

INTERMINISTERIAL COOPERATION and COORDINATION AGREEMENT FOR THE ISSUANCE OF SOVERIGN SUSTAINABILITY-LINKED BONDS (SSLB)

In the city of Montevideo, on September 19, 2022, between: i) the Ministry of Economics and Finance of Uruguay (*Ministerio de Economía y Finanzas*, MEF for its Spanish acronym), represented by Minister of Economics and Finance, Azucena Arbeleche, with the address calle Colonia 1089, Tercer Piso, of Montevideo; ii) the Ministry of the Environment of Uruguay (*Ministerio de Ambiente*, MA for its Spanish acronym), represented by Minister of the Environment Adrián Peña, with the address of Plaza Independencia 710; iii) the Ministry of Industry, Energy, and Mining of Uruguay (*Ministerio de Industria, Energía y Minas*, MIEM for its Spanish acronym), represented by the Minister of Industry, Energy, and Mining, Omar Paganini, with the address Paraguay 1598; iv) the Ministry of Livestock, Agriculture, and Fisheries of Uruguay (*Ministerio de Ganadería, Agricultura y Pesca*, MGAP for its Spanish acronym), represented by the Minister of Livestock, Agriculture, and Fisheries, Fernando Mattos, with the address Constituyente 1476; and v) the Ministry of Foreign Relations of Uruguay (*Ministerio de Relaciones Exteriores*, MRREE for its Spanish acronym), represented by Minister of Foreign Relations Francisco Bustillo, with the address of Colonia 1206, agree to enter into the present Interministerial Cooperation and Coordination Framework Agreement for the issuance of Sovereign Sustainability-linked Bonds (SSLB).

1. Background

- 1.1. The Government is committed to policy actions to address climate change, and the MEF, in particular, has taken concrete actions to integrate environmental factors into the design and implementation of economic policy.
- 1.2. Within this framework, the MEF has prioritized the alignment of its financing strategy (issuance of government securities and loan disbursements with multilateral lending agencies) with the achievement of the country's greenhouse gas (GHG) mitigation and native forest (NF) area conservation objectives.
- 1.3. With that purpose, the MEF, along with the MA, MIEM, MGAP, and the MRREE, work on the design of a sovereign bond that explicitly includes climate change indicators (SSLB), based on Uruguay's commitments under the Paris Agreement. In particular, the targets for those indicators will be linked to GHG emission reduction targets and the preservation of the NF, as reflected in the first Nationally Determined Contribution (NDC) launched in November 2017.
- 1.4. In order to estimate the GHG emissions in Uruguay that are considered in monitoring compliance towards the achievement of the country's NDC's objectives, the "Supplementary Information" template is compiled within the "Climate change mitigation and adaptation objectives and measures established in the First Nationally Determined Contribution" section of the Government's Open Data Catalog. This is based on the National Greenhouse Gas Inventory (NGHGI), using the methodology approved under the United Nations Framework Convention on Climate Change

(UNFCCC), but considering only the categories and subcategories contemplated in Uruguay's NDC.

The NGHGI is currently reported biannually with a two-year delay, and the last available estimate at the time of this Agreement's signing is from 2019. The preparation of the inventories is the responsibility of the NGHGI Working Group (hereinafter NGHGI W. Group), coordinated by the National Directorate of Climate Change (*Dirección Nacional de Cambio Climático del MA*, DINACC-MA), within the framework of the National Response System for Climate Change and variability (*Sistema Nacional de Respuesta al Cambio Climático y variabilidad*, SNRCC). The NGHGI W. Group was established through Decree Number 181/020, of June 24, 2020.

- 1.5. The NF area estimate is based on national-scale cartographies constructed from satellite images. The most recent official estimate of the NF area in Uruguay, at the time of signing this Memorandum, corresponds to the year 2016. The mapping process is carried out by the MGAP's General Forestry Directorate (DGF), which is the body responsible for executing the country's forestry policy (established by the Forestry Law Number 15.939 of 1987).
- 1.6. The monitoring, quality control and reporting of the objectives and policy measures processes included in the first NDC are the responsibility of the programming, Monitoring, Reporting and Verification Working Group (hereafter, the pMRV W. Group), that works within the SNRCC framework. The group was established in 2017 and is led by DINACC-MA.
- 1.7. Currently, Uruguay reports its Biennial Update Reports (BUR) to the UNFCCC, which contain updated NGHGI information with a two-year delay in the reported information. These reports are subject to an external review process (called International Consultation and Analysis) within the framework of the UNFCCC, which takes about a year and a half. Forestry data is reported to the Food and Agriculture Organization (FAO) every five years.

2. Structuring and specific requirements associated with the issuance of the SSLB

- 2.1. The two key performance indicators associated with the Bond (called Key Performance Indicators, KPI) will be linked to the progress of: i) the intensity of GHG emissions expressed in CO₂ equivalent with respect to real GDP (KPI-1) and ii) the area of NF measured in hectares (KPI-2).
- 2.2. The indicators' objectives (Sustainability Performance Targets, SPT) are set for 2025 and linked to (i) a 50% reduction in GHG emissions intensity with respect to the 1990 baseline and (ii) the conservation of 100% of the NF area with respect to the baseline in 2012.
- 2.3. Regarding the KPIS of the SSLB, the indicator associated with the mitigation of GHG will be measured annually starting in 2022 and with an information delay of one year.

Beginning in 2022, NF area estimates will be carried out every four years, with a delay of one year, through NF mapping exercises.

- 2.4. SSLB issuance shall be aligned with the requirements stipulated by international standards from the International Capital Market Association (ICMA), for the issuance of this type of sustainable financial market instrument. This requires, among other things, selecting, periodically updating, publishing, and verifying externally the KPIs and their performance with respect to the SPT defined in the SSLB.
- 2.5. As a requirement, the following two documents should be published annually: (i) The **Annual SSLB Report**, approved by SNRCC Working Group (hereafter SNRCC W. Group), which contains the quantitative and/or qualitative information regarding the performance of selected KPIs' as well as their progress related to the SPTs, along with (ii) the **External Verification Report** regarding the technical and methodological review of the KPI calculation. The verification shall be carried out by an independent institution that is not part of the public sector of Uruguay, under the terms stipulated in the SSLB contract. To that end, the MEF, on behalf of the Oriental Republic of Uruguay (*República Oriental de Uruguay*, ROU), will sign an agreement with the United Nations Development Program (UNDP) for that institution to assume the role of external verifier.
- 2.6. It will be proposed to the international investment community that the interest rate of the SSLB be contingent upon achievement of the Bond SPTs. In this sense, as of the year stipulated in the Bond contract, a reduction or increase in the bond coupon could be activated according to the fulfillment, or not, of the objectives.

3. Objective and Structure: Creation of the SSLB Working Group within the SNRCC

- 3.1. By its very nature, the issuance of an SSLB is a multidisciplinary and interministerial effort, which requires the active participation and joint work of all the Ministries involved: MEF, MA, MIEM, MGAP and the MRREE. The calculation and annual reporting of GHG emissions, the periodic elaboration of NF cartographies, as well as the coordination for the subsequent external verification of the indicators, present important challenges. To this end, it is necessary to define an institutional framework that defines the assignment of roles and responsibilities, and the necessary human and material resources to ensure timely compliance with the legal and contractual commitments established for the sovereign issuance of the SSLB and aligned with ICMA principles.
- 3.2. In this regard, the parties commit to create an Interministerial Working Group, to be called the "SSLB W. Group", which will operate within the framework of the SNRCC. This Working Group will coordinate and carry out the necessary actions for the compliance, in due time and form, of the calculation, review, validation, external verification and publication of the indicators established in the Bonus, as detailed in Annexes 1 and 2 of this Agreement. The SSLB W. Group will oversee preparing the SSLB Annual Report and its subsequent publication and will monitor the indicators and their evolution towards the achievement of the established goals.

3.3. Each Ministry that is responsible in the provision of environmental data and economic activity to design the SSLB indicators, shall designate two (2) technical representatives to participate in the SSLB W. Group. In addition, there will be a person responsible within each Ministry for the products and results of the SSLB W. Group, represented by the Director of the Debt Management Unit of the MEF (UFD-MEF), by the Director of the National Directorate for Climate Change of the MA (DINACC-MA), by the Director of the National Energy Directorate of the MIEM (DNE-MIEM) and by the Director of the Office for Agricultural Policy and Programming of the MGAP (OPYPA-MGAP). The General Coordination of the SSLB W. Group will be overseen by the MEF and the MA, following the terms detailed below.

3.4. The SSLB W. Group may also establish any other working subgroups it deems appropriate for the purpose of fulfilling the tasks.

4. Work schedule and interactions of the SSLB Working Group with other Groups within the SNRCC and other Ministries.

4.1. To develop the Bond indicators and ensure a timely and consistent external verification procedure, the SSLB W. Group will interact with the NGHGI W. Group, the pMRV W. Group and other ministerial departments, as described below:

4.1.1. The NGHGI W. Group will provide the **Emissions Report (EMR)** to the SSLB W. Group and the pMRV W. Group on a yearly frequency, including: i) the relevant databases with annual estimates of GHG emissions, and ii) a document containing a brief description of the methodology, performed recalculations, if any, and the interpretation of the indicators' progress (see Annex 1 for more details on the contents of the EMR).¹²

4.1.2. The MGAP, through DGF-MGAP, will prepare a National Mapping of the NF in the years 2022, 2026, 2030, and 2034, with data corresponding to the previous year, and will provide the SSLB W. Group and the pMRV W. Group with a **Native Forest Report (NFR)**. This report shall include: i) the estimated hectares of NF coverage from the corresponding cartography and its statistical accuracy, and ii) a document containing an explanation of the methodology and the indicator's progress, as well as any other considerations that may be useful and relevant to draft the SSLB Annual Report (see more detailed description of the NFR in Annex 1).

For the years in which the Mapping is not conducted, the DGF will provide, within the same NFR, an intermediate report that will reflect the applied policies, regulations and/or changes in the regulatory framework aimed at the conservation of the NF.

¹ The concept of methodology refers to the procedures used to calculate emissions, equations, activity data, emission factors (and respective parameters) and their source.

² The term recalculation refers to updating the emissions estimate due to revisions or information or parametric adjustments, if any.

- 4.1.3. The SSLB W. Group, through the MEF's Macroeconomic and Financial Advisory Unit (AMF-MEF), will provide the pMRV W. Group with the annual real GDP series beginning in 1990, based on the Central Bank of Uruguay's (BCU for its Spanish acronym) published annual data, together with the base year values needed to calculate KPI-1. The GDP series used will be the annual real GDP series since 1990 in billions of Uruguayan pesos at constant prices, currently based on 2016.
- 4.1.4. The pMRV W. Group will ensure each year the consistency and integrity of the data used to calculate the SSLB KPIs, as well as the consistency of the methodology as set out in the SSLB Framework ("Framework") of the issue. It will also prepare an **Annual KPI Report** (KPIR) for the SSLB. This report will include: i) a database with the calculations of the two KPIs and any other relevant sectoral flow and/or stock variables, as well as any additional estimates required to calculate the KPIs, and ii) a methodological sheet including the description of the KPIs' calculations and adjustments and/or revisions (if any) (see Annex I for further detail regarding the KPIR contents).³⁴
- 4.2. The SSLB W. Group will be responsible for submitting progress, inputs and outputs related to its tasks to the SNRCC W. Group for adoption of the EMR, NFR and KPIR prior to submission to the External Verifier (this process includes the EMR and KPIR annually, while the NFR only in years when it is based on mapping).
- 4.3. After completion of the external verification process (see section 5 below), the SSLB W. Group will be responsible for compiling the EMR, the NFR and the KPIR, to prepare the SSLB Annual Report and submit it to the SNRCC W. Group for adoption. After that, the MEF, in coordination with the MA, will ensure the publication of the same in Spanish and English before May 31 of each year, on the website designated for such purposes.

5. Reporting, Consultation, and Exchange of Information with the External Verifier and the Trustee

- 5.1. The SSLB W. Group, in coordination with the NGHGI W. Group, the pMRV W. Group, DGF-MGAP, and the UGD-MEF and AMF-MEF, will provide the external verifier with the following information, as per the schedule described in Annex 1: i) The **EMR** annually with the content described in section 4.1.1 and detailed in Annex 1, ii) **NFR**, in the years that it is carried out from an updated mapping exercise, with the content described in paragraph 4.1.2 and detailed in Annex 1, iii) a methodological note including the description of the calculations for the GHG estimates prepared by the NGHGI W. Group, and the description of the process carried out for the NF mapping prepared by the DGF-MGAP, iv) **KPIR** with the content described in 4.1.4 and detailed in Annex 1, v) database of the software or other emission calculation tool, v) auxiliary data pre-processing spreadsheets for input to the Software or other emissions calculation tool, and any other additional information requested by the verifier, vi) resulting Shapefile files from

³ The results of the KPI calculation will be expressed in whole numbers, in line with the way the numerical value of the objectives is defined in the CRC.

⁴ The KPIR will include the result of KPI-1 every year, and KPI-2 every four years.

the mapping process of the NF and associated spreadsheets, and any other additional information requested by the external verifier.

- 5.2. As part of the contract with UNDP, the Republic of Uruguay (ROU for its Spanish Acronym) commits to ensure the accuracy, integrity, quality, veracity and completeness of all technical data, files, documentation, test data, sample results, emission reports and mapping, databases and spreadsheets, calculations of KPI values, and their corresponding data sheets, as well as all other information and materials it makes available to UNDP in order to perform the corresponding external verification in a timely manner.
- 5.3. During the external verification process, the NGHGI W. Group, the pMRV W. Group, DGF-MGAP as well as UGD-MEF and AMF-MEF will designate a counterpart for exchanges with the external verifiers, in coordination with the SSLB W. Group, according to the work schedule to be defined for this purpose in cooperation with UNDP.
- 5.4. According to the documentation associated with the SSLB Framework, in the stipulated year of verification of compliance with targets (corresponding to the SPT to 2025), the MEF, on behalf of the ROU, shall report to the Trustee in regard to compliance, or not, of the established objective(s), attaching the Annual SSLB Report and the External Verification Report. Depending on the above, the positive or negative differential of the bond coupon will be activated or not, according to the established contractual terms.⁵

In accordance with international standards for the issuance of this type of instruments, ROU will agree that, if for any reason or reason it is not possible to calculate, report and/or verify in a timely manner compliance with one or both SSLB's SPTs in the stipulated target compliance verification year, the bond's coupon increase will be triggered in accordance with the established contractual terms.

6. Roles and Responsibilities of the Ministries Involved

- 6.1. Prior to the issuance of the SSLB, each Ministry will ensure the availability of the information, data and material necessary for the preparation of the legal documentation and the communication, dissemination and presentation of the financial instrument to the investment community, certifying all relevant controls on the quality and timeliness of the information.
- 6.2. Once the SSLB has been issued in the market, each Ministry will ensure the availability of the necessary information and resources to ensure compliance and follow up on all the necessary requirements for financial instruments of this type, i.e.: measurement, estimation, review and external verification of indicators and the publication of information to investors and the international community– in accordance with the contractual terms of the bond. This includes the agreements with the sectoral data

⁵ The trustee acts on behalf of the bondholders, exercising rights against the issuer on their behalf. The trustee also acts as paying agent, receiving interest and principal on a bond for distribution to bondholders. Currently, this role is performed by the Bank of New York Mellon.

providers deemed necessary, and the back-up and archiving of the information used in the sectoral estimates in its units.

6.3. To fulfill the objectives defined above, each of the ministries that has a responsibility in the provision of environmental data and economic activity, assumes the following obligations and roles:

6.3.1. The MEF, led by the UGD-MEF and together with the AMF-MEF, commits to:

- a. The general coordination of the SSLB W. Group together with the MA;
- b. Lead the preparation of the SSLB Annual Report, based on the EMR, KPIR, NFR and GDP data published by BCU;
- c. Ensure publication on the designated web site, in English and Spanish;
- d. Support the provision, in a timely manner, of all data, reports and reports necessary to comply with the contractual requirements established for the issuance of the SSLB;
- e. Provide the information required for the external and independent verification of the SSLB KPIs and their calculation.
- f. Follow up on the verification process and participate in all actions required by the verifier.

6.3.2. The MA, through DINACC-MA, commits to:

- a. The general coordination of the SSLB W. Group along with the MEF;
- b. Lead the coordination of the provision, in a timely manner, of all data and reports necessary to meet the contractual requirements established for the issuance of the SSLB, as described in Chapters 4 and 5, and detailed in Annex 1;
- c. To collaborate with the preparation and publication of the SSLB Annual Report;
- d. Within the NGHGI W. Group, i) the completion of the sectoral emissions report containing the annual estimates of GHG emissions corresponding to its subject matter, and, if required, the estimation of any other sectoral flow and/or stock variables whose information is used for the calculation of the SSLB indicators, as detailed in Annex 1; ii) ensuring the timely availability of the methodological notes, including the description of the calculations for the GHG estimates;
- e. Lead in the annual preparation and compilation of the EMR within the framework of the NGHGI W. Group and the KPIR within the framework of the pMRV W. Group.
- f. Within the framework of its jurisdiction, in coordination with DGF-MGAP, collaborate in the elaboration of: (i) the NFR, and (ii) the corresponding methodological note.
- g. Manage the adoption of the SSLB Annual Report by the SNRCC Coordination Group;
- h. Provide the information required for the external and independent verification of the SSLB KPIs and their evolution with respect to the SPTs;
- i. Follow up the verification process and participate in all instances required by the verifier.

6.3.3. The MGAP, through the DGF-MGAP and OPYPA-MGAP, commits to:

- a. The preparation of the sectoral emissions report containing the annual estimates of GHG emissions corresponding to its subject matter, for the preparation of the EMR within the framework of the NGHGI W. Group and, if required, the estimation of any other sectoral flow and/or stock variable whose information is used for the calculation of the SSLB indicators as detailed in Annex 1,
- b. Coordination of the elaboration of the national NF cartography, through the FGD, for the measurement of the NF area corresponding to the following years 2021, 2025, 2029 y 2033.
- c. The compilation and elaboration of the NFR.
- d. Support in the design of the SSLB as it pertains to its subject matter;
- e. Collaborate with the preparation of the SSLB Annual Report;
- f. Follow up the verification process and participate in all instances required by the verifier.

6.3.4. The MIEM, through the DNE-MIEM, undertakes to:

- a. The preparation of the sectoral emissions report containing the annual estimates of GHG emissions corresponding to its subject matter, for the preparation of the EMR within the framework of the NGHGI W. Group and, if required, the estimation of any other sectoral flow and/or stock variable whose information is used for the calculation of the SSLB indicators as detailed in Annex 1;
- b. Support in the design of the SSLB as far as its subject matter is concerned, characterize the results of the KPIs and monitor them with respect to the SPTs.
- c. Collaborate with the preparation of the SSLB Annual Report;
- d. Follow up the verification process and participate in all instances required by the verifier.

6.4. The parties will hold such meetings as they deem necessary to review the progress of the activities agreed upon under this Agreement and plan future activities if necessary.

7. Resources

7.1. Currently, the NGHGI W. Group carries out the necessary coordination to ensure the technical competence and the availability of the human and economic resources required for the preparation of the NGHGI within the framework of the SNRCC every two years, as defined in Decree No. 181/020 of June 24, 2020. For its part, the DGF coordinates and takes the necessary steps to guarantee the technical competence and the availability of the human and economic resources needed to prepare the forest mapping.

7.2. The technical teams of the ministries with responsibilities in providing environmental and economic activity data (MA, MIEM and MGAP, in consensus with the MEF), identified the human and material resources, incremental to those currently existing, that will be necessary in the Ministries involved to comply with the ROU's contractual obligations related to the issuance of the SSLB and the construction of the indicators.

The financing of such resources shall be assured by the MEF. In particular, the additional resources will be destined to support the following activities:

- a. Estimation and accounting of GHG emissions for each sector with a yearly frequency and one year lag to be used for the calculation of the SSLB indicators; as well as the estimation of any other sectoral flow and/or stock variable whose information is used for the calculation of the SSLB indicators.
- b. Development of methodological notes associated with GHG estimates for Uruguay to strengthen the process of measuring, reporting and verification of GHG emissions information prior to the first Emissions Report,
- c. Elaboration of a National NF Cartography corresponding to the years 2021, 2025, 2029 and 2033, with a yearly delay of information.
- d. Coordination of the external verification process,
- e. Support in the preparation and design of the SSLB Annual Report for publication, in Spanish and English, with the required periodicity and format according to market standards.

ANNEX 1

Work schedule including key milestones and teams responsible for preparing and publishing the SSLB Annual Report.

To comply with the contractual requirement to prepare and publish the SSLB Annual Report every year and in a timely manner, the ministries that are responsible for providing environmental and economic activity data to build SSLB indicators, commit to provide and submit all pertinent information according to the following work schedule, which will be in effect from the year of issuance of the SSLB and until its expiration date.

The signing parties are responsible for the accuracy, integrity, quality, truthfulness and completion of all technical data, files, documentation, test data, sample results, emission reports, databases and data sheets, calculations of KPI values, and data sheets, which pertain to their area of competency.

The flow of information and sequence of reporting for each KPI is presented through two separate sections: A) For the GHG Emissions Intensity Indicator (KPI-1); B) For the Native Forest Indicator (KPI-2). Although institutions are duplicated in the two sub-sections below, presenting them separately more clearly reflects the different reporting requirements, given the unique nature of each KPI.

The SSLB W. Group's work schedule and interactions may be modified by mutual agreement of the parties according to the needs of the SSLB.

A) KPI-1: reduction of intensity of GHG emissions measured in CO₂ relative to GDP

To calculate the KPI-1 indicator with annual frequency, corresponding to year t:

- a. By November 15 of year t+1:
 1. The MIEM, the MGAP and the MA shall submit to the NGHGI W. Group the previous year's sectoral GHG emissions report, which shall be used as input for the preparation of the Emissions Report (EMR). The estimates will be made following the same guidelines used by the country for the preparation of the NGHGI, and according to the competencies established in Decree No. 181/020 of June 24, 2020. The information provided in the sectoral emissions reports prepared by each Ministry shall include:
 - i. Sectoral emissions estimates (Intergovernmental Panel on Climate Change's software or other tool for calculating emissions) with the level of disaggregation required for estimating the SSFR KPI-1.
 - ii. Auxiliary spreadsheets and additional information.
 - iii. Methodological note that includes a brief description of the methodology, explanation of the evolution of emissions and recalculations performed (if any), in a format that has been agreed with the NGHGI Group.

b. By December 15 of year t+1:

1. After the internal quality control of the EMR has been performed, the NGHGI W. Group will do the same for the pMRV W. Group, which will include:
 - i. The database with the annual estimates of GHG emissions (the reported information will have a maximum lag of twelve months) of the categories included in the calculation of the SSLB KPI-1, according to the spreadsheet model agreed between the different ministries.
 - ii. A document containing a brief description of the methodology, the explanation of the evolution of emissions (and recalculations made in relation to historical information reported in previous years, if any), as well as any other consideration that is useful and relevant for the preparation of the Annual Report of the SSLB and the interpretation of the evolution of the indicators.
2. The MIEM, the MGAP and the MA provide to the pMRV W. Group:
 - i. the aggregate and sectoral variables, flow and/or stock, according to the competence of each Ministry, and the additional estimates and/or adjustments that may be necessary for the calculation of the SSLB KPI.⁶
3. The MEF will provide the pMRV W. Group:
 - i. The most recent annual real GDP data published by the CBU for the previous year.

c. By December 30 of the year t+1:

1. The pMRV W. Group will prepare the preliminary KPIR, using the EMR as well as aggregate and sectoral variables, flow and/or stock, and any additional necessary estimates. This report will include:
 - i. Database with preliminary estimates of the annual KPI-1 (in whole numbers), and of any other sectoral flow and/or stock variables, and any additional necessary estimates for the calculation of the SSLB KPI-1, with a maximum lag of twelve months in the information reported.⁷
 - ii. Methodology worksheet including the description of the calculations for the KPI-1 and adjustments and/or revisions (if any) made regarding the information reported in previous years.
2. The pMRV W. Group shares the preliminary EMR and KPIR with the SSLB W. Group.

⁶ As defined in the NDC, CO₂ emissions are corrected for inter-annual variability of water inputs to reservoirs and hydroelectric dams by average hydraulicity.

⁷ These are "preliminary estimates of KPIs" given that the update of real GDP for year t-1, to be used in the calculation of KPI-1, will be published in the first quarter of year t+1.

3. The SSLB W. Group provides the SNRCC W. Group with the preliminary IEM and KPIR for adoption.
4. At the same time, the BIIC W. Group will send the following information regarding KPI-1 to the External Verifier to begin the external verification process:
 - i. The EMR with the contents described in section 4.1.1 and detailed in this Annex.
 - ii. Methodological note including the description of the calculations for the GHG emissions estimates developed by the NGHGI Group.
 - iii. The Preliminary KPIR with the content described in section 4.1.4 and detailed in this Annex.
 - iv. Software data base or any other emissions calculation tool.
 - v. Data pre-processing worksheets for input to the software or other emission calculation tool, and any other additional information requested by the verifier.
5. During the external verification process, the NGHGI W. Group, the pMRV W. Group, MGAP's DGF and the UGD and AMF of the MEF will designate a counterpart for exchanges with the external verifiers, in coordination with the SSLB W. Group, according to the work schedule defined in coordination with UNDP.

d. Starting on December 30 of year t+1:

The SSLB W. Group begins the preparation of the SSLB Annual Report. For this purpose, it will use the preliminary EMR and KPIR. The preliminary KPIR contains the preliminary calculation of KPI-1 for year t, using the most recent annual real GDP data for year t, available at the end of year t+1.

e. By April 5 of the year t+2:

The MEF provides the pMRV W. Group with the annual GDP data according to the year the KPI-1 is calculated, which is currently available on the CBU website, and the pMRV W. Group recalculates the KPI-1.⁸

f. By April 10 of the year t+2:

The coordination team of the pMRV W. Group sends the final version of the KPIR to the SSLB W. Group including the content described in section c.1).

g. By April 15 of the year t+2:

⁸ The GDP series since 1990 will be used, in billions of constant pesos. At the time of writing this Memorandum, the real GDP published by the BCU is based on the year 2016, and the retropolated period was between 1990 and 2015. Going forward, the most recent available information provided by the BCU will be used, linked through the retropolation method with the publicly available National Accounts information published by said institution.

1. The SSLB W. Group provides the finalized INI to be adopted by the SNRCC W. Group.
2. The SNRCC W. Group adopts the INI.
3. The SSLB W. Group submits the INI to the External Verifier for the last stage of the verification process, which includes the latest GDP update available for year t (corresponding to the year in which KPI-1 is calculated) on the CBU website.

h. By May 15 of the year t+2:

The external verification process concludes, and the SSLB W. Group receives the External Verifier's Report.

i. By May 25 of the year t+2:

The SSLB W. Group finalizes the SSLB Annual Report and submits it to the SNRCC W. Group for its consideration.

j. Before May 31 of the year t+2:

The SSLB W. Group will publish the SSLB Annual Report and the External Verifier Report of KPI-1 and KPI-2 values (when applicable) on the established website, following market standards, in both Spanish and English.

B) For the KPI-2: maintain the area of the NF measured in hectares

For the calculation of the KPI-2 indicator every four years or its intermediate update, corresponding to year t:

a. By December 15 of the year t+1:

1. The MGAP, through the DGF-MGAP, will provide the NFR to the pMRV W. Group

1.1 The NFR, in years when NF mapping is available, should include:

- i. Report with the estimate of the NF area (in hectares) emerging from the cartography and its corresponding commission error.
- ii. Relevant files using shapefiles format for the cartography.
- iii. Document describing the methodology applied for the elaboration and validation of the native forest mapping.
- iv. Any other relevant information considered pertinent for the purpose of describing the changes in the indicator.

1.2 The NFR, in the years that the NF Cartography is not available, it must include:

- i. Intermediate NF Report that reflects forest management actions, along with the applied policies, regulations, and/or changes in the regulatory framework, to achieve NF conservation.

- ii. Other variables or information that is available and that the MGAP considers relevant to the NFR.

b. By December 30 of the year t+1.

1. The pMRV W. Group will prepare the KPIR, using the KPI-2 NFR:
 - A KPI-2 estimate using the NFR's information and the area of NF from the base year of 2012;
 - methodological sheet including the description of the calculations for KPI-2.
2. The pMRV W. Group shares the NFR and KPIR with the SSLB W. Group.
3. The SSLB W. Group submits NFR and KPIR to SNRCC W. Group for adoption.
4. At the same time, the SSLB W. Group will send to the External Verifier to initiate the external verification process the following information for KPI-2:
 - i) Content described in numeral 4.1.2 and detailed in this Annex.
 - ii) Methodological note including the description of the process carried out for the elaboration of the NF cartography prepared by the DGF-MGAP.
 - iii) The KPIR with the content described in section 4.1.4 and detailed in this Annex.
 - iv) For the years in which the mapping is performed, the resulting files in Shapefile format and associated spreadsheets, as well as any other additional information requested by the verifier, shall be provided.
5. During the external verification process, the NGHGI W. Group, the pMRV W. Group, MGAP's DGF and the DGU of the MEF will designate a counterpart for exchanges with the external verifiers, in coordination with the SSLB W. Group, according to the work schedule to be defined for this purpose in conjunction with UNDP.

c. As of December 30 of the year t+1:

The SSLB W. Group begins the preparation of the SSLB Annual Report. For this purpose, it will use the NFR and the KPIR.

d. By April 15 of the year t+2:

1. The SSLB W. Group submits the finalized INI to the SNRCC W. Group for adoption.
2. The SNRCC W. Group adopts the KPIR.
3. The SSLB W. Group forwards the KPIR to the External Verifier for the final stage of the verification process.

e. By May 15 of the year t+2:

The external verification process concludes, and the SSLB W. Group receives the External Verifier's Report.

f. By May 25 of the year t+2:

The SSLB W. Group finalizes the SSLB Annual Report and submits it to the SNRCC W. Group for its consideration.

g. Before May 31 of the year t+2:

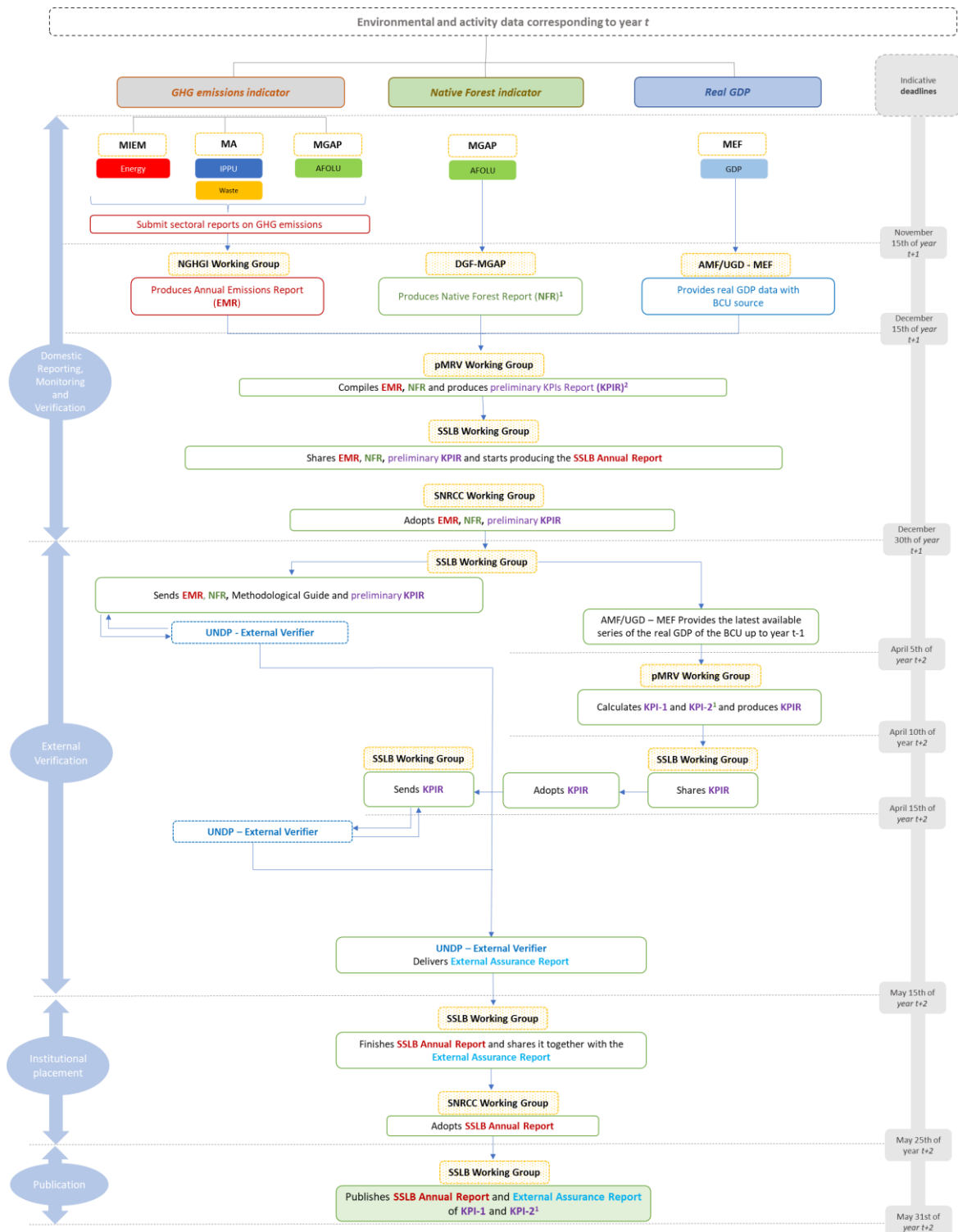
The SSLB W. Group will publish the SSLB Annual Report and the External Verifier Report of KPI-1 and KPI-2 figures (when applicable) on the established website, following market standards, in Spanish and English.

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Throughout the process, the SSLB W. Group's coordinators will follow up at each stage, ensuring compliance with the sequence, deadlines, content, and forms of data submission for both indicators.

Flow Chart for the Elaboration and Publication of the SSLB Annual Report

Work-streams, data compilation architecture, and key milestones and responsible teams for the preparation publication of the SSLB Annual Report



¹ For the years in which the cartography is not carried out (and, therefore, the KPI-2 is not calculated), the Native Forest Report will provide an intermediate update on the actions of policies, regulations and/or changes in the normative framework destined to the promotion and

conservation of the Native Forest. In this case, the NFR will follow the same work-stream and timelines as depicted above, except for external verification.

² The preliminary KPIR calculates the KPI-1 for year *t* at the end of year *t*+1, based on the EMR and latest available real GDP data for year *t*. At the end of the first quarter of year *t*+2, the Central Bank reports an update of the GDP figures, which could include a revised estimate of real annual GDP for year *t*. This estimate is the one used for the final calculation of the KPI-1 corresponding to *t*, which is included in the final version of the KPIR re-send for external verification.

Glossary:

AMF-MEF	Macroeconomic Financial Advisory of the MEF from the Spanish: <i>Asesoría Macroeconómica y Financiera del MEF</i>
BCU	Central Bank of Uruguay
SSLB	Sovereign Sustainability-linked Bonds
NF	Native Forest
NDC	Nationally-determined Contribution
UNFCCC	Convención Marco de las Naciones Unidas sobre el Cambio Climático/ United Nations Framework Convention on Climate Change
DGF-MGAP	General Forestry Directorate of the MGAP from the Spanish: <i>Dirección General Forestal del MGAP</i>
DNACC-MA	National Climate Change Directorate of the MA, from the Spanish: <i>Dirección Nacional de Cambio Climático del MA</i>
DNE-MIEM	MIEM's National Directorate for Energy, from the Spanish: <i>Dirección Nacional de Energía</i>
ICMA	<i>International Capital Market Association</i>
NFR	Native Forest Report
EMR	Emissions Report
NGHGI	National Greenhouse Gas Inventory
KPIR	KPI Report for the SSLB
GHG	Greenhouse Gases
SSLB W. Group	Inter-ministerial working group for the SSLB within the SNRCC
NGHGI W. Group	Working Group of the NGHGI within the framework of the SNRCC
SNRCC W. Group	National Climate Change Response System Coordination Group
pMRV W. Group	Programming, Monitoring, Reporting, and Verification Working Group of the SNRCC
KPI	Key Performance Indicators of the SSLB

MA	Ministry of the Environment of Uruguay, from the Spanish: <i>Ministerio de Ambiente</i>
MGAP	Ministry of Livestock, Agriculture, and Fisheries of Uruguay, from the Spanish: <i>Ministerio de Ganadería, Agricultura y Pesca</i>
MEF	Ministry of Economics and Finance of Uruguay, from the Spanish: <i>Ministerio de Economía y Finanzas</i>
MIEM	Ministry of Industry, Energy, and Mining of Uruguay, from the Spanish: <i>Ministerio de Industria, Energía y Minería</i>
MRREE	Ministry of Foreign Relations of Uruguay, from the Spanish <i>Ministerio de Relaciones Exteriores</i>
OPYPA-MGAP	MGAP's Office for Agricultural Policy and Programming, from the Spanish: <i>Oficina de Programación y Política Agropecuaria del MGAP</i>
GDP	Gross Domestic Product
SNRCC	National Response System to Climate Change and variability, from the Spanish: <i>Sistema Nacional de Respuesta al Cambio Climático y variabilidad</i>
SPT	Sustainability Performance Targets
UGD-MEF	Debt Management Unit of the MEF, from the Spanish: <i>Unidad de Gestión de Deuda Pública del MEF</i>
UNDP	United Nations Development Programme