VIBRA

SUSTAINABILITY
REPORT
2021

TCFD Report

TCFD REPORT

Topics	TCFD Recommendations	Response
Governance	a. Describe how the Council oversees risks and opportunities related to climate change.	Climate issues are directly linked to our business strategy. The risks and opportunities related to climate change were important drivers in the processes of defining the new market positioning and reviewing Vibra's strategic planning. The Board of Directors was responsible for approving the new market positioning as an energy company, which will seek an active role in Brazil's energy transition, as well as directing the business towards cleaner energy. Investments above R$ 50 million, as well as certain divestment projects, are within the limits of competence of the Board of Directors, and in 2021, three partnerships were approved within the scope of this Board that directly respond to climate risks and opportunities, namely : the Joint Venture with Coopersucar, the cooperation agreement with ZEG Biogás and the partnership with BBF for the HVO. In this way, the Board of Directors monitors the risks and opportunities related to climate change in an integrated manner with the company's strategic movements, such as defining a new positioning, reviewing Vibra's strategy and developing new businesses. In addition, the Board of Directors is responsible for approving the risk management policy and periodically evaluating our exposure to risks, including risks related to climate change, monitoring the most severe risks on a quarterly basis, through the Risk and Financial Committee and of the Statutory Audit Committee, making recommendations to those responsible for the Action Plans. Risk factors related to climate change require Vibra´s diligence, being relevant to assessing the risks with very high and high severity, with quarterly accompaniment by the Board of Directors and its Committees: Statutory Audit Committee and Risk and Financial Committee. The Board of Directors systematically monitors the business plan, where we have initiatives related to climate change, such as reduction of greenhouse gas emissions, increased renewable energy use and the acquisition of decarbonization credits (CBIOs) to attend Renovabio Program. During 2021, highlights of our climate change initiatives were reported to the Board of Directors together at CEO's ESG report. In 2022, climate change initiatives have become a fixed item at CEO's monthly report to the Board of Directors.

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Governance	b. Describe the Board's role in assessing and managing risks and opportunities related to climate change.	As mentioned above, the CA's role is to review and guide the company's strategy; review and guide risk management and HSE policies; review and guide business plans; oversee major capital expenditures, acquisitions and disposals. The risks and opportunities related to climate change are important drivers of our strategy. The CEO is the highest climate governance position at Vibra. He is responsible for proposing strategic initiatives related to energy transition, policies and goals to the Board of Executive Directors and CA, as well as monitoring climate-related KPIs. The CEO makes a monthly report to the Board including the ESG topic, within which climate change is a fixed item in this report since 2022. As examples of the CEO's performance in matters related to climate change, we highlight his proposal to the Board on the acquisition of Targus and COMERC, energy traders, JV with Copersucar, partnership with BBF and the signing of a loan agreement convertible into shares of EZVolt. Regarding KPI monitoring, the CEO monitors the purchase of decarbonization credits (CBIO), to achieve the company's goal in the national biofuels policy (RenovaBio Program), an offshoot of the Brazilian NDC in the Paris Agreement. In addition, Vibra has a Health, Safety and Environment Policy and Guidelines, proposed by the Executive Board, which has the CEO as the main member, and approved by the Board of Directors. Such policy includes climate change and climate change plan.
Strategy	a. Risks and opportunities related to climate change that the organization has identified in the short, medium and long term.	**Short Term:** **Increasing Regulations (Legal Requirements and Demands)** – The company is subject to increasingly stringent regulations from various regulatory agencies, environmental, health and safety authorities and industry standards. Today, Brazil has its first pricing program aimed directly at the fuel distribution sector, Renovabio, which prices CO2 emissions based on the market share that the distributor occupies in relation to fossil fuels. To anticipate this demand, Vibra constantly monitors the evolution of discussions on these new regulations, making projections and studies to measure impacts and map opportunities in costs and demand, aligning results with the short, medium and long-term business plan. **Medium Term:** **Technological change** - We live in a period of unprecedented technological advancement. Therefore, Vibra constantly monitors the evolution of technologies with the potential to affect its business, especially those that involve the replacement of fossil fuels (electric cars, for example). For that, market studies and projections are made to try to predict how the new technologies will evolve and produce social and environmental impacts.

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Strategy	a. Risks and opportunities related to climate change that the organization has identified in the short, medium and long term.	<u>**Long Term:**</u> **Changes in market dynamics and preferences** are fundamental elements for defining the company's operating strategies. The trend towards a cleaner energy matrix is an undeniable reality and a constant subject in the risk and opportunity assessments carried out at Vibra. This trend can be especially harmful for companies whose core business is the distribution of fossil fuels, so several fronts are being carried out to expand our company's product portfolio, with the ultimate goal of improving its strategic positioning, mitigating threats and taking advantage of the opportunities that the market offers. In this sense, Vibra seeks to take a leading role, offering the energy that society demands. This is our strategic positioning, around which we work, inserted in a sector that is undergoing major regulatory and structural transformations, within the scope of the energy transition. The challenges, in this sense, include facing the growing concern of society regarding ESG aspects and centralizing the action on the consumer, being agile, digital and focused more on intellectual capital than on assets. **Effects on image and reputation -** Changes in the behavior of customers and markets in general, which demand a growing environmental commitment, favoring renewable energy alternatives to the detriment of the consumption of fossil fuels products, may affect the public's perception of the company and how much effort (time and resources) it will take to change that perception. In this line, Vibra assumed a new position in 2021, positioning itself as an energy company with an active role in the country's energy transition. The first steps of this new positioning were taken with the entry and expansion of our participation in new businesses related to renewable energies. **Weather events -** The occurrence of extreme weather events, such as floods, cyclones and large fires, are always present alert points in the company's facilities, especially in the storage bases, where large amounts of flammable and polluting products are stored. If such facilities are affected by some of these acute physical events, the probability of accidents increases considerably, with relevant impacts on the environment and on people's lives. Therefore, Vibra adopts strict safety procedures at all bases, with workforce training and safety inspections (audits).
	b. Impacts of risks and opportunities related to climate change on the organization's business, strategy and financial planning.	Growing concerns about climate change may lead to demand for additional regulatory measures, increasing operating costs and compliance costs. In addition, greater regulation is expected regarding Greenhouse Gas (GHG) emissions and climate change that could materially affect the Company, both directly, through the additional capital investments necessary to comply with the new regulation, and indirectly (affecting demand for fossil fuels and their prices). Such effects may affect the Company's operating and financial results and demand greater efforts from the Company to ensure its compliance with new regulations. A possible reduction in the consumption of some of the oil products distributed by Vibra, as well as the preference for consumption of renewable energy sources in the market, may negatively impact its revenues. Oil-derived fuels compete with alternative energy sources, such as biofuels, solar and wind energy, often encouraged by the government itself, with tariff advantages and other subsidies to make them more competitive. Price fluctuations and the development of alternative energy sources may adversely affect the oil-derived fuel distribution market and, consequently, the Company's business, financial condition and results of operations.

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Strategy		Although our business is mainly the sale of fuels, we seek balance, attentive to new avenues for generating value for customers. As an example, we can mention the acquisition of Targus Energia in 2020, an electricity trader, which complements our portfolio and boosts customer acquisition by offering management services in the free market and distributed generation products. We also entered into a partnership with Lojas Americanas for the convenience business, which provides for the integration of BR Mania and Local stores to form VEM Conveniência, whose capital will be divided equally between the two companies and will have its own professional and governance structure.
	c. Resilience of the organization's strategy, considering different climate change scenarios, including a scenario of 2°C or less	Considering the 2030 and 2040 scenarios of the World Energy Outlook 2020 of International Energy Agency (IEA), the projections listed below could affect our business generating risks and opportunities related to climate change: - Oil products lose importance, but remain significant, with more than 30% of consumption in 2040. Faster decline in dirtier fuels (eg: OC) - - Electricity will increase from 20% to around 30% of consumption in 2040, with a significant share in the industrial segment - Natural Gas will gain relevance, with 15% of industrial consumption by 2030, with great offgrid potential for Vibra - - Biofuels gain strength and become the main source for transport in 2040, with about 50% of consumption - - EVs will gain relevance, representing more than 30% of sales and participation of more than 10% in the fleet from 2030 - - Green H2 in embryonic discussions. But comparative advantages can make Brazil a green H2 development platform To successfully navigate a market in transition, we decided where VIBRA should position itself: - Strengthening of the current portfolio: Fuel distribution; lubricants; Aviation; Convenience; Ethanol and oil products trading; Commercialization and trading of electricity. - New growth vectors: Off-grid and on-grid supply of natural gas and biomethane; Strengthening the position in electric energy; Self-production and GD Solutions for charging EVs; Expanded Convenience relationship program. - Gradual bets on innovation spaces: Hydrogen and fuel cells; New types of biofuels and efuels; New solutions for mobility. - Areas of less interest: Production of fossil fuels and traditional biofuels; Scale generation and distribution of electricity; Natural gas transport and distribution infrastructure. We will have resilience to the uncertainties of the energy transition via: - Focus on the customer, following their preferences and energy challenges - Neutral commercialization channel: provider of energy solutions from the most competitive sources, independent of investments in assets - Progressive bets on new energies with room to accelerate / brake in the face of the uncertainties of the energy transition

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Risk Management	a. Processes used by the organization to identify and assess risks related to climate change.	Vibra's climate risk management is part of a broad corporate risk management process: the Risk Matrix, which includes all types of risks to which the company is exposed. In order to assess the severity of the risks in this process, each of them is classified into 5 levels of probability of occurrence (extremely rare, rare, occasional, frequent and very frequent) and 5 levels of impact (very low, low, medium, high, too high). The impact analysis also considers 4 different dimensions: Financial, Image and Reputation, Compliance and Legal, Environmental and Life: 1) Financial dimension: Considers the impact based on a value scale linked to Vibra's Ebitda. 2) Image and Reputation Dimension: Considers how the impact will affect the public's perception of Vibra, the effort (time, resources and results) required to change that perception, and the frequency and breadth of media exposure. 3) Compliance and Legal Dimension: It considers the imposition of fines and other penalties (litigation, restrictions and suspensions) that Vibra may suffer with the materialization of risk, also including contractual and regulatory issues. 4) Environmental and Life Dimension: Considers damage to the environment, including the volume of oil spills involved, the type of environment and community affected. Thus, the risk severity levels are obtained through the combination of these probability and impact factors, resulting in the risk assessment according to the Company's Risk Appetite parameters. With the objective of mapping emerging risks and updating the risk matrix, corporate risk management meets with the most diverse areas of the company to identify and reassess the risks, promoting the relevant changes in the matrix so that it reflects the scenario to which the Vibra is exposed.
	b. Processes used by the organization to manage risks related to climate change.	Vibra's risk management procmain risks to which the company is exposed, including those related to climate change. Vibra's Risk Matrix is reassessed annually and approved by the Board of Directors. The Matrix risks are grouped into categories according to the nature of the business risks, being divided into business, cyber, operational, people, reputational, financial, sustainability and compliance. After ess includes the identification, analysis, assessment, treatment and monitoring of the the risk assessment stage, response plans and internal controls are prepared to reduce the probability of occurrence and mitigate the impacts of risks, following the order of priority according to the degree of severity of each one. Risks that have a severity rated as high or very high (8 out of the 25 quadrants of the risk matrix) are periodically presented to the Board and the Board, who discuss additional measures that need to be taken to address these risks.

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Risk Management	b. Processes used by the organization to manage risks related to climate change.	Due to the peculiarity of the market in which it operates, Vibra is exposed to a series of strategic and business risks, both manageable and unmanageable, such as risks associated with the fluctuation of prices of its products in the national/international market, changes in consumption of society, performance of competitors, performance of suppliers, regulatory or tax changes, macroeconomic and industry conditions, among others. The management of these risks, in turn, is based on a process of planning and portfolio management that values the economy in the selection of projects, the diversification of business lines and the strict fulfillment of goals, which are periodically monitored in the different hierarchical levels. In addition, the Company continuously monitors the evolution of the external scenario and the performance of its various stakeholders. Although all risks mapped in the risk matrix are managed by the company's compliance, ombudsman and risk areas, the upper levels of management focus on those classified as having high or very high global impact. In addition, the area of the responsible company monitors the evolution of the matrix and creates internal controls and action plans to mitigate the probability and/or impact of risks, prioritizing efforts according to the levels of impact and probability of occurrence of each risk.
	c. How the processes used by the organization to identify, assess and manage risks related to climate change are integrated into the organization's overall risk management.	Vibra considers the risks in its decisions and understands that management must be carried out in an integrated manner and that the responses to risks must take into consideration the possible long-term and far-reaching cumulative consequences. Our risk management presupposes a set of continuous and integrated activities, supported by a structure that, in practice, encompasses from the Board of Directors to the service providers employees and other stakeholders. Thus, we maintain a diagnosis of the most relevant risks related to our own performance and to the public: shareholders, subsidiaries and affiliates, suppliers and customers. We also identify the risks linked to the economic sectors in which we operate and their regulation, and to socio-environmental, macroeconomic and market aspects – especially variations in product prices, exchange rates and interest rates. The process was detailed in item 6 Risk Management.
Metrics and targets	a. Metrics used by the organization to assess risks and opportunities related to climate change in accordance with its strategy and risk management process.	Absolute GHG emission (tCO2e) GHG emission intensity (tCO2e/BOE) Energy consumption (GJ) Intensity of energy consumption (GJ/GJ) In addition to the metrics above, in risk assessments for investment and divestment projects, Vibra considers, among other financial, marketing and strategic factors, the impacts that may be caused to the environment and the possible effects, favorable or unfavorable, resulting from changes climate in the new business.

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Metrics and targets	b. Transparency regarding scope 1, 2 and 3 emissions	Reports of Scope 1, 2 and 3 emissions are available in the Sustainability Reports, in Vibra's response to the CDP questionnaire and in the Public Emissions Registry of the Brazilian GHG Protocol Program.
	c. Targets used to manage climate change-related risks and opportunities, and performance against targets.	In 2021, we are committed to having zero net emissions for scopes 1 and 2 by the year 2025 and the ambitious net zero emission target for scope 3 by 2050. We also have the goal of reducing our Scope 1 and 2 emissions by 67% by the year 2026 compared to the base year 2019, which represents a reduction of 43,500 tCO_2e per year. We will go from an emission of 64,9 thousand tCO_2e in 2019 to 21,4 thousand tCO_2e in 2026. A large part of this reduction is linked to the deactivation of a thermal plant located in the north of Brazil, which is expected to be serviced by the national interconnected system in the next few years with the transmission line works completion. Another goal directly related to the climate change theme is to have renewable energy business (electricity and renewable fuels) representing 30% of Vibra's 2030 EBITDA.