

2018

SUSTAINABILITY REPORT

LUKA KOPER GROUP

AND LUKA KOPER, D. D.

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INTRODUCTION

THE PORT IS MANAGED WITH FUTURE GENERATIONS IN MIND, WHO WILL BE LIVING, CREATING AND GROWING UP AT THE COAST.

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.

1 On the sustainability report

1.1 Non-financial statement

The Luka Koper Group sustainability report meets all the criteria for the publication of the non-financial statement. In line with the amendments to the Companies Act (ZGD-1J, Official Gazette of the Republic of Slovenia 15/2017 as of 31 March 2017), the 2018 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 ZGD-1J. Said amendments to ZGD-1J also comply with the requirements of the "Guidelines on non-financial reporting (methodology for reporting non-financial information)", which were adopted and published in the Official Journal of the European Union in July 2017, and follow the provisions of the "Directive on disclosure of non-financial and diversity information by certain large undertakings and groups".

1.2 Sustainability report according to GRI Sustainability Reporting Standards¹

The Luka Koper Group 2018 sustainability report is the Group's second independent report in accordance with the international standards of sustainability reporting (GRI Sustainability Reporting Standards). The Group has thus enhanced its previous sustainability reports as

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

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, we used all six GRI standards:

- GRI 101: We took into consideration the reporting principles for defining report content and report quality.
- GRI 102: We reported on the organisation and its sustainability reporting practices, the organisation's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and the reporting process.
- GRI 103: We used the management approach to reporting on how the organisation manages the material topics covered by topic-specific standards GRI 200, 300 and 400.
- GRI 200, 300 and 400: We used indicators 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.

1.3 Reporting periods²

The Luka Koper Group has been reporting on sustainable development on an annual basis since 2000. The first report prepared under the GRI standards had been the one for 2017, and the 2018 report is also in accordance with the GRI standards. In the spirit of commitment to sustainable development, the Luka Koper Group will be upgrading the contents of the sustainability report every year.

² GRI GS 102-50, 102-51, 102-52

1.4 Contact point³

The Luka Koper Group 2018 sustainability report available at:	https://luka-kp.si/eng/annual-reports
Additional information on sustainability activities available at:	www.zivetispristaniscem.si  Živeti s pristaniščem
Contact person for information on the sustainability report:	T: +386 5 665 61 00 E: zsp@luka-kp.si

1.5 How to approach the sustainability report

The introductory sections provide background information on this report and on the Luka Koper Group, putting the Group in a wider sustainable framework and presenting its management of sustainable development. In subsequent sections the Group reports on its operations in 2018 in important areas of sustainable development on the basis of the previously identified essential aspects. The GRI indicator number in the footer connects GRI indicators with the text.

1.6 Verification of the sustainability report⁴

The first sustainability report prepared by the Luka Koper Group under the GRI standards had been for 2017. It was submitted for an external assurance of GRI sustainability reporting to the Slovenian Institute of Quality and Metrology (SIQ). The 2018 sustainability report was not subject to external assurance.

³ GRI GS 102-53

⁴ GRI GS 102-56

2 Address by the President of the Management Board⁵

Dear stakeholders of the Port of Koper

As far as sustainable development goes, 2018 was a landmark year for the Group. Our most important strategic investment, the extension of Pier I, moved out of its dead end only after written assurances had been made to the local community that an increase in the capacity of the container terminal would not deteriorate living conditions for local residents. It is a fact that in planning future development the Company will have to take even greater account of the expectations and needs of the local population. For now, the public survey we commission once a year has shown a high level of support for our spatial planning developments from the locals; however, people are becoming increasingly environmentally aware and expect a healthy and safe living environment. Luka Koper complies with the sectoral legislation and meets regulatory restrictions, but we understand that we need to do even more if we want to continue operating in harmony with the local environment.

Despite all luminaries in the port having been adapted to the new legislation, we still receive an occasional notice of excessive light pollution. This is a fine example of the discrepancy between legal provisions and people's perceptions. Another example is dust emissions. Although we have kept bulk cargo covered under a crust of cellulose since 2014, nearly halving releases of PM10 dust particles and staying far below the limit values, we still hear an occasional murmur that the terminal should be closed. Despite the law being on our side, we have to respect different opinions and treat them with the utmost responsibility.

The most problematic aspect of our operations is noise, although through no fault of our own. Problems are caused by individual noisy ships. Those that frequent Koper have already been identified and we have reached agreements with some shipowners on ways of reducing noise. Shipowners also need to be approached respectfully and responsibly if we do not want to drive them away; after all, we have to be aware that there is no legislation limiting noise emitted by ships and their impact on the environment, neither in Slovenia nor at the level of the European Union. Needless to say, Koper is not an exception and other ports face similar challenges. To exchange best practices in this area and exert joint pressure on regulators we have therefore joined the Neptunes initiative, which comprises 11 ports. In the meantime we will continue reducing noise as set out in our environmental strategy.

2018 represented a turning point in terms of employment as well. We embarked on the restructuring of the organisation of work, with the aim of ensuring a sustainable business

⁵ GRI GS 102-14, 103-1, 103-2, 103-3

model. A three-pillar system is based on salaried workers covering areas that require the constant presence of employees (first pillar), employment agencies (second pillar as a transitional form of employment) and the implementation of services by external contractors (third pillar). On the last day of 2018, the Luka Koper Group had 1,242 employees, an increase by 134 from the year before. In fact, the number of employees has been growing for the past four years, last year alone by 12%. The first employees were hired according to the new model in December last year, and the majority in the first three months of this year. A public tender was announced in October 2018 for the selection of recruitment agencies. We expect to hire the first agency workers mid-year. As provided for by the provisions of the Company's collective agreement, these workers will be completely on a par with salaried workers. We will release another public tender in 2019, for external contractors for individual services.

2018 was also full of developments in terms of safety at work in the port. We are very pleased to have witnessed one of the lowest injury frequency rates last year, and there were also no serious injuries. With the opening of a new truck entrance at Sermin and due to improvements in the transport inside the port, we expect even less collision damage in internal transport. We have launched a reform of our training system for work, including a project initiative for setting up a training centre.

To conclude, let me add that this year we will again recast the sustainability report into a magazine-style popular reading product, and have it delivered to the households in the vicinity of the port. Using this approach, we wish to bring our efforts for the sustainable development of the port even closer to the local residents. To this end we redesigned the sustainability portal last year, where the interested public can continue to monitor real-time measurements of noise and dust particles. Via the portal they can also learn about our large family of protégés, which Luka Koper sponsors and donates to as a means of helping them develop their talents, projects and their mission in conquering new victories and setting new milestones.



Dimitrij Zadel

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

3 Presentation of the Luka Koper Group⁶

THE PORT OF KOPER

THE ONLY MULTI-PURPOSE PORT IN SLOVENIA.

ITS ACTIVITY INFLUENCES THE DEVELOPMENT OF THE REGION, SLOVENIAN ECONOMY,
AND LOGISTICS IN THIS PART OF EUROPE.

IT COMPRISES AN INTEGRATED MARINE AND COASTAL AREA ACCOMMODATING PORT
ACTIVITIES RELATED TO CARGO AND PASSENGER TRANSPORT.

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 the ambitious objective to meet the needs of everyone, its customers, owners and employees. By implementing the development policy of the port, Luka Koper is reinforcing its competitive advantage.

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

⁶ GRI GS 102-2, 102-4, 102-6

3.1 Company profile of Luka Koper, d. d., as at 26 April 2019⁷

Company name	LUKA KOPER, pristaniški in logistični sistem, delniška družba
Trade name	Luka Koper, d. d.
Registered office	Koper
Business address	Koper, Vojkovo nabrežje 38, 6000 Koper/Capodistria
Legal form of organisation	Public limited company
	Telephone: 00 386 (0)5 66 56 100, Fax: 00 386 (0)5 63 95 020
	E-mail: portkoper@luka-kp.si
	Website: www.luka-kp.si
	Sustainable development website: http://www.zivetispristaniscem.si
Court register of companies	District Court of Koper, entry no. 066/10032200
Registration number	5144353000
ID number 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 Ilič
Core business	Seaport and logistics system service provider
Activities performed by the Luka Koper Group	Various service activities
Area of activity	Slovenia

⁷ GRI GS 102-1, 102-3, 102-4, 102-5

3.2 Ownership and legal form⁸

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

As at 31 December 2018, 9,649 shareholders of Luka Koper were entered in the shareholders' register, which was 344 less than in 2017. The Republic of Slovenia remains the largest shareholder.

3.2.1 Ten major shareholders as at 31 December

Shareholder	Number of shares as at 31 Dec 2017	Ownership stake 2017 (in %)	Number of shares as at 31 Dec 2018	Ownership stake 2018 (in %)
Republika Slovenija	7,140,000	51.00%	7,140,000	51.00%
Slovenski državni holding, d. d.	1,557,857	11.13%	1,557,857	11.13%
Kapitalska družba, d. d.	696,579	4.98%	696,579	4.98%
Mestna občina Koper	439,159	3.14%	439,159	3.14%
Citibank N.A. – fiduciary account	215,937	1.54%	345,804	2.47%
Hrvatska poštanska banka, d. d.	129,582	0.93%	130,582	0.93%
Zavarovalnica Triglav	113,568	0.81%	113,568	0.81%
Clearstream Banking SA – fiduciary account	2,850	0.02%	104,932	0.75%
Utilico Emerging Markets Limited	98,400	0.70%	98,400	0.70%
Zagrebačka banka, d. d. – fiduciary account	65,900	0.47%	80,332	0.57%
Total	10,459,832	74.71%	10,707,213	76.48%

⁸ GRI GS 102-1, 102-5

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

Shareholder	Number of shares as at 31 Dec 2017	Ownership stake 2017 (in %)	Number of shares as at 31 Dec 2018	Ownership stake 2018 (in %)
Republika Slovenija	7,140,000	51.00%	7,140,000	51.00%
Individuals	2,213,981	15.81%	2,199,284	15.71%
Slovenski državni holding	1,557,857	11.13%	1,557,857	11.13%
Foreign legal entities	1,283,133	9.17%	1,254,169	8.96%
Kapitalska družba, d. d.	696,579	4.98%	696,579	4.98%
Other legal entities	480,468	3.43%	493,186	3.52%
Mestna občina Koper	439,159	3.14%	439,159	3.14%
Mutual and pension funds	118,246	0.84%	147,470	1.05%
Brokerage companies	32,454	0.23%	33,173	0.24%
Banks	28,572	0.20%	31,032	0.22%
Foreign banks	9,551	0.07%	8,091	0.06%
Total	14,000,000	100.00%	14,000,000	100.00%

3.3 Composition of the Luka Koper Group

Luka Koper Group as at 31 December 2018

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

Associated companies

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

3.4 Inclusion into consolidated financial statements⁹

The consolidated financial statements of the Luka Koper Group for the year ended 31 December 2018 consist of the financial statements of the controlling company Luka Koper d. d., its subsidiaries and 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 2018:

- 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 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.

⁹ GRI GS 102-45

3.5 Activities of the Luka Koper Group¹⁰

Luka Koper is the only Slovenian multi-purpose port. Its activity influences the development of the region, Slovenian economy, and logistics in this part of Europe. It comprises an integrated marine and coastal area, accommodating activities related to cargo and passenger transport services.

Core port activities include throughput and warehousing of a variety of goods. They are supplemented by a range of services on goods and other services, providing customers with a comprehensive logistic support.

Concession agreement

In 2008, Luka Koper concluded with the Republic of Slovenia the Concession Agreement for the Administration, Management, Development and Regular Maintenance of 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 pays the total concession fee to the Republic of Slovenia, which then allocates half to the local communities, the Municipality of Koper and, since 1 January 2015, to the Municipality of Ankaran.

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

¹⁰ GRI GS 102-2, 102-6

Port and logistic activities

The core port activity of throughput and warehousing is carried out at twelve specialised port terminals. They 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 at <https://luka-kp.si/eng/terminals>.

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

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

The services of individual terminals are supplemented by Luka Koper INPO, d. o. o., Adria-Tow, d. o. o., Adria Transport, d. o. o., and Avtoservis, d. o. o., which enables us to quickly respond to customer 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. As a support services company, Luka Koper INPO, d. o. o., provides the simple maintenance of railway tracks, weighing, bus transportation and public utility services. In its operations, the company remains true to its original mission, which in addition to successful commercial operation is the employment and training of disabled persons.

Adria-Tow, d. o. o. provides vessel towing services, ship supply services, and sea rescue and vessel assistance in the Koper port.

Adria Transport, d. o. o. facilitates an efficient logistic route between the Koper port and its hinterland, being in charge of the transport of large volumes of freight via the rail, both in and out of the port.

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.

Hinterland logistic activity 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 as well as collective and conventional throughput in container traffic. Well-connected to the railway and road infrastructure, the terminal comprises nearly 50,000 m² of storage facilities and boasts state-of-the-art machinery for handling goods. As a land terminal manager, the company endeavours to attract goods flows in inland transport from Central and East European markets.

Other activities

In addition to the core activity, i.e. the port activity, the Luka Koper Group provides 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. is a market-oriented company that provides services in technological and ecology research, and analytical laboratory services.

3.6 Markets¹¹

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

3.7 Organisational changes¹²

Logis-Nova, d. o. o. was injected with new capital in 2018 by means of a debt-to-equity swap, with an impairment charge recognised against the investment in the same amount.

3.8 Organisation structure¹³

Committees and boards

Risk Management Committee – a body composed of responsible and competent persons in charge of risk management activities, 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 committees – a supervisory body appointed by the Management Board to exercise control over a project. Its responsibilities include ensuring project implementation by reviewing the status of the project, providing approvals to all deviations from plans in individual project phases, and confirming conclusions of all project phases. It is composed of persons responsible who are of crucial importance for reaching project objectives (chair of project committee), and persons responsible who are users of project results (member of project committee).

Quality teams – a form of team activity ensuring the implementation of management system objectives in an organisational unit. An organisational unit (or several units together) sets

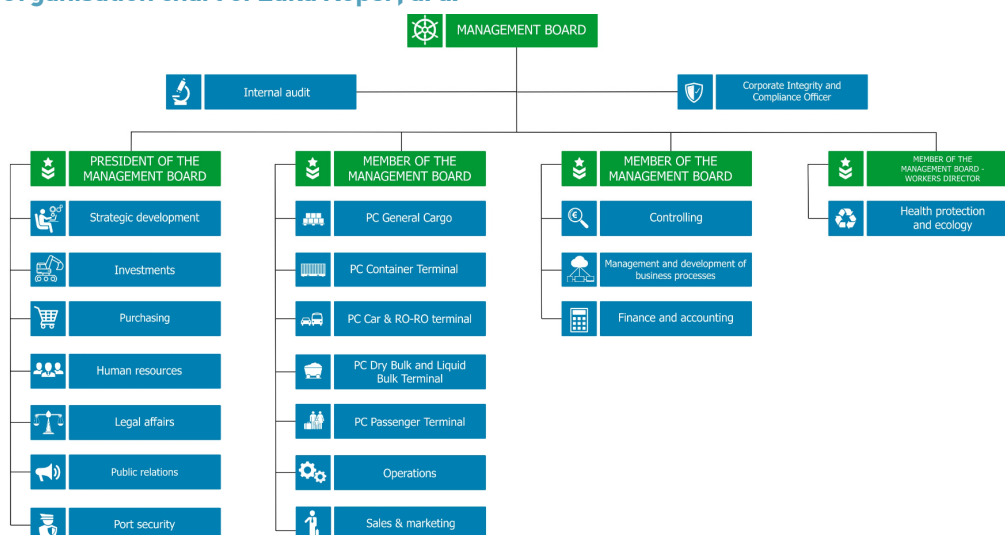
¹¹ GRI GS 102-6

¹² GRI GS 102-10

¹³ GRI GS 102-18

up a quality team to ensure the periodic review of the effectiveness and efficiency of its own operations considering all aspects of the management system.

Organisation chart of Luka Koper, d. d.



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

The work of the Management Board is governed by statutory regulations, the Company's articles of association and the Management Board rules of procedure, the Corporate Governance Code for Listed Companies, Corporate Governance Code for State-Owned Enterprises, and Recommendations and Expectations of the Slovenian Sovereign Holding. Pursuant to ZGD-1 and the Company's articles of association, the Company is managed and represented by the Management Board.

3.9.1 Composition of the Management Board

Until 16 February 2018 the Management Board of Luka Koper worked in the following composition:

- 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,

¹⁴ GRI GS 102-22, 405-1

- Stojan Čepar, Worker Director, beginning of five-year term of office: 30 November 2015.

At its regular session on 16 February 2018, the Supervisory Board and Stojan Čepar decided on a consensual termination of the latter's management contract. His term of office as Member of the Management Board – Worker Director thus expired on the same day. Based on a proposal of the Workers' Council, the Supervisory Board appointed Vojko Rotar to fill this position.

As at 31 December 2018, the Management Board of Luka Koper 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.

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

3.9.2 Members of the Management Board¹⁵

▪ Dimitrij Zadel

President of the Management Board

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

¹⁵ GRI GS 405-1

- **Metod Podkrižnik**

- Member of the Management Board*

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

- **Irma Gubanec**

- Member of the Management Board*

Irma Gubanec, born 9 July 1968, completed her master's studies in business policy and organisation at the Faculty of Economics, University of Ljubljana. She began her career as independent finance consultant at the Development Fund of the Republic of Slovenia, where she was subsequently promoted to director of the Finance Department. Between 1999 and 2000, she worked at the Ministry of Economic Affairs as state secretary responsible for assets and finance. She subsequently sought new career challenges in the company P&S Svetovanje in analyze as independent finance consultant in charge of company valuations and company mergers and acquisitions. Between 2001 and 2010, she held the position of deputy director general responsible for business economics at the national public broadcasting company RTV Slovenia, where she was responsible for finance, accounting, controlling and RTV subscription calculation. In 2010, she joined the media company Delo d. o. o., where she occupied several key positions. Between 2013 and 2017, she held the position of president of the management board and director general responsible for meeting the company's strategic targets, including the company's financial, personnel and business restructuring. Following the decision of the Luka Koper Supervisory Board, he commenced her five-year term of office in the Company 29 December 2017.

■ **Vojko Rotar**

Worker Director

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

Diversity of members of the Management Board by gender

	31 Dec 2018		
	Men	Women	Total
Number of members	3	1	4
Share	75%	25%	100%

Diversity of members of the Management Board by age

	31 Dec 2018			
	Under 30	30 to 50	50 and over	Total
Number of members	0	2	2	4
Share	0%	50%	50%	100%

3.9.3 Management Board's work¹⁶

The Management Board autonomously directs the operations of the Company in its best interests, and assumes sole responsibility for its actions. It 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:

¹⁶ GRI GS 102-23

- Management Board Secretariat (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 Member of the Management Board:

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

Tasks of 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.

Tasks of Member of the Management Board – Worker Director:

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

All members of the Management Board jointly:

- Internal audit,
- Corporate integrity and operations compliance,
- Collaboration with the Secretary of the Supervisory Board.

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

The Supervisory Board of Luka Koper has nine members. Six are elected by the General Meeting of Shareholders, and three from among employees by the Workers' Council. The Board members' term of office is four years.

As at 31 December 2018, the Supervisory Board was composed of:

Representatives of shareholders:

- Uroš Ilić, President of the Supervisory Board
Beginning of four-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: Perutnina Ptuj, d. d., president of the supervisory board
- Andraž Lipolt, Deputy President of the Supervisory Board
Beginning of four-year term of office: 1 July 2017 (28th General Meeting)
Employed: Petrol, d. d., director of technical support
Membership in other management or supervisory bodies: /
- Rado Antolovič PhD, Member of the Supervisory Board
Beginning of four-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: Maritime Services Division, DP World, managing partner; P&O Ports, CEO, Dubai Dry Dock World, president of the management board
- Milan Jelenc, Member of the Supervisory Board
Beginning of four-year term of office: 1 July 2017 (28th General Meeting)
Employed: SŽ, d. o. o., consultant
Membership in other management or supervisory bodies: Adriakombi, d. o. o., president of the supervisory board; CKTZ, d. d., member of the supervisory board
- Barbara Nose, Member of the Supervisory Board
Beginning of four-year term of office: 1 July 2017 (28th General Meeting)
Employed: Constantia plus, d. o. o., managing partner
Membership in other management or supervisory bodies: /

¹⁷ GRI GS 102-22, 405-1

- Sabina Mozetič, Member of the Supervisory Board
Beginning of four-year term of office: 21 August 2015 (26th General Meeting)
Employed: Municipality of Koper, director of municipal administration
Membership in other management or supervisory bodies: /

Representatives of employees

- Mladen Jovičić, Member of the Supervisory Board, beginning of four-year term of office: 8 April 2017
Employed: Luka Koper, d. d., purchasing, storer in the central warehouse
- Marko Grabljevec, Member of the Supervisory Board, beginning of four-year term of office: 18 January 2016
Employed: Luka Koper, d. d., port security, operational manager
- Rok Parovel, Member of the Supervisory Board, beginning of four-year term of office: 12 September 2016
Employed: Luka Koper, d. d., PC Container Terminal, controlling officer

External member of the Supervisory Board Audit Committee

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

Changes in the composition of the Supervisory Board Audit Committee

External member of the Audit Committee

The Supervisory Board appointed on 22 February 2019 Mateja Treven as the new external member of the Audit Committee to replace the former member, Mateja Kupšek.

Diversity of members of the Supervisory Board by gender

	31 Dec 2018		
	Men	Women	Total
Number of members	7	2	9
Share	78%	22%	100%

Diversity of members of the Supervisory Board by age

	31 Dec 2018			
	Under 30	30 to 50	50 and over	Total
Number of members	0	4	5	9
Share	0%	44%	56%	100%

Work of Supervisory Board committees

In 2018 the following committees provided the Supervisory Board with uninterrupted support: Audit Committee, HR Committee and Business Operations Committee.

The composition and work of Supervisory Board committees are detailed in the 2018 Annual Report, section 6: Report of the Supervisory Board for 2018.

3.11 Risk control¹⁸

3.11.1 Risk management system in the Luka Koper Group

Risk management is a complex and uniformly defined process that enables the Group, together with other management processes, to increase the probability of its meeting its objectives. The Group uses an advance risk management system, which ensures that the key risks the Group is exposed to are identified, assessed, evaluated, controlled, monitored and duly reported. Risk management is the concern of each Group employee in the context of their work tasks and competences. Risks 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 management system across the entire Group.

The basis of the risk management system is the risk register, which contains a list of all identified risks, characteristics of particular risks, identified measures and control activities, and persons responsible for monitoring individual risks. 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 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. A joint risk assessment is the product of the assessment of likelihood and assessment of consequences. Based on the joint risk assessment, all risks identified in the register according to the five-level scale are classified from irrelevant to material. The quantitative assessment system ensures that the management of the key risks is in the focus.

¹⁸ GRI 102-11

Likelihood	Very high (5)	5	10	15	20	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						

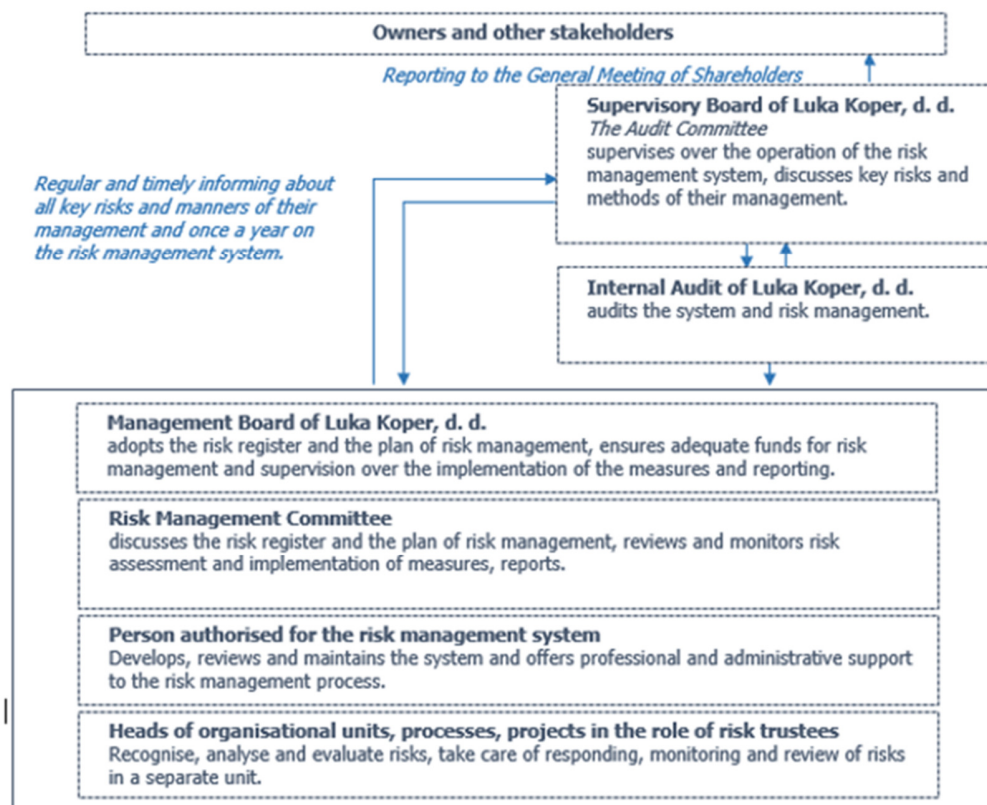
- Irrelevant risk (joint risk assessment = 1–2)
- Less important risk (joint risk assessment = 3–4)
- Moderate risk (joint risk assessment = 5–9)
- Important risk (joint risk assessment = 10–16)
- Material risk (joint risk assessment = 20–25)
- Limit for key risks

Our risk management system is connected to other management systems, ISO 9001, ISO 14001, ISO 22000, BS OHSAS and EMAS, which also each cover risk control in their field. Risk management is stipulated into more detail in internal rules, which are binding for all companies in the Group.

In the context of the risk management system, the Luka Koper Group regularly monitors exposure to all the perceived risks, and determines and implements the necessary measures to ensure an acceptable level of operational risk. Only one key risk materialised in 2018, and the average risk assessment was 6.9 (moderate risk), indicating that risk management in 2018 was effective. Ten new risks were identified in 2018, whereby the Group is successfully adapting to internal and external factors.

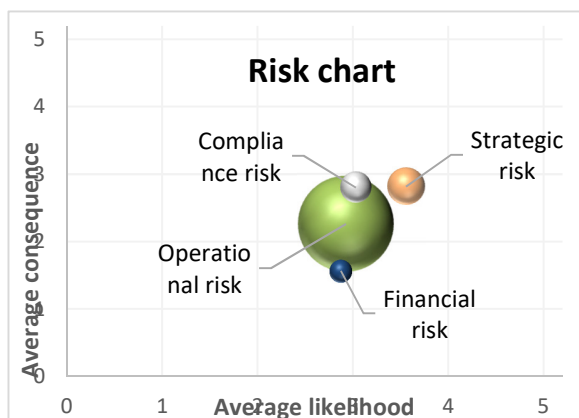
3.11.2 Key roles and responsibilities in the risk management system

The key roles and responsibilities in the risk control system did not change in 2018 from the year before:



3.11.3 General risk assessment

Risks identified at the first level fall into four main groups. At the second level they are divided into individual topic-related sub-groups. Despite the implemented measures, 11 risks have remained identified as material, of which a large majority is strategic risks.



The average likelihood is the highest in the case of **strategic risks** because there are certain risks that the Company cannot manage alone with its measures, the risks originating from external factors (e.g. deterioration of the economic situation, disagreements between landowners, government-owned infrastructure). **Operational risks** 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** represent a smaller but important set, mainly related to the system of external port

service providers and compliance with the Environmental Protection Act. **Financial risk** is currently evaluated as posing the smallest threat.

3.11.4 Strategic risk

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. This group includes risks associated with the timely provision of the relevant land (delay in the modernisation of rail infrastructure servicing the port, construction of new entrances) and maritime connections to the port, risks associated with the successful implementation of key strategic investment projects, and market risk.

Important progress was made in 2018 in terms of risk management associated with the implementation of the key investment projects important for the Company's acquiring a competitive advantage over other ports. Two building permits were obtained, for the extension of the southern part of Pier I to service the container terminal, and for the construction of a RO-RO berth in Basin III to service the car terminal. Works remain ongoing in the construction of the Sermin entrance to the port, which will release some of the traffic load off the main access road to the port, increase in-port traffic fluidity, and reduce freight transport at the heart of the city. The main strategic risks arising from the external environment remain the uncertainty with regard to the construction of the second track of the Divača-Koper railway line, and the obsolete, insufficient capacity of the existing track, both of which represent a threat to the further growth of throughput.

As to market risk, potential problems are the gradual cooling of the Chinese market and the forecast declining growth in European markets. The geopolitical situation in certain important overseas markets remains risky. Market risk also refers to the strengthening of other North Adriatic ports, Koper's competition in major hinterland markets.

3.11.5 Operational risk

Operational risks affect the implementation of processes at all levels. They include a wide variety of risks mostly arising from inadequate and unsuccessful internal processes, unsuitable or inefficient actions of employees, inappropriate or poor operation of the systems or equipment. Given our wide range of logistics services, the occurrence of these risks is most often reflected in injuries to people and/or impacts on the environment and property, and they can be affected by internal or external factors. This group of risks is managed by preventive measures based on risk assessments of workplaces, training and verification of knowledge, consistent use of personal protective equipment, 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.

3.11.6 Financial risk

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 2018, 6.2% of the Group's assets were financial investments measured at fair value. Due to the strategic orientation of investing in the development of core business, portfolio management in the Group has only involved managing the existing assets in recent years. The Group manages this risk by monitoring the situation in the financial markets and their impact on the portfolio, while active management brings high return on investment and preserves investment value.

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

3.11.7 Compliance risk

Compliance risks remain mainly associated with excessive noise, compliance with employment legislation (Labour Market Regulation Act – ZUTD, Employment Relationship Act – ZDR, and Public Procurement Act – ZJN), and the risk of fraud and corruption. In 2018 we implemented activities to resolve issues related to external port service providers. The new model of recruiting is expected to be launched in 2019, thus reducing the risk of compliance with the employment legislation to an acceptable level.

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 noise levels, 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, searching for solutions to reduce the noise of shipping.

3.11.8 Fraud and corruption risk¹⁹

The Group manages fraud and corruption risk 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.

These rules are defined in management system documents, i.e. 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.

Corporate integrity in Luka Koper is overseen by the Corporate Integrity Officer and the Corporate Integrity Violations Committee, who draw up reports based on observed violations, including 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.

¹⁹ GRI GS 205-1

3.12 Memberships and initiatives²⁰

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

- GZS – Chamber of Commerce and Industry of Slovenia: member of the Chamber's assembly, and of the administrative board of the Transport Association,
- ESPO – European Sea Ports Organisation,
- FEPORT – Federation of European Private Port Companies and Terminals,
- NAPA – North Adriatic Ports Association,
- SBRA – Slovenian Business & Research Association,
- MedCruise – Mediterranean Cruise Port Association,
- MEDports – association of Mediterranean ports,
- 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.

Luka Koper, d. d. participates in the following initiatives:

- It is the signatory of Slovenian Corporate Integrity Guidelines.

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

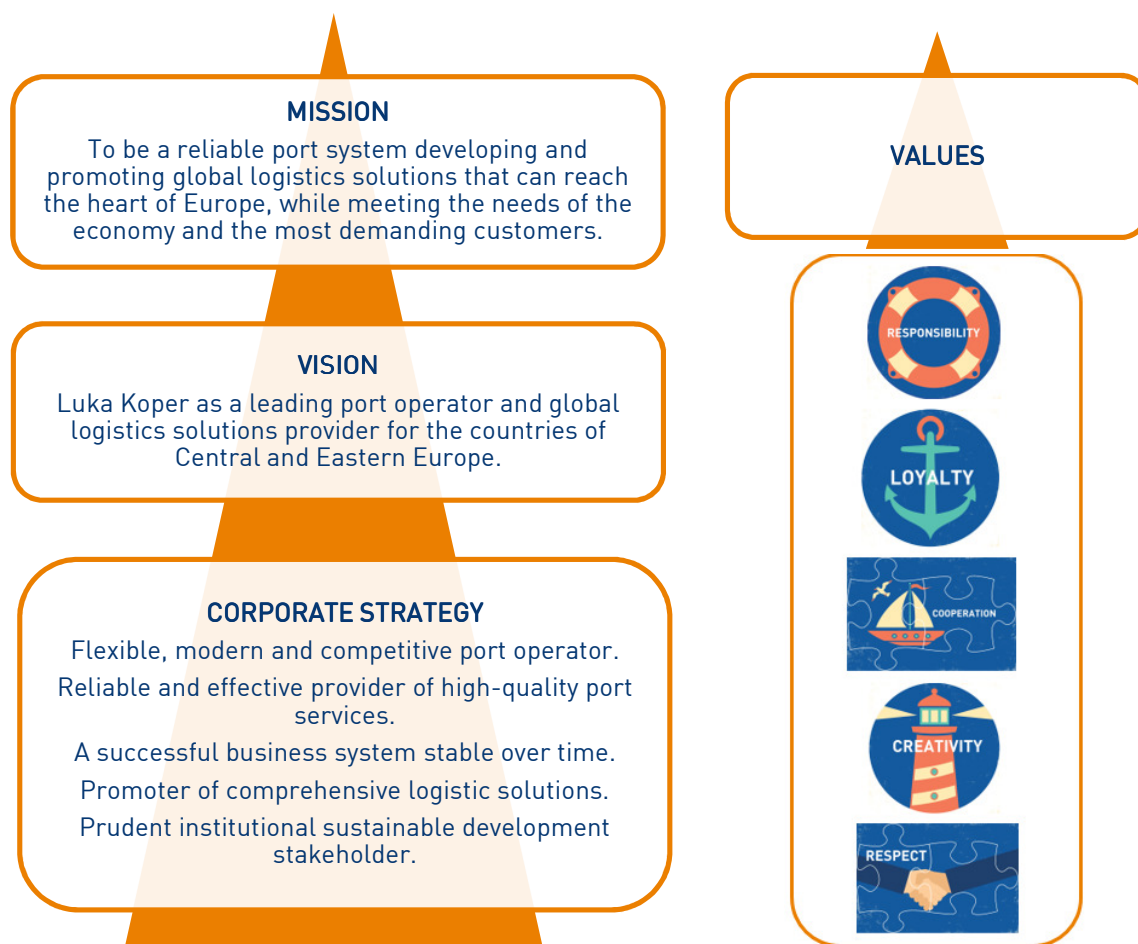
- Association of Employers of Slovenia,
- Alliance of Companies Employing Disabled People of Slovenia,
- Slovenian Society of Safety Engineers,
- EBA – European Boatmen's Association,
- IBLA – International Boatmen's Linesmen's Association,
- Fire Fighting Association of Slovenia.

²⁰ GRI GS102-12, 102-13

LUKA KOPER AND SUSTAINABLE DEVELOPMENT

LUKA KOPER IS A DILIGENT INSTITUTIONAL
STAKEHOLDER IN SUSTAINABLE DEVELOPMENT.

4 Luka Koper and sustainable development guidelines²¹



²¹ GRI GS 102-16, 103-1, 103-2, 103-3

4.1 Business and quality policies

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

4.2 Business continuity policy

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

4.3 Security Policy

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

4.4 Sustainable development strategy

The Luka Koper Group has always been concerned with improving the quality of life in the wider area of the port. Regarding development issues, principles of sustainable development and responsible environmental management are taken into account. Modern sustainable solutions are introduced to the greatest extent possible, as they are important both for the local and wider community. The Group pursues sustainable development based on strategic orientations, the adopted human resource management strategy 2016-2020, and its environmental strategy and energy policy.



4.5 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 global society as a whole by 2030. Sustainable development goals have been published in Slovenian on the website of the Ministry of Foreign Affairs:



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




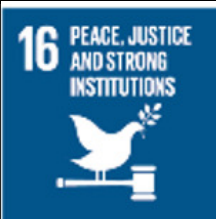


4.5.1 The Luka Koper Group is addressing 11 sustainable development goals with its efforts

Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Goals
 3 GOOD HEALTH AND WELL-BEING	<p>Managing occupational health and safety system in accordance with international OHSAS 18001 standard, and its upgrading to include all novelties.</p> <p>Targeted training for safe work of employees and others in port area with regard to anticipated injuries.</p> <p>Providing efficient system of health promotion in the working environment.</p> <p>Managing concentrations of harmful substances under statutory limits.</p> <p>Measuring impacts on employees and environment.</p> <p>Reducing noise level in the port and noise from ships by means of organisational and investment projects.</p> <p>Devising a strategy of fire protection development in the port.</p> <p>Modernising fire protection systems.</p>	<p>Provision of a safe working environment.</p> <p>Assessment of respect for human rights.</p> <p>Noise and light pollution.</p> <p>Customer health and safety.</p>	<p>Number of serious injuries at work.</p> <p>Number of injuries at work per million hours worked.</p> <p>Number of collisions per million hours worked.</p> <p>Number of patrols.</p> <p>Noise levels at night in the direction of Koper, Ankaran and Bertoki.</p> <p>Noise levels in day- and evening-time in the direction of Koper, Ankaran and Bertoki.</p>	<p>A maximum of 16 injuries at work and 0 serious injuries per million hours worked.</p> <p>A maximum of 25 collisions per million hours worked.</p> <p>Reduce noise level at night in the direction of the town of Koper to 48 dB.</p> <p>Maintain noise level in front of closest buildings outside the port at 58 dB during the day and 53 dB in the evening.</p> <p>Ensure compliance of outdoor lighting with the aim of reducing light pollution.</p> <p>Ensure effective and adequate system of firewater supply in entire port area, and appropriate firefighting interventions for specific facilities.</p>
 4 QUALITY EDUCATION	<p>Targeted execution of functional expert training.</p> <p>Inclusion of all employees in training.</p> <p>Partly funding employees' studies to acquire higher levels of education.</p> <p>Improving knowledge transfer systems (mentoring, tutoring).</p> <p>Assessing employee competencies (annual interviews).</p>	<p>Educating and training of employees.</p> <p>High work efficiency, and employee satisfaction and commitment.</p>	<p>Average number of hours of training per employee.</p> <p>Share of staff involved in training.</p> <p>Average competence assessment.</p>	<p>Have at least 80% of employees attend training.</p> <p>Competent employees.</p>

Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Goals
 <p>5 GENDER EQUALITY</p>	<p>Consistent implementation of the provisions of the Code of Ethics.</p> <p>Diversity policy sets out target diversity pursued in relation to representation on the supervisory and management boards based on gender, age, education level and other personal characteristics of members as appropriate for the Company.</p> <p>Respect for the rights of employees to freedom of association, membership in trade unions and Workers' Council, and other forms of association.</p> <p>Consistent implementation of rules on the protection of employee dignity.</p>	Diversity and equal opportunities, and non-discrimination.	Share of employees on the basis of gender, age, education level, etc.	<p>Absolute non-discrimination.</p> <p>Satisfied employees.</p> <p>Consistent respect of rights acquired by employees.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	Reducing drinking water losses.	Water use.	Specific water consumption.	Keep specific energy consumption on par with the year before despite increases in throughput and storage capacities – drinking water.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Introducing energy efficiency measures.</p> <p>Establishing energy management system in profit centres and subsidiaries.</p> <p>Installing measuring equipment to capture energy consumption data for machinery, facilities and infrastructure.</p> <p>Acquiring ISO 50001 standard certification – energy management.</p> <p>Transition of machinery and vehicles to electrical power.</p>	<p>Energy efficiency.</p> <p>Commitment to sustainable development.</p>	<p>Specific fuel consumption.</p> <p>Specific electricity consumption.</p>	Keep specific energy consumption on par with the year before despite increases in throughput and storage capacities – motor fuel and electricity.

	<p>Establishing central control system for port lighting.</p> <p>Actively introducing state-of-the-art and cleanest technologies to ensure energy efficiency in carrying out port activities.</p> <p>Generate electricity from renewable energy sources.</p>			
8 DECENT WORK AND ECONOMIC GROWTH 	<p>Contributing to high economic growth by following strategic guidelines facilitating long-term business stability.</p> <p>Soliciting and keeping the best staff.</p> <p>Achieving the culture of high performance and excellent management.</p> <p>Executing management by objectives (annual interviews).</p> <p>Ensuring customer satisfaction and commitment.</p> <p>Implementing the system of human resource potentials and successors.</p> <p>New employee hires based on the principle of "competent staff – key positions".</p> <p>Optimum management of effective employee working time.</p>	<p>Stability and business performance.</p> <p>Indirect economic impacts.</p> <p>Importance of employment and concern for employees.</p>	<p>Financial ratios.</p> <p>Net sales.</p> <p>Share of annual interviews held.</p> <p>Assessment of work atmosphere and employee satisfaction.</p> <p>Assessment of employee commitment.</p> <p>Share of suitable managers (management competency assessment based on 360 degree method).</p> <p>Share of unused compensatory working hours and balance of working hours.</p>	<p>Complete development projects by 2020, such as extension of Pier I and rearrangement of additional warehousing areas.</p> <p>Reach 100% realisation of HR plans each year.</p> <p>2020: 98% share of annual interviews implemented, 98% share of suitable managers, assessment of employee commitment 3.7, less than 5% share of unused compensatory working hours and balance of working hours.</p> <p>Ensure equal pay for equal work.</p>
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<p>Creating integrated transport solutions by combining various links of logistics chain.</p> <p>Stimulating employee creativity and making innovation part of Company's strategic orientation.</p> <p>Providing new infrastructure capacities in due time.</p>	<p>Stability and business performance.</p> <p>Indirect economic impacts.</p> <p>Stakeholder engagement.</p>	<p>Number of inspection and internal measures in land development.</p> <p>Share of introduced improvements.</p> <p>Strategic programme.</p>	<p>No inspection and internal measures in land development.</p> <p>40% of improvements per organisational unit introduced annually.</p> <p>Acquiring new warehousing areas.</p> <p>Setting up additional berths.</p> <p>Improving road access.</p> <p>Establishing new track capacities.</p>

Sustainable development goal	Description of Luka Koper's activity	Links to essential content	Indicator example	Goals
	Modernising equipment and dust emission reduction systems.	Climatic factors and air quality.	Concentration of particulate emissions up to 10 µm in the direction of Bertoki, Koper, Ankaran.	Maintain PM10 concentrations (particles up to 10 µm) across entire port area below 30 µg/m ³ (in the direction of Ankaran, Koper and Bertoki).
	Establishing adequate control system for the entire aquatorium. Alternative solutions for handling of marine sediments.	Quality of the sea, deepening of seabed and management of marine sediments. Biodiversity.	Number of sea pollution instances outside the port aquatorium.	Prevent all instances of sea pollution outside the port aquatorium.
	Upgrading waste management systems and equipment. Reducing the impact of potentially contaminated precipitation water, process and waste water, by upgrading treatment plants.	Use of land and water, and formation of waste water. Waste management.	Maintaining the share of separately collected waste.	Maintain the share of separately collected waste (excluding ship-generated waste) above 89%.
	Respect for the principles of the rule of law and measures to prevent corruption and bribery, thereby strengthening our integrity and reputation.	Respect for human rights. Corporate integrity. Luka Koper's reputation. Operations compliance. Operational transparency. Ensuring customer privacy.	Number of corruption cases.	Maintain number of corruption cases at 0 and implement corporate integrity training.

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

5 Stakeholders of Luka Koper²²

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. Its stakeholders are defined and identified in the Corporate Governance Policy of 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

²² GRI GS 102-40

the Companies Act, the Company's articles of association, and rules of procedure of the General Meeting. In communicating with shareholders, Luka Koper 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,
- Conferences for the press on the Company's performance,
- Meetings at Company headquarters.

5.1 Identification of stakeholders²³

Stakeholders of Luka Koper are defined and identified in the Corporate Governance Policy of 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.

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, we have to be aware that it is customer satisfaction that gives meaning to our work and serves as the basis for implementing the vision and mission of the Port of Koper. Satisfaction of Luka Koper customers is monitored regularly. Customers are 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

²³ GRI GS 102-42

coordinated as possible at the entry or exit point, which is the actual position of the port area in the entire logistic chain. The Port of Koper responds to mentioned demands by coordinating them and communicating with the interested stakeholders.

The Company's performance and 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, collaboration, 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 use information terminals at the management premises. Special attention is also devoted to direct communication between employees in terms of working and operational meetings, quality teams, coordinations, annual interviews of managers with their workers, conferences, and other forms of teamwork. Employees are encouraged to constant capacity building. Based on development plans, 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. Sponsorships and donations are intended to support education, sports, culture and humanitarian projects. Once a year, the port opens its door widely, inviting on the Port Day visitors from the local and wider environment to tour the port, piers, lifts, devices, and witness throughput and other activities.

Public authorities: The government is aware of the immense importance of the Port of Koper as the only Slovenian port to the economy as a whole. In 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 contract are:

- Term,
- Determination of method for calculating concession fee,
- Agreement between contracting parties on method of investing in port infrastructure,
- Rules of governance, management and operation of port facility,
- Ensuring the port remains open,

- Rights and obligations of contracting parties upon suspension or termination of concession relationship.

The duration of the concession is 35 years, as laid down in the Maritime Code. The agreed concession fee amounts to 3.5% 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. The concession provider and holder have divided among themselves port management, governance and operation, and agreed on ways of coordinated action to meet the concession objectives in the interests of both parties. It is a commitment and objective of both contracting parties to ensure the port is open. It is a commitment to provide services to anybody interested and meeting the conditions in accordance with the principles of the European *acquis*. The Company's objective is for the Port of Koper to become the primary and best port for the countries of Eastern and Central Europe.

The media: The 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/, and on its sustainability portal www.zivetispistaniscem.si. The media also receive press releases, and invitations to attend press conferences and important business events and visits.

5.2 Stakeholder engagement, their expectations and needs²⁴

From the numerous stakeholders with whom Luka Koper 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, we have identified key stakeholders based on strategic guidelines, and have defined their expectations and ways of involvement in the operations of the Luka Koper Group.

²⁴ GRI GS 102-43, 102-44

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

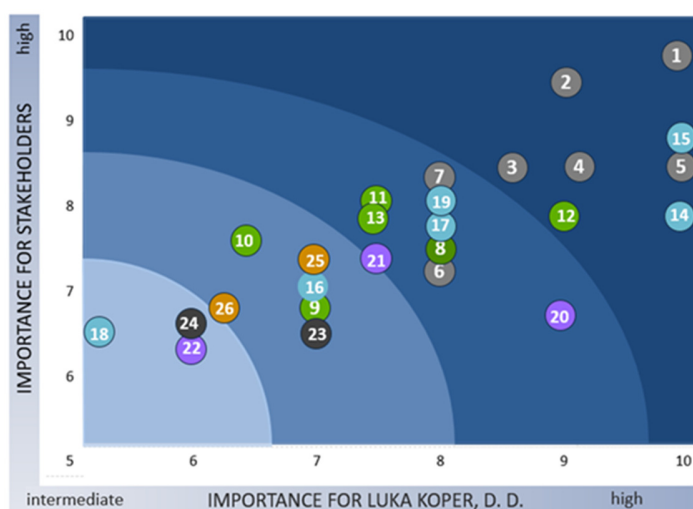
			Contents of particular importance in the process of devising the sustainability report <ul style="list-style-type: none"> Corporate integrity and operations compliance
Key stakeholders	Communication tools	Participation in preparation of sustainability report	Stakeholders' expectations and needs
SUBSIDIARIES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

	<ul style="list-style-type: none"> • Evaluation of managers • Annual interviews • Assessment of collaboration between units 		<ul style="list-style-type: none"> • Occupational health and safety • Stability and business performance • New hires, and concern for employees • Assessment of respect for human rights
Key stakeholders	Communication tools	Participation in preparation of sustainability report	Stakeholders' expectations and needs
LOCAL COMMUNITY AND WIDER SOCIAL ENVIRONMENT	<ul style="list-style-type: none"> • Port Day • "Living with the Port" portal • Meetings with representatives of local communities • Facebook • Port Bulletin 	<ul style="list-style-type: none"> • YES • Three questionnaires completed 	<ul style="list-style-type: none"> • Observance of environmental regulations • Co-financing cultural, sports and humanitarian organisations • New employee hires • Contribution to development of economic environment • Spatial plans of the port • Transparent communication with the public <div>Contents of particular importance in the process of devising the sustainability report</div> <ul style="list-style-type: none"> • Indirect economic impacts • Climatic factors and air quality • Involvement of local communities
ENVIRONMENTAL ORGANISATIONS	<ul style="list-style-type: none"> • "Living with the Port" portal • Environmental reports • Expert councils 	<ul style="list-style-type: none"> • YES • Three questionnaires completed 	<ul style="list-style-type: none"> • Observance of environmental regulations <div>Contents of particular importance in the process of devising the sustainability report</div> <ul style="list-style-type: none"> • Quality of the sea, deepening of seabed and management of marine sediments • Climatic factors and air quality • Noise and light pollution
MEDIA	<ul style="list-style-type: none"> • Press conferences • Press releases • Answers to the press • Website 	<ul style="list-style-type: none"> • YES • Four questionnaires completed 	<ul style="list-style-type: none"> • Up-to-date information about events, business operations and changes in the Company <div>Contents of particular importance in the process of devising the sustainability report</div> <ul style="list-style-type: none"> • Provision of a safe working environment • Stability and business performance • Indirect economic impacts

6 Materiality matrix²⁵

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

Materiality matrix



●	Corporate governance and economic operation
●	1. Stability and business performance
●	2. Indirect economic impacts
●	3. Corporate integrity
●	4. Operational transparency
●	5. Operations compliance
●	6. Stakeholder engagement
●	7. Commitment to sustainable development
●	Natural environment
●	8. Energy efficiency
●	9. Use of land and water, and formation of waste water
●	10. Quality of the sea, deepening of seabed and management of marine sediments
●	11. Climatic factors and air quality
●	12. Noise and light pollution
●	13. Waste management
●	Employees
●	14. Recruitment and concern for employees
●	15. Provision of a safe working environment
●	16. Education and training of employees
●	17. High work efficiency in employees, their satisfaction and commitment
●	18. Diversity, equal opportunities, and non-discrimination
●	19. Assessment of respect for human rights
●	Social environment
●	20. Reputation of Luka Koper
●	21. Involvement of local communities
●	22. Donorships and sponsorships
●	Responsibility to suppliers
●	23. Assessment of suppliers in terms of impact on society and the environment
●	24. Purchases by local suppliers
●	Customers/users
●	25. Customer health and safety
●	26. Customer/user privacy

²⁵ GRI GS 102-47

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

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

Luka Koper will recast the materiality matrix every three years.

6.1 Material contents highlighted by particular stakeholders²⁶

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

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

²⁶ GRI GS 102-44

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

6.2 Methodology for determining materiality²⁷

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

STEP 1
Identification and determination of essential contents of the sustainability report
Based on the proposed essential elements of the GRI standards and based on the Luka Koper strategy and activities, we have identified the essential elements relevant and important for our operation. These elements are divided into sections:
<ol style="list-style-type: none"> 1. Corporate governance and economic operation 2. Natural environment 3. Employees 4. Social environment 5. Suppliers 6. Customers/users
Step 2
Determination of importance by the Company
Importance as determined by the Company is shown on the horizontal axis of the importance graph, elements ranked in importance from right to left. Importance of identified essential elements has been assessed by the Management Board and members of the project team.
Step 3
Determination of importance by stakeholders
Importance as determined by stakeholders is shown on the vertical axis of the importance graph, elements ranked in importance from top to bottom. Stakeholders' assessment was obtained using a questionnaire sent out to key stakeholders. 45 questionnaires were completed. The stakeholders included as well as their expectations can be seen in the table "Stakeholder engagement, their expectations and needs".
Step 4
Determination of materiality
The materiality matrix was 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 the established materiality.

²⁷ GRI GS 102-46

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

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

7 Corporate integrity, human rights and operations compliance²⁸

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. Such an approach ensures for business operation to be compliant with legislation, good business practice 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.

7.1 Corporate integrity and human rights²⁹

The Luka Koper Group was among the first entities to have acceded to the Slovenian corporate integrity guidelines already in 2014. We became an ambassador of corporate integrity, which we consider a crucial factor in responsible commercial practice and our sustainable development. In 2016, we adopted the three key documents from the field, i.e. the Strategy of Corporate Integrity of the Luka Koper Group, the Code of Ethics of the Luka Koper Group, which is currently being amended, and the Rules on Accepting Gifts in the Companies of the Luka Koper Group, and later also the Rules of Procedure of the Corporate Integrity Officer and the Committee Addressing Reported Violations of Corporate Integrity of the Luka Koper Group. In Luka Koper, the area of corporate integrity is overseen by the Corporate Integrity Officer - the function is currently performed by the Head of Human Resources under delegation of the Management Board - and the Committee Addressing Reported Violations of Corporate Integrity, which based on observed violations make reports with recommendations or proposed measures.

Since the Company is oriented towards creating 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 2018 we introduced the position of Corporate Integrity and Operations Compliance Officer, autonomous in terms of organisation, and reporting directly to the Company management as well as supervisory bodies. It is the role of the Corporate Integrity and Operations Compliance Officer to provide advice and warn against the existence of

²⁸ GRI GS 102-16, 102-17

²⁹ GRI GS 102-17, 102-1, 102-2, 102-3

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. Officer's other tasks include prevention of money laundering and terrorist financing, management of the internal fraud prevention and detection system, prevention of conflict of interests and corruption, and strengthening of corporate integrity.

The main reason for this position to have been classified was the realisation that the activities so-far implemented in the area of corporate integrity need to be upgraded, and the entire system modernised, which, based on the size of the company and the complexity of the task can only be done efficiently by somebody who would be doing it within their professional competence. The management will thus be able to take timely risk control measures, enhance the quality of internal governance, and build a stronger structural organisation. This will in turn reduce the risk of the Company upon adverse events being subject to sanctions imposed by national authorities, of offences or damage occurring the in Company, and, above all, of the Company's reputation on the market being threatened.

The person who is expected to fill the newly classified position in the beginning of the summer of 2019 will assume the tasks of managing 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 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 operations compliance and integrity.

Corporate Integrity Officer also ensures that all the necessary declarations of the members of the Management Board are collected regarding conflict of interests, autonomy and protection of inside information as provided for and required by positive law.

Each natural or legal person may address to the Corporate Integrity Officer a report of violations for which the Officer is responsible. The Officer and the Committee process all the reports and notifications, even if submitted anonymously. 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 its values and objectives. 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, they are guided by responsibility, affiliation, 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 were asked to sign statements on related parties and avoidance of conflicts of interests. Rules on accepting gifts in the companies of the Luka Koper Group are also in force in said companies.

7.2 Discrimination³⁰

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 2018, no case of discrimination at the workplace was confirmed.

Luka Koper ensures its employees and others in the port area a safe and stimulating working environment by means of:

- Consistent respect of rights acquired by employees,
- Provision of the necessary working and other premises, equipment and information required to work and stay in the Company,

³⁰ GRI GS 406-1, 102-1, 102-2, 102-3

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

Luka Koper does not permit the following in human relations:

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

We respect the rights of employees to freedom of association, membership in trade unions and the Workers' 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 towards activities rather than the person.

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

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

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

The table below states the human rights that 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.

³¹ GRI GS 412-1

Human rights	Employees	Importance 1-4 ³²	KPI
FUNDAMENTAL RIGHTS AND FREEDOMS			
The right to life	X	1	No of deaths
Prohibition of forced labour	X	4	No of hours of work
Freedom of expression - in connection with the right to organised trade union movement; smearing by the media	X	2	No of publications No of actions to mute someone
Inviolability of private life (data protection)	X	1	No of cases of data misuse (reported)
ECONOMIC, SOCIAL AND CULTURAL RIGHTS			
Right to food (meal break)	X	4	Reimbursement for food
Human rights	Employees	Importance 1-4	KPI
Right to work	X	1	No of on-going actions for unlawful dismissal
Right to education	X	4	Average No of hours of training No of certifications (external port services providers)
Right to dignity at work	X	1	No of reports (detection mechanism for external port services providers)
Right to form trade unions, to participate and strike	X	1	No of strikes, conventions No of representative trade unions Agreement with trade unions
Right to equal pay for equal work	X	1	Salary levels for the same position
Right to social security (payment of contributions)	X	1	Payment of contribution
Right to family life	X	2	No of overtime hours beyond the regulatory limit
Right to health	X	1	Measures for the promotion of health No of injuries at work No of medical examinations
Right to non-discrimination	X	2	No of complaints due to discriminatory treatment
Right to rest and leisure time	X	1	Use of annual leave Pay for annual leave
HUMAN RIGHTS OF THIRD GENERATION			
Right to a healthy living environment	X	1	Noise level Concentration of dust particles No of pollution incidents Quality of drinking water

³² 1- very important, 4-not important

7.4 Corruption and bribery³³

In January 2016, the Rules on Accepting Gifts in Relation to the Provision of Services were adopted and the Register of Accepted Gifts was established.

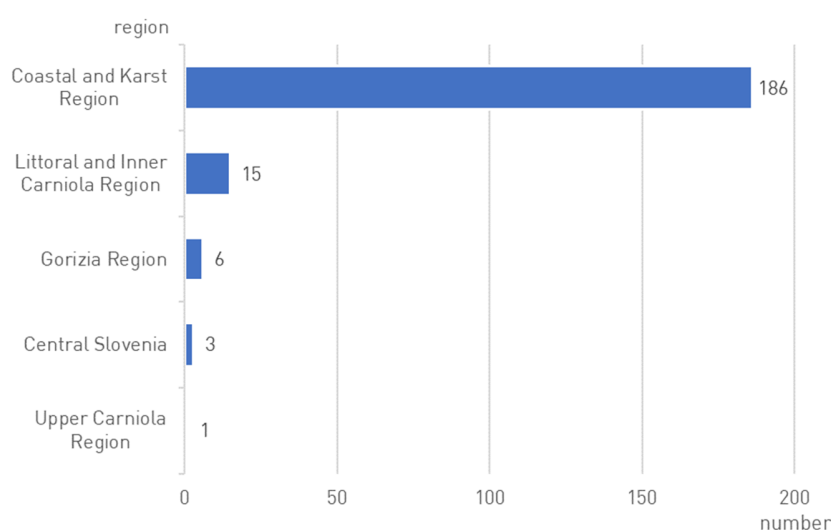
The Luka Koper Group is at the stage of adopting the principles for suppliers, and has also decided to initiate the implementation of the management system for the prevention of corruption in accordance with the standard ISO 37001:2016. Stage one is expected to be implemented by the end of 2019.

With the 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.

Corruption and bribery training was planned to be carried out at the end of 2018; however, schedules of providers were too busy and the talks with the Commission for the Prevention of Corruption led to no conclusion. For these reasons, the training will be implemented in 2019.

It is an established practice that each new employee upon recruitment is given the Code of Ethics that also defines corruption risk, and port safety which includes integrity contents (how to behave at the workplace, protection of business secret, etc.) is also presented to them. In 2018, all employees were informed of the above.

Number of employees in 2018 included in the presentation of the Code of Ethics which also addresses anti-corruption issues – by region of permanent residence



³³ GRI GS 205-2, 205-3, 103-1, 103-2, 103-3

In 2018, there were no confirmed cases of corruption in the Luka Koper Group.

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

7.5 Diversity policy³⁴

In April 2018, the Supervisory Board adopted the Diversity Policy of the Management Board and the Supervisory Board of Luka Koper, d. d.

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 to enable 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 Management Policy of Luka Koper, d. d., and the Code of Ethics of the Luka Koper Group.

The Diversity Policy will ensure compliance with the statutory provisions related to the implementation of the principle of equal opportunities, consideration or prevention of discrimination, maximisation of potential, and promotion of diversity as an advantage that contributes to the individual and collective success. Advantages ensured by the Diversity Policy and its management, are:

- Improved decision-making and management processes,
- Improved organisational flexibility,
- Encouraged creativity, better and improved approaches to problem-solving,
- Better business decisions and approach to new market segments,
- Improved public image and reputation of the company.

Taking into consideration the company's core business, gender balance is considered in the composition of the Management Board and the Supervisory Board. It has to be ensured that the Management Board combined and the Supervisory Board combined 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

³⁴ GRI GS 103-1, 103-2, 103-3

or supervise the company limited by shares in accordance with its objectives, strategy, policies and ethical standards.

7.6 Protection of personal data

Luka Koper, d. d., has concluded a contract with an external contractor to carry out the functions of a Data Protection Officer. In the context of measures for the implementation of the EU General Data Protection Regulation (GDPR), the final version of the Regulation on the Protection of Personal Data has been devised; having been adopted by the Management Board, it is now available on the Company's Intranet site.

In compliance with the European and Slovenian personal data protection legislation, Mikrocop as a legal entity performs the function of a Data Protection Officer: with their relevant professional merit and particularly with expert knowledge of legislation and actual experience in personal data protection and comparable areas, the company assists 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.

7.7 Compliance with the legislation and internal requirements³⁵

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

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

These internal regulations are being constantly refined in view of the challenges the Company is facing in the market, while also laying down the control mechanisms that ensure performance transparency and integrity.

In 2018, 23 inspections were carried out in Luka Koper, d. d., and a total 33 inspections in the entire port area.

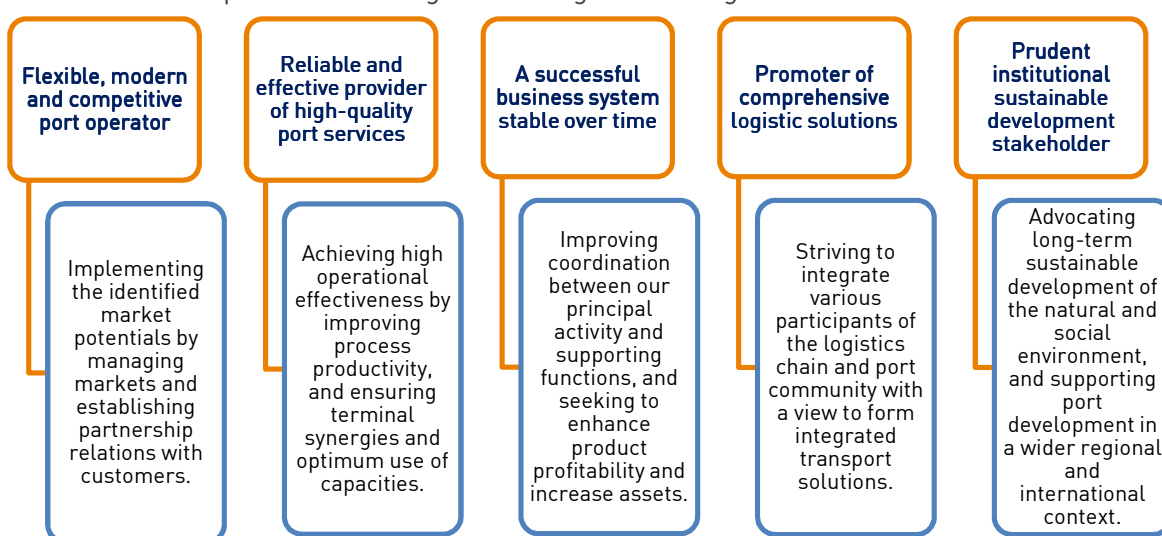
In the same year, Luka Koper, d. d. received six decisions issued by inspectors in respect of violations, which resulted in the implementation of relevant measures. However, in the same year, Luka Koper, d. d. paid no financial penalties regarding compliance with laws.

³⁵ GRI GS 419-1, 102-1, 102-2, 102-3

EFFICIENCY AND EFFECTIVENESS OF THE LUKA KOPER GROUP IN 2018

8 Stability and business performance³⁶

In the materiality matrix, business performance and indirect economic impacts of the Luka Koper Group were ascribed the highest importance both by stakeholders and the Luka Koper, d. d. The Company recognises long-term opportunities for its successful operation and sets the maximisation of the value of the company limited by shares as its fundamental objective. Being a socially responsible company, it also creates the conditions and the environment to ensure satisfaction of its customers, employees, owners, as well as local and wider community, and coexistence with the natural environment. The Company's management policy defines its 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 Strategy of the Company and the Luka Koper Group up to 2030, and the Strategic Business Plan of the Company and the Group 2016–2020 outline a path of achieving ambitious targets based on own experience and operational results, taking into consideration the business and institutional environment that affects the operations to a significant degree. Strategic orientation:



³⁶ GRI GS 103-1, 103-2, 103-3

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

8.1 Financial ratios³⁷

The key financial ratios of Luka Koper, d. d., and the Luka Koper Group for the period from January to December 2018 compared to the period from January to December 2017

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	2017	2018	IND 2018/ 2017	2017	2018	IND 2018/ 2017
Net sales	206,835,533	222,980,390	108	211,438,377	226,305,538	107
Earnings before interest and taxes (EBIT)	35,032,311	68,744,504	196	36,639,872	69,707,500	190
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	62,570,820	97,289,912	155	65,087,648	99,074,675	152
Profit or loss from financing activity	1,385,636	2,055,290	148	-377,307	624,300	-165
Profit or loss before tax	36,417,947	70,799,794	194	37,952,498	71,990,783	190
Net profit or loss	33,143,408	58,588,995	177	34,982,789	59,760,203	171
Added value*	115,524,196	153,696,710	133	124,516,296	162,462,410	130

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

³⁷ GRI GS 102-7

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Statement of financial position	31 Dec 2017	31 Dec 2018	IND 2018/ 2017	31 Dec 2017	31 Dec 2018	IND 2018/ 2017
Assets	518,952,908	553,542,207	107	536,478,688	572,242,060	107
Non-current assets	447,568,391	433,899,168	97	459,505,654	445,660,208	97
Current assets	71,384,517	119,643,039	168	76,973,034	126,581,852	164
Own funds	320,652,651	362,644,966	113	350,437,387	393,878,805	112
Non-current liabilities with provisions and long-term accruals and deferred revenue	156,033,161	137,848,415	88	142,700,743	124,316,097	87
Short-term liabilities	42,267,096	53,048,826	126	43,340,558	54,047,158	125
Financial liabilities	133,114,842	107,273,741	81	117,114,842	91,262,420	78

Investments	2017	2018	IND 2018/ 2017	2017	2018	IND 2018/ 2017
Investments in property, plant and equipment, investment property and intangible assets	36,661,385	15,867,036	43	37,342,062	16,442,606	44

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Ratios (in %)	2017	2018	IND 2018/ 2017	2017	2018	IND 2018/ 2017
Return on sales (ROS)*	16.9%	30.8%	182	17.3%	30.8%	178
Return on equity (ROE)	10.6%	17.1%	162	10.3%	16.1%	157
Return on assets (ROA)	6.7%	10.9%	163	6.8%	10.8%	158
EBITDA margin**	30.3%	43.6%	144	30.8%	43.8%	142
EBITDA margin from market activity***	30.8%	44.5%	145	31.3%	44.6%	143
Financial liabilities/equity	41.5%	29.6%	71	33.4%	23.2%	69
Net financial debt /EBITDA****	1.7	0.3	21	1.3	0.1	9

Port throughput (in tons)	2017	2018	IND 2018/ 2017	2017	2018	IND 2018/ 2017
Port throughput	23,366,998	24,048,618	103	23,366,998	24,048,618	103

Number of employees	2017	2018	IND 2018/ 2017	2017	2018	IND 2018/ 2017
Number of employees	926	1,089	118	1,108	1,242	112

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

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

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

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

8.2 Direct economic value generated and distributed³⁸

(in EUR)		Luka Koper, d. d.		Luka Koper Group	
		2017	2018	2017	2018
A	REVENUES				
	- sales	206,835,533	222,980,390	211,438,377	226,305,538
	- financing	2,973,922	3,262,017	1,346,731	1,698,588
	- sale of assets (profit on sales of fixed assets)	154,605	787,761	311,010	764,354
	Total	209,964,060	227,030,168	213,096,118	228,768,480
B	OPERATING COSTS				
	Costs (excluding employee costs)	121,812,265	108,345,040	120,842,022	107,048,827
	- of which concession and fee for the use of construction land, which belong to the Municipality of Koper	6,494,856	6,669,854	6,790,189	6,669,854
	- of which concession and fee for the use of construction land, which belong to the Municipality of Ankaran	3,467,180	3,764,515	3,577,912	3,764,515
	Total	121,812,265	108,345,040	120,842,022	107,048,827
C	EMPLOYEE COSTS				
	Total	42,038,575	56,028,407	47,811,299	62,652,761
D	PAYMENTS TO OWNERS OF CAPITAL AND OTHER SUPPLIERS OF FINANCIAL ASSETS				
	Dividends	19,611,409	17,229,310	19,611,409	17,229,310
	- Government (Republic of Slovenia, SDH, KAD)	13,152,211	11,555,157	13,152,211	11,555,157
	- other providers	6,459,198	5,674,153	6,459,198	5,674,153
	Interest	1,504,662	1,155,723	1,328,682	1,017,964
	Total	21,116,071	18,385,033	20,940,091	18,247,274
E	INVESTMENTS IN THE SOCIAL ENVIRONMENT				
	Sponsorships and donations	646,326	754,686	649,885	784,295
	Environmental taxes and duties independent of operations	140,430	181,493	140,504	163,460
	Total	786,756	936,179	790,389	947,755
F	CONTRIBUTIONS TO THE STATE				
	Concession fee belonging to the State	3,578,307	3,907,243	3,823,236	3,907,243
	Corporate income tax	3,274,539	12,210,799	2,969,709	12,230,580
	Taxes and social contributions from employee remuneration	6,008,500	7,035,212	6,786,955	7,830,223
	Total	12,861,346	23,153,254	13,579,900	23,968,046

³⁸ GRI GS 201-1

8.3 Indirect economic impacts

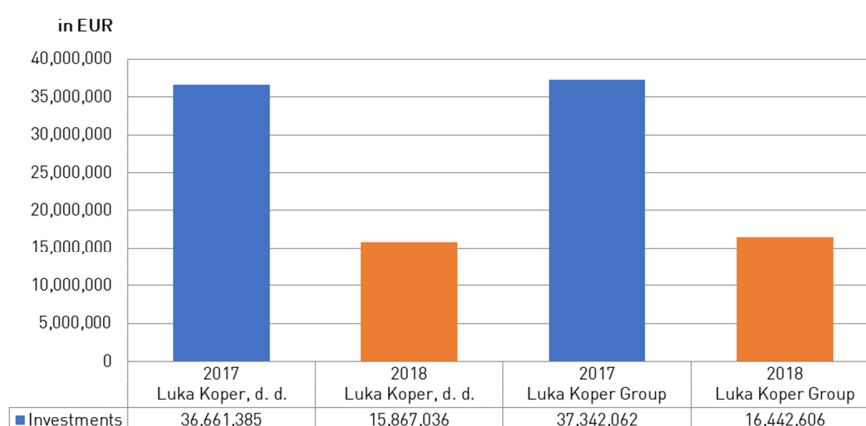
8.3.1 Investments in non-financial assets³⁹

In 2018, the Luka Koper Group allocated EUR 16.4 million to the investments in property, plant and equipment, investment property and intangible assets, which is 56% less than in 2017. Luka Koper, d. d. allocated the amount of EUR 15.9 million to investments in 2018, which accounted for 96% of investments of the Luka Koper Group.

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

- Following the introduction of best available technology (BAT), the noise level, light pollution and other emissions have been reducing.
- A duct is being integrated in the surface of the container terminal to enable the e-cranes to pass the transverse path without the need for cables being unplugged/plugged-in, which reduces the noise of cranes that would otherwise occur upon the start-up and run of the cranes' diesel engines.
- Cranes are being upgraded with the system for feeding unused electricity into the grid, with LED lighting and with the Automatic Plug-in System (APS) for plugging-in/unplugging cranes.
- An electric vehicle charging station was constructed.
- Anti-noise protection was implemented in the engine room of Warehouse No 5.

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



³⁹ GRI GS 203-1

Major investments included:

- Purchase of five new electrified rubber tired gantry (RTG) cranes,
- Purchase of two Terberg terminal tugs for the needs of general cargoes,
- Reconstruction of the existing diesel RTG cranes to achieve a decrease in noise emissions,
- Winding up of the construction of the railway track No 61 to increase the safety of railway traffic and relieve congestion on transport routes,
- Development of premises for the needs of car and RO-RO terminals,
- Purchase of a 33-T forklift for the needs of general cargoes,
- Purchase of two grabs for overhead cranes,
- Commencement of renovation of the administrative building for bulk cargo,
- Purchase of replacement equipment for the fire-fighting system,
- Arrangement of handling areas beside warehouses for the needs of general cargoes,
- Construction of a new entrance by merging the internal and external truck terminals (ongoing),
- Order of a new mooring boat by the company Luka Koper INPO, d. o. o.



Yard trucks



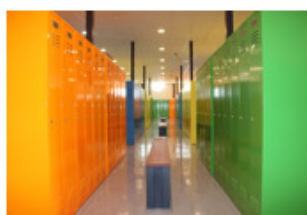
Forklifts



Five e-RTG cranes ordered and the existing ones refitted to reduce noise emissions



ACAR information system for Car & Ro-RO terminal



Renovation of changing rooms, service premises, etc.



Rehabilitation of operative quays, storage areas, etc.

All investments foreseen for the year 2018 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.

In 2018, the Luka Koper Group allocated a portion of funds to current environmental and energy challenges, such as noise reduction, light pollution and reduction of other emissions.

8.3.2 IT solutions⁴⁰

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

In 2018, Luka Koper carried out over 200 different changes to its information systems, the overall aim being to optimise and digitise its processes.

The Port of Koper has been enabling its customers and partners to order services electronically for more than 20 years, while also putting considerable efforts in full digital transformation of the area. To this end, in 2018 the Company performed activities in three major areas:

- EDI CENTER 2, which is to introduce EDIFACT messages for container shipowners, thus making a substantial contribution to the methods and processes of communication and work in the port community,
- Truck announcement digitisation project, which will increase efficiency in truck transport and provide the preconditions to implement supervision and thereby increase safety,
- Renewal of the IT system on the car and RO-RO terminal, which led to the establishment of an integral information solution, optimisation of processes, introduction of a more comprehensive link to other systems in Luka Koper, and simplification of work processes based on new functionalities.

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

In the infrastructure part, the information system infrastructure supporting operational processes at the container terminal was migrated to a virtual environment and a new database version. This improved system stability and safety. Renewal of the entire server infrastructure was also implemented, which resulted in the transition to the latest version of the virtualisation platform.

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

⁴⁰ GRI GS 203-1

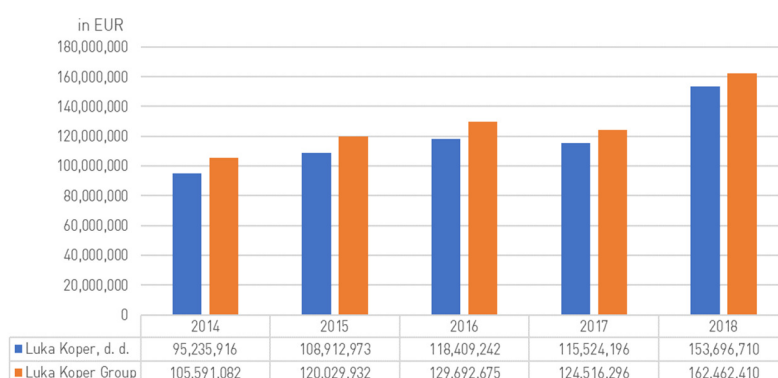
operation of information systems, it is crucial that they are highly available and reliable, which is maintained in Luka Koper on a very high level. In 2018, the reliability was 99.9%.

Development of information systems in Luka Koper will continue to focus on customers who will be enabled the maximum possible rate of transaction digitisation and system integration based on connecting various links in the logistics chain, and on employees who will be offered the tools, applications and devices to be able to perform their tasks quickly and efficiently.

8.3.3 Indirect impacts of operations of Luka Koper⁴¹

Port activity affects the Slovenian economy both directly and indirectly through the Port of Koper. It increases the productivity of primary production factors, such as capital and work, while also increasing the profitability of products and enabling a higher rate of output, income and recruitment. Direct effects show in the added value generated in port activities (logistic services, cargo handling, internal transport, storage) and support port activities (pilotage, towage, victualling, maintenance of ships, berthing, vessel agents, the truck terminal, survey/inspection companies), which is also impacted significantly by the added value generated in Luka Koper. Indirect effects of port operations are particularly visible in the added value of forwarding, transportation, construction, technical, banking and insurance services and the services of public administration. Indirect effects show additionally in the form of sponsorships, donations and membership fees, and payment of the license fee and fee for the use of construction land to the two neighbouring municipalities. Calculation of indirect and induced effects of port activity is based on the multiplication factor of effects, which indicates the rate of port activity contribution to other related activities. The estimated multiplication factor of direct effects of port activity on added value ranges around 2 - for each euro created, the port activity generates another euro worth of direct effects on other activities.

Generated added value



⁴¹ GRI GS 203-2

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

9 Safe and healthy port environment

9.1 Occupational safety system⁴²

The policy of a safe and healthy work environment is implemented in the Luka Koper Group by ensuring that work processes are in accordance with the occupational health and safety management system. The management system is devised by the BS OHSAS 18001:2007 certified Luka Koper, d. d. The major starting points in implementing the system are continuous improvement, hazard identification and prevention of injuries before they occur at all. Luka Koper, d. d. follows the developments within the ISO 45001 standard which entered into force in 2018 and amendments to which will be introduced in the existing system. To this end, training has been organised for internal auditors of the health and safety at work system in accordance with the ISO 45001:2018 standard.

The occupational health and safety system has been devised to include in the framework of the annual planning examination of risk related to occupational health and safety based on risk assessment and risk register. Risks are identified 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 health and safety. 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 framework 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 after ICD-10 and recommendations of an authorised occupational medicine specialist.

9.2 Occupational health and safety⁴³

Organisation

At the highest level, the person responsible for occupational health and safety is the Member of the Management Board - Worker Director. As many as 25 employees are

⁴² GRI GS 103-1, 103-2, 103-3

⁴³ GRI GS 403-1

authorised to perform tasks related to occupational safety in Luka Koper. A working group for the promotion of health has also been appointed, which is presented in greater detail at the end of this section. All the important issues of occupational health and safety involve the Workers' Council and the trade union, which represent all employees. A sports club operates in the framework of Luka Koper, having 733 members (55% of all employees) and enabling participation in various sports.

Occupational safety objectives for 2018

The most important occupational safety objectives in 2018 were as follows:

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

Meeting objectives for 2018

PLANNED	ACHIEVED
0 serious injuries	0 serious injuries
A maximum of 17 injuries per million hours worked (employees + external port services providers)	10.8 injuries / million hours worked
A maximum of 25 injuries at work per million hours worked,	39.7 collisions / million hours worked

Key:

	Objective not attained
	Objective attained

Occupational safety objectives for 2019

- 0 serious injuries,
- A maximum of 16 injuries at work per million hours worked,
- To improve the security of internal transport to less than 25 collisions per million hours worked.

9.3 Compliance with occupational safety legislation⁴⁴

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

In 2018, six inspections were performed in Luka Koper, d. d., of which five inspections were carried out to examine a work accident, and one was carried out to establish the compliance with measures to guarantee occupational safety and health. Three regulatory decisions

⁴⁴ GRI GS 419-1, 102-1, 102-2, 102-3

were issued to Luka Koper, d. d. Having performed inspection of workplaces and of the documentation, the Labour Inspectorate of the Republic of Slovenia found minor deficiencies which were remedied within the prescribed time.

9.4 Injuries at work⁴⁵

9.4.1 Number of injuries at work

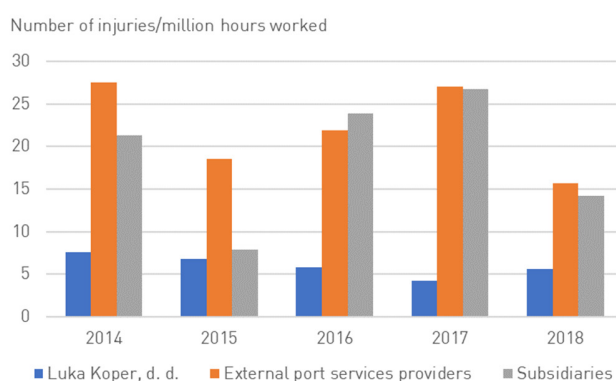
For the purposes of injury statistics and the calculation of various indices, injuries at work are taken into account when requiring at least one day of sick leave. In addition to those listed, ten other injuries in employees of Luka Koper, d. d. were recorded in 2018, and 30 injuries in external port services providers, but required no sick leave.

Number of injuries at work*

	2014	2015	2016	2017	2018
Luka Koper, d. d.	13	12 (1)	11	8	12
EPSP	45	32 (1)	45 (4)	59 (2)	36
External contractors	7	8 (2)	9	19	16
Subsidiaries	13	4	11	10	5

* the number of serious injuries given in brackets

Number of injuries at work per million hours worked



From year to year, the number of injuries varies significantly. In 2018, the frequency of injuries was among the lowest ever, and there were no serious injuries. Injuries mostly include minor injuries in manual work, or while descending or walking, etc., which can be attributed to a moment of carelessness or loss of control over the objects handled.

⁴⁵ GRI GS 403-2

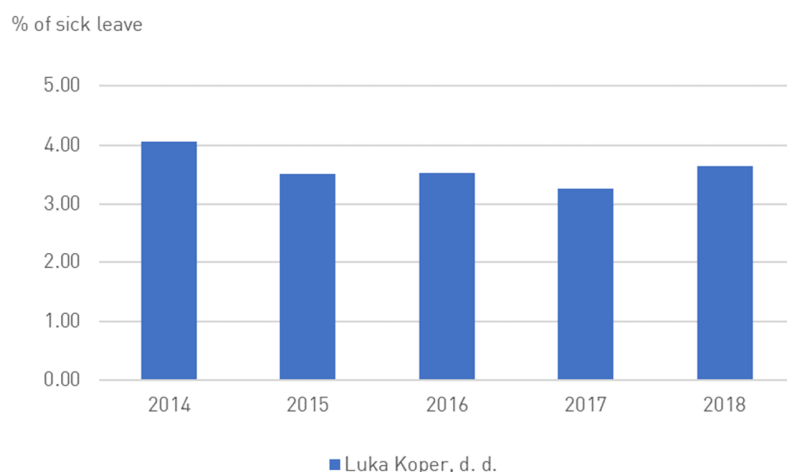
9.4.2 Summary of collective injuries

In 2018, no collective injuries at work were recorded among the employees of Luka Koper, d. d., external port services providers and employees in subsidiaries. In the last five years, two collective accidents were registered, which took place in 2016.

9.4.3 Summary of sick leave

Sick leave comprises absence of employees which is a result of sickness, injuries, nursing care and accompaniment. The figure below illustrates the share of sick leave, which specifies the share of working days lost due to sick leave. In 2018, sick leave amounted to 3.65%, which does not deviate from the average of recent years.

Share of working days lost due to sick leave per employee*



*Beginning with 2018, the way of calculating the percentage of sick leave was changed from the socio-medical to the finance-insurance method. Data for the preceding years was recalculated in the same way.

9.5 Loss events

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 the Port, occurrences that stand out in their numbers are the events where the loss was due to collision. The number of collisions is on the rise, mainly as a result of handling and storage areas, and roads being overloaded as a result of the constant growth of port throughput and the narrowing of transport routes that are allocated

to transshipment activities. Significant improvements in internal logistics and transport safety are expected after the construction of new port entrances that will relieve pressure on the main transport routes and improve traffic fluidity.

9.6 Summary of activities performed in the area of occupational health and safety in 2018

Several major activities were carried out in 2018 with the aim of ensuring occupational health and safety more efficiently.

An audit of technological processes and associated analyses on occupational safety in the entire area of the Port of Koper was carried out, and so was a review of the latter by the Health Protection and Ecology Department, the Workers' Council, representatives of the Port Crane Operators' Trade Union and external institutions. These documents specify each process of work on the assumption that all the requirements in the field of occupational safety and health have been fulfilled. With regard to the review carried out, certain comments and recommendations were given that will be taken into account as reasonable in the final revision of technological processes.

An occupational safety and health action plan was devised and began to be implemented. The majority of activities were dedicated to training due to increased recruitment in line with the external port services providers strategy, and to improving the organization of training and ensuring better implementation. A reform of the job-related, i.e. safe and healthy working training system was launched, and a project initiative was introduced for setting up a training centre. For this purpose, the majority of training and induction plans were revised, based on which training and induction of newly recruited staff began in December 2018.

In order to ensure more concrete familiarisation with the dangers in the port area, the leaflet stating the basic rules and dangers in the port area was renovated. Also devised and put into service was a brochure for raising awareness among the drivers and visitors on safety measures at the container terminal.

Dobrodošli v koprskem pristanišču!

Območje pristanišča upravlja delniška družba Luka Koper. Območje pristanišča ima status carinske cone, zato v njem veljajo posebni predpisi. V pristanišču potekajo številne dejavnosti. Da bi se promet v njem odvijal čim bolj tekoče in varno, vas prosimo, da upoštevate naslednja navodila:

SPLŠNA NAVODILA NA OBMOČJU PRISTANIŠČA

Vstop na območje pristanišča
Za vstop na območje pristanišča je potrebna veljavna dovolilnica, ki jo na podlagi pisne zahteve izda Področje pristaniške varnosti.





Avtoprevozniki
Za vstop na območje pristanišča je potrebno za vsak tovornjak plačati cestnino in urediti potrebno dokumentacijo (inalog za nakladanje oziroma razkladanje in dispozicij). V času med urejanjem dokumentacije vozniški parkirajo tovornjake na kamionskem terminalu, ki se nahaja pred vhodom v pristanišče. Tam plačajo parkirno in za čas zadrževanja na terminalu in tudi cestnino za vožnjo v območju pristanišča. Izjema velja za tovornjake z živino, ki račun za cestnino, čiščenje, pranje in dezinfekcijo vozila poravnajo na vstopu v pristanišče neposredno pred vstopom. Pred vhodom v pristanišče se polni tovornjaki postavijo na desni vozič. Prazni tovornjaki se pred vhodom postavijo na levi vozič.

Promet v območju pristanišča
Za varnost v koprskem pristanišču je zadolženo Področje pristaniške varnosti Luke Koper, ki skrbi tudi za urejanje prometa. Vozniki so se dolžni ravnati po splošnih prometnih predpisih ter upoštevati tudi posebno prometno signalizacijo in navodila delavcev Področja pristaniške varnosti. Na območju pristanišča je dovoljen promet le po označenih transportnih poteh. Prepovedana sta vožnja in zadrževanje vozil na delovnih površinah in dostopnih poteh. Parkiranje vozil je dovoljeno le na za to določenih in označenih mestih. Vozilo, ki je parkirano v nasprotju s pravili, se z območja pristanišča odstrani na stroške lastnika. V času nakladanja vozil ne sme zapuščati območja nakladanja. Po opravljenem nakladanju / razkladanju mora tovornjak nemudoma zapustiti območje pristanišča. Vselej je potrebno zagotavljati prehodnost glavnih transportnih poti.






ZAGOTAVLJANJE VARNOSTI IN ZDRAVJA PRI DELU

Pred vstopom na območje pristanišča se je dolžan vsako seznaniti z nevarnostmi, ki se pojavljajo na tem območju ter upoštevati in izvajati ukrepe za varno delo, vključno z uporabo osebne varovalne opreme.

Obezna uporaba odsevnega jopiča na celotnem območju pristanišča.

 Uporaba v delovnih procesih: zaščitna čelada.	 Uporaba v delovnih procesih: zaščitne rokavice.
 Uporaba v delovnih procesih: varovalna oblačila.	 Uporaba v delovnih procesih: obutev s kapico za zaščito prstov.

SPLŠNA OPOZORILO, PREPOVEDI, OMEJITVE

 Največja dovoljena hitrost 40 km/uro na glavni vpadnici.	 Največja dovoljena hitrost na stranskih cestah je 15 km/uro.	 Pozor železniški tiri.
 Na celotnem območju pristanišča je pešačenje prepovedano. Omogočen je le dostop do garderob in upravne stavbe PC Generalni tovari, ki je z glavnim vhodom povezan z označeno in varno peš potjo.	 Uporaba telefona in multimedijских naprav ni dovoljena med vožnjo in/ali upravljanjem strojev ter na delovnih območjih ob neposredni nevarnosti.	 V pristanišču ni dovoljen vnos: orožja in eksplozivov, alkoholnih pijač in drog.

LUKA KOPER
Port of Koper

CAREFUL AND SAFE AT THE CONTAINER TERMINAL

Dear drivers and esteemed visitors,

The Container Terminal area is subject to continual movements by machinery and other vehicles. In order to ensure smooth and safe handling operations, please take note of the following warnings:

The project of renovating internal logistics is being implemented at the level of the company, which will involve improvement of the safety and fluidity of transport routes and renovation of the internal transport system. An additional bus is expected to be in service in June 2019.

Renovation of the facility and the premises began where trainings are held. The renovation will be completed in 2019.

As collaboration among specialised departments and Profit Centres or terminals, activities are carried out with regard to control of and providing information on risk related to abuse of alcohol and other banned psychoactive substances.

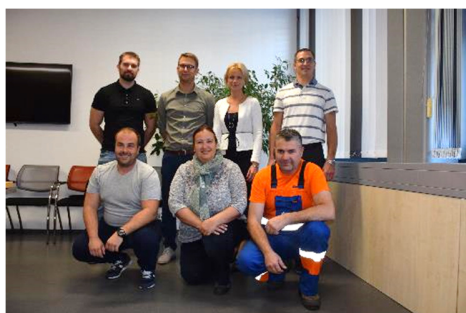
Awareness-raising on occupational safety is being carried out. The Luke mascot has been included in promotional materials to increase awareness in the field.



9.7 Health promotion⁴⁶

The health promotion group is composed of representatives of all major organisational units, human resources, health protection and ecology department, and senior management. Priority tasks within the group are: control of musculoskeletal disorders, respiratory diseases, alcohol abuse related disorders, and improvement of interpersonal relations. Musculoskeletal disorders mostly affect operational workers and office workers, which is particularly due to extreme posture. The following activities were implemented with the purpose of maintaining and improving employee fitness levels:

- A 90-day body transformation challenge was initiated, and has attracted three employees.



- A beginners sport climbing course was organised.



- Each year, new employees are invited to attend the workshop 'How to control workplace mobbing'.
- Elastic bands of three difficulty levels have been provided for exercising.
- On Health day, fruits were given out as important contributors in the preservation of health, vitality and well-being. 2500 apples, oranges and bananas were distributed among employees and other workers and visitors.

⁴⁶ GRI GS 403-1, 403-3



- A health promotion portal has been established, which the employees can use to access active break exercises.
- Following an initiative of the Workers' Council, employees were sent an analysis of available supplementary health insurance offers.

9.8 Planned occupational health and safety activities in 2019

- Promotion of occupational safety (brochures, stickers, signs).
- Preparation of a model for efficient and consistent action in events of non-compliance with safety requirements.
- Establishment of the training centre.
- Continued reform of the job-related training system, i.e. the safe and healthy working training system.
- Purchase of personnel baskets for safe work at a height and for transfer of people to ships.
- Introduction of systems to prevent collisions on cranes.
- Improvements in internal traffic (new entrance, modifications of traffic flows, installation of locks, parking areas for freight vehicles, etc.).
- Expansion of the wind measuring sites network across the port.
- Setting up of sites to connect transtainers to the mains.
- Integration of reversing safety devices for forklifts and mobile machinery.
- Promotion of occupational health (Health day, health promotion activities - workshops, challenges).

10 Care for employees

WITH THEIR KNOWLEDGE, ENERGY AND EAGERNESS TO WORK, EMPLOYEES ARE THE STRATEGIC WEALTH OF LUKA KOPER, AND ALSO A PREREQUISITE FOR IMPLEMENTING DEVELOPMENT PLANS.

Port activity demands a flexible approach to the organisation of work, which results in employees having to adapt to the needs of the business and social environment.

Cooperation, responsibility, respect, loyalty and creativity on the part of each individual are the values implemented by the Group in its practice.



10.1 Employee management system⁴⁷

Recruitment and concern for employees, including high work efficiency and employee satisfaction, were recognised by stakeholders as areas of high importance in the materiality matrix. The approach to HR management is based on the 2016–2020 HR Management Strategy, which provides support to the 2016–2020 Business Strategy of the Company and the Luka Koper Group, its key development priorities being an increase in productivity, efficiency and competitiveness of services.

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

- Provision of a safe working environment,
- Introduction of the culture of high work efficiency,
- Provision of excellent management and mutual relations,
- Soliciting and maintenance of the best staff,

⁴⁷ GRI GS 103-1, 103-2, 103-3

- Improvement of the system of developing future leaders and employee potentials,
- Targeted acquisition of functional expertise.

Recruitment procedures are run in a transparent and non-discriminatory manner. All employees have the possibility for further development by being included in annual interviews and training programmes. Efficiency of human resource management is monitored by means of a bi-annual assessment of organizational climate, employee satisfaction and commitment, where high results were achieved in 2017 (above expectations and above the Slovenian average), and by means of assessing all management functions based on the 360 degree method. Measurement and assessment is followed by presentation of results to employees, i.e. feedback, and, despite excellent results, measures for improvement or maintenance of the results achieved. Measurement of the organizational climate, satisfaction and commitment was not planned for 2018; however, monitoring of measures for improvement or maintenance of the results was. Furthermore, a significantly lower rate of employee fluctuation has been recorded in the Group than is recorded in the entire logistics industry (6% in the group, 2.9% in Luka Koper, d. d., and 20% in the industry).

As at 31 December 2018, the Luka Koper Group had 1,242 employees, which is an increase of 134 from the previous year-end and shows growth for the fourth year in a row, however, at 12% it is more intense than in recent years.

In 2018, Luka Koper, d. d., started a restructuring process to ensure a lawful and sustainable business model. 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). The restructuring process has been confirmed by the Supervisory Board by adopting the external port services providers strategy and the action plan for implementing the external port services providers strategy. The latter was devised as collaboration with the Port of Koper Crane Operators' Trade Union as an advisory body, and was also adopted by the other representative trade union and the Workers' Council. The action plan for implementing the external port services providers strategy provides for the following tier structure: 307 employees, 346 agency workers, and 440 (estimation) external contractors for providing services. In the second half of 2018, a public announcement was made for the entire 307 vacancies, and relevant interviews were held, whereas the recruitment procedure will be implemented in stages. The first recruitment was implemented in December 2018, and the major part is expected to be implemented in the first three months of 2019. A public tender was announced in October 2018 for the selection of recruitment agencies; in the first half of 2019 agencies will be selected for the Company to conclude agreements and collaborate with them. As provided for by the provisions of the Company's collective agreement, these workers will be completely on a par with salaried workers. Another public tender will be released in 2009 for external contractors by individual services.

10.1.1 Number of employees by company and in the Luka Koper Group⁴⁸

	31 Dec 2016	31 Dec 2017	31 Dec 2018
Luka Koper, d. d.	886	926	1,089
Luka Koper INPO, d. o. o.	155	153	122
Luka Koper Pristan, d. o. o.,	4	4	4
Adria Terminali, d. o. o.	22	21	23
TOC, d. o. o.	4	4	4
Luka Koper Group*	1,071	1,108	1,242

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

10.1.2 Number of employees in Luka Koper, d. d. with regard to the type of contract (indefinite, fixed-term)⁴⁹

	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Number	Share	Number	Share	Number	Share
Indefinite	841	94.9	864	93.3	944	86.7
Fixed-term	45	5.1	62	6.7	145	13.3
TOTAL	886	100	926	100	1,089	100

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 training for various types of machinery (induction). An increased share of fixed-term employees is due to the significant increase of recruitment.

10.1.3 Number of employees in Luka Koper, d. d. as at 31 December by gender⁵⁰

	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Number	Share	Number	Share	Number	Share
Men	780	87.8	816	88.1	977	89.7
Women	106	12.2	110	11.9	112	10.3
TOTAL	886	100	926	100	1,089	100

Due to the nature of work, the company employs far more men (89.7%) than women (10.3%). Increased recruitment in the basic transshipment process has an impact on the reduction of women's share in the structure of employees. New recruitment also displays a prevailing number of men (95.9% of new employees being men).

⁴⁸ GRI GS 102-7

⁴⁹ GRI GS 102-8

⁵⁰ GRI GS 102-8

10.1.4 Share of employees in Luka Koper, d. d. by region of residence⁵¹

Statistical regions of Slovenia	31 Dec 2016	31 Dec 2017	31 Dec 2018
Coastal and Karst Region	89.2	91.7	92.2
Primorska and Notranjska Region	9.4	7.0	6.2
Central Slovenia	0.6	0.5	0.6
Goriška Region	0.6	0.5	0.6
Southeast Slovenia	0.1	0.1	0
Gorenjska Region	0	0	0.1
Posavska Region	0	0	0.1
Other country (Italy, Croatia)	0.1	0.2	0.3
TOTAL	100.0	100.0	100.0

Displaying the highest share, i.e. 92.2% 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, both of which is based on continuous provision of services throughout the year and shift-work.

10.1.5 Number of employees by type of employment (full working time, part-time)⁵²

	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Number	Share	Number	Share	Number	Share
Part-time employment (All)	12	1.4	9	1.0	16	1.5
Of which women as part-time employees	3		4		6	
Full working time	874		843		1,073	

In Luka Koper, d. d., 1.5% of employees perform part-time work, among the majority of which health reasons and disability are distributed equally (6 employees in each category), and parenthood is less frequent (4 employees).

⁵¹ GRI GS 102-8

⁵² GRI GS 102-8

10.1.6 Share of employees in Luka Koper, d. d. covered by collective agreement⁵³

	31 Dec 2016	31 Dec 2017	31 Dec 2018
Employed covered by collective agreement	96.8%	97.1%	97.2%
Employees outside the collective agreement framework	3.2%	2.9%	2.8%
TOTAL	100.0%	100.0%	100.0%

In 2018, new recruitment in Luka Koper, d. d. was mostly limited to the basic transshipment and storage process, new employees also including a recipient of the company scholarship.

Compared to the preceding year, employee fluctuation was higher, but still considerably lower than fluctuation in the logistics industry. Despite low fluctuation, new recruitment has mitigated the ageing workforce, i.e. have brought the relatively high average age of employees to 41.9 years. The prevailing reason for departures (termination of employment) in the Group in 2018 is retirement on grounds of age, whereas the number of consensual terminations of employment has also increased slightly.

10.1.7 Employee structure in Luka Koper, d. d. by age groups⁵⁴

Age groups (years)	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Number	Share	Number	Share	Number	Share
18-30	70	7.9	85	9.2	129	11.8
31-40	306	34.5	313	33.8	368	33.8
41-50	305	34.4	320	34.6	377	34.6
51-60	187	21.1	182	19.7	190	17.4
Over 61	18	2	26	2.8	25	2.3
Total No of employees	886	100.0	926	100.0	1,089	100.0
Average age of employees	43		42.8		41.9	

⁵³ GRI GS 102-41

⁵⁴ GRI GS 102-8

10.1.8 Recruitment in Luka Koper, d. d. by age group⁵⁵

Age groups (years)	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	New hires	Departures	New hires	Departures	New hires	Departures
18-30	20	1	34	2	64	2
31-40	22		26	1	87	2
41-50	5	4	5	2	30	4
51-60	4	4		8	14	15
Over 61		8		9		9
Total	51	17	65	22	195	32

10.1.9 Recruitment in Luka Koper, d. d. by gender⁵⁶

Gender	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	New hires	Departures	New hires	Departures	New hires	Departures
Men	48	13	56	20	187	26
Women	3	4	9	5	8	6
Total	51	17	65	25	195	32

10.1.10 Comparison of recruitment, departures and fluctuation rate⁵⁷

	Number of new hires			Number of departures			FLUCTUATION RATE (in %)*		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Luka Koper, d. d.	51	65	195	17	25	32	1.9	2.6	2.9
Luka Koper Group	59	76	213	28	44	79	2.5	3.8	5.9

*Fluctuation calculation method = No of departures / (previous No of employees + new hires) x100

10.1.11 Employee benefits⁵⁸

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.

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

⁵⁵ GRI GS 401-1

⁵⁶ GRI GS 401-1

⁵⁷ GRI GS 401-1

⁵⁸ GRI GS 201-3, 202-1, 401-2

motivation tools (opportunities for promotion; individual or collective performance or productivity bonuses; taking out accident insurance at favourable conditions) and non-financial tools (public recognitions and awards to the best employees, participation in social events for employees, promotion of employees who have successfully completed off-the-job studies, employees who retired in the current year and jubilants; activities related to employee health promotion, informal sports meetings, visits of cultural and sports events, and holiday facilities available to employees). The only difference refers 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, provided that the employee pays the balance of the premium up to the maximum tax relief of 5.844 percent of the employee's gross wage.

In 2018, employees were receiving the monthly payment of salary regularly, which in August, increased by 1.9% in line with the 6-month growth of the inflation index in compliance with the provisions of the collective bargaining agreement. The average wage in the Port of Koper is higher than the Slovenian average wage. Employees also received the holiday pay and 13th salary based on the achieved operational performance, and in January 2019, also the one-off payment of the same amount for all employees based on the achieved growth of added value per employee. A great majority of employees participates in the voluntary supplementary pension insurance. In 2018, additional termination benefit was paid to employees upon retirement from the post-employment fund. The basic salary of employees is not gender-based and activity-based. All employees in Luka Koper have a higher minimum wage than the minimum wage in Slovenia.

10.1.12 Number of Luka Koper, d. d. employees who took parental leave and returned to their workplace by gender⁵⁹

	2016	2017	2018
Men	63	64	61
Women	8	9	5
TOTAL	71	73	66

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

⁵⁹ GRI GS 401-3

10.1.13 Education structure of employees as at 31 December

Level of education	Luka Koper, d. d.				Luka Koper Group			
	No of employees as at 31 Dec 2017	Share (%) Dec 2017	No of employees as at 31 Dec 2018	Share (%) Dec 2018	No of employees as at 31 Dec 2017	Share (%) Dec 2017	No of employees as at 31 Dec 2018	Share (%) Dec 2018
VIII/2	1	0.1	1	0.1	1	0.1	1	0.1
VIII/1	25	2.7	24	2.2	25	2.3	26	2.0
VII	103	11.1	112	10.3	113	10.2	120	9.6
VI/2	160	17.3	176	16.2	164	14.8	180	14.5
VI/1	74	8	90	8.3	83	7.5	96	8.6
V	270	29.2	336	30.9	306	27.6	367	29.4
IV	240	25.9	293	26.9	302	27.3	347	27.8
III	13	1.4	14	1.3	23	2.1	24	1.8
I-II	40	4.3	43	3.9	91	8.2	81	6.4
Total	926	100.0	1,089	100.0	1,108	100.0	1,242	100.0

Intense recruitment that was implemented mainly for operating positions in the basic transshipment process and warehousing for levels of education IV or V resulted in a slightly poorer education structure of the Company and the Group. The Company has concluded education agreements with a bit more than one percent of employees to finance their professional education to achieve a higher level of education. Old-age pensions were predominantly granted to employees with a lower level of education.

10.2 Educating and training of employees

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

10.2.1 Employee training system⁶⁰

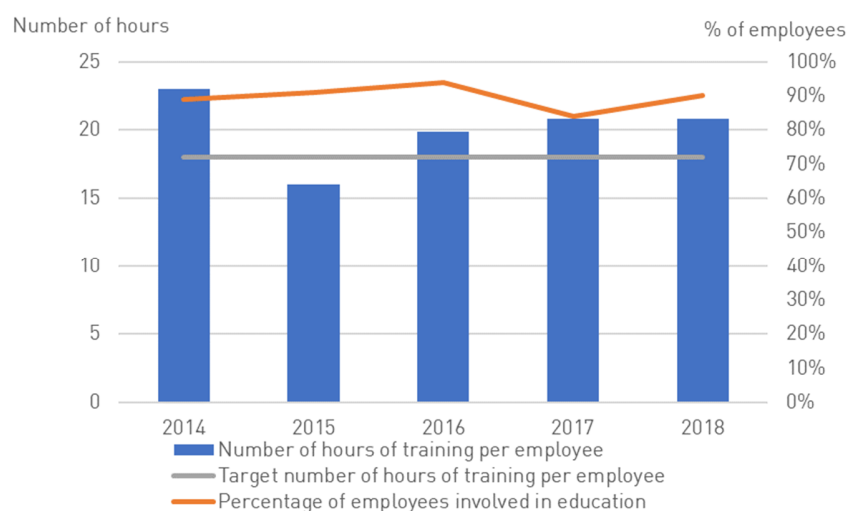
Targeted implementation of functional training of employees is a strategic activity of the Company. The approach/policies are set out in the Company's documents on HR training and education, knowledge transfer systems and approaches to financing off-the-job studies. Training objectives, programmes and funds are included in the Company's annual plans. Training grounds include work process requirements, the required and desired knowledge for particular workplaces, and poorly developed competencies as established in annual interviews. Success of the chosen approach is monitored by measuring satisfaction after the completed training, by means of exams, promotions of employees to higher level of

⁶⁰ GRI GS 103-1, 103-2, 103-3, 404-1

qualification and flexibility based on acquiring, transferring and using knowledge, and assessing tutors.

In 2018, 90% of employees were involved in training in Luka Koper, d. d. The average of 20.8 hour of training per employee was achieved, which was a result of increasingly systematic training plans, numerous internally organised training forms, and, above all, machinery handling training for new employees.

Number of hours of training and percentage of employees involved in education in Luka Koper, d. d.



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

	2018
Employees involved in training	90%
Women involved in training	90%
Men involved in training	90%
Management	50%
Senior management	100%
Middle management	95%
Junior management	95%
Professional staff	95%
Operating staff	87%

10.2.2 Introduced programmes⁶¹

The majority share of internally held training programmes were realised within the instructor system as part of training to operate diverse 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 instructor of new employee practical training is also remunerated (40% allowance for hours of practical training). In 2018, 90% 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 also training programmes related to work issues and contents that represent the desired knowledge in various positions.

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

10.2.3 Promotion and internal mobility of employees⁶²

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 2018, almost each third employee enjoyed a form of career development. High employee mobility was also influenced by the business process optimisation.

	Vertical and horizontal promotion			Classification into a higher level of qualifications and flexibility			Total internal employee mobility		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Number	90	102	128	162	201	169	252	303	297
Share	10	11	12	19	22	16	29	33	27

Based on provisions of the collective bargaining agreement, all employees are entitled to remuneration based on the Company's performance.

In 2018, 80 percent of employees of Luka Koper, d. d. were involved in annual interviews as a tool of targeted management and individual employee development.

⁶¹ GRI GS 404-2

⁶² GRI GS 404-3

The procedure of supplementing the HR database for key working positions was implemented within the system of identifying and developing HR potentials and successors based on a series of tools for identifying new candidates, and will be completed in 2019 when results of the procedure are processed. The existing HR database includes 1.1 percent of promising employees with completed development plans.

Based on the 360° method used to assess management positions at all levels of the organisation structure, teamwork training programmes were held in 2018 due to this competency having been assessed as poor. Assessment of management positions is carried out every second year.

Measuring of organizational climate, employee satisfaction and engagement is also carried out every second year. Based on high 2017 survey results that were analysed and presented to employees, measures and activities were implemented in 2018 to improve or maintain the high results until the next measurement in 2019.

Assessment of mutual cooperation between units is also carried out in Luka Koper, d. d. every second year, and is scheduled for 2019.

10.3 Ensuring safety of employment and social security of employees

The disability issue was dealt with by an established pattern of past practice by employing a share of disabled employees in the Luka Koper Group, in the disability company Luka Koper INPO, d.o.o. The share of employees with the disability status in Luka Koper, d. d. decreased to 1.7% due to intense recruitment.

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

	31 Dec 2016	31 Dec 2017	31 Dec 2018
Number of disabled employees	17	19	19
Share (%)	2	2	1.7

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

	31 Dec 2016	31 Dec 2017	31 Dec 2018
Number of disabled employees	83	78	70
Share (%)	53	52	57

10.4 Cooperation with educational institutions

Luka Koper, d. d., operates as a socially responsible company for the field of development and education in the local and wider community. It cooperates with many educational institutions in ensuring the mentorship of seminar and diploma papers, providing students with compulsory on-the-job trainings and expert excursions. Luka Koper, d. d. and its examples of good HR management practice were often presented to the professional and other interested public. In 2018, one student received the company scholarship.

10.5 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 communicated with the employees mostly through two key communication channels:

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

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.

11 Long-term sustainability of the natural environment



THE GROUP PURSUES THE GOAL OF ACHIEVING THE HIGHEST ENVIRONMENTAL STANDARDS.

In 2018, the Company succeeded in adapting its environmental management system to the new version of ISO 14001. In addition, the authorised organisation has been reviewing the Company's severe accident management system, for which no standard exists at the European level.

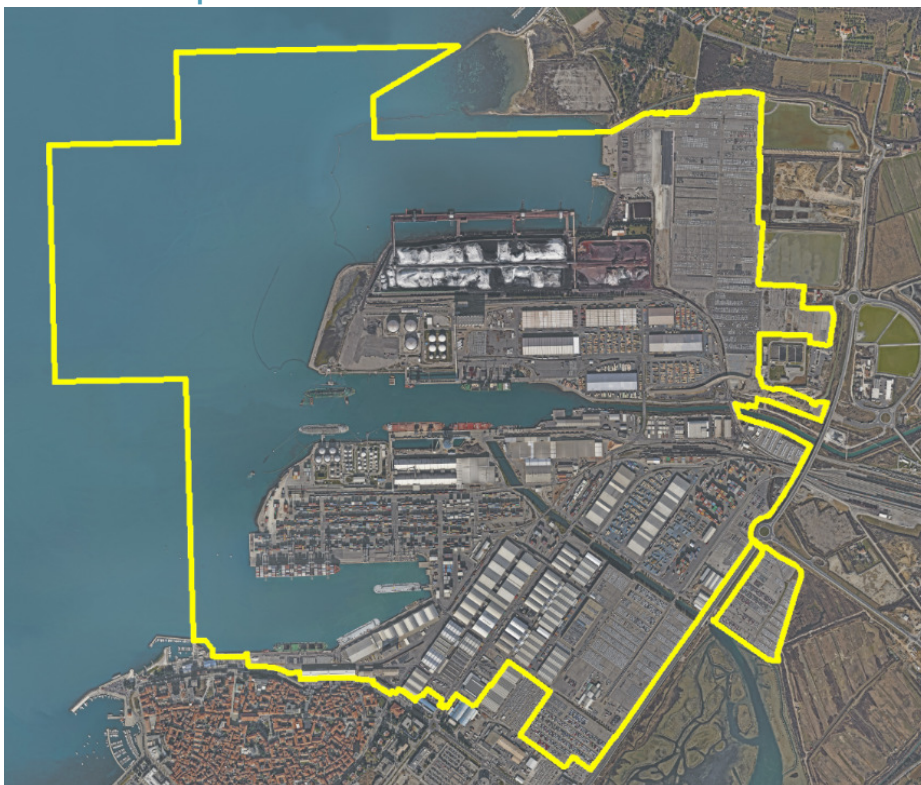
The certificate obtained when joining the EMAS environmental scheme a few years ago expired in January 2019, and is expected to be renewed in April 2019. The following reporting on environmental issues is compliant with EMAS requirements.

The environmental management system is also actively being brought in line with the requirements of ISO 50001, a standard that requires organisations to improve their energy performance. The first certification to this standard is planned for 2019.

The report provides a thorough insight into the performance of the Port of Koper in terms of environmental management. Previous Environmental reports are available on <http://www.zivetispristaniscem.si/index.php?page=static&item=14> and <https://www.luka-kp.si/eng/environmental-friendly-policy>.

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

The area of the port



11.1 About the environmental management system⁶³

The environmental management system has been designed in a way that environmental aspects are reviewed and evaluated as part of the annual planning process. Environmental aspects are elements of activities, products and services with significant impacts on the environment. The criteria for evaluating the significance of environmental aspects include year-on-year progress, compliance with the law and compliance with the adopted internal standards, cost increase, and public opinion. To indicate significance in the evaluation process, a colour scale is used (red, yellow, green). An environmental aspect is considered significant when any of its criteria is evaluated red or at least three criteria are evaluated yellow. In analysing environmental aspects, all the Company's activities are considered (in terms of indirect and direct impacts on the environment). The table below shows the environmental aspects evaluated as significant. The environmental report also discusses other identified environmental aspects, with the aim of providing a complete overview of the Company's environmental activity.

⁶³ GRI GS 103-1, 103-2, 103-3

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

Targets in 2019:

- Pass the verification of compliance with EMAS requirements,
- First certification to SIST ISO 50001,
- Reduce total dust emissions on all ten port locations to 200 mg/m²day, and limit the number of deviations to no more than 5 of the 120 measurements taken throughout the year,
- Maintain PM10 concentrations (particles up to 10 µm) across the entire area of the port below 30 µg/m³ (in the direction of Ankarana, Koper and Bertoki),
- Maintain the share of waste collected separately, excluding ship-generated waste, above 89%,
- Reduce the night-time noise level in the direction of the town of Koper to 48 dB,
- 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,
- Modernise the drainage system on the quayside of the bulk cargo terminal, modernise the wastewater treatment plant on the animal terminal, and replace some of the oil separators,
- Maintain specific consumption of energy sources at 2018 levels despite the growing throughput and expansion of storage capacities: fuel at 0.245 l/t, electricity at 1.27 kWh/t, and drinking water at 6.4 l/t,
- Prevent any number of required measures (inspections and internal measures) in case of developments,
- Prevent any sea pollution outside the port aquatorium,
- Ensure an efficient and adequate system of supplying water for fire extinguishing throughout the port area; and ensure proper firefighter intervention for specific objects.

11.2 Living in harmony with the environment

Luka Koper, d. d., has always strived for better quality of life across the area of the port. Being aware of the port's impact on the environment, Luka Koper has committed in its policies to sound management of the environment in order to preserve it for future generations. The processes of monitoring and reducing environmental impacts have

become part of regular activities. To this end, Luka Koper, d. d. works with competent specialised institutions.

Geography around the port

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

The port aquatorium is located on the mouth of the River Rižana, a body of water with high concentrations of suspended solids, which contribute to sludge accumulation on the seabed in Basin II. Sea currents also significantly add to sediment deposits in all the port basins. A certain depth must be maintained at all times across the port aquatorium to enable safe navigation of ships. The seabed is deepened when required, and the excavated material is deposited at special disposal sites in the area of the port.

The port is situated in the immediate vicinity of the Koper town centre and part of the Ankaran and Bertoki communities.

In 2018, the Debeli rtič Nature Park was established with the aim of long-term protection of the Slovenian coast, its landscape diversity and biodiversity, and preservation of nature's values in the Slovenian part of the coastal region. The park covers the entire peninsula between the Valdoltra and Sv. Jernej Bays, the Bay of Sv. Jernej and a 250 to 450 metre strip of the sea between the two bays.

11.2.1 Strategic orientations of Luka Koper by environmental aspect

In its development, the Company aims to introduce, to the largest possible extent, modern sustainable solutions that are significant for both the local community and the society at large. Strategic orientations for the development of Luka Koper, d. d. in terms of environmental management to 2030 have been set out in a special document, which is available on the websites <https://luka-kp.si/slo/podrocja-delovanja> and <https://www.zivetispristaniscem.si/porocila-in-dokumenti/>, while the sustainability strategy will be revised in 2019.

The table below shows the environmental aspects evaluated as significant in 2018. In order to reduce the impacts of the identified environmental aspects, Luka Koper's annual environmental workshop decided on annual activities (improvement programmes with the required activities) and reviewed the progress made towards achieving the environmental targets listed below. In comparison with 2017, no new significant environmental aspects were identified in 2018.

11.2.2 Significant environmental aspects in 2018

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

Around 200 companies are operational in the area of the port, ranging in activity from office services, storage and maintenance to servicing, etc. As their operations, too, may impact the quality and state of the port's natural environment, the Company has signed contracts with all of them, specifying the requirements for compliance with legal and internal rules and regulations on environmental protection and occupational health. Some of the companies have achieved the ISO 9001 Quality management and ISO 14001 Environmental management certifications. With stakeholders in the port processes, the Company has entered into agreements on the provision of safety measures that include occupational safety, fire safety, and environmental protection.

The health protection and ecology department regularly verifies the compliance of the parties that operate in the area of the port and of external port services providers with contractual requirements regarding environmental protection and occupational health.

11.2.3 Environmental targets in 2018

The key natural environment targets:

- Pass the verification of compliance with the GRI standards and the EMAS scheme requirements,
- Reduce total dust emissions on all ten port locations to 250 mg/m²day, and limit the number of deviations to no more than 5 of the 120 measurements taken throughout the year,
- Maintain PM10 concentrations (particles up to 10 µm) across the entire area of the port below 30 µg/m³ (in the direction of Ankaran, Koper and Bertoki),
- Maintain the share of waste separately collected, excluding ship-generated waste, above 89%,

- Reduce the night-time noise level in the direction of Koper to 48 dBA,
- Maintain the noise level in front of the closest buildings outside the port at 58 dB during the day and 53 dB in the evening, despite the growing throughput and expansion of the port,
- Modernise the drainage system on the quayside of the bulk cargo terminal, modernise the wastewater treatment plants on the animal terminal, and replace some of the oil separators,
- Prevent any number of required measures (inspections and internal measures) in case of developments,
- Prevent any spread of pollution from the port to the sea outside the port aquatorium,
- Maintain specific consumption of energy sources at 2015 levels despite the growing throughput and expansion of port capacities: fuel at 0.25 l/t, electricity at 1.17 kWh/t, and drinking water at 6.4 l/t,
- 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.

11.3 Policy on health and safety in the port, and energy efficiency

11.3.1 Policy on health and safety in the port

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

11.3.2 Energy policy

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

The Policy on health and safety in the port and the Energy policy were updated in March 2019 and integrated into the Policy on health and safety in the port and energy efficiency, which is available on the website <https://www.luka-kp.si/slo/pomembni-dokumenti-208>.

11.4 Compliance with environmental protection laws

11.4.1 Compliance with the law⁶⁴

To address light pollution, all lights were made to comply with legal provisions in the field of light pollution back in early 2017.

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

PM₁₀ and PM_{2.5} concentrations in the area of the port, as well as the number of exceedances, are below the limit values stipulated by law. The measured emissions of combustion plants are compliant with legal requirements.

The noise level in the port is compliant with the provisions of the applicable law for industrial areas following the adoption of the new Decree on limit values of environmental noise indicators, and with requirements that apply in front of the closest buildings in the directions of Koper, Ankaran and Bertoki.

However, measurements showed that according to the still valid environmental permit for noise emissions, evening noise (L_e) in the direction of Koper exceeded limit values by 4 dB, night-time noise (L_n) by 3 dB despite a concession, and average noise (L_{den}) by 5 dB, while day-time noise was below the limit values.

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

Luka Koper has a valid environmental permit as a high-risk facility, an environmental permit for noise emissions (with the process of obtaining a new one under way), an environmental permit for air emissions, wastewater emissions, an environmental permit for the warehousing (throughput) 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 2018, there was no throughput of the categories of waste mentioned above.

11.4.2 Compliance with internal requirements⁶⁵

- The port's target for total dust was achieved, with the average annual concentration being comparable with the 2017 level. Only one exceedance was recorded, which is below the target value.

⁶⁴ GRI GS 307-1, 419-1, 103-1, 103-2, 103-3

⁶⁵ GRI GS 307-1, 419-1

- The targets for fossil fuel and drinking water consumption were met, unlike the target for specific electricity consumption for the port's activity, which the Company failed to reach.
- No new decisions were received from inspection bodies in 2018.
- The sea water protection system is being maintained and upgraded in a way to help the Company meet the set target without causing pollution outside the port aquatorium.
- The internal target for night-time noise in the direction of Koper was exceeded by 4 dB, with average annual night-time noise caused by the port calculated to be 52 dB.
- The Company also failed to meet the set target for evening noise in the direction of Koper, exceeding it by 4 dB.
- The internal targets for evening and night-time noise in the directions of Ankaran and Bertoki were achieved.
- The wastewater treatment system on the animal terminal has not yet been modernised. As part of the efforts to reduce the impact of potentially contaminated stormwater, the process was initiated to replace the oil separators that did not have the certificate of compliance with EN 858-1,2.
- The target to maintain the share of waste separately collected, excluding ship-generated waste, above 89%, was met.
- The internal target 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, was not achieved.

11.5 Public communication

11.5.1 Results of a public opinion poll

Each year, a public opinion poll is carried out among the local population on the perception of Luka Koper, its relationship to the environment, and the company performance. Most of the respondents are from the local communities of Smedela or Žusterna (45.4%), Koper central (27.1%), Bertoki or Hrvatini (17.4%), and the municipality of Ankaran (10.1%). The sample has remained the same throughout the years, and included all age groups and equally both sexes. The majority of respondents (89.0%) found Luka Koper to be a successful/very successful enterprise.

Respondents perceive the port activity (26.8%, up from 14.3% in 2017), industry in Trieste (26.7%, down from 33.8% in 2017), and road transport (26.1%, up from 25.6% in 2017) to be the biggest sources of pollution in the local environment. These were the only three sources of industrial pollution mentioned as no other exist.

According to most of the respondents (42.1%), Luka Koper's environmental protection programme is good (a 3 on a scale from 1 to 5); 22.8% believe it is very good (rating it a 4),

while 14.7% have rated the Company's environmental protection programme as excellent (5). 11% of the respondents deem the Company's performance in this area poor or fair.

11.5.2 Important public communication events

The Company has identified the following stakeholders in the broader business and reference environment:

- The general public;
- Institutions, societies, associations, chambers;
- Local community;
- Media (foreign and Slovenian);
- Employees;
- Shareholders;
- Other ports.

Considering the results of the opinion poll, Luka Koper believes that it should continue to work closely with local communities, engage more with, and gain trust of, the local population. The Company plans to organise expert meetings with local communities and the two municipalities.

Throughout the year, Luka Koper was an active member of the project that brings together 11 ports (NEPTUNES, <https://www.neptunes.pro/>), seeking solutions for the common issue of noise-generating ships. This collaboration will continue in the coming year.

The Company participated in the environmental awards competition organised annually by the Finance daily, presenting the mission and activities of the project initiated by 11 international ports to mitigate noise from sea-going vessels. The presented solutions won Luka Koper the first prize in the category 'International cooperation in the field of environment'.



Image: Receiving the award in the category 'International cooperation in the field of environment' for mitigation of noise from sea-going vessels

The Company issued a handbook entitled *Prehod v zeleno gospodarstvo* (Transition to Green Economy, published by FIT medija, d. o. o.), outlining for the general audience two examples of applying the concept of circular economy in the port: using marine sediment for brick production, and using paper sludge to manage dusting.

The Company issued the publication *Luški vozli* (The Port Knots), presenting its social responsibility activities. The magazine with a print run of 15,000 copies was distributed free-of-charge to households in the Koper and Ankaran municipalities.

Luka Koper signed an agreement with the Slovenian Maritime Administration on collaboration in addressing the impacts of sea pollution outside the Port of Koper aquatorium. Considering the capacities and loads that result from port operations, Luka Koper has mobilised its means and resources for the process of preventing and addressing the impacts of sea pollution outside the port, thus to aid the relevant state bodies, which suffer from a lack of staff and equipment.

Throughout the year, the Company was a constructive partner to civil society initiatives and the two municipalities, which were parties in the processes of obtaining environmental permits for the planned expansion projects (e.g. extension of Pier I, a new RO-RO berth in Basin III).

The Company came to an agreement with local institutions on monitoring the state of seagrass meadows in the area of Sv. Katerina and in front of the Adria car camping site, on monitoring sea currents in Basin III, and on measuring light levels on seagrass meadows.

The Company held presentations of its environmental management system and fire safety systems, which included practical fire-fighting training, for all new employees.



11.5.3 Registered and processed environmental complaints

In 2018, most of the complaints lodged (as many as 10) were about noise. Of this, the majority was associated with noise in the direction of Koper, while the rest were about noise in the direction of Ankaran. An internal investigation showed that the main cause of citizens' complaints about noise in the direction of Koper is large car ships moored in the immediate vicinity of the town, and to a smaller extent some noise-generating container ships. Among the latter, the most challenging event was the first mooring of KATRINA, a ship that did cause significant noise. Having no authority over the ship, the Company urged its agent to act. As a result, the ship was turned in a way that the chimney as the main cause of the noise was facing towards the port, sadly to no significant effect. However, it was thanks to the Company that the same ship received further warnings about noise in other ports nearby, and upon its next arrival, the ship was almost completely silent. Therefore, the purpose was served.

To alleviate the problem, the Company has been in talks with shipping companies to achieve replacement of the noise-generating ships, but with no success so far. Nevertheless, in collaboration with some shipping companies, an agreement has been drafted for car (RO-RO) ships to bring their fans to lower power levels (within the values that ensure safety for workers) to help reduce noise levels in the direction of Koper. At their request, shipping companies are sent periodic reports on noise which verify the impact of noise control activities. Regarding noise in the direction of Ankaran, the Company found that increased noise was a result of the throughput of hot briquetted iron.

For more information about the noise control activities, see the chapter on noise.

One complaint was lodged by the citizens of Ankaran in relation to noise and dusting. More information about the quality of air in the area of the port is provided in the following chapters.

One complaint was about unpleasant smell spreading from the port. Unpleasant smells are occasionally detected in the composting plant, where biodegradable organic waste is processed into compost (whereby a small portion of the waste is generated by Luka Koper, and the rest is from Marjetica, d. o. o.). The odour is produced when the waste is stirred and mixed in order to facilitate composting. In the days in question, manure was also stored and being transported from the area of the port, adding to the unpleasant smells.

In future, the Company plans to modernise the composting plant in order to manage the odour.

11.5.4 Inspections⁶⁶

Inspectorate	Start date, notification of the process	Subject matter	Findings
Inspectorate of Infrastructure of the Republic of Slovenia	30 Oct 2018, 8 Nov 2018,	Review of electrical devices	Some deficiencies were found, which were remedied by the set deadline; on 17 Dec 2019 the decision on the termination of the procedure was issued.
Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning	24 Oct 2018	Inspection of a facility with a high risk of accidents	As no irregularities were found, no action was taken.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	25 Oct 2018	Inspection of the department for protection against fire and other natural and other disasters	As no irregularities were found, no action was taken.
Inspectorate of the Republic of Slovenia for Protection against Natural and Other Disasters	21 Dec 2018	Review of the implementation of fire safety measures instructed during the previous visit	As the deficiencies were remedied by the set deadline, the inspection procedure was terminated.

11.6 Environmental risk management and emergency response⁶⁷

An important step in environmental preservation and improvement is to reduce the risk of emergencies and improve emergency response procedures. At the level of the port, lists of potential environmental risks are drawn up and maintained annually. The port has an emergency management and response system in place, not necessarily for emergencies involving dangerous substances. Chapter 11.6.1 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

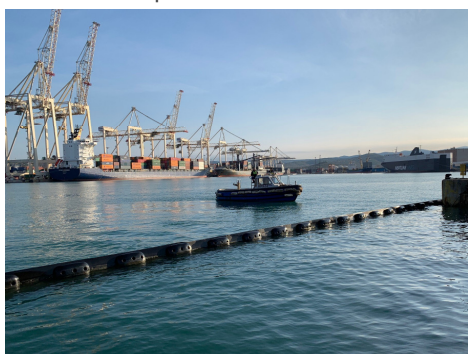
⁶⁶ GRI GS 307-1

⁶⁷ GRI GS 306-3

discussed in the chapter Registered and processed environmental complaints, while incidents at sea are discussed in the chapter Statistics for interventions at sea.

As part of its activities, Luka Koper uses, transports and warehouses dangerous substances, oil and petroleum products, and manages work equipment and assets that carry a risk of accidents. An important step in environmental preservation and improvement is to reduce the risk of emergencies and improve emergency response procedures by implementing annual activities.

The protection and rescue plan and risk assessments were revised in 2017 and have not been updated since. The protection and rescue system in Luka Koper involves players from various areas of expertise, organisations and undertakings. In the event of interventions in emergency situations in the port area, the professional fire brigade of Luka Koper (PGE) and the department for safety in port (PPV) are always involved, and sometimes also the sea protection unit, Luka Koper INPO, d. o. o., Luka Koper industry volunteer firefighters' society (PIGD), Luka Koper civil protection unit, and other units in accordance with the protection and rescue plan.



The port has an emergency management and response system in place, not necessarily for emergencies involving dangerous substances. The table Statistics for environmental incidents from 2011 to 2018 lists and summarises the identified environmental incidents, all small-scale and with local impacts (e.g. immediate vicinity of a vehicle) within the port. The complaints lodged by the local community are discussed in the chapter Registered and processed environmental complaints, while

incidents at sea are discussed in the chapter Statistics for interventions at sea.

With regard to fire safety, the aim of the Company 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. Activities to implement the Company's new multiannual water supply system upgrade plan devised In 2018 are still ongoing. They include the acquisition of a large fire vehicle – water tender, which will allow for the transport of large quantities of water and foam agents for fire extinguishing in any section of the port.

Water tender



11.6.1 Statistics for environmental incidents from 2011 to 2018⁶⁸

Number in 2011	Number in 2012	Number in 2013	Number in 2014	Number in 2015	Number in 2016	Number in 2017	Number in 2018	Event	Measures taken
50	30	49	41	59	47	60	71	Cracks in hydraulic systems (external vehicles and port machinery).or oil slicks detected on the asphalt surface.	Remediation by using absorbents and a hand-held sweeper. Eco-points were built in key areas, where substances for quick remediation are available together with bins for spent absorbent disposal.
4	8	5	6	8	5	11	10	Leakage in the port's water supply system.	Repair of the leaking pipes.
8	4	3	10	12	10	11	16	Leakage and spillage of a small amount of petroleum products.	Remediation by using absorbents and a hand-held sweeper.
4	2	4	3	4	6	11	1	Inadequate waste management within the port.	Adequate management of the collected waste in future.
0	0	1	2	5	2	10	1	Small fire, start of a fire.	In all instances, small fires were extinguished and additional measures were introduced where necessary.
/	/	/	/	/	12	8	2	Dense smoke coming from a moored vessel (2 instances, in	In the case of dense smoke, a precautionary survey of the

⁶⁸ GRI GS 306-3

					one instance the maritime inspector fined the relevant shipping company). Freon leak from an air-conditioning unit (1 instance).	sea surface was conducted, but no soot was found. The air-conditioning unit was repaired.
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Activities implemented for better management of uncontrollable events in 2018:

- To test the effectiveness of the contract and Protection and rescue plan of Luka Koper, d. d., for industrial accidents, the emergency drill 'Onesnaženje 2018' (Pollution 2018) was carried out in October in collaboration with state forces, verifying readiness in the event of sea pollution as a result of fuel spill from fuel station tanks located in the Koper marina.
- The port's fire safety order was updated and is available on the Luka Koper website.

Activities planned for better management of uncontrollable events in 2019:

- An additional large fire vehicle – water tender will be purchased.
- Two trailers will be purchased for containing leaks from containers.
- A transportable pump for hazardous liquids will be purchased, including a trailer.
- Block valves will be installed in the fire hydrant loop of the new TH facilities on the dry bulk terminal.
- The port's primary water supply and fire hydrant networks will be upgraded.
- A portable pump will be purchased.
- A dry run drill will be carried out for one of the scenarios featured in the protection and rescue plan.

11.7 Environmental aspects and results of operations

11.7.1 Air quality and climate factors

Luka Koper is making continuous efforts to reduce emissions into the atmosphere from port activity. The main sources of emissions the Company can control include:

- The throughput and warehousing of bulk and dry bulk cargoes such as coal, iron ore, soy, wheat and alumina. These activities cause dust emissions.
- The throughput and warehousing of liquid cargoes such as petroleum products, o-Xylene and methanol. These activities cause the emissions of volatile organic

compounds.

- The use of liquid energy sources and motor fuels for the port machinery and in combustion units, which causes dust and greenhouse gas emissions.
- The use of refrigerants where coincidental leakage can cause greenhouse gas emissions (R 22 and 404A).

The efforts to steadily reduce the emissions into the atmosphere caused by port activity comprise a series of activities. One of the key measures to control dusting is a technology introduced several years ago, where coal and iron ore deposits are covered in a layer of paper sludge, the sludge forming a crust to prevent dust from spreading. In 2018, 1,496 tons of paper sludge were used for this purpose.

In the coming year, the Company will devise a plan for joining ESI (Environmental Ship Index), a voluntary system that envisages financial rewards for more advanced ships with lower emission levels: <http://www.environmentalshipindex.org/Public/Home>. 56 port operators are currently registered in the scheme.

11.8 Emissions/immissions from services

11.8.1 Total dust in the port⁶⁹

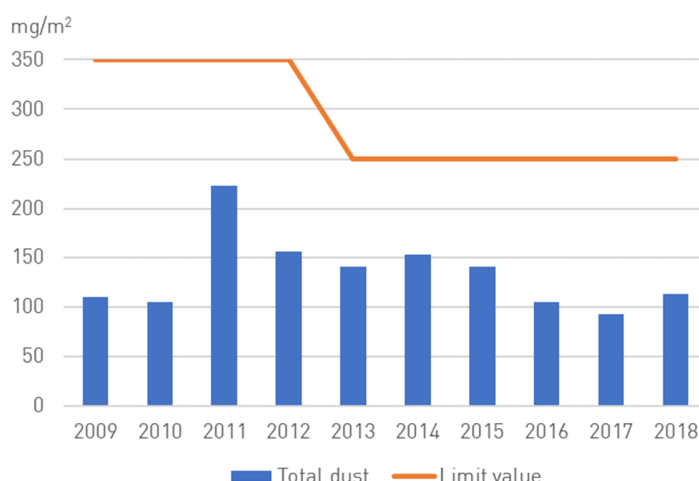
Results of total dust measurement inside the port

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

The average annual dust concentration in 2018 was 113 mg/m² per day, a slight increase from 2017, yet still below the set limit value. One exceedance was recorded, therefore the goal was achieved in full.

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

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



11.8.2 Concentrations of harmful particulate matter⁷⁰

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

In the area of the port, the concentrations of particulate matter with particles up to 10 µm (PM₁₀) are monitored by the University of Primorska. The first equipment for continuous monitoring of the concentrations of particulate matter (PM₁₀) that is harmful to human health was installed in the immediate vicinity of the coal deposit area (Monitoring point 1) back in 2003, but was removed due to datedness in late 2012. Monitoring points 2 (towards Bertoki) and 3 (towards Ankaran – LKP Ankaran) have devices for continuous monitoring of PM₁₀ particles. Due to the way measurements are taken, the device at Monitoring point 2 (towards Bertoki) does not allow for the data to be displayed online. In mid-2012, an authorised organisation installed additional state-of-the-art measuring equipment on the passenger terminal, to monitor air quality in the direction of Koper (Monitoring point 4 – LKP Koper). The device additionally monitors particles up to 2.5 µg.

The data provided by the devices that allow for automatic online display (LKP Ankaran and LKP Koper) are available on the website <http://www.zivetispristaniscem.si/>. As a comparison, Luka Koper 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 (PM₁₀) in the Port of Koper are below the legal limit value of 40 µg/m³ and below the internal target value of 30 µg/m³. The Decree on ambient air quality sets the daily PM₁₀ concentration limit for the protection of human health at 50 µg/m³, with no more than 35 exceedances per year. Luka Koper is compliant with these provisions, as well.

⁷⁰ Emissions/immissions from services – additional indicator (ref GRI GS 305-7)

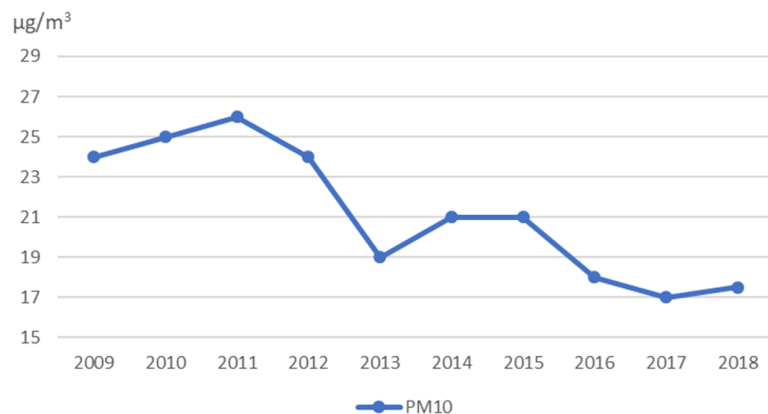
Results of PM₁₀ measurement on the edges of the port, in µg/m³

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Monitoring point 3 – LKP Ankaran	24	25	26	24	19	19-23*	21	18	17	17-18*
Monitoring point 2 – towards Bertoki	20	19	27	26	23	22	25	20	21	21
Monitoring point 1 – coal deposit area	21	21	25	21	No longer monitored	No longer monitored	No longer monitored	No longer monitored	No longer monitored	No longer monitored
Monitoring point 4 – LKP Koper	-	-	-	28**	20	20	26	20	16	14

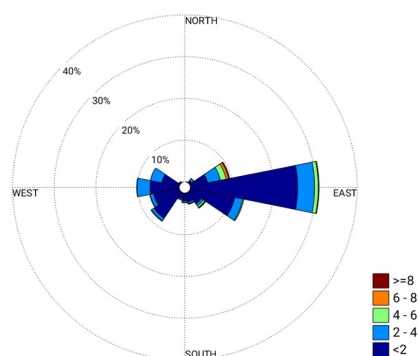
*As the original instrument was being calibrated at this monitoring point, comparative measurements were taken throughout the year using a different reference instrument.

**Measurements taken only three months

In 2013/2014, as a dust containment measure, the Company started covering coal and iron ore deposits in a layer of paper sludge. The chart below shows that the amount of dust emitted towards Ankaran is gradually decreasing.

PM₁₀ values in Ankaran by year

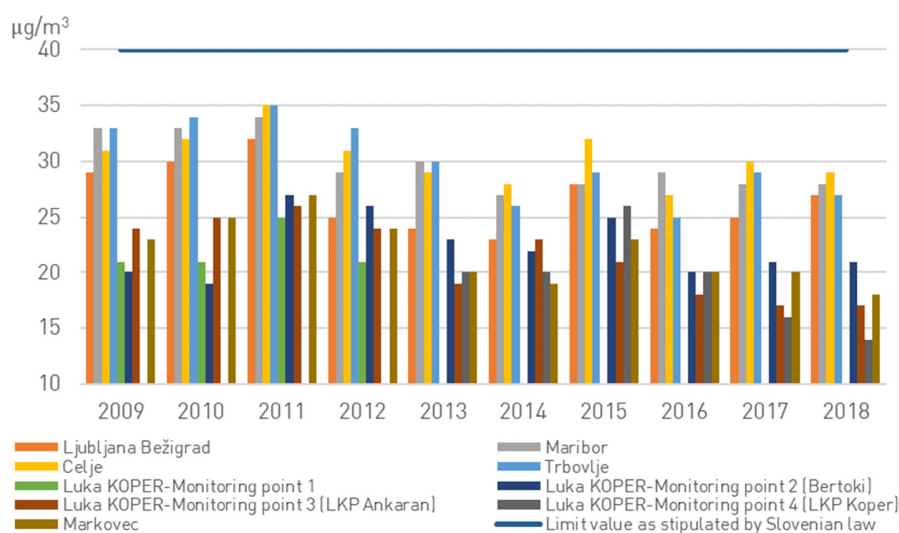
Wind rose, January to December 2018, in ms^{-1}



Annual measurement results were compared with PM_{10} measurements taken by the Slovenian Environment Agency (ARSO) on other locations across Slovenia. The comparison showed that the concentrations in the area of the port were lower than on other locations across Slovenia. The graph below shows average annual concentrations at monitoring points in the Port of Koper and on some other locations in Slovenia.

Managed by the Slovenian Environment Agency, the Markovec monitoring point registered 4 exceedances in 2018. Fewer exceedances, 1 or 2, were recorded in Velenje and Iskrba (natural background measurements). At the Žerjal monitoring point, which is also used to indicate natural background levels, the number of exceedances was the same as in Markovec. At other monitoring points across Slovenia, a higher number of exceedances was recorded than in Koper, peaking in Zagorje (830). One of the reasons behind increased concentrations was the air mass from northern Africa that reached Slovenia between 14 and 16 April 2018, carrying Sahara desert sands (<https://twitter.com/meteoSI/status/985525110470782977>). Higher particle concentrations were also recorded during increased biomass burning around 1 May.

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



*Source: <http://www.arso.gov.si/zrak/kakovost%20zraka/podatki/>

The data for 2018 has not yet been finally confirmed by ARSO.

Results of measurement of particles up to 2.5 µm (PM_{2.5})

At the monitoring point inside the port (Monitoring point 4 – LKP Koper), PM_{2.5} particles are monitored in addition to PM₁₀ particles. The Slovenian Environment Agency measures PM_{2.5} particles on four locations across Slovenia: Ljubljana – Biotechnical Faculty, Maribor central, Maribor Vrbanški plato, and Iskrba at Kočevska Reka. The Iskrba monitoring point is located far from large polluters to measure natural background levels.

PM_{2.5} particle concentrations were below the legally stipulated level of 25 µg/m³ throughout the study period, the levels decreasing over the years. In four years, the PM_{2.5} concentration decreased by 33%.

Results of PM_{2.5} measurement on the edges of the port – passenger terminal bordering the Koper town centre, in µg/m³

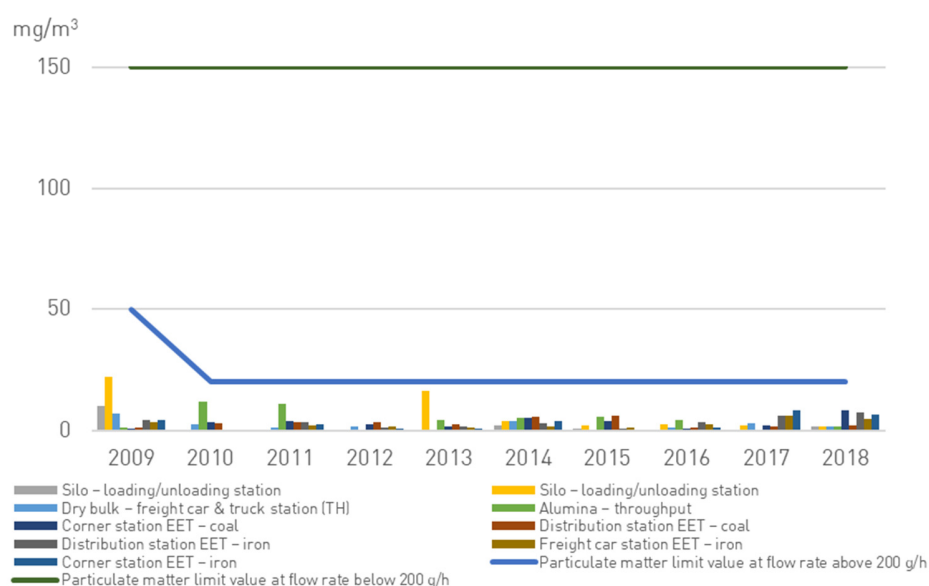
	2014	2015	2016	2017	2018
Monitoring point 4 – LKP Koper r	15	16	14	12	10

11.8.3 Emissions of particulate matter at key sources⁷¹

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

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

Results of annual measurement of particulate matter emissions at various sources



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

The following activities were not carried out in 2018:

- The modernisation of the anti-dusting system on gantry cranes' hoppers on the European energy terminal was not completed after the costs of the investment rose to ensure an explosion-proof version. The activity has been deferred until 2019.

⁷¹ Emissions/immissions from services – additional indicator (ref GRI GS 305-7)

- A shade structure was not constructed in front of NAS1, NAS4, NAS5 and 6G storage facilities on the dry bulk terminal, a dust removal filter was not installed in the bagging facility for Big Bags, a telescopic anti-dusting charger was not set up at TH1 due to a planned major reconstruction of TH facilities, a telescopic belt conveyor with a hopper and filter for a variety of dry bulk cargoes was not set up, and an additional dust removal filter was not installed in the cereals silo.

The following activities will be carried out in 2019:

- A dust collection system will be installed in the PC bulk and liquid cargo terminal.
- Explosion-proof versions of vacuum cleaners will be purchased for the cleaning of TH facilities and the cereals silo in the PC bulk and liquid cargo terminal.
- A proposal for and method of implementing ESI (Environmental Ship Index), a voluntary system in which the port charges a lower fee to ships with more advanced motors that have lower emission levels, will be devised.
- The dust control systems on the European energy terminal will be modernised to be explosion-proof.

11.8.4 Greenhouse gases⁷²

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

11.8.5 Greenhouse gas emission levels⁷³

The cooling equipment is regularly maintained in order to prevent emissions, or stop emissions if detected. In 2018, emissions totalled 520 kg of greenhouse gases and 1,300 kg of ammonia.

The carbon footprint was calculated for 2018, comprising emissions from fossil fuel combustion to power the port machinery and for the heating of buildings, and the emissions from the use of electricity in the area of the port.

⁷² GRI GS 305-1, 305-2, 305-6

⁷³ GRI GS 305-1, 305-2

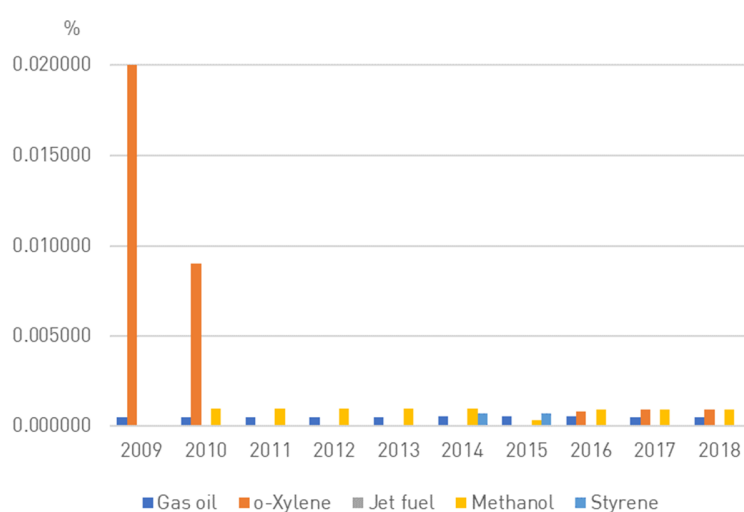
	Total consumption [MWh/y]	Emission factor [kgCO ₂ equiv/kWh]	Total emissions [kgCO ₂ equiv/y]
Diesel	49,913	0.276	13,775,988
Electricity (indirect emissions)	27,376	0.375	10,266,000
Light fuel oil	784	0.268	210,112
Liquefied petroleum gas - LPG	179	0.228	40,812
Wood biomass	748	0.007	5,236
SKUPAJ	79,000	1.154	24,298,148

11.8.6 Volatile compound emission levels⁷⁴

Results of volatile compound emissions measurement

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

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



⁷⁴ GRI GS 305-7

In 2018, annual losses of volatile compounds from reservoirs on the liquid cargo terminal included gas oil with 2,491 kg, o-Xylene with 82 kg, jet fuel with 99 kg, and methanol with 1,105 kg. No styrene was put through in 2018.

In 2018, no improvement programmes were in place in this field, and none are planned for 2019.

11.9 Waste management⁷⁵

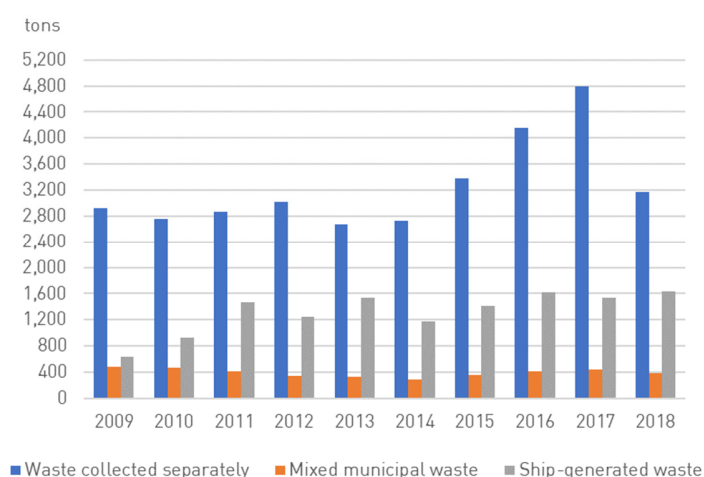
11.9.1 Results in waste management

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

Amount of collected waste

In 2018, just over 5,451 t of waste in total was collected in the area of the port, of which 3,173 t was sorted (hazardous, non-hazardous), 383 t was mixed municipal waste, and 1,895 t was ship-generated waste (hazardous, non-hazardous, mixed municipal).

Amounts of waste collected in the port

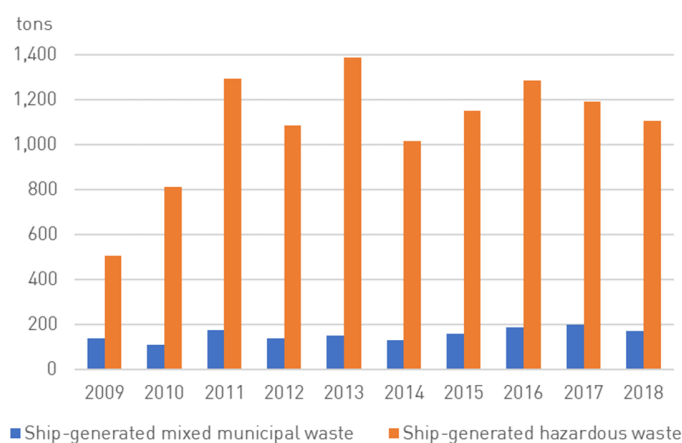


⁷⁵ GRI GS 306-2

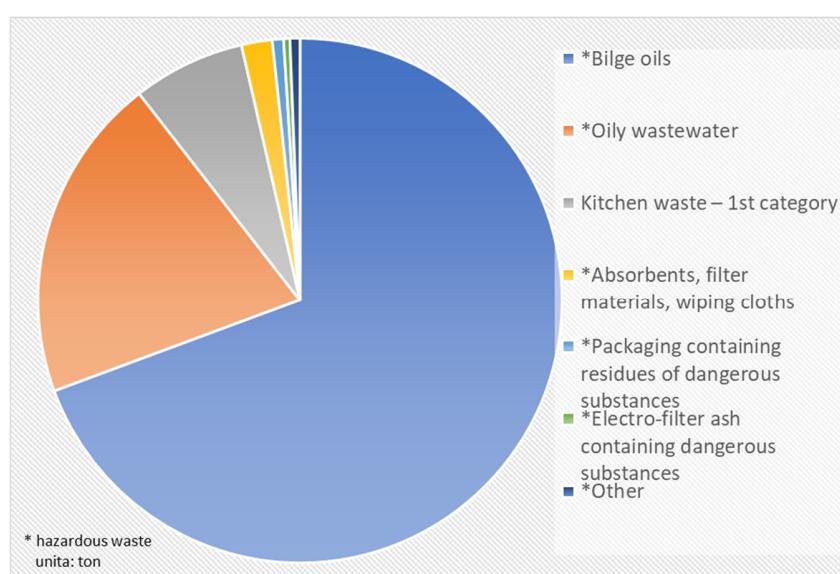
Ship-generated waste

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 its further processing or disposal. Bilge oils are handed over to be used as alternative fuel in other countries.

Annual amounts of ship-generated waste



Types of ship-generated hazardous waste collected separately in 2018⁷⁶



⁷⁶ GRI GS 306-4

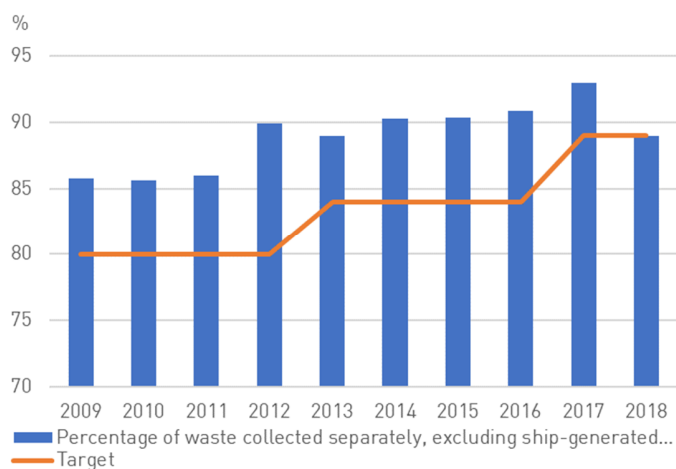
In 2018, bilge oils accounted for the largest share of ship-generated hazardous waste. 81% of these were handed over to a foreign authorised organisation, while the rest of the bilge oils and all other ship-generated hazardous waste were handed over to authorised organisations in Slovenia.

Waste collected separately in the port

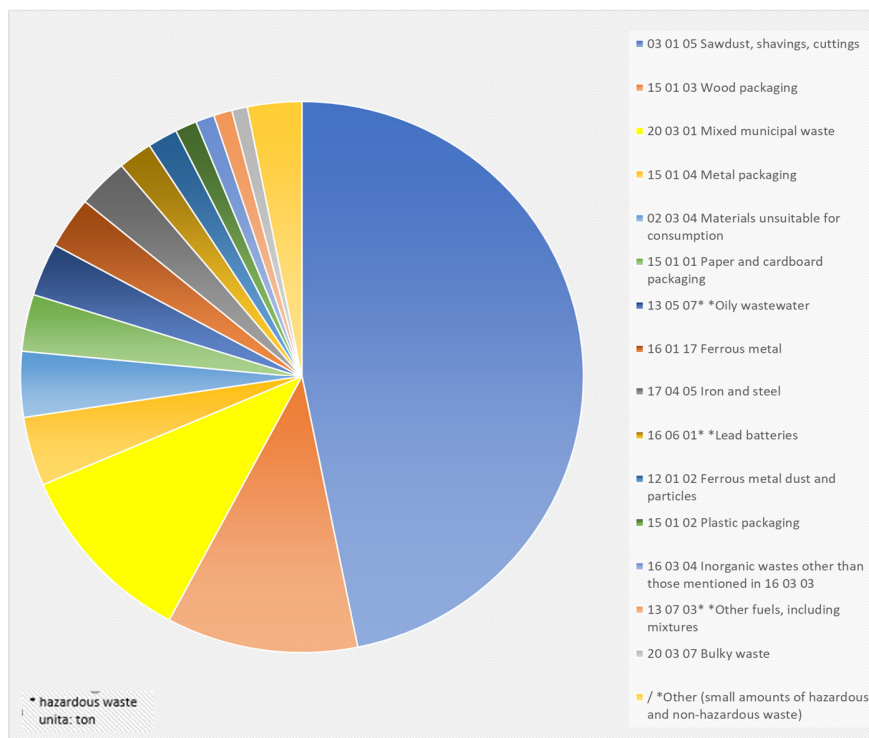
Proper waste management and handling has become increasingly important, especially in terms of adequate collection, sorting, storage, processing, and re-use. It is vital that the company employees and all other parties carrying out their activities in the area of the Port of Koper know their role in this process, as some of the sorted waste fractions are re-used as secondary raw materials. In 2018, 8.27% of the waste wood from the port was used for heating, now a performance indicator for the re-use of materials.

The 89% separate waste collection target set in 2017 was met.

Mass percentage of waste collected separately



Types of waste collected separately in 2018, excluding ship-generated waste



Waste management centre



The following activities were carried out in 2018:

- The still ongoing process was under way to prepare a dossier for the modernisation of the bilge water treatment system.
- The ship-generated waste collection plan was updated and is now pending approval by

the Slovenian Environment Agency.

- The waste containers that had previously been unmarked were labelled in accordance with the law.



The following activities will be carried out in 2019:

- The waste sorting system for lessees in the port area will be additionally improved.
- End-of-use vehicles and bicycles and other bulky waste will be removed from the port.
- A proposal for a revised price list for ship-generated waste will be devised.
- In the Waste management centre located inside the port, the active and passive fire protection system will be reviewed in the light of the proposal for a new draft decree on waste storage.

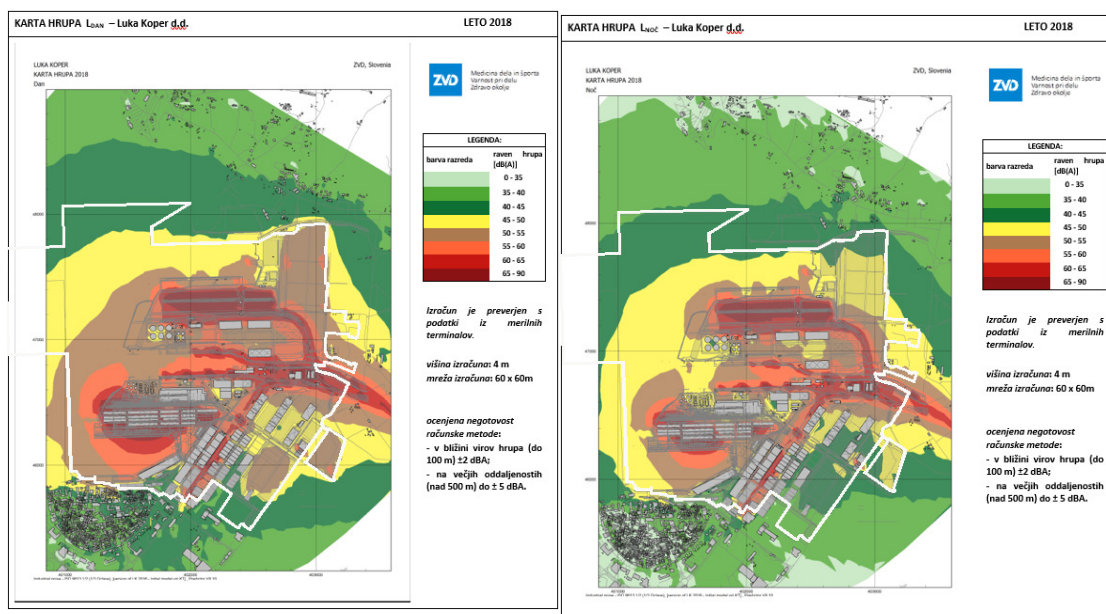
11.10 Noise emissions⁷⁷

Operations in the port generate noise. In accordance with the strategic guidelines for the development of the port and the adopted environmental policies, the Company continues its activities to manage and reduce the port's noise levels.

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 noise levels on three border points within the port. To measure noise, the Company uses state-of-the-art measurement, monitoring and display techniques recommended by guidelines in this field. To this end, sound modelling and detailed noise mapping are provided by an authorised organisation, showing noise areas in the port and its immediate surroundings. The activities carried out in order to produce annual noise maps include continuous measurement, periodic measurement, and noise propagation modelling. Luka Koper was the first company in Slovenia to introduce continuous noise

⁷⁷ Noise emissions – additional indicator (ref GRI GS 305-7)

measurement. Measurement results are displayed on the port website <http://www.zivetispristaniscem.si/>.



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

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

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

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

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

2017			2018			Limit values level IV	
Towards Bertoki	Towards Ankaran	Towards Koper	Towards Bertoki	Towards Ankaran	Towards Koper		New law applicable as of 7 July 2018 **
L _d =53	L _d =53	L _d =63	L _d =53	L _d =53	L _d =63	L _d =73	L _d =70
L _e =52	L _e =51	L _e =62	L _e =51	L _e =51	L _e =63	L _e =68	L _e =65
L _n =49	L _n =51	L _n =62	L _n =49	L _n =49	L _n =63	L _n =63	L _n =60
L _{den} =57	L _{den} =58	L _{den} =69	L _{den} =56	L _{den} =56	L _{den} =69	L _{den} =73	L _{den} =70

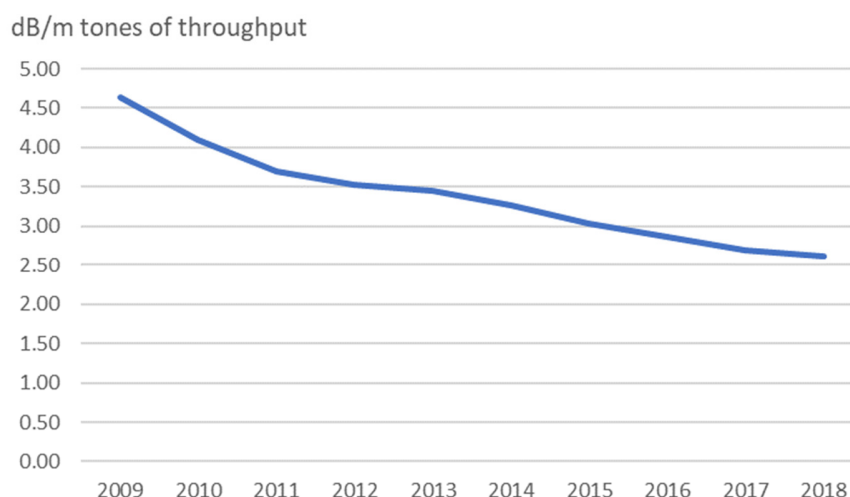
Key: L_d – day noise level, L_e – evening noise level, L_n – night noise level, L_{den} – day-evening-night noise level

** Limit values excluding ship-generated noise

Annual throughput increased considerably in the last few years, growing by 29% from 2011 to 2018. Although one could expect a subsequent increase in noise emitted from the port, the measured levels in the period from 2011 to 2018 indicate a gradual decrease in the following noise values:

- Day-time noise level towards Bertoki,
- Evening noise level towards Bertoki,
- Night-time noise level towards Bertoki,
- Day-time noise level towards Ankaran,
- Evening noise level towards Ankaran,
- Night-time noise level towards Ankaran.

Noise control in relation to throughput (day-time noise level towards Koper)






Towards Koper, the day-time noise level remains the same, while the evening and night-time levels grew by 1 dB. The Company estimates that its numerous implemented, introduced and planned activities will contribute to an incremental reduction in noise levels also on this location.

11.10.1 Implementation of noise control improvement programmes

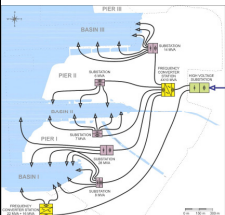
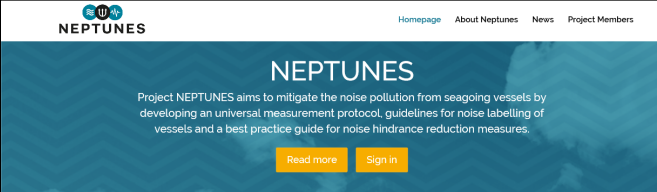
A noise control action plan is devised annually, specifying activities, the persons responsible for implementation, and deadlines for completion. The outcomes of the 2018 noise control action plan can be seen below. EUR 9.2 million was allocated for the listed noise control measures in 2018.

Activity from the noise control plan	Completion rate
Maintenance of fans in the storage facility No. 5 (engine room) on the reefer cargo terminal near the Koper town centre	100%
Lining drains on transport routes, next to the e-RMG tracks, on the quayside, etc. with rubber	50%, the activity continues and is scheduled for completion in 2019

Moving horns to the lower section of the cranes on the remaining 15 RTGs on the container terminal	100%
Replacing diesel engines of the gantry cranes TS 36, 37, 28, 39 on the container terminal	57%, the activity continues and is scheduled for completion in 2019
 <p>Installation of rubber fenders on the remaining terminal tugs on the container terminal</p>	50%, the activity continues and is scheduled for completion in 2019
Communication with shipping companies in the event of noise-generating ships on the container terminal	100%
Training for employees (reporting in CIIS – Critical Incidents Information System - in the event of derogation, i.e. speeding) on the internal rules and technological processes on the container terminal	100%
Notification of the results of ship-generated noise measurement and acoustic camera recordings to shipping companies, and notification of shipping companies' plans for noise control measures on container ships to the health protection and ecology department	100%
Communication with shipping companies in the event of noise-generating RO-RO ships (to achieve replacement of such ships)	100%
Notification of the results of ship-generated noise measurement and acoustic camera recordings to shipping companies, and notification of shipping companies' plans for noise control measures on RO-RO ships to the health protection and ecology department	75%, the activity continues and is scheduled for completion in 2019
Examination of the option of, and preparation of a report on, switching off fans on ships (those facing the shore) if an alternative system of loading cars is put in place (loading by levels or similar to adjust the number of operational fans)	100%
Re-surfacing of the handling areas of the container terminal quayside	83%, the activity continues and is scheduled for completion in 2019
Replacement of the existing curved surface water drains on the container terminal with straight drains	80%, the activity continues and is scheduled for completion in 2019

Examination of the option of constructing the passenger terminal building in a way and using materials that absorb sound. Assessment of the investment. Preparation of a feasibility report and a recommendation on whether the investment should be taken into consideration in detailed designs.	100%
Introduction of such a technique of installing piles that complies with legal requirements on noise on the container terminal	100%
Fitting the casings of the diesel engines and exhaust pipes on the existing RTG cranes on the container terminal with acoustic insulation	100%
 <p>Modernisation of acoustic insulation on refrigeration systems on the reefer cargo terminal near the Koper town centre</p>	100%
 <p>Installation of a noise barrier in the area next to storage facility No. 3 in the direction of the Opekarska Street</p>	25%, the activity continues and is scheduled for completion in 2019
Regular maintenance of asphalt surfaces and drains in the area under the STS cranes on the container terminal	75%, the activity continues and is scheduled for completion in 2019
Drafting of an annual plan of communication with all local communities of the Koper and Ankaran municipalities, and submission of the plan to all stakeholders for approval	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%
When technically feasible, turning the moored ships in a way that exhaust and/or ventilation systems are facing away from the town centre	100%

		
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 tugs. Preparation of a report in CIIS (Critical Incidents Information System) and communication of breaches to the terminal and the health protection and ecology department. Implementation of measures.		100%
Examination of measures from the action plan for noise control in the direction of Koper, and raising EU funds for eligible measures		100%
Continuous noise monitoring and quarterly reporting to the management board on noise levels and on the implementation of measures from the action plan for noise control in the direction of Koper		100%
Noise monitoring using an acoustic camera In collaboration with the Ljubljana Faculty of Mechanical Engineering		100%
<p>Acquiring a design for a noise barrier towards Koper, implemented as a walkway, and continued collaboration with the Municipality of Koper on project implementation</p> 		50%
Assessment of the impact on noise level of raising the storage facilities next to the town centre in line with the National Spatial Plan, to be made by the health protection and ecology department in collaboration with the authorised modelling organisation		100%
Noise monitoring on the new electric rubber-tired gantry cranes (RTG) and the new rail-mounted gantry cranes (RMG) on the container terminal		100%

<p>Continued collaboration on the project exploring the technical feasibility and restrictions of electrifying the port for powering ships</p> 	100%
 <p>https://www.neptunes.pro/</p>	<p>Participation of Luka Koper in the ship-generated noise control project that brings together 11 ports (NEPTUNES,</p> <p>100%</p>
<p>Reporting on noise levels to the heads of the PC car terminal and the PC container terminal in the event of noise-generating ships in Basin I</p>	100%
<p>Seeking a solution for installing noise control equipment in the immediate vicinity of or on ships, or another suitable solution in collaboration with external experts; reporting to the PC car terminal and PC container terminal departments</p>	100%
<p>Acquisition of 5 electric rubber-tired gantry cranes (e-RTG) on the container terminal</p>	60%, the activity continues and is scheduled for completion in 2019
<p>Installation of acoustic insulation on the hoppers of the gantry cranes used for coal and iron ore throughput</p>	29%, the activity continues and is scheduled for completion in 2019

Some of the activities involving tendering had not been completed by the end of 2018; instead, due to lengthy procedures their completion was deferred into 2019.

In the case of the activities that involved the installation of a noise barrier in the open area next to storage facility No. 3 in the direction of the Opekarska Street in Koper, the Municipality of Koper gave a negative opinion. The Company will submit a new application for a building permit.

One of the important activities implemented in 2018 was collaboration with 11 international ports on developing a methodology for ship-generated noise measurement, monitoring ship-generated noise, exchanging examples of good practice, and devising a method of

ranking ships by the noise they emit (<https://www.neptunes.pro/>). The ships that generate less noise would be charged lower fees. The scheme will receive further improvements in 2019, and efforts will be made for it to become a European and global legal requirement.

11.10.2 Noise control improvement programmes planned for 2019

The following activities will be implemented in 2019:

- The diesel generator on TS 26 will be restored (replacement of the engine and restoration of the generator).
- Drains on transport routes, next to the e-RMG tracks, on the quayside, etc., will be lined with rubber.
- Terminal tugs will be replaced (6 pcs).
- Diesel engines will be replaced on the gantry cranes TS 36, 37, 28, 39.
- Rubber fenders will be installed on the remaining terminal tugs.
- Communication with shipping companies in the event of noise-generating ships on the container terminal will continue.
- Training on the internal rules and technological processes on the container terminal will be provided for employees (CIIS reporting in the event of derogation, i.e. speeding).
- Using the NMT2 monitoring point, noise will be measured for each MOL RO-RO ship moored in Basin I.
- Communication with shipping companies in the event of noise-generating RO-RO ships (to achieve replacement of such ships) will continue.
- Terminal tugs (6 pcs) will undergo a thorough overhaul.
- Areas for storage of loaded containers on the timber terminal will be rearranged.
- Handling areas of the container terminal quayside will be re-surfaced.
- Existing curved surface water drains on the container terminal will be replaced with straight drains.
- Quarterly and targeted communication of developments on activities for the extension of Pier I to the local community will be ensured.
- Pile driving tests will be carried out in the area of the extension of Pier I, where zero point measurements have to be made in addition to noise and vibration measurements during the pile driving activity.
- Terminal tugs and trailers (8 pcs) will be replaced.
- Vibrations and noise will be monitored on the ventilation systems of the storage facility No. 5 on the reefer cargo terminal.
- A noise barrier will be installed in the open area next to storage facility No. 3 in the direction of the Opekarska Street.
- Asphalt surfaces and drains in the area under STS cranes will receive regular maintenance.

- APSs will be installed on the container terminal phases III and IV.
- Meetings will be held with the local communities of the Koper municipality, and with the Municipalities of Ankaran and Koper.
- Ships that generate more noise will be redirected to Basins II and III when possible (depending on the availability of berths, type of ship, and type of cargo).
- A proposal of ranking ships by the noise they emit will be developed and financial incentives for ships that generate less noise will be explored as part of the NEPTUNES project; the proposal will be submitted to the management board for approval.
- Speed will be monitored (4 times per month) on the quayside of the container terminal in the evenings and in night-time, with a focus on terminal tugs; CIIS reports will be prepared and breaches will be communicated to the terminal and the health protection and ecology department.
- An underwater noise monitoring device will be installed.
- Additional noise monitoring devices will be installed.
- Continuous noise monitoring and quarterly reporting to the management board on noise levels and on the implementation of measures from the action plan for noise control in the direction of Koper will continue.
- An agreement will be signed on the implementation of mitigation measures (installation of additional acoustic insulation in the closest households) in collaboration with the Municipality of Koper.
- A plan for joining ESI (Environmental Ship Index) will be devised and submitted to the management board for approval.
- 3 container manipulators will be replaced.
- Collaboration on the project exploring the technical feasibility and restrictions of electrifying the port for powering ships will continue.
- 5 electric rubber-tired gantry cranes (e-RTG) will be purchased.

11.11 Energy use and energy efficiency

Luka Koper has recognised the importance of electromobility as the most efficient energy application technology, which allows for 100% use of renewable energy. The Company is making rapid progress in building charging infrastructure for electric vehicles and introducing electric cars for use inside the port. In 2018, the first electric car was purchased and six additional charging stations were installed.

As part of the EU-funded project ELMED, a study was conducted in 2018 on the technical feasibility of connecting the ships moored in the port to the electric power grid. The study examines the law, technical solutions, investment costs and safety aspects of powering ships from the port's electric power grid.

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 GAINN4MOS, a Connecting Europe Facility project that aims to set up liquefied natural gas (LNG) infrastructure for the use of LNG in ports. In 2019, a study will be conducted on the safety aspects of supplying ships with LNG, to provide concrete answers for potential LNG supply options.

Energy audits should be carried out regularly. In 2019, the Company will focus on targeted energy projects, depending on the discrepancies between the consumption of an energy source in each individual section of the port and the planned consumption of this source.

11.11.1 Energy efficiency system⁷⁸

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

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

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

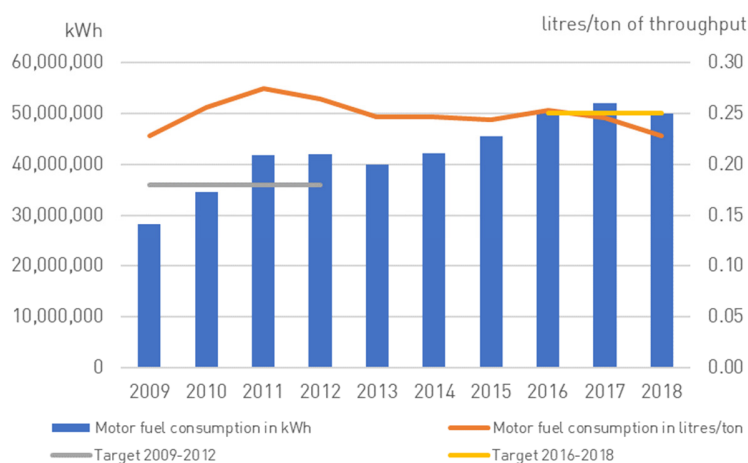
Energy audits have been carried out in the port regularly for a number of years, and energy efficiency investments have been made when economically feasible.

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

⁷⁸ GRI GS 103-1, 103-2, 103-3

11.11.2 Consumption of energy sources⁷⁹

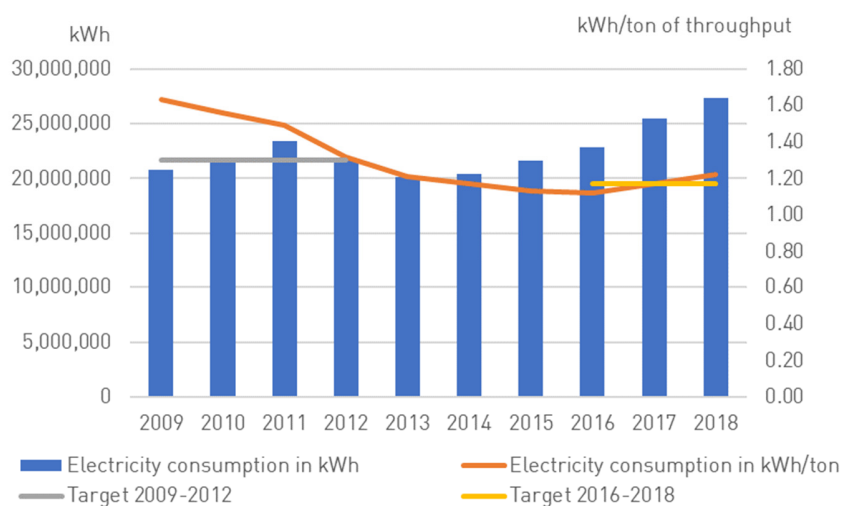
Consumption of motor fuel for Luka Koper, d. d. (non-renewable source)



In 2018, motor fuel consumption for Luka Koper, d. d. totalled 179,686 GJ.

In motor fuel and electricity consumption, data are expressed as consumption per ton of throughput.

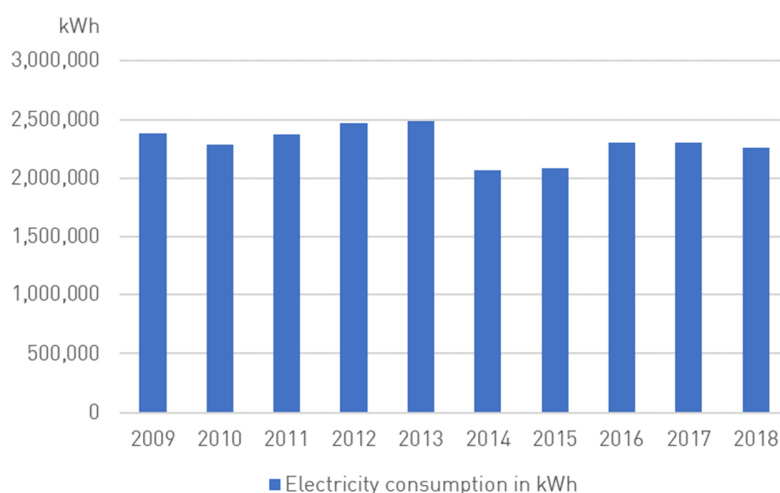
Consumption of electricity for Luka Koper, d. d. (non-renewable source)



In 2018, electricity consumption for Luka Koper, d. d. totalled 98,553 GJ.

⁷⁹ GRI GS 302-1, 302-3

11.11.3 Consumption of electricity for the economic zone (non-renewable source)⁸⁰



In 2018, electricity consumption for the economic zone totalled 8,146 GJ.

11.11.4 Electricity consumption⁸¹

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

11.11.5 Motor fuel consumption⁸²

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

In 2018, the container terminal was the largest consumer, accounting for 61.6% of all motor fuel consumption in the port. With new e-RTG and RMG cranes, motor fuel consumption on

⁸⁰ GRI GS 302-2

⁸¹ GRI GS 302-4

⁸² GRI GS 302-4

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

11.11.6 Implementation of improvement programmes to reduce electricity and fuel consumption⁸³

In 2018, the following measures were implemented:

- The procedure to install micro solar power systems on the rooftops of three transformer stations began.
- The first electric car was purchased for Luka Koper, d. d.
- Six electric vehicle charging stations were installed.
- Documents were acquired and the required system was set up for an audit by an external body and first certification to the SIST ISO 50001 energy management standard in 2019.
- A SDACA system was set up to monitor electricity consumption on terminals.
- The basic technical documentation was prepared for the construction of an electrification system for ships; to this end, adequate volumes of electricity would need to be made available in the port as cargo and passenger ships make large power consumers.

The following activities were not carried out in 2018:

- LED lights and sensors were not installed, and a lighting control system was not set up in the storage facility for general cargoes.
- A SCADA control system was not set up to monitor lighting on Berth 11 and Berth 12.

11.11.7 Electricity and fuel consumption reduction programmes planned for 2019

The following energy efficiency measures are scheduled for implementation in 2019:

- A preliminary design will be made for potential use of small wind turbines in the port.
- A detailed design will be made for the inclusion of diesel generators in tertiary frequency control (mFRR).
- The process for certification to the ISO 50001 energy management standard will be completed.
- A dossier will be made for the installation of solar power systems on the storage facilities for general cargoes.
- Light fittings will be replaced in the old multi-storey car park.
- Storage facilities in the PC general cargoes will be renovated.

⁸³ GRI GS 302-4

- 5 electric rubber-tired gantry cranes (e-RTG) will be purchased.
- The electrical wiring will be restored in storage facility No. 33 on the general cargoes terminal.
- Two electric road-rail vehicles will be purchased for the PC bulk and liquid cargo terminal.
- The ENIS energy management information system will be upgraded.
- A lighting system will be installed on the bulk cargo terminal (Phase 2).

11.12 Drinking water and groundwater management⁸⁴

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

The quality of drinking water is monitored annually in all key points of Luka Koper's water supply network. All measurement results showed compliance with the law.

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.). The Company has acquired the water right to use drinking water for industrial processes. For some purposes (e.g. fire water pump testing, as a source of fire water, damping of the coal deposit handling area, etc.), the brackish groundwater is also used (via a well). 16,077 m³ of groundwater was consumed in 2018.

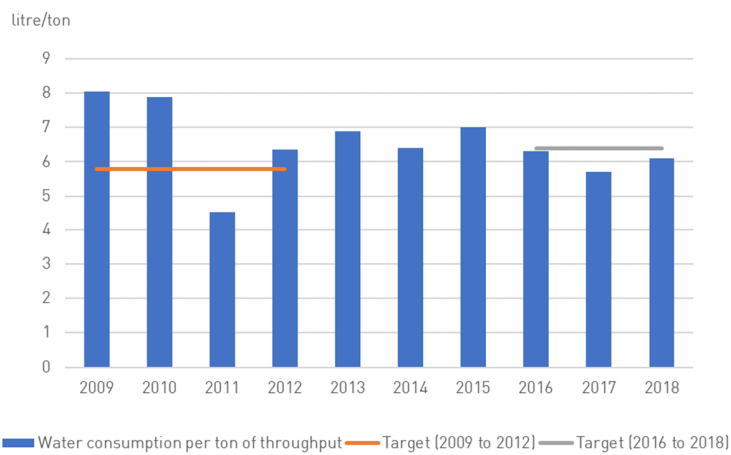
Drinking water consumption is not directly dependent on throughput. The increased load on transport surfaces (increased traffic) results in more frequent damage to the water supply network. The Company has devised a multi-annual programme that envisages reconstruction of the port's water supply network in phases.

A water consumption control system is in place, with meters connected to a computer in the control centre. In 2018, absolute drinking water consumption rose by 13.7% year-on-year.

The target to 2018 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, despite the increase in throughput and storage capacity. In the period 2009-2012 the Company 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, the Company devised a multi-annual Luka Koper water supply network reconstruction programme.

⁸⁴ GRI GS 303-1

Drinking water consumption per ton of throughput



Absolute drinking water consumption in the port



11.12.1 Implementation of improvement programmes to increase resource efficiency

In 2018, the following measures were implemented:

- A multi-annual water supply network reconstruction plan was devised.

11.12.2 Resource efficiency improvement programmes planned for 2019

The following water efficiency and quality measures are scheduled for implementation in 2019:

- The water supply network will undergo partial reconstruction in accordance with the plan.
- A chemical analysis of the quality of groundwater (in the well) will be conducted.
- Microbiological analyses of drinking water in the port's water supply network will be conducted on a regular basis.

11.13 Wastewater management⁸⁵

The port primarily generates municipal wastewater and to a smaller extent industrial wastewater. Before being discharged, industrial wastewater is treated in Luka Koper's own treatment plants, whereas municipal wastewater is mostly treated in the central treatment plant in Koper, or in smaller treatment plants in the port.

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

Type of industrial wastewater	Annual amount (m³) in 2010	Annual amount (m³) in 2011	Annual amount (m³) in 2012	Annual amount (m³) in 2013	Annual amount (m³) in 2014	Annual amount (m³) in 2015	Annual amount (m³) in 2016	Annual amount (m³) in 2017	Annual amount (m³) in 2018	Compliance with the law 2018
Stormwater runoff from the liquid cargo terminal on Pier I ###	395	140	150	150	120	110	0	45	15	Compliant
Industrial wastewater from the animal terminal ###	860	2,013	2,484	2,629	4,080	3,076	5,983	2,700	6,927	Compliant
Industrial wastewater from the equipment washing facility ###	1,880	2,002	1,456	1,097	727	700	1,641	727	939	Compliant
Stormwater runoff from the liquid cargo terminal on Pier II #	2,900	2,900	2,460	2,310	2,300	2,300	2,300	2,300	2,300	Compliant
Industrial wastewater from the container washing facility ###								Newly built	679	Compliant
Sanitary wastewater ##	22,500	22,500	22,500	24,000	24,000	24,000	30,000	32,326		Measurements are only taken on small treatment plant effluents

⁸⁵ GRI GS 306-1

									37,686	Compliant
Stormwater runoff from the storage of scrap iron on the dry bulk terminal on Pier I #	-	-	3,500	3,500	3,500	3,500	3,500	3,500	3,500	No scrap iron was put through on the site. Compliant
Stormwater runoff from the storage of scrap iron on the dry bulk terminal on Pier II #	-	-	2,700	2,700	2,700	2,700	2,700	2,700		No scrap iron was put through on the site. Compliant

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

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

Meter readings

11.13.1 Implementation of improvement programmes to reduce wastewater emissions

In 2018, the following measures were implemented:

- A dossier was prepared and a contractor selected for the replacement of 7 oil interceptors that failed to comply with EN858-1,2 requirements.
- A public procurement process was carried out to purchase a wastewater treatment plant for the animal terminal.

The following activities were not carried out in 2018:

- No additional emergency response trailers were purchased; however, a technical specification was prepared for the public procurement process to be carried out in 2019.
- The modernisation of the drainage system on the European energy terminal did not continue.
- The modernisation of the wastewater treatment system on the animal terminal was not completed.

11.13.2 Wastewater emission improvement programmes planned for 2019

The following measures will be implemented in 2019:

- 7 oil interceptors will be replaced to modernise the drainage system.
- Emergency response equipment will be purchased: a transportable pump for hazardous liquids including a trailer.
- A wastewater treatment plant will be built on the animal terminal.
- The catch basin in the PC bulk and liquid cargo terminal will be overhauled.
- Additional drainage will be arranged for stormwater runoff from the storage facilities in the PC bulk and liquid cargo terminal.

- A new D2 hydraulic arm with a safety shut-off valve will be installed to replace the flexible loading arm.
- The modernisation of the drainage system on the European energy terminal will continue.

11.14 Light pollution⁸⁶

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

11.14.1 Implementation of improvement programmes to reduce light pollution

No activities were planned in this field.

11.14.2 Light pollution improvement programmes planned for 2019

No activities are planned in this field.

11.15 Biodiversity⁸⁷

Even though the use of land in relation to biodiversity has not been recognised as a significant environmental aspect, the Company pursues relevant activities to monitor biodiversity and the status of some organisms.

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

⁸⁶ Light pollution – additional indicator (ref GRI GS 305-7)

⁸⁷ GRI GS 304-3, 304-4, 306-5, 103-1, 103-2, 103-3



A large pen shell (*Pinna nobilis*) population has found a peaceful home in Basin III of the Port of Koper, from where it is unlikely to be relocated as opposed to frequented Slovenian beaches (e.g. in Portorož), where this is necessary to ensure the safety of swimmers. As pen shell populations had decreased dramatically the Mediterranean by the previous decade, the species is still protected and any form of harvesting is prohibited. In 2019, the Company will specify the size of the pen shell population in Basin III.

11.15.1 Implementation of biodiversity improvement programmes

The Marine Biology Station Piran, one of the units of Slovenia's National Institute of Biology, has made an assessment of the state of *Cymodocea nodosa* seagrass meadows outside the area of Basin III (in the area of Sv. Katerina and in front of the Adria car camping site). The meadows were found to be in a bad state, presumably due to human impact, i.e. the operation of the port and marinas, shipping routes, development and the high degree of man-made coastline, the volume of stormwater and industrial wastewater, and the runoff from large farming areas and from settlements or towns. The excessive leaf length of the seagrass in these meadows is what indicates its bad state. No *Posidonia oceanica* is present in the examined area.



Spatial distribution of seagrass meadows in the examined area (Source: Sirio, d. o. o., July 2018)



Seagrass sampling outside the port area to identify its status

11.15.2 Biodiversity improvement programmes planned for 2019

The following measures will be implemented in 2019:

- Sea current monitoring will start and light levels will be measured on seagrass meadow locations; an underwater camera will be placed in the port aquatorium.
- A study on biodiversity in the port aquatorium will be conducted.

11.16 Sea water protection⁸⁸

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 remedy the consequences of marine pollution. To this end, Luka Koper owns special dedicated equipment and vessels, and has adequately trained staff.

In 2018, Luka Koper signed an agreement with the Slovenian Maritime Administration on collaboration in addressing the impacts of sea pollution outside the Port of Koper aquatorium. Considering the capacities and loads that result from port operations, Luka Koper has mobilised its means and resources for the process of preventing and addressing the impacts of sea pollution outside the port, thus to aid the relevant state bodies, which suffer from a lack of staff and equipment.

⁸⁸ GRI GS 306-3

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

In 2018, 26 minor incidents were registered in the port aquatorium. The sea protection unit intervened in nine incidents involving a large amount of wood and other debris carried to the Luka Koper aquatorium by the River Rižana or from the open sea. Nine incidents included the removal of minor oil slicks. There were also three instances of coal dust, two instances of soot, two instances of small broken boats being carried into Basin II from the open sea, and one instance of sea surface pollution by dust.



Debris removal in Basin II of the Port of Koper.

In all instances of marine pollution, the Company acted in accordance with the means and resources activation scheme for minor accidents, and remedied the effects of pollution within the concession area.

11.16.1 Statistics for interventions at sea⁸⁹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of identified incidents at sea	32	37	25	21	12	24	23	27	24	26
Number of interventions in the port aquatorium	18	18	17	18	12	22	23	17	19	25
Number of incidents requiring no intervention	14	19	8	3	0	2	0	10	5	1
Number of pollution incidents outside the port aquatorium	0	0	0	1	0	0	0	0	0	0

⁸⁹ GRI GS 306-3

The REBEKA state-of-the-art measuring equipment for monitoring sea water quality is located at the entrance into the port's Basin III. The results are displayed on the website <http://www.zivetispristaniscem.si/>. Throughout 2018, the buoy continuously monitored the general parameters of sea water. The table below shows the measured values. No limit values are stipulated.

	2015	2016	2017	2018
Sea temperature (°C)	between 8.9 and 29.9	between 7.8 and 25.6	between 6.6 and 20*	between 10 and 28.9
Salinity (g/l)	between 36 and 42	between 36 and 41	between 36 and 42	between 36 and 37
Oxygen content (mg/l)	between 3 and 12	between 4 and 10	between 6 and 13	between 4 and 12.5
pH	between 8 and 8.5	between 8 and 8.5	between 8.3 and 8.5	between 7.9 and 8.4
Turbidity (NTU)	between 0 and 1	between 0 and 1	between 0 and 5	between 0 and 6

* The probe was under repair in the summer season.

The monitoring of the microbiological parameters of sea water quality continued in all three basins of the port. Even though the law on microbiological quality of sea water only applies to bathing water, the Company continued to monitor all the parameters than can indicate faecal pollution of the sea. Basins I and III have the best sea water quality. Basin II has the highest microbiological pollution level, presumably as a result of the central wastewater treatment plant in Koper, which is managed by Marjetica Koper, d. o. o., discharging its effluent into Basin II.

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

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

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

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

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

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

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	3000	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

*Note: NPD – no presence detected

The sensors for the detection of hydrocarbons on the water surface, installed in front of the Koper marina fuel station on Berth 7c in Basin I and on the liquid cargo throughput berth in Basin II, detected no pollution.

11.16.2 Implementation of sea water protection improvement programmes

In 2018, the following measures were implemented:

- A wave height gauge was installed and a contract signed for the installation of a current speed gauge and a turbidity monitoring system.
- Two additional VHF radios were purchased.

The following activities were not carried out in 2018:

- Licenses were not extended for two weather stations.
- An oil spill detection radar processor was not purchased and installed.
- Software for the oil spill detection radar was not purchased.
- Oil spill detection radar was not purchased and installed and an additional license for the oil spill detection software was not acquired.

The two weather station licences will be part of the Luka Koper weather portal, a project to be set up in 2019. Other investments depended on making an agreement on joint use of the radar owned by the police (installed on the silo), which has unfortunately not yet been reached.

11.16.3 Sea water protection improvement programmes planned for 2019

The following measures will be implemented in 2019:

- An oil spill detection radar processor will be purchased.
- Software for the oil spill detection radar will be purchased.
- Oil spill detection radar will be purchased and an additional license for the oil spill detection software acquired.
- Licenses will be extended for two weather stations for the Transas NH remote terminal
- A drainage system will be set up on the TRT 1 and TRT 3 quayside.
- An underwater camera will be purchased and installed.

11.17 Deepening of seabed and management of marine sediments⁹⁰

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



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

As the areas available for onshore sediment disposal are limited, the Company carries out additional activities to explore alternative options of using the excavated material. In addition to the project for the use of marine sediment for brick production, activities for marine sediment compacting using binders were carried out. The Company is now awaiting the final results of this project.

Marine sediment sampling for research purposes.

11.17.1 Implementation of improvement programmes for excavated marine sediment management

In 2018, the following measures were implemented:

- The project exploring alternative marine sediment management solutions continued in collaboration with the Slovenian National Building and Civil Engineering Institute; more information is available at <http://celkrog.si/>.

⁹⁰ Deepening of seabed and management of marine sediments (ref GRI GS 306-5)

- A test field for accelerated drainage of excavated marine sludge was implemented.
- The study exploring the options of returning marine sediment into the sea, a practice used by almost all countries in the world, continued.

The following activities were not carried out in 2018:

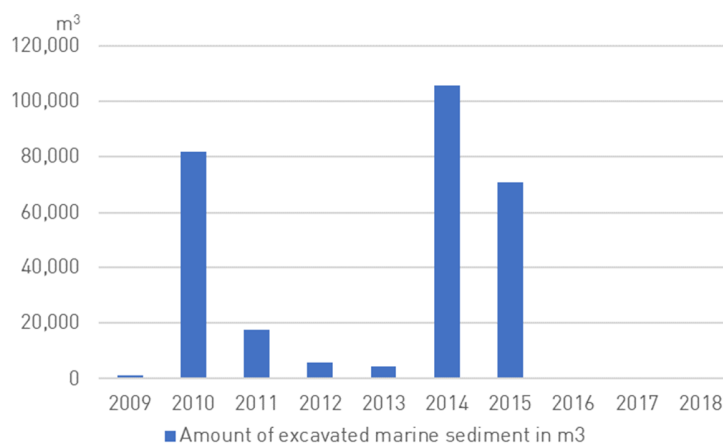
- The project for creating replacement habitats (in the Ankaran peripheral canal) did not start as not all land included in the project has yet been purchased.

11.17.2 Excavated marine sediment management improvement programmes planned for 2019

The following measures will be implemented in 2019:

- Brick production using marine sediment will continue in collaboration with the Slovenian National Building and Civil Engineering Institute and the company Goriške opekarne, and brick will be used in the port.
- The study exploring the options of returning marine sediment into the sea will continue.

Marine sediment excavated in the port by year



12 Social environment

LUKA KOPER IS VERY ACTIVE IN TERMS OF ITS SOCIAL RESPONSIBILITY, PARTICULARLY AT THE LOCAL LEVEL.

The size of the Koper port, and the extent and impact of its activities, impose on the Company a responsibility to a people- and nature-friendly and developed environment, in addition to its pursuing the economic effects of its business. The Company has invested generously for a number of years in projects and activities that contribute to raising the quality of life in the local and wider environment. It will remain a diligent stakeholder of sustainable development in the future, a commitment Luka Koper undertook in its business strategy to 2030.



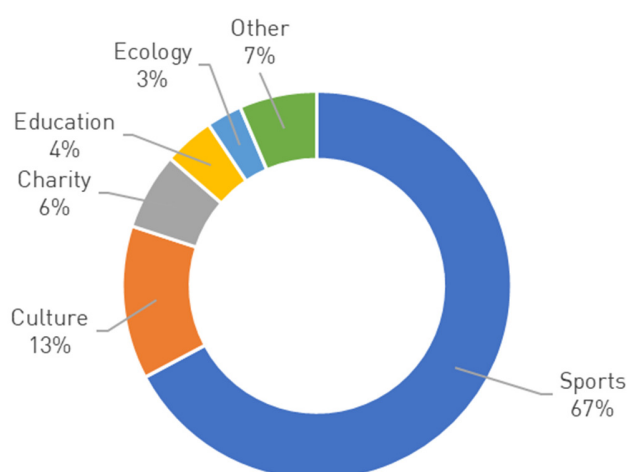
Luka Koper communicates with its stakeholders transparently and proactively. All activities in the field of social responsibility and its sustainable policies are presented on the website www.zivetispristaniscem.si. To mark the 60th anniversary of the arrival of the first ship to the newly built port of Koper, the Company prepared a thematic magazine, Port Knots, presenting in a popular manner all its sustainability-oriented activities. The magazine's circulation was 15,000 copies, and it was distributed for free to households in the municipalities of Koper and Ankaran.

The general public is also informed of the port's activities via other channels tailored to individual groups, including the corporate website www.luka-kp.si, the in-house monthly paper Port Bulletin (in a recast version, it is also delivered to business partners, representatives of local communities and national authorities directly related to the port community, and the media), media releases, press conferences, interviews, articles, and publications on the Ljubljana Stock Exchange web portal and on social networks (Facebook, Instagram and LinkedIn Youtube). Guided tours of the port and its activities take place all year round. Almost 20,000 visitors toured the port with our guides in 2018, predominantly students on school trips. The biggest event for the general public in 2018 was the traditional Port Day in May, when around 3,000 visitors came to see port activities live.

At the end of 2018 the Company commissioned the annual survey of locals from the areas of Ankaran, Bertoki, Hrvatini, Semedela, Žusterna and Koper town centre on the importance of the Port of Koper and its impacts. 78% of respondents saw Luka Koper as a reputable or highly reputable company, having graded it with an average of 4.05. Almost 89% of respondents considered Luka Koper a successful or very successful company, while 79% believed it made a big or very big contribution to the economic development of Slovenia. As many as 87% of respondents recognised the Company's social responsibility efforts, with 70% supporting the port's development projects.

12.1 Distribution of donations and sponsorships in 2018⁹¹

Luka Koper devoted EUR 754.7 thousand for sponsorships and donations in 2018.

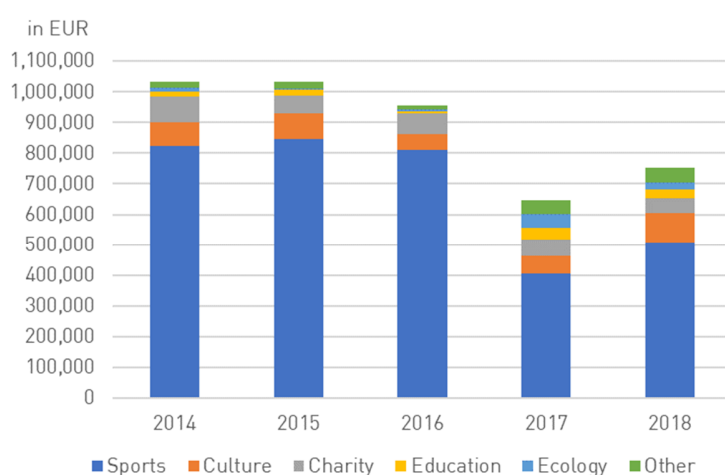


⁹¹ GRI GS 201-1

The bulk is associated with multi-annual contracts with promising athletes, clubs and associations. At the end of the half-year, the Company started paying sponsorships and donations to socially advantageous projects selected in the "Living with the Port" tender published in April. 260 applications arrived, and 214 were selected in accordance with publicly disclosed criteria, mainly from sports and culture.

Luka Koper is continually seeking to lead a constructive dialogue with stakeholders from the local environment, searching in collaboration with them for solutions also in cases of the port's activity having negative impacts on the environment. The most pressing issue recently has been the noise caused by certain ships. Responding to this, the Company organised a convention in the framework of the SUPAIR EU project (Sustainable Ports in the Adriatic-Ionian Region), bringing together the representatives of the local community, national authorities and experts, where it presented best practice examples from abroad. An important step toward meeting its commitments made is the letter of intent for reaching an agreement on the implementation of mitigation measures for reducing the impact of port activity on the environment and further development of the port, which the Company signed with the Municipality of Koper in July.

12.2 Distribution and amount of donations and sponsorships in years 2014 to 2018⁹²



⁹² GRI GS 201-1

13 Sustainable relationship with suppliers

13.1 Building relationships with suppliers⁹³

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

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

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

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

⁹³ GRI GR 103-1, 103-2, 103-3

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

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

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

- evaluating suppliers,
- rewarding suppliers.

13.2 Supply chain⁹⁴

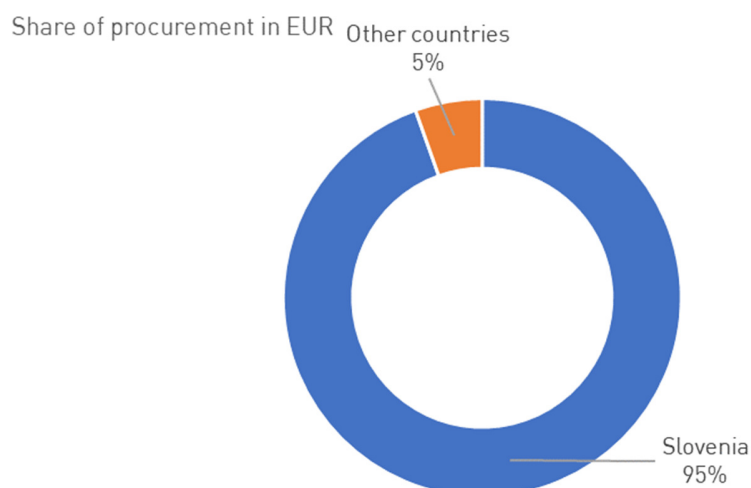
The selection of and collaboration with suppliers is a transparent process carried out in accordance with internally defined rules. Preference is given to suppliers whose operation is in line with international management standards, who meet the requirements for occupational health and safety, show a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

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

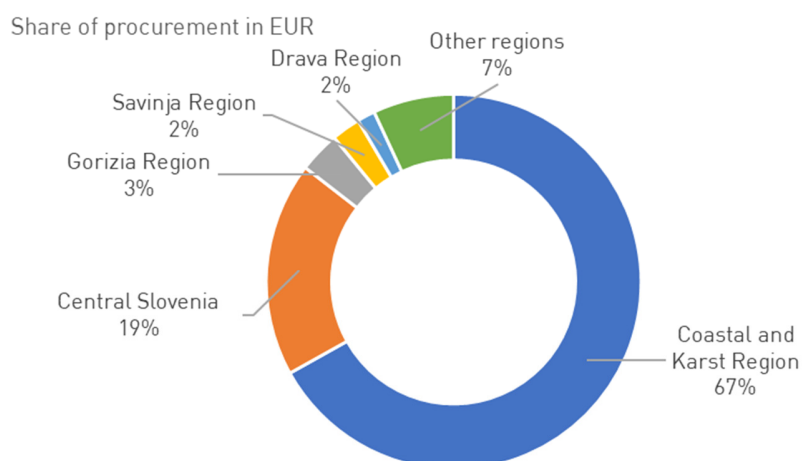
In 2018, the total value of purchases of Luka Koper, d. d. was EUR 76 million, of which the cost of purchased port services amounted to EUR 22.3 million. Purchases made in the Slovenian market accounted for 94% of the total value of purchases.

⁹⁴ GRI GS 102-9

13.2.1 Shares of total purchase value by Luka Koper in 2018 by country⁹⁵



13.2.2 Shares of total purchase value by Luka Koper in the Slovenian market in 2018 by statistical region⁹⁶



⁹⁵ GRI GS 204-1

⁹⁶ GRI GS 204-1

We aim for an optimal number of suppliers in terms of procurement manageability as well as sufficient dispersion of suppliers, to provide timely purchases that meet the expectations at the level of the entire Luka Koper Group. Luka Koper continued to reorganise its procurement process in 2018. This contributed to higher work efficiency. The degree of centralisation of procurement decisions has been subject to pre-determined responsibilities and powers of all the employees involved in the procurement process. While purchases are managed centrally, procurement processes may also be carried out by decentralised organisational units of the Company or the Group. This allows for a higher level of flexibility to meet the specific needs of individual organisational units. This way, the Company strives for well-organised, transparent business co-operation with suppliers, while maintaining an efficient, flexible procurement process that enables smooth and efficient work process.

13.2.3 Assessing suppliers' environmental awareness⁹⁷

Luka Koper regularly monitors and assesses its collaboration with suppliers. The key suppliers are assessed at least once per year. The assessment for 2018 is still under way for a total of 54 suppliers. Suppliers are assessed based on pre-determined criteria, including the estimated level of environmental awareness and compliance with environmental requirements, potential acting in line with an environmental management system, and occupational safety. Luka Koper also assessing infringements of occupational health and safety rules.

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

13.2.4 Changes to the supply chain⁹⁸

No changes were made to the supply chain in 2018.

⁹⁷ GRI GS 103-1, 103-2, 103-3, 308-2, 414-2

⁹⁸ GRI GS 102-10

14 Sustainable relationship with customers

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

14.1 We regularly monitor the satisfaction of our customers

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

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

14.2 Efficient and careful complaint handling

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

14.3 Consumer data protection

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

- responsible and authorised persons,
- specified method of data processing,
- specified purpose of data processing,
- legal basis for data processing,
- data custodian,
- data users.

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

15 GRI content index (according to 2016 standards)⁹⁹

GRI (Global Reporting Initiative) content index ('in accordance' – core option)					
GRI standard and disclosure	Description	Boundaries	Section	Page	Notes
GRI 102: GENERAL DISCLOSURES					
Organisational profile					
102-1	Name of organisation	Luka Koper Group	3.1 Company profile of Luka Koper, d. d. 3.2 Ownership and legal form	p. 7 p. 8	
102-2	Activities, brands, products, and services	Luka Koper Group	3 Presentation of the Luka Koper Group 3.5 Activities of the Luka Koper Group	p. 6 p. 11	
102-3	Location of headquarters	Luka Koper, d. d.	3.1 Company profile of Luka Koper, d. d.	p. 7	
102-4	Location {country} of operations	Luka Koper Group	3 Presentation of the Luka Koper Group 3.1 Company profile of Luka Koper, d. d.	p. 6 p. 7	
102-5	Ownership and legal form	Luka Koper Group	3.1 Company profile of Luka Koper, d. d. 3.2 Ownership and legal form	p. 7 p. 8	

⁹⁹ GRI GS 102-54, 102-55

102-6	Markets served (geographic locations and sectors served, types of customers)	Luka Koper Group	3 Presentation of the Luka Koper Group 3.5 Activities of the Luka Koper Group 3.6 Markets	p. 6 p. 11 p. 14	102-6 ii and 102-6 iii not covered.
102-7	Scale of the organisation	Luka Koper Group	8.1 Financial ratios 10.1.1 Number of employees by company and in the Luka Koper Group	p. 58 p. 77	102-7 v not covered.
102-8	Information on employees and other workers	Luka Koper, d. d.	10.1.2 Number of employees in Luka Koper, d. d. with regard to the type of contract (indefinite, fixed-term) 10.1.3 Number of employees in Luka Koper, d. d. as at 31 December by gender 10.1.4 Share of employees in Luka Koper, d. d. by region of residence 10.1.5 Number of employees by type of employment (full time, part time) 10.1.7 Employee structure in Luka Koper, d. d. by age groups	p. 77 p. 77 p. 78 p. 78 p. 79	With regard to the number of employees by type of contract, we do not report by gender and region of residence. We do not report on workers not employed in the company. We do not report on changes in the number of employees.
102-9	Supply chain	Luka Koper, d. d.	13.2 Supply chain	p. 145	
102-10	Significant changes to the organisation and its supply chain	Luka Koper Group	3.7 Organisational changes 13.2.4 Changes to the supply chain	p. 14 p. 147	
102-11	Precautionary principle and approach	Luka Koper, d. d.	3.11 Risk control	p. 22	
102-12	External initiatives	Luka Koper, d. d., Luka Koper INPO, d. o. o.	3.12 Memberships and initiatives of Luka Koper	p. 28	

102-13	Membership of associations	Luka Koper, d. d. Luka Koper INPO, d. o. o.	3.12 Memberships and initiatives of Luka Koper	p. 28	
Strategy					
102-14	Statement from senior decision-maker	Luka Koper Group	2 Address by the President of the Management Board	p. 4	
Ethics and integrity					
102-16	Values, principles, standards, and norms of behaviour	Luka Koper Group	4 Luka Koper and sustainable development guidelines 7 Corporate integrity, human rights and operations compliance	p. 29 p. 48	
102-17	Mechanisms for advice and concerns about ethics	Luka Koper Group	7 Corporate integrity, human rights and operations compliance 7.1 Corporate integrity and human rights	p. 48 p. 48	
Governance					
102-18	Organisation structure	Luka Koper, d. d.	3.8 Organisation structure	p. 14	
102-22	Composition of the highest governance body and its committees	Luka Koper, d. d.	3.9 Management Board of Luka Koper d. d. 3.10 Supervisory Board of Luka Koper, d. d.	p. 15 p. 20	
102-23	Chair of the highest governance body	Luka Koper, d. d.	3.9.3 Management Board's work	p. 18	
Stakeholder engagement					

102-40	List of stakeholder groups	Luka Koper Group	5 Stakeholders of Luka Koper	p. 36	
102-41	Collective bargaining agreements	Luka Koper, d. d.	10.1.6 Share of employees in Luka Koper, d. d. covered by collective agreement	p. 79	
102-42	Identifying and selecting stakeholders	Luka Koper, d. d.	5.1 Identification of stakeholders	p. 37	
102-43	Approach to stakeholder engagement	Luka Koper, d. d.	5.2 Stakeholder engagement, their expectations and needs	p. 39	
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.	5.2 Stakeholder engagement, their expectations and needs 6.1 Material contents highlighted by particular stakeholders	p. 39 p. 44	
Reporting practice					
102-45	Entities included in the consolidated financial statements	Luka Koper Group	3.4 Inclusion in the consolidated financial statements	p. 10	
102-46	Defining report content and topic boundaries	Luka Koper Group	1.2 Sustainability report according to GRI standards 6.2 Methodology for determining materiality	p. 1 p. 46	
102-47	List of material topics	Luka Koper, d. d.	6. Materiality matrix	p. 43	
102-48	The effect of any restatements of information	Luka Koper Group	1.2 Sustainability report according to GRI standards	p. 1	Change in the method of calculating the share of sick leave item 9.4.3.

	given in previous reports, and the reasons for such restatements				Summary of sick leave p. 69.
102-49	Changes in reporting	Luka Koper Group	1.2 Sustainability report according to GRI standards	p. 1	There were no major changes in the restrictions and limits of reporting in relation to previous reporting.
102-50	Reporting period	Luka Koper Group	1.3 Reporting periods	p. 2	
102-51	Date of most recent report	Luka Koper Group	1.3 Reporting periods	p. 2	
102-52	Reporting cycle	Luka Koper Group	1.3 Reporting periods	p. 2	
102-53	Contact point for questions regarding the report	Luka Koper Group	1.4 Contact point	p. 3	
102-54	Claims of reporting in accordance with GRI standards	Luka Koper Group	1.2 Sustainability report according to GRI standards 15 GRI content index (according to 2016 standards)	p. 1 p. 150	
102-55	GRI content index	Luka Koper Group	15 GRI content index (according to 2016 standards)	p. 150	
102-56	External assurance for the report (audit)	Luka Koper Group	1.6 Verification of sustainability report	p. 3	
	SPECIFIC STANDARD DISCLOSURES				
	GRI 200 Economic topics				

GRI 201 Economic performance					
103-1 103-2 103-3	Management approach	Luka Koper Group	2 Address by the President of the Management Board 8 Stability and business performance	p. 4 p. 56	
201-1	Direct economic value generated and distributed	Luka Koper Group	8.2 Direct economic value generated and distributed 12.1 Distribution of donations and sponsorships in 2018 12.2 Distribution and amount of donations and sponsorships in years 2013 to 2018	p. 61 p. 142 p. 143	201-1b not covered.
201-3	Payables for pensions	Luka Koper, d. d.	10.1.11 Employee benefits	p. 81	201-3a, 201-3b, 201-3c, 201-3e not covered.
GRI 202 Market presence					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	10.1 Employee management system	p. 75	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Luka Koper, d. d.	10.1.11 Employee benefits	p. 81	202-1b, 202-1c, 202-1d not covered.
GRI 203 Indirect economic impacts					
103-1 103-2 103-3	Management approach	Luka Koper Group	2 Address by the President of the Management Board 4 Luka Koper and sustainable development guidelines 8 Stability and business performance	p. 4 p. 29 p. 56	
203-1	Infrastructure investments and services supported	Luka Koper Group	8.3.1 Investments in non-financial assets 8.3.2 IT solutions	p. 62 p. 64	

203-2	Significant indirect economic impacts	Luka Koper, d. d.	8.3.3 Indirect impacts of operations of Luka Koper	p. 65	
	GRI 204 Procurement practices				
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	13.1 Building relationships with suppliers 13.2.3 Assessing suppliers' environmental awareness	p. 144 p. 147	
204-1	Proportion of spending on local suppliers	Luka Koper, d. d.	13.2.1 Shares of total purchase value by Luka Koper in 2018 by country 13.2.2 Shares of total purchase value by Luka Koper in the Slovenian market in 2018 by statistical region	p. 146 p. 146	204-1c not covered.
	GRI 205: Anti-corruption				
103-1 103-2 103-3	Management approach	Luka Koper Group	7.4 Corruption and bribery	p. 53	
205-1	Operations assessed for risks related to corruption	Luka Koper Group	3.11.8 Fraud and corruption risks	p. 27	205-1a not covered.
205-2	Communication and training about anti-corruption policies and procedures	Luka Koper Group	7.4 Corruption and bribery	p. 53	205-2a, 205-2c, 205-2d, 205-2e not covered. 205-2b not covered by workplace.
205-3	Confirmed incidents of corruption and actions taken	Luka Koper Group	7.4 Corruption and bribery	p. 53	
	GRI 300 ENVIRONMENTAL TOPICS				
	GRI 302 Energy				

103-1 103-2 103-3	Management approach	Luka Koper, d. d.	11.11.1 Energy efficiency system	p. 124	
302-1	Energy consumption in the organisation	Luka Koper, d. d.	11.11.2 Consumption of energy sources	p. 125	301-1b, 302-1c ii, iii, iv, 302-1d, 302-1f, 302-1g not covered.
302-2	Energy consumption outside the organisation	Luka Koper, d. d.	11.11.3 Consumption of electricity for the economic zone	p. 126	302-2b, 302-2c not covered.
302-3	Energy intensity	Luka Koper, d. d.	11.11.2 Consumption of energy sources	p. 125	
302-4	Reduction of energy consumption	Luka Koper, d. d.	11.11.4 Electricity consumption 11.11.5 Motor fuel consumption 11.11.6 Implementation of improvement programmes to reduce electricity and fuel consumption	p. 126 p. 126 p. 127	302-4c and 302-4d not covered.
GRI 303 Water					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	11.1 About the environmental management system	p. 88	
303-1	Water withdrawal by source	Luka Koper, d. d.	11.12 Drinking water and groundwater management	p. 128	303-1a iii, iv, v, 303-1b not covered.
GRI 304 Biodiversity					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	11.15 Biodiversity	p. 132	We do not report on the management approach as it is still being established.

304-3	Habitats protected or restored	Luka Koper, d. d.	11.15 Biodiversity	p. 132	304-3b not covered.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Luka Koper, d. d.	11.15 Biodiversity	p. 132	304-4a ii, iii, iv, v not covered.
GRI 305 Emissions					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	11.1 About the environmental management system	p. 88	
305-1	Direct (Scope 1) GHG emissions	Luka Koper, d. d.	11.8.4 Greenhouse gases 11.8.5 Greenhouse gas emission levels	p. 108 p. 108	Emissions from the composting plant are not covered.
305-2	Energy indirect (Scope 2) GHG emissions	Luka Koper, d. d.	11.8.4 Greenhouse gases 11.8.5 Greenhouse gas emission levels	p. 108 p. 108	305-2c, 305-2d, 305-2e, 305-2f in 305-2g not covered. 305-3 not covered.
305-6	Emissions of ozone-depleting substances (ODS)	Luka Koper, d. d.	11.8.4 Greenhouse gases	p. 108	305-6b, 305c in 305-6c not covered.
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Luka Koper, d. d.	11.8.6 Volatile compound emissions levels	p. 109	305-7b and 305-7c not covered.
	Air	Luka Koper, d. d.	11.8.1 Total dust in the port 11.8.2 Concentrations of harmful particulate matter 11.8.3 Emissions of particulate matter at key sources	p. 102 p. 103 p. 107	

	Noise emissions	Luka Koper, d. d.	11.10 Noise emissions	p. 114	
	Light pollution	Luka Koper, d. d.	11.14 Light pollution	p. 132	
GRI 306 Effluents and waste					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	11.1 About the environmental management system	p. 88	
306-1	Water discharge by quality and destination	Luka Koper, d. d.	11.13 Wastewater management	p. 130	306-1a iii, 306-1b not covered.
306-2	Waste by type and disposal method	Luka Koper, d. d.	11.9 Waste management	p. 110	306-2c not covered.
306-3	Significant spills	Luka Koper, d. d.	11.6 Environmental risk management and emergency response 11.6.1 Statistics for environmental incidents from 2011 to 2018 11.16 Sea water protection 11.16.1 Statistics for interventions at sea	p. 98 p. 100 p. 134 p. 135	Spills and leaks are of a minor nature. Emergency situations occurred at the port area (land) and the port aquatorium (sea).
306-4	Transport of hazardous waste	Luka Koper, d. d.	11.9 Waste management	p. 110	306-4a and 306-4c not covered.
306-5	Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on the size,	Luka Koper, d. d.	11.15 Biodiversity	p. 132	Wastewater from the Port of Koper when discharged does not affect biodiversity.

	designated protected status and the biodiversity value of the water body and related habitat				
	Deepening of seabed and management of marine sediments	Luka Koper, d. d.	11.17 Deepening of seabed and management of marine sediments	p. 139	
GRI 307 Environmental compliance					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	11.1 About the environmental management system	p. 88	
307-1	Non-compliance with environmental laws and regulations	Luka Koper, d. d.	11.4.1 Compliance with the law 11.4.2 Compliance with internal requirements 11.5.4 Inspections	p. 93 p. 93 p. 98	
GRI 308 Supplier environmental assessment					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	13.1 Building relationships with suppliers	p. 144	
308-2	Negative environmental impacts in the supply chain and actions taken	Luka Koper, d. d.	13.2.3 Assessing suppliers' environmental awareness	p. 147	308-2b, 308-2c, 308-2d and 308-2e not covered (ongoing assessment).
GRI 400 SOCIAL TOPICS					
GRI 401 Employment					

103-1 103-2 103-3	Management approach	Luka Koper, d. d.	10.1 Employee management system	p. 75	
401-1	New employee hires and employee turnover	Luka Koper, d. d.	10.1.8 Recruitment in Luka Koper, d. d. by age groups 10.1.9 Recruitment in Luka Koper, d. d. by gender 10.1.10 Comparison of new employee hires, contract termination and fluctuation rate	p. 80 p. 80 p. 80	The number of new employee hires by region and employee fluctuation by age groups, gender and region of residence are not covered. 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.	10.1.11 Employee benefits	p. 80	401-2b not covered.
401-3	Parental leave	Luka Koper, d. d.	10.1.12 Number of Luka Koper, d. d. employees who took parental leave and returned to their workplace, by gender	p. 81	401-3d and 401-3e not covered.
GRI 403 Occupational health and safety					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	9.1 Occupational safety system	p. 67	
403-1	Workers representation in formal joint management-worker health and safety committees	Luka Koper Group	9.2 Occupational health and safety 9.7 Health promotion	p. 67 p. 73	

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Luka Koper Group, external port service providers	9.4 Injuries at work	p. 69	Injuries are not covered by region and gender.
403-3	Workers with high incidence or high risk of diseases related to their occupation	Luka Koper Group	9.7 Health promotion	p. 73	
GRI 404 Training and education					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	10.2.1 Employee training system	p. 82	
404-1	Average hours of training per year per employee	Luka Koper, d. d.	10.2.1 Employee training system	p. 82	
404-2	Programs for upgrading employee skills and transition assistance programs	Luka Koper, d. d.	10.2.2 Introduced programmes	p. 84	
404-3	Percentage of employees receiving regular performance and career development reviews	Luka Koper, d. d.	10.2.3 Promotion and internal mobility of employees	p. 84	
GRI 405 Diversity and equal opportunity					
103-1 103-2	Management approach	Luka Koper, d. d.	7.5 Diversity policy	p. 54	

103-3					
405-1	Diversity of governance bodies and employees	Luka Koper, d. d.	3.9 Management Board of Luka Koper d. d. 3.9.2 Members of the Management Board 3.10 Supervisory Board of Luka Koper, d. d.	p. 15 p. 16 p. 20	405-1b not covered.
GRI 406 Non-discrimination					
103-1 103-2 103-3	Explanation of the material topic and its boundary	Luka Koper, d. d.	7.2 Discrimination	p. 50	103-3 not covered since systematic verification of the Code of Ethics has not been introduced.
406-1	Incidents of discrimination and corrective actions taken	Luka Koper, d. d.	7.2 Discrimination	p. 50	
GRI 412 Human rights assessment					
103-1 103-2 103-3	Management approach	Luka Koper Group	7.1 Corporate integrity and human rights	p. 48	
412-1	Operations that have been subject to human rights reviews or impact assessments	Luka Koper, d. d.	7.3 Human rights identified as most relevant for Luka Koper, d. d.	p. 51	
GRI 414 Supplier social assessment					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	13.1 Building relationships with suppliers	p. 144	

414-2	Negative social impacts in the supply chain and actions taken	Luka Koper, d. d.	13.2.3 Assessing suppliers' environmental awareness	p. 147	414-2b, 414-2c, 414-2d and 414-2e not covered.
GRI 419 Socioeconomic compliance					
103-1 103-2 103-3	Management approach	Luka Koper, d. d.	7.7 Compliance with the legislation and internal requirements 9.3 Compliance with occupational safety legislation 11.4.1 Compliance with the law 11.4.2 Compliance with internal requirements	p. 55 p. 68 p. 93 p. 93	
419-1	Non-compliance with laws and regulations in the social and economic area	Luka Koper, d. d.	7.7 Compliance with the legislation and internal requirements 9.3 Compliance with occupational safety legislation 11.4.1 Compliance with the law 11.4.2 Compliance with internal requirements	p. 55 p. 68 p. 93 p. 93	