
LUKA KOPER, Port and Logistics System Operator, Plc.
Vojkovo nabrežje 38, 6000 Koper, Slovenia

**Explanation of resolutions
proposed for the 29th General Meeting of Shareholders of Luka Koper, d.d.**

Item 5 – Acquaintance with the findings from the special auditor's report concerning the management of individual operations executed with the providers of port services

The Supervisory Board hereby proposes to the General Meeting of Shareholders to adopt the following resolution:

The General Meeting of Shareholders is acquainted with the findings from the special auditor's report prepared by the special auditor PriceWaterhouseCoopers, podjetje za revizijo in druge finančno računovodske storitve, d.o.o. concerning the management of individual operations executed with the providers of port services.

Explanation of the Supervisory Board regarding the resolution proposal:

At its 28th meeting held on June 30th, 2017 the Company's general meeting of shareholders adopted a resolution no. 9 and appointed the audit company PriceWaterhouseCoopers, podjetje za revizijo in druge finančno računovodske storitve, d.o.o., Cesta v Kleče 15, Ljubljana (hereinafter: special auditor) as special auditor in charge of examining the management of individual operations executed by the company Luka Koper, d.d. On September 1st, 2017 the Company's supervisory board executed an agreement on the implementation of agreed services with the special auditor. The task of the special auditor was to examine the operations performed by the Company with providers of port services in the last three years as of the day of adoption of the resolution, namely: the procedures and processes of contracts conclusion and procurement of specific services. Within this scope of work, the task of the special auditor was to concretely verify the compliance of procurement processes with the applicable legislation in the sphere of public procurement and to present the entire procurement system of these services: all stages of decision making, the approach applied to select the providers of port services, individuals responsible for their selection, determining of the price of services, supervision over performance of services, supervision system to determine the real performers of work and the system for evaluating their professional qualifications. In addition, the task of the special auditor was to examine the business operations of Luka Koper, d.d. with five individual performers of port services, selected based on the level of their turnover registered with Luka Koper and their dependence on Luka Koper by taking into consideration the share of revenues generated with Luka Koper in their total revenues. While verifying the management of individual operations, the special auditor had to assess the management of operations from the perspective of a diligent master, with special incentive on the adequacy of internal controls, transparency of procedures and impact of such operations on company's performance from the perspective of risk exposure, especially the assessment of corruption risk exposure.

Pursuant to the provision of Article 320 of the Companies Act, the special auditor released a written report on the findings of the special audit, in which it expressed its views on the transactions and requests stated in the resolution of the general meeting of shareholders.

The special report is available for inspection on the same websites where the notice convening the general meeting of shareholders was published as well as at the Company's Secretariat at Vojkovo nabrežje 38, Koper, every day between 9 am and 12 am.