

LUKA KOPER, Port and Logistics System Operator, a Public Limited Company  
Vojkovo Nabrežje 38, 6501 Koper, Slovenia

**Explanation of proposed resolutions before the 25<sup>th</sup> General Assembly of Luka Koper d.d. shareholders that will take place at 1 pm on Tuesday 8<sup>th</sup> July 2014 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

**Item 3 – Presentation of the 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group, together with the auditor's opinion and the Supervisory Board's report on the review of the 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group.**

**The Management Board proposes that the General Assembly adopts the following Resolution:**

The General Assembly shall be presented with the 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group, together with the auditor's opinion and the Supervisory Board's report on its review of the 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group.

The General Assembly shall be introduced to the remunerations of Management and Supervisory Board members, which are listed on pages 242 to 246 of the Annual Report.

**The Management Board explanation of the proposed resolution:**

At its 5<sup>th</sup> regular session, held on 11<sup>th</sup> April 2014, the Supervisory Board examined the 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group, as well as the Management Board's proposal as to the allocation of distributable profit. The Supervisory Board examined the Auditor's Report in which the external auditor *Ernst & Young d.o.o.* establishes that the financial statements, which are an integral part of the Annual Report, provide a true and fair reflection of the company's and the Group's financial situation as well as their performance and cash flow. The Supervisory Board had no comments on the Auditor's Report.

Based on its examination of the Annual Report, the Supervisory Board established that it is both clear and exact, as well as provides a true and fair overview of operations and performance. Accordingly it has no comments on it. The Supervisory Board prepared a report as to its examination of the company and Group Annual Report and included this in the Supervisory Board Report for 2013, which henceforth forms an integral part of the 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group.

The Luka Koper d.d. Annual Report and the consolidated Annual Report of Luka Koper Group, together with the pertaining Auditor's Report for 2013, was unanimously endorsed by the fifth meeting of the Supervisory Board on 11<sup>th</sup> April 2014. Thereby, in accordance with the provisions of Article 282 of the Companies Act RS (ZGD-1) and the Company Statute of Luka Koper d.d., the Annual Report was also formally endorsed.

Management Board

Attachment:

- 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group

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**Item 4 – Proposal as to the allocation of distributable profit for 2013, as well as endorsement of the Management and Supervisory Boards for their work in 2013**

**The Management Board proposes that the General Assembly adopts the following Resolution:**

4.1

The General Assembly is informed that distributable profit for 2013 amounts to € 3,721,761.

The General Assembly shall endorse the following proposal as to the allocation of distributable profit which, as of 31<sup>st</sup> December 2013, amounted to € 3,721,761:

- a portion of distributable profit in the amount of € 1,400,000 shall be disbursed as dividends to shareholders in the gross value of € 0.10 (ten eurocents) per share;
- the remaining portion of distributable profit, in the amount of € 2,321,761, shall remain undistributed.

The dividend shall be remunerated to shareholders registered in the Luka Koper d.d. share register on the second day following the General Assembly meeting which decides upon the allocation of distributable profit. Dividends will be disbursed to shareholders within 60 days of the General Assembly meeting.

4.2

In relation to their work in 2013, the General Assembly shall endorse:

- Bojan Brank, who performed the function of the Management Board President prior to 6<sup>th</sup> September 2013;
- Gašpar Gašpar Mišič, who performed the function of the Management Board President after 7<sup>th</sup> September 2013;
- Marko Rems, Management Board Member; and
- Matjaž Stare, Management Board Member - Workers Director.

4.3.

In relation to their work in 2013, the General Assembly shall endorse the following Supervisory Board members:

- Dr Janez Požar, Tomaž Može, Jordan Kocjančič and Dr Marko Simoneti, prior to 14<sup>th</sup> July 2013;
- Dino Klobas, member of the Supervisory Board between 15<sup>th</sup> July and 6<sup>th</sup> September 2013;
- Nikolaj Abrahamsberg, Vinko Može, Dr Andrej Godec and Jordan Kocjančič, members of the Supervisory Board between 15<sup>th</sup> July and 7<sup>th</sup> October 2013;
- Dr. Alenka Žnidaršič Kranjc, Dr. Elen Twrdy, Rado Antolovič, Andrej Šercer and Žiga Škerjanc, who have been members of the Supervisory Board since 8<sup>th</sup> October 2013;
- Sabina Mozetič, Nebojša Topič, Mladen Jovičič and Stojan Čepar.

## The Management and Supervisory Boards explanation of the proposed resolutions:

### 4.1

In 2013, Luka Koper d.d. generated net profit in the amount of € 4,612,246. Based on the Management Board's proposal and in accordance with the third paragraph of Article 230 of the Companies Act RS, the company formed other revenue reserves in the amount of 50 percent of annual net profit - i.e. € 2,306,123. At year's end, the company established that total distributable profit amounted to € 3,763,795.

(v evrih)	2013	2012
Čisti poslovni izid poslovnega leta	4.612.246	7.527.590
Preneseni čisti dobiček	1.415.638	-
Povečanje rezerv iz dobička	2.306.123	3.763.795
Povečanje drugih rezerv iz dobička	2.306.123	3.763.795
<b>Bilančni dobiček skupaj</b>	<b>3.721.761</b>	<b>3.763.795</b>

(in euros)	2013	2012
<b>Net profit for the fiscal year</b>	<b>4,612,246</b>	<b>7,527,590</b>
<b>Retained net profit</b>	<b>1,415,638</b>	<b>-</b>
<b>Increase of revenue reserves</b>	<b>2,306,123</b>	<b>3,763,795</b>
Increase of other revenue reserves	2,306,123	3,763,795
<b>Total distributable profit</b>	<b>3,721,761</b>	<b>3,763,795</b>

Based on the company's performance in 2013 and dividend policy, the company's Management and Supervisory Boards proposes that the General Assembly endorses the following allocation of distributable profit, which as of 31<sup>st</sup> December 2013 amounted to € 3,721,761

- a portion of distributable profit in the amount of € 1,400,000 shall be disbursed as dividends to shareholders in the gross value of € 0.10 (ten cents) per ordinary share,
- the remaining distributable profit in the amount of € 2,321,761 shall remain undistributed.

The Management and Supervisory Boards believe that the Management Board's proposal on the allocation of distributable profit is compliant with the company's dividend policy and strategic guidelines which consider both shareholder interest and the long-term growth of share value.

### 4.2 & 4.3

The Management and Supervisory Boards propose that the General Assembly endorses their work in 2013.

During 2013, the Management Board managed the company appropriately and compliance with regulations, as did the Supervisory Board in the performance of its supervisory function over the company's operations and management.

Management Board  
Supervisory Board

Attachment:

- 2013 Annual Report of Luka Koper d.d. and the Luka Koper Group

**Explanation of proposed resolutions before the 25<sup>th</sup> General Assembly of Luka Koper d.d. shareholders to take place at 1 pm on Tuesday 8<sup>th</sup> July 2014 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

#### **Item 5 - Appointment of external auditor for fiscal 2014**

**The Supervisory Board proposes that the General Assembly adopts the following Resolution:**

The auditors *KPMG Slovenija, podjetje za revidiranje d.o.o.*, shall be appointed as external auditor for fiscal 2014.

#### **The Supervisory Board explanation of the proposed resolution:**

The 2014 Annual Report for Luka Koper d.d. and the 2014 Consolidated Annual Report for the Luka Koper Group has to be examined by an external auditor in a manner and under the terms determined by Law.

*KPMG Slovenija* forms part of one of the world's four large internationally renowned auditing firms, thus the Supervisory Board proposes that *KPMG Slovenija* is appointed as external auditors for 2014.

The proposal of a resolution on the appointment of an external auditor is based on the 25<sup>th</sup> May 2014 proposal by the Supervisory Board Audit Commission which was submitted to the Supervisory Board in compliance with Article 280 of the Companies Act RS.

Supervisory Board

**Explanation of proposed resolutions before the 25<sup>th</sup> General Assembly of Luka Koper d.d. shareholders to take place at 1 pm on Tuesday 8<sup>th</sup> July 2014 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

**Item 6 - Determination of remuneration and attendance fees for Supervisory Board and Supervisory Board Commission members for the following twelve (12) months**

**The Management Board proposes that the General Assembly adopts the following Resolution:**

On the basis of the provisions of Article 25 of the Luka Koper d.d. Statute, the General Assembly shall adopt a resolution on the determination of remuneration and attendance fees for members of the Supervisory Board as well as members of Supervisory Board Commissions for the following twelve months as follows:

- Each Supervisory Board member shall receive € 275 (gross) as an attendance fee for their participation at a Supervisory Board meeting.
- For their participation at a Supervisory Board Commission meeting, a Supervisory Board Commission member shall receive an attendance fee in the amount of 80% of the attendance fee for participation at a Supervisory Board meeting.
- The attendance fee for a correspondence meeting shall amount to 80% of the regular attendance fee.
- Notwithstanding the aforementioned, i.e. regardless of the number of meetings attended in a fiscal year, a Supervisory Board member shall be entitled to the remuneration of attendance fees - from either Supervisory Board or Supervisory Board's Commission meetings - to an aggregate maximum amount of 50% of their basic remuneration for performing their function as a Supervisory Board member.
- In addition to attendance fees, Supervisory Board members shall receive basic remuneration for performing their function as a member of the Supervisory Board in an annual amount of € 11,000 gross per individual member.
- The Chairman of the Supervisory Board shall also be entitled to a 50% supplement to their basic remuneration for their Supervisory Board member function, whilst the Deputy Chairman of the Supervisory Board shall be entitled to a 10% supplement to their basic remuneration for their Supervisory Board member function.
- The Chairman of a Supervisory Board Commission shall also be entitled to a 50% supplement to their basic remuneration for the performance of a Supervisory Board Commission member function.
- Supervisory Board Commission members shall be entitled to a 25% supplement on top of their basic remuneration for the performance of their Supervisory Board function.
- External members of Supervisory Board Commissions - i.e. those who are not simultaneously members of the Supervisory Board - shall be entitled to remuneration in the amount 25% of gross remuneration that each Supervisory Board member shall be entitled for the performance of their function.
- For the period in which they perform their respective functions, Supervisory Board and Supervisory Board Commission members shall receive their basic remuneration and supplements in proportional monthly instalments.
- Each monthly payment shall amount to one twelfth of the annual amounts defined above. In the event that a Board member performs their function for less than a month, they shall be entitled to proportional payment according to the number of days worked.
- Notwithstanding the above, an individual Supervisory Board Commission member - i.e. regardless as to the number of commissions they are members of, or chair - shall only be entitled to supplementary payments up to a total amount equal to 50% of their basic remuneration as a Supervisory Board member.

- The restriction as to the total amount of attendance fee or supplement payments to Supervisory Board members shall in no way whatsoever affect the obligation to attend meetings of either the Supervisory Board or the Commission of which they are a member; such shall remain their legally prescribed responsibility.
- Compliant with the company's Statute, the Supervisory Board and Supervisory Board Commission members, including external members of Supervisory Board commissions, are entitled to the reimbursement of travel and other expenses for their arrival and participation at meetings.

### **The Management Board explanation of the proposed resolution:**

The 22<sup>nd</sup> General Assembly of Luka Koper shareholders, held on 8<sup>th</sup> July 2013, adopted a resolution to determine the attendance fees of Supervisory Board members as well as remuneration as to the performance of their function. The Resolution adopted by the Assembly shall remain in force for a period of one year (twelve months) from its adoption at the Assembly meeting. Following the expiration of the twelve-month period, the criteria and legal basis for attendance fee payments cease to be valid, as do the criteria for determination of attendance fees and the remuneration of Supervisory Board members and Supervisory Board Commission members for the performance of their function. This Resolution on the determination of remuneration and attendance fees for members of the Supervisory Board was based on Recommendations in the Management of Indirect and Direct Capital Investments of RS adopted by *Slovenska Odškodninska Družba (SOD)* on 12<sup>th</sup> April 2013.

Luka Koper d.d., Vojkovo Nabrežje 38, Koper, Slovenia, is a public limited company whose shares are listed and traded on the stock market, and it meets the terms and the status of a large company. The *SOD's* 12<sup>th</sup> April 2013 Recommendations in the Management of Indirect and Direct Capital Investments of RS shall also apply in 2014 in relation to the performance of the function of Supervisory Board members as well the provision of their remuneration and attendance fees. In the aforementioned Recommendations the *SOD*, as manager of the state's indirect and direct capital investments, includes tables with recommended remunerations for supervisory board members in relation to their attendance at supervisory board meetings, supervisory board commissions together with the performance of their supervisory function. Despite the fact that Luka Koper d.d. is a large company which is performing well, it is still implementing rehabilitation measures to consolidate operations that have been deleteriously impacted by past business decisions and conduct. Further to this, Luka Koper d.d. is facing future challenges in particular in relation to the accomplishment of key infrastructure investments. Consequently, in its determination of remuneration for the performance of supervisory board function over the coming twelve-month period, the Management Board believes that it is not appropriate to apply the criterion 4.1 of *SOD* Recommendations applicable to large companies in good financial condition (where the company's securities are traded on stock exchanges or by banks) according to which the remuneration of supervisory board members for the performance of their functions should be between € 13,000 and € 15,000 gross per annum. Therefore the Management Board believes that suitable remuneration for the performance of the Luka Koper Supervisory Board member function shall amount of € 11,000 gross per annum.

In its proposal of the General Assembly Resolution as to the remuneration of external members of Supervisory Board Commissions, the Management Board considered their contribution to the work of the Commissions; likewise Management considered the contribution of external members of the Audit Committee. It was established that external members of a Supervisory Board Commissions and the Audit Committee shall be entitled to remuneration in the amount 25% of the gross remuneration that each Supervisory Board member is entitled for the performance of their function. Such remuneration is also compliant with the provision of Item 1.6 of Recommendations in the Management of Indirect and Direct Capital Investments of RS adopted by *Slovenska Odškodninska Družba (SOD)* on 12<sup>th</sup> April 2013 which determined that members of supervisory board commissions should be entitled to 25% of the remuneration to which they are entitled for the performance of their supervisory board function. This instance obviously refers to external members of supervisory board commissions, but we believe that the work and thus the remuneration should be comparable to the other members of the

commission who are also members of the LK Supervisory Board. Considering that the company is still in the process of de-leveraging whilst at the same time undertaking essential investments in infrastructure it would not be appropriate to remunerate the external members of LK Supervisory Board Commissions significantly in excess of their fellow Commission members who are simultaneously members of the Supervisory Board.

Based on the above it is proposed that Supervisory Board members should be remunerated in the gross amount of € 11,000 per year plus supplements in the next twelve-month period, whilst external members of Supervisory Board commissions should be remunerated in the amount of 25% (gross) of that of a Supervisory Board member. Management believes that these levels of compensation are appropriate remuneration for the performance of their function, and thus this Resolution should be endorsed by the General Assembly.

It is further proposed that the General Assembly determines attendance fees in the amount of € 275.00 (gross) per member per meeting. Compliant with the company's Statute, Supervisory Board Members and Supervisory Board Commission members, including external members, shall also be entitled to the reimbursement of travel and other expenses related to their participation at meetings.

Management Board  
Supervisory Board

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**Item 7 - Amendment of the company's Statute**

**The Management Board proposes that the General Assembly adopts the following Resolution:**

The provision of Article 19 of the company's Statute shall be amended so that the second paragraph of Article 19 which reads: "*A Supervisory Board resolution shall be valid if the majority of members attending has voted in favour of that resolution*" shall be deleted and replaced with the following text: "*A Supervisory Board resolution shall be valid if adopted by the majority of Supervisory Board members as required by the Law.*"

The provisions of the second paragraph of Article 45 of the company's Statute shall be amended so that the text reading "*and in the daily newspaper Delo*" shall be deleted. The new text of the second paragraph of Article 45 will read as follows: "*The convocation of the General Meeting, the Agenda and proposals as to Resolutions shall be published on the publicly accessible websites of the Company and the AJPES agency, in compliance with the obligation to publish the call in accordance with the financial instruments market regulations.*"

Taking into consideration these amendments to the company Statute, its revised consolidated text shall be republished.

**The Management Board explanation of the proposed resolution:**

The provision of the second paragraph of Article 19 of the *Luka Koper* company Statute is unlawful. According to the Companies Act RS (*ZGD-1*), the validity of a resolution by a management or supervisory body requires the majority of votes cast, unless such is otherwise determined by the Law RS. In the event of any vote on the recall of management board members, the Law does not provide provisions other than the general provision of paragraph 4 of Article 257 of the Companies Act RS, which means that the Statute cannot enforce any other provision. Such is the case of the second paragraph of Article 19 of the company Statute, which is not concordant with the second paragraph of Article 183 of the Companies Act RS which enforces the principle of statutory rigor, according to which a company's statute may only regulate individual issues in a manner different than otherwise prescribed by the Law, if such is explicitly determined or allowed by the Law. Accordingly, the content regulated by the second paragraph of Article 19 of the company's Statute cannot be regulated in any manner other than that determined by the Law RS.

The text deleted from the second paragraph of Article 19 of the Statute shall be replaced with a text that reads as follows: "*A Supervisory Board resolution is valid if adopted by the majority required by the Law.*" Such a wording is reasonable because it is most neutral. To copy the current wording of the Law presents a risk that in the event of any amendment to the Law, the wording of the company Statute will have to be amended too.

According to the provision of the second paragraph of Article 45 of the company Statute, any call for a General Assembly of shareholders should also be published in the Slovene daily newspaper *Delo*. Congruent with current legislation, i.e. paragraph IV of Article 296 of the Companies Act RS (*ZGD-1*), such is not required. It is enough if the call for the General Assembly meeting is published on the publically accessible websites of Luka Koper d.d. and the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES). This will allow Luka Koper d.d. to save € 2,500 to € 3,000 per call for a General Assembly meeting. Based on the above, the text reading "*and in the daily*



*newspaper Delo*" shall be deleted from the second paragraph of Article 45 of the company Statute. The revised text of the second paragraph of Article 45 shall read as follows: "*The convocation of the General Meeting, the Agenda and proposals as to Resolutions shall be published on publicly accessible websites of the Company and AJPES, complying with the obligation to publish the call in accordance with the regulations governing the financial instruments market.*"

Due to the amendments to the second paragraph of Article 19, as well as the second paragraph of Article 45, a new consolidated copy of the company Statute should be produced.

Management Board