

Nova Ljubljanska banka d.d., Ljubljana

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In 2023, Nova Ljubljanska banka d.d., Ljubljana (“NLB” or “the Bank”) issued a green bond (the “2023 Green Bond”) and raised a total of EUR 500 million to finance and refinance loans to eligible green projects related to renewable energy, green building, clean transportation and energy efficiency. In 2025, NLB engaged Sustainalytics to review the use of proceeds from the 2023 Green Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether NLB complied with the reporting commitments in the NLB Green Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in May 2023.² This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in June 2024.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and NLB’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria
Renewable Energy	Financing or refinancing the production of renewable energy: <ul style="list-style-type: none"> • Solar energy - Photovoltaics (PV) and concentrated solar power (CSP); cogeneration of heat/cool and power from solar energy. • Wind energy - On- and off-shore. • Geothermal energy (≤ 100 g CO₂e/kWh). • Bioenergy (≤ 100 g CO₂e/kWh); fuel that is derived from sources of high biodiversity, that competes with food sources or that depletes carbon pools is excluded. • Hydropower - Small-scale hydropower projects (less than 25 MW) with either: <ul style="list-style-type: none"> ○ Life cycle emissions ≤ 100 g CO₂ e/kWh or ○ Power density > 5 W/m² or

¹ NLB, “NLB Green Bond Framework”, (2023), at: <https://www.nlb.si/nlb/nlb-portal/eng/investor-relations/debt-instruments/nlb-green-bond-framework.pdf>

² Sustainalytics, “Second-Party Opinion, NLB Green Bond Framework”, (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nlb-green-bond-framework-second-party-opinion-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nlb-green-bond-framework-second-party-opinion-(2023).pdf)

³ Sustainalytics, “Annual Review”, (2024), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nlb-annual-review-\(2024\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nlb-annual-review-(2024).pdf)

	<ul style="list-style-type: none"> ○ The electricity generation facility is a run of river plant and does not have an artificial reservoir. <p>Financing or refinancing the production of transmission and distribution of electricity projects, including but not limited to transmission and distribution infrastructure, as well as smart metering.</p> <p>Financing or refinancing of the installation, maintenance and repair of renewable energy technologies.</p>
Green Building	<p>Financing or refinancing of new or existing buildings:</p> <ul style="list-style-type: none"> • Buildings built before 31 December 2020 with EPC label \geq 'A' or belonging to the top 15% of the national building stock based on primary energy demand (PED). • Buildings built after 31 December 2020 with energy performance of at least 10% better than the threshold for Nearly Zero-Energy Buildings (NZEB) based on primary energy demand (PED) in the local market. • Buildings that have been refurbished, resulting in a reduction of PED of at least 30% and validated through an Energy Performance Certificate. • Buildings that have been refurbished, meeting the criteria for major renovations under applicable building regulations. • New, existing or refurbished buildings which received at least one of the following certifications: <ul style="list-style-type: none"> ○ BREEAM 'Excellent'⁴ or above ○ LEED 'Gold'⁵ or above ○ DGNB 'Gold'⁶ and/or above ○ HQE 'Excellent'⁷ and/or above
Energy Efficiency	<p>Financing or refinancing of energy efficiency projects, such as:</p> <ul style="list-style-type: none"> • Manufacture of rechargeable batteries (e.g., lithium-ion batteries), battery packs and accumulators for transport, stationary and off-grid energy storage. • Construction of facilities that store electricity and return it later in the form of electricity. • Installation of electric heat pumps. • Installation, maintenance and repair of energy efficiency equipment including LED streetlamps.
Clean Transportation	<p>Financing or refinancing of low-carbon vehicles and rolling stock:</p> <ul style="list-style-type: none"> • Zero emission vehicles powered by electricity. • Zero emission passenger and freight rail transportation. <p>Financing or refinancing of low-carbon transportation infrastructure:</p> <ul style="list-style-type: none"> • Infrastructure for personal mobility and cycle logistics. • Infrastructure for rail transport.

⁴ BREEAM: <https://bregroup.com/products/breem/>

⁵ LEED: <https://www.usgbc.org/leed>

⁶ DGNB: <https://www.dgnb-system.de/en/index.php>

⁷ HQE: <https://www.greenbuilding.saint-gobain.com/hqe-international>

	<ul style="list-style-type: none"> • Infrastructure enabling low-carbon road transport and public transportation, such as EV charging points and hydrogen fuelling stations.
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Table 2: Key Performance Indicators

Use of Proceeds	Key Performance Indicators
Renewable Energy	<ul style="list-style-type: none"> • Total installed capacity in MW • Estimated annual avoided emissions in tonnes of CO₂ equivalent • Estimated annual energy saved in MWh • Renewable capacity connected to the grid (GW)
Green Building	<ul style="list-style-type: none"> • Estimated ex-ante annual energy consumption in KWh/m² • Estimated annual energy savings in MWh/GWh • Estimated annual reduced and/or avoided emissions in tonnes of CO₂ equivalent
Energy Efficiency	<ul style="list-style-type: none"> • Estimated annual energy savings in MWh • Estimated annual reduced and/or avoided emissions in tonnes of CO₂ equivalent
Clean Transportation	<ul style="list-style-type: none"> • Estimated annual reduced and/or avoided emissions in tonnes of CO₂ equivalent • Number of fossil-free vehicles deployed • Number of electric vehicles charging points installed • Kilometres of rail tracks • Estimated passenger-kilometres and/or passengers; or tonne kilometres and/or tonnes transported • Other relevant indicators depending on the considered projects

Issuer's Responsibility

NLB is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from NLB's 2023 Green Bond. The work undertaken as part of this engagement included collection of documentation from NLB and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by NLB. 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 NLB.

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,⁸ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. NLB has disclosed to Sustainalytics that the proceeds from the 2023 Green Bond were fully allocated as of March 2025.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of Nominated Expenditures or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	NLB reported on at least one KPI per use of proceeds category.	None

⁸ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation of Proceeds

Table 4: Allocation of proceeds from the 2023 Green Bond

Use of Proceeds Category	Sub-category	Number of loans advanced	(in EUR million)		
			New Financing	Refinancing	Total Amount Allocated
Renewable Energy	Electricity generation using solar photovoltaic technology	1,822	139.60	201.20	88.20
	Electricity generation from onshore wind power				55.00
	Electricity generation from hydropower ⁹				13.10
	Transmission and distribution of electricity				184.40
Green Building	Construction of new buildings	386	9.20	130.70	50.00
	Renovation of existing buildings				55.00
	Acquisition and ownership of buildings				34.90
Energy Efficiency	Manufacture of batteries	1	-	14.20	14.20
Clean Transportation ¹⁰ ¹¹	Urban and suburban transport, road passenger transport	700	14.30	105.50	1.40
	Transport by motorbikes, passenger cars and light commercial vehicles				18.10
	Infrastructure of rail transport ¹²				100.30
Total Amount Allocated			163.10	451.60	614.70¹³
Total Unallocated Amount			0.00		
Total Net proceeds Raised			500.00		

⁹ NLB has confirmed that the electricity generation facility is a run-of-river plant and does not include an artificial reservoir. Additionally, all hydropower plants have undergone an environmental and social impact assessment as required by national legislation. No significant risks, negative impacts or significant controversies have been identified or financed.

¹⁰ NLB has confirmed that only zero-emissions vehicles and electric rail infrastructure are included under the clean transportation category.

¹¹ NLB has confirmed that the projects under this category exclude the financing of new road construction, retrofits of existing road infrastructure, and parking facilities.

¹² NLB has confirmed that the reported rail infrastructure is electrified, and that no infrastructure is dedicated to fossil fuel storage and transportation.

¹³ Sustainalytics notes that funds allocated to the Nominated Expenditures exceed the net proceeds of the 2023 Green Bond by EUR 114.70 million. NLB has communicated to Sustainalytics that it has intentionally overallocated funds to the Nominated Expenditures, as the Nominated Expenditures may support future green bond issuances, should they occur. Although only one green bond has been issued to date, any future issuances under the framework may draw from this same portfolio, provided the assets remain outstanding and compliant with the framework.

Appendix 2: Reported Impact

Table 4: Reported Impact from the 2023 Green Bond

Use of Proceeds Category	Sub-category	Reported Impact
Renewable Energy	Electricity generation using solar photovoltaic technology	<ul style="list-style-type: none"> Annual generation: 157,934.9 MWh Renewable energy capacity installed: 133 MW Emissions avoided: 22,960.1 tCO₂ p.a.
	Electricity generation from wind power	<ul style="list-style-type: none"> Annual generation: 104,930.3 MWh Renewable energy capacity installed: 39.1 MW Emissions avoided: 113,132 tCO₂ p.a.
	Electricity generation from hydropower	<ul style="list-style-type: none"> Annual generation: 46,974.6 MWh Renewable energy capacity installed: 12.8 MW Emissions avoided: 44,625.7 tCO₂ p.a.
	Transmission and distribution of electricity	<ul style="list-style-type: none"> Increase in installed power of renewable energy production in year: 324 MW Increase in renewable energy production in distribution network: 268,173.5 MWh
Green Building	Construction of new buildings	<ul style="list-style-type: none"> Emissions avoided: 875.9 tCO₂ p.a.
	Renovation of existing buildings	<ul style="list-style-type: none"> Emissions avoided: 5,845.7 tCO₂ p.a.
	Acquisition and ownership of buildings	<ul style="list-style-type: none"> Emissions avoided: 533.8 tCO₂ p.a.
Energy Efficiency	Manufacture of batteries	<ul style="list-style-type: none"> Total capacity of manufactured rechargeable batteries: 675,000 kWh p.a.
Clean Transportation	Urban and suburban transport, road passenger transport	<ul style="list-style-type: none"> Emissions avoided: 513.6 tCO₂ p.a.
	Transport by motorbikes, passenger cars and light commercial vehicles	<ul style="list-style-type: none"> Emissions avoided: 1,144.1 tCO₂ p.a.
	Infrastructure of rail transport	<ul style="list-style-type: none"> Emissions avoided: 73,432.2 tCO₂ p.a. Average emissions: 19.1 grams of CO₂ per tonne of freight per transported km Kilometres of railway tracks: 27.1 km

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Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

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