

Republic of Slovenia

Type of Engagement: Allocation Review

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Engagement Team:

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Introduction

In 2024, the Republic of Slovenia ("Slovenia" or the "Issuer") issued a dual-tranche social bond (the "Slovenia 2024 Sovereign Social Bond") and raised a total of EUR 312 million (JPY 50 billion) to finance and refinance projects related to access to essential services. In June 2025, Slovenia engaged Sustainalytics to review the projects and assets funded with proceeds from the Slovenia 2024 Sovereign Social Bond and provide an assessment as to whether the projects and assets met the use of proceeds criteria outlined in the Slovenian Sovereign Sustainability Bond Framework (the "Framework").¹ Sustainalytics has calculated the estimated impact achieved by the Slovenia 2024 Sovereign Social Bond in a separate report.² Sustainalytics provided a Second-Party Opinion on the Framework in January 2023.³ This is Sustainalytics' second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in June 2024.⁴

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2024 Sustainability Bonds based on whether the projects and assets met the use of proceeds and eligibility criteria of the Framework.

Table 1: Use of Proceeds, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
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 	<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

¹ Slovenia, "Slovenian Sovereign Sustainable Financing Framework", (2023), at: <https://www.gov.si/assets/ministrstva/MF/Zakladnistvo/Trajnostna-obveznica-ang/Slovenian-Sovereign-Sustainability-Bond-Framework-January-2023.pdf>

² Sustainalytics has calculated the estimated impact solely for the healthcare category achieved by the 2024 Sustainability Bonds, while the allocation review covers both the healthcare and social inclusion categories.

³ Sustainalytics, "Second-Party Opinion, Slovenian Sovereign Sustainability Bond Framework", (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/slovenian-sovereign-sustainability-bond-framework-second-party-opinion-\(2022\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/slovenian-sovereign-sustainability-bond-framework-second-party-opinion-(2022).pdf)

⁴ Sustainalytics, "Annual Review, Slovenia", (2024), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/allocation-review-republic-of-slovenia_final_report-\(2024\).pdf?sfvrsn=170b5d23_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/allocation-review-republic-of-slovenia_final_report-(2024).pdf?sfvrsn=170b5d23_1)

	<ul style="list-style-type: none"> ➤ 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 by:</p> <ul style="list-style-type: none"> ➤ Providing access to essential infrastructure and services to vulnerable populations⁵ ➤ Providing access to essential infrastructure and services to populations affected by natural disasters 	<ul style="list-style-type: none"> ➤ Number of social inclusion infrastructures benefiting from the eligible projects ➤ Number of people participating in the programme (different social inclusion programmes) ➤ Number of inhabitants affected by natural disasters receiving assistance

Issuer's Responsibility

Slovenia is responsible for providing accurate information and documentation relating to the projects and assets funded, including description of projects, assets and amounts allocated.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings to investors, conducted the verification of the use of proceeds from Slovenia's 2024 Sovereign Social Bond. The work undertaken as part of this engagement included collection of documentation from Slovenia and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and facts presented by Slovenia with respect to the funded projects and assets. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Slovenia.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

⁵ Vulnerable populations includes: low-income groups; youth (below 29 years old); elderly (>50 years); people with disabilities; marginalized ethnic groups (Italian, Hungarian and Romani); 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 and homeless); ii) people with severe disabilities or unemployed; iii) Romani people facing unemployment, low level of education or in poor housing conditions; iv) migrants, refugees and asylum seekers (language ignorance barriers, employment and housing conditions); v) other vulnerable groups, such as victims of violence, addicts, children and adolescents facing hardship, and people with mental health problems.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not meet the use of proceeds criteria outlined in the Framework. Slovenia has disclosed to Sustainalytics that the proceeds from the Slovenia 2024 Sovereign Social Bond were fully allocated as of December 2024.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects and assets funded with proceeds from the 2024 Sustainability Bonds to determine if the projects meet the use of proceeds criteria outlined in the Framework.	All projects and assets reviewed complied with the use of proceeds criteria.	None

⁶ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects, including description, estimated and realized costs, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation Reporting

Table 3: Allocation of proceeds from the Slovenia 2024 Sovereign Social Bond

Use of Proceeds Category	Sub-Category	Projects Financed	Amount Allocated in 2023 (EUR million) (A)	Amount Allocated in 2024 (EUR million) (B)
Access To Essential Services – Healthcare	Health institutions construction, renovation and equipping	The project establishes a modern and interoperable health information system that will enable secure electronic business and efficient management of data and information related to health and health services.	-	8.19
	Healthcare system development	The project involves construction of new buildings for treatment and rehabilitation of chronically ill children.	-	4.80
	Healthcare system development	The project helps in procurement for the reservation/purchase of a pandemic influenza vaccine.	-	0.93
	Healthcare system development	The project provides improvements to facilities for the blind and partially sighted to enable an increase in autonomy and independence.	-	0.06
	Healthcare system development	The project funding supports the digitalization of healthcare.	-	0.01
	Health institutions construction, renovation and equipping	The project involves renovating, expanding and equipping the Department of Oncology at UKC Maribor.	-	11.44
	Healthcare system development	The expense under this project includes construction of a new Clinic for Infectious Diseases and Febrile Conditions at UMC MB.	-	1.65
	Healthcare system development	The project includes postgraduate training of health workers.	-	92.78
	Healthcare system development	The project funding supports the National Institute of Public Health to improve the quality of existing public health care facilities, equipment, and services	-	15.92
	Healthcare system development	The project supports various systemic improvements within the healthcare system, particularly in areas such as safety management, education and training, improving clinical work and monitoring systems, funding, organisation, and effective governance, as well as the provision of healthcare and long-term care.	-	0.21
	Healthcare system development	The project supports payouts for increased workload in healthcare for attendant positions.	-	5.99

Republic of Slovenia

	Healthcare system development	The project funding supports the National Laboratory for Health, Environment and Food, which provides services related to public health, such as monitoring the quality of drinking water.	-	3.49
Access To Essential Services – Social Inclusion	Natural disaster infrastructure restoration	The project involves providing support to vulnerable group of people including partial reimbursement of salaries for workers waiting for work while reconstruction efforts following the August 2023 floods conclude.	-	1.77
	Natural disaster infrastructure restoration	The project provides funding to repair flood damage from the August 2023 floods and associated landslides	-	0.17
	Natural disaster infrastructure restoration	The project provides additional counselling and psychological assistance for users of public social welfare programmes, following increased demand due to the impact of natural disasters.	-	0.03
	Natural disaster infrastructure restoration	The project includes family support programmes to respond to the increased demand for support for children and young people, or their families, who are facing hardships caused by natural disasters.	-	0.04
	Natural disaster infrastructure restoration	The project provides solidarity aid in the form of extraordinary monetary social assistance for people affected by the August 2023 floods and landslides.	-	8.49
	Natural disaster infrastructure restoration	The project focuses on delivering essential infrastructure and services to communities impacted by the floods that occurred between 15 and 18 September 2022.	-	1.66
	Natural disaster infrastructure restoration	The project involves funding to restore municipal infrastructure damaged by the August 2023 floods and related landslides.	81.75	0.05
	Social activation	The project supports care and integration of migrants by providing necessary resources.	36.02	36.54
Total Allocated Amount			117.77⁷	194.22
Total Unallocated Amount			-	00.00
Net Proceeds Raised (A + B)			-	311.99

⁷ Sustainalytics notes that although both tranches of the Slovenia 2024 Sovereign Social Bond were issued in 2024, EUR 117.77 million was refinanced in 2023 under the 'Access to Essential Services – Social Inclusion' category.

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