

Republic of Slovenia

Type of Engagement: Allocation Review

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Introduction

The Republic of Slovenia (“Slovenia” or the “Issuer”) issued a 10-year EUR 1.25 billion sustainability bond in January 2023 (the “Sustainability Bond”) under the Slovenian Sovereign Sustainability Bond Framework (“the Framework”).¹ The Sustainability Bond is aimed at financing and refinancing projects that support the Issuer’s efforts and ambitions to transition to an environmentally and socially sustainable society. Sustainalytics provided a Second-Party Opinion for the Framework on January 2023.² Slovenia engaged Sustainalytics in March 2024 to review the projects funded with the proceeds from the Sustainability Bond and provide an assessment as to whether the projects met the use of proceeds criteria outlined in the Framework. As of December 2023, the asset pool of financed projects eligible under the Framework met the total amount raised by the Sustainability Bond; hence, proceeds have been fully allocated. Sustainalytics has calculated the estimated impact achieved by the Sustainability Bond in a separate report.

Evaluation Criteria

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

Table 1: Use of Proceeds Categories and the Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria
Low Carbon Transport	Expenditures related to the development, operation, maintenance, and promoting the use of low carbon transportation. Low carbon transportation includes: <ul style="list-style-type: none"> • Electric passenger interurban rail transport, freight rail transport, and infrastructure for rail transport • Urban and suburban public road transport (such as electric or hydrogen buses), and related public transport infrastructure • Cycling and pedestrian infrastructure
Energy Efficiency	Expenditures related to the development, operation, facilitation or promotion of projects or programs that reduce energy consumption through: <ul style="list-style-type: none"> • Construction of new energy efficient buildings • Acquisition and ownership of energy efficient buildings • Renovation of existing public sector buildings to improve their energy efficiency • Installation, maintenance and repair of energy efficiency equipment to tackle energy poverty

¹ Republic of Slovenia Ministry of Finance, “Slovenian Sovereign Sustainability Bond Framework January 2023”, (2023) available at: <https://www.gov.si/assets/ministrstva/MF/Zakladnistvo/Trajnostna-obveznica-ang/Slovenian-Sovereign-Sustainability-Bond-Framework-January-2023.pdf>

² Sustainalytics, “Second-Party Opinion Slovenian Sovereign Sustainability Bond Framework”, (2023), available at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/slovenian-sovereign-sustainability-bond-framework-second-party-opinion-\(2022\).pdf?sfvrsn=24221f1f_5](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/slovenian-sovereign-sustainability-bond-framework-second-party-opinion-(2022).pdf?sfvrsn=24221f1f_5)

	<ul style="list-style-type: none"> • Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings to tackle energy poverty
Sustainable Environmental Management	<p>Expenditures related to the development, promotion, or facilitation of projects or programs related to the environmentally sustainable management of living natural resources and land use through:</p> <ul style="list-style-type: none"> • Organic farming • Sustainable agricultural practices (such as crop rotation and use of organic fertilisers) • Agricultural measures promoting the reconstruction, conservation and improvement of terrestrial and inland freshwater ecosystems
Climate Change Adaptation	<p>Expenditures related to the developments, promotion, or facilitation of projects or programs related to climate change adaptation through:</p> <ul style="list-style-type: none"> • Planning and construction of anti-flood measures, including urban drainage systems, river training and maintenance of watercourses, water facilities and water and coastal land • Flood forecasting measures • Climate change adaptation measures for farming (such as more resilient crops and anti-hail nets) and agrivoltaics
Access to Essential Services - Education	<p>Expenditures 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 public educational infrastructure and equipment
Access to Essential Services - Healthcare	<p>Expenditures providing access to essential healthcare infrastructure and services for all populations by:</p> <ul style="list-style-type: none"> • Extending public healthcare capacities • Improving the quality of the existing public healthcare facilities and equipment • Shortening waiting times • Preventive and curative action to deal with pandemic and other natural catastrophes • Increasing the number of post-graduate healthcare workers • Improving the quality of healthcare services • Improving the quality of disease prevention services • Providing COVID-19 preventive and curative services • Raising health literacy
Access to Essential Services - Social Inclusion	<p>Expenditures providing access to essential services to by:</p> <ul style="list-style-type: none"> • Providing access to essential infrastructure and services to vulnerable populations • Providing access to essential infrastructure and services to populations affected by natural disasters

Employment Generation and Socioeconomic Advancement and Empowerment	Expenditures supporting employment generation and socio-economic advancement and empowerment, including but not limited to: <ul style="list-style-type: none"> • Employment generation and retention initiatives • Extending capacities and improving quality of vocational education • Equitable participation and integration into the market and society
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Issuer’s Responsibility

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

Independence and Quality Control

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

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

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

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not meet the use of proceeds criteria outlined in the Slovenian Sovereign Sustainability Bond Framework. Slovenia has disclosed to Sustainalytics that the proceeds from the sustainability bond were fully allocated as of 31 December 2023.

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 with proceeds from the sustainability bond in 2023 to determine if the projects meet the use of proceeds criteria outlined in the Slovenian Sovereign Sustainability Bond Framework.	All projects reviewed complied with the use of proceeds criteria.	None

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects, including description, estimated and realized costs, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting⁴

Use of Proceeds Category	Sub-category	Year		Total Allocation (EUR)
		2022 (EUR)	2023 (EUR)	
Low Carbon Transport	Cycling infrastructure	17,907,903	39,185,860	57,093,763
	Railway infrastructure	76,980,056	163,150,817	240,130,873
	Rolling stock	11,660,033	11,660,033	23,320,066
	Sustainable regional, local and urban mobility	1,375,457	1,412,833	2,788,290
	Total	107,923,449	215,409,542	323,332,991
Sustainable Environmental Management	Sustainable agricultural practices	21,093,896	14,844,252	35,938,148
	Total	21,093,896	14,844,252	35,938,148
Access to Essential Services - Education	Pre-school	92,175,601	66,160,603	158,336,203
	Primary school	35,086,444	43,006,003	78,092,448
	Secondary school	8,080,385	9,401,281	17,481,666
	Total	135,342,431	118,567,886	253,910,317
Access to Essential Services - Healthcare	Health care system development	3,944,069	122,058,857	126,002,926
	Health institutions construction, renovation, and equipping	40,893,922	43,067,462	83,961,384
	Health professionals training	86,061,257	2,240	86,063,497
	Health services	63,643,217	53,487,575	117,130,793
	Total	194,542,465	218,616,135	413,158,600
Access to Essential Services - Social Inclusion	Social activation	3,132,467	7,169,026	10,301,494
	Natural disaster infrastructure restoration	-	213,358,451	213,358,451
	Total	3,132,467	220,527,477	223,659,944
Total Allocation (EUR)		462,034,708	787,965,292	1,250,000,000

⁴ Due to rounding, the allocated amounts might not sum up to the total number of units.

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