

SLOVENIAN SOVEREIGN SUSTAINABILITY BOND FRAMEWORK

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REPUBLIC OF SLOVENIA
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I. INTRODUCTION

1.1 INTERNATIONAL SUSTAINABILITY INITIATIVES

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

The Republic of Slovenia is fully committed to 17 goals of the *UN's Sustainable Development 2030 Agenda* and the targets of the:

Paris Agreement on Climate Change

- ▶ keeping the global average temperature rise above pre-industrial levels well below 2 degrees Celsius this century and pursuing efforts to limit the temperature rise to 1.5 degrees Celsius,

European Green Deal

- ▶ reduction of net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels,
- ▶ no net emissions of greenhouse gases by 2050,
- ▶ economic growth decoupled from resource use,
- ▶ no person and no place left behind, and

European Pillar of Social Rights¹

- ▶ at least 79,5% of the population aged 20 to 64 should be in employment by 2030,
- ▶ at least 60% of all adults should be participating in training every year by 2030, and
- ▶ reduce the number of people at risk of poverty or social exclusion by at least 9.000.

¹ The European Pillar of Social Rights Action Plan, available [here](#)

1.2 SLOVENIA'S SUSTAINABILITY VISION

The key factor in determining the country's long-term development orientations is the Vision of the Republic of Slovenia², which was created by its inhabitants in an extensive and inclusive process.

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

1.2.1 Slovenian Development Strategy 2030

The Slovenian Development Strategy 2030 is the core development framework, which is based on the guidelines set out in the Vision of Slovenia, Slovenia's development baselines and international commitments, and trends and challenges at the regional, national, European and global levels.

The primary objective of the Slovenian Development Strategy ("SDS 2030")³ is to provide a *high quality of life for all*. The objective will be achieved through balanced economic, social and environmental development which takes account of the planet's limitations and creates conditions and opportunities for present and future generations. At the level of the individual, a high quality of life is manifested in good opportunities for employment, education and creativity, in a dignified, safe and active life, a healthy and clean environment and inclusion in democratic decision-making and participation in social management.

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

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

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

² Slovenia Development Strategy 2030, available [here](#)

³ Ibid



FIGURE 1: SLOVENIAN DEVELOPMENT PLANNING MODEL

For the implementation of SDS 2030, a four-year National Program of Development Policies is prepared and coordinated by the Government Office for Development and Cohesion Policy and the Ministry of Finance, and a medium-term Fiscal Strategy. Progress on the implementation of the SDS 2030 is reported annually through the Development Report prepared by the Institute for Macroeconomic Development and Analysis. This report shows trajectory on parameters and provides recommendations on how to improve the implementation, so that objectives are met.

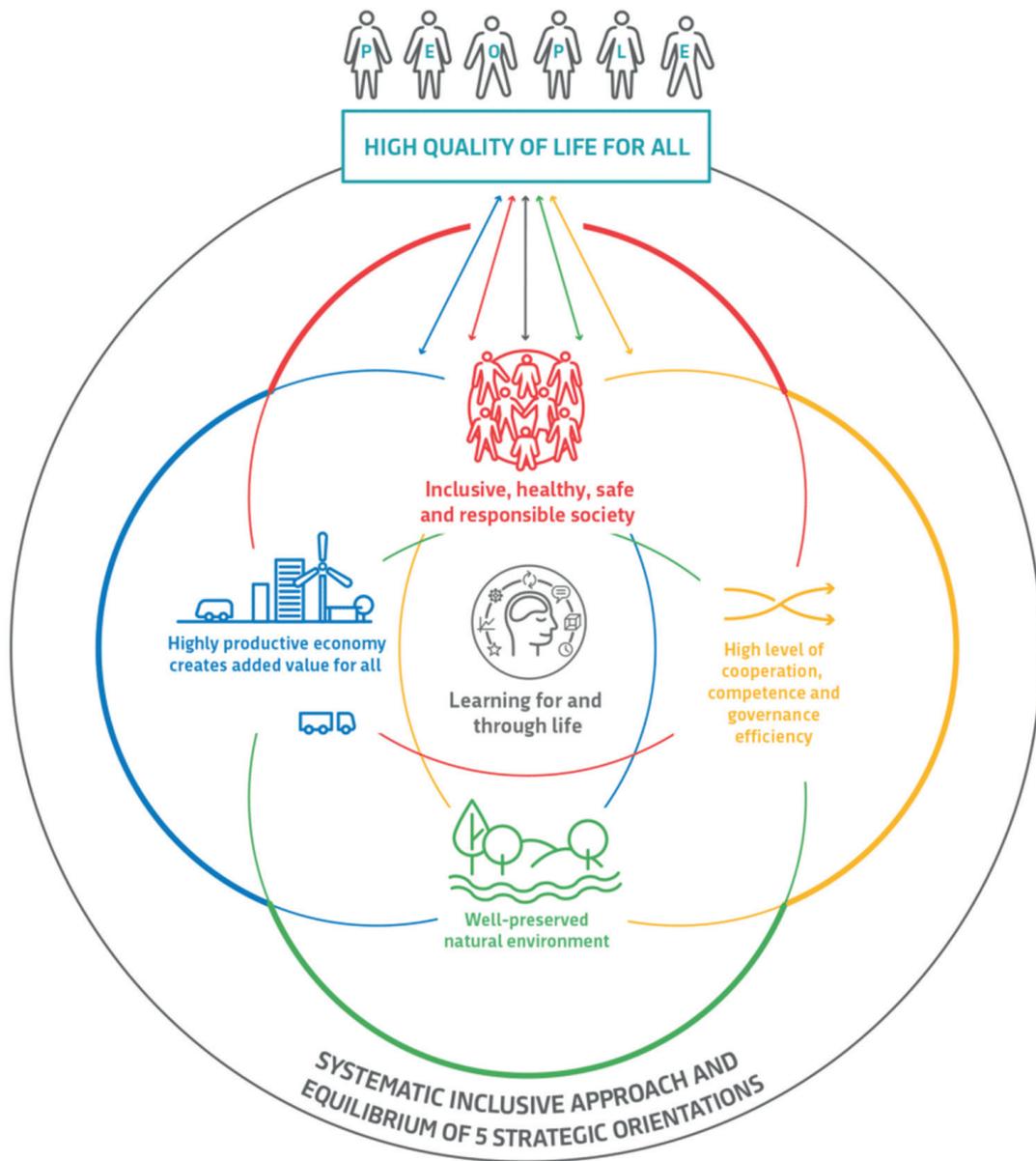


FIGURE 2: PRIMARY OBJECTIVE AND STRATEGIC ORIENTATIONS IN THE 2030 SLOVENIAN DEVELOPMENT STRATEGY

Following on from the SDS 2030, the sectorial documents outlined and described below demonstrate some of the key strategic actions and programmes undertaken in order to achieve the goals and orientations outlined in Slovenia's Development Strategy.

1.3 STRATEGIC ACTIONS AND PROGRAMMES: THE REPUBLIC OF SLOVENIA'S KEY ENVIRONMENTAL POLICIES

1.3.1 National Energy and Climate Plan

In accordance with SDS 2030, and taking into account the dimension of the Energy Union, Slovenia's development guidelines up to 2030 will be transition to a low-carbon circular economy and sustainable management of natural resources. The long-term climate strategy (under the Resolution on Slovenian Climate Strategy 2050⁴) includes a comprehensive analysis of various scenarios to contribute to EU and Member State commitments under the United Nations Framework Agreement on Climate Change and the Paris Agreement, including the scenario for achieving zero net GHG emissions in the Union by 2050 and negative emissions beyond that year, and the impact of these scenarios on the rest of the global and EU carbon budget as a basis for discussing cost-effectiveness, efficiency and fairness in reducing GHG emissions.

The Integrated National Energy and Climate Plan of the Republic of Slovenia⁵ ("NEPN") lays down, in accordance with the European Regulation on the Governance of the Energy Union and Climate Action, the objectives, policies and measures for the Republic of Slovenia on the five dimensions of the Energy Union for the period up to 2030 (with a view to 2040).

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

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

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

⁴ Resolution on Slovenia's Long-Term Climate Strategy until 2050, available [here](#)

⁵ Integrated National Energy and Climate Plan of the Republic of Slovenia, available [here](#)

1.3.2 Resolution on Slovenian Climate Strategy 2050

The Resolution on the Slovenian Climate Strategy 2050⁶ (“Climate Strategy”) incorporates, in accordance with the European Regulation on the Governance of the Energy Union and Climate Action, a clear objective to attain net-zero emissions or climate neutrality by 2050. The Climate Strategy also sets the strategic sectoral objectives for 2040 and 2050, which individual sectors must observe consistently and incorporate in their sectoral documents and plans.

The main guideline being realised by the Climate Strategy is the reduction of GHG emissions:

- ▶ transport and energy, emissions are to decrease by 90-99%,
- ▶ agriculture by 5-22%,
- ▶ industry by 80-87%,
- ▶ waste management by 75-83%, and
- ▶ general consumption by 87-96%.

The horizontal guidelines applicable for all sectors also include greater material efficiency, promotion of low-carbon resources, energy efficiency, sustainable spatial development, sustainable construction, promotion of digitalisation and public administration setting an example. The Republic of Slovenia will not adopt policies and measures and will not invest funds in a manner which would contravene the commitments of the Paris Agreement. The horizontal guidelines also include the fact that in addition to climate change the world is also experiencing a biodiversity crisis, which is why synergies between both have to be sought when looking for solutions. Any activities in the environment must be carried out with a minimum impact on the environment.

To enhance the integration of climate policy in sectoral policies, Slovenia will improve the verification of compliance of documents, policies, regulations and other acts regarding climate policy and further strengthen this component in the procedure of comprehensive environmental impact assessment or the environmental impact assessment. The criteria for assessing document compliance with the policy of climate change adaptation and mitigation will also be prepared.

The Climate Strategy envisages an inclusive transition into a climate neutral society that will be inclusive and consider the principles of climate justice. This means the costs and benefits of the transition will be distributed fairly, with the most vulnerable groups of citizens being enabled to implement mitigation and adaptation measures.

⁶ Resolution on Slovenia's Long-Term Climate Strategy until 2050, available [here](#)

1.3.3 Transport Development Strategy

The Transport Development Strategy of the Republic of Slovenia⁷ (“Transport Strategy”) and the Resolution on the National Programme for the Development of Transport of the Republic of Slovenia until 2030⁸ (“National Programme”) deal with the transport system in a comprehensive manner, thus enabling greater synergies in achieving the objectives of transport and spatial policies of the state and of other policies, and greater control of the impact of transport on the environment and the economy.

The transport policy vision is defined as the provision of sustainable mobility for the population and the supply to the economy with relevant objectives including to:

- ▶ improve mobility and accessibility,
- ▶ reduce energy consumption,
- ▶ reduce the costs to users and managers, and
- ▶ reduce environmental burdens.

Mobility has been an important topic in Slovenia for decades. However, despite a significant increase in efforts and investments over the last few years, around 33% of Slovenia’s annual GHG emissions come from the transport sector⁹ - roughly the largest contribution from a single sector - with around 84% of journeys in passenger transport still undertaken in cars, causing congestion and pollution¹⁰.

1.3.4 Resolution on the National Environmental Action Programme 2020–2030

Conserving nature and ensuring the high quality of our environment are important values of Slovenian society. With a growing awareness of the importance of a healthy environment for the quality of life of both present and future generations, environmental protection is at the forefront of Slovenia’s development goals.

In order to achieve the environmental vision of *protected nature and a healthy environment in Slovenia and outside its borders will enable current and future generations to live a quality life*, the National Environmental Action Programme for the period 2020–2030¹¹ (“NEAP 2020–2030”) defines the guidelines, goals, tasks and measures of environmental protection stakeholders, namely:

- ▶ long-term guidelines, goals, tasks and measures in environmental protection;
- ▶ long-term guidelines, goals, tasks and measures in the conservation of biodiversity and protection of valuable natural features (National Nature Protection Programme);

⁷ Transport Development Strategy, available [here](#)

⁸ Resolution on the National Programme for the Development of Transport, available [here](#)

⁹ Slovenian Environment Agency, available [here](#)

¹⁰ Eurostat, Passenger mobility statistics, available [here](#)

¹¹ Resolution on the National Environmental Action Programme 2020–2030 (ReNVPO20–30), available [here](#)

- ▶ national water management policy (National Water Management Programme);
- ▶ measures to achieve the goals of the Development Strategy of Slovenia 2030, which recognises the preservation of a healthy natural environment among the strategic orientations for achieving a high quality of life;
- ▶ guidelines for the planning and implementation of policies of other sectors that also affect the environment;
- ▶ guidelines and measures for compliance with international development commitments (especially the 2030 Agenda for Sustainable Development);
- ▶ guidelines and measures for compliance with international commitments in environmental protection, nature conservation and water management.

A comprehensive set of measures was designed with the view of addressing the challenges in the areas of biodiversity, soil, air and water protection, transition to low carbon and resources efficient society, that focuses on waste prevention, rehabilitation of areas excessively polluted in the past, reducing environmental noise, improving biosafety, sustainable management of chemicals, addressing the electromagnetic and light pollution.

1.3.5 Climate Change Adaptation

In terms of adaptation to climate change, in December 2016, Slovenia adopted a Strategic Framework for Climate Change Adaptation¹² containing guidelines for adaptation to climate change in Slovenia. With this document, Slovenia established the vision that:

By 2050 Slovenia should become a society adapted and resilient to climate change impacts and characterised by a high quality of life and a high degree of safety of life, while taking full advantage of the changed climate on the basis of sustainable development.

The vision aims to reinforce the capacity to adapt to climate change, manage risks and exploit the opportunities presented by climate change, and its overall objective is to reduce Slovenia's exposure and vulnerability to the impact of climate change and to increase society's resilience and adaptability.

¹² Strategic Framework for Climate Change adaptation, available [here](#)

1.4 STRATEGIC ACTIONS AND PROGRAMMES: THE REPUBLIC OF SLOVENIA'S KEY SOCIAL PRIORITIES

1.4.1 Resolution on National Housing Programme (2015 – 2025)

The Resolution on National Housing Programme (2015–2025)¹³ highlights the most pressing challenges the Republic of Slovenia is facing in this domain. The quality of living depends on the size of the housing stock and quality of housing, where it is of utmost importance to address energy and functional efficiency. The programme sets out four objectives to be achieved by its implementation: balanced offer of suitable housing; easier access to housing; quality and functional housing and higher housing mobility of the inhabitants. Specific measures to achieve these objectives are clustered under the four pillars: activation of the existing housing stock; increased accessibility of the housing for the vulnerable groups; housing stock renovation and new housing construction on locations where the demand is higher.

1.4.2 Active Ageing Strategy

The process of population ageing in the Republic of Slovenia will be more intensive than in other EU countries as life expectancy increases and the share of over 65-year-olds grows. Therefore, the Republic of Slovenia adopted an Active Ageing Strategy¹⁴ which represents the substantive framework for the implementation of the necessary change. The Ageing Strategy is divided into four pillars addressing areas of labour market and education; creating conditions for independent, healthy and safe living for all generations; participation in society; and creation of an environment conducive to activity throughout the life course.

Underpinning the Active Ageing Strategy is the concept of active ageing, which emphasises activity and creativity in all periods of life, concern for health, and intergenerational cooperation and solidarity. This will provide for the population's well-being and quality of life, with an emphasis on intergenerational cooperation and awareness of the importance of high-quality ageing. The guidelines also take into consideration that human rights apply equally to all, regardless of age.

1.4.3 Healthcare: Healthy and Active Life

The Slovenian Development Strategy recognises that a healthy and active lifestyle throughout one's life cycle is crucial for a high quality of life for all generations. In particular, Slovenia will look to achieve this goal in particular by:

¹³ Resolution on National Housing Programme, available [here](#)

¹⁴ Active Aging Strategy, available [here](#)

- ▶ providing access to high-quality and timely healthcare services and long-term care services;
- ▶ raising awareness and educating inhabitants about the importance of a healthy lifestyle, particularly physical activity and healthy food, controlling risky behaviours, providing care for mental health and preventing disease; and
- ▶ lowering health risks for people arising from environmental pollution and climate change.

Slovenia ensures the development of a high-quality public healthcare system which is accessible to all and is based on universality, solidarity, equality, fair financing, and safety of healthcare. In order to improve the health and well-being of the population and reduce inequalities in health, Slovenia adopts and implements measures to promote and protect health, prevent diseases, and improve the health literacy of the people of Slovenia. Slovenia strives to increase healthcare capabilities in accordance with people's needs and, therefore, to achieve better accessibility to high-quality healthcare for all and better working conditions for those employed in healthcare.

1.4.4 Education: Knowledge and skills for a high quality of life and work

Slovenian society relies on knowledge, so our citizens are provided with education from their early childhood to university level and are encouraged to pursue lifelong education and learning. Our primary and secondary schools are free of charge and Slovenia maintains a system of short-cycle higher vocational study programmes and academic study programmes, provide students with meals, accommodation, and work opportunities, and help them with various scholarship schemes. Slovenia is also committed to promoting the inclusion of adults in educational programmes and activities.

The Slovenian Development Strategy states that an effective and high-quality education system designed to prepare individuals for successful work, a high quality of life and participation in society is the basic condition for a competitive economy and social wellbeing. Contributing to these targets, the Slovenian government has adopted the Organisation and Financing of Education Act¹⁵ which specifies the main goals of the education system up to higher education, and the Resolution on the National Programme of Higher Education 2030¹⁶, which looks to improve both the quality and accessibility of higher education in Slovenia. Additional developments include the Resolution on the National programme of Adult Education 2020-2030¹⁷ which looks to provide all adult residents of Slovenia with equal opportunities and incentives to acquire quality learning and education throughout their lifespan.

¹⁵ Organisation and Financing of Education Act, available [here](#)

¹⁶ Resolution on the National Programme of Higher Education 2030, available [here](#)

¹⁷ Resolution on the National Programme of Adult Education 2020-2030, available [here](#)

1.5 RATIONALE FOR SUSTAINABILITY BOND ISSUANCE

The Republic of Slovenia believes sustainable finance, including the issuance of Slovenian Sovereign Green, Social or Sustainability Bonds (“SSSBs”), contributes and plays a key role in financing environmental and social transition in Slovenia and in Europe generally. The Republic of Slovenia aims to reinforce its commitment to sustainability and considers Green, Social and Sustainability bonds key financing instruments to support its efforts and ambitions while providing national and international investors with the opportunity to diversify their investments towards sustainable financial assets.

The proceeds raised from SSSBs enable the Republic of Slovenia to fund government investments that contribute positively to the Republic of Slovenia’s environmental and social goals and further promote and develop the domestic and international Green, Social and Sustainability bond market.

1.6 THE INAUGURAL SUSTAINABILITY BOND

The Republic of Slovenia published its first *Slovenian Sovereign Sustainability Bond Framework*¹⁸ in June 2021, which was followed by a successful issuance of the inaugural Sustainability bond later that month (“RS88”) of an amount of 1 billion euros and a maturity of 10 years, due on July 1, 2031. The initial issue was followed by reopenings, bringing the total nominal amount of RS88 to EUR 1,139,946,000. With the issuance of RS88, the Republic of Slovenia was the first among the countries of Central and Eastern Europe, and the second among the Member States of the European Union, to issue a Sustainability bond. The successful transaction was a strong proof of trust of institutional investors in the Republic of Slovenia, especially in its orientation towards environmental and social transition.

The proceeds from the RS88 issuances are intended for financing or refinancing of the Republic’s budget expenditures that support environmental and social goals. In July 2022, *the Slovenian Sustainability Bond Report*¹⁹ was published, in which the allocation of RS88 proceeds and the impacts of sustainable projects financed in 2020/21 have been presented in more detail.

¹⁸ Slovenian Sovereign Sustainability Bond Framework, June 2021, available [here](#)

¹⁹ Slovenian Sustainability Bond Report, June 2022, available [here](#)

1.7 BACKGROUND OF THE UPDATED FRAMEWORK

The inaugural Slovenian Sovereign Sustainability Bond Framework was based on the Slovenian Development Strategy 2030. Since the Framework's publication in June 2021, there have been significant developments in the Green bond market. It is Slovenia's aim to further support and contribute to the development of the Green, Social and Sustainability bond market domestically and globally and to finance environmental and social transition in Slovenia by issuing Sustainability bonds in the future.

The Sustainability Bond Framework is updated foremost to align, to the extent possible, with the criteria of the EU Taxonomy Regulation ("EU Taxonomy")²⁰ and supplementing Climate Delegated Act on Climate Mitigation and Climate Adaptation²¹ ("Delegated Act"). The aim of this voluntary alignment is to support market best practices and the uptake of the EU Taxonomy while being transparent about the level of alignment in the Second Party Opinion report. The green or sustainability bonds of the Republic of Slovenia will thus enable funding for, among other things, government expenditures that primarily contribute to the EU Environmental Objectives of Climate Change Mitigation and Climate Change Adaptation.



²⁰ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, available [here](#)

²¹ Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, available [here](#)

II. SUSTAINABILITY BOND FRAMEWORK

The Republic of Slovenia has provided this updated Slovenian Sustainability Bond Framework (“Framework”) to govern the issuance of SSSBs, which enables Slovenia to fund state expenditures with high environmental or social impact (“Eligible Green and/or Social Projects”).

The Framework has been prepared in accordance with the ICMA Green Bond Principles 2021²², Social Bond Principles 2021²³ and Sustainability Bond Guidelines 2021²⁴. The Republic of Slovenia has taken into account the criteria of the EU Taxonomy and supplementing Delegated Act to the extent possible when drafting the Framework. In line with the ICMA Sustainability Bond Guidelines, the Framework is presented through four core components (use of proceeds, process for project evaluation and selection, management of proceeds, reporting) and additionally follows the two key recommendations (framework publication and external review).

As the sustainable finance market is continuously developing, the Republic of Slovenia may provide updates to this Sustainability Bond Framework in the future in order to remain consistent with regulatory developments and aligned with best market practices and investor expectations. Any updates to this Framework will either maintain or improve the current levels of transparency, reporting and disclosures, and will be subject to the same external review standards.

22 ICMA Green Bond Principles, June 2021, available [here](#)

23 ICMA Social Bond Principles, June 2021, available [here](#)

24 ICMA Sustainability Bond Guidelines, June 2021, available [here](#)

2.1 USE OF PROCEEDS

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

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

It shall be noted that the expenditures are only included when there is no risk of 'double-counting' because of their potential eligibility for inclusion in other green or social financing instruments. In the event where the Republic of Slovenia co-finances green or social projects, it ensures that Eligible expenditures only include the amount financed by the Republic of Slovenia. Furthermore, Central Government Budget expenditures which obtain dedicated funding (for example, through the EU Recovery and Resilience Facility) are excluded from the Eligible expenditures.

2.1.1 Eligible Green Projects

Eligible Green Projects are projects:

- (a) which promote, in whole or in part and either directly or indirectly, Slovenia's transition to a low carbon, climate-resilient and environmentally sustainable economy;
- (b) which are funded, in whole or in part and whether directly or indirectly, through State Budget expenditures, subsidies or tax foregone (or a combination of all or some of the foregoing) ("**State Budget Financial Support**") in the budget year of issuance and the two budget years following the issuance;
- (c) in the case of refinancing of an existing project, where the relevant State Budget Financial Support has been provided within the budget year preceding the budget year of issuance of the relevant SSSBs; and
- (d) which otherwise qualify under this Framework.

The list below sets-out the categories of projects ("**Eligible Green Categories**"), which may qualify as Eligible Green Projects under this Framework. The full relevant eligibility criteria are detailed in *Appendix 1.1*.

Eligible Green Project Categories

ICMA GREEN BOND PRINCIPLES CATEGORY	DESCRIPTION ²⁵	MAIN SDG CONTRIBUTION AND EU ENVIRONMENTAL OBJECTIVE
LOW CARBON TRANSPORT	<p>Expenditures related to the development, operation, maintenance, and promoting the use of low carbon transportation. Low carbon transportation includes:</p> <ul style="list-style-type: none"> ▶ Electric passenger interurban rail transport, freight rail transport, and infrastructure for rail transport ▶ Urban and suburban public road transport (such as electric or hydrogen buses), and related public transport infrastructure ▶ Cycling and pedestrian infrastructure 	 <p>EU Environmental Objective: Climate Change Mitigation</p>
ENERGY EFFICIENCY	<p>Expenditures related to the development, operation, facilitation or promotion of projects or programs that reduce energy consumption through:</p> <ul style="list-style-type: none"> ▶ Construction of new energy efficient buildings ▶ Acquisition and ownership of energy efficient buildings ▶ Renovation of existing public sector buildings to improve their energy efficiency ▶ Installation, maintenance and repair of energy efficiency equipment to tackle energy poverty ▶ Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings to tackle energy poverty 	 <p>EU Environmental Objective: Climate Change Mitigation</p>
SUSTAINABLE ENVIRONMENTAL MANAGEMENT	<p>Expenditures related to the development, promotion, or facilitation of projects or programs related to the environmentally sustainable management of living natural resources and land use through²⁶:</p> <ul style="list-style-type: none"> ▶ Organic farming ▶ Sustainable agricultural practices (such as crop rotation and use of organic fertilisers) ▶ Agricultural measures promoting the reconstruction, conservation and improvement of terrestrial and inland freshwater ecosystems 	 <p>EU Environmental Objective: Protection and Restoration of Biodiversity and Ecosystems</p>
CLIMATE CHANGE ADAPTATION	<p>Expenditures related to the developments, promotion, or facilitation of projects or programs related to climate change adaptation through:</p> <ul style="list-style-type: none"> ▶ Planning and construction of anti-flood measures, including urban drainage systems, river training and maintenance of watercourses, water facilities and water and coastal land ▶ Flood forecasting measures ▶ Climate change adaptation measures for farming (such as more resilient crops and anti-hail nets) and agrioltaics 	 <p>EU Environmental Objective: Climate Change Adaptation</p>

²⁵ Please see further details on Eligibility Criteria in Appendix 1.1

²⁶ Please see further details on Eligibility Criteria in Appendix 1.1

2.1.2 Eligible Social Projects

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

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

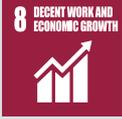
The list below sets-out the categories of projects (“**Eligible Social Categories**”), which may qualify as Eligible Social Projects under this Framework. The full relevant eligibility criteria and target populations are detailed in *Appendix 1.2*.

2.1.3 Exclusion criteria

Expenditures that support or promote the following activities are excluded:

- ▶ Burning of fossil fuel for power generation and transportation
- ▶ Rail infrastructure dedicated to the transportation of fossil fuels
- ▶ Nuclear power generation
- ▶ Weapons, tobacco, gaming, or palm oil industries.

Eligible Social Project Categories

ICMA SOCIAL BOND PRINCIPLES CATEGORIES	DESCRIPTION ²⁷	MAIN SDG CONTRIBUTION
ACCESS TO ESSENTIAL SERVICES – EDUCATION	<p>Expenditures providing access to essential educational and science infrastructure and services for all by:</p> <ul style="list-style-type: none"> ▶ Strengthening the accessibility of pre-school education programs ▶ Ensuring better educational conditions for socially disadvantaged pupils ▶ Extending the public educational capacities ▶ Improving the quality of the existing public educational infrastructure and equipment 	 
ACCESS TO ESSENTIAL SERVICES – HEALTHCARE	<p>Expenditures providing access to essential healthcare infrastructure and services for all populations by:</p> <ul style="list-style-type: none"> ▶ Extending public healthcare capacities ▶ Improving the quality of the existing public healthcare facilities and equipment ▶ Shortening waiting times ▶ Preventive and curative action to deal with pandemic and other natural catastrophes ▶ Increasing the number of post-graduate healthcare workers ▶ Improving the quality of healthcare services ▶ Improving the quality of disease prevention services ▶ Providing COVID-19 preventive and curative services ▶ Raising health literacy 	 
ACCESS TO ESSENTIAL SERVICES – SOCIAL INCLUSION	<p>Expenditures providing access to essential services to by:</p> <ul style="list-style-type: none"> ▶ Providing access to essential infrastructure and services to vulnerable populations ▶ Providing access to essential infrastructure and services to populations affected by natural disasters 	
EMPLOYMENT GENERATION AND SOCIOECONOMIC ADVANCEMENT AND EMPOWERMENT	<p>Expenditures supporting employment generation and socio-economic advancement and empowerment, including but not limited to:</p> <ul style="list-style-type: none"> ▶ Employment generation and retention initiatives ▶ Extending capacities and improving quality of vocational education ▶ Equitable participation and integration into the market and society 	   

²⁷ Please see further details on Eligibility Criteria in *Appendix 1.2*

2.2 PROJECT EVALUATION AND SELECTION PROCESS

2.2.1 Governance and Process for the Evaluation and Selection of Projects

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

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

- ▶ Ministry of Finance
- ▶ Ministry of the Environment and Spatial Planning
- ▶ Ministry for 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
- ▶ Government Office for Development and Cohesion Policy

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

- ▶ Evaluation and selection of Eligible Green and Social Projects for inclusion in SSSBs based on the criteria listed in Section 2.1 (*Use of Proceeds*) above
- ▶ Monitoring Eligible Green and Social Projects and, in the event of an expenditure postponement, cancelation, divestment or ineligibility, identifying a new Eligible Green or Social Project to replace it
- ▶ Approving the Annual Allocation Reports referred to in Section 2.4 (*Reporting to Investors*) below, which detail the allocation of amounts to fund Eligible Green and Social Projects
- ▶ Approving the Annual Impact Reports referred to in Section 2.4 (*Reporting to Investors*), which will detail the environmental and social impacts of Eligible Green and Social Projects.

For the avoidance of doubt, each Green or Social Project expenditure is also subject to the standard national budgetary process under the Ministry of Finance's responsibility. Before any public resources are ultimately expensed on any projects, the relevant Departments/Users of public funds are accordingly liable to ensure that each investment proposal meets all the relevant evaluation processes and value-for-money tests required under the Public Finance Act²⁸ and its bylaw Decree on the uniform methodology for the preparation and treatment of investment documentation in the field of public finance ("Decree"). In addition, under the Decree, all projects and investment proposals with an estimated cost in excess of certain threshold may be subject to a further level of scrutiny, requiring specific approval of interdepartmental working group set by the Government before final contracts are agreed.

2.2.2 Identification and mitigation of environmental and social risks

Each ministry is responsible for ensuring that its respective identified budget expenditures are aligned with all relevant and applicable national and international environmental and social standards and regulation (such as those outlined in *Appendix 2*), and that all relevant risks are identified and managed when selecting the Eligible Green and Social Projects.

It is intended that all Eligible Green and Social Projects financed under this Framework adhere to internationally recognised guidelines, specifically the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Slovenian Government has adopted the National Action Plan on Business and Human Rights ("NAP"), which aims to strengthen activities designed to ensure that the UN Guiding Principles on Business and Human Rights are implemented and that human rights are respected in business activities throughout the value chain.

The compliance of the selected expenditures with the eligibility criteria will be monitored throughout the life of the Green Bond, and specific actions will be taken by the SSSBs Working Group to replace expenditures that no longer comply with the eligibility criteria at least once a year.

2.3 MANAGEMENT OF PROCEEDS

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

Slovenia intends to allocate the proceeds of any SSSBs within 2 budget years after the budget year of issuance, on best effort basis. Pending its allocation to Eligible Green and/or Social Projects, Slovenia will temporarily hold an amount equal to the unallocated proceeds of SSSBs in its State Budget

²⁸ Public Finance Act, available [here](#)

Account. In the case of expenditure postponement, cancelation, divestment or ineligibility, the proceeds initially allocated to the expenditure shall be reallocated to another Eligible Green or Social Project. Replacement of the Eligible Green or Social Projects will be done, on a best efforts basis, within 2 years. The funds of State Budget Account are held in the Single Treasury Account maintained at the Central Bank of Slovenia and are managed according to prudential liquidity policies appropriate to a sovereign such as Slovenia.

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

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

2.4 REPORTING TO INVESTORS

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

1. An **Annual Allocation Report** will be made available to investors annually until full allocation of an amount equal to the net proceeds of the relevant SSSB. An allocation report will also be published in the case of material changes to the portfolio of Eligible Green and/or Social Projects. The Republic of Slovenia will also report on material developments related to the Eligible Green and Social Projects, including ESG controversies and issues, where feasible and relevant. The Allocation Report may include the following details:
 - ▶ Total amount allocated to eligible projects
 - ▶ Total amount allocated per Eligible Green and/or Social Category
 - ▶ The remaining unallocated total amount
 - ▶ The amount of financing us refinancing

III. EXTERNAL REVIEW

3.1 SECOND PARTY OPINION

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

- ▶ ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, and
- ▶ Technical Screening Criteria of the EU Taxonomy and its Delegated Act, where applicable.

The SPO will be made public on the Ministry of Finance’s website³¹.

3.2 EXTERNAL VERIFICATION

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

The resulting review will be made public on the Ministry of Finance’s website³².

³¹ Ibid.

³² Ministry of Finance’s website available [here](#)

APPENDIX 1 – ELIGIBILITY CRITERIA

1. ELIGIBLE GREEN CATEGORIES

The Republic of Slovenia has taken into account the criteria of the EU Taxonomy and supplementing Delegated Act to the extent possible when drafting the eligibility criteria for the Eligible Green Categories. The Eligible Green Categories have been mapped to relevant and applicable laws and regulations to the extent possible.

ENERGY EFFICIENCY	
ELIGIBILITY CRITERIA AND POTENTIAL RELEVANT EU TAXONOMY ACTIVITIES	RELEVANT LEGISLATION ³³
<p>Expenditures related to the development, operation, facilitation or promotion of projects or programs that reduce energy consumption through:</p> <ul style="list-style-type: none"> ▶ Construction of new buildings provided that the Primary Energy Demand (PED) is at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB) requirements in national measures implementing Directive 2010/31/EU. The energy performance must be certified using an as built Energy Performance Certificate (EPC) ▶ Acquisition and ownership of buildings: <ul style="list-style-type: none"> • For buildings built after 31st December 2020: the Primary Energy Demand (PED) is at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB) requirements in national measures implementing Directive 2010/31/EU • For buildings built before 31st December 2020: Energy performance certificate of A, or alternatively the Primary Energy Demand (PED) is within the top 15% of the national or regional building stock ▶ Renovation of existing buildings: <ul style="list-style-type: none"> • Leading to a reduction of primary energy demand (PED) of at least 30%. • Alternatively, the building renovation complies with the applicable requirements for major renovations as set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive 	<p>Regulations (EU) 2019/1021, (EC) 1907/2006 and (EC) 1005/2009</p> <p>Directives (EU) 2019/1161 and 2012/27/EU; Public Procurement Act</p> <ul style="list-style-type: none"> ▶ Decree on green public procurement <p>Directive 2010/31/EU; Act on Energy Efficiency</p> <p>Directives 2011/92/EU, 2001/42/ES, 2002/98/ES, 91/271/EGS and Regulation 1357/2014; Environmental Protection Act</p> <ul style="list-style-type: none"> ▶ Decree on activities affecting the environment that require an environmental impact assessment ▶ Decree on waste ▶ Decree on management of waste arising from construction work ▶ Decree on the method of drafting and on the content of the report on the effects of planned activities affecting the environment ▶ Decree on criteria for determining the likely significance of environmental effects of certain plans, programmes or other acts and its modifications in the environmental assessment procedure

³³ Please see *Appendix 2* for further details on relevant legislation

<ul style="list-style-type: none"> ▶ Individual renovation measures consisting of the installation, maintenance or repair of energy efficiency equipment such as the addition of insulation to existing envelope components and the installation, replacement, repair or maintenance of existing windows, external doors, light sources, HVAC and water heating systems with new energy efficient versions. ▶ Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings, such as the installation, maintenance, and repair of zoned or smart thermostats, building automation and control or energy management systems, lighting control systems, energy management systems and smart meters for gas, heat, cool and electricity. 	<ul style="list-style-type: none"> ▶ Decree laying down the content of environmental report and on detailed procedure for the assessment of the effects on certain plans and programmes on the environment <p>Directive 2011/65/ES, Act Regulating Technical Requirements for Products and Conformity Assessment</p> <ul style="list-style-type: none"> ▶ Rules on the restriction of the use of certain hazardous substances in electrical and electronic equipment
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LOW CARBON TRANSPORT	
ELIGIBILITY CRITERIA AND POTENTIAL RELEVANT EU TAXONOMY ACTIVITIES	RELEVANT LEGISLATION ³⁴
<p>Expenditures related to the development, operation, maintenance, and promotion of the use of low carbon transportation. Low carbon transportation includes:</p> <ul style="list-style-type: none"> ▶ Passenger interurban rail transport, freight rail transport and infrastructure for rail transport (including infrastructure subject to an electrification plan that will be fit for use by electric trains within 10 years). ▶ Urban and suburban transport, road passenger transport and related infrastructure enabling low-carbon road transport and public transport. ▶ Operation of personal mobility devices, cycle logistics and related infrastructure for personal mobility, cycle logistics. <p>Where all such modes of transport have zero direct (tailpipe) CO₂ emissions.</p> <p>Infrastructure dedicated to the transport or storage of fossil fuels is excluded.</p>	<p>Regulation (EU) 2016/1628</p> <p>Directives (EU) 2019/1161 and 2012/27/EU; Public Procurement Act</p> <ul style="list-style-type: none"> ▶ Decree on green public procurement <p>Directives 2011/92/EU, 2001/42/ES, 2002/98/ES, 91/271/EGS, 2002/49/ES and Regulation 1357/2014; Environmental Protection Act</p> <ul style="list-style-type: none"> ▶ Decree on activities affecting the environment that require an environmental impact assessment ▶ Decree on waste ▶ Decree on management of waste arising from construction work ▶ Decree on the method of drafting and on the content of the report on the effects of planned activities affecting the environment ▶ Decree on criteria for determining the likely significance of environmental effects of certain plans, programmes or other acts and its modifications in the environmental assessment procedure ▶ Decree laying down the content of environmental report and on detailed procedure for the assessment of the effects on certain plans and programmes on the environment

³⁴ Please see *Appendix 2* for further details on relevant legislation

	<ul style="list-style-type: none"> ▶ Decree on the management of batteries and accumulators and waste batteries and accumulators ▶ Decree on the assessment and management of environmental noise <p>Directives 2009/147/ES and 92/43/EGS; Nature Conservation Act</p> <p>Directive 2000/60/ES, 2006/7/ES, 2007/60/ES and 2008/56/ES; Water Act</p> <p>Directive 2011/65/ES, Act Regulating Technical Requirements for Products and Conformity Assessment</p> <ul style="list-style-type: none"> ▶ Rules on the restriction of the use of certain hazardous substances in electrical and electronic equipment
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SUSTAINABLE ENVIRONMENTAL MANAGEMENT	
ELIGIBILITY CRITERIA AND POTENTIAL RELEVANT EU TAXONOMY ACTIVITIES	RELEVANT LEGISLATION ³⁵
<p>Expenditures related to the development, promotion, or facilitation of projects or programs related to the environmentally sustainable management of living natural resources and land use through:</p> <ul style="list-style-type: none"> ▶ Organic farming in accordance with the EU Organic Farming Label ▶ Sustainable agricultural practices or Agri-Environment-Climate Measures, including 5 year crop rotation, fertilisation with organic -non synthetic fertilisers, sowing plants for green manure, avoidance of pesticides, mulching with non-synthetic/ biodegradable mulching material, mechanical weeding in orchards and vineyards ▶ Agricultural measures promoting the reconstruction, conservation and improvement of terrestrial and inland freshwater ecosystems, with a specific view to improve biodiversity, habitats, and soil and their associated ecosystem services through measures such as later or specific mowing practices, banning use of fertilisers and pesticides, or maintenance of hedges 	<p>Regulation (EU) 2019/1009 (EU) 2019/1021, and (EC) 1005/2009</p> <p>Agriculture Act</p> <p>Act Ratifying the Stockholm convention on persistent organic pollutants</p> <p>Directives 2011/92/EU and 91/676/EGS Environmental Protection Act</p> <ul style="list-style-type: none"> ▶ Decree on the protection of waters against pollution caused by nitrates from agricultural sources <p>Directives 2009/147/ES and 92/43/EGS; Nature Conservation Act</p> <p>Directive 2000/60/ES, 2006/7/ES, 2007/60/ES and 2008/56/ES; Water Act</p> <p>Livestock Farming Act</p> <p>Directive 2009/128/EC; Plant Protection Products Act</p> <ul style="list-style-type: none"> ▶ Rules on the proper use of plant-protection products

³⁵ Please see *Appendix 2* for further details on relevant legislation

CLIMATE CHANGE ADAPTATION	
ELIGIBILITY CRITERIA AND POTENTIAL RELEVANT EU TAXONOMY ACTIVITIES	RELEVANT LEGISLATION ³⁶
<p>Expenditures related to the development, promotion, or facilitation of projects or programs related to climate change adaptation through:</p> <ul style="list-style-type: none"> ▶ Planning and construction of anti-flood measures, including river training and maintenance of watercourses, water facilities and water and coastal land ▶ Flood forecasting measures ▶ Climate change adaptation measures for farming such as more resistant crop varieties, anti-hail nets or agrivoltaics (such as photovoltaic panels that replace anti-hail nets) 	<p>Directives 2011/92/EU, 2001/42/ES, 2002/98/ES, 91/271/EGS and Regulation 1357/2014; Environmental Protection Act</p> <ul style="list-style-type: none"> ▶ Decree on activities affecting the environment that require an environmental impact assessment ▶ Decree on waste ▶ Decree on management of waste arising from construction work ▶ Decree on the method of drafting and on the content of the report on the effects of planned activities affecting the environment ▶ Decree on criteria for determining the likely significance of environmental effects of certain plans, programmes or other acts and its modifications in the environmental assessment procedure ▶ Decree laying down the content of environmental report and on detailed procedure for the assessment of the effects on certain plans and programmes on the environment <p>Directive 2007/60/ES, Water Act</p> <ul style="list-style-type: none"> ▶ Decree on establishment of flood risk management plans ▶ Decree on conditions and limitations for constructions and activities on flood risk areas <p>Directives 2009/147/ES and 92/43/EGS; Nature Conservation Act</p> <p>Natural Disaster Recovery Act</p>

³⁶ Please see *Appendix 2* for further details on relevant legislation

2. ELIGIBLE SOCIAL CATEGORIES

ACCESS TO ESSENTIAL SERVICES - EDUCATION			
ELIGIBILITY CRITERIA	TARGET POPULATION	OBJECTIVE	SOCIAL BENEFITS
<p>The (re)financing of expenditures that provide access to essential educational infrastructure and services for all by:</p> <ul style="list-style-type: none"> ▶ Extending the public educational capacities: <ul style="list-style-type: none"> • The construction or extension of early childhood, primary, secondary education school and science centres • Improving the quality of the existing educational infrastructure and equipment: Eligible expenditures include the refurbishment of Primary and Secondary Education schools ▶ Strengthening the accessibility to education for all children: <ul style="list-style-type: none"> • Eligible expenditures include the costs of the preschool education programs • Ensuring better educational conditions for socially disadvantaged pupils (free or partially subsidized meals) 	All population	Increase and improve education and science infrastructure for all	<p>Reduce social education inequalities</p> <p>Foster equal access to essential education services</p> <p>Promotion of science and innovation in the society, especially among young people</p>

ACCESS TO ESSENTIAL SERVICES - HEALTHCARE			
ELIGIBILITY CRITERIA	TARGET POPULATION	OBJECTIVE	SOCIAL BENEFITS
<p>The (re)financing of expenditures that provide access to essential healthcare infrastructure and services for all by:</p> <ul style="list-style-type: none"> ▶ Extending the healthcare capacities: Eligible expenditures include the construction or extension of public health facilities, centres and equipment ▶ Improving the quality of the existing healthcare facilities: Eligible expenditures include the refurbishment of public health facilities and centres. ▶ Improving the quality of healthcare services: Eligible expenditures include the increase of post graduate degree healthcare workers. ▶ Improving the quality of disease prevention services: Eligible expenditures include funding relevant prevention programs. ▶ Providing COVID-19 preventive and curative services. 	All population	Increase and improve healthcare infrastructure, quality and scope of healthcare and disease prevention services	<p>Reduce social health inequalities</p> <p>Foster equal access to essential health services</p> <p>Improve public health</p>

ACCESS TO ESSENTIAL SERVICES – SOCIAL INCLUSION			
ELIGIBILITY CRITERIA	TARGET POPULATION	OBJECTIVE	SOCIAL BENEFITS
<p>The (re)financing of expenditures that provide access to essential services for population groups at risk of social exclusion by:</p> <ul style="list-style-type: none"> ▶ Providing access to essential infrastructure and services to vulnerable population³⁷: • Eligible expenditures include the construction, extension, refurbishment of public elder care facilities. • Facilities for people with disabilities; activity costs for target groups, project staff costs and other program costs 	<p>Vulnerable population groups including but not limited to:</p> <ul style="list-style-type: none"> • young people • elderly people • people with disabilities • low-income population • marginalised ethnic groups • people at higher risk of social exclusion 	<p>Provide safe and affordable access to essential services for vulnerable population</p>	<p>Reduce social exclusion and inequalities</p> <p>Strengthen social cohesion and solidarity</p>
<p>The (re)financing of expenditures that enable access to essential services and infrastructure for those affected by natural disasters by:</p> <ul style="list-style-type: none"> ▶ Restore most damaged infrastructure including local and national buildings, buildings of cultural heritage, and water infrastructure 	<p>Population in Slovenia affected by a natural disaster</p>	<p>Eliminate the consequences of floods and landslides</p>	<p>Reduce regional inequalities</p>

EMPLOYMENT GENERATION AND SOCIO-ECONOMIC ADVANCEMENT AND EMPOWERMENT			
ELIGIBILITY CRITERIA	TARGET POPULATION	OBJECTIVE	SOCIAL BENEFITS
<p>The (re)financing of expenditures that support employment generation and socio-economic advancement and empowerment:</p> <ul style="list-style-type: none"> ▶ Employment generation and retention initiatives: ▶ Eligible expenditures include aid measures to support the employment of elderly (> 50 years old)/young (< 29 years old)/lower educated³⁸/long-term unemployed (> 1 year) and inactive people; professional transition trainings schemes. 	<ul style="list-style-type: none"> • NEETs³⁹ • women entrepreneurs • unemployed people⁴⁰ 	<p>Support employment generation</p> <p>Reduction of NEETs</p> <p>Support entrepreneurship</p>	<p>Foster sustainable economic growth</p>

37 Defined in the Labour Market Regulation Act (ZUTD) in accordance with Commission Regulation (EC) no 651/2014 of 17 June 2014, available [here](#)

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

39 Definition of NEETs (“not in employment, education or training”) aligned with EU definition, available [here](#)

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

APPENDIX 2 – SELECTION OF THE REPUBLIC OF SLOVENIA’S KEY ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT REGULATION

Public Procurement Act⁴¹ establishes rules on the procedures for procurement by contracting authorities with respect to contracts and design contests. In the performance of public contracts, providers of goods and services shall comply with applicable obligations in the fields of environmental, social and labour law established by EU law, regulations in force in the Republic of Slovenia, collective agreements, or by international environmental, social and labour law provisions. A list of international social and environmental conventions is provided in Annex X to Directive 2014/24/EU and Annex XIV to Directive 2014/25/EU.

- ▶ *Decree on green public procurement* governs green public procurement. Green public procurement is procurement in which the contracting authority orders goods, services or constructions that, compared to the usual goods, services and constructions throughout their life cycle have a lower impact on the environment and ensure saving of natural resources, materials and energy and have the same or better functionalities. The decree transposes into the legal order of the Republic of Slovenia part of Directive (EU) 2019/1161 of the European Parliament and of the Council of 20 June 2019 amending Directive 2009/33/EC on the promotion of clean and energy-efficient vehicles for road transport and Article 6 and part of Annex III of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency.

Environmental Protection Act⁴² regulates environmental protection against pollution as a fundamental condition for sustainable development and in this context sets out the basic principles of environmental protection, environmental protection measures, environmental monitoring and environmental information, economic and financial instruments of environmental protection, public environmental protection services and other environmental protection questions, including procedures regarding Environmental Impact Assessment.

- ▶ *Decree on activities affecting the environment that require an environmental impact assessment* in accordance with Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the impacts of certain public and private projects on the environment provides types of interventions in the environment for which an environmental impact assessment is mandatory.

41 Public Procurement Act, available [here](#)

42 Environmental Protection Act, available [here](#)

- ▶ *Decree on waste* with the aim of protecting the environment and protecting human health, determines the rules of conduct and other conditions for preventing or reducing the harmful effects of waste generation and handling, as well as reducing the overall impact of the use of natural resources and improving the efficiency of the use of natural resources in accordance with Directive 2008/98/EC of the European Parliament and the Council of 19 November 2008 on waste and the repeal of certain directives.
- ▶ *Decree on management of waste arising from construction work* stipulates the mandatory handling of waste generated during construction works due to the construction, reconstruction, adaptation, renovation or removal of the building.
- ▶ *Decree on the method of drafting and on the content of the report on the effects of planned activities affecting the environment* in accordance with Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the impacts of certain public and private projects on the environment determines the detailed content and method of the report on the impacts of the intended intervention on the environment. The provisions of this regulation apply to all reports on the impacts of the intended intervention on the environment, which are prepared for interventions for which the environmental impact assessment procedure must be carried out and environmental approval must be obtained.
- ▶ *Decree on criteria for determining the likely significance of environmental effects of certain plans, programmes or other acts and its modifications in the environmental assessment procedure* in accordance with the third, fourth, fifth and sixth paragraphs of Article 3 and Annex II of Directive 2001/42/EC on the assessment of the impacts of certain plans and programs on the environment stipulates criteria for assessing the probability of significant impacts on the environment in the process of comprehensive environmental impact assessment.
- ▶ *Decree laying down the content of environmental report and on detailed procedure for the assessment of the effects on certain plans and programmes on the environment* stipulates in accordance with Article 5 and Annex I of Directive 2001/42/EC on the assessment of the impact of certain plans and programs on the environment more detailed content and scope of information that the environmental report must provide and regulates in more detail certain issues of the process of comprehensive assessment of the impacts of the implementation of plans, programs, plans, spatial or other acts (hereinafter: plan) on the environment.
- ▶ *Decree on the management of batteries and accumulators and waste batteries and accumulators* determines (i) rules for placing batteries and accumulators on the market, in particular the prohibition of placing on the market batteries and accumulators containing dangerous substances, (ii) special rules for the collection, treatment, recycling and disposal of waste batteries and accumulators in the field of waste management and (iii) starting points for the preparation of operational environmental protection programs in connection with the promotion of the collection and recycling of waste batteries and accumulators. The decree transposes Directive 2006/66/EC on batteries

and accumulators and waste batteries and accumulators and repealing Directive 91/157/EEC.

- ▶ *Decree on limit values, alert thresholds and critical levels of dangerous substances into the soil* determines limit, warning and critical emission values for individual hazardous substances, except for radioactive substances, in the soil.
- ▶ *Decree on the criteria determining the levels of the environmental burden due to the pollution of soil with dangerous substances* lays down the criteria for determining the level of environmental pollution due to soil contamination with hazardous substances, on the basis of which individual areas are classified in the first or second level of environmental pollution due to soil contamination with hazardous substances.
- ▶ *Decree on the discharge and treatment of urban wastewater* in accordance with Directive 91/271/EEC of 21 May 1991 on municipal wastewater treatment regulates (i) the emission of substances during the discharge of wastewater from municipal sewage treatment plants, the emission of substances during the discharge of waste water from small municipal treatment plants and the content of the operational program for the disposal and treatment of municipal waste water.
- ▶ *Decree on the emission of substances and heat when discharging waste water into waters and the public sewage system* determines limit values of substance and heat emissions, evaluation of substance and heat emissions, measures to prevent substance and heat emissions in waste water discharge, measures to reduce substance and heat emissions in waste water discharge, other substance emission reduction measures, conditions for waste water discharge and investor obligations and plant operators, which relate to the acquisition of an environmental permit and the operation of the plant in accordance with Directive of 91/271/EEC on municipal waste water treatment, Directive 2000/60/EC establishing a framework for Community action in the field of water policy, Directive 2006/118/EC on the protection of groundwater against pollution and degradation and Directive 2010/75/EC of 24 November 2010 on industrial emissions.
- ▶ *Rules on sensitive areas* classifies surface water bodies as sensitive areas due to the reduction of environmental pollution during the discharge of waste water.
- ▶ *Decree on the assessment and management of environmental noise* in accordance with Directive 2002/49/EC on the assessment and management of environmental noise, it determines measures to reduce environmental noise pollution.
- ▶ *Decree on the protection of waters against pollution caused by nitrates from agricultural sources* in accordance with the Council Directive 91/676/EEC on the protection of water against pollution by nitrates from agricultural sources determines limit values for the introduction of nitrogen from agricultural sources into or onto the soil and measures to reduce and prevent water pollution caused by nitrates from agricultural sources.

Nature Conservation Act⁴³ sets out measures for the conservation of biodiversity and the system of protection of natural values to contribute to nature conservation. The act among others transposes Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds and Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and wild animal and plant species to the legal system of the Republic of Slovenia.

Water Act⁴⁴ regulates the management of the sea, inland and groundwater and water and coastal land. Water management and water and coastal land include water protection, water management and water use decisions.

- ▶ *Decree on establishment of flood risk management plans* determines in accordance with Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risk the content and method of preparing a more detailed flood risk reduction plan.
- ▶ *Decree on conditions and limitations for constructions and activities on flood risk areas* in accordance with Directive 2007/60/EC of the European Parliament and of the Council of October 23, 2007 on the assessment and management of flood risks determines the conditions and restrictions for interventions in the space and the implementation of activities in areas at risk of floods and related erosion of inland waters of the sea, for interventions in the environment, which in the event of floods and associated erosion can endanger the aquatic environment, and for planning the use of space and preventive measures to reduce the risk of flooding .

Act on Energy Efficiency⁴⁵ determines measures to promote energy efficiency, measures to increase the efficient use of energy and measures to improve the energy efficiency of buildings. The act among others transposes Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.

Agriculture Act⁴⁶ stipulates economic, spatial, ecological and social role of agriculture and its sustainable development. The Agricultural policy tends to permanently preserve the settlement and cultivation of the countryside and the landscape, fertility of agricultural land, the agricultural land from pollution and wasteful use, conserve and improve resources for sustainable food production and implement the principles of environmental protection and nature conservation and conservation of genetic resources.

Act Ratifying the Stockholm convention on persistent organic pollutants⁴⁷ ratifies the Stockholm Convention on Persistent Organic Pollutants, concluded on May 22, 2001 in Stockholm.

43 Nature Conservation Act, available [here](#)

44 Water Act, available [here](#)

45 Act on Energy Efficiency, available [here](#), no English translation

46 Agriculture Act, available [here](#)

47 Act Ratifying the Stockholm convention on persistent organic pollutants, available [here](#), no English translation

Plant Protection Products Act⁴⁸ in accordance with Directive 2009/128/EC establishing a framework for Community measures to achieve the sustainable use of pesticides, regulates the trade and use of plant protection products (hereinafter: FFS), determines the national action program for achieving the sustainable use of FFS, training on FFS, inspections for devices for applying FFS, special measures related to the use of FFS, public information about FFS, professional tasks and research work related to FFS, data collections and acquisition and use of data, laboratories, criminal provisions and powers of the authorities responsible for the enforcement of this of the law and control over its implementation and the regulations issued on the basis of this law. This act also regulates the registration and issuance of FFS permits, fees and the method of managing data on the traffic and use of FFS for the implementation of Regulation (EC) no. 1107/2009 on placing plant protection products on the market

- ▶ *Rules on the proper use of plant-protection products* specifies a more detailed method of correct use of phytopharmaceuticals.

Livestock Farming Act⁴⁹ regulates among other things biodiversity in animal husbandry.

Natural Disaster Recovery Act⁵⁰ lays down the conditions and method of using funds from the budget of the Republic of Slovenia in the elimination of the consequences of natural disasters.

Act Regulating Technical Requirements for Products and Conformity Assessment⁵¹ regulates the conditions for placing products on the market or for use and their availability on the market, technical requirements for products, conformity assessment procedures, requirements and the procedure for determining bodies that participate in conformity assessment procedures and documents that they must be attached at the time of placing on the market or at the start of use.

- ▶ *Rules on the restriction of the use of certain hazardous substances in electrical and electronic equipment* determine the restrictions and special conditions for the use of certain hazardous substances in electrical and electronic equipment in accordance with Directive 2011/65/EC of the European Parliament and the Council of June 8, 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

National Action Plan on Business and Human Rights (“NAP”)⁵², aims to strengthen activities designed to ensure that the UN Guiding Principles on Business and Human Rights are implemented and that human rights are respected in business activities throughout the value chain. The NAP is based on three pillars, also provided for in the UN Guiding Principles on Business and Human Rights, namely:

- ▶ responsibility of the state for establishing an appropriate legal framework,
- ▶ companies’ responsibility to ensure respect for human rights, and
- ▶ responsibility of the state to sanction violations.

48 Plant Protection Products Act, available [here](#)

49 Livestock Farming Act, available [here](#), no English translation

50 Natural Disaster Recovery Act, available [here](#), no English translation

51 Act Regulating Technical Requirements for Products and Conformity Assessment, available [here](#)

52 National Action Plan on Business and Human Rights, available [here](#)

APPENDIX 3 – IMPACT INDICATORS

Examples of potential key environmental impact indicators include:

ICMA GREEN BOND PRINCIPLES CATEGORY	EXAMPLE OF POSSIBLE/INDICATIVE IMPACT INDICATOR
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 <p>Possible additions/modifications</p> <ul style="list-style-type: none"> ▶ Number of households with improved class of energy use ▶ Reduction of annual primary energy consumption in public buildings ▶ Surface of energy refurbished buildings owned/used by the central government
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 ▶ Other relevant indicators depending on the considered projects <p>Possible additions/modifications</p> <ul style="list-style-type: none"> ▶ Passenger-kilometres 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 modernised 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 <p>Possible additions/modifications</p> <ul style="list-style-type: none"> ▶ 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-naturalisation actions ▶ Surface of flood-resilient floor space ▶ Surface of permanent plantations under photovoltaics ▶ Produced electricity <p>Possible additions/modifications</p> <ul style="list-style-type: none"> ▶ Surface of water bodies with improved status
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Where key environmental impact indicators are not available, Slovenia may provide qualitative reporting such as project descriptions or case studies in its impact reporting.

Examples of potential social impact indicators include:

ICMA SOCIAL BOND PRINCIPLES CATEGORY	EXAMPLE OF POSSIBLE/INDICATIVE IMPACT INDICATORS
ACCESS TO ESSENTIAL SERVICES – EDUCATION	<ul style="list-style-type: none"> ▶ Number of education infrastructures benefiting from the eligible projects ▶ Capacity/additional capacity (in number of students, square meters) ▶ The proportion of pupils with subsidized meals ▶ The number of children with a subsidy for kindergarten
ACCESS TO ESSENTIAL SERVICES – HEALTHCARE	<ul style="list-style-type: none"> ▶ Number of hospital and other health facilities built/upgraded and/or benefiting from the eligible projects ▶ Capacity/additional capacity (in number of beds and/or patients) ▶ Number of patients benefiting from “shortening waiting times” programme ▶ Number of surveillances, interns/specialists, public tenders and programmes
ACCESS TO ESSENTIAL SERVICES – SOCIAL INCLUSION	<ul style="list-style-type: none"> ▶ Number of social inclusion infrastructures benefiting from the eligible projects ▶ 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

Where social impact indicators are not available, Slovenia may provide qualitative reporting such as project descriptions or case studies in its impact reporting.

DISCLAIMER

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Slovenia has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with Slovenia Sovereign Sustainability Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any Slovenia Sovereign Sustainability Bonds if Slovenia (including any Government body or agency) fails to adhere to this Framework, whether by failing to fund or complete Eligible Sustainability Projects⁵⁵ or to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the strategic initiatives as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in Government policy (whether with a continuity of the Government or on a change in the composition of the Government), changes in laws, rules or regulations, the need for Government approval of expenditure or other State Budget Financial Support for projects, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Sustainability Projects. In addition, each potential purchaser of Slovenia Sovereign Sustainability Bonds should be aware that Eligible Sustainability Projects may not deliver the sustainability benefits anticipated. Furthermore, the Ministry of Finance as the issuer of Slovenia Sovereign Sustainability Bonds have responsibility for (or control of) the selection, monitoring or completion of Eligible Sustainability Projects which responsibility is vested in other Government bodies and agencies. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of Slovenia Sovereign Sustainability Bonds or any other person might otherwise have in respect of this Framework or any Slovenia Sovereign Sustainability Bonds as a result of any failure to adhere to or comply with this Framework is hereby disclaimed.

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⁵⁴ The term "Sustainability Bonds" in the disclaimer refers to green, social and/or sustainability bonds.

⁵⁵ The term "Sustainability Projects" in the disclaimer refers to green and/or social projects.

