

Republic of Slovenia

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Introduction

In June 2021, The Republic of Slovenia (“Slovenia” or the “Country”) issued a sustainability bond aimed at financing projects that support the Country’s efforts and ambitions to transition to an environmental and socially sustainable society. In June 2022, Slovenia engaged Sustainalytics to review the projects funded through the issued 2021 sustainability bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Slovenian Sovereign Sustainability Bond Framework (the “Framework”).¹ Sustainalytics has provided second-party opinion on the Framework in June 2021.²

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded between January 2020 to December 2021³ with based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Slovenian Sovereign Sustainability Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Slovenian Sovereign Sustainability Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs⁴

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

Use of Proceeds	Eligibility Criteria	Associated KPI’s
Low- Carbon Transportation	<ul style="list-style-type: none"> • Public transport • Infrastructure for low carbon transport • Mobility management measures • Measures to promote multimodality • Sustainable regional, local and urban mobility • Supporting measures to encourage co-travel - providing system support and increasing the occupancy rate of commuting vehicles by at least 30% • Use of ICT to support sustainable mobility 	<ul style="list-style-type: none"> • Number of low carbon vehicles deployed by type of transport (e.g. number of trains/trams) • Length of the railway infrastructure built or renovated • Number and type of sustainable mobility measures • Other relevant indicators depending on the considered projects <p>Possible additions/modifications</p> <ul style="list-style-type: none"> • passenger km in public transport • Renewable energy sources share in fuels

¹ The framework is available at the Republic of Slovenia’s web portal at: <https://www.gov.si/assets/ministrstva/MF/Zakladnistvo/Dolg-RS/Slovenian-Sovereign-Sustainability-Bond-Framework.pdf>

² The Second-party Opinion can be accessed through the Republic of Slovenia’s web portal at: <https://www.gov.si/assets/ministrstva/MF/Zakladnistvo/Dolg-RS/Mnenje-zunanjega-ocenjevalca.pdf>

³ Slovenian Sovereign has disclosed to Sustainalytics that all allocated projects from 2020 were refinanced, and allocated projects in 2021 are financed.

⁴ The Framework consists of 7 categories of Green Use of Proceeds and 5 categories of Social Use of proceeds, of which the Company has allocated to 1 Green and 4 Social Use of proceeds category for the current issuance.

		<ul style="list-style-type: none"> • sustainable freight transport • CO₂ emissions from personal transport per capita • number of newly built P+R • number of new charging stations for vehicles (public and private separate) • number of urban/regional/local sustainable mobility projects
Access to Essential Services - Education	<p>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 educational infrastructure and equipment 	<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	<p>Provide access to essential healthcare infrastructure and services for all populations by:</p> <ul style="list-style-type: none"> • Extending healthcare capacities • Improving the quality of the existing 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. 	<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	<p>Provide access to essential services to vulnerable populations by:</p> <ul style="list-style-type: none"> • Providing access to essential infrastructure and services to vulnerable population • Providing financial assistance to vulnerable population 	<ul style="list-style-type: none"> • Number of social inclusion infrastructures benefiting from the eligible projects, • Capacity/additional capacity (in number of beneficiaries) • Number of people participating in program (different social inclusion programs)

		<ul style="list-style-type: none"> • Number of activities for vulnerable target groups
<p>Employment Generation and Socioeconomic Advancement and Empowerment</p>	<p>Support employment generation and socio-economic advancement and empowerment, including but not limited to:</p> <ul style="list-style-type: none"> • Employment generation and retention initiatives • Extending capacities and improving quality of vocational education • Support to social and solidarity economy • Equitable participation and integration into the market and society • Empowerment and companionship for the affected by COVID 19 • Support to SMEs in the event of extreme events 	<ul style="list-style-type: none"> • Number of people benefiting from the eligible employment generation and retention initiatives • Number of social and solidarity economy beneficiaries • Number of SMEs impacted by the consequences of extreme events benefiting from the eligible expenditures • Number of training programs completed, and number of training centers developed

Issuing Entity’s Responsibility

Slovenia is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Slovenia’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Slovenia employees and review of documentation to confirm the conformance with the Slovenian Sovereign Sustainability Bond Framework.

Sustainalytics has relied on the information and the facts presented by Slovenia with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct 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 over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Slovenia’s Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Slovenian Sovereign Sustainability Bond Framework. Slovenia has disclosed to Sustainalytics that the proceeds of the sustainability bond were fully allocated as of December 31, 2021.

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bond in 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Slovenian Sovereign Sustainability Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bond in 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Slovenian Sovereign Sustainability Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendices

Appendix 1: Allocation Reporting based on Eligibility Criteria

In June 2021, Slovenia Sovereign issued a Sustainability Bond with a value of EUR 1.05 billion. As of December 2021, Slovenia has allocated 100% of the net proceeds. Of the eligible categories, 58% of net proceeds were used to finance new projects, while 42% were used to refinance existing projects. The table below provides a summary of the allocation of net proceeds by category.

Table 3: Allocation Reporting for allocated projects

Project Category	Sub-category	Year		Total 2020-21 (€)
		2020 (€)	2021 (€)	
Low carbon transport	Rolling stock	14,001,000	14,001,000	28,002,000
	Railway infrastructure	147,262,791	225,687,967	372,950,758
	Cycling infrastructure	1,849,982	2,747,045	4,597,027
	Measures to promote multimodality	64,226	108,618	172,844
	Total	163,177,999	242,544,630	405,722,629
Access to essential services - Education	Pre-school	18,828,681	24,915,768	43,744,449
	Primary school	22,043,421	24,496,372	46,539,793
	Secondary school	4,532,849	4,564,222	9,097,071
	Construction projects	3,416,637	158,721	3,575,358
	Total	48,821,588	54,135,083	102,956,672
Access to essential services - Social Inclusion	Social activation	1,591,257	2,033,457	3,624,714
Access to essential services - Healthcare	Health institutions construction, renovation, and equipping	10,186,531	35,560,994	45,747,526
	Health care system development	9,583,956	2,549,950	12,133,906
	Health services	23,521,912	5,092,151	28,614,064
	Health professionals training	80,000,000	87,168,965	167,168,965
	Covid 19 related measures	97,281,005	173,124,408	270,405,413
	Total	220,573,405	303,496,469	524,069,874
Employment generation and socioeconomic advancement and empowerment	Employment promotion and job training	6,696,095	7,954,192	14,650,287
Net allocation		440,860,344	610,163,831	1,051,024,175

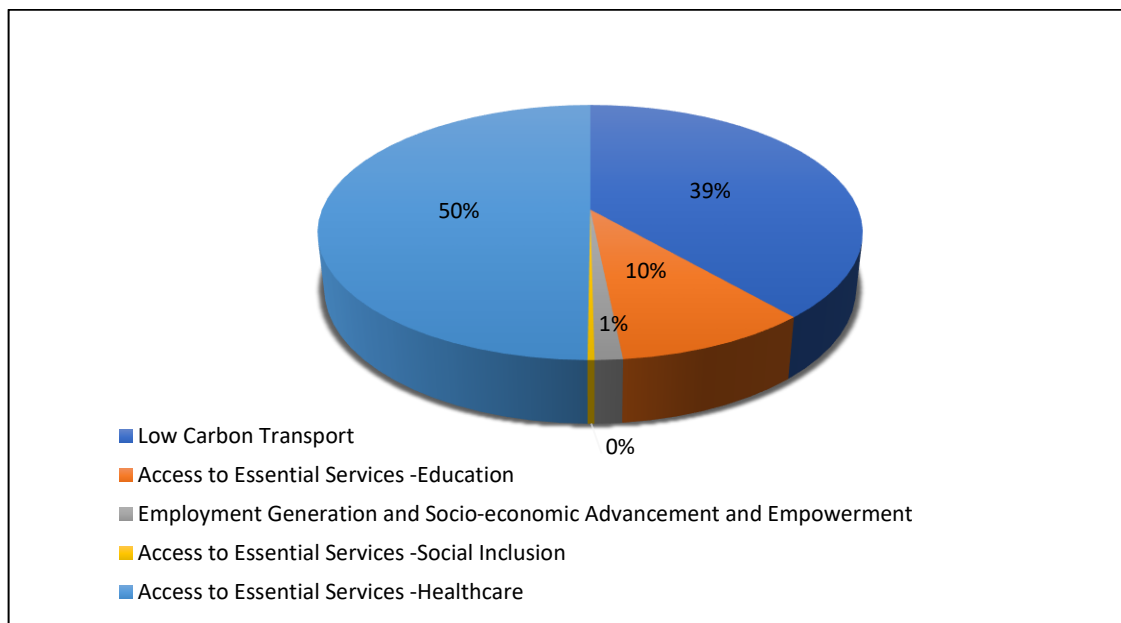


Chart 1: Pie-chart showing the overall distribution to the different categories of Use of Proceeds

Appendix 2: Impact Reporting based on Eligibility Criteria

Table 4: Alternate table as shared by the client

Project Category	Sub- category	Impact in 2020 and 2021
Low-Carbon Transportation	Rolling stocks	Number of new rolling stocks in 2021: 23
	Railway infrastructure	Passenger kilometers/year: 20,387,075
	Cycling infrastructure	Tonne kilometers/year (in mio): 47,103 Total Annual GHG reduction (in tCO ₂ e p.a): 16,080⁶ Total length of new cycle route (in km): 335 Total length of new railway track (in km): 27
	Measures to promote multimodality	-
Access to Essential Services-Education	Pre-school: subsidies for kindergarten students	16,682 students in kindergarten received subsidies. 18.5% student received subsidies
	Primary school: co-financing lunch and dinner subsidies for primary school students	Lunch subsidy: 53% of registered pupils (or 52% of enrolled pupils) Dinner subsidy: 29% of registered pupils (or 23% of enrolled pupils).

⁶ The calculations are made on the assumption that due to the implemented & reported investments there will be in 2030 more railway pkm/a and tkm/a in comparison to 2019.

	Secondary school - co-financing lunch and dinner subsidies for secondary school students	Lunch subsidy: 63% of registered students (or 40% of enrolled students) received a subsidy.
	Construction projects	563 m² of construction projects completed and 13.000 m² in the initial stages of the project in 2020-2021 in 2 educational institutions
Access to essential services - Social Inclusion	Social activation ⁷	<p>Number of participants in social activation projects (in numbers) in 2021: 1579</p> <p>Number of participants in social activation projects (in numbers) in 2020: 1384</p> <p>Number of activities (in numbers) in 2021: 188</p> <p>Number of activities (in numbers) in 2020: 244</p>
Access to essential services - Healthcare	Health institutions construction, renovation, and equipping	Number of institutions benefitting from the investment (in numbers): 40
	Health care system development	<p>Number of new medical equipment installed (in numbers): 18</p> <p>Expected increase in bed capacity (in numbers): 39</p> <p>Number of healthcare professional trained: 6,059</p> <p>Number of public tenders/campaigns/ activities: 10,189,657</p> <p>Number of beneficiaries from different healthcare programmes: 511,823</p>
	Health services	
	Health professionals training	
	Covid 19 related measures	
Employment generation and socioeconomic advancement and empowerment	Employment promotion and job training	<p>No of counsellors in 2020 and 2021 (in numbers): 40</p> <p>Number of people benefiting from the eligible employment generation and retention initiatives in 2020 (in numbers): 9,624</p> <p>Number of people benefiting from the eligible employment generation and retention initiatives in 2021 (in numbers): 29,920</p>

⁷ Under Social activation, Slovenian sovereign has funded activities and programmes targeting inclusion of population groups at risk of social exclusion including elderly, unemployed youth, person with disability and ethnic minorities. Under this category, refurbishment of ethnic centres were also funded.

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