



2017

SUSTAINABILITY REPORT

THE LUKA KOPER GROUP

AND LUKA KOPER, D. D.

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INTRODUCTION

When managing the port, we are thinking of future generations who will be living, creating and growing up at the coast. Luka Koper is committed to sustainable development, which serves as guarantee for its future development to be employee-, local population- and natural environment-friendly.

1 On Sustainability Report

1.1 Non-financial statement

The Sustainability Report of the Luka Koper Group fulfils all the conditions defining the publication of the non-financial statement. In line with the amendments to the Companies Act (ZGD-1J, Official Gazette of the Republic of Slovenia, 15/2017, 31 Dec 2017), the Sustainability Report for 2017 takes into account the requirement to publish a non-financial statement as set out in amendments to articles 56, 57, 60a and 70c of ZGD-1J. The said amendments to ZGD-1J also comply with the requirements of the Guidelines on non-financial reporting (methodology for reporting non-financial information), which were adopted and published in the Official Journal of the European Union in July 2017, and follow the provisions of the Directive on disclosure of non-financial and diversity information by certain large undertakings and groups.

1.2 Sustainability report according to international standards of sustainability reporting¹

A separate Sustainability Report of the Luka Koper Group is a major milestone on the path of reporting on sustainable development, this being the first report for which the Luka Koper Group fully followed the Global Reporting Initiative Standards (GRI), thus enriching the previous sustainability reports in the framework of annual reports and EMAS-based environmental reports. The report has been devised at the basic level of reporting. In devising the report and defining the essential content, we used all six GRI standards:

¹ GRI GS 102-46, 102-48, 102-49, 102-54

- GRI 101: we took into consideration the Reporting Principles for defining report content and report quality.
- GRI 102: we reported on the organization and its sustainability reporting practices, the organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process.
- GRI 103: we used the management approach to reporting of how the organization manages the materials topics that are covered by topic-specific standards GRI 200, 300 and 400.
- GRI 200, 300 and 400: we used indicators for reporting on the organization's impacts on economic, environmental and social issues.

Reporting refers to the Luka Koper Group. For certain issues that have not yet been implemented for the entire group, it is stated specifically to which company or companies of the Luka Koper Group they apply.

1.3 Reporting periods²

The Luka Koper Group has been reporting on sustainable development on an annual basis since 2000. The last sustainability report was devised for 2016 and published in March 2017 in the framework of the Annual Report for 2016. In the spirit of commitment of Luka Koper to sustainable development, the Luka Koper Group will be upgrading the contents of the sustainability report on an annual basis.

The Luka Koper Group reports on sustainable development indicators for the calendar year 2017.

1.4 Contact point³

Sustainability report of the Luka Koper Group for the year 2017 is available at:	https://luka-kp.si/eng/annual-reports
Additional information on sustainability activities is available at:	www.zivetispristaniscem.si  Živeti s pristaniščem
Contact person for information on the Sustainability report	T: +386 5 665 61 00 E: zsp@luka-kp.si

² GRI GS 102-50, 102-51, 102-52

³ GRI GS 102-53

1.5 How to approach the Sustainability Report

The first chapters of the Sustainability Report provide background information on this report and on the Luka Koper Group, putting the Group in a wider sustainable framework and presenting its management of sustainable development. Regardless of previously identified essential aspects, in subsequent sections the Luka Koper Group reports on its operations in important areas of sustainable development in 2017. The GRI indicator number in the footer connects GRI indicators with the text.

1.6 Verification of Sustainability Report⁴

Based on the offers obtained, the Sustainability Report of the Luka Koper Group for 2017 was submitted for external assurance of reporting on the basis of GRI standards to the Slovenian Institute of Quality and Metrology (SIQ). A declaration on external review of reporting on the basis of GRI standards is annexed to the Sustainability Report.

⁴ GRI GS 102-56

2 Address by the President of the Management Board⁵

Dear business partners, shareholders, fellow workers and other stakeholders,

The assets, knowledge and willingness we invested into 2017 have resulted in abundant returns, crediting us with record operational results. We believe that this is also due to our commitment to sustainable development.

The port is surrounded by residents on two sides, and by natural environment of special importance (Natura 2000) on one side, whereas its external face is embraced by the vulnerable marine ecosystem. We therefore have a wide understanding of sustainable development, whenever possible even wider than required by law. Being integrated in the local environment while also hoping to maintain high competitive advantage, we have been constantly striving to introduce the widest range possible of modern sustainable solutions, and to live and develop in harmony with the people and nature surrounding us.

When devising this Sustainability Report, we were following the Global Reporting Initiative Global Standards for the first time, which is a new step towards transparent reporting on corporate social responsibility and sustainable development.

The port is everybody working there, and therefore living off and with it. In the first place, it is employees, the permanent capital of our company, which is why we keep fostering their knowledge and skills, either through knowledge transfer within the company or externally provided training courses. Wishing to ensure a safe and stimulating working environment for all employees, we see that they have targeted career development, while also paying supplementary pension insurance, encouraging them to take part in sports and taking care of their health. Solidarity is given as an example and encouraged: blood donors are given an additional free day to give blood in addition to the one prescribed by law.

Slowly but steadily, our staff is growing as is the scope of our port services, since we wish to maintain high productivity in the Company, and thereby ensure for our services to remain highly competitive. In each of the past three years we employed over 50 new members of staff who are welcomed and trained in compliance with our Human Resources Management Strategy. For a number of years, sparks have been flying regarding the acceptability, sustainability and mode of hiring external port service providers, who contribute to the element of flexibility in virtually all cargo ports in the world. A new strategy is expected to be adopted in 2018 to regulate the area.

⁵ GRI GS 102-14, 102-1, 102-2, 102-3

Special attention has been paid to occupational safety, an issue to which we invest considerable resources and seek all the solutions available to reduce the number of serious injuries in the port that is always full, to zero. Two serious injuries were recorded in 2017, of which one was fatal. Having thoroughly examined the case, we will continue our efforts to negate the risk of injury at work sites.

There is no industry in the Port of Koper, although ports in general have it more often than not, but nevertheless, we are well aware that the port activity inevitably affects the environment in other ways. Perceived effects are therefore monitored, measured and reduced appropriately at source. In environmental terms, our view is also focusing on the future. Along these lines, the Environmental strategy until 2030 was adopted last year, identifying and defining the major challenges and opportunities of the Port of Koper as a green port. For 2017, one of the major environmental challenges was the noise dispersing in the direction of the Koper old town. This is a consequence of ever larger boats arriving to the port and the port basins being busy, which forces us to tie ships at spots available, which are closer to the town centre. We have devised an improvement programme for reducing noise levels and already implemented some measures in 2017, and will seek to implement more than 30 related innovative ideas in 2018. Consumption of energy products remained at the same level as two years ago. However, based on our fondness for sustainable mobility and environmentally friendly technologies we installed the first chargers for electric cars to be used by employees, business customers and future business vehicles.

Despite the increase in throughput and considerable scope of construction works in the port, we have managed to reduce dust emissions, and there has been no sea pollution in the port aquatorium. The data from measuring stations in the port on air quality, noise level and the state of the sea has for the past 10 years been published in real time on the sustainable development web portal of Luka Koper, Living Koper port. This portal is a direct source of information that is most relevant to local residents and the wider community. In addition, once a year the port widely opens the door on the occasion of the Port Day for over 3,000 visitors to see with their own eyes that the port is a neat, clean and green environment in which also the Port olive trees bear well each year.

Opinion of the surrounding public is also checked annually by means of an extensive telephone survey in municipalities of Koper and Ankaran, attracting the response of a representative sample. Support for the Port's development projects was also high in 2017, with as many as 70 percent of the local population having a positive attitude. In order for communication between the port and the two municipalities to be constructive in all directions, we have formed a working group - first with the municipality of Koper. In 2017, its members met several times to discuss current issues. In 2018, we will again address the municipality of Ankaran with the same initiative.

Being placed in immediate vicinity of residential areas and the Natura 2000 area (Škocjanski zatok), we have a starting point for collaborations in numerous areas outside our basic activity. We invest responsibly in the environment beyond the borders of the port, supporting projects, associations and individuals working in all areas of human engagement. Last year when the company adopted a sponsorship and donation strategy, more than EUR 600 thousand of funds available for sponsorships and donations was allocated to such projects, mainly to athletes.

To conclude the idea that in 2017 we ploughed well and reaped generously, nothing of this would have happened were it not for the pioneers who established the predecessor of the Port of Koper on 23 May 1957. For us, 2017 was a jubilee year, the Port of Koper celebrating its 60th anniversary of operations, which was commemorated in more than 15 special events, activities and products. Deserving special mention are the Port day featuring and extensive programme, a Collection of memories and thoughts on the port, and the first documentary film on the port which was made independently of the Company by the national television. This is to ensure for a piece of history as well as all innovative ideas and realised plans to remain for future generations, written in eternity.

Dimitrij Zadel

President of the Management Board of Luka Koper, d. d.

3 Presentation of the Luka Koper Group.⁶

THE PORT OF KOPER

- The only multi-purpose port in Slovenia*
- Its activity influences the development of the region, Slovenian economy, and logistics in this part of Europe*
- Comprises an integrated marine and coastal area of activities related to cargo port services and passenger services*

The basic port activities are throughput and warehousing of a variety of goods. They are supplemented by a range of services on goods and other services providing customers with a comprehensive logistic support. Luka Koper, d. d. has an ambitious objective to meet the needs of its customers, company owners as well as company employees. By implementing the development policy of the port, Luka Koper is reinforcing its competitive advantage.

Companies of the Luka Koper Group perform their activity in the territory of the Republic of Slovenia.

⁶ GRI GS 102-2, 102-4, 102-6

3.1 Company profile of Luka Koper, d. d. as at 26 April 2018⁷

Company name	LUKA KOPER, pristaniški in logistični sistem, delniška družba
Trade name	Luka Koper, d. d.
Registered office	Koper
Business Address	Koper, Vojkovo nabrežje 38, 6000 Koper-Capodistria
Legal form of organisation	Public limited company
	Telephone: 00 386 (0)5 66 56 100, Fax: 00 386 (0)5 63 95 020
	E-mail: portkoper@luka-kp.si
	Website: www.luka-kp.si
	Sustainable development website: http://www.zivetispristaniscem.si
Entry in the court register of	District Court of Koper under the entry number 066/10032200
Company registration number:	5144353000
ID for VAT:	SI 89190033
Share capital	EUR 58,420,964.78
Number of shares	14,000,000 ordinary no-par value shares
Share listing	Ljubljana Stock Exchange, first listing
Share ticket symbol	LKPG
President of the Management Board	Dimitrij Zadel
Member of the Management Board	Metod Podkrižnik
Member of the Management Board	Irma Gubanec
Member of the Management Board - Workers Director	Vojko Rotar
Chair of the Supervisory Board	Uroš Ilić
Core activity of the company	Seaport and logistics system service provider
Activities performed by the Luka Koper Group	Various service activities
Area of activity	Slovenia

⁷ GRI GS 102-1, 102-3, 102-4, 102-5

3.2 Ownership and legal form⁸

Luka Koper is a public limited company. The Company's share capital is divided into 14,000,000 ordinary no-par value shares. The Luka Koper, d. d. share with the LKPG ticket symbol has been listed on the Ljubljana Stock Exchange since 20 November 1996 and is included in SBI TOP and SBI20 indexes.

As at 31 December 2017, 9,993 shareholders were entered in the shareholder register. Republic of Slovenia remains the major shareholder of the company.

3.2.1 Ten major shareholders as at 31 December

Shareholder	Number of shares as at 31 Dec 2017	Ownership share 2017 (in %)	Number of shares as at 31 Dec 2016	Ownership share 2016 (in %)
Republic of Slovenia	7,140,000	51.00%	7,140,000	51.00%
Slovenski državni holding, d. d.	1,557,857	11.13%	1,557,857	11.13%
Kapitalska družba, d. d.	696,579	4.98%	696,579	4.98%
Municipality of Koper	439,159	3.14%	439,159	3.14%
Citibank N.A. – fiduciary account	215,937	1.54%	0	0.00%
Aktsiaselts Trigon Asset Management	161,384	1.15%	0	0.00%
Hrvatska poštanska banka, d. d.	129,582	0.93%	129,582	0.93%
Zavarovalnica Triglav	113,568	0.81%	104,756	0.75%
Sei Global Investments Fund plc	102,392	0.73%	102,392	0.73%
Utilico Emerging Markets Limited	98,400	0.70%	0	0.00%
Total	10,654,858	76.11%	10,170,325	72.65%

3.2.2 Ownership structure of Luka Koper, d. d. as at 31 December

Shareholder	Number of shares as at 31 Dec 2017	Ownership share 2017 (in %)	Number of shares as at 31 Dec 2016	Ownership share 2016 (in %)
Republic of Slovenia	7,140,000	51.00%	7,140,000	51.00%
Natural persons	2,213,981	15.81%	2,254,503	16.10%
Slovenski državni holding, d. d.	1,557,857	11.13%	1,557,857	11.13%
Foreign legal entities	1,283,133	9.17%	847,891	6.06%
Kapitalska družba, d. d.	696,579	4.98%	696,579	4.98%
Other legal entities	480,468	3.43%	879,582	6.28%
Municipality of Koper	439,159	3.14%	439,159	3.14%
Mutual and pension funds	118,246	0.84%	123,501	0.88%
Brokerage companies	32,454	0.23%	29,961	0.21%
Banks	28,572	0.20%	25,374	0.18%
Foreign banks	9,551	0.07%	5,593	0.04%
Total	14,000,000	100.00%	14,000,000	100.00%

⁸ GRI GS 102-1, 102-5

3.3 Composition of the Luka Koper Group

The Luka Koper Group as at 31 December 2017

- Luka Koper, d. d.
- Subsidiaries
 - Luka Koper INPO, d. o. o., 100%
 - Adria Terminali, d. o. o., 100%
 - Luka Koper Pristan, d. o. o., 100%
 - Logis Nova, d. o. o., 100%
 - Adria Investicije, d. o. o., 100%
 - TOC, d. o. o., 68.13%

Associated companies

- Adria Transport, d. o. o., 50%
- Adria-Tow, d. o. o., 50%
- Adriaфин, d. o. o., 50%
- Avtoservis, d. o. o., 49%

3.4 Inclusion in the Consolidated financial statements⁹

The consolidated financial statements of the Luka Koper Group for the year ended 31 December 2017 consist of the financial statements of the controlling company Luka Koper d. d., its subsidiaries, as well as attributable profits or losses of associates and jointly controlled entities.

Subsidiaries included in the consolidated financial statements:

- Luka Koper INPO, d. o. o., 100%
- Adria Terminali, d. o. o., 100%
- Luka Koper Pristan, d. o. o., 100%
- TOC, d. o. o., 68.13%

Associates included in the consolidated financial statements:

- Adria Transport, d. o. o., 50%
- Adria-Tow, d. o. o., 50%
- Adriaфин, d. o. o., 50%

⁹ GRI GS 102-45

- Avtoservis, d. o. o., 49%

Companies excluded from the consolidated financial statements as at 31 December 2017:

- Logis Nova, d. o. o., 100%
- Adria Investicije, d. o. o., 100%

The companies Adria Investicije, d. o. o. and Logis Nova, d. o. o. were not included in the consolidated financial statements as they operate in a limited scope and are not considered significant for a fair presentation of the Group's financial position.

The Sustainability Report includes all companies included in the Consolidated financial statements, each of them in the contents pertaining to their operation. Reporting levels are defined for each section in the GRI index.

3.5 Activities of the Luka Koper Group¹⁰

Luka Koper, the only Slovenian multipurpose port is located in the Coastal - Karst region, one of the smallest yet one of the most economically developed regions in Slovenia. Its activity influences the development of the region, Slovenian economy, and logistics in this part of Europe. It comprises an integrated marine and coastal area of activities related to cargo port services and passenger services.

The basic port activities are throughput and warehousing of a variety of goods. They are supplemented by a range of services on goods and other services providing customers with a comprehensive logistic support. Luka Koper, d. d. has an ambitious objective to meet the needs of its customers, company owners as well as company employees. By implementing the development policy of the port, Luka Koper is reinforcing its competitive advantage. The port is an entry point to the European Union and has the status of a type I free zone. Luka Koper, d. d. also has the status of an authorised economic operator, and the AEO certificate confirms that the duty free zone is a safe area with the lowest risk for goods transported through the Port of Koper. Security in the port is provided in compliance with the International Ship and Port Facility Security Code (ISPS CODE). The port is integrated into the international exchange of goods and international operations.

Concession Agreement

In 2008, Luka Koper, d. d. concluded with the State the Concession Agreement for the performance of port activity, management, development and regular maintenance of the port infrastructure in the area of the Koper cargo port. The Concession Agreement was

¹⁰ GRI GS 102-2, 102-6

concluded for a period of 35 years, as stipulated by the Maritime Code. The agreed concession fee amounts to 3.5% of the sales revenue of the company, excluding the revenue from port fees. The concession fee also includes the water right, water charges and other duties related to the use of the sea belonging to the Republic of Slovenia. Luka Koper, d. d. pays the total concession fee to the Republic of Slovenia, which then allocates half of the amount to the two local communities, the Municipality of Koper and since 1 January 2015 also to the Municipality of Ankaran.

Public utility service of regular maintenance of the port infrastructure intended for public transport

In line with the Concession Agreement for the performance of port activity, management, development and regular maintenance of the port infrastructure in the area of the Koper cargo port, Luka Koper, d. d. performs the services of general economic interest relating to the maintenance of the port infrastructure intended for public transport, including:

- Current repairs and maintenance,
- Large-scale maintenance,
- Regular maintenance of the aquatorium.

For purposes of reports within the public utility service of collecting waste from vessels, the Company, based on provisions of the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act has taken into account the principles of cost accounting and criteria of separate bookkeeping. In 2017, the Company reviewed the criteria and proposed a change thereof. The change of criteria was adopted by the supervisory body of Luka Koper, d. d., in March 2018. Relevance of criteria and regularity of use were verified by the approved auditor BDO Revizija, d. o. o., by issuing a written opinion on 13 April 2018.

Public utility service of collecting waste from vessels in the Koper port area

The public utility service of collecting waste from vessels in the Koper port area is being performed in line with the Decree on the method, subject and conditions for the provision of national public utility service of collecting waste from vessels (Official Gazette of the Republic of Slovenia, No. 59/2005), and the Decree on port reception facilities for ship-generated waste and cargo residues (Official Gazette of the Republic of Slovenia, No. 78/2008 and 12/2017). These services comprise regular reception of ship-generated waste and cargo residues, installation of port facilities for reception of ship-generated waste and cargo residues in accordance with regulations governing port reception facilities, receipt of messages about intended delivery of ship-generated waste and cargo residues, separate collection, sorting and storage of accepted waste and cargo residues by using port reception facilities, delivery for processing with a view of re-use, recycling or disposal of processing residues in accordance with environmental protection regulations governing waste management, and informing the public and users about the manner of delivering waste and cargo residues. For purposes of reporting on the performance of the public utility service of collecting waste from vessels, the Company, based on provisions of the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act has

taken into account the principles of cost accounting and criteria of separate bookkeeping. In 2017, the Company devised the criteria which were adopted by the supervisory body of Luka Koper, d. d. in March 2018. Relevance of criteria and regularity of use were verified by the approved auditor BDO Revizija, d. o. o., by issuing a written opinion on 13 April 2018.

Until 31 December 2016, the Company was performing the public utility service of collecting waste from vessels through its subsidiary Luka Koper INPO, d. o. o., which acted as its performance assistant, performing the service being authorised by the parent company as operator of the Port of Koper. After the concession Agreement was concluded between the Republic of Slovenia and Luka Koper, d. d. in 2008, Luka Koper INPO, d. o. o., was performing services on the basis of a new contract. Luka Koper INPO, d. o. o., is fully controlled by Luka Koper, d. d., and the companies are considered to form a single economic unit based on the settled case law of the European Court of Justice. As at 1 January 2017, the companies signed an annex to the agreement stipulating, among others, that as at 1 January 2017, Luka Koper INPO, d. o. o., as the performance assistant shall perform the public utility service of collecting waste from vessels in the Koper port area in the name and for the account of Luka Koper, d. d.

Port and logistic activities

The core port activity of throughput and warehousing is carried out at twelve specialised port terminals. The terminals are organised according to the goods/cargo they receive:

General cargo terminal,
Timber terminal,
Reefer cargo terminal,
Animal terminal,
Container terminal,
Car and RO-RO terminal,
Liquid cargo terminal,
Bulk cargo terminal,
Dry bulk terminal,
Alumina terminal,
Silo terminal,
Passenger terminal.



Each terminal has its own characteristics depending on its goods-specific work process, technological procedures and technology. The terminals are organised in six profit centres. Luka Koper offers its customers a wide range of additional services in order to increase the value of goods. A detailed description of terminals is available on the website <https://luka-kp.si/eng/terminals>.

The port area consists of 274 hectares of land, with 50.7 hectares of warehouses and 109 hectares of open-air storage areas. We provide 28 berths located on 3,282 metres of the shoreline along 179 hectares of the sea. In terms of logistic activities, our services include:

- Management of the port area,
- Services provided by the collection and distribution centre for all types of cargo,
- Services on goods (sorting, palletising, sampling, protection, labelling, weighing, cleaning and other services), which are regularly improved in line with the development of the transport industry and the needs of our clients,
- Integrated logistics solutions.

The services of individual terminals are supplemented by the companies Luka Koper INPO, d. o. o., Adria-Tow, d. o. o., and Adria Transport, d. o. o., which enables us to quickly respond to the customers' needs. Luka Koper INPO, d. o. o., performs services relating to port infrastructure maintenance, vehicle weighing and truck terminal management services, maritime services relating to berthing and sea protection, outdoor cleaning and landscaping services, services relating to collection, processing and management of waste, and other support services for the needs of the parent company and other users. Adria-Tow, d. o. o. provides vessel towing services, ship supply services, as well as sea rescue and vessel assistance at the port. Adria Transport, d. o. o. is in charge of setting up an efficient logistic route between the Port of Koper and its hinterland. It ensures a greater volume of railway transport, both in and out of the port.

Other activities

In addition to the core activity, i.e. the port activity, the Luka Koper Group provides a variety of supporting activities.

Support services

Luka Koper INPO, d. o. o., specialises in providing support services relating to maintenance and public utility services. In its operations, the company remains true to its original mission, which in addition to successful commercial operation is the employment and training of disabled persons. Therefore, the company mostly introduces and develops business programmes that are both commercially attractive and manageable for disabled persons considering their working abilities. The company has obtained the ISO 9001 certificate, guaranteeing the highest quality of its services, and the ISO 14001 certificate to prove its responsibility to the environment.

After the adoption of the Development strategy of Luka Koper INPO, d. o. o. for the period 2016-2020, according to which the company maintains the status of a 'disability company' with more than 50% of disabled persons employed, the company has obtained the right to use the collective trade mark and the service mark of a disability company.

Hospitality

Luka Koper Pristan, d. o. o. offers hotel industry, accommodation, catering and congress services, and organises a variety of events in the Garni Hotel Pristan. The company also manages an accommodation facility in Prisoje.

Quality control

TOC, tehnološko okoljski in logistični center, d. o. o. is a market-oriented company that provides services in the field of technological and ecology research and analytical laboratory services. The core activity of the company is provision of laboratory services in the field of quality control of petroleum products, pure chemicals and gases. In recent years, the company has extended its services to the microbiological and chemical tests of water. In 2010, the company obtained the certificate SIST EN ISO/IEC 17025, which has been renewed on a regular basis and upgraded by new accredited test methods. The certificate of golden credit rating excellence awarded to the company in the years 2015 and 2016 is an evidence and indicator of successful performance of the company.

Hinterland logistic activity

Sežana

Luka Koper, d. d. owns the following in Sežana:

- Property in the area of the operational terminal managed by Adria Terminali, d. o. o. (wholly-owned by Luka Koper, d. d.),
- Property in the immediate vicinity of the operational terminal, which is not used.

Adria Terminali, d. o. o. manages the hinterland logistics terminal in Sežana. Its operation focuses on the throughput and warehousing of various kinds of goods, particularly general cargoes with iron products and wood pellets as well as collective and conventional throughput in container transport. Well-connected to the railway and road infrastructure, the terminal comprises nearly 50,000 m² of storage facilities and boasts state-of-the-art machinery for handling goods. As a land terminal manager, the company endeavours to attract goods flows in the inland transport from Central and East European markets.

Adria Investicije, d. o. o., a company registered to perform trade, agency, service and traffic activities, actually rents and operates own property. In 2017, the company performed no other activity.

Prekmurje

In 2008, the company Logis Nova, d. o. o. was established for the purpose of the acquisition of land in the area of the originally planned logistics centre in the municipality of Beltinci. The purpose of its establishment was to implement the transaction of purchasing agricultural land in cadastral communities Lipovci and Bratovci for the construction of the Pannonia regional logistics centre in the Municipality of Beltinci for the needs of Luka Koper,

d. d. and based on its plans. Since the project of constructing the logistic centre already was terminated and limited to the completion of the purchase of land already in 2009, the company has since been solely performing agricultural activities, i.e. lease of agricultural land. The company has the status of an agricultural organization. In June 2014, all the procedures relating to the capital increase by contributions in land were completed by the entry into the court register. All the planned procedures for purchasing agricultural land were carried out and the ownership consolidation implemented. Since then, Luka Koper, d. d. has been the 100% owner of the company. The company has 64.9ha of land, of which all the agricultural land has been cultivated since the project for a logistics centre came to a standstill.

In late October 2016, a contract was concluded on the basis of a tender, under which the entire complex, with the exception of 1 ha of land in co-ownership, was awarded to the best bidder as at 1 January 2017 for a long-term lease until the end of 2020.

3.6 Markets¹¹

The Port of Koper performs its core port activity of throughput and warehousing for its hinterland. The Slovenian market amounts to less than a third of total throughput which has been increasing from year to year, in particular in the tradition and most important hinterland markets of Austria, Hungary, Slovakia, the Czech Republic, Italy, and also Croatia, Serbia and Romania. In recent years, the Company has recorded a significant increase in cargo throughput for markets of Germany and Poland. The Port of Koper also offers its services to overseas markets, where marketing and promotional activities present the port as the ideal entry and exit point for the mentioned hinterland markets. Regular activities are mainly performed in countries of the Mediterranean, and the Middle and Far East.

3.7 Organisational changes¹²

Bankruptcy proceedings against the associated company Golf Istra - v stečaju, d. o. o., 20%, ended on 6 January 2017 (having been initiated on 9 October 2014). As at this date, the company was deleted from the register of business entities.

In 2017, there were no changes to subsidiaries of the Luka Koper Group.

3.8 Organisation structure¹³

Committees and boards

Risk management committee - a body composed of responsible and competent persons and carrying out activities of the risk management process by helping risk administrators

¹¹ GRI GS 102-6

¹² GRI GS 102-10

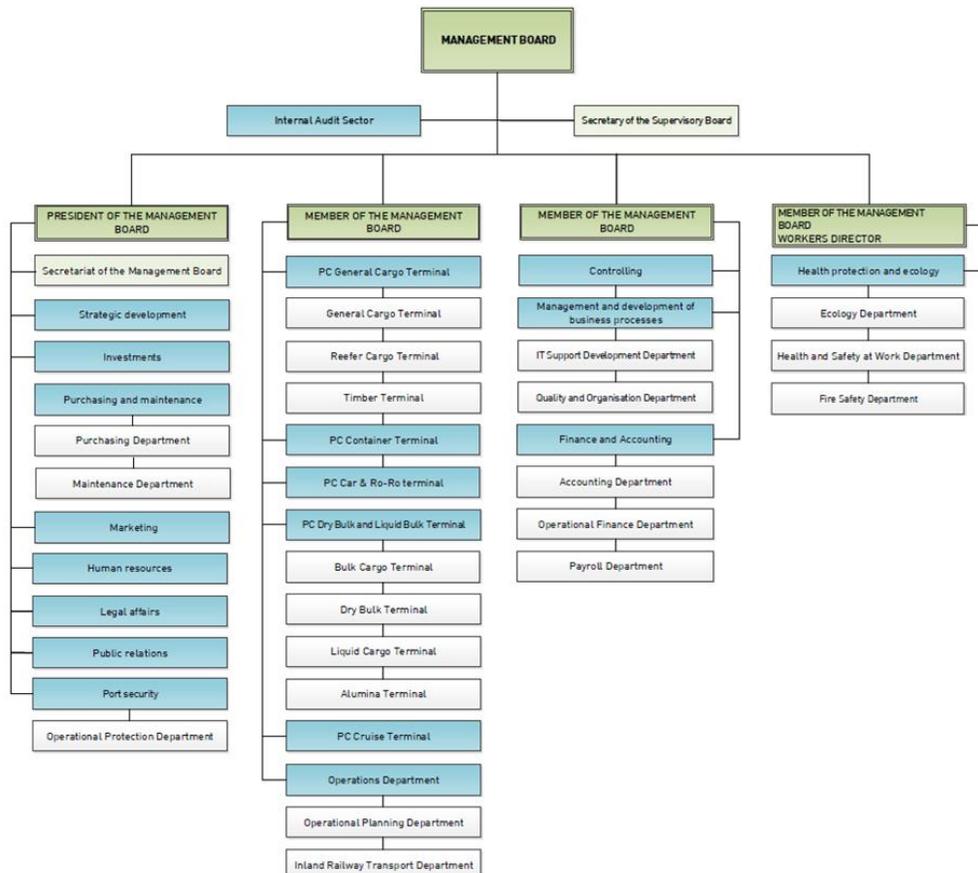
¹³ GRI GS 102-18

identify, describe and assess risks and supporting the preparation of proposals for the implementation of risk management measures. The Committee has no decision-making powers.

Project committees – a supervisory body appointed by the Management Board to exercise control over a project. Its responsibilities include ensuring project implementation by reviewing the status of the project, providing approvals to all discrepancies in individual project phases, and confirm conclusions of all project phases. It is composed of persons responsible who are of crucial importance for the success and the realization of project objectives (President of the project committee), and persons responsible who are users of project results (member of the project committee).

Quality teams - a form of team activity ensuring the implementation of management system objectives in the organisational unit. An organizational unit (or several units together) sets up a quality team to ensure periodic review of the effectiveness and efficiency of own operation considering all aspect of the management system.

Organisation chart of Luka Koper, d. d.



3.9 The Management Board of Luka Koper d. d.¹⁴

The work of the Management Board is governed by statutory regulations, the Articles of Association and the Rules of Procedure on the work of the Management Board, the Management Code for publicly traded companies, Corporate Governance Code for Companies with Capital Assets of the State, and Recommendations and expectation of the Slovenian Sovereign Holding. Pursuant to the Companies Act and the Articles of Association, the Management Board manages and represents the company.

3.9.1 Composition of the Management Board

The Management Board of Luka Koper, d. d. worked in the following composition until 28 December 2017:

- Dragomir Matić, President of the Management Board, appointed on 23 May 2014 for a period of five years, assumed office on 10 June 2014,
- Andraž Novak, member of the Management Board, beginning of a 5-year term of office: 10 June 2014,
- Irena Vincek, member of the Management Board, beginning of a 5-year term of office: 21 August 2015,
- Stojan Čepar, Workers Director, beginning of a 5-year term of office: 30 November 2015.

At its regular session on 29 December 2017, the Supervisory Board removed Dragomir Matić from his position of President of the Management Board, and Irena Vincek and Andraž Novak from their positions of members of the Management Board. To fill these positions, it appointed for a term of five years Dimitrij Zadel as President of the Management Board, Irma Gubanec as member of the Management Board in charge of Finance and Accounting and Metod Podkrižnik as member of the Management Board.

As at 31 December 2017, the Management Board of Luka Koper, d. d. consisted of:

- Dimitrij Zadel, President of the Management Board, beginning of a 5-year term of office: 29 December 2017,
- Metod Podkrižnik, member of the Management Board, beginning of a 5-year term of office: 29 December 2017,
- Irma Gubanec, member of the Management Board, beginning of a 5-year term of office: 29 December 2017,
- Stojan Čepar, Workers Director, beginning of a 5-year term of office: 30 November 2015.

¹⁴ GRI GS 102-22, 405-1

At its regular session on 16 February 2018, the Supervisory Board concluded a consensual termination of the contract on management operations with Stojan Čepar, whose term of office as member of the Management Board – Workers Director thus expired on the same day. Based on a proposal of the Workers' Council, the Supervisory Board appointed Vojko Rotar to fill this position.

As at 16 February 2018, the Management Board of Luka Koper, d. d. consisted of:

- Dimitrij Zadel, President of the Management Board, beginning of a 5-year term of office: 29 December 2017,
- Metod Podkrižnik, member of the Management Board, beginning of a 5-year term of office: 29 December 2017,
- Irma Gubanec, member of the Management Board, beginning of a 5-year term of office: 29 December 2017,
- Vojko Rotar, Workers Director, beginning of a 5-year term of office: 16 February 2018.

Presentation of members of the Management Board is also available at <https://luka-kp.si/eng/management>.

3.9.2 Members of the Management Board¹⁵

- **Dimitrij Zadel**

President of the Management Board:

Dimitrij Zadel, born 29 September 2017, graduated in mechanical engineering and subsequently expanded his expertise in business abroad. He began his career in the product development department of Lama, a producer of furniture fittings. Between 1994 and 2003, he occupied key positions in the company Trgoavto d. o. o. As a commercial vehicle sales manager, he was responsible for the IVECO sales and service centre. Between 2001 and 2003, after being promoted to director general, he was in charge of the company's restructuring and modernisation, aimed at increasing the company's sales volumes and achieving its business optimisation. In 2003, he sought new career challenges in the OMV Group. He was director of OMV Slovenija, d. o. o. and, in line with the Group's strategy, also in charge of restructuring and reorganisation of OMV subsidiaries in Croatia, Bosnia-Herzegovina and Italy, in preparation for their planned disposal. Between 2013 and -2017, while performing the function of director and retail manager of OMV companies in the Czech Republic and Slovakia, he introduced important measures aimed at improving the companies' performance. Following the decision of the company's Supervisory Board, he commenced his five-year term of office in Luka Koper, d. d. on 29 December 2017.

¹⁵ GRI GS 405-1

- **Metod Podkrižnik**

Member of the Management Board

Metod Podkrižnik, born 23 March 1971, graduated in mechanical engineering and obtained a Master's Degree in economics. He began his career in Gorenje d. d. where he was in charge of the interior furnishings production line. Between 1999 and 2006, he was employed with the Agency of the Republic of Slovenia for Commodity Reserves, where he was responsible for a project aimed at establishing 90-day oil-product reserves in Slovenia and for their efficient maintenance. Between 2006 and 2008 he worked as deputy general manager at Holding Slovenske elektrarne (the state-owned power-generation company), where he managed the development department and performed other executive functions aimed at improving the holding's performance, including risk management. Between 2008 and 2015, he continued his business career at the OMV Group, where he was in charge of product supplies, sales, customer support, logistics and other key business functions in the Group's subsidiaries in Slovenia, Bosnia and Herzegovina, Croatia, Hungary, the Czech Republic and Slovakia. During his employment with OMV, he was appointed procurator in several of the group's subsidiaries and performed the function of director general at OMV Slovakia for two and a half years. In 2016, he joined the logistics company Fersped d. o. o. as company director. Following the decision of the company's Supervisory Board, he commenced his five-year term of office in Luka Koper, d. d. on 29 December 2017.

- **Irma Gubanec**

Member of the Management Board

Irma Gubanec, born 14 July 1977, completed her master's studies in business policy and organisation at the Faculty of Economics, University of Ljubljana. She began her career as independent finance consultant at the Development Fund of the Republic of Slovenia, where she was subsequently promoted to director of the Finance Department. Between 1999 and 2000, she worked at the Ministry of Economic Affairs as state secretary responsible for assets and finance. She subsequently sought new career challenges in the company P&S Svetovanje in analyze as independent finance consultant in charge of company valuations and company mergers and acquisitions. Between 2001 and 2010, she held the position of deputy director general responsible for business economics at the national public broadcasting company RTV Slovenia, where she was responsible for finance, accounting, controlling and RTV subscription calculation. In 2010, she joined the media company Delo d. o. o., where she occupied several key positions. Between 2013 and 2017, she held the position of president of the management board and director general responsible for meeting the company's strategic targets, including the company's financial, personnel and business restructuring. Following the decision of the company's Supervisory Board, she commenced her five-year term of office in Luka Koper, d. d. on 29 December 2017.

- **Vojko Rotar**

Workers Director

Vojko Rotar, born 17 June 1976, graduated in economics. He began his career in 1995 in Avico, a freight forwarding company from Ljubljana, and continued to work in logistics, later also international trade until 2003. He gained a wealth of experience with respect to the port as a transit point where international trade flows are being transferred. His insight into the general economic environment and the subjects operating within it paved him the way to various positions in the field of media and communications, where he worked as editor, journalist, correspondent, photo-reporter and web reporter for several Slovenian media. In the last four years, he was in charge of public relations and marketing in the Marjetica Koper public corporation, while also nearing a number of areas related to the promotion of good environmental practices and cooperation with the local community. He commenced his five-year term of office in Luka Koper, d. d. as member of the Management Board - Workers Director on 16 February 2018, following the decision of the company's Supervisory Board,

Diversity of members of the Management Board by gender

	31 December 2017		
	Men	Women	Total
Number of members	3	1	4
Share	75%	25%	100%

Diversity of members of the Management Board by age

	31 December 2017			Total
	Up to 30 years	30 to 50 years	Over 50 years	
Number of members	0	3	1	4
Share	0%	75%	25%	100%

3.9.3 Management Board's work¹⁶

The Management Board autonomously directs the operations of the Company in its best interests, and assumes sole responsibility for its actions. It performs its work in accordance with the regulations, the Articles of Association and the binding decisions of the Company bodies.

The Company is represented by Members of the Management Board, who are in charge of the following areas:

Tasks of the President of the Management Board:

Secretariat of the Management Board (Adviser to the Board, Secretary of Bodies, Office of the Management Board),

Human resources,

¹⁶ GRI GS 102-23

Legal affairs,
Public relations,
Port security,
Investments,
Purchasing and maintenance,
Strategic development,
Marketing.

Tasks of a Member of the Management Board:

PC General Cargo Terminal,
PC Container Terminal,
PC Car & Ro-Ro terminal,
PC Bulk and Liquid Bulk Terminal,
PC Cruise Terminal,
Operations Department.

Tasks of a Member of the Management Board:

Finance and Accounting,
Controlling,
Management and development of business processes,
Entities in which Luka Koper, d. d., has a capital share or corporate rights.

Tasks of a Member of the Management Board - Workers Director:

Representation of interests of the employees relating to personnel and social issues,
Health protection and ecology,
Monitoring of observance and implementation of written agreements and cooperation in concluding agreements between employees and employers (participating agreement and other agreements).

All members of the Management Board

Internal Auditing,
Corporate integrity and operations compliance officer,
Cooperation with the Secretary of the Supervisory Board.

3.10 Supervisory Board of Luka Koper, d. d.¹⁷

The Supervisory Board of Luka Koper, d. d. consists of nine members. Six are elected by the General Meeting of Shareholders, and three from among employees are elected by the

¹⁷ GRI GS 102-22, 405-1

Workers' Council of the Company. The term of office of members of the Supervisory Board shall be four years.

As at 28 December 2017, the Supervisory Board was composed of: Rado Antolovič (Chairperson of the Supervisory Board), Uroš Ilić, MSc (Deputy Chairperson of the Supervisory Board), Andraž Lipolt, MSc (Member of the Supervisory Board), Milan Jelenc, MSc (Member of the Supervisory Board), Barbara Nose (Member of the Supervisory Board), Sabina Mozetič (Member of the Supervisory Board), Mladen Jovičić (Member of the Supervisory Board), Marko Grabljevec (Member of the Supervisory Board), and Rok Parovel (Member of the Supervisory Board).

At its regular meeting on 29 December 2017, the Supervisory Board appointed Uroš Ilić, MSc its Chairperson and Andraž Lipolt, MSc its Deputy Chairperson. Having been the Chairperson thus far, Rado Antolovič remains a member of the Supervisory Board.

As at 31 December 2017, the Supervisory Board was composed of:

Representatives of shareholders:

- Uroš Ilić, MSc, Chairperson of the Supervisory Board from 29 Dec 2017 onwards (until 29 Dec 2017: Deputy Chairperson of the Supervisory Board), beginning of a 4-year term of office: 1 July 2017 (28th General Meeting of Shareholders)
Employed: ODI o. p., d. o. o., Managing partner
Membership in other management or supervisory bodies: /
- Mag. Andraž Lipolt, Deputy Chairperson of the Supervisory Board, beginning of a 4-year term of office 1 July 2017 (28th General Meeting of Shareholders)
Employed: Petrol, d. d., Director of technical support
Membership in other management or supervisory bodies: /
- Rado Antolovič, member of the Supervisory Board, beginning of a 4-year term of office: 1 July 2017 (28th General Meeting of Shareholders)
Employed: Managing Director of P&O Maritime (DP World)
Membership in other management or supervisory bodies: Maritime Services Division, DP World, managing director; P&O Maritime, CEO; P&O Ports, CEO.
- Milan Jelenc, MSc, member of the Supervisory Board, beginning of a 4-year term of office: 1 July 2017 (28th General Meeting of Shareholders)
Employed: Adviser to Managing director of the Slovenian Railways
Membership in other management or supervisory bodies: Adriakombi, d. o. o., Chairperson of the Supervisory Board; CKTZ, d. d., member of the Supervisory Board
- Barbara Nose, member of the Supervisory Board, beginning of a 4-year term of office: 1 July 2017 (28th General Meeting of Shareholders)

Employed: Constantia plus, d. o. o., Managing Director / certified auditor

Membership in other management or supervisory bodies: /

- Sabina Mozetič, member of the Supervisory Board, representative of the Municipality of Koper, beginning of a 4-year term of office: 21 August 2015 (26th General Meeting of Shareholders).

Employed: Municipality of Koper, Director of municipal administration

Membership in other management or supervisory bodies: Member of the General Meeting of Rižanski vodovod Koper, d. o. o., Member of the Council of the Koper Health Centre

Representatives of the employees

- Mladen Jovičić, member of the Supervisory Board, beginning of a 4-year term of office: 8 April 2017.

Employed: Luka Koper, d. d., procurement and maintenance, storer in the central warehouse

- Marko Grabljevec, member of the Supervisory Board, beginning of a 4-year term of office: 18 January 2016.

Employed: Luka Koper, d. d., port security, operational manager

- Rok Parovel, member of the Supervisory Board, beginning of a 4-year term of office: 12 September 2016.

Employed: Luka Koper, d. d., PC Container terminal, controlling officer

External member of the Audit Committee of the Supervisory Board

- Mateja Kupšek, appointed for the period from 30 August 2017 until revoked.

Diversity of members of the Supervisory Board by gender

	31 December 2017		
	Men	Women	Total
Number of members	7	2	9
Share	78%	22%	100%

Diversity of members of the Supervisory Board by age

	31 December 2017			
	Up to 30 years	30 to 50 years	Over 50 years	Total
Number of members	0	4	5	9
Share	0%	44%	56%	100%

Supervisory Board Committees' work

In the first half of 2017, the Personnel Committee, the Audit Committee and the Committee for Infrastructure and Operations operated regularly within the Supervisory Board and all of them contributed positively to its operation. As the new Supervisory Board was formed on 14 July 2017, the Investment Committee and the Commission for organization and processes were established to replace the Committee for Infrastructure and Operations, and work alongside the Personnel Committee and the Audit Committee.

The composition and work of committees of the Supervisory Board are detailed in the Annual Report for 2017, section 6 Report of the Supervisory Board for 2017.

3.11 Risk management system in the Luka Koper Group

3.11.1 Risk management system in the Luka Koper Group

Risk management is a complex and uniformly determined process that enables the Group, together with other management processes, to increase the probability of achieving objectives. The 5-level methodology was worked out for the assessment of probability and consequences, and has not changed. Five dimensions are taken into account in the assessment of consequences, such as consequences for health and safety, financial consequences, and consequences for the environment, company's reputation and compliance. In accordance with the materiality level, risks are classified into five classes from irrelevant to very relevant. Risks included in the highest class of risks, i.e. significant or very important risks are the key risks for Luka Koper, d. d. and are presented in further sections of this report. Risk management system is connected to other management systems, ISO 9001, ISO 14001, ISO 22000, BS OHSAS and EMAS, which also cover risk control each in their field.

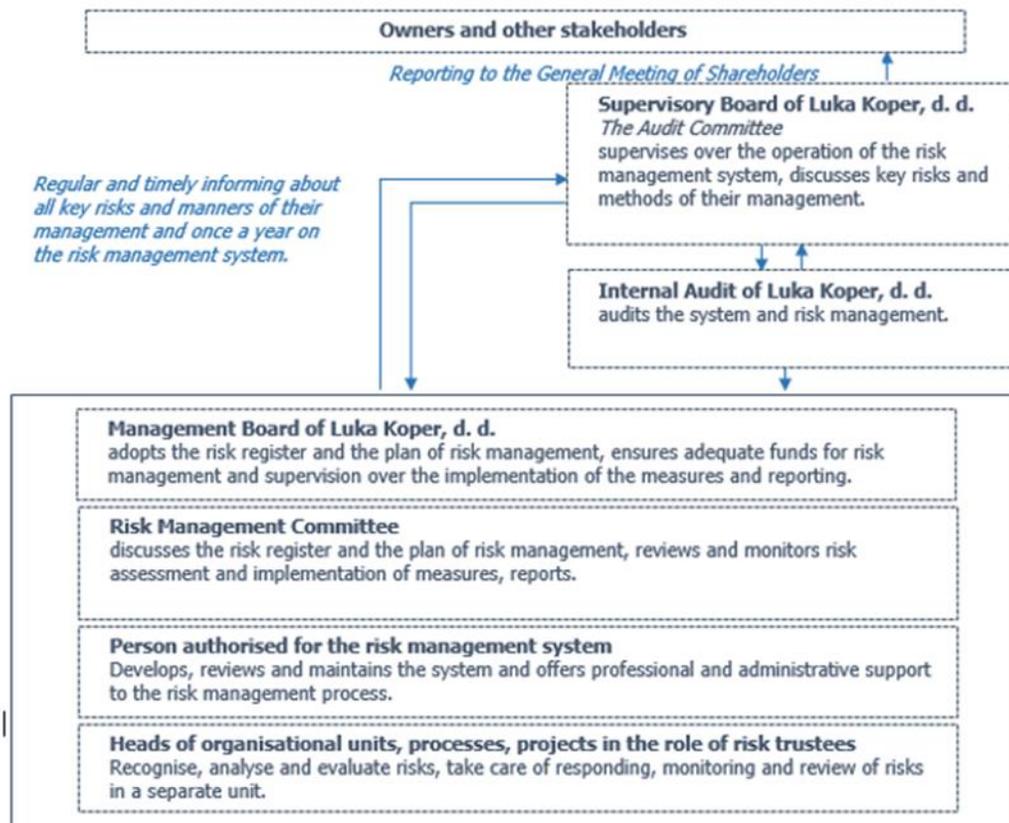
Internal controls are integrated into processes and defined in the management system documents based on job organisation and descriptions, as well as verification of process operation.

In scope of the risk management system, Luka Koper Group regularly monitors exposure to all the perceived risks and determines and implements the necessary measures to ensure acceptable level of operational risk. With regard to areas where weaknesses and deficiencies were identified, measures were developed to remedy them. At the end of 2017, based on assessment of the degree of maturity of the risk management system, it was found not to have achieved the target level; as a consequence, a plan of improvement measures will be devised in 2018 and begin to be implemented. The basis of the risk management system comprises a register of risks which contains a list of all identified risks, characteristics of particular risks, identified measures and persons responsible – administrators of individual risks. The Register is kept centrally at the level of the Luka

Koper Group in order to systematically monitor and analyse the risks; and is regularly updated; it was last updated in November 2017. The risk control committee met in regular monthly meetings, discussed changes in the risk register and reported on the implementation of measures.

Key roles and responsibilities within the risk control system, which compared to the previous year remained the same, are presented below:

3.11.2 Key roles and responsibilities within the risk management system



3.11.3 General risk assessment

At the end of 2017, the map of key risks of the Luka Koper Group changed due to risks associated with the business cooperation with port service providers, whereas other identified risks remain similar to those in the previous year. Key risks which the Group was faced with in 2017 and methods of controlling them are presented below. It is explained specifically in which cases the management of the Group's key risks was not effective. The Group, however, has adopted the necessary measures to remedy the identified significant

weaknesses and deficiencies, which will be carried out as part of the ongoing process of risk management.

3.11.4 Strategic risks

When compared to other ports, the efforts of Luka Koper to gain the competitive edge, depend greatly on the implementation of the strategic investment projects and the development of the hinterland infrastructure in line with the guidelines set out in strategic documents from 2015.

Key development projects that are faced with high risk due to lengthy processes of acquiring approvals and the possibility of lodging appeals, and are related to the increase in port capacities of two key cargo groups, containers and cars, are as follows: extension of Pier I, construction of the new RO-RO berth and arrangement of additional areas in the hinterland of the third basin and overhaul of entrances to the port that are currently restricting the flow capacity and causing discontent among other logistic partners and delays in local traffic. Luka Koper will be able to improve or maintain the competitive advantage only by ensuring new capacities as soon as possible, since competitive ports in northern Adriatic also have ambitious plans for the increase in capacities, and the implementation of investments is also a condition for optimal absorption of European funds. The Group manages the risks mentioned by active and constructive cooperation with the government bodies, local authorities and other institutions in obtaining adequate approvals, which will have to be further reinforced in 2018, since these efforts failed to bring the desired results in 2017, which has hindered the planned achievement of the Company's strategic goals until 2020. The risks associated with a lack of sludge disposal areas will be managed by the Group by seeking alternative solutions of handling the marine sediment and implementing a test field in 2018 for accelerated drainage of excavated marine sludge. Successful completion of development projects also depends on the support of the local population; which the Group verifies annually by means of surveys and opinion polls among the population of the municipalities Koper and Ankaran. The Group is satisfied with the results of the survey as 72% of respondents are familiar with the plans for expansion of the port, i.e. extension of tiers and construction of new storage areas, and around 70% of them agree with the plans. The prevailing grounds for opposition to the National spatial plan, like years ago, include excessive land use, environmental contamination, and a negative impact on tourism. The Group manages this risk with continual improvements and consistent pursuing of objectives of sustainable development in the field, and by adapting communication plans to the results of opinion polls on the support to the development plans of the port. Luka Koper also supports numerous projects, associations, and individuals by means of sponsorships and donations.

The Group still faces the risk of longer interruptions on the railway track to the port and the risk that the modernised capacities on the monorail will be barely sufficient to support the growth in the port turnover until 2020. In January, the Constitutional Court ruled that the Referendum and Popular Initiative Act and part of the Elections and Referendum Campaign Act are not in conformity with the Constitution. Based on the ruling of the Constitutional

Court, Supreme Court Judges annulled the result of the referendum on the second track, and imposed the execution of a new referendum on the National Electoral Commission. Findings of the Supreme Court thus led to the suspension of the enactment of the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line, which would also result in an additional financial burden for Luka Koper, d. d. However, should the new referendum fail, the absorption of European funds would be at risk, for the case of which the Government has been devising alternative scenarios.

Irrespective of the above, the important question of the schedule of construction of new capacities on the route Koper – Divača or the second railway track that would support further development and growth in the port remains open. Luka Koper controls the risks related to timely provisions of the development of hinterland infrastructure by encouraging awareness on the importance of construction of the second railway track at the state and EU levels.

The Group also faces market risks arising from the highly competitive environment. UNCTAD predicted for the world overseas trade to increase by 2.8% in 2017, whereas medium term projections forecast an average annual growth rate of 3.2% between 2017 and 2022. Throughput growth will be recorded in all segments, but it will be the highest in cargo groups of containers and dry bulk and bulk cargoes. Despite the fact that growth of the world fleet in terms of load-bearing capacity of ships has been slowing down for the fifth year in a row, and was recorded at 3.2% in 2016, the supply of shipping capacities has been growing at a faster rate than the demand, which has a negative impact on the fares and profits. Pooling of shipping companies and forming alliances will in future also have an impact on better control of supplies and utilisation of fleets, while also creating other pressures on the competitiveness of the market. Due to such pressures, ports will witness increasing pressure extending beyond optimisation of operation, reduction of costs, and management of time and promotion. They will also focus on achievement of benchmarks while ensuring a high reliability of services and standards relating to quality, safety and security, financial sustainability, conservation of resources, environmental protection and social inclusion, the majority of which are associated with objectives of sustainable development.

The next risk is related to the MSC shipping company owning TMT, the operator of the container terminal in Trieste, since 2015. Luka Koper cooperates with a large number of shipping companies with the ownership links also in the competitive ports, therefore the fact mentioned will not necessarily result in a reduction of throughput. The continuation of political instability and war situation in the countries of North Africa and the Middle East hinder the increase in export to these countries to the levels of the previous years; and to a certain extent, throughput has also been affected by the situation in the Turkish market. In order to manage the market risks mentioned, the Group has also applied the strategy of a multi-purpose port and greater diversification of cargo groups and customers thereby to decrease its exposure.

3.11.5 Operational risks

Operational risks affect implementation of processes at all levels. They include a wide variety of risks mostly arising from inadequate and unsuccessful internal processes, unsuitable or inefficient actions of employees, inappropriate or poor operation of the systems or equipment. The occurrence of these risks often reflects in injuries of persons and/or impacts on the environment and property and they can be affected by internal or external factors. This group of risks is managed by preventive measures based on risk assessments of workplaces, training and verification of knowledge, consistent use of personal protective equipment, established and communicated technological procedures and regularly updated working instructions, development of suppliers, constant measurements of workplace conditions, regular medical examinations and appropriate insurance of property and liability. Other measures reducing risks of damage or injuries include new investments in modern equipment, regular maintenance of work equipment and infrastructure as well as regular measuring of impacts on the environment.

Despite all the measures adopted, two major accidents took place in 2017; one was due to strong winds and resulted in a ship crashing into and demolishing a crane at the bulk cargo terminal, and the other was a serious working accident at the dry bulk cargo terminal with fatal outcome for a worker who had been employed with an external provider of port services. In both cases, the company introduced measures to prevent similar events in the future. Measures for the improvement in operations arise from other risks related to inadequate or unsuccessful internal processes; the implementation of such measures will continue in 2018, the aim being to reduce the exposure to risks to the level that is acceptable to the Luka Koper Group.

3.11.6 Precautionary approach¹⁸

An important step in the preservation and improvement of the state of the environment is to reduce the risk of extraordinary events and to improve the procedures for action. The Group has therefore acquired risk assessment and a protection and rescue plan for industrial disasters for the area of implementing the concession, which are based on legislative requirements, and keeps sufficient assets and equipment to implement the intervention. The protection and rescue plan and risk assessment were revised in 2017. The protection and rescue system in Luka Koper involves players from various areas of expertise, organisations and undertakings. In the event of interventions in emergency situations in the port area, the professional fire brigade (PGE) and security staff of Luka Koper, d. d. are always involved, and sometimes also the sea protection unit, Luka Koper INPO, d. o. o., Luka Koper industry volunteer firemen society (PIGD), Luka Koper civil protection unit, and other units in accordance with the protection and rescue plan.

3.11.7 Financial risks

Key risks include only one financial risk, i.e. the fair value risk. At the end of the year, 5.8% of the Group's assets were invested in financial investments measured at fair value. The fair

¹⁸ GRI GS 102-11

value risk of these investments is shown in the fluctuation of stock exchange prices of securities of Slovenian companies. In recent years, the strategic orientation of the Luka Koper Group has been investments in the development of the core activity, and the Group therefore only manages the existing portfolio. The Group manages this risk by monitoring the situation in the financial markets, their impacts on the portfolio and taking care of high profitability and maintenance of value by active management of investments.

Management of the fair value risk and other financial risks that include the interest rate risk, liquidity risk, foreign exchange risk, credit risk and risk of adequate capital structure are assessed as moderate, less important or even irrelevant. Control of these risks is presented in detail in the Accounting Report of Luka Koper, d. d., Note No. 32: Financial instruments and financial risk management.

3.11.8 Compliance risks

Compliance risks are still mainly associated with excessive noise, i.e. with exceeding the legally determined limit values of noise for the town centre of Koper, which can be caused by driving piles as part of the construction works related to the extension of the first pier, as well as noise due to increased activities at the container terminal or arrival of a noisy ship. The Group has already taken the measures that will consider limitation of the noise level in the phase of design and later on when selecting a contractor of construction works. During the course of the year, Luka Koper, d. d. adopted the decision of the environmental inspection, which had found that limit values were exceeded and determined the time to remove inconsistencies by the end of October 2018. According to measurements and noise maps, northern edges of the city of Koper suffer the most due to the operation of the port facility. In view of the above, we have started the electrification of movable equipment on the Container terminal and introduced an action plan to reduce noise levels towards Koper, which the company will follow consistently

In order to reduce the level of noise, mooring of noisy ships is arranged in the second basin which is further away from the centre of the town, and levels of ship noise have been monitored constantly. In cooperation with shipping companies, we have been trying to arrange the replacement of ships by less noisy ones. The risk of impossibility of deepening the seabed to maintain the existing depths due to unavailability of disposal areas for marine sediments has been managed in the same manner as the risks associated with the deepening to provide greater depths, i.e. by active and constructive cooperation with the government bodies, local authorities and other institutions in obtaining adequate approvals for the construction of disposal sites and the search for alternative methods of disposing and managing marine sediments. In 2017, the Luka Koper Group began to establish a system of ensuring the compliance of operations, which has not yet been completed. Risks of compliance also include fraud and corruption risks.

In 2017, proceedings were completed in respect of an infringement of the labour legislation, against which the company initiated an administrative dispute to protect its interests. On 03

October 2016, the Labour Inspectorate of the Republic of Slovenia issued a decision to prohibit Luka Koper d. d. from assigning work to workers who are listed by name in this decision and are employed with ENCON, svetovanje, trgovina in posredništvo, d. o. o., Kopraska ulica 94, 1000 Ljubljana. An appeal procedure was initiated against the said decision, with regard to which the Ministry of Labour, Family, Social Affairs and Equal Opportunities, issued a decision on 15 December 2016 to dismiss the appeal by Luka Koper, d. d. On 24 November 2017, the Administrative Court of the Republic of Slovenia issued a judgement to dismiss the action brought by Luka Koper, d. d. At its ordinary meeting of 26 March 2018, the Supervisory Board discussed the course of business restructuring of the Company and was briefed about the proposal for a port service provider strategy, which was devised by the Management Board.

The Strategy will also be verified by adopting external expert opinions, particularly as regards its legality, economy, autonomy and business performance, and supplemented by benchmark analysis as well as goals and key indicators. At the same time, the Management Board will develop an action plan of strategy implementation and launch vital preparation activities.

3.11.9 Fraud and corruption risks¹⁹

Risks of compliance also include fraud and corruption risks. After 2016, in addition to the three key documents from this field, i.e. the Strategy of corporate integrity of the Luka Koper Group, the Code of Ethics of the Luka Koper Group and the Rules on accepting gifts in the companies of the Luka Koper Group, the Group also adopted the Rules of Procedure of the corporate integrity officer and the committee addressing reported violations of corporate integrity of the Luka Koper Group. In Luka Koper, the area of corporate integrity is overseen by the Corporate Integrity Officer and the Committee addressing reported violations of corporate integrity, who based on observed violations make reports with recommendations or proposed measures. Reports on reported violations were regularly discussed by the Audit Committee of the Supervisory Board, and also by the Supervisory Board once a year. The Group manages risks of fraud by clearly determined and communicated rules of operating and concluding business deals transfer of authorisation and approving invoices and the introduced the four-eyes principle and other controls integrated into processes. In 2018, the Company plans to begin with the implementation of a management system for the prevention of corruption in accordance with the standard ISO 37001:2016, and ensure for the function of corporate integrity to operate autonomously and independently.

¹⁹ GRI GS 205-1, 205-2

3.12 Membership and initiatives²⁰

Luka Koper, d. d. is a member of the following organisations:

- GZS - Chamber of Commerce and Industry of Slovenia: member of the Chamber's assembly, and of the administrative board of the Transport Association,
- ESPO – European Sea Ports Organisation,
- FEPORT – Federation of European Private Port Companies and Terminals,
- NAPA – North Adriatic Ports Association,
- SBRA – Slovenian Business & Research Association,
- MedCruise (Mediterranean Cruise Port Association),
- ZRSZV – Slovenian Chamber for Private Security,
- ICS – Institute of Corporative Security Studies,
- SZKO – Slovenian Association for Quality and Excellence,
- ZNS – Slovenian Directors' Association,
- ZPFS – Slovenian Corporate Treasurers Association,
- Slovenian-Croatian Friendship Association
- Public Relations Society of Slovenia,
- Purchasing Association of Slovenia,
- Association of Mechanical Engineers of Slovenia,
- Association of Safety Advisers for the Transport of Dangerous Goods,
- Slovenian Workers Council Association,
- Slovenian Chamber of Engineers.

Luka Koper, d. d. is involved in the following initiatives:

- Signatory to Slovenian Corporate integrity Guidelines.

Luka Koper INPO, d. o. o. is a member of the following organisations:

- Association of Employers of Slovenia,
- Alliance of Companies Employing Disabled People of Slovenia,
- Slovenian Society of Safety Engineers
- Slovenian Chamber of Engineers,
- EBA (European Boatmen's Association),
- IBLA (International Boatmen's Linesmen's Association).

²⁰ GRI GS 102-12, 102-13

LUKA KOPER AND SUSTAINABLE DEVELOPMENT

Luka Koper is a diligent institutional stakeholder in sustainable development

4 Luka Koper and sustainable development guidelines²¹

VISION

Luka Koper as a leading port operator and global logistics solutions provider for the countries of Central and Eastern Europe

MISSION

To be a reliable port system developing and promoting global logistics solutions that can reach the heart of Europe, while meeting the needs of the economy and the most demanding customers.

VALUES

*Cooperation
Responsibility
Loyalty
Respect
Creativity*

²¹ GRI GS 102-16, 103-1, 103-2, 103-3

4.1 Strategic orientation

Flexible, modern and competitive port provider	Reliable and efficient contractor of quality port services	A successful business system of long-term stability	Promotor of complete logistic solutions	Diligent institutionalised stakeholder of sustainable development
Implementation of recognisable market potentials by the control of the markets and setting up partnerships with the customers.	Achievement of a high-level of operational efficiency by the improvement in productivity of processes, synergies among terminals and optimal use of capacities.	Harmonisation between the core activity and support functions as well as care for the improvement in profitability of products and increase in property.	Care for connecting various links in the logistic chain and port community in order to create integrated transport solutions.	Striving for long-term sustainable development of the natural and social environment and support to the development of the port in the wider regional and international areas.

4.2 Business and quality policies

All Luka Koper employees strive for excellence in all areas and compliance with the requirements of the business policy. All key stakeholders are familiar with its business policy. The challenge of the policy is to meet the key objectives: satisfaction of customers, employees, and owners, and social responsibility toward the environment.

4.3 Business continuity policy

The established system of business continuity is essential for smooth implementation of the Mission, Vision, Strategy and achievement of the Company's objectives. In addition to defining processes, procedures and measures to enable such a system, it enables smooth and stable operations. The system also ensures for services of the Company to be available in the event of possible interruptions or a crisis situation, and for situation to be restored to normal.

4.4 Security Policy

In order to implement the Mission, Vision, Strategy and achievement of the Company's objectives, it is necessary to ensure its smooth and stable operation. Key factors to do so are safety of workers and property, a safe working environment and maintenance of competitive advantages of the company. Safety has been recognised as an integral part of all processes as well as the right and duty of all employees in the company.

4.5 Sustainable development strategy

The Luka Koper Group has always been concerned for improving the quality of life in the entire area in which the port is situated. Regarding development issues, principles of sustainable development and responsible environmental management are taken into account. Regarding its development, modern sustainable solutions are introduced to the greatest extent possible due to their importance for the local as well as the wider social community. The Group pursues sustainable development based on strategic orientations, the adopted Human resource management strategy 2016-2020 as well as environmental strategy and energy policy.

4.6 The Luka Koper Group accedes to addressing SUSTAINABLE DEVELOPMENT GOALS

Being aware that the port is an important sustainable development stakeholder whose impacts on the environment and society may be both positive and negative, the Luka Koper Group has decided to accede to addressing global sustainable development goals in the context of comprehensive sustainability reporting. Sustainable Development Goals (SDG) have been adopted by all United Nations member states, their purpose being to pursue the development of the entire society, economy, science and civil society - which will play an important role in attaining the key objectives of the society as a whole by 2030. Sustainable development goals have been published in Slovenian on the website of the Ministry of Foreign Affairs:

http://www.mzz.gov.si/zunanja_politika_in_mednarodno_pravo/mednarodno_razvojno_so_delovanje_in_humanitarna_pomoc/politike_mrs/cilji_trajnostnega_razvoja/



4.6.1 With its efforts, the Luka Koper Group addresses 11 sustainable development goals

Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Goals
	<p>Managing the occupational health and safety system in accordance with the international OHSAS 18001 standard and its upgrading to include all novelties</p> <p>Targeted training for safe work of employees and others in the area of the Port with regard to anticipated injuries</p> <p>Providing an efficient system of health promotion in the working environment</p> <p>Managing concentrations of harmful substances under the statutory limits</p> <p>Execution of analyses, measurements and load tests</p> <p>Reducing the noise level in the port and noise from ships by means of organisational and investment projects</p> <p>Compliance of outdoor lighting with legislation</p> <p>Devising the strategy of fire protection development in the port</p> <p>Modernising fire protection systems</p>	<p>Providing a safe working environment</p> <p>Assessing respect for human rights</p> <p>Noise and light pollution</p> <p>Customer health and safety</p>	<p>The number of serious injuries at work</p> <p>The number of injuries at work per million hours worked</p> <p>The number of extraordinary events per million hours worked</p> <p>The number of patrols</p> <p>Noise level at night in the direction of the city of Koper</p> <p>Noise level by day in the direction of the city of Koper</p> <p>Percentage of compliance of outdoor lighting</p>	<p>A maximum of 18 injuries at work and 0 serious injuries per million hours worked</p> <p>A maximum of 25 extraordinary events per million hours worked</p> <p>To reduce the noise level at night in the direction of the city of Koper to 48 dB</p> <p>To keep the daily noise level in front of the nearest buildings outside the port area below 58 dB despite the increase in throughput and enlargement of the port</p> <p>To ensure compliance of outdoor lighting with the aim of reducing light pollution</p> <p>To ensure an adequate supply system and a sufficient quantity of water for fire extinguishing throughout the port area</p>

Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Objectives
	<p>Targeted execution of functional expert training</p> <p>Integrating all employees in the training</p> <p>Providing co-financing to employees for acquiring a higher level of education</p> <p>Improving knowledge transfer systems (mentoring, tutoring)</p> <p>Assessing employee competencies (execution of annual interviews)</p>	<p>Educating and training employees</p> <p>Employee high work efficiency as well as satisfaction and commitment</p>	<p>Average number of hours of training per employee</p> <p>Share of staff involved in the education</p> <p>Average competence assessment</p>	<p>Integrating at least 80% of employees in the training</p> <p>Competent employees</p>
	<p>Consistent implementation of provisions of the Code of Ethics</p> <p>The Diversity Policy, which is in the process of being adopted, sets out the target diversity that it is pursued in relation to representation in the Supervisory Board and the Management Board based on gender, age, education level and other personal characteristics of members as appropriate for the Company</p> <p>Respect for the rights of employees to freedom of association, membership in trade unions and the workers' council, and other forms of association</p> <p>Consistent implementation of Rules on protection of dignity at work</p>	<p>Diversity and equal opportunities, and non-discrimination</p>	<p>Share of employees on the basis of gender, age, education level, etc.</p>	<p>Absolute non-discrimination</p> <p>Satisfied employees</p> <p>Consistent respect of rights acquired by employees</p>
	<p>Reducing drinking water losses</p>	<p>Water use</p>	<p>Specific consumption of water</p>	<p>Maintaining the specific consumption of energy products of 2015 despite the increase in throughput and storage capacities - drinking water</p>

Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Objectives
	<p>Introducing energy efficiency measures</p> <p>Establishing the energy management system in profit centres and subsidiaries</p> <p>Installing the measuring equipment to acquire the data on consumption of energy products on the machinery, at facilities and infrastructure</p> <p>Acquiring the certification for the ISO 50001 standard - energy management</p> <p>Electrifying machinery and vehicles</p> <p>Establishing a central control system for port lighting</p> <p>Actively introducing state-of-the-art and cleanest technologies to ensure energy efficiency in carrying out port activity</p> <p>Acquiring electricity for heating of buildings from renewable energy sources</p>	<p>Energy efficiency</p> <p>Commitment to sustainable development</p>	<p>Specific fuel consumption</p> <p>Specific electricity consumption</p>	<p>Maintaining the specific consumption of energy products of 2015 despite the increase in throughput and storage capacities - motor fuel and electricity</p>

Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Objectives
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Following strategic orientations aimed at the long-term business stability, we wish to contribute to high economic growth</p> <p>Acquiring and maintaining the best staff</p> <p>Achieving the culture of high performance and excellent management</p> <p>Executing management by objectives (annual interviews)</p> <p>Ensuring customer satisfaction and commitment</p> <p>Implementing the system of human resource potentials and successors</p> <p>New employee hires based on the principle of "competent staff - key positions"</p> <p>Managing the effective employee working time optimally</p>	<p>Stability and business performance</p> <p>Indirect economic impacts</p> <p>Importance of employment and concern for the employees</p>	<p>Financial ratios</p> <p>Net sales</p> <p>Share of annual interviews implemented</p> <p>Assessment of atmosphere and employee satisfaction</p> <p>Assessment of employee commitment</p> <p>Share of suitable managers (management competency assessment based on the 360 degree method)</p> <p>Share of unused compensatory and balance working hours</p>	<p>Realising development projects by 2020, such as extension of Pier I and rearrangement of additional storage areas</p> <p>Reaching 100% realisation of personnel plans each year</p> <p>2020: 98% share of annual interviews implemented</p> <p>98% share of suitable managers</p> <p>Assessment of employee commitment 3.7</p> <p>Less than 5% share of unused compensatory and balance working hours</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Creating integrated transport solutions by combining various links of the logistics chain</p> <p>Stimulating employee creativity and making innovative activity part of the Company's strategic orientation</p> <p>Providing new infrastructure capacities in due time</p>	<p>Stability and business performance</p> <p>Indirect economic impacts</p> <p>Stakeholder engagement</p>	<p>Number of inspection and internal measures in land development</p> <p>Share of introduced improvements</p> <p>Strategic programme</p>	<p>No inspection and internal measures in land development</p> <p>40% of improvements introduced annually to the organizational unit</p> <p>Acquiring new storage areas</p> <p>Establishing additional berths</p> <p>Improving road access</p> <p>Establishing new track capacities</p>
 <p>13 CLIMATE ACTION</p>	<p>Modernising equipment and dusting reducing systems (TST; EET)</p>	<p>Climatic factors and air quality</p>	<p>Concentration of particulate emissions up to 10 µm in the direction of Bertoki, Koper, Ankaran</p>	<p>Maintaining PM10 particulate emissions (up to 10 µm) in the entire port area under 30 µg/m³</p>

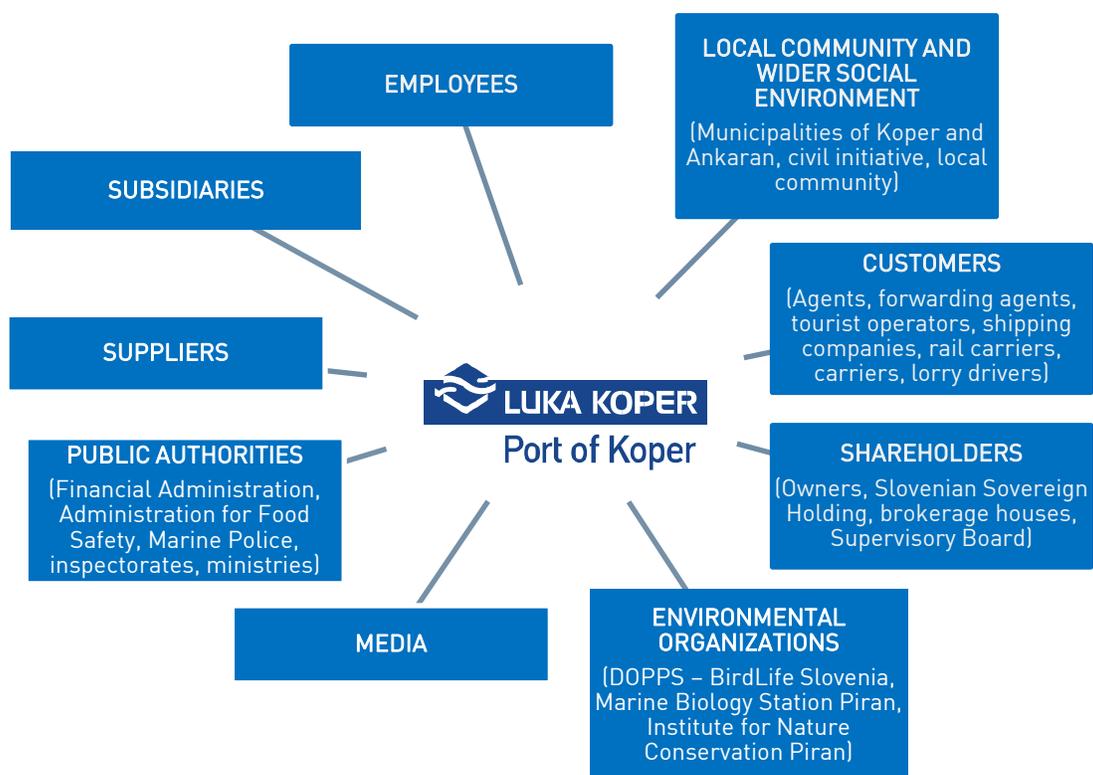
Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Objectives
 <p>14 LIFE BELOW WATER</p>	<p>Establishing adequate control system over the entire aquatorium</p> <p>Alternative solutions for the handling of marine sediments</p>	<p>Quality of the sea, deepening of seabed and management of marine sediments</p> <p>Biodiversity</p>	<p>Number of sea pollution instances outside the Port aquatorium</p>	<p>Preventing sea pollution entirely</p>
 <p>15 LIFE ON LAND</p>	<p>Upgrading waste management systems and equipment</p> <p>Reducing the impact of potentially contaminated precipitation water, process and waste water by upgrading treatment plants</p>	<p>Use of land and water, and water and the formation of waste water</p> <p>Waste management</p>	<p>Maintaining the share of waste collected separately</p>	<p>Maintaining the percentage of waste collected separately (excluding ship-generated waste) above 89%</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Respect for the principles of the rule of law and measures to prevent corruption and bribery, thereby strengthening our integrity and reputation</p>	<p>Respect for human rights</p> <p>Corporate integrity</p> <p>Reputation of the Port of Koper</p> <p>Operations compliance</p> <p>Operational transparency</p> <p>Ensuring customer privacy</p>	<p>Number of corruption cases</p>	<p>Maintaining the number of corruption cases at 0 and implementing corporate integrity training</p>

The Sustainable development goals set out mostly refer to Luka Koper, d. d., followed by the remaining companies of the Luka Koper Group with regard to their areas of operation.

5 Port of Koper Stakeholders²²

Luka Koper is all the people in any way connected to the port

With its activity, the Port of Koper affects various groups of people who, in turn, themselves affect the port's operation. Stakeholders of the Port of Koper are defined and recognized in the Policy of Managing Luka Koper, d. d., and in the framework of individual business processes of the Company.



Shareholders can exercise their management rights at the General Meeting of Shareholders. Competencies of the General Meeting and other directly related matters are determined in the Companies Act, Articles of Association of the company, and Rules of Procedure on the Work of the General Meeting of Shareholders. In communicating with shareholders, the public limited company applies the following communication types:

²² GRI GS 102-40

- Regular General Meetings,
- SEOnet notification system of the Ljubljana Stock Exchange,
- Port of Koper website with a special section “Investors”,
- Participation of Company representatives at investor conferences at home and abroad,
- Port Bulletin monthly paper and its version adapted for the general public,
- Port Shareholder annual publication for all shareholders,
- Press conferences on the performance of the company,
- Meetings at the Company headquarters.

5.1 Identification of Stakeholders²³

Stakeholders of the Port of Koper are defined and recognized in the Policy of Managing Luka Koper, d. d.

Shareholders can exercise their management rights at the General Meeting of Shareholders. Competencies of the General Meeting and other directly related matters are determined in the Companies Act, Articles of Association of the company, and Rules of Procedure on the Work of the General Meeting of Shareholders.

Customers dictate constant adaptation and introduction of changes and improvements in the Company’s operation. Customer satisfaction is the basic guideline of all employees. From the first contact with customers and performing services for them to settling any potential claims, we have to be aware that the very customer satisfaction provides our efforts with meaning and serves as the basis for implementing the vision and mission of the Port of Koper. Satisfaction of Luka Koper customers is monitored regularly. Customers are endured top quality services, quick response to the demand and effective communication and other necessary support. The existing model of governing the port serves as the basis for equal treatment of all customers.

Port community participates in changing the functioning of the port system as a whole. Port community is an informal association of all the interested parties whose business activity is directly related to provision of port services. It includes customers - forwarding agencies, agents and carriers joining in professional organisations - as well as representatives of controlling firms and inspection authorities, and state agencies, all of them forming expectations towards the Port of Koper, aiming at operations being as coordinated as possible at the entry or exit point, which is the actual position of the port area in the entire logistic chain. The Port of Koper responds to mentioned demands by coordinating them and communicating with the interested stakeholders.

The Company’s performance and the reputation of the Port of Koper are also related to the work of **suppliers**: efforts of all business partners being involved in the operation of the port

²³ GRI GS 102-42

system and in achieving its operational goals as suppliers of required products or services are therefore highly respected and valued.

Employees are encouraged to excellent performance, and are awarded if successful. The partnership employer-employee culture is built on affiliation, cooperation, creativity, respect and responsibility of each individual. A great deal of attention is devoted to internal communication as the foundation of a comprehensive communication network. Employees are informed about news, internal acts and other information by e-mails and notice board notifications, the Port Bulletin monthly internal paper and via intranet. Employees who have no computer access, can access the information using information terminals in the management premises. Special attention is also being paid to direct communication between employees in terms of working and operational meetings, quality teams, coordinations, annual interviews of managers with their workers, conferences and other forms of teamwork. Employees are encouraged to constant capacity building. Based on development plans, the career development and critical competencies of each employee are defined in accordance with long-term development needs of the Company.

Commitment to sustainable development is one of the fundamental strategic guidelines. It focuses particularly on establishing and maintaining partnerships with **the local community and wider social environment**. This at the same time ensures successful development of employees and strong support of the social environment, while also building on the care for the natural environment. Sponsorship and donations are intended to support education, sports, culture and humanitarian projects. Once a year, "the port opens its door widely" on the occasion of the Port Day for visitors from the local and wider environment to view the port, piers, lifts, devices, as well as witness throughput and other activities.

Public authorities: The Government is aware of the immense importance of the Port of Koper as the only Slovenian port to the economy as a whole. In 2018, the Company was granted the concession for the provision of port services, management, development and regular maintenance of port infrastructure in the area of the port of Koper. Essential elements of the concession contract are:

- Duration of the concession contract,
- Determination of the method to calculate the concession fee,
- Agreement between the contracting parties on the method of investing in port infrastructure,
- Rules of governance, management and operation of the port facility,
- Maintenance of port openness,
- Rights and obligations of contracting parties upon suspension or termination of the concession relationship.

The duration of the concession is 35 years, as laid down in the Maritime Code. The agreed concession fee amounts to 3.5 percent of the Company's operating revenues reduced by the amount of the fees charged. With the payment of the concession fee, the Company being the concession holder also pays the rent and building title, while being exempt from the payment of a fee for the use of the port. The concession fee also includes the water right,

water charges and other duties related to the use of the sea. Investments in port infrastructure are performed by the concession holder in agreement with the Republic of Slovenia and on the basis of a valid five-year port development programme. Concession provider and holder have divided among themselves port management, governance and operation, and agreed on ways of coordinated action to attain the concession objectives in the interests of both parties. It is a commitment and objective of both contracting parties to ensure port openness. It is a commitment to provide services to anybody interested and meeting the conditions in accordance with the principles of the European acquis. The Company’s objective is for the Port of Koper to become the primary and best port for the countries of Eastern and Central Europe.

The media: The public limited company is open to the general public. The media are responded to their questions in due time and promptly informed of the Company’s performance and innovations. Information is also published on the Company’s website www.luka-kp.si/eng/, and on its sustainability portal www.zivetispristaniscem.si. The media also receive press releases, and invitations to attend press conferences and important business events and visits.

5.2 Stakeholder engagement, their expectations and needs²⁴

From the range of stakeholders with whom Luka Koper, d. d. cooperates and develops sustainable relations and who are defined in the Policy of Managing Luka Koper, d. d., and in the framework of individual business processes of the Company, we have identified key stakeholders based on strategic guidelines, and defined their expectations and ways of involvement in the operation of the Luka Koper Group.

Key stakeholders	Communication tools	Participation in the preparation of the Sustainability Report	Stakeholders’ expectations and needs
SHAREHOLDERS	<ul style="list-style-type: none"> Website SEO-net Gatherings General Meeting of Shareholders Annual report Investors conferences Port Bulletin Port Shareholder Press conferences 	<ul style="list-style-type: none"> YES Ten questionnaires completed 	<ul style="list-style-type: none"> Information on the operations of the Company Financial performance Business strategy and plans Dividend policy <div style="border: 1px solid black; background-color: #0070C0; color: white; padding: 5px; margin-top: 10px;"> Contents of particular importance in the process of devising the Sustainability report </div> <ul style="list-style-type: none"> Stability and business performance Corporate integrity Transparency and operations compliance Provision of a safe working environment

²⁴ GRI GS 102-43, 102-44

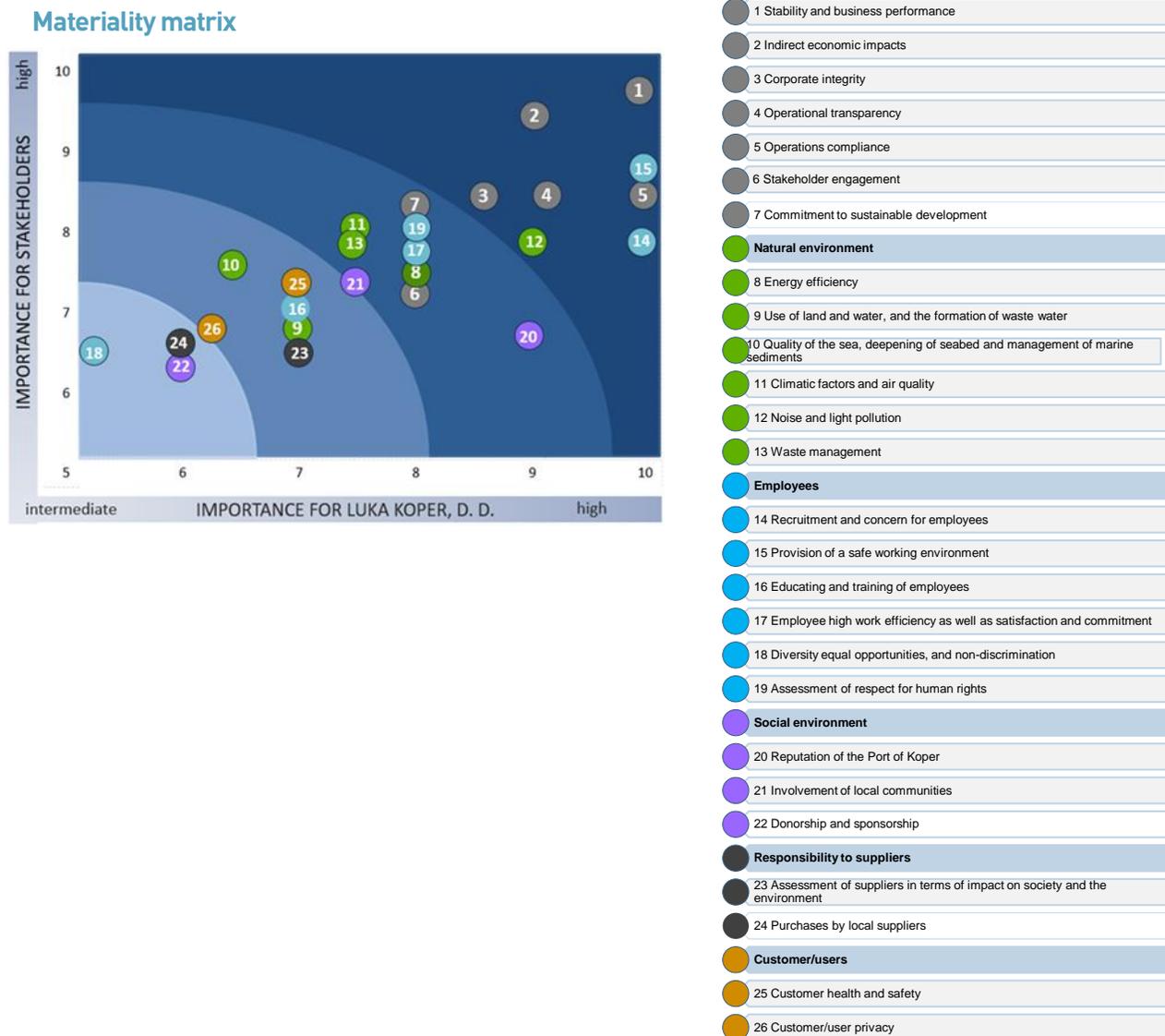
Key stakeholders	Communication tools	Participation in the preparation of the Sustainability Report	Stakeholders' expectations and needs
CUSTOMERS	<ul style="list-style-type: none"> Website TinO Notifications and other service messages Telephone contacts Personal contacts Fairs and conferences Organization of target business events Survey on customer satisfaction Port Bulletin LinkedIn Port Days Gatherings 	<ul style="list-style-type: none"> YES Ten questionnaires completed 	<ul style="list-style-type: none"> High quality and timely services performed based on customer orders Appropriate treatment of complaints Systematic notifying of ordinary and extraordinary customer-related activities Ability to adapt to customer requirements Stability of operations Provision of adequate facilities and equipment Computerisation of operations Compliance with safety and technical standards Competitiveness of conditions <hr/> <div style="background-color: #0070C0; color: white; padding: 5px;"> <p>Contents of particular importance in the process of devising the Sustainability report</p> </div> <ul style="list-style-type: none"> Stability and business performance Corporate integrity Operations compliance Provision of a safe working environment
PUBLIC AUTHORITIES	<ul style="list-style-type: none"> Web portals Reports 	<ul style="list-style-type: none"> YES Four questionnaires completed 	<ul style="list-style-type: none"> Operations in accordance with the concession agreement Operations in accordance with legislative and executive acts Strategic and spatial plans of the Company Appropriate communication (reports, responses, etc.) <div style="background-color: #0070C0; color: white; padding: 5px;"> <p>Contents of particular importance in the process of devising the Sustainability report</p> </div> <ul style="list-style-type: none"> Corporate integrity and operations compliance

Key stakeholders	Communication tools	Participation in the preparation of the Sustainability Report	Stakeholders' expectations and needs
SUBSIDIARIES	<ul style="list-style-type: none"> 'Best Supplier' event 	<ul style="list-style-type: none"> YES Four questionnaires completed 	<ul style="list-style-type: none"> Reliability of payments Long-term cooperation Award for successful cooperation Fair cooperation and communication <p>Contents of particular importance in the process of devising the Sustainability report</p> <ul style="list-style-type: none"> Stability and business performance Corporate integrity Provision of a safe working environment Assessment of respect for human rights High work efficiency and satisfaction of employees
SUPPLIERS	<ul style="list-style-type: none"> 'Best Supplier' event PSP portal 	<ul style="list-style-type: none"> YES Three questionnaires completed 	<ul style="list-style-type: none"> Reliability of payments Long-term cooperation Award for successful cooperation Fair cooperation and communication Providing timely information on any changes in the company <p>Contents of particular importance in the process of devising the Sustainability report</p> <ul style="list-style-type: none"> Purchases by local suppliers Stability and business performance Indirect economic impacts Operational transparency
EMPLOYEES	<ul style="list-style-type: none"> Survey on employee satisfaction Port Bulletin Quality teams Chat room Intranet Meetings Gatherings Evaluation of managers Annual interviews Assessment of mutual cooperation between units 	<ul style="list-style-type: none"> YES Two questionnaires completed by the Workers' council and Port workers' trade union 	<ul style="list-style-type: none"> Regular training and education Appropriate communication with employees Career development and competences Occupational health and safety Wage system Relations between employees <p>Contents of particular importance in the process of devising the Sustainability report</p> <ul style="list-style-type: none"> Occupational health and safety Stability and business performance New employee hires and concern for employees Assessment of respect for human rights

Key stakeholders	Communication tools	Participation in the preparation of the Sustainability Report	Stakeholders' expectations and needs
LOCAL COMMUNITY AND WIDER SOCIAL ENVIRONMENT	<ul style="list-style-type: none"> Port Day Living Koper Port portal Meetings with representatives of local communities Facebook Port Bulletin 	<ul style="list-style-type: none"> YES Three questionnaires completed 	<ul style="list-style-type: none"> Observance of environmental regulations Co-financing cultural, sports and humanitarian organizations New employee hires Contribution to the development of the economic environment Spatial plans of the port Transparent communications with the public <p>Contents of particular importance in the process of devising the Sustainability report</p> <ul style="list-style-type: none"> Indirect economic impacts Climatic factors and air quality Involvement of local communities
ENVIRONMENTAL ORGANIZATIONS	<ul style="list-style-type: none"> Living Koper Port portal Environmental reports Expert councils 	<ul style="list-style-type: none"> YES Three questionnaires completed 	<ul style="list-style-type: none"> Observance of environmental regulations <p>Contents of particular importance in the process of devising the Sustainability report</p> <ul style="list-style-type: none"> Quality of the sea, deepening of seabed and management of marine sediments Climatic factors and air quality Noise and light pollution
MEDIA	<ul style="list-style-type: none"> Press conferences Press releases Answers to journalists Website 	<ul style="list-style-type: none"> YES Four questionnaires completed 	<ul style="list-style-type: none"> Up-to-date information about events, business operations and changes in the Company <p>Contents of particular importance in the process of devising the Sustainability report</p> <ul style="list-style-type: none"> Provision of a safe working environment Stability and business performance Indirect economic impacts

6 Materiality matrix²⁵

Open relations with stakeholders are of utmost importance to link the goals of sustainable development with social responsibility. Since interests and objectives of individual stakeholders differ, it is important to obtain stakeholders' feedback regarding their expectations from individual companies or groups. The Luka Koper Group has therefore identified the key topics of sustainable development and assessed their importance for the Luka Koper Group and for key stakeholders. Based on both aspects, we have devised the matrix of material issues for the company Luka Koper as presented below.



²⁵ GRI GS 102-47

All content has been highly rated (mark 5 or above) both by stakeholders and the Company. They both recognised the items stability and business performance, and provision of a safe working environment as the most important. Luka Koper, d. d. also emphasised the following as important: operations compliance, care for the environment, particularly noise and light pollution, care for employees, including high-performance and satisfaction of employees. Reputation of the Port of Koper was also emphasised as content of essential importance.

Stakeholders, on the other hand, emphasised the importance of the indirect economic impacts and operational transparency. Being a group of stakeholders, employees gave the highest rating in terms of importance to provision of a safe working environment, whereas environmental organizations highlighted the quality of the sea, deepening of seabed and management of marine sediments as content of major importance.

6.1 Material contents highlighted by particular stakeholders²⁶

■ Content of more importance is in boxes coloured in darker shades

	CORPORATE GOVERNANCE AND ECONOMIC OPERATION	NATURAL ENVIRONMENT	EMPLOYEES	SOCIAL ENVIRONMENT	RESPONSIBILITY TO SUPPLIERS	CUSTOMERS/USERS
SHAREHOLDERS	Stability and business performance	Energy efficiency	Provision of a safe working environment	Reputation of the Port of Koper		Customer health and safety
CUSTOMERS	Stability and business performance	Waste management	Provision of a safe working environment	Reputation of the Port of Koper	Assessment of suppliers in terms of impact on society and the environment	Customer health and safety
PUBLIC AUTHORITIES	Stability and business performance	Waste management	Assessment of respect for human rights			Customer health and safety

²⁶ GRI GS 102-44

	CORPORATE GOVERNANCE AND ECONOMIC OPERATION	NATURAL ENVIRONMENT	EMPLOYEES	SOCIAL ENVIRONMENT	RESPONSIBILITY TO SUPPLIERS	CUSTOMERS/USERS
CONTRACTING PARTIES (port service providers)	Stability and business performance	Waste management	Provision of a safe working environment, high work efficiency and satisfaction, and assessment of respect for human rights			Customer health and safety
SUPPLIERS	Stability and business performance	Climatic factors and air quality, and noise and light pollution	Provision of a safe working environment		Purchases by local suppliers	Customer/user privacy
EMPLOYEES	Stability and business performance	Quality of the sea. noise pollution and waste management	Provision of a safe working environment	Involvement of local communities		
LOCAL COMMUNITY AND WIDER SOCIAL ENVIRONMENT	Indirect economic impacts	Climatic factors and air quality	Assessment of respect for human rights	Involvement of local communities	Purchases by local suppliers	Customer health and safety
ENVIRONMENTAL ORGANIZATIONS	Commitment to sustainable development	Quality of the sea	Assessment of respect for human rights	Donorship and sponsorship	Purchases by local suppliers	Customer health and safety

	CORPORATE GOVERNANCE AND ECONOMIC OPERATION	NATURAL ENVIRONMENT	EMPLOYEES	SOCIAL ENVIRONMENT	RESPONSIBILITY TO SUPPLIERS	CUSTOMERS/ USERS
MEDIA	Stability and business performance, and indirect economic impacts	Climatic factors and noise pollution	Provision of a safe working environment	Involvement of local communities		Customer health and safety

6.2 Methodology for determining materiality²⁷

In determining the contents of this report, Luka Koper followed the principles of materiality, stakeholder engagement and integrity. According to the materiality principle, the report should reflect significant environmental, economic and social impacts of the organization. In addition, it should include the contents that influence stakeholders' decisions significantly. Our materiality analysis is therefore based on steps that are presented below.

STEP 1
Identification and determination of essential contents of the Sustainability Report
Based on the proposed essential elements of Global Reporting Initiative Global Standards (GRI) and based on Luka Koper, d. d. strategy and activities, we have identified the essential elements that are relevant and important for our operation. These elements are divided into sections: <ol style="list-style-type: none"> 1. Corporate Governance and economic operation 2. Natural environment 3. Employees 4. Social environment 5. Suppliers 6. Customer/users
Step 2
Determination of importance by the Company
Importance as determined by the Company is shown on the horizontal axis of the importance graph, elements ranked in importance from right to left. Importance of identified essential elements has been assessed by the Management Board and members of the project team.
Step 3
Determination of importance by stakeholders
Importance as determined by stakeholders is shown on the vertical axis of the importance graph, elements ranked in importance from the top down. Stakeholders' assessment was obtained using a questionnaire sent out to key stakeholders. 45 questionnaires were completed. The stakeholders included as well as their expectations can be seen in the table stakeholder engagement, their expectations and needs.
Step 4
Determination of materiality
The materiality matrix was made based on the answers received. The synergy between the objectives and interests of the Company and stakeholders can be seen in the matrix. We will continue to strengthen the areas which show related interest, and to bring objectives close together in areas of dissent. The selected essential elements and disclosures of the Sustainability Report are evident from the GRI index, and the very conceptual design of this Sustainability Report is based on established materiality.

²⁷ GRI GS 102-46

In collecting data and writing the Sustainability Report, we have taken into account the report quality principles, which include principles of:

- Balance,
- Accuracy,
- Timeliness,
- Comparability,
- Clarity,
- Reliability.

7 Corporate integrity, human rights and operations compliance²⁸

The aim of companies of the Luka Koper Group is long-term successful performance, which refers to long-term development of the Luka Koper Company and Group as well as sustainable development, i.e. socially responsible attitude toward the social community and natural environment. In our efforts, we are guided by values that are based on a strong commitment to the ethical performance, whereas the principles of the company and of all our employees are to encourage the culture of corporate integrity and protection of human rights.

7.1 Corporate integrity and human rights²⁹

Based on the Slovenian corporate integrity guidelines, which were devised in January 2014 by the Chamber of Commerce and Industry of Slovenia, Managers' Association of Slovenia, the Slovenian Directors' Association, and the Faculty of Economics, Ljubljana and to which the Company acceded voluntarily in October 2014, three key documents from the area were adopted in 2016: Corporate Integrity Strategy of the Luka Koper Group, Code of Ethics of the Luka Koper Group, Rules on accepting gifts in the companies of the Luka Koper Group, and later also Rules of Procedure of the corporate integrity officer and the committee addressing reported violations of corporate integrity of the Luka Koper Group. In Luka Koper, the area of corporate integrity is overseen by the Corporate Integrity Officer and the Committee addressing reported violations of corporate integrity, who based on observed violations, make reports with recommendations or proposed measures. The function of corporate integrity officer has not yet been provided the required organisational autonomy. The Company therefore intends to arrange for the said function to operate autonomously and independently in 2018, having classified the position of corporate integrity and compliance officer to be in charge of system development.

Reports on reported violations were regularly discussed by the Audit Committee of the Supervisory Board, and also by the Supervisory Board once a year. Any violation of corporate integrity may be reported by using the link on the Company website <https://www.luka-kp.si/slo/prijava-nepravilnosti> or directly with the corporate integrity officer.

Luka Koper is aware that its long-term success and reputation are also affected by its corporate integrity, which is established based on the compliance of its operations with the

²⁸ GRI GS 102-16, 102-17

²⁹ GRI GS 102-17, 102-1, 102-2, 102-3

legislation, business practices and ethical principles, the Code of ethics and other codes of professional ethics that its employees adhere to.

To eliminate uncertainty among employees regarding the appropriateness of conduct at work and in relation to others in the business environment, the Company has taken a position with its Code of Ethics towards protection of fundamental human rights as well as ethical principles and the rules of conduct for Luka Koper employees in relation to other workers as well as other participants in the business environment.

Serving as a guide for the expected and required conduct at work of employees of the Luka Koper Group, the Code of Ethics is available to all employees in electronic form on the Luka Koper portal, and to business partners and anybody interested on the Luka Koper website. All employees receive a printed copy of the Code of Ethics, and commit to respecting it by means of a statement. All employees, and particularly the executives, are expected to display a high level of professionalism and integrity in relation to other employees as well as customers, owners, the media, suppliers, public authorities and other partners.

In this respect it is necessary to strive for mutual relations to be based on the principles of due diligence, fairness and respect for other parties, and to behave in the manner that prevents any adoption or implementation of illegal, corrupt or ethically controversial practices. Companies of the Luka Koper Group therefore seek to protect its property against fraud and corrupt practices, which we have been preventing by establishing a relevant internal control system. At positions exposed to such risks, employees were asked to sign statements on related parties and avoidance of conflicts of interests. Rules on accepting gifts in the companies of the Luka Koper Group are also in force in said companies.

In Luka Koper, the area of corporate integrity is overseen by the Corporate Integrity Officer and the Committee addressing reported violations of corporate integrity, who based on observed violations, make reports with recommendations or proposed measures.

Corporate Integrity Officer also ensures that all the necessary declarations of the members of the Management and Supervisory Boards are collected regarding conflict of interests, autonomy and protection of inside information as provided for and required by positive law. Each natural or legal person may address to the Corporate Integrity Officer a report of violations for which the Officer is responsible. The Officer and the Committee process all the reports and notifications, even if submitted anonymously. The Officer and the Committee have to protect the identity of bona fide notifiers and handle their data confidentially. In the event of illicit retaliatory measures against the notifier, appropriate procedures may be instituted against employees who carried out the illicit retaliation in accordance with the work code in force, of which the company management has to be informed. In case of an anonymous report, the identity of the bona fide notifier should not be established. The report can be submitted in writing, orally on the record, using the form of the Luka Koper website, or using other electronic means. Each received report shall be recorded in the register of reported violations.

In 2017, eleven reports were addressed; in one case relevant measures were taken, and in two cases recommendations for improvement were issued to relevant departments.

Luka Koper does not permit the following in human relations:

- Any form of discrimination on the basis of nationality, race, gender, sexual orientation, health status, religion, age, trade union membership, political orientation and other personal traits (except for where there is relevant basis in the profession or regulations),
- Any sexual and other harassment or mobbing, which is regulated in detail in the Policy for protection of the dignity of employees,
- Any intolerant or disrespectful attitude toward colleagues, business partners and other persons performing their work in the Company,
- Other forms of unethical behaviour.

7.2 Discrimination³⁰

The employer is already under a legal obligation to ensure the work environment in which no worker is subjected to sexual and other harassment or mobbing, either verbal, non-verbal or physical, by the employer, the superiors or co-workers. For this purpose, the employer shall take appropriate measures to protect workers against sexual and other harassment or mobbing at their workplace. Since 2014, the Company has had the Policy for protection of the dignity of employees, which regulates the protection of employees from any forms of harassment and mobbing at the workplace, while also setting the procedures, methods of reporting and measures to protect the dignity of employees.

In 2017, no case of discrimination in the workplace was confirmed. The Luka Koper applies the Code of Ethics, and has also established the procedure to process reported violations of corporate integrity and discrimination, which is the responsibility of the Corporate Integrity Officer and the Committee addressing reported violations of corporate integrity.

Luka Koper ensures its employees with a safe and stimulating working environment by means of:

- Consistent respect of rights acquired by employees,
- Providing the necessary working and other premises, equipment and information required to work and stay in the Company,
- Training and nurturing the competencies of employees and by encouraging their personal and professional development,
- Sufficient and regular remuneration,

³⁰ GRI GS 406-1, 102-1, 102-2, 102-3

- Concern for the health of employees (with measures for safe work protecting the health of employees, and by promoting their participation in sports),
- Protection of employees and the others in the port area (with measures and rules of conduct for the port area, including prohibition of work in the Port of Koper while under the influence of alcohol and illegal psychoactive substances).

We respect the rights of employees to freedom of association, membership in trade unions and the workers' council, and other forms of association.

Accuracy, timeliness and transparency are expected in all communication and expression. Communication should be open and respectful, without any misrepresentation of facts or misleading and unauthorised transfer of information at all levels and in all areas of conduct in the Company, both in formal and informal communication. Work criticism is part of open communication and should be directed towards activities rather than the person.

Protection of the confidentiality of business secrets and inside information, and mechanisms to prevent abuse of these are set out in internal rules.

7.3 Human rights identified as most relevant for Luka Koper, d. d.³¹

Luka Koper, d. d. is aware that its operations and its influence may affect the stakeholders concerned and on the natural environment either positively or negatively. There are also some risks of violation of human rights.

The table below states the human rights that are most relevant to all employees of Luka Koper, d. d.

Human rights	Employees	Importance 1-4	KPI
FUNDAMENTAL RIGHTS AND FREEDOMS			
The right to life	X	1	No of deaths
Prohibition of forced labour	X	4	No of hours of work
Freedom of expression - in connection with the right to organised trade union movement; smearing by the media	X	2	No of publications No of actions to mute someone
Inviolability of private life (data protection)	X	1	No of cases of data misuse (reported)
ECONOMIC, SOCIAL AND CULTURAL RIGHTS			
Right to food (meal break)	X	4	Reimbursement for food

³¹ GRI GS 412-1

Human rights	Employees	Importance 1-4	KPI
Right to work	X	1	No of on-going actions for unlawful dismissal
Right to education	X	4	Average No of hours of training No of certifications (port service providers)
Right to dignity at work	X	1	No of reports (detection mechanism for port service providers)
Right to form trade unions, to participate and strike	X	1	No of strikes, conventions No of representative trade unions Agreement with trade unions
Right to equal pay for equal work	X	1	Salary levels for the same position
Right to social security (payment of contributions)	X	1	Payment of contribution
Right to family life	X	2	No of overtime hours beyond the regulatory limit
Right to health	X	1	Measures for the promotion of health No of injuries at work No of medical examinations
Right to non-discrimination	X	2	No of complaints due to discriminatory treatment
Right to rest and leisure time	X	1	Use of annual leave Pay for annual leave
HUMAN RIGHTS OF THIRD GENERATION			
Right to a healthy living environment	X	1	Noise level Concentration of dust particles No of pollution incidents Quality of drinking water

7.4 Corruption and bribery³²

In January 2016, the Rules on accepting gifts in relation to the provision of services were adopted and the register of accepted gifts was established.

The Luka Koper Group is at the stage of adopting the principles for suppliers and Diversity policy, and has also decided to initiate the implementation of the management system for the prevention of corruption in accordance with the standard ISO 37001:2016. Stage one will be completed by the end of 2018.

Based on the principles for suppliers, i.e. the rules of business ethics, the Luka Koper Group seeks to establish the conditions in which our suppliers, customers, as well as their

³² GRI GS 205-3, 102-1, 102-2, 102-3

employees and contractors and other stakeholders will be working with the Luka Koper Group in the spirit of the ethical rules of conduct that apply to the Luka Koper Group. In 2017, there were no confirmed cases of corruption in the Luka Koper Group.

7.5 Sponsorships and Donations

Luka Koper mainly allocates funds for sponsorship and donations on the basis of calls for application in accordance with internal regulations in order to manage potential corruption risks in such areas.

7.6 Diversity policy³³

The Management and the Supervisory Boards have not formulated and adopted the diversity policy with respect to representation in management and control bodies of the company as defined by the new Companies Act and the new Slovenian Corporate Governance Code of public limited companies adopted on 27 October 2016, which entered into force on 1 January 2017. Notwithstanding the above, the Company has pursued the objective of diversity with respect to representation in management and control bodies. This is also reflected in the fact that in recent years, gender diversity has significantly improved in management and control bodies and intergenerational diversity and educational diversity have also been observed. A diversity policy is expected to be adopted in 2018.

7.7 Compliance with the legislation and internal requirements³⁴

Regarding compliance, Luka Koper has been implementing preventive checks in accordance with the internal rules to ensure the compliance of operations, and ensuring a systematic procedure of recording, solving and analysing all types of non-compliance with the aim of introducing suitable improvement measures, which results in constant improvement of the quality of operations.

Internal Regulations (particularly the Business Continuity Policy of Luka Koper, the Policy for a safe and healthy port environment, the Corporate Integrity Strategy of the Luka Koper Group, the Purchasing policy, the Management Policy of Luka Koper, d. d., the Business policy and the Quality policy) regulate the appearance of the company on the market, as well as the purchasing and procurement system for both public and non-public procurement.

These internal regulations are being constantly refined in view of the challenges the Company is facing in the market, while also laying down the control mechanisms that ensure performance transparency and integrity. In 2017, Luka Koper, d. d. received seven decisions issued by inspectors in respect of violations, which resulted in the implementation of relevant measures. However, in the same year, Luka Koper, d. d. paid no financial penalties regarding compliance with laws.

³³ GRI GS 103-1, 103-2, 103-3

³⁴ GRI GS 419-1, 102-1, 102-2, 102-3

BUSINESS PERFORMANCE OF THE LUKA KOPER GROUP IN 2017

8 Stability and business performance³⁵

In the materiality matrix, economic performance and indirect economic impacts of the Luka Koper Group were ascribed the highest importance both by stakeholders and the Luka Koper, d. d. The Company recognises long-term opportunities for its successful operation and sets the maximisation of the value of the public limited company as its fundamental objective. Being a socially responsible company, it also creates the conditions and the environment to ensure satisfaction of its customers, employees, owners, as well as local and wider social community, and for coexistence with the natural environment. The Management Policy of the public limited company defines the Company's principal management orientation, which is reflected, inter alia, in achieving the ambitious performance results, systematic improvement of the quality of work, and setting ambitious targets in business plans. The Luka Koper Group has been implementing its strategy and objectives, managing its employees and working on their development, devising and managing processes, taking measures and controlling all the companies of the Luka Koper Group. The Business strategy of the Company and the Luka Koper group until 2030, and the Strategic business plan of the Company and the Group 2016-2020 outline an ambitious path based on own experience and operational results, taking into consideration the business and institutional environment that affect operations to a significant degree.

Operational objectives of companies in the Luka Koper Group are set in annual business plans in accordance with strategic orientations, the Corporate Governance Code for Companies with Capital Assets of the State, Recommendations and expectations of the Slovenian Sovereign Holding, and Criteria for Measuring the Performance of Companies with Capital Assets of the State. In order to achieve the set objectives, process and structures of individual companies of the Luka Koper Group have been organised accordingly. Achievement of targets and measurement of results are monitored by means of performance indicators, quarterly reports and work programmes, annual interviews with employees, preparation and implementation of the management review, as well as risk identification and management. Decisions are taken at meetings of the Management Board on the basis of given and discussed proposals. The decision-making responsibility is defined in the general acts of the Company and other internal regulations. The Company's values and its partnership corporate culture are built through communication, which is carried out regularly and systematically through Management Board meetings, planning conferences,

³⁵ GRI GS 103-1, 103-2, 103-3

periodic coordination, weekly operational meetings, quality team meetings and other forms of working meetings. Verification shall be carried out by superiors executing direct verification, by means of reports on the completion of work, verification of work programmes carried out, verification of Management Board decisions implemented, business reporting, internal and external examinations, internal and external audit and managerial checks, work reports for projects, etc. In case of derogations recorded during verification and other types of control, measures will be taken at the system level in accordance with the regulation on the implementation of improvement measures.

8.1 Financial ratios³⁶

The key financial ratios of Luka Koper, d. d., and the Luka Koper Group for the period from January to December 2017 compared to the period from January to December 2016

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1-12 2017	1-12 2016	IND 2017/2 016	1-12 2017	1-12 2016	IND 2017/2 016
Income statement						
Net sales	206,835,533	190,407,498	109	211,438,377	199,543,696	106
Earnings before interest and taxes (EBIT)	35,032,311	45,536,427	77	36,639,872	49,325,438	74
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	62,570,820	71,043,459	88	65,087,648	75,794,126	86
Profit or loss from financing activity	1,385,636	963,457	144	-377,307	-459,095	82
Profit or loss before tax	36,417,947	46,499,884	78	37,952,498	50,763,957	75
Net profit or loss	33,143,408	40,581,116	82	34,982,789	44,375,981	79
Added value*	115,524,196	118,409,242	98	124,516,296	129,692,675	96

*Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

³⁶ GRI GS 102-7

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	31 December 2017	31 Dec 2016	IND 2017/2 016	31 December 2017	31 Dec 2016	IND 2017/2 016
Statement of financial position						
Assets	518,952,908	472,932,135	110	536,478,688	489,991,097	109
Non-current assets	447,568,391	440,055,662	102	459,505,654	450,729,768	102
Current assets	71,384,517	32,876,473	217	76,973,034	39,261,329	196
Equity	320,652,651	304,425,949	105	350,437,387	331,978,921	106
Non-current liabilities with provisions and long-term accruals and deferred revenue	156,033,161	131,614,419	119	142,700,743	118,638,958	120
Short-term liabilities	42,267,096	36,891,767	115	43,340,558	39,373,218	110
Financial liabilities	133,114,842	126,332,908	105	117,114,842	110,332,958	106
Investments	1-12 2017	1-12 2016	IND 2017/2 016	1-12 2017	1-12 2016	IND 2017/2 016
Investments in property, plant and equipment, investment property and intangible assets	36,661,385	60,313,916	61	37,342,062	61,781,064	60

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Ratios (in %)	1-12 2017	1-12 2016	IND 2017/2016	1-12 2017	1-12 2016	IND 2017/2016
Return on sales (ROS)*	16.9%	23.9%	71	17.3%	24.7%	70
Return on equity(ROE)	10.6%	13.8%	77	10.3%	13.9%	74
Return on assets (ROA)	6.7%	8.8%	76	6.8%	9.3%	73
EBITDA margin**	30.3%	37.3%	81	30.8%	38.0%	81
EBITDA margin from market activity***	30.8%	38.9%	79	31.3%	39.6%	79
Financial liabilities/equity	41.5%	41.5%	100	33.4%	33.2%	101
Net financial debt /EBITDA****	1.7	1.8	95	1.3	1.4	94

Port throughput (in tons)	1-12 2017	1-12 2016	IND 2017/2016	1-12 2017	1-12 2016	IND 2017/2016
Port throughput	23,366,959	22,010,657	106	23,366,959	22,010,657	106

Number of employees	1-12 2017	1-12 2016	IND 2017/2016	1-12 2017	1-12 2016	IND 2017/2016
Number of employees	926	886	105	1,108	1,071	103

*Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

**EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

***EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity

****Net financial debt /EBITDA = (financial liabilities – cash and cash equivalents)/EBITDA

8.2 Direct economic value generated and distributed in 2017³⁷

(in EUR)	Luka Koper, d. d.	Luka Koper Group
A REVENUES		
- from sales	206,835,533	211,438,377
- financing	2,973,922	1,346,731
- sale of assets (profit on sales of fixed assets)	154,605	311,010
Total	209,964,060	213,096,118
B OPERATING COSTS		
costs (excluding employee costs)	121,812,265	120,842,022
- of which concession and fee for the use of construction land, which belong to the Municipality of Koper	6,494,856	6,790,189
- of which concession and fee for the use of construction land, which belong to the Municipality of Ankaran	3,467,180	3,577,912
Total	121,812,265	120,842,022
C EMPLOYEE COSTS	42,038,575	47,811,299
D PAYMENTS TO PROVIDERS OF CAPITAL AND OTHER SUPPLIERS OF FINANCIAL ASSETS		
Dividends	19,611,409	19,611,409
- Government (Republic of Slovenia, SDH, KAD)	13,152,211	13,152,211
- other providers	6,459,198	6,459,198
Interest	1,504,662	1,328,682
Total	21,116,071	20,940,091
E INVESTMENTS IN THE SOCIAL ENVIRONMENT		
Sponsorships and donations	646,326	649,885
Environmental taxes and duties independent of operations	140,430	140,504
Total	786,756	
F CONTRIBUTIONS TO THE STATE		
Concession fee belonging to the State	3,578,307	3,823,236
Corporate income tax	3,274,539	2,969,709
Taxes and social contributions from employee remuneration	6,008,500	6,786,955
Total	12,861,346	13,579,900

³⁷ GRI GS 201-1

8.3 Indirect economic impacts

8.3.1 Investments in non-financial assets³⁸

In 2017, the Luka Koper Group allocated EUR 37.3 million to the investments in property, plant and equipment, investment property and intangible assets, which is 40% less than in 2016. Luka Koper, d. d. allocated the amount of EUR 36.7 million to investments in 2017, which accounted for 98% of investments of the Luka Koper Group.

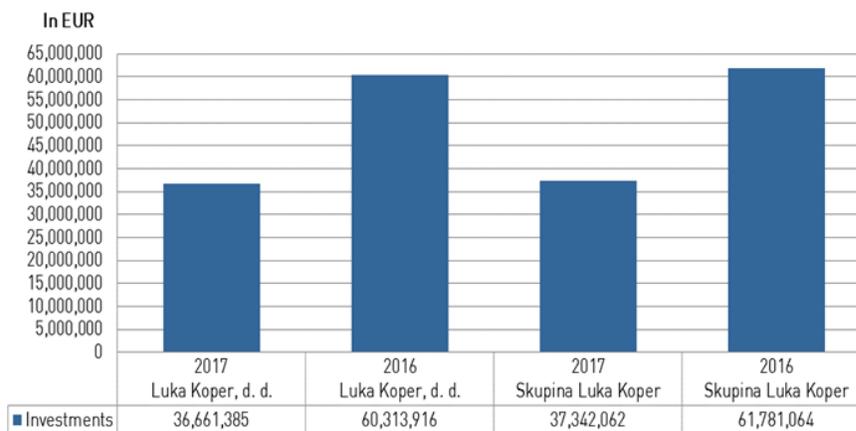
The Luka Koper Group made no pro bono or in kind investments.

Impact of investments on the local community and the increase in security

A new mooring buoy was constructed and installed in order to increase the safety of Ro-Ro ships.

Lamps on old light towers at the container terminal were replaced by modern LED lamps, which, featuring vertical direction of the light beam, reduce light pollution and save electricity.

Investments in property, plant and equipment, investment property and intangible assets (Cash flow statement) of Luka Koper, d. d. and the Luka Koper Group



In 2017, the Luka Koper Group made the following major investments:

Storage area for empty DEPO containers was ensured for the needs of the container terminal. This investment included reconstruction of the existing facility into a container repair station, construction of a gallery with power supply for refrigerated containers,

³⁸ GRI GS 203-1

destruction of an existing electrical substation and construction of a new one, construction of the new 18C railway track of 300 m length.



DEPO – terminal for empty containers and related services
(Legend: red– area of work, light blue – entire DEPO area)



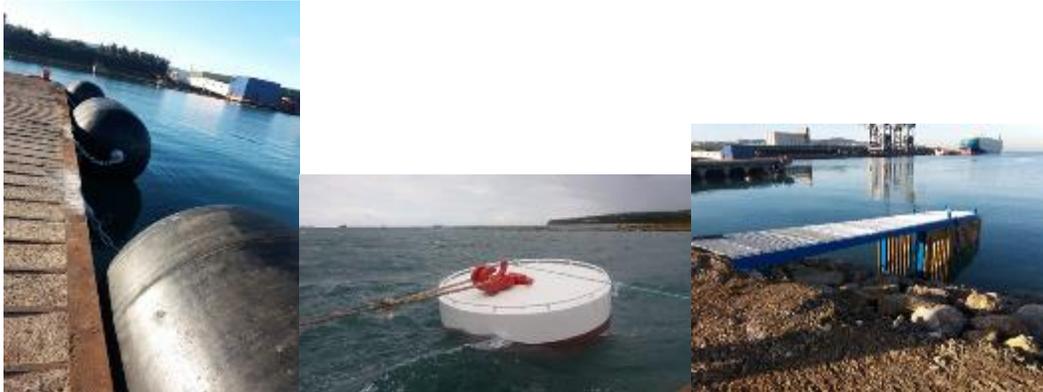
Gallery with power supply for refrigerated containers

In order to improve the traffic between the units and to ensure wider transport routes between the units, phases 1 and 2 of moving storage units were completed, which included the move of light towers.



Organization of the Container Terminal - Phase 1 and 2 of moving storage units
(Legend: red– area of work)

To increase the safety for RORO ship landings on the multi-purpose terminal, a new mooring buoy and a new access gangway for port staff handling mooring were installed in Basin III, and decrepit fenders were replaced at an existing ramp.



The north wall of a silo chamber was renovated due to deterioration.



A multi-purpose storehouse was constructed, its surroundings rearranged and new weighing devices were set up.



An additional washing line for car wash was installed at the Avtoservis servicing facility.



A macadam area in Sežana extending over 5,000 square metres was asphalted.



Equipment: Purchases for the container terminal included new terminal tugs and manipulators for empty containers, 3 rail mounted gantry cranes (RMG), 2 ship-to-shore cranes (STS), and 7 electrified rubber tired gantry cranes (E-RTG); for the general cargo terminal, they included new 17t, 8t and electric forklifts, and for the dry bulk, a Volvo loader and a bagging facility for packing fertilisers into Big Bags.

Several minor investments were made.

All investments foreseen for the year 2017 were studied from the economic aspect, the aspect of eligibility, energy savings, urgency and from the aspect of legal obligations. The decisions on major investments were taken on the basis of the prepared investment studies and conducted analyses of their impact on return on equity.

Monitoring and control of impacts on the environment have remained a relevant part of regular work activities in the port. In 2017, the Luka Koper Group allocated a portion of funds to ecology and to saving electricity, to maintain harmony with the environment in line with its strategic orientations. For this purpose, old (floodlight) lamps on old light towers at the container terminal were replaced by modern LED lamps pursuant to the Decree on light pollution.



8.3.2 IT solutions³⁹

Having been implemented in Luka Koper in recent years, digital transformation is in the priority list of the current strategy of information technology. Based on information technology and digitisation, Luka Koper has been striving to optimise its business processes and increase their efficiency.

In 2017, Luka Koper carried out over 200 different changes to existing functionalities in its information systems and introduced a number of new ones, the overall aim being to optimise and digitise its processes.

Luka Koper has been enabling its customers and partners to order services electronically for more than 20 years, while also putting much effort in full digitisation of the area. To this end, the Company in 2017 performed activities in three major areas:

³⁹ GRI GS 203-1

- EDI CENTER 2, which is to introduce EDIFACT messages for container shipowners, thus making a substantial contribution to methods and processes of communication and work in the port community,
- The truck announcement digitisation project, which will increase efficiency in optimisation of truck transport and provide the preconditions to implement supervision and thereby increase safety,
- Optimisation of the container loading and unloading process, which will use communications EDIFACT in the port community and enable internal electronic support to the planning of work in this segment.

In addition, Luka Koper was working intensely in 2017 to overhaul the IT support system for processes at the car and Ro-Ro terminal, which will be fully introduced in 2018. A comprehensive information solution will thus be established to optimise the existing processes, establish a better integrated connection with the main operational port information system (TinO) and at the same time offer new functionalities in work processes in the field as in administrative processes.

Alongside the above, many other system upgrades and new functionalities were also introduced:

- The system for supporting container terminal operational processes was upgraded, and support for RMG technology (Rail Mounted Crane) was introduced,
- The contract registry was digitised, which also resulted in support to the process of negotiating and initialling contracts,
- New support for e-Travel orders, holidays and other absence began to be developed,
- New functionalities were introduced to facilitate and further automate container weighing related work,
- Archival system was established for data that are generated in the context of the TinO information system.

New solutions were also introduced in subsidiaries. In Luka Koper INPO, d. o. o., the SAP MM module was introduced for the needs of purchase procedures, and digitised invoicing was made possible for customers paying in advance.

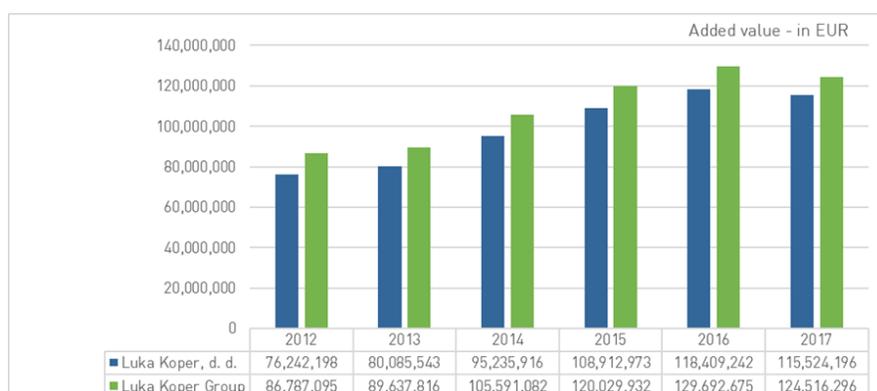
In the infrastructure part, the entire work environment was transferred to new working stations, which included the transition to Microsoft Office 365.

In the era of digital transactions, information security has become of major importance for the entire operation of the company rather than being restricted to information technology, which is why Luka Koper has been particularly sensitive in this regard. Regular reviews of the information and communication technology (ICT) are being implemented, users are educated and made aware of the correct and secure use of information resources, and awareness of the importance of information security is being raised. To ensure smooth

operation of information systems, it is crucial that they are highly available and reliable, which is maintained in Luka Koper on a very high level. In 2017, it amounted to 99.9 per cent. Development of information systems in Luka Koper will continue to focus on customers who will be enabled the maximum possible rate of transaction digitisation and system integration based on connecting various links in the logistics chain, and on employees who will be offered the tools, applications and devices to be able to perform their tasks quickly and efficiently.

8.3.3 Indirect impacts of operations of Luka Koper⁴⁰

Port activity affects the Slovenian economy both directly and indirectly through Port of Koper. Direct effects show in the added value generated in port activities (logistic services, cargo handling, internal transport, storage) and support port activities (pilotage, towage, victualling, maintenance of ships, berthing, vessel agents, the truck terminal, survey/inspection companies), which is also impacted significantly by the added value generated in Luka Koper. Indirect effects of port operations are particularly visible in the added value of forwarding, transportation, construction, technical, banking and insurance services and the services of public administration. Indirect effects show additionally in the form of sponsorships, donations and membership fees, and payment of the license fee and fee for the use of construction land to the two neighbouring municipalities. The estimated multiplication factor of direct effects of port operations on added value ranges around 2 - for each euro created, the port activity generates another euro worth of direct effects on other activities.



Luka Koper generates new jobs directly and indirectly. Slightly less than half of the new jobs are created in the very port activity and support activities, and the remaining ones in forwarding and transport - the majority referring to rail freight transport. Regarding the number of employees, the port activity multiplication factor is estimated to range between 2.4 and 3 - each position in port activity additionally indirectly generates between 1.4 and 2 jobs in other activities.

⁴⁰ GRI GS 203-2

9 Safe and healthy port environment

9.1 Description of Occupational safety system⁴¹

The policy of a safe and healthy work environment is realised in the Luka Koper Group by ensuring that work processes are in accordance with the occupational health and safety management system. The management system is formed by Luka Koper, d. d., holder of the standard BS OHSAS 18001:2007 certification. Major starting points in implementing the system are continuous improvement, hazard identification and prevention of injuries before they occur at all. The revised ISO 45001 standard, which will come into force in 2018, is also taken into account.

The occupational health and safety system has been devised to include in the framework of the annual planning examination of risk related to occupational health and safety based on risk assessment and risk register. Risks are identified based on assessment of work-related risks and analysis of accidents at work and other exceptional events. Based on identified significant risks, annual targets are set and improvement programmes devised, including the activities required to achieve the goals set. Realisation of the improvement programme is monitored in the report, work programme, and annual report on occupational health and safety. Suitability of the established system is verified and assessed in the framework of regular internal audits and management reviews.

Luka Koper has been planning and implementing promotion of health in the workplace, also providing the required resources and method of monitoring. Health promotion activities are determined by means of medical assessment of the needs, which is based on data on the most frequent causes of sick leave after ICD-10 and recommendations of an authorised occupational medicine specialist.

9.2 Occupational health and safety⁴²

At the highest level, the person responsible for occupational health and safety is the Member of the Management Board - Workers' Director. We have a working group for the promotion of health, which is presented in greater detail at the end of this section. All the important issues of occupational health and safety involve the Workers' Council and the trade union representing all employees. A sports club operates in the framework of Luka Koper, having 603 members which equals 65% of all employees. The club offers various sports activities.

⁴¹ GRI GS 103-1, 103-2, 103-3

⁴² GRI GS 403-1

Occupational safety objectives for 2017

The most important occupational safety objectives in 2017 were as follows:

- To entirely prevent serious injuries,
- A maximum of 17 injuries at work per million hours worked,
- To improve the security of internal transport to less than 25 extraordinary events per million hours worked.

9.3 Compliance with occupational safety legislation⁴³

Compliance with legislative requirements shall be verified by means of permanent internal control, internal and external audits and on the basis of inspections.

External audit resulted in six measures for improving the occupational health and safety, comprising the use of seatbelt in internal transport, drawing up the plan of measuring the working environment, establishment of internal checks of indication of legislation in security plans, consideration of the possibility to publish additional intranet materials on occupational health and safety, and installation of handrails on staircases in accordance with applicable regulations. The measures are being discussed, and staircase handrails are in the implementation stage. The measure has been completed that relates to the supplementation of the report that contains findings of inspections, and publication of the latest version of ADR in the list of the occupational safety legislation.

In 2018, eight inspections were carried out in Luka Koper, d. d., of which five were aimed at researching the accident at work involving port service providers' workers, two were extraordinary inspections, and one was a regular inspection of pressure vessels. Two regulatory decisions were issued to Luka Koper, d. d.

Based on the findings of the Labour Inspectorate of the Republic of Slovenia, Luka Koper, d. d. has established a more efficient control for monitoring hazardous occurrences and has been regularly informing the labour inspection of any relevant events. There is an on-going revision of older technological procedures and the issue of PSP is being addressed, particularly in relation to training, i.e. verification of competencies.

9.4 Injuries at work⁴⁴

For the purposes of injury statistics and the calculation of various indices, injuries at work shall be taken into account when requiring at least one day of sick leave. In addition to those listed, seven other injuries in employees of Luka Koper, d. d. were recorded in 2017, but required no sick leave.

⁴³ GRI GS 419-1, 102-1, 102-2, 102-3

⁴⁴ GRI GS 403-2

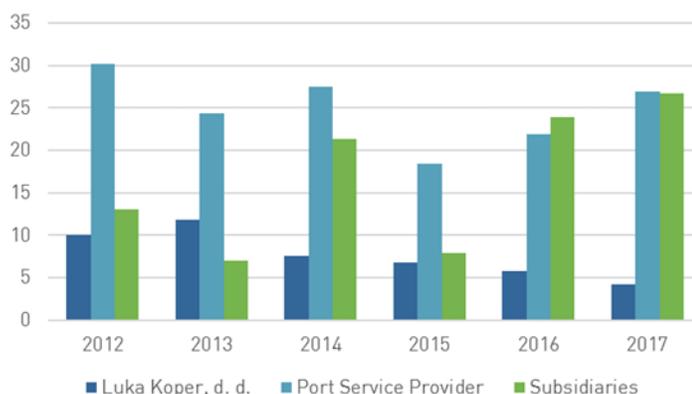
9.4.1 Number of injuries at work

	2012	2013	2014	2015	2016	2017
Luka Koper, d. d.	17	20	13	12	11	8
PSP	50	39	45	32	45	59
External contractors	5	2	7	8	9	19
Subsidiaries	6	3	13	4	11	10

Compared to previous years, employees of Luka Koper, d. d. recorded a decrease in the number of injuries in 2017, whereas port service providers and external contractors recorded an increase.

Number of injuries at work per million hours worked

Number of injuries at work per million hours worked



Compared to previous years, the frequency of injuries among employees of Luka Koper, d. d. has dropped.

With regard to port service providers, a fluctuation has been recorded in the frequency of injuries. Port service providers predominantly perform operational work (e.g. manual manipulation of cargo, etc.), which results in increased risk of injuries.

In subsidiaries, the number of injuries has increased in recent years, which is mostly due to injuries not related to the work process.

9.4.2 Summary of serious injuries at work

Among employees of Luka Koper, d. d., port service providers and employees in subsidiaries, two serious injuries were recorded in 2017, of which one was fatal.

A serious injury at work occurred in June, when a worker injured his finger while working on a wagon platform. The fatal accident occurred in July when a worker died while handling cargo from a ship.

With regard to the fatal accident at work, the Labour Inspectorate issued a decision on 28 September 2017. Three requirements were given in the decision, i.e. to ensure:

- Control over the implementation of soy throughput in accordance with technology,
- For operator of lifting equipment, when they can't see the area of work, to continue exclusively with the help of a signalman, and
- A suitably qualified signalman.

Luka Koper has met all the demands arising from the decision. Strict supervision of soy handling has been implemented at the dry bulk terminal, and work has been performed only with the help of a suitably qualified signalman. Competency of signalmen is being verified.

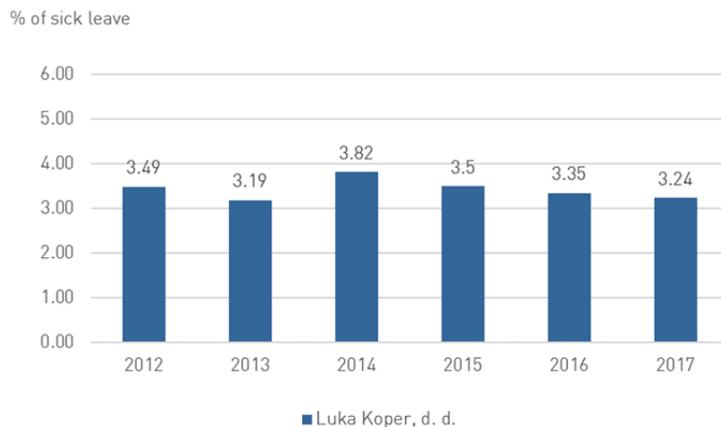
9.4.3 Summary of collective injuries

In 2017, no collective injuries at work were recorded among employees of Luka Koper, d. d., port service providers and employees in subsidiaries.

9.4.4 Summary of sick leave

Sick leave comprises absence of employees which is a result of sickness, injuries, nursing care and accompaniment. The figure below illustrates the share of sick leave, which specifies the share of working days lost due to sick leave. In 2017, sick leave amounted to 3.24%, which was a slight decrease from 2016, but not too distant from the average of recent years.

Share of working days lost due to sick leave per employee



9.5 Summary of activities performed in the area of occupational health and safety in 2017

Seven major activities were carried out in 2017 with the aim of ensuring occupational health and safety more efficiently.

A meeting was organised with responsible representatives of port service providers and the labour inspector. Participants were warned of major aspects of ensuring safety at work. Another meeting was held with port service providers who were familiarised with the most common injuries at work and safety measures.

Port Safety Week was carried out in September. At the entrance to the port, 5,000 flyers were distributed, stating the most important safety instructions and guidelines for movement in the port.

Storage area is being rearranged at the container terminal, where wider transport routes between the units are expected to result in partial decrease in traffic accidents.

Special attention has been put on measures for instances of high winds. Based on a measuring container, measurements of the impact of the speed and direction of the wind on the stability of empty containers were made in cooperation with the Faculty of Maritime Studies and Transport. Based on project results, the network of wind measuring points will be further extended in 2018, and the monitoring and alerting IT system will be upgraded.

The system of person detection when reversing the vehicle continued to be installed in working machinery. In the past year, the person detection system was installed in three large forklifts.

Based on the Rules on detection of intoxication and presence of illegal psychoactive substances, we have been actively performing tests to detect of alcohol and illegal psychoactive substances.

When the Prohibition of walking control week was carried out in May, ship crews recorded 395 breaches of the prohibition of walking. When the campaign was finished, ship crews were urged via agents to respect the rules of the port.

9.6 Health promotion⁴⁵

In June 2016, the Management Board of Luka Koper appointed a nine-strong Health promotion working group. The group is composed of representatives of all major organisational units, human resources, health protection and ecology, and senior

⁴⁵ GRI GS 403-1, 403-3

management. Priority tasks within health promotion are: control of musculoskeletal disorders, respiratory diseases, alcohol abuse related disorders, and improvement of interpersonal relations. Musculoskeletal disorders mostly affect operational workers and office workers, which is particularly due to extreme posture. In previous years, activities were focusing slightly more on machinery operators, whereas in 2017, the focus was on office workers. The following activities were implemented with the purpose of maintaining and improving employee fitness levels:

- The 'Health promotion recommendations' awareness campaign was continued.
- The Institute of Occupational Safety performed an ergonomic analysis of three positions from the perspective of health. Relevant heads of organisational units were informed of the analysis recommendations.
- 'Active breaks for sedentary jobs' workshops were held for employees. They were run by Eva Uršej, physiotherapist and professor of physical education from ZAP institute, who taught participants how to perform the chose exercises correctly.
- Under the leadership of ZAP institute experts, we made video recordings of eleven sets of exercises for active breaks during work.



- A yoga beginners course and sport climbing test were organised.



- A panel was held with Petra Majdič and Davor Denkovski, occupational medicine specialist, where coordination of family, work and sports was addressed. The main message was: it is crucial to be active to maintain own health. Our socialising ended with light entertainment that was mostly based on healthy ingredients.



- Each year, new employees are invited to attend the workshop 'How to control workplace mobbing'.

10 Care for employees

With their knowledge, energy and eagerness to work, employees in the Luka Koper Group display their devotion to the collective and help create the company's future in the spirit of partnership. The Group's activity demands a flexible approach to the organisation of work, which results in employees having to adapt to the needs of the business and social environment.

Competent and motivated workers are strategic assets and the condition that has to be fulfilled in order for development plans of the Port of Koper to be realised. Cooperation, responsibility, respect, commitment and creativity on the part of each individual are the values implemented by the Group in its practice.

10.1 Description of the Employee management system⁴⁶

New employee hires and concern for employees, including high work performance and employee satisfaction, were recognised by stakeholders as areas of high importance in the materiality matrix. The guideline in approaching human resource management is the Human resource management strategy 2016-2020, which has set out strategic objectives and activities to be realised through human resources and education annual plans in the framework of the Company's operational plans. Human resource management policy and practice are defined in the framework document Provision and development of human resources and subordinate management system documents (working instructions). The human resource section has been establishing employee management systems/tools full support of the Management Board. Employees are managed directly by managers. Recruitment procedures are run in a transparent and non-discriminatory manner. All employees have the possibility for further development by being included in annual interviews and training programmes. Efficiency of human resource management is monitored by means of a bi-annual assessment of organizational climate, employee satisfaction and commitment, where high results were achieved in 2017 (above expectations and above the Slovenian average) and by means of assessing all management functions based on the 360 degree method. Assessment is followed by presentation of results, i.e. feedback, and, despite excellent results, measures for improvement or maintenance of the results achieved. In addition, low employee fluctuation has been recorded.

As at 31 December 2017, the Luka Koper Group had 1,108 employees, which was 37 more than the previous year and 3%-growth for the fourth year in a row.

⁴⁶ GRI GS 103-1, 103-2, 103-3

10.1.1 Number of employees by company and in the Luka Koper Group as at 31 December⁴⁷

	2015	2016	2017
Luka Koper, d. d.	852	886	926
Luka Koper INPO, d. o. o.	159	155	153
Luka Koper Pristan, d. o. o.	4	4	4
Adria Terminali, d. o. o.	22	22	21
TOC, d. o. o.	3	4	4
Luka Koper Group*	1,040	1,071	1,108

* Logis Nova, d. o. o. and Adria Investicije, d. o. o., companies of the Luka Koper Group, are not included in the table since they have no employees.

10.1.2 Number of employees in Luka Koper, d. d. with regard to the type of contract (indefinite, temporary)⁴⁸

	31 Dec 2015		31 Dec 2016		31 Dec 2017	
	Number	Share	Number	Share	Number	Share
Indefinite	943	98.9	841	94.9	864	93.3
Fixed-term	9	1.1	45	5.1	62	6.7
TOTAL	852	100	886	100	926	100

Workers employed in Luka Koper, d. d. have concluded an employment contract of indefinite duration, except for certain new employee hires who have been hired temporarily on the basis of training for various types of machinery in the basic throughput and storage process.

10.1.3 Number of employees in Luka Koper, d. d. as at 31 December by gender⁴⁹

	31 Dec 2015		31 Dec 2016		31 Dec 2017	
	Number	Share	Number	Share	Number	Share
Men	747	87.7	780	87.8	816	88.1
Women	105	12.3	106	12.2	110	11.9
TOTAL	852	100	886	100	926	100

Due to the nature of work, the company employs far more men (88.1%) than women (11.9%). Employment in the basic throughput process has an impact on the gradual reduction of women's share in the structure of employees. New employee hires also display a prevailing number of men (86.1% of new employees are men).

⁴⁷ GRI GS 102-7

⁴⁸ GRI GS 102-8

⁴⁹ GRI GS 102-8

10.1.4 Share of employees in Luka Koper, d. d. by region of residence⁵⁰

Statistical regions of Slovenia	2015	2016	2017
Coastal and Karst Region	90.7	89.2	91.7
Primorska and Notranjska Region	8.6	9.4	7.0
Central Slovenia	0.5	0.6	0.5
Goriška	0.2	0.6	0.5
Southeast Slovenia	0	0.1	0.1
Other country (Italy, Croatia)	0	0.1	0.2
TOTAL	100.0	100.0	100.0

Displaying the highest share, i.e. 91.6% to originate in the Coastal and Karst Region, the structure of employees by region of residence reflects the nature of throughput, which includes continuous provision of services throughout the year and shiftwork, based on which we can ensure the flexibility of our services.

10.1.5 Number of employees by type of employment (full working time, part-time)⁵¹

	2015		2016		2017	
	Number	Share	Number	Share	Number	Share
Part-time employment (All)	9	0.9	12	1.4	9	1.0
Of which women as part-time employees	2		3		4	
Full working time	917		874		843	

Part-time employment contracts were concluded with approximately 1% of employees in Luka Koper, d. d.; of which slightly more than a half due to disability and the remaining employees due to health reasons and due to parenthood in equal shares.

10.1.6 Share of employees in Luka Koper, d. d. covered by collective agreement⁵²

	31 Dec 2015	31 Dec 2016	31 Dec 2017
Employed covered by collective agreement	97.0%	96.8%	97.1%
Employees outside the collective agreement framework	3.0%	3.2%	2.9%
TOTAL	100.0%	100.0%	100.0%

⁵⁰ GRI GS 102-8

⁵¹ GRI GS 102-8

⁵² GRI GS 102-41

In 2017, new employee hires in Luka Koper, d. d. were mostly limited to the basic throughput and storage process, new employees also including a recipient of company scholarship. Despite low fluctuation, new recruitments mitigate the ageing of the workforce to a certain degree. Contract terminations are mostly related to retirement due to old age, and to a lesser degree also to mutually agreed terminations and extraordinary terminations (dismissal by the Management Board), and in one case, to death.

10.1.7 Employee structure in Luka Koper, d. d. by age groups⁵³

Age groups (years)	31 Dec 2015		31 Dec 2016		31 Dec 2017	
	Number	Share	Number	Share	Number	Share
15-30	64	7.5	70	7.9	85	9.2
31-40	319	37.4	306	34.5	313	33.8
41-50	274	32.2	305	34.4	320	34.6
51-60	176	20.7	187	21.1	182	19.7
Over 61	19	2.2	18	2	26	2.8
Total No of employees	852	100.0	886	100.0	926	100.0
Average age of employees	42.8		43		42.8	

10.1.8 New employee hires in Luka Koper, d. d. by age groups⁵⁴

Age groups (years)	31 Dec 2015		31 Dec 2016		31 Dec 2017	
	New employments	Contract terminations	New employments	Contract terminations	New employments	Contract terminations
15-30	18		20	1	34	2
31-40	24	4	22		26	1
41-50	6	1	5	4	5	2
51-60		11	4	4		8
Over 61		4		8		9
Total	48	20	51	17	65	22

⁵³ GRI GS 102-8

⁵⁴ GRI GS 401-1

10.1.9 New employee hires in Luka Koper, d. d. by gender⁵⁵

Gender	31 Dec 2015		31 Dec 2016		31 Dec 2017	
	New employments	Contract terminations	New employments	Contract terminations	New employments	Contract terminations
Men	43	17	48	13	56	20
Women	5	3	3	4	9	5
Total	48	20	51	17	65	25

10.1.10 Comparison of new employee hires, contract termination and fluctuation rate⁵⁶

	Number of new employments			Number of contract terminations			FLUCTUATION RATE (IN %)*		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Luka Koper, d. d.	48	51	65	20	17	25	2.3	1.9	2.6
Luka Koper Group	62	59	76	33	28	44	3.1	2.5	3.8

*Fluctuation calculation method = No of terminations/(previous No of employees + new employments) x100

10.1.11 Employee benefits⁵⁷

When it comes to employee benefits in Luka Koper, d. d., there is no division among those employed for an indefinite period or a fixed-term or those employed for full working hours. All of them are equally involved in all approaches to human resource management. Having met the relevant conditions and criteria, all employees are included in financial employee motivation tools (opportunities: promotion; output, economy production or productivity bonuses; taking out accident insurance at favourable conditions) and non-financial tools (public recognitions and awards to the best employees, participation in social events for employees, promotion of employees who have successfully completed off-the-job studies, employees, who retired in the current year and jubilants; activities related to employee health promotion, informal sports meetings, visits of cultural and sports events, and holiday facilities available to employees). The only difference is related to the voluntary supplementary pension insurance, in case of which temporary employees are paying their monthly premiums themselves, whereas others are co-financed different shares of the legal premium depending on the age of the employee: up to and including 30 years of age, the employer contributes 70% of the premium, from 30 up to and including 40 years, the employer contributes 80%, and over 40, 90% of the premium.

⁵⁵ GRI GS 401-1

⁵⁶ GRI GS 401-1

⁵⁷ GRI GS 401-2

In 2017, employees were receiving the monthly payment of salary regularly, they also received the holiday pay and 13th salary based on the achieved operational performance. A great majority of employees also participated in the voluntary supplementary pension insurance.

10.1.12 Number of Luka Koper, d. d. employees who took parental leave and returned to their workplace, by gender⁵⁸

	2015	2016	2017
Men	44	63	64
Women	5	8	9
TOTAL	49	71	73

Employees who are entitled to parental leave normally exercise their right, and all of them return to their workplace after the conclusion of their parental leave.

10.1.13 Education structure of employees as at 31 December

Level of education	Luka Koper, d. d.				Luka Koper Group			
	No employees of 2017	Share (%) 2017	No employees of 2016	Share (%) 2016	No employees of 2017	Share (%) 2017	No employees of 2016	Share (%) 2016
VIII/2	1	0.1	2	0.2	1	0.1	2	0.2
VIII/1	25	2.7	21	2.4	25	2.3	22	2.1
VII	103	11.1	107	12.1	113	10.2	116	10.8
VI/2	160	17.3	148	16.7	164	14.8	153	14.3
VI/1	74	8	68	7.7	83	7.5	77	7.2
V	270	29.2	260	29.3	306	27.6	294	27.5
IV	240	25.9	224	25.3	302	27.3	284	26.5
III	13	1.4	13	1.5	23	2.1	23	2.1
I-II	40	4.3	43	4.9	91	8.2	100	9.3
Total	926	100.0	886	100.0	1,108	100.0	1,071	100.0

The level of education has improved in spite of the fact that the majority of new employments involved operating positions in the basic throughput process and warehousing for levels of education IV or V. To a considerable degree, this was affected by a great number of graduations from extension courses due to the legal deadline until which graduations were possible according to old, pre-Bologna programmes. The Company has concluded education agreements with eleven employees to finance their professional education to achieve a higher level of education. Old-age pensions were predominantly granted to employees with a lower level of education.

⁵⁸ GRI GS 401-3

10.2 Educating and training of employees

In the Materiality matrix, educating and training of employees was recognised as of importance to stakeholders.

10.2.1 Description of the Employee management system⁵⁹

Targeted implementation of functional training of employees is a strategic activity of the Company. Approach/Policies are set out in the Company's documents: Human resource training and education, Knowledge transfer systems, Approach to co-financing extension courses. Training objectives, programmes and funds are included in the Company's annual plans. Training grounds are work process requirements, required and desired knowledge for particular workplaces, and agreed knowledge or poorly developed competencies, as established in annual interviews. Success of the chosen approach is monitored by measuring satisfaction after the completed training, by means of exams, promotions of employees to higher level of qualification and flexibility based on acquiring, transferring and using knowledge, and assessing tutors.

In 2017, 84% of employees were involved in training in Luka Koper, d. d. The average of 20.8 hour of training per employee was achieved, which was a result of increasingly systematic training plans and numerous internally organised training forms.

Share of employees involved in training by gender and by workplace category

	2017
Employees involved in training	84%
Women involved in training	90%
Men involved in training	83%
Management	43%
Senior management	100%
Middle management	86%
Junior management	100%
Professional staff	96%
Operating staff	75%

⁵⁹ GRI GS 103-1, 103-2, 103-3, 404-1

10.2.2 Introduced programmes⁶⁰

A great share of internally held training programmes were realised within the tutor system as part of training to operate various machinery upon being employed or reallocated to another unit. Each new employee is involved in a job coaching programme, which is not considered as training; the mentor, however, is entitled to a 10% mentorship allowance. In 2017, 73% of training programmes in Luka Koper, d. d. were organised in the Company based on the established work issues and adapted training programmes, to a great extent with own staff performing the role of in house lecturers or instructors.

We organised training programmes on developing communication and employee management competencies, business negotiations and public speaking, protection of business secrets, IT security, quality standards, mobbing, communication in a foreign language, as well as training for handling dangerous cargoes, preventive management, extraordinary events, work at a height.

Based on internal training programmes held at least twice a week and positive employee response to numerous training programmes in external educational organisations, Luka Koper, d. d. has been implementing the lifelong education concept, being aware of the importance of employee continued education and retraining.

We have upgraded the competency model, which, being the shared competencies of all workplaces also include the values of Luka Koper in terms of expected employee conduct.

10.2.3 Promotion and internal mobility of employees⁶¹

Luka Koper enables its employees personal and professional development with horizontal and vertical promotion and classification of employee into a higher level of qualification and flexibility at the workplace. In 2017, each third employee enjoyed a form of career development.

	Vertical and horizontal promotion			Classification into a higher level of qualifications and flexibility			Total internal employee mobility		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Number	177	90	102	168	162	201	345	252	303
Share	21	10	11	20	19	22	40	29	33

Based on provisions of the collective labour agreement, all employees are involved in performance evaluation, thus having the option to receive up to 30 percent of personal performance allowance, which can vary monthly. They can also receive an up to 15 percent cost efficiency or collective performance allowance based on criteria of achieving quarterly

⁶⁰ GRI GS 404-2

⁶¹ GRI GS 404-3

work programmes or objectives and operational cost control. At the end of the year, they are entitled to the portion of salary for operational performance with regard to achieving the planned added value in the public limited company.

In 2017, 87 percent of employees of Luka Koper, d. d. were involved in annual interviews as a tool of targeted management and individual employee development. IT support to annual interviews based on Success Factors application was used with a half of employees.

The system identifying and developing HR potentials and successors was reformed. In addition to numerous identification tools (annual interviews, discussions with heads of organisational units, development discussions with employees, psychological examinations, 360 degree method competency assessment, assessment centre), we have established precise criteria of employee classification into the HR database for key working positions. The database includes 1.3 percent of promising employees with completed development plans.

The 360 ° method was used to assess management positions at all levels of the organisation structure.

44 percent of employees participated in measuring of organizational climate, employee satisfaction and engagement. The results exceeded the predicted objectives. Based on a shortened OCS Organizational Climate Survey questionnaire, which enables comparability in the Slovenian environment, the average climate and satisfaction rate of 3.91 was achieved, based on the Gallup questionnaire, which enables international comparability of results, the average rate achieved was 8.82 or 60 percent of engaged employees, 33 percent were not engaged, and 7 percent of employees were actively disengaged. The results were presented to all employees at workshops in each organisational unit, whereas at the final management workshops, measures/activities were formed for the improvement or maintenance of high results until the next measurement to be held in two years.

Assessment of mutual cooperation between units was also carried out in Luka Koper, d. d., the average cooperation rate in the scale from 1 to 5 recorded at 3.74, which was based on criteria of unit management and employee availability and accessibility, willingness to cooperate, responsiveness, quality or competence of response and self-initiative/pro-activity of the assessed unit.

10.3 Ensuring safety of employment and social security of employees

The disability issue was dealt with by an established pattern of past practice by employing a share of disabled employees in the Luka Koper Group, in the disability company Luka Koper

INPO, d. o. o. The share of employees with the disability status in Luka Koper, d. d. stood at 2%.

Disability – Number of disabled employees and their share in Luka Koper, d. d.

	2015	2016	2017
Number of disabled employees	17	17	19
Share (%)	2	2	2

Number of disabled employees and their share in Luka Koper, INPO, d. o. o.

	2015	2016	2017
Number of disabled employees	82	83	78
Share (%)	52	53	52

10.4 Cooperation with educational institutions

Luka Koper, d. d., operates as a socially responsible company in the field of development and education in the local and wider community. It cooperates with many educational institutions in ensuring mentoring of seminar and diploma papers, providing students with compulsory on-the-job trainings and expert excursions. Luka Koper, d. d. and its examples of good practice were often presented to the professional and other interested public. In 2016, two students received the company scholarship.

10.5 Internal communication with the employees

Luka Koper communicated with the employees mostly through two key communication channels:

- Short information that is received by all employees via e-mail or is posted on bulletin boards by secretarial services,
- Port bulletin monthly, which is issued in printed form.

Due to the nature of work and the fact that almost half of employees have no access to a computer at work, the classical printed communication with the employees is still the most useful tool. The company has a website - Lukanet where the general information, all internal documents of the company, platforms and instructions are available to the employees, if they need them for the performance of work.

10.6 Human resource management strategy

The HR management strategy in the Luka Koper Group for the period 2016–2020 supports the Business strategy of the company and the Luka Koper Group for the period 2016–2020 that highlights the increase in productivity, efficiency and competitive services among its development priorities.

In order to support the achievement of strategic operational objectives, activities in the framework of human resource management will focus on:

- Provision of a safe working environment,
- Introduction of a culture of good work performance,
- Provision of excellent management and mutual relations,
- Soliciting and maintenance of the best staff,
- Improvement in the system developing future leaders and employee potentials,
- Targeted acquisition of functional expertise.

11 Long-term sustainability of the natural environment

THE GROUP PURSUES THE GOAL OF ACHIEVING THE HIGHEST ENVIRONMENTAL STANDARDS

Luka Koper, d. d. implemented an environmental management system certified to the ISO 14001 standard in 2000. In 2010, the Company additionally joined the voluntary EMAS environmental scheme, an upgrade of the already implemented ISO 14001 environmental management system. The certification may be renewed by having an environmental management system in place and by presenting evidence of compliance with the environmental law and with the granted environmental permits. In addition to compliance with the law and permits, certifications require continuous improvement of the environmental management system, objective and regular assessment of the system performance, provision of information about environmental performance, an open dialogue with public and other interested stakeholders, and active involvement of employees. In 2017, the Company failed to obtain the statement of compliance with EMAS as the noise levels towards the town of Koper were above limit levels.

The EMAS certification was obtained by the company Luka Koper, d. d., with its registered office at Vojkovo nabrežje 38, 6501 Koper, Slovenia. The activity of the port comprises the throughput and warehousing of a variety of goods, supplemented by a range of services. The core activity is carried out through Profit Centres (PC), organised by the goods or cargo they handle. Each PC has its own characteristics depending on its goods-specific work process, technological procedures and the technology of throughput. The port comprises PC General cargo, PC, Container terminal, PC European energy terminal, PC Dry bulk cargo, PC Car and RO-RO terminal, and PC Passenger terminal. Technical support to the Management Board of the Company and Profit Centres is provided by specialised departments organised by the area of expertise, from fundamental management functions to specialist knowledge required to carry out specific activities. The healthcare and environment department is responsible for issues concerning environmental protection, employee health, energy, and fire safety.

This report provides a thorough insight into the performance of the Port of Koper in terms of environmental management. Previous Environmental reports are available on <http://www.zivetispristaniscem.si/index.php?page=static&item=14>.

The facts and data provided are a credible and faithful reflection of the Company's environmental management system.

11.1 About the environmental management system⁶²

The environmental management system has been designed in a way that environmental aspects are reviewed and evaluated as part of the annual planning process. Environmental aspects are elements of activities, products and services with significant impacts on the environment. The criteria for evaluating the significance of environmental aspects include year-on-year progress, compliance with the law and compliance with the adopted internal standards, cost increase, and public opinion. To indicate significance in the evaluation process, a colour scale is used (red, yellow, green). An environmental aspect is considered significant when any of its criteria is evaluated red or at least three criteria are evaluated yellow. In analysing environmental aspects, all our activities are considered (in terms of indirect and direct impacts on the environment). The table shows the environmental aspects evaluated as significant. Generation of sanitary wastewater is no longer classified as a significant environmental aspect after the sanitary wastewater treatment system was modernised. The Environmental report also discusses other identified environmental aspects, with the aim of providing a complete overview of the Company's environmental activity.

For the environmental aspects evaluated as significant, annual quantifiable targets are set and improvement programmes are developed to facilitate the process of meeting the targets and make it more efficient. The implementation of improvement programmes is reviewed annually and reported on in the Environmental report. The adequacy of the established environmental management system is examined and evaluated also as part of regular internal assessments and management reviews.

11.2 Living in harmony with the environment

Luka Koper, d. d., has always strived for better quality of life across the area of the port. Being aware of the port's impact on the environment, Luka Koper has committed in its policies to sound management of the environment in order to preserve it for future generations. The processes of monitoring and reducing environmental impacts have become part of regular activities. To this end, Luka Koper, d. d. works with competent specialised institutions.

11.2.1 Strategic orientations of Luka Koper by environmental aspect

In its development, the Company aims to introduce, to the largest possible extent, modern sustainable solutions that are significant for both the local community and the society at large. Strategic orientations for the development of Luka Koper, d. d. in terms of environmental management to 2030 have been set out in a special document, which is available on the Company website.

⁶² GRI GS 103-1, 103-2, 103-3

The table shows the environmental aspects evaluated as significant in 2017. In order to reduce the impacts of the identified environmental aspects, we organised the traditional environmental workshop of Luka Koper to decide on annual activities (improvement programmes) and review the progress made towards achieving the environmental targets listed below. In comparison with 2016, no new significant environmental aspects were identified in 2017.

11.2.2 Significant environmental aspects in 2017

Environmental aspects evaluated as significant	
WATER CONSUMPTION / WASTEWATER / SEA	<ul style="list-style-type: none"> • Drinking water consumption • Marine pollution from the handling of coal dust and iron ore • Generation of wastewater in livestock truck washing
AIR EMISSIONS	<ul style="list-style-type: none"> • Dust emissions/immissions from services
ENERGY / INTERNAL TRANSPORT	<ul style="list-style-type: none"> • Internal transport powered by diesel engines • Electricity and fuel consumption
NOISE / ODOUR	<ul style="list-style-type: none"> • Generation of noise in the port • Noise emissions from freight and passenger ships
OTHER ENVIRONMENTAL ASPECTS	<ul style="list-style-type: none"> • Deepening of seabed and disposal of marine sediments

11.2.3 Environmental targets in 2017

The key natural environment targets:

- Pass the audit of compliance with the GRI standards and the EMAS directive,
- Reduce total dust emissions on all ten port locations to 250 mg/m²day, and limit the number of deviations to no more than 5 of the 120 measurements taken throughout the year,
- Maintain PM10 concentrations (particles up to 10 µm) across the entire area of the port below 30 µg/m³ (in the direction of Ankaran, Koper and Bertoki),
- Maintain the share of separately collected waste, excluding waste from vessels, above 89%,
- Reduce the night-time noise level in the direction of Koper to 48 dBA,
- Maintain the noise level in front of the closest buildings outside the port at 58 dB during the day and 53 dB in the evening, despite the growing throughput and expansion of the port,
- Modernise the drainage system on the quayside of the bulk cargo terminal, modernise the wastewater treatment plants on the animal terminal, and replace some of the oil interceptors,
- Reduce the number of required measures (inspections and internal measures) in case of developments to zero,
- Prevent any spread of pollution from the port to the sea outside the port aquatorium,

- Maintain specific consumption of energy sources at 2015 levels despite the growing throughput and expansion of port capacities: fuel at 0.25 l/t, electricity at 1.17 kWh/t, and drinking water at 6.4 l/t.

11.3 Policies

11.3.1 Policy on health and safety in the port

An environmental policy is in place at company level, and its adequacy is regularly reviewed. The Company's Policy on health and safety in the port was revised in July 2014 to include the environmental management system compliant with the ISO 14001 standard as well as the occupational health and safety system compliant with the BS OHSAS 18001 standard. The policy also includes guidelines for disaster management, energy efficiency, education, and public communication.

We estimate that the policy is a faithful reflection of the environmental impacts and the associated environmental targets, and that it required no revision in 2017. <https://luka-kp.si/libs/download.php?file=/78f99632889f52bbce50665e0ed4b7ba>

11.3.2 Energy policy

The Company's strategic orientation is to achieve high energy efficiency in all the business processes carried out on the area of the port, and entirely replace extra light fuel oil with renewable energy sources for heating and domestic hot water. Luka Koper has recognised energy efficiency as one of the key measures to improve company performance and enhance its competitiveness. The Company acknowledges that energy efficiency improvements make a significant contribution to security of supply, lower environmental impacts, and more cost effective business operations.

<https://luka-kp.si/libs/download.php?file=/ebdc583ef9620559858a6a4a2be04751>

11.4 Compliance with environmental protection laws

11.4.1 Compliance with the law⁶³

To address light pollution, all lights have been made to comply with legal provisions in the field of light pollution.

Results of the measurements taken on the devices causing air emissions indicate compliance with the law and with the obtained environmental permit.

PM10 and PM2.5 concentrations in the area of the port, as well as the number of exceedances, are below the limit values stipulated by law. The measured emissions of combustion plants are compliant with legal requirements.

The noise level in the port is compliant with the provisions of the law for industrial areas. Meanwhile, noise measurement in front of the closest buildings in the town of Koper has

⁶³ GRI GS 307-1, 419-1, 103-1, 103-2, 103-3

shown that evening noise exceeds limit values by 4 dB(A), night-time noise at a distance stipulated by the environmental permit by 2 dB(A), and average noise by 5 dB(A). Day-time noise in front of the closest buildings in the town of Koper is compliant with the limit values. According to the decision of the environmental inspection we received in 2017 we are required to ensure the reduction of noise levels in the direction of Koper in compliance with the law. To this end, we adopted an action plan on the reduction of noise levels towards Koper.

In front of the closest buildings in the direction of Ankaran and Bertoki, no noise limit levels were exceeded.

Analyses of industrial wastewater and municipal wastewater from treatment plants have shown no non-compliance with legal and environmental requirements.

Luka Koper has a valid environmental permit as a high-risk facility, an environmental permit for noise emissions, an environmental permit for air emissions, wastewater emissions, and an environmental permit for the warehousing (throughput) of some categories of waste (scrap iron, paper, plastics, mill scale). In 2017, there was no throughput of these categories of waste.

11.4.2 Compliance with internal requirements⁶⁴

- The port's target for total dust was achieved, with the average annual concentration falling even 11% below the 2016 level.
- The set target for waste sorting was exceeded as each year.
- The targets for specific electricity consumption for the port's activity, as well as for fossil fuel and drinking water consumption were met.
- In terms of inspections and internal measures in case of developments, we failed to meet the target after receiving a decision from the environmental inspection.
- The sea water protection system is being maintained and upgraded in a way to help us meet the set target.
- The internal target for night-time noise was not met, with average annual night-time noise caused by the port calculated to be 50 dB(A). Meanwhile, the day-time noise level targets towards Koper were achieved.
- The wastewater treatment system on the animal terminal has not yet been modernised. As part of the efforts to reduce the impact of potentially contaminated stormwater on the European energy terminal, one third of the quayside was remedied.

11.5 Public communication

11.5.1 Results of a public opinion poll

Each year, a public opinion poll is carried out among the local population on the perception of Luka Koper, its relationship to the environment, and the company performance. In 2017,

⁶⁴ GRI GS 307-1, 419-1

the poll was conducted with a sample of 610 inhabitants (604 in 2016) of the Municipality of Ankaran, and the local communities Bertoki, Hrvatini, Koper central, Semedela, and Žusterna. The sample has remained the same throughout the years, and included all age groups and equally both sexes. In 2017, the average respondent found Luka Koper to be a successful enterprise that contributes considerably to the economic development of the City of Koper, but less to the economic development of the Municipality of Ankaran.

The main findings of the opinion poll in 2017:

- 33.8% (28.8% in 2016) of respondents see industry in Trieste as the biggest source of pollution for the local environment, followed by road transport with 25.6% (21.2% in 2016), and port activity in the third place with 14.3% (11% in 2016).
- According to the respondents, the implications of the port activity for the natural environment show as increased road traffic (50.4%, against 13.1% in 2016), impact on air quality (44.9%, against 33.5% in 2016), increased noise (39.6%, against 18.9% in 2016), impact on the sea (39.4%, against 38.7 in 2016), light pollution (26.9%, against 10.6% in 2016), environmental degradation (26.8%, against 11% in 2016), threats to flora and fauna (21.3%, against 8.2% in 2016), and impacts on soil (19.2%, against 8.6% in 2016). Just under 10% of respondents believe the port activity has no impacts on the environment (7.8%, against 10.9 in 2016).
- The average score for Luka Koper's investment in environmental protection, on a scale from 1 to 5, is 3.43, up 5% from 2016,
- 63.6% of respondents had no knowledge of Luka Koper having replaced all outdoor lamps with new, more efficient lamps where light is pointed downwards.
- Just over half of the respondents (52.7%) were unaware that Luka Koper keeps bulk cargo covered under a crust of cellulose to prevent dusting.
- 65.0% of the respondents were unaware that all Luka Koper's new machines are electric, to reduce noise and emissions.

11.5.2 Important public communication events

Considering the results of the opinion poll, we believe that we should continue to work closely with local communities, and strengthen the interaction with and gain trust of the local population. In the course of the year, we had a visit from the local communities Bertoki and Koper central, and discussed the Company's environmental issues and development plans with the members of the City of Koper municipality council. Together with the City of Koper, we set up a working group to address the unresolved environmental and development issues. The same proposal was addressed to the Municipality of Ankaran, but so far there has been no reply.



- We organised the Open Port Day, which attracted 3,000 visitors.
- Total page likes on Luka Koper's Facebook profile rose to 6,000.
- We opened a profile on Instagram to post interesting photos from the port.
- In collaboration with the regional newspaper Primorske novice we ran a monthly article or feature story in the Istra freesheet on the current issues concerning the port.
- In the field of sponsorships and donations, we developed even closer relationships with the beneficiaries in order to enhance the visibility of Luka Koper as a socially responsible company.

11.5.3 Registered and processed environmental complaints

In 2017, most of the complaints lodged (6) were about noise in the direction of Koper. An internal investigation showed that the main cause of the noise is large car ships moored in the immediate vicinity of the port. To alleviate the problem, we have been in talks with the shipping companies to achieve replacement of the noise-generating ships, but with no success so far. We are also exploring additional noise control solutions to reduce noise levels. For more information about the noise control activities, see the chapter on noise.

We received three complains about dusting. More information about quality of air in the area of the port is provided in the following chapters. One complaint was about dust emissions from the coal disposal area during strong wind. An analysis of the event showed that dust protection had not been used on all coal piles as the handling process was still underway. One complaint was about excessive smoke released by a ship within the port. The complaint was forwarded to the competent Maritime Inspectorate as ships are not within the competence of Luka Koper, d. d. Excessive smoke from a ship could be a sign of engine defect or poor maintenance. One complaint was about dust or soot seen by a local inhabitant on cars and his balcony. We can say with certainty that black dust is a result of the combustion of fossil fuels (in vehicles, vessels, combustion plants). However, some earlier analyses had established that it was impossible to tell whether soot was caused by combustion plants, vehicles, or vessels.

One complaint was about sea foam on the shore of the Ankaran shellfish farming area. We did a tour of inspection of Luka Koper's entire aquatorium and examined the CCTV footage from Luka Koper's basins. No foam was detected in the port, and consequently no spreading of the foam outside the port.

One complaint was about unpleasant smell spreading from the port. Unpleasant smells are occasionally detected in the composting plant, where biodegradable organic waste is processed into compost (whereby a small portion of the waste is generated by Luka Koper, and the rest is from Marjetica, d. o. o.). The odour is produced when the waste is stirred and mixed in order to facilitate composting. The day in question was a foggy day with low air pressure, which kept the smells near the ground. In future, we plan to modernise the composting plant in order to manage the odour.

11.5.4 Inspections⁶⁵

Inspectorate	Start date, notification of the process	Subject matter	Findings
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	30 June 2017	Review of noise emission management	Limit values were exceeded, a decision was issued with instructions to ensure compliance by end-October 2018
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	18 Aug 2017	Inspection of a facility with a high risk of accidents	As no irregularities were found, no action was taken
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	27 Oct 2017	Review of water use for industry, industrial wastewater emissions	As no irregularities were found, no action was taken
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	28 Nov 2017	Ensuring fire safety measures in Luka Koper facilities	Instructions to revise and amend the fire safety order with an evacuation plan and a fire safety plan as mandatory annexes

In 2017, no fines were imposed on Luka Koper as a result of the inspections listed above.

⁶⁵ GRI GS 307-1

11.6 Environmental risk management and emergency response⁶⁶

An important step in environmental preservation and improvement is to reduce the risk of emergencies and improve emergency response procedures. At the level of the port, we annually draw up and maintain lists of potential environmental and workplace hazards, and evaluate the level of risk of major accidents. The port has an emergency management and response system in place, not necessarily for emergencies involving dangerous substances. Table 3 lists and summarises the identified environmental incidents, all small-scale and with impacts within the port. The complaints lodged by the local community are discussed in the chapter Registered and processed environmental complaints, while incidents at sea are discussed in the chapter Statistics for interventions at sea.



As part of its activities, Luka Koper uses, transports and warehouses dangerous substances, oil and petroleum products, and manages work equipment and assets that carry a risk of accidents. An important step in environmental preservation and improvement is to reduce the risk of emergencies and improve emergency response procedures. To this end, Luka Koper has acquired, in accordance with legislative requirements, a risk assessment, has a protection and rescue plan for industrial disasters in place for the area of implementing the concession, and keeps sufficient assets and

equipment for interventions. The protection and rescue plan and risk assessments were revised in 2017. The protection and rescue system in Luka Koper involves players from various areas of expertise, organisations and undertakings. In the event of interventions in emergency situations in the port area, the professional fire brigade (PGE) and security staff of Luka Koper, d. d. are always involved, and sometimes also the sea protection unit, Luka Koper INPO, d. o. o., Luka Koper industry volunteer firemen society (PIGD), Luka Koper civil protection unit, and other units in accordance with the protection and rescue plan. In order to test the revised plan, emergency drill 'Morje in kopno 2017' (Off- and on-shore 2017) was carried out in July. In November, a joint emergency drill of Petrol, d. d. and Luka Koper, d. d. was organised under the title 'GORI – na tankerskem terminalu' (FIRE – at the tanker terminal) for advanced training in the organisation, readiness, and co-operation of TIS intervention units (Petrol) and Luka Koper in the event of accident or fire.

In late 2017, we acquired a specialised large fire vehicle as well as one smaller fire engine. We also carried out two internal fire drills, simulating fire on the first and second piers, where flammable liquids are stored in reservoirs.

⁶⁶ GRI GS 306-3

The port has an emergency management and response system in place, not necessarily for emergencies involving dangerous substances. The table Statistics for environmental incidents from 2011 to 2017 lists and summarises the identified environmental incidents, all small-scale and with impacts within the port. The complaints lodged by the local community are discussed in the chapter Registered and processed environmental complaints, while incidents at sea are discussed in the chapter Statistics for interventions at sea.

11.6.1 Statistics for environmental incidents from 2011 to 2017⁶⁷

Number in 2011	Number in 2012	Number in 2013	Number in 2014	Number in 2015	Number in 2016	Number in 2017	Events in 2017	Measures taken
50	30	49	41	59	47	60	Cracks in hydraulic systems (external vehicles and port machinery). The incidents mostly concern heavy goods vehicles of external clients.	Remediation by using absorbents. Eco-points have been built in key areas, where substances for quick remediation are available together with bins for spent absorbent disposal.
4	8	5	6	8	5	11	Leakage in the port's water supply system.	Repair of the leaking pipes.
8	4	3	10	12	10	11	Leakage and spillage of a small amount of petroleum products.	Remediation by using absorbents and sawdust.
4	2	4	3	4	6	11	Inadequate waste management within the port.	Adequate management of the collected waste in future.
0	0	1	2	5	2	10	Small fire.	In all instances, fires were extinguished and additional measures were introduced.
/	/	/	/	/	12	8	Flooding and incidents registered as "other" that involve no dangerous substances.	Adequate measures were taken in all instances.

⁶⁷ GRI GS 306-3

11.7 Environmental aspects and results of operations

11.7.1 Air quality and environmental aspects

We are making continuous efforts to reduce emissions into the atmosphere from port activity. The main sources of emissions we can control include:

- The throughput and warehousing of bulk and dry bulk cargoes such as coal, iron ore, soy, wheat and alumina. These activities cause dust emissions.
- The throughput and warehousing of liquid cargoes such as petroleum products, o-Xylene and methanol. These activities cause the emissions of volatile organic compounds.
- The use of liquid energy sources and motor fuels used for the port machinery and in combustion units, causing dust and greenhouse gas emissions.
- The use of refrigerants where coincidental leakage can cause greenhouse gas emissions (R 22 and 404A).

The efforts to steadily reduce the emissions into the atmosphere caused by port activity comprise a series of activities. One of the key measures to control dusting is a technology we introduced several years ago, where coal and iron ore deposits are covered in a layer of paper sludge, the sludge forming a crust to prevent dust from spreading. In 2017, 1,562 tons of paper sludge were used for this purpose.



11.8 Emissions/immission from services

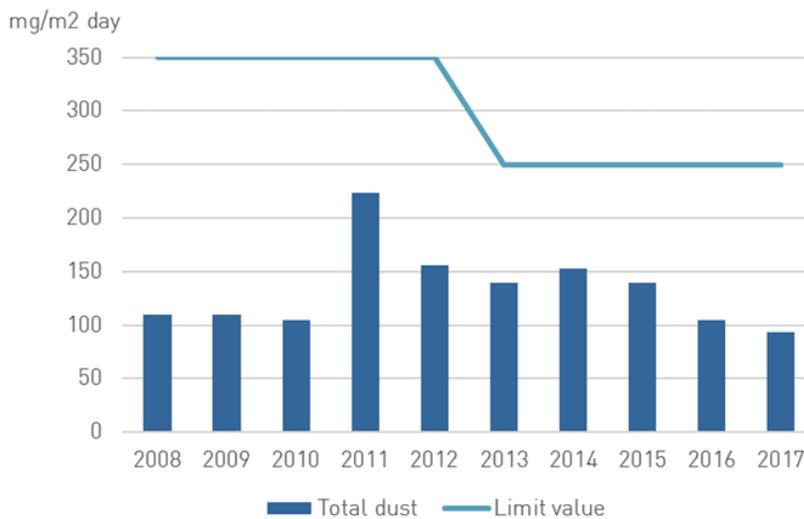
11.8.1 Total dust in the port⁶⁸

Results of total dust measurement inside the port

Total dust concentration has been monitored on ten locations within the port since 2002. Our annual goal is to keep the average concentration, all measurements combined, below 250 mg/m² per day, and limit the number of exceedances to no more than 5 of the 120 measurements taken throughout the year. The legislation stipulates no limit values or tolerances for this category.

The average annual dust concentration in 2017 was 93 mg/m² per day, a decline of 11% from 2016. Only one exceedance was recorded, therefore the goal was achieved.

Average annual total dust concentration inside the port, all monitoring points combined



⁶⁸ Emissions/immissions from services – additional indicator (ref GRI GS 305-7)

11.8.2 Concentrations of harmful particulate matter⁶⁹

Results of measurement of particles up to 10 µm (PM10)

In the area of the port, the concentrations of particulate matter with particles up to 10 µm (PM10) are monitored by the University of Primorska. The first equipment for continuous monitoring of the concentrations of particulate matter (PM10) that is harmful to human health was installed in the immediate vicinity of the coal deposit area (Monitoring point 1) back in 2003, but was removed due to datedness at the end of 2012. Monitoring points 2 (towards Bertoki) and 3 (towards Ankaran – LKP Ankaran) have devices for continuous monitoring of PM10 particles. Due to the way measurements are taken, the device at Monitoring point 2 (towards Bertoki) does not allow for the data to be displayed online. In mid-2012, an authorised organisation installed additional state-of-the-art measuring equipment on the passenger terminal, to monitor air quality in the direction of Koper (Monitoring point 4 – LKP Koper). The data provided by the devices that allow for automatic online display (LKP Ankaran and LKP Koper) are available on the website <http://www.zivetispristaniscem.si/>. As a comparison, we additionally display the result of measurement by a device installed in Markovec, which is managed by the Slovenian Environment Agency. Annual average concentrations of particulate matter (PM10) in the Port of Koper are below the legal limit value of 40 µg/m³ and below the internal target value of 30 µg/m³. The Decree on ambient air quality sets the daily PM10 concentration limit for the protection of human health at 50 µg/m³, with no more than 35 exceedances per year. Luka Koper is compliant with these provisions, as well.

Results of PM10 measurement on the edges of the port, in µg/m³

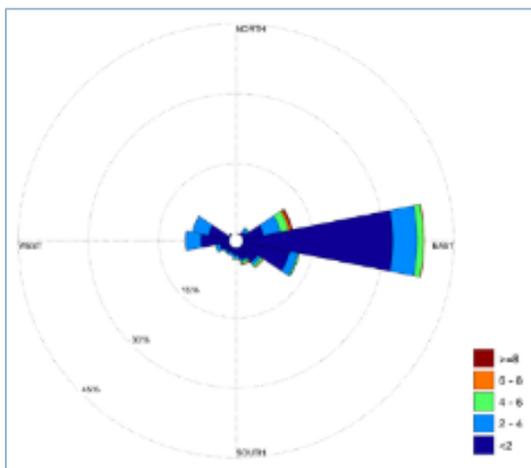
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Monitoring point 3 – LKP Ankaran	24	25	26	24	19	19–23*	21	18	17
Monitoring point 2 – towards Bertoki	20	19	27	26	23	22	25	20	21
Monitoring point 1 – coal deposit area	21	21	25	21	No longer monitored				
Monitoring point 4 – LKP Koper	-	-	-	28**	20	20	26	20	16

*As the original instrument was being calibrated at this monitoring point, comparative measurements were taken throughout the year using a different reference instrument. The average annual concentration as measured by the latter was 19 µg/m³.

**Measurements taken only three months

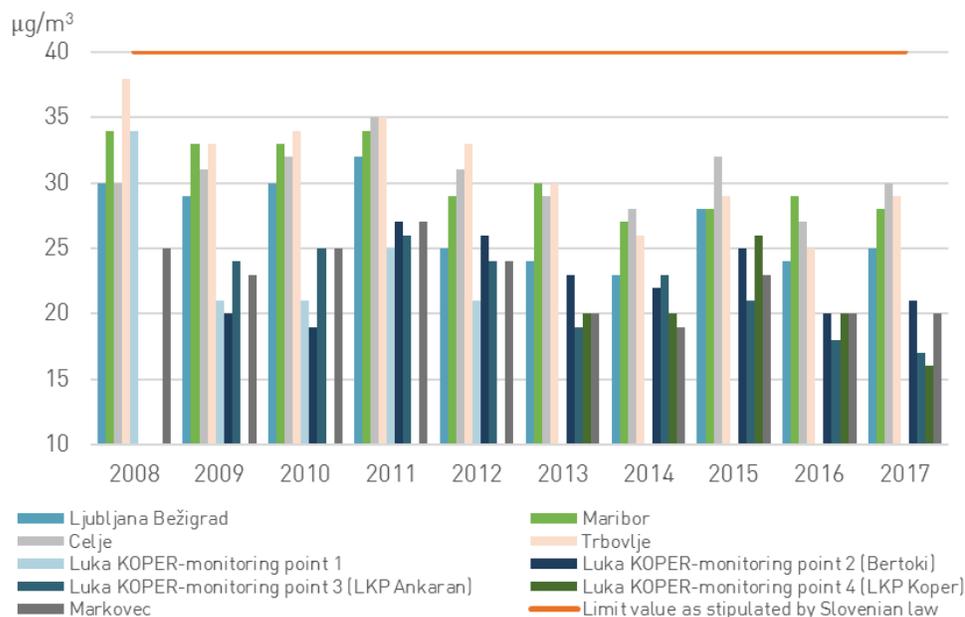
⁶⁹ Emissions/immissions from services – additional indicator (ref GRI GS 305-7)

Wind rose, January to December 2017, in ms⁻¹



Annual measurement results were compared with PM10 measurements taken by the Slovenian Environment Agency (ARSO) on other locations across Slovenia. The comparison showed that the concentrations in the area of the port were lower than on other locations across Slovenia. The graph shows average annual concentrations at monitoring points in the Port of Koper and on some other locations in Slovenia.

Comparison of annual PM10 concentrations in the port and some other monitoring points across Slovenia*



*Source: <http://www.arso.gov.si/zrak/kakovost%20zraka/poro%c4%8dila%20in%20publikacije/>

The data for 2017 has not yet been finally confirmed by ARSO.

Results of measurement of particles up to 2.5 µm (PM2.5)

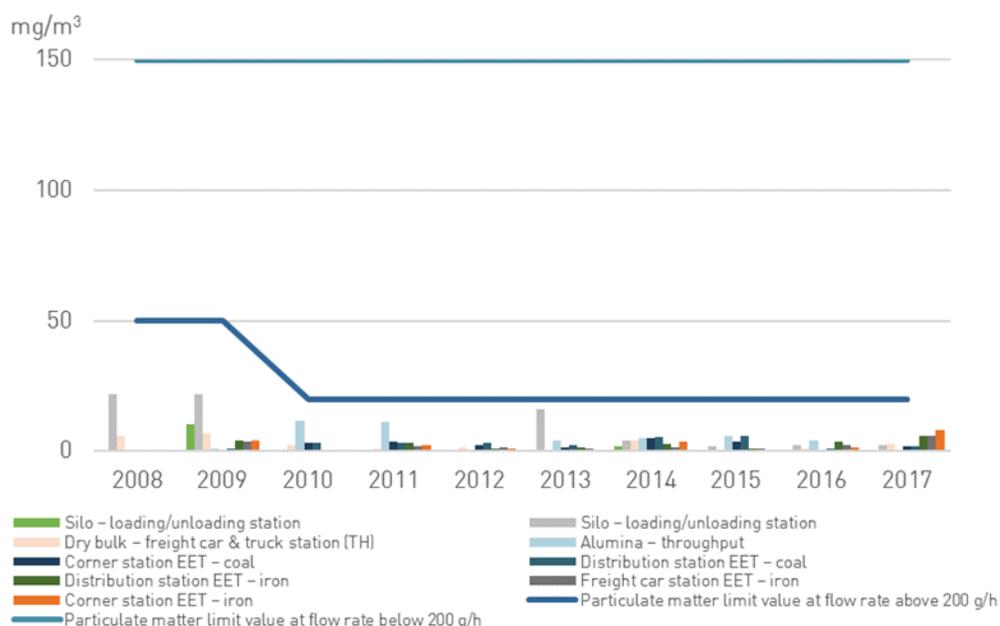
At the monitoring point inside the port (Monitoring point 4 – LKP Koper) PM2.5 particles are monitored in addition to PM10 particles. The Slovenian Environment Agency measures PM2.5 particles on four locations across Slovenia: Ljubljana – Biotechnical Faculty, Maribor central, Maribor Vrbanški plato, and Iskrba at Kočevska Reka. The Iskrba monitoring point is located far from large polluters to measure natural background levels. In the area of the port, concentrations during the study period were below the guideline level of 25 µg/m³, at 12 µg/m³.

11.8.3 Emissions of particulate matter at key sources⁷⁰

Results of particulate matter emissions measurement at key sources in the port

Stipulated by law, the measurements are taken by an authorised organisation in the immediate vicinity of the stationary installations that are potential sources of particulate matter (e.g. facilities for the loading/unloading of freight cars and trucks). The dry bulk terminal and the European energy terminal have several monitoring points. Limit values depend on the mass flow rate and consequently on the weather. The maximum particulate matter concentration is 20 mg/m³ when the total dust mass flow rate is above 200 g/h, or 150 mg/m³ when the total dust mass flow rate is equal to or below 200 g/h. For emissions in the Port of Koper, the former limit applies (20 mg/m³). All the measured values were compliant with the law.

Results of annual measurement of particulate matter emissions at varying sources



⁷⁰ Emissions/immissions from services – additional indicator [ref GRI GS 305-7]

On the combustion plants in the port, measurements were taken regularly by a chimney service provider, and the results were compliant with legal provisions.

In 2017, the following activities were carried out:

- On the European energy terminal anti-dusting projects were developed for Gantry crane 2 (MD2), for subsequent implementation of the investment,
- On the dry bulk terminal, a contract to replace the mobile hopper (40 m³) is due to be signed shortly, new telescopic tubes PBS1 and PBS 2 were purchased and installed, anti-dusting systems were purchased and installed onto the mobile hopper, the polyp-grab for the throughput of mining and quarrying products was replaced.

The following activities were not carried out in 2017:

- Extension of the prefabricated shade structure in front of NAS4 and NAS5 storage facilities on the dry bulk terminal, replacement of the 7t rubber-tired loader for operations in the ships' cargo spaces, replacement of the mini dredger for vessel cleaning, modernisation of the cooling and heating system in the administration building of the terminal.

The following activities will be carried out in 2018:

- On the dry bulk terminal, a shade structure will be constructed in front of NAS1, NAS4, NAS5 and 6G storage facilities, a telescopic belt conveyor will be set up with a hopper and filter for a variety of dry bulk cargoes, a telescopic anti-dusting charger will be set up at TH1, a dust removal filter will be installed in the bagging facility for Big Bags, and an additional dust removal filter will be installed in the cereals silo;
- The dust control systems on the European energy terminal will be modernised.

11.8.4 Greenhouse gases⁷¹

The gases discussed in this chapter include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), produced as a result of fuel combustion to power the port machinery, fuel consumption for heating, and, indirectly, use of electricity for processes in the port. To allow comparisons and add up emissions of different greenhouse gases, the mass of a gas has to be multiplied by its global warming potential (GWP), expressed in relation to the global warming potential of CO₂. Inside the port, we also have stationary equipment and cooling and air-conditioning devices with fluorinated (ozone-depleting) greenhouse gases, while the largest cooling systems use ammonia, which does not classify as one of the gases that cause the greenhouse effect.

⁷¹ GRI GS 305-1, 305-2, 305-6

11.8.5 Greenhouse gas emissions calculation⁷²

The cooling equipment is regularly maintained in order to prevent emissions, or stop emissions if detected. In 2017, emissions totalled 250 kg of greenhouse gases and 512 kg of ammonia.

The carbon footprint was calculated for 2017, comprising emissions from fossil fuel combustion to power the port machinery and for the heating of buildings, and the emissions from the use of electricity in the area of the port.

	Total consumption [MWh/y]	Emission factor [kgCO ₂ equiv/kWh]	Total emissions [kgCO ₂ equiv/y]
Diesel	52,024	0.276	14,358,624
Electricity (indirect emissions)	25,481	0.378	9,631,818
Light fuel oil	479	0.268	128,372
Liquefied petroleum gas - LPG	242	0.228	55,176
Wood biomass	1,104	0.007	7,728
TOTAL	79,330		24,181,718

11.8.6 Volatile compound emissions measurement⁷³

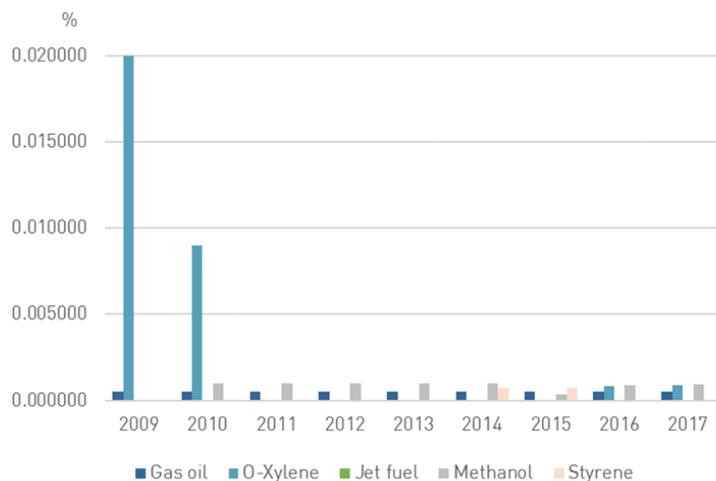
Results of volatile compound emissions measurement

The main source of diffuse emissions of volatile compounds includes varying handling activities on the liquid cargo terminal (e.g. filling and emptying mobile or stationary reservoirs, breather valves on reservoirs). As reservoirs have no standard stack to discharge waste gases into the atmosphere, measurement is not possible. However, using software developed by the United States Environmental Protection Agency (EPA), an authorised authority can calculate the annual emissions of volatile compounds. In the calculation process, the characteristics of the reservoirs, the type and amount of the material stored, and meteorological data are considered. No limit values are stipulated.

⁷² GRI GS 305-1, 305-2

⁷³ GRI GS 305-7

Annual losses of volatile compounds from reservoirs on the liquid cargo terminal



In 2017, annual losses of volatile compounds from reservoirs on the liquid cargo terminal included gas oil with 2,164 kg, o-Xylene with 77 kg, jet fuel with 82 kg, and methanol with 1,315 kg. No styrene was put through in 2017.

In 2017, no improvement programmes were in place in this field, and none are planned for 2018.

11.9 Waste management⁷⁴

11.9.1 Results in waste management

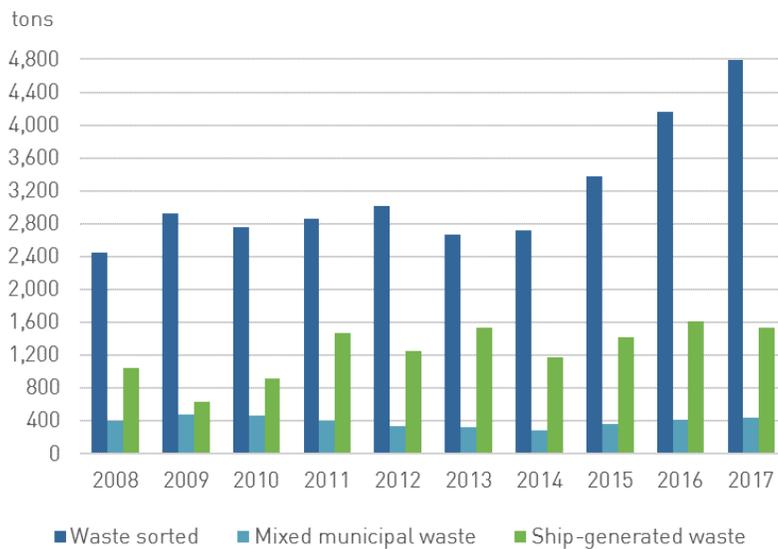
The waste generated in the port include waste from port activity (e.g. cargo residues, waste wood, packaging and metal, mixed municipal waste), waste generated by the users of the economic zone, and ship-generated waste left by the ships moored at the Port of Koper. To show concern for the environment, the Company ensures regular waste sorting, recycling, processing and delivery for further handling. Waste is sorted on all terminals, by the users of the economic zone, and on ships. All the collected waste is handed over to authorised waste management contractors, while the organic waste is processed into compost in the composting plant inside the port.

⁷⁴ GRI GS 306-2

Amount of collected waste

In 2017, around 6,769 t of waste in total was collected in the area of the port, of which 4,792 t was sorted (hazardous, non-hazardous), 445 t was mixed municipal waste, and 1,532 t was ship-generated waste (hazardous, non-hazardous, mixed municipal).

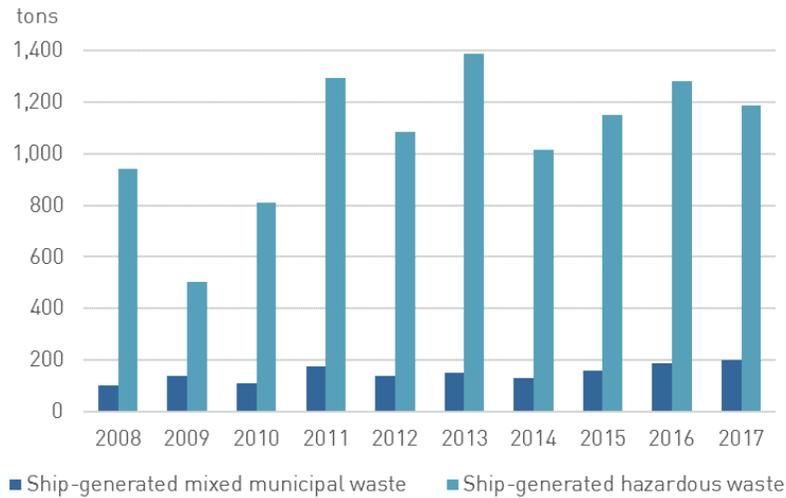
Amounts of waste collected in the port



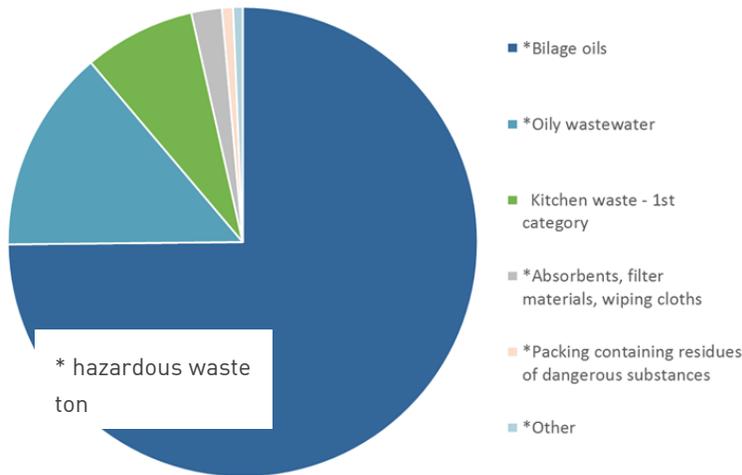
Ship-generated waste

Most ship-generated waste is hazardous waste. Ship-generated waste accounts for the largest share of hazardous waste in the Port of Koper. It largely includes bilge oils with varying water contents, 1st category kitchen waste, oil soaked wiping cloths, waste batteries, medicine, ash, etc. Hazardous waste is handed over to the organisations authorised for their further processing or disposal. Bilge oils are handed over to be used as alternative fuel in other countries.

Annual amounts of ship-generated waste



Types of ship-generated hazardous waste sorted in 2017



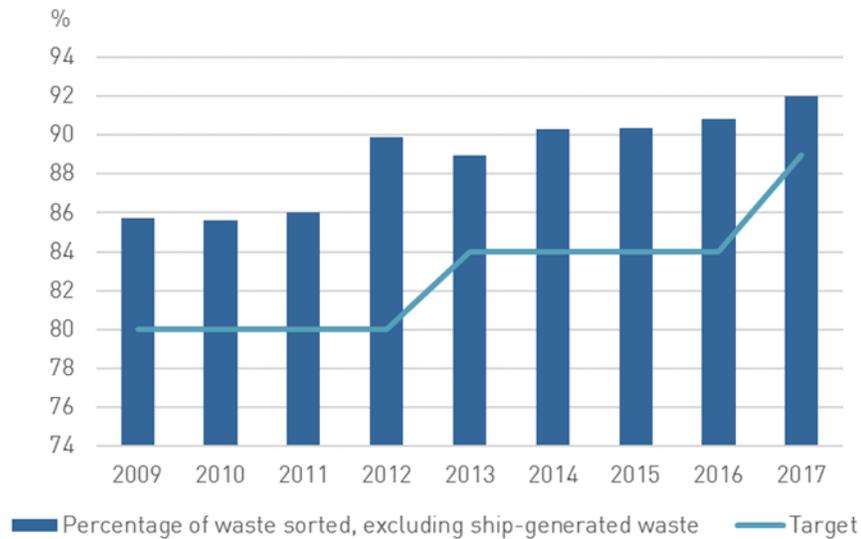
Waste sorted in the port

Adequate waste management has become increasingly important, especially in terms of proper collection, sorting, storage, processing, and re-use. It is vital that the company employees and all others carrying out their activities in the area of the Port of Koper know their role in this process, as some of the sorted waste fractions are re-used as secondary

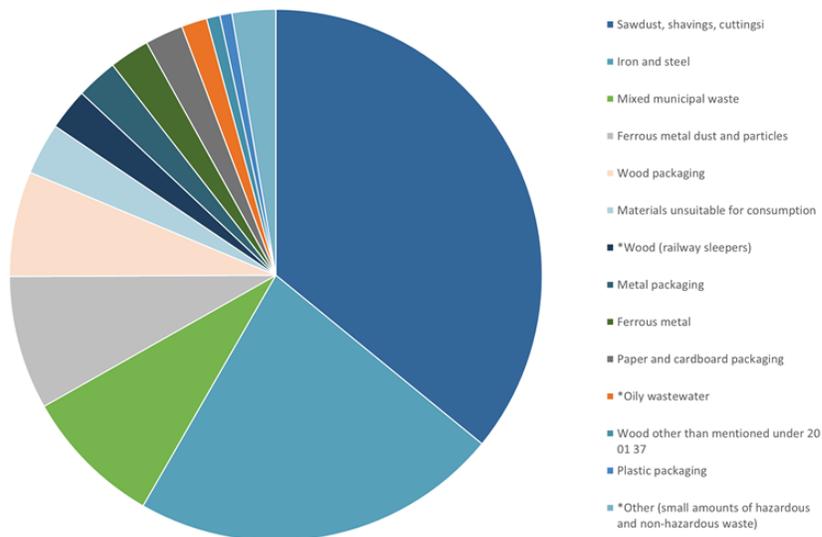
raw materials. In 2017, 9.23% of the waste wood from the port was used for heating, now a performance indicator for the re-use of materials.

Sorted waste collection in the port exceeds the target with more than 89% of waste collected separately.

Mass percentage of waste sorted



Types of waste sorted in 2017, excluding ship-generated waste



Waste management centre



In 2017, no improvement programmes were in place in this field.

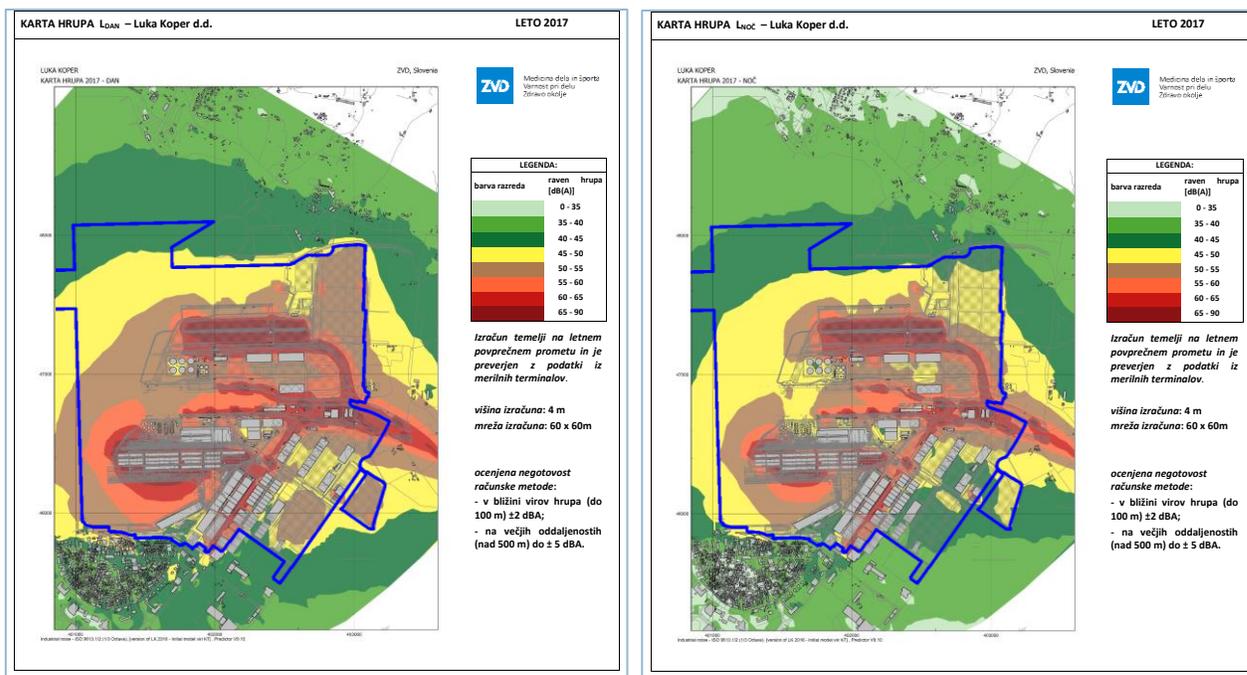
The following activities will be carried out in 2018:

- The required documents will be acquired to modernise the bilge water treatment system.
- The ship-generated waste handover plan will be updated.

11.10 Noise emissions⁷⁵

Operations in the port generate noise. The required measurements are taken continuously even though the frequency stipulated by law is only once every three years. Using the right equipment, an authorised organisation continuously monitors the noise level on three border points within the port. Last year, Luka Koper also started collaborating with the Faculty of Mechanical Engineering, Ljubljana for precise identification of the sources of noise using an acoustic camera and the SANSIC system. To measure noise, we use state-of-the-art measurement, monitoring and display techniques recommended by guidelines in this field. Detailed annual noise maps are made, showing noise areas in the port and its immediate surroundings. The activities carried out in order to produce noise maps include continuous measurement, periodic measurement, and noise propagation modelling. We were the first company in Slovenia to introduce continuous noise measurement. Measurement results are displayed on the port website (<http://www.zivetispristaniscem.si/>).

⁷⁵ Noise emissions – additional indicator (ref GRI GS 305-7)



In the noise maps, the blue line indicates the border of the port area (Noise map – day, Noise map – night).

The maps show average annual noise levels of all sources of noise: road traffic, processes in the port, ships and other causes of noise located outside the port. The Port of Koper is classified as a level IV area of noise protection, whilst the surroundings are classified as level III areas.

According to noise measurement and maps, the noise from the port most heavily affects the northern edges of the town of Koper. To alleviate this, we have started to electrify the mobile equipment on the container terminal and implemented a number of other noise control measures.

Recently, ships have started to arrive in the port that generate considerable noise, but they are not within the competence of Luka Koper. We have been in talks with the shipping companies that operate the ships in question to achieve their replacement or installation of noise control systems. No law stipulates the level of noise that may be generated by a ship. The only applicable law in this field is IMO Resolution A.468 (XII) - Code on noise levels on board ships, which provides standards for protection against noise of everyone working onboard ships. Compliance with these requirements is monitored by the maritime inspection.

Measurements taken by three stationary devices installed in the port indicate that noise levels are within the limit values for industrial areas. Results are displayed in the table below.

Noise levels in the port (all sources) and limit values for level IV areas of noise protection (in dBA)

2011			2012			2013		
Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper
L _d =55	L _d =57	L _d =63	L _d =55	L _d =57	L _d =63	L _d =54	L _d =58	L _d =62
L _e =52	L _e =54	L _e =61	L _e =53	L _e =55	L _e =61	L _e =53	L _e =56	L _e =61
L _n =51	L _n =52	L _n =60	L _n =50	L _n =54	L _n =60	L _n =51	L _n =53	L _n =59
L _{den} =58	L _{den} =59	L _{den} =67	L _{den} =58	L _{den} =61	L _{den} =68	L _{den} =58	L _{den} =60	L _{den} =66

2014			2015			2016		
Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper
L _d =54	L _d =57	L _d =62	L _d =54	L _d =54	L _d =63	L _d =54	L _d =54	L _d =63
L _e =52	L _e =55	L _e =61	L _e =53	L _e =52	L _e =62	L _e =52	L _e =51	L _e =62
L _n =50	L _n =52	L _n =59	L _n =49	L _n =50	L _n =60	L _n =50	L _n =51	L _n =61
L _{den} =57	L _{den} =60	L _{den} =66	L _{den} =57	L _{den} =58	L _{den} =67	L _{den} =57	L _{den} =58	L _{den} =68

2017			Limit values level IV		
Towards Bertoki	Towards Ankaran	Towards Koper			
L _d =53	L _d =53	L _d =63	L _d =73		
L _e =52	L _e =51	L _e =62	L _e =68		
L _n =49	L _n =51	L _n =62	L _n =63		
L _{den} =57	L _{den} =58	L _{den} =69	L _{den} =73		

Key: L_d – day noise level, L_e – evening noise level, L_n – night noise level, L_{den} – day-evening-night noise level

According to the authorised authority conducting measurement in 2017, the evening noise levels in front of the closest buildings in the town of Koper exceeded the limit values for environmental noise by 3 dB(A), night-time noise at a distance stipulated by the environmental permit by 2 dB(A), and average noise by 5 dB(A). The noise contributed by ships in the direction of Koper was estimated at 8 dB(A).

In front of the closest buildings in the direction of Ankaran and Bertoki, no noise limit levels (day, night, day-evening-night) were exceeded.

11.10.1 Implementation of noise control improvement programmes

In 2017 the following measures were implemented:

- On the container terminal, rubber fenders were installed on 7 terminal tugs.



- All sound-emitting devices (warning alarms) on STS and RTG cranes were replaced with devices that are less disturbing for the surrounding areas (white noise).
- On 5 transmitters, diesel generators were replaced with less noisy ones.
- As part of the electrification process, 7 electric rubber-tired gantry cranes (RTG)/transtainers and 3 electric rail-mounted gantry cranes (RMG)/transtainers were purchased.



- A number of measurements of ship-generated noise towards Koper were taken in collaboration with the Ljubljana Faculty of Mechanical Engineering and the Ljubljana Institute of Occupational Safety (ZVD).
- A dialogue with shipping companies was initiated to find solutions for the reduction of noise from ships and possible replacement of the ships that generate the most noise.
- Noise measurements were taken on new electric rubber-tired gantry cranes (RTG)/transtainers and new rail-mounted gantry cranes (RMG)/transtainers, and the results were within limit values.
- The design was made for a noise protection system towards Koper.

Measurements showed that the noise generated by electric rubber-tired gantry cranes (RTG)/transtainers, which were installed at the front of the first pier, was 24 dB(A) below the noise level of the existing diesel-fuelled transtainers.

Measurements also showed that the noise generated by the warning alarms that emit less disturbing white noise was 9 dB(A) below the noise level of the warning alarms used earlier.

The following activities were not carried out in 2017:

- Reconstruction of the casing of the engines and exhaust pipes on the existing RTG cranes on the container terminal. The measure is scheduled for implementation in H1 2018.
- The implementation of noise protection for fans in the storage facility of the reefer cargo terminal, PC General cargoes (engine room of the storage facility No. 5). The measure is scheduled for implementation in H1 2018.
- Replacement of the rubber-tired loader tow truck on the dry bulk terminal.

11.10.2 Noise control improvement programmes scheduled for 2018

Based on the adopted an action plan on the reduction of noise levels towards Koper, the following activities will be implemented in 2018:

- We will communicate with shipping companies in the event of noise-generating ships and attempt to achieve replacement of such ships.
- Shipping companies will be notified of the results of ship-generated noise measurement and acoustic camera recordings.
- In collaboration with shipping companies, we will examine the option of switching off some of the fans on ships (those facing the shore) or adjusting the number of operational fans.
- When possible, the ships that generate more noise will be redirected to the berths further away from the town centre (depending on the availability of berths, type of ship, and type of cargo).
- When technically feasible, the moored ships will be turned in a way that exhaust and/or ventilation systems are facing away from the town centre.
- In collaboration with external experts, we will work towards a solution for installing noise control equipment in the immediate vicinity of or on ships, or find another suitable solution.
- We will join the NEPTUNES project (<http://www.neptunes.pro/about/>), a collaboration between ports that aims to tackle noise pollution from moored vessels.
- Fans in the storage facility No. 5 (engine room) on the reefer cargo terminal will receive maintenance.
- The cooling systems on the reefer cargo terminal will be equipped with additional acoustic insulation.
- Drains on transport routes next to the e-RMG tracks will be lined with rubber to prevent noise from driving in this section of the container terminal.

- On the container terminal, horns will be moved to the lower section of the cranes on the remaining 15 RTGs.
- On the container terminal, the diesel engines of the gantry crane TS 36 will be replaced.
- On the container terminal, rubber fenders will be installed on the remaining terminal tugs.
- Employees will receive training.
- The handling areas of the container terminal quayside will be re-surfaced.
- On the container terminal, the existing curved surface water drains will be replaced with straight drains.
- We will examine the option of constructing the passenger terminal building in a way and using materials that absorb sound.
- We will try to introduce such a technique of installing piles into the seabed that minimises the impact on noise levels.
- On the container terminal, the casings of the diesel engines and the exhaust pipes on the existing RTG cranes will be fitted with acoustic insulation.
- A noise barrier will be built in the direction of the Opekarska Street.
- Asphalt surfaces and drains in the area under the STS cranes will receive regular maintenance.
- An annual plan of communication with all local communities of the Koper and Ankaran municipalities will be made.
- Continuous noise monitoring in the direction of Koper will be ensured.
- In collaboration with the Ljubljana Faculty of Mechanical Engineering, noise will be monitored using an acoustic camera.
- Designs will be made for a noise protection system towards Koper.
- On the quayside towards Koper, speed will be monitored in the evenings and in night-time (4 times per month).
- In line with the National Spatial Plan, we will try to estimate the positive impact of raising the storage facilities next to the town centre on noise level.
- On the container terminal, noise will be measured on the new electric rubber-tired gantry cranes (RTG) and the new rail-mounted gantry cranes (RMG).
- We will continue the project exploring the technical feasibility and restrictions of electrifying the port for powering ships.

In 2018, we will additionally:

- Obtain the required documents to set up a noise barrier towards the town centre,
- Model the impact of noise reduction for all the proposed solutions and do 3D modelling of noise propagation,
- Acoustically insulate the MD2 and MD3 bunkers on the bulk cargo terminal in the direction of Ankaran,
- Replace diesel engines and overhaul the generators at TS-36, TS-37, TS-38 and TS-39 on the container terminal; acquire and install APSs,

- Acquire and install warning alarms (white noise) onto the equipment used in the area of the second berth.
- Purchase 5 additional electric rubber-tired gantry cranes (RTG)/transtainers.

11.11 Energy use and energy efficiency

In 2017, Luka Koper, d. d. completed the investment to install the metering and communication equipment in all its transformers, to enable the Company to monitor the power consumption of all large consumers in the port. To control the entire power consumption system in the port, the SCADA system is used.

A central system to control lighting in the port was set up in 2017, which currently enables remote control of the lighting in the container and car terminals. In the coming years, the system will gradually be expanded to include the remaining terminals.

In 2017, the first electric vehicle charging stations were installed for the company employees, business clients, and future electric vehicles of Luka Koper, d. d.

Energy audits should be carried out regularly. In 2018, the Company will focus on targeted energy projects, depending on the discrepancies between the consumption of an energy source in each individual section of the port and the planned consumption of this source.

11.11.1 Energy efficiency system⁷⁶

Luka Koper's strategic orientation is to achieve high energy efficiency in all the activities carried out in the area of the Port of Koper.

Luka Koper has recognised energy efficiency as one of the key measures of the energy policy to enhance the competitiveness of the Company, and acknowledges that energy efficiency improvements make a significant contribution to security of supply and lower environmental impacts.

The Company's environmental strategy and energy policy represent guidelines for the implementation of all energy measures.

Energy audits have been carried out in the port regularly for a number of years, and energy efficiency investments have been made when economically feasible.

Using IT systems for energy consumption control, consumption of energy sources is monitored. In the event of a deviation from the set targets, energy efficiency measures are introduced.

⁷⁶ GRI GS 103-1, 103-2, 103-3

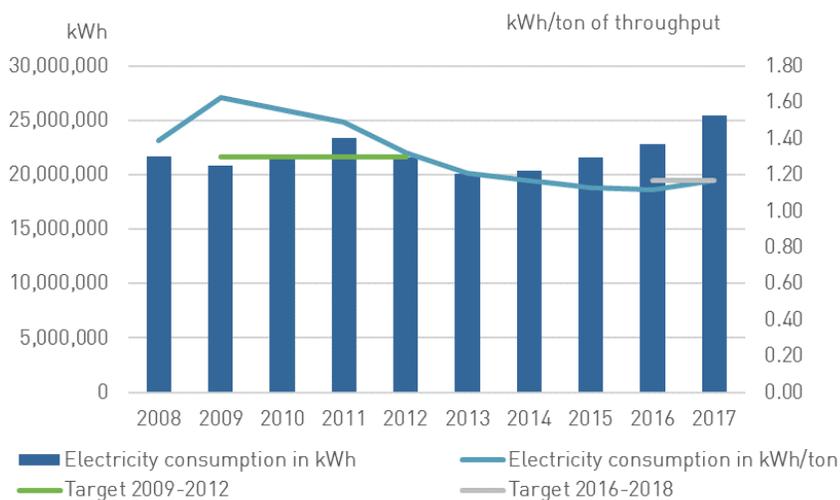
11.11.2 Consumption of energy sources⁷⁷

Consumption of motor fuel for Luka Koper, d. d. (non-renewable source)



In 2017, motor fuel consumption for Luka Koper, d. d. totalled 187,286 GJ. In motor fuel and electricity consumption, data are expressed as consumption per ton of throughput.

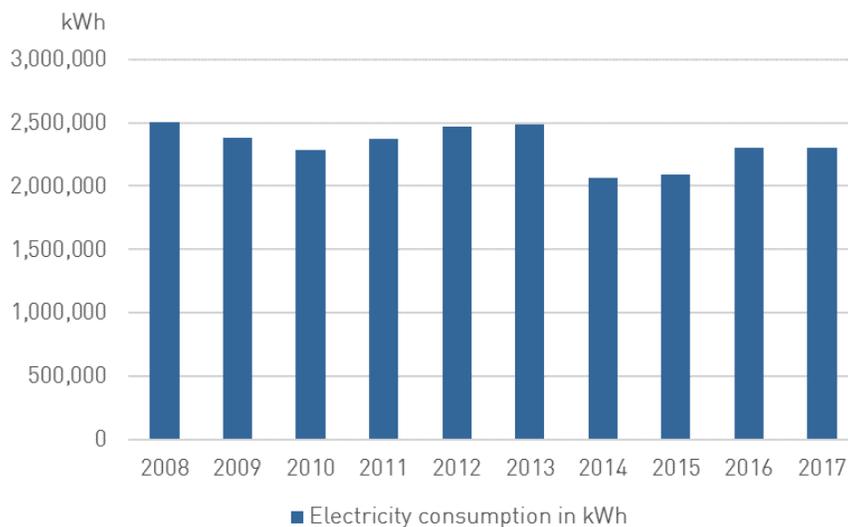
Consumption of electricity for Luka Koper, d. d. (non-renewable source)



In 2017, electricity consumption for Luka Koper, d. d. totalled 91,734 GJ.

⁷⁷ GRI GS 302-1, 302-3

11.11.3 Consumption of electricity for the economic zone (non-renewable source)⁷⁸



In 2017, electricity consumption for the economic zone totalled 8,277 GJ.

11.11.4 Electricity consumption⁷⁹

Port operations are carried out using machinery and equipment with high nominal powers, resulting in high power consumption. The largest consumers in the port include ship-to-shore cranes, engine rooms for food refrigeration on the reefer cargo terminal, the lighting and power supply for refrigerated containers. The use of new electrified rubber-tired gantry cranes (e-RTG) and rail mounted gantry cranes (RMG) on the container terminal will increase electricity consumption in the coming years further still. All new gantry cranes are fitted with systems that recover the electricity generated when the cargo is lowered to the ground, and feed it back into the grid. The increase in power consumption due to the new cranes will be partly compensated by investment in new LED lights across the port.

11.11.5 Motor fuel consumption⁸⁰

Working processes in the port require abundant use of diesel-fuelled machinery. The largest consumers include rubber-tired gantry cranes (RTG), terminal tugs, manipulators, vehicles used for rail traction, forklifts and tractors.

In 2017, the container terminal was the largest consumer, accounting for 65.2% of all motor fuel consumption in the port. With new e-RTG and RMG cranes, motor fuel consumption on

⁷⁸ GRI GS 302-2

⁷⁹ GRI GS 302-4

⁸⁰ GRI GS 302-4

the container terminal will gradually decline. In purchasing new transport machinery, the Company satisfies to the latest technological and environmental requirements.

11.11.6 Implementation of improvement programmes to reduce electricity and fuel consumption⁸¹

In 2017, the following measures were implemented:

- The SCADA control system for electricity consumption monitoring was upgraded in the port's transformers.
- Charging stations for electric vehicles were installed.
- The existing lamps on the container terminal were replaced with modern LED lights.
- 8 new terminal tugs with stage IV/F engines were purchased.
- A central control system was set up to control the lighting in the port.
- Rooflights were installed into the shade structure to allow the use of daylight instead of artificial light.
- The engines of the rubber-tired ship-to-shore cranes were replaced with modern ones.

We failed to complete an energy survey for the economic zone, and set up a system to control lighting in the cooling chambers 13, 14 and 16.

11.11.7 Electricity and fuel consumption reduction programmes planned for 2018

The following measures will be implemented in 2018:

- A small solar power plant will be built.
- Documents will be acquired and the procedures completed to obtain the ISO 50001 certification.
- A SDACA system will be set up to monitor energy consumption on terminals.
- Filters will be installed to compensate the harmonic distortion in the power grid.
- LED lights and sensors will be installed, and a lighting control system set up in the storage facility for general cargoes.
- Interior and exterior lighting systems will be modified, and a data acquisition system set up to collect the data on power consumption in the cooling chambers 13, 14 and 16.
- A SCADA control system will be set up to monitor lighting on the 11th and 12th berth.
- 5 new e-RTGs will be purchased.
- The ENIS energy information system will be upgraded.

⁸¹ GRI GS 302-4

11.12 Drinking water and groundwater management⁸²

The water supply network that brings drinking water to the port comprises around 30 km of pipes. Drinking water is used for sanitary purposes, for the supply of ships and for some industrial processes (e.g. wet storage of wood, food refrigeration, etc.).

The quality of drinking water is monitored annually in all key points of Luka Koper's water supply network. The measurement results showed compliance with the law, except in one instance where pollution was detected after construction works. Non-compliance was remedied with additional water chlorination.

Additional monthly monitoring is in place to monitor the quality of drinking water on the passenger terminal, where no cases of non-compliance were found.

Drinking water is used for sanitary purposes, for the supply of ships and for some industrial processes (e.g. wet storage of wood, food refrigeration, on construction sites, for vehicle and machinery washing, etc.). For some purposes (e.g. fire water pump testing, as a source of fire water, etc.), the brackish groundwater is also used. 15,000 m³ of groundwater was consumed in 2017.

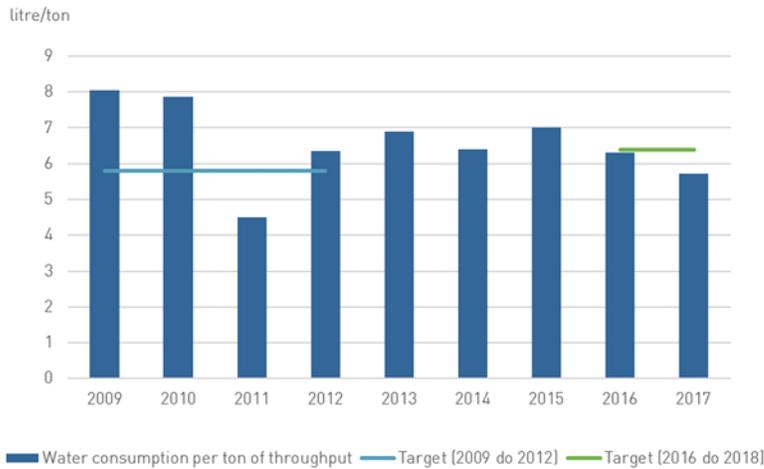
Drinking water consumption is not directly dependent on throughput. The increased load on transport surfaces (increased traffic) results in more frequent damage to the water supply network. Luka Koper attempts to manage leaks by regularly reconstructing the old parts of the water supply network and repairing the leaks immediately after detection.

A water consumption control system is in place, with meters connected to a computer in the control centre. In 2017, absolute drinking water consumption declined by 3.7% year-on-year.

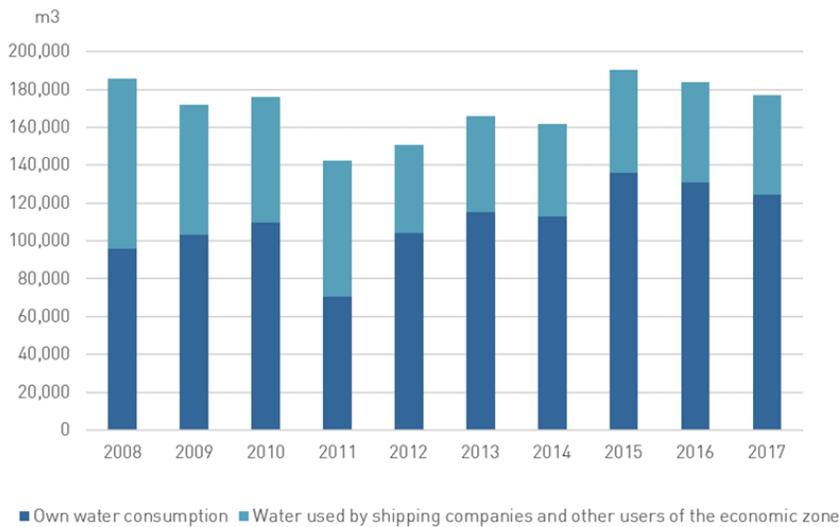
The target to 2018 is to maintain specific water consumption at 6.4 l of water per ton of throughput from maritime transport and the loading/unloading of containers, despite the increase in throughput and storage capacity. In the period 2009-2012 we failed to meet the then target to reduce drinking water consumption to 5.8 l/ton of throughput. The growing use of heavy equipment is increasing the load on the water supply network, resulting in additional leaks.

⁸² GRI GS 303-1

Drinking water consumption per ton of throughput



Absolute drinking water consumption in the port



11.12.1 Implementation of improvement programmes to increase resource efficiency

In 2017, the following measures were implemented:

- The process was initiated to obtain the required documents to acquire fire water pumps for the SILOS pump installation.

- The process to produce the detailed design for the upgrade of the water supply network's telemetry system entered the final phase.
- The process was initiated to produce the detailed design for the overhaul of the hydrant network in the storage facilities 20, 21, 22 and 26.
- The entire hydrant network was tested systemically, and remediation measures started based on the detected cases of non-compliance.
- Hydrants as well as cooling and sprinkler pipelines were replaced on the liquid cargo terminal.

The following activities were not carried out in 2017:

- Acquisition of fire water pumps for the SILOS pump installation.
- Reconstruction of the pipeline on the J section of the liquid cargo terminal on the second pier.

11.12.2 Resource efficiency improvement programmes planned for 2018

The following measures will be implemented in 2018:

- The ongoing activities that started in previous years will be brought to completion.

11.13 Wastewater management⁸³

The port primarily generates municipal wastewater and to a smaller extent industrial wastewater. Before being discharged, industrial wastewater is treated in Luka Koper's own treatment plants, whereas municipal wastewater is mostly treated in the central treatment plant in Koper, or in smaller treatment plants in the port. In 2017, a new container washing facility was built, which comprises a modern treatment plant.

No other company uses wastewater in the port.

⁸³ GRI GS 306-1

Types of industrial wastewater in the port, annual amounts, and compliance with the law

Type of industrial wastewater	Annual amount (m ³) in 2010	Annual amount (m ³) in 2011	Annual amount (m ³) in 2012	Annual amount (m ³) in 2013	Annual amount (m ³) in 2014	Annual amount (m ³) in 2015	Annual amount (m ³) in 2016	Annual amount (m ³) in 2017	Compliance with the law 2017
Stormwater runoff from the liquid cargo terminal on the first pier ###	395	140	150	150	120	110	0	45	Compliant
Industrial wastewater from the animal terminal ###	860	2,013	2,484	2,629	4,080	3,076	5,983	2,700	Compliant
Industrial wastewater from the equipment washing facility ###	1,880	2,002	1,456	1,097	727	700	1,641	727	Compliant
Stormwater runoff from the liquid cargo terminal on the second pier #	2,900	2,900	2,460	2,310	2,300	2,300	2,300	2,300	Compliant
Industrial wastewater from the container washing facility ###								Newly built	Compliant
Sanitary wastewater ##	22,500	22,500	22,500	24,000	24,000	24,000	30,000	32,326	Measurements are only taken on small treatment plant effluents Compliant
Stormwater runoff from the storage of scrap iron on the first pier of the dry bulk terminal #	-	-	3,500	3,500	3,500	3,500	3,500	3,500	No scrap iron was put through on the site. Compliant
Stormwater runoff from the storage of scrap iron on the second pier of the dry bulk terminal #	-	-	2,700	2,700	2,700	2,700	2,700	2,700	No scrap iron was put through on the site. Compliant

Estimation and calculation based on the amount of precipitation and surface area

Calculation based on the average number of people present in the port, using the formula [No. of people] x 45/3

Meter readings

11.13.1 Implementation of improvement programmes to reduce wastewater emissions

In 2017, the following measures were implemented:

- Phase I of the drainage system implementation was completed on the quayside of the European energy terminal.
- A new container washing facility was built.

The following activities were not carried out in 2017:

- Completion of the modernisation of the wastewater treatment system on the animal terminal.
- Completion of the efficiency testing for a solution to modernise the drainage system on the quayside of the European energy terminal.
- Overhaul of the existing catch basin behind the central storage facility.

11.13.2 Wastewater emission improvement programmes planned for 2018

The following measures will be implemented in 2018:

- 3 new oil interceptors will be installed.
- An additional emergency response trailer will be purchased.
- The modernisation of the drainage system on the European energy terminal will continue.
- The modernisation of the wastewater treatment system on the animal terminal will be completed.
- Old pumps on the liquid cargo terminal will be replaced.

11.14 Light pollution⁸⁴

The causes of light pollution in the port include the lighting of storage areas, working sites, transport routes, and rails. While operations require adequate light levels according to rules for safety at work, this on the other hand impacts the environment. In 2017, all lamps in the area of the port were modified in a way that light is pointed downwards.

The modification of the lighting system began in 2011, when the first lighting plan was made. After the entire lighting system in the port was modernised and modified, a new lighting plan was made. The plan is available on the website of the port <https://luka-kp.si/slo/zakonodaja-in-okolje-200>.

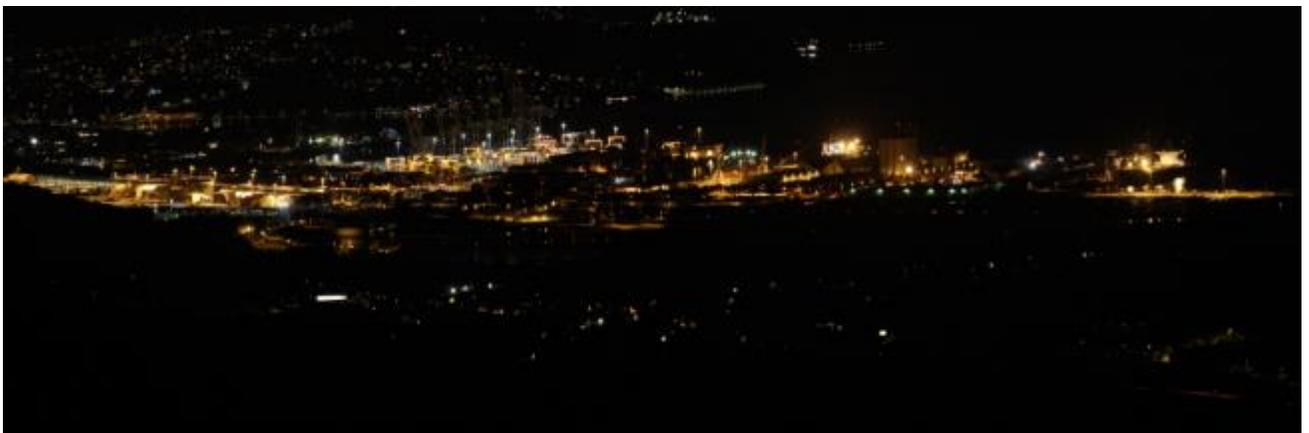
⁸⁴ Light pollution – additional indicator (ref GRI GS 305-7)

Luka Koper at night before the modification of the lighting system



Settings: Canon 50D, ISO 400, shutter speed: 2, aperture: 10

Luka Koper at night after the modification of the lighting system



Settings: Canon 50D, ISO 400, shutter speed: 15, aperture: 10

11.14.1 Implementation of improvement programmes to reduce light pollution

In 2017, the following measures were implemented:

- A revised exterior lighting plan was made for the port, with lamps that are in compliance with the law.
- The plan was posted on the website of Luka Koper <https://www.luka-kp.si/slo/zakonodaja-in-okolje-200>.

11.14.2 Light pollution improvement programmes planned for 2018

No activities are planned in this field.

11.15 Biodiversity⁸⁵

Coexisting with the port in its immediate vicinity (to the south-east of the port) is the 122 ha natural reserve known as Škocjanski zatok, a Natura 2000 protected area. The largest brackish wetland in Slovenia, the reserve is of vital importance for its remarkable profusion of flora and fauna, giving home to many species that are otherwise rare or endangered in the territory of Slovenia. Around the port, another two Natura 2000 protected areas can be found: an extensive marsh at Sv. Nikolaj, rare for its brackish marsh plants, and a *Posidonia oceanica* seagrass meadow in Žusterna. While *Posidonia oceanica* is a common seagrass species in the Mediterranean, the small area (1 km) off the Slovenian coast between Koper and Izola is its only habitat in the Gulf of Trieste.

An inventory of plant species was made in the Port of Koper in 2011 (Floristic diversity of anthropogenic ecosystems in the Port of Koper as opportunity and risk). The inventory located 291 species, of which 35 were non-native species (12.03%). Among them, 17 (5.84%) can be found on the red list of ferns and spermatophytes as rare, vulnerable or extinct. In comparison, in Slovenia's entire flora, non-native species account for 9.04% (Martinčič et al. 2007). Many of them arrived in Slovenia before the 16th century and are therefore no longer a threat for native species.

While no inventory of the marine flora and fauna in the port's aquatorium has yet been carried out, many underwater photos of the flora and fauna are available and have been publicly presented by Tihomir Makovec and Prof Jože Štirn.



⁸⁵ GRI GS 304-3, 304-4, 306-5, 103-1, 103-2, 103-3

No biodiversity indicator has yet been put in place. An indirect indicator has been introduced: the number of developments with impact on Natura 2000 or other protected areas. The only protected area is Škocjanski zatok. Assessment of such impacts is carried out as part of environmental impact assessment for the planned developments, where mitigation measures for nature conservation are defined. In 2017, no developments with identified impact on Natura 2000 or other protected areas were implemented.

An environmental impact assessment was carried out for the comprehensive development of the port's first pier for international transport, and for the development of Ro-Ro berths in Basin III, where the permitting process is now underway to obtain environmental permits. After the Ro-Ro berths in Basin III are developed, the monitoring of the status of underwater meadows and of seawater turbidity will be ensured.

11.16 Sea water protection⁸⁶

In accordance with the Concession Agreement for the performance of port activity, management, development and regular maintenance of the port infrastructure in the area of the Koper cargo port, Luka Koper regularly carries out activities to prevent and eliminate consequences of marine pollution. To this end, Luka Koper owns special dedicated equipment and vessels, and has adequately trained staff. Employees take part in regular education and training programmes and drills. In 2017, special training on response to marine pollution incidents was organised for a select group of employees in accordance with the standards of the International Maritime Organisation (IMO). The participants received certificates with 36-month validity. For the holders of the certificates that had already expired, refresher training was organised.

In the event of incidents at sea, Luka Koper acts in compliance with the applicable protection and rescue plan of Luka Koper, d. d. for industrial accidents.

In 2017, 24 minor incidents were recorded in the port aquatorium. The polluters were identified and the costs of cleaning were refunded to the Company.

Seven incidents included the removal of a large amount of wood and other debris carried to the Luka Koper aquatorium by the River Rižana, eight incidents involved the removal of minor oil slicks. There were also four instances of coal dust, two instances of soot, two instances of sea foam, and one instance of iron ore residue.

⁸⁶ GRI GS 306-3

11.16.1 Statistics for interventions at sea⁸⁷

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of identified incidents at sea	32	37	25	21	12	24	23	27	24
Number of interventions in the port aquatorium	18	18	17	18	12	22	23	17	19
Number of incidents not requiring intervention	14	19	8	3	0	2	0	10	5
Number of pollution incidents outside the port aquatorium	0	0	0	1	0	0	0	0	0

The REBEKA state-of-the-art measuring equipment for monitoring sea water quality is located in front of the entrance into the port's Basin III. The results are displayed on the website <http://www.zivetispristaniscem.si/>. Throughout 2017, the buoy continuously monitored the general parameters of sea water. The table below shows the measured values. No limit values are stipulated.

	2015	2016	2017
Sea temperature (°C)	between 8.9 and 29.9	between 7.8 and 25.6	between 6.6 and 20*
Salinity (g/l)	between 36 and 42	between 36 and 41	between 36 and 42
Oxygen content (mg/l)	between 3 and 12	between 4 and 10	between 6 and 13
pH	between 8 and 8.5	between 8 and 8.5	between 8.3 and 8.5
Turbidity (NTU)	between 0 and 1	between 0 and 1	between 0 and 5

*The probe was under repair in the summer season.

The monitoring of the microbiological parameters of sea water quality continued in all three basins of the port. Even though the law on microbiological quality of sea water only applies to bathing water, we continued to monitor all the parameters than can indicate faecal pollution of the sea. According to measurements taken in 2017, all parameters were below the limit values stipulated by law, which means that the quality of the sea water in the port basins is high enough for bathing.

⁸⁷ GRI GS 306-3

Microbiological quality of sea water in the port in 2015, in cfu/100 ml

Monitoring point	Parameter	June	July	August	Sept	Oct	Limit value for bathing water
Basin I	Intestinal enterococci	1	-	1	2	1	370
Basin I	E. Coli	-	6	7	n.n	11	1,000
Basin II	Intestinal enterococci	8	2	3	25	56	370
Basin II	E. Coli	12	8	17	37	401	1,000
Basin III	Intestinal enterococci	1	2	-	2	4	370
Basin III	E. Coli	1	8	7	6	26	1,000

Microbiological quality of sea water in the port in 2016, in cfu/100 ml

Monitoring point	Parameter	April	May	June	July	August	Sept	Oct	Nov	Limit value for bathing water
Basin I	Intestinal enterococci	500	-	4	-	-	17	-	4	370
Basin I	E. Coli	31	2	-	15	13	>100	20	30	1,000
Basin II	Intestinal enterococci	144	2	82	2	-	86	56	63	370
Basin II	E. Coli	29	24	>1,000	64	4	340	150	450	1,000
Basin III	Intestinal enterococci	7	-	-	-	-	4	5	-	370
Basin III	E. Coli	3	5	1	6	11	13	10	10	1,000

Microbiological quality of sea water in the port in 2017, in cfu/100 ml

Monitoring point	Parameter	April	May	June	July	August	Sept	Oct	Limit value for bathing water
Basin I	Intestinal enterococci	<4	7	-	<4	-	25	-	370
Basin I	E. Coli	58	6	7	<4	<4	122	<4	1,000
Basin II	Intestinal enterococci	4	18	18	32	7	336	14	370
Basin II	E. Coli	84	34	11	7	<4	880	27	1,000
Basin III	Intestinal enterococci	-	<4	<4	5	-	25	<4	370
Basin III	E. Coli	5	-	<4	6	-	31	<4	1,000

Three fossil fuel spill detection units are installed in the port aquatorium. In 2017, no oil spills were detected.

11.16.2 Implementation of sea water protection improvement programmes

In 2017, the following measures were implemented:

- A weather station was set up to measure wind speed and direction, as well as visibility, air pressure, air humidity, air temperature, and dew point. Using an ultrasonic sensor, it also tells water level. Its equipment is standardised for conditions in marine environments.

The following activities were not carried out in 2017:

- Acquisition of software for the oil spill detection radar.

11.16.3 Sea water protection improvement programmes planned for 2018

The following measures will be implemented in 2018:

- A wave height and current speed gauge will be installed.
- Licenses will be extended for at least two weather stations.
- A VHF radio will be purchased.
- Software for the oil spill detection radar will be purchased.
- Oil spill detection radar processor will be installed.

- The oil spill detection radar will be installed and an additional license for the oil spill detection software acquired.
- An additional turbidity monitoring system will be installed in the port's Basin III.

11.17 Deepening of seabed and management of marine sediments⁸⁸

To ensure safe navigation of ships in the port, a certain basin depth has to be maintained at all times. To this end, basins are occasionally deepened, and the marine sediment has to be deposited onshore.

An environmental permit was obtained for the disposal of marine sediments in the Ankaran Bonifika area. Before the sediment disposal in this area can start, replacement habitats have to be created in order to preserve biodiversity.

As the areas available for onshore sediment disposal are limited, the Company has begun exploring alternative options of using the excavated material. In addition to the project for the use of marine sediment for brick production, a project was developed and approved which will study the possibilities of compacting marine sediment using binders. The project is still ongoing.

Sludge disposal and seabed deepening

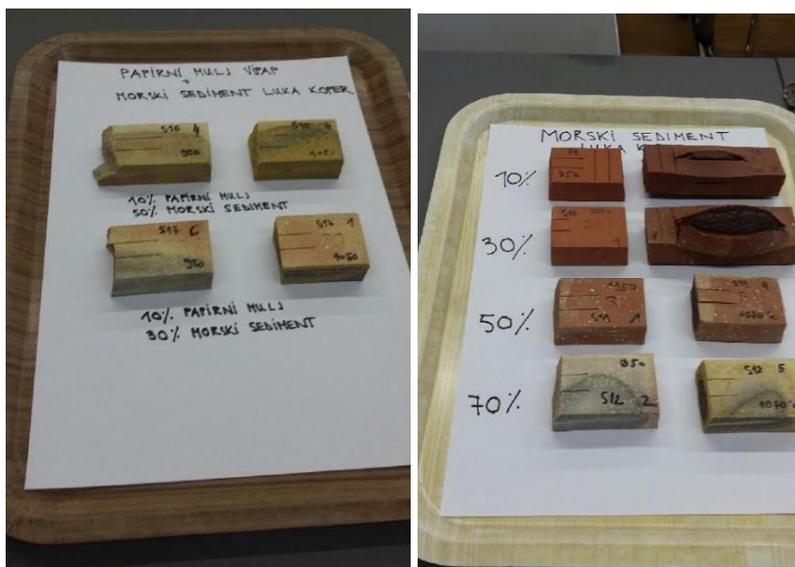


⁸⁸ Deepening of seabed and management of marine sediments (ref GRI GS 306-5)

11.17.1 Implementation of improvement programmes for excavated marine sediment management

In 2017, the following measures were implemented:

- The project exploring alternative marine sediment uses continued in collaboration with the Slovenian National Building and Civil Engineering Institute. The institute carried out additional activities to research brick production using paper sludge in addition to marine sediments. Paper sludge improves the properties of the product, cuts the cost of raw materials, and reduces resource consumption. A pilot project is planned for the future to produce such bricks for construction purposes in the port. For more information about the project, see <http://celkrog.si/>.

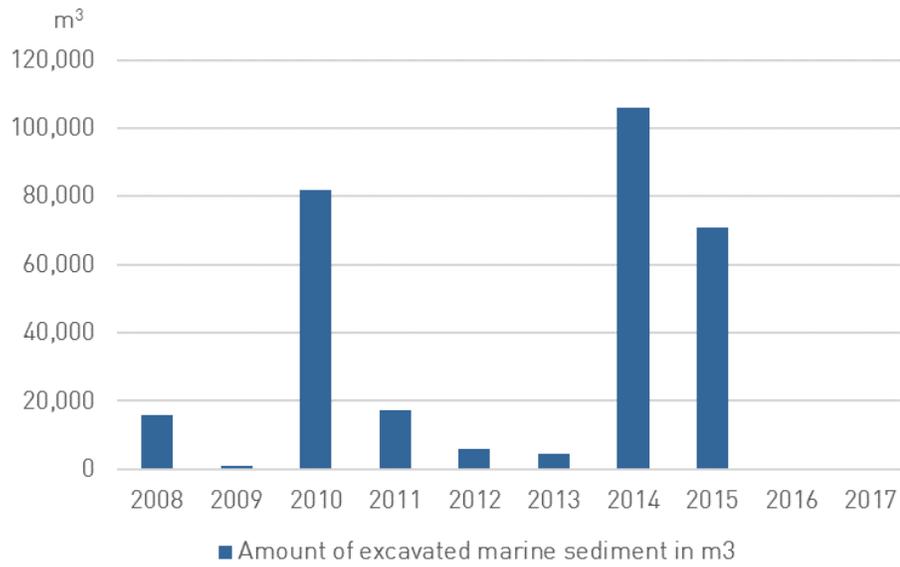


11.17.2 Excavated marine sediment management improvement programmes planned for 2018

The following measures will be implemented in 2018:

- The project exploring alternative solutions for marine sediment management will continue.
- The process of creating replacement habitats will start (in the Ankaran peripheral canal).
- A test field for accelerated drainage of excavated marine sludge will be implemented.
- Studies exploring the options of returning marine sediment into the sea will continue.
- Brick production using marine sediment will continue.

Marine sediment excavated in the port by year



12 Social environment

Luka Koper has a wide range of stakeholders, with whom it maintains regular and transparent communication in accordance with the Company's management policy. For communication, it uses varying channels tailored to the target audience. The corporate website www.luka-kp.si is intended for customers and investors, while the sustainability portal www.zivetispristaniscem.si and the Company's Facebook profile are intended for the general public. For professional purposes, the Company uses LinkedIn. Since 2015, an adapted print version of the internal monthly Port Bulletin has been published and distributed free-of-charge to business partners and the port community in Slovenia, to media companies, financial analysts, and local and national level bodies and institutions. The primary purpose of comprehensive communication is to improve the knowledge of stakeholders about the organisation and operation of the Company, and seek wide support for the Company's development projects.

In November 2017, the Company carried out the annual opinion poll among the inhabitants of the City of Koper and the Ankaran municipality. The poll with a sample of 610 covered four thematic sets.

Public perception of Luka Koper:

- 70% of respondents consider Luka Koper a reputable or highly reputable company, while just under 8% consider it disreputable. The average score on a scale from 1 to 5 was 3.90 (4.04 in 2016). A slight decline in reputation was seen in the last two years, possibly as a result of negative media coverage.
- The majority opinion of the business performance of Luka Koper is very good. Nearly 80% of respondents see the Company as successful or very successful. 5.2% see it as unsuccessful. The average score was 4.24, compared to 4.35 in 2016.
- According to 65% of respondents, Luka Koper's contribution to the economic development of Slovenia is high or very high.

Environmental impact of the port:

- According to the respondents, the implications of the port activity mainly show as increased road traffic (50% in 2017, against only 13% in 2016), followed by impact on air quality (dust), increased noise, and impacts on the sea.
- 40% of respondents said Luka Koper was concerned about protecting the environment (average score 3.43, against 3.25 in 2016). The share of those who think Luka Koper is not at all concerned about the environment declined (from 8.9% in 2016 to 3.5% in 2017).

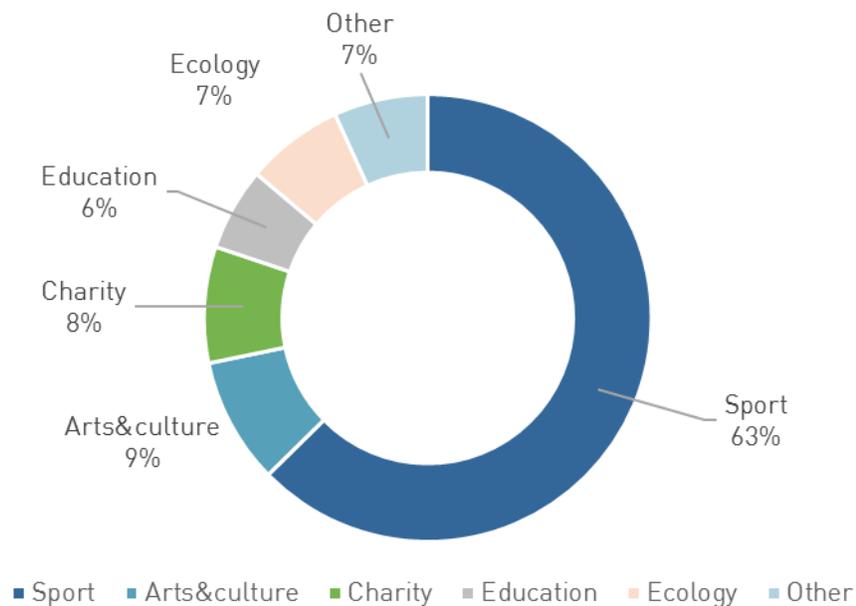
Spatial development of the port:

- 72% of respondents are familiar with the expansion plans of the port, i.e. plans for the extension of the piers and new storage facilities (61% in 2016). 72% of them support the plans (81% in 2016). The key reasons for opposition to the National Spatial Plan include, as in previous years, disproportionate land development, pollution, and negative impact on tourism.
- 70% of respondents support the extension of the first pier, and 71% support the extension of the second pier.

Communication of Luka Koper's activities:

- The respondents get most of the information about the Port of Koper in print media (56%), on television (46%) and online (29%).
- For information about the business performance and development of the port, the respondents trust representatives of Luka Koper (30%), independent experts (17%), friends and acquaintances (12%), and the media (11%).
- 36% of respondents took a tour of the port in the last five years (29% in 2016).

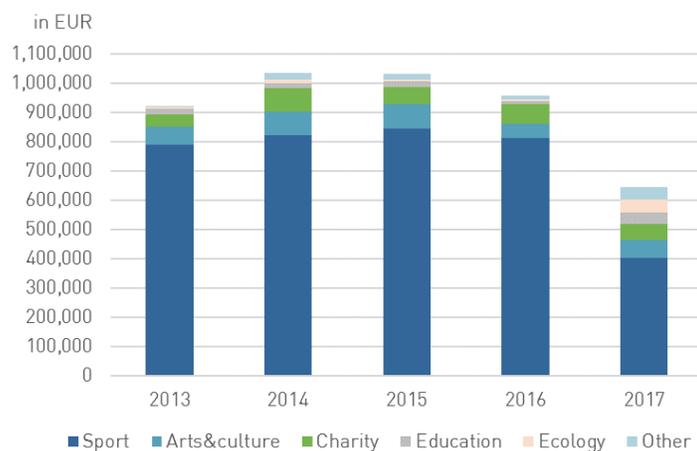
12.1 Distribution of donations and sponsorships in 2017⁸⁹



⁸⁹ GRI GS 201-1

The impact of port activity is most strongly felt by people living in the immediate vicinity of the port. Therefore, Luka Koper places strong emphasis on social responsibility, particularly at local level. The Company's sustainability policy envisages, among other things, efforts to improve the quality of life in both local and boarder communities. With sponsorship and donations, the Company supports a number of projects, associations and individuals. EUR 627,000 was allocated for this purpose in 2017. Some of the sponsorship and donation funds were distributed directly based on multi-annual contracts, while a portion is allocated based on quantifiable criteria in a tender that is annually, usually in January, launched on the sustainability portal www.zivetispristaniscem.si.

12.2 Distribution and amount of donations and sponsorships in years 2013 to 2017⁹⁰



⁹⁰ GRI GS 201-1

13 Sustainable relationship with suppliers

13.1 Building relationships with suppliers⁹¹

The Company puts strong emphasis on building relationships with suppliers in order to ensure timely, high quality, and cost effective procurement. This enables the transfer of good practices, enhances innovation, and creates added value for the users of port services, thus creating conditions for financial savings and more efficient port services. Regardless of what product or service is being purchased, common ground and mutual interests have to be found with the supplier, and the right balance achieved between the needs and expectations of the customer on the one hand, and benefits of the seller (supplier) on the other.

In accordance with the adopted procurement policy, which is based on the fundamental values of the Company, we aim to achieve the key objectives to the satisfaction of our customers, employees and shareholders, while demonstrating social responsibility to the environment. To some extent, the performance of Luka Koper depends on the performance of its suppliers, therefore we respect and appreciate their efforts in helping us achieve the key objectives. Efficiency, expertise, an ethical approach and integrity, social responsibility, environmental protection, and health and safety are the six principles of the procurement policy we wish to pursue. We have a responsibility to all employees and suppliers to implement the procurement policy in practice. Improvements are introduced in line with the findings reported in the analyses of the progress towards achieving the procurement objectives.

Suppliers provide vital support to the operations of Luka Koper. Good-quality suppliers contribute to higher efficiency of business processes in the Company, either directly by providing services or supplying products, or indirectly by increasing the efficiency and performance of work processes and business practices of the Company. Luka Koper strives to work with the best suppliers available. Strong partnerships have been built with a number of suppliers, who are embracing our sustainability policy. With new suppliers, we work in a desire to transform this collaboration into a long-term partnership and create new value.

Long-term partnerships with suppliers contribute to the process of finding common solutions for higher quality of procurement process management. Two vital tasks of the procurement process are exploring innovations in the market and keeping abreast of new technologies. We maintain regular communication with potential new suppliers, who can get listed in our online database at <https://luka-kp.si/slo/za-dobavitelje>. Based on

⁹¹ GRI GR 103-1, 103-2, 103-3

communication with suppliers and the submitted bids, certificates, qualifications and evidence of experience, the Company strives to select the best suppliers to collaborate with.

The process of building relationships with suppliers is monitored by means of pre-determined indicators quarterly through work programmes, and annually through management reviews. Based on the findings of the analyses looking into the progress towards achieving the procurement objectives and into the relationship with suppliers, the Company regularly introduces improvements.

For timely implementation of measures and management of risks of poor procurement practices, we monitor the strengths and weaknesses of suppliers by:

- Evaluating suppliers,
- Awarding suppliers,
- Carrying out supplier assessments.

13.2 Supply chain⁹²

The selection of and collaboration with suppliers is a transparent process carried out in accordance with internally defined rules. Preference is given to suppliers whose operation is in line with international management standards, who meet the requirements for occupational health and safety, show a high level of environmental awareness, and work with the Company and the Group in the spirit of principles and values shared by Luka Koper. The criteria for the selection of suppliers also include commitment to social responsibility; therefore, when possible, preference is given to purchases that contribute to the economic development of the local environment. Here, the domestic market of the Republic of Slovenia is understood as the local environment, while the Koper and Ankaran municipalities represent the local community where the port activity is actually carried out. We estimate that more than 90% of our suppliers are from the local environment, i.e. companies based in Slovenia. Before adding a supplier to our supplier list, we check their rating and in case of text debts or poor ratings decide against working with such a supplier.

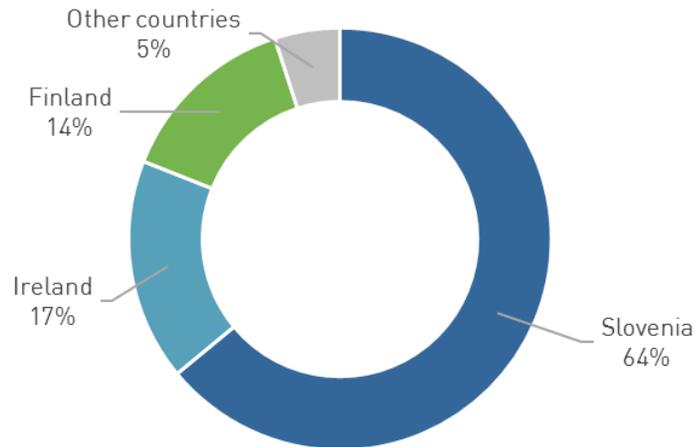
Suppliers of products and services are categorised into four groups: suppliers for investments, suppliers for technical services and own needs, suppliers for products (various materials), and suppliers for port service providers (IPS).

In 2017, the total value of purchases of Luka Koper, d. d. was EUR 129 million, of which the cost of the purchased port services amounted to EUR 30.9 million. Purchases made in the Slovenian market accounted for 64% of the total value of purchases.

⁹² GRI GS 102-9

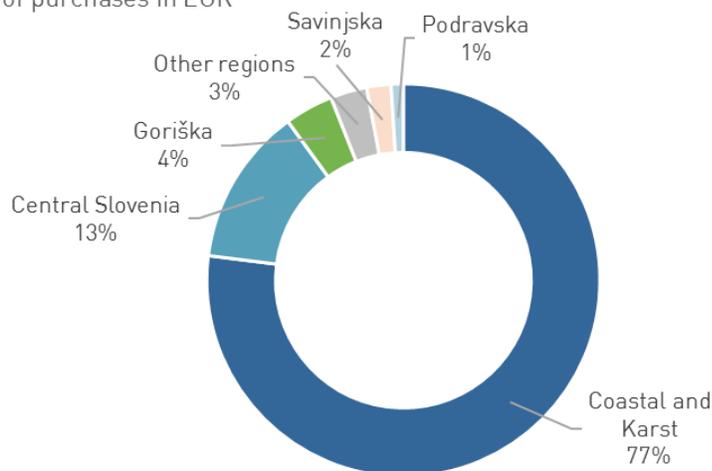
13.2.1 Share of total value of purchases of Luka Koper, d. d. in 2017 by country⁹³

Share of purchases in EUR



13.2.2 Share of total value of purchases of Luka Koper, d. d. in the Slovenian market in 2017 by statistical region⁹⁴

Share of purchases in EUR



⁹³ GRI GS 204-1

⁹⁴ GRI GS 204-1

We aim for an optimal number of suppliers in terms of procurement manageability as well as sufficient dispersion of suppliers to provide timely purchases that meet the expectations at the level of the entire Luka Koper Group. In 2017, Luka Koper continued to reorganise the procurement process towards its centralisation. This contributed to higher work efficiency. The degree of centralisation of procurement decisions has been subject to pre-determined responsibilities and powers of all the employees involved in the procurement process. While purchases are managed centrally, procurement processes may also be carried out by decentralised organisational units of the Company or the Group. This allows for a higher level of flexibility to meet the specific needs of individual organisational units. This way, the Company strives for well-organised, transparent business co-operation with suppliers, while maintaining an efficient, flexible procurement process that enables smooth and efficient work process.

13.2.3 Assessing suppliers' environmental awareness⁹⁵

Luka Koper regularly monitors and assesses its cooperation with suppliers. The key suppliers are assessed at least once per year. The assessment for 2017 is still underway for a total of 58 suppliers. Suppliers are assessed based on pre-determined criteria, including the estimated level of environmental awareness and compliance with environmental requirements, and potential existence of an environmental management system, as well as occupational safety, where we assess infringements of occupational health and safety rules.

Suppliers are assessed in four categories: suppliers for investments, suppliers for technical services, suppliers for products, and suppliers for port service providers (IPS). The latter are given access to rules and technological processes via the so-called IPS portal on the Luka Koper website. Each year, the Company selects the best supplier in each category, and the winners are recognised in a special ceremony.

13.2.4 Changes to the supply chain⁹⁶

No changes were made to the supply chain in 2017.

⁹⁵ GRI GS 103-1, 103-2, 103-3, 308-2, 414-2

⁹⁶ GRI GS 102-10

14 Sustainable relationship with customers

Nowadays, the relationship with customers is key to company success. Our relationship with customers is based on our Sales policy, while our responsibility to customers and consumers in terms of ensuring food and feed safety in handling, storing and provision of additional services is rooted in our Food and feed safety management policy. We believe that customer satisfaction can only be achieved through effective partner relations; therefore respect, responsibility and reliability are the core values we nurture in our relationship with customers. We ensure the legality and transparency of our operations, and strive to enhance the positive image and reputation of the Company. Our actions promote high ethical standards, equal opportunities, and protection of human rights.

14.1 We monitor the satisfaction of our customers regularly

We ensure the satisfaction of our customers by providing high quality services demonstrating efficiency, reliability, flexibility, competitiveness, safety, and environmental acceptability. Through regular communication, we attempt to foresee the needs of our customers and respond to them quickly, and encourage customers to give proposals on how to improve our services, thus to make them part of the company development. This strengthens the business relationship and adds to the port system. Customer satisfaction is measured and ascertained systematically by carrying out a customer satisfaction poll.

In order to provide comprehensive solutions for our clients, we work closely with the port community comprising entities from the fields of maritime activities, port activities, and logistics (forwarders, agents, carriers, operators, the police, the customs, the Slovenian Maritime Administration, inspection bodies, inspection and control service providers). Our dealings with the port community refer to specific operational, institutional or strategic needs, when required, in order to address common issues, and enhance and improve joint services for the movement of goods.

14.2 Efficient and careful complaint handling

Another indicator of customer satisfaction is complaint handling, which should be efficient as well as effective. Complaints about billing or about the services provided are handled carefully, resolved promptly, and monitored systematically in a special module, which enables us to implement remedial and preventive measures. Efficient complaint handling is one of the key factors with long-term positive impacts on the satisfaction and loyalty of customers, while the met expectations are a benchmark as well as a driver of increased visibility, contributing to the reputation of the Company.

14.3 Consumer data protection

The Luka Koper Group pays close attention to the protection of consumer data. Data protection is ensured by:

- Responsible and authorised persons,
- Specified method of data processing,
- Specified purpose of data processing,
- Legal basis for data processing,
- Data custodian,
- Data users.

The hardware and software used for record-keeping is protected in accordance with the Rules on personal data protection, provisions of legal acts on professional secrecy, the principles of managing access to information sources, and the company rules on document storage. Access to records is protected by requiring authorisation and identification of the user. The record-keeping software is only used by authorised employees.

15 GRI Content Index (according to 2016 standards)⁹⁷

GRI (Global Reporting Initiative) Content Index – ‘In accordance’ - Core Option					
GRI Standard and Disclosure	Description	Boundaries	Section	Page	Notes
GRI 102: GENERAL DISCLOSURES					
Organizational profile					
102-1	Name of the organization	Luka Koper Group	3.1 Company profile of Luka Koper, d. d. 3.2 Ownership and legal form	p 14 p 15	
102-2	Activities, brands, products, and services	Luka Koper Group	3 Presentation of the Luka Koper Group 3.5 Activities of the Luka Koper Group	p 13 p 17	
102-3	Location of headquarters	Luka Koper, d. d.	3.1 Luka Koper, d. d. company presentation	p 14	
102-4	Location (country) of operations	Luka Koper Group	3 Presentation of the Luka Koper Group 3.1 Company profile of Luka Koper, d. d.	p 13 p 14	
102-5	Ownership and legal form	Luka Koper Group	3.1 Luka Koper, d. d. company presentation 3.2 Ownership and legal form	p 14 p 15	

⁹⁷ GRI GS 102-54, 102-55

102-6	Markets served (geographic locations and sectors served, types of customers)	Luka Koper Group	3 Presentation of the Luka Koper Group 3.5 Activities of the Luka Koper Group 3.6 Markets	p 13 p 17 p 22	102-6 ii and 102-6 iii not covered.
102-7	Scale of the organization	Luka Koper Group	8.1 Financial ratios 10.1.1 Number of employees by company and in the Luka Koper Group	p 67 p 86	102-7 v not covered.
102-8	Information on employees and other workers	Luka Koper, d. d.	10.1.2 Number of employees in Luka Koper, d. d. with regard to the type of contract (indefinite, fixed-term) 10.1.3 Number of employees in Luka Koper, d. d. as at 31 December by gender 10.1.4 Share of employees in Luka Koper, d. d. by region of residence 10.1.5 Number of employees by type of employment (full working time, part-time) 10.1.7 Employee structure in Luka Koper, d. d. by age groups	p 86 p 86 p 87 p 87 p 88	With regard to the number of employees by type of contract, we do not report by gender and region of residence. We do not report on workers not employed in the company. We do not report on changes in the number of employees.
102-9	Supply chain	Luka Koper, d. d.	13.2 Supply chain	p 145	
102-10	Significant changes to the organization and its supply chain	Luka Koper Group	3.7 Organisational changes 13.2.4 Changes to the supply chain	p 22 p 147	
102-11	Precautionary Principle or approach	Luka Koper, d. d.	3.11.6 Precautionary approach	p 35	
102-12	External initiatives	Luka Koper, d. d., Luka Koper INPO, d. o. o.	3.12 Membership and initiatives of Luka Koper	p 38	

102-13	Membership of associations	Luka Koper, d. d., Luka Koper INPO, d. o. o.	3.12 Membership and initiatives of Luka Koper	p 38	
Strategy					
102-14	Statement from senior decision-maker	Luka Koper Group	2 Address by the President of the Management Board	p 10	
Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior	Luka Koper Group	4 Luka Koper and sustainable development guidelines 7 Corporate integrity, human rights and operations compliance	p 39 p 60	
102-17	Mechanisms for advice and concerns about ethics	Luka Koper Group	7 Corporate integrity, human rights and operations compliance 7.1 Corporate integrity and human rights	p 60 p 60	
Governance					
102-18	Governance structure	Luka Koper, d. d.	3.8 Organisation structure	p 22	
102-22	Composition of the highest governance body and its committees	Luka Koper, d. d.	3.9 Management Board of Luka Koper d. d. 3.10 Supervisory Board of Luka Koper, d. d.	p 24 p 28	
102-23	Chair of the highest governance body	Luka Koper, d. d.	3.9.3 Management Board's work	p 27	
Stakeholder engagement					

102-40	List of stakeholder groups	Luka Koper Group	5 Port of Koper Stakeholders	p 47	
102-41	Collective bargaining agreements	Luka Koper, d. d.	10.1.6 Share of employees in Luka Koper, d. d. covered by collective agreement	p 87	
102-42	Identifying and selecting stakeholders	Luka Koper, d. d.	5.1 Identification of Stakeholders	p 48	
102-43	Approach to stakeholder engagement	Luka Koper, d. d.	5.2 Stakeholder engagement, their expectations and needs	p 50	
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded (including through its reporting)	Luka Koper, d. d.	5.2 Stakeholder engagement, their expectations and needs 6.1 Material contents highlighted by particular stakeholders	p 50 p 55	
Reporting practice					
102-45	Entities included in the consolidated financial statements	Luka Koper Group	3.4 Inclusion in the Consolidated financial statements	p 16	
102-46	Defining report content and topic Boundaries	Luka Koper Group	1.2 Sustainability report according to international standards of sustainability reporting 6.2 Methodology for determining materiality	p 7 p 58	
102-47	List of material topics	Luka Koper, d. d.	6 Materiality matrix	p 54	

102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	Luka Koper Group	1.2 Sustainability report according to international standards of sustainability reporting	p 7	Not applicable, this being the first Sustainability Report according to GRI
102-49	Changes in reporting	Luka Koper Group	1.2 Sustainability report according to international standards of sustainability reporting	p 7	Not applicable, this being the first Sustainability Report according to GRI The change is that the Company reports on sustainable issues according to GRI GS for the very first time.
102-50	Reporting period	Luka Koper Group	1.3 Reporting periods	p 8	
102-51	Date of most recent report	Luka Koper Group	1.3 Reporting periods	p 8	
102-52	Reporting cycle	Luka Koper Group	1.3 Reporting periods	p 8	
102-53	Contact point for questions regarding the report	Luka Koper Group	1.4 Contact point	p 8	
102-54	Claims of reporting in accordance with the GRI Standards	Luka Koper Group	1.2 Sustainability report according to international standards of sustainability reporting 16 GRI Content Index (according to 2016 standards)	p 7 p 150	
102-55	GRI content index	Luka Koper Group	16 GRI Content Index (according to 2016 standards)	p 150	

102-56	External assurance for the report (audit)	Luka Koper Group	1.6 Verification of Sustainability Report	p 9	
SPECIFIC STANDARD DISCLOSURES					
GRI 200 Economic Topics					
GRI 201 Economic Performance					
103-1 103-2 103-3	Management Approach	Luka Koper Group	2 Address by the President of the Management Board 8 Stability and business performance	p 10 p 66	
201-1	Direct economic value generated and distributed	Luka Koper Group	8.2 Direct economic value generated and distributed in 2017 12.1 Distribution of donations and sponsorships in 2017 12.2 Distribution and amount of donations and sponsorships in years 2013 to 2017	p 70 p 142 p 143	201-1b not covered.
GRI 203 Indirect Economic Impacts					
103-1 103-2 103-3	Management Approach	Luka Koper Group	2 Address by the President of the Management Board 4 Luka Koper and sustainable development guidelines 8 Stability and business performance	p 10 p 39 p 66	
203-1	Infrastructure investments and services supported	Luka Koper Group	8.3.1 Investments in non-financial assets 8.3.2 IT solutions	p 71 p 75	
203-2	Significant indirect economic impacts	Luka Koper, d. d.	8.3.3 Indirect impacts of operations of Luka Koper	p 77	
GRI 204 Procurement Practices					
103-1 103-2	Management Approach	Luka Koper, d. d.	13.1 Building relationships with suppliers 13.2.3 Assessing suppliers' environmental awareness	p 144 p 147	

103-3					
204-1	Proportion of spending on local suppliers	Luka Koper, d. d.	13.2.1 Share of total value of purchases of Luka Koper, d. d. in 2017 by country 13.2.2 Share of total value of purchases of Luka Koper, d. d. in the Slovenian market in 2017 by statistical region	p 146 p 146	204-1c not covered.
GRI 205: Anti-corruption					
103-1 103-2 103-3	Management Approach	Luka Koper Group	7.4 Corruption and bribery	p 64	
205-1	Operations assessed for risks related to corruption	Luka Koper Group	3.11.9 Fraud and corruption risks	p 37	We do not report on any identified risks related to corruption-
205-2	Communication and training about anti-corruption policies and procedures	Luka Koper Group	3.11.9 Fraud and corruption risks	p 37	In 2017, some articles were written and a lecture held on communication and training. This disclosure is generally not reported on, since the area has not been covered in a systemic way.
205-3	Confirmed incidents of corruption and actions taken	Luka Koper Group	7.4 Corruption and bribery	p 64	
GRI 300 ENVIRONMENTAL TOPICS					
GRI 302 Energy					

103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	11.11.1 Energy efficiency system	p 123	
302-1	Energy consumption within the organization	Luka Koper, d. d.	11.11.2 Consumption of energy sources	p 124	301-1b, 302-1c ii, iii, iv, 302-1d, 302-1f, 302-1g not covered.
302-2	Energy consumption outside of the organization	Luka Koper, d. d.	11.11.3 Consumption of electricity for the economic zone	p 125	302-2b, 302-2c not covered.
302-3	Energy intensity	Luka Koper, d. d.	11.11.2 Consumption of energy sources	p 124	
302-4	Reduction of energy consumption	Luka Koper, d. d.	11.11.4 Electricity consumption 11.11.5 Motor fuel consumption 11.11.6 Implementation of improvement programmes to reduce electricity and fuel consumption	p 125 p 125 p 126	302-4c and 302-4d not covered.
GRI 303 Water					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	11.1 About the environmental management system	p 97	
303-1	Water withdrawal by source	Luka Koper, d. d.	11.12 Drinking water and groundwater management	p 127	303-1a iii, iv, v, 303-1b not covered.
GRI 304 Biodiversity					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	11.15 Biodiversity	p 133	We do not report on the Management approach as it is being established.

304-3	Habitats protected or restored	Luka Koper, d. d.	11.15 Biodiversity	p 133	304-3b not covered.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Luka Koper, d. d.	11.15 Biodiversity	p 133	304-4a ii, iii, iv, v not covered.
GRI 305 Emissions					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	11.1 About the environmental management system	p 97	
305-1	Direct (Scope 1) GHG emissions	Luka Koper, d. d.	11.8.4 Greenhouse gases 11.8.6 Volatile compound emissions measurement	p 111 p 112	Emissions from the composting plant are not covered.
305-2	Energy indirect (Scope 2) GHG emissions	Luka Koper, d. d.	11.8.4 Greenhouse gases 11.8.5 Volatile compound emissions measurement	p 111 p 112	305-2c, 305-2d, 305-2e, 305-2f and 305-2g not covered. 305-3 not covered.
305-6	Emissions of ozone-depleting substances (ODS)	Luka Koper, d. d.	11.8.4 Greenhouse gases	p 111	305-6b, 305c in 305-6c not covered.
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Luka Koper, d. d.	11.8.6 Volatile compound emissions measurement	p 112	305-7b and 305-7c not covered.
	Air	Luka Koper, d. d.	11.8.1 Total dust in the port 11.8.2 Concentrations of harmful particulate matter 11.8.3 Emissions of particulate matter at key sources	p 107 p 108 p 110	

	Noise emissions	Luka Koper, d. d.	11.10 Noise emissions	p 117	
	Light pollution	Luka Koper, d. d.	11.14 Light pollution	p 131	
GRI 306 Effluents and Waste					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	11.1 About the environmental management system	p 97	
306-1	Water discharge by quality and destination	Luka Koper, d. d.	11.13 Wastewater management	p 129	306-1a iii, 306-1b not covered.
306-2	Waste by type and disposal method	Luka Koper, d. d.	11.9 Waste management	p 113	306-2c not covered.
306-3	Significant spills	Luka Koper, d. d.	11.6 Environmental risk management and emergency response 11.6.1 Statistics for environmental incidents from 2011 to 2017 11.16 Sea water protection 11.16.1 Statistics for interventions at sea	p 104 p 105 p 134 p 135	Spills and leaks are of minor nature. Emergency situations occurred at the port area (land) and the port aquatorium (sea).
306-5	Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on the size, designated protected status and the biodiversity value of	Luka Koper, d. d.	11.15 Biodiversity	p 133	Wastewater from the Port of Koper when discharged does not affect biodiversity.

	the water body and related habitat				
	Deepening of seabed and management of marine sediments	Luka Koper, d. d.	11.17 Deepening of seabed and management of marine sediments	p 138	
GRI 307 Environmental Compliance					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	11.1 About the environmental management system	p 97	
307-1	Non-compliance with environmental laws and regulations	Luka Koper, d. d.	11.4.1 Compliance with the law 11.4.2 Compliance with internal requirements 11.5.4 Inspections	p 99-100 p 103	
GRI 308 Supplier Environmental Assessment					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	13.1 Building relationships with suppliers	p 144	
308-2	Negative environmental impacts in the supply chain and actions taken	Luka Koper, d. d.	13.2.3 Assessing suppliers' environmental awareness	p 147	308-2b, 308-2c, 308-2d and 308-2e not covered (ongoing assessment).
GRI 400 SOCIAL TOPICS					
GRI 401 Employment					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	10.1 Description of the Employee management system	p 85	

401-1	New employee hires and employee turnover	Luka Koper, d. d.	<p>10.1.8 New employee hires in Luka Koper, d. d. by age groups</p> <p>10.1.9 New employee hires in Luka Koper, d. d. by gender</p> <p>10.1.10 Comparison of new employee hires, contract termination and fluctuation rate</p>	<p>p 88</p> <p>p 89</p> <p>p 89</p>	<p>The number of new employee hires by region and employee fluctuation by age groups, gender and region of residence are not covered.</p> <p>Fluctuation is also covered with regard to the Luka Koper Group.</p>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Luka Koper, d. d.	10.1.11 Employee benefits	p 89	401-2b not covered.
401-3	Parental leave	Luka Koper, d. d.	10.1.12 Number of Luka Koper, d. d. employees who took parental leave and returned to their workplace, by gender	p 90	401-3d and 401-3e not covered.
GRI 403 Occupational Health and Safety					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	9.1 Description of Occupational safety system	p 78	
403-1	Workers representation in formal joint management-worker health and safety committees	Luka Koper Group	<p>9.2 Occupational health and safety</p> <p>9.6 Health promotion</p>	<p>p 78</p> <p>p 82</p>	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and	Luka Koper Group, Port service providers	9.4 Injuries at work	p 79	Injuries are not covered by region and gender.

	absenteeism, and number of work-related fatalities				
403-3	Workers with high incidence or high risk of diseases related to their occupation	Luka Koper Group	9.6 Health promotion	p 82	
GRI 404 Training and Education					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	10.2.1 Description of the Employee management system	p 91	
404-1	Average hours of training per year per employee	Luka Koper, d. d.	10.2.1 Description of the Employee management system	p 91	
404-2	Programs for upgrading employee skills and transition assistance programs	Luka Koper, d. d.	10.2.2 Introduced programmes	p 92	
404-3	Percentage of employees receiving regular performance and career development reviews	Luka Koper, d. d.	10.2.3 Promotion and internal mobility of employees	p 92	
GRI 405 Diversity and Equal Opportunity					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	7.6 Diversity policy	p 65	

405-1	Diversity of governance bodies and employees	Luka Koper, d. d.	3.9 Management Board of Luka Koper d. d. 3.9.2 Members of the Management Board 3.10 Supervisory Board of Luka Koper, d. d.	p 24 p 25 p 28	405-1b not covered.
GRI 406: Non-discrimination					
103-1 103-2 103-3	Explanation of the material topic and its Boundary	Luka Koper, d. d.	7.2 Discrimination	p 62	103-3 not covered since systematic verification of the Code of Ethics has not been introduced.
406-1	Incidents of discrimination and corrective actions taken	Luka Koper, d. d.	7.2 Discrimination	p 62	
GRI 412 Human Rights Assessment					
103-1 103-2 103-3	Management Approach	Luka Koper Group	7.1 Corporate integrity and human rights	p 60	
412-1	Operations that have been subject to human rights reviews or impact assessments	Luka Koper, d. d.	7.3 Human rights identified as most relevant for Luka Koper, d. d.	p 63	
GRI 414 Supplier Social Assessment					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	13.1 Building relationships with suppliers	p 144	

414-2	Negative social impacts in the supply chain and actions taken	Luka Koper, d. d.	13.2.3 Assessing suppliers' environmental awareness	p 147	414-2b, 414-2c, 414-2d and 414-2e not covered.
GRI 419 Socioeconomic Compliance					
103-1 103-2 103-3	Management Approach	Luka Koper, d. d.	7.7 Compliance with the legislation and internal requirements 9.3 Compliance with occupational safety legislation 11.4.1 Compliance with the law 11.4.2 Compliance with internal requirements	p 65 p 79 p 99 p 100	
419-1	Non-compliance with laws and regulations in the social and economic area	Luka Koper, d. d.	7.7 Compliance with the legislation and internal requirements 9.3 Compliance with occupational safety legislation 11.4.1 Compliance with the law 11.4.2 Compliance with internal requirements	p 65 p 79 p 99 p 100	



Izjava o preverjanju trajnostnega poročila

Namen in obseg preveritve

Na zahtevo družbe **Luka Koper, d. d.**, Vojkovo nabrežje 38, 6000 Koper–Capodistria, Slovenija smo na osnovi standardov za trajnostno poročanje GRI Sustainability Reporting Standards, 2016, opravili neodvisno preverjanje »Trajnostnega poročila, 2017, Skupina Luka Koper in Luka Koper, d.d.«. Pobudo za preveritev poročila je družba dala prostovoljno. Preverjali smo, ali so dejstva in podatki, navedeni v poročilu, verodostojni in odražajo dejansko stanje na področju trajnostnega razvoja družbe in skupine.

Omejitve

Trajnostno poročilo se nanaša na Skupino Luka Koper in matično družbo Luka Koper, d.d., v okviru obsega in mej, kot so določeni v poglavjih 1.2 in 15 trajnostnega poročila ter posameznih razkritjih. Čeprav je poročilo skupno, se nekatera razkritja nanašajo zgolj na krovno družbo Luka Koper, d.d. ali na Skupino Luka Koper. Deležniki so pri analizi bistvenosti sodelovali preko anketiranja. Med deležniki, ki so izpolnili vprašalnik, so tudi trije pomembni izvajalci pristaniških storitev (IPS). Na osnovi dobljenih rezultatov je analizo bistvenosti opravila projektna skupina in izdelala Matriko bistvenosti (poglavje 6) ter preglednico bistvenih vsebin, ki so jih izpostavili posamezni deležniki (poglavje 6.1). Metodologija določanja bistvenosti v štirih korakih je opisana v poglavju 6.2. Ker je bilo grafično oblikovanje poročila v času preveritve še v delu, smo v kazalu GRI (poglavje 15) preverili le pravilnost sklicev na poglavja poročila.

Metodologija preveritve

V postopku preverjanja deležniki niso sodelovali, saj naročnik preverjanja tega ni naročil oziroma zagotovil. Zato je preverjanje zajemalo pregled trajnostnega poročila družbe in skupine, razgovor z odgovornimi predstavniki družbe ter preverjanje dokumentacije in drugih podatkov na sedežu družbe. Podatkov v revidiranih računovodskih izkazih nismo ponovno preverjali.

Odgovornost

Vodstvo družbe Luka Koper, d. d. in Skupine Luka Koper je odgovorno za informacije, predstavljene v poročilu in določanje meril za ocenjevanje. Odgovorno je tudi za zbiranje, razvrščanje in overjanje podatkov ter poročanje. SIQ in njegovi predstavniki niso sodelovali pri obdelavi in prikazu podatkov v poročilu. Predstavniki SIQ so odgovorni za neodvisno preverjanje skladnosti poročila s standardi GRI in dejanskim stanjem ter za pripravo mnenja o trajnostnem poročilu.

Neodvisnost

SIQ je strokovna, neodvisna in nepristranska institucija, ki nudi celovite rešitve s področja preskušanja in certificiranja proizvodov, ocenjevanja sistemov vodenja, meroslovja in izobraževanja. Mednarodno veljavnost in visoko strokovno raven našega dela potrjujejo številne akreditacije in članstva v mednarodnih certifikacijskih shemah in združenjih. Preveritelj, ki je izvedel preverjanje, je registriran presojevalec za sisteme vodenja kakovosti, ravnanja z okoljem oziroma EMAS, vodenja varnosti in zdravja pri delu ter upravljanja z energijo.

Ugotovitve

Preveritelj je skrbno preveril upoštevanje zahtev standardov in načel poročanja ter obvezna razkritja za osnovno raven poročanja. Trajnostni razvoj je sestavni del strategije, ki jo določajo strateške usmeritve Skupine Luka Koper. V tej zvezi poročilo navaja 11 ciljev trajnostnega razvoja (poglavje 4.6.1). Družba je v svojem poročilu v okviru 19 specifičnih standardnih področij prikazala 38 razkritij. Razkriti pristopi vodstva in rezultati kazalnikov potrjujejo trajnostno naravnost družbe in skupine. Na podlagi ugotovitev izjavljamo, da so dejstva in podatki, navedeni v trajnostnem poročilu, verodostojni in odražajo dejansko stanje sistemov vodenja in trajnostnega delovanja družbe Luka Koper, d.d. in Skupine Luka Koper. Ob upoštevanju navedenih omejitev in metodologije preverjanja ugotavljamo, da »Trajnostno poročilo, 2017, Skupina Luka Koper in Luka Koper, d.d.« ustreza zahtevam standardov za trajnostno poročanje GRI Sustainability Reporting Standards, 2016, osnovna raven. Vodstvo družbe Luka Koper, d.d. z odločitvijo o zunanjem neodvisnem preverjanju trajnostnega poročila za matično družbo in Skupino Luka Koper širi zavedanje o pomenu trajnostnega razvoja. S tem prispeva k uveljavljanju mednarodno primerljivih dobrih praks na področju poročanja o trajnostnem razvoju.

Priporočila

Med preverjanjem smo prepoznali nekaj priložnosti za izboljšanje delovanja in poročanja na področju trajnostnega razvoja, ki smo jih zapisali v poročilu o preverjanju. V tej zvezi izpostavljamo priporočila glede razširitve nekaterih dobro opisanih upravljaljskih pristopov na preostale ter povečanje števila razkritij, da bi bilo trajnostno poročanje celovitejše.

Za in v imenu SIQ

Ljubljana, 6. 4. 2018

Miloš Seražin
Direktor področja
Ocenjevanja sistemov vodenja



Igor Bizjak
Preveritelj

