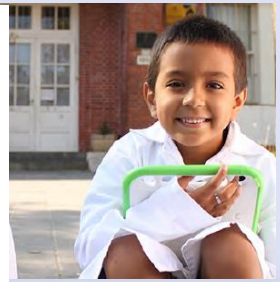


República Oriental del Uruguay

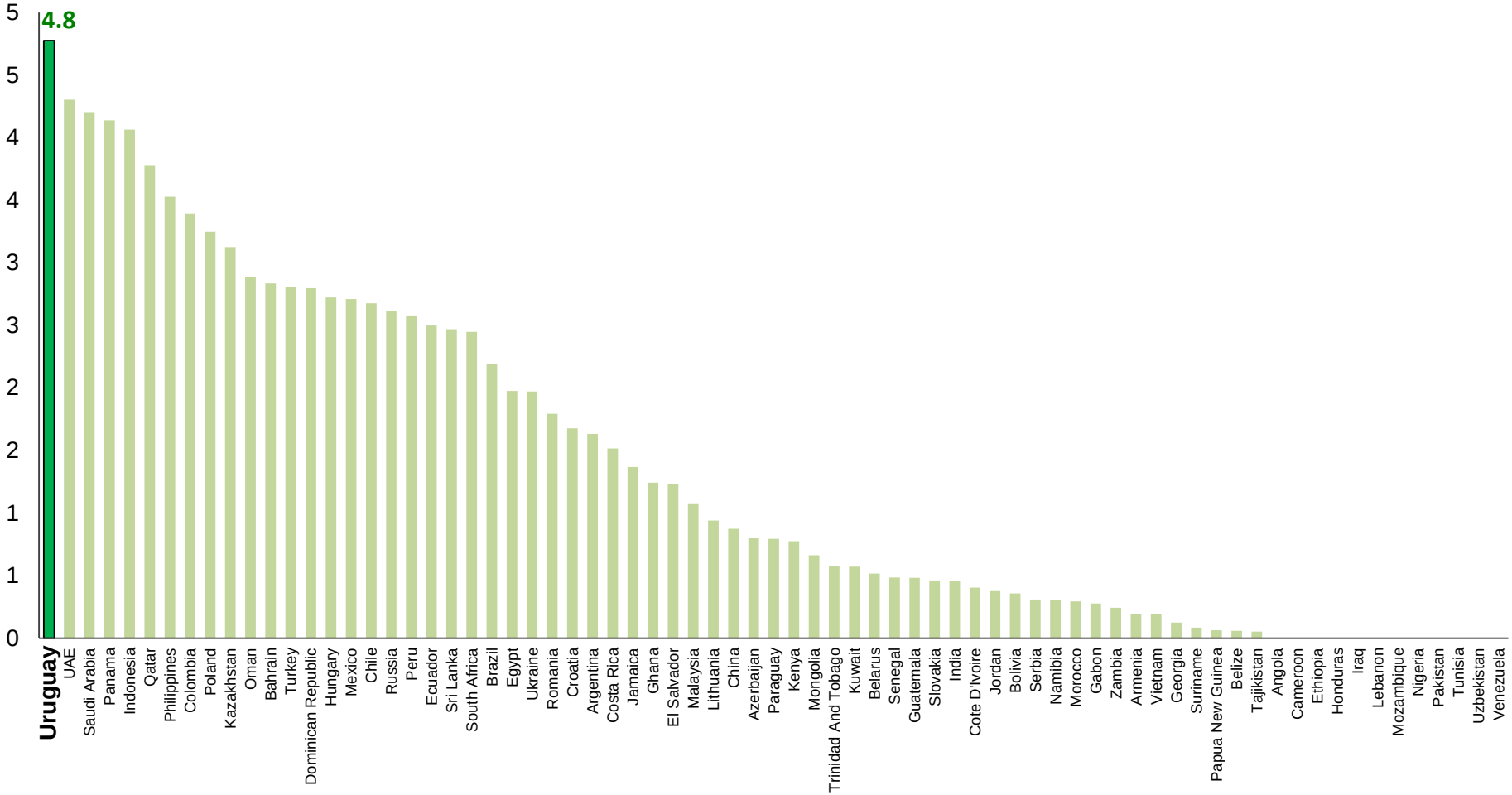
ESG Report

January 2020

Uruguay is a top performer on ESG fundamentals…

Country weights in ESG-adjusted EMBI benchmark

(In %; as of January 30th, 2020)

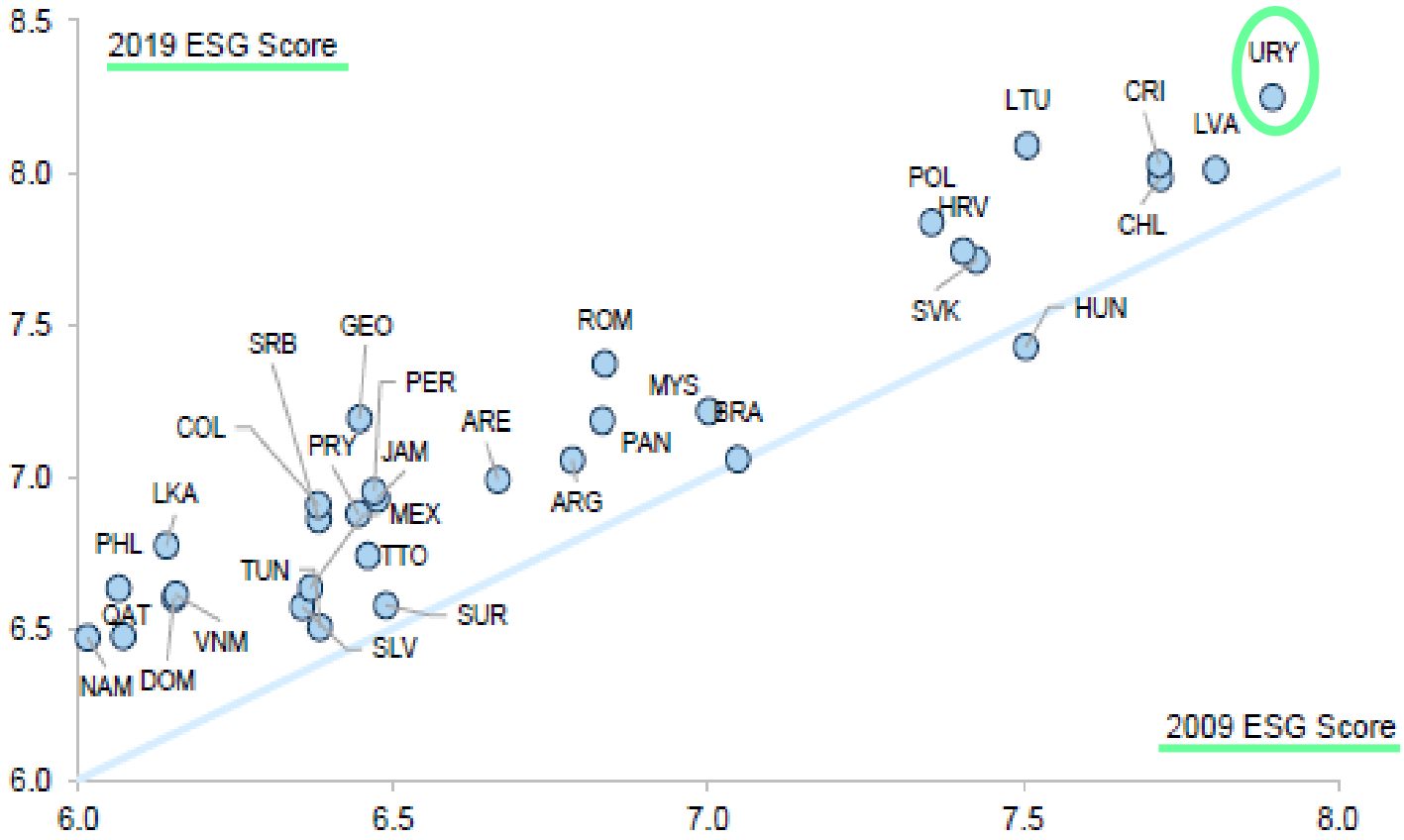


Source: *J.P. Morgan Chase & Co*

Disclaimer: *"Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy.The Index is used with permission.The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2020, J.P. Morgan Chase & Co. All rights reserved."*

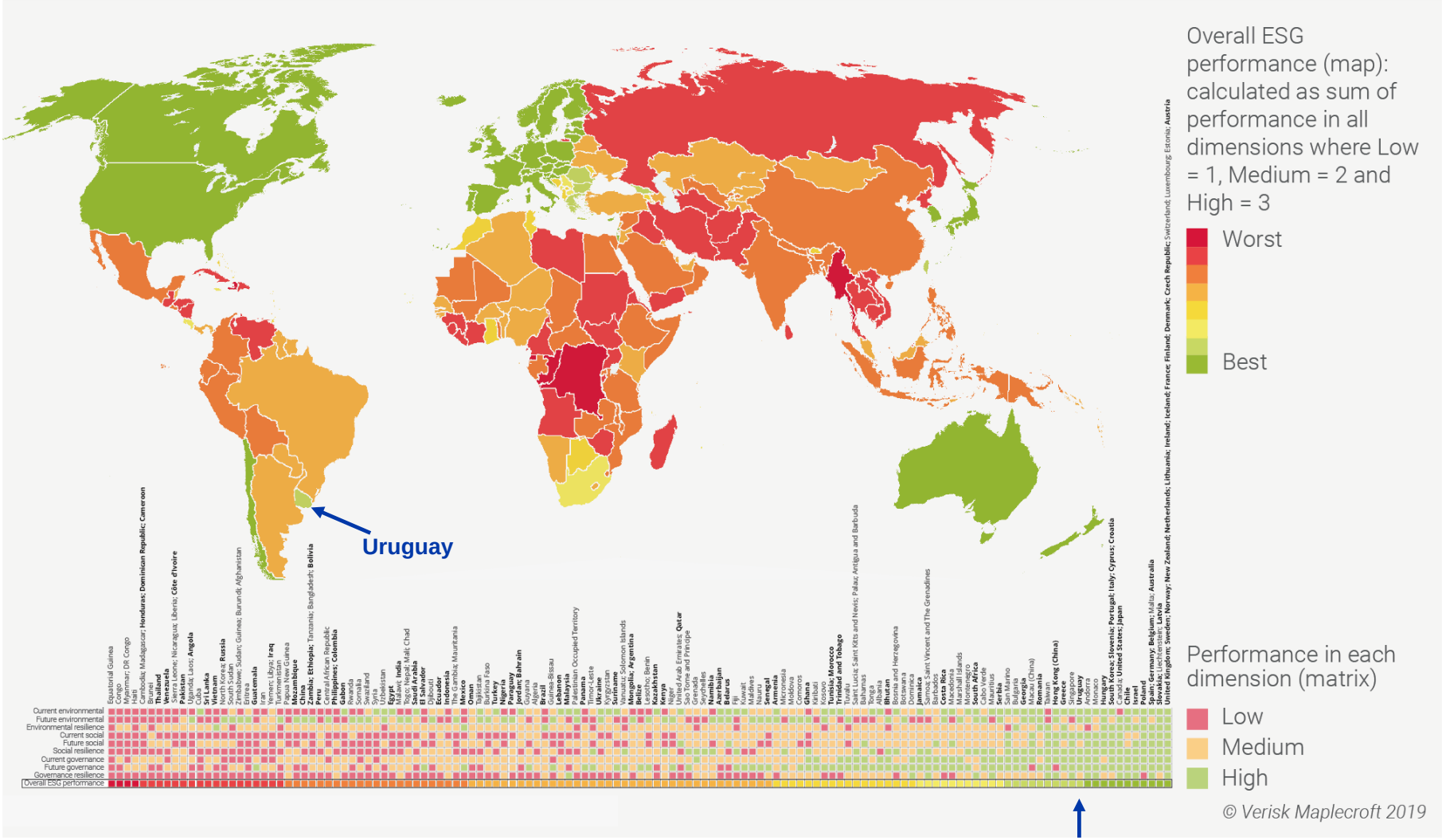
... and has been the best performer since 2009 according to a recent study by a global investment bank.

ESG Scores



Source: *Goldman Sachs International, "Global Markets Analyst: An ESG scorecard for EM sovereign credit" (January, 2020)*

Commercial ESG data providers also place Uruguay among the best-in-class countries when analyzing ESG factors



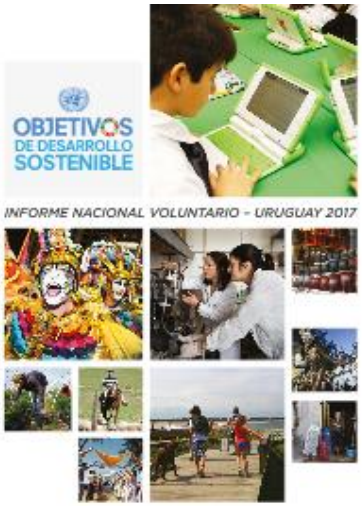
Source: *BlueBay Asset Management and Verisk Maplecroft, "ESG risk factors are material for sovereign debt investing" (May, 2019)*

Sustainable Development Goals adherence

- SDG Voluntary National Reports 2017, 2018 and 2019 were presented at the United Nations High Level Political Forum

- Incorporation of the SDGs in the budget cycle

- Dissemination: public, private, academy



Source: *Office of Planning and Budget (OPP)*

E: Adherence to international sustainability standards underpinned by environmentally-friendly policies…

International Agreements

- Paris Agreement (2016)
- Sustainable Development Goals (2016)
- Kyoto Protocol (2000) and Doha Amendment (2012)

Public Institutional Framework

- National Climate Change Policy (2017)
- National Environmental System (2016)
- Program to Reduce Emission Caused by Deforestation and Forest Degradation (2016)
- National Plan of Energy Efficiency (2015)
- National System of Response to Climate Change and Variability (2009)

Environmental Fiscal Policy

- Tax on single-use packages and goods, included in the Waste Disposition Management Comprehensive Law (2019)
- Tax exemptions to promote electric vehicles and subsidy program for electric-engine public buses (2018)
- Forbidden the use of non-biodegradable plastic bags and levy of USD 0.11 tariff per biodegradable plastic bag (2018)
- Identification of public spending aimed at the adaptation and mitigation of climate change effects

Source: *Uruguay legal framework*

… have achieved tangible results.

CLIMATE ACTION
URUGUAY

Recent Milestones

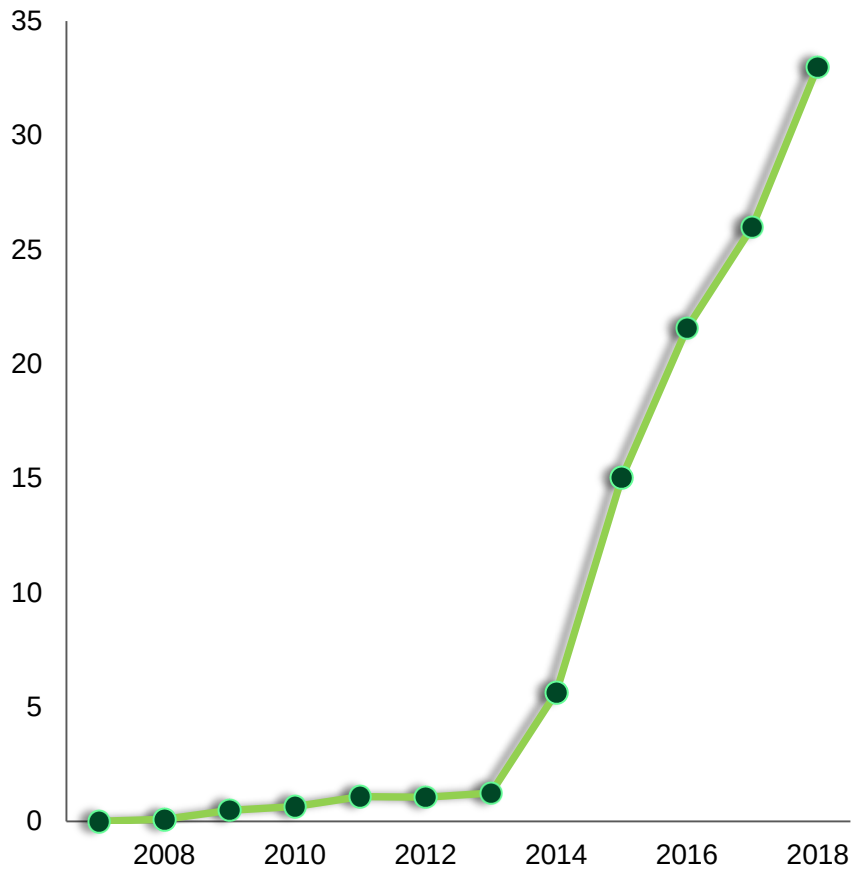
- De-carbonization: Green-house gases with respect to GDP have decreased 46% since 1990
- Methane emissions per kg of meat produced in a natural field dropped 23%
- Increase in forestry areas and native forest protection
- Re-localization of more than 1,800 floodable houses

Source: *National System of Response to Climate Change and Variability*

Swift energy matrix transformation towards renewable sources, shifting away from fossil fuels

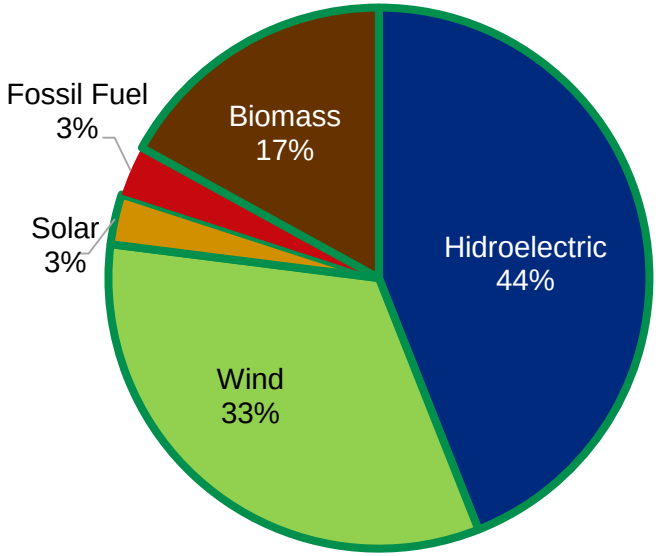
Electricity generation by wind energy

(In % of total)



Electricity generation by source

(In % of total, year 2018)



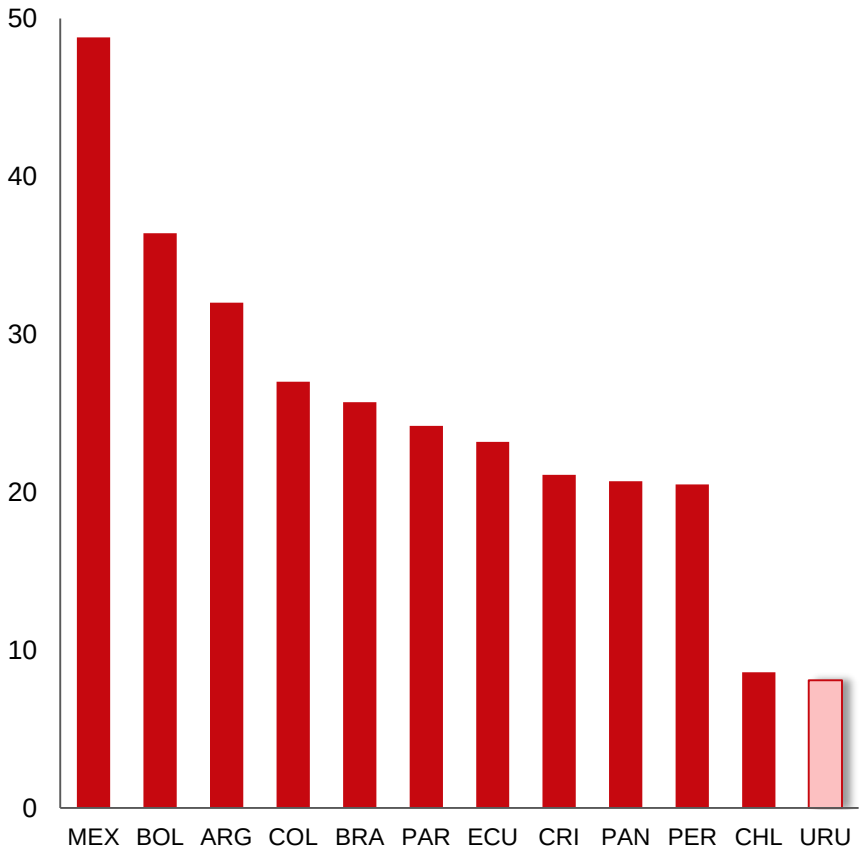
- Uruguay is **4th** in the world in **wind and solar** generation, and **1st** in Latin America

Source: *Nacional Energetic Balance 2018, Ministry of Industry, Energy and Mining; The International Energy Agency*

S: Low poverty rates and a growing middle class compared to Latam

Poverty compared to Latam

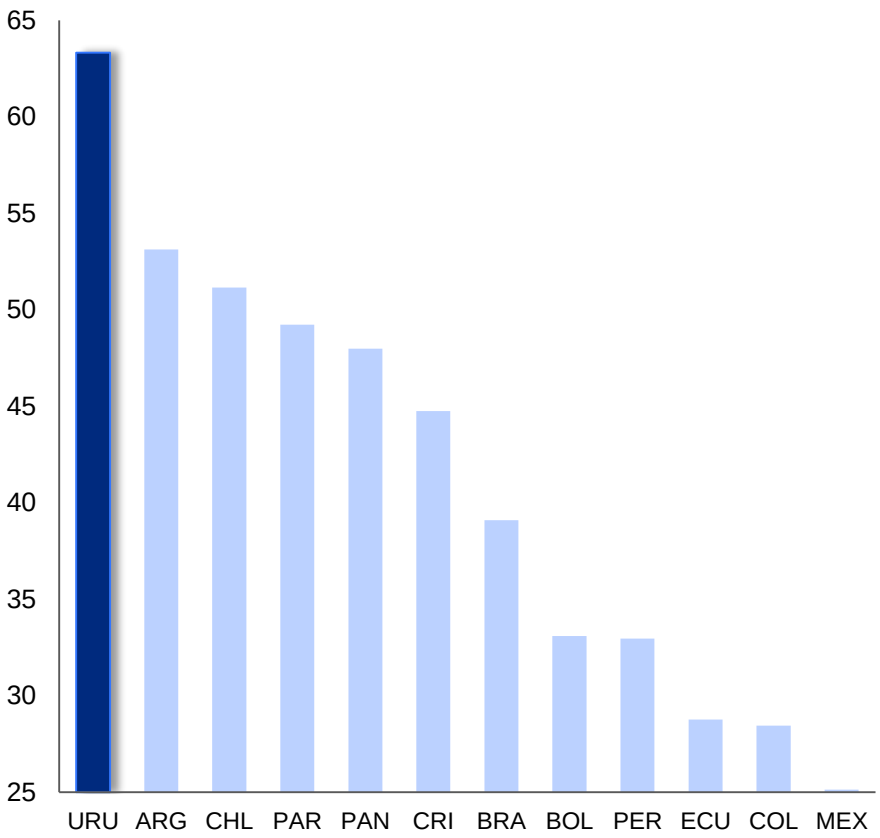
(Year 2018, in % of total population) /1



1/ Except for Argentina, which is urban poverty, and Bolivia, Brazil, Chile and Panama which figures are for 2017.

Share of middle class people compared to Latam 1/

(Year 2017, in % of total population) /2



1/ Middle class defined as households with per capita income between USD 10 and USD 50 a day

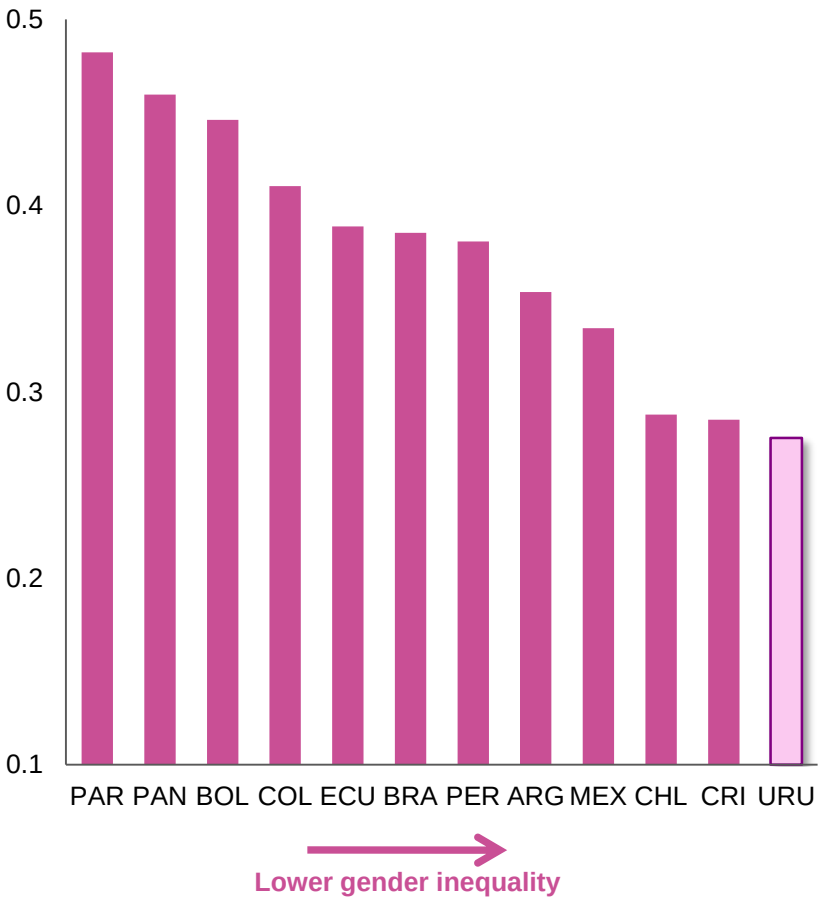
2/ Except for Mexico, which is for 2016.

***Source**: CEPAL, Social Outlook of Latin America 2018; Inter-American Development Bank*

Lowest gender inequality and a broad social safety net stand out in Latam

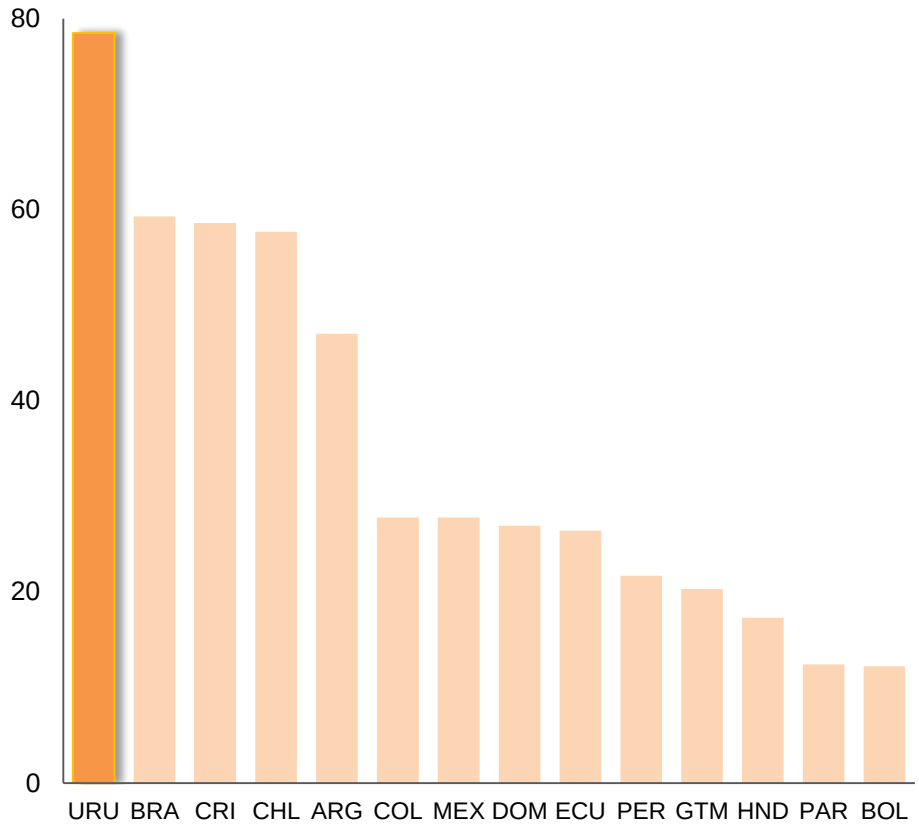
Gender inequality compared to Latam

(Inequality Index, 2019)



Social security coverage ratio compared to Latam

(Contributors as a share of labor force, in %)

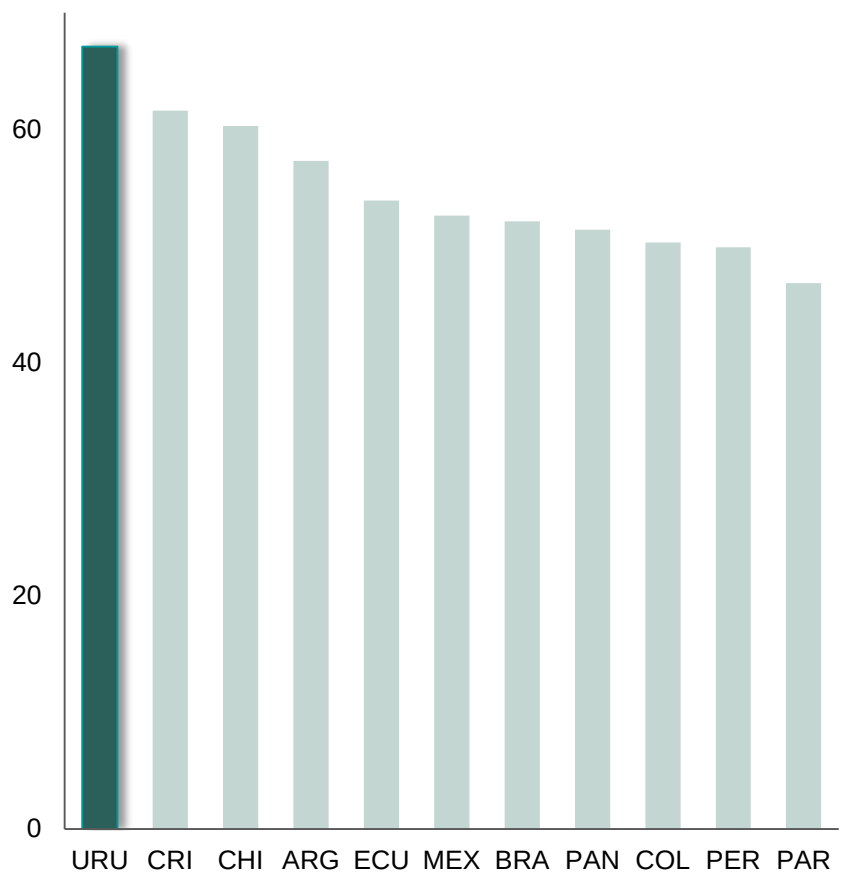


Source: *United Nations Development Program (UNDP), Human Development Reports 2019; World Bank, 2014*

Highest GDP per capita in the region together with income distribution, powered by social mobility

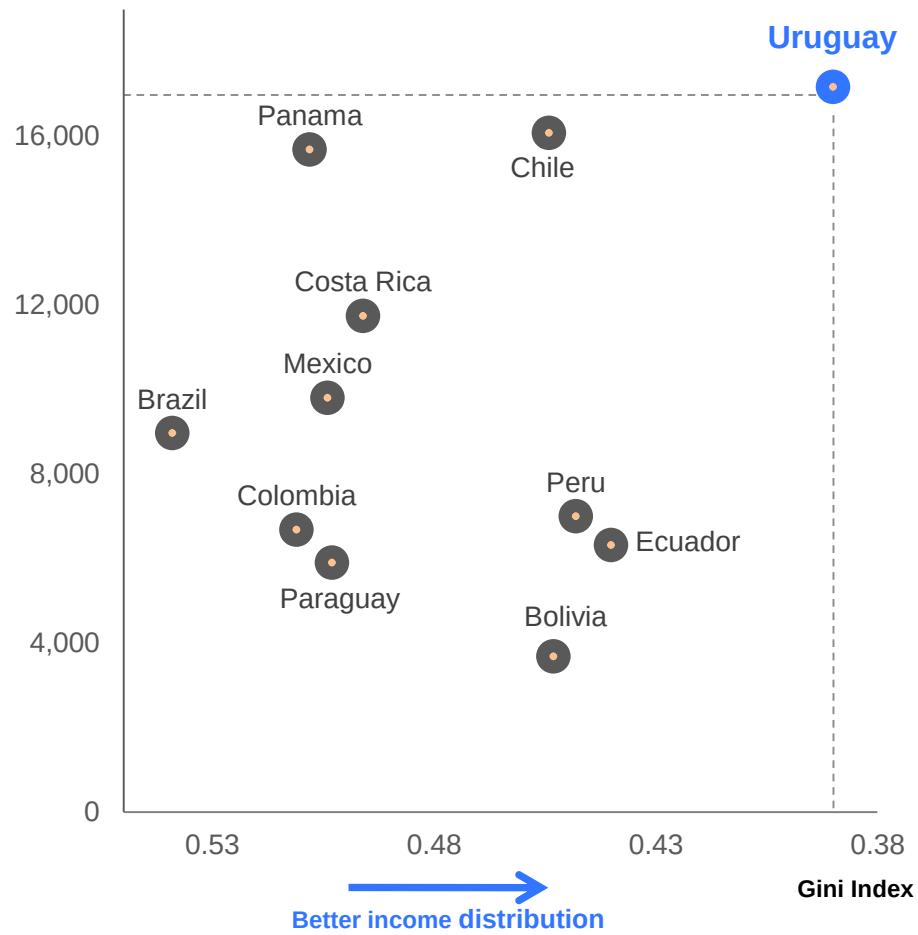
Social mobility

(Year 2020)



GDP per capita and income distribution compared to Latam[1/]

(Year 2018)

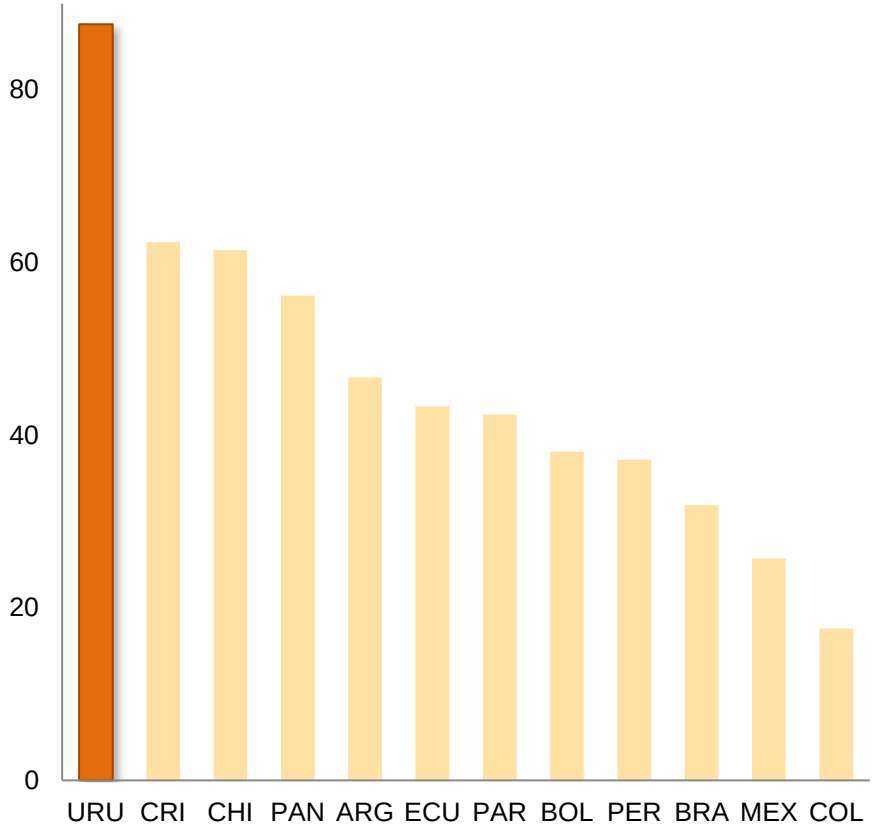


Source: *World Economic Forum; Cepal, Social Outlook of Latin America 2018*

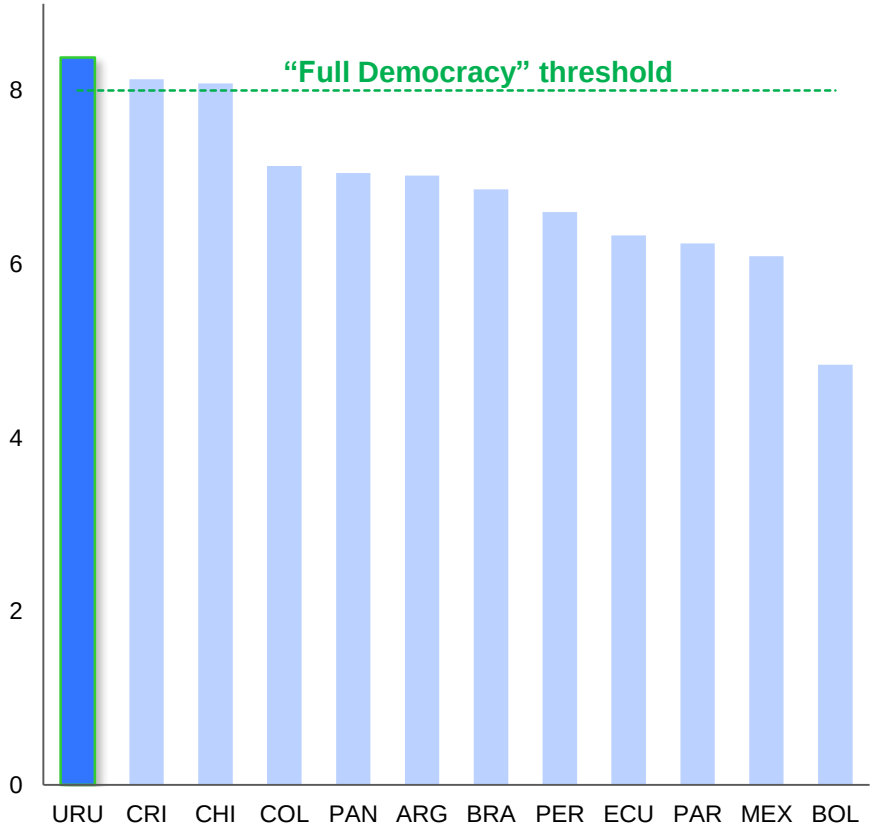
1/ GDP per capita in nominal USD; latest available Gini Index for each country

G: Uruguay remains a bastion of political stability in Latin America

Political stability compared to Latam
(Year 2018)



Democratic foundations compared to Latam
(Year 2019)



Source: *Worldwide Governance Indicators, World Bank; The Economist Intelligence Unit, The Economist*

Uruguay has solid institutional and social foundations, as well as fiscal and debt transparency

Uruguay´s Ranking Position in Latin America (2018-2019)

1 **Rule of Law** [1/]

2 **Press Freedom** [4/]

1 **Lowest Corruption Perception** [2/]

2 **Economic Freedom** [5/]

1 **Prosperity** [3/]

2 **Fiscal Transparency** [6/]

Sources: *1/ World Justice Project, 2/ Transparency International, 3/ Legatum Institute, 4/ Reporters Without Frontier, 5/ Heritage Foundation, 6/ Worldwide Web Foundation - Open Data Barometer*