



Republic of Latvia

SUSTAINABILITY BOND FRAMEWORK

May 2026

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Foreword

The Republic of Latvia remains firmly committed to the transition toward a low-carbon, climate-resilient and socially inclusive economy. As part of this commitment, the Government has published its inaugural Sustainability Bond Framework in 2021 and embraced the sustainable finance market as a strategic tool to mobilise capital for projects that deliver tangible environmental and social benefits, while adhering to the highest standards of transparency and accountability.

The 2021 Framework paved the way for the first Sustainability Bond placed on the international capital markets in December that same year. Through this first issuance, the Republic of Latvia has demonstrated the country's ability to attract high-quality investment and effectively evidence the impact of green and social projects of the country.

The updated 2026 Sustainability Bond Framework aims at maintaining Latvia's commitment to keep up with the latest best practices of the sustainable finance market, while taking the opportunity to refresh Latvia's eligible expenditures. In concrete terms, this new Framework:

- Presents Latvia's updated sustainability policies, such as the National Energy and Climate Plan for 2021-2030^a, and the new Law on Climate Resilience and Economic Sustainability^b;
- Aligns to the 2025 International Capital Markets Association (ICMA) Green Bond Principles^c and Social Bond Principles^d, considering as well the latest ICMA guidance on impact reporting for Green Bond Principles and social bonds (the Harmonized Framework for Impact Reporting for Green Bonds, published in June 2024^e, and the Harmonized Framework for Impact Reporting for Social Bonds, published in June 2025^f); and
- Reorganises the eligible expenditures' categories for enhanced accuracy, while considering the EU Taxonomy criteria on a best effort basis for the eligible green expenditures.

We are confident that this updated 2026 Sustainability Bond Framework will not only sustain the momentum of Latvia's sustainable finance journey but also inspire further participation from the global investor community. Together, we can finance the projects that protect the environment, strengthen society, and secure a prosperous future for all Latvians.

1. Introduction

1.1. Sustainable Development Planning in Latvia

Latvia's sustainable development planning operates through a robust three-tiered National Development Planning System mandated by law, which translates ambitious national long-term goals into specific, actionable medium-term and short-term priorities for investment.

The Sustainable Development Strategy of Latvia until 2030 (Latvia2030)^g is hierarchically the highest national-level, long-term planning document. It outlines Latvia's long-term development priorities, strategic indicators, and development vectors.

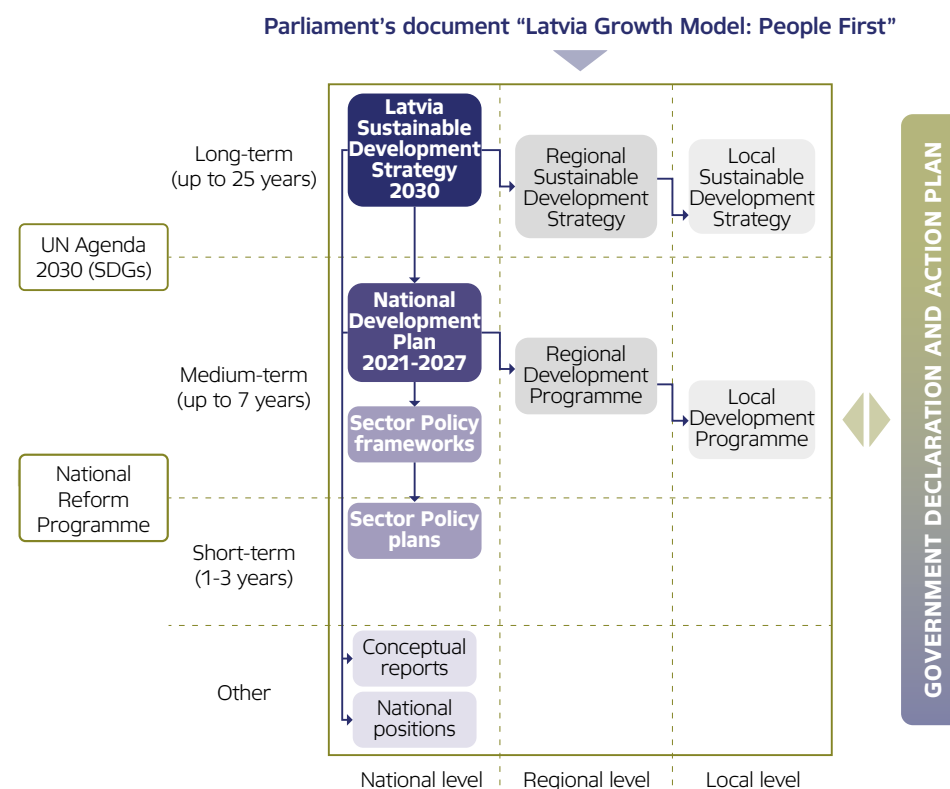
The National Development Plan of Latvia for 2021-2027 (NDP27)^h serves as Latvia's primary medium-term development planning document, implementing Latvia2030. It steers the implementation of Latvia 2030 and sets the parameters for sectoral policy by establishing a set of strategic objectives, defining responsible authorities and guiding major investments in the promotion of a sustainable, national development.

Green objectives are primarily set in the "Nature and the environment" section of NDP2027, focusing on measurable improvements in greenhouse gas (GHG) emission intensity, CO₂ sequestration, air pollution reduction, high quality water bodies, recycling, waste generation per capita and percentage of protected areas. Other green objectives are included across transport, housing, energy, and other relevant sectors.

Social objectives figure in sections on "Social inclusion" of NDP2027, focussed on the reduction of the poverty rate and "Inclusive education", with indicators on increasing the number of persons with basic and advanced digital skills, the ratio of persons in general secondary/ vocational education programmes, etc.

The objectives are then cascaded to sectoral policies and plans, that ultimately operationalise action.

Figure 1. Schematic Illustration Of Latvia's Planning System



Both Latvia2030 and NDP2027 are Government and Parliament-approved frameworks that guide sectoral policies, as well as regional and local government sustainable development strategies and programmes. The Prime Minister regularly reports on progress to the Parliament. A mid-term evaluation of the National Development Plan and ensuing sectoral policies is currently being completed, while preparatory work on Latvia's long-term sustainable development strategy to 2050 is already underway in anticipation of the post-2030 horizon.



1.1.1. Latvia's Climate policy

As Latvia faces the negative impacts of climate change, it requires mitigation and adaptation measures to strengthen economic, health and social resilience while achieving its low-carbon development.

Latvia is committed to investing in the green transition and transformation to mitigate climate change impacts at international, EU and national levels, working towards climate neutrality by 2050. This includes reducing the vulnerability of the Latvian people, economy, infrastructure, buildings and nature to the effects of climate change while promoting opportunities arising from this transition.

Latvia has established a climate policy framework that serves as a strategic planning and implementation tool for contributing to the EU's ambitious climate objectives and fulfilling commitments under the United Nations Framework Convention on Climate Change, including the Paris Agreement.

The backbone laws of Latvia's climate policy framework are the:

- Law on Pollutionⁱ that transposes the main provisions of EU Emissions trading system (ETS) as well as the new EU Emissions trading system for buildings, road transport and additional sectors (ETS2);
- Law on Climate Resilience and Economic Sustainability incorporating provisions formerly contained in the Law on Pollution. This legislation creates a unified legal framework that systematically integrates

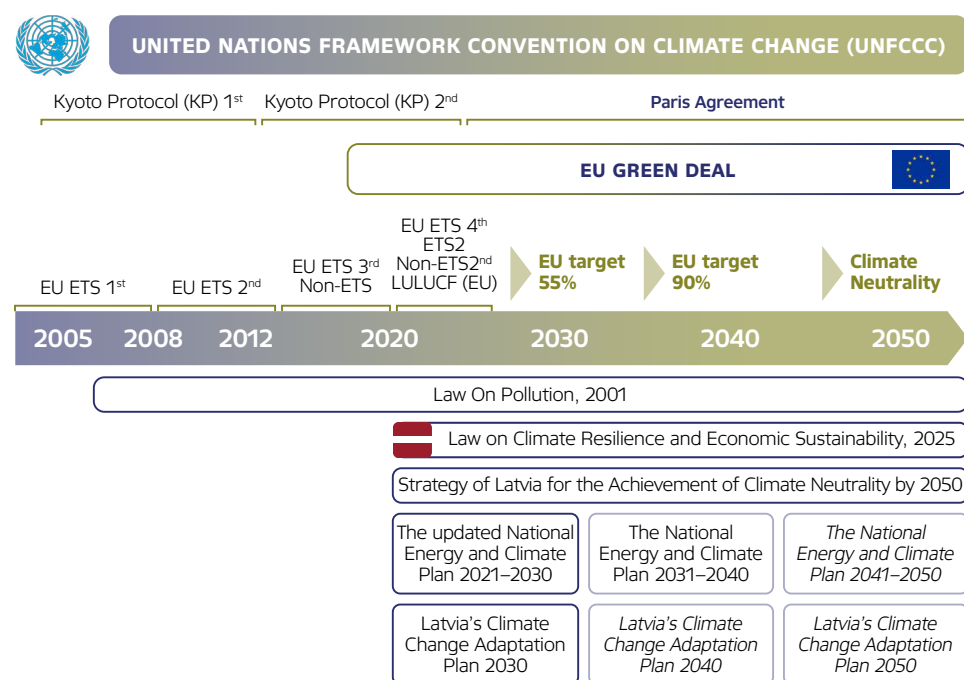
national economic sustainability and competitiveness considerations with advancement toward climate neutrality and climate resilience. The law defines ministerial responsibilities for enhancing sectoral economic resilience and mandates collaborative engagement among municipalities, planning regions, and businesses in climate change mitigation and economic impact. The framework facilitates timely establishment of transparent procedures and execution of National Energy and Climate Plan (NECP2027) measures, thereby minimising potential future economic losses.

In order to implement Latvia's ambitious targets, three important climate policy planning documents have been developed:

- The Strategy of Latvia for the Achievement of Climate Neutrality by 2050^j;
- The National Energy and Climate Plan for 2021-2030 (2024 update); and
- Latvia's National Plan for Adaptation to Climate Change until 2030^k.

The aforementioned documents are complemented by numerous sectoral policy planning documents — such as the Environmental Policy Guidelines 2021–2027^l and the Transport Development Guidelines 2021–2027^m, among many others — which, in addition to their primary sector-specific focus, also include measures related to achieving climate targets.

Figure 2. Schematic Illustration Of Latvia's Climate Policy Framework



The climate policy framework is established to ensure the achievement of the targets for greenhouse gas emission (GHG) reductions for 2030, as well as for 2050:

- **2030** – Latvia is committed to reducing GHG emissions in the sectors not covered by EU ETS (non-ETS) by 17% compared to 2005. Compared to 1990, its total GHG emissions reduction target (without Land Use, Land Use Change and Forestry (LULUCF)) is -65% by 2030;
- **2050** – Latvia is committed to reaching climate neutrality in 2050 (mid-term indicative targets have also been set in the Strategy of Latvia for the Achievement of Climate Neutrality by 2050).

1.1.1.1. Latvia's Strategy for Achieving Climate Neutrality by 2050

Latvia adopted a comprehensive **Strategy for the Achievement of Climate Neutrality by 2050** in January 2020 that aims at supporting the European Union's climate-neutral goal. This policy aims to enhance economic competitiveness while limiting greenhouse gas emissions to mitigate climate change and ensure a safe living environment for Latvia's population.

Taking into account the latest amendment to the European Climate Law, establishing an interim 2040 target of a 90% emission reduction, the above-mentioned Climate Neutrality Strategy is set to be updated in 2026 to include new targets, milestones and the latest research findings ensuring alignment with the path toward climate neutrality. The updated document will be published on the relevant website for legal acts of the Republic of Latviaⁿ.

1.1.1.2. National Energy and Climate Plan 2021-2030 (2024 update)

The National Energy and Climate Plan for 2021-2030 (NECP) long-term objective is to promote the development of a climate-neutral economy by improving energy security and public welfare in a manner which is sustainable, competitive, cost effective, secure and market principles-based.

The NECP includes Latvia's targets and performance measures in several sectors and activities. The plan was developed by responsible sectoral ministries and industry representatives, and is designed to meet the objectives set by the EU or international commitments taken by the Republic of Latvia.

In 2024, the NECP was updated with revised key targets, including higher GHG emissions reduction ambitions, an increased share of renewable energy in final consumption, and strengthened energy efficiency and fossil fuel reduction objectives. These changes reflect alignment with the more ambitious EU-level targets under the European Green Deal and the 'Fit for 55' package, and a better response to rapidly evolving external circumstances — particularly energy security challenges following the geopolitical context and the accelerated transition away from imported fossil energy sources. The update was prepared in cooperation with ministries, scientific institutions and a broad group of stakeholders, ensuring an

evidence-based and coordinated policy response. Overall, the updated NECP reflects the latest scientific knowledge and policy priorities supporting climate neutrality and reinforces the commitment to a more resilient, sustainable, and competitive energy system.

Table 1. Key Targets of the Updated NECP

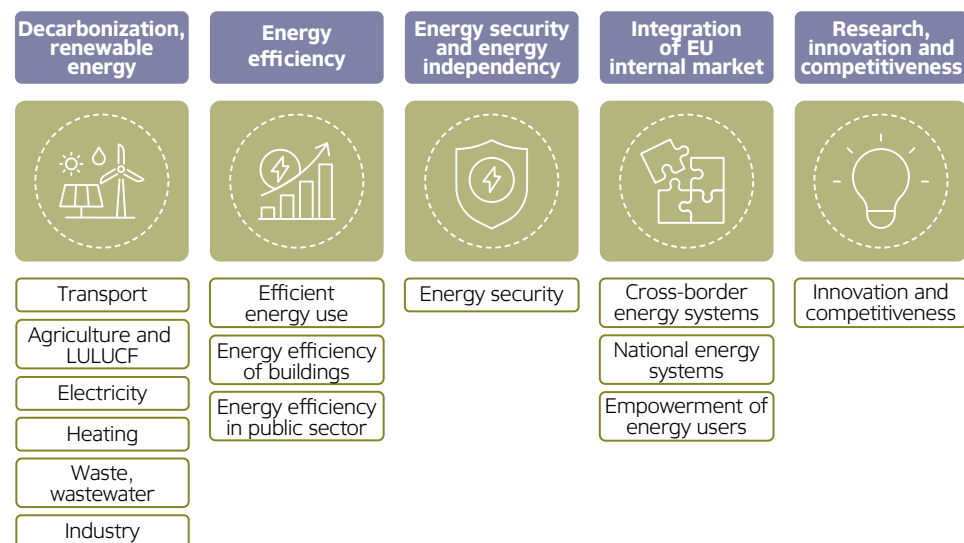
POLICY OUTCOME IN EACH DIMENSION OF THE PLAN	Actual value	Target value
	2023	2030
1.1. GHG emission reduction target (% compared to 1990)	-61.7	-65
1.1.1. Non-ETS activities (% compared to 2005) ^o	4.2	-17
1.1.2. Land Use, Land-Use Change and Forestry (LULUCF) reporting categories (kt CO ₂ eq.)	-	-644 ¹
1.2. Reduction of GHG emission intensity in transport (%)	0.8	≥15
1.3. Share of energy produced from RES in gross final energy consumption (%)	43.2	61
1.4. Share of energy produced from RES in gross final energy consumption in transport (%)	1.4	29 ^p
1.5. Share of energy produced from RES in heating and cooling (%)	65	66.4
1.6. Share of advanced biofuels & biogas in gross final energy consumption in transport (%)	0.1	5.5
2.1. Mandatory national target – cumulated final energy savings (Mtoe)	0.61	2.54

¹ In accordance with Regulation (EU) 2018/841, Latvia's target for 2030 is calculated as the average actual GHG emissions for 2016–2018 based on the 2032 GHG inventory, to which the fixed component of the target of –639 kt CO₂ eq. (removals), specified in column “c” of Annex IIa of Regulation 2018/841, is added. The indicative target of –644 kt CO₂ eq. (included in Regulation 2018/841) was calculated on the basis of the average GHG value for 2016–2018 (–6 kt CO₂ eq.) from Latvia's 2020 GHG inventory, to which the fixed component of the target of –639 kt CO₂ eq. was added. The final target for 2030 will be determined in accordance with the 2032 GHG inventory

To reach the above-mentioned climate policy targets set out in the National Energy and Climate Plan 2021-2030 (2024 update) several activities are carried out, for example:

- Increase the production and use of renewable energy resources, including for self-consumption and in citizens' and renewable energy communities;
- Improve energy efficiency in the public and private sectors, including the building sector;
- Promote “green” innovation through science and research in the areas of GHG emission reduction and adaptation;
- Ensure transport decarbonization, via domestic renewable fuel production and use, alongside enhanced micro-mobility and public transport infrastructure (see more details on 1.1.2.2. Transport Development Guidelines for 2021-2027);
- Strengthen environmentally friendly agriculture and the promotion of sustainable agricultural practices;
- Substantially enhance carbon removals in the LULUCF sector through afforestation and sustainable forest management;
- Promote improved waste management and circular economy practices to reduce greenhouse gas emissions from the waste sector and enhance resource efficiency.

Figure 3. Policy Actions to Achieve the NECP Objectives



1.1.1.3. Latvia's National Plan for Adaptation to Climate Change until 2030

Latvia's National Plan for Adaptation to Climate Change until 2030 was adopted by the Government in 2019. It includes more than 80 concrete adaptation measures and five strategic goals to address climate change risks follows:

- 1| Human life, health and wellbeing are protected from the adverse effects of climate change;
- 2| The economy is capable of adapting to the adverse effects of climate change and is able to use the opportunities offered by climate change;

- 3| Infrastructure and construction are climate-resilient and planned according to potential climate risks;
- 4| Latvia's nature, cultural and historical values have been preserved, and the negative impact of climate change has been minimized;
- 5| Providing information based on scientific reasoning, to facilitate the integration of climate change adaptation aspects into sectoral policies and spatial development planning.

Although climate change adaptation is a cross-cutting issue essential to every sector, recent evaluations identify the following sectors as among the most vulnerable:

- Biodiversity and ecosystem-based services;
- Forestry and agriculture;
- Tourism and landscape planning;
- Health and welfare;
- Building and infrastructure planning;
- Civil protection and emergency planning.

Coherent policy planning in each sector takes into account the risks and vulnerabilities related to climate change and accordingly plan risk mitigation and adaptation measures in the sectoral policy in order to ensure resilient economic development.

1.1.2. Additional Frameworks for Sustainable growth

1.1.2.1. Latvia's Bioeconomy Development Strategy

In addition to its climate strategy, Latvia is one of the few countries in the Baltic Sea region and the first from the Baltic states that identified bioeconomy as a major economic player and elaborated **Latvia's Bioeconomy Development Strategy 2030^a** in 2017. The bioeconomy is one of Latvia's five smart specialisation areas identified by the Smart Specialisation Strategy (RIS3)^b for Latvia.

The bioeconomy uses renewable natural resources (plants, animals, micro-organisms, etc.) to produce food and feed, industrial products and energy.

In Latvia, the bioeconomy sectors are teaming with research institutions to develop and implement innovative approaches to the efficient and sustainable use of natural resources. The strategy aims to develop the economy, ensuring high added value, promoting exports and employment, as well as balancing economic interests with environmental quality, climate change mitigation and adaptation, climate change risk assessment as well as biodiversity conservation and enhancement.

Achieving the goals of the strategy requires a cross-sectoral approach and the involvement of all stakeholders.

1.1.2.2. The Transport Development Guidelines for 2021-2027

The Transport Development Guidelines for 2021-2027 (TDG2027) are a medium-term policy planning document for the development of the transport sector in Latvia. By developing the TDG2027, the Ministry of Transport has defined the common policy goal: an integrated transport system that ensures safe, efficient, accessible, smart and sustainable mobility, and promotes the country's economic growth, regional development and progress towards a climate-neutral economy.

The development of the public transport system with rail as its backbone, the development of mobility points, and the promotion of micro-mobility means available to citizens (bicycles, walking, etc.) will be important to foster the modal shift towards clean mobility. The relevance of railway is also reflected in the TDG2027, the Future concept of public transport system 2021-2030 and the Regional Policy Guidelines 2021-2027. Latvia believes that a change in people's habits should be stimulated to encourage them to choose more environmentally friendly means of transport.



1.1.3. Latvia's Social Priorities

The Republic of Latvia is committed to reducing the risk of poverty and income inequality. These two priorities are defined in the **Latvia 2030** and **NDP2027** documents.

The goal of social protection and labour market policies in the Republic of Latvia is to foster social inclusion by decreasing income disparities and poverty, establishing accessible social services and legal support tailored to individual needs, and encouraging high employment rates in quality working conditions.

To reach this aim, the following priorities are set for social policy development:

- 1| Sustainable, stable and adequate material support ensuring sufficient economic independence;
- 2| A modern and accessible social services system which, inter alia, enhances the ability of citizens to live independently and live in society, to integrate into education and the labour market;
- 3| An inclusive labour market for everyone and quality jobs, supporting long-term participation in the labour market.

The Government of Latvia has designed measures for social inclusion and poverty reduction, taking into account not only social protection systems as such but also economic situations, income redistribution within the framework of the tax policy, access to health care and lifelong education, mobility opportunities and other factors. Among the main policy planning documents, there are the:

- Education Development Guidelines for 2021-2027^s; and
- Social Protection and Labour Market Policy Guidelines 2021-2027^t.

1.1.3.1. Education Development Guidelines for 2021-2027

The NDP2027 envisages strategic direction to ensure quality, accessible and inclusive education. The education system in Latvia is decentralized

and administered at three levels - national, municipal and institutional. Municipalities play an important role in the education governance.

The **Education Development Guidelines for 2021-2027** emphasize the primary goal of ensuring accessible education. However, it is acknowledged that the planned measures and advancement of education policy will be influenced by worldwide trends in society, labour markets, the economy, technology, digital transformation, environmental issues, and climate change.

1.1.3.2. Social protection, focusing on minimum income

The **Social Protection and Labour Market Policy Guidelines 2021-2027** (SPLMP Guidelines 2027) define directions of action and measures to be implemented to meet objectives and goals respectively set in Latvia2030 and NDP2027.

Measures defined in SPLMP Guidelines 2027 shall provide an increase in income for people in different situations of social risk, the provision of supportive social services, and the possibility of inclusion in a safe and high-quality working environment thus reducing the risk of poverty and promoting social inclusion.

Short-term policy planning documents were put in place to implement the concept of minimum income threshold^u including the **Plan for Improvement of Minimum Income support system for the period of 2022-2024 (IMISS Plan 2022)**^y. The IMISS Plan 2022 fixes the methodology for calculation of the minimum income thresholds and defines the review of minimum income thresholds annually.

In 2023, Latvia introduced changes regarding the minimum income thresholds (i.e., Law on Social Security, Law on State Pensions, Law on State Social Allowances, Law on Social Services and Social Assistance^w). As of January 1, 2025, Latvia increased the lowest minimum income threshold from 20% to 22% of the median income. This change affects the Guaranteed Minimum Income (GMI) threshold and state social security benefits for retirees and persons with disabilities in general cases (see the Annex I in Appendix).

1.1.3.3. Energy poverty

Besides the IMISS Plan 2022, the Updated NECP2027 addressed energy poverty issues. It stipulates that in the period until 2030, the target “share of population at risk of energy poverty” is under 5%. To achieve this, the municipalities need to ensure minimum income levels for all households where necessary, and they can also provide housing benefits for households which include electricity and heating costs. Meanwhile, the state has set up

a mechanism via the State budget to subsidise the final price of electricity for particularly vulnerable populations, such as people with disabilities and families with at least three children. In addition, since July 2021, minimum rules for the calculation of the uniform housing allowance were introduced, including electricity and heating.

1.2. Latvia and the United Nations Sustainable Development Goals

Latvia integrates all UN Sustainable Development Goals (UN SDGs) into the national development planning system, ensuring a balance in the environmental, social and economic dimensions of sustainability.

Latvia aligns performance indicators from its Cabinet-approved policy documents—including Latvia 2030, the National Development Plan, and sectoral policies—with the 17 UN SDGs at the 169-target level. This mapping framework, which incorporates indicators, responsible authorities, policy document linkages, and EU/OECD SDG indicators, serves as the basis for monitoring and evaluating SDG progress^x.

Latvia presented its latest Voluntary National Review (VNR) at the July 2022 UN High Level Political Forum on Sustainable Development. The VNR details Latvia’s goals and progress toward achieving the 2030 Agenda and all SDGs^y.

Latvia’s 2024 sustainability monitoring^z highlights significant progress in key Sustainable Development Goals (SDGs) centred on building an innovative, green economy and reducing social inequality. In the environmental sector, Latvia has solidified its leadership in renewable energy (SDG 7), ranking seventh in the 2025 WEF Energy Trilemma Index^{aa}, while steady R&D growth and investments in railway electrification and waste management have bolstered progress in industry and sustainable communities (SDGs 9 and 11). Socially, the country has made measurable gains in poverty reduction (SDG 1) through minimum income reforms and has effectively addressed inequality of opportunity (SDG 10) by integrating targeted support for education, healthcare, and regional digital inclusion. Latvia is bridging the gap in GDP and household income across its regions.

Figure 4. Latvia’s progress on key Sustainable Development Goals



2. Latvia and Sustainable Finance

2.1. Rationale for Issuance

One of the most significant global challenges and opportunities for Sovereigns is the transformation of their economies towards sustainable development, by combining decarbonisation and sustainable growth. The Government of the Republic of Latvia is committed to funding investments with tangible environmental and social benefits, supporting the nation's transition strategy and long-term sustainability goals.

Recognising the transformational force that sustainable finance has in accelerating Environmental, Social and Governance (ESG) progress, the Republic of Latvia is committed to issuing Sustainability Bonds to contribute to financing its environmental and social transition, and to support the development of sustainable finance.

On the basis of the Financial Sector Development Plan 2021-2023^{ab} and with the support of the ministries working under the Intergovernmental Working Group, Latvia established its inaugural Framework for Sustainability Bonds,

in line with best market practices, and issued its inaugural Sustainability Bond in 2021.

Recognising the opportunity to better align expenditures and revenue planning with climate and environmental objectives, Latvia plans to introduce a “green budget” tagging in the medium term. This approach will integrate climate-neutral and environmentally oriented considerations into national budget planning and the fiscal framework. A pilot tagging assessment was conducted initially in 2024 and then in 2025, retrospectively analysing the 2023 State budget, with progress information was presented in the Fiscal Risk Declaration^{ac}. The methodology is being refined and tested, with gradual implementation expected. Ultimately, “green budget” tagging is anticipated to become part of the annual State Budget Law and the medium-term budget framework.

2.2. 2026 Framework Update

The Republic of Latvia's updated Sustainability Bond Framework (the Framework) ensures that it maintains the Framework in line with best market practices, while expanding the scope of eligible government expenditures which can be financed through Green, Social and/or Sustainability Bonds.

Furthermore, the updated Framework seeks to further take into account the EU Taxonomy Substantial Contribution Criteria for the Eligible Green Expenditures, on a best effort basis.

The Republic of Latvia continues to closely monitor the evolution of the EU Taxonomy regulation, in particular around the announced simplification of the Do No Significant Harm (DNSH) criteria as part of the Omnibus regulation from the European Commission.

Notable updates in the Framework include the following:

- Consideration of the EU Taxonomy Substantial Contribution Criteria, on a best effort basis;
- Reorganisation of existing Eligible Expenditures and expansion of the Eligible Green and Social Categories leading to:
 - new Eligible Categories: i. Pollution Prevention & Control, ii. Research, Innovation & Awareness Raising, iii. Access to essential services: Healthcare and iv. Food security and sustainable food systems; and
 - elimination of categories that do not apply for the time being, namely iv. Renewable Energy and v. Sustainable Water and Water management (re-allocated to other applicable, more adequate Eligible Green or Social Categories).

3. Latvia's Sustainability Bond Framework

The Framework enables the Republic of Latvia to raise financing through Green, Social and/ or Sustainability Bonds, directing the proceeds to the eligible expenditures listed below. It will remain in force — covering all new issuances and taps of these bonds — until it is revised.

The Framework has been drafted in accordance with the ICMA Green Bond Principles 2025, Social Bond Principles 2025 and Sustainability Bond Guidelines 2021^{ad}. The Framework adopts a best-effort approach to align Eligible Green Expenditures with the criteria defined in the EU Taxonomy Delegated Acts.

The Framework is presented under the following pillars:

- 3.1.** Use of Proceeds;
- 3.2.** Process for Project Evaluation and Selection;
- 3.3.** Management of Proceeds;
- 3.4.** Reporting;
- 3.5.** External review.

As the market evolves, the Framework may be reviewed from time to time to reflect market or budgetary developments. Any update to this Framework will be subject to review by an external verifier.



3.1. Use of Proceeds

An amount equal to the net proceeds from the issuance of each Green, Social and/or Sustainability bonds will be allocated to relevant Eligible Expenditures from the State budget of the Republic of Latvia:

- Incurred in the two budget years preceding the bond issuance date;
- Incurred in the same budget year as the bond issuance date;
- Expected in the two budget years following the bond issuance date.

Eligible Expenditures may include investment expenditures and operational expenditures (for example current expenditures, transfers, subsidies and grants). European Union funds and instruments complement Latvia's State budget to accelerate the achievement of national sustainability targets, green transition and social policy goals. Expenditures already financed via a dedicated funding source, including European Union funds and instruments (e.g. the European Union's grants under the Recovery and Resilience Facility) or any other dedicated Green or Social financing are excluded to avoid potential "double counting". In the event where Latvia would co-finance projects, it will be ensured that Eligible Expenditures only include the amount financed by the Latvian Government.

In the context of this Framework, expenditures that are clearly dedicated to the following activities will be excluded in the allocation of proceeds from the Green, Social and/or Sustainability bonds:




Eligible Expenditures will align with the eligibility criteria defined in Green and/or Social categories outlined below. For Green Categories, the eligibility criteria take into account, on a best effort basis, the Substantial Contribution Criteria from the EU Taxonomy Delegated Acts. The DNSH Criteria and Minimum Safeguards have not been considered at this stage.







Furthermore, a mapping against the UN Sustainable Development Goals has been done for each category. For Green Categories, applicable Environmental Objectives and associated Economic Activities under the EU Taxonomy have also been identified, to the extent possible. The examples of expenditures are included for illustrative purposes only and are not exhaustive, so they shall not be limited to those specified.





Table 2. Eligible Green Categories

Green Categories	Eligibility criteria	Description and examples of eligible expenditures
Green Buildings & Energy Efficiency		
<p><i>SDG mapping:</i></p>  <p><i>Applicable EU Environmental objectives & activities:</i></p> <p>Climate change mitigation</p> <ul style="list-style-type: none"> ○ 7.1. Construction of new buildings; ○ 7.2. Renovation of buildings; ○ 7.3. Installation, maintenance and repair of energy efficiency equipment; ○ 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; ○ 7.6. Installation, maintenance and repair of renewable energy technologies. 	<p>Expenditures related to green buildings and energy efficiency measures, including:</p> <ul style="list-style-type: none"> ■ Construction of energy efficient buildings²; ■ Renovation of buildings leading to a reduction of primary energy demand (PED) of at least 30%; ■ Individual renovation measures, such as installation or maintenance of, solar panels, heating system automation, improved insulation, energy efficient windows, etc. 	<ul style="list-style-type: none"> ■ Construction of public energy-efficient buildings and renovation of municipal buildings in order to increase energy-efficiency; ■ Support for measures reducing primary energy consumption and greenhouse gas emissions in governmental and/ or municipal buildings.


² For the purpose of this Framework, an “energy efficient building” is considered a Nearly-Zero Energy Building (NZEB) defined in accordance with the Cabinet of Ministers Regulation No.222 of 8 April 2021 “Rules for the method for calculating the energy performance of buildings and rules for energy certification of buildings” (hereinafter – Regulation No.222)^{ae}



Green Categories	Eligibility criteria	Description and examples of eligible expenditures
Clean Transportation		
<p><i>SDG mapping:</i></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> 7 AFFORDABLE AND CLEAN ENERGY</div> <div style="text-align: center;"> 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div style="text-align: center;"> 11 SUSTAINABLE CITIES AND COMMUNITIES</div> </div> <p><i>Applicable EU Environmental objectives & activities:</i></p> <p>Climate change mitigation</p> <ul style="list-style-type: none"> ○ 6.1. Passenger interurban rail transport; ○ 6.14. Infrastructure for rail transportation; ○ 6.15. Infrastructure enabling low-carbon road transport and public transport. 	<p>Expenditures related to construction, operation and maintenance of rail and road transport services, including:</p> <ul style="list-style-type: none"> ■ Passenger trains with zero direct tailpipe CO₂ emissions; ■ Electrified railway infrastructure, or otherwise infrastructure where there is a plan for electrification; ■ Multi modal infrastructure crossings between different modes of transport; ■ Electric vehicle charging stations and supporting infrastructure. <p>N.B. Rail infrastructure dedicated solely for the transportation of fossil fuels is not eligible</p>	<ul style="list-style-type: none"> ■ Cross border Rail Baltica project connecting three Baltic states (Latvia, Estonia, Lithuania) with Central Europe^{af}; ■ Renewal of passenger electric rolling stock; ■ Subsidies to joint stock companies “Pasazieru vilciens” (state-owned passenger carrying company) and “Latvijas Dzelzceļš” to cover payments for railway infrastructure; ■ Subsidies to the Road Traffic Safety Directorate for the management and maintenance of the national electric vehicle charging network.
Circular Economy		
<p><i>SDG mapping:</i></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> 7 AFFORDABLE AND CLEAN ENERGY</div> <div style="text-align: center;"> 11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div style="text-align: center;"> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> </div> <p><i>Applicable EU Environmental objectives & activities:</i></p> <p>Climate change mitigation</p> <ul style="list-style-type: none"> ○ 5.5. Collection and transport of non-hazardous waste in source segregated fractions; ○ 5.9. Material recovery from non-hazardous waste. 	<p>Expenditures related to the promotion of circular economy, including:</p> <ul style="list-style-type: none"> ■ Collection, treatment and recycling of municipal waste; ■ Development and production of new products using redundant and reusable materials. 	<ul style="list-style-type: none"> ■ Support of a pilot project for the manufacturing of products based on recycled materials; ■ Subsidies for piloting technological solutions for a sustainable and low emission bio-economy model for utilising biomass from grasslands.

Green Categories	Eligibility criteria	Description and examples of eligible expenditures
Pollution Prevention & Control		
<p><i>SDG mapping:</i></p>  <p><i>Applicable EU Environmental objectives:</i></p> <p>Pollution Prevention and Control</p>	<p>Expenditures related to fostering of pollution reduction, including:</p> <ul style="list-style-type: none"> ■ Reducing and eliminating sources of radiation avoiding risk of soil and groundwater pollution; ■ Substitution or resource efficiency measures to reduce hazardous substance emissions. 	<ul style="list-style-type: none"> ■ Maintenance and safety monitoring works for the non-operational Salaspils nuclear research reactor; ■ Support of a pilot project, focusing on introducing an integrated chemical risk management system, implementing safer substance alternatives, and improving resource efficiency.
Environmentally Sustainable Management of Living Natural Resources & Land Use		
<p><i>SDG mapping:</i></p>  <p><i>Applicable EU Environmental objectives & activities:</i></p> <p>Climate change mitigation</p> <ul style="list-style-type: none"> ○ 1.3. Forest management. 	<p>Expenditures related to measures and project development for the protection of living natural resources:</p> <ul style="list-style-type: none"> ■ Sustainable agriculture: <ul style="list-style-type: none"> – according to national and/or EU legislation; – certified organic farming. ■ Sustainable forest management: <ul style="list-style-type: none"> – according to national and/or EU legislation; – certified through recognized certifications (e.g. Forest Stewardship Council and Programme for the Endorsement of Forest Certification). 	<ul style="list-style-type: none"> ■ State subsidies: <ul style="list-style-type: none"> – For organic farms³; – For small farms and young farmers; – Development of collaboration by raising capacity of nongovernmental organisations, promoting cooperation; – Promotion of participation in food quality schemes⁴. ■ National forest management and monitoring in the whole territory of the state; ■ Support for forest owners for improving the resilience and environmental value of forest ecosystems.

³ Preparation of high-quality seed, testing of selection material to introduce integrated and organic crop production technologies, monitoring of soil quality, conservation of genetically high-quality plant genetic resources of the national significance

⁴ Grants for participation in organic farming, protected geographical indications, designations of origin, traditional specialities guaranteed and in the national food quality scheme

Green Categories	Eligibility criteria	Description and examples of eligible expenditures
Terrestrial & Aquatic Biodiversity Conservation		
<p><i>SDG mapping:</i></p>  <p><i>Applicable EU Environmental objectives & activities:</i></p> <p>Protection and restoration of biodiversity and ecosystems</p> <ul style="list-style-type: none"> ○ 1.1. Conservation, including restoration of habitats, ecosystems and species. 	<p>Expenditures that ensure the protection and conservation of terrestrial and aquatic biodiversity including:</p> <ul style="list-style-type: none"> ■ Preservation and restoration of protected areas (e.g. natural parks or Natura 2000 areas); ■ Protection and conservation of species (e.g. legally protected species⁹⁹ and migratory bird species); ■ Promotion of sustainable use of biological resources and plant health (e.g. fish stock restocking and national phytosanitary surveillance system that safeguards crops). 	<ul style="list-style-type: none"> ■ Restoration or increase of the natural processes of peat accumulation in the degraded sites; ■ Demonstration of new approaches and methods for re-vegetation of open water bodies and bare peat in abandoned peat mining areas; ■ Implementation of fish resources restocking plan, research on freshwater and migratory fish stocks and providing of scientific advice, implementation of projects for fish resources restocking, conservation and control, providing of public information; ■ Construction of infrastructure to reduce anthropogenic pressures in specially protected nature areas, including Natura 2000 sites (among others Piejūra Nature Park); ■ Restoration and maintenance of a favourable conservation status of habitats and species of European Union importance; ■ Preparation of nature conservation plans and implementation of active conservation measures; ■ Reduction of invasive species.

Green Categories	Eligibility criteria	Description and examples of eligible expenditures
Climate Change Adaptation		
<p><i>SDG mapping:</i></p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="174 395 286 515">  </div> <div data-bbox="297 395 409 515">  </div> </div> <p><i>Applicable EU Environmental objectives & activities:</i></p> <p>Climate change adaptation</p> <ul style="list-style-type: none"> ○ 5.1. Construction, extension and operation of water collection, treatment and supply systems; ○ 5.3. Construction, extension and operation of waste water collection and treatment; ○ 14.1. Emergency services; ○ 14.2. Flood risk prevention and detection infrastructure. <p>Sustainable use and protection of water and marine resources</p> <ul style="list-style-type: none"> ○ 3.1. Nature-based solutions for flood and drought risk prevention and protection. 	<p>Expenditures aimed to strengthen adaptation, promote climate-resilience, and prevent the adverse social and environmental impacts of both acute and chronic hazards arising from climate-change-driven extreme weather – such as flooding, wildfires, and drought, including:</p> <ul style="list-style-type: none"> ■ Infrastructure, technologies and prevention measures that support enhanced climate resilience; ■ Construction or maintenance of water collection and drainage infrastructure; ■ Infrastructure and services for emergency response services including health services, rescue services, firefighting services and civil protection; ■ Measures supporting the monitoring and prediction of weather and environmental conditions. 	<ul style="list-style-type: none"> ■ Support for reducing the risk coastal erosion in flood risk areas of Daugavas hydropower plants; ■ Subsidies to a project for nature-based solutions and urban planning of green infrastructure; ■ Projects aimed at maintaining and operating state and nationally significant amelioration systems in order to ensure effective water regulation, protect infrastructure, agricultural and forest land, and populated areas from flooding, while simultaneously promoting sustainable management of rural territories and strengthening the national framework for amelioration cadastre and hydrometric data management; ■ Support for the development of the national environmental monitoring and control system (water monitoring development, improvement of the atmospheric air monitoring network, provision of climate data information); ■ Purchase of special firefighting and rescue vehicles and mobile containers units with equipment; Construction of disaster management centres.






Green Categories	Eligibility criteria	Description and examples of eligible expenditures
Research, Innovation & Awareness Raising		
<p><i>SDG mapping:</i></p>  <p><i>Applicable EU Environmental objectives & activities:</i></p> <p>Climate change adaptation</p> <ul style="list-style-type: none"> ○ 9.2. Close to market research, development and innovation; ○ 11. Education contribution to climate adaptation; ○ 13.2. Libraries, archives, museums and cultural activities. 	<p>Eligible expenditures aimed at enhancing and facilitating knowledge and innovation about climate and environmental topics, including but not limited to one of the following:</p> <ul style="list-style-type: none"> ■ Climate issues; ■ Biodiversity and preservation of living natural resources; ■ Promotion of the use of renewable energy. 	<ul style="list-style-type: none"> ■ Subsidies for environmental education centres of national importance (incl. National Botanical Garden of Latvia, Latvian National Museum of Nature History and Riga Zoological Garden); ■ Establishment and development of the Nature Centre of Gauja National Park, Ķemeri National Park, North Vidzeme Biosphere Reserve to enhance public environmental and nature awareness; ■ Subsidies to University of Latvia working on revising and scientifically justifying list of protected species; ■ Conducting an inventory related to the use of peat in energy production; ■ Establishment or modernisation of nature interpretation centres in national parks, including biodiversity awareness exhibitions; ■ Research to improve knowledge on the state of the marine environment for the implementation of the Integrated Maritime Policy; ■ Provide research to contribute to the development and implementation offshore wind power plants.

Table 3. Eligible Social Categories

Social Categories	Eligibility criteria and target population	Description and examples of eligible expenditures
Access to Essential Services: Health and Healthcare		
<p><i>SDG mapping:</i></p> 	<ul style="list-style-type: none"> Enhancing the access to healthcare infrastructures and services. <p>Target population: Persons with Group II disability⁵ and/or disadvantaged persons status⁶</p>	<ul style="list-style-type: none"> Specialised outpatient health care services (e.g. cardiologist, neurologist, dermatologist), diagnostic examinations (laboratory tests, ultrasound, X-ray), outpatient surgical procedures, endoscopic examinations (gastroscopy, colonoscopy), physical therapy and rehabilitation; Inpatient emergency and/ or planned health services; Reimbursement of medicines and payments of inpatient and outpatient healthcare services.
Access to Essential Services: Education		
<p><i>SDG mapping:</i></p> 	<ul style="list-style-type: none"> Improving quality and providing access to essential educational infrastructure, programmes and services. <p>Target population: Schoolchildren to 12th grade, university staff, academic staff, secondary/ vocational school staff, students and scientists</p>	<ul style="list-style-type: none"> Funding for secondary and higher education, vocational education and science (academic staff remuneration; scholarships; maintenance costs).

⁵ Group I and Group II disabilities are determined in accordance with the procedures laid down by the Disability Law ^{ah} and the December 23, 2014 Cabinet of Ministers Regulation No. 805 “Rules for determining foreseeable disability, disability and loss of working capacity and on issuing a document certifying disability”^{ai}. Disability is defined as a long-term or non-transitory limitation of functioning of a very severe, severe or moderate degree that affects a person’s mental or physical abilities, work capacity, self-care capabilities and inclusion in society. Disability expertise is carried out by the State Commission of Doctors for Health and Work Capability Expertise

⁶ A “needy (disadvantaged) household” is defined as a household with income not exceeding 50% of the national median income, in accordance with the Section 33 of the Law on Social Services and Social Assistance^v

Social Categories	Eligibility criteria and target population	Description and examples of eligible expenditures
Access to Essential Services: Social Inclusion		
<p><i>SDG mapping:</i></p> 	<ul style="list-style-type: none"> Providing minimum income for population groups at risk of poverty. <p>Target Population: Persons receiving low old-age pensions, low pensions for disabilities, low pensions in case of loss of provider⁷ or state social security benefit</p> <hr/> <ul style="list-style-type: none"> Provision of public transport services at subsidised fares and/or passengers underserved with transportation connectivity. <p>Target Population: Passenger groups entitled to receive reduced public transport fares⁸ and/or passengers underserved with transportation connectivity</p>	<ul style="list-style-type: none"> Minimum income reform. <hr/> <ul style="list-style-type: none"> Subsidies to passenger carrying companies to compensate reduced fares to certain passenger groups (trains and buses); Subsidies to passenger carrying companies for providing services to passengers that are underserved with transportation connectivity (trains and buses).
Access to Essential Services: Energy Power		
<p><i>SDG mapping:</i></p> 	<ul style="list-style-type: none"> Expenditures to ensure access to affordable, reliable, sustainable and modern energy for all. <p>Target Populations: Disadvantaged family (person)⁶ low-income family (person)⁹, a large family (3 and more children), family (person) caring for a disabled child, persons with Group I disability or his/her trustee^{5 aj}</p>	<ul style="list-style-type: none"> Subsidised final price of electricity for a disadvantaged family (person), low-income family (person), a large family (3 and more children), family (person) caring for a disabled child, persons with Group I disability or his/her trustee.

⁷ A person who has an obligation to take care of his or her spouse, children, or parents, in accordance with a court ruling and with the Law on Social Services and Social Assistance^v

⁸ Preschool children; persons with a group I or II disability; persons under the age of 18 with a disability and a person accompanying a person with a group I disability or a person under the age of 18 with a disability; orphans and children left without parental care, who are in foster care, guardianship, childcare institutions or study in general and vocational education institutions, as well as universities and colleges until the age of 24; politically repressed persons and members of the national resistance movement; learners in general primary education institutions (grades 1-9) living outside the city territory; students in general secondary education institutions living outside the city territory (full-time grades 10–12); members of large families who use the state-implemented support program "Latvian Honorary Family Certificate" 3+ Family Card.

⁹ A "low-income household" is defined as a household with income falling between 50% and 80% of the national median income, as determined by the respective municipality and in accordance with the Section 33 of the Law on Social Services and Social Assistance^v

Social Categories	Eligibility criteria and target population	Description and examples of eligible expenditures
Food Security and Sustainable Food Systems		
<p><i>SDG mapping:</i></p> 	<ul style="list-style-type: none"> Supply of fresh, locally produced food, accompanied by supportive educational measures on agriculture production, healthy eating habits, local production, environmental issues and food waste reduction. <p>Target Population: Children and schools within 300km of the production site</p>	<ul style="list-style-type: none"> Funding for supply of fresh products and for carrying out accompanying educational measures (e.g. contests, tasting classes, farm visits etc.) under the framework of EU scheme for supply of fruit, vegetables and milk.

3.2. Process for Project Evaluation and Selection

To guarantee transparency, efficiency and coordination in the identification and selection of Eligible Green and Social Expenditures, Latvia has established a multi-layered, interministerial process that is based on three levers:

1| The line **ministries** are the first line of selection of Eligible Green and Social Expenditures. The ministries screen their respective ministerial budgets for potential expenditures that could fall within the Eligible Categories and the strategic objectives of the Framework. Each line ministry's core responsibilities are:

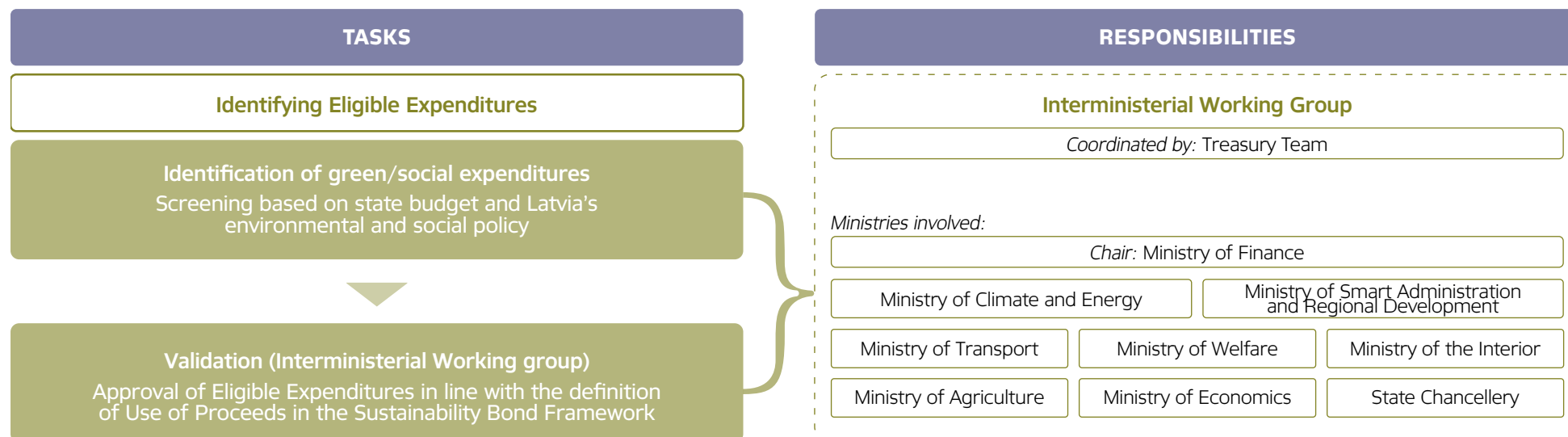
- To screen their respective ministerial budget for expenditures that match the Eligible Categories;
- To pre-select potential expenditures and compile supporting information and documentation;
- To submit the pre-selected list to the Interministerial Working Group (via Treasury) for evaluation; and
- To implement and monitor the Eligible Expenditures.

2| An **Interministerial Working Group (IWG)** has been established to oversee the Framework's implementation and coordinate stakeholders efficiently. It is chaired by the Ministry of Finance, represented by the **Treasury of the Republic of Latvia** (the Treasury), and includes the line ministries responsible for Eligible Green and Social Expenditures, who meet as regularly as deemed necessary. Other ministries may be invited to join as needed. The Interministerial Working Group's core responsibilities are:

- To select and approve the Eligible Expenditures to be allocated to the respective Green, Social and/or Sustainability Bond, by confirming, in cooperation between the Treasury and the ministry managing the respective budget expenditure, their compliance with the eligibility criteria of the Framework, as set out above in section 3.1. Use of Proceeds;
- To monitor the compliance of the expenditures with the eligibility criteria and exclusion criteria of the Sustainability Bond Framework on an annual basis until full allocation of the Green, Social and/or Sustainability bond proceeds. In case an expenditure is no longer compliant, it will be replaced by another eligible expenditure as soon as possible;

- Potential environmental and/or social risks related to the Eligible Green and/or Social Expenditures are identified and managed through Latvia’s general, comprehensive laws and regulations. Furthermore, the IWG will monitor potential ESG controversies associated with the approved expenditures. Any expenditure identified as eligible but subject to significant ESG controversies can lead to a withdrawal, temporary or definitive, from the portfolio of Eligible Expenditures. A new expenditure would then be proposed for allocation as a substitute;
 - To approve the Sustainability Bond Report referred to in Section 3.4 (Reporting) below, which will detail the allocation of an amount equal to the net proceeds of the Bond to the Eligible Expenditures and the environmental and social impacts of the Eligible Expenditures; and
 - To approve and update the Sustainability Bond Framework, when needed.
- 3| The Treasury** is responsible for all operational tasks related to the Framework and Bonds issued under it. As such, the Treasury manages the Framework on an active basis, coordinating with and gathering information from the IWG members to ensure that all Eligible Expenditures are appropriately assessed and selected. Its core responsibilities are:
- To coordinate the IWG meetings, preparing respective agendas and minutes;
 - To manage operational workflows, including data collection, eligibility checks, and reporting;
 - To maintain the register of Eligible Expenditures and monitor allocation of proceeds from GSS bonds.

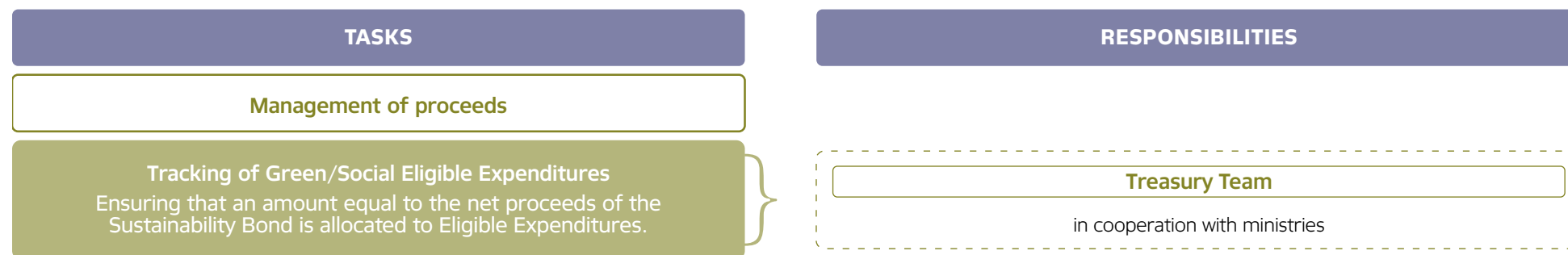
Figure 5. Ministerial tasks and responsibilities for the identification, selection and evaluation of Eligible Expenditures under Latvia’s Sustainable Bond Framework



3.3. Management of Proceeds

It will be the responsibility of the Treasury of the Republic of Latvia to coordinate and ensure that an amount equal to the net proceeds of the Green, Social and/or Sustainability bonds is allocated fully and specifically to Eligible Expenditures from the State budget of the Republic of Latvia in accordance with this Framework.

Figure 6. Ministerial tasks and responsibilities for the management of proceeds of GSS Bonds under Latvia's Sustainable Bond Framework



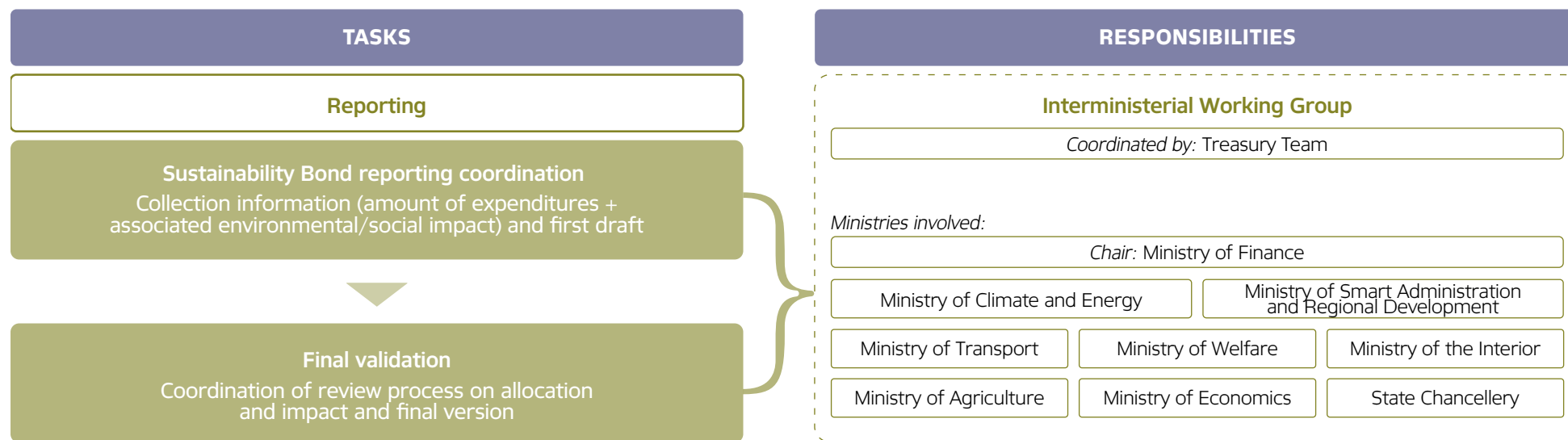
The Republic of Latvia intends to allocate the proceeds of any Green, Social and/or Sustainability bond at the earliest convenience and in any case commits on a best effort basis to reach full allocation within two years of the applicable Green, Social and/or Sustainability bond issuance. The proceeds from issuances are managed within Treasury's general cash and debt management, with a virtual allocation of the nominal value to Eligible Expenditures.

The Republic of Latvia will strive to keep the volume of available Eligible Expenditures exceeding the amount of any Green, Social and/or Sustainability bond issuance. If an expenditure needs to be replaced (for example, if the criteria applicable at the time of allocation are not met) after the IWG has allocated the proceeds of the issuance, Latvia will replace this expenditure by other expenditures that meet the criteria defined under section 3.1 "Use of proceeds" as soon as reasonably practicable. In such cases, expenditures can also be reallocated to Eligible Expenditures from other fiscal years.

3.4. Reporting

The Republic of Latvia intends to produce and publish a Sustainability Bond Report within one year of the date of issuance of a Green, Social and/or Sustainability bond and annually thereafter until full allocation of the outstanding Green, Social and/or Sustainability bond proceeds, and on a timely basis in case of material developments. The Sustainability Bond Report shall include both the allocation of proceeds from Green, Social and/or Sustainability bond issuances and related environmental and/or social impact elements, as described below in this section, and will be made available on the Treasury's website^{am}.

Figure 7. Ministerial tasks and responsibilities for reporting on GSS Bonds under Latvia’s Sustainable Bond Framework



ALLOCATION REPORTING

With the aim of providing transparent disclosure on the allocation of net proceeds, the Sustainability Bond Report will include:

- A detailed breakdown of proceeds allocated to each of the Eligible Expenditures Categories from the Latvian State budget;
- A breakdown of the allocated proceeds per budget year. Expenditures in the budget year of issuance or subsequent budget years will be considered financing, while expenditures within the two budget years prior to issuance, will be considered refinancing;
- A breakdown of the allocated proceeds per type of expenditure;
- The balance of unallocated proceeds at the end of the reporting period (if any);
- The share of proceeds aligned with the EU Taxonomy Substantial Contribution Criteria (SC) (to the extent possible for green expenditures);
- Case studies of some of the largest and most representative expenditures.



IMPACT REPORTING

The Sustainability Bond Report will provide detailed information on the associated environmental and/ or social impact of the Green and Social Eligible Expenditures, subject to the availability of suitable information and data.

The approach to impact reporting may be updated over time to align with emerging reporting standards and depending on the data the Treasury has obtained from line ministries.

The impact reporting aims to provide information on output and outcome indicators, but also environmental and/ or social impact indicators (if available).

The Treasury intends to align, on a best effort basis, with the ICMA recommendations for impact reporting on green and social bonds, namely the “Handbook – Harmonised Framework for Impact Reporting” (June 2024) for Green Bonds and the “Handbook – Harmonised Framework for Impact Reporting for Social Bonds” (June 2025) for both the Eligible Green and Social Expenditures, respectively, as well as the IFC Biodiversity Finance Metrics for Impact Reporting (October 2024)^{pl} for applicable Eligible Green Expenditures.

Methodologies used to calculate these indicators will be published in the Sustainability Bond Report. For illustration purposes, green and social impact indicators may include:

Table 4. Examples of impact, output & outcome indicators per green category

Green Categories	Examples of impact, output & outcome indicators
Green Buildings & Energy Efficiency	<ul style="list-style-type: none"> ■ Annual GHG emissions reduced/avoided vs local baseline/baseline certification level (tonnes of CO₂e/year); ■ Annual primary energy consumption in buildings (kWh/year); ■ Annual energy savings (MWh/year); ■ Energy generation from on-site renewable energy sources (kWh/year).
Clean Transportation	<ul style="list-style-type: none"> ■ Annual GHG emissions reduced/avoided (tonnes of CO₂e); ■ Cumulative amount of electrified rail infrastructure (km); ■ Annual passenger turnover in regional rail and bus routes (million passengers); ■ Number of electric vehicle charging stations installed.
Circular Economy	<ul style="list-style-type: none"> ■ Absolute amount of materials, components and products that are reusable, recyclable, and/ or certified compostable (tonnes/year) and/ or increase as a result of the implementation of the project(s); ■ Annual amount of waste diverted from landfilling through separate collection, reuse, refurbishment and recycling (tonnes/year).

Green Categories	Examples of impact, output & outcome indicators
Pollution Prevention & Control	<ul style="list-style-type: none"> ■ Population with reduced risks from radiation in numbers; ■ Results from radiation level monitoring in groundwater and soil not exceeding applicable values; ■ Number of companies consulted and trained on chemical risk management.
Environmentally Sustainable Management of Living Natural Resources & Land Use	<ul style="list-style-type: none"> ■ Increase in area under certified organic or sustainable agriculture (ha); ■ Maintenance of area under sustainable forest management (ha).
Terrestrial & Aquatic Biodiversity Conservation	<ul style="list-style-type: none"> ■ Area of restored degraded ecosystems (ha); ■ Maintenance/safeguarding /increase of protected area (ha) incl. Natura 2000 site area covered by conservation and restoration measures (ha); ■ Absolute number of protected and/or priority species for which conservation, management or restoration measures have been implemented in protected/conserved areas (number); ■ Absolute number of invasive species (number) and/or area where invasive species management measures have been implemented (ha); ■ Number of fish released in natural water bodies.
Climate Change Adaptation	<ul style="list-style-type: none"> ■ Length of the reinforced riverbanks (m); ■ Length of restored dams and water drains (km); ■ Areas where flood risks are reduced (ha); ■ Newly created or strengthened coastal strip and river and lake shore protection against floods (km); ■ Newly built or upgraded “green” or “blue” infrastructure to adapt to climate change (ha); ■ Number of new/modernized climate (environmental) monitoring stations financed; ■ Number of institutions benefiting from firefighting and disaster management investments; ■ Number of disaster management centres built.

Green Categories	Examples of impact, output & outcome indicators
Research, Innovation & Awareness Raising	<ul style="list-style-type: none"> ■ Number of research, publication and/ or education projects funded; ■ Listing of main initiatives or presentation of key examples; ■ Number of cultural, scientific and/ or tourism sites supported.

Table 5. Examples of impact, output & outcome indicators per social category

Social Categories	Examples of impact, output & outcome indicators
Access to essential services: Healthcare	<ul style="list-style-type: none"> ■ Number of unique patients benefiting from healthcare programmes.
Access to essential services: Education	<ul style="list-style-type: none"> ■ Number of students benefiting from scholarships; ■ Number of educational institutions financed.
Access to essential services: Social Inclusion	<ul style="list-style-type: none"> ■ Average monthly beneficiaries of: <ul style="list-style-type: none"> – minimum old-age pension; – minimum disability pension; – loss of provider pension; – social security benefits. ■ Passenger turnover in regional bus routes (million pas/km); ■ Passenger turnover in regional rail routes (million pas/km); ■ Number of beneficiaries (carrier companies).
Affordable Basic infrastructure: Energy Power	<ul style="list-style-type: none"> ■ Average monthly beneficiaries benefiting from reduced energy tariffs.
Food security and sustainable food systems	<ul style="list-style-type: none"> ■ Number of beneficiaries.

3.5. External Verification

PRE-ISSUANCE VERIFICATION OF SUSTAINABILITY BOND FRAMEWORK

Prior to issuance, the Republic of Latvia has commissioned a Second Party Opinion provider to review Latvia's Sustainability Bond Framework and issue a Second Party Opinion on the Framework's Green and Social credentials and its alignment with the ICMA Green Bond Principles 2025, Social Bond Principles 2025 and Sustainability Bond Guidelines 2021.

POST-ISSUANCE REVIEW:

The Republic of Latvia will engage an independent third party to provide a post-issuance review, confirming that the expenditures financed and reporting are aligned with the intended use of proceeds and commitments set out in this Framework.



ANNEX 1 – Minimum income thresholds

Minimum income thresholds in 2023

As of 1st July, 2023 changes in legal acts regarding minimum income thresholds came into force providing that:

- 1| minimum income thresholds are determined according to a specific calculation methodology, by replacing the existing absolute minimum income amounts with the percentage from the median minimum income per equivalent consumer (equivalence scale applied – 1; 0.7);
- 2| minimum income thresholds are revised annually, replacing the previous norm of revision not less than once every three years – further from 2024 onwards the minimum income thresholds and amounts of the minimum benefits and minimum pensions thereof will be revised every year on January 1. In case of a decrease in the median income the minimum income thresholds remain unchanged; and
- 3| common coefficients in the country for calculating the housing benefit for different types of households are determined, providing higher material support to households with persons of retirement age and persons with disabilities.

Minimum income thresholds in 2025

As of January 1st, 2025 changes in legal acts regarding the lowest minimum income threshold came into force. Before changes the lowest minimum income threshold was set at 20% of minimum median income, but from January 1, 2025, the lowest minimum income threshold was increased to 22% of minimum median income. Changes related to GMI threshold and state social security benefit for persons reached retirement age and for people with disabilities in general case.

As result there have been defined the following minimum income thresholds:

- 22% of median income for GMI threshold (also used in housing benefit calculation formula) and social security benefit for persons reached retirement age and for people with disabilities in general case;
- 25% of median income for social security benefit for people with disabilities since childhood and in case of loss of survivor for children up to 7 years of age, minimum old age pension base; minimum pension for people with disabilities in general case and in case of loss of survivor for children up to 7 years of age;
- 30% of median income for social security benefit in case of loss of survivor for children up after 7 years of age; minimum pension base for people with disabilities since childhood and minimum pension in case of loss of survivor for children up to 7 years of age;
- 50% of median income for status “household or person in need”;
- from 50% to 80% of median income for status “low-income household or person”.

ANNEX 2 – External references

Table 6. Market Principles and Guidelines

Reference	Title	Link	Return to page
c	ICMA Green Bond Principles 2025	Green Bond Principles » ICMA	p.3 Foreword
d	ICMA Social Bond Principles 2025	Social Bond Principles (SBP) » ICMA	p.3 Foreword
e	ICMA Harmonised Framework for Impact Reporting (for Green Bonds) 2024	Impact and other Reporting » ICMA	p.3 Foreword
f	ICMA Handbook Harmonised Framework for Impact Reporting for Social Bonds 2025	Impact and other Reporting » ICMA	p.3 Foreword
ad	ICMA Sustainability Bond Guidelines	Sustainability Bond Guidelines (SBG) » ICMA	p.13 Latvia's Sustainability Bond Framework
al	Biodiversity Finance Metrics for Impact Reporting; Supplement to IFC Biodiversity Finance Reference Guide	https://www.ifc.org/content/dam/ifc/doc/2024/ifc-biodiversity-finance-metrics-for-impact-reporting.pdf	p.27 Impact Report

Table 7. Latvia Policies and applicable Regulatory Regime

Reference	Language	Title	Link	Return to page
a	LVA	Atjauninātais Nacionālais enerģētikas un klimata plāns 2021-2030 (NEKP 2024)	https://likumi.lv/ta/id/353615-aktualizetais-nacionalais-energetikas-un-klimata-plans-20212030gadam	p.3 Foreword
	ENG	Updated National Energy and Climate Plan 2021-2030 (2024)	https://commission.europa.eu/publications/latvia-final-updated-necp-2021-2030-submitted-2024_en	
b	LVA	Likums “Par klimata noturību un ekonomisko ilgtspēju”	https://likumi.lv/ta/id/364967-klimatnoturibas-un-ekonomiskas-ilgtspejas-likums	p.3 Foreword
	ENG	Law on Climate Resilience and Economic Sustainability	Not available	
g	LVA	Latvijas ilgtspējīgas attīstības stratēģija līdz 2030. gadam (Latvija2030)	https://www.mk.gov.lv/lv/media/15129/download?attachment	p.4 Sustainable Development Planning
	ENG	Sustainable Development Strategy of Latvia until 2030	https://www.mk.gov.lv/lv/media/15132/download?attachment	
h	LVA	Nacionālais attīstības plāns 2021-2027	https://likumi.lv/ta/id/315879-par-latvijas-nacionalo-attistibas-planu-20212027-gadam-nap2027	p.4 Sustainable Development Planning
	ENG	National Development Plan of Latvia for 2021–2027 (NAP2027)	https://www.mk.gov.lv/en/media/15165/download?attachment	
i	LVA	Likums “Par piesārņojumu”	https://likumi.lv/ta/id/6075-par-piesarnojumu	p.5 Latvia’s Climate policy
	ENG	Law on Pollution	https://likumi.lv/ta/en/en/id/6075-on-pollution	

Reference	Language	Title	Link	Return to page
j	LVA	Stratēģija klimatneitralitātes sasniegšanai līdz 2050. gadam	https://likumi.lv/ta/id/342214-latvijas-strategija-klimatneitralitates-sasniegsanai-lidz-2050-gadam	p.5 Latvia's Climate policy
	ENG	Latvia's Strategy for Achieving Climate Neutrality by 2050	https://www.vvc.gov.lv/en/laws-and-regulations-republic-latvia-english/informative-report-strategy-latvia-achievement-climate-neutrality-2050	
k	LVA	Nacionālais pielāgošanās klimata pārmaiņām plāns līdz 2030. gadam	https://likumi.lv/ta/id/308330-par-latvijas-pielagosanas-klimata-parmainam-planu-laika-posmam-lidz-2030-gadam	p.5 Latvia's Climate policy
	ENG	National Plan for Adaptation to Climate Change until 2030	https://www.varam.gov.lv/en/media/32915/download	
l	LVA	Vides politikas pamatnostādnes 2021-2027	https://likumi.lv/ta/id/335137-par-vides-politikas-pamatnostadnem-2021-2027-gadam	p.5 Latvia's Climate policy
	ENG	Environmental Policy Guidelines 2021-2027	Not available	
m	LVA	Transporta attīstības pamatnostādnes 2021-2027	In Latvian - https://likumi.lv/ta/id/327053-par-transporta-attistibas-pamatnostadnem-2021-2027-gadam	p.5 Latvia's Climate policy
	ENG	Transport Development Guidelines 2021-2027	Not available	
n	LVA/ENG	Website for legal acts of the Republic of Latvia	https://likumi.lv/	p.6 Latvia's Strategy for Achieving Climate Neutrality by 2050

Reference	Language	Title	Link	Return to page
o	ENG	Regulation (EU) 2018/842 of the European Parliament and of The Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 Annex I	Regulation - 2018/842 - EN - EUR-Lex	p.7 National Energy and Climate Plan 2021-2030 (2024 update)
p	ENG	Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) (Text with EEA relevance.)	Directive - 2018/2001 - EN - EUR-Lex	p.7 National Energy and Climate Plan 2021-2030 (2024 update)
q	LVA	Latvijas Bioekonomikas attīstības stratēģija 2030	https://likumi.lv/ta/id/342221-latvijas-bioekonomikas-strategija-2030	p.9 Additional Frameworks for Sustainable Growth
	ENG	Bioeconomy Strategy of Latvia 2030	https://www.zm.gov.lv/en/bioeconomy	
r	LVA	Viedās specializācijas stratēģija	https://www.em.gov.lv/lv/viedas-specializacijas-strategija-ris3?utm_source=https%3A%2F%2Fwww.google.com%2F	p.9 Additional Frameworks for Sustainable Growth
	ENG	Smart Specialisation Strategy	Not available	
s	LVA	Izglītības attīstības pamatnostādnes 2021-2027	https://likumi.lv/ta/id/324332-par-izglitibas-attistibas-pamatnostadnem-20212027-gadam	p.10 Education Development Guidelines and Social Protection
	ENG	Education Development Guidelines 2021-2027	Not available	

Reference	Language	Title	Link	Return to page
t	LVA	Sociālās aizsardzības un darba tirgus politikas pamatnostādnes 2021-2027	https://likumi.lv/ta/id/325828-par-socialas-aizsardzibas-un-darba-tirgus-politikas-pamatnostadnem-2021-2027-gadam	p.10 Education Development Guidelines and Social Protection
	ENG	Social Protection and Labour Market Policy Guidelines 2021-2027	Not available	
u	LVA	Koncepcija "Par minimālā ienākuma līmeņa noteikšanu"	https://likumi.lv/ta/id/269886-par-koncepciju-par-minimala-ienakuma-limena-noteikšanu	p.10 Education Development Guidelines and Social Protection
	ENG	Concept on Minimum Income Threshold	Not available	
v	LVA	Par Plānu minimālo ienākumu atbalsta sistēmas pilnveidošanai 2022.-2024. gadam	https://likumi.lv/ta/id/326208-par-planu-minimala-ienakumu-atbalsta-sistemas-pilnveidosanai-2022-2024-gadam	p.10 Education Development Guidelines and Social Protection
	ENG	Minimum Income Support System Improvement Plan 2022-2024	Not available	
w	LVA	Likums par sociālo drošību	https://likumi.lv/ta/id/36850-par-socialo-drosibu	p.10 Education Development Guidelines and Social Protection
	ENG	Law on Social Security	https://likumi.lv/ta/en/en/id/36850-on-social-security	
	LVA	Par valsts pensijām	https://likumi.lv/ta/id/38048-par-valsts-pensijam	
	ENG	Law on State Pensions	https://likumi.lv/ta/en/en/id/38048-on-state-pensions	
	LVA	Valsts sociālo pabalstu likums	https://likumi.lv/ta/id/68483-valsts-socialo-pabalstu-likums	
	ENG	Law on State Social Allowances	https://likumi.lv/ta/en/en/id/68483-law-on-state-social-allowances	
	LVA	Sociālo pakalpojumu un sociālās palīdzības likums	https://likumi.lv/ta/id/68488-socialo-pakalpojumu-un-socialas-palidzibas-likums	
ENG	Law on Social Services and Social Assistance	https://likumi.lv/ta/en/en/id/68488-law-on-social-services-and-social-assistance		

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x	LVA	Ilgospējīgas attīstības mērķu īstenošanas kartējumi un metodika	Ilgospējīgas attīstības mērķu īstenošanas kartējumi un metodika Ministru kabinets	p.11 Latvia and the United Nations Sustainable Development Goals
	ENG	Mappings and methodology for implementing the Sustainable Development Goals	Not available	
y	LVA	Latvija – Ziņojums Apvienoto Nāciju Organizācijai par Ilgtspējīgas attīstības mērķu ieviešanu	https://www.mk.gov.lv/lv/media/15273/download?attachment	p.11 Latvia and the United Nations Sustainable Development Goals
	ENG	Latvia – Implementation of the Sustainable Development Goals	https://www.mk.gov.lv/en/media/15279/download?attachment	
z	LVA	Ziņojums par Latvijas ilgtspējīgas attīstības stratēģijas līdz 2030. gadam un nacionālā attīstības plāna 2021.-2027. gadam īstenošanu un valsts ilgtspējīgu attīstību	https://www.mk.gov.lv/lv/media/19212/download?attachment	p.11 Latvia and the United Nations Sustainable Development Goals
	ENG	Report on the implementation of the sustainable development strategy of Latvia until 2030 and the national development plan for 2021-2027 and the sustainable development of the country	Not available	
aa	ENG	Fostering Effective Energy Transition 2025	Overall results - Fostering Effective Energy Transition 2025 World Economic Forum	p.11 Latvia and the United Nations Sustainable Development Goals

Reference	Language	Title	Link	Return to page
ab	LVA	Finanšu sektora attīstības plāns 2021.-2023. gadam	https://likumi.lv/ta/id/321834-par-finansu-sektora-attistibas-planu-20212023-gadam	p.12 Latvia and Sustainable Finance
	ENG	Financial Sector Development Plan for 2021 to 2023	Financial Sector Development Plan for 2021 to 2023 Finanšu ministrija	
ac	LVA	Fiskālo risku deklarācija 2025	https://tapportals.mk.gov.lv/legal_acts/c633925e-f0b1-4b90-a41a-bea861ebd301	p.12 Latvia and Sustainable Finance
	ENG	Fiscal Risk Declaration 2025	Not available	
ae	LVA	Ēku energoefektivitātes aprēķina metodes un ēku energosertifikācijas noteikumi	https://likumi.lv/ta/id/322436-eku-energoefektivitates-aprekina-metodes-un-eku-energosertifikācijas-noteikumi	p.15 Eligible Green Categories
	ENG	Rules for the method for calculating the energy performance of buildings and rules for energy certification of buildings	Not available	
af	ENG	Rail Baltica Website	Home – Rail Baltica	p.16 Eligible Green Categories
ag	ENG	Law on the Conservation of Species and Biotopes	Law on the Conservation of Species and Biotopes	p.18 Eligible Green Categories
ah	LVA	Invaliditātes likums	https://likumi.lv/ta/id/211494-invaliditates-likums	p.21 Eligible Social Categories
	ENG	Disability Law	https://likumi.lv/ta/en/en/id/211494-disability-law	

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ai	LVA	MK Noteikumi nr. 805 - Noteikumi par prognozējamās invaliditātes, invaliditātes un darbspēju zaudējuma noteikšanas un invaliditāti apliecinoša dokumenta izsniegšanas noteikumi	https://likumi.lv/ta/id/271253-noteikumi-par-prognozejamas-invaliditates-invaliditates-un-darbspēju-zaudejuma-noteikšanas-kriterijiem-terminiem-un-kartibu	p.21 Eligible Social Categories
	ENG	Cab. Reg. No. 805 - Regulations Regarding the Criteria, Time Periods and Procedures Determining Predictable Disability, Disability, and the Loss of Ability to Work	https://likumi.lv/ta/en/en/id/271253-regulations-regarding-the-criteria-time-periods-and-procedures-determining-predictable-disability-disability-and-the-loss-of-ability-to-work	
aj	LVA/ENG	Electricity Markets Law	Elektroenerģijas tirgus likums	p.22 Eligible Social Categories
am	ENG	Treasury Website	https://www.kase.gov.lv/en	p.25 Reporting

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SUSTAINABILITY BOND FRAMEWORK

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