Sustainability Report
2021

GRUPO PROFARMA

Summary

Grupo Profarma, 60 years: a history of strength and reliability

Welcome

The year of 2021 set relevant recognitions for Grupo Profarma. The Company celebrated its 60-year anniversary with renewed enthusiasm and energy. Throughout our history, we witnessed relevant milestones: IPO of Profarma Distribuição, the expansion of retail stores (Rede d1000) and the foundation of Profarma Institute. Since then, the Group significantly evolved, delivered record results and achieved the second position in Brazil's pharmaceutical wholesale, with a solid and sound development. More restless than never, engaged and dedicated to its team of employees, the Company intends to continue drawing its history, now much more energized.

This first Sustainability Report developed under GRI Standards (Global Reporting Initiative, the world's leading sustainability reporting methodology), Core option, reports the Group's main highlights, qualitative and quantitative indicators focused on the most relevant topics for *stakeholders*. **GRI 102-45, 102-46, 102-50, 102-52, 102-54**

The material topics (materiality matrix) are connected to the United Nations Sustainable Development Goals (SDG). The content of this publication discusses the corporate governance model, engagement and commitment with employees, the value chain and the environment, not to mention our planning to cope with future challenges and continue building an increasingly more sustainable Company for businesses and employees, society and the planet.

In case of doubts on the content of this report, contact us at: esg@profarma.com.br **GRI 102-53**

Good reading, everyone.

THIS REPORT WAS DEVELOPED UNDER GRI STANDARDS,
the world's leading sustainability reporting methodology

Message from Management GRI 102-14

In the year we celebrate our 60-year anniversary, we evidenced our capacity of creating value throughout our history. With the purpose 'to deliver health', we executed a responsible governance, we promoted social initiatives through our Profarma Institute and we bolstered our environmental actions. We managed to overcome the adversities inflicted by Covid-19 pandemic and we ended 2021 with a net income of R$78.2 million, nearly 50% higher than the previous year.

This was a result of a positive strategic planning, devised by an engaged team who remained focused on fulfilling the goals set out, despite the challenges of employees' adaptation to remote work, which evidenced advanced initiatives of our Culture, People and Management area.

As a publicly-held corporation, our governance makes rapid decisions and has an efficient results monitoring model. We have the privilege of relying on two Boards of Directors – one for retail and another for distribution which significantly contribute to enhance our strategic objectives.

In 2021, we significantly advanced the information technology area, by investing in new platforms that impacted our processes effectiveness and reliability. We also reiterated our transparent relationship with our customers, business partners and shareholders.

Our ESG executive board started building environmental, social and governance (ESG) guidelines in our business model. In the environmental front, we set up two solar panel plants which supplied 57% of Rede d1000's stores. In the social front, we were recognized by successful initiatives promoted by Profarma Institute, worthy of note the donation of +100 tons of food for welfare institutions throughout the country, in a partnership with Abrinq Foundation. We were also recognized as a strategic partner of United Nations International Children's Emergency Fund (UNICEF). Through our partnership, we contributed with +R$3.9 million by the end of 2021.

With an eye on cross-sectional teams, we created the 'Diversidade em Cena' (Diversity in action) program, in line with SDG 10. Through this program, we intend to reinforce an increasingly more inclusive and diverse business culture.

In 2022, we will renew our confidence and optimism. We will continue investing in innovation and technology, and people's development. Our plan is to improve even more our customer's experience and deliver excellent results. We are more mature, ready to move forward, meet the society's demands for an increasingly sustainable world.

Sammy Birmarcker
Grupo Profarma's CEO

Words from founder GRI 102-14

Manoel Birmarcker
Grupo Profarma's Founder

Like many of my generation, I started working early and with 16 years old I managed to get my first job as *an office boy*. After that, I held positions with greater responsibilities in the most varied sectors and companies wherein I worked until 1961, when I turned 28 years old and decided to found Profarma: a small company with 12 employees, which like many other businesses underwent hardships due to the sector's fierce competition, also the economic crisis in the country at that time.

Throughout our journey, we managed to win distribution agreements with large domestic and multinational companies. A professional structure emerged from a family business, with an advanced technology and nearly 7 thousand employees highly willing to change and continuously pursuing excellence.

Our geographic expansion has been sustained. Recently, we inaugurated our second Distribution Center in the city of São Paulo and another in Recife, thus, consolidating our expansion project. Currently, we serve the markets in the South, Southeast, Mid-West and Northeast regions of the country, thanks to our restless way of being.

With Rede d1000, we reinvented ourselves and delivered excellent results in medicine retail services. Today, our chain already surpasses 200 stores which serve on average, more than 2 million consumers/month in the states of Rio de Janeiro, Mato Grosso and in the Federal District.

Our Company's business continuity is due to our perseverance, we are focused on growth and governed by unrestricted ethics guidelines and responsible conduct, assumptions present in our Company for the past 61 years. We also believe that only companies practicing social and environmental sustainability, committed to diversity and inclusion, in the future will stand out in the sector in which we operate.

Despite my age, I still work and I am fully convinced of what we are, what we do, and what we still plan to do. We will continue dreaming big.

2021 highlights

HISTORY

60-year anniversary
of Grupo Profarma

PEOPLE

6,827
Professionals distributed in 17 regions of the country

BUSINESS

R$7.4 bi
gross revenue

Profarma Distribuição (Distribution) reaches
50% higher income

+1.5 point market share
for Profarma Distribuição

28 million
units are traded by Distribution Centers

STRUCTURE

13th
Distribution Center inaugurated with 11 thousand m² area, in the Federal District

Structure composed of 214 retail stores

30 new stores inaugurated within one year, a milestone for the Group

42 thousand
customers in Distribution Centers

More than
2 million
consumers, per month, served at the own network

2021 highlights

ENVIRONMENTAL

Reduction of
2.35 tons /month
of cardboard and
2.3 tons
of styrofoam/month

8.8 million
reused boxes,
corresponding to
preservation of
15 thousand trees

SOCIAL

15 years
of Profarma Institute

59 institutions
assisted

33 thousand items
of personal hygiene and
+19 thousand dietary
supplements donated

100 tons
of food donated for nearly 9
thousand households through
the 'Gesto que Alimenta'
(Attitude that Nurtures) project
of Profarma Institute and
Abrinq Foundation

More than
100 thousand
people affected by social
initiatives promoted by
Profarma Institute

unicef

Grupo Profarma
is recognized as
exclusive and strategic
partner

FUNDAÇÃO ABRINQ RECONHECE EMPRESA AMIGA DA CRIANÇA

Child Friendly Company:
Abrinq Recognition
of the Group

History that inspires – Essence

MISSION STATEMENT

HOW DO WE EXPRESS OUR **ESSENCE?**

EVERY DAY, WE ADVANCE WITH ENTHUSIASM AND ENERGY TO **GROW, WIN AND GET RIGHT.**
WE ARE RESTLESS IN THE PURSUIT **OF EFFICIENCY AND EXCELLENCE.**
DISQUIETUDE **IS THE ENERGY THAT MOVES US.**
WE FACE OUR CHALLENGES WITHOUT FEAR, WITH PRAGMATISM, AND **FOCUS ON SOLUTIONS.**
WE ACT TOGETHER, WE LEARN FROM MISTAKES AND **WE QUICKLY ADAPT TO CHANGES.**
WE CHANGE, WE BREAK PARADIGMS, AND THEN, **WE CHANGE AGAIN!**
HERE, WE BRING **PEOPLE WHO DELIVER SOLID RESULTS.**

WE VALUE THE TRUTH, COMPETENCE, EMPATHY, DIVERSITY, **AND CARE FOR PEOPLE.**
WE ARE ETHICAL, PROFESSIONAL AND PROUD, PROUD OF OUR CONTRIBUTION TO HEALTH AND SOCIETY.
WE UNDERTAKE A TRUTHFUL COMMITMENT TO OUR EMPLOYEES, PARTNERS, AND CUSTOMERS' DEVELOPMENT.
WE KNOW WE ARE CAPABLE; WE WANT MORE.
WE ARE **GRUPO PROFARMA!**

Want to learn more? **CLICK HERE.**

Profile

It all began in 1961, with Profarma Distribuidora de Produtos Farmacêuticos, based in the city of Rio de Janeiro. Over the next decades, business evolved, the Company's activities were diversified in the pharmaceutical retail through Rede d1000, composed of brands Drogasmil, Farmalife, Drogarias Tamoio and Drogaria Rosário. With a new positioning in the market, the Company became Grupo Profarma, operating in the Northeast, Mid-West, Southeast and South regions of the country with stores and distribution centers, aiming at connecting its growth to ESG criteria. **GRI 102-1, 102-2, 102-3, 102-4,102-5**

Considered as one of Brazil's leading health sector companies, Profarma operates in:

- **Distribution:** the Company's core business, with 13 distribution centers and reaching 87% of Brazil's pharmaceutical product consumer market;
- **Retail:** platform composed of acquisition of four solid regional brands, including more than 214 stores. **GRI 102-6, 102-7**

The Group's activities comprise from negotiation, distribution of medicines, hygiene and beauty products for 42.5 thousand Brazilian drugstores, to direct relationship with consumers on stores counters.

Operating within such wide spectrum, our concern with services (whether in-person or online) and our desire to achieve the best customer relationship drove the Group to be recognized and admired for offering the best experience of access to health and well-being.

CONTINUOUSLY REASSESS **THE ORGANIZATIONAL CULTURE,** as the Group believes that every day emerges a better version of ourselves

GOAL GRI 102-16

WHY WE DO

WHAT WE DO?

Deliver health.

Deliver the best of health is our passion

for society, our employees, partners, shareholders, customers, consumers and industry as a whole.

OUR PROMISE ALONG WITH OUR **PARTNER CUSTOMERS**

MISSION

Expand and diversify our participation in the health ecosystem.

WHERE WE WANT TO BE **AND HOW** WE WANT TO BE SEEN

VISION

Be recognized and admired as the best experience in the access to health and well-being, with inclusive, sustainable, and socially engaged performance.

VALUES THAT GUIDE OUR ATTITUDE.

We act with truth and fairness.
We are honest and transparent.

We strive for nature.
We break paradigms with boldness and innovation

We focus on partner and customer satisfaction.
Business partners' and customers' best experience is our goal.

We appreciate who makes the difference.
We recognize our talents.

We are restless in the pursuit of excellence.
We seek continuous improvement.

TIMELINE

GET TO KNOW KEY EVENTS OF **GRUPO PROFARMA'S 60-YEAR HISTORY:**

1961
Profarma is founded, **a small company** in Rio de Janeiro.

1970
Activities and headquarters are expanded with **solid growth** in the number of customers.

1997
Automation is is implemented to separate products in the distribution center, in Rio de Janeiro.

1999
Strategic acquisition of KF Distribuidora, a pharmaceutical product wholesale distribution company in São Paulo.

2004
Operations start in the Northeast region of the country, from the inauguration of the distribution center (DC), in Salvador (BA).

2006
IPO (Initial Public Offering) of Profarma Distribuição, raising R$348,750,000.00.
Profarma Institute is created, with a focus on assistance to socially vulnerable children and adolescents.

2007
Inauguration of two DCs in the Northeast region (Pernambuco and Ceará).
Distribution company Dimper, RS is acquired, completing the Company's presence in 10 Brazilian states with 11 DCs.

2011

60% stake in Prodiet Farmacêutica is acquired, a hospital medicine distribution company, in Paraná, to bolster the specialties area.

2013

Entry into pharmaceutical retail with acquisitions of Drogasmil, Farmalife and Tamoio chains, in Rio de Janeiro. Remainder 40% stake in Prodiet Farmacêutica is acquired.

2014

Strategic partnership with AmerisourceBergen, one of the world's leading pharmaceutical services and product suppliers.

2016

Rede d1000 is is stablished, consolidating Grupo Profarma's retail division. Retail segment is strengthen with the acquisition of Drogaria Rosário (relevant brand in the Mid-West region).

2017

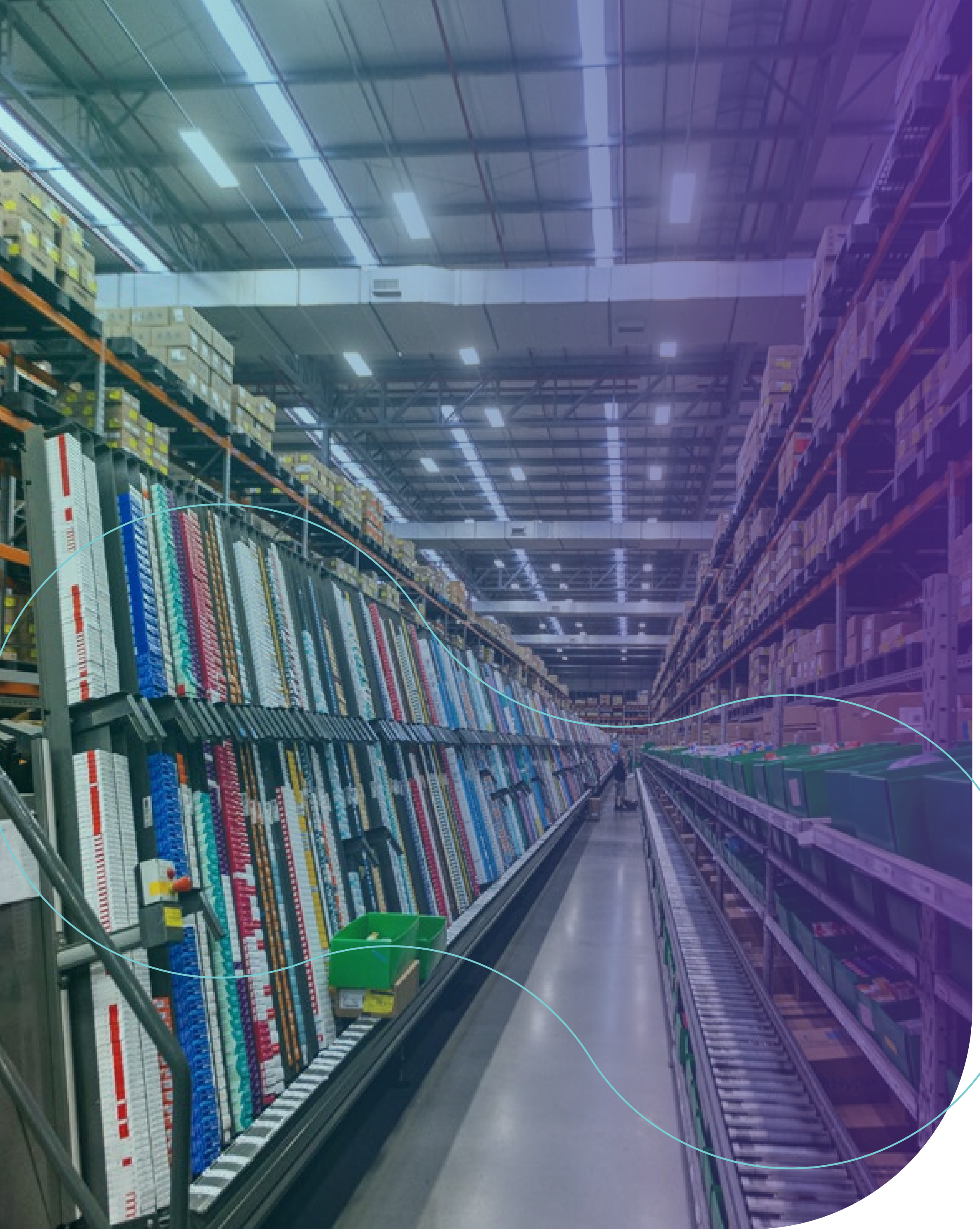
New DC is opened in RJ, increasing storage capacity to 25,000m².

2020

Rede d1000's IPO, **raising R$400 million** and allowing Profarma to be a part of a selected group of Brazilian companies with more than one publicly-held corporation.

2021

GRUPO PROFARMA CELEBRATES ITS 60-YEAR ANNIVERSARY, 15 YEARS OF PROFARMA INSTITUTE AND IPO OF PROFARMA DISTRIBUIÇÃO.



Areas of activity

1 Distribution

Profarma Distribuição (Distribution) provides pharmaceutical, hygiene and beauty products logistics services, and it is considered Brazil's second largest company in this segment. It relies on +3,500 employees in 13 distribution centers: Alagoas, Bahia, Federal District, Espírito Santo, Goiás, Minas Gerais, Paraíba, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul and São Paulo.

PROFARMA DISTRIBUIÇÃO

- **More than 300 partner** suppliers
- **More than 16 thousand** items in *the* product mix
- **More than 43 thousand** drugstores are supplied/month
- **4,500 cities** served
- **28 million** units sold/month
- **More than 36 thousand** phone calls received/month
- **More than 1.8 million** accesses via Electronic Order/month

- **214 stores**
- **Presence in Rio de Janeiro**, Federal District, Mato Grosso and Tocantins
- **Among the top 10** of Brazil's pharmaceutical retail chain
- **Pharmaceutical** Retail Top of Mind in the **Mid-West region**
- **5,200 employees**
- **More than 2 million** consumers/month

2. Retail

Rede d1000 is composed of pharmaceutical retail brands that complement themselves to serve stakeholders from different social classes. Together, Drogasmil, Farmalife, Drogarias Tamoio and Drogaria Rosário have more than 200 stores located in the states of Rio de Janeiro, Federal District, Mato Grosso and Tocantins, serving nearly 2 million consumers/month.

Rede d1000 sells private-label brands, such as Bem Básico (wellness-related products); GoNutri (line of supplements and nutraceu-ticals); Nº21 (personal hygiene, beauty and cosmetics) and Polimix (*healthcare* mix). Check key retail highlights (on the left).

Where we are GRI 102-4

Grupo Profarma is present in Brazil's Northeast, Mid-West, Southeast and South regions, with 214 stores of Rede d1000, 13 distribution centers, and serving 4,500 cities.

GRUPO PROFARMA

We pursue to increasingly evolve sustainable consumption and production, in line with **SDG 12**

Want to learn more? **CLICK HERE.**

Sustainability journey

GRI 102-21, 102-40, 102-42, 102-43, 102-44, 102-46

The Company seeks to responsibly use its resources across all operational phases. Grupo Profarma understands that the business-applied sustainable development is a way of ensuring a positive environmental impact through the conscientious use of resources.

In this regard, our first materiality matrix was built in 2021, defining the material topics for the Company and considering the vision of key *stakeholders*. This is a relevant instrument to understand how stakeholders perceive the Group's impacts and management prioritizing issues to be discussed by leadership and announced to society through public documents, such as this report.

The process envisaged analysis of in-house and sector documents; benchmarking *studies* with companies which are reference in terms of sustainability; interview with *the Company's* Board; and external consultations with investors, customers and specialists.

An online survey *was applied* along with employees, B2B and B2C customers, investors, suppliers/service providers, market analysts, media relations and NGOs.

In 2021, Grupo Profarma defined its first materiality matrix, after a broad consultation with its stakeholders.

THE MATERIALITY STUDY INVOLVED THE FOLLOWING PHASES:

Identification
mapping of stakeholders and impacts of the organization;

Prioritization
survey of stakeholders' perception;

Analysis
of results evaluation and development of materiality matrix;

Validation
approval with leaders and presentation of risks and opportunities.

Material topics GRI 102-47, 103-1

The materiality study identified seven material topics relating to environmental, social and governance aspects, reported on the following page, which now guide the Company and its ESG criteria-related actions.

The material topics were co-related with the Sustainable Development Goals (SDG), the global agenda adopted in 2015 by member countries of the United Nations (UN). The Company identified that the management of these seven material topics contributed to the following SDGs: 3, 5, 8, 9, 10, 12 and 16.

List of material topics[1] GRI 103-1

ESG PILLAR	MATERIAL TOPIC[1]	DEFINITION	GRI	SDG
Environmental	**1. Non-recyclable waste management**	Promotion of reverse logistics and product end-of-life management, increasing the recycling fee and/or reuse of materials used in operations, sales and stores, construction site waste, packages and post-consumption products. Minimized generation of non-recyclable waste. Guarantee of legal compliance with their final disposal.	301-1, 301-2 301-3, 306-1, 306-2, 306-3, 306-4, 306-5	12 Responsible consumption and production
Social	**2. Human capital management with Inclusion, Equality and Diversity**	Appreciation, training, employees' training, besides talent attraction and engagement mechanisms. Salaries and benefits competitive in the market, assessment mechanisms and promotion of a satisfactory organizational climate. Advancement of diversity, equality and inclusion at the workplace (diversity of gender, race, and accessibility). Improvement of whistleblowing channels and discussion of cases of discrimination.	102-38, 102-39, 401-1, 401-3, 402-1, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1	5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities
	3. Social responsibility	Promotion of development initiatives in neighboring communities, volunteer programs, and social investment projects.	201-1, 203-1, 203-2, 204-1, 413-1, 413-2	10 Reduced inequalities
	4. Customer relationship	Communication channels and customers feedbacks (retail end consumers and drugstores covered by distribution), providing services that offer an agile and efficient support; customer satisfaction and loyalty strategies.	418-1	-
Governance	**5. Innovation**	Processes and technology innovation appropriate environment is consolidated (deployment of Grupo Profarma's Digital Transformation area and creation of the Innovation Laboratory – GPLABi), capable of responding and adapting to changes and new market demands.	Own indicator	3 Good health and well-being; 9 Industry, innovation and infrastructure
	6. Integrity and ethics	Fight against the practice of cartel and corruption; application of corporate code of conduct and compliance with rules, laws and regulations.	205-1, 205-2, 205-3, 206-1, 307-1, 419-1	16 Peace, justice and strong institutions
	7. Risk & crisis management, traceability, health and operational safety	Prevention and preparation against risks and crises through a structured *recall* management, emergency plans and processes internal control area. Guarantee of safe storage conditions to maintain the quality of products, medicines and other. Guarantee of a safe workplace that provides health and well-being to employees involved in distribution processes (safe transportation and in distribution centers), retail and administrative areas.	102-8, 102-11, 403-9, 403-10, 414-1, 414-2	8 Decent work and economic growth

[1] *Topics 1, 3 and 5 exercise impacts within and outside Grupo Profarma. Others have impact only within the Company.*

Governance Pillar

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

MATERIAL TOPICS

Integrity and ethics
Innovation
Risk & crisis management

Corporate governance GRI 102-18

Attentive to an ongoing evolution, Grupo Profarma converted the Social Responsibility Executive Board into the ESG Executive Board, as it understands that the social, environmental and governance criteria are intrinsic to its business model. Therefore, the Company seeks to develop good practices and a governance that prioritizes investment in people, innovation, transparency, technology and sustainability.

The Group's proposal is to participate in the construction of a legacy it desires to perpetuate for current and future generations, meeting the society's demands for a more sustainable world, stakeholders' *expectations*, adding value to businesses and long-lasting strategies.

The adhesion to the best market practices reflects the Company's governance performance guided by transparency. The Company's shares are traded on the Novo Mercado segment– the highest and differentiated corporate governance level of B3, the Brazilian stock exchange, based in the city of São Paulo.

To conduct assertive initiatives, the Company grounds on dissemination of a culture of ethics as a tool to visualize the best practices, essential for market competitiveness and sustainability in the long run.

PFRM
B3 LISTED NM

DMVF
B3 LISTED NM

Planning and execution

Our governance structure is composed of two Boards of Directors (Profarma Distribuição and Rede d1000); a Board of Executive Officers and an Audit Committee (the only which is statutory); a Fiscal Council for PRFM and four committees set up to support the Group in the monitoring of relevant governance topics. Namely: Ethics Committee, People Committee, ESG Committee and Diversity & Inclusion Committee.

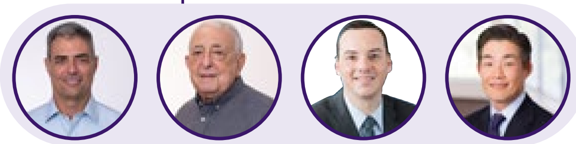
The Group relies on two Boards of Directors from retail and distribution segments.

Profarma Distribuição's Board of Directors

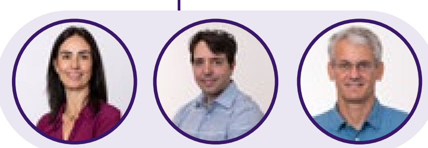
Chairman
Marcel Sapir

Vice chairman
Sammy Birmarcker

Board members
Armando Sereno
Manoel Birmarcker
Rafael Teixeira
Sun Park



Independent board members
Ana Marta Horta Velos
Bernardo de Barros Franco
Carlos Gros

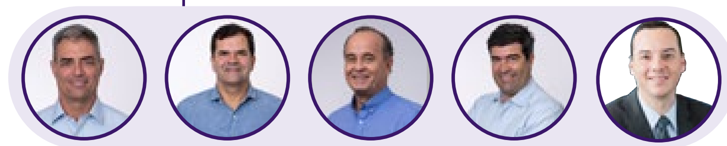


Rede d1000's Board of Directors

Chairman
Fernando Perrone

Vice chairman
Sammy Birmarcker

Board members
Armando Sereno
Fernando Gameleira
Max Fischer
Ricardo Bomeny
Rafael Teixeira



Board of Directors

The Board of Directors is liable for setting out business overall policies and guidelines, long-term strategy, control and inspection. Its duty also includes to oversee the Company's officers management. The governance body is composed of up to nine members, elected at the Shareholders Meeting (PFRM). Pursuant to Novo Mercado rules, at least, 20% of Board members are independent. The Board holds monthly meetings or whenever called by its Chairman or Vice Chairman.
GRI 102-24

Board of Executive Officers

In compliance with Bylaws, the Board of Executive Officers is composed of, at least, two and at most, five members, with a three-year combined term of office, and re-election is allowed. The Board of Executive Officers is liable for managing business in general.

Fiscal Council

With one-year term of office, the three Fiscal Council members are in charge of monitoring the Management's activities, render opinion on the Company's financial statements and report its conclusions to shareholders.

Audit Committee

The Audit Committee advises the Board of Directors in the assessment and monitoring of independent audit services, the quality of accounting information (including the elaboration of accounting and financial reports), internal audit activities and the Company's control area, as well as the risk exposure management. This Committee's scope also includes the monitoring of integrity/compliance systems (*the*) Group's compliance.

People Committee

The People Committee offers subsidies for the Board of Directors to make decisions on Culture, People and Management strategy, rules and policies. This Committee assists in the organizational development, recruiting policies, talent attraction and retention, as well as it advises and renders opinion on succession, performance evaluation and people planning.

ESG Committee

The ESG Committee supports and monitors the adoption of ESG practices, so that the Company consolidates environmental, social and governance criteria into its strategy.

Ethics Committee

The Ethics Committee ensures the respect for the Company's principles, and ethical values. It advises the *Compliance* area to assess infringement of rules, values and principles contained in our Code of Ethical Conduct.

Diversity & Inclusion Committee

The Diversity & Inclusion Committee is liable for developing and executing this topic-related initiatives, reiterating the relevance of representatives acting as speakers to propose new ideas and assess the measures taken.

Want to learn more?
Profarma Distribuição >CLICK HERE.
Rede d1000>CLICK HERE.

Organizational Structure

SAMMY BIRMARCKER
GRUPO PROFARMA's CEO

BOARD OF DIRECTORS
PROFARMA

BOARD OF DIRECTORS
Rede d1000

MAX FISCHER
CHIEF FINANCIAL AND IR OFFICER

CRISTIANO SILVA
COMPLIANCE*OFFICER*

DAVID CASTRO
CORPORATE VP

LUIZ MEIGA
IT OFFICER

RAFAEL HERZOG
LEGAL AND CSC OFFICER

LILIAN KAC
CGG OFFICER

DANIEL UDERMAN
DIGITAL TRANSFORMATION OFFICER

DEBORAH BIRMARCKER
ESG OFFICER

ADRIANO PRADO
CHIEF DISTRIBUTION OFFICER

LUIZ NEVES
CHIEF OPERATIONS OFFICER

MARCOS BAETA
CHIEF PROCUREMENT OFFICER

ADILSON MONTANEIRA
NEW BUSINESS OFFICER

ANDRÉ DURÃO
SUPPLY
Controller

DIOGO FRANÇA
PLANNING
Controller

PASCHOAL SIMÕES
MARKETING
Controller

SANDRO SILVA / GIOAVANI CORREA
WORKS & MAINTENANCE
Controller

MARCELO CARDOSO
CHIEF RETAIL OFFICER

RITA CARVALHO
CFO & IRO

ANA CANDIDA FONSECA
MARKETING *OFFICER*

DANIEL CIRINO
SELL OUT & PRICING
OFFICER

FELIPPE MATOS
SUPPLY
Controller

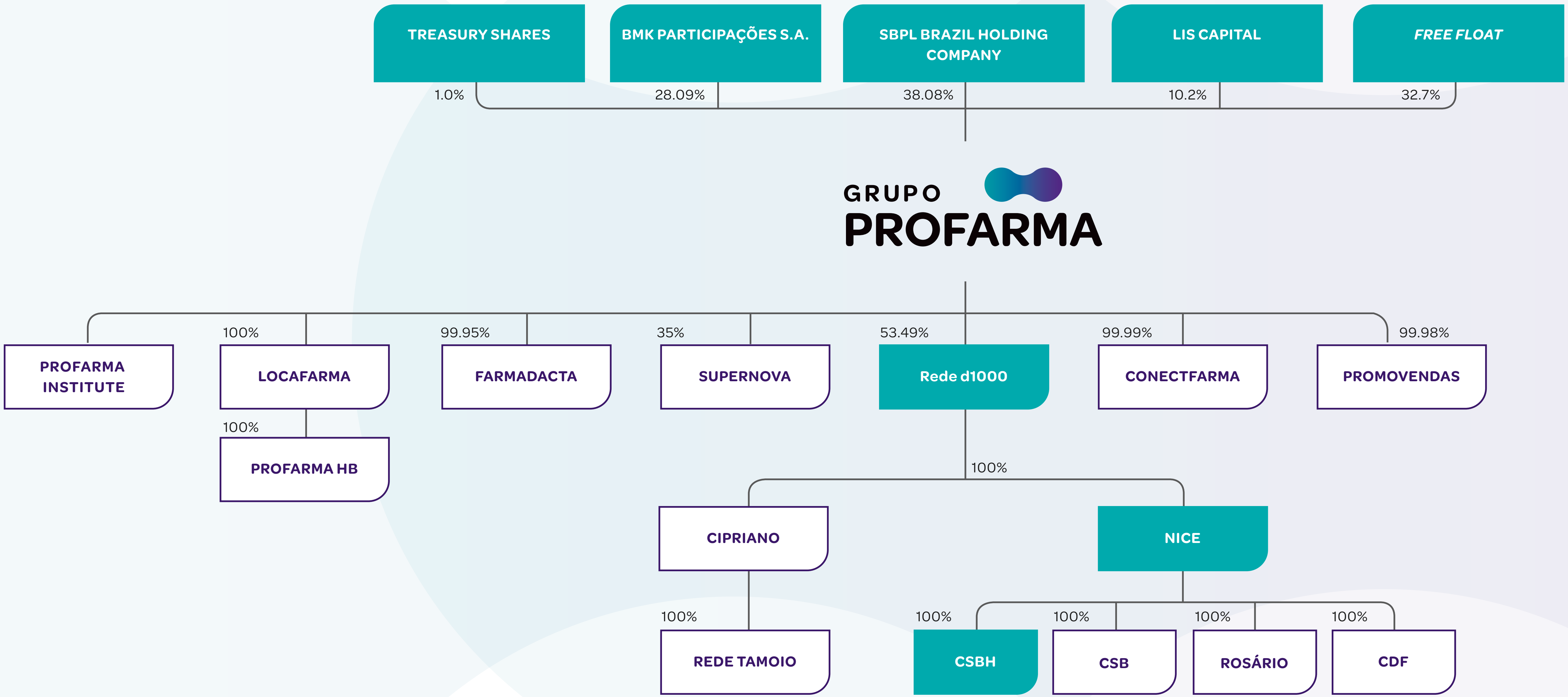
LIVIO BARBOSA
CHIEF OPERATIONS OFFICER

MARCOS OLIVEIRA
WORKS & MAINTENANCE CONTROLLER

VIVIANE FRAGA
OPERATIONS
Controller

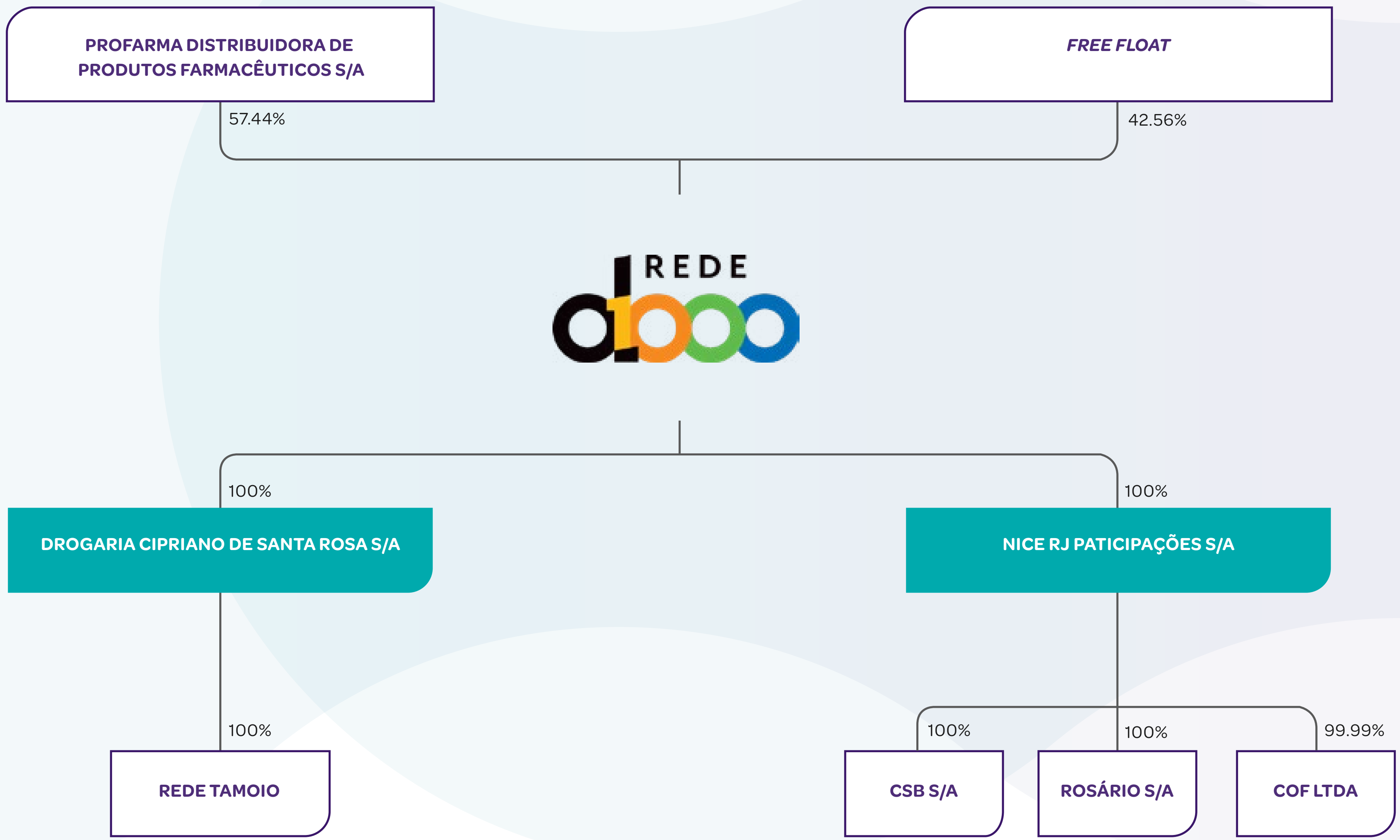
- Group
- Distribution
- Retail

Ownership structure



Non-operational holding

Ownership structure



Risk management
GRI 102-11

Risk management is treated as a tool that bolsters corporate governance structure, enhancing levels of transparency and protecting the Company's reputation and businesses. This management allows detecting business exposure factors, mitigate them and seize opportunities to improve corporate practices, policies and strategies.

Among various risk management-related activities, our policy that engages strategic suppliers and services providers who are submitted to previous *due diligence* stands out, under which reputation and integrity-related aspects, as well as those inherent to financial risks (such as, for instance, the capital structure) are previously assessed before materializing business.

Another relevant initiative refers to the review of corporate risk management process started in December 2021 and underway in 2022, approaching key strategic risks.

The risk management approach maintains interfaces with *compliance,* internal controls and internal audit, aiming at joining efforts to early identify risks and for effective management.

In 2021, Profarma started reviewing its corporate ***RISK MANAGEMENT*** processes

Ethics & transparency

GRI 102-16, 103-2, 103-3 |205|206|419

Transparency, integrity practices, respect for laws and regulations, and stakeholders *relations,* are conducted at the Company for dissemination of an ethical culture. To cross-section these values, Grupo Profarma relies on practices that raise teams' awareness about the risks related to the topic, reinforcing fairness and truth as value and reiterating the behavior standard expected from employees and business partners.

In this regard, the Company promotes several initiatives, such as training sessions, communication plans, monitoring of adhesion to the policies, assistance to employees with doubts about in-house rules and guidelines, among other aspects.

The Code of Ethical Conduct outlines the behavior rules adopted, clarifying the commitment required with the Group's ethical standards. Upon admission, all employees and members of the governance bodies shall sign a commitment statement, undertaking to observe the Code's guidelines.

The Company has four in-house, exclusive and conditional channels to receive reports of potential infringements to the Company's policies or laws of the country for all *stakeholders*. Whistleblowing received can be anonymous, these are maintained under confidentiality and assessed with monitoring of Audit and *Compliance* Executive Board and Ethics Committee. Each case is treated impartially and individually. The case is concluded through feedback to those involved.

The audit plan comprises inspections in a wide array of the Group's macro-processes (accounting, financial logistics operation, purchase of benefits, returns, etc.) aiming at identifying, mitigating and addressing the appropriate measures if cases of corruption and bribery are confirmed. Also, since 2019, payment transactions have been periodically monitored, as well as the observance of relevant internal rules and procedures. Since process inception, no practices of corruption were evidenced. All officers are warned about opportunities to improve the compliance with in-house procedures.

Complaint mechanisms GRI 103-2

COMPLAINTS	2020	2021
No. of complaints identified through mechanism	110	156
No. of complaints addressed	110	156
No. of complaints solved	88	136[1]
No. of complaints registered before period covered by report solved during such period	6	22

1. In 2021, 20 complaints analyzed were under phase of conclusion. The increase in the number of reports between 2020 and 2021 is due to greater dissemination of whistleblowing channels.

OUR CHANNELS

Contact CEO:
falecomopresidente@profarma.com.br

Contact Audit:
canal.auditoria@profarma.com.br

Contact Ethics Commitee:
comite.etica@profarma.com.br

Whistleblowing Hotline: *0800 024 3000*

CONDUCT STANDARDS

The journey towards excellence only will be achieved by adopting behavior standards at the organization compliant with ethics and transparency. For this reason, Grupo Profarma reinforces integrity as value along with its employees, partners and communities in which it operates. Pursuing the improvement of these practices, the Code of Ethical Conduct and in-house rules support the organization in the promotion of behavior standards, such as the Anti-corruption Policy. Other tools were also implemented, such as the *Compliance Program*, *the Due Diligence* Program to engage suppliers, internal processes audit, payment transaction periodic monitoring, among others.

In 2021, 100% of operations were submitted to corruption risk assessment (the most significant are undue payment and donations, deceptive contracts) and neither case has been confirmed, nor lawsuits related to the topic involving the Company. **GRI 205-1, 205-3**

The Code of Ethical Conduct also determines to be unacceptable negotiating with customers, partners, suppliers, services providers, competitors and employees offering or accepting undue advantage, insider information or any other business practice to characterize unfair competition. This topic is monitored by means of whistleblowing channels and assessed, in case of any incident, by the Company's Ethics Committee. The goal is to ensure 100% compliance with antitrust actions. **GRI 103-2, 103-3 |206 | 419**

We have four pending lawsuits referring to fines ruled by the Brazilian Antitrust Authority (Cade), concerning supposed practice of cartel occurred in 1997 (drugstores alliance to sell at a cheaper price, a conduct beneficial to the consumer). These facts occurred at the time Drogaria Rosário, today one of the Group's retail companies, was managed by former owners. **GRI 206-1**

Information Security

GRI 103-2, 103-3 |418 |419

The Code of Ethical Conduct directs the adoption of stakeholders' *data privacy policies*, besides using, as reference, the General Data Protection Law (LGPD) No. 13.709/2018, to ensure the compliance with rules that protect individual and/or business data.

Complaints connected with breaches of customer privacy and loss of customer data received via e-mail **lgpd@profarma.com.br** are monitored, as well as there is a person in charge of protecting data (DPO) at the Company, as required by laws. Since 2018, neither breaches of customer privacy nor loss of customer data has been registered, as technology has been continuously evolving to protect the Group's information. **GRI 418-1**

Financial performance GRI 103-2, 103-3 |201

The Group's very positive results were reflected in key financial ratios of 2021. Figures are a result of a solid strategic planning and dedication of a team focused on the plan's execution and achievement of objectives.

It is worth noting that, for the second consecutive year, Grupo Profarma hit a record net income, sustaining the operational profitability of 2020. Financial leverage stood at 1.4x in relation to Ebitda, after investments made to expand the distribution center in the city of Rio de Janeiro and the inauguration of a distribution center in the Federal District, as well as the opening of 30 stores and 12 retrofits (or expansions) at Rede d1000.

With an increase in the number of customers served, especially in the independent drugstores sector, Profarma Distribuição reached gross revenues of R$7.1 billion, significantly growing 18.1% from 2020. Rede d1000, also sustained an upward performance, with a gradual softening of lockdown restrictions, improving current stores' performance, and the execution of the expansion plan. At the end 2021, Rede d1000 recorded 214 stores, 30 of them were inaugurated during the year.

In 2022 and coming years, the Group expects to create jobs and contribute to the country's economic development, especially in the regions where most relevant investments were made during 2021.

The Company invested R$5.6 million to expand the distribution center in the city of Rio de Janeiro and inaugurated another DC, with investments of R$18.5 million in the Federal District. Rede d1000's expansion plan relied on investments of R$56.4 million to open, renovate and expand stores. GRI 203-1

The Group's strategic planning was updated in 2021, setting out new economic targets especially concerned with diversification of operations in the health sector. In addition, the Company's key investment initiatives included IT infrastructure and digital transformation projects; customers services development; increased operational capacity with new DCs; expansion of area of activity and sales force; opening and expansion of retail stores; investment in private label and development of the Generics category.

GRUPO PROFARMA HIGHLIGHTS 2020 X 2021

GROSS REVENUE
GREW 17.2%
to R$7.4 billion.

GROSS PROFIT OF
R$907.6 MILLION,
18.9% higher than in 2020.

EBITDA TOTALED
R$256.6 MILLION,
15.3% higher than in 2020, with a margin of 4.0%.

NET INCOME OF
R$78.2 MILLION,
49.4% higher than the R$52.3 million recorded in 2020.

PAYMENT OF INTEREST
on equity totaling
R$33.2 MILLION.

Direct economic value generated and distributed

GRI 201-1

The economic performance is monitored by the Board of Directors, Fiscal Council and Audit Committee, based on quarterly and annual income statements which are approved by both Boards, also submitted to the Brazilian Securities and Exchange Commission (CVM).

78.2 million net income in 2021, an all-time record

VALUE-ADDED STATEMENT (FOR THE PERIOD ENDED ON DECEMBER 31, 2021)	CONSOLIDATED (R$ THOUSAND)
Revenues	7,295,866
Sales of goods, products and services	7,308,125
Other Revenues	-
Allowance for doubtful accounts - Reversal / (Recording)	(12,259)
Inputs acquired from third parties	5,766,104
Cost of goods and services sold	5,505,628
Supplies, energy, outsourced services, and other	260,476
Gross value-added	1,529,762
Depreciation and amortization	125,882
Net value-added produced by entity	1,403,880
Value-added received in transfer	35,823
Equity income	5,976
Financial income	16,831
Other	13,016
Total value-added to distribute	1,439,703

VALUE-ADDED DISTRIBUTED	CONSOLIDATED (R$ THOUSAND)
Personnel and charges:	
Direct compensation	288,923
Benefits	51,937
FGTS (WORKERS' SEVERANCE INDEMNITY FUND)	21,687
Taxes, fees and contributions:	
Federal	115,305
State	818,237
Municipal	19,880
Debt capital remuneration:	
Interest rates	50,373
Rentals	(4,831)
Retained earnings	79,113
Non-controlling Interest in retained earnings	(921)
Value-added distributed	1,439,703

Digital Transformation and Innovation at Grupo Profarma

Although the Digital Transformation and Innovation area has been recently created, this topic has been an integral part of Grupo Profarma's essence and culture for long years. The Company's Mission Statement reinforces this fact. The Digital Transformation and Innovation area serves Rede d1000, Profarma Distribuição.

To avoid this topic to become a trendy word, Grupo Profarma's assumption is to ensure that innovation is connected with each company's business strategy. That is to say, any and all innovation/transformation project becomes a lever to approach the Organization of goals idealized in the strategic planning.

In 2021, overall, Digital Transformation and Innovation was focused on three great pillars:

1. IMPROVE CUSTOMER EXPERIENCE

2. OFFER OPERATIONAL AGILITY

3. REINFORCE A CULTURE OF INNOVATION

Concerning digital channels, Rede d1000's greatest challenge is to think of ways to increasingly approach retail business, under the *omnichannel* concept. For Grupo Profarma, this is not a simple initiative, but a structured journey. In 2020, still amid a pandemic, the opening of new digital channels ramped up and a B2C e-commerce platform has been launched. This initiative enabled Rede d1000 to meet customers shopping journey preferences who identified themselves with digital experience.

To enhance usability and scaling, in 2021, the Company migrated the hand-made e-commerce to a more solid market platform (Vtex), ensuring a smoother experience for users of four Rede d1000's brands. Besides opening and improving new sales online channels, the Company has been investing in CRM to customize customers shopping experience.

Referring to innovation concerned with efficiency, optimization and profitability, Rede d1000 has been investing in large projects, such as (1) review of stores processes; (2) investment in private labels; (3) improvement of stores systems; (4) the opening of new pharmaceutical services at stores, among other initiatives.

Concerning Profarma Distribuição (Distribution), a great guiding is the pursuit of total and continued customer engagement (drugstores) through the best experience as possible to be materialized by reducing friction in shopping and post-sale relations, offering varied services channels and new services solutions. To approach Distribution of these purposes, investments were made in large projects, such as the implementation of an end-to-end CRM with a market leader platform (Salesforce); a demand estimate solution; the use of AI to manage orders; the launch of an app for customers and the launch of private labels for Distribution.

It is worth noting the launch of Grupo Profarma's Innovation Laboratory whose main objective is to speed up these large projects planned, seeking new connections with startups to reach for solutions and technologies adherent to the business needs.

Connected with SDG 3 (Good Health and Well-Being), the health-related digital transformation projects were: a) implementation of partner technologies to receive electronic prescriptions at d1000 stores, enabling patients to have access to medicines without printed prescriptions; b) new services and sales channels: implemented during the pandemic, customers could order via d1000 stores WhatsApp. Also shopping possibilities were bolstered through e-commerce and mobile apps; c) implementation of voice app on Alexa (virtual assistant) and Google Assistant: voice application to consult prices and have access to d1000 sales, coupon codes and health tips.

Social Pillar

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

MATERIAL TOPICS

Human capital management, inclusion and diversity
Social responsibility
Occupational health and safety
Customer relationship

Our team

GRI 102-18, 103-2, 103-3 |401|404

The Company prioritizes the human capital development, inclusion and diversity, and understands this as an integral part of corporate social responsibility. Currently, Grupo Profarma has 6,827 employees in the country, who compose a competent team, capable of evidencing all their flexibility and agile adaptation to time and how to work during the pandemic since its onset.

Our organizational culture named 'A Cultura Viva' (Live Culture), is the essence of the Group's behavior and values. In 2021, the Company's mission statement was reviewed, its vision, mission, values and attitudes, taking into account that this culture governs the Company's guidelines and purpose to deliver health.

To support such 'dive' into our corporate culture, an external advisory firm was engaged which recommended a solid action plan of multiple complexities to be implemented as of 2021. The project encompassed a cycle of lectures, career and leadership-related initiatives, Code of Ethical Conduct, diversity and inclusion, new evaluation models, volunteering enhancement, among other aspects.

Grupo Profarma has been increasingly investing in actions capable to incrementing employee relations. The objective is to provide a safe workplace, with respect, equality and professional development opportunities, appreciating who makes the difference and recognizing the talents composing the Company's values.

The Company seeks to provide a safe, **respectful**, **workplace** with **equal opportunities**

The management has the challenge of keeping the team motivated and preparing succession for key positions, initiatives that ensure business continuity. In this regard, the Company prioritizes in-house recruiting through the Oi Grupo Profarma program. As soon as job vacancy is opened, employees, irrespective of area or position, may apply. Applicants undergo entire selection process to fill in the job vacancy, as long as they meet pre-requisites. When job vacancy cannot be filled in through the program, an external recruiting process is opened.

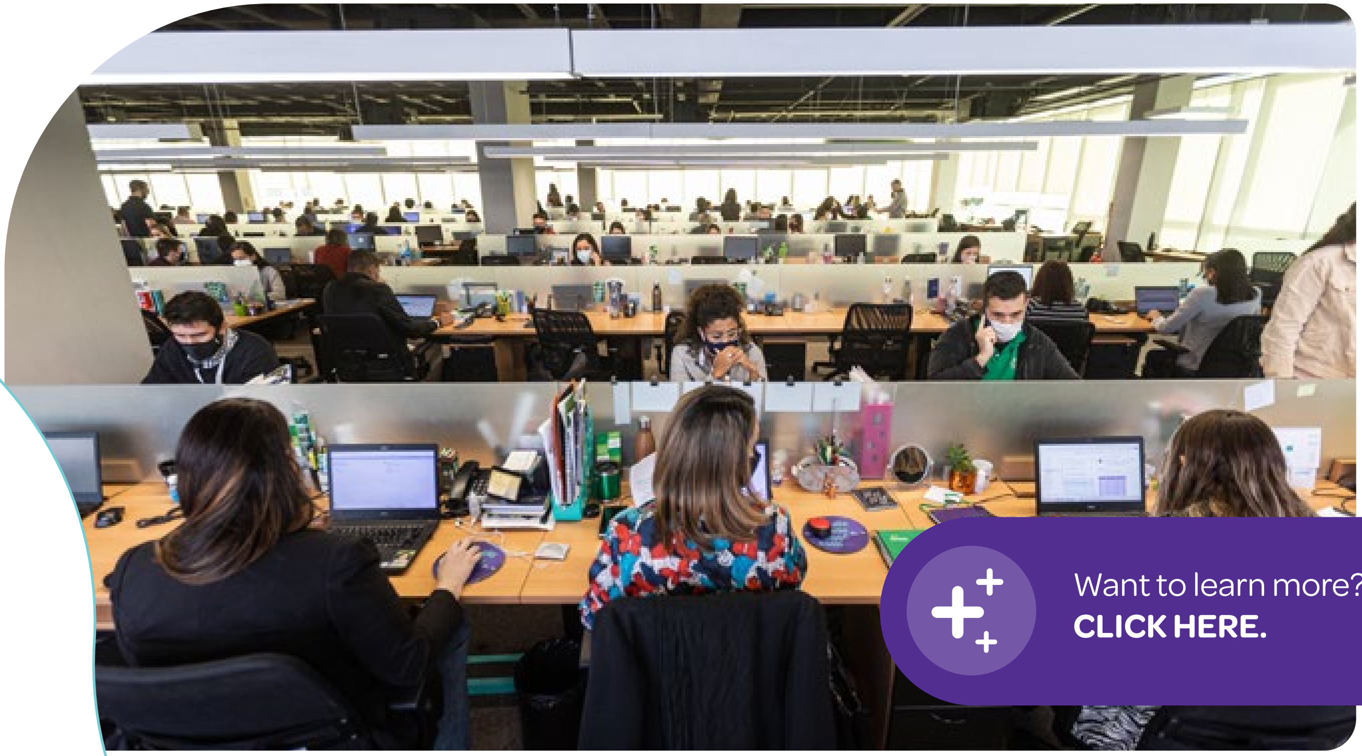
For all that to happen, talents'well-being and management really matters. Therefore, Grupo Profarma set out the following commitments: respect human rights; stimulate the participation in corporate volunteer projects; pursue practices of inclusive and non-discriminatory hiring; hear teams to build environments that provide their training and development; recognize employees' talent and time dedicated to the Company; and promote events relating to personal and professional development.

GRI 103-2, 103-3 | 401

Grupo Profarma has been increasingly investing in initiatives capable of heightening employees relations

Employees by type of employment agreement and gender **GRI 102-8**

TYPE OF AGREEMENT	2021		
	MEN	WOMEN	TOTAL
Permanent	2,875	3,952	6,827
Temporary	0	0	0
Total	2,875	3,952	6,827



Want to learn more?
CLICK HERE.

Employees by type of employment agreement and region[1] GRI 102-8

REGION	2021
	PERMANENT
AL (Alagoas)	53
BA (Bahia)	167
CE (Ceará)	2
DF (Federal District)	1118
ES (Espírito Santo)	128
GO (Goiás)	157
MG (Minas Gerais)	263
MT (Mato Grosso)	74
PB (Paraíba)	44
PE (Pernambuco)	74
PR (Paraná)	183
RJ (Rio de Janeiro)	3902
RN (Rio Grande do Norte)	42
RS (Rio Grande do Sul)	133
SP (São Paulo)	424
TO (Tocantins)	40
SE (Sergipe)	23
TOTAL	6,827

1.All employees work under permanent employment agreement.

The Group prioritizes in-house recruiting, it seeks professionals in the market, if necessary, and mix generations to improve workplace

6,827 employees

Employees by type of employment[1] GRI 102-8

TYPE OF EMPLOYMENT	2021		
	MEN	WOMEN	TOTAL
Full-time employment	2875	3,952	6,827
Part-time employment[1]	77	171	248
TOTAL	**2,952**	**4,123**	**7,075**

1.Part-time employment refers to trainees and apprentices. This group is not classified as the Group's employees, who total 6,827 employees.

Employees by age group GRI 102-8

	2021
Under 30 years old	2,646
Between 30 and 50 years old	3,758
Above 50 years old	423
TOTAL	**6,827**

Employees by employee category[1] GRI 102-8

	2021		
	MEN	WOMEN	TOTAL
Analysts	226	307	533
Coordinators	22	34	56
Board of Executive Officers + Board of Directors	35	10	45
Sales force	241	74	315
Managers	83	42	125
Stores mangers	63	167	230
Operational	1,276	1,441	2,717
Stores operational	689	1,587	2,276
Supervisors	140	60	200
Stores supervisors	100	230	330
TOTAL	**2,875**	**3,952**	**6,827**

1. For analysis purposes, categories were grouped as: Officer (Officers and Controllers); Supervisor (Supervisors and Heads); Analyst (Attorney, Analyst, Buyer, Engineer, Specialist, Pharmacist and Programmer; and Operational (other positions not listed above).

WORKERS	2021		
	MEN	WOMEN	TOTAL
Apprentices	71	160	230
Trainees	6	11	17
Total	77	171	248

NO. OF GOVERNANCE BODIES INDIVIDUALS	2021
Members of governance bodies	20

New hires and employees turnover GRI 401-1

GENDER	2021			
	TOTAL NUMBER	HIRES	DISMISSALS	TURNOVER
Men	2875	1697	1433	54%
Women	3952	1326	1442	35%
Total	6827	3023	2875	43%

Notes: Calculation methodology: [(hired + dismissed)/2]/total headcount

The following categories were considered to compose staff: Apprentice and CLT Employee (employee working under the CLT regulation)
Self-employed workers and trainees were not considered.

REGION	2021			
	TOTAL NUMBER	HIRES	DISMISSALS	TURNOVER
RS (Rio Grande do Sul)	133	72	60	50%
PR (Paraná)	183	102	101	55%
SP (São Paulo)	424	263	215	56%
RJ (Rio de Janeiro)	3902	1420	1398	36%
MG (Minas Gerais)	263	175	144	61%
ES (Espírito Santo)	128	46	30	30%
BA (Bahia)	167	99	96	58%
DF (Federal District)	1118	485	403	40%
GO (Goiás)	157	193	263	145%
MT (Mato Grosso)	74	42	46	59%
TO (Tocantins)	40	11	19	38%
PE (Pernambuco)	74	17	16	22%
PB (Paraíba)	44	20	22	48%
RN (Rio Grande do Norte)	42	34	23	68%
AL (Alagoas)	53	41	36	73%
CE (Ceará)	2	0	0	0%
SE (Sergipe)	23	3	3	13%
Total	6827	3023	2875	43%

Ratio of basic salary and remuneration of women to men-by employee category[1] GRI 405-2

POSITION	2021
Board of Executive Officers + Board of Directors	0.62
Coordinators	0.79
Supervisors	0.99
Sales force	0.98
Managers	0.94
Stores managers	1.01
Stores operational	0.98
Stores supervisors	1.0
Analysts	0.85
Operational	0.98
Apprentices	1.03
Trainees	1.07

1 Distribution and Retail segments were considered. Fixed salary is determined by position pay scale level or salary ruled by Collective Bargaining Agreement. For salaries above regulatory level, amounts are classified into a salary range with 50% scale and positioning between 80% and 120%. The ratio considered the average base salary by employee category and gender. **GRI 405-2**

Ratio between highest paid individual and annual average compensation of all employees GRI 102-38

COMPENSATION[1]	2020	2021
Highest paid compensation	408,907.51	185,812.06
Annual average compensation for all employees	2,915.26	3,131.57
Ratio	0.01	0.02

1 To calculate compensation, amounts received in the year were added (referring to fixed compensation, commissions, rewards, bonuses, overtime, additional length of service, cashier allowance, hazardous, unhealthy work conditions), divided by the effective number of months in which payments were made to employees.

** REMARKS*: Differences refer to the pandemic period.*

Percentage increase in annual total compensation[1] GRI 102-39

	2020		2021	
	COMPENSATION	% INCREASE	COMPENSATION	% INCREASE
Highest paid compensation	408,907.51	Not available	185,812.06	-45.44
Annual total compensation for all employees	2,915.26	Not available	3,131.57	7.41
Ratio	Not available	Not available	0.02	-16.30

1. The highest paid compensation variation is due to payment of bonus, considering the previous year's result. Therefore, bonus result was impacted by pandemic.

Parental leave[1] GRI 401-3

	2021	
	MEN	WOMEN
Employees entitled to leave	2,952	4,123
Employees under leave	5	160
Employees who returned to work, during reporting period, after the end of leave	5	294
Employees who returned to work after leave and remained employed 12 months after returning to work	5	82
Rate of return	100%	100%
Rate of retention	100%	100%

1. Women who returned to work in 2021 (294) were not necessarily under maternity leave in the same year(160). This explains the difference between figures.

Individuals within the organization's governance bodies, by gender (%)
GRI 405-1

MEMBERS OF GOVERNANCE BODIES	2021		
	MEN	WOMEN	TOTAL
	85	15	100

Individuals within the organization's governance bodies, by age group GRI 405-1

	2021			
	UNDER 30 YEARS OLD	BETWEEN 30 AND 50 YEARS OLD	ABOVE 50 YEARS OLD	TOTAL
Members of governance bodies	0	25	75	100

Employees, by employee category and gender (%)
GRI 405-1

	2021		
	MEN	WOMEN	TOTAL
Board of Executive Officers	77,78	22,22	100
Coordinators	39,29	60,71	100
Supervisors	70	30	100
Salesforce	76,51	23,49	100
Managers	66,4	33,6	100
Stores managers	27,39	72,61	100
Stores operational	30,27	69,73	100
Stores supervisors	30,3	69,7	100
Analysts	42,4	57,6	100
Operational	46,96	53,04	100
Total	42,11	57,89	100

Workers, by employee category and gender (%)[1] GRI 405-1

	2021	
	MEN	WOMEN
Apprentices	30,74	69,26
Trainees	35,29	64,71
Total	31,05	68,95

1. 100% of workers are under 30 years old. The percentage in the employee category of professionals above 30 years old is null.

Employees, by employee category and age group (%) GRI 405-1

	2021		
	UNDER 30 YEARS OLD	BETWEEN 30 AND 50 YEARS OLD	ABOVE 50 YEARS OLD
Board of Executive Officers	0	48,89	51,11
Coordinators	5,36	87,5	7,14
Supervisors	18	74,5	7,5
Salesforce	10,16	77,46	12,38
Managers	2,4	85,6	12
Stores managers	10,43	85,22	4,35
Stores supervisors	21,21	72,73	6,06
Analysts	25,14	70,54	4,32
Operational	46,95	47,57	5,49
Total	100	100	100

Workers, by employee category and age group (%)[1] GRI 405-1

	2021
	UNDER 30 YEARS OLD
Apprentices	100
Trainees	100
Total	100

1.The percentage in the employee category of professionals above 30 years old is null.

SUB-REPRESENTED GROUPS EMPLOYEES, BY EMPLOYEE CATEGORY GRI 405-1

It totals 98 PwD employees, under the employee categories: sales force, stores supervisors, analysts, and operational. In 2022, a diversity census will be conducted which will break down in detail other sub-represented groups.

Engagement survey

To get to know employees' expectations, as well as their perceptions relating to the Group's positioning and conduct, in 2020 a global organizational consulting firm was engaged (Korn Ferry), to carry out a qualitative survey, with 63 questions involving 18 factors. 86% of total employees evaluated adhered to the survey and key results (analyzed by people management in 2021) were:

- **89%** believed they contributed to Grupo Profarma's objectives
- **78%** affirmed they work in a Company that respects individual differences (religion, sexual orientation, etc.)
- **83%** believed in the Group's reliable image in the market
- **82%** recognized the Company's social responsibility

Training and education

GRI 103-2, 103-3 |404

The Company offers pathways of learning and training modules designed to meet the needs of each business unit. After analyzing the business units' needs, training plans are formulated, taking into account eligible positions and the sector's characteristics. The Group's Organizational Development, Training and Development areas monitor the advance and adhesion occurs through learning tools, with continued visibility for leaders.

The annual programming includes in-person, online training, video-classes, lectures, rounds of talks and the practice of continued feedback. Monitoring occurs through participation reports, adhesion and training assertiveness.

In 2021, a *solid* e-learning platform was implemented, segmented by public, according to in-house positions diversity. By the way, the Company prioritizes in-house recruiting through its Internal Opportunities (OI) Program, as a way of appreciating in-house professionals. *(read more on page 34)*

The lectures calendar, during the year, discussed current market issues, focusing on team development. External mentorship and *coaching* programs complement the development of leaders selected. For executives dismissed after 20 years, the Company has a six-month career transition program. **GRI 404-2**

Until 2025, we plan to reach **25%** of in-house promotions in hires, in line with SDG 8

LECTURES IN 2021

> Leadership and self-responsibility
> Cognitive flexibility and change management
> Digital transformation, conflict management and complex issues
> The assumptions of an efficient speaker
> Collaborative vision
> LinkedIn Day
> Culture Plan
> GPLABi Launch
> Unconscious biases

CONTENTS DISCUSSED DURING TRAINING

> Leadership Academy
> Business Academy
> Retail Academy
> Operational Excellence Academy

Training indicators GRI 404-1

- Total hours of training: **29,977**
- Average eligible employees: **1,884**
- Average **16 hours** of training by eligible employee
- Public trained in the period: shop attendant, shop assistant, sales clerk, deliverer, pharmacist, pharmaceutical manager, store manager, store counter leader, sales promoter, dermo-cosmetics promoter, sub-manager, pharmaceutical sub-manager.

Training controls are under phase of development at the learning platform. Therefore, it was not possible to breakdown data. Information reported considers hours of training in retail segment. In the next survey cycle, hours of training in the Group will be reported.

People Cycle GRI 404-3

The People Cycle is the performance evaluation process of the Group's employees. Its pillars include:

> Appreciate those who make the difference;

> Continued enhancement of employees' performance;

> Structured and frequent feedback;

> Development and alignment with the organization's strategic objectives.

Those eligible to the program: Vice-Presidents; Officers; Controllers; Managers; Coordinators; Supervisors and Heads. As of 2022, Specialists and Senior Analysts will participate in the performance evaluation. This program also envisages leaders' training, performance evaluation, succession mapping, calibration meeting, *feedback* and elaboration of an Individual Development Plan (PDI).

Employees who receive performance evaluations by employee category (%)[1] - 2021

	MEN	WOMEN	TOTAL
Board of Executive Officers	57.14	40	53.33
Coordinators	86.36	88.24	87.5
Supervisors	74.29	65	71.5
Sales force	0	0	0
Managers	100	88.1	96
Stores managers	1.59	0	0.43
Stores operational	0	0	0
Stores supervisors	0	0	0
Analysts	0	0.98	0.56
Operational	0.08	0	0.04
TOTAL	7.93	2.86	4.99

1. Apprentices and trainees were excluded from data.

Diversity in action

GRI 103-2, 103-3 |405|406

Under the slogan 'Um Novo Olhar para as Diferenças', (A New Look on Differences) the 'Diversidade em Cena' (Diversity in action) Program was created (in line with SDG 10, Reduction of inequalities), supported by an external advisory firm. The objective is to reinforce an increasingly more inclusive culture, providing a workplace that prioritizes psychological safety, talents engagements, innovation, support networks and humanized relations among employees, thus, reaching strategic pillars for Grupo Profarma.

Thus, a process kicked off in the second half of 2021 with a cycle of lectures and workshops, and the Diversity & Inclusion Committee (D&I) started working with base diversity concepts within the Company. In 2022, as from 'Raio X' (X-Ray) survey results: Diversity in action program (applied in the first half), action plans will be outlined to broaden the diversity vision within the Group.

COVID-19 PREVENTION PROTOCOLS

In 2020, the Company adopted various protocols to ensure employees' health and well-being amid the Covid-19 pandemic. Concerning cases confirmed, we defined a leave of at least 21 days for people with disease symptoms; 14-day leave for suspected cases (or at least three days, in case of no symptoms). The return to work of people with confirmed cases occurred after a PCR test with negative results, taken after quarantine and additional three days without new symptoms.

The healthcare plan operator made available an exclusive hotline to guide employees, including services with social workers and psychologists, monitoring along with insurer in cases of fatalities for funeral arrangements and six-month extension of healthcare plan for the employee's spouse and children.

Occupational health and safety

GRI 103-2, 103-3 |403 , 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

As part of our care with employees, the Group adopts occupational health and safety protocols, such as fire fighting training, occupational health and medical control (PCMSO) program and environmental risk prevention program (PPRA). When work permit registration is opened, the phases required to ensure safety in non-routinized services are defined. Preventive measures protect the health of employees and services providers at environments.

Occupational Health and Safety sector policies (SSO) have been developed, considering the updates of current laws (NRs), as well as new in-house policies guidelines (*Compliance*). The Group develops the SESMT project (Specialized Services in Occupational Health and Safety Engineering), which aims at an appropriate structure, besides increasing investments, to satisfactorily serve all its employees.

Among the initiatives we highlight the annual training of emergency fire brigades, the organization of accident prevention internal committees, personal protection equipment management, in-house training sessions, disclosure of safety newsletters through corporate communication vehicles, besides safety discussions which aim at approaching employees concerning risk perception and a culture of safety.

In December 2021, sector's routine computerization process kicked off (inspections, checklists, inventories, action plans, among others). Such action was only possible thanks to acquisition and parametrization of an online checklist system. Most importantly, this action aims the on-time *monitoring* of scenarios found in distribution centers and retail stores.

Risks identified and work-related injuries

In 2021, the SSO sector made available the mapping of processes improvement opportunities, aiming risk mitigation, so that to reduce the number of incidents, and accordingly, the number of accidents.

>**Risks observed:** improper posture, furniture and/or surfaces with squared-edges and burrs, falling objects, cargo manual lifting and transportation, handling of materials, work at height, chemical products, vibrations, electricity and continued noise.

>**Eventual damages to health:** LER/DORT, physical and mental fatigue, vertebral column pathologies, muscle pain, injuries, fractures, irritation in eyes, skin, and respiratory tract, injuries characterized by nerve disorders, bodily injury or functional disorder and deafness.

>**Measures of control:** posture correction in activities performance, adoption of in-house safety procedures, ergonomic furniture, adoption of risk-appropriate PPE, working hours control, risk awareness training during performance of activities.

In 2021, 37 cases of work-related ill health of mandatory communication were registered. No fatalities resulting from work-related ill health was registered in 2021. **GRI 403-10**

WORK-RELATED INJURIES **GRI 403-9**	2021
No. of hours worked	308,255.00
No. of fatalities resulting from work-related injuries	0
No. of work-related injuries with serious outcome (except for fatalities)	5
No. of work-related injuries of mandatory communication	29

HEALTH AND WELL-BEING

The ‘Viva Bem’ (Live Well) program (connected with SDG 2) is concerned with employees’ health and life quality, involving a cross-sectional team, such as social workers, physicians, nurses, nutritionists and psychologists. Psychological treatments are conducted with a partner company and the Group subsidies 40% of costs for employees and dependants.

The ‘Viva Leve’ (Live Light) composes the ‘Viva Bem’ program, which offers different ways of supporting patients with co-morbidities – cardiopathy, diabetes, chronic kidney disorders, etc. – and the ‘Viver Bem Gestantes’ (Expectant Mothers Living Well) program which monitors employees throughout pregnancy. Amid Covid-19 scenario, the program’s actions were extended to relatives. In addition, team’s vaccine calendar was followed up.

Health is Grupo Profarma’s workforce highest good. Thus, the Company is connected with the World Health Organization’s definition (WHO): health is a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity.

Investments in digital innovations have been increasingly approaching Grupo Profarma and its customers, shortening distances during the pandemic

Customer relationship

GRI 103-2, 103-3 |418

For Grupo Profarma, customer experience is key for business. Attentively hear demands, understanding expectations, pursuing efficient and quality solutions are daily duties. Employees are trained and instructed within the Company's culture to promptly act, even during critical situations, and seek quick solutions for each case.

Over the past two years, digital curtailed the distance between products and customers within a pandemic scenario. The Company sought to approach them through investments in digital platform for a quick advancement and gains of scale in e-commerce and delivery, in 2021. A greater share of online sales in the Company's revenue was meaningful, as well as higher *online* traffic volume and apps, viewers/month.

The omnichannel experience development is focused on combining the Company's wide distribution and online sales potential. Customers app has been continuously improved in different items, such as navigation, shopping with less clicks and promotions, among others.

Value chain

GRI 102-9, 102-43, 103-2, 103-3|204 |308|408|409|414

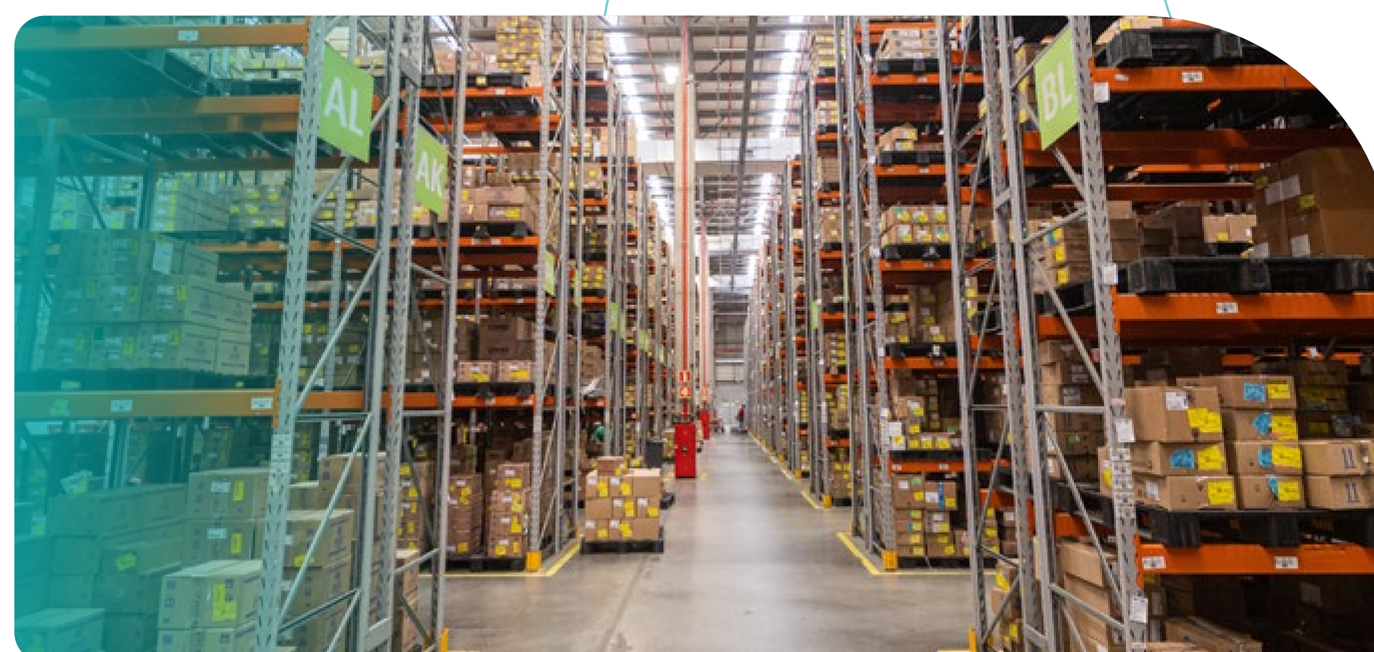
Business development cannot be separated from a responsible relationship with a supply chain. In the 'Top Fornecedores' (Top Suppliers) program, these partners have their performance evaluated according to various criteria. The Company's *compliance* area also conducts a *Due Diligence* for business partners considered strategic.

In 2021, the Group maintained 3 thousand suppliers registered in the country (except for the North region, where the Company does not operate), split into services categories (freight, cleaning, property surveillance, civil works, etc.) and materials (computers, generators, air conditioners, equipment maintenance, among others). Procurement is centralized by Supplies Team, based in Rio de Janeiro's headquarters. The amount of suppliers expenses totaled R$204.37 million, considering total amount of 2021 of indirect purchases made by the supplies department.

Local suppliers are selected through *bids,* and they shall evidence they are qualified to fully provide the scope of services, they have the technical skills to carry out activities and financial health. There is no separation between local and nationwide suppliers. We pursue working with the best market conditions, meeting cost parameters, product quality, customers' health and safety risk prevention, and delivery time.

All agreements contain clauses relating to the observance of Human Rights. Audits are conducted and the Ministry of Labor 'black list' is monitored, which indicates companies connected with child and forced or compulsory labor. There is no information or complaint directly or indirectly relating the Group's partners to the practice of child labor. By the way, in 2021, the Company was recognized as Child Friendly Company and in 2022 will develop along with Abrinq Foundation, actions to fight against child labor in the supply chain.

GRI 408-1, 414-1



Profarma Institute

GRI 102-12, 103-2, 103-3 |203|413, 203-2, 413-1

Grupo Profarma believes that businesses are responsible for building a legacy for current and future generations. Thus, 15 years ago, the Company set up the Profarma Institute, aiming at promoting and coordinating health and assistance initiatives and support to local institutions and local communities, engaged with socially vulnerable children and adolescents development and transformation.

The Institute maintains initiatives in the states the Company operates and in 2021 relied on 128 volunteers, who composed the Goodwill Ambassadors: those employees actively participating in strategies and social actions. Grupo Profarma's history (*learn more in our timeline*) enables the Company to support 59 institutions with works in 16 Brazilian states and different regions of the country (South, Southeast, Mid-West and Northeast).

Contribution deriving from donations collected from Rede d1000's consumers and Profarma Distribuição's customers, added to the Group's institutional support, is fully destined to UNICEF projects, an organization with which the Company has been an exclusive partner in the health sector since 2019. Thus, it is possible to create relevant impacts on Brazil's children and adolescents' lives.

Strategic partnership

In 2021, the Group became UNICEF's strategic partner, whose seal fosters and recognizes actual and positive advances to promote, achieve and ensure children and adolescents rights in semi-arid municipalities and Brazil Legal Amazon. More than R$3.9 million were already contributed to this initiative since the pandemic's onset.

Instituto PROFARMA

The Institute also relies on the support of a few business partners – the 'Parceiros do Bem' (Goodwill Partners) to the benefit of social work, supporting their actions. Since 2020, during the most difficult period of pandemic, 202 tons of food have been donated, also 87 thousand of hygiene items. Such work was conducted with relevant support of 'Parceiros do Bem'.

Also in 2021, in partnership with Coca-Cola Institute and '1 milhão de oportunidades' (1 million opportunities) (a program that trains UNICEF's socially vulnerable adolescents), young apprentices were selected to work at Rede d1000's stores. The Company plans to replicate such model for all distribution centers.

In the same year, the Program won the Child Friendly Company certificate, granted by Abrinq Foundation, a Brazilian entity that defends children and adolescents rights. This recognition reaffirms our commitment to childhood unconditional protection.

For the past 15 years, **Profarma Institute** has been promoting and coordinating health and assistance initiatives

Solidarity as a legacy

Behind Grupo Profarma's origin lies an idea of social value creation and Manoel Birmarcker's legacy, who created Profarma Institute to promote healthcare and children education initiatives, chaired by Mrs. Deborah Birmarcker. The Institute is a private, non-profit entity, based in the city of Rio de Janeiro (RJ).
GRI 102-3, 102-5

A total of 105 thousand people were impacted by the Institute's initiatives in 2021. The entity supports 59 institutions carrying out initiatives in four regions of the country.

The Group's employees are **THE GREATEST PROMOTERS OF THE GOODWILL AMBASSADORS PROGRAM,** that foments solidarity and is one of the Company's pillars. In 2021, they participated in the Solidarity Collective Effort to support NGOs assisted by the institute to enhance children-related projects.

Get to know a few NGOs supported by the Institute

ACAM RJ fibrose cística

Rede AicA

Amigos para SOS

Anjos da Tia Stellinha

Associação Pestalozzi de Maceió

CCDIA

Casa de Apoio à Criança de Contagem

Casa de Apoio à Criança com Câncer São Vicente de Paulo

Casa de Fabiano

Casa do Menor São Miguel Arcanjo Brasil

Casa do Menino Jesus

Gabriela Feliz

Instituto do Câncer Infantil

Instituto Família Criativa do Campo

Instituto refazer

Lar Pérolas de Cristo

Maria de Lourdes

Movimento de Mulheres

NEAC

Nosso Lar

NAPEC

Saúde Criança Ilha

Terra Livre

Projects connected to SDG

Profarma Institute develops various projects (below) related to a few principles of the Sustainable Development Goals. This performance is in line with the Company's ESG mission.

2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	17 PARTNERSHIPS FOR THE GOALS
Ten institutions are continuously assisted, besides the campaign 'Doe Leite Alimenta a Esperança' (Donate Milk It Nurtures Hope).	Donations, in partnership with large brands, dietary supplements, personal hygiene products and others related to well-being.	Support to educational institutions and donation of school kits.	The campaign 'Somar faz a diferença para elas' (Joining efforts make the difference for women) and the 'Seja protagonista da sua história' (Play the leading role of your history) program.	Thecampaign 'Iluminando o Brasil' (Lighting up Brazil), in partnership with association Litros de Luz.	Initiation of socially vulnerable adolescents, in partnership with UNICEF and Coca-Cola Institute.	Campaigns, such as: Play the leading role of your history; Exchange of experiences (rounds of talks with NGOs); Social Accelerator- more menstrual pads, less absences with P&G; Joining efforts makes the difference/ Say yes to me/ One million opportunities (with UNICEF); Adolescents collective pact (in partnership with Coca-Cola Institution).	Collection and donation of plastic caps converted into staple baskets and donation of non-saleable products.	Campaigns, such as: Play the leading role of your history; Exchange of experiences (rounds of talks with NGOs); Social Accelerator- Girl helps another girl (in partnership with P&G); Joining efforts makes the difference/ Say yes to me/ One million opportunities (UNICEF); Adolescents collective pact (in partnership with Coca-Cola Institution).

Main campaigns in 2021

Back-to-school campaign

The Back-to-school campaign targets children assisted by the Institute. Due to pandemic, *chips* for Internet connection were donated to provide access to online *classes*, for 600 children. The Institutions Mundo Novo and Anjos da Tia Stellinha were benefited.

Milk campaign

With slogan 'Doe leite. Alimente a esperança' (Donate Milk It Nurtures Hope), this is one of the Company's employees most traditional initiatives. In partnership with dairy brand Piracanjuba, 2.6 tons of whole powder milk were donated for +20 institutions.

Food safety

Food safety was always one of Profarma Institute's priorities, since its foundation. Due to pandemic and social vulnerability in the country, various food donation and collection campaigns were conducted in 2021. Overall, 153 tons were distributed, directly impacting more than 55 thousand people. One of the 2021 highlights was the initiative 'Gesto que Alimenta' (Attitude that Nurtures), in partnership with Abrinq Foundation. This initiative assisted 54 social organizations that assist nearly 8,600 households in 16 Brazilian states.

Christmas campaign

Since 2016, a corporate volunteering campaign has been mobilizing employees who traditionally donate toys for socially vulnerable children. In 2021, this initiative proposed volunteers to support children and adolescents of IDE Institute (Sports Inclusion and Development) and CACCSVP (Children with Cancer Support Center São Vicente de Paulo) – NGOs assisted by the Institute. In 2021, 163 children were assisted.

20 institutions
were benefited
by milk campaign,
in 2021

Women empowerment

With a focus on socially vulnerable women, the project 'Seja a Protagonista da sua História' (Play the leading role of your history) (connected with SDG 5, gender equality), was a partnership with cosmetics brand N° 21 and Grupo Profarma's Drogasmil. Along with NGO Anjos da Tia Stellinha, the 'Mãe e Muito +' (Mother and much more) methodology was adopted, to train 25 women selected among NGOs assisted by the Institute.

The project aimed at offering women of communities, opportunities and tools for social, financial and emotional empowerment through workshops grounded on four pillars: therapy, education, social integration, welfare and show participants they can be far more than mothers. The objective was to provide possibilities, so that these women leave poverty or extreme poverty and achieve their financial, emotional and social empowerment.

Out of 25 participating women, 60% presented positive results after the course:

- **8** became entrepreneurs, corresponding to 32% of total participants;
- **8** participated in the Group's selection process;
- **2** were reinstated in the labor market;
- **1** overcome panic disorder and socialized again, without attendant;
- **1** initiated a cookery vocational training course;
- **1** was hired as Drogasmil's attendant and remains in the job.

Most of them opened their own business. For 2022, the objective is to select 50 women who will break new grounds and transform their social reality.

Period poverty

In early 2022, an exclusive partnership was signed with P&G and Always to fight against period poverty and its impacts on Brazil's Southeast and Mid-West regions. Two non-governmental organizations will be sponsored to devise projects supporting people with period vulnerability. Each NGO selected will also receive mentorship from P&G's leadership. Grupo Profarma is proud of contributing to creating the first social accelerator with a focus on global period poverty, as it understands this is a sensible issue for many Brazilian women.

INSTITUTE CELEBRATES 15-YEAR ANNIVERSARY

In 2021, Grupo Profarma celebrated its 60 year-anniversary and 15-year anniversary of Profarma Institute, with various special initiatives that complemented campaigns and partnerships already mentioned in this section. Initiatives were carried out in September, month selected to celebrate the date.

Rede d1000 participated in two initiatives. On September 23, the chain's stores celebrated the Unicef Day, reinforcing the collaboration between the Group and the international entity. A collection campaign raised donations throughout the day. Another initiative based on private label GoNutri, lasted a whole month: at each unit of Vitamin D sold by Rede d1000, another unit was donated to partner NGOs.

The Institute also donated products of companies, such as P&G, Bayer Piracanjuba, DKT and Pierre Fabre, sent to NGOs Acam, Anjos da Tia Stellinha, CACC, Instituto Mundo Novo, IDE, MMSG, Neac, and SOS Amigos do Bem. These NGOs participated in a live training held by Anjos da Tia Stellinha's employees on September 22. Also the Solidarity Joint Effort took place, an initiative developed by the Company's volunteers, and relied on the participation of 128 employees.

In addition, a new brand of Profarma Institute was launched in September. The change of visual identity aimed adjustment and alignment with other Grupo Profarma's brands (Profarma Distribuição and Rede d1000).

Environmental Pillar

MATERIAL TOPIC

Non-recyclable waste management

Environment is our commitment

GRI 103-2, 103-3|203|203-2|307

Grupo Profarma's environmental agenda is intrinsically related to the Company's purpose and legacy. Aware of key challenges and vulnerabilities of the planet, the Company promotes initiatives that contribute to a more inclusive, sustainable society, prepared to cope with adversities.

Among the main guidelines and mission within the environmental pillar which defines goals and actions for this topic, Grupo Profarma has been advancing its clean energy portfolio to reduce emission of CO_2 in the atmosphere, in line with SDG 7. In addition, this area's management seeks to bolster other environmental initiatives within our ESG initiatives, such as:

> Donation of non-saleable products;

> Appropriate waste management;

> Reuse of cardboard boxes in our logistics;

> Reduction of waste through reuse of cardboard boxes;

> Reduction of waste by using returnable plastic boxes and coolers in Rede d1000's logistics;

> Storage module project (replacement of *pallet* and stretch *film*, used to laminate *pallets*)

In partnership with multinational French company GreenYellow, specialist in solar energy generation projects, the Company will rely on the annual supply of 5.4 GWh for 20 years, through three photovoltaic plants located in the Federal District and Rio de Janeiro.

In 2022, plants will supply with clean energy 151 out of 214 Rede d1000's stores, corresponding to 73% of energy consumed by POS. A total of 9.4 thousand solar panels was implemented, capable of generating electricity corresponding to an annual consumption of 2.7 thousand households, which means to avoid the emission of 600 tons of CO_2 in the atmosphere.

Pharmaceutical distribution and retail activities have low pollutant levels, and use of environmental resources. The sector is regulated within the sanitary scope and compliance with environmental laws is monitored using premises' legal authorizations.

The Company is committed to
appropriate waste disposal supported by specialized services providers

ADVANCES IN DIGITAL INNOVATION

Investments in innovation are also paramount to reduce Grupo Profarma's operations environmental impacts. Various initiatives assist the Company to increasingly become an environment partner, such as:

- **App Hrestart** (digitalization of new employees' recruiting and admission);
- **Fopag Tool** (payment authorization automation);
- **SIC Platform** (services request automation);
- **Reduction of paper consumption** (password is inserted in printers);
- **Distribution billing diagramming** (bank slip and invoice);
- ***Pick list*** (packing list centralization – document that describes shipment characteristics).

Energy GRI 103-2, 103-3 |302

The Company advanced its energy efficiency by implementing two solar panel plants, in the cities of Itaperuna (RJ) and Planaltina (DF), which supplied 57% of Rede d1000's stores in 2021. The third solar plant started operating in 2022, in the city of Seropédica (RJ), now serving 70% of stores with this renewable energy. The project to acquire clean energy in the Free Market also kicked off, estimated to be implemented in the second half of 2022.

Other recent initiatives aiming at reducing consumption in distribution centers include: the installation of LED lamps in distribution centers; lighting shutoff during lunchtime and after business hours and installation of timers in the docks. Also stores reduced signboards lighting hours. Monthly, energy actual consumption is compared with estimates; all Rede d1000's stores initiated automation of air conditioners. Good practices booklets were also distributed.

Energy consumption within the organization[1] (GJ) GRI 302-1

2021	RETAIL (D1000)	DISTRIBUTION	TOTAL
Electricity	37,445.46	20,212.53	57,657.99
Total	37,445.46	20,212.53	57,657.99

1 Concerning energy consumed information, retail stores were considered (D1000) with payment of direct energy for concessionaires and management via invoices portal. Distribution Centers: each branch's billing information was considered of those which pay directly to the concessionaire. Concerning branches in logistics condominium, information was analyzed through condominium apportionment statements.

2. We do not have retail stores consuming fuels from non-renewable sources.

Energy intensity[1] (GJ) GRI 302-3

2021	RETAIL (D1000)	DISTRIBUTION
Within the organization	0.71	0.00006

1 Concerning retail, calculation reference measure is the sum of stores' square meters (52,475.24 m2) monitored by electricity bills via portal. Concerning distribution, the measure is total items distributed by distribution centers in the year (305,181,471) for customers. Both energy intensities were calculated having electricity as type of energy.

Reduced energy consumption due to improvements in conservation and efficiency 1 (GJ) GRI 302-4

2021	RETAIL (D1000)	DISTRIBUTION	TOTAL
Electricity	32.26	-	32.26
Total	32.26	-	32.26

1. Information reported refers to Retail. In distribution, there is no monitoring or indicator to monitor energy reduction/consumption to justify or associate with events occurred in 2021. This monitoring has been structured for 2022. To analyze the amounts reported above, consumption in kw/h (between September and December) was compared with the same period of 2020, for Rede d1000's three stores participating in the air conditioner automation test.

Materials

GRI 103-2, 103-3 |301 , 301-1

Grupo Profarma's environmental management comprises ways of reducing the use of inputs and improving reuse. Referring to initiatives implemented in 2021, two of them directly affect the Company's key operational inputs: cardboard boxes and A4 paper.

In boxes, the reuse percentage of packages received from industry and used in deliveries to Distribution's customers increased. We have a project underway to replace A4 paper used to print the picking list *during* separation with thermal labels and data collectors. In 2022, all the activities using this input will be mapped, searching for solutions to reduce or replace its consumption.

MATERIAL'S NAME	USED IN END PRODUCT OR PACKAGE	RENEWABLE/ NON-RENEWABLE SOURCE	MEASUREMENT UNIT	2021
A4 PAPER	Renewable	Package	Unit	35,192,500.00
Cardboard box	Renewable	Package	unit	13,374,617
Paper bags	Renewable	Package	Unit	2,768,397
Scotch tape	Renewable	Package	Roll	70,505
Stretch film	Non-renewable	Package	Roll	36,662
Adhesive tape	Non-renewable	Package	Roll	46,627
Ice	Non-renewable	Package	Unit	616,123
Styrofoam	Non-renewable	Package	Unit	296,104
Labels	Renewable	Package	Unit	17,694,000
Perforated coil	Non-renewable	Package	roll	5,999
Plastic seal	Non-renewable	Package	unit	2,032,194
Ribbon	Non-renewable	Package	roll	697
Plastic bag	Renewable	Package	unit	22,593,000

1 Information referring to Profarma Distribuição and Rede d1000.

Products and recovered packages

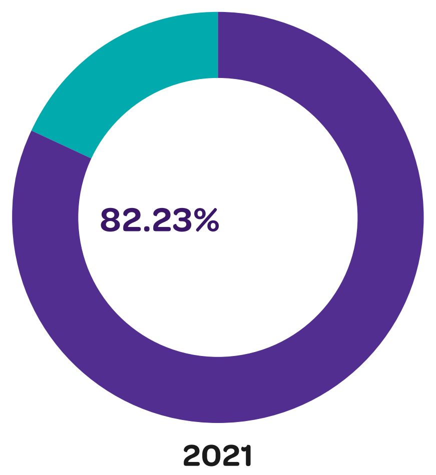
GRI 301-3

Volumes (in boxes) produced in operation are monitored manually and comprise the quantity of new boxes used (acquired) and the quantity of boxes reused. Thus, the Company can monitor the cardboard boxes reuse indicator.

The global target set out for 2021 was 75% reuse, which was surpassed. In 2022, the Brazil level boxes reuse target is 87%. Concerning other inputs, budget x amount spent is monitored through expenses control along with DCs.

Rede d1000 uses returnable plastic boxes in its logistics process. Boxes are simple and thermal. With this initiative, it was possible to reduce the consumption of 1,693,305 cardboard boxes.

PERCENTAGE OF PRODUCTS AND RECOVERED PACKAGES[1]



1 Information referring to Profarma Distribuição and Rede d1000.

Waste management

GRI 103-2, 103-3 |301|306, 306-1, 306-2

Waste management is one of the Company's key environmental impacts, due to generation of plastic and cardboard, needles and ampoules for procedures at stores, among others. Medicines have components that may cause impacts on environment (soil and water contamination). These products may become waste if damaged or due to validity expiration.

For this reason, Grupo Profarma is committed to the appropriate waste disposal supported by specialized services providers, according to Conama Resolution No. 358/05 and RDC 222/2018 (Anvisa). Control spreadsheets are used to set the date of collections, the weight collected and branches served. At the end of each process, specialized companies issue final disposal certificates which evidence the correct waste disposal.

'TAMPINHAS' PROJECT

Grupo Profarma maintains an environmental and social project that collects plastic caps along with employees.
In 2021, nearly half metric ton of this material was no longer discarded in the environment and donated to the Children Support Special Center (NEAC), in the west zone of Rio de Janeiro, which sells caps for recycling companies. The amount collected is converted into purchases of staple baskets for 800 households and wheelchairs.

Total waste generated, by composition (t) GRI 306-2

2021		RETAIL (D1000)	DISTRIBUTION	TOTAL
CATEGORY	TYPE	QUANTITY GENERATED (T)		
Category B	Common, Medicines	1.65	9,114	9,115.65
Total		1.65	9,114	9,115.65

Total waste destined for final disposal, by composition in metric tons (t) GRI 306-5

2021	A. QUANTITY DESTINED FOR FINAL DISPOSAL (T)		
COMPOSITION	RETAIL (REDE D1000)	DISTRIBUTION	TOTAL
Medicines, Perfumery, Common	1.65	9,114	9,115.65
Total	1.65	9,114	9,127.65

2021	B. TOTAL HAZARDOUS WASTE DESTINED FOR FINAL DISPOSAL, BY OPERATION, IN METRIC TONS (T)		
COMPOSITION	RETAIL (REDE D1000)	DISTRIBUTION	TOTAL
Combustion without energy recovery	0	9,034.00	
Landfill	0	12.00	
Total		9,046.00	

2021	C. TOTAL NON-HAZARDOUS WASTE DESTINED FOR FINAL DISPOSAL, BY RECOVERY OPERATION, IN METRIC TONS (T)		
COMPOSITION	RETAIL (REDE D1000)	DISTRIBUTION	TOTAL
Combustion without energy recovery	1.60	3.60	5.20
Co-processing		63.80	63.80
Total		67.4	69.00

Note: Total hazardous and non-hazardous waste destined for final disposal, by recovery operation, in metric tons (t) Distribution + Retail = 1.65 + 9,114.00 = 9,115.65 t.

GRI CONTENT Index

GRI 102-55

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
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GRI 101 does not have Content				
ORGANIZATIONAL PROFILE				
GRI 102: General disclosures 2016	102-1 Name of the organization	9		
	102-2 Activities, brands, products and services	9		
	102-3 Headquarters location	9, 52		
	102-4 Location of operations	9, 17		
	102-5 Ownership and legal form	9, 52		
	102-6 Markets served	9		
	102-7 Size of the organization	9		
	102-8 Information about employees and other collaborators	36, 37, 38		8, 10
	102-9 Supply chain	50		
	102-10 Significant changes to the organization and its supply chain	Not applicable		
	102-11 Precautionary principle or approach	Currently, the Company does not apply this principle to the environment. Analyses made are connected with reputation, financial, social, and labor analyses		
	102-12 External initiatives	Unicef, Abrinq and Collective Agreement.		
	102-13 Membership in associations	Brazilian Association of Pharmacies and Drugstores Chain (Abrafarma) and Brazilian Association of Pharmaceutical Wholesale (Abafarma)		

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
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GRI 102: General disclosures 2016	102-18 Governance structure	22, 35		
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	102-39 Percentage increase in annual total compensation ratio	40		
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	102-42 Identifying and selecting *stakeholders*	18		
	102-43 Approach to stakeholder *engagement*	18, 50		
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GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
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	102-46 Defining report content and topic boundaries	2, 18		
	102-47 List of material topics	19		
	102-48 Restatements of information	Not applicable		
	102-49 Changes in report	Not applicable		
	102-50 Reporting period	2		
	102-51 Date of most recent report	Not applicable		
	102-52 Reporting cycle	2		
	102-53 Contact point for questions regarding the report	2		
	102-54 Claims of reporting in accordance with the GRI Standards	This report was developed in accordance with GRI Standards "Core" option		
	102-55 GRI content index	62		
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	103-3 Evaluation of the management approach	31		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	32		8, 9
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GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
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GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
GR1 202:	**202-2 Proportion of senior management hired from the local community**		Management positions are assigned in the city of Rio de Janeiro where the Company's headquarters are located, however, transfers to management positions are not restricted to a location, an employee from another location can be transferred to hold a position in the management.	**8**
INDIRECT ECONOMIC IMPACTS				
GRI 103: Management approach 2016	**103-1 Explanation of the material topic and its boundary**	**19**		
	103-2 The management approach and its components	**29, 51, 59**		
	103-3 Evaluation of the management approach	**51, 59**		
GRI 203: Indirect economic impacts 2016	**203-1 Infrastructure investments and services supported**	**31**		**5, 9, 11**
	203-2 Significant indirect economic impacts	**51, 59**		**1, 3, 8**
PROCUREMENT PRACTICES				
GRI 103: Management approach 2016	**103-1 Explanation of the material topic and its boundary**	**19**		
	103-2 The management approach and its components	**29, 50**		
	103-3 Evaluation of the management approach	**50**		
GRI 204: Procurement practices 2016	**204-1 Proportion of spending on local suppliers**		**Information not available- all purchases are made through bids along with previously mapped and selected suppliers**	**8**

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
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	103-3 Evaluation of the management approach	29		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	30		16
	205-2 Communication and training about anti-corruption policies and procedures		In 2021, Profarma did not provide training, which was postponed to 2022, since the Code of Ethical Conduct's approval process required a longer period than initially estimated due to a review of the Company's senior management and the Board of Directors of Profarma and Reded1000.	16
	205-3 Confirmed incidents of corruption and actions taken	30		16
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GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
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	103-3 Evaluation of the management approach	29, 30		
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, antitrust and monopoly practices	30		16

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
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	103-3 Evaluation of the management approach	61, 62		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	61		8, 12
	301-2 Recycled input materials used		Not applicable, as we do not directly manufacture products in our operations	8, 12
	301-3 Reclaimed products and their packaging materials	62		8, 12
ENERGY				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 60		
	103-3 Evaluation of the management approach	60		
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	60		7, 8, 12, 13
	302-3 Energy intensity	61		7, 8, 12, 13
	302-4 Reduction of energy consumption	61		7, 8, 12, 13
WASTE				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 62		
	103-3 Evaluation of the management approach	62		

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
GRI 306: Waste 2021	306-1 Waste generation and significant waste-related impacts	62		3, 6, 11, 12
	306-2 Management of significant waste-related impacts	62		3, 6, 11, 12
	306-3 Waste generated	63		3, 6, 12, 14, 15
	306-4 Waste diverted from disposal		Not applicable - all medicine waste is incinerated, therefore, destined to final disposal	3, 11, 12
	306-5 Waste directed to disposal	63		3, 6, 11, 12, 14, 15
ENVIRONMENTAL COMPLIANCE				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 59		
	103-3 Evaluation of the management approach	59		
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	The Company declares that it does not have administrative or court proceedings relating to the non-compliance with environmental laws and regulations.		16
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 59		
	103-3 Evaluation of the management approach	50		

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria		Information not available. The screening is not subject to the assessment of environmental criteria, only legal, technical qualification and costs	
	308-2 Negative environmental impacts in the supply chain and actions taken		Currently, we do not have a supplier environmental assessment policy. We created a study group to elaborate a Supplier Relationship Policy, envisaging environmental impacts.	
EMPLOYMENT				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 35, 36		
	103-3 Evaluation of the management approach	35, 36		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	39		5, 8, 10
	401-3 Parental leave	41		5, 8
OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 47		
	103-3 Evaluation of the management approach	47		

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
GRI 403: Occupational health and safety 2019	403-1 Occupational health and safety management system	47		
	403-2 Hazard identification, risk assessment, and incident investigation	47		
	403-3 Occupational health services	47		
	403-4 Worker participation, consultation, and communication on occupational health and safety	47		
	403-5 Worker training on occupational health and safety	47		
	403-6 Promotion of worker health	47		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47		
	403-9 Work-related injuries	48		3, 8, 16
	403-10 Work-related ill health	48		3, 8, 16
TRAINING AND EDUCATION				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 35, 44		
	103-3 Evaluation of the management approach	35, 44		
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	45		4, 5, 8, 10
	404-2 Programs for upgrading employee skills and transition assistance programs	44		8
	404-3 Percentage of employees receiving regular performance and career development reviews	46		5, 8, 10

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 46		
	103-3 Evaluation of the management approach	46		
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	42, 43		5, 8
	405-2 Ratio of basic salary and remuneration of women to men	40		5, 8, 10
NON-DISCRIMINATION				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 46		
	103-3 Evaluation of the management approach	46		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	One report was verified and concluded without any evidence of discrimination.		5, 8
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	-		
	103-2 The management approach and its components	-		
	103-3 Evaluation of the management approach	-		

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Currently, we do not have policies to comprise this topic, but we are interested in including this activity. Negotiations are one-off according to each request	8
CHILD LABOR				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 50		
	103-3 Evaluation of the management approach	50		
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	50		8, 16
FORCED OR COMPULSORY LABOR				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	-		
	103-2 The management approach and its components	-		
	103-3 Evaluation of the management approach	-		
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		Currently, we do not have an effective policy. We plan to develop a risk analysis and starting elaborating a policy on this topic	8

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
SECURITY PRACTICES				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29		
	103-3 Evaluation of the management approach	-		
GRI 410: Security practices 2016	410-1 Security personnel trained in human rights policies or procedures	100% of security staff (collaborators and outsourced workers) were trained in 2021		16
LOCAL COMMUNITIES				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 51		
	103-3 Evaluation of the management approach	51		
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programs		The Company still does not have measurements for stakeholder mapping and engagement or committees for communities	
	413-2 Operations with significant actual and potential negative impacts on local communities		Due to the nature of our business, no negative impacts were identified. Retail units are located in urban business centers and distribution centers are mostly distant from urban circulation areas	1, 2

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 50		
	103-3 Evaluation of the management approach	50		
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	50		5, 8, 16
	414-2 Negative social impacts in the supply chain and actions taken		Information not available. We do not apply environmental criteria or social assessment when screening suppliers. Our goal is to start working on these topics	5, 8, 16
CUSTOMER PRIVACY				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 30, 49		
	103-3 Evaluation of the management approach	30, 49		
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data	30		16

GRI STANDARDS	CONTENT	PAGE/URL	OMISSION	SUSTAINABLE DEVELOPMENT GOALS
SOCIOECONOMIC COMPLIANCE				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	19		
	103-2 The management approach and its components	29, 30		
	103-3 Evaluation of the management approach	29, 30		
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area		No relevant fines were found relating to any socioeconomic issues	5, 8, 16

Acknowledgments

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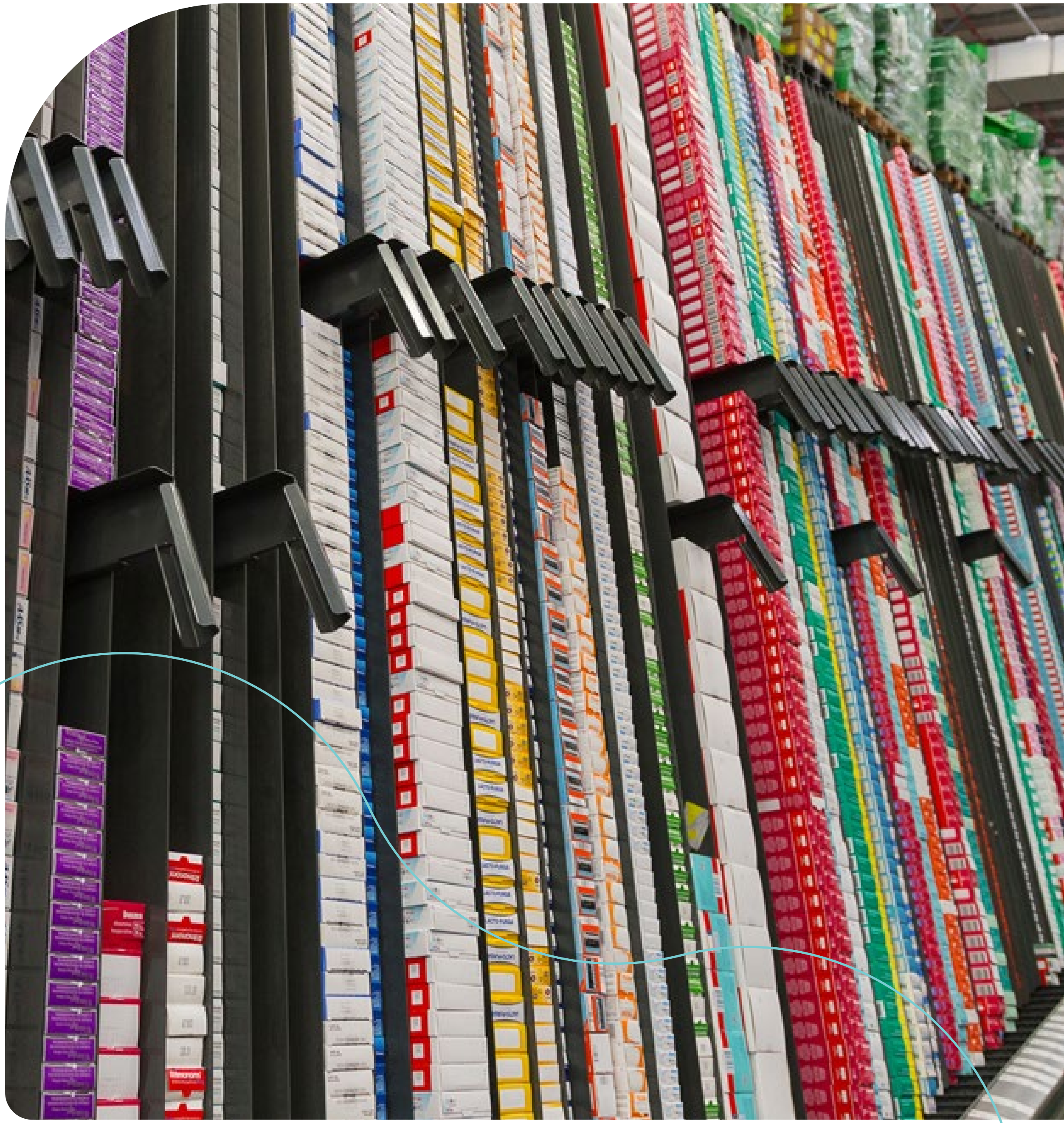

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