



Slovenian Sovereign Sustainability Bond Framework

June 2021

1 Introduction

1.1 The Republic of Slovenia sustainability policies and ambition

Since attaining independence in 1991, Slovenia has achieved numerous development goals. It has been a part of some of the most significant international integration processes and become an active international partner in global efforts towards peace and security, respect for human rights, cultural diversity, rule of law, conscientious response to global challenges and the creation of trends.

The key factor in determining the country's long-term development orientations is the Vision of the Republic of Slovenia, which was created by its inhabitants in an extensive and inclusive process.

In harmony with our environment and our era, we have achieved a balanced, high-quality standard of living. By learning throughout our lives, we are well-equipped to take on the biggest challenges. We are innovative and translate ideas into actions. We create positive relationships based on trust and are building a society of solidarity and tolerance. With confidence, we open Slovenia to partners willing to cooperate. We are proud that our cultural uniqueness makes a difference around the world.

Slovenian Development Strategy 2030

The Republic of Slovenia's Government adopted (in 2017) the Slovenian Development Strategy ("SDS 2030")¹. The primary objective of the SDS 2030 is to provide a *high quality of life for all*. The objective will be achieved through balanced economic, social and environmental development which takes account of the planet's limitations and creates conditions and opportunities for present and future generations. At the level of the individual, a high quality of life is manifested in good

¹ <https://www.gov.si/assets/vladne-sluzbe/SVRK/Strategija-razvoja-Slovenije-2030/Slovenian-Development-Strategy-2030.pdf>

opportunities for employment, education and creativity, in a dignified, safe and active life, a healthy and clean environment and inclusion in democratic decision-making and participation in social management.

The state's strategic orientations for achieving a high quality of life are:

- an inclusive, healthy, safe and responsible society,
- learning for and through life,
- a highly productive economy that creates added value for all,
- well-preserved natural environment,
- high level of cooperation, competence and governance efficiency.

The five strategic orientations for achieving the primary objective will be implemented through operations in various interconnected and interdependent areas, which are reflected in the Strategy's 12 development goals. Each goal is also linked to the sustainable development goals set out in the UN's Sustainable Development 2030 Agenda. The goals constitute a basis for designing the priority tasks and measures to be implemented by the Slovenian government, regional development stakeholders, local communities and other stakeholders.

Progress on the implementation of the SDS 2030 is reported annually through the Development Report prepared by the Institute for Macroeconomic Development and Analysis. This report shows trajectory on particular parameters and also provides recommendations on how to improve the implementation, so that objectives are met. In the last report the recommendations refer to, among others, improvements related to inclusive development and intergenerational solidarity and to acceleration to a low-carbon circular economy.

In addition to this overall strategic document, several other sectorial documents are relevant to address specific challenges, including the ones presented below:

National Energy and Climate Plan

At the beginning of 2020, the Government adopted the Integrated National Energy and Climate Plan of the Republic of Slovenia (“NEPN”)² in accordance with the European Regulation on the Governance of the Energy Union and Climate Action.

² https://ec.europa.eu/energy/sites/default/files/documents/si_final_necp_main_en.pdf

The NEPN is a strategic document laying down the objectives, policies and measures for the Republic of Slovenia on the five dimensions of the Energy Union for the period up to 2030 (with a view to 2040): decarbonisation (greenhouse gas emissions (“GHG”) and renewable energy sources (“RES”)), energy efficiency, energy security, the internal energy market and research, and innovation and competitiveness.

The key objectives for the 2030 identified in the NEPN are:

- reducing the total greenhouse gas emissions by 36%,
- at least a 35% improvement in energy efficiency, which is higher than the target adopted at EU level (32.5%),
- at least a 27% share of renewable energy sources; due to the relevant domestic circumstances, the Republic of Slovenia had to agree to a lower target than that of the EU (32%), but will strive to increase this ambition in the next NEPN update (2023/24),
- and 3% of GDP to be spent on R&D, of which 1% of GDP will be public funds.

The implementation of the NEPN leads to the reduction of the dependency on fossil fuels and supports, among other things, sustainable solutions in the transport, building and industrial sectors. The document also presents the overview of the investments needs for implementing the set measures. Total investment needs in the period 2021 – 2030 are estimated around EUR 28 bn of which around EUR 6.5 bn accounts for the transport measures.

Resolution on the National Environmental Action Programme 2020–2030 (ReNPVO20-30)

New ReNPVO 20-30 that was adopted in 2020 sets specific environmental vision and objectives. A comprehensive set of measures was designed with the view of addressing the challenges in the areas of biodiversity, soil, air and water protection, transition to low carbon and resources efficient society, that focuses on waste prevention, rehabilitation of areas excessively polluted in the past, reducing environmental noise, improving biosafety, sustainable management of chemicals, addressing the electromagnetic and light pollution. The programme gives importance to the climate change adaptation measures in line with the already adopted Strategic Framework for Climate Change Adaptation. It recognizes the systemic characteristics of the environmental challenges that require coordinated and synergistic approach to addressing them and provides direction on how to address the horizontal areas like for example, education, raising public awareness, etc.

Active Ageing Strategy

According to the analysis the process of population ageing in the Republic of Slovenia will be more intensive than in other EU countries. Therefore, the Republic of Slovenia adopted an Active Ageing Strategy where it sets the vision and strategic goals for its implementation. The Ageing Strategy is divided into four pillars addressing areas of labour market and education; creating conditions for independent, healthy and safe living for all generations; participation in society; and creation of an environment conducive to activity throughout the life course.

Resolution on National Housing programme (2015 – 2025)

The document highlights the most pressing challenges the Republic of Slovenia is facing in this domain. The quality of living depends on the size of the housing stock and quality housing, where is of utmost importance to address energy and functional efficiency. The programme sets out four objectives to be achieved by its implementation: balanced offer of suitable housing; easier access to housing; quality and functional housing; higher housing mobility of the inhabitants. Specific measures to achieve these objectives are clustered under the four pillars: activation of the existing housing stock; increased accessibility of the housing for the vulnerable groups; housing stock renovation; new housing construction on the locations where the demand is higher.

1.2 Rationale for sustainability bond issuance

The Republic of Slovenia believes sustainable finance, including the issuance of Slovenian Sovereign Green, Social or Sustainability Bonds (“SSSBs”), will contribute and play a key role in financing environmental and social transition in Slovenia and in Europe generally. The Republic of Slovenia aims to reinforce its commitment to sustainability and considers green, social and/or sustainability bond(s) as key financing instruments to support its efforts and ambitions while providing national and international investors with the opportunity to diversify their investments towards sustainable financial assets. The Republic of Slovenia aims to lead by example in order to support the development of the green, social and/or sustainability capital market with the issuance of safe (AA-, A3, A-rated) and liquid sovereign green, social and/or sustainability bond(s).

The proceeds raised from SSSBs will enable the Republic of Slovenia to fund government investments that contribute positively to the Republic of Slovenia’s environmental and social goals

and further promote and develop the domestic and international green, social and/or sustainability bond market.

2 Sustainability Bond Framework

The Republic of Slovenia has decided to provide this Slovenian Sustainability Bond Framework (“**Framework**”) to govern the issuance of SSSBs, which will enable Slovenia to fund state expenditures with high environmental or social impact (“**Eligible Green and/or Social Projects**”). Slovenia is planning to become a regular issuer of SSSBs in the coming years.

The Framework has been prepared in accordance with the ICMA Green Bond Principles 2021³, Social Bond Principles 2021⁴ and Sustainability Bond Guidelines 2021⁵. It also takes into account the proposed EU Green Bond Standard, as drafted by the EU Technical Expert Group on Sustainable Finance in June 2019. In line with the ICMA Sustainability Bond Guidelines, the Framework is presented through four core components (use of proceeds, process for project evaluation and selection, management of proceeds, reporting) and includes two key recommendations (framework publication and external review).

2.1 Use of Proceeds

Under this Framework, the Republic of Slovenia may issue three types of bonds:

- **Green Bonds** where an amount equal to the bond’s net proceeds will be exclusively used to (re)finance eligible expenditures falling within the Eligible Green Project categories,
- **Social Bonds** where an amount equal to the bond’s net proceeds will be exclusively used to (re)finance eligible expenditures falling within the Eligible Social Project categories,
- **Sustainability Bonds** where an amount equal to the bond’s net proceeds will be exclusively used to (re)finance eligible expenditures falling within both of the Eligible Green or Social Project categories.

Eligible Projects are defined below, and further details on the applicable eligibility criteria for each category are provided in Appendix. The eligibility criteria of green categories shall comply, when

³ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

⁴ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>

⁵ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

applicable, with the EU Taxonomy regulation⁶ (the “EU Taxonomy”) published in April 2021 or any updated version, on a best effort basis.

“**Eligible Green Projects**” are those projects:

- (a) which promote, in whole or in part and whether directly or indirectly, Slovenia’s transition to a low carbon, climate-resilient and environmentally sustainable economy;
- (b) which are funded, in whole or in part and whether directly or indirectly, through State Budget expenditures, subsidies or tax foregone (or a combination of all or some of the foregoing) (“**State Budget Financial Support**”);
- (c) in the case of refinancing of an existing project, where the relevant State Budget Financial Support has been provided within the 36-month period preceding the issue date of the relevant SSGBs; and
- (d) which otherwise qualify under this Framework.

The list below sets-out the categories of projects (“Eligible Green Categories”), which may qualify as Eligible Green Projects under this Framework. The relevant eligibility criteria, in line with the EU Taxonomy, are detailed in the Appendix section.

Eligible Green Categories

| Categories | Description | Main SDG Contribution |
|---------------------------------------|--|--|
| Green Buildings and Energy Efficiency | <ul style="list-style-type: none"> › Construction and acquisition of energy efficient buildings › Renovation of existing buildings › Measures against energy poverty › Energy efficient public lighting (incl. LED lighting) | 11. Sustainable cities and communities 13. Climate action |
| Energy Transition | <ul style="list-style-type: none"> › Renewable energy: Construction and operation of electricity generation facilities supporting a transition to a net-zero emissions economy, as well as heat and cooling supply from renewable energy › Supporting local energy communities and increased self-supply of electricity from renewable energy sources (RES) › Infrastructure to support the energy transition (e.g. smart grids, batteries, storage) | 7. Affordable and clean energy 12. Responsible consumption and production 13. Climate action |

⁶ First delegated act on sustainable activities for climate change adaptation and mitigation objectives published on 21 April 2021: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800_en.pdf

| | | |
|---------------------------------------|--|--|
| | use, advanced charging stations, grids integration, etc.) | |
| Low Carbon Transport | <p>Low carbon transportation including:</p> <ul style="list-style-type: none"> › Public transport › Infrastructure for low carbon transport › Mobility management measures › Measures to promote multimodality › Sustainable regional, local and urban mobility › Supporting measures to encourage co-travel - providing system support and increasing the occupancy rate of commuting vehicles by at least 30% › Use of ICT to support sustainable mobility | <p>11. Sustainable cities and communities</p> <p>13. Climate action</p> |
| Sustainable environmental management | <p>Environmentally sustainable management of living natural resources and land use including:</p> <ul style="list-style-type: none"> › Organic and sustainable agriculture › Protection and restoration of healthy ecosystems and their services › Renewal of degraded areas | <p>12. Responsible consumption and production</p> <p>15. Life on land</p> |
| Water and wastewater management | <ul style="list-style-type: none"> › Projects supporting an effective management of surface water and groundwater, coastal and maritime resources, and reduce water pollution › Development of water and wastewater management systems allowing to significantly improve energy efficiency and/or water quality › Co-financing of wastewater systems to reduce CO₂ emissions through development of municipal wastewater collection and treatment infrastructure | <p>6. Clean water and sanitation</p> <p>11. Sustainable cities and communities</p> |
| Eco-efficient and/or circular economy | <ul style="list-style-type: none"> › Support businesses in improving energy and resources efficiency of their production processes › Support the development and introduction of environmentally sustainable products, services and business models | <p>8. Decent work and infrastructure</p> <p>9. Industry, innovation and infrastructure</p> <p>12. Responsible consumption and production</p> <p>13. Climate action</p> |
| R&I | › Supporting research and innovation focusing to the transition to a climate neutral and circular society including but not limited to providing for demonstration and pilot projects. | <p>8. Decent work and infrastructure</p> <p>9. Industry, innovation and infrastructure</p> |

| | | |
|--|--|--|
| | | 12. Responsible consumption and production 13. Climate action |
|--|--|--|

2.1.1 Eligible Social Projects

“**Eligible Social Projects**” are those projects:

- (a) which promote, in whole or in part and whether directly or indirectly, Slovenia’s commitments to enabling opportunities for employment, education, creativity and dignified, safe and active life;
- (b) which are funded, in whole or in part and whether directly or indirectly, through State Budget expenditures, subsidies or tax foregone (or a combination of all or some of the foregoing) (“**State Budget Financial Support**”);
- (c) in the case of refinancing of an existing project, where the relevant State Budget Financial Support has been provided within the 36-month period preceding the issue date of the relevant SSGBs; and
- (d) which otherwise qualify under this Framework.

The list below sets-out the categories of projects (“**Eligible Social Categories**”), which may qualify as Eligible Social Projects under this Framework.

Eligible Social Categories

| Categories | Description | Main SDG Contribution |
|---|--|---|
| Access to essential services – Education | Providing access to essential educational and science infrastructure and services for all by: <ul style="list-style-type: none"> › Strengthening the accessibility of pre-school education programs › Ensuring better educational conditions for socially disadvantaged pupils › Extending the public educational capacities › Improving the quality of the existing educational infrastructure and equipment | 3. Good health and well-being 4. Quality education |
| Access to Essential Services – Healthcare | Provide access to essential healthcare infrastructure and services for all populations by: <ul style="list-style-type: none"> › Extending healthcare capacities › Improving the quality of the existing healthcare facilities and equipment › Shortening waiting times | 3. Good health and well-being |

| | | |
|---|--|--|
| | <ul style="list-style-type: none"> › Preventive and curative action to deal with pandemic and other natural catastrophes › Increasing the number of post-graduate healthcare workers › Improving the quality of healthcare services › Improving the quality of disease prevention services › Providing Covid 19 preventive and curative services. | |
| Access to Essential Services – Social Inclusion | <p>Provide access to essential services to vulnerable populations by:</p> <ul style="list-style-type: none"> › Providing access to essential infrastructure and services to vulnerable population › Providing financial assistance to vulnerable population | 10.Reduced inequalities |
| Affordable Housing | <p>Provide access to affordable housing to vulnerable populations by:</p> <ul style="list-style-type: none"> › Extending the social and affordable housing supply › Improving the quality of the existing social and affordable housing › Providing financial assistance to facilitate access to housing and ownership | 11. Sustainable cities and communities |
| Employment generation and socioeconomic advancement and empowerment | <p>Support employment generation and socio-economic advancement and empowerment, including but not limited to:</p> <ul style="list-style-type: none"> › Employment generation and retention initiatives › Extending capacities and improving quality of vocational education › Support to social and solidarity economy › Equitable participation and integration into the market and society › Empowerment and companionship for the affected by COVID 19 › Support to SMEs in the event of extreme events | <p>4. Quality education 5. Gender equality 8. Decent work and economic growth 10. Reduced inequalities</p> |

2.1.2 Exclusion criteria

Eligible expenditures exclude:

- Expenditures already financed via a dedicated funding source, in order to avoid any “double counting”⁷,
- Expenditures that support or promote the following activities:
 - Burning of fossil fuel for power generation and transportation
 - Rail infrastructure dedicated for transportation of fossil fuels
 - Nuclear power generation
 - Weapons, tobacco, gaming, or palm oil industries.

2.2 Project Evaluation and Selection Process

2.2.1 Governance and Process for the Evaluation and Selection

The Project Evaluation and Selection Process will ensure that an amount equal to the net proceeds of any SSSB is allocated to Eligible Green or Social Projects in accordance with the criteria set out above in Section 2.1 (*Use of Proceeds*).

A Sustainability Bond Working Group (“**SSSBs Working Group**”) has been established by the Government to oversee the full implementation of this Framework, including the allocation of funds raised under each SSSBs issuance to Eligible Green and Social Projects and the provision of the investor reports referred to in Section 2.4 (*Reporting to Investors*). The SSSBs Working Group is comprised of representatives from the:

- Ministry of Finance (3 persons)
- Ministry of the Environment and Spatial Planning (1 person)
- Ministry for Infrastructure (1 person)
- Ministry of Agriculture, Forestry and Food (1 person)
- Ministry of Economic Development and Technology (1 person)
- Ministry of Education and Sports (1 person)
- Ministry of Labour, Family and Social Affairs (1 person)
- Ministry of Health (1 person)
- Government Office for Development and Cohesion Policy (1 person)

The SSSBs Working Group will consult with other Government institutions and State agencies in carrying out its mission, which includes:

⁷ Consequently, only expenditures net of EU grants, loans, or other revenues earmarked for specific purposes are eligible

- Identifying Eligible Green and Social Bond Projects, which will be evaluated and selected for inclusion in SSSBs based on the criteria listed in Section 2.1 (*Use of Proceeds*) above
- Approving the Annual Allocation Reports referred to in Section 2.4 (*Reporting to Investors*) below, which will detail the allocation of amounts applied by Slovenia (through its Government institutions and State agencies) to fund Eligible Green and Social Projects
- Approving Eligible Green and Social Project Impact Reports referred to in Section 2.4 (*Reporting to Investors*), which will detail the environmental and social impacts of Eligible Green and Social Projects

For the avoidance of doubt, each Green or Social Project expenditure is also subject to the standard national budgetary process under the Ministry of Finance responsibility. Before any public resources are ultimately expensed on any projects, the relevant Departments/Users of public funds are accordingly liable to ensure that each investment proposal meet all of the relevant evaluation processes and value-for-money tests required under the Public Finance Act and its bylaw Decree on the uniform methodology for the preparation and treatment of investment documentation in the field of public finance (Decree). In addition, under the Decree, all projects and investment proposals with an estimated cost in excess of certain threshold may be subject to a further level of scrutiny, requiring specific approval of interdepartmental working group set by the Government before final contracts are agreed.

2.2.2 Environmental and social regulatory framework

The eligible green and/or social projects financed by the SSSBs are regulated notably by the following government policies and procedures:

Environmental Risk Mitigation

The Environmental Protection Act regulates environmental protection against pollution as a fundamental condition for sustainable development and in this context sets out the basic principles of environmental protection, environmental protection measures, environmental monitoring and environmental information, economic and financial instruments of environmental protection, public environmental protection services and other environmental protection questions.

The Nature Conservation Act sets out measures for the conservation of biodiversity and the system of protection of natural values in order to contribute to nature conservation.

The Water Act regulates the management of the sea, inland and groundwater and water and coastal land. Water management and water and coastal land include water protection, water management and water use decisions.

The Agriculture Act stipulates economic, spatial, ecological and social role of agriculture and its sustainable development. The Agricultural policy tends to permanently preserve the settlement and cultivation of the countryside and the landscape, fertility of agricultural land, the agricultural land from pollution and wasteful use, conserve and improve resources for sustainable food production and implement the principles of environmental protection and nature conservation and conservation of genetic resources.

Social Risk Mitigation

The Social Assistance Act presents social welfare services. It describes in detail each of the services, defines the family helper and social welfare programs that provide support for social care services.

Labor Market Regulation Act regulates state measures on the labor market, which ensure the provision of public service services in the field of employment and active employment policy measures and the operation of the unemployment insurance system, determine the providers of measures, prescribe conditions and procedures for exercising individual rights and services, which are determined by this Act, regulate the manner of financing measures and monitoring, evaluation and control over their implementation, and regulate the provision of work to employees to the user.

The Health Care and Health Insurance Act regulates the system of health care and health insurance, determines the holders of social care for health and their tasks, health care related to work and the working environment, regulates relations between health insurance and health care institutions and the exercise of health insurance rights.

The Health services Act⁸ stipulates that healthcare activities shall encompass measures and activities which healthcare professionals and allied professionals perform according to medical doctrine and with the use of medical technology for health protection, prevention, diagnosing and medical treatment of patients and injured persons. This Act governs the content and provision of

⁸ pisrs.si/Pis.web/npbDocPdf?idPredpisa=ODLU1825&idPredpisaChng=ZAKO214&type=doc&lang=EN

healthcare activities, public healthcare activities and the association of healthcare organizations and healthcare professionals in chambers and associations.

The Patients' Right Act⁹ defines the rights of patients as consumers of healthcare services offered by healthcare service providers, the procedures for enforcing the aforementioned rights in the event they are violated, and duties related to these rights. The purpose of this Act is to ensure equal, appropriate, quality and safe medical treatment based upon mutual trust and respect between the patient and the physician or any other healthcare or allied professional.

The Organization and Financing of Education Act regulates the conditions for performing and determines the manner of management and financing of education in the following areas: pre-school education, primary education, the upbringing and education of children, minors and young adults with special needs, basic music education, lower and secondary vocational education, secondary vocational and technical education, general secondary education, higher professional education, education in dormitories and dormitories, and adult education.

The Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy lays down temporary measures to mitigate the effects of the epidemic in the field of work and payment of social security contributions, health care and health insurance, social protection, rights from public funds, exercise of rights from parental care, taxes, wages and salaries in public sector and companies, agriculture, forestry and food, water management, environmental protection, culture, science and research, and other relevant fields.

The Act Determining Temporary Measures to Mitigate and Remedy the Consequences of COVID-19 provides for temporary measures to mitigate and eliminate the consequences of COVID-19 in the field of health, labor, social protection, economy, education, enforcement of criminal sanctions and justice, agriculture, economy and food, infrastructure and defense.

The Act Determining the Intervention Measures to Mitigate the Consequences of the Second Wave of COVID-19 Epidemic provides for temporary measures to mitigate and eliminate the consequences of COVID-19 in the field of economy, education, higher education, research and sports, organization of membership assemblies and assemblies, agriculture, forestry and food, public sector, protection, rescue and aid and the environment.

⁹ www.pisrs.si/Pis.web/npbDocPdf?idPredpisa=ZAKO7379&idPredpisaChng=ZAKO4281&type=doc&lang=EN

2.3 Management of Proceeds

The Republic of Slovenia, acting through the Ministry of Finance, will be responsible for the management of proceeds of all SSSBs issues. It will also be responsible, having received input from relevant Government institutions and State agencies, for the preparation and co-ordination of the reports, which will be made available to investors as referred to in Section 2.4 (*Reporting to Investors*) below.

Slovenia intends to allocate the proceeds of any SSSBs within 2 years of issuance, on best effort basis. Pending its allocation to Eligible Green and/or Social Projects, Slovenia will temporarily hold an amount equal to the unallocated proceeds of SSSBs in its State Budget Account. The funds of State Budget Account are held in the Single Treasury Account maintained at the Central Bank of Slovenia and are managed according to prudential liquidity policies appropriate to a sovereign such as Slovenia.

The Ministry of Finance, both Treasury Directorate and Budget Directorate will oversee the full allocation and the tracking of expenditures of Eligible Green and Social Projects up to an amount equal to the net proceeds of the SSSBs. The traceability of expenditure on Eligible Green and/or Social Projects is based on the public accounting rules. The system MFERAC (according to accounting requirements) provides the Ministry of Finance to track each project according to the institutional (budget users), functional (policy and program) and economic (accounts) classification. For each project, the following items are evident from the application: budgeted amounts for the project in the current yearly government budget, preloads (signed contracts), unpaid and paid amounts and more detailed elements of the project from which the payment obligations arise.

Payment of principal and interest on SSSBs will be made from the State Budget Account and will not be conditional on the selection or performance of the Eligible Green and Social Projects. Accordingly, investors in SSSBs will not bear any project related risks in respect of Eligible Green and/or Social Projects. SSSBs will rank *pari passu* with each other and with other Slovenian Government Bonds.

2.4 Reporting to Investors

The Republic of Slovenia intends to make the following reports available to SSSBs investors:

1. An Annual **Allocation Report** will be made available to investors annually until full allocation of an amount equal to the net proceeds of the relevant SSSB, and may include the following details:
 - Total amount allocated to eligible projects
 - Total amount allocated per Eligible Green and/or Social Category
 - The remaining unallocated total amount
 - The amount of financing vs refinancing

2. In addition, an **Impact Report** will be made available to investors on the environmental and/or social impacts of the allocated proceeds on at least biennial basis until the full allocation of the bond's proceeds, subject to the availability of relevant data.

Examples of potential key environmental impact indicators include:

| Green Project Categories | Example of possible/indicative impact indicator |
|---------------------------------------|--|
| Green Buildings and Energy Efficiency | › Estimated ex-ante annual energy savings (in MWh) › Annual GHG emissions in tons of CO ₂ equivalent saved Possible additions/modifications › Number of households with improved class of energy use › Reduction of annual primary energy consumption in public buildings › Surface of energy refurbished buildings owned/used by the central government |
| Energy Transition | › Renewable Energy Capacity (in MW) › Estimated ex-ante annual energy savings (in MWh) › Estimated annual GHG emissions reduced/avoided (in tons of CO ₂ equivalent) Possible additions/modifications › share of gross final energy use from renewables in heat supply › share of gross final energy use from renewables in electricity supply › additionally installed power for heat/cooling production › share or users connected to the advanced metering systems › no of car/bicycle sharing schemes |
| Low Carbon | › Number of low carbon vehicles deployed by type of transport (e.g. number |

| | |
|---------------------------------------|--|
| Transport | <p>of trains/trams)</p> <ul style="list-style-type: none"> › Length of the railway infrastructure built or renovated › Number and type of sustainable mobility measures › Other relevant indicators depending on the considered projects <p>Possible additions/modifications</p> <ul style="list-style-type: none"> › passenger km in public transport › Renewable energy sources share in fuels › sustainable freight transport › CO₂ emissions from personal transport per capita › number of newly built P+R › number of new charging stations for vehicles (public and private – separate) › number of urban/regional/local sustainable mobility projects |
| Sustainable environmental management | <ul style="list-style-type: none"> › Surface of protected or restored areas (areas facing natural constraints, under organic farming and under agri-environmental schemes) › Surface area of habitats supported in order to attain a better conservation status › Surface of green/open/public space within urban areas (preserved areas/ reservoirs/waterways/parks) › Surface of contaminated area cleaned/restored <p>Possible additions/modifications</p> <ul style="list-style-type: none"> › additional number of organic farms supported › additional number of forest certificates supported › additional habitat surfaces supported |
| Water and wastewater management | <ul style="list-style-type: none"> › Volume of water collected and disposed or treated › Number of waterbodies with improved status due to implemented rehabilitations of watercourses through re-naturalisation actions › Surface of flood-resilient floor space › Number of users served › Other relevant indicators depending on the considered projects <p>Possible additions/modifications</p> <ul style="list-style-type: none"> › surface of water bodies with improved status |
| Eco-efficient and/or circular economy | <ul style="list-style-type: none"> › Quantity of sustainable raw materials › Number of projects that implemented measures in energy/resources productivity › Reduced energy/water/resource use in the supported projects › Reduced quantity of waste generation › Other relevant indicators depending on the considered projects |
| R&I | <ul style="list-style-type: none"> › Number of R&I supported projects in areas related to green transition |

Where key environmental impact indicators are not available, Slovenia may, in an Eligible Green Project Impact Report, provide qualitative reporting such as project descriptions or case studies.

Examples of potential social impact indicators include:

| Social Project Categories | Example of possible/indicative impact indicators |
|---|---|
| Access to essential services – Education | <ul style="list-style-type: none"> › Number of education infrastructures benefiting from the eligible projects, › Capacity/additional capacity (in number of students, square meters) › The proportion of pupils with subsidized meals › The number of children with a subsidy for kindergarten |
| Access to Essential Services – Healthcare | <ul style="list-style-type: none"> › Number of hospital and other health facilities built/upgraded and/or benefiting from the eligible projects › Capacity/additional capacity (in number of beds and/or patients) › Number of patients benefiting from “shortening waiting times” programme › Number of surveillances, interns/specialists, public tenders and programmes |
| Access to Essential Services – Social Inclusion | <ul style="list-style-type: none"> › Number of social inclusion infrastructures benefiting from the eligible projects, › Capacity/additional capacity (in number of beneficiaries) › Number of people participating in program (different social inclusion programs) › Number of activities for vulnerable target groups |
| Affordable Housing | <ul style="list-style-type: none"> › Number of homes (broken down according to whether built or improved) When available, additional information may be provided regarding the energy performance of eligible buildings |
| Employment generation and socioeconomic advancement and empowerment | <ul style="list-style-type: none"> › Number of people benefiting from the eligible employment generation and retention initiatives › Number of social and solidarity economy beneficiaries › Number of SMEs impacted by the consequences of extreme events benefiting from the eligible expenditures › Number of training programs completed and number of training centers developed |

Where social environmental impact indicators are not available, Slovenia may, in an Eligible Social Project Impact Report, provide qualitative reporting such as project descriptions or case studies.

Annual Allocation Reports and Eligible Project Impact Reports will be made available to investors through the Ministry of Finance’s website.

3 External Review

3.1 Second Party Opinion

Prior to first issuance of SSSBs, Slovenia shall arrange an external review in the form of a Second Party Opinion (“SPO”). The SPO provides investors with an independent assessment of environmental and social benefits of the Green and/or Social Bond Project Categories and the

alignment of this Framework with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

This SPO will be made public on the Ministry of Finance's website.

3.2 External Verification

The Republic of Slovenia aims to adhere to the highest standards in terms of external reviews of the Green, Social and/or Sustainability Bond. Consequently, an external reviewer will provide an annual compliance review, until all the proceeds of the SSSBs have been allocated, confirming that an amount equal to the net proceeds of the SSSBs has been allocated in compliance with all material respects of the Eligible Green and/or Social Projects criteria set forth in this Framework.

The resulting report/review will be made public on the Ministry of Finance's website.

4 Amendments to this Framework

The SB Working Group will review this Framework from time to time and such review may result in this Framework being updated and amended. Any updates and amendments to this Framework which are not considered to be minor or technical in nature will be subject to the prior approval of the Minister for Finance. Any such updated and amended Framework will be published on the Ministry of Finance's website and will replace this Framework. Accordingly, any SSSBs then outstanding will be subject to any such updated and amended Framework as may be published from time to time.

APPENDIX – ELIGIBILITY CRITERIA

1. Eligible Green Categories

The eligibility criteria of green categories shall comply, when applicable, with the EU Taxonomy regulation (the “EU Taxonomy”) published in April 2021 or any updated version, on a best effort basis.

| Green Buildings and Energy Efficiency | | |
|--|----------------------------|------------------------|
| Eligibility Criteria | EU Environmental Objective | Environmental benefits |
| <p>The (re)financing of expenditures related to:</p> <p>› Construction of new buildings and acquisition of buildings:</p> <ul style="list-style-type: none"> • For buildings built after 31 December 2020, the building has a Primary Energy Demand (“PED”) - defining the energy performance of the building resulting from the construction, expressed as kWh/m² - at least 10 % lower than the threshold set for the nearly zero-energy building (“NZEB”) requirements in national measures. • For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. <p>› Renovation of existing buildings including: The renovation is compliant with the requirements set in the applicable building regulations for ‘major renovation’. Alternatively, it would lead to a reduction of primary energy demand (PED) of at least 30%.</p> | Climate change mitigation | Energy savings |

| Energy Transition | | |
|---|-----------------------------------|-------------------------------|
| Eligibility Criteria | EU Environmental Objective | Environmental benefits |
| <p>The (re)financing of expenditures related to:</p> <p>› The construction and operation of electricity generation facilities that produce electricity from solar, and waste wood biomass power, when life cycle impacts for producing 1 kWh of electricity are below the declining threshold:</p> <ul style="list-style-type: none"> • Facilities are operating at life cycle emissions lower than 100gCO₂ e/kWh, declining to net-0gCO₂ e/kWh by 2050, • Life cycle emissions will be reduced every 5 years in line with a net-zero CO₂ e in 2050 trajectory. | Climate change mitigation | GHG emissions reduction |

| Low Carbon Transport | | |
|---|-----------------------------------|-------------------------------|
| Eligibility Criteria | EU Environmental Objective | Environmental benefits |
| <p>The (re)financing of expenditures related to low carbon transportation including:</p> <p>› Public transport - Zero direct emissions rail transport activities, including: Trains and passenger coaches which have zero direct (tailpipe) CO₂ emissions;</p> <p>› Trains and passenger coaches which have zero direct (tailpipe) up to max 30 gCO₂e/km per passenger emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode).</p> <p>› Infrastructure for low carbon transport: Construction, modernisation, maintenance and operation of infrastructure that is required for zero tailpipe CO₂ operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport, as defined in the relevant activity in the EU Taxonomy, April 2021.</p> <ul style="list-style-type: none"> • Infrastructure dedicated to the operation of vehicles with zero tailpipe CO₂ emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); Infrastructure and installations dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods • Infrastructure and equipment (including fleets) for active mobility (walking, cycling, e-bikes and e-scooters). <p>› Infrastructure and installations are dedicated to urban and suburban public passenger transport, including</p> | Climate change mitigation | GHG emissions reduction |

| | | |
|---|--|--|
| associated signalling systems rail systems. No such infrastructure should be dedicated to the transport or storage of fossil fuels. | | |
|---|--|--|

| Sustainable environmental management | | |
|---|--|--|
| Eligibility Criteria | EU Environmental Objective | Environmental benefits |
| <p>The (re)financing of expenditures related to:</p> <p>› Environmentally sustainable management of living natural resources and land use:</p> <ul style="list-style-type: none"> • Organic farming in accordance with the EU Organic Farming Label • Sustainable agriculture practices, including 5 year crop rotation, fertilisation with organic - non synthetic fertilisers, sowing plants for green manure, avoidance of pesticides, conservation (minimum) tillage, mulching with non-synthetic/biodegradable mulching material, mechanical weeding in orchards and vineyards and any other activities which may be eligible in the forthcoming EU Taxonomy definition of Sustainable Agriculture • Protection and restoration of healthy ecosystems and their services, including protection and restoration of terrestrial and inland freshwater ecosystems, biodiversity, habitats and soil and their services | <p>Climate change mitigation</p> <p>Pollution prevention and control</p> <p>Protection of healthy ecosystems</p> | <p>GHG emissions reduction</p> <p>Reduction of air or soil pollution</p> <p>Reduction in biodiversity loss</p> |

| Water and Wastewater Management | | |
|---|---|---|
| Eligibility Criteria | EU Environmental Objective | Environmental benefits |
| <p>The (re)financing of expenditures aiming to:</p> <p>› Implementation of programming documents for the achievement of goals of the Water Framework Directive (Directive 2000/60/EC). In the field of water regulation, it is responsible for the preparation of a detailed plan for the reduction of flood hazards in compliance with the Flood Directive (Directive 2007/60/EC) and the preparation and implementation of the programme of planning, preparation and construction of water infrastructure.</p> <p>› Support the development of energy efficient water and wastewater management:</p> <p>› Water collection, treatment and supply meeting one of the following criteria:</p> <ul style="list-style-type: none"> • Net average energy consumption for abstraction and treatment equals to or is lower than 0.5 kWh per cubic meter produced water supply. Net energy consumption may take into account measures decreasing energy consumption, such as source control (pollutant | <p>Climate change mitigation</p> <p>Sustainable use and protection of water resources</p> | <p>Well preserved natural environment</p> <p>GHG emissions reduction</p> <p>Improve water quality and water recycling</p> |

| | | |
|--|--|--|
| <p>load inputs), and, as appropriate, energy generation (such as hydraulic, solar and wind energy)</p> <ul style="list-style-type: none"> • The energy efficiency of the front-to-end water supply system is increased substantially by (1) decreasing the average energy consumption of the system by at least 20%, compared to own baseline performance averaged for three years, (including abstraction, treatment and distribution) or (2) by closing the gap between the actual leakage of the water supply network averaged for three years and a given threshold value of low leakage by at least 20%. • Construction or extension of centralized wastewater treatment (including collection and treatment plants) provided that the new wastewater treatment substitutes more GHG emission intensive wastewater treatment systems. <p>› Support the development of water and wastewater treatments systems allowing to significantly improve water quality by meeting the criteria in line with the requirements of the Directive on urban wastewater treatment. In addition, the wastewater treatment uses the best available techniques.</p> | | |
|--|--|--|

| Eco-efficient and/or circular economy | | |
|---|--|---|
| Eligibility Criteria | EU Environmental Objective | Environmental benefits |
| <p>The (re)financing of expenditures aiming to: Development and introduction of environmentally sustainable products</p> <p>› Support businesses in and improving resources efficiency by at least 20%¹⁰ of their production processes (change in processes for lower consumption of water, materials; waste reduction; pollution prevention; industrial symbiosis; logistics optimization; etc.)</p> <p>› Support the development and introduction of environmentally sustainable products, services and business models (extending the life cycle of products with eco design; reduced material used, reduced toxic potential, use of recycled materials; improvement of packaging; increased disassembly for repair; increased efficiency in the products use phase; business model change; etc.)</p> | <p>Climate change mitigation</p> <p>The transition to a circular economy</p> <p>Pollution prevention and control</p> | <p>GHG emissions reduction</p> <p>Reduction of waste and resource use</p> |

¹⁰ Or any percent defined in the EU Taxonomy.

| R&I | | |
|---|---|---|
| Eligibility Criteria | EU Environmental Objective | Environmental benefits |
| <p>› Support research, development and innovation focusing to the transition to a climate neutral and circular society including but not limited to providing for demonstration and pilot projects. The eligible areas will be related to climate change mitigation (energy efficiency, renewable energy, decentralised energy production) improving resource and energy efficiency of the business, multidisciplinary research and innovation (including in the humanities and social sciences).</p> | <p>Climate change mitigation</p> <p>Climate change adaptation</p> | <p>GHG emissions reduction</p> <p>Resilience towards physical climate risks</p> |

2. Eligible Social Categories

| Access to Essential Services - Education | | | |
|---|--------------------------|--|---|
| Eligibility Criteria | Target Population | Objective | Social benefits |
| <p>The (re)financing of expenditures that provide access to essential educational infrastructure and services for all by:</p> <p>› Extending the public educational capacities: Eligible expenditures include</p> <ul style="list-style-type: none"> • The construction or extension of early childhood, primary and secondary education school. • Improving the quality of the existing educational infrastructure and equipment: Eligible expenditures include the refurbishment of Primary and Secondary Education school. <p>› Strengthening the accessibility to education for all children:</p> <ul style="list-style-type: none"> • Eligible expenditures include the costs of the preschool education programs. • Ensuring better educational conditions for socially disadvantaged pupils (free or partially subsidized meals). | All population | <p>Increase and improve education and science infrastructure for all</p> | <p>Reduce social education inequalities</p> <p>Foster equal access to essential education services</p> <p>Promotion of science and innovation in the society, especially among young people</p> |

| Access to Essential Services - Healthcare | | | |
|--|-------------------|---|---|
| Eligibility Criteria | Target Population | Objective | Social benefits |
| <p>The (re)financing of expenditures that provide access to essential healthcare infrastructure and services for all by:</p> <ul style="list-style-type: none"> › Extending the healthcare capacities: Eligible expenditures include the construction or extension of public health facilities, centers and equipment. › Improving the quality of the existing healthcare facilities: Eligible expenditures include the refurbishment of public health facilities and centers. › Improving the quality of healthcare services: Eligible expenditures include the increase of post graduate degree healthcare workers. › Improving the quality of disease prevention services: Eligible expenditures include funding relevant prevention programs. › Providing Covid 19 preventive and curative services. | All population | Increase and improve healthcare infrastructure, quality and scope of healthcare and disease prevention services | <p>Reduce social health inequalities</p> <p>Foster equal access to essential health services</p> <p>Improve public health</p> |

| Access to Essential Services – Social Inclusion | | | |
|---|---|--|--|
| Eligibility Criteria | Target Population | Objective | Social benefits |
| <p>The (re)financing of expenditures that provide access to essential services for population groups at risk of social exclusion by:</p> <ul style="list-style-type: none"> › Providing access to essential infrastructure and services to vulnerable population¹¹: Eligible expenditures include the construction, extension, refurbishment of public elder care facilities; facilities for people with disabilities; activity costs for target groups, project staff costs and other program costs › Providing financial assistance to vulnerable population. | <p>Vulnerable population groups including but not limited to:</p> <ul style="list-style-type: none"> • low-income population • young people • elderly people • people with disabilities • ethnic groups | Provide safe and affordable access to essential services for vulnerable population | <p>Reduce social exclusion and inequalities</p> <p>Strengthen social cohesion and solidarity</p> |

| Affordable Housing | | | |
|---|--|---|---|
| Eligibility Criteria | Target Population | Objective | Social benefits |
| <p>The (re)financing of expenditures that provide access to affordable housing to vulnerable population by:</p> <ul style="list-style-type: none"> › Extending the social and affordable housing supply: Eligible expenditures include the construction or extension of social housing units. | • Low income population (eligibility subject to specific maximum | Provide safe and affordable housing for vulnerable population | Reduce housing exclusion and inequalities |

¹¹ Defined in the Labor Market Regulation Act (ZUTD) in accordance with [Commission Regulation \(EC\) No 651/2014 of 17 June 2014](#).

| | | | |
|--|--|--|--|
| <p>› Improving the quality of the existing social and affordable housing facilities: Eligible expenditures include the refurbishment, maintenance and modernization of social housing units.</p> <p>› Providing financial assistance to facilitate access to housing and ownership: Eligible expenditures include financial-aid programs to support tenants and non-repayable financial incentives to recipients of social assistance to maintain and modernise housing units.</p> | <p>monthly income thresholds per household)</p> <ul style="list-style-type: none"> • people living without adequate housing • household in position of insecurity and exclusion | | |
|--|--|--|--|

| Employment Generation and Socio-economic Advancement and Empowerment | | | |
|--|---|--|---|
| Eligibility Criteria | Target Population | Objective | Social benefits |
| <p>The (re)financing of expenditures that support employment generation and socio-economic advancement and empowerment, including but not limited to:</p> <p>› Employment generation and retention initiatives: Eligible expenditures include aid measures to support the employment of elderly (> 50 years old)/ young (< 29 years old)/lower educated¹²/long-term unemployed (> 1 year) and inactive people; professional transition trainings schemes.</p> <p>› Support to Social and Solidarity Economy: Eligible expenditures include measures supporting the development of Social and Solidarity Economy such as social initiatives in favor of employment within the social and solidarity, training programs for Social and Solidarity Economy entrepreneurs, creation of dedicated spaces and structures to promote social entrepreneurship¹³ and social innovation.</p> <p>› Support to SMEs in the event of extreme events (e.g. natural disaster, extreme weather events, public health disaster...): Eligible expenditures include programs supporting SMEs that are impacted by the consequences of extreme events.</p> | <ul style="list-style-type: none"> • SME¹⁴s • NEETs • Inactive people • women entrepreneurs • Unemployed people | <p>Support employment generation</p> <p>Reduction of NEETs</p> <p>Support entrepreneurship</p> | <p>Foster sustainable economic growth</p> |

¹² Education level below ISCED 3 as per the International Standard Classification of Education, 2011

¹³ A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. https://ec.europa.eu/growth/sectors/social-economy/enterprises_en

¹⁴ Small and medium-sized enterprises as defined in the [EU recommendation 2003/361](#).

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¹⁵ The term "Sustainability Bonds" in the disclaimer refers to green, social and/or sustainability bonds.

¹⁶ The term "Sustainability Projects" in the disclaimer refers to green and/or social projects.

do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

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