



**TCFD**  
Report  
2022



# 1. Governance

## BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate issues are directly linked to Vibra's business strategy and serve as important decision-making drivers. The company's Board of Directors (BoD) monitors the risks and opportunities associated with the issues that directly influence the company's performance, such as the focus on decarbonization.

The Board of Directors (BoD), as Vibra's collegiate body responsible for defining the company's direction and strategy, is responsible for developing a new market positioning as an integrated energy company. The company's primary goal is to position itself for active participation in Brazil's energy transition by forming partnerships with its customers in order to provide specific solutions for each customer's needs and to assist them in their decarbonization journey.

The BoD systematically monitors the evolution of our business plan, which includes climate change initiatives such as reducing greenhouse gas (GHG) emissions, increasing the use of renewable energy, and acquiring decarbonization credits (CBio) to meet the RenovaBio program's goals.

Furthermore, the board is responsible for approving investments above BRL 50 million, as well as certain divestment projects. It approved contributions to relevant initiatives that directly respond to climate risks and opportunities in 2021-2022 (see examples in the box on the right). These actions are intended to supplement our portfolio and position us at the forefront of the energy transition, thereby hastening our transition to an integrated energy company.

In addition, the BoD is responsible for approving the risk management policy and defining the company's willingness to accept each identified business risk. It is also the Board of Directors, through the Statutory Audit Committee, who periodically assesses our exposure to risks, including risks related to climate change, monitoring the risks deemed to be of extreme and very high severity.

Throughout 2022, the CEO's ESG initiative reports provided the Board of Directors with an overview of climate change issues.

## Vibra initiatives that directly respond to climate risks and opportunities

- Acquisition of 50% of Comerc, a renewable energy company that operates in the free energy market, in B2B distributed generation, energy efficiency, and other services.
- Acquisition of 50% of ZEG Biogas, a company with expertise and technology in the production of biomethane.
- Partnership with Brasil BioFuel (BBF) in which Vibra will act as an offtaker company of HVO (Hydrotreated Vegetable Oil) and SAF (Sustainable Aviation Fuel) and will thus begin to offer advanced biofuels made from palm oil by 2026.
- The opening of the first unit of our highway electric recharging network.
- Completion of the divestment of the Muricy and Pecém thermal electric plants, reinforcing the company's strategic positioning towards cleaner energy.
- Creation of Evolua, a joint venture with Copersucar, forming the largest ethanol trader in Brazil.



**BOARD'S ROLE IN THE ASSESSMENT AND MANAGEMENT OF RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE**

The CEO is the highest climate governance position at Vibra. He is responsible for proposing to the Executive Board and Board of Directors the strategic initiatives related to the energy transition, policies and goals.

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, reinforcing the strategy to increase the portfolio of renewables and clean energy distribution.

Regarding KPIs, the CEO monitors the purchase of decarbonization credits (CBIO), to achieve the company's goal in the national biofuels policy (RenovaBio Program).

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 is approved by the Board of Directors. Such policy includes climate change.

## 2. Strategy

**CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED BY THE ORGANIZATION IN THE SHORT, MEDIUM AND LONG TERM**

**Short term (0 to 2 years):**

**Increased regulations (political and legal risk)**

- The company is subject to increasingly stringent regulations imposed by 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 CO<sub>2</sub> emissions based on the market share that the distributor occupies in relation to fossil fuels. Furthermore, consumer concern about climate change is growing, which may necessitate the implementation of additional regulatory measures that will result in higher operating costs in order to meet these new requirements. To anticipate this demand, Vibra constantly monitors the evolution of the 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 (from 2 to 5 years):**

**Changes in technology** - The energy sector is undergoing rapid technological advancement. As a result, Vibra is constantly monitors the evolution of technologies with the potential to affect its business, particularly those involving the replacement of fossil fuels (such as electric vehicles). The goal is to identify opportunities and innovative technologies that complement the Company's business or that enable the development of new businesses, products, and/or services, thereby expanding and updating our portfolio. To facilitate this process, Vibra Ventures was established as a separate venture capital entity to provide support for scaleup and startup projects.

**Long term (more than 5 years):**

**Changes in market dynamics and preferences** - These elements must be constantly monitored in order to define and update the Company's operating strategy. The trend toward cleaner energy matrix is a constant factor in Vibra's risk and opportunity assessments, as well as an ongoing focus on public policy agendas. This trend must be closely monitored by companies whose core business is the distribution of fossil fuels. In light

of this, we are broadening the company's product portfolio on multiple fronts. Our primary goal is to improve our strategic positioning in order to mitigate threats and capitalize on market opportunities.

Given this risk, Vibra has devised a strategy to provide the energy that society requires. The challenges in this regard include dealing with growing societal concerns about ESG issues and focusing action on consumers.

**Effects on image and reputation** - The increased demand for environmental attributes of products and services by customers and the markets in general has put pressure on most companies to make environmental and social commitments. As a result, businesses are favoring renewable energy alternatives to the detriment of the consumption of fossil fuels products This changes in consumer behavior might affect how the public's perception of the company, and how much effort (time and resources) to alter that perception. In this line, Vibra has worked since 2022 to solidify its image as an energy company actively involved in the country's energy transition. Our entry and expansion into new renewable energy businesses were the first steps in this new positioning.

**Climate events** - The occurrence of extreme weather events, such as floods, tropical storms, and large fires, pose a risk to our 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 logistics, the environment, and people's lives. As a result, Vibra has implemented strict safety procedures at all its installations, including training of its employees and safety inspections (audits).

Floods, hillside collapses, and landslides, for example, caused by heavy rain, can have a negative impact on the Company's distribution chain. It may be necessary, for example, to use alternative routes that do not meet logistics requirements. This can have a negative impact on operating costs and results, as well as lead to missed customer delivery deadlines. Furthermore, extreme climate variations may have an impact on our value chain's productivity, particularly in the agricultural sector, which is heavily reliant on water availability.

**CLIMATE-RELATED RISKS AND FINANCIAL IMPACTS**

**Types of transition risk: Political and legal**

Principal climate risk factor:	<b>Product and service mandates and regulations can increase operating costs to meet new requirements.</b>
Time horizon:	Short-term
Risk Probability:	Very frequent
Magnitude of impact:	Too High
Value of potential financial impact (minimum):	BRL 674 million
Value of potential financial impact (maximum):	BRL 2.596 billion
Explanation of estimated financial impact:	The potential financial impact reflects the possibility that the distribution market will not pass on the cost of the CBIO to the fuel price. In addition, there is the effect of price fluctuations for purchasing credits decarbonization (CBios, credits in the RenovaBio program) in the market, since these are traded on the stock exchange. To calculate the impact of financial risk, we consider the maximum historical values (BRL 202.65) and minimum (BRL 52.58) from CBio, as well as the goal of acquiring Vibra in 2022 (12,810.375 CBios), resulting in the value ranges presented above (BRL 52.58 x 12,810.375 = BRL 674,000,000) and (BRL 202.65 x 12,810.375 = BRL 2,596,000,000).
Risk response cost:	BRL 1,000,000.00
Mitigation and adaptation measures:	Vibra has specific areas both for monitoring regulatory changes and acquiring CBios. Thus, the remuneration of the teams involved in these processes represents the majority of the response costs for risk management. Based on the members of the teams assigned to these issues and the average market salary, we estimate the cost of response shown above.

**Transition risk type: Market**

Principal climate risk factor:	<b>Change in consumer behavior, leading to a reduction in consumption of fossil fuel by-products</b>
Time horizon:	Long-term
Probability:	Very frequent
Magnitude of impact:	High
Value of potential financial impact (minimum):	BRL 139 million/year
Value of potential financial impact (maximum):	BRL 603 million/year
Explanation financial impact:	A reduction in the company's bottom line is expected due to the gap between fossil and renewable energy margins. The financial impact on Vibra's EBTIDA was considered, with an expected increase over time. The range presented above considered two possible scenarios based on our strategic plan.
Risk response cost:	Investments already made: BRL 3.7 billion Because the total cost of responding to this risk is sensitive to the company, we only disclose previously announced investments.
Mitigation and adaptation measures:	New strategic partnership agreements have been signed to expand Vibra's product and service portfolio, totaling the amount indicated above. The investment made goes beyond the response to the risk of change in consumer behavior. This investment is a value lever for Vibra and is in line with our strategy to take an active role in the country's energy transition, as indicated in the "Products and Services" opportunity reported on the next page. See the response in the box above a) of the Governance part of this report and, to learn more, access Vibra's 2022 Sustainability Report.

**CLIMATE-RELATED OPPORTUNITIES AND FINANCIAL IMPACTS**

**Opportunity type: Resource efficiency**

The primary climatic factor opportunity	<b>Use of more efficient production and distribution processes</b>
Primary significant potential financial impact	Reduction in energy consumption costs
Time horizon	Short-term
Probability	Very frequent
Magnitude of impact	Low
Value of potential financial impact	BRL4.6 million/year
Explanation of estimated financial potential	We are working to contract energy supply more efficiently and sustainably, reducing our operating costs and consuming more electricity from renewable sources. Currently, approximately 35% of Vibra's electricity consumption comes from the freeenergy market from renewable sources. We plan to reach 50% in the next 3 years. The financial impact estimate takes into account the potential cost reduction with the migration of electricity consumption from the captive market to the free market.
Implementation costs	BRL 1.4 million
Implementation strategy	To take advantage of this opportunity, we must physically adapt our facilities through engineering projects, as well as negotiate with energy trading companies to ensure the best commercial terms for Vibra. The main cost of taking advantage of these opportunities is related to the necessary migration adaptations.

**Opportunity types: Products and Services**

The primary climatic factor opportunity	<b>Change in consumer behavior, leading to development and/or expansion of goods and services with low emissions</b>
Primary significant potential financial impact	Increased revenue resulting from increased demand for products and services.
Time horizon	Long-term
Probability	Very frequent
Magnitude of impact	High
Explanation of estimated financial potential	The financial impact of this opportunity is company-sensitive and thus cannot be reported at this time.
Implementation costs	BRL 3.7 billion Because the total cost of mitigating this risk is sensitive to the company, we only disclose previously announced investments.
Implementation strategy	New strategic partnership agreements have been signed to expand Vibra's product and service portfolio, totaling the amount indicated above. See in the box above the response a) of the Governance part of this report and, to learn more, access Vibra's 2022 Sustainability Report.

**IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANIZATION'S BUSINESS, STRATEGY, AND FINANCIAL PLANNING**

Climate change concerns may necessitate additional regulatory measures, raising the Company's operating costs and, as a result, the financial costs of complying with these regulations. Greater regulation of Greenhouse Gas (GHG) emissions is also expected. As a result, the Company may suffer materially as a result of the additional capital investments required to comply with the new regulations, as well as indirectly as a result of decreased demand for fossil fuels and price fluctuations.

A possible reduction in the consumption of some petroleum products distributed by Vibra, as well as the preference for renewable energy sources, could reduce the Company's revenues. Petroleum-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.

To mitigate the negative consequences of these risks, we have developed initiatives to strategically

position Vibra within the context of the energy transition, which is aimed at reducing GHG emissions. We believe we are making good progress toward our goal of transforming Vibra into a multi-energy platform capable of meeting our customers' demands as they navigate their own energy transition journey. We are accomplishing this by collaborating with other industry leaders in their particular fields: electricity, biofuels, and biogas, among others. In this regard, the company's ambition is that by 2030, 30% of EBITDA will come from the supply of new energies to our customers.

Innovation is viewed by Vibra as a powerful ally on the road to the energy transition. Vibra co.lab, our innovation hub, seeks to attract startups interested in collaborating with us in developing innovative and sustainable models for a low-carbon future.

In 2022, we launched the ESG Challenge with the goal of developing solutions to challenges related to climate change. We received applications from over 100 startups, and chose nine of their proposals for further development of their concepts. As a result of this process, we are conducting a proof of concept with one of the startup finalists to test a type of equipment that promotes reduced truck fuel consumption. In addition, several startups

have joined our innovation ecosystem, which may lead to future opportunities.

Among the achievements of 2022 in terms of innovation and energy transition, we highlight the inauguration of the first charging station for ultra-fast recharging of electric vehicles. This was the first step in our EZVolt startup's plan to install 70 of these stations by the end of 2023, as well as to open Brazil's first 100% electric charging station in the city of São Paulo.

**STRATEGY RESILIENCE**

Considering the 2030 and 2040 scenarios of the World Energy Outlook 2020 of the International Energy Agency (IEA), the projections listed below could affect our business by generating risks and opportunities related to climate change:

- Fossil fuels lose importance but remain significant with more than 30% of consumption in 2040. Earlier reduction in the use of dirtier fuels, such as fuel oil;
- Electricity consumption is expected to rise from 20% to around 30% by 2040, with the industrial sector playing a significant role;
- Gas is expected to become more important, accounting for 15% of industrial consumption by 2030;

- Biofuels are expected to gain prominence and become the main fuel source for transportation by 2040, accounting for approximately 50% of total consumption;
- Beginning in 2030, electric vehicles (EVs) will become more relevant, accounting for more than 30% of sales and more than 10% of fleet share;
- Green hydrogen is still in embryonic discussions, but Brazil's comparative advantages could make it a platform for green H2 development.

To successfully navigate the market as it transitions to these scenarios, Vibra focused its efforts on: **a. strengthening the current portfolio** (fuel distribution; lubricants; aviation; convenience; ethanol and derivatives trading; commercialization and trading of electricity); **b. new growth vectors** (supply of natural gas and biomethane; strengthening the position in electricity; self-production and Distributor Generation solutions for charging electric vehicle); **c. gradual bets on innovation spaces** (hydrogen and fuel cells; new types of biofuels and e-fuels; new solutions for mobility).

We believe that our resilience is founded on the following consistent foundations:

- Client-focused, following their preferences and energy challenges;
- Neutral commercialization channel: Provider of energy solutions from the most competitive sources, independent of asset investments;
- Progressive bets on new energies, with flexibility to "accelerate/brake" in the face of energy transition uncertainties.

### 3. Risk Management

**PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS**

Vibra's climate risk management is part of the corporate risk management process, which is governed by the Corporate Risk Management Policy, the Risk Management Methodology, and the Risk Matrix, which includes the main types of risks to which the company is exposed.

Vibra's Risk Management Methodology was prepared based on consulting and the best market practices outlined in ISO 31,000/2018, COSO ERM, and IBGC (Brazilian Code of Corporate Governance).

The management process entails the identification, analysis, treatment, and monitoring of the primary risks, which are classified into five

categories: ESG, Business, Compliance, Financial and Digital.

We used the external scenarios considered in our strategic planning, as well as the guidance documents of the TCFD (Task Force on Climate Related Financial Disclosures) and CDP (Carbon Disclosure Project), as reference materials for the initial identification of climate risks and analysis of their relevance to Vibra's business.

Following this, we monitored market movements, the evolution of technologies, and legal propositions related to the identified risks and opportunities.

Vibra is subject to increasingly stringent regulations from various regulatory agencies, environmental, health, and safety authorities, and industry standards. Vibra's Institutional Relations division publishes a daily newsletter that includes information about new regulations related to energy transition and climate change, among other things. We also participate in a number of forums organized by institutions with which we are affiliated, where we also monitor new regulations, market trends, and positions in the sector in which we operate.

Climate risks are assessed in the same way that Vibra considers other risks during the analysis stage. To estimate their severity, risks are

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 and too high). The impact analysis also takes into account four dimensions:

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: 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 the damage to the environment, including the volume of oil spills involved, the type of environment, and the community affected.

The corporate risk management team meets with various company divisions to map emerging risks and update the matrix, and promotes changes that are relevant to the matrix so that it can reflect the updated scenario to which Vibra is exposed.

Climate change risks are assessed by the Risk, ESG, Environment, Institutional Relationship, Operations, Energy, and Planning teams.

**RISK MANAGEMENT PROCESSES**

Following the risk assessment stage, response plans and internal controls are developed to reduce the probability of occurrence and mitigate the effects of risks in descending order of severity. Risks of high or very high severity (located in 8 of the 25 quadrants of the risk matrix) are presented to the Executive Board and the Board of Directors, who discuss additional measures that must be implemented to address these risks.

**BUSINESS RISK MODEL**

Risk management in the Company requires a set of continuous and integrated processes

supported by a structure that, in practice, extends from the Board of Directors to employees and other related parties.

The Company always takes risks into account when making decisions. Vibra is aware that management actions must be implemented in an integrated manner through a single process and that risk responses must be created with the idea of long-term and extensive cumulative consequences.

Climate risks are thus treated similarly to other company risks and subjected to the same severity assessment criteria, allowing for comparison and prioritization within the company's risk matrix. The risks that have been identified so far fall into three categories: ESG, Business, and Compliance.

## 4. Metrics and Goals

**METRICS USED TO ASSESS RISKS AND OPPORTUNITIES ACCORDING TO THE RISK MANAGEMENT STRATEGY AND PROCESS**

- Absolute GHG emission (tCO<sub>2</sub>e)
- GHG emission intensity (tCO<sub>2</sub>e/BOE)
- Energy consumption (GJ)
- Energy consumption intensity (GJ/GJ)

### GREENHOUSE GAS EMISSIONS AND RELATED RISKS

Metrics	Absolute GHG emission (tCO <sub>2</sub> e)
Scope 1 Emissions (ton/CO <sub>2</sub> e):	44,281
Risks related to Scope 1:	Increased regulations (legal requirements and demands) Effects on image and reputation Climatic events
Scope 2 Emissions (ton/CO <sub>2</sub> e):	13,639 - Location choice approach 12,871 - Purchase choice approach
Risks related to Scope 2:	Effects on image and reputation Climatic events
Scope 3 Emissions (ton/CO <sub>2</sub> e):	95,998,153
Risks related to Scope 3:	Technology changes Changes in market dynamics and preferences Effects on image and reputation Climatic events

### TOTAL GREENHOUSE GAS EMISSIONS

	Scope 1 (ton/CO <sub>2</sub> e)	Scope 2 (ton/CO <sub>2</sub> e)	Scope 3 (ton/CO <sub>2</sub> e)
<b>2021</b>	43,570	Location approach: 19,587 Market-based approach: 18,260	81,003,955
<b>2022</b>	44,281 <sup>1</sup>	Location approach: 13,639 <sup>2</sup> Market-based approach: 12,871	95,998,153 <sup>3</sup>

<sup>1</sup> The variation verified is due to an increase in fuel consumption by aviation trucks resulting from increased activity in the sector in 2022 when compared to 2021.

<sup>2</sup> The decrease is due to the steam reduction losses, increased use of renewable energy in the free market, acquisition of IRECs, and lowering the GRID emission factor in 2022.

<sup>3</sup> The report included a new category (Category 1 – Purchase of goods and services), which resulted in the verified increase.

### EFFICIENCY INDEX OF GREENHOUSE GASES

Specific metric (Denominator) <sup>4</sup>	2021	2022
Total volume of products sold in tCO <sub>2</sub> e/thousand m <sup>3</sup>	31,286	31,121

<sup>4</sup> For a more accurate assessment of efficiency, we reviewed the indicator denominator for products sold in m3 thousand and considered only the operational and administrative units managed and operated by Vibra

### PLANS TO MANAGE THE RISKS AND OPPORTUNITIES RELATED TO CLIMATE AND THE PERFORMANCE WITH RESPECT TO THE TARGETS

In 2021, we made a commitment to neutralize Scope 1 and Scope 2 emissions by 2025 and also set the ambitious goal of neutralizing Scope 3 emissions by 2050.

In addition to the goal of neutralizing Scope 1 and 2 emissions, we set 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 43.5 thousand tCO<sub>2</sub>e per year. We will go from an emission of 64,9 thousand tCO<sub>2</sub>e in 2019 to 21,4 thousand tCO<sub>2</sub>e in 2026. A large part of this reduction is due to the deactivation of a thermal plant inlocated 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..

In order to track progress toward these goals, we set a 4% reduction target for 2022 compared to the base year of 2019. The target was exceeded by reducing Scope 1 and 2 emissions by 12% compared to the base year of 2019. A third of this reduction is due to lower diesel fuel consumption in our thermal plants as a result of lower

customer demand for power generation. Another factor that contributed to the goal being exceeded was the anticipation of the initiative to reduce steam consumption, which was originally scheduled to begin in 2023. Following engineering interventions in two units in 2022, we reduced steam consumption by 22% (compared to 2019), resulting in a 3.6% reduction in total emissions. We also have started using ethanol as a fuel for 31% of our light vehicle fleet. Furthermore, 34% of Vibra's electricity consumption is currently sourced from renewable energy sources procured through the free energy market, which contributes to the reduction of our emissions. In addition, we launched a pilot project in our fleet to fuel aircraft. We are experimenting with electric trucks as well as used fuel that contains 10% more renewable content than commercial diesel due to the replacement of 10% fossil diesel with green diesel (HVO). The goal for 2023 is a 6% reduction from the base year of 2019.

In accordance with these objectives, we intend to reduce by 4% electricity consumption at Vibra's facilities by 2024 when compared to the base year of 2019. In 2022, we achieved a 1% reduction.