Welcome to your CDP Climate Change Questionnaire 2022

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

We are Telefônica Brasil S.A., holder of the Vivo brand and the largest telecommunications company in the Brazil, with 33 thousand direct employees, 101 thousand allies, as we call our service providers and contractors, and 112 million accesses in the mobile and fixed operation.

Our purpose is to "Digitalize to bring closer", which reinforces our commitment to bring quality connection and digital inclusion to people and companies across the national territory, as we believe that connectivity is the gateway to the digital world and can generate many opportunities for all. We offer our customers a complete portfolio of products, including voice services (fixed and mobile), mobile data, fixed broadband, ultra broadband, pay TV, information technology and digital services (such as financial services, for example, of cloud, entertainment and security).

We continue with absolute leadership in the mobile segment, in which we have 97 million lines in operation, corresponding to 38.1% of the total active lines in Brazil. We covered 95.2% of the population with the 4G network and accelerated the launch of cities with the 4.5G network, which reached 2,855 cities in December 2021, maintaining the differentiation of our network in relation to the main competitors. In the fixed operation, we reached in December 2021 with 19.6 million homes-passed (HPs) with fiber optic technology to the client's home (FTTH) in 327cities. In addition, all cities with FTTH technology also offer TV over fiber (IPTV), aiming to offer the best speed and experience to our consumers.

In 2021, our Net Revenue totalled R$ 44,033 million. We are a publicly traded company with common shares listed on B3 - Brasil, Bolsa, Balcão, with the ticker VIVT3, and on the New York Stock Exchange, through the trading of American Depositary Receipts (ADRs), under the code VIV. Our controller is the Telefónica Group, one of the largest telecommunications conglomerates in the world, present in 12 countries in Europe and Latin America.

More information can be found in our Integrated Report:
https://ri.telefonica.com.br/en/esg/sustainability-reports

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1, 2021	December 31, 2021	Yes	3 years

C0.3

(C0.3) Select the countries/areas in which you operate.
   Brazil

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.
   BRL

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.
   Operational control

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	BRVIVTACNOR0
Yes, a CUSIP number	87936R205
Yes, a Ticker symbol	B3: VIVT3	NYSE: VIV
Yes, a SEDOL code	B6XFBX3

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Quality and Sustainability (Q&S) Committee is the Board of Directors' (BD) counselling body assigned to assess and monitor the adequacy of the Company's quality and sustainability strategy, as well as make recommendations and propose improvements.
	The Responsible Business Plan (RBP) is the strategic instrument that guides the company to grow in a sustainable way by establishing, integrating and monitoring the ESG initiatives and goals.
	Environmental Management and Climate Change is one of the six pillars of the RBP that covers Telefônica Brasil's climate change strategy, objectives and targets. In 2021, the RBP including its CO_2 emissions targets and net zero goals were evaluated and discussed by the members of the Q&S Committee who recommended the submission and approval of the updated Plan by the Board of Directors. The members of the BD then approved the referred Plan. Climate change mitigation action plans are also a subject of examination under the sphere of the Q&S Committee.
	Due to its significance, climate change crosses other two pillars of the RBP, which are Sustainability in the Value Chain and Sustainability in Customer Experience. Regarding these pillars, the Q&S Committee have also approved the scope 3 emissions targets that integrate the RBP and they acknowledged the creation of the Supply Chain Engagement Carbon Programme locally by Telefonica Brasil in 2021. The Committee is made up of four Counsellors from the BD and meets, ordinarily, twice a year and, extraordinarily, whenever called by the Chairman of the Committee. The Senior Director who reports to this committee regarding climate change strategy is the Sustainability and Institutional Relations Vice President who is responsible to inform GHG direct emissions performance to the Q&S Committee on every meeting.
	Furthermore, the Audit and Control Committee that also reports to the BD is in charge of assessing the effectiveness and sufficiency of the internal control, contingency and risk management systems. As part the company´s internal audit plan, GHG emissions key performance indicator has been reviewed by the Chief Audit Officer staff for the last 3 years since it was included in the executive variable remuneration. Climate risk is also included in the company´s risk overall assessment. The results of this periodic evaluation are reported to the Audit and Control Committee.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	In order to ensure that the corporate governance is undertaken correctly, the Board has 4 advisory committees, if installed, each one focused on a specific area of the business. In this regard, the Quality and Sustainability Committee is the one responsible to review sustainability strategy in the form of the Responsible Business Plan, and periodically examine, analyse and monitor the plans of actions that support the major ESG objectives such as climate change mitigation and adaptation. Under the Environmental Management and Climate Change Pillar of the Responsible Business Plan, the Quality and Sustainability Committee endorses short, medium and long term initiatives and goals for GHG emissions reductions and neutralization. One example is the net zero target, which was discussed in some of the meetings and set to a 2040 horizon comprising all emissions throughout the value chain. The Committee constantly follows the performance against CO2 reduction emissions targets, GHG mitigation actions plans as well as the Energy Efficiency and Renewable Energy programs. Between all ESG topics, climate change was the one that most occupied the committee´s sustainability agenda in 2021. To ensure that Sustainability and Climate Strategy is transversely managed in the company, there is a practice to involve facility & operation senior directors in this Committee meetings, when applicable. Since 2020, the Company included ESG aspects in its quarterly results reports aiming to give more transparency of its initiatives across sustainability. Telefônica Brasil contributes with a significant portion to achieve energy efficiency and emissions reduction targets set by Telefonica Group. Representing almost 30% of the total energy demanded by the Group,

		Telefônica Brasil was the first operation outside of Europe to achieved 100% of electricity coming from renewable sources in the end of 2018. Soon after that, it became the first carbon neutral company within the Group, a forerunner that helps the Global team to review strategy and set global goals even more ambitious and adherent to the 1,5º C scenario recommended by the IPCC. Besides mitigating CO2 impact, climate risk is also included in the company´s risk overall assessment. The results of this periodic evaluation are reviewed by the Audit and Control Committee and reported to the Board of Directors.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	We have a Quality and Sustainability Committee that directly reports to the Board of Directors of Telefônica Brasil. The attribution of sustainability was incorporated in 2020 for this Committee to advise the Board of Directors on ESG topics, including climate change. The 4 members that make up the current composition of this Committee were elected by the Board of Directors among their peers, with a unified three-year mandate and re-election being permitted. In 2021, the actual Chairman of Telefônica Brasil´s Board of Directors participated in formative sessions on sustainability & ESG. Some of the following climate-related topics covered were: The Agenda 2030 & the Paris agreement; The Green Deal & European initiatives; The risks of climate change & its relevance for Boards of Directors; Non-financial reporting & initiatives (TCFD, GRI, SASB, IIRC, WEF); Carbon neutrality; Biodiversity; Circular economy; & water footprint. Further sessions will be held in 2022 on topics such as sustainable finance taxonomy. Due to this qualification, he was indicated as the Head of the Quality and Sustainability Committee and also as the representative to lead climate change subjects among the Board members. We take into consideration the following criteria to assess his climate change competencies that enable the supervision of the Company´s CO2 targets and climate change objectives: - To have a deep understanding of the our core business and strategy,

		our Responsible Business Plan, & ours commitments against climate change & carbon reduction targets. - Knowledge of international alignment initiatives such as Science Based Targets Initiative (SBTI), Carbon Disclosure Project (CDP), Task Force on Climate-related Financial Disclosures (TCFD), the Agenda 2030 SDGs & the Paris Agreement. - Knowledge of existing & emerging climate change regulation.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify Sustainability and Institutional Relations Vice President	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Through the reporting of the Quality & Sustainability Committee the Board of Directors holds the ultimate responsibility for climate related issues. Its chairman is also the head of the Q&S Committee reinforcing the supervision of Telefônica Brasil sustainability performance. This committee periodically reviews, analyses and monitors the Company's quality and sustainability plans and actions. Environmental, climate change and net zero objectives along our value chain are inserted in our Responsible Business Plan which aggregates all ESG goals & targets and is approved by Telefonica Brasil´s Board of Directors.

The Environmental Policy which is approved by Telefónica Group Board of Directors and Telefônica Brasil´s Board of Executive Officers guides the company´s commitment to the sustainable development, environment protection and the transition to decarbonization, decoupling Telefonica´s Brasil growth from carbon emissions. To reinforce its climate pledge, the company annually establishes an absolute GHG emissions reduction target, regardless of the expansion of telecom operations to new markets and cities.

Under the environmental pillar of the Responsible Business Plan, the Quality and Sustainability (Q&S) Committee follows progress against climate change mitigation plans and the CO2 emissions target which had its weight in the executive bonus calculation raised from 1% to 5% of in 2021. The Energy Efficiency Program and Renewable Energy Plan that comprises the

climate change adaptation strategy are also monitored by Q&S Committee in part of its meetings.

The Sustainability and Institutional Relations Vice President is responsible to embed ESG management across the business by establishing and monitoring the above-mentioned Responsible Business Plan that includes also climate change opportunities such as the Ecorating and Ecosmart seals which demonstrates for our B2C and B2B clients, respectively, how sustainable are our products & services. Together with the Head of Sustainability, this Vice President reports to the Committee on every meeting, bringing also when necessary the Facilities, Maintenance or Network Operations Directors responsible for executing the action plans regarding the mitigation of the company´s carbon footprint and climate change risks.

Below the Committee, the Sustainability and Institutional Relations Vice Presidency counts with a Responsible Business Division in which is allocated the Socioenvironmental Management. This unit has a cross-functional role interacting with all operational areas whose activities have impact on carbon emissions or are impacted by climate change. Considering the geographical dispersion and variety of areas involved with climate issues it is necessary to consolidate and monitor activities, indicators and projects within the company. The allocation of environmental duties in the Sustainability and Institutional Relations Vice Presidency also aims to foster relations and multisectoral activities with other stakeholders what is a key to tackling global challenges such as climate change. The main climate change responsibilities associated with the Socioenvironmental Management are:

· Assess and monitor Telefônica Brasil's environmental KPIs such as energy and fuel consumption, scope 1,2 and 3 carbon emissions, Renewable Energy etc.
· Ensure climate-related metrics (i.e. absolute and intensity emissions, carbon targets) are reported according to international standards.
· Monitor performance against targets, for example the group´s Science Base Targets (SBT) which are unfolded at local level, renewable energy targets (100%) and the contribution to SDG 13.
· Propose emissions offsets and removals strategy, evaluates and selects the projects issuers of carbon credits in line with Telefonica Brasil purpose and the Group´s overall patterns.
· Report climate change performance for the Global Climate Change and Energy Efficiency Office (CC&EEO), local emissions registry Brazilian GHG Protocol Programme and as demanded by investors and clients.
· Support the Risk Management Division on the assessment of physical and transitional climate risks, as part of the Corporate Risk Map, and drive operational areas to develop resiliency strategies and action plans.
· Identify and disseminate climate change business opportunities across the company.
· Spread Telefonica Brasil´s emissions mitigation strategy through the value chain, engaging suppliers and customer on climate action.
· Permanently follow possible climate-related regulatory aspects which may affect the company's operations, as part of the environmental system legal requirements monitoring.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Since 2019 Telefônica Brasil has considered 20% of all executives' individual variable remuneration linked to non-financial indicators of customer experience, carbon emissions, reputation and gender diversity. These metrics have also been part of the Results Participation Program (PPR) that the company offers as an incentive to all its employees. The inclusion of these targets in the remuneration scheme of all levels, combined with the Responsible Business Plan reinforce the commitment to the best ESG practices and mobilize the entire company to build a sustainable and decarbonized journey.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	The executive short-term incentive program (bonus), which all managers, Directors & C-Level executives are eligible have a component to accomplish GHG emissions reductions target. Defined annually at a company level, the targets are in line with our objectives on the short, medium and long terms – 72% reduction of Scope 1 and 2 CO2 by 2025 and 90% by 2030, and a 56% reduction for our Scope 3 by 2030, as well as net-zero emissions by 2040 (all also in line with the Group Telefónica's global goals). The weight of the GHG emissions reduction target in the bonus calculation has been emphasized in 2021 increasing five-fold in comparison with the previous year and now it represents 5% of the executive variable remuneration.
All employees	Monetary reward	Emissions reduction target	The executive short-term incentive program (bonus), which all managers, Directors & C-Level executives are eligible, as well as the

			Results Participation Program (PPR) applicable to the all other employees have a component to accomplish GHG emissions reductions target. Defined annually at a company level, the targets are in line with our objectives on the short, medium and long terms – 72% reduction of Scope 1 and 2 CO2 by 2025 and 90% by 2030, and a 56% reduction for our Scope 3 by 2030, as well as net-zero emissions by 2040 (all also in line with the Group Telefónica's global goals). The weight of the GHG emissions reduction target in the PPR calculation was emphasized in 2021 increasing five-fold in comparison with the previous year and now it represents 5% of the executive variable remuneration.
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	The executive short-term incentive program (bonus) applicable to all managers, Directors & C-Level executives, including the CEO, have a component to accomplish GHG emissions reductions target. Defined annually at a company level, the targets are in line with our objectives on the short, medium and long terms – 72% reduction of Scope 1 and 2 CO2 by 2025 and 90% by 2030, and a 56% reduction for our Scope 3 by 2030, as well as net-zero emissions by 2040 (all also in line with the Group Telefónica's global goals). The weight of the GHG emissions reduction target in the bonus calculation was emphasized in 2021 increasing five-fold in comparison with the previous year and now it represents 5% of the executive variable remuneration. The KPI used to assess performance are annual CO2 emissions reduction which monitoring, auditing and reporting is a responsibility of the Socioenvironmental Management under the line of command of the Sustainability and Institutional Relations Vice President who directly reports to the CEO.
Chief Financial Officer (CFO)	Monetary reward	Emissions reduction target	Emissions related to energy consumption (scope 2) are managed by The Energy & Efficiency Management through the Energy

			Efficiency Program and Renewable Energy Plan under the line of command of the CFO. Once Telefonica Brasil achieved 100% of energy consumption from renewable sources and carbon neutrality in 2019, more than 10 years before the initial Group Commitment, the continuity and improvement of this strategy is also a target within the framework of the Responsible Business Plan necessary for the company to keep reducing its emissions.
Other C-Suite Officer	Monetary reward	Emissions reduction target	The KPI used to assess performance are annual CO_2 emissions reduction which monitoring, auditing and reporting is led by the Socioenvironmental Management under the line of command of the Sustainability and Institutional Relations Vice President who directly reports to the CEO. Once Telefonica Brasil achieved carbon neutrality in 2019, more than 10 years before the initial Group Commitment, the continuity and improvement of this strategy is also a target within the framework of the Responsible Business Plan that is necessary for the company to reach its net zero goals by removing residual GHG emissions.
Environment/Sustainability manager	Monetary reward	Emissions reduction target	The KPI used to assess performance are annual CO_2 emissions reduction which monitoring, auditing and reporting is led by the Socioenvironmental Management and Sustainability Head Executive under the line of command of the Sustainability and Institutional Relations Vice President who directly reports to the CEO. Once Telefonica Brasil achieved carbon neutrality in 2019, more than 10 years before the initial Group Commitment, the continuity and improvement of this strategy is also a target within the framework of the Responsible Business Plan that is part of the Socioenvironmental Management duties.
Energy manager	Monetary reward	Emissions reduction target	Emissions related to energy consumption (scope 2) are managed by The Energy & Efficiency Management through the Energy Efficiency Program and Renewable Energy

			Plan under the line of command of the CFO. Once Telefonica Brasil achieved 100% of energy consumption from renewable sources more than 10 years before the initial Group Commitment, the continuity and improvement of this practice is also a target within the framework of the Responsible Business Plan that is part of the Energy & Efficiency Management duties.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	10	These time horizons are in line with our Science Based Targets and our Renewable Energy objectives at short, medium, and long term (2015-2025, 2015-2030, 2015-2050), counting from the baseline year (2015). Additionally, they are also in line with the timeframes we have used in the vulnerability analysis of climate-related risks (namely physical risks), since our infrastructures have an estimated lifetime of 20 to 30 years and physical risks related to climate change are expected to have a greater impact in the medium and long terms. They are also in line with our Climate Change Strategy 2015-2050, which sets intermediate reduction goals for 2025, 2030 and 2040.
Medium-term	10	15	These time horizons are in line with our Science Based Targets and our Renewable Energy objectives at short, medium, and long term (2015-2025, 2015-2030, 2015-2050), counting from the baseline year (2015). Additionally, they are also in line with the timeframes we have used in the vulnerability analysis of climate-related risks (namely physical risks), since our infrastructures have an estimated lifetime of 20 to 30 years and physical risks related to climate change are expected to have a greater impact in the medium and long terms. They are also in line with our Climate Change Strategy 2015-2050, which sets intermediate reduction goals for 2025, 2030 and 2040.

Long-term	15	35	These time horizons are in line with our Science Based Targets and our Renewable Energy objectives at short, medium, and long term (2015-2025, 2015-2030, 2015-2050), counting from the baseline year (2015). Additionally, they are also in line with the timeframes we have used in the vulnerability analysis of climate-related risks (namely physical risks), since our infrastructures have an estimated lifetime of 20 to 30 years and physical risks related to climate change are expected to have a greater impact in the medium and long terms. They are also in line with our Climate Change Strategy 2015-2050, which sets intermediate reduction goals for 2025, 2030 and 2040.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Telefônica Brasil has a global risk management model (GRM), based on the model established by the Committee of Sponsoring Organizations of the Treadway Commision (COSO). Telefônica Brasil also has a Risk Management Policy, approved by the Board of Directors, and a Corporate Risk Management Manual, both based on experience, best practices and Good Corporate Governance recommendations.

In this sense, Telefónica has identified a threshold to determine if a risk has the potential to significantly affect the company and needs to be reported. Our Risk Management corporate policy defines an acceptable risk as the degree of exposure that the company is ready to accept inasmuch as it allows the creation of value, achieving the right balance between growth, performance and risk. This threshold is considered when reviewing our strategy to ensure we operate within the established risk boundaries.

The Reportable Risk Level is calculated as 0.5% of the EBTIDA, and is updated annually. EBITDA is considered as the metric to define substantive impact since it is one of the measures of financial performance that Telefonica uses to determine profitability of the company, hence directly affecting the business strategy.

Additionally, risks and opportunities are considered to have **a substantive significant strategic impact** if they impact our ability to meet stakeholders' expectations and demands either directly or indirectly. In relation to CC, any risk associated with a negative perception of our commitment towards a low carbon economy or adaptation against resource scarcity will be considered a significant strategic impact. In this line, any opportunity linked to measures or business activities that contribute to reducing Scope 1&2 emissions, that promote energy savings, improve energy efficiency and address climate change mitigation and adaptation will be considered as a positive strategic and financial impact.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Upstream

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

The global risk management model (GRM) of Telefónica Group allows us to properly identify & evaluate our exposure to climate change risks and identify the opportunities (opp) associated in the short, medium and long term, recognizing the benefits to guarantee a high awareness on risks and the capacity to assign the most effective resources to control and respond to them.

i. Risk identification&assessment:

Risks are assessed from different viewpoints to ensure integral evaluation aligned with the Group's operations and needs. In this regard it is applied a global methodology (Top-Down) added by the local management perspective (Bottom-Up). This "top-down" approach covers the issues considered critical and common to most of the Group's companies. The assessment occurs continuously & every 6 months is reported to Audit and Control Committee, using specific risk methodology and highlighting the changes and new criteria adopted in relation to previous editions.

To ensure consistency, the Top-Down approach focuses on global R&O that may incur possible losses in value and results from events which affect us in corporate sustainability, ESG, markets, shareholders and investors or marketing management. These categories of risks are defined as "Basic Risks" & are reviewed at least once a year by the global areas (Compliance, Sustainability, Global Security etc). One of the Basic Risks analysed is climate change: including both physical risks that affect our infrastructures/business lines due to chronic climate change or extreme weather events and transition risks due to changes in climate change regulation or lack of resources. This framework is based on the TCFD's recommendations and stakeholder demands, considering potential impacts in different climate scenarios and time scales. We also use a Bottom-Up approach based on a risk self-assessment, where local managers are responsible for identifying risks in their areas & also indicating probability of occurrence, historical and future trends per risk, levels of control, potential reputational impact. Whenever possible, risk assessment will be quantitative & potential impact measured against operational cash-flow according to the threshold mentioned in question 2.1b.

Impact estimation of each basic risk is based on the potential impact of all the specific risks (considering probability and correlation between each). According to risk levels and prioritization, action plans are designed for the short, medium &long term and updated continuously to avoid or transfer those risks.

To minimise the impact of potential physical risks materialising in our assets, we also manage exposure to acute physical events from an insurance perspective. The modelling is conduct in a global perspective and carried out every 3yrs by an external consultant, consisting of:

1. Data Collection: Corporate Insurance team compiles info from every location in all countries (including Brazil) into the modelling software

2. Analysis&modelling: QA process to correct any errors prior to the modelling, which is based on statistical calculations using the most updated software system (RMS, EQCat, etc.) with historical climate-related events

3. Results&findings: results are broken down by country&risk, establishing the probabilities of possible losses for different return periods.; the results are analysed to create the most efficient limits&retentions structure for the insurance program on material damages

ii. Risk management (RM)&prioritization:

This initial assessment allows us to prioritize RM & incorporate results into long-term business decisions, minimizing risks and maximizing opportunities. Decision making is based on the financial impact estimated during the assessment risk process and its influence in operational efficiency, access to new markets, reputation, etc. For each identified risk we establish a mitigation plan including an implementation timeline assigning responsibilities. The responsible will update & report the degree of development of each risk using our risk management tool. Likewise, local risks will be prioritized in order to review their development and update their potential impact on the company. These risks are then supervised periodically and reported to the CEO, the Audit and Control Committee & Corporate Function of Risk Management. This strategy allows us to adapt to both physical & transition changes.

Physical risk: whilst the evaluation using different projections and historical data demonstrated the risk of operations' interruption due to extreme climate events to have a low magnitude, it's high probability in the scenarios analysed translated into mitigation actions via the introduction of Emergency Committees & Business Continuity Plans at asset level, aimed at re-establishing connectivity asap, &reducing the risk of revenue&reputational losses associated to connectivity loss. In 2021, the last event reported was: torrential rains in Bahia caused damage, floods and unavailability of energy from the concessionaire. This incident partially affected our mobile network services in 17 municipalities, in which we have a total of 206 radio base stations. We activated the Crisis Reduced Committee and our teams worked in each region and several actions were taken depending on the need of each site (e.g.: equipment replacement).

Transition risk: During our risk assessment, based on scenario RCP2.6 &with 2030 as the time horizon due to data availability, we identified a high probability of future fossil fuel price increases, leading to energy price increases that would have a high impact in our operations. To reduce this risk, we developed a Renewable Energy Plan(REP) in which we have has already achieved 100% of renewable energy in 2018 combining the

use of incentive energy of free market, purchasing i-RECs and distributed generation (DG). Regarding our DG project, in 2021 we implemented 7 plants in 4 regions (reaching 21 plants in operation) & we saved around R$29 million under the project. Our REP has enabled us to avoid the emission of 231 ktCO2e in 2021. We also undertook 30 energy efficiency initiatives in our networks saving 62GWh.

iii. Opps management:
Climate retated opps are also assessed&managed through our GRM, since we believe that an efficient & proactive management allows us to detect new business opps. We consider opps for both internal energy management &business growth, through selling products that reduce our customers emissions. Our internal opps include the REP &the Energy Efficiency Plan, which allows us to reduce our operating costs, decrease GHG emissions &improve our sustainability positioning. From a product development perspective, our greatest contribution is increased digitization, supported by a RE network. Through our services, we are able to reduce GHG emissions in other sectors &increase the resilience of the communities in which we operate (i.e.: IoT services help to improve energy efficiency).

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Not relevant, included	Telecom sector is not intense in terms of fossil fuels consumption or GHG emissions, so we are not a regulated sector in terms of emissions in Brazil. However, as the electricity consumption of our network is high, reaching 1,707,664 MWh in 2021, we assess and include carbon regulation risk in our Risk Assessment Process as a Basic Risk of Climate Change. Also, current regulation in Mexico and Argentina (countries that Telefónica Group also operates in America) requires a 5% and 8% respectively of electricity consumption to be renewable from 2018 increasing until 2025. Therefore, we consider this risk should be closely followed due to the possibility of this to materialize in Brazil. The estimated economic impact of this risk category is lower than the threshold that defines a risk to be reportable as a significant risk in our methodology (lower than 0.5% of the company´s EBITDA).
Emerging regulation	Relevant, always included	Telefônica Brasil includes upcoming climate-related legislation into the risk assessment process, evaluating the magnitude, probability and vulnerability of the impact. Brazil has a Climate Change Policy in the form of a law (Law 12.187) dating from 2009, which clearly states the need to stimulate the development of the Brazilian Emission Reduction Market (MBRE). Whilst the implementation of a carbon tax still isn't a reality in Brazil yet, measures in this regard are already being planned in the short term. There is a Law Project 528/2021 for the establishment of the MBRE, still pending in the Legislative Chamber,

and recently a decree (nº 11.075/2022) that creates the basis for the creation of a regulated carbon market was approved – this decree establishes the procedures for the elaboration of Sectorial Plans for Mitigation of Climate Changes and institutes the National System for the Reduction of Greenhouse Gas Emissions – (Sinare).

Since the Telecom sector is not intense in terms of fossil fuels consumption or GHG emissions, we do not expect to become a regulated sector in terms of emissions, so the estimated economic impact of this risk category is lower than the threshold that defines a risk to be reportable as a significant risk in our methodology (lower than 0.5% of the company´s EBITDA).

| Technology | Not relevant, included | Telefônica Brasil considers a low impact risk the possible need for early retirement of HVAC (heating, ventilation, and air conditioning) or energy assets due to a low-emission economy, which will require the replacement of existing equipment with refrigerant gases for more energy efficient &climate-friendly equipment. From an opportunity perspective, the services provided by Telefónica Brasil besides not being carbon intensive also help its users reduce their own emissions and adapt to climate change. As an example, broadband networks have been identified as compatible with a low carbon economy by the Climate Bond Initiative (in fact, in 2019 Telefónica Group issued the first green bond of the sector to finance the deployment of the fibre broad band in Spain and also the first telco hybrid green bond was issued in early 2020). As part of Telefônica Brasil's DNA, the company sees future potential technology shifts as an opportunity as opposed to a risk. In fact, digitalisation is expected to be essential to address the transition to a low carbon economy, according to the Smarter 2030, the ICT sector has the potential to reduce 3.6 GtCO2e by 2030. For instance, Telefônica Brasil develops services based on the IoT, Cloud, Big Data and Connectivity in order to enable our customers a more efficient use of resources such as energy and water, improve traffic planning, air quality, reduce greenhouse gas emissions or improve our response to climate change. In the climatic scenarios evaluated in our risk evaluation processes, the estimated economic impact of this risk category is lower than the threshold that defines a risk to be reportable as a significant risk in our methodology (lower than 0.5% of the company´s EBITDA). And we do not foresee that an increase of technology risk related to climate change could affect significantly our business lines. |
| Legal | Not relevant, included | Although the potential impact of environmental legal liabilities to Telefônica Brasil's operations associated to energy and emissions is not material due to the services provided not being carbon intensive, legal risks are still considered in the company's risk evaluation processes. Risks associated to this category include direct or indirect disturbances |

		due to environmental issues, mainly associated to non-compliance during the network deployment, for instance: - Environmental passives: equipment or network components that may cause pollution problems such as fuel tanks in a bad state, air conditioning (AC) equipment working with banned refrigerant gases and noise generating equipment. - Deployment of the network subjected to licensing without environmental permits, which could cause the suspension of the operation or incur fines. In the climatic scenarios evaluated in our risk evaluation processes, the estimated economic impact of this risk category is lower than the threshold that defines a risk to be reportable as a significant risk in our methodology (lower than 0.5% of the company´s EBITDA). And we do not foresee that an increase of legal risk related to climate change could affect significantly Telefônica Brasil's business lines.
Market	Relevant, always included	Market risks are considered in our Risk Assessment Process under the Basic Risk of Climate Change due to our significant reliance on electricity. In 2021, our electricity consumption amounted to 1,707,664 MWh. In Brazil, the grid mix is highly dependent on hydraulic generation (more than 60%). In the climate-related scenarios that we analysed we estimate that annual precipitation can decrease by 16.7% around 2050 and this may imply significant increases in energy prices that will directly affect our OPEX, increasing our exposure to market risk. The estimated economic impact of this risk category is higher than the threshold that defines a risk to be reportable as a significant risk in our methodology (higher than 0.5% of the company´s EBITDA).
Reputation	Relevant, always included	Reputational risks related to climate aspects such as the ones explained below are considered by Telefônica Brasil to be Basic Climate-Related Risks, and therefore are always included in the company wide's risks' assessment and evaluation. For instance, greater demand of information by investors and shareholders, maintaining consistency in the CC management, alignment with the TCFD. A concrete example is the case of Black Rock, one of the main investors of Telefonica Group and the world's largest asset manager. In his influential annual letter to chief executives in early 2022, the firm noted that companies' strategy and resilience to transition risks are identified as key drivers of long-term economic potential. In its 2021 TCFD report it is stated that 75% of their managed assets invested in corporate and sovereign issuers are expected to be invested in issuers with science-based net zero-aligned climate targets by 2030. This shift in their investment policy could potentially lead to a reduction in the perceived value of our company should Telefônica Brasil become unable to meet these new expectations. Additionally, non-compliance with environmental law from any of our suppliers that may lead to a

		negative impact in Telefônica Brasil's reputation.
		Although the estimated economic impact of this risk is lower than the threshold defined in C2.1b, we consider this risk to have a significant strategic impact, as it impacts our ability to meet stakeholders' expectations, i.e. a negative perception from our stakeholders of our commitment towards a low carbon economy or adaptation against resource scarcity.
Acute physical	Relevant, always included	Acute physical climate risks are considered in our Risk Assessment (assmt) Process under the Basic Risk of Climate Change and therefore are always included in the company's risks assmt and evaluation. As part of our risk identification process, in 2021 we did a more in-depth climate scenario analysis, which allowed us to assess and quantify our exposure to physical and transition risks under 2 different climate scenarios, one representing BAU (RCP8.5), and one keeping temperatures in line with the Paris Agreement (RCP2.6). For instance, our analysis identified our greatest exposure to physical risks to be lying in our landline &mobile network infrastructure. Based on the probability and impact that the different extreme climatic events could have on our infrastructures and operations (e.g, increase of insurance costs, service disruptions), we found the most impactful acute physical risk to which these would be exposed in the medium and long term, would be flooding. In this context, in 2021 an extreme weather event affected our operation in the south of Bahia. This climate-related risk assmt process has been incorporated into our general risk assmt framework, with identified risks therefore managed following the same process described in C2.2 via our adaptation plan, which includes several action lines to limit our exposure to these risks. For instance, exposure to acute physical events from an insurance perspective is managed by Telefónica Group's Corporate Insurance Department in an effort to protect assets. The strategy for Telefônica Brasil assets is evaluated and ratified by its Finance team. The modelling for this is carried out by an external consultant (contracted by the group) and consists of: 1. Compiling data into the modelling software 2. Use of software systems (RMS, etc) updated with catastrophic information &historical climate-related events, to perform the modelling based on statistical &probability calculations 3. Results by risk, establishing for different return periods the probabilities of possible losses. Results are analysed to look for the most efficient structure in limits &retentions for the insurance program in the area of material damages. Although the estimated economic impact of this risk is lower than the threshold defined in C2.1b, we consider this risk to have a significant strategic impact, as it impacts our ability to meet stakeholders' expectations, i.e. a negative perception by our customers due to service interruption.

Chronic physical	Relevant, always included	Chronic physical climate risks are considered in our Risk Assessment Process under the Basic Risk of Climate Change and therefore are always included in the company's risks assessment and evaluation. As part of our risk identification process, in 2021 we did a more in-depth climate scenario analysis, which allowed us to assess and quantify our exposure to future physical and transition risks under two different climate scenarios, one representing Business As Usual (RCP8.5), and one keeping temperatures in line with the Paris Agreement (RCP2.6). For instance, our analysis identified our greatest exposure to physical risks to be lying in our landline and mobile network infrastructure. The most impactful chronic physical risk to which these would be exposed in the medium and long term, under both scenarios, would be temperature increases, which could cause failures in the telecom equipment, would require more cooling and consequently more energy consumption. All this will translate into a greater need for OPEX and CAPEX. This climate-related risk assessment process has been incorporated into our general risk assessment and management framework, with identified risks therefore managed following the same process described in C2.2 via our adaptation plan, which includes several action lines to limit our exposure to these risks. Although the estimated economic impact of this risk is lower than the threshold defined in C2.1b, we consider this risk to have a significant strategic impact, as it could raise our energy consumption and affect our ability to meet the energy and climate change goals, specially the energy per traffic target, which is part of our strategic objective of Responsibility.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical
Changing temperature (air, freshwater, marine water)

Primary potential financial impact
Increased indirect (operating) costs

Company-specific description

Changing air temperature, more specifically rising mean temperatures could increase Telefônica Brasil's operating costs due mostly to the increase on refrigeration needs of network equipment.

In 2021 we underwent an in-depth quantitative Climate Scenario Analysis which highlighted that temperature increase is one of the main significant climatic threats to our activity. The increase of the global average temperature would directly affect the operational conditions of our network equipment, especially in our fixed operational buildings and cell sites that are located in the Tropical Brazil Central (climate area classification by IBGE - Brazilian Institute of Geography and Statistics). More than 60% of our assets are in this area that is expected to increase almost 2º Celsius until 2050. High temperatures can affect the telecommunication equipment producing failures, write-offs and early retirement and therefore increase the risk of service disruption; therefore, cooling is essential. Nowadays it represents an average of 40% of energy consumption in our network. As we said above, in the climate scenarios analysed, the average temperatures are expected to increase until 2050. Therefore, cooling needs and operational costs could also rise.

The electricity consumption of our network was 1,707,664 MWh in 2021. Our network consumption in responsible for more than 90% of the total, from which 40% corresponds to our refrigerant needs. Small increases due to greater cooling needs may incur higher energy costs. For example, a 10% increase of the electricity consumption would have an average impact of more than R$ 100 million in our energy OPEX. According to our Risk Analysis Procedure, this risk has a significant strategic impact since it can affect our ability to meet the energy and climate change goals and assist clients needs.

To avoid this risk Telefônica Brasil has several action lines with the objective of reducing cooling needs. With this purpose we promote energy efficiency projects, like free-cooling and also, we include more critical technical specifications in the network equipment we are buying from now, so it can work under higher temperatures.

Time horizon
Long-term

Likelihood
Very likely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

14,750,000

Potential financial impact figure – maximum (currency)

23,860,000

Explanation of financial impact figure

The impact of this risk was calculated as part of our Climate Scenario Analysis exercise, the information of which can be found in C3.2a.

The final financial figures have been calculated based on:
- The costs associated to changes in the energy consumption of our network at different operating temperatures foreseen in scenario RCP 8.5 (maximum potential impact) in 2050 and the Paris Agreement scenario (minimum potential impact), as extracted from the Copernicus database for the specific regions the assets analysed were located.
- An empirical model to determine the impact of temperature increases on electricity consumption. We have also considered the potential damage to our assets as a result of heatwaves. For this model, the following parameters have been taken into account to determine the expected consumption increase:
o Historical electricity consumption data;
o % of consumption by asset;
o regression parameters;
o average temperature changes.
- The impact range was then calculated as follows:
i. Minimum impact – considering the above KPIs under the Paris Agreement scenario: We consider the location of our different assets and the forecasted temperature increase. Then we apply the empirical model to calculate the costs associated to the increase in energy consumption as a consequence of temperature increase and also repair and replacement cost by asset.
ii. Maximum impact – considering the above KPIs under scenario RCP 8.5: We consider the location of our different assets and the forecasted temperature increase. Then we apply the empirical model to calculate the costs associated to the increase in energy consumption as a consequence of temperature increase and also repair and replacement cost by asset.

Overall, financial impact ranges come from: Σ (Δ IT CAPEX+Δ IT OPEX+Δ ENERGY OPEX).

Cost of response to risk

7,318,000

Description of response and explanation of cost calculation

SITUATION: Rising of temperatures could increase our operating costs due mostly to the increase on refrigeration needs of network equipment. TASK: To manage this risk, we have an Adaptation Plan (AP) that includes several action lines including the objective of reducing cooling needs, under our Energy Efficiency Plan (EEP). We also include more critical technical specifications in the network equipment we are buying so it can work under higher temperatures. In 2021 we modernised our network to increase

its efficiency, e.g. by replacing copper with optical fiber; HVAC equipment renovation projects; using free cooling; shutting down legacy networks; & implementing power saving features in the access network. We also developed feasibility studies to implement projects under Energy Savings as a Service (ESaaS) model, which is based on an agreement with a specialised supplier who designs the solution, invests, maintains and ensures savings. The actions encompass different initiatives such as air conditioning, power, lighting or electric generation systems replacement and the service is paid by sharing the savings generated thanks to the measures implemented. With this model, we can count on the investment &experience of a 3rd party, allowing us to keep our investments in our core business while reducing energy &generating OPEX savings. We are implementing these projects during 2022. ACTION: In 2021, under our EEP we have rolled out 30 projects. Regarding free-cooling, one of the places that we implemented the project was at "Vila Mariana" site, which is one of our company's largest technical sites, achieving significant energy savings. As a RESULT, in 2021 under our EEP we saved 62.38GWh and R$ 33 million on energy, avoiding the emission of over 8 thousand tCO2. Regarding the project at "Vila Mariana" site, the savings were R$ 2 million only in 2021.

In addition, we have maintained the ISO 50001 certification on our headquarters EcoBerrini (our largest administrative consumer site) and we are looking to expand this certification to more buildings in the next years, ensuring that the EE and management of our Network is continuously improving.

The cost of management has been calculated considering the CAPEX involved in the EEP (95% of cost) &costs related to the implementation &maintenance of Energy Management System (EMS) (5% of cost): Σ(Energy Efficiency Projects CAPEX + EMS).

Comment

-

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical
Flood (coastal, fluvial, pluvial, groundwater)

Primary potential financial impact

Increased indirect (operating) costs

$\varpamount$The two main financial impact drivers are the damages to our network assets and the income losses for services disruption due to electricity cut and damage to our telecommunication equipment

Company-specific description

An increase in severity and extreme weather events such as cyclones and floods can damage Telefônica Brasil´s infrastructure, mainly our telecommunication network assets.

In 2021 we underwent an in depth quantitative Climate Scenario Analysis which highlighted the increase in the frequency and intensity of floods as the most significant climatic threat to the activity of Telefônica Brasil. They can cause physical damage to our infrastructures and therefore could produce service and operations disruptions. In the climate scenarios that we have analysed, the greatest exposure to physical risks lies in the infrastructure that supports fixed and mobile connectivity. As a result, our assets with greater exposure to risk are: Base Stations and Fixed Line network. One of the most affected areas is the Tropical Equatorial Zone (climate area classification by IBGE - Brazilian Institute of Geography and Statistics). A total of 8% of our assets are in this area, that is expected to increase in 62% the number of days with precipitation equal to or above 20mm (according to our scenario analysis).

Telefônica Brasil undertakes a process to monitor, manage and mitigate the risk of extreme climate events through the introduction of Crisis and Continuity Committees & Business Continuity Plans at asset level with the aim of re-establishing connectivity as soon as possible, reducing the risk of revenue and reputational damage associated to connectivity loss. This includes contingency measures for potential catastrophes at our switch centers, power outages and power breaches safety. Telefônica Brasil counts on two control centers which are capable to identify abnormalities both on the own networks and on third-party networks, using systems failure and signal monitoring that include natural disasters due to climate causes.

As an example of this risk, at the end of 2021, torrential rains in south of the state of Bahia and north of Minas Gerais significantly affected our infrastructure. The region had the highest volume of rainfall in recent decades, causing several road closures and landslides, and a state of public calamity was declared for 48 municipalities.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)
9,000,000

Potential financial impact figure – maximum (currency)

66,000,000

Explanation of financial impact figure

The financial impact of this risk is calculated by analysing the extreme weather events forecast in Brazil and its possible impact assuming we did not carry out any control, mitigation or adaptation action. The financial impact has been calculated based on the results of our Climate Scenario Analysis, considering scenario RCP 8.5 (maximum potential impact) and the Paris Agreement scenario (minimum potential impact). The impact range was calculated based on the following parameters:
- Destruction of physical assets and service interruption
- Impact of extreme weather events on our assets (IT equipment CAPEX and OPEX)
- % of assets annually affected by floods
- Value of the assets exposed to floods
- Costs associated to service interruption
- Asset expenditure

Overall, financial impact ranges come from:
Σ (INCOME LOSSES&PENALTIES + Δ NETWORK OPEX + Δ NETWORK CAPEX)

The reported range is related to the differing probabilities associated to the minimum impact (considering the Paris Agreement scenario) and the maximum impact (RCP8.5 scenario).

Cost of response to risk

54,000,000

Description of response and explanation of cost calculation

SITUATION: An increase in severity and extreme weather events such as floods can damage our infrastructure, mainly our telecommunication network assets. TASK: To manage this risk, the Telefónica Group has a Global Business Continuity (GBC) Regulation included within our Adaptation Plan to prescribe preventive risk management, ensuring the maximum resilience of our operations in the face of any potential interruption. Telefônica Brasil reports directly to GBC, including:
-Locally Business Continuity Plans establishing how to restore essential functions that have been interrupted.
-Global Crisis Management System to manage high impact threats. It has a Global Crisis Committee, including specialists for each type of incident (i.e. natural catastrophes).
The locally committee acts in 4 phases:
i)alert of the crisis
ii)evaluation of the impact
iii)development and implementation of the action procedures
iv)return to normality post-crisis. In addition to the crisis committees, triggered during critical events, the company maintains a quarterly committee, called "GCN Executive Committee", in which:
•the results of the fronts that operate in business continuity management are monitored,
•new scenarios are evaluated that can generate inputs to adjust the current continuity

strategy

ACTION: As an example, we had an incident in the south of the state of Bahia, in which we activated the Crisis Reduced Committee. Torrential rains in the region caused damage, floods and unavailability of energy from the concessionaire. This incident partially affected our mobile network services in 17 of the municipalities, which comprise a total of 206 of our radio base stations. RESULT: Faced with this scenario, our teams worked permanently in each region and several actions were taken depending on the characteristics of the incident and the need of each site (for example: equipment replacement, generator fuel replacement, equipment reconfiguration, mobile generator allocation). Services were reinstated for all impacted sites throughout the week of the extreme event.

The cost for managing this risk considers the costs associated to having a Business Continuity System (BCS) in Telefônica Brasil and average costs not covered by our insurance. Overall, the cost comes from: Σ (BCS annual cost for Brazil + cost not covered by insurance).

Comment

-

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market

Increased cost of raw materials

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

The higher demand for electricity that will occur as the population increases and the greater electrification needs make increased costs of energy the main market risk that Telefônica Brasil will be confronted with in a RCP2.6 scenario. As we explained in the sections above, Telecom sector is not intense in terms of fossil fuels but is very dependent on the electricity consumption for its networks. In 2021 our total electricity consumption reached 1,707,664 MWh. For this reason, an increase in the electricity price due to emerging regulation of the electricity generation sector regarding carbon pricing or shortage of natural resources, may have a high impact on our energy OPEX.

Brazil has an electric mix with a high percentage of hydraulic generation (more than 60%) and has a high vulnerability to drought periods so water stress can also increase electricity prices. For example, water scarcity has already affected our operations in the past: in 2015 energy prices increased by 20% due to a significant decrease in rainfall;

this produced a financial impact of 80 million euros for Telefónica Group in one year. In 2021, we were again affected by an increase in the tariff costs due to the low rainfall in the country. The increase was an average of 17% (tariff increase calculated specifically for Telefônica Brasil sites), leading to an impact of more than R$51 million on our energy OPEX (which represents 5% of our electricity OPEX). The states of São Paulo and Rio de Janeiro are the regions that suffer the most from the impact of these increased tariffs, as we have most of our sites in these locations (more than 50% of our total electricity consumption).

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
411,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
The financial impact of this risk is calculated by analysing the expected energy price in the climatic scenarios analysed and its possible impact on our operations assuming that we had not taken any control, mitigation or adaptation action.
In the calculation, we considered:
- Traffic demand from Telefônica Brasil's customers, which will continue to increase significantly in the coming years, even if this increase will be partially offset by energy efficiency improvements.
- Telefônica Brasil's energy consumption projections up until 2030.
- Projection of electricity prices: we have based these on the EU energy outlook (2050), whereby prices increase by 2% by 2030, then by 1% until 2040 and by 0.5% until 2050.
Overall, the financial impact of this risk comes from: Σ(Energy consumption projections x increase in electricity price)

Note: transition risks and opportunities have only been analysed under scenario RCP 2.6 for 2030, since RCP8.5 would be a business as usual scenario whereby no transition to a low carbon economy would take place.

Cost of response to risk
2,400,000

Description of response and explanation of cost calculation

[SITUATION] The higher demand that will occur as the population increases &the greater electrification needs make increased costs of energy the main market risk that we will be confronted with in a RCP2.6 scenario.

[TASK] In order to manage this risk and reduce our exposure to increasing energy prices we have in place 2 main adaptation plans:

(i)Energy Efficiency Plan (EEP): In 2021, we implemented 30 initiatives leading to savings of 62.38GWh and R$33 million, &avoiding over 8 ktCO2e. The efforts within the efficiency projects already reflected an 87% improvement in our energy intensity ratios (MWh/PB) compared to 2015. We keep on decoupling our services' growth from energy consumption, significantly reducing the risk of an increase in our electricity OPEX. The objective of these projects is to increase our network efficiency, e.g by replacing copper by fibre optic and shutting down legacy networks.

[ACTION] (ii)Renewable Energy Plan (REP): Reduces our operating costs &makes us less dependent on fluctuations in electric energy and fossil fuel prices. Therefore, to manage this risk we have committed to making our electricity consumption 100% renewable (achieved by the end of 2018, using incentive energy from the free-market, distributed generation & iRECs). Since 2018, we have been investing in distributed generation (DG) projects, an approach that employs small-scale technologies to produce electricity close to its use. Our DG model has solar, hydro and biogas plants located in 25 states, and we expect to have 85 DG plants in the first half of 2023. Investments in this model are carried out by the companies contracted, with the counterpart of a long-term partnership with Telefônica Brasil. With all the plants operating, we will produce around 711 GWh of energy per year and will account for more than 80% of our consumption in low voltage, serving more than 30,000 units, including stores, towers, antennas, telecommunications equipment and offices.
[RESULTS] We already have 33 plants operating, of which 7 were implemented in 2021 in 4 regions of Brazil (an example is a biogas plant implemented in the city of Santos, which produces 21GWh per year). We saved around R$ 29 million under our DG project in 2021.

The cost of management considers the costs associated to:
- Purchase of Renewable Energy Certificates & energy consulting costs (OPEX)
- Investment in transition to Free-Market (CAPEX)

Overall, the cost comes from: Σ REP Opex+REP Capex

Comment

-

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Telefônica Brasil has identified opps in a low carbon economy for business growth, by selling products that reduce our customers' emissions. In this sense, digitalization will be essential to address the transition to a low carbon economy. According to the Smarter 2030, the ICT sector has the potential to reduce 3.6 GtCO2 by 2030.

Telefônica Brasil's business strategy is committed to the digital revolution to address environmental challenges, which is why we are promoting the sale and development of new products in the following business lines: IoT, Cloud, Big Data &Broadband Connectivity. Most of the portfolio of these products focus on enabling our customers to make a more efficient use of resources such as energy and water, improve traffic planning, air quality, reduce greenhouse gas emissions or improve our response to climate change. We see a greater investment into the development and improvement of these services as an opportunity to both increase our revenues and reduce environmental impact of our clients.

We had a sustained annual growth in income of digital services in the past year. We highlight some of the most important digital services provided in 2021 in Brazil:

-Vivo Eficiência Energética: Uses IoT as a way to measure and optimize the consumption of electricity, in addition to the operational management of the business, reducing energy consumption &CO2 emissions. In 2021 we relaunched this product which is currently in the business expansion phase.
-Vivo Frota Inteligente: Solutions for the transport sector which help optimise planning of transport systems, reducing fuel consumption and CO2 emissions. We are also planning to launch the solution for electric cars.
-Vivo Agro: Solutions for the agricultural sector, enabling innovation, digitalisation and

data analysis with the aim of optimizing resource use. As an example, we have the product Vivo Maquinário Inteligente, a solution for fleet management of heavy vehicles used on farms, such as tractors, harvesters, focuses on operational improvement saving fuel and decreasing the cost of ownership of equipment through predictive maintenance algorithms. In 2022 we are also launching the Drone Pro, aerial spraying solution, powered by clean energy.

-Cloud: Helps to reduce energy consumption. This was our main digital product, which has been doubling in size in terms of clients served and revenue each year.

Telefônica Brasil has ended 2021 supplying almost 13MM IoT lines for our customers.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,300,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Telefônica Brasil has identified opportunities in a low carbon economy for business growth, by selling products that reduce our customers' carbon emissions. In this sense, digitalization will be essential to address the transition to a low carbon economy. Telefônica Brasil estimates potential increases in revenues due to both:

- Services that we currently have in our portfolio and we expect their sales volume will increase in the coming years. Some examples are broad band connectivity for Teleworking, Smart Energy Management, Fleet Management, Smart Agro (IoT services) and Cloud solutions.

- Expected sales volume of new products and services under development. Some examples are crop spraying using drones (Drone Pro) or new services that will be possible thanks to applications of 5G technology, which is expected to avoid 3.6GtCO2e by 2030, with the greatest impact seen in the utilities and home energy sector.

The potential financial impact has thus been estimated based on:
- Telefônica Brasil's revenues associated to IoT and Cloud in 2021.
- Global growth projections for digital services (IoT and Cloud) to 2030 according to

Global Data.

- % of these services associated to sustainability based on World Economic Forum and the Guardian projections (84% for IoT and 38% for Cloud).

Overall, the financial impact of this opportunity comes from: Σ [(current IoT&Clould revenues) x (Expected growth to 2030 of these services) x (% of these services associated to tackle climate change)]

Note: transition risks and opportunities have only been analysed under scenario RCP 2.6 for 2030, since RCP8.5 would be a business as usual scenario whereby no transition to a low carbon economy would take place.

Cost to realize opportunity

16,300,000

Strategy to realize opportunity and explanation of cost calculation

The company sees future potential technology as an opportunity, with digitalization being essential to addressing the environmental challenges. Since 2019, Telefónica Tech (TTech) boosts the growth of digital services involving IoT/Big Data, cloud & cybersecurity to achieve a greater scale & integrate the main digital solutions that help our B2B customers progress towards a more digital & sustainable world.

As an offshoot of TTech, in 2021 Telefônica Brasil has created de companies IoTCo and CloudCo with the objective to accelerate the development of digital products for the technology market in Brazil, achieving a speed compatible with the current market among the verticals prioritized by the company. One of the points addressed here is precisely to have digital solutions that can bring the customer an economy aligned with sustainability.

Connected to digital services, for the B2B segment Telefônica Brasil offers the Eco Smart seal, which allows companies to already know, at the time of contracting the service, the environmental benefits that the solution can generate in their operation. Developed by the Telefônica Group (in Brazil under the Vivo brand) and verified by a third party by AENOR (Spanish Association for Standardization and Certification), the seal has four variations that represent different environmental benefits: energy efficiency, reduction of water consumption, reduction of CO2 emissions and circular economy.

As our business strategy is committed to the potential of these new digital services, Telefónica Group had set a new objective for 2025 (which includes Telefônica Brasil): to avoid the emission of 12 MtCO2 into the atmosphere. The COVID-19 pandemic reinforced the need to accelerate digital transformation by having the precise security tools to maintain business activity & services. In 2021, Telefônica Brasil avoided more than 1 MtCO2 from being generated by our customers thanks to the high penetration of digitalisation during the pandemic.

The cost to realize this opportunity has taken into account the budget dedicated to

develop new climate-related digital services & improvements to the ones already offered. The cost of management thus comes from: Σ [Capex New Digital services] + [Capex Improvement of current digital services]

Comment

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Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Telefônica Brasil has an important opportunity associated to cost reduction coming from energy management. As we have explained in question C2.3a the electricity consumption of our network is high. Our total average electricity consumption in recent year has been around 1.7 million MWh. Telefônica Brasil has multiple projects underway to increase the efficiency of its network, such as the replacement of the copper network by FTTH (85% more efficient) & the implementation of 5G (estimated to be 90% more efficient).

As our network evolves due to technology evolution, we could have energy increasing demands, as an example, an increase of 10% in our energy consumption would mean an average increase of R$100 MM in Telefônica Brasil´s electricity OPEX. Our Energy Efficiency Plan (EEP) allows us to manage this risk, but also we consider it as an opportunity because it provides us with an important competitive advantage in our sector as it increases the efficiency and resilience of our networks and also reduces our indirect operating costs, related to electricity. We calculate that this opportunity can bring to us economies of 5-10% a year on our energy OPEX. This allow us to increase the quality and technologies that we offer to our clients (3G, 4G, 5G, Broadband), without an increase in fares.

In 2021, under our EEP we have rolled out 30 projects in our networks and offices, saving R$ 33 million on energy, avoiding over 8 thousand tCO2 and saving 38.6GWh. As an example of project, in 2021 we reduced 31.4 GWh with the shutdown of 3G technology in all regions of Brazil, saving R$ 19.2 MM. The 3G shutdown project basically consists of turning off the equipment belonging to the company's 3G

technology, which over time are becoming obsolete due to the arrival of new technologies. The most representative regions in the 3G shutdown project are the states of São Paulo and Rio de Janeiro, 47% and 20% of the disconnected sites respectively.

Telefônica Brasil has within its strategic objectives for the fight against climate change, the reduction by 2025 of 90% of energy consumption per unit of traffic, taking 2015 as a reference; in 2021, our reduction reached 87%. With the EEP our objective is to decouple the growth of our business from energy consumption and that is why it is integrated into our global climate change strategy. Our energy consumption is almost stable, although the data traffic passing through our networks is increasing in an exponential way.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
72,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
The financial impact of this opportunity is calculated by projecting:
- Company's energy consumption taking into account energy efficiency measures. Since 2010 our Energy Efficiency Plan has allowed us to achieve R$ 295 million of energy savings. In 2021 we implemented 30 initiatives in our networks and offices, achieving savings of R$ 33 million in our OPEX, energy reductions of 62.38 GWh, avoiding over 8ktCO2e.
- Company's energy consumption without taking into account energy efficiency measures.
- Average cost of electricity in the last couple of years.
We have also taken into account that these estimated savings will increase if energy prices or taxes increase in the future.

Overall, the financial impact of this opportunity comes from: Σ [(BAU's energy consumption) – (EEP energy consumption) x (Avg cost of electricity)]

Note: transition risks and opportunities have only been analysed under scenario RCP 2.6 for 2030, since RCP8.5 would be a BAU scenario whereby no transition to a low carbon economy would take place.

Cost to realize opportunity

6,963,000

Strategy to realize opportunity and explanation of cost calculation

[SITUATION] The electricity consumption of our network is high, and we see efforts in reducing it as an opportunity to reduce our OPEX. [TASK] Telefônica Brasil´s Climate Change strategy includes 3 global energy and GHG emissions targets. One of them focus on taking advantage of this opportunity: Reduce energy consumption per traffic unit (MWh/PB) by 90% in 2025 compared to 2015

[ACTION] In order to achieve these strategic objectives, in 2010 we established an Energy Efficiency (EE) Plan and since then we have implemented around 250 projects. These projects are mainly developed in our infrastructures of fixed and mobile network, offices and data centres. [RESULTS] These projects have already allowed us to achieve more than R$ 295 million of energy savings since 2010. During 2021 we undertook 30 Energy Efficiency projects, achieving savings of R$ 33 million, leading to savings of 62.38GWh and avoiding the emission of over 8ktCO2 eq. The projects cover all the different possibilities of efficiency: lighting; PSF (Power Saving Features); cooling; rectifiers and power update; network transformation. These estimated savings will increase if energy prices or taxes increase in the future. These efforts have made it possible for us to reduce energy intensity per traffic by 87% in 2021 compared to 2015 (MWh/PB).

Throughout 2022, we are implementing a project for the automation and modernization of air conditioning equipment at around 400 radio base stations located in the states of São Paulo and Rio de Janeiro; only this implementation will generate savings of R$ 606,800. We are also implementing the modernization of the lighting system at our sites, starting with our headquarters building in São Paulo and expanding to other technical sites (Barra da Tijuca, Mauá and Americanópolis).

The cost to realize this opportunity considers the CAPEX involved in the EE Plan, in projects that are mainly developed in our infrastructures of fixed and mobile network, which amount around R$7 million.

Comment

-

Identifier

Opp3

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

As we have explained in question 2.3a the electricity consumption of our network is high, reaching 1,707,664 MWh in 2021, so increases in kWh price due to the increase on the fuels or a lower availability of water for hydroelectric generation taxes may incur high costs for Telefônica Brasil. As an example, an increase in the price of energy of 10% would mean an increase of R$100 million in our´s electricity OPEX.

On top of the Energy Efficiency Plan explained in Opp2, whose objective is to minimise energy consumption, Telefônica Brasil has also identified in its Climate Scenario Analysis an important opportunity associated with the use of lower-emission sources of energy. This provides us with an important competitive advantage since it reduces our exposure to energy price volatility and foresees potential OPEX savings of more than 10% by 2030.

Our Renewable Energy Plan (REP) has allowed us to achieve 100% of renewable electricity by the end of 2018 (partly dependent on renewable energy certificates: i-RECs). In 2021, this plan also allowed us to save 4% of our Electricity OPEX, an equivalent of almost R$47 million (including distributed generation and free market).

At Telefônica Brasil we have seen important cost opportunities linked to renewable energy, for instance, with our Distributed Generation (DG) project, which is still on-going, we will reach average savings of 22% compared to the regulated tariff in 2022. Our project started in the state of Minas Gerais, where we have the largest number of plants to date (9 out of 33). In 2021, 7 plants were implemented within which two of them were in the state of Rio de Janeiro, while the others were in Federal District, Pará, Pernambuco, São Paulo and Rio Grande do Sul. The places for the installation DG plants are defined according to the consumption demand of the sites (big consumers) and the tariff feasibility of the local concessionaire

Our distributed generation projects will produce around 711 GWh of energy per year of renewable energy, covering more than 80% of our consumption in low voltage, reducing dependence on iRECs and serving more than 30,000 units, including stores, towers, antennas, telecommunications equipment and offices.

In summary the main benefits of this opportunity is the resilience improvement of our business and also the reduction of our indirect operational costs related to electricity.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The financial impact is calculated by projecting what the energy consumption of our network and the kWh price would be in the climate scenario analysed and what is the potential average price of energy that we can achieve thanks to the long-term purchase agreements executed under our Renewable Energy Plan (REP). We consider different mixes between the following solutions: distributed generation, free-market (FM) and purchasing renewable energy with guarantees of origin. By diversifying our energy matrix, we promote innovation capable of adding socio-environmental and economic values. Obtaining energy through distributed generation, in small plants, close to consumer points, also contributes to minimize losses in the distribution system, in addition to reducing CO_2 emissions and avoiding impacts of large enterprises on the environment and the local community.

Overall, the financial impact of this opportunity comes from: Σ [(Electricity consumption) x (% of electricity under REP) x (Savings related to REP)]

Note: transition risks and opportunities have only been analysed under scenario RCP 2.6 for 2030, since RCP8.5 would be a BAU scenario whereby no transition to a low carbon economy would take place.

Cost to realize opportunity

2,400,000

Strategy to realize opportunity and explanation of cost calculation

[SITUATION] The electricity consumption of our network is high, so increase in kWh price due to the increase on the fuels or a lower availability of water for hydroelectric generation may incur high costs for Telefônica Brasil. [TASK] Our climate change strategy includes 3 global energy & GHG emissions targets, as part of Telefónica Group objectives. One of them focus on taking advantage of this opportunity: Commit to renewable energies as a sustainable source for our business.

[ACTION] In order to achieve this objective, we stablished a Renewable Energy Plan (REP) that considers different solutions: incentive energy of free market, purchasing i-RECs & distributed generation (DG). This has enabled us to achieve 100% of renewable energy in 2018, and to avoid 231 ktCO2 in 2021. Telefónica Group's goal is to go further than 100% in the main markets (including Telefônica Brasil), contributing to increasing the renewable energy mix (self-generation or by fostering the construction of new plants).

Since 2018, Telefônica Brasil has been investing in DG project, an approach that employs small-scale technologies to produce energy close to its use. Our DG model has solar, hydro and biogas plants located in 25 states, and we expect to have 85 DG plants in operation in the first half of 2023 Investments in this model are carried out by the companies contracted, with the counterpart of a long-term partnership with Telefônica Brasil. With all the plants operating, we will produce around 711GWh of energy per year. When completed, the project will account for more than 80% of our consumption in low voltage, serving more than 30,000 units, including stores, towers, antennas, equipment & offices. In addition to the environmental benefit, by using renewable and low-impact sources, the measure will contribute to reducing energy costs.

[RESULTS] In 2021, we continued our ambitious DG project and we implemented 7 plants in 4 regions of Brazil with long-term contracts (2040), which will produce 62GWh per year serving 3 thousand sites. As an example, there is a biogas plant implemented in the city of Santos, which produces 21GWh/year serving 1,017 sites. Under the DG project, we saved around R$29MM in 2021.

The cost of management considers the costs associated to our REP:
- Purchase of Renewable Energy Certificates & Energy consulting costs (OPEX)
- Investment in transition to free market (CAPEX)

Overall, the cost of management comes from: Σ REP Opex + REP Capex

Comment

-

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

Yes, we have a transition plan which aligns with a 1.5°C world

Publicly available transition plan

Yes

Mechanism by which feedback is collected from shareholders on your transition plan

We do not have a feedback mechanism in place, but we plan to introduce one within the next two years

Attach any relevant documents which detail your transition plan (optional)

Climate_action_plan_2022_ENG (https://www.telefonica.com/en/wp-content/uploads/sites/5/2022/03/climate-action-plan-telefonica.pdf)

📎 climate-action-plan-telefonica.pdf

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	**Scenario analysis coverage**	**Temperature alignment of scenario**	**Parameters, assumptions, analytical choices**
Transition scenarios Bespoke transition scenario	Company-wide	1.5ºC	i) Telefônica Brasil has developed an internal bespoke transition scenario (SCN) based on the needs of the organization. This SCN is aligned with the RCP 2.6 SCN &in line with TCFD recommendations. Inputs: Climate variables projections of this SCN extracted from the EU's Copernicus, our assets by location &value, historical data (HD), projections not based on the SCNs (undertaken by us or a 3rd party). Methodology: We divided our SCN analysis (ANLYS) in 4 phases: a)Probability ANLYS of the most relevant climate threats affecting Telefônica Brasil based on SCN projections & year evaluated b)Impact ANLYS in financial terms by SCN and time horizon (TH) for each risk based on historical data and our projections c)Exposure ANLYS based on the results obtained from multiplying (1)&(2), broken down by SCN, year and threat d)Conversion of these risks to Basic Risks to consolidate with our risk management approach. Assumptions: we used a series of common hypotheses. i.e.: Increase in GHG emissions leading to a <2°C increase in temperature by 2100; Economic value of the

			impacts based on our historical business data. ii) Time horizon: 2030, aligned to our original SBT target yr; 2040, aligned to our global net zero target; and 2050, aligned to the Paris Agreement timelines and to our climate strategy TH. iii) Assets analysed: Base stations, switch & data centres, offices, stores and cables. Regions covered: all the Brazilian territory, where we operate. iv) Results: Fixed &mobile connectivity are our business lines with greater vulnerability; Increase in electricity prices is by far our most significant impact under this SC & opportunities are much greater than the risks, namely due to the increase in climate-related digital services considering exposure &business volume. The ANLYS has already influenced our strategy stablishing lines of work that help increase our resilience to CC, such as: Business Continuity Plans for climate disasters &Energy Efficiency &Renewable Energy Plans. Our ANLYS using this SCN was qualitative.
Physical climate scenarios RCP 8.5	Company-wide		i) RCP 8.5 scenario (SCN) selected in line with TCFD recommendations. Inputs: Climate variables projections of this SCN extracted from the EU's Copernicus, our assets by location &value, historical data, projections not based on the SCNs (undertaken by us or a 3rd party). Methodology: We divided our SCN analysis (ANLYS) in 5 phases: a) Probability ANLYS of the most relevant climate threats affecting Telefônica Brasil based on SCN projections for each region & year evaluated b) Impact ANLYS in financial terms by SCN, time horizon (TH) & region for each risk based on historical data and our projections c) Exposure ANLYS based on the results obtained from multiplying (1)&(2), broken down by SCN, year, threat & region d) Aggregation of results to company level e) Conversion of these risks to Basic Risks in order to consolidate with our risk management approach. Assumptions: we used a series of common hypotheses for RCP8.5. i.e.: Increase in GHG emissions leading to a 4°C increase in temperature by 2100; Economic value of the impacts based on our historical business data. ii) Time horizon: 2030, aligned to our original SBT target yr; 2040, aligned to our global net zero target; and 2050, aligned to the Paris Agreement timelines &to our climate strategy TH. iii) Assets analysed: Base stations, switch & data

			centres, offices, stores and cables. Regions covered: all the Brazilian territory, where we operate. iv) Results: Fixed &mobile connectivity are our business lines with greater vulnerability; Flooding & the increase of temperatures are the climatic variables with greater incidence; Considering risk exposure & business volume, São Paulo is the most vulnerable due to the income it represents for the company. Largest potential costs: Increase in energy prices because Brazil is very dependent on hydropower; Increase in our network electricity consumption due to greater air conditioning needs; Increase of O&M cost; Loss of income due to service disruptions. The ANLYS has already influenced our strategy: we have created lines of work that help increase our resilience to CC, such as: Business Continuity Plans for climate disasters &Energy Efficiency &Renewable Energy Plans. Our ANLYS using this SCN was quantitative.
Physical climate scenarios RCP 2.6	Company-wide		i) RCP 2.6 scenario (SCN) selected in line with TCFD recommendations. Inputs: Climate variables projections of this SCN extracted from the EU's Copernicus, our assets by location &value, historical data (HD), projections not based on the SCNs (undertaken by us or a 3rd party). Methodology: We divided our SCN analysis (ANLYS) in 5 phases: a)Probability ANLYS of the most relevant climate threats affecting Telefônica Brasil based on SCN projections for each region & year evaluated b)Impact ANLYS in financial terms by SCN, time horizon (TH) and region for each risk based on HD &our projections c)Exposure ANLYS based on the results obtained from multiplying (1)&(2), broken down by SCN, year, threat &region d)Aggregation of results to company level e)Conversion of these risks to Basic Risks to consolidate with our risk management approach. Assumptions: we used a series of common hypotheses for RCP2.6. i.e.: Increase in GHG emissions leading to a <2°C increase in temperature by 2100; Economic value of the impacts based on our historical business data. ii) Time horizon: 2030, aligned to our original SBT target year; 2040, aligned to our global net zero target; and 2050, aligned to the Paris Agreement timelines and to our climate strategy TH. iii) Assets analysed: Base stations, switch & data

centres, offices, stores and cables. Regions covered: all the Brazilian territory, where we operate.
iv) Results: Fixed &mobile connectivity are our business lines with greater vulnerability; Flooding & the increase of temperatures are the climatic variables with greater incidence; Considering risk exposure & business volume, São Paulo is the most vulnerable due to the income it represents for the company. Largest potential costs: Increase in energy prices because Brazil is very dependent on hydropower; Increase in our network electricity consumption due to greater air conditioning needs; Increase of O&M cost; Loss of income due to service disruptions. The ANLYS has already influenced our strategy: we have created lines of work that help increase our resilience to CC, such as: Business Continuity Plans for climate disasters &Energy Efficiency &Renewable Energy Plans.
Our ANLYS using this SCN was quantitative.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

The increase of climate-related events and their impacts makes necessary to develop a management framework that considers the risks and opportunities derived from the effects of climate change. In this context, Telefônica Brasil has identified the following focal questions to address the climate-related scenarios (SCN) disclosed in C3.2a:
- How could climate change plausibly affect our business, assets, products/services and customer segments?
- What should we do to mitigate and adapt to climate change and when?
- What forces and developments have the greatest ability to shape future performance?
- What are the most relevant physical and transition risks for us?
- What are the most relevant climate-related opportunities for us?

Telefônica Brasil developed an Internal Bespoke Transition (IBT) scenario and also selected the scenarios RCP 8.5 and RCP 2.6 of the IPCC (UN Intergovernmental Panel for Climate Change) disclosed in C3.2a to address these focal questions.
- The Internal Bespoke Transition scenario was developed based on our needs. This scenario is aligned with the RCP 2.6 scenario defined by the IPCC and in line with the Paris Agreement in which the temperature would not exceed 2ºC.
- The RCP8.5 ("business as usual") was selected as it is the scenario where no change in emissions is expected, and which leads to an increase in average global temperature

of 4°C by year 2100.
- The RCP2.6 was selected as it represents the "Paris Agreement" scenario, where global emissions are reduced to net-negative, and the global temperature only increases with 2°C by 2100.

Results of the climate-related scenario analysis with respect to the focal questions

Telefônica Brasil identified at its climate-related SCN analysis that the most relevant risks &opps arising from climate change for the company are:

In the RCP 8.5 SCN:
- Acute physical risk: the most significant risk will be the increase of the frequency of extreme events, notably floods (with a financial impact estimated at R$65MM by 2050). Flooding may cause both damage to infrastructure and the possibility of service outages.
- Chronic physical risk: one of the greatest impacts identified will be rising mean temperatures and extreme heat that will produce, among other relevant effects, increases in the cost of energy and greater cooling needs for equipment (with a financial impact estimated at R$ 24MM by 2050).

In the IBT SCN &in the RCP 2.6 SCN, the main risk relates mainly to transitioning to a decarbonised economy:
- Transition risk: the most relevant risk is the market risk due to the high consumption of electricity to carry out our services, which will represent an increase in the price of electricity due to the increase in the price of GHG-emitting energy sources.
- Acute physical risk: the precipitation delta will pose the greatest risk to Telefonica Brasil in 2030, leading to an increase in energy prices. With respect to 2050, heavy rainfall will increase significantly, making flooding the most significant physical risk.

Our analysis considered the exact position of each of our assets and how it would be affected. In all scenarios &THs assessed (2030, 2040 &2050), the region with the highest exposure to climate risk and impact is Tropical Brazil Central (IBGE), and one of the reasons is because that's where most of our assets are (more than 60% of total assets). Our base stations and switch centres are the operations that would be most affected in this region.

Opps: In IBT &RCP 2.6 SCNs, the transition to a decarbonised economy poses considerable opps associated with cost reductions due to energy efficiency and renewable energy and to business growth in digital solutions designed to help our customers decarbonise their activities. In both scenarios &THs assessed (2030, 2040 &2050), the greatest opp is related to selling these digital solutions.

Based on our SCN analysis, our strategy includes managing energy &CC, by aligning mitigation, adaptation and opps with the business and stakeholders' demands. In this sense, our CC & energy strategy is included in our Responsible Business Plan. In this line, to reduce our own emissions, we have implemented an Energy Efficiency Plan & a Renewable Energy Plan (REP).

In this sense, our REP includes solutions such as long-term contracts of distributed generation. In 2021, we implemented 7 plants in 4 regions of Brazil with long-term contracts (2040), which will produce 62GWh per year serving almost 3 thousand sites. As an example, there is a biogas plant implemented in the city of Santos, which produces 21GWh per year serving 1,017 sites. Under the DG project, we saved around R$29 MM in 2021.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Description &time horizon: As described in Opp1 (C2.4a), digitalisation will be a key tool in the management of environmental challenges such as climate change, waste, water, air pollution &biodiversity during the transition to a low carbon economy. According to GlobalData, the global IoT market will reach $1,077bn by 2024, whilst according to Smarter 2030, the ICT sector has the potential to reduce 3.6GtCO2e by 2030. This means it is a very substantive business opp for our company in the short &medium term. In this sense, the Business Solutions area develops New Digital Services that have the potential to optimize the consumption of resources of our customers and therefore reduce their impact on the environment. As an example, we developed services such as Vivo Clima Inteligente & Maquinário Inteligente, which tackle climate change challenges as they promote efficiency in the use of fossil fuels & fertilizer supplies in the agricultural business sector, that corresponds to 27% of the Brazil's emissions. By increasing productivity and ecoefficiency in the farms, these technologies have the potential to contribute to reduce land use change of forests to agriculture and its consequential carbon emissions which are also the main challenge for Brazil - 46% of the country´s emissions. The most substantial business decision made to capitalise on this opp has been the creation of Telefónica Tech in 2019 by the Telefónica Group, to lead the digital transformation towards a low carbon world. This unit was born to further increase the revenues of these new digital services & boost the growth of digital services involving

		IoT/Big Data, cloud and cybersecurity, bringing together the digital businesses with high growth potential and aims to be the partner which supports other companies in their digital transformation. As an offshoot of Telefonica Tech, there was the creation of IoTCo and CloudCo in Brazil in 2021, companies dedicated to providing these services. In 2021, thanks to Telefônica Brasil's services and products our customers avoided the emission of 1.2MtCO2. As Telefónica Group business strategy is committed to the potential of these new digital services, an ambitious objective for 2025 was set: to avoid the emission of 12MtCO2 into the atmosphere through products and services, considering the main markets (Brazil, Spain, Germany and UK).
Supply chain and/or value chain	Yes	We see the identification & management of risks in the supply chain as an inherent responsibility for every company, & even more for the ICT sector, where many of the sustainability risks in the short&medium term are not in a company's own operations but in its supply chain. Description and time horizon: In our 2021 R&O RCP 2.6 SCN analysis, the impact of increased climate-related regulation was assessed as a transition risk. The analysis concluded that our supply chain (SCh) could be affected by potential new regulations arising in the short &medium terms that could compromise Telefónica's tech &material suppliers or their financial stability. Therefore, we see the identification and management of risks in our SCh as an inherent responsibility. As part of our sustainable management model, we pay special attention to SCh issues with a high social and environmental impact, including CO_2 emissions. In this sense, one of group's SBTs is to reduce CO_2 emissions in our SCh by 56% in 2030 compared to 2016 and achieve net-zero emissions in 2040. Most substantial business decisions: Since 2019, we have developed a supplier engagement programme together with Telefónica Group and in 2021, to enhance the actions, we launched a local carbon program. The suppliers have been selected based on the following criteria: % of emissions in our Scope 3; number of allies; transport intensive activities. The programme covers aspects related to climate change, such as emissions reductions & eco-efficiency and has the objective of help suppliers to move forward in their climate change management, which in turn will help us achieve our

		medium-term Scope 3 target. All aspects are part of the Minimum Responsible Business Criteria that each of our suppliers must meet & implement in their own supply chain. Sustainability high-risk suppliers identified also have to evaluate their sustainability performance via EcoVadis. We are also incorporating environmental criteria that should be considered to select products or services with a lower impact. For instance, we have incorporated the concept of Total Cost of Ownership (TCO) in the equipment with high energy consumption acquisition process. The TCO will make it possible for us to reduce the Company's energy expenditure &the associated emissions in the short &medium term.
Investment in R&D	Yes	Description & time horizon: As described in opp1, digital services will be a key tool in the management of challenges such as climate change in the short & medium term, whilst the vision of sustainability as a business opportunity allows us to bet on R&D & innovation as a tool for social & environmental good that remains in a long-term strategic line. As a transversal pillar to the internal R&D processes of Core Innovation & Open Innovation (developed from Open Future & Wayra) we invest in initiatives that improve our customers climate change mitigation & adaptation capacity & that translate into business opportunities. Present in Brazil since 2012, the Wayra hub have the mission to seek investment opportunities in start-ups that have disruptive technological solutions in synergy with our company´s objectives. As a result of this program, Wayra invested in Ativa and Iotag, which developed new products and services in partnership with Telefônica Brasil (brand Vivo), such as Vivo Clima Inteligente and Vivo Maquinário Inteligente. Both solutions are key actors to face the challenges of climate change, as they promote efficiency in the use of fossil fuels and in the management, planting and harvesting carried out by the rural producer. Wayra also works in partnership with BNDES (National Bank for Economic and Social Development), alongside with Liga Ventures and Artemisia, at the largest impact innovation program in Brazil: BNDES Garagem – Negócios de Impacto. This program accelerate disruptive tech solutions for ESG, such as new energy sources, water supply and reforestation.

Most substantial business decision is the investment in R&D of new products &services related to climate change in order to achieve group's 2025 target of avoiding 12 million |

			tCO2e in customers with our P&S. Some of the services provided in 2021 were: - Mobility optimisation solutions, such as our fleet management or asset tracking - Energy optimisation solutions for business: Smart Agro for agriculture and energy efficiency. - Solutions for the transport sector to optimise planning of transport systems through greater understanding of travellers, timetables &routes. In 2021 IoT in Telefônica Brasil closed with nearly 13 million IoT lines for our customers, an growth of almost 20% from previous year.
Operations	Yes		Description &time horizon: As explained in Risk 3, the electricity consumption of our network is high, reaching 1,707,664 MWh, which accounted in R$1,093 million in OPEX. We expect energy prices to increase in the medium- & long-term due to extended drought periods, taxes on energy generated by fossil fuels, etc. This could potentially impact our operations in the medium & most significantly in the long term. Most substantial business decisions & time horizon: In order to reduce our exposure to this risk, we have implemented the following mitigation actions to reduce energy consumption & increase renewable energy: 1) Creation of the Energy Efficiency Plan: In 2021 we implemented 30 initiatives in our networks and offices, achieving savings of R$33 million in our OPEX, energy reductions of 62.38GWh, reducing more than 8 ktCO2e. These efforts are reflected in an 87% improvement in our energy intensity ratios (MWh/PB) compared to 2015. 2) Creation of the Renewable Energy Plan:, In 2021, we maintained our electricity coming 100% from renewable energy, including all kinds of solutions – incentive energy from the free-market (we work on this since 2002), distributed generation and renewable energy certificates. In 20211 we continue to expand our distributed generation and we implemented 7 plants in 4 regions of Brazil, reaching 21 plants in operation by the end of the year, saving around R$ 29 million with the project as a whole . 3) Implementation of the Unified System of Infrastructure Supervision platform in our main buildings to enable a centralised and automatic monitoring of a range of critical infrastructure equipment that have a direct influence on the energy consumption of our network.

		4) Sharing infrastructures with other operators or communication tower management companies to reduce square footage, visual impact, energy consumption &waste generation. 5) In 2021 we continued the implementation of Telemetry Services achieving 500 monitored units in Medium Voltage, through online data to further increase the energy efficiency.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Access to capital	In accordance with the Telefónica Group's Climate Change Strategy 2015-2040, Telefônica Brasil is committed to reducing scope 1 and 2 emissions in 90% by 2030 (the group as a whole will reduce 80% by 2030) & achieve net-zero emissions by 2040. Whilst this will have an impact in all the financial elements selected, we want to draw attention to what opportunities the transition towards a low carbon economy represents for both internal energy management (i) & business growth (ii): i. Renewable Energy Plan (REP) & the Energy Efficiency Plan (EEP) enable us to reduce our operating costs. This is important since our energy expenditure makes up almost 5% of our revenue. Hence, managing the risk of growing energy prices is a central focus of our business strategy and has influenced our business decisions to date in the short & medium term. ii. Digital services, e.g. IoT-based, necessary for the decarbonisation of the economy. This impact is already a reality for us and is expected to increase in the short and medium term. Climate Change has also impacted our financial planning. Based on the results of our Vulnerability Assessment, we allocate part of our CAPEX to the implementation of energy efficiency projects, purchase of lower energy consumption and of equipment resistant to greater temperature ranges. An example of how we have modified our financial planning is the incorporation of the Total Cost of Ownership criteria in the purchasing process of energy intensive equipment, considering the amount of energy that the equipment will consume during its use & not just the cost of purchase. Under the latest EEP, the CAPEX involved amounted around R$7 million, implementing 306 initiatives leading to savings of 62.38GWh that prevented over 8ktCO2e, with savings of

R$33 million in our OPEX. We consider this as a medium impact at a company level.

Additionally, Telefônica Brasil needs to secure access to capital. Since 2019, Telefónica Group uses green bonds as a financing tool to achieve its reduction targets &contribute to a digital low-carbon transition. The company is one of the largest issuers of sustainable bonds in its sector, both in terms of volume, number &diversification of issues (senior green bonds &hybrid green or sustainable instruments). Recently (in July 2022), Telefônica Brasil issued R$3.5 billion in Sustainability–Linked Bonds (SLBs), a debt instrument linked to the achievement of ESG goals. The commitments until 2027, foresee, in the environmental aspect, the reduction of emissions and, in the social sphere, an increase of the percentage of black people in leadership positions. Voluntary commitments are part of the company's Responsible Business Plan (PNR) – a strategic instrument composed of more than 100 indicators, with goals approved by the Board of Directors that promote the company's responsible growth and contribute to the Sustainable Development Goals/2030 Agenda.

Finally, in 2021, Telefônica Brasil started to report in its Financial Results Disclosure a view of the incomes regarding digital B2B products and services (P&S). According to the Ecosmart methodology which was created by the Telefónica Group and verified by Aenor (Spanish Association for Standardization and Certification), most of these P&S fell within the activities that can contribute to the mitigation and adaptation of Climate Change once they help our clients to become more efficient while decarbonizing the economy. In 2022, we are working with the Telefónica Group team to extend the adopted criteria to other layers of our services including connectivity that is essential to enable services such as IoT, Cloud and Big Data in a project to apply the European Taxonomy for sustainable activities to a local level of reporting.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?

Yes

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's transition to a 1.5°C world.

Financial Metric

Revenue

Percentage share of selected financial metric aligned with a 1.5°C world in the reporting year (%)

5

Percentage share of selected financial metric planned to align with a 1.5°C world in 2025 (%)

Percentage share of selected financial metric planned to align with a 1.5°C world in 2030 (%)

Describe the methodology used to identify spending/revenue that is aligned with a 1.5°C world

The technology revolution is underway and artificial intelligence, cloud computing, 5G and the Internet of Things (IoT) are poised to create more disruption in the next decade. The digital revolution can be the biggest wildcard in economic transformation, it can greatly reduce energy consumption and material waste across all sectors, while supporting global health, sustainability and economic goals, it can also enable a rapid transformation through new business models. When it comes to enforcing the carbon law, the digital services sector has the potential to reduce global CO_2 emissions by 15-35%. We highlight the crucial role of the telecommunications sector, which has the power to transform other companies so that they consequently advance towards digitalization, and consequently the green transition.

As part of the company's strategic decision to focus investments on more advanced technologies, during 2021 we seek to reinforce our leading role and positioning as a Hub of digital services, offering content and utility solutions for all kinds of client segments. For B2B clients, we offer products and services (P&S) that go beyond connectivity, forming an ecosystem of digital services that help companies manage and reduce expenses by measuring, automating and controlling their main data related to resource consumption and productivity. In 2021, motivated by the growth in demand for these digital services that include Cloud computing, Internet of Things (Iot) and Big Data, among others. We started to report in our Financial Results Disclosure a view of these P&S incomes that accounts for around 2.1 billion in revenue, a growth of more than 46% compared to the same period of the previous year and represents about 5% of the company's annual incomes. Highlight for annual revenue from cloud, with an increase of 96% in 2021.

As part of our commitment to build a greener world, we provide our B2B customers a seal so they can identify, when contracting the P&S, the environmental benefits that these digital solutions can generate in their operation. The Eco Smart seal is applicable mainly to IoT, Cloud, Big Data and Artificial Intelligence solutions and had its methodology verified by AENOR (Spanish Association for Standardization and Certification). The main benefits provided by our Ecosmart portfolio are energy and CO2 emissions reductions, as well as circular economy. In 2021, our customers avoided

around 1.2 million tons of CO_2 with our solutions, demonstrating the potential of connectivity and digital services to reduce CO_2 emissions and keep up with changes towards more sustainable models.

In 2022, we are working with the Telefónica Group team to extend the adopted criteria to other layers of our services including connectivity that is essential to enable services such as IoT, Cloud and Big Data in a project to apply the European Taxonomy for sustainable activities to a local level of reporting.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2019

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Market-based

Scope 3 category(ies)

Base year
2015

Base year Scope 1 emissions covered by target (metric tons CO2e)
97,926

Base year Scope 2 emissions covered by target (metric tons CO2e)
165,818

Base year Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
263,744

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1
100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2
100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
100

Target year
2025

Targeted reduction from base year (%)
72

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
73,848.32

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
63,018

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
0

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
63,018

% of target achieved relative to base year [auto-calculated]
105.7032998328

Target status in reporting year
Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of both our Scope 1 and 2 (market based) emissions.

In 2020, in view of the urgent need to reduce CO2 emissions and given the need identified by the scientific world to increase ambition, Telefónica Group announced new energy and climate change (CC) targets for 2025, 2030, and 2040, aligned with the 1.5°C scenario of the Paris Agreement and validated by the SBTi. All the targets are shared by Telefônica Brasil, which contributes with a significant portion to achieve reduction targets set by the group.

These targets are part of group's CC strategy, which aims to decouple the growth of our business from energy consumption and GHG emissions and help us to leverage decarbonisation opportunities, to be more competitive, and to offer our customers an even cleaner network. With this purpose, we as a group have defined a path of emissions reduction until 2040, establishing milestones for it: Reduce the Scope 1&2 emissions by 70% in abs. terms by 2025 (72% specifically for Telefônica Brasil), 80% by 2030 (90% specifically for Telefônica Brasil), and achieving net-zero emissions by 2040.

Note: The science-based target was validated for Telefónica Group, which includes the emissions of Telefônica Brasil. According to the document "SBTi Corporate Net-Zero Standard" (version 1.0, page 40), it is recommended that companies submit their targets only at a group level and no at a subsidiary level. CO2 emissions from bioenergy are not relevant do Group Telefónica and are not part of the validated target.

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

Telefônica Brasil has already reduced total Scope 1&2 emissions by 76% compared with 2015, achieving in 2021 the target that was set for 2025. This has been possible mainly thanks to the actions within our Energy Efficiency Plan (EEP) and our Renewable Energy Plan (REP). These actions are based on implementing energy efficiency projects and transitioning to 100% of renewable electricity.

- Our EEP enables us to decouple our business growth from energy consumption; in 2021 we achieved 87% improvement of our energy-intensive ratios (MWh/PB).

- Under the REP, in the end of 2018 we achieved a renewable-sourced electricity consumption of 100%. Representing around 30% of the total energy demanded by the group, Telefônica Brasil was the first operation outside of Europe to achieved 100% of

electricity coming from renewable sources and was the first operation to become carbon neutral in the group.

- Regarding our Scope 1 emissions, we highlight the reduction on fugitive emissions. We implemented improvements in our air conditioning gas recharge processes in more than 30 thousand locations with the contractors that operate our technical sites. The implementation of a new system led to better data management, greater efficiency and cost savings from greater control of stock and materials in the field. We also implemented a procedure for recovering refrigerant gas in case of equipment repairs.

Target reference number
Abs 2

Year target was set
2019

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Market-based

Scope 3 category(ies)

Base year
2015

Base year Scope 1 emissions covered by target (metric tons CO2e)
97,926

Base year Scope 2 emissions covered by target (metric tons CO2e)
165,818

Base year Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
263,744

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1
100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

90

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

26,374.4

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

63,018

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

63,018

% of target achieved relative to base year [auto-calculated]

84.5626398663

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of both our Scope 1 and 2 (market based) emissions.

In 2020, in view of the urgent need to reduce CO2 emissions and given the need identified by the scientific world to increase ambition, Telefónica Group announced new energy and climate change (CC) targets for 2025, 2030, and 2040, aligned with the 1.5ºC scenario of the Paris Agreement and validated by the SBTi. All the targets are shared by Telefônica Brasil, which contributes with a significant portion to achieve reduction targets set by the group.

These targets are part of group's CC strategy, which aims to decouple the growth of our business from energy consumption and GHG emissions and help us to leverage decarbonisation opportunities, to be more competitive, and to offer our customers an even cleaner network. With this purpose, we as a group have defined a path of emissions reduction until 2040, establishing milestones for it: Reduce the Scope 1&2 emissions by 70% in abs. terms by 2025 (72% specifically for Telefônica Brasil), 80% by 2030 (90% specifically for Telefônica Brasil), and achieving net-zero emissions by 2040.

Note: The science-based target was validated for Telefónica Group, which includes the emissions of Telefônica Brasil. According to the document "SBTi Corporate Net-Zero Standard" (version 1.0, page 40), it is recommended that companies submit their targets only at a group level and no at a subsidiary level. CO2 emissions from bioenergy are not relevant do Group Telefónica and are not part of the validated target.

Plan for achieving target, and progress made to the end of the reporting year

Our plan to achieve this target currently is focused on actions that cover scope 1 emissions, as we have reduced our scope 2 emissions to zero (market-based) at the end of 2018. Our direct emissions come from 3 sources: fossil fuel combustion in generators (GMG) and in the fleet, in addition to refrigerant gas leakage in air conditioning (AC) (this last category represented 85% of our emissions in 2021). To achieve this target, we have the following actions in progress:
-GMG: Increase of battery banks to postpone & prevent GMG powering during electricity blackouts, GMGs turn off, study of the application of renewable fuel in GMG (pilot project).
-Fleet: Gradual migration to renewable fuel on our flex fleet and replacement of part of combustion vehicles with electric vehicles.
-Air conditioning: Gas retrofit and replacement of AC for equipment that uses gases with lower GWP; maintenance actions to mitigate operational failures and leaks; use of PVC curtains to reduce the coverage space that the AC works; demobilization of sites &central's compaction and, consequent reduction of the units of emitting equipment.

Our major reduction took place in 2019, when we reached a 70% reduction in scopes 1 & 2 compared to 2015. This has been possible mainly thanks to the actions within our Energy Efficiency Plan (EEP) and our Renewable Energy Plan (REP). These actions are based on implementing energy efficiency projects and transitioning to 100% of renewable electricity:
-Our EEP enables us to decouple our business growth from energy consumption; in 2021 we achieved 87% improvement of our energy-intensive ratios (MWh/PB).
-Under the REP, in 2018 we achieved a renewable-sourced electricity consumption of 100%. Representing around 30% of the total energy demanded by the group, Telefônica

Brasil was the first operation outside of Europe to achieved 100% of electricity coming from renewable sources and is the first operation to become carbon neutral in the group.

In 2021, we have already reduced total Scope 1&2 emissions by 76% compared with 2015. In addition to the points already mentioned above, we implemented improvements in our refrigerant gas and fuel recharge processes with the contractors that operate our technical sites. The implementation of a new system led to better data management, greater efficiency &cost savings from greater control of stock &materials in the field. We also implemented a procedure for recovering refrigerant gas in case of equipment repairs.

List the emissions reduction initiatives which contributed most to achieving this target

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Target reference number
Abs 3

Year target was set
2020

Target coverage
Company-wide

Scope(s)
Scope 3

Scope 2 accounting method

Scope 3 category(ies)
Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
Category 6: Business travel
Category 11: Use of sold products

Base year
2016

Base year Scope 1 emissions covered by target (metric tons CO2e)

Base year Scope 2 emissions covered by target (metric tons CO2e)

Base year Scope 3 emissions covered by target (metric tons CO2e)
640,349

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
640,349

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
100

Target year
2025

Targeted reduction from base year (%)
39

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
390,612.89

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

Scope 3 emissions in reporting year covered by target (metric tons CO2e)
346,715

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
346,715

% of target achieved relative to base year [auto-calculated]
117.5777103279

Target status in reporting year
Achieved

Is this a science-based target?
No, but we are reporting another target that is science-based

Target ambition

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of relevant categories of Scope 3 emissions.

In order to align with the latest Net Zero Standard published by the SBTi, Telefónica Group increased the ambition of its Scope 3 target by: a) including all Scope 3 emissions into the target; and b) increasing its ambition to ensure the targeted reduction aligned with the 1.5ºC pathway.

An emissions estimation of the 15 categories included in the GHG Protocol Scope 3 Standard was conducted by Telefónica for the entire group in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies. This has allowed us to identify the most relevant categories for our activity.

Scope 3 emissions represent 85% of the total generated by Telefônica Brasil (and 79% of the Telefónica Group's emissions). This is why in 2021 the 15 Scope 3 categories were re-screened according to the GHG Protocol to increase the quality of the data through methodological improvements. The screening identified those categories that individually represent over 5% of the total Scope 3 emissions as being the material categories: 'Purchased products and services', 'Capital goods', 'Energy-consumption-related activities' and 'Use of sold products'. In addition, we report other emissions we consider to be strategic for our business or which improve comparability with the sector: 'Business travel'. The main Scope 3 emissions of our value chain come from purchases from our supply chain (66%), and usage of the products we sell to our customers (33%).

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

Our Scope 3 emissions have reduced 45% since 2016, and the categories that were impacted the most were:
- Initiatives to achieve 100% of our electricity coming from renewable sources led to a reduction of 83% in the category 'Energy-consumption-related activities'.
- Pandemic situation still in 2021 led to a reduction of 99% in the category 'Business travel'.

The emissions of our value chain (Scope 3) are the largest in our entire carbon footprint, and in 2021 the categories of 'Purchases of products and services', 'Capital goods' and 'Use of our products' represented 98% of this scope. Scope 3 emissions are managed in an integrated manner with the Telefónica Group, especially in these 3 categories that concentrate suppliers that are global, and therefore the actions &targets are conducted in a corporate level.

In addition to this target, the Telefónica Group has more two new targets (including and

shared by Telefônica Brasil) with 2030 e 2040 as deadline (ABS 4 and ABS 5), which are still in progress and we will continue working to achieve them in the coming years as a group.

Target reference number

Abs 4

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 3

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
Category 6: Business travel
Category 11: Use of sold products

Base year

2016

Base year Scope 1 emissions covered by target (metric tons CO2e)

Base year Scope 2 emissions covered by target (metric tons CO2e)

Base year Scope 3 emissions covered by target (metric tons CO2e)

640,349

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

640,349

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

56

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

281,753.56

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

346,715

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

346,715

% of target achieved relative to base year [auto-calculated]

81.8844768355

Target status in reporting year

New

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of relevant categories of Scope 3 emissions.

In order to align with the latest Net Zero Standard published by the SBTi, Telefónica Group increased the ambition of its Scope 3 target by: a) including all Scope 3 emissions into the target; and b) increasing its ambition to ensure the targeted reduction aligned with the 1.5ºC pathway.

An emissions estimation of the 15 categories included in the GHG Protocol Scope 3 Standard was conducted by Telefónica for the entire group in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies. This has allowed us to identify the most relevant categories for our activity.

Scope 3 emissions represent 85% of the total generated by Telefônica Brasil (and 79% of the Telefónica Group's emissions). This is why in 2021 the 15 Scope 3 categories were re-screened according to the GHG Protocol to increase the quality of the data through methodological improvements. The screening identified those categories that individually represent over 5% of the total Scope 3 emissions as being the material categories: 'Purchased products and services', 'Capital goods', 'Energy-consumption-related activities' and 'Use of sold products'. In addition, we report other emissions we consider to be strategic for our business or which improve comparability with the sector: 'Business travel'. The main Scope 3 emissions of our value chain come from purchases from our supply chain (66%), and usage of the products we sell to our customers (33%).

Plan for achieving target, and progress made to the end of the reporting year

The emissions of our value chain (Scope 3) are the largest in our entire carbon footprint, and in 2021 the categories of 'Purchases of products and services', 'Capital goods' and 'Use of our products' represented 98% of this scope. Scope 3 emissions are managed in an integrated manner with the Telefónica Group, especially in these 3 categories that concentrate suppliers that are global, and therefore the actions &targets are conducted in a corporate level.

We are firmly committed to an open and collaborative relationship with our suppliers. Our commitment to them is based on establishing relations that enable us to jointly have a positive impact on our surroundings, through close collaboration and the sharing of good practices, fostered thanks to different initiatives with our suppliers, as the participation in ECOVADIS or JAC (Joint Audit Cooperation). Since 2019, we have being working with Telefónica Group in a supplier engagement programme with key suppliers and in 2021 we launched a local program called Carbon Program in the Supply Chain, to cover a greater portion of our supplier base. We gathered information from our suppliers to understand the maturity level of their climate strategies and help them set more ambitious emission reduction targets, to inspire them to take action and offered them a best practices forum to foster innovation and exchange of practices.

In 2021, Telefónica Group continued leading a new sector-based working group as part of the Joint Audit Cooperation (JAC) initiative, in order, as a telecommunications sector, to drive climate action in our supply chain. The group assessed the climate-related maturity of the strategic suppliers of the 17 companies who are part of the conglomerate and began working along several different lines in order to increase their level of ambition, as well as providing training. Telefónica Group also works closely with other operators in GSMA, as well as in multi-sectoral initiatives such as 1.5°C Supply Chain Leaders and SME Climate HUB.

In addition, the group foster the ecodesign and we promote the reuse of devices – both

customer and network equipment – to reduce emissions from these. We also offer sustainable purchasing criteria, like the Eco Rating seal, which rates the sustainability of mobiles and thus encourage both the purchase of mobile phones more sustainable by consumers and the manufacturers to improve their environmental performance.

List the emissions reduction initiatives which contributed most to achieving this target

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Target reference number
Abs 5

Year target was set
2022

Target coverage
Company-wide

Scope(s)
Scope 3

Scope 2 accounting method

Scope 3 category(ies)
Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
Category 6: Business travel
Category 11: Use of sold products

Base year
2016

Base year Scope 1 emissions covered by target (metric tons CO2e)

Base year Scope 2 emissions covered by target (metric tons CO2e)

Base year Scope 3 emissions covered by target (metric tons CO2e)
640,349

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
640,349

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
100

Target year
2040

Targeted reduction from base year (%)
90

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
64,034.9

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

Scope 3 emissions in reporting year covered by target (metric tons CO2e)
346,715

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
346,715

% of target achieved relative to base year [auto-calculated]
50.9503411421

Target status in reporting year
New

Is this a science-based target?
Yes, and this target has been approved by the Science Based Targets initiative

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of relevant categories of Scope 3 emissions.

In order to align with the latest Net Zero Standard published by the SBTi, Telefónica Group increased the ambition of its Scope 3 target by: a) including all Scope 3 emissions into the target; and b) increasing its ambition to ensure the targeted reduction aligned with the 1.5ºC pathway.

An emissions estimation of the 15 categories included in the GHG Protocol Scope 3 Standard was conducted by Telefónica for the entire group in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies. This has allowed us to identify the most relevant categories for our activity.

Scope 3 emissions represent 85% of the total generated by Telefônica Brasil (and 79% of the Telefónica Group's emissions). This is why in 2021 the 15 Scope 3 categories were re-screened according to the GHG Protocol to increase the quality of the data through methodological improvements. The screening identified those categories that individually represent over 5% of the total Scope 3 emissions as being the material categories: 'Purchased products and services', 'Capital goods', 'Energy-consumption-related activities' and 'Use of sold products'. In addition, we report other emissions we consider to be strategic for our business or which improve comparability with the sector: 'Business travel'. The main Scope 3 emissions of our value chain come from purchases from our supply chain (66%), and usage of the products we sell to our customers (33%).

Plan for achieving target, and progress made to the end of the reporting year

The emissions of our value chain (Scope 3) are the largest in our entire carbon footprint, and in 2021 the categories of 'Purchases of products and services', 'Capital goods' and 'Use of our products' represented 98% of this scope. Scope 3 emissions are managed in an integrated manner with the Telefónica Group, especially in these 3 categories that concentrate suppliers that are global, and therefore the actions &targets are conducted in a corporate level.

We are firmly committed to an open and collaborative relationship with our suppliers. Our commitment to them is based on establishing relations that enable us to jointly have a positive impact on our surroundings, through close collaboration and the sharing of good practices, fostered thanks to different initiatives with our suppliers, as the participation in ECOVADIS or JAC (Joint Audit Cooperation). Since 2019, we have being working with Telefónica Group in a supplier engagement programme with key suppliers and in 2021 we launched a local program called Carbon Program in the Supply Chain, to cover a greater portion of our supplier base. We gathered information from our suppliers to understand the maturity level of their climate strategies and help them set more ambitious emission reduction targets, to inspire them to take action and offered them a best practices forum to foster innovation and exchange of practices.

In 2021, Telefónica Group continued leading a new sector-based working group as part of the Joint Audit Cooperation (JAC) initiative, in order, as a telecommunications sector, to drive climate action in our supply chain. The group assessed the climate-related

maturity of the strategic suppliers of the 17 companies who are part of the conglomerate and began working along several different lines in order to increase their level of ambition, as well as providing training. Telefónica Group also works closely with other operators in GSMA, as well as in multi-sectoral initiatives such as 1.5°C Supply Chain Leaders and SME Climate HUB.

In addition, the group foster the ecodesign and we promote the reuse of devices – both customer and network equipment – to reduce emissions from these. We also offer sustainable purchasing criteria, like the Eco Rating seal, which rates the sustainability of mobiles and thus encourage both the purchase of mobile phones more sustainable by consumers and the manufacturers to improve their environmental performance.

List the emissions reduction initiatives which contributed most to achieving this target

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2019

Target coverage
Company-wide

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Base year

2015

Consumption or production of selected energy carrier in base year (MWh)

1,702,076

% share of low-carbon or renewable energy in base year

21.71

Target year

2030

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Our renewable electricity target is one of the key levers to achieve our targets for reducing absolute emissions covered ABS1 and ABS2. In 2021, the Renewable Energy Plan has allowed us to avoid our Scope 2 emissions by the equivalent of 231 thousand tons of CO_2 and shows that renewable energies are the key to achieving the decarbonisation of our operations and to reducing our carbon footprint in absolute terms.

Is this target part of an overarching initiative?

RE100

Please explain target coverage and identify any exclusions

Telefônica Brasil´s Climate Change Strategy aims to decouple our business growth from energy consumption and GHG emissions. Through our Energy Efficiency Plan and our Renewable Energy Plan, we are managing to reduce energy expenditure while reducing our carbon emissions in absolute terms. These are 4 global objectives within the Telefónica Group strategy, that apply to all the business lines in all the countries where it is present, including Brazil:

- More renewable energy: To continue using 100% of electricity from renewable sources in the main markets (Brazil, Spain, UK, and Germany), promoting development through long-term contracts and self-generation (HispAm 100% renewable by 2030).
- More energy efficiency: To reduce energy consumption per traffic unit (MWh/PB) by 90% in 2025 compared to 2015. In 2021, Telefônica Brasil has reached 87% of reduction compared to 2015.
- Decrease CO2 emissions: Reduce emission by 80% by 2030 (90% specifically for Telefônica Brasil) and 90% by 2040, compared to 2015. Telefônica Brasil has already

achieved 76% of emissions reduction compared to 2015 and we offset all of our direct emissions by purchasing carbon credits.
- To have net zero emissions by 2040 taking into account Scopes 1+2+3, and neutralise residual emissions by 2040 (10%).

Plan for achieving target, and progress made to the end of the reporting year

List the actions which contributed most to achieving this target

Telefônica Brasil has already achieved 100% of electricity use from renewable sources, and the goal is to continue using 100%. We achieved this target through our Renewable Energy Plan, which enables us to reduce carbon emissions and the energy costs of our network. The plan considers all kinds of solutions to achieve the 100% renewable objective:
- Distributed generation (DG), we already have 33 plants operating (solar, hydro and biogas). Our objective is to expand distributed generation projects and then reducing dependence on certificates (iRECs). In the first half of 2023, we expect to have 85 DG plants located in 25 states of Brasil.
- Purchasing incentive energy from the free-market.
- Purchasing renewable energy with guarantees of origin (iRECs) for those places where it has not yet been possible to implement the free market or distributed generation.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2019

Target coverage
Company-wide

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)
Energy consumption or efficiency
MWh

Target denominator (intensity targets only)
Other, please specify
Petabytes of data traffic (PB)

Base year
2015

Figure or percentage in base year
267

Target year
2025

Figure or percentage in target year
27

Figure or percentage in reporting year
35

% of target achieved relative to base year [auto-calculated]
96.6666666667

Target status in reporting year
Underway

Is this target part of an emissions target?
Our energy intensity target was also related with our emissions goals: ABS 1 and ABS 2.

We established an Energy Efficiency Plan to optimise the energy consumption of our Network. In 2021, we had 30 initiatives achieving savings of 62.38 GWh and avoiding the emission of over 8ktCO2eq. Efforts like these are reflected in an 87% improvement in our energy intensity ratios (MWh/PB) compared to 2015. The objective of these projects is to increase our network efficiency, e.g by replacing copper by optical fiber and shutting down legacy networks.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions
This target covers all the company energy consumption, that totalled 1,781,929 MWh in 2021 – 96% coming from electricity and 4% coming from fuels.

Our electricity consumption is stable despite the considerable rise in digitalisation of society and thus the data traffic circulating through our networks. Through our Energy Efficiency Plan, we encompass initiatives such as modernising our network by replacing copper with fibre optics; HVAC equipment renovation projects; using free cooling to cool with air directly from outside; shutting down legacy networks and implementing power-saving features (PSF) in the access network.

In 2020, in view of the urgent need to reduce CO2 emissions and given the need identified by the scientific world to increase ambition, Telefónica Group announced new energy and climate change targets for 2025, 2030, and 2040, aligned with the 1.5ºC scenario of the Paris Agreement and validated by the Science-Based Targets initiative

(SBTi), targets also shared by Telefônica Brasil.

These targets are part of our climate change strategy, which aims to decouple the growth of our business from energy consumption and GHG emissions and help us to leverage decarbonisation opportunities, to be more competitive, and to offer our customers an even cleaner network. With this purpose, the Telefónica Group has defined a path of emission reduction until 2040, establishing milestones for it: Reduce our Scope 1 & 2 emissions 80% by 2030 (90% specifically for Telefônica Brasil), and achieving net-zero emissions by 2040.

Plan for achieving target, and progress made to the end of the reporting year

Our total energy consumption in 2021 was 1,781,929 MWh, 96% of which was electricity, while 4% was fuel. Under our Energy Efficiency Plan (EEP), we promote energy efficiency projects with the purpose to reduce our electricity consumption. In 2021, we undertook 30 energy efficiency and management initiatives in our networks and offices, achieving savings of 62.38 GWh and R$ 33 million. Our initiatives aim the modernization of our network in order to increase its efficiency, e.g. by replacing copper with optical fiber; HVAC (Heating, Ventilating and Air Conditioning) equipment renovation projects; using free cooling to cool with air directly from outside; shutting down legacy networks; & implementing power saving features in the access network. Since 2015 our energy consumption per traffic unit rate improved by 87%.

Additionally, we also developed feasibility studies to implement projects under a new disruptive business model called Energy Savings as a Service (ESaaS), which is based on an agreement with a specialised supplier who designs the solution, invests, operates, maintains and ensures savings. The actions encompass different initiatives such as air conditioning, power, lighting or electric generation systems replacement and the service is paid by sharing the savings generated thanks to the measures implemented. With this model, we can count on the investment &experience of a 3rd party, allowing us to keep our investments in our core business while reducing energy, emissions &generating OPEX savings. We are implementing these ESaaS projects during 2022.

We are also working on reducing our consumption of fuel in generators through the following initiatives: Replacement of batteries to prevent the generator from entering, delay and turn off generators, actions in primary cabin, activation of the concessionaires for more agility in the return in case of a power outage, study of generators with renewable fuel.

List the actions which contributed most to achieving this target

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Abs1
Abs2
Abs3
Abs4
Abs5

Target year for achieving net zero
2040

Is this a science-based target?
Yes, and this target has been approved by the Science Based Targets initiative

Please explain target coverage and identify any exclusions
This target includes all Scopes 1, 2 and 3 emissions of Telefônica Brasil.

Telefónica Group set ambitious goals to reduce Scope 3 emissions in line with the 1.5ºC scenario, which translates into an absolute reduction of emissions of 56% by 2030. This ambition culminates in 2040, the year in which we are committed to becoming net zero in our entire value chain. In the short- to medium-term, and always on a temporary basis, the use of carbon credits for reducing emissions from deforestation and degradation will be allowed, in addition to carbon removal credits through absorption projects, with the aim of contributing to slowing deforestation (especially in Brazil where this is the largest source of emissions). This criterion follows the recommendations of SBTi's Net-Zero corporate standard and the Draft Consensus Statement on High Quality Tropical Forest Carbon Credits, drawn up by organisations such as WRI, WWF, EDF or IPAM Amazonia. Criteria:
- Must be high-quality credits, which support the conservation of existing forest carbon stocks and sustainable forest management.
- Must be located in territories with a high rate of deforestation. The projects that generate this type of credit provide short-term incentives to keep forests intact and support indigenous and local communities.
- Meet pre-established criteria: demonstrate additionality and permanent impact, include environmental and social co-benefits aligned with the 2030 SDG agenda, be certified by recognised standards and verified by an accredited third party.
Support for such projects that generate emission reduction credits by preventing deforestation also contributes to the first major agreement at the COP26 climate summit, whereby the countries with the largest forest masses pledged to stop massive logging in their states and end deforestation by 2030.

In that sense, Telefônica Brasil was the first company of Telefónica Group to offsets 100% of the emissions from its own operations, mainly through projects that support local ecosystem conservation initiatives (REDD+ projects, reducing emissions from

deforestation and forest degradation). We offset all our direct emissions since 2019 and the projects that generate these carbon credits are backed by reputable certificates.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Yes

Planned milestones and/or near-term investments for neutralization at target year

Telefônica Brasil, as part of initiatives of Telefónica Group, will neutralise its unabated emissions after achieving its reduction target (at least 90%) by 2040 or its neutralization interim target by 2025, through the purchase of carbon removal credits from the voluntary market or by investing in developing its own carbon removal projects, preferably through nature-based solutions.

The 10% of residual emissions is forecasted to account for an about 90 ktCO2e/year from 2040 for Telefônica Brasil.

The projects we rely on to neutralise unabated emissions must meet the following internally established criteria:

• Carbon sequestration projects, preferably using nature-based solutions, such as reforestation, afforestation or ecosystem restoration, using native plant species.
• Demonstration of additionality.
• Demonstration of long-term impact.
• Projects with environmental and social co-benefits and contributing as far as possible to the achievement of the SDGs.
• Projects certified to recognised international standards (such as Gold Standard, Verified Carbon Standard, American Carbon Registry or Climate Action Reserve or national schemes (such as the Spanish Climate Change Office registry) and verified by an accredited third party.

Planned actions to mitigate emissions beyond your value chain (optional)

Telefônica Brasil recognises that there is an urgent need to scale up finance in the near-term to support climate mitigation and therefore, before reaching our net-zero target by 2040 and our interim target by 2025, We will use carbon credits that reduce emissions from deforestation and degradation, in addition to carbon removal credits, with the aim of contributing to halt deforestation. This criterion follows the recommendations of SBTi's Net-Zero corporate standard and the Draft Consensus Statement on High Quality Tropical Forest Carbon Credits, drawn up by organisations such as WRI, WWF, EDF or IPAM Amazonia. Emission reduction offsets must comply with the following criteria (defined by Telefónica Group):

• Be high-quality REDD+ credits, supporting the conservation of existing forest carbon stocks and sustainable forest management.
• Be located in countries with a high rate of deforestation (such as Brazil, Peru or Colombia), as these projects provide short-term incentives to keep forests intact and support indigenous and local communities.
• Meet established criteria for carbon removal projects: demonstrate additionality and long-term impact, include environmental and social co-benefits aligned with the 2030 SDG agenda, be certified by recognised standards, and verified by an accredited third

party.

Support for such projects that generate emission reduction credits by preventing deforestation also contributes to the first major agreement at the COP26 climate summit, whereby the countries with the largest tracts of forest (like Brazil) pledged to stop massive felling in their states and end deforestation by 2030.

In that sense, since 2019 Telefônica Brazil offsets 100% of the emissions from its operations mainly through projects that support local ecosystem conservation initiatives. One of the main projects we support is the REDD+ Vale do Jari, verified against the international VCS standard. The project is located in the state of Pará and Amapá, in a region of great social and environmental importance, which is constantly threatened by human activity. This project monitors 1.18 million hectares to prevent illegal invasions and deforestation.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	5	
To be implemented*	4	773
Implementation commenced*	8	3,754
Implemented*	31	17,387
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings

Other, please specify

Automation, optimizations, climatization projects (like free-cooling and others), disconnection of obsolete equipment, switch and commutation centrals compaction

Estimated annual CO2e savings (metric tonnes CO2e)

8,436

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

33,500,000

Investment required (unit currency – as specified in C0.4)

6,963,000

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

To optimise the power consumption of our network, in 2010 we compiled the Energy Efficiency Plan. Since then, we have rolled out around 250 projects; these have generated savings of more than R$ 295 million and 457 GWh, with 81 ktCO2eq avoided, thanks to the Global Energy Centre, which was created in 2015 to accelerate efficiency, with managers responsible for encouraging energy efficiency projects in each country that Telefónica Group operates, including Brazil. In 2021 we undertook 30 initiatives in our networks and offices, thanks to which we saved 62.38GWh and R$ 33 million and avoided the emission of over 8ktCO2eq (location based). The initiatives include modernising our network to increase its efficiency, for example by replacing copper with optical fiber; HVAC equipment renovation projects; using free cooling to cool with air directly from outside; shutting down legacy networks; implementing power-saving features in the access network. In 2021, we continued to purchase 100% of renewable energy and avoided (market based) the emission of 231 ktCOeq.

Initiative category & Initiative type

Fugitive emissions reductions
Refrigerant leakage reduction

Estimated annual CO2e savings (metric tonnes CO2e)

8,951

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
188,000

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
3-5 years

Comment
In 2021, we implemented improvements in our gas recharge processes in more than 30,000 locations with the contractors that operate our technical sites. The implementation of a new system led to better data management, greater efficiency and cost savings from greater control of stock and materials in the field.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	To reduce the carbon footprint, reduce operational costs and provide services at attractive prices, Telefônica Brasil assesses, defines and implements projects with CAPEX dedicated for energy efficiency (since financial indicators suggest that the project is attractive). Examples of indicators that we use: - The Net Present Value (NPV), that determine when an investment complies with the basic financial objective of maximizing the investment. If the NPV is positive it means that the project is viable. -Payback: this is a KPI for the company to get an idea of the time it takes to recover the payment of an investment.
Financial optimization calculations	Telefônica Brasil is in phase of implementation of projects under a new disruptive business model called Energy Savings as a Service (ESaaS); this totally changes the way we optimise our infrastructure and is based on an agreement with a specialised supplier who designs the solution, invests, operates, maintains and ensures savings. The actions encompass a number of different initiatives and the service is paid for by sharing the savings generated due to the measures implemented.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

The EU Taxonomy for environmentally sustainable economic activities

Type of product(s) or service(s)

Other

Other, please specify

Taxonomy-eligible economic activities 8.1 Data processing, hosting and related activities and 8.2 Data-driven solutions for GHG emissions reductions

Description of product(s) or service(s)

Our digital and connectivity services - based on one of the most efficient and sustainable telecommunications networks in the sector - enable our customers to optimise their consumption of resources such as energy and water, facilitate remote working, improve traffic planning and air quality in cities and promote circular economy, among others. We are committed to digitalisation as a tool for protecting the planet. This is why our sustainability strategy focuses on transforming our networks so that their capacity can always increase efficiently. This enables us to offer the best services with the least environmental impact.

Based on the connectivity, we offer digital solutions such as broad band, fiber, Digital Workplace, cloud, IoT and Big Data solutions.

1) Digital Workplace solutions enable remote and flexible working, generating considerable environmental benefits by reducing travel and cutting fuel consumption. Examples are broadband connectivity, B2B mobile connectivity, collaboration tools, audio-video conference services, etc.

2) Cloud solutions, housed in highly efficient data centres, reduce energy consumption and avoid CO_2 emissions. Examples are virtual data centres, Iaas, Paas, etc.

3) IoT, big data and artificial intelligence solutions allow our clients to make their production processes more efficient and sustainable. These solutions are applied to sectors such as industry, agriculture, cities, etc.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

The Avoided Emissions Framework (AEF)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Use stage

Functional unit used

Different functional units are used depending on the service provided. Main examples are: number of M2M connections (for Fleet Management and other IoT services), number of fixed line home and B2B mobile connections (for Telecommuting services), number of PABX users, videoconference rooms and UC licences sold (for Video-Audio Conference solutions), and number of IaaS Telefônica Brasil servers, physical servers and suppliers' physical servers (for Cloud solutions).

Reference product/service or baseline scenario used

The base scenario used is the situation before the implementation of the digital solution. Main examples:

1) For Digital Workplace solutions the baseline scenario would be the client going to work every day to the office.

2) For Cloud solutions the baseline scenario would be the use of servers or software on premise.

3) For IoT solutions, specifically for Smart Meters would be the electricity consumption metering with analogue meters that do not allow the end-user to reduce energy consumption.

Life cycle stage(s) covered for the reference product/service or baseline scenario

Use stage

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

0.0453

Explain your calculation of avoided emissions, including any assumptions

Based on EU Taxonomy criteria, the Telefónica Group identifies low carbon products & services, and calculates (using EAF methodology) the annual emissions avoided by them in all geographies, including specific results for Telefónica Brasil (presented in this answer). To calculate the total avoided emissions, the methodology follows the following general principle:

[Carbon abatement = volume of service provided x carbon abatement factor]

1) Digital workplace services: The volume factor is either the number of fixed line home connections, the number of B2B mobile connections or the number of UC licences sold, among others. As an example, the methodologies used for calculating the avoided emissions for Video Audio Conferencing (avoided travel) are as follows: ∑ [(No. of O365 users) × (abatement factor per user)]

2) Cloud services: The volume factor is the number of virtual services licenses sold or the number of IaaS, and Paas licenses sold, among others. As an example, the

methodologies used for calculating the avoided emissions for Iaas Virtualization are as follows:∑[(No. of IaaS virtual servers ÷ expected small business virtualisation rate × Annual energy consumption small server × average business PUE)-(No. of IaaS Telefônica Brasil servers × Annual energy consumption of large server)×(Telefonica PUE)] × local grid electricity factor.

3) IoT/BigData services: The volume factor is the number of relevant M2M connections, among others. As an example, the methodologies used for calculating the avoided emissions for Fleet Management and Workforce Management Software solutions are based on expected annual mileage as provided by Telefónica Group's own studies. They are as follows: (No. M2M connections x daily km x number of working days per year x fuel efficiency x Expected savings from technology x Diesel fuel emission factor). The chosen methodology also takes into consideration rebound effects that arise from utilising the respective connections, and methodologies are designed to ensure that there is no additionality or double counting across categories. Where there is an element of uncertainty in the supporting calculations, we have chosen a conservative approach in order to not overestimate our Net Positive impact.

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year
5

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?
No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	The 15 Scope 3 categories were re-screened according to the GHG Protocol to increase the quality of the data through methodological improvements. Among the methodological changes, the following stand out: • Consider the upstream scope 3 of product suppliers in categories 1 and 2. • Consideration of LCA of devices in the stage of use (category 11). Scope 3 emissions have been recalculated for the years 2016 (base year), 2019 and 2020 considering the changes above.

C5.1c

(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	Yes	Telefônica Brasil has a base year emission recalculation policy that clearly articulates the context of recalculations. The significance threshold determined that triggers base year emission recalculation is 5% in accordance to the rule of thumb of materiality stated by the GHG Protocol Corporate Standard. This policy includes the recalculation of the base year in case of structural changes, mergers, acquisitions, divestments, outsourcing and insourcing of emitting activities, changes in methodology, improvements in accuracy of emission factors, discovery of significant errors or any other change that is material in the inventory (5% threshold value). Scope 3 emissions have been recalculated for the year 2016 (base year) due to calculation methodological improvements specifically in the categories 1, 2 and 11, as explained in the question C5.1b. The reason why this recalculation of emissions is carried out is because the significance threshold established in the recalculation policy was exceeded (more than 5%).

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
January 1, 2015

Base year end

December 31, 2015

Base year emissions (metric tons CO2e)

97,926

Comment

Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.
Note: The results are including Kyoto and Montreal gases.

Scope 2 (location-based)

Base year start

January 1, 2015

Base year end

December 31, 2015

Base year emissions (metric tons CO2e)

211,809

Comment

Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.

Scope 2 (market-based)

Base year start

January 1, 2015

Base year end

December 31, 2015

Base year emissions (metric tons CO2e)

165,818

Comment

Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2016

Base year end

December 31, 2016

Base year emissions (metric tons CO2e)

265,588

Comment

Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.

Scope 3 category 2: Capital goods

Base year start
January 1, 2016

Base year end
December 31, 2016

Base year emissions (metric tons CO2e)
132,141

Comment
Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start
January 1, 2016

Base year end
December 31, 2016

Base year emissions (metric tons CO2e)
39,681

Comment
Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 5: Waste generated in operations

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 6: Business travel

Base year start
January 1, 2016

Base year end
December 31, 2016

Base year emissions (metric tons CO2e)
19,560

Comment
Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start
January 1, 2016

Base year end
December 31, 2016

Base year emissions (metric tons CO2e)
183,379

Comment
Telefônica Brasil calculates and verifies its emissions according to the GHG Protocol and ISO14064-3.

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
Brazil GHG Protocol Programme
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
63,018

Start date
January 1, 2021

End date
December 31, 2021

Comment

Our Scope 1 emissions come from three main sources: fuel consumption of our fleet and power generators, and the fugitive emissions from refrigerant gases used in air conditioning units in our network and buildings. The figure includes Kyoto and Montreal gases. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reason:

- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
78,101

Start date
January 1, 2020

End date
December 31, 2020

Comment
Our Scope 1 emissions come from three main sources: fuel consumption of our fleet and power generators, and the fugitive emissions from refrigerant gases used in air conditioning units in our network and buildings. The figure includes Kyoto and Montreal gases. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reason:

- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
73,913

Start date
January 1, 2019

End date
December 31, 2019

Comment
Our Scope 1 emissions come from three main sources: fuel consumption of our fleet and power generators, and the fugitive emissions from refrigerant gases used in air conditioning units in our network and buildings. The figure includes Kyoto and Montreal gases. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reasons:

- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).
- Were used specific emission factors for Brazil (Brazil GHG Protocol Programme).

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)
80,982

Start date
January 1, 2018

End date
December 31, 2018

Comment
Our Scope 1 emissions come from three main sources: fuel consumption of our fleet and power generators, and the fugitive emissions from refrigerant gases used in air conditioning units in our network and buildings. The figure includes Kyoto and Montreal gases. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reasons:
- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).
- Were used specific emission factors for Brazil (Brazil GHG Protocol Programme).

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
To reach the point of decarbonisation of the Company, not only we need maximum efficiency in energy usage, but we also need the energy to come from renewable sources. To do this, Telefônica Brasil has a Renewable Energy Plan, whereby 100% of our electricity in comes from zero-emissions sources, through a combination of Distributed Generation, Free Market and i-RECs. Since the end of 2018, 100% of our electricity consumption came from renewable energy. This enabled us to avoid the emission of around 231 thousand tonnes of CO2 in 2021, which demonstrates that renewable energies are key to achieving the decarbonisation of our activity and reducing our carbon footprint in absolute terms.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

230,944

Scope 2, market-based (if applicable)

0

Start date

January 1, 2021

End date

December 31, 2021

Comment

Scope 2 emissions, from electricity consumption, are the most significant emissions in our business. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reason:
- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).

Past year 1

Scope 2, location-based

112,706

Scope 2, market-based (if applicable)

0

Start date

January 1, 2020

End date

December 31, 2020

Comment

Scope 2 emissions, from electricity consumption, are the most significant emissions in our business. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reason:
- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).

Past year 2

Scope 2, location-based

138,102

Scope 2, market-based (if applicable)

0

Start date

January 1, 2019

End date

December 31, 2019

Comment

Scope 2 emissions, from electricity consumption, are the most significant emissions in our business. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reason:
- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).
- Were used specific emission factors for Brazil (Brazil GHG Protocol Programme).

Past year 3

Scope 2, location-based

133,699

Scope 2, market-based (if applicable)

74,435

Start date

January 1, 2018

End date

December 31, 2018

Comment

Scope 2 emissions, from electricity consumption, are the most significant emissions in our business. The figures presented here differs from the Telefónica Group CDP´s emissions breakdown for Brazil due to the following reason:
- In this document, we only include Telefônica Brasil (it means that do not include Telxius Brasil).
- Were used specific emission factors for Brazil (Brazil GHG Protocol Programme).

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

179,145

Emissions calculation methodology

Hybrid method

Spend-based method

Average product method

Average spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

84

Please explain

Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. Purchased goods and services is one of the most important categories, representing around 52% of our scope 3 emissions. The scope of this category includes 100% of the total purchase volume of Telefônica Brasil, covering all the product lines of our Corporate Procurement Department: Network, B2B/B2C, Advertising and Marketing, Services & Works, IT and Mobility. The following purchasing categories are not accounted as Purchased goods and services to avoid double accounting: Network Infrastructure procurement (accounted in Scope 3 Cat 2) Energy procurement (accounted in Scope 3 Cat 3), Business travel (accounted in scope 3 Cat 6).

The spend data from the first 5 categories is classified into products and services : products contabilizes scopes 1&2 and 3 (upstream categories) of the supplier, and services only considers the scope 1 & 2 of the supplier. For the 5 categories we use a hybrid approach for the calculation of emissions based on the spend on the supplier/ supplier's emission intensity: (a) calculation for top suppliers (we calculate the proportion of the reported supplier's Scope 1&2 and 3 (upstream categories) emissions that correspond to Telefônica Brasil's spend on those suppliers, prioritising the use of Scope 2 Market-Based); (b) Calculation for remaining suppliers (when no emissions data is available for these suppliers, the emissions intensity used is the average intensity of suppliers in the same procurement category that do report their Scope 1,2&3 emissions).

The Mobility category, which includes the emissions related to mobile phones, tablets and other devices such as computers or audio devices, has been calculated from the Life Cycle Assessment (LCA) studies for each type of purchased device from the supplier or with the EcoRating Initiative. The calculation process is: Models with LCA results publicly disclosed, Models publicly disclosed LCA data but with EcoRating data, and Models without LCA (where we use the average of remaining models or average of other brand models).

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

48,334

Emissions calculation methodology

Spend-based method

Average spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

61

Please explain

Emissions for this category have been calculated together with emissions of category 1, Purchased Goods and Services and the same methodology has been used. All expenditure with suppliers classified as "Network" is classified as Capital Goods automatically by the model.

The spend data classified as "Network" is classified as Capital Goods automatically by the model. Spend data is defined as products and services: products contabilizes scopes 1&2 and 3 (upstream categories) of the supplier, and services only considers the scope 1 & 2 of the supplier. For the 5 categories we use a hybrid approach for the calculation of emissions based on the spend on the supplier/ supplier's emission intensity: (a) calculation for top suppliers (we calculate the proportion of the reported supplier's Scope 1&2 and 3 (upstream categories) emissions that correspond to Telefônica Brasil's spend on those suppliers, prioritising the use of Scope 2 Market-Based); (b) Calculation for remaining suppliers (when no emissions data is available for these suppliers, the emissions intensity used is the average intensity of suppliers in the same procurement category that do report their Scope 1,2&3 emissions).

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

6,439

Emissions calculation methodology

Other, please specify

consumption of fuel and energy

Percentage of emissions calculated using data obtained from suppliers or value chain partners

80

Please explain

Group Telefónica has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil.

This has allowed us to identify the most relevant categories for our activity.

Fuel-and-energy-related activities used to be one of the most important categories, but since we migrated to electricity 100% renewable, this category is no long relevant representing 2% of our scope 3 emissions. As we have been implementing plans and actions to reduce emissions in this category for years, we consider it important to include it in the total of our scope 3. In the perimeter of this category, we include 100% of the Energy Consumption of Telefônica Brasil. In this category we consider: a) Upstream emissions of purchased fuels b) Upstream emissions of electricity c) Transmission and distribution losses Upstream fuel and energy emissions are calculated by applying the relevant emission factors to the fuel and energy consumption data used in the scope 1 & 2 calculations. For this, we use DEFRA´s Well-to-tank (WTT) emission factors and Transmission and distribution losses, IEA emission factors applicable to each reporting year.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. We carried out an estimation of Upstream transportation and distribution emissions and the results showed that this category is not relevant in terms of total emissions (less than 5%)

The distance-based method has been used for the calculation of this category. In this method, distance is multiplied by mass or volume of goods transported and relevant emission factors that incorporate average fuel consumption, average utilization, average size and mass or volume of the goods and the vehicles, and their associated GHG emissions.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Please explain

Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity.

Waste generated in operations emissions came from the disposal and treatment of waste generated as part of Telefônica Brasil´s operations. We carried out an estimation of these emissions by applying emission factors to the waste volumes generated by us and the results showed that this category is not relevant in terms of total emissions (less

than 5%).

To calculate emissions the waste-type-specific method has been used. Emissions from waste depend on the type of waste being disposed of, and the waste diversion method. Therefore, companies should try to differentiate waste based on its type (e.g., cardboard, food-waste, wastewater) and the waste treatment method (e.g., incinerated, landfilled, recycled, wastewater).

Business travel

Evaluation status
Not relevant, calculated

Emissions in reporting year (metric tons CO2e)
106

Emissions calculation methodology
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. Business travel is not one of the most relevant categories, as it only represents 0.03% of our scope 3 emissions. However, for years we have been implementing plans and actions to reduce emissions in this category, so we consider it important to include it in the total of our scope 3. In this category we consider travel air as follows:
Air - Emission factors applied to distance travelled for different categories (domestic, short haul and long haul). Emission factors used are from DEFRA and include radiative forcing. Emission factors are allocated based on the distance covered during the trip.

Employee commuting

Evaluation status
Not relevant, explanation provided

Please explain
Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. These emissions stem from Telefônica Brasil's employees' travel between home and work during the reporting period. These trips are made in vehicles not owned or controlled by us. Telefónica Group carried out an assessment of these emissions in one of the

countries of group's operations and it is not relevant in terms of total emissions. (less than 5%).

Emissions from commuting trips for employees' travel have been counted using a model that incorporates the different variables of means of transport for each country and region. The model scpecifically incorportates the average commute time by region, and the percentage of work trips and average kms traveled by different means of transport. Data was available from the European commission on Transport statistics for the EU compared to several world countries. This data was used to calculate the comparative proportion of car, bus, rail, and tram/metro journeys taken. This was done by summing the car, bus, rail, and tram + metro categories to work out a percentage of use for each region.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Telefônica Brasil leases space for network infrastructure sharing, but we have the operational control of the energy bill, so the emissions arising from electricity consumption at those sites have already been included in Scope 2.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. These emissions stem from Downstream T&D of sold products in vehicles and facilities not owned or controlled by us. Telefónica Group carried out an assessment of these emissions in one of the countries of group's operations and it is not relevant in terms of total emissions (less than 5%).

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

This category is not applicable to us. Typically, we do not manufacture products and do not sell intermediate products, therefore there are no emissions from further downstream processing of products.

Use of sold products

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
112,691

Emissions calculation methodology
Hybrid method
Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
58

Please explain
Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity.

Use of Sold Products is one of the most important categories, representing almost 33% of our scope 3 emissions. In the perimeter of this category, we include the end-use of goods and services sold in the reporting year (mobile phone handsets and other devices sold), as well as those installed in customers´ premises (such as routers, set-top boxes, etc). For this category, emissions for Broadband and STBs are calculated by multiplying the number of sold products by the annual energy use associated with each model. Should consumption not be available for a given technology, then an average consumption per product type is taken to estimate energy usage. Energy usage is then multiplied by the electricity emission factor for Brazil. For mobile devices such as smartphones or laptops, the same calculation is used as in Category 1 for mobile devices with method of life cycle assessment. (using the stage of the LCA emissions used is for the "use stage" of the device).

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Please explain
Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. These emissions stem from the waste disposal and treatment of products sold by the reporting company at the end of their life. Telefónica Group carried out an assessment of these emissions in one of the countries of group's operations and it is not relevant in terms of total emissions (less than 5%).

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. Main downstream leased assets are office buildings and space in data centers. These emissions are already accounted in our scope 1 and 2 emissions as we have operational control of these assets and we pay for the energy consumed.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order to have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. In this category, emissions stem from the operation, during the reporting period, of the different franchises owned by us. We carried out an assessment of these emissions and it is not relevant in terms of total emissions (less than 5%).

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Telefónica Group has estimated the emissions of the 15 categories included in the GHG Protocol Scope 3 Standard in order have a comprehensive view of the total Scope 3 emissions related to its business lines in all the geographies, including Telefônica Brasil. This has allowed us to identify the most relevant categories for our activity. In this category we consider the emissions stem from entities that Telefónica has an equity share in but does not have operational control of. We carried out an assessment of these emissions and it is not relevant in terms of total emissions. (less than 5%, only for Telefônica Brasil).

Other (upstream)

Evaluation status

Please explain

Other (downstream)

Evaluation status

Please explain

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date
January 1, 2020

End date
December 31, 2020

Scope 3: Purchased goods and services (metric tons CO2e)
226,380

Scope 3: Capital goods (metric tons CO2e)
58,352

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
7,325

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)
1,591

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)
64,475

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

Past year 2

Start date
January 1, 2019

End date
December 31, 2019

Scope 3: Purchased goods and services (metric tons CO2e)
434,735

Scope 3: Capital goods (metric tons CO2e)
105,821

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
9,764

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)
8,822

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)
71,371

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

Past year 3

Start date

End date

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

Yes

C6.7a

(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
Row 1	8,907	Emissions due mostly to use of renewable fuel on our own fleet.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000014

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
63,018

Metric denominator
unit total revenue

Metric denominator: Unit total
44,032,600,000

Scope 2 figure used
Market-based

% change from previous year
21

Direction of change
Decreased

Reason for change
Our intensity figure has decreased 21% because of the combination of a small increase of our revenue and a significative reduction of our Scope 1 emissions:

(i) Increase in revenue:
In 2021, our revenue totalled R$44,032 million, a revenue 2% bigger than in 2020. Our positive financial performance was driven by the growth of our fiber optic services, such as FTTH and IPTV, Corporate Data, ICT and others, and Services and Mobile Devices.

(ii) Decrease in emissions:

In 2021, our emissions totalled 63,018, representing a reduction of 19% from previous year. Among the measures we adopted to reduce our direct emissions (Scope 1) are operational controls improvements on the performance of equipment, especially in air conditioning (initiative reduction as explained in question C4.3b). In addition, part of the reduction achieved is due to the lower need for maintenance in the administrative buildings in 2021 (which were partially closed and/or with reduced number of people), due to the pandemic.

Intensity figure

1.2

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

63,018

Metric denominator

Other, please specify

unit of service provided petabyte (Traffic)

Metric denominator: Unit total

50,493

Scope 2 figure used

Market-based

% change from previous year

41.1

Direction of change

Decreased

Reason for change

Our intensity figure has decreased 41.1% because of the combination of a increase of our Traffic (pb) and a significative reduction of our Scope 1 emissions:

(i) Increase in Traffic (Pb):
In 2021, the traffic we provided was 50,493 Pb, an increase of 37% from previous year. This growth is mainly due to the expansion of the fiber optic network, increase in the customer base and in the use of data services, as well as expansion of the backbone.

(ii) Decrease in emissions:
In 2021, our emissions totalled 63,018, representing a reduction of 19% from previous year. Among the measures we adopted to reduce our direct emissions (Scope 1) are operational controls improvements on the performance of equipment, especially in air conditioning (initiative reduction as explained in question C4.3b). In addition, part of the reduction achieved is due to the lower need for maintenance in the administrative buildings in 2021 (which were partially closed and/or with reduced number of people), due to the pandemic.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	9,016.59	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	131.93	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	206.17	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	17,195.42	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify HCFC	36,468.33	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Brazil	63,018

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)

Emissions related to the operation of our network (technical buildings - fixed line and base stations).	55,478
Emissions related to our administrative buildings (offices, call centers and stores) and own fleet.	6,968
Emission related to our data centers.	573

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Brazil	230,944	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Emissions related to the operation of our network (technical buildings - fixed line and base stations).	209,779	0
Emissions related to our administrative buildings (offices, call centers and stores).	11,182	0
Emission related to our data centers.	9,984	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	Thanks to our Renewable Energy Plan our electricity consumption has reached 100% coming from renewable sources by the end of 2018. For this reason, in 2020 and 2021 our Scope 2 emissions (market-based figure) were zero, which means that we had no change – a change of 0 tCO2e in emissions. Our Scope 1 and Scope 2 emissions were 78,101 in 2020, and we arrived at 0% through: (0 / 78,101) * 100 = 0% (no change in emissions).
Other emissions reduction activities	8,951	Decreased	11.46	In 2021, we achieved a significant reduction in fugitive emissions on our technical sites, thanks to improvements that we made in our processes of gas recharge in more than 30 thousand locations with the contractors that operate it. The implementation of a new control system led to better data management, greater efficiency and cost reduction by optimizing field stocks and materials. This initiative allowed us to a reduction of 8,951 tCOe in our Scope 1 emissions. Our Scope 1 and Scope 2 emissions were 78,101 in 2020, and we arrived at -11.46% through: (-8,951 / 78,101) * 100 = -11.46% (an 11.46% decrease in emissions).
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology				

Change in boundary				
Change in physical operating conditions				
Unidentified				
Other	5,532	Decreased	7.08	In 2021, part of the total reduction achieved is due to the lower need for maintenance in the administrative buildings (in air conditioning), which were partially closed and/or with reduced number of people, due to the Covid-19 pandemic. This situation led to a reduction of 5,532 tCOe in our Scope 1 emissions. It is important to note that this did not lead to a decline in the sale of our products and services. Our Scope 1 and Scope 2 emissions were 78,101 in 2020, and we arrived at -7.08% through: (-5,532 / 78,101) * 100 = -7.08% (an 7.08% decrease in emissions).

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	28,322	45,943	74,265
Consumption of purchased or acquired electricity		1,707,664	0	1,707,664
Total energy consumption		1,735,986	45,943	1,781,929

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No

Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value
LHV

Total fuel MWh consumed by the organization
28,322

Comment
Ethanol consumption in our own fleet (vehicles).

Other biomass

Heating value
LHV

Total fuel MWh consumed by the organization
0

Comment

Other renewable fuels (e.g. renewable hydrogen)

Heating value
LHV

Total fuel MWh consumed by the organization
0

Comment

Coal

Heating value
LHV

Total fuel MWh consumed by the organization
0

Comment

Oil

Heating value
LHV

Total fuel MWh consumed by the organization
45,443

Comment
Diesel and motor gasoline consumption in our own fleet (vehicles) and power generators.

Gas

Heating value
LHV

Total fuel MWh consumed by the organization
500

Comment
Natural gas consumption in our own fleet (vehicles).

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value
LHV

Total fuel MWh consumed by the organization
0

Comment

Total fuel

Heating value
LHV

Total fuel MWh consumed by the organization
74,265

Comment
Ethanol, natural gas, diesel and gasoline consumption in our own fleet (vehicles) and power generators.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Direct procurement from an off-site grid- connected generator e.g. Power purchase agreement (PPA)

Energy carrier

Electricity

Low-carbon technology type

Solar

Country/area of low-carbon energy consumption

Brazil

Tracking instrument used

Contract

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

34,358

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2,021

Comment

Thanks to a new regulation in the energy market of Brazil, it is permitted to sign long-term contracts with renewable energy generators connected to the grid (Distributed Generation). All the electricity generated under this scheme comes from renewable sources (Solar PV, MiniHydro and Biogas - reported in different rows).

Sourcing method

Direct procurement from an off-site grid- connected generator e.g. Power purchase agreement (PPA)

Energy carrier

Electricity

Low-carbon technology type

Small hydropower (<25 MW)

Country/area of low-carbon energy consumption

Brazil

Tracking instrument used

Contract

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

80,622

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2,018

Comment

Thanks to a new regulation in the energy market of Brazil, it is permitted to sign long-term contracts with renewable energy generators connected to the grid (Distributed Generation). All the electricity generated under this scheme comes from renewable sources (Solar PV, MiniHydro and Biogas - reported in different rows).

Sourcing method

Direct procurement from an off-site grid- connected generator e.g. Power purchase agreement (PPA)

Energy carrier

Electricity

Low-carbon technology type

Sustainable biomass

Country/area of low-carbon energy consumption

Brazil

Tracking instrument used

Contract

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3,768

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2,021

Comment

Thanks to a new regulation in the energy market of Brazil, it is permitted to sign long-term contracts with renewable energy generators connected to the grid (Distributed Generation). All the electricity generated under this scheme comes from renewable sources (Solar PV, MiniHydro and Biogas - reported in different rows).

Sourcing method

Green electricity products from an energy supplier (e.g. green tariffs)

Energy carrier

Electricity

Low-carbon technology type

Small hydropower (<25 MW)

Country/area of low-carbon energy consumption

Brazil

Tracking instrument used

Contract

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

581,157

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2,007

Comment

The Brazilian energy sector is partially liberalized as a consequence of some regulations changes. This liberalized market is only available for industry and commerce and is incentivized and supported by renewable energy sources. So, all the electricity available in this incentivized and liberalized market, comes from renewable sources but it is not supported by energy attribute certificates. This market only incentivizes energy from renewable sources: Solar PV, Wind, etc.

Sourcing method

Unbundled energy attribute certificates (EACs) purchase

Energy carrier

Electricity

Low-carbon technology type

Wind

Country/area of low-carbon energy consumption

Brazil

Tracking instrument used

I-REC

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

1,007,760

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2,017

Comment

All the electricity consumption of our operation, apart from distributed generation and incentive energy of the free-market, is supported by Energy attribute certificates, I-RECs.

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

Brazil

Consumption of electricity (MWh)

1,707,664

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,707,664

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
> Other, please specify
> > Avoided emissions through our services

Metric value
> 1,175,448

Metric numerator
> Avoided emissions in our clients thanks to our P&S

Metric denominator (intensity metric only)

% change from previous year
> 28

Direction of change
> Decreased

Please explain
> In 2021, thanks to our services, Telefônica Brasil's business customers avoided the emission of almost 1.2 million tonnes of CO2e.
> This figure is lower than the figure for 2020 as there were fewer lockdown measures during 2021 and, therefore, although the percentage of people working from home was high, it was not as high as in 2020.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

🖇 DECLARACION TELEFONICA BRASIL EN 2021 DEF2_signed.pdf

Page/ section reference
The attached document is the Verification Statement of AENOR for Telefônica Brasil on the Inventory of greenhouse gas emissions corresponding to the year 2021, so all the document is relevant. The specific data on emissions are on page 4 and 5.

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

📎 DECLARACION TELEFONICA BRASIL EN 2021 DEF2_signed.pdf

Page/ section reference

The attached document is the Verification Statement of AENOR for Telefônica Brasil on the Inventory of greenhouse gas emissions corresponding to the year 2021, so all the document is relevant. The specific data on emissions are on page 4 and 5.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

📎 DECLARACION TELEFONICA BRASIL EN 2021 DEF2_signed.pdf

Page/ section reference

The attached document is the Verification Statement of AENOR for Telefônica Brasil on the Inventory of greenhouse gas emissions corresponding to the year 2021, so all the document is relevant. The specific data on emissions are on page 4 and 5.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Scope 3: Capital goods

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Scope 3: Business travel

Scope 3: Use of sold products

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

📎 DECLARACION TELEFONICA BRASIL EN 2021 DEF2_signed.pdf

Page/section reference

The attached document is the Verification Statement of AENOR for Telefônica Brasil on the Inventory of greenhouse gas emissions corresponding to the year 2021, so all the document is relevant. The specific data on emissions are on page 4 and 5.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	ISO 14064-3	GHG Emissions Inventory Report describes the emissions results and also the Energy Consumption (including renewable energy). Therefore, this information is verified in the

C8. Energy	Other, please specify % RE in own facilities	ISO 14064-3	GHG Emissions Inventory Report describes the emissions results and also the % of renewable energy of our facilities. Therefore, this information is verified in the ISO 14064-3 verification process. The verification takes place annually and encompasses all the company's consumption.
C12. Engagement	Product footprint verification	ABNT NBR ISO/TS 14067: 2015 GHG Protocol Product Life Cycle Accounting and Reporting Standard	Telefônica Brasil developed a carbon footprint for 5 services (mobile data, mobile voice, broadband data, fixed voice, cable TV) and the results were certified by ABNT. We mentioned the carbon footprint in the question C12.1b.

ISO 14064-3 verification process. The verification takes place annually and encompasses all the company's consumption.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

Project REDD+ Jari Pará/Amapá: Jari Valley covers several productive activities – from forest management to sustainable agriculture and extractivism – being a region of great social and environmental importance, and constantly threatened by human activity due to unplanned and illegal deforestation. Jari Group's properties are located in this context and have great regional importance. Aiming to curb the constant threats towards the area, the Jari Amapá & Pará REDD+ Project seek to promote qualification to foster the sustainable forest management and agroextractivism productions, promoting the well-being of the local communities and turning them into partners for the maintenance of the forest resources.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

35,676

Number of credits (metric tonnes CO2e): Risk adjusted volume

35,676

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

Cikel Brazilian Amazon REDD APD Project Avoiding Planned Deforestation: The CIKEL Brazilian Amazon REDD APD Project aims to avoid emissions from planned deforestation on a property in Paragominas Municipality, Para State, Brazil. The project has a positive social impact on the local community as it provides employment as well as schools and improved medical facilities.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

21,582

Number of credits (metric tonnes CO2e): Risk adjusted volume

21,582

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Hydro

Project identification

BAESA Project: is a dam and hydroelectric power plant on the Pelotas River near Celso Ramos on the border of Santa Catarina and Rio Grande do Sul, Brazil. The power station has a 708 MW capacity and is supplied with water by a concrete face rock-fill embankment dam, the second tallest dam in Brazil. It produces a 30% equivalent of the demand in Santa Catarina or 20% of the total energy consumed in the state of Rio Grande do Sul.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

2,560

Number of credits (metric tonnes CO2e): Risk adjusted volume

2,560

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Transport

Project identification

J.B. HUNT INTERMODAL TRANSPORTATION PROJECT, US: Pursuing Carbon Efficiency in transportation by increasing the amount of freight transported by intermodal instead of long-haul trucking. Rail transportation was found to generate only one third of the emissions generated by truck transportation. Hunt also implemented an Idling Bonus Program to monetarily reward drivers and their managers for reducing unnecessary engine idling.

Verified to which standard

Other, please specify

Canadian Standards Association (CSA) GHG CleanProjectsTM Registry

Number of credits (metric tonnes CO2e)

3,200

Number of credits (metric tonnes CO2e): Risk adjusted volume

3,200

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Drive energy efficiency

Drive low-carbon investment

Identify and seize low-carbon opportunities

GHG Scope

Scope 1

Scope 2

Application

Deriving from our commitment to reach net zero emissions by 2040 and Telefónica Group's interim targets of reducing scope 1 and 2 emissions up to 80% in 2030 (90% for Telefônica Brasil specifically) and neutralising scope 1 and 2 emissions in the main markets (Brazil, Germany, Spain) by 2025, we use an implicit carbon price based on the price of the carbon credits, which helps us to make investment and equipment purchase decisions . In addition, in our Low Carbon Procurement Instruction, the category of products for which the Instruction applies has been extended and the associated calculation of the shadow price of carbon has been included. In this way, the Total Cost of Ownership (TCO) includes the cost of purchasing the equipment, the cost of the energy consumed (electricity or fuels) and the cost associated with the carbon emissions of the equipment (either through energy consumption and/or leakage of refrigerant gases).

Actual price(s) used (Currency /metric ton)

160

Variance of price(s) used

This is the second year that we have implemented an implicit carbon price. With regards to the new shadow carbon priced recently implemented, we define the variance of prices as "Uniform pricing" as it applies to all Operational Business we are present on and for the same kind of equipment purchased in every geography in Brazil. It is expected that new internal carbon price instruments will be implemented in the following years, which will result in more accurate forecasts and follow up of our objectives and targets.

Type of internal carbon price

Shadow price
Implicit price

Impact & implication

Carbon pricing is one of the most effective ways to provide across-the-board incentives to conserve energy and switch to cleaner energy sources. Carbon pricing has come to the forefront of policy measures seen as ways to reduce emissions to a level consistent with the Paris Agreement target of less than 1.5-2 degrees Celsius of warming. In the specific case of Telefônica Brasil's line of business, carbon price is a key tool that allows the organization to make better informed decisions on capital expenditure and procurement, as well as to assess the efficiency of the operations with the carbon cost in mind.

[SITUATION] Our main objective when implementing an internal carbon price is to manage the risks and opportunities associated with our carbon footprint and thus internalize the costs derived from GHG emissions.
[TASK] Some of the opportunities identified in the implementation of an internal price of carbon are the support to Telefônica Brasil in:
• Align our investment strategy with the newly established Net Zero goals of Telefónica Group, objective that includes Brasil.
• Accelerate reduction of GHG emissions; drive investment in energy efficiency initiatives, renewable energy procurement, R&D of low-carbon products/services
• Generate revenue to re-invest in low-carbon activities
[ACTION] In this way, our plan consists of implementing a shadow carbon price that helps us make better investment and equipment purchase decisions, i.e. for decisions to purchase equipment that use electricity, fuel or fluorinated gases. Applying the Total Cost of Ownership (TCO) serves to include in the purchase decision the cost of energy consumption and GHG emission costs associated with its useful life.
[RESULT] The impact and result obtained so far are that Telefônica Brasil includes in the fleet contracting model the obligation to compensate through certified carbon credits projects the emissions generated by the use of rental vehicles. This, on the one hand, reflects a tangible result by making the fleet we put into operation less polluting (use of biofuels), and on the other, it is included as a criterion when the contract is awarded.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers/clients

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

9

% total procurement spend (direct and indirect)

76

% of supplier-related Scope 3 emissions as reported in C6.5

77

Rationale for the coverage of your engagement

Since 2019, Telefónica Brasil has been working directly with key suppliers, as part of Telefónica Group's engagement programme. In 2021, Telefônica Brasil has expanded the programme locally, creating our Supply Chain Engagement Carbon Programme (SCECP). The suppliers invited to this program have been selected based on the following 3 criteria:

- All the suppliers that are transport intensive, since around 25% of the global emissions come from this sector;

- Suppliers with a significant number of allies (people hired by the suppliers) working for Telefônica Brasil;

- Suppliers with significative contribution to our Scope 3 emissions.

The suppliers included in the program represent 77% of the total emissions from suppliers and 51% of our total Scope 3 emissions (based on emissions results of 2021).

The emissions covered by the suppliers in this program are included in our Scope 3 reduction targets (ABS3, ABS4 and ABS5): to reduce 39% our absolute emissions until 2025, 56% until 2030 and to achieve net zero emissions by 2040. Among the invited suppliers, there are both large and small companies. With the program, our goal is to work with large companies to encourage the improvement of climate management (that

help us the most to achieve our Scope 3 targets), but also to engage and help small businesses take the first step towards low carbon management.

Impact of engagement, including measures of success

Our SCEP has the objective to understand our supplier's sustainability strategies and help them move forward in their Climate Change (CC) Management.

We collect suppliers' information (in a questionnaire) and carry out a maturity assessment (assmt) regarding their performance in CC. The carbon maturity curve was designed by Telefônica Brasil (with the support of an external consultancy) and classifies suppliers in 5 levels. With this assmt, we saw that 76% of the participating suppliers still did not calculate their emissions, so we conclude that many needed initial support. So, we identify actions to be implemented by maturity level, to ensure the engagement approach is tailored to the different stages that our suppliers may be in, thus ensuring no supplier is left behind.

Subsequently, the program comprised a series of webinars in which we promoted a journey of knowledge about CC, from a more basic level (how to prepare an inventory) to a more advanced level, bringing topics such as climate risks and transparency. The objective of this part of the program is to encourage suppliers to measure and manage their emissions, seeking alternatives to reduce them and innovate via a voluntary commitment with Telefônica Brasil contributing to our Scope 3 target. For instance, our suppliers committed to taking actions that include: Take the first step and calculating the emissions; to became carbon neutral; renewable energy purchase; absolute emissions targets; and switch to lower emissions vehicles, amongst others.

We measure the success of the engagement through two main KPIs: % of participation as a consequence of the engagement and % of companies committed with a pledge. We would consider this engagement to be successful if the % participation is over 50% of total invited suppliers and % of committed companies is over 50% of total participating suppliers.

This programme is ongoing and 87% of the invited companies have already participated, satisfying the impact of engagement criteria that we were pursuing, so we consider this initiative to be a success. With regards to the commitments, 15% of the participating suppliers have already sent their pledge, and we are still working in this step of the program to reach at least 50% of companies with a pledge, and we are also developing a reward scheme in 2022 to ensure continuous engagement.

Comment

Telefônica Brasil establishes a partnership relationship with the suppliers because we work in a common goal – to bring people together through connection. In this way, we work to develop a relationship that benefits all bonds in our value chain, following our commitment to influence positively our partners. In order to disseminate the importance of responsible management also by our suppliers and promoting dialogue, as well as compliance with our sustainability requirements, we annually conduct Workshops of Suppliers. These are the main meeting in which we provide training and qualification to

raise awareness to the sustainability agenda. In 2021, our Workshop was focused on Climate Change and the launch of our extended Carbon Supplier Engagement Program.

Type of engagement

Other, please specify

Compliance & onboarding

Details of engagement

Other, please specify

1) Included climate change in supplier selection / management mechanism; 2) Code of conduct featuring climate change KPIs; 3) Climate change is integrated into supplier evaluation processes.

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

Within our Global Supply Chain Sustainability Policy (SCSP), Telefónica Group has incorporated environmental, climate & circular economy criteria, such as the compulsory incorporation of preventive measures & LCAs when supplying products/services.

Any company that wishes to be supplier of Telefônica Brasil must accept the minimum requirements established by the SCSP in the registration&renewal processes. If a supplier does not meet the required standards or is not able to provide the info, we initiate the necessary processes to secure a commitment to implement improvement plans.

The minimum standards related with CC included in our SCSP are:
(i) CC: the supplier will minimize their impact on CC considering their entire supply chain (scopes 1,2&3). They should work to reduce its GHG emissions by setting reduction targets for the next 3 yrs, which should, as far as possible, be science-based. To this end, they will promote EE & RE initiatives in their own activities & will support any requests for data on emissions/energy relevant to the products & services they provide to us.
(ii) Consumption of materials, resources & atmospheric emissions: The supplier shall use eco-efficient criteria in the development of its activity, especially with respect to scarce resources such as water or non-renewable resources.
(iii) Cooling gases: The supplier shall not supply equipment containing ozone-depleting gases, nor shall it refill it with these gases, unless expressly authorised by us. In the offers, gases with a lower Global Warming Potential (GWP) will always be prioritised.

For maintenance works on cooling equipment, the leakage of these gases into the atmosphere must be prevented in all cases. The supplier must also have a record of the amount (in kgs) of each type of gas refilled.

(iii) Other related issues like "Life cycle & preventive action" can be seen online. In the evaluation process we focus on those suppliers that are the most significant due to their level of risk & the impact they have on our business objectives, including CC.

On the other hand, climate change is integrated into supplier evaluation processes through two main tools: JAC (Joint Audit Cooperation) & ECOVADIS. Telefônica Brasil also monitors legal compliance of those suppliers that are part of the scope of our Environmental Management System (SGA) - certified according to NBR ISO14001.

Impact of engagement, including measures of success

Sustainability in the supply chain has become a key issue in the telco sector, since companies share more & more parts of the value chain with our suppliers & outsourcers. When facing climate change, we need to engage our supply chain from the very beginning & for that Telefónica Group has included the Minimum Responsible Business Criteria related with climate change in the Supply Chain Sustainability Policy (SCSP), shared by Telefônica Brasil. To ensure the CC minimum criteria, we conduct a 360° evaluation of our main high-risk suppliers based on 21 sustainability issues that cover among others, climate change aspects. If a supplier does not reach the required level — in EcoVadis or in the Dow Jones Risk & Compliance service— or is unable to provide the information requested, we require their commitment to implementing improvement plans to ensure compliance with our standards. In extreme cases, when this is not feasible, all additional business with the supplier is blocked until they prove they have corrected the situation, as stated in the terms and conditions signed by both parties.

Our measures of success are:
- % of suppliers accepting our minimum responsible business criteria
- % of suppliers evaluated via the ECOVADIS tool

In 2021, 100% of our suppliers have accepted to conduct their activities in line with ethical standards that are similar to ours, guaranteeing compliance with all human & fundamental labour rights, & fostering protection of the environment. The success of the engagement strategy is high, because all our suppliers have to commit to meet our minimum environmental criteria included in our Supply Chain Sustainability Policy (e.g. GHG emission reduction targets). Moreover, suppliers accounting for 66% of the risk suppliers identified in the global risk analysis were evaluated via the ECOVADIS tool which includes Climate Change aspects in the evaluation process.

Comment
-

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

39

Please explain the rationale for selecting this group of customers and scope of engagement

Telefônica Brasil works to make its customers aware of the climate change (CC) impact by providing information on this topic on our web&social networks. We have also in place specific campaigns focused on the products and services we offer our customers. The most relevant for 2021 was Eco Rating (ER) system that was already a reality for 100% of our customers. The ER allows our customers to make informed purchasing decisions when buying phones, taking environmental & CC criteria into account. This initiative also allows us to work with our suppliers, since this information serves to encourage innovation & implementation of the most environmentally friendly practices throughout the production cycle, and to drive good practices across the industry. The system was reviewed in 2021, and a new version started to be implemented at the end of the year in Telefônica Brasil.

This is an initiative that measures the environmental impact of mobile phones throughout the entire lifecycle of the handset (from the material extraction stage, production, transport and use, to disposal or recycling of the devices), assessing 13 environmental indicators, such as greenhouse gas emissions, resource use or energy consumption, & 6 material efficiency criteria, to obtain a single score for each device. The ER label shows the environmental impact of the handsets simply and clearly, through a score on a scale from 1 to 100 (scale 0 to 5 in the old system, that was available until november 2021) that evaluates how sustainable the handset is; the higher the score, the more environmentally friendly the handset. The label also shows additional information on durability, repairability, recyclability, climate & resource efficiency.

As a result, the ER has enabled the evaluation of around 150 mobile phones, with the participation of 9 telephone manufacturers.

Regarding the use of our services, an online calculator is available for our clients to discover the emissions of their data and voice use. This tool is supported by a carbon footprint study performed for our main services (mobile data&voice, broadband data, fixed voice, cable TV) and is hosted in a special website that also promotes climate awareness to our customers. Using accessible language and easy understanding

information, we reaffirm our commitments to help the world on climate challenges and show how people can join us.

Impact of engagement, including measures of success

Measures of success: We inform our customers about the score of their devices on the Eco Rating scale and offer them the possibility to choose a more sustainable option within their purchasing criteria. We use as a measure of success of the initiative the % of Telefônica Brasil's portfolio of devices that currently have an Eco Rating score and the average score of our device's portfolio. We consider the initiative to be successful if more than 50% of our portfolio had been rated and the average score is over 60 (or 3 for those that are still with the old scale).

Impact: We consider the success for the engagement strategy to be high due to the fact that in 2021 we had more than 50% of our portfolio with the Eco Rating label (around 60%), and the average score is 73 (for those that are already with the new score) and 3.3 (for those that are still with the old score), both above the threshold established as a success.

The Eco Rating system serves to foster innovation and the implementation of the most favourable practices for the environment throughout the production cycle, and especially among our suppliers. Also, important to highlight is the fact that, among our competitors, Telefônica Brasil is the only telecommunications company that has implemented and promoted the Eco Rating system in Brazil, making it possible for our customers to participate in this engagement initiative.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, climate-related requirements are included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Setting a science-based emissions reduction target

Description of this climate related requirement

Our Sustainability Supply Chain Management includes a Supply Chain Sustainability Policy (SCSP) that must be accepted by our suppliers. Any supplier that wishes to be considered as a Telefônica Brasil supplier must comply with the Minimum Standards for Sustainable Business (MSSB) included in our SCSP. In that sense, the clause 4.4 Environmental Criteria specifies in terms of climate change that the supplier will take

action to minimize the impact of its activities on climate change considering in its planning for such action the entire supply chain (scopes I, II, and III). It should work to reduce its greenhouse gas emissions by setting reduction targets for the next 3 years, which should, as far as possible, be based on science.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

28

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

Commitments to the initiatives of the Brazilian Business Council for Sustainable Development (CEBDS)

📎 Carta_Precificacao2021.pdf

📎 CEBDS_Statement Business Leaders for Climate Change.pdf

📎 CARTA_NEUTRALIDADE_ING_02-06.pdf

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

Telefônica Brasil has internal policies that reinforce our commitments to a low carbon economy. Climate change (CC) objectives are part of the Environmental and Energy Policy which were approved by the Board of Executive Officers and are applicable to all company.

These policies which are public guide the company towards a sustainable business model that protects the environment and seeks the transition to decarbonization, decoupling Telefonica´s Brasil growth from carbon emissions. Strategic guidelines that clearly defines our priorities are to reduce emissions and increase the sales of digital services. One of the pillars is to establish partnerships in order to leverage the role of ICTs for CC mitigation &adaptation and other sustainability objectives. The Institutional Relations area, which plays the closest role of dialogue with trade associations and governmental bodies, received dedicated training about Telefonica Brasil´s sustainability and CC initiatives. This team is led by the Institutional and Sustainability Vice President who oversees all governmental interactions. To ensure synergy between the areas he promotes regular meetings with all the staff in which are presented the company´s CO2 goals, climate change positions and objectives to be part of the efforts to limit global warming in 1,5oC.

In 2021, our CEO signed the public commitments Climate Neutrality and Business Leaders for The Climate, initiatives of the Brazilian Business Council for Sustainable Development (CEBDS), of which we are members. These letters that are directed to public policies makers represents the positions of the companies that are part of CEBDS which is a non-profit civil association that promotes sustainable development through articulation with governments and civil society. CEBDS developed a wide range of activities on the carbon markets front. In 2021 it had its proposal for a regulatory framework for the regulated carbon market in Brazil, presented at the Plenary of the Brazilian Chamber. The proposed Cap&Trade system includes gradual implementation for large emitting industries, also establishing a criterion for credits from the voluntary market. The law project was turned into the Decree No. 11,075 (2022), which initiates the regulation of the Brazilian carbon market through the establishment of procedures for the preparation of mitigation climate change sectoral plans, and by the creation of the National System for the Reduction of Greenhouse Gas Emissions.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate
Other, please specify
connectivity and digitization

Specify the policy, law, or regulation on which your organization is engaging with policy makers
The Telecommunications Universalization Fund (FUST), created by Law No. 9,998, of August 17, 2000, aims to provide resources intended to cover the portion of costs exclusively attributable to the fulfillment of the obligations of universalization of

telecommunications services. The main revenues that make up the Fund are the contribution of one percent of the gross operating revenue, arising from the provision of telecommunications services in the public and private regimes and the transfers of resources from the Telecommunications Inspection Fund (Fistel). 30% is deducted from the Fust Contribution revenue as a Federal Revenue Unlinking (DRU). The most recent changes to the legislation and rules regarding the FUST expressed in Laws 14.109/2020, 14.173/2021 and Decree 11.004/2022, included new rules allowing the fund to be used to carry mobile telephony (SMP) and broadband (SCM), where it was not possible before, with the objective of reducing regional inequalities and encouraging the use and development of new connectivity technologies to promote economic and social development.

Policy, law, or regulation geographic coverage

National

Country/region the policy, law, or regulation applies to

Brazil

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Telefônica Brasil closely monitors conversations and negotiations regarding public policies involving FUST, the changes that occurred in FUST under Laws 14,109/2020, 14,173/2021 and Decree 11,004/2022, were directly influenced by the company and also by the business associations that we are part of (CONEXIS, BRASSCOM, MBC and CNI). Among the changes, the new rules allow the FUST to be used to carry mobile telephony (SMP) and broadband (SCM), where before it was not possible , with the objective of "reducing regional inequalities and stimulating the use and the development of new connectivity technologies to promote economic and social development". In other words, it enables the advancement of connectivity where there is no private interest, especially for agricultural regions with low population density.

In the discussions of the new rules, the socio-environmental benefits that these changes would bring were evaluated, as we are aware that connectivity and digitalization play an essential role in the green transition, towards the climate goals of the Paris agreement, as pointed out by the World Economic Forum (WEF) or the Exponential Roadmap initiative, which indicates that digital technologies can help reduce global greenhouse gas emissions by between 15% and 35% over the next 10 years.

In Brazil, agriculture and land management are responsible for more than 70% of emissions in Brazil, it is expected that the expansion of connectivity to new areas, mainly rural areas, can substantially contribute to greenhouse gas emissions, in a nutshell, the ICT industry has invested heavily in technologies that:

- Allow for the growing need for data traffic and the exponential growth of intelligent services and applications, while at the same time decoupling this growth from emissions generated by the necessary technological infrastructure;

-Generate new services that contribute to the mitigation and adaptation to climate change.

Among these technologies we can mention digital solutions for the Environment, based

on telecommunications networks, including the financing of Internet of Things (IoT), Big Data and Artificial Intelligence (AI) technologies, which should support innovations in energy efficiency and reduction of energy costs. carbon emissions across a range of industries and social applications.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Focus of policy, law, or regulation that may impact the climate
Other, please specify
connectivity and digitization

Specify the policy, law, or regulation on which your organization is engaging with policy makers
The public sector of the state of Mato Grosso and the associations of companies of the state, private sector, work together in a project that has as objective the implantation of infrastructure and provision of the personal mobile service in 4G, in the frequency of 700 Mhz, with capacity of evolution to 5G, including high quality voice and broadband internet service, aiming at universalization, in stages, of access to high quality connectivity throughout the state, including the headquarters of all municipalities, their main districts and part of its rural area, as well as the main public roads.

Policy, law, or regulation geographic coverage
Regional

Country/region the policy, law, or regulation applies to
Brazil

Your organization's position on the policy, law, or regulation
Undecided

Description of engagement with policy makers
The Telefônica Brasil has closely monitored the conversations and negotiations regarding the construction of this public policy, surveying all the stakeholders involved, carrying out studies of demand by location, and promoting mapping of scenarios, opportunities and risks. In addition to having made institutional contact with the associations of companies mapped in the protocol of intention of the project.
In addition to the business point of view, Telefônica Brasil has evaluated the socio-environmental benefits of this project, as we are aware that connectivity and digitalization play an essential role in the green transition, towards the climate goals of the Paris agreement, as pointed out by the World Economic Forum. (WEF) or the Exponential Roadmap initiative, which indicate that digital technologies can help reduce

global greenhouse gas emissions by between 15% and 35% over the next 10 years. The expansion of connectivity in the state of Mato Grosso can substantially contribute to the emissions of greenhouse gases in that region, in a nutshell, the ICT industry has invested heavily in technologies that:
- Allow for the growing need for data traffic and the exponential growth of intelligent services and applications, while at the same time decoupling this growth from emissions generated by the necessary technological infrastructure;
- Generate new services that contribute to the mitigation and adaptation to climate change.
Among these technologies we can mention digital solutions for the Environment, based on telecommunications networks, including the financing of Internet of Things (IoT), Big Data and Artificial Intelligence (AI) technologies, which should support innovations in energy efficiency and reduction of energy costs. carbon emissions across a range of industries and social applications.
Telefônica Brasil still does not have a concrete position on the project, as the discussions are still at an initial level within the government of the state of Mato Grosso, since it has not yet become a public policy. We understand that the project proposal still needs further analysis from a business point of view, such as an assessment of the cost of implementing the network infrastructure, percentages of participation in installation costs, among other obligations.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

BRASSCOM

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

We are members of BRASSCOM, an association of the information & communication technology (ICT) and digital technologies companies in Brazil, which promotes the ICT sector with public authorities, public and private customers and other representative entities. In 2022, BRASSCOM, together with other organizations, signed the public positioning called "12 Commitments for a Competitive Brazil" which was led by the Parliamentary Front for Competitive Brazil & Competitive Brazil Movement (MBC) and launched in the Chamber of Deputies. The referred positioning aims to guide politics in the development of public policies and will be given to executive and legislative candidates during the electoral period. They were developed from the vision of the Brazilian productive sector and organised civil society and present diagnoses, goals and, most importantly, proposals, to make the country grow more competitively.

The economic and social proposals covered by the letter include access to credit, tax and regulatory simplification, modernization of labor legislation to create formal jobs, access to professional and technological education, research and innovation development and digital transformation. Another prior request covered by the document is the advancement of public policies that promote sustainability and improve environmental regulations. Its goal is to ensure the regulatory framework that modernizes sustainability agenda aligned with international best practices, ensuring sustainable production and consumption patterns and combating climate change and its impacts until 2026.

Among the proposals of the sustainability commitment, we highlight:
- Regulate the carbon market in Brazil based on the Emissions Trading System (Cap & Trade) model
- Implement a zero net deforestation policy
- Institute a National Circular Economy Policy

The commitments also cover the diversification of the national logistics matrix growing railway transportation and the reorganization of the energy matrix to reduce the cost of energy and the risk of shortages, which are factors also influenced by climate change.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify
BRASSCOM

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

We are members of BRASSCOM, an association of the information and communication technology (ICT) and digital technologies companies, which promotes the ICT sector with public authorities, public and private customers and other representative entities. Telefônica Brasil works through BRASSCOM in the dialogue with companies in the ICT sector, with other sectors of the Brazilian industry and with the public authorities, increasing actions as business opportunities, strengthening the capacity of, promoting ideas and sharing solutions.

BRASSCOM has worked together with public policy makers in the Law project 976/21 - National Policy for Smart Cities, the project aims to improve the quality of life of municipalities. The approval of this PL can be an opportunity to generate wealth by providing new services and innovation in Brazilian cities.

This law project prescribes the smart city plan and, in the sections of article 8, there are the minimum requirements for preparing the plan, in the fourth section it defines that the plan must provide objectively measurable performance indicators and short, medium and long-term goals for each of the actions that are part of the plan and also describes the elements that must be minimally measurable in these indicators. Among the elements that must be measurable in the smart city plan, we highlight those worked in terms of sustainability and climate change, namely:

- Environmental sustainability, considering the impacts on the consumption of natural resources, on the concentration of pollutants and greenhouse gases;
- Socioeconomic impact, considering the benefits for quality of life and well-being, social inclusion and economic development;
- Measuring the contribution towards the fulfillment of the 17 SDGs.

BRASSCOM contributes to the construction of the project, promoting diagnoses, studies and research, in addition to articulating the theme directly with the leaders and promoting the subject in dialogues and publications on its website, showing its positioning.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization
Other, please specify
Non-profit civil association

State the organization to which you provided funding
Brazilian Business Council for Sustainable Development (CEBDS)

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)
87,000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
We subscribed to the public commitments Climate Neutrality and Business Leaders for The Climate, initiatives of the Brazilian Business Council for Sustainable Development (CEBDS), of which we are members. CEBDS is a non-profit civil association that promotes sustainable development through articulation with governments and civil society, which brings together more than 80 business groups operating in Brazil, responsible for 47 % of Brazilian GDP Representing the World Business Council for Sustainable Development (WBCSD) in Brazil, CEBDS has fronts to act in different thematic chambers such as water, biodiversity and biotechnology, energy and climate change, sustainable finance and social impact.

On the energy and climate change front, CEBDS has developed a wide range of activities. In 2021 the entity led a proposal for a regulatory framework for the regulated carbon market in Brazil, presented at the Plenary of the Brazilian Chamber, The proposed Cap&Trade system includes gradual implementation for large emitting industries, also establishing a criterion for credits from the voluntary market. The law project was turned into the Decree No. 11,075, of May 19, 2022, which initiates the regulation of the Brazilian carbon market through the establishment of procedures for the preparation of mitigation climate change sectoral plans and creating the National System for the Reduction of Greenhouse Gas Emissions.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document

📎 2505-DF-Anuais-Completas-2021.pdf

Page/Section reference
Page 6.

Content elements
Emission targets
Other metrics
Other, please specify
supplier engagement program

Comment
Telefônica Brasil financial Statements. You can find this document in the following link:
https://ri.telefonica.com.br/pt/resultados-e-comunicados/central-de-resultados

Publication
In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)

Status
Complete

Attach the document

📎 Integrated Report 2021.pdf

Page/Section reference
Pages 110 to 121.

Content elements
Strategy

Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Telefônica Brasil Integrated Report. You can find this document in the following link: https://ri.telefonica.com.br/pt/esg/relatorios-de-sustentabilidade

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Publication

In other regulatory filings

Status

Complete

Attach the document

📎 2518-Telefonica-Brasil-VIV-20-F-Form-2021.pdf

Page/Section reference

Pages 18, 48 and 65

Content elements

Strategy
Risks & opportunities
Emission targets
Other metrics
Other, please specify
    supplier engagement program

Comment

Telefônica Brasil FORM 20-F. You can find this document in the following link: https://ri.telefonica.com.br/en/results-and-notices/reports

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

Board-level oversight and/or executive management-level responsibility for biodiversity-related issues

Row 1	No, but we plan to have both within the next two years

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed

Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Adoption of the mitigation hierarchy approach
		Commitment to respect legally designated protected areas
		Other, please specify
		    Enhance conservation and recovery actions in the regions where the company is located and insert the topic of biodiversity in the company's business strategy
			SDG
			Other, please specify
			    Brazilian Business Commitment for Biodiversity (an initiative of CEBDS - Brazilian Business Council for Sustainable Development) and 1t.org

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?
Row 1	No, but we plan to assess biodiversity-related impacts within the next two years

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Other, please specify Since 2019 we have invested in carbon credit projects that prevent deforestation and help to protect the Amazon's biodiversity. Main project invested in 2021:REDD+Vale do Jari, covers an area that includes 340 flora's species &2,070 fauna's species.

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Other, please specify We conducted a study to identify the impacts of our facilities on local biodiversity; the results showed that our potential impact on biodiversity is reduced. We also monitor the indicator of Radio Base Stations located in protected areas.

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
Other, please specify In our website page	Content of biodiversity-related policies or commitments Impacts on biodiversity Details on biodiversity indicators	The information related to biodiversity can be found in pages 25, 26 and 27. 🔗 1

🔗 ¹2641-VIVO-ESG-DATA-2021.pdf

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category

| Row 1 | Chief Executive Officer | Chief Executive Officer (CEO) |

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms