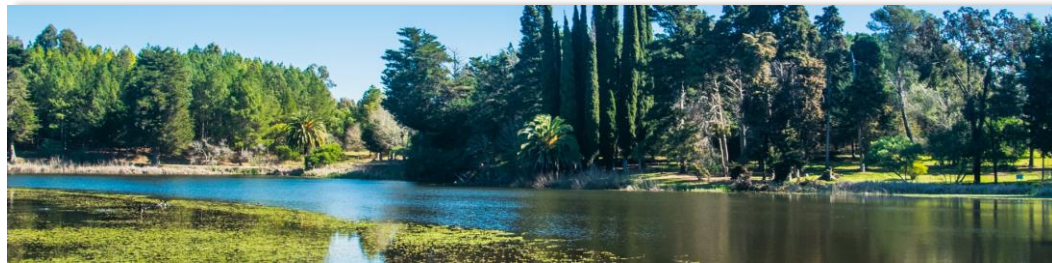


República Oriental del Uruguay

ESG Report



Ministerio
de Economía
y Finanzas

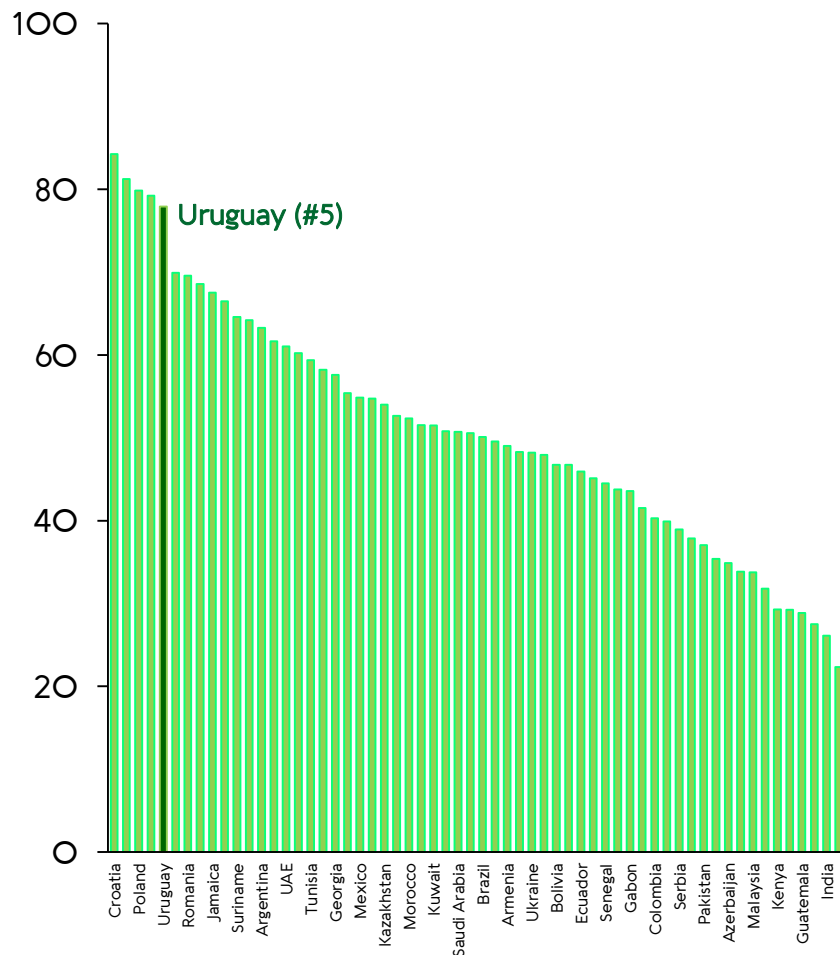
August 2022

Uruguay is among the top global performers on ESG fundamentals



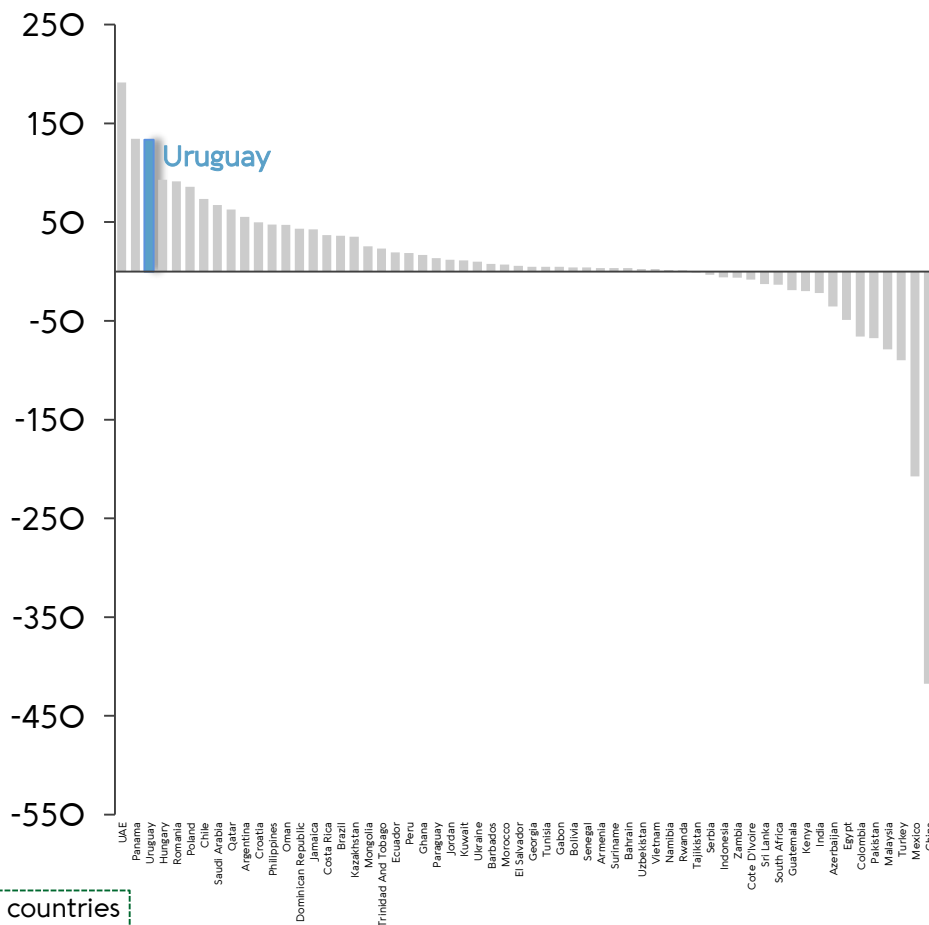
Emerging Markets' ESG Score

(Index, 100 = best performance; as of end-July, 2022)



Weight change when moving from Conventional EMBI to ESG-Adjusted EMBI

(In basis points; as of end-July, 2022)



60 countries

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

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



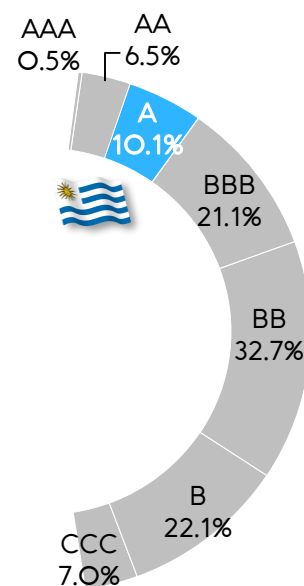
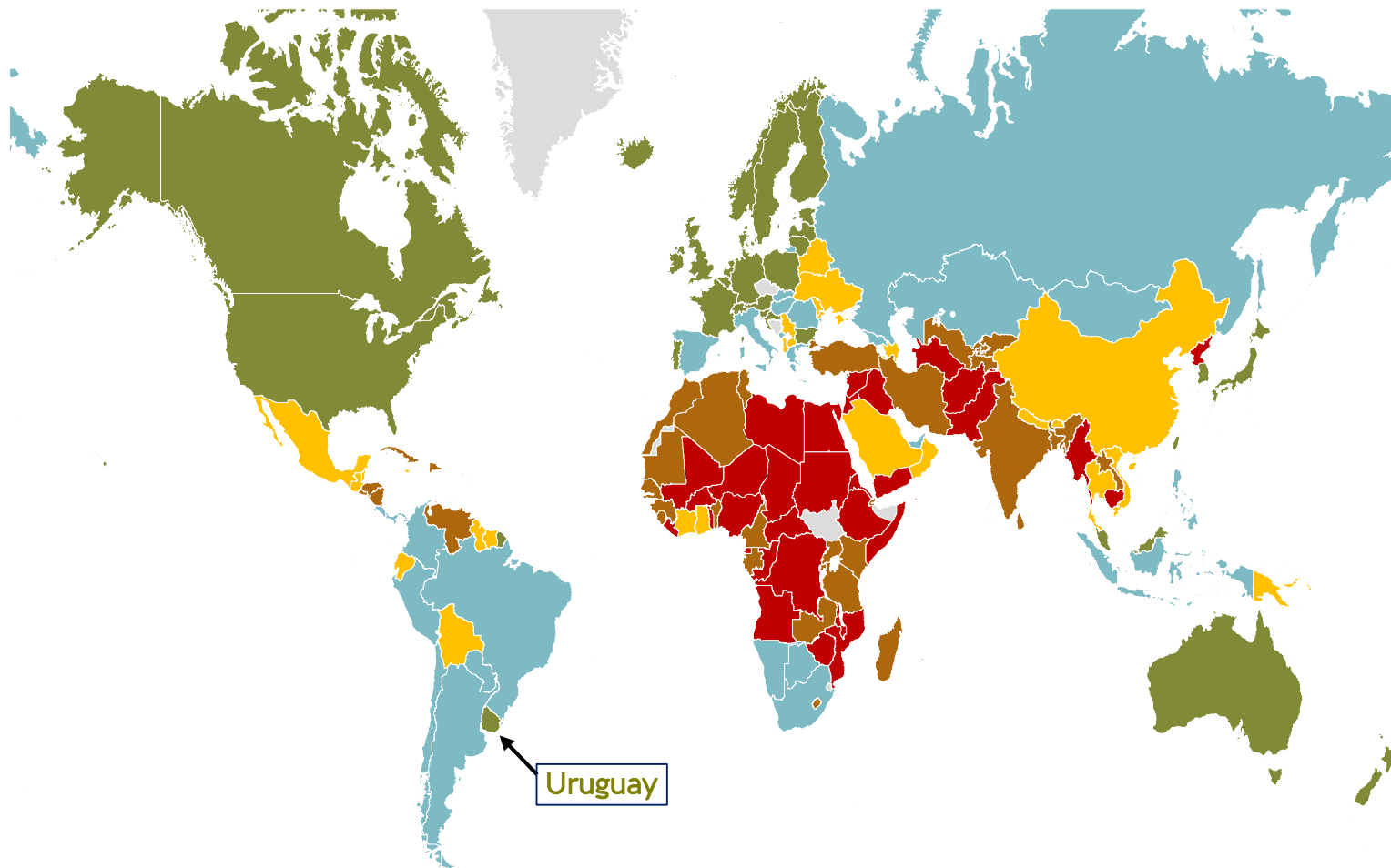
Top 20th
ptile

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)



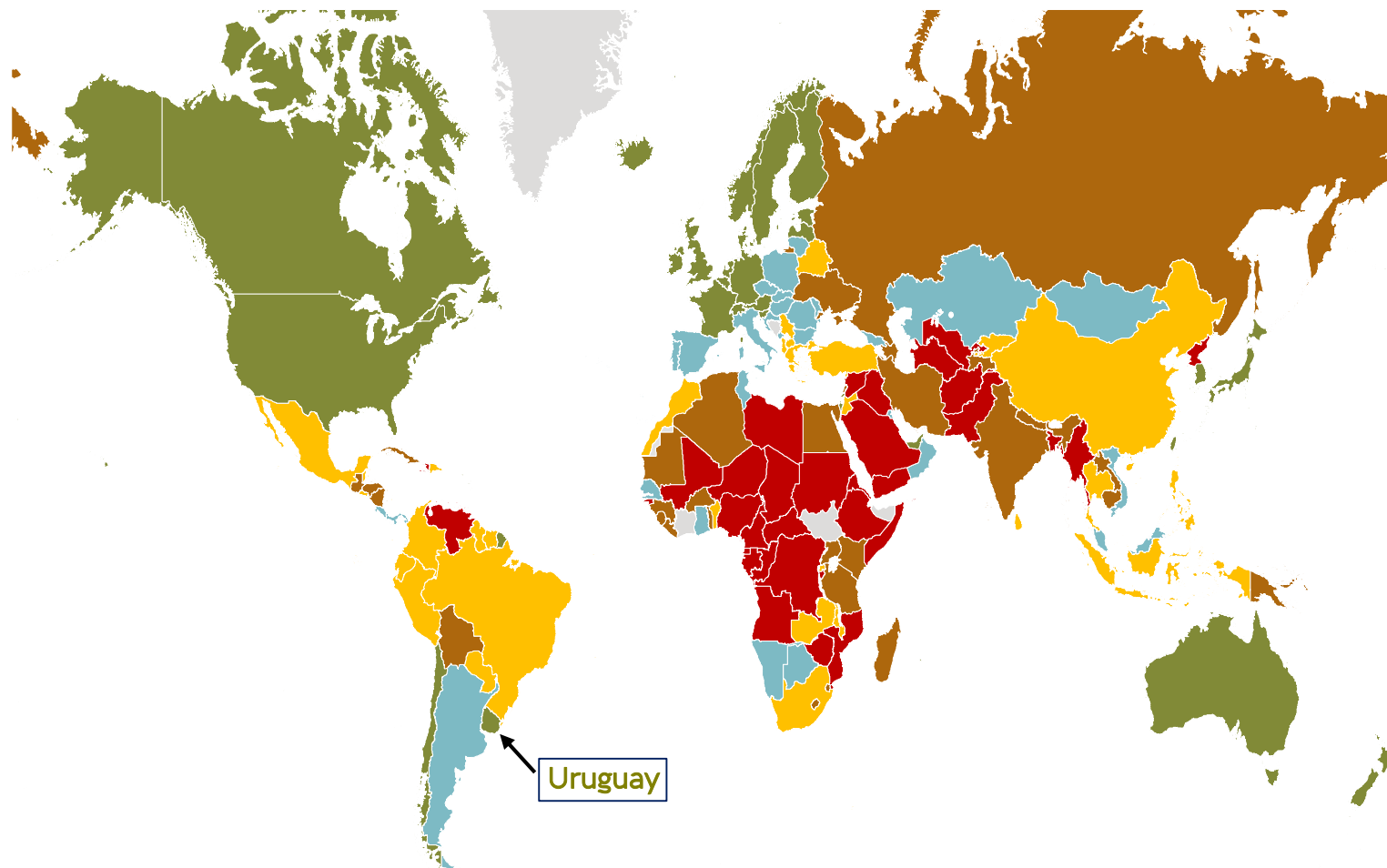
Top 20th
ptile

80th– 61st
ptile

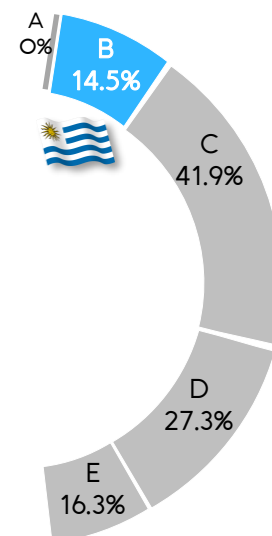
60th– 41st
ptile

40th– 21st
ptile

Bottom
20th ptile



Uruguay



International Agreements

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

Public Institutional Framework

- Long Term Strategy on Climate Change (2021)
- 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)

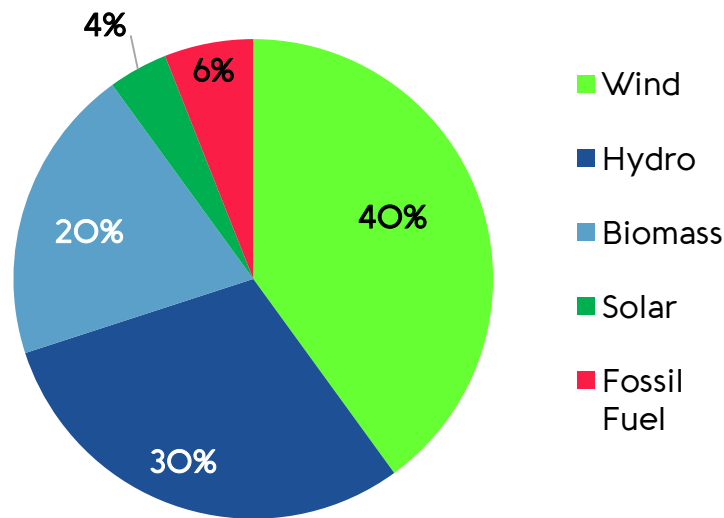
Environmental / Fiscal Policy

- 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)

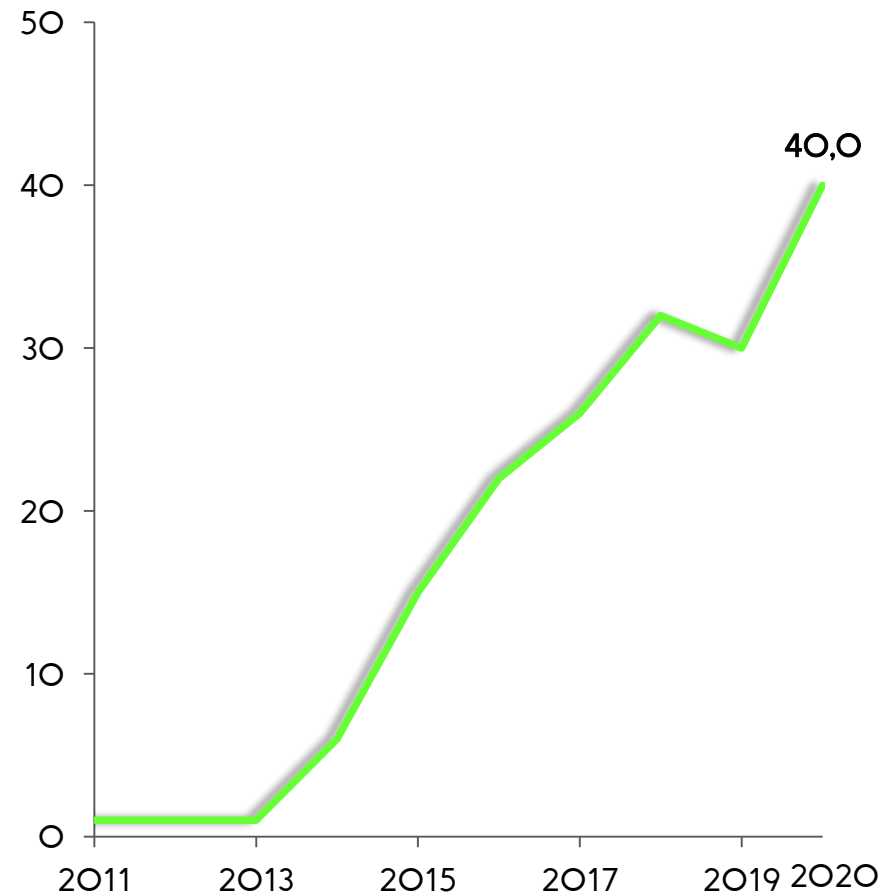
Uruguay's electricity matrix is mostly based on renewable resources, partly as a result of a steady growth in wind energy in the last decade



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



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



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

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

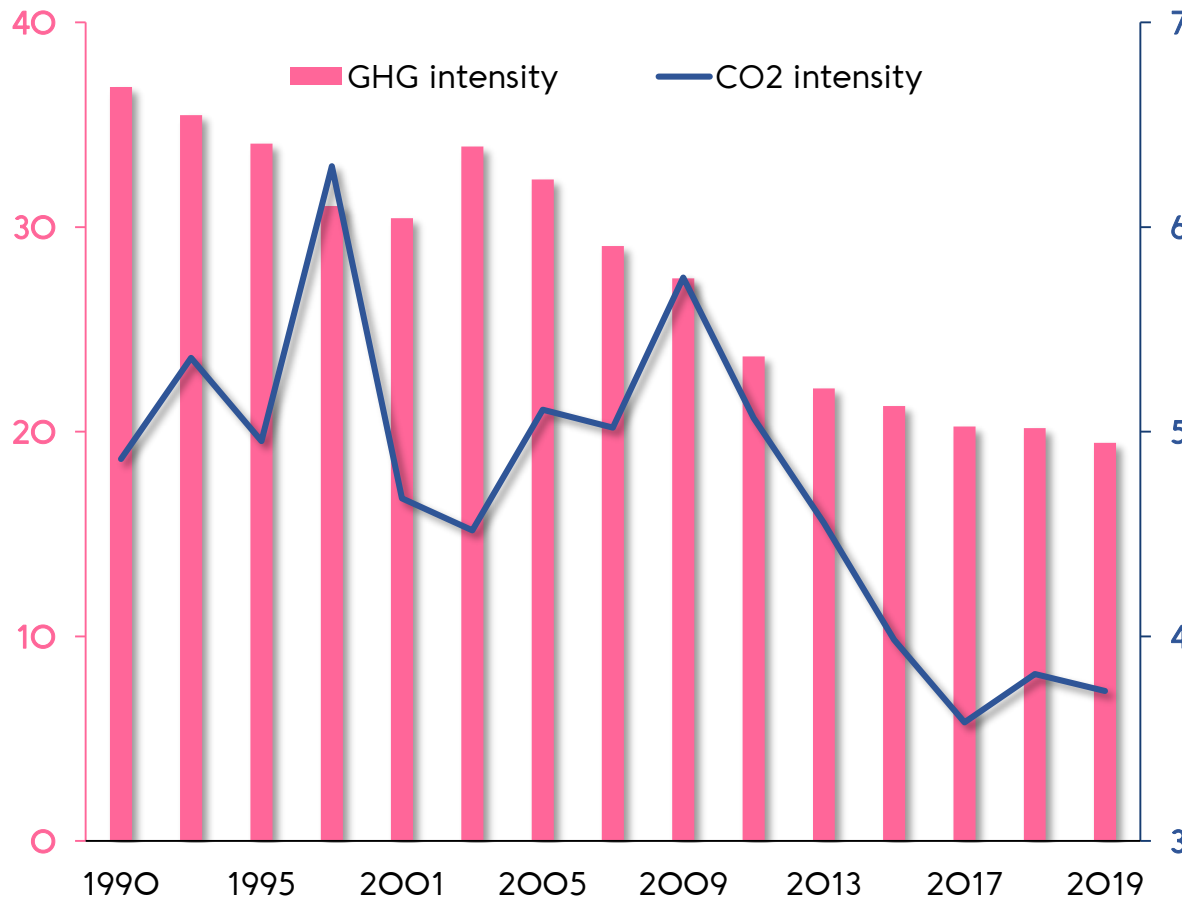
⁽²⁾ Source: Ember's Global Electricity Review 2021

The country is at the forefront of environmentally-friendly policies, with a significant reduction in the carbon intensity of economic activity



Uruguay: Carbon dioxide (CO₂) and total Green House Gas emissions⁽¹⁾

(Metric tons as a share of GDP in constant million pesos of 2016, in %)



Among emerging and developing countries, Uruguay is ranked:

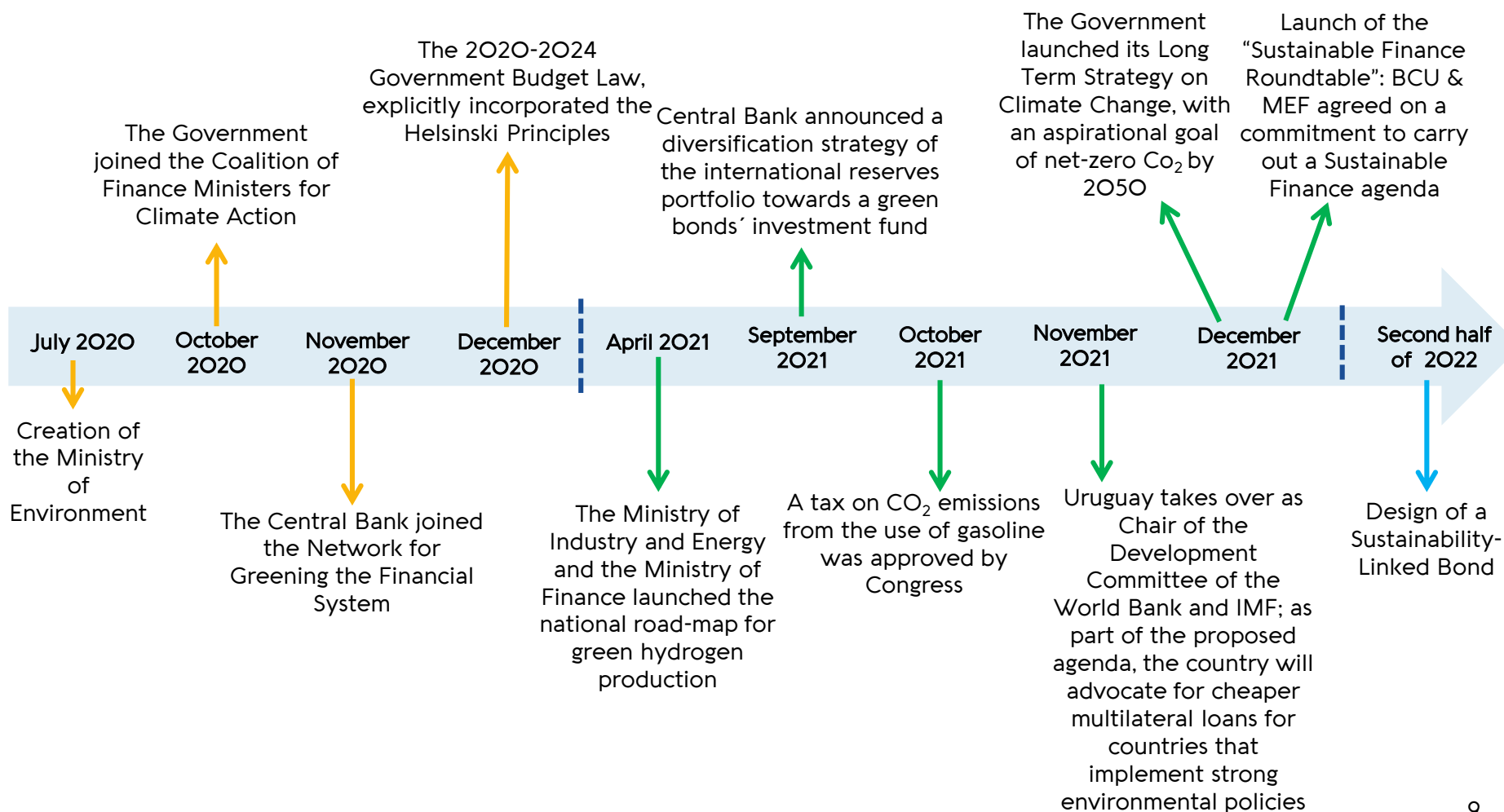
- **#1 in the Environmental Pillar Index** from MSCI (2021)
- **#2 in the Energy Transition Index** from the World Economic Forum (2021)

(1) Source: National Inventory of Green House Gas Emissions and Ministry of Economy and Finance.

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

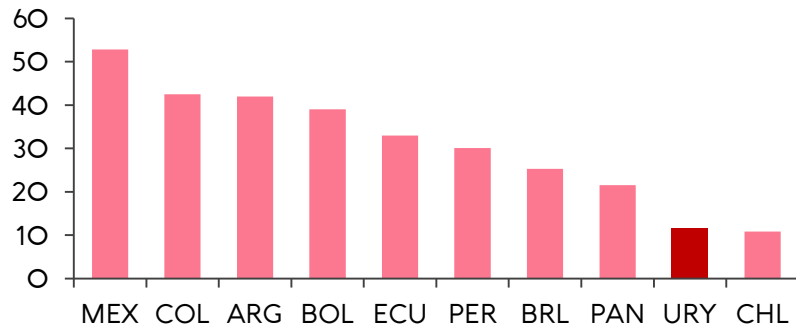
The goal is to make economic growth consistent with a pathway towards low greenhouse gas emissions and a climate-resilient economy, through macroeconomic, fiscal and financing policies.



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

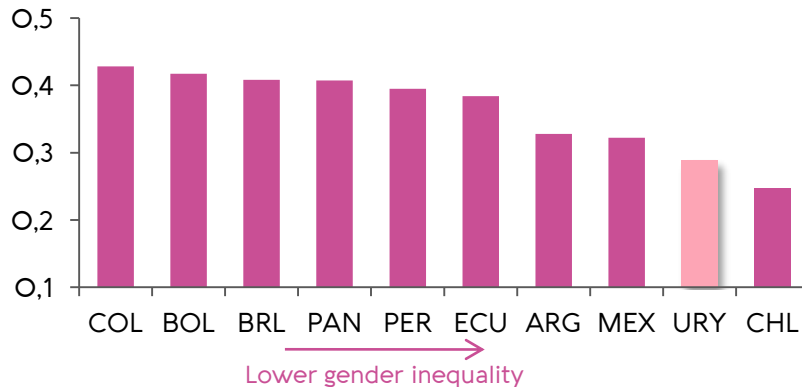


Poverty compared to LatAm ⁽¹⁾
(In % of total population, year 2020)*

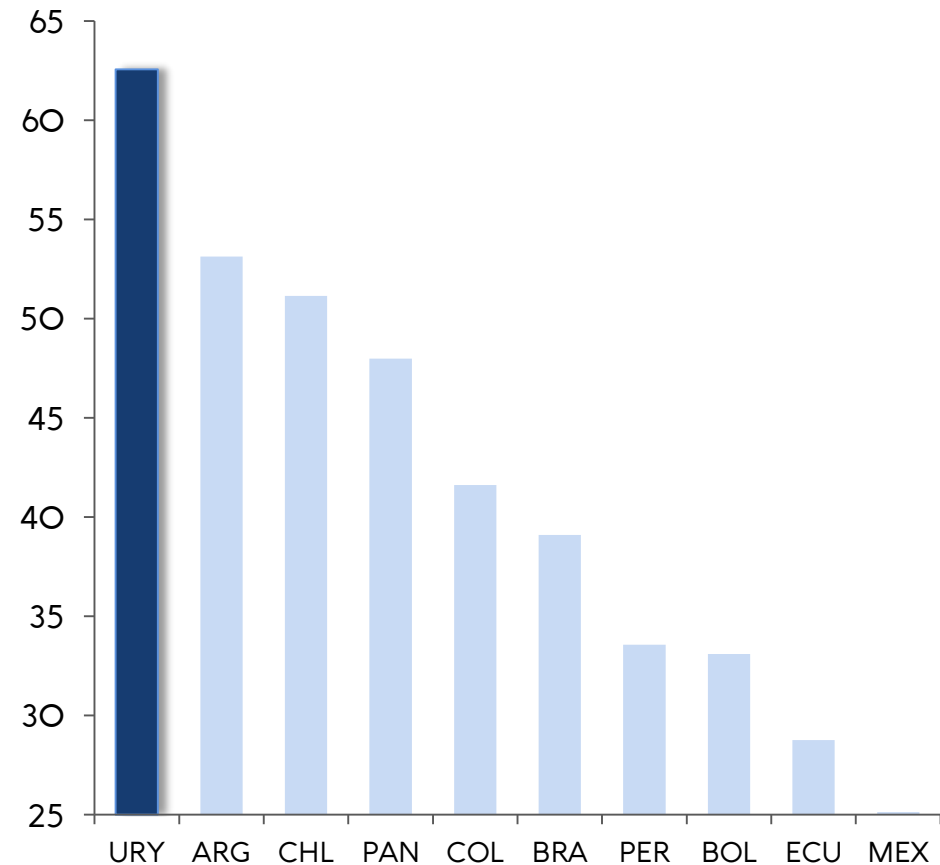


(*) Except for Brazil (2018) and Panama (2017). Poverty rate for Argentina only considers urban areas

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



Share of middle class people compared to LatAm ⁽³⁾
(Year 2018, in % of total population)*



(*) Except for Argentina, Bolivia, Brazil, Ecuador and Panama, which if for 2017, and Mexico, which is for 2016.

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.

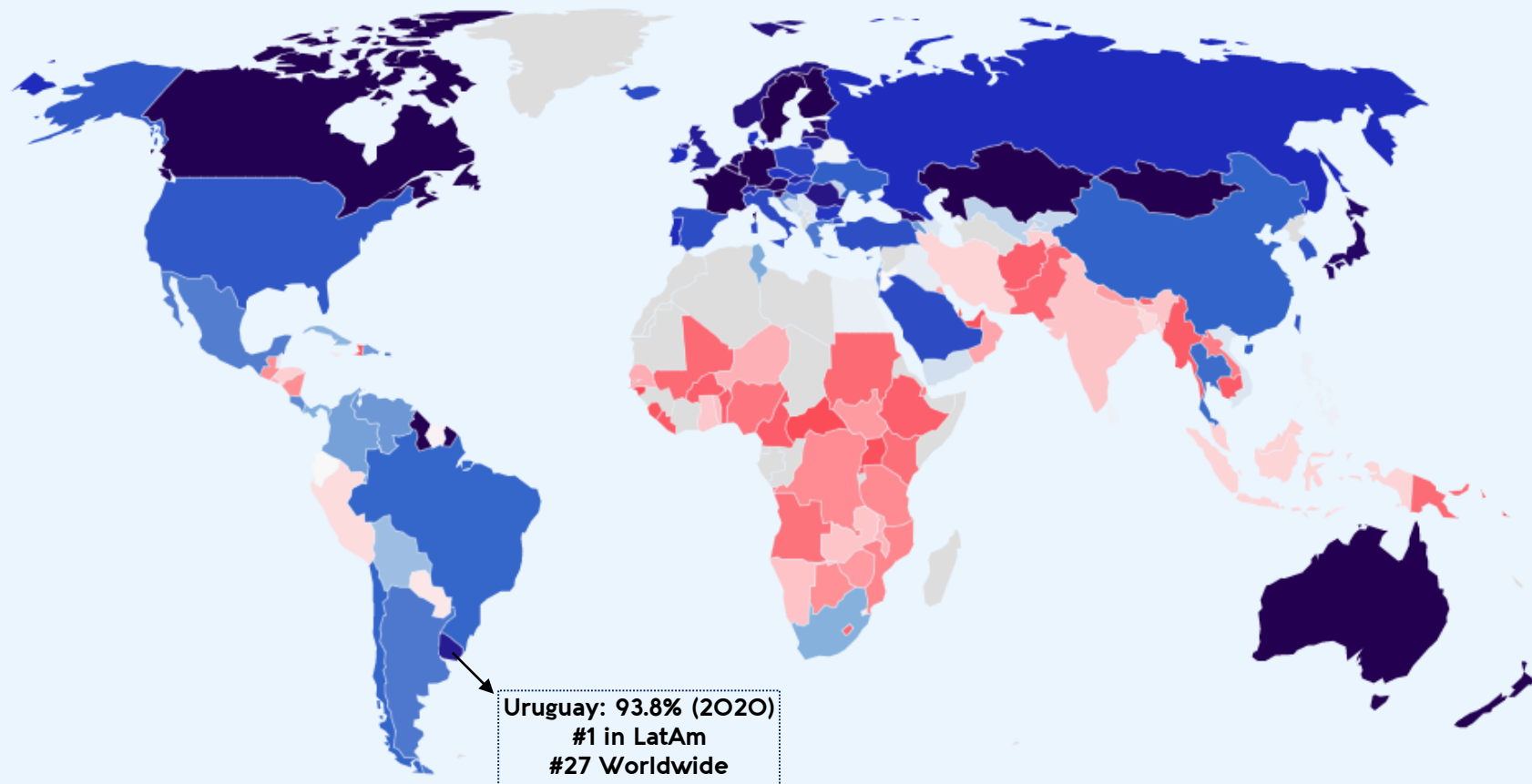
3) Source: Inter-American Development Bank; Middle class defined as percentage of population that lives in households with per capita income between USD 10 and USD 50 a day.

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)



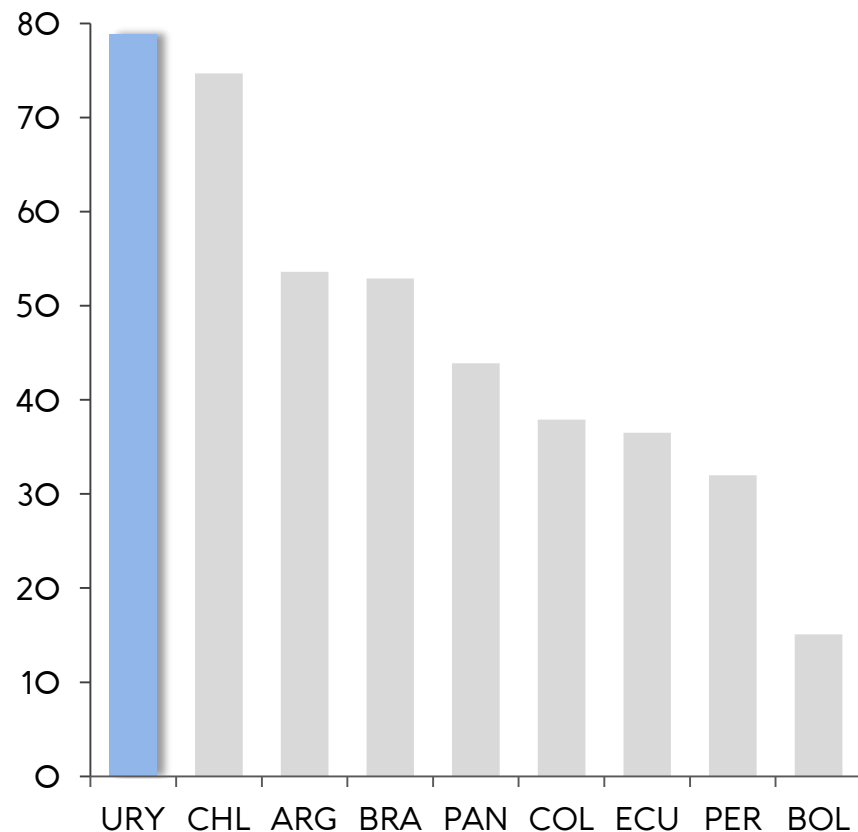
Source: International Labour Organization (ILO), ILOSTAT; The boundaries shown on this map do not imply endorsement or acceptance by the ILO; Last updated on 7 June 2021. Proportion of the population covered by at least one social protection cash benefit: ratio of the population receiving cash benefits, 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⁾

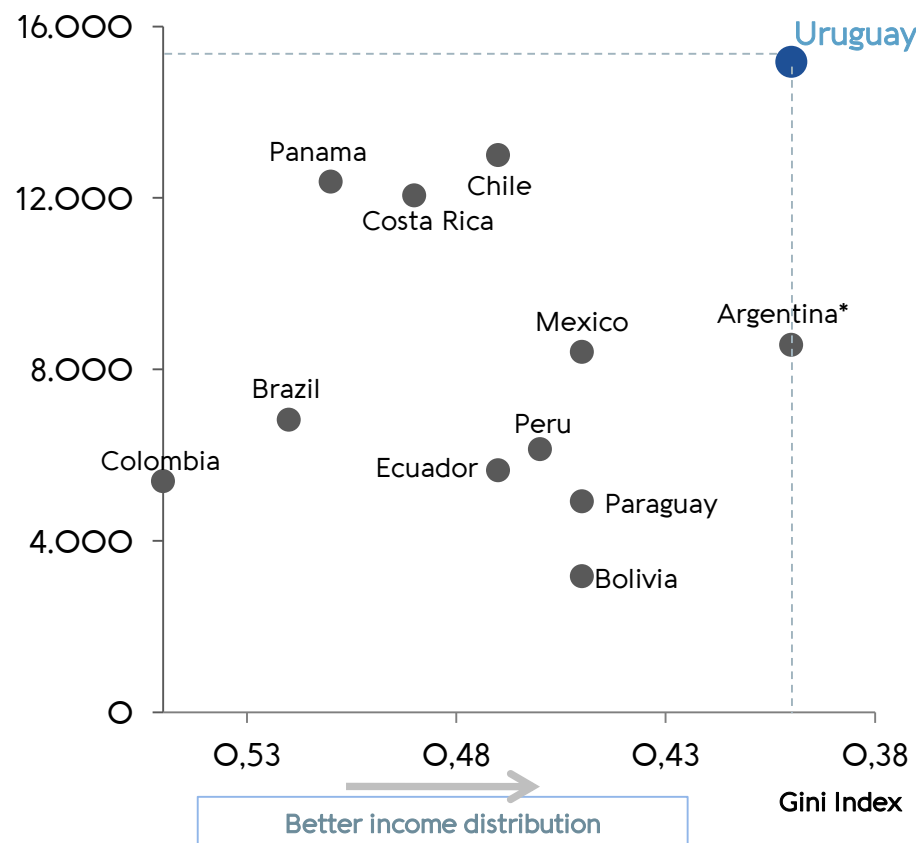
(Formal employment rate, in %, year 2020)*



(*) 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.

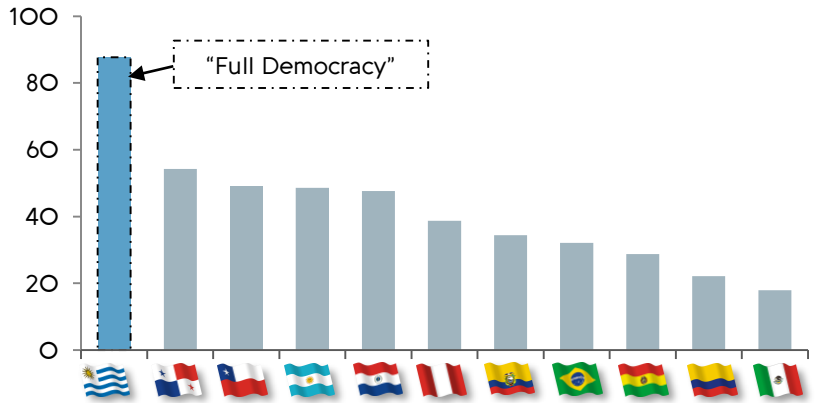
(1) Source: International Labour Organization (ILO), ILOSTAT, except for Uruguay. According to the ILO: Employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement 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 October 2021. In the case of Uruguay it uses data from the Central Bank and National Institute of Statistics.

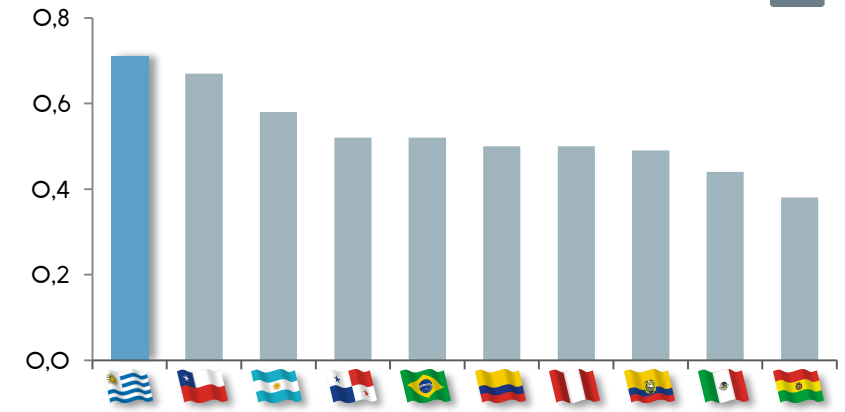
Uruguay is a bastion of institutional, political and social stability in LatAm, ranking alongside most developed nations



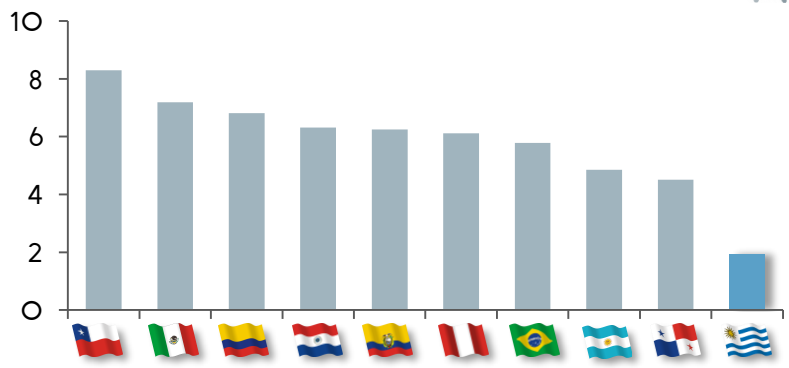
Political Stability and Democracy ⁽¹⁾
(Percentile rank, year 2021)



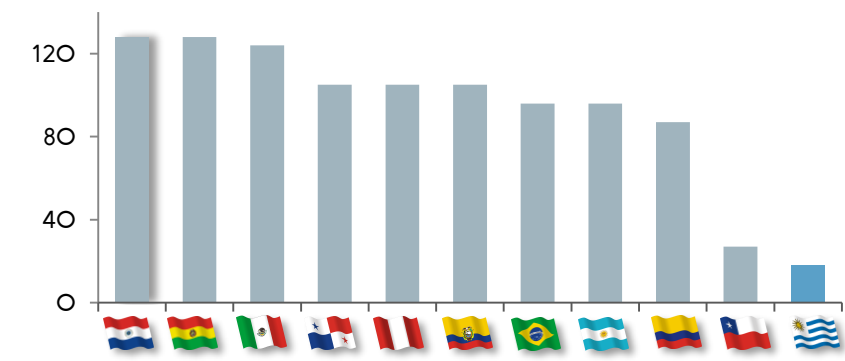
Adherence to the Rule of Law ⁽²⁾
(Numerical score out of 1, year 2021)



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



Corruption Perception ⁽⁴⁾
(Rank, year 2021)



(1) Source: Worldwide Governance Indicators, World Bank (2021) and The Economist Intelligence Unit (2022).
 (2) Source: World Justice Project (2021).
 (3) Source: Verisk Maplecroft ((2020).
 (4) Source: Transparency International (2022).

Uruguay placed first in the Capacity to Combat Corruption Index for the second year in a row among Latin America & Caribbean countries



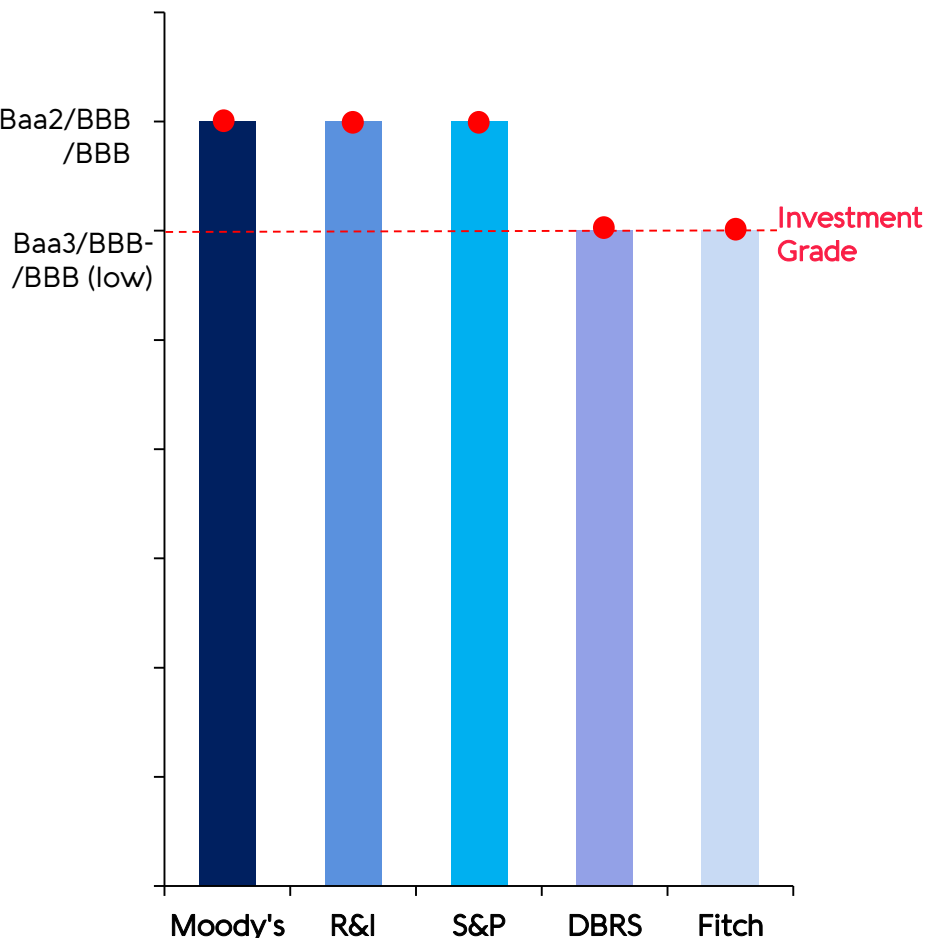
The Capacity to Combat Corruption Index evaluates and ranks countries based on how effectively they can combat corruption, based on three pillars: legal capacity, democracy and political institutions and civil society and media.

Uruguay's is an investment grade, low-beta country, and has the lowest EMBI in Latam



Uruguay's sovereign credit ratings ⁽¹⁾

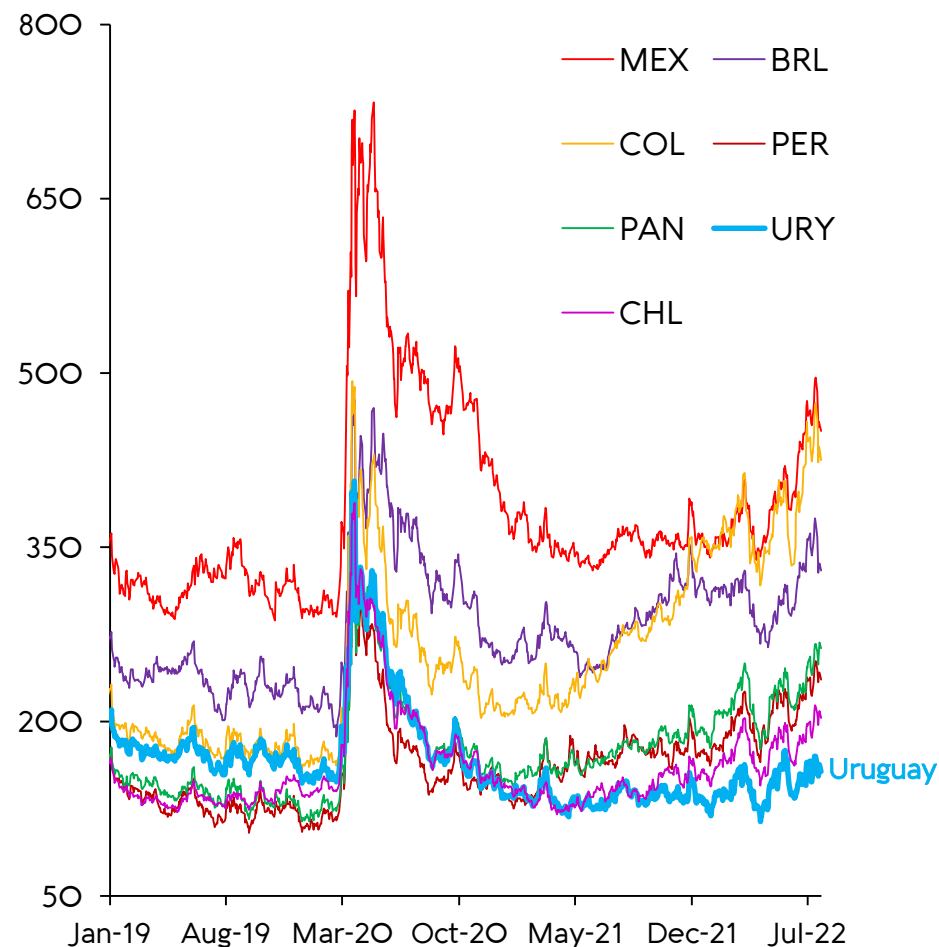
(As of June 2022)



Outlook: (Stable) (Positive) (Stable) (Positive) (Stable)

Sovereign risk premia ⁽²⁾

(EMBI spread, in bps)



(1) Source: Moody's, S&P, R&I, DBRS-Morningstar and Fitch / (2) Source: Bloomberg