

Second-Party Opinion

Slovenian Sovereign Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Slovenian Sovereign Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Low Carbon Transport; Energy Efficiency; Sustainable Environmental Management; Climate Change Adaptation; Access to Essential Services – Education, Healthcare, Social Inclusion; and Employment Generation and Socioeconomic Advancement and Empowerment – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories are expected to deliver positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 7, 8, 10, 11, 13 and 15.



PROJECT EVALUATION AND SELECTION. The Republic of Slovenia has established a Sustainability Bond Working Group which is responsible for evaluating and selecting eligible projects in line with the eligibility criteria. The Republic of Slovenia has in place processes for identifying and evaluating environmental and social risks associated with eligible projects. Sustainalytics considers these risk management systems and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS The Republic of Slovenia's Ministry of Finance will be responsible for the allocation and management of proceeds using an internal tracking system. The Republic of Slovenia intends to allocate net proceeds to eligible projects within two years of issuance, on a best-efforts basis. Pending allocation, proceeds will be temporarily held in cash, cash equivalents or other short-term market instruments according to prudential liquidity policies that are appropriate to a sovereign. Sustainalytics considers this to be in line with market practice.



REPORTING The Republic of Slovenia intends to report on the allocation of proceeds and corresponding impact in separate allocation and impact reports which will be published on the Ministry of Finance's website on an annual basis until full allocation. Allocation reporting may include details such as the total amount allocated per category, the balance of unallocated proceeds and the amount of financing versus refinancing. Sustainalytics views the Republic of Slovenia's allocation and impact commitments as aligned with market practice.

Alignment with Technical Screening Criteria of EU Taxonomy

Sustainalytics has assessed the Slovenian Sovereign Sustainability Bond Framework for alignment with the Technical Screening Criteria (TSC) of the EU Taxonomy. The Framework's four green use of proceeds categories, which map to 12 economic activities in the EU taxonomy, are aligned with the applicable TSC of the EU Taxonomy. The Framework's activities were not assessed for their alignment with the EU Taxonomy's Do No Significant Harm (DNSH) criteria and Minimum Safeguards standards in this Second-Party Opinion.

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Issuer Location	Ljubljana, Slovenia

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Introduction

The Republic of Slovenia (“Slovenia” or the “Issuer”) is a country in Central Europe with a population of 2.1 million people and GDP of EUR 52.2 billion as of 2021.^{1,2} Slovenia’s capital and largest city is Ljubljana, which has a population of 294,000 people.³ The country gained independence from Yugoslavia in 1991 and joined the UN in 1992.⁴ In 2004, Slovenia became a member of the European Union.⁵

The Government of Slovenia has developed the Slovenian Sovereign Sustainability Bond Framework (the “Framework”) under which it intends to issue green, social and sustainability bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to support the country’s transition to a low-carbon economy and promote socioeconomic development. The Framework defines eligibility criteria in four green categories and four social categories:

Green categories:

1. Low Carbon Transport
2. Energy Efficiency
3. Sustainable Environmental Management
4. Climate Change Adaptation

Social categories:

5. Access to Essential Services - Education
6. Access to Essential Services - Healthcare
7. Access to Essential Services - Social Inclusion
8. Employment Generation and Socioeconomic Advancement and Empowerment

Slovenia engaged Sustainalytics to review the Slovenian Sovereign Sustainability Bond Framework, dated January 2023, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).⁶ The Framework has been published in a separate document.⁷

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁸ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the Technical Screening Criteria of the EU Taxonomy 2021 Delegated Act;⁹ and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

¹ World Bank data, “Population total -Slovenia”, (2021), at: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=SI>

² Republic of Slovenia, “Gross Domestic Product, Other Aggregates of National Accounts and Employment”, (2021), at: <https://www.stat.si/statweb/en/News/Index/10525>

³ Statistical Office of the Republic of Slovenia, “Municipality Ljubljana”, (2020), at: <https://www.stat.si/obcine/en/Municip/Index/82>

⁴ Republic of Slovenia, “Slovenia in the UN”, at:

<https://www.gov.si/en/topics/slovenia-in-the-un/#:~:text=Slovenia%20joined%20the%20UN,on%2022%20May%201992.>

⁵ Republic of Slovenia, “Short history of Slovenia”, (2021), at: <https://www.gov.si/en/news/2021-04-14-a-short-history-of-slovenia/>

⁶ The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/guidance-handbook-and-q-and-a/>

⁷ The Slovenian Sovereign Sustainability Bond Framework is available on the Republic of Slovenia’s website at: <https://www.gov.si/en/topics/investor-relations/>.

⁸ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

⁹ Commission Delegated Regulation (EU) 2021/2139, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=EN>

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of the Republic of Slovenia to understand the sustainability impact of its processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. The Republic of Slovenia's representatives have confirmed that: (1) they understand it is the sole responsibility of the Republic of Slovenia to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information, and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Republic of Slovenia.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Republic of Slovenia is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Republic of Slovenia has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Slovenian Sovereign Sustainability Bond Framework

Sustainalytics is of the opinion that the Slovenian Sovereign Sustainability Bond Framework is credible and impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of Slovenia's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Low Carbon Transport; Energy Efficiency; Sustainable Environmental Management; Climate Change Adaptation; Access to Essential Services – Education, Healthcare, Social Inclusion; and Employment Generation and Socioeconomic Advancement and Empowerment – are aligned with those recognized by the GBP and SBP. Sustainalytics considers that the eligible projects are expected to support the transition to a low-carbon economy and deliver positive social impacts in Slovenia.
 - The Issuer has defined a look-back period of one year for its refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Low Carbon Transport category, Slovenia may finance or refinance the development, operation, maintenance and promotion of the use of low-carbon transportation according to the following criteria:
 - Zero direct tailpipe CO₂ emission passenger interurban rail transport, freight rail transport and infrastructure for rail transport. Sustainalytics notes this may include rail infrastructure subject to an electrification plan that will be fit for use by electric trains within 10 years. Slovenia has confirmed that it will limit financing to freight rail and associated infrastructure where transportation of fossil fuels accounts for less than 50% of all freight transport (measured in tkm).

- Urban and suburban public road passenger transport that have zero direct tailpipe CO₂ emissions and related infrastructure, including bus stops, bus stations and charging infrastructure for electric vehicles.
 - Personal mobility devices such as bicycles and electric bikes, cycling logistics and related infrastructure, including dedicated cycling and pedestrian infrastructure and secured bicycle parking facilities.
 - Sustainalytics notes that infrastructure dedicated to the transport or storage of fossil fuels is excluded under the Framework.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Energy Efficiency category, Slovenia may finance or refinance the development, operation, facilitation and promotion of projects or programmes according to the following criteria:
- Construction of new buildings where the primary energy demand (PED) is at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB) requirements in Slovenia's implementation of the EU Energy Performance of Buildings Directive (EPBD).¹⁰ The Framework requires energy performance to be certified using an energy performance certificate (EPC). Sustainalytics considers this expenditure to be aligned with market practice.
 - Acquisition of existing buildings: i) built after 31 December 2020, whose PED is at least 10% lower than the threshold set for NZEB requirements; or ii) built before 31 December 2020 that either have an EPC rating of A or belong in the top 15% of the national or regional building stock based on PED. Sustainalytics considers such financing to be aligned with market practice.
 - Renovation of existing buildings: i) that leads to at least a 30% reduction in PED; or ii) through which the energy performance of the building or the renovated part meets the cost-optimal minimum energy performance requirements in accordance with the EPBD. Sustainalytics notes that the EU Taxonomy¹¹ requires meeting the relevant cost-optimal minimum energy performance requirements in accordance with the EPBD, which varies among EU Member States. Sustainalytics, therefore, encourages Slovenia to report on the actual improvement on primary energy demand performance or energy savings achieved in comparison with the existing building stock in the country. Sustainalytics considers financing of these renovation expenditures to be aligned with market practice.
 - Individual renovation measures, such as: i) the installation, maintenance or repair of energy efficiency equipment including the addition of insulation to existing building envelope components; and ii) the installation, replacement, repair or maintenance of existing windows, external doors, lights, HVAC and water heating systems. The Issuer communicated to Sustainalytics that water heating systems financed under the Framework will be powered by solar energy. Sustainalytics considers this to be aligned with market practice.
 - Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings. These may include: i) zoned or smart thermostats; ii) building automation and control or energy management systems; iii) lighting control systems; iv) energy management systems; and v) smart meters for gas, heating and cooling, and electricity. These investments are aligned with market practice. Sustainalytics further notes that financing of smart meters for gas is aligned with the Technical Screening Criteria of the EU Taxonomy for the activity "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings". Sustainalytics considers smart gas meters to be suitable for transition finance as such financing may prolong fossil fuel consumption.

¹⁰ European Commission, "Energy Performance of Buildings Directive", at:

https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

¹¹ EU Taxonomy, at : https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

- Under the Sustainable Environmental Management category, Slovenia may finance or refinance the development, promotion and facilitation of projects or programmes in accordance with the following criteria:
 - Organic farming activities certified by the EU Organic Farming Label.¹²
 - Sustainable agricultural practices and agri-environment-climate measures which aim to promote the reconstruction, conservation and improvement of terrestrial and inland freshwater ecosystems, including biodiversity, habitats, soil and related ecosystem services. Eligible measures and practices may include five-year crop rotation, fertilization with organic, non-synthetic fertilizers or avoidance of fertilizers, sowing plants for green manure, avoidance of pesticides, mulching with non-synthetic or biodegradable mulching material, mechanical weeding in orchards and vineyards, and maintenance of hedges. Slovenia has confirmed that activities associated with intensive livestock management and industrial meat production will be excluded under the Framework.
 - Sustainalytics notes that the Issuer intends to finance compensatory payments to small individual farmers who voluntarily adopt the aforementioned sustainable agricultural practices and agri-environment-climate measures based on the EU regulation.¹³ Sustainalytics further notes that such practices may lead to positive environmental benefits such as enhancement in air quality, prevention of soil erosion and overall improvement in biodiversity around the farms. Therefore, Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Climate Change Adaptation category, Slovenia may finance or refinance the development, promotion and facilitation of projects or programmes according to the following criteria:
 - Planning and construction of anti-flood measures, including: i) urban drainage systems – Slovenia has confirmed that drainage systems dedicated to fossil fuel operations will be excluded; ii) river training; and iii) maintenance of watercourses, water facilities and water and coastal land such as the removal of water debris, strengthening or rehabilitation of exposed banks and maintenance of vegetation on slopes.
 - Flood forecasting measures which may include the development of models to forecast flow rates and water levels, and the purchase and maintenance of data collection and processing equipment.
 - Climate change adaptation in farming practices, such as: i) the adoption of more resilient crop varieties – Slovenia has confirmed that genetically modified crops will not be financed under the Framework; ii) anti-hail nets; and iii) solar PV panels in agrivoltaics system. The Issuer has communicated that such measures may provide benefits, such as solar panels shading crops from adverse weather and reducing water demand.
 - Slovenia has confirmed that climate change adaptation projects will be supported by a vulnerability assessment followed by the implementation of adaptation plans where physical risks (such as changes in weather patterns induced by climate change) have been identified as putting at risk the resilience of the aforementioned activities.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Access to Essential Services – Education category, Slovenia may finance or refinance: i) construction and extension of early childhood, primary and secondary education schools and science centres, ii) refurbishment of primary and secondary education schools; and iii) costs associated with preschool education programmes. The Issuer may also finance the provision of free or partially subsidized meals, including snacks and lunch, for socially disadvantaged pupils.¹⁴ Sustainalytics considers that financing under this category will enhance access to

¹² European Commission, "Agriculture and rural development – Organics at a glance", at:

https://agriculture.ec.europa.eu/farming/organic-farming/organics-glance_en

¹³ Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005,

at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R1305&from=EN#d1246e2389-487-1>

¹⁴ Eligibility for meals and meal subsidies for socially disadvantaged pupils are defined by the Slovenian government according to family income and corresponding programmes as follows (as shared with Sustainalytics):

i) For primary school: snack subsidy will be provided to students whose family income per member is up to EUR 591.22; lunch subsidy will be provided to students whose family income per member is up to EUR 401.58. ii) For secondary school: if the amount of family income per member is up to EUR 468.5

- preschool, primary and secondary education in Slovenia and will further support children and students from low-income families.
- Under the Access to Essential Services – Healthcare category, the Issuer may finance or refinance the following:
 - i) The construction and extension of public health facilities, centres and equipment. Slovenia confirmed that the production of medical equipment will be limited to those related to the COVID 19 pandemic; ii) refurbishment of public health facilities and centres; and iii) investment in disease prevention programmes, including COVID 19 related preventive and treatment services.
 - Projects aimed at increasing the number of post-graduate degree healthcare workers in public healthcare systems. Eligible expenditures may include the payment of salaries and wages to these workers, the cost of mentoring and coordinating healthcare specializations, the cost of compulsory training courses in accordance with the specialization programme and the cost of the first specialization examination.
 - Projects that aim to improve health literacy in Slovenia, including a survey to assess the health literacy of the population, the development of health literacy test tools based on the results of the survey and the development of a national strategy to monitor and improve health literacy. Sustainalytics encourages the Issuer to report on the impact achieved through the health literacy project as part of its annual reporting commitments.
 - Sustainalytics considers that Slovenia's investments under this category will help enhance access to healthcare education, services and facilities in the country.
 - Under the Access to Essential Services – Social Inclusion category, Slovenia may finance or refinance the following:
 - Projects aimed at improving access to essential services and infrastructure for vulnerable populations,¹⁵ including the construction, extension and refurbishment of public elder care facilities and facilities for people with disabilities. Expenditures may also include relevant project staff costs and programme costs.
 - Restoration of local and national buildings, buildings of cultural heritage and water infrastructure damaged by natural disasters.
 - Sustainalytics considers that investments under this category will enhance access to essential services and promote the inclusion of disadvantaged populations.
 - Under the Employment Generation and Socioeconomic Advancement and Empowerment category, Slovenia may finance or refinance employment generation and retention projects and measures to support the employment of elderly (>50 years old), youth (<29 years old), low educated,¹⁶ long-term unemployed (> 1 year) and inactive people (currently not part of the labour force). Slovenia specifically targets people who are not in employment, education or training (NEETs),¹⁷ women entrepreneurs and unemployed people.¹⁸ Examples of such projects include:
 - Theoretical and practical training programmes with specific employer, which is designed to increase employment opportunities and access to the labour market for the most vulnerable unemployed people (long-term unemployed, people over 50 years old and the low-educated people).
 - Programmes that provide information, motivation, career consultation, training and education to employed people whose employment is at risk.

the student is entitled to a lunch subsidy that covers 100% of the lunch price; if the amount of family income per member is from EUR 468.51 to EUR 591.22 the student is entitled to a lunch subsidy that covers 70% of the lunch price; if the amount of family income per member is from EUR 591.23 to EUR 713.91 the student is entitled to a lunch subsidy that covers 40% of the lunch price.

¹⁵ Vulnerable populations includes: low-income groups; youth (<29 years); elderly (>50 years); people with disabilities; marginalized ethnic groups (Italian, Hungarian and Roma); population at a higher risk of social exclusion, including: i) low-income groups dependent on social benefits (e.g. unemployed, single-parent families, elderly single people, older single women, homeless); ii) people with severe disabilities or unemployed; iii) Roma people facing unemployment, low level of education or in poor housing conditions; iv) migrants, refugees and asylum seekers (language ignorance barriers, employment, housing conditions); v) other vulnerable groups, such as victims of violence, addicts, children and adolescents facing hardship, people with mental health problems.

¹⁶ Education level below ISCED 3 as per the International Standard Classification of Education 2011, at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_Standard_Classification_of_Education_\(ISCED\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_Standard_Classification_of_Education_(ISCED))

¹⁷ Eurofound, NEETS, at: <https://www.eurofound.europa.eu/topic/neets>

¹⁸ As per the Government of Slovenia's definition, an unemployed person is a job seeker who is capable of working, registered with the employment service, actively seeking employment and prepared to accept any appropriate or suitable employment offered by the employment service or other provider of job brokerage services. The person should also comply with the following requirement: i) is not in an employment relationship; 2) is not self-employed; 3) is not a partner in and concurrently a manager of a partnership and a capital company and is not a founder and concurrently a manager of an institute; 4) is not a farmer; 5) is not a pensioner; 6) does not have the status of a secondary school student, apprentice, higher education student, or a person under 26 years of age taking part in adult education.

- Programmes aimed at raising the quality and accessibility of services of the Employment Service of Slovenia.¹⁹
 - Non-formal training and educational programmes to promote the participation of unemployed youth (up to 30 years old).
 - Programmes that help young adults (15 to 20 years old) who dropped out of school system and are unemployed (NEETs) to enter the labour market.
 - The Issuer may also finance professional transition trainings schemes.
 - Sustainalytics considers that investments under this category will improve the employability of the target population and therefore promote economic growth.
- Project Evaluation and Selection:
 - The Republic of Slovenia has established a Sustainability Bond Working Group which is responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The Sustainability Bond Working Group is comprised of representatives from Slovenia's Ministry of Finance, Ministry of Environment and Spatial Planning, Ministry of Infrastructure, Ministry of Agriculture, Forestry and Food, Ministry of Economic Development and Technology, Ministry of Education and Sports, Ministry of Labour, Family and Social Affairs, Ministry of Health and the Government Office for Development and Cohesion Policy.
 - Each ministry mentioned above will be responsible for identifying and managing environmental and social risks associated with its respective eligible projects as well as compliance with applicable national and international environmental and social standards and regulation. Sustainalytics considers these environmental and social risk management systems to be aligned with market expectation. For additional detail, refer to Section 2.
 - Based on the cross-functional oversight for project evaluation and selection, and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Ministry of Finance will be responsible for the management of proceeds using an internal system. The Treasury Directorate and the Budget Directorate within the Ministry of Finance will oversee the allocation and the tracking of the proceeds based on Slovenia's public accounting rules.
 - The Issuer intends to fully allocate net proceeds within two years of issuance, on a best efforts basis. Pending allocation, an amount equivalent to the unallocated proceeds will be temporarily held in Slovenia's state budget account under a single treasury account maintained at the Central Bank of Slovenia and will be held in cash, cash equivalents or other short-term market instruments according to prudential liquidity policies.
 - Based on the use of a tracking system and the disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Slovenia intends to report on the allocation of proceeds and corresponding impact in separate allocation and impact reports. The allocation and impact reports will be published on the Ministry of Finance's website on an annual basis until full allocation has been achieved.
 - Allocation reporting may include details such as the total amount allocated to eligible projects, the total amount allocated per category, the balance of unallocated proceeds and the amount of financing versus refinancing.
 - Impact reporting may include, subject to availability, relevant impact metrics, such as annual GHG emissions saved (measured in tCO₂e), renewable energy capacity (measured in MW) and the number of people participating in social inclusion programmes. For an exhaustive list of impact metrics, refer to Appendix 3.
 - Based on the intention to report on both allocation and impact of projects financed, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Slovenian Sovereign Sustainability Bond Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 3: Sustainability Bond/Sustainability Bond Programme External Review Form.

¹⁹ Employment Service of Slovenia, at: <https://www.ess.gov.si/iskalci-zaposlitve/#/>

Alignment with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act

Sustainalytics has assessed each of the Framework’s eligible green use of proceeds criteria against the relevant TSC in the EU Taxonomy and determined their alignment with the TSC. The results of this assessment are as follows:

1. Technical Screening Criteria (TSC)
 - Two green use of proceeds categories – Low Carbon Transport and Energy Efficiency – outlined in the Framework were mapped to 12 economic activities in the EU Taxonomy and were assessed as aligned with the applicable TSC of the EU Taxonomy. Sustainalytics did not assess the Sustainable Environmental Management and the Climate Change Adaptation categories of the Framework as the EU Taxonomy does not currently provide any TSC for the intended activities.
2. Do No Significant Harm (DNSH) Criteria
 - Sustainalytics did not assess the Framework’s activities for their alignment with the DNSH of the EU Taxonomy in this report.
3. Minimum Safeguards
 - Sustainalytics did not assess the policies and management systems applicable to the Framework criteria for alignment with the EU Taxonomy’s Minimum Safeguards requirements in this report.

Table 1 provides an overview of the alignment of Slovenia’s Framework with the TSC criteria for the corresponding NACE activities in the EU Taxonomy

Table 1: Summary of Alignment of Framework Criteria with the Technical Screening Criteria of EU Taxonomy

Framework Criterion	Alignment with Technical Screening Criteria
	TSC
Passenger interurban rail transport	■
Freight rail transport	■
Infrastructure for rail transport	■
Urban and suburban transport, road passenger transport	■
Infrastructure enabling low-carbon road transport and public transport	■
Operation of personal mobility devices, cycle logistics	■
Infrastructure for personal mobility, cycle logistics	■
Construction of new buildings	■
Renovation of existing buildings	■
Acquisition and ownership of buildings	■
Installation, maintenance and repair of energy efficiency equipment	■
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	■
Sustainable Environmental Management	Not assessed at this time ²⁰

²⁰ Sustainalytics has not assessed the alignment of this category against the EU Taxonomy as there are currently no TSC criteria for this activity.

Climate Change Adaptation	Not assessed at this time ²¹
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Legend	
Aligned	■
Partially aligned	▣
Not aligned	☒
No applicable DNSH criteria for this Objective and/or Activity	–
Grey shading indicates the primary EU Environmental Objective	

* The EU Taxonomy has not yet defined TSC for EU Environmental Objectives other than Climate Mitigation and Climate Adaptation.

Section 2: Sustainability Strategy of Slovenian

Contribution to Republic of Slovenia’s sustainability strategy

Sustainalytics is of the opinion that Slovenia demonstrates a commitment to environmental and social sustainability through the Slovenian Development Strategy 2030,²² which is underpinned by five pillars: i) an inclusive, healthy, safe and responsible society; ii) learning for and through life; iii) a highly productive economy that creates added value for all; iv) a well-preserved natural environment; and v) a high level of cooperation, competence and governance efficiency. The development strategy is based on a variety of plans and programmes which target specific sectors and areas of focus. Those which are specifically relevant to the Framework include the National Energy and Climate Plan (NECP),²³ the Resolution on the National Environmental Action Programme 2020-2030 (ReNPVO20-30),²⁴ Active Ageing Strategy²⁵ and Common Agricultural Policy Strategic Plan 2023-2027 for Slovenia.²⁶

Slovenia is a signatory to the Paris Agreement and committed to becoming climate neutral by 2050 with an interim target to reduce GHG emissions by 36% compared to 2005 levels by 2030.²⁷ In this context, the country has set sectoral emission reduction targets by 2030 for transportation (+12%),²⁸ general consumption (76%), agriculture (1%), waste management (65%), industrial production (43%) and energy (34%) compared to 2005 levels.²⁹ Regarding the energy sector, Slovenia plans to discontinue the use of coal by 2033, including restructuring coal regions in accordance with just transition principles.^{30,31,32} The country also aims to increase the share of renewables to 43% in the electricity sector, 41% in heating and cooling and 21% in transport by 2030, which will collectively represent a 27% share in end-use energy in 2030 compared to 22% in 2015.³³ Additionally, Slovenia plans to improve energy efficiency by 35% compared to 2007 levels by 2030 largely through an improvement in the energy performance of the national building stock.³⁴ Slovenia aims to reduce the final consumption in buildings by 20% by 2030 compared to a 2005 baseline, which is expected to lead to a 70% reduction in GHG emissions by 2030 compared to 2005.³⁵ To achieve these targets, Slovenia aims to

²¹ Sustainalytics notes that climate change adaptation is one of the environmental objectives of the EU Taxonomy assessed at an activity level against the TSC of the EU Taxonomy. Therefore, Sustainalytics has not assessed this category with the TSC of the EU Taxonomy Delegated Act.

²² Republic of Slovenia, “Slovenian Development Strategy 2030”, (2021), at: <https://www.gov.si/assets/vladne-sluzbe/SVRK/Strategija-razvoja-Slovenije-2030/Slovenian-Development-Strategy-2030.pdf>

²³ European Commission, “NECP Slovenia”, (2021), at: https://ec.europa.eu/energy/sites/default/files/documents/si_final_necp_main_en.pdf

²⁴ Republic of Slovenia, “Resolution on the National Environmental Action Programme 2020-2030”, at: https://www.gov.si/assets/ministrstva/MOP/Dokumenti/ReNPVO2020_2030_ang.doc

²⁵ Republic of Slovenia, “Active ageing strategy”, (2018), at: <https://www.gov.si/assets/ministrstva/MDDSZ/Direktorat-za-starejse-in-deinstitucionalizacijo/strategije/Active-Ageing-Strategy-2017.pdf>

²⁶ Republic of Slovenia, “Common Agricultural Policy Strategic Plan 2023-2027 for Slovenia”, (2021), at: <https://skp.si/en/cap-2023-2027>

²⁷ Republic of Slovenia, “Resolution on Slovenia’s long-term climate strategy until 2050”, (2021): at: https://unfccc.int/sites/default/files/resource/LTS1_SLOVENIA_EN.pdf

²⁸ Republic of Slovenia, “Integrated National Energy and Climate Plan of the Republic of Slovenia” (2020), at: https://energy.ec.europa.eu/system/files/2020-06/si_final_necp_main_en_0.pdf

²⁹ Including industrial fuel combustion and industrial processes.

³⁰ Balkan Green Energy News, “Slovenia’s mayors set council to secure just transition for coal phase-out”, (2022): <https://balkangreenenergynews.com/slovenias-mayors-set-council-to-secure-just-transition-for-coal-phaseout/>

³¹ European Commission, “NECP Slovenia”, (2021), at: https://ec.europa.eu/energy/sites/default/files/documents/si_final_necp_main_en.pdf

³² European Commission, “The Just Transition Mechanism: making sure no one is left behind”, at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism_en

³³ European Commission, “NECP Slovenia”, (2021), at: https://ec.europa.eu/energy/sites/default/files/documents/si_final_necp_main_en.pdf

³⁴ Ibid.

³⁵ European Commission, “NECP Slovenia”, (2021), at: https://ec.europa.eu/energy/sites/default/files/documents/si_final_necp_main_en.pdf

gradually remove any exemptions or refunds of duties that support the use of fossil fuels and increase environmental tax on CO₂ emissions.³⁶

In addition to the above, the ReNPVO20-30, which was adopted in 2020, outlines the country's environmental vision and objectives, including a comprehensive set of measures intended to address challenges related to biodiversity, soil, air and water protection.³⁷ ReNPVO20-30 considers systemic characteristics of challenges and aims to develop a coordinated and synergistic approach to address them through activities including education, awareness raising, and specific projects. Slovenia has also adopted the EU Common Agriculture Plan 2023-2027 (CAP)³⁸ through its Strategic Plan to CAP, which outlines the country's target to revitalize rural areas, improve resilience in food production alongside improvements in the sustainable management of natural resources.³⁹

Beyond its environmental commitments, Slovenia is committed to promoting community welfare and socioeconomic development, including enhancing welfare of the ageing population and access to high-quality education and health care. The Active Ageing Strategy targets the ageing population with the aim of increasing participation in society and promoting healthy and safe living environments.⁴⁰ The Slovenian government outlines its approach to education, healthcare and social inclusion in the Slovenian Development Plan 2030.⁴¹ Regarding education, Slovenia has set a target to improve the participation in adult learning from 11.6% in 2016 to 19% by 2030 and increase the attainment to tertiary education from 30.4% to 35%. These efforts aim to increase productivity, prevent social exclusion and brain drain.⁴² Slovenia has also set a target to increase years of healthy life to 64.5 years by 2030 marking 5.7 years more for men and 6.8 years for women. In order to achieve this target, the country plans to improve access to high-quality and timely healthcare and raise citizens' awareness to healthy lifestyles.⁴³ Additionally, Slovenia aims to reduce the percentage of people at risk of social exclusion from 18.4% in 2016 to under 16% by 2030 and to reduce personal experience with discrimination from 13% to 10%. To reach these targets, the country plans to improve its social protection system, including pension and long-term care services, and reduce discrimination with a special focus on violence against women and domestic violence.⁴⁴

Sustainalytics is of the opinion that the Slovenian Sovereign Sustainability Bond Framework is aligned with Slovenia's overall sustainability strategy and initiatives and will further the country's action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could involve land use change, biodiversity loss, occupational health and safety, human and labour rights issues, risks related to bribery and corruption, and community relations.

Sustainalytics is of the opinion that the Republic of Slovenia is able to manage and mitigate potential risks through implementation of the following:

- Regarding risks related to land use change, environmental management, in 1993, the Slovenian government established an environmental policy which outlines the country's regulations on air emissions, water quality, waste management and nature conservation.⁴⁵ The policy provides an overview of the challenges that Slovenia faces within each of the aforementioned areas and outlines the legislation that has been put in place to regulate their environmental impact. The Slovenian Environmental Protection Act⁴⁶ mandates that a comprehensive assessment be carried out for any project which may have a significant impact on the environment, in addition to an implementation plan for mitigating the identified impacts, both of which must be accepted by the Ministry of

³⁶ *Ibid.*

³⁷ Republic of Slovenia, "Resolution on the National Environmental Action Programme 2020-2030", at: https://www.gov.si/assets/ministrstva/MOP/Dokumenti/ReNPVO2020_2030_ang.doc

³⁸ Republic of Slovenia, "CAP 2023-2027", at: <https://skp.si/en/cap-2023-2027>

³⁹ *Ibid.*

⁴⁰ Republic of Slovenia, "The Resolution on national housing programme (2015-2025)", at: <http://www.pisrs.si/Pis.web/pregledPredpisa?id=RES0114>

⁴¹ Republic of Slovenia, "Slovenian Development Strategy 2030", (2021), at: <https://www.gov.si/assets/vladne-sluzbe/SVRK/Strategija-razvoja-Slovenije-2030/Slovenian-Development-Strategy-2030.pdf>

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ *Ibid.*

⁴⁵ European Parliament, "Environment Policy in Slovenia", (1993), at: http://www.europarl.europa.eu/workingpapers/envi/pdf/brief6en_en.pdf

⁴⁶ Republic of Slovenia, "Environmental Protection Act", (2004), at: <http://pisrs.si/Pis.web/pregledPredpisa?id=ZAKO1545#>

Environment. This law is aligned with Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment.⁴⁷

- Regarding biodiversity loss, Slovenia adheres to the EU's Habitats Directive⁴⁸ and Birds Directive⁴⁹ which are included in the EU's Biodiversity strategy for 2030.⁵⁰ These directives mandate EU Member States to conserve the diversity of their wild flora and fauna with a special focus on threatened and endemic species. In addition, they require Member States to report on the conservation status of habitats and species, and compensation measures taken in relation to projects that have a negative impact on protected areas.
- Occupational health and safety monitoring and regulation in Slovenia are responsibilities of the Ministry of Labour, Family, Social Affairs and Equal Opportunities and the Ministry of Health.⁵¹ Enforcement of worker health and safety regulations are carried out by the Slovenian Labour Inspectorate.⁵² The country's health and safety policy is aligned with the EU occupational health and safety requirements. Health and safety representation for employees is provided via a works council, which must be established for any company with more than 20 employees and requires employers to consult with employees or their representative on health and safety issues.⁵³ Employers are also required to provide the works council with a safety statement, risk assessment and to report work-related accidents. Employers are also required to disclose findings, proposals and measures imposed by health and safety inspectors.
- Regarding human and labour rights, Slovenia has developed the National Action Plan for Business and Human Rights (NAP) in accordance with the UN Guiding Principles on Business and Human rights. The NAP outlines six priority action points: i) promotion of equal opportunities through the implementation of the Protection against Discrimination Act;⁵⁴ ii) protection of fundamental rights at work; iii) environmental protection; iv) preventing human trafficking; v) human rights due diligence; and vi) public procurement.⁵⁵
- Regarding anti-bribery and anti-corruption, Slovenia has set up an independent and autonomous Commission for the Prevention of Corruption.⁵⁶ The commission aims to strengthen the rule of law through the implementation of the Integrity and Prevention of Corruption Act.⁵⁷ Slovenia is also a signatory to several international treaties and agreements, including the OECD Convention on the Suppression of Bribery of Foreign Public Officials in International Business and the UN Convention against Corruption.^{58,59}
- Slovenia is also recognized as a designated country under the Equator Principles. Designated countries are deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect people and the natural environment. Sustainalytics considers that financing activities in countries with designated status will be subject to presumably strong regulations aimed at mitigating environmental and social risks.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Slovenia has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

⁴⁷ European Parliament, "Directive 2011/92/EU", (2011), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32011L0092>

⁴⁸ EUR-Lex, "Council Directive 93/43/EEC", (1992), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31992L0043>

⁴⁹ EUR-Lex, "Council Directive 2009/147/EC", (2009), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0147>

⁵⁰ European Commission, "EU Biodiversity strategy", at: https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en

⁵¹ European Agency for Safety and Health at Work, "Slovenia", (2019), at: <https://osha.europa.eu/en/about-eu-osha/national-focal-points/slovenia>

⁵² Ibid.

⁵³ Worker Participation, "Slovenia – Health and Safety Representation", (2018), at: <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Slovenia/Health-and-Safety>

⁵⁴ Republic of Slovenia, "Zakon o varstvu pred diskriminacijo (ZVarD)", (2016), at: <http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAK07273>

⁵⁵ Republic of Slovenia, "The National plan on business and human rights", (2018), at: <https://www.kpk-rs.si/en/>

⁵⁶ Commission for the Prevention of Corruption, "About the Commission", at: <https://www.kpk-rs.si/en/elementor-30/>

⁵⁷ Republic of Slovenia, "Integrity and Prevention of Corruption Act", at: <https://www.kpk-rs.si/en/wp-content/uploads/sites/2/2021/03/ZintPK-ENG-3.pdf>

⁵⁸ Republic of Slovenia, Commission for the Prevention of Corruption, "Legislation", at: <https://www.kpk-rs.si/en/legislation/>

⁵⁹ Slovenia is also a signatory to the following additional international treaties and agreements related to combating bribery and corruption: Convention drawn up on the basis of Section K.3(2)(c) of the Treaty on European Union on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union; United Nations Convention against Transnational Organized Crime; Criminal Law Convention on Corruption and the Additional Protocol to the Criminal Law Convention on Corruption; Civil Law Convention on Corruption.

Republic of Slovenia, Commission for the Prevention of Corruption, "Legislation", at: <https://www.kpk-rs.si/en/legislation/>

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics has focused on four categories below where the impact is specifically relevant in the local context.

Importance of financing clean transportation in Slovenia and in the EU

In 2022, the transportation sector was responsible for 25% of the EU's GHG emissions.⁶⁰ These emissions are expected to increase by 60% by 2050 compared to 2015, driven by population growth, economic development and continued urbanization.⁶¹ In 2019, the European Commission launched the EU Green Deal which includes a commitment to EU-wide carbon neutrality by 2050. To achieve this target, the EU transport sector must reduce emissions by 90% by 2050 compared to 1990 levels.⁶² The European Commission plans to increase connectivity, improve efficiency and shift more passengers and freight to rail, considering its potential to contribute to the decarbonization of the transportation sector and the wider EU net zero goal.⁶³

From 2005 to 2019, Slovenia's transport-related emissions increased by 25.6%, resulting in an increase for nearly 11 percentage points in the share of total emissions in the period, compounded by a shift from public transportation to private cars, according to the European Parliament's Climate Action Research and Tracking Service.⁶⁴ By 2020, the transport sector was the second largest contributor of emissions in Slovenia after energy supply, accounting for 39.9% of the country's total emissions.⁶⁵ Slovenia has established a target to limit the increase of transportation-related emissions to 12% by 2030 compared to 2005.⁶⁶ Achieving this target requires a 10% decline in transportation-related emissions by 2030 compared to 2007.⁶⁷ Slovenia, in alignment with the EU's targets, aims to harmonize transport connections with neighbouring countries, improve the quality and accessibility of national and regional public transportation and introduce on-demand public transportation in areas with low demand.⁶⁸ The country plans to promote sustainable transportation through price incentives and by providing infrastructure for vehicles that use alternative fuels.^{69,70} The European Commission has estimated that the Slovenian transport sector requires EUR 1.6 billion in investment between 2021-2030 to achieve its reduction targets.⁷¹

Considering the above, Sustainalytics is of the opinion that Slovenia's investment in low-carbon transportation and associated infrastructure is expected to promote greater use of low-carbon modes of transport, such as rail, and reduce overall GHG emissions from the transport sector.

Importance of financing sustainable environmental management in Slovenia

Less than 30% of Slovenia's territory is used as agricultural land and 75% of it is categorized as less suitable for agricultural production, as the country's steep slopes, soil characteristics and high level of stoniness naturally limit agricultural production.⁷² Emissions related to agriculture, land use, land-use change and forestry (LULUCF) have acted as a carbon sink for the country since 1986, except between 2014 and 2018.⁷³

⁶⁰ Global Railway Review, "The key role of alternative fuels in the decarbonisation of Europe's rail sector", (2022), at: <https://www.globalrailwayreview.com/article/132700/alternative-fuels-decarbonisation-europe-rail-sector/>

⁶¹ ITF, "Transport demand set to triple, but sector faces potential disruptions", (2019), at: <https://www.itf-oecd.org/transport-demand-set-triple-sector-faces-potential-disruptions>

⁶² European Environment Agency, "Decarbonising road transport – the role of vehicles, fuels and transport demand", (2022), at: <https://www.eea.europa.eu/publications/transport-and-environment-report-2021>

⁶³ European Commission, "New transport proposals target greater efficiency and more sustainable travel", (2021), at: https://transport.ec.europa.eu/news/efficient-and-green-mobility-2021-12-14_en

⁶⁴ European Parliament, "Climate action in Slovenia", (2021), at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/698061/EPRS_BRI\(2021\)698061_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/698061/EPRS_BRI(2021)698061_EN.pdf)

⁶⁵ Ibid.

⁶⁶ Republic of Slovenia, "Integrated National Energy and Climate Plan of the Republic of Slovenia", (2020), at: https://energy.ec.europa.eu/system/files/2020-06/si_final_necp_main_en_0.pdf

⁶⁷ Ibid.

⁶⁸ Republic of Slovenia, "Transport Development Strategy of the Republic of Slovenia until 2030", at: <https://www.gov.si/assets/ministrstva/MzI/Dokumenti/Transport-Development-Strategy-of-the-Republic-of-Slovenia-Until-2030.pdf>

⁶⁹ Such as liquefied natural gas (LNG) for freight transport and compressed natural gas and other synthetic fuels and hydrogen (H₂) for road transport. Republic of Slovenia, "Integrated National Energy and Climate Plan of the Republic of Slovenia", (2020), at: https://energy.ec.europa.eu/system/files/2020-06/si_final_necp_main_en_0.pdf

⁷⁰ Republic of Slovenia, "Integrated national energy and climate plan of the Republic of Slovenia", (2020), at: https://energy.ec.europa.eu/system/files/2020-06/si_final_necp_main_en_0.pdf

⁷¹ Ibid.

⁷² Republic of Slovenia, "Progress Report on LULUCF Actions", (2021), at: https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/LULUCF_2020_progress_report_SI.pdf

⁷³ The steep increase in emissions was caused by "large-scale disturbance events", such as ice storms, bark beetle outbreaks and windthrows. These events required additional sanitation cutting which increased total harvest in forests. Republic of Slovenia, Ministry of Agriculture, Forestry and Food, "Progress Report on LULUCF Actions SLOVENIA", at: https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/LULUCF_2020_progress_report_SI.pdf

In 2020, the sector emitted negative 4.7 MtCO₂e, which represents an 8.51% reduction since 1990.^{74,75} Therefore, over the past three decades, the sector has continuously captured carbon and contributed to Slovenia's overarching climate goals. However, the unsustainable use of natural resources, especially in agriculture, urbanization and water management, has negatively affected Slovenia's wildlife, the preservation status of species and its ecosystems.⁷⁶ In response to these challenges, the Slovenian government has taken measures aiming to transform land use practices in the country. Between 2020 and 2021, the area covered by national parks and other protected areas increased from 12% to 15.4%.⁷⁷ In addition, between 2014 and 2020, Slovenia's Rural Development programme provided EUR 231.352 million in financing to support sustainable agricultural practices with a focus on agri-environment-climate schemes (75%)⁷⁸ and organic farming (24%).⁷⁹

Slovenia aims to move away from a sectoral approach to natural resources management and develop a holistic, ecosystem-based approach to harmonize the national and cross-border interests in water, food and ecosystems.⁸⁰ To facilitate the transition to sustainable farming, the country plans to support farmers by introducing direct conditional payments to farmers who implement sustainability measures, such as organic agriculture.⁸¹ In this context, the country plans to invest EUR 18.7 million annually between 2023 and 2027 to support ecological farming. To mitigate biodiversity loss, Slovenia plans to invest EUR 12 million annually in wildlife conservation and recovery between 2023 and 2027, six times more than the biodiversity investments between 2014 and 2020.⁸²

Based on the above, Sustainalytics is of opinion that Slovenia's investments in sustainable environmental management are expected to support improvement in sustainable farming practices and wildlife conservation in the country.

Importance of financing healthcare and education services in Slovenia

Healthcare

The healthcare system in Slovenia is centralized and mainly funded through a statutory healthcare insurance scheme.⁸³ More than 99% of Slovenian residents were covered by the statutory health insurance as of 2021.⁸⁴ Despite an increase of 8.6% in overall health expenditures in Slovenia in 2019, the total expenditure on healthcare relative to GDP remained at 4.01%, which is below the average of OECD members for the year.^{85,86} Public financing represented the largest share in healthcare spending in 2019, accounting for 72.8% of the total financing, with social security funds being the primary source of funding.⁸⁷ Despite the lowest rates of out-of-pocket and catastrophic spending in the EU, patients in Slovenia face a shortage of specialist services and long waiting times for secondary level specialist care.⁸⁸ These have been identified as enduring issues in Slovenia's healthcare system and are likely to have stronger impact on low-income households.⁸⁹ Given the severity of the issue, reducing the number of patients waiting beyond the maximum established waiting times has become a priority of the Slovenian government. In 2017, the Ministry of Health introduced financial incentives to reduce waiting times and improve the quality of care of public services at all healthcare levels.⁹⁰

Slovenia has historically faced challenges related to the provision of a uniform long-term healthcare system, with long-term health services governed by overlapping regulations and supported by various sources of

⁷⁴ Republic of Slovenia, "Progress Report on LULUCF Actions", (2021), at:

https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/LULUCF_2020_progress_report_SI.pdf

⁷⁵ European Environment Agency, "EAA greenhouse gases -data viewer", at: <https://www.eea.europa.eu/data-and-maps/data/data-viewers/greenhouse-gases-viewer>

⁷⁶ European Commission, "NECP Slovenia", (2021), at: https://ec.europa.eu/energy/sites/default/files/documents/si_final_necp_main_en.pdf

⁷⁷ Republic of Slovenia, "Nature", (2021), at: <https://www.gov.si/en/policies/environment-and-spatial-planning/nature/>

⁷⁸ European Environment Agency, "EEA Glossary, agri-environment scheme" at: <https://www.eea.europa.eu/help/glossary/eea-glossary/agri-environment-scheme>

⁷⁹ Republic of Slovenia, "Progress Report on LULUCF Actions", (2021), at:

https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/LULUCF_2020_progress_report_SI.pdf

⁸⁰ Republic of Slovenia, "Slovenian Development Strategy 2030", (2021), at: <https://www.gov.si/assets/vladne-sluzbe/SVRK/Strategija-razvoja-Slovenije-2030/Slovenian-Development-Strategy-2030.pdf>

⁸¹ Republic of Slovenia, "Common Agricultural Policy Strategic Plan 2023–2027 for Slovenia", (2021), at: <https://skp.si/en/cap-2023-2027>

⁸² Republic of Slovenia, "Common Agricultural Policy Strategic Plan 2023–2027 for Slovenia", (2021), at: <https://skp.si/en/cap-2023-2027>

⁸³ European Observatory on health systems and policies, "Slovenia – Country review", at: <https://eurohealthobservatory.who.int/countries/slovenia>

⁸⁴ World Health Organization, "Slovenia Health System Review", (2021), at: <https://apps.who.int/iris/rest/bitstreams/1377533/retrieve>

⁸⁵ The World Bank, "Current health expenditure (% of GDP) - OECD members", (2022), at:

<https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=OE>

⁸⁶ Republic of Slovenia Statistical office, "Health expenditure and sources of funding, Slovenia," (2019), at:

<https://www.stat.si/StatWeb/en/news/Index/9634>

⁸⁷ Ibid

⁸⁸ World Health Organization, "Slovenia Health System Review", (2021), at: <https://apps.who.int/iris/rest/bitstreams/1377533/retrieve>

⁸⁹ Ibid

⁹⁰ Ibid

financing.⁹¹ To address these challenges, Slovenia's Ministry of Health is developing a uniform umbrella law to regulate long-term health.⁹² In addition, in 2016, the Parliament of Slovenia approved the National Health Plan 2016-2025 aiming to promote the development and maintenance of quality and affordable public healthcare according to the needs of the population and the capability of the current healthcare system.⁹³ Additionally, Slovenia adopted the Long-Term Care Act in December 2021, making long-term care insurance compulsory while defining rights and assessment mechanisms for categories of long-term care.⁹⁴

Education

Primary and secondary education are free of charge in Slovenia.⁹⁵ In 2020, the Slovenian government spent approximately 77% of the entire education budget on preschool to upper secondary in 2020.⁹⁶ Slovenia also has a high enrolment rate of 45.5% among children under 3 years old and 94.3% among 15 to 19 year-olds, which is the highest among OECD and partner countries.⁹⁷ Despite that, Slovenia's share of GDP on total public spending on education was 3%, which is lower than the OECD average of 4% in 2019.⁹⁸

The achievement gaps identified by the Slovenian government in its education system include lower education attainment by Roma students, who represent a minority group in the country, and low performance of students in rural areas.⁹⁹ According to the European Commission, the educational attainment of Roma students in Slovenia remains low compared to their peers with fewer Roma students being enrolled in pre-school education.¹⁰⁰ Additionally, 35.8% of students with a migrant background in Slovenia are likely to underperform, which is significantly higher than 15.7% for the native born, one the biggest gaps in the EU.¹⁰¹ Similarly, the socioeconomic status of students in rural areas of Slovenia has contributed to their underperformance relative to their counterparts in cities.¹⁰²

With regard to the availability of teachers, the share of new teachers in the workforce stood at 3.9% in 2020, the lowest in the EU,¹⁰³ indicating that the government may face challenges with teacher staffing in the future.¹⁰⁴ Despite a law enacted in 2018 which requires teachers (excluding those in vocational subjects) to have at least a master's degree, only 9.4% of schools fulfilled this requirement as of 2020, relative to the EU-27 average of 58.7%.¹⁰⁵ Additionally, teachers in Slovenia earn lower salaries than the OECD average.¹⁰⁶ In 2021, teachers in Slovenia earned between 28.3% and 5.5% less than other tertiary-educated workers.¹⁰⁷ In this scenario, attracting and developing new teachers continues to be an important determinant in maintaining the quality of the education system in Slovenia.¹⁰⁸

Considering the above context, Sustainalytics is of the opinion that Slovenia's investments in public healthcare and educational services are expected to support the improvement in quality healthcare and educational services and foster access to healthcare and education across Slovenia.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Slovenian Sovereign Sustainability Bond Framework are expected to help advance the following SDGs and targets:

⁹¹ Republic of Slovenia, "Long-term Care", at: <https://www.gov.si/en/policies/health/long-term-care/>

⁹² Ibid.

⁹³ Republic of Slovenia, "Organisation of healthcare in Slovenia", at: <https://www.gov.si/en/policies/health/organizacija-zdravstvenega-varstva-2/>

⁹⁴ European Commission, "Slovenia adopts the long-awaited Long Term care Act", (2022), at: <https://ec.europa.eu/social/BlobServlet?docId=25363&langId=en#:~:text=After%20two%20decades%20of%20discussions,care%20and%20some%20other%20services>

⁹⁵ Republic of Slovenia, "Education, science and sport", at: <https://www.gov.si/en/policies/education-science-and-sport/>

⁹⁶ Republic of Slovenia Statistical office, "Expenditure for Formal Education, Slovenia, 2020", at: <https://www.stat.si/StatWeb/en/News/Index/10012>

⁹⁷ OECD, "Slovenia - Overview of the education system", (2022),

<https://gpseducation.oecd.org/CountryProfile?primaryCountry=SVN&treshold=10&topic=EO>

⁹⁸ <https://data.oecd.org/eduresource/public-spending-on-education.htm#indicator-chart>

⁹⁹ OECD, "Education Policy Outlook - Slovenia", at: <https://www.oecd.org/slovenia/Education-Policy-Outlook-Country-Profile-Slovenia.pdf>

¹⁰⁰ Ibid

¹⁰¹ European Commission, "Education and Training Monitor 2020", (2020), at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2020/countries/slovenia.html>

¹⁰² Ibid

¹⁰³ European Commission, "Education and Training Monitor 2020", (2020), at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2020/countries/slovenia.html>

¹⁰⁴ Ibid

¹⁰⁵ Ibid

¹⁰⁶ OECD, "Education policy Outlook - Slovenia", at: <https://www.oecd.org/slovenia/Education-Policy-Outlook-Country-Profile-Slovenia.pdf>

¹⁰⁷ OECD, "Slovenia - Overview of the education system", (2022),

<https://gpseducation.oecd.org/CountryProfile?primaryCountry=SVN&treshold=10&topic=EO>

¹⁰⁸ OECD, "Education Policy Outlook - Slovenia", at: <https://www.oecd.org/slovenia/Education-Policy-Outlook-Country-Profile-Slovenia.pdf>

Use of Proceeds Category	SDG	SDG target
Low Carbon Transport	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Energy Efficiency	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Sustainable Environmental Management	2. Zero hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
Climate Change Adaptation	13 Climate action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Access to Essential Services – Education	4. Quality education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
		4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
Access to Essential Services – Health	3. Good health and well-health	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Access to Essential Services – Social Inclusion	10. Reduced inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Employment generation and socioeconomic advancement and empowerment	8. Decent work and economic growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Conclusion

Slovenian has developed the Slovenian Sovereign Sustainability Bond Framework under which it intends to issue green, social and sustainability bonds, and use the proceeds to finance projects related to low-carbon transport, energy efficiency, sustainable environmental management, climate change adaptation, access to essential services, and employment generation and socioeconomic advancement and empowerment. Sustainalytics considers that the projects funded by the bond proceeds are expected to provide positive environmental and social impact.

The Slovenian Sovereign Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated and managed, and makes commitments for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Slovenian Sovereign Sustainability Bond Framework is aligned with the overall sustainability strategy of the country and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 7, 8, 10, 11, 13 and 15. Additionally, Sustainalytics is of the opinion that the Republic of Slovenia has implemented adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Sustainalytics has assessed the Slovenian Sovereign Sustainability Framework for alignment with the Technical Screening Criteria (TSC) of the EU Taxonomy, and is of the opinion that, the Framework's two green eligibility categories – Low Carbon Transport and Energy Efficiency – which map to 12 EU activities, are aligned with the applicable TSC of the EU Taxonomy. Sustainalytics did not assess the Sustainable Environmental Management and the Climate Change Adaptation categories under the Framework as the EU Taxonomy does not currently provide TSC for these activities.

Based on the above, Sustainalytics is confident that the Republic of Slovenia is well positioned to issue green, social and sustainability bonds and that the Slovenian Sovereign Sustainability Bond Framework is robust, transparent and in alignment with the Green Bond Principles 2021, the Social Bond Principles 2021 and the Sustainability Bond Guidelines 2021.

Appendices

Appendix 1: Approach to Assessing Alignment with the Technical Screening Criteria of EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE¹⁰⁹ activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable TSC. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable NACE activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one NACE activity and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a NACE activity. In such cases, Sustainalytics has mapped to the NACE activity that is most relevant with respect to the primary environmental objective and impacts.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the Taxonomy, and some categories which are traditionally included in green bonds may not be associated with a specific economic activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

The outcome of Sustainalytics' mapping process for Slovenian Sovereign Sustainability Bond Framework is shown in Table 2 below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases also be based on management systems and processes and/or regulatory compliance.

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant TSC. Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
Low carbon Transportation	Electric passenger interurban rail transport, freight rail transport, and infrastructure for rail transport	6.1 Passenger interurban rail transport	H49.10, N77.39	Mitigation	3
		6.2 Freight rail transport	H49.20, N77.39		4
		6.14 Infrastructure for rail transport	F42.12, F42.13, M71.12, M71.20, F43.21, H52.21		5
	Urban and suburban public road transport (such as	6.3 Urban and suburban transport, road passenger transport	H49.31, H49.3.9, N77.39, N77.11		6

¹⁰⁹ The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 70 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

	electric or hydrogen buses), and related public transport infrastructure	6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F42.13, F71.1, F71.20		7
	Cycling and pedestrian infrastructure.	6.4 Operation of personal mobility devices, cycle logistics	N77.11, N77.21		8
		6.13 Infrastructure for personal mobility, cycle logistics	F42.11, F42.12, F43.21, F71.1, F71.20		9
Energy Efficiency	Construction of new buildings	7.1 Construction of new buildings	F41.1, F41.2	Mitigation	10
	Renovation of existing buildings	7.2 Renovation of existing buildings	F41, F43		11
	Acquisition and ownership of buildings	7.7 Acquisition and ownership of buildings	L68		12
	Installation, maintenance and repair of energy efficiency equipment to tackle energy poverty	7.3 Installation, maintenance and repair of energy efficiency equipment	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12		13
	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings to tackle energy poverty	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F42, F43, M71, and C16, C17, C22, C23, C25, C27, C28		14

Appendix 2 : Comprehensive EU Taxonomy's TSC Alignment Assessment

The tables below provide a detailed assessment of the alignment of Issuer's Framework criteria with the EU Taxonomy's TSC for the relevant NACE activity.

Table 3

Framework Activity assessed		Electric passenger interurban rail transport, freight rail transport, and infrastructure for rail transport	
EU Activity		6.1 Passenger interurban rail transport	
NACE Code		H49.10, N77.39	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>The activity complies with one of the following criteria:</p> <p>(a) the trains and passenger coaches have zero direct (tailpipe) CO₂ emissions.</p> <p>(b) the trains and passenger coaches have zero direct (tailpipe) CO₂ emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimode).</p>	<p>Slovenia has confirmed that only vehicles complying with the following criteria will be financed:</p> <p>(a) the trains and passenger coaches have zero direct (tailpipe) CO₂ emissions.</p>	Aligned

Table 4

Framework Activity assessed		Electric passenger interurban rail transport, freight rail transport, and infrastructure for rail transport	
EU Activity		6.2 Freight rail transport	
NACE Code		H49.20, N77.39	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>1. The activity complies with one or both of the following criteria:</p> <p>a) the trains and wagons have zero direct tailpipe CO₂ emission.</p> <p>b) the trains and wagons have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimode).</p> <p>2. The trains and wagons are not dedicated to the transport of fossil fuels.</p>	<p>1. Slovenia has confirmed that vehicles financed will comply with the following criteria:</p> <p>a) the trains and wagons have zero direct tailpipe CO₂ emission.</p> <p>2. Slovenia has confirmed that the trains and wagons financed will not be dedicated to the transport of fossil fuels.</p>	Aligned

Table 5

Framework Activity assessed		Electric passenger interurban rail transport, freight rail transport, and infrastructure for rail transport	
EU Activity		6.14 Infrastructure for rail transport	

NACE Code		F42.12, F42.13, M71.12, M71.20, F43.21, and H52.21	
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	<p>1. The activity complies with one of the following criteria:</p> <ul style="list-style-type: none"> a) the infrastructure (as defined in Annex II.2 to Directive (EU) 2016/797 of the European Parliament and of the Council) is either: <ul style="list-style-type: none"> i. electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797. ii. new and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the infrastructure will be fit for use by zero tailpipe CO₂ emission trains within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797; iii. until 2030, existing trackside infrastructure and associated subsystems that are not part of the TEN-T network and its indicative extensions to third countries, nor any nationally, supranationally or internationally defined network of major rail lines: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU) 2016/797. b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods. c) infrastructure and installations are dedicated to the transfer of passengers from rail to rail or from other modes to rail. <p>2. The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>	<ul style="list-style-type: none"> 1. Slovenia has confirmed that projects financed under the Framework will comply with the listed TSC criteria. 2. Slovenia has confirmed that the infrastructure financed under the Framework will not be dedicated to the transport or storage of fossil fuels. 	Aligned

Table 6

Framework Activity assessed		Urban and suburban public road transport (such as electric or hydrogen buses), and related public transport infrastructure	
EU Activity		6.3 Urban and suburban transport, road passenger transport	
NACE Code		H49.31, H49.3.9, N77.39 and N77.11	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>The activity complies with the one of the following criteria:</p> <p>a) the activity provides urban or suburban passenger transport and its direct (tailpipe) CO₂ emissions are zero;</p> <p>b) until 31 December 2025, the activity provides interurban passenger road transport using vehicles designated as categories M2 and M3 that have a type of bodywork classified as 'CA' (single-deck vehicle), 'CB' (double-deck vehicle), 'CC' (single-deck articulated vehicle) or 'CD' (double-deck articulated vehicle), and comply with the latest EURO VI standard, i.e. both with the requirements of Regulation (EC) No 595/2009 and, from the time of the entry into force of amendments to that Regulation, in those amending acts, even before they become applicable, and with the latest step of the Euro VI standard set out in Table 1 of Appendix 9 to Annex I to Regulation (EU) No 582/2011 where the provisions governing that step have entered into force but have not yet become applicable for this type of vehicle. Where such standard is not available, the direct CO₂ emissions of the vehicles are zero.</p>	<p>Slovenia has confirmed that projects financed will comply with the following criteria:</p> <p>a) the activity provides urban or suburban passenger transport and its direct (tailpipe) CO₂ emissions are zero.</p>	Aligned

Table 7

Framework Activity assessed		Urban and suburban public road transport (such as electric or hydrogen buses), and related public transport infrastructure	
EU Activity		6.15 Infrastructure enabling low-carbon road transport and public transport	
NACE Code		F42.11, F42.13, F71.1 and F71.20	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>1. The activity complies with one or more of the following criteria:</p> <p>a) the infrastructure is 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);</p> <p>b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods.</p>	<p>1. Slovenia has confirmed that infrastructure financed will comply with the following criteria:</p> <p>a) the infrastructure is 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).</p>	Aligned

	<p>c) the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems.</p> <p>2. The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>	<p>2. Slovenia has confirmed that the infrastructure financed under the Framework will not be dedicated to the transport or storage of fossil fuels.</p>	
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Table 8

Framework Activity assessed	Cycling and pedestrian infrastructure.		
EU Activity	6.4 Operation of personal mobility devices, cycle logistics		
NACE Code	N77.11 and N77.21		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<ol style="list-style-type: none"> 1. The propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. 2. The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians. 	Slovenia has confirmed that personal mobility devices and infrastructure financed will comply with the listed TSC criteria.	Aligned

Table 9

Framework Activity assessed	Cycling and pedestrian infrastructure.		
EU Activity	6.13 Infrastructure for personal mobility, cycle logistics		
NACE Code	F42.11, F42.12, F43.21, F71.1 and F71.20		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The infrastructure that is constructed and operated is dedicated to personal mobility or cycle logistics: pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refuelling installations for personal mobility devices.	<p>Slovenia may finance the following projects under the Framework:</p> <ol style="list-style-type: none"> i. construction or reconstruction of public passenger transport stations and stops. ii. construction or reconstruction of infrastructure for pedestrians, especially for access to schools and public passenger transport stations and stops, including traffic devices and measures that assure pedestrian safety. iii. construction or reconstruction of high-quality separate cycling areas and other cycling infrastructure, including infrastructure for recharging e-bikes and parking areas for bikes, especially safe bike racks for e-bikes next to public 	Aligned

		<p>infrastructure, such as e.g., schools, municipalities, business zones, railway and bus stations and stops; and</p> <p>iv. construction of the infrastructure of transfer points between different forms of mobility (from private to public transportation).</p> <p>Slovenia has confirmed that all activities financed will be dedicated to personal mobility.</p>	
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Table 10

Framework Activity assessed	Construction of new buildings		
EU Activity	7.1 Construction of new buildings		
NACE Code	F41.1 and F41.2		
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	<p>Constructions of new buildings for which:</p> <ol style="list-style-type: none"> 1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council 282. The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m², upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m², the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. 	<p>Slovenia has confirmed the buildings financed will comply with the following criteria:</p> <ol style="list-style-type: none"> 1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m², upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m², the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. 	Aligned

		Slovenia has further clarified that potential projects within this category are still in the early stages of development. Consequently, the exact criteria for the projects have not yet been determined. Nevertheless, the Issuer has confirmed that only projects that meet the TSC will be financed.	
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Table 11

Framework Activity assessed		Renovation of existing buildings	
EU Activity		7.2 Renovation of existing buildings	
NACE Code		F41 and F43	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The building renovation complies with the applicable requirements for major renovations. Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %.	<p>Slovenia has confirmed that the building renovation will comply applicable requirements for major renovations. Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30%.</p> <p>Slovenia has further clarified that potential projects within this category are still in the early stages of development. Consequently, the exact criteria for the projects have not yet been determined. Nevertheless, the Issuer has confirmed that only projects that meet the TSC will be financed.</p>	Aligned

Table 12

Framework Activity assessed		Acquisition and ownership of buildings	
EU Activity		7.7 Acquisition and ownership of buildings	
NACE Code		L68	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	1. 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>Slovenia has confirmed that the buildings financed will comply with the following criteria:</p> <ol style="list-style-type: none"> 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 	Aligned

	<p>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 (i.e., construction of new building) of the EU Taxonomy Delegated Annex that are relevant at the time of the acquisition.</p> <p>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.</p>	<p>performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 (i.e., construction of new building) of the EU Taxonomy Delegated Annex that are relevant at the time of the acquisition.</p> <p>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.</p> <p>Slovenia has further clarified that potential projects within this category are still in the early stages of development. Consequently, the exact criteria for the projects have not yet been determined. Nevertheless, the Issuer has confirmed that only projects that meet the TSC will be financed.</p>	
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Table 13

Framework Activity assessed	Installation, maintenance and repair of energy efficiency equipment to tackle energy poverty		
EU Activity	7.3 Installation, maintenance and repair of energy efficiency equipment		
NACE Code	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>The activity consists in one of the following individual measures provided that they comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation:</p> <p>a) addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (including mechanical fixings and adhesive);</p>	<p>Slovenia has confirmed that the energy efficiency equipment financed will comply with the following criteria as well as with the minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU. Where applicable, the energy efficiency equipment are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation:</p> <p>a) addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the</p>	Aligned

	<ul style="list-style-type: none"> b) replacement of existing windows with new energy efficient windows. c) replacement of existing external doors with new energy efficient doors. d) installation and replacement of energy efficient light sources. e) installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. f) installation of low water and energy using kitchen and sanitary water fittings which comply with technical specifications set out in Appendix E¹¹⁰ to this Annex and, in case of shower solutions, mixer showers, shower outlets and taps, have a max water flow of 6 L/min or less attested by an existing label in the Union market. 	<ul style="list-style-type: none"> application of the insulation to the building envelope (including mechanical fixings and adhesive); b) replacement of existing windows with new energy efficient windows. c) replacement of existing external doors with new energy efficient doors. d) installation and replacement of energy efficient light sources. e) installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 	
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Table 14

Framework Activity assessed	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings to tackle energy poverty		
EU Activity	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings		
NACE Code	F42, F43, M71, and C16, C17, C22, C23, C25, C27, C28		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>The activity consists in one of the following individual measures:</p> <ul style="list-style-type: none"> a) installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including. motion and day light control. b) installation, maintenance and repair of building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS). c) installation, maintenance and repair of smart meters for gas, heat, cool and electricity. d) installation, maintenance and repair of façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation. 	<p>Slovenia has confirmed that the projects finance will comply with the following criteria:</p> <ul style="list-style-type: none"> a) installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including. motion and day light control. b) installation, maintenance and repair of building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS). c) installation, maintenance and repair of smart meters for gas, heat, cool and electricity. 	Aligned

¹¹⁰ The criteria under Appendix E - Technical Specifications for Water Appliances of the EU Taxonomy Delegated Act include:

1. The flow rate is recorded at the standard reference pressure 3 -0/+ 0,2 bar or 0,1 -0/+0,02 for products limited to low pressure.
2. The flow rate at the lower pressure 1,5 -0/+ 0,2 bar is $\geq 60\%$ of the maximum available flow rate.
3. For mixer showers, the reference temperature is 38 ± 1 °C.
4. Where the flow has to be lower than 6 L/min, it complies with the rule set out in point 2.
5. For taps the procedure described in clause 10.2.3 of EN 200 is followed, with the following exceptions:
 - a. for taps that are not limited to low pressure applications only: apply a 3 -0/+ 0,2 bar pressure to both the hot and the cold inlets, alternatively;
 - b. for taps that are limited to low pressure applications only: apply a 0,4 -0/+0,02 bar pressure to both the hot and the cold inlets and fully open the flow control.

Appendix 3: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Republic of Slovenia
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Slovenian Sovereign Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 2, 2023
Publication date of review publication: Original publication date	June 18, 2021

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Low Carbon Transport; Energy Efficiency; Sustainable Environmental Management; Climate Change Adaptation; Access to Essential Services – Education, Healthcare, Social Inclusion; and Employment Generation and Socioeconomic Advancement and Empowerment – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories are expected to deliver positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 7, 8, 10, 11, 13 and 15.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Access to essential services including Education, Healthcare and Social Inclusion |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Republic of Slovenia has established a Sustainability Bond Working Group which is responsible for evaluating and selecting eligible projects in line with the eligibility criteria. The Republic of Slovenia has in place processes for identifying and evaluating environmental and social risks associated with eligible projects. Sustainalytics considers these risk management systems and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The Republic of Slovenia's Ministry of Finance will be responsible for the allocation and management of proceeds using an internal tracking system. The Republic of Slovenia intends to allocate net proceeds to eligible projects within two years of issuance, on a best-efforts basis. Pending allocation, proceeds will be temporarily held in cash, cash equivalents or other short-term market instruments according to prudential liquidity policies that are appropriate to a sovereign. Sustainalytics considers this to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- | | |
|---|---|
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

The Republic of Slovenia intends to report on the allocation of proceeds and corresponding impact in separate allocation and impact reports which will be published on the Ministry of Finance’s website on an annual basis until full allocation. Allocation reporting may include details such as the total amount allocated per category, the balance of unallocated proceeds and the amount of financing versus refinancing. Sustainalytics views Republic of Slovenia’s allocation and impact commitments as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): Allocated amount per eligible category, unallocated amount, the amount of financing versus refinancing | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): |

Energy efficiency	<ul style="list-style-type: none"> • Estimated ex-ante annual energy savings (in MWh) • Annual GHG emissions in tons of CO₂ equivalent saved • Number of households with improved class of energy use • Reduction of annual primary energy consumption in public buildings
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	<ul style="list-style-type: none"> • Surface of energy refurbished buildings owned/used by the central government
Low carbon transport	<ul style="list-style-type: none"> • Number of low carbon vehicles deployed by type of transport (e.g., number of trains/busses) • Length of the railway infrastructure built or renovated • Number and type of sustainable mobility measures • Passenger-kilometers in public transport • Renewable energy sources share in fuels • Sustainable freight transport • CO₂ emissions from passenger/freight transport • Number of new charging points for vehicles (public and private – separate) • Number of urban/regional/local sustainable mobility projects • Annual users of new or modernized public transport • Annual users of dedicated cycling infrastructure • Length of dedicated cycling infrastructure supported
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 • Additional number of organic farms supported • Additional habitat surfaces supported
Climate change adaptation	<ul style="list-style-type: none"> • Number of waterbodies with improved status due to implemented rehabilitations of watercourses through re-naturalization actions • Surface of flood-resilient floor space • Surface of permanent plantations under photovoltaics • Produced electricity • Surface of water bodies with improved status
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 • Number of people participating in program (different social inclusion programs) • Number of inhabitants affected by natural disasters receiving assistance
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 training programs completed and number of training centres developed

Frequency

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify): Information published on the website of Slovenia's Ministry of Finance
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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