1. Introduction

The Republic of Serbia ("Serbia", "Republic") is strongly committed to fight today’s multiple global challenges related to climate change, extinction of flora and fauna, endangered ecosystems, continuous growth of waste and pollution, and shortages of natural resources that result from climate change and pollution.

Located in the Balkans Peninsula, Serbia is among the European countries most heavily affected by the impact of climate change and this trend is projected to continue, with estimates of temperature increases of 1.7 – 4.0°C, and even exceeding 5.0°C by the end of the century, depending on the global effort to reduce greenhouse gas ("GHG") emission. Analysis of climate change in the region shows that human health, safety and quality of life are highly vulnerable to the effects of natural hazards and sectorial weather related losses. Over the past two decades, droughts, floods, exceptionally harsh winters and other weather-related extreme events have caused major physical damage and financial losses in the country, with significant impacts on the economy, especially in the agricultural sector.

In light of such potentially devastating effects, Serbia has joined the global efforts to confront the threat of climate change through participation in global and regional initiatives in order to shift to a green economy.

This inaugural Green Bond Framework will support this ambitious commitment and raise a part of the necessary funding from the international capital markets. By issuing Green Bonds, Serbia also intends to increase awareness of the importance of sustainable financing and to promote it both internationally and locally, within the Serbian financial and capital markets sectors.

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2. Serbia’s Strategy for Sustainable Development

On the international level, Serbia is a signatory to, and has ratified, all major international environmental agreements, including the 2030 Agenda for Sustainable Development, the UN Framework Convention on Climate Change, the Paris Agreement, the Kyoto Protocol and the Doha Amendments to Kyoto Protocol.

The Sustainable Development Goals ("SDGs") of the 2030 Agenda for Sustainable Development (the "Agenda") formally came into effect on 1 January 2016, following the adoption of a resolution at the UN Sustainable Development Summit in September 2015. The Republic of Serbia has played an active role and demonstrated commitment to the Agenda from its inception, as a member of the Open Working Group on Sustainable Development Goals and the Intergovernmental Committee of Experts on Sustainable Development Financing.

Subsequent to the adoption of the Agenda, the Republic of Serbia began to establish national mechanisms to implement it. By the end of 2015, the Government had established the Inter-Ministerial Working Group for the Implementation of the United Nations 2030 Agenda for Sustainable Development, composed of high-ranking representatives of 27 line ministries and other institutions. In addition to this crucial mechanism, established under the executive branch at national level, in 2017, the Focus Group of the Serbian National Assembly was established to develop oversight mechanisms and oversee the SDG implementation. This mechanism oversees and supports the implementation of the Agenda.

In July 2019, the Government of the Republic of Serbia submitted its first Voluntary National Review at the United Nations High-level Political Forum meeting, describing all its achievements in implementing the SDGs, with a special focus on local communities and youth. The first Voluntary National Review by the Republic of Serbia was a cornerstone of the inclusive, tangibly productive and action-oriented process of review which required the ambitious cooperation of the whole of the Serbian Government and society in order to make concerted progress towards the national vision of growing into sustainable economy by creating equal sustainable opportunities accessible to all across Serbia.

In December 2020, the Progress Report on the Implementation of Sustainable Development Goals by 2030 in the Republic of Serbia was published. The progress on 17 SDGs has been monitored through 83 indicators. Mapping results show that, under its existing strategic framework, Serbia is already committed to the achievement of the Sustainable Development Goals.

2.1 National Policies for Climate Change

The approach to the environment and climate change is strategically defined in a number of policies pertaining to the water management, sustainable use of resources, renewable energy resources and energy efficiency, and risk management. Some of strategic documents include:

- Water Management Strategy of the Republic of Serbia for the period 2016 – 2034
- Strategy for Agriculture and Rural Development for the period 2014 – 2024
- National Programme for Environmental Protection
- Spatial Plan for the Republic of Serbia 2010 – 2020
- National Strategy for Sustainable Use of Natural Goods and Resources
• National Sustainable Development Strategy
• National Environmental Approximation Strategy for the Republic of Serbia
• Energy Sector Development Strategy until 2025
• Energy Strategy of the Energy Community

The Government’s Economic Reform Programme 2021-2023, as a key strategic document for coordination of economic policies with the EU, was approved in January 2021, and sets out a number of structural reforms particularly in the areas of energy efficiency, circular economy, transportation, agriculture, industry, services, all linked to the UN SDGs.

In March 2021, the National Assembly of Serbia adopted the Law on Climate Change, which shows that environmental protection and climate change issues are high on the Governments’ priority list. The goal of this law is to establish a system to reduce GHG emissions in a cost-effective way, thus contributing to the achievement of necessary of GHG emissions to avoid adverse effects of climate change. The law establishes mechanisms for timely, transparent, accurate, consistent, comparable and complete reporting and verification of information on fulfilment of Serbia’s international obligations, such as the UN Framework Convention, the Paris Agreement and the Kyoto Protocol. It also harmonizes domestic legislation with European Union regulations and directives.

Further to the adoption of the Law on Climate Change, the following strategies and initiatives shall be implemented:

1) Low Carbon Development Strategy; prepared for a period of at least ten years; policy documents must contain a quantitative assessment of the effects on changing GHG emission levels;
2) Action Plan for the Implementation of the Strategy; prepared for a period of at least five years; prescribes general goals, measures and activities in the sectors; and
3) Programme of Adaptation to Changing Climatic Conditions; to identify the impacts of climate change on sectors and systems and determine adaptation measures in accordance with the law governing the Serbian planning system.

The law further establishes the National Council for Climate Change (as an advisory body to the Government) and the National GHG Inventory System. In order to achieve the intended aims of this legislation, public bodies, in addition to the adoption of specific by-laws and ordinances, should also adopt appropriate sectoral policies and measures.

In April 2021, the National Assembly of Serbia adopted the Law on the Use of Renewable Energy Sources, which is seen as a catalyst for major investment in the construction of energy utilities using renewable energy sources, with emphasis on solar power plants and wind farms, which will accelerate the decarbonisation of Serbia’s energy sector. Within the same package of laws, the Assembly adopted the Law on Energy Efficiency and Rational Use of Energy (“LEERUE”). The purpose of this legislation is to improve energy efficiency, aiming, among other things, to reduce the negative impact of the energy sector on the environment and to support climate change mitigation. LEERUE is the legal basis for the establishment of Directorate that will provide financial support for improving energy efficiency. Within this legislative package, an amendment to the Law on Energy was also passed, which creates a legal basis for the adoption of the National Energy and Climate Plan. The Plan sets out the goals relating to renewable energy sources, energy efficiency and the reduction of GHG emissions along with measures which will support achieving these objectives. The Republic of Serbia is currently developing its energy strategy for 2040 and beyond.
2.2. European Union integrations and the Green Agenda for the Western Balkans

Serbia’s dedication to a green transition is underpinned by its focus on the integration with the European Union ("EU") and the related requirement to align national legislation with EU law. Given that integration with the EU forms part of Serbia’s strategy, all reforms are geared towards that goal, and there is full consensus to implement the aims of the European Green Deal throughout Serbia’s EU integration process. The Stabilisation and Association Agreement between the Republic of Serbia and the European Union came into force in 2013, while the accession negotiations were opened in 2014.

On 10 November 2020, the Republic of Serbia, together with the other Western Balkans economies, signed the Sofia Declaration on the Green Agenda for the Western Balkans (the “Declaration”). By signing the Declaration, Serbia acknowledged the need to set the basis for a major transformation to turn sustainability and resilience challenges into opportunities and to transpose elements of the European Green Deal in all interrelated priority sectors. The Republic of Serbia committed to implement the following five pillars:

1) Climate, energy, mobility – to work towards the 2050 target of a carbon-neutral continent;
2) Circular economy – to commit to the process of transition from a linear to a circular economy, being fully aware of the necessity for a research and innovation system to support such a transition;
3) Depollution - Depollution of air, water and soil in the Western Balkans; a joint interest stemming from the primary concern for the health of citizens;
4) Sustainable agriculture and food production – to commit to work towards ensuring transformation of the agriculture sector, minimizing its negative environmental and climate impact and safeguarding affordable and healthy food; and
5) Biodiversity – defining the post-2020 biodiversity framework and developing a long-term strategy for halting biodiversity loss, protection and restoration of ecosystems and abundant biological diversity.

The Agenda should enable Serbia and the EU to create stronger links between climate and environment actions, policy reforms and EU approximation. The European Union and its member states have pledged to support the implementation of the Green Agenda financially, through the Instrument for Pre-Accession ("IPAIII"), the Western Balkans Investment Framework, the Western Balkans Guarantee Facility, the European Fund for Sustainable Development Plus, the European Investment Bank, the Structural Reform Support Facility and other sources.
3. Serbia’s Green Bond Framework

The Green Bond Framework (the “Framework”) of the Republic of Serbia has been established to present details on the commitments and obligations that the government intends to fulfil as an issuer of Green Bonds. From a financial and legal point of view, these bonds must fulfil the obligation for all sovereign bond issuances in accordance to the Law on Budget System, Law on Budget of the Republic of Serbia and other related laws and by-laws. The proceeds raised from the issuance of sovereign bonds including Green Bonds will contribute to the financing of the sovereign budget as a whole. An amount equivalent to the proceeds raised from Green Bond issuances will be assigned to Eligible Green Expenditures. Bonds issued under this Framework rank pari passu with other bonds of the Republic of Serbia and can be issued in all formats and sizes such as a conventional instrument.

The Framework is designed to align with the Green Bond Principles², published in June 2021 by the International Capital Market Association (ICMA) and its four core components:

i. Use of Proceeds
ii. Process for Expenditure Evaluation and Selection
iii. Management of Proceeds
iv. Reporting

The work was carried out by the ministerial offices in consultation with relevant experts and reviewed by an independent expert.

3.1 Use of Proceeds

The equivalent amount to the net proceeds of issued Green Bonds will be used to finance and/or re-finance new and existing expenditures (‘Eligible Green Expenditures’). Eligible Green Expenditures may include capital expenditures, operational expenditures, tax expenditures and transfers. The Eligible Green Expenditures are considered in the budget of the Government of Serbia and are aimed at promoting Serbia’s transition to a low-carbon, climate resilient and ecological economy as well as contributing to United Nations Sustainable Development Goals. In order to be eligible, the expenditures must fall in at least one of the categories described below (‘Green Categories’).

<table>
<thead>
<tr>
<th>Green Category</th>
<th>1. Renewable Energy</th>
</tr>
</thead>
</table>
| Eligible Sub Categories | Expenditures to support the development of renewable energy generation capacity  
All assets have to respect a 100g CO$_2$e/kWh threshold  
Expenditures related to renewable energy storage capacities, grids managing higher renewable energy production and securing energy stability |

Description, key examples and indicative impact indicators

**Description:**  
Accelerating the transition towards an economy that largely relies on renewable energies.

**Examples of eligible expenditures:**
- Expenditures and subsidies related to promote the production and distribution of energy from renewable sources including solar / wind / geothermal / biomass / small-scale hydro (<50MW)
- Expenditures and subsidies related to measures to ensure energy security
- Expenditures and subsidies related to state-owned energy company
- Investments and subsidies for financing projects from renewable sources (e.g. strategic partnership and strengthening the geothermal potential)

**Indicative impact reporting:**
- Number of projects funded
- Annual GHG emissions avoided
- Renewable energy capacity installed
- Annual energy produced

UN SDGs

3. Serbia’s Green Bond Framework
## Green Category

### 2. Energy Efficiency

<table>
<thead>
<tr>
<th>Eligible Sub Categories</th>
<th>Description, key examples and indicative impact indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenditures related to the improvement of energy efficiency of buildings, energy related products, industrial production and processes</td>
</tr>
<tr>
<td></td>
<td>Expenditures related to increased usage of sustainable heating and cooling and efficient cogeneration, waste heat usage and thermal heat insulation</td>
</tr>
<tr>
<td></td>
<td><strong>Description:</strong> Reduce primary and final energy consumption in public and private sectors.</td>
</tr>
<tr>
<td></td>
<td><strong>Examples of eligible expenditures:</strong></td>
</tr>
<tr>
<td></td>
<td>- Investments and subsidies related to increase of energy efficiency of existing residential and public sector buildings</td>
</tr>
<tr>
<td></td>
<td>- Investments to district energy (heating/cooling) powered by renewable energy sources incl. biomass</td>
</tr>
<tr>
<td></td>
<td>- Subsidies for wider use of efficient energy related products including energy efficient tyres</td>
</tr>
<tr>
<td></td>
<td>- Expenditures to develop more energy efficient agricultural and industrial production including systems, equipment and processes</td>
</tr>
<tr>
<td></td>
<td>- Expenditures to support energy efficiency improvement in the public and private sector</td>
</tr>
<tr>
<td></td>
<td>- Investments in efficient heat production systems, heat recovery and efficient cogeneration</td>
</tr>
<tr>
<td></td>
<td>- Other support for improvement of energy efficiency financed/promoted by the Directorate for financing and promotion of energy efficiency</td>
</tr>
<tr>
<td></td>
<td><strong>Indicative impact reporting:</strong></td>
</tr>
<tr>
<td></td>
<td>- Number of projects funded and public calls implemented</td>
</tr>
<tr>
<td></td>
<td>- Number of buildings from the public and private sectors with improved energy efficiency levels to the threshold defined in national legislation</td>
</tr>
<tr>
<td></td>
<td>- Annual GHG emissions avoided</td>
</tr>
<tr>
<td></td>
<td>- Annual energy savings</td>
</tr>
</tbody>
</table>

### UN SDGs

- [3 Industry, Innovation and Infrastructure](#)
- [11 Sustainable Cities and Communities](#)
- [13 Climate Action](#)
<table>
<thead>
<tr>
<th>Green Category</th>
<th>3. Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligible Sub Categories</strong></td>
<td>Expenditures related to passenger and freight railway infrastructure and public transportation and infrastructure</td>
</tr>
<tr>
<td></td>
<td>Expenditures related to the acquisition of hybrid or zero-emission vehicles and related charging infrastructures</td>
</tr>
<tr>
<td></td>
<td>Expenditures related to waterway infrastructure</td>
</tr>
</tbody>
</table>

**Description:**
Improve and promote clean and more environmentally friendly transportation systems to support the modal shift towards sustainable modes of transportation including public transportation

**Examples of eligible expenditures:**
- Investments for the construction, improvement and maintenance of rail infrastructure and electric rolling stock for passenger and freight transportation
- Investment related to construction, maintenance and upgrade of new electric metro, tram and bus lines and electric rolling stocks/vehicles
- Investments related to (eco-friendly) road public transportation and higher usage of renewable energy sources in the transport sector
- Investments related to the extension, improvement and maintenance of waterway infrastructure
- Subsidies to incentivise the switch to more sustainable mode of transport including public transportation
- Subsidies to incentivize the acquisition of hybrid\(^3\) and/or zero-emission vehicles and related charging infrastructure
- Subsidies to establishing competent e-mobility services, research and development programmes, introducing bonus systems, awareness campaigns, simplifying regulations, among other measures
- Investment to purchase hybrid and/or zero-emission vehicles and related charging infrastructure own by the public authorities
- Investments in bicycle and pedestrian traffic infrastructure

**Indicative impact reporting:**
- GHG emissions avoided
- Annual energy savings
- Length of infrastructure constructed and/or maintained
- Number of people who use new ecological public transport
- Number of charging stations for electric vehicles constructed and/or maintained
- Number of vehicles subsidized

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\(^3\) For motorbikes, passenger cars, and light commercial vehicles, emissions must be lower than 50g CO\(_2\)e/km until 31 December 2025. From 01 January 2026, the CO\(_2\) emissions threshold falls to 0g CO\(_2\)e/km.
### 4. Sustainable Water and Wastewater Management

**Eligible Sub Categories**

- Expenditures related to sustainable management of water resources and to secure water supply
- Expenditures related to treatment of wastewater
- Expenditures related to flood protection and risk mitigation

**Description:**
Efforts aimed at securing water resources and the preservation and restoration of natural waters

**Examples of eligible expenditures:**
- Construction of drinking water treatment plant and infrastructure for clean water supply
- Construction of dams and reservoir for water collection
- Measures aimed at protection and preservation of water from pollution as natural resource and quality monitoring
- Installation and improvement of wastewater collection and treatment infrastructure
- Water supply and wastewater treatment program in medium-sized municipalities in Serbia
- Expenditures for the development of flood protection and to strengthen resilience of water infrastructure in case of severe weather and climate change events

**Indicative impact reporting:**
- Number of projects funded
- Number of interventions on reservoirs and water supply systems
- Number of complex water systems whose safety is increased
- Construction and restoration of reservoir storage capacity
- Amount of clean water provided and number of people with access to improved sanitation facilities
- Reduction in water loss in transfer and/or distribution
- Amount of wastewater treated, avoided, reused and/or minimised at source
- Length of wastewater network installed / maintained
- Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts

**UN SDGs**

- 3 Good Health and Well-being
- 6 Clean Water and Sanitation
- 13 Climate Action
### 5. Pollution Prevention and Control and Circular Economy

<table>
<thead>
<tr>
<th>Eligible Sub Categories</th>
<th>Description</th>
<th>Examples of eligible expenditures:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Expenditures related to waste management and resource recovery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expenditures to promote sustainable consumption and production</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Description:</strong> Aim to eliminate waste to landfill, to reduce waste generation and to enable recycling and transition to a circular economy</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Examples of eligible expenditures:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Expenditures for waste collection, treatment and recycling infrastructure, equipment and projects</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Expenditures to prevent or address illegal waste disposal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Rehabilitation and closure of unsanitary landfills</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Hazardous waste management and rehabilitation of eco-system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Expenditures to incentivise increased usage of recyclable, recycled, and/or re-used products and materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Indicative impact reporting:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Number of projects funded</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Amount of waste collected, separated, treated and/or recycled</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Number of polluted sites under remediation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Amount of recyclable goods produced</td>
</tr>
</tbody>
</table>

### UN SDGs

- **11 Sustainable cities and communities**
- **12 Responsible consumption and production**
<table>
<thead>
<tr>
<th>Green Category</th>
<th>6. Protection of the Environment and Biodiversity and Sustainable Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Sub Categories</td>
<td>Expenditure related to sustainable land use as well as protection and restoration of biodiversity and ecosystems</td>
</tr>
<tr>
<td>Description, key examples and indicative impact indicators</td>
<td>Description: Promotion of climate-resilient forests and natural landscapes, preservation of biodiversity and development of sustainable and environmentally-friendly farming practices</td>
</tr>
<tr>
<td></td>
<td>Examples of eligible expenditures:</td>
</tr>
<tr>
<td></td>
<td>- Expenditures to promote low-carbon farming and climate-friendly and organic practices</td>
</tr>
<tr>
<td></td>
<td>- Expenditures to development and implementation of new, more resistant, varieties and species</td>
</tr>
<tr>
<td></td>
<td>- Expenditure to monitor and improve quality of arable land</td>
</tr>
<tr>
<td></td>
<td>- Expenditures related to sustainable forest management</td>
</tr>
<tr>
<td></td>
<td>- Expenditures to protect and restore natural landscapes and preserve landscape diversity, including terrestrial, river and swamp ecosystems</td>
</tr>
<tr>
<td></td>
<td>- Measures to protect species and migratory species</td>
</tr>
<tr>
<td></td>
<td>- Management and maintenance of national parks</td>
</tr>
<tr>
<td></td>
<td>- Infrastructure and systems to improve resilient and offer protection against consequences resulting from climate change, e.g. floods, drought, hail, forest fires among others</td>
</tr>
<tr>
<td></td>
<td>Indicative impact reporting:</td>
</tr>
<tr>
<td></td>
<td>- Number of projects funded</td>
</tr>
<tr>
<td></td>
<td>- Number of Natura 2000 sites</td>
</tr>
<tr>
<td></td>
<td>- Area of (improved) sustainable forest management</td>
</tr>
<tr>
<td></td>
<td>- GHG emissions removed and captured</td>
</tr>
<tr>
<td></td>
<td>- Area protected / restored / maintained</td>
</tr>
<tr>
<td></td>
<td>- Area of sustainable agriculture</td>
</tr>
<tr>
<td></td>
<td>- Increase in certified agriculture measured in number of certification schemes</td>
</tr>
<tr>
<td></td>
<td>- Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods, droughts, or hail</td>
</tr>
</tbody>
</table>

| UN SDGs | 13 CLIMATE ACTION | 15 LIFE ON LAND |
Exclusion Criteria

As Eligible Green Expenditure under this Framework, Serbia explicitly excludes the following activities:

- Exploration and production of fossil fuels
- Energy power generation using fossil fuels as feed stock
- Manufacturing and production of armaments, defence, tobacco and alcoholic products, and activities related to gambling
- Deforestation and degradation of forest

Naturally, any expenditures that violate the Constitution of Serbia, the EU Charter of Fundamental Rights, as well as national laws or regulations are excluded from the national budget.

3.2 Process for Expenditure Evaluation and Selection

The Government of Serbia has established an evaluation and selection process to determine the eligibility of expenditures as part of the Green Bond Framework. An intergovernmental Green Bond Working Group (“GBWG”) has been established to oversee the process, the selection of Eligible Green Expenditures, allocation of funds received and the delivery of the allocation and impact reporting to investors and the public. Under the responsibility of the Ministry of Finance, the GBWG will pool all the expertise needed for a thorough and robust evaluation and selection of Eligible Green Expenditures. The GBWG will consist of members from:

- Prime Minister’s Office
- Ministry of Finance
- Ministry of Environmental Protection
- Ministry of Construction, Transport and Infrastructure
- Ministry of Mining and Energy
- Ministry of European Integrations
- Ministry of Agriculture, Forestry and Water Management

The process for evaluation and selection of Eligible Green Expenditures is performed on an annual basis, or more often if necessary, for example in the event of significant change of the underlying expenditures. The process includes ensuring that an amount corresponding to the proceeds from the issuance of Green Bonds is only linked to the qualified Eligible Green Expenditures based on the criteria determined in this Framework, forming the Green Expenditure Portfolio.

The Green Expenditure Portfolio may include expenditures made within the three budget years preceding the year of issuance, as well as those made in the same year as the issuance and/or future budget expenditures.

Each relevant ministry is requested to provide a list of budget expenditures with the necessary level of information to demonstrate alignment with the eligibility criteria for Eligible Green Expenditures defined in Serbia’s Green Bond Framework. The GBWG reviews the potential eligible expenditures, evaluates the compliance with eligibility criteria and approves the inclusion into the Green Expenditure Portfolio. The Ministry of Finance is responsible to initiate and coordinate the process and will be supported by the Public Debt Administration.
3.3. Management of the Proceeds

The proceeds from the issued Green Bonds will be part of the overall funding of the Republic of Serbia. As part of its overall responsibility, the Public Debt Administration is responsible for the issuance of Green Bonds and the proceeds will be managed in the same way as all government securities and will be administered in accordance with general treasury policy.

The allocation of an amount equal to the proceeds of issued Green Bond to the Green Expenditure Portfolio will thereafter be tracked using a virtual register following a portfolio approach.

In principle, for Eligible Green Expenditures that are partly financed by a subsidized loan by a multilateral agency, national or supranational entity, such as the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Kreditanstalt für Wiederaufbau (KfW) VEB.RF, or World Bank Group, an amount net of funding with specific purposes will be included in the Green Expenditure Portfolio.

The virtual register will be managed by the Public Debt Administration, supervised by the GBWG. Serbia is committed to maintain a Green Expenditure Portfolio exceeding the amount of proceeds raised from Green Bond issuances. Moreover, proceeds from issued Green Bonds shall be allocated to Green Expenditure Portfolio as soon as possible, in any case within two budget years following the year of issuance. In case of a potential shortfall of the Eligible Expenditure Portfolio, for example due to postponement, cancelation, divestment or ineligibility, the selected expenditure will be replaced within twelve months. New Eligible Green Expenditure (including replacements) can only be included after approval of the GBWG.

3.4 Reporting

The Republic of Serbia commits to publish a “Green Bond Report”, providing investors and the public with transparent disclosure on the allocation of proceeds to Eligible Green Expenditures, as well as on the results and positive environmental impact of those expenditures. The Green Bond Report will be published on an annual basis, as long as there is any outstanding Green Bonds, until full allocation of proceeds. The first report will be published during the year following the Green Bond issuance.

The Ministry of Finance will be responsible for the publication of the Green Bond Report. The information and data will be provided by the relevant ministries and the Public Debt Administration will be responsible for the coordination of data collection and the preparation of the Green Bond Report. The Green Bond Report will be published online at: http://www.javnidug.gov.rs/

Allocation Report

The Ministry of Finance, through the Public Debt Administration, will provide information on the distribution of the proceeds from issued Green Bonds between the expenditure in the Green Expenditure Portfolio, which may include:

- An overview of the allocation of the issued Green Bonds to Green Categories
- A description of Eligible Green Expenditures, at least on an aggregated basis
• Share of allocation of proceeds to refinancing existing Eligible Green Expenditures vs financing new and future Eligible Green Expenditures
• A breakdown of the type of Eligible Green Expenditures
• The amount of unallocated proceeds

Confidentiality agreements that could limit the amount of details may be applied, in response to which the information would be presented in generic terms and/or on an aggregate basis.

**Impact Report**

The impact report will address the positive environmental impact of Eligible Green Expenditures. The report will include result and environmental impact indicators outlining the positive environmental impact of Eligible Green Expenditure where the information is provided in existing publicly available reports, and may include:

• Specific result and environmental impact indicators, where feasible and available, related to the Eligible Green Expenditures to which proceeds from issued Green Bond have been allocated
• The underlying assumptions and methodology used

At least one indicator for each Green Category will be reported. The result and environmental impact statement may be measured on a portfolio basis rather directly corresponding impacts from funded projects during a specific year.
4. External review

The Republic of Serbia has engaged an external reviewer to evaluate its Green Bond Framework. ISS ESG has reviewed the Framework and provided an independent Second Party Opinion (SPO) to confirm its alignment with the ICMA Green Bond Principles (2021) prior to the issuance of the first Green Bond based upon the Framework. The independent SPO is published online at: http://www.javnidug.gov.rs/

Republic of Serbia intends to engage an independent external verifier to provide assurance on the allocation reports in order to ensure sustainable conformity of the issued Green Bonds with this Framework. An assurance will be sought annually until full allocation of proceeds, and the results will be published alongside the respective reporting.
5. Disclaimer

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