

---

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

## **Explanation of resolutions proposed for the 31<sup>st</sup> General Meeting of Shareholders of LUKA KOPER, d.d.**

### **Item 2 – Proposed resolution on appropriation of accumulated profit and granting of discharge to the Management Board and Supervisory Board**

The Management Board and the Supervisory board hereby propose to the General Meeting of Shareholders to adopt the following resolutions:

#### 2.1 The proposed resolution on appropriation of accumulated profit:

Accumulated profit amounting as at 31 December 2018 to 29,252,442.43 euros is allocated as follows:

- a portion of accumulated profit in the amount of 18,620,000.00 euros is allocated for the paying out of dividends in the gross amount of 1.33 euros per ordinary share,
- the remaining portion of accumulated profit totalling 10,632,442.43 euros remains undistributed.

The Company shall pay out dividends on 30 August 2019 to all shareholders entered as holders of the shares in the Central Book-Entry Securities Register as of the end of 29 August 2019.

#### 2.2. The proposed resolution on granting of discharge to the Management Board:

The General Meeting of Shareholders discharges the Management Board of responsibility for 2018.

#### 2.3. The proposed resolution on granting of discharge to the Supervisory Board:

The General Meeting of Shareholders discharges the Supervisory Board of responsibility for 2018.

### **Explanation of the proposed resolutions:**

Pursuant to Article 294 of the Companies Act (ZGD-1), simultaneously with the decision on appropriation of accumulated profit, the general meeting shall also adopt a decision whether to discharge the management board and supervisory board members. According to the law, the discussion on granting discharge of liability shall be linked to the discussion on appropriation of accumulated profit and for this purpose, the management board shall submit to the general meeting the annual report and the report of the supervisory board on the results of the annual report verification. According to the article stated above, when the general meeting is deciding on appropriation of accumulated profit, the management shall notify the shareholders on the remuneration received by the members of the management and supervisory bodies for the performance of their duties in the past financial year. In the specific case, this information is disclosed in the annual report. In view of the above, before the discussion and decision concerning the appropriation of accumulated profit and granting of discharge to the management board and supervisory board, the discussion and presentation of the 2018 annual report and supervisory board's report concerning the approval of the 2018 annual report will take place under the same item of the agenda, and the management board will inform the shareholders on the remuneration received by the members of the management and supervisory bodies for the performance of their duties in the company in 2018. Therefore, by considering that all above stated topics are interconnected, it is reasonable that the discussion on them takes place simultaneously.

The supervisory board discussed the Annual Report of the company Luka Koper, d.d. and the Luka Koper Group for 2018 as well as the management board's proposal on the appropriation of accumulated profit at its 19<sup>th</sup> regular meeting held on 26 April 2019. On the same occasion, the

supervisory board was acquainted with and discussed the audit report released by the certified audit company BDO Revizija, d.o.o. in which the audit company declared that the financial statements which form the Annual Report 2018 present fairly, in all material aspects, the financial position of the company Luka Koper d.d. and the Luka Koper Group as at 31 December 2018, as well as its income statement and cash flow statement for 2018. After the examination of the company's Annual Report, the supervisory board stated that the reporting on the performance of the company Luka Koper, d.d. and the Luka Koper Group gives a true and a fair view of their financial position on 31 December 2018. The report of the supervisory board on the verification of the Annual Report of the company Luka Koper, d.d. and the Luka Koper Group for 2018 was included by the supervisory board in the 2018 Annual Report in the section Report of the Supervisory Board. The contents of the Annual Report of the company Luka Koper, d.d. and the contents of the consolidated Annual Report of the Luka Koper Group, together with the audit report for 2018, were confirmed by the members of the supervisory board at their 19<sup>th</sup> meeting held on 26 April 2019 which pursuant to the provision of Article 282 of the Companies Act (ZGD-1) and based on the provisions of the company's Articles of Association represents the formal legal adoption of the Annual Report.

In the financial year 2018, Luka Koper, d.d. generated 58,588,994.93 euros of net profit. Based on the Management Board's proposal and in line with Article 230(3) of the Companies Act (ZGD-1), 29,294,497.47 euros were allocated by the company to other reserves at the end of financial year 2018. The Company establishes that accumulated profit for 2018 totals 29,252,442.43 euros.

(in €)	2018	2017
Net profit for the financial year	58,588,994.93	33,143,408.44
Retained net profit carried forward	-42,055.03	690,206.73
Increase in other reserves	-29,294,497.47	-16,571,704.22
<b>Total accumulated profit</b>	<b>29,252,442.43</b>	<b>17,261,910.95</b>

The Company's management board and supervisory board hereby propose to the general meeting of shareholders to allocate accumulated profit amounting on 31 December 2018 to 29,252,442.43 euros as follows:

- a portion of accumulated profit in the amount of 18,620,000.00 euros shall be allocated for the paying out of dividends in the gross amount of 1.33 euros per share,
- the remaining portion of accumulated profit totalling 10,632,442.43 euros shall remain undistributed.

The proposed resolution on accumulated profit appropriation and the proposed paying out of dividends are based on the achieved business results, development plan as well as on the management board's assessment of reasonableness of the proposed allocation, by simultaneously taking into consideration the shareholders' interest in adequate dividend yield and long-term increase in dividend value.

As stated above, based on the provision of Article 294, paragraph 1 of the Companies Act (ZGD-1), the decision of the general meeting on appropriation of accumulated profit shall be made simultaneously with the decision on the vote of discharge. While submitting the resolution proposal on the granting of discharge, we propose to the shareholders to confirm and approve the work of the company's management board and supervisory board in 2018. Based on the provisions of the Slovene Corporate Governance Code of Listed Companies, this proposal shall be voted on separately for the management board and supervisory board. If so decided by the general meeting or required by shareholders whose combined interests make up at least one-tenth of the share capital, the discharge of an individual member shall be voted on separately. The proposals are based on the common

corporate practice suggesting that discharge shall be granted only to active and not former members of the management and supervisory bodies.

Dimitrij Zadel  
President of the Management Board

Irma Gubanec, MSc.  
Member of the Management Board

Uroš Ilić, MSc.  
President of the Supervisory Board

Attachment:

- Annual report of the company Luka Koper, d.d. and the Luka Koper Group for 2018.

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

## **Explanation of resolutions proposed for the 31<sup>st</sup> General Meeting of Shareholders of LUKA KOPER, d.d.**

### **Item 3 – Changes and amendments to the company's Statute**

The Management Board and the Supervisory board hereby propose to the General Meeting of Shareholders to adopt the following resolutions:

The General Meeting of Shareholders adopts the following changes and amendments to the company's Statute:

The following new wording shall be added to Article 4, paragraph 1:

- C 33.120 Repair of machinery
- C 33.150 Repair and maintenance of ships and boats
- C 33.170 Repair and maintenance of other transport equipment
- E 37.000 Sewerage
- F 42.110 Construction of roads and motorways
- F 42.120 Construction of railways and underground railways
- F 42.130 Construction of bridges and tunnels
- F 42.990 Construction of other civil engineering projects n.e.c.
- F 43.220 Plumbing, heat and air-conditioning installation
- H 49.200 Freight rail transport
- J 62.020 Computer consultancy activities
- J 62.090 Other information technology and computer service activities
- M 69.103 Other legal activities
- N 77.310 Renting and leasing of agricultural machinery and equipment
- N 77.320 Renting and leasing of construction and civil engineering machinery and equipment
- N 81.100 Combined facilities support activities

The provision of Article 16, paragraph 4 of the company's Statute shall be replaced with the following wording: "The Workers' Council shall inform the General Meeting about the election and recalling of workers' representatives who are members of the Supervisory Board or its committees."

The provision of Article 18, paragraph 2 of the company's Statute shall be replaced with the following wording: "The members of the Supervisory Board representing labour may be recalled before expiry of their term by the Workers' Council which shall inform the company's General Meeting thereof."

The provision of Article 20, paragraph 1, point 18 shall be replaced with the following wording:

- acquisition or disposal of companies or parts of companies where the amount of transactions should exceed EUR 400,000.00 (four hundred thousand euros);
- acquisition, alienation or encumbrance of shareholdings in companies where the amount of transactions should exceed EUR 400,000.00 (four hundred thousand euros);
- formation or closing down of companies, branches, plants or material corporate parts of the Company;
- acquisition, disposal and encumbrance of real estate where the amount of transactions should exceed EUR 400,000.00 (four hundred thousand euros);
- disposals and purchases of fixed assets not included in the business plan where the amount of an individual transaction or the total amount of several related transactions of the same kind should exceed EUR 400,000.00 (four hundred thousand euros);
- purchase of fixed assets up to the amount of EUR 1,000,000.00 (one million euros) if an individual investment changes so that it exceeds the value planned in the annual business

- plan by more than 20 (twenty) percent and the cumulative amount of such excesses within the current year exceeds EUR 400,000.00 (four hundred thousand euros);
- purchase of fixed assets in excess of EUR 1,000,000.00 (one million euros) if an individual investment changes so that it exceeds the value planned in the annual business plan by more than EUR 400,000.00 (four hundred thousand euros) and the cumulative amount of such excesses within the current year exceeds 2 (two) percent of the planned investments in fixed assets;
  - disposal of fixed assets up to the amount of EUR 1,000,000.00 (one million euros) if the value of a single disposal changes so that it is below the value planned in the annual business plan by more than 20 (twenty) percent and the cumulative amount of such shortcomings within the current year exceeds EUR 400,000.00 (four hundred thousand euros);
  - change in value on disposal of fixed assets in excess of EUR 1,000,000.00 (one million euros) if the value of a single disposal changes so that it is below the value planned in the annual business plan by more than EUR 400,000.00 (four hundred thousand euros) and the cumulative amount of such shortcomings within the current year exceeds 2 (two) percent of the planned disposals of fixed assets;
  - approval of loans and credits if the principal amount exceeds EUR 1,000,000.00 (one million euros);
  - raising loans and credits if the amount thereof exceeds EUR 5,000,000.00 (five million euros);
  - granting collateral, warranties and guarantees in excess of EUR 1,000,000.00 (one million euros);
  - acquisition, disposal and encumbrance of securities and shareholdings in commercial companies where the transaction amount should exceed EUR 1,000,000.00 (one million euros) or if the aggregate transactions amount for an individual type of security should exceed EUR 1,000,000.00 (one million euros) in an individual financial year,“.

The provision of Article 30, paragraph 2 of the Statute shall be deleted.

The provision of Article 31, paragraph 1 of the Statute shall be replaced with the following wording: “The Rules of Procedure adopted by the Management Board Members, define the work methods and decision-making process of the Management Board, as well as the particular scope of competence of individual Management Board Members. The members of the Management Board shall adopt decisions by majority of the votes cast; in the event of a tie, the President of the Management Board shall have the deciding vote. The Supervisory Board shall become acquainted with the adopted Rules of Procedure.”

The provision of Article 34, paragraphs 2 and 3, shall be deleted.

The provision of Article 43 of the Statute shall be replaced with the following wording: “The General Meeting shall decide on the use of accumulated (distributable net profit).”

### **Explanation of the proposed resolutions by the company’s Management Board and Supervisory Board:**

The company Luka Koper Inpo, d.o.o. transferred its maintenance activity related to port infrastructure intended for public transport to the company Luka Koper, d.d. For this reason, the activity stated in the company’s Statute in Art. 4, para. 1 shall be amended with the activities that the company Luka Koper, d.d. will perform after the above-stated transfer. In addition, the existing activities of the company shall be complemented with some other activities, since there are reasonable grounds for believing that the company Luka Koper, d.d. will perform them in the future.

The provisions of Art. 16, para. 4 and Art. 18, para. 2 of the company’s Statute are not entirely in line with the Worker Participation in Management Act (in Slov. ZSDU), which, in Art. 79, para. 4, provides only that “Workers’ Representatives to the Supervisory Board or Company Management or its Committees shall be elected and recalled by the Workers’ Council, which shall inform the General

Meeting of the company thereof." However, it does not state (nor does the Companies Act (ZGD-1)) that a declaratory decision of the General Meeting be required in this regard.

In Art. 20, paragraph 1, point 18 of the company's Statute, the amounts have been included in all cases where the Management Board requires the Supervisory Board's approval in order to enter into determined legal transactions. This is necessary since without introducing changes to the Statute, the company's Supervisory Board would continue to deal with the granting of approvals in entirely trivial matters, as for instance the granting of approval for the execution of transactions related to the establishment of an easement on company land due to the laying of a few metres of underground communication cable. The changes to the company's Statute as suggested in this paragraph are aimed at relieving the Supervisory Board and enabling it to pay greater attention to decision-making regarding significant issues.

In Art. 30, para. 2 of the company's Statute, it is stated that the Management Board adopts decisions by a majority vote of its members. This provision is not in line with the provision of Art. 257, para. 2 of the Companies Act (ZGD-1), which states that a majority of the votes cast shall be required for a resolution by the management or supervisory body to be valid, unless otherwise provided by law. In the present case, the law does not provide otherwise nor does it offer the possibility of regulating this matter otherwise by means of the company's Statute.

Art. 31, para. 1 of the company's Statute determines that the Management Board shall adopt decisions by a majority vote of the members attending. This provision is not in line with Art. 257, para. 2 of the Companies Act (ZGD-1), which states that a majority of the votes cast shall be required for a resolution by the management or supervisory body to be valid. Therefore, the wording of Art. 31, para. 1 of the company's Statute shall be amended accordingly.

The provision of Art. 34, para. 2 of the company's Statute is open-ended. Namely, from the wording of the provision it ensues that the prohibition to compete shall apply to persons listed in the preceding paragraph of that Article for 2 (two) years after the termination of employment with the Company. As a matter of fact, not all of the persons stated in Article 34, para. 2 are employed with the company (for instance, the majority of Supervisory Board Members). A trend applied recently by commercial companies is that the provision concerning the prohibition to compete is no longer defined in the Statute but is included in the management contract executed between the Supervisory Board President and each Management Board Member. Prior to the execution of the management contract with each member of the Management Board, the Supervisory Board shall determine whether to include in the contract the prohibition to compete also after the termination of employment as a Company Management Board Member.

In the wording of Art. 43 of the company's Statute, it says "upon proposal by the Management Board and Supervisory Board", which is not entirely in line with the Companies Act (ZGD-1). Namely, when resolving the appropriation of accumulated profit, the General Meeting is not linked to the proposal offered by the Management Board and Supervisory Board. The General Meeting can also make decisions regarding profit appropriation based on the shareholders' proposal. For this reason, it is proposed that the wording of Art. 43 of the company's Statute be harmonised with the provision of Art. 293, para. 1, indent 2 of the Companies Act (ZGD-1) and the previous wording, "upon proposal by the Management Board and Supervisory Board", be deleted.

Dimitrij Zadel  
President of the Management Board

Irma Gubanec, MSc.  
Member of the Management Board

Uroš Ilić, MSc.  
President of the Supervisory Board