2022 Sustainability Report







GRUPO PROFARMA

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Welcome

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A Message from the CEO



‘Non-conformity is the energy that drives us’

GRI 2-22

2022 was an extremely positive year for the Company. The fact that our results were above the market average demonstrates that we are well prepared to take advantage of the growth opportunities within a resilient market.

At Profarma Distribuição, we achieved a revenue growth of 20% with sales that reached R$ 8.6 billion. We have a mature and well-established business, with 62 years of activity and excellent growth. One of the main highlights of the year was the opening of the new Distribution Center in the state of São Paulo, a new window of expansion in Brazil’s biggest market.

The results of Rede d1000 show the benefits of the Company's strategic vision, involving the decision to diversify the business a decade ago, demonstrating achievement of the efficiency and stability we have been striving for. According to the IQVIA*, our retail operations have also grown at above the market average, with the highlight being the increased performance of the stores. The average sale increased 23.3%, making Rede d1000 the 7th highest in invoicing by store according to the ranking of the Brazilian Association of Pharmacies and Drugstores Chains (Abrafarma).

Another great step forward in 2022 came in the form of the Information Technology Master Plan, which, as well as creating a well-structured path for the updating of our structures, supports our digital transformation and innovation processes - two of the focuses of our activity in 2023.

We were honored to receive the Great Place to Work certification, which recognizes the start of a project focusing on People and Management within the Company.

In the ESG agenda, we have structured a path and consolidated our position, which has been recognized by both our employees and the market. We have a long history of commitment to social action. The Profarma Institute has continued to win over the hearts of our team, with figures showing a positive impact and record volumes of funds and donations in 2022. We are increasing our investments in environmental management, especially in processes designed to reduce the consumption of materials, the structuring of our management of greenhouse gas emissions, and the use of renewable energy at our stores. The issues concerning ESG are also being increasingly discussed by the Executive Board and the Board of Directors, a move that has also been recognized throughout the Company. Our research into engagement highlights that the greatest vector for the motivation and involvement of our employees is our stance on social responsibility.

We were honored to receive certification from the Great Place to Work consultancy as one of the best companies to work for, recognizing the start of a project focusing on People and Management within the Company. A company that grows as we have been doing needs to pay attention to the development of its leaders and pave the way for new leaders to flourish. As such, over the last two years we have focused on the structuring of the Culture and Personnel Management team, as well as on the processes, leadership and strategic vision. This is a journey under construction that has now started to be recognized.

For 2023, our plan remains focused on IT, and on the innovation and expansion of our business. We have just launched the Próton Hub, a space for the strategic convergence of the Profarma Group for the creation and development of innovative projects, by means of which we hope to develop close relationships with startups that can help us in our objective to deliver healthcare through disruptive and impactful solutions. In addition to this, at Profarma Distribuição we have opened another Distribution Center, the 15th in our portfolio, in a new operating region. At Rede d1000 we will be accelerating the opening of new stores, since our guidance plans for 20 inaugurations in 2023, double the number opened last year, as well as the refurbishment and modernization of another 20 units.

All this has made us even more confident of our strategic planning and the path for the expansion and diversification of our business that we have chosen, always being guided by our values and our aim to deliver quality healthcare. Our non-conformity is what drives us!

Sammy Birmarcker
CEO of the Profarma Group

* Source: IQVIA Technology and Healthcare Data Company



A future legacy

"In 2022, Profarma Distribuição turned 62 years of age and, in 2023, the Rede d1000 celebrated its 10th anniversary. To get to where we are, we have undergone many changes and taken investment decisions aimed at careful and planned growth. We have increased our activities, taken the Group's two companies public (in 2006 and 2020), reviewed our organizational culture, expanded our ESG initiatives, implemented numerous projects for the development of our teams and, in 2022, received the 'Great Place To Work' (GPTW) certification, classifying us as part of a select group of the best companies to work for in Brazil."

"My dream is that we continue to be the best every day. Looking at and aiming for the future with the same care and planning that has gotten us to where we are today."

Manoel Birmarcker
Founder of the Profarma Group

A collective construction

"Sustainability is a collective journey. Our mission is to provide specialist management support for all areas of the Company and develop the discussions and understanding of the different environmental, social and governance aspects that impact on its activities. As such, we have jointly undertaken actions on different fronts, including the diversity census, that provided a more detailed portrait of the profile of our employees; the women's leadership development program; the significant increase in the reuse of cardboard boxes in distribution; and investment in solar energy, amongst other actions.

The Profarma Institute, having been active for 16 years, is recognized by customers as an important partner in social investment. As well as our own actions, we are regularly invited by partner brands to support and enable actions on issues such as women's empowerment, period poverty and support for children and adolescents. This is a confidence that is also expressed in the strategic partnerships we hold with the United Nations Children's Fund (UNICEF) and the Abrinq Foundation.

"We are proud to recognize our achievements and are driven to increase our actions even more."

Deborah Birmarcker
Director of ESG of the Profarma Group



ESG Highlights (environmental, social and governance)

Renewable energy
A partnership enables the use of solar energy in **58%** of the Rede d1000 stores

Circular economy
88% of cardboard boxes reused

DNA - Network Governance
A project training suppliers in the logistics chain

External Compliance Hotline
contracting of a specialist company to operate the hotline

ESG Chat
Meetings for discussions between leaders and other employees

The GPTW Seal
The Profarma Group obtained certification as one of the best companies to work for



ESG highlights (environmental, social and governance)

R$ 2,5 million+ passed on by the Profarma Institute to projects supported by UNICEF

260+ employees volunteering as Goodwill Ambassadors

30+ brands Goodwill Partners

78 actions Initiatives undertaken

90+ tons Food donated

50+ institutions assisted in Brazil

196,000 people positively impacted





About us

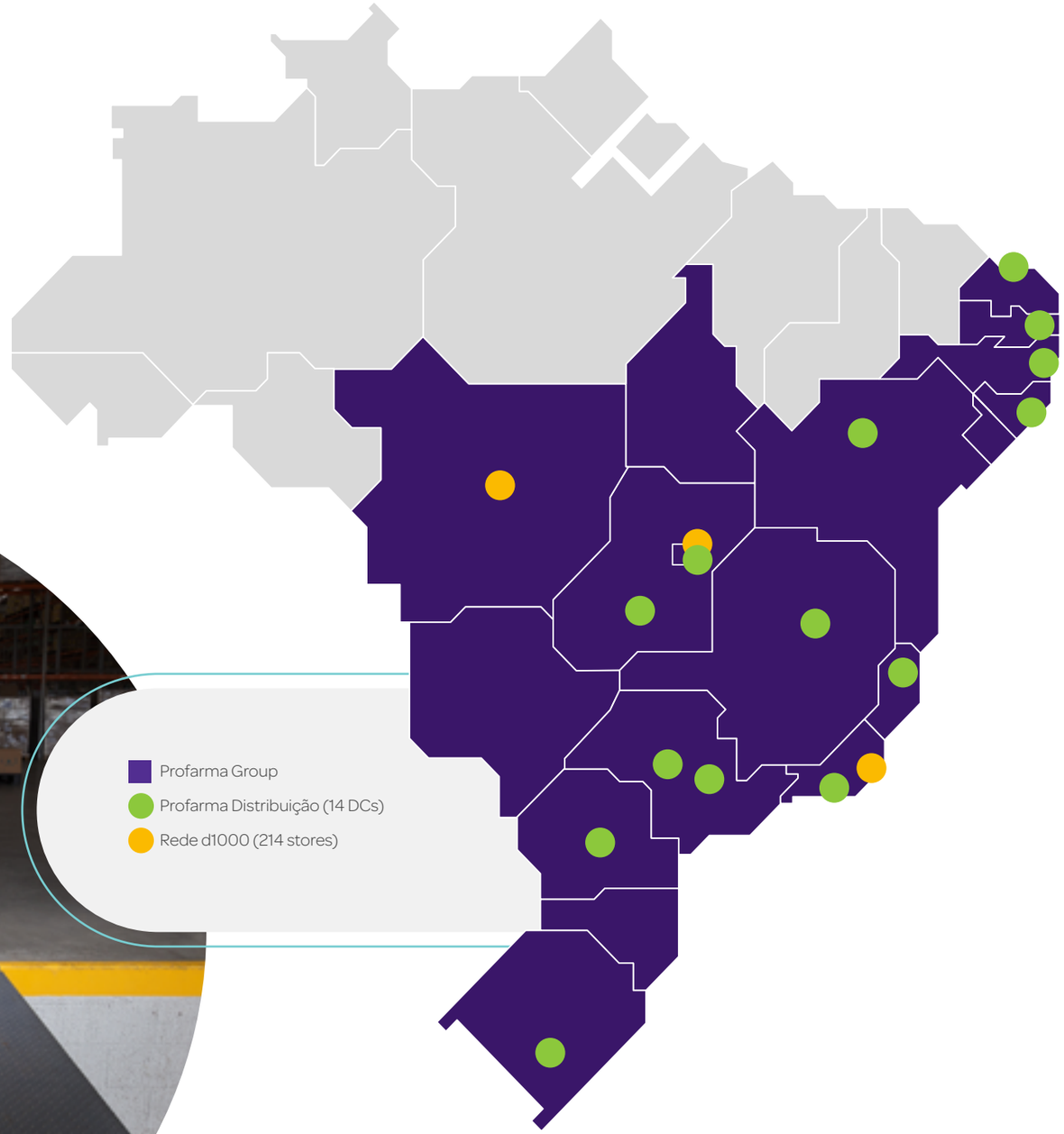
GRI 2-1, 2-2, 2-3, 2-6, 2-7, 2-8

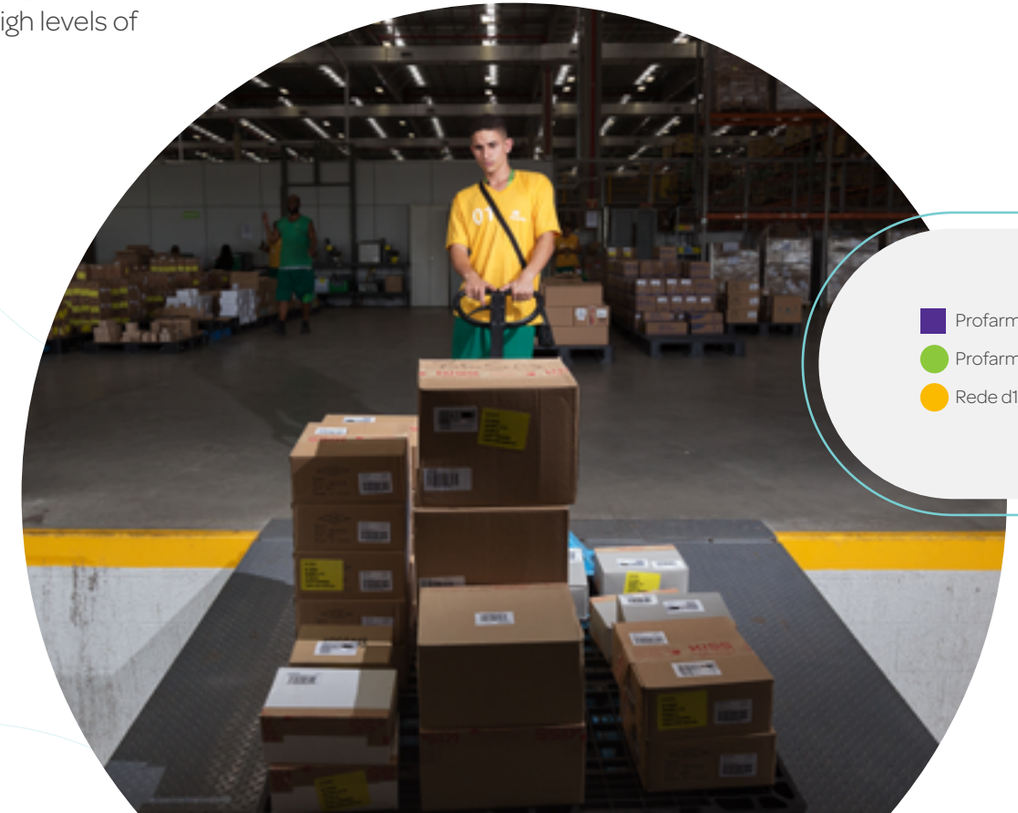
- Action **fronts**
- Our journey towards **sustainability**

Composed of Profarma Distribuição and Rede d1000, the Profarma Group is present in 14 states and the Federal District of Brasília. Founded in 1961, today it is one of the biggest business groups in the country's pharmaceuticals sector, with its products occupying a prominent position in the markets in which it operates.

Profarma Distribuição has traded shares on the 'B3' stock exchange for 16 years - with this having driven its governance processes. In 2022, Rede d1000 also started trading on the stock exchange, thereby ensuring high levels of corporate governance.

The Company has approximately 7,700 employees dedicated to providing access to healthcare and wellbeing with an inclusive, sustainable and socially engaged approach to their work. In 2022, the Profarma Group received the Great Place to Work certification, meaning it is considered one of the best companies to work for.





Founded in 1961, the Profarma Group is today one of the biggest entities in the segment in the country.

Action fronts

Profarma Distribuição acts as a benchmark in the delivery of pharmaceutical, hygiene and beauty products, and in the provision of services that make a difference in the day-to-day lives of its commercial partners.

With 14 Distribution Centers (DCs) in 13 states and four regions of the country (Northeast, Center-West, Southeast and South), the business operates in strategic locations to serve an average of 52,000 customers each month.

Two new DCs

The inauguration of the DC in the city of Itapevi (SP), the second Profarma Distribuição unit in São Paulo, a state that already has a DC in São Carlos, expands the ability to serve the segment's biggest domestic market.

The other inauguration in 2022 took place in the city of Jaboatão dos Guararapes, in Pernambuco, which, following an expansion of the area covered, now offers a greater mix of products to meet the needs of clients in the Northeastern Region, with a special focus on hygiene and beauty products.

These investments support the Company's growth program, that has sped up in recent years, with greater performance than that normally registered in the sector.



14 Distribution Centers in the country

52,000 Brazilian pharmacies served/month

4,500 cities served

80% of the country served

Rede d1000 is composed of pharmaceutical retail brands that complement each other to meet the needs and match with the characteristics of members of different socioeconomic classes. Together, Drogasmil, Farmalife, Drogarias Tamoio and Drogaria Rosário bring together a tradition of more than 40 years in business and serve more than 2 million consumers per month.

The stores sell prescription, generic and non-prescription medicines, personal hygiene products, skin care products, and beauty and convenience items.

The chain also sells exclusive brands that meet consumers' wide range of needs: Bem Básico (wellbeing); GoNutri (supplements and functional products); Nº 21 (beauty, cosmetics and personal hygiene) and Polimix (healthcare).



A new phase for the stores

The Rede d1000 stores are being refurbished and modernized. In 2022 alone, 20 Rede d1000 stores were refurbished and modernized, providing them with more space, a unique layout, exclusive offers and new communication actions.

The modernization of the units also includes a strategy to take full advantage of the new spaces which, added to the pricing strategy, has already contributed to the Company's results, which recorded 24.8% growth in average sales per store in 2022.

The works involved monitoring of the environmental impacts caused as well as a number of means designed to reduce such impact. The Araruama (RJ) unit has brought together a series of good environmental management practices, such as the collection of rainwater and recycled rubber flooring, amongst other initiatives *(read more on page 69)*.

218 stores
in Rio de Janeiro, the Federal District of Brasíla and Mato Grosso*

2 million+
consumers/month

11th place
in invoicing**

7th place
in invoicing per store**

*In 2022, activities in Tocantins were ended.
**In the Abrafarma ranking.

Business highlights

7,722 employees

Consistent growth in revenue:
20.5%+
Profarma Distribuição
28.7%+
Rede d1000

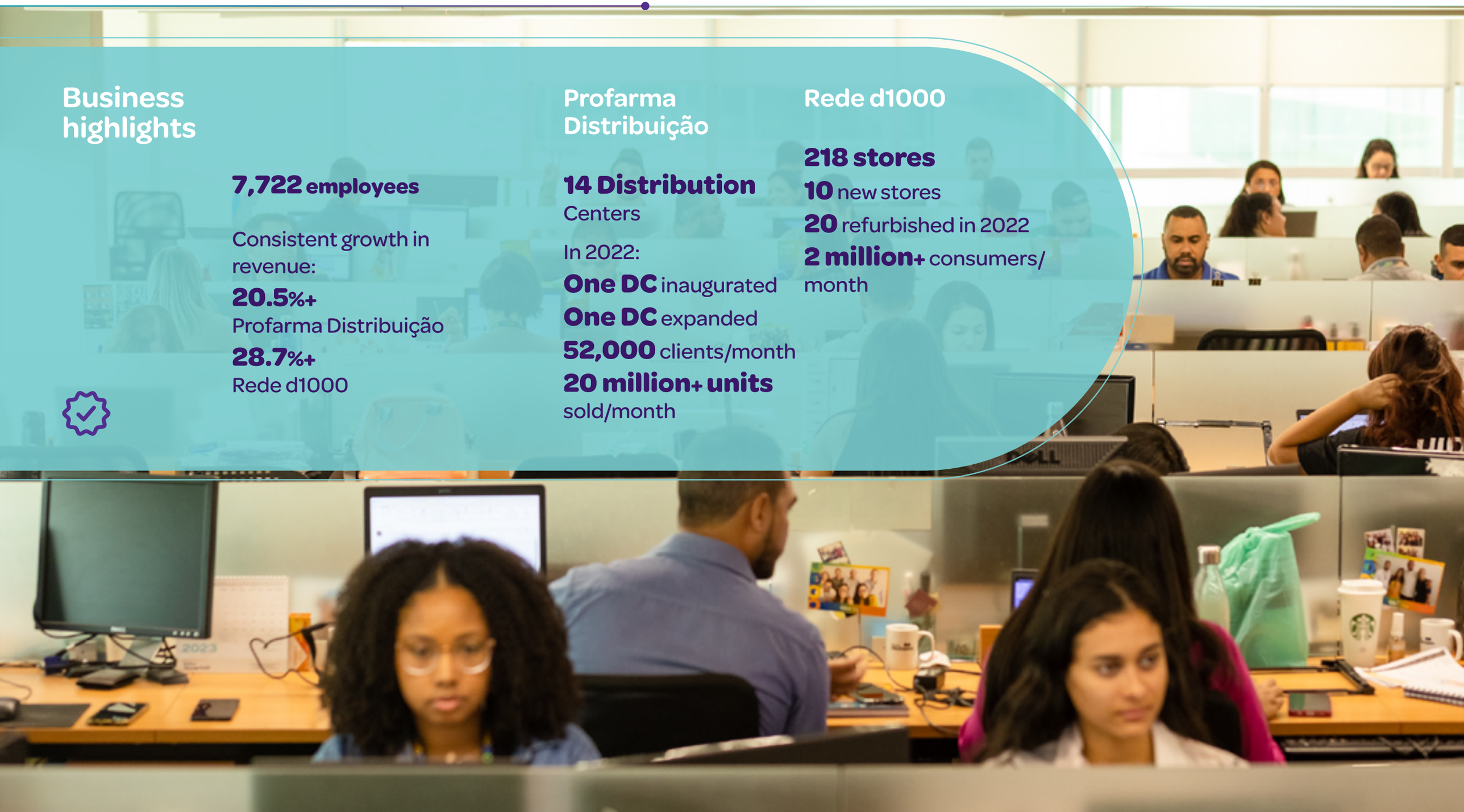
Profarma Distribuição

14 Distribution Centers

In 2022:
One DC inaugurated
One DC expanded
52,000 clients/month
20 million+ units sold/month

Rede d1000

218 stores
10 new stores
20 refurbished in 2022
2 million+ consumers/ month





Sustainability journey

GRI 3-1, 3-3, 2-23, 2-24

The Profarma Group recognizes that sustainable development should be applied to the business as a means of generating value for the Company, its stakeholders and society as a whole.

To accelerate its journey and consolidate an ESG culture (environmental, social and governance), the Company has restructured its internal management, is defining targets for all the pillars, and is publishing its sustainability report annually to lend transparency to its initiatives.

By trading publicly on the São Paulo stock exchange ('B3'), Profarma Distribuição and Rede d1000 have also ensured a high standard of corporate governance processes. Furthermore, the Profarma Institute has been promoting and coordinating health and welfare initiatives for 16 years.

The ESG Board is linked directly to the Group's highest management level and is responsible for improving the understanding of the different environmental, social and governance aspects that influence the activities. It also supports and challenges Profarma Distribuição and Rede d1000 to continue advancing. Also forming part of their attributes is the performance of actions designed to engage and improve the awareness of the leaders and teams in relation to the ESG agenda.

The Profarma Group has extended its understanding of the different aspects of this agenda, as well as supporting and challenging the businesses to keep advancing.

Since 2021, the Board has established its presence in different actions concerning social investment and the development of human capital, performed in partnership with other areas and businesses, which has provided the initiatives with a more solid foundation involving specialized management.

The Company's first materiality study was also undertaken in 2021, leading to the definition of seven material topics. The process involved consultations with representatives of the leading stakeholders and provided a base for the construction of the sustainability drivers for the next few years. The boards of directors of Profarma and Rede d1000 were also consulted in the form of individual interviews, with the boards later approving the material topics highlighted. GRI 2-14

To develop more in-depth discussions and help the different departments incorporate the management of sustainability issues into the day-to-day operations, the Group also has the following Commissions: ESG, Ethics, Diversity and Inclusion, and Personnel. Within the sphere of the Board of Directors, the Fiscal Council and the Audit Committee are focused on issues of control, risk management and the monitoring of the integrity and compliance system (*read more on page 21*).

The materiality study was performed in 2021, highlighting the seven priority topics.



More maturity and structured actions GRI 2-23, 2-24

With the advances in the management processes, the initiatives also expanded in different areas of the Company, including women's leadership development actions, with mentoring for female employees at the Distribution Centers (*read more on page 44*), an increase in the reuse of cardboard boxes and investment in solar energy at the stores (*read more on page 75*).

To engage and raise the awareness of the leaders and other professionals, the 'ESG Chat' was created. This is an event that invites external specialists to present and discuss points that can increase awareness, encourage reflection and update the understandings of the teams and leaders. In another action, the ESG Board held a meeting with leaders from Profarma Distribuição, allowing for an exchange of information and the collaborative construction of ideas. GRI 2-17

At the Profarma Institute, the actions benefited a record number of 196,000 people, whilst engaging 260 employees as "Embaixadores do Bem", as the Company's volunteers are called. Another highlight was the engagement of the employees at the pharmacies in the collection of small donations from customers, with the funds raised going to UNICEF. In 2022, through the collections and support from the Profarma Group, more than R$ 2.5 million was passed on (*read more on page 60*).

R$2.5 million
passed on to entities supported by UNICEF in 2022

Strategic partnerships
GRI 2-28

The support of national and international organizations helps to strengthen the actions performed, further the debate on social challenges and bring together forces to help those in situations of social vulnerability.

The Profarma Group and the Profarma Institute have been supporting the United Nations Children's Fund (UNICEF) for three years, undertaking engagement campaigns to encourage customers at the Rede d1000 stores, and the clients and partners of Profarma Distribuição to make donations to projects supporting children and adolescents. In three years, the Company has passed on more than R$ 6 million to UNICEF.

As a result of this work, the Group received the UNICEF 2021 Seal, which encourages and recognizes real and positive advances in the promotion, establishment and guaranteeing of the rights of children and adolescents in the semi-arid and Legal Amazon regions of Brazil. The campaign impacts the lives of families in more than 1,900 municipalities.

Another strategic partnership is maintained with the Abrinq Foundation, which has certified the Group as a Children's Friend Company due to the projects it undertakes through the Profarma Institute, and supports the Company in distributing information throughout the value chain (*read more on page 34*).

The Company is also a member of the ESG committees of the Brazilian Association of Pharmacies and Drugstores Chains (Abrafarma) and the International Federation of Pharmaceutical Wholesalers (IFPW). Institutionally, the Profarma Group also participates in sector representative organizations which, as well as Abrafarma, include the Pharmaceutical Products Commercial Retail Syndicate (Sincofarma), the Brazilian Association of Pharmaceutical Wholesalers (Abafarma), and the Association of Pharmaceutical Distributors of Brazil.

Material topics GRI 3-2

ESG Pillar	Material topic[1]	Definition	GRI	SDGs
Environment	1. Management of non-recyclable waste	Encouraging reverse logistics and management of the end of the life of products, promoting an increase in the rate of recycling and/or reuse of the materials used in the operations, sales and stores, works waste, packaging and post-consumption products. Minimization of the generation of non-recyclable waste. Guaranteeing of legal compliance in its final disposal.	301-1, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	2. Management of human capital with Inclusion, Equality and Diversity.	Appreciation, training and qualification of employees, as well as mechanisms for the attraction and engagement of talents. Market-competitive salaries and benefits, assessment mechanisms and promotion of a satisfactory organizational climate. Promotion of diversity, equality and inclusion in the work environment (diversity of gender, race and accessibility). Strengthening of the complaint hotlines and handling of cases of discrimination.	2-21, 401-1, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Social	3. Social responsibility	Promotion of actions aimed at the development of 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 relations	Existence of communication and feedback channels for customers (end retail consumers and pharmacies involved in distribution), providing services that offer quick and effective support, client satisfaction and loyalty strategies.	418-1	3 GOOD HEALTH AND WELL-BEING
	5. Innovation	Consolidation of an environment that is propitious to the innovation of processes and technology (implementation of the Profarma Group Digital Transformation department and creation of the Innovation Laboratory - GPLABi), that is able to respond and adapt to changes and new demands from the market.	In-house indicator	3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Governance	6. Integrity and ethics	Tackling cartel and corruption practices; application of the corporate code of conduct and compliance with all norms, laws and regulations.	205-1, 205-2, 205-3, 206-1, 2-27	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	7. Crisis and risk management, Tracking and Operational health and safety	Prevention and preparation against risks and crises through structured recall management, emergency plans and an internal processes control department. Guaranteeing safe stocking conditions to uphold the quality of the products, medications and others. Guaranteeing a safe work environment that provides health and wellbeing to those employees involved in the processes of distribution (transport safety and at the Distribution Center), retail and administration.	2-7, 2-23, 403-9, 403-10, 414-1, 414-2	8 DESENT WORK AND ECONOMIC GROWTH

[1]Topics 1, 3 and 5 have an impact both within and outside the Profarma Group. The others have an impact solely within the company.

Approach to stakeholder engagement GRI 2-29

Publics	Profarma Group **EMPLOYEES**	**B2B CLIENTS** Profarma Distribuição	**B2C CLIENTS** Rede d1000	Grupo Profarma **SHAREHOLDERS AND INVESTORS**	Grupo Profarma **ASSOCIATIONS**	**SUPPLIERS**
Principal means of engagement	• Communication: newsletter and '*Fique por Dentro*' • Corporate social network (*Yammer*) and external network (LinkedIn) • '*Viva Bem*' program communications • GPTW Engagement Survey (biannual) • Complaint Hotlines managed by an independent company • Profarma Group University (UGP) • CABE Method (development of retail/service employees) • TER Method (development of distribution/logistics employees) • PROFA Method - Distribution/service • Annual Distribution Convention • Annual Retail Convention • Incentive Campaigns (monthly) • Recognition programs: '*Realce*' (monthly) and '*Ouro da Casa*' (annually) • Talks cycle (monthly)	• Participation in trade fairs and events • Profarma Service Center (CAP) • Profarma Connection - involving business rounds (periodic events) • CRM	• Social media activity (Facebook and Instagram) • NPS actions (daily) • CRM actions (daily) • Monitoring of communications: *Reclame Aqui* and Site do Consumidor • LGPD site on all brands • SAC (customer services) • Hidden client (periodic service assessment in stores)	• Innovation & Digital Transformation Committee (monthly meetings) • Audit Committee (periodic meetings) • RCAs (monthly) • Monthly meetings with investors and market analysts (in-person/online). • Quarterly release of results • Speak with IR, contact by e-mail and website • Ordinary General Meeting (annual) • Extraordinary General Meeting (whenever necessary)	• Monthly meetings with associates at Abrafarma and Abafarma • Meeting with Committees (monthly) • Working Groups (Unions, LGPD, Legal, Regulatory, and Culture and Personnel Management) - monthly. • Workshops	• Periodic Joint Business Plan meetings (in-person and/or online) • Strategic meetings (in-person and/or online) • Top Suppliers, assessment program for the level of service and quality of the service providers (monthly meetings) • Advantage Survey (annual) • Trade 360° event (annual) • *Profa de Ouro* event (annual) • Rede d1000 Convention (annual) • Participation in trade fairs and industry events and in Abrafarma Future Trends

The objective of providing healthcare in all its forms involves the promotion of healthy, transparent and constant relationships with the principal stakeholders.



Governance pillar

- Corporate **governance**
- Ethics and **integrity**
- **Risk** management
- Management of **suppliers**
- Financial **performance**

MATERIAL TOPICS
Integrity and ethics
Innovation
Risk and crisis management

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Corporate governance

GRI 2-9, 2-12, 2-13, 2-14, 2-24

The system of corporate governance is fundamental for driving the Company's ESG agenda and ensuring the proper practices, processes and mechanisms so that the social and environmental aspects relevant to the business are considered in the management.

As a publicly held company, that is a member of the Novo Mercado, the highest of the B3's different corporate governance levels, the Profarma Group is aligned with the best corporate practices. Both Profarma Distribuição (PFRM3), and Rede d1000 (DMVF3) adhere to the standard.

Each business unit has a Board of Directors, composed in the most part of external members with at least 20% being independent. The basic function of the Board of Directors is to guarantee the strategic targeting of the decision-making, protecting the Company's equity and and maximizing the return on its investments.

The Executive Board and the Audit Committee complete the governance structure of each business. The audit committees operating within Profarma Distribuição and Rede d1000 are composed of at least one representative with proven experience in accounting matters and one board member. They are responsible for supporting the Board in the monitoring and quality control of the financial statements, internal controls, risk management and compliance. The Internal Audit department reports its actions to the Board of Directors by means of the Audit Committee.



The two business units are publically traded on the Novo Mercado segment of the B3.

The structure also involves the Fiscal Council, which is instituted whenever the Board of Directors believes it to be necessary.

The Indication Policy guides the choice of members of the board, committees and the Executive Board, based upon criteria such as a diverse profile, taking into consideration knowledge, experience, behavior, cultural aspects, age and gender. The professionals must have a level of technical qualification and recognized professional and academic experience. GRI 2-10

In the corporate sphere, the Company transformed the Social Responsibility Board into the ESG Board in 2021, whilst there are also theme-based commissions to support the discussion and analysis of issues such as personnel, diversity and inclusion, and ethics throughout the business (*read more on page 15*).

As such, the Profarma Group is prepared to contribute with solutions to its challenges and assist in the construction of a legacy of meeting the demands of society for a more sustainable world, for both current and future generations.

Always evolving GRI 2-23, 2-24, 3-3

Aware of the evolution of best practices in the market, the Company is continually improving its norms and processes and, in 2022, implemented new instruments. As part of the Board of Directors of Profarma Distribuição, a Digital Innovation and Transformation Committee was created to analyze, recommend, monitor, opine and propose initiatives or projects on these themes, including opportunities for new business or investments in equity interest.

Also in 2022, the Strategic Risk Management Committee was created as part of the revision of the risk management process performed between 2021 and 2022 and the improvement of practices (*read more on page 33*).

In the first half of 2023, the Audit Committee of Rede d1000 was made a statutory committee, following a proposal made by the Board of Directors that was approved at the General Shareholders' Meeting. This move is proof of the commitment to the reliability of its mechanisms and balances with the practice already adopted by the Board of Directors of Profarma Distribuição.

As well as the ESG, Internal Audit, Risks and Compliance Boards, the Company has commissions on matters including personnel, diversity and inclusion, and ethics.

Greater transparency

To expand its performance accountability mechanisms and the tools used to communicate with its stakeholders, Rede d1000 is now publishing its own annual report. The publication is based upon the *Global Reporting Initiative* (GRI) directives, and will monitor reporting trends.

Entitled the 2022 Impact Report, the publication details the governance structure of the business, its coordination with the management of the Profarma Group, and social and environmental performance indicators.

Read the Rede d1000 report here.

Board of Directors Profarma Distribuição GRI 2-9, 2-11



Marcel Sapir*
Chairman



Sammy Birmarcker
Vice-Chairman

Board Members:



Armando Sereno



Manoel Birmarcker



Rafael Teixeira



Sun Park



Ana Marta Horta Veloso*



Bernardo de Barros Franco*



Carlos Randolpho Gros*

Board of Directors of **Profarma Distribuição**

- **9 board members**
- **44% of whom are independent**
- **1 representative** of the minority shareholders
- Mandates of **2 years**, with the possibility of renewal

Board of Directors of **Rede d1000***

- **7 board members**
- **43% of whom are independent**
- Mandates of **2 years**, with the possibility of renewal

*For more details, please access the Rede d1000 Impact Report.

Advisory committees:

- **Statutory Audit Committee**
- **Digital Innovation and Transformation Committee**
- **Personnel Committee**
- **Risk Management Committee****
- **Fiscal Council**

*Independent Board Members.

** Created in early 2023

Assessment of the governing bodies

The regulations governing the Board of Directors and the advisory committees arrange for an annual assessment designed to monitor the performance of these bodies. The Assessment Policy of the Board of Directors, and the Advisory Committees to the Board of Directors and the CEO guide the process, performed by an independent company, and support the gauging and leveraging of the performance of the collective and the CEO in such a way that they may fulfill their responsibilities and duties, contributing to the improvement of corporate governance.

Following the assessment, the Culture and Personnel Management Board drafts action plans to develop the areas where possible improvement have been identified. GRI 2-18

Remuneration GRI 2-19, 2-20

The Company has an Remuneration Policy for Administrators that was approved by the Board of Directors in December 2019. The incentive structure is also outlined in more detail in item 13 'a' of the Reference Form. Both these documents are available on the IR website (ri.profarma.com.br).

For the board, the remuneration is tied to the short, medium and long-term objectives. The market-competitive remuneration encourages the professionals to achieve short and medium-term targets, through the receipt of their fixed monthly remunerations, and long-term targets, through the renewal of mandates and an annual bonus, as applicable to the Directors.

The main function of the Remuneration Policy is to align the interests of the administrators and the Company, based upon the best practices adopted by the market, and is formed of a fixed portion, a short-term variable, and benefits. The short-term incentive program is based upon business targets. Within its structure, the organization has established a focused remuneration department, which is responsible for evaluations and proposals, tied to approvals by the human resources board and the CEO.

The Company has policies for the evaluation of the senior management and for the remuneration of the administrators, both of which are approved at the General Assembly.

Annual total compensation ratio (R$)[1] GRI 2-21

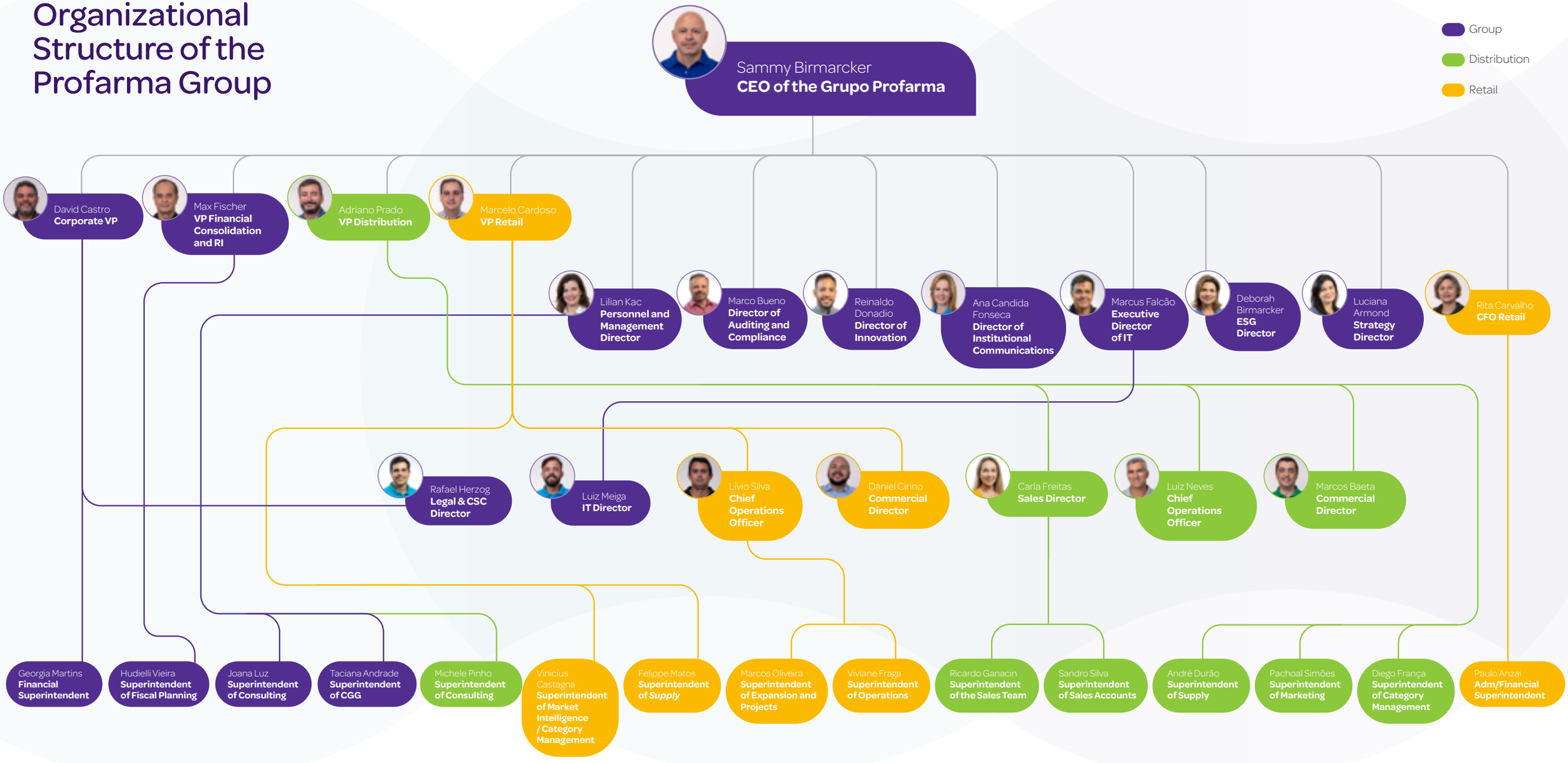
	2021	2022
Highest remuneration paid	2,675,237.97	2,295,920.09
Average annual total remuneration paid to all employees (except the highest paid individual)	22,005.92	22,384.97
Ratio	-	102.57

Remuneration increase ratio[1]

	2021	2022
Percentage increase of the highest remuneration paid (%)	-	-14.18
Percentage increase of the average total remuneration(%)	-	1.72
Ratio of the percentage increase of the highest remuneration paid by the percentage increase of the average total remuneration	-	-8.23

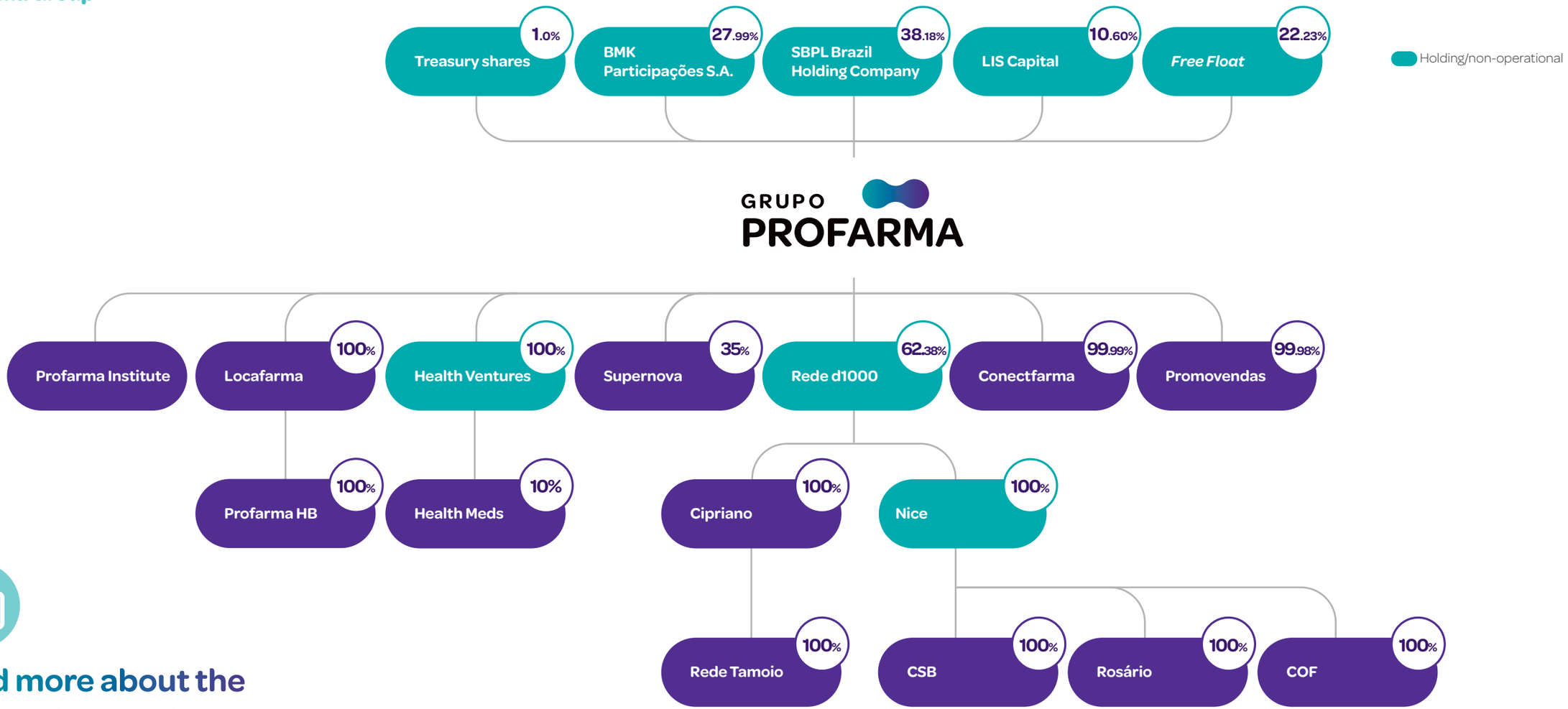
[1] The fixed and variable parts (commissions, rewards and bonus) were considered for the establishment of the average remuneration. From this perspective, fluctuations from one year to the next are common.

Organizational Structure of the Profarma Group



Corporate structure

Profarma Group



Read more about the corporate structure of Rede d1000 in the Company's Impact Report.



Ethics and integrity

GRI 2-26, 2-27 | 3

The Profarma Group has a formally instituted, corporate level Compliance Program, providing support for all its business. Believing that the practices of transparency and integrity and the relations with stakeholders are only effective within an ethical culture, the Company provides a series of training sessions, communication plans and monitoring of the stakeholders' adhesion to the policies as a means of guaranteeing that these values cut across all areas of the organization.

The Code of Ethical Conduct, updated in December 2021, defines the ethical values and principles that reinforce the commitment to transparency in the relationship with all the interested parties and establishes sustainability and ethics as pillars for the Company. Use of the compliance hotlines to report practices and behavior that go against the Code of Ethical Conduct does not require the accusers to identify themselves, and prohibits any form of retaliation or intimidation.

Transparency and integrity practices can only be effective within an ethical culture.



The cases are investigated by the Ethics Commission, connected to the Internal Audit and Compliance Department, and each case is treated impartially and individually, with feedback on the conclusions reached being provided to all those involved.

The Code of Ethical Conduct also establishes that it is unacceptable to offer or accept undue advantage, privileged information or any other commercial practice that configures unfair competition, involving clients, partners, suppliers, service providers, competitors or other employees.

This issue is monitored by means of the complaint hotlines and all incidents are investigated by the Ethics Commission. The aim is to guarantee full compliance in relation to anti-trust or anti-competitive actions. It should be stressed that no fines or other penalties relating to non-compliance with laws and regulations were recorded during the reported period.

A number of other tools were also implemented, including the Compliance Program, Due Diligence for the contracting of suppliers, auditing of the internal processes, and periodic monitoring of payment transactions, amongst others. The governance also involves regulatory processes, labor compliance, financial monitoring of the retail operations and standardizations.

The Compliance Hotline was transfered over to management by an independent company.

Training

In 2022, two training sessions were conducted in relation to the Code of Ethical Conduct, addressing a revision of the document and the culture of anti-corruption Through until August 2022, 51% of the company's employees, or almost 4,000 people, had participated in the training. GRI 2-23

100%
compliance target in relation to anti-trust or anti-competitive actions

Complaint hotlines

In 2020, approval was given to the contracting of the independent company Contato Seguro, to operate a new compliance hotline.

The guaranteeing of anonymity for any accusers had already been considered, but the operation of the system by the contracted company allows those contacting it to feel more certain of their anonymity, meaning this is one more good practice that has been adopted. With the creation of the exclusive Compliance Hotline, the process was centralized, guaranteeing standardization and that all the accusations will be treated with the same standard of quality and security. All the stakeholders can access this channel to communicate any situations or suspicions that characterize a violation of the Code of Ethics and/or anti-corruption legislation.

Amongst the cases received and recorded in 2022 were three related to issues of discrimination, all of which were investigated and corrective measures were implemented as a result. GRI 406-1

Compliance Hotline
0800 517 1311

Processes to remediate negative impacts GRI 2-25

The Profarma Group has a widely disseminated Code of Ethics. All employees are provided with training on the issue and the content is made available on the Profarma Group University (UGP) digital learning platform for settling doubts and providing guidance. The Code of Ethics is also available for consultation on the Company's portals.

Four consultation channels are also made available, three by e-mail and one in the form of an '0800' number, which is free-of-charge and open to all the stakeholders. Through the complaint hotlines, the complaints are directed to the Compliance sector, which qualifies and categorizes them, whilst also defining the strategy for investigation, involving various sectors for analysis and feedback, whenever applicable. Those who report their complaints are heard by the Culture and Personnel Management Board, informed of the measures taken to reach a solution and provided with feedback at the end of the process.

In the event of recurrence of the same issue, a working plan is created involving different areas for training and prevention of any future similar recurrence. The Audit Committee and the Board of Directors receive periodic reports on the occurrences.

Number and nature of critical concerns communicated GRI 2-16

	2022
Total number	97
Nature of the critical concerns	The most critical concerns relate to suspicions of moral and sexual harassment, and non-compliance with the premises of the Code of Ethical Conduct.

Communication and training on anti-corruption policies and procedures GRI 205-2

	2022	
Members of the governance body[1]	**Communicated**	**Trained**
Total number of members during the year	16	0
Percentage of members communicated to/trained (%)	100	0

Employees communicated to and trained by region 2022

	Communicated	Trained
North		
Total number of employees	1	
Total number of employees communicated to/trained	1	1
Percentage of employees communicated to/trained (%)	100	100
Northeast		
Total number of employees	463	
Total number of employees communicated to/trained	463	176
Percentage of employees communicated to/trained (%)	100	38.01
Center-West		
Total number of employees	1,397	
Total number of employees communicated to/trained	1,397	1,237
Percentage of employees communicated to/trained (%)	100	88.55

Employees communicated to and trained by region 2022

	Communicated	Trained
Southeast		
Total number of employees	5,493	
Total number of employees communicated to/trained	5,493	3,089
Percentage of employees communicated to/trained (%)	100	56.24
South		
Total number of employees	370	
Total number of employees communicated to/trained	370	148
Percentage of employees communicated to/trained (%)	40.81	40
Total		
Total number of employees	**7,724**	
Total number of employees communicated to/trained	**7,505**	**4,651**
Percentage of employees communicated to/trained (%)	**97.16**	**60.21**

Employees communicated to and trained, by employee category 2022

	Communicated	Trained
Executive Board		
Total number of employees	37	
Total number of employees communicated to/trained	37	16
Percentage of employees communicated to/trained (%)	100	43.24
Management		
Total number of employees	718	
Total number of employees communicated to/trained	718	662
Percentage of employees communicated to/trained (%)	100	92.2

Employees communicated to and trained, by employee category 2022

	Communicated		Trained
Team Leaders/Coordination			
Total number of employees		66	
Total number of employees communicated to/trained	66		64
Percentage of employees communicated to/trained (%)	100		96.97
Technicians/Supervisors			
Total number of employees		1,221	
Total number of employees communicated to/trained	1,221		0
Percentage of employees communicated to/trained (%)	100		0
Administrative Staff			
Total number of employees		433	
Total number of employees communicated to/trained	433		20
Percentage of employees communicated to/trained (%)	100		4.62
Operational employees			
Total number of employees		4,932	
Total number of employees communicated to/trained	4,932		3,853
Percentage of employees communicated to/trained (%)	85.73		78.12
Total			
Total number of employees		**7,407**	
Total number of employees communicated to/trained	**6,703**		**4,615**
Percentage of employees communicated to/trained (%)	**90.5**		**62.31**

[1]The governance bodies are concentrated in the Southeast region of Brazil.

Other workers communicated to and trained 2022

	Communicated		Trained
Apprentices			
Total number		296	
Total number of workers communicated to/trained	296		19
Percentage of employees communicated to/trained (%)	100		6.42
Interns			
Total number		18	
Total number of workers communicated to/trained	18		15
Percentage of employees communicated to/trained (%)	100		83.33
Trainees			
Total number		1	
Total number of workers communicated to/trained	1		1
Percentage of employees communicated to/trained (%)	100		100
Total			
Total number		**315**	
Total number of workers communicated to/trained	**315**		**35**
Percentage communicated to/trained (%)	**100**		**11.11**

Conflicts of interest GRI 2-15, 2-26

The Bylaws establish the clear separation and definition of the functions and duties of the bodies that make up the administration. In 2022, the Board approved the Jurisdiction Policy, which clearly defines roles and responsibilities, with the aim of minimizing the risk of potential conflicts of interest.

The Audit Committee also works on occurrences of this nature, including operations with related parties. The Code of Ethical Conduct sets forth specific clauses on the issue and the complaint hotlines that may be used to report any suspicions or occurrences of this nature.

Issues relating to conflicts of interest can include hierarchy, the remuneration program, committees, policies and procedures relating to the abovementioned jurisdiction policy.



Information security GRI 2-23

The Profarma Group started structuring itself in compliance with the General Personal Data Protection Law (LGPD) in January 2020. The Group now has a structure that includes a Data Protection Officer (DPO), as required by the law, and a channel designed exclusively to receive complaints related to the violation of privacy and the loss of client data, as well as procedures and channels on each of its client e-commerce sites.

The Code of Ethical Conduct guides the adoption of the stakeholders' data privacy policies, which is also a constant focus of training. At least once every 15 days, content designed to orient and alert employees on issues connected to the LGPD is published on the Company's internal communication channels. These initiatives emphasize the importance of the behavioral aspect for the protection of information, avoiding any form of risk-related conduct.

In 2022, the information security processes underwent a simulated audit by the National Data Protection Authority (ANPD), performed by a specialist partner, aimed at checking the levels of adherence to the law. The final result awarded a score of 'A' (fully efficient). The Profarma Group has also created an IT Master Plan designed to address actions for the mitigation of cybersecurity risks, amongst other issues.

Since 2018, there have been no complaints or events involving violation of privacy or loss of client data. GRI 418-1

Risk management GRI 3-3, 205-1

Considered to be a tool for strengthening the structure of corporate governance, increasing the levels of transparency, and protecting the Group's reputation, the Risk Management covers the entire Profarma Group.

The Risk Management Policy follows internationally recognized guidelines, such as the Enterprise Risk Management Framework (ERM), published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and the ISO 31000.

The Audit and Compliance Board is responsible for the work involved in monitoring and management of risks, which is in turn monitored by the Audit Committee, examining the effectiveness of the management systems, internal controls, and compliance, and presenting its conclusions to the Board of Directors.

Between 2021 and 2022, the process underwent a thorough revision, resulting in the construction of a map of priority risks. This process led to the creation of the new Risk Management Committee in 2022, a body that will support the Administrative Council and the Executive Board in the evaluation of the short, medium and long-term risks and opportunities.

The main risks were methodologically identified and their factors mapped. For the priority risks, robust mitigation plans were applied and their implementation has been monitored by the Board of Directors and the management.

No relevant risks related to corruption were mapped in 2022. Neither were any cases of corruption identified, nor any related court cases filed against the organization or its employees. Nor were there any legal actions for unfair competition, anti-trust or monopoly practices in the period covered by the report. GRI 205-1, 206-1

100% of the operations are assessed for risks related to corruption (the most significant are undue payments and donations, and fraud in hirings).

Read more

The main macroeconomic factors that could affect the business are outlined in item 5 of the Reference Form, which can be found on the Company's IR site.





Management of suppliers

The guidelines for the relationship with suppliers are defined by the Profarma Group and the management follows the business structure: the direct suppliers (sales suppliers, which supply materials and products for the characteristic sale by the business), with an intrinsic relationship to each one of the segments, are managed directly by the Profarma Distribuição and Rede d1000 subsidiaries. The Group has centralized the management of indirect suppliers (non-sales) of services and products that support the entire Company, including services, freight, cleaning, security services and civil projects, as well as materials, computers, generators, air conditioning units and equity maintenance, amongst others.

In 2022, in relation to the non-sales suppliers, the Group worked with 394 partners, which are located throughout almost the entire country (the exception being in the Northern Region where the Company does not have operations. The sum spent was R$ 244 million (non-sales suppliers).

Furthermore, there are 1,600 sales suppliers managed by the business.

The local suppliers are selected by means of a bidding system and are required to prove their ability to fully meet the scope of the service, that they are technically able to perform the activities required, and that they are financially healthy. The Profarma Group's guidelines involve working with the best market conditions, meeting the cost criteria, providing quality products, with attention to preventing risks to the health and safety of customers, and meeting delivery deadlines. There is no segregation between local and national suppliers.

All the contracts have clauses relating to the compliance with Human Rights. Audits and monitoring on issues such as child labor, and physical and working conditions, amongst others, form a part of the process and are regulated by the Profarma Group's policy and procedures.

R$ 244 million
spent on non-sales suppliers.

The Compliance department undertakes due diligence on those business partners considered to be strategic. The process was revised to also include evaluations of the child and slave labor practices, as well as concrete training actions in these practices for these suppliers.

In 2022, 32.1% of new suppliers were contracted using environmental criteria as a base. No suppliers causing a negative environmental impact were identified. GRI 308-1, 308-2

The 'Profarma Distribuição Top Suppliers' program involves a wide range of criteria to evaluate the performance and level of the partners' service.

The Top Suppliers program involves a booklet and regulations that guide and establish criteria for the suppliers. Eligible for the Program are suppliers which present annual invoicing above R$ 1.5 million in the hygiene and beauty category, and above R$ 1 million in the generics category. For the gold, silver and bronze awards, there are indicators that the suppliers must meet to score in the ranking, including: level of sales, service, compliance, etc.

Guard and security services

Security is provided by 91 service providers, covering the DCs and stores. It should be stressed that 100% of the personnel received formal training on the organization's specific policies and procedures concerning human rights and their application to security. GRI 410-1

Proportion of spending on local suppliers GRI 204-1

Profarma Group
Operational unit[1]

R$ 19 million
Budget for suppliers

R$ 5.7 million
Spending with local suppliers

30%
Percentage of budget spent with local suppliers

[1]All the Distribution Centers are important operational units. The Group has 14 DCs located in all regions of Brazil, except the Northern Region. Local suppliers are considered to be partners located in the same state as the DC.

Supplier training GRI 2-23, 203-1

To inform and engage the chain of suppliers of the Profarma Group's commitments, the 'DNA - Network Governance' project was launched in 2022, involving training and communication on issues relating to the ESG agenda.

The initiative's first meeting took place in November with the participation of the Abrinq Foundation, which gave a talk on the rights of children and adolescents, sexual violence and child labor. The aim was to raise these partners' awareness of the role they play in tackling the different types of violence that involve children and adolescents. The meeting involved special participation by those suppliers operating in the area of logistics. The event also promoted hotlines for accusations of violence.

Other issues that will form part of the activities undertaken by the project involve Human Rights, the Code of Ethical Conduct, Complaint Hotlines and the Suppliers' Policy. The aim is to reduce risk of the existence of irregularities in conduct, qualifying the suppliers' levels of compliance even more. The initial focus of the DNA Project is the Company's ten biggest logistics suppliers.

Financial performance GRI 203-2



2022 was notable for being another period of important achievements that have confirmed the solid nature of the Profarma Group's strategy, with evolution in the segments of distribution and pharmaceutical retail, with performances higher than the market average.

Profarma Distribuição attained an Ebitda of R$ 217 million, a rise of 38.8%, and revenue from sales of R$ 8.6 billion, a rise of 20.5% in relation to 2021. All the categories saw an evolution in their performance and there was a record number of customers, even following a period of accelerate growth, reaching 52,000 customers. Another highlight was the investment in expansion, with inauguration of a second São Paulo Distribution Center, in Itapevi, expanding the service capacity in this, the country's largest market, and increasing the size of the Pernambuco DC, located in Jaboatão dos Guararapes.

The good results of Rede d1000, which will be celebrating its 10th anniversary in 2023, are reflected in the Ebitda of R$ 133 million (with IFRS), 45% higher than that recorded in 2021, and a gross revenue of R$ 1.6 billion, 28.7% higher than the previous year. As such, Rede d1000 came to occupy 11th place in the total invoicing ranking of the Brazilian Association of Pharmacies and Drugstores Chains (Abrafarma) and 7th in invoicing per store.

The 2022 results of the Profarma Group were above average for the segment.

The result is a reflection of the operational improvements made to the base of older stores and the expansion model that is proving to be increasingly more effective. Ten new stores were opened and another 20 were refurbished or expanded in 2022, totaling 218 units in the portfolio.

As such, the Profarma Group's consolidated gross revenue reached R$ 9 billion in 2022, a rise of 20.9% in relation to the previous year. The Ebitda rose 48.6%, reaching R$ 381.2 million, and the gross earnings were R$ 1.1 billion, a rise of 26.2%.

This performance is higher than that registered by the sector which, according to the IQVIA healthcare data and technology company, rose 14.5% This positively impacted the Company's market share and reconfirmed the success of a solid and well-defined strategy, associated with the discipline in execution pursued by both business units.

Gross revenue

R$ 9.0 billion

+20.9%

Gross margin

14.7%

+0.5 p.p.

Dilution of expenses

-0.4 p.p.

Ebitda

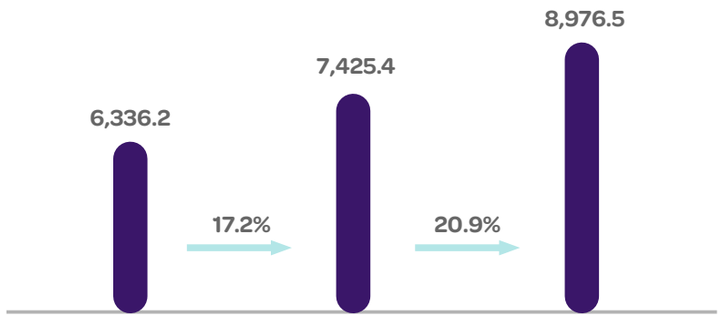
R$ 381.2 million

48.6% + a margin of 4.9%

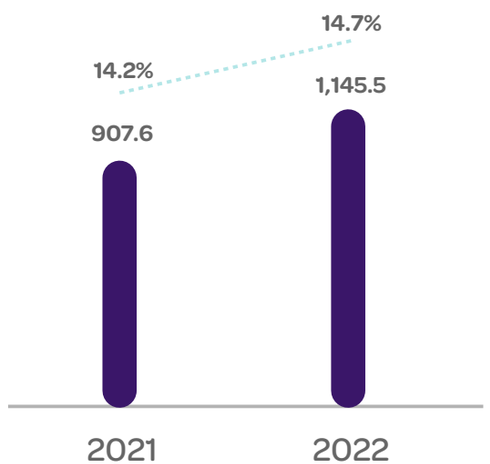


The consolidated gross revenue grew 20.9% and the Ebitda by 48.6%.

Gross operating revenue (R$ millions)



Gross profit (R$ millions)



Highlights of Profarma Distribuição

Gross revenue
R$ 8.6 billion
+20.5%

Ebitda
R$ 216.9 million
+38.8%

Gross earnings
R$ 670 million
+24.8%

Highlights of Rede d1000

Gross revenue
R$ 1.6 billion
+28.7%

Ebitda
R$ 133 million
+45%

Gross earnings
R$ 475 million
+28.7%

Statement of Added Value GRI 201-1

Consolidated (in thousands of reais)	2021	2022
Revenue	**7,295,866**	**8,827,570**
Sales of product and service commodities	7,308,125	8,838,398
Allowance for doubtful accounts – Reversal / (Recording)	(12,259)	(10,828)
Inputs purchased from third parties	**5,766,104**	**6,998,335**
Cost of goods and services sold	5,505,628	6,670,704
Supplies, energy, outsourced services, and other	260,476	327,631
Gross added value	**1,529,762**	**1,829,235**
Depreciation and amortization	**125,882**	**138,221**
Net value-added produced by the entity	**1,403,880**	**1,691,014**
Transferred added value	**35,823**	**44,506**
Equity in income of associates	5,976	(7)
Financial revenues	16,831	35,493
Others	13,016	9,020
Added value to be distributed	**1,439,703**	**1,735,520**
Distribution of added value		
Personnel and charges:		
Direct compensation	288,923	312,402
Benefits	51,937	61,062
FGTS	21,687	24,644
Taxes, charges and contributions:		
Federal	115,305	161,470
State	818,237	944,701
Municipal	19,880	20,298
Debt capital remuneration:		
Interest	50,373	116,905
Rent	(4,831)	8,998
Interest on net equity		21,250
Retained earnings	79,113	59,624
Non-controlling interest on retained earnings	(921)	4,166
Value-added distributed	**1,439,703**	**1,735,520**

Details of the economic-financial performance can be found on the Investor Relations website.



Social pillar

- Our **Team**
- **Customers**
- Profarma **Institute**

MATERIAL TOPICS
Management of human capital, inclusion and diversity
Social responsibility
Health and safety at work
Customer relations

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

Our team

GRI 3-3

The Profarma Group has 7,722 employees who are driven by the objective of delivering healthcare and are untiring in their quest for efficiency and excellence to continually advance and improve the business.

Profarma Distribuição has a team of 3,433 employees, while Rede d1000 has 3,525, as well as 766 employees on the corporate team, providing support for the activities performed by the business units.

After the 2021 immersion in the 'Cultura Vivo' (as the organizational culture is referred to) and the redefinition of the manifesto, vision, mission and values, 2022 saw the continuation of a series of actions revolving around the employees' skills, increase in benefits, execution of a new performance evaluation cycle, and establishment of the individual development plans. It was also an intense period of planning and definition of actions relating to diversity.



The Profarma Group was included in the Best Companies to Work for in 2022, according to GPTW.

All this work contributed to the Company earning recognition as one of the best places work, according to the Great Place To Work (GPTW) consultancy. Responsible for performing an independent engagement and satisfaction survey, the GPTW collected information from the employees (71% of the employees took part in the survey, meaning more than 4,000 respondents), which it used to make a diagnosis, highlighting the main areas for improvement. The overall score achieved by the Profarma Group was 70 out of 100.

The survey showed that the company's consistency of actions and concern over social impact adds to the pride the employees have in the company. Furthermore, the solidity and perspectives for growth mean that the employees recognize that there are opportunities for professional growth. The principal opportunities for improvement highlighted by the employees involve the areas of development and recognition, emotional health and financial compensation - issues that will be better addressed in 2023.



GPTW survey

71% participation in the survey

4,000+ respondents

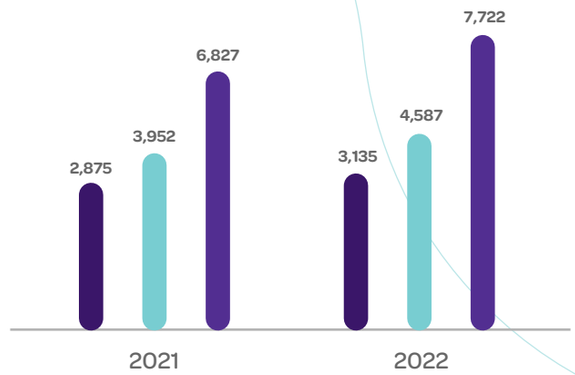
85% feel good about the way that the Profarma Group contributes to society

82% feel that the Company is aware of its social responsibility

80% are proud to tell people that they work for the Profarma Group

Profarma Group employees

[1] GRI 2-7



[1] All contracts are permanent - there are no temporary employees. In 2022, 99.52% of employees were covered by collective bargaining agreements. GRI 2-30

Profarma Group employees[1] GRI 2-7

	2021	2022
Men	2,875	3,135
Women	3,952	4,587
Total	**6,827**	**7,722**

[1] All contracts are permanent - there are no temporary employees. In 2022, 99.52% of employees were covered by collective bargaining agreements. GRI 2-30

Type of employment contract[1] GRI 2-7

	2021			2022		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Men	2,875	77	2,952	3,124	11	3,135
Women	3,952	171	4,123	4,514	73	4,587
Total	**6,827**	**248**	**7,075**	**7,638**	**84**	**7,722**

1. All our workers have a guaranteed workload.

Employees by region[1] GRI 2-7

	2022		
	Men	Women	Total
Alagoas	35	21	56
Bahia	85	106	191
Ceará	1	1	2
Federal District of Brasília	409	746	1,155
Espírito Santo	108	41	149
Goiás	86	76	162
Minas Gerais	140	171	311
Mato Grosso	14	66	80
Pernambuco	61	33	94
Paraíba	40	13	53
Paraná	105	100	205
Rio de Janeiro	1,682	2,726	4,408
Rio Grande do Norte	26	18	44
Rio Grande do Sul	85	80	165
Sergipe	16	7	23
São Paulo	242	381	623
Tocantins	0	1	1
Total	**3,135**	**4,587**	**7,722**

Number of employees, by employment contract and region GRI 2-7

	2022		
	Full-time	Part-time	Total
Alagoas	56	0	56
Bahia	191	0	191
Ceará	2	0	2
Federal District of Brasília	1,155	0	1,155
Espírito Santo	149	0	149
Goiás	162	0	162
Minas Gerais	311	0	311
Mato Grosso	80	0	80
Paraíba	53	0	53
Pernambuco	94	0	94
Paraná	205	0	205
Rio de Janeiro	4,324	84	4,408
Rio Grande do Norte	44	0	44
Rio Grande do Sul	165	0	165
Sergipe	23	0	23
São Paulo	623	0	623
Tocantins	1	0	1
Total	**7,638**	**84**	**7,722**

Workers who are not employees[1] GRI 2-8

	2022		
	Men	Women	Total
Apprentices	91	208	299
Interns	5	13	18
Trainees	1	2	3
Total	**97**	**223**	**320**

[1] Figures registered on December 31, 2022. As well as those cited in the table above, there are no workers who are not employees.

Diversity is a priority GRI 3-3

Launched in 2021, the 'Diversity in Action' program aims to strengthen a more inclusive culture, providing a psychologically safe environment, involving retention, engagement, innovation and more humane relations amongst the employees.

The Company's first census-type survey was undertaken in 2022, allowing an even better understanding to be formed of the profile of the employees. With voluntary participation, the census was widely accepted, receiving a 73.5% response rate. The work served as a structured diagnosis, with different categories relating to gender identity, color and race, religion, living status and sexual orientation.

According to the census, women make up 56.3% of the Profarma Group employees, and 63.8% of the internal public are Black and mixed race. In relation to the leadership, women occupy 38.8% of the strategic positions and Black and mixed race persons occupy 29.7% of these positions. At the stores, the management is mostly made up of women (70%), with a high participation of Black women. It is worth stressing that the data reflects the profile of the respondents to the census survey, in which the employees participated voluntarily, thus serving as a sample of the internal climate.

The census also confidentially welcomed the opinions of the employees on representation, inclusion, communication, leadership, business, education and empowerment, infrastructure and accessibility.

With this information, the Company was able to put together its short and medium term action plan. At the beginning of 2023, the Diversity, Equality and Inclusion Policy was launched, and a booklet designed to assist in the education and awareness-raising of the employees is also set to be published with a special focus on the leadership. Service protocols are also to be created to provide orientation on expected conduct and practices that will not be tolerated in the work environment. Training for the teams working at the Distribution Centers and stores are also being planned.

Points that will be receiving attention over the coming years are the number of disabled people and the participation of representatives from LGBTQIA+ groups and Black women. The promotion of inclusive leadership and psychological welfare at the company, and improvements to the physical structure and benefits are other points that should be prioritized.



Women leaders

In 2022, the first group for the training and certification of women leaders was formed. The group, made up of nine employees from the DCs, received mentoring from the Profarma Group's female executives in the form of in-person and online classes. A second group is planned for 2023.

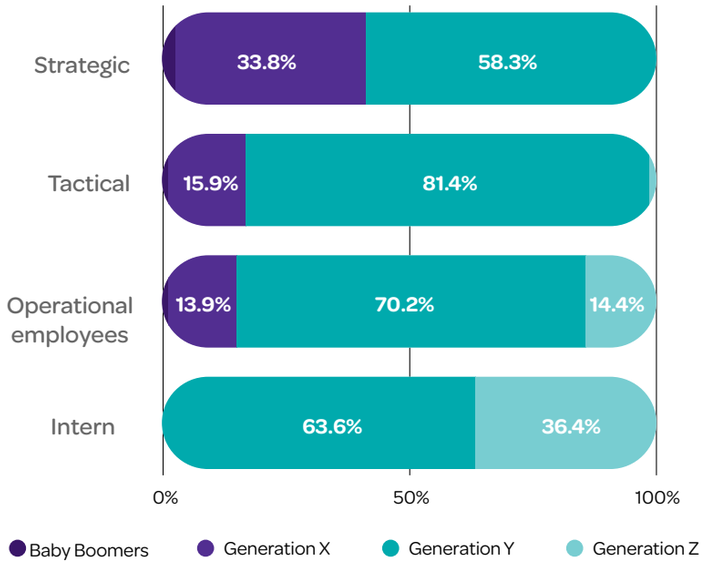
Employees' perceptions

How important is diversity to you?
A score of 8.97

How important is diversity to your company?
A score of 8.63

Those who are willing to make an effort to help the company achieve its targets of diversity and inclusion:
85.6% of the people

Generation by position (according to the internal census)



Generation by position (according to the internal census)[1]

	Strategic	Tactical	Operational employees	Intern
Baby Boomers				
Generation X	38.8%	15.9%	13.9%	
Generation Y	58.3%	81.4%	70.2%	63.6%
Generation Z			14.4%	36.4%

[1]Source: Census survey with participants' voluntary responses. The percentages are not comparable with the GRI indicators.

Percentage of employees by job category and gender (%) GRI 405-1

	Men	Women
Executive Board	79.55	20.45
Coordinators	42.42	57.58
Supervisors	69.57	30.43
Sales team	70.44	29.56
Managers	62.07	37.93
Store managers	25.97	74.03
Store operational staff	29.94	70.06
Store supervisors	31.49	68.51
Analysts	42.06	57.94
Operational employees	45.13	54.87
Workers who are not employees (%)		
Apprentices	30.43	69.57
Interns	27.78	72.22

Diversity in the governing bodies[1] GRI 405-1

	Men	Women
Board of Directors, by gender (%)	92.31	7.69

	Under 30	30 to 50 years of age	Over 50
Board of Directors, by age group (%)	0	15.79	84.21

Percentage of employees by age group (%)[1] GRI 405-1

Executive Board	
Under 30	0
30 to 50 years of age	40.91
Over 50	59.09
Coordinators	
Under 30	0
30 to 50 years of age	87.88
Over 50	12.12
Supervisors	
Under 30	15.65
30 to 50 years of age	77.83
Over 50	6.52
Sales team	
Under 30	9.39
30 to 50 years of age	76.80
Over 50	13.81
Managers	
Under 30	1.72
30 to 50 years of age	88.79
Over 50	9.48

Percentage of employees by age group (%)[1] GRI 405-1

Store managers	
Under 30	9.96
30 to 50 years of age	85.71
Over 50	4.33
Store operational staff	
Under 30	44.83
30 to 50 years of age	49.98
Over 50	5.19
Store supervisors	
Under 30	21.55
30 to 50 years of age	72.93
Over 50	5.52
Analysts	
Under 30	26.35
30 to 50 years of age	69.59
Over 50	4.05
Operational employees	
Under 30	50.24
30 to 50 years of age	43.81
Over 50	5.96
Total	
Under 30	**9.06**
30 to 50 years of age	**79.50**
Over 50	**11.44**

[1] In the segment of other workers, 100% of the apprentices and trainees are aged under 30; and, amongst the interns, 83.3% are aged under 30 and 16.8% are aged between 30 and 50.



Ratio between the basic salary and remuneration received by women to men GRI 405-2

Employment category	Ratio
Senior Management and Board of Directors	0.77
Coordinators	0.8
Supervisors	0.96
Sales team	0.95
Managers	0.9
Store managers	1
Store operational staff	0.99
Store supervisors	1.02
Analysts	0.83
Operational employees	0.96
Workers who are not employees	
Apprentices	1
Interns	1.11

Personnel development GRI 404-1, 404-2

With specific profiles and needs in the pharmaceutical distribution and retail areas, the development of the teams aims to focus on both a broader picture of the desired culture and a focus on the needs of each of the Company's business segments. The mapping of the learning activities also looks at the technical and behavioral needs.

The Profarma Group University (UGP) was restructured to account for these different challenges and established new content partnerships, learning paths and categories such as '*Cultura Viva*', digital transformation, skills for the future, diversity and inclusion, social responsibility and governance.

Forming a part of the leadership profile developed by the Profarma Group, are managers who delegate and understand how to be hands-on, competitive in the market and focused on adding value for the customer, encourage collaboration, appreciate respect and diversity and be committed to innovation. These characteristics are developed at the '*Liga GP*' Leadership Academy, supported by the concept of ongoing and self-driven learning.

More support for the development of personnel comes in the form of the cycles of talks and discussions on relevant themes, including the development of skills, integration and professionalism of the employees. Amongst the themes approached in 2022 were women's empowerment, assertive communication, time management and productivity, mental health, ongoing learning, awareness-raising, self-care, and the prevention of breast cancer, amongst others.

In relation to retail, the focus was on the development of new store leaders to provide support for expansion. In addition to all this, 'CABE', a program especially developed for the stores, promotes the empowerment of the service teams and trains personnel in the dynamics and techniques required for improving the customer's purchasing experience.



UGP: Profarma Group University

Of the training provided, special mention should go to the updating of the precepts and conduct set out in the Code of Ethics, a document that was revised in 2022, and a new course of information security.

20 learning paths

300 courses

5,000 employees with access

6,000 hours of training

Be+

One point of note raised by the internal census on the employees' education, was the opportunity to provide some of them with support to be able to finish their formal education, which resulted in the creation of the first *'Programa Seja+"* group.

The classes will allow them to conclude their Secondary Education and, upon conclusion of the course, they will sit the National Examination for Certification of Young People's and Adults' Skills (Enceja), the last stage in obtaining the Secondary Education graduation certification.

The Profarma Group University (UGP) was restructured to be able to address different challenges.

Amongst the main training and development actions, the following are worthy of special mention:

A monthly cycle of talks
A focus on behavioral skills;

A career acceleration program
Preparation of employees to assume initial leadership positions;

'LIGA GP'
The Profarma Group's Leadership Academy with in-person and online activities;

'LIGA GP Encarregadas'
The Profarma Distribuição Leadership Academy with in-person and online activities;

***'TER'* Program**
With the aim of training, developing and recognizing the teams working at the Distribution Centers;

Female Leadership Program
Promoting women's professional empowerment to ensure visibility and the strengthening of the talents and skills that are already present in the organization;

***'Realce'* Program**
A program involving different areas of recognition for the employees to be able to increase their engagement and drive self-development;

Coaching
Support for executives transitioning from one position to another with specific needs;

External mentoring
Support for some executives transitioning from one position to another with specific needs;

Humane severance
A menu containing different possibilities of actions for executives leaving the Profarma Group, including an extension of the health plan, an outplacement program with specialist consultation or a leaving bonus as thanks for the years worked. Each case is treated differently

Average number of employee training hours, by gender GRI 404-1

Gender	Total number of employees	Hours of training	Average hours of training
Men	2,377	22,839.03	9.61
Women	3,694	29,345.45	7.94
Total	**6,071**	**52,184.48**	**8.60**

Average number of employee training hours, by employee category GRI 404-1

Employment category	Total number of employees	Hours of training	Average hours of training
Board of Directors and Administrative Council	26	174.41	6.71
Coordinators	79	938.28	11.88
Supervisors	121	2,248.58	18.58
Sales team	550	7,104.35	12.92
Managers	129	1,542.45	11.96
Store managers	268	2,795.39	10.43
Store operational staff	2,828	18,517.02	6.55
Store supervisors	604	8,377.38	13.87
Analysts	571	4,538.07	7.95
Operational employees	830	5,631.13	6.78
Total	**6,071**	**52,182.08**	**6.55**
Workers who are not employees			
Apprentices	42	190.59	4.54
Interns	23	124.43	5.41
Trainees	3	30	10.00
Others	6,004	51,846.22	8.64
Total	**6,072**	**52,191.24**	**8.60**





Evaluation and career

Evaluation is performed as part of the 'Personnel Cycle', which begins with the preparation of leaders to evaluate their teams and fine-tuning meetings, and runs through to structural feedback and the creation of the IDP.

For the leaders, the evaluation comes in a 360° format, including evaluation by peers, managers and internal clients and leaders. Involving definition of the leader's profile and the associated skills, the evaluations and development plans include these aspects in the analyses.

Providing for the Group's expansion process, especially in terms of the store opening rate, and meeting the different requirements of the pharmaceutical distribution and retail businesses, are some of the challenges that face the management area. Keeping the team motivated, training leaders for the new units and preparing the succession for key positions, are permanent concerns for the Group.

Identified in the 2021 Personnel Cycle, the need for successors identified for the initial leadership pipelines led to the creation of the Career Acceleration Program, which prepares talents for leadership positions at different levels and in different areas.

Preparing the team to take on new challenges, appreciating those who make a difference, and engaging talents, amongst other objectives, are premises for the structuring of the initiative, the focus of which in the first module was senior analysts and specialists. The learning journey involves themes such as leadership and career, diversity, empathy and developing a strategic vision, amongst others. 750 people participated in the meetings in 2022.

2022 saw 750 internal promotions, another priority for the personnel management department.

Percentage of employees receiving regular performance and career development reviews[1] GRI 404-3

	Men	Women	Total
Executive Board	54.05	44.44	52.17
Coordinators	85.71	89.47	87.88
Supervisors	35.62	40.00	36.96
Sales team	0	0.00	0.00
Managers	93.06	79.55	87.93
Store managers	1.67	0.00	0.43
Store operational staff	0	0.00	0.00
Store supervisors	0	0.00	0.00
Analysts	16.06	3.21	8.61
Operational employees	4.43	1.05	2.57

[1] Apprentices, interns and trainees do not undergo a formal evaluation program.

Benefits

Amongst the actions designed to increase employee recognition, one of the innovations was the increased involvement in the Company's 'Participation in the Profits Program'.

Maternal-parental leave GRI 401-3

	2022
Total nº of employees	
Men	3,135
Women	4,587
Collaborators who have taken the leave during the current year	
Men	36
Women	208
Employees who returned to work, during the period covered by the report, following the end of the maternity/paternity leave	
Men	36
Women	231
Employees who returned to work after the end of the maternity/paternity leave period and who were still employed 12 months after their return to work	
Men	0
Women	168
Rate of return	
Men	100%
Women	100%
Rate of retention	
Men	100%
Women	100%



100%
is the rate of those returning and remaining in the job of those who took maternity and paternity leave

Total number of employees hired and dismissed, and the turnover rate, by gender, in 2022 GRI 401-1

Gender	Hirings	Terminations	Turnover rate
Men	1,559	1,384	46.94
Women	2,282	1,819	44.70
Total	**3,841**	**3,203**	**45.61**

Total number of employees hired and dismissed, and the turnover rate, by age group, in 2022 GRI 401-1

Age group	Hirings	Terminations	Turnover rate
Under 30	2,369	1,759	63.98
30 to 50 years of age	1,406	1,365	34.39
Over 50	66	79	15.52
Total	**3,841**	**3,203**	**45.61**

Total number of employees hired and dismissed, and the turnover rate, by state, in 2022 GRI 401-1

State	Hirings	Terminations	Turnover rate
Alagoas	31	29	53.57
Bahia	123	108	60.47
Ceará	0	0	0.00
Federal District of Brasília	479	483	41.65
Espírito Santo	94	79	58.05
Goiás	113	113	69.75
Minas Gerais	221	186	65.43
Mato Grosso	58	61	74.37
Paraíba	27	21	45.28
Pernambuco	54	38	48.94
Paraná	123	111	57.07
Rio de Janeiro	1,731	1,356	35.02
Rio Grande do Norte	20	21	46.59
Rio Grande do Sul	133	103	71.52
Sergipe	3	3	13.04
São Paulo	626	446	86.04
Tocantins[1]	5	45	2,500
Total	**3,841**	**3,203**	**45.61**

[1] Operations in the state of Tocantins were terminated in 2022.



All the units are submitted to an annual risk inventory with the purpose of updating the Risk Management Program.

Occupational health and safety GRI 103-3, 103-1, 403-3, 403-6

Reinforcing the Company's beliefs and its focus on the promotion of health and wellbeing, the Profarma Group structured its Occupational Health and Safety (OHS) cell with the aim of ensuring the integrity of the employees and service providers at every one of the business' units. The actions are based upon the directives of currently applicable legislation (Regulatory Norms) and good market practices involving methodologies such as Kaizen, the PDCA Procedure, the Ishikawa Diagram, Problem Tree and Hazop.

All the units are covered by the management system and a multi-disciplinary team is responsible for the management and services, which includes a security expert, a doctor and an occupational nurse, amongst others.

The organization provides its workers with access to medical service in the form of the health plans offered. Vaccination programs are undertaken with contracted healthcare companies and with support from the national health service (SUS). The organization offers psychological support to those of its employees and their families in need of it, in the form of subsidies with a partner company. It should be stressed that all the workers' personal information is contained in a digital medical file (partner companies) with access restricted to authorized individuals.

Safety 403-2, 403-4, 403-7, 403-8, 403-9

All the units undergo an annual risk inventory for the purpose of updating the Risk Management Program (RMP) and defining a schedule for the implementation of improvements, thus guaranteeing the level of compliance in all spaces.

Each unit has Internal Accident and Harassment Prevention Committees (CIPAs), which hold monthly meetings to discuss matters of importance to the local operations. Daily meetings are held at the Distribution Centers allowing all the sectors to present issues of importance to the operation, including health and safety aspects.

Safety Week, held in July, promoted activities to raise the awareness and engagement of employees and service providers. More than 3,500 people and 18 companies took part in the actions staged over the course of four days, looking at issues such as safety without prejudice, and topics including human rights, racism. LGBTQIA+ and women's rights, demonstrating that diversity forms an integral part of the group's culture and is one of the pillars of the safety area. Six forty-minute videos were produced which have been watched more than 6,000 times. The Week also involved a collection of socks, bed covers and powdered milk for the winter campaign.

All incidents and near-accidents are investigated using specific forms, the results of which are transformed into a structure for the application of established methods of investigation of harmful events, such as Ishikawa, Fault Tree, the 5 Whys and Hazop.

For the forthcoming cycle, a week is being developed which will focus on health and safety as a means of increasing the integration and engagement of employees with the area of occupational health and safety.

For those employees who perform activities that require complementary instruction, training is provided that addresses everything from the dynamics of the activity to the inherent risks, as well as the respective prevention measures. GRI 403-5

New employees take part in an integration program that addresses issues of health and safety. These issues are also included in the organization's continual communications, through different channels, whilst also involving recycling training and good practices for the operational activities. Also of importance is the use of Personal Protective Equipment (PPE) by the employees and service providers.

All workers receive assistance from the Company at their place of work, be they formally registered or outsourced employees. The Profarma Group has its own system in which all events that occur during the operation of the units are recorded.

The greatest threat to the integrity of the employees and service providers are those activities that involve working at heights and access to cold chambers, as well as those performed by the building maintenance and automation crews. At the store, the most common risks are those related to ergonomics. With the adoption of regular training sessions, application of administrative measures for the mitigation of risks, and the provision of PPE, no serious accidents were recorded during the reported period.

More than 3,500 people and 18 companies took part in the Safety Week which, amongst other issues, addressed topics such as human rights, racism, LGBTQIA+ and women's rights.



Viva Bem

'Viva Bem' ('Live Well') is a multi-disciplinary program focused on quality of life and the promotion of employee health. Provided in partnership with suppliers, it is structured to provide services in the areas of healthcare, and emotional and personal support.

Involving professionals such as social workers, physicians, nurses, nutritionists and psychologists, the services and consultations provided aim to provide a broad spectrum of care, in line with the vision of the World Health Organization (WHO), which defines health as a complete state of physical, mental and social wellbeing, and not just the absence of illness or infirmity.

Amongst the services offered, by means of a health insurance program, employees and their families receive support in relation to the procedures with the healthcare operator in cases of hospitalization and home care, death and psychiatric crises. The '*Viva Leve*' ('Live Light') exclusive program, meanwhile, aims to help patients with chronic illnesses seek healthy habits to improve their quality of life. The participants can receive monthly online consultations with nutritionists, psychologists and personal trainers and have access to a phone app that helps them manage their activities. The '*Viva Gestante*' ('Pregnant Living') provides support during pregnancy, serving as a complementary program to prenatal care - with some of the benefits offered including conversation groups providing tips on baby care, videos containing guidance from specialists, guidance on difficulties involved in booking consultations and exams, authorizations and reimbursements for those covered by the health plan, and a discounts plan.

In relation to emotional support, psychological treatment is provided by a partner company with subsidies from the Group, which until 2022 was limited to 40% of the costs for employees and their dependent, but started to be covered in full at the beginning of 2023. The service involves a base of 4,500 psychologists who have each received nine years of training and the majority of whom hold post-graduate, masters or doctorate degrees.

The employees also have access to the Personal Support Program (PSP), by means of which they can receive psychological, legal and financial counseling over the phone. This service is also offered to spouses and dependents. The psychological assistance provided includes how to deal with disputes, fears, grief, stress, anxiety and behaviors, for example; in the financial area, the issues involve personal and family financial education and planning; and in the legal area, the issues involve matters of civil, property, consumer, family and criminal law, amongst others.

The program understands health as involving physical, mental and social wellbeing, not just the absence of an illness or infirmity.



Work-related injuries[1][2] GRI 403-9

	2022
Class	**Employees**
Number of hours worked	5,452,173
Number of fatalities resulting from work-related injuries	0
Rate of fatalities resulting from work-related injuries	0
Number of work-related injuries with serious consequences (except fatalities)	12
Rate of work-related injuries with serious consequences (except fatalities)	2.2
Number of work-related injuries requiring communication (including fatalities)	54
Rate of work-related injuries requiring communication (including Fatalities)	9.9
Principal types of work-related accidents	Fractures, joint pains, wounds and dorsalgia.

[1] The calculation base considered the number of hours worked (1,000,000).
[2] There are no outsourced workers

Work-related ill health[1] GRI 403-10

	2022
Class	**Employees**
Number of fatalities resulting from work-related ill health	0
Number of cases of work-related ill health requiring communication (including fatalities)	1
Describe the principal types of work-related illnesses	Psychological disorders

[1] There are no outsourced workers.





Customers GRI 3-3

Implementation of a strong CRM tool in Profarma Distribuição will strengthen the relationship with its more than 50,000 clients.

To realize its vision of becoming recognized and admired as the best experience in access to health and wellbeing, the Profarma Group is continually paying attention to and improving the tools used to relate with its customers.

Paying close attention to customers' demands, understanding their expectations and finding good and efficient solutions are amongst the employees' daily responsibilities, and they are trained and instructed in the Company's culture to act promptly, even in difficult moments.

At Profarma Distribuição, due to the competitive market, the difference lies in the quality of the service provided and in good commercial conditions - processes that are reinforced through the structuring of strong CRM and improvement of the organizational model which, as the Group's manifesto states, is guided by non-conformity and the continual search for excellence.

The implementation of a strong CRM tool, which began in 2022, put into effect a new customer relationship culture. The main focus of this intelligence platform is the ongoing post-sales support, as well as different relationship tools, such as WhatsApp, a chatbot on the customer portal, the 'Profarma Client' app, and a customer services center. These services did already exist, but they have been developed in terms of fast, assertive and personalized attention. Implemented in stages, the platform will soon be available for the business' more than 50,000 clients, a figure which continues to beat records with each passing year.

At Rede d1000, 2022 consolidated a number of initiatives focused on improving the customers' physical experience in the stores. As well as the refurbishment and/or expansion of 20 units and the opening of 10 more, there was an improvement in the product mix, pricing and training of attendants, leading to an improvement in services and a consequent rise in the average sale per store. The year's activities also helped consolidate new loyalty programs for the 'Drogaria Rosário', 'Farmalife' and 'Drogasmil' brands through the offering of different benefits, such as: a personalized coupon, segmented campaigns, partnerships with different businesses, and exclusive discounts, amongst others. The CRM connects with the customer and helps in the frequency and increase of the average ticket - there was a growth of 73% amongst those clients whose use of the CRM resources had already been consolidated (*read more about this in the Rede d1000 Report*).

In 2023, significant investments are planned for CRM projects and those focused on the acceleration of digital transformation and omnichannel opportunities, which will allow for a better experience not only in the physical stores, but also in the online sales. The development of the omnichannel experience is centered on the combination with the brands' traditions in the regions where they are present, their capillarity and the potential for online sales. The client app has been continually improved in numerous aspects, including navigability, purchasing with fewer clicks, and promotions, amongst others.

Recognition

The Group's relationship with its clients, especially within the pharmaceutical industry, is constantly tracked and monitored through the use of tools such as the 'Advantage Study', an assessment performed by an independent company aimed at analyzing the satisfaction of the business partners.

At Profarma Distribuição, the 2022 results confirmed that the differentials of service quality and commercial conditions are recognized by the industry. The company scored 50 points in 2022, which was above average for the segment and ten points higher than the previous year's result, raising the business' position in the ranking from 7th to 3rd.

These partners recognize in Profarma an efficient and reliable partner, which fulfills agreements, offers a quality team, and operates with fair and impartial procedures. The survey also highlighted the Company's ESG practices. Category management and customer support were recommended as areas for improvement.

The performance of Rede d1000 also improved in 2022, with an average score (a result of the industry's evaluation) of 23 points, which was above the general average of 18 points, placing it amongst the 15 best evaluated companies. The company's partnership and its execution abilities were the areas receiving the highest evaluations. Rede d1000's management of the ESG agenda was also highlighted by the partners' evaluations. Amongst the main areas recommended for improvement were internal communication, store support, digital leadership and category management.

The Advantage survey listened to 246 companies including the industry and retailers, with more than 6,400 questionnaires being returned.

An annual survey manages to better understand the segment, including both the industry and retailers, to be able to evaluate the brands.

3rd place
Profarma Distribuição's position in the Advantage Survey ranking.



Profarma Institute GRI 3-3, 413-1, 203-1

Having developed out of the non-conformist approach taken by the Profarma Group's founder, Manoel Birmarcker, in 2022 the Profarma Institute celebrated 16 years of assisting healthcare and providing support for children's education and institutions working on behalf of people in vulnerable situations.

Over the years, the Institute has been evolving, with the adoption of a fixed calendar of annual campaigns, an increase in the number of organizations it assists, the creation of the 'Goodwill Ambassadors' corporate volunteer program and an overall increase in the number of people benefiting from the actions.

By means of the actions committed to the basic rights of children, adolescents and families, dozens of projects are developed focusing on socio-family development and community leadership, including: food security, basic hygiene, the productive inclusion of young people, women's empowerment, menstrual dignity and education.

The strategic partnerships that the Institute maintains with the United Nations Children's Fund (UNICEF) and the Abrinq Foundation, and the support for the Profarma Distribuição supply companies and brands under the "Goodwill Partners" initiative, also demonstrate recognition for the work developed.

The Profarma Institute is also supported by more than 260 Goodwill Ambassadors, who are Company employees and who work as volunteers in the actions. This is an increase of almost 90% compared to the previous year.

The Institute performs dozens of actions and campaigns which allow for food security, access to healthcare and education, and direct support for the communities. These actions and campaigns include the 'Return to Class Campaign', the monthly donation of basic food hampers and support for the communities affected by environmental disasters, such as the rainwater flooding which occurred in Petrópolis (RJ), and other towns in Bahia, Pernambuco and Tocantins. In 2022, more than 1,500 school kits were distributed to the dependents of the Group's employees and supported institutions; more than 90 tons of food were provided for vulnerable families; and more than 50 tons of food were donated in support of the communities affected by environmental disasters.

In 2022, this structure allowed the Profarma Institute to directly develop 78 actions and initiatives which have impacted more than 196,000 people, and to conduct partnerships with more than 30 companies as a means of driving the activities (*see more below*).

Having been active for 16 years, the Institute has strategic partnerships with organizations such as UNICEF and the Abrinq Foundation.



Important figures from 2022

78 actions
and initiatives undertaken

1,500 school kits
donated

260 voluntary
employees – Goodwill Ambassadors

50 institutions
assisted in Brazil

30 partner
brands

90 tons
of food donated

41,000
hygiene items donated

10 tons
of supplements donated

196,000
people impacted

70 women
trained through the 'Be the Leader of Your Story' project



About us

The Institute is a private, non-profit entity, based in the city of Rio de Janeiro (RJ) and with activities in all 14 of the states in which the Profarma Group is present.

It is led by Deborah Birmarcker, who is also the Company's Director of ESG. The Institute's funds arise from the private social investment of the Profarma Group, as well as partnerships with companies and organizations. Its actions are grounded in the provision of assistance and support for institutions, projects and programs ensuring the rights of children, adolescents and families in vulnerable situations.

From micro to macro

In 2022, the Profarma Group passed on the record amount of R$ 2.5 million to the United Nations Children's Fund (UNICEF). The project is managed by the Profarma Institute and uses the stores of the four Rede d1000 brands as a platform to engage and encourage customers to make a donation or acquire a social product that directs funds to the activities of UNICEF.

These actions are called 'micro-donations' due to the small amount involved in each contribution; however, added all together, they have amounted to more than R$ 6 million in funds since the beginning of the partnership three years ago. The sum involves collections at the stores and the institutional support of the Proforma Group.

The engagement of the store employees has a direct relationship with this achievement. They help to draw customers' attention to the campaign, suggesting donations of sums that can vary from R$ 2 to R$ 10. The actions and the possibilities for donation to the UNICEF projects are included in the training provided to the employees of the four Rede d1000 brands, whilst the stores also develop communication actions to highlight the issue and encourage customers and consumers to make donations.

Since the beginning of the partnership, more than 2.2 million donation coupons were registered in the micro-donations made at the Rede d1000 stores (Drogasmil, Farmalife, Drogarias Tamoio and Drogaria Rosário). As a result of this work, UNICEP recognized the Profarma Group as a strategic partner in 2022.



UNICEF project*

More than **R$ 2.5 million** invested entirely in the encouragement and support of healthcare and education projects for children and adolescents in Brazil, of which we can highlight:

129,000 people provided with information on combating sexual violence

31,000 children and adolescents back in school once again through the school attendance program

20+ states receiving Tutor Counselor training

2,000+ children and adolescents connected to the Internet for home schooling

37,000 community agents trained

900 adolescents included in the Unicef Child-Friendly City Agenda - an inter-sectoral project implemented in the most vulnerable regions of the capital cities of 6 Brazilian states

60,000 adolescents involved in the period dignity program

17,000 refugee children sheltered with support and access to education and healthcare services

30,000+ vaccinations

Child Friendly - Abrinq Foundation

Since 2021, the Profarma Group has been certified as a Child Friendly Company by the Abrinq Foundation, a national entity that works in defense of the rights of children and adolescents, reaffirming the unconditional care and protection of childhood.

The companies that receive this recognition have technical support facilities for the development of social actions and studies for the qualification of the private social investment.

As well as the actions of the Profarma Institute focused on providing children with healthcare and education, the Company is also committed to raising awareness of the issue of child sexual exploitation amongst logistics service providers *(read more on page 35)*.

Principal partnerships in 2022

Period poverty

Through the Profarma Institute, the Profarma Group formed a partnership with P&G and the Always brand focused on combating period poverty, a condition that leads to at least one in four girls in Brazil missing school, according to research performed by the Locomotiva Institute.

Period poverty is defined as the lack of basic resources for people who menstruate to have the ability to care for their intimate hygiene and health, with impacts including missing work or school, making gender inequality and healthcare problems in these places even worse.

The project is supporting two non-governmental institutions in Rio de Janeiro, which received R$ 50,000 each for the development of sex and personal hygiene education for people who menstruate. Each institution also receives 100,000 Always® tampons and mentoring from the P&G leadership team as a means of strengthening the initiatives.

This is the first social accelerator in the world to focus on period poverty and, as well as the Profarma Group and the Drogarias Tamoio and Drogasmil brands, the project also has support from other companies in the segment.

A Healthy Smile, a Bright Future

The Profarma Institute has started supporting a project developed by Colgate focused on oral hygiene and prevention of one of the illnesses most common in childhood - tooth cavities - that in some cases can even lead to children dropping out of school. By means of this initiative, the Institute has trained some of its volunteers so that they are able to reproduce the orientations at the NGOs that are assisted. As well as the training, 10,000 hygiene kits were delivered to more than 25 organizations in eight states and the Federal District of Brasília in 2022.

Annual campaign calendar

Five campaigns make up the Profarma Institute's fixed calendar each year, involving the social engagement of the company's employees to enable important assistance to be provided for families in socially vulnerable situations. The five actions are the return to school, donations of milk, winter, children's month and Christmas.



Community support GRI 413-1, 203-1

As part of a joint action developed with the assisted NGOs, the Profarma Institute implemented three community development projects.

Be the Leader of Your Story

This is a women's empowerment program that allows for social, financial and emotional liberation, providing workshops for women registered with the NGOs assisted by the Profarma Institute. The Program is founded on four axes of citizenship education: therapy, education, social integration and social welfare. The prime objective of the program is to foment individual skills in each participating woman and provide tools that enable them to overcome the vulnerability they experience.

'Jovem Aprendiz' Program

This program is developed jointly by the Culture and Personnel Management and ESG boards, in line with the policies of inclusion, through a partnership with the Coca-Cola Institute and UNICEF's 1MiO initiative. The purpose is to provide opportunities for an introduction to production through professional and personal training, thus making young people in vulnerable situations employable.

Professional Qualification Project

This partnership established with the Anjos da Tia Stellinha NGO aims to organize a spatial structure, and the personal resource inputs and materials to offer 80 women from the Morro dos Macacos Community (RJ) professional training courses in eyebrow design, eyelash extensions, and manicure and hairdressing skills. The main objective of this project, supported by Drogasmil, is to enable the generation of income of women who are the heads of their families, by means of the circular economy.

Connected with the SDGs

The Sustainable Development Goals (SDGs) inspire and are used as a benchmark in the strategic direction of the Profarma Institute and the Company's ESG ambitions.

Below are some of the projects that help in the advancement of the global targets and objectives:



END HUNGER, ACHIEVE FOOD SECURITY, IMPROVE NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

- 11 institutions assisted through the donation of more than four tons of food every month;
- More than 2,000 people impacted;
- The 'Doe leite alimenta a esperança' campaign distributes more than nine tons of milk and supplements.



ENSURE A HEALTHY LIFE AND PROMOTE WELLBEING FOR EVERYONE AT ALL AGES

- Donations in partnership with large food supplement and personal hygiene brands as well as others connected to wellbeing;
- The 'Live Well Program' promotes health and a good quality of life amongst the employees.



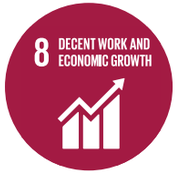
ENSURE AN INCLUSIVE, EQUAL AND QUALITY EDUCATION AND PROMOTE LEARNING OPPORTUNITIES FOR ALL

- Ongoing and direct support for three institutions that work with education in the cognitive and socio-emotional areas;
- More than 1,000 school kits donated to dependents of Profarma Group employees;
- More than 500 school kits donated to two NGOs in RJ.



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

- The 'Somar faz a diferença para elas' campaign;
- The 'Seja Protagonista da Sua História' program;
- Women are the sole providers in more than 50% of the families assisted by the NGOs supported by the Profarma Institute;
- Internally, the Group promotes women's development actions to encourage and enable female leadership in positions occupied mostly by men.



PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT, AND DECENT WORK FOR ALL

- Providing an introduction to production for young people in vulnerable situations, in partnership with UNICEF and the Coca-Cola Institute.
- UGP - the Profarma Group University promotes corporate education and dozens of projects relating to inclusion, recognition and engagement;
- It provides the opportunity for a young person's first job, spreading information on opportunities in the communities where the Institute's partner NGOs are active.



REDUCE INEQUALITY WITHIN AND BETWEEN COUNTRIES

- Seja Protagonista da Sua História;
- Exchange of experiences (discussion groups with NGOs);
- A social accelerator of projects combating period poverty, in partnership with P&G;
- Somar faz a diferença / Diga sim pra mim / Um milhão de oportunidades (UNICEF);
- Pacto coletivo de jovens (in partnership with the Coca-Cola Institute);
- Internally, there are the Diversity in Action, and the Diversity and Inclusion Committee.



ENSURE SUSTAINABLE STANDARDS OF PRODUCTION AND CONSUMPTION

- Collection and donation of plastic lids converted into basic food hampers and donation of products that cannot be sold;
- Systematization for the reduction of prints;
- Training course for the chain of suppliers in partnership with the Abrinq Foundation;
- Donation of products that cannot be sold;
- Digitization of the admissions processes;
- Proper management of waste;
- Reuse of cardboard boxes in the logistics processes and use of returnable boxes;
- Introduction of reverse logistics for disposal of medications.



STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVIVE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

- Seja Protagonista da Sua História program;
- Exchange of experiences (discussion groups with NGOs);
- A social accelerator of projects combating period poverty, in partnership with P&G;
- Somar faz a diferença / Diga sim pra mim / Um milhão de oportunidades (UNICEF);
- Pacto coletivo de jovens (in partnership with the Coca-Cola Institute);



Environmental pillar GRI 3-3

Waste management
Energy

MATERIAL TOPIC
Management of non-recyclable waste

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The Group's environmental management is guided by a search for excellence in the different operations and in all the initiatives that result in efficiency and less environmental impact. Due to the characteristics of the segment, waste management is one of the Company's material topics.

The organization is also aware of climate change and hopes to cooperate in the fight against it. The process of acquisition of 100% renewable energy for the stores forms part of this objective, as does the study to address new actions that result in a reduction in the greenhouse gas (GHG) emissions in the value chain.

Other measures involve the management of energy consumption, especially in the air-conditioning systems, and innovative actions in different processes such as logistical efficiency and the reduction and reuse of materials, such as cardboard.

Model for sustainable DCs

The project for establishment of a sustainable DC model aims to map and define the principal existing and potential practices that will provide a base for the future alteration of DCs and/or construction of new ones.



Environmental management highlights in 2022 GRI 203-1

- **Pick list**, a new process that replaces paper sheets with tickets in the separation of goods at Profarma Distribuição and reduces the consumption of A4 paper by about **5 million** sheets per year.
- Five **DCs** closed the year having recycled 100% of the cardboard boxes in deliveries to clients.
- **58%** of the stores' consumption of electricity was offset by the purchase of solar energy (distributed generation).
- **Inauguration** of a Tamoio unit, in Araruama (RJ), based upon sustainable practices.

A sustainable store

As well as being a modern and welcoming space for the customers, the new Drogarias Tamoio store, in Araruama (RJ), boasts a structure that has been especially planned to reduce environmental impacts.

The store collects and reuses rainwater, has water consumption reduction devices, recycled rubber flooring and a bike rack, amongst other special features. The space also separates plastic and cardboard for disposal through recycling. Inaugurated in December 2022, the space will soon be connected to the solar generation system contracted by Rede d1000 for its stores.



Friend of the Forest

To consolidate its ESG commitments and private social investments, as well as increase its contribution to society, the Profarma Group has begun supporting the Brazilian Forest Institute (IBF), which is responsible for offsetting Greenhouse Gas (GHG) emissions, recovering damaged areas, maximizing biodiversity and improving the water capacity of rivers and springs.

The partnership was sealed with the planting of 1,500 native Atlantic Rainforest tree saplings in Martinópolis (SP). As well as providing environmental benefits, the trees will support rural producers in the forest restoration of the areas in which they live.

As a result of this action, which will offset the emission of 211 tons of carbon into the atmosphere, the Company received the Friend of the Forest Company certification from the IBF.

The plantation also fulfills a promise made at the 'Profa de Ouro' event, hosted by Profarma Distribuição for its business partners and sales team employees. One tree sapling was planted for each participant at the event.

The planting of 1,500 native Atlantic Rainforest tree saplings in Martinópolis (SP) will offset the emission of 211 tons of carbon and support rural producers in forest restoration.



Waste management

GRI 3-3, 306-1, 306-2

The matter of waste is one of the Company's material topics and a priority for environmental management. The potential impacts involve the use of plastic and cardboard at the Distribution Centers, as well as for the medications delivered to the stores around the country. In pharmaceutical retail, the materials that can become waste and which require specific disposal processes include needles and ampoules used in procedures, amongst other items.

In the case of non-recyclable materials, the entire management and correct disposal process is performed by specialist service providers and in accordance with Conama Resolution 358/05 and RDC 222/2018, published by Anvisa *(read more on page 73)*.

Internally, the main focus is on the reduction of the consumption of materials. The reuse of the cardboard boxes used in the transportation of products is already something that is being widely practiced by Profarma Distribuição. In 2022, the operation began purchasing used boxes to handle the increased demand, thereby increasing the use of materials and reducing the purchase of new ones even more. In the case of deliveries to the Rede d1000 stores, for which Profarma is the sole distribution company, 100% of the logistics is performed using plastic and thermal reusable boxes.

100%
of the plastic and thermal boxes used for Rede d1000 deliveries are returnable

By means of such measures, the target for reuse in 2022 was surpassed, reaching 88% of the total number of boxes used, against 82% in 2021. Some DCs came close to 100% reuse. There was a 32% reduction in the amount of new boxes used in the operation (meaning more than 761,000 boxes).

For 2023, as well as increasing the purchase of used boxes, another initiative aims to enable the reuse of the ice received and which is sent to clients for the proper storage of the products. GRI 301-3

Innovation that provides eco-efficiency GRI 3-3

The operations teams are always in search of solutions that combine more efficiency and agility in the processes which reduce the environmental impact. These activities have become increasingly common within the Company and are examples of a culture based upon less environmental impact that is starting to be consolidate internally.

Some examples of these practices at Profarma Distribuição are the implementation of a new thermal label to replace the order form (a sheet of A4 paper containing a description of all the purchased items), reducing paper consumption by 87%. Over the course of the year, this process cut the number of sheets of A4 paper used by 5 million. Another innovation was the process known as an 'order buffer', which uses artificial intelligence to manage and group orders, thus optimizing the volume of orders. This system has the ability to reduce the consumption of cardboard boxes by 8 tons per month, meaning the same number of boxes as was used in the previous year remained the same, despite an increase of 10% in units sold.

Another process implemented in 2022 involved the use of storage modules directly transferred to the trucks thereby eliminating the need to use pallets and stretch film.

To reduce the consumption of plastic, 78% of the employees at the DCs received reusable silicone cups that are retractable for easier use. This action should reduce plastic consumption by 5.2 tons per year.

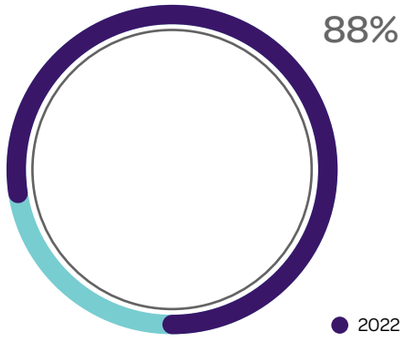
One of the processes uses artificial intelligence to manage and group orders, thus optimizing the delivery volumes and the use of boxes.

The digitization process also reduced the impact on the environment:

- **Hrestart** App (digitization of the recruitment and admission of new employees);
- **Fopag** tool (automation of the payments authorization processes);
- **SIC** platform (automation of service orders);
- Reduction in the **consumption of paper** (inclusion of a password in the printers);
- Layout in the **Profarma Distribuição invoicing process** (bank slip and invoice).

To continue developing in waste management, the objectives and targets involve training the employees in sustainable practices, increasing the use of recyclables and reducing the amount of polystyrene boxes purchased at Profarma Distribuição. At the Rede d1000 stores, there is a commitment to a reduction in the use of plastic bags, an increase in the reuse of the furniture at the refurbished stores and adoption of recycling at the stores.

Reuse of boxes



Distribution Centers: reuse of cardboard boxes:

90% reused each month

34,000 kg/month

1 million boxes reused/ month

R$1.5 million reduction in spending

Pick List: replacement of sheets of A4 with tickets in the separation of goods:

4.8 million sheets of A4 saved

484 trees saved

69 t of CO_2 not emitted/year

Reclaimed products and their packaging materials GRI 301-3

	Total volume used (unit)	Volume of material originating from recycling	Recycled	
			2021	2022
Cardboard boxes reused[1]	13,368,933	11,754,288	82%	88%

[1]Total number of boxes reused in production, divided by the total number of boxes used.

Materials used[1] (t) GRI 301-1

	Source	Unit	2021	2022
Perforated coils	Non-renewable	Roll	5.99	24.64
Cardboard boxes	Renewable	Unit	13,374,62	13,368.93
Labels	Renewable	Unit	17,694.00	30,492
Stretch film	Non-renewable	Rolls	36.66	44.45
Adhesive tape	Non-renewable	Rolls	46.63	66.14
Scotch tape	Renewable	Rolls	70.50	61.95
Ice	Non-renewable	Unit	616.12	542.74
Polystyrene	Non-renewable	Unit	296.10	428.90
Seal	Non-renewable	Unit	2,032.19	3,329.87
Paper bags	Renewable	Unit	2,768.40	3,263.74
A4 Paper	Renewable	Unit	35,192.50	28,453.67
Ribbons	Non-renewable	Rolls	0.70	1.46
Bags	Non-renewable	Unit	22,593	2,190

[1]Information relating to Profarma Distribuição and Rede d1000.

Management of medication waste GRI 306-1, 306-2, 306-4

A central part of the pharmaceutical logistics segment is the management of medications that can become waste if they are damaged or if they pass their expiry dates, with the risk of environmental impact (contamination of the soil and water) if the process is not performed properly.

The Profarma Group does not recycle medications or other marketed products. These types of waste are sent for disposal by licensed or specialized companies or returned to the supplier for their correct disposal. The choice may depend upon the policy agreed upon in the contract with the supplier and, regardless of the process, this does not take place upon the company's premises.

The operation also uses the FIFO system (*'First In, First Out'*) to avoid medications being wasted, and training in good practices in operational processes. Products without too much damage to the packaging that does not compromise the integrity of the product, are donated to projects supported by the Profarma Institute. 27,000 items in such conditions were donated in 2022.

305 tons of waste medications, perfumes and other marketed pharmaceutical products were generated in 2022. The majority of these products, 63%, was incinerated and just 2% sent to landfills that were licensed and adapted for this type of waste. GRI 306-3, 306-5

Products without too much damage to the packaging, that does not compromise their integrity, are donated to projects supported by the Profarma Institute.

Waste destined for final disposal, by composition (t) GRI 306-5

	2022
Groups A and B (medications, perfumes and other marketed pharmaceutical products)	305.02

Waste destined for final disposal (t)[1] GRI 306-5

Hazardous waste	Within the organization	Outside the organization	Total
Incineration with energy recovery	0	0	0
Incineration without energy recovery	0	141.94	141.94
Landfill	0	3.49	3.49
Other recovery operations (specify)	0	78.67	78.67
Total	**0**	**224.1**	**224.1**
Non-hazardous waste	**Within the organization**	**Outside the organization**	**Total**
Incineration with energy recovery	0	0	0
Incineration without energy recovery	0	78.9	78.9
Landfill	0	2	2
Other recovery operations (specify)	0	0	0
Total	**0**	**80.9**	**80.9**
Total waste (hazardous and non-hazardous) destined for final disposal (t)			
Total	**0**	**305**	**305**

[1]Data includes all Distribution Centers, drawn from final disposal certificated and MTRs (Waste Transport Manifestos).

Energy

The Profarma Group promotes energy efficiency at all its business units. This is one more area in which the Company is combining a reduction of impacts with financial savings.

At Profarma Distribuição, a project is being implemented for the acquisition of energy from the Free Market to supply its DCs located in different regions of country. The Distribution Centers in Itapevi (SP), inaugurated in 2022, and Rio de Janeiro, already use this form of energy as part of the condominium systems in which they are located. Other Distribution Centers will begin using this type of energy resource in 2023.

Actions aimed at improving the Profarma Group's efficiency are increasing all the time. The DCs that are currently being constructed or modernized use resources that can improve their environmental performance, including the maximum possible use of natural light, involving skylights, LED lighting, switching lights off at lunchtime and at the end of the working day, and installation of timers at the loading bays.

At the Rede d1000 stores, the main initiative has been the purchase of solar energy to offset their consumption (read more below). Another measure has been the energy efficiency project focused on the refrigeration employed by the stores designed to reduce electricity consumption by 15%. Initially applied in three stores, the project has since been expanded to involve 132 units across all the brand stores.

Through its efficiency actions, the Profarma Group reduced its energy consumption by 999.67 GJ in 2022. GRI 302-4



Stored supplied with solar energy

To allow the Rede d1000 stores' energy consumption to be drawn 100% from solar sources, the Profarma Group has established a partnership with the GreenYellow multinational, a specialist in this type of power generation. Through this partnership, the Company is supplied with 5.4GWh annually, a 20-year arrangement that began with the implementation of photovoltaic power stations located in the Federal District of Brasília and Rio de Janeiro. Two of these plants were installed in 2021 and a third began operations in 2022. With these in place, the volume of solar energy generated and connected to the National Interconnected Grid (SIN) was enough to offset the consumption of 58% of the Rede d1000 stores, or in other words, 124 of the Group's 218 units.

There are 9,400 solar panels installed and capable of generating energy equivalent to the annual consumption of 2,700 homes, meaning a reduction of 600 tons of CO_2 emissions into the atmosphere. The contract is based upon distributed generation, in which the energy is generated close to the consumer units, with this volume being connected to the electricity supply system.

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

	2022
Non-renewable source	
Diesel[2]	812.4
Renewable source	
N.A.	0
Energy consumed (purchased)	
Electricity	65,479.68
Total energy consumption	**66,292.08**

[1]Considers information from the bills paid directly to the concession operator. For the DCs located in logistics condominiums, the information was drawn from the condominium's apportionment statement.
[2]The DCs used contingency generators that are enacted in the event of power outages. The consumption shows the amount of diesel used to supply the generators in 2022.

Total energy consumed by type (GJ) GRI 302-1

	2022
Fuels from non-renewable sources	812.4
Fuels from renewable sources	0
Energy consumed	65,479.68
Energy sold	0
Total	**66,292.08**

Energy intensity[1][2] GRI 302-3	**0.000007**

[1]The metric used is the total energy consumption within the organization in relation to the Group's annual gross revenue.
[2]Type of energy included: electricity.

About this report

- GRI content index **GRI**

In this, its second Sustainability Report, the Profarma Group is continuing with its process of transparency and communication with its stakeholders, presenting its advances and the challenges it is facing in relation to the principal issues of ESG management.

The publication has been developed in accordance with the GRI Standards of the Global Reporting Initiative, the world's principal sustainability reporting methodology). The information covers the entire Profarma Group, including Proforma Distribuição and Rede d1000 and all of its operations. GRI 2-2

The defined content was based upon the material topics of the Profarma Group (*read more on page 18*) which are, in turn, connected to the United Nations' Sustainable Development Goals (SDGs).

Published annually, the report highlights the corporate governance model, the engagement with, and commitments to, the employees, the value chain and the environment, whilst commenting on the planning made to face the challenges of the future and continue with the objective of providing healthcare and building a Company that is increasingly more sustainable. The information relates to the period between January 1 and December 31, 2022. Any amendments or corrections to published statements necessary are explained in the text. GRI 2-3, 2-4

Should there be any doubts concerning the content of this report, messages may be sent to: esg@profarma.com.br GRI 2-3

For the second consecutive year, this publication has been developed in accordance with the GRI Standards, the principal, globally-recognized, sustainability reporting methodology.



GRI Content Index

Declaration of use	The Profarma Group has reported in accordance with the GRI Standards for the period between January 1 and 31 to December 2022.
GRI 1 uses	GRI 1: 2021 Foundations

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
GRI 2: General disclosures 2021	2-1 Details of the organization	10			
	2-2 Entities included in the organization's sustainability reporting	10, 77			
	2-3 Reported period, frequency and point of contact	10, 77			
	2-4 Restatements of information	77			
	2-5 External assurance	The sustainability report has not been subject to a process of external assurance.			
	2-6 Activities, value chain and other business relationships	10			
	2-7 Employees	10, 42, 43			
	2-8 Workers who are not employees	10, 43			
	2-9 Governance structure and composition	21, 23			
	2-10 Nomination and selection of the highest governance body	22			

Obligatory content

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-11 Chair of the highest governance body	23			
	2-12 Role of the highest governance body in overseeing the management of impacts	21			
	2-13 Delegation of responsibility for managing impacts	21			
	2-14 Role of the highest governance body in sustainability reporting	16, 21			
	2-15 Conflicts of interests	32			
	2-16 Communicating critical concerns	30			
	2-17 Collective knowledge of the highest governance body	17			
	2-18 Evaluation of the performance of the highest governance body	24			
	2-19 Remuneration policies	24			
	2-20 Process to determine remuneration	There is no stakeholder (shareholder) voting predictability in the remuneration policies and proposals. Their opinions are considered when presented at the General Shareholders' Meeting. Not included in the policy are: projected payment of an attraction or recruitment bonus; repayment of a bonus or retirement benefits; supervision of the remuneration determination process by the independent members of the Board of Directors. Read more on page 24.			
	2-21 Annual total compensation ratio	24			
	2-22 Statement on sustainable development strategy	4			
	2-23 Policy commitments	15, 17, 22, 28, 32, 35			
	2-24 Embedding policy commitments	15, 17, 21, 22			

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2025 Processes to remediate negative impacts	29			
	2-26 Mechanisms for advice and presentation of concerns	27, 32			
	2- 27 Compliance with laws and regulations	27			
	2-28 Membership of associations	17			
	2-29 Approach for engagement of stakeholders	19			
	2-30 Collective bargaining agreements	42, 43			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	15	Obligatory content		
	3-2 List of material topics	18			
Management of non-recyclable waste					
GRI 3: Material Topics 2021	3-3 Governance of the material topic	70			
GRI 301 Materials	GRI 301-1 Materials used, itemized by weight or volume	72			
	GRI 301-2 Recycled input materials used	-	All	N.A.	The Profarma Distribuição operation does not involve the direct manufacture of products.
	GRI 301-3 Reclaimed products and their packaging materials	71, 72			
GRI 3 Waste	GRI 306-1 Waste generation and significant waste-related impacts	70, 73			
	GRI 306-2 Management of significant waste-related impacts	70, 73			

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 3 Waste	GRI 306-3 Waste generated	73			
	GRI 306-4 Waste diverted from final disposal	73			
	GRI 306-5 Waste directed to final disposal	73			
Crisis and risk management, tracking and operational health and safety					
GRI 3: Material Topics 2021	3-3 Governance of the material topic	33, 54			
GRI 201 Economic performance	GRI 201-1 Direct economic value generated and distributed	39			
GRI 308 Supplier environmental assessment	GRI 308-1 New suppliers selected following consideration of environmental criteria	35			
	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	35			
GRI 403 Occupational health & safety	GRI 403-1 Occupational health and safety management system	54			
	GRI 403-2 Hazard identification, risk assessment and incident investigation	54			
	GRI 403-3 Occupational health services	54			
	GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	54			
	GRI 403-5 Training for workers in occupational health and safety	55			
	GRI 403-6 Promotion of worker health	54			
	GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	54			
	GRI 403-8 Workers covered by an occupational health and safety management system	54			
	GRI 403-9 Work-related injuries	54, 57			
	GRI 403-10 Work-related ill health	57			

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Management of human capital with Inclusion, Equality and Diversity.					
GRI 3: Material Topics 2021	3-3 Governance of the material topic	41, 44			
GRI 202 Market presence	GRI 202-2 Ratio of senior management hired from the local community	The members of the senior management (Board of Directors, Administrative Council, Chairperson and Vice-Chairperson) were not hired from the local community.			
GRI 401 Employment	GRI 401-1 New hirings and employee turnover	53			
	GRI 401-3 Parental leave	52			
GRI 404 Training and education	GRI 404-1 Average hours of training per year per employee	48, 50			
	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	48			
	GRI 404-3 Percentage of employees receiving regular performance and career development reviews	51			
GRI 405 Diversity and equal opportunities	GRI 405-1 Diversity of governance bodies and employees	45, 46			
	GRI 405-2 Ratio of basic salary and remuneration of women to men	47			
GRI 406 Non-discrimination	GRI 406-1 Incidents of discrimination and corrective actions taken	29			
GRI 407 Freedom of association and collective bargaining	GRI 407-1 Operations and suppliers in which the right to freedom of association or collective bargaining may be at risk	No violations or risk of violations were identified.			
Integrity and ethics					
GRI 3: Material Topics 2021	3-3 Governance of the material topic	27			
GRI 205 Anti-corruption	GRI 205-1 Operations assessed in terms of the risks relating to corruption	33			
	GRI 205-2 Communication and training on anti-corruption policies and procedures	30			

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 205 Anti-corruption	GRI 205-3 Confirmed incidents of corruption and actions taken	No cases were found nor were any court cases relating to corruption filed against the organization or its employees during the reported period.			
GRI 206 Unfair competition	GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no actions in the period covered by the report.			
Customer relations					
GRI 3: Material Topics 2021	3-3 Governance of the material topic	58			
GRI 418 Client privacy	GRI 418-1 Proven complaints concerning the violation of privacy and loss of client data	32			
Social responsibility					
GRI 3: Material Topics 2021	3-3 Governance of the material topic	60			
GRI 203 Indirect economic impacts	GRI 203-1 Infrastructure investments and services supported	35, 60, 64, 68			
	GRI 203-2 Significant indirect economic impacts	36			
GRI 204 Procurement practices	GRI 204-1 Proportion of spending on local suppliers	35			
GRI 408 Child labor	GRI 408-1 Operations and suppliers considered to have significant risk for incidents of child labor	No violations or significant risk of cases of child labor were identified.. We request that all our contracts contain a specific clause as well as the general supply conditions of the procurement department's purchase orders.			
GRI 409 Forced or compulsory labor	GRI 409-1 Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor	No violations or significant risk of cases of forced or compulsory labor were identified. We request that all our contracts contain a specific clause as well as the general supply conditions of the procurement department's purchase orders.			
GRI 410 Security practices	GRI 410-1 Security personnel who have received formal training in human rights policies or procedures	35			
GRI 413 Local communities	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	60, 64			
	GRI 413-2 Operations with significant (actual and potential) negative impacts on local communities	-	All	N/A.	This is not applicable to the nature of the business.

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 414 Supplier social assessment	GRI 414-1 New suppliers selected following consideration of social criteria	-	All	Information unavailable	At this moment in time, the Profarma Group has not yet established an evaluation metric for selection of suppliers based upon social criteria. However, in addition to the essential criteria such as history, production capacity and financial health, the Company aims to associate with suppliers which are in alignment with with the good ESG practices developed. The establishment of indicators and implementation of quality programs are planned for the coming years.
	GRI 414-2 Negative social impacts in the supply chain and actions taken	-	All	Information unavailable	The Profarma Group prioritizes transparency and ethics and believes that managing suppliers goes beyond the simple perspective of a commercial relationship. As such, the company seeks to also keep a close eye on the good practices of its suppliers. One of the objectives of the coming years is to improve the actions even more through the full monitoring of the entire production chain.
Innovation					
GRI 3: Material Topics 2021	3-3 Governance of the material topic	22, 71			
Other non-material topics					
GRI 302 Energy 2016	GRI 302-1 Energy consumption within the organization	75			
	GRI 302-3 Energy intensity	75			
	GRI 302-4 Reduction of energy consumption	74			

Credits

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Internal image bank

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Healthcare wherever you are

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