



# Annual report 2020



# Annual report 2020

Luka Koper Group  
and Luka Koper, d. d.

# Statement of Management's Responsibility

The Management Board of Luka Koper, d. d., is responsible for the preparation of the Annual Report hereof, including the financial statements and notes thereto, that give a true and fair view of the financial position of Luka Koper, d. d. and the Luka Koper Group as of 31 December 2020 and of their financial performance for the year then ended.

The Management Board confirms that the Annual Report for the Luka Koper Group and Luka Koper, d. d. for 2020 with all its component parts: Management Report, Sustainability Report, Accounting Report, including the Corporate Governance Statement, has been devised and published pursuant to the legislation in force and International Financial Reporting Standards.

The Management Board confirms that accounting policies were consistently applied and that the accounting judgements were made under the principle of prudence and due diligence of a good manager.

The Management Board further confirms that the financial statements of the Company and the Group have been compiled under the assumption of a going concern of the parent and its subsidiaries and in accordance with the applicable legislation and International Financial Reporting Standards as adopted by the EU.

The Tax Authorities may, at any time within a period of 5 years after the end of the year for which tax assessment was due, carry out an audit of the Company operations, which may lead to assessment of additional tax liabilities, default interest, and penalties with regards to corporate income tax or other taxes and duties. The Management Board is not aware of any circumstances that could give rise to any significant liability on this account.

The Management Board is responsible for adopting measures to secure the assets of Luka Koper, d.d. and the Luka Koper Group, and to prevent and detect fraud and other irregularities and/or illegal acts.

Members of the Management Board:



Dimitrij Zadel

President of the Management Board



Metod Podkrižnik

Member of the Management Board



Irma Gubanec

Member of the Management Board  
Director



Vojko Rotar

Member of the Management Board - Worker

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# BUSINESS REPORT



# 1 Business performance highlights of the Luka Koper Group in 2020

The year 2020 was marked by the emergence of the SARS-CoV-2 coronavirus and the consequent outbreak of the COVID-19 pandemic, which significantly changed operating conditions and aggravated the situation. The pandemic has affected the economy around the world. It has also severely shaken global trade flows and logistics routes. All this affected the operations of the Luka Koper Group, which otherwise managed the consequences of the pandemic well from both a health and business point of view. Being considered strategic infrastructure, the Port of Koper has been fully functioning all the time and providing all services to its customers. Transshipment of two strategic commodity groups, containers and cars, remained stable, especially container throughput, which in 2020 was only 1 percent (in TEU) behind the throughput achieved in 2019 and just a bit below its planned volume. In the field of vehicles, the Luka Koper Group recorded a smaller drop in throughput than comparable Mediterranean ports, the gap with 2019 gradually decreasing in the second half of the year. The decline in transshipment of dry bulk and bulk cargoes was additionally influenced by the European Union legislation, which envisages complete decarbonisation and the introduction of environmental charges for CO<sub>2</sub> emissions in the coming years, which is why some users already started to abandon the use of coal in energy production in 2020.



**EUR 209.9**  
million

net sales

-8% 2020/2019

-12% 2020/2020 PLAN



**EUR 33.5**  
million

earnings before interest and taxes  
(EBIT)

-26% 2020/2019

+1% 2020/2020 PLAN



**EUR 61.8**  
million

earnings before interest, taxes,  
depreciation and amortisation  
(EBITDA)

-15% 2020/2019

-2% 2020/2020 PLAN

**29.4%**

EBITDA margin

-8% 2020/2019

+11% 2020/2020 PLAN

**EUR 32** million

net profit or loss

-21% 2020/2019

+1% 2020/2020 PLAN

**EUR 61.8**  
million

investments

+74% 2020/2019

-22% 2020/2020 PLAN

**7.4%**

return on equity (ROE)

-25% 2020/2019

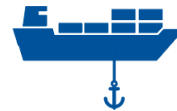
-1% 2020/2020 PLAN

**0.3**

net financial debt/EBITDA

AT THE SAME LEVEL AS IN 2019

-0.8 2020/2020 PLAN

**2020 IN NUMBERS:****945,051****container units**unloaded from  
and loaded on ships**617,157****cars**unloaded from and  
loaded on ships**19.5****million tons of cargo**unloaded from  
and loaded on ships**1.433****moored ships****258,618****wagons**

unloaded and loaded

**19,899****trains**arrived in and departed  
from the port**329,755****trucks**arrived in and departed  
from the port**58%**  
**share of railway**  
**transshipment****42%**  
**share of road**  
**transshipment**

## Alternative performance measures

The Luka Koper Group also used alternative performance measures (APMs<sup>1</sup> Guidelines) defined by ESMA<sup>2</sup> to demonstrate business performance.

Alternative measure	Calculation	Explanation of the selection
Earnings before interest and taxes (EBIT)	Earnings before interest and taxes (EBIT) = difference between operating income and costs.	It shows the performance (profitability) of the company's operations from the core business.
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + amortisation.	A measure of the company's financial performance and an approximation of the cash flow from operations. Shows the ability to cover write-downs and other non-operating expenses.
Added value	Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.	Shows the newly created value of the company within one year. It is a measure of economic activity and success.
Return on sales (ROS)	Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales	Shows the operational efficiency of the company.
Return on equity (ROE)	Return on equity (ROE) = net income / shareholder equity.	Shows the management's success in increasing the value of the company for the owners or shareholders.
Return on assets (ROA)	Return on assets (ROA) = net income / average total assets.	Shows how a company manages its assets.
EBITDA margin	EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales	Shows business performance and profitability in percent. It is used to compare the company performance with other companies.
EBITDA margin from market activity	EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity	Shows the business performance and profitability of market activity in percent.
Net financial debt/EBITDA	Net financial debt/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA	Shows indebtedness and profitability of a company in order to assess the company's ability to settle its financial debts in the future if the company maintains the same volume of business and profit.

<sup>1</sup> APMs – Alternative Performance Measures

<sup>2</sup> ESMA – European Securities and Markets Authority

## 1.1 Key performance indicators<sup>3</sup>

Table 1: The key performance indicators of Luka Koper, d. d., and the Luka Koper Group in 2020 compared to 2019

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	2020	2019	Index 2020/ 2019	2020	2019	Index 2020/ 2019
Net sales	206,038,900	224,715,839	92	209,920,232	228,677,538	92
Earnings before interest and taxes (EBIT) <sup>4</sup>	32,762,465	43,575,419	75	33,504,266	45,308,084	74
Earnings before interest, taxes, depreciation and amortisation (EBITDA) <sup>5</sup>	60,300,007	70,595,927	85	61,806,650	73,086,627	85
Profit or loss from financing activity	2,644,349	2,519,600	105	1,507,818	1,116,621	135
Profit before tax	35,406,814	46,095,019	77	36,236,402	47,800,254	76
Net profit or loss	31,272,750	38,818,611	81	32,029,565	40,425,162	79
Added value <sup>6</sup>	134,878,755	142,207,201	95	143,005,574	150,704,224	95

Statement of financial position (in EUR)	31 Dec 2020	31 Dec 2019	Index 2020/ 2019	31 Dec 2020	31 Dec 2019	Index 2020/ 2019
Assets	571,650,069	578,115,124	99	607,399,743	597,410,414	102
Non-current assets	491,155,634	463,329,270	106	502,426,648	474,919,477	106
Current assets	80,494,435	114,785,854	70	104,973,095	122,490,937	86
Own funds	408,951,207	386,889,959	106	441,660,686	419,089,356	105
Non-current liabilities with provisions and long-term accruals and deferred revenue	113,014,150	144,484,229	78	115,100,788	130,715,123	88
Current liabilities	49,684,712	46,740,936	106	50,638,269	47,605,935	106
Financial liabilities	82,324,438	108,844,281	76	82,378,629	93,001,716	89

Investments (in EUR)	2020	2019	Index 2020/ 2019	2020	2019	Index 2020/ 2019
Investments in property, plant and equipment, investment property and intangible assets <sup>7</sup>	67,668,811	38,140,525	177	68,071,021	39,218,785	174

<sup>3</sup> GRI GS 102-7

<sup>4</sup> Earnings before interest and taxes (EBIT) = difference between operating income and costs.

<sup>5</sup> Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + amortisation.

<sup>6</sup> Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

<sup>7</sup> Without taking into account advances paid for the equipment.

	Luka Koper, d. d.			Luka Koper Group		
Ratios (in%)	2020	2019	Index 2020/2019	2020	2019	Index 2020/2019
Return on sales (ROS) <sup>8</sup>	15.9%	19.4%	82	16.0%	19.8%	81
Return on equity (ROE) <sup>9</sup>	7.9%	10.4%	76	7.4%	9.9%	75
Return on assets (ROA) <sup>10</sup>	5.4%	6.9%	79	5.3%	6.9%	77
EBITDA margin <sup>11</sup>	29.3%	31.4%	93	29.4%	32.0%	92
EBITDA margin from market activity <sup>12</sup>	30.2%	32.6%	93	30.4%	33.2%	92
Financial liabilities/equity	20.1%	28.1%	72	18.7%	22.2%	84
Net financial debt/EBITDA <sup>13</sup>	0.8	0.6	123	0.3	0.3	126

Maritime throughput (in tons)	2020	2019	Index 2020/2019	2020	2019	Index 2020/2019
Maritime throughput	19,523,133	22,792,650	86	19,523,133	22,792,650	86

Number of employees	2020	2019	Index 2020/2019	2020	2019	Index 2020/2019
Number of employees	1,535	1,541	100	1,698	1,703	100

Table 2: Maritime throughput in tons per cargo group in 2020 and 2019

Cargo groups (in tons)	1–12 2020	1–12 2019	Index 2020/2019
General cargoes	945,807	1,280,194	74
Containers	9,268,843	9,475,020	98
Cars	998,201	1,111,433	90
Liquid cargoes	3,323,068	4,307,388	77
Dry bulk and bulk cargoes	4,987,215	6,618,616	75
<b>Total</b>	<b>19,523,133</b>	<b>22,792,650</b>	<b>86</b>

<sup>8</sup>Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales<sup>9</sup>Return on equity (ROE) = net income / shareholder equity.<sup>10</sup>Return on assets (ROA) = net income / average total assets.<sup>11</sup>EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales<sup>12</sup>EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity<sup>13</sup>Net financial debt/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA

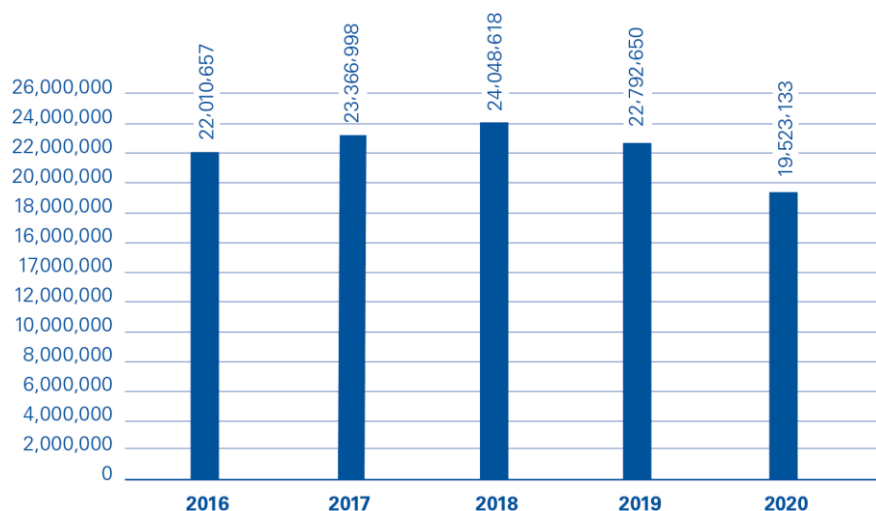
Table 3: Throughput of containers (number of containers and TEU) and cars (number) in 2020 and 2019

Cargo groups	1-12 2020	1-12 2019	Index 2020/2019
Containers – number	544,158	560,886	97
Containers – TEU	945,051	959,356	99
Cars – pieces	617,157	705,993	87

Figure 1

Maritime throughput  
in tons

■ Luka Koper, d. d.



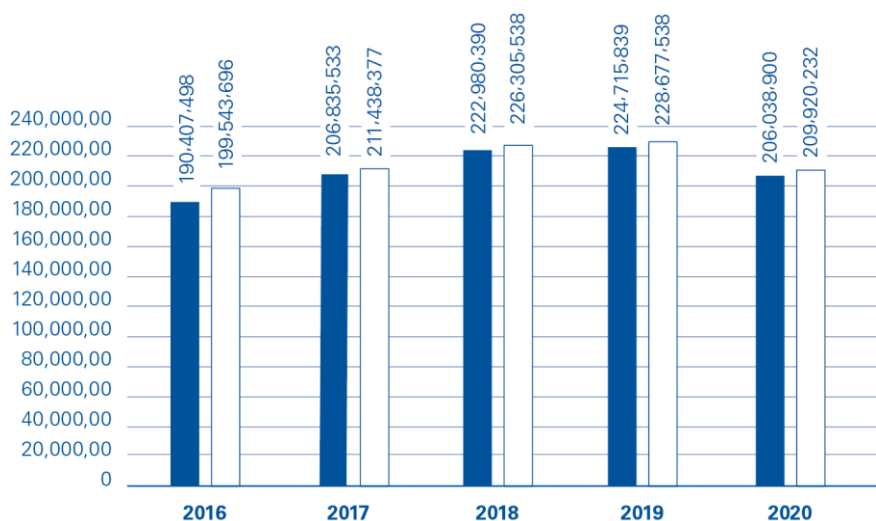
A record annual throughput in the history of the port was achieved in 2018. The cooling of the economy in the second half of 2019 had the effect of reducing maritime throughput in 2019 compared to 2018. However, the lower maritime throughput in 2020 was caused not only by the cooling of the world economy, but also by the emergence of the SARS-CoV-2 coronavirus and the consequent outbreak of the COVID-19 pandemic. The throughput of two strategic commodity groups, containers and cars, remained stable in 2020.

Figure 2

Net sales  
in EUR

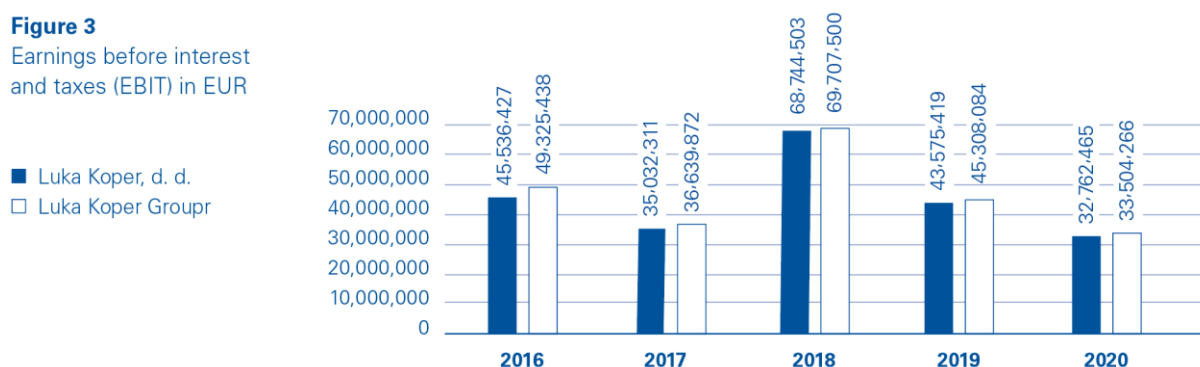
■ Luka Koper, d. d.

□ Luka Koper Group

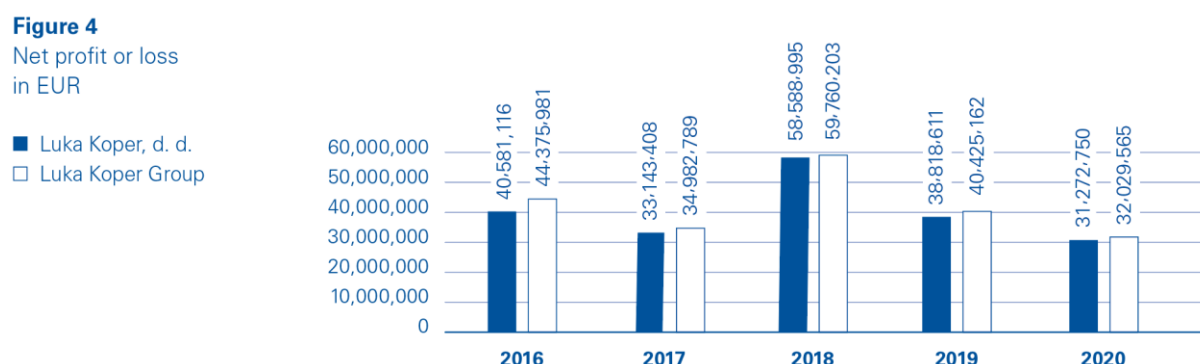


Net sales of the Luka Koper Group decreased in 2020 due to a decrease in maritime throughput, which was significantly influenced by the outbreak of the COVID-19 pandemic, otherwise affecting the entire world economy, trade flows and logistics routes.



**Figure 3**Earnings before interest  
and taxes (EBIT) in EUR

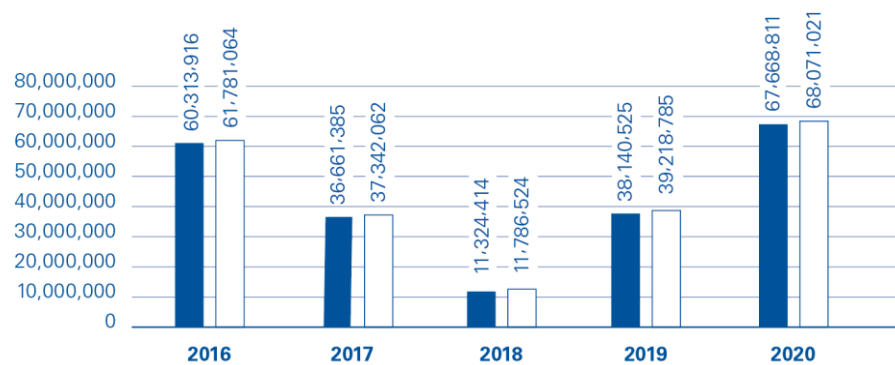
The earnings before interest and taxes (EBIT) and net profit or loss in 2017 were affected by formed provisions for liabilities from legal obligations amounting to EUR 15.7 million, whereas the 2018 results were affected by the single event of received reimbursement of EUR 9.3 million. The earnings before interest and taxes (EBIT) and net profit or loss in 2019 were mainly affected by two factors: implementation of the port service provision strategy and the related increase of labour costs by EUR 14.4 million, and transshipment fee costs under the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line amounting to EUR 4.8 million. Earnings before interest and taxes (EBIT) and net profit in 2020 were affected by lower net sales revenues, which resulted from a decline in maritime throughput. The transition to the new business model of providing port services, which the Group began to implement gradually in 2019 and finalised the implementation by the end of the year, was reflected in the results of operations throughout 2020. In addition, the Luka Koper Group reduced operating expenses in 2020 compared to the previous year.

**Figure 4**Net profit or loss  
in EUR

Alongside previously explained impacts on the earnings before interest and taxes (EBIT) in 2020 being lower than in 2019, the net profit or loss in 2020 was also affected by the lower effective corporate tax rate.

**Figure 5**Investment expenditure  
in EUR

■ Luka Koper, d. d.  
□ Luka Koper Group

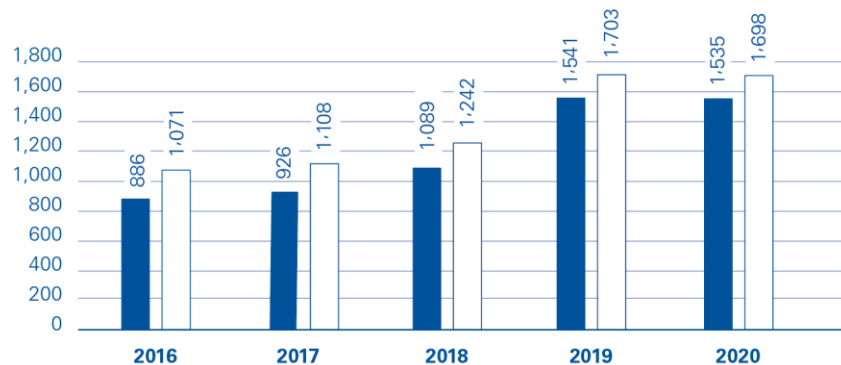


A smaller volume of investment was implemented in 2018, which was due to lengthy procedures for acquiring the required permits and unpredictable public procurement procedures. In 2019, the volume of investments was higher than in 2018, but still lower than expected due to longer public procurement procedures. In 2020, the Luka Koper Group allocated the amount of EUR 68 million to investments, which was an increase of 74 percent from 2019. The Luka Koper Group used the pandemic year 2020 to continue implementing investments in increasing port capacity, as after the improvement of health and economic situation related to the pandemic, throughput is expected to increase again.

**Figure 6**

Number of employees

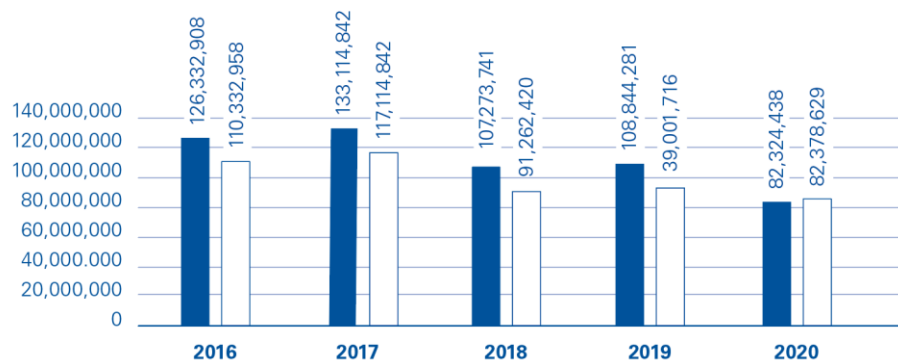
■ Luka Koper, d. d.  
□ Luka Koper Group



Compared to 2018, the number of employees in 2019 increased by 37 percent or 461 employees to a total of 1,703 employees, as the Group was recruiting in accordance with the action plan for the implementation of the port service provision strategy and additionally employing due to the growth of throughput and other needs in business processes. As at 31 December 2020, the Luka Koper Group had 1,698 employees, which means five employees less than as at previous year-end. The drop in the number of employees occurred only in the last quarter of 2020, and the average number of employees in 2020 is 6 percent higher than the average number of employees in 2019, which is due to the year-round impact of the new business model of providing port services in 2020.

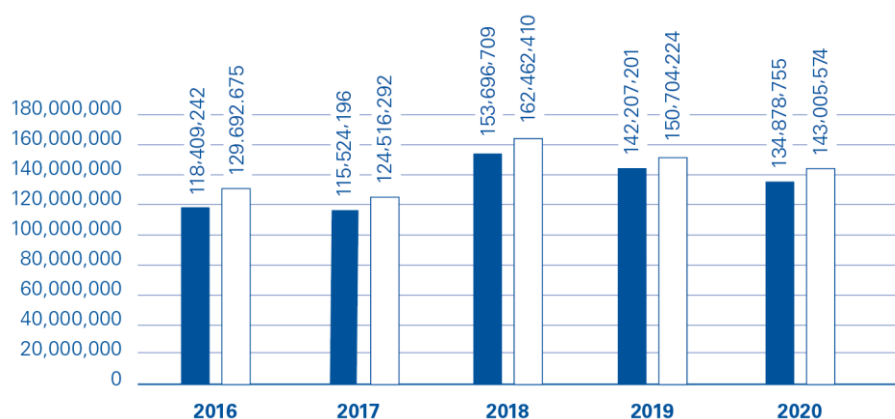
**Figure 7**Financial liabilities  
in EUR

■ Luka Koper, d. d.  
□ Luka Koper Group



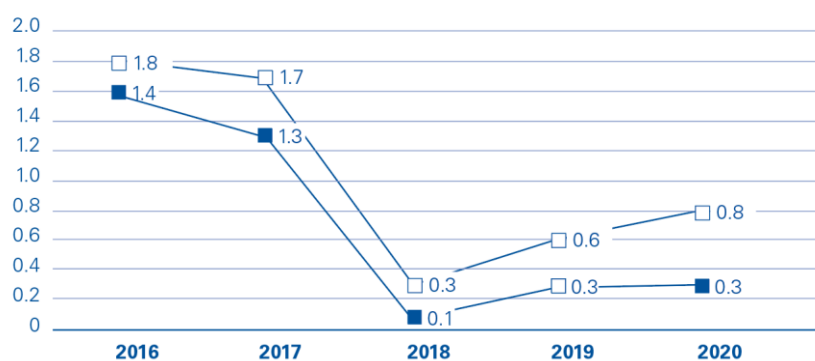
**Figure 8**Added value  
in EUR

■ Luka Koper, d. d.  
□ Luka Koper Group

**Figure 9**

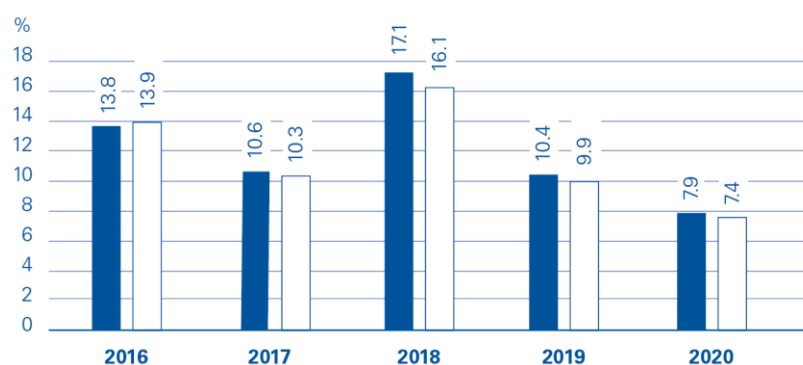
Net financial debt/EBITDA

■ Luka Koper, d. d.  
□ Luka Koper Group

**Figure 10**

Return on equity (ROE)

■ Luka Koper, d. d.  
□ Luka Koper Group



High net return on equity (ROE) in 2018 is the result of the impact of a one-off event on the compensation received on the extraordinary increase in profit and a small increase in capital due to modest investment expenditures. The lower net return on capital (ROE) in 2019 was influenced by the effects of the port service strategy and the throughput fee for the construction of the second track. The lower achieved net return on equity (ROE) in 2020 is the result of the already mentioned difficult operating conditions and the increase in capital due to large investment expenditures.

## 2 **Presentation** of the Luka Koper Group and description of the business model<sup>14</sup>

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The Port of Koper is the only cargo port in Slovenia. Its activity influences the development of the region, Slovenian economy, and logistics in this part of Europe. Set in an integrated marine and coastal area, it accommodates port operations related to cargo and passenger transport.

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The core business of the port comprises the throughput and warehousing of a variety of goods, supplemented by a range of services on goods and other services, providing customers with comprehensive logistic support. Luka Koper has set itself an ambitious objective to meet the needs of its customers, owners and employees, all at the same time. By achieving the development goals of the port, Luka Koper is reinforcing its competitive advantage.

The port is regulated with future generations in mind, who will live, create and grow up on the Coast. The commitment of the Port of Koper to sustainable development has ensured that future development will be friendly to the surrounding residents, the natural environment and employees. Sustainability and development are reported in more detail in the Sustainability Report later in this document.

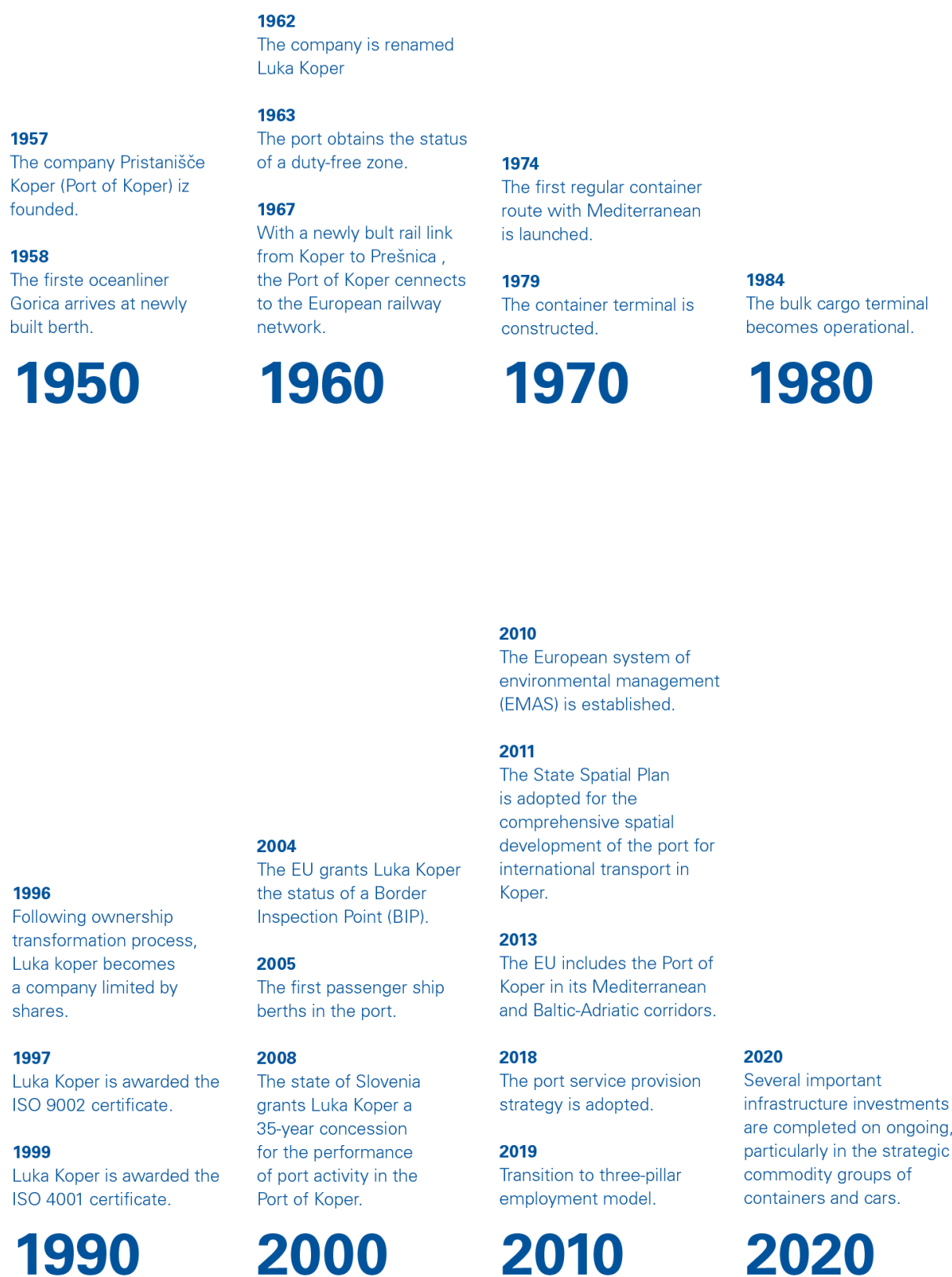
Business operations in 2020 and the impact of the covid-19 pandemic are reported in individual chapters later in this document.

In addition to the parent company Luka Koper, d. d., the Luka Koper Group also includes subsidiaries and associates. Companies of the Luka Koper Group perform their activity in the territory of the Republic of Slovenia.

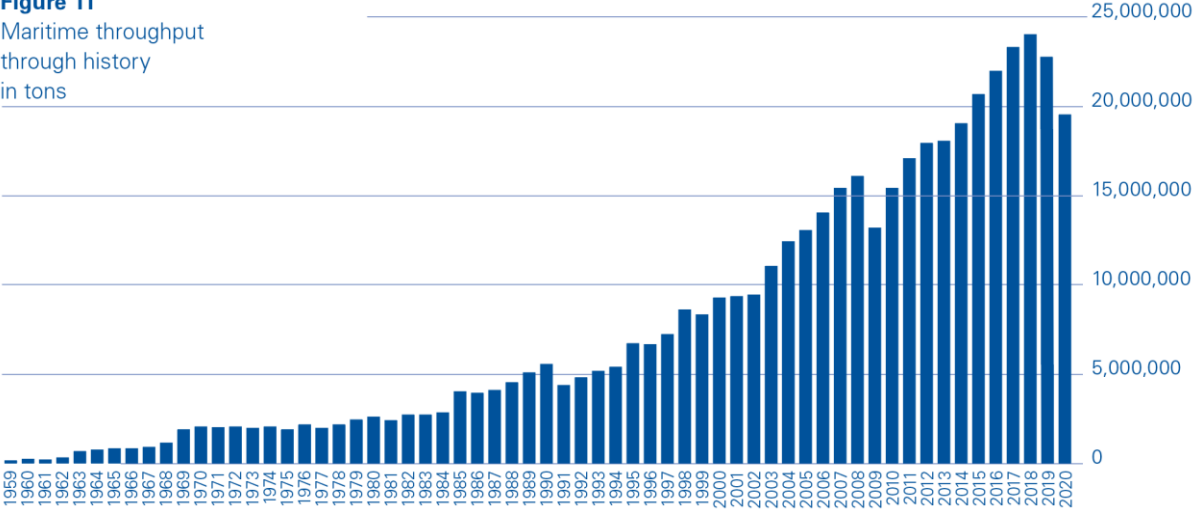
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<sup>14</sup> GRI GS 102-2, 102-4, 102-6

## The key milestones in the development of the Port



**Figure 11**  
Maritime throughput  
through history  
in tons



## 2.1 Company profile of Luka Koper, d. d. as at 16 March 2020<sup>15</sup>

Company name **LUKA KOPER, pristaniški in logistični sistem, delniška družba**

Trade name **LUKA KOPER, d. d., Vojkovo nabrežje 38, 6000 Koper – Capodistria**

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>

Court register of companies District Court of Koper, entry no. 066/10032200

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, Prime Market

Share ticker 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 -  
Worker Director Vojko Rotar

President of the Supervisory Board Uroš Ilić

Core business Seaport and logistics system service provider

Activities performed by the Luka Koper  
Group Various service activities

<sup>15</sup> GRI GS 102-1, 102-3, 102-4, 102-5



## 2.2 Organisation of the Luka Koper Group and associates<sup>16</sup>

The Luka Koper Group includes related parties that contribute to the comprehensive range of services provided by the port. The Luka Koper Group includes seven companies, namely the parent company and six subsidiaries:

### Luka Koper Group as at 31 December 2020 (7 companies)

- **Parent company Luka Koper, d. d.**
- **Subsidiaries (6 companies)**
  - o Luka Koper INPO, d. o. o., 100 %
  - o Adria Terminali, d. o. o., 100 %
  - o Luka Koper Pristan, d. o. o., 100 %
  - o Logis-Nova, d. o. o., 100 %
  - o Adria Investicije, d. o. o., 100 %
  - o TOC, d. o. o., 68,13 %

### Associates (4 companies)

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

Further details regarding changes in the subsidiaries and associated companies are available in the chapter Composition of the Luka Koper Group.

## 2.3 Inclusion into consolidated financial statements<sup>17</sup>

The consolidated financial statements of the Luka Koper Group for the year ended 31 December 2020 consist of the financial statements of the controlling company Luka Koper d. d., its subsidiaries and corresponding results of associates.

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

Companies excluded from the consolidated financial statements as at 31 December 2020:

- 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 under sections pertaining to their operations. Reporting levels are defined for each section in the GRI index.

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<sup>16</sup> GRI GS 102-7

<sup>17</sup> GRI GS 102-45



## 2.4 Activities of the Luka Koper Group<sup>18</sup>

Luka Koper is the only Slovenian multipurpose port; its activity influences the development of the Coast-Karst region, Slovenian economy, and logistics in this part of Europe. Set in an integrated marine and coastal area, it accommodates port operations related to cargo and passenger transport services.

The port's core business comprises transshipment and storage services for all kinds of goods. The Luka Koper Group provides eleven basic services (loading/unloading of ships, loading/unloading of trucks, loading/unloading of wagons, embarkation/disembarkation of passengers, storage, delivery, ship berthing) and a range of complementary services on goods and other services, providing customers with comprehensive logistics support.

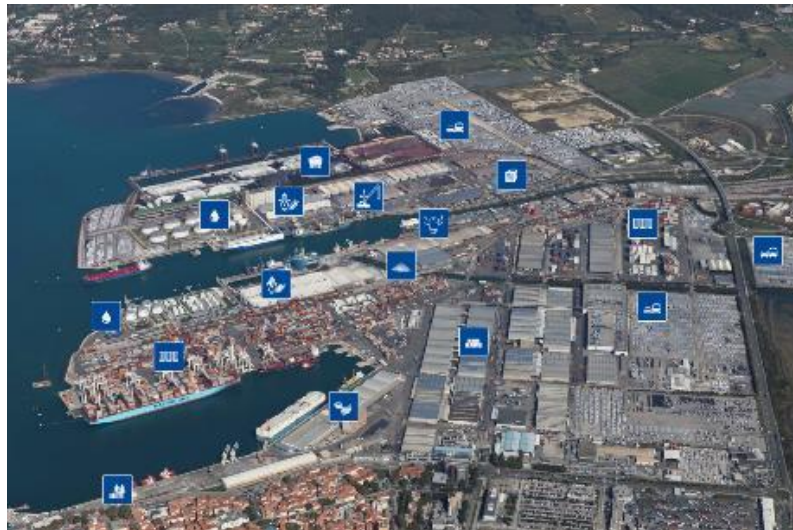
### 2.4.1 Concession agreement

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 concluded for a period of 35 years, as stipulated in the Maritime Code. The agreed concession fee amounts to 3.5% of the Company's sales revenue, excluding port fee income. 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.

Two public utility services are performed in Luka Koper, d. d., i.e. the public utility service of regular maintenance of the port infrastructure intended for public transport and the public utility service of collecting waste from vessels in the Koper port area.

### 2.4.2 Port and logistics operations

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



Each terminal has its own characteristics depending on its goods-specific work process, technological procedures and technology. The terminals are joined into five profit centres. A detailed description of terminals is available on the website <https://luka-kp.si/eng/terminals>.

The concession area consists of 280 hectares of land, with 50.7 hectares of warehouses and 109 hectares of open-air storage areas. 29 berths are located on 3,374 metres of the shoreline along 206 hectares of the sea. In terms of logistics operations, the services include:

- 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 clients,

<sup>18</sup> GRI GS 102-2, 102-7, 413-1

- Integrated logistics solutions.

The services of individual terminals are supplemented by the companies Luka Koper INPO, d. o. o., Adria-Tow, d. o. o., Adria Transport, d. o. o., and Avtoservis, d. o. o., which enables a quick response to the customers' needs.

Luka Koper INPO, d. o. o. performs various services such as the simple cleaning and lubrication maintenance of railroad switches, vehicle and wagon weighing and truck terminal management services, in-port bus 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. In its operations, the company remains true to its original mission, which is the employment and training of disabled persons.

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. facilitates efficient railway logistics between the Koper port and its hinterland. This is aimed mainly at developing regular railway connections for specific needs of individual clients from markets of Central and Eastern Europe.

Avtoservis, d. o. o. provides full servicing for personal and light commercial vehicles. Their services are available to vehicle importers and exporters as well as freight forwarders using the port of Koper as a logistic solution.

### 2.4.3 Hinterland logistics operations in Sežana

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, groupage shipments, scrap plastic as well as conventional throughput in container traffic. Well-connected to the railway and road infrastructure, the terminal comprises nearly 35,000 m<sup>2</sup> of indoor storage facilities and boasts state-of-the-art machinery for handling goods. As a land terminal manager, the company Adria Terminali, d. o. o. endeavours to attract goods flows in the inland transport from Central and East European markets.

### 2.4.4 Other activities

In addition to its core business, i.e. port operations, the Luka Koper Group carries out the following activities:

- Luka Koper Pristan, d. o. o. provides hotel, accommodation, catering and congress services.
- TOC, tehnološko okoljski in logistični center, d. o. o. provides services in the field of technological and ecology research and analytical laboratory services.

## 2.5 Organisational changes<sup>19</sup>

In 2020, there were no organisational changes.

## 2.6 Organisation structure<sup>20</sup>

### 2.6.1 Committees and boards

**Risk management committee** – a body composed of responsible and competent employees and carrying out activities of the risk management process by helping risk administrators 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 council** – a supervisory body for the task appointed by the Management Board to exercise control over a project. The council is responsible for ensuring the implementation of the project by reviewing its status, conducting meetings of the project council with or without the project manager, and dealing with reports and proposals or issues raised by the project manager. It is composed of: the person responsible who is of crucial importance for success and reaching project objectives (president of the project council), the project contracting authority, persons responsible who are users of project results, and persons responsible of processes affected by the project (members of project council).

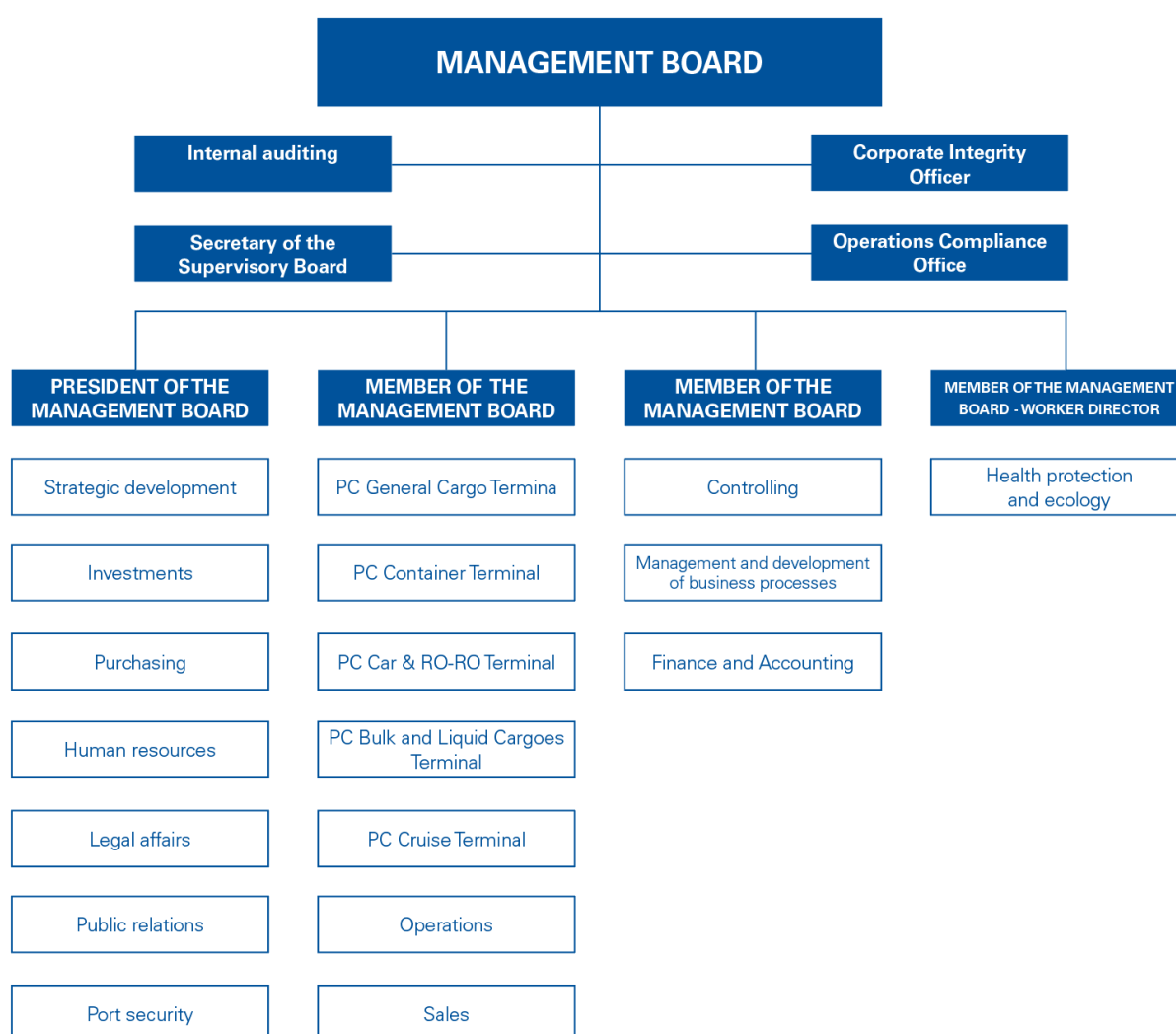
<sup>19</sup> GRI GS 102-10

<sup>20</sup> GRI GS 102-18

**Quality team** is a form of teamwork in which each individual profit centre, professional field or subsidiary systematically reviews the performance and efficiency of its own operations on a quarterly basis, monitors it, and seeks to introduce improvements to achieve the goals set and to improve the management system. The quality team is a tool for more reliable achievement of goals. In addition, its operation ensures informed participation of team members in this process.

**The committee addressing reported violations of corporate integrity of the Luka Koper Group** is responsible for investigating the reported unethical conduct regarding compliance with the company rules, conflict of interest, misuse of insider information, divulgence of business secrets of employees and other stakeholders, as well as providing guidance, recommendations, and measures to prevent such practices and occurrence of adverse consequences.

### 2.6.2 Organisation chart of Luka Koper, d. d.



### 3 Business development strategy<sup>21</sup>

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#### Mission

To provide efficient and reliable first-class services for our partners while meeting the highest standards of sustainable development and using innovative approaches.



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#### Vision

Luka Koper is a leading port and logistics system, and a global logistics solutions provider for the countries of Central and Eastern Europe



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#### Values



Responsibility



Loyalty



Cooperation



Creativity



Respect

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<sup>21</sup> GRI GS 102-16

### 3.1 Strategic objectives<sup>22</sup>

In 2020, Luka Koper started implementing activities to achieve the ambitious objectives set out in the 2020-2025 Strategic Business Plan, in particular increasing the throughput of containers to 1.2 million container units (TEUs) and cars to 0.9 million units. In addition to the company's objectives and orientations, the Plan outlines nine strategic projects with which the company will implement the said strategic business plan. The projects include capacity expansions in both strategic product groups and the digitization of key processes, notably in linking the entire logistics chain, and increasing port throughput.

Several projects were initiated in 2020 as part of the intensive infrastructural development envisaged in the document: the construction of the 7D berth, the extension of Pier I at its southern part, the construction of a parking garage, the construction of the Bertoki entrance and the connecting road; a Ro-Ro berth was constructed in Basin III and a group of tracks in its hinterland. In mid-2020, an information system for project and investment management was established. The Company will dedicate the coming years to increasing the port's capacity. By increasing the number of berths, storage areas (with the completion of Pier 1 extension for the needs of the container terminal, the parking garage and outdoor storage areas for the car terminal, and storage areas for general cargo), as well as road and railway infrastructure in the port and by means of digital transformation projects, Luka Koper will await the renovated twin track line ready, while ensuring the highest standards of sustainable development.

Strategy implementation also started in the technological field, where funds were obtained for co-financing the testing of 5G technology in the logistics industry. Project documentation was also prepared to establish the connection of ships to the electricity grid while being moored at Ro-Ro and VNT/Ro-Ro berths in Basin III.

Activities will continue in the field of including the possibility of sludge disposal in the Slovenian sea in the Maritime Spatial Plan (MSP), with Luka Koper as the Port of Koper concession holder for international freight transport advocating the specification of locations in the Slovenian sea where the transfer of marine sediment will be allowed; this sediment results from maintaining depths and deepening pools in the port, as well as inflow channels.

The ambitious medium-term plans of Luka Koper focus on the development of its core business. The coming years will be dedicated to increasing the capacity of the port. By increasing the number of berths, storage areas as well as road and railway infrastructure in the port and by means of digital transformation projects, Luka Koper will await the renovated twin track line ready, while ensuring the highest standards of sustainable development. At the same time, it will apply a determined commercial approach to ensure an increase in throughput volumes, thereby maintaining primacy among ports in the northern Adriatic and the Mediterranean. In 2021, an amendment to the strategic business plan is planned due to the impact of the COVID-19 pandemic on operations.

The strategic business plan also envisages the development of the port by 2030, when Luka Koper will have constructed a modern container terminal with a capacity of more than 2 million container units (TEU). With this document, Luka Koper has a clear development strategy, owing to which it can reasonably expect stable growth in the long term.

The development of the port of Koper and Luka Koper, d. d. as a concession-holder, requires the construction of a second railway track between Divača and Koper, which, according to the company 2TDK (concession-holder for construction and management of the second Divača - Koper railway track), will be operational in 2026. According to this, until the end of 2025, Luka Koper will not be able to rely on the increased capacity of the renovated twin track line. In the meantime, the company and its stakeholders will be increasing the capacity of the existing railway line through organizational measures, infrastructural adjustments and information technology measures.

The company has set itself the following objectives until 2025:



By exploiting synergies in the logistics chain, acquiring new strategic markets, applying a renewed long-term and targeted commercial policy and providing a revenue structure targeted at higher value-added groups, Luka Koper will increase its total operating revenues by 24% by 2025.

<sup>22</sup> GRI GS 103-1, 103-2, 103-3, 102-8



With a focus on fully addressing the needs of our customers, Luka Koper will increase the total throughput to 27.3 million tons by 2025.



Luka Koper will invest EUR 600 million in increasing the capacity and throughput of the port by 2025 to await the renewed twin track line ready, thus increasing the advantages and opportunities of this logistical route, while pursuing the goal of having at least 60% of transhipped quantities from the port of Koper transported by rail until the twin track line is renovated, after which the share is increased to 70%.



Using new technologies, Luka Koper will carry out a digital transformation of key processes. This will achieve connectivity between all internal and external stakeholders in the logistics chain and increase the level of cost efficiency.



Luka Koper will ensure the conditions to encourage the employees to think innovatively in order to achieve the set business goals.



Luka Koper will achieve the highest standards of sustainable development under the EU Eco-Management and Audit Scheme (EMAS) and continue to reduce the Company's carbon footprint through energy efficiency improvement measures.



Considering the location of the port, we will reach a strategic agreement on coexistence and development with the Municipality of Koper and the Municipality of Ankaran. The port being of strategic national importance, we will also achieve a consensus on development with the country.

### 3.2 Stability and business performance<sup>23</sup>

In the 2020 materiality matrix, Luka Koper's business performance and economic impacts on the wider environment were ascribed the highest importance both by stakeholders and Luka Koper, d. d. The Company recognises long-term opportunities for its successful operation and sets the maximisation of the value of the company limited by shares as its fundamental objective, taking into account the highest sustainable development goals. 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 community, coexistence with the natural environment, and realisation of broader development projects. To achieve its goals, it also requires an appropriate infrastructure, which it ensures with relevant investments and maintenance. The Corporate governance policy defines the Company's principal management orientation, which is reflected, inter alia, in achieving 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 objectives of the Luka Koper Group companies are set out in the annual business plans in accordance with strategic orientations. The processes and structures of individual Luka Koper Group companies are organized accordingly to achieve the set goals. 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 identification and management of risks and opportunities. 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

<sup>23</sup> GRI GS 103-1, 103-2, 103-3

Management Board meetings, planning conferences, periodic coordination, weekly operational meetings, quality team meetings and other forms of working meetings. Verification is 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 detected during verification and other forms of control, measures will be taken at the system level in accordance with the regulation on the implementation of improvement measures.

### 3.3 Direct economic value generated and distributed<sup>24</sup>

Table 4: Direct economic value generated and distributed of Luka Koper, d. d., and the Luka Koper Group

(in EUR)		Luka Koper, d. d.		Luka Koper Group	
		2020	2019	2020	2019
<b>A</b>	<b>REVENUES</b>				
	- from sales	206,038,900	224,715,839	209,920,232	228,677,538
	- financing	3,349,022	3,324,095	3,322,003	3,168,939
	- other revenue	8,380,568	3,203,674	10,195,758	3,203,674
	<b>Total A</b>	<b>217,768,490</b>	<b>231,243,608</b>	<b>223,437,993</b>	<b>235,050,151</b>
<b>B</b>	<b>OPERATING COSTS</b>				
	Costs (excluding categories C, E, F and depreciation)	49,536,159	49,729,055	46,276,278	46,120,129
	<b>Total B</b>	<b>49,536,159</b>	<b>49,729,055</b>	<b>46,276,278</b>	<b>46,120,129</b>
<b>C</b>	<b>LABOUR COSTS</b>				
	Labour costs (excluding employer's contributions from employee remuneration)	63,339,913	62,217,522	69,178,291	67,504,194
	<b>Total C</b>	<b>63,339,913</b>	<b>62,217,522</b>	<b>69,178,291</b>	<b>67,504,194</b>
<b>D</b>	<b>PAYMENTS TO EQUITY HOLDERS AND OTHER SUPPLIERS OF FUNDS</b>				
	Dividends	14,982,069	18,626,343	14,982,069	18,626,343
	- government (Republic of Slovenia, SDH, KAD)	10,052,047	12,494,600	10,052,047	12,494,600
	- other providers	4,930,022	6,131,743	4,930,022	6,131,743
	Interest	537,544	741,523	415,601	607,945
	<b>Total D</b>	<b>15,519,613</b>	<b>19,367,866</b>	<b>15,397,670</b>	<b>19,234,288</b>
<b>E</b>	<b>INVESTMENTS IN THE SOCIAL ENVIRONMENT</b>				
	Sponsorships and donations	1,326,032	1,444,336	1,329,461	1,448,165
	<b>Total E</b>	<b>1,326,032</b>	<b>1,444,336</b>	<b>1,329,461</b>	<b>1,448,165</b>
<b>F</b>	<b>CONTRIBUTIONS TO THE STATE</b>				
	Concession	7,255,314	7,643,293	7,255,314	7,643,293
	Corporate income tax	4,134,064	7,276,408	4,206,838	7,375,092
	Taxes and social contributions from employee remuneration	8,797,129	8,879,029	9,564,722	9,588,985
	Fee for the use of building land	6,445,608	6,513,517	6,445,608	6,513,517
	Transshipment fee <sup>25</sup>	4,630,641	4,811,027	4,630,641	4,811,027
	<b>Total F</b>	<b>31,262,756</b>	<b>35,123,274</b>	<b>32,103,123</b>	<b>35,931,914</b>
	<b>Retained economic value (A-B-C-D-E-F)</b>	<b>56,784,017</b>	<b>63,361,555</b>	<b>59,153,170</b>	<b>64,811,460</b>

<sup>24</sup> GRI GS 201-1

<sup>25</sup> Transshipment fee - earmarked funds that the Port of Koper contributes for the construction of the second track Divača - Koper.



### 3.4 Indirect impacts of operations of Luka Koper<sup>26</sup>

Numerous studies around the world show that the maritime sector, through its activities, plays an extremely important role in the competitiveness of the wider economic area, making an important contribution to the creation of jobs and provision of services and goods in the regional and national economy. Port operations have significant direct and indirect effects on the Slovenian economy. Direct effects show in the added value generated in port operations (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).

Indirect effects are particularly visible in the added value of forwarding, transportation, construction, technical, banking and insurance services and the services of public administration. The Port of Koper also gives encouragement to the wider social environment through sponsorships, donations and membership fees, and by paying compensation for the use of building land to the Municipality of Koper and the Municipality of Ankaran. The municipalities also receive a part of the concession fee that the company pays to the grantor, i.e. the state. The passenger transport of the Port of Koper is also conducive to the development of the city, the region and tourism.

In 2020, the Port of Koper commissioned a study from the Chamber of Commerce and Industry of Slovenia on the effects of port operations on the Slovenian economy in the years from 2009 to 2018. Data for 2018 show, among other things, that the revenues arising from port operations in the amount of EUR 1.2 billion represented as much as a quarter (24 percent) of the revenues of the economy in the Coast-Karst region, and that in the region, the added value of port operations exceeded 17 percent. The port business is also a major employer, providing as much as 15 percent of jobs in the region.

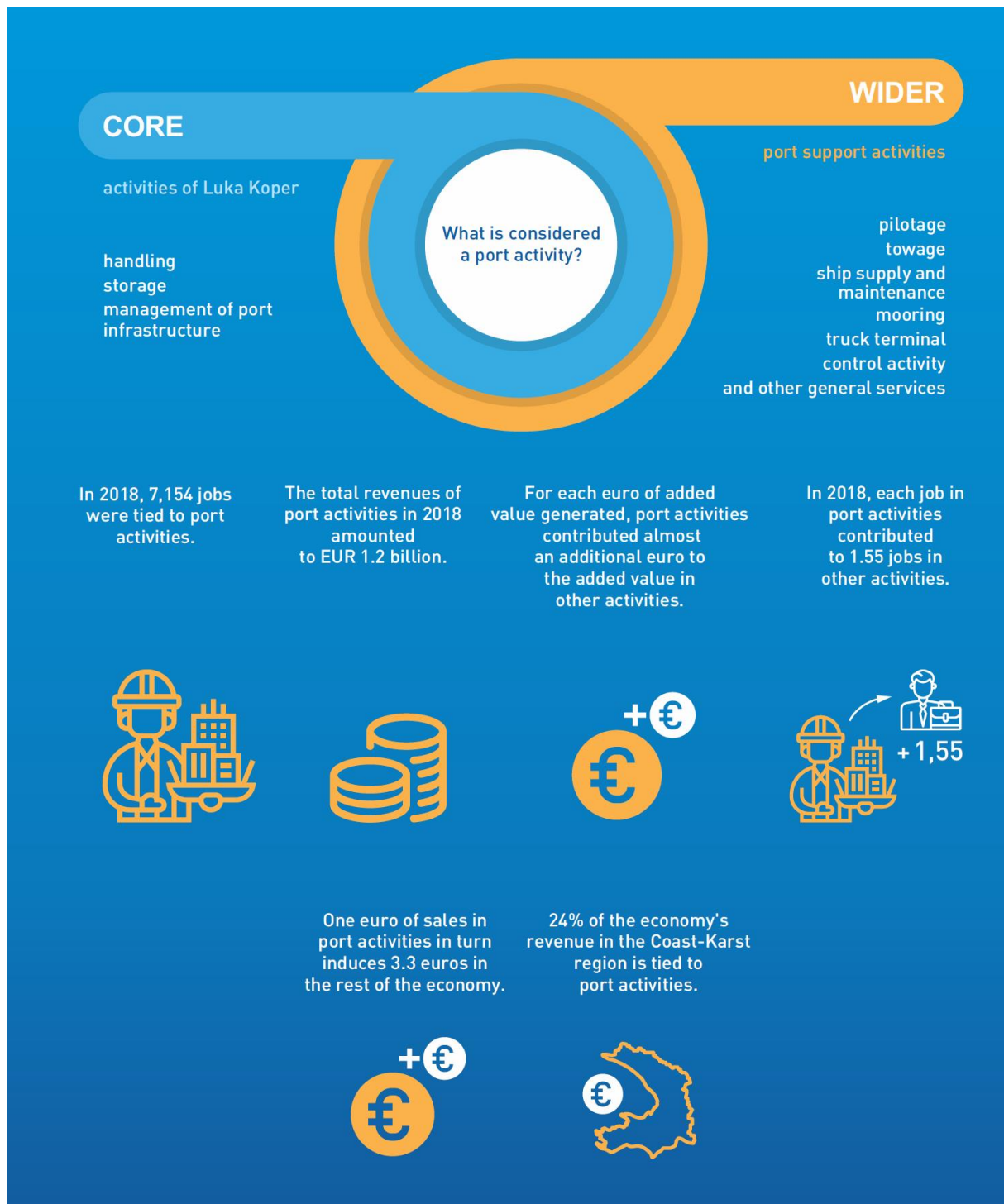
The impact of port operations on added value in 2018 reached almost EUR 400 million, having increased by 58 percent from 2009. The total revenues of port operations in 2018 amounted to EUR 1.2 billion. For each euro of added value generated, the port operations contributed almost an additional euro to the added value in other activities. This indicator decreased slightly compared to 2009 (from 2.77 to 1.94), mainly due to the decline in the volume of construction services. For the same reason, the employee multiplication factor has also decreased; however each job in port operations still contributed to 1.55 jobs in other sectors.

In Slovenia, the multiplication factor of added value in port operations is even higher than in Belgian ports; it is comparable to the port of Antwerp, which is the second largest port in Europe after Rotterdam. In 2017, the multiplication factor of added value in port operations of the Port of Koper was 2.05, and the multiplication factor of the port of Antwerp was 1.82. The multiplication factor of added value in Belgian ports averaged 1.82.

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<sup>26</sup> GRI GS 203-2, 413-1, 103-1, 103-2, 103-3

Figure 12: The impact of the port sector on the economy in Slovenia and the Coast-Karst region (data from the 2020 study by the Chamber of Commerce and Industry of Slovenia)



### 3.5 Implementation of business objectives

#### 3.5.1 Comparison of the results achieved by the Luka Koper Group in 2020 in relation to the plan

According to most indicators, the Luka Koper Group achieved the planned targets in 2020. Net sales revenues from marketing activities amounted to EUR 203.6 million, which was 10 percent or EUR 21.9 million less than planned, but given the tightened business conditions faced by other ports and the entire global economy, a good result.

In 2020, earnings before interest and taxes (EBIT) of the Luka Koper Group amounted to EUR 33.5 million, which was an increase of 1% or EUR 0.3 million when compared to the plan. The higher operating result was also due to the increase in other revenues, which exceeded the planned targets by EUR 6.9 million, mainly due to unplanned reversal of provisions and recognized revenues from written-off liabilities for the payment of pension fund and disability insurance contributions in accordance with the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic. In such business conditions, the Group successfully managed all categories of operating costs, both those that are consistent with the change in throughput and revenues, as well as other cost categories, and reduced operating costs by 10 percent or EUR 21.3 million compared to the plan. These costs also include unplanned revaluation operating expenses of intangible long-term assets and equipment in the amount of EUR 2 million. In relation to the plan, the Luka Koper Group achieved the largest savings in maintenance costs and labour costs, as its employment was adjusted to fluctuations in throughput, which resulted in synergies from the exchange of personnel at the level of basic processes in the company. As at 31 December 2020, the Luka Koper Group had 1,698 employees, which is 107 less than planned, according to which there should be 1,805. In 2020, labour costs were lower due to a smaller amount of performance bonuses paid.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Luka Koper Group amounted to EUR 61.8 million in 2020, which was 2% or EUR 1.6 million less than planned. The EBITDA margin of the Luka Koper Group in 2020 was 29.4 percent, which is higher by 11% or 2.8 percentage point when compared to the budgeted margin.

In 2020, net profit or loss of the Luka Koper Group amounted to EUR 32 million, which was an increase of 1% or EUR 0.3 million when compared to the plan.

The return on equity (ROE) in 2020 amounted to 7.4%, which is 1% or 0.04 percentage point lower than planned.

#### 3.5.2 Comparison of the results achieved by Luka Koper, d. d. in 2020 in relation to the plan

According to most indicators, Luka Koper, d. d. achieved the planned targets in 2020. Luka Koper, d. d. generated net sales in the amount of EUR 206 million, which was a decrease of 12% or EUR 28.2 million below the budgeted net sales. Net sales from market activity, amounting to EUR 199.8 million, fell short of the budgeted net sales by 10% or EUR 22.1 million. The revenue from the performance of the public utility service, which amounted to EUR 6.3 million, lagged behind the plan by 49% or EUR 6.1 million.

In 2020, earnings before interest and taxes (EBIT) amounted to EUR 32.8 million, which was an increase of 1% or EUR 0.4 million when compared to the plan. The fact that a higher operating result was achieved was influenced by other revenues, which were higher than planned and, operating costs, which were lower than planned. In 2020, other revenues exceeded the planned targets by EUR 7.2 million, which was due to reversal of provisions for legal actions and recognized revenues from written-off liabilities for the payment of pension fund and disability insurance contributions in accordance with the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic.

The company Luka Koper, d. d., successfully managed all operating costs, both those that are in line with the change in throughput and revenues, as well as other cost categories, and reduced operating costs by 11 percent compared to the plan. Luka Koper, d. d., achieved the largest savings in relation to the plan in maintenance costs and labour costs, as its employment was adjusted to fluctuations in throughput, which resulted in synergies based on the exchange of personnel at the level of basic processes in the company. As at 31 December 2020, Luka Koper, d. d., had 1,535 employees, which is 108 less than planned, according to which there should be 1,643. Revaluation operating expenses under intangible fixed assets and equipment in the amount of EUR 2 million were higher than planned due to impairment of fixed assets.

Table 5: The key financial ratios of Luka Koper, d. d., and the Luka Koper Group in 2020 compared to the plan for 2020

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	2020	Plan 2020	Index 2020/ Plan 2020	2020	Plan 2020	Index 2020/ Plan 2020
Net sales	206,038,900	234,251,224	88	209,920,232	237,951,284	88
Earnings before interest and taxes (EBIT) <sup>27</sup>	32,762,465	32,370,744	101	33,504,266	33,185,152	101
Earnings before interest, taxes, depreciation and amortisation (EBITDA) <sup>28</sup>	60,300,007	61,771,479	98	61,806,650	63,382,155	98
Profit or loss from financing activity	2,644,349	2,103,653	126	1,507,818	1,027,176	147
Profit before tax	35,406,814	34,474,397	103	36,236,402	35,472,221	102
Net profit or loss	31,272,750	30,788,420	102	32,029,565	31,712,177	101
Added value <sup>29</sup>	134,878,755	141,435,128	95	143,005,574	149,682,235	96

Statement of financial position (in EUR)	31 Dec 2020	Plan 31 Dec 2020	Index 2020/ Plan 2020	31 Dec 2020	Plan 31 Dec 2020	Index 2020/ Plan 2020
Assets	571,650,069	585,593,284	98	607,399,743	605,618,235	100
Non-current assets	491,155,634	521,574,781	94	502,426,648	532,202,788	94
Current assets	80,494,435	64,018,502	126	104,973,095	73,415,448	143
Own funds	408,951,207	400,316,839	102	441,660,686	433,604,940	102
Non-current liabilities with provisions and long-term accruals and deferred revenue	113,014,150	137,471,702	82	115,100,788	123,573,841	93
Current liabilities	49,684,712	47,804,743	104	50,638,269	48,439,453	105
Financial liabilities	82,324,438	103,352,013	80	82,378,629	87,363,925	94

Investments (in EUR)	2020	Plan 2020	Index 2020/ Plan 2020	2020	Plan 2020	Index 2020/ Plan 2020
Investments in property, plant and equipment, investment property and intangible assets <sup>30</sup>	67,668,811	86,298,045	78	68,071,021	87,589,345	78

<sup>27</sup> Earnings before interest and taxes (EBIT) = difference between operating income and costs.

<sup>28</sup> Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + amortisation.

<sup>29</sup> Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

<sup>30</sup> Without taking into account advances paid for the equipment.

	Luka Koper, d. d.			Luka Koper Group		
Ratios (in%)	2020	Plan 2020	Index 2020/ Plan 2020	2020	Plan 2020	Index 2020/ Plan 2020
Return on sales (ROS) <sup>31</sup>	15.9%	13.8%	115	16.0%	13.9%	114
Return on equity (ROE) <sup>32</sup>	7.9%	7.9%	100	7.4%	7.5%	99
Return on assets (ROA) <sup>33</sup>	5.4%	5.3%	102	5.3%	5.3%	100
EBITDA margin <sup>34</sup>	29.3%	26.4%	111	29.4%	26.6%	111
EBITDA margin from market activity <sup>35</sup>	30.2%	27.8%	108	30.4%	28.1%	108
Financial liabilities/equity	20.1%	25.8%	78	18.7%	20.1%	93
Net financial debt/EBITDA <sup>36</sup>	0.8	1.5	49	0.3	1.1	31

Maritime throughput (in tons)	2020	Plan 2020	Index 2020/ Plan 2020	2020	Plan 2020	Index 2020/ Plan 2020
Maritime throughput	19,523,133	24,144,230	81	19,523,133	24,144,230	81

Number of employees	2020	Plan 2020	Index 2020/ Plan 2020	2020	Plan 2020	Index 2020/ Plan 2020
Number of employees	1,535	1,643	93	1,698	1,805	94

<sup>31</sup>Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

<sup>32</sup>Return on equity (ROE) = net income / shareholder equity.

<sup>33</sup>Return on assets (ROA) = net income / average total assets.

<sup>34</sup>EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

<sup>35</sup>EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity

<sup>36</sup>Net financial debt/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA

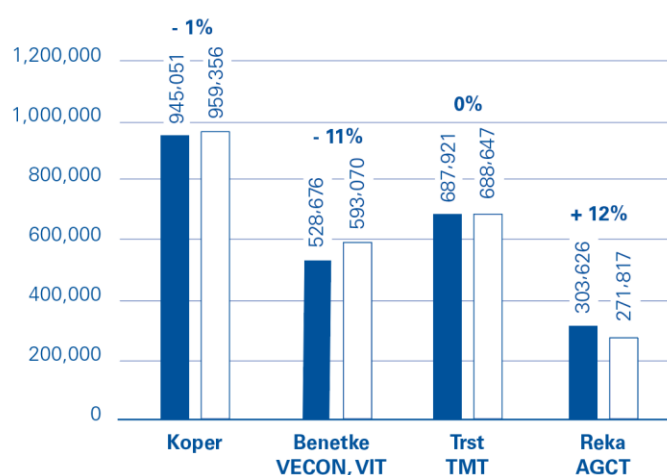
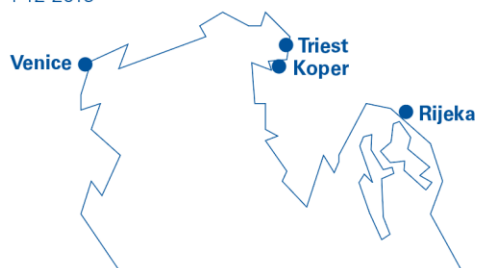
### 3.6 Comparative analysis with the competition

Already in 2019, the Luka Koper Group was facing the effects of the global economic downturn and increasing competition in the northern Adriatic and northern European ports. The economic slowdown was also felt by other ports in our neighbourhood. The situation worsened in early 2020 with the outbreak of the COVID-19 pandemic, which significantly affected the global economy and tightened the business situation. Despite the aggravated situation, the Port of Koper maintained a stable position in the throughput of both strategic commodity groups, containers and cars, especially in the throughput of containers, which in 2020 was only 1 percent (in TEU) lower than the throughput achieved in 2019. In the northern Adriatic area, in 2020, the growth of container throughput was achieved only by the port of Rijeka, i.e. by 12 percent, and the largest drop was recorded by the port of Venice, by as much as 11 percent. The throughput in the port of Trieste in 2020 was at the 2019 level. Of the northern European ports, the port of Antwerp achieved a 1% increase in container throughput in 2020 compared to 2019, the port of Rotterdam recorded a 3% drop and the port of Hamburg an 8% drop in container throughput.

**Figure 13**

Throughput of containers in Northern Adriatic ports in TEU<sup>35</sup>

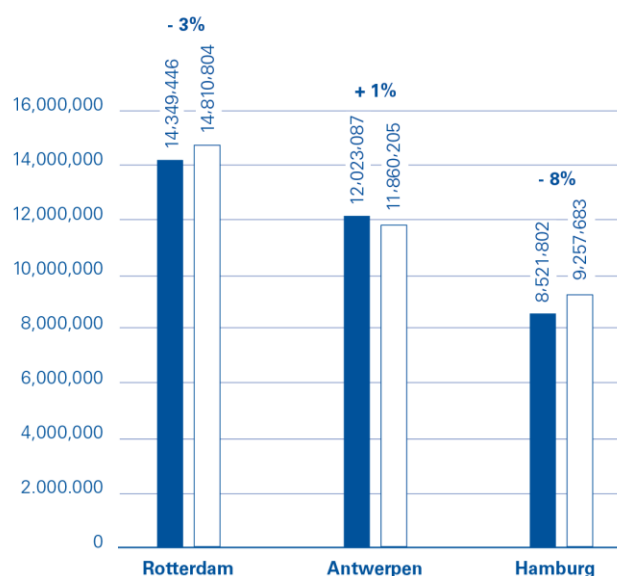
■ 1-12 2020  
□ 1-12 2019



**Figure 14**

Throughput of containers in three major Northern European ports, in TEU<sup>36</sup>

■ 1-12 2020  
□ 1-12 2019



In the field of vehicles, the Luka Koper Group recorded a 13% drop in throughput in 2020, which was a smaller drop than in comparable Mediterranean ports, while the gap to 2019 was gradually decreasing in the second half of 2020. The port of Valencia handled 26 percent fewer vehicles in 2020 than in 2019, and the port of Barcelona 38 percent less.

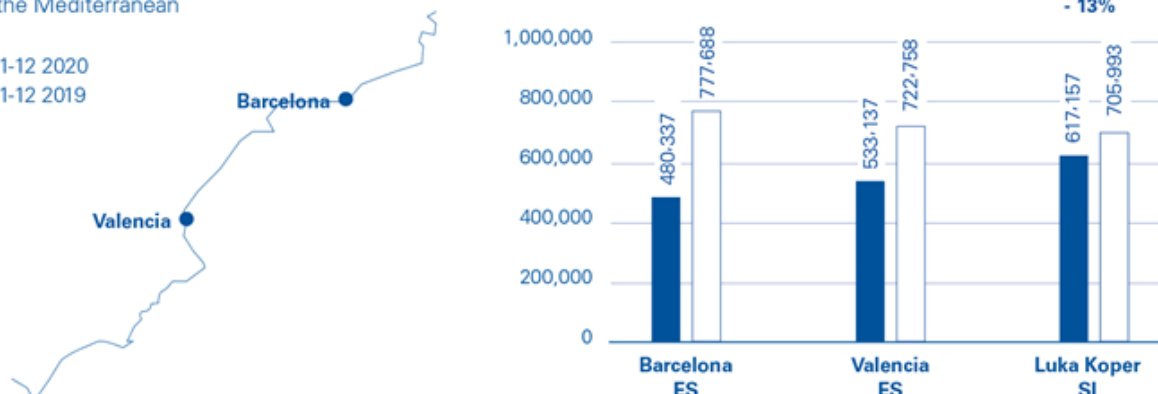
<sup>37</sup> Source: Websites of the ports in question, and NAPA

<sup>38</sup> Source: Websites of the ports in question, and NAPA

**Figure 15**

Throughput of cars in three major ports in the Mediterranean

■ 1-12 2020  
□ 1-12 2019



### 3.7 Analysis of the wider and sectoral environment

Maritime freight flows are the most important global segment of international trade. In this regard, ports represent an essential link between industrial, transport and commercial hubs. Ports are strategic points, playing an important role in relations between countries, as well as being the crossroads of different cultures and logistics hubs between land and maritime transport. Currently, China has been opening up to the world with its 'One Belt, One Road' initiative, and is looking for foreign markets to boost its economy in addition to domestic consumption. On the other hand, the USA wants to increase its presence in Europe with its intense policy of opposing the Chinese capital, as well as Russian influence. European countries are tackling their relations with economic powers from other continents through a variety of common cooperation platforms, backed by strong bilateral cooperation.

In its forecast up to 2025, Stratfor Worldview<sup>39</sup> predicts a disorderly world that will have changing centres of power on various continents, with the USA as the only fixed centre, which, however, will no longer be as heavily involved in interventions around the world. Relations between the EU, USA and China and, last but not least, Russia will be extremely important. Strong European integration will also be important in the event of a difficult economic situation. Otherwise, the global superpowers will liaise with individual countries in Europe and forge strong bilateral relations, including capital links, most likely based on historical links. China's economic slowdown is expected in the Far East. Most brands will move their low-cost production from China to countries around the Indian Ocean (e.g. Vietnam, Philippines, Indonesia), which will see high economic growth around 2025, as was happening in China years ago.

At the moment, it is impossible to forecast the effects of the economic crisis and the COVID-19 pandemic, as well as predict the end of the latter and the restoration of a normal and growing world economy. This will be one of the key factors in the assessment and analysis of the wider industry environment, at least in 2021.

#### 3.7.1 Container Cargo Group

Through acquiring significant shares of major logistics companies, container shipping is increasingly expanding into the field of freight forwarding or integrating logistics departments into the shipping segment, while also taking on an increasing role in so-called 'door to door' comprehensive transport offers. In international container transport, the growing role of Carrier haulage, in which the shipowner also takes care of land transport, is noticeable in this context. There are signs that the trend will continue in the coming years as this is the only way for shipping companies to remain competitive at the global level. Forecasts suggest that there will be new cases of consolidation among shipowners over the next few years, as we witnessed in 2017 and 2018.

Container throughput in 2020 was significantly affected by developments related to the spread of the SARS-CoV-2 coronavirus or the COVID-19 pandemic, first in the Far East and later in Europe and the rest of the world. This was largely reflected in the huge drop in container traffic in the automotive industry recorded by Luka Koper between April and June 2020: the volume of traffic fell sharply in the last month of this period, by about 60 percent compared to the usual volumes intended for the automotive industry. Given that the automotive industry is one of the key segments in container throughput, this decline has had a significant impact on the result in the said months. In the

<sup>39</sup> Source: <https://worldview.stratfor.com/article/decade-forecast-2015-2025>



next two quarters, despite the continuing aggravated situation related to the COVID-19 pandemic, Luka Koper recorded an increase in throughput. Especially in the last quarter of 2020, the volume was 4.4 percent higher than in the same period in 2019.

Due to the above-mentioned problems related to the COVID-19 pandemic, the Luka Koper Group ended 2020 with a minimal, 1% drop in maritime throughput of container units compared to 2019. In 2020, special attention was paid to the transshipment of containers for cargo of non-standard dimensions (the so-called OOG) and especially to the transshipment of refrigerated containers, which in 2020 increased by 5% compared to 2019. Despite a slight decline in throughput, the Port of Koper remains the first port in the Northern Adriatic in terms of transhipped TEUs.

### 3.7.2 Cars Cargo Group

In 2020, the COVID-19 pandemic drastically affected the entire economy, and especially the automotive industry. Ahead of the coronavirus outbreak, analysts had forecast 1 to 2-percent sales growth for 2020, which would mean 91 to 92 million cars sold worldwide, but the automotive industry faced the biggest drop in car demand to date, thus reaching 78 million cars sold.

In 2020, global car sales were weak in all regions of the world. The Chinese market has remained the largest and most successful car market in the world. Although it recorded the biggest drop in the first months of 2020, it ended 2020 with a 6% drop and 20 million cars sold. Car sales in Russia and Japan fell by about a tenth, in the U.S. and Indian markets by about 17 percent, and in Brazil it fell by 27 percent. The situation is different in Turkey, where passenger car sales were extremely low in recent years, and increased by 57.6 percent in 2020 compared to 2019.

The passenger car market in the European Union shrank by 23.7 percent to 9.9 million units. Measures to prevent the spread of the coronavirus, including lockdowns and other restrictions, had an unprecedented impact on car sales throughout the European Union during the year. All 27 markets of the European Union recorded a double-digit decline. In the largest car markets in the region, the largest decline was recorded in Spain (-32.3 percent), followed by Italy (-27.9 percent) and France (-25.5 percent), and a significant but less pronounced drop was also recorded in Germany (-19.1 percent).

The stimulus packages to increase car sales, introduced by governments following the exceptional impact of the pandemic on car sales, are primarily intended to encourage the sale of alternative-powered vehicles. In 2020, hybrid electric vehicles accounted for 11.9 percent of passenger car sales in the European Union, compared to a 5.7 percent share in 2019. A similar increase was recorded in 2020 by electric vehicles, whose share in the structure of all newly registered cars in the European Union increased from 3 to 10.5 percent between 2019 and 2020. Although the 3 million drop in registered cars caused by the pandemic has had the biggest impact on diesel and petrol vehicles, the share of these vehicles in the European Union remains predominant at 75.5 percent.

Due to the aforementioned problems related to the COVID-19 pandemic, the Luka Koper Group ended 2020 with a 13% drop in maritime throughput of vehicles compared to 2019, but this decline was smaller than in comparable Mediterranean ports.

## 3.8 The economic environment in 2020 and forecasts for 2021

The year 2020 was marked by the outbreak of the COVID-19 pandemic, which significantly changed operating conditions and aggravated the situation. The pandemic has affected the economy around the world. It has also severely shaken global trade flows and logistics routes. Recent vaccine approvals initially raised hopes of a turnaround in the second half of 2021, but new waves of the pandemic and new versions of the virus are raising concerns about prospects (International Monetary Fund – IMF)<sup>40</sup>. In January 2021, the IMF predicted, with extreme uncertainty, the growth of the global economy by 5.5 percent in 2021 and by 4.2 percent in 2022. The forecast for 2021 has been revised by +0.3 percentage points compared to the previous forecast, reflecting expectations of stronger vaccination coverage in the second half of 2021 and additional political support in the largest economies, notably the US and Japan. The projected recovery in global economic growth in 2021 follows a severe collapse in 2020, which has had a number of detrimental effects. The global economy is estimated to have shrunk by 3.5 percent in 2020, which is 0.9 percentage points less than in the previous forecast, reflecting a stronger-than-expected momentum in the second half of 2020.

<sup>40</sup> Source: IMF: [World Economic Outlook Update, January 2021: Policy Support and Vaccines Expected to Lift Activity](https://www.imf.org/en/Publications/WEO/Issues/2021/01/27/world-economic-outlook-update-january-2021) (imf.org)

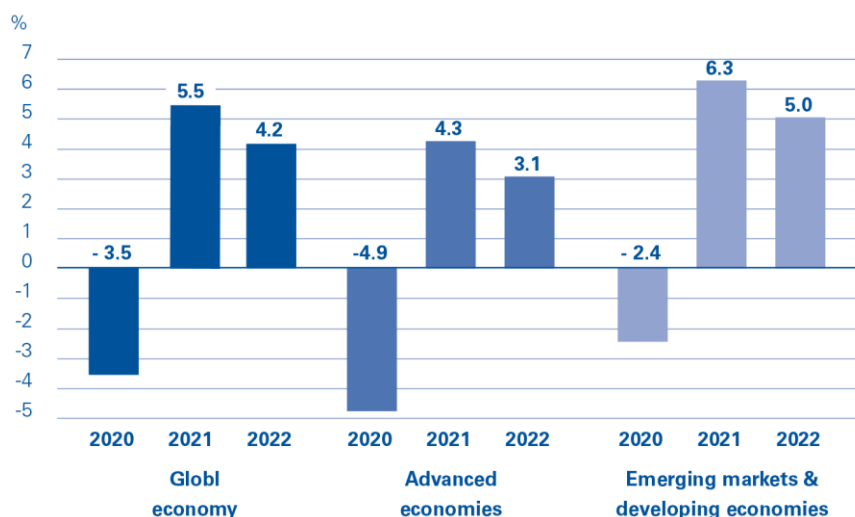


The GDP growth rate in the euro area is projected to rise from -7.2% in 2020 to 4.2% in 2021 and 3.6% in 2022. In the UK, GDP is expected to grow by 4.5 per cent in 2021 and 5 per cent in 2022 after falling by 10 per cent in 2020. In the US, a decline of 3.4 percent in 2020 is projected to be followed by growth of 5.1 percent in 2021 and 2.5 percent in 2022. China was the only country to record growth in 2020, at 2.3 percent, with growth expected to be 8.1 percent in 2021 and 5.6 percent in 2022.

### Growth projections

World economic outlook  
update January 2021

Source: International  
Monetary Fund



In<sup>41</sup> its December 2020 forecast, OECD estimates that global GDP will increase by about 4.2 percent this year after a sharp drop in 2020, and by a further 3.7 percent in 2022.

Regarding the Slovenian economy,<sup>42</sup> GDP is forecast to fall by 7.5 percent in 2020 and by 3.4 percent in 2021, as the effects of the pandemic will affect the economic activity at least until the middle of 2021. Investment and exports will be the main drivers of growth thanks to increased demand in trading partner countries, improved epidemiological conditions, increased household confidence due to the introduction of effective vaccines and the effects of the European Union's incentive scheme.

As the domestic market, Slovenia reaches between 25 and 30 percent of the total throughput of the Port of Koper. Luka Koper pays great attention to the domestic market, increasing the traffic of Slovenian goods in both directions year after year. In 2020, an estimated 25 percent of the total throughput of the Port of Koper was intended for the Slovenian market. The most important market for the port of Koper is Austria, as cargo from this market is transhipped at all our terminals. The second most important market is Hungary, where Luka Koper is the leader in the container throughput segment, and the market is also very important for product groups of cars, general cargoes and dry bulk cargoes. The Czech Republic, Slovakia and Poland are very important markets, especially for vehicles, general cargoes and containers. In these markets, the port of Koper still has a great potential for increasing its market share, which is also set out in the strategy up to 2025. For Luka Koper, Germany is the most important potential market.

### COVID-19 outbreak

The COVID-19 pandemic has triggered the deepest economic recession in nearly a century, endangered health, disrupted economic activity, and harmed prosperity and jobs. It will take extraordinary efforts to put the world economy on the path to recovery, which will shape economic and social opportunities in the next decade. According to OECD,<sup>43</sup> the global economy will have to deal with virus outbreaks at least until mid-2021 or beyond, take restrictive measures or even introduce complete lockdowns, which will have a negative impact on economic growth. Some activities will not survive without state aid. There is hope in the vaccine if it is available to everyone by the end of 2021, which would lead to a recovery in the global economy over the next two years.

<sup>41</sup> Source: [GDP Growth - Fourth quarter of 2020, OECD](#)

<sup>42</sup> Source: [OECD iLibrary | OECD Economic Outlook, Volume 2020 Issue 2 \(oecd-ilibrary.org\)](#)

<sup>43</sup> Source: [OECD iLibrary | OECD Economic Outlook, Volume 2020 Issue 2 \(oecd-ilibrary.org\)](#)

### 3.9 Business objectives for 2021

The business plan for 2021 is based on the forecasts of key international institutions such as the IMF<sup>44</sup> and the OECD<sup>45</sup>, The European Commission and other analytical platforms predicting a global economic recovery and a resumption of GDP growth in 2021, albeit lower than before the outbreak of the pandemic.

According to the favourable forecast of economic growth in key hinterland markets and based on estimates by global logistics operators, the company Luka Koper, d. d., and the Luka Koper Group will achieve 5% higher net sales revenues and 5% higher total maritime throughput in 2021 compared to 2020. Growth is planned for all product groups.

In the strategic product group of containers, the plan is to increase the throughput of containers by 3% (measured in TEU container units) compared to 2020 and to maintain the primacy among ports in the Adriatic.

Due to the COVID-19 pandemic, the global automotive industry was one of the most affected industries in 2020, but the port of Koper recorded the smallest drop in car throughput among European car ports. With the economic recovery in 2021, car sales are expected to grow again. Therefore, a 5-percent increase in vehicle throughput is planned in the strategic car product group in 2021 in relation to 2020.

In 2021, the Luka Koper Group will continue the initiated investments in port infrastructure. Primarily, this is about increasing the capacity of the container terminal. The first phase of the extension of Pier I, i.e. the extension of the operational shoreline by 100 metres, will be completed in the first quarter. Work will continue with the second phase, which will be completed by the end of 2022 and comprises the construction of additional storage space on Pier I, extending over almost 25 thousand square metres. 2021 will see the completion of a car garage with 6,000 parking spaces and a new, third truck entrance to the port. The business plan also envisages the construction of new storage facilities for general cargoes. The Luka Koper Group will continue the construction of road and railway infrastructure in the port and digital transformation.

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<sup>44</sup> IMF – International Monetary Fund

<sup>45</sup> OECD – Organization for Economic Co-operation and Development

Table 6: Key operating ratios of Luka Koper, d. d., and the Luka Koper Group in 2021

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	2020	Plan 2021	Index Plan 2021/ 2020	2020	Plan 2021	Index Plan 2021/ 2020
Net sales	206,038,900	216,152,643	105	209,920,232	219,834,530	105
Earnings before interest and taxes (EBIT) <sup>46</sup>	32,762,465	25,805,929	79	33,504,266	25,802,434	77
Earnings before interest, taxes, depreciation and amortisation (EBITDA) <sup>47</sup>	60,300,007	53,214,053	88	61,806,650	54,008,299	87
Profit or loss from financing activity	2,644,349	2,372,289	90	1,507,818	1,479,554	98
Profit before tax	35,406,814	28,178,219	80	36,236,402	28,148,940	78
Net profit or loss	31,272,750	24,419,094	78	32,029,565	24,371,429	76
Added value <sup>48</sup>	134,878,755	133,002,896	99	143,005,574	140,606,164	98

Statement of financial position (in EUR)	31 Dec 2020	Plan 31 Dec 2021	Index Plan 2021/ 2020	31 Dec 2020	Plan 31 Dec 2021	Index Plan 2021/ 2020
Assets	571,650,069	606,323,081	106	607,399,743	624,576,525	103
Non-current assets	491,155,634	536,329,072	109	502,426,648	546,724,187	109
Current assets	80,494,435	69,994,009	87	104,973,095	77,852,340	74
Own funds	408,951,207	411,555,201	101	441,660,686	444,251,640	101
Non-current liabilities with provisions and long-term accruals and deferred revenue	113,014,150	132,767,362	117	115,100,788	118,579,834	103
Current liabilities	49,684,712	62,000,518	125	50,638,269	61,745,052	122
Financial liabilities	82,324,438	102,924,820	125	82,378,629	86,750,537	105

<sup>46</sup> Earnings before interest and taxes (EBIT) = difference between operating income and costs.<sup>47</sup> Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + amortisation.<sup>48</sup> Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

	Luka Koper, d. d.			Luka Koper Group			
Investments (in EUR)	2020	Plan 2021	Index 2021/ 2020	2020	Plan 2021	Plan 2021/ 2020	Index 2021/ 2020
Investments in property, plant and equipment, investment property and intangible assets <sup>49</sup>	67,668,811	74,537,793	110	68,071,021	75,561,593		111

Ratios (in%)	2020	Plan 2021	Index 2021/ 2020	2020	Plan 2021	Plan 2021/ 2020	Index 2021/ 2020
Return on sales (ROS) <sup>50</sup>	15.9%	11.9%	75	16.0%	11.7%		74
Return on equity (ROE) <sup>51</sup>	7.9%	6.0%	76	7.4%	5.6%		75
Return on assets (ROA) <sup>52</sup>	5.4%	4.1%	75	5.3%	4.0%		75
EBITDA margin <sup>53</sup>	29.3%	24.6%	84	29.4%	24.6%		84
EBITDA margin from market activity <sup>54</sup>	30.2%	25.8%	85	30.4%	25.7%		85
Financial liabilities/equity	20.1%	25.0%	124	18.7%	19.5%		105
Net financial debt/EBITDA <sup>55</sup>	0.8	1.6	218	0.3	1.2		340

Maritime throughput (in tons)	2020	Plan 2021	Index 2021/ 2020	2020	Plan 2021	Plan 2021/ 2020	Index 2021/ 2020
Maritime throughput	19,523,133	20,546,387	105	19,523,133	20,546,387		105

Number of employees	2020	Plan 2021	Index 2021/ 2020	2020	Plan 2021	Plan 2021/ 2020	Index 2021/ 2020
Number of employees	1,535	1,634	106	1,698	1,797		106

<sup>49</sup> Without taking into account advances paid for the equipment.

<sup>50</sup> Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

<sup>51</sup> Return on equity (ROE) = net income / shareholder equity.

<sup>52</sup> Return on assets (ROA) = net income / average total assets.

<sup>53</sup> EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

<sup>54</sup> EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity

<sup>55</sup> Net financial debt/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA

## 4 Interview with the President of the Management Board<sup>56</sup>

We are more than happy with the operating results.

**The year 2020 was marked by the emergence and global spread of the new coronavirus. This was a double challenge for the Luka Koper Group, health-related on the one hand and business-related on the other. How would you rate one and the other?**

The Port of Koper as a strategic infrastructure operated uninterrupted throughout the pandemic. As a result, the impact of the pandemic on its operations was smaller than in some other ports. Due to the timely introduction of protective measures and thanks to the responsibility of our employees and all others working in the port area, we ensured the smooth operation of the maritime supply chain for the needs of Slovenia and many countries in our hinterland during the epidemic. Under such circumstances, we can be more than happy with the operating results.

**Fortunately, we will be also able to remember 2020 by the commencement of one of the most important investments in recent years, the extension of Pier I. What is the timeline?**

The project of extending Pier I includes the construction of 98.5 metres of operational shoreline and of storage areas on the south side of the pier extending over 24,830 m<sup>2</sup>. This will increase the capacity of the container terminal to 1.3 million TEU (container units) per year, and following the planned optimization of work processes at the terminal, by additional 200,000 units. The extension of the operational coast is expected to be completed in June this year, and the storage areas next year. However, the expansion of the container terminal is not going to end here; after 2022, the terminal will be extended to the northern side of Pier I.

**Why is increasing the capacity of the container terminal of strategic importance for Slovenian shipping?**

The extension of Pier I is the company's key strategic project, which will enable the port to maintain its primacy in container throughput in the northern Adriatic. We thus follow the trends set by large container shipowners and modern logistics in general. Larger ships pose challenges for ports, who need to provide adequate infrastructure and more efficient transshipment equipment, as well as relevant maritime services (ship towing, pilotage, ship supply, etc.). With larger ships, there is also a higher concentration of cargo in short time intervals, which results in the need for higher productivity and control of so-called peaks in all segments of port work. We are seeing increasing pressure from customers to provide fast shipping in the maritime, rail and road segments. Containerisation of maritime transport has been on the rise for years and has not been significantly shaken by the pandemic. Without a modern and sufficiently efficient terminal, we would not be able to compete.

**The railway connection is extremely important for containers. Why is an additional railway track to the port necessary?**

The current line between Koper and Divača is outdated and single-track, and as such entirely unsuitable for today's needs and insufficient with regard to the throughput volume in the port. If this railway line reaches its maximum capacity, cargo would accumulate in the port. As a result, large customers who provide large volumes, especially in the group of containers, would divert cargo elsewhere. The Port of Koper would thus lose its competitive advantage and throughput would stagnate in the long run. When logistics operators are choosing ports, the key decision-making factor is the railway connection with the hinterland, i.e. how to bring large quantities of goods to

<sup>56</sup> GRI GS 102-14

the final destination as quickly and cheaply as possible. Nowadays, competition between ports is taking place on the railway.

**How important are port operations for the Slovenian economy? Why is it worth investing in the port?**

The Chamber of Commerce and Industry of Slovenia calculated the effects of port operations on the economy. In Slovenia, more than 7,000 jobs are directly and indirectly related to port operations, at the centre of which is the Port of Koper, which thus ranks among the largest economic systems. One euro of sales in port operations in turn induces 3.3 euros in the rest of the economy. Slovenia's involvement in international traffic flows certainly gives the country exceptional geostrategic potential, but the further development of the entire railway network will be of crucial importance for the development of logistics operations in Slovenia. The Port of Koper is developing and adapting adequately to 2026, when the investment in the second track will be completed. With the planned investment in port facilities worth around EUR € 500 million by the end of 2025, the impact of port operations on the economy will increase even further.

**How important is sustainable development for the successful operation of the port and the Luka Koper Group in the future?**

Port operations affect the people who work in the port or live nearby, as well as the natural environment, therefore, we must seek a balance of interests of Luka Koper as a company and the social and natural environment. The business environment is also becoming increasingly environmentally aware. More and more global logistics operators are emphasizing concern for the environment. The company's good reputation with customers, support for development in local communities, committed employees - all this increases the competitiveness of the company and leads to successful operations and sustainable development. This is also the objective that Luka Koper has set for itself in its strategic documents.

**You have been successfully developing the green port concept for years.**

In the last two decades, the Port of Koper has made major strides in the environmental field and can thus be an example to other ports. We have had the environmental certification since 2000, and in 2010 we upgraded it with the EMAS certificate and thus achieved high standards in the field of sustainable development according to the EU ecomanagement system. We are constantly improving our environmental protection system, providing transparent information through our sustainable portal, conducting an open dialogue with local and other interested parties, and actively involving employees in the process.

**What is the role of employees in the sustainable development strategy?**

Employees are the central capital of the Port of Koper, which is why personnel management has an important place in our sustainable strategy. The culture of partnership with employees is built on affiliation, cooperation, creativity, respect and responsibility of each individual. In the last two years, we have been intensely involved in solving problems of the past. At the beginning of 2020, we completed the process of restructuring the system of port service execution, which will ensure a sustainable and viable business model.



## 5 Report of the Supervisory Board for 2020

### 5.1 Composition of the Supervisory Board

In 2020, the Supervisory Board operated in the following composition: Uroš Ilić (Chair), Andraž Lipolt, (Deputy Chair), Milan Jelenc, Rado Antolovič, Barbara Nose, Tamara Kozlovič, Mladen Jovičić, Rok Parovel, Marko Grabljevec until 18 January 2020, and Mehrudin Vuković since 19 January 2020. In terms of professional competences, the Supervisory Board is a high-level group of experts. Its members are mainly top experts in their fields, complementing each other perfectly.

### 5.2 Supervisory Board's work

In 2020, the Supervisory Board met at eight regular meetings and two meetings by correspondence. Due to the COVID-19 epidemic, all meetings of the Supervisory Board were held as video-conferences. Examining lawfulness, resource efficiency and risk control with a view to the future development and operations of the Company and the Luka Koper Group, the Supervisory Board reinforced mutual relations and trust with the Management Board. The work of the Supervisory Board is effective, as it constantly monitors all key areas of operations. Due to their good individual preparation and high motivation, all members provide significant contributions. Support provided to the Supervisory Board by its committees as well as the Secretary is very good.

In 2020, the Supervisory Board paid the most attention to the consolidation of operations after the change in the business model of providing port services, the continuation of the strategic investment programme and the monitoring of measures to contain the effects of the COVID-19 epidemic on the Company's and Group's operations. In addition, they have always paid attention to the timely and effective identification, disclosure, management and elimination of conflicts of interest.

In February 2020, the Supervisory Board became acquainted with the information on the performance of the Luka Koper Group and the Company in 2019, and with the appointment of a new member of the Supervisory Board - the employee representative. At its March meeting, the Supervisory Board discussed the report of the Management Board on the consequences and measures for managing the consequences of the COVID-19 epidemic affecting the company's operations, and the final report on the implementation of the transition to a new business model of port services provision. They became acquainted with the annual reports on internal audit, corporate integrity and compliance of operations, and agreed with the proposal for the remuneration of the Management Board for 2020 and with the amendments to the Internal Audit Charter.

At the April meeting, the Supervisory Board discussed the audited 2020 Annual Report of the Group and the company Luka Koper, d. d., was informed of the intention to acquire additional storage areas for car storage and further development of the port, agreed to conclude a legal transaction or annex to the employment contract with one of the members of the Supervisory Board - the employee representative for the wage differences from previous years. The Supervisory Board adopted the decision and voluntarily waived 30 percent of the remuneration from performing the function in the period from 1 March 2020 to 31 May 2020 due to the declared epidemic. They also instructed the Management Board to prepare a succession program.

In May 2020, the Supervisory Board became acquainted with the unaudited report on the operations of the Group and the company Luka Koper, d. d. in the period January-March 2020, and with the analysis of business trends and the consequences of the epidemic for the company's operations. They called on the Management Board to present measures to achieve the planned operating results in 2020. They also discussed the course and realization of strategic investments, particularly focusing on the extension of Pier I and additional areas for car storage. At its June meeting, the Supervisory Board examined and approved the Management Board's proposal for the use of distributable profit for 2019, adopted the Remuneration Policy for members of the Management Board of Luka Koper, d. d., and agreed to convene the 33rd General Meeting. Having noted the remuneration of the members of the company's management and supervisory bodies and the remuneration of the managers of the three largest

subsidiaries in 2019, the Supervisory Board submitted information on these and the remuneration policy to the company's general meeting for information. At the 6th correspondence meeting on 19 June 2020, the Supervisory Board gave its consent to the conclusion of a legal transaction on the transfer of building rights for a fee to the extent necessary for the construction of open-air storage areas for cars.

At its August meeting, the Supervisory Board was acquainted with the semi-annual business results of the Company and the Luka Koper Group, and having noted the report and achievements of the Management Board in 2019, the changed management policies and other reports, advised the Management Board to verify the adequacy of the implementation of the new business model of port service provision, and recommended additional diligence in achieving the planned operating results for 2020. The Supervisory Board agreed with the proposal to calculate the remuneration of the Head of Internal Audit and took note of the reappointment of one of the members of the Supervisory Board - the employee representative, who was appointed by the Works Council for a new four-year term.

At its two November meetings, the Supervisory Board paid great attention to the coordination of the 2021 Business Plan, which it also approved at its December meeting. At the same time, they closely monitored the measures taken by the Management Board to achieve the planned operating results for 2020 and approved the contract on auditing the financial statements of the Company and the Group for the financial years 2020, 2021 and 2022 with the auditing company BDO Revizija, d. o. o. They became acquainted with the operating results for the first nine months of the year, with the course of strategic investments and the course of court proceedings in TTI cases, the former IPS employee cases and the multimillion-euro action brought on by IPS Projekt, d. o. o. They agreed with the assessment of the work of the Head of Internal Audit and with the 2021 remuneration system for the Management Board. In accordance with the recommendations of the Slovenian Directors' Association, they gave their consent to sign an agreement on the protection of and access to confidential data between the company and members of the Supervisory Board, and proposed to the Management Board to review and amend the Strategic Business Plan of the company and the Group Luka Koper in 2021 due to the specific nature of the 2020 financial year.

In addition to the above activities, in 2020, the Supervisory Board also performed several other tasks, of which the following are particularly important:

- Discussed the report on the work of the internal audit for 2019, and the internal audit work programme for 2020;
- Discussed the risk management report;
- Discussed the compliance of operations report;
- Discussed the corporate integrity report;
- Monitored business results and measures taken by the Management Board to achieve them,
- Monitored the implementation of the Company's investment plan;
- Monitored the recommendations and expectations of the Slovenian Sovereign Holding,
- Adopted the amendments to diversity policy,
- Considered the external evaluation of the performance of the Supervisory Board.

The Members of the Supervisory Board received ongoing training and followed new examples of good practice in corporate governance. The Supervisory Board did not discuss the Report of the Works Council on the situation regarding worker participation in the management, since the 2020 report had not been submitted for discussion by the Works Council. Out of 154 resolutions adopted, 98.7 percent were adopted unanimously by the Supervisory Board.

## **5.3 Work of Supervisory Board committees**

In 2020, the following committees worked uninterruptedly under the Supervisory Board: Audit Committee, HR Committee and Business Operations Committee.

### **5.3.1 Audit Committee**

In accordance with the Rules of Procedure of the Supervisory Board, the Audit Committee, by carrying out the tasks of its work programme, enhances the effectiveness of the Supervisory Board and regularly reports to the Supervisory Board on the supervision of financial reporting, internal controls and risk management, and on its cooperation with external and internal auditors, and proposes relevant decisions to be adopted. In the corporate governance process, it is the key role of the Audit Committee to act for the benefit of the Company and protect the interests of its stakeholders.



In 2020, the Audit Committee was composed of Barbara Nose (Chair, level of education 7, BSc in Economics, auditing specialist), Milan Jelenc (Member, level of education 8, MSc in Economics), Tamara Kozlovič (level of education 8, MSc in Enterprise Engineering), Rok Parovel (level of education 5, secondary school graduate) since 28 February 2020, and External Member Mateja Treven (level of education 8, MSc in Economics).

The Audit Committee met at 11 regular and 1 meeting by correspondence. Within the scope of its competences and mandates, the Committee regularly monitored the financial reporting process, discussed various materials and reports of the Management Board, and reported regularly to the Supervisory Board on its conclusions, findings and proposals.

In accordance with the Guidelines for ensuring the independence of the external auditor, the Audit Committee supervised the contracts concluded with audit firms as well as the nature and extent of the provision of their services. The Committee discussed the audited annual report of the Luka Koper Group and Company for 2019, with particular emphasis on the presentation of revenue, formation of provisions for potential legal actions, liabilities from the concession contract and non-financial reporting. They communicated actively with the auditor both regarding the areas and course of the audit as well as the related findings, and at the same time monitored their independence and the quality of the work performed. They discussed the report for the Audit Committee and the auditor's letter to management, as well as the management's response.

Having thoroughly examined the statutory auditor's independence and their new bid to audit the financial statements of the Company and the Luka Koper Group for the period 2020-2022, which was submitted in accordance with the guidelines for appointing and monitoring the auditor's independence, according to which the company has to switch the auditor at least each six years, but may re-nominate them for appointment to the General Meeting after the expiration of the three-year period, provided that the conditions are met, the Audit Committee proposed for the engagement with the existing auditor to be renewed for the next three-year period. Following the appointment of the auditor at the 33rd General Meeting of Shareholders, the Audit Committee carefully examined the audit plan for 2020 and discussed the Contract for Auditing the Financial Statements of Luka Koper, d. d. for the Financial Years 2020, 2021 and 2020, the Contract for Auditing the Adequacy of Criteria intended for allocating revenues, expenditures, assets and liabilities, and the correctness of their use in accordance with the concession agreement and the Decree on the method, subject and conditions for the provision of national public utility service of collecting waste from the vessels in the Koper freight port area. The Audit Committee proposed that the Supervisory Board approve the Contract for Auditing the Financial Statements of the Group and the Company Luka Koper, d. d. for the financial years 2020, 2021 and 2022, and authorise the Chairman of the Supervisory Board to sign it.

In 2020, the Audit Committee also closely monitored the risk management system with special emphasis on monitoring fire safety risks and real rights relations with the Republic of Slovenia under the concession agreement, and at the beginning of the year proposed to the Supervisory Board the adoption of a risk appetite statement. The Audit Committee monitored the operations of the internal audit and internal control department, compliance of operations, corporate integrity and conflict of interests, and made recommendations for strengthening and upgrading of systems. It considered customer and supplier reports, making recommendations for diligence and compliance in dealings with them; sponsorships and donations, internal group relations, particularly in relation to subsidiaries, trade unions and works councils; open judicial proceedings, public information, tax and information risks, operation of IT systems and other reports under the adopted reporting system, carefully examining them and monitoring their integrity. The Committee also proposed amendments as well as immediate and appropriate measures for areas where potential gaps were detected. It followed the idea of a transparent, ethical and socially responsible model of the Company's operations and management of potential conflicts of interest and a clear regulation of the Company's cooperation with all stakeholders. Prior to submitting the proposal for the remuneration of the head of internal audit to the Supervisory Board for discussion, the Audit Committee examined thoroughly her remuneration and work, and was extremely vigilant as to the respect for the autonomy and personal integrity.

The Audit Committee adopted the 2020 work programme at the beginning of 2020, and the 2021 work programme at the end of the year. Based on self-assessment, The Committee adopted a plan for the implementation of further improvements in the areas where it considered them feasible. During the year, the members of the Audit Committee attended several trainings concerning the work of audit committees.

### 5.3.2 HR Committee

In 2020, the HR Committee met at six meetings. It was composed of Uroš Ilić (Chair), and members Milan Jelenc, Barbara Nose and Mehrudin Vuković since 28 February 2020. At its first meeting, it carefully examined and proposed to the Supervisory Board the criteria for the remuneration of the Management Board for 2020, and when discussing the report on the work and achievements of the Management Board in 2019, checked the performance of its operations in 2019. The Committee discussed proposals for concluding legal transactions with members of the Supervisory Board - employee representatives on the Supervisory Board, and welcomed the solidarity gesture of the Management Board for a 20% reduction in remuneration during the declared COVID-19 epidemic. It proposed to the Management Board the adoption of a succession policy and contributed its recommendations to the formulation of the policy for managing conflicts of interest, diversity policy and management policy, which it proposed to the Supervisory Board for approval. The HR Committee discussed reports on key management positions, reports on managing conflicts of interest, remuneration of members of the Management Board and the Supervisory Board in 2019, and, having noted the legal opinion on managers' entitlement to remuneration under the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities, proposed that the Management Board give its response. It also discussed reports on the validity of the non-competition clause for members of the Supervisory Board, and took note of the Management Board's response to remuneration under the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities. At the end of the year, the HR Committee discussed the proposal of criteria for the remuneration of the Management Board for 2021, which was submitted to the Supervisory Board for approval.

### 5.3.3 Business Operations Committee

In 2020, the Business Operations Committee met at seven meetings. It was composed of Andraž Lipolt (Chair) and members Milan Jelenc, Rado Antolovič, Tamara Kozlovič, Mladen Jovičić, and Rok Parovel until 28 February 2020. The Committee monitored the implementation of the investment plan and the status of projects with a special focus on key projects of extending Pier I, constructing a parking garage and a new Bertoki entrance, acquiring additional land for car storage, and implementing information support. It monitored measures to increase productivity, reviewed regular reports on occupational safety and health and fire safety, and was briefed on various feasibility studies on investments, Port Regulations, reports on the implementation of the projects, particularly in IT, and other reports prepared by the Management Board. In 2020, the Business Operations Committee paid special attention to monitoring the achievement of planned results, both of the parent company and its subsidiaries, in comparison with the competition and in relation to the measures taken by the Management Board to manage the consequences of the COVID-19 epidemic. It actively co-shaped the Business Plan and Investment Plan for 2021, which it proposed to the Supervisory Board for approval at the end of the year. The Business Operations Committee also closely monitored the implementation of the public port infrastructure routine and major maintenance plan. It submitted recommendations in respect of efficient management of investments to the Management Board, and was briefed regularly on the Company's business targets and the use of funds for performing the public utility service, the operation of individual profit centres of the Company and relations with its subsidiaries.

**Table 7: Meetings of the Supervisory Board and its committees in 2020 and absence of members**

Meeting No	Date of the meeting	Absent members
<b>Supervisory Board meetings</b>		
26th ordinary meeting	27 March 2020	/
27th ordinary meeting	24 April 2020	/
28th ordinary meeting	29 May 2020	/
29th ordinary meeting	11 June 2020	/
30th ordinary meeting	25 August 2020	Andraž Lipolt
31st ordinary meeting	6 November 2020	/
32nd ordinary meeting	27 November 2020	Rado Antolovič
33rd ordinary meeting	11 December 2020	/
5th meeting by correspondence	28 February 2020	/
6th meeting by correspondence	19 June 2020	/
<b>HR Committee meetings</b>		

17th ordinary meeting	9 March 2020	/
18th ordinary meeting	22 April 2020	/
19th ordinary meeting	29 May 2020	/
20th ordinary meeting	25 August 2020	/
21st ordinary meeting	27 November 2020	/
22nd ordinary meeting	11 December 2020	/

#### **Business      Operations      Committee meetings**

17th ordinary meeting	13 February 2020	Rado Antolovič
18th ordinary meeting	22 March 2020	/
19th ordinary meeting	20 May 2020	/
20th ordinary meeting	21 August 2020	/
21st ordinary meeting	1 September 2020	/
22nd ordinary meeting	23 October 2020	/
23rd ordinary meeting	19 November 2020	/

#### **Audit Committee meetings**

30th ordinary meeting	30 January 2020	Tamara Kozlovič
31st ordinary meeting	9 March 2020	Tamara Kozlovič
32nd ordinary meeting	26 March 2020	/
33rd ordinary meeting	9 April 2020	/
34th ordinary meeting	23 April 2020	/
35th ordinary meeting	28 May 2020	/
36th ordinary meeting	25 August 2020	/
37th ordinary meeting	25 September 2020	/
38th ordinary meeting	6 November 2020	/
39th ordinary meeting	26 November 2020	/
40th ordinary meeting	10 December 2020	/
6th meeting by correspondence	14 May 2020	/

### **5.3.4      Assessment of the Supervisory Board's work**

The Supervisory Board assesses its composition as excellent in terms of professional competences, and its functioning as effective and in accordance with the recommended practice. The Supervisory Board functions excellently, its members being top experts in their fields. Although there are occasional different views in relations between the representatives of shareholders and employees, they function well as a whole and do not compromise performance. Management of the conflicts of interest between the members of the Supervisory Board effectively protects the interests of the company.

Committees were devising decisions to be adopted by the Supervisory Board; the work included all members of the Supervisory Board who participated in the discussions actively and exchanged opinions effectively. All members of the Supervisory Board, including employee representatives, signed statements on their independence and declared themselves independent. The materials discussed by the Supervisory Board were of high quality. In general, the trend of quality of materials has been increasing.

### **5.3.5      Costs of the Supervisory Board's work**

Payments to individual members of the Supervisory Board and to members of committees of the Supervisory Board, and other receipts and operating costs based on the General Meeting decision No 4 of 29 December 2017 are presented in more detail in the accounting report, Note 31: Related party transactions. In 2020, education costs for the members of the Supervisory Board totalled EUR 3,614.

### 5.3.6 Adoption of the Annual Report and the view on the auditor's report

The 2020 Annual Report of the Company and Luka Koper Group was audited by the audit company BDO Revizija, d. o. o., which issued an opinion on the financial statements. At its 44th regular meeting of 21 April 2021, the Audit Committee of the Supervisory Board established that the Annual report was prepared in a timely manner, and is compiled clearly, transparently and in accordance with the provisions of the Companies Act, the applicable International Financial Reporting Standards as adopted by the EU and other relevant legislation. The Audit Committee had no objections to the 2020 Annual report of the Company and the Luka Koper Group and thus proposed to the Supervisory Board that they approve it in compliance with Article 282 of the Companies Act. Based on the auditor's opinion, the position of the Supervisory Board's Audit Committee, and data and disclosures in the 2020 Annual Report, the Supervisory Board estimates that the auditor performed his work independently and professionally, in accordance with applicable legislation and business practice, that the Annual Report is prepared in accordance with the requirements of the Companies Act in all material respects, and that the financial statements in all material respects fairly represent the financial position of the Company and the Luka Koper Group as at 31 December 2020 and their profit and loss and cash flows for the year ended in accordance with International Financial Reporting Standards as adopted by the EU. The Supervisory Board had no objections to the auditor's report. In addition, the Supervisory Board has no objections to the 2020 Annual Report of the Company and the Luka Koper Group, which would in any way delay it in reaching a decision approving it. Therefore, in accordance with Article 282 (3) of the Companies Act, the Supervisory Board approved the 2020 Annual Report of the Company and the Luka Koper Group at its 35th meeting on 23 April 2021.

At the time of adoption of the annual report, the Supervisory Board also took a stand on the Corporate Governance Statement and on compliance with the reference code, which is included in the business report of the 2020 Annual Report of Luka Koper, d.d. and the Luka Koper Group, and established that it reflects the actual corporate governance of Luka Koper, d. d. and Luka Koper Group in 2020.



Uroš Ilić

Chair of the Supervisory Board of Luka Koper, d. d.

# BUSINESS REPORT

## 6 Corporate Governance Statement

In line with the provision of Article 70 (5) of the Companies Act, Luka Koper, d. d. issues the following Corporate Governance Statement relating to the period from 1 January 2020 to 31 December 2020.

### 6.1 Codes and Management Practice

In the period from 1 January to 31 December 2020, the company observed the Slovene Corporate Governance Code for Listed Companies of 27 October 2016, which was drawn and adopted jointly by the Ljubljana Stock Exchange (Ljubljanska borza, d. d.), Ljubljana, and the Slovenian Directors' Association, and put into force on 1 January 2017. The code is available on the Ljubljana Stock Exchange website <http://www.ljse.si/cqi-bin/jve.cgi?doc=8377>.

In the period from 1 January to 31 December 2020, the company also observed The Corporate Governance Code for State-Owned Enterprises (adopted in November 2019) which is available on the Slovenian Sovereign Holding (SDH) website [Key SSH Asset Management Documents](#). In addition, the company observed the Recommendations and expectations of the Slovenian Sovereign Holding (adopted in August 2020), which are available on the Slovenian Sovereign Holding website [Key SSH Asset Management Documents](#). The company adopted no corporate governance of its own. The governance is carried out in compliance with the provisions of the Companies Act, and the codes and recommendations mentioned above.

On 20 April 2010, the Management Board adopted the Corporate Governance Policy that the Supervisory Board approved on 13 May 2010. In 2020, the company prepared a new corporate governance policy that the Management Board adopted on 17 August 2020 and the Supervisory Board approved on xx 2020, and is available on the company's website <https://luka-kp.si/eng/corporate-documents>.

In its corporate governance, the company voluntarily decided to apply the Slovenian corporate integrity guidelines, which are available on the website <https://www.luka-kp.si/slo/pomembni-dokumenti-208>, and based on which it adopted its own Corporate Integrity Strategy of the Luka Koper Group companies and the Code of Ethics of the Luka Koper Group, which are available on the company's website <https://luka-kp.si/eng/corporate-documents>. The Code of Ethics of the Luka Koper Group companies was updated on 1 October 2019 and is available on the Company's website at <https://luka-kp.si/eng/corporate-documents>. On 8 October 2019, the company also adopted the new Rules of Procedure for the Corporate Integrity Officer and the Corporate Integrity Violations Committee of the Luka Koper Group, and on 19 May 2020, new Rules of Procedure for the Operations Compliance Officer.

#### 6.1.1 Governance of Luka Koper, d. d.

In governance, the Company observes the provisions of applicable codes. Any major derogation is stated and/or explained below.

- The company does not invite institutional investors and the state to make the public aware of their management policy with a call that is an integral part of the General Meeting. The company does not do this because it has developed its own system of communication with shareholders and institutional investors, i.e. the state, and considered that through their communication with the public the latter display their corporate governance policies. When convening the General Meeting, the company does not specifically invite the state and the Slovenian State Holding, d. d., to explain their corporate governance policy, since the Holding's website includes the Annual Asset Management Plan for majority state-owned companies, which also includes Luka Koper, d. d. The plan shows clear positions of the Slovenian State Holding, d. d., and the state regarding the management of Luka Koper, d. d., including the results they expect from Luka Koper, d. d. For this reason, the Company will not be following this recommendation in the future. (Derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 6.2.)

- The Company's shareholders do not decide on the remuneration policy of the Management Board at the proposal of the Supervisory Board, since the remuneration of the Management Board follows the provisions of the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities. With regard to the remuneration of the Management Board of the Company and its subsidiaries, in 2020 the Management Board adopted the Remuneration Policy for members of the Management Board and managers of its subsidiaries. This policy takes into account the provisions of the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities and codes, which the company respects and which have been approved by the Company's Supervisory Board (Derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 8.7.)
- The members of the Supervisory Board - employee representatives have no university degree. Employee representatives of the Supervisory Board are appointed by the Works Council, over which the Company's General Meeting has no influence. Similarly, the Worker Participation in Management Act, which is the basis for appointing members of the Supervisory Board - employee representatives, does not prescribe the level of education for Supervisory Board members who are employee representatives. For this reason, there is no basis to guarantee that all members of the Supervisory Board will have a university degree in the future. (Partial derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 10.1.)
- The Rules of Procedure of the Supervisory Board specify the time limits within which the Management Board must refer individual matters to the Supervisory Board, whereas the content of reporting (including regular reporting) to be taken into account by the Management Board is set out in the document entitled Reporting System. This method allows for appropriate communication of information and reporting to the Supervisory Board. (Partial derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 12.3.)
- The Supervisory Board does not consider once a year the report of the Works Council on the status of workers' participation in management, since it does not receive the said report from the Works Council. (Derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 12.4.)
- The company does not have a succession policy in place to ensure a smooth transfer of management entitlements in the event of termination of the term of office of members of the management. The mentioned policy is being devised and will be completed in 2021. (Derogation from the Corporate Governance Code for State-Owned Enterprises, Item 6.2.)
- The Supervisory Board does not have a specific training scheme because the training priorities are set by each member of the Supervisory Board individually. (Derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 13.1.)
- One external member is appointed to the Nomination Committee based on a nomination by Slovenian Sovereign Holding, but there is no external expert appointed as selected by the Supervisory Board on SSH's proposal as the Company received no such proposal (Partial derogation from the Corporate Governance Code for State-Owned Enterprises, Item 6.9.2).
- When setting up an individual commission, the Supervisory Board does not directly determine its task by decision or in the rules of procedure. The tasks of a committee are evident from the discussion of the Supervisory Board at its establishment. (Partial derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 18.2.)
- The members of the Supervisory Board are charged for the credit rating for the liability insurance of company bodies and executives, which is the only credit rating they are entitled to. Regarding the liability insurance of the members of the Supervisory Board, there is a uniform system for all members of the management and supervisory bodies of the company, which will not be changed in the future. (Derogation from the Corporate Governance Code for State-Owned Enterprises, Item 6.10.3.)
- Chairperson of the Supervisory Board is also the Chairperson of the HR Committee of the Supervisory Board. Prior to his appointment to the post of Chairperson of the Supervisory Board, the Chairperson of the Supervisory Board was the Chairperson of the Supervisory Board's HR Committee. (Derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 15.3, and derogation from the Corporate Governance Code for State-Owned Enterprises, Item 6.16.1.)
- The Audit Committee of the Company's Supervisory Board meets quarterly, but there are more than eight meetings per year. (Partial derogation from the Corporate Governance Code for State-Owned Enterprises, Item 6.14.2.)
- The company has an established a system of internal controls, which, does not yet allow comprehensive risk management; however, it is being constantly improved. (Derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 9.2, and from the Corporate Governance Code for State-Owned Enterprises, Item 26.)
- The Company's Code of Ethics does not contain detailed content relating to the example of management, employees, labour rights, attitudes towards officials and control and sanctions. The Code of Ethics

discusses various issues, which are constantly updated by the Company. [Partial derogation from the Corporate Governance Code for State-Owned Enterprises, Item 10.1.1.]

- The Company does not publish the rules of procedure of its bodies, i.e. the management, control and assembly bodies, on its web pages. [Partial derogation from the Slovenian Corporate Governance Code for Listed Companies, Item 29.9.]

#### **6.1.2 Corporate integrity**

Corporate integrity is reported in detail in section 21 Corporate integrity, human rights and operations compliance.

#### **6.1.3 Risk control system**

Risk is reported in detail in section 12 Risk Management.

### **6.2 Internal controls and risk management related to financial reporting**

The Luka Koper Group manages risk related to financial reporting and the implementation of adopted guidelines and internal control procedures. The purpose of internal controls is to ensure the accuracy, reliability and completeness of acquiring data on transactions and preparation of financial statements that give a true and fair view of the financial position, profit or loss, cash flows and changes in equity in accordance with the applicable laws, International Accounting Standards and other external and internal regulations. Risk management related to the Group's consolidated financial statements has also been provided through a centralised accounting function in a uniform IT system in the controlling company, which includes all the subsidiaries and the majority of associated companies.

Having been designed in accordance with the principle of reality and division of responsibility, the accounting controls focus on the control of accuracy and completeness of data processing, reconciliation of the balance presented in the books of account and the actual balance, separation of records from conducting transactions, professionalism of accountants and independence. Internal controls in accounting are also related to controls in the field of IT that ensure limitations and supervision over the access to the network, data and applications as well as the accuracy and completeness of data acquisition and processing.

### **6.3 Data pursuant to article 70 (6) of the Companies Act**

Luka Koper, d. d. as a company subject to the application of the act regulating acquisitions, states in line with the provision of Article 70 (6) of the Companies Act data as at 31 December 2020 and all the required explanations:

#### **6.3.1 Structure of the Company's share capital**

The Company shares are ordinary no-par value shares that grant to their holders the right to participate in the company management, the right to profit sharing – dividend payments, and the right to a proportionate amount of remaining assets after winding up or bankruptcy of the company. All the shares are registered shares, of one class and issued in book-entry form. The Company shares are freely transferable and listed on the Ljubljana Stock Exchange, first listing. Detailed data about the share and ownership structure is presented in Section 15 The LKPG Share.

#### **6.3.2 Share transfer limitations**

All Company shares are freely transferable.

#### **6.3.3 Qualified shares pursuant to the Takeovers Act**

Pursuant to Article 77 (1) of the Takeovers Act, achievement of the qualified share on 31 December 2020 was as follows:

- the Republic of Slovenia held 7,140,000 shares issued by Luka Koper, d. d., which accounted for 51.00% of the initial capital of the issuer of the shares, and
- Slovenian Sovereign Holding (Slovenski državni holding, d. d.) held 1,557,857 shares issued by Luka Koper, d. d., which accounted for 11.13% of the initial capital of the issuer of the shares.



#### **6.3.4 Holders of securities granting special control rights**

The company issued no securities that would grant special control rights.

#### **6.3.5 Employee share scheme**

The company has no employee share scheme.

#### **6.3.6 Limitation of voting rights**

There is no limitation of voting rights.

#### **6.3.7 Agreements among shareholders that may result in limitation of share transfer or voting rights**

The company has not been informed of any such agreements.

#### **6.3.8 The Company's rules on appointments or replacements of members of management and supervisory bodies**

The Management Board of the company has a President and up to three members, of which one is the Worker Director. The President of the Management Board and other Management Board Members are appointed and dismissed by the Supervisory Board. The Worker Director as a Member of the Management Board is appointed and dismissed by the Supervisory Board on a proposal of the Works Council. The term of office of the President of the Management Board, Management Board Members and the Worker Director is five years with the possibility of re-appointment. The Supervisory Board has the right and competence to dismiss the entire Management Board or an individual Member of the Management Board.

The Supervisory Board can dismiss the President of the Management Board, Members of the Management Board and the Worker Director early for the reasons set out in the law. The quorum of the Supervisory Board when appointing or dismissing the President of the Management Board, a Member of the Management Board or the Worker Director requires the presence of at least half of the Members of the Supervisory Board and at least half of the present Supervisory Board Members have to be representatives of the capital, of which the Chair of the Supervisory Board and deputy Chair of the Supervisory Board are to be present as well.

The President and Members of the Management Board shall have at least university education, a thorough knowledge of one world language, and at least five years of work experience in decision-making positions in large companies in accordance with the criteria as defined by the law governing companies. More detailed conditions and criteria for the President and Members of the Management Board are determined by the Supervisory Board. The terms of appointment of the Worker Director are jointly determined by the Supervisory Board and the Works Council.

The HR Committee operates under the Supervisory Board, carrying out preliminary procedures relating to the selection of candidates for the Management Board of the company and proposing the most suitable candidates for the Management Board Members to the Supervisory Board. Before submitting the proposal, the Committee verifies whether the candidates suggested meet the legal and statutory criteria for the Members of the Management Board.

The Supervisory Board of the company consists of nine members, of which six are elected by the General Meeting by a simple majority of the shareholders present and three members are elected by the Works Council. One of six Supervisory Board members can be proposed to the General Meeting by the municipality or municipalities in which the onshore part of the port area is located. The General Meeting establishes with a decision the election and discharge of the members of the Supervisory Board elected by the Works Council. The decision on an early discharge of Members of the Supervisory Board has to be taken by a three-quarters majority of the votes submitted in the General Meeting. Members of the Supervisory Board elected out of the employees can be discharged before the expiry of their term of office by the Works Council. The General Meeting only establishes their discharge with a decision. After expiry of their term of office, each elected Member of the Supervisory Board may be proposed and re-appointed as a Member of the Supervisory Board.

In 2020, the Management and the Supervisory Boards formulated and adopted a diversity policy with respect to representation in management and control bodies of the company as defined by the Companies Act and the Slovenian Corporate Governance Code for Public Limited Companies adopted on 27 October 2016, which entered



into force on 1 January 2017. The Company has thus pursued the objective of diversity with respect to representation in management and control bodies.

### **6.3.9 The Company's rules concerning changes in the articles of association**

The General Meeting of Shareholders decides on the changes in the articles of association with a three-quarters majority of the initial capital represented.

### **6.3.10 Powers of Members of the Management Board, in particular with regard to own shares**

Powers of Members of the Management Board are defined in the Section 6.7 Company Management. The Management Board has no special powers relating to the issue or purchase of own shares.

### **6.3.11 Relevant agreements that are put into effect, changed or terminated on the basis of a change in the company's control as a result of a public takeover offer**

The company has not been informed of any such agreements.

### **6.3.12 Agreements between the Company and the members of its management or control bodies or employees that foresee compensation if they resign, are dismissed without valid grounds or their employment contract expires because of an offer made in compliance with the Takeovers Act**

There have been no agreements in accordance with the Takeovers Act.

## **6.4 Management system**

Luka Koper, d. d. operates under a two-tier management system, under which the Company has three management bodies: the General Meeting of Shareholders, the Supervisory Board, and the Management Board. The competencies of individual bodies and the rules on their operation, appointment, discharge and changes to the articles of association and Company's internal regulations related to the work of these bodies are laid down in the Companies Act, the Company's articles of association, and the Rules of Procedure on the Work of the Supervisory Board, the Management Board and the General Meeting of Shareholders. Specific provisions on the operation of the Management Board are also stated in other general acts on internal company regulation. The Company's articles of association are available at <https://luka-kp.si/eng/corporate-documents>.

## **6.5 General Meeting of Shareholders**

The General Meeting of Shareholders is the highest body of the Company, deciding on its status changes, appropriation of the profit, the appointment or discharge of Members of the Supervisory Board and all other issues. It makes decisions in accordance with the Companies Act and the Articles of Association of Luka Koper, d. d. The ownership structure of Luka Koper, d. d. is presented in Section 15, The LKPG Share.

### **6.5.1 Convening the General Meeting of Shareholders**

The Management Board shall convene the General Meeting of Shareholders once a year as a general rule, or several times, if necessary. The convening of the General Meeting of Shareholders is announced at least one month in advance on the AJ PES website, in the SEO-net electronic system of the Ljubljana Stock Exchange, and on the Company's website. The Company's website <https://luka-kp.si/eng/general-assembly> includes all the material with the proposals for decisions, which is also made available to shareholders at the Company's head office. In compliance with the rules of the Ljubljana Stock Exchange, all decisions taken at the General Meeting of Shareholders are also published.

### **6.5.2 Participation and voting rights**

Shareholders may take part in the General Meeting and exercise their voting right if their presence is reported to the Management Board by the end of the fourth day prior to the General Meeting and if shares or a share certificate are submitted for inspection.

The company has no limitations relating to the voting rights, as all shares of Luka Koper, d. d. provide voting rights in line with the legislation.

Luka Koper, d. d. has issued no securities that would grant their holders any special control rights.

### 6.5.3 Decisions of the General Meeting of Shareholders

On 26 August 2020, the shareholders of Company Luka Koper, d. d., gathered for the 33rd General Meeting. At the meeting, the shareholders:

- Adopted a decision on the proposal for the appropriation of the accumulated profit for 2019, which amounted to EUR 30,013,663.97:
  - o A portion in the amount of EUR 14,980,000.00 is to be used for dividend pay-out in the gross value of EUR 1,07 per ordinary share,
  - o The residual amount of accumulated profit in the amount of EUR 15,033,663.97 to remain unappropriated.
- Granted discharge for the year 2019 to the Management Board and Members of the Supervisory Board,
- Adopted amendments and supplements to the Articles of Association of the Company.

## 6.6 Supervisory Board of Luka Koper, d. d.<sup>57</sup>

The Supervisory Board oversees the running of the Company's business. Other tasks and powers of the Board, in accordance with the law and the Company's articles of association, are: appointing and dismissing the Management Board, determining the amount of Management Board's remuneration, approving the annual report, preparing proposals for the appropriation of the accumulated profit, and convening the General Meeting of Shareholders.

### 6.6.1 Composition of the Supervisory Board

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 by the Works Council. The Board members' term of office is four years.

#### 6.6.2 Composition of the Supervisory Board of Luka Koper, d. d. as at 31 December 2020:

##### 6.6.2.1 Representatives of shareholders:

Uroš Ilić, Chair of the Supervisory Board

Beginning of a 4-year term of office: 1 July 2017 (28th General Meeting)

Employed: ODI o.p., d. o. o., Managing Partner

Membership in other management or supervisory bodies: /

Andraž Lipolt, Deputy Chair of the Supervisory Board

Beginning of a 4-year term of office: 1 July 2017 (28th General Meeting)

Employed: /

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)

Employed: P&O Maritime (DP World), President of the Management Board

Membership in other management or supervisory bodies: P&O Ports, CEO; Dubai Dry Dock World, Member of the Supervisory Board

Milan Jelenc, Member of the Supervisory Board

Beginning of a 4-year term of office: 1 July 2017 (28th General Meeting)

Employed: /

Membership in other management or supervisory bodies: Adriakombi, d. o. o., Chairman 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)

Employed: Constantia Primia, d. o. o., Managing Partner

<sup>57</sup> GRI GS 102-22, 405-1

Membership in other management or supervisory bodies: Barnos, d.o.o., Managing Director, Shramba, d.o.o., Managing Director

Tamara Kozlovič, Member of the Supervisory Board

Beginning of a 4-year term of office: 22 August 2019 (32nd General Meeting)

Employed: Municipality of Koper, Director of municipal administration

Membership in other management or supervisory bodies: Rižanski vodovod Koper, d. o. o., member of the General Meeting

#### 6.6.2.2 Representatives of employees:

Mladen Jovičić, Member of the Supervisory Board

Beginning of a 4-year term of office: 8 April 2017 (28th General Meeting – informing the shareholders)

Mehrudin Vuković, Member of the Supervisory Board

Beginning of a 4-year term of office: 19 January 2020 (33th General Meeting – informing the shareholders)

By the resolution of the Company's Works Council of 8 January 2020, Mehruđin Vuković was elected a Member of the Supervisory Board for a four-year term, which began on 19 January 2020, replacing Marko Grabljevec, a member of the Supervisory Board whose term expired on 18 January 2020.

Rok Parovel, Member of the Supervisory Board

Beginning of a 4-year term of office: 13 September 2020 (28th General Meeting – informing the shareholders)

#### 6.6.2.3 External Member of the Audit Committee of the Supervisory Board

Mateja Treven, External Member of the Audit Committee of the Supervisory Board

Appointed for the period from 22 February 2019 until revoked.

#### Diversity of members of the Supervisory Board by gender

31 Dec 2020	Man	Women	Total
Number of members	7	2	9
<b>Share</b>	<b>78%</b>	<b>22%</b>	<b>100%</b>

#### Diversity of members of the Supervisory Board by age

31 Dec 2019	Under 30	30 to 50	50 and over	Total
Number of members	0	5	4	9
<b>Share</b>	<b>0%</b>	<b>44%</b>	<b>56%</b>	<b>100%</b>

#### 6.6.3 Changes in the composition of the Supervisory Board Audit Committee

As at 28 February 2020, the Supervisory Board of Luka Koper, d. d. appointed a new member of the Audit Committee of the Supervisory Board, Rok Parovel, to replace the previous member of the Audit Committee of the Supervisory Board, Marko Grabljevec, whose term as a Member of the Supervisory Board expired on 18 January 2020.

#### 6.6.4 Changes in the composition of the Supervisory Board HR Committee

As at 28 February 2020, the Supervisory Board of Luka Koper, d. d. appointed a new member of the HR Committee of the Supervisory Board, Mehruđin Vuković, to replace the previous member of the HR Committee of the Supervisory Board, Rok Parovel.

#### 6.6.5 Changes in the composition of the Supervisory Board Business Operations Committee

As at 28 February 2020, the Supervisory Board of Luka Koper, d. d. dismissed a current member of the Business Operations Committee of the Supervisory Board, Rok Parovel.

### **6.6.6 Changes in the composition of the Supervisory Board**

On 18 January 2020 the term of office of Marko Grabljevec, a Member of the Supervisory Board - employee representative - expired. On 19 January 2020, the Works Council appointed Mehrudin Vuković to replace him as a Member of the Supervisory Board - employee representative - for a term of 4 years.

### **6.6.7 Details of the composition of the Supervisory Board**

All details pertaining to members of the Supervisory Board and its composition and the composition of the committees of the Supervisory Board are listed in the tables prepared in accordance with Annexes C.2 of the Slovene Corporate Governance Code for Listed Companies and 5.2 of the Corporate Governance Code for State-Owned Enterprises, entitled Composition of the Supervisory Board and Committees in the financial year 2020, which are an integral part of this Corporate Governance Statement.

### **6.6.8 Supervisory Board's work**

The work of the Supervisory Board is governed by statutory regulations, Company's articles of association and the Rules of Procedure on the Work of the Supervisory Board, the Slovene Corporate Governance Code for Listed Companies, Corporate Governance Code for State-Owned Enterprises, Recommendations and expectation of the Slovenian Sovereign Holding and Recommendations of the Slovenian Directors' Association.

In 2020, the Supervisory Board worked in the above composition. Work, decisions, and viewpoints of the Supervisory Board and the Committees of the Supervisory Board are reported in detail in section 5, Report of the Supervisory Board for 2020.

Each Member of the Supervisory Board, taking into account the provisions of the Slovene Corporate Governance Code for Listed Companies and Corporate Governance Code for State-Owned Enterprises, signed a declaration in 2020 stating that in the year 2020 there was no conflict of interest that would imply that an individual member:

- Was executive director or member of the management board of the Company or an associated company or had occupied such a position in the previous five years,
- Worked for the Company or an associated company and had occupied such a position in the previous three years,
- Received significant additional remuneration from the Company or an associated company except for the fee received as a Member of the Supervisory Board
- Was the majority shareholder and represented the majority shareholder/majority shareholders,
- Had important business contacts with the Company or an associated company in the last year, either directly as a partner, shareholder, managing director or manager in a body,
- Is or has been within the last three years, a partner or employee of the present or former external auditor of the Company or an associated company;
- Was executive director or member of the management board of another company, of which the executive director or member of the management board was a member of the supervisory board, or was in any way related to the executive director or members of the management board through cooperation in other companies or bodies,
- Was a member of the Supervisory Board for more than three terms of office (or over 12 years),
- Was a close family member of a member of the management board or of persons occupying positions referred to in items above,
- Was a member of the wider management board of an associated company,
- Participated in drawing up the proposed content of the Company's annual report.

Statements are also available at <https://luka-kp.si/slo/pomembni-dokumenti-208>.

### **6.6.9 Supervisory Board committees**

Three committees work on a regular basis under the Supervisory Board:

- HR Committee,
- Audit Committee,
- Business Operations Committee.

The committees carry out professional tasks in aid to the Supervisory Board.

In 2020, the HR Committee was composed of Uroš Ilić, (Chair), Barbara Nose (Member), Milan Jelenc (Member), and Rok Parovel (Member) until 28 February 2020, and since 28 February 2020 also of a new member, Mehrudin

Vuković, who was appointed as a member of the HR Committee by the Supervisory Board at its meeting of the same day.

In 2020, the Audit Committee was composed of Barbara Nose (Chair), Milan Jelenc (Member), Tamara Kozlovič (Member), Mateja Treven (External Member), and Marko Grabljevec (Member) until 18 January 2020, and from 28 January 2020 with a new member Rok Parovel. As at 18 January 2020, the term of office as a member of the Supervisory Board expired for Marko Grabljevec, a member of the Audit Committee of the Supervisory Board, as a result of which his membership in the Audit Committee also ended. On 28 February 2020, the Supervisory Board appointed Rok Parovel as a member of the Audit Committee at its meeting.

In 2020, the Business Operations Committee was composed of Andraž Lipolt (Chair), Rado Antolovič (Member), Milan Jelenc, (Member), Tamara Kozlovič (Member), Mladen Jovičić (Member) and Rok Parovel (Member). The latter's term of office in the Business Operations Committee expired on 28 February 2020 on the basis of a resolution of the Supervisory Board adopted at a meeting on the same day.

#### **6.6.10 Remuneration of the Supervisory Board**

Members of the Supervisory Board and of Committees of the Supervisory Board are entitled to attendance fees and payments for performing the functions. The amount of attendance fees and payments shall be determined by the General Meeting of Shareholders. Members of the Supervisory Board and of Committees of the Supervisory Board are also entitled to a refund of travel expenses and other arrival- and attendance-related expenses. Additional information on remuneration of the Supervisory Board and on related levels is given in the Accounting Report of Luka Koper d. d., Note 31 Related party transactions, and in the table taken from the Appendix C.4 of the Slovenian Corporate Governance Code, entitled Composition and the amount of remuneration of the supervisory board and committee members in the financial year 2020, in section 6.13 Appendix to the Corporate Governance Statement, which is an integral part of the Corporate Governance Statement. The information on the ownership of shares of Members of the Supervisory Board and its committees is given in section 15 The LKPG Share.

### **6.7 The Management Board of Luka Koper, d. d.<sup>58</sup>**

The work of the Management Board is governed by statutory regulations, the Company's articles of association and the Rules of Procedure on the Work of the Management Board, the Slovene Corporate Governance Code for Listed Companies, the Corporate Governance Code for State-Owned Enterprises, and Recommendations and Expectations of the Slovenian Sovereign Holding. Pursuant to the Companies Act and the Company's articles of association, the Management Board manages and represents the company.

#### **6.7.1 Composition of the Management Board**

As at 31 December 2020, the Management Board of Luka Koper, d. d. thus consisted of:

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

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<sup>58</sup> GRI GS 102-22, 405-1

### 6.7.2 Presentation of members of the Management Board of Luka Koper, d. d. as at 31 December 2020<sup>59</sup> :



#### Dimitrij Zadel

President of the Management Board



#### Metod Podkrižnik

Member of the Management Board

Dimitrij Zadel, born 29 September 1967, 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, he introduced important measures aimed at improving the performance of OMV companies in the Czech Republic and Slovakia. 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.

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.

<sup>59</sup> GRI GS 405-1



### **Irma Gubanec**

Member of the Management Board



### **Vojko Rotar**

Worker Director

Irma Gubanec, born 9 July 1968, completed her master's studies in business policy and organisation from 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, 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 channelling international trade flows. 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, photojournalist and web reporter for various 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 - Worker Director on 16 February 2018, following the decision of the company's Supervisory Board.

A Member of the Management Board has to disclose any conflict of interest to the Supervisory Board and inform other Members of the Management Board accordingly.



**Diversity of members of the Management Board by gender**

31 Dec 2020	Man	Women	Total
Number of members	3	1	4
<b>Share</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>

**Diversity of members of the Management Board by age**

31 Dec 2020	Under 30	30 to 50	50 and over	Total
Number of members	0	2	2	4
<b>Share</b>	<b>0%</b>	<b>50%</b>	<b>50%</b>	<b>100%</b>

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

**6.7.3 Details of the composition of the Management Board**

All details pertaining to members of the Management Board are listed in the table entitled Composition of the Management Board in the financial year 2020, which is an integral part of this Corporate Governance Statement and was prepared in accordance with Annexes C.1 of the Slovene Corporate Governance Code for Listed Companies and 5.1 of the Corporate Governance Code for State-Owned Enterprises.

**6.8 Management Board's work<sup>60</sup>**

The Management Board autonomously directs the operations of the Company in its best interests, and assumes sole responsibility for its actions. It works in accordance with regulations, the articles of association and the binding decisions of 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,
- Legal affairs,
- Public relations,
- Port security,
- Investments,
- Purchasing,
- Strategic development.

Tasks of a Member of the Management Board:

- PC General Cargo Terminal,
- PC Container Terminal,
- PC Car & RO-RO Terminal,
- PC Bulk and Liquid Cargo Terminal,
- PC Cruise Terminal,
- Operations Department,
- Sales 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 an equity participation or corporate rights

<sup>60</sup> GRI GS 102-23



Tasks of a Member of the Management Board – Worker Director:

- Representation of interests of the employees relating to personnel and social issues,
- Health protection and ecology,
- Monitoring of the 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 jointly:

- Internal Auditing,
- Corporate integrity,
- Operations compliance,
- Cooperation with the Secretary of the Supervisory Board.

#### **6.8.1 Remuneration of the Management Board**

Remuneration paid to Members of the Management Board consists of the fixed and variable components. They are determined in fixed-term management operation employment contracts for Members of the Management Board, in annexes to employment contracts and in decisions of the Supervisory Board. Concluded between individual Members of the Management Board and the Supervisory Board, employment contracts and annexes also specify refunds and benefits. When concluding contracts and annexes for Members of the Management Board, the Supervisory Board is represented by its Chair. The remuneration of the Management Board is reported in the Accounting Report of Luka Koper d. d., Note 31 Related party transactions, and in the table entitled Composition of the management board in the financial year 2019, which is an integral part of the Company's Corporate Governance Statemen and is taken from the Appendix C.3 of the Slovenian Corporate Governance Code. The ownership of shares is reported in section 15 The LKPG Share.

### **6.9 Management and governance of companies in the Luka Koper Group**

Luka Koper, d. d. has an established corporate governance system which includes the controlling company and 17 companies – from single-person limited companies to the companies with the share of less than 1%. Objectives in the field of financial investment management are defined in the Strategic Business Plan of the Company and the Group for the period 2020-2025. The Investment Management Strategy was adopted in 2018, under which financial investments are divided into two categories with respect to four key areas (integration in operations, maximization of flexibility and minimization of risk, financial aspect and other externalities):

- Strategic investments are investments in shares and stakes of the companies engaged in activities that are of importance for the future development and operation of the parent company, and contributing to risk control and increased added value. They are managed in accordance with the principle of the group operation.
- Non-strategic investments are investments in shares and stakes of the companies not engaged in activities that are of importance for the future development and operation of the parent company, and not contributing to risk control and increased added value. The aim is to maximise profit payment or bring about other positive impacts for the owner. They are managed in accordance with the principle of investment trust.

As the Investment Management Strategy has been adopted, guidelines for the decision-making and managing aspects of management of strategic investments were also set. The dividend policy follows the classification of an individual investment: when acting as a shareholder in non-strategic investments, we strive to achieve the objective of maximised profit payment, and when acting as a shareholder in strategic investments, we pursue the objective of a balanced profit payment under consideration of the investment-development company cycles.

**Table 8: Management and governance of subsidiaries in the Luka Koper Group as at 31 December 2020**

Company	Managing Director	Share of the controlling company in ownership (in %)
Luka Koper INPO, d. o. o.	Boris Kranjac	100.00
Adria Terminali, d. o. o.	Bojan Babič	100.00
Luka Koper Pristan, d. o. o.	Darko Grgič	100.00
Adria Investicije, d. o. o.	Boris Jerman	100.00
Logis-Nova, d. o. o.	Larisa Kocjančič	100.00
TOC, d. o. o.	Ankica Budan Hadžalič	68.13

### 6.10 Internal audit

The purpose of the internal audit is to carry out the function of internal auditing for the public limited company Luka Koper, d. d. and subsidiaries. This is an independent organisational unit subordinated in function to the Supervisory Board, and in organisation to the Management Board of the company. It operates independently and in accordance with the adopted fundamental charter, i.e. the Internal Audit Charter which is based on International Standards for the Professional Practice of Internal Auditing, the Code of Internal Audit Principles of the Slovenian Institute of Auditors, and Code of Ethics for Internal Auditors of the Slovenian Institute of Auditors. With its activities, the internal audit helps implement the objectives of the Company and the Group by systematically and methodically assessing and improving the efficiency of risk management, control of procedures and their management.

In 2020, the internal audit carried out internal audit engagements and other activities in accordance with the adopted annual plan of work. Of the planned internal audit engagements, eleven were carried out, and three were not due to objective reasons. In implementing the planned transactions, the risks identified in the preparation of the annual plan served as guidance, and were also supplemented in the phase of detailed observation of each audit area and initial risk assessment. The greater part of the assurance provision included verification whether internal controls have been devised appropriately and whether they function in accordance with pre-defined objectives and standards. Based on identified deficiencies, recommendations were made for their improvement.

In addition to the planned auditing, after-audit activities were performed monthly, their aim being to report promptly on the measures taken for a better management of risks. Most of the recommendations with the implementation date 2020 have been implemented.

The internal audit reported on each individual engagement to the management of the audited unit, the Company's Management Board and the Audit Committee of the Supervisory Board; and to the latter two, also reported on the implementation of internal audit recommendations. The internal audit reports to the Supervisory Board on an annual basis.

The development of internal audit has been implemented by means of a quality provision and improvement programme. Its purpose is to ensure to all the interested parties that operation of the internal control is in compliance with the applicable rules of the profession and that its operation is successful and efficient. An external audit of the internal audit operation quality that confirmed these facts was carried out in 2020. The quality of and improvement in the operation of internal audit is also ensured by internal assessment as well as monitoring and measuring the internal audit operation. In 2020, the achieved values of ratios for measuring the performance of internal audit were as planned.

### 6.11 External audit

At the 33th meeting of 26 August 2020, the General Meeting of Shareholders appointed the audit firm BDO Revizija, d. o. o., družba za revidiranje, Cesta v Mestni log 1, Ljubljana for the audit of the financial statements of Luka Koper, d. d. and the Luka Koper Group for the three-year period 2020–2020.

The costs of audit services performed for Luka Koper, d. d. and its subsidiaries are presented in the consolidated accounting report, Note 32: Transactions with the audit firm.



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



Metod Podkrižnik  
Member of the Luka Koper, d. d. Management Board



Irma Gubanec  
Member of the Luka Koper, d. d. Management Board



Vojko Rotar  
Member of the Luka Koper, d. d. Management Board - Worker Director

## 6.12 Appendix to the Corporate Governance Statement

### C.1: Composition of the Management Board for the Financial Year 2020

Name and surname	Function (Chair, Member)	Area of work in the Management Board	First appointment to office	Completion of function / mandate	Gender	Citizenship	Year of birth	Education	Professional profile	Membership in management or supervisory bodies of
Dimitrij Zadel	Chair	1 Management Board secretariat (adviser to the Board, Secretary of Bodies, Office of the Management Board), 2 Human resources, 3 Legal affairs, 4 Public relations, 5 Investments, 6 Port security, 7 Purchasing, 8 Strategic development, 9 Internal audit, 10 Corporate integrity, 11 Operations compliance, 12 Collaboration with the Secretary of the Supervisory Board	29.12.2017	ongoing	Man	Slovenian	1967	Level 7	University Graduate in Mechanical Engineering	none
Metod Podkrižnik	Member	1 PC General Cargo Terminal, 2 PC Container Terminal, 3 PC Car & RO-RO Terminal, 4 PC Bulk and Liquid Cargo Terminal, 5 PC Cruise Terminal, 6 Operations, 7 Sales, 8 Internal audit, 9 Corporate integrity, 10 Operations compliance, 11 Collaboration with the Secretary of the Supervisory Board	29.12.2017	ongoing	Man	Slovenian	1971	Level 8	University Graduate in Mechanical Engineering and Master's Degree in Economics	Member of the Supervisory Board in Petrol, d. d.
Irma Gubanec	Member	1 Finance and Accounting, 2 Controlling, 3 Management and development of business processes, 4 Entities in which Luka Koper, d. d., has an equity participation or corporate rights, 5 Internal audit, 6 Corporate integrity, 7 Operations compliance, 8 Collaboration with the Secretary of the Supervisory Board	29.12.2017	ongoing	Woman	Slovenian	1968	Level 8	Master's Degree in Economics	Member of the Supervisory Board in IEDC - Poslovna šola Bled, d. o. o.
Vojko Rotar	Member	employees relating to HR and social issues, 2 Health protection and ecology, 3 Monitoring observance and implementation of written agreements and participation in concluding agreements between employees and employers (participating agreement and other agreements), 4 Internal audit, 5 Corporate integrity, 6 Operations compliance, 7 Collaboration with the Secretary of the Supervisory Board.	16.02.2018	ongoing	Man	Slovenian	1976	Level 7	Bachelor of Economics	none

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
UROŠ ILIČ	Chair	01.07.2017	ongoing	representative of shareholders	10/1	Man	Slovenian	1976	Level 8	Master's Degree in Law	Yes	No	No
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	HR Committee			CHAIR	5/5								

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to the total number of Supervisory Board meetings	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Milan Jelenc	Member	01.07.2017	ongoing	representative of shareholders	10/11	Man	Slovenian	1949	Level 8	Master's Degree in Economics	Yes	No	Chairman of the Supervisory Board in Adriakombij, d. o. o.
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	BUSINESS OPERATIONS COMMITTEE / HR COMMITTEE / AUDIT COMMITTEE			MEMBER / MEMBER / MEMBER		5.7/7. 12/12							

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Barbara Nose	Member	1 Jul 2017	ongoing	representative of shareholders	10/1	Woman	Slovenian	1964	Level 7	University Graduate in Economics, Auditing Specialist	Yes	No	No
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	AUDIT COMMITTEE / HR COMMITTEE			CHAIR / MEMBER	12/12, 5/5								

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Andraž Lipolt	Deputy Chair	01.07.2017	ongoing	representative of shareholders	9/10	Man	Slovenian	1974	Level 8	University Graduate in Mechanical Engineering and	Yes	No	No
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	BUSINESS OPERATIONS COMMITTEE			CHAIR	7/7								

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Rado Antolovič	Member	07.10.2013	ongoing	representative of shareholders	9/10	Man	Slovenian	1959	Level 9	Doctor of Economic Sciences	Yes	No	Dubai Dry Dock World
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	BUSINESS OPERATIONS COMMITTEE			MEMBER	6/7								

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Tamara Kozlovič	Member	22.08.2019	ongoing	representative of shareholders	10/10	Woman	Slovenian	1978	Level 7	Master's Degree in Business Policy and Organisation	Yes	No	Rižanski vodovod Koper, d. o. o.
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	AUDIT COMMITTEE / BUSINESS OPERATIONS COMMITTEE			MEMBER / MEMBER		10/12, 7/7							

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to the total number of Supervisory Board meetings	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Mladen Jovičič	Member	8 Apr 2009	ongoing	representative of employees	10/10	Man	Slovenian	1969	Level 5	Electrical technician	Yes	No	No
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total								
	BUSINESS OPERATIONS COMMITTEE			MEMBER	7/7								

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to the total number of Supervisory Board meetings	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Rok Parovel	Member	12 Sep 2016	ongoing	representative of employees	10/10	Man	Slovenian	1987	Level 5	High school graduate	Yes	No	Member of the Supervisory Board in the Municipality of
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	HR COMMITTEE / BUSINESS OPERATIONS COMMITTEE			MEMBER / MEMBER (until 28 Feb)	0/0								

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to the total number of Supervisory Board meetings	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Mehrudin Vuković	Member	19 Jan 2020	ongoing	representative of employees	10/10	Man	Slovenian	12.04.1972	Level 7	Bachelor of Defence	Yes	No	No
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	HUMAN RESOURCES / AUDIT COMMISSION			MEMBER / MEMBER	5/5, 12/12								

Name and surname	Function (Chair, Deputy, SB Member)	First appointment to office	Completion of function / mandate	Representative of shareholders / employees	Attendance at Supervisory Board meetings proportional to the total number of Supervisory Board meetings	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under Article 23 of the Code (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in management or supervisory bodies of other companies
Marko Grabljevec	Member	18 Jan 2016	18.01.2020	representative of employees	0/0	Man	Slovenian	1966	Level 7	Bachelor of Defence	Yes	No	No
	Committee member (Audit, HR, Remuneration Committee, etc.)			Chair / Member	Attendance at committee meetings proportional to the total number of committee meetings								
	AUDIT COMMITTEE			MEMBER	0/0								

External committee member (Audit, HR, Remuneration Committee, etc.)													
Name and surname	Committee			Attendance at committee meetings proportional to the total number of committee meetings	Gender	Citizenship	Education	Year of birth	Professional profile	Membership in management or supervisory bodies of unrelated companies			
Mateja Treven	AUDIT COMMITTEE			12/12	Woman	Slovenian	Level 7	1972	Master's Degree in Economics	NLB Banka AD Skopje			

## C.3: Composition and Amount of Remuneration\* of Management Board Members in the Financial Year 2020

(in EUR)

Name and surname	Function (Chair, Member)	Fixed income - gross (1)	Variable income - gross			Deferred income (3) **	Severance pay (4)	Bonuses (5)	Bonus clawback (6)	Total Gross (1+2+3+4+5-6)	Total net ***
			based on quantitative criteria	based on qualitative criteria	Total (2)						
Dimitrij Zadel	President of the Management Board	166,208.27			16,841.53	45,001.93	0,00	1,157.66	0,00	229,209.39	97,942.53
Metod Podkrižnik	Member of the Management Board	149,310.34			15,029.07	40,343.34	0,00	8,013.40	0,00	212,696.15	80,612.36
Irma Gubanec	Member of the Management Board	149,781.44			15,063.92	40,392.72	0,00	2,586.39	0,00	207,824.47	86,584.18
Vojko Rotar	Member of the Management Board	133,570.33			13,452.68	32,217.88	0,00	3,854.84	0,00	183,095.73	76,399.53

\* for the purpose of this disclosure, it is not necessary to disclose travel, accommodation and subsistence expenses because they do not by their nature constitute payment to the Management Board.

\*\* deferred payment of the second half of the award under the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities on 18 July 2021 or at the end of the term, if the latter lasted more than two years

\*\*\* net salary, voluntary supplementary pension insurance, labour cost reimbursement and annual leave allowance

## C.4: Composition and Amount of Remuneration\* of Members of the Supervisory Board and its Committees in the Financial Year 2020

(in EUR)

Name and surname	Function (Chair, Deputy, Member, External Member of the Committee)	Performance fee - gross annual (1)	Supervisory Board and Committee attendance fees - gross annually (2)	Total gross (1 + 2)	Total net *	Travel expenses net
Uroš Ilić	Chair	25,582.05	3,294.50	28,876.55	20,952.10	11,51
Andraž Lipolt	Deputy Chair	20,032.05	3,745.50	23,777.55	17,347.64	115,53
Rado Antolovič	Member	18,093.75	3,439.70	21,533.45	15,599.92	0,00
Milan Jelenc	Member	21,562.50	6,792.50	28,355.00	20,660.06	98,81
Barbara Nose	Member	21,562.50	5,727.70	27,290.20	19,938.01	151,17
Tamara Kozlovič	Member	21,562.50	5,859.70	27,422.20	19,887.70	4,85
Mladen Jovičič	Member	18,093.75	4,020.50	22,114.25	16,022.34	0,00
Mehrudin Vuković	Member since 19 Jan 2020	15,201.99	3,019.50	18,221.49	13,199.21	0,00
Rok Parovel	Member	18,259.70	4,574.90	22,834.60	16,537.06	-9,17
Marko Grabljevec	Member until 18 Jan 2020	2,469.76	988.95	3,458.71	2,308.18	0,00
Mateja Treven	External member of the Committee since 18 Jan 2020	6,105.00	2,213.20	8,318.20	6,117.55	67,76

\* The amount that the company transfers to the individual's account as payment after the advance payment of personal income tax, which does not take into account any subsequent additional payments of personal income tax.



## C.1: Composition of Directors of Subsidiaries in the Financial Year 2020

Name and surname	Office (Director)	Area of work in the company	First appointment to office	End of office / term of office	Gender	Citizenship	Year of birth	Education	Professional profile	Membership in management or supervisory bodies of
Boris Kranjac	Managing Director	Luka Koper INPO, d. o. o.	01.07.2017	ongoing	Man	Slovenian	1958	Level 8	Master's Degree in Organizational Sciences	
Darko Grgič	Managing Director	Luka Koper Pristan, d. o. o.	01.01.2006	ongoing	Man	Slovenian	1961	Level 7	Specialisation in Management	
Aleš Miklavc	Managing Director	Adria Terminali, d. o. o.	01.10.2013	30.11.2020	Man	Slovenian	1973	Level 7	Specialisation in Traffic and Transport Studies	
Bojan Babič	Managing Director	Adria Terminali, d. o. o.	01.12.2020	ongoing	Man	Slovenian	1968	Level 7	Specialisation in Management	

## C.3: Composition and Amount of Remuneration\* of Directors in the Financial Year 2020

(in EUR)

Name and surname	Office (Director)	Fixed income - gross (1)	Variable income - gross			Deferred income (3) **	Severance pay (4)	Bonuses (5)	Bonus clawback (6)	Total Gross (1+2+3+4+5-6)	Total net ***
			based on quantitative criteria	based on qualitative criteria	Total (2)						
Boris Kranjac	Managing Director	117.391,28			12.378,28	12.378,28	0,00	0,00	0,00	142.147,84	69.569,56
Darko Grgič	Managing Director	58.524,16			5.217,91	0,00	0,00	0,00	0,00	63.742,07	46.567,81
Aleš Miklavc	Managing Director	97.358,72			9.897,38	1.650,32	0,00	5.130,00	0,00	114.036,42	56.007,96

\* for the purpose of this disclosure, it is not necessary to disclose travel, accommodation and subsistence expenses because they do not by their nature constitute payment to the management.

\*\* deferred payment of the second half of the award under the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities for two years or until the end of the term, if the latter lasted more than two years

\*\*\* net salary, voluntary supplementary pension insurance, labour cost reimbursement and annual leave allowance

## 7 Survey of relevant events, novelties and achievements in 2020

### JANUARY

- TheWorks Council of Luka Koper, d. d. elected Mehrudin Vuković as the new employee representative on the Company's Supervisory Board, as the term of his predecessor, Marko Grabljevec, had expired.
- The World Health Organization (WHO) declared the SARS-CoV-2 coronavirus (COVID-19) a global health threat. The spread of the disease also has an impact on international commodity flows.
- Luka Koper completed the construction of four railway tracks with a total length of 2,800 m, thereby gaining faster and more optimal train access for transshipment of vehicles.
- The Government of the Republic of Slovenia adopted a Decision on the implementation of changes and amendments to the national site plan for the second track of the Divača-Koper railway line, which will enable the construction of an additional track on the Divača-Koper section.
- Luka Koper published a call for sponsorships and donations in scope of the Living with the Port Fund in 2020.

### FEBRUARY

- The Port of Koper presented itself at the Cargo Show CTL-BHP 2020 transport logistics expo which was held in Mumbai, India.
- The Municipality of Koper published a call for proposals for the award of grants to the residents of Koper, who live in the immediate vicinity of the port and are most affected by its effects.
- The state purchased the 24,000 m<sup>2</sup> 5A plot just behind the fence of the port of Koper, which, according to the national spatial plan, is intended for the expansion of the port area.
- Luka Koper has prepared a protocol for dealing with infectious diseases and implemented a series of measures to protect employees from the coronavirus infection.
- Luka Koper was one of the finalists for the 2019 Zlata nit (Golden Thread) award, which was awarded to the best employer in Slovenia in 2019.

### MARCH

- The World Health Organization (WHO) declared the coronavirus disease a pandemic. The Slovenian government therefore adopted a series of restrictive measures and bans; however, being considered important strategic infrastructure, the port continued to operate smoothly.
- On the website of the Ljubljana Stock Exchange, SEOnet, Luka Koper informed the interested public about the situation and the measures taken during the COVID-19 pandemic.
- Due to the COVID-19 pandemic, shipowners cancelled the arrivals of passenger ships at least until the end of May 2020.
- Luka Koper published a call for tenders relating to the construction of the third entrance to the port (the so-called entrance at the Ankaran road), which will be intended primarily for trucks accessing the container terminal.
- Luka Koper published a Code of Conduct for suppliers to companies of the Luka Koper Group, which sets out the key standards that must be respected and implemented by every Luka Koper's supplier.
- Luka Koper was one of the first companies in Slovenia to receive the ISO 50001: 2018 standard for efficient energy management.

### APRIL

- The Port of Koper published the Port Regulations, i.e. rules to be followed by everyone moving in the port area.
- The Government of the Republic of Slovenia concluded a contract with the state-owned entity KOPP izobraževanje, on the basis of which the said company acquired the exclusive right to perform the public service of pilotage in the port of Koper.
- The Port of Koper was visited by the new Minister of Infrastructure, Jernej Vrtovec, who took over the operations in March 2020.

- In a public tender, the Port of Koper selected a contractor to extend the container terminal shoreline by 100 m.

## MAY

- The selection of a service provider for the construction of the operational shore and hinterland storage areas for the needs of the container terminal became final on 4 May 2020. The project of extending Pier I includes the construction of operational shoreline measuring 98.5 metres in length and 34.4 metres in width, and of support storage areas on the south side of the pier.
- Within the Horizon 2020 research and innovation programme, the European Commission will co-finance the implementation of the European development project 5G-LOGINNOV, which integrates 15 partners from several European countries, including Luka Koper, d. d., Telekom Slovenije and INTERNET INSTITUT, d. o. o. The 5G-LOGINNOV project focuses on the network of the next mobile generation 5G, mainly in terms of developing innovative solutions in the field of logistics within Industry 4.0.
- The first ship of the Ocean Alliance shipping alliance was moored at the container terminal, which will henceforth cover only three Adriatic ports as part of the AEM6 service: Koper, Trieste and Rijeka. Koper remains the first port of call on the route from Asia to the Adriatic, which means the most favourable transit time for containers in the import direction.
- The Ministry of Infrastructure listened to the initiative of the Luka Koper and The Slovenian Ship and Freight Agents Association and, as of 1 May 2020, halved the light dues.
- The Spirit public agency included Luka Koper on the list of 19 companies to promote the Slovenian economy in strategic export and investment markets as ambassadors. The promotion will run under the slogan I feel Slovenia. Green. Creative. Smart.
- Based on the intervention law, the Government of the Republic of Slovenia determined a list of 187 important investments to start-up the economy after the COVID-19 epidemic. The list includes 12 projects taking place in the port of Koper.
- Following a public tender procedure, Luka Koper selected a service provider for the construction of the third entrance to the port (the so-called entrance at the Ankaran road), which will be intended primarily for trucks accessing the container terminal.

## JUNE

- The Port of Koper launched a new RO-RO berth in the port Basin III, which is intended for the mooring of ships carrying cars.
- Luka Koper signed a contract with the selected service provider for the extension of Pier I and storage areas, which will be used for transshipment and storage of containers.
- Luka Koper started building the third truck entrance to the port, the entrance along the Ankaran road.
- From the company IPS Projekt, trgovina in storitve, d. o. o. Luka Koper received an action seeking the payment of EUR 20,718,373.01.

## JULY

- The first train with Jaguar Land Rover vehicles arrived at the Port of Koper from the assembly plant in Nitra.
- A monthly record was set in filling containers with paper.
- The EALING project, submitted by Luka Koper, received approval for EU co-financing. Within the project, Luka Koper will co-finance 50% of the project documents to establish a system for connecting ships to power supply while moored at the RO-RO berth in Basin III.
- Luka Koper published Luški vozli [i.e. the Port Knots], the magazine, in which presents its activities, achievements and challenges in the field of sustainable development for the third year in a row. It is intended for residents who live in the immediate vicinity of the port and feel its effects most severely, both in the municipalities of Koper and Ankaran.
- Having travelled from China for more than a month, the Happy Sky ship brought a new ship-to-shore crane for transshipment of coal and iron ore.
- TheWorks Council elected Rok Parovel as the employee representative on the Supervisory Board of Luka Koper, d. d.
- For greater fire safety in the port, a new, state-of-the-art fire truck was put into use in the Port of Koper.
- The Austrian railway operator SETG established a new railway service between the container terminal in the Port of Koper and the Wolfurt terminal in the Austrian federal state Vorarlberg.

## AUGUST

- Works have begun to extend Pier I in the port. The operational shoreline will be built in the first phase, set to finish by the end of March 2021. Works will continue on the construction of storage areas for containers and are expected to be completed in 2022.
- The shareholders of Luka Koper, d. d., gathered at the 33rd General Meeting. It was decided that:
  - o The distributable profit for 2019 in the amount of EUR 30,013,663.97 is used for the following purposes:
    - A portion in the amount of EUR 14,980,000 is to be used for dividend pay-out in the gross value of EUR 1.07 per ordinary share,
    - The residual amount of accumulated profit in the amount of EUR 15,033,663.97 is to remain unappropriated;
  - o The Management Board and the Supervisory Board are granted discharge for the financial year 2019;
  - o The audit of the financial statements of the Luka Koper Group and the company Luka Koper, d. d., for the years 2020, 2021 and 2022 is performed by the company BDO Revizija, d. o. o.;
  - o The remuneration of the members of the Supervisory Board as determined by the General Meeting on 28 December 2017, is to be reduced by 30 percent from 1 March 2020 to 31 May 2020 inclusive, when the Government of the Republic of Slovenia revoked the COVID-19 epidemic in the Republic of Slovenia; however, this does not apply to reimbursement.

## SEPTEMBER

- On 13 September 2020, Rok Parovel assumed his second consecutive term of office as the employee representative on the Supervisory Board of Luka Koper, d. d.
- The main finding of the study of the effects of port activity on the economy, which was devised and presented in the Chamber of Commerce and Industry of Slovenia, was that 1 euro of sales in port operations generates 3.3 euros in the economy.
- Nafta Strojna, Nautic Service Dvigal and Terberg Benschop were selected as the best suppliers in terms of investments, technical services and products in 2019.
- BMW, which also exports its cars via the port of Koper, has chosen the Port of Koper to shoot a global video to present its new car models.

## OCTOBER

- The Port of Koper hosted the ambassadors of the Visegrad Group, i.e. Poland, Hungary, Slovakia and the Czech Republic, which are among the most important hinterland markets of the Port of Koper.
- The last of the four new RMG bridge cranes began to be used at the container terminal for transhipment of containers to and from wagons.
- The Port of Koper received a new, state-of-the-art EffiShunter 1000 CZ Loko diesel-electric locomotive.
- Gašpar Gašpar Mišič lost his case against Luka Koper for being discharged early from the position of President of the Management Board of Luka Koper. The judgment of the court is final.
- A weekly record was reached on the railway section of the container terminal, as 180 container trains were loaded and unloaded.
- On 18 October 2020, the Government of the Republic of Slovenia re-declared the COVID-19 epidemic in the entire country.
- On 5 October 2020, the complete closure of the Karavanke railway tunnel began, which will last until 10 July 2021.

## NOVEMBER

- In cooperation with the carrier PKP Cargo Connect, the Maersk shipping company established a new regular railway connection between the container terminal of the Port of Koper and the container terminal Melnik in the Czech Republic.
- Three new reach stackers were taken over at the container terminal. These powerful machines can lift 45 tons of load up to five times the height of containers and are used mostly for moving full containers. Their characteristics are a modern and ergonomic cabin with several assistance systems and a state-of-the-art diesel drive that meets the latest environmental standards.
- Together with representatives of the port community, Luka Koper presented itself at an online meeting to the Paraguayan association of exporters, investors and shipowners.
- The Government of the Republic of Slovenia gave its consent to Luka Koper to implement the first phase of the project of constructing settling pits at the Ankaran Bonifika, planning the Ankaran peripheral

channel and constructing alternative habitats, and the consent to construct new berths on the southern coast of Pier II.

- In the area reserved for port activity according to the national spatial plan, the state purchased from the Ankaran municipality 109,239 m<sup>2</sup> of land, the so-called 6A and 7B pits, and an area of 3,000 m<sup>2</sup>, where a truck terminal will be located in the future.

## DECEMBER

- The Supervisory Board gave its consent to the business plan of the Company Luka Koper, d. d., and the Luka Koper Group for 2021.
- The Public Relations Society of Slovenia selected the project of the Port of Koper 'We take care of your cargo, you take care of your health' in the competition for the best practice of communicating COVID-19.
- Luka Koper marked the 50th anniversary of the internal publication Luški glasnik, which has been published monthly in printed form since 1970.

## 8 Relevant events after the end of the financial year

### JANUARY 2021

- The Management Board of Luka Koper, d. d. has adopted the Social Responsibility and Sustainable Development Strategy.

### FEBRUARY 2021

- At the end of February, the Government of the Republic of Slovenia adopted the 2021-2025 Port Development Programme for International Transport in Koper, thus giving the company the green light to carry out the investments covered by the program. The Programme is prepared as the conceptual design of the planned spatial and infrastructural development of the port, and includes investments in the existing and new port infrastructure, both inside and outside the concession area.
- On 24 February 2021, the management of Luka Koper, d. d. and the Luka Koper Crane Operators Union concluded an agreement to ensure two-year social stability of the Company.

### MARCH 2021

- Despite the aggravated situation due to the COVID-19 pandemic, Luka Koper, d. d. set a new monthly record in container throughput in March, when 97,101 TEU container units were transhipped. The previous monthly record was set in March 2018 in the amount of 92,300 TEU container units.
- On 31 March, the Government of the Republic of Slovenia amended the Decree on the administration of the freight port of Koper, port operations, and on granting concession for the administration, management, development and regular maintenance of its infrastructure, which entered into force in 2008. The change relates to the extension of the port's concession area by 36 hectares and includes, inter alia, the expansion in the hinterland of Pier II, where the construction of new storage areas for cars is envisaged on the 5a plot.
- In March 2021, the SIQ Slovenian Institute of Quality and Metrology verified the environmental management system and established that it meets the requirements of the Regulation (EC) No 1221/2009 (EMAS).

### APRIL 2021

- Work on two major investments was completed: a new entrance for trucks (the so-called Bertoki entrance) and a new parking garage.

## 9 Performance analysis

### 9.1 Performance of the Luka Koper Group

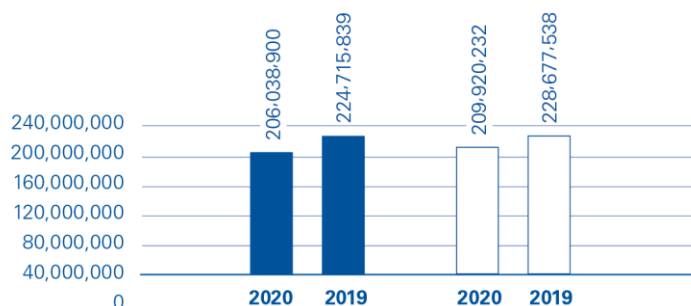
The Luka Koper Group operating results in 2020 were significantly affected by the outbreak of the COVID-19 pandemic, which affected the entire world economy, trade flows and logistics routes. Despite the fact that the Luka Koper Group managed the consequences of the pandemic well, in 2020, the port's maritime throughput decreased, and as a result, net sales revenues and net profit also decreased. The impact of the transition to the new business model of providing port services, which the Group began to implement gradually in 2019 and definitively by the end of the year, was reflected in the results of operations throughout 2020. In addition, the Luka Koper Group reduced operating expenses by 1% or EUR 1.6 million in 2020 compared to the previous year.

#### 9.1.1 Net sales of Luka Koper, d. d. and the Luka Koper Group

In 2020, net sales of the Luka Koper Group amounted to EUR 209.9 million, which was a decrease by 8% or EUR 18.8 million compared to 2019.

**Figure 16**  
Net sales revenue  
in EUR

■ Luka Koper, d. d.  
□ Luka Koper Group



Net sales revenues from market activity in the amount of EUR 203.6 million were lower by 8% or EUR 16.8 million than in 2019, while revenues from the provision of public utility services in the amount of EUR 6.3 million were lower by 24 percent or EUR 2 million than those achieved in the previous year.

#### 9.1.2 Capitalised own products and services

In 2020, capitalised own products and services amounted to EUR 0.1 million, which was an increase of 92 percent or EUR 68.1 thousand from 2019. Under the capitalised own products and services, in 2019 the Group recorded maintenance works on the infrastructure, which were mostly carried out by the subsidiary Luka Koper INPO, d. o. o.

#### 9.1.3 Other income

In 2020, other revenue of the Luka Koper Group amounted to EUR 10.2 million, which was an increase of 107% or EUR 5.3 million as compared to 2019. In 2020, other revenues that were due to reversal of provisions increased by EUR 3.1 million compared to 2019, whereas other revenues that were due to recognized revenues from written-off liabilities for the payment of pension fund and disability insurance contributions in accordance with the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic increased by EUR 2.2 million.

#### 9.1.4 Operating expenses

Operating expenses of the Luka Koper Group stood at EUR 186.8 million in 2020, which was a decrease of 1% or EUR 1.6 million from 2019. Costs of materials, services and other operating expenses decreased, while labour costs and depreciation costs increased.

In 2020, the costs of materials of the Luka Koper Group amounted to EUR 16.1 million, a 9% or EUR 1.6 million drop compared to 2019. Energy costs, especially motor fuel, and the costs of auxiliary materials and spare parts decreased the most.

The costs of services of the Luka Koper Group amounted to EUR 53.1 million in 2020, and went down by 3% or EUR 1.8 million compared to 2019. The costs of maintenance services, the costs of intellectual and personal services, the costs of reimbursing employees and the costs of fairs, advertising and representation decreased. Compared to

2019, the costs of port services increased, which is a consequence of the transition to a new business model of providing port services, due to which a larger number of agency workers were posted to the Port of Koper, which means higher costs compared to the previous system of providing port services. Due to the transition to a new business model of providing port services, the company Luka Koper, d. d., started cooperating with agencies in September 2019, and the full-year impact of the transition is disclosed in 2020. In 2020, the company Luka Koper, d. d., was increasing the number of agency employees until March, and decreasing it from March onwards. As at 31 December 2020, there were 304 posted agency workers in Luka Koper, d. d., which is equal to their number as at 31 December 2019.

Labour costs in 2020 amounted to EUR 78.7 million and were 2% or EUR 1.6 million higher than in 2019. Labour costs increased due to the increased number of employees and due to the payment of crisis allowances to employees in accordance with the provisions of the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy, whereas the write-off of contributions is included under other revenue. As at 31 December 2020, the Luka Koper Group had 1,698 employees, and as at 31 December 2019, it had 1,703, which means five fewer employees. However, the drop in the number of employees occurred only in the last quarter of 2020, and the average number of employees in 2020 is 6 percent higher than the average number of employees in 2019, which is due to the year-round impact of the new business model of providing port services in 2020. In October 2019, the company Luka Koper, d. d., finalised the recruitment of a larger number of employees.

The depreciation/amortisation expense of the Luka Koper Group amounted to EUR 28.3 million in 2020, and grew by 2% or EUR 523.8 thousand compared to 2019. Costs increased due to new acquisitions of assets.

Other operating expenses amounted to EUR 10.6 million, which was a decrease of 4% or EUR 0.5 million from 2019. The costs of long-term provisions decreased, as provisions for court costs were recognized in the amount of EUR 2 million in 2019, and in the amount of EUR 72.4 thousand in 2020. In 2020, revaluation operating expenses under intangible fixed assets and equipment due to impairment of assets were recognised in the amount of EUR 2 million.

The share of operating expenses in net sales accounted for 89% in 2020, which was an increase by 6.6 percentage points from 2019. Comparatively, the share of cost of services, labour costs and amortisation and depreciation expenses in net sales increased from 2019, whereas the shares of the costs of materials and other operating expenses remained at the same level.

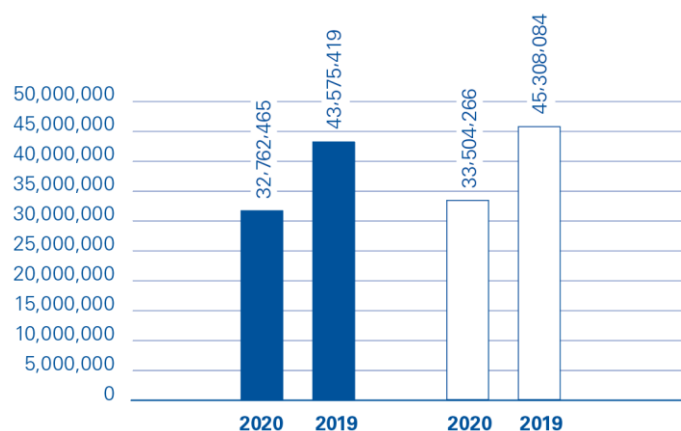
### 9.1.5 Earnings before interest and taxes (EBIT)

In 2020, earnings before interest and taxes (EBIT) of the Luka Koper Group amounted to EUR 33.5 million, which was a decrease of 26% or EUR 11.8 million from 2019. The lower operating profit (EBIT) in 2020 compared to 2019 was mainly due to a decrease in net sales revenues by EUR 18.8 million or 8%, which is a result of a decrease in maritime throughput by 14%. The transition to the new business model of providing port services, which the Group began to implement gradually in 2019 and finalised the implementation by the end of the year, was reflected in the results of operations throughout 2020.

**Figure 17**

Earnings before interest and taxes (EBIT) of Luka Koper, d. d. and the Luka Koper Group in EUR

■ Luka Koper, d. d.  
□ Luka Koper Group



Earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Luka Koper Group amounted to EUR 61.8 million in 2020, which was a 15% or EUR 11.3 million decrease from 2019.

The EBITDA margin of the Luka Koper Group in 2020 accounted for 29.4%, which was a decrease of 8% or 2.5 percentage points from 2019.



### 9.1.6 Profit or loss from financing activity and profit or loss before tax

Profit or loss from financing activities amounted to EUR 1.5 million in 2020, which was an increase of 35% or EUR 0.4 million from 2019. The results of associated companies in 2020 increased the profit before tax of the Luka Koper Group by EUR 1.2 million, which was a decrease of 11% or EUR 0.1 million compared to 2019. In 2020, the profits of the following companies were added:

- Adria-Tow, d. o. o. in the amount of EUR 0.3 million,
- Adria Transport, d. o. o. in the amount of EUR 0.2 million,
- Avtoservis, d. o. o., in the amount of EUR 0.5 million,
- Adriaфин, d. o. o. in the amount of EUR 0.2 million.

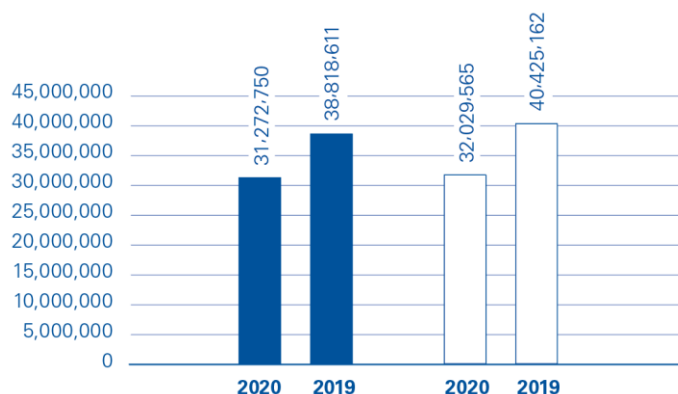
### 9.1.7 Net profit or loss

Net profit or loss of the Luka Koper Group amounted to EUR 32 million in 2020, which was a decrease of 21% or EUR 8.4 million from 2019. Alongside previously explained influences on the earnings before interest and taxes (EBIT) in 2020 being lower than in 2019, the net profit or loss in 2020 was also affected by the lower effective corporate tax rate.

**Figure 18**

Net profit or loss of Luka Koper, d. d. and the Luka Koper Group in EUR

■ Luka Koper, d. d.  
□ Luka Koper Group



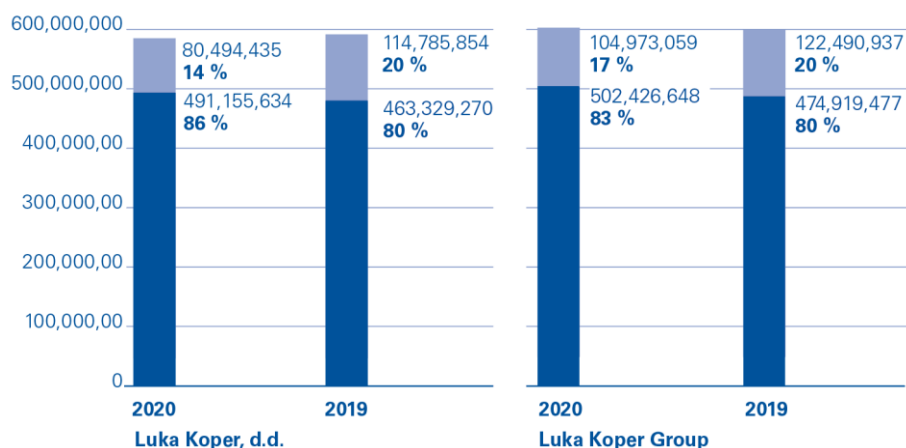
### 9.1.8 Financial position and financial management

As at 31 December 2020, the balance sheet total of the Luka Koper Group amounted to EUR 607.4 million, which was an increase of 2% or EUR 10 million when compared to 31 December 2019.

**Figure 19**

Asset structure of Luka Koper, d. d. and the Luka Koper Group as at 31 December in EUR

■ current assets  
■ Non-current assets



As at 31 December 2020, non-current assets accounted for 82.7% of the balance sheet total of the Luka Koper Group. Compared to the year-end of 2019, this was an increase of 6% or EUR 27.5 million. The value of property, plant and equipment increased by 10% or EUR 38.6 million due to higher investments. The value of property, plant

and equipment under construction increased by EUR 23.7 million, while advances for the acquisition of property, plant and equipment decreased by EUR 16.8 million. Meanwhile, an increase in value by EUR 7.3 million was recorded for shares and interests as a result of the increase of the market value of non-current investments into other shares and interests recorded at fair value.

As at 31 December 2020, current assets of the Luka Koper Group were at EUR 105 million, thus lower by 14% or EUR 17,5 million than the previous year-end. Trade receivables, which follow the decline in revenues, decreased by EUR 2.6 million, income tax receivables decreased by EUR 3.2 million and the balance of cash and cash equivalents by EUR 12 million.

As at 31 December 2020, the equity of the Luka Koper Group amounted to EUR 441.7 million, which was an increase by 5% or EUR 22.6 million when compared to 31 December 2019. The increase is the net effect of the equity increase due to the net profit for the period brought forward in the amount of EUR 16.4 million, the positive change in the revaluation surplus of financial investments in the amount of EUR 5.6 million and its decrease due to the distribution of the parent company's profit of EUR 15 million. As at 31 December 2020, the equity accounted for 72.7% of the balance sheet total.

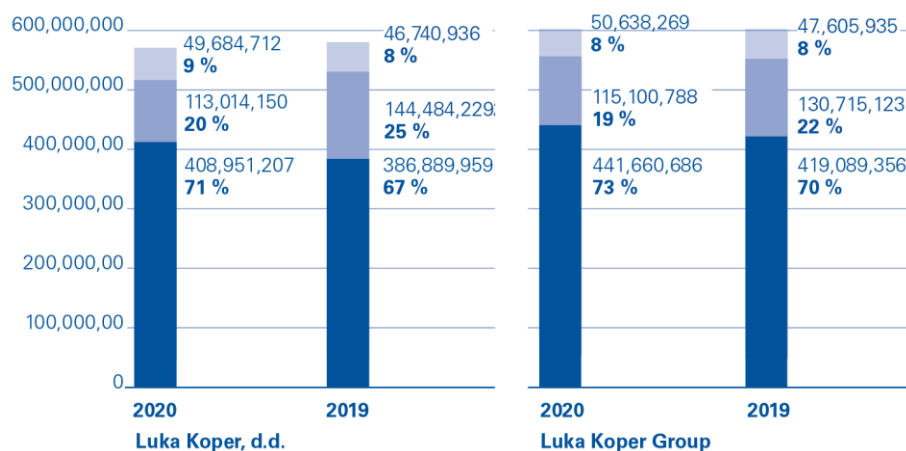
As at 31 December 2020, non-current liabilities including long-term provisions and long-term accrued costs and deferred revenue of the Luka Koper Group were 12% or EUR 15.6 million below the level from the previous year-end. Provisions for legal actions decreased by EUR 5.3 million due to utilisation. Non-current loans from banks in Slovenia decreased by EUR 10.5 million due to regular repayments of principals based on contractually agreed amortisation schedules.

As at 31 December 2020, current liabilities of the Luka Koper Group were higher by 6% or EUR 3 million than the previous year-end. Liabilities based on advances decreased by EUR 1.4 million. Operating liabilities from accrued expenses and other operating liabilities increased by EUR 4.7 million.

**Figure 20**

Structure of liabilities of Luka Koper, d. d. and the Luka Koper Group as at 31 December in EUR

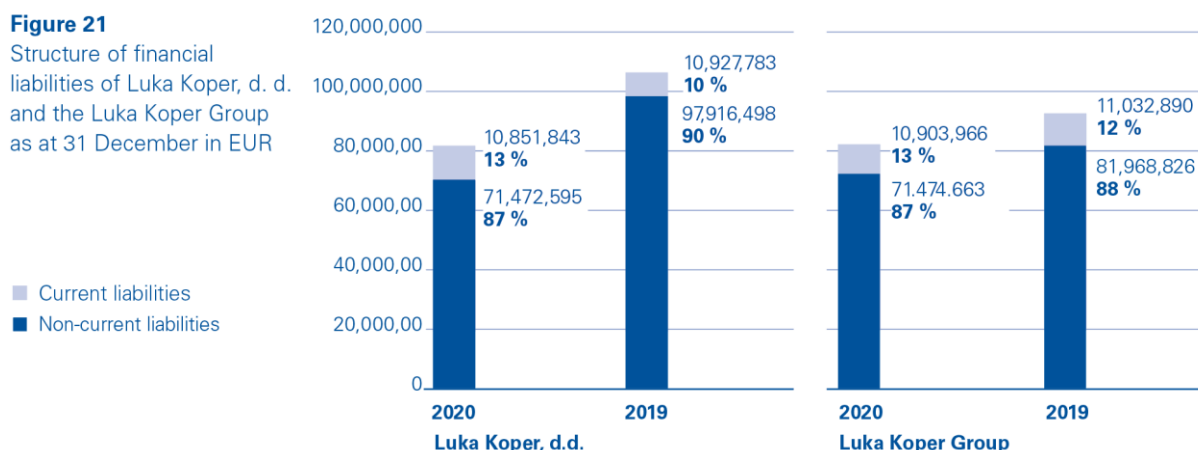
- Current liabilities
- Non-current liabilities with provisions and long-term accruals and deferred revenue
- Equity



As at 31 December 2020, the financial liabilities of the Luka Koper Group amounted to EUR 82.4 million, and had decreased by 11% or EUR 10.6 million from the previous year-end. In accordance with the current amortisation schedules, the volume of loans from banks decreased.

**Figure 21**

Structure of financial liabilities of Luka Koper, d. d. and the Luka Koper Group as at 31 December in EUR



As at 31 December 2020, non-current financial liabilities to banks of the Luka Koper Group accounted for 86.4% of total financial liabilities. When compared to the balance of the previous year-end, their share decreased by 1.4 percentage points.

As at 31 December 2020, the Luka Koper Group had as much as 46.3 percent of loans not exposed to interest rate risk, and the remaining 53.7 percent of loans were tied to a variable interest rate.

As at 31 December 2020, the share of financial liabilities in equity accounted for 18.7%, which was a decrease of 3.5 percentage points compared to 31 December 2019. Further details on financial liabilities of the Luka Koper Group are provided in the consolidated accounting report.

### 9.1.9 Cash flows

Table 9: Cash flows of Luka Koper, d. d. and the Luka Koper Group

	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Net cash flows from operating activities	67,595,142	40,656,561	69,186,480	42,926,371
Net cash flows from investing activities	-54,495,132	-30,365,972	-55,252,129	-31,631,844
Net cash flows from financing activities	-41,895,132	-17,820,303	-25,943,250	-17,847,500
<b>Net increase in cash and cash equivalents</b>	<b>-28,795,122</b>	<b>-7,529,714</b>	<b>-12,008,899</b>	<b>-6,552,973</b>

In 2020, the Luka Koper Group generated net cash from operating activities in the amount of EUR 69.2 million. Cash flow from operating activities before the changes in net current operating assets and taxes in 2020 was EUR 13.1 million lower than in 2019, which was mainly due to a decrease in the net profit for the accounting period. However, with the positive effect of the changes in net current operating assets and taxes, the net cash flow from operating activities in 2020 was EUR 26.3 million higher than in 2019.

Net cash from investing activities of the Luka Koper Group was negative in 2020 and amounted to EUR 55.3 million, thus reflecting a continuation of the intense investment cycle. In 2020, expenses for the purchase of property, plant and equipment and intangible assets were higher by EUR 23.4 million than in 2019.

Net cash from financing activities was negative in 2020, amounting to EUR 25.9 million. In 2020 the Luka Koper Group has no receipts in funding, whereas expenses for the repayment of loans amounted to EUR 10.5 million and the amount of EUR 15 million was intended for the payment of dividends. Net financing expenditures in 2020 were EUR 8.1 million higher than in 2019.

The closing balance of cash and cash equivalents of the Luka Koper Group in 2020 amounted to EUR 61 million, which was a decrease of EUR 12 million from the year-end of 2019.

## **9.2 Summary of performance of LUKA KOPER, d. d.**

### **9.2.1 Comparison of the results achieved by Luka Koper, d. d. in 2020 and 2019**

In 2020, net sales of Luka Koper, d. d. amounted to EUR 206 million, which was a decrease of 8% or EUR 18.7 million compared to 2019. Net sales revenues from market activity in the amount of EUR 199.8 million were lower by 8% or EUR 16.7 million than in the preceding year, while revenues from the provision of public utility services in the amount of EUR 6.3 million were lower by 24 percent or EUR 2 million than those achieved in the preceding year.

In 2020, earnings before interest and taxes (EBIT) of Luka Koper, d. d. amounted to EUR 32.8 million, which was a decrease of 25% or EUR 10.8 million from 2019. The lower operating profit (EBIT) in 2020 compared to 2019 was mainly due to a decrease in net sales revenues by EUR 18.7 million or 8%, which is the result of a decrease in maritime throughput. Other revenues increased earnings before interest and taxes (EBIT) by EUR 5.2 million, which was due to reversal of provisions and written-off liabilities for the payment of pension fund and disability insurance contributions in accordance with the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic. The transition to the new business model of providing port services, which the Group began to implement gradually in 2019 and finalised it by the end of the year, was reflected in the results of operations throughout 2020.

Costs of materials, services and other operating expenses decreased, while labour costs and depreciation costs increased. The increase in the costs of port services in comparison to 2019 is a consequence of the transition to a new business model of providing port services, due to which a larger number of agency workers were posted to the Port of Koper, which means higher costs compared to the previous system of providing port services. The company Luka Koper, d. d., started cooperating with agencies in September 2019, and the full-year impact is disclosed in 2020. In 2020, the company Luka Koper, d. d., was increasing the number of agency employees until March, and decreasing it from March onwards. As at 31 December 2020, there were 304 posted agency workers in Luka Koper, d. d., which is equal to their number as at 31 December 2019. Labour costs in 2020 amounted to EUR 72.1 million and were 1% or EUR 1 million higher than in 2019. Labour costs increased due to the increased number of employees and due to the payment of crisis allowances to employees in accordance with the provisions of the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy, whereas the write-off of contributions is included under other revenue. As at 31 December 2020, Luka Koper, d. d. had 1,535 employees, and as at 31 December 2019, it had 1,541 which means six fewer employees. However, the drop in the number of employees occurred only in the last quarter of 2020, and the average number of employees in 2020 is 6 percent higher than the average number of employees in 2019, which is due to the year-round impact of the new business model of providing port services in 2020. In October 2019, the company Luka Koper, d. d., finalised the recruitment of a larger number of employees.

Other operating expenses amounted to EUR 10.6 million, which was a decrease of 4% or EUR 0.5 million from 2019. The costs of long-term provisions decreased, as provisions for court costs were recognized in the amount of EUR 2 million in 2019, and in the amount of EUR 72.4 thousand in 2020.

In 2020, net profit or loss of Luka Koper, d. d. amounted to EUR 31.3 million, which was a decrease of 19% or EUR 7.5 million from the preceding year. Alongside previously explained impacts on the earnings before interest and taxes (EBIT) in 2020 being lower than in 2019, the net profit or loss in 2020 was also affected by the lower effective corporate tax rate.

## 10 Marketing and sales

### 10.1 Markets<sup>61</sup>

The Port of Koper performs its core port operations of throughput and warehousing for its hinterland. The most important hinterland markets of the Port of Koper are Central and South-Eastern European countries without access to the sea and own ports, such as Austria, Hungary, Slovakia and the Czech Republic, which use the port of Koper for their global overseas transport, particularly with the countries of the Mediterranean, Middle and Far East, and Oceania. Luka Koper also provides transshipment and warehousing services in international maritime freight transport for customers from other hinterland markets, such as southern Poland, southern Germany (especially Bavaria), western Romania, Croatia, Serbia, Bosnia and Herzegovina, and Italy. Luka Koper also offers its services to overseas markets, where the port is promoted as the ideal entry and exit point for the mentioned hinterland markets.

### 10.2 Activity in 2020

Already in the second half of 2019, the cooling of the global economy was felt as it impacted some industries of relevance for transshipment in the port of Koper, such as car production. The year 2020 was marked by the outbreak of the COVID-19 pandemic, which significantly changed operating conditions and aggravated the situation. The pandemic has affected the economy around the world. It has also severely shaken global trade flows and logistics routes. All this affected the operations of the Luka Koper Group, which otherwise managed the consequences of the pandemic well from both a health and business point of view. Being considered strategic infrastructure, the Port of Koper has been fully functioning all the time and providing all services to its customers.

### 10.3 A look ahead

In order to for the Port of Koper to remain competitive and improve its market position in the transshipment of individual product groups in all markets, it will be necessary to continue investing in expanding port capacity, improving services and reducing operating costs in the port, and pursuing appropriate sales and pricing policies. In cooperation with partners in the logistics chain, efforts should be made to establish new land and sea connections that are crucial for further development of port operations. In order to maintain competitiveness, a new railway connection to Divača will have to be built within the set deadlines.

In the hinterland Central European markets, despite the current situation caused by the pandemic, investments in the automotive and electronics industries continue, currently focusing on the production of electric cars and propulsion batteries and other related components. The largest investors in these industries in the hinterland markets of the Port of Koper include companies from South Korea, Japan and China, which transport production lines, raw materials, components and finished products from the Far East, and the shortest and most convenient transport route crosses the Adriatic. As an important port on the new maritime silk route from China, the Port of Koper is counting on further growth of container traffic from the Far East.

The Port of Koper will strive to maintain its position as the leading port for the transshipment of new cars in the wider region, and to adapt to changes in the new car market. The Turkish market is expected to recover soon, to be followed by stabilisation of the situation and gradual recovery and growth of the economy in those eastern Mediterranean countries where armed conflicts took place until recently, which would mean increased trade in good between the hinterland and overseas markets and an opportunity for increased throughput.

Following the end of the COVID-19 epidemic and the normalisation of the global market, the company will continue its marketing and promotional activities in its hinterland markets and major overseas markets, such as Egypt, Israel and Turkey in the Mediterranean, as well as South Korea, Japan and China.

Focus on customers, personal contact, respect for commitments to customers and customer satisfaction are the basic guidelines for the conduct of employees and the key components of the Company's marketing activities.

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<sup>61</sup> GRI GS 102-6

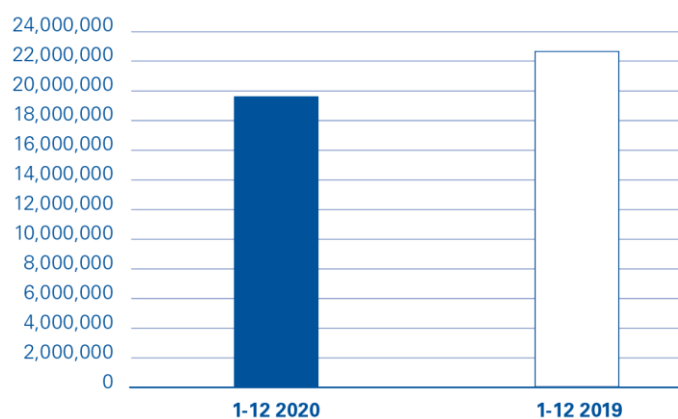
## 10.4 Maritime throughput

The maritime throughput of the Luka Koper Group in 2020 amounted to EUR 19.5 million tons of cargo, and was thus lower than in 2019. Transshipment of two strategic commodity groups, containers and cars, remained stable, especially container throughput, which in 2020 was only 1 percent (in TEU) behind the throughput achieved in 2019 and just a bit below its planned volume. Regarding vehicles, the Luka Koper Group recorded a 13% drop in throughput, which is less than comparable Mediterranean ports. The decline in transshipment of dry bulk and bulk cargoes was additionally influenced by the European Union legislation, which envisages complete decarbonisation and the introduction of environmental charges for CO<sub>2</sub> emissions in the coming years, which is why some users already started to abandon the use of coal in energy production in 2020.

The COVID-19 pandemic stopped cruise activities in 2020, so the Luka Koper Group failed to realize the arrival of any passenger ship in the port of Koper.

In 2020, the Port observed a 18% decrease in cargoes unloaded from ships year-on-year, and a 5% decrease in cargoes loaded onto ships compared to 2019.

**Figure 22**  
Maritime throughput in tons



## 10.5 Throughput structure by cargo group

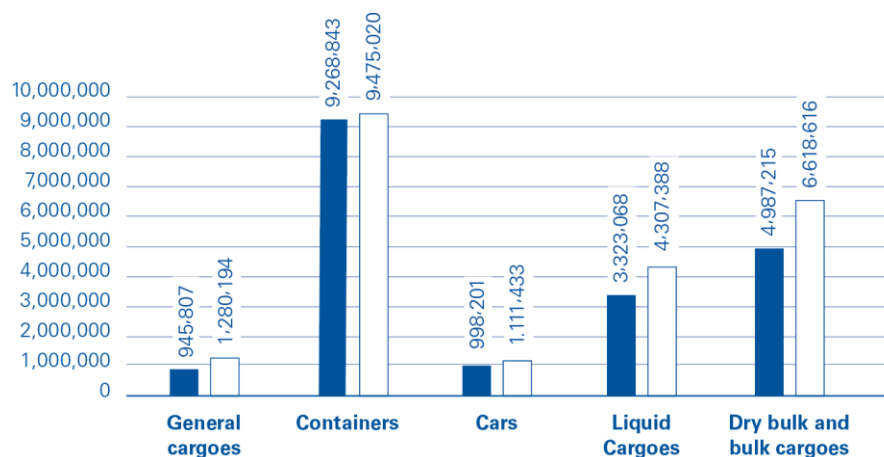
Containers prevail in the total throughput structure and their share increased by 6 percentage points from 2019. The share of general cargoes, liquid cargoes, and dry bulk and bulk cargoes decreased, and the share of the cars cargo group remained unchanged.

**Table 10: Throughput in tons per cargo group in 2020 and 2019**

Cargo groups (in tons)	1-12 2020	1-12 2019	Index 2020/2019
General cargoes	945,807	1,280,194	74
Containers	9,268,843	9,475,020	98
Cars	998,201	1,111,433	90
Liquid cargoes	3,323,068	4,307,388	77
Dry bulk and bulk cargoes	4,987,215	6,618,616	75
<b>Total</b>	<b>19,523,133</b>	<b>22,792,650</b>	<b>86</b>

**Figure 23**  
Throughput per cargo group – in tons

■ 1-12 2020  
□ 1-12 2019

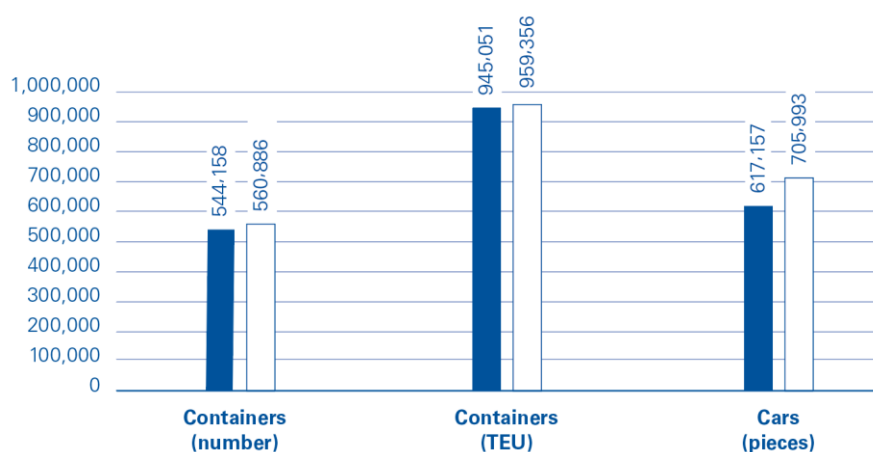


**Table 11: Throughput of containers (number of containers and TEU) and cars (number) in 2020 and 2019**

Cargo groups	1-12 2020	1-12 2019	Index 2020/2019
Containers – number	544,158	560,886	97
Containers – TEU	945,051	959,356	99
Cars – pieces	617,157	705,993	87

**Figure 24**  
Throughput of containers and cars

■ 1-12 2020  
□ 1-12 2019



### 10.5.1 General cargoes

The Luka Koper Group ended the year 2020 with a 26% decrease in the throughput of general cargoes compared to 2019. Within the general cargoes group, the maritime throughput of iron products was down 36%. The timber throughput saw an 11-percent decrease in exports

The lower realization of throughput in 2020 was influenced by the COVID-19 pandemic or its consequences for the production of cars and white goods, which depends on the developments in the global economy. The decline in car production has significantly contributed to lower import volumes of steel coils, the throughput of which accounts for a third of the profit centre's annual maritime throughput. At the same time, this segment has been significantly affected by the European Union's policy seeking to strike a balance in the European quota market, which has drastically affected the import volumes of customers outside the European Union. European companies found it more difficult to penetrate world markets due to high prices, as China, Russia, Turkey and other iron products manufacturers pursued an aggressive sales policy (lower production costs, strong euro exchange rates).

Due to the unstable political situation in the countries of North Africa and the Middle East, the export quantities of iron semi-finished products and products (pipes, steel bars, rails) and timber also decreased.

### 10.5.2 Containers

In the container category, the Group ended 2020 with a minimal, 1% drop in maritime throughput in TEU compared to 2019. The drop in throughput was equal for empty containers, while the throughput of full containers was 2% lower than in 2019.

Container throughput in 2020 was significantly affected by developments related to the spread of the coronavirus, first in the Far East and later in Europe and the rest of the world. This was mostly reflected in the throughput of the Port of Koper in the second quarter of 2020 as a drop in the turnover of containers intended for the automotive industry. Given that the automotive industry is one of the key segments in container terminal transshipment, this decline had a significant impact on the result in the first half of 2020. Later in the year, despite the continuing tense situation due to the pandemic, the container terminal recorded an increase in throughput.

The highlights in 2020 include the growth of throughput of containers with out-of-gauge cargo (OOG), and more prominently, the increase in throughput of refrigerated containers, which in 2020 was 5 percent higher than in 2019.

### 10.5.3 Cars

In 2020, the throughput amounted to 617,157 cars, which was a decrease of 13% from 2019. Slightly more than 367 thousand cars were loaded on ships, which is 4 percent less than in 2019, and almost 250 thousand were unloaded, which is 23 percent less than in 2019.

The year 2020 was marked by the COVID-19 pandemic, which drastically affected the entire economy, especially the automotive industry, and, as a result, the automotive segment in Luka Koper.

### 10.5.4 Liquid cargoes

The pandemic in 2020 also marked the operation of the liquid cargo terminal, resulting in a failure to achieve the planned quantities. Interrupted commercial flights paralysed or completely stopped the supply, transshipment and dispatch of JET A-1 aviation fuel, the transshipment of which has the largest share at the terminal. In addition, this group also recorded lower throughput in the dispatch of petroleum products by truck, especially in the part intended for petrol stations in Slovenia, Croatia and Austria.

### 10.5.5 Dry bulk and bulk cargoes

In 2020, the maritime throughput of dry bulk and bulk cargoes decreased by 25% in comparison with the year 2016. The largest contributor to the decline in bulk cargoes throughput was the loss of thermal coal throughput. Its use continues to decline in line with European legislation, which provides for complete decarbonisation in the coming years. In addition, high environmental charges have been introduced for CO<sub>2</sub> emissions, which further hampers consumption and competitiveness in this energy segment. Environmental policies and subsidies in the transition to alternative, more environmentally friendly energy sources have cut off the supply of this energy source to Italian thermal power plants. With the help of state subsidies, thermal power plants were converted into gas-fired power stations, thus preventing the use of coal in the future. With the outbreak of the COVID-19 epidemic and the related mass disruption of production in the automotive industry, the throughput of iron ore and coking coal also decreased.

In the dry bulk cargoes group, maritime throughput was 4% higher than in 2019, mainly due to higher throughput of soybeans and fertilizers.

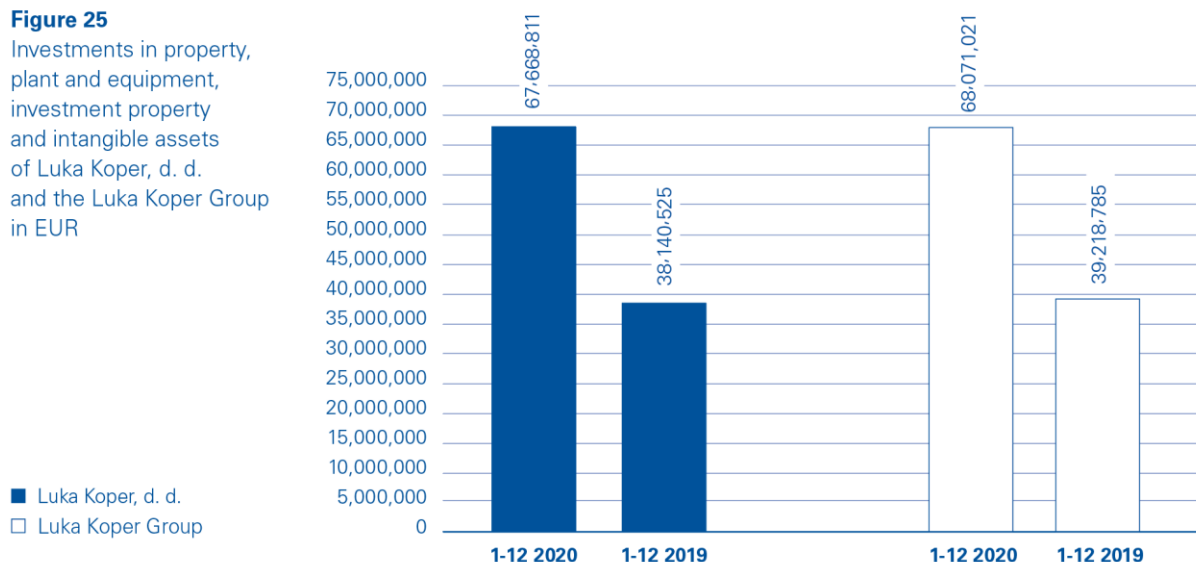


# 11 Investments in non-financial assets<sup>62</sup>

In 2020, the Luka Koper Group allocated EUR 68 million to investments in property, plant and equipment, investment property and intangible assets<sup>63</sup>, which is 74% more than in 2019. Luka Koper, d. d. allocated the amount of EUR 67.7 million to investments in 2020, which accounted for 99% of investments of the Luka Koper Group.

**Figure 25**

Investments in property, plant and equipment, investment property and intangible assets of Luka Koper, d. d. and the Luka Koper Group in EUR



Major investments included:

- Completed construction of a new RO-RO berth, which, together with landscaped areas, was handed over for use for the needs of the car terminal,
- Completed construction of the 6th group of railway tracks,
- Continued construction of a parking garage for vehicles,
- Completed the majority of work for the new, third truck entrance from the Bertoki road,
- Purchase of a new bridge crane for the bulk cargoes terminal,
- Purchase of E-RTG and RMG cranes for the needs of the container terminal,
- Purchase of a new fire truck,
- Initiation of the construction of an extension to the container shoreline, which, together with the remaining planned additional areas at the head of Pier I, represents a key investment in maintaining a competitive position in the container segment.

<sup>62</sup> GRI GS 203-1

<sup>63</sup> Without taking into account advances paid for the equipment.

**Figure 26**

Major investments in 2020 - completed or under



Entrance Bertoki road



Parking garage



RO-RO berth



Firetruck



Container reach stackers



7D Berth

All investments foreseen for the year 2020 were studied from the economic aspect, the aspect of eligibility, energy savings, urgency and from the aspect of legal obligations or other impacts. 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.

**Impact of investments on the local community, the increase in security and improvement of occupational health**

In 2020, the Luka Koper Group also allocated part of its funds to current environmental and energy challenges and computerization. It dedicated its efforts to:

- Reducing noise, light pollution and other emissions by introducing best available techniques (BAT), reducing the level of dust in powder cargo, increasing the share of alternative energy sources,
- Realising drainage of all shores, closing all hollow sections of the shore with protective floating curtains or barrages,
- Analysing the energy situation of all terminals, identifying possible measures for efficient energy use, installing metering equipment to capture data on energy consumption in equipment, facilities and infrastructure, installing the fourth micro solar power plant in the port,
- Improving information support,
- Introducing advanced technologies to promote the development of technological processes and achieve a higher level of innovation and adaptability to customer needs,
- Health of employees by setting up a training ground.

# 12 Managing risks and opportunities<sup>64</sup>

## 12.1 Risk and opportunity management system in the Luka Koper Group

Risk and opportunity management is an important element of the Luka Koper Group's strategy and business performance. The Group uses an advance risk and opportunity management system, which ensures that the key risks and opportunities the Group is exposed to are identified, evaluated, controlled, monitored and duly reported. Although a Risk and Opportunity Management Committee has been appointed, risk and opportunity management is a concern of every employee of the Group within the scope of their duties and responsibilities. Risks and opportunities are recognised 'bottom up', ensuring that all business processes are covered, while the methodology is defined 'top-down', providing for a consistent application of the risk and opportunity management system across the entire Group.

The basis of the risk and opportunity management system is the risk and opportunity register, which contains a list of all identified risks and opportunities, characteristics of particular risks and opportunities, identified measures and control activities, and persons responsible (administrator) for monitoring individual risks and opportunities. The register is kept centrally at the level of the Luka Koper Group in order to systematically monitor and analyse risks, and is updated regularly. A five-level methodology was worked out for the assessment of both risk and opportunity likelihood and the related consequences. Five dimensions are taken into account in the assessment of consequences, including consequences for health and safety, finances, the environment, the Company's reputation, and compliance. The joint risk and opportunity assessment is the product of the assessment of likelihood and highest possible assessment of consequences. Based on the joint risk and opportunity assessment, all risks and opportunities identified in the register are classified from irrelevant to material according to a five-level scale. The quantitative assessment system ensures that the focus is on the management of key risks and opportunities (overall assessment 10 or above).

### Quantitative Risk and Opportunity Assessment Matrix

PROBABILITY	Very high (5)	5	10	15	30	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	Very low (1)	1	2	3	4	5
		Very low (1)	Low (2)	Medium (3)	High (4)	Very high (5)
CONSEQUENCE						

- ☐ irrelevant risk (overall risk assessment = 1–2)
- ☐ less important risk (overall risk assessment = 3–4)
- ☐ moderate risk (overall risk assessment = 5–9)
- ☐ important risk (overall risk assessment = 10–16)
- ☐ material risk (overall risk assessment = 20–25)

In the context of the risk and opportunity management system, the Luka Koper Group regularly monitors exposure to all the perceived risks and opportunities, and determines and implements the necessary measures to ensure an acceptable level of operational risk and opportunities. In 2020, 7 risks out of a total of 354 risks identified were realised (2.0% risk realisation rate), with an average risk score of 6.7 (moderate risk) as at 31 December 2020, which is 0.3 less than the average risk score as at 31 December 2019. Most of the realised risks are risks arising from the external environment (materialisation of risks associated with the divergence from the planned transshipment, which is due to the cooling of the world economy because of the COVID-19 pandemic, and the risk of loss of thermal coal transshipment as thermal coal is being replaced with cleaner and renewable resources). The company cannot fully manage these risks with various response methods, however, with the measures taken on

<sup>64</sup> GRI 102-11

the expenditure and revenue side, it reduces the probability and consequences of materialisation. Progress in risk management has been achieved through the implementation of measures, the satisfactory realisation of which has helped reduce key risks. New risks were identified as part of the annual risk review for the year 2021, which the Group will be reducing through different methods of response, thus successfully adapting to internal and external factors. In 2020, an internal assessment of the maturity of the risk management system was carried out, which showed that the target level had been achieved.

## 12.2 Definition of risk appetite

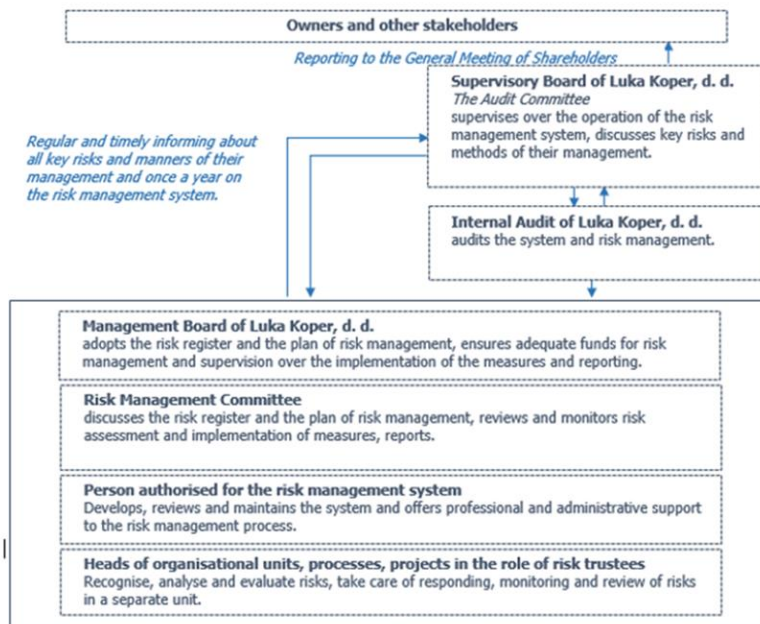
In 2020, the company adopted a Risk Appetite Statement. The risk appetite of the Luka Koper Group means the total level of risks that the Luka Koper Group is willing to assume within its risk-taking capacity in order to achieve its strategic goals and fulfil its business plan. In order to take advantage of the opportunities to achieve its strategic goals while following the highest standards of sustainable development in making current business decisions and running day-to-day operations, the Luka Koper Group is ready to accept risks that are assessed as moderate after taking appropriate measures, however:

- Is not willing to take risks that could result in serious and fatal injuries to persons and/or high negative impacts on the environment and property;
- 
- Is not willing to take risks arising from breaches of international regulations, national legislation, standards and internal regulations, with an emphasis on compliance with legislation and regulations on security, personal data protection, environmental protection, occupational safety and the prevention of corruption. The operations of the Luka Koper Group are based on the values and principles that oblige us to respect ethical and professional standards.
- 
- Has a low appetite for financial risks associated with long-term financial stability and for unexpected negative effects stemming from changed market interest rates. The Group must maintain an appropriate level of liquidity and solvency in order to meet its obligations and meet its commitments to banks.

The Risk and Opportunities Management Committee, the Control Department, the Internal Audit Department, the Compliance Officer, the Corporate Integrity Officer and other competent departments regularly monitor the compliance of the risk profile with risk appetite and keep the Management Board, the Audit Committee and the Supervisory Board informed through reviews and reports. If the risk appetite is found to be exceeded, proposals for measures to revert the operations to an acceptable level of risk shall be prepared.

## 12.3 Key roles and responsibilities in the risk and opportunity management system

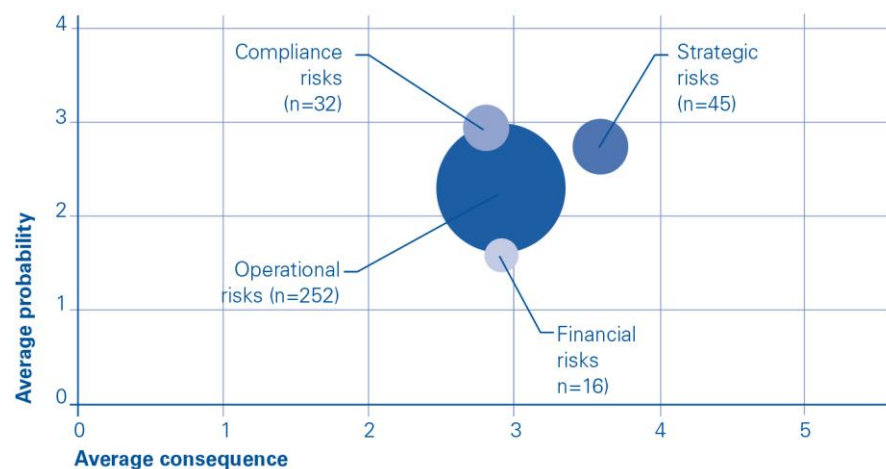
The key roles and responsibilities in the risk and opportunity management system have not changed in relation to the preceding year. Risk administrators assess risk and opportunities on a quarterly basis and monitor the implementation of risk reduction methods. Based on their findings, the risk administrator reports to the Risk Management Committee, which meets quarterly, and additionally if necessary. Risks are also reported quarterly to the Management Board and the Audit Committee of the Supervisory Board.



## 12.4 General risk assessment

Risks identified at the first level fall into four main groups. At the second level these are divided into individual topic-related sub-groups. Despite the implemented measures, six risks remain identified as material. The average risk assessment is the highest in the case of **strategic risks** (10.0) because there are certain risks that the Company cannot manage alone with its measures, as they originate in external factors (e.g. deterioration of the economic situation, government-owned infrastructure, shipowners and logistics operators entering the ownership of terminals in nearby ports). **Operational risks** with the average score of 6.1 are the largest group in terms of number, including a wide and diversified range of risks (e.g. safety at work, damage to cargo and equipment, information risk). **Compliance risks** have an average score of 7.8 and represent a smaller but significant set of risks and are largely related to compliance with the Labour Market Regulation Act, Employment Relationships Act, Environmental Protection Act and the risk of fraud and corruption. **Financial risk** (4.8) is currently evaluated as posing the smallest threat.

**Figure 27**  
Risk chart of the  
Luka Koper Group





### 12.4.1 Strategic risks

*According to their content, strategic risks are those types of risks that can jeopardize the achievement of set goals. Strategic risks result from the mutual incompatibility of strategic objectives, the business strategy adopted to reach them, the availability of funds for reaching the set objectives, the ownership structure, and the general economic situation.*

In 2020, the situation in the economy was severely strained, as a marked decline was observed in the global economic activity due to the consequences of the COVID-19 pandemic. International institutions are forecasting a gradual economic recovery for 2021, but the economy is not yet expected to return to pre-pandemic levels. Due to negative impacts from the international environment and foreign and domestic measures to curb the epidemic, exports and imports in Slovenia have fallen considerably, by more than 12%, in 2020 (IMAD, Winter Forecast of Economic Trends, January 2021). International institutions are forecasting a gradual economic recovery, with China expected to achieve the highest growth (8%) and more moderate growth expected in the European area, at 3.6% (OECD, December 2020). In their forecasts, the institutions predominantly assume that the recovery in economic activity will be postponed to 2021 with the gradual easing of restrictive measures, therefore, market risks remain high and a number of market risks remain assessed as crucial. Due to the prolongation of the epidemic, the restrictions are expected to ease gradually, and no significant improvement is expected at the beginning of the year. The forecasts of economic trends are consequently slightly lower than they were in autumn (IMAD reduced the forecast economic growth for Slovenia from 5.1% to 4.3%). GDP is expected to increase by 3.9 percent in the euro area this year, and to reach the pre-crisis level in 2022 (Bank of Slovenia, Economic and Financial Trends, January 2021). The current forecasts are still in line with the projected revenue growth in 2021, which amounts to 3.3 percent for Luka Koper, d. d. The actual pace of recovery will continue to be crucially affected by the epidemiological situation, the speed of vaccine rollout and the responsiveness of policies through measures to mitigate the effects of the epidemic and boost the economy (IMAD, Winter Forecast of Economic Trends, January 2021).

The Group also faces market risks arising from a highly competitive environment and the entry of shipowners and logistics operators into the ownership of nearby port terminals, which may lead to a redirection of part of the cargo to be transhipped. Neighbouring ports also pay considerable attention to boosting competitiveness in rail connections. In recent years, warehousing capacities have been developed in the vicinity of the Port of Koper, in which mainly freight forwarding companies offer CFS services. These can turn out to be our genuine competitors, especially in the segment of filling and emptying containers. On 7 January 2021, Hamburger Hafen und Logistik AG (HHLA) finalised the process of purchasing a 50.01% share in Piattaforma Logistica Trieste in the Port of Trieste. The transshipment activity in the general cargoes, RO-RO and container segment will be performed by HHLA PLT Italy. At the end of 2020, the Management Board of the Port of Rijeka Authority annulled the procedure for granting a concession for the development, operation and management of the new Zagreb Deep Sea container terminal. Applicants for the concession were a Chinese consortium (Ningbo Zhoushan Port Company, Tianjin Port Overseas Holding and China Road and Bridge Corporation) and the Dutch company APM Terminal owned by shipowner A.P. Moller - Maersk together with the Croatian company Enna Logic. The Rijeka port authority announced a new international competition in March 2021.

These risks are managed by increasing capacity, supporting the construction of the second track and implementing envisaged process improvements through various projects. In the coming year, we will continue with the implementation of some investment projects, aimed primarily at increasing the capacity of the container terminal. Nevertheless, the risk associated with the realisation of investments set out in the strategic plan remains more important, as the strategic plan for the period until 2025 envisages a large volume of investments. In this regard, the emphasis will be on obtaining approvals in due course for the next set of strategic investments related to the investment period 2021-2025, and properly carrying out public procurement procedures. In the event of a prolonged aggravation of the economic situation, the volume of investments in the coming period will have to be re-examined and investment expenditures limited to the investments necessary for operational functioning and implementation of major strategic projects, thus to maintain consistency between cash inflows and outflows.

The main strategic risks arising from the external environment remain the uncertainty with regard to the timeline of the second track of the Divača-Koper railway line, and the obsolete, insufficient capacity of the existing track, which might threaten the further growth of throughput also before the construction of the second track. In 2021, the working group that took on the implementation of measures to improve IT support, and perform infrastructure interventions and organizational changes, will continue to work. On 5 October 2020, the complete closure of the Karavanke railway tunnel began, which is expected to last until 10 July 2021. Due to the planned works and the closure of the Karavanke railway tunnel, customers are able to divert their logistics routes through other, especially northern European ports, with cars being the most exposed group. Regarding this, the Port of Koper can only have a limited impact. Activities in the Committee for Coordinating the Railway Infrastructure Needs will continue,

operations will be coordinated with railway operators and freight forwarders, and end customers (OEMs) will be tracked and informed on alternative options during closures.

We will continue activities related to including the possibility of sludge disposal in the Slovenian sea in the maritime spatial plan (MSP). In relation to the MSP, the company outlined the issue at the Ministry of Infrastructure and submitted proposals for the relocation of marine sediment to the Ministry of the Environment and Spatial Planning. The MSP is expected to enable the possibility of relocating sludge in the Slovenian sea in spatial terms, however, it has yet to be defined under what conditions and in what way the relocation will be possible. The company will actively participate in this process. In 2021, activities will continue to acquire the 6a and 7a plots for the needs of car transshipment and for the construction of a new truck terminal according to the national spatial plan.

The strategic risks will include the tightened epidemiological situation, which could partially or completely limit the operation of the port. Due to the resurgence of the epidemic, a number of measures are being implemented, a working group has been set up, daily information on the state of infections in the Port of Koper has been established, and a plan for protection and rescue in the event of an epidemic has been drawn up. Rules on working from home were prepared and an internal protocol of action in the event of a confirmed infection was determined. With all these measures, the risk is managed to an acceptable level, but due to unforeseen circumstances, it is monitored more closely. Infections resulted in short-term absence of employees, which had no major negative effects on the company's operations.

#### 12.4.2 Operational risks

*Operational risks cover a wide range of the company's operations. A large portion of this comprises risks, the realization of which is reflected in injuries to people and/or impacts on the environment and property.*

This group of risks is managed by preventive measures based on workplace risk assessment, training and verification of knowledge, consistent use of personal protective equipment, defined and communicated technological procedures and working instructions that are regularly updated, development of suppliers, continual measurements of workplace conditions, regular medical examinations, and appropriate property and liability insurance. Other measures reducing risks of damage or injury include new investments in modern equipment, regular maintenance of work equipment and infrastructure, and regular measurements of impacts on the environment.

In the coming year, we intend to upgrade the information system for recording and handling extraordinary events in the port, which will enable further processing of events by subject-specific experts, event research, taking action, statistical processing and systematic monitoring of indicators.

With cyber risks increasing globally, Luka Koper is also pursuing further activities in this field by establishing an information security department, introducing an information system for managing security events and risks, and defining additional internal processes and rules in the field.

#### 12.4.3 Financial risks

*Financial risks are those that affect the viability of the planned financial categories, primarily planned future cash flows, and are usually controlled in the process of asset and liability management.*

Key risks include only one financial risk, i.e. the fair value risk. At the end of 2020, 7.8% of the Group's assets were financial investments measured at fair value. Given the unchanged structure of these investments, their fair value at the end of 2020 was 18% higher than at the previous year-end. Due to the strategic orientation of investing in the development of core business, the Group's portfolio management only involves managing the existing assets. The Group manages this risk by monitoring the situation in the financial markets and their impacts on the portfolio, while active management brings high return on investment and preserves investment value. In 2021, the credit risk and liquidity of container shipowners and other important partners will be monitored in more detail. Resources for financing all investments in 2021 have not yet been ensured, and the procedures are expected to start in 2021. The strategy envisages high outflows in the future, which will make it necessary to monitor the harmonisation of cash outflows and inflows and the company's liquidity risk.

The control of fair value risk and other financial risks – which include interest rate risk, liquidity risk, foreign exchange risk, credit risk and risk of adequate capital structure, and have been assessed by the Group as moderate, less important or even irrelevant – is presented in detail in the accounting report of the Luka Koper Group, Note 32: Financial instruments and financial risk management.



#### 12.4.4 Compliance risks

Compliance risks remain mainly associated with excessive noise, compliance with employment legislation (Labour Market Regulation Act, Employment Relationship Act), Environmental Protection Act and Public Procurement Act. In 2019, activities aimed at resolving the issue with port service providers were carried out. A new business model for the provision of port services entered into force on 16 January 2020, thereby reducing the risks of compliance for the future.

The risk of exceeding the statutory limit values for noise in the direction of Koper town centre may occur while driving piles during construction works in the extension of Pier I or due to excessive noise during regular activities in the port. The Group has already taken measures to limit the noise level, both in the stage of design and later in selecting a contractor, to an acceptable level. Other risks associated with excessive noise are managed by a gradual transition to electrically-powered technological equipment, and the Group is also actively involved in the Neptunes project, which is searching for solutions to reduce the noise of shipping.

#### 12.4.5 Fraud and corruption risks<sup>65</sup>

Luka Koper, d. d. manages fraud and corruption risks by having clearly defined rules for preparing and concluding transactions, for delegating powers and for approving invoices, and by applying the four-eyes principle and other controls integrated into processes.

The Luka Koper Group has rules that apply to the controlling company and five subsidiaries, and are defined in management system documents, in the Luka Koper Group Strategy of Corporate Integrity, Luka Koper Group Code of Ethics, and Luka Koper Group Rules on Accepting Gifts, and in the Rules of Procedure of the Corporate Integrity Officer and the Corporate Integrity Violations Committee of the Luka Koper Group.

In 2020, Corporate Integrity Officer and Compliance Officer were performing independent functions, with which the Company further manages compliance risks and risks of fraud and corruption, including through the implementation of the Corruption Prevention Management System in accordance with ISO 37001:2016, which will begin in 2020.

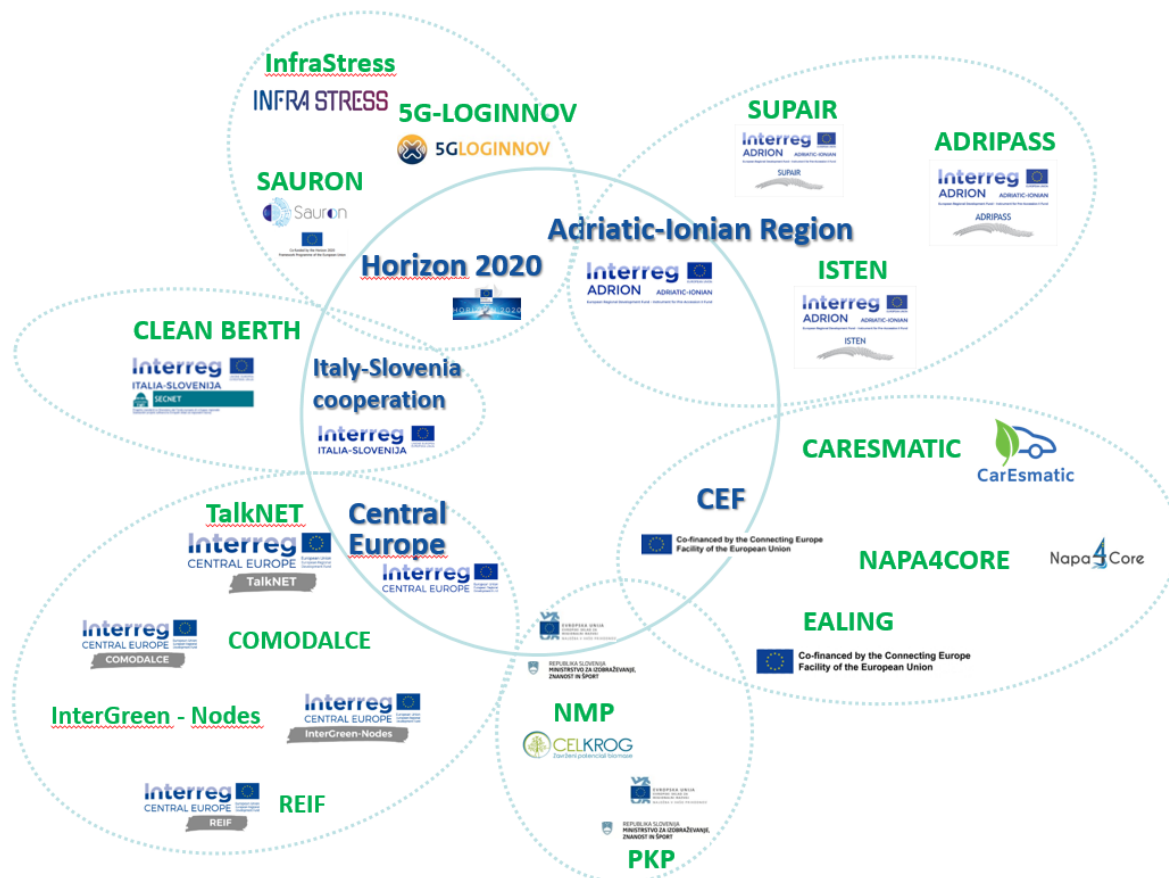
Corporate integrity in Luka Koper is overseen by the Corporate Integrity Officer and the Corporate Integrity Violations Committee, who based on observed violations draw up reports that include recommendations and proposed measures. The Company identifies the risk of fraud and corruption in the risk register and controls it with appropriate measures and control activities. In 2021, corporate risks in key processes will be established and evaluated in more detail, and will include a range of activities to reduce risk.

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<sup>65</sup> GRI GS 103-1, 103-2, 103-3, 205-1

## 13 European projects

In 2020, activities were carried out within projects of the CEF and Horizon 2020 programmes, and in territorial cooperation projects.



With projects under the CEF programme, Luka Koper seeks to ensure optimal absorption of the funds assigned for projects that address the development challenges and infrastructure needs of the port, also taking into consideration the implementation of the EU's TEN-T corridor policy:

- Activities of the following projects continued to be implemented: NAPA4CORE, GAINN4MOS, and CarEsmatic. The NAPA4CORE and CarEsmatic projects are coordinated by Luka Koper.
- The EALING project was selected for co-financing, in which the Port of Koper, together with other European ports, will establish the infrastructure for connecting ships to the power supply while moored at RO-RO and VNT/RO-RO berths in Basin III.
- As the leading partner of the POSEIDON project, the Port of Koper, together with the ports of the eastern Adriatic coast, has bid for the open tender of the CEF Telekom 2020 programme.
- In mid-December 2020, a CEF programme tender was published, in which the company, together with the partner ports of the northern Adriatic, will participate with a proposal for project document elaboration for the subsequent construction of port infrastructure.

Within the Horizon 2020 programme, Luka Koper seeks to introduce new technologies and development systems. In 2020, activities were carried out under the InfraStress project, which envisages a simulation of physical and cyber attacks on the Pier II tanker berth infrastructure. The application for the 5G-LOGINNOV project was submitted and later accepted, with which the Port of Koper became a test area for the 5G network in the logistics industry vertical. In October, the Green Deal call for the Horizon 2020 programme was launched, aimed at establishing new technologies in the field of sustainability and energy transition. To prepare the project, Luka Koper has connected with the ports of Marseille-Fos (France), Algeciras (Spain), Nijmegen (Netherlands) and Genoa (Italy).

In the field of territorial cooperation featuring issues of predominantly regional focus and somewhat softer cooperation, the emphasis being on partner projects, the following projects continued: the TalkNet, Comodalce, InterGreen-Nodes, REIF (Central Europe programme) as well as ADRI PASS, ISTEN, SUPAIR (ADRION programme). In the mentioned programmes, the Clean Berth project was approved, which focuses on the detection of hydrocarbon spots on the sea surface.

In the context of smart specialisation projects, Luka Koper continued to implement the RRI project (exploiting the potential of biomass for the development of advanced materials and bio-based products), which the Port uses to examine the excavated sediments and the possibility of their further use.

The projects of the European territorial cooperation programmes are relevant as they place the port of Koper in the European institutional environment, especially from the aspect of interregional effects of the Port's operation, planning and development of national and pan-European transport infrastructure, logistic concepts, environmental protection, safety, security of the sea, sustainable energy supply, information upgrades, cultural heritage, etc. At the same time, regional policy is being developed and priorities are being set at the regional level through these programmes, which is why Luka Koper cooperates closely with the competent state services to pursue its own interests.

Within the scope of international institutional activities that are important for the long-term placement of the port of Koper in the institutional developments of the European Union, the Company's representatives attended meetings of the ESPO European Sea Ports Organisation, the FEPORT Federation of European Private Port Companies and Terminals, the MEDPort Association of Mediterranean ports and corridor forums which were held by the European Commission. Since 2019, Luka Koper has also been a member of the TIC 4.0 (Terminal Industry Committee) association, seeking to achieve standardisation of data for all machines in the terminal industry for easier transition to Industry 4.0. Activities in the NAPA association slowed down again in 2020 due to local challenges in ports (floods in Venice) and the epidemic.

It should be emphasised that Luka Koper enjoys great visibility among European institutional stakeholders, however, it is of vital importance for further development of the port to be supported by the state and local communities, which, in turn, necessitates the understanding of the port operations also in the light of the strategic national position in international traffic flows, trade and logistics.

## 14 Information technology<sup>66</sup>

The digital transformation in the Port of Koper has been taking place for the last few years. In 2019, it achieved significant changes in line with the information technology strategy, outlining guidelines for projects and activities that will be implemented until 2025. Based on information technology and digital transformation, Luka Koper has been striving to optimise its business processes and increase their efficiency. In 2020, we were again successful in providing adequate and advanced information support for all the diverse processes running within Luka Koper, d. d.

In 2020, Luka Koper made 152 different changes to its key information systems (the total number of changes exceeded 300), the overall aim being to optimise and digitise its processes, among which it is worth highlighting:

- Introduction of a new billing system at the Container terminal profit centre,
- Introduction of a human resources deployment planning system for the Container terminal profit center,
- Introduction of 'Clarity PPM', a new investment and project portfolio management system,
- Introduction of paperless operations for entry of trucks to the PC container terminal and additional optimization of the 'VBS' truck announcement system,
- Introduction of a new LukeNet module for the works council and numerous optimisations of other modules (contracts, e-authorisations, human resources, board meetings, audits, risk register).

In 2020, regular activities were carried out in accordance with internal acts to ensure the availability, integrity and confidentiality of information systems, more precisely, through the implementation of regular preventive and curative measures in the form of security checks of information systems supporting the provision of essential services, and the introduction of additional protection mechanisms to raise the security level of the information environment. Due to the rising trend of intrusions into information environments of providers of essential services worldwide, the following was introduced: a more advanced solution for detecting patterns of malicious activity on workstations, a system for central monitoring of security events in information systems and activities of information support providers, and a system for protection and control of privileged users to provide greater visibility, traceability and logging of access to servers and databases.

The development of information systems in Luka Koper will continue to focus on customers and the operations department, who will be enabled the highest possible rate of operations 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. At the same time, great emphasis will also be placed on ensuring cybersecurity and preventing attacks that could potentially paralyse the company's operations. This will be ensured through appropriate tools and the proactive approach of the information security department.

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<sup>66</sup> GRI GS 203-1

## 15 The LKPG Share<sup>67</sup>

At the end of 2020, the value of the share of Luka Koper, d. d. is listed as LKPG on the Ljubljana Stock Exchange, Prime market, was lower than in 2019 by 18.60% . On the last trading day of 2020, the price per LKPG share was EUR 18.40.

The ownership structure of Luka Koper, d. d. experienced no major changes in 2020. As at 31 December 2020, 9,161 shareholders were entered in the shareholder register, which was 143 fewer than in 2019. The Republic of Slovenia remains the largest shareholder.

Table 12: Ten major shareholders as at 31 December

Shareholder	Number of shares as at 31 Dec 2020	Ownership interest as at 31 Dec 2020	Number of shares as at 31 Dec 2019	Ownership interest as at 31 Dec 2019
Republic of Slovenia	7,140,000	51.00%	7,140,000	51.00%
Slovenian Sovereign Holding	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	388,443	2.77%	395,413	2.82%
Hrvatska poštanska banka, d. d.	141,462	1.01%	138,582	0.99%
Raiffaisen Bank International AG	131,407	0.94%	126,214	0.90%
Zavarovalnica Triglav	113,568	0.81%	113,568	0.81%
NLB Funds – Multi-Asset Slovenia	113,000	0.81%	112,024	0.80%
Zagrebačka banka, d. d. - fiduciary account	101,026	0.72%	80,214	0.57%
<b>Total</b>	<b>10,822,501</b>	<b>77.30%</b>	<b>10,799,610</b>	<b>77.14%</b>

Table 13: Ownership structure of Luka Koper, d. d. as at 31 December

Shareholder	Number of shares as at 31 Dec 2020	Ownership interest as at 31 Dec 2020	Number of shares as at 31 Dec 2019	Ownership interest as at 31 Dec 2019
Republic of Slovenia	7,140,000	51.00%	7,140,000	51.00%
Individuals	2,221,431	15.87%	2,198,025	15.70%
Slovenian Sovereign Holding	1,557,857	11.13%	1,557,857	11.13%
Foreign legal entities	1,151,720	8.23%	1,266,169	9.04%
Kapitalska družba, d. d.	696,579	4.98%	696,579	4.98%
Other legal entities	507,078	3.62%	464,608	3.32%
Municipality of Koper	439,159	3.14%	439,159	3.14%
Mutual and pension funds	210,006	1.50%	180,445	1.29%
Brokerage companies	35,733	0.26%	33,608	0.24%
Banks	33,823	0.24%	16,556	0.12%
Foreign banks	6,614	0.05%	6,967	0.05%
<b>Total</b>	<b>14,000,000</b>	<b>100.00%</b>	<b>14,000,000</b>	<b>100.00%</b>

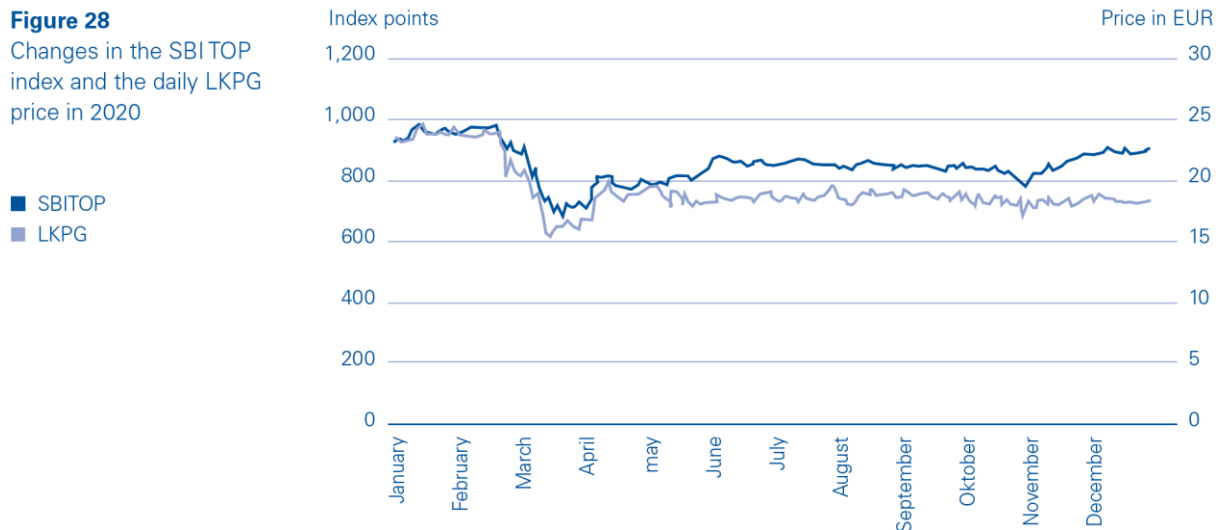
<sup>67</sup> GRI GS 102-5

## 15.1 Share trading

The average daily price of the Luka Koper, d. d. share amounted to EUR 19.32 in 2019. During the year, its value fluctuated between EUR 15.70 and EUR 24.70. The highest market price of the share was EUR 25.00 and the lowest EUR 15.10. Market cap of Luka Koper, d. d., shares as at 31 December 2020 was EUR 257,600,000.

In 2020, the total number of stock-exchange transactions and deals with lots for the LKPG share was 2,385. Total turnover in the period amounted to EUR 8,736,230, whereby 447,570 shares changed owners.

**Figure 28**  
Changes in the SBI TOP  
index and the daily LKPG  
price in 2020



**Figure 29**  
Changes in the daily LKPG  
share and daily turnover  
in 2020

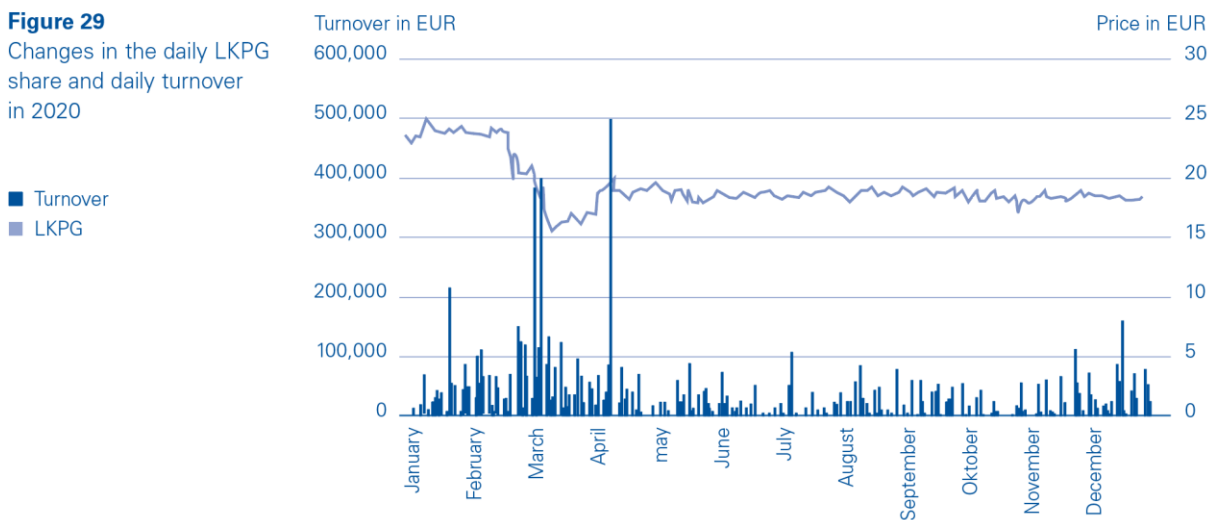


Table 14: Key data on the LKPG share

	2020	2019
Number of shares	14,000,000	14,000,000
Number of ordinary no-par value shares	14,000,000	14,000,000
Share price on the last trading day (in EUR)	18.40	22.60
Book value per share as at 31 Dec (in EUR) <sup>68</sup>	29.21	27.63
Price-To-Book (P/B Ratio) <sup>69</sup>	0.63	0.82
Average market price (in EUR) <sup>70</sup>	19.52	25.52
Average book value per share (in EUR) <sup>71</sup>	28.45	26.96
Average market price / average book value per share	0.69	0.95
Earnings per share (EPS) (in EUR) <sup>72</sup>	2.23	2.77
Price-to-earnings ratio (P/E ratio) <sup>73</sup>	8.24	8.15
Market cap as at 31 Dec (in EUR million) <sup>74</sup>	257.60	316.40
Total share turnover (in EUR million)	8.74	8.37
Dividend per share (in EUR) <sup>75</sup>	1.07	1.33
Dividend yield (in %) <sup>76</sup>	5.82	5.88

## 15.2 Dividend policy

The dividend policy of Luka Koper, d. d. is to reconcile the stakeholders' tendency towards dividend earnings and the tendency towards using the net profit for the period in order to finance investment projects.

## 15.3 Cross-linkages with other companies

As at 31 December 2020, Luka Koper, d. d. did not hold an interest of at least 5% in any company which owns shares of Luka Koper, d. d. The shareholders holding at least 5% of the LKPG shares are the Republic of Slovenia (51.00%) the Slovenian Sovereign Holding (11.13%).

## 15.4 Shares owned by Members of the Supervisory Board and the Management Board

	Shareholder	Ownership as at 31 Dec 2020
Supervisory Board	Uroš Ilić, Chair of the Supervisory Board	55
	Tamara Kozlovič, Member of the Supervisory Board	94
	Rok Parovel, Member of the Supervisory Board	8

<sup>68</sup> Book value per share = equity / number of shares

<sup>69</sup> Price-To-Book (P/B Ratio) = closing price / book value of the share.

<sup>70</sup> The average market price is calculated as a ratio of total turnover from ordinary (stock exchange) transactions to quantity of LKPG trading shares in ordinary (stock exchange) transactions.

<sup>71</sup> The average bookkeeping value of a share is calculated on the basis of average monthly balances of the ratio of equity to the number of ordinary shares.

<sup>72</sup> Earnings per share (EPS) = net earnings / number of shares.

<sup>73</sup> Current share price to earnings per share (P / E) ratio = closing price / earnings per share (EPS).

<sup>74</sup> Market capitalization = closing price \* number of shares.

<sup>75</sup> Dividend per share = balance sheet profit used to pay dividends / number of ordinary shares.

<sup>76</sup> Dividend yield = dividend per share / closing price

As at 31 December 2020, other members of the Supervisory Board and the Management Board held no shares of the Company.

## **15.5 Own shares, authorised capital, conditional capital increase**

As at 31 December 2020, Luka Koper, d. d., held no own shares. The applicable Company's articles of association do not provide for categories of authorised capital up to which the Management Board could increase the share capital. The Company also had no basis for conditional increase in the share capital.

## **15.6 Rules on restrictions on trading and presentation of trading in shares of the Company and related parties**

According to the recommendations of the Ljubljana Stock Exchange, Luka Koper, d. d. adopted the Rules on Trading in Issuer's Shares, which is an additional guarantee to keep the interested public equally informed on all significant business events, and is an important element in strengthening the confidence of investors and the reputation of Luka Koper. The purpose of the Rules is to enable the persons subject to it trading in shares of the Company and to prevent any possible trading based on insider information. At the same time, the Rules enable mandatory reporting on the sale and purchase of the Company's shares to the Securities Market Agency in accordance with the law.

## **15.7 Communications with investors**

Luka Koper communicates with its investors regularly and keeps them informed on Company news through various communication tools and channels:

### **15.7.1 SEO-net**

Pursuant to legislation, shareholders and the public are kept informed of operational results and all important business events in a timely manner via SEO-net, an electronic media outlet of the Ljubljana stock exchange; whilst information is also provided to shareholders and investors through other communication channels.

### **15.7.2 Website**

A special chapter on our website headed "For Investors" is devoted to shareholders and investors; there, they can find up-to-date information regarding the LKPG share, ownership structure, current interim, annual and past operating reports, information published on SEO-net, material for General Meetings of Shareholders, and answers to most frequently asked questions regarding shares.

### **15.7.3 Port Bulletin**

Each month, brokerage companies and analysts are sent a copy of the Port Bulletin, which also covers other issues related to operations of the company and general developments in the port.

### **15.7.4 Port Shareholder**

Once a year, in the period prior to the General Meeting of Shareholders, Luka Koper issues the Port Shareholder, a publication focusing on business results of the previous year, which is sent to all the shareholders.

### **15.7.5 Meetings with investors**

Each year, the company participates in meetings with investors organised by the Ljubljana and Zagreb Stock Exchange, which take the form of individual meetings. Information for investors is available at <https://luka-kp.si/eng/information-about-dividends>.

Contact person:  
Rok Štemberger  
Investor Relations  
Tel: 00 386 (0)5 66 56 140,  
E-mail: [rok.stemberger@luka-kp.si](mailto:rok.stemberger@luka-kp.si)



### 15.8 Calendar of relevant publications in 2021

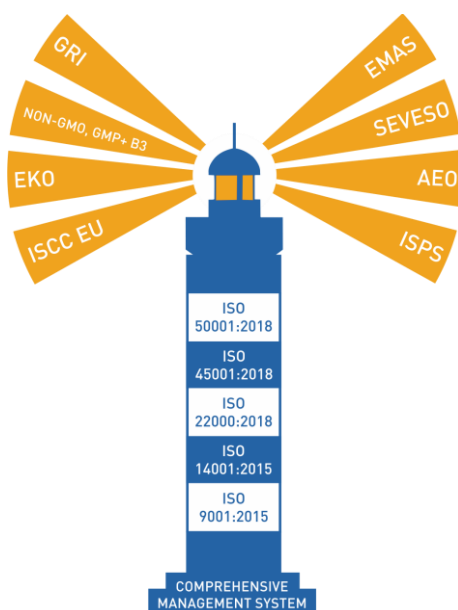
Periodic publications and other price sensitive information will be published on the Ljubljana Stock Exchange website via the SEO-net electronic information system ([www.ljse.si](http://www.ljse.si)) and on the website of Luka Koper, d. d., <https://luka-kp.si/eng/financial-calendar>. Any changes to expected dates of individual releases will be duly communicated through our website.

## 16 Management system

A management system based on internationally recognized standards from the ISO family began to be introduced in Luka Koper more than twenty years ago as a result of the decision to make systematic efforts to boost added value and customer satisfaction. In 2020, the management system embraced the joint-stock company Luka Koper and the comprehensive services of the key Group subsidiary. It has developed into a uniform management system that comprises the requirements of different systems:

- Quality management system compliant with ISO 9001,
- Environmental management system compliant with ISO 14001 and EMAS regulation,
- Safety and health at work management system compliant with ISO 45001,
- Food safety management system compliant with ISO 22000,
- Energy management compliant with ISO 50001,
- GMP+B3 standard, feed safety management system for transshipment and storage at the dry bulk cargoes terminal,
- Requirements for non-GMOs providing for the separate transshipment and storage of genetically unmodified soy at the dry bulk cargoes terminal,
- Requirements of the ECO certificate for organically produced food and feed at the refrigerated cargoes terminal, general cargo terminal and dry bulk cargoes terminal,
- Requirements of the AEO certificate for the status of authorized economic operator carrying out customs formalities,
- Requirements of the EU ISCC certificate for sustainable management of biofuels and biomass at the liquid cargoes terminal,
- Requirements of the SEVESO Directive on the management of major-accident hazards involving dangerous substances at the container terminal, liquid cargoes terminal and refrigerated cargoes terminal,
- Requirements of the ISPS (International Ship and Port Facility Security Code),
- GRI (Global Reporting Initiative) sustainability reporting standards.

As a promoter of continuous improvement and progress of the company, the management system follows both ISO standard upgrades and business needs; therefore, in 2020, the re-certification according to EMAS requirements was successfully performed, the first certification assessment of the energy management system according to ISO 50001 was carried out, and a transition was made from BS OHSAS 18001 to ISO 45001 and to the new version of standard 22000. Due to numerous changes, the graphic design of the system was also renewed.



In 2020, all established activities for the maintenance of the management system were carried out. In the field of system auditing, eleven internal audits were carried out as planned, a refresher annual training of internal auditors was carried out, the work of quality teams and introduction of possible improvements of processes and system were encouraged, management system documents were updated, a management review was prepared and support was provided for the introduction of innovations through a project approach and project management.

In 2020, the uniform management system of the Port of Koper was again assessed and certified by a professional, independent and impartial institution.

A photograph of an industrial facility, possibly a port or refinery, under a dramatic sunset sky. The sky is filled with large, billowing clouds that are illuminated from below by the setting sun, creating a vibrant orange and yellow glow. In the foreground, a large blue crane with two yellow buckets is positioned on the right. To the left, a large cylindrical storage tank is visible. In the background, a long, low industrial building with a corrugated metal roof stretches across the frame. The overall scene conveys a sense of industrial activity and environmental awareness.

# SUSTAINABILITY REPORT

Luka Koper is committed to sustainable development, which serves as guarantee of its future development being friendly to employees, local residents and the natural environment.

# 17 On the Sustainability Report

## 17.1 Non-financial statement

The sustainability report of the Luka Koper Group meets all the terms determining the publication of a non-financial statement. In line with the amendments to the Companies Act (ZGD-1J, Official Gazette of the Republic of Slovenia 15/2017 as of 31 March 2017), the 2020 Sustainability Report takes into account the requirement to publish a non-financial statement as set out in amendments to articles 56, 57, 60a and 70c of the Companies Act. The said amendments to the Companies Act 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'.

## 17.2 Sustainability report according to GRI Sustainability Reporting Standards<sup>77</sup>

The Luka Koper Group 2020 Sustainability Report is its fourth such report in accordance with the international standards of sustainability reporting (GRI Sustainability Reporting Standards). The Group has thus enhanced its previous sustainability reports as embedded in its annual reports and environmental reports under the EU Eco-Management and Audit Scheme (EMAS). The report has been prepared at the basic level of reporting. In devising the report and defining the essential content, all six GRI standards were used:

- GRI 101: the reporting principles were taken into consideration for defining report content and report quality.
- GRI 102: the focus of the report is on the organisation and its sustainability reporting practices, the organisation's profile, strategy, ethics and integrity, governance, and stakeholder engagement practices.
- GRI 103: the management approach was used for reporting on how the organisation manages the material topics covered by topic-specific standards GRI 200, 300 and 400.
- GRI 200, 300 and 400: indicators were used for reporting on the organisation's impacts on economic, environmental and social issues.

Reporting refers to the Luka Koper Group. For certain issues that have not yet been implemented at Group level, it is stated specifically to which company or companies of the Group they apply. Data has not changed from previous reports. In 2020, a larger number of reporting restrictions and limits were removed than in previous reporting periods.

## 17.3 Reporting periods<sup>78</sup>

The Luka Koper Group has been reporting on sustainable development on an annual basis since 2000. The last sustainability report, the third one under the GRI standards, was prepared for 2019 and made public on 24 April 2020. The 2020 report also follows the GRI standards. In the spirit of commitment to sustainable development, the Luka Koper Group has upgraded the contents of the 2020 sustainability report, and will continue to do so in the future.

<sup>77</sup> GRI GS 102-46, 102-48, 102-49, 102-54

<sup>78</sup> GRI GS 102-50, 102-51, 102-52

## 17.4 Contact point<sup>79</sup>

The Sustainability Report is part of the 2020 Annual Report of the Luka Koper Group and is available at:

<https://luka-kp.si/eng/annual-reports>

Additional information on sustainability activities is available at:

[www.zivetispristaniscem.si](http://www.zivetispristaniscem.si)

Contact person for information on the Sustainability Report:

T: +386 5 665 61 00

E: [zsp@luka-kp.si](mailto:zsp@luka-kp.si)

## 17.5 How to approach the Sustainability Report

The introductory sections provide background information on this report, and the section 'Presentation of the Luka Koper Group' provides information on the Luka Koper Group. Putting the Group in a wider sustainable framework, it presents its management of sustainable development. In subsequent sections, the Luka Koper Group reports on its operations in important areas of sustainable development in 2020 on the basis of the previously identified material aspects. The GRI indicator number in the footer connects GRI indicators with the text.

## 17.6 Verification of sustainability report<sup>80</sup>

The first sustainability report prepared by the Luka Koper Group under the GRI standards was for 2017, and was submitted for an external assurance of GRI sustainability reporting to an independent institution, the Slovenian Institute of Quality and Metrology (SIQ), which is not linked to Luka Koper. The 2020 report was also submitted for external assurance of reporting on the basis of GRI standards to the Slovenian Institute of Quality and Metrology (SIQ). In preparing the report for 2020, the recommendations of the GRI external audit in 2020 were taken into account.

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<sup>79</sup> GRI GS 102-53

<sup>80</sup> GRI GS 102-56





## Sustainability report assurance statement

### Objective and scope of assurance

Based on the 2016 GRI Sustainability Reporting Standards, SIQ was commissioned by **Luka Koper, d. d.**, Vojkovo nabrežje 38, 6000 Koper, Slovenia to perform external assurance of the Annual Report of the Luka Koper Group and Luka Koper, d. d., for 2020. The company voluntarily submitted to the external assurance of its report. The objective of assurance was to assess whether the facts and data stated in the report are credible and reflect the current state of sustainable development at the company and the Group.

### Limitations

The Annual Report relates to the Luka Koper Group and the parent company Luka Koper, d. d., to the extent and limitations set out in sections 2.2 and 17.2. of the Annual Report and in individual disclosures. Although it is a joint report, certain disclosures relate solely to the parent company Luka Koper, d. d., or to the Luka Koper Group. The stakeholders participated in the materiality analysis through a survey. Based on the results of 35 questionnaires, Luka Koper d. d. performed a materiality analysis and drew up a materiality matrix (Chapter 20) and made a review of the material content highlighted by the stakeholders (Chapter 20.1.). The methodology of determining material content in four steps is described in Chapter 20.2. As the graphic design of the report was in progress at the time of the assurance, only the accuracy of references to various chapters and pages of the Report in the GRI table of contents (Chapter 28) was assured.

### Assurance methodology

The stakeholders did not participate in the assurance process, as this was not requested by the contracting authority. The assurance process, therefore, involved a review of the Annual Report of the parent company and the Group, interviews with the responsible company representatives, and assurance with respect to the documentation and other data of the company. The data in the audited financial statements were not re-audited.

### Responsibility

The management of Luka Koper, d. d., and the Luka Koper Group is responsible for the data presented in the report and for setting assessment criteria. It is also responsible for collecting, classifying, and certifying data, and for reporting. SIQ and its representatives were not involved in the processing and presentation of the reported data. The SIQ representatives are responsible for the independent assurance of the report's compliance with the GRI Standards and the actual state, and for drawing up an opinion regarding the Sustainability Report included in the Annual Report.

### Independence

SIQ is a professional, independent, and impartial institution that provides comprehensive solutions in the areas of product testing and certification, management systems assessment, metrology, and training. Numerous accreditations and memberships in international certification schemes and associations are evidence of the international recognition and high professional level of the SIQ's work. The assessor who performed the assurance process is a registered auditor of quality management systems, environmental management systems or EMAS, occupational health and safety management systems, energy management systems, and information security management systems.

### Findings

The assessor carefully examined compliance with the requirements of standards and reporting principles and the mandatory disclosures for the basic level of reporting. Sustainable development is defined as an integral part of the strategy set out in the Luka Koper Group's Strategic Guidelines. The report states guidelines in the area of sustainable development and the strategy of sustainable development. In its report, the company presented 56 disclosures in 20 specific standard areas. Disclosures in the areas of management approaches and results of performance indicators confirm the sustainability-oriented nature of the parent company and the Luka Koper Group. Based on our findings, we hereby declare that the facts and data stated in the Sustainability Report are reliable and reflect the current state of management systems and the sustainable operations of Luka Koper, d. d., and the Luka Koper Group. Taking into account the aforementioned limitations and assurance methodology, we hereby find that the Annual Report of the Luka Koper Group and Luka Koper, d. d., for 2020, meets the requirements of the 2016 GRI Sustainability Reporting Standards, basic level (two standards are considered in the 2018 version). With its decision to have the external assurance of the Sustainability Report performed for the parent company and the Luka Koper Group, the management of Luka Koper, d. d. raises awareness regarding the importance of sustainable development, and thus contributes to the establishment of internationally comparable best practices relating to sustainable development reporting.



### Recommendations

Several opportunities were identified during the assurance process to improve operations and reporting in the area of sustainable development. These are recorded in the assurance report. In that respect, and for the sustainability reporting to be more comprehensive, we highlight the recommendation to increase the number of disclosures.

In the name and on behalf of SIQ

A handwritten signature in blue ink, appearing to read 'Igor Bizjak'.

Igor Bizjak



Ljubljana, 30 March 2021

A handwritten signature in blue ink, appearing to read 'Miloš Seražin'.

Miloš Seražin  
Management Systems Assessment

## 17.7 Membership and initiatives<sup>81</sup>

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,
- FEPOR – Federation of European Private Port Companies and Terminals,
- NAPA – North Adriatic Ports Association,
- MedCruise – Mediterranean Cruise Port Association,
- MEDports – association of Mediterranean ports,
- The Neptunes project port consortium,
- IAPH – International Association of Ports and Harbors: World Port Sustainability Program (WPSP),
- ZRSZV – Slovenian Chamber for Private Security,
- ICS – Institute of Corporate Security Studies,
- SZKO – Slovenian Association for Quality and Excellence,
- ZNS – Slovenian Directors' Association,
- Slovenian-Croatian Friendship Association,
- Public Relations Society of Slovenia,
- Association of Mechanical Engineers of Slovenia,
- Association of Safety Advisers for the Transport of Dangerous Goods,
- Slovenian Workers Council Association,
- WISE – World Institute for Sustainability and Ethics in Rising Economies,
- TIC 4.0 – Terminal Industry Committee 4.0.

Luka Koper, d. d. is a signatory of:

- Slovenian Corporate Integrity Guidelines.
- Fair business Declaration,
- Commitment to respect human rights in business operations.

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,
- EBA (European Boatmen's Association),
- IBLA (International Boatmen's Linesmen's Association),
- Fire Fighting Association of Slovenia,
- Slovenian Maintenance Society.
- Workers Council Association.

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<sup>81</sup> GRI GS102-12, 102-13



## LUKA KOPER AND SUSTAINABLE DEVELOPMENT

Luka Koper is a diligent institutional stakeholder in sustainable development: in line with its sustainable strategic orientations and activities it meets the current and future needs of the port and its stakeholders, and at the same time protects and preserves human and natural resources.

### 18 **Luka Koper** and sustainable development guidelines<sup>82</sup>

In relation to sustainable development, the Luka Koper has adopted various policies, strategies, codes, rules, rules of procedure and statements that address all areas of business:

- Management policy of Luka Koper, d. d.,
- Code of Ethics of the Luka Koper Group,
- 2020–2025 Strategic Business Plan of Luka Koper, d. d.,
- Strategic orientations of development in the environmental field,
- Business continuity policy of Luka Koper, d. d.,
- Sales policy of Luka Koper, d. d.,
- Corporate integrity strategy of the Luka Koper Group companies,
- Managing conflicts of interest policy of the Luka Koper Group,
- Policy on health and safety in the port and energy efficiency,
- Security policy of Luka Koper, d. d.,
- Quality policy,
- Procurement policy,
- Diversity Policy of the Management Board and the Supervisory Board of Luka Koper, d. d.
- Remuneration policy of members of the Management Board of Luka Koper, d. d., and directors of its subsidiaries,
- Human resource management strategy,
- 2020–2025 IT strategy,
- Energy policy,
- Rules of Procedure of the Corporate Integrity Officer and the Corporate Integrity Violations Committee of the Luka Koper Group,
- Rules of Procedure of the Operations Compliance Officer,
- A risk appetite statement,
- Sponsorships and donations strategy,

<sup>82</sup> GRI GS 102-16, 103-1, 103-2, 103-3

- Rules on accepting gifts in the companies of the Luka Koper Group.

With its policy, Luka Koper communicates to the internal and external public the company's general orientation for a specific area or content of its operations. The purpose of an individual policy is to define the foundations of the system governed by the policy. Each policy is clear, understandable and up-to-date, and published in an appropriate manner. Each policy by itself and all of them together communicate the Company's central purpose to ensure a sustainable future for itself. The policies are based on its vision, mission, values and ethics. The established policies are regularly reviewed and maintained by the Company. Each individual policy has its own guardian, who has a responsibility to ensure that the policy is up-to-date and consistent with the company's vision, mission, values and ethics, and to take into account all relevant aspects of the internal and external environment. Policies can change when it is assumed with a high degree of certainty that changes will take place in the context of the organisation, i.e. important aspects of the internal and external environment.

## 18.1 Sustainable development strategy<sup>83</sup>

Sustainable development is development that meets the needs of society without compromising the needs of future generations. Sustainability in the maritime industry means ensuring safe, efficient and reliable transport of goods while reducing environmental impacts and increasing resource efficiency (IMO, 2013). Sustainable ports are those ports that, in accordance with their sustainable strategic orientations and activities, meet the current and future needs of ports and their stakeholders, while protecting and conserving human and natural resources (AAPA, 2007). Luka Koper operates a port that is surrounded by residents on two sides, and by natural environment of special importance (Natura 2000) in its hinterland, whereas its external face is embraced by the vulnerable marine ecosystem. Due to its location, it has been seeking to improve the quality of life in the entire area in which the port is situated for a number of years. In its operations and development issues, Luka Koper takes into account the principles of sustainable development and responsible environmental management, with sustainable development being one of the key strategic directions of the Group. The Social Responsibility Strategy of Luka Koper, d. d. is the umbrella document for the management of social responsibility and sustainable development.

## 18.2 Luka Koper Group is 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 reaching the key objectives of the entire Company by 2030. The United Nations Sustainable Development Goals and strategic orientations have been set out by the Republic of Slovenia in the Slovenian Development Strategy 2030<sup>84</sup>.

Sustainable Development Goals<sup>85</sup>



<sup>83</sup> GRI GS 103-1, 103-2, 103-3

<sup>84</sup> [Implementation of the Development Strategy of Slovenia 2030 GOV.SI](https://www.gov.si/dokumenti/dokumenti/priprave-na-2030/)

<sup>85</sup> [http://www.unis.unvienna.org/unis/sl/topics/sustainable\\_development\\_goals.html#MoreInfo](http://www.unis.unvienna.org/unis/sl/topics/sustainable_development_goals.html#MoreInfo)

### 18.2.1 With its efforts, the Luka Koper Group is addressing 14 sustainable development goals

Development policy of the Republic of Slovenia 2030

Sustainable Development Goals

Sustainable guidelines of the Luka Koper Group



Inclusive, healthy, safe and responsible society



Protection of dignity and equal treatment regardless of gender, age, racial, religious, national, social, political affiliation, marital status, financial status, sexual orientation and other personal circumstances. Respect for human rights. Healthy and safe working environment. Decent pay for work. Healthy and active life of employees and the wider community. Doing business in accordance with the law and high ethical standards.



Highly productive economy creates added value for all



Achieving good business results. Providing competitive services with advanced technologies. Promoting knowledge and skills for quality work. Rational use of resources. Achieving beneficial effects on the economy.



Learning for and through life



Educating and training of employees. Supporting the education and employability of young people (scholarships, work placements) and people with disabilities, and providing quality jobs. Promoting lifelong learning for the general public.



Well-preserved natural environment



Care for the natural environment. Sustainable management of natural resources. Employee health promotion. Low-carbon circular economy. Sustainable development of the wider community.



High level of cooperation, competence and governance efficiency



Multi-stakeholder dialogue and cooperation. Socially responsible projects and partnerships. Transparency and business efficiency.

At the beginning of 2021, Luka Koper adopted the Strategy of Social Responsibility and Sustainable Development. Sustainability guidelines of the Luka Koper Group are based on the United Nations sustainable development goals and the development orientations of the Republic of Slovenia until 2030. The company has appointed a working group that pursues the achievement of strategic and operational goals in the field of social responsibility and sustainable development. Presented in more detail in the Strategy of Social Responsibility and Sustainable Development, the group will prepare an action plan each year, detailing the activities, objectives and financial resources required. The company will report on these activities in more detail in the annual report for 2021.

Sustainable development goal: **3 Good health and well-being**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Managing the occupational health and safety system in accordance with the international ISO 45001 standard and its upgrading to include all novelties.</li> <li>- Targeted training for safe and healthy work of employees and others in the area of the port with regard to anticipated risk of injuries or damage to health.</li> <li>- Providing an efficient system of health promotion in the working environment.</li> <li>- Managing concentrations of harmful substances under the statutory limits.</li> <li>- Measuring impacts on employees and the environment.</li> <li>- Reducing the noise level in the port and noise from ships by means of organisational and investment projects.</li> <li>- Devising the strategy of fire protection development in the port.</li> <li>- Modernising fire protection systems.</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Provision of a safe and healthy working environment.</li> <li>- Assessment of respect for human rights.</li> <li>- Noise and light pollution.</li> <li>- Customer health and safety.</li> </ul>
<b>Indicator examples:</b> <ul style="list-style-type: none"> <li>- The number of serious injuries at work.</li> <li>- The number of injuries at work per million hours worked.</li> <li>- The number of collisions per million hours worked.</li> <li>- The number of patrols</li> <li>- Noise levels at night in the direction of the towns/villages of Koper, Ankaran and Bertoki.</li> <li>- Noise levels in day- and evening-time in the direction of the towns/villages of Koper, Ankaran and Bertoki.</li> </ul>	<b>Goals:</b> <ul style="list-style-type: none"> <li>- A maximum of 15 injuries at work and 0 serious injuries per million hours worked.</li> <li>- A maximum of 25 collisions per million hours worked.</li> <li>- Reduce the noise level at night in the direction of the town of Koper to 48 dB.</li> <li>- 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.</li> <li>- Ensure an effective and adequate system of firewater supply in the entire port area, and appropriate firefighting interventions for specific facilities.</li> </ul>

Sustainable development goal: **4 Quality education**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Targeted execution of functional expert training.</li> <li>- Including all employees in the training.</li> <li>- Partly funding employees' studies to acquire higher levels of education.</li> <li>- Improving knowledge transfer systems (mentoring, tutoring).</li> <li>- Assessing employee competencies (annual interviews).</li> <li>- Introduction of e-learning.</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Educating and training of employees.</li> <li>- High work efficiency of employees, and their satisfaction and commitment.</li> </ul>
<b>Indicator examples:</b> <ul style="list-style-type: none"> <li>- Average number of hours of training per employee.</li> <li>- Share of staff involved in the training.</li> <li>- Average competence assessment.</li> </ul>	<b>Goals:</b> <ul style="list-style-type: none"> <li>- Having at least 80% of employees attend training.</li> <li>- Competent employees.</li> </ul>

Sustainable development goal: **5 Gender equality**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Consistent implementation of the provisions of the Code of Ethics.</li> <li>- The Diversity Policy sets out the target diversity that is pursued in relation to representation in the Supervisory Board and the Management Board based on gender, age, education level and other</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Diversity and equal opportunities, and non-discrimination.</li> </ul>
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personal characteristics of members as appropriate for the Company. - Respect for the rights of employees to freedom of association, membership in trade unions and the workers' council, and other forms of association. - Consistent implementation of rules on the protection of employee dignity.	
<b>Indicator example:</b> - Share of employees on the basis of gender, age, education level, etc.	<b>Goals:</b> - Absolute non-discrimination. - Satisfied employees. - Consistent respect of rights acquired by employees.

Sustainable development goal: **6 Clean water and sanitation**

<b>Description of Luka Koper's activity:</b> - Reducing drinking water losses.	<b>Links to essential content:</b> - Water use.
<b>Indicator example:</b> - Specific water consumption.	<b>Goals:</b> - Maintaining specific energy consumption on par with the year before despite increases in throughput and storage capacities – drinking water.

Sustainable development goal: **7 Affordable and clean energy**

<b>Description of Luka Koper's activity:</b> - Introducing energy efficiency measures. - Establishing an energy management system in profit centres and subsidiaries. - Installing measuring equipment to capture energy consumption data for machinery, facilities and infrastructure. - Maintaining the ISO 50001 standard certification – energy management. - Transition of machinery and vehicles to electrical power. - Establishing a central control system for port lighting. - Actively introducing state-of-the-art and cleanest technologies to ensure energy efficiency in carrying out port activities. - Generate electricity from renewable energy sources.	<b>Links to essential content:</b> - Energy efficiency. - Commitment to sustainable development.
<b>Indicator examples:</b> - Specific fuel consumption. - Specific electricity consumption.	<b>Goals:</b> - Maintaining specific energy consumption on par with the year before despite increases in throughput and storage capacities – motor fuel and electricity. - Constructing solar power plants with a total capacity of 1.25 MW, which means generation of up to 4% of electricity for own consumption.

Sustainable development goal **8 Decent work and economic growth**

<b>Description of Luka Koper's activity:</b> - Following strategic guidelines facilitating long-term business stability in order to contribute to high economic growth. - Acquiring and keeping the best staff. - Achieving the culture of high performance and excellent management. - Executing management by objectives (annual interviews). - Ensuring customer satisfaction and commitment. - Implementing the system of human resource potentials and successors. - New employee hires based on the principle of "competent staff – key positions". - Optimum management of effective employee working time.	<b>Links to essential content:</b> - Stability and business performance. - Indirect economic impacts. - Importance of employment and concern for employees.
<b>Indicator examples:</b> - Financial ratios.	<b>Goals:</b>

<ul style="list-style-type: none"> <li>- Net sales.</li> <li>- Share of annual interviews held.</li> <li>- Assessment of work atmosphere and employee satisfaction.</li> <li>- Assessment of employee commitment.</li> <li>- Share of suitable managers (management competency assessment based on the 360 degree method).</li> <li>- Share of unused compensatory hours and balance of working hours.</li> </ul>	<ul style="list-style-type: none"> <li>- Continuing the initiated investments in port infrastructure in 2021. Completing the first phase of the extension of Pier I in 2021 and the second phase in 2022. 2021: completing the construction of the parking garage for cars, the third truck entrance to the port, starting the construction of new storage facilities for general cargo, and the construction of road and railway infrastructure and digital transformation.</li> <li>- Reaching 100% realisation of HR plans each year.</li> <li>- 2021: 99% share of annual interviews implemented,</li> <li>- 85% share of suitable managers,</li> <li>- Less than 8% share of unused compensatory and balance of working hours.</li> <li>- Ensuring equal pay for equal work.</li> </ul>
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Sustainable development goal: **9 Industry, innovation and infrastructure**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Creating integrated transport solutions by combining various links of the logistics chain.</li> <li>- Stimulating employee creativity and making innovative activity part of the Company's strategic orientation.</li> <li>- Providing new infrastructure capacities in due time.</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Stability and business performance.</li> <li>- Indirect economic impacts.</li> <li>- Stakeholder engagement.</li> </ul>
<b>Indicator examples:</b> <ul style="list-style-type: none"> <li>- Number of inspection and internal measures in land development.</li> <li>- Share of introduced improvements.</li> <li>- Strategic programme.</li> </ul>	<b>Goals:</b> <ul style="list-style-type: none"> <li>- No inspection and internal measures in land development.</li> <li>- Acquiring new warehousing areas.</li> <li>- Setting up additional berths.</li> <li>- Improving road access.</li> <li>- Establishing new track capacities.</li> </ul>

Sustainable development goal **13 Climate action**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Using renewable energy.</li> <li>- Constructing renewable energy facilities (solar power plants).</li> <li>- Electrification of machinery.</li> <li>- Constructing according to flood risk studies.</li> <li>- Energy efficiency.</li> <li>- Reducing water losses.</li> <li>- Built-in monitoring and alarm systems against extreme weather conditions.</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Energy efficiency.</li> <li>- Commitment to sustainable development.</li> </ul>
<b>Indicator examples:</b> <ul style="list-style-type: none"> <li>- Specific fuel consumption.</li> <li>- Specific electricity consumption.</li> <li>- Specific water consumption.</li> <li>- Carbon footprint.</li> </ul>	<b>Goals:</b> <ul style="list-style-type: none"> <li>- Related to the National Energy and Climate Plan and Green Deal orientations.</li> <li>- Maintaining specific energy consumption on par with the year before despite increases in throughput and storage capacities – motor fuel and electricity.</li> <li>- By 2025, we plan to have installed in the port solar PV plants with the capacity of approximately 1.25 MWp, which would generate up to 4% of own electricity consumption. By 2030, we plan to have installed solar PV plants with the capacity of approximately 4 MWp, which represents about 14% of the current electricity consumption of the entire port.</li> </ul>

Sustainable development goal: **14 Life below water**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Establishing an adequate control system for the entire port water area.</li> <li>- Alternative solutions for the handling of marine sediments.</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Quality of the sea, deepening of seabed and management of marine sediments.</li> <li>- Biodiversity.</li> </ul>
<b>Indicator examples:</b> <ul style="list-style-type: none"> <li>- Number of sea pollution instances outside the port water area.</li> </ul>	<b>Goal:</b> <ul style="list-style-type: none"> <li>- Preventing all instances of sea pollution outside the port water area.</li> </ul>

Sustainable development goal: **15 Life on land**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Upgrading waste management systems and equipment.</li> <li>- Reducing the impact of potentially contaminated precipitation water, process and waste water by upgrading treatment plants.</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Use of land and water, and the formation of waste water.</li> <li>- Waste management.</li> </ul>
<b>Indicator examples:</b> <ul style="list-style-type: none"> <li>- Maintaining the share of separately collected waste.</li> </ul>	<b>Goal:</b> <ul style="list-style-type: none"> <li>- Maintaining the share of separately collected waste (excluding ship-generated waste) above 91%</li> </ul>

Sustainable development goal: **16 Peace, justice and strong institutions**

<b>Description of Luka Koper's activity:</b> <ul style="list-style-type: none"> <li>- Respect for the principles of the rule of law and measures to prevent corruption and bribery, thereby strengthening our integrity and reputation.</li> </ul>	<b>Links to essential content:</b> <ul style="list-style-type: none"> <li>- Respect for human rights.</li> <li>- Corporate integrity</li> <li>- Luka Koper's reputation.</li> <li>- Compliance</li> <li>- Operational transparency.</li> <li>- Ensuring customer privacy.</li> </ul>
<b>Indicator examples:</b> <ul style="list-style-type: none"> <li>- Number of corruption cases.</li> </ul>	<b>Goals:</b> <ul style="list-style-type: none"> <li>- Maintaining the number of corruption cases at 0 and implementing corporate integrity training.</li> </ul>

## Sustainable development goals set out in the Social Responsibility Strategy:

- 10 Reduced inequalities,
- 11 Sustainable cities and communities,
- 12 Responsible consumption and production,
- 17 Partnerships for the goals,

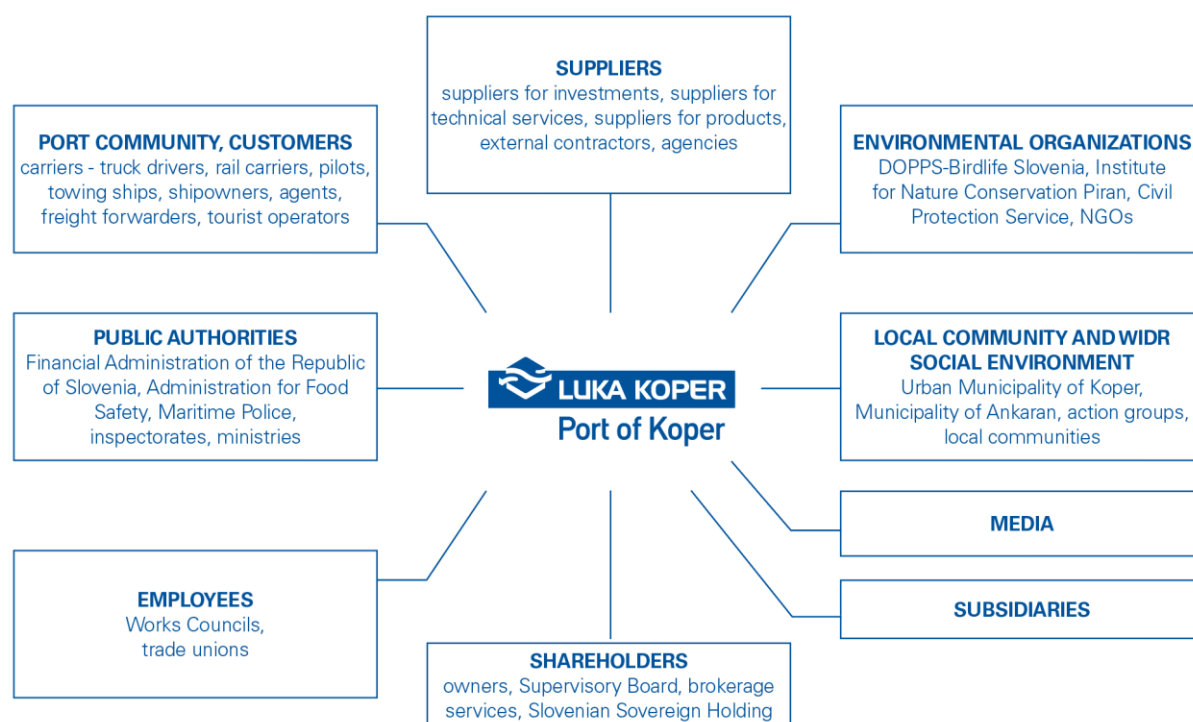
will be broken down in detail in 2021 within the appointed working group, and the company will report on these activities in more detail in the annual report for 2021.

Sustainable development goals mainly refer to Luka Koper, d. d., but other Group companies also pursue them as per their areas of operation.

## 19 Stakeholders of Luka Koper<sup>86</sup>

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 Luka 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 governance rights at the General Meeting of Shareholders. Competencies of the General Meeting and other directly related matters are determined in the Companies Act, the Company's articles of association, and Rules of Procedure of the General Meeting of Shareholders. In communicating with shareholders, the public limited company applies the following forms of communication:

- Annual General Meetings,
- SEOnet notification system of the Ljubljana Stock Exchange,
- Corporate website, subsection "Investors",
- Participation of Company representatives at investor conferences at home and abroad,
- Port Bulletin in-house monthly paper and its version adapted for the general public,
- Port Shareholder annual publication for all shareholders,
- Press conferences on the Company's performance,
- Meetings at Company headquarters.

<sup>86</sup> GRI GS 102-40



## 19.1 Identification of stakeholders<sup>87</sup>

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

**Shareholders** can exercise their governance rights at the General Meeting of Shareholders. Competencies of the General Meeting and other directly related matters are determined in the Companies Act, the Company's articles of association, and Rules of Procedure 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 in their work. From the first contact with customers and performing services for them to settling any potential claims, it must be noted that it is customer satisfaction that gives meaning to the work and serves as the basis for implementing the vision and mission of Luka Koper. Satisfaction of Luka Koper customers is monitored regularly. Customers are offered top quality services, quick responsiveness to demand, and effective communication and other necessary support. The existing model of port management serves as the basis for an equal treatment of all customers.

**The port community** participates in changes to the functioning of the port system as a whole. The port community is an informal association of all the interested parties whose business activity is directly related to the provision of port services. It includes customers – freight forwarders, agents and carriers united in professional organisations – as well as representatives of controlling firms and inspection authorities, and government agencies, all of them forming expectations towards Luka 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. Luka Koper responds to mentioned demands by coordinating them and communicating with the interested stakeholders.

The Company's performance and reputation are also related to the work of **suppliers**. This is why the efforts of all business partners involved in the operation of the port system as suppliers of required products or services are highly respected and valued.

**Employees** are encouraged to excellent performance, and are awarded if successful. The culture of partnership with employees 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 in-house monthly paper and via intranet. Employees who have no computer access, can access the information using information terminals in the management premises. Special emphasis is also being placed on 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 the Company's long-term development needs.

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", holding the Port Day to invite visitors from the local and wider environment to tour the port, piers, lifts, devices, and witness transshipment and other activities.

**Public authorities:** The Government is aware of the immense importance of Luka Koper as the only Slovenian port to the economy as a whole. In 2008, 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 agreement are:

- Duration of the Concession Agreement,
- 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.

<sup>87</sup> GRI GS 102-42

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. The commitment is 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. We respond to media questions in due time and promptly inform them of the Company's performance and innovations. Information is also published on the Company's website [www.luka-kp.si/eng/](http://www.luka-kp.si/eng/), and on its sustainability portal [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si). The media also receive press releases, and invitations to attend press conferences and important business events and visits.

## 19.2 Stakeholder engagement, their expectations and needs<sup>88</sup>

From the wide range stakeholders with whom Luka Koper, d. d. cooperates and develops sustainable relationships, and who are defined in the Corporate Governance Policy of Luka Koper, d. d. and in the framework of the Company's individual business processes, key stakeholders and their expectations and ways of involvement in the operations of the Luka Koper Group were identified based on strategic guidelines.

Key stakeholders	Communication tools	Participation in preparation of sustainability report	Stakeholders' expectations and needs	Frequency of engagement
<b>SHAREHOLDERS</b>	<ul style="list-style-type: none"> <li>- Website</li> <li>- SEOnet</li> <li>- Gatherings</li> <li>- General Meeting</li> <li>- Annual report</li> <li>- Investor conferences</li> <li>- Port Bulletin</li> <li>- Port Shareholder</li> <li>- Press conferences</li> </ul>	YES 3 questionnaires completed	Information on the operations of the Company Financial performance Business strategy and plans Dividend policy <b>Contents of particular importance in the process of devising the Sustainability Report</b> Concern for the environment Access to information Business performance Strategy Prevention of corruption Information on competition Information on key markets Connecting with the local community	Upon publishing business reports and, if necessary, upon meetings with the investor audience
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>- Website</li> <li>- TinO (marketing and operations app)</li> <li>- Notifications and other service messages</li> <li>- Telephone contacts</li> <li>- Personal contacts</li> <li>- Fairs and conferences</li> <li>- Organisation of target business events</li> <li>- Customer satisfaction survey</li> <li>- Port Bulletin</li> <li>- LinkedIn</li> <li>- Port Days</li> <li>- Gatherings</li> </ul>	YES 16 questionnaires completed	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 <b>Contents of particular importance in the process of devising the Sustainability Report</b> Marketing and sales Strategy Customer relations Investments	Daily via networks, if necessary through personal contacts, survey every two years, port days once a year, conferences, fairs, target business events

<sup>88</sup> GRI GS 102-43, 102-44

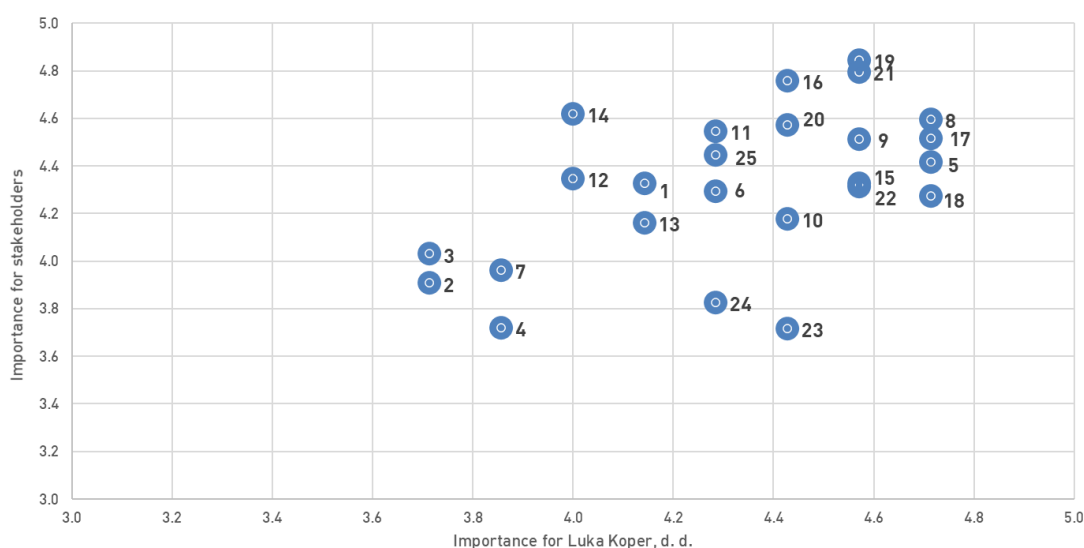
<b>PUBLIC AUTHORITIES</b>	<ul style="list-style-type: none"> <li>- Web portals</li> <li>- Reports</li> </ul>	YES 5 questionnaires completed	Operations in accordance with the Concession Agreement Operations in accordance with legislative and executive acts Strategic and spatial plans of the Company Appropriate communication (reports, responses, etc.)	Regularly
			<b>Contents of particular importance in the process of devising the Sustainability Report</b> Concern for the environment Sustainable development Strategy	
<b>SUBSIDIARIES</b>	<ul style="list-style-type: none"> <li>- 'Best Supplier' event</li> <li>- Personal contacts</li> <li>- Telephone contacts</li> </ul>	YES 1 questionnaire completed	Reliability of payments Long-term cooperation Award for successful cooperation Fair cooperation and communication	Daily
			<b>Contents of particular importance in the process of devising the Sustainability Report</b> Business performance Concern for the environment Care for employees Strategy Prevention of corruption, discrimination, ethics and integrity, human rights Information on competition	
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>- 'Best Supplier' event</li> <li>- PSP portal</li> </ul>	YES 5 questionnaires completed	Reliability of payments Long-term cooperation Award for successful cooperation Fair cooperation and communication Providing timely information on changes in the Company	Daily
			<b>Contents of particular importance in the process of devising the Sustainability Report</b> Concern for the environment Access to information Business performance Prevention of corruption Compliance Relations with suppliers Investments Strategy	
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>- Survey on employee satisfaction</li> <li>- Port Bulletin</li> <li>- Quality teams</li> <li>- Chat room</li> <li>- Intranet</li> <li>- Meetings</li> <li>- Gatherings</li> <li>- Evaluation of managers</li> <li>- Annual interviews</li> <li>- Assessment of mutual cooperation between units</li> </ul>	YES 2 completed questionnaires: Works Council and Crane Operators Union	Regular training and education Appropriate communication with employees Career development and competences Occupational safety and health Wage system Relations between employees	Daily
			<b>Contents of particular importance in the process of devising the Sustainability Report</b> Business performance Access to information Strategy Marketing and sales Risk Prevention of corruption, discrimination, ethics and integrity, human rights Sustainable development Social environment Connecting with the local community	
<b>LOCAL COMMUNITY AND WIDER SOCIAL ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>- Port Day</li> <li>- "Living with the Port" portal</li> <li>- Meetings with representatives of local communities</li> <li>- Facebook</li> <li>- Port Bulletin</li> </ul>	YES 4 questionnaires completed	Observance of environmental regulations Co-financing cultural, sports and humanitarian organisations New employee hires Contribution to the development of the economic environment Spatial plans of the port Transparent communications with the public	Occasionally, as needed
			<b>Contents of particular importance in the process of devising the Sustainability Report</b> Prevention of corruption Sustainable development	

				Concern for the environment Sea water protection	
ENVIRONMENTAL ORGANISATIONS	<ul style="list-style-type: none"><li>- "Living with the Port" portal</li><li>- Environmental reports</li><li>- Expert councils</li></ul>	YES 1 questionnaire completed	<b>Contents of particular importance in the process of devising the Sustainability Report</b> Risk The impact of Luka Koper on the wider social environment Sustainable development Concern for the environment	Occasionally	
MEDIA	<ul style="list-style-type: none"><li>- Press conferences</li><li>- Press releases</li><li>- Answers to the press</li><li>- Website</li></ul>	YES 1 questionnaire completed	Up-to-date information about events, business operations and changes in the Company <b>Contents of particular importance in the process of devising the Sustainability Report</b> Business performance Concern for the environment Care for employees Strategy Prevention of corruption, discrimination, ethics and integrity, human rights Occupational safety and health	Continued	

## 20 Materiality matrix<sup>89</sup>

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 of individual companies or groups. The Luka Koper Group has therefore identified the material topics of sustainable development and assessed their importance for the Luka Koper Group and for key stakeholders. Based on both aspects, the following matrix of material issues for Luka Koper has been devised. The materiality matrix was updated in 2020.

### Materiality matrix



1	Financial results (business analysis, business indicators)
2	Investments in non-financial assets
3	Financial statements
4	Information on the share and shareholders
5	Marketing and sales (transshipment, commodity groups)
6	Current information on the company's operations, events, activities
7	General information on the company (history, identity, activities, organisational structure, etc.)
8	Strategy
9	Economic impact of Luka Koper on the wider environment
10	Company management and governance system
11	Risk
12	Ethics and corporate, integrity human rights
13	Discrimination, diversity and equal opportunities
14	Prevention of corruption
15	Occupational safety and health
16	Sustainable development
17	Compliance with laws and regulations
18	Employment and care for employees (education, employee career development, social security, etc.)
19	Concern for the environment (air quality, emissions, carbon footprint, noise, light pollution, wastewater, waste, etc.)
20	Energy management (energy efficiency, energy consumption)
21	Marine protection (marine quality, marine pollution, biodiversity)
22	Social environment (sponsorships and donations, local community involvement)
23	Relations with suppliers
24	Customer relations
25	Involvement of stakeholders in the activities of Luka Koper

<sup>89</sup> GRI GS 102-47

Stakeholders rated the content with scores ranging from 1 (lowest, least important) to 5 (highest, most important). All content was highly rated (score 3.7 or above) both by stakeholders and the Company. According to both, stakeholders and the Company, the most important content includes: **strategy, care for the environment and protection of the sea, economic impacts of the Port of Koper on the wider environment, and compliance with laws and rules**. Luka Koper, d. d., highlighted or rated the highest (score 4.7) the following content: marketing and sales, strategy, compliance with business laws and regulations, and recruitment and care for employees.

On the other hand, stakeholders particularly highlighted (score 4.8): care for the environment, protection of the sea, and sustainable development.

The matrix of essential contents was updated in 2020.

## 20.1 Material contents highlighted by particular stakeholders<sup>90</sup>

The darker the hue of the box, the more important the content.

	SHAREHOLDERS	LOCAL COMMUNITY AND WIDER SOCIAL ENVIRONMENT	CUSTOMERS	PUBLIC AUTHORITIES	SUPPLIERS	EMPLOYEES	SUBSIDIARIES	ENVIRONMENTAL ORGANISATIONS	MEDIA
Financial results									
Investments in non-financial assets									
Financial statements									
Information on the share and shareholders									
Marketing and sales									
Current information on the company's operations, events, activities									
General information about the company									
Strategy									
Economic impact of Luka Koper on the wider environment									
Company management and governance system									
Risk									
Ethics and corporate, integrity human rights									
Discrimination, diversity and equal opportunities									
Prevention of corruption									
Occupational safety and health									
Sustainable development									
Compliance with laws and regulations									
New hires, and concern for employees									
Concern for the environment									
Energy management									
Sea water protection									
Social environment									
Relations with suppliers									
Customer relations									
Involvement of stakeholders in the activities of Port of Koper									

<sup>90</sup> GRI GS 102-44

## 20.2 Methodology for determining materiality<sup>91</sup>

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 the organisation's major environmental, economic and social impacts. In addition, it should include the contents that significantly influence stakeholders' decisions. Our materiality analysis is therefore based on steps that are presented below. The materiality matrix was updated in 2020.

### STEP 1

#### Identification and determination of essential contents of the sustainability report

Based on the proposed essential elements of the GRI standards and based on Luka Koper, d. d. strategy and activities, the essential elements that are relevant and important for the operation of Luka Koper were identified. These elements were divided into sections:

1. General disclosures
2. Business performance
3. Social governance
4. Responsibility to the natural environment

### 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 top to bottom. Stakeholders' assessment was obtained using an online questionnaire submitted to key stakeholders. Questionnaires were sent to 87 addresses, of which 39 were returned and completed. The included stakeholders and their expectations can be seen in the table "Stakeholder engagement, their expectations and needs".

### STEP 4

#### Determination of materiality

The materiality matrix was devised based on the answers received. It shows synergies between the objectives and interests of the Company and stakeholders. 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 conceptual design of this Sustainability Report is based on established materiality.

In collecting data and writing the Sustainability Report, the following report quality principles were taken into account:

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

<sup>91</sup> GRI GS 102-46

## 21 Corporate integrity, human rights, prevention of corruption and compliance<sup>92</sup>

It is a welcome business practice of recent years that in their operations, companies have been oriented increasingly towards the respect and strengthening of corporate integrity and compliance of operations. Such an approach ensures for business operation to be compliant with legislation, good business practices and ethical principles.

Compliance with legislation and ethical conduct in its broadest sense are ensured by following the concept of social responsibility, which has been increasingly prominent and becoming an indispensable part of companies' day-to-day operation. 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, and includes commitment to sustainable development, i.e. a socially responsible attitude toward the social community and natural environment. This commitment is ingrained in our values and corporate culture.

In 2020, despite the business conditions being hampered by the pandemic, the Luka Koper Group organized several training programmes in the field of corporate integrity, human rights, compliance and personal data protection:

- Internally organized training programmes:
  - o Protection of confidential information: 18 participants
  - o Counterfeit identification: 21 participants
- External training programmes:
  - o Protection of personal data: 4 participants
  - o GDPR: 1 participant
  - o Corporate security: 5 participants
  - o Cyber security: 3 participants
  - o Counter-COVID-19 legislation: 1 participant
  - o Internal fraud: 1 participant
  - o Compliance of operations: 1 participant
  - o Training in worker participation in management: 5 participants

### 21.1 Corporate integrity<sup>93</sup>

The Luka Koper Group was among the first entities to have acceded to the Slovenian corporate integrity guidelines already in 2014. In Luka Koper, the area of corporate integrity is overseen by the Corporate Integrity Officer and the Corporate Integrity Violations Committee, who based on observed violations make reports with recommendations or proposed measures.

Seeking to create the conditions for a highly ethical and responsible business conduct, protecting the interests of all stakeholders and minimising risk that might arise due to non-compliant conduct of employees, contracting partners or third parties, in 2020, Port of Koper consolidated the positions of Corporate Integrity Officer and Operations Compliance Officer, who are autonomous in terms of organisation, and reporting directly to the Company management bodies as well as the Supervisory Board. It is the role of the Corporate Integrity Officer and Operations Compliance Officer to provide advice and warn against the existence of compliance risk with regard to the legislation, internal rules and other current Company's acts within all business processes, and particularly against the risk of insider dealing and disclosure of protected data.

This is intended to ensure the performance of the corporate integrity programme; managing risk with regard to corporate compliance and integrity; establishing a relevant procedure and methodology for assessing compliance and corporate integrity risk; managing risk to do with conflict of interests, lobbying, corruption and breaches of

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<sup>92</sup> GRI GS 102-16, 102-17

<sup>93</sup> GRI GS 102-16, 102-17, 103-1, 103-2, 103-3



ethics and integrity based on the Code of Ethics; record-keeping; due care for the corporate integrity system to be rooted in the internal management system, and strengthening the culture of compliance and integrity.

Corporate Integrity Officer makes sure 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.

With regard to reporting violations of corporate integrity, 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. Any violation of corporate integrity may be reported through the Company website <https://www.luka-kp.si/slo/prijava-nepravilnosti> or directly with the Corporate Integrity Officer. 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 is recorded in the register of reported violations.

Reports on reported violations are discussed regularly by the Audit Committee of the Supervisory Board, and also by the Supervisory Board once a year.

Serving to the Company as a guide, and providing it with guidelines and rules, the Code of Ethics is based on the values and objectives of Luka Koper. It summarises potential ethical dilemmas and situations in which an employee might find themselves as part of the expected or required conduct of employees working in the Luka Koper Group.

The electronic Code of Ethics is available to all employees on the Luka Koper online portal, and to business partners and other interested parties on the Luka Koper website. All new employees receive a printed copy of the Code of Ethics upon being recruited, 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 and also to customers, owners, the media, suppliers, public authorities and other partners.

Leaders have the role to direct the employees in their involvement towards achieving the Company's shared goals by setting an example, assuming responsibility for the results and staff development, translating organisational objectives into individual ones, providing employees with regular feedback on work efficiency, i.e. being able to define the employees' disadvantages and advantages.

In making decisions, the Company is guided by responsibility, commitment, respect, cooperation and creativity.

Companies of the Luka Koper Group seek to protect its property against fraud and corrupt practices by establishing a relevant internal control system. Employees at positions exposed to such risks have been 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 2020, the Corporate Integrity Officer of the Luka Koper Group dealt with eleven reports of alleged violations of corporate integrity filed by both external and internal players. One application was justified. The Officer gave recommendations which the Management implemented in 2020, while also newly adopting the Conflict of Interest Management Policy, and amending the Diversity Policy. In 2020, the company also took a number of measures in the field of information security, thus further strengthening the procedures for handling of confidential data the related due diligence, and the protection of business secrets.

## 21.2 Human rights and discrimination<sup>94</sup>

In November 2018, the Government of the Republic of Slovenia adopted the National Action Plan on Business and Human Rights, the purpose and aim of which is to ensure the implementation of the UN Guiding Principles on Business and Human Rights and to help ensure respect for human rights in economic activities along the entire value-chain, and further develop cooperation between the state, companies and economic associations, trade unions, non-governmental organizations and other stakeholders. Luka Koper, d. d. follows the principles of the adopted action plan and has been a signatory to the Commitment to Respect Human Rights since 2019, which includes a commitment to adopt the action plan no later than three years after signing. With the commitment, the company also follows the recommendations and expectations of SSH, which expects companies with state-owned

<sup>94</sup> GRI GS 102-16, 102-17, 103-1, 103-2, 103-3, 406-1

assets to implement the relevant principles of the National Action Plan of the Republic of Slovenia on Business and Human Rights and to set an example to other companies in terms of respect for human rights.

In the framework of the National Action Plan (NAN)<sup>95</sup> the following priorities or areas of human rights were formulated,

1. Protection of fundamental rights at work (precarious work)
2. Prevention of harassment at the workplace (mobbing)
3. Prevention of discrimination and inequality and promotion of equal opportunities
4. Work and Employment of Persons with Disabilities
5. Occupational health and safety
6. Environmental protection and sustainable development
7. Consumer rights
8. Human trafficking prevention

Within the framework of respect for human rights and prevention of discrimination, Luka Koper follows the following principles by implementing the above measures:

- **Protection of fundamental rights at work, prevention of precarious work**  
By changing its business model and eliminating the model of working with port service providers, the company completed the implementation of a new three-tier business model in 2020, thus making a major leap in the direction of respect for human rights. It also established that the hired agency workers are guaranteed the same rights as full-time employees in accordance with the legislation and the Collective Agreement of Luka Koper, d. d. The company provides employees with employment for an indefinite period, only exceptionally for a fixed period, and full-time work, only exceptionally less in relation to the provision of parental and health care rights.
- **Prevention of harassment at the workplace (mobbing)**  
The employer is under a legal obligation to ensure the working 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 must 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 2020, four cases of suspected harassment and ill-treatment at work were discussed and solved informally, as the persons affected filed no formal complaint.
- **Ensuring gender equality**  
In 2020, the Diversity Policy of the Management Board and the Supervisory Board was supplemented, which is reported in more detail in section 21.4 'Diversity Policy'. The company also ensures gender equality among other employees through non-discriminatory announcements and equal treatment of applications submitted by candidates for published vacancies in recruitment procedures, and with equal pay for the work performed regardless of gender and position.
- **Protection of persons with disabilities**  
The company carefully treats employees in proceedings before the disability commission in search of a suitable job in accordance with employees' remaining working capacity and cooperates with the disability company Luka Koper INPO, d. o. o.
- **Protection of older workers**  
The company complies with the legal provisions regarding overtime work of older workers, night work and additional days of annual leave for older workers.
- **Occupational safety and health**  
The company implements health protection measures based on workplace risk assessments, safety drills and the use of protective equipment, and health promotion measures. With regard to the appropriate working environment, the company identified the situation related to the COVID-19 pandemic as the main challenge in 2020, and set up several working and operational groups for this purpose. In the first half of the year, the civil protection service was activated, and in the second wave, some tasks were taken over by other employees. Transport of food is organised in the port by mobile unit, and additional spaces were introduced for rest and relaxation, taking into account all security measures. The company provides employees at all times with appropriate personal protective equipment, internal transport lines and marked corridors, and takes care of safety at work mainly with updated work technologies.
- **Environmental protection, nature conservation and sustainable development**

<sup>95</sup> [Business and Human Rights | GOV.SI](#)

The company reports on this in detail in Chapter 24 'Long-term sustainability of the natural environment'.

Luka Koper respects the rights of employees to freedom of association, membership in trade unions and the Works Council, and other forms of association. 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 at activities rather than persons.

Luka Koper, d. d. periodically participates in the initiative and selection of the most reputable employer Zlata Nit, which partially addresses the field of human rights. For the second time, it was ranked among the finalists in the category of large companies. The strategy envisages obtaining the Family-Friendly Company or Socially Responsible Company certification.

### 21.2.1 Human rights identified as most relevant for Luka Koper, d. d.<sup>96</sup>

Luka Koper, d. d. is aware that in its operations there are also certain risks of human rights violations. Respect for human rights applies to the entire Luka Koper and to all employees.

The table below states the human rights that were recognised within the employee working group responsible for implementing sustainable reporting under GRI standards as most relevant to all employees of Luka Koper, d. d.

Human rights	Employees	Importance 1-4 <sup>97</sup>	KPI
<b>FUNDAMENTAL RIGHTS AND FREEDOMS</b>			
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)
<b>ECONOMIC, SOCIAL AND CULTURAL RIGHTS</b>			
Right to work	X	1	No of on-going actions for unlawful dismissal
Right to education	X	4	Average No of hours of training
Right to dignity at work	X	1	No of reports
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
<b>HUMAN RIGHTS OF THIRD GENERATION</b>			
Right to a healthy living environment	X	1	Noise level

<sup>96</sup> GRI GS 412-1

<sup>97</sup> 1-very important, 4-not important

Concentration of dust particles  
No of pollution incidents  
Quality of drinking water

### 21.3 Corruption and bribery<sup>98</sup>

In 2020, the Luka Koper Group adopted a code of conduct for suppliers, who, upon signing it, undertake the obligation to respect the required ethical values. The supplier evaluation system was also supplemented to monitor their financial situation in detail. Regarding the implementation of the ISO 37001:2016 standard, an inventory of potential corruption risks was made and an integrity plan was prepared in 2020 after the completion of the first phase. The Luka Koper Group is thus strengthening the process of promoting ethical values and internalizing them, and ensures the management of risks the consequent reduction of operating losses. The Group pursues the highest level of professionalism, loyalty and integrity in relation to its employees, customers, owners, media, suppliers, state and local authorities and other stakeholders, and concludes business relations transparently, respecting competitiveness and good business practices and with zero tolerance for any corrupt or ethically questionable practices or unfair business practices.

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

It is an established good practice that upon recruitment each new employee is given the code and practical guide to ethical conduct that also defines corruption risk, and presented the principles of port safety which include integrity issues (how to behave at the workplace, ethical conduct, protection of business secret, etc.). In 2020, all employees were informed of the above.

The training process in 2020 was influenced by measures to prevent the spread of COVID-19. Nevertheless, 54 employees were involved in anti-corruption training, of which 27 were new employees.

**Table 15: Number and percentage of employees who took part in anti-corruption training, by region and job category**

31 Dec 2020		Job category		Region of residence			
Number of employees trained	Share		Number	Share		Number	Share
54	3.5	Management (Management Board, b-1)	2	0.1	Coast-Karst region	52	3,4
		Other management	5	0.3	Central Slovenia	2	0.1
		Highly-skilled	12	0.8			
		Operators	35	2.3			

Two managers attended anti-corruption training in 2020; by region of residence, one from the Coast-Karst region and one from Central Slovenia.

In 2020, there were no confirmed cases of corruption in the Luka Koper Group.

### 21.4 Diversity Policy<sup>99</sup>

In 2020, the Supervisory Board adopted the updated Diversity Policy of the Management Board and the Supervisory Board of Luka Koper, d. d.

<sup>98</sup> GRI GS 205-2, 205-3, 103-1, 103-2, 103-3

<sup>99</sup> GRI GS 103-1, 103-2, 103-3

The Diversity Policy sets out the target diversity that 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.

With the Diversity Policy of the Management Board and the Supervisory Board, the Company has set the framework for the composition of the two bodies to include appropriate representation of both sexes (female and male) and varying age groups with a diverse range of relevant knowledge, skills and experience, which, given optimum management and risk control and management, ensures the long-term success of the Company in meeting its objectives and implementing its strategy.

As well as on legislative acts and the Company's articles of association, the Diversity Policy is based on the Policy of Managing Luka Koper, d. d. and the Code of Ethics of the Luka Koper Group.

Taking into consideration the company's core business, gender balance is considered in the composition of the Management Board and the Supervisory Board. There is a tendency for the Management Board and the Supervisory Board each to possess all the required knowledge, skills and experience, whereby individual members are complementing each other with their knowledge, skills and experience to be able to manage or supervise the company limited by shares in accordance with its objectives, strategy, policies and ethical standards.

## 21.5 Compliance with the legislation and internal requirements<sup>100</sup>

### 21.5.1 Compliance

Regarding compliance, Luka Koper has been implementing preventive checks based on its 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.

In order to implement compliance effectively, the Company appoints an Operations Compliance Officer who performs periodic and extraordinary assessments of the Company's compliance on the basis of an annual plan adopted by the Management Board and approved by the Audit Committee of the company's Supervisory Board. In 2020, 56 recommendations and proposals were made to ensure compliance of operations. The recommendations and suggestions made were being resolved. At the end of 2020, 4 overdue recommendations and 2 proposals remained unresolved.

In 2020, the Rules of Procedure on the work of the Operations Compliance Officer were adopted to regulate its operation. In accordance with the plan of the Operations Compliance Officer and the aforementioned Rules of Procedure, all planned compliance checks were carried out in 2020 in various areas of the Company's operations, such as the implementation of the concession contract, waste management, labour law, occupational safety, personal data protection, trading in the Company's securities and public procurement.

In 2020, 31 inspections were carried out in the area of cargo port of Koper, of which 21 were related to Luka Koper, d. d. In 10 cases, the competent inspectorates issued decisions ordering measures to remedy the violations. No fines were paid in 2020 for infringements established on the basis of decisions of the competent inspection authorities.

The internal regulations of Luka Koper, d. d., address all its fields of activity, i.e. operations, sales of services, relationships with suppliers, shareholders, finance, accounting, security, ecology, safety at work, protection of personal data, business secrets, etc. The Company adopts various policies, strategies and codes, which are reported in Chapter 18 'Luka Koper and sustainable development guidelines'. In 2020, the Policy of Managing Luka Koper, d. d., the Diversity Policy of the Management Board and the Supervisory Board of Luka Koper, d. d. and the Conflict of Interest Management Policy of the Luka Koper Group were harmonized with the requirements of the codes of Conduct which the Company undertook to comply with. A new Remuneration policy of members of the Management Board of Luka Koper, d. d., and directors of its subsidiaries was adopted.

One of the important documents of internal regulation, the Port Regulations were adopted in March 2020, which comprehensively determine the rules of conduct in the area of the Koper port and are valid for anybody moving within the port.

<sup>100</sup> GRI GS 102-16, 102-17, 307-1, 419-1, 103-1, 103-2, 103-3

The internal regulations are being constantly refined in view of the challenges the Company is facing in the market and in relation to its stakeholders, while also laying down the control mechanisms that ensure performance transparency and integrity.

#### **21.5.2 Protection of personal data**

In 2020, the company Luka Koper, d. d., had a contract for the performance of the functions of a Data Protection Officer with an external contractor, MIKROCOP informacijski inženiring in storitve, d. o. o. As part of measures to implement the EU General Data Protection Regulation (GDPR), the Company has a valid Regulation on the Protection of Personal Data, which is published and available on the Company's website.

In compliance with the European and Slovenian personal data protection legislation, the authorised Data Protection Officer performed the function: with their relevant professional merit and particularly with expert knowledge of legislation and actual experience in personal data protection and comparable areas, the company assisted Luka Koper, d. d. in an independent manner in ensuring that their processing of personal data is in compliance with the regulations governing the protection of personal data. In this regard, the Data Protection Officer in April 2020 made an internal assessment of the implementation of technical and organizational measures to protect personal data files in the Company.

In 2020, one violation of personal data was detected and reported to the Information Commissioner.

At the end of 2020, the company began activities to introduce an internal data protection officer. At the end of 2020, the Operations Compliance Officer conducted an assessment of compliance in the area of personal data protection.

## 22 Safe and healthy port environment

### 22.1 Occupational safety and health system<sup>101</sup>

The policy of a safe and healthy work environment is implemented in the Luka Koper Group by ensuring that modes of operation, work processes and cooperation processes with external stakeholders are in accordance with the occupational safety and health management system. The management system is shaped by Luka Koper, d. d., and in this context, the implementation of the requirements of the new standard ISO 45001:2018 – occupational safety and health management system was successfully completed in 2020. Based on a targeted conformity assessment performed by the Slovenian Institute of Quality and Metrology, Ljubljana (SIQ Ljubljana), on 17 April 2020, Luka Koper received a certificate on a properly established and maintained management system according to the aforementioned standard. The major starting points in implementing the system are continuous improvement, hazard identification and prevention of injuries before they occur at all. In order to ensure the appropriate competencies of staff working in the field of occupational safety and health, training programmes have been organized in recent years for internal auditors of the health and safety at work system according to the ISO 45001:2018 standard.

The occupational safety and health system has been devised to include in the framework of the annual planning the examination of risk related to occupational safety and health based on risk assessment and risk register. Risks are identified with an 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 objectives set. The implementation of the improvement programme is monitored in quarterly reports and work programmes, and in the annual report on occupational safety and health. Suitability of the established system is verified and assessed in the framework of regular internal and external audits and based on management reviews.

In the field of occupational health, Luka Koper has been planning and implementing the promotion of health in the workplace, while 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 under the International Classification of Diseases (ICD-10) and recommendations of an authorised occupational medicine specialist.

### 22.2 Occupational safety and health

#### 22.2.1 Organisation<sup>102</sup>

At the highest level, the Member of the Management Board - Worker Director ensures that the occupational safety and health management system is established, implemented, maintained and improved. For the coordination of activities in the field of occupational safety and health, monitoring of legal requirements and the transfer or harmonisation of internal documentation with the necessary changes, a central service for occupational safety and health has been established within the field of health protection and ecology. In order to perform professional tasks related to ensuring safety at work, 23 occupational safety and health officers are assigned to various terminals, departments and services.

A working group for the promotion of health at work has also been appointed, which is presented in greater detail below. A sports club with over 900 members operates in the framework of Luka Koper, enabling participation in various sports.

#### 22.2.2 Workers covered by the occupational safety and health system<sup>103</sup>

In 2020, a new three-tier model was finally established – new jobs, recruitment agencies and external contractors. Port service providers (IPS) are thus a thing of the past. Luka Koper outsourced certain port services to external contractors, who provide these services independently and separately from the work processes of Luka Koper.

<sup>101</sup> GRI GS 103-1, 103-2, 103-3, 403-1

<sup>102</sup> GRI GS 403-1

<sup>103</sup> GRI GS 403-8, 403-3

All employees who are directly covered by the occupational safety and health management system and whose work or work-related activities are supervised by Luka Koper are employed either by Luka Koper or by recruitment agencies (agency employees).

Subsidiaries, external contractors and all others entering the Koper port area are employees whose work or work-related activities are not directly under the control of Luka Koper, therefore, their responsible conduct is ensured through concluded contracts, safety measure agreements, and other agreements. Proper compliance with the requirements and implementation of measures is checked by periodic preventive controls or internal audits or audits by external contractors. The requirements that apply to external participants are defined in Port Regulations and other internal acts of Luka Koper and are available on its website.

Average number of employees in 2020: 1,536 or 83%

Average number of agency workers in 2020: 305 or 17%

### **22.2.3 Hazard identification, risk assessment and investigation of incidents<sup>104</sup>**

The basis for the effective identification of hazards/ harmfulness and the introduction of the necessary safety measures is a correctly performed risk assessment, which is prepared by occupational safety and health professionals (OSH officers) at the level of individual organizational units in cooperation with the central service. The risk assessment is performed in accordance with the internal methodology, which covers all critical risk factors. Based on daily monitoring of work processes, incidents occurring in the port area, information and complaints from employees, and new findings resulting from technological progress, the risk assessment is systematically supplemented and upgraded.

Workers involved in individual work processes have the right and duty to monitor the circumstances at the work sites and immediately report to the work process manager any deficiencies/harms and other phenomena that could endanger the safety and health of individuals in the work process. One of the key tasks of work process managers is to establish a safe and healthy working environment at work sites in cooperation with OSH officers. Legislation in the Republic of Slovenia, on the basis of which Luka Koper, d. d. had prepared internal acts regulating safety and health at work, very clearly defines the right of workers to refuse work if they believe that their safety is endangered or not sufficiently taken care of. In accordance with the collective agreement, Luka Koper is obliged to provide the representative trade unions with all answers related to the rights and obligations of employees in relation to ensuring and implementing occupational safety and health. At the level of Luka Koper, several different professional fields and players are involved in the treatment of perceived shortcomings, including observations and comments of employees regarding the provision of safe working conditions, as a result of which no negative attitude of employees has been perceived in this regard. Independently of the work processes, a system has also been established at the level of Luka Koper, through which employees can submit their ideas and suggestions for improvements. The latter regularly include proposals to ensure a higher level of safety and health at work. Each proposal receives an expert assessment of its impact and eligibility prior to implementation.

In accordance with internal documents in the field of safety and health at work, Luka Koper provides comprehensive treatment of work-related incidents. Any incident that results or could result in an injury to the worker or major property damage, is reported to the security control centre, which in turn informs and activates all necessary intervention services and professional areas. The circumstances of incidents are discussed in detail by OSH experts, who determine, based on internal protocols, whether additional risk mitigation measures should be introduced in order to prevent a recurrence of the incident (revision of risk assessment, individual corrective measures, etc.).

### **22.2.4 Implementation of health measures and prevention or mitigation of negative effects on health<sup>105</sup>**

In order to ensure the implementation of health measures, Luka Koper has concluded a contract with two occupational medicine practitioners who have the relevant competences for the provision of health services. Within the framework of the mentioned competences, the occupational physician performs the following tasks in particular:

- Carries out medical examinations of employees to determine the health status of employees and their ability to perform certain work in the work environment and to acquaint employees with the risks associated with their work or work environment. Medical examinations are conducted for all employees and agency workers. The scope and time interval of medical examinations are determined on the basis of the workplace risk assessment. The implementation of health measures is organised in the central

<sup>104</sup> GRI GS 403-2, 403-9, 413-1

<sup>105</sup> GRI GS 403-3, 403-7, 403-10



service, which enables easy access to services and data. Appropriate confidentiality of personal data is also ensured in accordance with the GDPR. Medical examinations are free of charge for workers and are conducted during working hours.

- Monitors and analyses the situation regarding occupational diseases and work-related diseases, and identifies the causes. There are no recognised or diagnosed occupational diseases among employees and agency workers.

Based on the reports of occupational medicine practitioners, problems related to musculoskeletal disorders and psychosocial risks have been identified, the negative effects of which are managed through health promotion programmes.

#### **22.2.5 Training on safe and healthy working practices<sup>106</sup>**

In Luka Koper, regular training programmes on safe and healthy working practices as well as skill tests are carried out. Training is mandatory for all employees and agency workers, either upon the start of employment, before starting work in another position or before new technology and new means of work are introduced, and when a change is introduced in the work process that may cause a change in safety at work. Composed of a general and a special part, the training is carried out at the theoretical and practical levels, in the form of training programmes. After each completed training programme, a theoretical and practical skill test is performed and an appropriate performance report is prepared. Training programmes and skill tests are carried out during working hours and are free of charge for workers. Most training programmes and skill tests are performed by internal contractors (lecturers, mentors, instructors). Depending on the work performed by an employee, mandatory periodic checks of theoretical and practical competence for safe and healthy working practices are also performed.

#### **22.2.6 Worker participation and consultation with employee representatives<sup>107</sup>**

All the important issues of occupational safety and health involve the Works Council and the trade union, which represent the employees. A Safety and Health Committee has also been set up within the Works Council. Worker participation is defined in Luka Koper's internal documents (collective agreement, employee participation agreements, organizational regulations, etc.) and can take place through employee representatives, as cooperation based on legal or other requirements or directly by an employee when there is a direct influence on safety and health at work (hazard identification, inadequate measures for safe work, emergency, etc.). Accessing information and communication take place through internal communication tools, such as: meetings, interviews, sessions, internal mail, intranet, short news, the Port bulletin, etc. In accordance with internal documents, employees who express opinions in good faith, take initiatives and exercise their rights should not be held accountable.

### **22.3 Occupational safety and health objectives<sup>108</sup>**

#### **22.3.1 Occupational safety and health objectives for 2020**

The most important occupational safety and health objectives in 2020 were as follows:

- To prevent serious injuries entirely,
- A maximum of 15 injuries at work per million hours worked,
- To improve the security of internal transport by reducing the number of exceptional occurrences to less than 25 per million hours worked.

<sup>106</sup> GRI GS 403-5

<sup>107</sup> GRI GS 403-4, 413-1

<sup>108</sup> GRI GS 103-1, 103-2, 103-3, 403-9

## Achievement of occupational safety and health objectives in 2020

PLANNED	ACHIEVED
0 serious injuries	2 serious injuries
A maximum of 15 injuries per million hours worked (employees + agency workers)	13.7 injuries / million hours worked
A maximum of 25 injuries at work per million hours worked,	26.3 collisions / million hours worked

Key:

Objective attained

Objective not attained



The achievement of objectives is analysed in more detail below. The number of collisions is slightly higher than the set target, but it has dropped significantly compared to previous years.

### 22.3.2 Occupational safety and health objectives for 2021

- 0 serious injuries,
- A maximum of 14 injuries at work per million hours worked,
- To improve the security of internal transport by reducing the number of collisions to less than 25 per million hours worked.

## 22.4 Compliance with occupational safety legislation<sup>109</sup>

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

In 2019, ten inspections were performed in Luka Koper, d. d., of which three inspections were carried out to examine a work accident, four inspections to verify compliance with measures to prevent the spread of COVID-19, one inspection to review the implementation of the Rules on technical and organisational measures for the storage of hazardous chemicals, one inspection to check the competence of personnel for the management of energy installations and one inspection of pressure equipment in use was carried out to determine the condition of energy devices and installations. Three regulatory decisions were issued to Luka Koper, d. d. The requirements from the regulatory decisions were eliminated within the prescribed deadline.

## 22.5 Injuries at work<sup>110</sup>

### 22.5.1 Number of injuries at work

For the purposes of injury statistics and the calculation of various indices, injuries at work are taken into account when requiring at least one day of sick leave. In addition to those listed, 17 other injuries in employees of Luka Koper, d. d. and 8 injuries in agency workers were recorded in 2020, but required no sick leave.

Table15: Number of injuries at work

	2016	2017	2018	2019	2020
Luka Koper, d. d.	11	8	12	22	34 (2)
Recruitment agencies	/	/	/	2	15
Port service providers	45 (4)	59 (2)	36	19 (1)	-
External actors and subsidiaries	20	29	21	17	18

\*The number of serious injuries in brackets, the total number outside of the brackets.

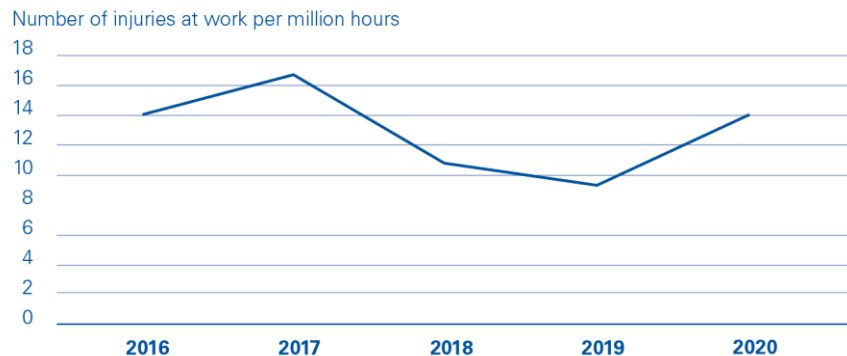
<sup>109</sup> GRI GS 419-1, 103-1, 103-2, 103-3

<sup>110</sup> GRI GS 403-9

External actors include external truck drivers and providers of various works and services. A record of all reported injuries is kept for external actors and subsidiaries, but no data on sick leave are available. Recruitment agencies started to provide services in Luka Koper d. d. in September 2019. As of January 2020, port service providers no longer provide services in Luka Koper.

**Figure 30**

Frequency index for work-related injuries per million hours worked (Luka Koper, d. d. + recruitment agencies) by years



In 2020, the employees of Luka Koper, d. d., worked 2,907,094.27 hours, and the agency workers 636,959.13 hours.

With the implementation of the three-tier model, which was completed in January 2020, the number of new employees increased significantly, so the increased number of injuries can be attributed mainly to new recruitment and redeployment of workers to other work processes where they require some time to acquire an appropriate level of knowledge and experience, and perform their work properly.

Examining the type of injuries, most of them are minor injuries that occurred during handling due to impact from a load/equipment or due to an awkward descent/fall from a height. The most common causes of injuries are carelessness in handling cargo/equipment, incorrect moves or loss of control over work items.

#### 22.5.2 Review of serious injuries

In 2020, two serious injuries at work were recorded in the Luka Koper. The first injury occurred while a hose was being attached, and resulted in a crushed thumb. Another injury occurred at a wagon loading station, where a worker fell from a height.

Both serious injuries were discussed in more detail and additional measures were taken to prevent the recurrence of similar events.

#### 22.5.3 Summary of collective injuries

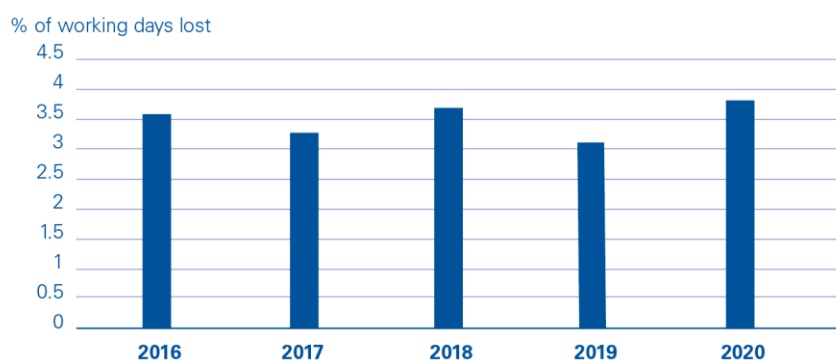
In 2020, no collective injuries at work were recorded in Luka Koper. In the last five years, two collective accidents were registered, which took place in 2016.

#### 22.5.4 Summary of sick leave

In the case of sick leave, the absence of employees from work due to illness, injury, care and accompaniment is recorded. The figure below illustrates the share of sick leave, which specifies the share of working days lost due to sick leave. In 2020, sick leave was at 3.82 percent, which does not deviate from the national average of 4.90 percent for 2019. In the total proportion of working days lost due to sick leave, the share of the absence due to COVID-19 isolation was 0.22%.

**Figure 31**

Share of working days lost due to sick leave per employee



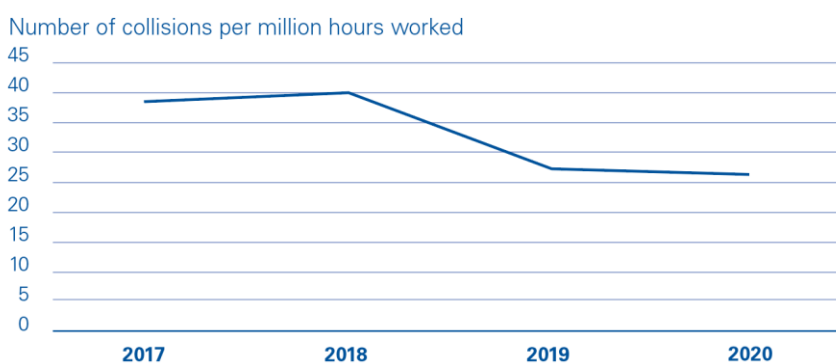
## 22.6 Loss events<sup>111</sup>

Loss events that are the subject of analysis are the events which resulted in pecuniary loss or material damage; however, there were no injured people.

Of all the loss events recorded in Luka Koper, occurrences that stand out in their numbers are the events where the loss was due to collision.

**Figure 32**

Number of collisions in internal transport (roads, parking places) per million hours worked



The number of collisions in internal transport (roads, parking places) has been declining over the years, which is partly due to improvements in traffic regulation (new entrance, renovation of the internal public transport system, safety promotion, etc.), whereas partly damage events are still related to the human factor, i.e. compliance with traffic safety rules.

## 22.7 Summary of activities performed in the area of occupational safety and health in 2020

### 22.7.1 Activities to prevent the spread of COVID-19<sup>112</sup>

The major part of 2020 was marked by the emergence of a new coronavirus, therefore, much of the activity was aimed at preventing the spread of the coronavirus disease or COVID-19, and activities related to safety and health at work and health promotion were carried out to a reduced extent.

In order to successfully comply with government measures and measures of the National Institute of Public Health (NIJZ) to control the spread of coronavirus, to design and adapt the measures in the port area, supervise the implementation of measures and inform employees and the port community, Luka Koper has formed a special working group to provide all necessary guidelines. In the initial phase of preventing the spread of infections with the new coronavirus, Luka Koper also activated the Civil Protection Unit of Luka Koper.

The most important measures that have been adopted and are still being implemented are:

<sup>111</sup> GRI GS 403-7

<sup>112</sup> GRI GS 403-7, 403-9

- Notification and raising awareness of the symptoms of infection, and prevention and reduction measures (leaflets, notices, a workshop run by a NIJZ epidemiologist, etc.),
- Guidelines in case of suspected infection,
- Additional informing/raising awareness on hygiene measures, avoidance of handling and maintenance of a safety distance of at least 1.5 metres,
- Raising awareness about monitoring one's health and staying home in case of symptoms,
- Reorganization of the working process and additional measures in common areas, such as:
  - o Work at home or enabling various forms of absence from work,
  - o Limiting non-essential interpersonal contacts,
  - o Redistribution of working hours to prevent gathering or spending time in common areas (changing rooms, recording the time of arrival/departure from work, etc.),
  - o Limitation of the number of passengers in means of transport,
  - o Providing additional footpaths,
  - o Additional measures in organising the lunch break, closure of dining areas,
  - o Additional warnings for snack and drink vending machines, measures to prevent contact at vending machines or switching off the machines,
  - o Additional warnings for the use of passenger lifts,
  - o Disinfection of machinery and working surfaces,
  - o Disinfection of common areas frequently touched by workers,
  - o Provision of personal protective equipment and relevant training for its proper use,
  - o Ensuring that infectious waste material is collected (protective masks, gloves, etc.),
  - o Monitoring compliance and raising awareness.

By implementing the aforementioned measures, Luka Koper is successfully controlling the spread of infections. The proportion of those infected is low, and work in the port proceeds without interruption.

#### 22.7.2 Other performed activities<sup>113</sup>

- An initiative for a reorganisation in the field of occupational safety and health has been prepared, with the aim of improving the organisation of occupational safety and health and thus establishing a more efficient/uniform system.
- The reform of the safe and healthy working process training system (ensuring more efficient and uniform implementation) and activities for setting up a training centre continued.
- Activities also continued to upgrade the information system for recording and handling extraordinary events in the port, which would enable further processing of events by subject-specific experts, event research, taking action, statistical processing and systematic monitoring of indicators.
- In view of the fatal accident that occurred in the last quarter of 2019 (fall of a worker in the hold), in 2020, activities continued to improve the existing safety measures when working on a ship. More specifically, the method of safe entry into and exit from the hold was defined, additional security measures were taken for the transfer of persons with cranes, and instructions for inspecting the ship before starting work were supplemented. New baskets for carrying people with cranes and work at height were procured and additional training for safe and healthy work was carried out.
- According to the terms of reference for an overhaul of difficult working conditions, a draft methodology for identifying difficult working conditions was devised and assessment of jobs began in Luka Koper, d. d. In addition, more specific investigations into the harmfulness of the working environment continued and will do so also in 2021.
- For the preparation of the chemical risk assessment, an indicative inventory of chemical substances was prepared and a contractor was selected to prepare the textual part of the chemical risk assessment.
- Activities to unify the personal protective equipment used by employees and agency workers at work continued. The documents for a tender notice have been prepared.
- The licence to perform professional tasks in the field of safety at work was extended, i.e. renewed.
- As a collaboration among specialised departments and Profit Centres/terminals, activities are carried out with regard to control of and provision of information on risk related to abuse of alcohol and other banned psychoactive substances.
- In order to promote safety at work, two additional Lukec 2D figures and two LED boards have been set up to make workers aware of safety at work with various warnings. An animated film was also made to raise awareness of some specific measures to ensure safety and health at work.

<sup>113</sup> GRI GS 403-7, 403-9



The following improvements have also been made to the terminals:

- Warning signs installed at the entrance to the container terminal have been redesigned to inform employees and external visitors about the security measures being implemented and to be observed at the terminal.

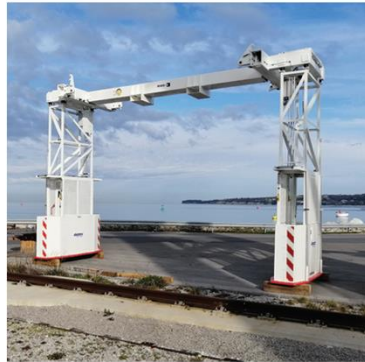


- To prevent the occurrence of an emergency, a container and cabinets for storing hazardous substances have been adequately installed and arranged at the container terminal.





- For the purpose of safe transfer of persons with cranes, new baskets for transfer of persons with cranes and work at height were supplied.



- To reduce dusting, additional dust protection was installed at the dry bulk cargoes terminal.



- At the car terminal, new floor markings were drawn to prevent or reduce the risk of emergencies, and loading/unloading points for external drivers were moved from the VNT to the TRT-A site.



## 22.8 Health promotion<sup>114</sup>

Both employees and agency workers are involved in health promotion activities. The health promotion programme is being devised by representatives of all major organisational units, human resources, health protection and ecology department, and senior management. Priority tasks within health promotion remain unchanged: 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

<sup>114</sup> GRI GS 403-6

particularly due to extreme posture. In Luka Koper, the level of workload stress is monitored every second year. The last survey was conducted in 2019. In order to maintain and improve the psychophysical fitness of employees and agency workers, the following activities were carried out despite restrictions to prevent the spread of the coronavirus infection:

Luka enabled three employees to participate in a 90-day individual body reshaping programme. For the first time, nine employees were enabled a 90-day training programme run in a small group.

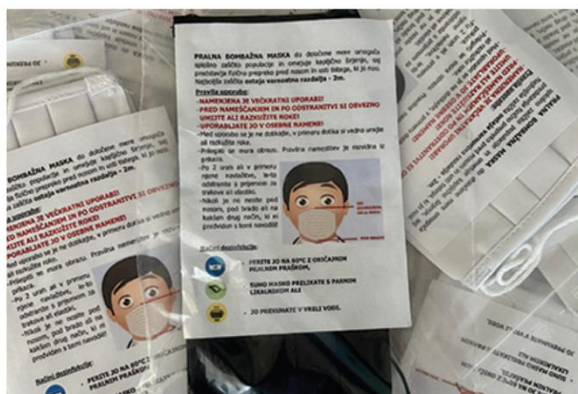


The first exercise area for active breaks was set up in front of the administrative building of the car terminal.



Two articles on the early detection of prostate and colon cancer were published in the internal bulletin.

To ensure a greater sense of protection against the COVID-19 infection, each employee received two reusable masks. The mask set was equipped with instructions for use and maintenance.





## 22.9 Planned occupational health and safety activities in 2021<sup>115</sup>

- Activities to prevent the spread of new coronavirus infections.
- Tightened control over the observance of measures to ensure safety and health at work, and the preparation of a procedure for effective and consistent action in the event of non-compliance with the prescribed safety requirements.
- Activities related to the proposed new regulation in the field of occupational safety and health.
- The reform of the safe and healthy working training system and activities for setting up a training centre were continued.
- Activities related to the improvement of existing safety measures when working on a ship, i.e. to protect workers from falling from a height.
- Completion of assessment of difficult working conditions and investigations of harm in the work environment – ecological measurements (noise, dust, vibration, etc.) based on the terms of reference for the overhaul of difficult working conditions and the plan of implementing a revision of risk assessment for all jobs.
- Activities related to chemical risk assessment.
- The preparation of documents for the public procurement of personal protective equipment continued.
- Activities related to the upgrade of the information system for recording and handling incidents in the port, which would enable further processing of events by subject-specific experts, event research, taking action, statistical processing and systematic monitoring of indicators.
- Promotion of safety at work.
- Ergonomic improvements (exercise area with accessories).
- Promotion of occupational health (Health day, health promotion activities – workshops, challenges).

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<sup>115</sup> GRI GS 403-9

## 23 Care for **employees**

Owing to modern technology, machines have already replaced much of the very diverse human work. However, nothing can be done completely without people. A company like Luka Koper certainly needs a large number of skilled workers and experts.

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

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.

### 23.1 Employee management system<sup>116</sup>

The Luka Koper Group takes care of the recruitment of employees, their training and development, the appropriate organisational structures in which work teams are formed, and the introduction of an effective employee motivation system. Recruitment and concern for employees, including high work efficiency and employee satisfaction, are recognised by stakeholders as areas of high importance in the materiality matrix.

The guideline in human resource management in the Luka Koper Group is the 2016-2020 Human Resource Management Strategy, which set out strategic objectives and activities to be realised through human resources and education annual plans in the framework of the Company's business plan. In 2020, the Human Resource Management Strategy for the period 2020-2025 was devised. Human resource management policies and practices are set out in the company's internal documents. Recruitment procedures are run in a transparent and non-discriminatory manner. The realisation of the staff development plan and the training plan (average number of training hours, share of persons involved in training, training and education costs) is monitored quarterly through work programmes. In the future, the employee turnover, the key personnel turnover, and the share of internal recruitment to fill key positions will also be monitored on a quarterly basis. 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 organisational climate, employee satisfaction and commitment, and by means of assessing all management functions based on the 360 degree method. The last employee survey was conducted in October 2019, and agency workers were also included. Following the evaluation analysis, only a presentation of the Company's results to the heads of organizational units was realised in 2020. Workshops for employees including a presentation of a set of measures to improve results or keep them at a high level were postponed due to measures to control the COVID-19 epidemic, more precisely due to restrictions on employee integration. In the Zlata nit (Golden Thread) project, run by Dnevnik, družba medijskih vsebin, d. d. and its partners, comprising a survey of the growth and development of employees in Slovenia with the aim of finding the best employer, Luka Koper was again ranked among the finalists in the large business category. Every two

<sup>116</sup> GRI GS 103-1, 103-2, 103-3

years, the interaction between the units is evaluated, which aims at working together to achieve common goals and is an indicator of performance for all units from the perspective of working with users of services.

Luka Koper, d. d. has a significantly lower employee turnover rate than the entire logistics industry, where the turnover is at 20%. In 2020, the fluctuation was 2.1% in the Luka Koper Group, and 2% in Luka Koper d. d.

On the last day of 2020, the Luka Koper Group had 1,698 employees, a decrease by 5 from the year before. The trend reversed after five consecutive years of growth, which reached its highest level in 2019 due to a change in the business model, i.e. the restructuring process in the company Luka Koper, d. d., the aim of which is to optimise business processes. The Luka Koper, d. d. business model, i.e. the so-called three-tier model is based on regular employment for areas where the labour demand is constant (tier I), agency workers (tier II as a transitional form) and provision of services, i.e. cooperation with external contractors (tier III). As the one-year contracts with the agencies expired, in 2020 the public procurement procedure was carried out again. It resulted in the selection of five agencies with which framework agreements were concluded for a period of 2 years, on the basis of which 304 workers were posted to Luka Koper, d. d. External service partners were also selected for individual services in an open competition process.

In 2020, formal legal conditions were established for the organisation of a new form of work, i.e. work from home (preparation and adoption of the Rules on performing work from home, alignment of employment contracts) as a consequence of measures to contain the COVID-19 epidemic, which will enable work from home to continue in the future.

### 23.1.1 Number of employees by company and in the Luka Koper Group<sup>117</sup>

	31 Dec 2018	31 Dec 2019	31 Dec 2020
Luka Koper, d. d.	1,089	1,541	1,535
Luka Koper INPO, d. o. o.	122	130	131
Luka Koper Pristan, d. o. o.	4	4	3
Adria Terminali, d. o. o.	23	24	24
TOC, d. o. o.	4	4	5
<b>Luka Koper Group*</b>	<b>1,242</b>	<b>1,703</b>	<b>1,698</b>

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

### 23.1.2 Number of employees in Luka Koper, d. d. with regard to the type of contract (indefinite, temporary)<sup>118</sup>

	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	Number	Share	Number	Share	Number	Share
Indefinite	944	86,7	1,374	89.1	1,505	98
Fixed-term	145	13,3	167	10.8	30	2
<b>TOTAL</b>	<b>1,089</b>	<b>100</b>	<b>1,541</b>	<b>100</b>	<b>1,535</b>	<b>100</b>

Workers employed in Luka Koper, d. d. have concluded employment contracts of indefinite duration, except for new recruitment when the reason for fixed-term employment is induction or training for various types of machinery and increased workload, and for management positions.

<sup>117</sup> GRI GS 102-7

<sup>118</sup> GRI GS 102-8

### 23.1.3 Number of employees in Luka Koper, d. d. with regard to the type of contract (indefinite, fixed-term) by gender and by region of residence in 2020<sup>119</sup>

31 Dec 2020	Number	Share	Gender	Number	Share	Region of residence	Share
Indefinite	1,505	98	Men	1,357	88.5	Coast-Karst region	87
			Woman	148	9.6	Primorska and Notranjska Region	8.8
						Central Slovenia	1.4
						Goriška	0.7
						Other country (Italy, Croatia)	0.2
Fixed-term	30	2	Men	28	1.8	Coast-Karst region	1.8
			Woman	2	0.1	Primorska and Notranjska Region	0.1
						Central Slovenia	0.1
<b>TOTAL</b>	<b>1,535</b>	<b>100</b>		<b>1,535</b>	<b>100</b>		<b>100</b>

### 23.1.4 Number of employees in Luka Koper, d. d. as at 31 December by gender<sup>120</sup>

	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	Number	Share	Number	Share	Number	Share
Men	977	89,7	1,396	90.6	1,385	90.2
Women	112	10,3	145	9.4	150	9.8
<b>TOTAL</b>	<b>1,089</b>	<b>100</b>	<b>1,541</b>	<b>100</b>	<b>1,535</b>	<b>100</b>

Due to the nature of work, the company employs far more men (90.2%) than women. In the past year, increased employment in the basic transshipment process was reducing the proportion of women in the structure of employees despite the fact that more and more women are also in jobs that have traditionally been associated with the male workforce, e.g. elevator operator, port machinery operator, truck driver, foreman, warehousekeeper, security guard. Among new employees in 2020, the female population predominates with 52 percent (recruitment mainly in professional support areas).

### 23.1.5 Share of employees in Luka Koper, d. d. by region of residence<sup>121</sup>

Statistical regions of Slovenia	31 Dec 2018	31 Dec 2019	31 Dec 2020
Coast-Karst region	92.2	89.4	89.1
Primorska and Notranjska Region	6.2	9.3	8.9
Central Slovenia	0.6	0.9	1.1
Goriška	0.6	0.1	0.7
Gorenjska	0.1	0.1	0
Posavska	0.1	0	0
Other country (Italy, Croatia)	0.3	0.2	0.2
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Displaying the highest share, i.e. 89.1% to originate in the Coastal and Karst Region, the structure of employees by region of residence reflects the nature of transshipment and the flexibility of our services – based on shiftwork we ensure the continuous provision of services throughout the year.

<sup>119</sup> GRI GS 102-8

<sup>120</sup> GRI GS 102-8

<sup>121</sup> GRI GS 102-8

**23.1.6 Number of employees by type of employment (full working time, part-time)<sup>122</sup>**

	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	Number	Share	Number	Share	Number	Share
Part-time employment (All)	16	1.5	13	0.8	10	0.7
Of which women as part-time employees	6		4		3	
Full working time	1,073		1,528		1,525	

Less than one percent of the employees of Luka Koper d. d. work part-time, of which the major part is due to disability (7 employees) and the minor part due to parenthood (3 employees).

**23.1.7 Share of employees in Luka Koper, d. d. covered by collective agreement<sup>123</sup>**

	31 Dec 2018	31 Dec 2019	31 Dec 2020
Employees covered by collective agreement	97.2	97.9	97.9
Employees outside the collective agreement framework	2.8	2.1	2.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

In 2019, most of the recruitment was done for the basic transshipment and storage process, also as a result of the changed business model, the result of which was replacement of previous port service providers with full-time employees and hired agency workers. In 2020, the majority of new recruitment was in specialist areas.

Employee turnover is low. New hires mitigate the ageing workforce, having reduced the relatively high average age of employees to 41.4 years. The reasons for leaving or termination of employment are dominated by retirement age, followed by consensual termination of employment and the expiry of a fixed-term employment contract, one normal termination, one voluntary termination, and four worker deaths.

**23.1.8 Employee structure in Luka Koper, d. d. by age groups<sup>124</sup>**

Age groups (years)	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	Number	Share	Number	Share	Number	Share
Under 30	129	11.8	239	15.5	195	12.7
30–50	745	68.4	1,054	68.4	1,087	70.8
Over 50	215	19.7	248	16.1	253	16.5
<b>Total number of employees</b>	<b>1,089</b>	<b>100.0</b>	<b>1,541</b>	<b>100.0</b>	<b>1,535</b>	<b>100.0</b>
Average age of employees	4.9		41.5		41.4	

**23.1.9 New employee hires in Luka Koper, d. d. by age groups<sup>125</sup>**

Age groups (years)	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	New employments	Contract terminations	New employments	Contract terminations	New employments	Contract terminations
Under 30	64	2	139	3	3	2
30–50	117	6	314	4	22	12
Over 50	14	24	22	16		17
<b>TOTAL</b>	<b>195</b>	<b>32</b>	<b>475</b>	<b>23</b>	<b>25</b>	<b>31</b>

<sup>122</sup> GRI GS 102-8

<sup>123</sup> GRI GS 102-41

<sup>124</sup> GRI GS 102-8

<sup>125</sup> GRI GS 401-1

**23.1.10 New employee hires in Luka Koper, d. d. by gender<sup>126</sup>**

	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	New employments	Contract terminations	New employments	Contract terminations	New employments	Contract terminations
Men	187	26	439	22	12	24
Women	8	6	36	1	13	7
<b>TOTAL</b>	<b>195</b>	<b>32</b>	<b>475</b>	<b>23</b>	<b>25</b>	<b>31</b>

**23.1.11 New employee hires in Luka Koper, d. d. in 2020 by region of residence<sup>127</sup>**

Statistical regions	31 Dec 2020	
	Number	Share
Coast-Karst region	23	92
Central Slovenia	2	8
<b>TOTAL</b>	<b>25</b>	<b>100</b>

**23.1.12 Comparison of recruitment, departures and fluctuation rate<sup>128</sup>**

	Number of new employments			Number of departures			FLUCTUATION RATE (in %)*		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Luka Koper, d. d.	195	475	25	32	23	31	2.9	1.5	2
Luka Koper Group	213	488	32	79	27	37	5.9	1.6	2.1

\*Fluctuation calculation method = No of departures/(previous No of employees + new employments) x 100

**23.1.13 Employee fluctuation in 2020 by age groups, gender and region of residence<sup>129</sup>**

31 Dec 2020	FLUCTUATION RATE (in %)*
<b>By gender</b>	
Men	1.9
Women	4.4
<b>By age groups</b>	
Under 30	1.2
30-50	1.3
Over 50	6.9
<b>By region of residence</b>	
Coast-Karst region	2.3
Primorska and Notranjska Region	0.7
Central Slovenia	6.7

\*Fluctuation calculation method = No of departures/(previous No of employees + new employments) x 100

<sup>126</sup> GRI GS 401-1

<sup>127</sup> GRI GS 401-1

<sup>128</sup> GRI GS 401-1

<sup>129</sup> GRI GS 401-1

### 23.1.14 Employee benefits<sup>130</sup>

When it comes to employee benefits in Luka Koper, d. d., there is no division among those employed for a fixed-term or part-time, and those employed for an indefinite period or full working hours, and there is no gender pay gap.

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 for promotion; individual or collective performance or company performance bonuses; taking out accident insurance at favourable conditions) and non-financial tools (public recognitions and awards to best employees, participation in social events, promotion of employees who have successfully completed off-the-job studies, employees who retired in the current year, 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.

In 2020, employees were receiving the monthly payment of salary regularly, which is aligned to the 6-month growth of the inflation index in compliance with the provisions of the collective bargaining agreement. If the company shows positive growth in value added per employee, the signatories of the collective bargaining agreement agree on a salary increase, which must remain behind productivity growth. The average salary in Luka Koper is higher than the Slovenian average salary. In 2020, salaries of all employees in Luka Koper, d. d. exceeded the statutory minimum wage in the Republic of Slovenia; only in exceptional cases, individual employees were entitled to the payment of the statutory supplement to the minimum wage. Employees also received the holiday pay and the component of salary awarded on the basis of performance criteria. In accordance with the criteria of the enterprise collective agreement, group merit is awarded quarterly. A great majority of employees participates in the voluntary supplementary pension insurance. Since 2018, employees have been receiving an additional termination benefit from the post-employment fund upon retirement.

### 23.1.15 Number of Luka Koper, d. d. employees who took parental leave and returned to their workplace by gender<sup>131</sup>

	2018	2019	2020
Men	61	98	104
Women	5	6	7
<b>TOTAL</b>	<b>66</b>	<b>104</b>	<b>111</b>

Employees who exercise their right to parental leave, all return to the same workplace after the conclusion of their parental leave.

<sup>130</sup> GRI GS 201-3, 202-1, 401-2

<sup>131</sup> GRI GS 401-3

### 23.1.16 Education structure of employees as at 31 December

Level of education	Luka Koper, d. d.					Luka Koper Group			
	No of employees 31 Dec 2020	Share (%) 31 Dec 2020	No of employees 31 Dec 2019	Share (%) 31 Dec 2019		No of employees 31 Dec 2020	Share (%) 31 Dec 2020	No of employees 31 Dec 2019	Share (%) 31 Dec 2019
VIII/2	1	0.1	1	0.1		1	0.1	1	0.1
VIII/1	27	1.8	25	1.6		29	1.7	27	1.6
VII	127	8.3	121	7.9		136	8	130	7.6
VI/2	220	14.3	207	13.4		224	13.2	211	12.4
VI/1	105	6.8	106	6.9		111	6.5	112	6.6
V	466	30.4	485	31.5		505	29.7	519	30.5
IV	459	29.9	444	28.8		517	30.4	505	29.7
III	17	1.1	24	1.6		29	1.7	35	2.1
I-II	113	7.4	128	8.3		146	8.6	163	9.6
<b>TOTAL</b>	<b>1,535</b>	<b>100.0</b>	<b>1,541</b>	<b>100.0</b>		<b>1,698</b>	<b>100.0</b>	<b>1,703</b>	<b>100.0</b>

The intense recruitment implemented for operating positions in the basic transshipment and warehousing process for lower levels of education from I to V affected the education structure of the Company and the Group in 2020. Based on education agreements, two percent of employees are being financed their studies to achieve a higher level of education.

### 23.1.17 Diversity of employees by job category, gender and age<sup>132</sup>

31 Dec 2020	Number	Share
Management (Management Board, b-1)	22	1.4
Other management	304	19.8
Highly-skilled	184	12.0
Operators	1,025	66.8
<b>Total</b>	<b>1,535</b>	<b>100.0</b>

31 Dec 2020	Men	Share	Women	Share	Total	Share
Management (Management Board, b-1)	17	77.3	5	22.7	22	100
Other management	292	96.0	12	4.0	304	100
Highly-skilled	131	71.2	53	28.8	184	100
Operators	945	92.2	80	7.8	1,025	100
<b>Total</b>	<b>1,385</b>	<b>90.2</b>	<b>150</b>	<b>9.8</b>	<b>1,535</b>	<b>100</b>

31 Dec 2020	Under 30	Share	30-50	Share	Over 50	Share	Share total
Management (Management Board, b-1)	0	0	12	54.5	10	45.5	100
Other management	20	6.6	241	79.3	43	14.1	100
Highly-skilled	6	3.3	124	61.9	64	34.8	100
Operators	169	16.5	720	70.2	136	13.3	100
<b>Total</b>	<b>195</b>	<b>12.7</b>	<b>1,087</b>	<b>70.8</b>	<b>253</b>	<b>16.5</b>	<b>100</b>

<sup>132</sup> GRI GS 405-1



## 23.2 Educating and training of employees

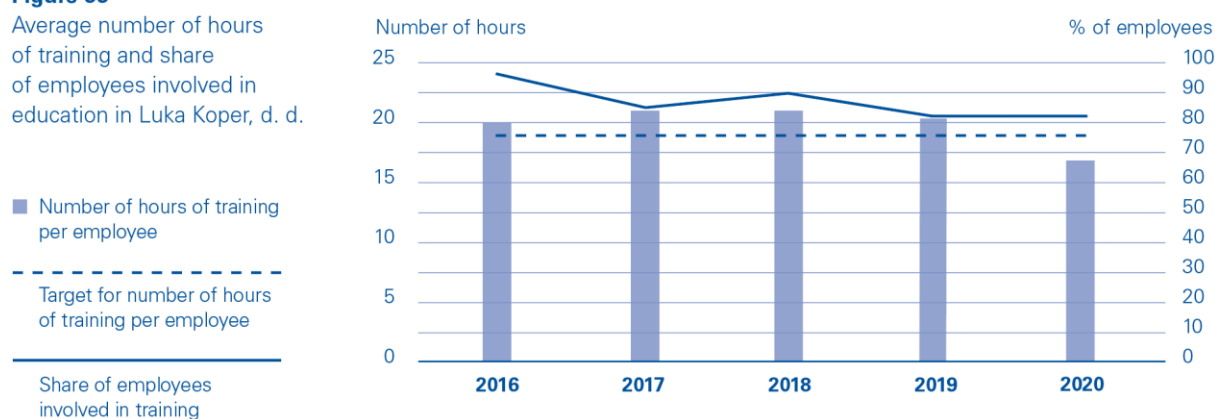
### 23.2.1 Employee training system<sup>133</sup>

Targeted implementation of functional training of employees is a strategic activity of the Company. The approach/policies are set out in the Company's documents on HR training and education, knowledge transfer systems and approaches to financing ongoing training. Training objectives, programmes and funds are included in the Company's annual business plan. Training grounds include work process requirements, the required and desired knowledge for particular workplaces, and poorly developed competences. 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 workplace flexibility based on acquiring, transferring and using knowledge, and assessing tutors.

In 2020, 84% of employees of Luka Koper, d. d. were involved in training. The high proportion involved is the result of intensive training at the beginning of the year. Later on, measures to prevent the spread of the COVID-19 epidemic had a significant impact on the training plan. In 2020, the average number of hours of education and training in Luka Koper, d. d. in 2020 was 14.1, which is below the planned target of 18 hours of training per employee, as many internally planned training programmes were cancelled and only training programmes that are required by law were carried out. Many external trainings were also cancelled since external institutions were not implementing training programmes, or were shifted online and implemented as webinars, which are of shorter duration. The process of selecting a contractor for setting up an e-training platform in Luka Koper, d. d. is in progress.

**Figure 33**

Average number of hours of training and share of employees involved in education in Luka Koper, d. d.



**Table 16: Share of employees involved in training by gender and workplace category and average number of hours of training in 2020**

	Share	Average No of hours of training
Employees involved in training	84%	14.1
Women involved in training	80%	7.3
Men involved in training	85%	14.9
Management	68%	25.5
Senior management	94%	11.1
Professional staff	84%	8
Operating staff	82%	16.2

### 23.2.2 Introduced programmes<sup>134</sup>

The majority share of internally held training programmes were realised within the instructor system as part of training to operate various machinery upon being employed or reallocated to another unit. Each new employee is involved in an induction programme, whereby the mentor is entitled to a 10% mentorship allowance, and the

<sup>133</sup> GRI GS 103-1, 103-2, 103-3, 404-1

<sup>134</sup> GRI GS 404-2

instructor of new employee practical training is also remunerated (40% allowance for hours of practical training). Over the past two years, work induction programmes have been overhauled, especially in terms of safe work. In 2020, 85% of training programmes in Luka Koper, d. d. were organised in the Company and included the above-mentioned new employee training to operate machinery and operator staff training for exchange between profit centres, also with regard to issues related to work processes, and contents that represent the desired knowledge in various positions.

Trainings were organized in measures to contain the COVID-19 epidemic, business and professional maritime communication in English, IT support for conducting annual interviews, handling confidential data, work at height, working time management, first aid, transport law, quality standards, public procurement.

Being aware of the importance of continuous education and renewal of employees' knowledge, Luka Koper is fulfilling the lifelong learning concept. Lifelong learning is an opportunity for continuous training of employees, both in content related to the workplace and in content that is not strictly such: learning foreign languages, upgrading computer skills, promoting a healthy lifestyle, preparing healthy meals, effects of consuming alcohol or psychoactive substances, workshops to promote good interpersonal relationships and communication, soft leadership skills (including for non-managerial staff), exercise for office workers, preparatory seminar for a new stage of life – retirement, workshops and regular information to employees on safe coping with the COVID-19 epidemic, early detection of cancer, effects of night work and work in the sun, coping with stress in the workplace. Health promotion programmes have also been devised (addiction management, safe work in the sun, balanced nutrition, the impact of shift work, mobbing). Luka Koper, d. d. is involved in the Logins Human Resources Development Competence Centre, which enables the integration of companies in the industry and a 50% reimbursement of training costs for employees.

### 23.2.3 Promotion and internal mobility of employees<sup>135</sup>

Luka Koper, d. d. enables its employees personal and professional development with horizontal and vertical promotion, and classification of employees into higher levels of qualification and flexibility at the workplace. In 2020, almost each fourth employee enjoyed a form of career development (internal mobility). A new employment contract (career advancement) was concluded by 10 percent of employees. The internal mobility of employees was also influenced by the optimisation of business processes with the systematisation of new jobs or changed job descriptions.

In Luka Koper, d. d., 65 percent of employees of were involved in annual interviews as a tool of individual employee development and targeted management. Of all employees who conducted the annual interview, 5.5 percent were women and 94.5 percent were men. Annual interviews are information-supported, with information technology not replacing direct communication, but enabling more systematic preparation and a guided interview.

Table 17: Promotion and internal mobility of employees

	Vertical and horizontal promotion			Classification into a higher level of qualifications and flexibility			Total internal employee mobility		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Number	128	135	145	169	166	203	297	301	348
Share	12	9	9	16	11	13	27	20	23

Table 18: Proportion of employees involved in career advancement in 2020, by gender and job category

	By gender		By job category			
	Men	Women	Management (Management Board, b-1)	Other management	Highly-skilled	Operators
Number	136	9	/	23	27	95
Share (of total employees)	8.9	0.6	/	1.5	1.8	6.2

<sup>135</sup> GRI GS 404-3

Pursuant to the provisions of the enterprise collective agreement, all employees are entitled to remuneration for personal work performance (monthly), quarterly team work performance and performance of the company at the end of the year.

In 2020, Luka Koper, d. d. introduced the project Renovation and establishment of a comprehensive system for the development of key personnel and successors, the aim of which is to establish a more transparent and long-term system for human resources development based on renewed procedures for identifying key positions, competency profiles of positions, identifying key personnel and successors, all with the aim of reducing the subjectivism of leaders and identifying young promising staff early. 350 employees were involved in the staff profiling process.

Measurement of organizational climate, employee satisfaction and commitment is conducted every second year using the short OCS (Organizational Climate Survey) method questionnaire, which enables the comparison of organisational climate and satisfaction ratings in Slovenia and measurement of commitment according to the internationally comparable Gallup questionnaire. The organisational climate was last measured in 2019.

In 2020, due to measures to control the COVID-19 epidemic, no workshops were held to present the results to employees by individual organizational units in order to devise activities to improve the results or maintain them at a high level.

For the purpose of comparative analysis of existing employee management practices, Luka Koper, d. d. is also included in the Zlata nit (Golden Thread) project, in which it was again ranked among the finalists in the large business category.

Assessment of mutual cooperation between units, which is an indicator of service customers for all units, is also carried out in Luka Koper, d. d. every second year. The last one was carried out in 2019. In 2020, a code of internal communication was developed in order to improve mutual cooperation.

### 23.3 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 1.3%.

Table 19: Disability – Number of disabled employees and their share in Luka Koper, d. d.

	31 Dec 2018	31 Dec 2019	31 Dec 2020
Number of disabled employees	19	18	20
Share (%)	1.7	1.2	1.3

Table 20: Number of disabled employees and their share in Luka Koper, INPO, d. o. o.

	31 Dec 2018	31 Dec 2019	31 Dec 2020
Number of disabled employees	70	72	72
Share (%)	57	55	55

### 23.4 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 the mentorship of essays and diploma papers, providing students with compulsory on-the-job trainings and expert excursions. Luka Koper, d. d., and its examples of good HR management practice were often presented to the professional and other interested public. In 2020, the company co-financed the acquisition of a higher level of education for 2% of employees.

### 23.5 Internal communication with the employees

Due to the nature of work in the port, which is mostly performed on the ground, 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.

Luka Koper communicates 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,
- Luški glasnik, the Port bulletin monthly, which is issued in printed form. The mission of Luški glasnik is to inform all employees and the wider port community about what is happening in Luka Koper, as well as to bring employees together and take care of their continued growth and development.

The Company has an Intranet site, Lukanet, where 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.

### **23.6 Human resource management strategy**

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

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

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

In 2020, a new strategy for the period up to 2025 was devised.

## 24 Long-term sustainability of the natural environment



Luka Koper pursues the goal of achieving the highest environmental standards under the EU ECO Management and Audit Scheme – EMAS and reducing its carbon footprint by implementing energy efficiency measures.

The environmental part of the sustainability report covers the data of Luka Koper, d. d., operating at the site of the port of Koper for the period from 1 January 2020 to 31 December 2020. Where available, the results are shown for a period of 5 years; however, even older results are available in the reports linked below. It also contains annual comparisons of environmental indicators with the aim of showing environmental performance. The chapters in the sustainability report that provide verified environmental management information are indicated by the sign



The information is credible and reflects the actual state of the environment management system in the company. In March 2021, the SIQ Slovenian Institute of Quality and Metrology verified the assertions and established that the system meets the requirements of the Regulation (EC) No 1221/2009 (EMAS).



**Environmental Verifier's Declaration on verification and validation activities  
No O-012**

**Slovenian Institute of Quality and Metrology,**  
with EMAS environmental verifier registration number SI-V-0001,  
accredited for the scope (NACE: 52.24),

declares to have verified that the organization:

**LUKA KOPER, d.d.**

Vojkovo nabrežje 38, 6000 Koper, Slovenia  
with registration number Reg.No. SI-00004,

meet all requirements of the Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organizations in a Community eco-management and audit scheme (EMAS).

By signing this document, we declare that:

- the verification and validation have been carried out in full compliance with the requirements of Regulation (EC) No. 1221/2009, (EU) No. 2017/1505 and (EU) No. 2018/2026;
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with the applicable legal requirements relating to the environment;
- the data and information in the environmental statement »**Annual report 2020 Luka Koper Group and Luka Koper, d. d., chapter 24: Long-term sustainability of the natural environment**« reflects a reliable, credible, and correct image of all organisation's activities, within the scope specified in the Environmental Statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No. 1221/2009. This document shall not be used as a stand-alone piece of public communication.



Validation date: 2020-04-17

Issue: 03/2021-03-31

Igor Likar:  
Director of SIQ



**SLOVENSKA  
AKREDITACIJA**  
SIST EN ISO/IEC 17021-1  
**SI-V-0001**

Previous Environmental reports are available in the following links:

<http://www.zivetispristaniscem.si/index.php?page=static&item=14>

<https://www.luka-kp.si/eng/environmental-friendly-policy>

### The port perimeter



The area of the port

The Koper port is a cargo port set in an integrated marine and coastal area, where port operations related to cargo as well as passenger transport are carried out. The port area is defined in the Concession Agreement for the performance of port activity, management, development and regular maintenance of the port infrastructure No 2411-08-800011 of 8 Sep 2008.

## 24.1 About the environmental management system <sup>136</sup>

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. Individual organizational units are responsible for the implementation of programmes and the achievement of environmental protection goals, while the programmes involving several units and a common infrastructure are the responsibility of the health and ecology protection department. The department performs an advisory, supervisory, development and operational role. In accordance with the requirements of ISO 14001 and EMAS and the Company's strategy, a representative of the Management Board for the environment and occupational safety and health and an environmental protection officer are appointed.

The environmental management system is designed so as to derive from the strategic orientations of the company, where strategic orientations and targets are determined. Environmental aspects are reviewed and evaluated as part of the annual planning process. These aspects are elements of activities, products and services with significant impacts on the environment or impacts on our activity (e.g. climate change). 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 environmental aspects evaluated

<sup>136</sup> GRI GS 103-1, 103-2, 103-3



as significant are shown below. 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. These are included in the Company's annual business plan. The implementation of improvement programmes is reviewed annually and also reported on in the sustainability report. The achievement of the set targets is monitored quarterly and reported to the Management Board. The adequacy of the established environmental management system is examined and evaluated also as part of regular internal assessments and management reviews and external quality system audits.

## 24.2 Living in harmony with the environment<sup>137</sup>

Luka Koper, d. d., has always been concerned for improving the quality of life in the entire area in which the port is situated, and has been aware of the vulnerability of the natural environment. 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 are part of regular activities. To this end, Luka Koper, d. d. works with competent specialised institutions.

Natura 2000 sites nearest to the port



Coexisting with the port in its immediate vicinity is the natural reserve known as Škocjanski Zatok (extending over 122.7 ha). The largest brackish wetland in Slovenia, the reserve is of vital importance for its remarkable profusion of flora and fauna. Luka Koper is in the phase of signing an agreement with the manager of Škocjanski Zatok, DOPPS-Birdlife Slovenia, based on which the signatories will cooperate in the preservation and management of ecosystems in order to:

- Strengthen ecosystem services arising from nature and biodiversity as a stream of benefits for area stakeholders;
- Reduce pressures that negatively affect ecosystems, either as a result of the use of their services or due to the indirect impacts of human activities;
- Improve the capacity of key actors to tackle environmental vulnerability and preserve ecosystems and their services;
- Support key actors with strategies, methods, resources and tools for effective conservation and management of ecosystems;
- Include an integrated management approach and an approach involving local communities in the management system.

There will be more co-signatories to the agreement, which is expected to be signed in the first quarter of 2021. In the years 2019–2020, Luka Koper cooperated with the manager of Škocjanski Zatok as a Natura 2000 site within

<sup>137</sup> GRI GS 304-1, 304-2, 304-3, 304-4



the IMPRECO project, among other things in the preparation of the Strategy for Ecosystem Management and Conservation for the period 2021-2025. This agreement is one of the results of this cooperation.

The area is home to a huge number of endangered plant and animal species. The 2018 census identified 1,575 species from the IUCN Red List and from the list of nationally protected endangered animal and plant species. Species abundance data were provided by the manager of the Škocjanski Zatok slough. To observe the indirect impacts of the port on the area of Škocjanski Zatok, monitoring of impacts (noise, air quality) has been established for several years, with measuring devices placed in the immediate vicinity of the slough. The measurement results are made public and presented in a report. In 2021, the quality of water in the strait that crosses the port and connects Škocjanski Zatok with the sea will begin to be measured. Part of the storm sewer from the port area flows into the strait, which can affect the water quality in Škocjanski Zatok.

For a long time now, a common notification system has been established for cases of uncontrolled spills that could affect the water quality in Škocjanski Zatok. An additional floating curtain was placed in the strait channel that connects the sea with Škocjanski Zatok, as it runs through the port area. For many years, the site has had a fixed lock which is under reconstruction. Uncontrolled spills are monitored with three installed sensors (the results are presented in the chapter 'Marine protection').

Also located near the port are a coastal marsh at Sv. Nikolaj (extending over 7.27 ha), rare for its brackish marsh plants, and a unique *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. At a greater distance from the port is the Debeli Rtič park (5.26 ha), which is also part of the Natura 2000 area. The port marine area is located in an ecologically important area, a sensitive area affected by eutrophication and a sensitive area of bathing water.

The Rižana River flows into the port water area with a high content of suspended particles, which contributes to the siltation of the seabed in port basin II. Sea currents also contribute considerably to continuous application of the material to all port basins. In port waters, a certain depth has to be maintained on a regular basis to allow safe navigation of ships. Deepening of the seabed is carried out as necessary, and the material pumped out is deposited in settling pits provided for this purpose on land, but their capacities are not sufficient. Regardless of the activity of dredging and shipping, many animal and plant marine species are present in the port area, and this topic is presented in the chapter 'Marine protection'.

Koper city centre and part of the settlements Ankaran and Bertoki are also situated in the immediate vicinity of the port.

#### 24.2.1 Strategic orientations of Luka Koper by environmental aspect

In 2019, a new Strategic Business Plan 2020-2025 was devised and a summary is published at <https://www.luka-kp.si/eng/mission-vision-strategy>. Updated Strategic orientations for the development of Luka Koper, d. d. in the field of environmental management until 2030 are also being devised. We have always been concerned with improving the quality of life in the entire area in which the port is situated. Therefore, we cooperate with and co-finance educational and research institutions, and support sports, humanitarian and cultural activities. When it comes to development issues and investments, we follow the principles of sustainable development and responsible environmental management, which includes reducing the effects of climate change.

To this end, our guidelines are aimed at:

- Introducing modern and energy-efficient technologies,
- Steadily reducing emissions into the environment,
- Caring for the partnership with the local community,
- Improving energy efficiency in all activities,
- Ensuring preparedness for emergency response,
- Steadily improving the environmental management system.

#### 24.2.2 Significant environmental aspects in 2020

Environmental aspects evaluated as significant	impacts	Explanation of the nature of
WATER CONSUMPTION / WASTE WATER / SEA	<ul style="list-style-type: none"> <li>- Drinking water consumption</li> <li>- Marine pollution from the handling of coal dust and iron ore</li> <li>- Generation of waste water in livestock truck washing</li> </ul>	<ul style="list-style-type: none"> <li>- Use of drinking water affects the already limited amount of drinking water at the coast.</li> <li>- The handling of coal dust and iron ore, which are otherwise inert materials, can result in accidental spillage into the sea.</li> <li>- Waste water from the washing of the inside of trucks transporting livestock must be properly treated, otherwise it will overburden the Koper Central Wastewater Treatment Plant, where it converges.</li> </ul>
ATMOSPHERIC EMISSIONS	<ul style="list-style-type: none"> <li>- Dust emissions/immissions from services</li> </ul>	<ul style="list-style-type: none"> <li>- Handling of the bulk material can result in dust, causing some of the pollutants in the air to increase.</li> </ul>
ENERGY / INTERNAL TRANSPORT	<ul style="list-style-type: none"> <li>- Internal transport powered by diesel engines</li> <li>- Electricity and fuel consumption</li> </ul>	<ul style="list-style-type: none"> <li>- The use of fuel in the transport process results in the release of greenhouse gases into the air.</li> <li>- Electricity use indirectly affects generation of pollutant, but this refers to locations where electricity is generated from non-renewable energy sources.</li> </ul>
NOISE / ODOUR	<ul style="list-style-type: none"> <li>- Generation of noise in the port</li> <li>- Noise emissions from freight and passenger ships</li> </ul>	<ul style="list-style-type: none"> <li>- Almost every activity results in some noise, which spreads into the environment and causes disturbance.</li> </ul>
OTHER ENVIRONMENTAL ASPECTS	<ul style="list-style-type: none"> <li>- Deepening of seabed and disposal of marine sediments</li> </ul>	<ul style="list-style-type: none"> <li>- To ensure the safety of navigation and in the event of certain interventions, the seabed has to be deepened, whereby the sediment excavated is deposited ashore. Due to the salinity of the material, the surfaces are no longer suitable for the same flora and fauna, and the deposited marine sediment has poor load carrying capacity and tends to sink.</li> </ul>
OTHER ENVIRONMENTAL ASPECTS	<ul style="list-style-type: none"> <li>- Fire safety</li> </ul>	<ul style="list-style-type: none"> <li>- An effective and appropriate fire safety system means that, in the event of a fire, environmental impacts are minimal, since action procedures are rapid owing to the availability of systems that minimize environmental impacts.</li> </ul>

The table shows environmental aspects evaluated as significant. In order to reduce the impacts of the identified environmental aspects, this year we again 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 in more detail below. However, due to the COVID-19 epidemic, the workshop was conducted online through MS Teams.

The Regulation (EC) on the voluntary participation by organizations in the Community eco-management and audit scheme (EMAS) states that significant direct and indirect environmental aspects have to be reported together with the main performance indicators for the following environmental areas:

- Energy
- Materials
- Water
- Waste
- Land use related to biodiversity
- Emissions.

Energy, water, emissions, waste and land use related to biodiversity are reported later in this report. The material indicator is not shown because it is estimated as not crucial and important in storage and transshipment activities. In addition, we present in-depth information related to climate change following a recommendation of the European Commission – Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01). In general, climate change is managed through a recognized important environmental aspect – energy/internal transport (energy use) and a recognized risk – Climate change.










### 24.2.3 Environmental targets in 2021

The most important environmental targets:





- Pass the verification of compliance with the EMAS directive, and the ISO 50001 and ISO 14001 standards;
- Reduce total dust emissions on all ten port locations to 200 mg/m<sup>2</sup> per day, and limit the deviations to no more than 5 measurements throughout the year;
- Maintain PM<sub>10</sub> concentrations (particles up to 10 µm) across the entire port area below 30 µg/m<sup>3</sup> (in the direction of Ankaran, Koper and Bertoki);
- Maintain the share of separately collected waste, excluding waste from vessels, at 91%;
- 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;
- Maintain specific consumption of energy sources at previous year's levels despite the purchase of additional machinery and expansion of port capacities: fuel at 0.1249 l/t, electricity at 0.7658 kWh/t, and drinking water at 4.9l/t;
- Ensure that no (inspection or internal) measures will be required for the developments;
- Prevent all instances of sea pollution outside the port water area;
- In case of fire interventions and injury accidents, ensure that the intervention time of the professional fire brigade is less than 8 minutes (from receiving the notification until arrival at the scene);
- Prevent any major industrial accidents altogether;
- Implement all inspection decisions in the field of fire safety;
- Preserve the range of the area of underwater meadows (*Cymodocea nodosa*, *Zostera noltii*) compared to the 2018 reference period.

#### 24.2.4 Realisation of environmental objectives in the period 2018-2020<sup>138</sup>

The table presents the objectives and their realisation; the content is explained in more detail in the relevant chapters of the report.

Section No	Important environmental aspect	OBJECTIVE	Target value by 2020	Values for 2018 - 2020			Realisation 2020
24.7	Dust emissions/immissions from services	Reduce total dust immissions for each measurement	200 mg/m <sup>2</sup> day up to 5 exceedances	2018* 113 1 exceedance	2019 104 1 exceedance	2020 100 7 exceedances	
24.7	Dust emissions/immissions from services	Maintain immission particle size below 10 µm in the entire port area	< 30 µg/m <sup>3</sup>	2018 Bertoki-21 Ankaran-17 Koper-14	2019 Bertoki-18 Ankaran-15 Koper-18	2020 Bertoki-20 Ankaran-19 Koper-20	
24.8		Maintain the percentage of waste collected separately excluding ship-generated waste	> 91%	2018** 89	2019** 91	2020 91	
24.9	Noise generation in port, noise emitted by cargo and passenger ships	Reduce the noise level at night in the direction of the city of Koper	Night 48 dB	2018 57	2019 54	2020 54	
24.9	Noise generation in port, noise emitted by cargo and passenger ships	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.	Evening 53 dB	2018 Bertoki-38 Ankaran-44 Koper-57	2019 Bertoki-37 Ankaran-43 Koper-54	2020 Bertoki-37 Ankaran-43 Koper-54	
24.9	Noise generation in port, noise emitted by cargo and passenger ships	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.	Day 58 dB	2018 Bertoki-40 Ankaran-46 Koper-57	2019 Bertoki-40 Ankaran-46 Koper-55	2020 Bertoki-39 Ankaran-46 Koper-55	
24.10	Electricity and fuel consumption	Maintain specific energy consumption on par with the year before despite increases in throughput and storage capacities	1.27 kWh/t	2018*** 1.22	2019*** 1.31	2020*** 1.45	
24.10	Drinking water consumption	Maintain specific energy consumption on par with the year before despite increases in throughput and storage capacities	6.4 l/t	2018 6.11	2019 7.41	2020 9.33	
24.10	Internal transport powered by diesel engines	Maintain specific energy consumption on par with the year before despite increases in throughput and storage capacities	0.23 l/t	2018*** 0.228	2019*** 0.226	2020*** 0.236	

<sup>138</sup> GRI GS 302-4

24.15	Marine pollution from the handling of coal dust and iron ore	Update drainage on the shore of the bulk cargo terminal	100% Modernisation	2018	2019	2020	
	Values achieved:						
	33	33		100			
	10	30		100			
24.16	Deepening of seabed and disposal of marine sediments	Developments	0 actions	2018	2019	2020	
	Values achieved:						
	0	0		0			
24.15	Marine pollution	Prevent all instances of sea pollution outside the port water area	0 contaminations	2018	2019	2020	
	Values achieved:						
	0	0		0			
24.6	Fire safety	Ensure an effective and adequate system of firewater supply in the entire port area, and appropriate firefighting interventions for specific facilities	70% ensured	2018	2019	2020	
	Values achieved:						
	60	70		75			

Key:

	Objective not attained compared to the previous year		Objective attained		Objective partly attained		Objective is new
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NOTE:

\*The target value by 2018 was 250 mg/m<sup>2</sup> per day

\*\*The target value for 2018 and 2019 was &gt;89%

\*\*\*In 2018, the targets were 1.17 kwh/t for electricity and 0.25 l/t for fuel

\*\*\*In 2019, the targets were 1.27 kwh/t for electricity and 0.245 l/t for fuel

\*\*\*In 2020, the targets were 1.27 kwh/t for electricity and 0.23 l/t for fuel

## 24.3 Policy on safety and health in the port and energy efficiency

An environmental policy is in place at company level, and its adequacy is regularly reviewed. In March 2019, the Policy on safety and health in the port and energy efficiency was updated. It is published at: <https://www.luka-kp.si/slo/pomembni-dokumenti-208>. The policy also sets out guidelines for reducing climate change by striving to reduce environmental impacts, managing resources carefully, improving energy efficiency and introducing modern technology.

## 24.4 Compliance with environmental protection requirements

### 24.4.1 Compliance with environmental legislation <sup>139</sup>

In demonstrating compliance, we primarily refer to the Environmental Protection Act, on the basis of which the following environmental permits have been granted :

- No 35451-1/2018-5 of 28 Feb 2019 regarding noise emissions;
- No 35444-2/2016-13 of 15 Jun 2017, amendment No 35440-50/2019-10 of 21 Oct 2020 regarding atmospheric emissions, waste water emissions and storage of non-hazardous waste;
- No 35415-1/2006-15 of 8 Jan 2008, amendments No 35415-4/2008-16 of 19 Mar 2009, No 35495-1/2012-20 of 21 Nov 2012, No 35492-1/2013-10 of 21 Jun 2013 and No 35495-4/2016-7 of 14 Oct 2016 regarding the operation of a facility that may cause a major accident (Seveso).

The Company has to meet the requirements set out in the environmental permits it has been granted with regard to emissions into water and into the air, storage of waste, noise emissions, and which it has been granted as a

<sup>139</sup> GRI GS 307-1, 419-1, 103-1, 103-2, 103-3, 303-4

facility of increased risk of accidents. The fulfilment of the requirements of the granted environmental permits is reviewed annually to find whether the prescribed requirements are met.

In 2020, there were no excess quantities in wastewater discharge with regard to the quantities prescribed in the environmental permit.

To address light pollution, modernisation of all lights was completed in early 2017 so that they were made to comply with legal provisions in the field of light pollution. In 2019, a new lighting plan with a lamp schedule was devised to replace the 2017 plan and published on the Company's website.

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 is in accordance with the requirements of the granted environmental permit regarding the limit values of the noise indicators in the environment, which applies to areas in front of the first buildings in Koper, Ankaran and Bertoki. Due to the construction of the RO-RO berth in Basin III and the construction of the 6th group of rails, the initial noise measurements were additionally performed, the results of which were also in accordance with the valid environmental permit for noise emissions. Due to the extension of Pier I, several measurements were performed when driving piles in accordance with the requirements of the granted environmental permit. The measurements were carried out on 19 September 2020, 24 November 2020 and 14 December 2020 and are in accordance with the Decree on limit values for environmental noise indicators (Official Gazette of the Republic of Slovenia, Nos 43/18 and 59/19). In accordance with the aforementioned regulation, load assessments were also made for the construction of the RO-RO berth in Basin III and the extension of Pier I.

The performed analyses of industrial wastewater and wastewater from small wastewater treatment systems have shown compliance with legal and environmental requirements.

The Company has a valid environmental permit as a high-risk facility, an environmental permit for noise emissions, an environmental permit for atmospheric emissions, wastewater emissions, an environmental permit for the warehousing (transshipment) of some categories of waste (scrap iron, paper, plastics, mill scale), and an environmental permit for the use of paper sludge to manage dusting in the coal and iron ore deposit area. In 2020, of the above, only transshipment of scrap iron was performed, during which measurements of radioactivity of shipments were performed.

Fire safety modernisation is carried out at the Waste Management Centre, which is now required by the Decree on the outdoor storage of solid combustible waste, as waste wood is stored outdoors in part of the centre. As construction updates are needed, the legal deadline is September 2022.

Following the amendment of the legislation, Luka Koper is now required to perform measurements of radioactivity not only on scrap metals, but on all consignments coming from third countries and entering the European Union through the port. The first annual report on the scope of measurements and tasks performed by external institutions in 2020 was submitted to the Slovenian Nuclear Safety Administration. Own measuring equipment has not yet been installed and the authorisation to perform measurements has not yet been obtained.

In 2020, a number of inspections were carried out, which are described in more detail below. When deficiencies were noted, they were rectified within the agreed deadlines. No deficiency was of such a nature as to cause adverse effects on the environment.

#### 24.4.2 Compliance with internal requirements<sup>140</sup>

In monitoring total dust, the set target of 200 mg/m<sup>2</sup> per day was achieved, the average annual value having been slightly lower than in the previous year and below the target value. In 116 measurements, 7 exceedances were measured, which is above the set target.

In energy management, the targets for specific fossil fuel consumption and for electricity and drinking water consumption for the port's activity were not met. Deviations in target indicators are explained in individual chapters.

The sea water protection system is being maintained and upgraded in a way to help meeting the set target without contaminations outside the port water area.

<sup>140</sup> GRI GS 307-1, 419-1, 103-1, 103-2, 103-3

At the Company level, internal targets have been set for night, day and evening noise reduction on all three sides of the port, where meters are installed. The values of the internal targets were set according to the limit values defined in the previous regulation on noise emissions. Despite the fact that the limit values in the new Regulation increased, it was decided that the Company would not change the target values. In the direction of Ankaran and Bertoki, objectives are achieved in all three parts of the day, however, they are not achieved in the evening and at night in the direction of Koper. It is estimated that in the coming years the set target for evening noise (now exceeded by 1 dB) could be achieved based on all activities, investments in electrification and modernisation on the first quayside and Pier I. At the same time, it is estimated that the set target for night noise in the direction of Koper (now exceeded by 6 dB) is not realistically achievable despite all measures. With an authorized noise measurement provider, model calculations will be made of the internal target value for the night period that would be realistically achievable.

The set internal target for night, evening and day noise in the direction of Ankaran and Bertoki has been achieved.

The wastewater treatment system at the livestock terminal has been updated, a new treatment plant has been installed, and measurements will be carried out in early 2021.

Drainage modernisation on the Bulk Terminal quayside has been completed.

In the field of waste collection, the target of more than 91% share of waste collected separately excluding ship-generated waste is being met.

The target of providing an adequate supply system and a sufficient quantity of water for fire extinguishing throughout the port area and ensure proper firefighting intervention for specific facilities has not yet been fully achieved, as activities are carried out in accordance with the 2018–2023 Plan for maintenance and repair of water supply and hydrant network.

The target, according to which no inspection or internal measures were required for interventions in space, was achieved.

The target in the field of marine protection was also achieved, as there has not been a single case of marine pollution outside the port water area.

## 24.5 Public communication<sup>141</sup>

### 24.5.1 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. Most of the respondents are from the local communities of Semedela or Zusterina (53%), Koper central (24%), Bertoki or Hrvatini (16%), and the municipality of Ankaran (7%). Throughout the years the survey was held, the sample has remained the same, and included all age groups and equally both sexes. The majority of respondents (89.7%) found Luka Koper to be a successful/very successful enterprise.

Respondents believe the biggest sources of pollution in the local environment to be:

- Port activity (37.3%, 2019: 28.8%),
- Road transport (27.7%, 2019: 27.5%),
- Industry in Trieste (11.5%, 2019: 20.9%), and
- There are no other sources of industrial pollution in Slovenian Istria, and are therefore not mentioned.

According to 34.2% of the respondents (2019: 33.3%), Luka Koper's environmental protection programme is good (rating it a 3 on a scale from 1 to 5); 32.9% (2019: 26.3%) believe it is very good (rating it a 4), while 17.0% (2019: 19.6%) have rated the Company's environmental protection programme as excellent (5). 12.6% (2019: 10.2%) of the respondents deem the Company's performance in this area poor or fair.

It is encouraging that the proportion of respondents who believe Luka Koper to be having good or very good environmental protection (grade 4 or 5) has risen from 45.9% in 2019 to 49.9% in 2020. The average score (on a scale of 1 to 5), however, fell slightly, from 3.59 to 3.52.

<sup>141</sup> GRI GS 413-1



	2016	2017	2018	2019	2020
public assessment of the environmental impact of the port	3.25	3.43	3.41	3.59	3.52

#### 24.5.2 Important public communication events

On the basis of the signed Agreement on the implementation of mitigation measures to reduce the environmental impact of port activities with the Municipality of Koper, the first call for proposals to award grants for the implementation of mitigation measures to reduce the impact of port activity emissions was conducted and the first activities were carried out in the amount of EUR 400,000. According to the report of the Municipality of Koper, mitigation measures were implemented at 49 facilities. There was a total of 175 mitigation measures, of which: 112 replacements of doors and windows, 5 measures of soundproofing the roof or attic part of the building, 12 measures of façade renovation, 32 measures of installing air conditioning, 7 measures of installing the ventilation system, and 7 measures of horticultural arrangement. The interventions performed on buildings (marked in points) are shown in the image below.



Source: Municipality of Koper

Communication with shipowners also continued. In the case of noisy ships, they are informed about the noise level and called to action, and then also informed of the results of the analysis of effectiveness of noise reduction measures. The company has asked the Slovenian Maritime Administration, which carries out inspections on ships and allows entry, to assist in the solving of the noisy ships problem. Thus, the subchapter 14.6 'Noise reduction' was added to the Port Information Guide (Port & terminal info book | Port of Koper (luka-kp.si)) in February 2021, which provides instructions to shipowners on entering the port.

Luka Koper was invited to participate in a study on the presence of microplastics in wastewater. As a response to the call, some wastewater streams from the port area that flow into the sea were sampled. A final report on the findings is yet to come.

#### 24.5.3 Registered and processed environmental complaints <sup>142</sup>

Environmental complaints are accepted by telephone, through a web application and the media. A total of seven complaints were recorded, of which five were related to excessive noise, one to unpleasant odours from the facility for generating compost from biodegradable waste and one to the payment of a flat rate charged to a ship that had to extend being berthed in the port due to bad weather. The number of complaints about noise levels has decreased significantly compared to previous years.

Four of the five complaints referred to excessive noise or vibration noise related to the noise of ships from the Koper area, and one from the Ankaran direction. In the case of noisy ships, we try to form an agreement with the command of the ship or the shipowner's agent to take action. Since the source of ship noise may vary (e. g. pumps,

<sup>142</sup> GRI GS 413-1



ventilation, cranes, engine, vibrations), the measures taken by the shipowner are also diverse and of varying effectiveness. Some ships can be claimed to have made improvements based on noise measurements.

One complaint was submitted due to unpleasant odour 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 Koper, d. o. o.). The odour is produced when the waste is stirred and mixed in order to facilitate composting. By stirring the compost more often, efforts are made to prevent a more intense odour from occurring.

The ship's complaint concerning the payment of the flat rate charged for having to extend the berthing in port due to bad weather was addressed and found to be force majeure, based on which the ship was issued a credit note.

#### 24.5.4 Inspections<sup>143</sup>

The deficiencies identified from the inspections were not of such a nature as to have an impact on the environment.

Inspectorate	Start date, notification of the process	Subject matter	Findings
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	5 Feb 2020 (self-declaration)	Review of the adequacy of measures during the accident and the adequacy of measures after the accident that occurred on 31 January 2020 in Basin III. The crane used by the contractor to deepen the seabed overturned from the vessel into the sea. As there was fuel, lubricants and hydraulic oils in the machine, there was a risk of sea pollution, but the Company tackled the event with its own equipment and defined procedures. Call No 06182-397/2020-4	The inspection service examined the scene and requested a report on the management of the generated waste. The request was met by Luka Koper on 25 February 2020.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	26 Feb 2020 Supervision on the elimination of irregularities performed on 16 Jun 2020 and 24 Jun 2020.	Fire protection control in the general cargo profit centre. Minutes No 0611-620/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	27 Feb 2020 Supervision on the elimination of irregularities performed on 16 Jun 2020 and 24 Jun 2020.	Supervision on the elimination of irregularities in the field of fire protection in the general cargo profit centre at the reefer terminal. Minutes No 0611-622/2020-1 were issued	Irregularities were identified and eliminated within the deadline.

<sup>143</sup> GRI GS 307-1

Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	28 Feb 2020 Supervision on the elimination of irregularities performed on 16 Jun 2020.	Fire safety monitoring in the general cargo profit centre at the livestock terminal. Minutes No 0611-621/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	28 Feb 2020 Supervision on the elimination of irregularities performed on 16 Jun 2020.	Fire safety monitoring in the general cargo profit centre at the timber terminal. Minutes No 0611-623/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	4 Mar 2020	Fire protection supervision in the car and RO-RO Terminal profit centre. Minutes No 0611-624/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	5 Mar 2020	Fire protection control in the Container terminal profit centre. Minutes No 0611-625/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	6 Mar 2020 Supervision on the elimination of irregularities performed on 15 Jun 2020.	Fire protection supervision in the Bulk and liquid cargo Terminal profit centre at the liquid cargo terminal. Minutes No 0611-626/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	11 Mar 2020	Fire protection supervision in the Bulk and liquid cargo Terminal profit centre at the bulk cargoes terminal. Minutes No 0611-630/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	13 Mar 2020	Fire protection supervision in the Bulk and liquid cargo Terminal profit centre. Minutes No 0611-632/2020-1 were issued	No irregularities were found.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	13 Mar 2020	Fire protection supervision in the Bulk and liquid cargo Terminal profit centre at the silo terminal. Minutes No 0611-633/2020-1 were issued	No irregularities were found.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	13 Mar 2020  15 Jun 2020 regarding the elimination of the recorded irregularities	Fire protection supervision in the Bulk and liquid cargo Terminal profit centre at the dry bulk terminal. Minutes No 0611-631/2020-1 were issued	Irregularities were identified and eliminated within the deadline.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	8 Jun 2020	Routine inspection of protection against natural and other disasters. Minutes No 0611-1154/2020-1	No violations were found.
Infrastructure Inspectorate of the Republic of Slovenia	9 Jul 2020  25 Sep 2020 regarding the elimination of	Supervision of personnel competence for the management of energy devices Minutes No. 06152-344/2020-4 were issued	Irregularities were identified and eliminated within the deadline.

	the recorded irregularities		
Infrastructure Inspectorate of the Republic of Slovenia	9 Jul 2020	Supervision of personnel competence for the management of energy devices Minutes No. 06152-371/2020-1 were issued	No inconsistencies were found.
Chemicals Office of the Republic of Slovenia	8 Jul 2020	Inspection of the implementation of provisions of the Rules on technical and organisational measures for the storage of hazardous chemicals (Official Gazette of the Republic of Slovenia, No. 23/2018). Minutes No 06101-36/2020/1	No violations were found.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	16 Jun 2020	Fire safety monitoring in the general cargo profit centre at the livestock terminal, Minutes No 0611-634/2020-1	A warning was issued with the deadline for elimination on 16 Jun 2021
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	6 Jul 2020	Inspection of a facility with a high risk of accidents - Seveso Minutes No 06182-867/2020-2	The inspection did not reveal any irregularities or other violations of regulations.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	22 Sep 2020 15 Oct 2020 and 30 Dec 2020 regarding the elimination of the recorded irregularities	Supervision of duty holder Luka Koper INPO d. o. o., execution of fire protection measures, namely authorisation for implementation of fire protection measures, fire risk assessment, fire order, evacuation plan, fire plan, training in the field of fire protection. Minutes No 0611-2068/2020-2 were issued	Inconsistencies were identified, on the basis of which the Inspector issued a decision with the deadline of 14 Sep 2021 and 14 Sep 2022.
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	16 Jul 2020	Supervision of compliance with the provisions for transshipment of metal waste in accordance with the issued environmental permit No. 35444-2/2016-3. Minutes No 06182-140/2020-5	No irregularities were reported.
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	4 Nov 2020 (self-declaration)	Notification to the Environmental Inspector about the waste found during soil consolidation soil for the construction of a new entrance to the port, the external truck terminal at the entrance, the connecting road and the small internal parking lot for trucks along the connecting road to Luka Koper, d. d.	Based on the assessment of the found waste, it was determined as non-hazardous waste. The tires and waste foil were properly handed over to authorised collectors, and the excavated soil was used at the construction site.
Infrastructure Inspectorate of the Republic of Slovenia	26 Nov 2020	Supervision of pressure vessels owned by Istrabenz plini d. o. o. located in the	A warning was issued to Istrabenz plini d. o. o. with

			port. Minutes No 06152-605/2020-3 were issued	the deadline for elimination on 31 Dec 2020.
Infrastructure Inspectorate of the Republic of Slovenia	26 Nov 2020	Supervision of pressure vessels owned by Istrabenz plini d. o. o. located at Luka Koper, Koper car service.	Minutes No 06152-606/2020-2 were issued	A warning was issued to Istrabenz plini d. o. o. with the deadline for elimination on 31 Dec 2020.
Infrastructure Inspectorate of the Republic of Slovenia	26 Nov 2020	Supervision of pressure vessels owned by Istrabenz plini d. o. o. located at the liquid cargo terminal.	Minutes No 06152-602/2020-3 were issued	A warning was issued to Istrabenz plini d. o. o. with the deadline for elimination on 31 Dec 2020.
Infrastructure Inspectorate of the Republic of Slovenia	26 Nov 2020	Supervision of pressure vessels owned by Istrabenz plini d. o. o. located at the dry bulk terminal.	Minutes No 06152-603/2020-2 were issued	A warning was issued to Istrabenz plini d. o. o. with the deadline for elimination on 31 Dec 2020.
Infrastructure Inspectorate of the Republic of Slovenia	26 Nov 2020	Supervision of pressure vessels owned by Istrabenz plini d. o. o. located at the Vehicle processing hall.	Minutes No 06152-604/2020-2 were issued	A warning was issued to Istrabenz plini d. o. o. with the deadline for elimination on 31 Dec 2020.

## 24.6 Environmental risk management and emergency response

An important step in environmental preservation and improvement is to reduce the risk of incidents and improve emergency response procedures. At the level of Luka Koper, d. d., lists of environmental risks are also devised and maintained annually. The port has an emergency management and response system in place, not only for emergencies involving dangerous substances. This section lists and summarises the identified environmental incidents, all small-scale and with impacts limited to the site of the event (e.g. immediate vicinity of a vehicle). 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 incidents and improve emergency response procedures by means of annual activities.

In cooperation with the Faculty of Maritime Studies and Transport, in 2020, Luka Koper began a review of threat assessments and the Protection and Rescue Plan, and the project will be completed in 2021. 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 Luka Koper Professional Fire Brigade and Port Security Department are always involved, and if required, also the sea protection unit, Luka Koper INPO, d. o. o., Luka Koper Industry Volunteer Firemen Society, Luka Koper Civil Protection Unit, and other units in accordance with the protection and rescue plan.

The fire safety target is to ensure an adequate supply system and a sufficient quantity of water for fire extinguishing throughout the port area, and ensure proper firefighter intervention for specific objects. In 2018, the Investments Department devised the 2018–2023 Plan for the maintenance and repair of the water and hydrant network. In 2020, the following activities were carried out in the hydrant network:

- Rehabilitation of the hydrant network of warehouses 6a to NAS 9,
- Renovation of the Rižana fire-fighting pumping station,
- Installation of a more powerful hydrant for filling fire trucks at the roundabout in front of the Sermin entrance,

<sup>144</sup> GRI GS 306-3, 102-11

- Fire safety assessment for the central changing rooms,
- Fire safety assessment for the administrative building,
- Other regular maintenance and intervention repairs to the water and hydrant network.

At the year-end of 2020, the Professional Fire Brigade employed 30 people who ensure a 24-hour on-call service, its fleet comprising eight firefighting vehicles and seven trailers with a range of equipment. In 2020, a total of 42,912 km was covered by fire trucks. The Fire Brigade provides operational and preventive fire safety work. Firefighting operations include fire-fighting and rescue in all types of accidents, providing medical aid to the sick and injured, and education and training with firefighting equipment. In 2020, the unit intervened in 424 events, which are presented in the table Statistics for incidents 2011–2020. The number of interventions is comparable to 2019.

Preventive firefighting work, which the Fire Brigade carries out on a daily basis throughout the port, is crucial to maintaining an adequate level of fire safety and to preventing the circumstances that can cause a fire.

The year 2020 was marked by a state of emergency due to the COVID-19 epidemic. Therefore, measures and protocols for action in the event of a virus outbreak have been adopted. Great attention was paid to the correct use of personal protective equipment and the correct approach to persons who show possible signs of virus infection. Due to all measures and restrictions, the work of the Fire Brigade had to be adjusted.

At the beginning of the year, refresher training in first aid was organized for the entire Fire Brigade. Due to all the measures taken to prevent coronavirus infections, almost all training programmes planned as part of the Firefighting School were cancelled, and the regional industrial accident exercise in the port was also cancelled.

#### 24.6.1 Statistics for environmental incidents from 2016 to 2020<sup>145</sup>

Number in 2016	Number in 2017	Number in 2018	Number in 2019	Number in 2020	Description of events	Measures taken
47	60	71	76	79	Cracks in vehicle hydraulic systems (external vehicles and port machinery) or oil slicks detected on the asphalt surface.	Remediation by using absorbents and a machine / hand-held sweeper. Eco-points are located in key areas, where substances for quick remediation are available together with bins for spent absorbent disposal.
5	11	10	2	10	Leakage in the port's water supply system.	Repair of the leaking pipes.
10	11	16	4	11	Leakage and spillage of a small amount of petroleum products around vehicles.	Remediation by using absorbents and a machine / hand-held sweeper on the site.
6	11	1	2	4	Inadequate waste management within the port.	Adequate management of the collected waste in future.
2	10	1	1	5	Minor fire, onset of fire	In all cases, minor, local fire onsets were extinguished and additional measures were introduced where necessary.
12	8	2	1	1	Fall of a construction machine into the sea	Protection of the location with absorbents, removal of the machine from the seabed.

<sup>145</sup> GRI GS 306-3

#### 24.6.2 Presentation of the realisation of improvement programmes for better management of uncontrollable events

In 2020, the following was implemented:

- Delivery of two transportable fans for ventilation of smoke-filled buildings;
- Delivery of a large firefighting tank vehicle;
- Delivery of a multipurpose firefighting vehicle;
- Delivery of two trailers to assist in cases of substances leaking from containers;



- An expert fire safety assessment at the Waste Management Centre due to the outdoor storage of waste wood;
- Reconstruction of part of the hydrant network in accordance with the Maintenance and Repair Plan as described above;
- Fittings around jet fuel tanks and repair of the PP system for jet fuel tanks at the liquid cargo terminal.

Additionally, the following was realised:

- Conceptual design for a new fire station;
- New systematization of jobs in the fire brigade (fire shift manager).

The following was not implemented in 2020:

- Purchase of a fire truck for transporting members of the Luka Koper Professional Fire Brigade;
- Two dry practice exercises cancelled due to the COVID-19 epidemic;
- Cooperation activities with the Koper Fire Brigade not implemented and joint fire drills to ensure better cooperation in interventions not introduced due to the COVID-19 epidemic;
- Complete replacements and upgrades of refuelling points at the liquid cargo terminal;
- Combination of D2 and jet berths and technological equipment for connecting ships for liquid cargo not fully implemented.

#### 24.6.3 Improvement programmes for better management of uncontrollable events for 2021

The following will be implemented in 2021:

- Purchase of a fire truck for transporting members of the Luka Koper Professional Fire Brigade;
- Reconstruction of the hydrant and water supply network in accordance with the 2018-2023 Plan for the maintenance and repair of the water and hydrant network;
- A regional hazardous substances exercise Luka Koper 2021;
- Regular training for the Luka Koper Professional Fire Brigade;

- Modernisation of fire protection systems and obtaining a declaration of conformity of construction and technical measures at the Waste Management Centre in accordance with the requirements of the new Decree on the outdoor storage of solid combustible waste and the findings of the fire safety analysis report;
- Purchase of an electric forklift for the Ex area;
- Installation of an active fire protection system in the central changing rooms;
- Carry out two dry practice exercises (activity from the previous year);
- Preparation of a project dossier for obtaining a building permit for a new fire station;
- Improvement of cooperation with the Koper Fire Brigade and introduction of joint fire drills for better cooperation in interventions (activity from the previous year);
- Restoration and redesign of the hydrant pipeline between the TH1 and TH2 halls;
- A fire alarm at the livestock terminal;
- Fire reporting in warehouses 22 A, B, C, D;
- Replacement of inappropriate equipment to ensure explosion-proof (Ex) design at fuel filling points;
- Complete replacement and upgrade of refueling points at the liquid cargo terminal (activity from the previous year);
- Complete the combination of D2 and jet berths and technological equipment for connecting ships for liquid cargo (activity from the previous year).

## 24.7 Emissions/immissions from services

### 24.7.1 Total dust in the port <sup>146</sup>

#### Results of total dust measurement inside the port

Total dust concentration has been monitored on ten locations within the port since 2002. In 2019, Luka Koper reduced its annual target from 250 mg/m<sup>2</sup> per day to 200 mg/m<sup>2</sup> per day. An additional target was set to have a maximum of five measurements out of 120 exceed this value during the year. The legislation stipulates no limit values or tolerances for this category, however, a few years ago the prescribed limit value was 350 mg/m<sup>2</sup> per day. Sampling and measurements are carried out by a contracted organisation.

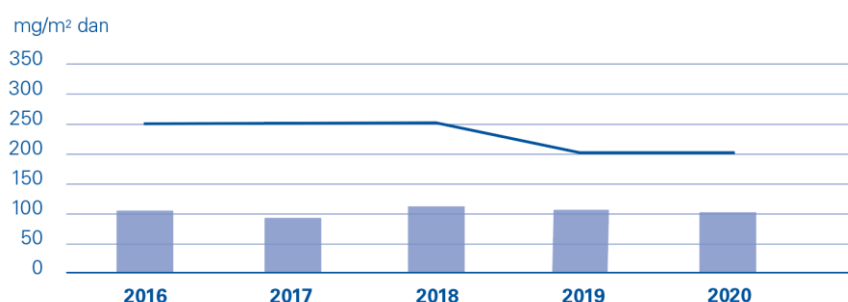
The average annual dust concentration in 2020 was 100 mg/m<sup>2</sup> per day, a decline of 4% from 2019 and within the set target, however, seven exceedances were recorded of 120 measurements, which is more than the target value and the target was only partially achieved.

**Figure 34**

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

■ Total dust

— Target value



<sup>146</sup> Emissions/immission from services – additional indicator (ref GRI GS 305-7)



### 24.7.2 Concentrations of harmful particulate matter<sup>147</sup>

#### Results of measurement of particles up to 10 µm (PM<sub>10</sub>)

**Figure 35**

Metering devices for monitoring fine dust particles:

Monitoring point No 3 –

LKP Ankaran,

Monitoring point No 4 –

LKP Koper,

Monitoring point No 2 –  
towards Bertoki.



In the port area, the concentrations of particulate matter with particles up to 10 µm (PM<sub>10</sub>) are monitored by the University of Primorska. The first equipment for continuous monitoring of the concentrations of particulate matter (PM<sub>10</sub>) 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 being dated at the end of 2012. Monitoring points 2 (towards Bertoki) and 3 (towards Ankaran – LKP Ankaran) have devices for continuous monitoring of PM<sub>10</sub> 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 device also monitors particles up to 2.5 µm in size. In 2019, the measuring device at the Measuring point 3 (direction towards Ankaran – LKP Ankaran) was also replaced, which in addition to PM<sub>10</sub> also enables monitoring of PM<sub>2.5</sub> particles.

Results of PM<sub>10</sub> particle measurements provided by the devices in the port that allow for automatic online display (LKP Ankaran and LKP Koper) are available on the website <http://www.zivetispristaniscem.si/>.

As a comparison, the Company additionally displays the results of measurement by a device installed in Markovec, which is managed by the Slovenian Environment Agency. Annual average concentrations of particulate matter (PM<sub>10</sub>) in the Port of Koper are below the legal limit value of 40 µg/m<sup>3</sup> and below the internal target value of 30 µg/m<sup>3</sup>. The Decree on ambient air quality sets the daily PM<sub>10</sub> concentration limit for the protection of human health at 50 µg/m<sup>3</sup>, with no more than 35 exceedances per year. In this case, too, the legislative provisions are being complied with.

#### Results of PM<sub>10</sub> measurement on the edges of the port, in µg/m<sup>3</sup>

	2016	2017	2018	2019	2020
Monitoring point No 3 – LKP Ankaran	18	17	17–18*	16–15*	19
Monitoring point No 2 – towards Bertoki	20	21	21	18	20
Monitoring point 4 No – LKP Koper	20	16	14	18	20

\*As the original instrument was being calibrated at this monitoring point, comparative measurements were taken throughout the year using a different reference instrument.

\*\*Measurements taken only for three months.

<sup>147</sup> Emissions/immission from services – additional indicator (ref GRI GS 305-7)



From the results of measurements in the first quarter of 2020, significantly higher values of PM10 particles were observed at all three locations within the port. Based on the results provided by the Environmental Agency of the Republic of Slovenia, it was observed that the values at the monitoring point Nova Gorica and Markovec are equally high. In the annual report, the port metering operator pointed out that the Po Valley and the Northern Adriatic areas have significantly higher values of PM10 particles. We have no explanation for the generally elevated levels of PM10 in the area, as the transshipment and volume of other activities have decreased significantly with the onset of the COVID-19 epidemic.

Paper sludge continued to be applied to the coal and iron ore deposit area as an anti-dusting measure.

### Exceeding daily limit values across Slovenia

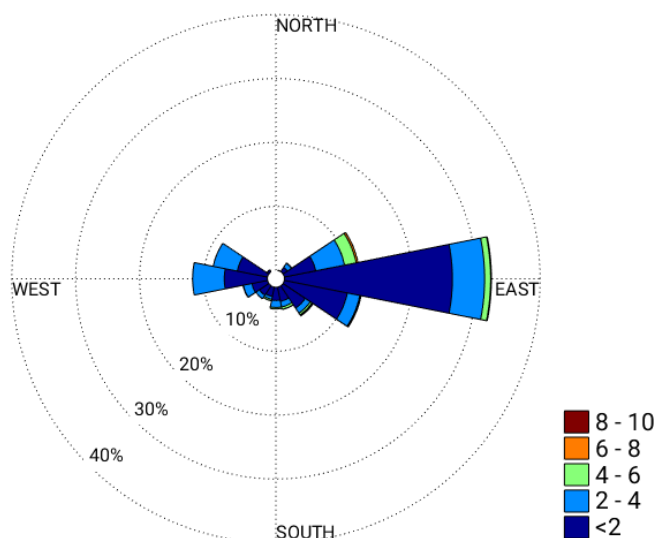
A comparison of measurements carried out by the Environmental Agency of the Republic of Slovenia in different locations in Slovenia (table below, source ARSO) shows that the limit value of 50 µg/m<sup>3</sup> is exceeded at all monitoring points. Most exceedances occur in the first three months of the year. The most exceedances of the daily concentration limit occurred in Celje at the Mariborska monitoring point. In Koper (Markovec), 20 exceedances were recorded, and within the port, a maximum of 15.

### Exceedances of the limit value 50 µg m<sup>-3</sup> from January to December 2020 at various monitoring points across Slovenia.

Measuring point	JAN	FEB	MAR	APR	MAJ	JUN	JUL	AVG	SEP	OKT	NOV	DEC	total
Celje	17	0	2	0	0	0	0	0	0	0	2	4	25
Celje Mariborska	22	1	2	0	0	0	0	0	0	0	4	7	36
Hrastnik	7	0	2	0	0	0	0	0	0	0	0	0	9
Iskrba	0	0	2	0	0	/	/	/	0	0	0	0	2
Koper	5	5	3	0	0	0	0	0	0	0	3	4	20
Kranj	5	0	2	0	0	0	0	0	0	0	0	3	10
Ljubljana Celovška*	16	0	3	0	0	0	0	0	0	0	0	3	22
Ljubljana Bežigrad	15	0	3	0	0	0	0	0	0	0	0	3	21
Ljubljana BF	10	0	2	0	0	0	0	0	0	0	0	2	14
Maribor center	15	0	2	0	0	0	0	0	0	0	0	0	17
Maribor Vrbanski plato	3	0	2	0	0	0	0	0	0	0	0	0	5
Murska Sobota Cankarjeva	17	1	2	0	0	0	0	0	0	0	1	0	21
Murska Sobota	11	0	2	0	0	0	0	0	0	0	0	0	13
Nova Gorica Grčna	5	6	3	0	0	0	0	0	0	0	1	2	17
Nova Gorica Vojkova	6	7	3	0	0	0	0	0	0	0	1	2	19
Novo mesto	10	0	3	0	0	0	0	0	0	0	0	0	13
Ptuj	12	0	2	0	0	0	0	0	0	0	2	0	16
Trbovlje	14	0	3	0	0	0	0	0	0	0	2	2	21
Velenje	0	0	2	0	0	0	0	0	0	0	0	0	2
Zagorje	17	0	3	0	0	0	0	0	0	0	4	3	27
Žerjav	3	0	2	0	0	0	0	0	0	0	2	0	7

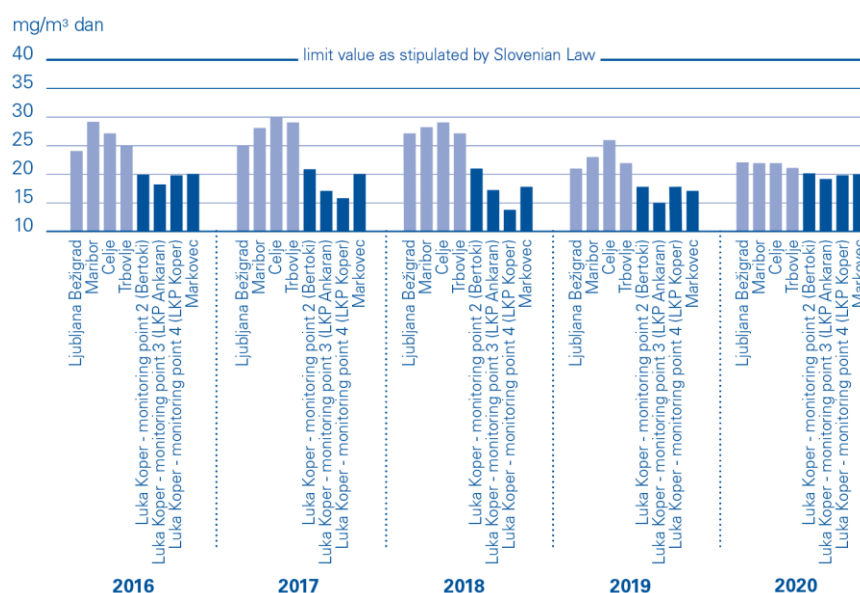
Source: <http://www.arso.gov.si/zrak/kakovost%20zraka/podatki/>

Figure 36: Wind rose, January to December 2020 (in ms<sup>-1</sup>)



**Figure 37**  
Comparison of annual PM10 concentrations in the port and some other monitoring points across Slovenia\*

\* Source: <http://www.arso.gov.si/zrak/kakovost%20zraka/podatki/>



The data for 2020 has not yet been finally confirmed by ARSO.

We also obtained online data from the port of Los Angeles, where, between January and December 2020, the PM10 particle concentration was between 15 and 42  $\mu\text{g}/\text{m}^3$ . There, the statutory annual limit is lower, at 20  $\mu\text{g}/\text{m}^3$  ([https://www.portoflosangeles.org/environment/air\\_quality.asp](https://www.portoflosangeles.org/environment/air_quality.asp)).

### Results of measurement of particles up to 2.5 $\mu\text{m}$ (PM2.5)

The Slovenian Environment Agency measures PM2.5 particles on five locations across Slovenia: Ljubljana – Bežigrad, Nova Gorica, Maribor Vrbanški plato, Iskrba, and Celje. In addition to the measurements performed by the Slovenian Environment Agency, the table also shows the concentrations measured by the University of Primorska in the Port of Koper, i.e. at monitoring point No 4 – LKP Koper and monitoring point No 3 – LKP Ankaran. In the first half of the year, the concentrations of PM2.5 particles at these two locations were among the highest in Slovenia. In the same period, the concentration was also high in Nova Gorica, where measurements are performed by the Slovenian Environment Agency.

### Results of PM2.5 (in $\mu\text{g}/\text{m}^3$ ) measurement on the edges of the port

	2016	2017	2018	2019	2020
Monitoring point 4 No – LKP Koper	14	12	10	12	14
Monitoring point No 3 – LKP Ankaran	The measuring device did not allow PM2.5 measurements			10*	14

\* A new measuring device was set up and began monitoring PM2.5 particles in July 2019.

In 2020, the average concentrations of PM2.5 particles at both monitoring points in the port were below the legislative value of 20  $\mu\text{g}/\text{m}^3$ .

### Comparison of monthly PM2.5 concentrations between different monitoring points in Slovenia

Measurement location	Ljubljana-Bežigrad	Nova Gorica	Maribor-Vrbanški plato	Iskrba*	Celje	Monitoring point No 4 – LKP Koper	Monitoring point No 3 – LKP Ankaran
Annual average value of PM 2.5 ( $\mu\text{g}/\text{m}^3$ )	16	14	12	7	15	14	14

\* location distant from major polluters

(Source: <http://www.arso.gov.si/zrak/kakovost%20zraka/podatki/>)

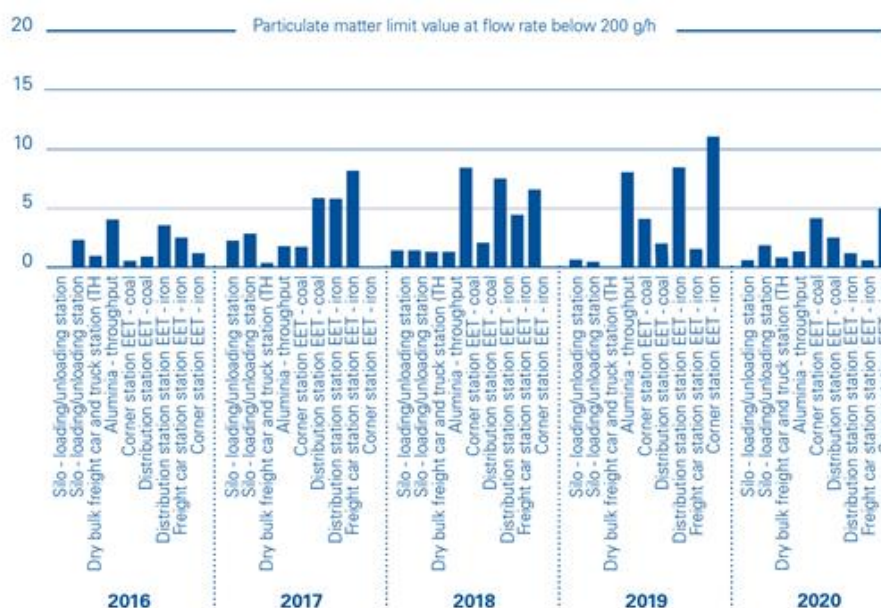
### 24.7.3 Emissions of substances at key sources<sup>148</sup>

#### 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. while loading/unloading freight cars, trucks). There are several monitoring points at each terminal. The number of measurements varies from year to year, either due to the volume and type of throughput, or due to changes in legislation. Limit values depend on the mass flow rate and consequently on the weather. The results are all compliant with the granted environmental permit. The limit value for particulate matter concentration is 20 mg/m<sup>3</sup> when the total dust mass flow rate is equal to 200 g/h.

**Figure 38**

Results of annual measurement of particulate matter emissions at varying sources



#### Results of measurements of emissions from combustion plants

In the port area, there are combustion plants used for technological purposes. The results of operational monitoring of the quality of exhaust gases from these devices are presented in the tables below. A new combustion plant was installed in the bilge and marine oil collection facility, for which an environmental permit was obtained and the first measurements of atmospheric emissions were carried out. All measured values of combustion plants are in accordance with the limit values from the environmental permit and legislation.

#### Results of the measurement of atmospheric emissions from the boiler room used in the bilge plant

Substance	Maximum value		Mean value		Limit value
	mg/m <sup>3</sup>	g/h	mg/m <sup>3</sup>	g/h	mg/m <sup>3</sup>
Smoke number	0 (no unit)	1 (no unit)	0 (no unit)	1 (no unit)	1 (no unit)
Carbon monoxide	31.1	1.2	27.1	1.0	170
Nitrogen oxides expressed as NO <sub>2</sub>	165.9	8.7	164.6	6.1	250
Sulphur oxides expressed as SO <sub>2</sub>	115.5	4.6	105.3	3.7	1,700

<sup>148</sup> Emissions/immission from services – additional indicator (ref GRI GS 305-7)

**Results of the measurement of atmospheric emissions from the boiler room used for timber drying**

Substance	Maximum value		Mean value		Limit value
	mg/m <sup>3</sup>	g/h	mg/m <sup>3</sup>	g/h	mg/m <sup>3</sup>
Carbon monoxide	64.0	22.9	53.3	18.1	100
Nitrogen oxides expressed as NO <sub>2</sub>	185.8	67.6	180.8	61.4	200
Sulphur oxides expressed as SO <sub>2</sub>	10.7	3.3	9.5	3.2	35

**Results of the measurement of atmospheric emissions from the boiler room used for heating phosphoric acid at the liquid cargo terminal**

Substance	Maximum value		Mean value		Limit value
	mg/m <sup>3</sup>	g/h	mg/m <sup>3</sup>	g/h	mg/m <sup>3</sup>
Carbon monoxide	70.7	5.8	68.0	5.4	100
Nitrogen oxides expressed as NO <sub>2</sub>	140.1	11.1	135.9	10.7	200
Sulphur oxides expressed as SO <sub>2</sub>	9.3	0.7	8.3	0.7	35

In the port area, there are additions 14 boiler rooms for the purposes of heating facilities and preparation of hot sanitary water, where fuel oil or liquefied petroleum gas (LPG) is used as energy source. Emissions from these devices are checked by the chimney sweeping service. The results are in compliance with the legislation for small combustion plants.

#### 24.7.4 Implementation of service emission/immission improvement programmes

In 2020, the following was implemented:

- Completion of the construction of a vacuum dust extraction system at the bulk cargo terminal;
- Installation of dust suppression spraying on the MD2 coast crane at the bulk cargo terminal;
- Purchase and installation of soy-bean and dust filling sets at the silo facility at the dry bulk terminal.

The following was not implemented in 2020:

- Installation of dust suppression spraying on the MD3 coast crane at the bulk cargo terminal;
- Complete purchase of explosion-proof (Ex) versions of vacuum cleaners for the cleaning of TH facilities and the cereals silo at the dry bulk terminal;
- Complete installation of vacuum dust extraction systems at the silo and TH facility at the dry bulk terminal;
- Introduction of an entry system for the ESI (Environmental Ship Index) voluntary scheme which allows ships with more modern engines and consequently lower atmospheric emissions to pay a lower port fee, at the level of Luka Koper, as the initiative has not yet been approved by the Ministry of Infrastructure.

#### 24.7.5 Service emission/immission improvement programmes for 2021

The following will be implemented in 2021:

- Introduction of an entry system for the ESI (Environmental Ship Index) voluntary scheme;
- Purchase of a dry bulk cargo grab and a bagging unit for weighing and filling mineral fertilizers in big bags at the dry bulk terminal;
- Installation of dust suppression spraying on the MD3 coast crane based on measuring the effects at the renovated MD2 coast crane at the bulk cargo terminal;
- Complete purchase of explosion-proof (Ex) versions of vacuum cleaners for the cleaning of TH facilities and the cereals silo at the dry bulk terminal (activity from the previous year);

- Complete installation of vacuum dust extraction systems at the silo and TH facility at the dry bulk terminal (activity from the previous year).

#### 24.7.6 Climate change, and related opportunities<sup>149</sup>

Accelerated economic growth and development have resulted in increased emissions and adverse climate change, which strongly affect economic loss (the impact is estimated at three quarters) and social change, although we have not yet recorded all the financial impacts on society. Global factors such as changes in environmental targets, consumer behaviour, regulatory requirements, environmental policies and business constraints may significantly increase climate risks in the future. The company has identified risks and opportunities related to climate change (taking into account short-term, medium-term and long-term consequences) and planned activities to reduce emissions, and to deal with the consequences of climate change. The identified climate risks are included in the unified register of the risk management system, which is described in more detail in Chapter 12 'Risk Management'. The planned activities and guidelines are integrated into the Company's strategic and annual plans. Climate change targets and indicators are presented in Chapters 24.7.7 and 24.10., and are checked quarterly.

The Company's operations can have positive or negative impacts, the latter when not implementing measures to achieve greater energy efficiency, using renewable energy sources, or following modern technologies. The Company's impacts on greenhouse gas emissions are negligible at the global level, but significant at the local or national level, as they contribute to achieving national greenhouse gas emission targets. Although the Company is not a member of associations or societies addressing climate change, its employees are regularly trained and educated in this field. A short animated film was also made for a simple presentation of activities for the rational use of energy and resources.

Climate risks can be divided into two major groups: The first group includes the impacts of the Company's activities on climate change and covers predominantly social and environmental aspects; The second group includes the impacts of external climate change on the Company's operations, which significantly determine the Company's financial performance. This group is divided into physical (direct) and transition risks (indirect) or the costs of climate change and the costs of adaptation to climate change. Physical risks are seen as the costs of natural disasters due to climate change, and transition risks arise from structural changes in economies based on lower energy consumption and environmental protection. Rather than being exclusive, the two climate risk groups intertwine. Climate risk management is included in the risk management system of the Luka Koper Group and in the environmental management system.

Descriptions and methods of climate change management that affect the Company's operations are presented below.

<sup>149</sup> GRI GS 305-1, 305-2, 102-11, 201-2

## Materiality: SOCIAL AND ENVIRONMENTAL ASPECTS



### The main areas of environmental impact of Luka Koper' activities:

- Emissions from services: noise, gases, harmful substances
- Waste management
- Wastewater and drinking water management
- Sea water protection and biodiversity
- Light pollution
- Energy use and energy efficiency
- Incidents and taking actions

Measurements, indicators and management approaches are described in more detailed in sustainability report.

Vir: extracted from European Commission: Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01).

## Materiality: FINANCIAL ASPECTS



### The risk of negative impact of climate change on the Company's activities:

#### Physical risks:

- Acute: storms, floods, torrential rains
- Chronical: rising sea levels, reduced water availability, rising average temperatures

#### Transition risks:

- Legislation and environmental policy: requirement to use alternative fuels
- Technology risks: machinery replacement
- Market risk: abandonment of certain commodity groups and consumer preferences
- Commodity risks

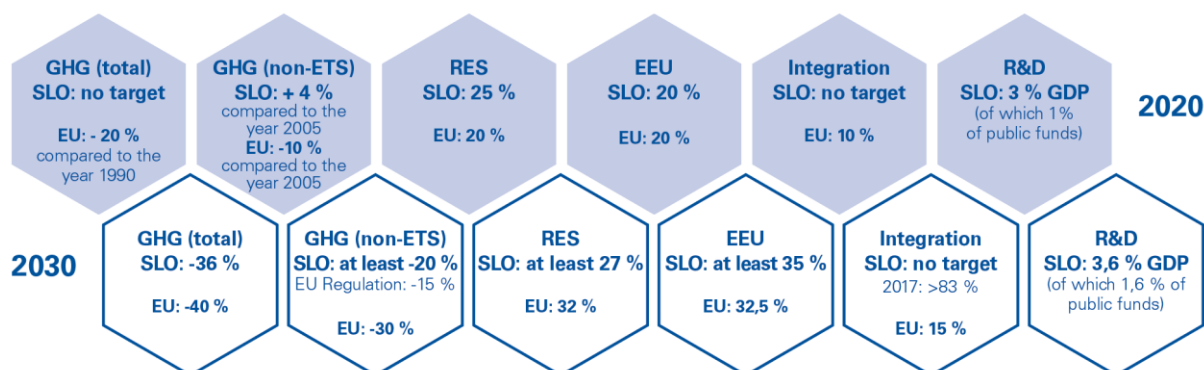
The identified climate risks and opportunities have not changed the Company's business model, whereas the Company's strategy has already been adjusted to focus on energy efficiency, emission reduction and resource efficiency, and the use of renewable energy sources. We are also aware of the opportunities associated with the efficient use of resources, which also leads to savings. It is also known that trees play an important role in capturing carbon dioxide (CO<sub>2</sub>) from the air, therefore, we plant them in the port where possible, thus at least partially compensating for land use changes when carrying out port expansions.

In our operation, we need drinking water for sanitary and technological purposes, which is described in more detail in Chapter 24.11 'Drinking water and groundwater management'. When developing new areas, we build at the appropriate height, taking into account the flood risk. With regard to human resources, we estimate that due to the rise in atmospheric temperature, it may be necessary to adjust the way of working outdoors in the future.

In the National Energy and Climate Plan (NEPN), Slovenia has committed to meeting ambitious energy and climate targets. The core business of the Luka Koper Group is quite energy intensive. In order to contribute to the achievement of the set targets, Luka Koper will also have to make certain shifts and will continue to implement a program of activities to contribute to climate change mitigation. Energy and climate targets are basically set at the EU level, i.e. as targets to be achieved by the EU as a whole. In the Company's strategic documents, we are committed to achieving targets at the level of the Republic of Slovenia. Climate risks can also be a source of opportunity, as are opportunities arising for transshipment of new commodity groups and for even more sustainable operations, which will have a positive impact on all stakeholders.

## Greenhouse gas emission reduction targets at national and EU level

### Climate neutral Slovenia and the European Union until 2050



Source: Integrated National Energy and Climate Plan of the Republic of Slovenia

In 2020, 20.7% of Luka Koper, d. d. energy consumption came from RES (renewable energy sources), which is shown in more detail in Chapter 24.10.2. Countries such as the Republic of Slovenia, which have a relatively small energy system and a high initial share of RES, find it much more difficult to progress than others (even in the case of greater potentials and available financial resources), as a low share of RES in transport requires much higher shares in heat and electricity, which are often also unattainable. The introduction of RES in transport is extremely demanding in technical terms, as it is limited by various standards. By 2025, we plan to have installed in the port solar PV plants with the capacity of approximately 1.25 MWp in order to generate up to 4% of own electricity consumption. By 2030, we plan to have installed solar PV plants with the capacity of approximately 4 MWp, which represents about 14% of the current electricity consumption of the entire port. We expect to achieve the set target of 27% of renewable energy consumption, as defined for the Republic of Slovenia.

Regarding the achievement of energy efficiency (EE), we are currently recording and calculating the effects of already implemented activities (in %) compared to the reference year 2007, as our strategic guidelines are aimed at the target set for the Republic of Slovenia (at least 35%). With regard to EE, an ISO 50001-compliant energy management system was introduced in 2020, we will continue to implement energy audits, we have classified port facilities into energy classes, replaced a part of equipment and switched to electrically powered systems. On 31 December 2020, in the port electricity powered 29% of forklifts, 44% of RTG cranes, 100% of RMG cranes, 100% of ship-to-shore cranes.

Effects of EE are shown on the example of replacing lights with LED technology. As the lighting in warehouses was replaced with LED lights, the consumption was reduced by about a half, which on average saves about 20,000 kWh per year, mostly depending on the operating hours of the warehouse. At the Container terminal, 1.15 GWh less electricity was consumed in 2020 (i.e. the equivalent of one 1 MW solar power plant) due to partial replacement of the lighting with LED technology. The transition to LED technology will be continued in other warehouses as well.

## Identified climate risks and opportunities

### Risk 1

**Name:** Tightening the environmental policy requirements at the national and EU level

**Type and subtype of climate risk:** Transition risk – environmental policies and legal risks

**Description:** Transport makes an important contribution to greenhouse gas emissions, which can be expected to lead to an increase in regulatory pressures towards the use of alternative fuels. Such fuels or energy sources serve, at least partly, as a substitute for fossil oil sources in the energy supply to transport, contribute to its decarbonisation, and enhance the environmental performance of the transport sector.

In the future, based on the adopted National Energy and Climate Plan and the Green Deal, we can expect that we will have to gradually continue the transition to alternative drives. At the end of March 2021, the European Commission adopted a new target for reducing greenhouse gas emissions, i.e. by at least 55% by 2030 compared to 1990 levels. Slovenia has set itself the target of reducing GHG emissions in sectors not included in the emissions



trading system by 15% compared to 2005, and achieving a 27% share of energy from RES. These targets are likely to be aligned with EU targets in the coming years.

According to current forecasts, further tightening of targets is expected in both at the national and EU level, and in the future there may also be a transfer of targets to producers of emissions. In the event of non-compliance with the requirements, Luka Koper could face the payment of fines, lawsuits or the loss of reputation, which could result in a drop in throughput.

Adapting to these requirements will bring an additional financial burden to the Company related to investments in the replacement of equipment and the construction of additional infrastructure. An example is the requirement to provide infrastructure to enable ships in the port to connect to the electricity grid in accordance with the Decree establishing the infrastructure for alternative transport fuels, under Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure.

**Time horizon:** Long-term (10 years)

**Probability:** Medium

**Estimated consequences:** Adoption of stricter environmental policies, which in order to reduce negative effects on the climate at the national level may increase the price of energy products for customers, which include Luka Koper (a 10% price increase would mean EUR 0.7-1.0 million). In the future, payment for allowances could be introduced for large energy consumers, and the state could also introduce penalties in case of non-compliance with emission commitments. The Company currently lacks sufficient information to quantify the impacts of stricter environmental policies.

**Response methods:** Regarding the improvement of energy efficiency, an ISO 50001-compliant energy management system was introduced in 2020. Regarding the investment in infrastructure that will enable ships in the port to connect to the electricity grid, we have already prepared a conceptual design, determining the approximate value of the investment at EUR 58 million, which was also included in the 2021-2025 Port Development Programme as confirmed by the Slovenian Government on 24 February 2021. An agreement has already been concluded with ELES Electric power transmission company on the construction, co-financing and sharing of investments in the 110/x kV Luka Koper substation and the connection line to the port. By 2030, we plan to have installed in the port solar PV plants with the capacity of approximately 4 MWp, which is listed among opportunities, as savings in energy consumption will also be realised from this.

We estimate that it will be possible to gradually replace the existing diesel-powered terminal tractors, which are the largest consumers of fuel in the port, with electrically powered terminal tractors (eTV), and supply additional eTV due to increased throughput; however, this technology is currently under development and therefore still expensive, and we estimate for the process of electrification of terminal tractors to be realised between 2027 and 2040. By 2030, the cost of the gradual transition to eTV is roughly estimated at EUR 2.4 million, and by 2040 at an additional EUR 12.7 million. The estimate covers the difference between the purchase of diesel-powered terminal tractors and electrically-powered terminal tractors, for which a certain reduction of price is expected, and the construction of charging stations.

The gradual transition to electrically powered cars and vans is roughly estimated at EUR 3.7 million. This estimate covers the difference between the purchase of conventional passenger cars and vans with internal combustion engines and electrically powered vehicles, and the construction of charging stations. By 2025, the cost of e-mobility is roughly estimated at EUR 0.5 million, by 2030 at additional EUR 0.5 million, and by 2040 at another EUR 2.7 million.

## Risk 2

**Name:** Sea level rise

**Type and subtype of climate risk:** Physical risk (chronic)

**Description:** Global warming and melting glaciers can lead to rising sea levels, which can result in flooding of shores and storage areas and the destruction of cargo. In the future, it may be necessary to move the road and railway infrastructure or to protect the latter additionally with protective embankments and walls. Modified approaches to construction and spatial planning are needed to prevent damage (e.g. raising areas at risk of flooding to higher altitudes).

**Time horizon:** Long-term (10 years)



**Probability:** Low

**Estimated consequences:** The Company currently lacks sufficient information to quantify the risk.

**Response methods:** As part of the national spatial plan, flood hazard maps were prepared in 2010, and constructions are carried out in accordance with the plan, which defines altitude requirements for different parts of the port. The company makes all investments in infrastructure in accordance with the requirements of the national spatial plan, but does not monitor separately how much of the investment value relates to ensuring greater flood safety.

### Risk 3

**Name:** Drinking water shortage

**Type and subtype of climate risk:** Physical risk (chronic)

**Description:** Climate change in Slovenia in the field of operations of Luka Koper, d. d., will have a strong impact on water resources and water supply and cause problems in the supply of drinking water, especially in summer. Rising temperatures and increased frequency and duration of heat waves may change energy consumption patterns and conditions for its production, and increase the need for green spaces in cities and paved areas.

**Time horizon:** Long-term (10 years)

**Probability:** Medium

**Estimated consequences:** The scarcity of natural resources may lead to a rise in the prices of such goods. A 10% increase in water prices would mean a EUR 0.05 million increase in costs for Luka Koper, d. d.

**Response methods:** Implementation of activities from the plan for the rehabilitation of the internal water supply network (Luka Koper, d. d. spent EUR 0.4 million for these purposes in the past two years, and will allocate another EUR 2.6 million in the next three years). In case of shortage of drinking water in the port, activities from the action plan will be carried out. Drinking water losses are systematically monitored on a daily basis, and measures are taken in the event of leaks. In certain places, we have a fire protection system based on the use of sea water or water from wells, which makes us more independent of the availability of drinking water for fire-fighting purposes.

### Risk 4

**Name:** Storms and extreme weather events

**Type and subtype of climate risk:** Physical risk (acute)

**Description:** Increased frequency and severity of extreme weather events may increase damage to cargo and infrastructure and cause economic damage.

**Time horizon:** Medium-term (5 years)

**Probability:** Medium

**Estimated consequences:** In the event of major disasters and consequent water intrusion into warehouses and strong wind storms, damage may amount up to EUR 1.2 million.

**Response methods:** Appropriate insurance has been taken (Luka Koper, d. d. allocates EUR 0.9 million per year to insurance). A wind metering system and a notification system have been set up (investment value EUR 0.05 million). Taking action in accordance with the instructions on preventive measures and in case of emergency weather conditions.

**Risk 5****Name:** Rising average temperatures and their impact on working conditions**Type and subtype of climate risk:** Physical risk (chronic)

**Description:** The number of heat waves in the summer is increasing, they are longer and more intense, and the resulting heat loads affect the productivity of employees and thus the Company's competitiveness. The impact on indoor work is lower, however, electricity consumption will increase due to increased use of air conditioners. According to a study by the International Labour Organization<sup>150</sup>, the highest heat loads are expected in populated areas of sub-Saharan Africa, southern India, northern Australia and south-east Asia, while Europe is expected to be less stressed.

**Time horizon:** Long-term (10 years)**Probability:** Medium

**Estimated consequences:** The company currently lacks sufficient information to quantify the impact of rising average temperatures on productivity.

**Response methods:** Purchase of transportable equipment with air conditioners. Provision of adequate facilities for the protection of employees, such as shady areas for retreat, provision of cold drinks/to be delivered to work sites.

**Risk 6****Name:** Reduced throughput of certain commodity groups due to climate change**Type and subtype of climate risk:** Transition risk – market risks

**Description:** Due to regulatory requirements, ambitious environmental targets and changes in consumer behaviour, the throughput of certain commodity groups may decline. The most exposed commodity groups are cars (car sharing, emission-free mobility requirements), thermal coal (greater impact of environmental organisations may lead to the phasing out of coal use and switching to other sources), and perishable goods, where throughput may decline due to adverse climate change in North Africa and the Middle East (drought, rising temperatures).

**Time horizon:** Medium-term (5 years)**Probability:** Medium

**Estimated consequences:** The consequences are estimated at EUR 4.5 million.

**Response methods:** Search for alternative commodity groups and flows, monitoring market conditions.

**Opportunity 1****Name:** Increased demand or acquisition of certain commodity groups**Type and subtype of climate opportunity:** Market opportunity

**Description:** Due to regulatory requirements, ambitious environmental targets and changes in consumer behaviour, environmentally friendly products are becoming an increasingly good business opportunity. Countries are fighting climate change by promoting sustainable, resource-efficient and low-carbon growth, which increases demand for certain commodity groups. There are opportunities for transshipment of semi-finished steel products (to replace iron ore and coal), windmills, solar panels, batteries, electric cars.

**Time horizon:** Medium-term (5 years)**Probability:** Very likely

**Estimated consequences:** Opportunities represent EUR 5.6 million in additional revenue per year (EUR 1.7 million for general cargo PC and EUR 3.9 million for car terminal PC).

**Response methods:** Marketing activities to acquire new business.

<sup>150</sup> ILO: Working on a WARMER planet, 2019

## Opportunity 2

### Name: Energy efficiency savings

**Type and subtype of climate risk:** Opportunity – efficient use of resources

**Description:** Luka Koper, d. d., has been concerned for improving the quality of life in the entire area in which the port is situated, and has been aware of the vulnerability of the natural environment. 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. By doing so, it will also reduce its impact on climate change, which can also be an opportunity to reduce operating costs or energy consumption.

**Time horizon:** Long-term (10 years)

**Probability:** Very likely

**Estimated consequences:** In 2030, the estimated savings at the annual level will amount to EUR 1.6 million and GHG emissions will be lower by 3,200 tons.

**Response methods:** By 2025, we plan to have installed in the port solar PV plants with the capacity of approximately 1.25 MWp in order to generate up to 4% of own electricity consumption. By 2030, we expect to have installed in the port solar PV plants with the capacity of approximately 4 MWp, representing about 14% of current electricity consumption and about 10% of projected port-wide electricity consumption in 2030, and a reduction in GHG emissions by about 1,500 tons CO<sub>2</sub>. The construction of up to 4 MWp of solar PV plants in the port is still economically justified according to the data known today. We expect to achieve the set target of 27% of renewable energy consumption. The electrification of tire-mounted bridge cranes (RTG) is estimated at EUR 6.2 million. This estimate covers the difference between the purchase of diesel-powered RTG cranes and electrically powered eRTG cranes and the construction of electricity infrastructure. By 2025, the cost of a gradual transition to eRTG is roughly estimated at EUR 3.3 million, and by 2030 at an additional EUR 2.9 million. The process of electrifying RTG cranes is expected to be completed by 2030. On average, the cost of energy in the transition from fuel to electricity is reduced by EUR 50,000 per year per individual RTG.

## 24.7.7 Results of greenhouse gas emissions measurements<sup>151</sup>

With regard to cooling and air-conditioning equipment and devices containing fluorinated (ozone-depleting, HFC) greenhouse gases, 247.1 kg of leaks were recorded in 2020, which represents 30% of last year's value.

The gases discussed below additionally include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O), 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 CO<sub>2</sub>. Inside the port, we also have stationary equipment and cooling and air-conditioning devices with fluorinated (ozone-depleting, HFC) greenhouse gases, while the largest cooling systems use ammonia, which does not classify as one of the gases that cause the greenhouse effect. The volume of substance that escapes during operation is best indicated by the amount of substance that needs to be replenished to the device, which is reported by authorized device maintainers. Emissions from devices are limited by regular maintenance, regular servicing and inspection, and collection of gases from worn-out equipment.

The procedure for calculating CO<sub>2</sub> equivalent is taken from the standard SIST ISO 14064-1 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. The Company is not obliged by an accredited body to calculate greenhouse gases, but performs the calculations autonomously. The carbon footprint was calculated for 2020, comprising emissions from fossil fuel combustion used to power the port machinery and for the heating of buildings, and indirect emissions from the use of electricity in the port area. We calculate direct greenhouse gas emissions from sources owned and controlled by the Company (volume 1), and indirect greenhouse gas emissions from sources resulting from the consumed electricity (volume 2). Indirect emissions from the decomposition of biomass and other bio-waste are not measured or reported. We also do not calculate and do not have the required data to calculate the carbon footprint of the entire value chain of the service (volume 3) we provide. In the past, in collaboration with a few ports, we performed an experimental calculation where we included ships for the time they spend in the port, trucks entering the port, towing services to the port, emissions from waste management, etc. However, we found the data so unreliable and incomparable to other ports, that we could find no added value in the calculation (volume 3).

<sup>151</sup> GRI GS 305-1, 305-2, 305-6

The conversion factors used for the carbon footprint calculation (volume 1, 2) are summarized from publicly available national data from the Division for the Environment and Climate Change of the Environment Directorate of the Ministry of the Environment and Spatial Planning and the Jožef Stefan Energy Efficiency Centre.

2017	Total consumption (MWh)	Emission factor [kgCO <sub>2</sub> eq/kWh]	Total emissions [kgCO <sub>2</sub> eq/year]
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
<b>TOTAL</b>	<b>79,330</b>		<b>24,181,718</b>

2018	Total consumption (MWh)	Emission factor [kgCO <sub>2</sub> eq/kWh]	Total emissions [kgCO <sub>2</sub> eq/year]
Diesel	49,913	0.276	13,775,988
Electricity (indirect emissions)	27,376	0.375	10,266,000
Light fuel oil	784	0.268	210,112
Liquefied petroleum gas - LPG	179	0.228	40,812
Wood biomass	748	0.007	5,236
<b>TOTAL</b>	<b>79,000</b>		<b>24,298,148</b>

2019	Total consumption (MWh)	Emission factor [kgCO <sub>2</sub> eq/kWh]	Total emissions [kgCO <sub>2</sub> eq/year]
Diesel	46,269	0.267	12,353,823
Electricity (indirect emissions)	27,552	0.375	10,332,000
Light fuel oil	723	0.267	193,041
Liquefied petroleum gas - LPG	119	0.227	27,013
Wood biomass	1,390	0	0
<b>TOTAL</b>	<b>76,052</b>		<b>22,905,877</b>

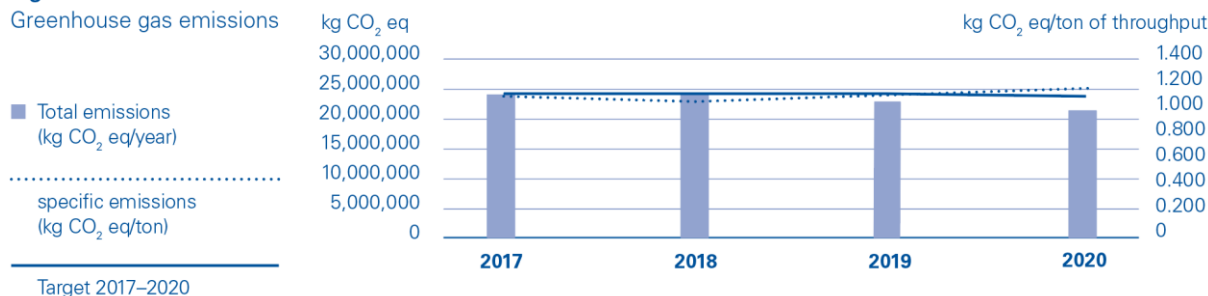
2020	Total consumption (MWh)	Emission factor [kgCO <sub>2</sub> eq/kWh]	Total emissions [kgCO <sub>2</sub> eq/year]
Diesel	43,346	0.267	11,573,475
Electricity (indirect emissions)	26,689	0.375	10,008,398
Light fuel oil	373	0.267	99,476
Liquefied petroleum gas - LPG	131	0.227	29,769
Wood biomass	1,281	0	0
<b>TOTAL</b>	<b>71,820</b>		<b>21,711,118</b>

In 2005, Luka Koper, d. d. generated 14,945,549 kgCO<sub>2</sub>eq for its operations, and in 2020 21,337,471 kgCO<sub>2</sub>eq, which means a 42.8% increase in GHG emissions compared to a 63.8% increase in shipping.

By implementing efficient energy use and further investments in obtaining renewable energy sources, Luka Koper will follow the National Energy and Climate Plan target for reducing greenhouse gas emissions. The baseline specific value was set to the value of emissions per ton of goods transhipped in 2017, when we reported this amount for the first time in the GRI report.

**Figure 39**

Greenhouse gas emissions



Total emissions decreased by 5.2 percent compared to the previous year. Despite the decrease of total emissions, due to the reduced throughput and the related greater impact of the constant or baseload energy consumption, we have not attained the set specific target value.

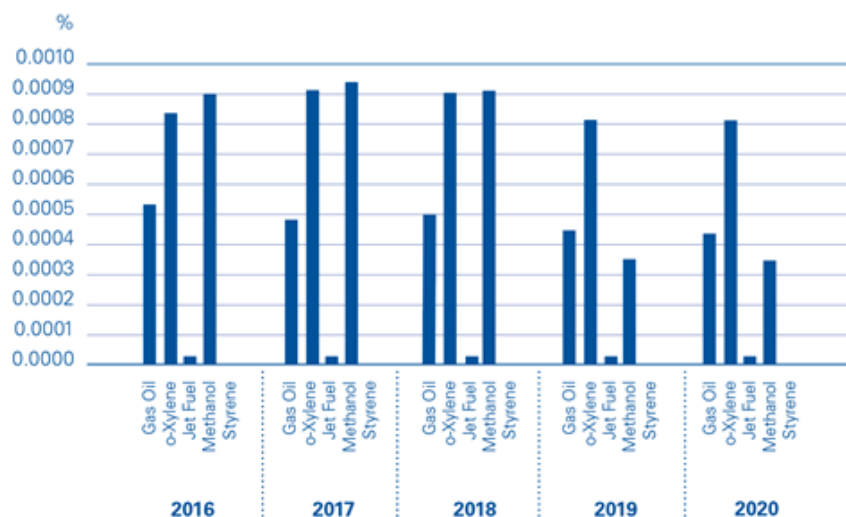
#### 24.7.8 Volatile compound emissions measurement<sup>152</sup>

##### Results of volatile compound emissions measurement

The main source of diffuse emissions of volatile compounds includes varying handling activities on the liquid cargoes 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.

**Figure 40**

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



In 2020, annual losses of volatile compounds from reservoirs on the liquid cargoes terminal included gas oil with 2,381.3 kg, o-Xylene with 74.3 kg, jet fuel with 26.5 kg, and methanol with 342.7 kg. No styrene was transhipped in 2020.

The liquid cargoes terminal also houses a cryogenic cooling device (VRU-vapor recovery unit) designed to contain vapours generated during the loading of wagons and trucks. Measurements of air emissions from the said treatment plant were within the legal limits. In 2020, no improvement programmes were in place in this field, and none are planned in the following year.

<sup>152</sup> GRI GS 305-7



## 24.8 Waste management

Various wastes are generated during the operation of the port and are collected separately, recycled and recovered or handed over to authorised organizations.

Three groups of waste are generated in the port:

- Waste from port activity (e.g. cargo residues, waste wood, packaging and metal, mixed municipal waste);
- Other waste in the port area (waste generated by the users of the economic zone); and
- Ship-generated waste left by the ships berthed at the Koper port (e.g. sewage, oiled water, kitchen waste, waste packaging, medicines, ash, mixed municipal waste).



Luka Koper provides the compulsory national public utility service of collecting solid and liquid ship waste in the port area. The Waste Management Centre, which was built in 1997, is used to carry out these activities. In the Centre, extending over the area of 12,700 m<sup>2</sup>, we have started fire safety modernisation activities, and the construction work will be completed in 2021.



The Centre also comprises a composting facility for the processing of organic waste, which are used to generate compost. In 2020, there was no waste for processing produced by Luka Koper, d. d.



The Waste Management Centre has a facility for the pre-storage of hazardous waste (e.g. paint residues, varnishes, waste medicinal products from ships, batteries, oiled cloths, ash from ships, absorbents, etc.) that is generated in port area or taken over from ships. They are handed over to authorized organisations.

The subsidiary Luka Koper INPO collects marine oils at the bilge plant and hands them over to authorised organisations. As a collector of such waste, the company has obtained an environmental permit for this activity. The facility is in the process of obtaining a building permit to increase the collection capacity. As part of the bilge, there is also a combustion plant, which is listed in the amendment to the environmental permit No 35440-50/2019-10 of 21 October 2020. Measurements were performed for the mentioned combustion device, which are presented in the chapter 'Emissions at key sources'.

Luka Koper d. d. also has an environmental permit for transshipment or temporary storage of scrap metal, waste plastics and rolling mills. Most of the waste originates from EU countries, and to a lesser extent from non-EU countries. In the port of Koper, goods, in this case waste, are explicitly only stored until the ship arrives. To the Company, goods or waste represent cargo like any other that travels through the port, where the Company acts only as one of the links in the transport and logistics chain. The scrap metals that are transhipped are classified as non-hazardous waste. The transshipment of scrap iron resumed in 2020, but not also of other waste.

A total of 21,491 tons of scrap metal, classification number 19 12 02 (ferrous metals) and a few tons of metal, classification number 17 04 02 (aluminium) were transhipped. In accordance with the granted environmental permit, shipments of scrap metals were measured for radioactivity with the aim of verifying the legality of shipments. Detailed records are kept for all transshipment of scrap metals and this is reported annually to the Slovenian Environment Agency in accordance with the legislation.

Luka Koper, d. d., also holds an environmental permit for the processing of scrap paper pulp, which is mixed with water and applied over coal and iron ore to reduce dust. In 2020, 1,521.64 tons of paper sludge were used, which is 206.36 tons more than in the previous year.

#### 24.8.1 Results in waste management<sup>153</sup>

The waste generated in the port include waste from port operations (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 berthed at the Koper port. Some hazardous waste is generated by emergency remediation (see table of Environmental Statistics), predominantly absorbent substances used in the repair of damage to hydraulic systems of goods vehicles. 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, with 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.

In 2020, somewhat more than 3,883 tons of waste in total was collected in the area of the port, of which 2,367 tons was sorted (hazardous, non-hazardous), 233 tons was mixed municipal waste, and 1,283 tons was ship-generated waste (hazardous, non-hazardous, including mixed municipal waste). Construction waste is shown separately. Subsequent management of waste is highly conditioned by the subsequent management capacity at the national level; the choices and options are limited.

<sup>153</sup> GRI GS 306-2, 306-4

Collected hazardous and non-hazardous waste is handed over from the Waste Management Centre for subsequent management to specialized companies that have the appropriate permits for transport, processing or disposal of waste and are entered in the lists of the Slovenian Environment Agency (ARSO) for waste management operations of their competence.

Breakdown of port hazardous and non-hazardous waste (excluding ship waste and construction waste) by recovery or disposal operations for 2020.

Waste management	Hazardous waste		Non-hazardous waste	
	tons	Recovery or disposal operations	tons	Recovery or disposal operations
Reuse	0	The reuse method is not used.	0	The reuse method is not used.
Recycling	6.94	R12, R5	112.58	R3, R12, R13
Composting	0	No waste to be composted	0	No waste to be composted
Recovery, including energy recovery	110.70	D13, D9	0.81	D13
Incineration	0	No waste is sent directly to incineration. Data on further conduct of acquirers not available.	0	No waste is sent directly to incineration. Data on further conduct of acquirers not available.
Deep injection	0	The deep injection method is not used.	0	The deep injection method is not used.
Disposal	0	The disposal method is not used.	267.55	D1
Storage on the site where it is produced	0	The on-site storage method is not used.	0	The on-site storage method is not used.
Other	96.63	Collection at specialized waste management companies that provide recovery or disposal operations.	2,005.22	Collection at specialized waste management companies that provide recovery or disposal operations.

Data source: Waste management information system - waste IS (gov.si)

Hazardous waste is then removed from the port by companies specialising in the transport of hazardous waste, which are entered in the list of transporters at the Slovenian Environment Agency (ARSO), as shown in the table. There is no international transport of hazardous port waste.

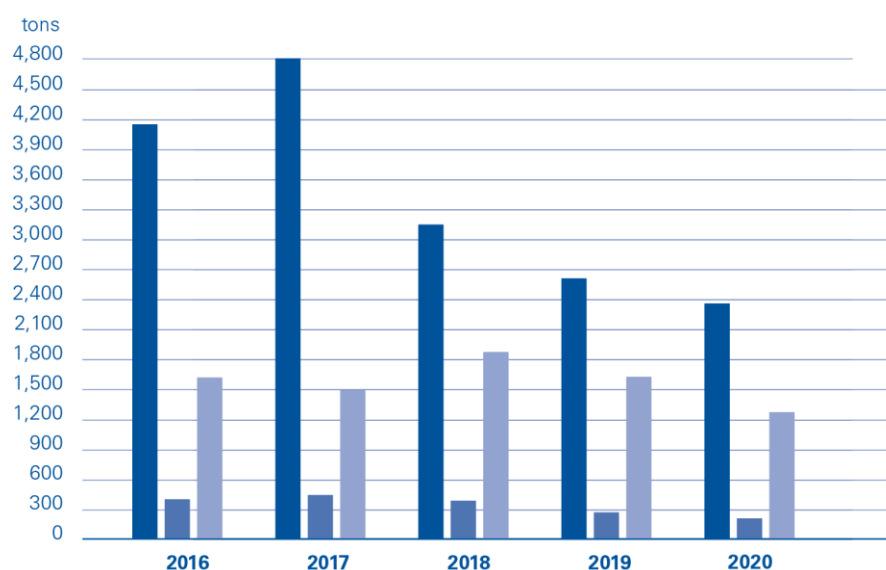
Activity	Tons
Transport of hazardous waste	214.36
Imported hazardous waste	0
Exported hazardous waste	0
Hazardous waste treated	214.36



**Figure 41**

Amounts of waste collected in the port

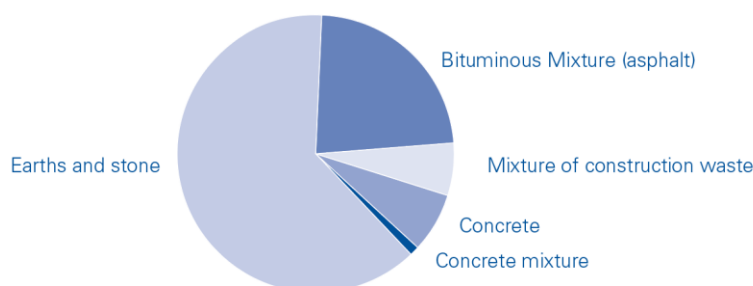
- Waste sorted
- Mixed municipal waste
- Ship generated waste



### Construction waste

Construction waste is generated during building works, and taken away for further treatment in an appropriate manner by the construction contractor or their subcontractor. In any case, the transporter of construction waste is entered in the list of authorized transporters at the Slovenian Environment Agency. In 2020, 31,952 tons of non-hazardous construction waste were produced, the types are shown in the table.

Amounts of construction waste in 2020 in tons



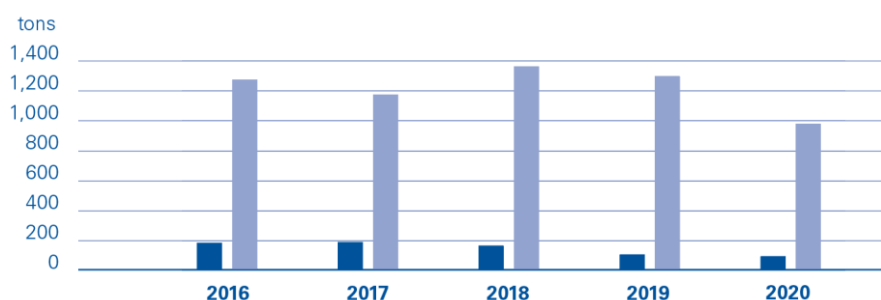
### Ship-generated waste

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.

**Figure 42**

Annual amounts of ship-generated waste

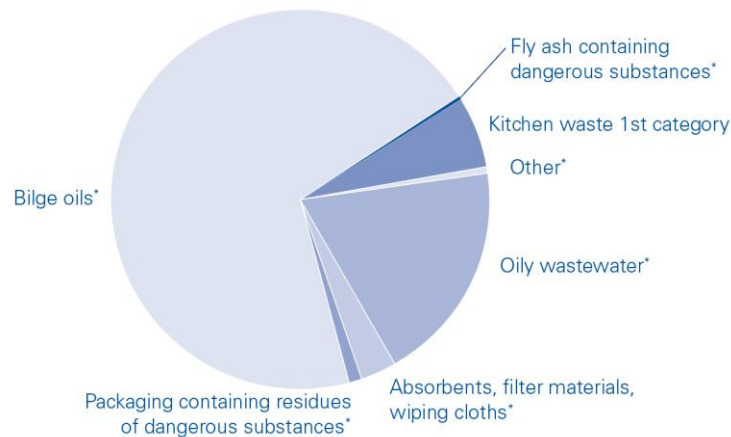
- Ship-generated mixed municipal waste
- Ship-generated hazardous waste



**Figure 43**

Types of ship-generated hazardous waste sorted in 2020

\* hazardous waste unit: ton



In 2020, the largest share of hazardous marine waste was marine bilge oils, which were handed over in total to an authorised organisation abroad, and all other hazardous marine waste was handed over to authorised organisations in Slovenia.

#### 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 Koper port know their role in this process, as some of the sorted waste fractions are re-used as secondary raw materials.

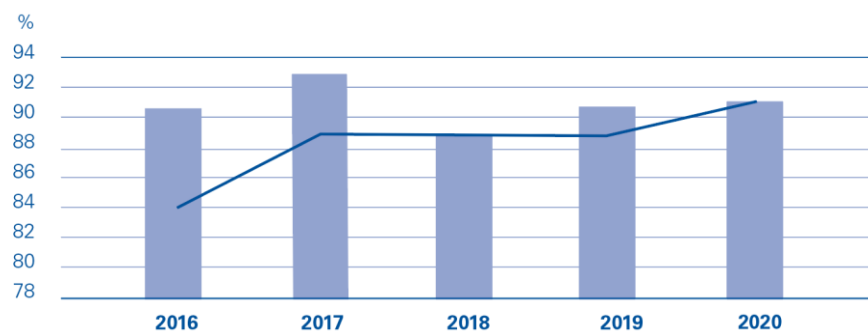
The process of obtaining an environmental permit was initiated for the processing of waste wood generated in the port, with the aim of using it for heating.

The Company increased the target from the previous year by two to 2 percent, from 89 to 91 percent of separately collected waste, and has also attained the target.

**Figure 44**

Percentage of waste sorted

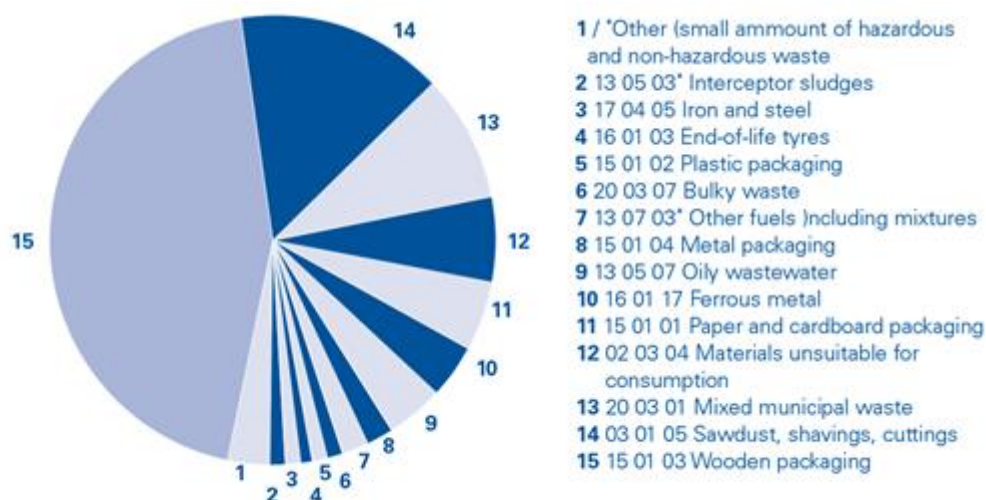
■ Percentage of waste sorted, excluding ship-generated waste  
— Target



**Figure 45**

Types of waste sorted  
in 2020, excluding  
ship-generated waste

\* hazardous waste  
unit: ton



#### 24.8.2 Implementation of waste management improvement programmes

In 2020, the following was implemented:

- Vehicles that have been permanently damaged and represent cargo have been removed from the port area. Several departments and institutions were involved in carrying out this demanding and complex task. Since customs procedures are in the final phase, the project is expected to be fully completed in the first quarter of 2021.
- Areas for waste oil collection were procured and arranged at all terminals.
- The waste management plan has been revised to replace the 2015 plan.
- The waste management plan for the R3 and R13 recovery process has been revised to replace the 2016 plan.
- The system document OP 36 - waste management has been revised.
- Documents have been submitted for the preliminary procedure for grinding port waste wood into wood chips.
- The revision of contracts in the field of waste concluded between the parent company and the subsidiary Luka Koper INPO, d. o. o. has been initiated.
- Activities related to the weighing of waste at the source have been initiated.

The following was not implemented in 2020:

- We have not yet removed from the port area and sent in destruction the used and written-off port machinery and vehicles, as the matter is extensive and complex. The proceedings are actively underway and are scheduled to be completed in 2021.
- Ecological areas for separate waste collection have not yet been modernised and systematically organised.

#### 24.8.3 Waste management improvement programs in 2021

The following will be implemented in 2021:

- Used and written-off port machinery and vehicles will be removed entirely and sent in destruction;
- The plan for the takeover of ship-generated waste and cargo residues will be revised;
- An application will be submitted for the environmental permit for wood processing into wood chips;
- Ecological areas will be introduced and separate waste collection will be organised systematically;
- It will be arranged systematically for suppliers to take over packaging waste from the port area;
- The revision of contracts in the field of waste concluded between the parent company and the subsidiary Luka Koper INPO, d. o. o. will be completed;
- Activities related to waste weighing will continue;
- Monitoring of the costs of waste disposal;
- Monitoring of the trend of the average unit price of the type of waste accepted/delivered;

- Monitoring of the list of authorised acquirers and changes;
- Monitoring of the capacity utilisation of waste management equipment;
- Monitoring of the number of complaints about the takeover of port waste;
- Monitoring of the revenues from the collection of ship/port waste;
- Update of waste management records;
- Implementation of internal process controls.

## 24.9 Noise emissions<sup>154</sup>

Due to its activity, the port generates noise. In accordance with the strategic guidelines for the development of the port and the adopted environmental policies, Luka Koper continues its activities to manage and reduce the port's noise levels

### Noise emissions



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 at three border points of the port, which is a preventive measure to identify major sources of noise and noise events. Luka Koper been the first and only industrial plant in Slovenia to implement continuous noise measurement, the results of which are displayed on the port website (<http://www.zivetispristaniscem.si/>). The meters cover the main activities that generate noise in the port, such as the transshipment of goods and the use of port machinery. Another noticeable source of noise is ships, which must always have engines and other devices running to ensure smooth operation. The values shown on the website are given for information purposes only (as orientation) and do not indicate the noise status in front of the first residential buildings of Ankaran, Koper or Bertoki, as the measuring devices are installed in the port. They also measure noise in the vicinity of the measuring device (road noise, human activities, nature sounds, etc.). Measuring noise in windy and rainy weather increases the value due to noise caused by the rain and wind.

An action plan for noise reduction is created annually. Being aware of the issue of noise spreading from the port area, we have set targets that are lower than current legislative requirements. The results of the 2020 noise reduction action plan are shown below.

### 24.9.1 Noise emission results<sup>155</sup>

To measure noise, state-of-the-art measurement, monitoring and display techniques as used as recommended by guidelines in this field. Detailed annual noise maps are made, showing noise level areas in the port and its

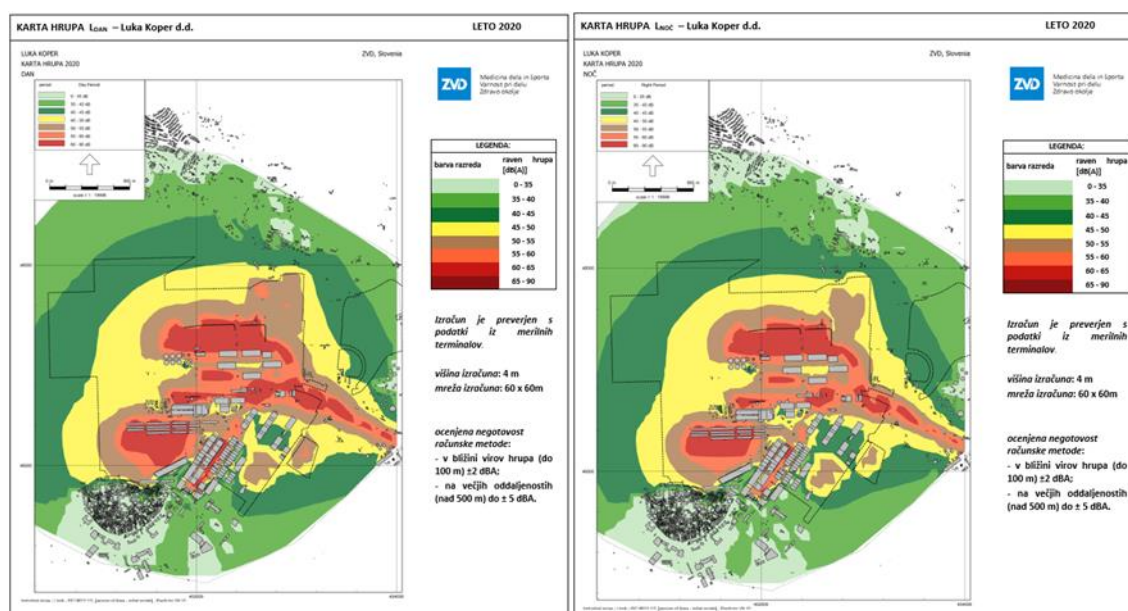
<sup>154</sup> Noise emissions – additional indicator (ref GRI GS 305-7)

<sup>155</sup> GRI GS 413-2, 413-1

immediate surroundings in great detail. The authorised contractor produces noise maps based on continuous measurements, short-term measurements and noise propagation modelling.

The noise map is intended to show noise propagation from a complex source, such as the Koper port, to the immediate neighbours of the port and the surrounding area. It shows the calculated noise load based on the data on the sound power of the devices (mostly obtained on the basis of measurements, but partly calculated from the data on device capacities), as well as the traffic data in the area of Luka Koper and the noise of traffic of the surrounding roads based on the annual average (traffic counting). A noise map gives a clear colour graphical representation of the noise load based on the data entered, while also taking into account the impact of local road traffic from the peripheral port area, which is an important source of noise. The map shows 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 area is classified as Level IV area of noise protection, within which we also monitor the noise level. In the noise maps, the dashed line indicates the borders of the area. The immediate surroundings of the port, i.e. the area outside the port fence, are classified as Level III area of noise protection.

Figure 43: In the noise maps, the dashed line indicates the border of the port area (Noise map – day, Noise map – night)



According to noise measurement and maps, the noise from the port most heavily affects the northern edges of the town of Koper. Therefore, the noise reduction activities prepared annually in the noise reduction action plan are mainly focused on noise reduction in the direction of Koper.

The table below shows the number of ships berthed in the period 2012–2020. The trend of a decrease in the number of berthing ships started in 2017, which can be attributed to the fact that larger and more loaded ships were berthing at the port. This was most evident at the container terminal where larger ships, the so-called mainline vessels, were berthing. In 2019 and 2020, in addition to the above, the reduction in the number of berthed ships was due to the already lower volume of traffic and an additional decline resulting from the COVID-19 pandemic.

#### Number of berths in port by year

Year	2016	2017	2018	2019	2020
Number of ships	2,060	1,999	1,899	1,664	1,433

The measured values of noise levels in the port area and the average annual measured values are shown in the table below. It covers the measured values of all noise sources (road transport, port processes, ships and other noise generators located outside the port, construction work). The noise level excluding ships is also shown below, as a regulation that does not cover ship noise entered into force on 7 July 2018.

**Average annual noise level from all sources at the port boundary, measurements are continuously carried out in the port (in dBA)**

<b>2016</b>			<b>2017</b>			<b>2018</b>		
Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper
$L_d=54$	$L_d=54$	$L_d=63$	$L_d=53$	$L_d=53$	$L_d=63$	$L_d=53$	$L_d=53$	$L_d=63$
$L_v=52$	$L_v=51$	$L_v=62$	$L_v=52$	$L_v=51$	$L_v=62$	$L_v=51$	$L_v=51$	$L_v=63$
$L_N=50$	$L_N=51$	$L_N=61$	$L_N=49$	$L_N=51$	$L_N=62$	$L_N=49$	$L_N=49$	$L_N=63$
$L_{DVN}=57$	$L_{DVN}=58$	$L_{DVN}=68$	$L_{DVN}=57$	$L_{DVN}=58$	$L_{DVN}=69$	$L_{DVN}=56$	$L_{DVN}=56$	$L_{DVN}=69$
<b>2019</b>			<b>2020</b>					
Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper			
$L_d=53$	$L_d=53$	$L_d=61$	$L_d=52$	$L_d=53$	$L_d=61$			
$L_v=50$	$L_v=50$	$L_v=60$	$L_v=50$	$L_v=50$	$L_v=60$			
$L_N=48$	$L_N=48$	$L_N=60$	$L_N=47$	$L_N=48$	$L_N=60$			
$L_{DVN}=56$	$L_{DVN}=56$	$L_{DVN}=67$	$L_{DVN}=55$	$L_{DVN}=56$	$L_{DVN}=66$			

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

As internal noise target values to be achieved or maintained in front of the first residential buildings, Luka Koper has set values that include all noise sources from the port:

- Night noise level of 48 dBA,
- Day noise level of 58 dBA,
- Evening noise level 53 dBA.

The results obtained suggest that the night, evening, and day noise in front of the first residential buildings in Ankaran and Bertoki is within the set targets, and the same applies to the day noise in front of the first residential buildings of the Koper city centre. However, the targets are not achieved for the night and evening noise level in front of the first residential buildings in the Koper city centre.

**Results of measurements for 2020 (noise, including ship noise, in front of the first residential buildings).  
Compliance with internal targets**

2020				
DIRECTION	Unit	Internal target	2.2	Achievement of internal target
Noise level at night in the direction of Bertoki	dB	48	34	YES
Noise level at night in the direction of Ankarán	dB	48	41	YES
Noise level at night in the direction of the town of Koper	dB	48	54	NO
Noise level by day in the direction of Bertoki	dB	58	39	YES
Noise level by day in the direction of Ankarán	dB	58	46	YES
Noise level by day in the direction of the town of Koper	dB	58	55	YES
Noise level in the evening in the direction of Bertoki	dB	53	37	YES
Noise level in the evening in the direction of Ankarán	dB	53	43	YES
Noise level in the evening in the direction of the town of Koper	dB	53	54	NO

**Results of measurements for 2020 (noise excluding ship-noise in front of the first residential buildings).  
Compliance with the regulation and the environmental permit received**

2020				
DIRECTION	Unit	Statutory value	Realisation	Compliance with the environmental permit in terms of noise emissions
Noise level at night in the direction of Bertoki	dB	55	34	YES
Noise level at night in the direction of Ankarán	dB	55	40	YES
Noise level at night in the direction of the town of Koper	dB	55	50	YES
Noise level by day in the direction of Bertoki	dB	65	39	YES
Noise level by day in the direction of Ankarán	dB	65	43	YES
Noise level by day in the direction of the town of Koper	dB	65	52	YES
Noise level in the evening in the direction of Bertoki	dB	60	37	YES
Noise level in the evening in the direction of Ankarán	dB	60	41	YES
Noise level in the evening in the direction of the town of Koper	dB	60	51	YES



All additional noise measurements performed in 2020 were compliant with the requirements of permits and legislation.

- Report on the assessment of environmental noise pollution during the construction of a RO-RO berth in Basin III in Luka Koper, phase 1, No LOM-20190340-LČ/A, carried out in accordance with the Decree on limit values for environmental noise indicators (Official Gazette of the Republic of Slovenia, Nos 43/18 and 59/19).
- Report on the assessment of environmental noise pollution during the extension of Pier I - Execution of static and dynamic stress tests of piles, No LOM-20190339-LČ, carried out in accordance with the Decree on limit values for environmental noise indicators (Official Gazette of the Republic of Slovenia, Nos 43/18 and 59/19).



Extension of Pier I

Report on the first measurements of noise in the living and natural environment caused by the operation of the RO-RO berth in Basin III and operation of the 6th group of rails:


- Noise assessment report Luka Koper, d. d., No LOM-20200401-KR/P and Report on the first measurements of noise in the living and natural environment of the RO-RO berth in Basin III, No LOM-20200401-KR/M.
- Noise assessment report Luka Koper, d. d., No LOM-20200402-KR/P and Report on the first measurements of noise in the living and natural environment of the 6th group of rails, No LOM-20200402-KR/M.

Reports on the first measurements of noise in the living and natural environment, which were carried out during pile driving as part of the project Comprehensive spatial arrangement of Pier I in the international port in Koper:


- Report on the state of environmental noise (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR/P and Report on the first measurements of noise in the living and natural environment (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR/M;
- Report on the state of environmental noise (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR-A/P and Report on the first measurements of noise in the living and natural environment (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR-A/M;
- Report on the state of environmental noise (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR-B/P and Report on the first measurements of noise in the living and natural environment (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR-B/M;
- Report on the state of environmental noise (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR-C/P and Report on the first measurements of noise in the living and natural environment (Comprehensive spatial arrangement of Pier I in the international port in Koper) No LOM-20200418-KR-C/M.

#### 24.9.2 Implementation of noise reduction improvement programmes in 2020<sup>156</sup>

A noise reduction action plan is devised annually, specifying activities, the persons responsible for implementation, and deadlines for completion. The outcomes of the 2020 noise reduction action plan are shown below. In 2020, the Company spent EUR 865,000 million on these noise reduction activities.

Noise reduction plan activity	Completion rate (%)
Lining drains with rubber on transport routes, next to the e-RMG tracks, on the quayside, etc.	100
Installation of rubber dampers on the remaining trailers of terminal tractors.	100
Communication with shipping companies in cases of noise-generating ships on the container terminal.	100
Training for employees (in the event of derogation, i.e. excess speed according to reporting in CIIS – Critical Incidents Information System) on the internal rules and technological processes on the container terminal.	0 Due to the low number of violations (7 violations per year), there was no need for training. The activity will be included in the 2021 action plan.
Measurement of the noise level of each MOL RO-RO vessel berthing at Basin I using the NMT2 measurement station.	100
Communication with shipping companies in cases of noise-generating RO-RO ships (to achieve replacement of such ships).	100
Vibration and ventilation noise measurements at storage facility No 5 at the reefer terminal.	100
Installation of a noise barrier in the port next to storage facility No 3 with the open part of the wall in the direction of the Opekarska Street 	82 Construction work is being performed. Completion is scheduled for March 2021. The activity will be included in the 2021 action plan.
Meeting with local communities of Koper municipality, municipality of Ankaran and municipality of Koper.	100
Redirecting ships that generate more noise to Basins II and III when possible (depending on the availability of berths, type of ship, and type of cargo).	100
Preparation of a proposal for a noise classification system and consideration of financial incentives for less noisy ships – NEPTUNES project.	0 Continuation of the NEPTUNES project, which envisages the preparation of a proposal for a noise classification system for ships and the examination of financial incentives for less noisy ships, has been delayed following a joint decision of all participating ports.

<sup>156</sup> GRI GS 413-1, 413-2

Monitoring of speed (4 times per month) on the quayside of the container terminal in the evenings and in night-time, with a focus on terminal tractors, preparation of reports in CIIS and communication of breaches to the terminal and the health protection and ecology department.	100
Installation of a noise measuring device at the former metalworking school.	0 In 2020, it was not possible to move the measuring device to the former metalworking school since construction work had not yet been completed. The relocation of the meter will be carried out in January 2021 and will be included in the 2021 action plan.
Continuous noise monitoring and reporting to the Management Board on noise levels and on the implementation of measures from the action plan for noise reduction in the direction of Koper.	100
Execution of a call for proposals on the implementation of mitigation measures (installation of additional sound insulation to the nearest dwellings) in cooperation with the Municipality of Koper.	100
Introduction of the ESI (Environmental Ship Index) system.	0 The COVID-19 epidemic has reduced port dues for shipowners, which makes an initiative to reduce the fee due to lower emissions into the environment irrelevant at this time. The activity will be included in the 2021 action plan.
Continued collaboration on the project exploring the technical feasibility and restrictions of electrifying the port for powering ships	67 The activity has not yet been fully implemented, as in March 2021, the project team is yet to be formed and approved. The activity will be included in the 2021 action plan. The expected time for completion of the entire project is the end of 2035, when the construction of the last berth for connecting ships is planned.
Acoustic insulation on the hoppers of gantry cranes used for coal and iron ore throughput	25 Acoustic insulation on the hoppers of gantry cranes used for coal and iron ore throughput (MD2 and MD3) has not yet been fully realised, as the effects of the work already carried out are to be reviewed before proceeding. The activity will be included in the 2021 action plan and will continue after the impact measurements have been carried out.
Analysis of measures from the Container Terminal optimization study.	100 The external international institution found no additional suggestions for improvements to reduce noise, and identified us as a port of good practices.
Construction of a RO-RO berth in Basin III – noise control. 	100

The following was not implemented in 2020:

- Underwater noise measurements, due to meter failure.

### 24.9.3 Noise control improvement programmes scheduled for 2021<sup>157</sup>

These activities are part of the annual Noise Reduction Action Plan:

- Measurements and control over pile driving during developments (extension of Pier I).
- Informing the local community about the activities of extending Pier I.
- Communication with shipping companies in cases of noise-generating ships on the container terminal.
- Training for employees (in the event of derogation, i.e. excess speed according to reporting in CIIS – Critical Incidents Information System) on the internal rules and technological processes on the container terminal.
- Monitoring the noise level of each MOL RO-RO vessel berthing at Basin I using the measurement station Terminal 3 (Warehouse 15) and Terminal 4 (former metalworking school).
- Communication with shipping companies in cases of noise-generating RO-RO ships.
- Vibration and ventilation noise measurements at storage facility No 5 at the reefer terminal.
- Completed installation of a noise barrier in the port next to storage facility No 3 with the open part of the wall in the direction of the Opekarska Street,
- Carrying out meetings with local communities of Koper municipality, municipality of Ankaran and municipality of Koper.
- Redirecting ships that generate more noise to Basins II and III when possible (depending on the availability of berths, type of ship, and type of cargo),
- Regular maintenance of the asphalt surface and shafts in the handling area of the container terminal - reconstruction of berths 7A and 7B.
- Monitoring of speed (4 times per month) on the quayside of the container terminal in the evenings and in night-time, with a focus on terminal tractors, preparation of reports in CIIS and communication of breaches to the terminal and the health protection and ecology department.
- Installation of a noise measuring device at the former metalworking school.
- Continuous noise monitoring and reporting to the Management Board on noise levels and on the implementation of measures from the action plan for noise reduction in the direction of Koper.
- Annual funding in accordance with the agreement on the implementation of mitigation measures (installation of additional sound insulation in the nearest dwellings) in cooperation with the Municipality of Koper
- Introduction of the ESI (Environmental Ship Index) system.
- Continuation of the ship electrification project – establishment of a project team and start of activities for the positioning of electric power facilities.
- Acoustic insulation on the hoppers of gantry cranes used for coal and iron ore throughput
- Underwater noise measurements.
- Continuation of gradual electrification of machinery at the container terminal.

## 24.10 Energy use and energy efficiency

Luka Koper has recognised the importance of electromobility, which allows for 100% use of renewable energy. Therefore, the Company is making rapid progress in building charging infrastructure for electric vehicles and introducing electric cars for use inside the port. In 2020, two worn-out motor-fuel vehicles in the professional services fleet were replaced with two electric cars, and eight new charging stations were installed.

The company regularly upgrades its SCADA control system by installing metering and communication equipment for all large electricity consumers in the port.

Luka Koper plans to step up its ongoing programme of investing in renewable energy sources to achieve some degree of energy self-sufficiency. A number of photovoltaic plants will be installed to become the primary source of renewable energy in the port.

Luka Koper, d. d. is part of the Ealing European project, the aim of which is to obtain project documentation for the construction of a connection point for the supply of RO-RO ships with electricity at the multi-purpose terminal. As part of the InterGreen-Nodes European project, a solar power plant was built on the roof of the TP Troples transformer station in 2020.

<sup>157</sup> GRI GS 413-1, 413-2

Energy audits should be carried out regularly. In 2021, 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.

#### 24.10.1 Energy efficiency system<sup>158</sup>

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

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 Environmental strategy and Safe and healthy port environment and energy efficiency 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.

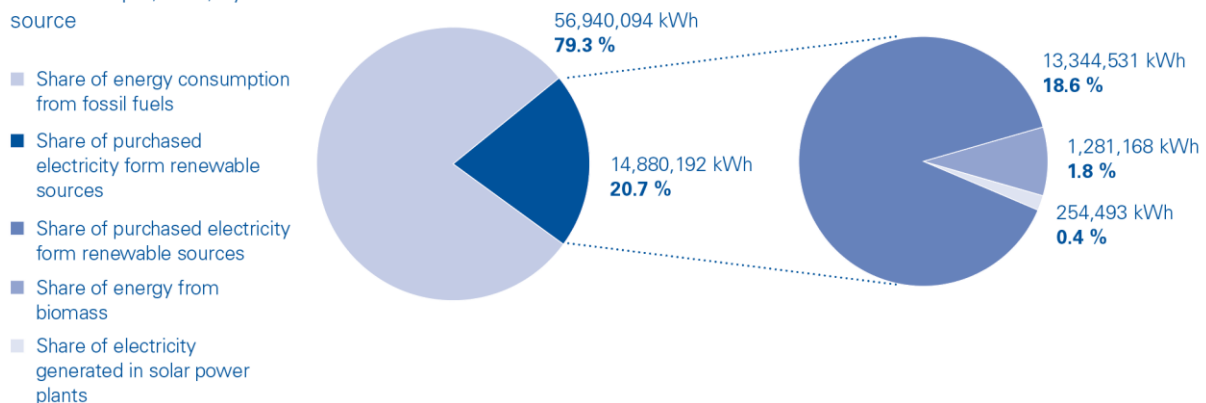
Consumption of energy sources is monitored using IT systems for energy consumption control. In the event of a deviation from the set targets, energy efficiency measures are introduced.

In 2020, we obtained the ISO 50001:2018 certificate – energy management system, to ensure economic and efficient use of energy.

#### 24.10.2 Consumption of energy sources<sup>159</sup>

**Figure 46**

Consumption of energy  
for Luka Koper, d. d., by  
source



Luka Koper has the strategic goal to build 1.25 MW of solar power plants by 2025, which will result in generating enough electricity to ensure up to 4 percent of our own consumption.

In 2020, the total energy consumption for Luka Koper, d. d. amounted to 258,553 GJ, of which 56,940 GJ (20.7%) was generated through the use of renewable energy sources (purchased electricity produced from RES, electricity produced by own solar power plants and energy produced from biomass). The calculations of energy and emission conversion values are based on typical net calorific values of individual energy sources for 2020, as stated by the Republic of Slovenia in its latest national greenhouse gas inventories submitted to the Secretariat of the United Nations Framework Convention on Climate Change (source: ARSO).

<sup>158</sup> GRI GS 103-1, 103-2, 103-3

<sup>159</sup> GRI GS 302-1, 302-2, 302-3

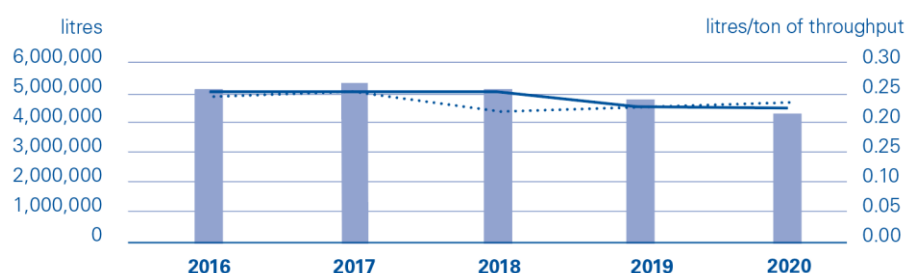
**Figure 47**

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

■ Motor fuel consumption in litres

..... Motor fuel consumption in litres/ton

Target 2016–2020



In 2020, motor fuel consumption for Luka Koper, d. d. totalled 151,690 GJ.

In motor fuel and electricity consumption, data is expressed as consumption per ton of throughput.

Specific fuel consumption in 2020 was higher than in 2019. It was also higher than the target value. The deviation of the mentioned target indicator was mostly influenced by a significant reduction of maritime throughput on bulk and liquid cargoes PC and general cargo PC, and a simultaneous smaller drop in land throughput, which has a greater impact on direct fuel consumption.

**Figure 48**

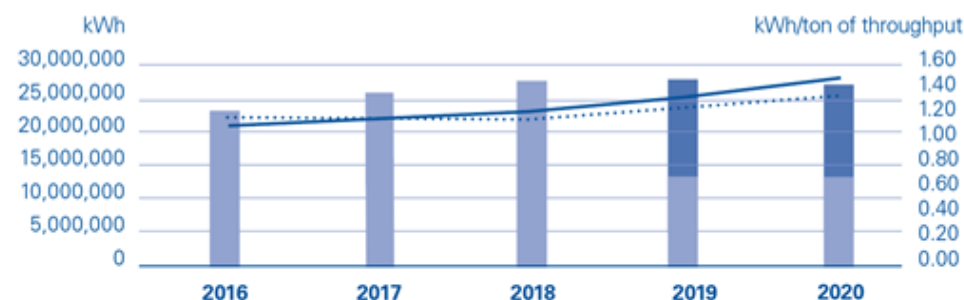
Consumption of electricity for Luka Koper, d. d. (renewable and non-renewable sources)

■ Electricity consumption kWh (non-renewable)

■ Electricity consumption kWh (renewable sources)

Electricity consumption in kWh/ton

Target 2016–2020



In 2020, electricity consumption for Luka Koper, d. d. totalled 96,081 GJ.

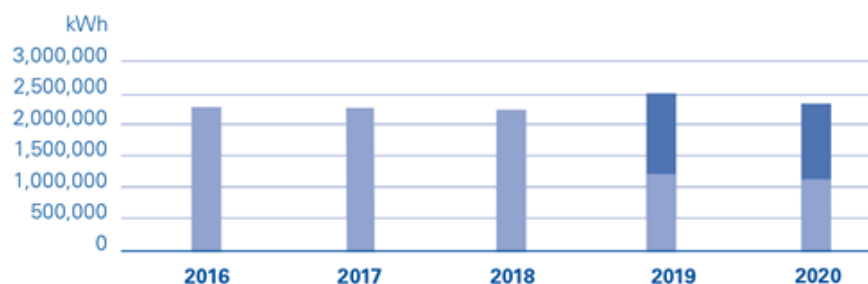
The specific electricity consumption is higher mainly due to the share of constant electricity consumption, which is not affected by the transshipment process and the drop in throughput at the bulk cargo terminal. Compared to other terminals, the bulk cargo terminal has one of the lowest electricity consumptions per ton handled, which is why the drop in coal increased the specific electricity consumption of the entire Luka Koper.

**Figure 49**

Consumption of electricity for the economic zone (renewable and non-renewable sources)

■ Electricity consumption kWh (non-renewable)

■ Electricity consumption kWh (renewable sources)



In 2020, electricity consumption for the economic zone totalled 8,388 GJ. The consumption of electricity within the economic zone covers all subtenants and other companies in the area of the Koper port, which are connected to the internal electricity network of Luka Koper.

#### 24.10.3 Electricity consumption<sup>160</sup>

With energy efficiency activities carried out in 2020, we reduced fuel consumption by 17.6 GJ and electricity by 133 GJ. Calculations of reduced energy consumption are based on measurements.

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 and construction of solar power installations

#### 24.10.4 Motor fuel consumption<sup>161</sup>

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

In 2020, the container terminal was the largest consumer, accounting for 62.5% of all motor fuel consumption in the port. With new e-RTG and RMG cranes, motor fuel consumption at the container terminal will gradually decline. In purchasing new transport machinery, the Company follows the latest technological and environmental requirements.

#### 24.10.5 Implementation of improvement programmes to reduce electricity and fuel consumption<sup>162</sup>

In 2020, the following was implemented:

- The ISO 50001 standard certification – energy management was acquired;
- Interior and exterior lighting systems were modified, and a data acquisition system was set up to collect the power consumption data for the cooling chambers 13, 14 and 16 at the general cargo terminal;
- The renovation of the electrical installations and switches of warehouse 29 at the general cargo terminal was carried out;
- External lighting was replaced on ship-to-shore cranes OD3 and OD5 at the general cargo terminal;
- A feasibility study was carried out on the possibilities for using small wind farms in the port;
- Executive design project documentation was devised for the installation of measuring equipment in boiler rooms to capture data on electricity consumption;
- A micro solar power plant was set up at the TP Troples transformer station at the general cargo terminal;
- Maintenance of SEE Electrical software was set up;
- Maintenance of the ENIS energy monitoring and information system was implemented;
- Four electric vehicle charging stations were constructed;
- Two new electric vehicles were supplied.

The following was not implemented in 2020:

- A solar power installation was not constructed at the locker room and toilets facility on the container terminal;
- APS connections for eRTG cranes at the container terminal were not procured and installed.

<sup>160</sup> GRI GS 302-4

<sup>161</sup> GRI GS 302-4

<sup>162</sup> GRI GS 302-4



#### 24.10.6 Electricity and fuel consumption reduction programmes planned for 2021

The following will be implemented in 2021:

- Renovation of the electrical installations in storage facility No 32 at the general cargo terminal;
- Renovation of lighting under the canopy of storage facility No 53 A, B, C at the general cargo terminal;
- Installation of network analysers and upgrade of the SCADA control system for electricity consumption;
- Initiation of procedures for the purchase of three e-RTG cranes at the container terminal;
- Construction of a photovoltaic power plant at a new petrol station inside the port;
- Construction of a solar power installation at the locker room and toilets facility on the container terminal (activity from the previous year);
- Initiation of the project of establishing a control and data acquisition system regarding the operation of port terminal machinery;
- Maintenance of SEE Electrical software;
- Maintenance of the ENIS energy monitoring and information system;
- An energy audit at the timber terminal and the liquid cargo terminal;
- Purchase and installation of APS connections for eRTG cranes at the container terminal (activity from the previous year),
- Installation of measuring equipment in boiler rooms to capture data on electricity consumption;
- Renewal of propulsion units on the TS 27 and TS 28 transtainers at the container terminal;
- Purchase of two new electric vehicles.

#### 24.11 Drinking water and groundwater management <sup>163</sup>

The water supply network that brings drinking water to the port and comprises around 30 km of pipes, is maintained by the Company aiming to reduce losses. Drinking water is provided in its entirety by the public company Rižanski vodovod.

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.). Luka Koper has obtained the water right to use drinking water for industrial processes, however, such consumption is significantly lower than specified in the permit. For some purposes (e.g. fire water pump testing, as a source of fire water, damping of the coal deposit handling area, etc.), the groundwater is also used in the port (via a well), although it is brackish. Water is accumulated in the collection lagoon (pictured below). In 2020, the bulk and liquid cargo terminal PC drew from the well 21,509 m<sup>3</sup> of groundwater, which was partly used and partly evaporated from the lagoon. In the current year, an extensive analysis of groundwater in the port was performed for the first time, and no pollutants were detected (the following components were checked: metals, aromatic hydrocarbons (BTX), polychlorinated biphenyls (PCBs), organic tin compounds, polycyclic aromatic hydrocarbons (PAO), phenolic index, mineral oils).



<sup>163</sup> GRI GS 303-1, 303-2, 303-3, 303-4, 303-5

	Annual amount of water (in 1,000 m³)	Notes
<b>Source of water supply:</b>		
From public water supply:	208,525.00	Rižana water supply system
From own source:	21,509.28	Port well (the water is brackish; sodium value 1,900 mg/l)
Other:	8,510.00	Precipitation (estimated) for technological wastewater
<b>Water supply - TOTAL:</b>	<b>238,544.28</b>	
<b>Water consumption:</b>		
Municipal wastewater:	39,522.00	Municipal water drained into the public sewer 37,000 m³ (estimate), port small wastewater treatment systems total 2,040 m³ (18 small wastewater treatment systems, each 120 m³, assessment), removal of sludge from small wastewater treatment systems 362 m³ (records).
Industrial wastewater:	12,192.00	<ul style="list-style-type: none"> <li>- Port machinery and container washes: 1,208 m³ - meter</li> <li>- At the livestock terminal; truck inside wash (installation of a new treatment plant): 1,887 m³;</li> <li>- Container washing facility (the treatment plant did not operate most of the year): 587 m³;</li> <li>- Treatment plant at the liquid cargoes terminal: 0 m³ - flow meter (precipitation);</li> <li>- Estimated stormwater TPKO at LO 310: 2,300 m³ (precipitation);</li> <li>- Estimated stormwater TPKO at LO 311: 10 m³ (precipitation);</li> <li>- Estimated stormwater at the dry bulk terminal - scrap metal transshipment LO 1105: 3,500 m³ (precipitation);</li> <li>- Estimated stormwater at the dry bulk terminal - scrap metal transshipment LO 325: 2,700 m³ (precipitation).</li> </ul>
Water incorporated into products, evaporated water	91,598.28	Assessment
Water loss due to system failure:	58,516.00	Damage to the water supply network due to heavy machinery, frost, wear and tear, damage during construction
Water for ship supply:	36,716.00	Ship supply
<b>Water consumption - TOTAL:</b>	<b>238,544.28</b>	

The quality of drinking water is monitored annually, particularly in microbiological measurements of quality in all key points of the port's water supply network. All results demonstrate compliance with drinking water legislation.

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 seeks to control the leaking; a multi-annual programme has been devised in order to minimise it, that envisages reconstruction of the port's water supply network in phases.

A water consumption control system is in place, with meters connected to a computer in the control centre. In 2020, absolute drinking water consumption increased by 10.2% year-on-year. The higher absolute consumption of drinking water at the terminal is the result of major leaking in the first quarter of 2020 and higher water consumption for technological purposes in the wood dipping process. However, it is also affected by the increase in the number of employees in the company.

The target up to 2020 was to maintain specific water consumption at 6.4 l of water per ton of throughput from maritime transport and the loading/unloading of containers. In the period 2009-2012 we failed to meet the then

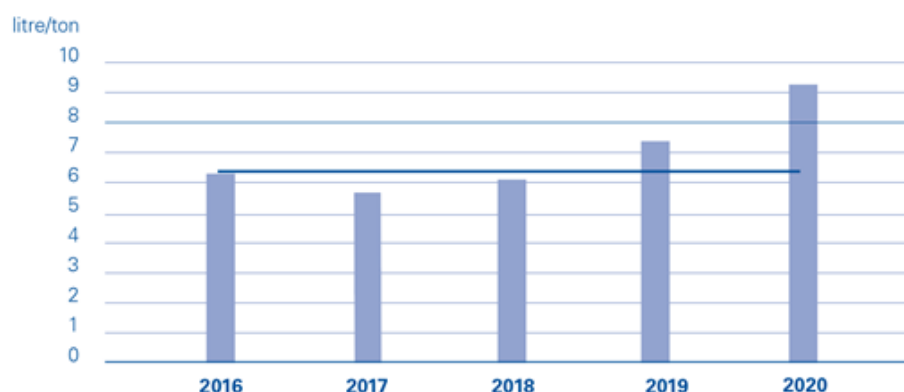
target to reduce drinking water consumption to 5.8 l/ton of throughput. The growing use of heavy equipment is increasing the load on the water supply network, resulting in additional leaks. In 2018, we devised a multi-annual programme for the reconstruction of the port water supply network, which is being implemented in phases.

**Figure 50**

Drinking water consumption per ton of throughput

■ Water consumption per ton of throughput

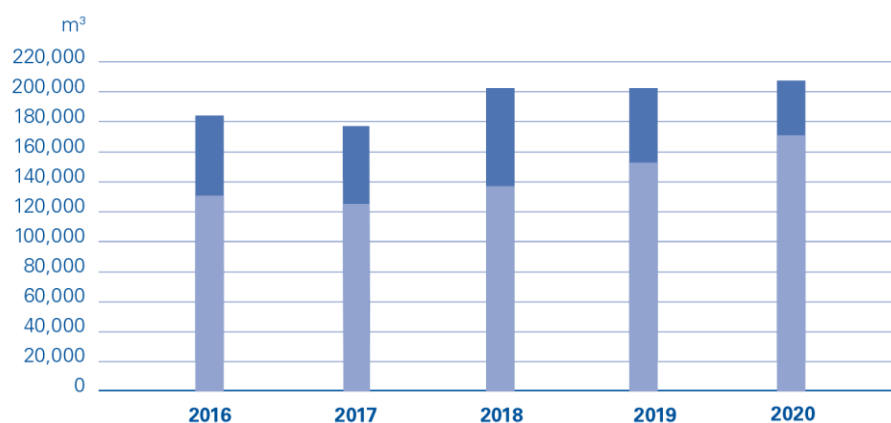
— Target 2016–2020

**Figure 51**

Absolute drinking water consumption in the port

■ Water use by shipping companies and other users of economic the zone

■ Own water consumption



#### 24.11.1 Implementation of improvement programmes to increase resource efficiency

In 2020, the following was implemented:

- Partial reconstruction of the water supply network was implemented in accordance with the 2018-2023 Plan for the maintenance and repair of the water and hydrant network;
- Microbiological analyses of drinking water in the port's water supply network were conducted on a regular basis, the results were within the limits for drinking water.
- The first large-scale chemical analysis of groundwater quality (in the well) was conducted and no pollutants were found.

#### 24.11.2 Resource efficiency improvement programmes planned for 2021

The following will be implemented in 2021:

- Partial reconstruction of the water supply network in accordance with the 2018-2023 Plan for the maintenance and repair of the water and hydrant network;
- Regular microbiological analyses of drinking water in the port's water supply network.

## 24.12 Wastewater management<sup>164</sup>

The port generates technological wastewater whose quality is measured in the outlet by an authorised organisation. Types of wastewater:

- Industrial wastewater from the port equipment and container washing facility (outlet to the Koper Central Wastewater Treatment Plant);
- Stormwater runoff from the liquid cargoes terminal on Pier I (outlet to the sea);
- Industrial wastewater from the livestock terminal (outlet to the Koper Central Wastewater Treatment Plant);
- Stormwater runoff from the liquid cargoes terminal on Pier II (outlet to the sea);
- Stormwater runoff from the dry bulk terminal due to storage of scrap iron (outlet to the sea);
- Industrial wastewater from the container washing facility (outlet to the Koper Central Wastewater Treatment Plant).

The container washing facility has an organized wastewater recycling system. Additional internal checks are being conducted whether the treated wastewater meets the microbiological parameters of quality drinking water.

Limit values, parameters and sampling frequency were set by the Slovenian Environment Agency, and for plants with an outlet to the Koper Central Wastewater Treatment Plant by its operator, i.e. public utility company Marjetica, d. o. o., as is defined in the environmental permit. The treatment technology (possible addition of chemicals in the treatment process), specific legislative requirements regarding the types of wastewater and the location of the outlet (type of wastewater receiver) were taken into account.

Due to the precipitation washout of the paved areas, stormwater is also generated across 142 ha of the port. Many oil interceptors are installed on these surfaces to prevent environmental contamination in the event of spills. The amount of these cannot be measured. Having an outlet to the sea or Rižana River, oil interceptors are designed to retain oils. Supervision of their operation is carried out by the contracting party, and the Company has determined the scope and manner of inspection and cleaning and emptying of oil interceptors. In addition, three sensors are installed inside the port area to detect the presence of oils in the sea, which is described in the chapter 'Sea water protection'.

Sanitary wastewater is treated with the help of 18 small treatment plants. The majority of small sanitary treatment plants have an outlet to the sea, one to the ground and two to the Rižana River. Wastewater quality measurements are performed by an organization authorised by the Slovenian Environment Agency. In addition, internal control over the operation of devices is carried out, whereby we have determined the scope and method of their inspection and cleaning and emptying (362 m<sup>3</sup> was emptied last year). The efficiency of operation is also checked indirectly by microbiological measurements of sea water quality in port water area, which is described in the chapter 'Sea water protection'.

Most of the sanitary wastewater is discharged to the Koper Central Wastewater Treatment Plant, which is managed by the public utility company Marjetica, d. o. o. Its volume is estimated at 37,000 m<sup>3</sup>.

Luka Koper has an environmental permit for wastewater emissions into the environment (see the table below), which was updated in 2020. With regard to wastewater, the change of the permit referred to the modernisation of the treatment plant at the livestock terminal, the construction of a new treatment plant at the car terminal and an additional oil interceptor at the bilge oil collection facility. The latter two devices have not yet been finalised.

<sup>164</sup> GRI GS 303-2, 303-4

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

Type of industrial wastewater	Annual amount (m³) in 2016	Annual amount (m³) in 2017	Annual amount (m³) in 2018	Annual amount (m³) in 2019	Annual amount (m³) in 2020	Compliance with the law 2020
Stormwater runoff from the liquid cargoes terminal on Pier I ###	0	45	15	440	0 (No wastewater was released into the sea)	Compliant (Analysis performed in the collection tank)
Industrial wastewater from the livestock terminal ###	5,983	2,700	6,927	1,477	1,887	A new treatment plant has been installed, and measurements have not yet been carried out
Industrial wastewater from the equipment washing facility ###	1,641	727	939	823	1,208	Compliant
Stormwater runoff from the liquid cargoes terminal on Pier II #	2,300	2,300	2,300	2,300	2,300	Compliant
Industrial wastewater from the container washing facility ###	-	Newly built	679	507	587	The device has not been in operation for a long time (measurements performed in January 2021, compliant)
Sanitary wastewater ##	30,000	32,326	37,686	39,396	39,522	Measurements are only taken on small treatment plant outlets Compliant
Stormwater runoff from the dry bulk terminal due to storage of scrap iron on Pier I#	3,500	3,500	3,500	3,500	3,500	Compliant
Stormwater runoff from the dry bulk terminal due to storage of scrap iron on Pier II#	2,700	2,700	2,700	2,700	2,700	No scrap iron was stored on the site. Compliant

#### 24.12.1 Implementation of improvement programmes to reduce wastewater emissions in 2020

In 2020, the following was implemented:

- A mobile physico-chemical wastewater treatment plant was installed at the livestock terminal, which will further improve the quality of wastewater flowing into the Koper Central Wastewater Treatment Plant. The device has been installed, but a stable operating system has not yet been established.
- An analysis into the amount of microplastics in the wastewater in the port was commissioned, the report is still outstanding.
- Drainage modernisation on the quayside of the bulk cargoes terminal has not yet been completed.
- The change to the environmental permit regarding emissions into water has been approved.

The following was not implemented in 2020:

- The first of four phases of floorboard renovation was not fully completed.

#### 24.12.2 Wastewater emission improvement programmes planned for 2021

The following will be implemented in 2021:

- Upgrade of the hydrocarbon detection system on the water surface.
- Introduction of a checklist for cases where fuel bunkering is carried out.
- Completed first phase of floorboard renovation at the liquid cargo terminal.

## 24.13 Light pollution<sup>165</sup>

Light pollution is governed by the Decree on limit values due to light pollution of environment, based on which all port lighting was adjusted years ago in such a way that the luminous flux is not pointed upwards. 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. All lamps in the port area are organised in a way that light is pointed downwards. The legislation also requires regular updates to the lighting plan. The plan was last renovated in 2019 following the additional installation of lamps and is published on the port website <https://luka-kp.si/slo/zakonodaja-in-okolje-200>. Currently, 3036 lamps are installed across the port with a total installed capacity of 1471.3 kW, illuminating an area of 273 hectares.

### 24.13.1 Implementation of improvement programmes to reduce light pollution

No activities were planned in this field.

### 24.13.2 Light pollution improvement programmes planned for 2021

No activities are planned in this field.

## 24.14 Biodiversity<sup>166</sup>

The content is partially presented in the chapter 'Living in harmony with the environment', whereas the approach and results in the field of marine diversity are described below. Marine diversity can be affected directly or indirectly through the processes of sea sediment dredging, shipping, ballast water input, wastewater discharges, noise, etc. Indirect inflows are also monitored by measurements, the results of which are presented in the chapter 'Sea water protection'.

No special agreements have been concluded for the marine part, as there are no dedicated protected species or marine areas operators.

A while ago, we started monitoring the status indicator of two underwater grass species growing near the port, one of which is protected. In 2020, the second monitoring of sea meadows was performed with measurements of the size/length of seagrass (*Zostera noltei*, *Cymodocea nodosa*) and a comparison with the first measurements carried out in 2018. The comparison showed that the expanse of sea meadows increased compared to the measurements in 2018 (positive trend), however, the exact area is still being assessed. Specific data will be available in the coming years. Furthermore, the length of seagrass decreased slightly compared to 2018 due to the reduced sea turbidity in the grass growth area (positive trend).

In addition, we started controlling marine biodiversity by identifying vulnerable species in the marine concession area. For this purpose, in 2020, the National Institute of Biology conducted the study "Review of marine biodiversity in the Koper port water area (2020)".

The Strategy of Social Responsibility and Sustainable Development was adopted. The strategy summarizes the Company's key documents dealing with the area of sustainable development and social responsibility, and presenting an overview of all activities carried out by the Company. At the same time, the strategy sets out specific goals that the company pursues in the long run, and establishes a platform or working group that reviews achievements and proposes additional activities and improvements. The group is presented in more detail in the Strategy of Social Responsibility and Sustainable Development.

### 24.14.1 Implementation of biodiversity improvement programmes in 2020

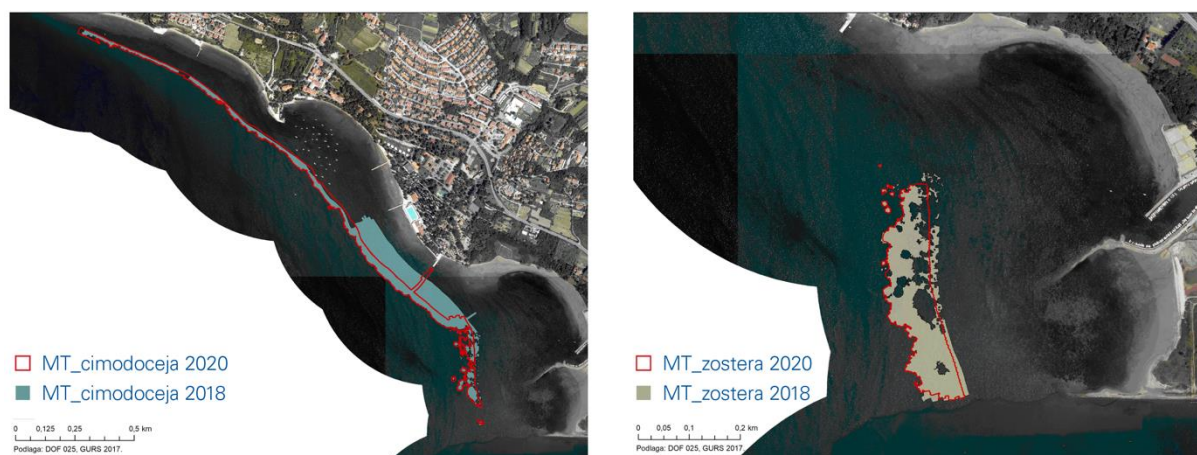
Luka Koper has focused on monitoring the condition of underwater meadows in its surroundings, as they do not thrive in the port water area where the sea is too deep. The nearest meadows of dwarf eelgrass (*Zostera noltei*) and little Neptune grass (*Cymodocea nodosa*) are located in the direction of Ankaran, where the depth of the sea is three meters at most. The first researches into sea meadow status show that seagrass leaves are quite long, which means that anthropogenic impacts are present and that the condition is poor or very poor. The length of the leaves of underwater grasses is monitored annually. When marine phanerogams are exposed to low levels of light (due to

<sup>165</sup> Light pollution – additional indicator (ref GRI GS 305-7)

<sup>166</sup> GRI GS 304-1, 304-2, 304-3, 304-4, 306-5, 103-1, 103-2, 103-3

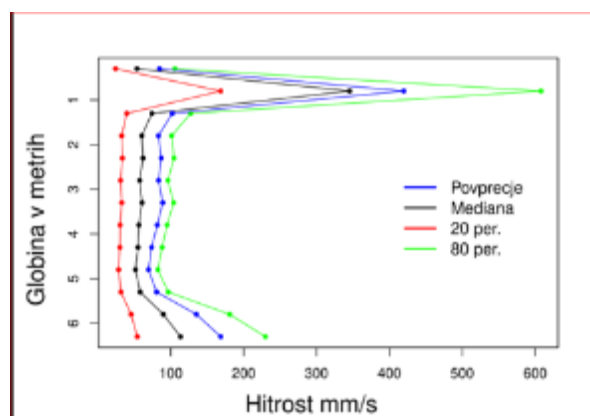
turbid water], they respond by distributing more biomass into leaves, which are therefore longer. By elongating the leaves, they can capture more light for photosynthesis. In July 2020, the status of underwater meadows was re-measured. Sampling, processing and evaluation were carried out according to the established methodology. The results of analysing the condition of little Neptune grass showed an improvement of the condition compared to 2018; however, they were not ideal. At one of the monitoring points, the condition even improved from very poor to moderate, so the result can be assessed as encouraging.

We also re-mapped the meadows of eelgrass (*Zostera noltei*) and little Neptune grass (*Cymodocea nodosa*), which showed that the extent of the meadows in most cases did not change or, in some places, the meadows even moved towards greater depth. In the area of Sv. Katarina, previously separate habitats of both little Neptune grass and eelgrass grew into single habitats. The next mapping will be done in three years. Mapping was performed using the vessel-assisted bathymetry acquisition technique.



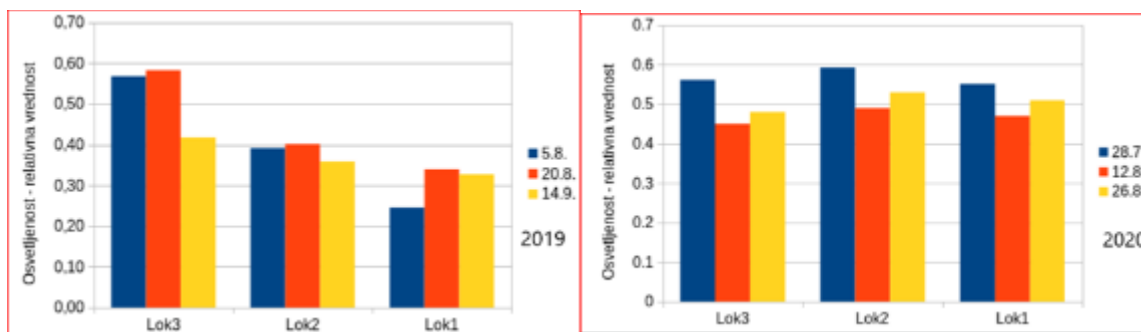
[Source: Comparison of sea meadow areas due to the construction of the Ro-Ro berth in Basin III between 2018 and 2020, Sirio, d. d., 4 Jun 2020]

As part of the monitoring of underwater meadows, a current meter was installed on a buoy in Basin III to monitor the direction and velocity of sea currents throughout the water column. The velocity of currents in 2020 is shown in the figure below. The results show that the speed of the sea current is highest in the upper layer and significantly lower in the depths.



The direction and strength of water currents are also important in understanding the transport of particles that increase sea turbidity. Increased turbidity of the sea is caused by natural phenomena (rain, wind, waves, sea blooms) as well as anthropogenic factors (shipping, dredging). Therefore, illuminance measurements are performed at three locations where underwater meadows are located. The results (illuminance expressed in lux) presented in the two graphs below show an improvement, as in 2020 higher illuminance or lower sea turbidity was measured than in 2019. The locations of measurements are shown in the report for 2019.





Changes in the state of biodiversity need to be identified for the effective conservation of biodiversity and for appropriate sustainable use. In cooperation with the Marine Biology Station Piran of the National Institute of Biology (NIB), the first comprehensive study of the state of marine biodiversity in the port waters was launched in 2019. The purpose of the study was to catalogue and study the status of animal and plant species, which is crucial for determining their status and conservation in the environment. At the same time, it is also a matter of identifying changes in the Slovenian part of the Adriatic Sea and the Adriatic in general. The survey showed a large marine diversity of animal and plant species, the latter totalling about 190 (mainly algae). As many as 350 animal species were listed, of which 27 different species of fish and 325 invertebrates, which is surprising. Considering the fact that about 2,250 different species have been recorded in the Slovenian sea so far, this means about 15 percent. Thus, a total of 543 organisms are present in the port waters. A special chapter is devoted to non-native species. Maritime transport is one of the main sources of the spread of alien organisms around the world. Various organisms from other environments occur in ballast water and sediments, and some are durable enough to withstand travel from distant ports. 18 such living creatures were found in the port water area. Some endangered species have also found their home in the "port sea". Among them is the Mediterranean stone coral, and specimens of *Pinna Nobilis* have also been found. In recent years, there have been fewer and fewer examples of *Pinna Nobilis* in the Mediterranean due to a parasite that has decimated their population. Interestingly, many seahorses were recorded, especially at the passenger terminal. Among the rare species is the interesting find of *Flabellina pedata*, which was only described in Naples in 1965. Until today, this species has only been seen in five sites in the world, except for the Koper port. Care for the environment being one of the fundamental tasks of Luka Koper, we will do our best to offer a friendly home to many animals and plants in our sea.



(Image source: OVERVIEW OF THE STATE OF MARINE BIODIVERSITY IN THE PORT WATER AREA OF LUKA KOPER, NIB, No 189/2020)

In 2020, the following was implemented:

- A review was performed of the state of marine biodiversity.
- Monitoring of the condition of sea meadows carried out beside Basin III of Luka Koper.

#### 24.14.2 Biodiversity improvement programmes planned for 2021

The following will be implemented in 2021:

- Measurement of the length of seagrass leaves;
- Monitoring of the state of the marine environment in the port waters with the help of an underwater camera;
- Monitoring of sea currents will continue and light levels will be measured on seagrass meadow locations;
- A survey of flora and fauna will be carried out in some parts of the Bay of Koper outside the port area.

#### 24.15 Sea water protection <sup>167</sup>

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. An important part of the public utility service performed by Luka Koper is regular inspections of the port water area and the removal of driftwood, debris, waste and other abandoned and discarded objects from the sea. To this end, Luka Koper owns special dedicated equipment and vessels, and has adequately trained staff.

Considering the capacities and loads that result from port operations, Luka Koper may mobilise its staff and resources for the process of preventing and addressing the impacts of sea pollution outside the port, thus assisting the relevant state bodies.

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, which defines small, medium-sized and major accidents.

In 2020, 49 minor incidents were recorded in the port water area. The sea protection unit intervened in twenty incidents involving a large amount of wood and other debris carried to the Luka Koper port water area by the River Rižana or from the open sea. Eleven incidents included the removal of coal dust. There were also eleven instances of minor oil slicks, three instances of pollution of the sea with dirty water, mainly due to the discharge of meteoric waters, three instances of minor pollution of the port water area with cargo residues, and one with food intended for a ship.



Debris removal in Basin II of Luka Koper, transfer to land and preparation for disposal to the Waste Management Centre.

In all instances of marine pollution, the Luka Koper acted in accordance with the Means and Resources Activation Scheme for Minor Accidents, and remedied the effects of pollution within the concession area.

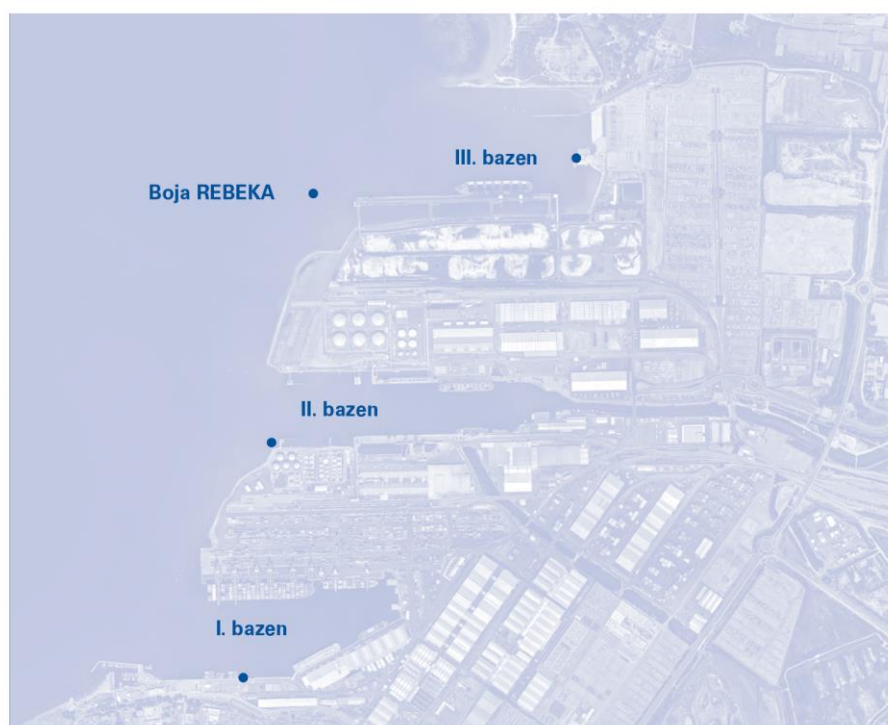
<sup>167</sup> GRI GS 306-3

### 24.15.1 Statistics for interventions at sea<sup>168</sup>

	2016	2017	2018	2019	2020
Number of identified incidents at sea	27	24	26	40	49
Number of interventions in the port water area	17	19	25	36	45
Number of incidents not requiring intervention	10	5	1	4	4
Number of pollution incidents outside the port water area	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/>. The buoy continuously monitors the general parameters of sea water. The table below shows the measured values. No limit values are stipulated. The measuring probe was cleaned and calibrated several times during the year, and due to issues it was also sent to an authorised repair shop.

Measuring points for  
monitoring sea quality



	2016	2017	2018	2019**	2020***
Sea temperature (°C)	between 7.8 and 25.6	between 6.6 and 20*	between 10 and 28.9	between 10 and 29	between 10 and 30
Salinity (g/l)	between 36 and 41	between 36 and 42	between 36 and 37	between 35 and 38	35
Oxygen content (mg/l)	between 4 and 10	between 6 and 13	between 4 and 12.5	between 4 and 10	between 3 and 8
pH	between 8 and 8.5	between 8.3 and 8.5	between 7.9 and 8.4	between 8.0 and 8.6	between 8,2 and 8.5
Turbidity (NTU)	between 0 and 1	between 0 and 5	between 0 and 6	between 0 and 10	between 0 and 2

\*The probe was under repair in the summer season.

\*\* Data refers to the period from June onwards, since the probe was defective and under repair

\*\*\* data loss is recorded for March, September and November 2020, as the probe was under repair

The results of sea quality measurements do not vary; slightly higher recorded turbidity levels may also be due to the probe being covered in plants, which may affect the result of the measurements. The cleaning of the turbidity probe is done preventively, and also when the result values start to grow constantly.

The probe was also defective in 2020 and was sent to an authorised service centre in Germany, resulting in a partial loss of measurements.

The monitoring of the microbiological parameters of sea water quality continued in all three basins of the port. Even though the law on monitoring the 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.

#### 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

**Microbiological quality of sea water in the port in 2018, in cfu/100 ml**

Monitoring point	Parameter	April	May	June	July	August	Sept	Oct	Limit value for bathing water
Basin I	Intestinal enterococci	15	23	8	<4	<4	4	<4	370
Basin I	E. Coli	77	15	4	5	<4	<4	4	1,000
Basin II	Intestinal enterococci	87	133	130	21	153	24	43	370
Basin II	E. Coli	46	86	48	<4	3,000	56	137	1,000
Basin III	Intestinal enterococci	<4	<4	<4	8	<4	<4	<4	370
Basin III	E. Coli	NPD	<4	<4	32	<4	5	4	1,000

**Microbiological quality of sea water in the port in 2019, in cfu/100 ml**

Monitoring point	Parameter	April	May	June	July	August	Sept	Oct	Limit value for bathing water
Basin I	Intestinal enterococci	NPD	53	NPD	<4	<4	19	<4	370
Basin I	E. Coli	27	58	16	<4	<4	10	4	1,000
Basin II	Intestinal enterococci	13	1,400	NPD	73	14	38	22	370
Basin II	E. Coli	38	1640	<4	10	6	46	33	1,000
Basin III	Intestinal enterococci	NPD	17	<4	<4	7	20	8	370
Basin III	E. Coli	NPD	13	NPD	<4	5	NPD	<4	1,000

**Microbiological quality of sea water in the port in 2020, in cfu/100 ml**

Monitoring point	Parameter	April	May	June	July	August	Sept	Oct	Limit value for bathing water
Basin I	Intestinal enterococci	7	NPD	4	4	<4	<4	4	370
Basin I	E. Coli	<4	<4	NPD	NPD	<4	NPD	13	1,000
Basin II	Intestinal enterococci	<4	18	56	4	14	19	22	370
Basin II	E. Coli	<4	<4	26	<4	14	12	33	1,000
Basin III	Intestinal enterococci	<4	<4	<4	<4	2	<4	75	370
Basin III	E. Coli	NPD	<4	<4	<4	15	NPD	183	1,000

\*Note: NPD – no presence detected

The microbiological quality of the sea is highest in Basin I and III. Microbiologically, Basin II is more polluted, but this is attributed to the outflow from the Central municipal wastewater treatment plant operated by Marjetica

Koper, d. o. o., since its outlet runs into the initial part of Basin II. Approximately 5 million m<sup>3</sup> of recovered sewage is discharged into the Basin II of the port from this treatment plant.

There are three sensors in the port that continuously monitor potential oil spills. One is installed in front of the Koper marina fuel station, the second one is located at Berth 7c in Basin I (and was temporarily removed in 2020 due to the building work on the extension of Pier I) and the third one on the liquid cargo throughput berth in Basin II. In 2020, the sensors detected no pollution. The sensors are constantly measuring and the alarm system is connected to the port's Security and Control Centre.

#### 24.15.2 Implementation of sea water protection improvement programmes

In 2020, the following was implemented:

- Luka Koper weather portal was upgraded;
- Measurements of the sea current were carried out in the entire water column.

The following was not implemented in 2020:

- Extension of licenses for two weather stations;
- Purchase and installation of an oil spill detection radar processor.
- Acquisition of software for the oil spill detection radar;
- Purchase and installation of a radar and acquisition of an additional license for the oil spill detection software.

The licenses were incorporated in the weather portal of Luka Koper, which was established in 2019. Other investments were tied to a police-owned radar (mounted on a silo), for which unfortunately we have not yet been able to reach a sharing agreement.

#### 24.15.3 Sea water protection improvement programmes planned for 2021

The following measures will be implemented in 2021:

- Completion of the audit of the threat assessments and the Industrial Accident Protection and Rescue Plan of Luka Koper, d. d. in cooperation with the Faculty of Maritime Studies and Transport;
- An exercise to check the revised Protection and Rescue Plan and to evaluate the plan as such;
- Renewal training for a part of maritime responders in accordance with IMO recommendations in cooperation with the Faculty of Maritime Studies and Transport, and extension of certificates validity.

#### 24.16 Dredging and management of marine sediments <sup>169</sup>

To ensure safe navigation of ships in the port as well as in marinas and harbours, a certain depth has to be maintained at all times. To this end, the seabed is occasionally dredged, and the marine sediment has to be deposited onshore. As the areas available for onshore sediment disposal are limited, the Company has been exploring alternative options of using the excavated material.

**Figure 52**

Marine sediment excavated in the port area by year

■ Amount of excavated marine sediment in m<sup>3</sup>



<sup>169</sup>Dredging and management of marine sediments (ref GRI GS 306-5)



In 2019 and 2020, dredging was carried out as part of the RO-RO berth construction project in Basin III of the Koper port, which will enable safe berthing of RO-RO ships. Dredging was completed in the first half of 2020. The excavated marine sediment was disposed at land in a special settling pit in accordance with the building permit.

#### **24.16.1 Implementation of improvement programmes for excavated marine sediment management**

In 2020, the following was implemented:

- Bricks made of marine sediment were used in the port to make a wall in arranging a garage for a new fire truck (cistern) in the fire station.
- We submitted expert proposals in the preparation of the draft National Maritime Spatial Plan with the aim of ensuring the coordinated development of activities, uses and regimes at sea. Within the preparation, Luka Koper, d. d., submitted an initiative regarding the siting of marine sediment transport activities in the Slovenian sea in the area of the central part of the Bay of Koper (anchorages) and in two triangular areas (turning points, separating zones). The initiative included professional definitions and practices of other countries. The aim is to preserve the existing state of the marine environment and not create disparities in land use, while facilitating the further development of the port. It is also important to consider that these activities affect biodiversity, i.e. marine habitats, as bringing marine sediment back into the sea keeps the organisms alive, whereas transferring it to special settling pits does not.

#### **24.16.2 Excavated marine sediment management improvement programmes planned for 2021**

The following measures will be implemented in 2021:

- Monitoring the time frame of adopting the Maritime Spatial Plan in connection with the issue of transferring marine sediment within the marine environment.
- Conducting a biodiversity study at selected sites intended for moving sediment back to the sea.

### **24.17 Radioactivity of consignments**

In addition to performing radioactivity measurements of scrap metals, the changed legislation now requires Luka Koper to perform radioactivity measurements of all consignments coming from third countries and entering the European Union through the port. The purpose of the Decree is to find illegal radioactive shipments. Until now, the control was carried out by the Financial Administration of the Republic of Slovenia (customs), which in 2020 detected no illegal shipments.

- In the period since the adoption of the Decree, we have been constructively implementing activities to establish a monitoring and response system. Activities carried out and planned so far:
- Cooperation with the Slovenian Nuclear Safety Administration and Institute of Occupational Safety Ljubljana regarding the implementation of the system.
- A protocol for the implementation of the measurement and response procedure has been prepared.
- A draft application for obtaining the authorisation to perform measurements has been prepared (it can be submitted when we have the equipment and qualified staff).
- The reporting format for instances of measured elevated values has been prepared.
- A survey of the equipment suppliers market was conducted (information offers were obtained), which was the basis for the Company's 2021 business plan.
- The costs of purchasing and installing equipment were included in the 2021 Business Plan of Luka Koper, d. d. and approved by the Supervisory Board.
- The system was included in the 2021-2025 Port Development Programme for International Transport in Koper.
- The legislation commitment has been fulfilled as the annual report on measurements in 2020 has been submitted.
- At all three road entrances, the infrastructure for installation has already been prepared, whereas at the track entrance, a building permit is still required for laying the foundations.
- The documentation for the implementation of the public procurement of equipment is being prepared.
- The provision of equipment will be followed by training.



- After the training, Luka Koper will apply for the authorisation as the provider of radioactivity measurements of shipments and measurements will commence.

Legal entities authorised to perform measurements are publicly published on the website <https://podatki.gov.si/dataset/evidenca-pooblastenih-izvajalcev-meritev-radioaktivnosti-posiljk> (the list was last updated on 28 January 2021). From the above list, it can be concluded that there is currently no authorised entity in Slovenia to perform radioactivity measurements of imported goods that might be contaminated. However, there are authorised entities for monitoring the radioactivity of shipments of scrap metals, whose service we always use in the transshipment of scrap iron. In 2020, measurements were performed by DINOS, d. d., ODPAD Pivka, d. o. o., and ALFA DPIS, družba za pomorsko izvedeništvo in svetovanje, d. o. o., who recorded no exceedances.

## 25 Social environment<sup>170</sup>

### Luka Koper pursues sustainability and social responsibility.

Port activity affects the lives of the surrounding residents, due to which the operations of Luka Koper focus on sustainability and social responsibility. This is reflected in the concern for improving the quality of life in its surroundings, reducing negative environmental impacts, and ensuring good business results and the satisfaction of the people working in the port. All the related activities are discussed in the Strategy of Social Responsibility and Sustainable Development, adopted by Luka Koper at the beginning of 2021 and made publicly available.

The port activity is carried out at one location, in the Koper port, which makes the share of cooperation with the local community 100%.

Noise pollution is defined in the materiality matrix as highly important both for the company Luka Koper and for external stakeholders. Therefore, at the end of 2019, the Company signed an agreement with the Municipality of Koper on the implementation of mitigation measures to reduce the impact of port activities on the environment and the people who live in the immediate vicinity of the port and who suffer the consequences of its operation most severely. Based on this agreement, Luka Koper has already allocated a total of EUR 400,000 to the fund for the implementation of mitigation measures to reduce the impact of emissions from port activity for a period of two years (the agreement lasts five years and provides earmarked funds of EUR 200,000 per year). More than 250 applications were received in time for the public tender published by the City of Koper in February 2020. The funds will be distributed among about 50 beneficiaries.

Good neighbourly relations are based on fair and transparent communication with the surrounding. Luka Koper communicates its socially responsible activities on its sustainability portal [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si) and corporate website [www.luka-kp.si](http://www.luka-kp.si), as well as on Facebook, where it already has more than 10,000 followers. In 2020, the annual issue of its sustainability magazine *Luški vozli* [Port Knots] was distributed to more than 15,000 households in the municipalities of Koper and Ankaran to presents its activities, achievements and challenges in the field of sustainable development. In addition, on the corporate website, the interested public can read the monthly external version of *Luški glasnik* [Port Bulletin], the newspaper of Luka Koper employees, which in 2020 celebrated the 50th anniversary of its continuous publication in printed form.

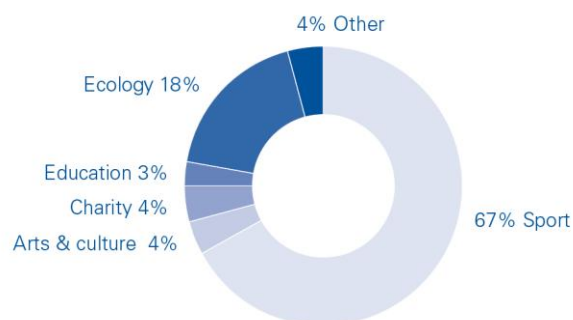
Activities related to reducing the negative impacts of port activity and uninterrupted communication with the surroundings are reflected in the results of the annual public opinion poll on how the port's neighbours perceive Luka Koper from an operational and environmental point of view. The results showed that the vast majority of respondents (between 84 and 90 percent) assess Luka Koper as a successful, reputable and socially responsible company. More than three-quarters acknowledge the Company's significant contribution to the country's economic development. 80 percent of respondents are familiar with the development plans, of which 78 percent agree with them. Respondents rated the activities of Luka Koper in the field of environmental protection with a score of 3.5 on a scale from 1 to 5.

In 2020, Luka Koper extended its public opinion survey to the entire Slovenian territory. More than two thirds of the respondents assessed Luka Koper as a successful and reputable company, and 76 percent thought that Luka Koper made an important contribution to the economic development of Slovenia.

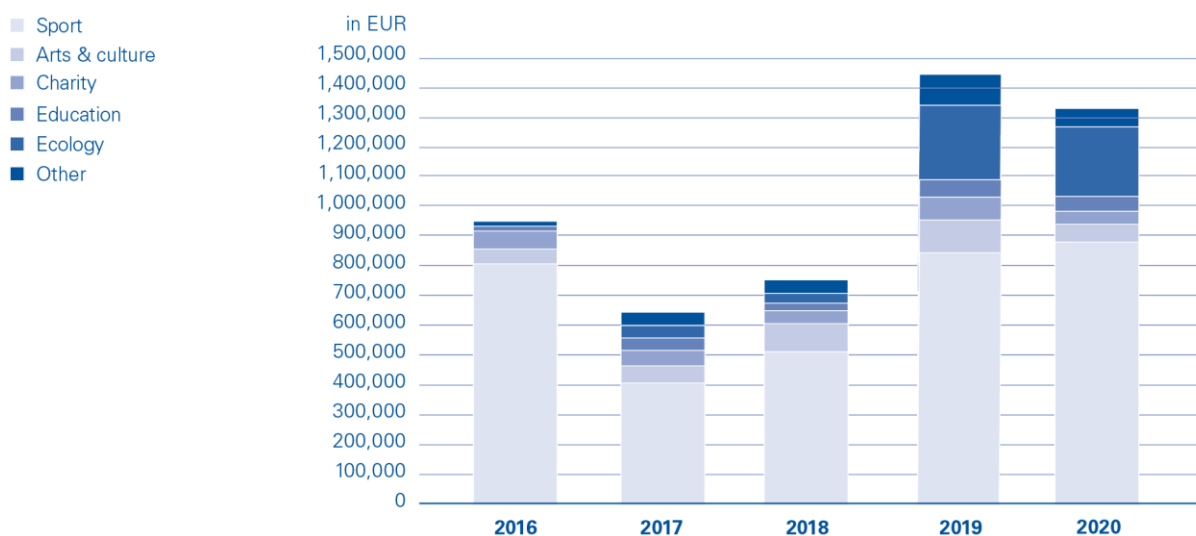
<sup>170</sup> GRI GS 413-1, 413-2, 103-1, 103-2, 103-3

## 25.1 Distribution of donations and sponsorships in 2020<sup>171</sup>

One of the important activities of Luka Koper in the field of social responsibility is also sponsorships and donations, which enable the operation of many associations in the fields of sports, culture, ecology, education and humanitarianism. In 2020, Luka Koper allocated EUR 1.3 million to these purposes, including a subsidy for mitigation measures. The tender for Living with the Port was not carried out in 2020 as the Company cancelled it due to the outbreak of an epidemic.



## 25.2 Distribution and amount of donations and sponsorships in years 2016 to 2020<sup>172</sup>



<sup>171</sup> GRI GS 201-1, 413-1

<sup>172</sup> GRI GS 201-1, 413-1

## 26 Sustainable relationship with suppliers

### 26.1 Building relationships with suppliers<sup>173</sup>

Luka Koper puts strong emphasis on building relationships with suppliers in order to ensure the necessary, 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. 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 the foundation of relations with suppliers and is based on respect for the Company's core values, i.e. cooperation, responsibility, respect, loyalty, and creativity, the Company wants to achieve the key objectives – satisfaction of its customers, employees and owners – and ensure social responsibility to the environment. To some extent, the performance and reputation of Luka Koper depend on the performance of suppliers, therefore the Company respects and appreciates their efforts in helping it 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 Luka Koper wishes to pursue. The procurement policy of Luka Koper serves as a guide for all employees and all suppliers.

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 also embracing the Company's sustainability policy. With new suppliers, we work in a desire to transform the collaboration into a long-term partnership.

Suppliers of products and services are categorised into four separate groups: suppliers for investments, suppliers for technical services for own needs, suppliers for products (various materials), external contractors (transshipment, movement, freight transport and warehouse cleaning) and agencies (selection of employers to provide employee work for the needs of Luka Koper d. d.).

External contractors for individual services are selected in an open competition process. Framework agreements have been signed with five recruitment agencies, on the basis of which workers are posted to work in Luka Koper.

Long-term partnerships with suppliers contribute to the process of finding common solutions for higher quality of procurement process management. Luka Koper maintains regular communication with potential new suppliers, who can get listed in the online database at <https://luka-kp.si/slo/za-dobavitelje>. Based on communication with suppliers and the submitted bids, certificates, qualifications and evidence of experience, the Company strives to select the best suppliers to collaborate with.

Achievement of objectives in the process of building relationships with suppliers is monitored quarterly by means of pre-determined indicators. 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, the strengths and weaknesses of suppliers are monitored by:

- Evaluating suppliers,
- Rewarding suppliers.

### 26.2 Supply chain<sup>174</sup>

The selection of and collaboration with suppliers is a transparent pre-defined process. Preference is given to suppliers whose operation is in line with international management standards, who meet the requirements for

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<sup>173</sup> GRI GR 103-1, 103-2, 103-3

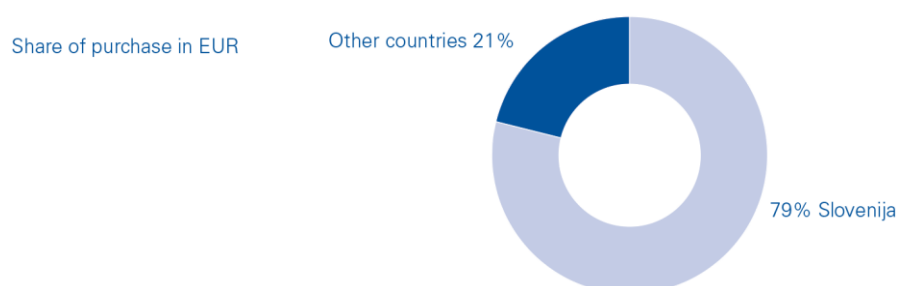
<sup>174</sup> GRI GS 102-9

occupational 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. Before being included in the list of suppliers, the credit rating of an individual supplier is always checked. In the event of any established tax debt or poor credit rating, the supplier is not invited to submit a bid. 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 represents the local environment, while the Koper and Ankaran municipalities represent the local community where the port activity is actually carried out. Almost 91% of the Company's and Group's suppliers are from the local environment, i.e. companies based in Slovenia.

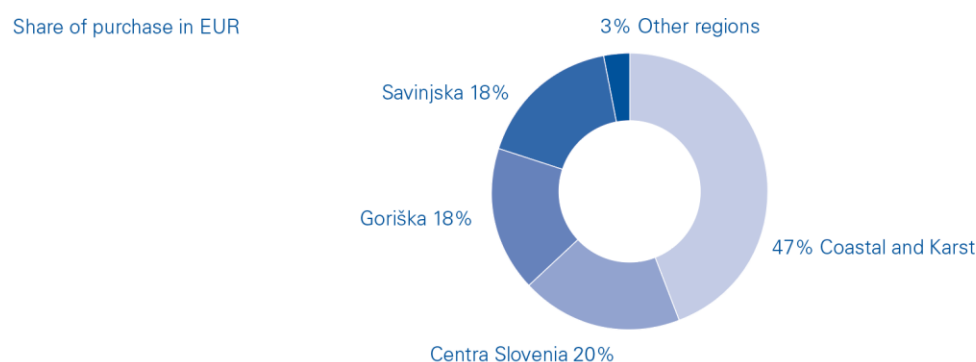
Suppliers of products and services are categorised into four separate groups: suppliers for investments, suppliers for technical services for own needs, suppliers for products (various materials), external contractors (transshipment, movement, freight transport and warehouse cleaning) and agencies (selection of employers to provide employee work for the needs of Luka Koper d. d.).

In 2020, the total value of purchases of Luka Koper, d. d. was nearly EUR 125 million, of which the purchase costs from external contractors and agencies amounted to EUR 18.1 million. Purchases made in the Slovenian market accounted for 79% of the total value of purchases.

### 26.2.1 Share of total value of purchases of Luka Koper, d. d., in 2020 by country<sup>175</sup>



### 26.2.2 Share of total value of purchases by Luka Koper, d. d. in the Slovenian market in 2020 by statistical region<sup>176</sup>



<sup>175</sup> GRI GS 204-1

<sup>176</sup> GRI GS 204-1

Luka Koper aims for an optimal number of suppliers in terms of procurement manageability as well as sufficient dispersion of suppliers to provide timely and appropriate purchases. The centralisation of procurement decisions has been subject to pre-determined responsibilities and powers of all the employees involved in the procurement process. While order forms are issued and controlled centrally, procurement processes (goods collection, complaints, etc.) may also be carried out by decentralised organisational units of the Company, which allows for a higher level of flexibility to meet the specific needs of individual organisational units. 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.

### **26.2.3 Assessing suppliers' environmental awareness<sup>177</sup>**

The Company regularly monitors and assesses its cooperation with suppliers. Supplier evaluation is performed once a year. The assessment for 2020 is still under way for a total of 52 suppliers. They are assessed based on pre-determined criteria, including the estimated level of environmental awareness and compliance with environmental requirements by a supplier, and potential use of an environmental management system, as well as occupational safety as a criterion, based on which infringements of occupational health and safety rules are assessed.

Suppliers are assessed in four categories: suppliers for investments, suppliers for technical services, suppliers for products, and suppliers for external contractors and recruitment agencies. Each year, the Company selects the best supplier in each category, and the winners are recognised in a special ceremony.

### **26.2.4 Changes to the supply chain<sup>178</sup>**

At the end of 2019, the transition from the model of port service providers to the model of external contractors and agencies was completed with the signing of contracts. The Company started operations under the new model in early 2020. The selection of contractors took place in a completely transparent way through public procurement, in which all interested parties had the opportunity to apply. In 2020, the Company cooperated with twelve such suppliers namely with five agencies and seven external contractors. There were no changes in 2020 for suppliers for investments, suppliers for technical services for own needs and suppliers for products (various materials).

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<sup>177</sup> GRI GS 103-1, 103-2, 103-3, 308-2, 414-2

<sup>178</sup> GRI GS 102-10

## 27 Sustainable relationship with customers

Partnership with customers is one of the main building blocks of Luka Koper. Being a relatively small Company, it was able to develop a special attitude to customers, which the Company has carefully nurtured and upgraded from year to year: to be an honest, professional and reliable business partner. The year 2020 was also a turning point in the field of customer relations and communication, as most of the standard ways of communication and event organization were not possible due to the COVID-19 epidemic. With its quick response, the Company was able to adapt its communication methods in an extremely short time and, with the IT applications available to customers, ensure regular contacts and maintain relationships.

### 27.1 Regular monitoring of customer satisfaction

The company monitors customer satisfaction on a daily basis, in several ways and on several levels. Regular communication is crucial, as it is important to respond quickly to any problems that customers might have in their daily business with Luka Koper. Communication takes place at both the operational and commercial levels. Through regular communication, the Company obtains information about the wishes and expectations of customers. Representatives and agents in the main hinterland markets are also in daily contact with customers to obtain information for better understanding of the markets and related requirements.

As a rule, the company conducts a customer satisfaction survey every two years. Due to the emergency situation in 2020, the survey will be conducted in 2021.

Luka Koper works closely with the local port community, which consists of forwarders, agents, carriers, operators, the police, the customs, the Slovenian Maritime Administration, inspection bodies, inspection and control service providers. Luka Koper is only one part of the logistics chain, but an important part, and together with other stakeholders it represents a logistics route through Koper.

### 27.2 Efficient and careful complaint handling

The company has introduced a module for systematic complaint resolution and tracking. The system is divided into billing complaints and service complaints. Effective and careful resolution of complaints is also a way of measuring and monitoring customer satisfaction.

### 27.3 Consumer data protection

The Luka Koper Group had been paying close attention to the protection of consumer data even before the GDPR legislation was adopted. The system has been further upgraded to comply with the new legislation.



## 28 GRI content index (according to 2016 standards)<sup>179</sup>

2020

GRI (Global Reporting Initiative) content index ('in accordance' – Core option)					
GRI standard and disclosure	Description	Boundaries	Section	Page	Notes
<b>GRI 102: GENERAL DISCLOSURES</b>					
<b>Organisational profile</b>					
102-1	Name of organisation	Luka Koper Group	2.1 Luka Koper, d.d. company presentation	p. 18	
102-2	Activities, brands, products, and services	Luka Koper Group	2 Presentation of the Luka Koper Group and a description of the business model 2.4 Activities of the Luka Koper Group	p. 15 p. 20	
102-3	Location of headquarters	Luka Koper, d. d.	2.1 Luka Koper, d.d. company presentation	p. 18	
102-4	Location (country) of operations	Luka Koper Group	2 Presentation of the Luka Koper Group and a description of the business model 2.1 Luka Koper, d.d. company presentation	p. 15 p. 18	The Luka Koper Group operates in only one country - the Republic of Slovenia.
102-5	Ownership and legal form	Luka Koper Group	2.1 Luka Koper, d.d. company presentation 15 The LKPG Share	p. 18 p. 96	
102-6	Markets served (geographic locations and sectors served, types of customers)	Luka Koper Group	2 Presentation of the Luka Koper Group and a description of the business model 10.1 Markets	p. 15 p. 80	102-6 ii and 102-6 iii not covered.
102-7	Scale of the organisation	Luka Koper Group	1.1 Key performance indicators 2.2 Organisation of the Luka Koper Group and associates 2.4 Activities of the Luka Koper Group	p. 9 p. 19 p. 20	

<sup>179</sup> GRI GS 102-54, 102-55

			23.1.1 Number of employees by company and for Luka Koper Group	p. 142	
102-8	Information on employees and other workers	Luka Koper, d. d.	23.1.2 Number of employees in Luka Koper, d. d. by type of contract (indefinite, fixed-term) 23.1.3 Number of employees in Luka Koper, d. d. by type of contract (indefinite, fixed-term) by gender and by region of residence in 2020 23.1.4 Number of employees in Luka Koper, d. d. as at 31 December by gender 23.1.5 Share of employees in Luka Koper, d. d. by region of residence 23.1.6 Number of employees by type of employment (full working time, part-time) 23.1.8 Employee structure in Luka Koper, d. d. by age groups 3.1 Strategic objectives	p. 142 p. 143 p. 143 p. 143 p. 144 p. 144 p. 24	The data were obtained from the personnel records of the SAP information system.
102-9	Supply chain	Luka Koper, d. d.	26.2 Supply chain	p. 219	
102-10	Significant changes to the organisation and its supply chain	Luka Koper Group	2.5 Organisational changes 26.2.4 Changes to the supply chain	p. 21 p. 221	
102-11	Precautionary principle and approach	Luka Koper, d. d.	12 Managing risks and opportunities 24.6 Environmental risk management and emergency response 24.7.6 Climate change, and related opportunities	p. 87 p. 167 p. 176	
102-12	External initiatives	Luka Koper, d. d., Luka Koper INPO, d. o. o.	17.7 Membership and initiatives	p. 107	
102-13	Membership of associations	Luka Koper, d. d., Luka Koper INPO, d. o. o.	17.7 Membership and initiatives	p. 107	
<b>Strategy</b>					
102-14	Statement from senior decision-maker	Luka Koper Group	4 Interview with the President of the Management Board	p. 40	
<b>Ethics and integrity</b>					

102-16	Values, principles, standards, and norms of behaviour	Luka Koper Group	3 Business development strategy 18 Luka Koper and sustainable development guidelines 21 Corporate integrity, human rights, prevention of corruption and compliance 21.1 Corporate integrity 21.2 Human rights and discrimination 21.5 Compliance with legislation and internal requirements	p. 23 p. 108 p. 123 p. 123 p. 124 p. 128	A reference to the Business Development Strategy to show the values of the company.
102-17	Mechanisms for advice and concerns about ethics	Luka Koper Group	21 Corporate integrity, human rights, prevention of corruption and compliance 21.1 Corporate integrity 21.2 Human rights and discrimination 21.5 Compliance with legislation and internal requirements	p. 123 p. 123 p. 124 p. 128	
Governance					
102-18	Organisation structure	Luka Koper, d. d.	2.6 Organisation structure	p. 21	
102-22	Composition of the highest governance body and its committees	Luka Koper, d. d.	6.7 Management Board of Luka Koper d. d. 6.6 Supervisory Board of Luka Koper, d. d.	p. 56 p. 53	
102-23	Chair of the highest governance body	Luka Koper, d. d.	6.8 Management Board's work	p. 59	
Stakeholder engagement					
102-40	List of stakeholder groups	Luka Koper, d. d.	19 Port of Koper Stakeholders	p. 115	
102-41	Collective bargaining agreements	Luka Koper, d. d.	23.1.7 Share of employees in Luka Koper, d. d. covered by collective agreement	p. 144	
102-42	Identifying and selecting stakeholders	Luka Koper, d. d.	19.1 Identification of Stakeholders	p. 116	
102-43	Approach to stakeholder engagement	Luka Koper, d. d.	19.2 Stakeholder engagement, their expectations and needs	p. 117	
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organisation has responded (including through its reporting)	Luka Koper, d. d.	19.2 Stakeholder engagement, their expectations and needs 20.1 Material contents highlighted by particular stakeholders	p. 117 p. 121	
Reporting practice					

102-45	Entities included in the consolidated financial statements	Luka Koper Group	2.3	Inclusion in the consolidated financial statements	p. 19
102-46	Defining report content and topic boundaries	Luka Koper Group	17.2	Sustainability report according to international standards of sustainability reporting	p. 103
			20.2	Methodology for determining materiality	p. 122
102-47	List of material topics	Luka Koper, d. d.	20	Materiality matrix	p. 120
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	Luka Koper Group	17.2	Sustainability report according to international standards of sustainability reporting	p. 103
102-49	Changes in reporting	Luka Koper Group	17.2	Sustainability report according to international standards of sustainability reporting	p. 103
102-50	Reporting period	Luka Koper Group	17.3	Reporting periods	p. 103
102-51	Date of most recent report	Luka Koper Group	17.3	Reporting periods	p. 103
102-52	Reporting cycle	Luka Koper Group	17.3	Reporting periods	p. 103
102-53	Contact point for questions regarding the report	Luka Koper Group	17.4	Contact point	p. 104
102-54	Claims of reporting in accordance with the GRI standards	Luka Koper Group	17.2	Sustainability report according to international standards of sustainability reporting	p. 103
			28	GRI Content Index (according to 2016 standards)	p. 223
102-55	GRI content index	Luka Koper Group	28	GRI Content Index (according to 2016 standards)	p. 223
102-56	External assurance for the report (audit)	Luka Koper Group	17.6	Verification of Sustainability Report	p. 104

## SPECIFIC STANDARD DISCLOSURES

### GRI 200 ECONOMIC TOPICS

#### GRI 201 Economic performance

103-1	Management approach	Luka Koper Group	3.1	Strategic objectives	p. 24
103-2			3.2	Stability and business performance	p. 25
103-3					

201-1	Direct economic value generated and distributed	Luka Koper, d. d.	3.3 Direct economic value generated and distributed 25.1 Distribution of donations and sponsorships in 2020 25.2 Distribution and amount of donations and sponsorships in years 2015 to 2020	p. 27 p. 218 p. 218	201-1b not covered.
201-2	Financial impacts and other risks and opportunities for the organization 's climate change activities		24.7.6 Climate change, and related opportunities	p. 176	
201-3	Payables for pensions	Luka Koper Group	23.1.14 Employee benefits	p. 146	201-3a, 201-3b, 201-3c not covered. The approach applies to all companies in the Luka Koper Group except for the company Adria Tow, d. o. o. Salary data relates exclusively to the company Luka Koper, d. d.
<b>GRI 202 Market presence</b>					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	23.1 Description of the Employee management system	p. 141	
202-1	The ratio between the minimum salary in the organization and the minimum wage in the country by gender	Luka Koper, d. d.	23.1.14 Employee benefits	p. 146	
<b>GRI 203 Indirect economic impacts</b>					
103-1 103-2 103-3	Management approach	Luka Koper Group	18 Luka Koper and sustainable development guidelines 3.2 Stability and business performance 3.4 Indirect impacts of operations of Luka Koper	p. 108 p. 25 p. 28	
203-1	Infrastructure investments and services supported	Luka Koper Group	11 Investments in non-financial assets 14 Information technology	p. 84 p. 95	
203-2	Significant indirect economic impacts	Luka Koper, d. d.	3.4 Indirect impacts of operations of Luka Koper	p. 28	
<b>GRI 204 Procurement practices</b>					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	26.1 Building relationships with suppliers 26.2.3 Assessing suppliers' environmental awareness	p. 219 p. 221	
204-1	Proportion of spending on local suppliers	Luka Koper, d. d.	26.2.1 Share of total value of purchases of Luka Koper, d. d. in 2020 by country	p. 220	204-1c not covered.

26.2.2 Share of total value of purchases by Luka Koper, d. d. p. 220  
in the Slovenian market in 2020 by statistical region

GRI 205: Anti-corruption						
103-1	Management approach	Luka Koper	21.3	Corruption and bribery	p. 127	
103-2		Group	12.4.5	Fraud and corruption risks	p. 92	
103-3						
205-1	Operations assessed for risks related to corruption	Luka Koper, d. d.	12.4.5	Fraud and corruption risks	p. 92	205-1a not covered.
205-2	Communication and training about anti-corruption policies and procedures	Luka Koper Group	21.3	Corruption and bribery	p. 127	205-2c not covered.
205-3	Confirmed incidents of corruption and actions taken	Luka Koper Group	21.3	Corruption and bribery	p. 127	
GRI 300 ENVIRONMENTAL TOPICS						
GRI 302 Energy						
103-1	Management approach	Luka Koper, d. d.	24.10.1	Energy efficiency system	p. 199	
103-2						
103-3						
302-1	Energy consumption in the organisation	Luka Koper, d. d.	24.10.2	Consumption of energy sources	p. 199	302-1c ii, iii, iv not covered.
302-2	Energy consumption outside the organisation	Luka Koper, d. d.	24.10.2	Consumption of energy sources	p. 199	
302-3	Energy intensity	Luka Koper, d. d.	24.10.2	Consumption of energy sources	p. 199	
302-4	Reduction of energy consumption	Luka Koper, d. d.	24.2.4	Realisation of environmental objectives in the period 2018-2020	p. 159 p. 201	
			24.10.3	Electricity consumption	p. 201	
			24.10.4	Motor fuel consumption	p. 201	
			24.10.5	Implementation of improvement programmes to reduce electricity and fuel consumption		
GRI 303 Water and effluents						
103-1	Management approach	Luka Koper, d. d.	24.1	About the environmental management system	p. 154	
103-2						
103-3						

303-1	Water as a shared resource	Luka Koper, d. d.	24.11	Drinking water and groundwater management	p. 202	
303-2	Management of water discharge-related impacts	Luka Koper, d. d.	24.11 24.12	Drinking water and groundwater management Wastewater management	p. 202 p. 205	
303-3	Water withdrawal	Luka Koper, d. d.	24.11	Drinking water and groundwater management	p. 202	
303-4	Water discharge	Luka Koper, d. d.	24.11 24.12 24.4.1.	Drinking water and groundwater management Wastewater management Compliance with environmental legislation	p. 202 p. 205 p. 160	
303-5	Water consumption	Luka Koper, d. d.	24.11	Drinking water and groundwater management	p. 202	
<b>GRI 304 Biodiversity</b>						
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	24.14	Biodiversity	p. 207	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Luka Koper, d. d.	24.2 24.14	Living in harmony with the environment Biodiversity	p. 155 p. 207	
304-2	Significant impacts of activities, products, and services on biodiversity	Luka Koper, d. d.	24.2 24.14	Living in harmony with the environment Biodiversity	p. 155 p. 207	
304-3	Habitats protected or restored	Luka Koper, d. d.	24.14 24.2	Biodiversity Living in harmony with the environment	p. 207 p. 155	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Luka Koper, d. d.	24.14 24.2	Biodiversity Living in harmony with the environment	p. 207 p. 155	
<b>GRI 305 Emissions</b>						
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	24.1	About the environmental management system	p. 154	
305-1	Direct (Scope 1) GHG emissions	Luka Koper, d. d.	24.7.6 24.7.7	Climate change, risks and opportunities Results of greenhouse gas emissions measurements	p. 176 p. 182	Emissions from the composting plant are not covered.



305-2	Energy indirect emissions (Scope 2) GHG	Luka Koper, d. d.	24.7.6 Climate change, risks and opportunities 24.7.7 Results of greenhouse gas emissions measurements	p. 176 p. 182	305-2c, 305-2d, 305-2e, 305-2f in 305-2g not covered.
305-6	Emissions of substances (ODS) ozone-depleting	Luka Koper, d. d.	24.7.7 Results of greenhouse gas emissions measurements	p. 182	
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Luka Koper, d. d.	24.7.8 Volatile compound emissions measurement	p. 184	
	Air	Luka Koper, d. d.	24.7.1 Total dust in the port 24.7.2 Concentrations of harmful particulate matter 24.7.3 Emissions of substances at key sources	p. 170 p. 171 p. 174	
	Noise emissions	Luka Koper, d. d.	24.9 Noise emissions	p. 191	
	Light pollution	Luka Koper, d. d.	24.13 Light pollution	p. 207	
<b>GRI 306 Waste</b>					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	24.1 About the environmental management system	p. 154	
306-2	Waste by type and disposal method	Luka Koper, d. d.	24.8.1 Results in waste management	p. 186	
306-3	Significant spills	Luka Koper, d. d.	24.6 Environmental risk management and emergency response 24.6.1 Statistics for environmental incidents from 2016 to 2020 24.15 Sea water protection 24.15.1 Statistics for interventions at sea	p. 167 p. 168 p. 210 p. 211	All spills and leaks are minor in nature, therefore, Luka Koper does not report the amount of spills. Emergency situations occurred at the port area (land) and the port water area (sea).
306-4	Transport of hazardous waste	Luka Koper, d. d.	24.8.1 Results in waste management	p. 186	
306-5	Water bodies affected by water discharges and/or runoff	Luka Koper, d. d.	24.14 Biodiversity	p. 207	Wastewater from Luka Koper when discharged does not affect biodiversity.
	Dredging and management of marine sediments	Luka Koper, d. d.	24.16 Dredging and management of marine sediments	p. 214	
<b>GRI 307 Environmental compliance</b>					
103-1 103-2	Management approach	Luka Koper, d. d.	24.1 About the environmental management system	p. 154	

103-3						
307-1	Non-compliance with environmental laws and regulations	Luka Koper, d. d.	21.5 Compliance with the legislation and internal requirements 24.4.1 Compliance with environmental legislation 24.4.2 Compliance with internal requirements 24.5.4 Inspections	p. 128 p. 160 p. 161 p. 164		We do not report the amounts of fines because no fines were issued in 2020.
<b>GRI 308 Supplier environmental assessment</b>						
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	26.1 Building relationships with suppliers	p. 219		
308-2	Negative environmental impacts in the supply chain and actions taken	Luka Koper, d. d.	26.2.3 Assessing suppliers' environmental awareness	p. 221		308-2b, 308-2c, 308-2d and 308-2e not covered.
<b>GRI 400 SOCIAL TOPICS</b>						
<b>GRI 401 Employment</b>						
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	23.1 Employee management system	p. 141		
401-1	New employee hires and employee turnover	Luka Koper, d. d.	23.1.9 New employee hires in Luka Koper, d. d. by age groups 23.1.10 New employee hires in Luka Koper, d. d. by gender 23.1.11 New employee hires in Luka Koper, d. d. in 2020 by region of residence 23.1.12 Comparison of new employee hires, contract termination and fluctuation rate 23.1.13 Employee fluctuation in 2020 by age groups, gender and region of residence	p. 144 p. 145 p. 145 p. 145 p. 145		Fluctuation is also covered with regard to the Luka Koper Group.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Luka Koper, d. d.	23.1.14 Employee benefits	p. 146		
401-3	Parental leave	Luka Koper, d. d.	23.1.15 Number of Luka Koper, d. d. employees who took parental leave and returned to their workplace by gender	p. 146		In Slovenia, the use of parental leave at the birth of a child is a legal requirement. The share of utilisation of parental leave is not reported.
<b>GRI 403 Occupational health and safety</b>						
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	22.1 Occupational safety and health system 22.3 Occupational safety and health objectives	p. 130 p. 132		

403-1	Occupational health and safety management system	Luka Koper, d. d.	22.1 Occupational safety and health system 22.2.1 Organisation	p. 130 p. 130
403-2	Hazard identification, risk assessment, and incident investigation	Luka Koper Group	22.2.3 Hazard identification, risk assessment, and incident investigation	p. 131
403-3	Occupational health services	Luka Koper, d. d.	22.2.2 Workers covered by the occupational safety and health system 22.2.4 Implementation of health measures and prevention or mitigation of negative effects on health	p. 130 p. 131
403-4	Worker participation, consultation and communication on occupational health and safety	Luka Koper, d. d.	22.2.6 Worker participation and consultation with employee representatives	p. 132
403-5	Worker training on occupational health and safety	Luka Koper, d. d.	22.2.5 Training on safe and healthy working practices	p. 132
403-6	Promotion of worker health	Luka Koper, d. d.	22.8 Health promotion	p. 138
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Luka Koper, d. d.	22.2.4 Implementation of health measures and prevention or mitigation of negative effects on health 22.6 Loss events 22.7.1 Activities to prevent the spread of COVID-19 22.7.2 Other performed activities	p. 131 p. 135 p. 135 p. 136
403-8	Workers covered by an occupational health and safety management system	Luka Koper, d. d.	22.2.2 Workers covered by an occupational health and safety management system	p. 130
403-9	Injuries at work	Luka Koper, d. d.	22.5 Injuries at work 22.7.1 Activities to prevent the spread of COVID-19 22.7.2 Other performed activities 22.2.3 Hazard identification, risk assessment, and incident investigation 22.3 Occupational safety and health objectives 22.9 Planned occupational health and safety activities in 2021	p. 133 p. 135 p. 136 p. 131 p. 132 p. 140
403-10	Work-related ill health	Luka Koper, d. d.	22.2.4 Implementation of health measures and prevention or mitigation of negative effects on health	p. 131

#### GRI 404 Training and education

103-1 103-2 103-3	Management approach	Luka Koper, d. d.	23.2.1 Employee training system	p. 148	
404-1	Average hours of training per year per employee	Luka Koper, d. d.	23.2.1 Employee training system	p. 148	
404-2	Programs for upgrading employee skills and transition assistance programs	Luka Koper, d. d.	23.2.2 Introduced programmes	p. 148	
404-3	Percentage of employees receiving regular performance and career development reviews	Luka Koper, d. d.	23.2.3 Promotion and internal mobility of employees	p. 149	
<b>GRI 405 Diversity and equal opportunity</b>					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	21.4 Diversity policy	p. 127	An evaluation of the management approach is under preparation.
405-1	Diversity of governance bodies and employees	Luka Koper, d. d.	6.7 Management Board of Luka Koper d. d. 6.7.2 Presentation of members of the Management Board of Luka Koper, d. d. as at 31 December 2020 6.6. Supervisory Board of Luka Koper, d. d. 23.1.17 Diversity of employees by job category, gender and age	p. 56 p. 57 p. 53 p. 147	
<b>GRI 406 Non-discrimination</b>					
103-1 103-2 103-3	Explanation of the material topic and its boundary	Luka Koper, d. d.	21.2 Human rights and discrimination	p. 124	An evaluation of the management approach is under preparation.
406-1	Incidents of discrimination and corrective actions taken	Luka Koper, d. d.	21.2 Human rights and discrimination	p. 124	406-1b not covered.
<b>GRI 412 Human rights assessment</b>					
103-1 103-2 103-3	Management approach	Luka Koper Group	21.1 Corporate integrity	p. 123	
412-1	Operations that have been subject to human rights reviews or impact assessments	Luka Koper, d. d.	21.2.1 Human rights identified as most relevant for Luka Koper, d. d.	p. 126	
<b>GRI 413 Local communities</b>					

103-1 103-2 103-3	Management approach	Luka Koper Group	18.1 Sustainable development strategy 25 Social environment	p. 109 p. 217	
413-1	Operations with local community engagement, impact assessments, and development programs	Luka Koper Group	2.4 Activities of the Luka Koper Group 3.4 Indirect impacts of operations of Luka Koper 22.2.3 Hazard identification, risk assessment, and incident investigation 22.2.6 Worker participation and consultation with employee representatives 24.5. Public communication 24.5.3 Registered and processed environmental complaints 24.9.1 Noise emission results 24.9.2 Implementation of noise reduction improvement programmes in 2020 24.9.3 Noise control improvement programmes scheduled for 2021 24.15.1 Statistics for interventions at sea 25 Social environment 25.1 Distribution of donations and sponsorships in 2020 25.2 Distribution and amount of donations and sponsorships in years 2016 to 2020	p. 20 p. 28 p. 131 p. 132 p. 162 p. 163 p. 191 p. 196 p. 198 p. 211 p. 217 p. 218 p. 218	413-1 i and 413-1 v not covered.
413-2	Operations with significant actual and potential negative impacts on local communities	Luka Koper Group	25 Social environment 24.9.1 Noise emission results 24.9.2 Implementation of noise reduction improvement programmes in 2020 24.9.3 Noise control improvement programmes scheduled for 2021	p. 217 p. 191 p. 196 p. 198	
<b>GRI 414 Supplier social assessment</b>					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	26.1 Building relationships with suppliers	p. 219	
414-2	Negative social impacts in the supply chain and actions taken	Luka Koper, d. d.	26.2.3 Assessing suppliers' environmental awareness	p. 221	414-2b, 414-2c, 414-2d and 414-2e not covered.
<b>GRI 419 Socioeconomic compliance</b>					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	21.5 Compliance with the legislation and internal requirements 22.4 Compliance with occupational safety legislation	p. 128 p. 133	The evaluation of the management approach is carried out at the management review.

		24.4.1	Compliance with environmental legislation	p. 160	
		24.4.2	Compliance with internal requirements	p. 161	
419-1	Non-compliance with laws and regulations in the social and economic area	Luka Koper, d.d.	21.5 Compliance with the legislation and internal requirements	p. 128	We do not report the amounts of fines because no fines were issued in 2020.
			22.4 Compliance with occupational safety legislation	p. 133	
			24.4.1 Compliance with environmental legislation	p. 160	
			24.4.2 Compliance with internal requirements	p. 161	



# FINANCIAL STATEMENTS





## 29 Financial statements of Luka Koper, d. d. and Luka Koper Group

### 29.1 Income Statement

(in EUR)		Luka Koper, d. d.		Luka Koper Group	
	Note	2020	2019	2020	2019
Net sales revenue	1	206,038,900	224,715,839	209,920,232	228,677,538
Capitalised own products and services	2	142,528	69,629	142,535	74,414
Other income	3	8,380,568	3,203,675	10,195,758	4,928,063
Cost of materials	4	-15,699,263	-17,434,117	-16,059,448	-17,637,569
Cost of services	5	-55,840,212	-57,824,842	-53,053,535	-54,808,505
Cost of labour	6	-72,137,042	-71,096,551	-78,743,013	-77,093,179
Depreciation	7	-27,537,542	-27,020,508	-28,302,384	-27,778,543
Other expenses	8	-10,585,472	-11,037,706	-10,595,879	-11,054,135
<b>Operating profit</b>		<b>32,762,465</b>	<b>43,575,419</b>	<b>33,504,266</b>	<b>45,308,084</b>
Finance income		3,349,022	3,324,095	2,097,685	1,793,390
Finance expenses		-704,673	-804,495	-589,867	-676,769
<b>Profit or loss from financing activity</b>	<b>9</b>	<b>2,644,349</b>	<b>2,519,600</b>	<b>1,507,818</b>	<b>1,116,621</b>
Profit of associates		0	0	1,224,318	1,375,549
<b>Profit before tax</b>		<b>35,406,814</b>	<b>46,095,019</b>	<b>36,236,402</b>	<b>47,800,254</b>
Income tax	10	-4,054,749	-6,966,362	-4,131,727	-7,066,090
Deferred taxes	10	-79,315	-310,046	-75,111	-309,002
<b>Net profit for the period</b>		<b>31,272,750</b>	<b>38,818,611</b>	<b>32,029,565</b>	<b>40,425,162</b>
<b>Net profit for the period attributable to the parent/controlling company</b>		<b>0</b>	<b>0</b>	<b>32,025,757</b>	<b>40,397,079</b>
<b>Net profit for the period attributable to non-controlling interests</b>		<b>0</b>	<b>0</b>	<b>3,808</b>	<b>28,083</b>
<b>Net earnings per share</b>	<b>11</b>	<b>2.23</b>	<b>2.77</b>	<b>2.29</b>	<b>2.89</b>

Notes to the Financial Statements form an integral part of the Financial Statements and should be read in conjunction with these.

## 29.2 Statement of other comprehensive income

(in EUR)		Luka Koper, d. d.		Luka Koper Group	
	Note	2020	2019	2020	2019
<b>Net profit for the period</b>		<b>31,272,750</b>	<b>38,818,611</b>	<b>32,029,565</b>	<b>40,425,162</b>
Actuarial gains/losses from post-employment benefits	24	-265,847	-340,780	-385,984	-403,551
Deferred tax on actuarial gains or losses	19	22,196	29,706	33,446	35,009
Change in revaluation surplus of financial assets measured at fair value through equity	18	7,422,406	5,380,100	7,256,160	4,659,696
Deferred tax on revaluation of financial assets measured at fair value through equity	19	-1,410,257	-1,022,644	-1,378,670	-885,767
<b>Items not to be reclassified into profit/loss in future periods</b>		<b>5,768,498</b>	<b>4,046,382</b>	<b>5,524,952</b>	<b>3,405,389</b>
<b>Total comprehensive income for the period</b>		<b>37,041,247</b>	<b>42,864,993</b>	<b>37,554,518</b>	<b>43,830,549</b>
<b>Total comprehensive income attributable to owners of the company</b>		<b>37,041,247</b>	<b>42,864,993</b>	<b>37,550,709</b>	<b>43,802,466</b>
<b>Total comprehensive income of non-controlling interests</b>		<b>0</b>	<b>0</b>	<b>3,809</b>	<b>28,083</b>

## 29.3 Statement of financial position

(in EUR)		Luka Koper, d. d.		Luka Koper Group	
	Note	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>					
Property, plant and equipment	12	403,335,743	364,056,975	417,136,694	378,579,903
Investment property	13	23,721,641	24,283,283	14,844,630	15,087,221
Intangible assets	14	1,881,584	2,053,785	2,058,861	2,286,740
Other non-current assets	15	1,089,144	17,752,840	1,089,144	17,853,040
Shares and interests in Group companies	16	4,533,063	4,533,063	0	0
Shares and interests in associates	17	6,737,709	6,737,709	14,168,687	13,800,193
Other non-current investments	18	44,223,149	36,808,861	47,423,171	40,175,130
Deposits and loans given		3,336	5,078	8,866	10,594
Non-current operating receivables		41,088	41,122	31,397	41,122
Deferred tax assets	19	5,589,177	7,056,554	5,665,198	7,085,534
<b>Non-current assets</b>		<b>491,155,634</b>	<b>463,329,270</b>	<b>502,426,648</b>	<b>474,919,477</b>
Inventories	20	1,362,769	1,422,498	1,362,769	1,422,498
Deposits and loans given		1,824	8,798	72,909	79,850
Trade and other receivables and other assets	21	41,192,593	43,342,836	41,632,400	43,828,727
Income tax assets		885,779	4,165,130	883,596	4,129,542
Cash and cash equivalents	22	37,051,470	65,846,592	61,021,421	73,030,320
<b>Current assets</b>		<b>80,494,435</b>	<b>114,785,854</b>	<b>104,973,095</b>	<b>122,490,937</b>
<b>TOTAL ASSETS</b>		<b>571,650,069</b>	<b>578,115,124</b>	<b>607,399,743</b>	<b>597,410,414</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital		58,420,965	58,420,965	58,420,965	58,420,965
Share premium		89,562,703	89,562,703	89,562,703	89,562,703
Revenue reserves		209,947,534	194,311,159	209,947,534	194,311,159
Reserves arising from valuation at fair value		20,382,176	14,581,468	20,507,185	14,948,315
Retained earnings		30,637,829	30,013,664	62,982,777	61,607,313
<b>Equity attributable to owners of the controlling company</b>		<b>408,951,207</b>	<b>386,889,959</b>	<b>441,421,164</b>	<b>418,850,455</b>
<b>Non-controlling interests</b>		<b>0</b>	<b>0</b>	<b>239,522</b>	<b>238,901</b>
<b>Total equity</b>	<b>23</b>	<b>408,951,207</b>	<b>386,889,959</b>	<b>441,660,686</b>	<b>419,089,356</b>
Provisions	24	17,273,054	21,211,774	17,943,022	21,728,542
Deferred income	25	24,153,306	24,422,250	25,537,164	26,051,821
Non-current loans and borrowings	26	71,209,697	97,730,871	71,209,697	81,730,871
Other non-current financial liabilities		262,898	185,627	264,966	237,955
Non-current operating liabilities	27	115,195	933,707	145,939	965,934
<b>Non-current liabilities</b>		<b>113,014,150</b>	<b>144,484,229</b>	<b>115,100,788</b>	<b>130,715,123</b>
Current loans and borrowings	28	10,521,175	10,521,175	10,521,175	10,521,175
Other current financial liabilities		330,668	406,608	382,791	511,715
Trade and other payables	29	38,832,869	35,813,153	39,734,303	36,573,045
<b>Current liabilities</b>		<b>49,684,712</b>	<b>46,740,936</b>	<b>50,638,269</b>	<b>47,605,935</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>571,650,069</b>	<b>578,115,124</b>	<b>607,399,743</b>	<b>597,410,414</b>

## 29.4 Statement of Cash Flows

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net profit for the period</b>	<b>31,272,750</b>	<b>38,818,611</b>	<b>32,029,565</b>	<b>40,425,162</b>
<b>Adjustments for:</b>				
Depreciation	27,537,542	27,020,508	28,302,384	27,778,543
Reversal and impairment losses on property, plant and equipment, and intangible assets	1,996,081	65	2,000,419	65
Gain on sale of property, plant and equipment, and investment property	-20,561	-1,200	-12,403	-17,939
Allowances for receivables	445,625	514,659	455,492	524,353
Collected written-off receivables and written-off liabilities	-852,501	-202,939	-857,626	-215,928
Reversal of provisions	-3,856,370	-770,313	-3,868,973	-770,954
Finance income	-3,349,022	-3,324,095	-2,097,685	-1,793,390
Finance expenses	704,673	804,495	589,867	676,769
Recognised result of subsidiaries under equity method	0	0	-1,224,318	-1,375,549
Income tax expense and income (expenses) from deferred taxes	4,134,064	7,276,408	4,206,838	7,375,092
<b>Profit before change in net current operating assets and taxes</b>	<b>58,012,281</b>	<b>70,136,199</b>	<b>59,523,559</b>	<b>72,606,224</b>
Change in other assets	16,663,696	-13,210,217	16,763,896	-13,072,449
Change in operating receivables	2,569,432	1,287,463	2,615,454	1,482,978
Change in inventories	59,729	-100,086	59,729	-100,086
Change in operating liabilities	-7,635,495	765,298	-7,527,433	466,575
Change in provisions	-312,986	2,180,515	-257,241	2,159,692
Change in non-current deferred income	-268,944	770,909	-514,657	483,926
<b>Cash generated in operating activities</b>	<b>69,087,713</b>	<b>61,830,080</b>	<b>70,663,307</b>	<b>64,026,861</b>
Interest expenses	-717,173	-787,646	-591,046	-659,920
Tax expenses	-775,398	-20,385,874	-885,781	-20,440,570
<b>Net cash flow from operating activities</b>	<b>67,595,142</b>	<b>40,656,560</b>	<b>69,186,480</b>	<b>42,926,371</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
Interest received	205,313	184,418	211,444	192,250
Dividends received and profit sharing – subsidiaries	422,442	231,514	0	0
Dividends received and profit sharing – associates	855,823	1,330,171	855,823	1,330,171
Dividends received and profit sharing – other companies	1,865,444	1,577,992	1,865,444	1,601,140
Proceeds from sale of property, plant and equipment, and intangible assets	-20,759	1,408	8,647	18,148
Proceeds from sale, less investments and loans given	8,716	8,716	8,838	8,897
Acquisition of property, plant and equipment, and intangible assets	-57,832,111	-33,700,191	-58,202,326	-34,782,450
<b>Net cash flow used in investing activities</b>	<b>-54,495,132</b>	<b>-30,365,972</b>	<b>-55,252,129</b>	<b>-31,631,844</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from non-current borrowings	0	43,716,356	0	43,716,356
Repayment of non-current borrowings	-16,000,000	-28,895,809	0	-28,895,809
Repayment of current borrowings	-10,521,174	-13,685,558	-10,521,174	-13,685,558
Lease payments expense	-364,613	-322,277	-412,731	-349,474
Dividends paid	-15,009,345	-18,633,015	-15,009,345	-18,633,015
<b>Net cash flow used in financing activities</b>	<b>-41,895,132</b>	<b>-17,820,303</b>	<b>-25,943,250</b>	<b>-17,847,500</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-28,795,122</b>	<b>-7,529,714</b>	<b>-12,008,899</b>	<b>-6,552,973</b>
Opening balance of cash and cash equivalents	65,846,592	73,376,306	73,030,320	79,583,293
<b>Closing balance of cash and cash equivalents</b>	<b>37,051,470</b>	<b>65,846,592</b>	<b>61,021,421</b>	<b>73,030,320</b>

## 29.5 Statement of Owner's Equity

(in EUR)	Reserves arising from valuation at fair value							Total equity
	Share capital	Share premium	Legal reserves	Other revenue reserves	Retained earnings	Investments	Actuarial gains and losses	
Balance at 31 December 2018	58,420,965	89,562,703	18,765,115	156,136,738	29,252,442	11,653,401	-1,146,399	362,644,965
<b>Changes in equity – transactions with owners</b>								
Dividends paid	0	0	0	0	-18,620,000	0	0	-18,620,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-18,620,000</b>	<b>0</b>	<b>0</b>	<b>-18,620,000</b>
<b>Total comprehensive income for the period</b>								
Net profit or loss for the period	0	0	0	0	38,818,611	0	0	38,818,611
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	4,357,456	0	4,357,456
Change in actuarial gains/losses, less tax	0	0	0	0	0	0	-311,074	-311,074
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,818,611</b>	<b>4,357,456</b>	<b>-311,074</b>	<b>42,864,993</b>
<b>Changes within equity</b>								
Allocation of proportion of net profit for the period to other equity components pursuant to resolution of the Management and Supervisory Board	0	0	0	19,409,306	-19,409,306	0	0	0
Other changes in equity	0	0	0	0	-28,084	0	28,084	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,409,306</b>	<b>-19,437,390</b>	<b>0</b>	<b>28,084</b>	<b>0</b>
Balance at 31 December 2019	58,420,965	89,562,703	18,765,115	175,546,044	30,013,664	16,010,857	-1,429,389	386,889,959
<b>Changes in equity – transactions with owners</b>								
Dividends paid	0	0	0	0	-14,980,000	0	0	-14,980,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,980,000</b>	<b>0</b>	<b>0</b>	<b>-14,980,000</b>
<b>Total comprehensive income for the period</b>								
Net profit or loss for the period	0	0	0	0	31,272,750	0	0	31,272,750
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	6,012,148	0	6,012,148
Change in actuarial gains/losses, less tax	0	0	0	0	0	0	-243,651	-243,651
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,272,750</b>	<b>6,012,148</b>	<b>-243,651</b>	<b>37,041,247</b>
<b>Changes within equity</b>								
Allocation of proportion of net profit for the period to other equity components pursuant to resolution of the Management and Supervisory Board	0	0	0	15,636,375	-15,636,375	0	0	0
Other changes in equity	0	0	0	0	-32,210	0	32,210	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,636,375</b>	<b>-15,668,585</b>	<b>0</b>	<b>32,210</b>	<b>0</b>
Balance at 31 December 2020	58,420,965	89,562,703	18,765,115	191,182,419	30,637,829	22,023,006	-1,640,830	408,951,207

## 29.6 Statement of Group Equity

(in EUR)	Share capital	Share premium	Legal reserves	Other revenue reserves	Retained earnings	Investments	Reserves arising from valuation at fair value Actuarial gains and losses	Total equity attributable to owners of controlling shares	Equity of non-controlling interests	Total equity
<b>Balance at 31 December 2018</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>156,136,738</b>	<b>59,274,576</b>	<b>12,730,680</b>	<b>-1,222,788</b>	<b>393,667,989</b>	<b>210,816</b>	<b>393,878,802</b>
<b>Changes in equity – transactions with owners</b>										
Dividends paid	0	0	0	0	-18,620,000	0	0	-18,620,000	0	-18,620,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-18,620,000</b>	<b>0</b>	<b>0</b>	<b>-18,620,000</b>	<b>0</b>	<b>-18,620,000</b>
<b>Total comprehensive income for the period</b>										
Net profit or loss for the period	0	0	0	0	40,397,079	0	0	40,397,079	28,083	40,425,162
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	3,773,929	0	3,773,929	0	3,773,929
Change in actuarial gains/losses, less tax	0	0	0	0	0	0	-368,542	-368,542	0	-368,542
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,397,079</b>	<b>3,773,929</b>	<b>-368,542</b>	<b>43,802,466</b>	<b>28,083</b>	<b>43,830,549</b>
<b>Changes within equity</b>										
Allocation of proportion of net profit for the period to other equity components pursuant to resolution of the Management and Supervisory Board	0	0	0	19,409,306	-19,409,306	0	0	0	0	0
Other changes in equity	0	0	0	0	-35,036	0	35,036	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,409,306</b>	<b>-19,444,342</b>	<b>0</b>	<b>35,036</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 December 2019</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>175,546,044</b>	<b>61,607,313</b>	<b>16,504,609</b>	<b>-1,556,294</b>	<b>418,850,456</b>	<b>238,899</b>	<b>419,089,356</b>
<b>Changes in equity – transactions with owners</b>										
Dividends paid	0	0	0	0	-14,980,000	0	0	-14,980,000	-3,187	-14,983,187
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,980,000</b>	<b>0</b>	<b>0</b>	<b>-14,980,000</b>	<b>-3,187</b>	<b>-14,983,187</b>
<b>Total comprehensive income for the period</b>										
Net profit or loss for the period	0	0	0	0	32,025,757	0	0	32,025,757	3,809	32,029,565
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	5,877,490	0	5,877,490	0	5,877,490
Change in actuarial gains/losses, less tax	0	0	0	0	0	0	-352,538	-352,538	0	-352,538
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,025,757</b>	<b>5,877,490</b>	<b>-352,538</b>	<b>37,550,709</b>	<b>3,809</b>	<b>37,554,518</b>
<b>Changes within equity</b>										
Allocation of residual net profit for comparable period to other equity components	0	0	0	15,636,375	-15,636,375	0	0	0	0	0
Other changes in equity	0	0	0	0	-33,918	0	33,918	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,636,375</b>	<b>-15,670,293</b>	<b>0</b>	<b>33,918</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 December 2020</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>191,182,419</b>	<b>62,982,776</b>	<b>22,382,100</b>	<b>-1,874,915</b>	<b>441,421,164</b>	<b>239,522</b>	<b>441,660,686</b>

## 30 Notes to Financial Statements

### 30.1 Bases for the presentation of financial statements

#### Reporting entity

Luka Koper, pristaniški in logistični sistem, delniška družba (hereinafter: Company), with its registered office at Vojkovo nabrežje 38 in Koper, Slovenia, is the controlling company of the Luka Koper Group (hereinafter: Group), established in Slovenia. Separate financial statements of Luka Koper, d. d., and consolidated financial statements of the Luka Koper Group for the year ended 31 December 2020 are presented below. Consolidated financial statements include statements of the controlling company and statements of subsidiaries as well as the related profit or loss of associated companies.

The port's core business is cargo handling and warehousing of all types of goods, which the Group supplements with diverse goods-related services and other services to secure an overall logistics support. Given the Concession Agreement, the controlling company, Luka Koper, d. d. maintains the port infrastructure and provides for the port's development.

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

Companies excluded from the consolidated financial statements as at 31 December 2020:

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

Adria Investicije, d.o.o. and Logis-Nova, d.o.o. were not included in the consolidated financial statements due to being insignificant for a fair presentation of the Group's financial position. They operate in a limited scope and without employees. In their books, they only disclose property, and the balance sheet total of both was EUR 873,274 at 31 December 2020. Net sales for the business year amounted to EUR 97,342 (Adria Investicije, d. o. o.: EUR 77,504, and Logis-Nova, d. o. o.: EUR 19,838). Both companies recorded profits at the end of the year. If operations of the two companies should change considerably, they would be included in the Group's consolidated statements.

#### Declaration of conformity

The financial statements of Luka Koper, d. d., and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union, and in accordance with provisions of the Slovenian Companies Act.

The Management Board of Luka Koper, d. d. approved these financial statements on 16 March 2021.

#### Bases for measurement

Financial statements of the Company and the Group have been prepared on a going concern basis, which assumes that the company/Group will have sufficient liquid assets.



In view of the uncertainty regarding the further development of COVID-19-related events, the management is closely reviewing the situation and possible impact on operations, and ensuring that the Company/Group has sufficient liquid assets to ensure its continued operations.

The statements have been prepared on the historical cost basis, except for investments, which were measured at fair value. Methods applied for fair value measurement are clarified in the note 32: Financial instruments and financial risk management.

### **Functional and presentation currency**

The financial statements are presented in EUR (exclusive of cents), which is the functional currency of the Company/Group; slight inaccuracies may appear due to rounding

### **Use of estimates and judgements**

Preparation of financial statements in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are formed based on past experience and expectations in the accounting period. Formation of estimates and the related assumptions and uncertainties are disclosed in the notes to individual items.

Estimates, judgements and assumptions are reviewed on a regular basis. Actual results may differ from these estimates, hence estimates and underlying assumptions are reviewed and relevant adjustments formed on an ongoing basis. Changes in accounting estimates are recognised in the period for which the estimates are modified, or in the coming periods that are impacted by respective changes.

### **Estimates and judgements are used primarily with the following accounting items:**

#### **Assessing the impairment of property, plant and equipment (Note 12 and 13, and Policy 32.1.2)**

Existence of possible indication of impairment for property, plant and equipment is assessed by the Company/Group based on IAS 36. As at each reporting date, the Company/Group assesses whether there is any indication (significant technological changes, market changes, obsolescence or physical wear and tear of individual property, plant and equipment) of possible impairment. If such indication exists, the Company/Group is required to evaluate the recoverable value of the asset. Any asset is subject to impairment if its carrying amount exceeds its recoverable value. The recoverable value is the higher of the following two items: its fair value less selling expenses or its value in use.

#### **Assessing the formation of provisions for legal disputes (Note 24 and 30, and Policy 32.1.11)**

A provision is recognised if the Company/Group has legal or indirect obligations arising from a past event that can be reliably assessed, and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent obligations are not recognised in the financial statements, as their exact amount could not be established or their actual existence will be confirmed only upon the occurrence or non-occurrence of events in the unforeseeable future, which the Company/Group cannot influence.

The Company/Group Management regularly checks whether the settlement of a contingent obligation will likely require an outflow of resources embodying economic benefits. If it becomes probable that an outflow of future economic benefits will be required, provisions for legal disputes are formed in the financial statements.

#### **Assessing the adequacy of useful lives of assets (Note 12 and 14, and Policies 32.1.3 and 32.1.4)**

While assessing the useful lives of assets, the expected physical wear and economic and technical ageing is taken into account. In this relation, the Company/Group regularly verifies the useful lives with significant assets and, in case of changed circumstances, the Company/Group changes the useful life and consequently revalues the cost of depreciation.

#### **Assessing the adequacy of revenue recognition in contracts with customers (Note 1 and Policy 32.1.21)**

The Company/Group discloses its revenue in accordance with IFRS 15. The core principle of the framework is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

For the purpose of revenue recognition, each company applies the stage of completion method as at the date of statement of financial position, i.e. for cargo handling by volume and working hours performed, for warehousing and logistics by days and volume, for maintenance upon construction situations and hours performed, for

laboratory services by hours performed, and for hospitality and accommodation services by days and services rendered.

Operating income is recognised by each company when it can be reasonably expected that it will result in cash receipts, unless such receipts were already realised when revenue was generated, and their amount can be reliably measured.

#### **Assessing the Impairment of financial instruments and non-financial assets**

Information on significant estimates about uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, was applied in the assessment of:

- Value of property, plant and equipment (Note 12),
- Value of investment property (Note 13),
- Valuation of investments in subsidiaries (the controlling company only), associates and other companies (Notes 16, 17 and 18), and
- Recognition of deferred tax assets (Note 19).

#### **Assessing the possibility of using receivables for deferred taxes (Note 19 and Policy 32.1.21)**

Based on the estimate that sufficient profit will be available in the future, the Company/Group created deferred tax assets provided under following:

- Provisions for jubilee premiums and retirement benefits,
- Impairment of investments,
- Differences arising on revaluation of available for sale investments,
- Impairment of receivables.

Deferred tax assets recognised under the formation of provisions for jubilee premiums and retirement benefits are reduced by relevant amounts of provisions utilised or increased by amounts of newly formed provisions.

Given that the impairment losses on investments and receivables are not recognised as tax expenditure upon formation, the Company/Group formed deferred tax assets in the relevant amounts. Deferred tax assets will be capitalised upon the sale or disposal of the investment or financial instrument and upon the final write-off of receivables.

The tax rate applied for calculating deductible temporary differences is 19 percent, which is also the general tax rate for corporate income tax.

Deferred tax liabilities are recognised for temporary taxable differences arising on revaluation of other investments at fair value through equity (at fair value directly through equity) to a higher value, whereas deferred tax assets are recognised on revaluation of other investments to a lower value.

At the reporting date, the amount of deferred tax assets or liabilities is reassessed. If the company/Group does not have sufficient available taxable profits, the amount of deferred tax assets is reduced accordingly.

#### **Assessment of provisions formed for retirement benefits and jubilee premiums (Note 24 and Policy 32.1.11)**

Obligations for defined post-employment and other benefits record the present value of retirement benefits and jubilee premiums. They are recognised on the basis of an actuarial calculation approved by the Management. The actuarial calculation is based on assumptions and assessments valid during the calculation, which may differ in the future from the actual assumptions in force at the time as a result of changes. This pertains particularly to the determination of the discount rate, the assessment of the fluctuation of employees, the assessment of the death rate and the assessment of salary growth. Due to the complexity of the actuarial calculation and the long-term nature of the item, obligations for defined benefits are sensitive to changes in the mentioned assessments.

## 31 Summary of significant accounting policies and disclosures

### 31.1 The accounting policies applied

The accounting policies detailed below were consistently applied in all the periods presented in the financial statements.

The Luka Koper Group companies apply uniform accounting policies that have been changed and adjusted to Group's policies where necessary.

#### 31.1.1 Foreign currency transactions

Transactions in foreign currency are translated into euro at the reference exchange rate of the European Central Bank prevailing at the transaction date. Monetary assets and liabilities expressed in foreign currency as at the date of the statement of financial position are translated at the reference exchange rate of the ECB at the final day of the accounting year. All differences resulting from foreign currency translation are recognised in the income statement.

#### 31.1.2 Property, plant and equipment

Items of property, plant and equipment are carried at cost. Under the cost model, an item of property, plant and equipment is carried at its cost less accumulated depreciation and accumulated impairment losses. The manner and methods used in the valuation of assets due to impairment are described in the section 'Impairment of property, plant and equipment'. The cost of an item of property, plant and equipment is equal to the monetary price on the date of the asset's recognition.

Parts of property, plant and equipment with different useful lives are treated as individual assets that are depreciated during the estimated useful life.

Land is accounted for separately and is not subject to depreciation.

##### 31.1.2.1 Borrowing costs

Pursuant to IAS 23, the purchase cost of property, plant and equipment can also include borrowing costs if they can be directly associated to the purchase, construction or production of an asset in the course of construction. If the Company or Group agrees on a general borrowing which cannot be directly associated with the purchase of an asset in the course of construction, it will capitalise a proportionate share of costs calculated using the weighted annual interest rate, but solely for major investments (value and construction period exceeding EUR 1 million and 12 months, respectively). Investments with durations of several years that witnessed no inputs in the reporting period (halted investments) are excluded from the method of capitalising interest.

Borrowing costs are capitalised until the asset is in the course of construction. When the asset is transferred to use, borrowing costs are no longer capitalised. The amount of borrowing costs capitalised in the period must not exceed borrowing costs, which arise in the same period.

##### 31.1.2.2 Subsequent expenditure

Subsequent expenditure incurred to replace a component of an item of property, plant and equipment replaces its cost under the recognition principle. The replaced component is no longer subject to recognition. Other subsequent expenditure is capitalised only when it could potentially increase the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is expensed when incurred.

##### 31.1.2.3 Depreciation

In each period, depreciation charge is recognised in the income statement. An asset is subject to depreciation when it is made available for use. The items of property, plant and equipment are depreciated under the straight-line method of depreciation, considering the assessed economic life of an individual asset. The depreciation method used is reassessed at the end of each financial year. Land, assets being acquired, non-current assets classified to disposal groups (held for sale) and works of art are not depreciated. Useful lives applied with property, plant and equipment are as follows:

Assets	2020	2019
Construction works	16.67–66.67 years	16.67–66.67 years
Transport and transshipment equipment	5–25 years	5–25 years
– locomotives	6.67–15 years	6.67–15 years
– forklifts, shippers	8–12 years	8–12 years
Computer hardware	4–5 years	4–5 years
Other equipment	4–12 years	4–12 years

#### 31.1.2.4 Derecognition

The carrying amount of an individual item of property, plant and equipment is derecognised upon its disposal or when no future economic benefits are expected from the asset's use or disposal. Any profit or losses resulting from disposal of individual item of property, plant and equipment is determined as the differences between the revenue from disposal and the carrying amount and are included in profit or loss.

#### 31.1.2.5 Investment property

Investment properties are held to bring rent and/or increase the value of the non-current investment. Investment property is measured under the cost model. Depreciation is accounted for under the straight line depreciation method based on the estimated useful life of each asset or its components. Land is not depreciated. Facilities under lease are divided into individual parts according to their estimated useful lives. The following depreciation rates are used for investment property:

Investment property	2020	2019
Buildings	16.67–66.67 years	16.67–66.67 years

#### 31.1.2.6 Rights to use assets

The Company/Group discloses leases under rights to use assets in compliance with the new IFRS 16 standard. The scope of application of IFRS 16 comprises leases of all assets with a few exceptions. Pursuant to the Standard, lessees should recognise all leases through the statement of financial position under a single lessee accounting model without making a distinction between an operating or a finance lease. The Standard allows two exemptions in recognising assets, i.e. when the underlying asset is of low value (such as personal computers) and for short-term leases (leases with a term of less than 12 months). As at the date of the beginning of lease, the lessee is required to recognise the obligation to make lease payments (i.e. a lease liability) and the asset representing the right to use the underlying leased asset for the duration of the lease (i.e. a right-of-use asset).

The Company/Group examines and analyses all lease contracts. The Company/Group has elected to apply exemptions for leases with a lease term of 12 months or less, and for leases where the underlying asset has a low value.

Based on an analyses, the Company/Group estimates the values of the rights to use assets and lease liability. Estimations were made by discounting the future cash flows for the period of lease. Cash flows are discounted based on a pondered interest rate realised by the Company/Group when raising non-current loans. Depreciation resulting from the rights to use assets is calculated based on the remaining lease term.

### 31.1.3 Intangible assets

Initially, intangible assets are recognised at cost. After initial recognition, they are recognised at their cost reduced by accumulated amortisation and accumulated impairment losses.

#### 31.1.3.1 Depreciation

Depreciation begins when an asset is ready for its use, i.e. when the asset is on the location and in the condition necessary for it to operate as intended.

The carrying amount of an item of intangible assets with final useful life is reduced using the straight-line amortisation method over the period of its useful life. All intangible assets have finite useful lives.

The depreciation period and depreciation method for an intangible asset with finite useful life is reviewed at least at each financial year-end. If the asset's expected useful life differs significantly from previous estimates, the depreciation period is adjusted accordingly.

The useful life of an item of intangible assets that arises from contractual or other legal rights does not exceed the period of these contractual rights or legal rights, however, it may be shorter, depending on the period during which the asset is expected to be used. The assessed useful life of other items of intangible assets is 10 years (the applied useful lives are presented in the table below).

Intangible assets	2020	2019
Non-current property rights	3–10 years	3–10 years
Development costs	10 years	10 years

#### 31.1.4 Investments in related entities

Investments in subsidiaries, associates and other companies are measured at cost. The Group only discloses investments in associated companies, which are measured using the equity method. On each date of the statement of financial position, the Company/Group assesses whether there is any indication of impairment. Any impairment loss on investment is recognised in the income statement.

#### 31.1.5 Financial instruments

Financial instruments are classified into the following categories:

- 1 Financial instruments measured at amortised cost,
- 2 Financial instruments measured at fair value through other comprehensive income, and
- 3 Financial instruments measured at fair value through profit or loss.

Investments in equity securities are classified as financial instruments measured at fair value through other comprehensive income. On initial recognition, they are measured at fair value increased by the cost of the transaction relating to the acquisition of an individual financial asset. Fair value is considered market value based on the closing price of a security on a stock exchange or the published daily net asset value of a mutual fund. Fair value changes are recognised by the Company in other comprehensive income within equity. Upon derecognition, gains or losses are recognised through retained earnings. Additions and disposals are recognised as at the trading date.

Investments in other shares and securities, with regard to which there is no active market, are classified by the Company/Group as assets measured at fair value through profit or loss.

#### 31.1.6 Other assets

Other assets include advances for acquiring property, plant and equipment. All advances given are secured by bank guarantees provided to the Company/Group by the supplier.

#### 31.1.7 Loans and receivables

Loans and receivables are recognised by the Company/Group as at the settlement date and measured at amortised cost using the effective interest rate method. All advances given are secured by bank guarantees provided to the Company/Group by the supplier.

##### 31.1.7.1 Trade receivables

In books of account, the Company/Group carries non-current and current receivables separately. Interest arising on stated receivables is recorded among off-balance sheet items. Upon recognition, non-current and current trade receivables are disclosed at contractually agreed amounts or as recorded in the relevant accounting documents. Receivables where recovery procedures have been initiated or where debtors are in one of the insolvency procedures are transferred by the Company to bad and doubtful receivables. Other operating receivables and other assets include short-term deferred costs or expenses and accrued income.

##### Allowances for trade receivables

The Company/Group forms revaluation allowances for all past due trade receivables and past due interest receivables based on age structure and individual assessment. Allowances for receivables due from companies in a bankruptcy or liquidation procedure are formed immediately once such proceeding begins, in their full amount (100 percent). In accordance with the IFRS 9 which introduced new requirements for the measurement of financial assets and recognition of their impairment, the Company/Group has formed an impairment model for trade receivables based not only on realised credit losses, but also on expected credit losses. The Company/Group also forms allowances for receivables resulting from non-maturity receivables on the basis of risk assessment. Assessment of risk is composed of the customer's credit rating which is formed by the Company/Group based on own criteria, and also results from the customer's country of origin.

Impairment losses are charged to other operating expenses associated with receivables.

#### **31.1.8 Cash**

Cash and cash equivalents of the company or the Group include cash on hand and sight deposits, bank deposits redeemable at notice or deposits with maturities of up to three months.

#### **31.1.9 Inventories**

Inventories are measured at cost or net market value, whichever is lower. An item of the materials inventory is measured at cost, which comprises the purchase price, import duties and other non-refundable purchase taxes, and direct costs of purchase. Non-refundable purchase taxes also include non-refundable VAT. The purchase price is reduced by trade discounts. The Company/Group applies the weighted average price method for reducing the materials inventory. Small tools put in use are immediately transferred among costs. Inventories are not subject to revaluation due to increases.

#### **31.1.10 Equity**

##### **31.1.10.1 Share capital**

The share capital of the Company/Group in the amount of EUR 58,420,965 consists of 14,000,000 ordinary no-par value shares that are freely transferable. As at 32 December 2020, the nominal value of a share is EUR 4.17.

##### **31.1.10.2 Capital surplus (share premium) and revenue reserves**

The Company/Group records legal reserves in the amount of at least 10% of share capital as required by the Companies Act (ZGD-1). Legal reserves and share premium are not included in the accumulated profit and are not subject to distribution. The Company/Group has no statutory reserves, as they are not envisaged under its articles of association.

##### **31.1.10.3 Reserves arising from valuation at fair value**

Reserves arising on valuation at fair value comprise reserves arising from valuation of investments measured at fair value and with respect to unrealised actuarial gains and losses.

##### **31.1.10.4 Retained earnings**

Retained earnings consist of all accumulated undistributed net profits of previous years and the unappropriated portion of the net profit for the period.

##### **31.1.10.5 Dividends**

Dividends are recognised in the controlling company's financial statements once the decision on the distribution of dividends is adopted by the general meeting.

##### **31.1.10.6 Authorised capital**

At 31 December 2020, the Company/Group had no authorised capital.

#### **31.1.11 Provisions**

##### **31.1.11.1 Provisions for legal disputes and damages**

The Company/Group forms provisions for disputes and damages related to alleged business offences. Provisions are formed and their amount determined in consideration of the following criteria:

- Whether a present obligation (legal or constructive) exists as a result of past events,
- Probability that an outflow of resources will be required to settle an obligation (legal dispute) – the provision is recognised if the probability is high,
- A reliable estimate can be made of the amount of the obligation.

##### **31.1.11.2 Provisions for retirement benefits and jubilee premiums**

In accordance with statutory requirements and the collective agreement, the Company/Group is obligated to pay jubilee premiums and termination benefits on retirement. To measure these payments, the Company/Group applies valuation of actuarial liability on the basis of expected salary growth from the valuation date until the employee's anticipated retirement. This means that benefits are accrued in proportion to the work performed. The assessed liability is recognised as the present value of expected future expenditure. Anticipated salary growth and employee turnover are also considered as part of measurement.

Actuarial gains or losses for termination benefits in the current year are recognised in other comprehensive income under equity based on an actuarial calculation, whereas current and previous employee benefits and interest

expenditure are recognised in profit or loss. Current employee benefit costs and interest expenditure as well as actuarial gains or losses are recognised in profit or loss for jubilee premiums.

The calculation of provisions for retirement benefits and jubilee premiums is based on the actuarial calculation as at 31 December 2020, using data as at 31 December 2020 which took into account the following assumptions:

- Currently applicable amount of termination benefits and jubilee premiums.
- Mortality rate that is based on mortality tables from 2007 applicable to Slovenia and presented separately for men and women, decreased by 10% (active population). As at 31 December 2020, this means an overall 0.3% death rate for employees in the next financial year (considering the number of employees).
- Staff fluctuation, declining on a straight-line basis from 2% at 18 years to 0.0% at 58 years, thereupon remaining constant at 0.0%. In total, this indicates an annual fluctuation of 0.8% for next year as at 31 December 2020. Staff fluctuation as a result of an increased number of dismissals by the employer has not been taken into account.
- Foreseen retirement of individual employees has been taken into account based on data on employee gender, date of birth and length of service as at 31 December 2020 pursuant to Article 27 and 3rd indent of Article 28 Paragraph 1 of Pension and Disability Insurance Act (ZPIZ-2).
- For the 2021 and 2022 calculations, we used average salary increase rates for the Republic of Slovenia as outlined in the Autumn Forecast of Economic Trends 2020 (Institute of Macroeconomic Analysis and Development). Average salaries in Slovenia are expected to increase as of 2023 by an annual 2% due to inflation and by 1% due to real growth. It is assumed that the amounts as set in the Decree on the Levels of Reimbursed Work-related Expenses and of Certain Income not to be Included in the Tax Base (Official Gazette of RS No 140/06 and 76/08) will not increase by 2022, whereby an increase of these amounts is expected subsequently in line with inflation;
- The following is taken into account: increase in basic salaries in the amount of the annual inflation; basic gross salary growth due to promotions at 0.5% p.a.; bonus for total years of service at 0.5% of the basic salary for each full year of service. In case of four individual contracts, the bonus for total years in service does not apply. Accordingly, the nominal monthly salary growth rate – in view of inflation and actual growth – would be 1.6% next year, 1.9% in 2022 and 2.0% from 2023 onwards.
- The discount rate for the calculation as at 31 December 2020 is based on the yield of high-quality corporate bonds (AA rating) as at 30 December 2020 denominated in EUR, and by interpolation with respect to the average weighted duration of the Company's commitments (according to the calculated amount of pre-discount commitments) from the balance sheet date to payments by individual type of earnings (14.0 years).

#### **31.1.12 Non-current deferred income**

Non-current deferred income is recognised if over a period exceeding one year, it covers the anticipated expenses.

The Company/Group forms non-current deferred income for regular maintenance of port infrastructure. Non-current deferred income for maintenance is formed if costs of the public utility service of regularly maintaining the port infrastructure are formed up to the amount that corresponds to the amount of revenues from port dues. In the event of costs exceeding revenues from port dues, non-current deferred income is derecognised in the amount of the surplus.

#### **31.1.13 Government grants**

All kinds of government grants are initially recognised in the statement of financial position as deferred income when there is assurance that the Company/Group will receive such grants and meet the related terms. Government grants to cover costs are consistently recognised in profit or loss in the periods when the relevant costs that these revenues are supposed to cover are incurred.

#### **31.1.14 Concession-related activity**

In compliance with the Maritime Code, Luka Koper, d. d. and the Government of the Republic of Slovenia regulated their relations in the port of Koper in September 2008 by entering into a Concession Agreement within the Decree on the Administration of the Freight Port of Koper, Port Operations, and on Granting the Concession for the Administration, Management, Development and Regular Maintenance of its Infrastructure, and defined the concession relationship for the period of 35 years from the date of concluding the Agreement.



Pursuant to provisions of the Concession Agreement and the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act (ZPFOLERD-1), the concession operator is required to keep its books of account in a way that provides for separate financial monitoring of the activity, which is carried out on the basis of exclusive rights granted.

In its books of account, Luka Koper, d. d. keeps separate records of income from port tax in an individual year and of costs of performing concessions activities. Any income surplus generated through port duties over maintenance costs relating to port infrastructure, is kept by the concession provider as short-term deferred income for costs of maintaining the port infrastructure in the coming years as required by Article 9.3. of the Concession Agreement. Financial monitoring of the public service is based on policies and principles of cost accounting and criteria of separate bookkeeping.

In accordance with the Concession Agreement concluded with the Republic of Slovenia and the criteria approved by the latter, Luka Koper, d. d. forms non-current deferred income for ordinary maintenance of port infrastructure in the amount equal to the surplus of income from port dues over the related costs of the public service. In the event of costs exceeding revenues from port dues, non-current deferred income is derecognised in the amount of the surplus.

Luka Koper, d. d., as the concession operator, obtained from the Republic of Slovenia, as the concession provider, the exclusive right for performing port activities of cargo operation and maritime passenger transport in the port area, and the related exclusive right for port administration and management, and for the administration and development of port infrastructure not intended for public transport, and pursuant to Article 44 of the Maritime Code, also the exclusive right to perform public utility service of regular maintenance of the port infrastructure that is intended for public transport.

Furthermore, pursuant to Article 7.9.6. of the Concession Agreement, Luka Koper, d. d., keeps records on investments made in port infrastructure in each financial year. Luka Koper, d. d., is required to indicate investments in each individual year in a special appendix to the annual report, which is to be examined and approved by a certified auditor.

In accordance with Article 10.1. of the Concession Agreement, Luka Koper, d. d., pays a concession tax, which amounts to 3.5% of the annual revenue generated less port dues collected in the relevant year. The basis for levying the concession tax is the audited income statement of Luka Koper, d. d. The annual concession tax amount is paid in monthly instalments of advance payments calculated not later than by 30 July of the current year on the basis of audited data for the previous calendar year. Port dues account for 4 percent of the controlling company's operating income and are a constituent part thereof. The amount of port dues is defined by Luka Koper, d. d. in agreement with the government. The remaining 96 percent of the controlling company's operating income is generated through rendering of services of cargo handling and warehousing, whose fees and prices are formed on the basis of market regularities. The development and overhaul of the port infrastructure is carried out by the controlling company in its own capacity and for its own account. Upon the concession's expiry, the concession operator is entitled to the refund of unamortised part of investments. Given the above-mentioned provisions of the Concession Agreement, the Group shall not apply IFRIC 12.

Upon termination of the concession relationship, the grantor of concession is obliged to reimburse to Luka Koper, d. d. the funds invested in the development of port infrastructure in the amount of the audited as yet unamortised part of the value of investments in concession installations, equipment and facilities, provided that the investments were made with the prior written consent of the grantor of concession.

In accordance with the applicable concession contract, the grantor shall start the process of preparation for a new public tender for the selection of the concession holder at least two years before the expiry of this concession. In the event that Luka Koper d. d. is re-selected as the concession holder, it will be exempt from paying the part of the concession fee that is paid upon signing the new concession contract, thus terminating its right to reimbursement of the unamortised part of the investment value.

### **31.1.15 Public utility services of collecting waste from vessels in the Koper port area**

Public utility services of collecting waste from vessels in the Koper port area are 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 RS, No. 59/2005), and the Decree on port reception facilities for ship-generated waste and cargo residues (Official Gazette of RS, No. 78/2008). 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 reports within the public utility service of collecting waste from vessels, Luka Koper, d. d., 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.

Until 31 December 2016, Luka Koper, d. d., 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. The two companies had an agreement of cooperation between them. 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.

#### **31.1.16 Financial liabilities**

On initial recognition, borrowings are carried at fair value and thereupon at amortised cost using the effective interest rate method. In terms of maturity, borrowings are classified into non-current and current financial liabilities. On the last day of the year, all financial liabilities maturing in the next year are reclassified to current financial liabilities. Borrowings are insured with bills of exchange and certain loan covenants.

#### **31.1.17 Operating liabilities**

Non-current operating liabilities include collaterals received for rented business premises and for the operation of the tax warehouse. Current trade liabilities and payables to the state and employees are shown separately. Other operating liabilities include short-term deferred income and short-term accrued costs or expenses.

#### **31.1.18 Income tax**

Income tax is accounted for in compliance with provisions of the Corporate Income Tax Act. The basis for the income tax calculation is the gross profit increased by the amount of non-deductible expenditure and reduced by the amount of statutory tax relief. Such basis is used for accounting the corporate income tax liability. As for 2020, income tax liability was calculated at the rate of 19 percent.

#### **31.1.19 Deferred taxes**

In order to disclose an appropriate profit and loss for the reporting period, the Company/Group also accounts for deferred taxes. These are disclosed as deferred tax assets and deferred tax liabilities. In accounting for deferred taxes, the balance sheet liability method is applied. The book value of assets and liabilities is compared with their tax value, and the difference between both is defined as either permanent or temporary. Temporary differences are subdivided into taxable and deductible differences. Taxable temporary differences increased the taxable amounts and deferred tax liabilities. Deductible temporary differences decreased the taxable amounts and increased deferred tax assets.

Deferred tax assets are offset against deferred tax liabilities if a legally enforceable right exists to offset current tax assets against current corporate income tax liabilities and the deferred taxes involve the same taxable legal entity and the same tax authority.

#### **31.1.20 Net earnings per share**

The basic and diluted earnings per share were calculated by dividing the net profit for the period with the weighted average number of ordinary shares in issue.

#### **31.1.21 Revenue**

##### **31.1.21.1 Operating income**

##### **Revenue from contracts with customers**

The Company's/Group's core business is cargo handling and warehousing of all types of goods, goods-related services, and other related services. The respective services are all carried out in Slovenia, for both local as well as foreign customers. Foreign customers come from European markets, which are considered most significant for the Company/Group, as well as from Asia and America. The customers include the world's largest shipping companies, major international corporations, end-users of our services, and other major and smaller domestic and foreign companies that deem the port of Koper as the provider of the fastest and highest quality logistics service.

The Company/Group discloses its operating income in accordance with IFRS 15. The Company/Group has recognised all active contracts concluded with foreign entities and judged them using the five steps required by the standard. An analysis of contracts with customers has shown that they all meet the criteria of the new standard for revenue recognition; performance obligations are defined adequately in contracts, allowing their classification and measurement, and determining when they might be satisfied. The majority of revenue results from contracts defined as simple supply of services. Since the contracts include no separate performance obligations, the Company/Group deems its valid accounting policy for recognition of revenue to be in line with the new requirements of IFRS 15.

The prices in the Company/Group are set at fixed or variable rates. Variable rates occur when the Company/Group offers a volume discount. Volume discounts are achieved based on agreed transshipment volumes.

Income from services rendered is recognised using the stage of completion method as at the date of the statement of financial position. Under the method, income is recognised in the accounting period in which the services are rendered. The amount of each significant category of revenue recognised in the accounting period is disclosed, as well as revenue generated in connection with domestic and foreign customers.

#### **31.1.21.2 Rental income**

Rental income primarily comprises income from investment property i.e. income generated from facilities and land that are leased out under operating lease. Rental income is recognised within operating income.

#### **31.1.21.3 Other income**

Other operating income comprises operating income from the sale of property, plant and equipment, subsidies, donations, insurance proceeds and other income. Government grants and other subsidies primarily refer to funds received for development activities within the European development projects that aim to increase the port's competitiveness, energy efficiency, environmental safety, and ensure efficient port processes. Subsidies received to cover the costs incurred are recognised strictly as income in the periods when the relevant costs that this income is supposed to cover are incurred.

Income from utilising retained wage contributions is recognised in compliance with the Vocational Rehabilitation and Employment of Disabled Persons Act in the amount of eligibly used funds.

Other income is recognised when it can be justifiably expected that cash receipts will flow from them.

### **31.1.22 Finance income and finance expenses**

Finance income comprises interest income from loans, default interest on late payment of services and receivables, dividend income, income from disposal of available-for-sale financial assets, and foreign exchange gains. Interest income is recognised when accrued using the effective interest method. Dividend income is recognised in profit or loss when a shareholder's right to payment is established.

Finance expenses comprise interest costs on borrowings, interest on leases as derived from the standard IFRS 16, foreign exchange losses and impairment losses on financial assets recognised through profit or loss. Costs of borrowings and approval of these are recognised in the profit or loss over the entire maturity of the borrowings.

### **31.1.23 Costs as expenses**

Costs are recognised as expenses in the accounting period in which they are incurred. They are classified according to their nature. Costs are carried and disclosed by types. Expenses are recognised if decreases in economic benefits during the accounting period are associated with decreases in assets or increases in liabilities, and those decreases can be measured reliably.

### **31.1.24 Impairment of assets**

#### **31.1.24.1 Impairment of non-financial assets**

If there is any indication that an asset may be impaired, the asset's recoverable amount is assessed in accordance with IAS 36. When the asset's recoverable amount cannot be assessed, the Company/Group determines the recoverable amount of the cash-generating unit to which the asset belongs. Impairment loss is recognised in the income statement. Impairment losses should be reversed if the estimates used to determine the asset's recoverable amount have changed. Impairment loss is reversed up to the amount to which the increased book value of an asset does not exceed the book value that would have been established after deducting depreciation if impairment loss on the asset had not been recognised in previous years. The reversal of the impairment loss is recognised as revenue in profit or loss.

#### 31.1.24.2 Impairment of financial assets

On each reporting date, financial assets are tested for impairment using the criteria set out in the accounting manual in order to determine whether there is any objective evidence of financial asset's potential impairment. If such objective evidence exists, the Company/Group calculates the amount of impairment loss.

When the Company/Group determines that investments carried at amortised cost should be impaired, the amount of the loss is measured as the difference between the investment's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The amount of impairment loss is recognised in profit or loss. When the reasons for impairment of an investment cease to exist, the reversal of the impairment of the investment carried at amortised cost is recognised in profit or loss.

When the Company/Group determines that investments in subsidiaries and associates carried at cost should be impaired, any impairment loss is recognised in profit or loss as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows (or other assessed value) discounted at the current market rate of return for similar financial assets.

#### 31.1.25 Statement of other comprehensive income

The statement of other comprehensive income outlines the net profit or loss for the period as well as other comprehensive income inclusive of items that will be reclassified to profit and loss at a future date and those that will never be reclassified to profit or loss in accordance with the provisions and requirements of other IFRSs.

#### 31.1.26 Statement of Cash Flows

The statement of cash flows is presented by applying the indirect method, on the basis of items reported in the statement of financial position as at 31 December 2020 and 31 December 2019, as well as items in the income statement for the financial year then ended, inclusive of any necessary adjustments of the cash flow.

#### 31.1.27 Statement of changes in equity

The statement of changes in equity outlines changes in individual equity components during the financial year (total income and expenses, in addition to transactions with stakeholders that act as owners), inclusive of the net profit or loss distribution. The statement of other comprehensive income is also included, increasing net profit of the accounting period by total revenue and expenses directly recognised in the equity.

#### 31.1.28 Risk management

The Company/Group monitors and strives to manage risks at all levels of business. In the assessment of risks, various risk factors are considered. Efficient risk management is ensured by timely identification and management of risks and by relevant guidelines and policies, which are laid down in documents of the overall management system.

Operations of the Company/Group are exposed to strategic, operational and financial risks, which largely depend on market laws and thereby require active and ongoing monitoring. Procedures for risk identification are described in the business report, chapter 12 'Risk Management'. In addition to strategic and operational risks, the Company/Group also faces financial risks, of which the most significant ones include the risk of fair value changes, interest rate risk, liquidity risk, currency risk and credit risk, as well as the risk of adequate capital composition. How financial risks are identified and managed within the Company/Group is disclosed in Note 32 'Financial instruments and financial risk management'.

##### 31.1.28.1 Fair value

Fair value is used with financial assets measured at fair value. All other financial statement items are presented at cost or amortised cost.

In measuring the fair value of a non-financial asset, the Company/Group must take into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Company/Group uses valuation techniques that are appropriate under the given circumstances and for which there is enough data available, mainly based on the use of appropriate market inputs and the minimum use of non-market inputs.

All assets and liabilities that are measured or disclosed at fair value in the financial statements are classified into a fair value hierarchy based on the lowest level of inputs required for measuring the total fair value:

1. Level 1 – quoted prices (unadjusted) in active markets for similar assets and liabilities,
2. Level 2 – valuation model based directly or indirectly on market data,
3. Level 3 – valuation model not based on market data.

At the end of each reporting period, the Company/Group determines whether any transitions between levels occurred in the case of assets and liabilities recognised in the financial statements for previous periods by re-examining the distribution of assets, taking into account the lowest level of inputs required for measuring the total fair value.

The fair value measurement hierarchy of the Company's/Group's assets and liabilities is presented in Note 32.

### **31.1.29 Basis for consolidation**

#### **31.1.29.1 Subsidiaries**

Subsidiaries are entities controlled by the parent or controlling company. Control exists when the controlling company has the ability to make decisions on the company's financial and business policies in order to obtain benefits from its operations. In assessing control, potential voting rights that might currently be exercised or replaced are taken into account as regards their existence and effect. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **31.1.29.2 Associates**

Associates are those entities in which the Group has significant influence but not control over the financial and operating policies. Investments in associates are initially recognised at cost and thereupon accounted for under the equity method. The consolidated financial statements of the Luka Koper Group comprise the Group's share and profits and losses of jointly controlled entities, accounted for under the equity method upon the adjustment of accounting policies from the date when significant influence begins until the date when it ends. If the Group's share in the losses of associates exceeds their share, the book value of the Group's share is reduced to zero, whereas the share in further losses is no longer recognised.

#### **31.1.29.3 Transactions eliminated on consolidation**

Balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is evidence of impairment.

### **31.1.30 Newly adopted standards and interpretations**

The standards and interpretations presented below were not yet effective until the date of financial statements or have not yet been confirmed by the European Union. Relevant standards and interpretations will be applied upon their entry into force by the Company/Group in preparing their financial statements.

#### **31.1.30.1 Adopted standards, amendments to standards and interpretations not yet effective**

- **Amendments to IFRS 4 – Insurance Contracts** – effective in the EU for annual periods beginning on or after 1 January 2021.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2**, effective for annual periods beginning on or after 1 January 2021. The amendments arise from the implementation of the IBOR reform and include the transition from interest rate benchmarks to alternative benchmark rates. For financial instruments measured at amortized cost, the amendments require entities to consider the change in the basis for determining contractual cash flows as a result of the IBOR reform, thus being in the scope of the practical expedient and accounted for prospectively applying IFRS 9:B5.4.5. As a result, no gain or loss is recognized immediately. This practical expedient applies only to such a change and only to the extent necessary as a direct consequence of the IBOR reform, and the new basis is economically equivalent to the previous one. With respect to IFRS 16, lessees are required to apply a similar practical expedient to accounting for changes in leases when the basis for determining future lease payments is changed as a result of the IBOR reform (for example, when leases are indexed to the IBOR rate).

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

### 31.1.30.2 New standards and interpretations not yet adopted by the European Union

- **Amendments to IAS 1 – Presentation of Financial Statements** Classification of liabilities as current and non-current – deferral of effective date. This amendment clarifies that the classification of liabilities as current or non-current is based solely on the entity's right to defer settlement of the liability until the reporting date. The right must be unconditional. The amendment also clarifies that the transfer of equity instruments is considered a settlement of liabilities unless it results from the exercise of a swap option that meets the definition of an equity instrument. In accordance with the IASB, the amendments are effective for annual periods beginning on or after 1 January 2023. However, the EU has not yet adopted the amended standard.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

- **Amendments to IFRS 3 – Business Combinations**, which relate to the updated reference to the 2018 Conceptual Framework and which introduce new exceptions to recognition and measurement under IFRS 3. Their purpose is to ensure that the new reference does not change the provisions as to which assets and liabilities qualify as business combinations. In accordance with the IASB, the amendments are effective for annual periods beginning on or after 1 January 2022. However, the EU has not yet adopted the amended standard.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

- **Amendments to IAS 16 – Property, Plant and Equipment** – relate to proceeds before intended use and introduce a new interpretation. While the company is preparing the asset for its intended use, any proceeds from selling items (e.g. samples) can no longer be deducted from the cost of the asset, but have to be recognised together with the cost of producing those items in profit or loss. In doing so, the company will have to distinguish between the costs of production and sales before the fixed asset is available for its intended use and the costs associated with preparing the fixed asset for its intended use. In accordance with the IASB, the amendments are effective for annual periods beginning on or after 1 January 2022. However, the EU has not yet adopted the amended standard.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

- **Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets** – The changes relate to the clarification that in the case of an onerous contract, the costs of fulfilling the contract include all costs directly related to the contract. In accordance with the IASB, the amendments are effective for annual periods beginning on or after 1 January 2022. However, the EU has not yet adopted the amended standard.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

- **Annual Improvements 2018-2020** – Effective for annual periods beginning on or after 1 January 2022, but not yet adopted by the EU. The Annual Improvements include the amendment to IFRS 1 – First-time Adoption of IFRSs, which simplifies the introduction of IFRSs in a subsidiary that applies IFRSs for the first time; the amendment to IFRS 9 – Financial Instruments, which clarifies which fees an entity includes when it applies the '10 per cent' test for derecognition of financial liabilities; the amendment to the illustrative example to IFRS 16 – Leases, and the amendment to IAS 41 – Agriculture, which removes the requirement to exclude taxation cash flows when measuring fair value to ensure consistency with the requirements in IFRS 13.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

- **IFRS 17 – Insurance Contracts** – Effective for annual reporting periods beginning on or after 1 January 2023, but not yet adopted by the EU.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

- **Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies** – Effective for annual periods beginning on or after 1 January 2023, but not yet adopted by the EU. The amendments introduce the definition of accounting policies and other clarifications that will make it possible to distinguish between material accounting policies and significant accounting policies.

The Company/Group does not expect for these amendments to have a significant impact on its financial statements.

### 31.1.30.3 Newly adopted standards and interpretations effective for periods beginning on 1 January 2020

- [Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors](#) – Definition of ‘Materiality’, which is effective for annual periods beginning on or after 1 January 2020. The amendment clarifies the concept of materiality and how to use it. The amendment also improves the interpretation of this concept and ensures consistency between individual standards.

The above amendments had no impact on the Company’s/Group’s financial statements.

- [Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, and IFRS 7 – Financial Instruments: Disclosures – Interest Rate Benchmark Reform](#), which are effective for annual periods beginning on or after 1 January 2020. The amendments represents a temporary but mandatory exemption from specific hedge accounting requirements, in order to address the potential effects of uncertainty prior to the IBOR reform.

The above amendments had no impact on the Company’s/Group’s financial statements.

- [Amendments to references to the conceptual framework in IFRS](#), effective for annual periods beginning on or after 1 January 2020.

The above amendments had no impact on the Company’s/Group’s financial statements.

- [Amendments to IFRS 3 – Business Combinations](#), effective for annual periods beginning on or after 1 January 2020. The amended standard further clarifies the definition of business by introducing a new framework for determining whether a transaction is treated as an acquisition (or disposal) of an asset or business.

The above amendments had no impact on the Company’s/Group’s financial statements.

- [Amendment to IFRS 16 – Leases](#), effective for periods from 1 June 2020 onwards with permitted earlier application. The amendment allow lessees not to consider COVID-19-related rent changes as such, and, consequently, not to consider the modification as a lease modification as otherwise defined in IFRS 16. In doing so, certain conditions must be met, such as: a) the new rent remains ‘essentially the same’ or less than the pre-modification rent; b) any reduced payments only affect the rents that are due on or before 30 June 2021; and c) there are no other ‘substantive’ changes to the lease.

Lessees can optionally choose this practical expedient and apply it consistently to all leases with similar characteristics and in similar circumstances. This practical expedient does not apply to lessors.

The above amendments had no impact on the Company’s/Group’s financial statements.



## 32 Additional Notes to the Income Statement

### Note 1. Net sales revenue

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>Revenue generated on sales with domestic customers from contracts with customers</b>	<b>59,936,983</b>	<b>70,243,281</b>	<b>63,247,792</b>	<b>73,587,723</b>
- services	59,930,462	70,201,409	63,241,232	73,545,851
- goods and material	6,521	41,872	6,560	41,872
<b>Revenue generated on sales with foreign customers from contracts with customers</b>	<b>138,676,547</b>	<b>145,522,787</b>	<b>139,414,135</b>	<b>146,299,014</b>
- services	138,676,547	145,522,787	139,414,135	146,299,014
<b>Total revenue generated on sales with customers from contracts with customers</b>	<b>198,613,530</b>	<b>215,766,068</b>	<b>202,661,927</b>	<b>219,886,737</b>
<b>Revenue from collected port dues</b>	<b>5,589,271</b>	<b>7,310,475</b>	<b>5,589,271</b>	<b>7,310,475</b>
<b>Revenue generated on sales from rentals</b>	<b>1,836,099</b>	<b>1,639,296</b>	<b>1,669,034</b>	<b>1,480,326</b>
<b>Total</b>	<b>206,038,900</b>	<b>224,715,839</b>	<b>209,920,232</b>	<b>228,677,538</b>

In 2020, in the Company and in the Group, the item of total revenue comprises two individual customers that exceed 10 percent of total sales, whereas in the preceding year, there was only one such individual customer in the Company and in the Group.

### Note 2. Capitalised own products and services

Under the item of capitalised own products and own services, the Company and the Group record services that increase the value of property, plant and equipment. In 2020, in the Company, capitalised income amounted to EUR 142,528 (2019: EUR 69,629), and in the Group, it amounted to EUR 142,535 (2019: EUR 74,414). The Company/Group uses a weighted average interest rate on non-current borrowings to capitalise interest. The labour costs of employees who work on investment projects of higher value and are accumulated over a long period of time are capitalized.

### Note 3. Other income

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>Other operating income</b>	<b>4,729,432</b>	<b>974,452</b>	<b>6,417,169</b>	<b>2,682,573</b>
Reversal of provisions	3,856,370	770,313	3,868,973	770,954
Subsidies, grants and similar income	0	0	1,678,167	1,677,752
<b>Operating income</b>	<b>873,062</b>	<b>204,139</b>	<b>870,029</b>	<b>233,867</b>
Income on sale of property, plant and equipment, and investment property	20,561	1,200	12,403	17,939
Collected written-off receivables and written-off liabilities	852,501	202,939	857,626	215,928
<b>Other income</b>	<b>3,651,136</b>	<b>2,229,222</b>	<b>3,778,589</b>	<b>2,245,490</b>
Compensations and damages	665,216	1,472,252	665,550	1,477,671
Subsidies and other income not related to services	684,731	550,977	684,731	550,977
Other income	2,301,189	205,993	2,428,308	216,842
<b>Total</b>	<b>8,380,568</b>	<b>3,203,674</b>	<b>10,195,758</b>	<b>4,928,063</b>

Reversal of provisions amounting to EUR 3,868,973 relates to the changed assessment of legal disputes. In the Group, such income in 2020 amounted to EUR 3,868,973.

Subsidies, grants and similar income recorded in the Group primarily relate to income from utilising retained wage contributions in the amount of earmarked funds used in the subsidiary Luka Koper INPO, d. o. o.

Operating income is composed of income generated on sales of property, plant and equipment and investment property, and income from reversed allowances for receivables. Both categories were higher in 2020 than in the previous year, mainly due to the payment of claims from one of the clients for whom an allowance for receivables was formed in previous years.

In 2020, compensations and damages amounted to EUR 665,216 in the controlling company, and EUR 665,550 in the Group. These decreased mainly due to the delimitation of compensation received for a collapsed gantry crane, which was completed last year.

Subsidies and other non-business income are mostly composed of income for covering the costs from EU projects. Other income is higher mainly due to written-off liabilities for the payment of pension and disability insurance contributions in accordance with the provisions of the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy and the Decree on the methodology for assessing damage and on the conditions and procedure for allocating public funds referred to in Article 20.a, second paragraph, point (b) of the same Act, which in the controlling company amounted to EUR 2,115,620. The amount of government aid related to the COVID-19 epidemic in the Group amounted to EUR 2,204,018. Other income also includes the contractual penalties charged.

### Note 4. Cost of materials

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Cost of materials	0	0	544	1,572
Costs of auxiliary materials	2,413,978	2,733,696	2,537,544	2,841,051
Cost of spare parts	6,377,333	6,635,333	6,368,782	6,475,900
Cost of energy	6,253,978	7,368,135	6,456,322	7,581,630
Cost of office stationery	182,167	235,769	196,180	248,613
Other cost of materials	471,807	461,184	500,076	488,803
<b>Total</b>	<b>15,699,263</b>	<b>17,434,117</b>	<b>16,059,448</b>	<b>17,637,569</b>

## Note 5. Cost of services

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Cost of port services	24,746,830	24,534,303	22,783,809	22,117,941
Cost of transportation	500,227	327,771	525,443	232,702
Cost of maintenance	7,473,896	9,365,336	7,156,329	9,126,008
Rentals	111,071	108,394	171,248	175,884
Reimbursement of labour-related costs	193,143	415,992	202,933	439,075
Costs of payment processing, bank charges and insurance premiums	1,140,105	1,153,228	1,218,336	1,227,497
Costs of intellectual and personal services	1,013,604	1,506,684	1,058,174	1,545,905
Advertising, trade fairs and hospitality	1,190,662	1,474,579	1,200,597	1,487,497
Costs of services provided by individuals not performing business activities	269,362	330,593	274,144	343,086
Sewage and disposal services	1,399,134	1,082,194	752,270	603,061
Information support	3,282,951	2,792,966	3,434,942	2,939,897
Concession-related costs	7,255,314	7,643,293	7,255,314	7,643,293
Transshipment fee	4,630,641	4,811,027	4,630,641	4,811,027
Cost of other services	2,633,272	2,278,482	2,389,355	2,115,632
<b>Total</b>	<b>55,840,212</b>	<b>57,824,842</b>	<b>53,053,535</b>	<b>54,808,505</b>

As in previous years, the cost of port services amounting to EUR 24,746,830 in the Company and EUR 22,783,809 in the Group account for the largest portion among the cost of services. In the financial year 2020, the company/Group records EUR 11,103,543 of costs of agency workers among the costs of port services, while in 2019, these costs amounted to EUR 1,984,585. The increase is due to the implementation of a three-tier model of providing port services. The costs of maintenance services decreased in 2020 both in the Company and in the Group, mainly as a result of a smaller scale of maintenance of port infrastructure due to the impact of the COVID-19 epidemic at the beginning of the 2020 financial year.

## Note 6. Cost of labour

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Wages and salaries	46,163,591	46,369,105	50,246,637	50,173,071
Wage compensations	7,206,380	6,958,659	7,936,248	7,604,689
Costs of additional pension insurance	2,060,684	1,909,533	2,273,444	2,098,678
Employer's contributions on employee benefits	8,797,129	8,879,029	9,564,722	9,588,985
Annual holiday pay, reimbursements and other costs	7,909,258	6,980,225	8,721,962	7,627,756
<b>Total</b>	<b>72,137,042</b>	<b>71,096,551</b>	<b>78,743,013</b>	<b>77,093,179</b>

In 2020, the average number of employees in the Company grew by 81 against the preceding year, which is reflected in higher cost of labour in 2020. Costs did not increase proportionally to the number of employees due to lower payments of bonuses to employees in 2020, since the related payment criteria were only partially fulfilled. The average number of employees in the Group increased by 89 compared to 2019, and the impact on the increase in costs is the same as in the Company.

In December 2020, employees of all companies in the Group except for board members and employees under individual employment contracts received pay for performance.

For the 19th year in a row, the Company/Group has been paying for its employees 70 to 90 percent (depending on the employee's age) of the tax deductible supplementary pension scheme premium.

In 2020, the annual holiday pay amounted to EUR 1,600 per employee in all companies of the Group, whereas in the preceding year, it ranged between EUR 1,200 and 1,700.

**Average number of employees by education:**

Level of education	Luka Koper, d. d.		Luka Koper Group	
	Average number of employees 2020	Average number of employees 2019	Average number of employees 2020	Average number of employees 2019
VIII/2	1	1	1	1
VIII/1	26	25	28	27
VII	123	120	132	129
VI/2	209	196	213	200
VI/1	102	100	108	106
V	485	456	522	487
IV	439	425	499	482
III	23	21	35	31
I-II	129	113	163	150
<b>Total</b>	<b>1,537</b>	<b>1,456</b>	<b>1,701</b>	<b>1,612</b>

**Note 7. Amortisation and depreciation expense**

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Depreciation of buildings	13,043,591	13,106,069	13,527,437	13,588,615
Depreciation of equipment and spare parts	12,762,035	12,307,370	13,263,490	12,817,826
Depreciation of small tools	19,713	16,899	20,103	17,574
Depreciation of investment property	572,539	571,859	242,591	242,742
Amortisation of intangible assets	767,965	689,059	823,644	744,738
Depreciation of investment into foreign-owned assets	11,667	11,667	17,596	17,574
Depreciation of right-of-use assets	360,032	317,585	407,523	349,474
<b>Total</b>	<b>27,537,542</b>	<b>27,020,508</b>	<b>28,302,384</b>	<b>27,778,543</b>

**Note 8. Other expenses**

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Provisions	72,432	2,050,720	72,432	2,050,720
Impairment costs, write-offs and losses on property, plant and equipment and investment property	1,996,081	65	2,000,419	65
Expenses for allowances for receivables	445,625	514,659	455,492	524,353
Levies that are not contingent upon cost of labour and other types of cost	6,666,283	6,855,925	6,670,378	6,859,726
Donations	387,728	465,160	390,828	468,660
Environmental levies	168,705	177,729	152,016	162,336
Awards and scholarships to students inclusive of tax	10,696	17,149	10,696	17,429
Awards and scholarship to students	1,400	2,800	1,400	2,800
Other costs and expenses	836,522	953,499	842,218	968,046
<b>Total</b>	<b>10,585,472</b>	<b>11,037,706</b>	<b>10,595,879</b>	<b>11,054,135</b>

Whereas in 2019, the controlling company formed provisions for legal disputes amounting to EUR 2,050,720, the provisions formed in 2020 amounted to much less, i.e. EUR 72,432. In 2020, a valuation of a smaller volume of fixed assets was performed in the controlling company as part of the initial assessments of the possibility of selling a fixed asset. Based on the assessment made by experts for the valuation of property, plant and equipment, a need was recognised for impairment of fixed assets in the total amount of EUR 1,845,792, which is shown in the item Impairment costs, write-offs and losses on property, plant and equipment and investment property.

Levies that are not contingent upon cost of labour and other types of cost mostly relate to the fee for the use of construction land.

Other costs and expenses mainly consist of compensations for damage to assets owned by third persons. The damage occurred during the handling of goods in the port.

## Note 9. Finance income and finance expenses

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>Finance income from shares and interests</b>	<b>3,143,709</b>	<b>3,139,677</b>	<b>1,886,241</b>	<b>1,601,140</b>
Finance income from shares and interests in Group companies	422,442	231,514	20,797	0
Finance income from shares and interests in associate companies	855,823	1,330,171	0	0
Finance income from shares and interests in other companies	1,865,444	1,577,992	1,865,444	1,601,140
<b>Finance income – interest</b>	<b>462</b>	<b>14,640</b>	<b>631</b>	<b>14,816</b>
Interest income – other	462	14,640	631	14,816
<b>Finance income from operating receivables</b>	<b>204,851</b>	<b>169,778</b>	<b>210,813</b>	<b>177,434</b>
Finance income from operating receivables due from others	204,851	169,778	210,813	177,434
<b>Total finance income</b>	<b>3,349,022</b>	<b>3,324,095</b>	<b>2,097,685</b>	<b>1,793,390</b>
<b>Finance expenses for financial liabilities</b>	<b>-8,118</b>	<b>-8,724</b>	<b>-8,118</b>	<b>-8,724</b>
<b>Finance expenses – interest</b>	<b>-537,544</b>	<b>-741,523</b>	<b>-415,601</b>	<b>-607,945</b>
Interest expenses – Group companies	-122,570	-134,240	0	0
Interest expenses – banks	-410,393	-602,591	-410,393	-602,591
Finance expenses for lease liability to others	-4,326	-4,388	-5,208	-5,354
Finance expenses for lease liability to Group companies	-255	-304	0	0
<b>Finance expenses for operating liabilities</b>	<b>-159,011</b>	<b>-54,248</b>	<b>-166,148</b>	<b>-60,100</b>
Finance expenses for trade payables	-87	-647	-140	-647
Finance expenses for other operating liabilities	-32,606	-53,601	-35,444	-59,453
Net exchange differences	-126,318	0	-130,564	0
<b>Total finance expenses</b>	<b>-704,673</b>	<b>-804,495</b>	<b>-589,867</b>	<b>-676,769</b>
<b>Net financial result</b>	<b>2,644,349</b>	<b>2,519,600</b>	<b>1,507,818</b>	<b>1,116,621</b>

The controlling company records finance income from shares in Group companies and presents shared profits of these companies, i.e. Luka Koper INPO, d. o. o., in the amount of EUR 287,873, Adria Terminali, d. o. o., in the amount of EUR 106,959, Adria Investicije, d. o. o., in the amount of EUR 10,469, Logis-Nova, d. o. o. in the amount of EUR 10,328, and TOC, d. o. o. in the amount of EUR 6,813.

Finance income from shares and interests in associates recorded by the controlling company in 2020 refer to sharing of profits of companies Adria-Tow, d.o.o. (EUR 366,000), Avtoservis, d. o. o. (EUR 345,823), and Adriaфин, d. o. o. (EUR 174,000).

Finance income from shares and interests in other entities recorded by the Company/Group refers to dividends paid under investments into securities.

Finance expenses arising on interest in 2020 amounted to EUR 537,544 in the Company, whereas the Group recorded EUR 415,601. Interest expenses in 2020 were mostly lower owing to a rescheduling of part of loans, which was implemented in early 2019 by the controlling company.

## Note 10. Taxes and effective tax rate

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>Profit before tax</b>	<b>35,406,814</b>	<b>46,095,019</b>	<b>36,236,402</b>	<b>47,800,254</b>
<b>Income tax (19%)</b>	<b>6,727,295</b>	<b>8,758,054</b>	<b>6,897,743</b>	<b>9,113,020</b>
Non-taxable income and increase in expenditure	-927,611	-381,803	-929,200	-389,921
Non-taxable dividends received	-597,305	-570,583	-597,305	-570,583
Tax incentives	-2,552,918	-1,542,909	-2,683,214	-1,846,433
Non-deductible expense	717,464	1,062,204	762,253	1,106,711
Impairment loss not recognised for tax purposes	29,820	-44,709	29,820	-44,709
Other reduction in the tax base	-25,256	-32,375	-38,078	-38,368
Other increase in the tax base	29,865	28,529	32,110	45,375
Tax calculated from tax uncertainty	732,710	0	732,710	0
<b>Change in tax rate</b>	<b>4,134,064</b>	<b>7,276,408</b>	<b>4,206,838</b>	<b>7,375,092</b>
<b>Effective tax rate</b>	<b>11.68%</b>	<b>15.79%</b>	<b>11.61%</b>	<b>15.43%</b>

During the income tax calculation, the controlling company and all Group companies observed provisions of the Corporate Income Tax Act.

The tax expense comprises the income tax and deferred taxes recognised in the income statement.

In accordance with IFRIC 23 – Uncertainty over Income Tax Treatments, the Company/Group recognised the calculated tax and tax liabilities in accordance with its position on the tax treatment of provisions. Tax liabilities were offset against tax assets in accordance with IAS 12 – Income Tax.

## Note 11. Net earnings per share

In 2020, the Company reported net profit in the amount of EUR 31,272,750 (2019: EUR 38,818,611). The Group reported net profit in the amount of EUR 32,029,565 (2019: EUR 40,425,162), whereof EUR 32,025,757 is attributable to the owner of the controlling company (2019: EUR 40,397,079) and EUR 3,808 to owners of non-controlling interests (2019: EUR 28,083). The non-controlling interest belongs to the co-owner of subsidiary TOC, d. o. o.

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Net profit for the period	31,272,750	38,818,611	32,025,757	40,397,079
Total number of shares	14,000,000	14,000,000	14,000,000	14,000,000
<b>Basic and diluted earnings per share</b>	<b>2.23</b>	<b>2.77</b>	<b>2.29</b>	<b>2.89</b>

Net earnings per share were calculated by dividing the net profit or loss for the period with the weighted average number of ordinary shares in issue during the year.

## 33 Additional Notes to the Statement of Financial Position

### Note 12. Property, plant and equipment

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Land	20,187,007	15,165,920	23,437,231	18,416,144
Buildings	232,419,381	236,619,770	240,591,362	245,246,634
Plant and equipment	102,189,382	87,434,051	104,496,850	89,891,722
Property, plant and equipment being acquired	48,050,979	24,398,527	48,065,429	24,410,377
Right-of-use assets	488,994	438,707	545,822	615,026
<b>Total</b>	<b>403,335,743</b>	<b>364,056,975</b>	<b>417,136,694</b>	<b>378,579,903</b>

No items of the Company's/Group's property, plant and equipment were pledged as collateral.

The cost of the property, plant and equipment in use, of which the carrying value as at 31 December 2020 equalled zero, is recorded in the Company at EUR 277,280,183 (31 Dec 2019: EUR 256,645,650). In the Group, such assets amounted to EUR 285,549,659 as at 31 December 2020 (31 Dec 2019: EUR 264,448,260).

As at 31 December 2020, the Company presented the commitment to purchase property, plant and equipment in the amount of EUR 18,510,272 (2019: EUR 8,675,054), and the Group recorded such commitment at EUR 18,582,789 (2019: 8,769,934).

As at 31 December 2020, the Company disclosed liabilities to suppliers of property, plant and equipment in the amount of EUR 18,570,142 (2019: EUR 8,733,443), and the Group disclosed such liabilities at EUR 18,642,659 (2019: 8,773,963).

In 2020, total investments in property, plant and equipment amounted to EUR 67,535,313 in the Company, and EUR 67,937,525 in the Group. The largest investments comprise:

- Continued construction of a car park for vehicles,
- Completed construction of a RO-RO berth in Basin III and a developed area,
- Purchase of an E-RTG crane for the container terminal,
- Completed construction of the 6th group of railway tracks,
- Initiated extension of Pier I,
- Continued construction of an additional port entrance (the Bertoki road),
- Purchase of a new fire truck,
- Purchase of a new overhead crane for the bulk cargoes terminal,
- Purchase of a RMG crane for the container terminal,
- Purchase of three container manipulators.

In the reference period, the company/Group impaired a property in accordance with the estimated value, prepared as at 31 December 2020 by the authorised experts for appraisals of property. The impairment is recorded under other expenses in the item Impairment costs, write-offs and losses on property, plant and equipment and investment property.



## Movements in property, plant and equipment in 2020 - Company

(in EUR)	Land	Buildings	Plant and equipment	Assets being acquired	Total
<b>Cost</b>					
<b>Balance at 31 Dec 2019</b>	<b>15,165,920</b>	<b>486,475,485</b>	<b>304,827,021</b>	<b>24,398,527</b>	<b>830,866,953</b>
Additions	0	0	0	67,535,313	67,535,313
Transfer from investments in course of construction	3,521,522	12,399,652	27,492,427	-43,413,601	0
Disposals	0	-323,092	-1,613,811	0	-1,936,903
Write-offs	0	-1,524,115	-193,454	0	-1,717,569
Impairment charge	0	-1,845,792	0	0	-1,845,792
Transfer to intangible assets	0	0	0	-467,028	-467,028
Transfer from intangible assets	0	0	4,762	0	4,762
Transfer to investment property	0	-9,172	0	-2,232	-11,404
Reclassifications within property, plant and equipment	1,499,565	-1,550,910	51,345	0	0
<b>Balance at 31 Dec 2020</b>	<b>20,187,007</b>	<b>493,622,056</b>	<b>330,568,290</b>	<b>48,050,979</b>	<b>892,428,332</b>
<b>Accumulated depreciation</b>					
<b>Balance at 31 Dec 2019</b>	<b>0</b>	<b>249,855,715</b>	<b>217,392,970</b>	<b>0</b>	<b>467,248,685</b>
Depreciation	0	13,055,259	12,781,747	0	25,837,006
Disposals	0	-175,798	-1,610,234	0	-1,786,032
Write-offs	0	-1,524,115	-193,454	0	-1,717,569
Transfer from investment properties	0	-507	0	0	-507
Reclassifications within property, plant and equipment	0	-7,879	7,879	0	0
<b>Balance at 31 Dec 2020</b>	<b>0</b>	<b>261,202,675</b>	<b>228,378,908</b>	<b>0</b>	<b>489,581,583</b>
<b>Carrying amount</b>					
<b>Balance at 31 Dec 2019</b>	<b>15,165,920</b>	<b>236,619,770</b>	<b>87,434,051</b>	<b>24,398,527</b>	<b>363,618,268</b>
<b>Balance at 31 Dec 2020</b>	<b>20,187,007</b>	<b>232,419,381</b>	<b>102,189,382</b>	<b>48,050,979</b>	<b>402,846,749</b>

## Movements in property, plant and equipment in 2019 - Company

(in EUR)	Land	Buildings	Plant and equipment	Assets being acquired	Total
<b>Cost</b>					
<b>Balance at 31 Dec 2018</b>	<b>15,117,508</b>	<b>477,559,208</b>	<b>297,378,096</b>	<b>18,112,371</b>	<b>808,167,183</b>
Additions	0	0	0	38,097,691	38,097,691
Transfer from investments in course of construction	0	13,033,503	17,007,564	-30,041,067	0
Disposals	0	-66	-286,458	-208	-286,732
Write-offs	0	-6,392,424	-9,278,085	0	-15,670,509
Transfer to intangible assets	0	0	0	-100,453	-100,453
Transfer from intangible assets	0	0	5,904	0	5,904
Transfer to investment property	0	0	0	-1,669,807	-1,669,807
Transfer from investment properties	48,412	2,275,264	0	0	2,323,676
<b>Balance at 31 Dec 2019</b>	<b>15,165,920</b>	<b>486,475,485</b>	<b>304,827,021</b>	<b>24,398,527</b>	<b>830,866,953</b>
<b>Accumulated depreciation</b>					
<b>Balance at 31 Dec 2018</b>	<b>0</b>	<b>242,237,559</b>	<b>214,633,178</b>	<b>0</b>	<b>456,870,737</b>
Depreciation	0	13,117,736	12,324,269	0	25,442,005
Disposals	0	-66	-286,392	0	-286,458
Write-offs	0	-6,392,424	-9,278,085	0	-15,670,509
Transfer from investment properties	0	892,910	0	0	892,910
<b>Balance at 31 Dec 2019</b>	<b>0</b>	<b>249,855,715</b>	<b>217,392,970</b>	<b>0</b>	<b>467,248,685</b>
<b>Carrying amount</b>					
<b>Balance at 31 Dec 2018</b>	<b>15,117,508</b>	<b>235,321,649</b>	<b>82,744,918</b>	<b>18,112,371</b>	<b>351,296,446</b>
<b>Balance at 31 Dec 2019</b>	<b>15,165,920</b>	<b>236,619,770</b>	<b>87,434,051</b>	<b>24,398,527</b>	<b>363,618,268</b>

## Movements in property, plant and equipment in 2020 - Group

(in EUR)	Land	Buildings	Plant and equipment	Assets being acquired	Total
<b>Cost</b>					
<b>Balance at 31 Dec 2019</b>	<b>18,407,884</b>	<b>501,909,904</b>	<b>316,229,437</b>	<b>24,410,378</b>	<b>860,957,603</b>
Additions	0	21,392	335,298	67,580,835	67,937,525
Transfer from investments in course of construction	3,521,522	12,402,256	27,532,745	-43,456,523	0
Disposals	0	-323,092	-1,711,131	0	-2,034,223
Write-offs	0	-1,524,115	-193,454	0	-1,717,569
Impairment charge	0	-1,845,792	0	0	-1,845,792
Adjustment with fair value	0	11,404	0	-467,028	-455,624
Transfer from intangible assets	0	0	4,762	0	4,762
Transfer from investment properties	0	-9,173	0	-2,231	-11,404
Reclassifications within property, plant and equipment	1,499,565	-1,550,910	51,345	0	0
<b>Balance at 31 Dec 2020</b>	<b>23,428,971</b>	<b>509,091,874</b>	<b>342,249,002</b>	<b>48,065,431</b>	<b>922,835,278</b>
<b>Accumulated depreciation</b>					
<b>Balance at 31 Dec 2019</b>	<b>-8,260</b>	<b>256,663,270</b>	<b>226,337,715</b>	<b>0</b>	<b>482,992,725</b>
Depreciation	0	13,545,035	13,283,591	0	26,828,626
Disposals	0	-175,798	-1,683,579	0	-1,859,377
Write-offs	0	-1,524,115	-193,454	0	-1,717,569
Reclassifications within property, plant and equipment	0	-7,879	7,879	0	0
<b>Balance at 31 Dec 2020</b>	<b>-8,260</b>	<b>268,500,513</b>	<b>237,752,152</b>	<b>0</b>	<b>506,244,405</b>
<b>Carrying amount</b>					
<b>Balance at 31 Dec 2019</b>	<b>18,416,144</b>	<b>245,246,634</b>	<b>89,891,722</b>	<b>24,410,378</b>	<b>377,964,878</b>
<b>Balance at 31 Dec 2020</b>	<b>23,437,231</b>	<b>240,591,361</b>	<b>104,496,850</b>	<b>48,065,431</b>	<b>416,590,873</b>

## Movements in property, plant and equipment in 2019 - Group

(in EUR)	Land	Buildings	Plant and equipment	Assets being acquired	Total
<b>Cost</b>					
<b>Balance at 31 Dec 2018</b>	<b>18,407,884</b>	<b>493,341,643</b>	<b>307,976,661</b>	<b>18,127,221</b>	<b>837,853,409</b>
Additions	0	8,219	549,490	38,618,241	39,175,950
Transfer from investments in course of construction	0	13,041,393	17,523,224	-30,564,617	0
Disposals	0	-6,392,487	-9,825,842	-208	-16,218,537
Transfer to intangible assets	0	0	0	-100,452	-100,452
Transfer from intangible assets	0	0	5,904	0	5,904
Transfer to investment property	0	0	0	-1,669,807	-1,669,807
Transfer from investment properties	0	1,911,136	0	0	1,911,136
<b>Balance at 31 Dec 2019</b>	<b>18,407,884</b>	<b>501,909,904</b>	<b>316,229,437</b>	<b>24,410,378</b>	<b>860,957,603</b>
<b>Accumulated depreciation</b>					
<b>Balance at 31 Dec 2018</b>	<b>0</b>	<b>248,740,595</b>	<b>223,328,091</b>	<b>0</b>	<b>472,068,686</b>
Depreciation	0	13,606,188	12,835,400	0	26,441,588
Disposals	0	-6,392,490	-9,825,776	0	-16,218,266
Transfer from investment properties	0	892,911	0	0	892,911
Reclassifications within property, plant and equipment	-8,260	-183,934	0	0	-192,194
<b>Balance at 31 Dec 2019</b>	<b>-8,260</b>	<b>256,663,270</b>	<b>226,337,715</b>	<b>0</b>	<b>482,992,725</b>
<b>Carrying amount</b>					
<b>Balance at 31 Dec 2018</b>	<b>18,407,884</b>	<b>244,601,048</b>	<b>84,648,570</b>	<b>18,127,221</b>	<b>365,784,723</b>
<b>Balance at 31 Dec 2019</b>	<b>18,416,144</b>	<b>245,246,634</b>	<b>89,891,722</b>	<b>24,410,378</b>	<b>377,964,878</b>

## Right to use assets

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Land	426,907	359,534	426,949	359,534
Buildings	39,728	69,622	57,487	104,155
Equipment	22,359	9,551	61,386	151,337
<b>Total</b>	<b>488,994</b>	<b>438,707</b>	<b>545,822</b>	<b>615,026</b>

The rights to use assets refer to the assets recorded by the Company/Group after implementing the new standard IFRS 16 – Leases. The rights to use assets are part of fixed assets and, due to insignificance, are not disclosed as a separate item in statements of financial position.

## Movements in the rights to use assets in 2020 - Company

(in EUR)	Land	Buildings	Plant and equipment	Total
<b>Cost</b>				
<b>Balance at 31 Dec 2019</b>	<b>590,624</b>	<b>141,753</b>	<b>23,916</b>	<b>756,293</b>
Additions	330,381	52,245	27,694	410,319
<b>Balance at 31 Dec 2020</b>	<b>921,004</b>	<b>193,997</b>	<b>51,610</b>	<b>1,166,612</b>
<b>Accumulated depreciation</b>				
<b>Balance at 31 Dec 2019</b>	<b>231,090</b>	<b>72,131</b>	<b>14,365</b>	<b>317,585</b>
Depreciation	263,008	82,139	14,886	360,032
<b>Balance at 31 Dec 2020</b>	<b>494,097</b>	<b>154,270</b>	<b>29,251</b>	<b>677,618</b>
<b>Carrying amount</b>				
<b>Balance at 31 Dec 2019</b>	<b>359,534</b>	<b>69,622</b>	<b>9,551</b>	<b>438,707</b>
<b>Balance at 31 Dec 2020</b>	<b>426,907</b>	<b>39,728</b>	<b>22,359</b>	<b>488,994</b>

## Movements in the rights to use assets in 2019 - Company

(in EUR)	Land	Buildings	Plant and equipment	Total
<b>Cost</b>				
<b>Balance at 31 Dec 2018</b>	<b>590,624</b>	<b>80,224</b>	<b>9,570</b>	<b>680,417</b>
Additions	0	61,529	14,346	75,876
<b>Balance at 31 Dec 2019</b>	<b>590,624</b>	<b>141,753</b>	<b>23,916</b>	<b>756,293</b>
<b>Accumulated depreciation</b>				
<b>Balance at 31 Dec 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation	231,090	72,131	14,365	317,585
<b>Balance at 31 Dec 2019</b>	<b>231,090</b>	<b>72,131</b>	<b>14,365</b>	<b>317,585</b>
<b>Carrying amount</b>				
<b>Balance at 31 Dec 2018</b>	<b>590,624</b>	<b>80,224</b>	<b>9,570</b>	<b>680,417</b>
<b>Balance at 31 Dec 2019</b>	<b>359,534</b>	<b>69,622</b>	<b>9,551</b>	<b>438,707</b>

## Movements in the rights to use assets in 2020 - Group

(in EUR)	Land	Buildings	Plant and equipment	Total
<b>Cost</b>				
<b>Balance at 31 Dec 2019</b>	<b>590,624</b>	<b>139,115</b>	<b>234,761</b>	<b>964,499</b>
Additions	330,381	-1,554	13,347	342,173
Disposals, write-offs	0	0	-45,393	-45,393
<b>Balance at 31 Dec 2020</b>	<b>921,004</b>	<b>137,561</b>	<b>202,714</b>	<b>1,261,279</b>
<b>Accumulated depreciation</b>				
<b>Balance at 31 Dec 2019</b>	<b>231,090</b>	<b>34,960</b>	<b>83,424</b>	<b>349,474</b>
Depreciation	263,008	45,072	99,442	407,521
Disposals, write-offs	0	0	-41,539	-41,539
<b>Balance at 31 Dec 2020</b>	<b>494,097</b>	<b>80,032</b>	<b>141,327</b>	<b>715,457</b>
<b>Carrying amount</b>				
<b>Balance at 31 Dec 2019</b>	<b>359,534</b>	<b>104,155</b>	<b>151,336</b>	<b>615,025</b>
<b>Balance at 31 Dec 2020</b>	<b>426,907</b>	<b>57,529</b>	<b>61,387</b>	<b>545,822</b>

## Movements in the rights to use assets in 2019 - Group

(in EUR)	Land	Buildings	Plant and equipment	Total
<b>Cost</b>				
<b>Balance at 31 Dec 2018</b>	<b>590,624</b>	<b>77,586</b>	<b>43,351</b>	<b>711,561</b>
Additions	0	61,529	191,409	252,939
<b>Balance at 31 Dec 2019</b>	<b>590,624</b>	<b>139,115</b>	<b>234,761</b>	<b>964,499</b>
<b>Accumulated depreciation</b>				
<b>Balance at 31 Dec 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation	231,090	34,960	83,424	349,474
<b>Balance at 31 Dec 2019</b>	<b>231,090</b>	<b>34,960</b>	<b>83,424</b>	<b>349,474</b>
<b>Carrying amount</b>				
<b>Balance at 31 Dec 2018</b>	<b>590,624</b>	<b>77,586</b>	<b>43,351</b>	<b>711,561</b>
<b>Balance at 31 Dec 2019</b>	<b>359,534</b>	<b>104,155</b>	<b>151,336</b>	<b>615,025</b>

### Note 13. Investment property

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Investment property - land	14,506,711	14,506,711	11,256,486	11,256,486
Investment property - buildings	9,214,930	9,776,572	3,588,144	3,830,735
<b>Total</b>	<b>23,721,641</b>	<b>24,283,283</b>	<b>14,844,630</b>	<b>15,087,221</b>

The item of investment property includes land and buildings leased out, and properties that increase the value of the non-current investment. Investment properties are valued by using the cost model.

#### Leased properties

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Rental income on investment property	1,091,499	1,508,794	598,102	996,272
Depreciation of investment property	572,539	571,859	242,591	242,742

As at 31 December 2020, the value of investment property was EUR 23,721,641 (2019: EUR 24,283,283) in the Company and EUR 14,844,630 (2019: EUR 15,087,221) in the Group.

Investment properties are not pledged as collateral.

Fair value of investment property as at 31 December 2020 amounted to EUR 25,714,963 in the Company and EUR 15,779,010 in the Group.

The Company/Group assesses the fair value of part of investment property based on valuation, whereas for a smaller part of investment property, it uses the method of the total value of expected future cash flows generated through renting. The fair value of investment property based on valuations was not prepared in 2020. The company Group estimates that there were no significant changes in the property market during the period considered, so these remained unchanged.

#### Movements in investment property in 2020 - Company

(in EUR)	Land	Buildings	Total
<b>Cost</b>			
<b>Balance at 31 Dec 2019</b>	<b>14,498,451</b>	<b>17,419,367</b>	<b>31,917,818</b>
Transfer from property, plant and equipment	0	11,404	11,404
<b>Balance at 31 Dec 2020</b>	<b>14,498,451</b>	<b>17,430,771</b>	<b>31,929,222</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 Dec 2019</b>	<b>-8,260</b>	<b>7,642,795</b>	<b>7,634,535</b>
Depreciation	0	572,539	572,539
Transfer from property, plant and equipment	0	507	507
<b>Balance at 31 Dec 2020</b>	<b>-8,260</b>	<b>8,215,841</b>	<b>8,207,581</b>
<b>Carrying amount</b>			
<b>Balance at 31 Dec 2019</b>	<b>14,506,711</b>	<b>9,776,572</b>	<b>24,283,283</b>
<b>Balance at 31 Dec 2020</b>	<b>14,506,711</b>	<b>9,214,930</b>	<b>23,721,641</b>



## Movements in investment property in 2019 - Company

(in EUR)	Land	Buildings	Total
<b>Cost</b>			
<b>Balance at 31 Dec 2018</b>	<b>14,546,862</b>	<b>18,024,826</b>	<b>32,571,688</b>
Transfer from investments in course of construction	0	1,669,807	1,669,807
Transfer to property, plant and equipment	-48,411	-2,275,266	-2,323,677
<b>Balance at 31 Dec 2019</b>	<b>14,498,451</b>	<b>17,419,367</b>	<b>31,917,818</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 Dec 2018</b>	<b>0</b>	<b>7,955,587</b>	<b>7,955,587</b>
Depreciation	0	571,859	571,859
Transfer to property, plant and equipment	-8,260	-884,651	-884,651
<b>Balance at 31 Dec 2019</b>	<b>-8,260</b>	<b>7,642,795</b>	<b>7,634,535</b>
<b>Carrying amount</b>			
<b>Balance at 31 Dec 2018</b>	<b>14,546,862</b>	<b>10,069,239</b>	<b>24,616,101</b>
<b>Balance at 31 Dec 2019</b>	<b>14,506,711</b>	<b>9,776,572</b>	<b>24,283,283</b>

## Movements in investment property in 2020 - Group

(in EUR)	Land	Buildings	Total
<b>Cost</b>			
<b>Balance at 31 Dec 2019</b>	<b>11,256,486</b>	<b>7,145,763</b>	<b>18,402,249</b>
Transfer from property, plant and equipment	0	0	0
<b>Balance at 31 Dec 2020</b>	<b>11,256,486</b>	<b>7,145,763</b>	<b>18,402,249</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 Dec 2019</b>	<b>0</b>	<b>3,315,028</b>	<b>3,315,028</b>
Depreciation	0	242,591	242,591
Transfer from property, plant and equipment	0	0	0
<b>Balance at 31 Dec 2020</b>	<b>0</b>	<b>3,557,619</b>	<b>3,557,619</b>
<b>Carrying amount</b>			
<b>Balance at 31 Dec 2019</b>	<b>11,256,486</b>	<b>3,830,735</b>	<b>15,087,221</b>
<b>Balance at 31 Dec 2020</b>	<b>11,256,486</b>	<b>3,588,144</b>	<b>14,844,630</b>

## Movements in investment property in 2019 - Group

(in EUR)	Land	Buildings	Total
<b>Cost</b>			
<b>Balance at 31 Dec 2018</b>	<b>11,256,486</b>	<b>7,387,094</b>	<b>18,643,580</b>
Transfer from investments in course of construction	0	1,415,791	1,415,791
Transfer to property, plant and equipment	0	-1,657,122	-1,657,122
<b>Balance at 31 Dec 2019</b>	<b>11,256,486</b>	<b>7,145,763</b>	<b>18,402,249</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 Dec 2018</b>	<b>0</b>	<b>3,773,002</b>	<b>3,773,002</b>
Depreciation	0	242,743	242,743
Transfer to intangible long-term assets	0	-700,717	-700,717
<b>Balance at 31 Dec 2019</b>	<b>0</b>	<b>3,315,028</b>	<b>3,315,028</b>
<b>Carrying amount</b>			
<b>Balance at 31 Dec 2018</b>	<b>11,256,486</b>	<b>3,614,092</b>	<b>14,870,578</b>
<b>Balance at 31 Dec 2019</b>	<b>11,256,486</b>	<b>3,830,735</b>	<b>15,087,221</b>

## Note 14. Intangible assets

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Long-term property rights	1,881,584	2,053,785	2,058,861	2,286,740
<b>Total</b>	<b>1,881,584</b>	<b>2,053,785</b>	<b>2,058,861</b>	<b>2,286,740</b>

In the Company, the cost of the intangible assets in use, of which the carrying value as at 31 December 2020 equalled zero, is recorded at EUR 5,802,289 (2019: EUR 5,811,055). In the Group, such assets amounted to EUR 5,807,993 as at 31 December 2020 (31 Dec 2019: EUR 5,816,760).

As at 31 December 2020, the Company/Group, recorded commitments to purchase intangible assets in the amount of EUR 34,000 (2019: EUR 87,814).

Intangible assets were not pledged as collateral as at 31 December 2020.

Intangible assets of the Company/Group include industrial property rights and other rights, as well as costs of development. Industrial property rights and other rights comprise computer software, information systems and development-related projects. Development costs in the amount of EUR 78,149 recorded in the Group relate to the company TOC, d. o. o. in connection with the CAPSorb project (development of efficient ecological absorbents to control spills of all types of hydrophilic and hydrophobic hazardous and non-hazardous substances on hard and on water surfaces).

## Movements in intangible assets in 2020 - Company

(in EUR)	Industrial property and other rights	Intangible assets being acquired	Total
<b>Cost</b>			
<b>Balance at 31 Dec 2019</b>	<b>12,551,799</b>	<b>56,750</b>	<b>12,608,549</b>
Additions	0	133,497	133,497
Transfer from investments in course of construction	467,028	0	467,028
Disposals	-20,951	0	-20,951
Transfer to property, plant and equipment	0	-4,762	-4,762
<b>Balance at 31 Dec 2020</b>	<b>12,997,876</b>	<b>185,485</b>	<b>13,183,361</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 Dec 2019</b>	<b>10,554,764</b>	<b>0</b>	<b>10,554,764</b>
Depreciation	767,964	0	767,964
Disposals	-20,951	0	-20,951
<b>Balance at 31 Dec 2020</b>	<b>11,301,777</b>	<b>0</b>	<b>11,301,777</b>
<b>Carrying amount</b>			
<b>Balance at 31 Dec 2019</b>	<b>1,997,035</b>	<b>56,750</b>	<b>2,053,785</b>
<b>Balance at 31 Dec 2020</b>	<b>1,696,099</b>	<b>185,485</b>	<b>1,881,584</b>

## Movements in intangible assets in 2019 - Company

(in EUR)	Industrial property and other rights	Intangible assets being acquired	Total
<b>Cost</b>			
<b>Balance at 31 Dec 2018</b>	<b>12,409,044</b>	<b>62,123</b>	<b>12,471,167</b>
Additions	0	42,834	42,834
Transfer from investments in course of construction	142,755	-42,303	100,452
Transfer to property, plant and equipment	0	-5,904	-5,904
<b>Balance at 31 Dec 2019</b>	<b>12,551,799</b>	<b>56,750</b>	<b>12,608,549</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 Dec 2018</b>	<b>9,865,705</b>	<b>0</b>	<b>9,865,705</b>
Depreciation	689,059	0	689,059
<b>Balance at 31 Dec 2019</b>	<b>10,554,764</b>	<b>0</b>	<b>10,554,764</b>
<b>Carrying amount</b>			
<b>Balance at 31 Dec 2018</b>	<b>2,543,339</b>	<b>62,123</b>	<b>2,605,462</b>
<b>Balance at 31 Dec 2019</b>	<b>1,997,035</b>	<b>56,750</b>	<b>2,053,785</b>

## Movements in intangible assets in 2020 - Group

(in EUR)	Development costs	Industrial property and other rights	Intangible assets being acquired	Total
<b>Cost</b>				
<b>Balance at 31 Dec 2019</b>	<b>390,746</b>	<b>12,790,524</b>	<b>64,635</b>	<b>13,245,905</b>
Additions	0	0	133,497	133,497
Transfer from investments in course of construction	0	467,028	0	467,028
Disposals	0	-20,951	0	-20,951
Transfer to property, plant and equipment	0	0	-4,762	-4,762
<b>Balance at 31 Dec 2020</b>	<b>390,746</b>	<b>13,236,601</b>	<b>193,370</b>	<b>13,820,717</b>
<b>Accumulated depreciation</b>				
<b>Balance at 31 Dec 2019</b>	<b>273,522</b>	<b>10,685,643</b>	<b>0</b>	<b>10,959,165</b>
Depreciation	39,075	784,567	0	823,642
Disposals	0	-20,951	0	-20,951
<b>Balance at 31 Dec 2020</b>	<b>312,597</b>	<b>11,449,259</b>	<b>0</b>	<b>11,761,856</b>
<b>Carrying amount</b>				
<b>Balance at 31 Dec 2019</b>	<b>117,224</b>	<b>2,104,881</b>	<b>64,635</b>	<b>2,286,740</b>
<b>Balance at 31 Dec 2020</b>	<b>78,149</b>	<b>1,787,342</b>	<b>193,370</b>	<b>2,058,861</b>

## Movements in intangible assets in 2019 - Group

(in EUR)	Development costs	Industrial property and other rights	Intangible assets being acquired	Total
<b>Cost</b>				
<b>Balance at 31 Dec 2017</b>	<b>390,746</b>	<b>12,647,769</b>	<b>70,009</b>	<b>13,108,524</b>
Additions	0	0	42,834	42,834
Transfer from investments in course of construction	0	142,755	-42,304	100,451
Transfer to property, plant and equipment	0	0	-5,904	-5,904
<b>Balance at 31 Dec 2018</b>	<b>390,746</b>	<b>12,790,524</b>	<b>64,635</b>	<b>13,245,905</b>
<b>Accumulated depreciation</b>				
<b>Balance at 31 Dec 2017</b>	<b>234,447</b>	<b>9,979,980</b>	<b>0</b>	<b>10,214,427</b>
Depreciation	39,075	705,663	0	744,738
<b>Balance at 31 Dec 2018</b>	<b>273,522</b>	<b>10,685,643</b>	<b>0</b>	<b>10,959,165</b>
<b>Carrying amount</b>				
<b>Balance at 31 Dec 2017</b>	<b>156,299</b>	<b>2,667,789</b>	<b>70,009</b>	<b>2,894,097</b>
<b>Balance at 31 Dec 2018</b>	<b>117,224</b>	<b>2,104,881</b>	<b>64,635</b>	<b>2,286,740</b>

## Note 15. Other non-current assets

	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>Balance at 31 Dec</b>	<b>17,752,840</b>	<b>4,542,623</b>	<b>17,853,040</b>	<b>4,780,591</b>
Increase	1,231,764	19,561,694	1,232,380	19,663,194
Transfer to property, plant and equipment	-17,895,460	-6,351,477	-17,896,076	-6,590,745
Repayment	0	0	-100,200	0
<b>End of period</b>	<b>1,089,144</b>	<b>17,752,840</b>	<b>1,089,144</b>	<b>17,853,040</b>

Under non-current assets, the Company/Group records advances given for purchase of property, plant and equipment.

The decrease in other non-current assets is due to the transfer to use, i.e. under property, plant and equipment.

## Note 16. Shares and interests in Group companies

### Investments in subsidiaries

Recorded only by the controlling company, investments in subsidiaries amounted to EUR 4,533,063 as at 31 December 2020 (there was no change since the previous year end).

Investments in subsidiaries are not pledged as collateral.

Detailed presentation of transactions with subsidiaries is provided in Note 31 of this report.

### Investments in subsidiaries

(in EUR)	Equity interest (in %)	Investments at 31 Dec 2020	Equity at 31 Dec 2020	Net sales revenues in 2020	Net profit or loss for 2020	No of employees 31 Dec 2020
Luka Koper INPO, d. o. o.	100%	1,336,288	23,868,546	6,324,919	655,380	131
Luka Koper Pristan, d. o. o.	100%	485,000	1,354,337	285,825	-40,575	3
Adria Terminali, d. o. o.	100%	226,000	1,351,550	2,773,396	163,429	24
Adria Investicije, d. o. o.	100%	1,775,775	152,136	77,504	39,421	0
Logis-Nova, d. o. o.	100%	710,000	701,795	19,838	10,703	0
TOC, d. o. o.	68.13%	0	751,594	389,218	11,949	5
<b>Total</b>		<b>4,533,063</b>				

## Note 17. Shares and interests in associates

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Shares and interests in associates	6,737,709	6,737,709	14,168,687	13,800,913
<b>Total</b>	<b>6,737,709</b>	<b>6,737,709</b>	<b>14,168,687</b>	<b>13,800,913</b>

The Company's/Group's shares and interests in associates are not pledged as collateral. In 2020, the associated company Adria Transport, d. o. o. established the company Adria Transport Croatia, d. o. o. based in Croatia.

## Movements in shares and interests in associates - Group

(in EUR)	2020	2019
<b>Balance at 1 Jan</b>	<b>13,800,193</b>	<b>13,754,815</b>
Increase in the amount of attributed profits	1,224,318	1,375,549
Decreases in the amount of the distribution of profits	-855,823	-1,330,171
<b>Balance at 31 Dec</b>	<b>14,168,687</b>	<b>13,800,193</b>

Profits in the total amount of EUR 1,224,318 were generated in 2020 in connection with investments in associates, of which EUR 258,668 relating to Adria Transport, d. o. o., EUR -62,523 to Adria Transport Croatia, d.o.o., EUR 315,236 to Adria-Tow, d. o. o., EUR 174,475 to Adriaфин, d. o. o., and EUR 538,461 to Avtoservis, d. o. o.

## Significant data on associates in 2020

(in EUR)	Equity interest (in %)	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Net profit or loss	Profit or loss attributable to the Group	Other comprehensive income	Payment of previous year's profit
Adria Transport, d. o. o.	50	9,411,556	3,993,861	6,199,373	2,588,130	10,007,103	517,335	258,668	514,452	0
Adria Transport Croatia, d. o. o.	50	0	254,341	249,696	126,819	1,750	-125,045	-62,523	-125,045	0
Adria-Tow, d. o. o.	50	8,043,366	5,652,885	1,171,639	1,375,828	5,314,602	630,472	315,236	626,218	336,000
Adriaфин, d. o. o.	50	8,080,474	2,424,767	0	6,247	4,671	348,950	174,475	348,950	174,000
Avtoservis, d. o. o.	49	846,210	2,917,843	103,355	347,806	5,731,131	1,098,901	538,461	1,090,043	345,823

## Significant data on associates in 2019

(in EUR)	Equity interest (in %)	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Net profit or loss	Profit or loss attributable to the Group	Other comprehensive income	Payment of previous year's profit
Adria Transport, d. o. o.	50	11,030,574	3,612,783	7,709,479	2,830,415	11,042,732	574,356	287,178	578,126	150,000
Adria-Tow, d. o. o.	50	9,505,496	5,267,608	2,165,432	1,412,872	6,313,097	1,345,473	672,737	1,332,408	400,000
Adriaфин, d. o. o.	50	8,080,474	2,423,958	0	6,388	4,671	136,229	68,115	136,229	250,000
Avtoservis, d. o. o.	49	982,563	2,122,808	109,079	341,694	5,731,131	873,427	427,979	696,205	480,634

## Note 18. Other non-current investments

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Other investments measured at fair value through profit or loss	911,985	920,103	3,397,760	3,405,878
Other investments in securities measured at fair value through equity	43,311,164	35,888,758	44,025,411	36,769,252
<b>Total</b>	<b>44,223,149</b>	<b>36,808,861</b>	<b>47,423,171</b>	<b>40,175,130</b>

Other non-current investment primarily comprise investments in securities and equity interests. Investments in securities include investments in shares in Krka, d. d. and Intereuropa, d. d., whose value as at 31 December 2020 was EUR 41,224,806 in the Company, and EUR 41,939,053 in the Group, and in mutual funds, whose value was EUR 2,086,358 in the Company and Group.

Other investments measured at fair value through profit or loss refer to investments in other companies, where the Company's/Group's equity interest is less than 20%, and two companies that are fully (100%) owned by the controlling company and are not consolidated due to insignificance within the Group.

### Movements in other non-current investments

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>Balance at 1 Jan</b>	<b>36,808,861</b>	<b>31,437,485</b>	<b>40,175,130</b>	<b>35,524,158</b>
<b>Increase</b>				
Revaluation to fair value through the statement of other comprehensive income	7,422,406	5,380,100	7,256,159	4,659,696
<b>Decrease</b>				
Revaluation to fair value through profit or loss	-8,118	-8,724	-8,118	-8,724
<b>Balance at 31 Dec</b>	<b>44,223,149</b>	<b>36,808,861</b>	<b>47,423,171</b>	<b>40,175,130</b>



**Note 19. Deferred tax assets and deferred tax liabilities**

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	Receivables		Liabilities		Receivables		Liabilities	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>Deferred tax assets and deferred tax liabilities relating to:</b>								
- impairment of investments in subsidiaries	509,689	538,738	0	0	509,689	538,738	0	0
- impairment of other investments and deductible temporary differences arising on securities	9,156,152	9,155,381	5,165,890	3,755,633	9,177,320	9,176,547	5,250,122	3,871,451
- allowances for trade receivables	153,661	252,010	0	0	229,100	326,549	0	0
- provisions for retirement benefits	405,177	348,268	0	0	463,234	392,450	0	0
- provisions for jubilee premiums	76,405	63,807	0	0	81,994	68,718	0	0
- non-current accrued costs and deferred income for public utility service	453,983	453,983	0	0	453,983	453,983	0	0
<b>Total</b>	<b>10,755,067</b>	<b>10,812,187</b>	<b>5,165,890</b>	<b>3,755,633</b>	<b>10,915,320</b>	<b>10,956,985</b>	<b>5,250,122</b>	<b>3,871,451</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-5,165,890	-3,755,633	-5,165,890	-3,755,633	-5,250,122	-3,871,451	-5,250,122	-3,871,451
<b>Total</b>	<b>5,589,177</b>	<b>7,056,554</b>	<b>0</b>	<b>0</b>	<b>5,665,198</b>	<b>7,085,534</b>	<b>0</b>	<b>0</b>

Deferred tax assets represent deductible temporary differences arising on securities, non-current investments, impairment of receivables, provisions for retirement benefits and jubilee premiums, and deferred income from public utility service. In 2020, deferred taxes increased the Company's operating result by EUR 79,315 (2019: EUR 25,802), and the Group's operating result by EUR 75,113 (2019: EUR 24,758).

As at the 31 December 2020, the Company conducted an off-set of part of its deferred tax liabilities with receivables in the amount of EUR 5,165,890 (2019: EUR 3,755,633), whereas in the Group the off-set amount was EUR 5,250,122 (2019: EUR 3,871,451).

Within deferred taxes, the Group also records deferred taxes relating to impairment of investments in subsidiaries, which due to being a tax item of the controlling company, is not excluded. They are formed for the subsidiaries that have been defined as non-strategic for the Company and are also subject to various types of withdrawal or disinvestment.

#### Movements in deferred tax assets and deferred tax liabilities in 2020 - Luka Koper, d. d.

(in EUR)	Receivables				Liabilities		
	Balance at 31 Dec 2019	Recognised in the income statement	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2020	Balance at 31 Dec 2019	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2020
Deferred tax assets and deferred tax liabilities relating to:							
- impairment of investments in subsidiaries	538,738	-29,049	0	509,689	0	0	0
- impairment of other investments and deductible temporary differences arising on securities	9,155,381	771	0	9,156,151	3,755,633	1,410,257	5,165,890
- allowances for trade receivables	252,010	-98,349	0	153,661	0	0	0
- provisions for retirement benefits	348,268	34,714	22,196	405,178	0	0	0
- provisions for jubilee premiums	63,807	12,598	0	76,405	0	0	0
- non-current accrued costs and deferred income for public utility service	453,983	0	0	453,983	0	0	0
<b>Total</b>	<b>10,812,187</b>	<b>-79,315</b>	<b>22,196</b>	<b>10,755,067</b>	<b>3,755,633</b>	<b>1,410,257</b>	<b>5,165,890</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-3,755,633	0	-1,410,257	-5,165,890	-3,755,633	-1,410,257	-5,165,890
<b>Deferred tax assets in the Company's statement of financial position</b>	<b>7,056,554</b>	<b>-79,315</b>	<b>-1,388,061</b>	<b>5,589,177</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Movements in deferred tax assets and deferred tax liabilities in 2019 - Luka Koper, d. d.**

(in EUR)	Receivables				Liabilities		
	Balance at 31 Dec 2018	Recognised in the income statement	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2019	Balance at 31 Dec 2018	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2019
Deferred tax assets and deferred tax liabilities relating to:							
- impairment of investments in subsidiaries	538,738	0	0	538,738	0	0	0
- impairment of other investments and deductible temporary differences arising on securities	9,270,524	-115,144	0	9,155,380	2,732,988	1,022,644	3,755,632
- allowances for trade receivables	205,643	46,367	0	252,010	0	0	0
- provisions for retirement benefits	285,021	33,541	29,706	348,268	0	0	0
- provisions for jubilee premiums	54,374	9,434	0	63,808	0	0	0
- non-current accrued costs and deferred income for public utility service	453,983	0	0	453,983	0	0	0
<b>Total</b>	<b>10,808,283</b>	<b>-25,802</b>	<b>29,706</b>	<b>10,812,187</b>	<b>2,732,988</b>	<b>1,022,644</b>	<b>3,755,632</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,732,988	0	-1,022,644	-3,755,632	-2,732,988	-1,022,644	-3,755,632
<b>Deferred tax assets in the Company's statement of financial position</b>	<b>8,075,295</b>	<b>-25,802</b>	<b>-992,938</b>	<b>7,056,555</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Movements in deferred tax assets and deferred tax liabilities in 2020 - Luka Koper Group

(in EUR)	Receivables			Liabilities			
	Balance at 31 Dec 2019	Recognised in the income statement	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2020	Balance at 31 Dec 2019	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2020
Deferred tax assets and deferred tax liabilities relating to:							
- impairment of investments in subsidiaries	538,738	-29,049	0	509,689	0	0	0
- impairment of other investments and deductible temporary differences arising on securities	9,176,547	771	0	9,177,318	3,871,451	1,378,670	5,250,121
- allowances for trade receivables	326,549	-97,449	0	229,100	0	0	0
- provisions for retirement benefits	392,450	37,338	33,447	463,235	0	0	0
- provisions for jubilee premiums	68,718	13,276	0	81,994	0	0	0
- non-current accrued costs and deferred income for public utility service	453,983	0	0	453,983	0	0	0
<b>Total</b>	<b>10,956,985</b>	<b>-75,113</b>	<b>33,447</b>	<b>10,915,319</b>	<b>3,871,451</b>	<b>1,378,670</b>	<b>5,250,121</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-3,871,451	0	-1,378,670	-5,250,121	-3,871,451	-1,378,670	-5,250,121
<b>Deferred tax assets in the Group's statement of financial position</b>	<b>7,085,534</b>	<b>-75,113</b>	<b>-1,345,223</b>	<b>5,665,198</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Movements in deferred tax assets and deferred tax liabilities in 2019 - Luka Koper Group

(in EUR)		Receivables			Liabilities		
	Balance at 31 Dec 2018	Recognised in the income statement	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2019	Balance at 31 Dec 2018	Recognised in the statement of other comprehensive income	Balance at 31 Dec 2019
Deferred tax assets and deferred tax liabilities relating to:							
- impairment of investments in subsidiaries	538,738	0	0	538,738	0	0	0
- impairment of other investments and deductible temporary differences arising on securities	9,291,691	-115,144	0	9,176,547	2,985,684	885,767	3,871,451
- allowances for trade receivables	284,026	42,524	0	326,550	0	0	0
- provisions for termination benefits	319,373	38,068	35,009	392,450	0	0	0
- provisions for jubilee premiums	58,924	9,794	0	68,718	0	0	0
- non-current accrued costs and deferred income for public utility service	453,983	0	0	453,983	0	0	0
<b>Total</b>	<b>10,946,736</b>	<b>-24,758</b>	<b>35,009</b>	<b>10,956,987</b>	<b>2,985,684</b>	<b>885,767</b>	<b>3,871,451</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,985,684	0	-885,767	-3,871,451	-2,985,684	-885,767	-3,871,451
<b>Deferred tax assets in the Group's statement of financial position</b>	<b>7,961,052</b>	<b>-24,758</b>	<b>-850,758</b>	<b>7,085,536</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 20. Inventories

As at 31 December 2020, inventories in the Company/Group were recorded at EUR 1,362,768 (2019: EUR 1,422,498). A larger portion thereof relates to maintenance material and spare parts, as well as to overhead-related material and auxiliary material.

## Note 21. Trade and other receivables

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Current operating receivables:				
domestic market	14,143,825	19,133,717	14,565,352	19,612,271
foreign markets	19,758,604	17,324,285	19,891,807	17,462,130
Current operating receivables due from Group companies	288,962	294,598	0	0
Current operating receivables due from associates	89,557	78,263	89,557	78,263
<b>Current trade receivables</b>	<b>34,280,948</b>	<b>36,830,862</b>	<b>34,546,716</b>	<b>37,152,665</b>
Advances and collaterals given	36,868	64,999	36,855	65,451
Receivables due from the state	1,928,337	2,340,993	2,038,205	2,471,790
Other current receivables	379,394	220,511	438,682	250,896
<b>Trade receivables</b>	<b>36,625,547</b>	<b>39,457,365</b>	<b>37,060,458</b>	<b>39,940,802</b>
Current deferred costs and expenses	3,932,685	3,447,639	3,937,582	3,450,094
Accrued income	634,361	437,832	634,360	437,831
<b>Other receivables</b>	<b>4,567,046</b>	<b>3,885,471</b>	<b>4,571,942</b>	<b>3,887,925</b>
<b>Total</b>	<b>41,192,593</b>	<b>43,342,836</b>	<b>41,632,400</b>	<b>43,828,727</b>

As at 31 December 2020, the value of trade and other receivables in the Company was EUR 41,192,593 which is a decrease by EUR 2,150,244 from the previous year-end. The Group presented EUR 41,632,400 of trade and other receivables at the end of 2020, which is a decrease by EUR 2,196,327 from the previous year-end. In 2019, the controlling company received from the Financial Administration of the Republic of Slovenia a notice regarding the assessment of corporate income tax for 2017 amounting to EUR 3,058,642, and settled the obligation. The liability was presented under current deferred costs and expenses since the Company appealed the tax notice.

With most trade receivables, the Company/Group has an option to enforce a legal lien over the stored goods in its possession.

The Company/Group checks its overdue receivables pursuant to the Accounting Manual, and regularly forms related allowances in the event of delayed payments. In accordance with IFRS 9 – Financial Instruments and based on its accounting policy, the Company/Group forms revaluation adjustment for receivables for not matured claims per key risk criteria. On that basis, the Company/Group had less than one percent of such outstanding and not matured claims that included the risk of default. In 2020, the Company formed allowances for receivables in the amount of EUR 436,608 and EUR 446,476, and eliminated the allowance for collected or written-off receivables amounting to EUR 491,868 and EUR 496,993 respectively.

As at 31 December 2020, the Company/Group recorded no receivables from Members of the Management Board or the Supervisory Board.

Other receivables of the Company and the Group include short-term accrued income in the amount of EUR 634,361 and EUR 634,631 respectively, which refer to income arising on expenses for European development projects, co-financed by European institutions, and short-term deferred costs in the amount of EUR 3,932,685 and EUR 3,937,582 respectively.

**Maturity of current trade receivables and receivables relating to finance income**

Luka Koper, d. d.

(in EUR)	31 Dec 2020	Allowances 31 Dec 2020	31 Dec 2019	Allowances 31 Dec 2019
Outstanding and undue trade receivables	29,265,207	-122,075	31,369,533	-54,731
Past due receivables:				
up to 30 days	4,169,812	-41,698	3,749,175	-37,492
31 to 60 days overdue	615,812	-61,553	764,795	-76,480
61 to 90 days overdue	216,618	-43,324	494,431	-98,886
91 to 180 days overdue	358,901	-76,752	1,016,842	-296,350
more than 180 days overdue	294,873	-294,873	593,986	-593,961
<b>Total</b>	<b>34,921,223</b>	<b>-640,275</b>	<b>37,988,762</b>	<b>-1,157,900</b>

Note: the amount comprises trade receivables and receivables due from subsidiaries and associates.

Luka Koper Group

(in EUR)	31 Dec 2020	Allowances 31 Dec 2020	31 Dec 2019	Allowances 31 Dec 2019
Outstanding and undue trade receivables	29,354,835	-124,512	31,436,955	-57,137
Past due receivables:				
up to 30 days	4,292,357	-42,924	3,945,120	-39,450
31 to 60 days overdue	658,544	-63,879	830,886	-83,089
61 to 90 days overdue	223,977	-41,255	496,075	-99,215
91 to 180 days overdue	370,721	-85,265	1,023,518	-298,619
more than 180 days overdue	683,609	-679,493	970,320	-972,700
<b>Total</b>	<b>35,584,043</b>	<b>-1,037,328</b>	<b>38,702,874</b>	<b>-1,550,210</b>

Note: the amount comprises trade receivables and receivables due from associates.

As at 31 December 2020, the Company disclosed allowances for receivables amounting to EUR 640,275, a decrease from the preceding year end by EUR 517,625. The decrease is due to the payment of receivables for which an allowance for receivables was formed in previous years, and the elimination of the formed allowance for receivables that were finally written off. Compared to the previous year, the definitive write-off increased mainly due to the completion of bankruptcy proceedings against one of the buyers. As at 31 December 2020, the Group disclosed allowances for receivables amounting to EUR 1,037,328 which is a decrease from the preceding year end by EUR 512,882, mainly resulting from the described movement in the controlling company.

**Movements in allowances**

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
<b>Balance at 1 Jan</b>	<b>1,157,900</b>	<b>851,240</b>	<b>1,550,210</b>	<b>1,263,702</b>
<b>Increase:</b>				
Formation of allowances in the year	436,608	514,659	446,476	524,353
<b>Decrease:</b>				
Collected receivables written off	-491,868	-195,844	-496,993	-208,833
Definitive write-off (removal) of receivables	-462,365	-12,155	-462,365	-29,012
<b>Balance at 31 Dec</b>	<b>640,275</b>	<b>1,157,900</b>	<b>1,037,328</b>	<b>1,550,210</b>



## Note 22. Cash and cash equivalents

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Cash in hand	577	140	10,303	11,397
Bank balances	17,050,893	15,846,452	39,031,118	21,038,923
Current deposits	20,000,000	50,000,000	21,980,000	51,980,000
<b>Total</b>	<b>37,051,470</b>	<b>65,846,592</b>	<b>61,021,421</b>	<b>73,030,320</b>

Luka Koper, d. d. has secured two revolving loans in the total amount of EUR 16,000,000, from the subsidiary Luka Koper INPO, d. o. o., which were not drawn as at 31 December 2020, whereas as at 31 December 2019, the Company had no undrawn loans.

## Note 23. Equity

### Share capital

Share capital in the amount of EUR 58,420,965 consists of 14,000,000 shares of the controlling company Luka Koper, d.d. that are freely transferable. The nominal value of a share is EUR 4.17.

The ownership structure, the movement of the share price and the dividend policy are outlined in detail in the Business Report of the Luka Koper Group, Section 15, 'The LKPG Share'.

### Capital surplus (share premium) and revenue reserves

The Company/Group records legal reserves in the amount of at least 10% of share capital as required by the Companies Act (ZGD-1). Legal reserves and share premium are not included in the accumulated profit and are not subject to distribution. The Company/Group has no statutory reserves, as they are not envisaged under its articles of association. Pursuant to Article 230 (3) of the Companies Act, at the year-end of 2020, the controlling company formed additional other revenue reserves in the amount of a half of net profit or loss, which equalled EUR 15,636,375.

(in EUR)	31 Dec 2020	31 Dec 2019
Share premium	89,562,703	89,562,703
Legal reserves	18,765,115	18,765,115
Other revenue reserves	191,182,419	175,546,044
<b>Total</b>	<b>299,510,237</b>	<b>283,873,862</b>

### Reserves arising from valuation at fair value

At the year-end of 2020, reserves arising on valuation at fair value with respect to the valuation of investments measured at fair value and with respect to unrealised actuarial gains and losses, amounted to EUR 25,375,824 in the Company, and EUR 25,560,493 in the Group. After deducting deferred taxes, they are recorded at EUR 20,382,176 and 20,507,185 respectively.

### Retained earnings

Retained earnings consist of the unappropriated portion of the net profit for the period, which as at 31 December 2020 amounted to EUR 15,636,375 in the Company and EUR 16,389,381 in the Group, and net profit brought forward that was recorded at EUR 15,001,454 and EUR 46,593,396 respectively.

### Use of accumulated profit from 31 December 2019

In 2020, the Management and Supervisory Board proposed to the Shareholders' Meeting to appropriate the accumulated profit, which as at 31 December 2019 amounted to EUR 30,013,664, as follows:

- A portion in the amount of EUR 12,880,000 is to be used for dividend pay-out in the gross value of EUR 0.92 per ordinary share,
- The residual amount of accumulated profit in the amount of EUR 17,133,664 to remain unappropriated.

During the 33rd Shareholders' Meeting of Luka Koper, d. d. on 26 August 2020, the counter-proposal proposed by Slovenian Sovereign Holding on its own behalf and on behalf of the Republic of Slovenia was approved, which specified:

- A portion in the amount of EUR 14,980,000 is to be used for dividend pay-out in the gross value of EUR 1.07 per ordinary share,
- The residual amount of accumulated profit in the amount of EUR 15,033,664 to remain unappropriated.

The statement of accumulated profit for the financial year 2020 is provided in Section 34, 'Statement of accumulated profit'.

## Note 24. Provisions

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Provisions for pensions and similar liabilities	6,671,094	5,298,377	7,341,062	5,815,145
Provisions for legal disputes	10,601,960	15,913,397	10,601,960	15,913,397
<b>Total</b>	<b>17,273,054</b>	<b>21,211,774</b>	<b>17,943,022</b>	<b>21,728,542</b>

Provisions for pensions and similar liabilities are composed of provisions for termination benefits and jubilee premiums as well as the post-employment benefits plan (one-off payment on retirement).

As at 31 December 2020, the Company/Group recorded EUR 1,601,811 liabilities under post-employment benefits, which are paid by some companies in the Group.

Based on actuarial calculation, in the Company, the unrealised actuarial loss from the current and preceding year with respect to termination benefits amounting to EUR 265,847 was recorded in other comprehensive income, whereas the Group recorded EUR 352,066 of actuarial loss. The Company/Group recognised in the income statement the current service cost with respect to termination benefits and jubilee premiums in the amount of EUR 528,939 in the Company, and EUR 585,664 in the Group, and the interest cost amounting to EUR 25,067, and EUR 27,894 respectively. In 2020, payments under jubilee premiums and termination benefits amounted to EUR 127,781 in the Company, and EUR 155,615 in the Group.

### Sensitivity analysis - Luka Koper, d. d.

Actuarial assumption	Change on the item * (percentage point)	Change in the present value of the liability (in EUR) for			
		jubilee premiums		retirement benefits	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Discount rate	+ 0,5	-40.402	-33.603	-290.786	-241.068
	- 0,5	43.996	36.527	323.425	265.579
Salary increase	+ 0,5	43.030	35.824	315.236	259.014
	- 0,5	-40.547	-27.321	-288.860	-240.063
Staff turnover	+ 0,5	-40.979	-34.232	-294.345	-244.240
	- 0,5	33.311	34.939	156.109	210.141

## Sensitivity analysis - Luka Koper Group

Actuarial assumption	Change on the item * (percentage point)	Change in the present value of the liability (in EUR) for			
		jubilee premiums		retirement benefits	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Discount rate	+ 0,5	-42.954	-35.969	-312.930	-257.973
	- 0,5	46.758	39.088	347.591	283.986
Salary increase	+ 0,5	45.733	38.336	338.697	277.013
	- 0,5	-43.110	-29.206	-310.939	-257.075
Staff turnover	+ 0,5	-43.566	-36.642	-316.800	-261.451
	- 0,5	35.254	37.302	165.543	223.080

As at 31 December 2020, provisions for lawsuits in the Company/Group were down by EUR 5,311,437, mainly due to use and reversal of provisions for legal obligations. In accordance with Article 92 of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, the Company/Group does not disclose information on its legal obligations as such disclosure would result in a judgement on the position of the Company/Group in disputes with other parties.

## Movements in provisions - Luka Koper, d. d.

(in EUR)	1. Termination benefits	2. Jubilee premiums	3. Post- employment benefits plan	Total benefits (1, 2 and 3)	Claims and damages	Total
<b>Balance at 31 Dec 2018</b>	<b>3,000,217</b>	<b>572,352</b>	<b>632,262</b>	<b>4,204,831</b>	<b>15,255,961</b>	<b>19,460,792</b>
<b>Movement:</b>						
Formation	777,894	153,642	960,740	1,892,276	2,011,284	3,903,560
Transfer	0	0	-207,453	-207,453	0	-207,453
Absorption	-89,523	-52,982	-424,803	-567,308	-584,891	-1,152,199
Reversal	-22,613	-1,356	0	-23,969	-768,957	-792,926
<b>Balance at 31 Dec 2019</b>	<b>3,665,975</b>	<b>671,656</b>	<b>960,746</b>	<b>5,298,377</b>	<b>15,913,397</b>	<b>21,211,774</b>
<b>Movement:</b>						
Formation	731,144	163,499	1,014,035	1,908,678	66,217	1,974,895
Transfer	0	0	-17,720	-17,720	0	-17,720
Absorption	-99,980	-27,800	-355,250	-483,030	-1,521,284	-2,004,314
Reversal	-32,119	3,092	0	-35,211	-3,856,370	-3,891,581
<b>Balance at 31 Dec 2020</b>	<b>4,265,020</b>	<b>804,263</b>	<b>1,601,811</b>	<b>6,671,094</b>	<b>10,601,960</b>	<b>17,273,054</b>

## Movements in provisions - Luka Koper Group

(in EUR)	1. Termination benefits	2. Jubilee premiums	3. Post- employment benefits plan	Total benefits (1, 2 and 3)	Claims and damages	Total
<b>Balance at 31 Dec 2018</b>	<b>3,361,822</b>	<b>620,254</b>	<b>698,137</b>	<b>4,680,213</b>	<b>15,255,961</b>	<b>19,936,174</b>
<b>Movement:</b>						
Formation	899,477	170,525	960,740	2,030,742	2,011,284	4,042,026
Absorption	-107,632	-65,517	-698,131	-871,280	-584,891	-1,456,171
Reversal	-22,613	-1,917	0	-24,530	-768,957	-793,487
<b>Balance at 31 Dec 2019</b>	<b>4,131,054</b>	<b>723,345</b>	<b>960,746</b>	<b>5,815,145</b>	<b>15,913,397</b>	<b>21,728,542</b>
<b>Movement:</b>						
Formation	924,969	173,390	1,014,035	2,112,394	66,217	2,178,611
Absorption	-126,665	-28,949	-372,970	-528,584	-1,521,284	-2,049,868
Reversal	-53,208	-4,685	0	-57,893	-3,856,370	-3,914,263
<b>Balance at 31 Dec 2020</b>	<b>4,876,150</b>	<b>863,101</b>	<b>1,601,811</b>	<b>7,341,062</b>	<b>10,601,960</b>	<b>17,943,022</b>

## Note 25. Deferred income

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Non-current deferred income for regular maintenance	19,973,192	20,154,593	19,973,192	20,154,593
Non-refundable grants received	4,180,114	4,267,657	4,319,834	4,539,574
Other non-current deferred income	0	0	1,244,138	1,357,654
<b>Total</b>	<b>24,153,306</b>	<b>24,422,250</b>	<b>25,537,164</b>	<b>26,051,821</b>

Non-current deferred income of the Company/Group comprises deferred income on regular maintenance since in compliance with the Concession Agreement, Luka Koper, d. d., has the right and obligation to collect port dues, which is income intended to cover the costs of performing public utility services. With respect to any annual surplus of revenue over costs, the controlling company forms non-current deferred income for covering the costs of public utility services relating to regular maintenance of the port infrastructure in the coming years. In the event that costs exceeded the revenue, the controlling company would be utilising non-current deferred income.

The grants received primarily comprise non-refundable grants and advance payments received with respect to non-refundable funds for investments into EU development projects which are recorded by the controlling company and are utilised in accord with their useful life. Under non-refundable funds received, the Group also records retained contributions on salaries of employees of the Luka Koper INPO, d. o. o. sheltered workshop, i.e. contributions to insurance schemes for retirement pension, disability, sickness, and maternity. The assets were used in compliance with the Vocational Rehabilitation and Employment of Disabled Persons Act for covering 75% of wages for disabled persons and labour costs for the staff for the time spent assisting the disabled persons.

Group's other non-current deferred income comprises non-current deferred income earmarked to cover the costs of depreciation of fixed assets.

## Movements in deferred income - Luka Koper, d. d.

(in EUR)	Non-current deferred income for regular maintenance	Non-refundable grants received	Total
<b>Balance at 31 Dec 2018</b>	<b>19,208,191</b>	<b>4,443,150</b>	<b>23,651,341</b>
<b>Movement:</b>			
Formation	946,402	109,933	1,056,335
Transfer from other liabilities	0	14,159	14,159
Transfer to other liabilities	0	-35,225	-35,225
Absorption	0	-264,360	-264,360
<b>Balance at 31 Dec 2019</b>	<b>20,154,593</b>	<b>4,267,657</b>	<b>24,422,250</b>
<b>Movement:</b>			
Formation	0	154,732	154,732
Transfer to other liabilities	0	-6,073	-6,073
Absorption	-181,401	-236,202	-417,603
<b>Balance at 31 Dec 2020</b>	<b>19,973,192</b>	<b>4,180,114</b>	<b>24,153,306</b>

## Movements in deferred income - Luka Koper Group

(in EUR)	Non-current deferred income for regular maintenance	Non-refundable grants received	Other non-current deferred income	Total
<b>Balance at 31 Dec 2018</b>	<b>19,208,191</b>	<b>4,868,526</b>	<b>1,491,178</b>	<b>25,567,895</b>
<b>Movement:</b>				
Formation	946,402	1,456,359	0	2,402,761
Transfer from other liabilities	0	14,159	0	14,159
Transfer to other liabilities	0	-35,225	0	-35,225
Absorption	0	-1,764,245	-133,524	-1,897,769
<b>Balance at 31 Dec 2019</b>	<b>20,154,593</b>	<b>4,539,574</b>	<b>1,357,654</b>	<b>26,051,821</b>
<b>Movement:</b>				
Formation	0	1,556,871	0	1,556,871
Transfer to other liabilities	0	-6,073	0	-6,073
Absorption	-181,401	-1,770,538	-113,516	-2,065,455
<b>Balance at 31 Dec 2020</b>	<b>19,973,192</b>	<b>4,319,834</b>	<b>1,244,138</b>	<b>25,537,164</b>

## Note 26. Non-current loans and borrowings

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Non-current financial liabilities to Group companies	0	16,000,000	0	0
Non-current borrowings from banks in Slovenia	48,832,648	57,058,740	48,832,648	57,058,740
Non-current borrowings from banks abroad	22,377,049	24.672.131	22,377,049	24.672.131
<b>Total</b>	<b>71,209,697</b>	<b>97,730,871</b>	<b>71,209,697</b>	<b>81,730,871</b>

Non-current financial liabilities to Group companies recorded by the controlling company, Luka Koper, d. d., decreased compared to the previous year due to the payment of a revolving loan received from the subsidiary Luka Koper INPO, d. o. o., whereas in the Luka Koper Group, such liabilities are eliminated in the consolidation process.

At the year-end of 2020, non-current borrowings from banks in the Company/Group amounted to EUR 71,209,697, and have thus decreased by 12.9 percent or EUR 10,521,174 as compared to the year-end of 2019. The decrease is due to the regular repayment of loan principals.

All non-current borrowings from banks are being repaid following the predefined repayment schedule. All liabilities under non-current borrowings from banks are collateralised with blank bills of exchange and financial covenants.

### Movements in non-current borrowings

Luka Koper, d. d.

(in EUR)	Lender		
	Group companies	Banks	Total
<b>Balance at 31 Dec 2018</b>	<b>16,000,000</b>	<b>77,431,499</b>	<b>93,431,499</b>
New borrowings	0	43,716,356	43,716,356
Repayments	0	-28,895,809	-28,895,809
Transfer to current borrowings – the portion that matures within 1 year	0	-10,521,175	-10,521,175
<b>Balance at 31 Dec 2019</b>	<b>16,000,000</b>	<b>81,730,781</b>	<b>97,730,871</b>
Repayments	-16,000,000	0	-16,000,000
Transfer to current borrowings – the portion that matures within 1 year	0	-10,521,174	-10,521,175
<b>Balance at 31 Dec 2020</b>	<b>0</b>	<b>71,209,697</b>	<b>71,209,697</b>

Luka Koper Group

(in EUR)	Lender	
	Banks	Total
<b>Balance at 31 Dec 2018</b>	<b>77,431,499</b>	<b>77,431,499</b>
New borrowings	43,716,356	43,716,356
Repayments	-28,895,809	-28,895,809
Transfer to current borrowings – the portion that matures within 1 year	-10,521,175	-10,521,175
<b>Balance at 31 Dec 2019</b>	<b>81,730,871</b>	<b>81,730,871</b>
Transfer to current borrowings – the portion that matures within 1 year	-10,521,175	-10,521,175
<b>Balance at 31 Dec 2020</b>	<b>71,209,697</b>	<b>71,209,697</b>

**Loan principals (non-current and current borrowings) by type of interest rate****Luka Koper, d. d.**

Balance at 31 Dec 2020

(in EUR)	Currency of loan	Interest rate	Date of maturity	Approved principal amount	Principal at 31 Dec 2020
Loans A	EUR	from 0.839 to 0.850	from 31 Dec 2021 to 31 Dec 2028	59,716,356	37,808,740
Loans B	EUR	Euribor3m + from 0.650 to 0.706	from 30 Jun 2026 to 21 Jul 2031	63,000,000	43,922,131
<b>Total</b>				<b>122,716,356</b>	<b>81,730,872</b>
<b>- whereof current portion</b>					<b>10,521,175</b>

Balance at 31 Dec 2019

(in EUR)	Currency of loan	Interest rate	Date of maturity	Approved principal amount	Principal at 31 Dec 2019
Loans A	EUR	from 0.839 to 0.850	from 31 Dec 2021 to 31 Dec 2028	59,716,356	58,534,832
Loans B	EUR	Euribor3m + from 0.650 to 0.706	from 1 Jul 2019 to 21 Jul 2031	63,000,000	49,717,213
<b>Total</b>				<b>122,716,356</b>	<b>108,252,046</b>
<b>- whereof current portion</b>					<b>10,521,175</b>

**Luka Koper Group**

Balance at 31 Dec 2020

(in EUR)	Currency of loan	Interest rate	Date of maturity	Approved principal amount	Principal at 31 Dec 2020
Loans A	EUR	0.850	31 Dec 2028	43,716,356	37,808,740
Loans B	EUR	Euribor3m + from 0.650 to 0.706	from 30 Jun 2026 to 21 Jul 2031	63,000,000	43,922,131
<b>Total</b>				<b>106,716,356</b>	<b>81,730,871</b>
<b>- whereof current portion</b>					<b>10,521,175</b>

Balance at 31 Dec 2019

(in EUR)	Currency of loan	Interest rate	Date of maturity	Approved principal amount	Principal at 31 Dec 2019
Loans A	EUR	0.850	31 Dec 2028	43,716,356	42,534,832
Loans B	EUR	Euribor3m + from 0.650 to 0.706	from 1 Jul 2019 to 21 Jul 2031	63,000,000	49,717,213
<b>Total</b>				<b>106,716,356</b>	<b>92,252,046</b>
<b>- whereof current portion</b>					<b>10,521,175</b>

**Balance of non-current and current borrowings from banks at par value and by their maturity**

Luka Koper, d. d.

(in EUR)	Principal at 31 Dec 2020	2021	2022	2023	2024	2025	Period 2026-2034
Balance of received loan principals by maturity	81,730,872	10,521,175	10,521,175	10,521,175	10,521,175	10,521,175	29,124,999
Expected interest	1,932,501	468,826	399,489	332,169	265,714	197,460	268,843
<b>Total</b>	<b>83,663,372</b>	<b>10,990,000</b>	<b>10,920,663</b>	<b>10,853,344</b>	<b>10,786,888</b>	<b>10,718,635</b>	<b>29,393,842</b>

(in EUR)	Principal at 31 Dec 2019	2020	2021	2022	2023	2024	Period 2025-2034
Balance of received loan principals by maturity	108,252,046	10,521,175	26,521,175	10,521,175	10,521,175	10,521,175	39,646,174
Expected interest	2,976,220	707,786	636,777	431,774	361,011	291,111	547,761
<b>Total</b>	<b>111,228,266</b>	<b>11,228,960</b>	<b>27,157,952</b>	<b>10,952,949</b>	<b>10,882,185</b>	<b>10,812,286</b>	<b>40,193,935</b>

Luka Koper Group

(in EUR)	Principal at 31 Dec 2020	2021	2022	2023	2024	2025	Period 2026-2034
Balance of bank loan principals by maturity	81,730,872	10,521,175	10,521,175	10,521,175	10,521,175	10,521,175	29,124,999
Expected interest	1,932,501	468,826	399,489	332,169	265,714	197,460	268,843
<b>Total</b>	<b>83,663,372</b>	<b>10,990,000</b>	<b>10,920,663</b>	<b>10,853,344</b>	<b>10,786,888</b>	<b>10,718,635</b>	<b>29,393,842</b>

(in EUR)	Principal at 31 Dec 2019	2020	2021	2022	2023	2024	Period 2025-2034
Balance of bank loan principals by maturity	92,252,046	10,521,175	10,521,175	10,521,175	10,521,175	10,521,175	39,646,174
Expected interest	2,707,740	573,546	502,537	431,774	361,011	291,111	547,761
<b>Total</b>	<b>94,959,786</b>	<b>11,094,720</b>	<b>11,023,712</b>	<b>10,952,949</b>	<b>10,882,185</b>	<b>10,812,286</b>	<b>40,193,935</b>

**Note 27. Non-current operating liabilities**

Non-current operating liabilities comprise non-current collaterals for the operation of the tax warehouse at the liquid cargoes terminal and non-current collaterals received for leased premises. As at 31 December 2020, they amounted to EUR 115,195 (2019: EUR 933,707) in the Company, and EUR 145,939 (2019: 965,934) in the Group.



## Note 28. Current loans and borrowings

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Current borrowings from banks in Slovenia	8,226,093	8,226,093	8,226,093	8,226,093
Current borrowings from banks abroad	2,295,082	2,295,082	2,295,082	2,295,082
<b>Total</b>	<b>10,521,175</b>	<b>10,521,175</b>	<b>10,521,175</b>	<b>10,521,175</b>

Current borrowings from banks as at 31 December 2020 refer to the portion of non-current principal amounts which mature in 2021 according to amortisation schedules.

### Movements in current loans and borrowings

(in EUR)	Luka Koper, d. d.	Luka Koper Group
	Lender Banks	Lender Banks
<b>Balance at 31 Dec 2018</b>	<b>13,685,558</b>	<b>13,685,558</b>
Repayments	-13,685,558	-13,685,558
Transfer from non-current borrowings – the portion that matures within 1 year	10,521,175	10,521,175
<b>Balance at 31 Dec 2019</b>	<b>10,521,175</b>	<b>10,521,175</b>
Repayments	-10,521,174	-10,521,174
Transfer from non-current borrowings – the portion that matures within 1 year	10,521,174	10,521,174
<b>Balance at 31 Dec 2020</b>	<b>10,521,175</b>	<b>10,521,175</b>

## Note 29. Trade and other payables

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Current trade payables to domestic suppliers	25,082,264	21,708,897	25,531,535	22,064,258
Current trade payables to foreign suppliers	1,989,153	1,241,253	2,001,599	1,253,926
Current liabilities to Group companies	458,275	489,859	0	0
Current liabilities to associates	80,001	91,305	80,001	91,305
Current liabilities from advances	2,107,839	3,496,747	2,275,607	3,665,707
Current liabilities to employees	5,386,484	5,280,131	5,787,314	5,640,827
Current liabilities to the state and other institutions	1,175	11,729	14,223	21,023
<b>Total current operating liabilities</b>	<b>35,105,188</b>	<b>32,319,921</b>	<b>35,690,279</b>	<b>32,737,046</b>
<b>Other operating liabilities</b>	<b>3,727,681</b>	<b>3,493,232</b>	<b>4,044,024</b>	<b>3,835,999</b>
<b>Total</b>	<b>38,832,869</b>	<b>35,813,153</b>	<b>39,734,303</b>	<b>36,573,045</b>

As at 31 December 2020, current trade and other payables increased year-on-year both in the Company and in the Group. The highest increase was recorded among current trade payables to domestic suppliers, where the company/Group also discloses its liabilities for payments of fixed assets, which increased due to the investment cycle the company/Group is at in the current period. Among other operating liabilities, the Company/Group discloses accrued costs relating to part of the salary from collective work performance, accrued interest for loans and borrowings, accrued costs for remunerations and bonuses paid under individual contracts, accrued costs for unused vacation days, and accrued charges for invoices to be received.

Current liabilities from advances mostly relate to the funds received from the EU to cover the future costs incurred by co-financed projects, and to the current securities received.

### Note 30. Contingent liabilities and financial commitments

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Guarantees given	3,110,000	2,610,000	3,436,709	2,940,709
Securities given	2,385,931	2,832,122	2,385,931	2,832,122
Contingent liabilities under legal disputes	21,859,545	2,792,791	21,859,545	2,792,791
<b>Total contingent liabilities</b>	<b>27,355,476</b>	<b>8,234,913</b>	<b>27,682,185</b>	<b>8,565,623</b>

As at 31 December 2020, the guarantees given referred to customs operations amounting to EUR 3,110,000 in the Company, and EUR 3,360,000 in the Group, and to performance guarantees recorded by the Group and amounting to EUR 76,709.

Securities in the amount of EUR 2,385,931 were given by the controlling company to the company Adria Transport, d.o.o. to cover a lease of locomotives. The company that received a guarantee from the controlling company regularly paid its liabilities in this regard and as at 31 December 2020 disclosed no outstanding instalments.

As at 31 December 2020, contingent liabilities under legal disputes amounted EUR 21,859,545 up EUR 19,066,754 from the preceding year-end. The highest increase relates to a lawsuit received in 2020. On 23 June 2020, the company IPS Projekt, trgovina in storitve, d. o. o. brought an action against Luka Koper, d. d. to seek the payment of EUR 20,718,373. The Company/Group examined the action and did everything necessary to protect the interests of Luka Koper, d. d.

Regarding the property used in the area of the Port of Koper for the performance of its activities and certain property in the immediate vicinity of the Port of Koper, the Company/Group has some pending cases with the Republic of Slovenia concerning the ownership status of the mentioned property, regarding which they are seeking appropriate solutions together with the Republic of Slovenia. The Company/Group has not yet received any formal request from the Republic of Slovenia on the basis of which it would be possible to assess its value, which has thus not been disclosed, but it could have a significant impact on the financial statements. For this issue, the Company/Group formed no provisions as the conditions for their formation have not been met.

### Note 31. Related party transactions

#### Remuneration of Members of the Management Board in the company Luka Koper, d. d. in 2020 (in EUR)

Name and surname	Gross wages (fixed part)	Gross wages (variable part)	Annual holiday pay and jubilee premiums	Insurance premium benefits	Benefits and other receipts	Total remuneration
Dimitrij Zadel, President of the Management Board since 29 Dec 2017	166,208	16,842	1,600	225	5,311	190,186
Metod Podkrižnik, Member since 29 Dec 2017	149,310	15,029	1,600	225	12,112	178,276
Irma Gubanec, Member since 29 Dec 2017	149,781	15,064	1,600	225	6,798	173,468
Vojko Rotar, Worker Director since 1 Mar 2018	133,570	13,453	1,600	225	8,186	157,034
<b>Total</b>	<b>598,869</b>	<b>60,388</b>	<b>6,400</b>	<b>900</b>	<b>32,407</b>	<b>698,964</b>

**Remuneration of Members of the Management Board in the company Luka Koper, d. d. in 2019 (in EUR)**

<b>Name and surname</b>	<b>Gross wages (fixed part)</b>	<b>Gross wages (variable part)</b>	<b>Annual holiday pay and jubilee premiums</b>	<b>Insurance premium benefits</b>	<b>Benefits and other receipts</b>	<b>Total remuneration</b>
Dimitrij Zadel, President of the Management Board since 29 Dec 2017	196,153	28,160	1,357	225	5,523	231,418
Metod Podkrižnik, Member since 29 Dec 2017	175,629	25,314	1,357	225	13,479	216,004
Irma Gubanec, Member since 29 Dec 2017	176,520	25,329	1,357	225	7,426	210,856
Vojko Rotar, Worker Director since 1 Mar 2018	156,683	18,765	1,357	394	9,403	186,602
<b>Total</b>	<b>704,986</b>	<b>97,569</b>	<b>5,427</b>	<b>1,068</b>	<b>35,831</b>	<b>844,880</b>

Pursuant to Article 294, Item 5 of the Companies Act, the above table comprises remuneration for exercising respective functions as well as other income, such as cost reimbursement, supplementary retirement schemes and jubilee premiums.

To determine the variable income, i.e. remuneration for the Management Board, the Company/Group applied several quantitative indicators, which contribute to the non-current interests of the Company.

A Member of the Management Board is remunerated in accordance with the 4th indent of Article 4, Paragraph 1 of the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities. Accordingly, one half of the remuneration is paid on the basis of the decision of the Supervisory Board after two years following the consideration of the annual report. A Member of the Management Board has a duty to return the variable income provided that all conditions for the return of all or part of the remuneration for performance have been fulfilled pursuant to the Companies Act.

In the event of resignation from the position of President/Member of the Management Board, severance pay is not due. In the event of a recall, the President/Member of the Management Board are only eligible for severance pay in the cases permitted by law, in the amount of six times the average basic monthly payment they received in the last three months when performing the function of President/Member of the Management Board. In the event of an agreed termination of appointments as the President/Member of the Management Board and thus the termination of employment in the company, the parties may agree on severance pay only in cases when so permitted by law. For the President of Management Board, the severance pay cannot exceed the amount equalling six times the average monthly earnings they received during the term of office.

The contracts of the Members of the Management Board do not include the variable income or remuneration determined in form of shares.

**Remuneration of groups of persons in the company Luka Koper, d. d. in 2019 (in EUR)**

<b>Groups of persons</b>	<b>Gross wages (fixed and variable part)</b>	<b>Annual holiday pay and jubilee premiums</b>	<b>Insurance premium benefits</b>	<b>Benefits and other receipts</b>	<b>Total remuneration</b>
Members of the Management Board	659,257	6,400	900	32,407	698,964
Members of the Supervisory Board	231,928	0	2,025	606	234,559
Employees with individual employment contracts	2,674,135	45,682	0	186,157	2,905,975
<b>Total</b>	<b>3,565,320</b>	<b>52,082</b>	<b>2,925</b>	<b>219,170</b>	<b>3,839,498</b>

## Remuneration of groups of persons in the company Luka Koper, d. d. in 2019 (in EUR)

Groups of persons	Gross wages (fixed and variable part)	Annual holiday pay and jubilee premiums	Insurance premium benefits	Benefits and other receipts	Total remuneration
Members of the Management Board	802,554	5,427	1,068	35,831	844,880
Members of the Supervisory Board	246,242	0	2,024	48,195	296,461
Employees with individual employment contracts	2,756,945	37,667	0	179,644	2,974,256
<b>Total</b>	<b>3,805,741</b>	<b>43,094</b>	<b>3,092</b>	<b>263,670</b>	<b>4,115,597</b>

## Remuneration of groups of persons in the Luka Koper Group in 2020 (in EUR)

Gross remuneration of groups of persons (in EUR)	Gross wages (fixed and variable part)	Annual holiday pay and jubilee premiums	Insurance premium benefits	Benefits and other receipts	Total
Members of the Management Board	659,257	6,400	900	32,407	698,964
Members of the Supervisory Board	231,928	0	2,024	606	234,558
Employees with individual employment contracts	2,726,247	10,624	0	189,315	2,926,186
Managing Directors of subsidiaries	320,731	6,267	0	20,396	347,394
<b>Total</b>	<b>3,938,163</b>	<b>23,291</b>	<b>2,924</b>	<b>242,724</b>	<b>4,207,102</b>

## Remuneration of groups of persons in the Luka Koper Group in 2019 (in EUR)

Gross remuneration of groups of persons	Gross wages (fixed and variable part)	Annual holiday pay and jubilee premiums	Insurance premium benefits	Benefits and other receipts	Total
Members of the Management Board	802,554	5,427	1,068	35,831	844,880
Members of the Supervisory Board	246,242	0	2,024	48,195	296,461
Employees with individual employment contracts	2,810,285	39,024	0	184,632	3,033,941
Managing Directors of subsidiaries	347,357	5,669	0	21,807	374,833
<b>Total</b>	<b>4,206,438</b>	<b>50,120</b>	<b>3,092</b>	<b>290,465</b>	<b>4,550,115</b>

**Gross remuneration of Members of the Supervisory Board and its Committees in Luka Koper, d. d. in 2020 (in EUR)**

Name and surname	Performance of function	Insurance premium benefits (SB)	Attendance fees and reimbursement of costs	Total gross earnings
Andraž Lipolt, Member since 1 Jul 2017	20,032	225	3,904	24,161
Barbara Nose, Member since 1 Jul 2017	21,563	225	5,936	27,724
Marko Grabljevec, Member from 18 Jan 2016 to 18 Jan 2020	2,470	30	715	3,215
Mateja Treven, External Member of the SB's Audit Committee since 23 Feb 2019	6,105	0	2,306	8,411
Mehrudin Vukovič, Member since 19 Jan 2020	15,202	195	3,020	18,417
Milan Jelenc, Member since 1 Jul 2017	21,563	225	6,928	28,716
Mladen Jovičić, Member since 8 Apr 2017	18,094	225	4,021	22,340
Rado Antolovič, Member since 1 Jul 2017	18,094	225	3,440	21,759
Rok Parovel, Member since 12 Sep 2016	18,260	225	4,562	23,047
Uroš Ilić, Member since 1 Jul 2017	25,582	225	3,310	29,117
Tamara Kozlovič, Member since 22 Aug 2019	21,563	225	5,866	27,654
<b>TOTAL</b>	<b>188,528</b>	<b>2,025</b>	<b>44,008</b>	<b>234,561</b>

**Gross remuneration of Members of the Supervisory Board and its Committees in Luka Koper, d. d. in 2020 (in EUR)**

Name and surname	Performance of function	Insurance premium benefits (SB)	Attendance fees and reimbursement of costs	Total gross earnings
Andraž Lipolt, Member since 1 Jul 2017	21,656	225	4,259	26,141
Barbara Nose, Member since 1 Jul 2017	22,500	225	8,595	31,320
Marko Grabljevec, Member since 18 Jan 2016	18,750	225	4,752	23,727
Mateja Kupšek, External Member of the SB's Audit Committee from 31 Aug 2017 to 22 Feb 2019	871	0	715	1,586
Mateja Treven, External Member of the SB's Audit Committee since 23 Feb 2019	4,582	0	1,832	6,414
Milan Jelenc, Member since 1 Jul 2017	22,500	225	9,891	32,616
Mladen Jovičić, Member since 8 Apr 2017	18,750	225	3,740	22,715
Rado Antolovič, Member since 1 Jul 2017	18,750	225	46,379	65,354
Rok Parovel, Member since 12 Sep 2016	22,500	225	6,240	28,965
Sabina Mozetič, member from 21 Aug 2015 to 21 Aug 2019	13,558	163	1,993	15,714
Uroš Ilić, Member since 1 Jul 2017	28,204	225	4,796	33,225
Tamara Kozlovič, Member since 22 Aug 2019	6,069	62	2,554	8,685
<b>TOTAL</b>	<b>198,689</b>	<b>2,024</b>	<b>95,748</b>	<b>296,461</b>

Remuneration in 2020 was paid pursuant to a decision on determining the payment for performance of functions and attendance fees to the Members of the Supervisory Board and Members of Committees of the Supervisory Board, which was adopted at the 29th General Meeting on 28 December 2017, stipulating as follows:

For attending a session, Members of the Supervisory Board receive attendance fee of EUR 275 gross each, and for attending a session of a Committee, a Member of a Committee of the Supervisory Board receives a fee amounting to 80 percent of the fee for the attendance at a session of the Supervisory Board. The fee for a correspondence session is 80 percent of the fee for an ordinary session.

Irrespective of the aforementioned, each Member of the Supervisory Board is entitled to the payment of attendance fees in a year until the total amount of such fees of a Member of the Supervisory Board reaches the value of 50 percent of the basic payment for performing their function.

Irrespective of the aforementioned, each Member of the Supervisory Board who is also a Member of one or several Committees of the Supervisory Board is entitled to the payment of attendance fees in a year until the total amount of such fees of a Member of the Supervisory Board reaches the value of 75 percent of the basic payment for performing their function.

In addition to attendance fees, members of the Supervisory Board each receive the basic payment for carrying out their functions in the amount of EUR 15,000 gross annually. The President of the Supervisory Board is entitled to the supplement of 50 percent of the basic payment for carrying out the function of a Member of the Supervisory Board, and their deputy is entitled to 10 percent of the basic payment for carrying out the function of a Member of the Supervisory Board.

Members of a committee of the Supervisory Board each receive a supplement for carrying out their functions, amounting to 25 percent of the basic payment for carrying out the function of a member of the Supervisory Board. The Chairperson of a Committee is entitled to an additional fee of 37.5 percent of the payment for carrying out the function of a Member of a Committee of the Supervisory Board.

Irrespective of the aforementioned, each Member of a Committee of the Supervisory Board is entitled to the payment of additional fees in a year until the total amount of such additional fees of a Member of the Supervisory Board reaches the value of 50 percent of the basic payment for performing their function. If their term of office is shorter than the financial year, each Member of a Committee of the Supervisory Board is entitled to the payment of additional fees until the total amount of such additional fees of a Member of the Supervisory Board reaches the value of 50 percent of the basic payment for performing their function with respect to the duration of their term of office.

Members of the Supervisory Board and of Committees of the Supervisory Board receive basic salary and an additional fee for carrying out the function in proportionate monthly payments which they are entitled to while carrying out their function. A monthly payment is equal to one twelfth of the annual amounts stated above.

The limitation of total payments of attendance fees or payments of supplements to a Member of the Supervisory Board does not affect their duty to actively participate in all the meetings of the Supervisory Board and the meetings of the committees whose member they are and their legally determined responsibility.

Members of the Supervisory Board are entitled to reimbursement of travel and accommodation expenses, and other administrative expenses incurred with relation to their work in performing their function in the Supervisory Board or in relation to any other expert or work-related event for the Company, whereas the manner and amount of such reimbursement is stipulated in the Company's internal rules and regulations governing the reimbursement of work-related and other expenses.

In addition to payments to the Supervisory Board Members, in 2020 the Supervisory Board allocated EUR 3,614 for training of its Members.

During the declared COVID-19 epidemic, members of the Supervisory Board waived 30% of their remuneration for the period from 1 March 2020 to 31 May 2020.

### Transactions with the Government of the Republic of Slovenia

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	Payments In 2020	Costs/expenses in 2020	Payments in 2019	Costs/expenses in 2019	Payments in 2020	Costs/expenses in 2020	Payments in 2019	Costs/expenses in 2019
Concessions and the water fee	7,886,633	7,255,314	8,523,160	7,643,293	7,886,633	7,255,314	8,523,160	7,643,293
Transshipment fee	4,634,126	4,630,641	4,421,684	4,811,027	4,634,126	4,630,641	4,421,684	4,811,027
Dividends	7,639,800	0	9,496,200	0	7,639,800	0	9,496,200	0
Corporate income tax (taxes and advance payments)	-775,398	3,322,039	20,385,874	6,966,362	-885,781	3,399,017	20,464,147	7,066,090
Other taxes and contributions	8,322,742	8,797,129	8,182,362	8,879,029	8,526,032	9,564,722	8,895,765	9,588,985
<b>Total</b>	<b>27,707,904</b>	<b>24,005,123</b>	<b>51,009,280</b>	<b>28,299,711</b>	<b>28,299,711</b>	<b>24,849,694</b>	<b>51,800,956</b>	<b>29,109,395</b>

Dividends were paid out to two other companies, in which the Government of the Republic of Slovenia holds a controlling interest i.e. to the company SDH, d. d. in the amount of EUR 1,666,907 and the company Kapitalaska družba, d. d. in the amount of EUR 745,340.

Beginning with March 2019, the controlling company began to pay the transshipment fee in accordance with the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line.

No other transactions between the Government of the Republic of Slovenia and the Company/Group were recorded.

### Transactions with natural persons

In the business year 2020, there were no transactions between the Company/Group and Members of the Management and Supervisory Boards.

### Transactions with companies, in which the Republic of Slovenia has directly dominant influence

The shareholder-related companies are those in which the Republic of Slovenia and the SDH together directly hold at least a 20% stake. The list of such companies is published on the SDH website (<https://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

In 2020, sales transactions conducted between Luka Koper, d. d. and entities in which the state has directly dominant influence were recorded at EUR 9,540,328 and purchasing transactions amounted to EUR 8,305,209, whereas the transactions between the Luka Koper Group and such entities were recorded at EUR 9,559,935 and EUR 8,403,507 respectively. The majority of sale referred to services related to port activity, whereas major purchasing included costs of railway transport, purchases of energy and insurance costs. As at 31 December 2020 Luka Koper, d. d. recorded receivables of EUR 781,677 and liabilities of EUR 19,775,424 to such entities and the Luka Koper Group recorded EUR 804,416 and EUR 19,787,714 respectively. The major part of liabilities was related to a loan given by SID – Slovenska izvozna in razvojna banka, d. d., which was raised under market conditions.

**Transactions of Luka Koper, d. d. with its subsidiaries and associates**

Related party transactions have been concluded under market conditions.

(in EUR)	2020	2019
<b>Sale to subsidiaries:</b>		
Luka Koper INPO, d. o. o.	410,042	409,808
Luka Koper Pristan, d. o. o.,	27,795	27,750
Adria Terminali, d. o. o.	567,819	475,357
TOC, d. o. o.	4,200	4,295
Adria Investicije, d. o. o.	828	828
Logis-Nova, d. o. o.	1,200	1,200
<b>Sale to associates:</b>		
Adria Transport, d. o. o.	243,042	268,611
Adria-Tow, d. o. o.	107,997	98,318
Avtoservis, d. o. o.	514,094	474,365
Adriaфин, d. o. o.	13,440	13,440
<b>Total</b>	<b>1,890,457</b>	<b>1,773,972</b>

(in EUR)	2020	2019
<b>Purchase from subsidiaries:</b>		
Luka Koper INPO, d. o. o.	4,876,068	5,285,543
Luka Koper Pristan, d. o. o.,	1,755	8,570
Adria Terminali, d. o. o.	14,400	14,400
TOC, d. o. o.	16,689	15,440
Adria Investicije, d. o. o.	77,504	1,650
<b>Purchase from associates:</b>		
Adria Transport, d. o. o.	15,311	1,600
Adria-Tow, d. o. o.	30,954	32,132
Avtoservis, d. o. o.	1,017,196	939,403
<b>Total</b>	<b>6,049,877</b>	<b>6,298,738</b>

A substantial part of purchases from subsidiaries refers to the company Luka Koper INPO, d. o. o., which carried out maintenance work on the port infrastructure and electrical installation work for the Company.

(in EUR)	2020	2019
<b>Trade and other receivables due from subsidiaries:</b>		
Luka Koper INPO, d. o. o.	238,281	250,371
Luka Koper Pristan, d. o. o.	931	989
Adria Terminali, d. o. o.	49,323	42,971
TOC, d. o. o.	427	427
Adria Investicije, d. o. o.	84	84
Logis-Nova, d. o. o.	122	122
<b>Trade and other receivables due from associates:</b>		
Adria Transport, d. o. o.	32,120	42,448.70
Adria-Tow, d. o. o.	8,971	7,839
Avtoservis, d. o. o.	47,100	26,609
Adriaфин, d. o. o.	1,366	1,366
<b>Total</b>	<b>378,725</b>	<b>373,228</b>



(in EUR)	2020	2019
<b>Trade payables due to subsidiaries:</b>		
Luka Koper INPO, d. o. o.	472,855	526,839
Luka Koper Pristan, d. o. o.	0	634
Adria Terminali, d. o. o.	1,464	1,464
TOC, d. o. o.	3,976	1,952
<b>Trade payables due to associates:</b>		
Adria Transport, d. o. o.	976	0
Adria-Tow, d. o. o.	1,762	0
Avtoservis, d. o. o.	77,263	91,305
<b>Total</b>	<b>558,295</b>	<b>622,195</b>

Finance income from shares and interests in subsidiaries refer to sharing of profits of such companies, i.e. Luka Koper INPO, d.o.o. (EUR 287,873), Adria Terminali, d. o. o. (EUR 106,959), Adria investicije, d.o.o. (EUR 10,469), Logis-Nova, d. o. o., (EUR 10,328) and TOC, d. o. o. (EUR 6,813).

Finance income from shares and interests in associates refer to sharing of profits of companies Adria-Tow, d.o.o. (EUR 336,000), Avtoservis, d. o. o. (EUR 345,823), and Adriafin, d. o. o. (EUR 174,000).

(in EUR)	31 Dec 2020	31 Dec 2019
<b>Borrowings from subsidiaries:</b>		
Luka Koper INPO, d. o. o.	0	16,000,000
<b>Total</b>	<b>0</b>	<b>16,000,000</b>

(in EUR)	2020	2019
<b>Finance expenses for liabilities to subsidiaries:</b>		
Luka Koper INPO, d. o. o.	122,570	134,240
<b>Total</b>	<b>122,570</b>	<b>134,240</b>

#### Transactions of the Luka Koper Group with its associates

Income statement items from transactions with associates (in EUR)	Luka Koper Group	
	2020	2019
Net revenue from sales to associates	905,476	875,512
Cost of material charged to associates	119,794	114,428
Cost of services charged to associates	950,509	869,237
Profit of associates	1,224,318	1,375,549

Items of the statement of financial position to associates (in EUR)	Luka Koper Group	
	2020	2019
Non-current investments except loans to associates	14,168,687	13,800,193
Current operating receivables due from associates	89,557	78,263
Current operating liabilities to associates	80,001	91,305

## Note 32. Financial instruments and financial risk management

Financial risks to which the Company/Group is exposed to include:

1. Risk of change in fair value,
2. Interest rate risk,
3. Liquidity risk,
4. Currency risk,
5. Credit risk, and
6. Risk of adequate capital structure.

The Group's management of financial risks has been organised within the departments of finance and accounting, since accounts of subsidiaries are also kept within the controlling company. The existing economic environment makes forecasting future financial categories quite demanding, introducing into the planned categories a higher degree of unpredictability and, consequently, a higher level of risk. The Company/Group has consequently tightened the control over individual financial categories.

### 1. Risk management and change in fair value

#### Luka Koper, d. d. Company

At the end of 2020, 7.7% of the Company's assets were financial investments measured at fair value (year-end of 2019: 6.4%). The change in fair value risk associated with investments in securities is demonstrated through fluctuations in stock market prices that affect the value of these assets and, consequently the potential capital gain on their disposal, whereas with investments in shares of other companies there is a risk for the sales value not to equal the value of the market transaction. This type of risk has been recognised with regard to investments in market securities of successful Slovenian companies and to investments in shares and interests.

As at 31 December 2020, the value of non-current investments at fair value amounted to EUR 44,223,149.

The sensitivity analysis of financial investments at fair value is not disclosed by the Company due to the insignificance of financial investments at fair value, which are classified as level 3.

#### Fair value hierarchy in 2020

Luka Koper, d. d.					
(in EUR)	Carrying amount at 30 Dec 2020	Fair value at 31 Dec 2020	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Non-current financial assets</b>					
Other non-current investments*	44.223.149	44.223.149	43.311.164	0	911.985
Non-current loans given**	3.336	3.336	0	0	3.336
Non-current operating receivables**	41.088	41.088	0	0	41.088
<b>Current financial assets</b>					
Current loans given**	1.824	1.824	0	0	1.824
<b>Non-current financial liabilities</b>					
Non-current loans and borrowings**	71.209.697	71.209.697	0	0	71.209.697
Non-current operating liabilities**	115.195	115.195	0	0	115.195
<b>Current financial liabilities</b>					
Current loans and borrowings**	10.521.175	10.521.175	0	0	10.521.175
Other current financial liabilities**	61.363	61.363	0	0	61.363

\* measured at fair value

\*\* presented at fair value

The carrying amount of current receivables and current liabilities represents a good approximation of fair value, therefore, they are not disclosed in the table above.

*Fair value hierarchy in 2019*

Luka Koper, d. d.					
(in EUR)	Carrying amount at 31 Dec 2019	Fair value at 31 Dec 2019	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Non-current financial assets</b>					
Other non-current investments*	36.808.861	36.808.861	35.888.758	0	920.103
Non-current loans given**	5.078	5.078	0	0	5.078
Non-current operating receivables**	41.122	41.122	0	0	41.122
<b>Current financial assets</b>					
Current loans given**	8.798	8.798	0	0	8.798
<b>Non-current financial liabilities</b>					
Non-current loans and borrowings**	97.730.871	97.730.871	0	0	97.730.871
Non-current operating liabilities**	933.707	933.707	0	0	933.707
<b>Current financial liabilities</b>					
Current loans and borrowings**	10.521.175	10.521.175	0	0	10.521.175
Other current financial liabilities**	81.981	81.981	0	0	81.981

\* measured at fair value

\*\* presented at fair value

The carrying amount of current receivables and current liabilities represents a good approximation of fair value, therefore, they are not disclosed in the table above.

Shares and interests measured at fair value were valued at publicly applicable exchange rates of the Ljubljana Stock Exchange and mutual funds quotations.

To calculate Level 3 value of item Other non-current investments, the Company uses the data available to it by comparing the value of the investment disclosed by the Company in the books of account with the proportional value in the equity of the investment company at the balance sheet date.

**Luka Koper Group**

At the year-end of 2020, 7.8% of the Group's assets were financial investments measured at fair value (year-end of 2019: 6.7%). The change in fair value risk associated with investments in securities is demonstrated through fluctuations in stock market prices that affect the value of these assets and, consequently the potential capital gain on their disposal, whereas with investments in shares of other companies there is a risk for the sales value not to equal the value of the market transaction. This type of risk has been recognised with regard to investments in market securities of successful Slovenian companies and to investments in shares and interests.

As at 31 December 2020, the value of non-current investments at fair value amounted to EUR 47,423,171.

The sensitivity analysis of financial investments at fair value is not disclosed by the Group due to the insignificance of financial investments at fair value, which are classified as level 3.

*Fair value hierarchy in 2020*

Luka Koper Group					
(in EUR)	Carrying amount at 30 Dec 2020	Fair value at 31 Dec 2020	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Non-current financial assets</b>					
Other non-current investments*	47.423.171	47.423.171	44.025.411	0	3.397.760
Non-current loans given**	8.866	8.866	0	0	8.866
Non-current operating receivables**	31.397	31.397	0	0	31.397
<b>Current financial assets</b>					
Current loans given**	1.824	1.824	0	0	1.824
<b>Non-current financial liabilities</b>					
Non-current loans and borrowings**	71.209.697	71.209.697	0	0	71.209.697
Non-current operating liabilities**	145.939	145.939	0	0	145.939
<b>Current financial liabilities</b>					
Current loans and borrowings**	10.521.175	10.521.175	0	0	10.521.175
Other current financial liabilities**	61.363	61.363	0	0	61.363
* measured at fair value					
** presented at fair value					

The carrying amount of current receivables and current liabilities represents a good approximation of fair value, therefore, they are not disclosed in the table above.

*Fair value hierarchy in 2019*

Luka Koper Group					
(in EUR)	Carrying amount at 31 Dec 2019	Fair value at 31 Dec 2019	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Non-current financial assets</b>					
Other non-current investments*	40.175.130	40.175.130	36.769.252	0	3.405.878
Non-current loans given**	10.594	10.594	0	0	10.594
Non-current operating receivables**	41.122	41.122	0	0	41.122
<b>Current financial assets</b>					
Current loans given**	8.798	8.798	0	0	8.798
<b>Non-current financial liabilities</b>					
Non-current loans and borrowings**	81.730.871	163.461.742	0	81.730.871	81.730.871
Non-current operating liabilities**	965.934	1.931.868	0	965.934	965.934
<b>Current financial liabilities</b>					
Current loans and borrowings**	10.521.175	21.042.350	0	10.521.175	10.521.175
Other current financial liabilities**	70.660	70.660	0	0	70.660
* measured at fair value					
** presented at fair value					

The carrying amount of current receivables and current liabilities represents a good approximation of fair value, therefore, they are not disclosed in the table above.

Shares and interests measured at fair value were valued at publicly applicable exchange rates of the Ljubljana Stock Exchange and mutual funds quotations.

To calculate Level 3 value of item Other non-current investments, the Group uses the data available to it by comparing the value of the investment disclosed by the Group in the books of account with the proportional value in the equity of the investment company at the balance sheet date.

## 2. Management of interest rate risk

With respect to its liabilities structure, the Company/Group also faces interest rate risk since an unexpected growth in variable interest rates can have an adverse effect on the planned results.

### Luka Koper, d. d. Company

As at 31 December 2020, the percentage of financial liabilities (excluding other financial liabilities) decreased in the overall structure of the Company's liabilities from 18.7% at the year-end of 2018 to 14.3% in 2019. The effect of possible variable interest rates changes on future profit and loss after taxes is shown in the table below.

Possible interest rate fluctuations would consequently have an impact on 53.7 percent (year-end of 2019: 45.9 percent) of Company's total borrowings. The remaining 46.3 percent of borrowings were concluded with a fixed interest rate.

*Overview of exposure*

(in EUR)	31 Dec 2020	Exposure 2020	31 Dec 2019	Exposure 2019
Borrowings received at variable interest rate (without interest rate hedge)	43,922,131	53.7%	49,717,213	45.9%
Borrowings received at nominal interest rate	37,808,741	46.3%	58,534,833	54.1%
<b>Total</b>	<b>81,730,872</b>	<b>100.0%</b>	<b>108,252,046</b>	<b>100.0%</b>

*Sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations:*

(in EUR)	Non-hedged bank borrowings with a variable interest rate	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
<b>Balance at 31 Dec 2020</b>				
3M EURIBOR	43,922,131	38,008	61,680	123,361
<b>Total effect on interest expenses</b>	<b>43,922,131</b>	<b>38,008</b>	<b>61,680</b>	<b>123,361</b>
<b>Balance at 31 Dec 2019</b>				
3M EURIBOR	49,717,213	40,451	67,418	174,876
<b>Total effect on interest expenses</b>	<b>49,717,213</b>	<b>40,451</b>	<b>67,418</b>	<b>174,876</b>

The analysis of financial liabilities' sensitivity to changes in variable interest rates was based on the assumption of potential growth in interest rates of 15, 25 and 50 base points. At the year-end of 2020, the Company's borrowings not hedged against interest rate risk were subject to the movement of the 3M Euribor.

*Luka Koper Group*

As at 31 December 2020, the share of financial liabilities (excluding other financial liabilities) decreased in the overall structure of the Group's liabilities from the initial 15.4% in 2019 to 13.4% in 2020. The effect of possible variable interest rates changes on future profit and loss after taxes is shown in the table below.

Possible variable interest rate fluctuations would consequently have an impact on 53.7 percent (year-end of 2019: 53.9 percent) of Group's total borrowings. The remaining 46.3 percent of borrowings were concluded with a fixed interest rate.

*Overview of exposure*

(in EUR)	31 Dec 2020	Exposure 2020	31 Dec 2019	Exposure 2019
Borrowings received at variable interest rate (without interest rate hedge)	43,922,131	53.7%	49,717,213	53.9%
Borrowings received at nominal interest rate	37,808,741	46.3%	42,534,833	46.1%
<b>Total</b>	<b>81,730,872</b>	<b>100.0%</b>	<b>92,252,046</b>	<b>100.0%</b>

*Sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations:*

(in EUR)	Non-hedged bank borrowings with a variable interest rate	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
<b>Balance at 31 Dec 2020</b>				
3M EURIBOR	43,922,131	37,008	61,680	123,361
<b>Total effect on interest expenses</b>	<b>43,922,131</b>	<b>37,008</b>	<b>61,680</b>	<b>123,361</b>
<b>Balance at 31 Dec 2019</b>				
3M EURIBOR	49,717,213	40,451	67,418	174,876
<b>Total effect on interest expenses</b>	<b>49,717,213</b>	<b>40,451</b>	<b>67,418</b>	<b>174,876</b>

The analysis of financial liabilities' sensitivity to changes in variable interest rates was based on the assumption of potential growth in interest rates of 15, 25 and 50 base points. At the year-end of 2020, the Group's borrowings not hedged against interest rate risk were subject to the movement of the 3M Euribor.

**3. Management of liquidity risk**

Liquidity risk refers to the risk that the Company/Group would fail to settle its liabilities at maturity. The Company/Group manages liquidity risk by regular planning of cash flows required to settle liabilities with diverse maturity. Additional measures for preventing delays in receivable collection include regular monitoring of payments and immediate response to any delays, and also charging penalty interest in accordance with its uniform receivables management policy.

(in EUR)	Luka Koper, d. d.					
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	Total
<b>31 Dec 2020</b>						
Loans and borrowings	2,630,294	7,890,881	10,521,175	31,563,524	29,124,999	81,730,872
Expected interest on all borrowings	123,602	345,224	399,489	795,343	268,843	1,932,501
Lease liabilities	76,240	152,598	80,048	182,849	0	491,735
Other financial liabilities	101,831	0	0	0	0	101,831
Current operating liabilities	32,997,349	0	0	0	0	32,997,349
Other operating liabilities	3,727,681	0	0	0	0	3,727,681
<b>Total</b>	<b>39,656,996</b>	<b>8,388,703</b>	<b>11,000,712</b>	<b>32,541,716</b>	<b>29,393,842</b>	<b>120,981,969</b>
<b>31 Dec 2019</b>						
Loans and borrowings*	2,630,294	7,890,881	26,521,175	31,563,524	39,646,174	108,252,046
Expected interest on all borrowings	181,866	525,920	636,777	1,083,896	547,761	2,976,220
Lease liabilities	67,203	187,611	160,196	25,431	0	440,441
Other financial liabilities	151,794	0	0	0	0	151,794
Current operating liabilities	28,823,174	0	0	0	0	28,823,174
Other operating liabilities	3,493,232	0	0	0	0	4,493,232
<b>Total</b>	<b>35,347,265</b>	<b>8,604,413</b>	<b>27,318,148</b>	<b>32,672,851</b>	<b>40,193,935</b>	<b>144,136,907</b>

\*The item also includes borrowings from subsidiaries

(in EUR)	Luka Koper Group					
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	Total
<b>31 Dec 2020</b>						
Loans and borrowings	2,630,294	7,890,881	10,521,175	31,563,524	29,124,999	81,730,872
Expected interest on all borrowings	123,602	345,224	399,489	795,343	268,843	1,932,501
Lease liabilities	93,763	187,198	82,116	182,849	0	545,926
Other financial liabilities	101,831	0	0	0	0	101,831
Current operating liabilities	33,414,672	0	0	0	0	33,414,672
Other operating liabilities	4,044,024	0	0	0	0	4,044,024
<b>Total</b>	<b>40,408,185</b>	<b>8,423,303</b>	<b>11,002,779</b>	<b>32,541,716</b>	<b>29,393,842</b>	<b>121,769,825</b>
<b>31 Dec 2019</b>						
Loans and borrowings	2,630,294	7,890,881	10,521,175	31,563,524	39,646,174	92,252,046
Expected interest on all borrowings	148,420	425,126	502,537	1,083,896	547,761	2,707,740
Lease liabilities	99,599	271,643	211,160	26,795	0	609,197
Other financial liabilities	140,473	0	0	0	0	140,473
Current operating liabilities	29,071,339	0	0	0	0	29,071,339
Other operating liabilities	3,835,999	0	0	0	0	3,835,999
<b>Total</b>	<b>35,926,124</b>	<b>8,587,649</b>	<b>11,234,871</b>	<b>32,674,215</b>	<b>40,193,935</b>	<b>128,616,794</b>

#### 4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In recent years, the Company/Group succeeded in achieving significantly lower accrued income in USD to the extent that USD denominated receivables are negligible, based on which the Company has opted not to hedge this item.

#### 5. Management of credit risk

Management of the risk of default on the side of the counterparty or the credit risk has gained in importance in recent years. Customer defaults are being passed on to economic entities, much like a chain reaction, which significantly reduces the assessed probability of timely inflows and increases additional costs of financing the operation. Accordingly, the Company/Group has accelerated collection-related activities in recent years and more consistently monitored trade receivables past due. In case of customers, regarding which the Company/Group detects late payments and inconsistency in observing adopted business agreements, an advance payment system is set up for all ordered services with the aim of avoiding the late-payment culture. The latter area is positively impacted by the specific structure of Company's/Group's customers, which are predominantly major companies, freight forwarders and forwarding agents that have been the Company's/Group's business partners for a number of years.

Certain receivables have been secured with collaterals, which are returned to the customers once all obligations have been settled or cooperation has been terminated. Investments include loans, which are secured with blank bills of exchange and other movable and immovable property.

#### Exposure to credit risk

(in EUR)	Note	Luka Koper, d. d.		Luka Koper Group	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Non-current loans given		3,336	5,078	8,866	10,594
Non-current operating receivables		41,088	41,122	31,397	41,122
Current deposits	22	0	0	71,085	71,052
Current loans given		1,824	8,798	1,824	8,798
Current trade receivables	19	34,280,948	36,794,562	34,546,716	37,152,665
Other receivables	19	2,344,599	2,662,803	2,513,742	2,788,137
Cash and cash equivalents	20	37,051,470	65,846,592	61,021,421	73,030,320
<b>Total</b>		<b>73,723,265</b>	<b>105,358,955</b>	<b>98,195,051</b>	<b>113,102,688</b>



## 6. Management of risk relating to adequate capital structure

Having identified the optimal capital structure, the Company/Group has set a non-current strategic goal of maintaining the debtor's share within the liabilities side below 55 percent. As at 31 December 2020, the percentage in the Company was at 28.6, which is a decrease by 4.5% year-on-year, whereas in the Group the share is 27.4%, a decrease of 2.4% from the preceding year.

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	31 Dec 2020		31 Dec 2019		31 Dec 2020		31 Dec 2019	
	(in EUR)	share (%)	(in EUR)	share (%)	(in EUR)	share (%)	(in EUR)	share (%)
Equity	408,951,207	71.5%	386,889,959	66.9%	441,660,686	72.7%	419,089,356	70.2%
Non-current liabilities	113,014,150	19.8%	144,484,229	25.0%	115,100,788	18.9%	130,715,123	21.9%
Current liabilities	49,684,712	8.7%	46,740,936	8.1%	50,638,269	8.3%	47,605,935	8.0%
<b>Equity and liabilities</b>	<b>571,650,069</b>	<b>100.0%</b>	<b>578,115,124</b>	<b>100.0%</b>	<b>607,399,743</b>	<b>100.0%</b>	<b>597,410,414</b>	<b>100.0%</b>

## Note 33. Transactions with the audit firm

The contractual value of audit services rendered for the Company by BDO revizija d. o. o. for the financial year 2020 is recorded at EUR 24,805 (exclusive of VAT), whereas the value of audit services rendered for the Group amounted to EUR 43,337 (exclusive of VAT). BDO Revizija, d. o. o. provided the Company with other audit services on financial statements for the public utility service of regular maintenance of port infrastructure intended for public transport and public utility service of collecting waste from vessels, review of the implementation of the concession agreement, assessment of the concession holder's report for the financial year 2020, and audit in accordance with ESEF standard, the contractual value of which was EUR 23,310 (exclusive of VAT). Other audit services for the Group amounted to EUR 24,376 (exclusive of VAT), those included services of providing assurance on the report on relations with associated companies, report on the use of public funds received due to the disabled employees for the financial year 2020, which alongside the assurance provided to the Company was carried out for the Group by BDO revizija, d. o. o.

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	2020	2019	2020	2019
Annual report audit	24,805	25,625	43,337	44,157
Other audit services	23,310	1,640	24,376	2,706
<b>Total</b>	<b>48,115</b>	<b>27,265</b>	<b>67,713</b>	<b>46,863</b>

## 34 Statement of Accumulated Profit

In 2020, the controlling company Luka Koper, d. d. generated a net profit of EUR 31,272,750. At the year-end of 2020, the Company's Management Board earmarked half of the profit in the amount of EUR 15,636,375 to other revenue reserves pursuant to Article 230, Paragraph 3 of the Companies Act. The company established that the accumulated profit was EUR 30,637,829 in 2020.

(in EUR)	31 Dec 2020	31 Dec 2019
Profit for the period	31,272,750	38,818,611
Retained net profit	15,001,454	10,604,358
Increase in revenue reserves	-15,636,375	-19,409,306
<b>Total accumulated profit</b>	<b>30,637,829</b>	<b>30,013,664</b>

## 35 **Relevant** events after the end of the financial year

Upon concluding the financial year, the company/Group recorded no significant events or transactions that would have an impact on its financial statements.

## 36 Independent Auditor's Report



Tel: +386 1 53 00 920  
Fax: +386 1 53 00 921  
info@bdo.si  
www.bdo.si

Cesta v Mestni log 1  
SI-1000 Ljubljana  
Slovenija

### INDEPENDENT AUDITOR'S REPORT to the shareholders of the company LUKA KOPER, d.d. (translation from the original in Slovene language)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the separate financial statements of the company Luka Koper, d.d. (hereinafter »the Company«) and the consolidated financial statements of the Luka Koper Group (hereinafter »the Group«), which comprise the separate and consolidated statements of the financial position as at 31 December 2020, separate and consolidated income statements of other comprehensive income, separate and consolidated statements of changes in equity and separate and consolidated cash flow statements for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by European Union (hereinafter »IFRS«).

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 534/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (hereinafter the »Regulation«). Our responsibilities under those rules are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### Key Audit Matters

Key audit matters are that, in our professional judgement, were of most significance in our audit of the separate and consolidated financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled all our obligations described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements*, including those related to these matters. Therefore, the audit comprised the implementation of the procedures determined on the basis of our assessment of the risk of material misstatement in the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed in relation to the matters stated hereinafter, serve as the basis for issuing our audit opinion about the attached separate and consolidated financial statements.



### Revenue recognition

#### Key audit matter

Revenue for the year ended 31 December 2020, amounted to EUR 206.038.900 for the Company and EUR 209.920.232 for the Group (2019: EUR 224.715.839 for the Company and EUR 228.677.538 for the Group).

The Group's core activities include transshipment of goods and rendering other accompanying and supporting services.

Revenue from these core services is generally recognized by reference to their stage of completion on the reporting date, calculated based on proportion of the service rendered.

Transshipment and other accompanying and supporting services are frequently contracted by the Company and Group within a single customer arrangement. The Company or the Group performs a large volume of individual transactions, which are predominantly smaller, therefore it is very important that their completeness is ensured in the accounting period.

Accounting for such bundled arrangements requires significant management judgement in determining the appropriate measurement and timing of revenue, hence we considered this area to be a key audit matter.

Disclosures regarding revenue recognition are included in Note 31.1.21 Revenue, Note 30.1 Basis for the preparation of financial statements (assessing the appropriateness of revenue from contracts with customers) and Note 32 Additional notes to the income statement, Note 1 Net revenue from sales.

#### Our response

Our audit procedures included, among others:

- Testing of design, implementation and operating effectiveness of controls over the revenue cycle. This included using our own IT specialists in evaluating the controls in the IT systems that support the recording of revenue.
- Assessing the Company's policy for recognizing revenue, including considering whether the policy is in accordance with relevant financial reporting standards.
- Based on our inspection of a sample of contracts with key customers, we assessed, among other things, how the Company defines the components of an individual contract and assessed the selected revenue recognition pattern for the defined components of an individual contract with regard to accounting policies;
- Critically evaluating the Company's identification of the stage of completion of the services by inspecting of contracts and supporting documents in the end of December 2020.
- Review of issued invoices just before the end of the financial year and immediately after the end of the financial year in order to confirm the recognition of revenues in the correct accounting period.
- Inspecting manual journal entries posted to revenue accounts focusing on unusual and irregular items, or entries modified subsequent to the balance sheet date.

### Provisions for lawsuits

#### Key audit matter

The carrying amount of provisions for lawsuits as at 31 December 2020 is EUR 10.601.960 for the Company and for the Group (2019: EUR 15.913.397 for the Company and for the Group); contingent liabilities arising from

#### Our response

We assessed the management estimate of the current status of disputes and claims towards the Company or the Group and judged if potential provisions and the related disclosures should be recognised in





lawsuits as at 31 December 2020 EUR 21.859.545 for the Company and for the Group (2019: EUR 2.792.791 for the Company and for the Group).

The Company and the Group are exposed to material potential claims arising from pending lawsuits, regarding their operations. The claims and legal disputes, including recognised provisions, are important for the audit, since their recognition requires management judgement and since the assessment process is complex and based on future development of events, which is why the matter was defined as a key audit matter.

There is great uncertainty in the assessment of whether these are provisions or contingent liabilities. When adopting a decision, material assumptions and assessments are used. The amounts of claims represent a material liability, and the assessment of the need to establish provisions is mostly subjective.

We refer to Note 30.1 Basis for the preparation of financial statements (Assessment of provisioning for lawsuits), to the Note within the framework of accounting policies 31.1.11.1 Provisions and to the notes 24 Provisions and 30 Contingent liabilities under point 33 Additional notes to the statement of financial position, which describe the Company's exposure to claims.

#### Investments in property, plant and equipment

##### Key audit matter

The carrying amount of fixed assets as at 31 December 2020 is EUR 403.335.743 for the Company and EUR 417.136.694 for the Group (2019: EUR 364.056.975 for the Company and EUR 378.579.903 for the Group); costs of maintenance services for the year ended on 31 December 2020 amounted to EUR 7.473.896 for the Company and EUR 7.156.329 for the Group (2019: EUR 9.365.336 for the Company and EUR 9.126.008 for the Group).

In addition to the construction of new investments, the Company and the Group also performs ongoing maintenance of fixed assets, especially port infrastructure. While items that qualify for recognition of an item of property, plant and equipment are capitalized and transferred to costs through

accordance with the accounting standards. The management prepared the legal and financial assessment of the situation and obtained the assessments from several lawyers and independent legal experts.

Our audit procedures included among other:

- Inspecting the minutes of those in charge of governance.
- Assessment of the adequacy of the legal bases for the recognition and release of provisions. We assessed the adequacy of estimates and assumptions made by the Company or by the Group in connection with the recording of provisions or the disclosure of contingent liabilities arising from lawsuits. In the assessment, we focused on the management's judgement of the probability of unfavorable result and on the reliability of the assessment of the amount of the claims.
- We evaluated the range of values and the assumptions included in the management's assessment of potential outflows of benefits and discussed the management judgement with the Company's Management Board.
- We have assessed whether the Company's or Group's disclosures regarding provisions for lawsuits were appropriate considering the IFRSs.

##### Our response

Our audit procedures included among other:

- Assessment of internal acts defining the area of investment maintenance and investment in property, plant and equipment and subsequent costs in order to ensure that they comply with the guidelines prescribed by International Financial Reporting Standards, in particular IAS 16 - Property, Plant and Equipment.
- Testing the design, implementation and effectiveness of internal controls in the process of recognizing costs and fixed assets.
- Getting acquainted with the method of managing investments with the help of software support, which is used for this purpose by the Company and the Group.
- Testing on a sample of selected items of



annual depreciation, maintenance costs are recognized in profit or loss as soon as they are incurred. The distinction between items that meet the conditions for recognition of property, plant and equipment and items that are immediately recognized in profit or loss is important for the audit, as their recognition requires management's judgement of whether and which conditions are met for classification of an item as property, plant and equipment, as well as whether and what conditions are met for the item to be classified as maintenance cost, which is why we have identified the matter as a key audit matter. When deciding on this, the Company and The Group applies significant assumptions and judgments related to meeting the conditions for recognizing property, plant and equipment as set out in International Financial Reporting Standards.

We refer to the Note 31.1.2 Property, plant and equipment within the framework of accounting policies and in this context for clarification in 31.1.2.2 Subsequent costs, to the Note 12 Property, plant and equipment within the the Note 33 Additional notes to the statement of financial position and to the Note 5 Costs of services under note 32 Additional notes to the income statement, which define investments in property, plant and equipment and maintenance costs.

#### **Other Information**

Management is responsible for the other information. The other information comprises Introduction, Business Report and Sustainability report included in the Company's and Group's annual report but does not include the separate and consolidated financial statements and our auditor's report thereon. Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read other information and, in doing so, assess whether the other information is materially inconsistent with the separate and consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work done, we conclude that there is a material misstatement of other information, we must report such circumstances. Based on the procedures performed, we report that:

- The other information is in all material respect consistent with audited financial statements;
- The other information is prepared in compliance with applicable law or regulation.

Our responsibility is to report, based on the knowledge and understanding of the Company and the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

property, plant and equipment and maintenance costs, whereby we:

- we assessed whether the conditions for the recognition of property, plant and equipment or maintenance costs are met;
- we obtained the basis from the persons responsible for the investments;
- we conducted interviews with the persons responsible for investments;
- we checked the supporting accounting documentation and entries in the financial statements.

The sample included both randomly selected items and items that we determined based on our risk-related approach due to the size, complexity, content or duration of construction/ maintenance.





***Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements of the Company and the Group, management is responsible for assessing their ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and Audit Committee are responsible for overseeing the Company's and the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

With the Supervisory Board and the Audit Committee we communicate the planned scope and timing of the audit and significant findings from the audit, including significant deficiencies in internal control we have identified during our audit.

We also provide the Supervisory Board and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### REPORT OF OTHER LEGAL AND REGULATORY REQUIREMENTS

Other reporting obligations as required by EU Regulation No. No 537/2014 of the European Parliament and of the Council

In compliance with Article 10 (2) of EU Regulation No. 537/2014 of the European Parliament the Council, we provide the following information in our Independent Auditor's report, which is required in addition to the requirements of International Standards on Auditing:

##### *Appointment of the Auditor and the Period of Engagement*

We were appointed as the statutory auditor of the Company by the shareholders on the General Shareholders' Meeting held on 26 August 2020 for the financial years 2020 - 2022. Chairman of the Supervisory Board signed the engagement letter for financial year 2020 on 24 November 2020. We have been performing the statutory audit of separate and consolidated financial statements for the fourth year.

##### *Consistence with the Additional Report to the Audit Committee*

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report issued to the Audit Committee of the Company on 14 April 2020.

##### *Prohibited Services*

We confirm that we have not performed any prohibited services referred to the Article 5(1) of EU Regulation No. 537/2014 of the European Parliament and the Council. We declare that we ensure our independence from the audit Company or Group.

##### *Other Audit Services*

In addition to the statutory audit services and those disclosed in the annual report and separate



and consolidated financial statements, we have not provided any other services for the Company and its subsidiaries.

***Auditor's Reporting on Compliance with the Commission Delegated Regulation (EU) No. 2019/815 for the Presentation of the Annual Report and Audited Consolidated Financial Statements in European Single Electronic Format (ESEF)***

We undertook a reasonable assurance engagement on whether the consolidated financial statements in electronic form (ESEF documents), included in the electronic file 549300H1G05N7BK34P37-2020-12-31 representing the audited consolidated financial statements of the Luka Koper Group for the financial year ended 31 December 2020, are prepared in accordance with the requirements of the ESEF Regulation.

***Responsibilities of Management and Those Charged with Governance***

Management is responsible for the preparation and content of ESEF documents and, within that framework, for correct presentation of audited consolidated financial statements in electronic form in accordance with the requirements of the ESEF Regulation. This also includes responsibility for establishing appropriate internal control as determined necessary by the management, to enable the preparation of ESEF documents that are free from material misstatements, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of ESEF documents.

***Auditor's Responsibility***

Our responsibility is to carry out a reasonable assurance engagement and to express the conclusion on whether the ESEF documents mentioned in the first paragraph of this part of the report, included in the electronic file 549300H1G05N7BK34P37-2020-12-31 are prepared in accordance with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) published by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We are in compliance with the International Standard on Quality Control (ISQC 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and statutory requirements.

Withing the scope of the work performed; we have carried out the following audit procedures:

- We have identified and assessed the risk of material misstatement in ESEF documents and their major non-compliance with the requirements of the ESEF Regulation;
- We have obtained of the internal control processes considered important for our reasonable assurance engagement in order to design appropriate procedures in given circumstances, however, not with the purpose of expressing an opinion on the effectiveness of internal controls;
- We have assessed whether the ESEF documents we received satisfy the conditions as set in paragraph 1, 2 and 3 of the Annex II to the ESEF Regulation;





- We have obtained reasonable assurance that the audited financial statements are presented correctly in the electronic XHTML format;
- We have obtained reasonable assurance that the values and disclosures in the electronic version of the audited consolidated financial statements in the XHTML format are tagged correctly and within the scope as anticipated for the financial year audited as well as in the Inline XBRL technology (iXBRL), so that machine reading of ESEF documents can ensure complete and correct information that is included in the audited financial statements

#### *Conclusion*

Based on the procedures performed and the evidence obtained we confirm that the ESEF documents stated in the first paragraph of this part of report are in all material respects the correct reflection on the audited consolidated financial statements of the Luka Koper Group for the financial year ended 31 December 2020, and are prepared in accordance with the requirements of the ESEF Regulations and within the extent proper for the audited financial year, and that the information is correctly and fully included in the XHTML format.

Our conclusion does not represent and opinion on true and fair view of the financial statements presented in the electronic form. We also do not provide any assurance of other information published together with the ESEF documents.

Engagement partner responsible for the audit on behalf of BDO Revizija d.o.o. is Maruša Hauptman, certified auditor.

Ljubljana, 14 April 2021

BDO Revizija d.o.o.  
Cesta v Mestni log 1, Ljubljana  
(Signature on original Slovene independent auditor's report)

Maruša Hauptman,  
Certified Auditor



