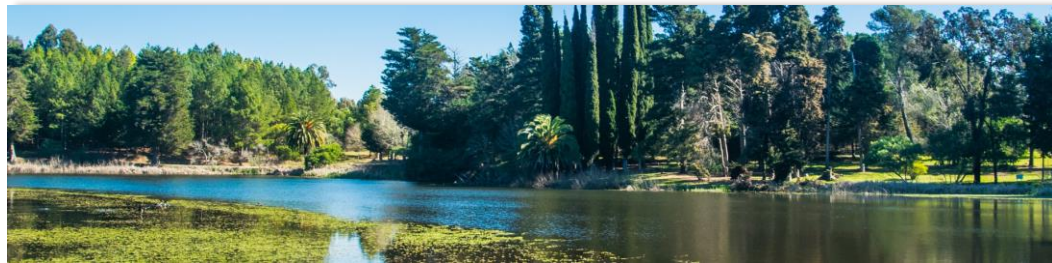


República Oriental del Uruguay

ESG Report



Ministerio
de Economía
y Finanzas

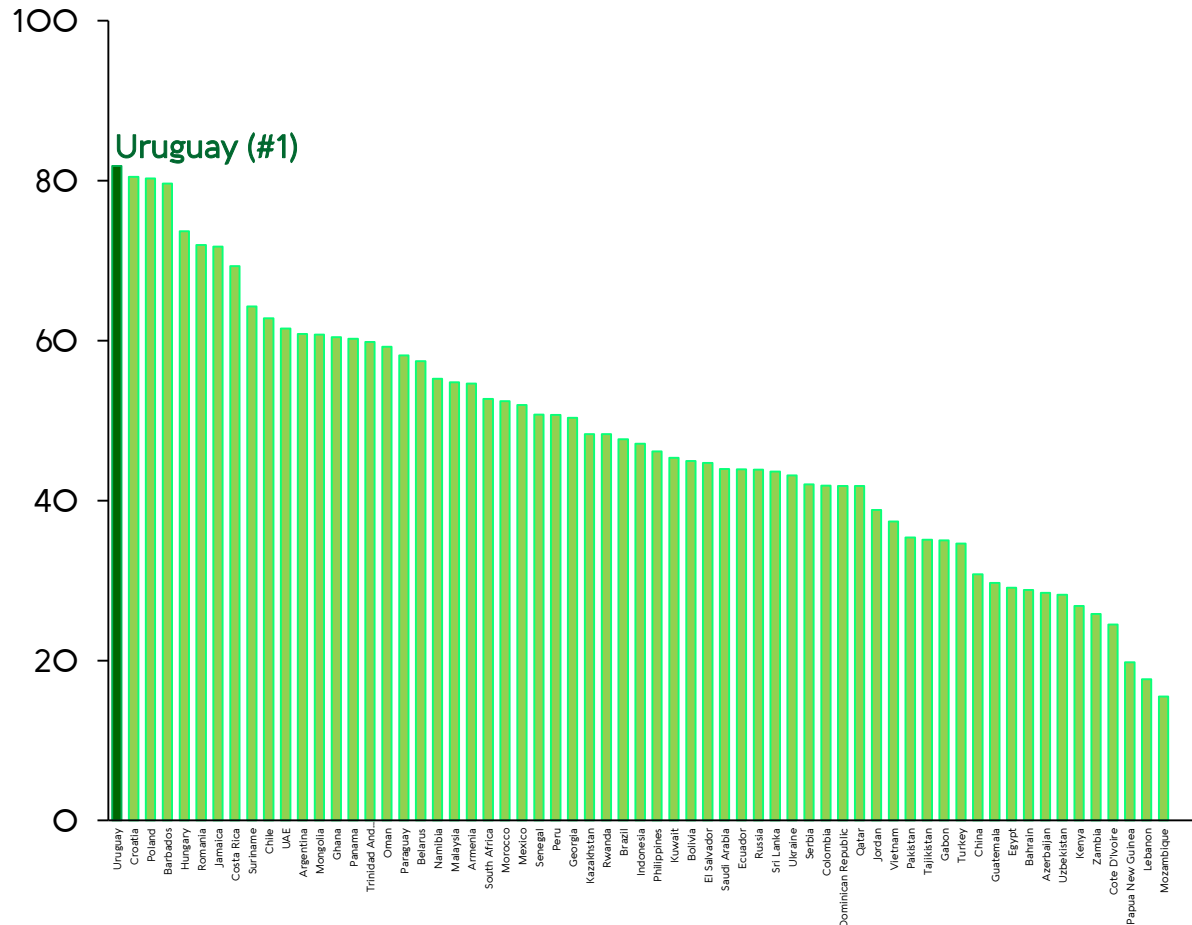
November 2021

Uruguay is a top emerging market performer on ESG fundamentals



Emerging Markets' ESG Score

(JP Morgan index, 100 = best performance; as of end-October, 2021)



JP Morgan ESG Score (JESG)

- The JESG issuers scores are a 0-100 percentile rank calculated based on normalized raw ESG scores from third-party research providers Sustainalytics and RepRisk.
- It uses a screening methodology based on compliance with UN Global Compact principles.
- It comprises 63 out of the 72 emerging market countries that make up the benchmark EMBI.

Source: J.P. Morgan Chase & Co. using data from RepRisk, Sustainalytics and Climate Bonds Initiative.

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 2021, J.P. Morgan Chase & Co. All rights reserved."

Uruguay features very favourably in the global ESG rating landscape, according to ESG data and services providers (I)



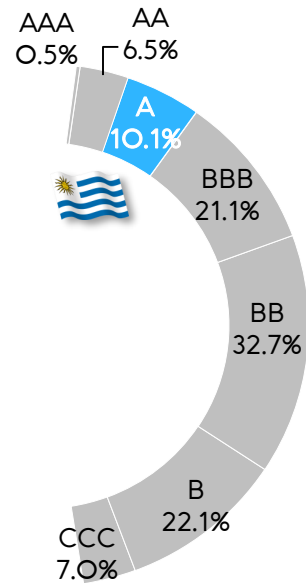
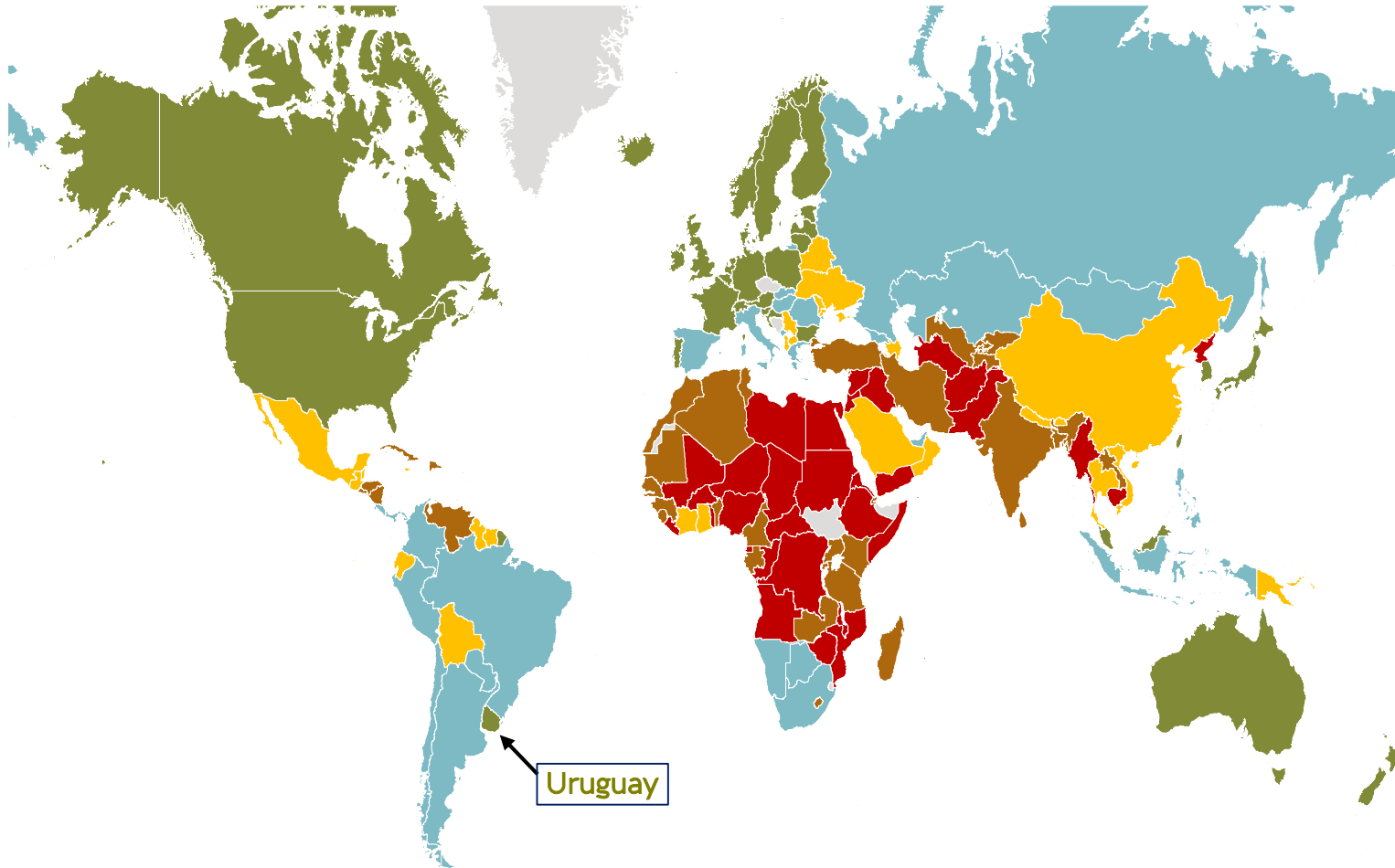
Top 20th
ptile

80th– 61st
ptile

60th– 41st
ptile

40th– 21st
ptile

Bottom
20th ptile



Uruguay features very favourably in the global ESG rating landscape, according to ESG data and services providers (II)



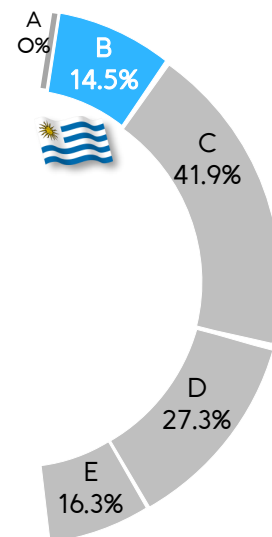
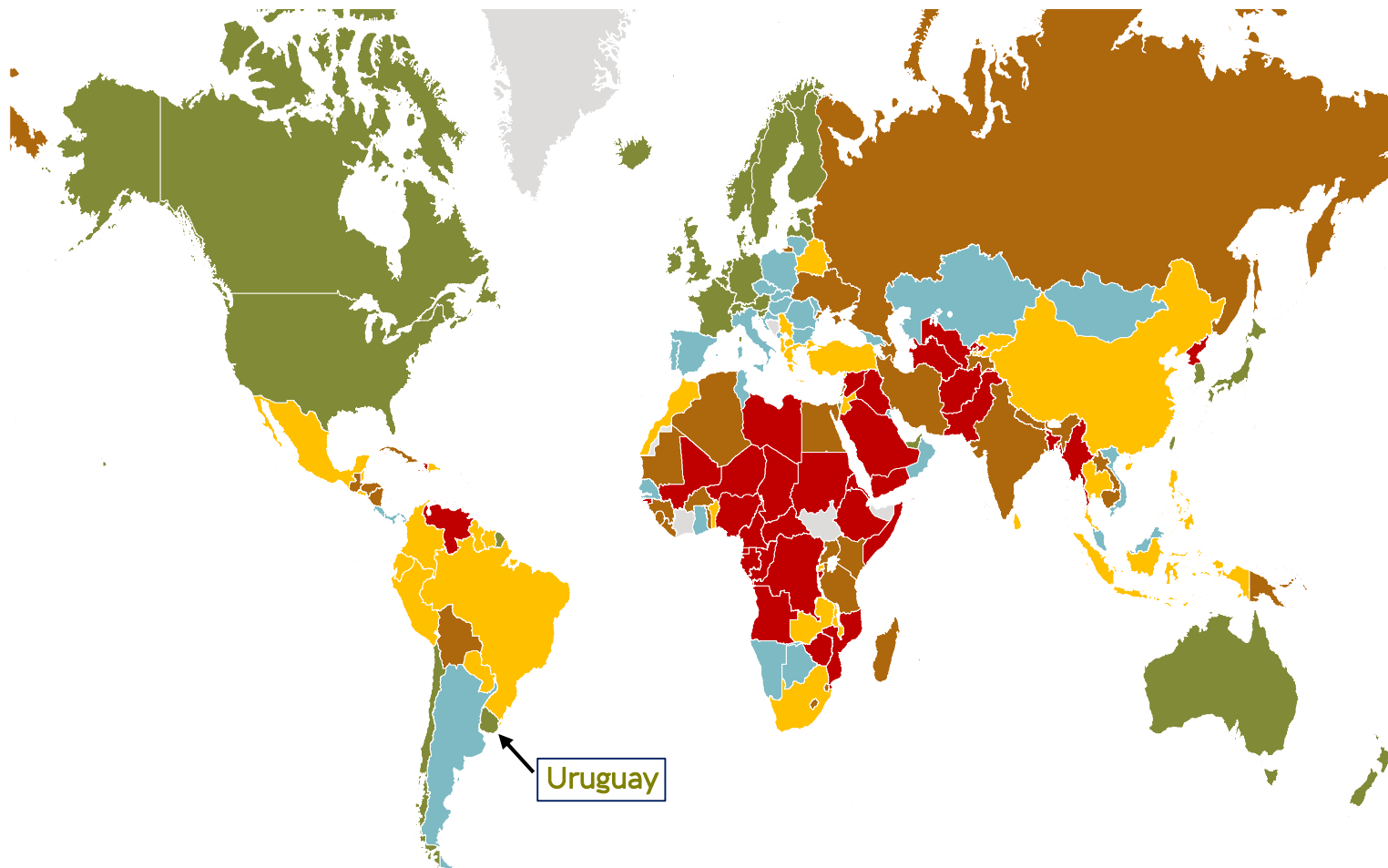
Top 20th
ptile

80th– 61st
ptile

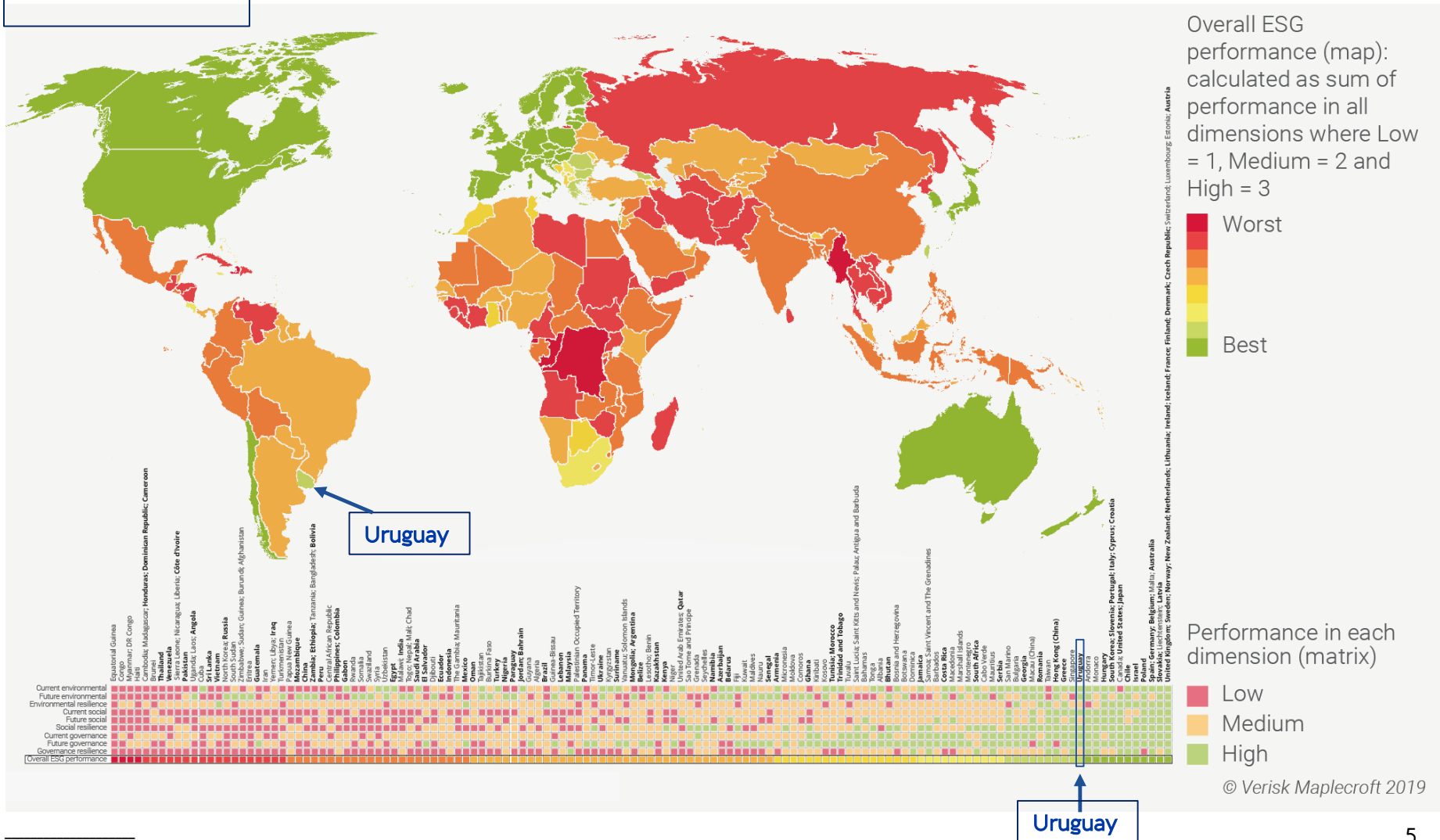
60th– 41st
ptile

40th– 21st
ptile

Bottom
20th ptile



Uruguay features very favorably in the global ESG rating landscape according to ESG data and services providers (III)



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

International Agreements

- Sustainable Development Goals (2016)
- Paris Agreement (2015)
- Kyoto Protocol (1997) and Doha Amendment (2012)

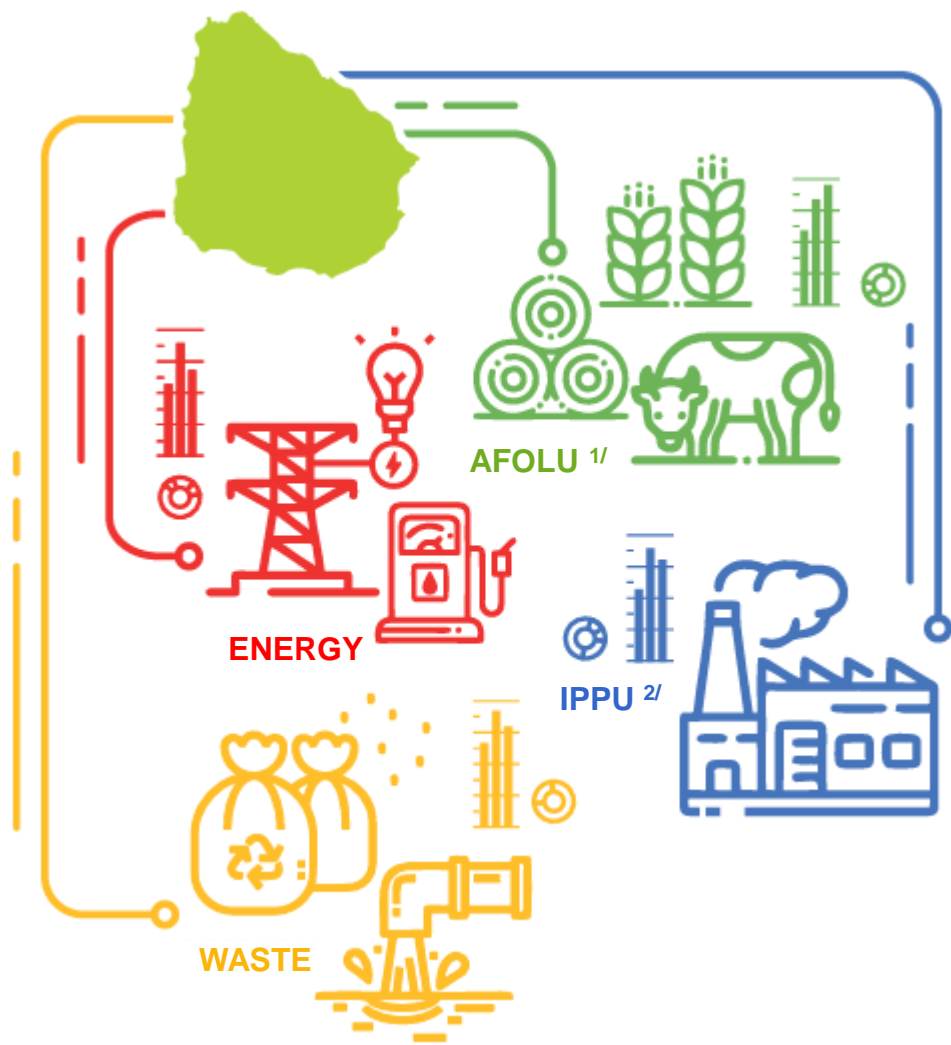
Public Institutional Framework

- National Environmental Plan (2019)
- National Climate Change Policy (2017)
- 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
- Publication of first National Determined Contribution as required by the Paris Agreement (2017)

... which have led to tangible results.



Recent milestones

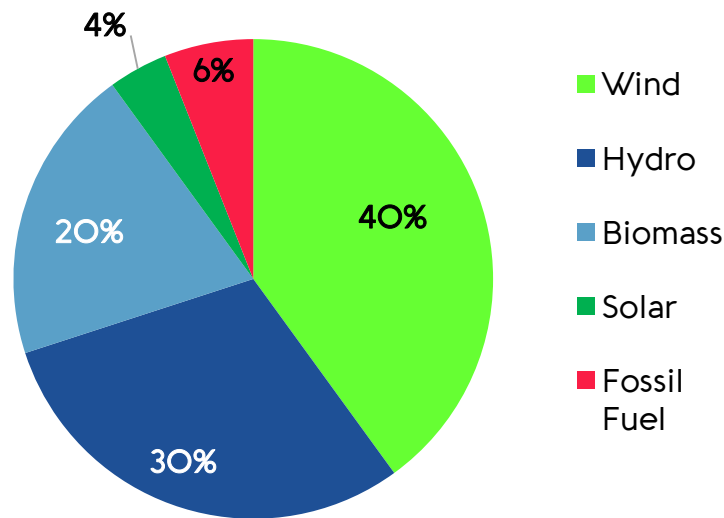
- De-carbonization: CO₂ with respect to GDP has decreased 27% since 1990, according to latest estimate.
- Methane emissions per kg of meat produced in a natural field dropped 28%.
- Increase in forestry areas and native forest protection, increasing CO₂ capture.
- Re-localization of more than 2,600 floodable houses

1/ Agriculture, Forestry and other Land Uses
 2/ Industrial Processes and Product Use

Uruguay's electricity matrix is mostly based on renewable resources, partly as a result of a steady growth in wind energy in the last decade...

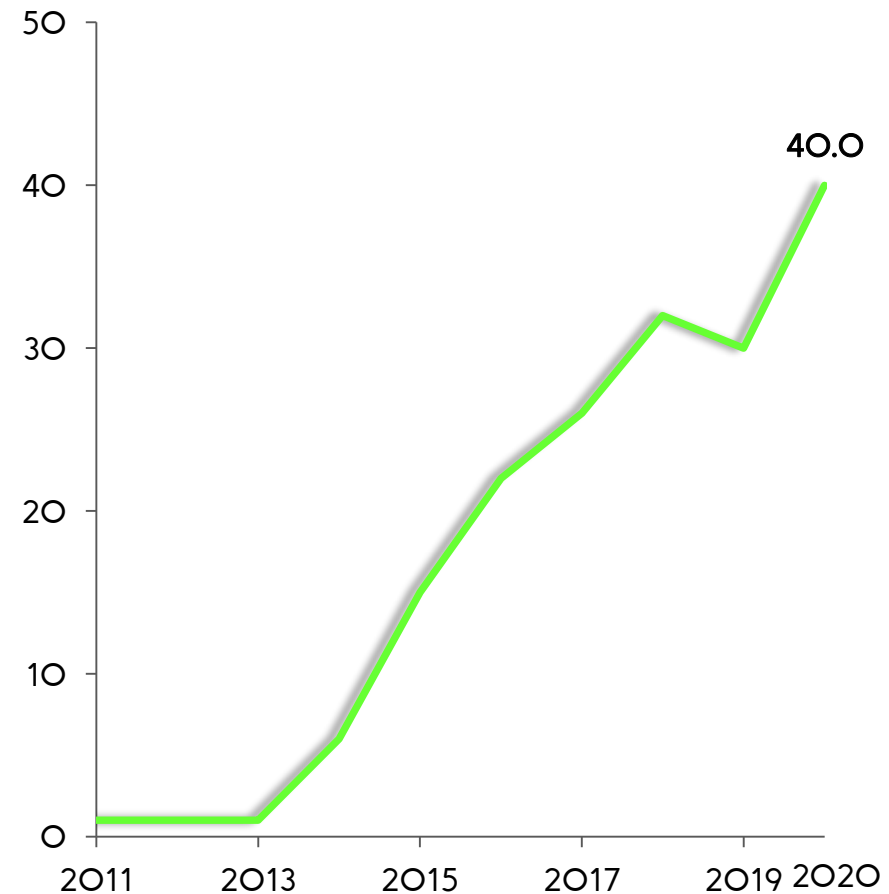


Electricity Generation by Source ⁽¹⁾
(% of total, 2020)



Uruguay ranks #2 in the world in share of electricity production from wind and solar sources in 2020⁽²⁾

Electricity Generation from Wind Energy ⁽¹⁾
(% of total)



⁽¹⁾ Source: National Energetic Balance 2020, Ministry of Industry, Energy and Mining.

⁽²⁾ Source: Ember's Global Electricity Review 2021

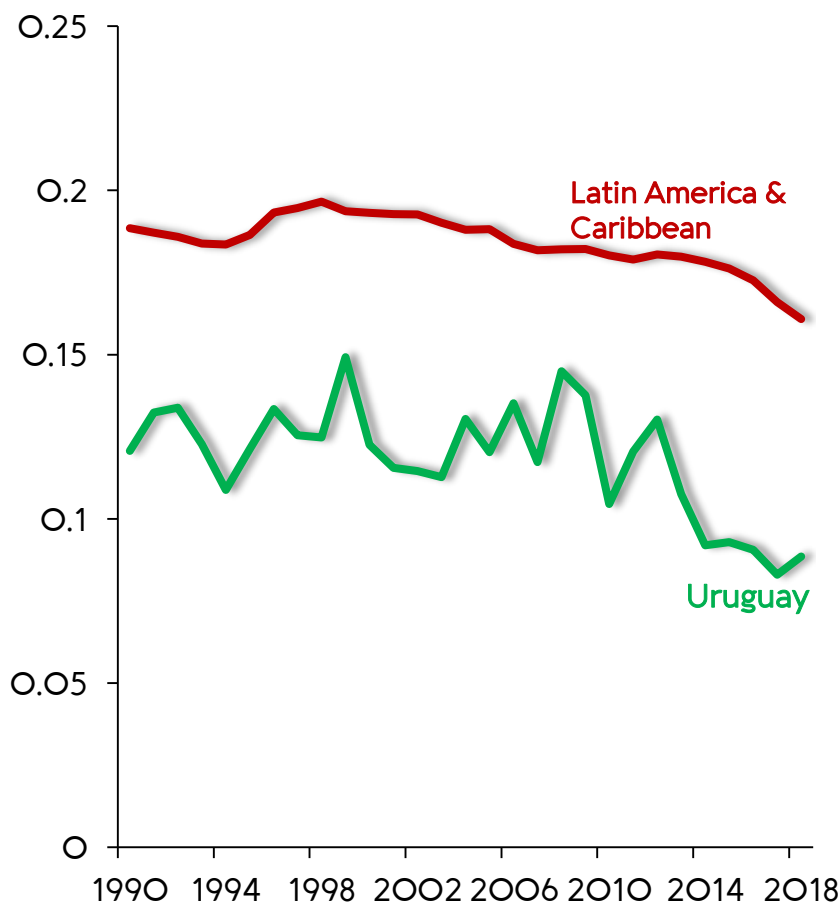
... and remains at the forefront of environmental-friendly policies, reflected in low air pollution and carbon intensity



Ranked #1 in the:

- WEF Energy Transition Index among Emerging and Developing Countries
- MSCI Environmental Pillar Index among all countries in the world
- Green Future Index, MIT Technology Review

CO₂ Emissions Intensity ⁽¹⁾
(kg per 2011 PPP GDP)



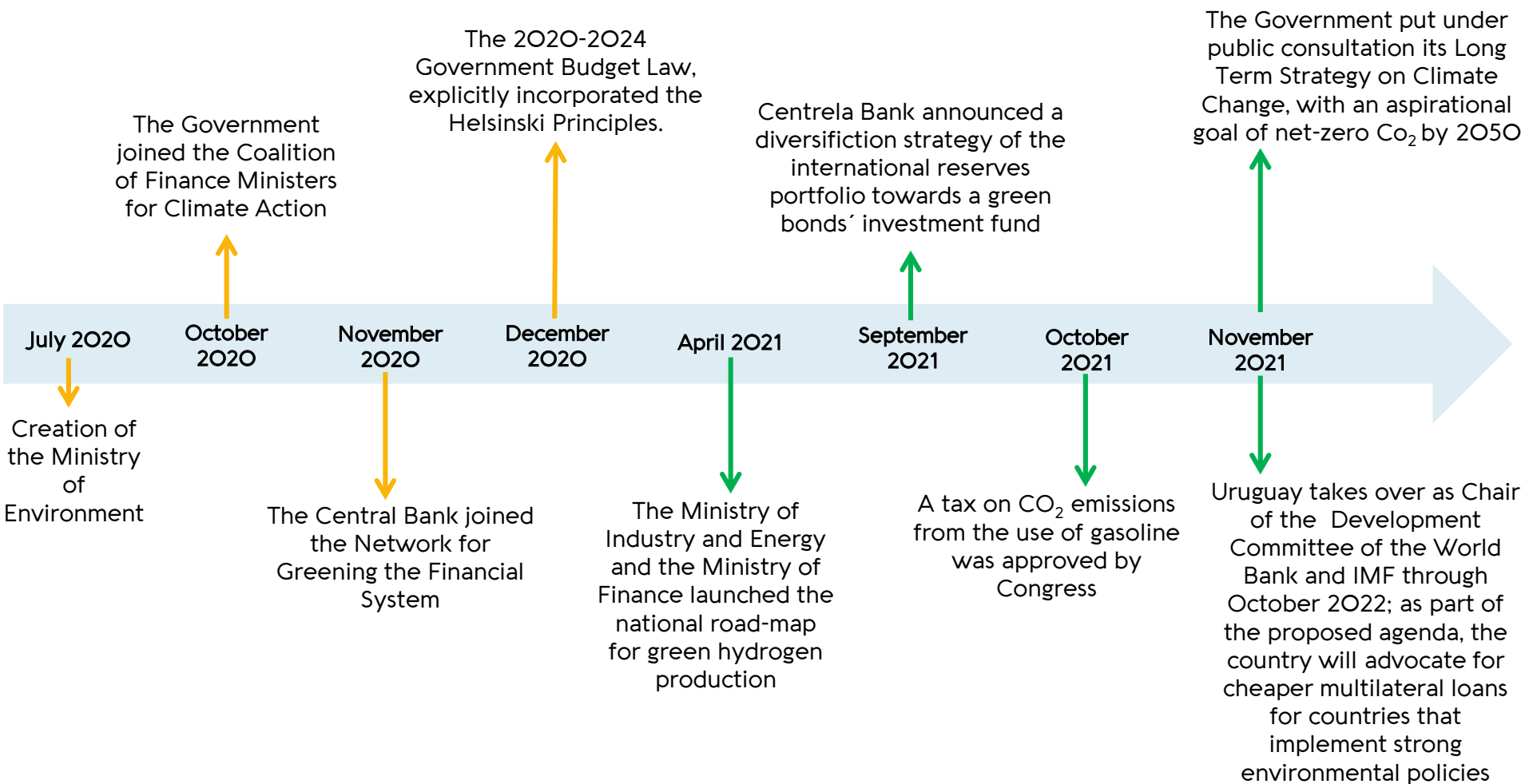
(1) Source: World Bank


Article 533.- “With the aim of making the economic recovery from the Covid-19 crisis sustainable and inclusive and in line with the Helsinki Principles of the Coalition of Finance Ministers for Climate Action, the Executive Branch will seek to generate the tools and adopt the necessary criteria for revenue and expenditure policy to *meet national targets for greenhouse gas emission mitigation and climate change adaptation*. These objectives will also be sought to include in the analysis and design of economic policy and in the planning of public finances.”

The Government is committed to climate action policies




The goal is to make economic growth consistent with a pathway towards low greenhouse gas emissions and a climate-resilient economy, through macroeconomic, fiscal and financing policies.

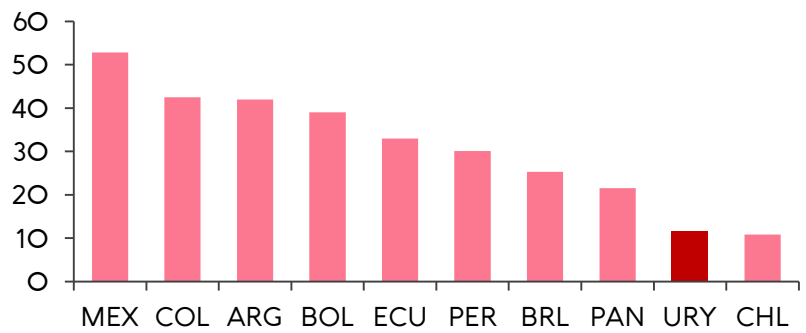




Uruguay has a relatively low poverty rate and gender inequality, and the highest share of middle class people in LatAm



Poverty compared to LatAm ⁽¹⁾
(In % of total population, year 2020)*



(*) Except for Brazil (2018) and Panama (2017). Poverty rate for Argentina only considers urban areas

Gender inequality compared to LatAm ⁽²⁾
(Inequality Index, 2019)



1) Source: ECLAC

2) Source: United Nations Development Program (UNDP), Human Development Reports 2020; Gender Inequality Index is a composite measure reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market.

3) Source: Inter-American Development Bank; Middle class defined as percentage of population that lives in households with per capita income between USD 10 and USD 50 a day.

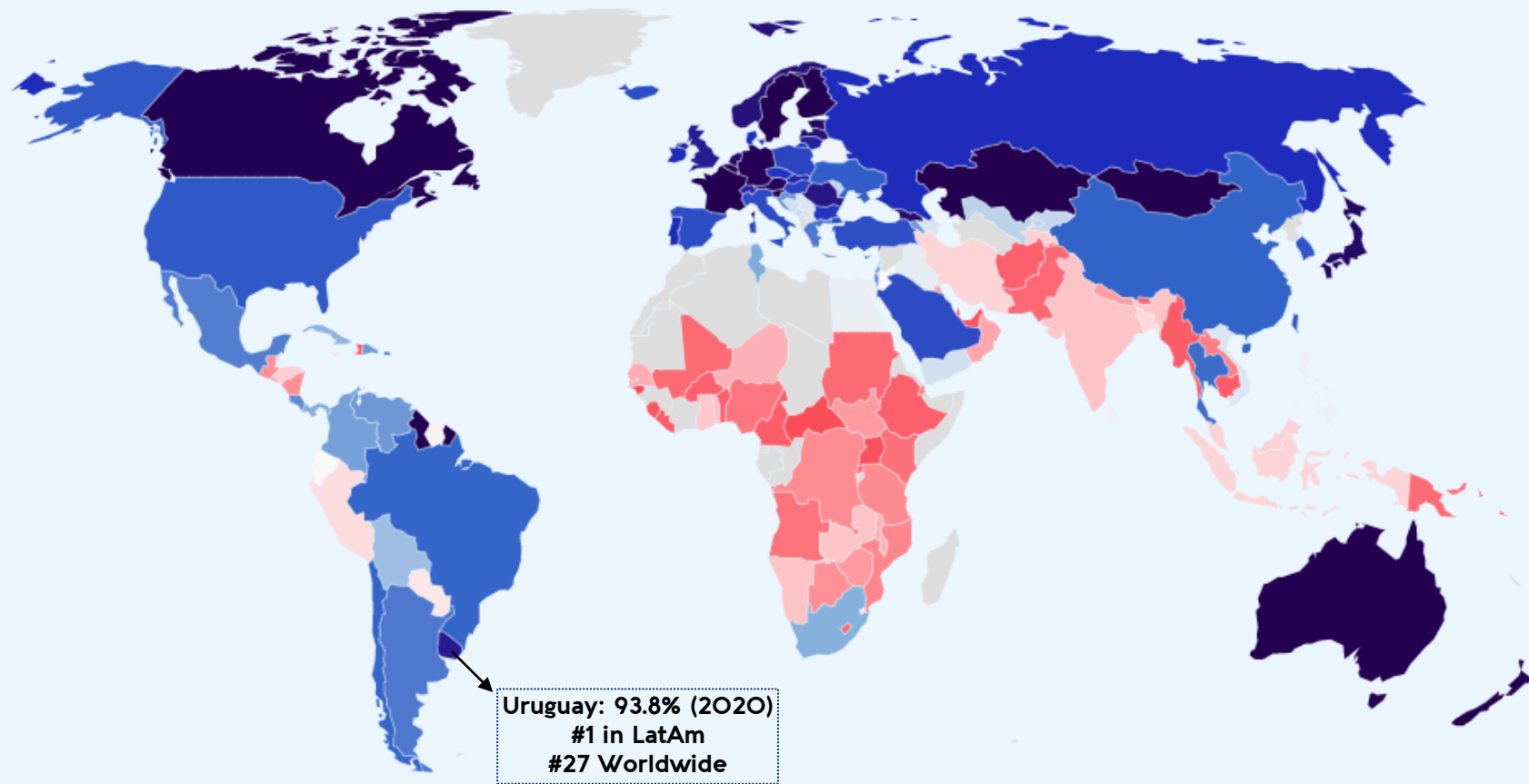
12

Uruguay provides the broadest social safety net in LatAm, which is also among the highest in the world



Social protection coverage

(Share of population covered by at least one social protection benefit, in %, latest year)



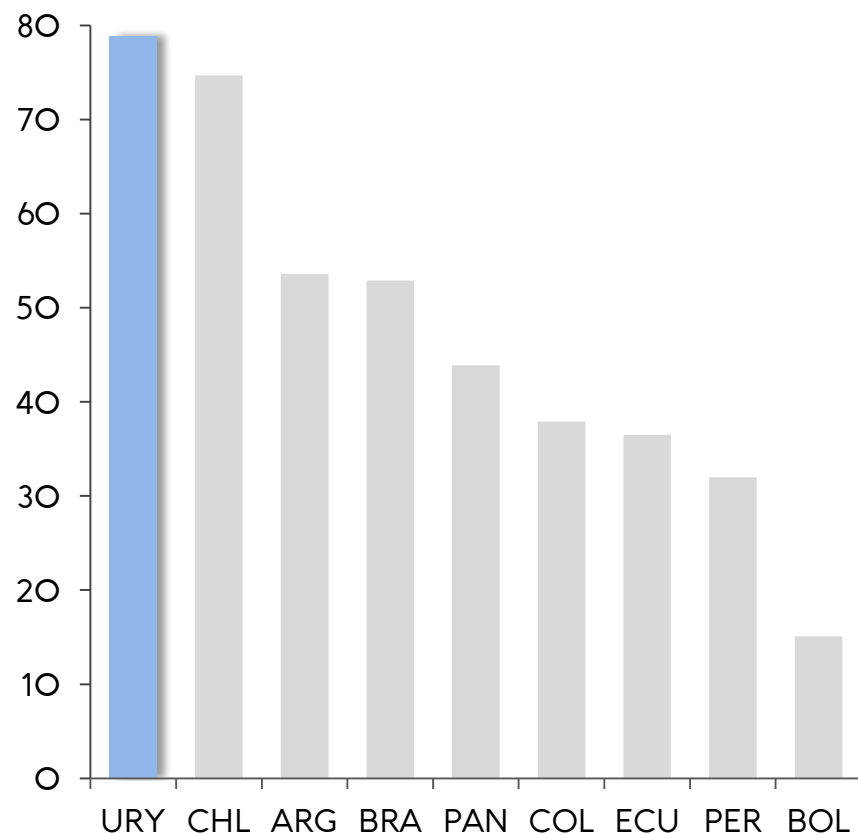
Source: International Labour Organization (ILO), ILOSTAT; The boundaries shown on this map do not imply endorsement or acceptance by the ILO; Last updated on 7 June 2021. Proportion of the population covered by at least one social protection cash benefit: ratio of the population receiving cash benefits, excluding healthcare and sickness benefits, under at least one of the contingencies/ social protection functions (contributory or non-contributory benefit) or actively contributing to at least one social security scheme to the total population.

Uruguay has the highest GDP per capita and the most fair income distribution in LatAm



Labour market formality compared to LatAm ⁽¹⁾

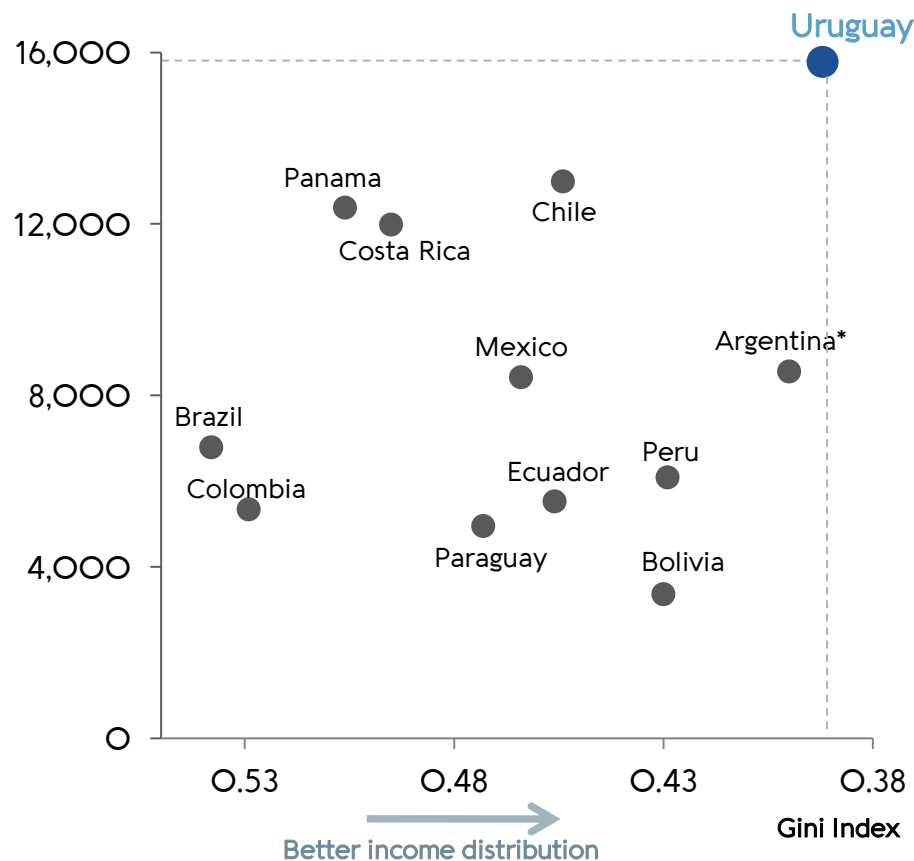
(Formal employment rate, in %, year 2020)*



(*) Except for Bolivia, Colombia and Ecuador which are for 2019.

GDP per capita and income distribution compared to LatAm ⁽²⁾

(Gini Index, latest available; GDP per capita in nominal US\$ in 2020)



(*) Gini Index for Argentina only considers urban areas.

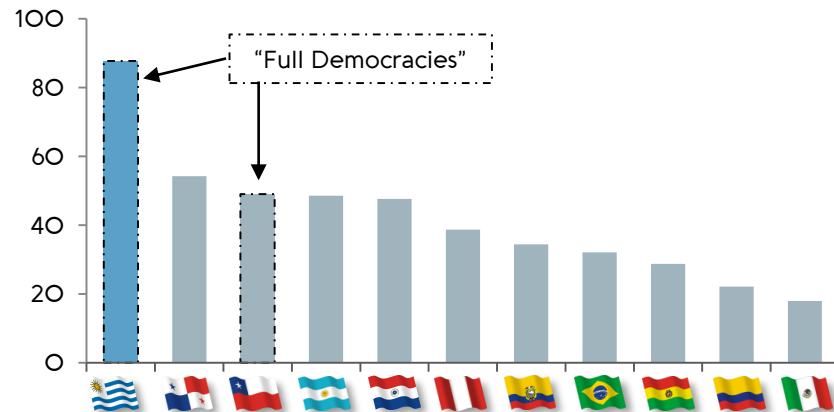
(1) Source: International Labour Organization (ILO), ILOSTAT, except for Uruguay. According to the ILO: Employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.). In the case of Uruguay, it uses the National Statistics Institute data, 12-month average data of 2020, referring to the "non-registered employees", i.e. a person who declares not to have the right to perceive a contributory retirement benefit from its current job.

(2) Sources: ECLAC and IMF - WEO April 2021

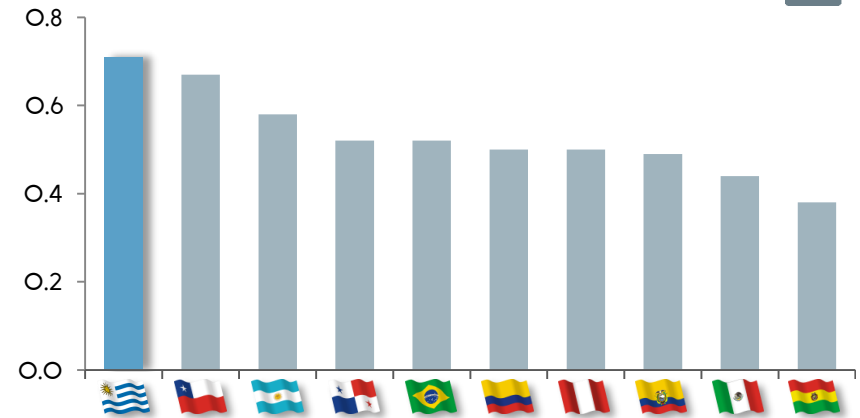
Uruguay is a bastion of institutional and political stability in Latin America and emerging markets



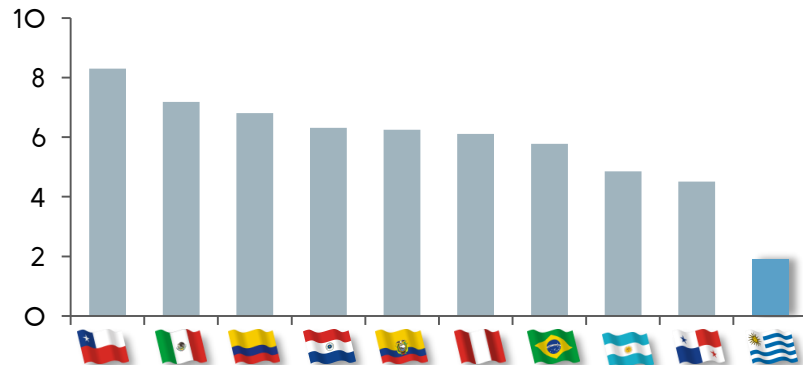
Political Stability and Democracy (1)
(Percentile rank, year 2020)



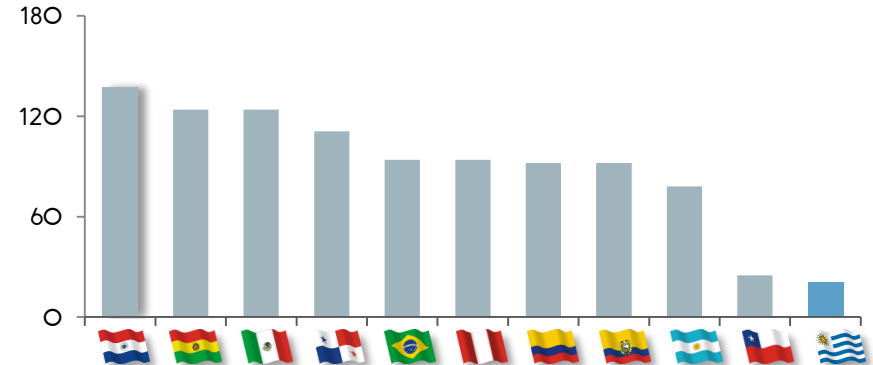
Adherence to the Rule of Law (2)
(Numerical score out of 1, year 2020)



Civil Unrest (3)
(Index out of 10, first quarter of 2020)



Corruption Perception (4)
(Rank, year 2020)



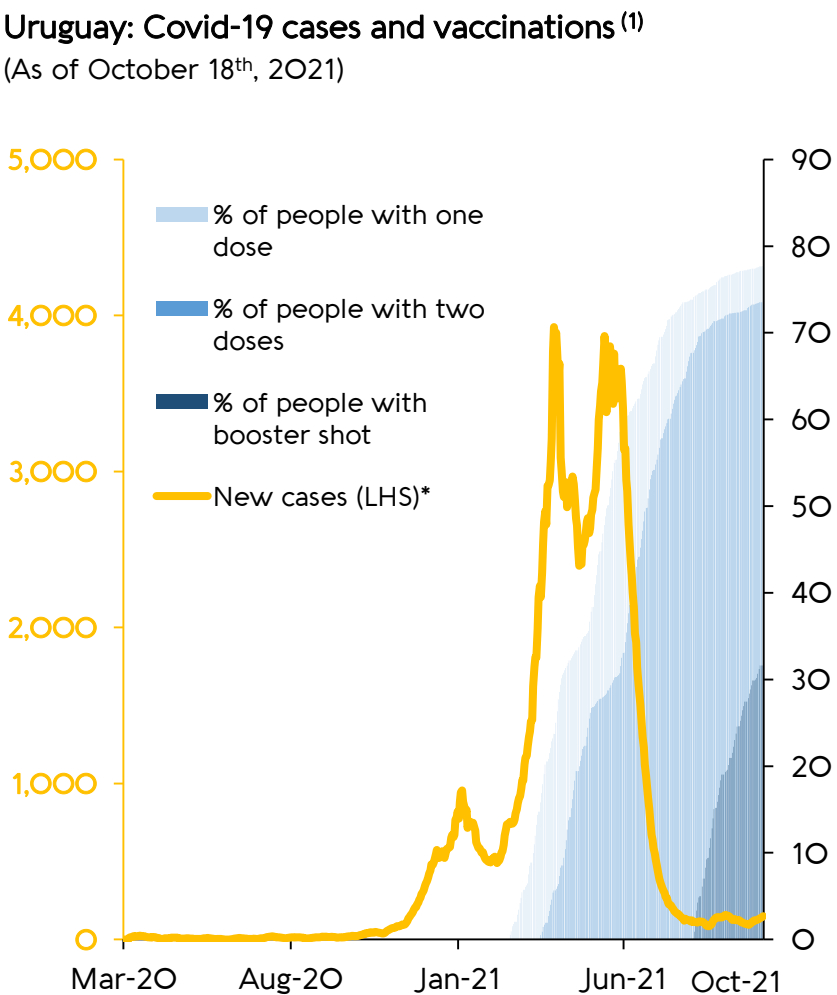
(1) Source: Worldwide Governance Indicators, World Bank (2021) and The Economist Intelligence Unit (2021).

(2) Source: World Justice Project (2021).

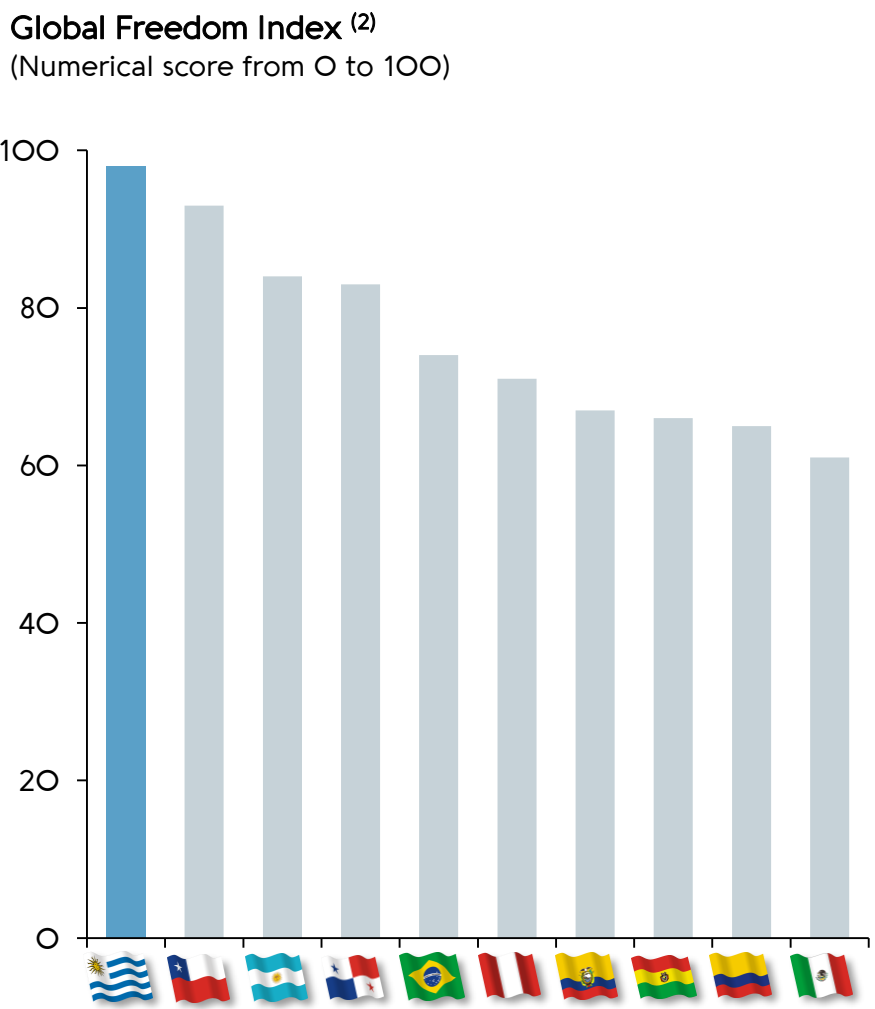
(3) Source: Verisk Maplecroft (2020).

(4) Source: Transparency International (2021).

In tackling the Covid-19 pandemia, the government did not impose a mandatory lockdown nor vaccine mandates, but rather appealed to citizens' **"freedom with responsibility"**



(*) 7-day rolling average of new cases



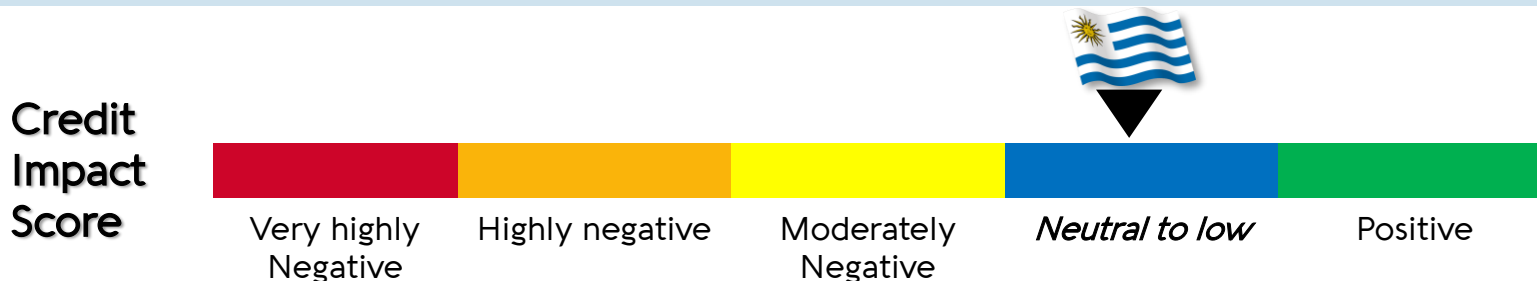
(1) Source: Our World in Data. In the case of Uruguay, it uses total population as estimated by the National Statistics Institute.

(2) Source: Freedom House – Freedom in the World Report (A country is awarded 0 to 4 points for each of 10 political rights indicators and 15 civil liberties indicators; a score of 0 represents the smallest degree of freedom and 4 the greatest degree of freedom.)

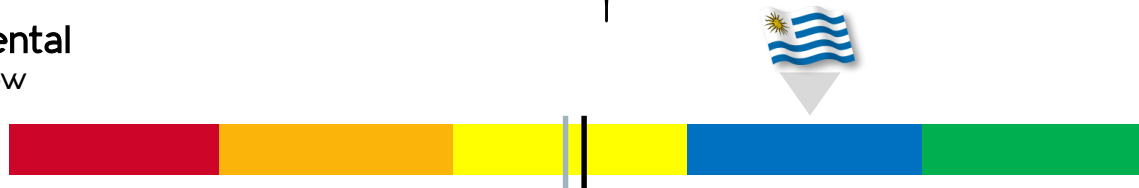
Annex



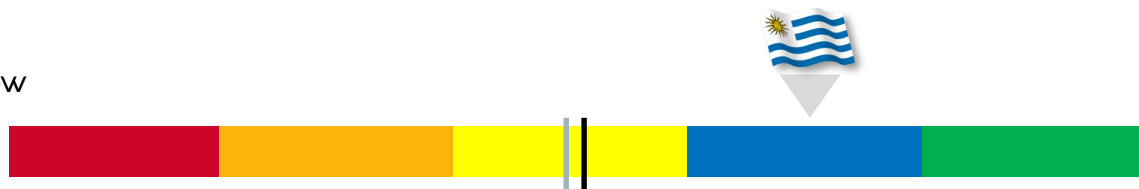
Materiality of ESG factors in Uruguay's credit rating assessment: Moody's view



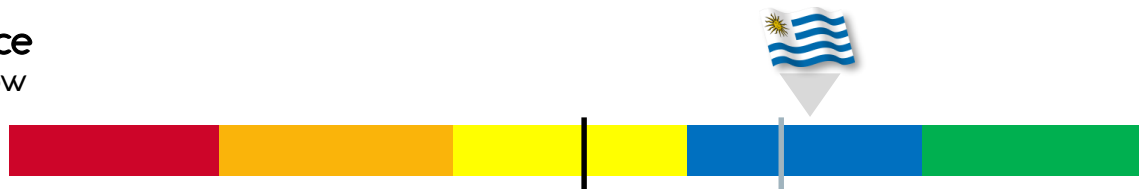
Environmental
Neutral to low



Social
Neutral to low



Governance
Neutral to low



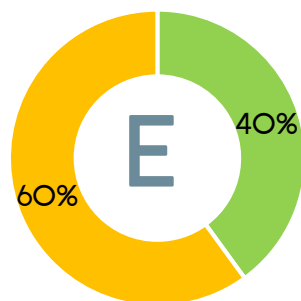
References:

- Baa Median
- LatAm Median

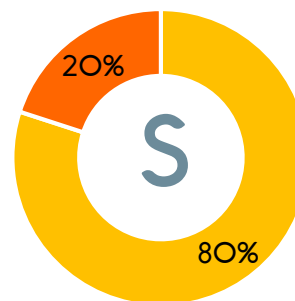
Materiality of ESG factors in Uruguay's credit rating assessment: Fitch's view



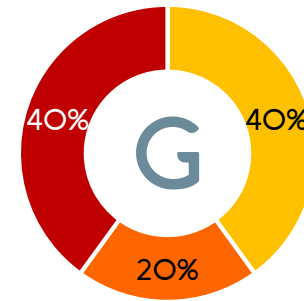
Global relevance scores by factor (In % of total)



GHG emissions/air quality	2
Energy management	3
Water resources/mgmt	2
Biodiversity/natural resource mgmt	3
Natural disasters/climate change	3



Human rights/political freedom	4
Human dvlpmnt, health, education	3
Employment/income inequality	3
Public safety/security	3
Demographic trends	3



Political stability/rights	5
Rule of law, institutional/ reg. quality, control of corruption	5
International relations/trade	3
Creditor rights	4
Data quality/transparency	3