

Sustainability Report

2023



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A MESSAGE FROM THE MANAGEMENT

GRI 2-22

Even when faced with a year that was more challenging than expected, 2023 ensured extremely important operational achievements. Without a doubt, the discipline and speed of the responses applied to the business guaranteed accurate and precise delivery. At Profarma Distribuição, we saw an impressive growth in sales which were above the market average (11.6%), whilst we also gained in market share. At Rede d1000, the results were even better: we improved our net income by 56.1% against 2022, and the expansion plan was executed much faster than expected. We also improved our profitability in both businesses. The consolidated gross revenue reached R\$ 10.0 billion, an increase of 11.8% compared to the 2022 results.

One of the great highlights of the year at Profarma Distribuição was the launch of the Eco-efficient Distribution Center. This new

Distribution Center (DC) model, involving waste management, demonstrates to the employees, partners, shareholders and other stakeholders that the sustainable development of the Grupo Profarma is consistent, relevant and impactful. We truly believe that this is the case, to the extent that we have signed an agreement to reproduce the eco-efficient design for more DCs in 2024.

The true highlight of the Rede d1000 chain (which celebrated its 10th anniversary in 2023), was its expansion, which resulted in 30 new stores over the course of the year, thus

Our ability to adapt helps us to respond to changes in the market quickly and precisely.



substantially increasing our presence in the pharmaceutical retail market. But we are not stopping there: we plan on opening between 260 and 280 more stores by 2028.

We have also taken steps forward in our process of digital transformation. We have made numerous investments, including in e-commerce for the Rede d1000 operations, in the order collection tool now forming part of Profarma Distribuição, in the restructuring of our Business Intelligence (BI), and robotization of processes, amongst others. For 2024, we will continue to reap the benefits of the digitization, with a focus on the increase of efficiency and productivity.

The culture of innovation (which has always been an integral element of the Grupo Profarma) gained traction in 2023. We have been spreading this concept in the form of agile methodologies, design thinking, training sessions for the leaders, and deployment of learnings throughout the company. Along these lines, the Próton Hub has established itself as our leading vehicle for developing partnerships and alternatives for the establishment of connections with external innovative minds, and encouraging innovation internally. For 2024, our aim is to break even in relation to the Innovation Board, put the

training provided in 2023 into practice, and come to be recognized as a partner within the ecosystem of open innovation.

Our commitment to the Environmental, Social and Governance (ESG) agenda was also more evident in 2023. Of all the attributes that the industry recognizes in our operations, sustainability is the one that stands out, demonstrating the enormous difference between us and our competitors. Furthermore, the Instituto Profarma, today, is one of the Group's most important means of engagement. We have continued advancing on a number of fronts, such as in the areas of Diversity, Equity & Inclusion, in the reproduction of our Eco-efficient DC, and in relation to the management of CO₂ emissions.

We are coming off the back of five very positive years (considering the period from 2018 to 2023): we have more than doubled our revenue, and the Ebitda growth was almost 50% more than the revenue. With an eye on the future, but remaining well disciplined and keeping our feet firmly planted in the present, we will continue to evolve. We will be seeking excellent performance (how to double in size in five years) but with a very direct objective: to properly balance the interests of all our stakeholders. We also intend to provide

greater returns for our investors and maintain our lead position in the segment.

Finally, it should be mentioned that the Grupo Profarma figured amongst the 1,000 biggest companies in the country in the 'Valor Econômico' newspaper's 'Valor 1000' annual publication. We were placed 154th in the general ranking for 2023, which makes us very proud, whilst also motivating us to continue combining the best people, processes and practices under the principles of ESG to improve even further. With the synergy we have established between planning and execution, and our adaptability in different scenarios, we have managed to respond well to the new challenges we have faced, guaranteeing the longevity of the environment, society and our business.

Sammy Birmarcker

CEO of the Grupo Profarma

Between 2018 and 2023, the Grupo Profarma more than doubled its revenue, even though this was achieved during the pandemic and overcoming other challenges. This demonstrates the solidity of our business strategy.



“The Company had already achieved a good level of maturity and, in 2023, this was consolidated. We made extremely important moves, through application of an intelligent business model and a solid culture. And, in being driven by challenges, not even the most difficult economic scenario was able to hold our team back. We have been untiring in our strive for excellence and remain committed to a sustainable future. If, on the one hand, the demands made by our partners, customers, consumers and investors have increased, then on the other, this has pushed us to innovate and deliver increasingly more value, with a base in social responsibility, ethics and integrity.”

Manoel Birmarcker

Founder of the Grupo Profarma

ABOUT THE REPORT

GRI 2-2, 2-3, 2-4 and 2-5

In this Sustainability Report, the Grupo Profarma is presenting all of the most important aspects of its activities in 2023, guided by the principles of ESG. The publication is a fundamental part of the Group's commitment to transparency with all of its stakeholders.

Over the following pages, the Company presents how it has been working on environmental, social and governance issues, and how its management has had a positive impact on the business of Profarma Distribuição and Rede d1000.

The report also highlights the most important challenges and advances the Group has experienced in relation to the United Nations' (UN) Sustainable Development Goals (SDGs). We also present how the Company is considering the future of its operations, which is to be fully aligned with the principles of eco-efficiency, digitization and innovation.

In developing the content, the Grupo Profarma has adopted the standards of the Global Reporting Initiative (GRI Standards).

We hope you enjoy the report!

If there are any doubts concerning this report, please contact us by email: esg@profarma.com.br



ESG HIGHLIGHTS

(ENVIRONMENTAL, SOCIAL AND GOVERNANCE)



Eco-efficient Distribution Center

Opening of the 1st DC developed under a model that generates less environmental impact



1st inventory of greenhouse gas (GHG) emissions

Greater transparency with the stakeholders



Energy efficiency

Expansion of the use of the Free Energy Market at the DCs and at the Corporate Head Offices, and use of solar energy at 54% of the Rede d1000 stores



Increased benefits

PPR for 100% of the workforce



Diversity, Equity & Inclusion pamphlet

Distribution and understanding of the content amongst the employees



1st Rede d1000 Sustainability Report

After publishing its Impact Report in 2023, the Company took another step forward in relation to its business and stakeholders



SEJA+ project

Graduation of the 1st group of employees to conclude secondary school



Pixel Project

Democratization of access to art through the Grupo Profarma's Cineclub



New Compliance Hotline

Launch of an independent channel



Approximately R\$ 10 million

passed on by the Instituto Profarma to projects supported by UNICEF since 2019

Just look:

240,000+

people impacted by the actions of the Instituto Profarma

180 actions

performed by the Instituto Profarma

80 tons

of food and food supplements donated

15 states

benefited

45,000

hygiene products donated

VISION FOR THE FUTURE

GRI 3-3

The Grupo Profarma has been quickly responding to the changes taking place in the market and adapting itself to the new ways in which customers and consumers are behaving. Due to this scenario, it has increased its investments in new technologies, digital transformation, agile methodologies and the continued training of its employees on the key themes that make the business more competitive and durable.

All that the Company does today is, in some way, connected to the decision to keep itself relevant. But there is more to it than this: there is a commitment to gaining a greater market share, with a well-considered approach that is organized and guided by sustainability.

For the Group, creating the future largely depends upon maintaining its good reputation and credibility with the shareholders, employees, customers, partners and society. To achieve this, the Company understands that the trusting relations developed with its different publics will always be amongst its priorities.

Thinking about issues that help to create solutions that fight climate change, such as the use

of clean energy, are also on the Company's radar. This is such that there have been a great many advances in the use of the Free Energy Market at the DCs and the Corporate Head Offices. Such advances were also made in relation to the use of energy generated by photovoltaic solar power stations that provide electricity for stores operating under the Rede d1000's four brands - Drogasmil, Farmalife, Drogarias Tamoio and Drogaria Rosário.

The strategy that is guiding the activities of Profarma Distribuição over the coming years - called 'Profarma Sphere' has been structured in the form of four pillars: an increase in the customer base; an increase in the customer's relevance; gains in productivity; and cash gains with the ESG agenda at the heart of the decisions.

The trusting relations developed with the Company's different publics will always be amongst the future priorities.



Grupo Profarma

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

Material topics

- Integrity and ethics
- Innovation
- Risk and crisis management

SDGs



ACTION FRONTS

Founded in 1961, the Grupo Profarma is now one of the biggest players in the country's pharmaceuticals sector, involving two large brands within the segment: 'Profarma Distribuição' and 'Rede d1000'.

Present in 16 states and the Federal District of Brasília, and with Head Offices in Rio de Janeiro, the Company has been showing high levels of growth and is continuing to evolve in terms of processes, personnel management and the conducting of its business based upon the ESG agenda.

Profarma Distribuição began trading shares on the B3 S.A. (*'Brasil, Bolsa, Balcão'*) stock exchange in 2006. This was an important step forward in its expansion, upscaling of projects, and the maturity of its governance processes. In 2020, it was the turn of Rede d1000 to begin trading on the Brazilian stock exchange, also adopting the best practices of corporate governance in the market.

Serving the Central Western, Northeastern, Southeastern and Southern regions, with 14 DCs and present in 16 states, Profarma Distribuição delivers pharmaceutical, hygiene and beauty

products. It is also recognized for its provision of services that make a difference in the daily lives of its customers and partners, with innovations that anticipate their needs and offer personalized solutions. With its strategic geographical reach, the company serves an average of 47,000 customers per month. In terms of volume of orders, 1.4 million orders are placed each month.

The Grupo Profarma is now one of the biggest players in the country's pharmaceuticals sector, involving two large brands within the segment: 'Profarma Distribuição' and 'Rede d1000'.

MISSION

To expand and diversify our share in the healthcare ecosystem.

VISION

To be recognized and admired as offering the best experience in access to healthcare and wellbeing, with inclusive, sustainable and socially engaged actions.

VALUES

- **To act with truth and integrity.**
- **Naturally non-conformist.**
- **Focused on the satisfaction of partners and customers.**
- **Appreciation for those who make a difference.**
- **Untiring in the search for excellence.**

HIGHLIGHTS OF PROFARMA DISTRIBUIÇÃO



89.3% of the
country served



1.4 million
orders/month



Present in **16** states +
the Federal District



24,000
deliveries/day



14 DCs in the country



16
deliveries/minute



18,000+
active SKUs*



1.600
delivery vehicles



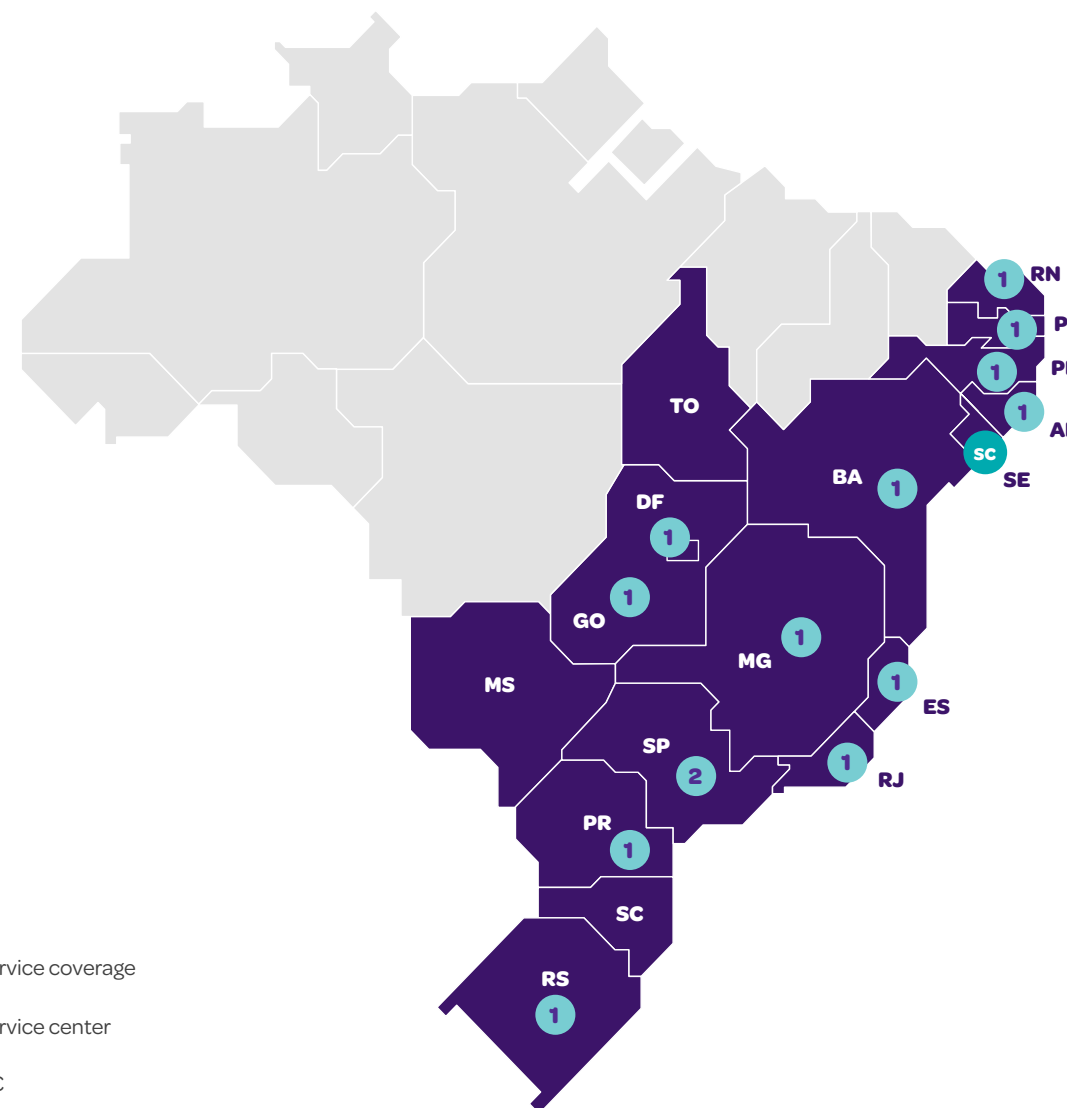
3,600
employees



47,500
unique customers/month

* 'Stock Keeping Unit'

14 DISTRIBUTION CENTERS



REDE d1000 HIGHLIGHTS



240 stores in
Rio de Janeiro, the
Federal District and
Mato Grosso



11th place
in total
invoicing**



30 new stores



7th placed
in invoicing
per store**



12 reformed
stores



More than **two** million,
three hundred thousand
consumers/month

** Abrafarma Ranking

Composed of the Drogasmil, Farmalife, Drogarias Tamoio and Drogaria Rosário brands, Rede d1000 is a giant in the Brazilian pharmaceutical retail sector. Its brands complement and combine more than 40 years of tradition. The Company has 240 stores distributed across Rio de Janeiro, the Federal District and Mato Grosso, with 4,160 employees serving roughly 2.3 millions customers per month, meaning a total of 27 million each year.

Ready to meet the needs of different consumer profiles, the Rede d1000 brands sell both prescription and non-prescription medicines, generic medicines, personal hygiene products, skincare products, and beauty and convenience items.

As well as the traditional portfolio, the stores also sell the following exclusive brands: 'Bem Básico' (wellbeing); 'GoNutri' (supplements and functional products); 'Nº21' (beauty, cosmetics and personal hygiene) and 'Polimix' (healthcare).

New products have been approved with launches planned over the course of 2024, expanding the Rede d1000 portfolio even further and meeting customers' wide variety of needs.

Composed of the
Drogasmil, Farmalife,
Drogarias Tamoio and
Drogaria Rosário brands,
Rede d1000 is a giant in the
Brazilian pharmaceutical
retail market.

GRI 3-3 | Management of non-recyclable waste and Reverse Logistics

Expansion and modernization

In 2023, in order to increase its presence in important markets, Profarma Distribuição invested in expanding the capacity of some of its DCs, such as those in Campo Grande (RJ) and Contagem (MG). The company also expanded its geographical reach to include Mato Grosso do Sul, by means of the DC in São Carlos in the interior of São Paulo state. By doing so, it has increased its business opportunities in the region, reflecting its ongoing commitment to sustainable growth.

Fully focused on making its activities increasingly more sustainable with lower carbon emissions, the Company introduced a new concept in DCs in 2023 - the 'Eco-efficient DC' (read more on [page 60](#)), in Itapevi (SP). It is planned for other DCs to make the transition over to the new model in 2024.

2023 was also notable for the implementation of a series of improvements at the DCs.

In addition to this, Profarma Distribuição has moved further forward in its use of the Free Energy Market, reflecting its commitment to the environment and the future (read more on [page 64](#)). The DCs in Itapevi (SP) and Campo Grande (RJ) already operate 100% in line with this model, due to established models of the business complexes within which they are located. In 2024, other DCs will follow the same path.

**The company
has expanded its
geographical reach to
include Mato Grosso
do Sul, by means of the
DC in São Carlos (SP)**

10 years of health, wellbeing and beauty

In 2023, the year in which it celebrated its 10th anniversary, Rede d1000 continued with its expansion plan, with the inauguration of 30 new stores. The points of sale were strategically chosen to ensure the best performance and longevity of the business. At the same time, another 12 units were reformed, aimed at taking advantage of the spaces and improving the customers' experience.

With approximately 4,000 employees and more than 240 stores, Rede d1000 works with enormous figures, serving more than 2.3 millions customers per month. In 2023, the company brought in R\$ 27.2 million in net income, 56.1% more than in 2022. The gross revenue was R\$ 1.8 billion - an increase of 17.8% - whilst the Ebitda was 34.2% higher than the previous year.

Ten years after entering the market, the Rede d1000 expansion plan remains on course and the company intends to open between 260 and 280 new stores by 2028. The expansion plan further involves a better product mix, the offering of own brands, sales by means of digital channels, such as an app, website and marketplaces, more store refurbishments, and the continued improvement of the operation. In 2023, Rede d1000 was considered to be one of the most efficient chains in the country, according to a study performed by the Brazilian Institute of Retail & Consumer Market Executives (IBEVAR), in partnership with the FIA Business School.

**In 2023, Rede d1000
was considered to be
one of the most efficient
chains in the country**

GRI 3-3 Innovation

Innovation in the business - customer at the heart

In June 2023, the Grupo Profarma launched the 'Próton' innovation hub, focused on the development of projects that offer efficiency or the possibility of new revenue for the business units. Próton uses agile methodologies and design thinking to address internal challenges, establishing partnerships with the ecosystem of open innovation (start-ups, scale-ups, universities, other hubs, etc.) or developing solutions together with the technology team.

Próton has been structured using the concept of Innovation Horizons. The first (H1), focuses on projects that are connected to the company's core business, providing the customer with better value and operational efficiency. The second (H2), seeks to create new sources of revenue for the business units. These are associated with peripheral innovations, designed to win over the customer. The third (H3), focuses on new business models, which are not necessarily connected to the current operation. This horizon focuses on the long-term, seeking future scenarios in which to develop the business and analyzing trends in technology.

These horizons converse with a working system based upon the dissemination of a

culture of innovation, which aims to inspire the employees to ensure that the innovative practices are not centered on just one or a few areas. In 2023, the Company applied a detailed and focused training program and, with the aim of optimizing engagement, implemented an initiative nicknamed the 'Próton Prize' - a gamification feature within the Realce Program, which is one of the Grupo Profarma's internal recognition instruments.

In October 2023, the work started to receive recognition from external organizations and the Grupo Profarma was classified as one of the companies that most practices open innovation in Brazil, in the 'Retail and Distribution' category, occupying 8th place in the Open Corps 2023 ranking published on the '100 Open Startups' platform. In addition to this, new procedures were established to obtain new resources, resulting in the use, for the first time, of the benefits offered by the '*Lei do Bem*' (the so-called 'Good Law'), and the receipt of funding from 'Financiadora de Estudos e Projetos', a company focused on the financing of studies and projects, for the development of innovation projects.



The objective of Próton is to spread the culture of innovation throughout the Grupo Profarma, thus increasing the potential of our proposal to deliver healthcare.

ESG ADVANCES

GRI 2-23, 2-24, 3-1, 3-3 Integrity and Ethics, Social Responsibility

To guarantee its objective of providing sustainable and constant healthcare, the Grupo Profarma involves the ESG agenda in all it does. Its indicators guide all its strategic planning and decision-making, and they are assuming more and more importance in the business.

In 2023, the Company intensified its sustainability journey on a number of fronts. The publication of this report, for the third year, demonstrates the company's commitment to the environment, society and corporate governance.

Both Profarma Distribuição (PFRM3) and Rede d1000 (DMVF3), each of which are publicly traded on the B3, contribute to the advances in this agenda, with corporate governance processes that are constantly evolving. The Instituto Profarma, which celebrated its 17th anniversary in 2023, promotes healthcare and social welfare actions, mobilizing hundreds of employees, businesses within the sector, companies and other partners. It benefited more than 80 NGOs in 2023.

The Company has continued investing in the planning, training and execution of good practices in its business, recognizing sustainability as a guarantee of doing more in the best way possible, whilst ensuring efficiency and effectiveness in all of its initiatives.

The materiality study performed in 2021 defined seven material topics connected to the SDGs. During the process, representatives of the company's principal stakeholders were consulted in order to define the sustainability guidelines that are to be employed over the coming years. The work involved a great deal of engagement on the part of the senior management, including the Boards of Directors of Profarma Distribuição and Rede d1000.

To assist the different areas in the practical undertaking of the ESG journey, the Grupo Profarma has created the 'ESG', 'Ethics, Diversity and Inclusion', and 'Personnel' commissions. A set of policies also supports the business conduct of the company: the Code of Ethical Conduct; the Diversity, Equity and Inclusion Policy; the Sustainability Policy; the

Relationship with Suppliers Policy; and the Anti-bribery and Anti-corruption Policy, all aligned with the SDGs.

The Board of Directors, with support from the Audit Committee and the Fiscal Council, performs a fundamental role in the control, risk management, and supervision of the company's system of integrity and compliance.

The Grupo Profarma intensified its journey with the ESG agenda in 2023.

NON-STOP EVOLUTION

GRI 3-3 | Management of non-recyclable waste and Reverse Logistics, Management of human capital with Diversity, Equity & Inclusion, Social Responsibility

The first GHG emissions inventory, the launch of the Eco-efficient DC (Itapevi - SP), the wellbeing project for employees at the DCs, and Rede d1000's 1st Sustainability Report, are just some of the highlights of the Grupo Profarma's activities in 2023, along its ever-developing ESG path. All this has been achieved due to the advances made in the management processes and the effective involvement of different stakeholders.

Another significant new development was the Company's updating of its sustainability policy to ensure better engagement with the inclusive strategy. The Diversity, Equity & Inclusion Policy was launched, introducing new guidelines aimed at guaranteeing everyone's rights, regardless of race, gender, religion or any other individual characteristic. To illustrate the makeup of the Grupo Profarma, the Diversity Census performed in 2022 showed that 56.28% of the employees are women; 63.76% are Black or of mixed race; 8.85% identify as LGBTQIA+; 1.41% are people with some form of disability; and 71.71% are from Generation Y.

It is also worth highlighting the enormous positive impact that the actions of the Instituto Profarma have on society: more than 240,000 people benefited from the initiatives that took place over the course of the year. The number of engaged employees also deserves mention: more than 500 volunteers took part in the actions. At Rede d1000, the involvement of the employees in the collection of micro-donations from the customers to be forwarded to the United Nations Children's Fund (UNICEF) was crucial. The campaign passed on more than R\$ 3.6 million in 2023. In total, the Grupo Profarma has passed on approximately R\$ 10 million to the Fund since 2019, completing four years of this partnership.

High impact: more than 240,000 people benefited from the different initiatives that took place in 2023.

GRI 2-28, 3-3 Social Responsibility

Valuable partnerships

The connection of the Grupo Profarma and the Instituto Profarma with Brazilian and international organizations strengthens the initiatives focused on the areas of healthcare, childhood, education, hygiene, and others, even more. By encouraging the consumers at the Rede d1000 stores, and the customers and partners of Profarma Distribuição to make donations to UNICEF to support projects focused on children and adolescents in Brazil, the results are exponentially improved.

As such, the Grupo Profarma has been recognized as a strategic partner and supports the UNICEF Seal project, which urges and strengthens municipal public policies focused on the children and adolescents who live in the Amazon and Semiarid regions.

The Abrinq Foundation has renewed its recognition of the Grupo Profarma as a 'Children's Friend Company' due to the commitments made to the cause in 2023. Furthermore, the Foundation supports the Company in the sharing of information for improvement of its value chain.

The Group's social responsibility is also discussed and exercised through the Company's executives' participation on the ESG committees of the Brazilian Association of Pharmacy and Drug Store Chains (ABRAFARMA) and the International Federation of Pharmaceutical Wholesalers (IFPW).

Finally, the Grupo Profarma is also a member of the following sector organizations: ABRAFARMA and the Brazilian Association of Pharmaceutical Distributors (ABAFARMA).

The Grupo Profarma supports the UNICEF Seal project, which urges and strengthens municipal public policies focused on the children and adolescents who live in the Amazon and Semiarid regions.

MATERIAL TOPICS 2023

GRI 2-22, 3-1, 3-2, 3-3 – Crisis and risk management, tracking, and operational health and safety

It is by means of the materiality matrix that the Grupo Profarma is able to understand those points which have the most impact and identify which issues are most likely to influence the operations, as well as the ability to generate value for the stakeholders. In the 2023 fiscal year, this document was not revised.

The process for defining the material topics covered all the Company's activities, including workshops, individual interviews, public hearings, feedback, surveys, online consultations, mapping of the stakeholders, and analysis of internal and external documents.

This matrix reinforces the Company's commitment to the UN's 2030 Agenda and the priority SDGs (listed in the table on this page). In practice, the Group is implementing well-defined processes to integrate these objectives into its strategies, targets and results, including indicators and targets for the business operations associated with these objectives. The Group is also analyzing and addressing the implications of these actions, with a view to contributing to the priority

SDGs and avoiding possible negative impacts on the other objectives. Furthermore, there are established practices for cooperation with other stakeholders and/or companies for the Group to achieve its objectives and targets relating to one or more of the analyzed and priority SDGs. Finally, the Group has developed training programs relating to the theme and has established a process for the evaluation of the progress the impacts have had on the SDGs.

This matrix reinforces the Company's commitment to the UN's 2030 Agenda and the priority SDGs

READ ABOUT THE SIX SDGS THAT THE COMPANY HAS PRIORITIZED:



MATERIAL TOPICS

ESG Pillar	Material topic	Definition
 Environment	Management of non-recyclable waste and Reverse Logistics	Development and use of methodologies, processes and tools capable of properly managing the socio-environmental aspects and impacts, with the aim of establishing eco-efficiency throughout the operation. Guaranteeing of legal compliance in the final disposal of non-recyclable waste.
	Management of human capital with Diversity, Equality & Inclusion	Establishment of effective and suitable mechanisms aiming to curb any type of discrimination, ensuring diversity in the workforces and promoting actions aimed at guaranteeing equality. Strengthening of the Compliance Hotline. Appreciation and training of the employees; attraction and engagement initiatives; and salaries and benefits in line with market trends.
 Social	Customer relations	Excellence in serving the customer quickly and effectively; mapping feedback for continued improvement in retail and distribution; satisfaction and loyalty strategy Fulfillment of the Diversity in Action pamphlet, in compliance with the General Personal Data Protection Law (LGPD) and other protocols.
	Social responsibility	Promotion of initiatives aimed at the development of neighboring communities, volunteer programs, appreciation of internal talents, social investment projects, and risk analysis.
 Governance	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 maintain the quality of the products, medications and others. Offer of health programs, psychological counseling and health campaigns at the stores, distribution centers and Corporate Head Offices.
	Innovation	Encouragement of entrepreneurship, appreciation of innovative attitudes amongst the employees and a greater connection with agents in the market, using the Próton Hub, which establishes the Company's presence in external innovation spaces.
	Integrity and ethics	Tackling cartel and corruption practices, application of the code of corporate conduct and compliance with all norms, laws and regulations. Transparency and independent audits that ensure compliance and continued improvements.

FORMS OF ENGAGEMENT WITH STAKEHOLDERS

GRI 2-29

Publics	Employees Grupo Profarma	B2B customers Profarma Distribuição	B2C clients Rede d1000	Shareholders and investors Grupo Profarma	Associations Grupo Profarma	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 • Grupo Profarma University (UGP) • CABA method (development of the Rede d1000 employees in customer services) • T.E.R. method (development of the Profarma Distribuição employees) • PROFA Method - Distribution/service • Annual Profarma Distribution Convention • Annual Rede d1000 Convention • Incentive Campaigns (monthly) • Recognition programs: 'Realce' (monthly) and 'Ouro da Casa' (annual) • Cycle of Talks (monthly)	• Participation in trade fairs and events • Profarma Customer Service Center (CAP) • Profarma Connection - involving business rounds (periodic events) • CRM (Customer Relationship Management) • Social media (LinkedIn and Facebook) • Net Promoter Score (NPS) actions	• Social media activity (Facebook and Instagram) • NPS actions (daily) • CRM actions (daily) • Monitoring of communications: <i>Reclame Aqui</i> and Consumer Website • LGPD site on all brands • Customer Services (SAC) • Mystery consumer (periodic service assessment in stores)	• Innovation & Digital Transformation Committee (monthly meetings) • Audit Committee (periodic meetings) • Board of Directors meetings - frequent • Monthly meetings with investors and market analysts (in-person and/or online) • Quarterly release of results • Meetings with IR, contact by e-mail and website • Ordinary General Meeting (annual) • Extraordinary General Meeting (whenever necessary)	• Monthly meetings with members of Abrafarma and Abafarma • Meetings with Committees (monthly) • Working Groups - Unions, LGPD, Legal, Regulatory, and Culture and Personnel Management (monthly)	• 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) • <i>Profa de Ouro</i> event (annual) • Rede d1000 Convention (annual) • Participation in trade fairs and industry events and in Abrafarma Future Trends

GOVERNANCE Pillar

SDGs



CORPORATE GOVERNANCE

GRI 2-9, 2-10, 2-12, 2-14, 2-23, 2-24

For the Grupo Profarma, evolution on the ESG agenda is only viable through strong corporate governance. By means of this base, the Company ensures that all social and environmental aspects assume a relevant role in its practices, processes and systems.

Profarma Distribuição (PFRM3) is listed on the B3 stock exchange and trades on the *Novo Mercado*, B3's highest level of corporate governance, evidencing its commitment to the continued maturing of its corporate governance.

The Board of Directors of Profarma Distribuição is mostly composed of external members, with 44% of them being independent. The members of the Board of Directors are granted unified two-year mandates.

As a pillar of good corporate governance, the Board of Directors is responsible for the principal decisions and strategies, management of the organization's impacts on the economy, the environment and society, through

processes including due diligence and risk evaluation, protection of the equity and maximization of the return on investment. All the meetings of the Board of Directors are recorded in minutes and all matters relating to ESG are reviewed every six months by the Board of Directors.

Profarma Distribuição has a Statutory Audit Committee made up of independent members, one of whom has recognized experience in corporate accounting matters, under the terms of the regulations published by the Brazilian Securities Commission (CVM).

Audit Committee

The Audit Committee, an advisory organ to the Board of Directors, has operational autonomy and its own budget. Its responsibilities include commenting upon the contracting and dismissal of the services of the independent auditor, evaluating quarterly information and financial statements, as well as monitoring the internal auditing activities and

controls. It also monitors the risk exposure and recommends improvements to internal policies, including related-party transactions.

GRI 3-3 Management of human capital with diversity, equity and gender.

Women representation: The Grupo Profarma has been awarded the Women on Board (WOB) seal

With two women on the Board of Directors, the Company confirms its concern over diversity and female representation, in full alignment with its ESG strategy. This is such that, in 2023, the process began for the company to join Women on Board (WOB), with the support of UN Women, granted to companies that have at least two effective board members.



Furthermore, Profarma Distribuição has a Fiscal Council that evaluates the administration's compliance with legal and statutory duties, working as an independent supervisory body to protect the shareholders' interests and guarantee compliance with the best applicable management and regulation practices.

Profarma Distribuição has an Indication Policy designed to guide the choice of Board Members, as well as members of the Committees and Statutory Board, based upon criteria such as a diverse profile, taking into consideration knowledge, experience, behavior, cultural aspects and gender. The professionals must have recognized professional and academic experience and a high level of technical qualification.

Profarma Distribuição is the parent company of Rede d1000 which has its own independent and strong governance structure. Just like Profarma Distribuição, Rede d1000 is a publicly-held company with shares traded on the B3 stock exchange's 'Novo Mercado' segment.

The Rede d1000 governance structure includes a Board of Directors, a Statutory Audit Committee and a Statutory Board.

Moving ahead

The Grupo Profarma voluntarily created an internal team (combining its businesses) to bring its activities into line with Resolution 193, enacted by the Brazilian Securities Commission (CVM) in October 2023. This resolution increases the integration of ESG practices in the Brazilian capitals market. Participating in this team are the ESG Director, the CFO of Rede d1000 and the CFO of Profarma Distribuição.

Profarma Board Members



EX IN

Marcel Sapir*

Chairman of the Board of Directors

+ Member of the Audit Committee

EX IN

Sammy Birmarcker

Vice-Chairperson of the Board of Directors

+ CEO

EX IN

Manoel Birmarcker

Member of the Board of Directors

+ CEO of Locafarma

EX IN

Ana Marta Horta Veloso

Member of the Board of Directors

EX IN

Carlos Randolpho Gros

Member of the Board of Directors

+ Coordinator of the Audit Committee

EX

Rafael Teixeira

Member of the Board of Directors

EX IN

Cristina Procópio

Member of the Board of Directors

EX IN

Armando Sereno

Member of the Board of Directors

EX IN

Fernando Pina

Member of the Board of Directors

Legend:

EX

Exercises an executive function

EX

Does not exercise an executive function

IN

Independent

IN

Not independent

+

Holds positions on other bodies of the organization



AN EVEN STRONGER ETHICS COMMITTEE

GRI 2-23

In 2023, the Company continued to observe and absorb the best market practices as a means of improving its norms and processes. The Ethics Committee became more strategic, being made up of six leaders who combine an extensive understanding of Rede d1000, Profarma Distribuição and Compliance.

With this combination of skills, it performs more precise analyses of each event reported to the Compliance Hotline, the channel developed in partnership with a specialist company, considering the specific features of the retail and distribution operations.

The combination of expertise ensures that the Ethics Committee functions more strategically

TRANSPARENCY AND INTEGRITY AT REDE D1000

GRI 2-23, 2-24

Following approval by the Board of Directors at a General Shareholders' Meeting, the Rede d1000 Audit Committee was given statutory status at the beginning of 2023. This decision demonstrates the Company's commitment to the effectiveness of its mechanisms.

Public commitment of Rede d1000

In line with its expansion, as of 2024, Rede d1000 began publishing all of its actions and decisions relating to the advance of the ESG agenda in a specific sustainability report.

ASSESSMENT OF THE GOVERNING BOARDS

GRI 2-18

The regulations governing the Board of Directors and the advisory committees establish an annual assessment designed to monitor the performance of these bodies. This process is guided by the Board of Directors Evaluation Policy, Advisory Committees to the Board of Directors, and the CEO. This also helps the collective and the CEO to fulfill their responsibilities and roles, thereby contributing to the improvement of the corporate governance.

After the evaluation, the Personnel Culture & Management Board is responsible for the creation of strategies that will improve the results relating to the mapped points and which require attention.

REMUNERATION

GRI 2-19, 2-20

The Administrators' Remuneration Policy was approved by the Board of Directors in December 2019 and is tied to the short, medium and long-term objectives. Section 8 of the Reference Form contains additional information on the incentives structure. The files can be accessed on the [IR website](#).

In relation to the employees' remuneration, the Company currently does not foresee the applicability of an attraction bonus or hiring incentives payments, bonus repayments or 'clawbacks', nor retirement bonuses in its current policy.

In December 2022, the Board of Directors of Profarma Distribuição approved the Board of Directors, Committees and CEO Evaluation Policy, which establishes an annual evaluation to monitor the performance of these components in the corporate structure.

The Profarma Distribuição Remuneration Policy was approved by the Board of Directors in December 2019, with the main function

being the establishment of rules, directives and methods that should be observed in determining the remuneration of the Board of Directors, Committees, Statutory Board and Fiscal Council of Profarma Distribuição.

As part of its structure, there exists a specialist remuneration department, responsible for evaluations and proposals, which are subsequently approved by the Personnel Culture & Management Board and the CEO.

The main function of the Remuneration Policy is to align the interests of the administrators and the Company, based upon best market practices.



ETHICS AND INTEGRITY

GRI 2-15, 3-3 Integrity and Ethics, 2-26, 2-27, 2-25, 205-2

In line with the ESG principles, the Grupo Profarma has a range of Compliance initiatives, which mature year on year. Structured at corporate level, it supports the business and lays the foundations for values such as integrity, transparency, accountability and respect for human rights. In order to make this a reality, the Company encourages the establishment of its '*Cultura Viva*' (as the organizational culture is referred to), through training, communication plans and monitoring of the stakeholders' adherence to the policies. A new Authority Policy was approved with the aim of mitigating the financial risks even more and strengthening the area of internal controls. The Code of Ethics encourages the use of the Compliance Hotline for any irregularities of conduct which go against the Company's values. As such, the Company seeks to ensure that such principles run throughout the entire organization.

The Code of Ethical Conduct sets forth 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 the central pillars upon which the Company is founded. It is important to highlight that 100% of the employees sign to their agreement with this document during the onboarding process. The new instruments for accusations of non-compliance (read more on [page 26](#)) are confidential and secure, thus avoiding any sort of retaliation or intimidation.

The Ethics Commission, in its support for the Audit and Compliance Board, conducts impartial and individual investigations, providing feedback on the conclusions reached to those involved.

The Code of Ethical Conduct sets forth 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.

The Compliance Hotline is external and independent, whilst it guarantees anonymity

whenever requested by the accuser. The purpose is to monitor facts that suggest irregularities, such as improper behavior, accusations of fraud, anti-competitive practices, and others. In 2023, there were no significant cases of fines imposed due to non-compliance with laws and regulations. Neither were there any monetary penalties of any sort.

Furthermore, the governance includes processes relating to regulatory matters, labor compliance, financial monitoring of the retail operations, and standardizations.

The Grupo Profarma has confidential and secure instruments to address accusations.





GRI 205-2, 3-3 Integrity and Ethics

More than a document, this is the right way of doing things

An essential component of the Grupo Profarma, the Code of Ethical Conduct provides all the employees with essential guidance based upon the best market practices, with respect to the law and the Company's values. [Click here](#) to access the Code.

The document is widely distributed by means of the internal portal, communication campaigns, and the digital teaching platform 'UGP'. All new employees receive obligatory training on the issue and by means of other training sessions that take place over the course of the year to reinforce those areas which deserve greater attention.

The Audit Committee, the Ethics Commission and the Board of Directors receive periodic reports on the occurrences.

GRI 2-25, 2-26

Where everyone has a voice

The launch of the new Compliance Hotline was an important benchmark in the area of Compliance in 2023. Since it went on air, in the first half of the year, simultaneously in the Profarma Distribuição and Rede d1000 systems, it has demonstrated extremely important results, serving as one of the principal means for preventing irregularities in ethical conduct within the organization. It is open to all, including external stakeholders.

Operated by an entirely independent company, the channel guarantees confidentiality and anonymity to all those registering an occurrence. The process was centralized and standardized to ensure that all accusations of this type are treated with the same standard of quality and security. It should be remembered that, before this was implemented, the channel was managed by an internal team.

The change has led to an increase in the number of accusations, principally as a result of the educational training that the Company provided in 2023, through

which the employees learned more about sensitive issues such as racism, LGTBphobia, and moral and sexual harassment, amongst others. As a result, the Ethics Committee (which understands a great deal about the world of retail and distribution) has organized a range of statistics and been able to streamline the activities. For example, it submits periodic reports to the Audit Committee and the Board, which are used as a source for deciding on ways of improving the processes and business.

**Operated by an entirely
independent company,
the Compliance
Hotline guarantees
confidentiality and
anonymity to all
those registering an
occurrence.**

GRI 406-1, 2-25

MORE AGILITY AND DEPTH IN THE HANDLING OF THE ACCUSATIONS

In 2023, the Grupo Profarma also created working groups designed to address cases which violate the Code of Ethics. There are three of these working groups: one focused entirely on matters of diversity and inclusion; another for other issues occurring within Rede d1000; and a third, focused on Profarma Distribuição.

In addition to this, training was provided for the senior management addressing each type of accusation, thus preparing them to deal with sensitive cases, with quick and assertive responses and guidance.

Whenever an accusation is registered with the channel, the Compliance group immediately decides which of the groups should monitor and examine the matter, before engaging the Ethics Committee - which is advised on the progress and monitors the case.

With the new groups and the Compliance Hotline, the Company is able to provide exclusive and agile attention to the complaints, gain a truer and more comprehensive perspective of what is happening within the business, and consider action plans to prevent recurrences.

The process of dealing with any feedback on the resolution of the occurrences is performed by means of the Compliance Hotline itself, notifications, meetings and training sessions, addressing matters such as harassment, diversity, violations of laws and policies, and other unacceptable forms of behavior.

In 2023, there were 466 complaints, which were handled as follows:

407 (87%) addressed and resolved

47 (10%) addressed but not resolved*

143 (31%) without reparations

311 (67%) with reparations

12 in progress

* 'Addressed but not resolved' means those cases that proved to be inconclusive and not applicable to the channel

CONFLICTS OF INTEREST

GRI 2-15

The Bylaws guarantee that the functions and responsibilities of the administrative bodies are separate and clearly defined. In 2023, the Board approved the Jurisdiction Policy to define the roles and responsibilities, as well as reduce the risk of conflicts of interest.

The Audit Committee also participates in the analyses of events of this type, such as operations between interested parties. The Code of Ethical Conduct sets forth specific clauses on the issue and the complaint channels that may be used to report any suspicions or occurrences of this nature. Among the matters covered by conflicts of interest are hierarchy, committees, the remuneration program, and policies and procedures relating to the abovementioned jurisdiction policy.

INFORMATION SECURITY

GRI 2-23

In 2023 (a year in which the Grupo Profarma continued to strengthen its move in relation to digital transformation, with the integration of new systems and tools for the businesses) the IT Master Plan included actions designed to reduce cybersecurity risks. The Company understands that the risks of cyber-attacks increase, principally, with the advance of large scale cloud technologies, the Internet of Things (IoT) and Artificial Intelligence (AI). Furthermore, a series of investments in more modern technologies (set forth in the Master Plan in 2022) began to be implemented, providing the businesses with more common ground and security.

To ensure data security in the products, services and service channels, the Grupo Profarma performs periodic audits to check on these conditions. There are also established procedures to be implemented in cases of cyber-attack. And, if there are any attacks, the fact should be communicated to the customers, suppliers and partners.

It is important to stress that the Company complies with the LGPD. An exclusive channel has been implemented to receive accusations of violations of privacy and customers' data loss, as well as advising the customers of the procedures and channels available on each of the e-commerce websites. For the employees, the company shares content which addresses the importance of the manner in which each person behaves online to protect the information and how to avoid risky behavior.

The IT Master Plan includes actions designed to reduce the Grupo Profarma's cyber risks.

ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

GRI 205-1, 205-2, 205-3, 206-1

During 2023, awareness-raising and the prevention of acts of corruption, bribery and fraud remained firmly on the Compliance agenda. Through employee training and the methodology based upon identifying, measuring, evaluating, monitoring, mitigating and reporting exposure to the risk of corruption, the Grupo Profarma has ensured an operation that has strengthened the culture of integrity even more. There were no cases of corruption involving the organization or employees during the reported period.

RISK MANAGEMENT

GRI 3-3 Crisis and risk management, tracking, and operational health and safety, 205-1

Regulated by a high level of responsibility, the Grupo Profarma works continually to improve the mechanisms of risk management and understand the importance of continually increasing transparency, as well as reducing the occurrence of unexpected events that could cause operational, financial or reputational damages.

A project undertaken in 2022 by an external consultancy supported the Company in the mapping of risks. A total of 16 main risks were listed, being divided between Profarma Distribuição and Rede d1000. In 2023, the Risk Management Committee prioritized six of them. The Compliance team, meanwhile, performed an in-depth analysis, defining a gauge of criticality for each of them, as well as a specific action plan for each case, whenever necessary. The team also examined the effectiveness of these plans through the application of tests, aiming to establish the proper management of each of the risks. Each year, the Grupo Profarma reevaluates the risks, to alter the priorities depending upon the circumstances of the moment.

On the other hand, other risks also remain on the Company's radar, with fast solutions always

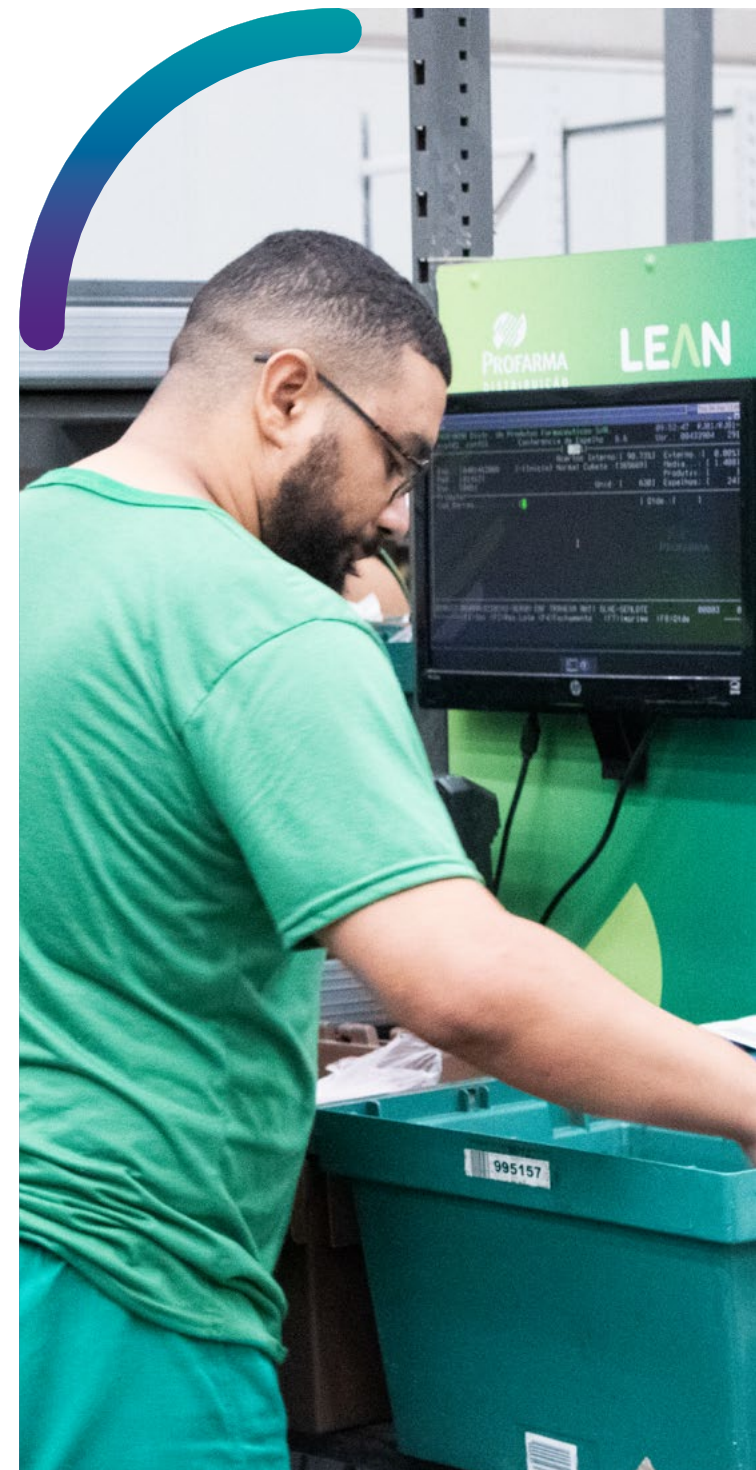
being sought. Proof of this was the project called 'Internalization', which moved into effect at the DCs in 2023. In practice, the activity of receiving merchandise is no longer performed by the transportation companies' drivers, but rather by an internal team. With this alteration, the Grupo Profarma has reduced the dangers and risks involving these people, since before there was no guarantee of the operation being performed by a qualified staff. The idea came about because, in the past, there had been reports of improper use of Personal Protective Equipment (PPE), drivers using sandals, and defective merchandise, amongst other problems. With an internal, trained and monitored workforce, Profarma Distribuição also made advances in productivity.

The monitoring and management of risks are also the responsibility of the Audit and Compliance, and Risks and Facility departments. The Audit Committee monitors this work, keeping an eye on the effectiveness of the management, internal control and compliance systems. It also advises the Board of Directors on the management of corporate risks.

Recognition in the market

In 2023, Profarma Distribuição was awarded the Akad Quality Certificate from Akad – one of the biggest insurance companies in the market – due to its ability to establish a solid organizational structure, with well defined workflows and effective controls. The result is the fruit of the changes made during the previous year, involving the internalization of the tracking center, which the Risk Management area began closely monitoring.

With mapping and action plans, risk management and transparency are priorities for the Company.



MANAGEMENT OF SUPPLIERS

GRI 2-6, 2-29, 308-1, 308-2, 204-1, 414-1

The Grupo Profarma relationship with suppliers is guided by respect, mutual trust and the principles of ESG. In the Company's business, the suppliers are divided into two groups. The first involves direct suppliers, who are managed by the Profarma Distribuição and Rede d1000 business units. These are resale suppliers, offering materials and products for sales that are typical to the business. The

second group, meanwhile, is made up of indirect suppliers, who are managed by the Group and who provide services and products that are not intended for resale, including freight, hygiene, security and civil works, as well as materials, computers, generators, air-conditioning and equipment maintenance, amongst others.

In 2023, the Company had established relations with 2,807 suppliers: 304 focused on resale and 2,503 on indirect services. Around R\$ 7.4 billion was spent on direct suppliers during the period. R\$ 400 million, meanwhile, was spent on indirect suppliers.

Suppliers are selected using a bidding system, or in other words, by means of a process of competition or bidding. To participate, the bidders need to prove their technical ability to undertake the full range of services required and their financial health. The Grupo Profarma'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.

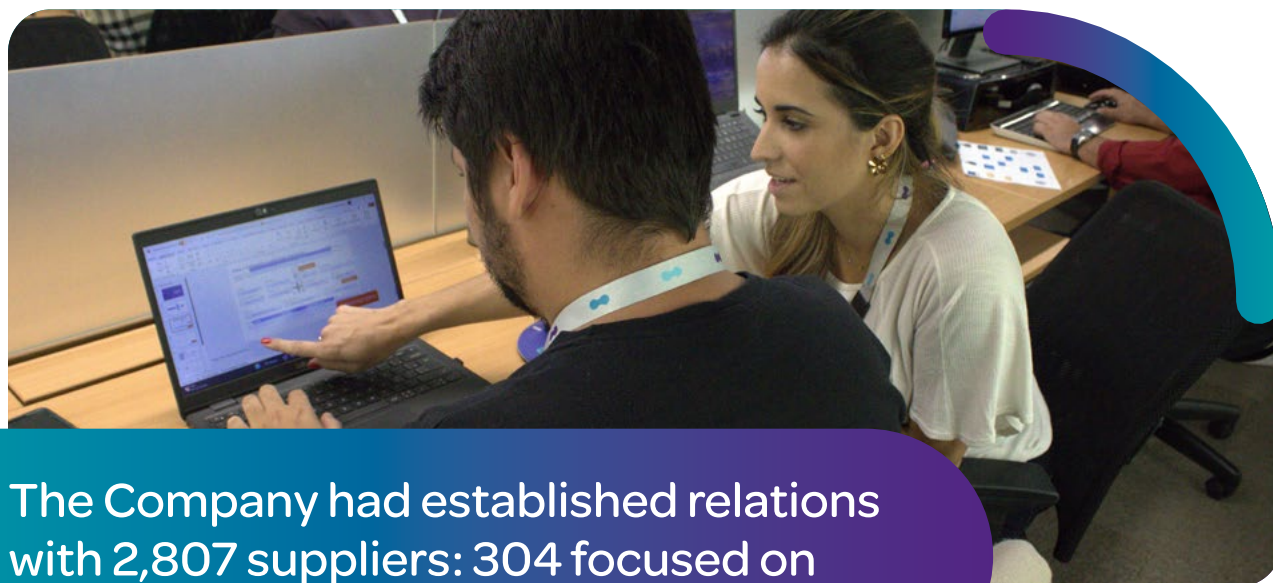
By means of procedures and an internal policy, the Grupo Profarma includes audits and monitoring of issues such as child labor, and financial and labor situations in the process, amongst others. Furthermore, all the contracts contain clauses relating to compliance with Human Rights. Due to its committed work in relation to the cause of combating child

abuse and sexual exploitation, the Company is recognized as a 'Children's Friend Company', by the Abrinq Foundation.

In relation to security in the exchange of information with its suppliers, the Company has a rigid system of control in order to avoid any type of violation. This is guided by the LGPD.

It should be stressed that the Compliance Department conducts Due Diligence processes with the Company's strategic business partners. During this process, the Company also includes evaluations of child and slave labor practices, as well as concrete training actions to address these practices.

In its selection of new suppliers, the Grupo Profarma uses the Linkana risk qualification and analysis system, which verifies environmental activity and the registry of employers with workers in conditions akin to slavery. As a target for 2024, the Company aims to take full control of all new registrations, as part of which the suppliers trading business valued at over R\$ 30,000 undergo an evaluation of environmental criteria.



The Company had established relations with 2,807 suppliers: 304 focused on resale and 2,503 on indirect services.

TOP SUPPLIERS

GRI 2-29

One of the instruments used to evaluate the performance and the partners' level of services with Profarma Distribuição is the 'Top Fornecedores' ('Top Suppliers') program. Under this program, those suppliers with annual invoicing of more than R\$ 1.5 million (in the category involving medications, hygiene and beauty) and R\$ 1 million (generic products) are evaluated using different criteria. A pamphlet and specific regulations provide orientation for these groups concerning the program. The winners in the Gold, Silver and Bronze categories are announced at the 'Profa de Ouro' event. To win, the suppliers need to demonstrate that they have fulfilled the requirements of certain indicators such as sales levels, service and compliance. They are all entered into a ranking system which establishes those which have performed best over the course of the year.

VIGILANCE AND SECURITY

The Company's security team, made up of outsourced watchmen and security guards, receives training based upon the organization's specific Human Rights policies and procedures and their application to the day-to-day activities.

GRI 2-23, 203-1

Certification of suppliers

In 2023, the 'DNA - Governance in the Network' project, involving training sessions and publications on issues related to the ESG agenda distributed to the suppliers, impacted more partners. The project was no longer limited solely to logistics operators, as it had been the previous year, since it now involved those suppliers not working with resales.

At these training sessions, the Company addresses issues such as children's and adolescents' rights, and means of combating sexual violence and child labor. Furthermore, other issues are included in the project, such as Human Rights, the Code of Ethical Conduct, Complaint Hotlines and the Suppliers' Policy.



FINANCIAL PERFORMANCE

GRI 203-2

The macroeconomic scenario in 2023 was notable for an increase in defaulting on payments, high interest rates and a downturn in consumption in the second half of the year. Even so, the Grupo Profarma ended the year with a new record in results and various gains. It is important to mention that this is the fifth consecutive year in which the Company has registered a growth in sales higher than the market average.

Profarma Distribuição attained a Recurrent Ebitda of R\$ 218.8 million, a rise of 38.8%, and revenue from sales of R\$ 9.6 billion, a rise of 11.6% in relation to 2022. The market, meanwhile, expanded by 7.5%, according to the IQVIA.

This is the fifth year that the Grupo Profarma has recorded sales growth above the market average.

The Company's good performance was driven by a combination of ingredients: an increase in productivity due to the automation of the DCs in Campo Grande (RJ), Itapevi and São Carlos (SP); a gain in the market share in marketplaces such as Rio de Janeiro and Minas Gerais; and the restructuring of the sales area, which divided customers into small and national accounts. Furthermore, the reduction of fixed costs also gained traction, with more intelligent management of distribution routes and the contracting of freight.

One important factor in the results of Profarma Distribuição was the average drop of four days in the cash cycle, which reduced the need for capital by R\$ 107 million in 2023. For 2024, the strategy is to continue to strive to increase the efficiency of the allocated capital, deleveraging and maximizing the return for shareholders.

Within Rede d1000, the indicators also confirmed the business strategy and showed impressive growth: in 2023, the Ebitda was R\$ 66.6 million, 34.2% higher than the previous year. The gross revenue, meanwhile, reached

R\$ 1.8 billion, a growth of 17.8% on 2022, greater than the market (8.2%, according to the IQVIA) and Abrafarma (12.7%).

The figures were positively impacted by solid expansion - the Rede d1000 boasted 240 stores at the end of 2023, an increase of 10.1% in the number of units, which directly influenced the increase in total sales. Additionally, the Company recorded continually improved performance per store, greater investment in the Drogasmil brand and store renovations, and a reinforcement of CRM.

All of this provided the Grupo Profarma with a consolidated gross revenue of R\$ 10.0 billion, an increase of 11.8% against 2022. The Ebitda rose 20.5%, reaching R\$ 285.3 million and the gross earnings were R\$ 1.2 billion, 12.8% higher than in relation to the previous year. More than mere indicators, these figures demonstrate that the Company's planning and execution go hand-in-hand, guaranteeing that the business will move forward and value will be generated for all the stakeholders, based upon operational excellence, non-conformity and ethics.

GRUPO PROFARMA



Gross Revenue
R\$ **10.0** billion
+11.8%



Recurrent Ebitda
R\$ **285.3** million
+20.5%
A margin of 3.3%



Gross Margin
14.9%
+0.2 p.p.

HIGHLIGHTS OF PROFARMA DISTRIBUIÇÃO



Gross Revenue
R\$ **9.6** billion
+11.6%



Ebitda
R\$ **218.8** million
+18.3%



Gross Earnings
R\$ **739.2** million
+10.3%

HIGHLIGHTS OF THE REDE d1000



Gross Revenue
R\$ **1.8** billion
+17.8%



Ebitda
R\$ **66.6** million
+34.2%



Gross Earnings
R\$ **552.8** million
+16.3%

Direct economic value generated and distributed*
(R\$ thousands) GRI 201-1

State the country, region or market	Brazil
Direct economic value generated - revenue	9,842,131
Economic value distributed - operating costs	7,769,237
Economic value distributed - employee salaries and benefits	460,623
Economic value distributed - payments to capital providers	211,517
Economic value distributed - investments in the community	0
Economic value distributed - payments to the government (by country)	1,312,004
Distributed economic value - total	9,752,065
Economic value retained	88,750

* Principal impacts: contribution to the Gross Domestic Product (GDP); generation of employment; revenue and profitability; tax contributions; market share; corporate social sustainability and responsibility. The following AVS information has been included in the field entitled 'Distributed economic value - payments to capital providers': Debt capital remuneration: 133,658, Interest on Net Equity: 77.859 and Total: 211,517



The Company's full economic-financial report is available on the Investor Relations website.
[Access the report here.](#)

SOCIAL Pillar

SDGs



OUR TEAM

GRI 2- 29, 3-3 – Management of internal capital with Diversity, Equity& Inclusion

All the results that the Grupo Profarma has presented to the market are due to the collaborative efforts of a passionate team that thinks and works outside the box - strong aspects of the 'Cultura Viva'. There are 7,747 employees distributed across different regions of the country. These are people with a wide variety of origins and profiles, but who all share the same values, united in the untiring search for excellence in advancing and improving the business.

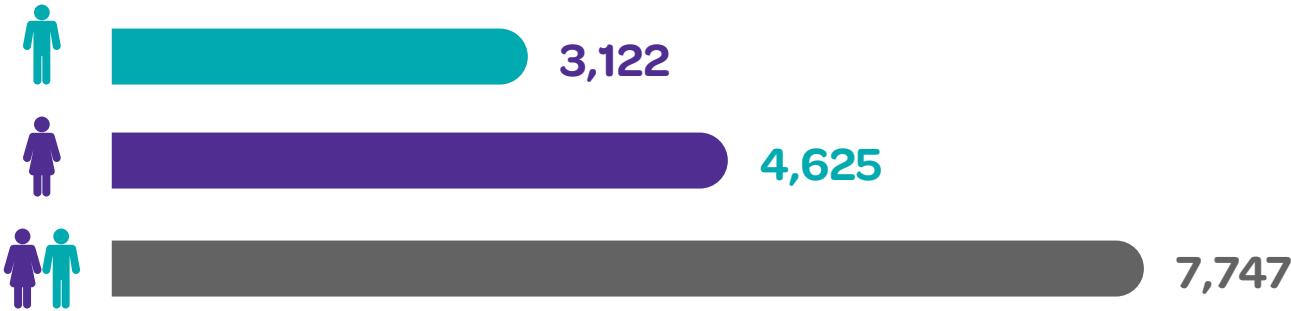
Profarma Distribuição has a body of employees dedicated to customer service and supplying the pharmacies throughout the country, with the clear aim of seeking, welcoming and nurturing solutions that benefit more than 23 million people. These teams ensure operations focused on results, combining efforts both in the field and at the DCs, demonstrating a willingness to do more and do better.

In 2023, the teams remained committed to their mission to expand and diversify the Grupo Profarma's participation in the health-care ecosystem. Challenged by new elements

in the market, the Company has supported employees through training, individual development plans and a performance evaluation cycle, amongst other actions.

Grupo Profarma Employees*

GRI 2-7



60% of our employees are women

Type of employment and gender GRI 2-7

	2021			2022			2023		
Employees broken down by type of employment and gender	Full-time (GRI 2-7 b.iv)	Part-time (GRI 2-7 b.v)	Total	Full-time (GRI 2-7 b.iv)	Part-time (GRI 2-7 b.v)	Total	Full-time (GRI 2-7 b.iv)	Part-time (GRI 2-7 b.v)	Total
Men	2,875	77	2,952	3,124	11	3,135	3,043	79	3,122
Women	3,952	171	4,123	4,514	73	4,587	4,446	179	4,625
Total	6,827	248	7,075	7,638	84	7,722	7,489	258	7,747

Type of employment and region GRI 2-7

Collaborators broken down by type of employment and region	2022			2023		
	Full-time (GRI 2-7 i.v)	Part-time (GRI 2-7 v)	Total	Full-time (GRI 2-7 i.v)	Part-time (GRI 2-7 v)	Total
AL	56	0	56	43	7	50
BA	191	0	191	156	20	176
CE	2	0	2	0	0	0
DF	1,155	0	1,155	1,102	11	1,113
ES	149	0	149	129	13	142
GO	162	0	162	124	14	138
MG	311	0	311	287	39	326
MT	80	0	80	79	1	80
PB	53	0	53	43	9	52
PE	94	0	94	73	12	85
PR	205	0	205	158	39	197
RJ	4,324	84	4,408	4,520	36	4,556
RN	44	0	44	32	9	41
RS	165	0	165	120	20	140
SE	23	0	23	19	22	41
SP	623	0	623	532	78	610
TO	1	0	1	0	0	0
Total	7,638	84	7,722	7,417	330	7,747

Employees broken down by region GRI 2-7

Collaborators broken down by region and gender	2022			2023		
	Men	Women	Total	Men	Women	Total
AL	35	21	56	32	18	50
BA	85	106	191	82	94	176
CE	1	1	2	0	0	0
DF	409	746	1,155	380	733	1,113
ES	108	41	149	92	50	142
GO	86	76	162	64	74	138
MG	140	171	311	129	197	326
MT	14	66	80	17	63	80
PB	40	13	53	33	19	52
PE	61	33	94	50	35	85
PR	105	100	205	96	101	197
RJ	1,682	2,726	4,408	1,760	2,796	4,556
RN	26	18	44	25	16	41
RS	80	80	165	74	66	140
SE	16	07	23	33	8	41
SP	242	381	623	255	355	610
TO	0	1	1		0	0
Total	3,135	4,587	7,722	3,122	4,625	7,747

N.B.: There are no employees with limited duration employment agreements.

Maternal-parental leave GRI 401-3

Maternal/parental leave	2023
[Total nº of employees]	
Men	3,122
Women	4,625
[Total number of employees with the expectation of returning during the current year]	
Men	-
Women	97
[Total number of employees who returned to work, during the reported period, following the end of the maternity/paternity leave]	
Men	-
Women	97
[Total number of 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	-*
Women	57
[Return rate]	
Men	-
Women	100
[Rate of retention]	
Men	-
Women	58.76

* No leave was reported due to paternity leave since there are no records in the system, which is different to the procedure established for maternity leave.



Excellence in Personnel Management

The Grupo Profarma was recognized as one of the 50 best companies in Excellence in Personnel Management in 2023. The survey was performed by the 'Grupo Gestão RH' with technical support provided by 'FGV In Company'. In total, more than 350 companies took part in the survey, which highlighted those that achieved the best Human Capital Investment Index (HCI), based upon the assessment of four pillars: Psychological health of the Employees; Corporate Citizenship; Human and Organizational Development; and Personnel Management Practices.

HIRINGS AND TURNOVER

GRI 401-1

Total number and rate of new employee hires, by age group

Age group	2022		2023	
	Hires	Rate (%)	Hirings	Rate (%)
Under 30	2,369	63.98	2,269	69.45
30 to 50 years of age	1,406	34.39	1,297	32.5
Over 50	66	15.52	74	15.74
Total	3,841	45.61	3,640	47.1

Total number and rate of new employee hires, by gender

Gender	2022		2023	
	Hires	Rate (%)	Hires	Rate (%)
Men	1,559	46.94	1,408	45.1
Women	2,282	44.70	2,232	48.26
Total	3,841	45.61	3,640	46.99

Total number of employees who left the Company and turnover during the period

Age group	2022		2023	
	Terminations	Rate (%)	Terminations	Rate (%)
Under 30	1,759	63.98	1,868	57.16
30 to 50 years of age	1,365	34.39	1,319	33.02
Over 50	79	15.52	86	17.73
Total	3,203	45.61	3,273	42.25

Total number and rate of employees who left the company, by gender

Gender	2022		2023	
	Terminations	Rate (%)	Terminations	Rate (%)
Men	1,384	46.94	1,307	41.86
Women	1,819	44.70	1,966	42.51
Total	3,203	45.61	3,273	42.25

Total number of employees and hires during the period, by region

	2022		2023	
Region	Hirings	Rate (%)	Hirings	Rate (%)
AL	31	53.57	17	34
BA	123	60.47	101	57.39
CE	0	0.00	0	0.00
DF	479	41.65	585	52.56
ES	94	58.05	90	63.38
GO	113	69.75	129	93.48
MG	221	65.43	268	82.21
MT	58	74.37	80	100
PB	27	45.28	11	21.15
PE	54	48.94	19	22.35
PR	123	57.07	127	64.47
RJ	1,731	35.02	1,776	38.98
RN	20	46.59	16	39.02
RS	133	71.52	92	65.71
SE	3	13.04	4	9.76
SP	626	86.04	325	53.28
TO	5	0.78	0	0.00
Total	3,841	45.61	3,640	46.99

Total number and rate of employees who left the Company, by region

	2022		2023	
Region	Terminations	Rate (%)	Terminations	Rate (%)
AL	29	53.57	22	44.00
BA	108	60.47	100	56.82
CE	0	0.00	0	0.00
DF	483	41.65	552	49.60
ES	79	58.05	92	64.79
GO	113	69.75	132	95.65
MG	186	65.43	242	74.23
MT	61	74.37	78	97.50
PB	21	45.28	12	23.08
PE	38	48.94	19	22.35
PR	111	57.07	128	64.97
RJ	1,356	35.02	1,443	31.67
RN	21	46.59	18	43.90
RS	103	71.52	110	78.57
SE	3	13.04	4	9.76
SP	446	86.04	321	52.62
TO	45	0.78	0	0.00
Total	3,203	45.61	3,273	42.25

DEVELOPMENT OF PEOPLE

GRI 3-3 Management of human capital with Diversity, Equality & Inclusion, 404-1, 404-2

With the vision of being recognized and admired as the best experience in access to healthcare and wellbeing, with inclusive, sustainable and socially engaged actions, the Company recognizes the results achieved, but always aims to achieve more.

Internally, the Company closely observes the specific needs of the different employee profiles, providing solutions and tools to promote intellectual and productive growth that is connected to the citizenship of all the employees. In 2023, a year in which the Group established a series of programs and actions, including the launch of the Próton Hub and the new advances in the Diversity, Equity & Inclusion agenda, amongst other initiatives, the Grupo Profarma provided a great deal of encouragement for self-development. The Company also worked in areas such as digital transformation and on important technical and behavioral skills for the leaders as well as for the segments in which it operates: retail and distribution.

Training hours per employee/year GRI 404-1

Average number of employee training hours by gender	2022	2023
	Data	Data
Men	9.61	6.09
Women	7.94	7.08

Average number of employee training hours by employment category	2022	2023
	Data	Data
Executive Board	6.71	1.92
Coordinators	11.88	4.75
Supervisors	18.58	3.33
Sales team	12.92	5.95
Managers	11.96	2.73
Store managers	10.43	6.73
Store operational staff	6.55	10.81
Store supervisors	13.87	24.91
Analysts	7.95	4.17
Operational staff	6.78	2.19

N.B.: The Company analyzed 5,041 employees who had received online training totaling 51,752 hours. In addition to this, in-person training was provided, totaling 46,698 hours, although this training was not registered in terms of position or gender.

Ratio between the basic salary and remuneration by gender GRI 405-2

Salary ratio between men and women, broken down by employment category	2023	
	Basic-salary (R\$)	Remuneration (R\$)
Executive Board		
Ratio	0.88	0.88
Coordinators		
Ratio	0.90	0.90
Supervisors		
Ratio	1.04	0.99
Sales team		
Ratio	0.96	1.00
Managers		
Ratio	0.87	0.96
Store managers		
Ratio	0.99	0.97
Store operational staff		
Ratio	0.99	1.01
Store supervisors		
Ratio	1.04	1.05
Analysts		
Ratio	0.89	0.91
Operational staff		
Ratio	0.92	0.93

N.B.: All the operational units were included. December was considered as the base month for formulation of the fixed and variable remunerations. In the basic-salary (R\$) field, we have included the fixed portion received in December. In the Remuneration (R\$) field, we have included the fixed total + the variable portion.

EVALUATION AND CAREER

GRI 3-3 – Management of human capital with Diversity, Equity & Inclusion

With an eye on the future, the Grupo Profarma recognizes that it is not enough to simply centralize all of its efforts in the latest business trends to be able to achieve high performance results. In order to remain relevant and ensure longevity, it needs to maintain its engagement and good relations with its teams. In 2023, continuing with its expansion in pharmaceutical retail and the consolidation of innovative practices at the DCs, the Group implemented another 'Personnel Cycle' - an annual employee evaluation which, in 2022, involved only those holding senior management positions.

The Personnel Cycle involves preparing the leaders to perform the process with their teams, adjustment meetings, structured feedback, and formulation of the Individual Development Plan (IDP). In the case of the leaders, the evaluation involves a 360° format, including assessment by peers, managers and internal clients and subordinates.

The evaluation is used as a criteria for promotion, and also supports the Company in its mapping of potential successors in the leadership pipelines. It also assists the managers in their decisions to entrust the right projects to the right people, and in the culture of recognition.

GRI 3-3 Management of human capital with Diversity, Equity & Inclusion.

More opportunities for junior, full and specialist analysts

The 2023 Personnel Cycle ensured expanded opportunities for junior, full and specialist analysts. By means of this approach, these employees were able to increase their opportunities in terms of career focus, personal development, the receipt of frequent feedback, and the possibility of rising within the organization, whilst also encouraging continued improvement. In total, more than 400 people benefited from the process. For the coming period, the Company is planning to expand the program to include other levels.

GRI 2-29, 3-3 Social Responsibility

More citizenship and possibilities for employees

In 2023, the Company provided new opportunities for those employees who had not completed Secondary Education. The Company opened up the possibility of voluntary enrollments in the 'SEJA+ project', designed to encourage the conclusion of high school studies, at the Profarma Distribuição DC in Campo Grande (RJ). By means of this initiative (offered with support from an external consultancy), all those who were interested received Portuguese, writing and mathematics classes, thus preparing them for the National Examination for the Certification of Skills for Young People and Adults (Encceja). In total, 42 employees completed the course, and 32 took the exam.

By means of this initiative, the participants had another chance to receive their High School diplomas, thereby opening up doors to numerous other opportunities within the Grupo Profarma and in their lives. The Company is planning to expand the project to other DCs in 2024, thereby continually reducing the number of employees without a full high school education.

PIXEL PROJECT

GRI 3-3 - Social responsibility, Management of human capital with Diversity, Equity & Inclusion

This project, created by the Institutional Communication department, in partnership with the CGG area, strengthened the Company's *Cultura Viva* in 2023 through the screening of films that address issues such as religious diversity, racism, respect for difference and solidarity. Over the course of the year, 'cine-club' sessions were held, followed by a group chat, aimed at discussing the issues raised in the films. All the themes addressed in the Brazilian short films screened were related to the Company's Diversity, Equity & Inclusion agenda. The eight events held in 2023 welcomed more than 700 people, with an average of 91 people at each screening.

As well as training employees, promoting citizenship and developing critical judgment, the project hosted prize draws offering tickets to watch films at commercial cinemas, which further encouraged everyone to get more involved in the 'seventh art'.

THE 'PROFISSA' PROGRAM

The Grupo Profarma also looks carefully at students and future professionals. Through its extracurricular trainee program - '*Profissa*' - the Group offers a development plan, constant monitoring, special mentoring and improvement of the technical skills and forms of behavior that are essential for the development of trainees. The Group expects that, by the end of the program, professionals will have been prepared to take on challenges in different areas. In 2023, the program involved 25 trainees from 17 different areas, more than 930 hours of training, 98% satisfaction evaluated by means of a survey, and five hirings. In 2024, the Company is now developing and training students to assume positions as pharmacists with Rede d1000, following their college graduation.

930 hours of training

98% satisfaction

LEAN philosophy - Personnel Pillar (Train, Evolve, Recognize)

During their journey of evolution, the operational staff at the DCs have discovered opportunities to develop and advance even further. In 2023, Profarma Distribuição took further steps forward in relation to the 'LEAN Philosophy', with the 'T.E.R.' (Train, Evolve, Recognize) initiative, focused on the first level of the operations.

The first of the pillars, "T", involves training the Operations team, beginning with the training of multipliers with regard to technical matters. Next, the training of the teams focuses on operational excellence and continued improvement.

In the "E" pillar (Evolve), the Personnel Committee discusses the Operations staff's results with the leaders, identifying the highlights, development opportunities and technical support. In 2024, the Company is moving into the phase which will involve the "R" pillar ("Recognition"), which aims to increasingly recognize the highlights, and appreciate those who make a difference.

Focused on training, evolution and recognition in the development of the operations.



GRUPO PROFARMA UNIVERSITY

In order to be able to develop individual and collective skills in critical areas of the business, the Company provides around 200 courses on the UGP learning platform. In 2023, the Grupo Profarma counted 45,751 visits (between June and December) and more than 58,000 hours of total time dedicated to learning. The courses combine development methodologies focused on technical abilities, behavior, innovation knowledge, Diversity, Equity & Inclusion, and ethics, amongst other issues.

'LIGA GP'

The Grupo Profarma's leadership academy - 'Liga GP' - further intensified its development actions, with a training journey designed to help the Company's leaders grow and develop. In 2023, a workshop was offered on self-knowledge, amongst other themes connected with trends in the market. More than 500 employees, from senior analysts to vice-presidents, took part in the event.

500+ employees

EXTENSION OF THE PPR

The policy of extending the Programa de Participação de Resultados (PPR) to 100% of those employees without any other form of variable remuneration, continued in 2023. In this way, the employees' sense of belonging grew.

On another point, the Company made a significant change in the Variable Income of those employees working in the Sales area. The new policy considers the market and the

new challenges facing each of those working on the team.

The Company works in a number of regions, and involves different healthcare operators, whilst a mapping of the alternatives available in the different regions has resulted in an improvement in the employees' medical care or co-participation.

DIVERSITY, EQUITY & INCLUSION

GRI 3-3 – Management of human capital with Diversity, Equity & Inclusion

At the Grupo Profarma, people come first. The ‘*Cultura Viva*’, which runs throughout the business, is diverse, equitable and inclusive, showing appreciation and respect for difference. In order to support equal opportunities and respect for genders, races, ages and cultures, amongst other individual features, the Company has been increasingly strengthening this strategy over the years.

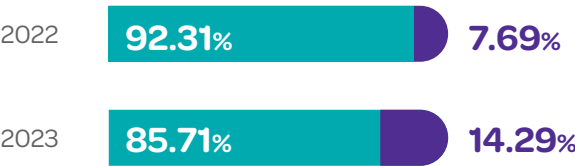
In 2023, it was no different: a series of initiatives took place enabling Rede d1000 and Profarma Distribuição to develop an even more welcoming environment for all. By means of the ‘Diversity in Action Program’, the Company operates with a number of different points of contact. It has offered training on inclusive leadership and provided courses on the subject at the UGP, amongst other initiatives.

During the first half of the year, the company launched its Diversity, Equity & Inclusion Policy, with the aim of implementing its

commitment by guaranteeing rights to all, regardless of individual characteristics such as race, gender or religion. This policy establishes regulations for combating discrimination and prejudice, reflecting values that transcend the limits of the organization and have a positive impact on society as a whole.

Diversity of governance bodies and employees

GRI 405-1



Men



Women

Percentage of individuals within the organization's governance bodies, broken down by age group	2022		2023	
Board of Directors	Percentage		Percentage	
Under 30	0		4.76	
30 to 50 years of age	15.79		23.81	
Over 50	84.21		71.43	

Percentage of employees, broken down by employment category and gender	2022		2023	
	Men	Women	Men	Women
Executive Board	79.55	20.45	80.00	20.00
Coordinators	42.42	57.58	57.75	42.25
Supervisors	69.57	30.43	71.86	28.14
Sales team	70.44	29.56	71.82	28.18
Managers	62.07	37.93	66.41	33.59
Store managers	25.97	74.03	22.46	77.54
Store operational staff	29.94	70.06	39.04	60.96
Store supervisors	31.49	68.51	37.99	62.01
Analysts	42.06	57.94	38.54	61.46
Operational staff	45.13	54.87	40.30	59.70

Percentage of employees broken down by employment category and age group	2022	2023
	Percentage	Percentage
Executive Board		
Under 30	0.00	2.86
30 to 50 years of age	40.91	40.00
Over 50	59.09	57.14
Coordinators		
Under 30	0.00	5.63
30 to 50 years of age	87.88	84.51
Over 50	12.12	9.86
Supervisors		
Under 30	15.65	14.72
30 to 50 years of age	77.83	78.35
Over 50	6.52	6.93
Sales team		
Under 30	9.39	9.39
30 to 50 years of age	76.80	73.33
Over 50	13.81	17.27
Managers		
Under 30	1.72	2.29
30 to 50 years of age	88.79	86.26
Over 50	9.48	11.45
Store managers		
Under 30	9.96	10.17
30 to 50 years of age	85.71	84.75
Over 50	4.33	5.08

Percentage of employees broken down by employment category and age group	2022	2023
	Percentage	Percentage
Store operational staff		
Under 30	44.83	46.90
30 to 50 years of age	49.98	47.88
Over 50	5.19	5.22
Store supervisors		
Under 30	21.55	22.73
30 to 50 years of age	72.93	70.81
Over 50	5.52	6.46
Analysts		
Under 30	26.35	26.48
30 to 50 years of age	69.59	69.97
Over 50	4.05	3.55
Operational staff		
Under 30	50.24	55.16
30 to 50 years of age	43.81	39.19
Over 50	5.96	5.65
Total		
Under 30	9.06	42.18
30 to 50 years of age	79.50	51.56
Over 50	11.44	6.26
Total	100.00	100.00

Percentage of employees from minority and/or vulnerable groups, broken down employment category	2023
	Percentage
Blacks	
Executive Board	22.86
Coordinators	47.89
Supervisors	55.41
Sales team	45.76
Managers	46.56
Store managers	63.14
Store operational staff	72.59
Store supervisors	66.03
Analysts	60.06
Operational staff	70.98
Total	67.65
PNS	
Executive Board	0
Coordinators	0
Supervisors	0.87
Sales team	0
Managers	0
Store managers	0
Store operational staff	0.45
Store supervisors	0.48
Analysts	0.3
Operational staff	1.86
Total	0.99

SOME HIGHLIGHTS FROM 2023:



Diversity, Equity & Inclusion pamphlet

In the first half of 2023, the Grupo Profarma published its Diversity, Equity & Inclusion Pamphlet. In it, the employees are provided with important guidance on the desired attitudes in line with the Company's inclusive culture, addressing concepts and issues such as racism, LGBTphobia and aesthetic diversity. This is a publication that underlines the strong and growing commitment to this subject.

[Click here](#) to read the pamphlet.



Affirmative hirings

In 2023, the Company encouraged the hiring of more Black people, and also worked to raise the awareness of the leaders, to receive, welcome and develop these new talents. As of 2024, as well as increasing the number of jobs filled by Black people, the Company also expects to increase the number of Black leaders.



Protocols and Management of Consequences

As part of its actions on behalf of diversity, Rede d1000 launched its "Protocols and Management of Consequences" guide. Distributed to all the stores, the guide establishes the conduct expected in cases of harassment, discrimination or aggression, setting out clear guidance for all the employees, regardless of their employment relationship. Furthermore, the guide serves as a reference for dealing with unusual situations that could occur at the units.



Women Leaders

Despite occupying the majority of positions within the Company, the organization recognizes that it needs to develop more women to occupy other hierarchical positions. The Women Leaders Program, which began in 2022, expanded in 2023 to involve 40 employees around Brazil. The program offers talks, conversation groups and discussions on issues such as sexism, harassment and female leadership in the 21st century, with the aim of encouraging the sharing of experiences and mentoring amongst female professionals in positions of leadership. The Company expects to increase the number of participants in 2024.



HEALTH AND SAFETY

GRI 3-3 Crisis and risk management, tracking, and operational health and safety
403-1, 403-2, 403-3, 403-5 403-6, 403-7, GRI 403-10

Caring for the health, safety and wellbeing of the more than 7,700 employees is a fundamental value for the Grupo Profarma. Be it at the DCs, the Corporate Head Offices or at the stores, social responsibility and a commitment to life are the same thing.

In the final quarter of 2023, the Company strategically opted for an alteration in the area of Occupational Health and Safety (OHS), which began working together with that of Risk Management, since the focus of the work intersects, offering the possibility of faster responses being achieved. On the other hand,

the Occupational Health area was connected to the area of CGG, to be able to address those issues which have more of an impact on people.

At the Grupo Profarma, all the work involving OHS is supported by directives set forth in currently applicable legislation (Regulatory Norms), as well as by best market practices. Furthermore, all the units are integrated by the management system and a multi-disciplinary team is responsible for the management and services (including a security expert, a doctor and an occupational nurse, amongst others).

A risk inventory is performed each year at all the units, aiming to update the Risk Management Program (RMP). At this time, the Company establishes a schedule for the implementation of improvements, with the aim of ensuring compliance in all the different spaces.

The OHS department underwent an important transformation in 2023 to ensure faster response times.

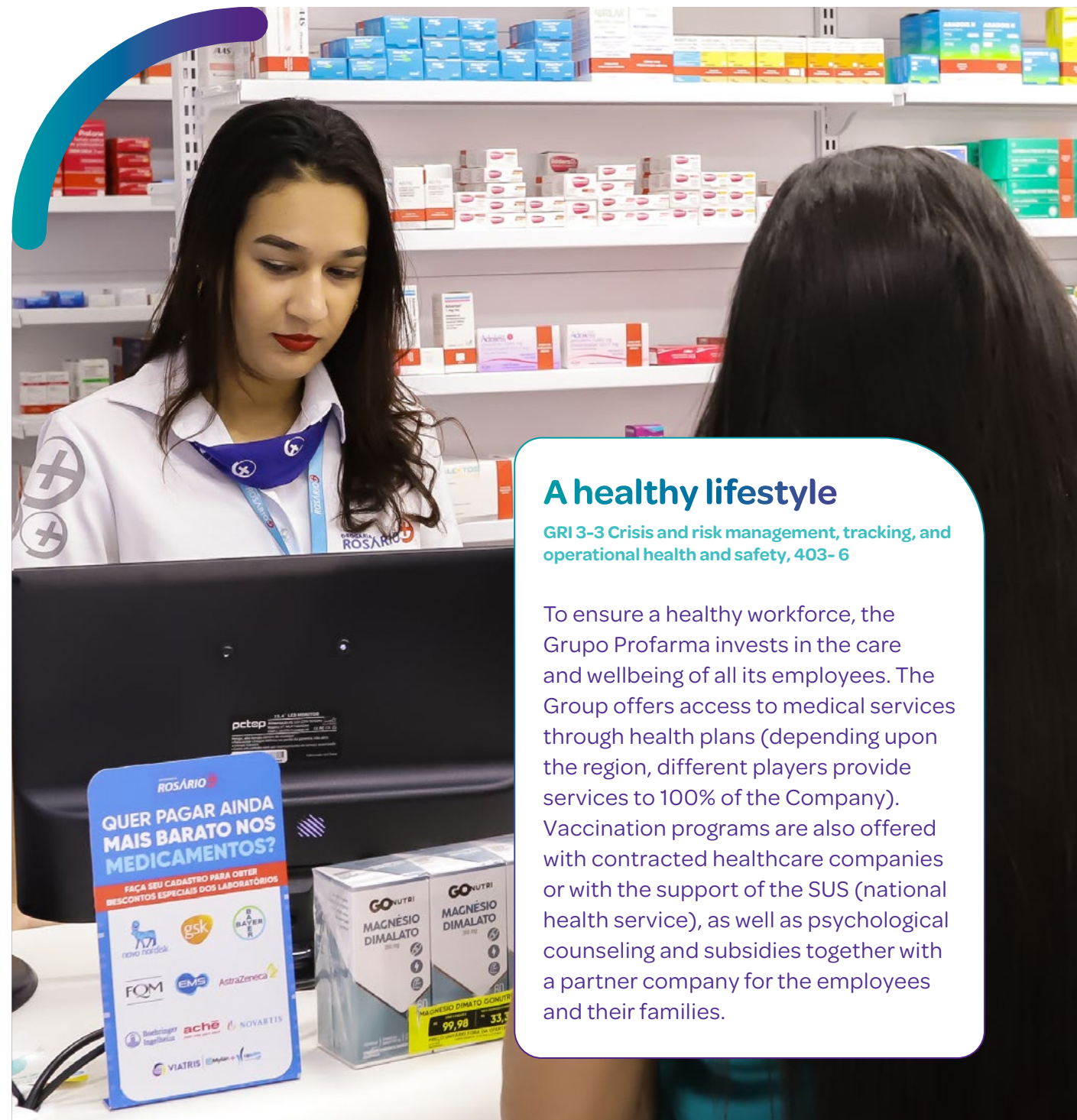
At all the units, an Internal Accident and Harassment Prevention Committee (CIPA), holds monthly meetings to discuss issues of importance to the local operations. Daily meetings are held at the DCs, with representatives of all the sectors, allowing them time and space to present matters of importance, including guidance on health and safety. In its management of security, the Company aims to mitigate risks and reduce the number of incidents, with the established target of reducing this number by 50%.

For the coming cycle, the Asset Security department is forecasting substantial investments in fire prevention - one of the priorities in this area.

On both fronts, the Grupo Profarma takes a preventive approach, all year long, to reducing risks to human health and the environment, providing PPE and Collective Protective Equipment (CPE), offering frequent training courses, implementing safety signposting and action plans, and performing emergency simulations. It also offers occupational medical exams, monitoring of the employees' health, wellbeing and health campaigns, audits, and health certificates and licenses. For those employees working with activities that require additional instruction, the Company invests in specific training, including the due prevention methods.

The occupational illnesses mapped by the Company are primarily linked to occupational stress, with the main reasons being ergonomic situations and the risk of falling. To mitigate these problems, the Grupo Profarma has implemented preventive, education and awareness-raising measures for the employees.

At all the units, an Internal Accident and Harassment Prevention Committee (CIPA), holds monthly meetings to discuss issues of importance to the local operations.



A healthy lifestyle

GRI 3-3 Crisis and risk management, tracking, and operational health and safety, 403- 6

To ensure a healthy workforce, the Grupo Profarma invests in the care and wellbeing of all its employees. The Group offers access to medical services through health plans (depending upon the region, different players provide services to 100% of the Company). Vaccination programs are also offered with contracted healthcare companies or with the support of the SUS (national health service), as well as psychological counseling and subsidies together with a partner company for the employees and their families.



SOME OF THE SIGNIFICANT PROJECTS IN 2023:

GRI 3-3 Crisis and risk management, tracking, and operational health and safety

Programa bem estar at the Distribution Centers

Aware of the opportunities for improvement at the DCs, the Company began the Well-being Program in November, 2023. With the idea of making the spaces more pleasant and welcoming, the program includes structural works, changes to the canteen services, maintenance work on the bathrooms and changing rooms, the opening of rest spaces and changes in the transportation structure, amongst other features.

The Wellbeing Program should be up and running in 2024, thanks to a partnership between the Facilities and CGG departments. As part of this project, the Company hopes to offer a better quality experience for the employees, having a direct impact on their engagement and productivity.

GRI 3-3 Crisis and risk management, tracking, and operational health and safety, 403- 4

2023 Safety week: updating and awareness-raising

More than 3,000 Profarma Distribuição employees took part in the 2nd edition of the Integrated Safety Week, held at all the DCs in the second half of 2023. The event connected the Risk Management department with the Damage Prevention, Facilities and OHS teams, as well as others.

Included in the agenda were issues such as prevention of damages, problems caused by behavioral irregularities, nutrition and actions focused on the environment. For the first time, the Safety Week addressed environmental security, in a move that was entirely connected to the Company's ESG agenda.

Finally, the event also managed to collect more than R\$ 7,000 in donations from suppliers, partners and supporters. The funds were passed on to the Instituto Profarma.

SAFETY 24X7

GRI 3-3 Crisis and risk management, tracking, and operational health and safety

The Grupo Profarma’s Health and Safety culture is also present in the patrols, asset security control reports and continual monitoring of incidents, near-incidents and behavioral irregularities, all of which are reported, investigated and corrected. Furthermore, the Occupational Safety department participates in the operations meetings, highlighting all the indicators noted.

The Company applies recognized and suitable methods for the investigation of adverse events, such as Ishikawa, the Fault Tree Analysis, the 5 Whys, and Hazop. In the case of an event involving outsourced workers or those working under the CLT agreement, the Company ensures assistance at their work location and also that the incident is registered in the system.

During the onboarding process for new employees, matters of health and safety are guaranteed a central place.

Furthermore, during the onboarding process for new employees, matters of health and safety are guaranteed a central place in the discussions. By means of the Grupo Profarma’s internal communication channels, the teams also receive tips and guidance designed to ensure a working environment free from danger. The employees and service providers are constantly reminded that they are necessarily required to use PPE, for example.

Amongst the risks mapped by the Company are those activities that involve working at heights and accessing cold storage units, as well as building and machinery maintenance. At the stores, the most common risks are those related to ergonomics. During the reported period, no serious accidents were reported. All occurrences of work-related injuries in 2023 have been mapped, identified and classified as hazards and risks to employee safety.

Work-related injuries GRI 403-9

	2022	2023
Class	Employees	Employees
Number of fatalities resulting from work-related injuries	0	0
Rate of fatalities resulting from work-related injuries	0	0
Number of work-related injuries with serious consequences (except fatalities)	12	12
Rate of work-related injuries with serious consequences (except fatalities)	2.2	1.51
Number of work-related injuries requiring communication (including fatalities)	54	101
Rate of work-related injuries requiring communication (including Fatalities)	9.9	12.73

N.B.: Does not include outsourced workers. The most common work-related injuries are those related to trauma.

GRI 3-3 Crisis and risk management, tracking, and operational health and safety

Vittude Emotional Support Program

The Grupo Profarma takes the wellbeing and full health of each employee very seriously. This is why it has made a change to the Vittude Emotional Support Program, which supports the team on questions of mental health. As of June 2023, the program began offering all the employees two free psychological counseling sessions per month, whilst the 40% discount on the price of the sessions for dependents continued. In total, 3,177 consultations were provided with the benefit of free sessions over a period of seven months.

The treatment is provided by means of a platform offered by Vittude, a partner company, which makes more than 4,500 psychologists available, each of which has around ten years of training, and most of whom have post-graduate, masters or doctorate degrees.

Furthermore, the Grupo Profarma offers the Personal Support Program (PAP), which continued in 2023. Under this program, spouses and children receive free psychological counseling via telephone calls.

FOCUS ON THE CUSTOMER

GRI 3-3 Customer relations

Due to so many changes in the market, the Grupo Profarma continued to ramp up its digital transformation journey to improve the customer's experience. Investments have been made in new relationship, technology and personal customization tools. And significant results have already been seen. In 2023, Profarma Distribuição registered a record level in the customers' Repeat Purchase Rate (an indicator that shows when a customer makes at least one purchase per day).

One of the biggest new developments of the year was the segmentation of the customers within Profarma Distribuição, which was conducted in parallel with the restructuring of the Sales area. The aim was to improve customer service by better understanding the specific features of each profile, and offering customized solutions. One specific team was responsible for attending to independent customers and small chains, and another was focused on large accounts. By approaching the business in this way, the Company is able to provide a more personalized service, with the possibility of increasing customer retention and relevance. It is important to mention that the

organizational restructuring resulted in the creation of a Sales Planning Board, which is responsible for all the sales planning, involving two new 'Route to Market' (RTM) management teams, separate from the Sales Board, focused on the execution of sales.

Other strategies have also further strengthened our connection with the customer base. After migrating the IT infrastructure to a cloud, in 2022, Profarma Distribuição implemented a number of modern technologies in 2023, including the CRM platform in Post-Sales (first phase).

In 2023, Profarma Distribuição implemented the first phase of its CRM, in the Post-Sales area.

With adoption of the 'Salesforce' platform, for example, Profarma Distribuição reduced the number of calls to the Profarma Service Center (CAP) by 50%. Furthermore, more than 1,400 customers managed to resolve their problems in less than a minute by means of the self-service facility provided by WhatsApp or the chatbot on the Customer and Electronic Order Portal.

Also in 2023, the Company began using CRM to collect and manage important customer data to foresee their needs and evolve in terms of personalized and agile services. For 2024, other apps should take to the air (phase two), along with a set of technologies, such as transport management, a control tower, and the new e-commerce system Profarma Web 2.0.

An order tracking system was also implemented, which works both for the customers and internally for transfers between the DCs. By means of this geolocation tool, it is possible to trace the merchandise along the chain and the deliveries; 2023 ended with 80% of the system having been implemented and this will continue in 2024. The system provides more

speed, cargo safety and customer satisfaction, amongst other features.

At Rede d1000, the reinforcement of CRM, as well as the refurbishment and expansion of stores, improvement in the product mix, and pricing strategies, amongst other operational investments, also improved the customers' experience in 2023.

It is important to mention that the Company achieved a number of targets, such as in the NPS Survey, identifying areas for improvement in service levels.

AMONGST THE BEST IN THE COUNTRY

Increasingly guided by qualified information and data, the Group monitors the relationship with its suppliers, principally those in the pharmaceutical industry, to fully understand how the perception of the business partners is evolving, discover opportunities for improvement, and make our responses as fast as possible. The Advantage Survey, for example, is one of the main instruments used for this purpose.

This survey, performed by an independent company, made it clear that the strategies adopted by the Company have been having a positive effect on the business, as well as the way it is viewed and remembered.

In Rede d1000, the performance advanced in 2023, with an average score of 37 points (the result of the industry's evaluation), a score that is equal to the general average. This kept the Company amongst the 15 best ranked companies. And, when looking solely at the Southeastern region, Rede d1000 stood out even more, occupying fourth position in the ranking.

Amongst the best evaluated points were the ease of doing business with the Company, the

optimization of the product ranges, the variety and mix of products, and the ESG practices - which was the second most highlighted point by the respondents. In terms of areas for improvement, the partners suggested: internal communication, qualification of the staff, integration of the e-commerce strategy, and management of categories.

ESG practices are amongst the points best evaluated by customers

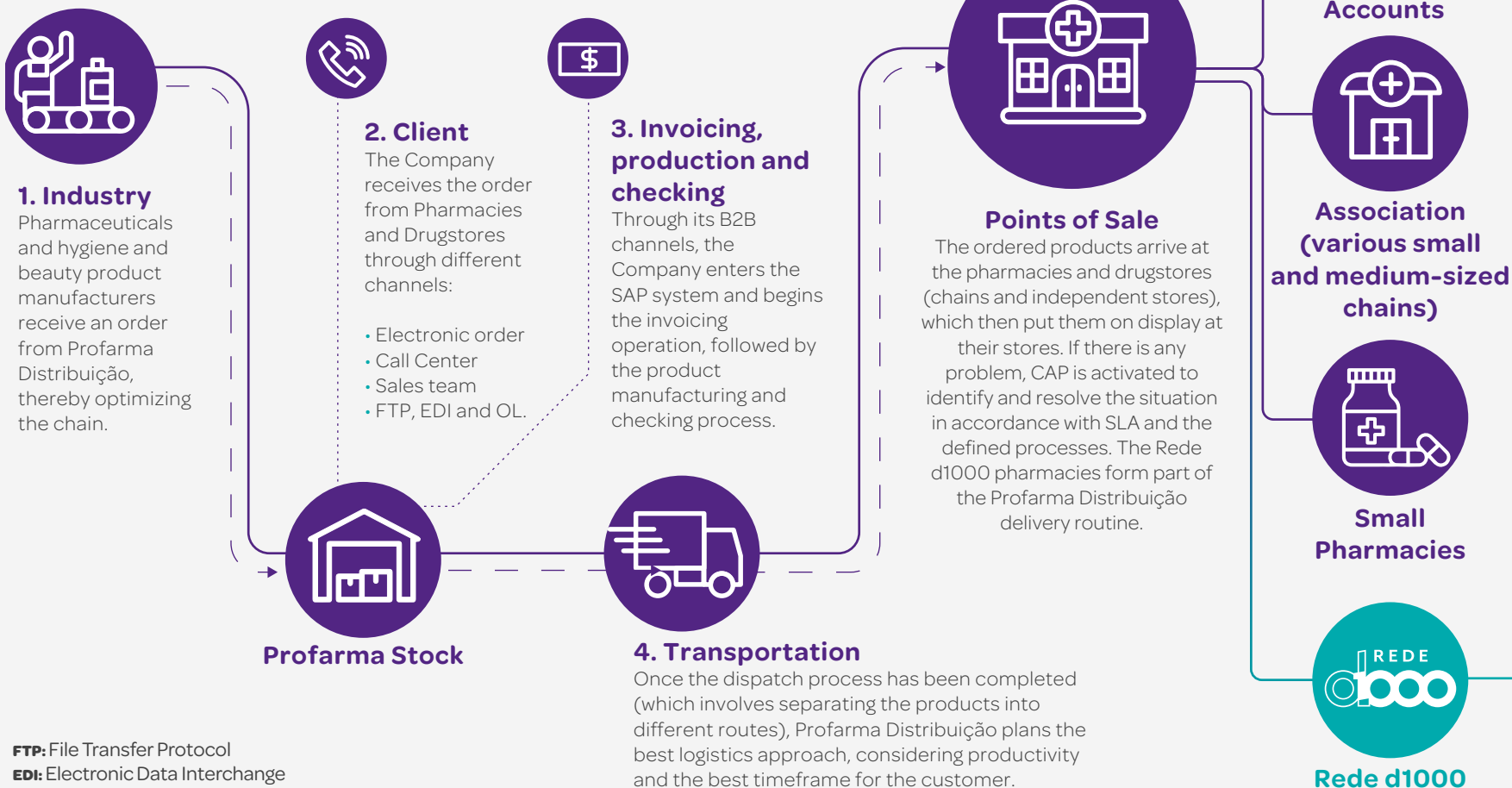
For both Profarma Distribuição and Rede d1000, the survey showed that the Group's ESG practices are well-recognized by their partners.



OUR OBJECTIVE: TO DELIVER HEALTHCARE

An operational journey that puts the client at the heart of everything. This is what is involved in the day-to-day operations of Profarma Distribuição and Rede d1000, which include the data and opinions gathered from the retail chains and end consumers to continually improve the quality of customer service.

DISTRIBUTION



FTP: File Transfer Protocol
EDI: Electronic Data Interchange
OL: Online
B2B: Business-to-Business

CLIENTE REDE d1000



1. The end consumer

can choose where to acquire their medicines, and skincare, hygiene and beauty products: Drogasmil, Farmalife, Drogarias Tamoio or Drogaria Rosário

2. Mix of options

At any one of the brand stores, the customer can make their purchase in any way they feel to be most convenient. The options include:

•240 physical stores



•App



•Site



•Rappi and iFood (delivery services)



•Telesales

Integrated model

Since it operates through a model that its integrated with Profarma Distribuição, Rede d1000 enjoys competitive advantages and operational synergies. It works with a powerful mix of products, including Own Brand and CRM.

INSTITUTO PROFARMA

GRI 2-29, 3-3 Social Responsibility, 413-1, 203-1, 413-1

The stage for many of the Company's initiatives and programs in the Social pillar, the Instituto Profarma gained even more visibility in 2023. It continued its support for causes connected to healthcare, but also focused its activities a great deal on education, nutrition and support for organized institutions that work with those in vulnerable situations. In total, more than R\$ 1.5 million was invested in different projects.

The Institute has a fixed agenda of campaigns and actions, as well as a structured program of corporate volunteer work - 'Goodwill Ambassadors'. In 2023, through its connections with 80 organizations, the Institute helped more than 241,000 people in different regions of the country.

Amongst the projects included are those focused on socio-family development, women's empowerment, community leadership, food security, basic hygiene, productive inclusion of young people, and education.

It is worth mentioning that the partnerships form one of the Institute's strategic pillars. One of them is with UNICEF. Through this alliance, the employees at the Rede d1000 stores encourage customers to make small donations or acquire a 'social product'. The sums collected are forwarded to the fund, allowing it to develop different actions with a high impact on society. Since 2019, the initiative has raised approximately R\$ 10 million.

With the Abrinq Foundation, as well as working together to raise awareness amongst the Company's suppliers concerning the combating of child labor and child sexual exploration, a number of other important actions were developed. One example was the refurbishment of the 'Salão do Encontro' NGO, in Betim (MG), that works with programs concerning child education, complementary education, assistance, social development and a community library. Around 3,300 people benefited from this work.

"All the initiatives we have undertaken and all the partnerships we have established over the past few years ensure enormous learning for the Institute. These were experiences that have empowered us and enabled our participation in the social area. We had the opportunity to talk to UNICEF's global leaders at the 2023 UN General Assembly, and the market quickly recognized our structured work."

Deborah Birmarcker

Director of ESG of the Grupo Profarma and CEO of the Instituto Profarma

THE POWER OF COLLABORATION

GRI 3-3 Social Responsibility

From the beginning to the end of the year, the Instituto Profarma plans and executes numerous campaigns that impact not only the communities where it operates, but also society as a whole. In 2023 Children's Week, in October, a portion of the revenue from Profarma Distribuição sales was passed on to '*Pro Criança Cardíaca*', a social project in Rio de Janeiro that cares for children and adolescents with heart problems, offering cardiac consultations, surgery and catheterisms. This initiative was conducted in partnership with a number of pharmaceutical businesses which donated part of the revenue from the products sold to the project. Another portion of the total sum of R\$ 90,000 donated to *Pro Criança Cardíaca* was the result of efforts by Rede d1000, which separated part of the profit from sales of a wet-wipes kit to the campaign.

The '*Doe Leite*' campaign, which collected powdered milk, also saw significant results: 2.5 tons were donated to 15 NGOs in four states. A total of 10,000 people were impacted.

At the end of the year, the Christmas Campaign impacted more than 60,000 people in the different regions in which the Grupo Profarma conducts business. In the Rio de Janeiro state capital, the Company took 300 children who had never been to the cinema to a special session at the New York City Center, at which they also received presents from Santa Claus. The children involved come from the '*Núcleo Especial de Atenção à Criança*' (NEAC), '*Amigos para SOS*', '*Instituto Ide – Jardim Gramacho*', '*Centro de Cooperação para o Desenvolvimento da Infância e Adolescência*' (CCDIA) and '*Arte e Cinema*'.

MOBILIZATION AND ENGAGEMENT

Internally, the Instituto Profarma has mobilized a strong group of employees under the 'Goodwill Ambassadors' moniker. In total, more than 450 people were involved in the initiatives in 2023. The Company also opens up opportunities for the volunteers to suggest NGOs in their regions which need support. In 2023, for example, four organizations working with animals were included in this manner and more than 3,300 animals received help.

Another stand out project which began during the reported period was the installation of solar panels at the NEAC, in Campo Grande (RJ), benefiting a community of more than 3,000 families.

'JOVEM APRENDIZ' PROGRAM

In 2023, the Instituto Profarma supported the productive inclusion of 111 young people in the work market, through the *Jovem Aprendiz* Program, in partnership with the Coca-Cola Institute and the "One Million Opportunities" (1MiO) initiative, led by UNICEF. During the training, which lasts 12 months, these young people from disadvantaged social situations, receive vocational training, including behavioral and motivational aspects. It also involves the participation of special guests who talk about the pharmaceutical market, the areas in which the Grupo Profarma is involved and the Sales sector.

Solidarity which makes a difference

In the first half of 2023, the Instituto Profarma invited some of the volunteers from Rede d1000 who had been most engaged in the campaigns during the previous year to see close up some of the projects supported by UNICEF Brazil. The group traveled to Belém (PA) to visit the Ribeirinha Anexo Santo Antônio School and the 'Tá Selado' project. They also visited a Floating Basic Healthcare Center, the Adolescents' Citizenship Center (NUCA) and the Combu Basic Healthcare Center. More trips are planned for 2024.

International connection

The work of the Grupo Profarma broke down boundaries and established new and important connections in 2023. At the invitation of UNICEF, the CEO of the Institute, Deborah Birmarcker, joined a select group of Brazilians to participate in the agenda of UNICEF events taking place at the United Nations General Assembly, held in September, in New York. At the event, she talked to global leaders with the aim of developing new projects to run in line with the SDGs, amongst others designed to support the mental health of young people and children.

2023 HIGHLIGHTS



2.5 tons of powdered milk collected and donated in numerous states



180 actions performed



80 NGOs supported



49 partners



More than 70 tons of food



15 states



45,000 hygiene items donated



11 tons of supplements



More than 240,000 people impacted



More than 450 employees engaged in the actions



60,000 people benefited from the Christmas Campaign in different states



More than R\$90,000 from Profarma Distribuição sales during Children's Week directed to the Instituto Profarma



More than R\$3.5 million collected at Rede d1000 stores, which was donated to UNICEF

ENVIRONMENT

Pillar

SDGs



COMBATING CLIMATE CHANGE

GRI 3-3 Crisis and risk management, tracking, Operational health and safety, Management of non-recyclable waste and Reverse Logistics, 203- 2

To understand and put its social responsibility into practice in a way that is cross-sectional, the Company has been operating proactively on different fronts that help tackle climate change in the world. It recognizes that, together with other companies and governments, it plays an important role in the collective global actions that can mitigate the most serious impacts.

In the Environmental pillar, 2023 was notable for major steps forward, such as the decision to voluntarily perform its first GHG emissions inventory. This is a giant step in its sustainable journey, reflecting its commitment to reducing its environmental impact and generating value for both society and the businesses. The commitments related to the climate change agenda are in line with the guidelines established by the Paris Agreement, which calls for efforts to limit the rise in the planet's temperature to 1.5°C above pre-industrial temperatures.

Furthermore, the Company has made numerous investments at its DCs designed to make them more eco-efficient. In 2023, the DC in Itapevi (SP) underwent an extensive modernization process, making it Profarma Distribuição's first Eco-efficient DC.

Eco-efficient management is not, however, exclusive to these spaces. The Rede d1000 stores have been increasing their acquisition of 100% renewable energy. In the logistics operations, meanwhile, new BI tools are allowing route management aimed at minimizing the emission of pollutants, as well as reducing the use of materials such as cardboard in the operation.



GRI 2-25, 3-3 Management of non-recyclable waste and Reverse Logistics

Eco-efficient DC: less is more

Profarma Distribuição has focused a great deal of effort on an in-depth project to define a DC model that reduces the impact on the environment. It conducted benchmarking with other companies in the Brazilian retail market and a number of internal studies. The result was the creation of the concept of the Eco-efficient DC, in 2023. The first to be awarded the seal was the Itapevi DC (SP).

To receive this endorsement from the ESG and Facilities Areas, the unit needs to fulfill at least eight of the ten principal pillars: use of reusable cups and hand dryers in the bathrooms; reuse of cardboard boxes; employment of organic composting; reuse of rainwater; use of renewable energy; use of Static Transfer Systems (STS); use of biodegradable soap; implementation of waste management; and provision of environmental education.

This model is already demonstrating important results for the Company: in 2023, over the course of four months, an average of 93% of all the recyclable waste at the Eco-efficient DC was put to reuse, leading to a positive impact of more than R\$ 11,500 for recycling cooperatives.

This initiative is one of the biggest innovations launched by the Company in its efforts to help combat climate change. And, in addition to all the benefits already delivered, there exists the potential to impact even more people. This is because the employees receive environmental training, involving, for instance, the correct separation of waste - something which they can also implement in their own homes.

In 2024, another four DCs should be certified as eco-efficient, bringing the Company's business even more into line with its ESG agenda. Under the strategic planning, six DCs should migrate over to the Free Energy Market this year.

The initiative helps combat climate change, since it involves: the reuse of resources, lower water and energy consumption; correct disposal of waste, and fewer GHG emissions, amongst other advantages.

RISKS AND OPPORTUNITIES RELATED TO THE CLIMATE

GRI 3-3 Crisis and risk management, tracking, and operational health and safety

The Grupo Profarma mapped the risks relating to RCP 4.5 (optimistic) and RCP 8.5 (pessimistic) scenarios, that the climate changes could cause to its operations, as well as an analysis of weaknesses and opportunities. The study will be guiding the organization's activities for the coming years.

- **Extreme climatic events:** storms and floods can cause damage to installations, interrupt the supply chain and shut down the DCs and stores. On the other hand, as climate changes could make it difficult to access healthcare services in certain areas due to natural disasters, Rede d1000 could find future opportunities in expanding its healthcare services, such as telemedicine.
- **Increase in the average temperature:** risk of affecting the medication supply chain, since some products are sensitive to temperature and humidity. This may require improvements in storage management and significant investments in refrigeration and storage systems. On the other hand, the Company could further expand its use of distributed and shared gener-

ation, and use of the Free Energy Market, thereby reducing operational costs and mitigating carbon emissions.

The Company has also monitored the transitional risks that allow for development of a strategy for transition to a low-carbon economy. Some of the risks identified are: rising energy costs, changes to the supply chain, and regulatory, reputational or financial risks.

The Company has also used the Sustainable Development Scenario (SDS) and the Intergovernmental Panel on Climate Change to map the transitional risks. By means of such, it has noted risks such as carbon costs, changes in the energy mix, the risk of stranded assets, the risk of a devaluation of assets and regulatory compliance. Opportunities also open up in the form of: green logistics, diversification of products and services, innovative packaging, and compliance with regulations governing sustainable reporting, amongst others.

WASTE MANAGEMENT

GRI 2-25, 3-3 Management of non-recyclable waste and Reverse Logistics, 203-2, 301-3, 306-1, 306-2, 306-3, 306-5, 306-4

The Grupo Profarma never wastes an opportunity to do better and always wants to move forward. In the management of waste, for example, it is always looking for best practices, since this is one of the most important material topics. This is because the distribution operations performed by the DCs involve the use of plastic and cardboard, as well as the medicines themselves delivered to the pharmacies around the country. At Rede d1000, attention is focused on the disposal of the needles and ampoules used in procedures performed in the CUIDA Program spaces, amongst others.

In relation to the deliveries to the Rede d1000 stores, 100% of the Profarma Distribuição logistics involves plastic boxes and returnable thermal packaging. This allows for a reduction in the use of raw materials and encourages the circularity of returnable boxes, thereby avoiding the generation of waste.

The process involved in the management and disposal of non-recyclable materials is in strict compliance with Conama Resolution 358/05 and RDC 222/2018, undertaken by specialist service providers.

The significant impacts relate to the entry, distribution and exit of materials (packaging, hazardous waste, chemical products and toxic substances).

In total, the Company's activities generated 326.7 tons of waste. Of this total, 309.2 tons of medicines, perfumes and other marketed pharmaceutical products were sent for co-processing and 14.3 to landfills. Another portion (3.2 tons of non-hazardous waste) was sent for final disposal.

Consumption of materials

GRI 301-1

In 2023, the Company managed to reduce the use of the A4 paper input due to the greater length of time that the 'Pick List' project, aimed at replacing paper with labels, was in use. There was a 47% reduction in the use of paper as a result. On the other hand, there was a 15% increase in the amount of labels/ribbon. Below is more information on the materials used:

Non-renewable materials	Weight (tons)
Plastic perforated coils	13
Stretch film	53
Adhesive tape	9
Rigid ice packs	371
DC + Rede d1000 polystyrene	101.92
Plastic seals	57
Rede d1000 plastic bags	92,417
Total	93,021.92

Renewable materials (GRI 301-1 a.ii)	Weight (tons)
Cardboard boxes	1,796
Thermal labels	8
Scotch tape	84
Paper bags	132
A4 sheets	78
Rede d1000 coils	37,783
Total	39,881



N.B.: All data has been estimated based upon sales records and materials inventories. The 15% increase in the amount of labels/ribbon and the 47% reduction in the amount of A4 paper is due to the 'Pick List' project designed to replace A4 paper with labels and separation for collection. In 2023, we managed to reduce the use of the A4 paper input due to the greater length of time that the 'Pick List' project, aimed at replacing paper with labels, was in use.

Reclaimed products and packaging

In 2023, there was a 7% increase in the volumes sold compared to 2022. Despite this increase, the percentage of reused boxes grew, reaching 95% in 2023, against 88% reused in the previous year. Four DCs achieved the target of 100% reuse. Another five hit the target of 95%.

2023	
Product category	Packaging
Reclaimed products and their packaging materials (tons)	1,707
Products sold (tons)	1,796
Percentage of reclaimed products and packaging	95.04

N.B.: The data from the indicator used were collected by registering production and consumption, as well as analysis of financial data.

**4 DCs achieved
100% reuse in
their practices**

CIRCULAR ECONOMY

GRI 2-25, 3-3 Management of non-recyclable waste and Reverse Logistics

In 2023, the Company continued to propose intelligent and sustainable approaches to the use of resources, thus preventing loss and increasing productivity.

One example of this is the focus placed on the waste generated during the events that the Grupo Profarma stages. The key word relating to disposable here is “prevent” - an approach which runs through all the activities involved in the operations. And, even at the DCs which have yet to migrate to the eco-efficient model, there are numerous initiatives that are preparing these spaces for future transformation: disposable cups are no longer being used at any of the DCs and the use of biodegradable soap has started to become the norm at the units, amongst other practices.

For one more year, Profarma Distribuição showed that the reuse of cardboard boxes (that involves the collection and reuse of the packaging provided by the pharmaceutical industry) leads to significant sustainable results. In 2023, 13.5 million cardboard boxes were reused, thus preventing the felling of 20,561 trees.

It should be remembered that the deliveries to the Rede d1000 stores are performed

entirely using plastic boxes and returnable thermal packaging. As such, the Company reduced its use of cardboard boxes by 3 million per year, meaning 3,064 trees remained standing in the environment.

The use of the Pick List, a process that replaces sheets of paper with labels as a means of controlling the separation of merchandise at the Profarma Distribuição units, also contributed to the positive impacts made by the Company. Over the course of the year, 103 million fewer sheets of A4 paper were used, preventing the felling of 10,301 trees.

Another initiative within the circular economy is the project involving the collection of bottle caps at the Barra da Tijuca Corporate Head Offices and at the Campo Grande DC, in Rio de Janeiro. All the caps collected are sent to NEAC, an NGO located near the DC, meaning they are not sent to landfills or dumps. By means of this action, the organization is able to recycle and commercialize the items, using the money gained to purchase basic food hampers that are distributed to the local community through food banks.

The Grupo Profarma has re-evaluated its entire chain to ensure sustainability from the beginning to the end of the process.



ENVIRONMENTAL MANAGEMENT HIGHLIGHTS IN 2023



13.5 million cardboard boxes reused in the operation



More than 3 million fewer cardboard boxes acquired



4 DCs (DF, RJ, GO and MG) reuse 100% of their boxes



103 million fewer sheets of A4 paper used through the 'Pick List' system



7.9 t of waste collected at the Eco-efficient DC between October and December. Following sales, the sum of R\$ 11,500 was passed through to families in situations of economic need



332 trucks were removed from circulation under the new STS, thereby considerably reducing the GHG emissions and fuel consumption in the operation

MANAGEMENT OF MEDICINE WASTE

GRI 3-3 Management of non-recyclable waste and Reverse Logistics, 306-1, 306-2, 306-4

Being aware of its responsibility in the correct management of waste, Profarma Distribuição maintains strict management control over this process. Using a reverse logistics approach, the medicines which have passed their sell-by-dates, or are damaged, are properly disposed of or returned to the supplier for correct disposal. This process is handled by duly licensed and certified companies.

To avoid any loss of medicines, the Company has adopted the 'First In, First Out' system. Even so, the Instituto Profarma has established a partnership with the Company to

ensure that instead of incinerating those products close to their sell-by-dates, or with slight defects in their packaging, but which can still be consumed, and which are in a good state of preservation, they are donated to the Institute. This means that the items can then be passed on the NGOs. In 2023, more than 28,000 hygiene items were donated through this process, and more than 7,500 dietary supplements (milk and other food supplements, amongst others) were also sent for donation, impacting more than 60,000 people.



MANAGEMENT OF NATURAL RESOURCES

Total energy consumed (in GJ)

GRI 302-1



Non-renewable fuels consumed

Electricity, heating, refrigeration and steam acquired for consumption

N.B.: Brazilian GHG Protocol Program methodology

ENERGY

GRI 302-4

With an eye on the future, the Grupo Profarma is making increasingly more rational use of natural resources. In the case of energy, large investments are being made in renewable sources and in the Free Energy Market.

Over the course of 2023, the Company acquired its energy from the Free Market to supply the Corporate Head Offices in Barra da Tijuca (RJ). In relation to the DCs in Itapevi (SP) and Campo Grande (RJ), both use clean and renewable energy, thereby contributing to the sustainable economic development of the business. In 2024, it is planned for six DCs to begin using this resource.

This model contributed significantly to the Grupo Profarma's energy efficiency, leading to financial savings, greater predictability and safety in the operations, and a more conscientious management approach, that integrates best practices considering the triumvirate of economic, social and environmental aspects.

The Corporate Head Offices began using the Free Energy Market in 2023.

GRI 302-1, 302-3, 302-4

Amongst the environmental advances made during the reported period, the Company can also highlight the purchase of solar energy for the Rede d1000 stores. This resource is drawn from four photovoltaic power stations and, through until December 2023, 54% of the stores had been included in this program. Under this operation, the Grupo Profarma has formed a partnership with a multinational company that specializes in this type of power generation.

The rate of energy intensity in 2023 was 0.42 GJ, considering the consumption of electricity in relation to the total usable area of the operations (181,639.81 m²). There was no reduction in consumption, due to the opening of new stores and a DC. However, the Grupo Profarma is expanding its consumption of renewable energy sources.

Another sign of good energy management is that the Company has established that any new DC should be constructed using resources that improve environmental performance, such as maximum use of natural lighting, skylights, LED lighting and timer switches at the loading docks, whilst lights should be switched off at lunchtimes and at the end of the working day.

WATER

GRI 303-1, 303-2, 303-3

Due to the specific nature of its business, the Grupo Profarma's water management is related to the consumption of drinking water by the employees and at the facilities for activities such as building maintenance (washrooms, gardens, canteens, kitchens, etc.). Even so, the Company has found opportunities for improvement in this area and is continually improving its processes for the collective benefit.

In 2023, the consumption by the concession operators at the DCs throughout Brazil meant that the Company consumed a total of 17,162.53 m³ of water. At the end of the year, a project began to map the consumption at the Rede d1000 stores.

The reuse of rainwater (one of the pillars of the Eco-efficient DC) is proof of this. This practice has also been implemented at the Drogarias Tamoio unit, located in Araruama (RJ). Here, as well as making full use of the rainwater collected, water consumption reducers have been installed.

Working as part of the ESG agenda, the Grupo Profarma has prioritized establishments that offer favorable conditions for the adoption of best sustainability practices.

It should be highlighted that no industrial wastewater is disposed of as part of the operations, other than that generated in the washrooms, which goes directly into the public system, with full authorization from the sanitation companies.

Making use of rainwater is just one more action taken by the Grupo Profarma to reduce the use of water.



MANAGEMENT OF EMISSIONS

GRI 305-1, 305-2, 305-3

Ready to contribute even more with solutions that offer the possibility of reducing climate change, in 2023 the Grupo Profarma voluntarily began its first GHG emissions inventory. The inventory will fully gauge the 2022 and 2023 emissions and will involve an external audit, which will guarantee the Gold Seal from the Brazilian GHG Protocol Program.

The Company, which already includes different decarbonization actions and practices in its operations, recognizes that the management of emissions has the capacity to optimize its journey towards neutrality in its long-term operating emissions.

Our principal source of direct emissions (Scope 1) is related to the consumption of fossil fuels in the generators at some of our DCs, as well as to the supply and use of gas in the stores' air-conditioning systems. The refrigeration equipment is a point of note for the GHG emissions in the retail sector. Despite this involving a closed system (in which the gas is recirculated), there are still fugitive emissions. The consumption of cooling gases has always tended to represent an important challenge

for the reduction of emissions, due to the high cost involved in replacing the equipment with more modern and efficient models.

The indirect emissions (Scope 2) arise from the consumption of energy at the physical stores and DCs. We have taken a market-based approach in declaring the Scope 2 emissions, due to the certification of acquisition of renewable energy from our photovoltaic power stations and I-REC, equivalent to the consumption of renewable energy on the Free Energy Market at some of our DCs.

Finally, the Scope 3 emissions include the distribution logistics, our employees' business trips and the pharmacies' delivery service.

GRI 3-3 Crisis and risk management, tracking, Operational health and safety, Management of non-recyclable waste and Reverse Logistics

Taking care of the future

The Grupo Profarma's commitment to sustainability can also be seen in the work it has done in combating global warming. The Company offsets a portion of its emissions by investing in 'Reducing Emissions from Deforestation and Forest Degradation' projects, acquired from the Rio Preto-Jacundá Extractive Reserve, which works to conserve the Amazon Forest and its biodiversity, and support the sustainable development of the local community. These projects have an enormous positive social and environmental impact on the region of Machadinho D'Oeste (RO). Through this project, the Company will be offsetting a total of 1,500 tCO₂e.

Consolidated Scope 1 emissions

Type of emission	Total emissions
Total Scope 1 emissions, in tCO ₂ e	3,292.15
Total Scope 1 biogenic emissions, in tons	10.32

Consolidated Scope 2 emissions

Type of emission	Total emissions
Total Scope 2 emissions based on the location approach, in tCO ₂ e	846.88
Total indirect (Scope 2) GHG emissions arising from the acquisition of energy in metric tons of CO ₂ equivalent, based upon the purchase choice, in tCO ₂ e.	465.91

Consolidated Scope 3 emissions

Type of emission	Total emissions
Total Scope 3 emissions, in tCO ₂ e	5,294.13
Total Scope 3 biogenic emissions, in tons	838.47

Using as a reference the standards of the Brazilian GHG Protocol Program for the emission factors and global warming potential.

GRI Content Index

Declaration of use	Profarma has created this report in accordance with the GRI Standards for the period between January 1 and December 31, 2023.
GRI 1 used	GRI 1: 2021 Foundations

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Details of the organization	9				
	2-2 Entities included in the organization’s sustainability reporting	The entities included in this report are also included in our financial statements (except the Instituto Profarma). All are majority owned by the Grupo Profarma (except Supernova S/A since it is a joint venture). • Instituto Profarma • Locafarma Soluções de Transportes e Logística S.A. (Profarma HB) • Health Ventures S.A. (Health Meds) • Supernova S/A • Conect Farma Ltda. • Promovendas Rep. N.B.: All the companies listed above are included in the sustainability report. There were no mergers, sales or acquisitions in 2023. There were no modifications in relation to the previous year. There were no cases of alternative approaches to the handling of material topics and/or chapters over the course of the report.				

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-3 Reported period, frequency and point of contact	6, 9				
	2-4 Restatements of information	There have been no restatements of information.				
	2-5 External assurance	There has been no external assurance.				
	2-6 Activities, value chain and other business relationships	9, 30				
	2-7 Employees	9, 36, 37				8 10
	2-8 Workers who are not employees	The total number of workers who were not employees, but who provided services to the Company in 2023 was 304, working with administrative services, of whom 258 were apprentices, 42 were interns and four were trainees. These data were obtained by means of direct calculation (the Company counts all the workers who are not employees, including those working full-time and part-time), taking into consideration the data observed at the end of the reported period.				8
	2-9 Governance structure and composition	21				5
	2-10 Nomination and selection of the highest governance body	21				5
	2-11 Chair of the highest governance body	The Chairperson of the highest governance body does not hold an executive position in the organization, since art. 13, §1 of the Bylaws prohibits the Chairperson of the Board of Directors from occupying the position of CEO.				
	2-12 Role of the highest governance body in overseeing the management of impacts	21				

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	Within the organization, the management of the impacts is divided between the Directors, each of whom is responsible for a specific area. The Auditing Director is responsible for the mapping and general monitoring of the impacts. Other Directors assume responsibilities depending upon their areas of activity: information security, DC and store maintenance, financial management, retention of talents and management of the Company's reputation. Furthermore, there is an ESG Board dedicated to implementing strategies focused on environmental, social and governance issues. The management of the Company's impacts and the progress made in these areas is reported to the highest governing body by means of executive presentations and quarterly governance meetings.				
	2-14 Role of the highest governance body in sustainability reporting	21				
	2-15 Conflicts of interests	25, 27				
	2-16 Communicating critical concerns	In 2023, the flow of communication to the highest governance body included periodic reports, board meetings, governance committees and audits, addressing issues such as risks, compliance, financial performance, sustainability and crises. Any concerns, whenever they appear, are principally related to environmental, social, economic, governance and sustainability strategy aspects. The governance structure, with supervisory organs, ensures the flow of information supported by qualified professionals. The Internal Audit and Compliance Board, together with external audits, maintains the transparency of the organization. The Board of Directors and the committees are informed of any concerns, ensuring transparency and responsibility, and reinforcing the organizational culture.				

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	The measures adopted to increase the presence of the theme of sustainable development amongst the highest governing body are ongoing education and training, access to updated information, constant engagement of the leaders, performance evaluation, and specialist committees and working groups.				
	2-18 Evaluation of the performance of the highest governance body	The organization evaluates the highest governing body in relation to its performance in supervising the impacts on the economy, the environment and people through independent annual evaluations performed by other stakeholders, self-evaluation of the board members, and analysis of performance in meetings. This can result in changes to the organizational practices, a revision of the policies and organizational strategies, or intensification of the engagement of the stakeholders.				
	2-19 Remuneration policies	The remuneration policy relating to the senior management includes fixed and variable components, aligned with the company's objectives and supported by best market practices. It covers fixed and short-term variable forms of remuneration and benefits, without the application of an attraction bonus, 'clawback', or retirement benefits. The rescission payments are provided in line with the legal norms, including the option to continue benefiting from the health plan for another six months. The short-term incentive program is tied to the business targets, principally to the Ebitda, ensuring that the distribution depends upon achieving the targets established by the Company.				
	2-20 Process to determine remuneration	Within its structure, the organization has established a focused remuneration department, responsible for evaluations and proposals, which, for implementation of the strategy and relevant programs, depends upon approvals from the human resources board and the CEO. The final decision on the remuneration of the members of the Board of Directors is made with support from Korn Ferry.				

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	-		Confidential. This is considered strategic information. However, this information is published in the Reference Form.		
	2-22 Statement on sustainable development strategy	3, 17				
	2-23 Policy commitments	15, 21, 23, 28, 31				
	2-24 Embedding policy commitments	The Board of Directors supervises the implementation of the organization's commitments, delegating responsibilities and encouraging team work. These commitments are incorporated into the strategies, policies and operations, covering targets, procedures, training and monitoring. The organization applies these commitments to the business relations, selecting partners with contractual clauses, performing audits and maintaining transparent communication. Annual training sessions, such as the 'DNA Course' for suppliers, guarantee the effective implementation of these commitments.				
	2-25 Processes to remediate negative impacts	26, 27, 60, 61, 62				
	2-26 Mechanisms for advice and presentation of concerns	25, 26				
	2-27 Compliance with laws and regulations	There were no significant cases of fines imposed due to non-compliance with laws and regulations. Neither were there any monetary penalties in this area. Considering the availability of information, we are only reporting amounts in excess of 1% of the Net Equity - in the Distribution area this is R\$ 12.4 MM and in Retail, it is R\$ 8.7 MM.				

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-28 Membership of associations	16				
	2-29 Approach to stakeholder engagement	19, 30, 31, 36, 42, 55				
	2-30 Collective bargaining agreements	The percentage of the total workforce covered by collective bargaining agreements is 99.19%. In this calculation, we do not include trainees or Legal Entities, since they do not have an employment relationship.				8
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	15, 17				
	3-2 List of material topics	17				
Customer relations						
GRI 3: Material Topics 2021	3-3 Governance of material topics	52				
GRI 418: Client Privacy 2016	418-1 Proven complaints concerning the violation of privacy and loss of client data	The Company did not receive any proven complaints involving violations of privacy or loss of customers’ personal data.				
Development of human capital						
GRI 3: Material Topics 2021	3-3 Governance of material topics	16, 21, 41, 42, 43, 45				
GRI 202: Market presence 2016	202-2 Ratio of senior management hired from the local community	All the board members (including statutory directors on the governance organs) are hired from the local community (the country).				8
GRI 401: Employment 2016	401-1 New hirings and employee turnover	39, 40				5 8 10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Company offers benefits to all its full-time employees, with such benefits being: life insurance, and health and dental plans.				3 5 8
	401-3 Parental leave	38				5 8

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 404: Training and Education 2016	404-1 Average hours of training per year, per employee	41				5 8 10
	404-2 Programs for upgrading employee skills and transition of assistance programs	41				8
	404-3 Percentage of employees receiving regular performance and career development reviews	The scheduling of the Personnel Cycle program, under which the performance evaluations are conducted, was altered. This alteration involved the evaluations which were to take place in 2023 now being scheduled for 2024.				5 8 10
Integrity and ethics						
GRI 3: Material Topics 2021	3-3 Governance of material topics	15, 25, 26				
GRI 205: Anti- corruption 2016	205-1 Operations assessed in terms of the risks relating to corruption	28, 29				
	205-2 Communication and training on anti-corruption policies and procedures	25, 26, 28				
	205-3 Confirmed incidents of corruption and actions taken	There were no cases of corruption involving the organization or its employees.				
GRI 206: Anti- competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The organization was not involved in any legal actions, either pending or closed, relating to unfair competition, or trust or monopoly practices, during the reported period.				
GRI 415: Public policy 2016	415-1 Political contributions	The organization does not make any contributions with party-political intentions.				

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
Social Responsibility						
GRI 3: Material Topics 2021	3-3 Governance of material topics	15, 16, 42, 43, 55, 56				
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	34				8
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	31, 55				5
	203-2 Significant indirect economic impacts	32, 59, 61				3 8
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	95% of purchases were made from Brazilian suppliers.				8
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association or collective bargaining may be at risk	The Company does not conduct any operations in which there is a risk of violation of workers’ rights to exercise freedom of association or collective bargaining.				8
GRI 408: Child Labor 2016	408-1 Operations and suppliers considered to have significant risk for incidents of child labor	The Company does not have, and never has had, any operations that present a risk of the occurrence of child labor.				5 8
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor	The Company does not have, and never has had, any operations that present a risk of the occurrence of incidents of forced or compulsory labor.				5 8
GRI 410: Security practices 2016	410-1 Security personnel who have received formal training in Human Rights policies or procedures	100% of the security personnel have received formal training on the organization’s specific policies and procedures concerning Human Rights and their application to security.				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	55				
	413-2 Operations with significant actual or potential negative impacts on the local communities	55				

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers that were screened using social criteria	30				58
	414-2 Negative social impacts in the supply chain and actions taken	No negative social impacts were identified during the reported period.				58
Inclusion and diversity						
GRI 3: Material Topics 2021	3-3 Governance of material topics	16, 21, 36, 41, 42, 43, 45				
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	45				58
	405-2 Ratio of basic salary and remuneration of women to men	41				5810
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	During the reported period, the organization registered seven cases of discrimination, all of which were immediately analyzed and resolved. Action plans are being implemented with the aim of reducing discrimination, promoting diversity, improving the company's image, increasing employee satisfaction, ensuring compliance with laws and regulations, and stimulating an inclusive culture.				58

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
Risk and crisis management						
GRI 3: Material Topics 2021	3-3 Governance of material topics	17, 29, 48, 49, 50, 51, 59, 60, 66				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using social criteria	30				
	308-2 Negative environmental impacts in the supply chain and actions taken	The organization does not perform evaluations to identify the environmental impacts caused by its suppliers. It uses the Linkana system for monitoring purposes, as mentioned above.				
Reverse Logistics						
GRI 3: Material Topics 2021	3-3 Governance of material topics	13, 16, 59, 60, 61, 62, 63, 66				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	61				812
	301-2 Recycled input materials used	Reason for Omission: not applicable. Reason: the operation does not involve the direct manufacture of products.				812
	301-3 Reclaimed products and recycled packaging materials	61				812
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	61, 63				312
	306-2 Management of significant waste-related impacts	61, 63				3812
	306-3 Waste generated	61				312
	306-4 Waste diverted from final disposal	All the waste from medicines and pharmaceutical products is sent for final disposal.				312
	306-5 Waste directed to final disposal	61				312

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
Health and safety at work						
GRI 3: Material Topics 2021	3-3 Governance of material topics	17, 29, 48, 49, 50, 51, 59, 60, 66				
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	The organization does not have an occupational health and safety management system. The Company currently operates with a decentralized Occupational Health and Occupational Safety system.				8
	403-2 Hazard identification, risk assessment and incident investigation	48				8
	403-3 Occupational health services	48				8
	403-4 Worker participation, consultation, and communication on occupational health and safety	50				8
	403-5 Worker training on occupational health and safety	48				
	403-6 Promotion of worker health	48, 49				3
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48				8

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 403: Occupational health and safety 2018	403-8 Workers covered by an occupational health and safety management system	The Company has not implemented an occupational health and safety management system, in line with recognized legal requirements, norms and directives. The Company currently operates with a decentralized Occupational Health and Occupational Safety management system that covers all its operations and workers. Guidance in the respect is provided by: Norm NR-10, Norm NR-12; the collection of data should be comprehensive and representative of the organization's activities; the data should be analyzed objectively and impartially; inspections and evaluations; accident and incident reports; forms and checklists; and the use of apps.				8
	403-9 Work-related injuries	51				3 8
	403-10 Work-related ill health	48				3 8
Innovation						
GRI 3: Material Topics 2021	3-3 Governance of material topics	14				
Promotion of Health						
GRI 3: Material Topics 2021	3-3 Governance of material topics	17, 29, 48, 49, 50, 51, 59, 60				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organization	64				8 12
	302-2 Energy consumption outside the organization	64				8 12
	302-4 Reduction of energy consumption	64				8 12

GRI STANDARD / OTHER SOURCE	CONTENTS	LOCATION	OMISSION			SDGs
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
Water						
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	65				12
	303-2 Management of water discharge-related impacts	65				
	303-3 Water withdrawal	65				
	303-4 Water discharge	65				
	303-5 Water consumption	65				
GHG emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	66				3 12
	305- 2 Indirect (Scope 2) GHG emissions arising from the acquisition of energy	66				3 12
	305-3 Other indirect (Scope 3) GHG emissions	66				3 12

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