

República Oriental del Uruguay

Uruguay's Sovereign Sustainability-Linked Bond Framework (SSLB / BIICC)

For Sustainability-Linked Bonds Focused on Climate and Nature-Based Targets



Ministerio de Economía y Finanzas

October 2022



1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Bond's Financial Characteristics
4. Reporting
5. Verification
 - 5.1. Ex-ante
 - 5.2. Ex-post

SUSTAINABILITY-
LINKED BOND
FRAMEWORK



1. Selection of Key Performance Indicators



1. Selection of Key Performance Indicators (KPIs)

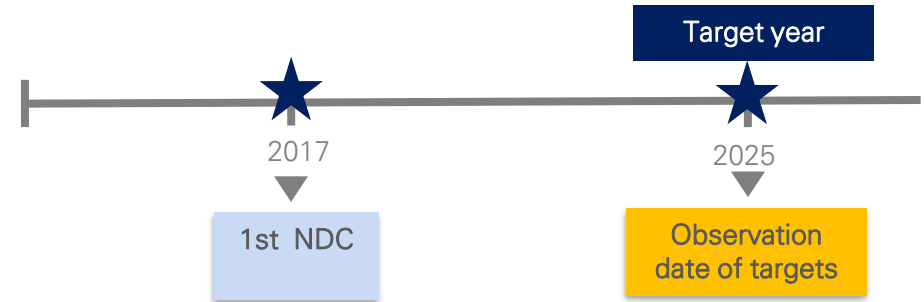
- relevant, core and material to the issuer's overall business, and of high strategic significance to the issuer's current and/ or future operations
- measurable or quantifiable on a consistent methodological basis
- externally verifiable
- able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition



Selection of KPIs

The first NDC presents three types of climate change objectives:

- Economy-wide objectives for aggregate GHG emissions intensity regarding the evolution of the economy;
- Specific objectives for aggregate GHG emission intensity regarding agricultural production; and
- Specific objectives on conservation of natural capital: forestry and land use.



From the first and third category, the KPIs chosen were:

- KPI-1: Reduction of gross aggregate GHG emissions (in CO₂ equivalent) per real GDP unit with respect to reference year 1990 (in %)
- KPI-2: Maintenance of Native Forest area (in hectares) with respect to reference year 2012 (in %)

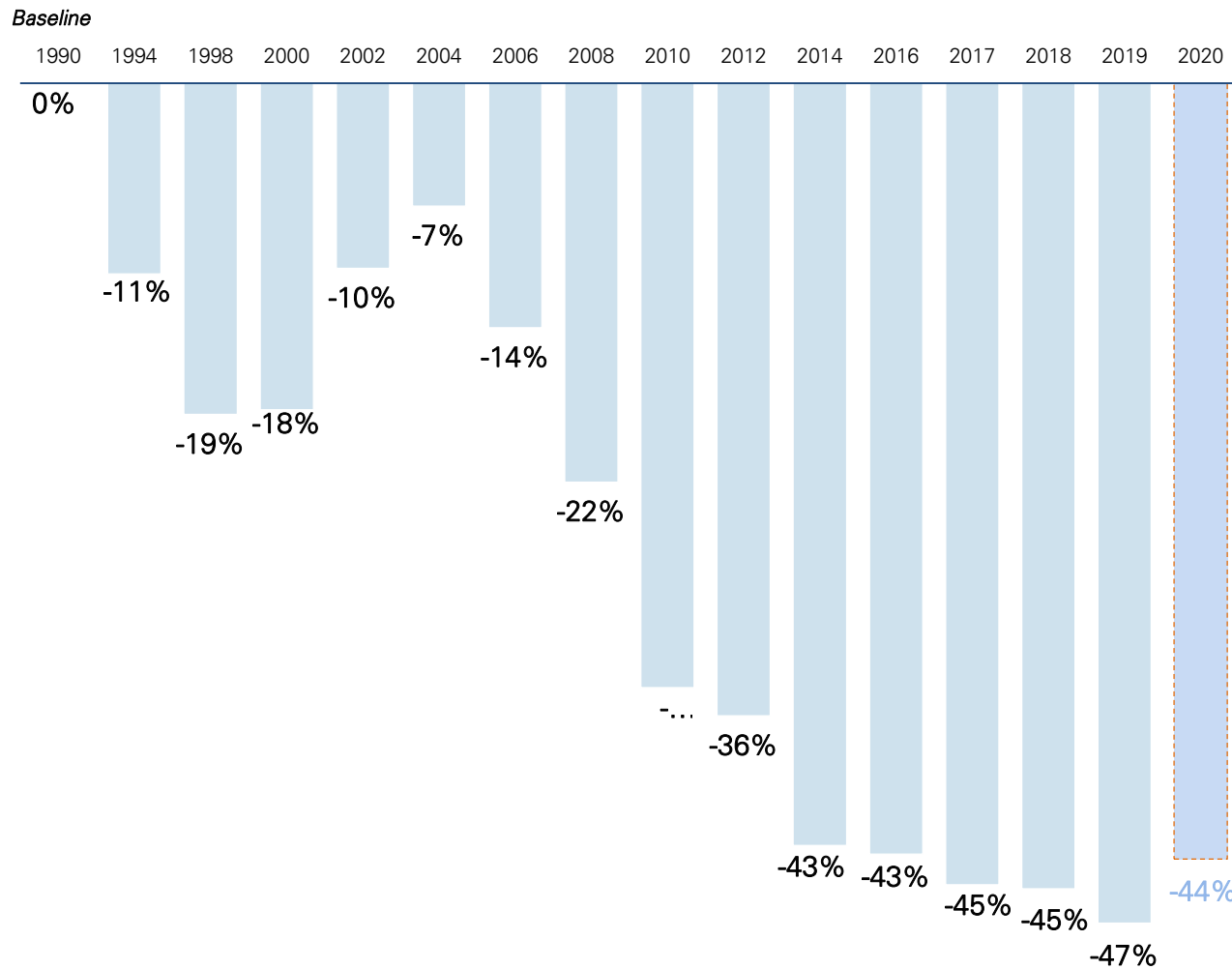


Integrates climate and nature targets aligned with environmental commitments under the Paris Agreement

KPI-1: Reduction of gross aggregate GHG emissions (in CO₂ equivalent) per real GDP unit with respect to reference year (in %)



Uruguay's historical evolution of aggregate gross GHG emissions per GDP unit, % change compared to 1990^{1,2}



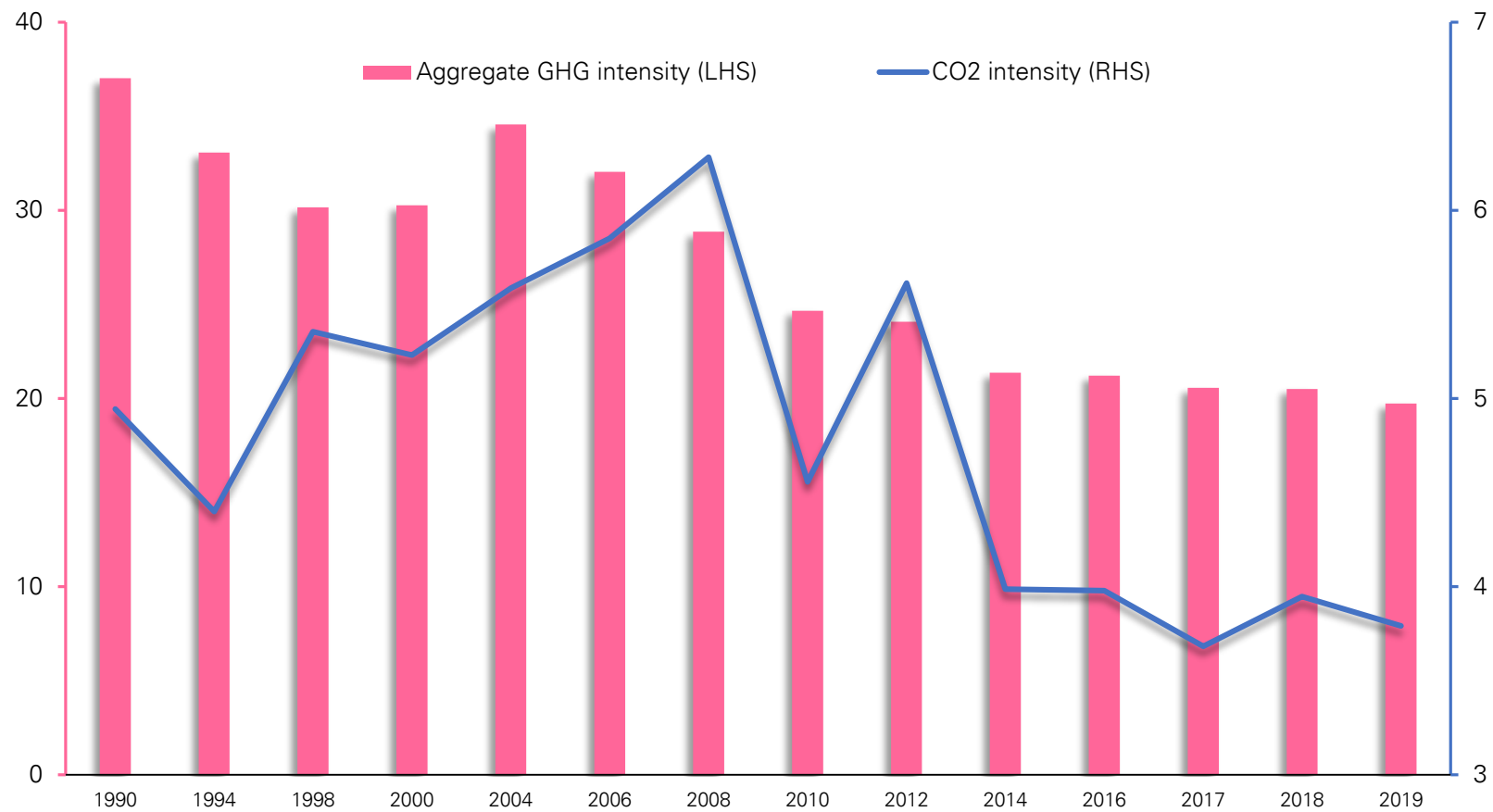
Note: Use the Global Warming Potential 100 AR5 metric (where "100" stands for "100 years"). This metric involves multiplying the absolute emissions in Gg of each of the non-CO₂ GHG by a constant parameter, and then adding them up together with absolute CO₂ emissions. These parameters are called GWP factors and represent the heat-trapping ability of each GHG relative to that of CO₂ over a 100-year timeframe **(1)** GHG expressed in Gg of CO₂ eq (Mt), Metric GWP100 AR5. Considers the three global GHGs and the main sectors contributing emissions of each GHG as set out in the 2017 NDC. **(2)** Data for years 1990 to 2019 are based on official NGHGI publication. Data for 2020 are projections as of April 2022, based on projected and actual real GDP growth. 2025 figures are targets **(3)** according to NGHGI 2019 Source: 2019 NGHGI

Uruguay has seen significant reduction in the intensity of emissions throughout its economy



Evolution of Uruguay's gross GHG emissions as a share of real GDP; Period 1990-2019¹

Over the last decade and a half, the carbon intensity of the economy has been cut almost in half, even decreasing absolute emissions in some key activities, such as electricity generation



¹ "Aggregate GHG" refers to the three main GHGs and all sectors contributing emissions of each GHG, except for Land Use and Land Use Change and Forestry (LULUCF) in gross emissions. Gross Emissions refers to the fact that it does not account for CO2 removal by carbon sinks. Expressed in Gg (1000 metric tons) of CO₂eq, metric GWP100 AR5. Real GDP measured in billions of pesos in 2016 constant prices. Years with official NGHGI publication. Source: 2019 National Green House Gas Inventory (NGHGI), Central Bank of Uruguay and Ministry of Economy and Finance. Data corresponds to years with official National Greenhouse Gas Inventory (NGHGI) publication.

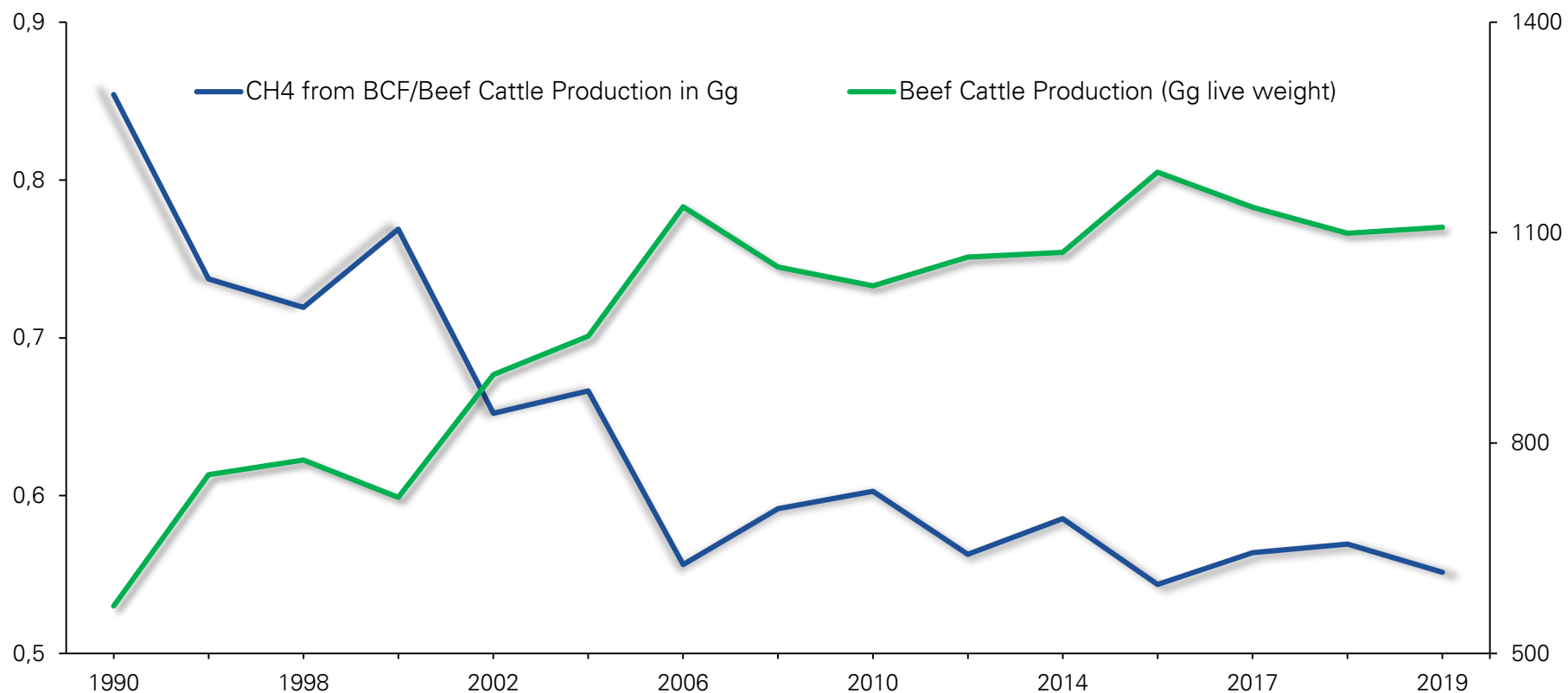
Significant improvement in the climate efficiency of livestock and cattle production



Evolution of beef cattle production and Methane emissions (CH₄) per unit of cattle beef produced; Period 1990-2019 ¹

Over the last 30 years, Uruguay has significantly reduced the intensity of methane emissions in beef production.

- Since 2010, the implementation of the climate-smart agricultural policies has sought the adoption of technologies for forage management in the phases of:
 - ✓ Cattle breeding and raising (based on natural grasslands feeding)
 - ✓ Cattle management measures, which improve the efficiency of beef production and prevent carbon losses from soils.
- As a result, the increase in productivity has been achieved with virtual stabilization of total emissions in this sector.



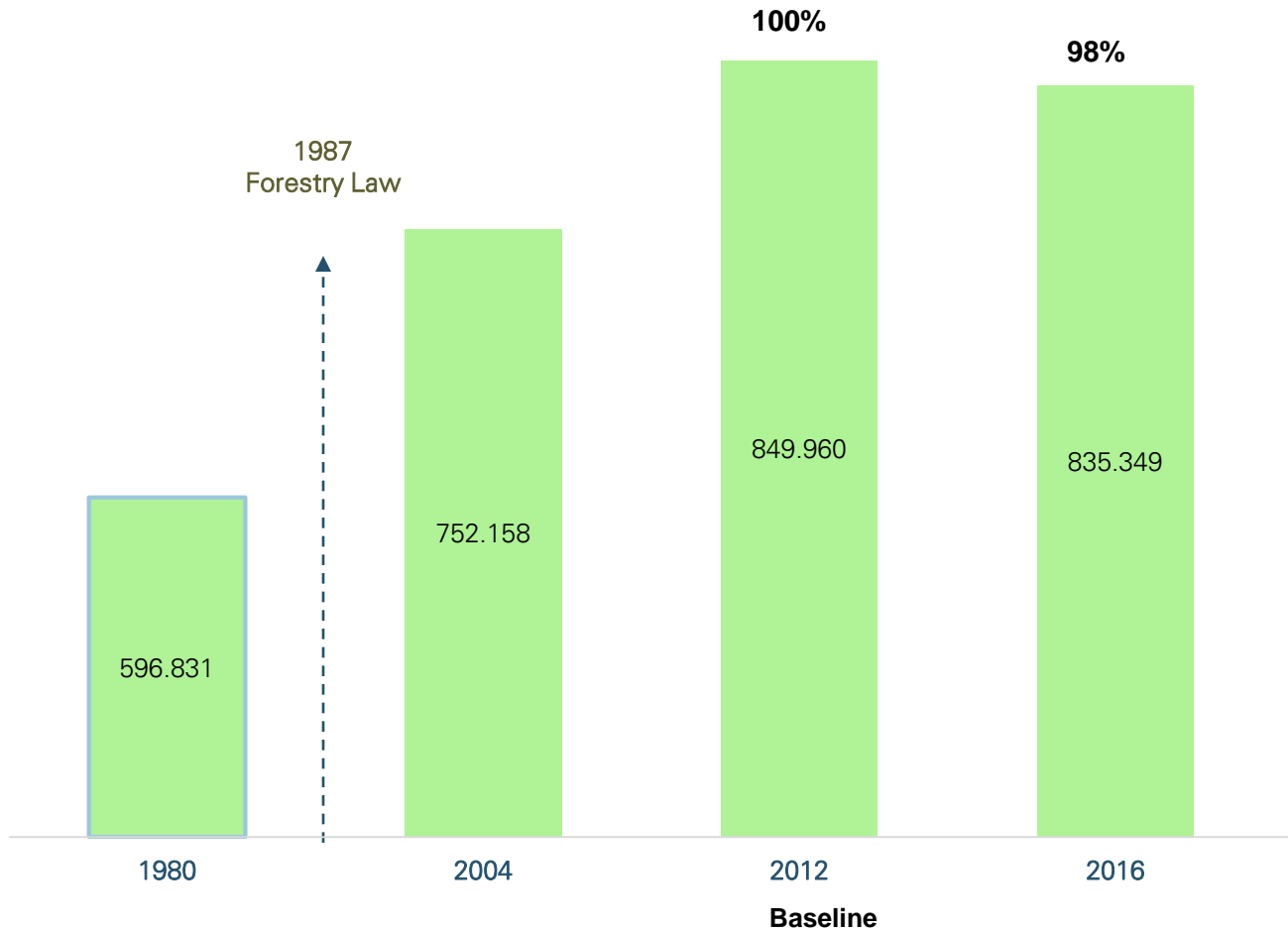
¹CH₄ emissions intensity from beef production (LHS) is calculated as CH₄ emissions (Gg) from beef production as a share of beef production in Gg live weight.
Years with official NGHGI publication.
Source: NGHGI and Ministry of Livestock, Agriculture and Fisheries.

KPI-2: Maintenance of Native Forest area (in hectares) with respect to reference year 2012 (in %)



Uruguay's historical evolution of Native Forest Area

(in hectares)



Afforestation trend diverges strongly from most regional countries. Uruguay's current situation must therefore be viewed in this context, as similar pressures that have led to deforestation regionally exist within Uruguay, and ongoing and additional actions must be taken to preserve or further grow the country's forests.



2. Calibration of Sustainability Performance Targets (SPTs)



1. Selection of Key Performance Indicators (KPIs)

2. Calibration of Sustainability Performance Targets (SPTs)

- represent a material improvement in the respective KPIs and be beyond a “Business as Usual” trajectory
- where possible be compared to a benchmark or an external reference
- be consistent with the issuers’ overall strategic sustainability / ESG strategy
- be determined on a predefined timeline, set before (or concurrently with) the issuance of the bond.

SPTs for KPI-1



SPT 1.1

NDC commitment

Achieve at least a **50% reduction** of gross aggregate GHG emissions intensity by 2025, with respect to 1990



SPT 1.2

Outperform NDC commitment

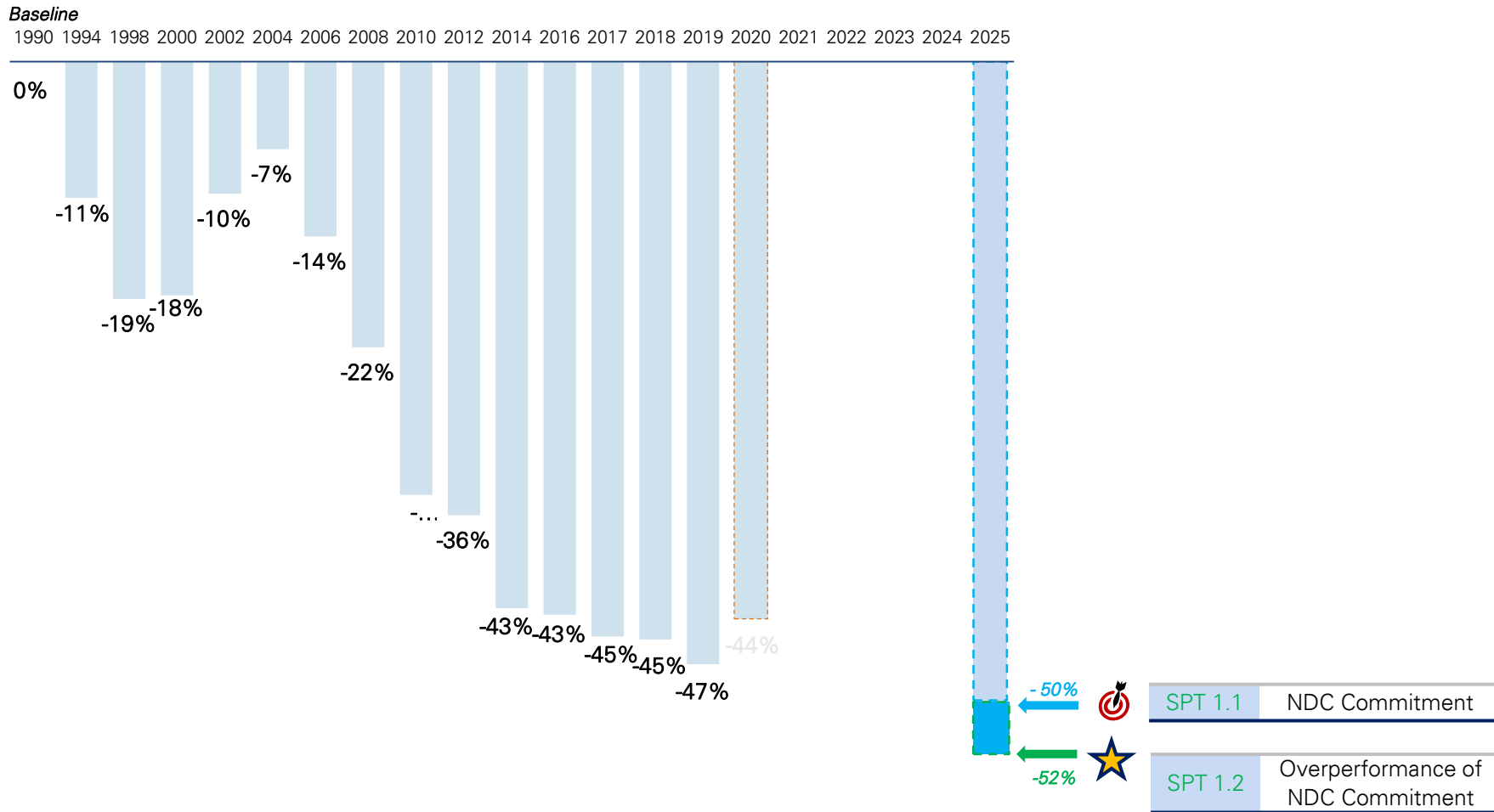
Achieve **more than a 52% reduction** of gross aggregate GHG emissions intensity by 2025, with respect to 1990





A material effort is required to achieve SPT 1.1 and SPT 1.2

Uruguay's historical and target aggregate gross GHG emissions per GDP unit, % change compared to 1990^{1,2}



Note: Use the Global Warming Potential 100 AR5 metric (where "100" stands for "100 years"). This metric involves multiplying the absolute emissions in Gg of each of the non-CO₂ GHG by a constant parameter, and then adding them up together with absolute CO₂ emissions. These parameters are called GWP factors and represent the heat-trapping ability of each GHG relative to that of CO₂ over a 100-year timeframe **(1)** GHG expressed in Gg of CO₂ eq (Mt), Metric GWP100 AR5. Considers the three global GHGs and the main sectors contributing emissions of each GHG as set out in the 2017 NDC. **(2)** Data for years 1990 to 2019 are based on official NGHGI publication. Data for 2020 are projections as of April 2022, based on projected and actual real GDP growth. 2025 figures are targets **(3)** according to NGHGI 2019 Source: 2019 NGHGI

SPT 1.1 for KPI-1



Common metrics assessed by the IPCC	NGHGI sectors	Non-binding interpretation of 2025 mitigation objectives	
		Intensity reduction of emissions from base year 1990	
		Unconditional	Conditional on additional specific means of implementation
AR2 GWP ₁₀₀	Energy, including Transport; Agriculture, including Cattle Raising; Waste; and Industrial Processes	49% reduction in CO ₂ equivalent GHG emissions intensity regarding GDP	52% reduction in CO ₂ equivalent GHG emissions intensity regarding GDP
AR5 GTP ₁₀₀	Energy, including Transport; Agriculture, including Cattle Raising; Waste; and Industrial Processes	43% reduction in CO ₂ equivalent GHG emissions intensity regarding GDP	47% reduction in CO ₂ equivalent GHG emissions intensity regarding GDP

(Land Use, Land-Use Change and Forestry Sector are not considered)

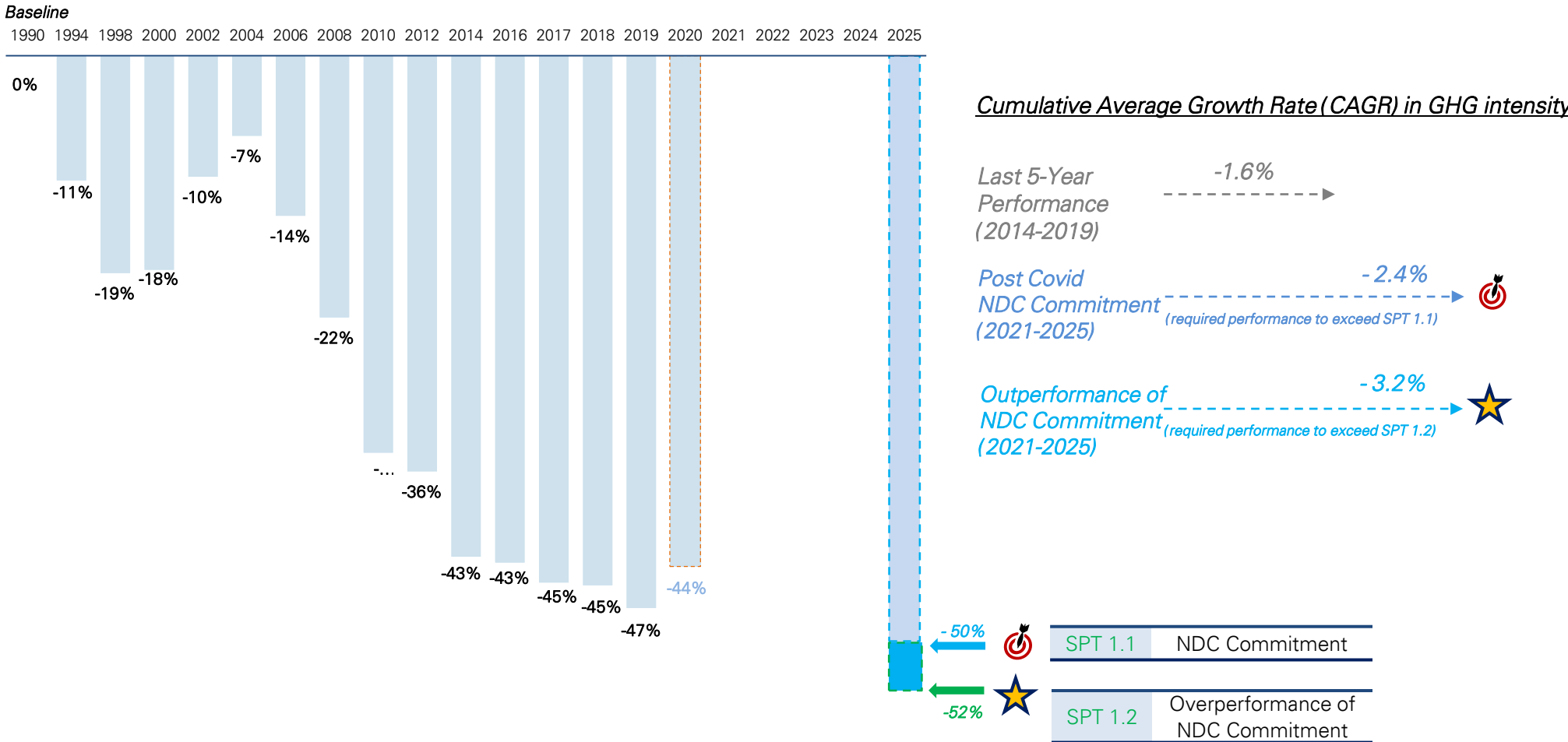
The target value presented in Uruguay's first NDC for this indicator was a reduction of **49 percent** compared to 1990. The value was set using the GWP100 AR2 metric, which was the one applied and accepted by the Intergovernmental Panel on Climate Change back in 2017.

Since then, the international standard has evolved, and the target value presented for the purpose of this SPT (a more stringent reduction of **50 percent**) corresponds to the mathematical equivalent in AR5 of the one originally presented in AR2 terms.

Achieving the SPTs by 2025 will require accelerating the rate of reduction compared to recent years



Uruguay's historical and target aggregate gross GHG emissions per GDP unit, % change compared to 1990^{1,2}



2 percentage points outperformance of Uruguay's NDC Commitment equates to a reduction of 1,475.01 Gg in CO₂eq (equivalent to 52.68 Gg of CH₄ or 5.57 Gg of N₂O)

Note: Use the Global Warming Potential 100 AR5 metric (where "100" stands for "100 years"). This metric involves multiplying the absolute emissions in Gg of each of the non-CO₂ GHG by a constant parameter, and then adding them up together with absolute CO₂ emissions. These parameters are called GWP factors and represent the heat-trapping ability of each GHG relative to that of CO₂ over a 100-year timeframe (1) GHG expressed in Gg of CO₂ eq (Mt), Metric GWP100 AR5. Considers the three global GHGs and the main sectors contributing emissions of each GHG as set out in the 2017 NDC. (2) Data for years 1990 to 2019 are based on official NGHGI publication. Data for 2020 are projections as of April 2022, based on projected and actual real GDP growth. 2025 figures are targets (3) according to NGHGI 2019 Source: 2019 NGHGI

SPTs for KPI-2



SPT 2.1

NDC commitment

Maintenance of 100% of Native Forest area with respect to 2012, by 2025



SPT 2.2

Outperform NDC commitment

Achieve a 103% of Native Forest area with respect to 2012, by 2025



SPT 2.1 for KPI-2

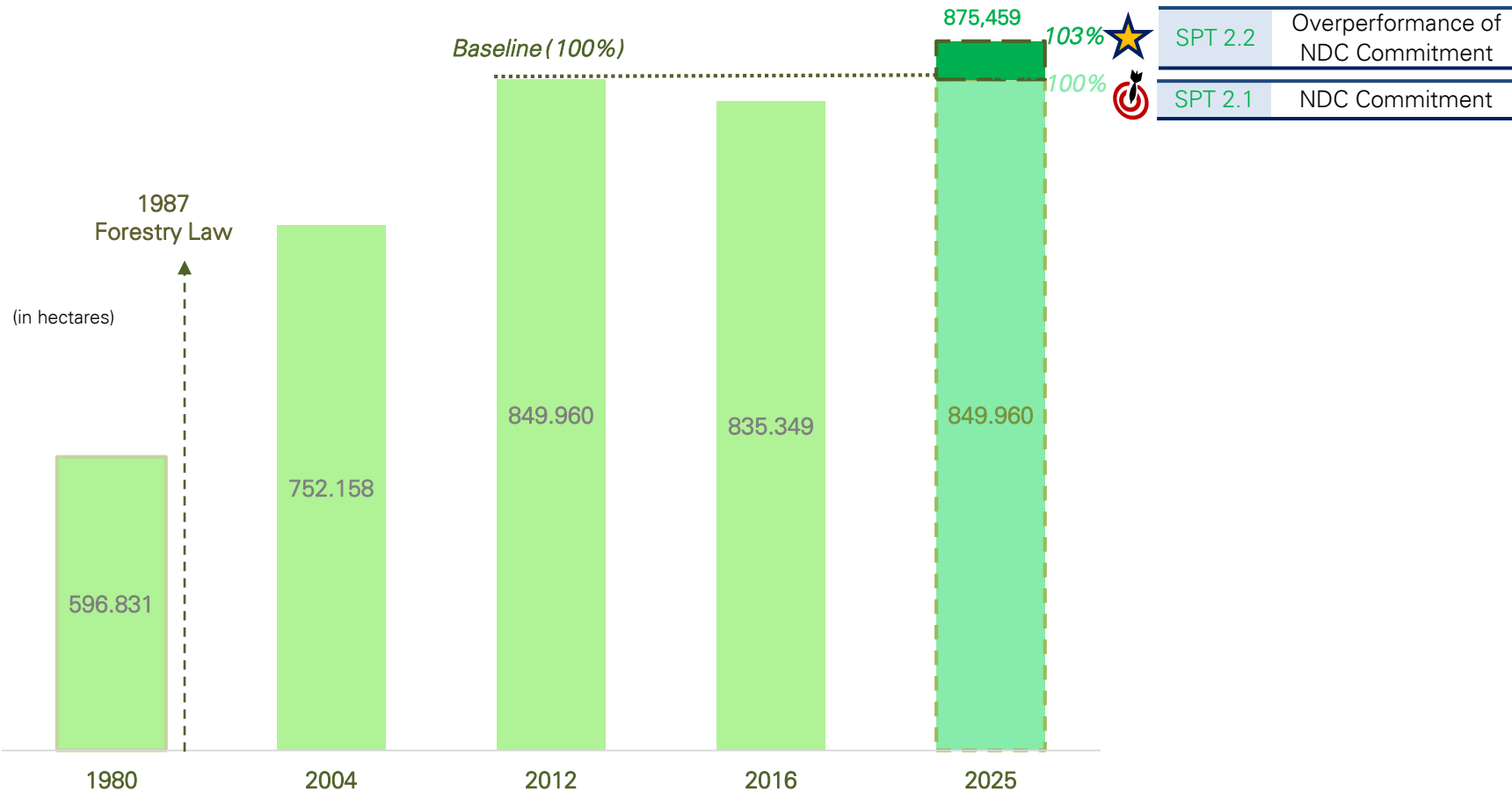


GHG	Carbon pools/ Land use categories	2025 Mitigation Objectives	
		Conservation of stocks	
		Unconditional	Conditional on additional specific means of implementation
CO ₂	Living Biomass in Forest Lands	Maintenance of 100% of the native forest area of year 2012 (849.960 ha)	5% increase in the native forest area of year 2012 (892.458 ha)
		At least maintenance of 100% of the amount of forest plantations effective area under management of year 2015 (763.070 ha)	---
		Maintenance of 100% of the shade and shelter forest plantations area of year 2012 (77.790 ha)	25% increase in the shade and shelter forest plantations area of year 2012, including silvopastoral systems (97.338 ha)
	Soil Organic Carbon (SOC) in Grasslands, Peatlands and Croplands	Avoid CO ₂ emissions from SOC in 10% of the grasslands area (1.000.000 ha)	Avoid CO ₂ emissions from SOC in 30% of the grasslands area (3.000.000 ha)
		Avoid CO ₂ emissions from SOC in 50% of the peatlands area of year 2016 (4.183 ha)	Avoid CO ₂ emissions from SOC in 100% of the peatlands area of year 2016 (8.366 ha)
		Avoid CO ₂ emissions from SOC in 75% of the cropland area under Plans of Soil Use and Management of year 2016 (1.147.000 ha), as well as CO ₂ sequestration in the remaining 25% of the area (383.000 ha)	---

Uruguay is a country with almost no net deforestation of its native forest, a rare attribute among developing countries



Uruguay's historical and target Native Forest Area



Afforestation trend diverges strongly from most regional countries. Uruguay's current situation must therefore be viewed in this context, as similar pressures that have led to deforestation regionally exist within Uruguay, and ongoing and additional actions must be taken to preserve or further grow the country's forests.

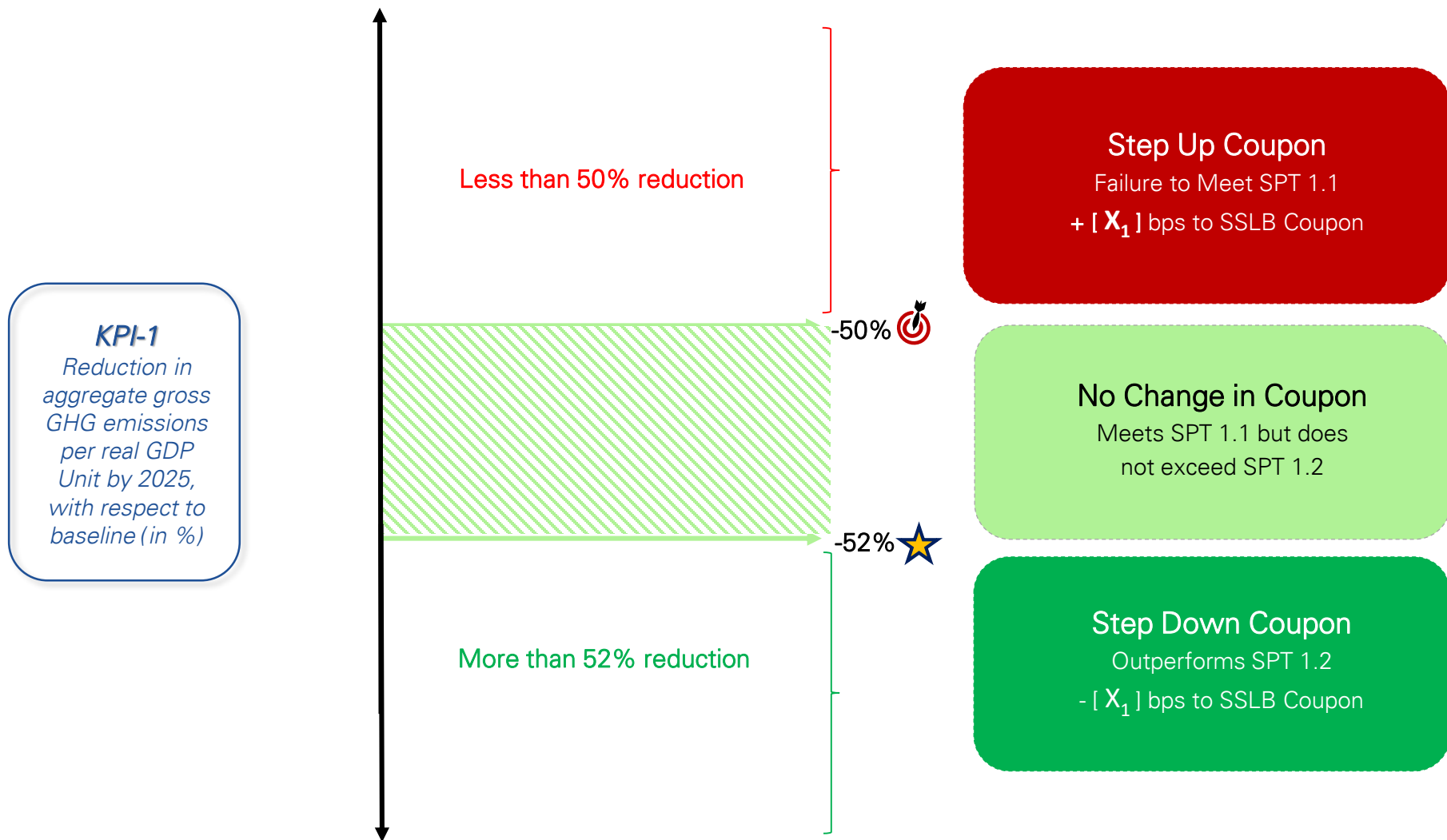


3. Bond Characteristics



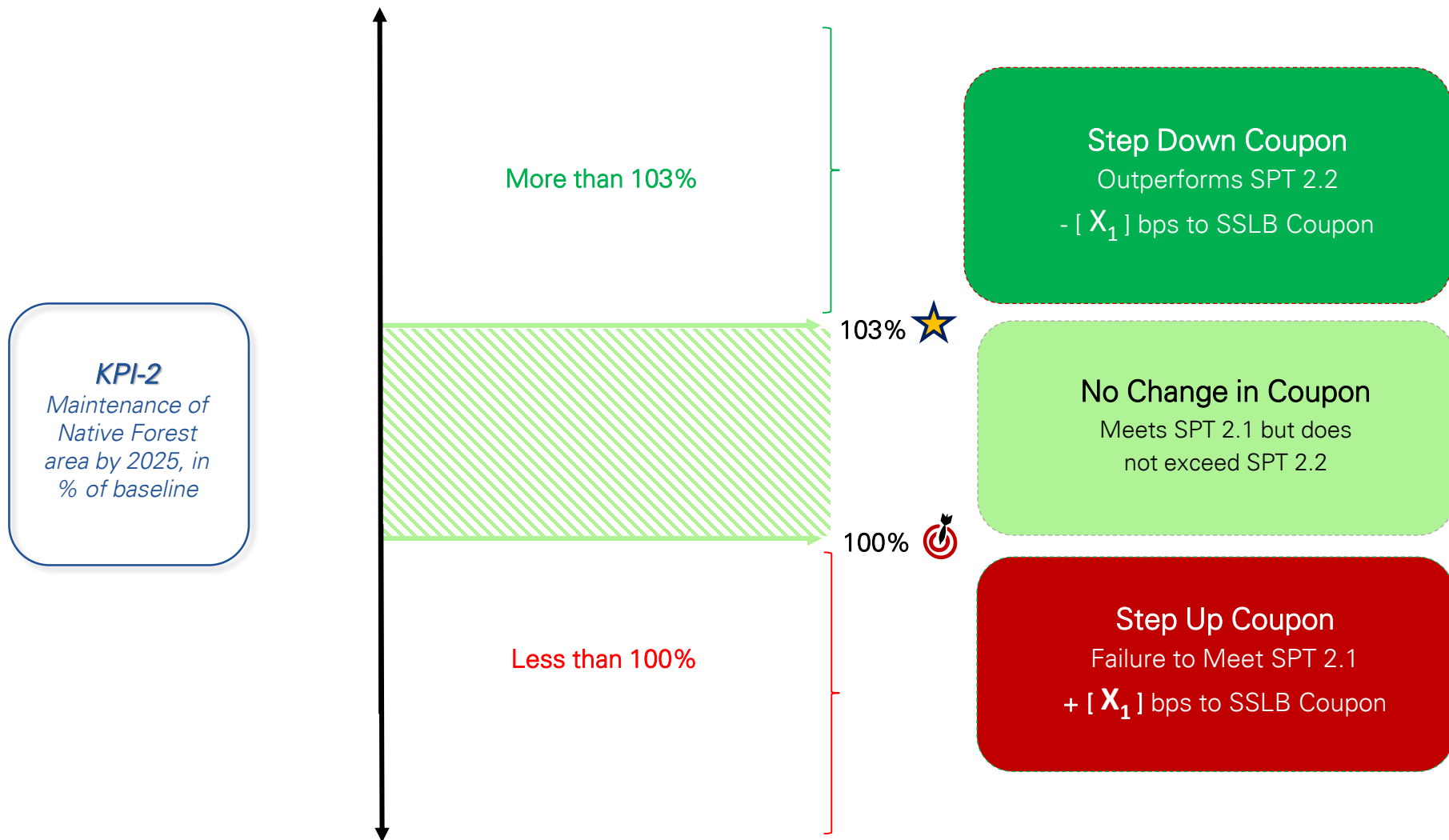
-
1. Selection of Key Performance Indicators (KPIs)
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 - 3. Bond's Financial Characteristics**
 - Financial and/or structural characteristics may vary depending on whether or not the issuer meets certain predefined ESG or sustainability goals.

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



For the purpose of the calculation of the KPI value, and its assessment compared to SPTs, the result of the formula is rounded up or down to the nearest integer, consistent with the way the numerical goals were set under Uruguay's 2017 NDC

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



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Summary of possible coupon changing outcomes for new SSLB



The financial characteristics of the sustainability-linked instruments issued under this Framework will be individually linked to each of the KPIs. In other words, the effects of satisfying, or failing to satisfy, their respective SPT are independent of each other.

For each KPI:

- A one-time **coupon step-up** of *X1 bps* will occur if Uruguay fails to achieve its NDC commitment (SPTs 1.1 for KPI-1, 2.1 for KPI-2), by 2025.
- A one-time **coupon step-down** of *X1 bps* will occur if Uruguay over performs on its NDC commitment (SPTs 1.2 for KPI-1, 2.2 for KPI-2) by 2025.
- No change in coupon if Uruguay **meets its NDC commitment** (SPTs 1.1 for KPI-1, 2.1 for KPI-2) by 2025 but falls short of exceeding the respective outperformance target (SPTs 1.2 for KPI-1, 2.2 for KPI-2).

Symmetry:

The **magnitudes** (*X1 bps*) of the Coupon Step-Up and Coupon Step-Down will be the same, and will apply equally to each KPI.

Summary of possible coupon changing outcomes for new SSLB



		KPI-2		
		<i>Maintenance of Native Forest area by 2025 with respect to baseline</i>		
		Less than 100%	Between 100% and 103%	More than 103%
KPI-1 <i>Reduction in aggregate gross GHG emissions per real GDP Unit by 2025 with respect to baseline</i>	Less Than 50%	+ (2* [X ₁]) bps	+ [X ₁] bps	No change
	Between 50% to 52%	+ [X ₁] bps	No change	- [X ₁] bps
	More than 52%	No change	- [X ₁] bps	- (2* [X ₁]) bps



4. Reporting



1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Bond's Financial Characteristics

4. Reporting

Issuer should publish:

- Annual report verifying the results of the KPIs related to the SPTs, describing performance and its impact.
- Information that allows investors to monitor the level of ambition of the SPTs

Reporting will go over and beyond UNFCCC requirements and Open-Source Data



The methodologies used to calculate the performance of the KPIs will be the same as those employed by Uruguay to report Nationally Determined Contributions (NDCs) progress data to the United Nations.

KPI-1

The reporting of KPI-1 will move from a biennial to **an annual frequency, with one year lag.**

- ✓ Uruguay will be the only non-Annex I country to start reporting GHG emissions on annual frequency and with a shorter time lag, on par with industrialized countries.

KPI-2

Uruguay will carry out a satellite-imaging mapping of the native forest area **every four years, with one-year lag.**

- ✓ For the years in which the cartography is not carried out (i.e., when KPI-2 is not calculated), Uruguay will provide intermediate updates on any actions, policies, regulations, and/or changes in the normative framework for conserving native forest.

Institutional Arrangements for Reporting

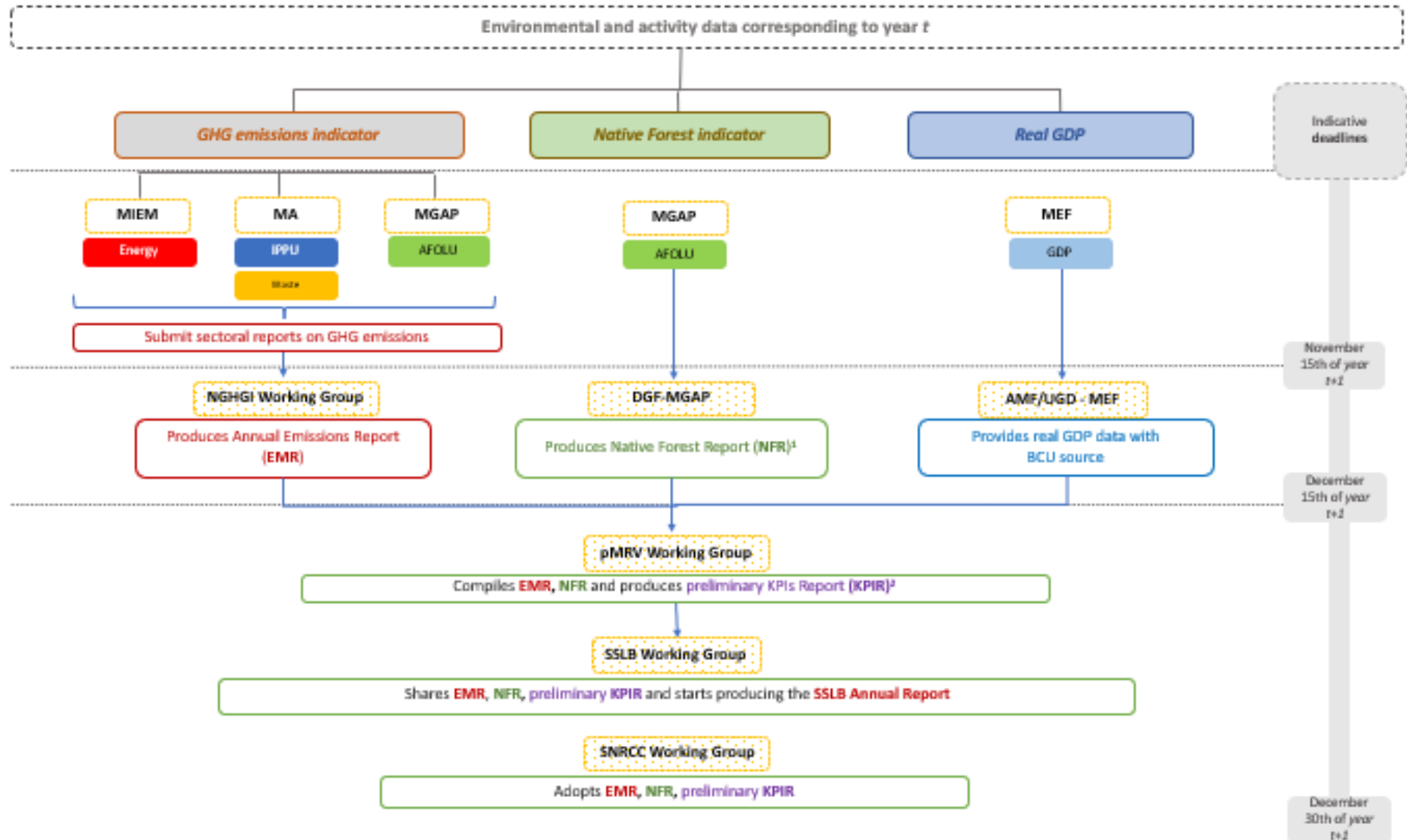


Uruguay is making great institutional and technical efforts to articulate and match the requirements established under the UNFCCC with those of the ICMA principles. This implies enhanced ambition and giving a higher priority to climate change issues, measures and policies.

- A new inter-ministerial task force was created, named **Grupo de Trabajo para Bono Indexado a Indicadores de Cambio Climatico** (BIICC, for its Spanish acronym), or Working Group for Bond Linked to Climate Change Indicators.
- The coordinated action of all involved ministries and national agencies will support delivering on the bond's targets and provide investors with the required transparency, confirming the country's commitments to the rule of law as well as the strength of its public institutions.
- Work-streams with key milestones, interim reports and responsible teams for the development and annual publication of the SSLB Report



Institutional Arrangements for Reporting





5. Verification



-
1. Selection of Key Performance Indicators (KPIs)
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 5. **Verification**
 - 5.1. Ex-ante
 - 5.2. **Ex-post:** Obtain an annual independent external verification of the level of performance against each SPT for each KPI, which must be publicly available

5.1 Ex-ante verification: Second Party Opinion



- Uruguay has obtained a Second Party Opinion (SPO) by Sustainalytics who has provided an opinion on the sustainability benefits of Uruguay's SSLB Framework as well as its alignment with the five core components of ICMA's 2020 Sustainability-Linked Bond Principles.
- The SPO is accessible on the SSLB/MEF and on Sustainalytics' website



Summary of Sustainalytics' Second Party Opinion



KPI 1

KPI 2

Strength of KPIs	Strong	Strong
KPI Characteristics	<ul style="list-style-type: none"> ✓ KPI is recognized by the World Bank Group for Sovereign Sustainability Linked Bonds and it is also used by the International Energy Agency 	<ul style="list-style-type: none"> ✓ Viewed to be a direct measure of Uruguay's performance on the material issue of native forest area preservation
KPI Overall Assessment	<ul style="list-style-type: none"> ✓ Clear and consistent externally benchmarkable methodology ✓ High relevance to a material issue 	<ul style="list-style-type: none"> ✓ Direct relationship to performance ✓ High relevance to a material environmental issue

SPT 1.1

SPT 1.2

SPT 2.1

SPT 2.2

Ambitiousness of SPTs	Ambitious	Ambitious	Ambitious	Very Ambitious
Ambition Assessment	<ul style="list-style-type: none"> ✓ Represent trajectories that exceed Uruguay's historical performance 		<ul style="list-style-type: none"> ✓ Ambitious versus Historical Performance and versus Peer Performance 	

Reporting	<ul style="list-style-type: none"> ✓ KPI 1 reporting in alignment with the requirements of the SLBP and positively notes Uruguay's commitment to go beyond international standards in data reporting frequency & transparency 	<ul style="list-style-type: none"> ✓ KPI 2 reporting is in alignment with the periodicity of the elaboration of the official cartography of native forests in Uruguay and therefore in alignment with the requirements of the SLBP
Verification	<ul style="list-style-type: none"> ✓ Shorten data reporting 'lags' and the external verification period for GHG emissions to approximately 17 months will enhance transparency, data availability and accountability to monitor the progress in achieving SPTs 	
Impact of SPTs	<ul style="list-style-type: none"> ✓ The issuance of SSLBs will provide financing for projects that are expected to help to reduce national GHG emissions, achieving Uruguay's emissions reduction targets and further facilitate the transition to a decarbonized economy 	<ul style="list-style-type: none"> ✓ Sustainalytics is of the opinion that the Framework is expected to contribute to the country's preservation, regeneration and reforestation efforts for its native forests

5.2 Ex-post verification: External and Independent revision by United Nations Development Program, on an accelerated timetable



UNDP will provide an independent external verification of both KPIs

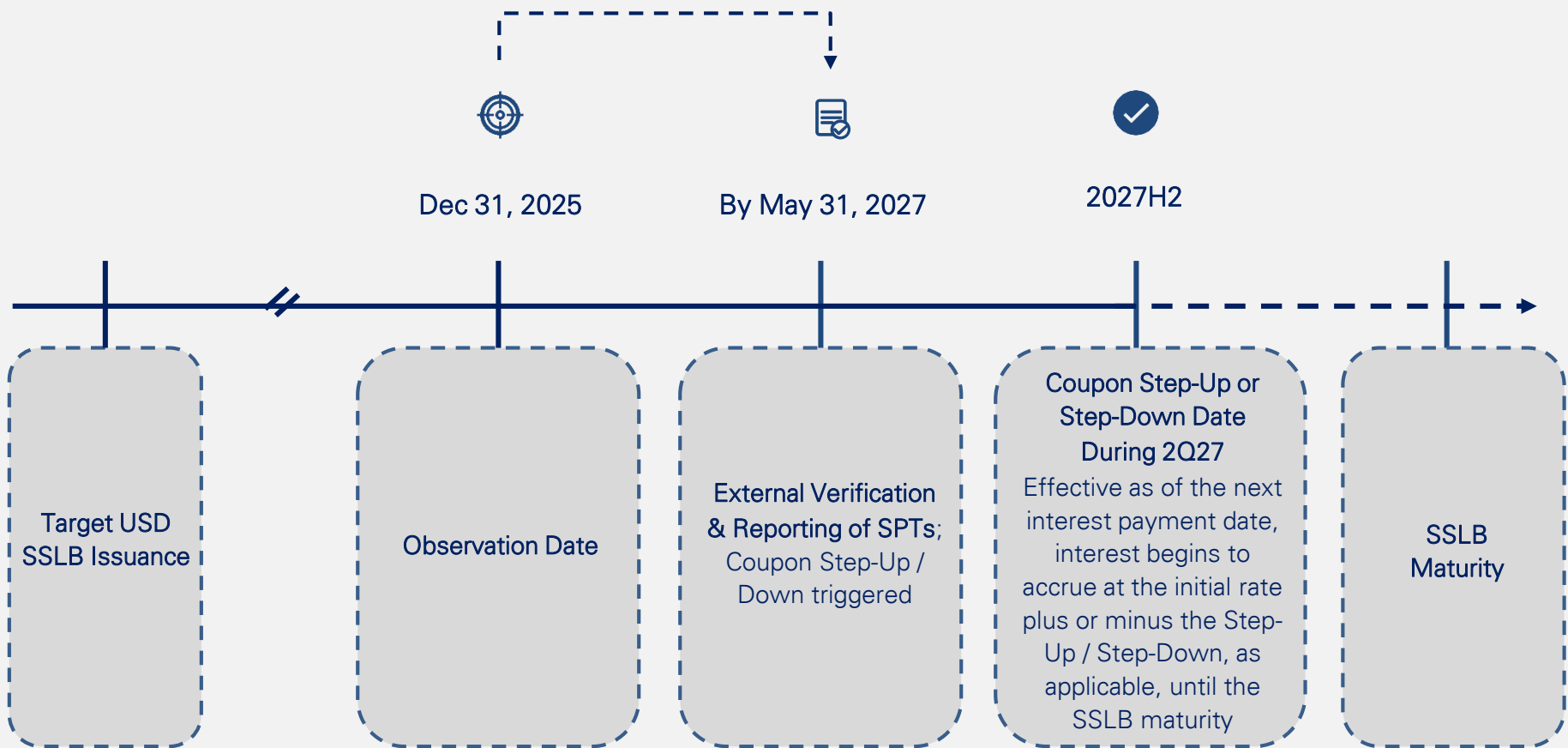
- ✓ Uruguay and UNDP will innovate together, setting up an accelerated timetable of an external review of estimated GHG emissions and other relevant stock/flow variables tied to the KPIs

Accurate reporting, timely availability, transparent disclosure, and credible external verification of the KPIs are critical components of the Framework and the efforts in achieving these environmental goals.

Summary of Key Transaction Dates and Reporting and Verification Commitments



Accelerated timetable versus UNFCCC¹ Framework for Developing Countries



(1) United Nations Framework Convention on Climate Change

Summary of Key Transaction Dates and Reporting and Verification Commitments



Each year until the SSLB's maturity, by the 31st of May at the latest, Uruguay will publish and keep readily available and accessible on the SSLB/MEF website a Sustainability- Linked Bond Report, which will include:

1. The KPIs level at the end of the previous year (when applicable), with updated information on the performance of the selected KPI, including baselines;
2. Any additional information that allows investors to monitor progress towards the SPTs;
3. An External Verification Report¹ by UNDP of the consistency with international methodologies and standards for calculating the KPIs.

¹ External Verification assurance to be done annually for KPI 1 and every four years for KPI 2










Uruguay's Sovereign Sustainability-Linked Bonds (SSLB)



SSLB Framework

The SSLB Framework links Uruguay's sovereign bond financing strategy to its climate and nature targets as established under the Paris Agreement. The Framework describes Uruguay's sustainable strategic priorities and sets out goals with respect to two Key Performance Indicators (KPIs), tied to the evolution of the intensity of Greenhouse Gas (GHG) emissions and the area of native forests in the country. The

-  [SSLB Framework](#)
-  [Second Party Opinion](#)
-  [KPI Definitions and SPT Values](#)
-  [Reporting Methodology and SSLB Annual Report](#)
-  [External Verification](#)
-  [Inter-Ministerial SSLB Governance](#)
-  [Native Forest Website](#)
-  [Environmental Links of Interest](#)



Annex I: Benchmarking and Policies

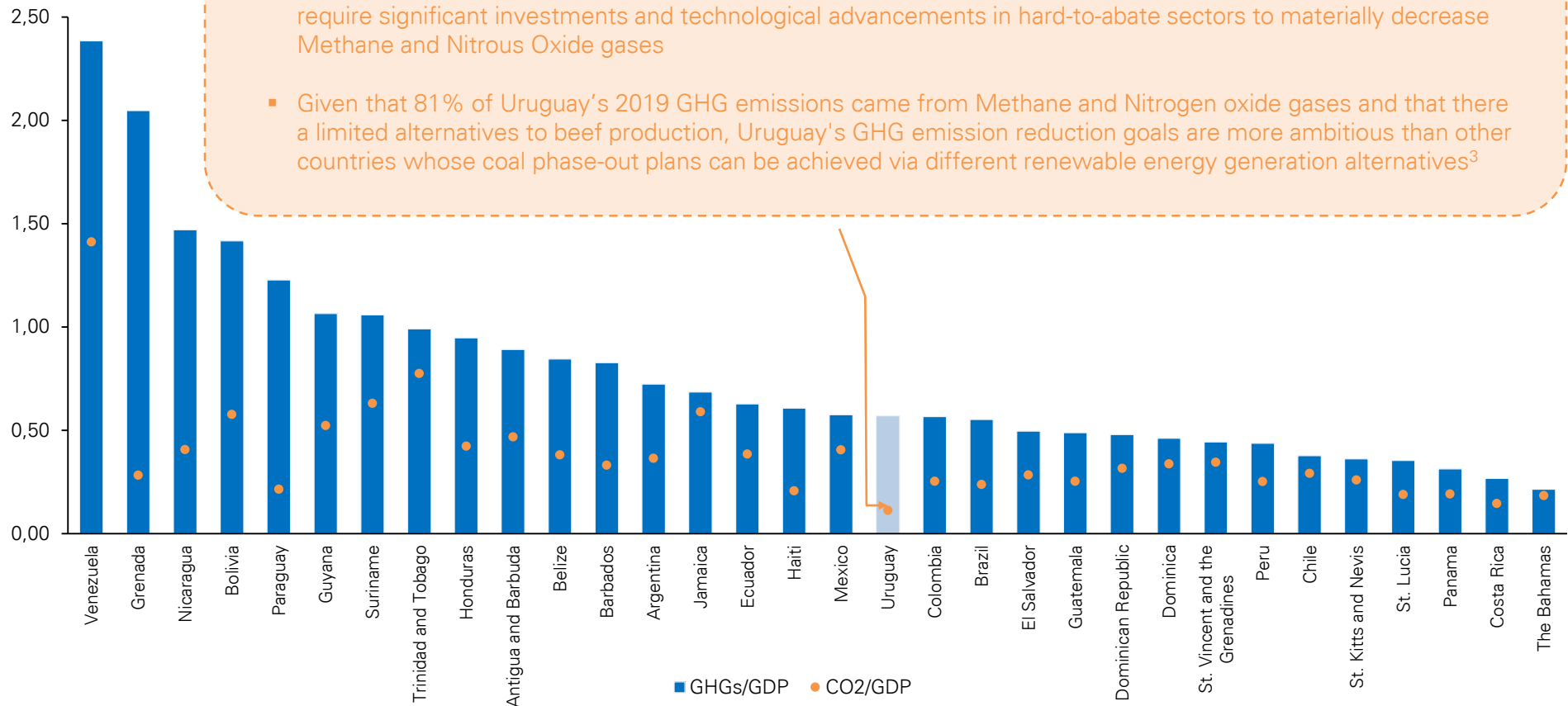


Uruguay's low CO2 intensities demonstrate the country's ongoing efforts to a more sustainable country and economy...

... and exemplifies the high degree of ambition required for each marginal intensity reduction versus its regional peers

Uruguay's relative GHG reduction as a share of GDP relative to other Latin-American countries in 2018^{1,2}

- Uruguay's CO₂ intensity is **the lowest** among its Latin-America peers
- Due to the completion of Uruguay's First Energy Transition, further GHG emission intensity reductions will require significant investments and technological advancements in hard-to-abate sectors to materially decrease Methane and Nitrous Oxide gases
- Given that 81% of Uruguay's 2019 GHG emissions came from Methane and Nitrogen oxide gases and that there a limited alternatives to beef production, Uruguay's GHG emission reduction goals are more ambitious than other countries whose coal phase-out plans can be achieved via different renewable energy generation alternatives³



¹GHG in ton of CO₂ eq (excluding land use)

²GDP in current dollars

³GHG expressed in Gg of CO₂ eq (Mt), Metric GWP100 AR5. Considers the three global GHGs and the main sectors contributing emissions of each GHG as set out in the 2017 NDC. IN 2019 CH₄ accounted for 62% of gross GHG emissions, followed by 19% from N₂O and then the remaining 19% from CO₂.

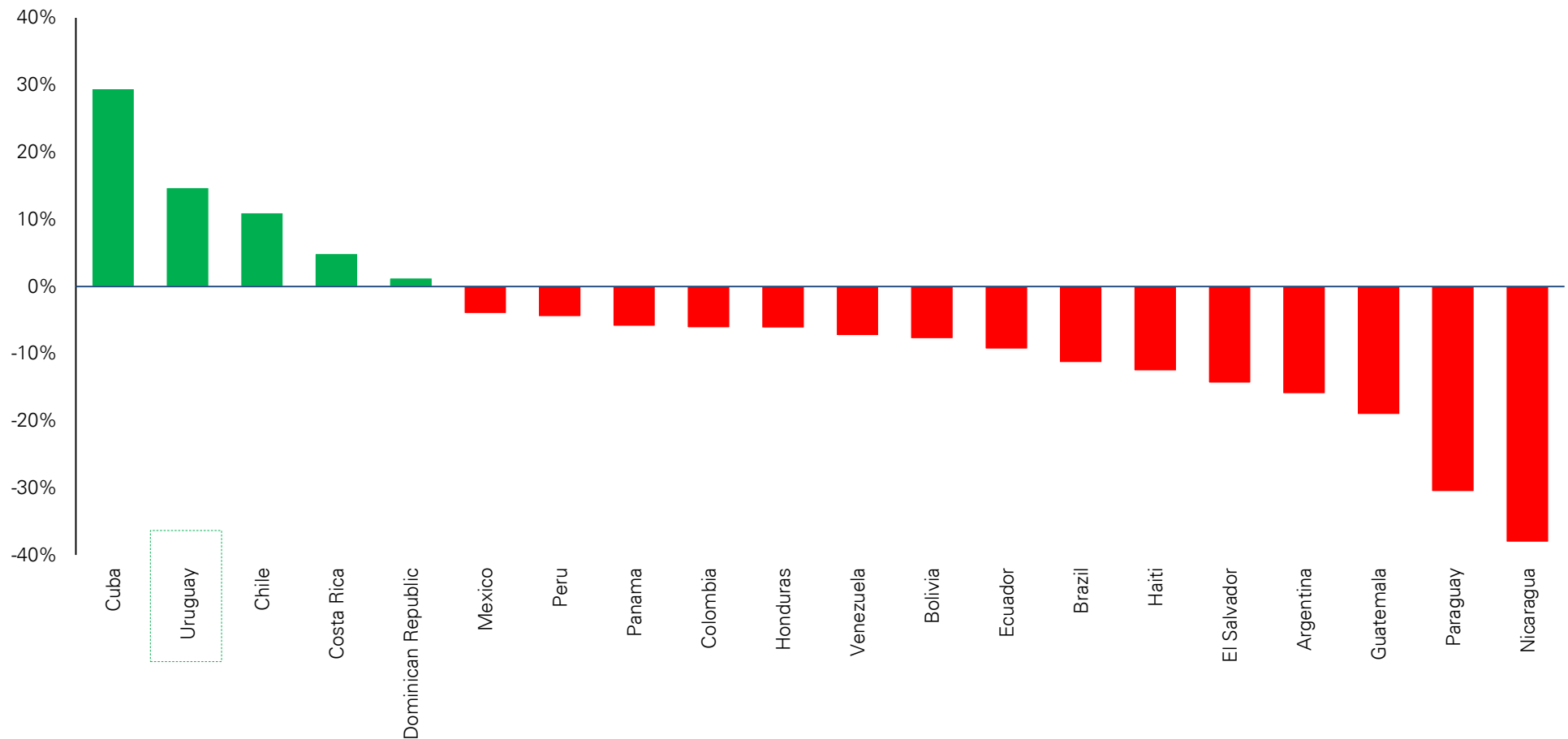
Source: International Monetary Fund, World Economic Outlook Database, October 2021

During the 2000-2020 period, Uruguay achieved approximately a 15% increase in its native forest area



Uruguay stands in the top 2 out of 20 Latin-American countries in terms of cumulative increase in Naturally Regenerating Forest Area during 2000-2020

Maintaining 100% of Uruguay's native forests is an outstanding effort, as other countries in the region have had cumulative decreases in Native Forest Area, ranging from -5% to -30%, and the average naturally regenerating forest area has decreased an average of 6.4% during 2000 - 2020



Source: FAO Global Forest Resources Assessment, 2020. Latest data available for each country. For Uruguay, corresponds to 2016.



Sustainable Livestock Farming and Production

A series of policies and activities have been prioritized to meet Uruguay's mitigation objectives, such as:

Improved practices and technologies like:

- Better pasture management
- Strategic supplementary feeding
- Substitution of high fiber forages
- Genetic improvement of animals that can improve livestock productivity and reduce emission intensity

Adoption of specific land management practices

Identification of potential new avenues to reduce GHG emissions in the agricultural sector

Tax incentives for imports of organic fertilizers and organo-mineral fertilizers

Reduce methane intensity by improving:

- Diet in natural grasslands by enhancing grazing management
- Efficiency of the herd, such as higher pregnancy and weaning, younger slaughter, etc.
- Efficiency of conversion (genetics) like breeding for animals with higher efficiency
- Using feed supplements to reduce CH₄ emissions



Decarbonization of the transportation sector

- In prioritizing the transportation sector, Uruguay is supporting the development of energy efficiency and renewable energy projects.
- Not only has an inter-institutional group on energy efficiency in transport been established but also a working group on sustainable urban mobility
- Additionally, a second energy transition is currently underway. This transition will enable the country to further mitigate and reduce CO₂ emissions.



Improving use of surplus energy

Uruguay continues to test new energy sources and technologies, such as:

- The execution of strategies to improve the use of surplus energy¹ including storage
- "Power-to-X" technologies, and
- Demand management solutions enabled by smart grid technologies that maximize the use of energy produced from renewable sources

¹Mainly derived from non-dispatchable wind electricity produced outside peak consumption hours.

For more information see: Uruguay's agricultural policy in the 2015-2020 period (Intensificación Sostenible. Uruguay Agro inteligente: Lineamientos Estratégicos 2015-2020, MGAP). <https://www.gub.uy/ministerio-ganaderia-agricultura-pesca/sites/ministerio-ganaderia-agricultura-pesca/files/2019-12/libro%20completo%20con%20hipervinculos.pdf>



Factors that support the achievement of SPT 2.1 and SPT 2.2





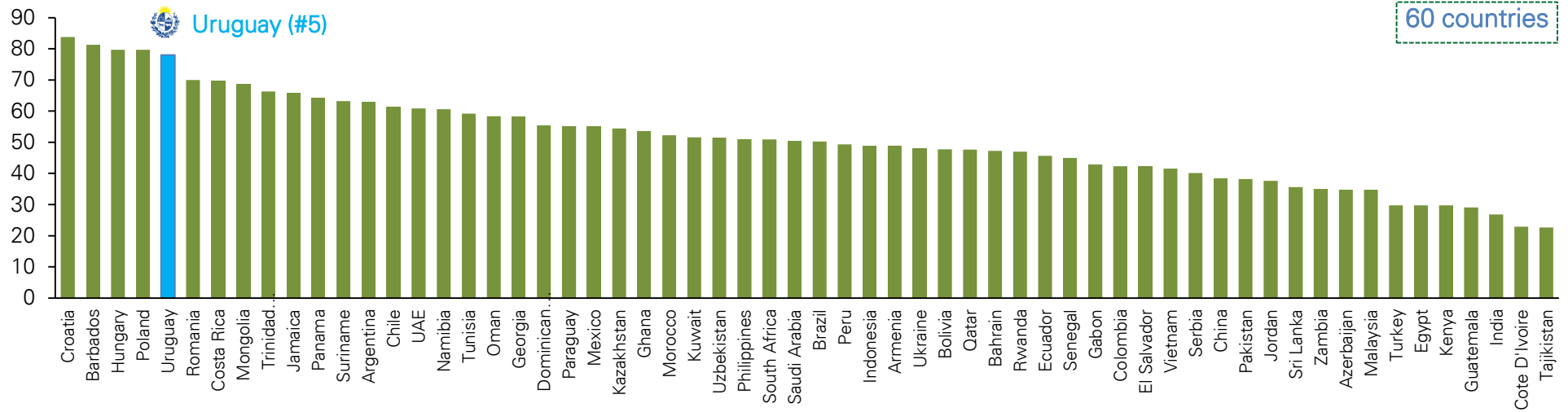
Annex II: Uruguay's Environmental Performance

Uruguay is among the top global performers on ESG fundamentals



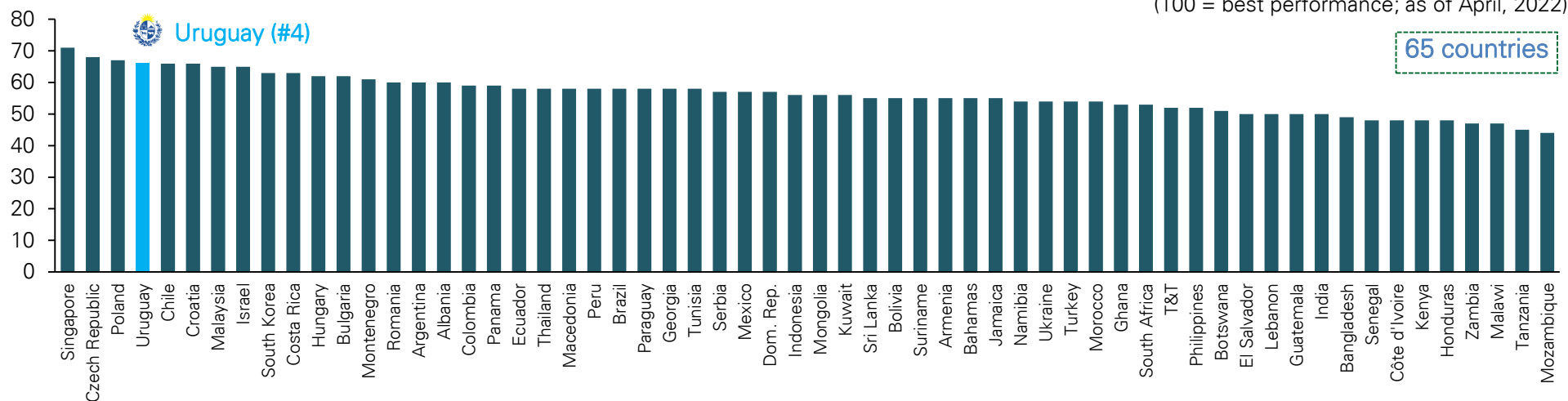
Emerging markets' ESG Score¹

(Index, 100 = best performance; as of August, 2022)



Sustainable country ranking of Emerging Markets countries²

(100 = best performance; as of April, 2022)



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

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(2) Source: Degroof Petercam Asset Management (DPAM), April 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.

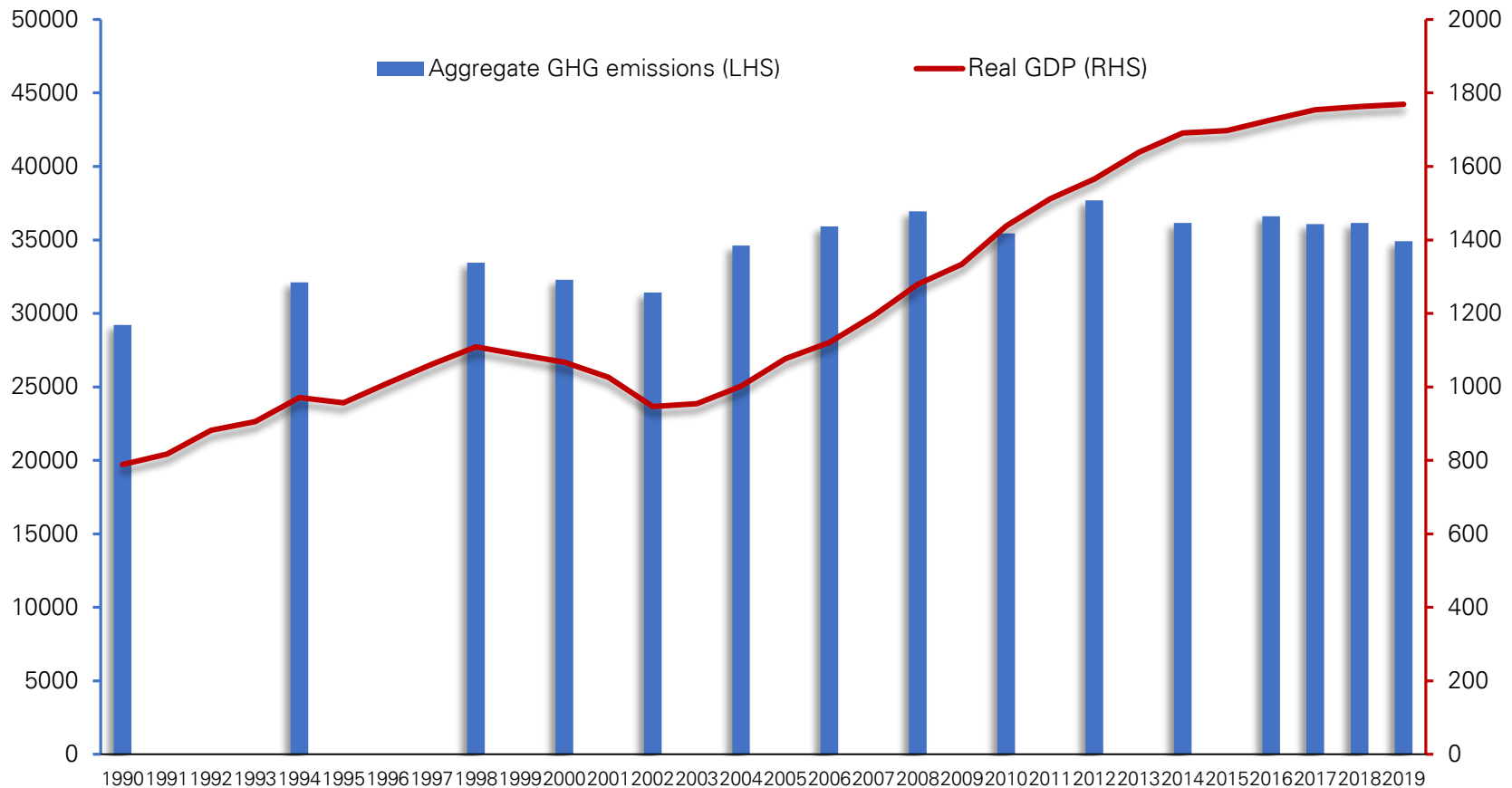
(1) Source: Americas Society/Council of the Americas (AS/COA) and Control Risks (June, 2022).



Economic growth has decoupled from carbon emissions

Uruguay's historical aggregate gross GHG emissions evolution compared to real GDP evolution ¹

Going forward, the Republic is focused on inclusive economic growth while mitigating the impacts of climate change and remaining a steward of its natural resources and protecting biodiversity.



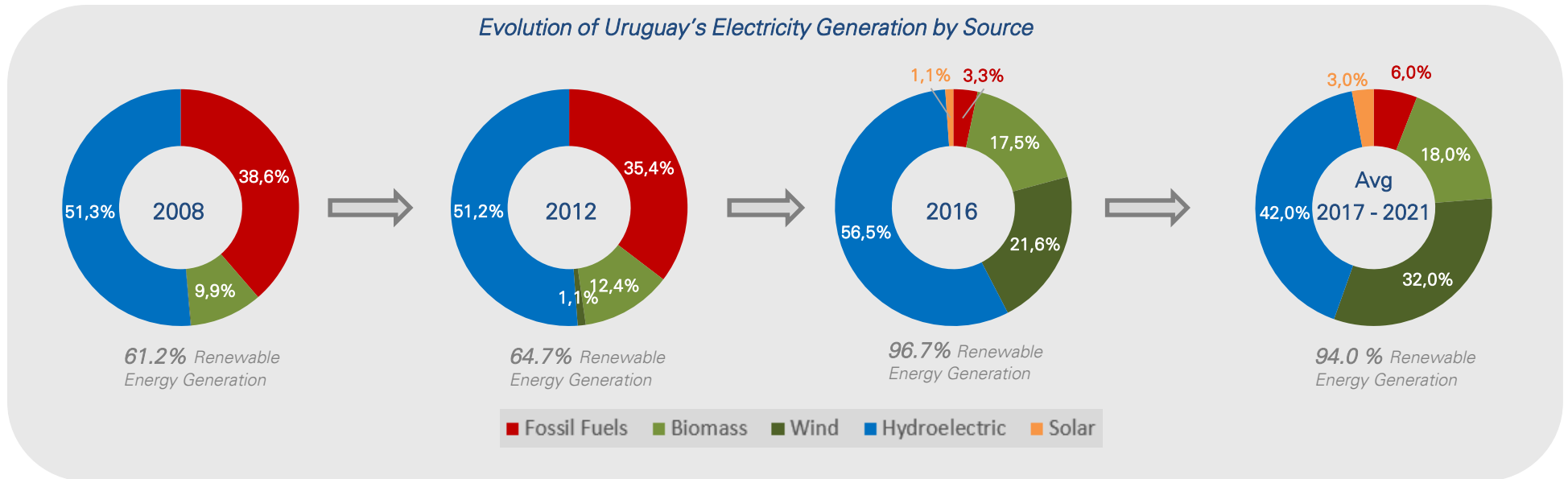
¹ "Aggregate GHG" refers to the three main GHGs and all sectors contributing emissions of each GHG, except for Land Use and Land Use Change and Forestry (LULUCF) in gross emissions. Gross Emissions refers to the fact that it does not account for CO2 removal by carbon sinks. Expressed in Gg (1000 metric tons) of CO₂eq, metric GWP100 AR5. Real GDP measured in billions of pesos in 2016 constant prices. Years with official NGHGI publication.

Source: 2019 National Green House Gas Inventory (NGHGI), Central Bank of Uruguay and Ministry of Economy and Finance. Data corresponds to years with official National Greenhouse Gas Inventory (NGHGI) publication.

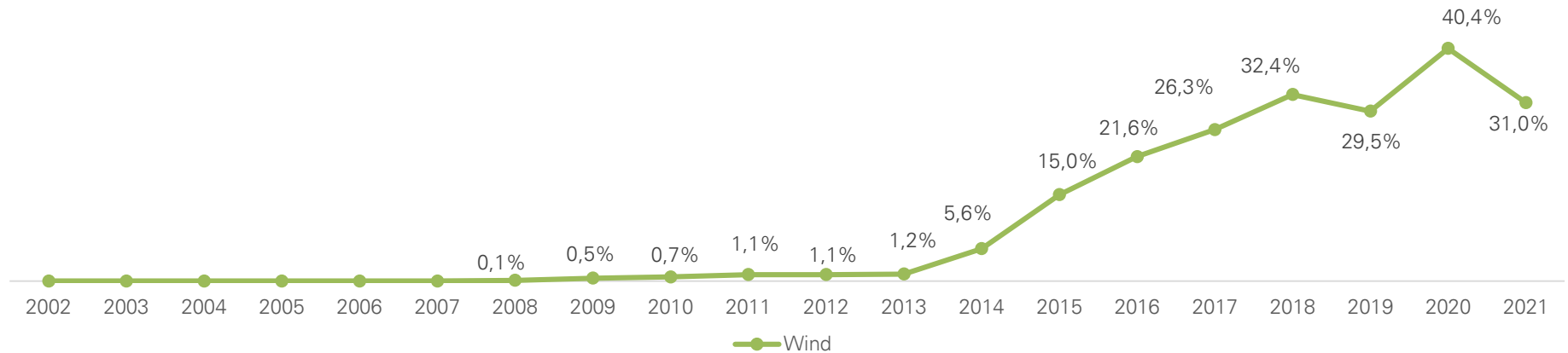
Uruguay has undertaken a remarkable energy transition, propelling the country as a world leader in renewable electricity generation



Between 2017 and 2021, on average 94% of Uruguay's electricity production was generated using diverse renewable sources



Wind-powered generation of electricity (% of total)





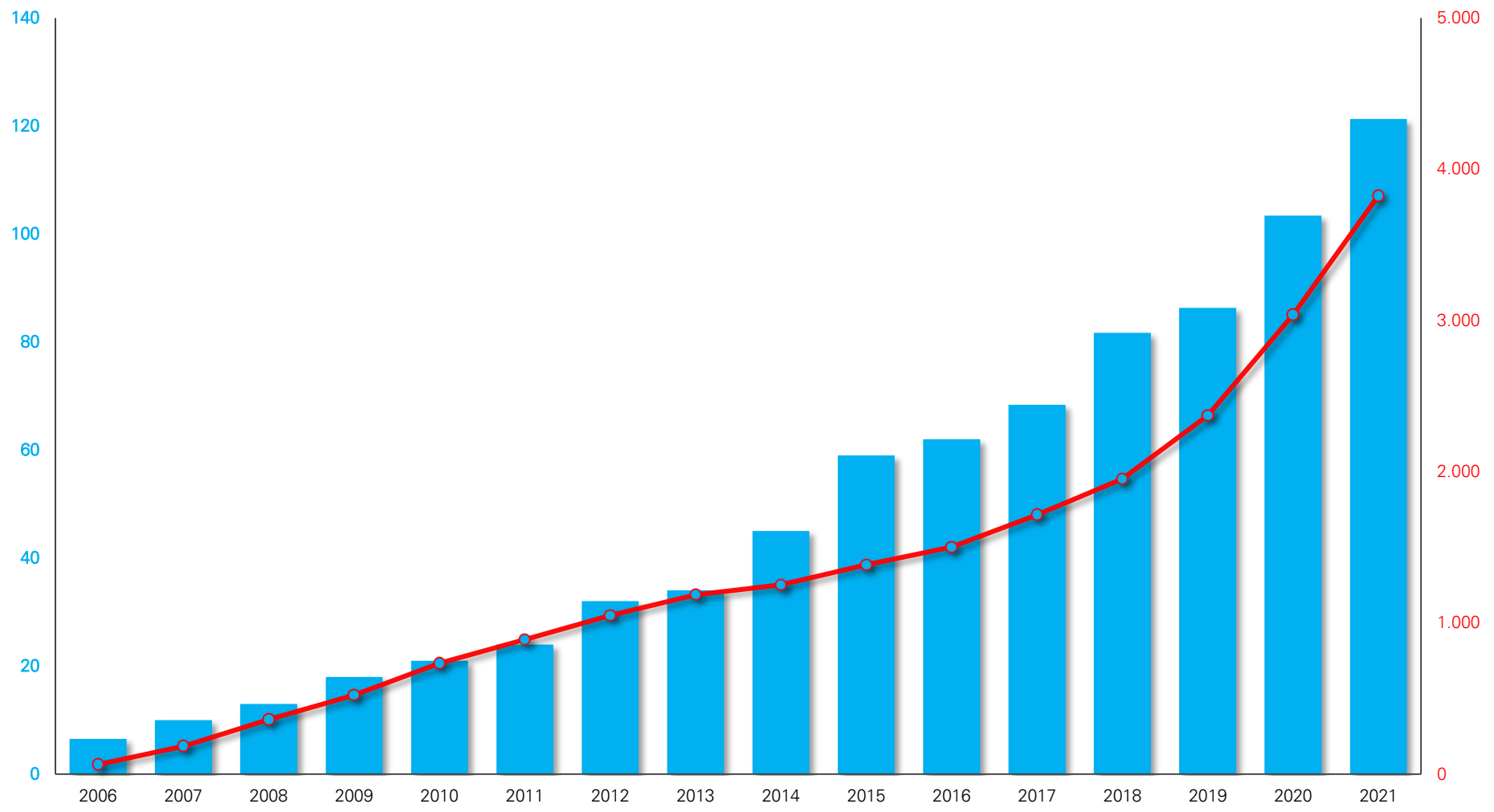
Annex III: Thematic Bond Issuance

Assets of international investment funds that follow the Principle of Responsible Investment (PRI) have been steadily increasing



Assets under management (in USD billions)

Number of signatories



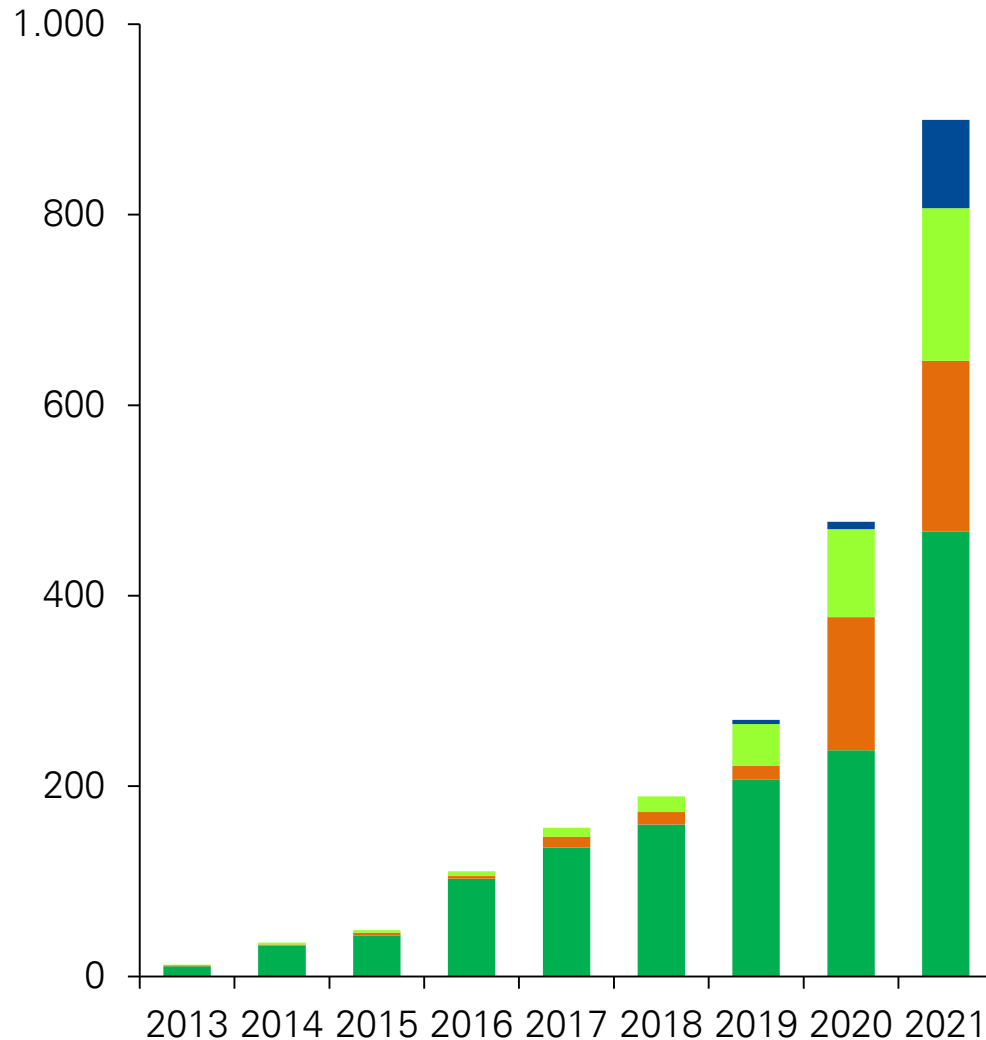
Source: United Nations - PRI

Strong increase in thematic bonds issuances, with recent uptick of SLB instruments



Total global volume of thematic bonds issuance

(In USD billion)



1. Specific use of funds
(Use of Proceeds model)

- Green Bonds
- Social Bonds
- Sustainable Bonds

2. General purposes use of funds
(Sustainability-Linked Bonds)

- Sustainability-linked bonds