

Sustainability
Report of
Borzen, d.o.o.

for

2017

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2017

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1. GENERAL MANAGER'S STATEMENT

With its mission and operation, Borzen helps shape an energy-efficient and socially responsible future. The nature of our core activities is oriented towards sustainability. We manage the Slovenian Support Scheme for environmentally friendly ways of electricity generation, and thus encourage the use of natural resources, which leads to positive consequences for the environment. As a Market Operator, we contribute to a stable, transparent and well-functioning electricity market.

The setting and achieving of Borzen's objectives are closely intertwined with the European and Slovenian legislative situation and trends in the energy markets as well as in the economy itself. With the strengthening of economic growth, the positive trend of economic conditions continued in 2017.

ELECTRICITY MARKET

The composition of the Balance Scheme remained at a similar level to the previous year. It consisted of 76 members (half of these were foreign and the other half were Slovenian companies), while the number of recorded closed contracts and operational forecasts increased by approximately 5 percent. In total, we recorded 87.6 TWh of electricity, which represents a more than 5 percent increase compared to 2016. In 2017, we recorded the new highest volume of recorded closed contracts, which amounted to 59,147 GWh and exceeded the previous record value from 2016 by 7.9 percent. In 2017, Slovenia was a net importer of electricity, with net imports amounting to 2,612,827 MWh, which represented 17.9 percent of the total Slovenian electricity consumption.

The Electricity Balancing Market, un-

der which the imbalances in the electricity system are settled, recorded a significant increase in the number and volume of transactions in 2017. The year was also marked by the amended and updated Rules on the operation of the electricity balancing market. In total, 4,713 transactions were concluded in the total amount of 228.9 GWh.

GREEN ENERGY

The Support Scheme for the production of electricity from renewable energy sources and high-efficiency cogeneration remained in a similar framework as in the year before. In 2017, 3,864 production units generated a total of 944.9 GWh of electricity and the total amount of support payments equalled EUR 143.5 million. The power plants, included in the Support Scheme, had a total nominal capacity of 412 MW, which repre-

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sented a good tenth of the installed capacity in the Republic of Slovenia. From the comparison of the payments and the produced electricity in the Support Scheme, it follows that the total electricity production in 2017 was 6 percent lower than last year, while the amount of support payments was 2 percent lower. In terms of the quantity, the production of the units in the Support Scheme accounted for a little over 7 percent of the Slovenian annual consumption.

Under its own brand TRAJNOSTNA ENERGIJA ("SUSTAINABLE ENERGY"), Borzen has been successfully providing information and raising awareness on the use of renewable energy sources and energy efficiency for the last few years. In this way, we aim to empower individuals to make good energy decisions. In 2017, we successfully completed a variety of projects. We are particularly proud of our cooperation with the Sloveni-

an artist Klemen Slakonja, with whom we made a music video dedicated to the Earth, entitled "How beautiful you are", our new series of informative programmes Eko utrinki ("Eco Glimpses") and animated cartoon series Lepši svet ("A Better World"), our cooperation with younger generations through the competitions and the organisation of the conference "Sustainable Energy Locally".

SUSTAINABILITY

As a Slovenian Market Operator, Borzen is a vital link in the electricity supply chain to the final customer. Transparency, integrity and honesty are the basis of the electricity market and form the foundation on which our company operates. They reflect in the positive relationships that we nurture with our key public. We are pleased that our efforts have been recognised in a number of areas. In 2017, we received the following ar-

ray of awards and recognitions: the award for the best promotional RES and EE project awarded by the Slovenian daily newspaper Finance and the award for the best annual report in the category of medium and small-sized businesses. We were also granted the recognition for the successful upgrade of the Corporate Social Responsibility Certificate and for the successful maintenance of the Family-Friendly Enterprise Certificate. I believe that together with our colleagues we are successfully following the strategically planned sustainable path, along which we strive to include all our stakeholders and make a positive contribution to the energy market and beyond. Committed to creating a sustainable future, we embrace new challenges with optimism.

Sincerely yours,
Karol Peter Peršolja, PhD
 General Manager of Borzen

2. COMPANY PRESENTATION¹

2.1 ABOUT THE COMPANY

Borzen is the promoter of the development of the Slovenia's electricity market, its efficiency and competitiveness. With its dedicated work, Borzen co-creates domestic and international energy environment on a daily basis, and thus actively shapes both the Slovenian and European trends in energy.

Borzen was founded on 28 March 2001 as a subsidiary of the company Elektro - Slovenija, d.o.o. in accordance with the provisions of the Energy Act for the performance of public service obligation relating to the organisation of the electricity market. In mid-2007, on the proposal of the Ministry of Economy and as the founder and sole shareholder of the public company Elektro - Slovenija, d.o.o. the Government of the Republic of Slovenia reached the conclusion that the total Elektro - Slovenija's share in Borzen was to be transferred for consideration to the Republic of Slovenia. The transfer of ownership took place in December 2007. With the entry into force of the new Energy Act (EA-1), Borzen was entrusted with a task of the public service obligation relating to the activity of electricity market operator.

2.2 COMPANY'S ACTIVITIES

The principal activity of Borzen, whose the sole shareholder is the Republic of Slovenia, is the **implementation of public service obligation relating to the activity of electricity market operator**. On the basis of the public authority and pursuant to the fourth paragraph of Article 97 of the Energy Act (henceforth referred to as the EA-1), the Borzen issues the following regulations:

- Rules on the operation of the electricity market, for which, prior to their publication in the Official Gazette of the Republic of Slovenia, Borzen needs to obtain the consent of the Energy Agency;
- Rules on the balancing of the electricity market, which are issued after prior coordination with the system operator and for which, prior to their publication in the Official Gazette of the Republic of Slovenia, Borzen needs to obtain the consent of the Energy Agency;
- Rules on the operation of Centre for RES/CHP Support, for which, prior to their publication in the Official Gazette of the Republic of Slovenia, Borzen needs to obtain the consent of the Slovenian Government.

With the aforementioned rules, Borzen markedly sets forth the operation of the electricity market as well as the details pertaining to the details of the national RES and CHP Support Scheme. As the **Market Operator**, Borzen ensures and enables a coherent operation of the Slovenia's electricity system, i.e. the management of the Balance Scheme, the recording of bilateral agreements, the drawing up of a framework operational schedule, and the imbalance settlement and the financial settlement of transactions. In addition, Borzen also undertakes the tasks related to the establishment and functioning of the balancing market, where the system operator purchases or sells the energy for the balancing of imbalances.

Borzen also provides operation and technical management of the Slovenia's Guarantees of Origin Register, which is the basic tool for ensuring the traceability of origin or source of electricity generated in Slovenia. Under its own brand, *TRAJNOSTNA ENERGIJA* ('SUSTAINABLE ENERGY') Borzen **provides information, training and raises awareness on renewable energy sources and efficient use of energy**.

¹ GRI 102: 102-2

Borzen provides information, training and raises awareness on renewable energy sources and efficient use of energy.

Borzen thus fulfils its tasks set forth under Article 351 of the EA-1 and supports environmental policies through raising public awareness.

In addition to the implementation of tasks of a public service of the organised electricity market, Borzen also

provides **clearing services and information services** for BSP Energetska borza, d.o.o. (*BSP Regional Energy Exchange*) as well as **REMIT – RRM reporting services**.

Affiliated companies: Borzen has an ownership stake in BSP Energetska

borza d.o.o. (*BSP Regional Energy Exchange*), in which it also participated as its co-founder. BSP d.o.o. is managed by Borzen and ELES, each having a 50-percent stake.

ELECTRICITY MARKET OPERATOR	
Balance Scheme management (entry in the market)	Centre for Support
Recording of closed contracts and operational forecasts, drawing up of the indicative operating schedules	RES/CHP Support Scheme <ul style="list-style-type: none"> • conclusion of contracts and support payments • management of scheme assets • management of scheme energy
Imbalance settlement	Registry of Guarantees of Origin
Balancing market	Providing information on RES and EE
REMIT - RRM reporting	Web portal 'Trajnostna energija' (<i>'Sustainable Energy'</i>)
Clearing and financial settlement	
ENSURING A REGULATED AND TRANSPARENT ELECTRICITY MARKET	

Figure 1: Activities of the Market Operator

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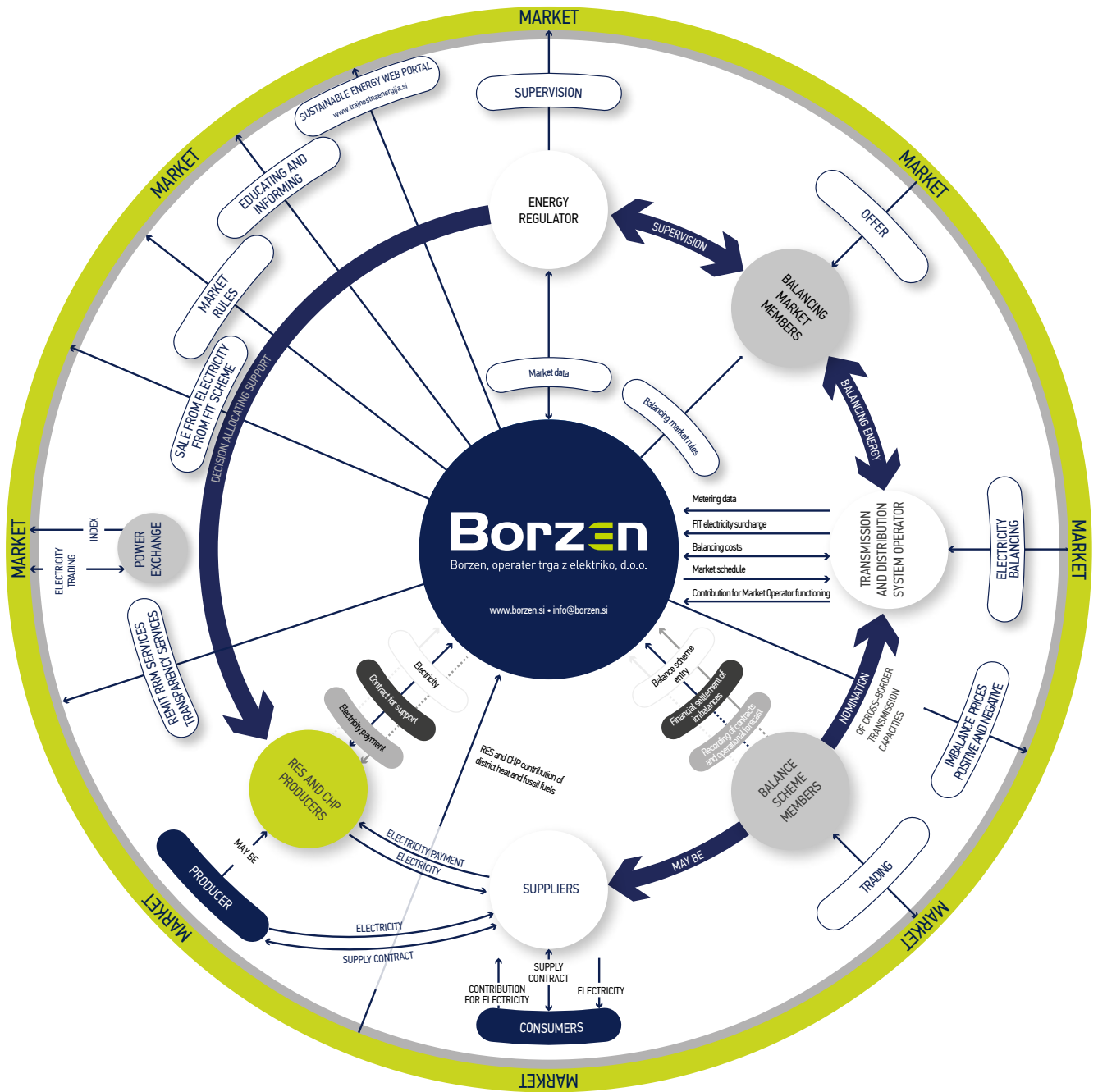


Figure 2: Role of the Market Operator on the Slovenian electricity market

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2.3 BUSINESS STRATEGY AND COMPANY PLANS

For a better tomorrow, the Company wants to contribute already today, so the Company’s efforts are focused on meeting strategic objectives that are closely linked to sustainable development, with emphasis on renewable energy sources and efficient use of energy.



VISION

Borzen is a juncture of expertise, competency and responsibility towards the development and implementation of services in the field of energy markets and promotion of the use of renewable energy sources and sustainable energy.

MISSION

- By way of providing high-quality services, competency and neutrality, Borzen ensures a competitive, effective, transparent and system-defined electricity market in Slovenia and its further integration into the European internal market.
- Borzen promotes energy efficiency together with the generation and use of energy from renewable sources.
- Borzen participates in the formation of the Slovenian and European energy policies.
- Borzen is a socially responsible company with a focus on sustainable development.
- Borzen provides an environment for professional development of a highly-motivated workforce, leveraged in the co-creation of a dynamic company.

VALUES

Responsibility ↔ Expertise ↔ Trust ↔ Creativity and Innovation

Figure 3: ‘House of strategy’

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KEY STRATEGIC OBJECTIVES

- Achieving a satisfactory profitability.
- Ensuring efficient operation through operational excellence.
- Consolidating existing activities and undertaking tasks that go in synergy with the services carried out by Borzen within the framework of the public service obligation.

OPERATIONAL EXCELLENCE		GROWTH AND DEVELOPMENT
Enhancing operational efficiency and performance	Provision of high-quality services and care for customer satisfaction	Use of selected opportunities for growth and development
<ul style="list-style-type: none"> ▪ strengthening the excellence of business functions ▪ increasing operational efficiency ▪ increasing the quality of processes and business functions 	<ul style="list-style-type: none"> ▪ effective and quality implementation of activities and data management ▪ co-shaping the support scheme with an active participation in the formation of policies by way of providing analyses and suggestions 	<ul style="list-style-type: none"> ▪ finding synergies with other tasks and optimisation of the existing ones, by way of using further development of activities in the field of energy markets
<ul style="list-style-type: none"> ▪ ensuring high responsiveness, timeliness and proactiveness of the employees to provide an effective support to the Company ▪ introducing the process approach ▪ strengthening the 'active' communication, which would improve certain work processes and, consequently, cooperation between the divisions ▪ using the information support for the provision of services to provide and improve the quality of services to users and to increase efficiency ▪ maintaining a good visibility profile and reputation of Borzen by consolidating activities that build sustainable operation and enhance Borzen's reputation as a socially responsible and environmentally-oriented organisation 		

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ACHIEVED STRATEGIC AND ANNUAL PLANS IN 2017

In 2017, the Company followed its set strategy and objectives.

PLANNED OBJECTIVES FOR 2017	ACHIEVED OBJECTIVES IN 2017
<p>Cooperation in the Slovenian and international development projects in the energy market</p>	<p>Participation in various working groups in the field of the development of the energy market, among the most important ones are cooperation within Europex, the iPET Section (Energy Market Data Exchange), Slovenian Association for Energy Economics (SAEE) and Blockchain Think Tank Slovenia.</p>
<p>PAKT Project - Smart Devices, Models and Platforms in the Active Network</p>	<p>Within the project, an innovative pilot demonstration infrastructure will be established, with innovative products that need to be tested in the real environment before entering the market, thus ensuring their full functionality. It is a research project in the context of the development of the activities of the market operator. The project will not generate any revenues, yet it will represent collaboration in a development consortium that was successful with the application to the SPIRIT tender. The project started on 1 July 2017 and will last for three years. The role of Borzen is the establishment and management of an aggregation trading platform.</p>
<p>Developing services of the Centre for Support</p>	<p>In order to pursue the trends of digitization and, at the same time, greater user-friendliness, in May 2016 a web portal for users was created (Centre for Support Portal), which enables simple and swift invoicing, submission of applications, review of generation data, change of contact data and access to news related to support. After a good year of its use, more than a thousand users have registered on the web Portal, which accounts for more than 40 % of all beneficiaries. At the monthly level, more than 1,300 support accounts have been issued through the Portal.</p>
<p>Attention and consideration towards stakeholders</p>	<p>Analysis of stakeholder satisfaction and a variety of other activities, mainly in the field of communicating with stakeholders; greater involvement of stakeholders and more targeted communication of the new content.</p>
<p>Sustainable development</p>	<p>Quality and reliable provision of the principal activities of the Market Operator and Centre for Support; implementation of the Trajnostna energija (<i>Sustainable Energy</i>) brand activities, implementation of a program of measures for more efficient energy use in households for the elimination of energy poverty, safeguarding of the Corporate Social Responsibility Certificate, preparation of the Sustainability Report in line with the GRI guidelines, corporate volunteerism.</p>

3. CORPORATE GOVERNANCE²

Borzen is a limited liability company under 100-percent ownership of the Republic of Slovenia. It provides its services exclusively in Slovenia and has a two-tier system of governance. The managing authorities of the Company consist of Management Board, Supervisory Board and Shareholder.

COMPANY'S MANAGEMENT

The Company's Management Board is a one-member body, i.e. the General Manager, who is appointed by the Supervisory Board for a five-year period. Karol Peter Peršolja, PhD has been managing and representing the Company since 1 January 2010. On 1 January 2015, Mr. Peršolja was reappointed General Manager for a new five-year term. The General Manager is responsible for adopting decisions on economic, environmental and social impacts of the Company and every process in the organisation is carried out under his authority and following his approval. The General Manager is entitled to a basic payment (salary) and an acceptable remuneration for the performance of the Company (performance-related pay). The remunerations are presented in more detail in the financial part

of the Company's Annual Report. The execution of specific tasks is under the responsibility of the Company's heads of departments. Social responsibility as a whole is under responsibility of the public relations department, which has set up an informal team of social responsibility that reports directly to the General Manager.

COMPANY'S SUPERVISORY BOARD

In line with the Act on the establishment, the Supervisory Board consists of three members, all appointed by the Shareholder for a period of five years. In accordance with the Companies Act, the Act on the establishment of Borzen and the Rules of the procedure of the Supervisory Board, the Supervisory Board is convened at least once every three months. In the 2017 financial year, the Supervisory Board held seven regular sessions and did not establish a special committee for its work. In 2017, the Supervisory Board members were entitled to remuneration for the performance of their function based on the applicable decision of the Shareholder, which are presented in more detail in the financial statement. The

members of the Supervisory Board self-assessed their work for 2017 and adopted an action plan, took note of the criteria of independence and signed a commitment to act independently.

In 2017, the Supervisory Board operated in the following composition:

- Chairman of the Supervisory Board: Gorazd Ažman, MSc
- Deputy Chairman of the Supervisory Board: Janez Černe,
- Member of the Supervisory Board: Dr. Alenka Kolar.

SHAREHOLDER

Since the entry into force of the Energy Act in March 2014, the rights of the Shareholder are exercised by the Government of the Republic of Slovenia, who is also the sole Shareholder of Borzen. The Shareholder decides independently on all matters within its sphere of competence. Usually, the Shareholder attends the general meeting once per year. In the 2017 financial year, two general meetings were held, the first one in August 2017 and the second one on November 2017.

² GRI 102: 102-5, 102-18

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ORGANISATIONAL CHART OF BORZEN



Figure 4: Organisational chart of Borzen

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3.1 PRECAUTIONARY APPROACH AND PRINCIPLES³

For successful business operations it is of great importance to identify risks in the most efficient manner possible and to provide successful risk management. Borzen is a company providing public service obligation. Consequently, this means that we are bound by our regulatory environment which has a strong impact on all categories of identified risks. The system of integrated risk management is supported by the register of risks where all key risks which can have an impact on the attainment of the Company's set business objectives have been identified and present the strategic risk management in the Company.

In the phase of identification, risks are classified into four groups based on the size of the Company and its activities, number of employees, market presence and the legislative framework that limits and binds the Company:

- strategic/business risks,
- operational risks,
- financial/market risks,
- risks of non-compliance with the regulations (legislative risks).

STRATEGIC/BUSINESS RISKS

One of the strategic risks is the investment risk that is related to the investment into BSP Energetska Borza d.o.o. (BSP Energy Exchange) where Borzen holds a 50-percent ownership stake. It is mainly about the risk related to the investment management, which is the issue that has been addressed by both shareholders and

their mutual coordination concerning the management and further development of the company. Other business risks arise from investments and public procurement procedures that are managed by constant improvement of the quality of investment preparation, implementation, activation and monitoring.

OPERATIONAL RISKS

Information system risks include possible disruptions in the operation of the application and system software, hardware and communication and network connections. Special attention is also given to the risks related to information security. These risks are primarily reduced by the redundant independent optical connections between the two locations, synchronous replication, central surveillance system and data backup.

Human resource risks are especially vital for Borzen due to the implementation of different activities within the organisation of the electricity market and the specificity of the assigned tasks. Every year, additional tasks acquired by Borzen demand that the employees constantly upgrade their existing knowledge and obtain new knowledge, remain flexible and strive for quality team work. The biggest risk for the Company is the possibility to lose its key employees; this is why special attention is devoted to social dialogue, additional professional training, motivation of the employees and provision of stimulating working conditions and working environment.

Other operational risks are limited by the Company through clearly defined procedures, unambiguously defined roles, responsibilities and powers of employees and adopted regulations.

FINANCIAL/MARKET RISKS

The financial risk management implies the attainment of stable operations, management of financial expenses within the planned framework and long-term solvency.

The risk of non-fulfilment of financial obligations means that there is a risk that the counterparty would not fulfil their financial liabilities in accordance with the contractual terms and conditions.

Liquidity risk defines the ability to provide adequate financial funds for prompt payment of due liabilities. Borzen ensures the highest financial liquidity by always having at its disposal sufficient liquid assets for the settlement of due liabilities within the deadline and by managing the allocated funds separately.

LEGISLATIVE RISKS (COMPLIANCE WITH THE RULES)

A legislative risk is a risk related to the amendments made to regulations and their ambiguity and cannot be influenced by the Company. The exposure of Borzen to legislative risks is considerably high since the core business of the Company being a public service provider is thoroughly regulated. It also needs to be emphasised that the sources for financing a public service are also regulated.

³ GRI 102: 102-11

4. BORZEN AND SUSTAINABLE DEVELOPMENT

We are aware that we are leaving a sustainable footprint for the future. We are building it with small actions – today we are creating tomorrow's yesterday.

We understand the sustainable development as a commitment towards sustainable operations of our company as well as the efforts of each of our employees to contribute to a better world through their work and in the service of society. Too ambitious? Maybe. Feasible? By all means.

Socially responsible behaviour is at the core of our Company's business activity. As Market Operator, we provide a reliable and stable operation of the Slovenian electricity market, and as the provider of the RES and CHP support, we encourage and raise awareness on the use of green energy and energy efficiency.

We are aware of our sustainable footprints that we are leaving behind for future generations.

At Borzen, we strive to provide relevant information to all our stakeholders and in this way contribute to the transparency of the sustainable business, while, at the same time, we also seek to raise awareness in the field of sustainability. For this purpose, we have prepared the present sustainability report, which illustrates the strategic relation between sustainable and economic value of the Company.

4.1 PARAMETERS OF THE COMPANY'S SUSTAINABILITY REPORT⁴

The following Sustainability Report presents an overview of the Company's business in 2017. It has been prepared in line with the standards set forth in the Global Reporting Initiative (GRI)⁵, which define the global standards for sustainability reporting. The report includes reporting at "basic level" and presents key information on management, economic, environmental and social relations and their long-term impact on the Company's operations. This report also follows the guidelines of the European Directive 2014/95/EU on non-financial reporting⁶. All six standards of GRI: GRI 101 (Foundations), GRI 102 (General disclosures), GRI 103 (Management approach), GRI 200 (Economic topics), GRI 300 (Environment) and

GRI 400 (Company) were used in the preparation of the report and the definition of essential contents. In the preparation of the content, the following key principles of sustainability reporting were taken into account: the **concept of sustainability, materiality, integrity and stakeholder engagement**, whereby we followed the principles of balance, comparability, accuracy, clarity and reliability of data. The scope and basis of the report, and consequently, the selection of indicators, are predefined by the nature and mission of the Company, as well as by the selection of essential aspects by the Company's key stakeholders. The nature of Borzen's operations restricts reporting on its service activity, which is exclusively

carried out in Slovenia and is under 100-percent State ownership. As Market Operator, Borzen primarily operates in the Slovenian market, but within the framework of cooperation in international organisations and associations, the Company is also active in creating and delivering opinions in the Slovenian and European energy policies.

Borzen owns the business premises in a multi-dwelling unit, where it has, as a small co-owner, an extremely limited impact on the issues that concern the general residential matters, such as the choice of energy products, building insulation, and suchlike.

⁴GRI 102: 102-46, 102-50, 102-54

⁵More information on sustainability reporting and GRI may be found at the following website www.globalreporting.org.

⁶<http://eur-lex.europa.eu/legal-content/SL/TXT/HTML/?uri=CELEX:32014L0095&from=EN>.



Furthermore, the Company has no influence on the choice of energy products in the alternative location/co-location, where it houses some of its IT servers. The nature of the Borzen business requires a highly available high-security IT environment (a greater number of more powerful servers, duplicated infrastructure, i.e. alternative location),

which has a significant impact on our sustainability footprint. Nevertheless, with the help of the consolidation of the IT infrastructure and the use of virtual environments that allow more rational and optimal usage of the available resources, we are trying to reduce the Company's power consumption.

At the same time, Borzen, as the pro-

vider of public utility service, which is 100% owned by the state, is limited by legislation and other legal acts, which mainly consist of the Energy Act, Public Procurement Act, Public Information Access Act, concession contract and various policy recommendations and codes issued by the shareholder.

4.2 OUR STAKEHOLDERS⁷

Borzen is a juncture of the electricity market. Our stakeholders are all those individuals and groups who are influenced by our operations, as well as those who have, through their operations, impact on us. Our key stakeholders are thus closely related to the core activity of our Company.

STAKEHOLDERS ENGAGEMENT

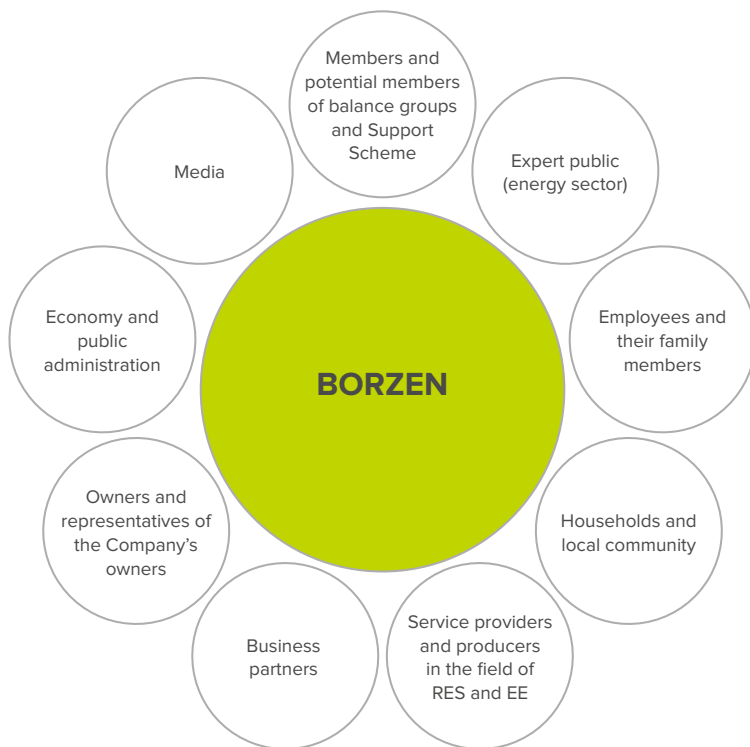


Figure 5: Borzen's stakeholders

The identification and selection of stakeholders were carried out on the basis of broader consensus and contributions by the relevant employees and Borzen's management. We have relied on a theoretical model, i.e. the scheme of stake-

holders' engagement and influence. Ultimately, the stakeholder scheme is a part of the Company's strategy, which was presented to the Supervisory Board and was adopted by the shareholder. We regularly communicate with the identified

key stakeholders, giving the emphasis to two-way communication by way of which we obtain valuable feedback from the stakeholders, which is then evaluated and responded to accordingly.

⁷ GRI 102: 102-40, 102-42, 102-43, 102-44

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Our stakeholders' opinions are truly important to us. We conduct and create an atmosphere for an open dialogue and build our relations openly and proactively. Responsible attitude towards stakeholders is embedded in our business processes both at strategic and daily levels. Satisfied stakeholders give a positive signal that we perform our services in a quality manner, thus fulfilling our mission of public

utility service. The Company involves stakeholders in various ways; periodically (every two years) by conducting an external stakeholder satisfaction survey (from 2012 onwards) and periodically (every two years) with a structured employee satisfaction analysis (from 2013 onwards). The results of 2017 show that the provision of the services of the Centre of Support is at a very high level, as 94 % of respond-

ents are satisfied or completely satisfied, while the average satisfaction stood at 5.41 (on the scale where the highest score is 6) and is statistically significantly higher than in 2014 (5.23) and statistically significantly higher than in 2015 (5.29). The results are extremely positive and encouraging. In the future, we will continue with continuous satisfaction analyses.

4.3 SELECTED KEY INDICATORS OF SUSTAINABLE DEVELOPMENT⁸

MATERIALITY

The present sustainability report was prepared by the responsible employees within the Company and relevant stakeholder groups were also involved in its preparation. The consolidated financial statements of the Company were prepared by the responsible employees within the Company, immediate management members and general manager. The financial statements were reviewed by an external audit firm and were, together with the Company's annual report, approved by the Supervisory Board. The financial statements were also made publicly available and disclosed to the Company's key stakeholders. The responsible employees, immediate management members and general manager were also responsible for preparing the contents of the Sustainability Report, together with the external stakeholders, who were also involved in its preparation. The external stakeholders included the representatives of the employ-

ees, representatives of the balance groups members and representatives of the Centre for Support, media representatives, representatives of the expert public from the energy sector and business partners. Through a questionnaire the stakeholders identified and defined the following aspects as essential:

- the stability and business/financial performance of the Company,
- quality and timely execution of services of the public utility service,
- transparency and compliance of the Company's operations,
- reliability and trust in the Company,
- responsible and sustainable business of the Company,
- an effective risk management system,
- regular payer,
- upgrading of the existing cooperation,
- friendly attitude towards clients,

- the reputation of the Company,
 - employment and care for employees,
 - relationships between employees,
 - employee satisfaction,
 - career development, training and education of employees,
 - ensuring a safe working environment,
 - diversity, equal opportunities and non-discrimination,
 - involvement of the local community,
 - environmental responsibility.
- The sustainable report is publicly available, but it has not been audited by an external auditor. The chosen indicators reflect all those elements that, within the operation of the Company, leave behind the strongest sustainable footprint. With the selected indicators we want to point out the most significant social and environmental impacts of our operation.

⁸ GRI 102: 102-43, 102-45, 102-46, 102-47



Figure 6: Main contents of the sustainability report

As a service company that performs the function of a public service provider in Slovenia, we find it hard to indicate any correlation with the large number of environmental indicators. In particular, we are aware that, here at Borzen, we are people who work for people. Thus,

several selected indicators relate to the social and economic fields. All the identified aspects are relating solely to Borzen and its operations in Slovenia. All of the described aspects are essential for Borzen and are subject to the aspect boundaries within the Compa-

ny, which are described in the section on reporting parameters.

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4.4 STAKEHOLDERS ENGAGEMENT AND THEIR EXPECTATIONS⁹

Based on the strategic orientation of the Company, we identified the key stakeholders and defined their expectations and ways of their engagement in the functioning of our Company.

Key stakeholders	Form of engagement
Representatives of members in the Balance Scheme	<ul style="list-style-type: none"> • Web page • Annual Report • Satisfaction Survey
Representative of the Centre for Support	<ul style="list-style-type: none"> • Web page • Web portal • Satisfaction Survey
Representatives of the expert energy public	<ul style="list-style-type: none"> • Web page • Annual Report • Promotional activities • Meetings and conferences • Personal and telephone contacts
Business partners	<ul style="list-style-type: none"> • Web page • Personal and telephone contacts
Employees	<ul style="list-style-type: none"> • Satisfaction Survey • Measuring the organizational climate • Meetings and meetings • Annual interviews • Teambuilding

⁹ GRI 102: 102-43, 102-44

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4.5 MATERIALITY MATRIX¹⁰

The matrix of materiality is the basic framework or tool used by the Company in the management of relations with the strategic public or its key stakeholders. Hereunder, we identified the essential topics of sustainable development and evaluated them from the perspective of relevance for our key stakeholders and in terms of relevance to Borzen. Based on the essential contents of the GRI standards and based on Borzen's strategy and activities, we divided the essential contents into the following sections:

- Economic impacts;
- Social aspects (employees and social environment);
- Environment.

Economic impacts

- Stability and business success of the Company
- An effective risk management system
- Reliability of payments
- Upgrading of existing cooperation
- Transparency and compliance of operations
- Quality and timely delivery of services

Social aspects (employees and social environment)

- Company's reputation
- Reliability and trust in the Company
- Responsible and sustainable business of the Company
- Care for employees
- Occupational health and safety

- Relations between employees
- Employee satisfaction
- Education, training and career development of employees
- Diversity, equal opportunities and non-discrimination
- A friendly attitude towards customers
- The involvement of the local community

Environment

- Environmental care
- Stakeholder estimates were obtained through a questionnaire sent to key stakeholders, and based on the received responses a matrix of materiality was created.

¹⁰ GRI 102: 102-46, 102-47

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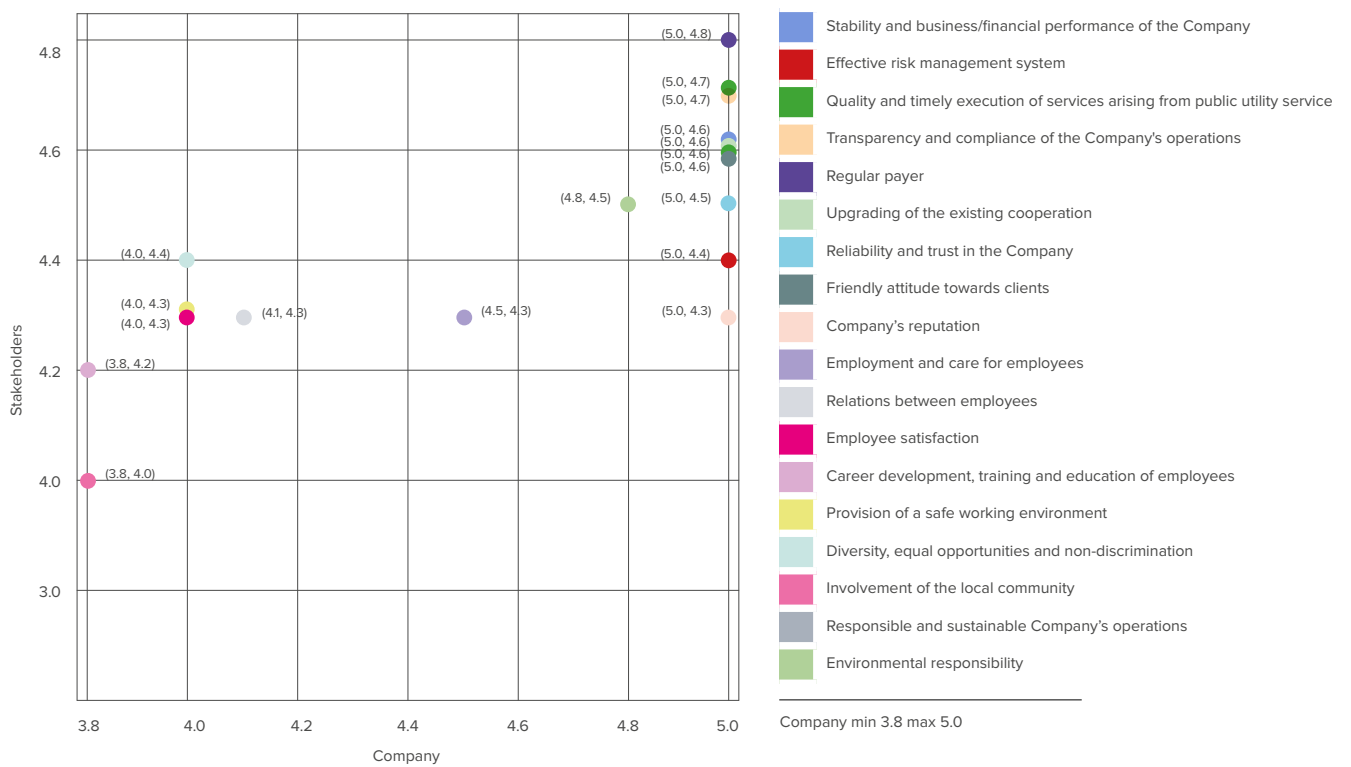


Figure 7: Materiality matrix

5. BUSINESS PERFORMANCE AND RELEVANT DATA ON THE COMPANY'S OPERATIONS¹¹

5.1 ECONOMIC INDICATORS

The table below shows the data on Borzen's business operations by way of which we wish to present the Company's operations in a transparent way.

INDICATORS	2015	2016	Business Plan 2017	2017
BALANCE SHEET as at 31 Dec				
Assets in EUR	44,949,382	76,335,698	88,225,830	122,433,365
Equity in EUR	4,738,582	4,435,041	4,389,544	5,130,887
INCOME STATEMENT				
Operating revenues in EUR	3,914,975	4,348,563	4,368,200	4,532,107
Operating expenses in EUR	3,375,905	2,661,138	2,655,100	2,651,078
Net profit for the financial year in EUR	281,517	1,424,774	1,379,511	1,699,773
EBIT – operating profit in EUR	539,070	1,687,425	1,713,100	1,881,029
EBITDA – operating profit + depreciation + write-offs in EUR	1,671,988	2,054,681	2,079,200	2,231,117
PERFORMANCE INDICATORS				
Return on equity (ROE)	5.6 %	31.1 %	21.0 %	35.5 %
Return on assets (ROA)	0.7 %	2.3 %	2.7 %	1.7 %
EBITDA margin	42.7 %	47.3 %	47.6 %	50.8 %
Operating efficiency	116.0 %	163.4 %	164.5 %	171.0 %
NUMBER OF EMPLOYEES as at 31 Dec	30	31	30	30

Table 1: Data on Borzen's operations

¹¹ GRI 102: 102-7, GRI 103-1, 103-2, 103-3, GRI 201: 201-1,

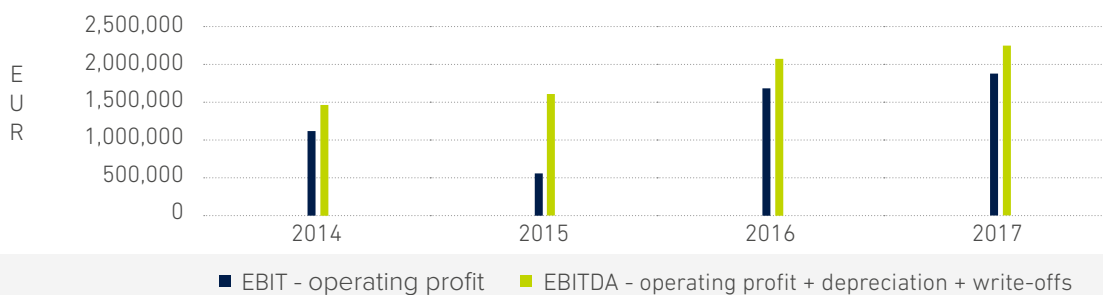
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Borzen concluded the 2017 financial year with a net profit of EUR 1.70 million. During this period, Borzen generated EUR 4.58 million in revenues, while expenses amounted to EUR 2.66 million.

As at 31 December 2017, the balance sheet total of Borzen totalled EUR 122.43 million and, increased compared to the previous year due to the higher assets of the Centre for Support.

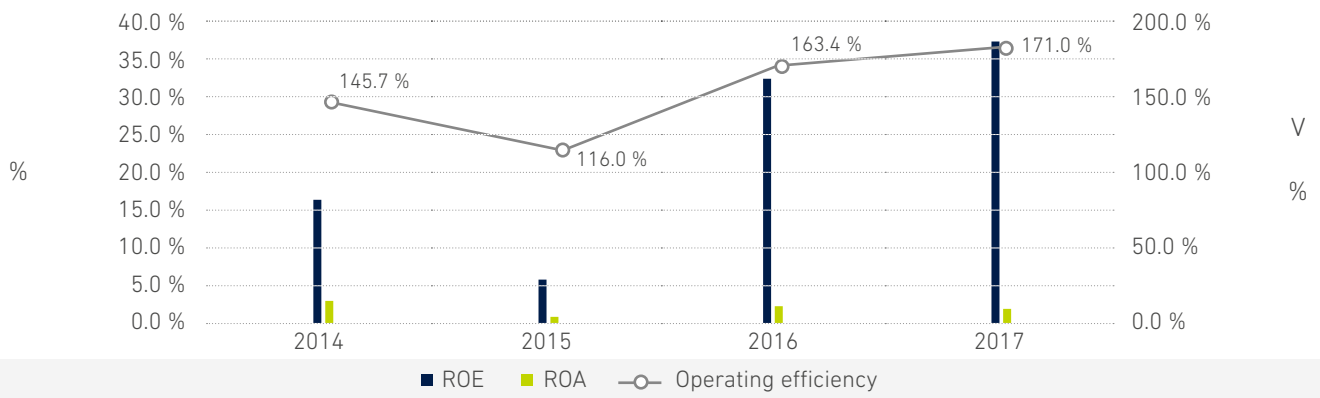
As at 31 December 2017, the Company's equity totalled EUR 5.13 million.

EBIT AND EBITDA MOVEMENTS

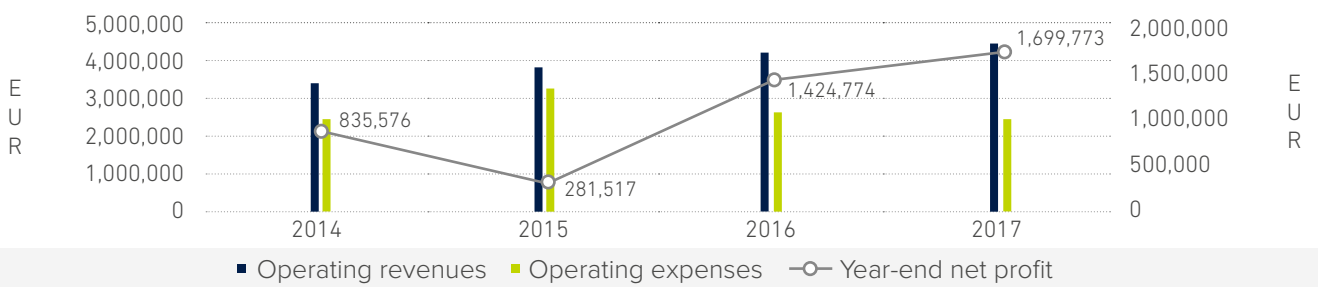


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RETURN ON ASSETS (ROA), RETURN ON EQUITY (ROE) AND OPERATING EFFICIENCY IN %



REVENUES AND EXPENSES FROM OPERATIONS AND MOVEMENT OF NET PROFIT



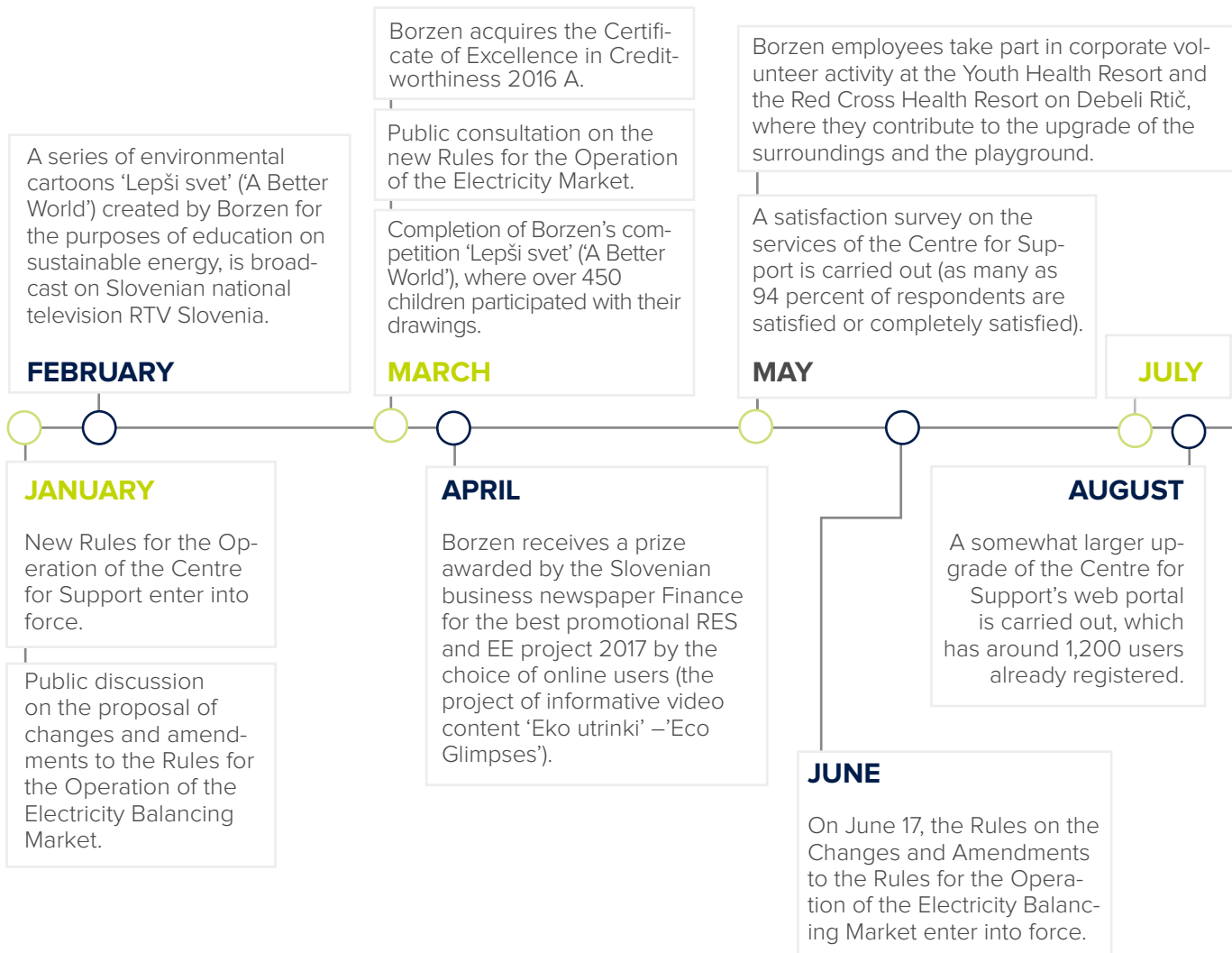
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ELECTRICITY MARKET	BALANCING MARKET	SUPPORT SCHEME
Number of members (balance scheme) 75 / 76	Number of members 36 / 34	Number of generation units in the support scheme 3,888 / 3,864
Number of recorded contracts and oper- ational forecasts 109,235 / 114,531	Number of transactions 4,054 / 4,713	Quantity of electricity generated (GWH) by generation unit in the support scheme 1,003.5 / 944.9
Quantity of electricity (TWH) from recorded contracts and operational forecasts 83.1 / 87.5	Quantity of transactions (GWH) 197.9 / 228.9	Support payments (EUR) to generation units in the support scheme for generat- ed electricity 146.2 mio / 143.5 mio

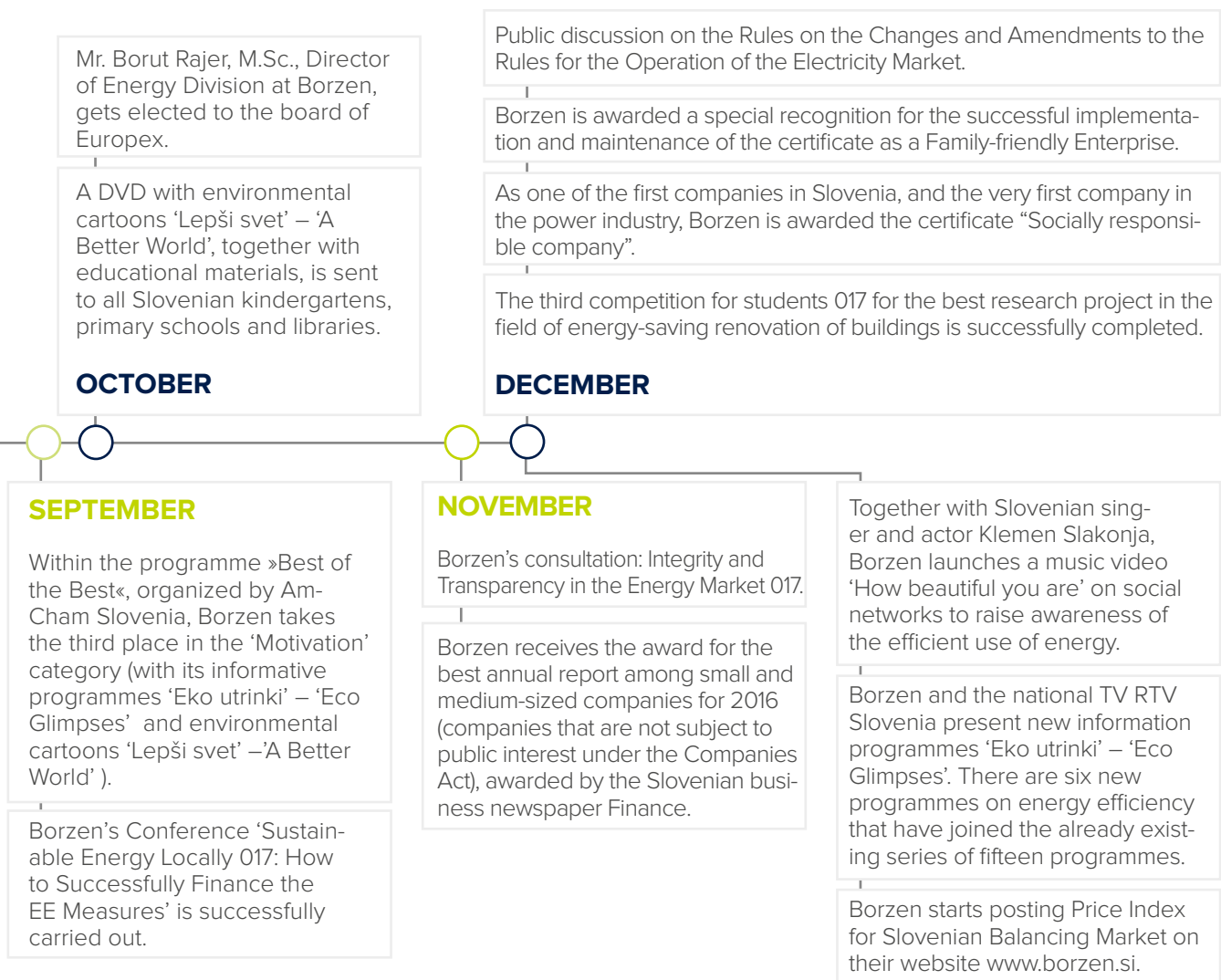
■ 2016 ■ 2017



5.2 SIGNIFICANT EVENTS IN 2017



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5.3 SIGNIFICANT PROJECTS AND ACTIVITIES OF THE COMPANY

- Rules for the Operation of the Electricity Market and Proposal for the amendments to the Rules for the Operation of the Electricity Market
- Revised Rules for the Operation of the Centre for Support
- Revised Rules for the Operation of the Electricity Balancing Market
- Smart Devices, Models and Platforms in the Active Network Project (PAKT Project)
- Strategic Developmental Innovation Partnership "Smart Cities and Communities".

More information on Borzen's projects and activities may be found in the Company's Annual Report.

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6. EMPLOYEES AND HR DEVELOPMENT

We are aware that satisfied employees undoubtedly contribute to the Company's overall success. Therefore, we take care of our employees' personal and professional growth. We strive to create a working environment where the working require-

ments and business objectives of the Company are combined with satisfaction, motivation, commitment and good relationships. Borzen employs competent, highly qualified employees that act in accordance with social responsibility, ethical business

conduct and an orientation towards development and progress as the guiding principles at work.

Borzen is the people. Individuals who together pursue Company's strategic objectives.

6.1 RESPECT FOR ETHICAL PRINCIPLES AND NORMS OF BEHAVIOUR¹²

The Company promotes behaviour that expresses respect towards the traditions, cultures and religions of individual stakeholders in all business relations. Discrimination on grounds of race, skin colour, gender, sexual orientation, marital status, pregnancy, parenthood, religion, political conviction, nationality, ethnic origin, disability, social origin or status, membership in trade unions or other personal circumstances is not permitted in any circumstances. The values shared by our employees are trust, responsibility, competence, creativity and innovation. All these values are also prominently listed on our website and our business premises, as well as in our internal documents such as the Regulation on the protection of workers' dignity, which defines the Company's standards and norms of behaviour.

The Regulation defines the manner of recognising, preventing and mitigating the consequences of sexual

and other harassment and mobbing in the workplace. Protection against sexual and other harassment and mobbing in the workplace is determined and realised according to the provisions of the act regulating employment relationships, the provisions of the act regulating the implementation of the principle of equal treatment, the provisions of the act regulating equal opportunities for women and men and the provisions of the act regulating health and safety at work. Among the employees, a representative was selected to collect reports on suspected sexual or other harassment and mobbing. The representative was educated and trained on the protection of dignity and provided the essential information to the employees. There were no cases of discrimination reported in 2017.

Some of the mechanisms for providing information on ethical and other ethical legal issues as well as other

legal behaviour norms that refer to the organisational integrity, derive from legal bases, e.g. from the Energy Act. In accordance with the Public Information Access Act, Borzen prepared a publicly available Catalogue of public information, as well as contact information of the person responsible for providing public information and other information. In the spirit of transparency, the Company also publishes diverse information and data on the Company's operations in its annual reports and other publications. In addition, we strictly follow the Shareholder's recommendations and other legal obligations in the field of public procurement, by the regular publication of the required information on the Slovenian Public Procurement portal. A helpdesk is also available to our stakeholders, where they can obtain different information or launch appeals.

¹² GRI 102: 102-16, 102-17, GRI 103-1, 103-2, 103-3, GRI 406: 406-1,

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6.2 HR INDICATORS¹³

NUMBER OF EMPLOYEES

At the end of 2017, Borzen employed 30 employees. Compared to 2016, the number of employees decreased by one employee. The average number of employees according to the situation in 2017 stood at 30 and decreased by 2 percentage points compared to the average number of employees in 2016.

One employee exercised her right to part-time work in accordance with the regulations on parental care. All

the other employees have a concluded employment contract for full-time employment.

At the end of 2017, the share of employees employed on a temporary basis amounted to 3 percent and compared to the previous year, decreased by just over 6 percentage points.

EMPLOYEE TURNOVER RATE

In 2017, the employee turnover rate equalled 6.45 percent and remains

the same compared to 2016. Here at Borzen, we are aware of the importance of retaining quality staff. Therefore, we constantly pay attention to ensure that employees are satisfied, engaged and motivated and that they constantly develop both, on the professional and personal level.

The table below shows an overview of the number of new arrivals and employees who left the Company in 2016 and 2017 by gender, age and region of residence.

	EMPLOYEES LEAVING		NEW EMPLOYEES	
	2016	2017	2016	2017
Number	2	2	3	1
Gender	1 female / 1 male	1 female / 1 male	2 females / 1 male	1 male
Age	32 / 28	33 / 29	33 / 27 / 28	43
Region	Central Slovenia / Gorenjska region	Gorenjska region / Goriška region	Central Slovenia / 2 Goriška region	Central Slovenia

Table 2: Breakdown by gender, age and region for employees who left the company and new employees for 2016 and 2017

¹³ GRI 102: 102-7, 102-8, GRI 103-1, 103-2, 103-3, GRI 201: 201-3, GRI 401: 401-1, 401-3, GRI 404: 404-1, GRI 405: 405-1



GENDER STRUCTURE

Among the employees, there were 17 men representing 57 percent of all employees and 13 women represent-

ing 43 percent of all employees in the Company. Compared to 2016, the gender ratio has slightly changed. Namely, the share of female employees decreased by 2 percentage

points, while the share of male employees increased by 2 percentage points.

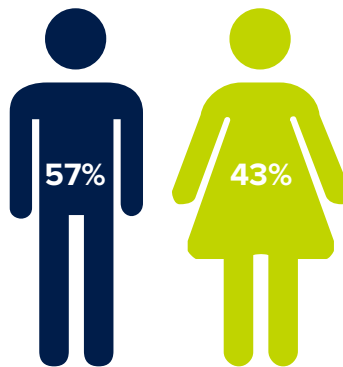


Figure 8: Gender structure as at 31 December 2017

AGE STRUCTURE

The average age of the employees

was 39. The age structure displayed in the chart below shows that most employees appertain to the 36-45

years age group (56 percent), which is followed by the 26-35 years age group (27 percent of all employees).

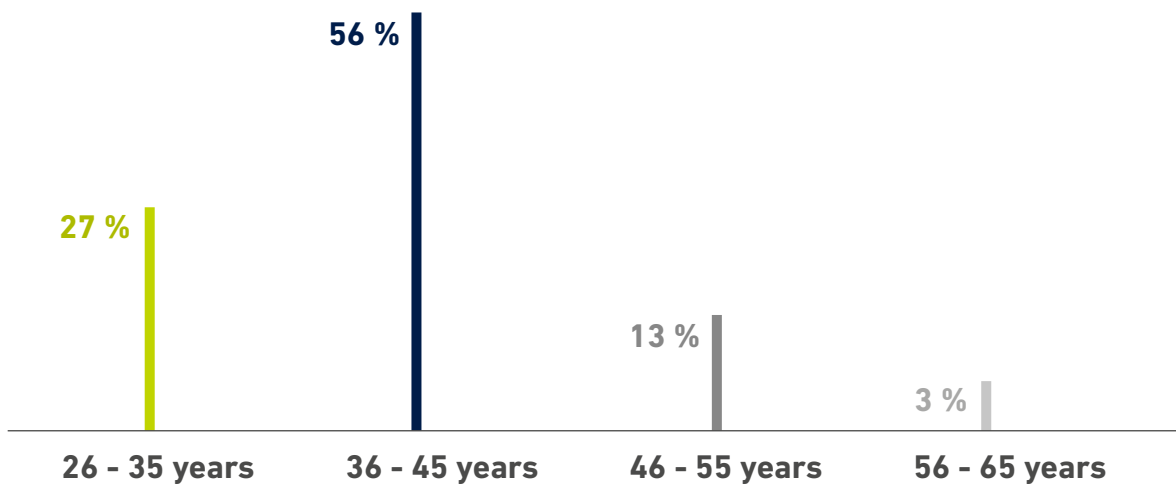


Figure 9: Age structure of employees as at 31 December 2017

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COMPOSITION OF GOVERNANCE BODIES

The current structure of the Company consists of three main pillars: energy division, economic division and general affairs. Every division has its own head of division, who reports directly to the General Manager. According to the

managerial positions, the male-female ratio is 3:1 in favour of male employees.

The age structure of employees occupying managerial positions as per gender displayed in the chart below shows that managers are equally distributed in all age groups with 25 percent.

The breakdown of the Company's employees by age and gender shows a fair diversity, which indicates the equality and openness regarding all demographic groups. We wish to maintain this trend of equal opportunities in the future as well.

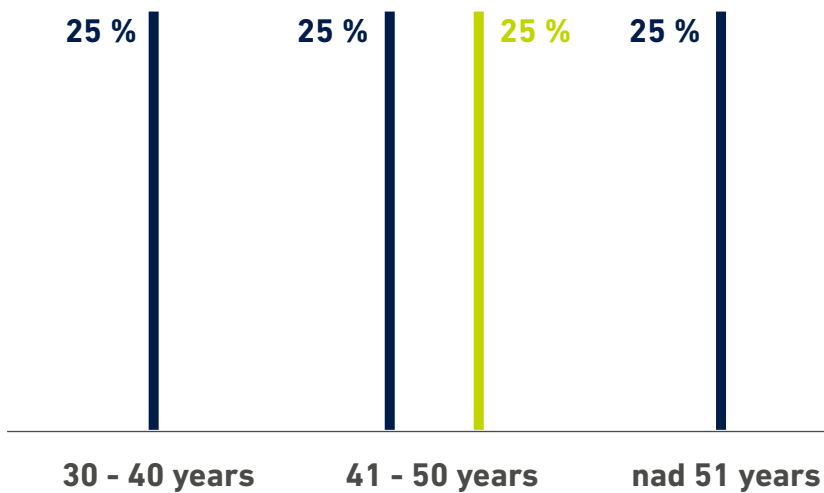


Figure 10: Age structure of employees occupying managerial positions in the company by gender in 2017

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STRUCTURE AS PER REGION OF RESIDENCE

The table below shows the diversity of the residences of employees by region. In 2017, most employees, namely 70 percent, came from the Central Slovenian region.

REGION	2016	Share in %	2017	Share in %*
Central Slovenia	19	61	21	70
Gorenjska region	2	7	1	3.3
Zasavska region	1	3	1	3.3
Goriška region	5	16	3	10
Savinjska region	3	10	3	10
South-East Slovenia	1	3	1	3.3
Total	31	100	30	100

* Due to rounding up, there may be deviations in sums.

Table 3: Breakdown of employees in terms of their region of residence for 2016 and 2017

CENTRAL SLOVENIA	2016	Share in %	2017	Share in %
Municipality of Brezovica	1	5	1	5
Municipality of Ivančna Gorica	2	11	2	9
Municipality of Ljubljana	14	74	15	71
Municipality of Vodice	1	5	1	5
Municipality of Vrhnika	1	5	1	5
Municipality of Mengeš	0	0	1	5
Total	19	100	21	100

Table 4: Breakdown of employees in terms of their residence in Central Slovenian municipalities for 2016 and 2017

EDUCATIONAL STRUCTURE

The majority of the employees have the seventh level of education (i.e. university degree), namely 57 percent. 20 percent of the employees finished a four-year tertiary professional college and 10 percent obtained a master’s degree.

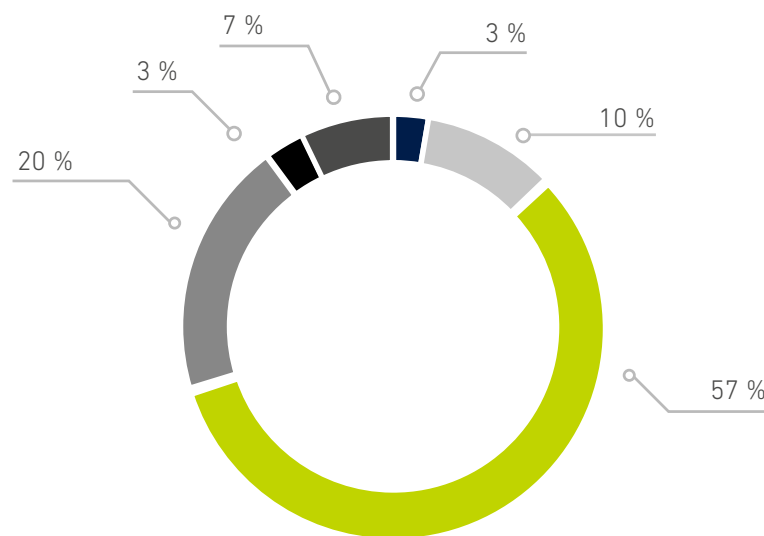
Level	Professional title	2016	Share in %	2017	Share in %
VIII/2	Doctorate	1	3	1	3
VIII/1	Master’s degree	3	10	3	10
VII	University degree	18	58	17	57
VI/2	Four-year tertiary professional qualification	6	19	6	20
VI/1	Two-year tertiary professional qualification	2	7	1	3
V	Secondary education	1	3	2	7
Total		31	100	30	100

Table 5: Educational structure in percentage as at 31 December 2016 and 31 December 2017

When searching and selecting employees in our Company we examine the knowledge, skills, competencies and experience of the individual and

consider this as the only guideline for his/her employment. We provide equal treatment for all employment candidates, irrespective of their gen-

der, age, race or any other personal circumstance, and we respect all legal norms.



■ Doctorate (VIII/2) ■ Master’s degree (VIII/1) ■ University degree (VII) ■ Four-year tertiary professional qualification (VI/2) ■ Two-year tertiary professional qualification (VI/1) ■ Secondary education(V)

Figure 11: Educational structure of employees as at 31 December 2017

6.3 DEVELOPMENT OF EMPLOYEES¹⁴

EDUCATION/TRAINING OF EMPLOYEES

It is of key importance to Borzen to employ people who are professionally educated and qualified to perform the required tasks. Employment is therefore an upgrade of a careful staff planning and development. Every year, an annual educational plan is elaborated so as to cover the educational needs of the employees and follow the strategic objectives of the Company. The educational plan focuses on individuals covering the necessary content and taking into account individual requirements that are in line with the goals of the Company. In 2017, all employees attended various seminars, courses, training sessions and conferences. In the field of education, there were no differences in participation with regard to gender and position in the Company, since education and training are adjusted to the needs and competencies of the job role, set objectives and professional and personal development of the individual, which is also evident from the number of hours of education as per the employees.

In 2017, 97 percent of employees were included in the education and

training processes and 1,378 hours of education/training were carried out. The number of hours consists also of the internal knowledge transfer, the so-called »Borzen's minutes« in which employees present the acquired knowledge and experience to their colleagues. On average, each employee attended 48 hours of education/training. Compared to 2016, the number of hours of education/training per employee decreased by 3 hours.

Already acquired knowledge and education can be upgraded and improved with in-service training. The employees are very interested in further education to acquire higher formal educational levels. Borzen supports this kind of personal growth and it grants its employees training leave for that purpose. In 2017, there were four employees integrated into study programmes to obtain a higher educational level. Our employees also play an integral part in the transfer of knowledge as lecturers and participants at different professional meetings and conferences. An important aspect of development and education is professional literature and membership in professional associations where the informal transfer of knowledge also takes place.

In addition to external knowledge transfer, an internal transfer of knowledge and experience is also carried out in the Company. In this segment, we established a formal framework for the implementation of internal training and workshops, where individual employees are involved in the transfer of knowledge to other employees. The employee feedback is positive and the results are positively reflected in a more efficient further work and business processes, while it simultaneously creates a better working environment. We also organised a team coaching session, which consisted of the following elements: functioning of teams, mutual communication and mutual relations.

MOTIVATION OF EMPLOYEES

The development of the competences of the employees, targeted guidance, directed two-way communication and other tools have generated an adequate level of motivation and commitment among our employees. Special attention is given to the non-material remuneration, such as integration into various projects and working groups, which additionally and proactively encourages employee engagement.

	2016	2017
Number of participants in educational/training programmes	27	29*
Share of employees	87%**	97%**
Number of hours of education/training	1,573	1,378
Average number of hours of education/training per employee	51	48

* Employee on maternity leave

** The percentage is related to total number of employees.

Table 6: Key data on the education/training of employees in 2016 and 2017

¹⁴ GRI 103-1, 103-2, 103-3, GRI 404: 404-1

6.4 OCCUPATIONAL HEALTH AND SAFETY¹⁵

We provide a safe and healthy working environment for all our employees. All new processes and projects include developments in the field of health and safety at work and fire safety. Risk assessment is prepared for every post and all measures that ensure adequate safety of the employees are prescribed. Risks are periodically assessed and maintained at an acceptable level with suitable safety measures. At the same time, the employees are provided with advanced and user-friendly technology and materials.

The Company also organises regular periodical medical examinations for the employees. They enable monitoring of their health status and their ability to perform work. The rate of sick leave in the Company is negligible which is due to addressing the health issues of the employees and measures to maintain preventive health-care of the employees.

In the context of health promotion at the workplace, our employees are informed on preventive actions for disease prevention and at the same time, have the opportunity to actively take care of a healthy working environment. The Company recognises the importance of the awareness of its employees, thus it will continue to undertake proactive activities in this area.

SPORTS ACTIVITIES

Borzen is committed to the promotion of health and offers its employees a diversity of sports activities since we are aware that spending free time in a quality and healthy manner can positively impact our employees' sense of well-being. The Company supports the Borzen Sports Association that regularly organises recreational sports activities and cultural events.

HEALTH PROMOTION

As part of the promotion of health at Borzen, we are raising the awareness of our employees about the importance of health and encourage them to take a holistic approach to improving and maintaining their health. Employees are made aware of preventive activities for disease prevention, but at the same time we enable them to actively take care of a healthy working environment. We carry out and promote various activities, both at work and in their free time.

FAMILY-FRIENDLY ENTERPRISE

We are aware that balancing the professional and family life is a challenge of ever increasing proportions. Thus, from 2010 onwards, we have been striving to positively tackle the challenges of balancing professional and private life, which we achieved within the scope of "Family-Friendly Enterprise" certificate.

At the beginning of the year, an opinion survey was conducted among employees, which measured the satisfaction of our employees with the certificate. The results will serve as a basis for helping us carry out further activities.

We are pleased that in 2017 we were awarded a special recognition for the successful implementation and maintenance of the full Family-Friendly Enterprise certificate.

SOCIAL SECURITY FOR YOUNG FAMILIES

We believe that children are our greatest treasure and every newborn baby born to our employees fills us with much joy. We wish every parent to fully experience the wonderful gift of parenthood, thus we encourage

the use of all forms of parental leave. At the same time, we wish young families the safest possible future. After returning from parental leave, our employees can continue their careers and we try to facilitate their transition and reintegration into the working environment as well as possible.

In this respect and in the scope of the "Family-Friendly enterprise" certificate, we adopted a measure regarding employees' reintegration after a long absence from work, which also covers the issues of parental leave. The measure enables our employees to have flexible working hours and a gradual appropriation of work obligations, thereby facilitating the process of returning to work after a long absence, which is thus less stressful and makes them and their families happier and more satisfied.

Parental leave can be taken by both parents. In 2017, two employees took maternity and parental leave, whereas in 2016, four. In 2016 and 2017 no male employees took paternity leave.

In 2017, an employee who took parental leave returned to her post and is still working twelve months after returning to work. The second employee, however, did not return to her posts after she had taken parental leave due to the mutual cancellation of her employment contract.

Within the context of our working requirements and conditions, we coordinate the needs and desires of employees and take care of the balance between private and professional life. In compliance with our internal rules and the Parental Protection and Family Benefits Act, we ensure our employees part-time employment, flexible working hours and use of unpaid leave.

¹⁵ GRI 103-1, 103-2, 103-3, GRI 403: 403-1

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	2016	2017
Maternity and parental leave	4	2
Parental leave (male employees)	0	0

Table 7: Maternity, paternity and parental leave in 2016 and 2017

SOCIAL SECURITY IN MATURE AGE

We are aware that social security is high on our employees' priority list, thus we try to act positively in this area. Each age period is marked by specific challenges and social security at retirement age is certainly one of them. Since the Company's foundation in 2001, we have enabled all our permanent employees an incentive to engage in voluntary supplementary pension scheme, either with the possibility of participation in the payment or without participation in the payment. In this way, we want to increase our employees' social security during their retirement.

Over the years, our employees have

positively accepted and decided to join the supplementary pension scheme, as shown by the figures in the table below. The total amount of the premium represents 5.84 percent of the monthly salary of the employee. When determining the percentage of participation, we stimulatingly take into account the age of the employee and their participation in the payment of the premium.

In 2017, 97% employees were included in voluntary pension scheme and in 2016, 100% employees. The amount of the written premiums paid by the Company amounted to EUR 41,260 in 2017 and EUR 43,154.29 in 2016.

VOLUNTARY SUPPLEMENTARY PENSION SCHEME AND ACCIDENT INSURANCE

We offer our employees the option of joining the voluntary supplementary pension scheme in order to increase their social security, especially after retirement. All employees are included in the voluntary supplementary pension scheme. In addition, all Borzen's employees are covered by accident insurance at work as well as in their leisure time.

	2016	2017
Number of employees	31	31
Number of participants in DPZ*	31	30
Number of employees in DPZ* (v %)	100%	97%
Premium (in EUR)	43,154.29	41,260.45

* DPZ – voluntary supplementary pension scheme

Table 8: Data on voluntary supplementary pension scheme in 2016 and 2017

6.5 COMMUNICATION WITH EMPLOYEES AND ORGANISATIONAL CLIMATE

COMMUNICATION WITH EMPLOYEES

Regular annual interviews with the employees are an effective tool for establishing current performance of the individuals and for recognising their future competences. The content of these annual interviews is an in-depth conversation focusing not only on current tasks, results and performance, but also on the objectives and tasks for the future, individual's personal growth and professional path.

The employees are regularly informed of the activities within the Company via the Intranet, e-mail and various formal and informal meetings. They are also provided with the possibility to co-create Company's ob-

jectives and can freely express their opinion. The Company also practices open door policy.

We believe that on the level of communicating with employees, a good cross-level communication is of vital importance as well as quality communication within the team. This is also the focus of our internal communication, which is also reflected in our regular team-building programmes.

ORGANISATIONAL CLIMATE

We are aware of the importance of a positive organisational climate in the Company. Thus, in 2017 we yet again carried out an analysis of the organisational climate and commitment of our employees in the Company. Compared with the year 2015, the or-

ganisational climate and commitment in the Company went from 4.33 to a value of 4.31 (the highest value is 6), which is a statistically insignificant change. The overall assessment of the organisational climate amounts to 72 percent (from a maximum of 100 percent), with 80 percent being the highest-ranked assessment of professional qualification and learning, followed by the criterion of innovation and initiative with 77 percent. On the basis of the obtained results, we prepared an action plan of certain activities in this field, by means of which we want to contribute positively to the commitment and engagement of our employees.

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7. RESPONSIBILITY TOWARDS NATURAL ENVIRONMENT

Environmental protection is one of the basic rights, duties and responsibilities of all our employees and is considered an integral part of our corporate policy. We follow the trend of efficient use of energy, water and materials. Borzen endeavours to follow the principles of sustainable development in the segment of environmental protection which is directly embedded in our business. We manage the national support scheme for environmentally friendly generation of electricity (RES and CHP) and thereby promote the use of natural resources that have a positive impact on the environment. At the same

time, we encourage the efficient use of energy and provide useful information and raise awareness on sustainable energy.

Sustainability is already a part of our daily activities, but sustainable action and environmental protection will become an even greater part of our tomorrow. The amended Energy Act granted Borzen new powers covering mainly the tasks related to the provision of information, awareness raising, training and information publication on the efficient energy use and renewable energy sources. In this respect, we are proud of our Tra-

jnostna energija (Sustainable Energy) brand, which has, since the end of 2014, worked towards the expansion and promotion of knowledge in the field of sustainable energy.

In our Company we actively promote the awareness of all our employees on the importance of environmental protection; we separate waste, use recycled materials and save drinking water and electricity. Since we want to take a further step in this area, we measured our Company's carbon footprint and set out guidelines to improve it in the future.

7.1 ENVIRONMENTAL INDICATORS¹⁶

Borzen is ranked average among comparable Slovenian companies and slightly above average among comparable international office companies when it comes to its carbon footprint measured a few years ago. In this context, we wanted to start discussing this issue and in this way raise awareness among our employees and other stakeholders. Due to the nature of Borzen's activi-

ties, we decided to regularly monitor and measure our carbon footprint in the segment where we, as a Company, have the biggest influence on its reduction. Thus, we decided to monitor the carbon footprint of our business trips made by car. We have taken certain measures which aim at reduced emissions in this category and are described in more detail below.

In 2016, 26,821.5 kilometres were travelled for the purpose of business trips, while the number of kilometres increased to 29,728.0 kilometres in 2017. This has also resulted in an increase in the amount of emissions, as shown in the table below.

	2016	2017
Total kilometres travelled (in km)	26.821,50	29.728,00
GHG Emissions (kg CO ₂ e)	6.260,93	6.939,40

Table 9: Carbon footprint and the number of kilometres travelled by car for the needs of business trips in 2016 and 2017

¹⁶ GRI 103-1, 103-2, 103-3, GRI 302: 302-1, 302-3, 302-4, 302-5, GRI 305: 305-1, 305-5, GRI 307: 307-1

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We encourage a positivist approach to reducing our carbon footprint. We want to include as many interested employees as possible in the development and implementation of strategies and activities in order to raise the efficiency of the project.

We are aware that raising awareness and informing employees through various communication channels

are the basis on which the ultimate success and achievement of goals depend. Thus, we have taken certain measures at the action level, but in particular, we believe that for our Company the most reasonable way seems to be to monitor the reduction of emissions on account of business trips since our influence on other indicators (for instance, commuting) is minor and less direct or in some cas-

es it proves more difficult to monitor their changes (for example, electrical and thermal energy and water). For example, we estimate that the reduction of our share of air travel, which has a very large objective potential in the field of reducing emissions and costs, has, in our case, only minor potential since the real option to reduce our share of flights is very limited.

MEASURE	CARBON FOOTPRINT REDUCTION	COST REDUCTION	RAISING EMPLOYEES' AWARENESS
Reduction of the air travel share (distance up to 400 km)	+	+	++
Reduction of business trips due to organizing meetings at Borzen's headquarters	++	++	+
Promoting teleconferences	++	+++	++
Combining and general optimisation of trips	+	+	++
Mandatory use of a company car for business trips	++	+++	

* The potential was evaluated by a + (low potential), ++ (medium potential) and +++ (high potential).

Table 10: Measures in the field of reducing our carbon footprint on account of the Company's business trips

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8. RESPONSIBILITY TOWARDS WIDER SOCIAL COMMUNITY¹⁷

8.1 RELATIONS TO OUR STAKEHOLDERS

Our stakeholders are the core of our operations. Without them, the electricity market certainly would not be as it is. We recognise and acknowledge various stakeholders and the public, and adapt our communication to each of these groups separately. Satisfied stakeholders send us a positive signal, implying that we provide a good standard of our services and thus, our mission of a public service is successfully achieved.

We strive to share good practices and support the transfer of knowledge to the wider social environment.

General satisfaction of our stakeholders is regularly checked by means of satisfaction analysis. The results of 2017 show that the provision of services by our Centre for Support is perceived to be at a very high level, since 94 per cent of respondents are satisfied or completely satisfied, while the average satisfaction rating is 5.41 (the highest score is 6) and is

statistically significantly higher than in 2014 (5.23) as well as statistically significantly higher than in 2015 (5.29). The results are extremely positive and encouraging. In the future, we shall carry on with continuous satisfaction analyzes.

Our **communication with stakeholders** in 2017 was mainly targeted at three key groups of stakeholders, namely the existing and potential Balance Scheme members, the existing and potential Support Scheme members and the general public which was targeted in the framework of our Trajnostna energija (*Sustainable energy*) brand. Our attention was focused, inter alia, on communicating and updating of the content and visual appearance of our corporate website (for example, updated content related to the RRM service - REMIT and the Centre for Support), as well as active cooperation with the Slovenian media and other stakeholders. With the latter, it is especially important to highlight the commu-

nication in the segment of the execution of public discussions on the rules which are currently being overhauled (public discussion on the proposal on amendments and changes to the Rules on the operation of the electricity balancing market, and public discussion of the proposal for amendments and supplements to the Rules for the operation of the electricity market) which means that all interested parties were able to contribute with their comments and suggestions. Borzen strives for an advanced energy market which, as such, will in itself be the biggest added value for all existing and potential members of the balance sheet scheme. The activities to be highlighted in the field of communication in 2017 are the preparation and publication of additional data on the operation of the electricity market on our corporate website. Borzen wants to take into consideration as many proposals by the market participants as possible in order to improve the functioning of the electricity market.

¹⁷ GRI 103-1, 103-2, 103-3, GRI 413: 413-1

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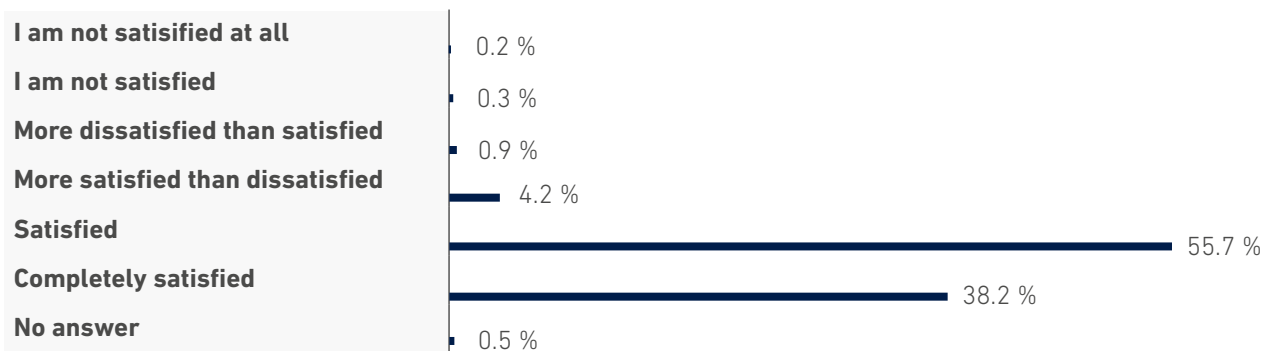


Figure 12: General satisfaction of stakeholders (2017)

8.2 CORPORATE SOCIAL RESPONSIBILITY

Socially responsible behaviour is at the core of our Company's business activity. As Market Operator, we provide a reliable and stable operation of the Slovenian electricity market, and as the provider of the RES and CHP support, we encourage and raise awareness on the use of green energy and energy efficiency.

The result of the conducted process is the Corporate Social Responsibility Certificate, which represents socially responsible concept of management whereas the process of obtaining this certificate is based on the analysis of the gaps of the company by various stakeholders. With the desire to eliminate the gaps in the area of corporate social responsibility, and consequently progressing to a higher level of certification in 2017, Borzen initiated various activities. As a result of our efforts, we were awarded the certificate for Organisational management

(level B) and the Community and development involvement certificate (level A). On the overall level, Borzen has now reached level B.



Borzen is also a member of the Network of socially responsible companies which promotes and raises awareness of the importance of social responsibility and represents a juncture of Slovenian companies and organisations that exchange knowledge, information, ideas and good practice in the field of social responsibility. The work of the Slovenian Network for Social Responsibility is based on informing and raising awareness among companies, organisations and general public on the importance of integrating socially responsible strategies into the oper-

ation of companies, positive impacts of integration and good practices of socially responsible behaviour.

Earmarked and targeted sponsorship and donations are one of the ways to connect to the community and thus contribute to positive functioning of the society as a whole. We support sports activities, working with the youth, culture, education and humanitarianism.

In 2017, we conducted another corporate volunteer campaign. This time we joined forces and came to the aid of the Youth Health Resort Debeli rtič. We also took part in the charity campaign of the Slovenian Philanthropy, Three Winter Godfathers, and endowed children of migrants from socially weaker environments. Excited about the results of our good work, we are already looking forward to the next year's volunteer campaign.

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8.3 IN THE FIELD OF TRANSPARENCY AND ASSURANCE OF TRANSPARENCY IN THE OPERATION OF THE ELECTRICITY MARKET

The Company wants to provide transparent business operations, as we believe that this is our obligation towards all users of our services and, last but not least, to all citizens of the Republic of Slovenia. Transparency is understood as an important value, which is also realized by publishing various data and information about our business operations on the company's website and through other channels. Among other things, we publish a list of beneficiaries of grants, a list of members of the balance scheme, reports on the market operation, reports on the functioning of the support scheme, calls for large and small public contracts, various public information and so on. Relevant information is regularly communicated to the interested public and we are open to the media.

In October 2015, Borzen started performing services of transactions in wholesale energy market for all participants on the electricity and gas markets in accordance with the Regulation on Energy Market Integrity and Transparency (REMIT). According to the Regulation, every participant that enters into wholesale transactions in the electricity and gas markets, both in the regulated as well as the bilateral and over-the-counter markets is required to report their wholesale energy transactions to the Agency for the Cooperation of Energy Regulators (ACER).

The effective data exchange is essential for the proper execution of the Market Operator's activities and the operation of the entire electric power system. Electronic data ex-

change constitutes an important step towards the more reliable and faster submission of data to the Market Operator. Therefore, Borzen aims to further develop and improve this area, also by participating in associations, such as the Energy Market Information Exchange. (IPET)

Other activities related to ensuring the transparency on the electricity market:

- Data transmission in line with the European regulation No. 543/2013 (»Transparency«);
- Electronic access to the Balance Scheme records;
- Publishing additional data on the functioning of the market on Borzen's website;

8.4 DEVELOPMENT OF THE ENERGY-EFFICIENT SERVICES

Borzen's main two activities, i.e. the organisation of the electricity market and implementation of the support scheme for renewable energy sources (RES) and highly efficient combined heat and power cogeneration (CHP), are intertwined at their core by sustainable development, especially by the development of energy-efficient services, which are also in line with the EU guidelines.

RES+CHP SUPPORT SCHEME

With its implementation of the support scheme, the Centre for RES/CHP Support encourages the growth of RES and CHP power plants, which in turn contributes to ensuring more efficient use of natural resources and

lower CO₂ emissions. The steady growth of the number of units included in the Support Scheme shows a trend of increased use of renewable energy sources. In accordance with the Energy Act, the Centre for Support administrates the electricity feed-in support for RES and CHP power plants. Support schemes are a State aid instrument (subsidies) approved by the European Union that enables, with a higher purchase price, the realisation of investments in RES and CHP necessary to achieve national goal concerning the share of use of renewable sources in total energy consumption.

At the end of 2017, the Support Scheme consisted of 3,864 power

plants with a total nominal capacity of 412 MW, which represents a good tenth of installed capacities in the Republic of Slovenia.

REGISTER OF GUARANTEES OF ORIGIN

The Guarantees of Origin (GOs) are electronic certificates that certify that a certain amount of origin was generated in a certain amount of time in a certain power plant in a way that is determined by the guarantee of origin of electricity.

The Register is a computer support for the system of issuing the Guarantees of Origin of electricity. The users can gain, transfer and redeem GOs in

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a transparent and simple manner via Internet. Different lists supported by the Register enable the permanent overview of users' accounts. Data can also be exported and freely processed using the appropriate software.

INFORMATION PROVISION AND RAISING PUBLIC AWARENESS ON RENEWABLE ENERGY SOURCES AND ENERGY EFFICIENCY – TRAJNOSTNA ENERGIJA ('SUSTAINABLE ENERGY')

Within the framework of tasks deriving from Article 351 of the EA-1 Borzen implements activities in the field of providing information, raising awareness and training on renew-

able energy sources and efficient use of energy. The aforementioned activities are carried out under our brand **TRAJNOSTNA ENERGIJA ('Sustainable Energy')** through which we aim to reach a wide range of different publics. Therefore, the brand conceptually combines and properly communicates the efficient use of energy and renewable energy sources Sustainable energy thus conceptually combines and communicates adequately with renewable energy sources and efficient energy use.



In 2017, we carried out a series of activities which we efficiently communicated to the public and combined through our TRAJNOSTNA ENERGIJA web portal (www.trajnostnaenergija.si). The portal represents an information centre and a contact point for accessing the information on the efficient use of energy and renewable energy sources where users can find quality and professional information on the efficient use of energy and information on renewable energy sources and their use.

Key activities in the field of information provision, raising awareness and training on RES and EE carried out in 2017:

Conference TRAJNOSTNA ENERGIJA LOKALNO ('SUSTAINABLE ENERGY LOCALLY')

In mid-September, we held already the third expert meeting of local energy managers TRAJNOSTNA ENERGIJA LOKALNO 017 ('SUSTAINABLE ENERGY LOCALLY 017'), on 'How to Successfully Finance the EE Measures?'. Fourteen speakers, among them the leading sustainable financial expert from the University of Cambridge, dr. Nina Seega, spoke to over 130 participants. The conclusions of the panel and participants were that the new innovative ways of financing, as well as regional integration and project pooling, will be increasingly topical and necessary due to the reduction of subsidies for energy efficiency projects.

Upgrade of the TRAJNOSTNA ENERGIJA portal www.trajnostnaenergija.si

New contents for the Trajnostna energija ('Sustainable Energy') web portal have been prepared, which have contributed to more information in the field of RES and EE. A part of the contents included a new set 'Za najmlajše' ('For the youngest'), where a series of cartoons 'Lepši svet' ('A Better World') is published.

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<p>Video content</p>	<p>Together with Slovenian singer and actor Klemen Slakonja, Borzen launched a music video <i>'How beautiful you are'</i>. The song on the topic of RES and EE is dedicated to the Earth and is published on the social networks of the artist (Facebook, Youtube and Instagram), and has already been viewed by more than 50,000 people.</p> <p>Borzen and RTV Slovenia have prepared a new series of informative video episodes on sustainable energy 'Eko utrinki' (<i>'Eco Glimpses'</i>). The broadcasts were included in the programme scheme of RTV Slovenia at the end of 2017 and are also published on the portal www.trajnostnaenergija.si and the MMC portal. Interesting episodes are thematically related to efficient use of energy and renewable energy sources, and are intended for both households and industry and public administration.</p>
<p>Student competition</p>	<p>In 2017, students from more than 13 different Slovenian faculties applied for the competition for the best research project in the field of energy renovation of buildings. The study example of the research paper was the energy renovation of the Jesenice High School and was selected in cooperation with the Ministry of Education, Science and Sport. The competition ended with a solemn announcement and award ceremony to the three winners.</p>
<p>Educational materials</p>	<p>Borzen has prepared educational materials for easier watching of cartoons 'Lepši svet' (<i>'A Better World'</i>), primarily intended for teachers and pedagogues. A CD with a series of cartoons 'Lepši svet' (<i>'A Better World'</i>) was sent to all Slovenian elementary schools, kindergartens and libraries, together with the mentioned material (booklet).</p>
<p>Geographical representation of the realisation and potentials of the RES-EE</p>	<p>We have prepared a new web application called the Atlas of Sustainable Energy with data on RES (generation sources of electricity and potentials) and EE (implemented measures by households and legal entities). The application brought together data from institutions such as the Centre of Support, the Eco Fund, the Geological Survey of Slovenia, the Environmental Agency of the Republic of Slovenia and the Ministry of Infrastructure.</p>

<p>Demonstration renovations</p>	<p>The core activities that we started in 2016 was the empirical comparison of data on energy consumption in buildings before and after energy renovation and publication of these data on the Trajnostna energija portal, with the aim to increase confidence in the calculations of the theoretical cost savings and to prove that the energy renovation measures of buildings are economically justified. In 2017, Borzen obtained actual measurements of all three facilities under consideration for the 2016/2017 heating season and carried out a comparison analysis with previous years. The material with results is published on the Trajnostna energija web portal.</p>
<p>Promotion of RES and EE</p>	<p>With articles, columns and advertisements, Borzen co-created all five issues of the magazine 'Varčujem z energijo' (<i>'I save energy'</i>) published in 2017. The magazine is free and all contents are also available on the magazine's web portal.</p> <p>We designed and printed a puzzle game 'Lepši svet' (<i>'A Better World'</i>), which was sent to all libraries with a toy-to-borrow, and we also donated it to all participants in the 'Lepši svet' competition, where over 450 children participated with their drawings on the topic of a beautiful world. The winning team visited the premises of RTV Slovenia and was shown how cartoons are being created.</p> <p>We have co-created the first energy electronic magazine 'E-stik' (<i>'E-Contact'</i>), which is accessible on the Internet.</p> <p>We also prepared an electronic version of the monograph 'Obnovljivi viri energije v Sloveniji' (<i>'Renewable Energy Sources in Slovenia'</i>), which is suitable for e-books.</p>
<p>Analytical monitoring of energy consumption and behaviour of households</p>	<p>We participated in the all-Slovenian research on energy efficiency REUS. It is a systematic survey of various aspects of energy management in households in Slovenia. The survey covers both general energy management and energy use in buildings, the electricity segment and transport, including comparisons with past researches. Borzen, as co-financier of the research implementation project, published the results on its web site and at the event that took place at the premises of the Energy Chamber of Slovenia at the end of November.</p>
<p>Call for a reimbursement of part of the costs for educational projects for young people</p>	<p>Borzen launched a Call for reimbursing part of the costs for the implementation of educational projects in the field of RES and EE for young people. The subject of the call was the reimbursement of part of the costs for the implementation of educational RES and EE projects, intended for children from 4th to 9th grade and secondary school students in the Republic of Slovenia. The primary purpose of the notified project was to prepare a practical demonstration of performance or otherwise highlight the benefits of the efficient energy use and energy production from renewable sources. Five projects were successful in the tender.</p>

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8.5 CUSTOMER SATISFACTION¹⁸

Customer satisfaction is monitored through periodic satisfaction surveys, and separately, alternatively every two years, we conduct satisfaction surveys in the field of operation of

the Market Operator (carried out in 2016) and the Centre for Support (carried out in 2017). Results from 2017 are encouraging, as 94 percent of respondents are satisfied or very

satisfied. In the future, we shall carry on with continuous satisfaction analyzes.

8.6 COOPERATION AND DEVELOPMENT¹⁹

Borzen actively co-creates the trends of the Slovenian and European energy sector. We are aware of the importance of cooperation between different players on the energy podium. Our experts occupy important positions in various associations and working groups, which reflect exceptional trust we enjoy in professional circles. In the continuation, some forms of cooperation are mentioned that mark the operations of our Company.

First of all, we should mention cooperation in the **Europex Association**, which connects European energy exchanges and electricity market operators, where Borut Rajer, MSc, Director of the Energy Division, holds an important position in the management board. The **APEX Association** and cooperation within the section established by the Chamber of Commerce

and Industry of Slovenia through which Borzen is a member of the **Eu-relectric Association** (European Association of Producers, Transmission, Distribution and Trading and Supply of Electricity) are also important organizations through which we exchange knowledge.

Our company is also very active in the **Energy Market Data Exchange (IPET)**, which operates within the Energy Chamber of Slovenia and promotes the development of data exchange on the electricity market and is chaired by Borzen's employee. Borzen's employees are also involved in the **CIGRE (Conseil Internationale des Grands Reseaux Electriques) - CIRED (Slovenian Association of Electric Power)**, especially in the group "Marketing and Regulation of Energy Systems".

Borzen is a member of a **Section for quality and excellence in electro-energy sector** as well as a founding member of the **Slovenian Association of Energy Economics (SAEE)**, which is the 30th national branch of IAEE (International Association of Energy Economics) and as a section operates within the Energy Industry Chamber of Slovenia.

We are also members of **Blockchain Think Tank Slovenia**, which aims to achieve an optimal relation between regulation and self-regulation by appropriate communication with competent regulators by way of which it ensures an adequate level of legal certainty for all participants, while on the other hand, it enables the rapid development of blockchain technology in Slovenia.

Borzen is a corporate member of the **Association of Slovenian Supervisors**, which is a professional, non-profit and non-governmental organisation that connects the members of supervisory boards, management boards and other stakeholders of corporate management.

Borzen is also a long-time member of the board of the electricity industry journal **'Naš stik' ('Our Connection')** that plays an important role in the provision of information to professional energy public and to promote energy literacy among general public.

Borzen is also a member of the **Network of socially responsible companies** which promotes and raises awareness of the importance of social responsibility and represents a juncture of Slovenian companies and organisations that exchange knowledge, information, ideas and good practice in the field of social responsibility.

Earmarked and targeted **sponsorship and donations** are one of the ways to connect to the community

and thus contribute to positive functioning of the society as a whole. In 2017, we thus conducted a call for the allocation of sponsorship and donations. With donations and sponsorship support sports activities, working with the youth, culture, education and humanitarianism.

In 2017, we traditionally carried out a **voluntary corporate campaign**. This time we joined forces and came to the aid of the Youth Health Resort on Debeli Rtič. In 2017, we conducted another corporate volunteer campaign. This time we joined forces and came to the aid of the Youth Health Resort Debeli rtič. We also took part in the charity campaign of the Slovenian Philanthropy, Three Winter Godfathers, and endowed children of migrants from socially weaker environments. Excited about the results of our good work, we are already looking forward to the next year's voluntary campaign.

INVESTMENTS

The investments of our Company are strategically targeted mostly at technological development, which

is a prerequisite for a further development and continuous operation of the Market Operator activities through a highly available system and technologically advanced services. The latter bring added value to the operation of all our stakeholders.

In accordance with the Company's business plan, the majority of the planned investments that were carried out in 2017 related mainly to information technology. Within the system hardware and software, we made investments, which are primarily related to the maintenance of a high level of information security and high availability.

We invested in improvements to existing RRM-REMIT reporting software and imbalance settlement software. A significant share of investments was allocated for a major modernisation of the infrastructure and platform, i.e. a unified information system, which will in the continuation benefit from several improvements both at the architectural and the process level. This will give the system additional reliability and value added.

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CONTENT INDEX PURSUANT TO THE GRI GLOBAL STANDARDS²⁰

Index of GRI GS – basic level

GENERAL STANDARD DISCLOSURES	
GRI standard	Disclosure
GRI 101: Foundation	
GRI 102: General disclosures	
Organisational profile	
102-1	Name of the organisation
102-2	Primary brands, products and/or services
102-3	Location of headquarters
102-4	Countries where the organisation operates
102-5	Ownership and legal form
102-6	Markets (geographic and sectorial breakdown and breakdown as per type of customers)
102-7	Scale of organisation (number of employees, number of activities, revenues from sales, liabilities/equity, number of products or services)
102-8	Employees as per type of employment, contract, region and gender
102-9	Organisation's supply chain
102-10	Significant changes to the organisation and its supply chain
102-11	Precautionary approach and principles
102-12	External initiatives
102-13	Membership of associations
Strategy	
102-14	Statement from senior decision-maker in the organisation on the importance of sustainable development for the organisation and its strategy
Ethics and integrity	
102-16	Values, principles, standards and norms of behaviour
102-17	Mechanisms for advice and concerns or praises on ethical issues
Governance	
102-18	Governance structure

²⁰ GRI 102: 102-54, 102-55

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	Reports / partly reports / does not report	Chapter or page in the Report	Reasons for omitting content
	reports	57	
	reports	8	
	reports	57	
	does not report	-	Borzen operates exclusively in Slovenia.
	reports	14	
	does not report	-	This indicator is irrelevant.
	reports	14, 22, 23, 29	
	reports	29 - 33	
	does not report	-	Borzen is a public service provider and it operates in line with the Public Procurement Act. Thus, this indicator is irrelevant.
	does not report	-	There were no significant changes in the reporting period.
	reports	16	
	reports	46, 47	
	reports	46, 47	
	reports	6, 7	
	reports	11, 28	
	reports	28	
	reports	14, 15	

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Stakeholder engagement

102-40	List of stakeholder groups engaged by organisation
102-41	Share of employees employed pursuant to the collective bargaining agreements
102-42	Identification and selection of stakeholders
102-43	Organisation's approach to stakeholder engagement
102-44	Key topics and concerns raised through stakeholder engagement and how the organisation responded to them, including its reporting

Reporting practice

102-45	Entities included in the consolidated financial statements
102-46	Defining report content and topic Boundaries
102-47	List of material topics
102-48	Effects of changes in data from previous reports and reasons for changes
102-49	Significant changes compared to previous reporting periods related to the scope and content
102-50	Reporting period
102-51	Date of most recent report
102-52	Reporting cycle
102-53	Contact point for questions regarding the report
102-54	Reporting reference in accordance with GRI standards
102-55	GRI content index
102-56	External assurance for the report (audit)

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	reports	18	
	does not report	-	Borzen does not have a collective bargaining agreement concluded; hence; it does not report on this indicator.
	reports	18	
	reports	18 - 21, 46	
	partly reports	19 - 21	Borzen partly reports on the issues and concerns that have been identified by stakeholders, as can be observed in the individual chapters of this report. Borzen does not fully report on this indicator.
	reports	22, 23	
	reports	17, 18	
	reports	17	
	does not report	-	This indicator is irrelevant.
	does not report	-	There were no significant changes in the reporting period.
	reports	17, 57	
	reports	57	
	reports	57	
	reports	57	
	reports	17	
	reports	48 - 55	
	does not report	-	This indicator is irrelevant for Borzen. Borzen is not seeking external assurance for the sustainability report.

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SPECIFIC STANDARD DISCLOSURES			
Management approaches and disclosures	Essential topics	Reports / partly reports / does not report	Chapter or page in the Report
GRI 200: Economic field			
GRI 201: Economic performance			
103-1, 103-2, 103-3	Management approach	reports	22, 23
201-1	Direct economic value generated and distributed	reports	22 - 25
201-3	Defined benefit plan obligations and other retirement plans	reports	36
GRI 300: Environment			
GRI 302: Energy			
103-1, 103-2, 103-3	Management approach	partly reports	38, 39
302-1	Energy consumption within the organisation	partly reports	38, 39
302-3	Energy intensity	partly reports	38, 39
302-4	Reduction of energy consumption	partly reports	38, 39
GRI 305: Emissions			
103-1, 103-2, 103-3	Explanation of the topic-specific disclosures and its limits	partly reports	38, 39
305-1	Direct greenhouse gas (GHG) emissions	partly reports	38, 39
305-5	Reduction of greenhouse gas (GHG) emissions	partly reports	38, 39
GRI 400: Organisation			
GRI 401: Employment			
103-1, 103-2, 103-3	Management approach	reports	28
401-1	New employee hires and employee turnover	reports	29, 30
401-3	Parental leave	reports	35, 36
GRI 403: Occupational health and safety			
103-1, 103-2, 103-3	Management approach	reports	28, 35
403-1	Representation of employees in formal committees on health and safety at work	reports	34 - 36

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	Reasons for omitting content
	Borzen reports only on fuel consumption. Other indicators are irrelevant for the company.
	Borzen reports only on fuel consumption. Other indicators are irrelevant for the company.
	Borzen presents general activities in the field of reducing energy consumption.

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GRI 404: Training and education

103-1, 103-2, 103-3	Explanation of the topic-specific disclosures and its limits	reports	34
404-1	Average hours of training per year per employee	reports	34

GRI 405: Diversity and equal opportunity

103-1, 103-2, 103-3	Management approach	reports	28 - 33
405-1	Diversity of governance bodies and employees	poroča	31

GRI 406: Non-discrimination

103-1, 103-2, 103-3	Management approach	poroča	28
406-1	Incidents of discrimination and corrective actions taken	poroča	28

GRI 413: Local communities

103-1, 103-2, 103-3	Management approach	poroča	40 - 45
413-1	Operations with local community engagement, impact assessments, and development programs	poroča	42 - 45

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COMPANY PROFILE²¹

Full name	Borzen, operater trga z elektriko, d. o. o.
Abbreviated name	Borzen, d.o.o.
Address	Dunajska cesta 156, 1000 Ljubljana, Slovenija
Phone number	01 620 7 600
Fax number	01 620 7 601
E-mail	info@borzen.si
Website	www.borzen.si
Main activity	66.110 Administration of financial markets
Registration number	1613383000
Tax ID number	27799468
Number of entry in Court Register	1/34438/00
Date of entry in Court Register	28 March 2001
Place of entry in Court Register	Ljubljana District Court
Share capital	1.963.278 EUR
General Manager	Karol Peter Peršolja, PhD
Chairman of the Supervisory Board	Gorazd Ažman, MSc
Company's Operation	Slovenia

²¹ GRI 102: 102-1, 102-3, 102-4, 102-5

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BASIC DATA ON THE 2017 SUSTAINABILITY REPORT²²

<p>Contact point for questions regarding the report or its content</p>	<p>Eva Činkole Kristan, Public Relations ☎ 01 620 7 605 ✉ eva.cinkole@borzen.si</p>
<p>Reporting period and date of previous report</p>	<p>Borzen reports for the calendar year 2017. The first sustainability report was prepared in 2012 in accordance with the GRI guidelines and has been prepared annually since then.</p>
<p>Reporting cycle</p>	<p>“Basic level“(contains the key elements of reporting and reasons of the Company’s communication concerning economic, social and environmental impacts. The organisation reports on at least one indicator that relates to “materiality“).</p>

The report is prepared and includes Borzen’s sustainable footprint, without any particular restrictions on the scope of the report. All information covered and presented in the report originates from and is the property of Borzen, d.o.o.²³ and is processed and presented in a true and undistorted manner.

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²² GRI 102: 102-50, 102-51, 102-52, 102-53, ²³ Unless explicitly indicated otherwise.

