

Slovenia's Sustainability-Linked Bond Framework



The Republic of Slovenia has published its inaugural Sustainability-Linked Bond Framework, enabling it to become the first European sovereign to link its sustainability goals and financing

- The Framework has been developed in accordance with the ICMA Sustainability-Linked Bond Principles with a positive Second Party Opinion from S&P Global Ratings, the KPIs/Targets were carefully selected based on the 2024 Slovenian NECP
- As a sustainability-linked bond, interest paid is dependent on performance against one or more of the targets set out below

The KPIs and SPTs

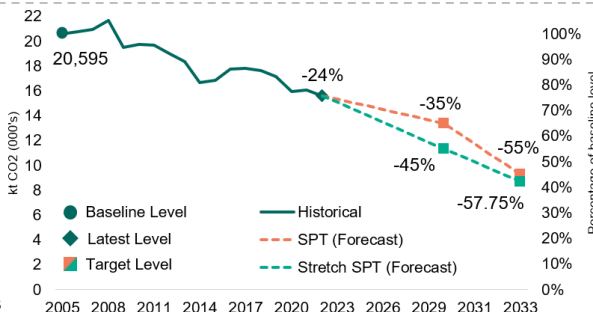
KPI 1: Total annual greenhouse gas emissions

S&P Global SPO Assessment: Not aligned, Aligned, Strong, **Advanced**

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: Not aligned, Aligned, Strong, **Advanced**

- 35% decrease of total GHG emissions by 2030 relative to a 2005 baseline
- Stretch** 45% decrease of total GHG emissions by 2030 relative to 2005 levels
- 55% decrease of total GHG emissions by 2033 relative to a 2005 baseline
- Stretch** 57.75% decrease of total GHG emissions by 2033 relative to 2005 levels



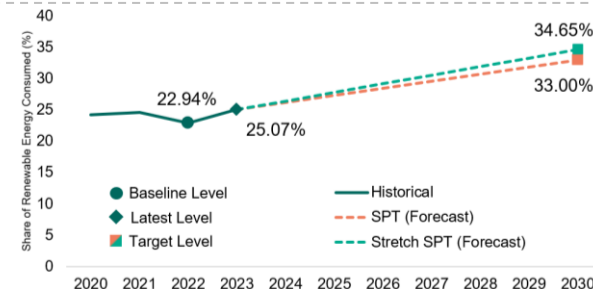
KPI 2: Share of renewable energy consumed

S&P Global SPO Assessment: Not aligned, Aligned, Strong, **Advanced**

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: Not aligned, Aligned, **Strong**, Advanced

- 33% share in total energy consumption in 2030
- Stretch** 34.65% share in total energy consumption in 2030



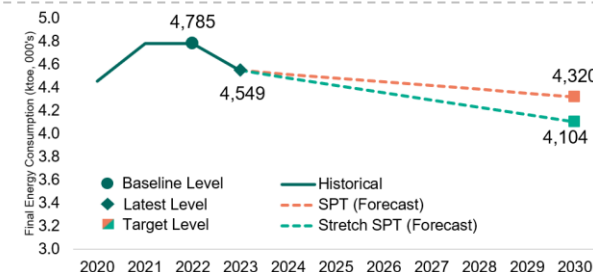
KPI 3: Energy efficiency

S&P Global SPO Assessment: Not aligned, Aligned, Strong, **Advanced**

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.

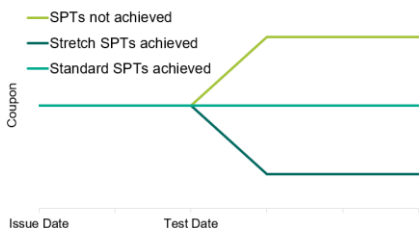
SPTs: Not aligned, Aligned, Strong, **Advanced**

- Final energy consumption in 2030 not exceeding 4,320 ktoe
- Stretch** Final energy consumption in 2030 not exceeding 4,104 ktoe



Bond Characteristics

Example SPT Scenario (Simplified)



The sustainability-linked bonds will have a feature that results in a coupon adjustment depending on whether Slovenia achieves its predefined SPTs.

Failure to satisfy one or more of the standard SPTs as of the relevant target date could trigger a step-up coupon adjustment or premium payment.

Achievement of one or more of the stretch SPTs as of the relevant target date may result in a step-down coupon adjustment or coupon discount.

Reporting

Aligned 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.

Verification

Aligned Slovenia commits to having verification of the reporting progress and on target observation dates. KPI performance data are also being reviewed by the EU, UNFCCC, or Eurostat.

Action Plan and Levers to Achieve the SPTs

- EU Emissions Trading System
- Prioritisation of rail transport and sustainable mobility
- Phase out of coal mining and use of coal for energy by 2033
- Accelerated deployment of renewable energy sources
- Mandatory energy savings scheme

Key Links

[Sustainability-Linked Bond Framework](#)

[S&P Global Second Party Opinion](#)

[2024 NECP](#)

Disclaimer

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No representation is made as to the suitability of any Slovenia Sovereign Sustainability-Linked Bonds to fulfil sustainability criteria required by prospective investors. Potential purchasers of Slovenia Sovereign Sustainability-Linked Bonds should determine for itself the relevance of the information contained or referred to in this document or the relevant bond documentation for such Slovenia Sovereign Sustainability-Linked Bonds regarding the appropriateness of KPIs and ambitiousness of SPTs. and their purchase of Slovenia Sovereign Sustainability Bonds should be based upon such investigation as it deems necessary.

Slovenia has set out its intended policy and actions in this document in respect of KPIs and associated SPTs, and investor reporting, in connection with Slovenia Sovereign Sustainability-Linked Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any Slovenia Sovereign Sustainability-Linked Bonds if Slovenia (including any government body or agency) fails to adhere to this document, whether by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on KPIs and associated SPTs as anticipated by this document, or otherwise.

In addition, it should be noted that the proceeds from the issuance of the Slovenia Sovereign Sustainability-Linked Bonds will not be earmarked for specific projects, and the use of proceeds may not be reported.

Sustainable and/or environmental goals as described in this document may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the need for government approval of expenditure. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of Slovenia Sovereign Sustainability Bonds or any other person might otherwise have in respect of this document or any Slovenia Sovereign Sustainability Bonds as a result of any failure to adhere to or comply with this document is hereby disclaimed.

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