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Second Party Opinion

Republic of Slovenia Sustainability-Linked Bond Framework

March 21, 2025

Editor's note: This SPO report is based on S&P Global Ratings' "[Analytical Approach: Second Party Opinions And Transaction Evaluations](#)" dated Dec. 7, 2022, which was partly superseded by S&P Global Ratings' "[Analytical Approach: Second Party Opinions: Use of Proceeds](#)," dated Jul. 27, 2023, following the launch of our integrated use-of-proceeds SPOs.

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 €64 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 2022, the greatest share of greenhouse gas (GHG) emissions in Slovenia came from the transport sector (39%), followed by energy (22%) and industry (18%).

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 U.N. 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 2045, five years earlier than the official commitment. We 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 €10 billion (or 15% 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 55% by 2033, and 35%-45% by 2030, from 2005 levels.

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- Reduce GHG emissions by 2030 by more than Slovenia's burden-sharing regulation, that is, at least 28% from 2005 levels.
- Achieve a 33% share of renewables in final energy consumption by 2030.
- Ensure that final energy consumption will not exceed 4,320 kilotons of oil-equivalent (ktoe) by 2030.

Slovenia has developed a sustainability-linked bond framework to align its funding strategy with its sustainability commitments depicted in its NECP. We expect the pursuit of sustainability-linked financing instruments issued under this framework will reinforce the commitments Slovenia has made on sustainable goals, particularly with respect to decarbonizing its economy.

Selected Key Performance Indicators (KPIs) And Sustainability Performance Targets (SPTs)

KPI	SPT	Baseline	2022 performance
Total annual greenhouse gas emissions	1.1) 35% decrease of total GHG emissions by 2030 relative to a 2005 baseline	20,595.82 ktCO ₂ e (2005)	15,615.09 ktCO ₂ e
	1.2) 45% decrease of total GHG emissions by 2030 from 2005 levels		
	1.3) 55% decrease of total GHG emissions by 2033 relative to a 2005 baseline		
	1.4) 57.75% decrease of total GHG emissions by 2033 from 2005 levels		
Share of renewable energy consumed	2.1) 33% share in total energy consumption in 2030	22.94 % (2022)	22.94 %
	2.2) 34.65% share in total energy consumption in 2030		
Energy efficiency	3.1) Final energy consumption in 2030 not exceeding 4,320 ktoe	4,810 ktoe (2022)	4,810 ktoe
	3.2) Final energy consumption in 2030 not exceeding 4,104 ktoe		

Second Party Opinion Summary

Selection of key performance indicators (KPIs)

Alignment  The Republic of Slovenia’s Sustainability-Linked Bond framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA, 2024.

KPI 1	Total annual greenhouse gas emissions	Not aligned	Aligned	Strong	Advanced
KPI 2	Share of Renewable Energy Consumed	Not aligned	Aligned	Strong	Advanced
KPI 3	Energy Efficiency	Not aligned	Aligned	Strong	Advanced

Calibration of sustainability performance targets (SPTs)

Alignment  The Republic of Slovenia’s Sustainability-Linked Bond framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA, 2024.

SPT 1	1.1) 35% decrease of total GHG emissions by 2030 relative to a 2005 baseline 1.2) 45% decrease of total GHG emissions by 2030 relative to 2005 levels 1.3) 55% decrease of total GHG emissions by 2033 relative to a 2005 baseline 1.4) 57.75% decrease of total GHG emissions by 2033 relative to 2005 levels	Not aligned	Aligned	Strong	Advanced
SPT 2	2.1) 33% share in total energy consumption in 2030 2.2) 34.65% share in total energy consumption in 2030	Not aligned	Aligned	Strong	Advanced
SPT 3	3.1) Final energy consumption in 2030 not exceeding 4,320 ktoe 3.2) Final energy consumption in 2030 not exceeding 4,104 ktoe	Not aligned	Aligned	Strong	Advanced

The issuer identifies two alternative SPTs for each end-year, with the second being more ambitious than the first. This structure, as we understand from the issuer, is intended to incentivize positive results, since the achievement of the second SPT will trigger a step-down in the interest rate payment.

Instrument characteristics

Alignment  The Republic of Slovenia’s Sustainability-Linked Bond framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA, 2024.

The sustainability-linked bonds issued under this framework will have a feature that result in a coupon adjustment, premium payment, or coupon discount depending on whether the issuer achieves its predefined SPTs. The relevant trigger events, step-up margin/premium payment, and timing will be specified in the relevant documentation. The framework also includes a fallback

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mechanism that specifies that if the SPTs cannot be observed, or reported in a timely and satisfactory manner, the defined bond characteristic change will be triggered as if the SPT was not met.

Reporting

Alignment  The Republic of Slovenia's Sustainability-Linked Bond framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA, 2024.

Score

Not aligned

Aligned

Strong

Advanced

Slovenia commits to publishing an annual Sustainability-Linked Bond Progress Report on the performance of the KPIs against the respective SPTs and evolution of each KPI on the Ministry of Finance's website. It also commits to publish information on reassessing KPIs in case of change in the calculation methodology or major changes in the data from better accessibility.

Post-issuance review


Alignment  The Republic of Slovenia's Sustainability-Linked Bond framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA, 2024.

Slovenia commits to having verification of the reporting progress and on target observation dates. Furthermore, the KPI performance data are being reviewed by the EU, United Nations Framework Convention on Climate Change (UNFCCC), or Eurostat.

Framework Assessment

Selection of key performance indicators (KPIs)

The Principles make optional recommendations for stronger structuring practices, which inform our relevancy opinion as aligned, strong, or advanced. For each KPI, we consider how relevant the KPI is for sustainability by exploring the clarity and characteristics of the defined KPI; its significance for the issuer’s sustainability disclosures; and how material it is to the issuer’s industry and strategy.

 The Republic of Slovenia’s Sustainability-Linked Bond Framework is aligned with this component of the SLBP, ICMA, 2024.

KPI 1	Total annual greenhouse gas emissions (ktCO _{2e})	Not aligned	Aligned	Strong	Advanced
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We think this KPI is advanced, given its clarity, rationale, objective, and scope. The KPI also contributes to the global effort to combat climate change and is directly aligned with the sovereign’s climate strategy. Historical data related to the KPI’s performance has been disclosed since 2005 within the framework, with data undergoing an external verification process, which we view positively. Furthermore, the baseline year of 2005 is in line with Slovenia’s NECP, aligning with the EU goals.

The issuer has clearly articulated in the framework the KPI’s scope, objective, and calculation methodology. Specifically, the KPI encompasses all GHG emissions produced in Slovenia each year, including both the EU Emissions Trading Scheme (ETS) sectors and non-ETS sectors. This covers all relevant economic sectors, such as energy, industrial processes, agriculture, and waste. The KPI excludes emissions generated by land use, land use change, and forestry activities, which have been negative since 2019. This excludes the carbon sinks reduction from the GHG figures, a factor we view positively. The KPI, as defined, aims to monitor and provide disclosure on "gross" emissions, and in line with the ICMA Illustrative KPIs Registry (with the June 2024 update), we consider this material for sovereigns.

The KPI calculation methodology relies on the IPCC methodology developed under the U.N. Climate Change Convention, ensuring international comparability of data. Furthermore, the KPI’s production is governed by Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action, which defines the mechanisms to achieve the EU’s 2030 climate and energy targets, as well as Commission Implementing Regulation (EU) 2020/1208 on the structure, format, submission processes and review of information reported by member states. Therefore, we view this KPI as one of the key elements for Slovenia in monitoring its progress in meeting climate mitigation goals, as reflected in its NECP, the mechanism adopted by each EU country to contribute to the EU NDC. The KPI and its related SPTs are the same metric and target as the 2024 updated NECP, so are well embedded into the issuer’s strategy, which we view positively.

We view as a strength that the KPI data produced by Slovenian agencies undergoes reviews by EU and international bodies. The EU’s annual GHG inventory review under Governance of the Energy Union and Climate Action Regulation ensures data accuracy, with comprehensive reviews every five years. This process has two stages. The first involves verifying transparency, correctness, and comparability; if misestimations are found, the second stage addresses these issues through corrections. Simultaneously, the UNFCCC conducts reviews in two stages--initial assessments for consistency, and detailed examinations of methodologies. Reports from both processes guide improvements, with reviews spanning different timelines and formats as detailed in the relevant EU and U.N. regulations.

KPI 2	Share of Renewable Energy Consumed (% share in total energy consumption)	Not aligned	Aligned	Strong	Advanced
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We think the KPI is advanced, considering its relevance, scope, objective, and level of ambition. Slovenia clearly states the rationale behind the KPI and describes the calculation methodology. The KPI is directly linked to the issuer’s sustainability strategy and contributes to the global

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transition to a low-carbon economy. Outcomes from this KPI will support achieving the Slovenia's GHG KPI.

The KPI is a ratio with renewable energy delivered to final customers as the numerator and gross final energy consumption from all energy sources as the denominator. The share of energy from renewable sources in the final energy consumption is calculated based on the requirements from the Renewable Energy Directive (EU) 2018/2001 (RED II), which amended the Renewable Energy Directive (EU) 2009/28/EC (RED). The KPI excludes from calculations the share of renewable energy from the statistical transfer mechanism, therefore excluding for renewable energy not consumed internally, which we view positively. However, this does not exclude cooperation mechanisms such as joint projects with other countries. We view the KPI as relevant for the issuer and sovereigns more broadly, since it is the same indicator used to monitor performance toward renewable energy targets defined under the EU's Fit for 55 strategies, as part of the European Green Deal. Furthermore, since Eurostat adopted the KPI as part of the renewable energy statistics set of indicators, we consider it benchmarkable.

The KPI's production is governed by Regulation (EC) No 1099/2008 on EU energy statistics (Energy Statistics Regulation), which provides guidance on data collection, evaluation, and provision. Eurostat, which collects and publishes the figures of the KPI for all EU member states, assesses data quality, including clarity and comparability. Furthermore, every five years, Slovenia is required to provide Eurostat with a report on data quality and methodologies followed, with the reports available on the country's statistical office webpage. We view this process positively, because it enhances data reliability and quality.

Given the importance of meeting needs for fossil-free energy, we think the KPI is relevant and contributes to the 7th and 13th U.N. Sustainable Development Goals (affordable and clean energy, and climate action), as well as the EU's environmental objective of climate change mitigation. Lastly, similarly to the first KPI, this KPI and its related SPT mirror the metric and target defined in the Slovenian NECP, thereby showcasing the ambition of the KPI selected for the framework.

The target is most effective when combined with other KPIs in this framework, especially the first one. Using this KPI in isolation for issuances would yield less impact than its use alongside the first KPI.

KPI 3 Energy Efficiency (ktoe)

Not aligned

Aligned

Strong

Advanced

We consider the KPI advanced due to its relevance, scope, objective, and ambition. Slovenia provides a clear explanation of its rationale and details the method used for its calculation. This KPI is closely aligned with the issuer's sustainability strategy and supports the broader shift toward a low-carbon economy. Additionally, this KPI's results will support achieving the Slovenia's GHG KPI.

The KPI is defined as the total energy consumption within a calendar year, measured in ktoe, in accordance with the Energy Statistics Regulation. This definition encompasses all forms of energy, including fossil fuels, heat, electricity, renewable sources, and biofuels, supplied to sectors such as industry, transport, households, public and private services, agriculture, forestry, and fishing. It excludes ambient energy, deliveries to the transformation and energy sectors, and losses from transmission and distribution. To produce this indicator, Slovenia employs the same methodology used for reporting energy consumption indicators for the NECP to the EU Commission, with the relevant metrics available on Eurostat to ensure comparability. Additionally, Slovenia references the International Energy Agency (IEA) definition of total final consumption in the framework as well, which includes two additional components: total final consumption for the energy sector and nonenergy use. In 2023, these two additional components represented only 9.6 ktoe (0.2% of final energy consumed) and 14.8 ktoe (0.3%), respectively, while Slovenia's final energy consumption was 4,548.5 ktoe.

In line with KPI 2, KPI 3 is also governed by the Energy Statistics Regulation, which provides guidance on data collection, evaluation, and provision. Under this regulation, Slovenia is required to compile KPI 3 from selected surveys and estimation procedures or other sources, including administrative one. Eurostat assesses data quality, including clarity and comparability. Every five years, Slovenia must provide Eurostat with a report on the quality of the data transmitted, as well as on any changes in methodology that have been made.

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While the KPI is not mentioned in the ICMA Illustrative KPIs Registry, we view it as material for sovereigns with a climate mitigation as objective. It is integral to the EU's climate and energy strategy, as identified in Regulation (EU) 2018/1999 and the EU Fit for 55 package updates.

The target is most effective when combined with other KPIs in this framework, especially KPI1. Using this KPI in isolation for issuances would yield less impact than its use alongside KPI1.

Calibration of sustainability performance targets (SPTs)

The Principles make optional recommendations for stronger structuring practices, which inform our ambition opinion as aligned, strong, or advanced. We consider the level of ambition for each target by assessing its clarity and characteristics, how the issuer defines the target with reference either to its past performance, or to external or competitor benchmarks, and how it explains what factors could influence future performance.

 Republic of Slovenia's Sustainability-Linked Bond Framework is aligned with this component of the SLBP, ICMA, 2024.

SPT 1	Not aligned	Aligned	Strong	Advanced
SPT 1.1: 35% decrease of total GHG emissions by 2030 relative to a 2005 baseline.				
SPT 1.2: 45% decrease of total GHG emissions by 2030 relative to a 2005 baseline.				
SPT 1.3: 55% decrease of total GHG emissions by 2033 relative to a 2005 baseline.				
SPT 1.4: 57.75% decrease of total GHG emissions by 2033 relative to a 2005 baseline.				

Slovenia identifies four alternative SPTs for KPI 1, where SPT 1.1 and 1.2 refer to 2030-time horizon, while SPTs 1.3 and 1.4 refer to a 2033-time horizon. The alternative SPTs, for each time horizon, are intended to strengthen further positive results, since achieving SPT 1.2 and SPT 1.4 will trigger a step-down in the interest rate payment.

We think the targets are ambitious, as they require greater effort in terms of absolute emissions reduction rates than Slovenia has achieved previously. More specifically, for SPT 1.1, Slovenia aims to reduce its total GHG emissions, expressed in tCO₂e, by an overall 35% by 2030 from 2005 levels, which implies an overall 14.3% and annual 2.3% reduction by 2030 from 2022 levels. Historical performance shows an overall reduction of 24.2% and an annual rate of 1.5%, so this SPT requires higher annual emissions reductions from 2022-2030 than has been achieved so far. Similarly, SPT 1.2 represents an even more ambitious target than SPT 1.1 and, by extension, historical performance, both in absolute (27.5%) and annual (3.93%) terms. For SPT 1.3, the absolute reduction of 40.65% by 2033 from 2022 levels, and the annual 4.63% represent higher results than both historical trends and SPTs 1.1 and 1.2. Similar considerations relate to SPT 1.4, whose absolute reduction reaches 44.27% by 2033 and 5.17% annually.

In addition, Slovenia compares its 2030 and 2033 targets against those of peer countries with similar economic profiles. We think the issuer's targets demonstrate stronger-than-average performance than peers. Furthermore, since SPTs 1.1, 1.2, and 1.3 align with the 2024 update of its NECP, we view the KPI 1-related SPTs as effectively supporting Slovenia's overarching national climate objectives to reach net-zero emissions by 2050. These targets not only align with the issuer's domestic goals but also play a role in contributing to the EU's collective NDC under the Paris Agreement, which we view positively, because they help meet the principles' recommendation on aligning with official country, regional, or international targets. The alignment with regional goals is further seen with the SPTs meeting the thresholds defined under the Effort Sharing Regulation for member states. Lastly, 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.

Slovenia further defines the strategy to achieve the SPTs within the framework, with key actions focused on adopting policies and measures to decarbonize its economy through renewable energy and energy efficiency, and the application of economic incentives for transition and compliance monitoring, as further strengthened in the upcoming Slovenian Climate Act. The Slovenian Climate Strategy aims for net-zero emissions by 2050, in alignment with Regulation

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(EU) 2021/1119 (the European Climate Law). For the ETS economic sectors--including power and heat generation, energy-intensive industries, and aviation--the issuer identifies the EU ETS mechanism as a key driver for decarbonization. Furthermore, as part of the National Strategy for Exiting Coal and Restructuring Coal Regions published in 2022, Slovenia plans to phase out coal from electricity generation by 2033. We view this initiative as supporting achieving SPTs 1.3 and 1.4 within the same timeline. However, a coal phase-out after 2030, still by 2033, could impair SPT 1.2's achievement by 2030. To facilitate this phase-out, Slovenia is working on transitional funding for an accelerated and fair coal phase-out. New legislation will consider alternative heat sources while ensuring fair regional restructuring. Slovenia discloses that further decarbonization improvements will come through the EU ETS2 starting from 2027, which will complement the European Green Deal by focusing on sectors not in scope for the ETS mechanism, including building emissions and road transportation. Regarding transportation, which accounts for half of Slovenia's non-ETS emissions, the issuer is focusing on developing rail transport, improving public transportation, and encouraging the use of energy-efficient vehicles. This includes promoting sustainable modes of transport and encouraging energy-efficient vehicles and the use of alternative fuels. Beyond the initiatives described in the framework, the issuer is assessing carbon capture, use, and transport initiatives, yet legal constraints preclude the development of domestic storage facilities. Under the Environmental Protection Act (Article 258a) and the Mining Act (Article 6), the injection and geological storage of carbon dioxide are prohibited, preventing the establishment of local storage sites. Instead, the government is promoting financial incentives and policy frameworks to encourage carbon capture and usage, such as in cement production, which we view positively, particularly in hard-to-abate sectors. Feasibility studies are underway to assess the potential for transporting captured carbon dioxide to external storage locations, also via rail.

Slovenia's Ministry of the Environment, Climate and Energy is developing its Climate Act, which is at the proposal stage. If it becomes law, the target date for achieving climate neutrality would be 2045, rather than 2050. The issuer indicates that the current SPTs would remain ambitious and applicable.

Baseline

2005	2030	2033
20,595.82 ktCO ₂ e	SPT 1.1: 35% decrease	SPT 1.3: 55% decrease
	SPT 1.2: 45% decrease	SPT 1.4: 57.75% decrease

SPT 2		Not aligned	Aligned	Strong	Advanced
SPT 2.1: 33% share of renewable energy in total energy consumption in 2030					
SPT 2.2: 34.65% share of renewable energy in total energy consumption in 2030					

We think the ambition, clarity, and characteristics of SPT 2.1 and SPT 2.2 for the KPI are strong. The framework clearly mentions the expected observation date of Dec. 31, 2030, and related trigger events. Hitting these SPTs will also help achieve SPTs related to GHG reduction.

SPTs 2.1 and 2.2 have been benchmarked against Slovenia's 2020-2023 performance. This data is publicly available and was verified by the Slovenian Statistical Office and by Eurostat. More specifically, for SPT 2.1, Slovenia aims to increase its share of renewable energy in total energy consumption, expressed as a percentage, by 31.6% overall, or 4% annually, by 2030 from 2023 levels. Compared with historical performance, which shows an overall 3.8% and an annual 1.5% increase in 2023 from 2020 levels, this SPT requires higher overall and annual increases from 2023-2030. Similarly, for SPT 2.2, with a target of 105% of SPT 2.1, the future trajectory is more ambitious than the historical one, both in absolute (38.2%) and annual (4.7%) terms. In addition, Slovenia compares its 2030 target against those of peer countries with comparable economic profiles. 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.

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Both SPTs do not reach the 46% threshold defined by the EU Commission according to the formula set out in Annex II of Regulation (EU) 2018/1999 on the Governance Regulation of the Energy Union and Climate Action, which also constrains our assessment. However, Slovenia faces difficulties in deploying renewables, including its extensive protected zones, such as Natura 2000 sites, which cover 37.16% of its territory, restricting wide renewable energy projects for biodiversity preservation. Furthermore, its dispersed rural population (45%, higher than the EU average of 23%) limits wind turbine placement due to noise and visual impact considerations. As well, 99.55% of its renewable energy potential lies in areas with high or very high environmental risks, with only 0.45% in no-risk or low-risk zones. Acknowledging the country's geography and nature-related constraints, we view positively the increased focus on spatialization and assessment of local viability of investments, that would lead to locations' prioritization, possibly unlocking renewable energy capacity potential.

To achieve SPTs 2.1 and 2.2, Slovenia's solid set of initiatives is outlined in the NECP 2024, which details strategic measures aimed at meeting the overarching sovereign targets, supported by scenario analysis. The NECP analyses both the Current Policies Scenario (MA) and the Additional Measures Scenario (WAM), providing projections through 2030 to 2040. The WAM scenario, which includes the DU-JE (nuclear and renewables mix) and DU-OVE (renewables only) pathways, proposes more elaborate measures to enhance renewable energy deployment and decarbonize the economy than current policies. While both DU-JE and DU-OVE project similar renewable energy figures by 2030, aligning with the SPTs, they diverge after 2030, with DU-OVE focusing more on solar and wind investments, whereas DU-JE balances renewables with new nuclear capacity.

The Slovenian strategy incorporates incentives for renewable energy usage, promotes installations in environmentally suitable areas, and encourages solar photovoltaic deployment on public buildings. These initiatives, along with a comprehensive policy framework aligned with the WAM scenario, target a 55% share of renewables in electricity generation, 45% in heating and cooling, and 26% in transport by 2030, as outlined in the issuer's framework. Key initiatives include an expedited spatial assessment for renewable projects, particularly solar and wind, as captured in the Renewable Energy Sources Act; storage solutions like pumped hydroelectric energy storage; and a streamlined permitting process for renewable installations. Financial incentives play a crucial role in Slovenia's strategy, encompassing support schemes for renewable electricity generation, renewable heating and cooling, green hydrogen production, and integration of renewables in buildings, with these schemes being updated. We view favorably government plans to reduce and phase out fossil fuel subsidies while implementing tax reforms to discourage carbon-intensive energy sources. Furthermore, Slovenia is prioritizing grid modernization to facilitate the integration of decentralized renewables, ensuring energy security and stability. The country also aims to promote sustainable biofuels, encouraging technological innovation and pilot projects, although imports will be necessary until domestic production capacities are fully developed.

Baseline

2022	2030
22.94%	SPT2.1: 33% share in total energy consumption
	Equivalent to 31.6% increase
	SPT 2.2: 34.65% share in total energy consumption
	Equivalent to 38.2% increase

SPT 3	SPT 3.1: Final energy consumption in 2030 will not exceed 4,320 ktoe	Not aligned	Aligned	Strong	Advanced
	SPT 3.2: Final energy consumption in 2030 will not exceed 4,104 ktoe.				

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We think the ambition, clarity, and characteristics of SPT 3.1 and SPT 3.2 for the KPI are aligned, with advanced commitments. The framework clearly mentions the expected observation date of Dec. 31, 2030, and related trigger events. Hitting these SPTs will also help achieve SPTs related to GHG reduction. SPTs 3.1 and 3.2 have been benchmarked against Slovenia's 2020-2023 performance. This data is publicly available and was verified by the Slovenian Statistical Office and by Eurostat. For SPT 3.1, Slovenia aims to reduce its total final energy consumption to 4,320 ktoe, therefore an overall reduction of 5.02% and an annual reduction of 0.73% by 2030 from 2023 levels. Compared with historical performance, including overall 2.09% and an annual 0.82% increase in energy consumption, this SPT requires higher overall and annual reductions from 2023-2030. Similarly, for SPT 3.2, which represents an even more stringent target for final energy consumption at 4,104 ktoe by 2030, the future trajectory is more ambitious than historical performance, both in absolute (a 10.25% decrease) and annual (a 1.53% decrease) terms.

In addition, Slovenia compared its 2030 target against those of countries with comparable economic profiles. 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. Furthermore, since SPT 3.1 aligns with the 2024 update of its NECP, we view both SPTs 3.1 and 3.2 as effectively supporting Slovenia's national objectives. Furthermore, we view positively that the target of 4,320 ktoe in final energy consumption is in line with the European Commission (EC) factsheet's threshold, based on the formula set out in Annex I of Directive (EU) 2023/1791 on energy efficiency and amending Regulation (EU) 2023/955. Therefore, we view both SPTs 3.1 and 3.2 as supporting the EU-wide energy efficiency target of achieving an 11.7% reduction in final energy consumption by 2030, meeting the principles' recommendation on aligning with official country, regional, or international targets.

To meet its energy efficiency objectives, Slovenia developed an action plan to enhance energy performance across sectors by 2030, focusing on transportation and households. A central component is the ongoing implementation of a mandatory energy savings scheme for end-customers, executed through energy services and initiatives from energy suppliers and the Slovenian Environmental Public Fund, reflecting Directive (EU) 2023/1791. Slovenia aims for climate-neutral energy in buildings by 2050, targeting a 15% reduction in energy consumption by 2030 relative to 2020 levels, and a minimum 70% decrease in greenhouse gas emissions by 2030 compared to 2005. In the public sector, the goal is a 1.9% annual reduction in energy consumption, alongside a 3% annual renovation rate for public buildings. The Long-Term Strategy for Promoting Energy Renovation of Buildings by 2050, currently underway, will set specific sectoral goals aligned with energy efficiency and decarbonization targets. In transport, which accounts for half of non-ETS GHG emissions in Slovenia, we appreciate measures to improve spatial planning; the progressive increase in excise duties on fossil fuels, which might shift price signals to reduce fossil fuel transport; the focus on information mobility services through data integration and digital ticketing that will support public transport reliance; and incentives for low-emission freight transport. However, a full internal combustion engine phase-out in sectors like taxis, rental cars, and logistics is not in place, which would further support energy efficiency and decarbonization of traffic. Slovenia is also evaluating efficient heating and cooling and drafting a comprehensive strategy to improve local planning, offer financial and technical support, and encourage community systems. This includes expanding district heating and cooling systems in high-demand areas. The country is committed to ensuring energy efficiency for all, particularly for households facing energy poverty, while supporting the industry to boost efficiency and adopt green technologies and the circular economy. The Act on Efficient Use of Energy strengthens these initiatives by outlining measures to enhance energy efficiency and improve building performance.

Baseline

2022	2030
4,784.6 ktoe	SPT 3.1: 4,320 ktoe
	Equivalent to 9.71% reduction
	SPT 3.2: 4,104 ktoe

Equivalent to 14.22%
reduction

Instrument characteristics

The Principles require disclosure of the type of financial and/or structural impact involving trigger event(s), as well as the potential variation of the instrument's financial and/or structural characteristics.

✓ The Republic of Slovenia's Sustainability-Linked Bond Framework is aligned with this component of the SLBP, ICMA, 2024.

Slovenia discloses that bonds under the framework will be subject to a coupon adjustment, premium payments or coupon discount triggered by the observed performance against the stated SPTs. These variations can include coupon step-ups and premium payments in case the issuer fails to meet an SPT or to publicly provide reporting and verification at the relevant observation date, and coupon step-down adjustments or discounts in case of achieving one or more SPTs. The specific details of the KPI, SPT trigger events, step-up margin/premium payment, and step-down/coupon discount will be specified in the relevant documentation.

The recalculation of SPTs and baseline might reflect changes in methodology used to calculate any KPIs; amendments to any supranational laws, regulations, rules, and policies; or any updates to KPIs and SPTs as outlined in the framework; discovery of data error or material improvement in data accessibility. Recalculation can happen if changes significantly affect the KPI baselines or SPT ambition, contingent upon independent verification that the proposed revision aligns with the KPIs' and SPTs' original significance and ambition.

Reporting

The Principles make optional recommendations for stronger disclosure practices, which inform our disclosure opinion as aligned, strong, or advanced. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

✓ The Republic of Slovenia's Sustainability-Linked Bond Framework is aligned with this component of the SLBP, ICMA, 2024.

Disclosure score

Not aligned

Aligned

Strong

Advanced

We consider Slovenia's framework overall reporting practices strong.


Slovenia commits to disclose the performance of each KPI against the SPTs in its annual Sustainability-Linked Bond Progress Reports. The issuer commits to disclose qualitative information for the first three years, in case quantitative information is not available due to data collection, calculation and approval processes, which involves different national and international bodies. The report will include information on the KPI's performance against the relevant SPTs, adjustments to the base year where applicable, evolution of performance of each KPI, and the driving factors and other relevant information for investors to monitor the progress of the KPIs. This report will be available on the Ministry of Finance's website.

We view positively that Slovenia commits to disclose reassessments of KPIs because of change in the calculation methodology or better data availability.

Post-issuance review

The Principles require post-issuance review commitments including the type of post-issuance third-party verification, periodicity and how this will be made available to key stakeholders. Our opinion describes whether the documentation is aligned or not aligned with these requirements. Please note, our second party opinion is not itself a post-issuance review.

Second Party Opinion: Republic of Slovenia Sustainability-Linked Bond Framework

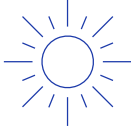

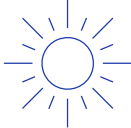


 The Republic of Slovenia's Sustainability-Linked Bond Framework is aligned with this component of the SLBP, ICMA, 2024.

Slovenia commits to obtain annual external post-issuance verification of its performance level against the SPT and KPIs. The post-issuance verification report will be publicly reported, which we view positively. Furthermore, the reported KPI performance and input data are reviewed by the EU, UNFCCC, or Eurostat.

Mapping To The U.N.'s Sustainable Development Goals

The Sustainable Development Goals (SDGs), which the United Nations (U.N.) set up in 2015, form an agenda for achieving sustainable development by 2030.

The Republic of Slovenia's sustainability-linked bond framework intends to contribute to the following SDGs:

KPI	SDGs
Total annual greenhouse gas emissions	  7. Affordable and clean energy § 13. Climate action §
Share of Renewable Energy Consumed	  7. Affordable and clean energy § 13. Climate action §
Energy Efficiency	 13. Climate action §

§The KPI is likely to contribute to the SDGs.

Second Party Opinion: Republic of Slovenia Sustainability-Linked Bond Framework

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