



LUKA KOPER

Port of Koper

Luka Koper Group
SUSTAINABLE DEVELOPMENT REPORT 2008

INVESTING IN PARTNERSHIP

Responsibility towards the community, to employees,
investors, partners and suppliers
Impacts on the natural environment

Dear Readers,

Photo: Franci Virant



The operations of the Luka Koper Group are undertaken within the context of an important and most precious environment, and we are fully aware of that. Thus, already at the beginning of its mandate, the Company's Management Board has set out an ambitious plan whose priority goal is to materialise the idea of a green, environment-friendly port which is self-sufficient in energy. Despite considerable

growth in cargo throughput over the recent years, Luka Koper has already begun to reduce its consumption of energy - electricity and hydrocarbons - as well as water. Last year we established companies that will be engaged in the generation of power from renewable sources and biofuels generated from the reprocessing waste materials from the port. The first panels in a sizeable photovoltaic power plant will shortly be installed, and this will be followed by the production of saleable fuel from oil-contaminated water. An osmotic power plant also features in our future plans. In addition to generating electricity from seawater, the brackish water produced will be used to spray iron ore and coal bulk cargo dumps, and prevent dust particles from being blown away. Further to the last of these issues, we have erected a green enclosure which, in conjunction with water sprays, has provided most effective containment. Sustainable development not only includes concern for the environment, but also the necessary interaction of economic development, environmental protection and social responsibility. Therefore we desire that you too have insight into the company's business strategy, the status of its employees, co-operation with suppliers, as well as various institutions and organisations. Luka Koper Group personnel enjoy a high degree of social and workplace security, together with a series of benefits. Last year, the eleven-year old collective agreement was brought into the new millennium, and the wage system for employees - who deserve huge credit for the Group's success - was revised and upgraded. The Port of Koper differs from its competition, and this is for a large part due to its reliability, as well as the provision of services of the very highest quality by a motivated workforce.

Some twenty thousand visitors take guided tours of the Port of Koper every year, and the Company has organised a special Open Door Day for the past two years. Luka Koper presents itself in all available media, and in the future we want to communicate with you even more. As a result, the company established a special 'živeti s pristaniščem' website in which you can find a lot of useful information about our efforts to serve and live in harmony with you and the environment.

Robert Časar
President of Luka Koper, d.d.
Management Board

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SUSTAINABLE DEVELOPMENT - A STRATEGIC ORIENTATION

Herein we present the key strategic orientations of the Luka Koper Group for the period 2006-2015 in its strive to become the leading logistics provider for the countries of Central Europe¹.

¹ There is more about this at: <http://www.luka-kp.si/eng/about-us/mission--vision--strategy> as well as in such documents as the Luka Koper Business Strategy 2006-2015 (2006), together with the Luka Koper 2008 Business Plan (2007) and the Luka Koper 2009 Business Plan (2008).

VISION

Luka Koper – A leading port and logistic system operator for Central Europe.

MISSION

Offering the easy establishment of shipping links through the provision of port and logistics services via the shortest route into the heart of Europe.

VALUES

Luka Koper's core values are: knowledge, entrepreneurship, partnership, respect and responsibility.

ENACTING STRATEGIC OBJECTIVES²

Luka Koper succeeded in achieving all four of its key strategic objectives during 2008. The most significant achievements as regards this are listed below.

First Strategic Objective:**To remain a recognised provider of logistics services**

- 4% growth was recorded in throughput (9% in cars and 16% in container freight).
- The structure of cargo throughput was increased in favour of liquid cargos, containers and perishables (fruits and vegetables).
- Spatial planning documents were drawn up, and the project to expand the inland terminal at Sežana as well as establish a Prekmurje terminal in northeastern Slovenia continued.
- Construction work on a container terminal and logistics centre near the Romanian town of Arad was ongoing.

- Adria Transport d.o.o., a subsidiary of Luka Koper, purchased three railway locomotives; these currently hold permits to operate services in Slovenia, Austria and Germany.
- Luka Koper participated in the most important transport and logistic trade fairs in Europe and the Far East.
- There were 53 visits by passenger vessels (cruise ships etc.) in 2008, and 18,000 passengers disembarked at Koper.

Second Strategic Objective: Provision of efficient port and distribution centre operations

147 million euros were earmarked for investments in port infrastructure and plant. The extension of the quayside at the First Pier was completed, as were the first phases of construction of a multi-storey vehicle storage warehouse (a parking garage now capable of housing 2,750 cars) and a new petrochemicals (avgas) storage facility. Information support at Luka Koper was upgraded through the application of new modules that simplify

business processes and accelerate communication in port operations.

Third Strategic Objective:**Creation of successful long-term business systems**

- Operating revenues: up 12% to 137.2 million euros.
- Operating profit: up 1% to 23.6 million euros.
- Net profit: down 44% to 17.2 million euros.
- Value added: up 14% to 81.3 million euros.
- Value added per employee: up 10% to 73,291 euros.
- Throughput: up 4% to 16 million tonnes.

Fourth Strategic Objective:**Achieve sustainable development**

All the major objectives set for 2008 were achieved, and the most important of these are presented in Table 1 (see below). More on operations in the field of sustainable development are presented in this Report.

² Source: Luka Koper Business Strategy 2006-2015 (2006).

Table 1: Strategic objectives for 2008 and their implementation

FIELD	OBJECTIVE	MEASURES IN 2008	OBJECTIVE STATUS
EMPLOYEES	Modification of systemisation of work posts and positions.	Introduced within the framework of the new Collective Agreement.	ACHIEVED
EMPLOYEES	Conclusion of new collective agreements.	Signing of a new Collective Agreement, which replaces the 11-year-old one.	ACHIEVED
EMPLOYEES	An adequate number and type of personnel shall be ensured.	Pursuant to its needs, the Luka Koper Group took on 108 new employees; the overall educational structure was also improved.	ACHIEVED
EMPLOYEES	Staff turnover (churn) shall be held at 5%.	Staff turnover within the Group was reduced by 0.3 percentage points.	NOT ACHIEVED; an improvement was made, however.
EMPLOYEES	All employees shall participate in training programmes.	100% of employees participated in education and training activities.	ACHIEVED
EMPLOYEES	An individual approach shall be taken towards planning the development and training of employees.	An individual approach was implemented; this encompassed annual staff appraisal meetings, identification of potentials, together with assessment of the requirements of different workplaces.	ACHIEVED
ENVIRON- MENT	Upgrade of the environmental management system pursuant to the requirements of the EMAS System.	The process of adjusting environmental management to the requirements of EMAS was successfully concluded.	NEARLY ACHIEVED; audit due in April 2009.
ENVIRON- MENT	Attainment of BS OHSAS 18001 Health and Safety at Work certification.	Luka Koper was awarded the international BS OHSAS 18001/2007 standard following an independent audit by the Slovenian Institute for Quality and Metrology (SIQ).	ACHIEVED
ENVIRON- MENT	At the operative level, environmental management shall focus on reducing the adverse effects of company activities on the environment.	- reduction of dust particle emissions - increased separation of waste materials for reprocessing - lower light pollution	ACHIEVED; ongoing long-term objectives



Port of Koper's olive tree

Photo: Franci Virant

Luka Koper: 2009 Business Plan³

Activities in the field of sustainable development have been adjusted to the predicted development of company operations. Subsequent to the current downturn in world trade, an 8% drop in cargo throughput is anticipated in 2009. Pursuant to estimates as to the consequences of the economic crisis, vehicle and general cargo throughput is anticipated to fall fairly steeply, while container freight is only expected to decline by a few percentage points.

Guidelines and Objectives of the 2009 Business Plan

Luka Koper d.d.'s operating revenues are anticipated to be 4% down on last year. Through effective cost management, the company will pursue the objective of minimizing any drop in the profitability of its operations. Higher labour costs arising

from the new Collective Agreement shall be mitigated by reducing the costs of materials and services. Higher depreciation costs are envisaged as a consequence of substantial infrastructure investments, initiated in 2008 and completed in 2009, whilst outlay arising in relation to the concession fee - introduced last year in the amount of 3.5% of operating revenues - shall also impact expenses.

Luka Koper d.d. Operating Profits

Operating profits for 2009 are anticipated to surpass the 11.8 million euro threshold, a figure which shall enable the company to continue with its already initiated investment programme, as well as ensure the strengthening of competitiveness, which is, in itself, the most effective response to any recession. The current crisis is seen as a great challenge, not only from the perspective of the search for commercial opportunities and new markets, but also as regards operations.

99.5 Million Euros of New Infrastructure Investments

Anticipated infrastructure investments in 2009 encompass the regulation of the hinterland storage area at the Container Terminal, the purchase of new post-panamax cranes for offloading vessels of more than 7,000 TEU capacity; the implementation of the second phase of the vehicle warehouse, as well as terminal and storage facilities for industrial alcohols. All decisions on potential investment projects shall be made on a case by case basis, and predicated on market circumstances.

Investments shall be primarily financed using cash flow from operations as well as European funding. All decisions as to the disposal of financial investments that are not of strategic importance will be made with due regard to the situation on financial and capital markets. The possibility of additional borrowing as an additional source for investment finance is left open.

³ Source: Luka Koper 2009 Business Plan (2008).

Sustainable Development Objectives in 2009

Table 2: Sustainable Development Objectives in 2009

FIELD	OBJECTIVES FOR 2009	SITUATION IN 2008
EMPLOYEES	Receipt of 5 suggestions for innovation per every 10 employees. Long-term objective: One improvement per employee by 2011.	Continued development of an organisational climate favourable to innovation and improvements in business operations and activities.
EMPLOYEES	Approaches in human resources management will be adjusted to the novelties in the Collective Agreement. The adequacy of implementation will be supervised.	The new Collective Agreement entered into force on 1 st October 2008.
EMPLOYEES	Staff turnover (churn) shall not exceed 5% (3.5 to 3.8 % in objective staff turnover⁴ and 1% subjective⁵ staff turnover).	Staff turnover for the Luka Koper Group stood at 5.9%.
EMPLOYEES	Due to increased internet and e-learning, 20% less assets will be earmarked for training.	The cost of education and training within the Luka Koper Group stood at 284 euros per employee.
COMMUNITY	1.3 million euros will be earmarked for charitable contributions and sponsorship. This is pursuant to the corporate plan and is in accordance with the rationalisation programme subsequent to the economic downturn.	Sponsorship and donations amounted to 1.4 million euros.
COMMUNITY	The "Living with the Port" website, intended for informing the local community, will be instigated. Its long-term objective is to provide the public with in-depth information and details of Slovenia's national spatial plan as it effects on Koper.	Content for the upgrade of the company website were under preparation.
ENVIRONMENT	An environmental statement will be drawn up; the Company will undergo an EMAS audit in April.	The Company undertakes preparations for the EMAS audit.
ENVIRONMENT	Reduction of PM₁₀ emissions to 30 mg/m³ across the entire port area.	Average annual concentration stood at 32.5 mg/m ³
ENVIRONMENT	Increasing the quantity of separately collected wastes to 80% of total.	The Company separated 74% of total generated waste materials.
ENVIRONMENT	Production of electrical power from solar energy in order to cover 15% of the Company's total electrical power needs. Ultimate objective: 80% self-supply.	The Adriasole d.o.o. subsidiary was founded to engage in the establishment of on-site power generation activities.
ENVIRONMENT	Effluent waters will be treated at a central treatment plant or at small modern sewage-treatment plants. Ultimate objective: 100% treatment.	Effluent waters are in part directed for treatment at the Koper municipal sewage works, as well as partially to small treatment plants and septic tanks within the port facility.
ENVIRONMENT Maritime Protection	Larger maritime protection vessels will be purchased (10m long Gabbiano), and thus take over additional services which are currently performed by Crismare.	A small ecological survey craft (Kormoran) was purchased in 2008, as was a swifter and a more efficient vessel (Omnia). Maritime protection services are provided on a contract basis.
HEALTH AND SAFETY	Ten percent reduction in the number of workplace accidents involving Company personnel and external service providers.	28 accidents at work which resulted in absence due to sick leave were recorded during 2008.
HEALTH AND SAFETY	Provide additional training for up to 120 external service providers in safe working practice within the port.	The Port Handbook, which provides basic data on port safety, was published online via the Company website.
CUSTOMERS	Presentations at transport and logistics trade fairs in Munich and Brno, as well as the specialist Fruitlogistica trade fair in Berlin.	Luka Koper was present at a number of trade fairs.
SUPPLIERS	Two new indicators will be introduced in order to raise the quality standards of suppliers: - a fixed portion of tendered work per all approved investments shall be awarded to certified favoured suppliers; and - the proportion of claims made against certified favoured suppliers shall be analysed in relation to the total amount of claims against all suppliers.	Luka Koper has been actively selecting its favoured suppliers on the basis of quality, price, deadlines, terms of payment, claim settlement and environmental awareness since 2000.

⁴ The employee has no influence.

⁵ The employee leaves the company of their own volition.

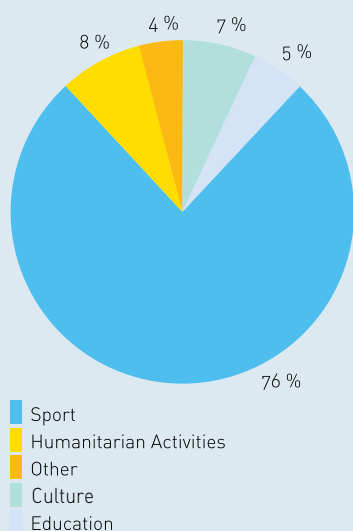
SOCIAL ENVIRONMENT

Reciprocity and Co-operation in the Fulfilment of the Company's Vision

1.4 million euros earmarked for sponsorship and charitable contributions - 200 employees regularly donate blood - The renovation of the St. Katarina harbour in nearby Ankaran Bay - The people of Koper support our development - Concession for port operation and management obtained - A member of the European Sea Ports Organisation as well as the European EcoPorts Foundation

SPONSORSHIP AND CHARITABLE CONTRIBUTIONS

Luka Koper's Public Relations Department is responsible for this field, and projects that are to receive the Company's financial and professional support, are selected on the basis of internal rules on quality criteria, social relevance and the credibility of the applicant. Both the short- and longer-term impacts on the community, society and the environment are taken into consideration. As in 2007, 1.4 million euros were allocated for sponsorship and charitable contributions during 2008. A quarter of this sum was distributed in the form of donations, while the remainder was apportioned in a variety of sponsorship agreements.



Graph 1: Distribution of Contributions made by Luka Koper

Sport - Luka Koper, a Traditional Sponsor of Individuals and Teams

The majority of assets are earmarked for the development of individual and team sports, and the Company supports both amateur as well as professional sports men and women. Luka Koper remains the leading sponsor of its home city's sports clubs which also bear its name - Luka Koper Basketball Club, Luka Koper Volleyball Club, Luka Koper Bowling Club and FC Luka Koper - while at the same



Primož Kozmus (left) and Luka Koper Management Board President Robert Časar (right) after the signing of a new sponsorship agreement.

SUPPORTING GOLD MEDALIST PRIMOŽ KOZMUS ALL THE WAY TO LONDON

During the Beijing Olympic Games, Luka Koper, as one of the major sponsors of Slovenia's Olympic team, rejoiced in the success of our pre-eminent sportsmen. Indeed, on the basis of the number of gold medals per million inhabitants, Slovenia was 13 times more successful than China! Among the greatest heroes was undoubtedly hammer thrower Primož Kozmus, who made every Slovene very proud. With the hope of enjoying more such unforgettable moments, Luka Koper shall continue to sponsor Primož Kozmus all the way to the summer Olympic Games in London in 2012.

time the Company's representatives co-operate in the management of these clubs.

Luka Koper continues its sponsorship of the Slovenian Olympic Committee, and provided additional funding during the Beijing Olympic Games. The Company also supported hammer thrower Primož Kozmus (gold medal), athlete Matic Osovnikar, yachtsman Gašper Vinčec, canoeist Špela Ponamarenko, yachswoman Klara Maučec, and swimmer Matjaž Markič, as well as enabled TV transmission of Olympic competitions on national television.

In addition to the support it provides Koper's municipal public institute of sport, Luka Koper is also a "golden sponsor" of Portorož

Tennis Club, and with that the organisation of the annual WTA tournament in nearby Portorož. It also provides funding to local sports clubs in nearby Ankaran.

Promotion of Culture

On the basis that such forms a core element of the social milieu, Luka Koper supports a wide variety of cultural activities. In addition to the Koper Theatre and the Primorje Summer Festival, the Company is a long-time sponsor of the Koper Brass Orchestra and a local chamber ensemble. Further to all of this, Luka Koper supports:

- numerous regional cultural and art associations;
- events, such as Koper's Radio Capris concert

THE LITTLE MERMAID ON CITY WALLS

Luka Koper joined the Municipality of Koper in supporting the Little Mermaid And Her Dolphin, a multimedia conceptual project which in mid September conjured the world of Anderson's Little Mermaid on the city walls opposite Koper's new Passenger Terminal. This reanimation of the tale of the Little Mermaid by Miranda Rumina, with colourful creations by Dalaj Egol, was the first such optical installation in Slovenia. The original pictures, which were reproduced in the light show, were purchased by Luka Koper and shall be exhibited in the Company's new headquarters building, while the illuminated city walls shall continue to conjure fairytale images for the people of Koper as well as visitors to the old city.



The Little Mermaid And Her Dolphin by Dalaj Egol

Photo: Luka Koper Archive

and the Krasovanje celebration in nearby Sežana;

- exhibitions and events of every type.

Luka Koper has fostered and funded the preservation of customs and events traditional to its rural hinterland of the Karst and northern Istria. This encompasses local events and folk festivals, while of late it has also helped the village of Hrvatini to renovate its community centre.

Supporting Health and Humanitarian Activities

Health and wellbeing in the community is a core value of the public at large and Luka Koper. The Company places these same issues at the forefront of its relationship with employees, their families and the broader community. It has also helped in the purchase of special medical equipment, such as a new ultrasound scanner for the Portorož specialist clinic for women, an accident and emergency ambulance for Koper Health Centre, as well

as a CO2 insufflator and a state-of-the-art mammograph for Izola General Hospital; the last of these items was acquired using funds previously earmarked for New Year's business presents.

Luka Koper supports numerous NGOs, associations and institutions whose generous endeavours help a variety of poor, socially disadvantaged and sick individuals and groups in society. Among these organisations are:

- Slovenian Federation of Pensioners, Koper and Izola Association for the Disabled;
- Littoral Association for the Fight against Cancer, Mali Vitez Foundation providing help to young people recovering from cancer, Europa Donna Coalition for the fight against breast cancer, Kidney Patients Association;
- Karitas Istria, Vrtnica Institute helping people in need, Žogica Association helping children from socially disadvantaged families, National Association for the Quality of Life Ozara providing social care to people in distress as well as those with long-term mental problems;
- Centre for Assistance to Victims of Crime.

A substantial part of the budget is allocated to the Slovenian Red Cross. The Company enjoys close links with their regional association in Koper, especially with regard to the organisation of blood donation activities; further to which, Luka Koper employees are actively encouraged to become blood donors.

Development of environmental protection as a discipline

Ensuring a natural balance in its interventions is a key principle underlying the operations of Luka Koper, and the Company constantly strives to make the Port of Koper "greener". As a consequence of this approach more than 100 olive trees have been planted within the port zone, and these are now tended by local olive growers. In addition to this, Luka Koper provides help to winegrowers in their management of the natural heritage of Slovenian Istria, as well as supports the work of the Association of Ecological Movements of Slovenia.

Special support is given to the development of environmentally-friendly technologies, as well as raising the field of ecology in general to the status of a profession. In conjunction with a number of other partners, Luka Koper co-founded Tehnološko Okoljski Center d.o.o. (TOC), an enterprise which extremely successfully and efficiently began implementing its mission following inception in January 2008. In a competition organised by the daily newspaper Finance and Eko Fund (Slovenia's national environmental fund) TOC has already received an award for its CAPS project - as the best environmental process of the year. The awarded process envisages the processing of waste paper silt into an absorbing agent for cleaning oil slicks.

Supporting Education and Training

The fact that a great many port workers have young families has encouraged Luka Koper to support the upbringing and development of children. Indeed, education and knowledge are also - in themselves - fundamental values of the Company. Accordingly, it has helped develop improved learning environments at primary schools in nearby Gračiče and Divača, as well as the nation's capital, Ljubljana. This has facilitated the implementation of study and training projects, as well as guided tours of the port facilities, to students of primary, secondary and tertiary educational institutions; it has also contributed to the implementation of a variety of programmes at the Koper Education Institute - UMMI.

Luka Koper's sponsorship has helped in the implementation of training events and expert conferences in the field of environmental protection, logistics, transport and economy, whilst its financial and professional support has facilitated a variety of events and festivals for children and youth. The Company enjoyed a triple role at the 24th Slovenian Book Fair - as a general sponsor, participant in the debate caffè, together with the organization of a competition for children entitled "The Port". It has also supported the printing of professional port-related literature from the perspectives of commerce and logistics operations (including a publication entitled *The World Crisis and the Slovenes*).

Aimed at both internal and general publics, the 2008 port exhibition entitled *Communicating for Half a Century* certainly contributed to awareness-raising. The exhibition, which was displayed both at the Company's headquarters as well as the premises of the Society of Mathematicians, Physicists and Astronomers of Slovenia, illustrated the development of communications equipment and information networks at the Port of Koper, from its beginnings until the present day, and accompanying brochure was also published.

CO-OPERATION WITH THE LOCAL COMMUNITY

Luka Koper designs, institutes, implements and co-operates in numerous projects which are important to the local and broader community. Some of the most important of these are presented below.



Photo: Jaka Jeraša



At the beginning of our mandate we established an especially genuine and efficient relationship with Luka Koper, something which has helped our district council to operate more efficiently. During 2008, and with the help of Luka Koper, we have repaired decrepit roads and tidied green areas. The greatest achievement has been the renovation of the small recreational harbour facility at St. Katarina which has been entirely refurbished by Luka Koper. Ankaran genuinely desires closer co-operation with Luka Koper in the planning of our common future, to our mutual benefit as well as the provision of a clean and healthy environment which we owe to our children."

Boštjan Hrabar, representative of Ankaran District Council

Koper Passenger Port

Luka Koper's decision to co-operate in a project to create a passenger port has certainly been vindicated. Following the withdrawal of cargo operations from the area in the direct vicinity of the old town, and the subsequent introduction of passenger facilities in 2007, Koper recorded 53 arrivals of passenger vessels carrying some 18,000 tourists during 2008. Two old warehouses have now been demolished, and a new Passenger Terminal is taking shape on their site. It is anticipated that this new facility will be of great significance in the development of local tourism.

Refurbishment of the St. Katarina Harbour in Ankaran Bay

Abandoned and neglected, the small harbour at St. Katarina, just to the north of the port zone, was completely refurbished during 2007 and 2008. Following dredging of the bay area, natural breakwaters were created and the jetty was repaired; by way of all this, sailing in the bay was made safe. The decrepit boardwalk was replaced, and moorings were created for smaller vessels. Today the St. Katarina Harbour has regained its popularity as a recreational facility.

Interview

A SHINING STAR

Interview with Karmen Kajba, Head of the Debeli Rtic Youth Health and Holiday Centre.

Demand for holidays for children from socially disadvantaged families probably increases year-on-year. How do donations hold up in the light of such increasing need?

It is unfortunately true that demand increases, while the amount of available funds decreases. Slovenia's Red Cross thus strives to raise money through a number of different activities, and this is used to provide free-of-charge holidays for increasing numbers of socially disadvantaged children from all over the country. We carried out a nationwide campaign in 2008 entitled "Let's take them to the seaside" as well as staged a humanitarian concert - "Eroika for the Red Cross". Both events were intended to raise funds for the provision of holidays to socially disadvantaged children and the elderly. These two actions enabled 847 children and 165 elderly to enjoy free weeklong holidays at the seaside. Overall, the response from individuals as well as private companies and public institutions has not been as great as we had hoped. Luka Koper, however, is among the most generous and socially sensitive companies in this respect, and last year - as a mark of our gratitude - we raised its Star in the Hall of Patrons of the Debeli Rtič Youth Health and Holiday Centre.

Over the past five decades more than 300,000 socially disadvantaged children have holidayed at Debeli Rtic. You have recorded almost 3 million overnight stays, and some 82,000 overnight stays annually, as well as provide between 760 and 850 children with treatment. How did you achieve all this?

Underlying these statistics is the sheer enthusiasm and dedication of all those involved in the programmes here at Debeli Rtič, as well as successful co-operation with sponsors and patrons such as Luka Koper. In 2008 we recorded more than 86,000 overnight stays - a 7% increase on 2007!

How do you assess your co-operation with Luka Koper?

The Slovenian Red Cross, and specifically the Debeli Rtič Youth Health and Holiday Centre has been co-operating with Luka Koper for many years, and the Company forever responds to our requests and initiatives with great understanding and special attention. We have developed a special relationship which has contributed to our exemplary co-operation. Luka Koper helps us with all sorts of things, such as the bus transfer of children,



Photo: Archive of the Debeli Rtič Youth Health and Holiday Centre


and the provision of Christmas presents. It also sponsors the School of Asthma, and organises group visits to the port for children. I would also like to emphasise the substantial donation made by Luka Koper last year, which additionally contributed to the decision to raise its Star in our Hall of Patrons.

What are the criteria for this Star which you award patrons, and why did Luka Koper receive one last year?

The Star of the Red Cross of Slovenia is awarded as an expression of gratitude to those who have made a substantial donation or who have contributed to development and operations over a longer period of time, and in this instance the Debeli Rtič Youth Health and Holiday Centre.

Anyone can propose the recipient of a star, but invariably they are awarded to benefactors who have contributed at least 50,000 euros, or made donations of more than 50,000 euros over a period of three years. The management and the fundraising commission of the Slovenian Red Cross discuss any such proposal while the final decision is reached and authorized by the members of its Board.

On a behalf of the management of the Slovenian Red Cross, the Debeli Rtič Youth Health and Holiday Centre, as well as on behalf of the numerous children, who have been able to spend their holidays on this beautiful stretch of Slovenia's coast, I would wholeheartedly like to thank Luka Koper for their social sensitivity and effort, as well as their longstanding direct and indirect help.

A woman with short, reddish-brown hair and bangs is smiling at the camera. She is wearing a light blue button-down shirt under a dark blazer. The background is an outdoor swimming pool with blue lane lines and a concrete deck. There are some palm trees and other vegetation in the distance.

“ We strive to provide free-of-charge holidays for increasing numbers of socially disadvantaged children from all over the country.”



Photo: Jaka Jeraša

ST. KATARINA - BUSY AGAIN

Long neglected, the environs of St. Katarina near Ankaran had become exceedingly run down over recent years. The small harbour, which once served the erstwhile military hospital, had been created without any particular uniform plan, while the whole area had been all but abandoned. Luka Koper, however, decided to provide financial support and oversee its complete renovation in order to create a local recreational facility.

The suction dredger Peter Klepec, which is ordinarily used in the Port of Koper, cleaned the seabed and excavated a kilometre-long navigable channel in order that small vessels can use the new facilities. The shore area was regulated and a jetty built; new moorings - replete with chains and buoys - were also created. Last, but not least, the old pier was repaired, next to which a parking area was created.

Boris Marzi, member of the Luka Koper Management Board and a local resident, was involved in this project from its very inception, and is very satisfied with the area's new countenance "I'm delighted that we have returned St. Katarina to the people; here they can exercise, relax, play sport or merely socialise. I would like to thank all the members and volunteers of the St. Katarina Ankaran Association, who cleared the area surrounding the harbour and created the infrastructure for the boatyard."



Photo: Rok Štemberger

St. Katarina Harbour in Ankaran Bay, before and after its refurbishment.



Photo: Luka Koper Archive

Co-financing Urban Infrastructure Projects

Among Luka Koper's contributions to increasing the quality of life in the city of Koper is the relocation of its HGV (truck) entrance to Sermino, a measure which will considerably disburden the old town centre area of lorry traffic. The Company began construction of the first phase of its new Truck Terminal in 2008, and this project will be concluded with the opening of a new entrance into the port zone. In August last year a draft plan was exhibited at the Koper town hall, affording local citizens an opportunity to give their comments as well as influence the final plan of the Terminal. The architects of the selected plan, together with Luka Koper as the principal, and Slovenia's Ministry of the Environment and

Spatial Planning, also prepared a public discussion hosted by the Regional Chamber of Craft and Small Businesses. Indeed, the new Truck Terminal shall be of great importance to local hauliers and forwarding agents. The plan has now been amended on the basis of the suggestions and comments made, and is now anticipated to receive approval from the state authorities.

Ekopark

In keeping with its sharing of knowledge and experience with the broader community, Luka Koper decided to involve itself in the solution to the problem of collection and processing waste materials and refuse in the South Primorska region. In 2008, in conjunction with its subsidiary TOC d.o.o., Luka Koper prepared the basis of

the Ekopark project, which envisages the construction of a large waste management centre adjacent the new HGV entrance into the port zone. This centre will process refuse, and - in turn - produce energy from biomass as well as raw materials for recycling. The implementation of this project will yield a number of advantages:

- the port will become self sufficient as regards its energy needs;
- South Primorska will become a leader utilizing the most modern concepts in municipal waste management; and
- new employment opportunities will be created.

Photo: Edo Korelić



Runners in the Koper-Muggia half-marathon on their way to the port

RUNNING THROUGH THE PORT

Given that the Company supports numerous clubs, teams and individuals, and responds to a variety of activity-related initiatives, sport undoubtedly enjoys an important place in Luka Koper's sponsorship policy. Thus, it was no accident that it became part of the venue for the Koper-Muggia half-marathon. Such an event, with more than 1,000 enthusiasts as well as top sports men and women, was a great organisational challenge, especially as regards all the safety issues in the context of what was an ordinary working day for a busy port. Victory and a new record for this half-marathon was achieved by the Moroccan Ahmed Nasef, who completed the course in an hour and five minutes. Roberto Defendenti from Mantua won the 20-km race walk.

Soliciting Local Opinion as to Development Plans

Luka Koper's development plans are iterated in its Development Strategy 2006-2015, a document adopted by shareholders three years ago, since which time it has been published and disseminated widely. In the interim the Company has made ongoing efforts to ascertain how familiar local citizens were about the Strategy, and what they thought about it. In November 2008 an independent agency carried out a survey encompassing 750 citizens drawn from four wards of the Koper municipality. The results proved fairly positive:

- half of the population is familiar with the spatial development plans for the port, and of these 69% broadly agree with their implementation;
- two-thirds of interviewees believe that Luka Koper makes a great or enormous contribution to the economic development of the municipality;
- 62% of interviewees are in favour of the construction of the third pier, and

that such will bring new development opportunities;

- local citizens regard Luka Koper's commercial success as outstanding, and that its developmental opportunities remain relatively good.

LUKA KOPER - CO-OPERATING WITH THE BROADER COMMUNITY

Co-operation with the State

Due to the fact that 80% of all traded goods are transported by sea, ports are an essential element of infrastructure for any state. Accordingly, they remain a strong lever in the development of a national economy, whilst their economic impact may be directly observed in trade, commerce, financial services as well as the transport and logistics sector.

Data as to the influence of international trade on gross domestic product⁶ indicates that each euro earned in port operations generates 13.24 euros in other directly or indirectly related activities. Given that they create value added and increase GDP, the development of ports is undoubtedly in the national interest.

Due to its position at the heart of Europe, at the very northernmost reach of the Mediterranean, Slovenia enjoys excellent possibilities for the development not only of its port and logistics sector, but its entire economy. The Koper route is the shortest and thus the most economical way linking the landlocked countries of central and eastern Europe with the Mediterranean and all destinations east of Suez.

The state is aware of the fact that Koper, as Slovenia's only seaport, is of key importance for the health of the nation's economy, and in 2008 it made an important step towards the settlement of relations with Luka Koper, as operator of the Port of Koper. In September 2008, the then Slovenia's Minister of Transport, Mr Radovan Žerjav, and Robert Časar, President of Luka Koper's Management Board, signed a 35-year Concession Agreement for the management, operation and maintenance of the Port of Koper by Luka Koper d.d.

A constituent instrument in the further expansion development of the Port of Koper is Slovenia's national spatial plan, the elaboration of which is anticipated to be concluded in 2009. On the basis of the accepted spatial plan, Luka Koper will be able to attain environmental and planning consents for its development projects; further to this the Company will organize public presentations of its plans, and accordingly make modifications on the basis of general consultations and expert analyses of suggestions and remarks.

⁶ Source: Prinz Institute: Study on the elaboration of methodology for assessing the impact of maritime trade on overland transport as well as its influence on gross domestic product (2000).

Co-operation with the European Union

During Slovenia's presidency of the EU, Luka Koper hosted ambassadors, ministers, attachés, high officials and other foreign dignitaries, who in turn were provided with an insight into the organisation and operation of the Port of Koper, which has itself gained something of a reputation as a major driving force of Slovenia's economy. In addition to taking part in a roundtable on European Maritime Day, the Company also participated in different events and gatherings in relation to the country's presidency of the EU, while its experience of the north Adriatic area was presented at an international conference on cross-cultural dialogue.

“Koper could be a small Rotterdam for goods from Brazil.”

Brazilian Ambassador
Debora Vainer Barenboim
on a visit to Luka Koper

In 2008, Luka Koper d.d. became a member of two new organisations:

- European Sea Ports Organisation (ESPO), which links the managements of European Union ports and is influential in the creation of sector-related policy; and the
- European EcoPorts Foundation, which brings together all major European ports through an expert approach to ecology, as well as the common search for long-term sustainable solutions. Among its main activities is the organisation of a variety of conferences and seminars as well as the preparation of joint environmental projects.

A member since 1993, Luka Koper also attended the anniversary celebrations of the International Maritime Organisation, a body founded by the UN which is engaged in improving safety at sea and the prevention of maritime pollution. Representatives of Slovenia as well as the President of Splošna Plovba (International Shipping and Chartering) presented IMO President with a painting by local artist Zvest Apollonio, which will soon adorn their new premises in London.

Co-operation with the Media

Luka Koper strives to maintain an ongoing and robust relationship with the media, and it is always prepared to answer their questions and enquiries. Making information available to the press helps the Company promote and implement its strategy of sustainable development for the Port of Koper. By



Representatives of the European Union during their visit to Koper.

HOSTING EUROPEAN UNION REPRESENTATIVES

During Slovenia's presidency of the European Union, diplomats from all member states made working visits to Slovenia, and during that time they learned much about the achievements of local companies, including Luka Koper. The COREPER I. Board, headed by Mary Veronica Tovšak-Pleterski, Deputy of the Permanent Representative of the Republic of Slovenia to the EU, also visited Koper. This visit by deputies of permanent representatives of member states in Brussels, together with ambassadors and representatives of General Secretariat of the EU Council and the European Commission, was of great significance to Luka Koper due to the fact that these individuals have a strong influence on the development of EU regulation as well as the adoption of numerous decisions in those fields which impact the operations of ports.

conveying credible information to the general public, journalists can contribute to a greater understanding of the operations of Luka Koper and its prospective development orientations.

A wide array of tools enables Luka Koper excellent communication with journalists; last year:

- 81 items of news in Slovene language, and 31 in English language, are published on the company website www.luka-kp.si;
- 42 press releases addressing the most important current events were published, these were systematically distributed to journalists at 79 domestic and 35 foreign addresses via e-mail;
- 214 written answers were provided to individual questions, while numerous statements were given to radio and television stations;
- 5 press conferences were organised, and this relatively small number may be attributed to the efficiency of other communication tools.

An analysis of clippings pertaining to Luka Koper d.d. in 2008 reveals good results:

- 6,749 references and articles were made in Slovenian printed and electronic publications.
- September (805) with the highest number of references, and August (358) with the lowest, particularly stand out; this is concordant with the course of events in the Company.
- The most references emanate from printed daily newspapers (3,033), followed by various electronic media, namely the Internet (1,106), radio (916) and television (455).
- Primorske Novice, a regional newspaper, published the highest number of reports about Luka Koper (733) followed by the national dailies: Delo (465), Finance (436) and Dnevnik (379).
- News reports (5,204) were the most frequent type of article.

In December 2008, with the aim of maintaining cordial relations and constructive dialogue, the Company

“Luka Koper's Public Relations Department performs its work professionally, and is a most valuable and respected resource for journalists. Sebastjan Šik, who heads the Department, runs it in a manner which any management board would wish. As a hardened and experienced journalist, has an excellent knowledge of the local situation as well as the expectations of journalists. The PR team does everything one might expect of them: they are always available, answer all questions, and are not overly formal or bureaucratic; they are well versed in a rapid and synthesized response, and do not overcomplicate... Thanks to them the information from Luka Koper is adequately balanced.”

Boris Šuligoj,
journalist,
Delo daily newspaper

organised a traditional seasonal gathering involving Luka Koper's management team and invited journalists.

CONNECTING LUKA KOPER EMPLOYEES WITH THE BROADER COMMUNITY

Luka Koper Pensioners' Club

Following their retirement, Luka Koper does not sever links with its erstwhile employees. Through its Luški Glasnik journal, the Company endeavours to inform them of events, as well as foster and financially support their activities in the context of the Luka Koper Pensioners' Club. Founded in 1995, and currently presided over by Anton Sagadin, the Club provides a number of benefits for its members:

- Organizes trips, informative lectures as well as recreational and sports activities.
- Provides attractive health treatment holiday packages.
- Visits the sick and elderly, and helps relatives with arrangements for funerals and commemorations.

- Organises traditional Christmas and New Year gatherings for pensioners and Company management.
- Following the enormous increase in public interest in visiting the port, the Club also took over the organization of guided tours.

Koper Voluntary Fire Brigade

No modern seaport can operate safely without robust safety systems and services. Contrary to majority of ports where fire protection and fighting are ensured by the

local authority, Luka Koper has its own retained fire service provided by employees. Specially trained to deal with the situation, it is the employees themselves - who know their working environment best and can intervene immediately in order to prevent larger events - who intervene in the event of a fire or similar such accident or emergency. Celebrating its 10th anniversary in 2008, the Company trains and equips its voluntary fire brigade which today has 107 serving members who are trained to respond immediately to protect people and property in the event of a fire or accident. The brigade's competence, their equipment, team work and system of alarm and notification co-ordination are tested annually. Port fire-fighters are also deployed on emergency callouts beyond the port zone. The brigade commander is Milan Lužina, whilst its current president is Boris Marzi, who is also a member of the Company's Management Board.

Since its establishment in 1972, the Luka Koper Sports Club:

- provides employee-recreation in the context of its different sports sections;
- organises an annual games once a year for employees, generally on the day of Club's anniversary (150 teams competed in seven sports in 2008);
- occasionally organises sports events with business partners.

Today the Club has 312 members. The President of the Luka Koper Sports Club is Edi Markič. Its bowling section in particular consistently achieves excellent results. With the construction of a new bowling-alley, built by the Company on municipal land and open to the public at large, conditions for practice have improved immensely.

SLOVENE'S GATEWAY TO THE WORLD

FOR THE HALF A CENTURY

In December 2008 Luka Koper celebrated the 50th anniversary of the arrival of the first ocean-going steamer at the newly created quayside at Koper.

On the 7th December 1958 the 135-meter long Gorica was welcomed with great enthusiasm by more than 3,000 people, and perhaps most anxiously by Ivan Brezec, who was responsible for mooring operations.

Luka Koper's celebration of this important jubilee was brought to life by an archived live radio broadcast of the event. During the festivities, Robert Časar, President of the Company's Management Board, and Dr. Patrick Vlačič, Slovenia's Minister of Transport, reminded all those present of the enormous tasks involved in the development of the Port of Koper, as well as the opportunities which lie ahead. A special postage stamp depicting the Gorica was also issued to mark the anniversary of the historic event.



Photo: Mateja Dominko

Celebration of the 50th anniversary of the arrival of the first vessel to arrive alongside at the Port of Koper; left: event host Nataša Benčič; and right: Ivan Brezec.

Luka Koper Sports Club



Photo: Zdravko Primožič

Reception for pensioners at the Taverna in Koper.

LUKA KOPER PENSIONERS' CLUB SHOWS 16,513 VISITORS AROUND THE PORT

The Luka Koper Pensioners' Club is today responsible for the provision of guided tours of the Port of Koper, and in 2008 former employees, acting as guides, escorted 445 buses and accompanied 16,513 visitors on their excursions.

In co-operation with the Federation of Pensioners' Associations of Slovenia, which organises an ongoing project entitled "Elderly for Elderly", Luka Koper achieved quite a unique record when more than 1,600 pensioners from all over Slovenia were welcomed on visits in one single day. They were also greeted by the hosts of this event, Robert Časar, President of Luka Koper Management Board, and Boris Popovič, Mayor of Koper, in the city's Taverna, functions hall.



HUMAN RESOURCES MANAGEMENT

EMPLOYEE SATISFACTION AND SECURITY

Luka Koper prohibits any kind of discrimination - 103 new employees - Staff turn-over reduced by 0.3% - Improved educational structure - Increased in-house training resulted in costs reduction and enhanced co-operation among employees - Implementation of BS OHSAS 18001/2007 health & safety at work standard - Info points installed to inform employees - New Collective Agreement signed after 11 years - Employees enjoy quality free time

Squacco Heron (*Ardeola ralloides*) from Škocjanski Zatok

Photo: Kajetan Kravos

Recruitment Policy

Luka Koper Group companies employ personnel with specific knowledge and experience, who are able to support the quality implementation of services, and accordingly contribute to the development and success of the Group as a whole. When recruiting new staff, equality is forever taken into consideration, and any kind of discrimination on the grounds of gender, religion, disability, age, race or sexual orientation is strictly forbidden.

EXPANSION OF PERSONNEL

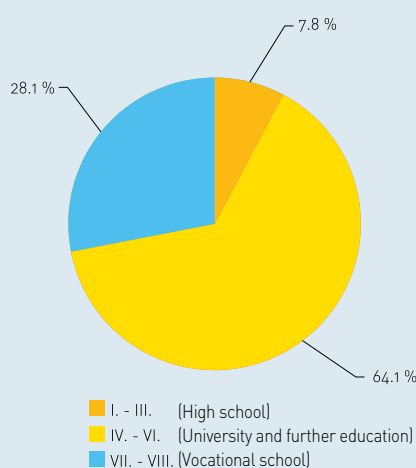
Luka Koper has actively recruited personnel in the past year due to:

- favourable market circumstances as regards its core operations;
- the provision of supplementary logistics services by its subsidiary enterprises;
- the expansion of its hospitality business and creation of new facilities; and
- an increased need for research activities.

The Group took on new workers during 2008, 103 of whom remained in full-time contracts of employment within Group companies at year's end; 64 staff left due to statutory retirement or no-fault termination of the employment relationship. At year's end, the Luka Koper Group had 1,109 employees, which is 3.6% more than a year previously. The elevated educational level of newly employed colleagues also contributed to an improvement in the educational structure of workers.

Table 3: Number of Employees in Luka Koper Group Companies

Company	31.12. 2006	31.12. 2007	31.12. 2008	Difference between 2007 and 2008	Proportion of Group total in 2008 (as %)
Luka Koper, d.d.	693	774	786	+ 12	70.9
Luka Koper INPO, d.o.o.	237	228	241	+ 13	21.7
Luka Koper Pristan, d.o.o.	9	9	14	+ 5	1.3
Adria Terminali, d.o.o.	-	35	35	the same	3.1
Adria-Tow, d.o.o.	23	24	29	+ 5	2.6
Adria Transport, d.o.o.	-	-	1	+ 1	0.1
TOC, d.o.o.	-	-	3	+ 3	0.3
Luka Koper Group	962	1.070	1.109	+ 39	100,0



Graph 2: Structure of Newly Employed Workers as per their Education

Staff Churn - Employees Entering and Leaving the Workforce

Due to high average age and period of employment of Luka Koper Group employees, as well as their substantial degree of loyalty to the Company, staff

turnover (churn) in the Group as a whole fell from 6.2% in 2007 to 5.9% in 2008, while churn in the parent company - Luka Koper d.d. - remained the same (5.1%). The levels are below the lower limit of the assessed turnover of staff in Slovenian enterprises (between 6 and 9%).⁷

PREPARATIONS FOR A RECESSION

Luka Koper is making preparations for the anticipated economic depression with a series of measures which do not envisage any redundancies. In general, there will not be any new recruitment, and the number of temporary appointments shall be lowered, while retirees and other leavers will be replaced internally. The anticipated measures are oriented towards:

- improving the internal organization of units across the entire company, with the aim of optimal utilization of reserves (especially working time);

⁷ Source: http://www.advise.si/sl/ankete.asp?id_ankete=66&leto=2005&mesec=6

- training staff for work in different units or work processes, which shall enable the more flexible allocation of personnel within the Company;
- adjustment of criteria and preparation of measures for equalizing the workload of employees (in particular as regards operations).

THE CHALLENGES AHEAD

The Advantages of Adriatic Ports, The Management of Inland Terminals, Liberalization of the Railways, Trends in Environmental Protection, and Development Opportunities in India, were the main topics of the fourth international 3-day Port Management and Logistics Conference organised by Luka Koper. Renowned national and foreign experts in maritime trade, logistics and transport were among the guest speakers. "The Conference was well organised and I particularly liked its website. From an Asian perspective this website was of key importance in understanding the position of Luka Koper in this part of the world", stated Conference speaker Bharat Joshi, Director of Business Development at Associated Container Terminals Ltd. This year's gathering was marked by thoughts as to the possibility of a recession and the consequences that an unfavourable economic climate will bring to the sector. Participants agreed that new opportunities were opening for more flexible and sustainable ports, such as Luka Koper.

Patrick Verhoeven, Secretary General of ESPO, during his speech at the Port Management and Logistics Conference.



Photo: Zdravko Primožič

STRUCTURE OF THE WORKFORCE A Lowering of Average Age and Period of Employment

The average age and employment period of workers employed by Luka Koper Group companies is evident in the table below. Due to recruitment of younger staff both aforementioned categories recorded a drop in values, which remain the highest in Luka Koper INPO, d.o.o.

Employing More Women

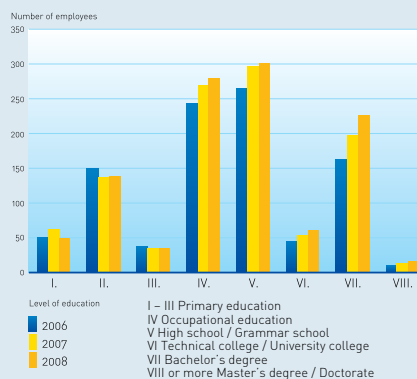
Due to the hard conditions and unfavourable hours associated with the work of stevedores, Luka Koper has traditionally employed more men than women. Most women within the Group are engaged in such fields as expert ancillary services and administration; in recent years, however, women have been increasingly taking on jobs which were traditionally the preserve of male workers. Consequently, the proportion of women in the company is gradually increasing, and rose from 11.4% in 2006, to 12.5% in 2008.

Probationary Employment

Group companies apply a selection process with all new employees, which accordingly engenders a high level of motivation amongst probationary personnel seeking permanent employment. Luka Koper, d.d. initially employs all new workers on a probationary basis, namely, on a temporary contract. The number of employees on temporary employment contracts in 2008 was 130. Permanent employment contracts were concluded with 110 of them, 20 temporary contracts were exceptionally extended due to on-the-job training. In five cases the contracts were terminated. These contractual personnel for the most part perform administrative and marketing tasks within the Company.

Improving Education Structure of the Workforce

Pursuant to Luka Koper's employment policy, the educational structure of the workforce has enhanced over recent years. This is also in accordance with the objective that employees have an education commensurate with the requirements of their workplace, especially as regards those posts which require occupational or degree level education.



Graph 3: Educational Structure of Luka Koper Group Employees

The personnel education profile has been improved in a number of ways:

- only staff with higher education have been recruited;
- departures of lower-educated employees are replaced with more flexible and skilled staff, capable of performing more tasks within the same field of operation;
- the Company encourages and co-finances further education for all those employees who are not adequately educated for their posts, as well as all those who are seen as having great potential for promotion or more demanding posts;

Table 4: Average Age and Period of Employment of Workers

Year	Average age of employees			Average period of employment		
	2006	2007	2008	2006	2007	2008
Group average	43.4	44.2	43.1	20.6	21.3	19.6

- 5% of employees participate in a programme which co-finances their studies while working (release courses).

Table 5: Numbers of Employees Undertaking Education Programmes

	No. of employees in education	
	2007	2008
Luka Koper, d.d.	53	46
Luka Koper Group	62	56

The difference in the nature of the activities undertaken by the parent company - Luka Koper d.o.o. - and subsidiaries within the Group has resulted in a disparate educational structure. The structure in the parent company is much better than the average, since it holds a special central role of directing the development of the entire Group, whereas the subsidiaries generally provide an array of ancillary services for the core business.

Company Employing the Disabled

In the systematisation of workplaces within the Group, a number are defined as suitable for those with disabilities. Indeed, 62.2% of employees in one subsidiary - Luka Koper INPO, d.o.o. - are officially registered as disabled. The total number of disabled people employed by the Group decreased by 6 during 2008, this was especially due to disability and old-age retirements within Luka Koper INPO, d.o.o.

Table 6: Disabled Employees as at 31st December 2008

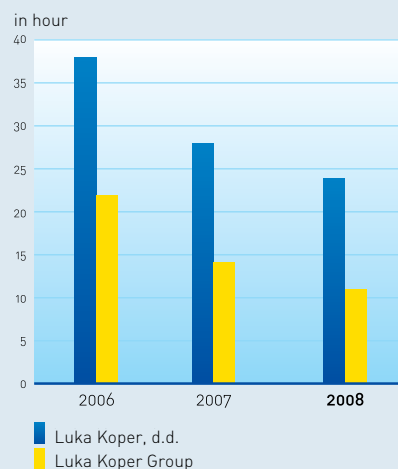
Company	Number of disabled persons	Share of Group (as %)
Luka Koper, d.d.	14	8,2
Luka Koper INPO, d.o.o.	150	88,3
Adria Terminali, d.o.o.	6	3,5
Group Luka Koper	170	100,00

PERSONNEL DEVELOPMENT

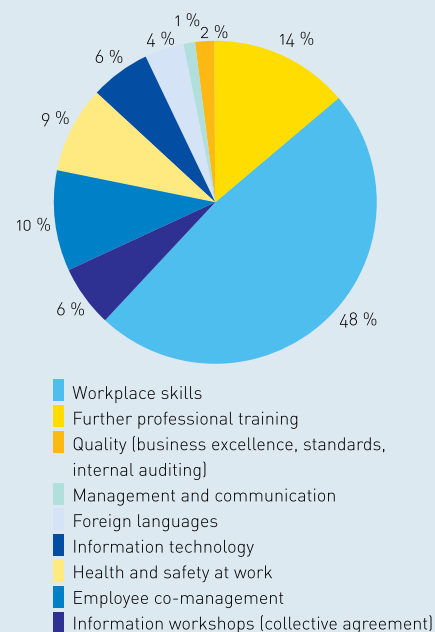
Employee Training

The average number of training hours per employee has been decreasing at Luka Koper, as is evident from the table below. This reduction is a consequence of the introduction of a number of special measures:

- Training is approached individually, systemically and selectively, and is co-ordinated with the professional and personal development of the employee.
- Active forms of on-the-job training have been introduced.
- An organisational culture is being encouraged in which training is not merely the right of every individual but a reward for value added.
- The overall number of administrative staff is being decreased, likewise the number of training hours is also being reduced; at the same time, however, the proportion of in-house training aimed at providing employees with basic skills is increasing.
- Mentoring is now used to provide the transfer of know-how and workplace skills.
- Those workers who are knowledgeable about port operations, objectives and professional disciplines are motivated and rewarded for providing informal in-house lecturers, as well as short, high-quality, tailor-made training programmes.



Graph 4: Average Number of Training Hours per Employee



Graph 5: Luka Koper Group - Training Programmes

In 2008, training costs across all Group companies amounted to 284 euros per employee. The decrease in costs is a consequence of an increase in in-house training programmes. Today two-thirds of all training programmes are organised and performed in-house, and they:

- are adapted to the requirements and objectives of specific operations and business processes, as well as follow sector-related developments;
- facilitate the intensive transfer of knowledge and experience amongst employees, thus establishing uniform best practice across the organisation; as well as
- lower the cost and increase the relevance of training.

Co-operation with Tertiary Education Colleges and Scientific Institutions

Luka Koper employees actively co-operate with academic institutions in a variety of ways. They lecture and assist at the University of Primorska and the University of Ljubljana, as well as mentor at seminars, and contribute numerous theses. Working in conjunction with experts drawn from faculties and Ljubljana's Jožef Stefan International Postgraduate School,

employees are also involved in in-house topic-oriented projects. As active members of scientific institutions, associations and centres of education and learning, Company personnel co-operate in syllabus revisions as well as the assessment of school programmes. Luka Koper also provides presentations of port systems and operations, together with human resources management praxis; it is involved in expert ventures, the hosting of groups of pupils, students, university professors, members of scientific associations, as well as human resources staff drawn from personnel departments of other companies and employment services from around the country.

Scholarships for Prospective Personnel

Luka Koper also ensures an adequately educated staff through a policy on the provision of scholarships for deficit professions, and this is co-financed through the provision of non-refundable grants by the EU. Two scholarship recipients joined the Company in the past year, and four more scholarships were initiated in 2008. Through joining a scholarship fund operated by the University of Primorska, Luka Koper plans to provide more scholarships over the coming years.

“Luka Koper has supported the University of Primorska since its very inception, not merely because it plays a special role in our region and the operations of the Port of Koper, but in particular because it provides expert personnel with knowledge as to their future challenges.”

Marjan Babič, Member of Luka Koper Management Board, during the reception of high representatives of the EU at the University of Primorska

Career Development

Career development of Luka Koper employees is encouraged through opportunities to attain further qualifications and flexibility at workplace, together with horizontal and vertical systems of promotion, which have recently been amended through the implementation of the new Collective Agreement. This enables the gradual promotion of employees from the erstwhile 4-grade - into an 8-grade scale (each additional level of which brings a 4% increment in the basic salary). 129 Luka Koper, d.d. employees received promotion in 2008, as opposed to 242 in the Group as a whole. Career development of employees is also encouraged through:

- annual interviews involving line managers and their subordinates;
- special work with employees who are recognised as having great potential; and
- promotion upon successful completion of co-financed work-release study.

HEALTH AND SAFETY

Health and Safety at Work

During 2008, the system of health and safety at work at Luka Koper was brought into line with the international BS OHSAS 18001/2007 standard, which was confirmed by the Slovenian Institute for Quality and Metrology (SIQ) following its audit. Besides ensuring that all operations are in accordance with field-related legislation, the Company also has in place efficient mechanisms for identifying negative aspects and operational risks, which enable the preparation of remedial measures, objectives and improvements. In 2008:

- 383 employees were instructed to undergo preventative and focused medical examinations;
- 234 employees were provided training with regard to safety at work issues.

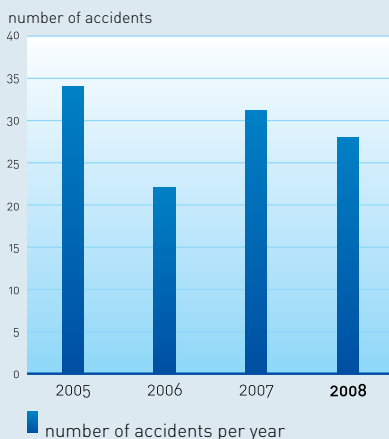
Port Safety

A great many people from numerous companies perform their work within the Port of Koper. It is essential that they are provided with adequate information about safe and correct operations and practices within the port zone, as well as the actions which must be taken in extraordinary situations. In 2008:

- more than 200 outsourced workers and regular visitors were provided instruction on health and safety at work issues;
- an informative brochure on safety in the port zone - which is intended for all visitors to the port - was prepared.

Fewer Workplace Accidents

In 2008, 34 workers at Luka Koper, d.d. suffered injuries in the workplace, and 28 required sick leave as a consequence. A further 30 incidents were also recorded in which only material damage was caused. All accidents were fully investigated in order to prevent their future reoccurrence.



Graph 6: Number of Accidents Engendering Sick Leave at Luka Koper d.d.

Absenteeism¹⁰ and Sick Leave

A total of 157,090 hours of work were lost due to sick leave during 2008. The increase in the rate of absenteeism is a direct consequence of the higher number of employees within the Group.

Table 7: Absenteeism in the Luka Koper Group

Year	Number of hours lost	Absenteeism (%)
2006	134,083	6.8
2007	145,315	6.8
2008	157,090	7.0

COMMUNICATING WITH EMPLOYEES

Internal communication is the foundation of any comprehensive communication system. Luka Koper employees are informed about developments, events, internal operations and other information, via a number of different



Photo: Dragan Zlatanović

New collective agreement provides legal security.

EMPLOYEES' REPRESENTATIVES PARTICIPATE IN THE CREATION OF A HUMAN RESOURCES POLICY

In 2008, and in conjunction with Company management, employees' representatives at Luka Koper negotiated a new Collective Agreement which replaces the 11-year-old one. The new accord includes provision for increasing volumes of work, the rapid development of port activity and amendments to labour law. Also integral to the document is an improved systematization of workplaces, which shall ensure the further coherent development of operations at the Port of Koper over the coming years.

8 Involving conclusion of a new employment contract for the same or a different post of the same level of complexity in another unit.

9 Involving conclusion of a new employment contract for a more demanding position.

10 Absenteeism as a percentage, calculated as the number of working hours lost, divided by the average number of employees, multiplied by the annual number of working hours x 100

services, including:

- news bulletins (via e-mail and notice boards);
- the monthly Luški Glasnik in-house newsletter (intended for all employees as well as retirees);
- the Company Intranet;
- newly established info points, now in operation in all departments, which provide information to employees who do not have access to the web or Intranet service.

Works Council, Trade Unions and the New Collective Agreement

In 2008, Luka Koper was successful in signing a new Collective Agreement with its workforce. The major innovative elements of this new accord, which replaces the 11-year-old agreement, involve:

- the inclusion of changes dictated by legislation and novelties in the field of port operation, as well as
- a new systematization of work posts.

The most important changes as regards the Collective Agreement have been presented to employees in the context of workshops held across the various operational units of the Company, as well as in the internal Luški Glasnik newsletter. The full text of the agreement is available via the Intranet and the new info points. Collective agreements were also revised in Luka Koper INPO d.o.o. and Adria Terminal d.o.o. subsidiaries. The Luka Koper Workers Council, a body representing the interests of workers within the Company, co-operates with management through its appointment of three employees' representatives on the Company's Supervisory Board and one Worker's Director on the Management Board. In 2008, due to the end of a mandate, a new 13-member Workers Council was elected by employees; this body duly appointed three new members to the Supervisory Board. Pursuant to Slovenian legislation and statute, employees' representatives participate in decision-making within the Company.

Two trade unions are also active within the Company:

- OSO-KS 90 Union of Slovenian Port Workers; and the
- Luka Koper Union of Crane Operators.

SATISFIED EMPLOYEES

Monitoring Employee Satisfaction

Through a variety of surveys Luka Koper

has for many years monitored employee satisfaction and loyalty towards the Company, as well as the general team atmosphere. Due to new circumstances - and in particular the new Collective Agreement and its derivative acts - the implementation of surveys scheduled for 2008 were rescheduled for the beginning of 2009. The accordingly revised survey questionnaire will be distributed after the implementation of all the new provisions.

Luka Koper Group Salaries Exceed the Slovenian Average

Stable and successful operations ensure the social and economic security of employees. During 2008 Luka Koper ensured:

- a regular salary every 12th day of the month (each salary is composed of a basic and variable portion);
- bonus for Group performance, which is remunerated on a quarterly basis;
- a 13th salary scheme, which is remunerated at year's end on the basis of commercial success.

The average net salary of Group employees in 2008 stood at 1,820 euros, which is substantially higher than the Slovenian average¹¹. The annual growth in starting salary stood at 5% in January, 3.99% in September, and 6.19% in December, which was contrary to the general trends of salaries in Slovenia.

Motivating and Rewarding Employees

Teamwork and partnership amongst Group employees is based on a culture of knowledge, co-operation, endeavour, respect and the responsibility of each and every individual. A high level of loyalty towards Luka Koper, as well as the satisfaction and motivation of employees, is ensured through:

- the provision of rewards for promising suggestions and innovations in the workplace, as well as tutelage, mentoring, provision of in-house lecturers and project work;
- annual awards to five model employees, as well as manager of the year, innovator of the year and quality team members;
- paying 70 to 90% of each employee's voluntary supplementary pension insurance premium.

“Most blood donors do not expect any reward, recognition of merit, or even a day off; sentiment and the feeling of wanting to help is of cardinal importance. We are extremely pleased at Luka Koper's kindness towards blood donors; some 200 of their workers give blood annually. This year Luka Koper employee Sejad Sinanbegović donated blood for the 100th time.”

Dr. Slavica Maver, transfusion specialist, Izola Transfusion Centre

Additional Employee Benefits

Luka Koper encourages informal gatherings of employees and supports them in their enjoyment of quality free time, and it also takes care of its retirees; indeed, the Company organises and covers the cost of everything from training to vaccinations against influenza. Employee recreation is particularly emphasised in the Luka Koper Sports Club, while the firm's holiday properties are available to all employees under excellent terms and conditions. It also organises social gatherings, such as the annual picnic and anniversary party; there are also end of year parties, and - with the arrival of Santa Claus - the distribution of presents to employees' children. Female members of staff also receive presents on International Women's Day, and cards are sent to workers on their birthday as well as at New Year. There's a Christmas and New Year package too, and this year's offering - a fair-trade food package - was particularly socially responsible. For many years the Company has been encouraging its employees to become blood donors and some 200 port workers donate their blood each year, for which service they are granted a fully paid day off work. There is an established notification system between the Red Cross and Luka Koper, which is especially important in cases of emergency and when a special type of blood is needed. Luka Koper also operates a scheme for the provision of financial help to employees who are suffering socioeconomic distress as a consequence of prolonged illness or other hardship.

¹¹ Source: http://www.stat.si/novica_prikazi.aspx?id=2169

THE ENVIRONMENT

REDUCING ENVIRONMENTAL IMPACT THROUGH NEW TECHNOLOGIES

The only northern Adriatic port with ISO 14001:2004 environmental management and ISO 9001:2000 quality management systems, as well as new BS OHSAS 18001 health and safety and HACCP food safety systems - Preparation for EMAS audit - New ecological projects - Objective of becoming energy self-sufficient port - Electrical power provision for moored tugs - Dust residues and PM10 particle emissions below prescribed limits - 65% of waste collected separately - New equipment for Maritime Protection Service - Revision of www.zivetispristaniscem.com - up-to-date information for local public

The seabed in the third port basin.



Submarine world of the third port basin.

Photo: Marjan Richter

ACHIEVING A BALANCE BETWEEN ENVIRONMENTAL, SOCIAL AND ECONOMIC REQUIREMENTS

Environmental protection and management - on which Luka Koper's development strategy is based - derives from the principle of "implementing measures which will not only meet and surpass the mandatory legal requirements, but also reduce adverse environmental impacts through the employment of state-of-the-art technology". Care for the environment, in conjunction with health and safety at work, are an integral part of the management policy and organisational culture of Luka Koper. Development of the Port of Koper, in the context of ever-greater throughput, not only imposes an increasing burden of care but also the need to establish a sustainable balance between environmental, social and economic requirements.

Luka Koper's main orientations in protection of the environment are:

- the introduction of economical non-polluting technologies;
- ensuring a constant reduction of emissions into the environment (with regular monitoring and reporting of results);
- the active building of partner relations with local communities;
- ensuring preparedness to take prompt actions in extraordinary situations;
- the constant improvement of the environmental management system.

Koper is the only port in the northern Adriatic with established quality systems for - amongst other things - environmental protection, health and safety at work, and food safety management.

The certificates confirm Luka Koper's operations are in accordance with standards, and that systems are implemented which assure both quality and verification of appropriate

procedures. The Company therefore continues to strive to vindicate its operations through the attainment of certification. It also endeavours to introduce, verify and register an environmental management system pursuant to the EMAS scheme (as provided by Regulation 761/2001/ES) by the end of 2009, and thus realize its vision of becoming a port which is self-sufficient in energy. As a consequence of this aim, Luka Koper is endeavouring towards the greater exploitation of alternative and renewable sources of energy.

EMAS Eco-Management and Audit Scheme - Certificate

Luka Koper is currently adapting its internal environmental management operation to meet the requirements of EMAS (Eco-Management and Audit Scheme) devised and operated by the EU for more than a decade. EMAS involves upgrading the ISO 14001

system with an environmental statement, and also provides for the regular public provision of all environment-related information. Thus far only one company in Slovenia holds an EMAS certificate, while Valencia in Spain remains the continent's only port to have been granted it. During April 2009, pursuant to the EMAS scheme and with verification by the Environmental Agency of the Republic of Slovenia, the national Institute for Quality and Metrology (SIQ) shall audit the system operation at Luka Koper. The resultant environmental statement will be published on the company website: www.luka-kp.si.

Initiation of Strategic Ecological Projects

Luka Koper's Supervisory Board corroborated the initiation of two ecological projects during 2008. Ekopark (presented in more detail in the chapter entitled Co-operation with the Local Community) and the company TOC

Table 8: Quality Systems Operated by Luka Koper

CERTIFICATE	DESCRIPTION
ISO 14001:2004	Corroborates care and responsibility for environmental protection, as well as modernisation through the introduction of clean and safe technologies (since 2000).
ISO 9001:2000	Confirms an established and adequately maintained quality system.
BS OHSAS 18001:2007	Health and safety at work management system (since 2008).
HACCAP ISO 22000:2005	Food safety management system (2008; thus far Koper is the only port in the world with this certificate; Luka Koper was also the first company in Slovenia and the first in the transport sector to obtain it).
NON GMO	Certificate for transshipment and storage of non-genetically modified soya.
SEVESO II	Pursuant to an EU Directive, and as an organisation operating in a sector in which it is deemed that greater risk exists, Luka Koper holds an environmental protection permit for the port zone.



SIQ is a part of the Swiss-based International Certification Network which awards one third of all credentials worldwide. Koper is the only port to have received the ISO 22000:2005 certification.”

Igor Likar, Managing Director of SIQ - the Slovenian Institute for Quality and Metrology - speaking at the ISO certificate award ceremony in Koper.

d.o.o. (presented in the chapter entitled Ecology - Luka Koper, Maintaining the Environment) will be joined by two new subsidiary enterprises (see below) 98% owned by Luka Koper d.d. It is thus intended that the ecological and economic aspects of the generation of energy shall be efficiently combined.

Ecoporto Koper d.o.o.

Ships entering the Port of Koper are provided a facility whereby they can discharge bilge, contaminated water and other residues for disposal and processing. Using innovative non-invasive technology which does not involve any emissions into the environment, Ecoporto Koper d.o.o. is to process oil-contaminated water into clean water and saleable fuel oil.

Adriasole d.o.o.

This newly founded company shall establish and manage a photovoltaic solar power plant with an effective rated output of 2MW, with the ultimate aim of marketing electrical power. Solar panel arrays are being integrated into the roofs of warehouses, and the first electrical power is anticipated to come on stream during 2009.

The new Luka Koper subsidiary **Eco-Morje d.o.o.** shall undertake three maritime-protection related concessions in the harbour area and waters around the Port of Koper. It is envisaged that this enterprise shall ultimately bid for the contract to carry out maritime protection duties for Slovenia's territorial waters as a whole.

Concern for the Environmental Credentials of Suppliers and Contractors

Some 200 companies operate within the Port of Koper, and their activities influence the state of the environment, both within the port

zone and beyond. Luka Koper has concluded contracts with all of them, and these prescribe their fulfilment of mandatory legal, operative, environmental protection and health & safety at work requirements. Some users have also obtained ISO certification for quality management (9001) and environmental management (14001) systems. A number of independent inspection services monitor their operations, as does - through their regular tours of inspection - Luka Koper's own services for health & safety at work and environment protection.

Control of Environmental Protection and Health & Safety at Work

The implementation and oversight of environmental protection and health & safety at work are planned at the strategic level on an annual basis. Oversight and control is predicated on the following:

- A safety report (for establishments presenting a higher degree of environmental risk).
- Risk rating as to the consequence of a sizeable industrial accident.
- Emergency response plan in the event of accidents involving hazardous materials.
- Emergency notification plan for rescue units.¹²

Practical tests of emergency response - so-called "dry tests" - are performed at least once every 18 months, and are used to test and assess the entire protection and rescue plan in the event of any accident involving hazardous substances; the most recent such test was carried out on 4th October 2008.

Maritime protection measures have been brought in line with the Notification Scheme operated by Luka Koper, which is also congruent with the municipal scheme and, in the event of accidents at sea, the state's maritime protection and rescue plan.

Maritime protection measures are executed and the harbour waters are monitored:

- in accordance with the Concession Contract on the operation, management and maintenance of the Port of Koper, as a commercial public service;
- through the acquisition of adequate equipment and systematic training of employees;
- through implementing the provisions and mandates of the aforementioned operative documents pertaining to maritime protection.

REDUCING ENVIRONMENTAL IMPACT

The Broader Milieu¹³

Aware that its operations influence a wider area, Luka Koper carries out regular measurements of air and water quality, and strives to limit its influence through the implementation of various measures, which are presented hereunder. The impact of port operations overlaps other influences in the near and more distant surroundings - including a waste incineration plant, a steelworks, coke plant, chemical industries and other industrial plants around Trieste, together with heating plants and the Plomino thermal power station - all of these have an important effect on air pollution in the broader Koper region. During the tourist season intensive vehicle traffic along the Slovenian coast, as well as across the nearby borders in Trieste and Croatia, amalgamate with and compound the aforementioned influences, while in winter fireplaces in private homes also perceptibly impact air quality.

External influences are also taken into consideration in measurements of water quality in the harbour area. These influences depend on currents as well as the strength and direction of winds; accordingly, exact values are impossible to measure. The waters around Koper and the Bay of Trieste are under the influence of north-Adriatic circular

¹² Publicly available documents may be found at: <http://www.luka-kp.si/slo/o-podjetju/odnos-do-okolja/zakonodaja-in-okolje>

¹³ Sources: Research studies by the Marine Biology Station [available at <http://www.mbss.org/portal/index.php>] and the Environmental Agency of the Republic of Slovenia [available at <http://www.arso.gov.si/>]. (2005, 2006, 2007, 2008)

currents. When evaluating seawater quality especial consideration must be made of pollutants emanating from the mouth of the River Po, as well as Trieste and other Italian cities in the region. Furthermore, and more locally, the River Rižana and other smaller watercourses entering the sea near Koper, also contribute to pollution, in particular through the discharge of partially treated municipal sewage water.

Impact of Internal Development

Over the past year numerous construction operations have been underway within the port zone, which are in themselves liable for temporary increases in dust and noise emissions. Contracts concluded with the subcontractors encompass mandatory provisions in respect to the prescribed environmental requirements; however, the disturbance that construction work causes cannot be entirely avoided.

Extreme Weather Conditions

Climate change has engendered an increased frequency of extreme weather events:

- In the event of strong winds certain manipulations within the port are discontinued, while ore heaps are continually sprayed in order to reduce material blowing away.
- Extreme tides have also been recorded of late.

DECREASING EMISSIONS AND ENSURING AIR QUALITY

Port operations undoubtedly engender emissions of airborne pollutants, and the quantity of dust and other air contaminants is liable to increase during loading operations involving certain bulk cargos and volatile liquids (such as petroleum derivatives, o-Xylene and similar aromatic hydrocarbons). The ongoing objective is to decrease the level of all airborne emissions, and evidence of success is reflected in the results which have been achieved through numerous investments into environmentally-acceptable equipment, as well as the implementation of other pro-active operational measures intended to minimise impact on the environment.

Systems for the manipulation and storage of cargos are designed using the best available technological solutions, and are also preconditional in obtaining construction and operating permits and licenses. A number of technological solutions have been introduced in order to reduce emissions, and among the most important of these are:

- the provision of anti-dust curtains for containment or complete enclosure of facilities;
- floating membranes integrated into petroleum derivative reservoirs;
- vapour recuperation during fuel pumping operations;
- employment of closed systems;
- white coloured or reflective storage reservoirs.



Photo: Marjan Richter

Submarine world of the third port basin.

ENVIRONMENTAL PROCESS OF THE YEAR

The mission of TOC d.o.o. is to search for environmentally-friendly technological solutions for the needs of Luka Koper and the broader environment in which the Company operates. The firm's success in the search for solutions was vindicated at Slovenia's 2008 Environmental Awards competition organised by the newspaper Finance and Slovenian Environmental Public Fund. In 2008, TOC d.o.o. received the Environmental Process of the Year Award for its CAPS project, which envisages the processing of waste paper sludge into absorption agent for cleaning water surfaces contaminated with oil or other chemical residues. These endeavours, and their expert recognition, are helping to further achieve Luka Koper's objective of becoming a green port.

Further to all of this, Luka Koper is also in the process of introducing automated handling operations, shortening the fall route during discharge, as well as using telescopic tubes and enclosed transport paths to and from silos. In addition to the regular maintenance of equipment, ground-stabilisation work is also underway, while the actual number of transshipment points is being decreased. Manipulation operations - which are at all times accompanied by water sprays - are avoided during unfavourable weather conditions, and there is a strive to make the surrounding area greener, which also helps in the absorption of contaminants.

Additional and alternative sources of water - drawn from bore holes for example - for use in operations, such as the moistening of bulk materials, are being sought. 2009 shall see the refurbishment of the hydrant network and the capacity to intensify sprinkling operations across dumping grounds for bulk materials. A variety of measurements and assessments are also undertaken with the aim of helping to ensure an ongoing improvement in air quality in and around the port zone, while an authorized independent body performs legally

prescribed monitoring and reports its results annually. Special research assignments are also carried out, in the context of which regular measurements are recorded at ten locations within the port itself and a further ten around the city and port zone.

Impact on Air Quality of Vessels Using the Port

Other factors, on which Luka Koper has no direct influence, also effect the measurements of air quality. These include exhaust gases (funnel emissions) from ships using the port. Within the context of Slovenia's national spatial plan, is the possibility of extending the high voltage power network to the quaysides at the Port of Koper; such a measure would enable a berthed vessel to use the electricity grid rather than continually run its engines to power its generators. Such a system is already in place for tugs at the Port of Koper: when secured alongside, they are plugged into the local power supply, so that there is no need to run gen sets to power vital onboard systems. Such measures undoubtedly contribute to the reduction of exhaust emissions, as well as noise.

Interview

KOPER'S GREEN OASIS

Interview with Borut Mozetič, Representative of BirdLife Slovenia (DOPPS - Slovenian Birdwatchers Association) and Head of the Škocjanski Zatok Nature Reserve, which is a part of the Natura 2000 special protection area.

Your organisation brings together lovers of wildlife and nature.

Established in 1979 as the DOPPS - Slovenian Birdwatchers Association, BirdLife Slovenia is one of the oldest and largest non-profit nature protection NGOs in the country. With more than 1000 bird- and nature-lover members, we are among the leading environmental organisations in Slovenia today, striving for the protection of birds and preservation of their natural habitats. Working with our sister societies worldwide, the Slovenian Birdwatchers Association now forms part of BirdLife International, a global partnership of conservation organisations with a total of more than two million members, who strive to protect birdlife around the world.

What would you like to stress about your work?

We are key local actors in implementing the European Birds Directive and the Natura 2000 Ecological Network. Slovenia is placed at the European top as regards its area of preserved habitat, while the rejuvenation and management of the Škocjanski Zatok Nature Reserve is definitely one of our major achievements. Protected as a nature reserve since 1998, and declared a special protection area by the Natura 2000 ecological network, tell us more about Škocjanski Zatok.

Located on the outskirts of Koper, a city which was once an island, Škocjanski Zatok consists of brackish lagoon surrounded by reedbeds and a freshwater marsh. It is also the largest saline wetland in Slovenia, while the rich flora and fauna of this outstanding sanctuary boasts a number of rare and endangered species. Open to the public, the Škocjanski Zatok Nature Reserve is managed in a way that not only aims to maintain its ecological value, but also strives to raise awareness, as well as emphasise its educational, aesthetic and recreational value...

...indeed, it is becoming an ever-more recognised attraction of Koper and the broader region.

Škocjanski Zatok is undoubtedly becoming a genuine nucleus of sustained habitat in Koper and the Primorska as a whole. Not only does it contribute to an improvement in the quality of life locally, it also provides a number of socioeconomic benefits by becoming a fresh destination for naturalistic tourism. It is attracting a different type

of visitor to Koper, as well as making a contribution to the prolongation of the tourist season in the region, and as an introduction to maritime Slovenia, Zatok also affords an opportunity to promote other sights. These days Koper cannot be imagined without this natural oasis on its doorstep, and Škocjanski Zatok undoubtedly provides Luka Koper - as a green port - with even greener credentials.

What can be done to further enhance symbiosis between the Nature Reserve and Luka Koper?

Year-on-year Luka Koper strives to implement environmentally-friendly measures. It is important to decrease dust emissions from bulk cargo shipments, as well as reduce light pollution through the selection and more appropriate placement of adequate illumination within the port zone. The discussion of late has been on the further protection of the channel linking the Škocjanski Zatok lagoon with the sea.

How do you co-operate? Is Luka Koper prepared to listen to your requests and wishes?

The Slovenian Birdwatchers Association and Luka Koper have mutually strived to establish a good relationship. At the same time, the futures of Škocjanski Zatok and Luka Koper are undoubtedly closely linked.

I believe that today the general awareness of the public at large, and especially the commercial sector, have reached a level of understanding and consideration where they can talk openly about responsibility towards the environment and the community in which they operate. Indeed, the creation of the Nature Reserve and Luka Koper's support of the DOPPS project to restore and conserve the Škocjanski Zatok habitat has helped contribute to the creation of better conditions for wildlife to flourish.

What is your view of Škocjanski Zatok today?

Today Škocjanski Zatok can be perceived as an oasis on Koper's doorstep. With its regard for environmental issues, there are undoubtedly numerous opportunities for co-operation with Luka Koper, whilst its future support of our endeavours to ensure the more efficient operation of Reserve would be invaluable.

“

Škocjanski Zatok not only contributes to an improvement in the quality of life locally, it also provides a number of socioeconomic benefits by becoming a fresh destination for naturalistic tourism.”

Photo: Jaka Jeraša



Dust emission measurement points around the Port of Koper

Table 9: Annual Number of Vessels Arriving at the Port of Koper¹⁴

Year	2004	2005	2006	2007	2008
Total No. of Vessels	1,890	2,038	2,262	2,234	2,227

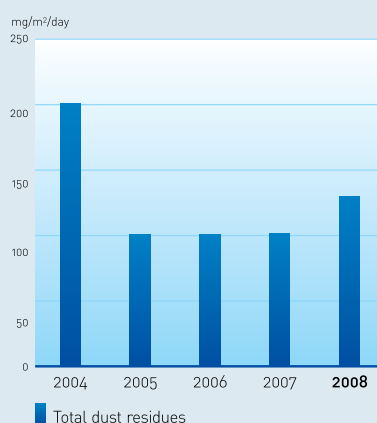
MONITORING AIR QUALITY

Dust Residues

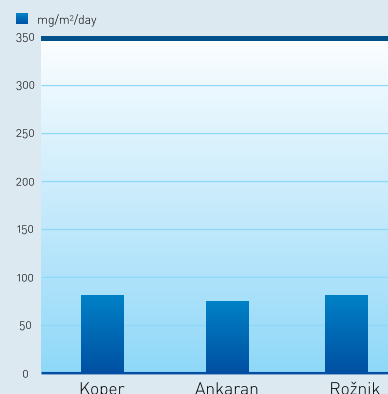
There are no legally prescribed requirements in Slovenia as regards the deposit of airborne dust, thus the German TA Luft guidelines - which define the acceptable annual limit of dust deposits as 350 mg/m²/day - are used in relation to this. All measurements indicate that Luka Koper records values way below this threshold.

Control measurements of dust residues have been performed at ten locations **within the port** since 2005. As a direct consequence of the intensity of construction work at the port (specifically the first and the second piers) over the past two years, somewhat higher measurements have been recorded; nevertheless, values still remain way below the permissible concentration.

Within the context of the project entitled Controlling air pollution and dust residues in the Ankaran area, Luka Koper has been measuring airborne particle loads and dust deposits at locations **outside the port** (Rožnik, Ankaran and Koper) since 2007.

Graph 7: Total Dust Residues¹⁵

The total quantities of dust recorded at the measurement points outside the port are comparable, considerably lower than the threshold value, and approximately five-times less than the quantities recorded inside the port zone.

Graph 8: Quantities of Dust Recorded at Locations around the Port in the year 2008¹⁶

PM₁₀¹⁸ Dust Particle Emissions¹⁷

The Primorska Institute for Natural Sciences and Technology (PINT) has performed ongoing measurements of inhalable emissions of PM₁₀ dust particles - i.e. dust

¹⁴ Source: Luka Koper Internal Logistics Office: internal statistics. (2004, 2005, 2006, 2007, 2008)

¹⁵ Source: Institute of Occupational Safety, Ljubljana: Monthly Reports on Dust Residues Measurements. (2004, 2005, 2006, 2007, 2008)

¹⁶ Source: College of Health Care, Ljubljana: Measurements of Dust Deposits in Rožnik, Ankaran and Koper. (2008)

¹⁷ Emissions herein are defined as substances which escape into the environment as a consequence of operations or processes; measurement indicates both their intensity and distribution.

¹⁸ The presence of PM₁₀ dust particles in the air significantly influence such issues as human health, climate and visibility; as such they represent a wider global problem. Airborne particles emitted in neighbouring states, influence the quality of air in Slovenia, while increases may be caused as a consequence of climate change, meteorological phenomena, topography, as well as the innate physical-chemical processes of transformation of the particles themselves. Particles can be of natural (such as pollen) as well as of anthropogenic origin (i.e. a consequence of human activity).

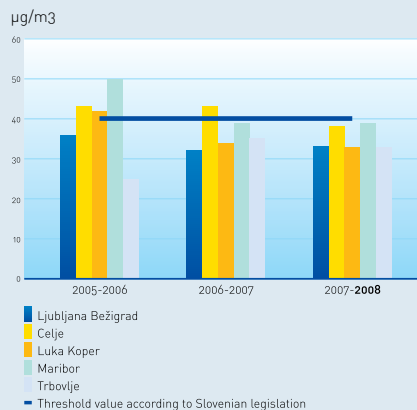
of which the size of particles does not exceed 10µm - within the port zone since 2001.

Average annual concentrations of PM₁₀ have never exceeded the legally prescribed limits; the objective, however, pursuant to the requirements of European and Slovenian legislation, has been to attain half this value by 2010. In accordance with Ministry of Environment proposals, this shall be achieved through the intensive implementation of preventive measures and other activities aimed at reducing airborne dust.

Table 10: Emissions of Dust Particles¹⁹

Measurement period	Measured level (µg/m ³)
April 2003 to April 2004	32.0
April 2004 to April 2005	33.0
April 2005 to April 2006	25.1
April 2006 to April 2007	35.0
April 2007 to April 2008	32.5
Permitted average annual concentration	40.0

Comparison of the Koper results with comparable measurements made in other Slovenian cities indicates that the values recorded within the Port of Koper are generally lower. Measurements of average annual concentrations of PM₁₀ in urban areas of Slovenia (Ljubljana, Maribor, Celje, Trbovlje)²⁰ yield results ranging from 22 µg/m³ to 42 µg/m³. Such relatively encouraging results, however, do not distract Luka Koper's attention from implementing systematic measures aimed at reducing environmental impact ever further.



Graph 9: Comparison of levels of airborne PM₁₀ particulate recorded at the Port of Koper and other urban environments in Slovenia²¹

WASTE MANAGEMENT

Luka Koper separates its waste and refuse materials, and an increasing number are sorted for reprocessing or collection for recycling. Wastes may be categorised as follows:

- wastes engendered by operations and activities within the port,
- other wastes emanating from within the port zone, and
- wastes taken from vessels using the Port of Koper.

With regard to the last of the above, Luka Koper performs, on a commercial basis, a mandatory public service for the collection of solid and liquid wastes. Due to a more favourable structure of cargo, together with the introduction of modern methods of waste processing and treatment, the total quantity of waste collected has been decreasing in relation to total tonnage throughput at the port.

Waste Processing and Treatment

Separate Collection: A large quantity of generated wastes are sorted and thence dispatched for further processing at the port's Waste Treatment Centre operated by the Luka Koper INPO subsidiary. In addition

to increasing the cost-effectiveness of operations, these actions improve cleanliness and enhance the general countenance of the port area.

Composting: Bio-degradable wastes, formerly processed by Komunala Koper and other companies, are today composted on site at the Waste Treatment Centre.

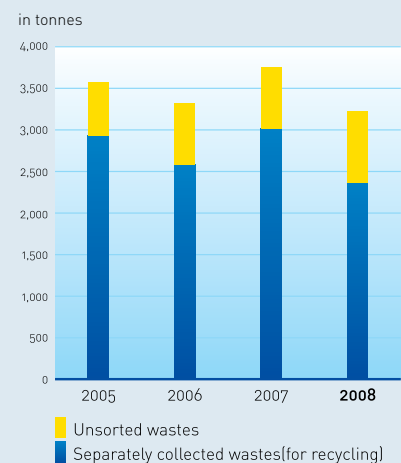
Oil wastes: Oil contaminated water and waste oils from vessels are processed at an on-site plant which operates pursuant to an environmental protection permit. Separated heavy oils are incinerated at the Anhovo cement plant, while partially processed contaminated waters are taken to a central treatment plant at Domžale for further processing.

Reducing Waste from Operations

Luka Koper collected a total of 3,314 tonnes of waste from the port area in 2008, of which:

- 2,450 tonnes were separately collected (sorted) wastes, and
- 864 tonnes were mixed (unsorted) municipal waste.

The total quantity of waste and refuse produced by the port has been reduced due to a modified structure of cargo together with the provision of additional and ancillary services by Luka Koper.



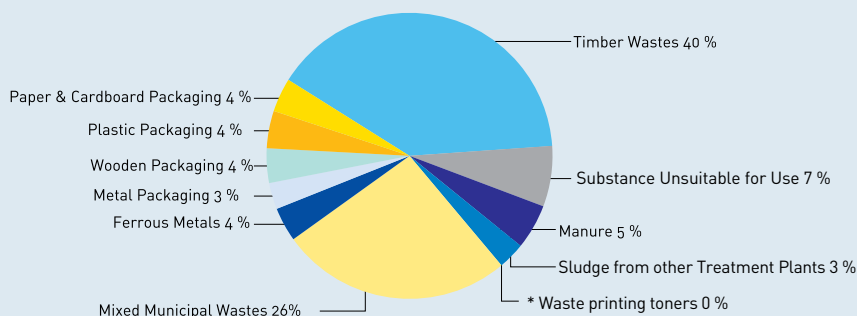
Graph 10: Annual Output of Waste at the Port of Koper²²

¹⁹ Source: Institute for Natural and Applied Sciences, University of Primorska, Koper: Results of Dust Particles Emission Measurement. (2004, 2005, 2006, 2007, 2008)

²⁰ Source: Environmental Agency of the Republic of Slovenia.: Measurements of Average Annual PM₁₀ Concentrations in Ljubljana, Maribor, Celje, Trbovlje (Slovenia). (2006, 2007, 2008)

²¹ Source: Environmental Agency of the Republic of Slovenia. Measurements of Average Annual PM₁₀ Concentrations in Ljubljana, Maribor, Celje, Trbovlje (Slovenia). (2006, 2007, 2008)

²² Source: Luka Koper Environment Protection Office: internal statistics on waste management, prepared for the Environmental Agency of the Republic of Slovenia. (2005, 2006, 2007, 2008)

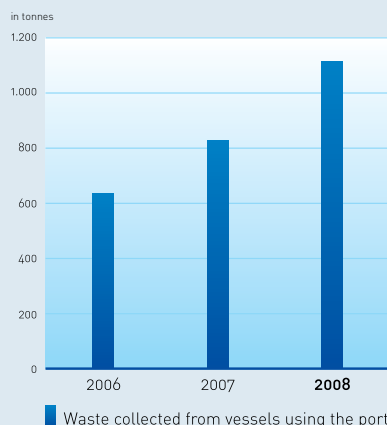


Graph 11: Structure of Wastes from Port Operations²³

Appropriate Management and Processing of Wastes from Vessels

Luka Koper collects and processes hazardous materials from vessels in a very systematic manner. Incorrect treatment of such materials represents an environmental hazard, while improper disposal at sea represents maritime pollution. Wastes taken from ships represent one-tenth of all wastes collected at the Port of Koper. There has been a marked increase in the quantity of wastes correctly surrendered by vessels using the port, and this is the result of Luka Koper's pro-active activities, as well as factors such as:

- the greater awareness of ship-owners,
- increased inspection and control operations,
- larger vessels, and
- more adequate port capacities.



Graph 12: Rising Quantity of Waste Collected from Vessels using the Port of Koper²⁴

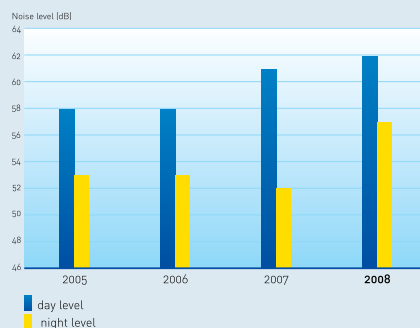
²³ Source: Luka Koper Environment Protection Office: internal statistics on waste management, prepared for the Environmental Agency of the Republic of Slovenia. [2008]

²⁴ Source: Luka Koper Environment Protection Office: internal statistics on waste management, prepared for the Environmental Agency of the Republic of Slovenia. [2006, 2007, 2008]

* The value is lower than 0.5%

ONGOING MEASUREMENT OF NOISE LEVELS SINCE 2007

Within the context of a project entitled Port Noise Emissions continuous measurements of noise levels are performed at three points around the port: the roof of Koper technical science secondary school (southern side), the eastern periphery towards Bertoki and the northern fringe towards Ankaran. These around-the-clock recordings, which were the first in Slovenia, began in November 2007 and are carried out using a Noise Monitor Terminal produced by the Danish company Brüel & Kjær.



Graph 13: Comparison of Average Noise Level Around the Port Zone²⁵

In addition to port operations, external sources of noise, such as vessels mooring adjacent the city centre, the entrance road and major highways in the vicinity of the port, as well as indeed Koper city itself, exert an influence on measurements. Within the port, however, the Container and European Energy terminals are recognised as the most important sources of noise within the port.

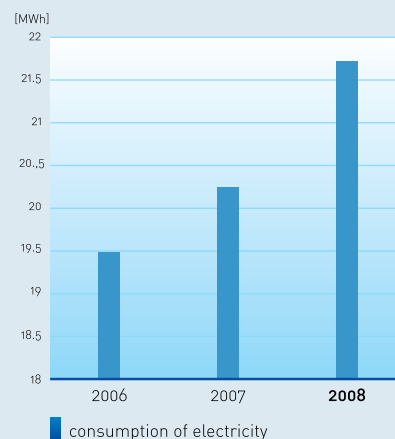
Noise measurement recorded a moderate increase in 2008, and this is a consequence of construction works (namely, the extension of the quayside at the First Pier - especially the driving of piles into the seabed) and preparations for the creation of

²⁵ Source: Institute of Occupational Safety, Ljubljana: Reports on Ongoing Measurements of Noise Levels. [2005, 2006, 2007, 2008]

a new Passenger Terminal (the demolition of warehouses 7 and 8). It also became evident that the demolished warehouses presented an anti-noise barrier, and their removal had obvious repercussions.

ENERGY: NEW CHALLENGES AND ALTERNATIVE SOURCES

Constantly increasing throughput volumes, and the consequent expansion of the port are engendering an increase in energy consumption, and management of this issue in a sustainable way - i.e. through increased efficiency, the employment of technological solutions, and the use of renewable sources - represents an especial challenge. Accordingly, Luka Koper is introducing technology to generate on-site photo-voltaic power as well as create biofuel from processed waste materials. These two major environmental projects shall help implement the Company's vision of operating a port which is self-sufficient in energy.



Graph 14: Consumption of electrical power by Luka Koper²⁶

Electrical Power Consumption

In order to improve general energy efficiency, Luka Koper encourages its employees to recognise key environmental indicators. All organisational units within the Company thus monitor their consumption of electricity on a monthly basis, at the same time quality teams discuss such issues and introduce measures to improve efficiency. Consequent to increasing cargo volumes and the expansion of port operations, the consumption of electrical power has risen over recent years.

²⁶ Source: Luka Koper Development & Investment Office: internal port records on paid invoices. [2006, 2007, 2008]

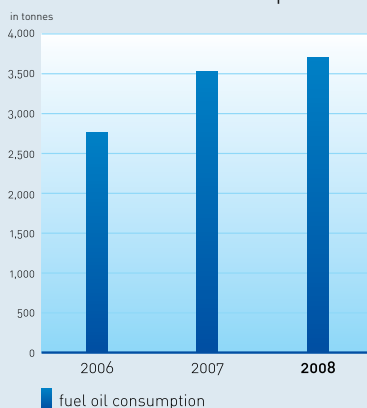


Photo: Borut Mozetič



Questions as to the acceptability of port expansion and ongoing rising demand for the services provided by the Port of Koper need to be addressed in a considerably broader perspective. The fundamental problem is the port's expansion towards Ankaran and Bonifika, i.e. its encroachment into these wards and the commensurate negative impacts on the environment, as well as the indirect influences of an expansion of operations and the generation of commerce. At the same time a rise in the number of vessels using the port causes disturbances in the marine habitat, as well as engenders an increase in the number of trucks and other vehicles in and around Koper, which in itself brings about other new influences and factors."

Robert Turk, Head of the Piran section of the Institute of the Republic of Slovenia for Nature Conservation



Graph 15: Consumption of Fuel Oils by Luka Koper²⁷

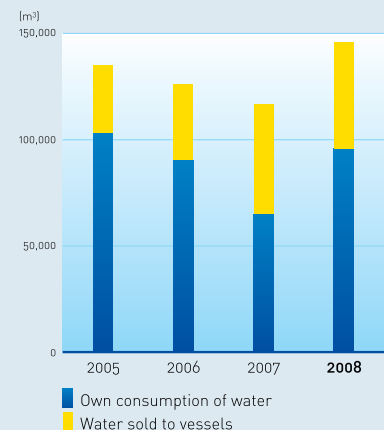
Fuel Oil Consumption

Increasing fuel oil consumption is a consequence of cargo throughput growth and shortage of storage space, a consequence of which is longer transport routes between terminal and warehouse. Due to the fact that

most port machinery use fossil fuels, Luka Koper is striving to reduce consumption through a gradual changeover from diesel to ecologically more acceptable electrical power.

Potable Water Consumption

The Port of Koper enjoys an extensive mains water network composed of some 30 km of pipeline which form two separate systems: potable (drinking) water and hydrant (non-potable) water. Drinking water is used for sanitary purposes and the supply of vessels using the port. Consumption of water is monitored through metering in the context of a computer-controlled system. Seawater and recycled well water is for the most part used for industrial purposes.



Graph 16: Consumption of potable water by Luka Koper²⁸

Reducing Light Pollution

Luka Koper needs to ensure adequate illumination - as prescribed by law - for operations within the port zone. The illumination of warehousing, work areas, roads and rail tracks impact the environment, for which reason a study is under preparation for the realignment of external lighting in compliance with statutory provisions that shall enter into force in 2012. It is assessed that approximately 60% of external illumination at the Port of Koper is already in compliance with the new regulations; additional measures shall, however, include:

- further installation of energy-efficient lighting directed towards the ground, and
- the search for a balance between the statutory minimum illumination and the lowest possible level of pollution.

²⁷ Source: Luka Koper Environment Protection Office: internal port records on paid invoices. (2006, 2007, 2008)

²⁸ Source: Luka Koper Development & Investment Office: internal port records. (2006, 2007, 2008)

BARBARA, PROTECTRESS OF THE SEA

The Maritime Protection Service of Luka Koper has been augmented by a new vessel, which was commissioned on Slovenia's National Maritime Day (7th March 2008). Christened the Barbara, this rapid response craft is equipped for efficient intervention in ecological accidents at sea. A 10.6 meters long and with twin engines capable of propelling her at a speed of 40 knots, the Barbara has an eight tonne carrying capacity (deadweight). Built in the Aquileia shipyard she has a large operational deck permanently replete with absorbent pads for treating oil slicks as well as a derrick for deploying equipment; further to all of this, floating protective booms, skimmers, dispersants and other equipment are always prepared. The Barbara is the second ecological vessel acquired by Luka Koper, which ultimately intends to purchase another three such vessels. The Company regards protection of Slovenia's marine environment as one of its most important tasks, further to which it anticipates bidding for the concession to provide maritime protection services in Slovenia's territorial waters.

Inspection of the maritime protection vessel, the Barbara

Photo: Jaka Jeraša

Protecting the Harbour and the High Seas

Pursuant to the new Concession Contract on the operation, management, development and maintenance of the Port of Koper, which came into force on 8th September 2008, Luka Koper provides services related to the prevention and amelioration of the consequences of maritime pollution, as indeed it did on a contractual basis prior to its being awarded the concession.

The Maritime Protection Service operated by Luka Koper is professional body which has also been responsible for the creation and implementation of an Emergency Action Plan which is to be rolled out in the event of spillage of any hazardous materials at sea. The Service's operations necessarily involve close co-operation with all operators active within the port zone, as well as the local municipal authorities, fire services, the national civil protection agency and the

Slovenian army.

Successful intervention and remedial action with regard to ameliorating the consequences of pollution at sea is not possible without adequate equipment. Luka Koper disposes of an Omnia Nautica 10.60 craft, which used as a patrol vessel is capable of rapid and efficient intervention in extreme events at sea; and the Kormoran a Gabbiano

class ecological survey vessel. These boats have all the necessary equipment for initial intervention as well as the remedy of small scale pollution incidents. Besides vessels, the Maritime Protection Service is also capable of deploying containment booms, skimmers, absorbent pads, dispersants, as well as related equipment.

Table 11: Maritime Protection Service Operations in 2007 and 2008²⁸

Year	Number of events at sea	No. of interventions made by the Maritime Protection Service	No. of events not requiring intervention	No. of pollution incidents beyond the harbour area
2007	51	39	12	0
2008	53	43	10	0

28 Source: Luka Koper Maritime Protection Office: internal statistics. (2005, 2006, 2007, 2008)

OTHER IMPORTANT ENVIRONMENTAL ISSUES**Luka Koper - A Green Port**

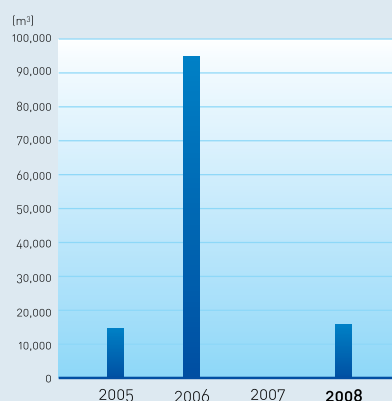
Within the context of its spatial plan for the Port of Koper and the construction of new infrastructure, Luka Koper respects all pertinent statutes and rules, decrees and procedures which regulate such issues and form the basis on which construction permits may be obtained. In planning its investments, the Company takes care not to veil the characteristic veduta of Koper, or devalue the rich identity, landscape and habitats of this most valuable portion of Slovenia's coast. At the same time it works hard to improve the port zone by making it greener. Further to which 105 recently planted olive trees already yield around half a tonne of olives each year, and the olive oil pressed from them is given as presents to business partners.

Dredging Operations

A prescribed depth of channels and berths at the port needs to be maintained in order to ensure undisturbed navigation of vessels in the harbour and from their moorings. The seabed is also deepened where necessary and the excavated material is then deposited into a receiver. Sea currents and the silt-rich River Rižana, which flows into Basin II, bring additional material into the harbour area, and with that an ongoing problem with silting, which can only be solved through dredging.

Regular Announcements on Environmental Issues

Data in relation to all aspects of Luka Koper's operations is regularly dispatched to government agencies in a prescribed manner and within the legally prescribed deadlines. Information on important environmental issues involving the Company is published on the www.luka-koper.si and www.zivetispristaniscem.si websites, as well as in the Luški Glasnik newsletter and other media. A special Sustainable Development Report is published as part of the Luka Koper Annual Report - both of which are also available via the company website. Numerous special publications in relation to the development of the Company and the Port of Koper are also published and disseminated to local organisations and communities, as well as other interested parties. It also organises interactive workshops, publishes expert papers on sustainable development, and actively participates at a variety of conferences in which a variety of ecological and environmental issues are addressed. Furthermore, Luka Koper is forever interested in the views and opinions of its neighbours in relation to its management of the port and management of the environment.

**Graph 17: Silt Dredging Operations at the Port of Koper²⁹**

29 Source: Luka Koper Development & Investment Office: internal statistics (2005, 2006, 2007, 2008).



SUPPLIERS AND CUSTOMERS

PARTNERSHIPS WITH SUPPLIERS FOR SATISFIED CUSTOMERS

Careful selection of suppliers - Annual award for the best suppliers - Business excellence is built and maintained on the basis of quality standards - Preparation of a Port Handbook in order to facilitate co-operation - Instigation of the "E-zabojnik" - E-container - application for remote tracking and location of individual containers

BUILDING PERMANENT PARTNERSHIPS WITH QUALITY SUPPLIERS

Luka Koper strives to develop long-term partner relations with its suppliers on the basis of mutual trust. It co-operates with proficient and financially stable providers, who maintain a consistently high level of quality of their products and services; indeed, without their provision of consistent quality, Luka Koper's own comprehensive offer would not attain the very highest standards that it demands.

The Company's long-term objective is to gradually increase the portion of suppliers whose operations are in accordance with international management standards, while at the same time meeting safety requirements and maintaining environmental standards. Its own expectations are also oriented towards the ability to provide critical stock and just-in-time supply.

Luka Koper has been assessing key strategic suppliers of infrastructure, technical services, products and port services on an annual basis since 2000. Such assessments are based on objective criteria, namely: quality, price, deadlines, payment terms, claims settlement and environmental awareness. In 2009, two new indicators shall be implemented as regards the execution of investment projects, namely: the proportion of work performed by favoured certified suppliers, and the proportion of claims against these favoured suppliers in relation to all suppliers. These assessments shall be carried out in order that contracts are awarded to the very best suppliers. Final assessments are presented and explained to the suppliers, and meetings with them shall be used to present suggestions for improvements as regards further co-operation.



Photo: Rok Štemberger

Presentation of Awards to the 2008 Suppliers of the Year (from left to right): Jure Šuster, Director, Schtor d.o.o.; Peter Tomšič, Marketing Director, Regeneracija d.o.o.; Marjan Babič of Luka Koper's Management Board; Marjan Vengust, President of the Management Board, CM Celje d.d.; Boris Petrič, Director, Varmig d.o.o.

Fierce Competition For Supplier of the Year 2008

Through their provision of high-quality products, responsiveness and flexibility, suppliers undoubtedly make a substantial contribution to the success of Luka Koper. Further to the implementation of its system of business excellence and encouragement of fruitful co-operation, Luka Koper has been presenting a Best Supplier Award for the past eight years.

Awards were presented to four companies in 2008, operating in different areas:

- Technical Services Award - Varmig d.o.o., a Koper-based company engaged in the maintenance of transport machinery and other equipment.
- Product Award: Regeneracija d.o.o., Lesce, supplier of protective varnishes and paints.
- Port Services Award: Schtor d.o.o. Koper; cargo and container loading services.
- Construction Services Award: CM Celje d.d., which built the quayside extension of the first pier.

Luka Koper congratulates the recipients of these Awards and wishes them success in their endeavours and continuing excellent and mutually beneficial co-operation!



Photo: Jaka Jeraša

KOPER RECORD HOLDERS

Regardless of the fact that it does not rank among Europe's biggest ports, Koper is certainly among the most attractive destinations for the largest vessels operated by the world's eminent ship-owners. As a result in 2008, Luka Koper hosted its largest ever container ship, RO-RO, and a vessel which accounted for ten percent of monthly cargo throughput.

The first record holder was Evergreen's 294m long Ital Laguna. It has a capacity of 5,100 TEUs and is one of the Evergreen fleet which runs a direct container line service to the Port of Koper from the Far East.

The largest RO-RO - Roll-on-Roll-off - vessel ever to enter the port was a 193m long UN Trieste, operated by

Turkish owners U.N-RO-RO. This ferry diverted to Koper due to operational problems at the neighbouring Port of Trieste, which in itself proves how important rapid response is given an unanticipated event, as well as how necessary it is for ports to co-operate with one another.

At the end of May 2008 the Sea-Land Quality, owned by Denmark's Maersk line, achieved a record for the most containers unloaded and loaded at Koper. Very nearly 3,000 TEUs were handled in a mere two days in relation to this vessel, a throughput which represents one-tenth of the average monthly quantity handled by Luka Koper's Container Terminal.

In Accordance with Quality Standards

Luka Koper began adapting its systems and operations to the requirements of international quality standards in 1994. The organization's culture, structure and processes were restructured in order to achieve key objectives: the satisfaction of customers, employees and shareholders through the provision of excellence in all areas of operation.

Management has defined the mission, vision and values that form the fundamental concepts underpinning Luka Koper's operation, and which also indicate its orientation and provide permanent guidance to the Company as a whole, as well as each and every member of staff. The systematic organisation of the entire quality system is undertaken by Luka Koper's Quality Service and business processes are managed through a devolved internally coherent system of management, the cornerstones of which are certified in accordance with ISO standards.

The Guiding Light of Business Excellence

In 2002, Luka Koper received an award for business excellence in the service sector from the state, and this accolade is widely regarded as one of Slovenia's most prestigious awards for achievements in the field of quality management. It is also an award which most definitely vindicates a mindset which believes that only excellent services are good enough for the customer, and provides new opportunities for the Company to compare - under the auspices of the EFQM (European Foundation for Quality Management) - its own practice and operation with the very best companies in Europe. In the 2006 comparison Luka Koper was among the finalists for the European Award for Business Excellence. In co-operation with the Slovenian Foundation of Business Excellence, the Company continues to make progress and gains new knowledge at home as well as abroad.

The 2009 objectives in the field of business excellence are as follows:

- The operations of the Adria Terminali d.o.o. subsidiary will be audited according to the ISO standard criteria.
- Accreditation for the performance of laboratory activities will be obtained for the TOC d.o.o. subsidiary.
- Luka Koper d.d. will again be put forward as a candidate for the European Business Excellence Award.

CUSTOMER SUPPORT

Responsibility towards its customers doesn't end with the provision of quality port and logistics services, but also extends to the development of a range of support tools which facilitate their own operations and co-operation with Luka Koper. A link to such

tools is available via the Company website www.luka-koper.si, while an overview and description is provided herein below.

Port Handbook

The Luka Koper website provides additional information as to rules of movement within the port zone, as well as regulations on operations and safety at the Port of Koper. This encompasses:

- A guide providing basic information for vessels entering or departing the port.
- A guide for HGVs using the port (Truck Terminal rules and regulations).
- Port system operation, detailing road, rail and maritime connections.
- Sailing list (provision of up-to-date data pursuant to agents' instructions) as well as vessels arriving and alongside.
- Port safety issues (movement restrictions, traffic regimes, port security, fire safety, as well as measures implemented in the event of accidents or terrorist attacks).
- A directory for business partners.

Development of Applications

Luka Koper has used electronic communications in its relations with customers since its very inception, in addition to which the development of numerous computer-internet applications and services - that greatly facilitate the work of business partners - has increased dramatically over recent years. Two of the most important of these - E-zabojnik (E-container) and Lunaris - are presented hereunder.

E-zabojnik (E-container)

With the assistance of Actual IT d.o.o., Luka Koper has developed an internet application which allows the user to inspect the state of containers at the Container Terminal. Especially intended for customers - and in particular agents, shippers and carriers - it provides useful information on each particular container. The application draws data directly from the special Cosmos application used in managing Container Terminal operations.

Lunaris

The Lunaris application is but one of a number of methods which may be used in communicating with Luka Koper. It links the customer into TinO - the port's main Marketing and Operations System, and facilitates the ordering of services electronically. There are indeed numerous commercial products on the market with more advanced functions than those provided by Lunaris; however, its absolute advantage lies in the fact that it is an internet application with absolute accessibility to the TinO System. Lunaris is currently provided free-of-charge and is accompanied with user help and support.

Maintaining Customer Satisfaction

In relation to its business partners Luka

Koper follows a policy of business excellence built on quality, efficiency, reliability, adaptability, punctuality and safety; at the same time it renders its services at a competitive price. Customer satisfaction is examined annually through surveys of key clients, as well as monitored in the form of minutes of gatherings and meetings as well as other contacts with customers which are entered into a uniform marketing information system, as well as overseen, reported and acted upon by business contact managers.



Photo: Luka Koper Archive

Robert Časar, President of the Management Board of Luka Koper during a Budapest round table discussion at the 2008 international conference on forwarding.

SUPPORT FOR HUNGARIAN COLLEAGUES

Landlocked in Central Europe, Hungary is one of Luka Koper's most important markets. Accordingly, the Company was honoured to be the main sponsor of last November's ninth international forwarding conference in Budapest, an important part of which was dedicated to Hungarian-Slovenian relations in which it plays an important role. Indeed, Robert Časar, President of the Management Board of Luka Koper, is currently a co-president of the Slovenian-Hungarian Business Council, a bilateral body established by the respective Ministers of Economy in 2007. Last year's gathering of forwarding agents provided a forum for the exchange of experiences and a look into the future. It also afforded Mr Časar an opportunity to stress the scope and significance of the services which Luka Koper is able to render its partners.

Interview

E-CONTAINER INFORMATION APPLICATION

Interview with Marjan Bečkovnik, Shift Manager at the Luka Koper Container Terminal and Peter Laganis, Head of IT solutions support at the Luka Koper Container Terminal in relation to the Actual IT E-container project.

What would be the easiest way to describe the E-container application?

Marjan Bečkovnik: "E-container is an info-technology application which enables the user to inspect the state of containers at the terminal. By entering the number of a container into the box provided, the user can obtain basic data about that container - the transport with which it arrived at the port or left it, the time of arrival or departure, its status (full/empty), as well as the name of the shipper and manifest number."

Peter Laganis: "I should add that Luka Koper's initial intention was to buy an e-terminal application from Belgium, but due to a combination of errors the proposed system failed to display actual states. At this point Luka Koper suggested the in-house development of an application, one capable of displaying correct and up-to-date data."

Why did the need for such an application actually arise?

Peter Laganis: "Customers wanted to know what was happening as regards particular containers, and in which phase of the procedure they were at. The problem required a solution".

Marjan Bečkovnik: "Yes, E-container was developed especially for customer needs, with the provision of real-time information on-line. Today the application runs in conjunction with Cosmos application used in the management of Luka Koper's Container Terminal operations, and each recorded movement of a container is immediately detectable by E-container".

Peter Laganis: "Thanks to this application, and now that customers are able to get all the information they need on line, the scope of work at the Dispatch Centre has been reduced. By simply going to the <http://ezabojnik.luka-kp.si/> website, clients, agents, shippers and carriers may now obtain data on a container without prior applying.

What is the relationship between Luka Koper and Actual concerning the development of this application?

Marjan Bečkovnik: "E-container was developed for Luka Koper by Actual, an IT-company which also maintains uninterrupted information support for the

entire Luka Koper Group. Following a presentation of the basic underlying concept and the information that E-container should display, the graphic image was upgraded to make it more user-friendly."

Peter Laganis: "Successful co-operation between the companies was also evident from the fact that we knew what was expected from the application. Consequently, the entire development process ran extremely quickly, and was completed in little more than a week."

How do other ports solve this problem?

Marjan Bečkovnik, Peter Laganis: "Similar applications are today employed in most international container ports".


So, what's in store for the future?

Peter Laganis: "We are proposing the development of an upgrade of the existing system for particular agents, who would consequently have exclusive insight into the state of their container; others would not have such access or would need a special password".

Marjan Bečkovnik: "Password access would also allow the user to access other useful information, such as the number of containers, damage to containers, containers with hazardous materials, as well as loading/unloading reports".

Peter Laganis: "There is also another possible upgrade for the purposes of the Customs Authority. Using this application Customs would be able to search for and flag any container which is suspicious or under a special procedure. Indeed, there are a great many potentials."

Marjan Bečkovnik: "That's right. We should also add that we are running the final development phase and initial field testing of the E-razvag application. Intended for rail operators, it draws up a container wagon loading plan for freight train compilations. The development of this application is being undertaken in order to optimise the process of wagon loading operations involving containers, and is achieved through the provision of precise up-to-date data in an electronic form".

A photograph of two men standing in front of a large stack of colorful shipping containers (blue, orange, red, and yellow) at a port terminal. The man on the left is wearing a dark green and black checkered shirt, and the man on the right is wearing a light blue button-down shirt and glasses. A large yellow quotation mark is positioned to the left of the text.

“E-container is an information technology application which enables the user to inspect the state of containers at the terminal of Luka Koper.”

INVESTOR RELATIONS

Working for the Shareholder

Re-launch of Notice, Luka Koper's electronic quarterly aimed at the investment community - The establishment of a new investors relations section within the Public Relations Department - Open Door Day for investors at Luka Koper - Luka Koper organises presentations to potential foreign investors at fairs, conferences and congresses

Shareholders in Luka Koper d.d., are regularly informed about important events in the Company and the Luka Koper Group. Via SEOnet - the electronic media of Ljubljana Stock Exchange - and its own website, Luka Koper published 57 messages during 2008, and these encompassed price-sensitive information and interim reports, aimed at shareholders and potential investors. Financial statements were also published in the Luški Delničar newsletter, which is circulated to all shareholders prior to the Annual General Meeting. At the same time, each issue of Notice, a quarterly electronic journal which carries reports on the most important business events, investments and results, deals with a particular segment of port activity in more detail. With articles in both in Slovene and English this publication contributes to a better understanding of the Company and port as a uniform system, both at home and abroad. The investor-related content of the Luka Koper website has also been updated and now contains more information than ever, while in order to improve communications and investor relations a new section - dedicated to the investor - was set up within the Public Relations Department. The first open door day aimed at investors also received a successful launch; indeed, it was so successful that it is to become an annual event.

Luka Koper has also undertaken a number of other activities in order to increase interest in its shares amongst the investment community. Further to participating at the Investor's Conference in the Austrian town of Stegersbach, the Company also took part in the Days of Slovenian Capital Market, an investment road-show which in addition to Slovenia's capital, Ljubljana, travelled to Zagreb and Vienna. The main purpose of these gatherings has been to present Luka Koper's operations and development plans to potential investors as well as interested publics.



Photo: Jaka Jeraša

Tour of Luka Koper

FIRST OPEN DOOR DAY FOR INVESTORS

Luka Koper in 2008 organised its first Open Door Day for investors. Among the visitors to Koper were representatives of stock brokers and other important financial institutions. Following a tour of the port, participants were presented with development plans, and this was followed by an address by the President of the Management Board, Robert Časar. In order to improve communication between Luka Koper and the investment community, the Company has also re-energized and upgraded its web pages intended for investors, which contain all important financial and operational information.

Key objectives in the field of investor relations in 2009 remain:

- Transparent and timely communication with shareholders.
- Undertaking activities aimed at increasing Company recognition, particularly among foreign investors.
- Expanding the circle of analysts who follow Luka Koper's operations.
- Greater coverage by the media, particularly those which specialise in finance and investment.

OF INTEREST TO INVESTORS IN SOUTHEAST EUROPE

Luka Koper and other Slovenian companies listed on the prime market of the Ljubljana Stock Exchange presented themselves to institutional investors at the first regional promotion of capital markets of Southeast Europe, an event which was organised by the Zagreb, Sarajevo and Montenegro stock exchanges and held in Zagreb in June last year. The purpose of this presentation was to attract the attention of new investors in the region's capital markets to its very best companies, and thanks to its favourable business results and intensive investment activities, Luka Koper received a deal of attention.

More than 100 investors and 24 of the best companies listed on the region's eight capital markets, participated in the promotion. Member of the Luka Koper Management Board Marjan Babič observed that investors were for the most part interested in the Company's development plans and method of financing, and took this opportunity to emphasise the fact that logistics provision is a most stable sector of any economy.



Photo: Luka Koper Archive

Presentation of Luka Koper at a fair.



Mreža Global Compact Slovenija

April 7, 2009

The United Nations Global Compact Slovenia has reviewed the 2008 Sustainable Development Report prepared by Luka Koper d.d and confirms the Report as a quality in-depth accountability mechanism that benefits the company, local community, and society at large.

In particular, the UNGC Slovenia noted the following *core strengths* in Luka Koper, d.d.'s sustainability performance and reporting:

1. Sustainability performance:

- a. The company exhibits strong commitment to integration of economic, social, and ecological performance into the core business strategy and utilizes clear goals and performance indicators for company's contribution to sustainable development;
- b. The company addresses sustainability performance through a whole-system perspective, managing multiple stakeholder interests, including employees, local community, customers, suppliers, investors, the Republic of Slovenia, and the international community at large.

2. Sustainability reporting:

- a. The company provides clear comprehensive data demonstrating Luka Koper d.d.'s impact on society and ecology, and indicating specific actions taken to mitigate negative impact and increase positive benefit;
- b. The company monitors, manages and reports on a wide range of sustainability issues, including often omitted categories such as dust, noise, and light pollution.

The UNGC Slovenia suggests the following *core opportunities for improvement* of Luka Koper, d.d.'s sustainability performance and reporting:

1. Sustainability performance:

- a. Deeper integration of social and environmental considerations into core business activities and decision making would increase potential for creation of win-win for business and society.

2. Sustainability reporting:

- a. Information on climate change management, including carbon footprint reporting would increase company's transparency and future ability to mitigate climate change risks.

The UNGC Slovenia commends Luka Koper d.d.'s approach to sustainability reporting and independent review as a truly pioneering step towards increased transparency and best-practice sharing among Slovenian companies, and believes that Luka Koper d.d. demonstrates good will to lead the company in the direction supportive of sustainable development.

Prof. Danica Purg
President, United Nations Global Compact Slovenia

Dr. Nadya Zhexembayeva
Vice-President, United Nations Global Compact Slovenia

This Sustainable Development Report by the Luka Koper Group is printed on environment-friendly paper, manufactured partially from ecologically recycled pulp and raw materials, and partially from trees cultivated in sustainably managed forests. This is vindicated by the following paper supplier certificates: PEFC (Pan-European Forest Certification), FSC (Forest Stewardship Council) and CoC (Chain of Custody) certification. PEFC is a warranty that the forest providing the wood for the paper manufacture is sustainably managed. FSC proves that the entire process of reclamation and paper production is managed according to the principles and standards of sustainable development. A prerequisite for being granted both the aforementioned certificates is the CoC certificate which attests adequate management in all phases of the production process. The assessment of all certificates is performed by independent institutions.

We have used male form of address throughout this report for the purpose of simplification. Of course, this form includes all of our male and female stakeholders.

We would like to remind the readers of this Sustainable Development Report produced by the Luka Koper Group that its contents cannot be the basis for business decisions. These are the responsibility of every single individual involved and such should be based on their own knowledge of circumstances and information. If necessary, the individual should seek expert assistance from a financial analyst.

Luka Koper Group Sustainable Development Report is the first of its kind produced by the Luka Koper Group. It has been an attempt to encompass all relevant data and information in relation to all those who are involved in or concerned with the operations of the Port of Koper. News updates and interesting facts may be found at the www.zivetispristaniscem.si website. Further information is also available from the staff responsible for particular areas and sectors of the Luka Koper Group's operation.

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