



SLOVENIA ISSUED EUROPE'S FIRST SOVEREIGN SUSTAINABILITY-LINKED BOND

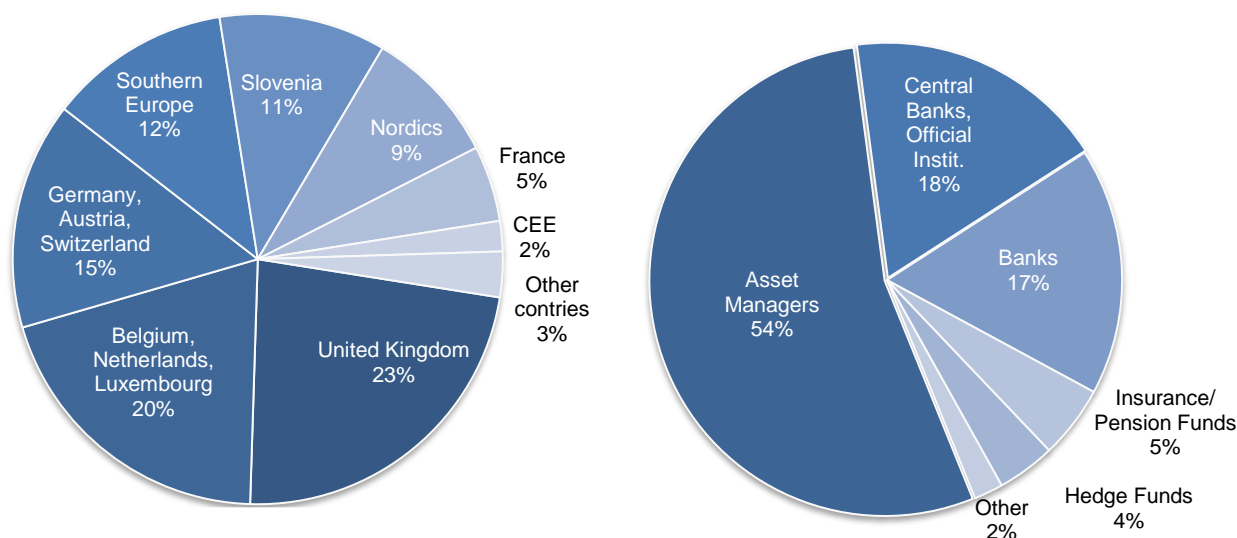
On Tuesday, 24 June 2025, the Republic of Slovenia (AA/A3/A rating) issued the first sovereign sustainability-linked bond (SLB) in Europe, a EUR 1.0 billion Reg S EUR bond, thus supplementing previous issuances of labelled bonds. Unlike sustainability bond, SLB allow unrestricted use of proceeds while committing the issuer to sustainability targets, with financial penalties or bonuses based on performance thereagainst.

The bond is Slovenia's first 10-year issue under the Sovereign Sustainability-Linked Bond framework, which was published in March 2025, together with a second party opinion from S&P confirming compliance with the ICMA 2024 Sustainability-Linked Bond Principles and emphasizing the country's commitment to promoting the market for sustainable instruments. This issuance is in line with global sustainability goals, diversifies the country's debt structure, it broadens the investor base, and emphasises the country's commitment to the fight against climate change.

Slovenia has set a national target to reduce its greenhouse gas emissions by 35% - 45% between 2005 and 2030. Linking a single KPI to emissions simplifies price discovery on the primary market and enables a direct correlation with the likelihood of Slovenia achieving its decarbonisation targets. The final coupon of 3.125% is subject to a 50 basis point upward adjustment at maturity should Slovenia fail to meet its 2030 target of reducing emissions by at least 35% from 2005 levels, or a 50 basis point downward adjustment if emissions fall by more than 45%, equating to a $\pm 1.6\%$ change in the total interest cost.

The bond, maturing on July 2, 2035, was successfully priced at 99.746%. The final spread was set at MS + 61 basis points. Total demand was over EUR 6.5 bn, including EUR 435m from the joint bookrunners. The final allocation was spread across asset managers, central banks and official institutions, banks as well as insurance and pension funds and hedge funds. Geographically, the majority of the SLBs were allocated to the UK and Belgium, the Netherlands, Luxembourg, followed by Germany, Austria, Switzerland, Southern Europe, Slovenia and the Nordic countries (Figure 1).

Figure 1: Investor Distribution— by geography and type



Source: Ministry of Finance, 2.7.2025

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