



# REPUBLIC OF SLOVENIA

## Inaugural Sustainability-Linked Bond Framework

April 2025



Ministry of Finance  
Republic of Slovenia



# Agenda

- **Preliminary – Slovenia as an active ESG labelled bond issuer**
- **Inaugural Sustainability-Linked Bond Framework**
  - I. Selection of Key Performance Indicators (“KPIs”) & Calibration of Sustainability Performance Targets (“SPTs”)
  - II. Bond Characteristics & Reporting
  - III. Verification





# 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 **2<sup>nd</sup> 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 1<sup>st</sup> 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 2<sup>nd</sup> 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.

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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 21<sup>st</sup> 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
- internal energy market
- energy efficiency
- research, innovation and competitiveness
- energy security

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

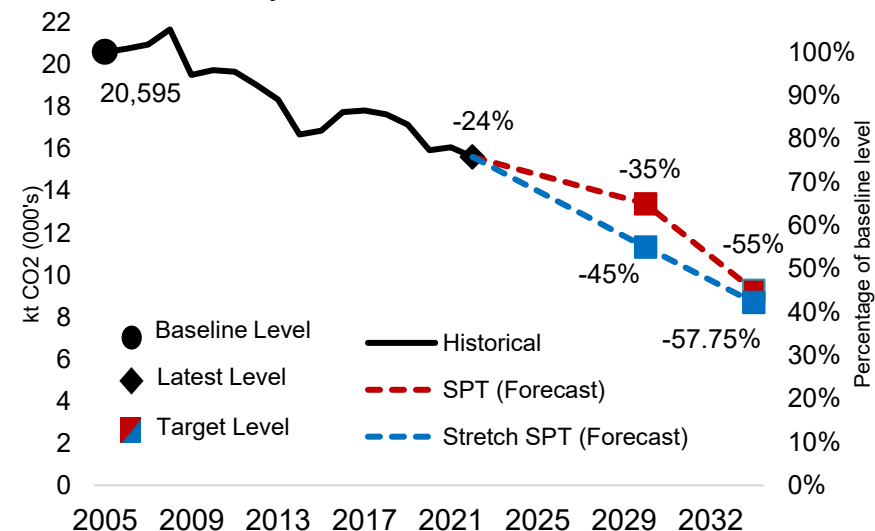
- **SPT 1.1:** 35% decrease of total GHG emissions by 2030 relative to 2005 baseline.
- **SPT 1.2:** **Stretch** for step-down: 45% decrease of total GHG emissions by 2030 relative to 2005 baseline.

**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.



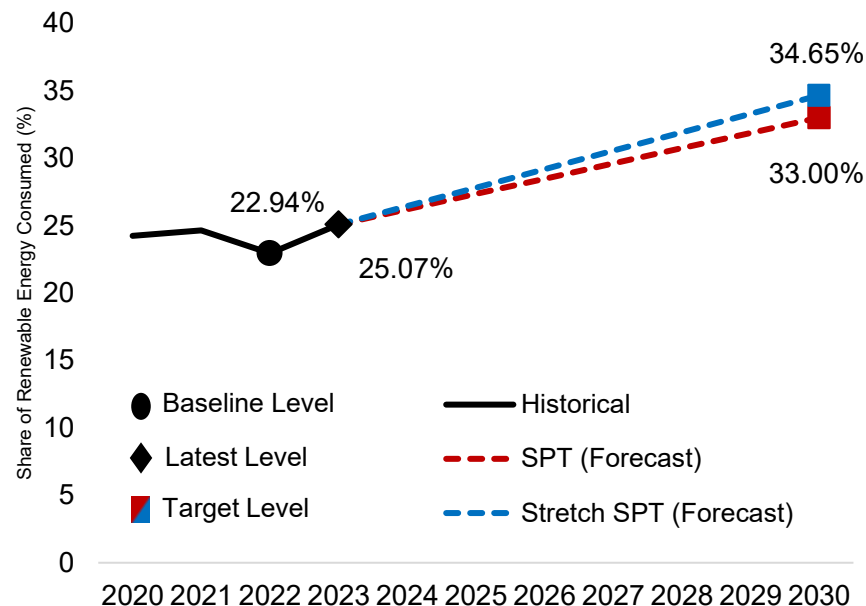
### SPTs 2.1 and 2.2: Share of Renewable Energy Consumed

**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.*



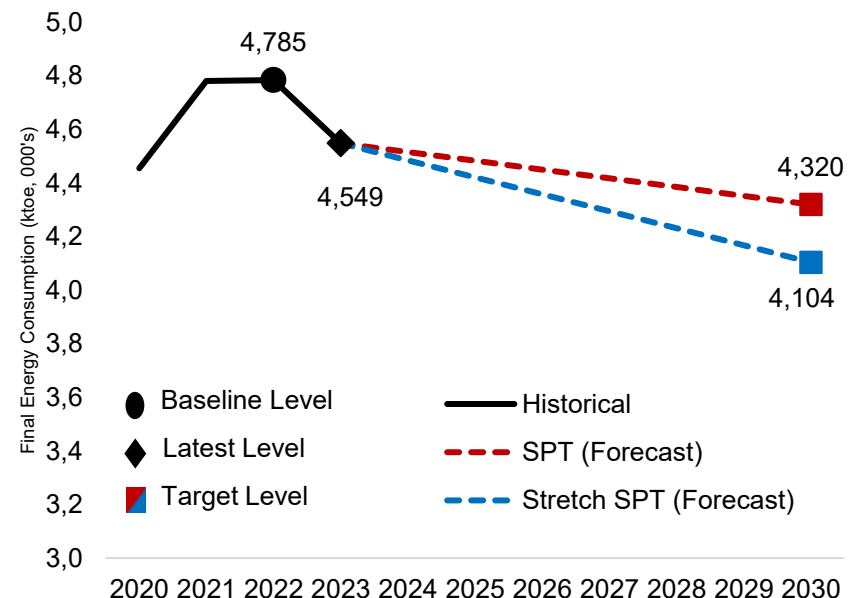
### SPTs 3.1 and 3.2: Energy Efficiency

**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.”



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# Inaugural Sustainability-Linked Bond Framework

## II. Bond Characteristics & Reporting

### Bond characteristics

- KPIs, SPTs, tenor of the bond, repricing date, length of repricing period and step-up / step-down amounts, as applicable, will be specified in the relevant bond documentation.
- Failure to satisfy one or more of the SPTs as of the relevant target date or to publicly provide the reporting and verification of the SPT(s) could trigger a step-up coupon adjustment or premium payment. Conversely, achievement of one or more of the SPTs may result in a step-down coupon adjustment or coupon discount.



### Recalculation policy

The baseline(s) and / or SPT(s) may be recalculated in good faith by Slovenia to reflect any material:

- i. Changes in the calculation methodology for any KPI
- ii. Discovery of significant data errors or material improvement in data accessibility
- iii. Changes to applicable supranational laws, regulations, rules, or policies, such as those emanating from the European Union, that may have a material impact on the Baseline(s) or ability of Slovenia to achieve the applicable SPT(s)
- iv. Updates increasing the ambition of the SPTs for the KPIs and SPTs outlined



A recalculation may be performed in cases where there is a significant impact on the KPI's baselines or the ambitiousness of the SPTs, and there has been independent confirmation of an external verifier.

### 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) provides an independent assessment of a sustainability-linked bond framework, its alignment with the ICMA Sustainability-Linked Bond Principles, and the relevance of selected KPIs and the ambition of the proposed SPTs. S&P Global may also provide an opinion on how the issuer's risk management system is aligned with the framework. An SPO provides a public opinion, reflecting the information provided to it at the time the SPO was created and published, and is not a rating. All issuers are required to update or supplement the SPO to reflect any facts or circumstances that may come to their attention in the future. An SPO is not a credit rating, and does not constitute a recommendation or an offer to sell or buy any security.

#### Second Party Opinion

#### Republic of Slovenia Sustainability-Linked Bond Framework

March 25, 2025

Editor's note: This SPO report is based on S&P Global Ratings' [Slovenia Sustainability-Linked Bond Framework](#), published on March 25, 2025, and is not a rating. It is not a recommendation or an offer to sell or buy any security.

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 48 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 (38%), followed by energy (22%) and industry (18%).

In our view, the Republic of Slovenia's Sustainability-Linked Bond Framework, published on March 25, 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 overarching 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 its 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 2030), 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 2030 and 90%-95% by 2050, from 2005 levels.

#### Primary Rating

Rating: BBB+

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Rating: BBB+

Rating: BBB+

Rating: BBB+

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Rating: BBB+

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### 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.



## **Republic of Slovenia**

Ministry of Finance

