



REPUBLIC OF SLOVENIA

Inaugural Sustainability-Linked Bond Framework

June 2025



Ministry of Finance
Republic of Slovenia



Agenda

- **Preliminary – Slovenia as an active ESG labelled bond issuer**
- Slovenia's path towards sustainable future – Strategic documents serving as the basis for the SLBF
- Inaugural Sustainability-Linked Bond Framework
 - I. Selection of Key Performance Indicators (“KPIs”) & Calibration of Sustainability Performance Targets (“SPTs”)
 - II. Recalculation & Reporting
 - III. Verification
- Sustainability-linked bond structure





Preliminary

Slovenia has been an active issuer in ESG labelled bonds since 2021

Overview

The Republic of Slovenia is committed to financing sustainable development, having made its debut in the Sustainability Bond market in 2021. Building on this, Slovenia issued its **2nd Sustainability Bond** in **January 2023**. More recently in **September 2024**, the Republic made its inaugural foray into the Samurai bond market with a dual-tranche (3- and 5-year) **JPY 50bn Social Samurai** bond.

2021 sovereign sustainability bond

In **June 2021** the Republic of Slovenia issued its 1st Sustainability Bond in the amount of EUR 1bn and a maturity of 10 years, due on July 1, 2031. The initial issue was followed by reopenings, bringing the **total outstanding amount to EUR 1.24 billion**.

The proceeds from the bond were used to finance projects that contribute to Slovenia's environmental (33%) and social goals (67%). Slovenia obtained pre-issuance second-party opinion, as well as the allocation and impact report verification from external verifier Sustainalytics.

Links:

- [Framework](#)
- [SPO](#)
- [Allocation and impact table](#)
- [Bond report](#)
- [Annual review](#)

2023 sovereign sustainability bond

In **January 2023**, Slovenia issued its 2nd Sustainability bond, this time in the amount of **EUR 1.25bn**. The bond was well-received by investors, with a large **order book of EUR 8.4 billion** and participation from **210 investors**.

The second sustainability bond in comparison to the first one already includes a commitment that it will follow EU Taxonomy Regulation and Climate Delegated Act on Climate Mitigation and Climate Adaptation to the greatest extent possible. The proceeds from the second bond are being used to finance projects that contribute to Slovenia's environmental and social goals - i.e., government investments that contribute to the transition to a low-carbon and circular economy, the sustainable management of natural resources, and social goals across housing, education and healthcare.

Links:

- [Framework](#)
- [SPO](#)
- [Allocation table](#)
- [Impact table](#)
- [Bond report](#)
- [Annual review](#)





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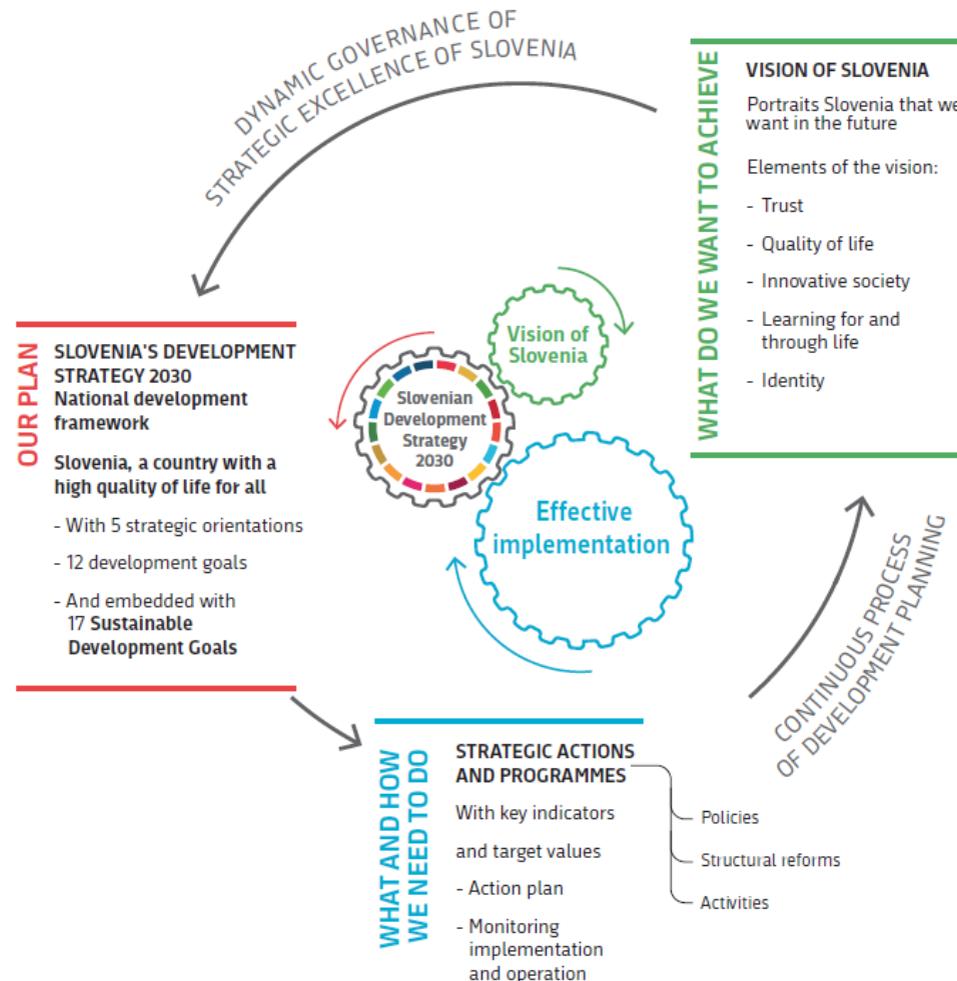


Slovenia's path towards sustainable future

Slovenian Development Strategy 2030

The Slovenian Development Strategy 2030 represents the country's core development framework

It outlines not only its international environmental commitments, but also paints a vision of Slovenia that encompasses more green and social future.



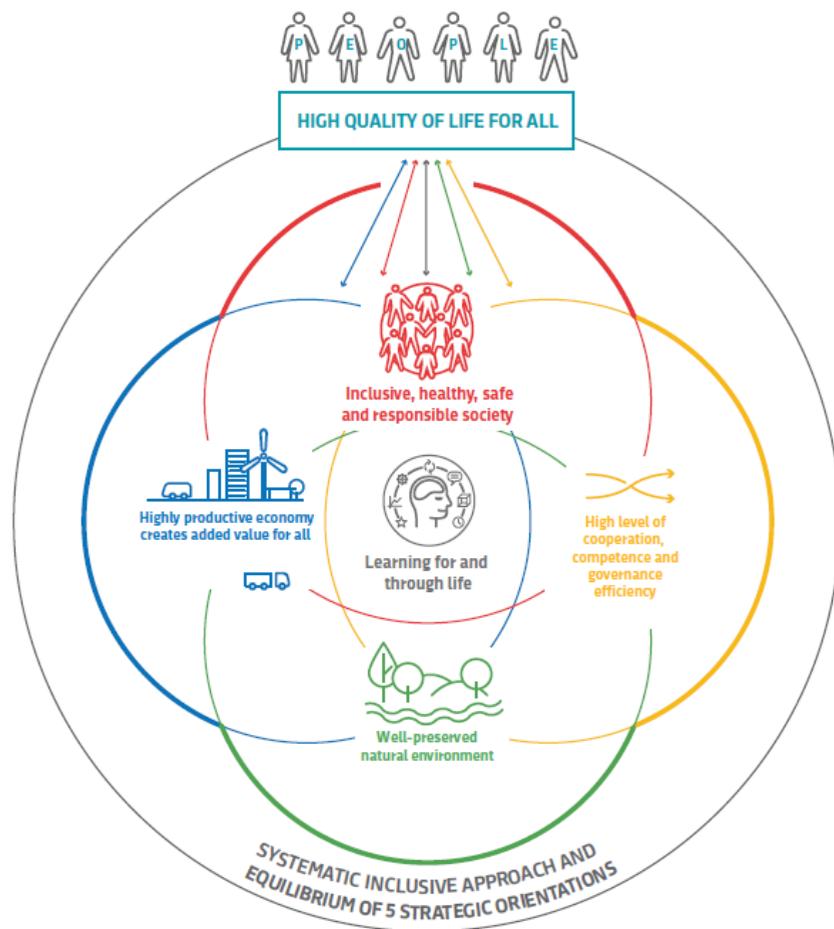
Link:

- [Slovenian Development Strategy 2030](#)



Slovenia's path towards sustainable future

Slovenian Development Strategy 2030 – goals and strategic orientation



The realisation of the strategic objectives is monitored through six main indicators:

- Healthy life years
- PISA scores - Mathematics, Reading and Science
- People at risk of social exclusion
- GDP p.c. PPP
- Employment rate
- Share of renewable energy in total energy consumption

and numerous supporting indicators, such as:

- Gender equality index
- Income inequality
- Labour productivity
- GHG emission intensity
- Ecological footprint
- Trust in public institutions etc.



Slovenia's path towards sustainable future

Slovenian Development Strategy 2030 – goals and strategic orientation

A high quality of life for all	Inclusive, healthy, safe and responsible society	Highly productive economy that creates added value for all	Learning for and through life	Well-preserved natural environment	High level of cooperation, competence and governance efficiency
Goal 1: Healthy and active life	●		●	●	
Goal 2: Knowledge and skills for a high quality of life and work	●	●	●		
Goal 3: Decent life for all	●				●
Goal 4: Culture and language as main factors of national identity	●		●		
Goal 5: Economic stability		●			●
Goal 6: Competitive and socially responsible entrepreneurial and research sector		●	●		●
Goal 7: Inclusive labour market and high-quality jobs	●	●	●		
Goal 8: Low-carbon circular economy	●	●	●	●	
Goal 9: Sustainable natural resource management	●	●		●	
Goal 10: Trustworthy legal system	●	●			●
Goal 11: Safe and globally responsible Slovenia	●	●		●	●
Goal 12: Effective governance and high-quality public service		●	●		●



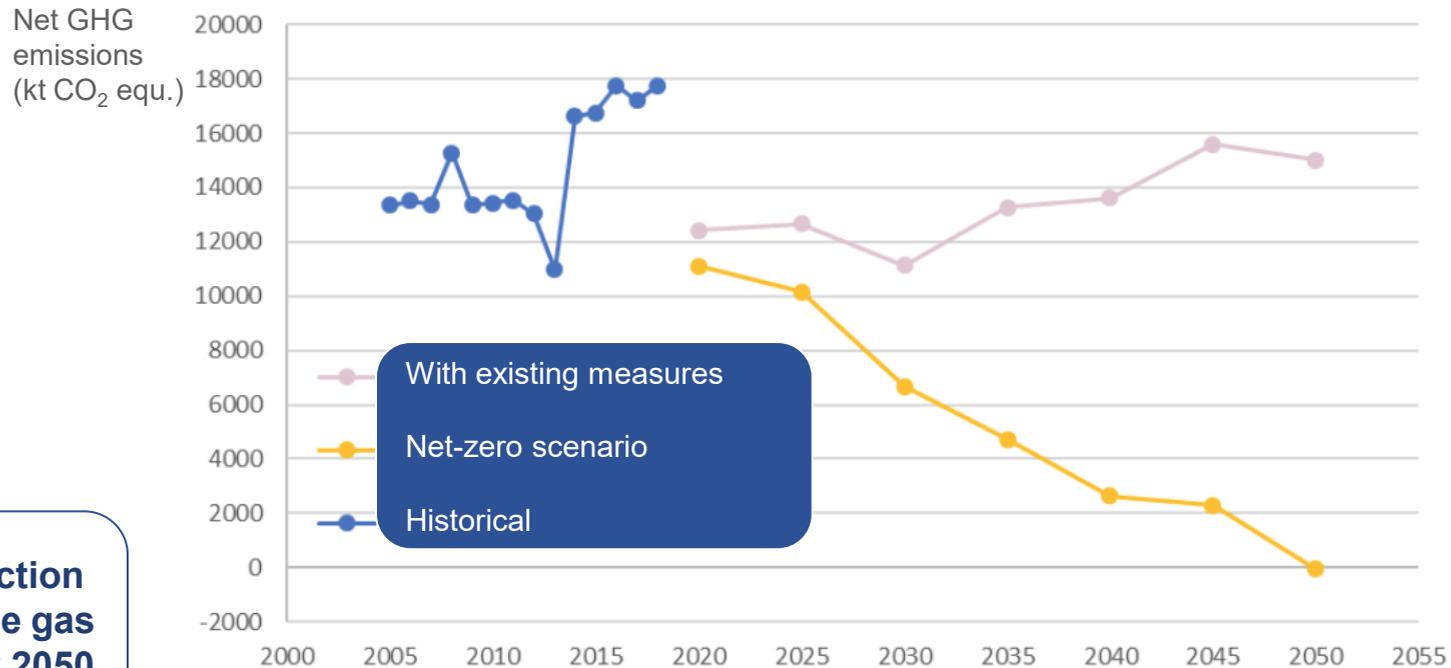


Slovenia's path towards sustainable future

Resolution on the Long-Term Climate Strategy of Slovenia until 2050

The Resolution sets out the net-zero goal by 2050 at the latest

The Resolution incorporates climate neutrality by 2050, sets the strategic sectoral objectives for 2040 and 2050, envisages an inclusive transition into a climate-neutral society, and seeks synergies between climate change and environmental solutions. It serves as a long-term strategic document for climate policies, while other documents (notably National Energy and Climate Plan) tackle short-term operational policies and goals.



80-90% reduction of greenhouse gas emissions by 2050 (base year 2005)

Link:

- [Resolution on the LT Climate Strategy](#)



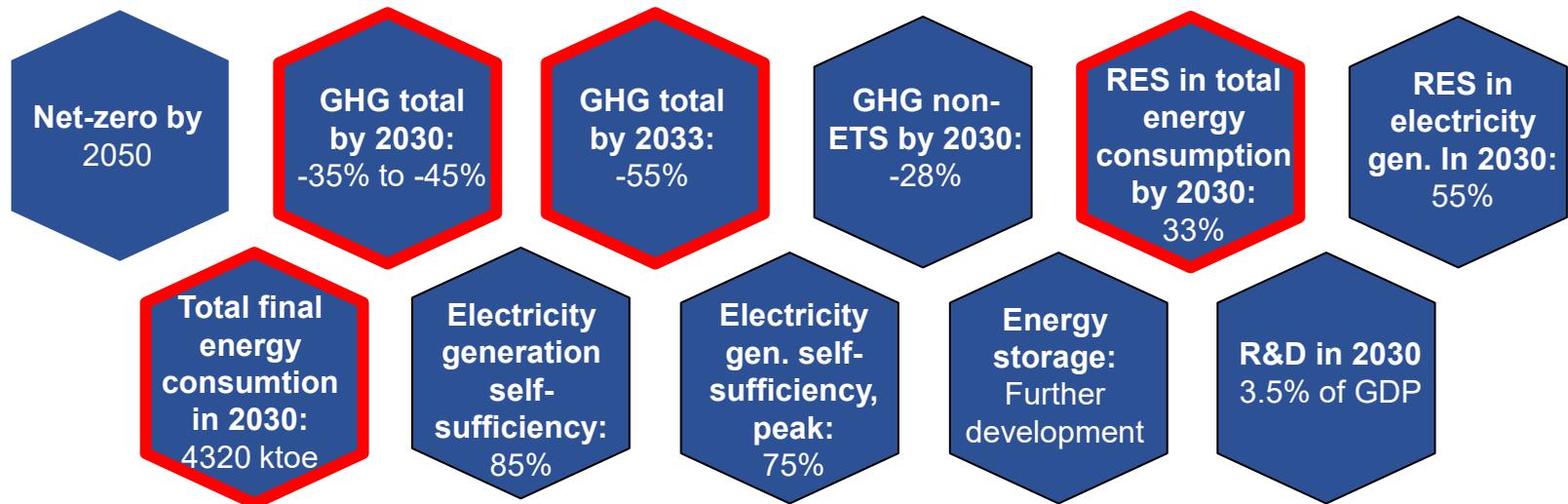


Slovenia's Sustainability Approach - Key Environmental Policies

National Energy and Climate Plan (NECP)

NECP serves as a operational medium-term blueprint for green transition

The NECP is an operational document setting out objectives, policies and measures in the five dimensions of the Energy Union for the period up to 2030 (with a view to 2040): *decarbonisation, energy efficiency, energy security, internal market, and research, innovation and competitiveness*. It provides for the plan for reduction of the reliance on fossil fuels for electricity generation, as well as implementation of sustainable transport solutions, industrial transition and sustainable construction standards.



Link:

- [NECP](#)





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Inaugural Sustainability-Linked Bond Framework

Rationale – Slovenian SLB as a companion to the updated NECP

The Sustainability-Linked Bond Framework published 21st March 2025 has been structured, with the support of BNP Paribas, to enable the issuance of future Sustainability-Linked Bonds (SLB) aligned to the ICMA SLB principles.

The inaugural SLB is intended to act as a **firm financial commitment** backing the environmental goals in **National Energy and Climate Plan (NECP)**.

NECPs were introduced by the Regulation on the governance of the energy union and climate action (EU) 2018/1999, agreed as part of the Clean energy for all Europeans package which was adopted in 2019. The Government of the Republic of Slovenia has established having a climate-neutral circular economy as a top priority for economic development in the SDS 2030.

The national plans outline how the EU countries intend to address the 5 dimensions of the energy union:

- decarbonisation
- energy efficiency
- energy security
- internal energy market
- research, innovation and competitiveness

Environmental goals in NECP considered by the SLBF include:

- GHG emissions reduction in 2030/2033,
- Renewable energy share of gross final energy consumption in 2030,
- Energy efficiency (i.e. final energy consumption) in 2030.

Links:

- [SLB Framework](#)
- [SPO](#)
- [NECP \(ENG and SLO\)](#)
- [Annex to NECP \(ENG and SLO\)](#)
- [Portal Energetika](#) (webportal to follow national NECP-related activities and progress)
- [ARSO Okolje](#) (Slovenian Environmental Agency – environmental data)



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Inaugural Sustainability-Linked Bond Framework

I. Selection of Key Performance Indicators (“KPIs”)

KPI 1: Total annual greenhouse gas emissions

The KPI is defined as the annual greenhouse gas emissions produced in Slovenia, including energy, industrial processes, agriculture, and waste. Land use, land use change and forestry emissions are excluded from the KPI.



SPTs 1.1 – 1.4: Total Greenhouse Gas Emissions

Target observation date: 31st December 2030

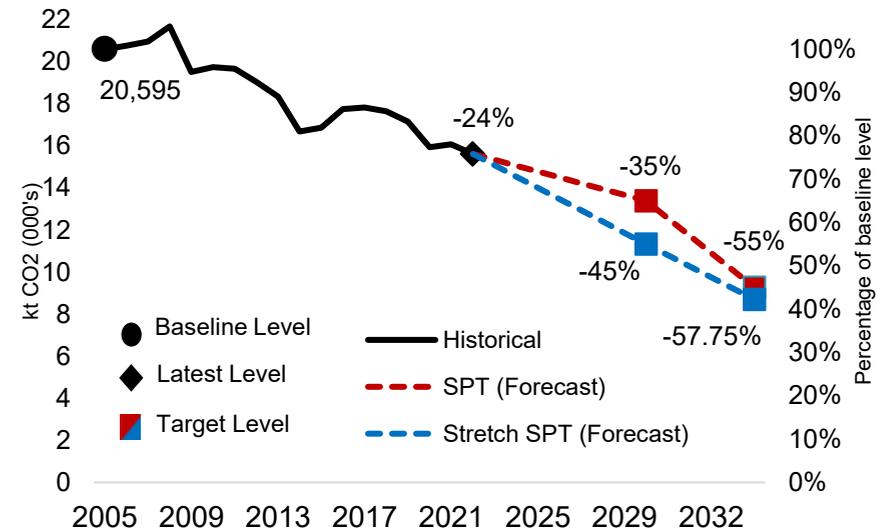
- **SPT 1.1:** 35% decrease of total GHG emissions by 2030 relative to 2005 baseline.
- **SPT 1.2:** **Stretch** for step-down: 45% decrease of total GHG emissions by 2030 relative to 2005 baseline.

Target observation date: 31st December 2033

- **SPT 1.3:** 55% decrease of total GHG emissions by 2033 relative to 2005 baseline.
- **SPT 1.4:** **Stretch** for step-down: 57.75% decrease of total GHG emissions by 2033 relative to 2005 baseline.

Action plan and levers to achieve the SPT:

- EU Emissions Trading System
- Prioritisation of rail transport and sustainable mobility
- Phase out of coal mining and use of coal for energy by 2033



Ambitiousness of the SPT: S&P rating of Advanced stating “We think the targets are ambitious, as they require greater effort in terms of absolute emissions reduction rates than Slovenia has achieved previously..... the issuer’s targets demonstrate stronger-than-average performance than peers.... we positively note that under ASCOR, Slovenia’s SPT 1.1 and SPT 1.2 are aligned with a 1.5° C fair share scenario.”





Inaugural Sustainability-Linked Bond Framework

I. Selection of Key Performance Indicators (“KPIs”)

KPI 2: Share of Renewable Energy Consumed

The KPI expresses as a percentage all renewable energy delivered to final consumers over the gross final energy consumption of all energy sources. The share of renewable energy provided through the mechanism of statistical transfer from another EU Member State is excluded from the KPI.



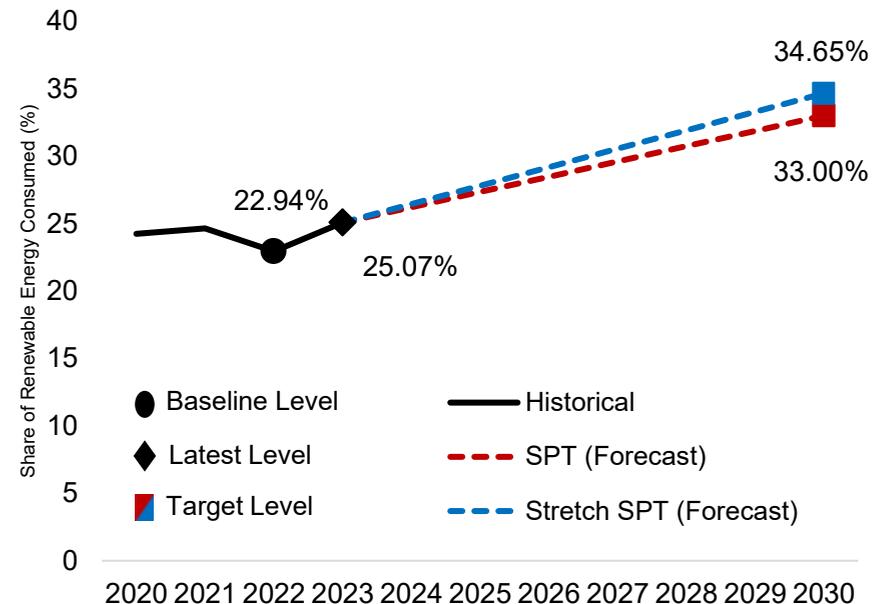
SPTs 2.1 and 2.2: Share of Renewable Energy Consumed

Target observation date: 31st December 2030

- **SPT 2.1:** 33% share in total energy consumption in 2030.
- **SPT 2.2:** **Stretch** for step-down: 34.65% share in total energy consumption in 2030.

Action plan and levers to achieve the SPT:

- Accelerated deployment of renewable energy sources, with instalment in environmentally acceptable areas
- Slovenia is targeting significant increases in the share of renewable energy in final consumption for 2030, including:
 - 55% in the electricity sector
 - 45% in the heating and cooling sector
 - 26% in the transport sector



Ambitiousness of the SPT: S&P rating of Strong stating “We think the issuer’s 2030 target is within the range of peers, although below their average, mainly driven by the country’s geography and nature-related limitations, which constrains our assessment for reaching advanced. Nevertheless, since SPT 2.1 aligns with the 2024 update of its NECP, we view both SPTs 2.1 and 2.2 as effectively supporting Slovenia’s national objectives.”





Inaugural Sustainability-Linked Bond Framework

I. Selection of Key Performance Indicators (“KPIs”)

KPI 3: Energy Efficiency

The final energy consumption KPI measures all energy supplied to industry, transport, households, public and private services, agriculture, forestry, fishing and to other end-use sectors.



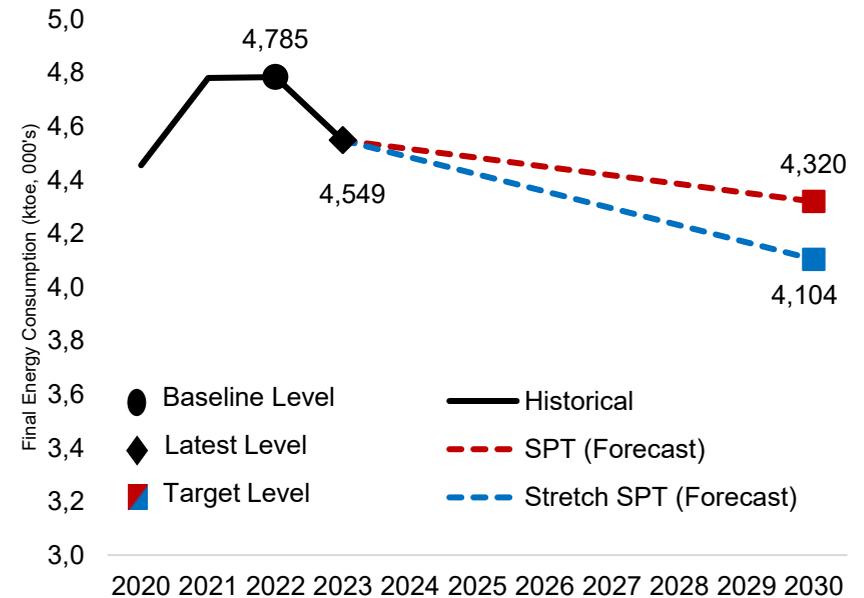
SPTs 3.1 and 3.2: Energy Efficiency

Target observation date: 31st December 2030

- **SPT 3.1:** Final energy consumption in 2030 will not exceed 4,320 ktoe, representing a 9.71% decrease from the 2022 baseline.
- **SPT 3.2:** **Stretch** for step-down: Final energy consumption in 2030 will not exceed 4,104 ktoe, representing a 14.22% decrease from the 2022 baseline.

Action plan and levers to achieve the SPT:

- Mandatory energy savings scheme, the scheme will also be updated in line with the amendments to Directive (EU) 2023/1791.
- Renovation of public sector buildings, with a final energy consumption in buildings target of 15% by 2030, compared to a 2030 baseline.



Ambitiousness of the SPT: S&P rating of Advanced stating “We think the ambition, clarity, and characteristics of SPT 3.1 and SPT 3.2 for the KPI are aligned, with advanced commitments.... We think the issuer’s SPT 3.1 demonstrates performance in line with peer averages, while SPT 3.2 shows performance better than comparable countries, which we view as a stronger-than-average feature.”

Source: Statistical office of the Republic of Slovenia





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Inaugural Sustainability-Linked Bond Framework

II. Recalculation & Reporting

Recalculation

KPI(s) and/or Baseline(s) shall be adjusted as a result of any material:

- changes in the calculation methodology of KPI(s); and/or
- discovery of significant data errors or material improvement in data accessibility;



in each case, if the External Verifier deems the adjustment to be materially relevant to ensure at least the same level of ambitiousness as the existing SPTs.

Reporting

Slovenia will publish and keep easily accessible annual Sustainability-Linked Bond Progress Reports on the [Ministry of Finance's website](#). The reports will contain quantitative and/or qualitative information on the KPIs and will be published within 36 months after each year-end.





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Inaugural Sustainability-Linked Bond Framework

III. Verification

Pre-issuance verification

The SLB framework has been reviewed by S&P Global, who has provided a Second-Party Opinion on the alignment of the Framework and the associated documentation with the ICMA Sustainability-Linked Bond Principles 2024, as well as an assessment of the relevance of selected KPIs and the ambition of the proposed SPTs. The SPO is available at the [Ministry of Finance](#) website.

S&P Global SPO Summary:

Framework is aligned with Sustainability-Linked Bond Principles, ICMA, 2024

By component:

KPI 1 – GHG emissions	Not aligned	Aligned	Strong	Advanced
KPI 2 – Renewable energy	Not aligned	Aligned	Strong	Advanced
KPI 3 – Energy efficiency	Not aligned	Aligned	Strong	Advanced
SPT 1 - GHG emissions	Not aligned	Aligned	Strong	Advanced
SPT 2 - Renewable energy	Not aligned	Aligned	Strong	Advanced
SPT 3 - Energy efficiency	Not aligned	Aligned	Strong	Advanced
Instrument Characteristics	Not Aligned		Aligned	
Reporting	Not aligned	Aligned	Strong	Advanced
Post-issuance Review	Not Aligned		Aligned	

S&P Global Ratings

An S&P Global Second-Party Opinion (SPO) evaluates S&P Global's ratings opinion on whether the documentation of a sustainability-linked bond framework, framework of alignment, or a financing transaction aligns with certain third-party published sustainability framework principles. S&P Global may also provide an opinion on how the issuer's third-party external verification process is aligned with the framework. An SPO is not a rating and is not intended to be used as a substitute for a rating. The SPO is not intended to be used as a substitute for a rating. The SPO is not intended to be used as a substitute for a rating. The SPO is not intended to be used as a substitute for a rating.

Second Party Opinion

Republic of Slovenia Sustainability-Linked Bond Framework

March 21, 2025

Users view The SPO opinion is based on S&P Global's Rating Agency's internal policies and procedures. S&P Global's Rating Agency's internal policies and procedures are available at [https://www.spglobal.com/ratings/en/our-approach-to-rating-and-verification](#). S&P Global's Rating Agency's internal policies and procedures are available at [https://www.spglobal.com/ratings/en/our-approach-to-rating-and-verification](#).

The Republic of Slovenia, in central Europe, is a member country of the EU. It has been independent since 1991, has a population of 2.1 million inhabitants, and covers 20,273 square kilometers. Slovenia's GDP was about 49 billion in 2023, with key sectors being services, manufacturing, other industrial activities, and agriculture. The economy is open, with exports accounting for over 80% of its GDP. Its main trading partners include Germany, Switzerland, China, and Italy. In 2023, the greatest share of greenhouse gas (GHG) emissions in Slovenia came from the transport sector (39%), followed by energy (22%) and industry (19%).

In our view, the Republic of Slovenia's Sustainability-Linked Bond Framework, published on March 21, 2025, is aligned with:

Sustainability-Linked Bond Principles, ICMA, 2024

Issuer's Sustainability Objectives

Slovenia's sustainability strategy aims to develop its economy while aligning with the UN Sustainable Development Goals (SDGs). The country's key sustainability focus is decarbonization, with a net-zero commitment by 2050 outlined in the Slovenian Climate Strategy 2050 and the Environmental Protection Act. The Climate Act, currently being drafted, anticipates the near-term target to reach climate neutrality by 2040, five years earlier than the official commitment. The view physical climate risk as a key threat for Slovenia, particularly in terms of heat waves, forest fires, floods and droughts. In August 2023, the country faced severe floods, with total estimated costs of about 4.10 billion (or 10% of 2023 GDP), which enhanced the urgency in focusing on both climate change mitigation and adaptation. The National Energy and Climate Plan (NECP) 2024, an updated version of the original 2020 plan, outlines measures to achieve EU and international climate commitments. The NECP is the document through which Slovenia, in line with the other EU member states, communicates to the EU its targets and initiatives, to contribute to the EU-wide National Determined Contribution (NDC). The NECP focuses on a medium-term horizon (up to 2035), with a view to 2040 and sets targets in five areas: decarbonization, energy efficiency, energy security, internal energy markets, and research, innovation, and competitiveness. In its 2024 NECP, Slovenia has set the following targets:

- Reduce GHG emissions by at least 50% by 2035, and 90%-95% by 2050, from 2018 levels.

Primary Rating

Rating Agency's Rating

AAA

Post-issuance verification

- Reported KPI performance and input data are subject to reviews by the European Union, UNFCCC and/or Eurostat. An additional annual post-issuance verification report will be obtained for the purposes of reporting on the progress against the SPTs.
- The external verification will be conducted for each KPI at the reporting date. These reports will be published on the Ministry of Finance's website.
- As the Sustainability-Linked finance market continues to evolve, Slovenia's Framework may be subsequently revised or updated to remain consistent best market practices and regulatory requirements. Any material revision of the Framework will be subject to a new Second Party Opinion.





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Sustainability-linked bond structure

Issue size, tenor, base coupon

- Issue size: EUR 1+ bn
- Tenor: 10y
- Base coupon: TBC

Applicable KPI: KPI 1 – Total annual GHG emissions

Annual GHG emissions produced in Slovenia, including energy, industrial processes, agriculture, and waste. Land use, land use change and forestry emissions are excluded from the KPI.

Utilized SPTs: SPTs 1.1 & 1.2

Target observation date: 31st December 2030

- **SPT 1.1:** 35% decrease of total GHG emissions by 2030 relative to 2005 baseline.
- **SPT 1.2:** **Stretch** 45% decrease of total GHG emissions by 2030 relative to 2005 baseline.

Reporting on the achievement thereof (and thus on the fulfillment of the step-up / step-down condition) to follow within 36 months of the target observation date (i.e. by 31 December 2033).

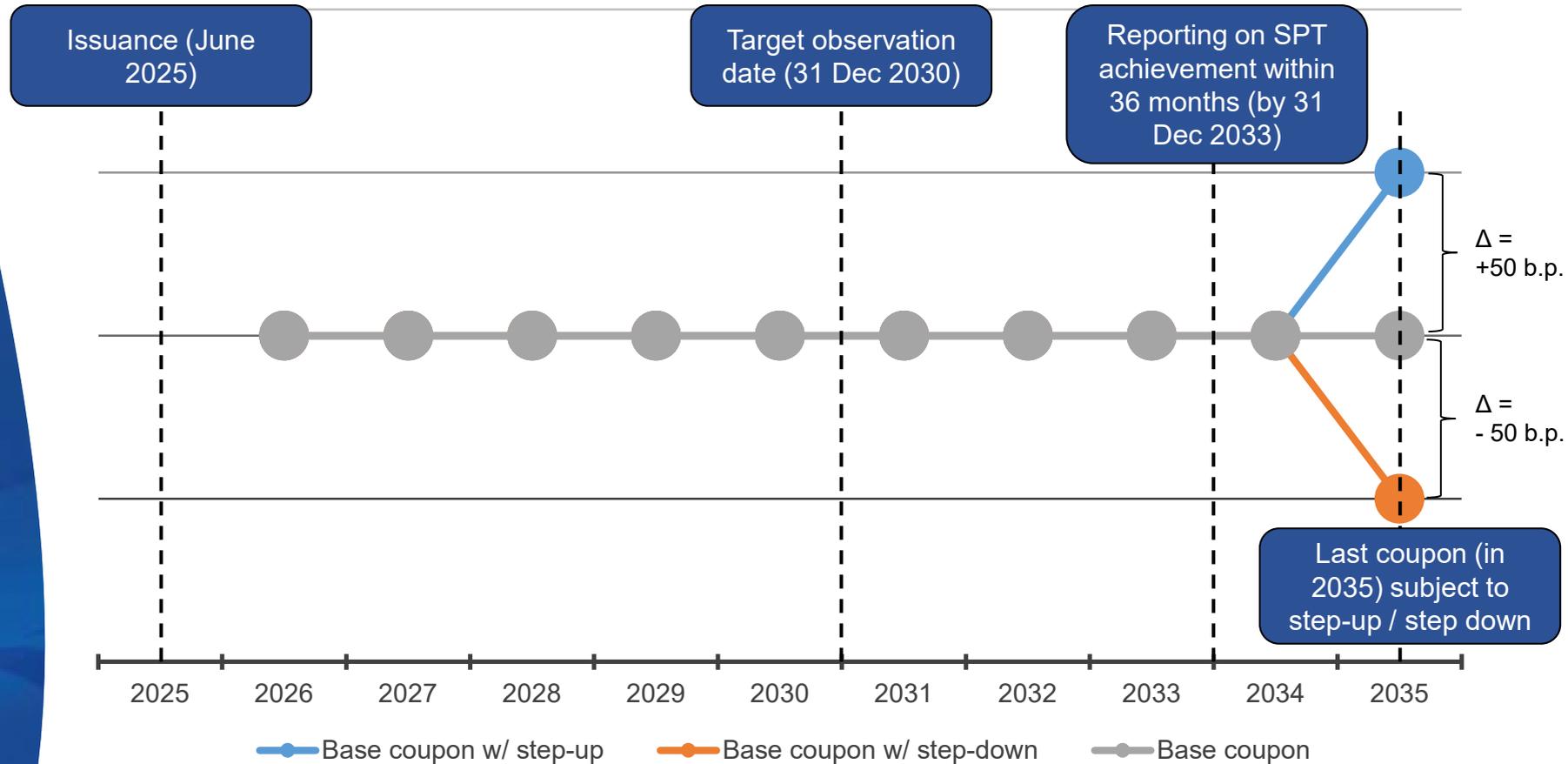
Step-up and step-down structure

- **Symmetrical, \pm 50 b.p., on last coupon only**
- **Step-up triggered if:** the SPT 1.1 **has not been met** (GHG emissions reduction < 35%)
- **Step-down triggered if:** the SPT 1.2 **has been met** (GHG emissions reduction > 45%)



Sustainability-linked bond structure

Step-up and step-down structure, illustration





Republic of Slovenia
Ministry of Finance

