

República Oriental del Uruguay

ESG Report



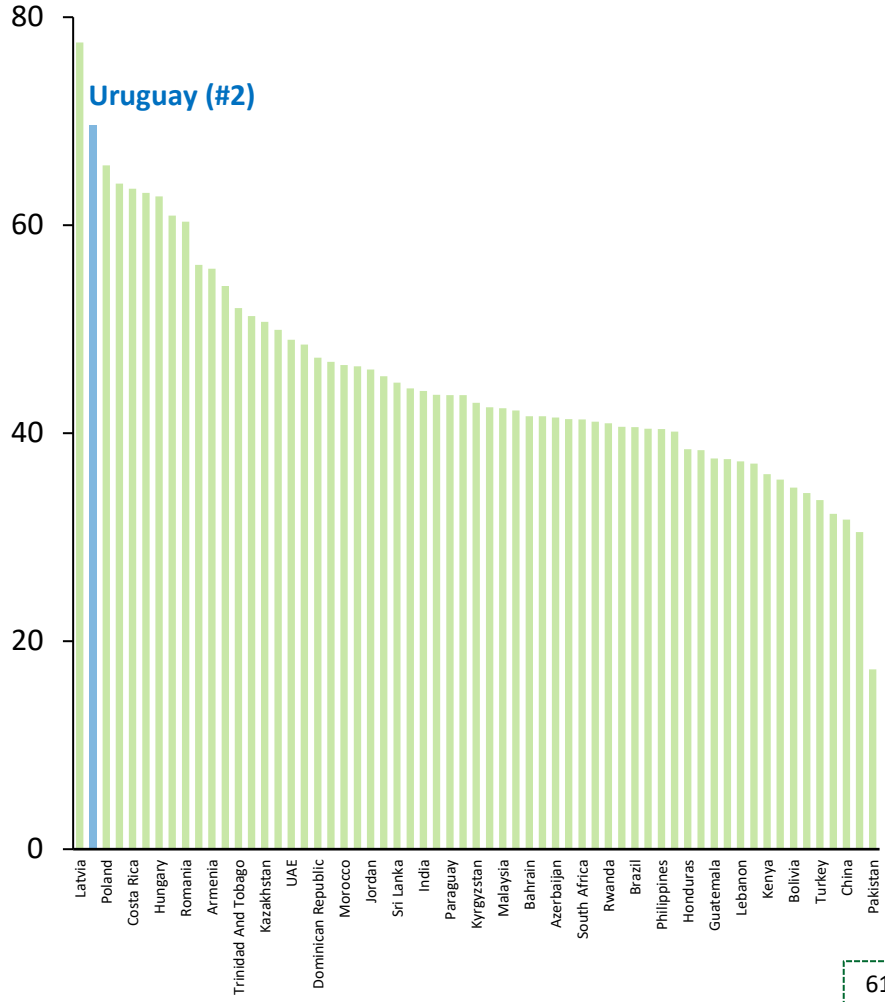


Uruguay stays among the top global performer on ESG fundamentals in emerging markets



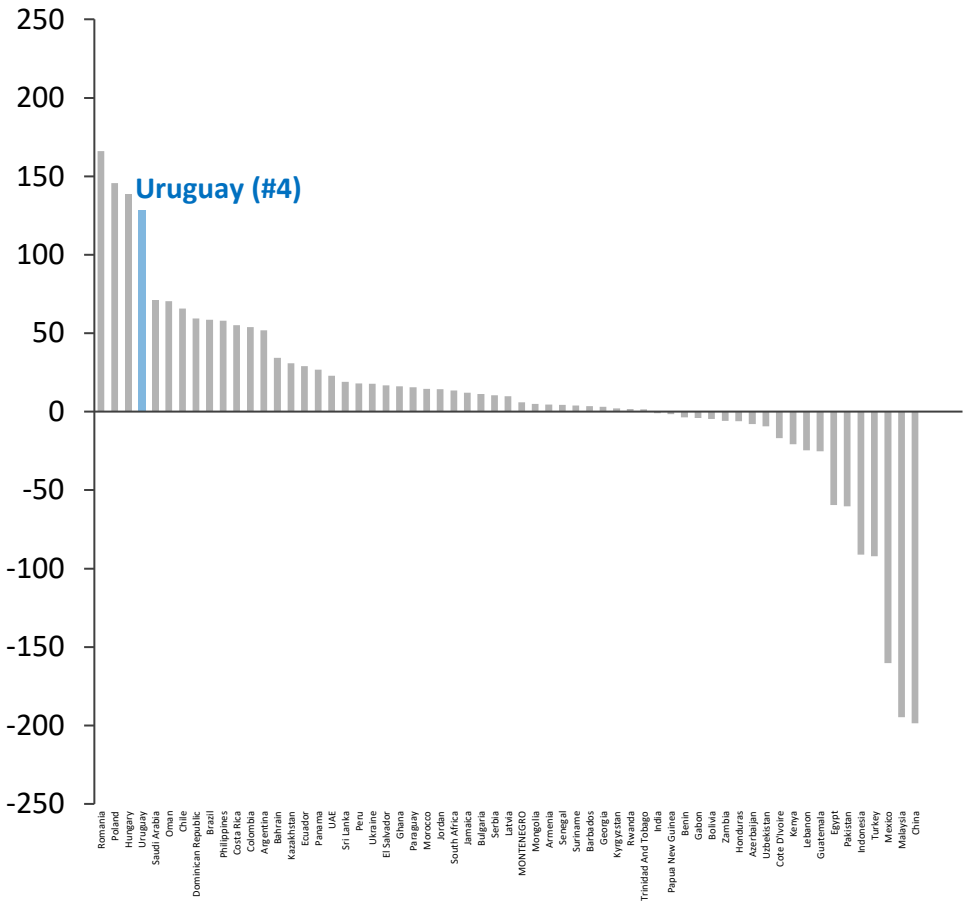
Emerging Markets' ESG Score

(Index, 100 = best performance; as of end-December 2025)



Change in index weight when moving from Conventional EMBI to ESG-Adjusted EMBI

(In basis points; as of end-December, 2025)



61 countries

Source: J.P. Morgan Chase & Co. using data from Verisk Maplecroft, Sustainalytics and Climate Bonds Initiative .
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Adherence to international sustainability standards underpinned by environmental-friendly policies (I)



International Agreements

Public Institutional Framework

Environmental / Fiscal Policy

- Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (2023)
- Global loss and damage fund due to Climate Change (2022)
- Global Methane Pledge and Glasgow Leaders Declaration on Forest and Land Use (2021)
- Regional Agreement on Access to Information, Public Participation and Access to Justice in Environmental Matters in Latin America and The Caribbean (2019)
- Sustainable Development Goals (2016)
- Paris Agreement (2015)
- Convention on Biological Diversity (1992) and Nagoya Protocol (2014)
- Kyoto Protocol (1997) and Doha Amendment (2012)
- Cartagena Protocol, ratified by Law No. 18,792 (2011)



International Agreements

Public Institutional Framework

Environmental / Fiscal Policy

- Declaration of wetlands of environmental importance (2025)
- “National Bio-inputs Plan (2025)
- “Laguna Negra” and “Islas del Queguay” joined the National System of Protected Areas (SNAP) (2025)
- National Plan of Energy Efficiency (2025)
- First Biennial Transparency Report to the UN (2025)
- “National Policy on Sustainable Urban Mobility” (2025)
- National Strategy for Sustainable Bioeconomy (2024)
- Launch of the National Circular Economy Strategy (2024)
- “Cerro Arequita” and “Isla e Islote de Lobos” joined the SNAP (2024)
- Sovereign Sustainability-Linked Loan approved by the World Bank (2023)
- “Humedales e Islas del Hum” joined the SNAP (2023)
- National Strategy for the Prevention and Reduction of Food Loss and Waste (2023)

- Sovereign Sustainability-Linked Bond Framework (2022)
- Green Hydrogen Roadmap (2022)
- National Waste Management Plan (2021)
- National Adaptation Plans to Climate Change, Coastal, and for Cities and Infrastructures (2021)
- Long Term Strategy on Climate Change (2021)
- Establishment of the Ministry of Environment - separation from the Ministry of Housing and Territorial Planning (2020)
- National Adaptation Plan for the Agricultural sector (2019)
- National Environmental Plan (2019)
- National Climate Change Policy (2017)
- Program to Reduce Emission Caused by Deforestation and Forest Degradation (2016)
- National System of Response to Climate Change and Variability (2009)



International
Agreements



Public
Institutional
Framework



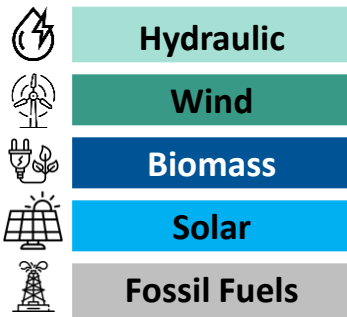
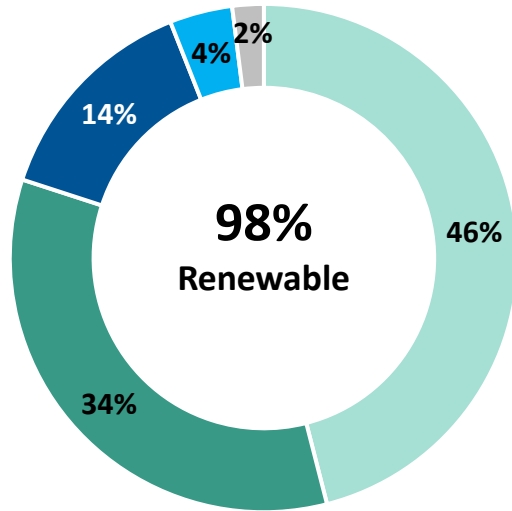
Environmental
/ Fiscal Policy

- Publication of third Nationally Determined Contribution (2024)
- Launch of “SiGA Ambiente” to facilitate the financing of sectors or investments that contribute to the environmental sustainability of production (2024)
- Approval of the creation of the Sustainable Mobility Trust Fund (FiMS) to promote electric buses (2023)
- Broader economic incentives for the conservation of native forests (2023)
- Publication of second Nationally Determined Contribution (2022)
- The Budget Law contains additional tax incentives and budgetary resources to promote reforestation (2022)
- A tax on CO2 emissions from the use of gasoline was approved by Congress (2021)
- Inclusion of the 2019 “Helsinki Principles” into the 2020-2024 Budget Law, thereby aligning income and expenditure policies with the national objectives for adaptation to and mitigation of climate change effects (2020)
- 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) and tax exemption applied to land parcels that contain native forest (Forest Act, 1987)
- Forbidden the use of non-biodegradable plastic bags and levy of USD 0.11 tariff per biodegradable plastic bag (2018)
- Publication of first Nationally Determined Contribution (2017)

Uruguay's electricity generation matrix mostly runs on renewable resources, with steady growth in wind and solar energy in the last decade.



Share of Electricity Generation in 2025, by Source ⁽¹⁾
(In % of total)



Uruguay's position in Latin America and Caribbean rankings

#2

The Green Future Index ⁽³⁾

#3

Energy Transition Index ⁽²⁾



⁽¹⁾ Source: Ministry of Industry, Energy and Mining.

⁽²⁾ Source: World Economic Forum, 2025.

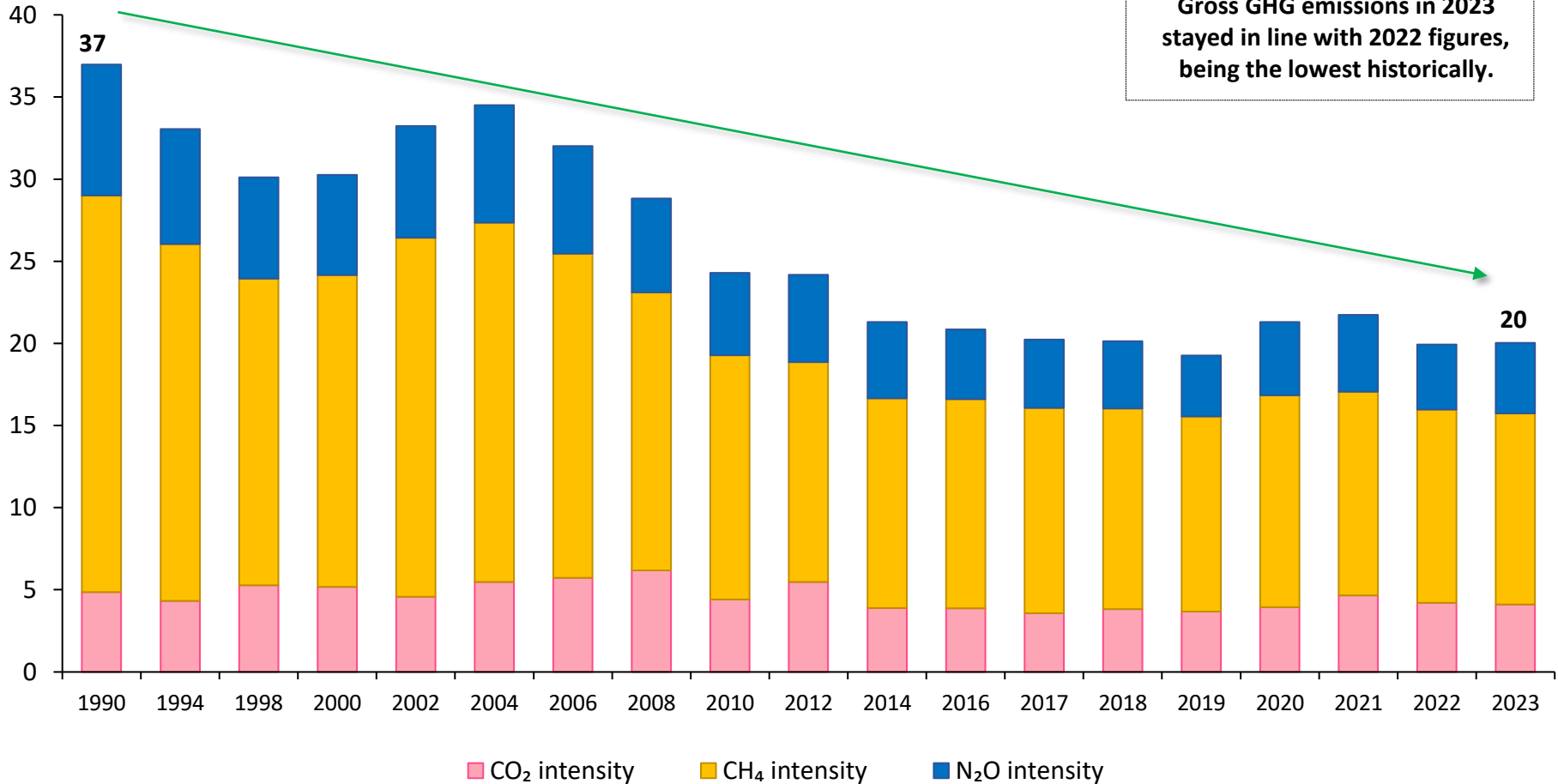
⁽³⁾ Source: MIT Technology Review, 2023.

Uruguay has made steady progress over the last three decades on environmentally-friendly policies and decarbonization of economic activities.



Evolution of Uruguay's Intensity Gross Greenhouse Gas Emissions^(*)

As a share of real GDP, by type of gas



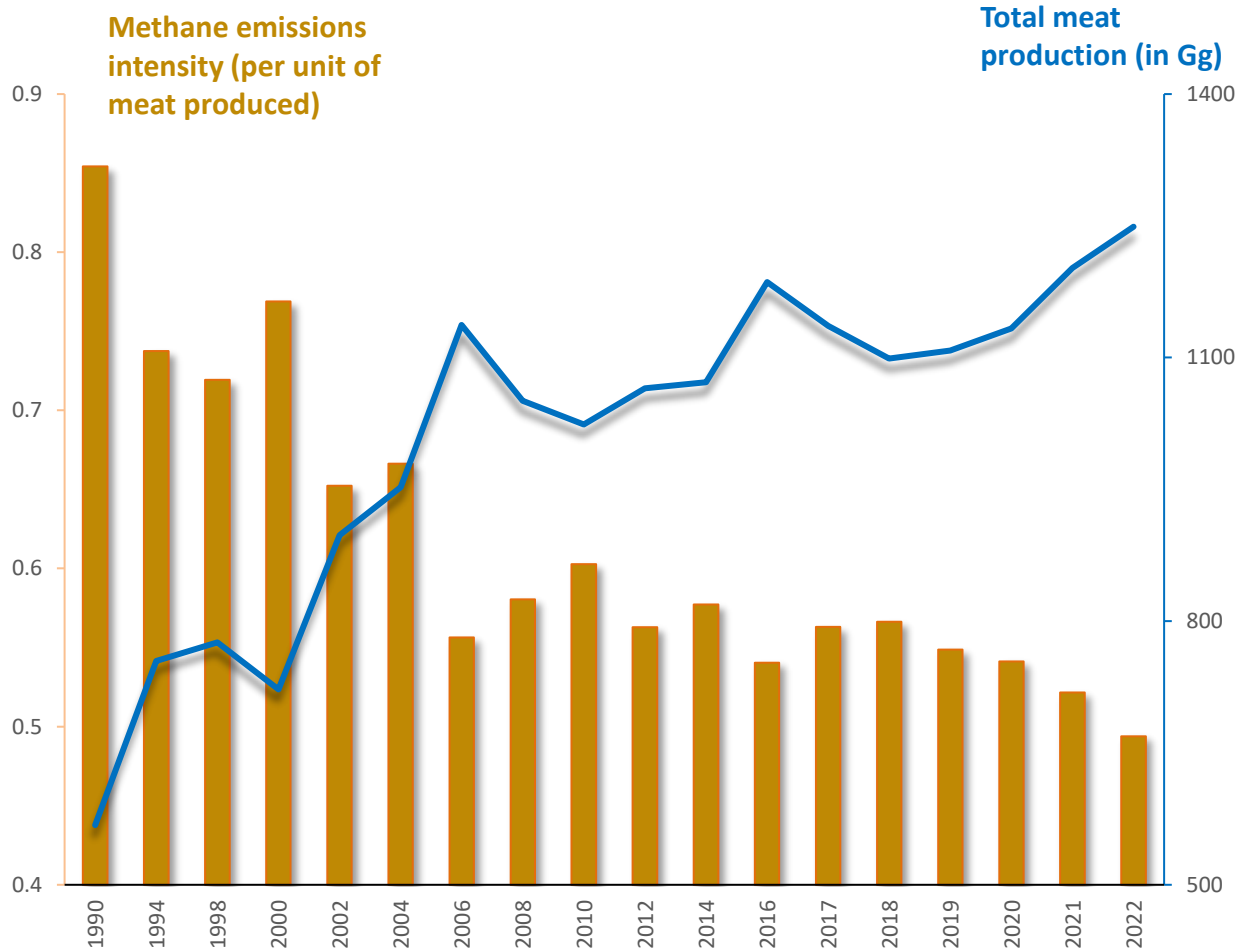
Gross GHG emissions in 2023 stayed in line with 2022 figures, being the lowest historically.

^(*) Considers the main sectors contributing emissions of each GHG, as set out in the 2017 NDC. Expressed in Gg CO₂ Metric GWP100 AR5. Real GDP measured in billions of pesos in 2016 constant prices. For the period 1990-2019, data is for years with official NGHGI publication and data for 2020, 2021, 2022 and 2023 was estimated for the SSLB Annual Report. Source: SSLB Open Database as of May 2025.

Uruguay has also made consistent and significant improvements in the climate efficiency of its livestock and cattle production



Evolution of beef production and methane emissions per unit of beef produced^(*)



Uruguay has introduced innovative processes and technological advances in the sector, including:

- ✓ Improvement in the feeding quality in cattle breeding and rearing phases (based on natural grassland feeding).
- ✓ Introduction of high-quality pasture and feedlots in the finishing phase as to reduce the age of slaughter steers.
- ✓ Implementation of measures and adoption of technologies in land and cattle management.

^(*) CH₄ emissions intensity from beef production (LHS) is calculated as CH₄ emissions (Gg) from beef production as a share of beef production in Gg live weight in the same year. For the period 1990-2019, data is for years with official NGHGI publication and data for 2020, 2021 and 2022 was estimated for the SSLB Annual Report. Source: SSLB Open Database as of May 2024 and official data provided by MGAP.

Since the previous administration, the Government has been committed to the environment, and addressing climate change was set out in the 2020-2024 Budget Law.



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's reinforce the commitment to the sustainable and equitable economic growth in the Budget Law 2025-2030.



Article 162.- “It is hereby declared that, with the aim of promoting sustainable and equitable economic growth, the Ministry of Economy and Finance will ensure that the potential environmental impact of economic policy decisions is considered.

To this end, the analysis of potential effects on various environmental dimensions will be integrated into the research and analysis of tax policy, investment promotion, debt management, trade strategy, budget policy, and other areas of responsibility of the Ministry of Economy and Finance..”



Article 173.- “The branches of the Central Administration and agencies listed in Article 220 of the Constitution of the Republic shall report to the General Accounting Office of the Nation all expenditures and investments, both completed and planned, related to climate change.

The General Accounting Office of the Nation, in coordination with the Ministry of the Environment, is entrusted with developing the necessary guidelines and definitions for identifying the expenditures mentioned in the first paragraph, as well as with centralizing the reports received and generating systematized information for public disclosure purposes.”



Article 195.- Incorporation of the Ministry of Environment into the Commission for the Application of the Investment Promotion Law



Article 608 - 612.- Uruguay Climate and Nature Fund

“The Uruguay Climate and Nature Fund is hereby created, with the objective of financing actions that allow progress in the indicators included in the existing or future sustainable sovereign financing instruments...”

“The Fund may be comprised of the following resources:

- 1) Up to 100% of the potential savings in interest or principal payments on sustainable sovereign financing instruments, in the event of compliance with the established targets for the environmental indicators.
- 2) Donations.
- 3) Any other allocation or contribution designated for it”.

“Those projects that contribute to advancing the indicators included in existing or future sustainable sovereign financing instruments will be beneficiaries of the resources of Uruguay's Climate and Nature Fund, created by this law”.

(I) In October 2022, Uruguay issued a Sustainability-Linked Sovereign Bond (SSLB) tied to climate and nature conservation indicators



- In October 2022, the government issued a new global dollar-denominated SSLB due in 2034. The bond was reopened later in October 2023.
- The issuance was underpinned by the SSLB Framework published on September 20th, 2022, and developed a specific webpage with all the information related to this project (<http://sslburuguay.mef.gub.uy/>).
- The Framework describes Uruguay's strategic sustainability priorities and sets out goals with respect to two complementary Key Performance Indicators (**KPIs**) tied to climate change mitigation and nature conservation goals and is aligned with the Labeled Bond Principles (ICMA, EMIA) :

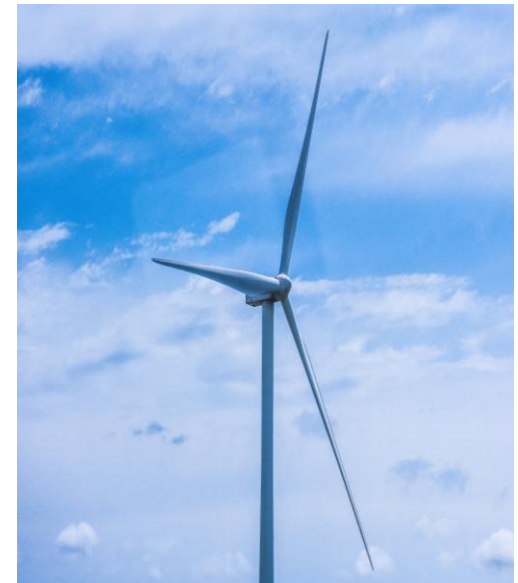
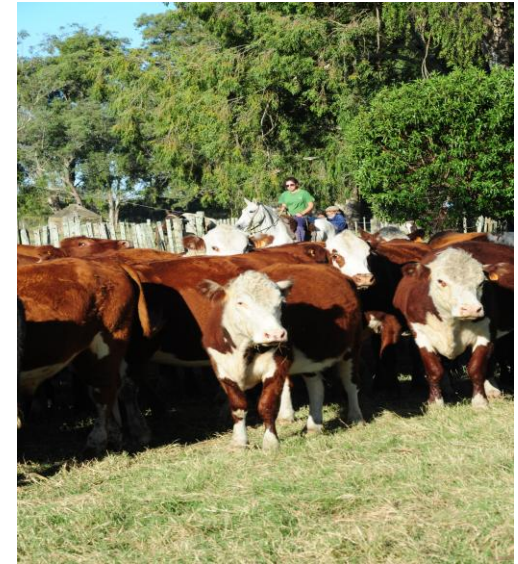


reducing the intensity of Greenhouse Gas emissions



preserving the area of native forests

- The Sustainability Performance Targets (**SPTs**) are based on quantitative goals set for 2025 and are in line with Uruguay's Nationally Determined Contribution (NDC) under the Paris Agreement.



Innovative Step-up/step-down coupon structure linked to the provision of global public goods



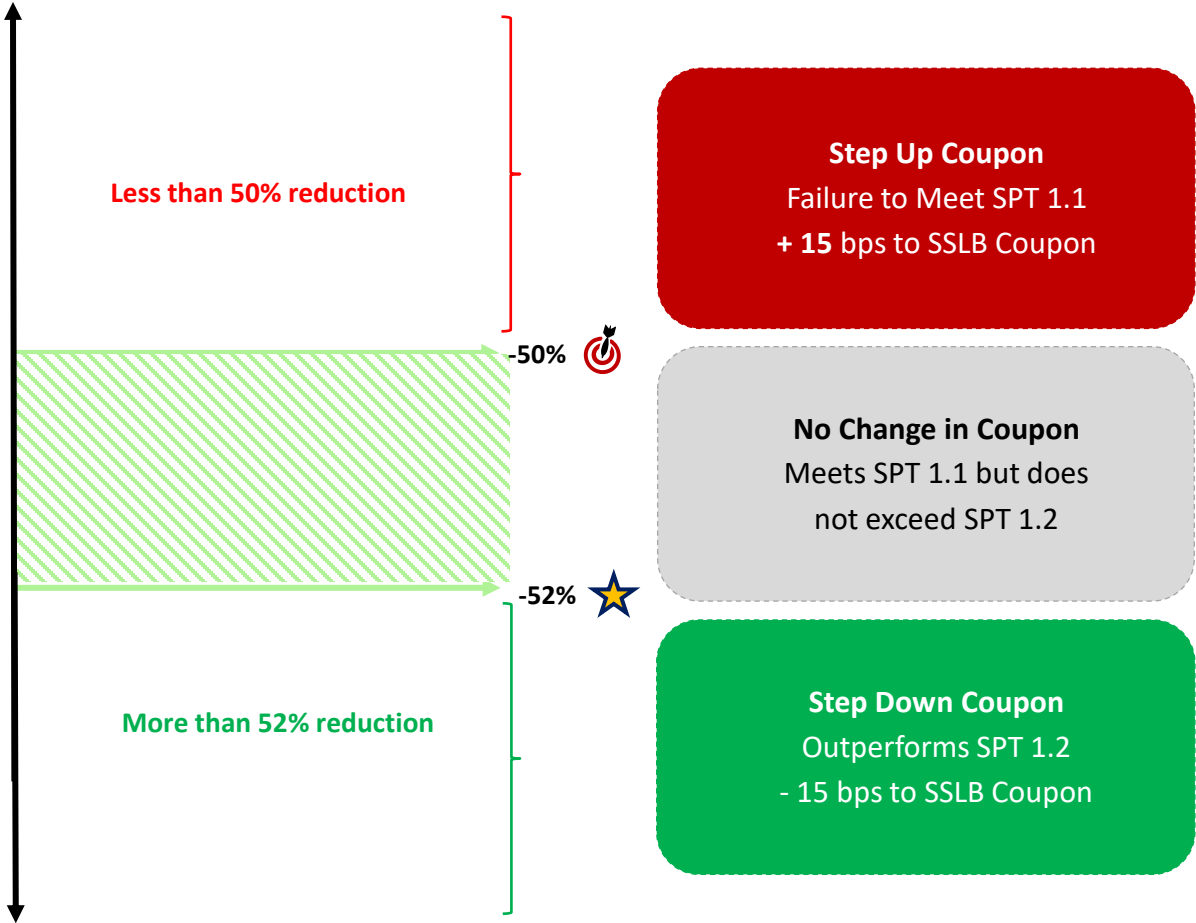
- It is the first global SSLB that incorporates a step-up / step-down interest rate structure, depending on the achievement of the established objectives.
- Through this two-way pricing mechanism, Uruguay intends to align its national financing strategy and cost of capital with its sustainability efforts, creating an incentive-compatible mechanism that binds borrowers and investors together in the effort to provide global public goods.

	KPI-1		KPI-2	
Key Performance Indicator ("KPI"):	<i>% Reduction in aggregate GHG emission intensity (CO2eq per real GDP unit), compared to reference year</i>		<i>% maintenance of native forest area with respect to reference year</i>	
Sustainability Performance Target ("SPT"):	SPT 1.1 Uruguay's NDC 1 commitment	SPT 1.2 Outperformance of Uruguay's NDC 1 commitment	SPT 2.1 Uruguay's NDC 1 commitment	SPT 2.2 Outperformance of Uruguay's NDC 1 commitment
	Achieve at least a 50.0% reduction in aggregate GHG emissions intensity by 2025 from the 1990 reference year	Achieve at least a 52.0% reduction in aggregate GHG emissions intensity by 2025 from the 1990 reference year	Maintain 100.0% of the native forest area compared to reference year 2012	Achieve a 3.0% increase of the native forest area compared to reference year 2012
Interest rate step-up:	15 basis points if SPT 1.1 is not achieved		15 basis points if SPT 2.1 is not achieved	
Interest rate step-down:	15 basis points if SPT 1.2 is achieved		15 basis points if SPT 2.2 is achieved	

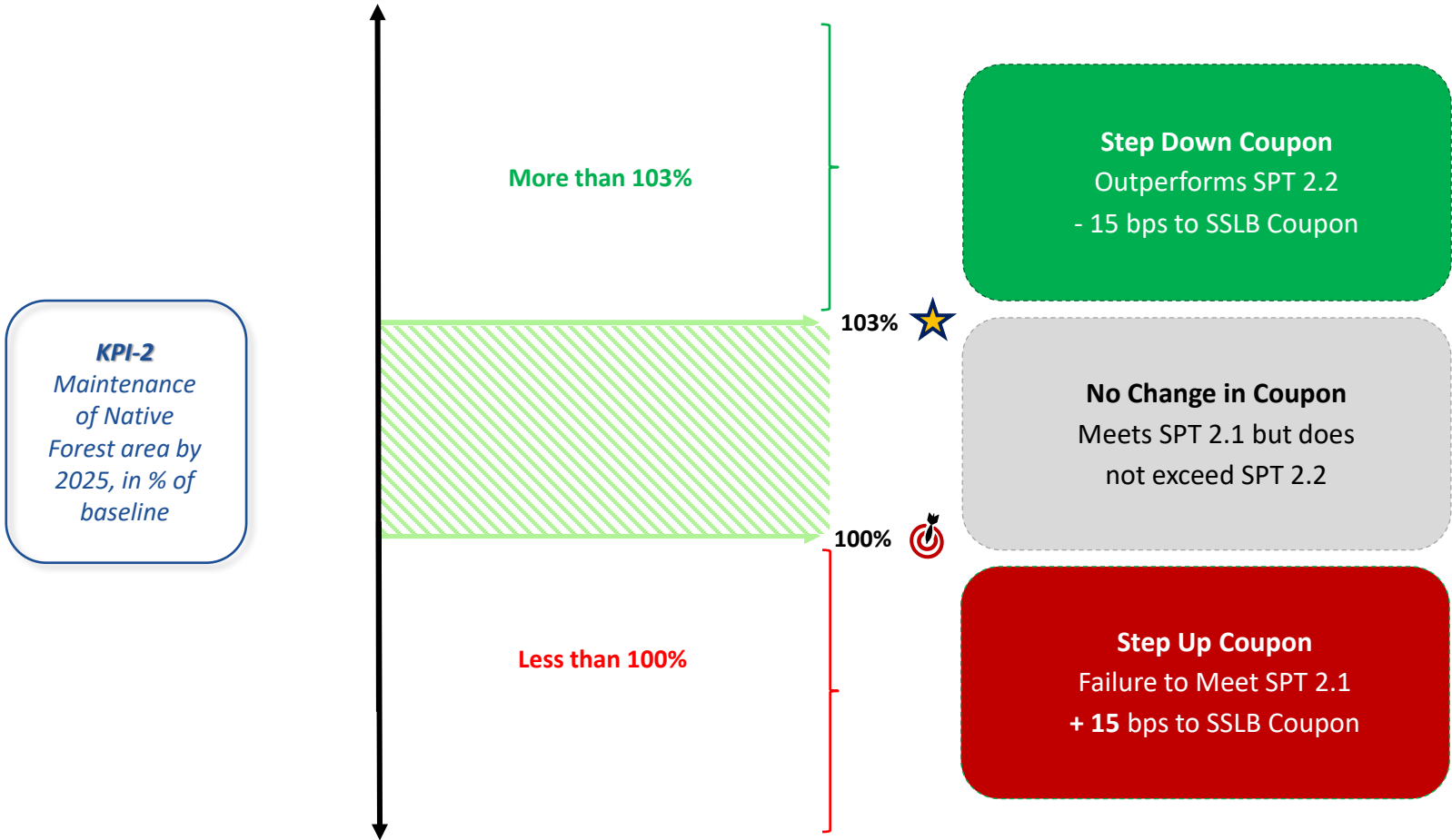
Contingent Payoff Structure that is Incentive Compatible: Step-Up / Neutral / Step-Down Mechanism



KPI-1
Reduction in aggregate gross GHG emissions per real GDP Unit by 2025, with respect to baseline (in %)



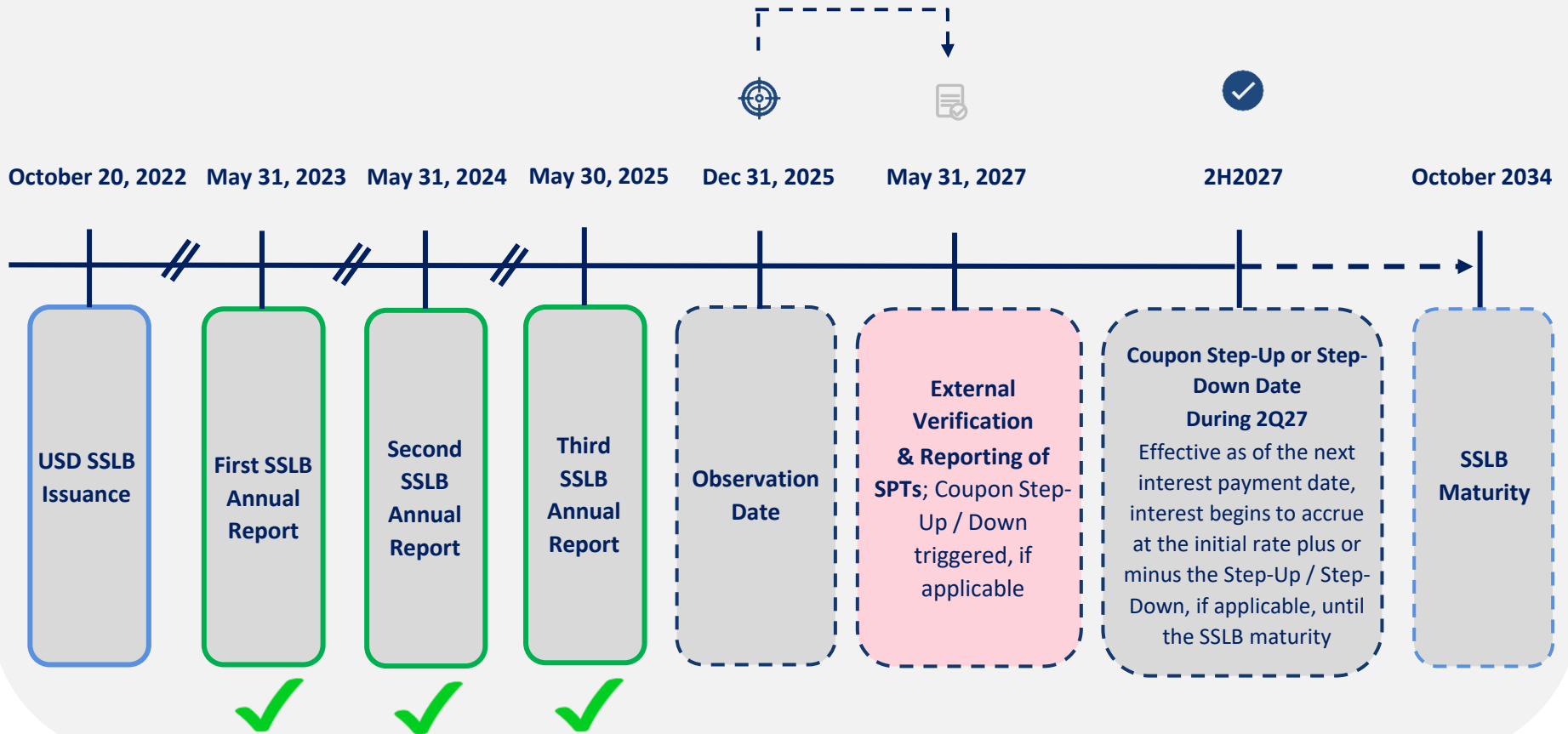
Contingent Payoff Structure that is Incentive Compatible: Step-Up / Neutral / Step-Down Mechanism



The Framework is anchored on a robust, timely and transparent system of reporting and verification



Accelerated timetable versus UNFCCC¹ Framework for Developing Countries



(1) United Nations Framework Convention on Climate Change.

As part of Uruguay’s commitment to deliver ambitious sustainability goals and timelines, on May 30th 2025 the government submitted its third **SSLB Annual Report** and published PNUD’s third **External Verification Report**.









The third annual SSLB Report updates the evolution of the Key Performance Indicator tied to the intensity of Greenhouse Gas emissions (KPI-1), through the year 2023. It also provides quantitative and qualitative information on the Key Performance Indicator tied to the maintenance of native forests (KPI-2, which is reported every four years).

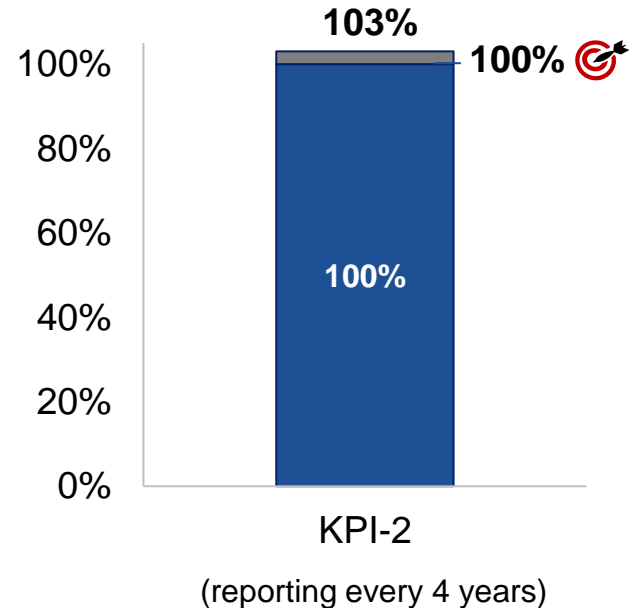
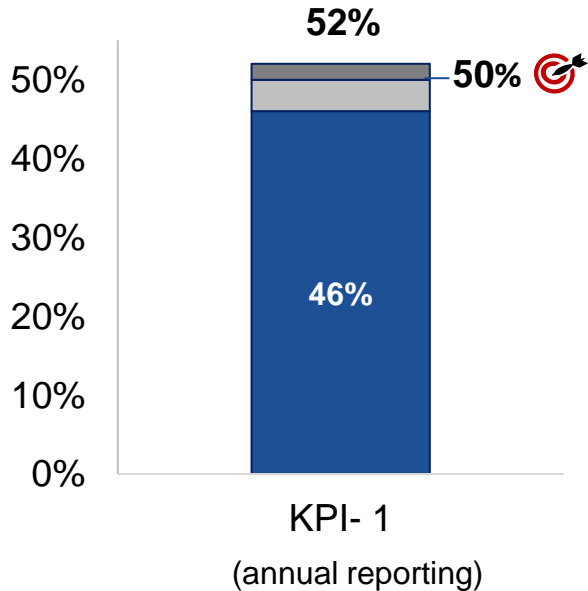


The **External Verification Report** conducted by the United Nations Development Programme (UNDP) concludes that the methodology and calculations applied for both KPIs are adequate, consistent, complete and transparent.



 KPI-1: Reduction of GHG emissions intensity (compared to reference year 1990)		
SPT 1	-50%	
SPT 2	-52%	
Latest value	-46% (Year 2023)	

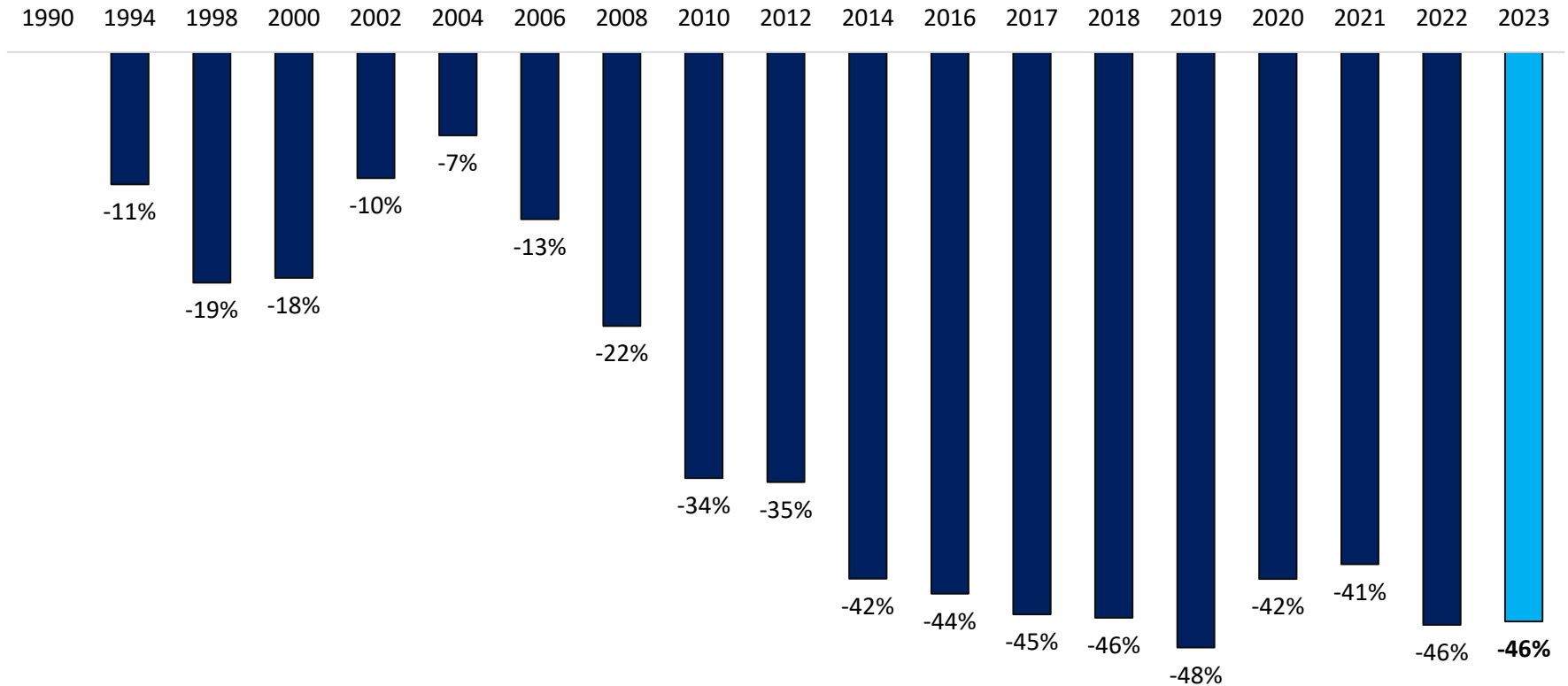
 KPI-2: Maintenance of Native Forest area (compared to reference year 2012)		
SPT 1	100%	
SPT 2	103%	
Latest value	100% (Year 2021)	





Uruguay's aggregate gross GHG emissions per GDP unit

(% change compared to 1990)

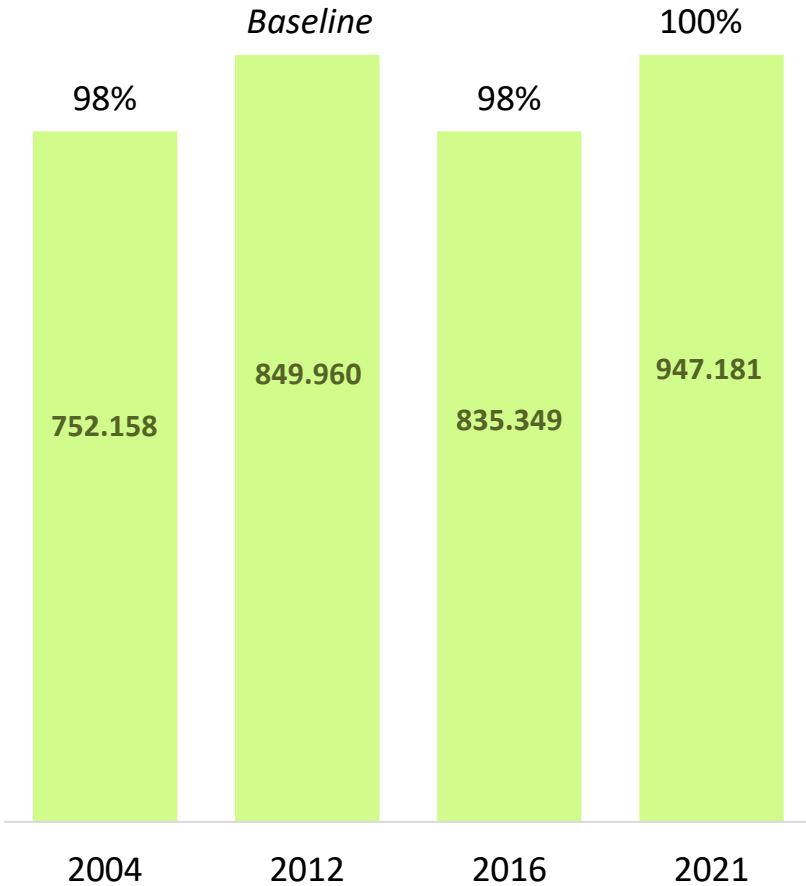


(*) Considers the three global GHGs and the main sectors contributing emissions of each GHG, as set out in the 2017 NDC.
 Expressed in Gg CO₂eq, Metric GWP100 AR5.
 Real GDP measured in billions of pesos in 2016 constant prices.

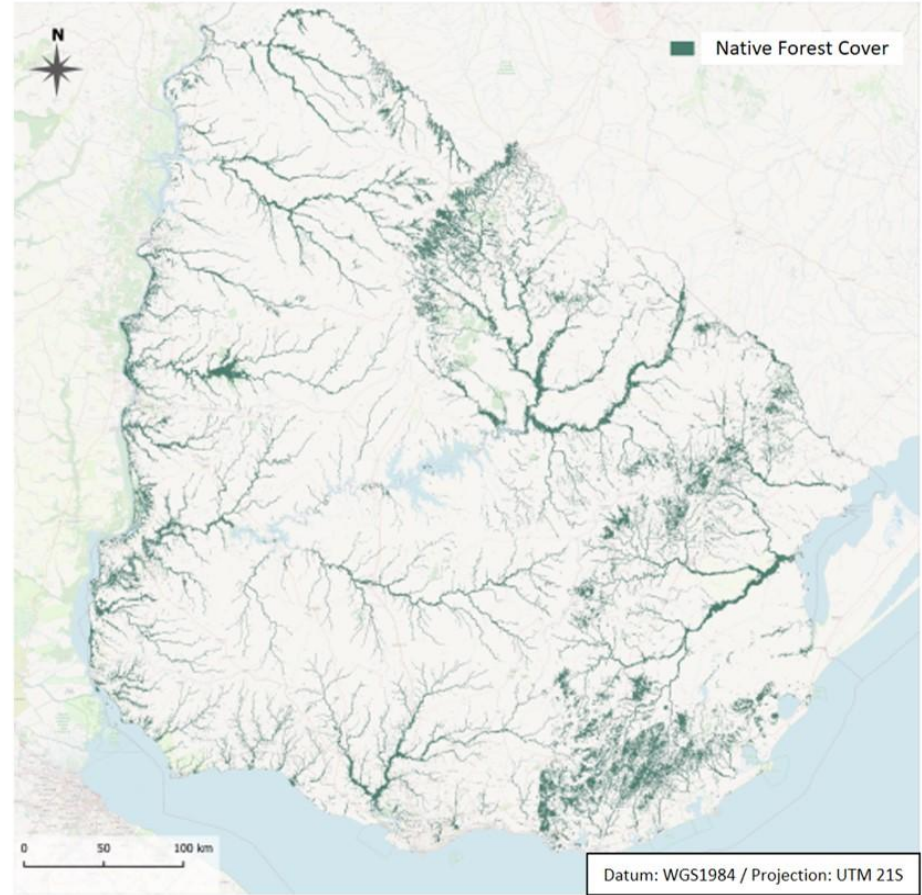
KPI-2: Maintenance of native forest area



Uruguay's Historical Data of Native Forest area
% compared to 2012 Baseline



Uruguay's Native Forest Cartography for 2021
Hectares, 2021



(III) In May 2024, Uruguay disbursed a Sovereign Sustainability Loan (SSL) from the World Bank.



- On May 2024, Uruguay signed the first ever environmental based loan with the World Bank.
- The loan embeds a:
 - **Key Performance Indicator (KPI):** Reducing the intensity of methane emissions of livestock per unit of beef produced
 - **Sustainable Performance Target (SPT):** Goals set for 2025 and 2030 under the Paris Agreement, with increasing ambition.



- **Innovative step down-only interest rate mechanism:** The interest rate will be reduced if Uruguay can lower the intensity of methane emissions from its livestock sector (which is an integral part of our economic fabric), beyond its Paris Agreement commitments. No financial penalty if targets are not met.



Only Positive financial incentives: the loan only has a **step-down mechanism**, reducing the interest rate paid if the country achieves its environmental performance targets. significant **evolution from the current paradigm in some MDBs**, where middle and high-income countries face negative financial incentives, as their borrowing rates for multilateral loans increase as they grow their GDP per capita.



Any potential reduction of the interest charged will be financed through the **repurposed IBRD's Fund for Innovation on Global Public Goods (FIGPG)**. Resources for this Trust Fund should not come only from WB's own balance sheet, but also through donors from advanced economies.



Sequential ambition: Uruguay committed to the achievement of incremental targets on climate and nature indicators.



Ongoing incentives: The assessment of interest buy-down will occur annually throughout the performance period, aiming to incentivize the continuous attainment of KPI targets throughout the loan's maturity.



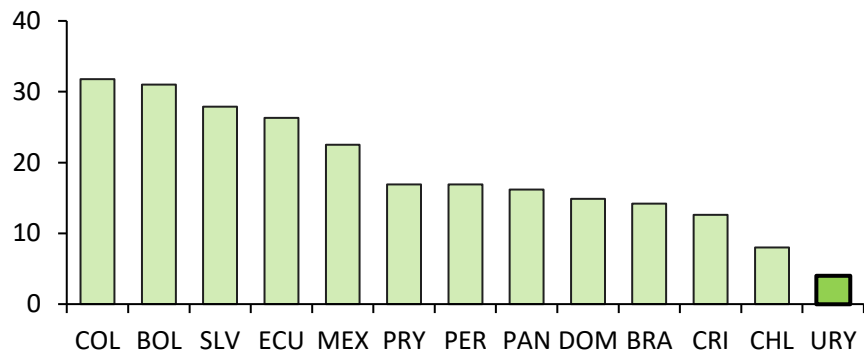
Multilateral collaboration: United Nations Development Program will independently verify the key environmental performance indicators, for enhanced transparency and accountability.

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)

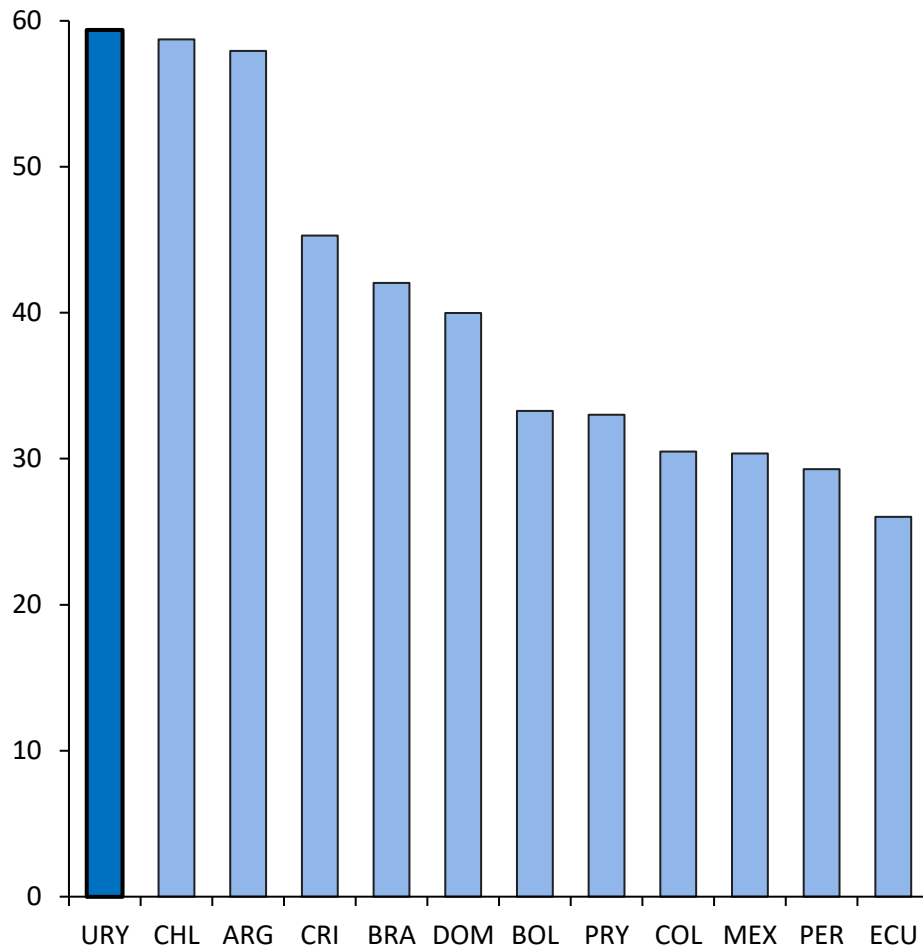
(In % of total population, year 2024)*



(* Except for Bolivia (2023), El Salvador (2023) and Chile (2022). Poverty rate for Argentina is not including because only considers urban areas

Share of middle class people compared to LatAm (3)

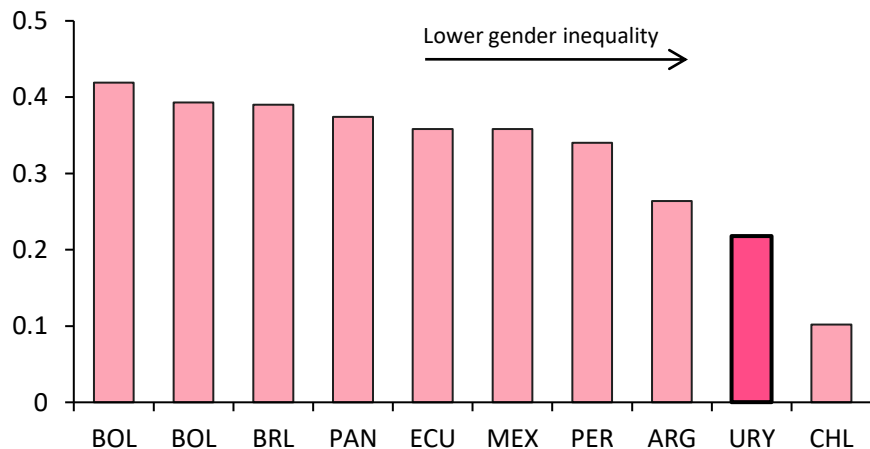
(Year 2023, in % of total population)*



(* Except for Chile (2022), Brazil (2022), Mexico (2022) and Bolivia (2021).

Gender inequality compared to LatAm (2)

(Inequality Index, 2023)



1) Source: ECLAC.

2) Source: United Nations Development Program (UNDP), Human Development Reports 2022; 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.

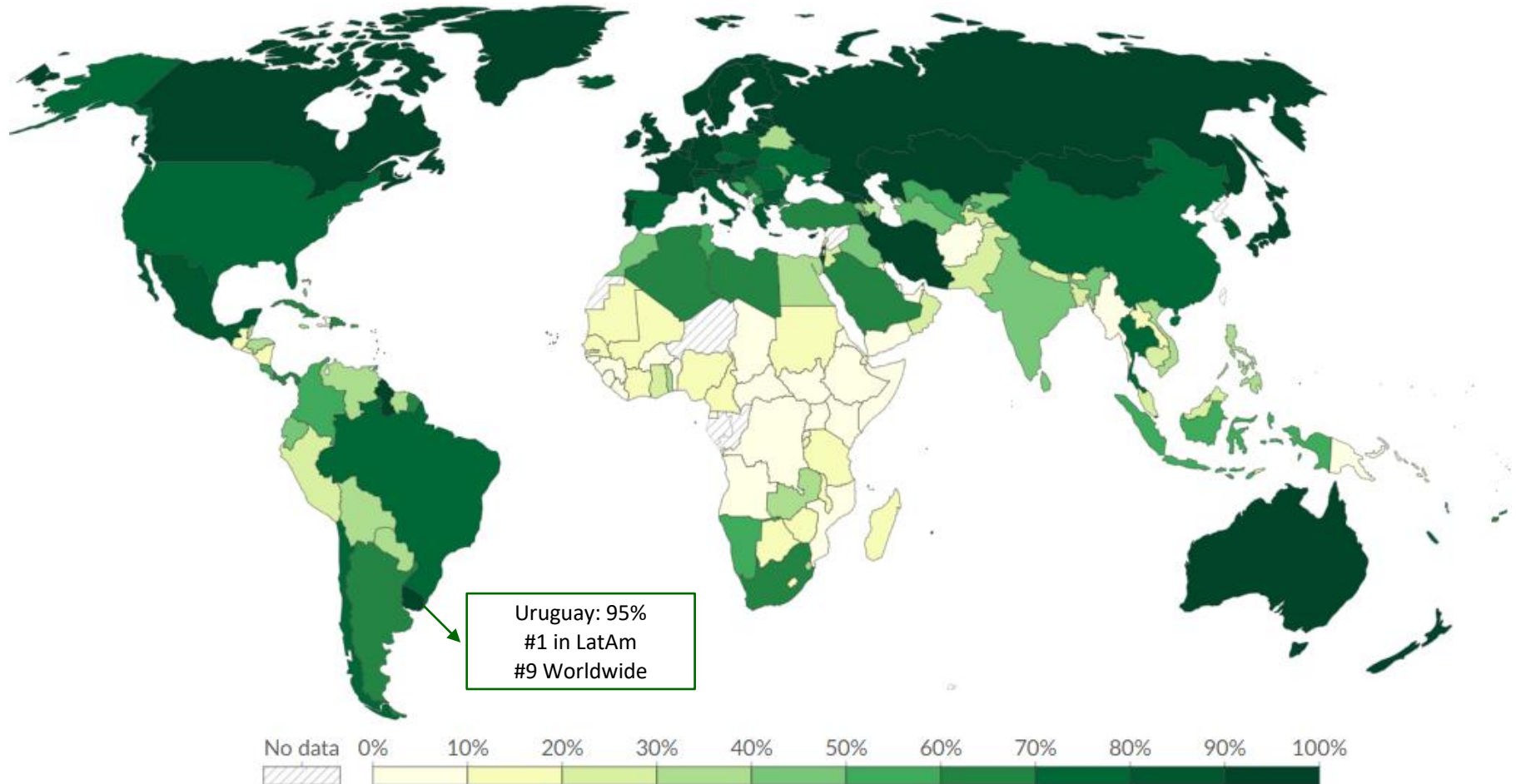
3) Source: Inter-American Development Bank; Middle class defined as percentage of population that lives in households with per capita income between USD 12,4 and USD 62 a day.

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)



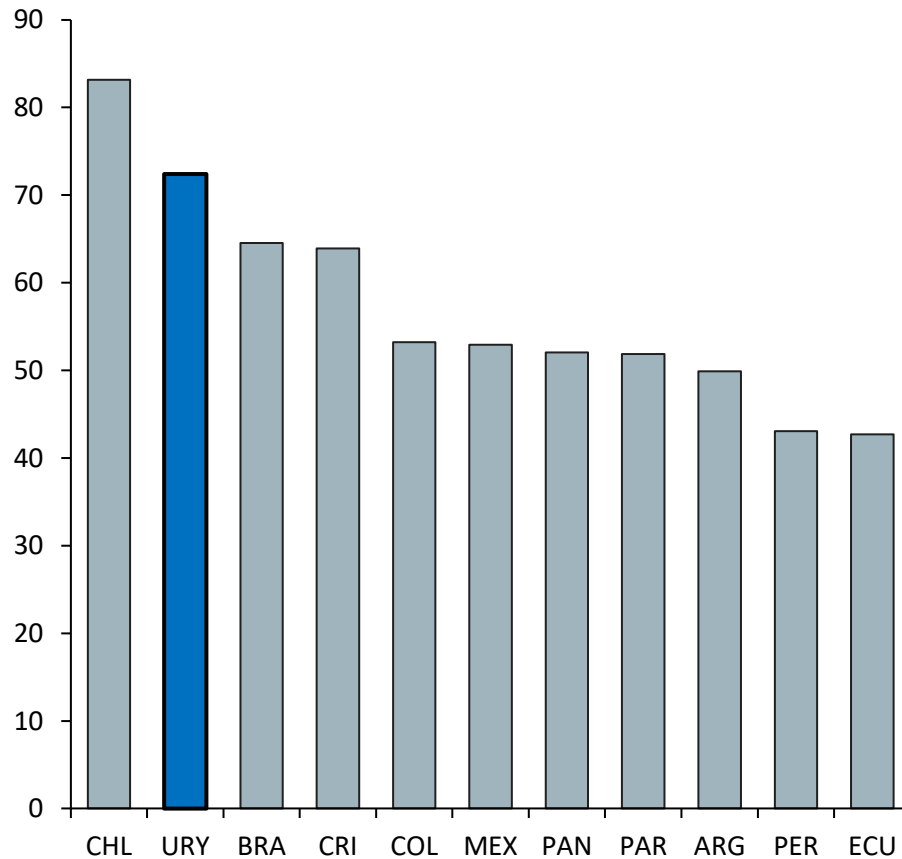
Source: International Labour Organization (ILO), ILOSTAT; The boundaries shown on this map do not imply endorsement or acceptance by the ILO; Last updated on 29 October 2025.
 Proportion of the population covered by at least one social protection cash benefit: ratio of the population receiving cash benefits, 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)

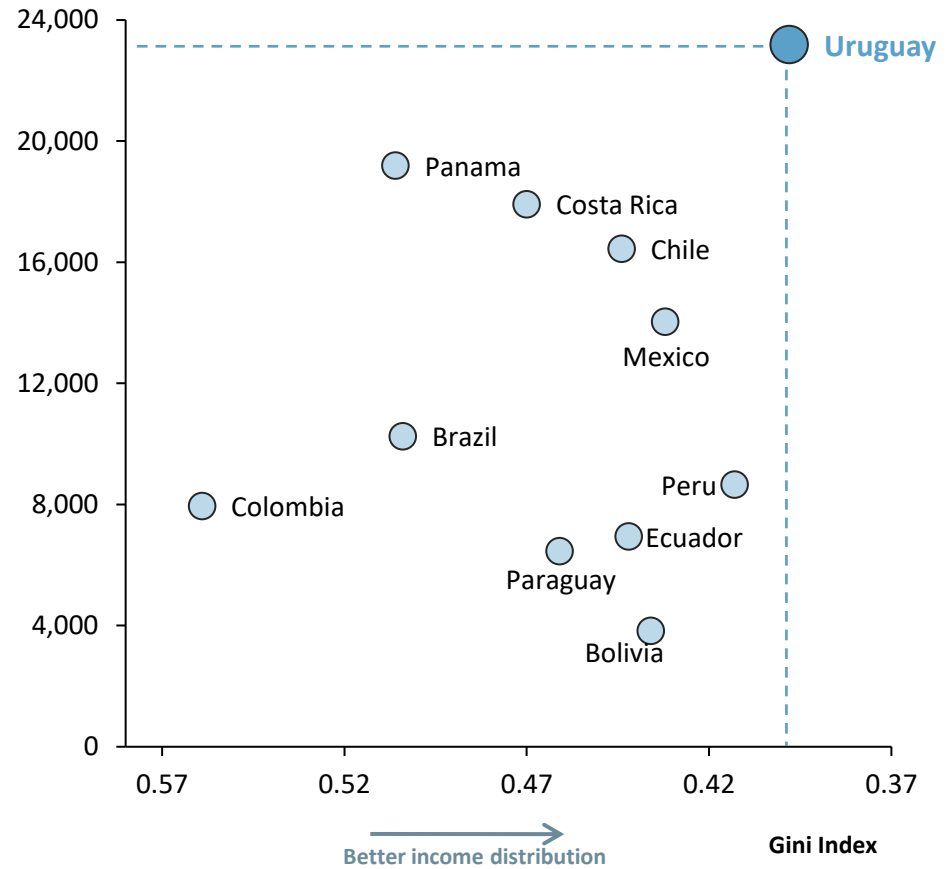
(Formal employment rate, in %, year 2024)*



(* Except for Chile (2025), Costa Rica (2025), Colombia (2025) and Ecuador (2025).

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

(Gini Index year 2024; GDP per capita in nominal US\$ in 2024)



(* Gini Index for Argentina is not including for only considers urban areas. Chile and Mexico Gini index are from 2022, and Bolivia is from 2021.

(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, total data of 2024 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.

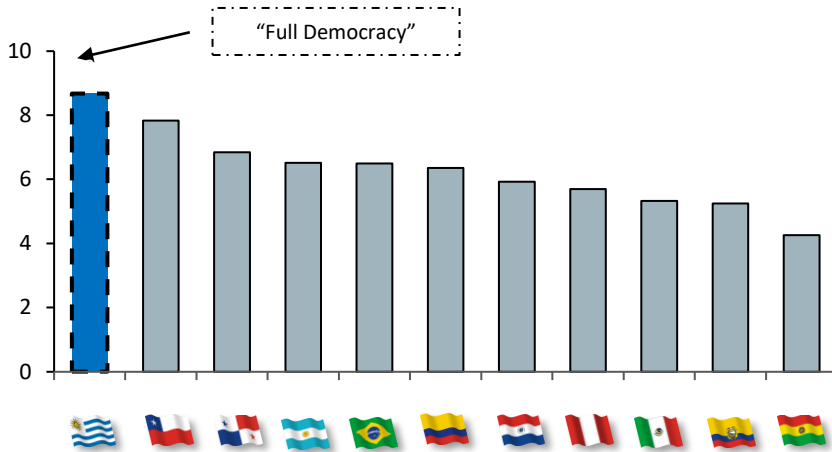
(2) Sources: ECLAC and IMF - WEO October 2025.

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



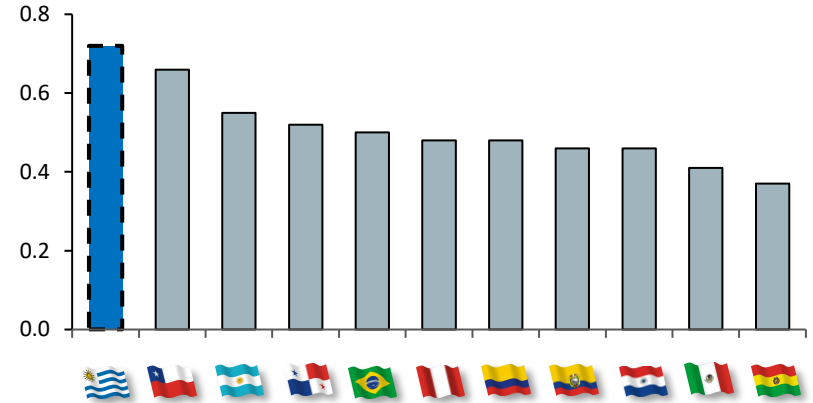
Democracy Index ⁽¹⁾

(Rank)



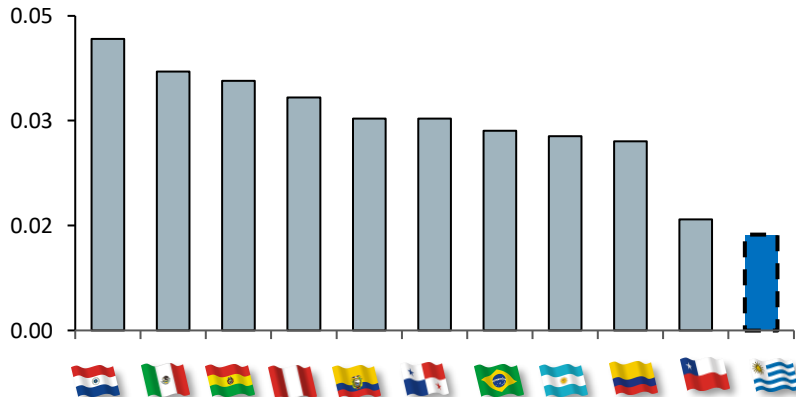
Adherence to the Rule of Law ⁽²⁾

(Numerical score out of 1)



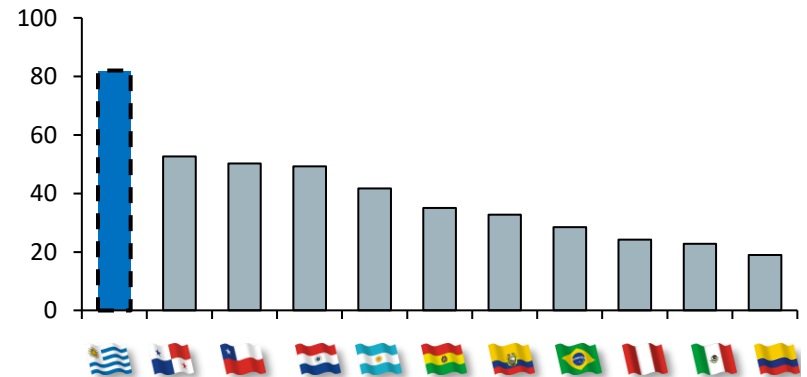
Corruption Perceptions Index ⁽³⁾

(Inverse of the index, which is out of 100)



Political Stability and Absence of Violence/Terrorism ⁽⁴⁾

(Percentile rank)



(1) Source: World Population Review (2025).

(2) Source: World Justice Project (2025).

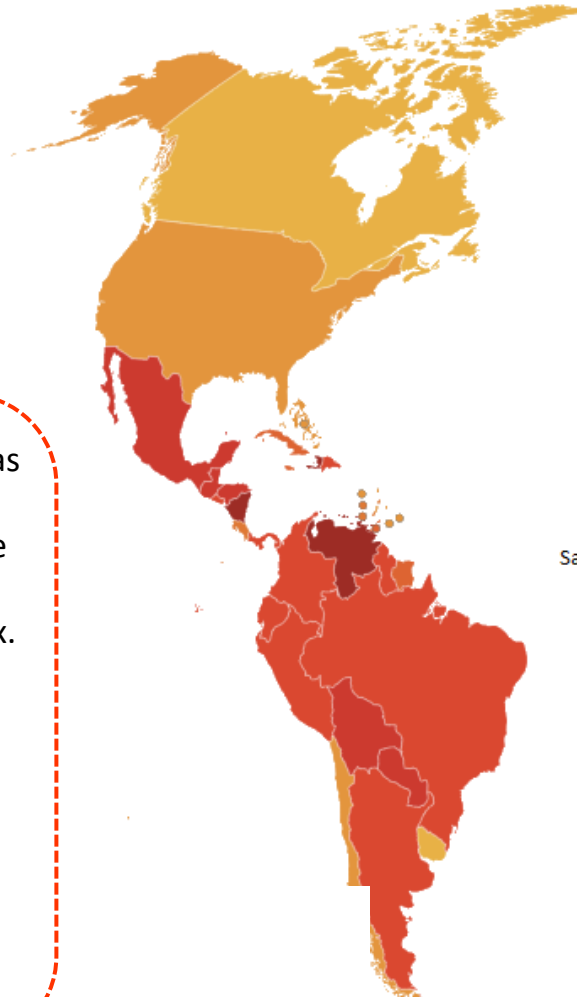
(3) Source: Transparency International (2025). It was calculated as the inverse of the index.

(4) Source: Worldwide Governance Indicators (2023). World Bank.

Uruguay achieved the lowest Corruption Perception in the Americas



CORRUPTION PERCEPTIONS INDEX 2025



With a Score of **73**, Uruguay has significantly **lower** perceived corruption than average of the main regions of the world, ranking 17th in the global index.

WESTERN EUROPE & EUROPEAN UNION

64 /100

AVERAGE SCORE

ASIA PACIFIC

44 /100

AVERAGE SCORE

AMERICAS

42 /100

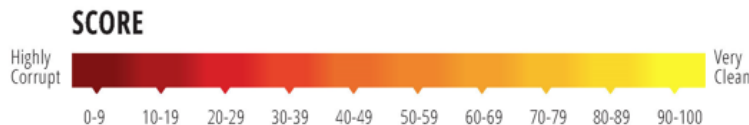
AVERAGE SCORE

ARAB STATES

35 /100

AVERAGE SCORE

COUNTRY/TERRITORY	SCORE	COUNTRY/TERRITORY	SCORE
Canada	75	Colombia	37
Uruguay	73	Dominican Republic	37
Barbados	68	Argentina	36
United States	64	Brasil	35
Bahamas	64	Panama	33
Chile	63	Ecuador	33
Saint Vicent And The Grenadines	63	El Salvador	32
Dominica	60	Peru	30
Saint Lucia	59	Bolivia	28
Costa Rica	56	Mexico	27
Grenada	56	Guatemala	25
Jamaica	44	Paraguay	24
Trinidad And Tobago	41	Honduras	22
Cuba	40	Haiti	16
Guyana	40	Nicaragua	14
Suriname	38	Venezuela	10

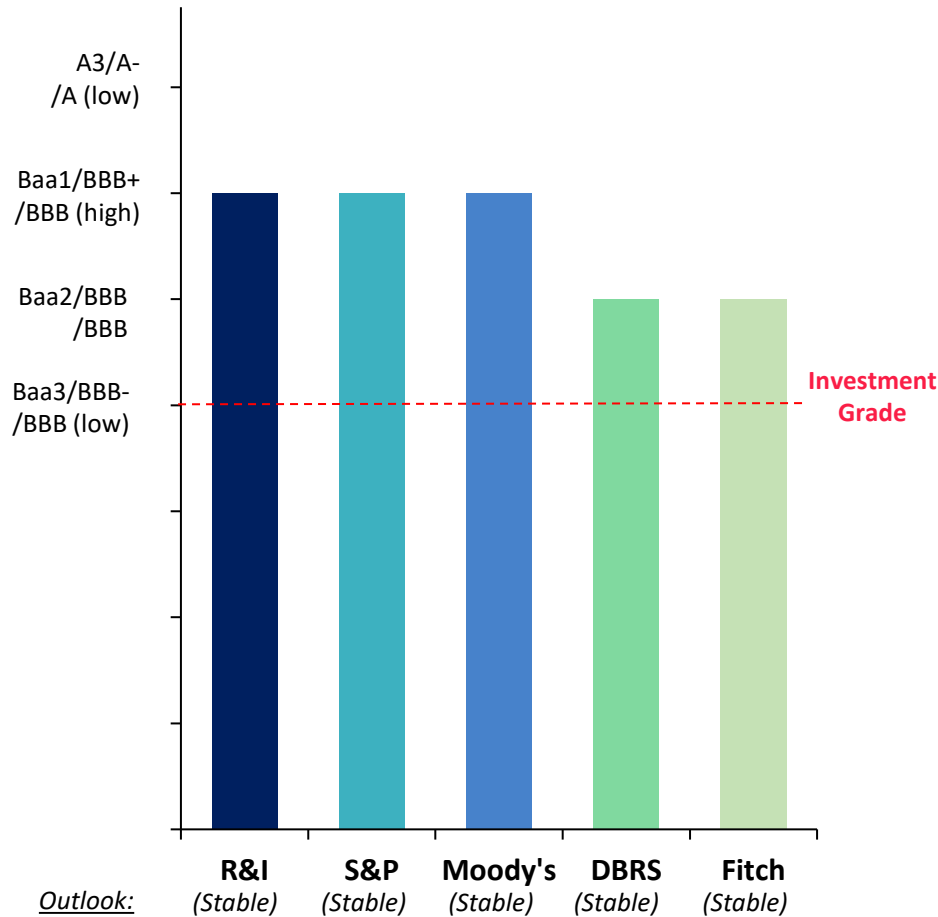


Uruguay's is an investment grade, low-beta country, and has the lowest EMBI in Latam



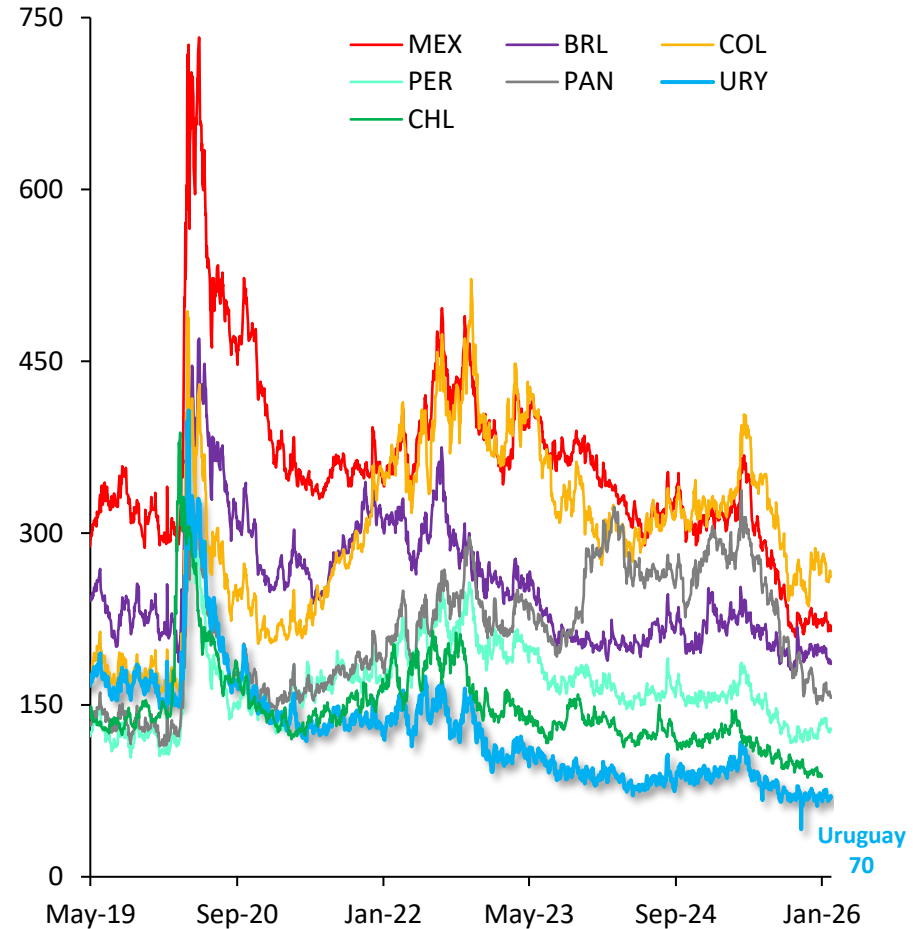
Uruguay's sovereign credit ratings ⁽¹⁾

(As of end-January 2026)



Sovereign risk premia in LATAM ⁽²⁾

(EMBI spread, in bps; as of January 30th, 2026)



1) Source: Moody's, S&P, R&I, DBRS-Morningstar and Fitch. Agency ratings are not a recommendation to buy, sell or hold any security, and they may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating, as each agency has different evaluation criteria. In the case of Moody's, a Baa1 rating is equivalent to BBB+.

2) Source: Bloomberg. Regional and country-specific information is aggregated or reported, as applicable. Each country's information may be calculated differently and aggregated by each source using various methodologies. Accordingly, this comparison is for illustrative purposes only and we do not purport to assert that the above information is actually comparable.