COMPLAINTS MECHANISM

SG/E/2025/06

DIVACA-KOPER SECOND RAIL TRACK (SLOVENIA)

DISPUTE RESOLUTION REPORT

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European Investment Bank | Group

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DIVACA-KOPER
Second rail track (SLOVENIA)
Dispute Resolution Report

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This report is based on the information available to the EIB Group Complaints Mechanism Division up to 26 June 2026.

In the event of discrepancies between language versions, the English version prevails.

The EIB Group Complaints Mechanism

The EIB Group Complaints Mechanism (**Complaints Mechanism**) is a public accountability tool that handles complaints from members of the public who are, or feel, affected by decisions, actions or omissions by the European Investment Bank (EIB). One of the main objectives of the Complaints Mechanism is to ensure the right to be heard and the right to complain. The Complaints Mechanism is not only intended to investigate non-compliance by the EIB with its policies and procedures but also to solve problems raised by complainants, notably through collaborative dispute resolution.

For admissible complaints regarding environmental and social impacts, the work of the Complaints Mechanism starts with an initial assessment phase. During this phase, the Complaints Mechanism determines if further work is necessary and whether the complaint shall proceed to a compliance review or a collaborative dispute resolution process. The objective of the latter is to resolve the dispute by (i) achieving a better and common understanding, (ii) improving the degree of trust between the parties, and (iii) seeking to identify a common agreed solution.

If a dispute resolution process ends without a full agreement, the process is closed and a recommendation for a compliance review investigation or other specific EIB Group action may follow.

Complainants that are not satisfied with the EIB reply to their complaint may file a complaint of maladministration against the EIB with the European Ombudsman[1].

For more information on the Complaints Mechanism please visit:
https://www.eib.org/en/about/accountability/complaints/index.htm.

[1] Available at: https://www.ombudsman.europa.eu/en/home. For more information see EIB Group Complaints Mechanism policy dated November 2018, Article 4.5.

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EXECUTIVE SUMMARY

The purpose of this Dispute Resolution Report is to inform the complainants, 2TDK and Company X, the EIB and the interested public about the outcome of the dispute resolution process and the Complaints Mechanism's decision to close the case with a recommendation for a specific EIB Group action.

This report concerns a complaint received in May 2025 regarding the Divača-Koper Second Rail Track project in Slovenia. The project consists of the construction of 27 km of rail track between Koper and Divača. The EIB financing amounts to up to € 250 million.

The complainants, 2TDK and Company X agreed to engage in a dispute resolution process. The work carried out by the facilitation team of the Complaints Mechanism during the dispute resolution process consisted of in-person meetings and virtual consultations with the complainants, 2TDK, Company X, external stakeholders and the EIB's project team. While progress was achieved during the dispute resolution process, it did not lead to a full settlement agreement. Upon complainants' request, the process was closed end of December 2025. This report describes the work performed in the dispute resolution process and the progress achieved.

Subsequently, the Complaints Mechanism decided to close the case with a recommendation for a specific EIB Group action, in line with its policy and procedures. Annex 1 describes the rationale for such decision, as well as the recommended action.

1 PROJECT

1.1 On 12 July 2023, the EIB Board of Directors approved the financing of the Divača-Koper Second Rail Track project (the **project**) in Slovenia for an amount of up to €250 million[2]. The project is being developed and implemented by 2TDK Družba za razvoj projekta d.o.o, the EIB borrower and project promoter (2TDK, or the **promoter**).

1.2 The project consists of the construction of 27 km of rail track on a new alignment to increase rail capacity between the port of Koper and the rail junction in Divača.

1.3 2TDK signed a contract with a consortium of three companies – Company X, Company Y and Company Z – for part of the construction works.

2 COMPLAINT

2.1 On 9 May 2025, the Complaints Mechanism received a complaint from some of Company X's[3] employees regarding their employment situation in Slovenia (the **complainants**).

2.2 The 52 complainants alleged that they had been working in various positions with Company X (the **contractor**) in Slovenia since 2021 for some, 2022 for others. The complainants, most of whom were Turkish, indicated that they had come to Slovenia to work for the contractor on the construction of the Divača-Koper section of the railway. They had been living in a camp referred

[2] More information on the project is available at: DIVACA-KOPER SECOND RAIL TRACK.
[3] According to the complainants, some were employed directly by Company X, others by a Slovenian subsidiary of Company X.

to as the Orehek camp, around 50 km away from their place of work. According to the complainants, since November 2024, they experienced delays in the payment of their salaries. On 28 March 2025, the contractor asked them to stop working and offered mutual termination agreements. The complainants expressed that they felt pressured to accept the mutual termination agreements. In particular, they interpreted some of their employer's statements as a threat to stop providing food, paying for the electricity or gas, or to expel them from the camp if they refused to sign the agreements. The complainants indicated that most other workers at the camp accepted the terms of the mutual termination agreements. However, the complainants disagreed with the terms of those agreements, which they felt were not reasonable, and refused to sign. In particular, the complainants rejected the contractor's proposal to pay their back salaries and severance payments in instalments rather than as a lump sum. Additionally, they were dissatisfied that the contractor did not offer to pay their overtime work at the expected 1.5x rate. They continued to stay in the camp.

3 INITIAL ASSESSMENT

3.1 The Complaints Mechanism carried out an initial assessment to clarify the issues raised by the complainants as well as the perspective of the relevant stakeholders on these issues, and to determine if further work by the Complaints Mechanism was necessary and possible to address the allegations and issues raised.

3.2 In course of the assessment, in May 2025, the complainants shared that most of them had in the meantime received a letter of dismissal. According to the letters, the complainants were given a prior notice of approximately one month. The letters did not provide detailed information about the exact total amounts to be paid to the complainants nor of the timing of payment. As of 23 June 2025, the last salary payment they received was their March 2025 salary.

3.3 The complainants, the promoter and the contractor (the **parties**) agreed to proceed with a collaborative dispute resolution process. Following consultation with the complainants, the promoter, the EIB project team and the contractor, the Initial Assessment Report[4] was issued in July 2025.

4 DISPUTE RESOLUTION

4.1 The dispute resolution process lasted for about six months. The Complaints Mechanism facilitation team was composed of members of the dispute resolution team from the Complaints Mechanism, a Turkish facilitator and Turkish/English interpreters. In total, the facilitation team carried out one on-site mission and one joint meeting between the complainants, the promoter and the contractor. The mission took place in June 2025.

4.2 In addition, the facilitation team organised numerous virtual meetings with the parties.

5 OUTCOMES

5.1 During the initial phase of the dispute resolution process, the parties agreed on ground rules for the process, including who would participate, who would represent each party, and what would be the language and the guiding principles of the process.

5.2 Before the joint meeting, the contractor paid the complainants their April 2025 salary.

5.3 During the joint meeting, the parties were able to express their views about the situation. This conversation helped parties better understand each other's point of view. Additionally, the

[4] 2025-07-14ComplaintSG-E-2025-06Divaca-Kopersecondrailtrack-IARpublicversion.pdf

parties discussed the amount and timing of payments owed to the complainants. During the meeting, the complainants and the contractor reached an understanding regarding the categories of severance payments to be paid. The contractor committed to sharing, in the following days with each complainant, the exact proposed amounts. While the timing of payment was discussed and various proposals were considered, no agreement was reached.

5.4 The contractor and the complainants requested support from 2TDK, especially given that payments from 2TDK to the contractor would help increase the latter's financial ability to pay the complainants. 2TDK indicated that given their status as a public entity, they could not make any commitment that would be outside of their contractual obligations with the contractor or their legal obligations. However, to provide additional assurance to the complainants, the contractor and 2TDK agreed to discuss the terms of a joint letter of intent. An agreement was reached on 27 July 2025, according to which:

- 2TDK undertook to ensure that DRI Investment Management, Ltd – the engineering firm in charge of processing and approving/rejecting claims submitted by the contractor to 2TDK – process claims submitted by the contractor within ten days[5]; and
- the contractor undertook to prioritise the use of any funds received from 2TDK to pay the complainants.

5.5 In July 2025, the contractor shared with each complainant a document with the total sum that they agreed to pay them (back salaries, severance payments and benefits). The document stated that the person should return to Türkiye by a specific date and, if that condition was not met, that they would not be entitled to the "unemployment benefit" and "supplementary payments" amounts mentioned in the document. The complainants agreed with the calculation and most of them decided to leave the camp (except for a few who were still actively working for the company).

5.6 At the end of August 2025, the contractor paid the complainants' May 2025 salary.

5.7 Given that pending claims between the contractor and 2TDK were identified as the most probable source from which the complainants could be paid, the facilitation team convened multiple meetings between the engineering firm, 2 TDK, the contractor, and sometimes Kolektor, to discuss pending claims. During these meetings, the parties would share updates on the various claims, requested clarification from one another on further documentation needed, or the methodology applied, and discussed the next steps and timelines. The facilitation team also had several conversations with the contractor's management team in Türkiye to explore other possible sources of funding that could be used to pay the complainants. However, given the complex financial situation in which the contractor found itself, no other solution could be found.

5.8 Between July and December 2025, 2TDK paid the contractor some invoices, claims and retention money. However, the amounts were not sufficient to allow the contractor to pay the complainants. In fact, most of that money had to be paid directly from 2TDK to tax authorities (based on the enforcement orders) and various other creditors of the contractor (in some cases, creditors filed court claims; in other cases, the contractor had previously pledged certain receivables to creditors).

5.9 Overall, some progress was made, including partial salary payments, agreement on the amounts owed to the complainants, and advances in processing claims between the contractor and 2TDK. However, no agreement was reached on the timing of payment of the complainants' June 2025 salaries (and July 2025 salaries for some), nor on the settlement of severance allowances. Discussions with the promoter, the contractor, other stakeholders and the EIB

[5] The core reason for parties to discuss that issue was that pending claims between the contractor and 2TDK were identified as the most probable source of funding from which the complainants could be paid.

project team did not lead to a conclusive proposal on how to address the issue of the pending payment of salaries and severance allowances.

5.10 In December 2025, given the lack of progress, the complainants took the decision to end the dispute resolution process. The promoter, the contractor, and the EIB project team were informed about this decision in December 2025.

6 WAY FORWARD

6.1 Despite the collaborative efforts of the complainants, the promoter and the contractor, the concerns raised in the complaint could not be fully addressed during the dispute resolution process (payment of salaries and severance allowances). The Complaints Mechanism would like to thank the parties and external stakeholders involved in the dispute resolution process for their constructive efforts and willingness to participate.

6.2 According to article 2.5.6 of the EIB Group Complaints Mechanism Procedures[6], when the parties do not reach a full settlement agreement, the Complaints Mechanism closes the dispute resolution process and a recommendation for a compliance review investigation or other specific EIB Group action may follow. Hence, the dispute resolution process was closed.

6.3 Given the nature of the outstanding concerns that have not been settled via the dispute resolution process and considering the role of the EIB, the Complaints Mechanism decides as well that a compliance review investigation would not be justified and, instead, closes the case with a recommendation for a specific EIB Group action. The rationale for such decision as well as the specific action are described in Annex 1 to this report.

[6] Please see here: EIB GROUP COMPLAINTS MECHANISM PROCEDURES.

ANNEX 1

THE COMPLAINTS MECHANISM'S DECISION TO CLOSE THE CASE WITH A RECOMMENDATION FOR A SPECIFIC EIB GROUP ACTION

In line with article 2.5.6 of the EIB Group Complaints Mechanism Procedures[7], the Complaints Mechanism considers that a compliance review investigation is not justified and closes the case with a recommendation for a specific EIB action. In making this decision, the Complaints Mechanism reviewed:

i) the process followed to terminate the relevant labour relations;

ii) the progress achieved through the dispute resolution process;

iii) the applicable regulatory framework;

iv) the roles of the parties;

v) potential indications of non-compliance with the applicable framework and whether further work by the Complaints Mechanism was necessary and/or possible to address or resolve the concerns raised by the complainants.

The process followed to terminate the relevant labour relations

In March 2025, the contractor issued a stop-work order, proposed mutual termination agreements to all workers and paid the salaries of March 2025 (see paragraphs 2.2 and 3.2).

On 23 May 2025, the contractor issued dismissal letters with approximately one-month prior notice to the workers who had not accepted the offered mutual termination agreements and were not working since the stop work order. The Complaints Mechanism understands this to concern almost all complainants, with the exception of the few workers who remained employed at the camp (see paragraph 3.2).

According to the dismissal letters, i) the contractor initiated a retrenchment (labour reduction) procedure in April 2025, as foreseen in the applicable labour law and collective agreements in the construction sector, and consulted with the trade union; and ii) on 21 May 2025, the retrenchment decision was adopted outlining the reasons for retrenchment, selection criteria and mitigation measures.

Progress achieved through the dispute resolution process and thereafter

The complainants' outstanding salaries for April and May 2025 were paid during the dispute resolution process (see paragraphs 5.2 and 5.6). The complainants and the contractor reached an understanding on the severance amounts and benefits due, but not on the timing of the payment of the outstanding amounts (see paragraphs 5.3 and 5.5). The timing of payment for the June 2025 salaries (and July 2025 salaries for some) as well as severance and benefits payments remains an outstanding issue (see paragraph 5.9).

According to the contractor, the outstanding amounts owed to the complainants were further reduced from December 2025 to June 2026 to around €279,000, with 26 out of 52 claims having been fully settled.

[7] Please see here: EIB GROUP COMPLAINTS MECHANISM PROCEDURES.

Regulatory framework

Under the finance contract with the EIB, the promoter has undertaken to implement and operate the project in compliance with applicable EU law, national laws and applicable international treaties (this includes labour law and standards), and to promptly inform the EIB in the event of a complaint, claim or non-compliance with such law.

Retrenchment of workers is regulated by EU and national law[8], and requires, among others, consultations, prior notification, and timely payment of wages and severance entitlements. In light of the facts described above, these legal requirements do not appear to be disputed by the contractor or other parties involved in the project.

The issue of timely payment of outstanding amounts arises from the contractor's complex financial situation (see paragraph 5.7). The contractor's ability to pay those amounts partially depends on the settlements of its claims vis-à-vis the promoter, whether amicably or through judicial proceedings. Ultimately, in the event of insolvency, the payment of outstanding amounts will depend on the outcome of the liquidation proceedings during which creditors are paid in accordance with their statutory priority.

Under Slovenian insolvency and labour law, workers whose contracts are terminated under insolvency proceedings are entitled to severance pay[9], and outstanding claims from employees, subject to certain statutory limitations, are treated as unsecured priority claims[10].

Role of the parties

With regard to the promoter's compliance and the role of the EIB, the promoter is required to promptly inform the EIB in the event of a social complaint, claim or non-compliance.

Both the promoter and the EIB became aware of the situation affecting the contracted workers through the same complaint letter dated 9 May 2025 (see paragraph 2.1). Following receipt of this information, the promoter immediately requested additional information and evidence of compliance from the contractor. The Slovenian labour inspectorate conducted a site visit. The promoter subsequently shared a detailed report with the EIB on 23 May 2025.

In addition to the mutual termination agreements, retrenchment process, consultation with the trade union, prior termination notices and payment of the April and May 2025 wages as described above, the promoter reported that alternative construction work opportunities were proposed to the workers by the recruitment agency. These were reportedly refused by the workers as the wages were lower.

Under its contractual agreement with the promoter, the contractor is required to comply with the applicable labour law and relevant collective agreements in the construction sector, and to report accordingly to the promoter. The promoter is expected to continue monitoring the contractor's compliance, while the labour inspectorate remains the competent authority in the event of breaches of employment law.

The Complaints Mechanism's assessment

Based on the above, the Complaints Mechanism finds that, in line with applicable law, mutual termination agreements were proposed to the workers, a retrenchment process and consultation with the trade union were initiated, and that, where required, prior notice of termination of work was issued. Outstanding wages were paid during the dispute resolution process, except those of June (and July for

[8] See Articles 98 to 103 of Slovenian employment relationship act and Directive 98/59/EC relating to collective redundancies.
[9] See Article 106 of Slovenian employment relationship act.
[10] See Article 21 of ZFPPIPP, Slovenian Insolvency Act.

some) 2025. At the time, the contractor appeared not to have the financial capacity to pay the outstanding salaries and severance entitlements and benefits. The contractor noted that, in recent months, several claims were settled, resulting in a reduction of the outstanding amount owed to the complainants from €750,000 (in July 2025) to €279,000 (in June 2026).

The promoter promptly informed the EIB upon becoming aware of the situation and is expected to continue monitoring developments. It is for the contractor to make any outstanding payments in line with the applicable law. The Complaints Mechanism also notes that the contractor is responsible vis-à-vis the promoter to implement the project in line with the regulatory framework explained above.

Conclusion

In light of the above, we conclude that no further work by the Complaints Mechanism is warranted. This conclusion is justified by: (i) the partial resolution of concerns during the dispute resolution process; and (ii) the possible identification of necessary actions to address the outstanding issues, as set out in this Annex. In line with article 2.5.6 of the EIB Group Complaints Mechanism Procedures, the Complaints Mechanism therefore decides to close the case while issuing a recommendation for a specific EIB Group action, as detailed below. For the avoidance of doubt, this recommendation is not based on any finding of maladministration attributable to the EIB.

In view of the contractual obligations relating to compliance with EU and national laws and the need for reporting – by the contractor towards the promoter and by the promoter towards the EIB – the Complaints Mechanism considers that the most appropriate way forward is for the EIB to formally request the promoter (i) to convey to the contractor the requirement to ensure payments of any outstanding amounts to the workers in line with applicable EU and national laws, and (ii) to continue monitoring and reporting to the EIB on the progress and outcomes of the situation as part of its ongoing regular reporting obligations, to allow the Bank to document such information in its monitoring as required by the relevant EIB's procedures. As per the procedures of the Bank, an Environmental and Social Completion Sheet will be published by the Bank indicating the compliance of the project with the relevant environmental and social conditions[11].

[11] See EIB ECS Procedures, Section 5: https://www.eib.org/files/publications/20250035-201025-eib-environment-climate-and-social-due-diligence-procedures-en.pdf