

PRESS RELEASE

TELEFÓNICA, TELEFÔNICA BRASIL AND CDPQ CREATE FIBRASIL, A NEUTRAL FIBRE WHOLESALE NETWORK PROVIDER IN BRAZIL

- **Combination between CDPQ's infrastructure investment expertise and Telefónica's capabilities in deploying and operating fibre networks**
- **Telefónica Group and CDPQ will each hold 50% under a co-control governance model**
- **Independent open-access wholesale operator will be focused on deploying fibre in selected cities in Brazil, with Telefônica Brasil as anchor client**
- **Committed to accelerating fibre-to-the-home coverage by expanding the initial footprint of 1.6 million Homes Passed to 5.5 million over a 4-year period**
- **CDPQ is investing a total of up to R\$1.8 billion (CA\$408 million) in this joint venture, comprising both primary and secondary payments**
- **Deployment plan fully financed through CDPQ's investment and new debt expected to be raised by FiBrasil**

São Paulo and Montréal, March 2, 2021 – Telefónica Group, one of the largest telecommunications service operators globally, and Caisse de dépôt et placement du Québec (“CDPQ”), a global investment group, have reached an agreement for the construction, development and operation of a neutral and independent optical fibre wholesale network in Brazil with the creation of FiBrasil Infraestrutura e Fibra Ótica SA (“FiBrasil”).

Upon completion of the transaction, Telefónica Group and CDPQ will each hold 50% in FiBrasil under a co-control governance model. Telefónica Group's 50% participation will be held through Telefônica Brazil (“Vivo”) and Telefónica Infra, the infrastructure arm of Telefónica Group, each holding a stake of 25%.

Operating as a neutral wholesale company, FiBrasil is set to deploy and operate fibre-optic networks in selected mid-sized cities across Brazil outside the state of Sao Paulo, and to offer fibre-to-the-home (“FTTH”) wholesale access to all telecommunications service providers, enabling them to offer these services to their end customers. Starting with a portfolio of 1.6 million Homes Passed (“HPs”) contributed by Telefônica Brasil, FiBrasil aims to expand its network to reach around 5.5 million HPs within 4 years, accelerating the transition to fibre and contributing to the country's technological deployment.

CDPQ is investing a total of up to R\$1.8 billion (CA\$408 million) in this joint venture, comprising both primary and secondary payments. CDPQ's projected capital contributions and the expected leverage to be raised by FiBrasil provide a fully funded business plan to accomplish the company's deployment targets. FiBrasil is set to become a leading operator in the Brazilian fibre space, with the backing of a strong set of shareholders.

As one of the world's largest global institutional investors in infrastructure with net assets of CA\$30 billion (R\$ 136 billion) in this sector, CDPQ contributes its strong investment capacity and longstanding expertise in managing infrastructure investments. Telefónica, one of the largest telecommunications service operators globally, provides strong pillars supporting the company's growth plans and brings its technical capabilities and track record in deploying and operating fibre networks. In addition, FiBrasil will benefit from Vivo's commercialization capabilities over its various on and offline channels as its anchor client.

Ángel Vilá, Chief Operating Officer at Telefónica Group, commented, "We are very excited about this opportunity to partner with CDPQ, with whom we share the ambition to accelerate fibre roll-out in Brazil, contributing to Vivo's growth plans and to the country's digital development. We are delighted to put our FTTH expertise and commercial capabilities behind this partnership, joining forces with CDPQ as a key element for success, strengthening our value proposition and reinforcing our growth strategy."

Emmanuel Jaclot, Executive Vice-President and Head of Infrastructure, CDPQ, said: "CDPQ is thrilled to establish a joint venture with Telefónica, one of the world's leading telecommunications service providers, to accelerate the delivery of next-generation fibre optic infrastructure to over 5 million Brazilian homes. This transaction is an opportunity to further diversify our infrastructure portfolio and demonstrates CDPQ's ongoing interest for Brazil and the wider Latin America region, where we see opportunities in a variety of sectors."

"Vivo will be FiBrasil's anchor tenant, consolidating itself as the leading convergent operator in the country. The transaction is framed within our strategic pillars, allowing Vivo to improve time-to-market, while at the same time enabling a more efficient use of funds," said Christian Gebara, Telefónica Brasil's CEO. Gebara also mentioned that "fibre will be a key driver for Vivo's future top-line growth aiming at reaching at least 24 million HPs by the end of 2024, and FiBrasil will be Vivo's platform for expanding coverage to greenfield cities."

The transaction is subject to regulatory approval and closing is expected to occur in the second quarter of 2021.

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About Telefónica

Telefónica is one of the largest telecommunications service providers in the world. The company offers fixed and mobile connectivity as well as a wide range of digital services for residential and business customers. With over 345 million customers, Telefónica operates in Europe and Latin America. Telefónica is a 100% listed company and its shares are traded on the Spanish Stock Market and on those in New York and Lima. In 2019, Telefónica set an action plan as a catalyst for the transformation of the company. The plan seeks to prioritize its four relevant markets and grow sustainably in the long term, boost its growth potential while leveraging the value of its infrastructure, increase agility and improve efficiency.

About Telefónica Infra

Telefónica Infra, a fully owned unit of Telefónica Group, manages stakes in infrastructure vehicles alongside financial investors. Its objectives include crystallizing the value of Telefónica's infrastructure assets and knowhow through dedicated management and increased focus, partnering with leading financial investors to co-invest in growth opportunities involving flexible partnership structures and business models. Telefónica Infra's investment

portfolio currently comprises a 50.01% stake in Telxius ([telxius.com](https://www.telxius.com)) and a 40% stake in Unsere Grüne Glasfaser ([ugg.tech](https://www.ugg.tech)).

About Telefônica Brasil

Telefônica Brasil ("Vivo"), offers to its customers a complete portfolio of products, including voice services (fixed and mobile), mobile data, fixed broadband, ultra broadband, pay TV, technology and digital services (such as financial, cloud services, entertainment and security). Absolute leader in the mobile segment, with 78.5 million lines in operation, corresponding to 33.6% of the total active lines in Brazil. The company covers 90.8% of the population with 4G network and accelerates the launch of cities with the 4.5G network, which reached 1,872 cities in December 2020, maintaining the differentiation of its network in relation to the main competitors. In the fixed operation, it ended December 2020 with 15.7 million HPs with fibre-optic technology to the customer's home (FTTH - home fibre) in 266 cities. In addition, all cities that rely on FTTH technology also have TV over fibre (IPTV), aiming to offer the best speed and experience to our consumers.

About CDPQ

At Caisse de dépôt et placement du Québec (CDPQ), we invest constructively to generate sustainable returns over the long term. As a global investment group managing funds for public retirement and insurance plans, we work alongside our partners to build enterprises that drive performance and progress. We are active in the major financial markets, private equity, infrastructure, real estate and private debt. As at December 31, 2020, CDPQ's net assets total CAD 365.5 billion. For more information, visit [cdpq.com](https://www.cdpq.com), follow us on [Twitter](#) or consult our [Facebook](#) or [LinkedIn](#) pages.

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