2019 SUSTAINABILITY REPORT

DARS

Ljubljana, 28 May 2020

The social footprint of DARS d.d.

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

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 Government of the Republic of Slovenia introduced different toll prices with respect to the EURO emission classes on 1 January 2010 based on 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 by DARS and perform their work in a responsible and committed manner as the mirror of the Company. In that way, employees strengthen self-respect, self-confidence and loyalty, thus enhancing the Company's reputation.

Corporate income tax
2015: €12,009,362
2016: €19,203,477
2017: €32,981,826
2018: €33,075,718
2019: €30,552,021

VAT
2015: €67,837,287
2016: €70,538,253
2017: €86,370,473
2018: €81,890,482
2019: €93,278,429

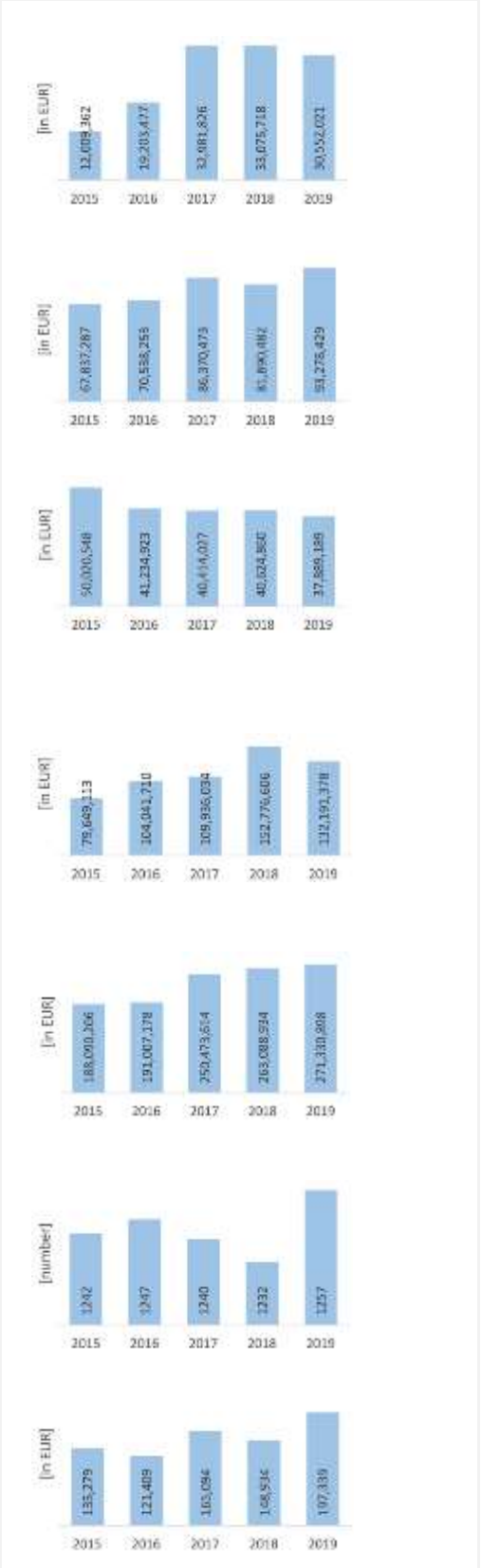
Interest payment
2015: €50,020,548
2016: €41,234,923
2017: €40,414,027
2018: €40,624,860
2019: €37,889,189

Investments in motorway development and reconstruction
2015: €79,649,113
2016: €104,041,710
2017: €109,936,034
2018: €152,776,606
2019: €132,191,378

Toll revenue – freight traffic (and the Karavanke tunnel)
2015: €188,090,206
2016: €191,007,178
2017: €250,473,614
2018: €263,088,934
2019: €271,330,898

Number of employees
2015: 1242
2016: 1247
2017: 1240
2018: 1232
2019: 1257

Sponsorships and donations
2015: €135,279
2016: €121,409
2017: €165,094
2018: €148,934
2019: €197,339



The environmental footprint of DARS d.d.

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

Reduced fuel consumption by MW and EW users
2018: 115,000 MWh or 414 TJ
2019: 160,500 MWh or 577.8 TJ

Reduced CO_2 emissions by MW and EW users
2018: 29,986,000 kg CO_2
2019: 41,680,000 kg CO_2

Reduced NO_x emissions from the fuel of MW and EW users
2018: 84,000 kg
2019: 77,200 kg

Reduced $PM_{2.5}$ emissions by MW and EW users
2018: 1700 kg
2019: 1800 kg

The deployment of the DarsGo system is one of the most important environmental measures in the Republic of Slovenia.

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

The Company is committed to environmentally friendly actions in all stages of operations and the continuous reduction of adverse environmental impacts.

Electricity consumption
2015: 25,735 MWh
2016: 25,181 MWh
2017: 24,526 MWh
2018: 23,598 MWh
2019: 22,584 MWh

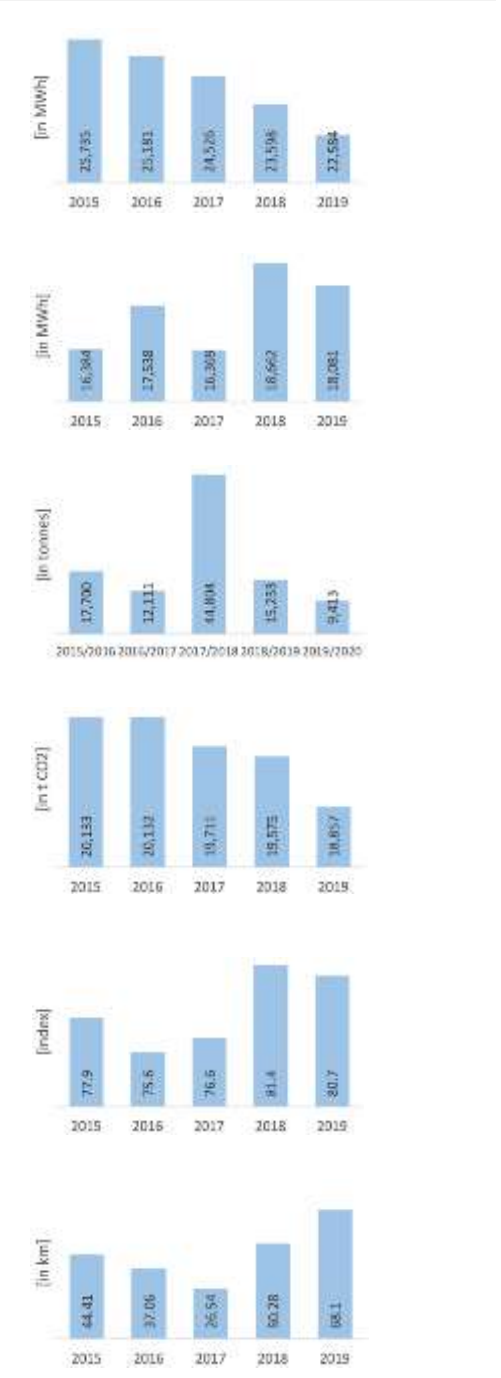
Fuel consumption
2015: 16,384 MWh
2016: 17,538 MWh
2017: 16,369 MWh
2018: 18,662 MWh
2019: 18,081 MWh

Grit consumption
2015/2016: 17,700 tonnes
2016/2017: 12,111 tonnes
2017/2018: 44,804 tonnes
2018/2019: 15,233 tonnes
2019/2020: 9,413 tonnes

Carbon footprint
2015: 20,133 t CO_2
2016: 20,132 t CO_2
2017: 19,711 t CO_2
2018: 19,575 t CO_2
2019: 18,857 t CO_2

MW user satisfaction index
2015: 77.9
2016: 75.6
2017: 76.6
2018: 81.4
2019: 80.7

Length of reconstructed carriageways and junctions
2015: 44.41 km
2016: 37.06 km
2017: 26.54 km
2018: 50.28 km
2019: 68.1 km



Safe motorways require renovation.

Content

Acronyms and Abbreviations

MW	Motorway
C-ROADS	An international pilot project to introduce cooperative systems for real-time information transfer
DARS d.d.	Družba za avtoceste v Republiki Sloveniji d.d. (Motorway Company in the Republic of Slovenia)
DarsGo	Electronic toll system in free traffic flow for heavy goods vehicles with a maximum authorised mass exceeding 3500kg (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 amortisation
EFQM	European Foundation for Quality Management – Business Excellence model or Slovenian Business Excellence Prize
EIS	Energy control information system
GRI GS	Global Reporting Initiative Global Standards
EW	Expressway
ILO	ILO Convention
ITS	Intelligent transport systems
Concession Contract	Concession contract for motorway operation and maintenance in the Republic of Slovenia
IBCP	International border crossing point
MESP	Ministry of the Environment and Spatial Planning
MI	Ministry of Infrastructure
CC	Control Centre
MAM	Maximum authorised mass
NMCP	National Motorway Construction Programme in the Republic of Slovenia
NAP	Noise Action Programme
PGD/PZI	Building Permit Design/Executive Design
NB	Noise barriers
TIC	Traffic information centre for public roads
AADT	Average annual daily traffic
FTF	Free traffic flow
R3	Motor vehicles having two or three axles with a maximum authorised mass exceeding 3,500kg and groups of motor vehicles having two or three axles with a maximum authorised mass exceeding 3,500kg.
R4	Motor vehicles having more than three axles with a maximum authorised mass exceeding 3,500kg and groups of motor vehicles having more than three axles with a maximum authorised mass exceeding 3,500kg.
ROE	Return on Equity
RS	Republic of Slovenia
SDG	Sustainable Development Goals
SSH	Slovenian Sovereign Holding
TEN-T	Trans-European Transport Network
ZDARS	Motorway Company in the Republic of Slovenia Act (ZDARS-UPB1) (Official Gazette of the Republic of Slovenia, No. 20/2004)
ZDARS-1	Motorway Company in the Republic of Slovenia Act (Official Gazette of the Republic of Slovenia, No. 97/2010 – ZDARS-1)
ZGD-1J	Companies Act (Official Gazette of the Republic of Slovenia, No. 15/2017 of 31 March 2017 – 1J)
ZJN	Public Procurement Act
ZPKROD	Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d.d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d.d.
ZUJF	Fiscal Balance Act (Official Gazette of the Republic of Slovenia, No. 40/2012)

I.1 Letter from the Management




To whom it may concern,

WHAT WE GIVE TO NATURE, NATURE WILL GIVE BACK TO US.

The 2019 Sustainability Report demonstrates the continuous activities and efforts of DARS d.d. to achieve sustainable goals in all areas of Company operations. The results achieved in this area confirm that we are heading in the right direction. Our work, however, is far from finished, since local and global environmental and social conditions scream for change.

We face great challenges that will heavily affect our lives and our understanding of the world in the future. At the same time, this is also an opportunity to create a better society and new values. But most of all, this is the time to make radical changes to our attitude towards the planet. What we give to nature, nature will give back to us.

The Company strives for the responsible and effective management, maintenance and construction of the motorway networks, thus providing conditions for their safe use. The underlying mission of DARS as the entity constructing the motorway system has been integration. It has connected Slovenia with the European motorway networks, integrating it into international flows with many environmentally friendly structures that have merged with the environment in a responsible manner. With the construction of the motorway network, DARS d.d. has linked the past with the present and become a strategic operator; the existing motorway systems were integrated into smart transport corridors focused on safety and fluidity.

WE FACE A FAST-CHANGING FUTURE.

But we will go further. We are aware that we face many more changes in the future or, rather, that continuous change will become a constant. In that respect, we have only two possibilities – to allow change to determine us and to adjust to it, or to accept change and direct it. New industries, artificial intelligence and the need for innovation, improvements and inventions are coming.

We are confident that such circumstances will contribute to the realisation of the so-called "green mobility" concept. The recognition for environmentally friendly service presented to the Company at the 2019 Environmental Summit for its successful introduction of the DarsGo electronic tolling system has confirmed that we are headed in the right direction. The new tolling system for heavy vehicles has significantly reduced fuel consumption and, consequently, emissions of CO_2 and other air contaminants on motorways.

The key role in development processes will be played by Company associates. High standards, firm goals, clearly defined values and a culture of ethics and integrity have provided Company associates with a creative, stimulating and safe work environment. Hence, we need not worry about the future.

The environment and energy are systematically managed, as confirmed by the acquired international ISO 14001 and ISO 50001 standards. The Company is committed to environmentally friendly actions in all areas of operations and the continuous reduction of adverse environmental impacts. DARS d.d. achieves eight sustainable development goals (SDG), as adopted by UN Member States, and contributes to the realisation of global sustainable development.

The goal is to provide a long-term perspective. Investments in long-term operations build trust. The users' trust is our commitment.[1]

Dr. Tomaž Vidic	**Gašper Marc, MSc**	**Vili Žavrlan**	**Rožle Podboršek**
Chairman of the Board	Member of the Board	Member of the Board	Member of the Board/Labour Manager

[1] GRI GS 102-14.

I.2 Non-Financial Statement of DARS d.d.

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

1. Description of the Company's business model

The Company has the status of a public limited company functioning as a corporate entity under the Companies Act. 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 Company's 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 motorway siting, 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;
- operates and maintains motorway sections based on the granted construction concessions.

The State maintains strategic supervision over motorway development through development

documents setting out new sections and deadlines for putting the newly built sections into service.

The ZDARS-1 sets out 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 to the construction of new motorway sections. The ZDARS-1 also stipulates that DARS d.d. performs individual tasks relating to spatial planning and motorway siting, and tasks relating to real estate acquisition for the purposes of motorway construction on behalf of the Republic of Slovenia and for its account. The Act also stipulates that DARS d.d. must continue building motorways and expressways that commenced prior to the enforcement of the ZDARS-1, while operating and maintaining existing motorways and expressways in the Republic of Slovenia.

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

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

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 this, the Company has put in place an integrated management system policy setting out the quality, environmental and energy aspects, along with occupational health and safety.

The environmental and energy policy is aimed at increasing the efficient use of all types of materials and energy throughout the life cycle of a service and at identifying and managing environmental impacts and aspects reflected within the scope of environmental and energy goals and the 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 towards the environment is expressed through:

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

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

Main risks and their management

DARS d.d., as the entity operating and maintaining motorways and expressways, established an environmental management system in previous years within the scope of the overall Company operations, which was upgraded with an energy management system in 2017, allowing it to consistently pursue its environmental protection policy in all areas of its operations.

Based on the executed strategic conference, the DARS D.D. STRATEGY FOR 2017-2020 was amended (second amendment) including the supplementation of new and the optimisation of existing operative goals referring to environmental and energy aspects, consequently also measures to reduce environmental risks. In 2019, the management system was subject to continuous improvements with the realisation of measures to reduce environmental impacts and, consequently, aspects, with the supplementation of new measures and the optimisation of existing environmental and energy goals and programmes, the realisation of which was monitored within the scope of the managerial review. The central theme of the environmental management system includes the assessment and analysis of environmental impacts and aspects, taking into account the stages of the service life cycle that are defined in the register of environmental aspects. To reduce environmental

impacts, the Company set out indicative and operational environmental and energy targets and programmes that will be used to achieve such targets. The risks connected to the timely monitoring and enforcement of legislative requirements in practice are mitigated with measures taken by the appointed responsible persons who cover the area of work to which the legislative amendment refers. Environmental risks, which includes the risk of inappropriate waste management with a special emphasis on hazardous waste, the risk of environmental pollution and the risk associated with the protection of areas of influence, are becoming more and more important. The Company continued the activities already initiated for environmental protection. The systematic management of environmental risks reflects the environmental awareness of employees. Accidents on motorways can have a negative impact on the environment, which is why it is important to reduce the risks that emerge through accidents by reacting quickly and effectively when they do occur to minimise negative consequences for the environment. To that end, all employees in such workplaces are informed and trained to act quickly and efficiently in terms of environmental protection should such a situation arise. The likelihood of emergencies is also reduced through preventive measures. Training aimed at learning to react quickly, properly and efficiently ensures that the impacts of any emergency events on the environment are kept to a minimum. By implementing appropriate activities within the scope of motorway maintenance, such as the cleaning and regular maintenance of retention basins to ensure their flawless functioning, implementing the Annual Programme of the Operational Monitoring of rainwater (APOM), etc., collecting, sorting and the controlled disposal of waste, implementing measures to reduce light pollution and by constantly controlling carbon monoxide concentrations and visibility in tunnels, we significantly contributed to reducing the negative impacts on the environment and controlling the risks emerging in the environment. DARS d.d. plans to carry out noise protection measures based on the results of the conducted operational noise monitoring. These measures are designed to encompass areas with a large number of overly affected buildings or inhabitants and areas of individual overly affected facilities along the motorway and expressway alignment.

The Company has also implemented the measures imposed by the governmental Noise Action Programme for the 2012-2017 period and the Noise Action Programme for 2018. Measures at five motorway sections were implemented from 2013 to 2015, and the protection of the most affected individual residential buildings along the motorway network was executed in 2019 – active noise protection measures at 11 locations along the Slovenian motorway network.

In line with the law, DARS d.d. carried out operational noise monitoring for the motorway and expressway network in 2018/2019. Based on the results, noise protection measures were planned and included in expert bases for the Noise Action Programme in affected areas. Furthermore, expert bases for the Noise Action Programme provide guidelines for protection against noise produced by road traffic, also setting out criteria for the assessment of the economic viability and proportionality of noise protection measures, guidelines for passive protection design and guidelines for noise barrier design in order to make the measures as efficient and acceptable as possible with respect to the funds invested.

For the purposes of preparing a set of measures that will be included in the revised Noise Action Programme to reduce noise pollution, the Company prepared expert bases in cooperation with an outsourcer for the restoration of noise barriers and expert bases. In 2020, it is expected that the Noise Action Programme will be revised for the 2018–2023 period.

Key performance indicators

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

The Company's 2017-2020 Strategy places great importance on energy efficiency and environmental protection, hence setting out an operative goal referring to improvement and the key energy efficiency indicators in order to rationalise costs:

- Electricity consumption will have been reduced by 10% by 2020 with respect to the existing condition of electricity users in 2015.
- To reduce energy consumption for heating by 10% by 2020 with respect to 2015.
- To reduce CO_2 emissions from energy products for heating by 20% by 2020 with respect to the 2015 baseline year.
- To reduce the average fuel consumption by 2% for work vehicles and machinery and by 5% for light-

duty vehicles by 2021 with respect to the 2018 baseline year.

To reduce environmental impacts, the Company set out indicative and operational environmental and energy targets and programmes that will be used to achieve such targets. Within the scope of energy planning, the Company has identified indicators with energy baselines for electricity, heating, vehicle fleet and other issues reported to the Management Board on a quarterly basis.

DARS d.d. ranks among the larger energy consumers in Slovenia with an annual energy consumption of 45.03 GWh (in 2019). With respect to Company processes, which are characterised by the need for tunnel management and lighting, as well as road operation and maintenance, electricity accounts for the largest share of the total energy consumption (50.2%), followed by fuel (40.2%). A minor share of energy is used for heating facilities, which requires an important element of energy management due to its high potential for optimisation. The Company keeps introducing measures to reduce electricity consumption.

In 2019, the Company recorded reduced diesel fuel consumption, primarily on account of a mild winter and, consequently, fewer ploughing days. To reduce the consumption of fuel and grit material, a wet salting system is being introduced throughout the MW and EW area, where preventive salting is done faster and at longer time intervals, as the solution stays on the pavement. Furthermore, the vehicle fleet is being updated with new environmentally cleaner vehicles. In 2019, it was planned to supply two natural gas-driven vehicles, which will be executed in 2020. In 2020, a light-duty vehicle for road inspection and a combination gas-driven vehicle will be introduced on a test basis.

To reduce energy consumption in heating, the following measures were implemented in 2019 as a result of a comprehensive energy review:

- Two heat pumps for heating sanitary water during the summer were installed at MMC Vransko and MMC Postojna as replacements for the deteriorated gas boilers.
- The supply of natural gas was provided in line with the provisions of the Energy Act and Public Procurement Act.
- A public procurement procedure was conducted along with stage 1 of the improvement of energy performance at MMC Hrušica and a boiler room was constructed that burns woody biomass or, rather, chipped wood for the purposes of heating MMC and TS Hrušica. The executed stage 1 of energy improvement at MMC Hrušica and the use of woody biomass to heat MMC and TS Hrušica had a favourable effect on reduced CO2 emissions, which is in line with the efforts made by DARS to reduce greenhouse gas emissions and improve energy efficiency.
- Stage 1 of the reconstruction of MMC Ljubljana commenced, also covering the energy improvement of buildings.
- To better monitor the consumption of energy products for heating, meters were installed that allow the much better monitoring of energy consumption and, consequently, immediate actions.
- Documents have been prepared for the execution of a public contract for EIS implementation in buildings of the west cohesion region.
- Two workshops were organised for caretakers and maintenance officers on the topic of efficient energy use.

The reduced energy consumption for heating per m^2 of heated surface is attributed to the abolition of toll booths, temperature optimisation in buildings through the introduction of the energy information system, and relatively favourable weather conditions.

Reduced electricity consumption for lighting is also an indicator of reduced light pollution. In 2018, stages 3 and 4 of the lighting replacement were completed, whereby consumption was reduced due to lamp replacement and on account of the abolition or changed intended use of toll stations. In 2019, the Company was actively involved in the study of economic, environmental and energy-acceptable measures to reduce electricity consumption. A stage 5 project to change the lighting has also been prepared. Within the scope of the installation of solar power plants on structures, we obtained proposals from providers, while the realisation depends on economically viable investments, which is also subject to the foreseen grants.

Despite new MW sections opening in 2017 and 2018, which resulted in increased energy consumption, the carbon footprint has decreased from year to year due to systematic energy efficiency measures implemented on the basis of energy reviews.

In respect of emission management, the Company complies with the requirements. Emissions into the air caused indirectly by MW users are particularly

important in tunnel management. Tunnels longer than 500 metres are equipped with monitoring systems for exhaust gas emissions (CO) and visibility in the tunnels. A ventilation system is set up for adequate ventilation in the tunnel tubes, which is controlled or regulated automatically using the fans installed. Measurements are monitored by the control centres in charge of controlling traffic in individual tunnels. We reduce the amount of traffic congestion by optimising traffic flow, thereby minimising gas emissions. This is achieved by forcing freight vehicles off motorways in time, through road diversions, additional variable message signs and the coordination of all closures, as well as through the coordinated operation of control centres.

In 2019, the environmental impact of salting was also monitored within the scope of the implementation of the Annual Programme of Operational Monitoring (APOM) of rainwater from retention basins. Analyses of the individual samples taken showed no excessive presence of salting elements; in each analysis, the salting elements were within the prescribed limits. Based on foreign and domestic experiences in wet salting, DARS decided to use a 20% NaCl solution for preventive gritting. Wet salting is when a saline solution is spread over a carriageway. Since the effect of wet salting is the same or even better and much cheaper (FS100), the Company intends to furnish all MMCs with the relevant equipment. In 2019, additional silos and devices for the production of sodium chloride solutions were supplied to MMC Hrušica, MMC Kozina and MMC Vransko. Notably, environment pollution was thereby reduced by some 25%. The number of traffic accidents also reduced or, rather, came close to the number of accidents in other seasons of the year.

In 2019, the Company continued the regular annual cleaning of all the most burdened oil separators (at motorway maintenance centres and branches) and the basic maintenance of retention basins (grass mowing, removing dumped municipal waste, repairing damaged parts and railings, and cleaning de-sanding areas and sand traps). Investment maintenance works were carried out at two treatment facilities (stabilisation of the sedimentation basin beds due to material deposits).

DARS has erected noise barriers along the motorway alignment due to traffic since 1988. Since then and by the end of 2019, 217.27 kilometres of noise barriers have been erected.

The Noise Action Programme for First Phase Major Roads and Major Railways (OP HRUP) requires operators of road and railway infrastructure to implement measures to limit excessive noise pollution, which comprise two lots. All the measures were implemented and, in 2019, the protection of the most affected individual residential buildings along the motorway network was executed – active noise protection measures at 11 locations along the Slovenian motorway network.

In line with the law, DARS d.d. carried out operational noise monitoring for the motorway and expressway network in 2018/2019. Based on the results, noise protection measures were planned and included in the expert bases for the Noise Action Programme in affected areas.

Within the scope of certain section reconstructions, the Company has created test fields with various asphalt layers, thus trying to achieve noise reduction at the source. Within the scope of rearrangements of frontal TS areas, the Company created a less noisy wear course, the so-called drainage asphalt including rubberised bitumen, which reduces noise at the source, in 2018 and 2019.

In 2019, activities continued to implement and upgrade the environmental protection policy, with emphasis placed on controlled waste management as imposed by the applicable legislation. All activities have been aimed at proper waste management with the consistent separation of waste at the source. Furthermore, the Company continued to implement its policy of the controlled disposal of all types of waste.

Social and HR affairs and the protection of human rights

Policy and due diligence

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

- performance measurements and additional bonuses;
- horizontal promotions at the workplace;
- the development of expertise, skills and competence of employees for career advancement within the organisation based on internal job openings;

- vertical advancement within the scope of the in-house labour market.

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

DARS d.d. is well aware of the importance of providing safety for employees at work, since many employees perform extremely dangerous work on roads, where their safety not only depends on themselves, but also on the conduct of road users. Hence, safety was included in the 2017-2020 Strategy as one of the most important elements for the successful planning of Company development.

The Company governance policy includes a commitment to prevent tampering with employees' personality and dignity and discrimination in general. 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 with which a special participation agreement or, rather, an agreement on employee participation in management has been made. The Company holds joint consultations with the Workers' Council for all foreseen status or organisational changes at least 15 days before a decision is adopted, and sends every document encroaching upon employees' rights and obligations to the trade unions and the Workers' Council for an opinion.

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

Taking into account the legislation and practice in human rights (ILO Convention, RS Constitution, Protection against Discrimination Act), the Company has put in place mechanisms that prevent deviations in terms of human rights in the broadest possible sense. Such mechanisms are set out in the DARS Code of Conduct and Instructions setting out protection for whistleblowers notifying corruptive, illegal and unethical actions, which set out measures to be used by DARS d.d. to act accordingly. The Company has appointed the Company Integrity Committee, which is responsible for resolving deviations from the mentioned requirements.

Furthermore, mechanisms are set out in the Agreement on the prevention and rectification of workplace harassment consequences at the Company, as concluded by the Management Board and Workers' Council, and in the Rules protecting the employees' dignity, which set out in detail the behaviour recognised and understood as workplace harassment, the procedure to resolve issues, the findings and the procedures to rehabilitate victims of workplace harassment. Notification may also be made anonymously. We are pleased that such cases are rare at the Company and that they are resolved to mutual satisfaction if they do occur. No notification was received in 2019.

The main risks and their management

Loss of competent or key staff (undesired fluctuation), increased share of actively non-engaged employees and insufficient sources to increase employee competence and thus the development of the target organisational culture

The risk of the loss of competent or key staff at DARS d.d. is mitigated with the provision of a creative, safe and interesting working environment, which is the Company's strategic goal. In order to obtain feedback on the working environment from employees, surveys are carried out on the organisational climate and employee satisfaction, the results of which provide the basis for preparing an annual programme of activities. In 2019, great emphasis was placed on increasing basic gross salaries, which is largely set at the minimum, for the management of the risk of undesired fluctuation. Employees were given the opportunity to educate and train in-house in order to achieve personal and professional development. Reduced fluctuation or, rather, enhanced employee commitment is also the result of measures that are carried out within the scope of the full Family-Friendly Company certificate, making it easier for employees to coordinate their work and family duties and allowing them to stay healthy by engaging in sports and recreation.

Employee engagement is achieved through specific activities that are defined in the HR Management Strategy 2020. Such activities are pending and contribute to enhanced employee engagement, competence and organisational climate and culture. Since direct superiors have a major impact on employee engagement, more attention and efforts

were dedicated to managers in 2019. The Company measured the managers' competences and then organised development workshops for managers. Furthermore, the Company started implementing measures to strengthen the competences of elderly employees and intergenerational cooperation and communication. Employees were given the chance to acquire topical expertise and skills beyond the scope of Company activities at various expert meetings in Slovenia and abroad, thus providing them with professional and personal growth.

Concern for employees' safety and health at work
The risks associated with the employees' safety and health at work are mitigated continuously. Employees are trained to work properly and safely, warned about any irregularities and informed. Activities for health promotion are aimed at motivating employees to lead a healthier lifestyle.

Employee safety has been included in the 2015-2020 Strategy as one of the most important elements in the successful planning of Company development. One major operative strategic goal is a reduction in the number of persons injured at work by 15% by 2020, which is why the Company has dedicated plenty of funds to the purchase of new safer work equipment and the creation of a working environment that provides the maximum level of safety and health at work for employees. The risk assessment for health and safety at work was revised in 2019. The realisation of the measures set out was reviewed and a decision was reached to adopt additional technical and organisational measures based on on-site findings (internal control over the implementation of security measures), analyses of work accidents, sick leave and occupational medicine reports on the health of Company employees. Measures refer not only to the provision of enhanced safety for field workers, but also to office employees who experience more and more medical problems over the years.

Key performance indicators

DARS measures the organisational climate and employee satisfaction every year. In 2019, the best-rated organisational climate categories were attitude towards quality, satisfaction, innovation and self-initiative, and professional qualification and learning. Challenges for 2019 remain internal communications and information provision, the reward scheme and career development. Measures to improve the organisational climate, employee satisfaction and employee engagement are pending.

Employee engagement, which is measured every year using the Gallup methodology, shows the creative potential of Company employees. Concern for the creative and work potential of Company employees has been an ongoing and important organisational task that has revealed positive effects on employee engagement in recent years. Employee engagement is largely the result of employee satisfaction with the work and working conditions; however, employee expectations and needs increased in 2019 resulting in a decline in employee engagement and the Company's commitment to decisively approach the systematic management of employees' career development.

The Company has for years implemented various measures allowing employees to better coordinate their work and family life, and has been the holder of the full Family-Friendly Certificate since 2015. Employees are grateful for the possibility of flexible arrival and departure times at work with fixed central working hours, which enables employees with children to carry out their family and job duties more easily. Employees in distress can use anonymous and free-of-charge psychological support and counselling to overcome the trials of life more easily. We also think about the children of Company employees – they receive gifts upon their birth and during New Year’s holidays. These measures were also actively implemented in 2019. At the start of the year, an external audit of all activities was undertaken and a positive opinion was given of the Company efforts. DARS d.d. has been an active partner of the LOGINS Competence Centre for a number of years. In 2019, it re-joined the partner project of the LOGINS Competence Centre, which was successful in a public call published by the Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia, and obtained funds from the European Social Fund for education and training, €37,000 of which was obtained by DARS. Activities commenced in the autumn and will last until 2021.

Aware that demographic and other changes to the labour market need to be taken seriously, the Company joined the project of providing comprehensive support to companies for the active aging of the labour force – ASI project – in 2018. Within the scope of the project, a strategy was prepared for the management of elderly employees along with development plans, while various preventive measures and training programmes were implemented in support of elderly employees. A great deal of these measures and activities aimed at maintaining and developing the knowledge of elderly employees while improving their well-being, health and motivation at work was carried out in 2019. Major emphasis in such activities was placed on enhancing intergenerational appreciation, cooperation and leadership. There were 323 employees included in

various training programmes and 2191 training hours realised.

Managers at DARS play an important role and hold responsibility for the successful work of all employees, which is why they were included in an assessment of competencies in 2018. In 2019, development workshops were held for managers by individual competence profile. In May, the first leadership conference was organised for the entire line of management, which was aimed at enhancing integration and coordinated management.

Like 2018, the extent of external training increased in 2019. In 2019, there were 4598 training hours realised within the scope of external training, which were attended by 379 employees or 24% more than in 2018, when 306 employees attended external training. The volume of in-house training in 2019 amounted to 21,286 training hours and decreased by 11% compared to 2018. In-house training included a total of 3275 employees, which is 46% more than in 2018.

DARS d.d. is well aware of the importance of providing safety for employees at work, since many employees perform extremely dangerous work on the roads, where their safety not only depends on themselves, but also on the conduct of road users. Hence, safety was included in the 2017-2020 Strategy as one of the most important elements for the successful planning of Company development. One major operative strategic goal is a reduction in the number of persons injured at work by 15% by 2020, which is why the Company has dedicated plenty of funds to the purchase of new safer work equipment and the creation of a working environment that provides the maximum level of safety and health at work for employees.

The fight against corruption and bribery

Policy and due diligence

The Company has adopted the Dars Code of Conduct and Instructions setting out protection for whistleblowers notifying corruptive, illegal and unethical actions, 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 setting out protection for whistleblowers notifying corruptive, illegal and unethical actions set out measures to be used at DARS d.d. to act accordingly. The Company has appointed the Company Integrity Committee, which is responsible for resolving deviations from the mentioned requirements.

The main risks and their management

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

The implications of a failure to observe the obligation to avoid a conflict of interest and the procedure to identify a conflict of interest and lobbying are set out in the act governing that area. Procedures or, rather, the process for proper actions to be taken by the highest governing body ensuring the prevention of conflicts of interest and managing them 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.

Dr. Tomaž Vidic
Chairman of the Board

Gašper Marc, MSc
Member of the Board

Vili Žavrlan
Member of the Board

Rožle Podboršek
Member of the Board/
Labour Manager

Celje, 28 May 2020

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)
REGISTERED OFFICE[3]	DARS d.d. Ulica XIV. divizije 4, 3000 Celje Phone number: +386 (0)3 426 40 71 Fax: +386 (0)3 544 20 01
BRANCH OFFICE	Dunajska 7, 1000 Ljubljana Phone number: +386 (0)1 300 99 00 Fax: +386 (0)1 300 99 01
WEBSITES	www.dars.si www.promet.si
YEAR OF ESTABLISHMENT	1993
REG. ENTRY NO.	1/06158/00, District Court of Celje
FOUNDER	Republic of Slovenia
LEGAL FORM OF ORGANISATION AND OWNERSHIP[4]	state-owned public limited company (Republic of Slovenia 100%)
REGISTRATION NUMBER	5814251000
CODE OF PRINCIPAL ACTIVITY[5]	52.210 Service activities incidental to land transportation
VAT ID NUMBER	SI92473717
SHARE CAPITAL[6]	€2,086,559,144.07
CAPITAL INCREASE	Total capital: €2,863,136,410 Nominal value of bonds issued: €163,776,200
SHARES ISSUED	€55,650,231
No. of countries in which the Company operates[7]	1 country (Republic of Slovenia)
Number of employees[8]	1257
Net sales revenues[9]	€480,750,876
No. of Company locations[10]	39

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

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

Mission

We optimise traffic fluidity and ensure safety and comfort on the Slovenian motorway network by employing modern approaches and adopting a responsible attitude towards the environment.

Vision

Connected to the future

Our current and future activities are guided towards connectivity in all possible forms. This means that our vision focuses on:

- users with whom we share a concern for their safety, as well as reliability and comfort during travel;
- sustainable development of the Company and its entire environment, with which we have the common goal of further increasing the efficiency and effectiveness of activities and acting responsibly towards all our stakeholders: the owner, business partners, the local community, the wider European area, the environment, etc., and establishing connections with related institutions;
- the needs of employees with whom we are connected with the aim of ensuring a safe, creative and stimulating working environment.

Core values[11]

Safety

We provide a safe environment in which we operate: a safe working environment for Company employees, a feeling of safety for our business partners and users on the Slovenian motorway network (as a reliable partner on the road) and the preservation of the environment.

Responsibility

With a responsible attitude towards ourselves and society, we fulfil all our assumed work commitments and ensure the quality implementation of assigned tasks, bearing in mind our users, the environment (the harmonisation of our activities with the capabilities and needs of the natural environment) and other stakeholders that we do business with (suppliers, contractors, other business partners, the owner, local community – we are a reliable partner).

Development

We continuously promote new innovative and modern approaches while developing new and improving the existing services of the Company, including with a view to increasing energy efficiency. A creative and innovative mind-set is our guide because we know that this is the only way to develop innovative services with high added value for our users, employees, the Company and the owner.

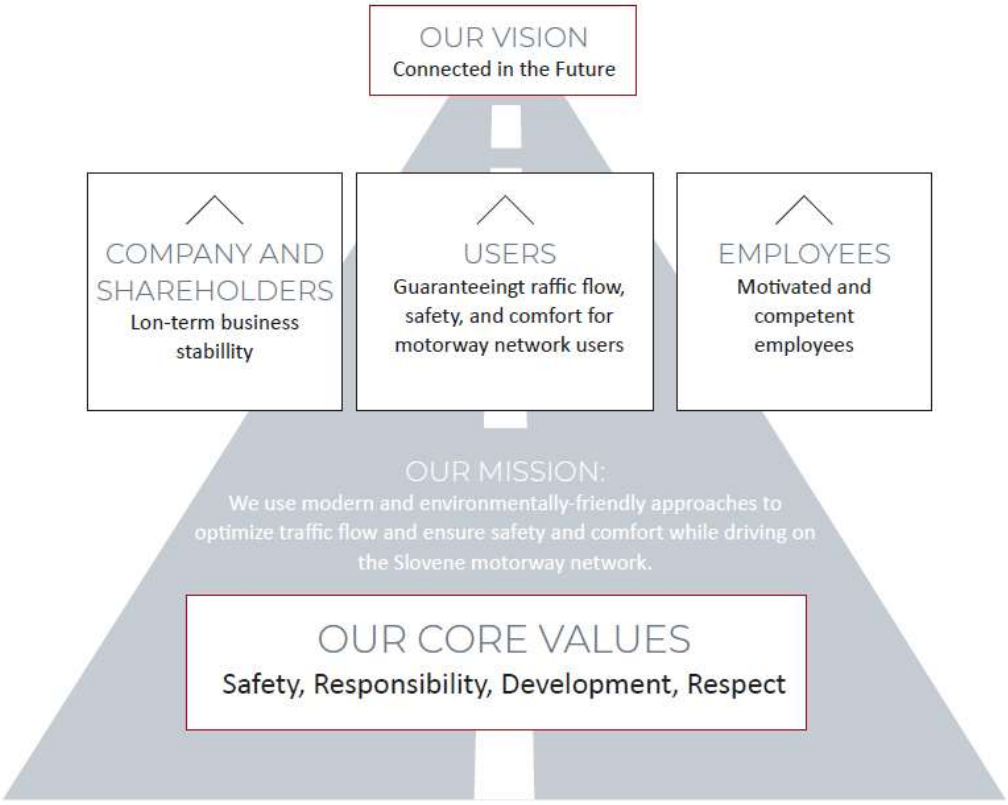
Respect

In the course of everyday activities, we strive for a high level of respect and trust for all Company stakeholders, which is reflected in actions and interactions among employees, towards users, the owner and business partners.

[11] GRI GS 102-16.

Strategic policies of DARS d.d.[12]

Figure 1: Strategic policies of DARS d.d.



Ensuring the safety, fluidity and comfort of users on the motorway network

- Ensuring traffic safety
- Ensuring traffic fluidity
- Ensuring user-friendly services

Long-term stable operations

- Ensuring long-term stable operations
- Introducing lean operations
- Implementing business excellence

Committed and competent employees

- Continuously strengthening competence
- Leadership development
- Providing a creative, safe and stimulating working environment

Integrated management system policy

Through the professional and responsible performance of tasks, the management and all Company employees will devote their best efforts to fulfilling the requirements and expectations of stakeholders: users, the owner, employees, the environment and other interested audiences. Our business success is carefully planned, managed and supervised. We are committed to the continuous improvement of business processes, with an emphasis on preventative action.
Our goal is to act in a quality, environmentally-friendly and energy-efficient manner and to provide employees, outsourcers and users with a safe and comprehensive service.

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

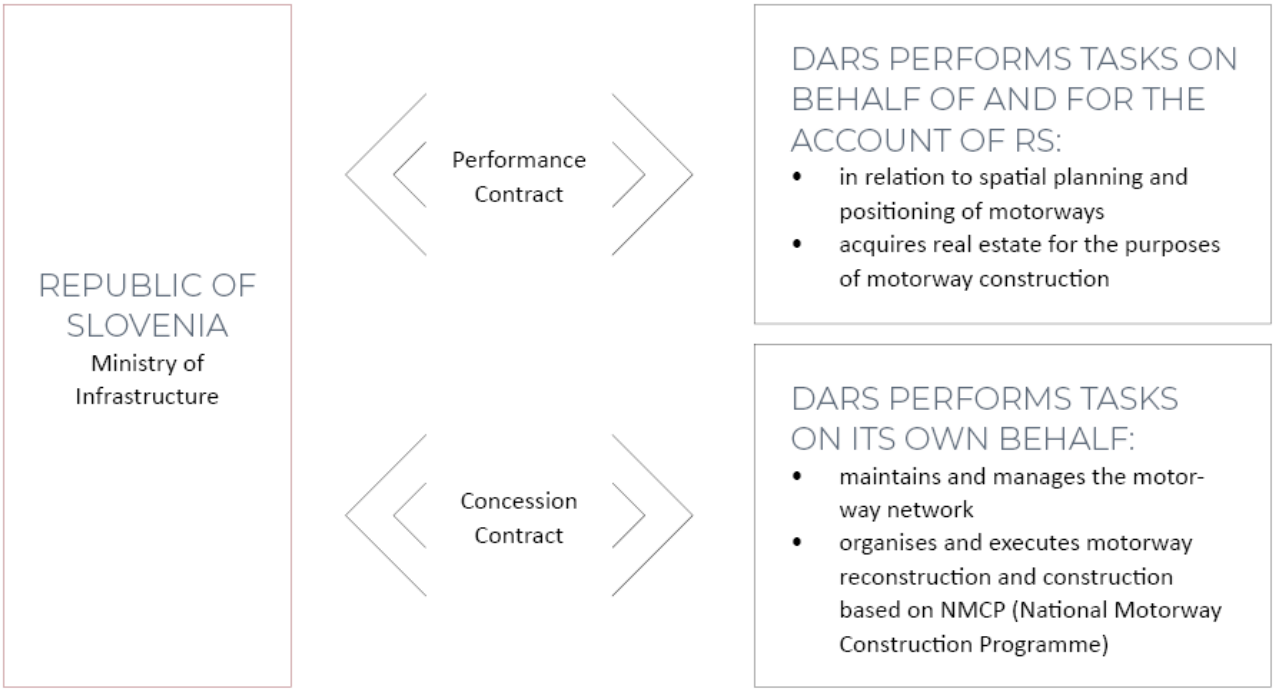
The management system policy is pursued in the following manner:

- by making responsible decisions based on specific information and facts,
- by ensuring good conditions and relations between stakeholders within and outside the Company,
- by promoting proactive activities with an emphasis on employee innovation,
- by managing the identified risks and implementing detected opportunities,
- by providing the desired level of confidentiality, completeness and availability of information and information resources,
- by increasing the efficient use of all materials and energy throughout the service life cycle,
- through consistent compliance with the legislation, other mandatory requirements and development policies,
- through mutually beneficial cooperation with partners and other outsourcers,
- by supporting the development of the profession and acquiring new knowledge and skills,
- through active communication within the Company and with external audiences,
- through the commitment to prevent health risks and injuries of employees,
- by establishing and achieving measurable targets of improvement in all areas of operation,
- by taking systematic account of all business aspects (the environment, energy, quality, data security, safety and economics) in the purchase of products and services and the design of new solutions.

The Management Board undertakes to lead by example and pursue the set objectives to the best of their abilities.

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

Figure 2: Activities of DARS d.d.



[13] GRI GS 102-2.

DARS d.d. was established in 1993 based on the 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 the SSH and the Recommendations and Expectations of the SSH as the manager of the State capital assets, which are aimed at improving the corporate governance system for 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 motorway siting, 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;
- operates and maintains motorway sections based on the granted construction concessions.

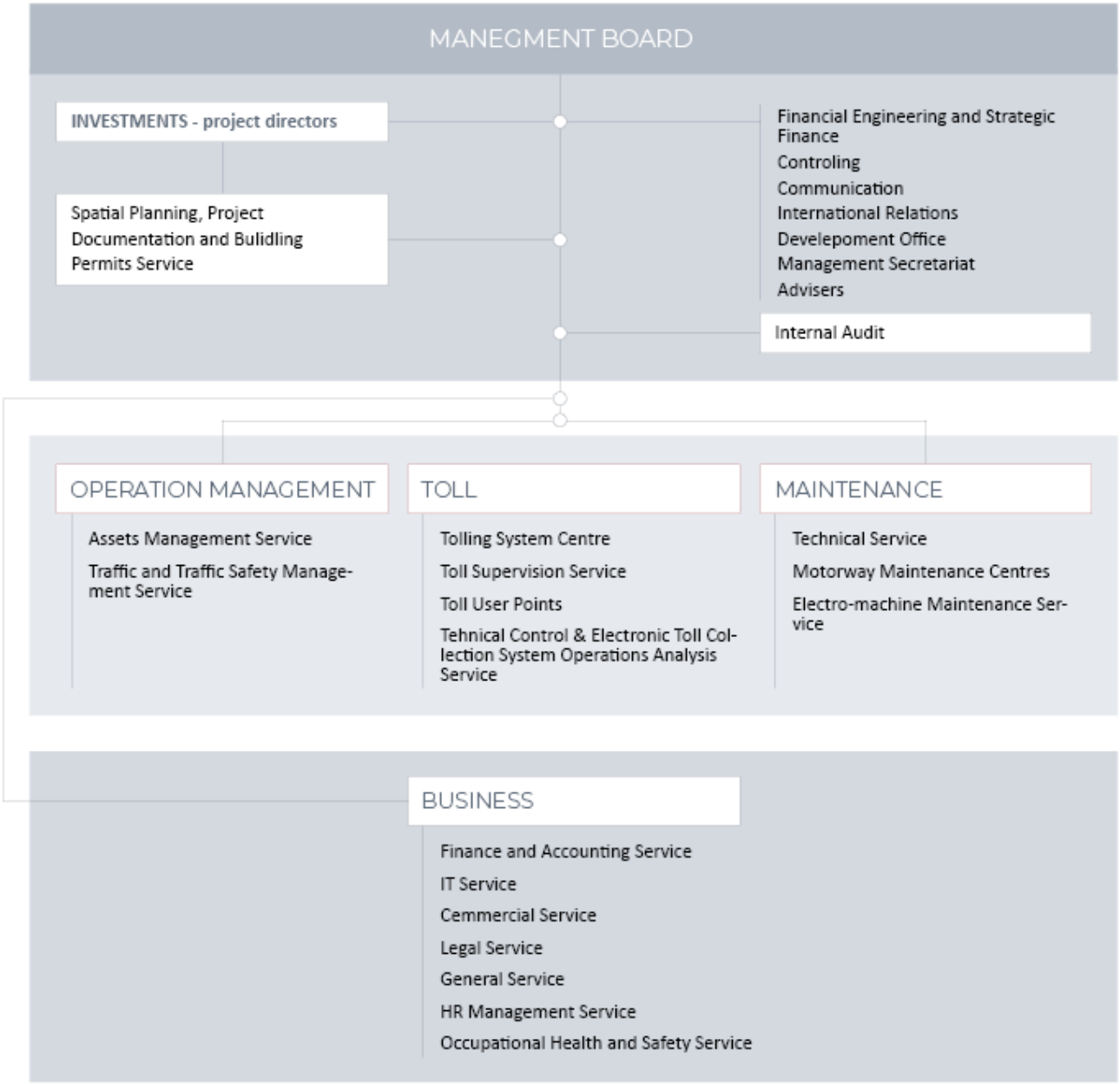
The State maintains strategic supervision over motorway development through development documents setting out new sections and deadlines for putting the newly built sections into service.

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

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

I.3.4 Organisational structure[14]

Figure 3: Organisational structure of DARS d.d.



[14] GRI GS 102-18.

I.3.5 Motorways and expressways in the Republic of Slovenia

In 1994, under a special agreement, the Republic of Slovenia transferred to DARS d.d. the operation and maintenance of all constructed motorways, as well as infrastructural facilities and devices on them. DARS d.d. thus received the 198.8 kilometres of 2-lane and 4-lane motorways and expressways and 67.5 kilometres of junctions constructed until that point.

Through the implementation of the NMCP, the motorway network managed and maintained by DARS d.d. began to expand. At the end of 2019, DARS d.d. was responsible for the management of 623.3 km of motorways, 141.0 km of junctions, 22.3 km of interchanges and 38.0 km of other roads.[15]

Figure 4: Motorway system in the Republic of Slovenia, December 2019

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

[15] GRI GS 102-7.

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

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

DARS has connected Slovenia with the European motorway networks, integrating it into international flows with many environmentally friendly structures that have merged with the environment in a responsible manner. With the construction of the motorway network, DARS d.d. has become a strategic operator; the existing motorway systems were integrated into smart transport corridors with a focus on safety and fluidity.

The objective of the EU transport policy is to build a trans-European network of roads, railway lines, inland and maritime waterways, ports, airports and terminals that would connect Europe and strengthen the socio-economic and territorial cohesion of Europe.

A priority in that area is, in particular, to eliminate bottlenecks and technical obstacles in the trans-European transport network, which also includes the construction of the second tube of the Karavanke tunnel. In addition to constructing new and modernising existing infrastructure, the European Commission also supports the introduction of innovative digital technologies, alternative fuels and common standards.

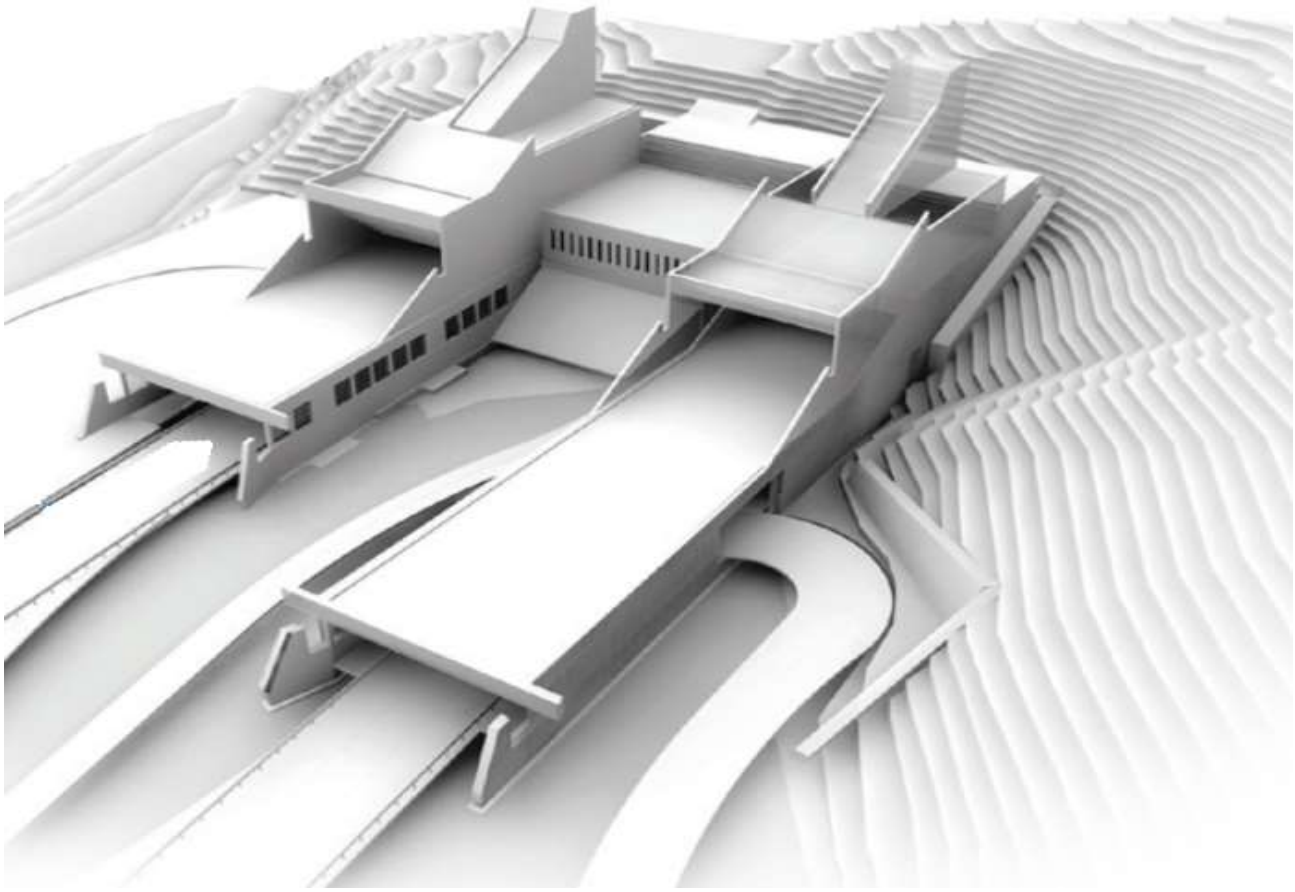
It is also worth noting the role or contribution of DARS to global development, i.e. by observing the Sustainable Development Goals (SDG), as adopted by UN members, which are aimed at devoting efforts to developing the entire company, economy, science and civil society – which will play an important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

Karavanke tunnel (second tube)

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

[16] GRI GS 203-1, 203-2.

Figure 6: Karavanke tunnel (second tube)



The Republic of Slovenia and the Republic of Austria received EU grants within the scope of the Connecting Europe Facility (CEF) for the construction of the second tube of the Karavanke motorway tunnel. The Republic of Slovenia received CEF funds in the maximum amount of €7.95 million or 10% of eligible project costs.

A building permit has been obtained for the relevant investment and a public procurement procedure for the selection of a contractor was published, within the scope of which tenders were opened in March 2018. In July 2018, a Decision on awarding the public contract was published, against which requests for review were filed. Due to review requests by unsuccessful tenderers and the DKOM decision granting the requests, the procedure to select the contractor was not completed in 2018. The selection procedure was also not completed in 2019, since new complaints were lodged by tenderers against each decision made by the contracting entity.

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

Third development axis

The third development axis is a future traffic link that will run from the Koroška region in the north to the region of Bela krajina in the south (from the Austrian to the Croatian border). The Ordinance on Spatial Planning Strategy of Slovenia mentions the 3rd development axis as a road link from the Austrian Carinthia via Slovenj Gradec and Velenje and connecting to the motorway near Celje while 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. The link also includes two new national roads from the A2 motorway at Novo mesto to the Maline junction and from the Šentrupert junction on A1 motorway to the Slovenj Gradec South junction, for which the national spatial plan decrees have be adopted.

EUROPEAN UNION
EUROPEAN REGIONAL DEVELOPMENT FUND

Design documents for the acquisition of opinions and a building permit (DGD) and Executive Design documents (PZI) for the section of the 3rd development axis north from Velenje South to Slovenj Gradec South are being intensively prepared. The Design has been broken down into 8 lots, which are at different stages of processing with respect to

priorities. For Lot D Gaberke, a request filed in July 2019 for the issue of a building permit. Furthermore, a contract was signed in July 2019 for the provision of expert consultancy and engineering services for the stage of the preparation and execution of construction works, and other engineering services after construction for the entire section, and an open invitation to tender for the construction of Lot D Gaberke was published for the pre-qualification of tenderers (2-stage procurement procedure). An investment programme was created and confirmed. For the Šentrupert-Velenje South section measuring 14km in length, DGD and PZI design documents started to be produced following the decision of the Constitutional Court stating that the NSP was in line with the Constitution of the Republic of Slovenia and the law, and after a contract was signed with the design engineer, whereupon an Investment Programme was made.

Figure 7: An optimised solution in the area of Velenje

For the section of the 3rd development axis south from A2 MW to the Osredek junction measuring 5.5km in length, PGD/PZI design documents have mostly been created and audited, and the procedure to obtain the environmental permit is under way. The application for the issue of a building permit is under consideration, and the Investment Programme has already been created and confirmed. A contract notice for the pre-qualification of tenderers has been published (2-stage procurement procedure). Tender documents for the production of DGD and PZI design documents for the Osredek–Maline section measuring 12.4km in length has been prepared along with the Investment Programme.

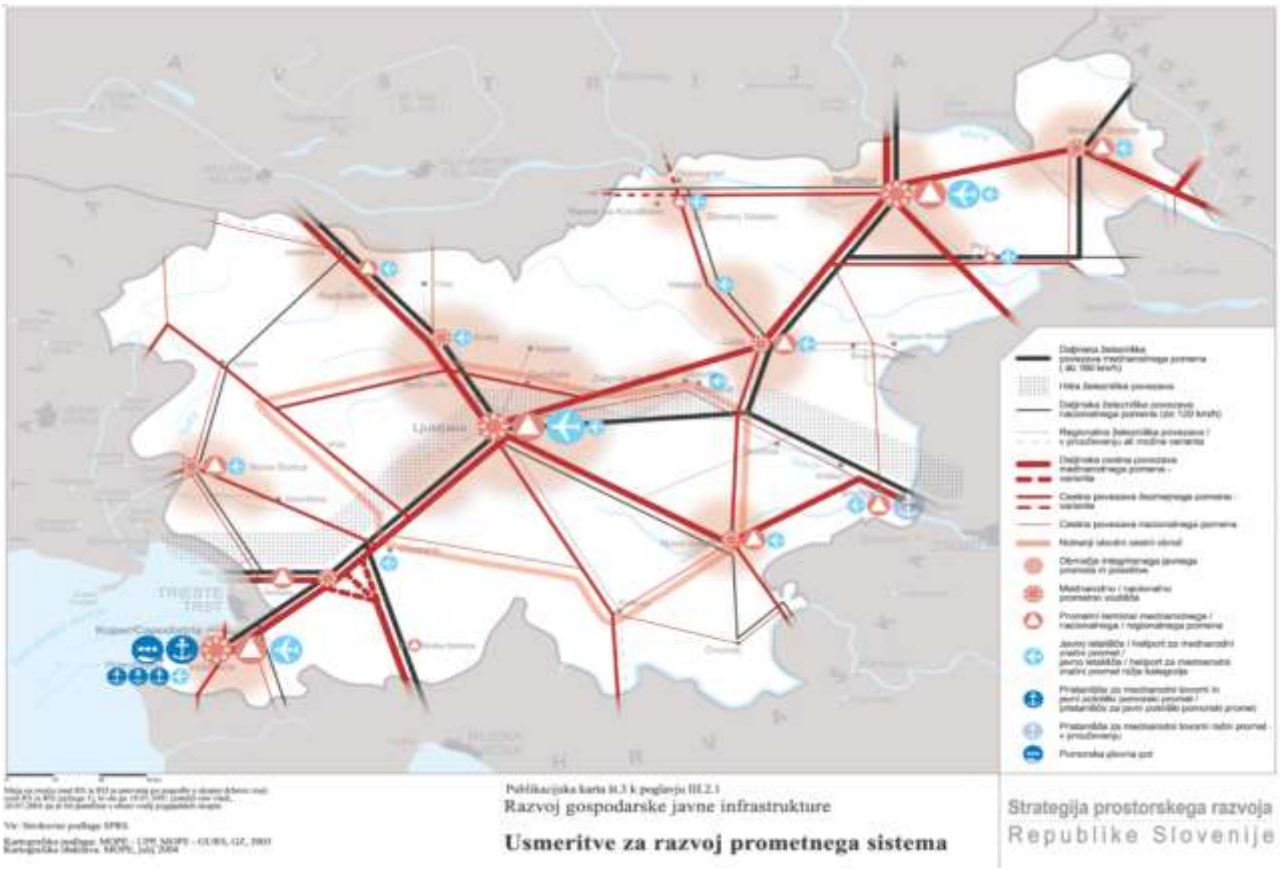
Motorway reconstruction works

Measures to improve the condition of the infrastructure are aimed at following the needs of motorway users for the safe and comfortable use of the infrastructure. Hence, measures need to be implemented as soon as possible on certain sections and conceptual solutions need to be prepared for other sections, followed by designs and, after a successful procurement procedure, the execution of works. Considering the current experiences and familiar technologies for the execution of works, individual parts of the infrastructure are considered separately from others during design. Hence, reconstructions of individual bridging structures, tunnels, geotechnical structures, drainage, other equipment and parts of noise barriers are considered separately from carriageway reconstructions.

Carriageway reconstructions are planned on those MW sections where the condition has been assessed as "very poor" or "poor" according to the Modified Swiss Index (MSI) or in respect of which field inspections showed that measures, if implemented in due time, could significantly extend the useful life of the carriageways (resurfacing). The selected sections have been additionally checked with the expert carriageway management system PMS-DARS (dTIMS_CT – Deighton's Total Infrastructure Management System with Concurrent Transformation), which is used for the optimum planning of carriageway reconstruction.

Bridging structures on older MW sections are planned to be reconstructed, specifically where regular and main inspections have identified damage jeopardising the continued safety of the structure and thus safe traffic in the long term, or in cases where certain parts need to be repaired (e.g. expansion joints, HI, asphalt, drainage), to prevent the further decay of the facility. Reconstruction works on structures are also foreseen in the sections undergoing carriageway reconstruction, but only to the extent necessary with respect to the identified damage on a particular structure and foreseen works on the alignment.

Figure 8: Spatial development strategy of the Republic of Slovenia



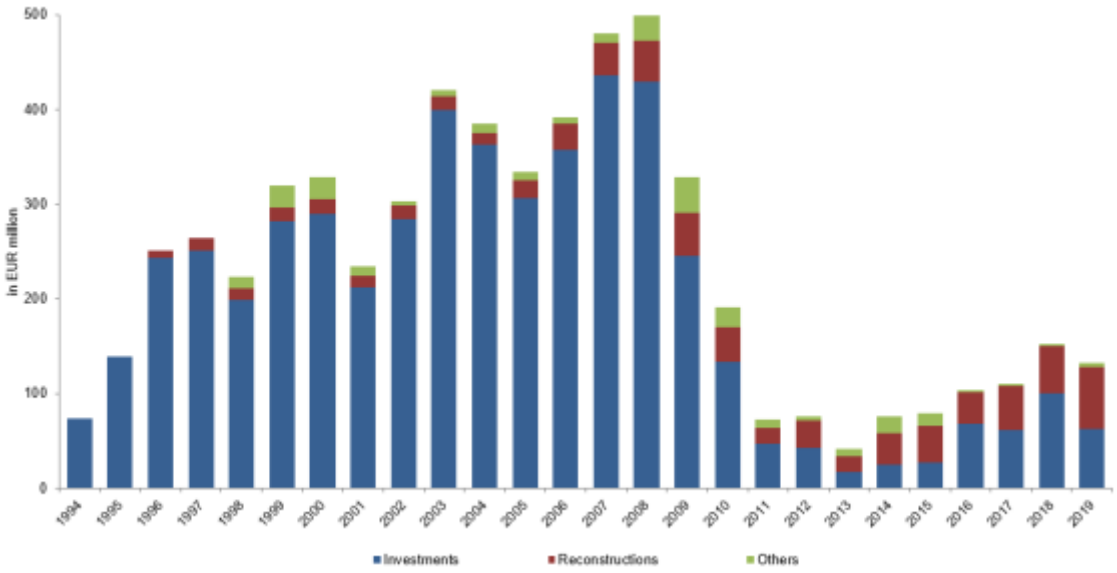
I.3.6.1 Investments planned from 2020 to 2022

Table 1: Major investments planned by DARS d.d. from 2020 to 2022 in € million (source: 2020 Business Plan)

	Realisation 2019	Plan for 2020	Plan for 2021	Plan for 2022	Total 2019–2022
DRAGOMER motorway junction	0.07	0.23	12.77	6.18	**19.25**
ERECTION OF NOISE BARRIERS*	3.63	3.41	4.00	4.00	**15.04**
CONSTRUCTION OF WIND BREAKS	3.15	0.44	10.72	16.04	**30.35**
KARAVANKE TUNNEL (second tube)	0.06	15.19	29.68	31.39	**76.31**
DarsGo system	24.51	8.51	2.14	2.14	**37.30**
HAJDINA-ORMOŽ: Markovci-Gorišnica	0.07	0.15	5.21	2.58	**8.01**
HAJDINA-ORMOŽ: Gorišnica-Ormož	1.85	0.83	10.72	13.59	**26.98**
KOSEZE-KOZARJE: expansion into a 6-lane road (construction, other)	0.02	0.39	1.10	23.90	**25.41**
Third development axis – north: Velenje-Slovenj Gradec	3.75	12.19	38.93	88.33	**143.20**
Third development axis – north: Šentrupert-Velenje	1.16	4.98	10.58	48.73	**65.45**
Third development axis – south: Novo mesto-Maline (Section I - Stages 1 and 2)	0.94	16.58	31.16	31.10	**79.78**
Third development axis – south: Novo mesto-Maline (Section I - Stages 3 and 4)	0.04	2.50	4.04	3.30	**9.87**
Total	**39.24**	**65.39**	**161.04**	**271.27**	**536.95**
MOTORWAY RECONSTRUCTION	65.35	87.76	94.14	96.01	**343.27**
Other investments	27.60	41.15	44.29	39.80	**152.83**
Total	**132.19**	**194.31**	**299.47**	**407.08**	**1,033.05**

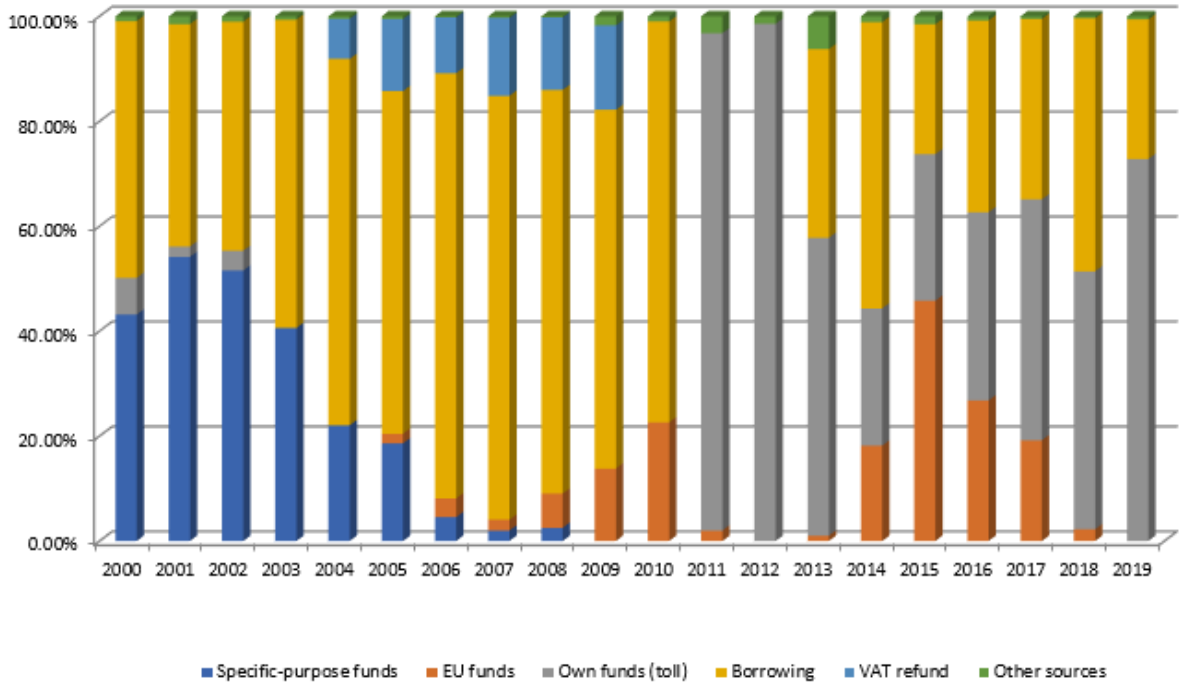
I.3.6.2 Investments in the NMCP (National Motorway Construction Programme) from 1994 to 2019

Figure 9: Investments in the NMCP (National Motorway Construction Programme) from 1994 to 2019



I.3.6.3 Financing sources for the NMCP (National Motorway Construction Programme) from 2000 to 2019

Figure 10: Financing sources for the National Motorway Construction Programme (NMCP) from 2000 to 2019



Self-assessment using the EFQM Excellence Model

In compliance with the Recommendations and Expectations of the SSH, DARS d.d. carries out self-assessments according to the 2013 EFQM Excellence Model.

With respect to the SSH guidelines, a self-assessment under EFQM requirements is to be conducted every two years and hence DARS conducted the second self-assessment and prepared a report containing findings, an action plan with 13 measures and short- and medium-term goals for Company operations in relation to quality and excellence.

The Management Board places great significance on the Recommendations and Expectations of the SSH and, as one of nine strategic goals in the "DARS d.d. Strategy for 2017-2020", has set the 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 the report on the realisation of self-assessment measures under the EFQM Excellence Model every 12 months and confirms the adequacy of the introduced measures.

I.3.7 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 requirements of the BS OHSAS 27001 standard, the energy management aspect according to the ISO 50001 standard, and the information security aspect according to the requirements of the ISO/IEC 27001 standard. Together, these aspects form a unified management system, which is described in the Rules of Procedure for the Management System and related documents.

Continuous improvements using the PDCA approach (plan-do-check-act) form the basis for the integrated management system and the requirements of the standards. This approach is the driving force behind the progress and optimisation of business processes in all areas of Company operation.

In 2019, the Company established a data protection system as per the requirements of the ISO/IEC 27001 standard, which has been integrated into the existing management system. The basis for the establishment of proper controls is the information risk assessment, which provides guidance for the introduction of the scope and number of measures in order to mitigate information risks to or below the acceptable level.

To ensure the credibility of the quality control system, environmental management system, occupational health and safety system, energy system and information security management system according to the requirements of the ISO 9001, ISO 14001, ISO/IEC 27001, BS OHSAS 18001 and ISO 50001 standards, these are successfully confirmed every year by an external accredited institution.

I.4 About the Report

The report on the sustainable development of DARS d.d. contains information on the economic, environmental, social and governance 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 future socially responsible operations. With reports on its sustainable development, the Company on the one hand provides quality information on its socially responsible actions to its stakeholders and, on the other, makes decisions on future socially responsible actions based on cooperation and the identification of stakeholders' needs and interests. Our key motto is the connectivity of our business 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 2019 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 ZGD-1J) and the requirements set out in the Guidelines on non-financial reporting (methodology for reporting non-financial information), as adopted and published in the EU Official Journal in July 2017, and in the Directive on the disclosure of non-financial and diversity information by certain large undertakings. The Guidelines became applicable in 2018, i.e. in relation to information for the 2017 financial year.

The third Sustainability Report of the Company under GRI standards

The first independent Sustainability Report of DARS d.d., which the Company published for 2017, was a significant milestone for the Company as regards reporting about its sustainable development, where the Company observes the

international sustainability reporting standards of the Global Reporting Initiative (GRI GS), core option, [17]and significantly improves the quality of the sustainability section in previous annual reports, making it a comprehensive report emphasising the materiality of Company operations. The Company has also reported on its sustainable development or corporate social responsibility in its annual reports since 2009. The last Sustainability Report for 2018 was published on the Ljubljana Stock Exchange SEOnet information system on 28 June 2019.[18]The Sustainability Report was prepared by all the expert services of DARS. The Sustainability Report of DARS refers to an individual financial and calendar year, and will be published every year by the Company.[19]

I.4.2 The realisation of the strategic 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 d.d. as a responsible and forward-looking company.

Strategic policies of DARS d.d.

The DARS d.d. Strategy for 2017-2020, which integrates the Company vision and its stakeholders with 3 key strategic guidelines of DARS d.d., is evident from chapter I.3.2. Mission, vision, values and strategic guidelines, Integrated management system policy, where the central focus is on long-term stable operations, which also significantly relates in terms of content and strategic goals to the realisation of strategic guideline 1 (Provision of fluidity, safety and comfort to users on the motorway network) with users as target stakeholders, and strategic guideline 3 (Engaged and competent employees) with employees as target stakeholders.

It is also worth noting the role or contribution of DARS to global development, i.e. by observing the Sustainable Development Goals (SDG) as adopted by UN members, which are aimed at devoting efforts to developing 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.

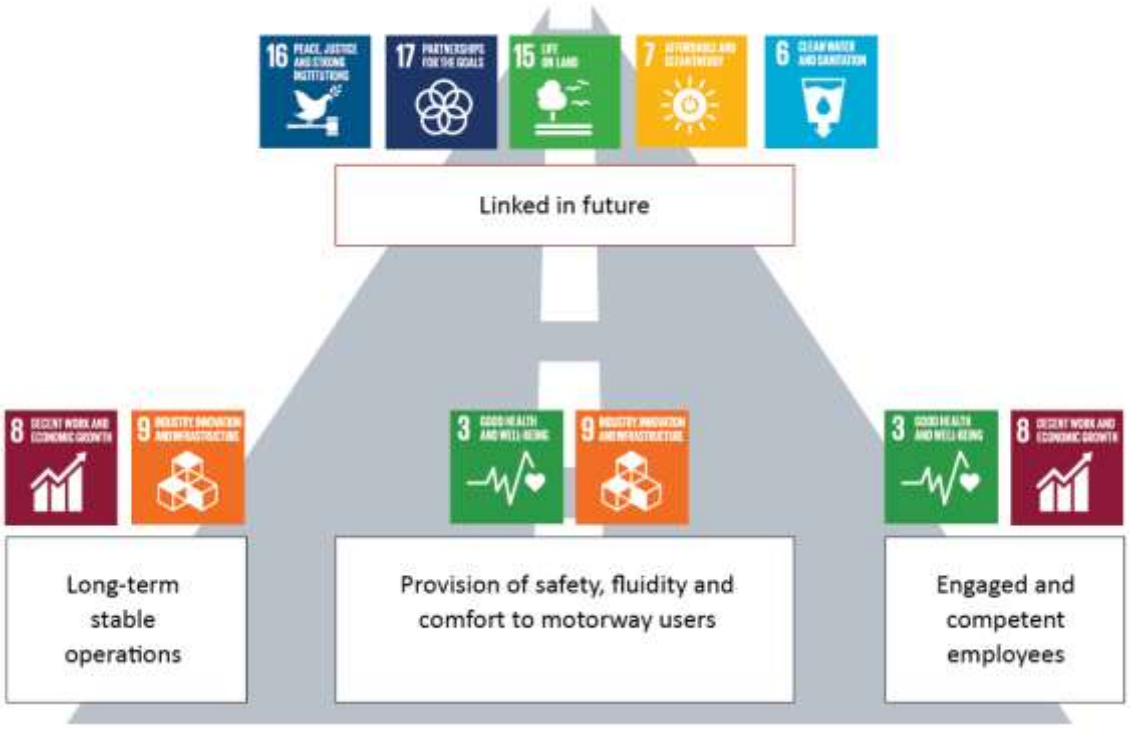
Below are all 17 sustainable development goals, which are also available on the Ministry of Foreign Affairs link at http://www.mzz.gov.si/zunanja_politika_in_mednarodno_pravo/mednarodno_razvojno_sodelovanje_in_humanitarna_pomoc/politike_mrs/cilji_trajnostnega_razvoja/ https://sustainabledevelopment.un.org/sdgs)

Figure 11: The UN global sustainable development goals (SDG)

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

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

Figure 12: The connectivity of DARS strategic goals with 8 sustainable development goals



Connected to the future

Peace, justice and strong institutions: By observing the rule of law and measures to prevent corruption and bribery, thus strengthening our integrity and reputation, we contribute to goal 16.
Relevant content: Corporate integrity and compliance.
Indicator: The Company seeks to maintain the number of confirmed cases of corruption at zero.

Partnerships for the goals: The motto of Company operations is connectivity in all possible forms, since that is the only way to contribute to a more sustainable society.
Relevant content: Indirect economic effects on the Company, the provision of fluidity, safety and comfort for MW users, inclusion in the community and development.
Indicator: To achieve a customer satisfaction index of 78 by 2020. Implementation of the C-ROADS (C-ITS) pilot project by 2020.

Life on land: DARS's focus on biodiversity and environmental responsibility contributes to the protection of terrestrial ecosystems.
Relevant content: Spatial planning and siting, biodiversity, waste management and water protection.
Indicator: Fulfilment of the requirements set out in environmental permits.

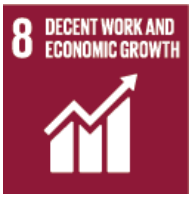
Affordable and clean energy: DARS strives for energy efficiency, a low carbon footprint and measures to reduce energy consumption, which contributes to goal 7.
Relevant content: Energy use, emissions.

Indicator: Reducing electricity consumption by 10% by 2020, consumption of energy products for heating by 10% by 2020 and CO_2 emissions of energy products for heating by 20% by 2020 with respect to the baseline year of 2015. Reducing the average fuel consumption for work vehicles and machinery by 2% by 2021 with respect to the 2018 baseline year. Reducing the average fuel consumption for light-duty vehicles by 5% by 2021 with respect to the 2018 baseline year.

Clean water and sanitation: Through water economy and activities to protect natural water resources in the event of incidents, DARS strives for the sustainable management of water resources and their preservation.
Relevant content: Water protection, waste management.
Indicator: Compliance with legislative requirements and good practice at the Company.

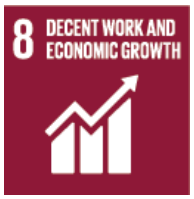
Ensuring the safety, traffic fluidity and comfort of users on the motorway network
Health and well-being: With its efforts to improve safety in road traffic and reduce the number of traffic accidents, DARS actively contributes to the realisation of goal 3. **Relevant content:** The provision of fluidity, safety and comfort for motorway network users
Indicator: Active cooperation with stakeholders to promote traffic safety: 50-percent increase in the reach of MW and future users (children, secondary school and university students) by 2020 with respect to 2015. The provision of accurate and timely traffic information and the efficient transmission of information to drivers: 10-percent annual growth in active traffic information search using own communication channels by 2020.

Industry, innovation and infrastructure: By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS d.d. wishes to provide users with safety and comfort.
Relevant content: The provision of fluidity, safety and comfort for motorway network users
Indicator: Monitoring travel times with various traffic flow detection systems. To provide a 3% decrease in the total congestion time per year by 2022 during rush hours on the Ljubljana radial roads and motorway ring.



Long-term stable operations
Decent work and economic growth: With successful business operations and the promotion of new innovative and modern approaches, DARS strives to achieve goal 8.
Relevant content: Long-term stable operations
Indicator: A net debt to EBITDA with the target indicator below 8; provision of 4.1% return on equity.

Industry, innovation and infrastructure: By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS d.d. contributes to regional and international economic development and the welfare of society. With the deployment of electronic tolling, it seeks to promote the use of environmentally cleaner technologies.
Relevant content: Long-term stable operations, indirect economic effects on the Company.
Indicator: Development of the motorway network pursuant to the owner's directions and the financial capacities of DARS: the length of reconstructed directional lanes – at least 55 km/year. Deployment of the DarsGo electronic tolling system in FTF for heavy vehicles.



Engaged and competent employees
Decent work and economic growth: With the role of a reliable and prudent employer, DARS contributes to the achievement of goal 8. DARS d.d. strives for safe employment, which is why 99.7% of its employees have permanent employment contracts.
Relevant content: Long-term stable operations, engaged and competent employees, and a creative and interesting working environment.
Indicator: The ratio between engaged and actively non-engaged workers increases to 0.75 by 2020.

Health and well-being: With concern for the employees' safety and health, DARS contributes to goal 3.
Relevant content: Creation of a safe working environment.
Indicator: The provision of employee safety in order to reduce the number of persons injured at work by 15% by 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 the strategic and operative levels. This strengthens the understanding between individual groups of stakeholders and the Company and enhances mutual trust.

The stakeholders of DARS d.d. have been identified and defined on the basis of one of the self-assessment measures under EFQM requirements and are set out in the document "Needs and expectations of stakeholders". The document defines all the relevant stakeholders, identifies 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. The inclusion and management of stakeholders is conducted in various ways with respect to the influence of a particular stakeholder on the Company and the influence of the Company on a particular group of stakeholders.[20]

Figure 13: DARS's relations with stakeholders (indicated key stakeholders)

[20] GRI GS 102-40, 102-42.

I.4.4 The inclusion of stakeholders and materiality matrix

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

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

Stakeholders	Communication tools and method of inclusion	Key topics/response to stakeholder requirements	Stakeholder's inclusion in the preparation of the Sustainability Report
Employees	• In-house communication tools: intranet, email, notice boards, in-house newsletter, bulletin, events • Project to identify and monitor the organisational climate at the Company • Workers' assemblies	Possibilities for creative work and development, good relations and fair payment for good performance, concern for safety and health at work, long-term stable operations	✓
SSH (owner's representative)	• Annual Report of DARS d.d. • Annual Management Plan • Criteria for the performance assessments of 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 the capital investments of RS and SSH • Feedback information and personal contacts	Successful realisation of the legally defined role of DARS (compliance), expected realisation of the LNU criteria, long-term stable operations, improved corporate governance practices, sustainable development, increased return on equity, the introduction of lean enterprise, the optimisation of business processes and operating costs, active debt management, the 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	• SB sessions and committees	Sound performance in line with the plans Compliance	✓
Ministry of Infrastructure	• Annual Report of DARS d.d. • Following up and taking account of proposals and remarks • Regular biweekly coordination meetings with the Directorate • All consents in line with the relevant legislation • Approval of government documents for borrowing • Approval of proposals for changes in toll pricing policy	Successful realisation of the legally defined role of DARS, long-term stable operations, indirect economic effects, compliance, the provision of fluidity, safety and comfort to MW users and customer privacy, active debt management, the fluidity and safety of the motorway network, the financially sustainable construction of the motorway network, and the provision of due quality of MW/EW operation and maintenance	✓
Slovenian Traffic Safety Agency	• Press conferences upon major safety occurrences • Events (Sožitje or Symbiosis project and other events related to increased traffic safety) • Periodic plans to ensure road traffic safety (annually)	Resolution on the National Programme on Road Traffic Safety 2013-2022 National Programme 2013-2022 Comprehensive consideration of the issue of traffic safety, increased effects in the implementation of traffic safety projects	✓
Ministry of Finance	• Consents to all borrowings • Consents to the section of the Business Plan setting out the refinancing of the Company debt (based on the Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d.d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d.d.)	The management of the debt secured with Republic of Slovenia guarantees and any impact on the public debt, the provision of financial sustainability	✓

[21] GRI GS 102-43, 102-44.

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

Stakeholders	Communication tools and method of inclusion	Key topics/response to stakeholder requirements	Stakeholder's inclusion in the preparation of the Sustainability Report
External stakeholders (EUROPEAN COMMISSION, ASSOCIATION OF OPERATORS)	• Website • Other communication tools: events, etc. • Meetings • Minutes • Telephone and personal contacts	Enforcement of EU legislation Influencing the development of European legislation and regulations, obtaining information on developments in European institutions, transferring the good practice of other motorway operators	–

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

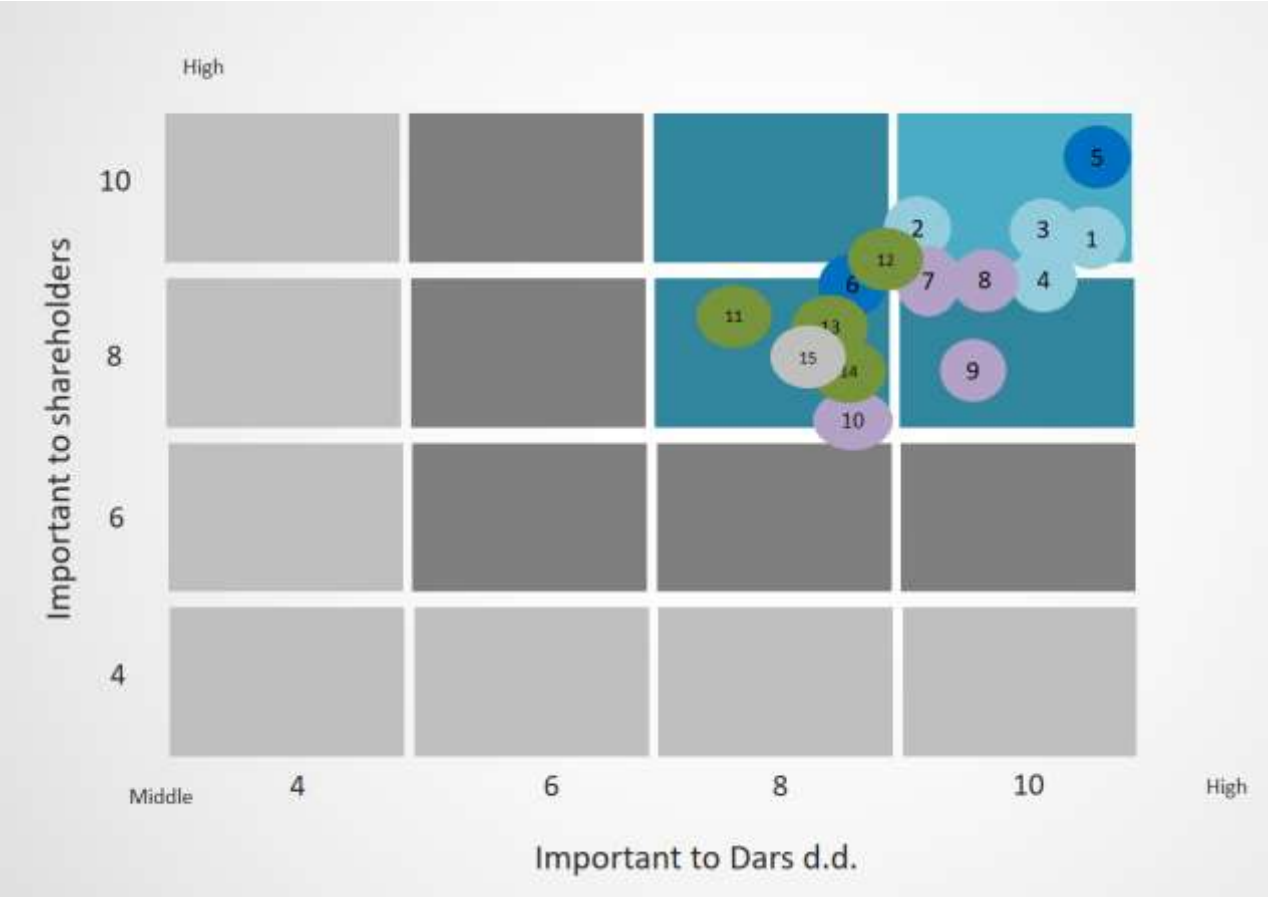
The table below shows material issues that were relevant to DARS d.d. in 2017 and 2018 and remain as such in 2019 as well. Material issues were selected on the basis of GRI standards, the Company's strategic policies and its impact on the environment, society and economy.

The materiality matrix (below) shows which content is 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 a modified questionnaire on the importance of individual material contents that was sent by DARS d.d. to the 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, and the Report on motorway user satisfaction measurement.

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

[22] GRI GS 102-47.

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



Key to Table 3

Seq. No.	MATERIAL CONTENT
1	Long-term stable operations
2	Indirect economic impact on society
3	Corporate integrity
4	Compliance
5	The provision of fluidity, safety and comfort for motorway network users
6	Privacy of clients/beneficiaries
7	Engaged and competent employees
8	Creation of a safe working environment
9	Development of a creative and interesting working environment
10	Diversity and equal opportunities, non-discrimination
11	Effluents and waste
12	Emissions
13	Energy
14	Biodiversity
15	Inclusion in the local community

[23] GRI GS 102-47.

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

When drawing up the Sustainability Report, DARS observed the instructions set out in the GRI 101 sustainability reporting standards: Foundations. The table below shows how the Company observed the sustainability reporting principles to identify the content of the Report.

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

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

The Report contains all the relevant information from standard 102: General Disclosures, as required for the core option of reporting. Based on relevancy, the Company selected some additional indicators, but does not report on certain indicators, as they are irrelevant. Based on the materiality matrix, the Company selected the material content that is most relevant to operations and reported about them with respect to GRI 200 Economic, GRI 300 Environmental and GRI 400 Social standards. All material content is also explained and described in terms of the management approach required in standard GRI 103: Management Approach.

I.4.5 Corporate integrity and compliance

Respect for human rights in business

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

Ethics and integrity[25]

Taking into account the legislation and practice in human rights (ILO Convention, RS Constitution, Protection against Discrimination Act), the Company has put in place mechanisms that prevent deviations in terms of human rights in the broadest possible terms. The mechanisms are set out in the Dars Code of Conduct and the Agreement on the prevention and elimination of the consequences of workplace harassment at the Company, concluded by the Management Board and the Workers' Council. This document sets out in detail the behaviour recognised and understood as workplace harassment, the procedure to resolve issues, findings and procedures to rehabilitate victims of workplace harassment. Notification may also take place anonymously. We are pleased that such cases are rare in the Company and that they are resolved to mutual satisfaction if they do occur. In 2016, three notifications were received, but no violation was

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

identified. There was no such case in 2017. In 2018, one notification was considered and, with the help of an external expert associate, no workplace harassment was established. Pursuant to its competences, the Board put forth measures to the HR management service to improve the existing situation. No notification was received in 2019.
To inform as many employees and external stakeholders as possible of the contents and instructions of the Dars Code of Conduct, the Company brought it closer to the public. It was published on the intranet and presented in the Avtoceste in-house newsletter, the Preglednik bulletin and on notice boards at motorway maintenance centres. The Avtoceste newsletter published an article requiring caution in the detection of fraud and deceit. That represents a control mechanism for the management of such incidents.[26]

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 Company employees and for raising awareness about the realisation of Company values and policies. Furthermore, it is meant to give employees a sense of belonging to the Company and the ethical principles on which their work should be based. The Code sets out 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 as the mirror of the Company. In this way, employees strengthen self-respect, self-confidence and loyalty, thus enhancing the Company's reputation.

Conflict of interests

A conflict of interest of employees in the Company structure and supervisory bodies reduces the independence and credibility of the Company among employees and the external environment. Abuse of inside information and business secrets is unacceptable, harmful and prohibited by DARS 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 the associate be eliminated from the specific work process.

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

Procedures or the process for the proper conduct of the highest governing body ensuring the prevention of conflicts of interest and managing them are indicated in the Agreement on the prevention and elimination of consequences of mobbing 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 their work, the Supervisory Board observes and abides by the principles of the Code of Professional Ethics of the Slovenian Directors' Association, the recommendations of the Slovenian Corporate Governance Code for Listed Companies, and the Corporate Governance Code for Companies with Capital Assets of the State. The CVs of SB Members are published on the Company website.

Corruption[27]

The Company has adopted the Dars Code of Conduct and Instructions setting out protection for whistleblowers notifying corruptive, illegal and unethical actions, based on the Integrity Plan of DARS d.d., which resulted from the Integrity and Prevention of Corruption Act.

[26] GRI GS 205-2.
[27] GRI GS 103-1, 103-2, 103-3, 205.

The Dars Code of Conduct and instructions setting out protection for whistleblowers notifying corruptive, illegal and unethical actions sets out measures to be used by DARS d.d. to act accordingly. The Company has appointed the Company Integrity Committee, which is responsible for resolving deviations from the mentioned requirements.
The Integrity Committee received three anonymous notifications in 2019 and one question from an employee that referred to the integrity expected at the Company. In all three cases, the Committee found and adopted a decision that the anonymous notifications contained no suspicion of corruptive conduct, infringement of the obligation to avoid a conflict of interests or other infringements, which is why the procedure was suspended in all cases.[28]

Compliance[29]

DARS's compliance with the legislation and rules is evident from the Annual Report for 2019, Chapter I.4. Corporate Governance Statement of DARS d.d. Compliance in environmental and energy issues is evident from Chapter I.5.6.1.

Legal protection against violations in public procurement procedures is ensured in a review procedure that takes place before the National Review Commission for Reviewing Public Procurement Procedures (hereinafter "DKOM").
The table below (Table 5) shows that 313 public contracts were awarded in 2019. There were 16 review requests filed based on the Legal Protection in Public Procurement Procedures Act (ZPVPJN),[30] and 12 DKOM decisions published (Table 4). Four DKOM decisions considered two review requests each, i.e. DKOM decisions No. 037-2019, 055-2019, 119-2019 and 182-2019. DKOM decision 018-2019 stayed one proceedings.

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

	2017	2018	2019
No. of partially granted review requests	-	-	-
No. of granted review requests	7	1	5
No. of annulled procedures	-	-	1**
No. of dismissed review requests	-	-	1
No. of rejected review requests	4	6	8
No. of stayed procedures	1	2	1

* The data has been taken from www.dkom.si.
**DKOM Decision 018-112/2019, procedure was suspended.

Table 5: Published and awarded public contracts on the eNaročanje portal (data for DARS d.d.)*

	2017	2018	2019
No. of published public contracts	156	176	162
No. of awarded public contracts	255	281	313

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

I.4.6 Risk Management

DARS d.d. is aware of the severity of the consequences that could arise if various types of risk were to be realised. In the increasingly uncertain business environment, risk management represents a significant factor in business performance, which is why the Company pays a great deal of attention to the timely detection of risks and their management. The risk management process has become a strategic part of our business, so the Company is especially proud of its successful management of risk in 2019. Risk management at DARS is carried out using three lines of defence.

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

The first defence line is the management, which is responsible for the establishment and successful functioning of internal controls and the daily implementation of risk management procedures. The management is tasked with identifying and assessing risks while defining a proper response to the risks in line with the goals of the organisation. The second defence line includes those functions that carry out supervision over business processes and risks (quality, accounting controls, physical protection and similar controls, etc.). Employees at the mentioned functions are responsible for the proper introduction of the risk management system. The Company promotes the definition of exposure to individual risks, the monitoring of procedures to manage risks and the development of a risk reporting system. The third defence line is auditing, both external and internal. In November 2019, the DARS d.d. Strategy for 2017-2020 was revised for the second time, somewhat amending the operational goals that support the strategic goals, based on which the strategic risks were re-identified. The system is reviewed and supplemented on an ongoing basis, so that the key risks the Company is exposed to are identified, evaluated and managed in due time.

Risks have been identified based on the goals set at the highest level in the DARS d.d. Strategy for 2017-2020 and with respect to the goals set at lower levels within the scope of each process. In 2019, the composition of the Risk Management Board changed. The methodology for risk assessment was amended in 2019. The probability of occurrence was assessed using a 5-level scale: highly unlikely (10-20 years), very unlikely (5-10 years), fairly likely (1-5 years), very likely (1 month to 1 year) and highly likely (1 day to 1 month), with the consequences of the risk expressed either in terms of value using a five-level scale (less than €10,000, €10,000 to €100,000, €100,000 to €1 million, €1 million to €10 million and over €10 million) or semi-qualitatively with grades of 1 to 5 (low, moderate, medium-high, high and very high).

Based on all risks identified and evaluated, members of the Risk Management Board prepared a selection of key risks that require active engagement. An acceptable level of risk that the Company is still prepared to assume was determined for the selected risks. The upper risk limit is compliant with the Company's business strategy and risk appetite. In cases where the level of acceptable risk is lower than the level of the calculated risk, the resulting discrepancy between the actual and acceptable risk must be resolved during the management of the identified risks. The management of every process holding a risk has designed control mechanisms for the identified risks – activities to reduce and manage risks – and the adopted control mechanisms are now subject to regular monitoring. Risk management is integrated into all areas of Company operations.
The identified risks on which special attention has been placed are:

- limited funds available for investments in development,
- traffic accidents or level of traffic safety,
- dependence on outsourcers,
- loss of income from the functioning of the DarsGo system,
- failure of key information systems,
- efficiency of DarsGo system operation,
- economic viability of investments,
- revenue risk,
- loss of competent or key staff (undesired fluctuation),
- increased share of actively non-engaged employees,
- insufficient sources to increase employee competence and thus the development of the target organisational culture,
- concern for employees' safety and health at work, and
- environmental protection.

I.5 Performance Report

I.5.1 Economic highlights from operations

The long-term strategic goal of DARS d.d. is to become a stable operator capable of using income generated from tolls and other revenue to ensure the sustained development of the Company, its long-term stable and socially responsible operations, and the safe use of the motorway network. By building and maintaining quality, reliable and sustainable motorway infrastructure, DARS d.d. contributes to regional and international economic development and welfare.[31]

In the 2019 financial year, DARS d.d. generated revenues amounting to €480.8 million, which is 3 percentage points more than in 2018. The 2019 toll revenue, which accounts for 89% of the total revenues, was 3% higher than in 2018. The growth of toll revenue is related to increased revenue from the tolling of heavy vehicles due to the introduction of the DarsGo electronic tolling system (1 April 2018), under which tolls were collected from heavy vehicles throughout the MW and EW network in 2019, increasing traffic, and changed toll prices as of 1 April 2018. In 2019, vignette sales increased by 3.7% in terms of value and by 2.9% in terms of quantity, with 7,510,454 vignettes sold.

Profit or loss from operating activities amounted to €211 million, which is 5% less than in 2018. EBITDA amounted to €422 million, which is 6% more than the previous year, and is the highest in the Company history.

The net profit or loss of DARS d.d. for the period from 1 January to 31 December 2019 amounts to €139.6 million and decreased by 10% compared to the 2018 net profit or loss.

[31] GRI GS 103-1, 103-2, 103-3, 201, 203.

Table 6: Key performance data by year[32]

Key performance data by year	2017	2018	2019	2019/2018 index
ECONOMIC				
Net sales revenues	442,244,312	465,605,859	480,750,876	103
Operating profit or loss	210,681,424	222,394,940	210,990,006	95
EBITDA	371,822,312	397,476,660	422,009,626	106
Net profit or loss for the accounting period	141,145,144	154,421,963	139,611,455	90
Share capital	2,322,284,140	2,322,284,140	2,086,559,144	90
Equity as at 31 December	2,811,184,886	2,963,264,000	2,863,136,410	97
Total assets as at 31 December	5,751,989,678	5,656,311,816	5,307,039,906	94
Debt repayment – principal	203,008,406	219,555,539	212,849,148	97
Interest payment*	40,414,027	40,624,860	37,889,189	93
ENVIRONMENTAL – energy consumption in MWh				
Electricity	24,526	23,598	22,584	96
Fuel	16,369	18,662	18,081	97
Natural gas	1,676	1,443	1,386	96
LPG propane	2,123	1,964	1,857	95
LPG propane butane	1,105	852	475	56
Heating oil	291	238	97	41
District heating	778	638	550	86
MW km	618	623	623	100
No. of employees	1,240	1,232	1,257	102
Operating margin	47.6%	47.8%	43.9%	92
EBITDA margin	84.08%	85.37%	87.78%	103
Net margin	31.9%	33.2%	29.0%	88
Return on equity (ROE)	5.15%	5.35%	4.79%	90

* The data refers to actual outflows for interest paid on received loans and bonds in an individual year.

[32] GRI GS 201-1.

Figure 14: Net sales revenues and cash flow from operating activities (EBITDA) for 2015-2019

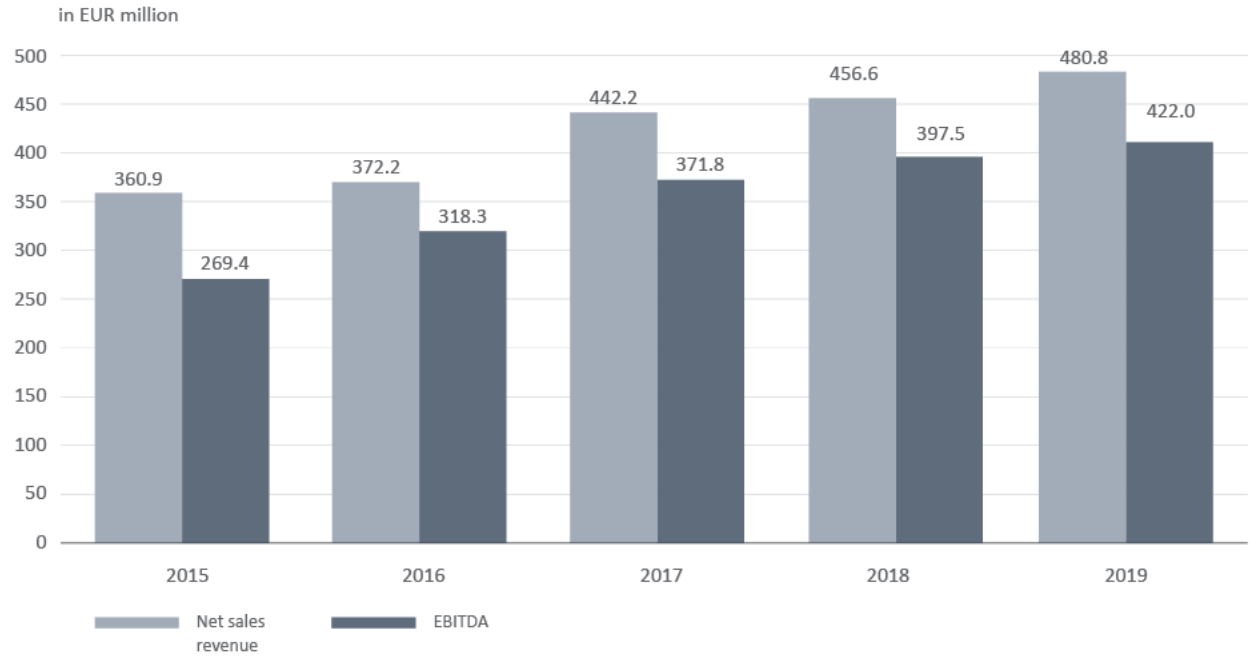


Figure 15: DARS d.d. revenues in 2019

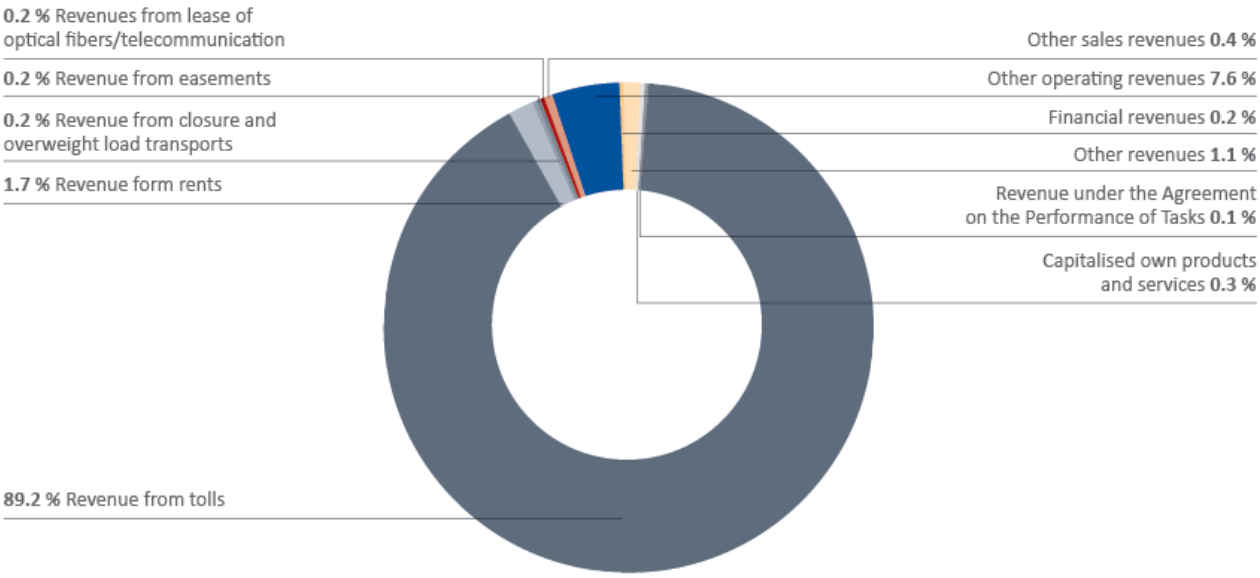


Table 7: Indirectly created and distributed value of DARS d.d. in 2019[33]

In EUR	2017	2018	2019
Revenue (direct economic value) (1)	**442,411,843**	**466,246,838**	**481,358,110**
– from sales	442,244,312	465,605,859	480,750,876
– from the sale of assets/real estate	167,531	640,979	607,234
Distributed economic value (2)	**317,224,882**	**344,637,330**	**408,775,504**
– Cost of goods, material and services	38,635,453	47,646,986	50,383,003
Costs (excluding labour costs)	**203,242,941**	**226,137,622**	**265,820,555**
Labour costs	**39,730,512**	**40,847,516**	**45,244,673**
Loss upon the elimination of fixed assets	**615,603**	**3,749,710**	**30,864,914**
Disbursements to equity owners and other providers of funds	**40,414,027**	**40,620,397**	**37,889,189**
– dividends	0	0	0
– interest	40,414,027	40,620,397	37,889,189
Corporate income tax	**32,981,826**	**33,075,718**	**30,552,021**
Investments in the social environment	**239,973**	**206,367**	**517,251**
– sponsorships and donations	165,094	148,934	197,339
– other (duties, use-of-construction-land charge, etc.)	74,879	57,432	319,912
Directly generated economic value (1 - 2)	**125,186,962**	**121,609,509**	**70,469,508**

I.5.2 Marketing and a responsible attitude to customers

I.5.2.1 Use of toll roads and sales revenues

DARS products and pricing

The main product of DARS is the use of toll roads. A component part of the overall experience in the use of toll roads includes safety, fluidity and comfort in the use of the motorway infrastructure, which are at the same time, the Company's strategic goals and a commitment to its customers. Safety, fluidity and comfort do not generate direct revenue or do not account for a considerable share of the revenues. Despite this, the activities of many Company services in that area and investments in safety, fluidity and comfort, as well as the promotion of safe driving, make sense. All such activities ensure reduced socioeconomic costs of traffic accidents (human cost, medical costs, administrative costs, loss of production, etc.) and congestion (cost of time lost).

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

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

In 2019, the Company generated sales revenues amounting to €480.8 million, which is 3.3% more than in 2018. Freight traffic (vehicles with MAM exceeding 3.5t) contributed the most to the growth in the total sales revenue.

[33] GRI GS 201-1.

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

In 2019, the Company generated slightly less than 4% more revenue from the sale of vignettes and 3% more revenue from heavy vehicle tolling, while the total toll revenue increased by 3.3% compared to 2018.

DARS d.d. strives to cover all or the largest possible share of toll road costs with toll revenue. The cost of infrastructure investments accounts for the largest share of annual toll road costs, followed by current costs related to management, routine and investment maintenance, and tolling. Toll and vignette prices are set out by the Slovenian government, while DARS d.d., as the operator, is allowed to put forth and substantiate its own proposals. From 2013 to 2019, the Company managed to reduce the gap between the total annual toll road costs and the annual toll revenue with 3 successfully enforced changes to toll and vignette prices.
In 2019:

- toll revenue increased by 58% compared to 2013;
- revenue from heavy vehicle tolling increased by 54% compared to 2013, whereby the use of 28% more toll kilometres was charged in 2019 with respect to 2013;
- revenue from vignettes increased by 40% compared to 2013, whereby 31% more vignettes were sold in 2019 with respect to 2013.

Charging for the use of infrastructure and sustainable development

In is proposal to amend Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, which was submitted to the EU Council on 1 June 2017, the European Commission finds:
"An efficient and reliable transport system is essential for the smooth functioning of the internal market and is a key sector of the economy. While road transport plays the most important role in the inland transport system, it is a source of a number of socio-economic and environmental challenges (e.g. climate change, air pollution, noise, congestion). Distance-based road pricing can play a key role in incentivising cleaner, more efficient operations, and its coherent design is crucial to ensuring the fair treatment of road users and sustainable infrastructure financing."

The normative regulation of toll collection has become a tool for achieving not only a single market and the non-discriminatory movement of goods, services and people in the EU, but also environmental goals through toll prices and charging methods (for a fixed term or for a specific distance travelled). The European Community promotes the application of the *„polluter pays"* and *„user pays"* principles, thus promoting *"financially and environmentally sustainable and socially just road traffic".*

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

The "user pays" principle is implemented by DARS when setting DARS toll prices, since it takes into account a calculation methodology based on the principle of consideration for infrastructure costs pursuant to the applicable EU Directive 1999/62/EC. By pursuing the optimum (maximum) amount of tolls, DARS maintains road infrastructure and at the same ensures that users do not pay unreasonably high costs for the use of MWs and EWs.

The "polluter pays" principle is enforced by DARS with its toll pricing policy for heavy vehicles, which differentiates the infrastructure charge with respect to the impact caused by vehicles on the environment (social costs of air pollution), thus ensuring a positive impact on the environment and air quality, since customers are encouraged to use cleaner vehicles when travelling through Slovenia. In 2019, Slovenian roads carried over 91% of vehicles with a MAM exceeding 3.5t of the cleanest emission classes (EURO V, EEV and EURO VI), whereas only about a quarter of such vehicles were registered on Slovenian roads in 2013. In 2013, the pricing initiative to use cleaner vehicles for travelling on Slovenian MWs and EWs was smaller, i.e. the difference in the price was much smaller (22.5% lower price for the cleanest vehicles, today 40%). The price difference, however, implies a certain risk for the stability of DARS toll revenue and calls for the regulation of revenue under such conditions with occasional price increases.

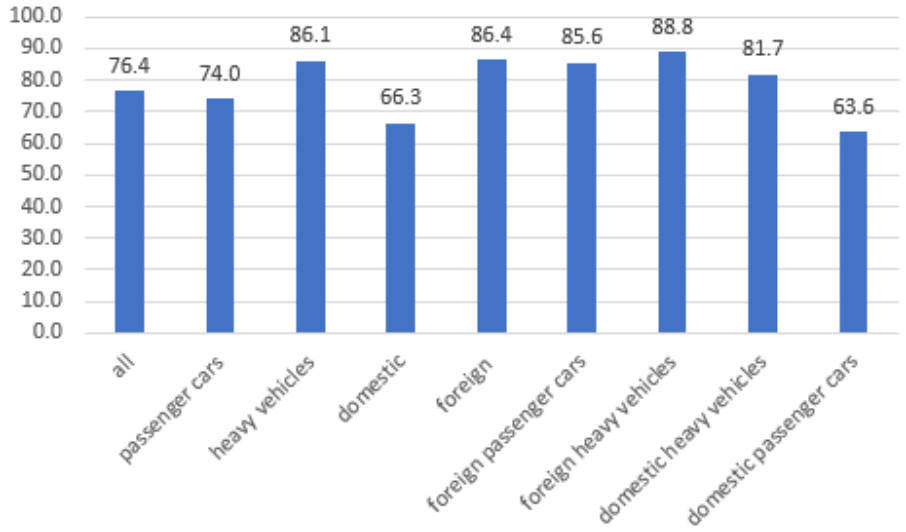
I.5.2.2 A responsible attitude and understanding customers

Satisfaction with Company services

In its Strategy, the Company set the customer satisfaction index as one of the key indicators. Hence, it undertook to understand and measure their expectations and satisfaction.

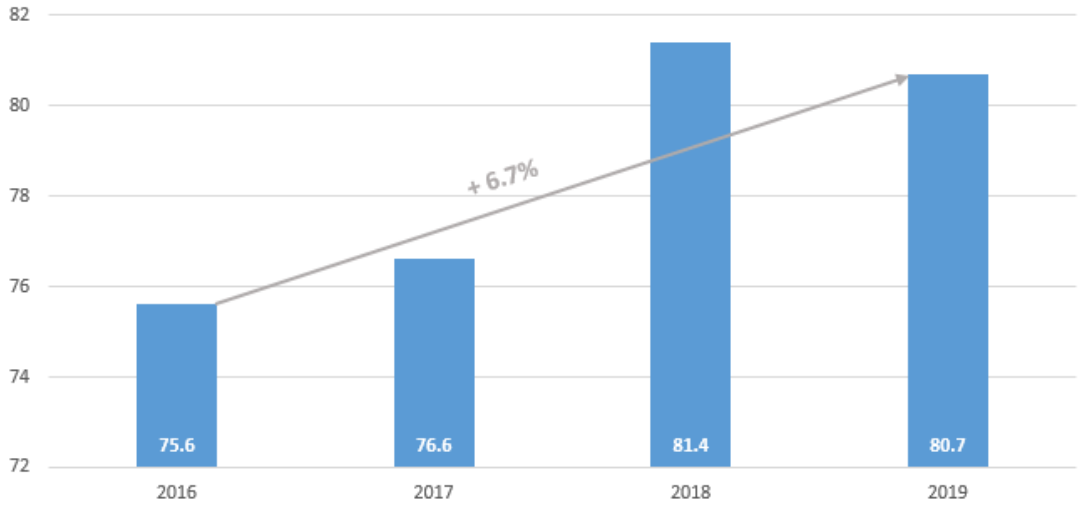
In 2019, DARS conducted a **research study measuring the satisfaction of the users of Slovenian motorways**.
In the survey, respondents assessed their satisfaction with several factors affecting customer satisfaction with motorways and covering the following categories or aspects of the user experience: carriageway, safety, signalling, information provision, fluidity, rest areas and electronic tolling (DarsGo system). The results per particular user segment are evident in the figure below.

Figure 16: Satisfaction by category



The weakest point in the assessment turned out to be traffic fluidity, and rest areas also received somewhat poorer grades. The drivers surveyed expressed a high degree of satisfaction with signalling and safety, with the DarsGo electronic tolling rated the highest. In 2019, foreign drivers were again more satisfied than domestic drivers. Due to a change in the structure of the baseline quotas, the aggregate satisfaction index is this time not directly comparable to the index from previous years. To ensure a direct comparison with 2018, this year's data was further weighted with respect to the ratios or baseline quota by groups of vehicles for 2018. The weighted total satisfaction index was calculated from the scores of all factors and amounted to 80.7 in 2019 (81.4 in 2018), as evident for the last 4 years from the chart below.

Figure 17: MW user satisfaction index



Sales channels and market communication as a reflection of the attitude towards customers

The responsible attitude of DARS towards its customer is reflected through its efforts to provide users with simple access to a network of its own and contractual points of sale and a wide range of payment means, thus contributing to reduced transaction costs for customers and improved satisfaction.

Market communication in relation to the use of road infrastructure covers the provision of information on the obligations, terms and methods of toll payment, whereby DARS distinguishes between and addresses two customer segments – drivers of heavy vehicles and drivers of passenger cars. In that case, the goal is to enable ongoing toll payment, without unnecessary complications and to resolve warranty claims as quickly as possible.

To ensure the strategic goals and promises in the Company strategy – fluidity, safety and comfort – it is necessary to achieve behavioural changes in the customers (MW users), such as safe driving, observing proper procedures in the event of traffic accidents, the provision of information on road conditions, the use of infrastructure outside rush hours, the use of alternative routes or transport means during major reconstruction works that reduce fluidity, etc., in parallel with the technological, technical and organisational input.

The provision of traffic safety requires close contact between the operator and motorway users, with two-way communication rather than merely one-way in the sense of information provision. Enhanced safety, however, requires the operator's investments in infrastructure and changed driving habits and culture. This is a learning process that we seek to accelerate, using available marketing and communication methods, from market research to safety campaigns and advertising.

I.5.2.3 Market communication for enhanced traffic safety

The "Careful!" campaign

The "Safety Distance" campaign, prepared in 2018, continued from January to August 2019. In 2019, it was decided, following a consultation between the Traffic and Traffic Safety Management Service and the Communications and Marketing departments, to launch the promotion of content displayed on variable message signs erected above the motorway. To ensure that measures taken by DARS achieve their purpose and improve fluidity and safety on Slovenian motorways, drivers need to understand variable message signs and observe them. The aim was to present the content displayed on variable message signs to road users in an attractive way, which is why a quiz for one or two contestants was selected for the purpose. In addition to content displayed on variable message signs, the game included content relating to traffic safety rules.

The campaign was launched in September 2019 at the MOS B2B fair. The promotional article and advertisement "Careful!" was published in specialist and general media and at the Dars media centre on the Internet (magazines Obrtnik, Transport & logistika (including e-portal), City Life, www.vecer.si, ZŠAM, Kamion & bus ...).

A new chapter to the topic on the importance of variable message signs was launched under the section offering advice on safe driving on the Company's website www.dars.si.

The banner "Careful!" was added in the footer of every outgoing email sent by DARS with a link to the mentioned chapter on the DARS website, where examples of such signalling are presented along with an explanation.

The quiz was also prepared to be used on Facebook with the option of two or more contestants playing the quiz or merely the publication of individual questions. Three prize questions were published from November to December 2019 on **https://www.facebook.com/Vozimo.pametno/** (contestants wrote the answer in the form of a comment). The publications, although only three in number, received above-average attention (724 comments, 254 likes).

Figure 18: Advertisement raising awareness of the importance of variable message signs

Presentations of the DARS "Careful!" safety campaign at events

At the MOS B2B trade fair in Celje, DARS presents its preventive campaigns aimed at improving traffic safety on motorways (e.g. "Save a Life", "You're not Safe", "Safety Distance" and "Careful"). The visits and response to the presentations executed have so far been very good. We presented the "Careful!" campaign from 10 to 15 September 2019 at the Company's 50-square-metre exhibition stand.

Figure 19: Exhibition stand of DARS d.d. at MOS 2019

It is evident from the statistics of the played games at MOS that 1168 contestants joined the quiz and altogether provided 5846 answers to the set questions. Contestants received 34 different questions, 20 of which were on the topic of variable message signs and 14 on the topic of other safe driving rules. Contestants provided 23% wrong answers on average.

After a successful presentation in 2018, we also attended the Gathering of road haulier families and companies on 28 September 2019 in Slovenske Konjice, thus reaching one of the key target groups – domestic heavy vehicle drivers.

Figure 20: The exhibition stand of DARS d.d. at the 2019 Gathering of road haulier families and companies

Learning aid for pupils to promote adequate safety distance

In 2019, the Company continued to present its safety contents with the "**Useful charts: English tenses BUS**" leaflet with the cooperation of illustrator Ciril Horjak and the Mogenas agency. This is a learning aid for 6th graders in primary school presenting English tenses that may be used by pupils for several years. The comic in the leaflet presents the importance of ensuring traffic safety (safety distance). The leaflet was distributed to the entire population in Slovenian primary schools at the beginning of September 2019. Based on the teachers' responses, it may be concluded that the leaflet is a desired aid, which is why it may be reasonably assumed that more and more children are aware of traffic safety and will influence their parents' habits, while taking in safe driving rules that will guide them when they become drivers themselves.

Figure 21: Learning aid raising awareness on the importance of traffic safety

I.5.3 Traffic and safety concerns

After 2018, the number of fatalities on Slovenian roads slightly increased

After 2018, which was the most successful year in terms of the number of fatalities and injured persons in traffic accidents in recent years, traffic safety was slightly poorer in 2019. The number of fatalities on all roads increased from 91 in 2018 to 102.

The number of fatalities on motorways and expressways in 2019 increased compared to 2018, i.e. from 15 to 16. On the other hand, statistical data in all other categories improved. The total number of traffic accidents recorded by the Police remained practically unchanged (2186 in 2018 and 2184 in 2019); however, the number of persons injured in traffic accidents resulting in severe or light bodily injuries decreased substantially. There were 70 persons with severe bodily injuries in 2018 compared to 52 in 2019, and 658 persons with light bodily injuries in 2018 compared to 599 in 2019.

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

Figure 22: Number of traffic fatalities in the Republic of Slovenia from 2015 to 2019

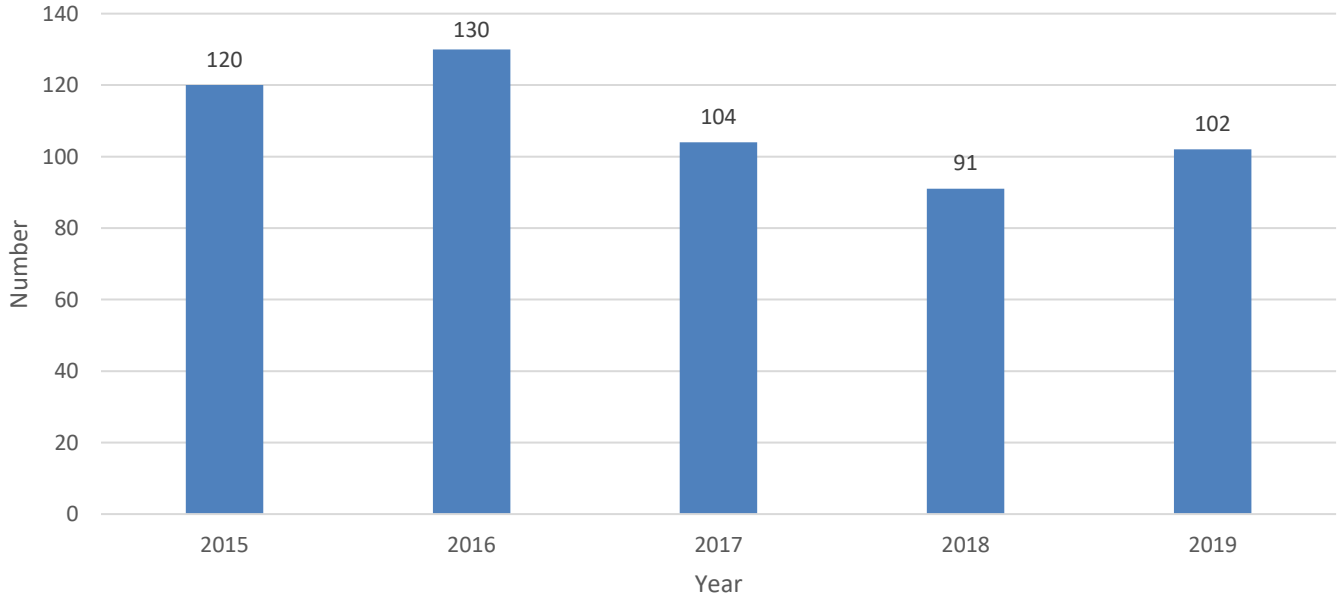
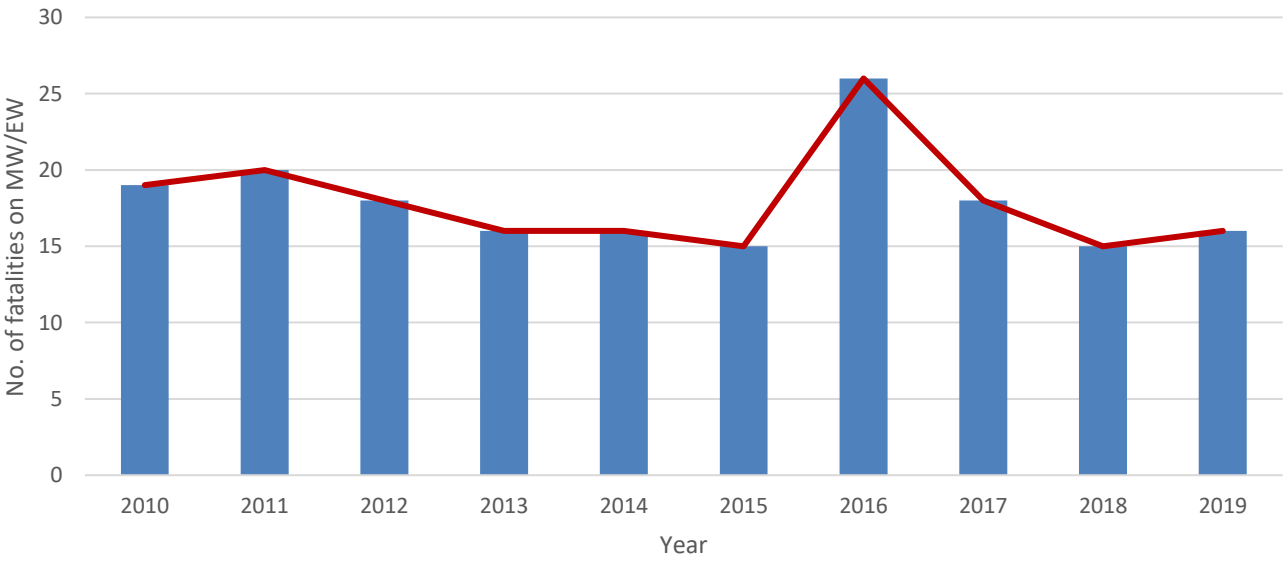


Table 8: Data on traffic accidents on motorways and expressways from 2010 to 2019

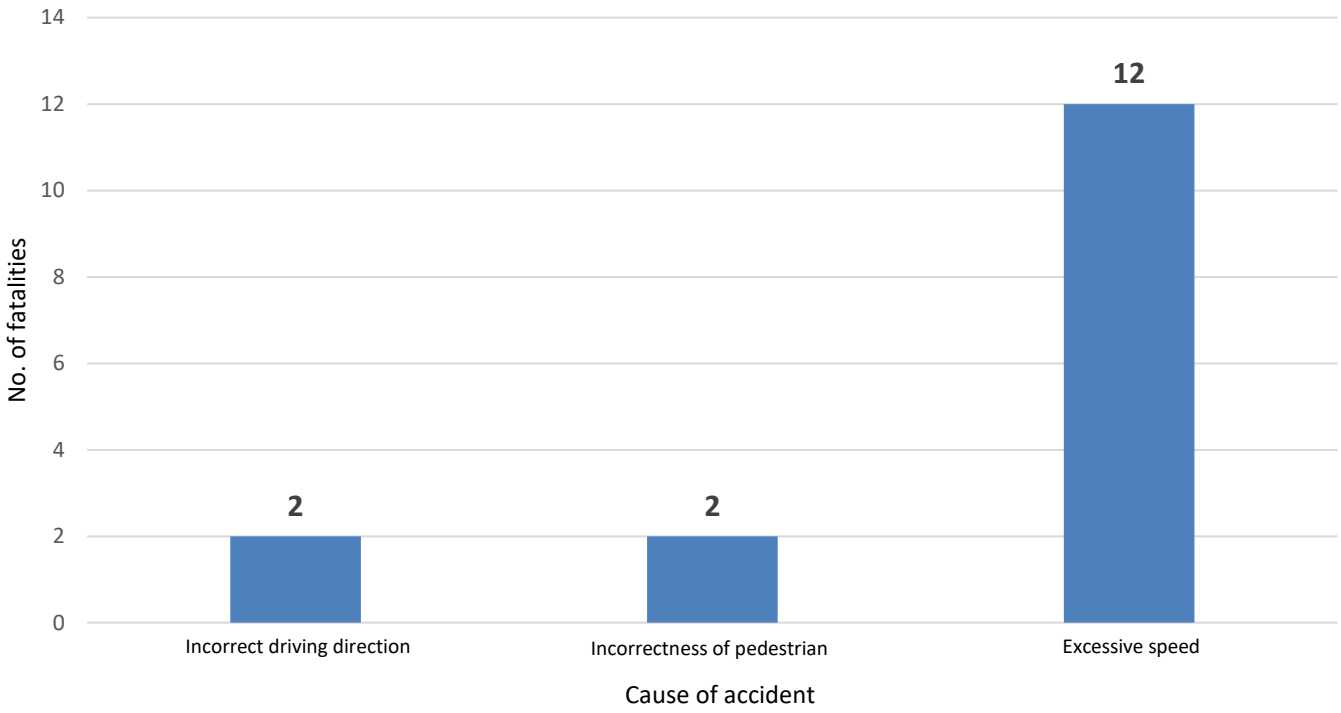
Year	Road category	Light bodily injury	Severe bodily injury	Fatality
2010	MW	674	60	18
	EW	142	13	1
2011	MW	647	60	16
	EW	69	7	4
2012	MW	631	59	18
	EW	66	7	0
2013	MW	564	44	16
	EW	80	0	0
2014	MW	548	51	16
	EW	61	6	0
2015	MW	551	55	13
	EW	82	5	2
2016	MW	545	46	23
	EW	64	7	3
2017	MW	491	43	16
	EW	49	5	2
2018	MW	601	63	13
	EW	58	6	2
2019	MW	534	49	15
	EW	65	3	1

Figure 23: Implications of traffic accidents on MWs and EWs by year



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

Figure 24: Number of fatalities with respect to the cause of accident in 2019*



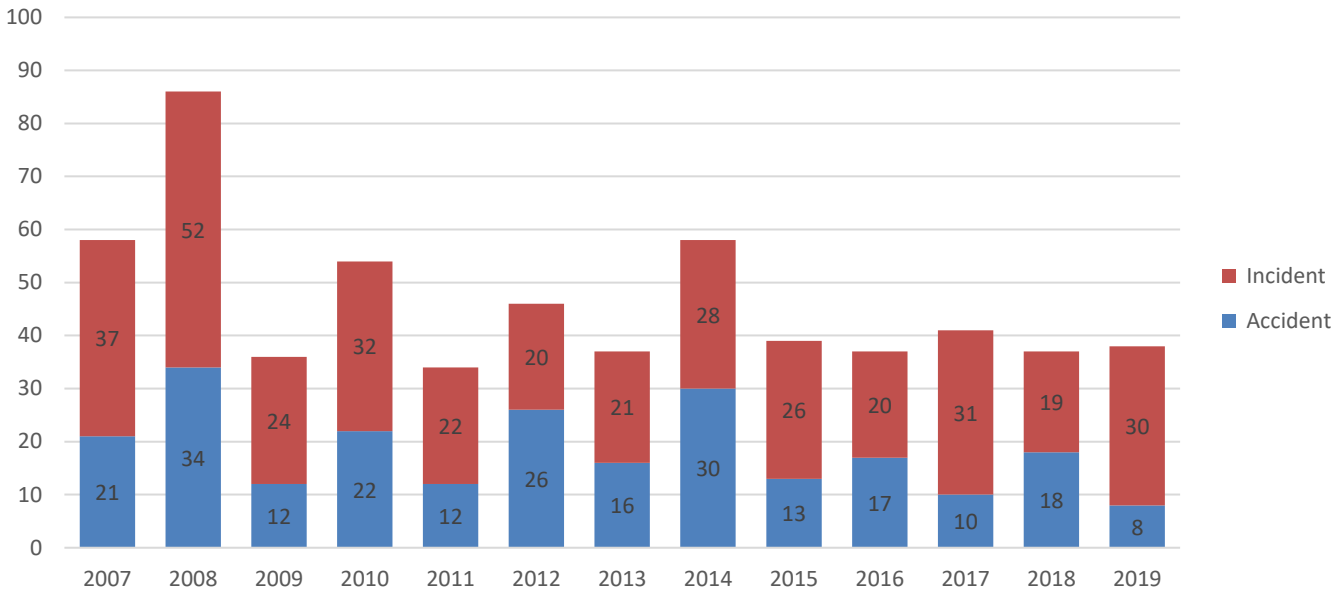
** incorrect driving direction: this not only includes driving in the opposite direction, but also (mostly) run-offs from the MW/EW onto the embankment.*

Safety in tunnels has improved

In respect of motorway tunnels, it has been found for 2019 that:

- the number of events is still relatively small and at a level comparable to recent years;
- these events were mostly caused by the actions of users, which is something that is practically beyond the control of DARS d.d.;
- the direct consequences of the events were negligible for those involved and the tunnels with installed equipment;
- no hosting of events was found;
- the response of the competent services to emergency events was efficient.

Figure 25: Accidents and incidents in tunnels longer than 500m as of 2007



The result of EuroPAP protocols: traffic safety has improved in the long run given continuous traffic growth, but with occasional short-term lapses.

According to the EuroPAP protocols, video recordings were taken in 2018 of most sections subject to reconstruction works that year and of the sections reconstructed in 2016 and 2017. The video recordings were processed using the Video Coding procedure, which provided the basis for the production of the Star Rating physical assessment of road conditions together with a selection of possible measures within the scope of the Safer Roads Investment Plan. For reasons of rationality (the recording of a large number of sections), reconstructions will be subject to this procedure in 2020.

The latest consecutive Risk Rating was made for the 2015-2017 period and provided the basis for the so-called relative traffic safety indicator “Accident Level”, which shows the number of traffic accidents with serious bodily injuries or fatalities in a 3-year period with respect to the number of kilometres travelled. Previous periods were: 2006-2008, 2009-2011 and 2012-2014. The next assessment will be made in 2021 for the period of 2018-2020.

Data on the results of the above activities were shown in the 2018 Sustainability Report.

I.5.4 Projects in traffic management and concern for user safety[34]

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

I.5.4.1 Traffic control and management[35]

24/7 traffic control and management

The Kozina, Ljubljana, Vransko, Slovenske Konjice and Hrušica Control Centres with their teams of traffic supervisors see to uninterrupted traffic control and ensure optimum safety and fluidity on Slovenian motorways and expressways. In 2019, the main control centre (MCC) in Dragomelj was put into service. This covers the entire MW/EW area in the Republic of Slovenia, linking regional control centres and coordinating activities between them. Among other things, it provides traffic control and management at the international level.

Awareness raising on the significance of safe driving and the provision of information on traffic fluidity

DARS strives to provide conditions for safe driving and traffic fluidity to the maximum possible extent.
While there are other institutions striving to ensure traffic safety and contributing a great deal to awareness raising among road users, DARS actively participates or carries out some of the activities (mostly those referring solely to MW/EW traffic) alone.
To provide the maximum degree of traffic safety, the following campaigns were carried out:

- **Be prepared for winter**
  https://www.dars.si/Dokumenti/Medijsko_sredisce/Informativne_kampanje/Zimska_sezona_1047.aspx
- **Safe motorways require renovation**
  https://www.dars.si/Dokumenti/Medijsko_sredisce/Obnavljamo_za_vas_1038.aspx
- **Safety distance**
  https://www.dars.si/Dokumenti/Medijsko_sredisce/Informativne_kampanje/Varnostna_razdalja_1060.aspx
- **Linked into a safe network**
  - For a peaceful journey: https://www.youtube.com/watch?v=pxHUfZxjzkU
  - Motorway accident – don't let it happen: https://www.youtube.com/watch?v=aXjOYOnPe-k
  - Unfavourable weather conditions: https://www.youtube.com/watch?v=1Po-zxwBqRI
  - Safely through a tunnel: https://www.youtube.com/watch?v=-XwQi2TcOvA
- **Common efforts to improve safety with the start of the motorcycle season –** safe driving training for motorcyclists
- **Video announcement of the weekly traffic forecast**
- Cooperation with the VOZIM Institute in the form of innovative interactive workshops where the personal experiences of those injured in traffic accidents are presented. In light of the major problem of alcohol consumption among young people and, consequently, grave implications, the Institute upgraded its activities with the "Heroes drive in pyjamas" campaign.
- **Participation in the Sožitje (Symbiosis) project,** as organised by the Slovenian Traffic Safety Agency, where elderly drivers sharpen their skills. The purpose of such training is to make elderly drivers feel safe on Slovenian roads, keeping them mobile for as long as possible.
- **"Save a Life"**
  Position your vehicle properly in motorway congestion, thus allowing paramedics to reach the accident site as quickly as possible. The application of this traffic rule has improved recently, though it still makes sense to publish or repeat it in the event of a traffic accident. The media have also recognised this preventive content as significant and often publicise it together with information on a traffic accident (Val 202).

[34] GRI GS 103-1,103-2,103-3, 416, 416-1.
[35] GRI 103-2, 103-3.

- **"Observe the safety distance"**

  That is to say, the traffic rule of a 2-second distance between vehicles driving in the same direction is important primarily due to the proven fact that there would have been fewer traffic accidents on all roads if the distances between vehicles on the road had been correct (adequate). Preventive content is still active at locations where additional traffic signs, the so-called points, were established showing drivers on the MW/EW what the distance between vehicles at the prescribed speed (130km/h) should be. Furthermore, banners have been set up on overpasses and at rest areas. This content is also often communicated in the media.
- **"Right lane for driving, left lane for overtaking"**

  is preventive content that DARS started publishing in September 2019. Together with the Traffic Safety Agency, we have found drivers' habits to be improper, since drivers use the overtaking lane as a driving lane despite the driving lane being free of traffic. It was agreed that MW/EW portals may publish this content when there are no other active events and when traffic in the driving lane falls below 1200 vehicles per hour. In case of heavy traffic, such content is no longer appropriate, since the driving conditions change. After the press conference organised by the Traffic Safety Agency, we received a great deal of positive opinions on the campaign.

Figure 26: "Right lane for driving, left lane for overtaking"

- The campaign "Easy driving gets you there faster", which was active from 4 to 8 November 2019 in cooperation with Val 202 and the Avtomobilnost TV show, received a great deal of attention. The media addressed road users during the morning rush hour to drive calmly and with an adequate safety distance. With respect to data from traffic meters, the closing Avtomobilnost show and campaign over Val 2020 was completed with the finding that addresses to road users are very welcome. In the week observed, the weather varied (it also rained) and traffic accidents occurred. However:
  - safety distances were adequate;
  - traffic flow was solid (even very good on the Dolenjska MW leg);
  - in terms of traffic, the Štajerska MW leg is practically out of control or, in other words, traffic on that leg needs to be reduced if we want to improve fluidity. No other advice could be found after the week of observation.
- Activities are also on-going in relation to **amendments and supplements to the Road Traffic Rules Act (ZPrCM)**, which are sent regularly to the competent Ministry of Infrastructure.

Figure 27: Variable Message Signs: "Careful!"

Measures in traffic management and concern for user safety

- Arrangement of run-off areas
- Curbing speed and increasing fluidity
- Replacement of crash barriers and traffic signs
- Additional signs for safety distance
- Erection of safety barriers on structures to prevent vehicles from skidding off them
- Replacement of directional signs at motorway exit ramps
- Replacement of end terminals and the erection of additional safety barriers and crash cushions

The management of intelligent transport systems (ITS) or smart motorways

- Integration of Goli vrh LED indicators into the TCMS
- Integration of new variable message signs at the Torovo control point (CP) into the Traffic Control and Management System (TCMS)
- Integration of new variable message signs at CP Log into the TCMS
- Integration of new variable message signs at CP Dob into the TCMS
- Erection and integration of new variable message signs into the TCMS at MW section Brezovica - Divača including the MW section Gabrk - Sežana (CC Kozina)
- Erection and integration of new variable message signs into the TCMS on the northern, eastern and south Ljubljana Ring Road and on the Zadobrova - Lukovica (CC Ljubljana) MW section – partly
- Refurbishment of gantries and the integration of new variable message signs into the TCMS (Senožeče, Kastelec, Dekani, Bertoki 1, Bertoki 2)
- Refurbishment of the Fram-Slivnica gantry and the gantry on the bridge crossing the Mura river
- Implementation of new traffic counters identifying driving in the opposite direction
- Implementation of new IP cameras to conduct video surveillance
- Implementation of the C-ITS pilot project

Implementation of European projects

Within the scope of the European Crocodile project, projects to exchange traffic data with neighbouring countries continue. The Crocodile II project, which was based on data collection (installation of detectors), was completed in 2019. The Crocodile III project is underway and is based on the renovation of Control Centres in terms of enhanced data exchange.

Within the scope of the European C-Roads project, pilot projects were launched, both with microwave and mobile technology, in the area of the Primorska motorway leg. The application or continuation of the C-Roads II project was also confirmed.

In 2019, the application for a new project under the auspices of the ERTICA was prepared. The goal of the project is to test the operation of the fifth generation mobile network (5G technology). The project seeks to integrate traffic management and control with smart networks and smart cities.

Together with Asfinag, we started activities in a pilot project involving the application of fibre optics for the purposes of traffic detection. The project was approved in 2019 for EU co-funding and it is planned to be implemented in 2020.

Charging stations for electric vehicles through 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 European project Central European Green Corridors (CEGC), DARS and its partners set up a network of fast charging stations (up to 50km) with above-standard technology for electric vehicles on the Slovenian motorway network.

I.5.4.2 Presentation of individual projects

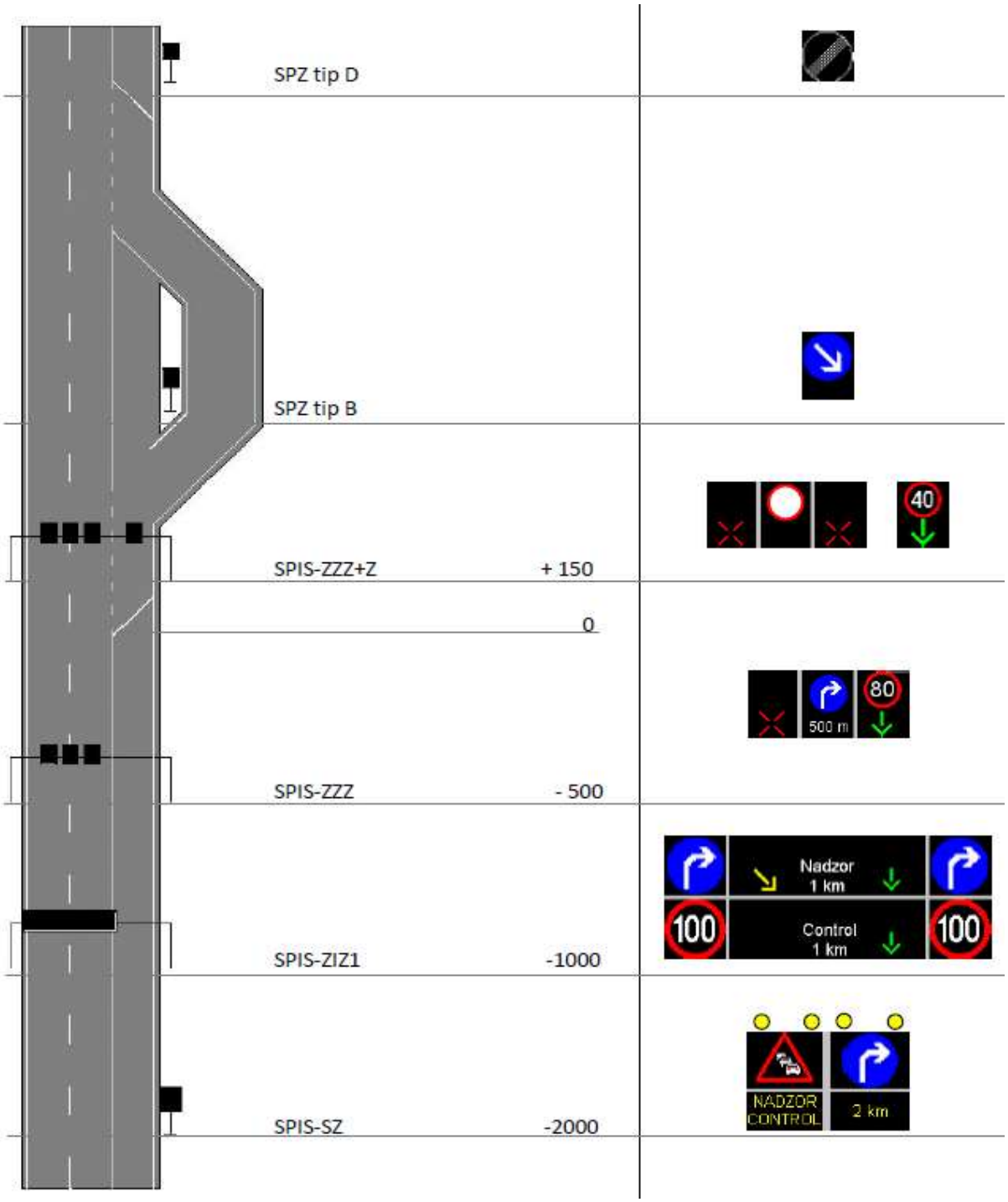
New control points to ensure flawless vehicles on the motorway

To provide efficient control over different types of vehicles, the Company will establish control points within the scope of the demolition of toll stations. Within the scope of the control points, a set of variable message signs has been set up in the section that automatically forces a certain type of vehicles off the road.

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

Figure 28: Control point

Figure 29: The exclusion of all vehicles at a control point



Increasing traffic causes increased wear and tear of carriageways and hence more frequent carriageway reconstruction

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

Major reconstructions are also related to long-lasting closures and major accidents (inadequate safety distance, excessive speed, etc.). Major efforts to ensure traffic safety are dedicated to the course of a closure at the working site, since the risk of an accident at such sites is very high. Hence, a great deal of effort was again devoted in 2019 to the

safety of closures during major reconstruction works. The Company is preparing for two major reconstructions on the Slovenian motorways, namely for the Golovec and Pletovarje/Golo Rebro tunnels.

Figure 30: Reconstruction of a MW section

I.5.4.3 The management of intelligent transport systems (ITS) or smart motorways

Overhaul of electrical and mechanical equipment in tunnels

All tunnels on Slovenian motorways comply with the provisions of EU Directives. New projects are being prepared based on risk analyses, taking into account the technical requirements in order to ensure traffic safety and the economy of tunnel construction, use and maintenance. In relation to this, the hydrant networks have already been overhauled in the Trojane, Podmilj and Jasovnik tunnels. Company radio communications in tunnels have also been upgraded, switching to digital radio communications, while TETRA radio communications for the police were implemented in all tunnels. Technical documents were prepared for the installation of ventilation in the Golovec, Pletovarje and Golo rebro tunnels. LED lighting began to be installed in tunnels. An important aspect is setting up a long-term refurbishment plan.

Establishing Variable Message Signs (VMS)

By setting up new variable message signs (VMS), also furnished with new video surveillance cameras and microwave detectors, and by installing new automatic traffic counters, also detecting driving in the opposite direction, the Company has enhanced the visibility of traffic conditions in order to improve the provision of information to users and traffic safety.

In 2019, there were ten new gantries with variable message signs displayed on both sides erected on the MW sections of the Ljubljana Ring Road including the connecting arms from Grosuplje and Lukovica and on the motorway towards Primorska. Furthermore, two gantries were refurbished between Brezovica and the Koseze interchange, while one gantry was upgraded with message signs displaying on the other side as well. Five gantries with VMS were refurbished on the Primorska MW leg: Senožeče, Kastelec, Dekani, Bertoki 1, Bertoki 2.

All the new traffic equipment was integrated in the Traffic Control and Management System (TCMS) at the Ljubljana and Kozina control centres, where the traffic supervisors monitor and manage traffic on the motorways and expressways 24/7.

Figure 31: Variable Message Signs

Figure 32: New surveillance cameras on the motorway alignment

The installation of new surveillance cameras on the motorway alignment

DARS has over 1400 cameras installed in tunnels, former and existing toll stations, dangerous sections, control points and in buildings. All the cameras are connected to the control centres by optical transmission. Within the scope of projects IPK2 and IPK3, 69 cameras were installed in 2019 throughout the alignment, i.e. 44 rotating and 1 fixed camera on the A1, 14 rotating cameras on the A2, 4 rotating cameras on the A3, 4 rotating cameras on the H3, and 2 rotating cameras on the H5.Each location has two rotating IP cameras installed. The cameras are installed on a post at a height of 6 or 8 metres.

Figure 33: The installation of traffic counters at rest areas

Traffic counting is conducted by way of inductive loops installed in the carriageway. In 2019, traffic counting was established at 78 new 4-lane arms with the installation of 44 new automatic traffic counters. Such loops provide monitoring and the detection of vehicles driving in the opposite direction at all locations. Traffic counting devices at access and exist ramps to three rest areas were also installed for the purposes of monitoring the number of heavy vehicles or, rather, the occupancy of the rest areas.

Figure 34: SOS call posts along the motorway

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 every 2 kilometres in order to identify the driver's location more easily. The SOS call allows DARS employees to take action more quickly. The systems are regularly upgraded and their uninterrupted operation is ensured.

I.5.4.4 Provision of telecommunications

In 2019, DARS continued to upgrade its own communication network. To that end, it updated communication equipment in terms of ensuring reliability and increasing data transmission (MMC Maribor, RCC and MMC Ljubljana, MMC Kozina, former toll station areas, etc.).

In the fibre optic infrastructure, capacity increased upon the installation of optic cables containing multiple fibres. Over 100km of optic cables containing over 6000km of fibre were laid. Due to the specifics of constructing a fibre optic network, sufficient fibre remained unused and has been offered for lease to external users, which is an additional source of revenue for the Company.

Wi-Fi access to the Internet at rest areas continued to be provided and expanded. Marketing activities were carried out concerning broadband Wi-Fi access to the target group of heavy vehicle drivers at 27 locations. Broadband services at rest areas along the motorway for motorway users contribute to the improved image, identity and safety of the motorway network.

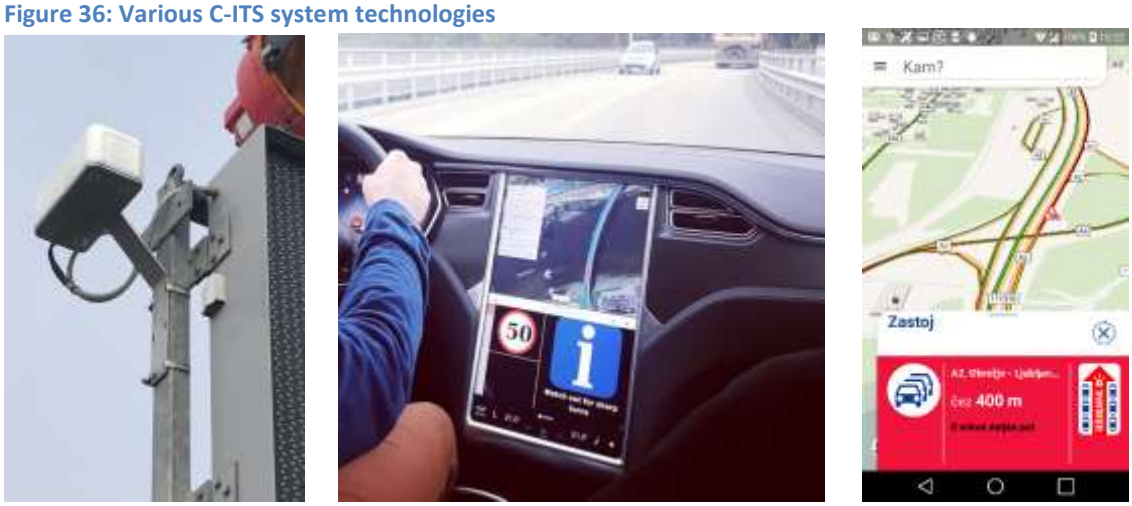
Figure 35: Locations with Wi-Fi Internet access on MWs and EWs provided by DARS

I.5.4.5 Implementation of European projects

The establishment of interoperability through the European C-Roads project

Within the scope of the C-Roads project, pilot projects are being carried out, the set-up of a basic platform is coordinated and interoperability is provided. It is a pilot project to introduce cooperative systems for real-time information transfer based on vehicle to vehicle, vehicle to infrastructure and infrastructure to vehicle communication, whereby DARS d.d. also contributes to the realisation of EU priorities concerning intelligent transport systems. In 2019, the bases for testing G5 microwave technology and LTE mobile technology were established and successful tests were already conducted. The mobile technology is being tested by over 1000 users.

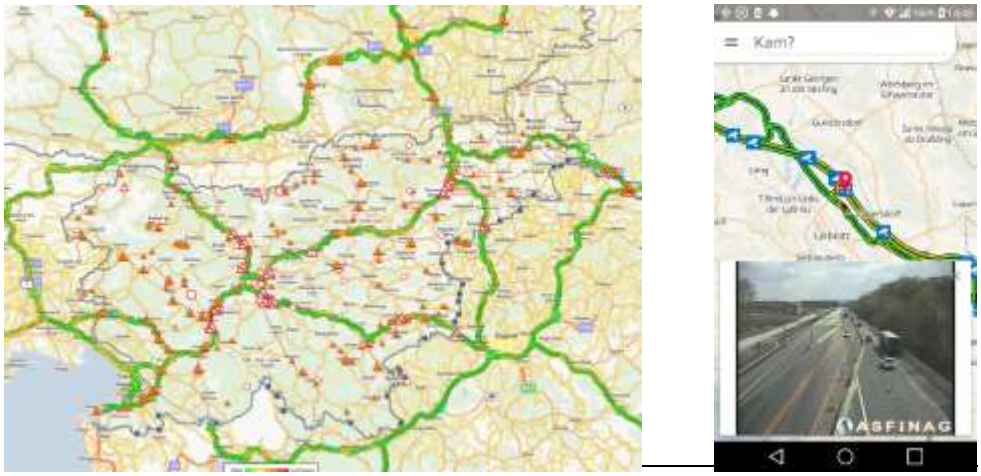
Figure 36: Various C-ITS system technologies



Traffic control and management systems and the exchange of traffic information

Within the scope of the Connecting Europe Facility (CEF), the CROCODILE 2 project was completed. However, CROCODILE 3 continues and is intended for co-financing activities in traffic control and management systems, the exchange of traffic information and the provision of information to users. In addition to Slovenia, participating countries include Austria, Cyprus, the 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, and upgrading electrical and mechanical equipment). International traffic management plans are also under preparation.

Figure 37: Systems for traffic control and management, the exchange of traffic information and the provision of information to users



International cooperation in the development of autonomous driving

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

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

Charging stations for electric vehicles throughout the motorway network

DARS d.d. promotes green corridors or the development of electric mobility on the Slovenian motorway network. Within the scope of the European project Central European Green Corridors (CEGC), DARS and its partners set up a network of fast charging stations (up to 50km) with above-standard technology for electric vehicles on the Slovenian motorway network. The project, co-funded with EU funds, set up 26 fast charging stations that allow users of electric vehicles to charge 50kW DC and 43kW AC at the same time. Furthermore, a strategy has been prepared on actions to be taken in procedures to establish the relevant infrastructure for the supply of vehicles with alternative drive elements.

Figure 38: Locations of charging stations for electric cars

I.5.4.6 The provision of traffic information

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

DARS follows the development of information channels and the detection of events by regularly introducing new technologies, pilot systems and by participating in international work groups in that area.

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

Content on the website www.promet.si that is monitored the most by users:

- events and traffic conditions on a map,
- road cameras,
- fuel prices,
- measuring points of the Burja system,
- virtual assistant Stane.

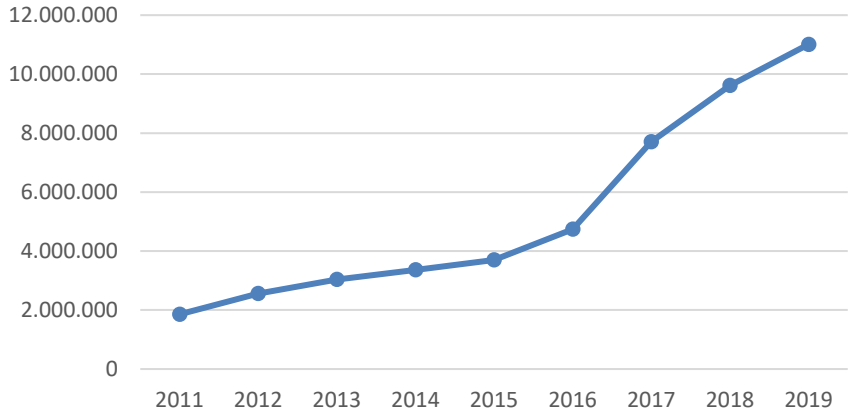
It is now possible to create your own user account (May PIC), through which the user may subscribe to information by email, e.g. the weekly traffic forecast, special warnings for trucks, etc.

In the past 13 years, the Traffic Information Centre:

- sent over 460,000 information notices on events occurring on the national road network: on average, 32,680 a year, 2723 a month and 91 a day;
- received over 1,000,000 calls in the last 8 years, while the website was visited by over 10,000,000 different users in that period.

Traffic growth and the number of events are reflected in the difference between events in the first year of TIC operations (2006) and 2019. In 2006, TIC reported on 11,545 and, in 2019, about 107,346 events.

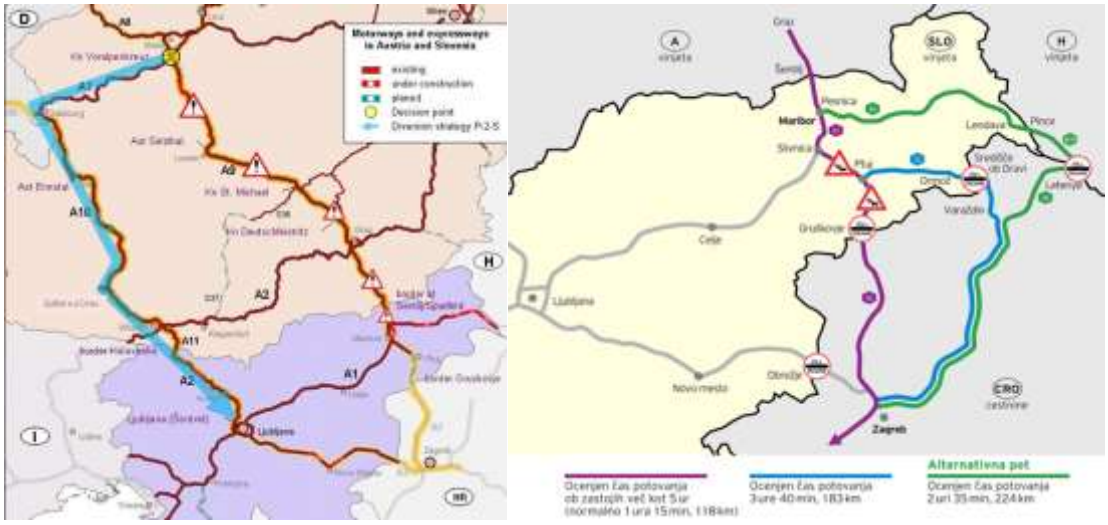
Figure 39: The active use of traffic information



A demonstration of the active use of traffic information shows the use of several channels through which users access traffic information (Internet, Twitter, mobile phone app and calls made to TIC).

International traffic management (TMP)
DARS d.d. has cooperated with neighbouring countries in international traffic management for several years.

Figure 40: TMP Salzburg-Zagreb and TMP Gruškovje



In 2018, a new project was launched: the production of international traffic management plans with all neighbouring countries. In 2019, the plans were harmonised, finalised, with the first tests successful, and the system was put into service at the control centres of motorway operators in five countries (Austria, Croatia, Italy, Hungary and Slovenia).

Some centres have already integrated the plans directly into their information systems, while others plan to do it in 2020. This is the first fully digitalised system for international traffic management in Europe. Hence, a giant step forward has been made towards the faster and internationally harmonised provision of information and traffic management on main road connections in that part of Europe. It has also significantly improved the response to major unforeseen events that require immediate operative international coordination.

I.5.4.7 DarsGo – deployment of the electronic tolling system[36]

After successfully deploying the electronic tolling system in free traffic flow for vehicles with a maximum authorised mass (MAM) exceeding 3.5 tonnes (DarsGo system) in 2018, the Company carried out activities in 2019 to ensure stable operations and eliminate deficiencies, introduced changes and upgrades to the system, primarily in terms of enhancing the user experience – for both customers and operators, and made improvements based on the findings in the first year of system operation. Many improvements were made to the control system, which ensures that users do not avoid paying tolls. A well-functioning control system is crucial for the provision of revenue from heavy vehicle tolling.

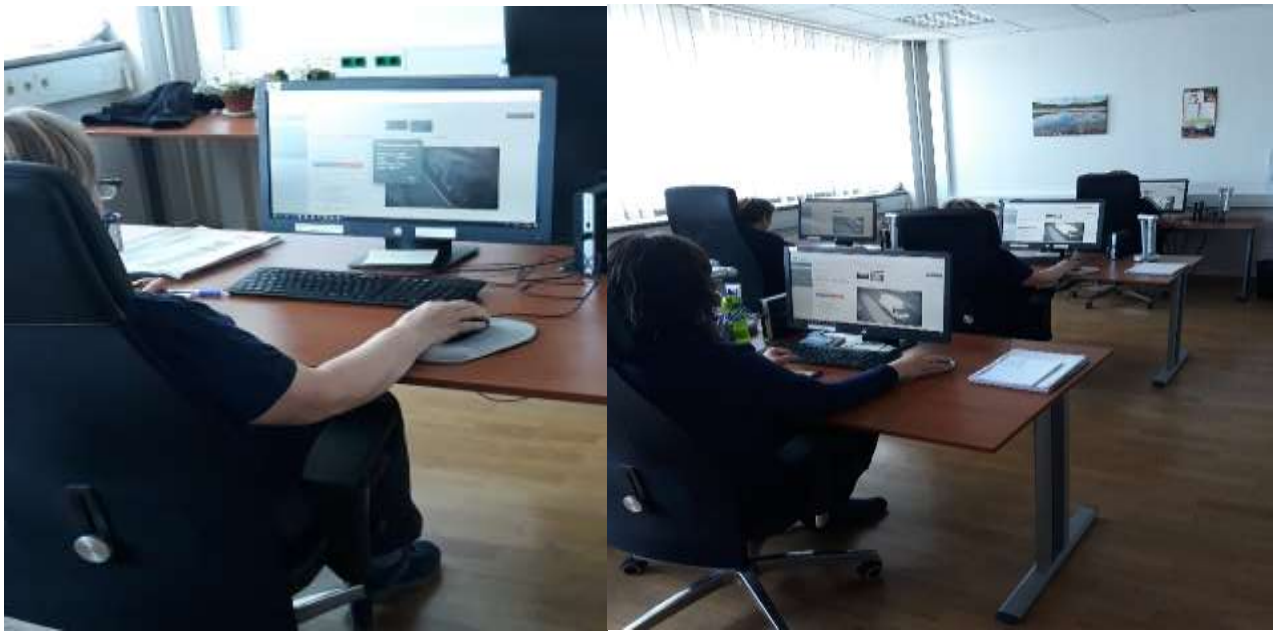
Figure 41: A vehicle under the control gantry

[36] GRI GS 102-2.

Figure 42: DarsGo unit

Figure 43: A team of toll supervisors with their vehicles

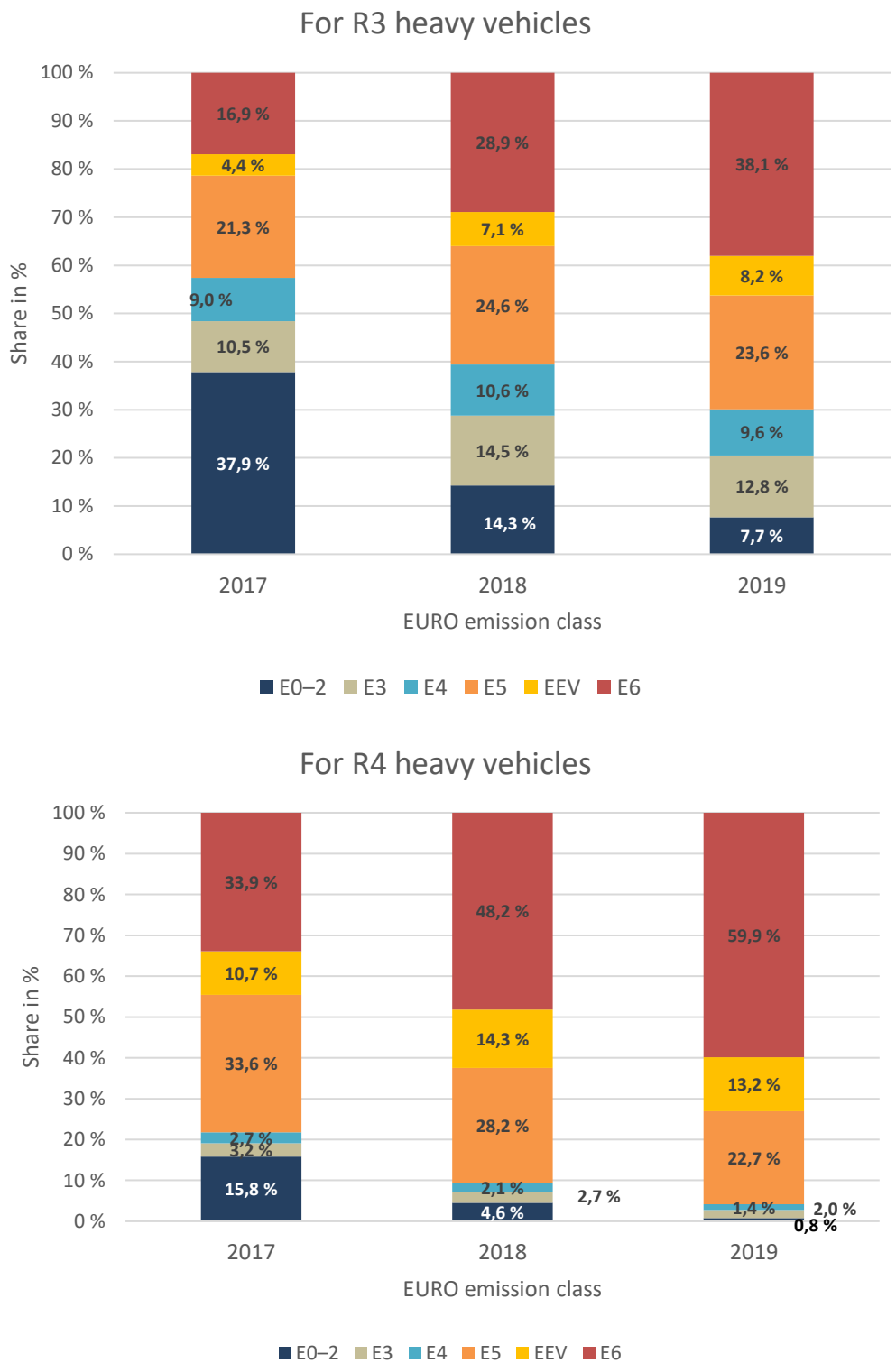
Figure 44: Work at the Toll Supervision Centre



Revenue from tolling vehicles with a maximum authorised mass exceeding 3.5t in 2019 increased by 3% compared to 2018 (tolling was conducted under the old system up to including 31 December 2018, and the DarsGo system was used as of 1 April). The number of toll kilometres in the DarsGo system also increased in 2019 compared to 2018, i.e. by 6.4% and by 17.3% compared to 2017). This is partly the result of the fact that the old tolling system was used for the first three months of 2018, when the entire network could not be tolled, while the new system collected tolls throughout the network, and partly due to the real growth in heavy vehicle traffic.
The reason for the deviation between revenue growth and the number of toll kilometres lies in the pricing policy. In the old system, a certain share of vehicles (mostly occasional users) paid tolls directly at toll stations (by cash or payment card and without properly personalised electronic media) and as such were not eligible to pay differentiated tolls with respect to the EURO emission class and paid full tolls. Within the scope of the DarsGo system, it is necessary to obtain a DarsGo unit, which is why all vehicles are registered in the system based on documents that demonstrate the actual EURO emission class. Most heavy vehicles (87%) that use the Slovenian toll network fall within emission classes E5, E6 and EEV, hence "clean" vehicles. Based on the data about newly registered users or, rather, vehicles, we find that the ratio will continue to improve, which will call for appropriate changes to the pricing policy if an adequate level of toll revenue is to be provided.

The charts below show the reduction in the share of "dirty" vehicles from 2017 to 2019 and the increase in "clean" vehicles in EURO emission classes EEV and VI.

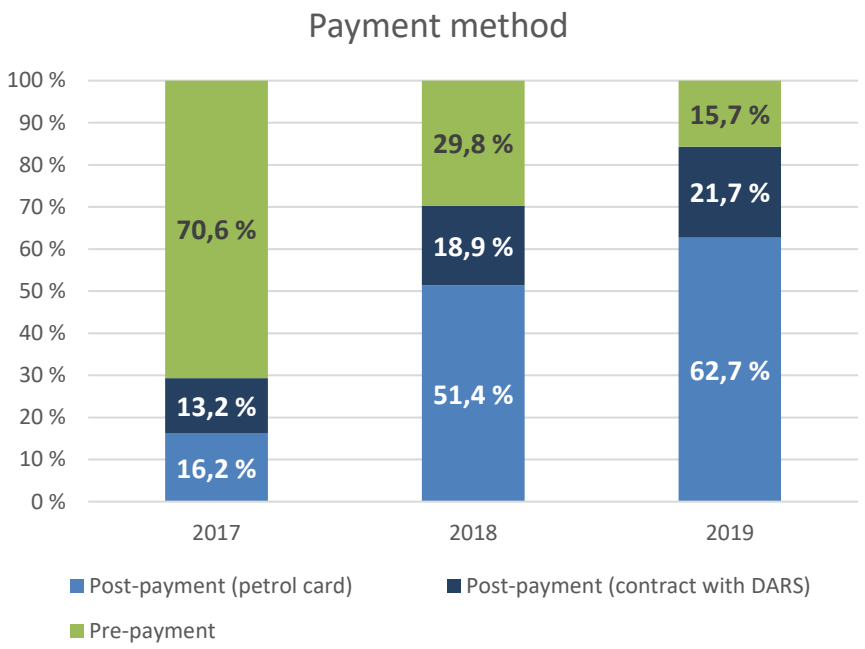
Figure 45: EURO emission classes



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

DARS d.d. started removing toll stations immediately upon the successful deployment of the DarsGo system. All except one were removed by the end of 2019.

Figure 46: Payment methods



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

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

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

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

I.5.4.8 Conformity in relation to the impacts of products/services on safety and health[37]

DARS d.d. has placed great emphasis on the preventive identification of potential risks affecting the safety and health of all Company stakeholders for a number of years, which is reflected in the technical measures adopted on the road, in the acquisition of new work equipment and in organisational measures. The basis is the traffic safety plan and a risk assessment for the employees' health and safety at work setting out measures and guidelines to prevent the

[37] GRI GS 416-2.

deterioration of health on the part of the relevant stakeholders (employees, outsources, users, etc.). The measures are described in detail within the scope of point I.5.5.5 Creation of a safe working environment.

In 2018 and 2019, no inspection measure was imposed on DARS d.d. by the Labour Inspectorate of the Republic of Slovenia.

Within the scope of chapter I.5.6.1 *Systematic environmental and energy management*, the sub-chapter "Attainment of compliance" presents the inspections conducted and decisions received concerning environmental protection in 2019 indicating that no major deviation from the legal and other requirements took place in respect of the environment and energy. Based on several inspections, ten decisions were issued in 2019 by various authorities (environmental and agricultural inspectorate, Inspectorate for the Environment and Spatial Planning, and Infrastructure Inspectorate), which were implemented and no fines were imposed.

I.5.4.9 Customer privacy

DARS d.d. devotes attention to personal data processing pursuant to the applicable legislation. In 2017, the Company started preparing for the new obligations of personal data controllers, which were imposed by the General Data Protection Regulation (2016/679), as effective since 25 May 2018.

In 2018, various measures were adopted to ensure compliance with the legislation as regards personal data processing and special attention has been paid to data protection.

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

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

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

In 2019, the Company received and considered six requests by individuals for the notification of their own personal data.

The information commissioner initiated no procedure against DARS d.d. in 2019, while the proceedings already initiated have not yet been closed.[38]

The protection of the personal data of clients in the DarsGo system is governed by the general legislation on personal data protection and the Road Tolling Act (ZCestn), which sets out 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 is subject to general Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector. A data retention concept was created that covers all relevant assets, such as systems and interfaces, and processed and transmitted data; a component part of the concept is 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 periods.

[38] GRI GS 103-1, 103-2, 103-3, 418, 418-1.

I.5.5 Sustainable relationships with employees[39]

Engaged and competent employees are one of the 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:

- constantly strengthening competence,
- leadership development,
- the provision of a creative, safe and stimulating environment.

DARS is well aware that highly motivated, engaged and properly trained employees are the key to success and crucial for achieving and surpassing the set strategic goals. It is employees who create the key added value for our organisation with their knowledge, engagement and commitment, which is why the Company pursues the strategic goals set out in the DARS d.d. strategy for 2017-2020 in HR 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. striving to provide a creative, safe and stimulating working environment where:

- we ensure the safety and health of employees;
- employees are given the possibility to coordinate their family life and job duties more easily within the scope of measures deriving from the full Family-Friendly Company certificate;
- proposals for improvements and sound ideas of employees are considered and awarded;
- recognitions and commendations of employees are awarded for their achievements and efforts at work;
- the Company sees to sound intergenerational cooperation;
- employees are provided with a high level of social security and solidarity aid upon difficult life challenges;
- the Company protects the dignity of employees during work, which is suitably defined in the Agreement on the prevention and elimination of the harmful consequences of workplace harassment and the DARS Code of Conduct.

I.5.5.1 Key data on employees

Key data on employees has been collected on the basis of HR records.[40]

Table 10: Key data on DARS d.d. employees for 2018 and 2019[41]

	2018	2019
Status of employees at DARS d.d.-[42]		
Number of employees at DARS d.d. - incl. replacements	1232	1257
Number of employees at DARS d.d. - excl. replacements	1228	1249
Demographic data on employees		
Average age of employees	45.7 years	46 years
Percentage of women employed	25.4%	25.6%
Number of men employed	919	935
Number of women employed	313	322

[39] GRI GS 103-1, 103-2, 103-3, 202-1.
[40] GRI GS 102-8.
[41] GRI GS 401-1.
[42] GRI GS 401-1.

Employee educational structure		
Percentage of employees with level IV education	37%	35.9%
Percentage of employees with level 5 education	32.6%	32.8%
Percentage of employees with level 6 education	17.8%	18.2%
Percentage of employees with level 7 or higher education	12.6%	13.1%
Social security of DARS d.d. employees		
Number of solidarity benefits granted	54	59
Number of employees with disability status	40	43
Number of procedures introduced for disability recognition	32	27
Number registered in voluntary pension insurance	79	52
Sick leave rate	5.9%	6.58%
Employee development – education and training		
Scope of education in hours per employee[43]	24	21
Value of training per employee	233	209
Number of participants in training	2550	3654

I.5.5.2 DARS is a reputable employer[44]

The Company is one of the most reputable employers in Slovenia according to research conducted by the Mojedelo.com agency. Job seekers see employment at the Company as interesting, providing a well-organised and responsible working environment and a high level of economic and social security. Staffing at the Company is based on a prudently and carefully prepared system procedure (Description of the HR management process) to select the best human resources. After an employment relationship is concluded, the adequacy of the selected candidate is monitored within the scope of a trial period, thereby validating the success of the procedure.
Career development is provided to employees through:

- performance measurements and additional bonuses;
- horizontal promotions at the workplace;
- the development of expertise, skills and competence of employees for career advancement within the organisation based on internal job openings;
- vertical advancement within the scope of the in-house labour market.

Most processes at DARS d.d. are conducted by Company employees, while investments and the management of the DarsGo system are conducted by contractual partners.[45]

I.5.5.3 Employees realise the Company mission

Recruitment

In order to achieve the set business objectives for 2019 and uninterrupted operations, the Company recruited new people pursuant to the adopted Operative implementation section of the HR plan for 2019. A total of 78 external and 60 in-house vacancy notices were published in 2019, hence a total of 138 job vacancies. DARS d.d. hired 65 workers, while 40 workers terminated their employment.

In 2019, 40 employees left DARS d.d., mostly due to retirement, while 65 persons were recruited. At the end of 2019, DARS employed 1257 workers, which is 8 fewer than the previous year.[46]

[43] GRI GS 404-1.
[44] GRI GS 103-1, 103-2, 103-3, 401.
[45] GRI GS 102-8.
[46] GRI GS 401-1.

Figure 47: Number of employees at DARS d.d.

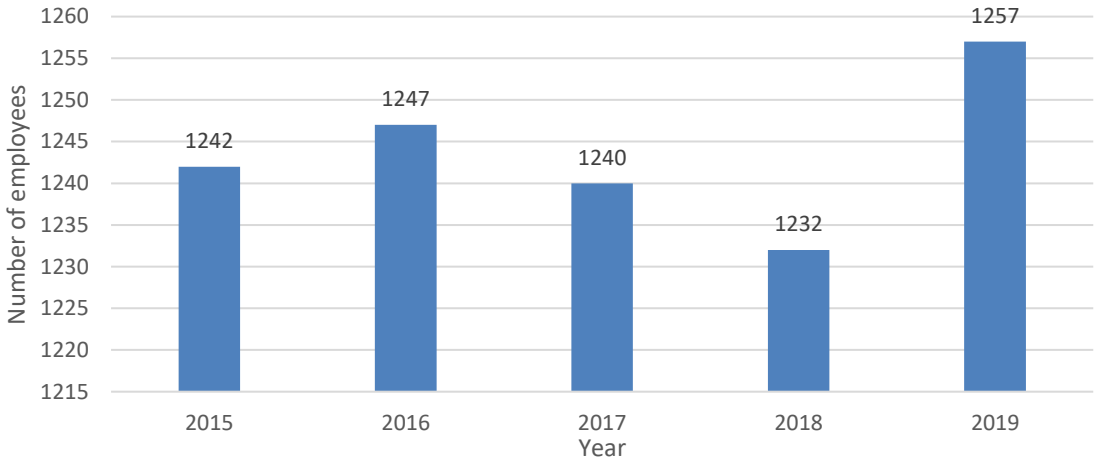


Figure 48: Employees at DARS with respect to education level as at 31 December 2019[47]

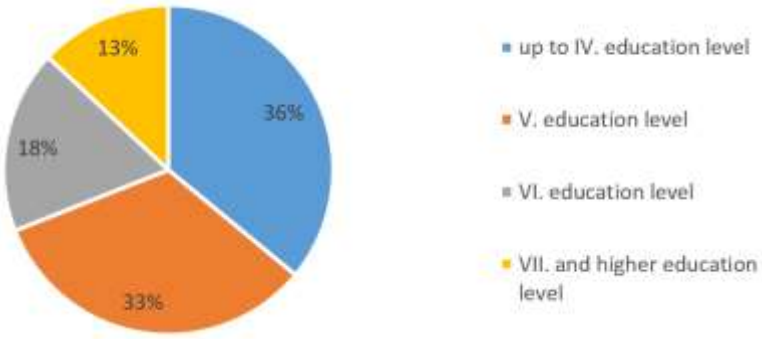


Table 11: Employees at DARS with respect to type of employment (part-time, full-time) as at 31 December 2019[48]

Type of employment in respect of working hours	2015		2016		2017		2018		2019	
	number	(%)	number	(%)	number	(%)	number	(%)	number	(%)
Part-time	16	1	16	1	15	1	11	0.9	11	0.88
Full-time	1262	99	1231	99	1225	99	1221	99.1	1246	99.12
Total	**1242**	**100**	**1247**	**100**	**1240**	**100**	**1232**	**100**	**1257**	**100**

[47] GRI GS 405-1.
[48] GRI GS 102-8.

Table 12: Employees at DARS with respect to the type of employment (temporary, permanent) as at 31 December 2019[49]

Type of employment	2015		2016		2017		2018		2019	
	number	(%)	number	(%)	number	(%)	number	(%)	number	(%)
Temporary	28	2	20	2	34	3	4	0.3	12	0.95
Permanent	1214	98	1227	98	1206	97	1228	99.7	1245	99.05
Total	**1242**	**100**	**1247**	**100**	**1240**	**100**	**1232**	**100**	**1257**	**100**

Under the Collective Agreement, Dars d.d. employs 99% of all employees on a permanent basis.[50]

Table 13: Fluctuation

	2015	2016	2017	2018	2019
Fluctuation in %	1.49	2.35	4.43	7	3

The main reasons for fluctuation in 2019 were retirement and the termination of employment or, rather, the expiry of a fixed-term employment contract. The Company recruited 65 persons, while 40 employees left, mostly aged between 58 and 70.[51]

The average total length of service of Company employees in 2019 amounted to 24.5 years, while the length of service of employees at Dars d.d. alone amounted to 14.2 years.

Figure 49: Employees at DARS with respect to age as at 31 December 2019[52]

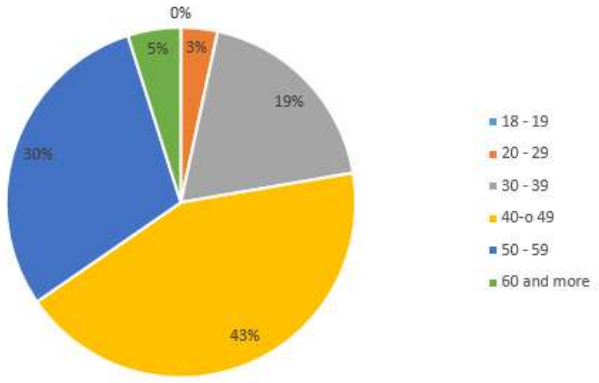
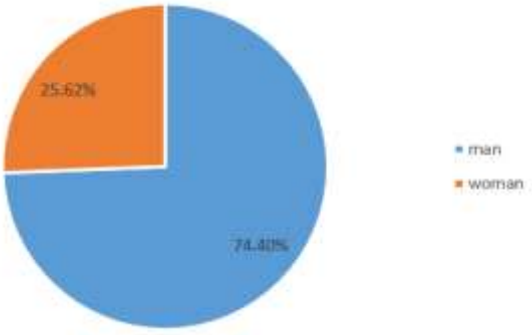


Figure 50: Employees at DARS with respect to gender as at 31 December 2019[53]



[49] GRI GS 102-8.
[50] GRI GS 102-41.
[51] GRI GS 401-1.
[52] GRI GS 405-1.
[53] GRI GS 405-1.

I.5.5.4 Knowledge is the basis of our successful operations[54]

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

In 2019, various education and training programmes were attended by 3654 participants and 25,884 training hours were carried out. On average, every employee trained for 21 teaching hours. Training is a systematically organised process that meets the needs of work processes and employee interests in upgrading their functional skills and expertise, thus achieving personal growth. Training in various forms is organised according to the needs and wishes of associates.

HR development

In 2019, HR development was predominantly characterised by activities in leadership development, which were carried out on the basis of competence measurements and the targeted training of elderly employees (45+) within the scope of the ASI DARS project, which was co-funded by the European Social Fund. The activities resulted in a larger number of employees included in various training and education sessions. There were 3654 employees included in various training sessions in 2019, which is 43% more than in 2018.

Like in 2018, the extent of external training increased in 2019. This reveals the employees' need to obtain new skills and specialist expertise deriving from the necessity to keep track and adjust to new work approaches, amended legislation and technological advancements.

In 2019, 4598 training hours were realised within the scope of external training, which were attended by 379 employees or 24% more than in 2018, when 306 employees attended external training.

The volume of in-house training in 2019 amounted to 21,286 training hours and decreased by 11% compared to 2018. In-house training included a total of 3275 employees, which is 46% more than in 2018. Due to the increased inclusion of employees in the training process, in-house training was organised so that individual training was carried out in a brief time range (up to 4 training hours). In this way, the work process was not interrupted due to a large number of employees included in training, and a larger number of employees could attend training.

Employees attend various in-house training courses, foreign language courses, computer courses and various workshops to develop personal competences and strengthen their health.

Awarding achievements and the engagement of Company employees

The engagement, work achievements and successes of employees are rewarded every year. One of the traditional rewards in 2019 was a field trip to BINA Istra, where the Croatian colleagues presented their work. Furthermore, employees could attend various external training sessions abroad, allowing them to obtain new topical, specific and highly demanding skills while following professional and technical trends in the world.

Promoting education

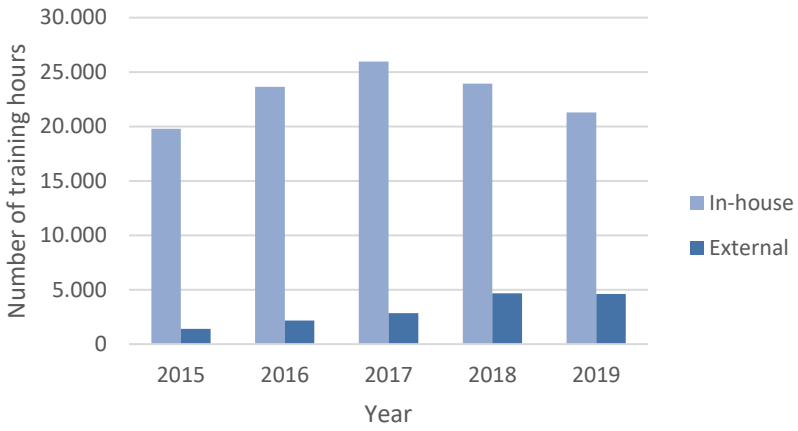
Education spreads knowledge and provides new opportunities for personal and professional development, which is why associates who want to improve their level of education and enrol in work-study programmes are supported by co-financing their tuition fees and granting them paid leave of absence for their study commitments. In 2019, the Company co-financed tuition fees for 8 employees and granted educational leave of absence to 18 employees.

[54] GRI GS 103-1, 103-2, 103-3, 404, 404-1.

Table 14: Number of participants in education and training at DARS in the 2015-2019 period

No. of participants/year	2015	2016	2017	2018	2019	2019/2018 index
In-house education and training	1727	2110	2143	2244	3275	146
External education	119	165	210	306	379	124
Work-study programmes	10	17	17	22	18	82

Figure 51: Number of training hours at DARS in the 2015-2019 period

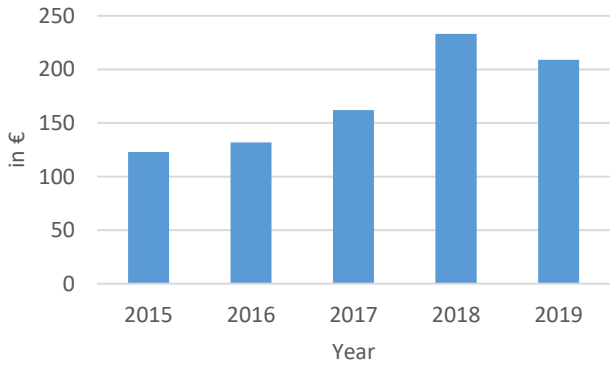


In 2019, the value of external training per employee amounted to €107, which is 26% more than in 2018. With the increased inclusion of employees in in-house training, the value of in-house training in 2019 amounted to €102 and decreased by 31% compared to 2018. In 2019, the total training value per employee was 10% lower than in 2018.

Investing in people because it is a sound investment

The successful operations of DARS d.d. are not taken for granted. Success is brought about by people who know how to and are willing to achieve the set goals, people who care about the quality of the work performed and the satisfaction of users. Such people evolve within the organisation and develop, grow and become a part of the organisation through challenges. Investments in employee knowledge and, hence, their personal and professional development are investments that allow the Company to develop successfully and realise strategic goals.

Figure 52: Value of education and training per employee at DARS in the 2015-2019 period[55]



[55] GRI GS 404-1.

HR management projects
In addition to training, some other activities in HR development were conducted in 2019:

ASI DARS project: To preserve the knowledge and availability of elderly employees for work, DARS applied to an open invitation published by the Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia RS JP ASI 2017, and was successful. Activities within the scope of the project started in 2018, while most activities took place in 2019. In 2018, the activities carried out were recognised in the value of €27,334 and, in 2019, in the value of €33,482. There were 323 employees included various project activities and 2191 training hours realised in 2019.

Development of DARS managers: Managers at DARS play an important role and hold responsibility for the successful work of all employees, which is why they were included in an assessment of competencies in 2018. In 2019, development workshops were held for managers by individual competence profile. In May, the first leadership conference was organised for the entire line of management that was aimed at enhancing integration and coordinated management.

Organisational climate and employee satisfaction: DARS measures the organisational climate and employee satisfaction every year. In 2019, the best rated organisational climate categories are attitude towards quality, satisfaction, innovation and self-initiative, and professional qualification and learning. Challenges for 2019 remain internal communications and information provision, reward scheme and career development. Measures to improve the organisational climate, employee satisfaction and employee engagement are pending.

LOGINS project: DARS re-entered the partner project of the KoC LOGIN competence centre in 2019, within the scope of which it obtained a total of €37,000 from the European Social Fund for employee training, which can be drawn in the 2019-2021 period. Project activities started in the autumn, which is why there was no major realisation (€2957 was realised). Participation in the project continues.

DARS is a family-friendly company: Based on the adopted measures deriving from the acquired full Family-Friendly Company certificate, activities continued in 2019 that make it easier for employees to coordinate their job duties and family life. Furthermore, an external audit of all activities was undertaken and a positive opinion was given.

Helping with the first steps on the job

We are aware that first impressions and work experiences are vital for employee engagement, focus on development and the constructive cooperation of young people in the work process that they enter after graduating. This is why DARS strives to help secondary school and university students obtain practical experience, providing them with a realistic and professional insight in the field they are educated in. In 2019, 12 secondary school and university students were accepted for internship in cooperation with educational institutions.

No. of participants/year	2015	2016	2017	2018	2019	2019/2018 index
Internship	17	13	13	25	12	48

DARS managers – generators of employee engagement

Managers at DARS have a very important role in addition to urgent organisational and professional tasks in their field of work, i.e. strengthening employee engagement and motivation. They set an example with their work, which is why their competence must be well developed. The Company measures the development of managerial competences with a 360-degree feedback model, striving to build competences towards leadership. This is why more attention was paid in 2019 to the development of Company managers, with workshops organised to improve leadership competences and the first leadership conference, which focused on managers and provided them with an insight into the entire line of management, connections and the exchange of good managerial experiences.

Concern for employees' social security
In 2019, activities continued in line with the applicable labour legislation and established good practice standards that were focused on various areas or aspects of social security provision to employees as agreed in the DARS d.d. Collective Agreement. Activities focused on the management of disability procedures, consideration of cases of changed work capacity of employees, retirement, and the disbursement of solidarity benefits and jubilee benefits to those eligible.

The option of inclusion in collective supplementary pension insurance provided to all employees has allowed the Company to fulfil yet another important aspect in the provision of model social security to employees.
In 2019, there were 27 disability procedures pending, whereby eight employees newly obtained the disability status. The employer continued to provide incentives for retirement with additional severance and the retirees' option to perform temporary or occasional work. In 2019, 17 employees retired and 25 employees continued to work after meeting the conditions for retirement. There were 21 contracts prepared for the temporary or occasional work of retirees, who performed work pursuant to the provisions of the Labour Market Regulation Act. In 2019, the share of justified absence from work with respect to regular work amounted to 6.58% and accounted for the highest share of justified absence from work due to medical reasons.

I.5.5.5 Creation of a safe working environment[56]

DARS d.d. is well aware of the importance of providing safety for employees at work, since many employees perform extremely dangerous work on the roads, 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 the successful planning of Company development. One major operative strategic goal is a reduction in the number of persons injured at work by 15% by 2020, which is why the Company has dedicated a great deal of funds to the purchase of new safer work equipment and the creation of a working environment that provides the maximum level of safety and health at work for employees. Alongside the implementation of the greatest change (the changed tolling system for vehicles with a maximum authorised mass exceeding 3.5 tonnes, which abolished toll collection at toll booths on the motorway, thus abolishing dangerous lane crossing by employees and their exposure to exhaust gases, noise and draft), the Company also highlights two major acquisitions in maintenance in 2018, i.e. the replacement of the tunnel washing machine and the purchase of a machine for the production of horizontal signalling using the hot procedure (thermoplastic).

When replacing worn out and purchasing new work equipment, the fundamental principles of safety and health at work are observed. During the preparation of purchasing documents, it is ensured that the equipment purchased will not only be manufactured in line with regulations, but will in fact provide the maximum level of safety. All equipment is regularly maintained and inspected. Toll supervisors received new vehicles furnished with all state-of-the-art security systems for increased traffic safety, which are cleaner (important in vignette supervision alongside a vehicle outdoors) and ergonomically designed in the office section, where supervision is carried out over heavy vehicle tolling and minor offence proceedings are run. Employees doing computer work who wish to stand for a while during their work will receive height adjustable desks. More and more office employees experience musculoskeletal disorders (back pain and deformations) and problems with internal organs over time (the impact of a long-lasting sedentary job and aging). The measure was introduced due to the medically proven fact that a long-lasting sedentary position has a bad effect on the spine, belly muscles, and digestive and respiratory organs, while a combination of positions (part-time standing and part-time sitting) is the best measure to prevent such health problems.

Commitment to the provision of safety is not merely declarative. The Company's expert services share experiences with motorway operators in neighbouring countries, monitor advancements in technology, analyse accidents and safety in society and propose new measures to improve safety. The usual permanent measures (employee training, work equipment checks, medical check-ups, internal control, etc.) were accompanied in March 2019 by the latest revision of the risk assessment for safety and health at work, based on which a series of measures were adopted to improve the safety of road users and Company employees at work.

Accidents at work[57]

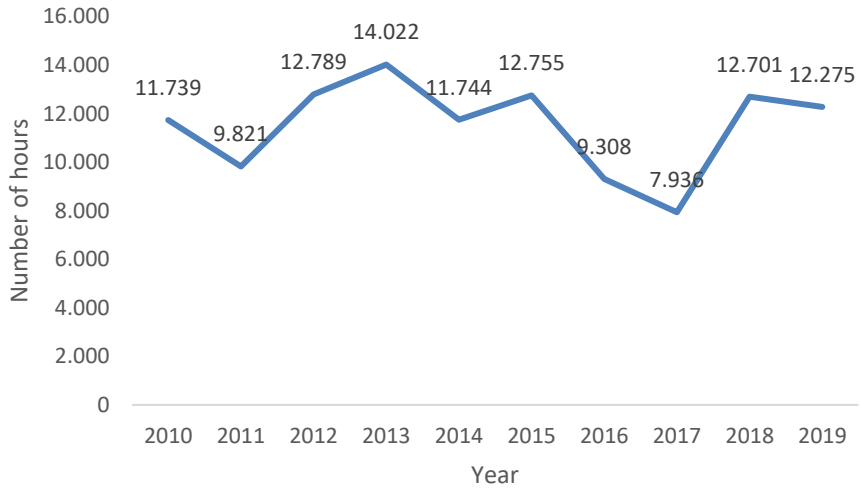
Notwithstanding the many measures already adopted, there were 39 workplace accidents resulting in worker injury in the Company in 2019. That is more than the previous year and more than was set out in the strategy; however, such a number may also reflect the increased employee awareness about reporting every event (including incidents) in which they are or could be injured. In 5 cases, workers experienced pain or suffered light injuries, but required no sick leave. The injuries did not result in workers' disability, while 11 workers took prolonged sick leave (over 30 days), which remained the same as the year before. Sick leave slightly reduced in 2019 (12,275

[56] GRI GS 103-1, 103-2, 103-3, 403-1, 403-3.
[57] GRI GS 403-2.

hours) compared to 2018 (12,701 hours). Three toll supervisors were injured (slipping, tripping) along with 36 maintenance officers.

Figure 53: Number of injured employees

Figure 54: Sick leave in hours as a result of accidents at work



I.5.5.6 Organisational climate and employee satisfaction and engagement

Organisational climate and employee satisfaction and engagement

Our organisational climate is an aspiration for quality

DARS measures the organisational climate and employee satisfaction every year. We believe that employees can only optimally develop their potentials and motivation in an organisation in which they feel well. That is why continuous efforts are being made – while the results guide us in such efforts – to preserve those organisational advantages that promote creativity, a sense of belonging and motivation in employees, and to improve areas where there are opportunities for development in the working environment.

In 2019, 71.5% of all employees participated in the research, which is 42.5% more than in the previous year. Such results show the situation more objectively, with the attitude towards quality, innovation and self-initiative ranked the highest along with the attitude towards professional qualification and learning. As in previous years, opportunities for development still exist in the reward scheme, career development and internal communications.

Employee engagement – employee development

Employee engagement, which is measured every year using the Gallup methodology, shows the creative potential of Company employees. Concern for the creative and work potential of Company employees has been an ongoing and important organisational tasks that have revealed positive effects in employee engagement in recent years. Employee engagement is largely the result of employee satisfaction with the work and working conditions; however, employee expectations and needs increased in 2019 resulting in a decline in employee engagement and the Company's commitment to decisively approach the systematic management of employees' career development.

Participating in the LOGINS Competence Centre

DARS d.d. has been an active partner of the LOGINS Competence Centre for a number of years. In 2019, it re-entered the partner project of the LOGINS Competence Centre, which was successful in a public call published by the Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia and obtained funds from the European Social Fund for education and training, €37,000 of which was obtained by DARS. Activities commenced in the autumn and will last until 2021.

Respecting the family life of employees

The Company has implemented various measures for employees to better coordinate their work and family life for years and has been the holder of the full Family-Friendly Certificate since 2015. Employees are grateful for the possibility of flexible time or arrival and departure from work with fixed central working hours, which enables employees with children to carry out their family and job duties more easily. Employees in distress can use anonymous and free-of-charge psychological support and counselling to overcome the trials of life more easily. We also think about the children of Company employees – these receive gifts upon birth and during New Year's holidays. These measures were actively implemented in 2019 as well. At the start of the year, an external audit of all activities was undertaken and a positive opinion was given of the Company efforts.

Elderly employees are Company ACES

Aware that demographic and other changes to the labour market need to be taken seriously, the Company joined the project of providing comprehensive support to companies for the active aging of the labour force – ASI project – in 2018. Within the scope of the project, a strategy was prepared for the management of elderly employees along with development plans for elderly employees, while various preventive measures and training programmes were implemented in support of elderly employees. A great deal of these measures and activities aimed at maintaining and developing the knowledge of elderly employees while improving their well-being, health and motivation at work was carried out in 2019. Major emphasis in such activities was placed on enhancing intergenerational appreciation, cooperation and leadership. There were 323 employees included in various training programmes and 2191 training hours realised.

Offering employees additional benefits and solidarity aid[58]

- DARS pays in additional funds for supplementary pension insurance to all employees, i.e. €38 per employee and further contributes 25% to the employee's own contribution.
- Employees have accident insurance under favourable terms.
- DARS helped 59 employees in distress by providing them with financial solidarity aid in 2019.
- There were 123 employees who received jubilee benefits in 2019.

Exemplary cooperation with social partners

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

Table 15: Parental leave and part-time work[59]

	Women	Men	Total
No. of employees who came back from parental leave	12	1	13
No. of employees who came back from parental leave and still worked for the Company after 12 months	10	1	11
The rate of reinstatement and the rate of employee retention after the end of parental leave are at 85%.			
No. of employees working part-time	3	0	3

Responsible concern for employees' health

Concern for employees' health is based on long-lasting efforts and activities to promote health at work. The Company has received national recognition for a good practice example from the Ministry of Labour, Family and Social Affairs, and from the European Network for Workplace Health Promotion (ENWHP). Considerable emphasis is placed on employee recreation, which is organised throughout Slovenia. Employees can do group sports, fitness, pilates or go swimming and the Company also organises a sports and recreation event for all Company employees. It is pleasing to note that the share of employees attending recreational activities has increased from year to year. That is why possibilities for sports and recreation increased in 2019, which was well-received by employees. DARS uses a responsible approach to resolving any case of disability or changed ability to work due to health impairment. Special efforts are made to find an adequate solution. The Company employs 43 disabled persons who can do work in work processes in line with their remaining ability to work.

Promoting innovations and improvements

DARS constantly promotes new innovative and modern approaches, while developing new and improving the existing services of the Company, including with a view to increasing energy efficiency. A creative and innovative mind-set is our guide because we know that this is the only way to develop innovative services with high added value for the organisation, employees, users and the owner.

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

[58] GRI GS 201-3.
[59] GRI GS 401-3.

Respecting human rights and dignity[60]

DARS is actively committed to the respect for human rights and takes appropriate action upon any infringement. 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. To protect the dignity of its employees, the Company adopted the "Rules on the protection of employees' dignity on the job", which supersedes the previous agreement and clearly defines procedures to efficiently recognise discrimination, sexual and other harassment and maltreatment, and take action against it, along with preventive methods and the work and competences of the Committee for the protection of employees' dignity. In 2019, DARS received and considered no notification of the violation of employees' human rights and dignity.

Diversity and equal opportunities[61]

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

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

The purpose of the Policy is to increase the efficiency of the management and supervisory bodies of the Company as a whole, which will affect the development of operations and the business reputation of the Company. The advantage of a diverse composition in the management and supervisory bodies is one of the essential elements in the preservation of jobs and competitive edges of the Company. The realisation of the Diversity Policy in the management and supervisory bodies at the Company is in the focus of the shareholders when they appoint the Supervisory Board, Supervisory Board HR committee and in the assessment of the Management Board, Supervisory Board and other Supervisory Board committees, and at the focus of the Workers' Council when appointing the Labour Manager.

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

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

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

[60] GRI GS 103-1, 103-2, 103-3, 406, 406-1.
[61] GRI GS 103-1, 103-2, 103-3, 405, 405-1.

Table 16: Structure of the management bodies by gender (as at 31 December 2019)[62]

Body	Men	Women	Total	Men in %
Supervisory Board	8	0	8	100.0
SB HR Committee	3	0	3	100.0
SB Audit Committee	3	1	4	75.0
Management Board	4	0	4	100.0
Department managers	2	1	3	66.7
Workers' Council	12	3	15	80.0
Total	**32**	**5**	**37**	**86.5**

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

I.5.6 Responsibility to the environment

In light of its mission, the Company has built and operated a motorway network that is closely linked with the natural environment in the stages of siting, operation and future development of the motorway network. The Company is committed to environmentally friendly actions in all stages of operations and the continuous reduction of adverse environmental impacts.[63]

Figure 55: Responsibility to the environment

[62] GRI GS 405-1.
[63] GRI GS 103-1, 307.

I.5.6.1 Systematic environmental and energy management[64]

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

Attainment of compliance[65]

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

As regards the environment and energy, no major deviation from the legal and other requirements was identified. Based on several inspections, ten decisions were issued in 2019 by various authorities (the environmental and agricultural inspectorate, the Inspectorate for the Environment and Spatial Planning, and the Infrastructure Inspectorate), which were implemented and no fines were imposed.

Cooperation with outsourcers and suppliers

Cooperation with outsourcers and suppliers is a component part of the 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 set out in detail in the chapter Responsibility to suppliers.

Use of materials[66]

The total volume of materials used for investments is evident in the construction log book for a particular project, which is also the basis for the billing of 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.

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[64] GRI GS 103-2, 103-3, 307.
[65] GRI GS 103-1, 103-2, 103-3, 307, 307-1.
[66] GRI GS 301-1.

Table 17: Length of reconstructed carriageways and newly built roads

	2015	2016	2017	2018	2019
Length of reconstructed carriageways of individual sections (km)	44.41	37.06	26.54	50.28	68.1
Length of newly built roads (km)	5.03	0	7.26	5.69	0

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

I.5.6.2 Siting of motorways and expressways[67],[68]

Spatial planning and siting is a process involving plans for the use of space and the distribution of activities in space. The process considers and harmonises the needs and interests of individual sectors and users of space, the main goal being harmonised spatial development ensuring the economical, just and sustainable use of space.

National infrastructure, which also includes motorways and expressways, is positioned by way of national spatial plans (NSP). The national spatial plan, as adopted by the Slovenian Government, includes all planned spatial arrangements, identifies their area, spatial and implementing conditions, permitted deviations and provides the basis for the preparation of building permit designs and the acquisition of the land required for construction. Procedures to prepare NSPs are run and coordinated by the ministry responsible for spatial planning, the initiator for NSP preparation is the ministry responsible for transport, the entity contracting expert bases and the NSP is the investor, with the other participants in the procedure being spatial planning developers, the service responsible for comprehensive and normal environment impact assessments, municipalities (local community)[69] and the general public.[70]

DARS d.d. carries out individual tasks related to spatial planning and motorway siting in procedures to prepare the NSP so as to cooperate and provide all documents required for the latter.

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 performed 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 the mentioned key documents are adopted or confirmed by the Government of the Republic of Slovenia.

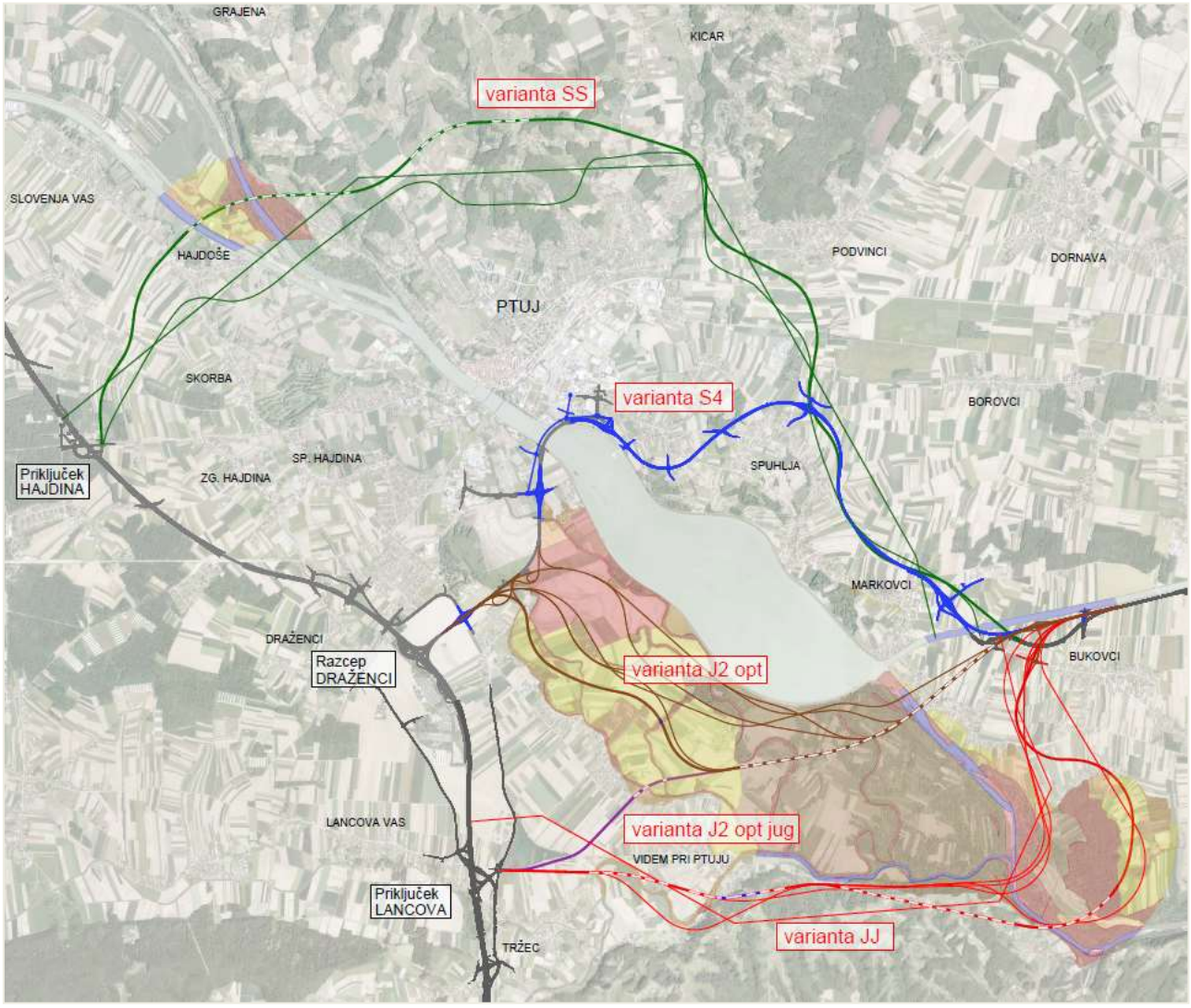
In 2019, siting activities were carried out for the following important projects (including cooperation with the local community):[71]
- Slovenj Gradec - Dravograd,
- Otiški vrh - Holmec,
- Šentrupert - Velenje,
- Ptuj - Markovci,
- Postojna/Divača - Jelšane,
- Koper - Dragonja,
- ecoduct at MW section Unec - Postojna.

In line with the Spatial Planning Act, it is necessary to perform an overall environmental impact assessment for spatial works that could have a major impact on the environment, which includes motorways, during the siting stage, and an environmental impact assessment procedure in the further design stages. In such procedures, environmental impacts are identified and assessed, along with the inclusion of the requirements to protect the environment, conserve nature,

[67] GRI GS 102-11.
[68] GRI GS 103-2, 103-3, 304-1, 304, 304-2, 304-3.
[69] GRI GS 103-1, 103-2, 103-3, 413-1.
[70] GRI GS 102-12.
[71] GRI GS 413-1.

and preserve human health and cultural heritage in the plan. In the final stage of the procedure, approval is obtained from the ministry responsible for the environment of the acceptability of the planned works in environmental terms.

Figure 56: Overview drawing of possible variant solutions to the Ptuj-Markovci main road



Environmental protection is a major aspect in the process of variant solution planning, while its environmental acceptability is vital for the assessment of its overall acceptability. Some 10% of the land in Slovenia falls within nature conservation areas and 35.5% falls within Natura 2000. Furthermore, it is necessary to take account of the cultural heritage conservation regimes, water protection areas and prime farming land areas, while including expected climate change, since the designed structures must be climate-resilient. In the process of designing variants and searching for solutions, works in floodplains are particularly demanding to plan.

The figure above shows a set of different variants for the alignment of the Ptuj-Markovci main road that were examined within the scope of the Variant Study. There are only five potentially feasible variants for which documents may be produced to obtain guidelines from spatial developers in the continuation of the NSP preparation procedure, and are then evaluated in the Variant Study/Pre-Investment Study. Most variants were dismissed due to requirements for environmental protection and nature conservation, while other variants were questionable economically as a result of the requirements for environmental protection and nature conservation and therewith related extensive redressive and/or mitigating measures.

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

I.5.6.3 Concern for the preservation of biodiversity[72]

A special challenge when siting motorways 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 works admissible.

The baseline in spatial planning is to avoid areas of high environmental value. If that is not possible and the MW or EW alignment encroaches upon important nature conservation areas with various statuses or the NATURA 2000 area, it is necessary to provide replacement habitats as a nature conservation measure or to implement other measures to mitigate negative impacts. It is necessary to provide suitable passages or underpasses linking deer and other wildlife habitats to preserve them. In case of works in special bird conservation areas that cover 27% of the Slovenian territory, replacement habitats are also provided to reduce the impact to an acceptable level.[73]

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.

Figure 57: Pomurje motorway leg

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

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

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

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

[72] GRI GS 103-1, 103-2, 103-3, 304, 304-1, 304-2, 304-3.
[73] GRI GS 102-12.

Figure 58: Establishment of a replacement biotope for amph

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

The Plan of investments in traffic and traffic infrastructure for 2020-2025 adopted in December 2019, among other things, defines the obligation to provide adequate migration corridors for large beasts and other large mammal species on the existing MW network, but no more than two.

The Company procured the production of expert bases to ensure adequate migration corridors for large beasts and other large mammals on the Vrhnika - Postojna motorway section. The Study (Environmental Protection College, Velenje, April 2019) and pertaining materials, which were finalised in September 2019, describe the existing situation, provide an analysis of the guidelines for designing measures provided in the past, and propose measures to establish functional migration corridors across the motorway in the Vrhnika-Postojna section.

With respect to the identified migration corridors, experts defined a roughly 800-metre-long section of the Vrhnika - Postojna MW section (Unec - Postojna subsection) that is best suited for a green bridge (ecoduct) and would contribute to the reduced mortality of wildlife animals on roads and increased safety for all road users, in addition to providing migration routes for large mammals and gene flow between the Dinarides and the Alps.

Figure 59: Proposal for the site of the future ecoduct

The materials produced will provide grounds for the production of expert bases and the analysis of guidelines for the ecoduct on the Unec-Postojna MW section. Activities in relation to that task commended at the end of 2019 and will continue in 2020.

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

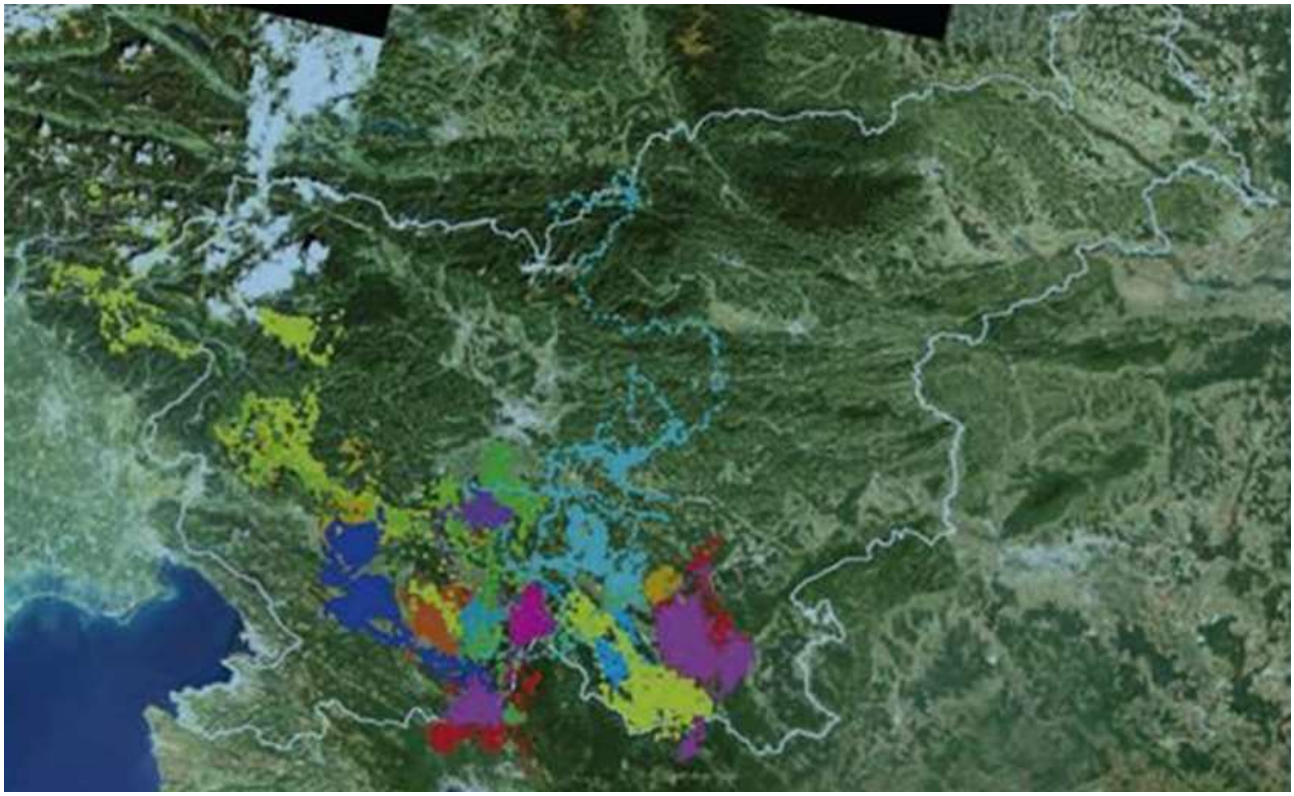
The purpose of the task is to reduce the fragmentation of migration habitats for species by establishing passages for wild animals on the Vrhnika - Postojna motorway section (primarily for types from the group of mammals). To that end, a study will be performed that will sum up findings from the already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

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

On the MW section between Vrhnika and Postojna, which measures some 30km in length and is the first constructed section of modern 4-lane motorway in Slovenia, DARS d.d. started monitoring in 1997 with the aim of searching for

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

Figure 60: GPS locations of 33 monitored bears in the 2005-2011 period*



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

In previous years, several measures were implemented in that section (e.g. the erection of electric safety fences) in cooperation with DARS d.d., along with monitoring their performance. The project LIFE DINALP BEAR (the comprehensive management and conservation of brown bears in the northern Dinaric Mountains and the Alps) was completed at the end of June 2019.

I.5.6.4 Energy management[74]

DARS d.d. ranks among the larger energy consumers in Slovenia with an annual energy consumption of 45.03 GWh (in 2019). With respect to the Company processes, which are characterised by the need for tunnel management and lighting, as well as road operation and maintenance, electricity accounts for the largest share of the total energy consumption (50.2%), followed by fuel (40.2%). A minor share of energy is used for heating facilities and that area requires an important energy management element due to the high potential for optimisation.

[74] GRI GS 103-1, 103-2, 103-3, 302, 302-1, 302-3, 302-4.

The Company's 2017-2020 Strategy places great importance on energy efficiency and environmental protection, hence setting out an operative goal referring to the improvement of key energy efficiency indicators in order to rationalise costs:

- The electricity consumed will be reduced by 10% by 2020 with respect to existing electricity users.
- To reduce energy consumption for heating by 10% by 2020 with respect to the 2015 baseline year.
- To reduce CO_2 emissions from energy products for heating by 20% by 2020 with respect to the 2015 baseline year.
- To reduce the average fuel consumption for work vehicles and machinery by 2% by 2021 with respect to the 2018 baseline year. To reduce average fuel consumption for light-duty vehicles by 5% by 2021 with respect to the 2018 baseline year.

Total energy consumption

The table below shows the energy consumption and trends in energy consumption by energy product. A comprehensive approach to managing energy and pertaining measures have allowed the Company to reduce energy consumption, specifically electricity and heating, where a substantial part of the planned measures was executed on the basis of energy inspections.

Table 18: Energy consumption (MWh)

		2015	2016	2017	2018	2019
Electricity	MWh	25,735	25,181	24,526	23,598	22,584
Fuel	MWh	16,384	17,538	16,369	18,662	18,081
Natural gas	MWh	1,866	1,524	1,676	1,443	1,386
LPG propane	MWh	2,018	2,253	2,123	1,964	1,857
LPG propane butane	MWh	1,171	1,225	1,105	852	475
Heating oil	MWh	238	344	291	238	97
District heating	MWh	586	810	778	638	550
Total	**MWh**	**47,998**	**48,875**	**46,868**	**47,395**	**45,030**

Table 19: Energy consumption (TJ)[75]

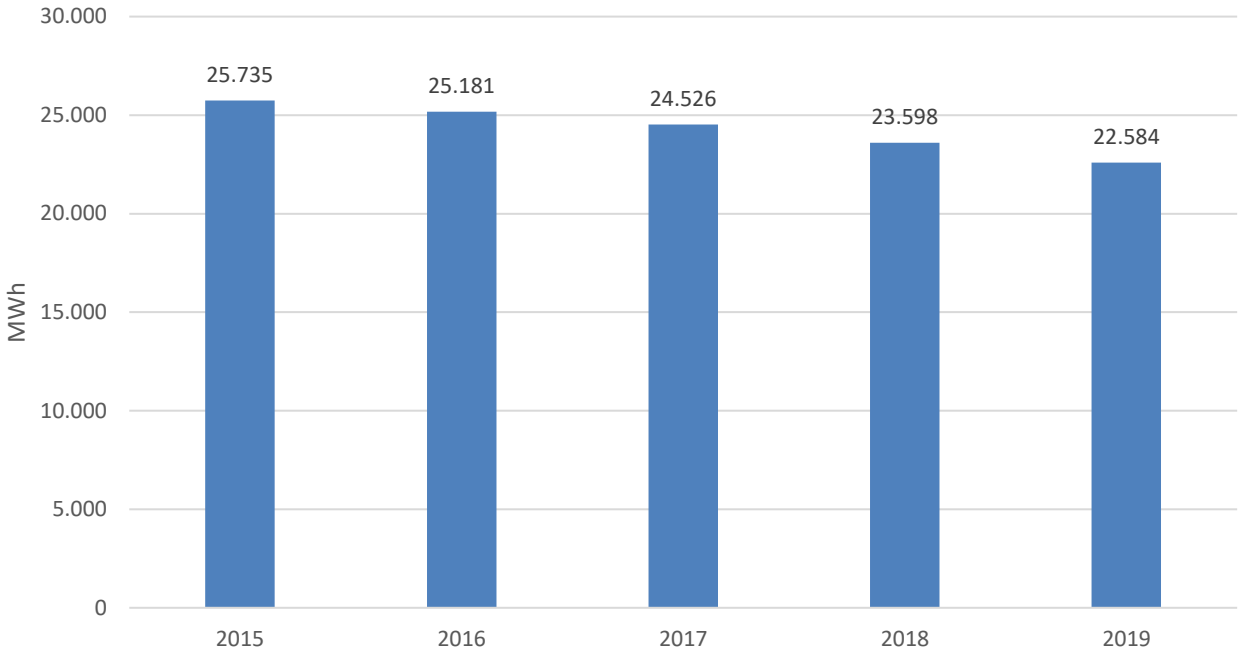
		2015	2016	2017	2018	2019
Electricity	**TJ**	86.9	92.6	90.7	88.3	85.0
Fuel	**TJ**	62.8	58.7	62.8	58.7	67.0
Natural gas	**TJ**	5.9	6.7	5.5	6.0	5.2
LPG propane	**TJ**	5.1	7.3	8.1	7.6	7.1
LPG propane butane	**TJ**	3.6	4.2	4.4	4.0	3.1
Heating oil	**TJ**	0.9	0.9	1.2	1.0	0.9
District heating	**TJ**	1.7	2.1	2.9	2.8	2.3
Total	**TJ**	**166.9**	**172.5**	**175.6**	**168.5**	**170.4**

Electricity

The Company keeps introducing measures to reduce electricity.

[75] GRI GS 302-3.

Figure 61: Total electricity consumption (MWh)[76]



The largest group of electricity consumers includes tunnel equipment, which accounts for 57% of the total electricity consumption at the Company. Electricity in tunnels is mainly used for lighting, ventilation and other. In 2019, activities began to reduce reactive energy in the area of the Trojane tunnels, which will continue at other locations where it makes sense following successful implementation.

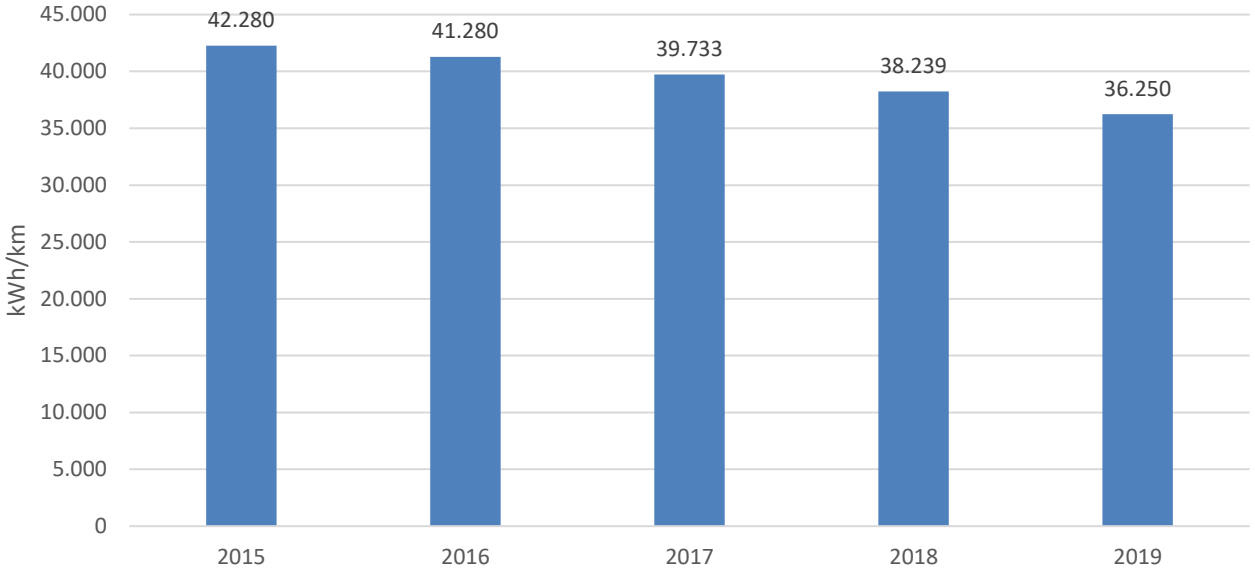
The second largest electricity consumer is street lighting. In this respect, we have replaced old and worn-out lighting with new LED lamps in the last five years with the aim of meeting the requirements of the Decree on limit values due to the light pollution of environment. At switch boards and metering points where lighting has been replaced, the cost was also reduced due to reduced connecting power.

The third largest group of electricity consumers in the Company, accounting for 12% of the total consumption, is electricity intended for the operation of motorway maintenance centres (MMC) and toll stations (TS). Due to toll system changes in 2018, the role or purpose of toll stations is changing, since some toll stations are being eliminated or rearranged into toll control points. In that respect, electricity consumption has reduced in heating and cooling systems, toll booth ventilation and toll platform lighting. Lighting at frontal toll stations was rearranged for the purposes of toll supervision, while lighting at lateral toll stations is now provided only at access and exit ramps.

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

[76] GRI GS 302-3.

Figure 62: Total electricity consumption per MW kilometre (kWh/km)



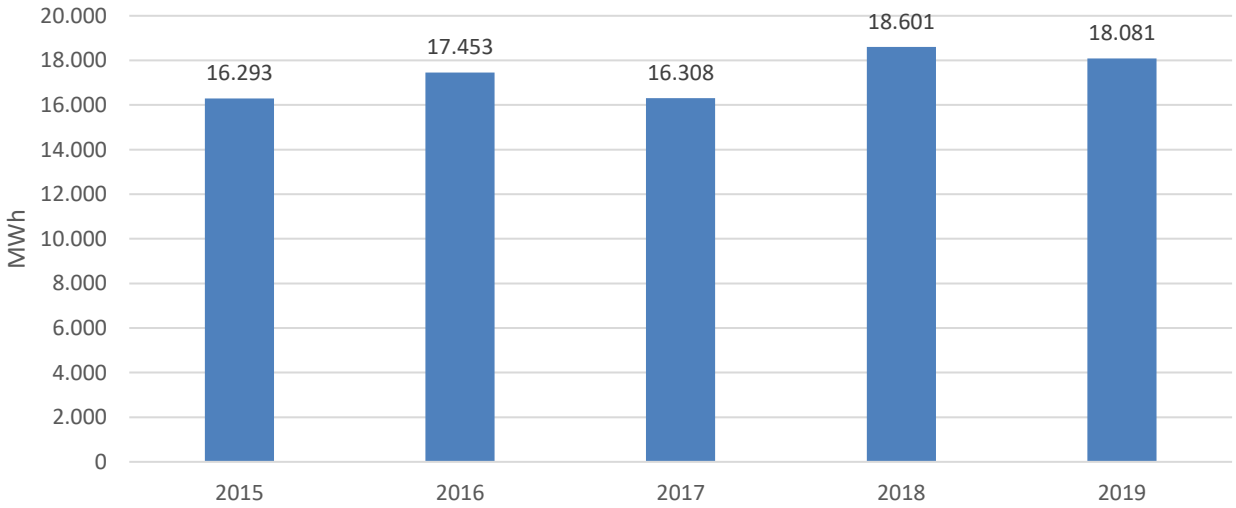
Fuel for the vehicle fleet

In 2019, the Company had 716 work vehicles, 192 of which were heavy goods vehicles for winter service and annual maintenance, 154 were light commercial vehicles that were primarily used for regular inspections and minor maintenance works, 118 were combination vehicles, 43 were special-purpose vehicles used for the special-purpose maintenance of structures and alignment, 44 were all-purpose vehicles for winter, summer and technical maintenance, and there were 166 units of various work machinery used for winter and summer maintenance. In 2019, the Company recorded reduced diesel fuel consumption, primarily on account of a mild winter and, consequently, fewer ploughing days. To reduce the consumption of fuel and grit material, a wet salting system is being introduced throughout the MW and EW area, where preventive salting is done faster and at longer time intervals, since the solution remains on the pavement. Furthermore, the vehicle fleet is being updated with new environmentally cleaner vehicles. In 2019, it was planned to supply two natural gas-driven vehicles, to be executed in 2020.

In 2020, a light-duty vehicle for road inspection and a combination gas-driven vehicle will be introduced on a test basis.

In addition to the previously indicated work vehicles, the Company also had 162 passenger cars and 39 toll supervision vehicles in 2019.

Figure 63: Annual fuel consumption



Heating

The largest energy consumers at DARS for heating are 9 motorway maintenance centres (MMCs) and 7 branches, followed by the office building in Celje and 10 buildings that remained after the removal of the toll stations and their intended use changed. Facilities at 6 locations are connected to the natural gas network, one MMC uses LPG propane butane for heating and one MMC uses woody biomass (chipped wood) for heating, while other buildings use LPG propane for heating and two buildings (Log and Rogla) exclusively use light fuel oil for heating, whereby a comprehensive restoration is planned for Log in 2020, including the replacement of the energy product.

Within the scope of a comprehensive energy inspection in 2015 and 2016, one of the measures foreseen was also the introduction of an energy information system (EIS), which was installed at MMC Vransko on a test basis, after which it was installed at 6 locations in 2018 and 2019 situated in the eastern cohesion region (MMC Murska Sobota, MMC Maribor with the branch in Ptuj, MMC Novo mesto with the branch in Drnovo and MMC Slovenske Konjice). By implementing the system, facility administrations gained a powerful tool to monitor the consumption of energy products and take actions to reduce energy consumption.

To reduce energy consumption in heating, the following measures were implemented in 2019 as a result of a comprehensive energy review:

- Two heat pumps for heating sanitary water during the summer were installed at MMC Vransko and MMC Postojna as replacements for the deteriorated gas boilers.
- The supply of natural gas was provided in line with the provisions of the Energy Act and the Public Procurement Act.
- A public procurement procedure was conducted along with stage 1 of the improvement of energy performance at MMC Hrušica and a boiler room was constructed that burns woody biomass or, rather, wood chips for the purposes of heating MMC and TS Hrušica. The executed stage 1 of energy improvement at MMC Hrušica and the use of woody biomass to heat MMC and TS Hrušica had a favourable effect on reducing CO_2 emissions, which is in line with the efforts made by DARS to reduce greenhouse gas emissions and improve energy efficiency.
- Stage 1 of the reconstruction of MMC Ljubljana commenced, also covering the energy improvement of buildings.
- To better monitor the consumption of energy products for heating, meters were installed that allow much better monitoring of energy consumption and, consequently, immediate actions.
- Documents for the execution of a public contract for EIS implementation in buildings of the west cohesion region have been prepared.
- Two workshops were organised for caretakers and maintenance officers to the topic of efficient energy use.

The diagram in Figure 67 shows the energy consumption for heating per m^2 of heated surface. Reduced consumption is attributed to the abolition of toll booths, temperature optimisation in buildings through the introduction of the energy information system, and relatively favourable weather conditions.

Figure 64: Energy consumption for heating

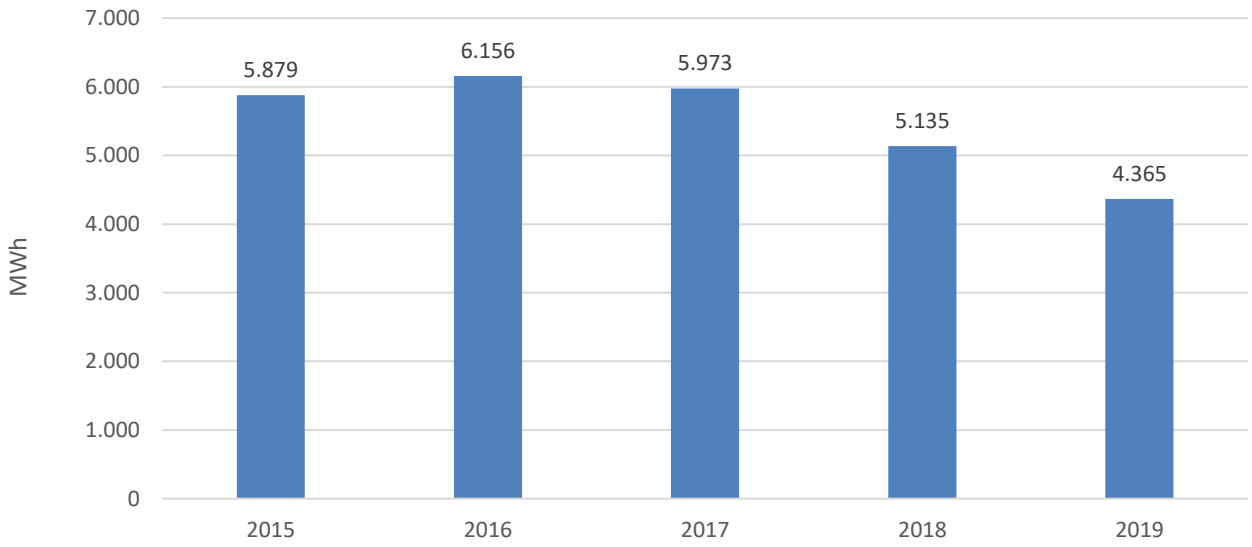
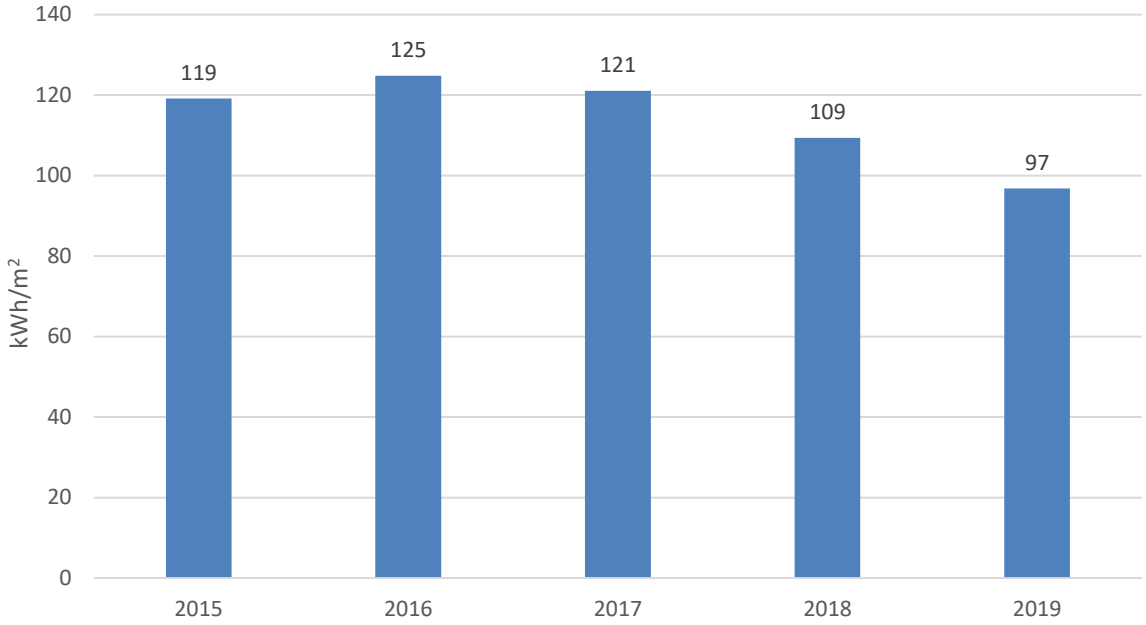


Figure 65: Heat energy consumption per square metre of heated surfaces



I.5.6.5 Light pollution

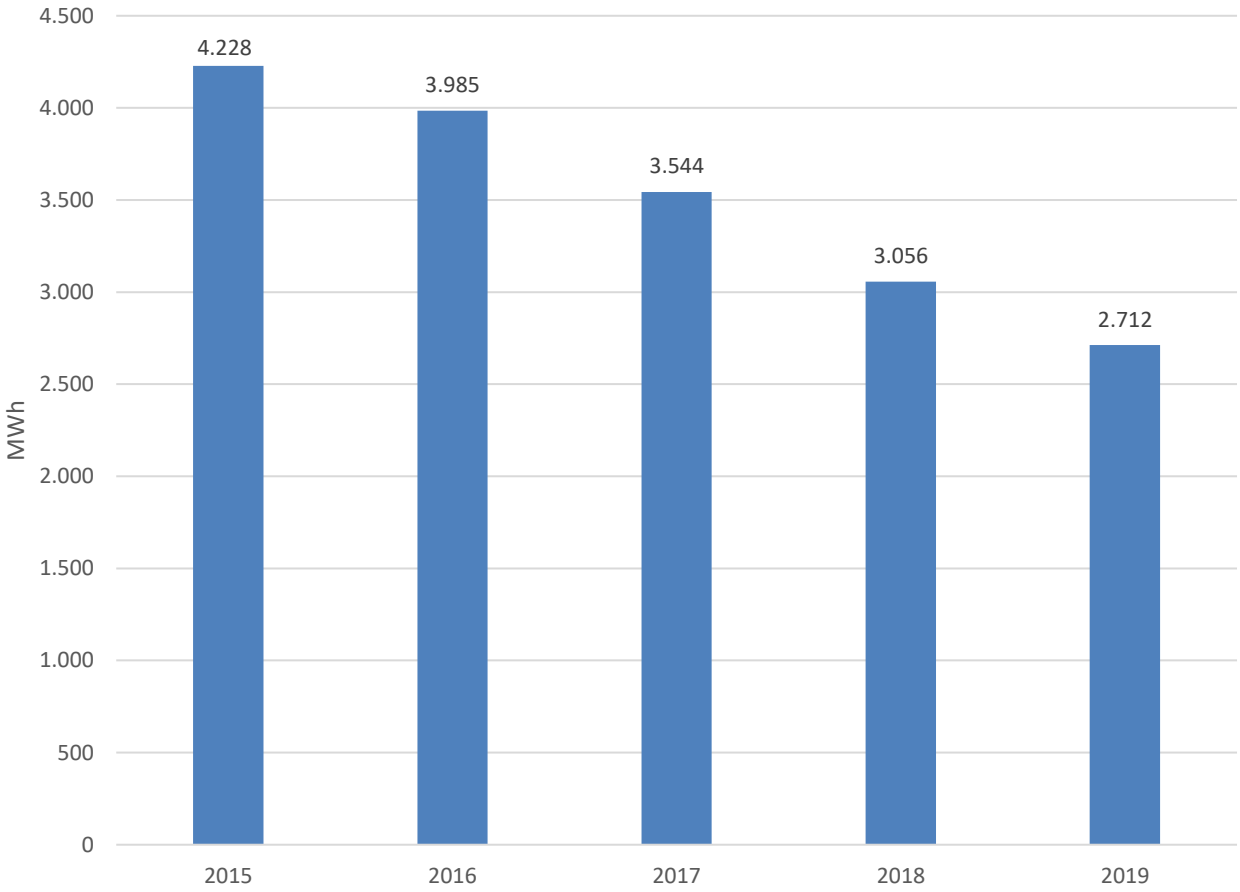
Light pollution is the emission of light from light sources that increases the natural illumination of the environment. The International Commission on Illumination (CIE) does not use the term "light pollution" but the term "light trespass." One of the first EU Member States to adopt a Decree on limit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

In 2016, stage 1 lighting replacement was completed, in which inadequate lights on the Dolenjska and Primorska MW legs and on the Ljubljana ring were replaced. The stages were broken down into the following lots:

- Lot 1: A1 Šentilj - Koper; Ljubljana - Koper and H6 Koper - Semedela,
- Lot 2: A2 Karavanke - Obrežje; Ljubljana - Obrežje and 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 Figure 66 based on the successful completion of several stages of lighting replacement.

Figure 66: Electricity consumption for stages 1, 3 and 4 of lighting replacement



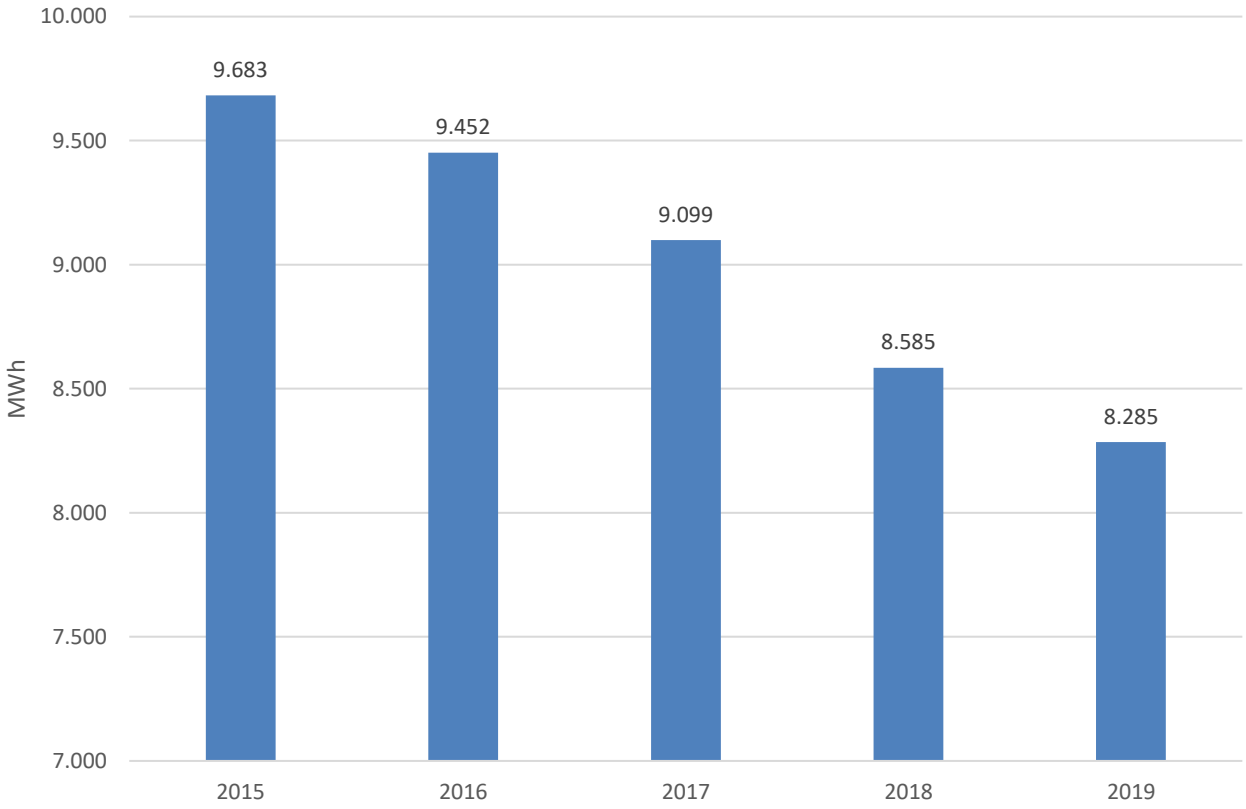
In stage 2, the lights at all MMCs were replaced.

In 2018, the Company completed stages 3 and 4 of lighting replacement, whereupon 1500 lamps were replaced in 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 - Sermin - Koper,
- H7 Dolga vas - Hungarian border.

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

Figure 67: Electricity consumption – lighting (MWh)



In addition to outdoor lighting on the motorway network, the Company executed a tender procedure under which lighting will be replaced with LED lamps in addition to the electrical and mechanical equipment in the Golovec tunnel and the Strmec cut-and-cover.
The figure above shows the reduced electricity consumption intended for overall lighting. In addition to the measures implemented with the replacement of the lamps, the graph also shows reduced consumption on account of the abolition or changed intended use of toll stations.

In 2019, the Company was actively involved in the study of economically, environmentally and energy-acceptable measures to reduce electricity consumption, which have not yet been implemented. A project was prepared for stage 5 of the replacement of lighting, which has not yet been executed, since a procedure was initiated to amend the Decree on limit values due to light pollution of environment. Within the scope of the installation of solar power plants on structures, we obtained proposals from providers, while the realisation depends on economically viable investments, which is also subject to the foreseen grants.

I.5.6.6 Carbon footprint monitoring[77]

Carbon footprint is the total amount of greenhouse gas emissions related to the operations of DARS d.d. The carbon footprint calculation at the Company level took into account all direct greenhouse gas emissions (CO_2 and other) that are incurred at DARS d.d. locations.
The calculation of the carbon footprint took into account the emission factors that are indicated in ANNEX III: Emission factors for determining reduced carbon dioxide emissions, page 1996 / No. 14 / 24 March 2017, Official Gazette of the Republic of Slovenia.[78]

[77] GRI GS 103-1, 103-2, 103-3, 305, 305-2.
[78] GRI GS 103-1, 103-2, 103-3, 305-2.

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

Despite new MW sections opening in 2017 and 2018, which resulted in increased energy consumption, the carbon footprint has decreased from year to year due to systematic measures in efficient energy use as implemented on the basis of energy reviews and shown in the figure below.

Figure 68: Carbon footprint by year

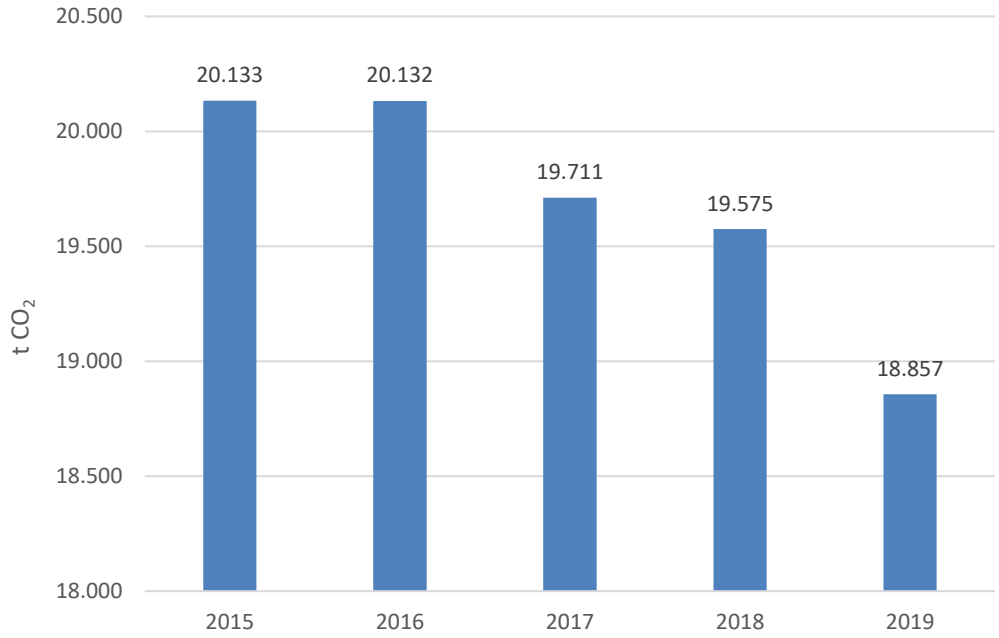
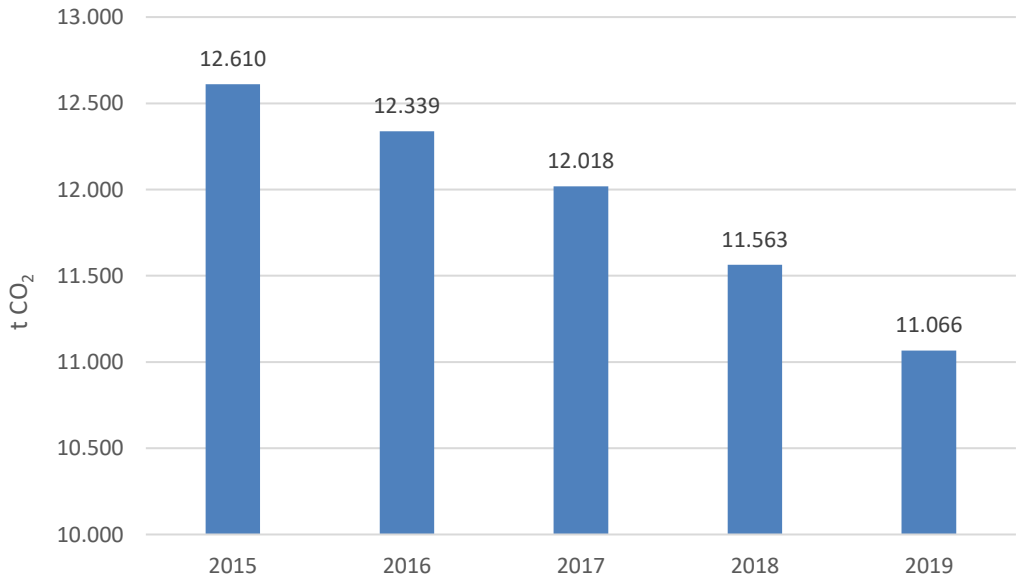
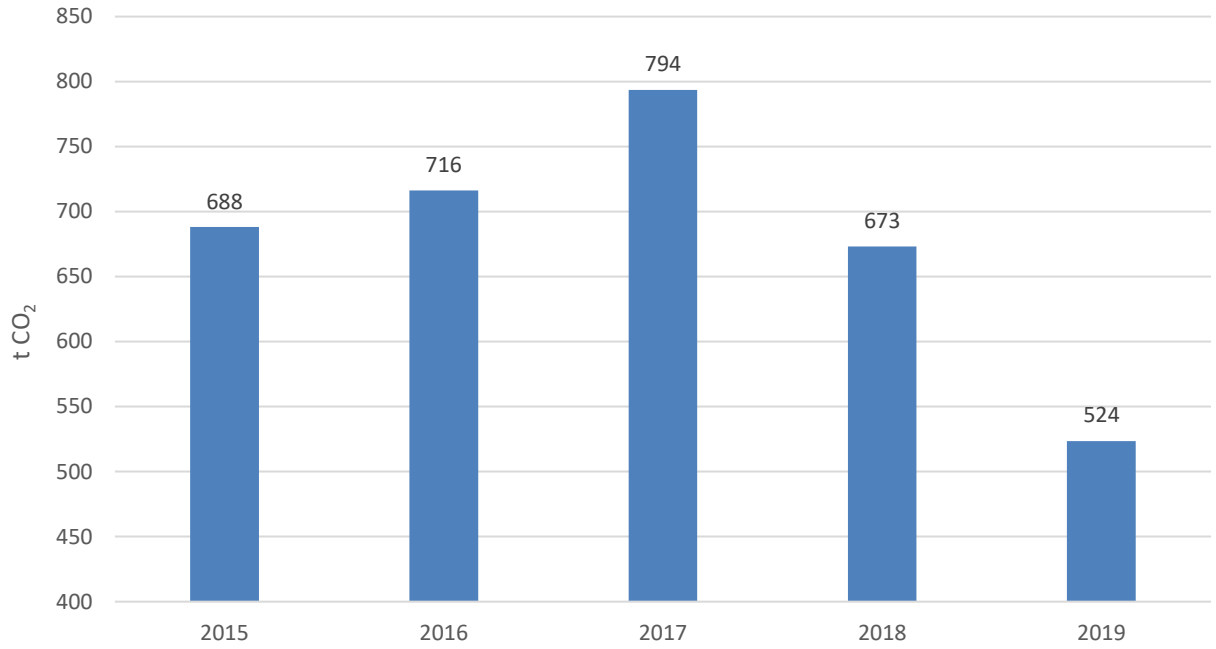


Figure 69: Carbon footprint – electricity



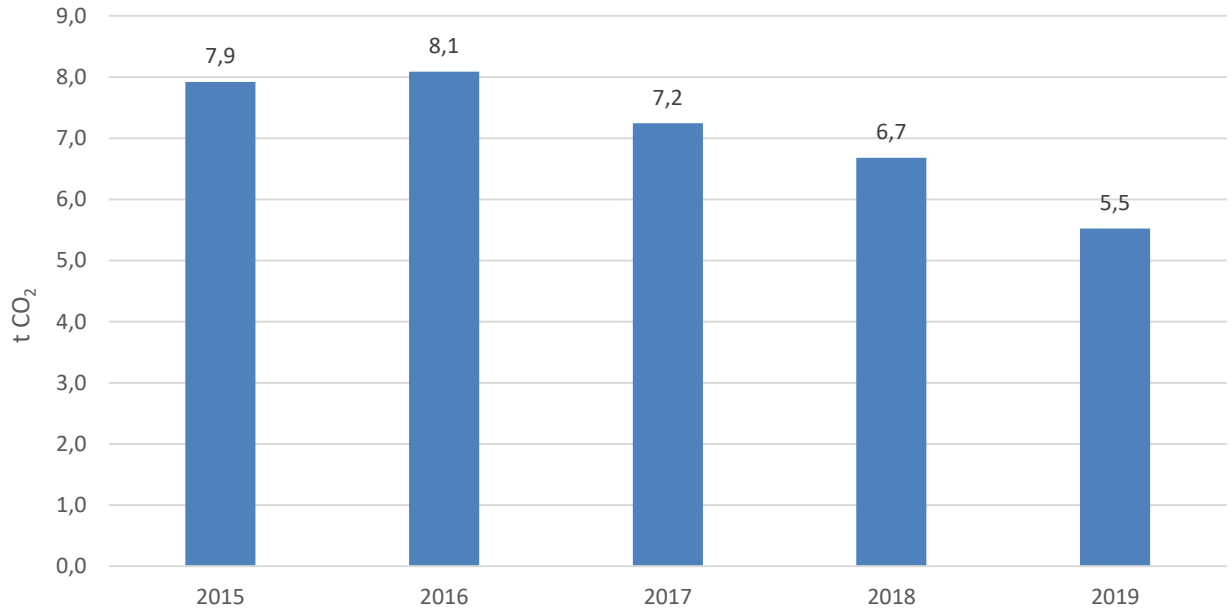
With respect to the measures introduced to reduce electricity consumption, the carbon footprint also reduced.

Figure 70: Carbon footprint – heating



With respect to the measures introduced to reduce energy consumption for heating, the carbon footprint also reduced.

Figure 71: Carbon footprint – use of office paper



Despite the fact that the consumption of office paper is not significant, we believe that every contribution to a reduced carbon footprint is important and demonstrates the employees' efforts to use printed documents rationally upon the gradual digitalisation and computerisation of operations.

I.5.6.7 Reduced fuel consumption by the users of vehicles with a maximum authorised mass exceeding 3.5 tonnes due to the deployment of the DarsGo system.

As presented below, the introduction of the DarsGo system has also yielded positive environmental and economic effects in vehicles with a maximum authorised mass (MAM) exceeding 3.5 tonnes.

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

Potential savings may be calculated for 2017, since the DarsGo system had not yet been introduced (based on passages through toll stations). Potential savings for the first 3 months of 2018, before the toll system was changed on 1 April, were calculated, while the actual savings were calculated for the remaining months. Calculations were also made for short-term forecasts by 2020, which were presented in the Sustainability Report for 2018 and took into account the growth of road freight transport (4-5.3%; continued growth in recent years) and improvements to vehicles (transfers to higher emission classes).

Based on actual toll station passages in 2019, the Energy Efficiency Centre of the Jožef Stefan Institute made a recalculation based on the actual data and prepared an addendum to the report: Production of a methodology to evaluate emissions of CO_2 and other air contaminants from vehicles on Slovenian motorways, statistical data for 2019, as indicated in the table below.

Table 20: Total reduction of emissions due to the deployment of electronic tolling in Slovenia[79]

Year	No. of passages through toll stations	Fuel savings [t]	Fuel savings [GWh]	CO_2 emissions [t]	NO_x emissions [t]	$PM_{2.5}$ emissions [t]
2017	22,936,633	0 (potential saving *12,456*)	0 (potential saving *147*)	0 (potential saving *38,308*)	0 (potential saving 140)	0 (potential saving *2.3*)
2018*	23,927,107 (5,728,548 from I-III 2018)	9,750 (potential total saving *12,995*)	115 (potential total saving *154*)	29,986 (potential total saving *39,966*)	84 (potential total saving *112*)	1.7 (potential total saving *2.2*)
2019	24,960,247	13,553	160.5	41,680	77.2	1.80
2020	22,960,000	12,470	147.7	38,350	67.5	1.58

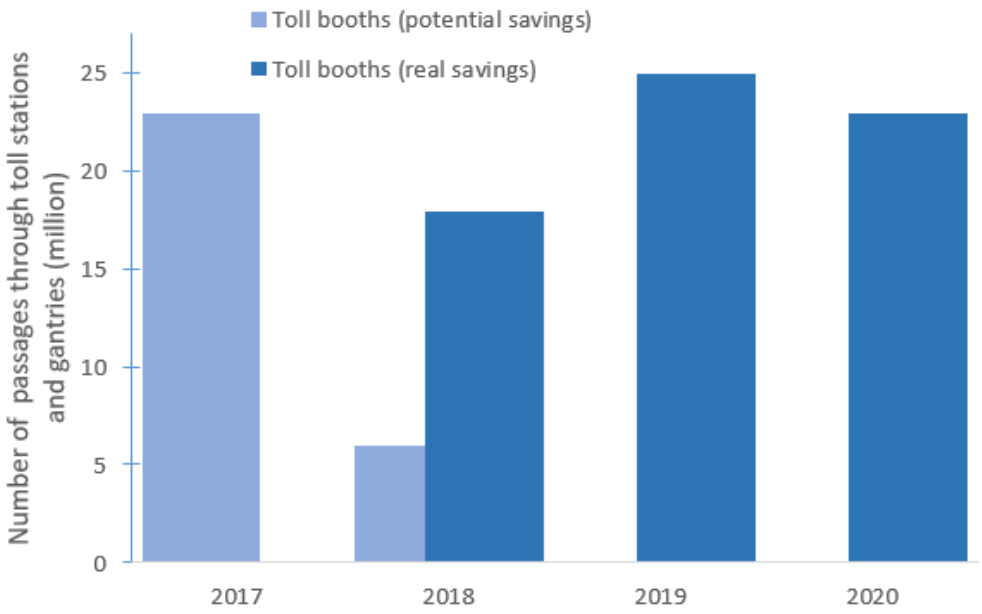
* Savings occurred after 1 April 2018 due to the deployment of the tolling system. Before then, only potential savings can be discussed.

The results from the table above are shown below. Potential savings before April 2018 are shown in light colour, while the real savings after 1 April 2018 and in 2019 are shown in bold colour.

With respect to the pandemic, the number of passages through toll stations in 2020 is expected to be lower, as indicated in the previous table.

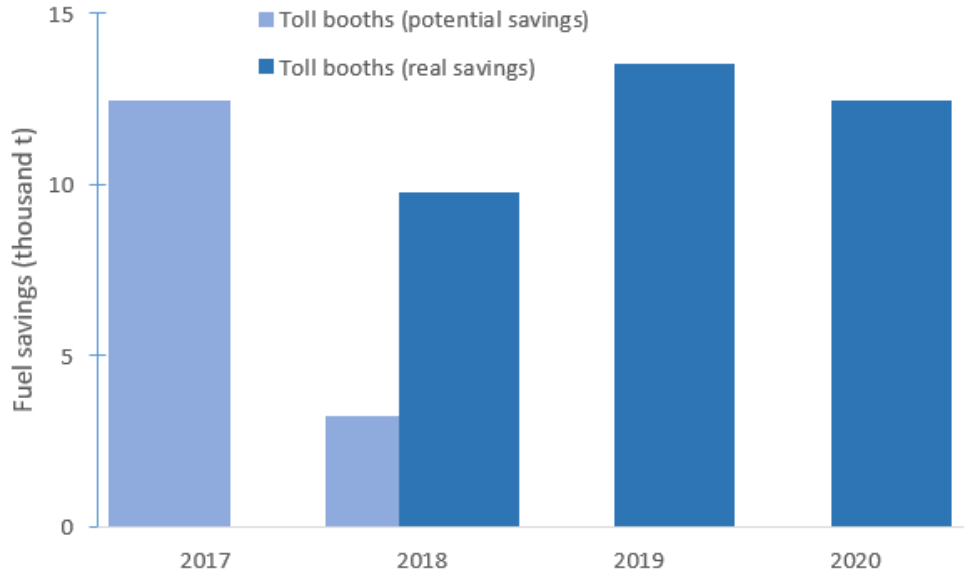
[79] GRI GS 302-3, 305-2.

Figure 72: No. of passages through toll stations and gantries from 2017 to 2020



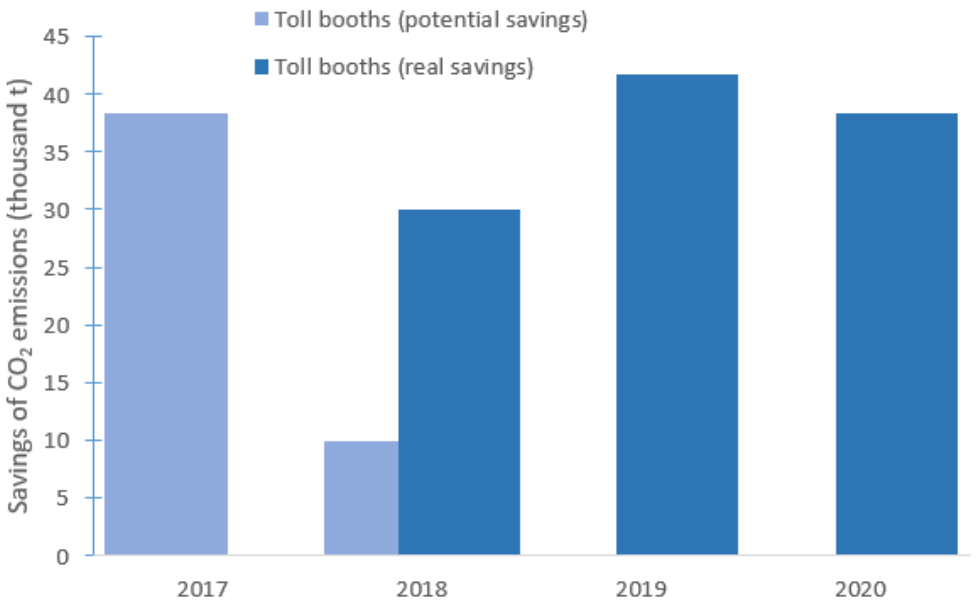
The figure below shows potential and real fuel savings due to the deployment of the DarsGo system without stopping at toll stations, i.e. from 2017 to 2019 and with a forecast for 2020. It is evident that fuel savings increased in 2019 and will decrease in 2020 due to the pandemic. Both units have been used: fuel mass in tonnes (left) and its energy in GWh (right).

Figure 73: Potential and real fuel savings due to the deployment of the DarsGo system without stopping at toll stations, i.e. from 2017 to 2019 and with a forecast for 2020



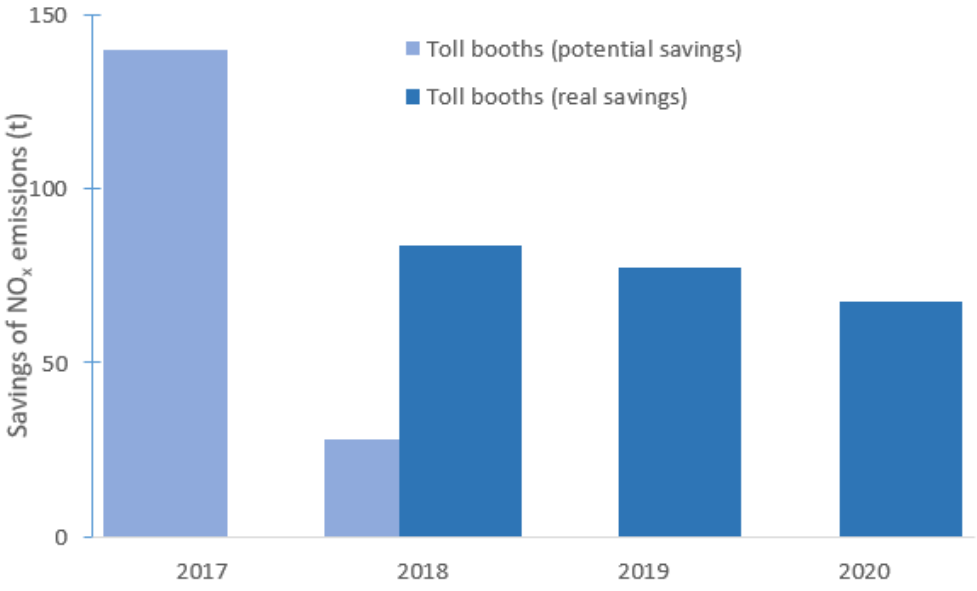
The figure below shows potential and real savings of CO_2 emissions due to the deployment of the DarsGo system without stopping at toll stations. It is possible to observe a trend of reduced emissions in the future, which is mostly the subject of the increased number of passages.

Figure 74: Potential and real CO_2 emission savings due to the deployment of the DarsGo system without stopping at toll stations, i.e. from 2017 to 2019 and with a forecast for 2020



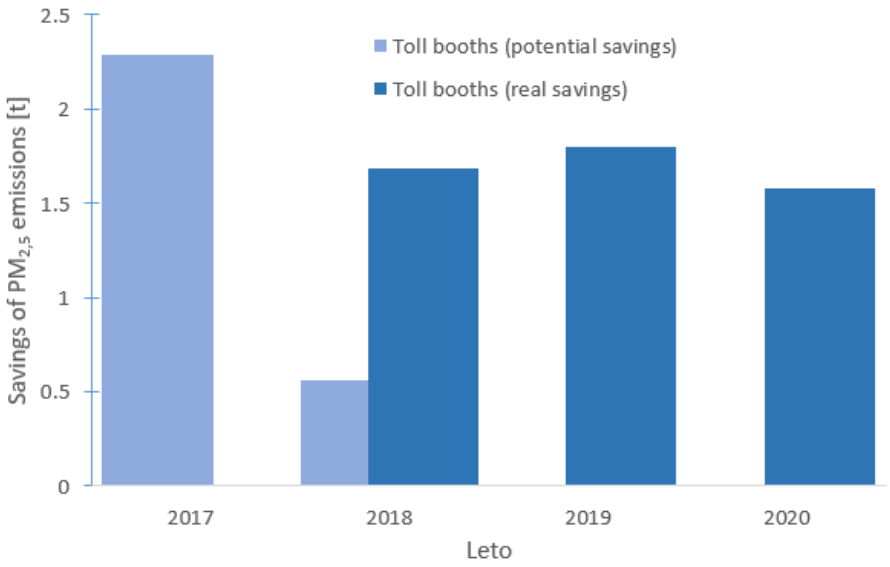
The figure below shows the potential and real savings of NO_x emissions due to the deployment of the DarsGo system without stopping at toll stations. It is possible to observe a trend of reduced emissions in the future, which is mostly the subject of an increased number of passages in 2019 and the decreased number of passages in 2020.

Figure 75: Potential and real NO_x emission savings due to the deployment of the DarsGo system without stopping at toll stations, i.e. from 2017 to 2019 and with a forecast for 2020



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

Figure 76: Potential and real savings of $PM_{2.5}$ particle emissions due to the deployment of the DarsGo system without stopping at toll stations, i.e. from 2017 to 2019 and with a forecast for 2020



As evident from previous data, the deployment of the DarsGo system is one of the most important environmental measures in the Republic of Slovenia.

In recognition of the successfully deployed electronic tolling system, DARS received an award for environmentally friendly service in 2019 within the scope of the Environmental gathering organised by the Finance newspaper on 7 November 2019. The figure below shows the Chairman of the Board Dr. Tomaž Vidic, who said upon receipt of the award, that the extremely demanding project was a success for all the employees who participated in it in any way and an incentive for DARS to dedicate even more attention to environmental protection in the future.

Figure 77: Presentation of the recognition for the 2019 environmentally friendly service to DARS

(The picture on the right shows Chairman of the Board Dr. Tomaž Vidic as first from the left)

I.5.6.8 Emissions into the air[80]

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

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

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

We reduce the amount of traffic congestion by optimising traffic flows, thereby minimising gas emissions. This is achieved by forcing freight vehicles off motorways in time, through road diversions, additional variable message signs and the coordination of all closures, as well as through the coordinated operation of control centres.

I.5.6.9 Concern for animals in the MW area of influence[81]

The invasion of wild animals onto the motorway presents a significant 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 animals,
- material damage and severe trauma;
- serious accidents resulting in fatalities or severe bodily injury.

Therefore, DARS has made efforts from the very beginning to minimise such cases by regularly checking the barriers, using deterrent devices and including the issue of animal passages in procedures to prepare the national spatial plan. We have adapted or expanded all our underpasses, which are located in areas where animal crossings have been recorded, in such a way that they now have an additional, unfortified path for the crossing of animals in addition to the road surface in the underpass. The prevention of animal road kill on all traffic routes (national roads, motorways and railways) is important both in terms of animal mortality rates and traffic safety improvement. To that end, Dars installed electric fences on the Logatec-Postojna section and furnished all MW junctions with acoustic deterrent devices for deer, which are installed on indicators. A total of 571 deterrent devices have been set up.

There are over 1000 structures – overpasses, underpasses, bridges, viaducts, tunnels, cut-and-cover structures and culverts – that animals use for crossing above or below the motorway.

In addition, by extending bridging structures over watercourses, the necessary path for animals crossing under bridges near watercourses is also ensured. Animals use several overpasses to cross roads and there are some objects that have been built exclusively for the purpose of animal crossings (ecoducts); some are extended overpasses where, in addition to the local road, a suitable width of grassy belt for the crossing of animals is provided. Culverts are adjusted below motorways for smaller mammals, amphibians and otters, with a built-in dry ledge intended for such animals.

To reduce the number of animals found astray on the motorway, the Company has decided to furnish all junctions on the motorway with a sonic deterrent device for animals. The mentioned device was initially tested by colleagues from MMC Hrušica in 2007 on the Gorenjska motorway leg. Research on its effectiveness confirmed that there is significantly less road kill (even as much as 92%) on roads protected by the device. The sonic deterrent device for animals is a device

[80] GRI GS 103-1, 103-2, 305-2.
[81] GRI GS 304-2.

with built-in electronics that repels animals from the protected motorway junction using ultrasound, infrasound, seismic tones and vibrations. They are installed in existing roadside pillars and prevent animals from accessing the motorway.

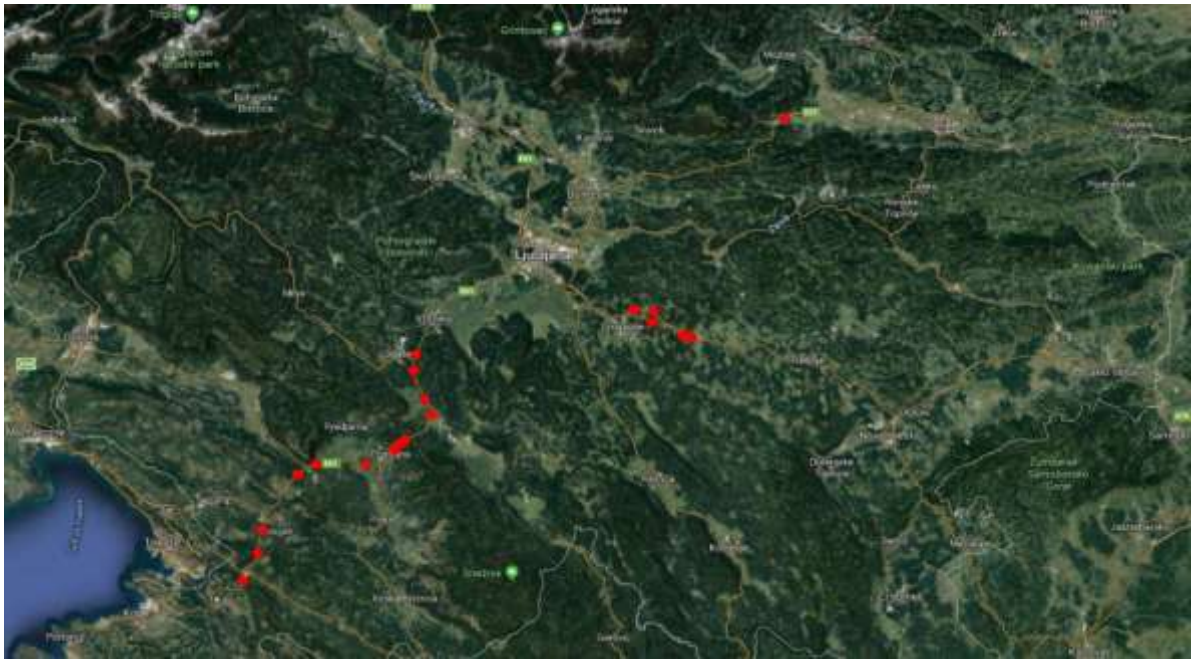
Figure 78: Acoustic deterrent device for animals

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

The prevention of animal road kill on all traffic routes (national roads, motorways and railways) is important both in terms of animal mortality rates and traffic safety improvement. With a focus on the 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 the total identified bear mortality in Slovenia. Runovers increase twice, i.e. in late spring (May and June) and early autumn (August and October).

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

Figure 79: Spatial distribution of locations in Slovenia where bears were hit on the motorway between 2004 and 2018



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

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

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

Otherwise, animals can use paths for crossing under viaducts and bridges and above tunnels throughout the motorway network.

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

Figure 80: Animal protection measures

To reduce the number of animals found astray on the motorway, the Company has decided to furnish all junctions on the motorway covered by MMC Murska Sobota with a sonic deterrent device for animals within a reasonable time. This device was first used in 2007 by associates from MMC Hrušica, who later equipped all junctions on both sides of the Gorenjska motorway section.

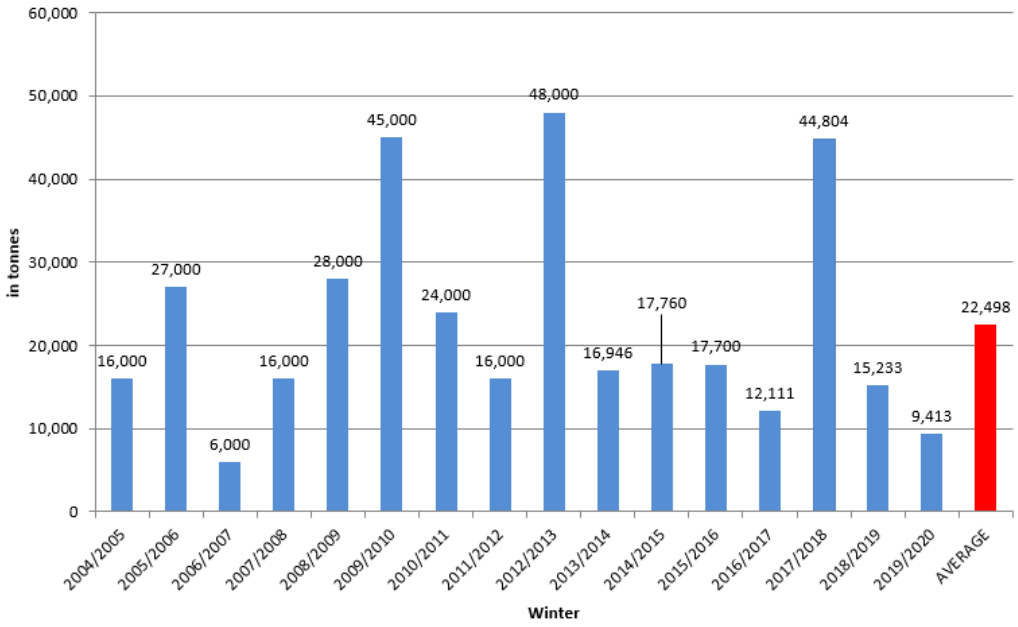
I.5.6.10 Environmental impacts of road gritting[82]

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

[82] GRI GS 103-1, 103-2, 103-3, 301-1, 304-2.

To prevent slippery roads and ensure safe road conditions in winter, roads are gritted using various grit materials. These materials have a minimum impact on the ground, the quality of surface and groundwater, flora, fauna, humans, animals, facilities (road lanes, bridges, viaducts and buildings) and vehicles.

Figure 81: Consumption of grit material in tonnes



In 2019, the environmental impact of salting was also monitored within the scope of the implementation of the Annual Programme of Operational Monitoring (APOM) of rainwater from retention basins. Analyses of the individual samples taken showed no excess presence of salting elements; in each analysis, the salting elements were within the prescribed limits.

Wet salting

Based on foreign and domestic experiences in wet salting, DARS decided to use a 20% NaCl solution for preventive gritting. Wet salting is when a saline solution is spread over a carriageway. 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 and much cheaper (FS100), the Company expects to furnish all MMCs with the relevant equipment. In 2019, additional silos and devices for the production of sodium chloride solutions were supplied to MMC Hrušica, MMC Kozina and MMC Vransko. The first new automated mixing devices were delivered and are already in operation at the Podtabor, Dob and Logatec and MMC Postojna branches.

Figure 82: New automated mixing devices

Notably, environment pollution thereby reduced by some 25%. The number of traffic accidents is also reduced or, rather, came close to the number of accident in other seasons of the year.

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

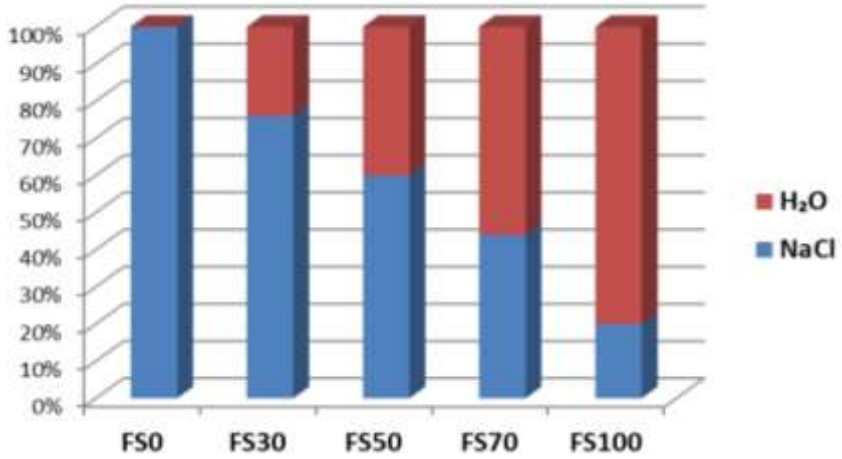
- accelerated corrosion of vehicles in traffic and the corrosion of reinforcement in reinforced concrete and iron and steel structures;
- damage to vegetation on the road side due to contact with salt, which is run off the road by traffic or drained upon snow thaw,
- damage to trees and shrubs resulting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

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 in 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.

Figure 83: The impact of salting on the pavement (source: own footage, 2010)

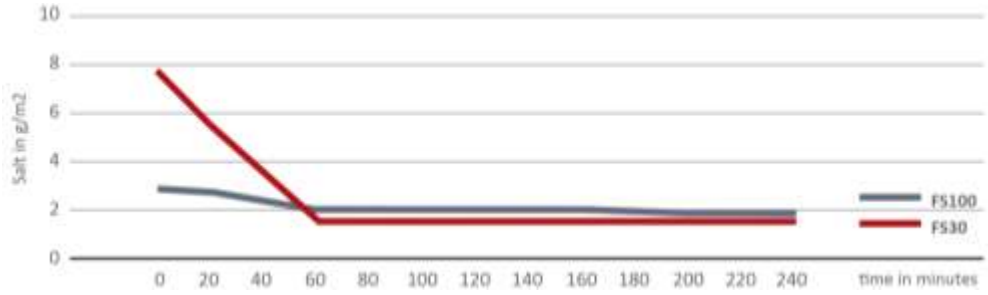
Figure 84: Types of solution for wet salting



Measuring salt residue upon the use of FS30 and FS100

The chart shows that the effect of wet salting (FS30) equals liquid salting (FS100) after some 50 minutes or that the effect of liquid salting lasts even longer and has more effect than wet salting. Measurements performed by German colleagues showed a loss of up to 70% in the first 20 minutes after salting, i.e. only 2g/m^2 of wet salt (FS30) remains from the initial amount of 7.5g/m^2, and after 60 minutes only 1.5g/m^2. Interestingly, the loss in FS100 is smaller and, if 3g/m^2 is sprayed, almost 2g/m^2 remains after 60 minutes.

Figure 85: Duration of the effect in wet salting (FS30) and liquid salting (FS100)



Road conditions for which liquid salting is recommended

Liquid salting is not suitable for all conditions. The basic condition is that the 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 environmental protection, grit requirements also emerged. This 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 the financial implications of the use of new grit technologies is simple.
In the 2019/2020 winter, 2814 m^3 of 23% NaCl solution was used for preventive liquid salting.

I.5.6.11 Protection of waters[83]

Run-off waste water is drained from the motorway pursuant to the Decree on the emission of substances in the discharge of meteoric water from pubic roads by way of dispersed or controlled point drainage via 755 retention basins, which are indicated by MW leg in Table 16 in chapter I.5.6.1.

In 2019, the Company continued the regular annual cleaning of all the most burdened oil separators (at motorway maintenance centres and branches) and the basic maintenance of retention basins (grass mowing, removal of dumped municipal waste, repairing damaged parts and railings, and cleaning de-sanding areas and sand traps). Investment maintenance works were carried out at two cleaning facilities (stabilisation of the sedimentation basin beds due to material deposits).

Hazardous and non-hazardous waste generated during the cleaning of retention basins and oil separators. The latter was handed over to a contractual recipient of such waste. Since the contract expired at the end of 2019, activities began to execute a new public procedure to obtain a new contractual recipient of such waste with a valid environmental permit issued by the Slovenian Environment Agency. Pursuant to legislative requirements, internal instructions on waste management and the rules of procedure for oil separator maintenance, an operating log, which forms a component part of the Report on the inspection and operation of retention basins along motorways and expressways, is to be completed for every intervention on an oil separator or retention basin for each calendar year separately.

Measurements were conducted 5 times in 2019 at the representative Sneberje retention basin with the aim of monitoring the emissions of substances into nature. The operational monitoring of run-off waste water from the roads managed by DARS d.d. was conducted within this scope, measuring the pollution of the water discharged from retention basins. Operational monitoring was conducted on the basis of the Annual Programme of Operational Monitoring (APOM), which was sent to the Ministry of Infrastructure for review and to the Ministry of the Environment and Spatial Planning for approval pursuant to the Decree on the emission of substances in the discharge of meteoric water from public roads. The measurements showed that the parameters of drainage water from the retention basins were within the limits set by the mentioned Decree and could as such be discharged into nature without further treatment.

[83] GRI GS 103-1, 103-2, 103-3, 306, 306-1.

Table 21: Number of retention basins along the MW legs

Designation and name of MW leg	Number of retention basins along MW leg
A1 Šentilj - Sermin	336
A2 Karavanke - Obrežje	186
A3 Gabrk - Fernetiči	12
A4 Slivnica - Gruškovje	25
A5 Maribor - Pince	88
H3 Northern Ljubljana Ring Road	1
H4 Razdrto - Vrtojba	94
H5 Škofije - Sermin - Koper,	5
H6 Koper - Lucija	7
H7 Dolga vas - Hungarian border	1
Total	**755**

Figure 86: Retention basins along MW

I.5.6.12 Noise emissions

DARS has erected noise barriers along the motorway alignment due to traffic since 1988. Since then and by the end of 2019, 217.27 kilometres of noise barriers have been erected.

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

Furthermore, the Company carried out measures imposed by the governmental Noise Action Programme. The measures included in the Noise Action Programme (Lot B) at five motorway sections were implemented from 2013 to 2015, and the protection of the most affected individual residential buildings along the motorway network was executed in 2019 – active noise protection measures at 11 locations along the Slovenian motorway network.

Lot B was implemented by DARS in 2013 and 2015 within the scope of the Environmental and Road Infrastructure Development Action Programme, i.e. through the Construction of Noise Barriers on Five Motorway Sections in the Republic of Slovenia (Brezovica - Vrhnika, Dramlje - Celje, Celje - Arja vas and Malence - Šmarje-Sap) project, which was co-funded with EU cohesion funds in the amount of 85%. By implementing noise protection measures, the operator will be able to prevent excessive noise pollution of the environment by traffic in the relevant sections. Overall, 31.4 kilometres or nearly 141 thousand square metres of new noise barriers were constructed in five motorway sections within this project.

The project was completed in August 2018 with the elimination of identified deficiencies in the Dramlje - Celje - Arja vas section, i.e. on barriers measuring 10.4 kilometres in length. In addition to the active noise protection, the so-called passive protection of certain residential buildings in these 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 11 structures along the motorway that are exposed the most. Based on the preliminary noise protection study and the proposal for noise protection for the structures, the Company obtained Executive Design documents in 2017 for 12 of the 14 locations, since 2 locations are subject to consideration within the scope of the national spatial plans for other investments. Passive protection was already prepared for those structures and executed near individual residential buildings in 2018. In 2019, the protection of the most affected individual

residential buildings along the motorway network was executed – active noise protection measures at 11 locations along the Slovenian motorway network.
In line with the law, DARS d.d. carried out operational noise monitoring for the motorway and expressway network in 1018/2019. Based on the results, noise protection measures were planned that are included in expert bases for the Noise Action Programme in affected areas. Furthermore, expert bases for the Noise Action Programme provide guidelines for protection against the noise produced by road traffic, also setting out criteria for the assessment of the economic viability and proportionality of noise protection measures, guidelines for passive protection design and guidelines for noise barrier design in order to make the measures as efficient and acceptable as possible with respect to the funds invested.[84]

For the purposes of preparing a set of measures that will be included in the revised Noise Action Programme to reduce noise pollution, the Company prepared expert bases in cooperation with an outsourcer for the restoration of noise protection barriers and expert bases. In 2020, it is expected that the Noise Action Programme will be revised for the 2018–2023 period.

Within the scope of the reconstruction of certain sections, the Company has created test fields with various asphalt layers, thus trying to achieve noise reduction at the source, since 2015. Within the scope of rearrangements of frontal TS areas in Pesnica, Tepanje, Kompolje, Log and Bazara, the Company created a less noisy wear course, the so-called drainage asphalt including rubberised bitumen, which reduces noise at the source, in 2018 and 2019.

Figure 87: Noise measurements

Based on the adoption of the methodology for noise protection monitoring on motorways and expressways, the Company began recording the condition of noise protection with the assistance of a contract specialist. Based on the collected and analysed data, part of the noise protection was included in the Plan of Measures on Infrastructure for 2018-2021. The data collected was included in the preparation of expert bases for the renovation of noise barriers, which have been prepared in cooperation with an outsourcer. This defines which noise barriers should be renewed within their existing clearances and which noise barriers should be comprehensively reconstructed, for which guidelines and bases for the planned reconstruction had to be prepared at the same time. The preparation of the programme takes into account the age of the noise barriers, the adequacy of the existing clearances of noise barriers with respect to the latest noise monitoring results, and the condition of the noise barriers. Based on the document, the sequence and scope of noise barrier reconstruction in the following years will be planned.

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

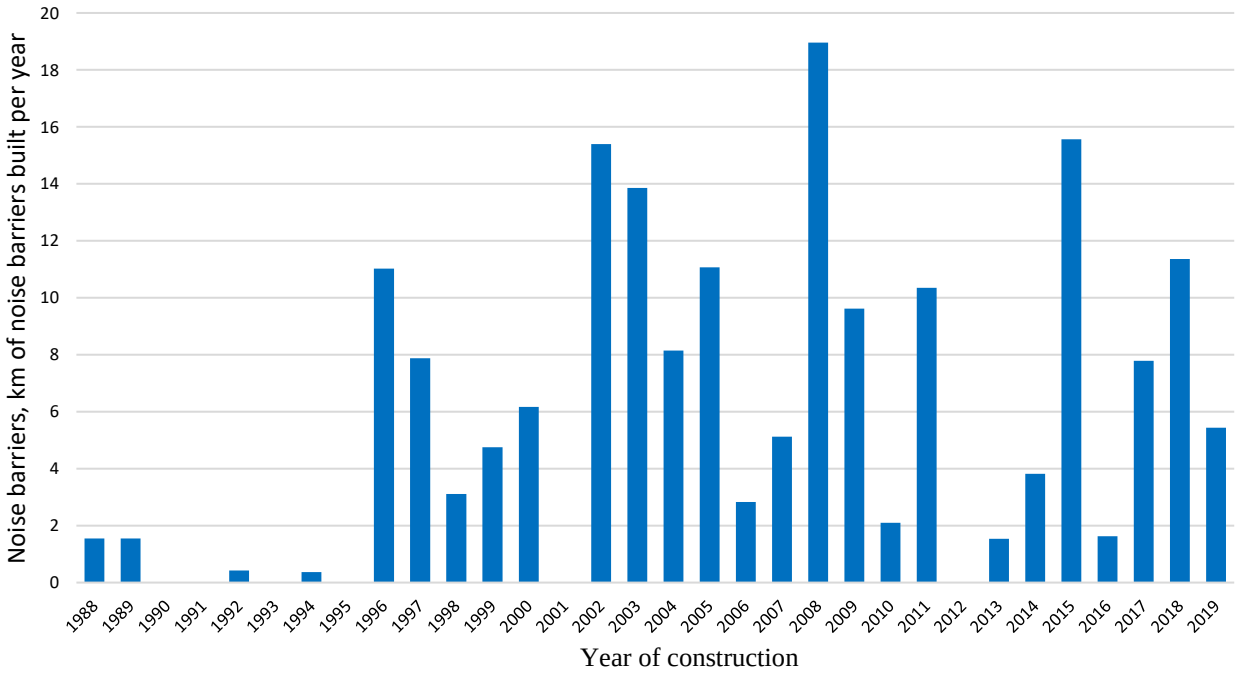
In 2018/2019, the Company has performed operational noise monitoring for the motorway and expressway network in cooperation with external associates. Based on the results of the conducted operational noise monitoring, noise

[84] GRI GS 102-12.

protection measures will be designed that will be included in the preparation of expert bases for the Noise Action Programme in overly affected areas. The preparation of expert bases for the Noise Action Programme runs in parallel with operational noise monitoring for the road network managed by DARS d.d. The Noise Action Programme is expected to be amended in the continuation of this year, which falls within the competence of the Ministry of the Environment and Spatial Planning in cooperation with the Ministry of Transport, the Ministry of Health and other stakeholders, including DARS d.d., pursuant to the Decree on the assessment and management of environmental noise.
Based on the amended Noise Action Programme, DARS d.d. will start implementing measures to reduce noise pollution along MWs and EWs, when such measures are included and confirmed in the amended Noise Action Programme.

DARS has erected noise barriers along the motorway alignment due to traffic since 1988. In that period, a total of 181.4km of noise barriers were built within the scope of the new construction of motorway sections and the existing motorway network during its use. Noise barriers were made as evident in the chart below.

Figure 88: Noise barrier construction along the motorway network in RS between 1988 and 2019



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

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

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

- MW Brezovica - Vrhnika: 11 noise barriers in the length of 7615m,
- MW Dramlje - Celje: 20 noise barriers in the length of 7953m,
- MW Dramlje - Celje - Arja vas: 19 noise barriers in the length of 10,511m,
- MW Brezovica - Vrhnika: 3 noise barriers within the scope of the rearrangement of toll station Log in the length of 852m.

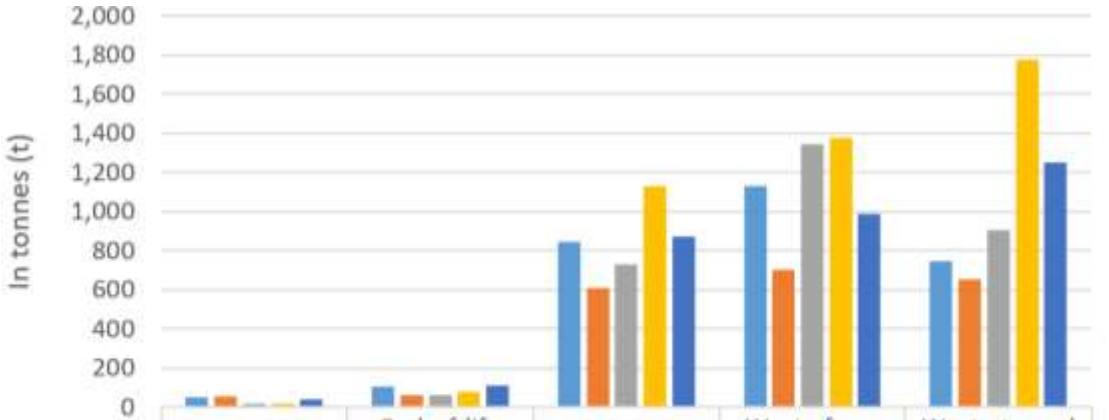
In that period, 20 noise barriers were erected in the total length of 7953m in 2015 within the scope of the Noise Action Programme, Lot B, on the existing Dramlje - Celje motorway section. In 2018, DARS d.d. eliminated deficiencies on 10,400m of the barrier in this motorway section.

I.5.6.13 Waste management[85]

In 2019, activities continued to implement and upgrade the environmental protection policy, with emphasis placed on controlled waste management as imposed by the applicable legislation. All activities have been aimed at proper waste management with the consistent separation of waste at its source. Furthermore, the Company continued to implement its policy of the controlled disposal of all types of waste.

Waste can be divided into two groups: non-hazardous and hazardous waste. Like in previous years, non-hazardous waste collected in 2018 mostly included waste generated during investment works for the comprehensive reconstruction of individual motorway sections (asphalt waste, concrete waste, scrap iron and waste soil). These are followed by waste generated during 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).

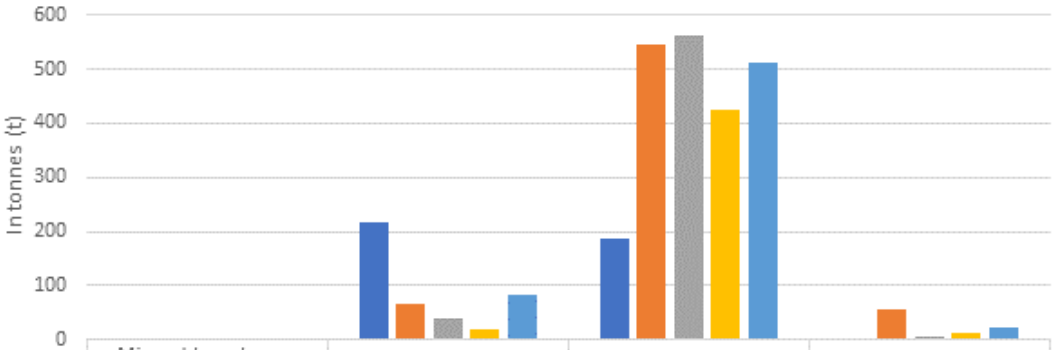
Figure 89: The volume of non-hazardous waste handed over in the 2015-2019 period[86]



	Waste plastic	End-of-life tyres	Iron and steel	Waste from desanding	Waste tunnel wash water
2015	49	106	845	1,131	748
2016	54	60	611	704	651
2017	20	59	729	1,343	905
2018	18	80	1,129	1,375	1,776
2019	37	110	871	987	1,249

[85] GRI GS 306, 306-2.
[86] GRI GS 306-1.

Figure 90: The volume of hazardous waste handed over in the 2015-2019 period



	Mineral-based non-chlorinated engine, gear and lubricating oils	Sludge from oil-water separators	Oily water from oil-water separators	Construction materials containing asbestos
2015	4	216	188	3
2016	4	68	546	57
2017	2	39	563	7
2018	1	18	424	12
2019	2	85	512	22

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

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

In relation to waste management, a record on waste management as set out 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 the temporary waste storage until it is handed over to the waste disposal contractor for the specific type of waste in line with the needs. Electronic records on waste management, as managed by the Slovenian Environment Agency (IS Odpadki), are kept at the Company level. A report on waste management for the previous year is also prepared annually by the prescribed date. The Company has a waste management plan.

Most various hazardous and non-hazardous waste is generated during motorway maintenance. Hence, various measures are taken to separate waste consistently and, as a result, the volume of collected waste has increased (e.g. by building draining racks in previous years, the volume of waste from sand traps has increased from year to year, since the waste had not been recorded as an independent waste category before the drainage racks were built). The Company has contracted recipients for each type of separately collected waste, which must have a valid environmental permit for handling such waste that is issued by the Ministry. Despite everything, the maintenance department is often faced with the issue of a certain type of waste or, rather, with the issue of different interpretations of a particular type of waste. In that respect, the biggest problem in 2019 referred to waste tyres, where a scheme is to be finalised at the Ministry level. In maintenance, large amounts of truck tyre casings have been recorded, which are considered by the contractual recipient of waste tyres to be municipal waste rather than waste tyres; however utility companies do not collect such waste claiming that it is waste tyres, which must be collected by the contractual recipient of such waste. The issue is still ongoing and has not yet been resolved. The issue of the operation or non-operation of certain companies

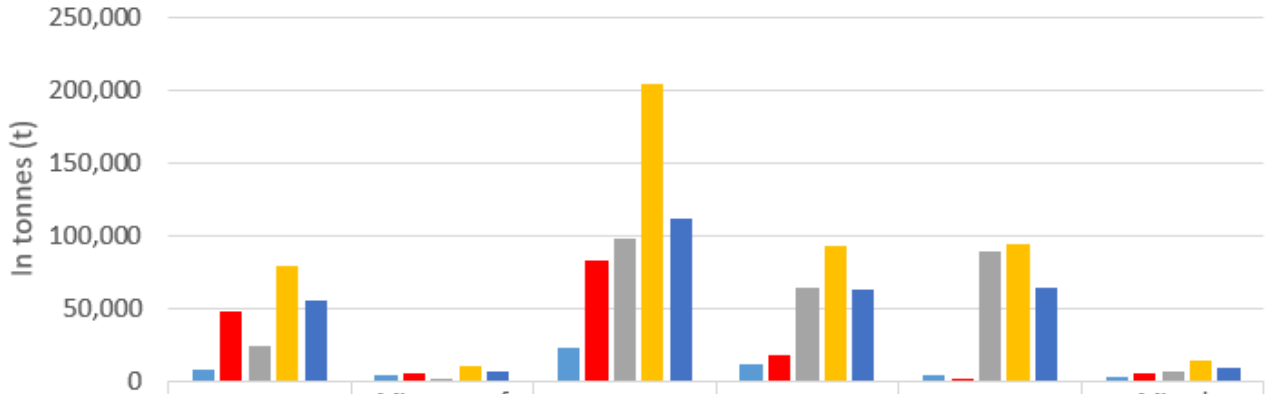
that collect hazardous waste (e.g. Kemis) also includes the disposal of certain hazardous waste (packaging waste from plant protection products and waste plant protection products). This issue, too, is still open and being resolved.

In maintenance, the issue of unauthorised dumps has arisen more and more often; these ordinarily appear on company land plots outside the area of the motorway surfaces, where constant supervision is not possible (surfaces for noise barriers and outer motorway barrier, access roads to structures outside the motorway barrier and similar). Unauthorised dumps most often contain construction waste, while some dumps also contain various municipal waste. Since it is difficult or almost impossible to find the perpetrator, the removal of such unauthorised dumps falls within the responsibility of the land owner based on an inspection decision, which may also imply a great financial cost when large volumes of waste are involved. In 2019, there were several cases of minor unauthorised dumps and one major case.

Construction waste management

In investments, DARS d.d. also acts as a producer of construction waste. The legal regulation of the area has been 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 works and their execution, 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 the requirements are transferred to the invitation to tender for the contractor. In addition to the general requirements, designs also need to take into account 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 to the waste disposal contractor upon the commencement of construction works.

Figure 91: The volume of construction waste handed over



	Concrete	Mixtures of concrete, brick	Bituminous mixtures	Soil and stones	Excavated material	Mixed construction waste
2015	7,547	4,127	23,047	11,509	4,171	3,036
2016	47,589	5,340	83,117	18,037	914	4,380
2017	23,163	792	98,016	63,427	88,884	6,417
2018	78,299	10,258	204,179	92,972	93,968	13,832
2019	54,978	5,648	110,943	62,976	64,382	8,519

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 the 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 2018, the existing pavement structure was reconstructed using cold-in-place recycling (IN SITU) in 3 projects, i.e. the reconstruction of section 0602 Hrušica - Lipce and the demolition and rearrangement of the Log and Nanos toll stations. This procedure ensures that the existing material is preserved to the maximum possible extent and that a substantial part of excess removed material is used in recycling.

In this area, DARS d.d. played an active part in the preparation of the Decree on green public procurement, which entered into force on 1 January 2018. The main provision in the Decree sets out that reclaimed asphalt pavement (asphalt granulate obtained upon the reconstruction of a road) should be used in pavement construction for that road as a priority for the production of bituminous mixtures and, secondarily, for the layers stabilised with hydraulic or bituminous binder, buffer zone (including roadside verges), bed, embankments and fills, i.e. in the necessary amount. All this is to be foreseen in the design documents for road reconstruction, where the type and amount of materials created during the reconstruction that is fit for reuse or recycling in individual road elements to be reconstructed must be evident.

I.5.7 Inclusion in the broader society

I.5.7.1 Inclusion in the local community[87]

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

I.5.7.2 Awards, commitments and memberships

I.5.7.2.1 Recognitions and awards

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

- DARS, respected employer in 2018;
- DARS, one of the most respected employers for 2016;
- DARS, respected employer in 2015;
- DARS, the most respected employer in Logistics and Traffic for 2013;
- award of the European Network for Workplace Health Promotion (ENWHP) for a good practice example for 2013;
- recognition by the Ministry of Labour, Family, Social Affairs and Equal Opportunities for a good practice example in workplace health promotion for 2012;
- together with the Republic of Slovenia, DARS d.d. received a special Max Fabiani jubilee award in 2015.

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

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

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

The over 600-kilometre-long motorway network featuring magnificent structures (from the longest bridge crossing the Mura River, the 1065-metre-long and 95-metre-high Črni Kal viaduct, the 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 the safest, since the fewest traffic accidents take place on motorways and expressways (4-lane roads are 4.5 times safer than main roads and 7.3 times safer than regional roads). Analyses have shown that the amount of congestion has dropped despite increasing traffic.

Dars has evolved from the entity constructing motorways and expressways into a responsible operator of built assets. This means that it monitors and manages motorways, expressways and accompanying structures and facilities in a systematic and standardised manner and in coordination with foreign operators. It makes sure that regular maintenance and reconstruction works are 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 the European Directives and the goal of enhancing traffic fluidity and user safety.

[87] GRI GS 103-1, 103-2, 103-3, 413-1.

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

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

I.5.7.3 DARS in the eyes of the business community

DARS ranks somewhere in the middle in terms of visibility among 61 examined companies included in the 2019 research on Slovenian business excellence, conducted by Ninamedia d.o.o. The general public sees DARS as a successful, respected and socially responsible company. The excellence level of DARS in 2019 amounts to 66 in the business community (at a scale from 1 to 100) and to 65 in general public. The achieved level of excellence was proportionately affected by four factors: company knowledge, performance, reputation and corporate social responsibility. DARS is well-known in the business community and the general public (the average level of knowledge in the business community is 3.63 and in the general public 3.16), while performance (3.46 in the business community and 3.55 in general public), reputation (3.07 in the business community and 3.06 in general public) and corporate social responsibility (3.11 in the business community and 3.18 in general public) are slightly below the average. DARS ranked 17th on the scale of excellence in the business community (Company ranking) and 20th in the general public.

I.5.7.4 Commitments to external initiatives[88]

DARS voluntarily participates in initiatives promoting ethical conduct and environmental, social and economically sustainable operations.
External initiatives are included in siting procedures, which is defined in detail in chapters I.5.6.2 and I.5.6.3.
Initiatives referring to noise and therewith related measures are described in detail in chapter I.5.6.12.

I.5.7.5 Membership in associations[89]

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

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

International cooperation and the acquisition of European grants
Guided by the Company vision focused on integration in various areas, DARS d.d. has maintained good international relations and established new ones since its very beginnings. In addition to participating in the already mentioned international associations, the Company is an active partner in the organisation of conferences and annual meetings held with related companies, cooperates with representatives of European institutions and regularly attends work groups, multilateral and bilateral meetings.

[88] GRI GS 102-12.
[89] GRI GS 102-13.

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

Figure 92: Attendance at the IBTTA "GLOBAL TOLLING SUMMIT" in Lisbon (October 2019)

(the first from the right is Matej Kranjc, DarsGo Project Director)

The DARS representative has successfully chaired the Permanent Committee for Data Gathering and Analysis – Statistics within the scope of ASECAP (COPER IV) since 2017, which entail a great deal of engagement but yields useful first-hand results. Furthermore, the Company became richer by one more representative in the ASECAP Executive Committee. In this way, we can co-develop the Association's work plans and participate in the establishment and composition of various committees and work groups needed to achieve key objectives. Current topics that ASECAP participates in with the European Commission and European Parliament are traffic safety, the amendment of the so-called Eurovignette Directive and of the European Electronic Tolling Service (EETS) Directive.

Many Company activities are also related to the acquisition of EU funds; namely, DARS received a total of €793,493 of grants within the scope of the Connecting Europe Facility (CEF) in 2019. The Company received the last €115,000 for the production of PGD/PZI design documents to construct the 2nd tube of the Karavanke motorway tunnel and activities have already started on the largest cross-border project (the co-funding application was prepared together with Austria) – the Karavanke tunnel, where the Company received €12,928 for project management and supervision, which accounts for 10% of the eligible costs.

In cross-border cooperation and the harmonisation of ITS applications, the Company completed the Crocodile 2 project at the end of 2019 and received €151,731 for it, while activities continue in the Crocodile 3 project, for which the Company received €221,785 in 2019 (both projects are co-funded in the amount of 20% of eligible costs).

The Company received €292,049 for the C-Roads Slovenia pilot project, co-funded in the amount of 50%, while activities in C-Roads Slovenia 2, the continuation of the original project, have not yet started.

I.5.7.6 Sponsorships and donations

The Company is well aware of the responsibility it has to people and the environment in which it operates. Through awareness and preventive campaigns in traffic and traffic safety and environmental protection, it takes an active part in current social events, co-creating them to the best of its abilities.

In corporate social responsibility, special attention is devoted to content relating to traffic safety, education and preventative actions on the roads operated by the Company. The funds are intended for projects involving preventive actions in traffic and for expert meetings that are related to traffic, safety and road construction, maintenance and operation.

Furthermore, donations are typically given to a major humanitarian project, i.e. children in the Botrstvo project, which is carried out by the Friends of Youth Association of 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 for fire brigades involved in interventions upon incidents on the motorway system operated by the Company.

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

Table 22: Funds for sponsorships and donations

Funds	2016	2017	2018	2019
Sponsorships	20,491	18,892	27,800	56,839
Donations	100,918	146,203	121,134	140,501
TOTAL	121,409	165,094	148,934	197,339

In the 2015-2018 period, i.e. until 2017, slightly more than 60% of the funds were intended for large families and disabled persons, i.e. for the purchase of vignettes for vans (toll class 2B), pursuant to an agreement made with the Ministry of Infrastructure and the Slovenian Red Cross. In the 2016-2018 period, donations amounting to €85,000 were approved for the Friend of Youth Association (Botrstvo project).

I.5.8 Responsibility to suppliers/contractors[90]

In 2019, DARS d.d. successfully cooperated with many suppliers/contractors (536) at home and abroad, although most business cooperation focused on suppliers/contractors from Slovenia (96% in terms of value) providing construction works (55%), services (39%) and goods (6%) with respect to the specific nature of operations; detailed data on the amount, structure and location of suppliers/contractors is evident below.[91]

Complex public procurement procedures at DARS, which is one of the largest contracting authorities in the Republic of Slovenia, are carried out by competent employees with the acquired additional qualification “public procurement expert in the Republic of Slovenia”.

[90] GRI GS 103-1, 103-2, 103-3, 308, 308-1.
[91] GRI GS 102-9.

I.5.8.1 Criteria for awarding a public contract[92]

When procuring goods, services and construction works, DARS d.d. is bound to observe the Public Procurement Act. The criteria for awarding a public contract are set out in detail in Article 84 of the Public Procurement Act and require a contracting entity to award a public contract based on the most economically advantageous tender.

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

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

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

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

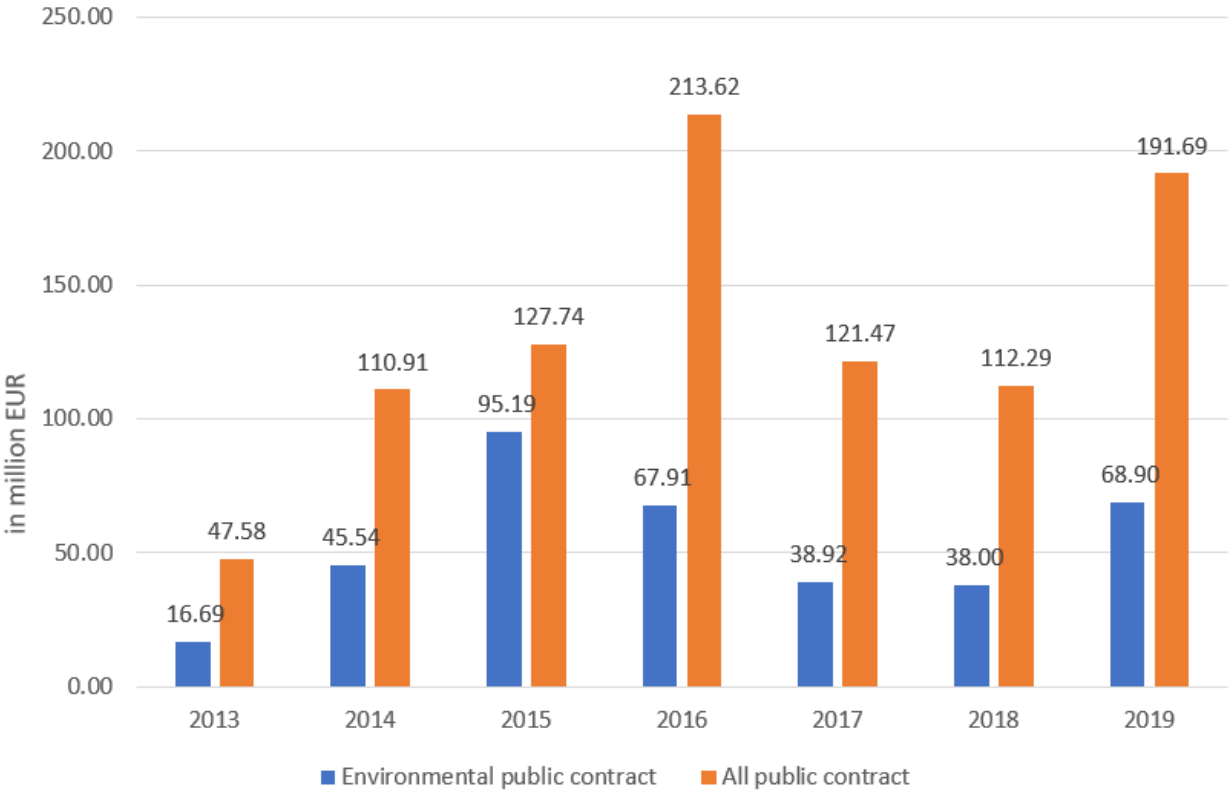
In the documents related to awarding a public contract, the contracting entity identifies a relative weighting awarded to each criterion selected for the determination of the most economically advantageous tender, unless the latter is determined solely on the basis of the price. The mentioned weightings may be defined as a range with a suitable maximum difference. When a weighting cannot be indicated for objective reasons, the contracting entity indicates the criteria in a descending order of relevance.[93]

I.5.8.2 Suppliers/contractors (local, abroad)

The Public Procurement Portal eJN[94], which is managed by the Ministry of Public Administration, contains the STATIST module, where it is possible to obtain statistical data relating to public procurement in the Republic of Slovenia. The data for 2019 shows that 1038 contracting entities awarded public contracts in the total amount of €3,756,200,709 (excluding VAT). There were 6874 invitations to tender published and 26,527 public contracts awarded. The environmental aspect was taken into account in 8506 or 32.06% of the contracts awarded.[95]
Changes in the total public contracts awarded by DARS and the growth in public contract value in which the environmental aspect was observed from 2013 to 2019 (in € million) are shown below.

[92] GRI GS 103-1, 103-2, 103-3, 204; 102-10.
[93] GRI GS 102-9.
[94] Source: https://ejn.gov.si/statist.
[95] GRI GS 308-1.

Figure 93: Public contracts and "environmental" public contracts for 2013-2019



The data for 2019 shows that DARS awarded public contracts amounting to €191,689,603 (excluding VAT). There were 162 invitations to tender published and 313 public contracts awarded. The environmental aspect was taken into account in 56 or 17.89% of the contracts awarded or, in terms of value, €68.90 million or 35.94%.

The Decree on green public procurement was published in the Official Gazette of the Republic of Slovenia, No. 51/2017 (hereinafter "Decree") and entered into force on 1 January 2018. Pursuant to the Decree, green public procurement is mandatory for 20 subjects of public procurement. The Decree no longer sets out obligatory environmental requirements as in the previous regulation, but sets out in Article 6 which environmental aspects should be considered by the contracting entity when awarding public contracts and the goals that must be achieved in each public procurement procedure for the subjects set out 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 set out in paragraph 2 of Article 6 of the Decree have been prepared and made available on that website. Although the cases of environmental requirements and criteria for green public procurement are similar in several places to the fundamental and additional environmental requirements from the previous regulation, the new cases have been updated, supplemented for the newly added subject of green public procurement, more flexible and not binding, while providing contracting entities with more options to achieve the required goal in a particular subject.

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

Table 23: Contracting entities with the highest value of awarded public contracts in 2019

Contracting entity	In € (excl. VAT)
Ministry of Infrastructure, Slovenian Infrastructure Agency	417,191,973
Ministry of Public Administration	216,825,756
Družba za avtoceste v Republiki Sloveniji d.d. (Motorway Company in the Republic of Slovenia)	191,689,603
JP Energetika Ljubljana d.o.o.	178,885,428
ELES d.o.o.	142,069,456
Institute of Oncology Ljubljana	100,509,895
University Medical Centre Maribor	91,935,253
Luka Koper d.d.	89,313,640
University Medical Centre Ljubljana	87,722,860
Ministry of Defence	87,388,475
Total	**1,603,532,339**

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

In the period between 1 January and 31 December 2019, DARS awarded public contracts worth €191,689,603. There were 162 public contracts published on the Public Procurement Portal. The Company awarded 313 public contracts to 175 tenderers.

Data on the share of the acquisition of goods, services and construction works, the location of suppliers or providers is evident in the table below.[96]

Table 24: Awarded contracts by the subject of the contract

Subject of the contract	In € (excl. VAT)	Percentage (%)	of awarded contracts	Percentage (%)
Goods	10,476,107	5.47%	79	25.24%
Construction works	105,500,143	55.04%	69	22.04%
Services	75,713,353	39.50%	165	52.72%
Total	**191,689,603**	**100.00%**	**313**	**100.00%**

Table 25: Registered office or location of the tenderers

Location	Value	No. of tenderers	No. of awarded public contracts
SI	187,088,984	172	308
EU	254,188	2	4
non-EU	4,346,431	1	1

The table above shows that 1.6% of public contracts were awarded to tenderers domiciled outside the Republic of Slovenia or, in terms of value, 2.4%.[97]

Data about major supplies of goods and services in 2019 is evident in the table below.[98]

[96] GRI GS 102-9.
[97] GRI GS 204-1.
[98] GRI GS 102-9.

Table 26: Major suppliers and types of goods and services supplied in 2019 (in €)

Supplier (goods)	In € (excl. VAT)
Purchase of special toll supervision vehicles	1,880,000
Supply and erection of safety barriers	1,648,192
Operating lease of vehicles	791,423
Supply of personal protective equipment	736,068
Supply of material for floor markings	734,070
Supplier (services)	**In € (excl. VAT)**
Production of PGD and PZI design documents for lot 1: new traffic link Šentrupert - Velenje South / lot 2: new traffic link Velenje South - Slovenj Gradec South	22,678,011
Provision of expert consultancy and engineering services for the national road of the 3rd development axis north from the Velenje South junction to the Slovenj Gradec South junction	18,602,358
Insurance for property, financial interests and collective accident insurance	5,860,258
The provision of expert consultancy and engineering services for the construction of the 3rd development axis south national expressway	4,425,185
Expert consultancy and engineering services; lot 1: Dragomer junction, lot 2: expansion of the Koseze-Kozarje MW	3,007,103

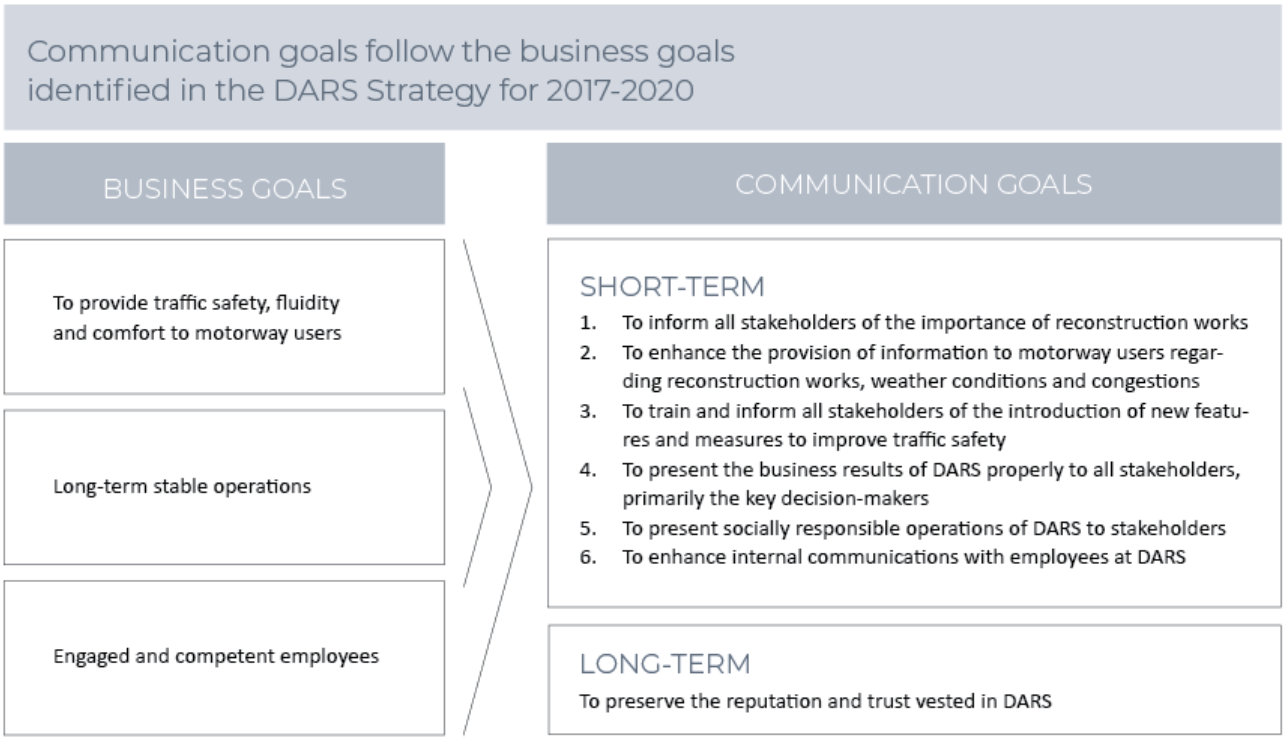
I.5.9 Communications

Communication strategy

In 2018, the Company adopted the DARS Communication Strategy, which is aligned with the DARS Strategy for 2017-2020 and further includes the management of the social networks of the Company (Vozimo pametno Facebook profile and the @DARS_SI Twitter profile). It derives from the analysis that the current communication of DARS has been proactive, with possibilities for improvement mostly involving social networks and in crisis events, which is why the Company started activities to use them.

The umbrella communication strategy strengthens the relationships with key stakeholders or audiences in the long run.

Figure 94: Communication objectives of DARS d.d.

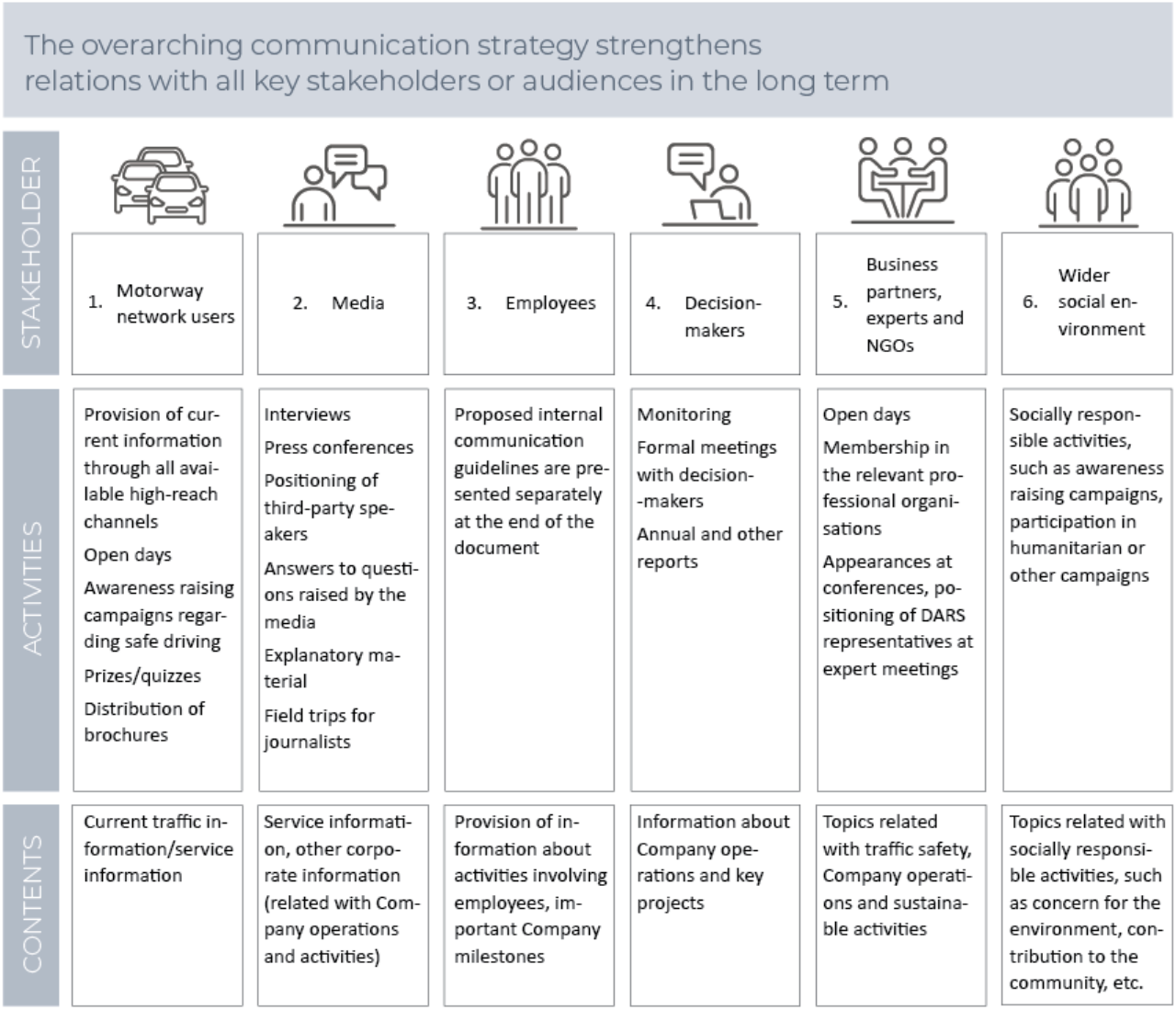


Public relations are a continued, important and planned process for the management and steering of continuous changes to the organisation and the environment, a systematically planned and directed process of influencing public acceptance through mutually satisfactory, interactive and proactive communications based on open, democratic and characteristic operations of both parties – the organisation and the public.

In public relations, communication is the underlying tool or technique to establish a relationship between the organisation and audiences (internal and external). The message of public relations is directed towards specific target audiences and mostly tries to influence positions that consequently affect the behaviour of such target audiences.

Due to its nature and areas of operations, DARS most often encounters external audiences, such as local inhabitants along construction sites or motorway alignments, motorway and expressway users, entities leasing rest areas, representatives of civil initiatives, environmental organisations, state institutions, media representatives and other co-makers of public opinion.

Figure 95: The DARS Communication Strategy strengthens relations with key stakeholders



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 promptness, a 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 and a 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, is in the best possible interest of DARS d.d.; based on this, the Company builds an open relationship with the media. In particular, sound internal cooperation between all the stakeholders involved ensures that 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 on SEOnet, the electronic information provision system of the Ljubljana Stock Exchange. Such information cannot be commented on or made 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 informed about the basic information on Company operations, plans and all relevant activities at the Company to the greatest possible extent. Well informed employees are also motivated for work and are considered messengers and credible Company representatives in the general public. The Company also encourages employees to share their thoughts on the accuracy and reality of internal and external reporting in a safe environment.

DARS d.d. uses rules setting out 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 reports 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 the important information that may affect the business decisions of investors and the interested public on a regular and ongoing basis. If the Company fails to respond to misstatements in articles, it would allow matters to remain unexplained in public, which would not contribute to the quality provision of information to the public.

Persons responsible for communication with the owner

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

The publication of business reports and financial statements

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

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

Service responsible for issues referring to the 2019 Sustainability Report:[99]

- Communications Department (infodars@dars.si)

Persons responsible for the content and data in the 2019 Sustainability Report:

- Person responsible for the preparation of the Sustainability Report: Jože Knez, MSc (joze.knez@dars.si)
- Coordination of the preparation of the Sustainability Report, general and other contents: Metka Petek, MSc (metka.petek@dars.si)
- Sources of NMCP funding for 2000-2019: Nevenka Predalič, MSc (nevenka.predalic@dars.si)
- Communication tools, methods of including 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), Emilija Erent (emilija.erent@dars.si), Robert Štumpf (robert.stumpf@dars.si)
- Compliance (DKOM): Matjaž Safran (matjaz.safran@dars.si)
- Risk Management: Cirila Kovačič, MSc (cirila.kovacic@dars.si)
- Economic highlights from operations: Nika Drakulič (nika.drakulic@dars.si)
- Marketing and a responsible attitude to customers: Emilija Erent (emilija.erent@dars.si)
- Traffic and safety concerns: Bojan Banfi (bojan.banfi@dars.si), Brane Nastran (brane.nastran@dars.si)
- Projects in traffic management and concern for user safety: Bojan Banfi (bojan.banfi@dars.si), Robert Kompan (robert.kompan@dars.si), Božidar Volk (bozidar.volk@dars.si), Alan Karabegovič (alan.karabegovic@dars.si), Matej Jelušič (matej.jelusic@dars.si), Jan Sajovic (jan.sajovic@dars.si), Meta Hribernik (meta.hribernik@dars.si)
- DarsGo – deployment of the electronic tolling system: Branka Videtič (branka.videtic@dars.si), Matej Kranjc (matej.kranjc@dars.si)
- Sustainable relationships with employees: Helena Pleslič (helena.pleslic@dars.si)
- Creation of a safe working environment: Jože Nose (joze.nose@dars.si)
- Violations involving discrimination / workplace harassment: Milan Šajn (milan.sajn@dars.si)
- Diversity and equal opportunities: Saša Sedlar (sasa.sedlar@dars.si)

[99] GRI GS 102-53.

- Responsibility to 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)
  - the siting of motorways and expressways, and inclusion in the local community: Ana Sodnik Prah (ana.sodnik@dars.si)
  - concern for the preservation of biodiversity: Ana Sodnik Prah (ana.sodnik@dars.si)
  - energy management: Jože Knez, MSc (joze.knez@dars.si), Božidar Volk (bozidar.volk@dars.si), Kristjan Zobovnik (kristjan.zobovnik@dars.si)
  - fuel for the vehicle fleet: Janko Kernel (janko.kernel@dars.si) and Mirko Miklič (mirko.miklic@dars.si)
  - heating: Marjan Levstek (marjan.levstek@dars.si)
  - light pollution: Božidar Volk (bozidar.volk@dars.si), Kristjan Zobovnik (kristjan.zobovnik@dars.si)
  - air emissions: Aleksander Udovič (aleksander.udovic@dars.si), Robert Kompan (robert.kompan@dars.si)
  - concern for animals in the MW area of influence: Ulrich Zorin (ulrich.zorin@dars.si), Marjan Zavec (marjan.zavec@dars.si)
  - environmental impacts of road gritting: Ulrich Zorin (ulrich.zorin@dars.si)
  - protection of waters: Aleksander Udovič (aleksander.udovic@dars.si)
  - noise emissions and waste management: Aleksander Udovič (aleksander.udovic@dars.si), Matic Poznič (matic.poznic@dars.si)
  - construction waste management: Janez Kušnik (janez.kusnik@dars.si), Matic Poznič (matic.poznic@dars.si), Aleksander Udovič (aleksander.udovic@dars.si)
- International cooperation and the acquisition of European grants: Alenka Košič (alenka.kosic@dars.si)
- Sponsorships and donations: Marjan Koler (marjan.koler@dars.si) and Nika Drakulič (nika.drakulic@dars.si)
- Responsibility to suppliers/contractors: Matjaž Safran (matjaz.safran@dars.si)
- Communications: Marjan Koler (marjan.koler@dars.si)

I.5.11 Supervisory Board, Management Board, project teams, committees and other Company bodies[100]

Management Board:
- Dr. Tomaž Vidic (Chairman)
- Gašper Marc, MSc (Board Member)
- Vili Žavrlan (Board Member)
- Marjan Sisinger (Labour Director until 8 May 2019)
- Rožle Podboršek (Labour Director as of 9 May 2019)

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

[100] GRI GS 102-18.

Committee for the protection of emloyees' dignity:

- Milan Šajn, management representative, Chairman
- Nataša Ivančevič, Workers' Council representative, Member
- Helena Černač, representative of the Slovenian Rail Transport Union, Member
- Matej Jelušič, representative of the Union of Transportation and Telecommunication Workers, Member
- Miha Smolič, HR Management representative, Member

Workers' Council:

- Darko Kodrič, Chairman
- Boštjan Juhart, Vice-Chair
- Irena Jančič Osterc until 10 October 2019, Matej Jelušič as of 11 October 2019
- Rožle Podboršek until 9 May 2019, Maja Đogič as of 9 May 2019
- Peter Verbič
- Anton Grčman
- Nataša Ivančevič
- Matjaž Zavec
- Damir Lišič
- Martin Stožir
- Jožica Kozlevčar
- Franc Babič
- Jordan Krapež
- Janez Prevodnik
- Igor Kolar

Family-Friendly Company committee:

- Vesna Kemper, Team Leader (until 29 February 2020)
- Mojca Štendler, Deputy Team Leader
- Nataša Ivančevič
- Boštjan Smrdelj
- Brigita Piltaver Imperl
- Ester Pipan
- Miljana Knafelc
- Jernej Srebot
- 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
- Robert Slana
- Branko Švigelj
- Miha Debevec

I.6 Statement on an external review of the Sustainability Report[101]

Statement on the review of the Sustainability Report

Purpose and scope of the review

At the request of the company **DARS d.d.**, Ulica XIV. divizije 4, 3000 Celje, Slovenia, we have carried out the review of the "Sustainability Report 2019" of DARS d.d. in line with the GRI Sustainability Reporting Standards 2016. The Company initiated the review voluntarily. We have checked whether the facts and information detailed in the report are credible, and reflect the actual state of the sustainable development of the Company.

Restrictions

The Sustainability Report relates to the company DARS d.d. in the framework of the scope and restrictions as defined in chapter I.4.4.3 of the Sustainability Report and each disclosure. Stakeholders participated in the materiality analysis via survey results and also other analyses (e.g. determining employee satisfaction and the satisfaction of motorway users in Slovenia). Based on the results, they defined the so-called materiality matrix and the essential content of the report, which is described in chapters I.4.4.1 and I.4.4.2. Because the review was carried in the period when the graphic design was still on-going, we only checked the accuracy of the references to the respective chapters of the report in the GRI table of contents (chapter I.7).

Methodology

Stakeholders did not participate in the review process because the client did not order such a review. The review therefore included the inspection of the Sustainability Report, interviews with the responsible Company representatives, and the inspection of documents and other information. We did not re-check the information in the audited financial statements.

Responsibility

The management of DARS d.d. is responsible for the information presented in the report and for the evaluation criteria. It is also responsible for the collection, classification, and verification of the information and reporting. SIQ and its representatives did not participate in the processing and provision of information in the report. SIQ representatives are responsible for the independent compliance check of the report with the GRI GS standards and the actual state, and for the provision of opinions on the Sustainability Report.

Independence

SIQ is a professional, independent, and objective institution which offers comprehensive solutions in testing and certifying products, evaluating management systems, metrology, and education. The international recognition and high professional level of our work are reflected in the numerous accreditations and memberships in international certification schemes and associations. The verifier who performed the review is a registered auditor for quality management systems, environmental management or EMAS, for the management of health and safety at work, for energy management, and for information security management.

Findings

The verifier carefully examined compliance with the standards and principles of reporting, and the mandatory disclosures for the basic level of reporting. Sustainable development has been defined as an integral part of the strategy which points out the implementation of the various sustainable goals. In relation to the previous reporting, the Company expanded the number of disclosures by showing management approaches and 33 disclosures in its report in 21 areas.

The disclosed approaches of the management and the results of the disclosures confirm the sustainability policy of DARS d.d. Based on the findings, we hereby state that the facts and information detailed in the Sustainability Report are credible, and reflect the actual state of the management systems and sustainable direction of DARS d.d. Considering the above restrictions and methodology, we have found that the "Sustainability Report 2019" of DARS d.d. is in line with the requirements of the basic level GRI Sustainability Reporting Standards 2016. By opting for an external independent review of the Sustainability Report, the management of DARS d.d. spreads awareness of the importance of sustainable development. It thus contributes to the implementation of internationally comparable good practices in sustainable development reporting.

Recommendations

During our review, we have identified certain opportunities for improving the operation and reporting processes in sustainable development, which we added in our review report. In line with the above, we hereby recommend the inclusion of additional disclosures and more detailed reporting regarding each standard requirement.

For and on behalf of SIQ

Igor Bizjak

Ljubljana, 18 May 2020

Miloš Seražin
Evaluation of Management Systems

[101] GRI GS 102-56.

I.7 GRI indicators

Table 27: GRI indicators[102]

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
GRI 102 General Disclosures				
Organisational profile				
102-1	Name of the organisation	**DARS d.d.**	**I.3.1/16**	
102-2	Activities, brands, products and services	**DARS d.d.**	**I.3.1/16** **I.3.3/19** **I.5.4.7/66**	
102-3	Location of headquarters	**DARS d.d.**	**I.3.1/16**	
102-4	Location of operations	**DARS d.d.**	**I.3.1/16**	
102-5	Ownership and legal form	**DARS d.d.**	**I.3.1/16**	
102-6	Markets served (geographic location, sectors served and types of customers and beneficiaries)	**DARS d.d.**		**The Company operates in the Republic of Slovenia. Customers and beneficiaries are all legal entities (domestic and foreign) and natural persons using the motorway network.**
102-7	Scale of the organisation	**DARS d.d.**	**I.3.1/16: Share capital** **I.3.1/16: Number of employees** **I.3.1/16: Net sales revenues** **I.3.1/16: No. of Company locations** **I.3.5/22: MW and EW km**	
102-8	Information on employees and other workers	**DARS d.d.**	**I.5.5.1/72: Key data on employees** **I.5.5.2/73: DARS, respected employer** **I.5.5.3/73, 74, 75: Data on employees**	**The Company does not report by gender and region of employment. The Company does not report on contractual workers.** **There are no seasonal fluctuations in the number of employees within the scope of a calendar year.**
102-9	Supply chain	**DARS d.d.**	**I.5.8/121: Suppliers/contractors** **I.5.8/121: Structure of suppliers** **I.5.8/121, 122,124: Data on the share of the acquisition of goods, services and construction works, the location of suppliers**	
102-10	Significant changes to the organisation and its supply chain	**DARS d.d.**	**I.5.8.1/122: Criteria for the selection of suppliers**	**Changes to the supply chain refer to the selection of new suppliers, which is conducted in compliance with the applicable legislation.**

[102] GRI GS 102-55.

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
102-11	Precautionary Principle or approach	**DARS d.d.**	**I.5.6.2/86**	
102-12	External initiatives	**DARS d.d.**	**I.5.7.4/119** **I.5.6.2/86: Siting of motorways** **I.5.6.3/88: Biodiversity** **I.5.6.12/111,112: Noise emissions**	
102-13	Membership in associations	**DARS d.d.**	**I.5.7.5/119**	
Strategy				
102-14	Statement from senior decision-maker	**DARS d.d.**	**I.1/7: Letter from the Management**	
102-15	Key impacts, risks, and opportunities	**DARS d.d.**	**I.4.6/40**	
Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	**DARS d.d.**	**I.3.2/17** **I.4.5/38**	
102-17	Mechanisms for advice and concerns about ethics	**DARS d.d.**	**I.4.5/38**	
Governance				
102-18	Governance structure	**DARS d.d.**	**I.3.4/21** **I.5.11/129**	
Inclusion of stakeholders				
102-40	List of stakeholder groups	**DARS d.d.**	**I.4.3/33**	
102-41	Collective bargaining agreements	**DARS d.d.**	**I.5.5.3/75**	
102-42	Identifying and selecting stakeholders	**DARS d.d.**	**I.4.3/33**	
102-43	Approach to stakeholder engagement	**DARS d.d.**	**I.4.4.1/34, 35,36**	**The Company cooperates with the stakeholders indicated on a regular basis.**
102-44	Key topics and concerns raised through stakeholder engagement, and the organisation's response to them (including through its reporting)	**DARS d.d.**	**I.4.4.1/34, 35,36**	**The Company responds to the identified stakeholder requests and expectations through systematic monitoring and response as evident from the document "Needs and expectations of DARS stakeholders".**
Reporting method				
102-45	Entities included in the consolidated financial statements	**DARS d.d.**		**The Company reports on its operations in the Sustainability Report.**
102-46	Defining report content and topic boundaries	**DARS d.d.**	**I.4.4.3/38**	
102-47	List of material topics	**DARS d.d.**	**I.4.4.2/37**	
102-48	Restatements of information given in previous reports, and the reasons for such restatements	**DARS d.d.**		**No restatements are necessary or, rather, the information from previous reports has not changed.**
102-49	Changes in reporting	**DARS d.d.**		**No restatements are necessary or, rather, the information from**

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
				previous reports has not changed.
102-50	Reporting period	**DARS d.d.**	**I.4.1/30**	
102-51	Date of the most recent report	**DARS d.d.**	**I.4.1/30**	
102-52	Reporting cycle	**DARS d.d.**	**I.4.1/30**	
102-53	Contact point for questions regarding the report	**DARS d.d.**	**I.5.10/128**	
102-54	Claims for reporting in accordance with the GRI Standards	**DARS d.d.**	**I.4.1/29**	
102-55	GRI content index	**DARS d.d.**	**I.7/132**	
102-56	External assurance	**DARS d.d.**	**I.6/131**	
Specific Disclosures				
GRI 200 Economic				
GRI 201 Economic Performance				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.3.2/18** **I.5.1/42**	**The DARS d.d. Strategy is reviewed and, if necessary, amended at annual strategic conferences. Supervision over the realisation of the Strategy is checked by the Management Board through a system of balanced indicators (BSC) and annual strategic conferences and, if required, with the adoption of necessary measures.**
201-1	Direct economic value generated and distributed	**DARS d.d.**	**I.5.1/43,45**	
201-3	Defined benefit plan obligations and other retirement plans	**DARS d.d.**	**I.5.5.6/82: Offering employees additional benefits and solidarity aid**	**The Company does not report on this (any of the indents).**
GRI 202 Market Presence				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.5/72**	
202-1	Ratios of standard entry-level wage by gender compared to the local minimum wage	**DARS d.d.**	**I.5.5/72**	**The basic employee salary at DARS equals the value of the pay grade for the post for which the employee has concluded an employment contract and does not depend on gender, location or activity.** **The average salary at DARS exceeds the Slovenian average.** **The Company does not report on the ratio.**

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
GRI 203 Indirect Economic Impacts				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.3.2/18** **I.5.1/42**	**The DARS d.d. Strategy is reviewed and amended at annual strategic conferences. Supervision over the realisation of the Strategy is checked by the Management Board through a system of balanced indicators (BSC) and annual strategic conferences and, if required, with the adoption of necessary measures.**
203-1	Infrastructure investments and services supported	**DARS d.d.**	**I.3.6/23**	
203-2	Significant indirect economic impacts	**DARS d.d.**	**I.3.6/23**	
GRI 204 Procurement Practices				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.8/122**	
204-1	Proportion of spending on local suppliers	**DARS d.d.**	**I.5.8.2/124: Table 25: Registered office or location of tenderers**	**Local suppliers are defined as suppliers in the territory of the Republic of Slovenia.**
GRI 205 Anti-Corruption				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.4.5/39, 40**	**The approach is evaluated with self-assessment under the EFQM model, within the scope of which the Company decided to introduce the ISO 37001 management system.**
205-2	Communication and training on anti-corruption policies and procedures	**DARS d.d.**	**I.4.5/39**	
205-3	Confirmed incidents of corruption and actions taken	**DARS d.d.**	**I.4.5/40**	**All notifications refer to persons rather than to DARS.**
GRI 300 Environmental				
GRI 301 Materials				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.6.10/107: Environmental impacts of road gritting** **I.5.6.10/105, 106, 107: Wet salting**	
301-1	Materials used by weight or volume	**DARS d.d.**	**I.5.6.1/85: Use of materials** **I.5.6.10/107,108**	**The Company does not report on the volume of recycled waste.**
GRI 302 Energy				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.6.4/91**	**The Company has put in place the ISO 50001 standard, which demonstrates a**

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
				systematic management approach.
302-1	Energy consumption within the organisation	**DARS d.d.**	**I.5.6.4/91, 92, 93, 94, 95**	**The data shown is based on specific measurements of the consumption of energy products by meters. The report includes data in kWh, MWh or GWh, the conversion factor of 1 kWh is 3,600,000 J. (Source: Bojan Kravt, Strojniški priročnik) The Company does not use steam and does not sell energy and, therefore, does not report on this. The Company does not obtain energy from renewable sources yet. The report on fuel consumption shows the total consumption from renewable and non-renewable sources. The report contains no sources for cooling.**
302-3	Energy intensity	**DARS d.d.**	**I.5.6.4/ 91, 92, 93, 94: Table 19, Figure 61, Figure 62 I.5.6.7/101: Table 20**	
302-4	Reduction of electricity consumption	**DARS d.d.**	**I.5.6.4/91, 95: Figure 64: Energy consumption for heating I.5.6.4/97: Figure 66: Electricity consumption for stages 1, 3 and 4 of lighting replacement I.5.6.4/98: Figure 67: Electricity consumption – lighting**	**The report includes data in MWH. The report includes data in kWh or MWh, the conversion factor of 1 kWh is 3,600,000 J. (Source: Bojan Kravt, Strojniški priročnik) In 2017, the Company set out energy bases for individual groups of energy products in the internal document "Organisational rules for the implementation of energy planning". Absolute electricity savings amount to 4,704,568 kWh with respect to the baseline year. The Company does not report on other energy products.**

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
				The Company has put in place the ISO 50001 standard, which provides a methodological basis for the consideration of the area.
GRI 304 Biodiversity				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.6.2/86** **I.5.6.3/88**	
304-1	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	**DARS d.d.**	**I.5.6.2/86** **I.5.6.3/88, 89, 90: Geographic location, position and relation to the protected Natura 2000 area, type of activities in the protected area, size in the nature conservation area or protected Natura 2000 area**	**The Company reports on the geographic location, position and relation to the protected Natura 2000 area and the type of activities in the protected area, but not on other issues.**
304-2	Significant impacts of activities, products and services on biodiversity	**DARS d.d.**	**I.5.6.2/86, 87: Methods to avoid conservation and protected areas during MW construction** **I.5.6.3/85, 88, 89: Measures to preserve biodiversity, the execution of replacement habitats and other cases of nature conservation measures** **I.5.6.9/105, 106: Concern for animals in the MW area of influence** **I.5.6.10/107: Environmental impacts of road gritting**	**The Company reports on methods to avoid conservation and protected areas during motorway construction, measures to preserve biodiversity, the execution of replacement habitats and other cases of nature conservation measures, but not on other issues.**
304-3	Habitats protected or restored	**DARS d.d.**	**I.5.6.2/86: Planned and successfully executed measures confirmed by experts** **I.5.6.3/88, 89, 90: Re-established habitat locations, planned and successfully executed measures confirmed by experts and monitoring**	**The Company reports on re-established habitat locations, planned and successfully executed measures confirmed by experts and monitoring.**
GRI 305 Emissions				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.6.6/98** **I.5.6.8/105**	
305-2	Indirect (Scope 2) GHG emissions	**DARS d.d.**	**I.5.6.6/98, 99,100** **I.5.6.7/101:Table 20: Total reduction of emissions due to the deployment of electronic tolling in Slovenia**	**The Company only reports on CO_2 emissions, which are calculated on the basis of actual consumption, emission factors and reduced emissions by users as a result of the deployment of the DarsGo system.**
GRI 306 Effluents and waste				

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.6.11/110** **I.5.6.13/114**	**The evaluation of the approach is based on the requirements of the ISO 14001 standard.**
306-1	Water discharge by quality and destination	**DARS d.d.**	**I.5.6.11/110** **I.5.6.13/114: Figure 89: Volume of non-hazardous waste handed over in the period**	**The Company does not report on other data.**
306-2	Waste by type and disposal method	**DARS d.d.**	**I.5.6.13/114**	**The Company does not report on the re-use of waste.** **The Company does not report on recycling, composting, energy recovery and incineration of waste.** **A record of waste is kept on the basis of record sheets.**
GRI 307 Environmental Compliance				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.6; I.5.6.1/84,85**	
307-1	Non-compliance with environmental laws and regulations	**DARS d.d.**	**I.5.6.1/85: Attainment of compliance**	
GRI 308 Supplier Environmental Assessment				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.8/121** **I.5.8.1/118: Criteria for awarding a public contract**	
308-1	New suppliers that were screened using environmental criteria	**DARS d.d.**	**I.5.8.2/122,123: Figure 93: Public contracts and "environmental" public contracts for 2013-2019**	
GRI 400 Social				
GRI 401 Employment				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.5.2/73**	
401-1	New employee hires and employee turnover	**DARS d.d.**	**I.5.5.1/72** **I.5.5.3/ 73,75**	**The Company does not report on gender, age and region of residence.** **In 2019, the share of new hires at the Company is 5.2% and the share of resignations is 3.2%.**
401-3	Parental leave	**DARS d.d.**	**I.5.5.6/82: Table 15: Parental leave and part-time work**	**The Company only reports on absolute values in relation to the use of parental leave and part-time work.**
GRI 403 Occupational Health and Safety				

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.5.5/79**	**The Company has put in place and certified a management system for occupational health and safety and fire safety pursuant to the requirements of the BS OHSAS 18001 standard.**
403-1	Workers representation in formal joint management-worker health and safety committees	**DARS d.d.**	**I.5.5.5/79**	**A Committee for occupational health and safety has been nominated within the scope of the Workers' Council.**
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and the number of work-related fatalities	**DARS d.d.**	**I.5.5.5/80**	**The Company only reports on the number of injured employees and sick leave in hours.**
403-3	Workers with a high incidence or high risk of diseases related to their occupation	**DARS d.d.**	**I.5.5.5/79**	
GRI 404 Training and Education				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.5.4/76**	
404-1	Average hours of training per year per employee	**DARS d.d.**	**I.5.5.1/72, 73: Table 10: Scope of education in hours per employee** **I.5.5.4/77: Figure 51: The number of training hours held at DARS and Figure 52: Value of training per employee**	**The Company does not report by gender and employee category.**
GRI 405 Diversity and Equal Opportunity				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.5.6/83, 84: Diversity of the governing bodies**	**The Company's Supervisory Board adopted a Diversity Policy in 2018.**
405-1	Diversity of governing bodies and employees	**DARS d.d.**	**I.5.5.3/74, 75: Employee diversity with respect to level of education, age and gender** **I.5.5.6/84: Table 16: Structure of the governing bodies by gender**	
GRI 406 Non-Discrimination				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.5.6/83: Respecting human rights and dignity**	
406-1	Incidents of discrimination and corrective actions taken	**DARS d.d.**	**I.4.5/38: Ethics and integrity** **I.5.5.6/83: Respecting human rights and dignity**	
GRI 413 Local Communities				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.6.2/86, 87** **I.5.7.1/118**	

Table of contents as per the GRI Global Standards - core option (2016)				
GRI standard and disclosure	Description	Reporting limits	Chapter/page	Notes
413-1	Operations with local community engagement, impact assessments and development programs	**DARS d.d.**	**I.5.7.1/118** **I.5.6.2/86, 87**	**The Company only reports on projects in which it cooperates with the local community in siting procedures (NSP).**
GRI 416 Customer Health and Safety				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.4/55** **I.5.4.1/55**	
416-1	Assessment of the health and safety impacts of product and service categories	**DARS d.d.**	**I.5.4/55**	**All measures implemented involving the motorway, accompanying infrastructure and motorway maintenance also take into account the improved safety of motorway users**
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	**DARS d.d., users**	**I.5.4.8/71**	
GRI 418 Customer Privacy				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.5.4.9/71**	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	**DARS d.d.**	**I.5.4.9/71**	
GRI 419 Socioeconomic Compliance				
103-1 103-2 103-3	Explanation of the material topic and its boundary	**DARS d.d.**	**I.4.5/40**	
419-1	Non-compliance with laws and regulations in the social and economic area	**DARS d.d.**	**I.4.5/40, 41**	**The Company does not report on fines and other sanctions for non-compliance with regulations in social and economic areas.**