bridges, tunnels, etc.) and business entities related with it. Currently, IBTTA is focused on the issues of toll collection, interoperability, smart mobility, technology and funding. DARS has also been active in the PIARC work group for innovative funding, which deals with the search for various financial instruments for financing transport projects. It successfully translates theory into practice, being the first in Slovenia to sign a contract with the European Investment Bank (EIB) with a guarantee by the European Fund for Strategic Investments (EFSI) that provided €51 million for the deployment of the new DarsGO tolling system for heavy vehicles. This is the first DARS loan agreement without a government guarantee.

Figure 85: The signing of the contract with the European Investment Bank



More and more activities are also related with the acquisition of European funds. Although funds for motorway projects are decreasing and competition is growing, DARS d. d. received a total of €26,812,908 of European grants in 2017.

The Company received €1,590,440 CEF funds for the preparation of BPD/ED documents for the 2nd tube of the Karavanke tunnel, €294,171 for projects from the Crocodile 2 programme and €75,968 for the C-Roads Slovenia project.

In 2017, the Company continued to draw funds within the scope of the European cohesion policy for the 2014-2020 period. That is, €24,852,328 was received for the construction of the Draženci-Gruškovje border crossing section.

In 2017, another three projects that will be co-financed from CEF funds were approved. Crocodile 3, which is the continuation of the previous two projects in cross-border cooperation and 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 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.

1.5.7.5 Sponsorships and donations

The fundamental mission of DARS d. d. is not only limited to motorway links, but is also focused on the broader social environment with its activities. The Company takes concern and responsibility to people and the environment in which it operates. The Company is well aware of the responsibility it has to people and the environment in which it operates.

In corporate social responsibility, special attention is placed on contents relating to traffic safety, education and preventive actions on the roads managed by the Company. Donations and sponsorship funds are largely intended for projects involving preventive actions in traffic and partly for the organisation of expert meetings that are in any way related with traffic, safety and road construction, maintenance and management. Furthermore, donations are given to a major humanitarian project, i.e. children in the Botrstvo project, which is carried out by the Friends of Youth Association Ljubljana Moste-Polje. Pursuant to Company by-laws, the remainder is earmarked as a priority for projects relating to traffic safety, raising awareness among young people on proper conduct in traffic, support for humanitarian and social activities for children and, occasionally and in line with available funds, for fire brigades on interventions upon incidents on the motorway system operated by the Company.

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

Table 17: Funds for sponsorship and donations (in €)

Funds	2015	2016	2017
Sponsorship	18,384	20,491	18,892
Donations	116,895	100,918	146,203
TOTAL	135,279	121,409	165,094

In the 2015-2017 period, slightly more than 60% of the funds were intended for large families and disabled persons, i.e. for the purchase of a vignette for vans (toll class 2B), pursuant to an agreement made with the Ministry of Infrastructure and the Slovenian Red Cross. In 2017, donations worth some €90,000 were given to the Red Cross (aid for the purchase of vignettes) and €40,000 to the Friends of Youth Association (Botrstvo project).

1.5.8 Responsibility to suppliers/contractors⁶³

In 2017, DARS d. d. successfully cooperated with suppliers/contractors at home and abroad, although most business cooperation was focused on suppliers/contractors from Slovenia (96.4% of the value) providing services (58%), goods (28%) and construction works (14%) with respect to the specific nature of operations. Detailed information on the amount, structure and location of suppliers/contractors is shown below.⁶⁴

1.5.8.1 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.

⁶³ GRI GS 103-1, 103-2, 103-3.

⁶⁴ GRI GS 102-9.

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. calculation of 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 with 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;
- organisation, qualification and experiences of the staff conducting the public contract if the quality of 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.

Criteria for the award of a public contract must be non-discriminatory, proportional and related with the subject of the public contract. It is deemed that criteria are related with 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 that are related with 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 content.

In the documents related with the award of a public contract, the contracting entity identifies a relative ponder 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 ponders may be defined at a range with a suitable maximum difference. When a ponder cannot be indicated due to objective reasons, the contracting entity indicates criteria in a descending order of relevance.

1.5.8.2 Suppliers/contractors (local, abroad)

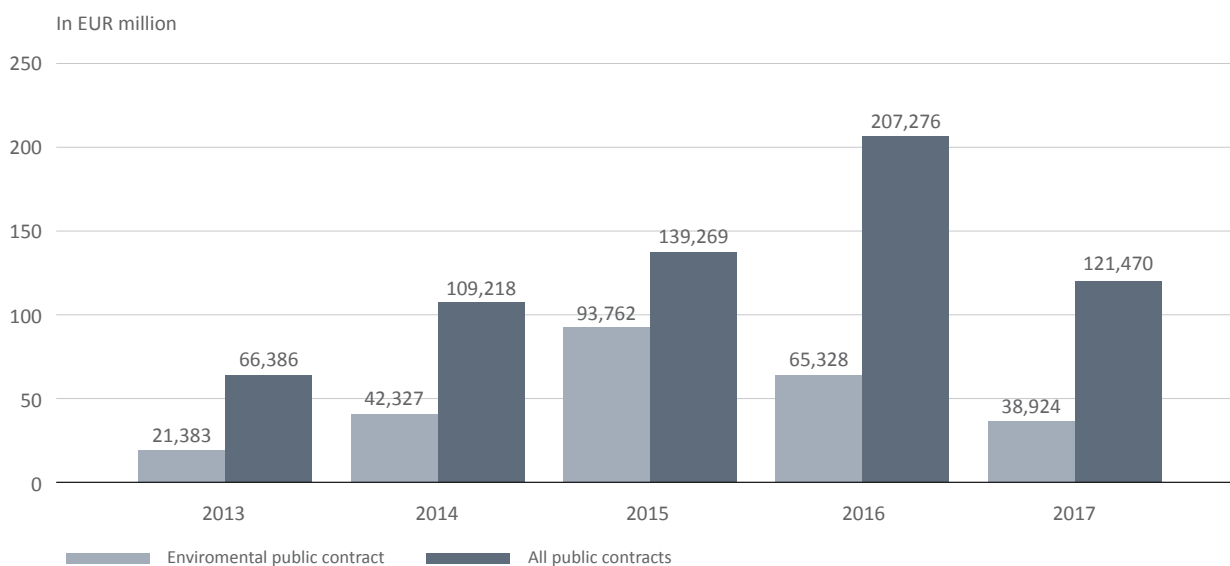
The Public Procurement Portal eJN,⁶⁵ which is managed by the Ministry of Public Administration, has the STATIST module, where it is possible to obtain statistical data relating to public procurement in the Republic of Slovenia. The data for 2017 shows that 1253 public contracting entities awarded public contracts amounting to €3,815,149,583 (excluding VAT). The total number of published contract notices was 13,116, while 55,258 were awarded. Environmental aspect was taken into account in 22,958 or 41.54% of awarded contracts.⁶⁶

Changes in total public contracts awarded by DARS and in the growth of public contract value in which the environmental aspect was observed from 2013 to 2017 (in € million) are shown below.

⁶⁵ Source: <https://ejn.gov.si/statist>.

⁶⁶ GRI GS 308-1.

Figure 86: Public contracts and “environmental” public contracts for 2013-2017



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 laid down in the previous regulation, but lays down in Article 6 what environmental aspects should be considered by the contracting entity in the award of 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 in several places in content similar to the fundamental and additional environmental requirements from the previous regulation, the new cases have been updated, supplemented for newly added subjects of green public procurement, made more flexible and non-binding, while providing contracting entities with more options to achieve the required goal in a particular subject.

Table 18: Contracting entities with the highest value of awarded public contracts in 2017

Contracting entity	in € (VAT excluded)
Slovenian Infrastructure Agency	268,903,116
Nuklearna elektrarna Krško d.o.o.	214,633,061
D.S.U., družba za svetovanje in upravljanje, d.o.o.	207,959,076
Slovenski državni gozdovi d.o.o.	191,907,070
Ministry of Public Administration	168,952,216
Javni holding Ljubljana d.o.o.	156,836,317
Institute of Oncology Ljubljana	156,072,101
University Medical Centre Maribor	124,467,677
Družba za avtoceste v Republiki Sloveniji d.d. (Motorway Company in the Republic of Slovenia)	121,469,926
City of Ljubljana	56,412,655
Total	1,667,613,214

In addition to the data on the performed public procurement submission procedures, where the environmental aspect has been considered, as is being statistically monitored at <https://ejn.gov.si/statist>, an overview of performed public procurement procedures where the Decree on green public procurement has been considered (in force as of 1 January 2018) will be made on an annual basis.

The value of the public contracts awarded by top 10 contracting entities accounts for 43% of all public contracts awarded.

In the period between 1 January 2017 to 31 December 2017, DARS d. d. awarded contracts worth €121,469,926. 156 public contracts were published on the Public Procurement Portal. The Company awarded 255 public contracts to 153 tenderers.

Table 19: Awarded contracts by the subject of contract

Subject of public contract	in €, VAT excluded	Percentage (%)	Awarded contracts	Percentage (%)
Goods	16,241,957	13.37	71	27.84
Construction works	71,167,203	58.59	35	13.73
Services	34,060,766	28.04	149	58.43
Total	121,469,926	100.00	255	100.00

Table 20: Tenderers' registered offices

Location	Value	No. of tenderers	No. of awarded public contracts
SI	117,074,803	150	251
EU	4,395,122	3	4

The table above shows that 2% of public contracts were awarded to tenderers domiciled outside the Republic of Slovenia or, in terms of value, 3.6%.

I.5.9 Communications

Communication strategy

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 domestic and, if necessary, foreign media and their representatives. The Company is guided by a current, professional approach and transparency.

Compliance with internal rules (Rules on the method of information provision to the media by DARS d. d.) and national regulations (Media Act, Public Information Access Act), proper organisation, professional approach along with active and constructive cooperation of all those involved ensure that information is provided in due time, is credible and, most of all, in the best possible interest of DARS d. d. ; and based on that the Company builds an open relationship with the media. In particular, sound internal cooperation of all stakeholders involved ensures that appearance 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 or put in 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 as 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 upon rumours and media reporting relating 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 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 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 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 the content and data in the Report

Persons responsible for the content and data in the 2017 Sustainability Report:⁶⁷

- Coordination of the preparation of the Sustainability Report, general and other contents: Jože Knez, MSc (joze.knez@dars.si), Metka Petek, MSc (metka.petek@dars.si)
- Sources of NMCP funding for 2000-2017: Nevenka Predalič, MSc (nevenka.predalic@dars.si)
- Communication tools, methods to include stakeholders and highlighted topics: Marjan Koler (marjan.koler@dars.si), Ulrich Zorin, MSc (ulrich.zorin@dars.si), Nika Drakulič (nika.drakulic@dars.si), Matjaž Safran (matjaz.safran@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)
- 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 Karabegović (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: Danilo Štor (danilo.stor@dars.si)
- Sustainable relationships with employees: Helena Pleslić (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 express way positioning and inclusion in 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 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 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 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 Project teams, committees and other Company bodies⁶⁸

Integrity Committee:

- Labour Director (Marjan Sisinger)
- Head of HR Management (Roman Didovič)
- Head of Legal Affairs (Melita Trop Đukić)

Environmental Committee:

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

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

Workplace harassment:

- Milan Šajn, Company management representative, Head of the Committee
- Nataša Ivančević, Workers' Council representative, Committee Member
- Helena Črnač, representative of the Slovenian Rail Transport Union, Committee Member
- Matej Jelušič, representative of the Union of Transportation and Telecommunication Workers, Committee Member
- Matic Miklavžina, HR Management representative, Committee Member

Workers' Council:

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

⁶⁸ GRI GS 102-18.

Sindikat železniškega transporta Slovenije (Slovenian Rail Transport Union), regional units (RU) at DARS:

- Pavla Strmšek, RU Chairwoman DARS Ljubljana, coordinator of all three RUs
- Helena Črnač Tavčar, RU Chairwoman DARS Postojna
- 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
- Rožle Podboršek, Chair at MMC Ljubljana, Hrušica, Novo mesto, Management Board
- Jože Fric, Chair at MMC Slov. Konjice, Maribor, Vransko, Murska Sobota

Family Friendly Company certificate:

- Vesna Kemper, Group Manager
- Mojca Štendler, Deputy Group Manager
- Nataša Ivančević
- 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

1.6 GRI indicators

Table 21: GRI indicators⁶⁹

Table of contents according to GRI Global Standards – core option				
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.	14	
102-2	Brands , products and services	Dars d. d.	14, 17	
102-3	Location of headquarters	Dars d. d.	14	
102-4	Location of operations	Dars d. d.	14	
102-5	Ownership and legal form	Dars d. d.	14	
102-6	Markets served (geographic locations, sectors served and types of customers and beneficiaries)	-		The indicator is irrelevant with respect to Company operations.
102-7	Scale of organisation	Dars d. d.	14, 19, 61	
102-8	Information on employees and other workers	Dars d. d.	62, 63	
102-9	Supply chain	Dars d. d.	92	
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.	35	
102-12	External initiatives	Dars d. d.	89	
102-13	Membership of associations	Dars d. d.	89	
Strategy				
102-14	Statement of senior decision-maker	Dars d. d.	7	
102-15	Key impacts, risks, and opportunities	Dars d. d.	35	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	Dars d. d.	15, 33	
102-17	Mechanisms for advice and concerns about ethics	Dars d. d.	33	
Governance				
102-18	Governance structure	Dars d. d.	19, 96	

⁶⁹ GRI GS 102-55.

Table of contents according to GRI Global Standards – core option				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
Stakeholder engagement				
102-40	List of stakeholder groups	Dars d. d.	28	
102-41	Collective bargaining agreements	Dars d. d.	63	
102-42	Identifying and selecting stakeholders	Dars d. d.	28	
102-43	Approach to stakeholder engagement	Dars d. d.	29	
102-44	Key topics and concerns raised through stakeholder engagement, and the organisation's response to them, including through its reporting)	Dars d. d.	29	
Reporting practice				
102-45	Entities included in the consolidated financial statements	Dars d. d.		The Sustainability Report includes all entities that are also included in the financial statements.
102-46	Defining report content and topic Boundaries	Dars d. d.	32	
102-47	List of material topics	Dars d. d.	31	
102-48	Restatements of information given in previous reports, and the reasons for such restatements	Dars d. d.		Irrelevant, since this is the first Sustainability Report as per GRI.
102-49	Changes in reporting	Dars d. d.		Irrelevant, since this is the first Sustainability Report as per GRI. The change is that the Company is making a report on sustainability as per GRI GS for the first time.
102-50	Reporting period	Dars d. d.	24	
102-51	Date of most recent report	Dars d. d.	24	
102-52	Reporting cycle	Dars d. d.	24	
102-53	Contact point for questions regarding the report	Dars d. d.	95	
102-54	Claims of reporting in accordance with the GRI Standards	Dars d. d.	24	
102-55	GRI content index	Dars d. d.	98	
102-56	External assurance	Dars d. d.		The Company carried out an external audit of the Annual Report for 2018, which contains chapter Sustainable development (short form of the Sustainability Report)

Table of contents according to GRI Global Standards – core option				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
Specific Disclosures				
GRI 200 Economic				
GRI 201 Economic Performance				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	16, 37	
201-1	Direct economic value generated and distributed	Dars d. d.	37, 39	
201-3	Defined benefit plan obligations and other retirement plans	Dars d. d.	68	
GRI 203 Indirect Economic Impacts				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.		
203-1	Infrastructure investments and services supported	Dars d. d.	21, 39	
GRI 205 Anti-corruption				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	34	
205-3	Confirmed incidents of corruption and actions taken	Dars d. d.	34	
GRI 300 Environmental				
GRI 301 Materials				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	81	
301-1	Materials used by weight or volume	Dars d. d.	70, 81	
GRI 302 Energy				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	73	
302-1	Energy consumption within the organisation	Dars d. d.	73	
302-3	Energy intensity	Dars d. d.	73	
302-4	Reduction of energy consumption	Dars d. d.	73	

Table of contents according to GRI Global Standards – core option				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
GRI 304 Biodiversity				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	72, 81	
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.	72	
304-2	Significant impacts of activities, products, and services on biodiversity	Dars d. d.	72, 79, 81	
304-3	Habitats protected or restored	Dars d. d.	72	
GRI 305 Emissions				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	77, 79	
305-1	Direct (Scope 1) GHG emissions	Dars d. d.	77, 79	
GRI 306 Effluents and Waste				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	84, 87	
306-1	Water discharge by quality and destination	Dars d. d.	84	
306-2	Waste by type and disposal method	Dars d. d.	87	
GRI 307 Environmental Compliance				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	69, 70	
307-1	Non-compliance with environmental law and regulations	Dars d. d.	70	
GRI 308 Supplier Environmental Assessment				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	92	
308-1	New suppliers that were screened using environmental criteria	Dars d. d.	93	
GRI 400 Social				
GRI 401 Employment				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	61	
401-1	New employee hires and employee turnover	Dars d. d.	61, 62, 63	
401-3	Parental leave	Dars d. d.	68	

Table of contents according to GRI Global Standards – core option				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
GRI 403 Occupational Health and Safety				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	66	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Dars d. d.	66	
GRI 404 Training and Education				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	63	
404-1	Average hours of training per year per employee	Dars d. d.	63	
GRI 405 Diversity and Equal Opportunity				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.		The Supervisory Board of the Company will draw up a Diversity Policy this year. In a two-tier governance system, the supervisory body is the only body that should adopt such a document, since the managing body has no legal competence in respect of proposals for the appointment of Supervisory or Management Board Members.
GRI 406 Non-discrimination				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	60, 69	
406-1	Incidents of discrimination and corrective actions taken	Dars d. d.	69	
GRI 413 Local Communities				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	89	
413-1	Operations with local community engagement, impact assessments, and development programmes	Dars d. d.	89	
GRI 416 Customer Health and Safety				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	47	
416-1	Assessment of health and safety impacts of product and service categories	Dars d. d., users	47	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Dars d. d., users	59	

Table of contents according to GRI Global Standards – core option				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
GRI 418 Customer Privacy				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	59	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Dars d. d.	59	
GRI 419 Socioeconomic Compliance				
103-1 103-2 103-3	Explanation of material topic and its Limitations	Dars d. d.	34	
419-1	Non-compliance with laws and regulations in the social and economic area	Dars d. d.	34	

DARS

SUSTAINIBILITY REPORT 2017

DARS d. d.

**Motorway Company in the Republic
of Slovenia**

Main Office:

Ulica XIV. divizije 4

SI - 3000 Celje

Phone: +386 3 426 40 71

Fax: +386 3 544 20 01

Branch Office:

Dunajska 7

SI - 1000 Ljubljana

Phone: +386 1 300 99 00

Fax: +386 1 300 99 01

www.dars.si



vozimo pametno



@dars_si

Published by:

DARS d. d.

Design:

Sandi Radovan

Andrea Plavljanić

Photographs:

DARS archive

Sandi Radovan

Miran Kambič

Shutterstock