



PagueMenos



Sustainability
Report
2022



Message from Management

GRI 2-22

We are people who take care of people.

United by the same purpose – to care for the health of Brazilians so that more people can Live Life to the Fullest – we have been collecting successful stories for over 40 years.

In 2022, we took consistent steps in our trajectory: we became even more gigantic, undergoing immense growth due to the integration with Extrafarma, the result of an assertive strategy that marks a milestone in the history of the Company and the sector – after all, we are the second largest pharmacy retail chain in Brazil.

We have grown in the number of stores, added thousands of employees, and further expanded access to health care. We ensure that, despite all the transformations, the only thing that doesn't change at Pague Menos, as well as Extrafarma, is the desire

to care more and more for people. Starting with our people. Understanding that structural changes can bring about some uneasiness and uncertainty, we seek to carry out the integration – involving two consolidated companies of deep-rooted values and backgrounds full of achievements – in a humanized, empathetic, and transparent way. Thus, company management is devoted to openness to dialogue and continuous cooperation as the pillars of this transformation, which will undoubtedly become an unforgettable legacy for all those who made it a reality.

To enable this process, we have revised and simplified the Company's most precious asset: our Culture. With the team strengthened, we expand our positive social impact and strengthen our way of being and serving

society. Even with various operational challenges due to this union – involving integrating people, systems and processes – we remain steadfast in this mission, without interruptions in sales or services at any time.

We are proud of our 'team of giants' who have proven themselves to be increasingly engaged in our commitment to bringing health to everyone – the people, the environment, and the business. This driver, which guides our ESG journey and is integrated into Pague Menos' business strategy, made significant advances in 2022: we accomplished the four public goals set for the 2022 cycle and even preemptively achieved two other goals that were set for the 2025 cycle. After the first year of work, we have already accomplished about 18% of our ESG Schedule.



Pague Menos
reached a
standalone revenue
growth of 10.5% and
record net profit of
R\$ 192 million.

Among these achievements, we are proud to mention the expansion of health care access for Brazilians through the corporate volunteering promotion, the expansion of our renewable energy matrix, and our caring for people, especially with regard to the development of employees and the promotion of diversity and inclusion. **In addition, with the integration of Extrafarma, we have made important updates to our ESG Agenda, and have reviewed our Materiality Matrix.**

In order to further accelerate our sustainable journey, we have made public commitments to continuously improve our environmental performance and set waste, water, energy and emissions management as priorities. In the social sphere, we are increasingly aware of the potential of our business to contribute to the effective improvement of the lives of millions of Brazilians, especially those who have less access to health and well-being. **That is why we make every effort to provide those people, wherever they are, information, prevention, care and treatment.**

Also in line with our ESG Agenda, we have further strengthened our corporate gover-

nance practices. **In 2022, we added two new independent members to the Board of Directors to join the other members**, all with extensive market experience, a systemic vision of segments and operations, as well as in-depth knowledge on socio-environmental and governance aspects.

With all this baggage, we often say that Pague Menos is a company that has learned to "adjust the sails". We maintained consistent results during the critical period of the Covid-19 pandemic, as well as with the decline in the purchasing power of the population and the difficulties faced by supply chains around the world. **Although the external scenario was not the most favorable, we managed to stay focused, leverage our business and close a very good year.**

2022 was the third consecutive year of significant growth, increased profitability and development of our strategy to expand our presence in the health care chain. Pague Menos achieved a standalone revenue growth of 10.5% and record net income of R\$ 192 million (almost R\$ 200 million greater than 2019).



One of the drivers of this positive outcome was Sempre Bem, a innovative subscription program to which ten of thousands of customers are members, receiving telemedicine consultations or in-person health care and pharmaceutical services at our stores. **The alignment of Sempre Bem with our target public (expanded middle class) yielded positive results and helped us to traverse another year with significant financial results.** 2022 was a year of many adjustments: in the logistics network, in the expenditure package, in the assortments, and in the supply chain. We ended 2022 with a greater diversity of hygiene and beauty products, including more private label products, and we also developed new product lines to meet different customer profiles.

The 198 stores launched in the last two years (80 in 2021 and 118 in 2022) are aligned with the expansion agenda. We want to ensure to the market that the M&A process is carried out with consistency and reliability so that we can return to organic growth, just as before the acquisition, in order to generate value for all our stakeholders.

We carry on our work as an optimistic and bold company! For 2023, we foresee even more investment in private labels, both to meet changes in consumer behaviors, as well as to reduce supply chain risks, while remaining fully adaptable. We will maintain the strategic focus on improvements related to the digital universe (omnichannel), the expansion of Health Hub and the reformulation of Sempre Bem, which will be integrated into the Fidelidade Sempre loyalty program and the *Extrafarma Clube* members club, generating the Company's new benefits program. This will allow customers to use

the services and benefits of the two banners at nearly 1.6 thousand units throughout the country, increasing coverage and improving loyalty potential.

All this protagonism is only made possible due to the dedication, courage and commitment of each of the more than 25 thousand employees who make up the Pague Menos and Extrafarma 'team of giants'. To each of you, along with our customers, investors, suppliers, communities and other partners, our sincere thanks for being part of this story.

We are confident that our trajectory will continue to be full of achievements and shared value. We are certain that promoting access to health means more freedom and dignity for people, reducing inequalities, so that all Live Life to the Fullest.



**Patriciana Maria de
Queirós Rodrigues**
*Chairwoman of
the Board*



**Mário Henrique
Alves de Queirós**
CEO



- **Extrafarma Integration**



- **Network expansion**



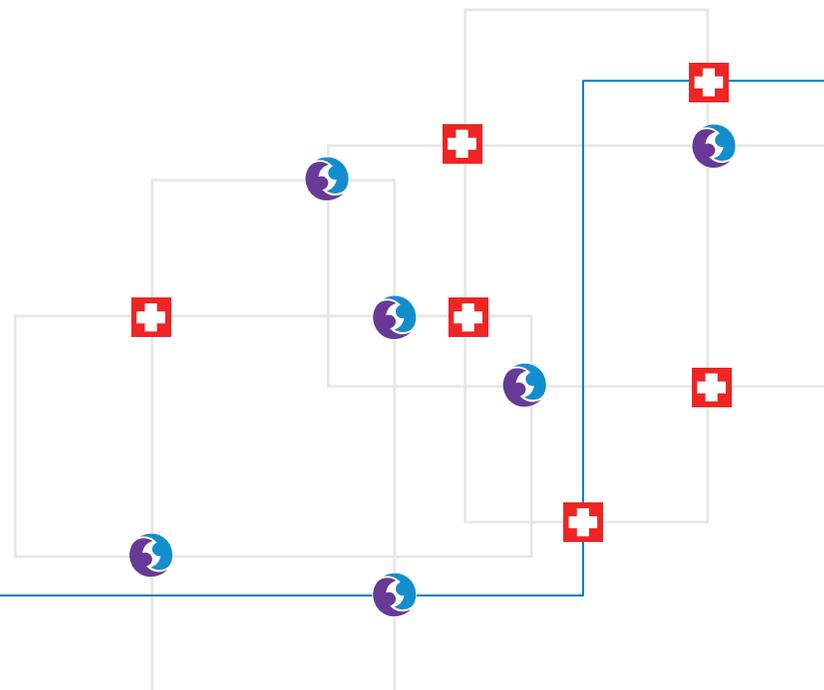
- **Extrafarma Synergies**

Contracted actions resulted in

R\$ 8.5 million

in the last quarter of the year

→ **R\$ 34 million** on an annual basis





- **Sales omnichannel**

10.5% of total sales
of Pague Menos at
the end of the year

- **Hub health**

+2 million
health care consultations at Clinic Farma

- **Active customers**

19 million
of customers with purchases in the
12 months of the year

- **Gross revenue**

Consolidated growth of
21.8% in the year and

↳ **10.5%** at Pague Menos
standalone

- **Adjusted EBITDA**

Consolidated growth of
19.9% in the year and

↳ **16.4%** at Pague Menos
standalone

- **Net profit**

R\$192 million
at Pague Menos
standalone



Priority SDGs



● **ESG Agenda**

● **100% achievement rate of goals** planned for 2022.

→ **18% of ESG Agenda** goals concluded.

● **Diversity and inclusion**

Ranked 35th best company for women to work for, second ranking of Great Place to Work (GPTW) Brazil.

● **Social Responsibility**

Two Health Care Days, with the participation of **6,028 volunteers**.

● **Renewable Energy Matrix**

100% of our stores with over two years in operation **supplied with renewable energy**.

● **Reverse logistics of medications**

673 medication collection points throughout Brazil.

Summary

1. Our Company

Corporate profile	10
Market presence	17
Competitive strategy	18

2. Integrity of conduct

Ethics and transparency	25
Corporate governance	28
Risk management	35
Relationship with suppliers	39

3. Taking care of the team

A team of giants	41
Health, safety and well-being	46
Diversity, equity and inclusion	54
Professional development	60
Strengthening of company culture	66

4. The environment and climate

Waste	77
Energy	79
Water	81
Air emissions	82

5. Social impact

Expanding access to health care	85
Conscious consumption of medicines	88
Support for local communities	90

6. The bussines

Macroeconomic and sectorial scenario	100
Operational performance	101
Economic-financial results	108



2022:

the year in which the integration between Pague Menos and Extrafarma resulted in the second largest pharmacy network in Brazil.

About the report

** Version updated on April 27, 2024, for correction of data on pages 44 and 45, duly indicated therein (only in portuguese).*



Our Company

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH



Corporate profile

GRI 2-1; 2-6

Headquartered in Fortaleza (CE), Empreendimentos Pague Menos S. A. ("Pague Menos" or "Company") reached the end of 2022 positioned as the second largest pharmaceutical retail chain in Brazil¹. On December 31, it had 25,450 direct employees² distributed among 1,712 operating units³ – of which 1,646 were stores – an increase of 41% over the previous year. This expansion, a milestone in the Company's history, was especially due to the integration with Extrafarma, a network acquired in 2021, with a presence in 10 states and about

5.4 thousand employees ([see page 12](#) – as on this page, throughout the report, the information regarding the integration will be in purple boxes).

Including retail stores and digital channels, Pague Menos had provided 150 million consultations in the year, dedicated to about 19 million active customers⁴ – equivalent to 9% of the country's population, which accounts for approximately 90 thousand pharmacies throughout the national territory⁵. In this competitive context, or market expressive share reflects

the competitive advantages built by The Company, throughout its history, such as focusing on expanded middle-class⁶ items, fair prices, the development of exclusive products, creation of company-name brands and – more recently – the increment of services aimed at expanding access to health and promoting well-being, such as Clinic Farma.

Learn more about our services in the [Competitive strategy](#) section.

1 In number of retail locations, according to the Brazilian Association of Pharmacy and Drugstore Networks (Abrafarma).

2 Total number of employees as of 12/31/2022, considering the work force of Pague Menos and Extrafarma. People dismissed during the period were not counted.

3 In addition to the stores, the Company's operating units include: nine distribution centers (DCs), 33 regional offices (including the headquarters in Fortaleza/CE and the Administrative Office in São Paulo/SP), and a Call Center.

4 Active customers are considered to be individuals or legal entities that made purchases at Pague Menos throughout the year.

5 Abrafarma data from December 2022 [\[https://drive.google.com/file/d/1zmFk9VCybe-qi-A4Lqf9ba1cZphZ8Zpnb/view\]](https://drive.google.com/file/d/1zmFk9VCybe-qi-A4Lqf9ba1cZphZ8Zpnb/view).

6 Social Classes B2, C and D.



Our Culture:

protagonize and transform!

Innovation in solutions

- #01** Be simple, agile and efficient
- #02** Adapt and learn quickly
- #03** Use technology in favor of Health

Sustainability

- #01** Stay committed to the future of the business
- #02** Be responsible and conscious of your actions
- #03** Contribute to health access for all

Beyond results

- #01** Have the feeling of ownership
- #02** Decide based on facts and data
- #03** Mobilize and resolve

Human Appreciation

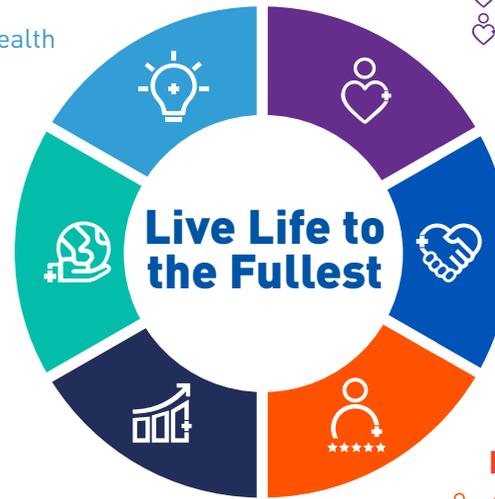
- #01** Be people who take care of people
- #02** Encourage diversity and inclusion
- #03** Be an example: develop, recognize, and value people

Integrity

- #01** Be true to our essence
- #02** Value cooperation and be impartial
- #03** Poise yourself with courage, transparency, and respect

Focus on the Customer

- #01** Foster a love for serving others
- #02** Delight people
- #03** Offer a complete health care solution



Our Purpose

Live Life to the Fullest

Our Vision

To be the best pharmaceutical retail company, recognized for offering complete health solutions while reducing inequalities in access to a healthy life, so that more people Live Life to the Fullest.



The Company

(as of 12/31/22)

25.3 thousand employees

→ **19.9** thousand Pague Menos

→ **5.4** thousand Extrafarma

1,646 retail stores company-owned

→ **1.2** thousand Pague Menos

→ **376** Extrafarma*

* In accordance with CADE guidelines, some of the 399 stores were closed in 2022.

41% expansion organic and inorganic

6% of market share in Brasil

R\$ 9.8 billion in consolidated gross operating income

Consolidated net income of **R\$ 192.0** million





Operating axes

- **Pharmacies (drugstores):** Physical stores focused on pharmaceutical retail, which sell recognized and generic medications, cosmetics, perfumery, and various other items aimed at the well-being of customers.
- **Compounding pharmacies:** Units that elaborate compounded formulas, customized for each client according to medical guidance.
- **Digital channels:** Physical stores are 100% integrated with digital channels, providing customers a seamless and frictionless shopping journey. Multiple sales channels (e-commerce, partner apps, telesales, and endless aisles) allow customers to shop how they want and receive where they want.



- **Special medication care (SMC):** A service dedicated to supporting highly complex treatments, providing follow-up consultations to patients and support for situations involving lawsuits to ensure access to medicines and other high-cost items – in 2022, Pague Menos offered 519 products in this category.
- **Call Center:** A free telephone service performed by pharmacy professionals and academics to answer customer questions related to health and the use of medications. Available every day of the year from 6 a.m. to midnight.



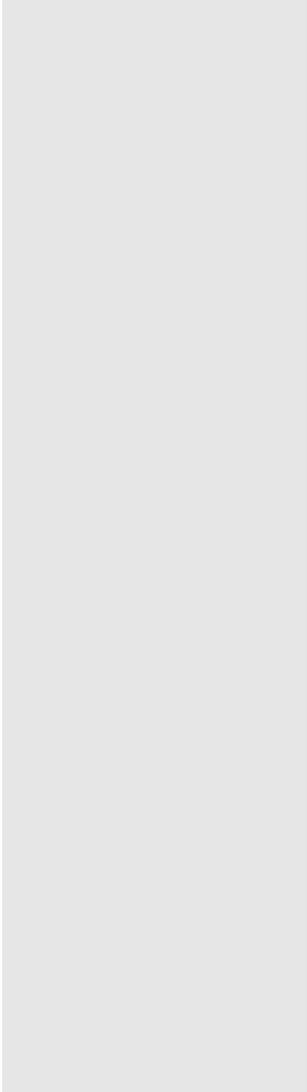
- **E-pharma PBP:** The Company has a minority shareholding in E-pharma, the largest manager of prescription benefit plans (PBP) in the country, which sells through a network of accredited pharmacies.
- **Clinic Farma:** Clinics located next to the pharmacies focus on primary health care, perform treatments, procedures and more than 60 health protocols, such as blood pressure measurement, vaccinations, and application of rapid tests and injectable medications, among others. All services are conducted by specialized teams and duly authorized by regulatory authorities. At the end of 2022, there were 988 active pharmaceutical practices operating under the Pague Menos banner, an increase of 12.4% compared to the previous year, including 68 with Extrafarma. Together, these clinics performed 2.5 million consultations in the year, contributing to expanding access to private health care and thus relieve pressure on the public healthcare system.



All services are conducted by teams specialized and duly authorized by the regulatory authorities.



Our story





Together for the health of Brazil

On June 22, 2022, the Administrative Council for Economic Defense (CADE) approved the purchase of Extrafarma by Pague Menos⁷, thus advancing the operation announced the previous year. As a result, a Pague Menos became the second largest chain in the country in number of stores, aggregating 399 Extrafarma stores, which brought together 5,468 employees. In line with the Company's expansion strategy, the integration between the companies marked the year 2022, with developments in governance, guidelines and management systems, among other aspects, as presented in the following infographic.

7 As foreseen by the structure of the transaction, Pague Menos became the controller of Extrafarma, with 99% of the shares.



Integration plan

Logistics efficiency

- Full integration of **distribution centers (DCs) and supply routes**;
- Strengthening the network with **logistics and tax optimization**.

Technological integration

- **Integration plan** via high-end technologically in eight months;
- **Migration of 100%** of the HQs to Pague Menos systems;
- **Systems support agreement** with Grupo Ultra.

Organizational unification

- The Extrafarma **Operations team** remains unchanged;
- **Renovation and expansion of the SP office** to receive the new team from Extrafarma.

Operational convergence

- **Conditions of purchase** uniformizadas em até seis meses;
- **Enlargement of product assortments** in Extrafarma stores;
- **Single platform** for operation of the Health Hub.



Market presence

GRI 2-6

With the integration of Extrafarma, Pague Menos – already recognized for being the first pharmaceutical retail network present in all the states of the Federation – exceeded the milestone of 1.6 thousand stores in 389 Brazilian municipalities. Strengthening the Company's expansion movement, in 2022 alone, 118 stores were opened and 36 closed⁸. At the end of 2022, Pague Menos had 1,646 stores, with pharmaceutical clinics in 1,056 locations – 988 from Pague Menos (Clinic Frama) and 68 from Extrafarma.

8 This includes the divestment of eight stores as defined by CADE in the process related to the acquisition of Extrafarma.

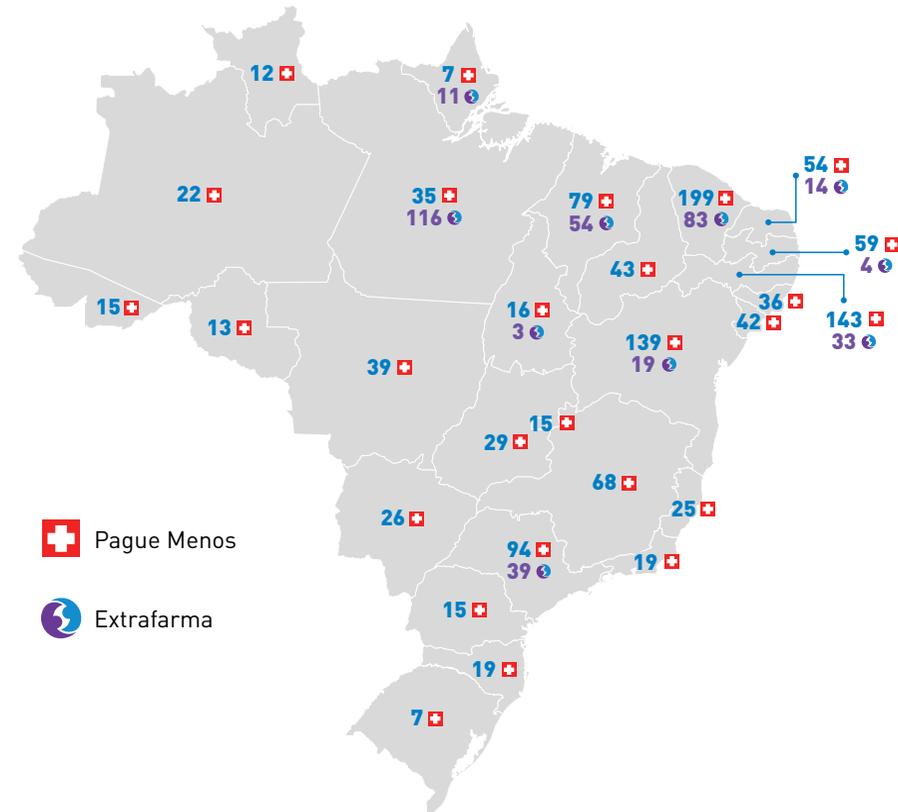
In 2022

64%

the stores were structured with pharmaceutical offices.

Operating units

(as of 12/31/22)





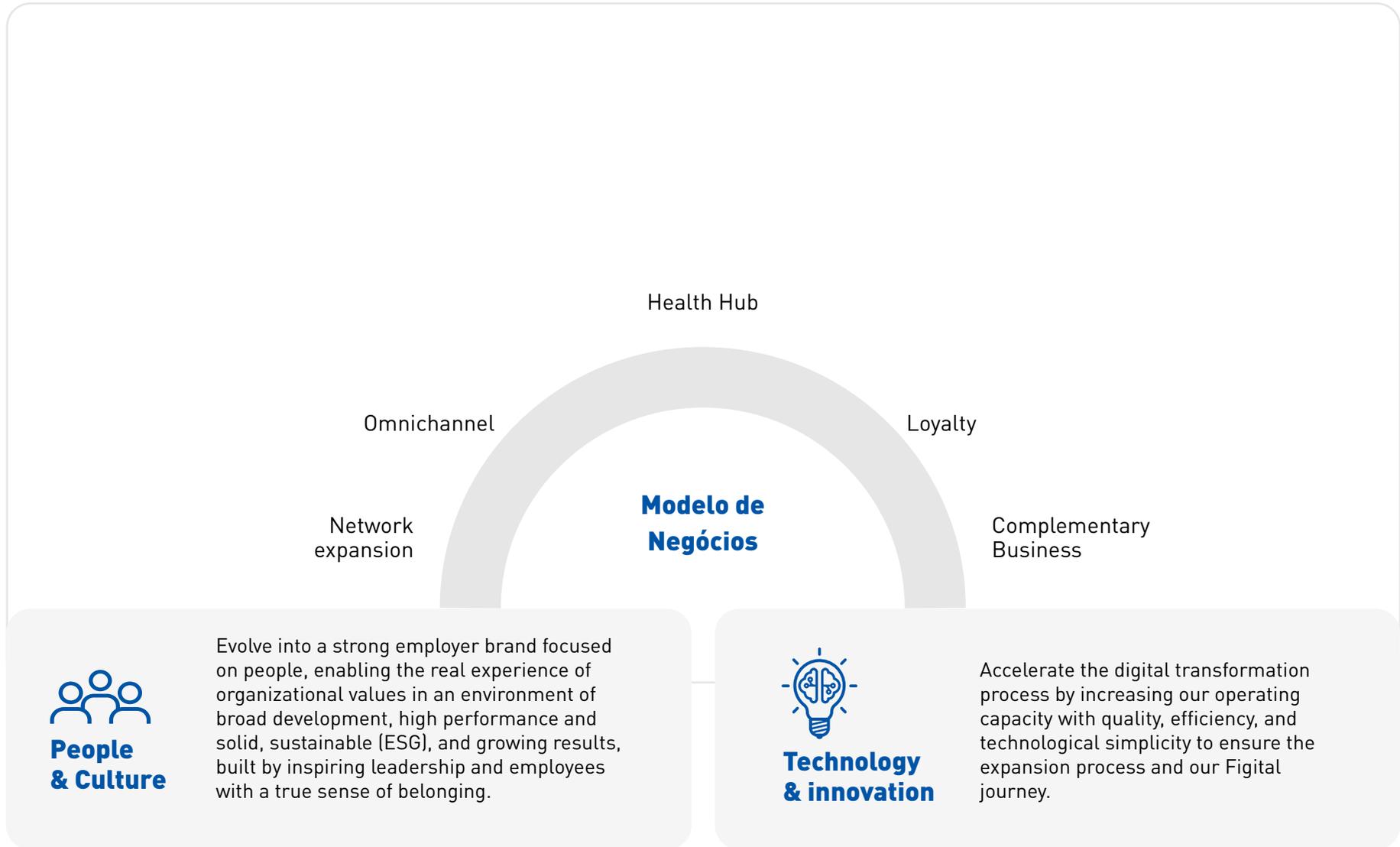
Competitive strategy

GRI 2-6; 2-24; 3-2 2030 Agenda Goal: 8.3

Anchored in the capillarity of customer service and service diversification, Pague Menos' business model is based on strategic planning structured on two fundamental pillars: People & Culture and Technology & Innovation. Based on these pillars, which target the improvement of the customer experience (external and internal), the strategy is divided into five themes, as presented in the Company's infographic: [next page](#).

People, Culture, Technology and Innovation make up the pillars of the Company's strategic planning.







ESG Agenda

Sustainability is one of the fundamental values of Pague Menos, which is reflected, in a transversal way in the corporate policies, practices and results. Aware that it operates in a sector of high social impact, the Company has been improving its ESG Agenda in recent years, through which it has defined public commitments to continuously improve its environmental, social and governance performance. Thus, it seeks to ensure the long-term sustainability of the business, while contributing effectively to reducing inequalities in access to a healthy life in Brazil by 2030.

Built from the combination of corporate strategy and the interests of its stakeholders, Pague Menos' sustainability strategy has a clear driver: "Health for all – the people, the environment, and business", as the following infographic demonstrates.

Health for all

Our commitment



The people

We believe that we can make a difference, especially in the lives of Brazilians who have less access to health and well-being, wherever they are, providing treatment, information, care, and prevention.



The environment

The health of people is intrinsically linked to the health of the environment. Therefore, we pledge to do our part for the conservation of the planet's natural resources and climate.



The business

A healthy business is guided by quality relationships, which promotes opportunities for the financial, intellectual, and emotional development of all its stakeholders.



As part of the integration process of Extrafarma, the Company evaluated the synergy between practices and processes related to ESG. Thus, it was possible to align guidelines and management systems, as well as identify opportunities to enhance ongoing socio-environmental initiatives.

On this journey, Pague Menos decided to update its materiality, considering the external and internal sustainability context, based on integration. The result of these efforts, carried out throughout 2022 and validated by the Board of Directors⁹, led to small changes in the nomenclature of themes already identified as being material, such as the cases of expanding access to health care, eco-efficiency, management of greenhouse gas emissions, and sustainability in the value chain.

In addition, two themes were added to the Matrix: Conscious Consumption of Medications and Risk Management. The following infographic presents the material topics covered, as well as the Sustainable Development Goals (SDGs) of the 2030 Agenda - proposed by the United Nations (UN) - to which Pague Menos' initiatives contribute the most.

⁹ The validation takes place within the Scope of the People, Culture and ESG Committee, which is composed in part by advisors, including the Chairwoman of the Board.



100%

of the Company's public goals set for 2022 have been achieved. In addition, two planned for 2025 have been preemptively achieved.





Material themes 2022

Health for all



The people

- Health, Safety and Quality of Life of Employees;
- Human Development;
- Diversity, Equity and Inclusion;
- Expanding Access to Health Care;
- Conscious Consumption of Medications;
- Responsibility for Local Communities.



The environment

- Waste Management;
- Eco-efficiency (water and energy);
- Management of greenhouse gas emissions.



The business

- Ethics and Transparency;
- Data Privacy;
- Risk management;
- Sustainability in the Value Chain.

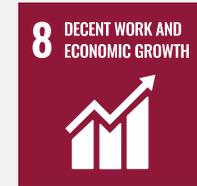


Pague Menos



Extrafarma

Priority SDGs:





The implementation of the agenda takes place through the structuring of teams responsible for strategic and tactical plans. In 2022, reflecting the growing relevance of the theme in the Company's strategy, the culture, climate, the ESG and Social Responsibility Department was implemented, which is responsible for coordinating actions related to the ESG Agenda, being co-responsible for the set goals.

The monitoring of the ESG Agenda is carried out by the People, Culture and ESG Committee, a deliberative multi-disciplinary working group that includes the Chairwoman of the Board of Directors and two other board members, with the aim of implementing, controlling and monitoring the Company's initiatives. Among the main activities carried out by the committee in 2022, the analysis, validation and monitoring of projects and programs of the People, Culture and ESG Directorate stand out, such as the Pague Menos and Extrafarma Culture Potentialization Project (Sou Gigante program), the ESG Agenda and educational projects and partnerships in the Corporate Education area of the Company. In addition, the committee also monitors projects and initiatives related to the work environment and employee care.

The actions of the ESG Agenda developed in 2022 are detailed throughout this report, as well as the status of the goals and performance indicators related to each theme.



2030 Agenda

Committed to transparency, Pague Menos shares its commitments, policies, and ESG reports in an exclusive area of the corporate website. The portal also publishes the Company's ESG agency, including its goals and targets for the years 2022, 2025 and 2030.

Additionally, Pague Menos sustainability reports and news related to actions involving ESG aspects are published in this space.



[Access here.](#)



Integrity of conduct

8 DECENT WORK AND
ECONOMIC GROWTH





Ethics and transparency

GRI 2-23; 2-24; 2-25; 2-26; 205-2; 205-3; 406-1

Commitment to integrity guides all the activities and relationships of Pague Menos, whose main reference document is the Code of Ethical Conduct – applicable to all members of the Company, including senior management, and shared with all its stakeholders ([access here](#)). In the Code, which was updated in 2022, Pague Menos highlights its intolerance of all illicit practices, particularly acts of corruption, in accordance with the legislation – a position reiterated by The Related Party Transactions and Conflicts of Interest Policy.

Ensuring proper compliance with the guidelines related to the topic is an attribution shared by the Ethics Committee and the corporate areas of Internal Audit, Compliance, Risk Management and Internal Controls, responsible for the execution of the Company's Integrity Program. Developed since 2021, this program brings together several

mechanisms to prevent, identify and correct ethical deviations, which include training and communication, the Confidentiality Channel, internal investigations and due diligence, among other initiatives.

In 2022, the Company reinforced the development of compliance, amplifying the team responsible for conducting the related activities. Thus, a cycle of visits and training was initiated in loco at the distribution centers and company branches to provide ethics and integrity training. In 6,114 hours of training, 2,792 employees were trained in topics such as ethics, moral and sexual harassment, types of diversity, discrimination, the Confidentiality Channel, and Code of Ethical Conduct.

In 2023, training on combating corruption will be administered with the senior management.





Pillars of the Integrity Program

1

Senior management support

Support and endorsement from senior management, including the Board of Directors.

2

Code of Ethical Conduct

The document that formalizes the ethical positions of the Company.

3

Internal controls

An area of the Company that ensures risk minimization and compliance of financial records.

4

Internal audit

Responsible for identifying if the pillars are working as planned.

5

Risk assessment

Ensures business continuity.

6

The Confidentiality Channel

A channel to report potential noncompliance with the Code of Ethical

7

Internal investigations

Impartial investigation of illegal or unethical behavior.

8

Due diligence

Evaluation of partners, suppliers, representatives and the like, before hiring.

9

Training and communication

Tools that convey to the employee their role in the Integrity Program.

10

Diversity and inclusion

Adoption of best practices for an effective program.



The Ethics Committee is responsible for monitoring the flow of complaints.



The Confidentiality Channel

In order to strengthen integrity as a fundamental value, the Company maintains a confidentiality channel managed by an independent company, which ensures access and confidentiality to all stakeholders, providing the option of anonymity. All manifestations received are forwarded to the areas of Compliance, Risk management, and Internal Controls which, with the help of the Human Resources Department, carry out due diligence to assess whether complaints are valid. The result of this analysis is shared with the Ethics Committee, which is responsible for recommending and monitoring the application of appropriate disciplinary measures regarding misconduct.

In 2022, there were 20 reports made on the channel related to discrimination. Of these, five were considered appropriate and resulted in the dismissal of employees. The others were still under evaluation at the end of the year.

There were no reports of corruption.

www.canaldeetica.com.br/paguemenos

0800-792-1012

Monday to Saturday, from 9 am to 21 pm.



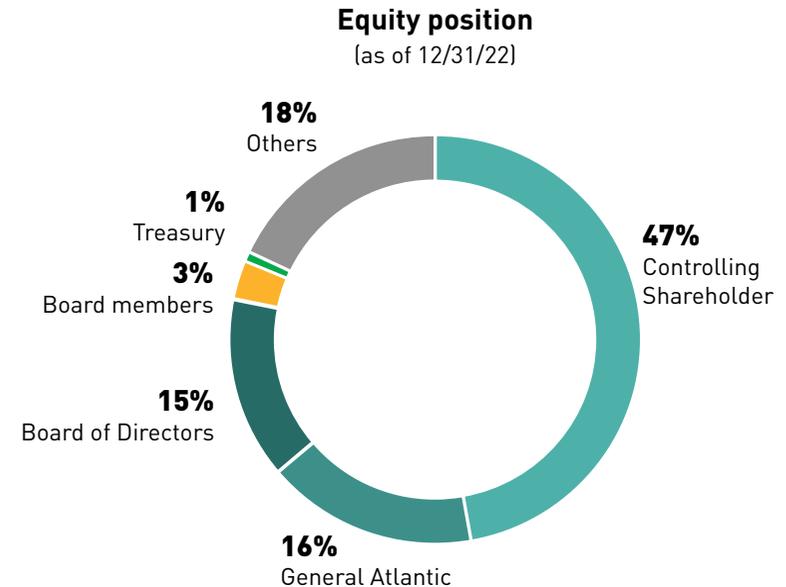
Corporate governance

GRI 2-9; 2-10; 2-11; 2-12; 2-13; 2-14; 2-15; 2-16; 2-17; 2-18; 2-19; 2-20

A member of the Novo Mercado segment of B3, Pague Menos voluntarily adopts corporate governance and information disclosure practices that extend beyond what is required by Brazilian law. These practices include, for example, the issuance of only ordinary shares, the maintenance of at least 25% of the Company's outstanding shares, the formation of an Audit Committee, and the implementation of an department dedicated to Compliance, Risk management, and Internal Controls.

In addition to the Novo Mercado regulations, Pague Menos follows part of the recommendations of the Brazilian Institute of Corporate Governance (IBGC), such as the Prohibition of the use of privileged information, setting the Policy for the Disclosure of Relevant Information, the composition of an experienced Board of Directors, the maintenance of the Reporting Channel dedicated to ethical issues, the statutory provision for the installation of a Supervisory Board, among others.

As of December 30, 2022, Pague Menos owned approximately 443,781,062 shares, of which 34.4% were available for trading (free float) on B3. The Company's accumulated market value was R\$ 1.9 billion.





Governance structure

The General Shareholders' Meeting is the highest decision-making body of the Company, meeting at least once a year to analyze its financial statements and decide, among other issues, on the allocation of liquid profit and the distribution of dividends¹⁰. The Board of Directors is responsible for defining the competitive strategy, electing and supervising executives, approving investments, and validating corporate guidelines, including those related to the ESG Agenda (see [Board of Directors Rules of Procedure](#)).

In line with the best governance practices, the Company brings together members with extensive market experience, comprehensive vision of the operating segments, full knowledge of operations, and effective understanding of the impacts associated with the services and products developed, also encompassing socio-environmental aspects.

¹⁰ In 2022, the General Shareholders Meeting was held on 4/28/2022.



ESG performance

In order to ensure the inclusion of sustainability in the strategy, three board members - including the Chairwoman - participate as effective members of the People, Culture and ESG Committee. Thus, they validate and monitor the implementation of social, environmental and governance goals.

The Chairwoman of the Board is also the company's Ambassador for Culture, Climate, ESG and Social Responsibility, representing Pague Menos regarding internal and external projects and initiatives related to these themes.



The Board of Directors conducts its activities with a focus on protecting and valuing the patrimony of Pague Menos, contributing to the sustainability of the business and serving the interests of shareholders.

At the end of 2022, the Board was composed of nine effective members and an equal number of alternates, including members of the Company's founding family and independent members¹¹. Among the members, three were women, including the Chairwoman of the Board and one independent board member, which strengthens the promotion of gender equity in the Company. None of the board members exercise an executive function in the business – [access the resumes of the advisers](#).

Board of Directors

(as of 12/31/22)

Name	Position	Election Date	End of Mandate
Patriciana Maria de Queirós Rodrigues	Chairwoman	04/23/2021	Aug 2023
Josué Ubiranilson Alves	Vice-President	04/23/2021	Aug 2023
Francisco Leite Holanda Junior	Board Member	04/23/2021	Aug 2023
Rosilândia Maria Alves de Queirós Lima	Board Member	04/23/2021	Aug 2023
Manuela Vaz Artigas	Independent Board Member	04/23/2021	Aug 2023
Luiz Otávio Ribeiro	Board Member	01/18/2022	Aug 2023
Carlos Henrique Alves de Queirós	Board Member	04/23/2021	Aug 2023
André Michel Farber	Independent Board Member	12/21/2022	Aug 2023
Sami Foguel	Independent Board Member	12/21/2022	Aug 2023

¹¹ In accordance with the rules of procedure, all board members shall exercise the duties that the Company confers on them, always acting with the utmost independence in relation to those who have appointed them to the position.



Advisory Committees

In order to support the Board of Directors in making strategic decisions, the Company has in place the following committees:



Audit Committee

Oversees the quality and integrity of the company's financial reporting and risk management processes.



Committee of related parties

Analyzes and evaluates transactions between related parties and Page Menos. In addition, it may propose the renegotiation or discontinuance of services, business, or contracts.



Professional Ethics Committee

Supervises the management and application of the company's Code of Ethical Conduct. In addition to investigating complaints, the group monitors the application of disciplinary measures and evaluates ethical issues not provided for in the Code.



Strategy Committee

Responsible for approving the planning of Pague Menos, also defines goals, KPIs* and corporate strategies. Among its responsibilities is the monitoring of performance.



Real Estate Committee

Directly linked to the expansion strategy, it evaluates decisions on opening and closing stores, distribution centers, and offices. It is also its responsibility to monitor licenses and monitor the implementation of the growth plan.



People, Culture and ESG Committee

Linked to people management skills, it deals with topics such as remuneration, incentive, performance, and communication with employees. It is a propositional Committee, which in addition to monitoring the ESG Agenda, presents actions in the operational spheres.

* Key performance indicator.



Executive board

Responsible for executing the Company's strategy, guiding teams, and formally representing Pague Menos, the Executive Board is composed of professionals with proven experience and training in their areas of expertise. In addition to the statutory Directors, elected by the Board of Directors for two-year terms, with the possibility of re-election, the Company has non-statutory board members, who act in the operational management of the business.

At the end of 2022, the Executive Board consisted of 26 members. Due to the changes caused by the integration with Extrafarma, the Company redesigned its organizational structure, which also included new directorates: Extrafarma Operations; Marketing and Customer Relations; Business Development. See detailed organizational chart on the [next page](#).



Conflict of interest prevention

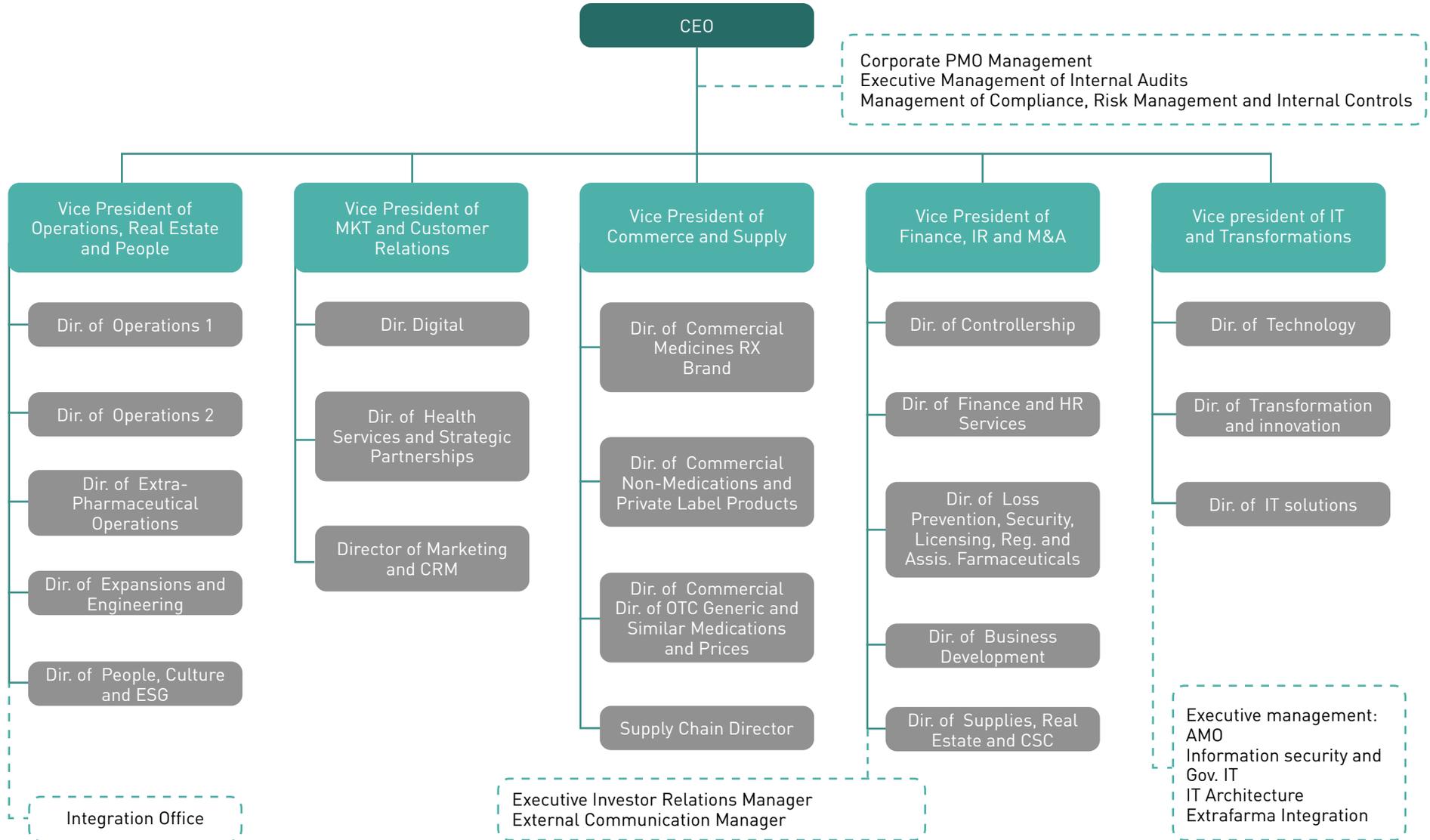
GRI 2-15

In order to avoid conflicts of interest, Pague Menos adopts the governance practices provided for by the current legislation, as well as the rules established in the Novo Mercado Regulation of B3, so that operations with related parties are submitted to the deliberation of the Board of Directors, and rely on its approval. In addition to the legal provisions, the Company's Related Party Policy provides that, upon identifying a situation involving related parties or other potential conflicts of interest, managers, employees and partners must immediately report such conflict to the Investor Relations Board – or to the Reporting Channel.

As a preventive measure, those involved in the conflict should be absent from discussions on the subject and abstain from voting, if applicable, having their impediment recorded in the minutes of the meeting that deliberates on the matter. The absence of a vocal manifestation of any decision-maker is considered a violation of the corporate guidelines, and it is up to the Company's Board of Directors to define the measures applicable to any cases of this nature.



Administrative Organizational Chart





Evaluation and remuneration of board members and officers

Pague Menos' remuneration policy establishes guidelines to define the remuneration and benefits granted to the Company's senior management, including members of the Board of Directors and the Supervisory Board – when in place – and the committees established, in addition to the statutory members. Thus, it seeks to ensure the attraction and permanence of highly qualified professionals to conduct the business, encouraging the achievement of corporate objectives aimed at adding value to Pague Menos.

As provided by the policy, the overall remuneration of the Company's management is established by the General Meeting of

Shareholders, the Board of Directors being responsible for deciding on the individual distribution of remuneration among its own members and the members of the Executive Board. Thus, remuneration is defined based on criteria that evaluate progress and allow the recognition of individual performance on bases compatible with the responsibilities of each position as well as market references, and may include, in addition to benefits, fixed and variable installments¹².

In general, the fixed values are established and readjusted according to the collective bargaining agreements of the Company's industry segment, including monetary up-

dating, as well as the organic growth of company operations. The variable portion, on the other hand, considers the results of the Company's main metrics in the year, including collective and individual goals, resulting in payment of a multiple of the management's base salary, which can vary from 0.1 to eight salaries.

The Board of Directors is responsible for evaluating the adequacy of the Company's remuneration policy annually, in order to verify its compatibility with the responsibilities of the executives, as well as with the volume of work required by the position, business results, and the economic and financial scenario of the period.

12 The Board of Directors receives only fixed installments.

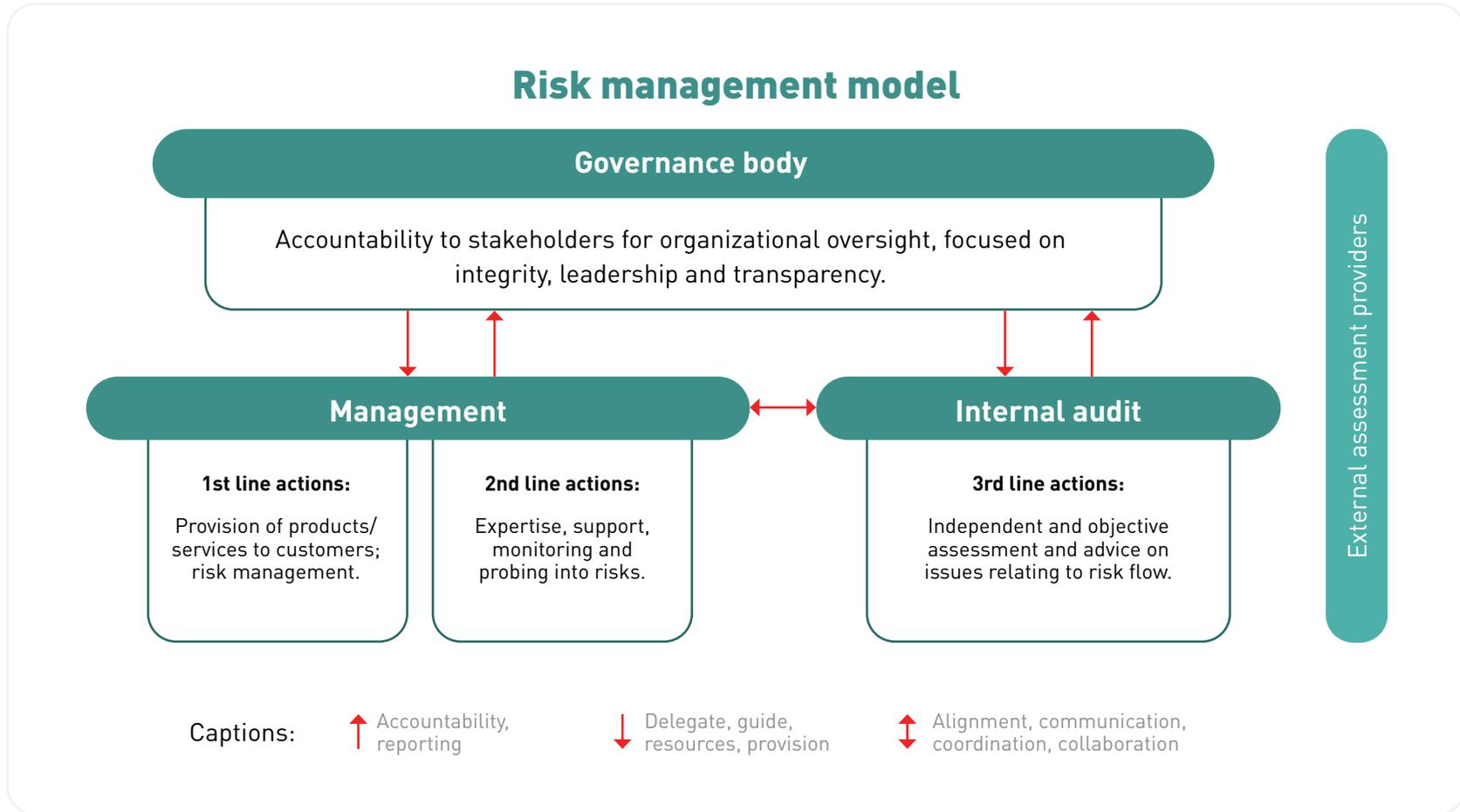


Risk management

In order to identify, evaluate, monitor, and minimize the risks inherent in its activities, Pague Menos developed a Corporate Risk Management and Internal Controls Policy, approved by the Board of Directors in 2017 and updated in 2021. Additional corporative guidelines complement the policy, such as the Code of Ethical Conduct (Code of Ethics), The Corporate Corruption Prevention Policy, and the Financial Market Risk Management Policy. All these documents are accessible to the public – [access here](#).

The Company's risk management approach consists of identifying factors with the potential to compromise the achievement of its strategic objectives and monitoring them from the business context, as well as the Company's processes and controls. Thus, it requires active participation of all employees and the dissemination of culture and knowledge regarding risk mitigation in all instances. As a protection strategy regarding the risks to which it is exposed, Pague Menos adopts the Three Lines of Defense model, as presented in the following infographic.



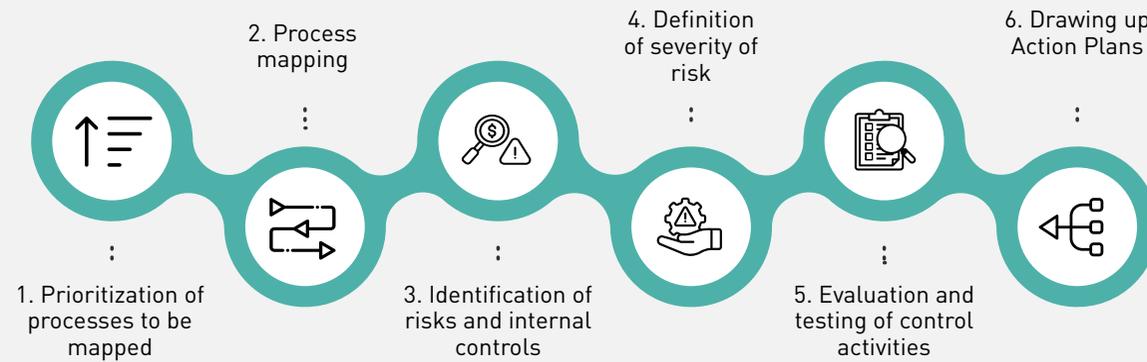




For identification and control purposes, Pague Menos classifies risks – defined as any circumstances that negatively impact strategic objectives and plans – into large thematic groups, so that their management follows the flow described in the following infographic.



Management flow





In terms of organizational structure, risk management is handled at two levels. The first, of strategic guidelines, refers to the Board of directors; the second, of implementation and supervision of the guidelines, is linked to the Board of Directors and the Audit Committee. It is up to the Department of Compliance, Risk management and Internal Controls, in turn, to act preventively and proactively in actions that mitigate risks, improving the intelligence of the processes to support decision-making.

The detailed description of the risk management of Pague Menos can be found in the [Company's Reference Form](#).

Data privacy

GRI 418-1

The security of data belonging to customers, employees, suppliers and any other stakeholders is part of the Company's risk management, which has two specific guidelines on the subject to guide its actions: the [Data Privacy Policy](#) and the [Information Security Policy](#).

In accordance with the provisions of the General Data Protection Law (LGPD), the management of these aspects includes continuous monitoring of cyber threats, vulnerability management, brand monitoring, creation and review of policies and procedures, and periodic training of employees. These activities are conducted by a specialized team, which reports occurrences and results to the Board of Directors and the Board of Executive Board, and is assisted by the Audit and Information Security Committee.

Among the actions developed in 2022 for continuous improvement of security controls, new layers of protection were implemented both in the technological environment and in the processes of solution development. In addition, the visibility of monitoring and identification of threats was increased. To maintain the alignment of employees with the guidelines, awareness initiatives were strengthened, including training focused on the importance of privacy and data protection – with emphasis on the launch of a specific booklet on the topic at the Corporate University.

Throughout the year, 18 data breach complaints were received – 100% were treated and resolved with recommendations for store operations and the application of security layers within the systems – and a review on data processing from the São Paulo consumer Defense Center (Nudecon), duly clarified.



Relationship with suppliers

GRI 2-6; 308-1; 414-1

For Pague Menos, the positive influence on the value chain reflects the commitment to disseminate good sustainability practices, while contributing to minimize both risks and negative impacts on the business. Thus, the Company seeks to continuously improve the relationship with suppliers and service providers in order to align its conduct with ethical precepts and corporate guidelines.

At the end of 2022, Pague Menos' portfolio of business partners contained 1,251 active companies. Throughout the year, there were 62 new registrations – 11 suppliers for company's private label brands and 51 related to the rest of the inputs. For all partnerships, the contracts signed include clauses on socio-environmental aspects, ranging from the proper disposal of waste – depending on the services provided – to the promotion of human rights, with a commitment to non-discrimination and decent working conditions.

One development in this direction was the implementation, from July 2022, of ESG audits in all suppliers involved in the production of private label items – disposable masks, multivitamin supplements, health care devices and body care products, children's and hair hygiene, first aid, and sun protection. In the year, 78% of the total paid to suppliers of these items was destined to companies based in Brazil, the focus of ESG audits, which include the evaluation of the following aspects:

- Adequacy of manufacturing facilities to regulatory standards;
- Legal compliance of contracts and working conditions;
- Documental validation: permits, licenses, and authorizations to operate issued by the competent authorities.

- Inspection of equipment and working environments.

In 2023, audits will be extended to all private label suppliers, including product lines that have ESG attributes as a competitive differential – as is the case of the Pague Menos Eco product line, which is all vegan, 100% natural, and with biodegradable packaging.

In addition, the Company works to strengthen the supply chain, contributing to the communication and marketing plans of the suppliers – aimed at increasing sales – and awarding recognitions by the New Achievements Award to the partners who stood out in generating new business, helping the growth of Pague Menos.



Taking care of the team

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES



A team of giants

GRI 2-7; 2-8; 2-30; 401-1

2030 Agenda Goal: 8.5

The purpose of living fully, coupled with the commitment to people and their stories makes Pague Menos a team of giants. The relevance of human capital for the Company translates into care and respect for each member, either through actions to promote health and safety, or in the programs aimed at the development of these people, as well as the valorization of diversity, equity and inclusion. With a well-cared-for team, the Company strengthens its organizational culture and expands its positive impact on society.

The Pague Menos team, which at the end of 2022 amounted to 19,982¹³ direct employees, is committed to promoting the health of the Brazilian population, reducing inequalities of access, which, in addition to treatment, leads to information, health care, and disease prevention.

¹³ The total number of employees includes 17 statutory members. Trainees and apprentices – which corresponded at the end of 2022 to 248 and 731 people, respectively – were not added to this number.

Total number of contributors (as of 12/31/22)

19,982



**The total number of employees in 2021 was adjusted, excluding interns and apprentices, to allow comparison between years, due to an update of the reporting methodology.*

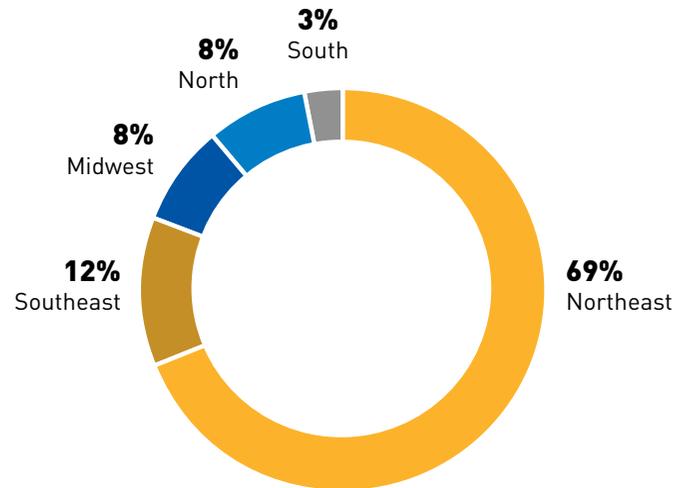
Another 5.4 thousand professionals from Extrafarma were added to the employees of Pague Menos.



The Northeast and Southeast regions concentrate a large part of the Pague Menos team, which is distributed throughout the country among teams operating in stores, distribution centers, administrative offices, the headquarters in Fortaleza (CE), an administrative base in São Paulo (SP), and customer service channels such as the Call Center.

Percentage of employees by region

(as of 12/31/22)





All employees work full-time, under permanent contract. Of the total, only the statutory board members were not covered by contracts and/or collective bargaining agreements, which represents 0.1%. Such agreements are entered into based on the interaction with the unions that represent the different professional categories of the functional staff, with all employees reserved the right to free association with those entities.

Disregarding the professionals who joined the team with the integration of Extrafarma ([see page 72](#)), the Company's functional staff remained practically stable in relation to 2021 – with a slight reduction of 0.4% driven by adjustments in the organizational structure. Composed mostly of women – who represented 59% of the Company's workforce – the teams were also characterized by the concentration of people aged between 30 and 50 years. Information on the staff profile is presented in [Diversity, Equity & Inclusion](#).

**WOB**

Women on board

In recognition of its policies and practices aimed at promoting gender equality in leadership positions, Pague Menos has maintained the Women on Board Seal (WOB) in 2022 in virtue of the presence of three women on the Board of Directors, one of which is the Chairwoman.



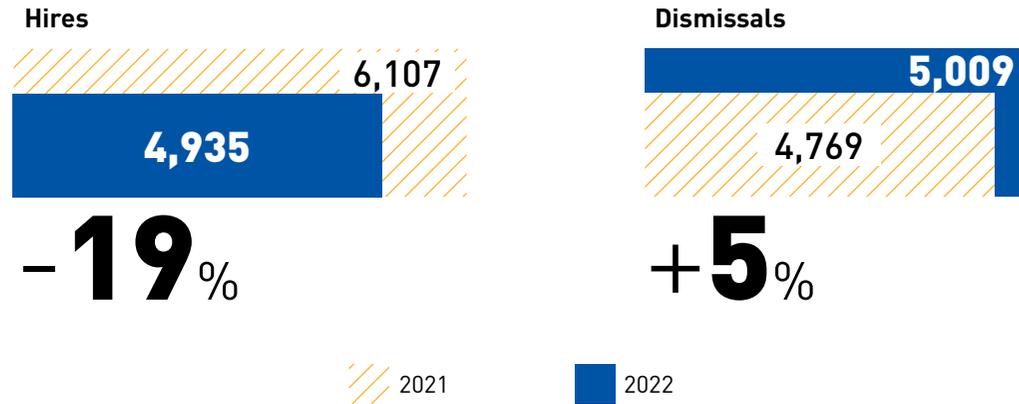
Hires and dismissals

In 2022, there were 4,935 hires and 5,009 dismissals. In the year, turnover – rigorously modulated by the Company to remain below the average of the retail pharmaceutical sector – was higher among men (27.4%*) and higher among young people (up to 29 years old). To ensure continuous improvement of this indicator, Pague Menos has included the People & Culture pillar in its Strategic Planning and is striving to become, by 2025, a reference in employer branding and people development in retail.

Hires, in turn, were more concentrated in the Northeast and Southeast regions, where the Company has the largest number of operating units. In 2022, Pague Menos revised the attraction and selection policy, better structuring the internal and external recruitment process. Affirmative actions were also structured for the diversity fronts and, as indicated by the goals of the 2030 Agenda, the Company has maintained its focus on the recruitment, promotion, and retention of talent.

** Data corrected from the version of the report published on April 13, 2023 (only in portuguese).*

Total hires and dismissals





Number of hires and dismissals by gender and age group

(as of 12/31/22)

Hires			
Age range	Men	Women	Total
Up to age 29	1,377	1,631	3,008
Between ages 30 and 50	773	1,067	1,840
Over 50	44	43	87
Total	2,194	2,741	4,935

Dismissals			
Age range	Men	Women	Total
Up to age 29	1,224	1,301	2,525
Between ages 30 and 50	964	1,392	2,356
Over 50	53	75	128
Total	2,241	2,768	5,009

Hire rate*

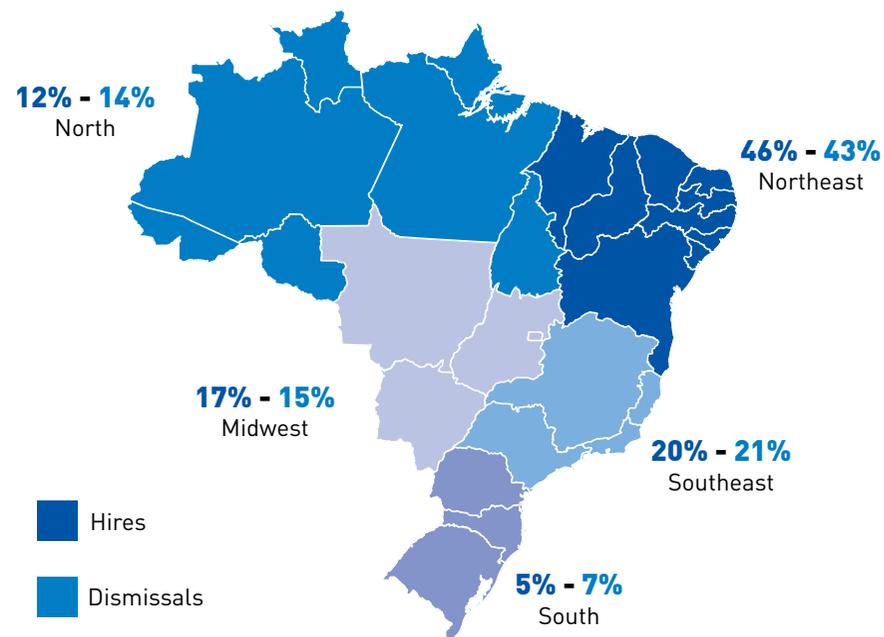
(as of 12/31/22)

Men	Women	Total
26.8%	23.2%	24.7%

* Calculation formula: number of hires / total number of employees.

Percentage of hires and dismissals by region

(as of 12/31/22)



Turnover by gender*

(as of 12/31/22)

Men	Women	Total
27,4%	23,5%	25,1%

* Formula: dismissed / total employees of each classification.

Turnover rate by age group*

(as of 12/31/22)

Up to age 29	Between ages 30 and 50	Over 50
33,6%	20,5%	13,0%

* Formula: dismissed / total employees of each classification.



Health, safety and well-being

GRI 401-2; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-8; 403-9 2030 Agenda Goal: 8.5

In line with the goals of the 2030 Agenda, which cover access to health and dignity at work, the company is committed to ensuring a healthy and safe work environment, based on the following **commitments**:

1



Contribute to the health and wellbeing of our customers and employees by helping them in the prevention of chronic diseases and adherence to prescribed medical treatment.

Pague Menos maintains a series of provisional care, plans and procedures designed to promote the integral health of each employee. In addition to preventing accidents and incidents related to work,

2



Ensure the health and occupational safety of our employees and contribute to their physical and mental health.

under the guidance of a team specialized in occupational health, the Company sought, in 2022, to promote the improvement of quality of life outside the work environment, offering, among its bene-

3



Positively impact the communities surrounding our operations.

fits, discounted access to online psychotherapy, encouraging regular physical activity, raising awareness of financial education, among other activities described on [page 52](#).



At the internal level, the **Health and Safety Management System** is implemented by the Specialized Service in Safety Engineering and Occupational Medicine (SESMT), with the support of a third-party company specialized in the subject, as required by law¹⁴. The **Occupational Health Medical Control Program** (PCM-SO) is developed by occupational physicians.

The Management System covers all employees of Pague Menos, in all states of the country. As a rule, all collaborators undergo mandatory labor health examinations – such as upon admission, periodic, return to work, in case of change of function or dismissal – and occasionally whenever there is a change in occupational risk.

SESMT has doctors, nurses and nursing technicians who monitor and supervise these activities. Thus, the performance of SESMT begins with the admission of employees and conducts the performance of occupational exams, training, and integration. The specialized team identifies and consequently takes actions to prevent possible accidents both on the way to work and in the professional environment – for example, with sharp objects.

¹⁴ The system follows the guidelines of the following standards: NR-1 (General Provisions), NR-4 (Specialized Service in Safety Engineering and Occupational Medicine), NR-5 (Internal Accident Prevention Commission) and NR-7 (Occupational Health Medical Control Program).



The Workplace Exercise Program

In 2022, Pague Menos launched the Workplace Exercise Program at its headquarters and in all distribution centers. The highlight was the average attendance of employees, which was 90%. The data demonstrates the high level of participation by the team, collaborating to reduce pain complaints, as well as the risk of repetitive strain injury, in addition to promoting group integration during classes.



The **Internal Committee for the Prevention of Accidents (CIPA)** has the role of identifying and minimizing risks, always supported by the Health and Safety Committee, whose main attributions are the elaboration of the risk map, the verification of working conditions, and the organization of the International Week for the Prevention of Work Accidents (SIPAT).

To reduce the chance of risks and dangers, also carried out were:

- **Technical visits:** Scheduled visits are conducted at each unit.
- **Data collection:** Survey of information on risk factors and risks in the units.
- **Data evaluation:** The information collected is categorized by frequency, severity, risk-level, control measures, and exposure effects according to the parameters of the integrated Occupational Health and Safety Management System (SOC).
- **Calibration of the Integrated Management System:** After evaluation, the system is stored with data considered relevant.
- **Communication:** Information is sent to employees through internal communication channels.

SIPAT 2022

In 2022, the International Week for the Prevention of work accidents (SIPAT) involved the health and safety teams of several units of the Company. The main actions taken were:

Online lectures

For the headquarters teams, lectures were made available on the themes: "Occupational Safety-knowing how to prevent" and "Safe driving generates safe traffic".

Daily security dialogues (DDS)

Performed in the operating units, providing explanations, for example, on how to use the extinguishers in a fire situation.

Lectures and face-to-face activities

Held especially in the distribution centers, they included activities such as: Postural Blitz; guidance on first aid in the workplace; gymkhanas (with pool, football, toy collection) and work exercise.



In order to investigate occupational accidents and hazards for determining corrective and preventive measures, specific reports are prepared that identify risks and opportunities for improvements, which in 2022 involved ergonomic furniture, training on the subject – including lectures on safe driving to avoid road accidents – in addition to the availability of materials that address the theme of health, safety and well-being.

In 2022, the Company invested in improving facilities to ensure the safety of employees.



Measures to eliminate or minimize the risk of work accidents:

- Implementation of checklists for internal audit and standard operating procedures (SOP);
- Technical visits to stores, with reports (PGR, PCMSO, LTCAT and AET) seek to resolve possible non-conformities;
- Hiring a specialized company to manage work health safety;
- Training of all CIPA members;
- Biannual inspections in all branches;
- Monthly meetings that discuss safe ways to perform tasks and avoid accidents.



In 2022, 10 mandatory training programs related to health and safety were carried out, totaling 4,584 participants in 18.8 thousand hours of training. As a result of these efforts, the Company registered a significant drop in the number of typical accidents registered, which went from 22, in 2021, to three, in 2022.

Health and safety indicators	2021	2022
Number of hours worked	4,620,000	4,644,420
Number of fatal accidents (deaths)	0	0
Number of accidents with serious consequences (excluding deaths)	-	1
Number of days lost	456	1,444

Among the main types of typical accidents identified are those related to sharp objects, falls and twists at store locations. Regarding road accidents, the main ones involve the use of motorcycles on the way to work.

Accidents with mandatory reporting (AMC) with leave	2021	2022
Number of accidents at work (typical)	22	3
Number of road accidents	23	21

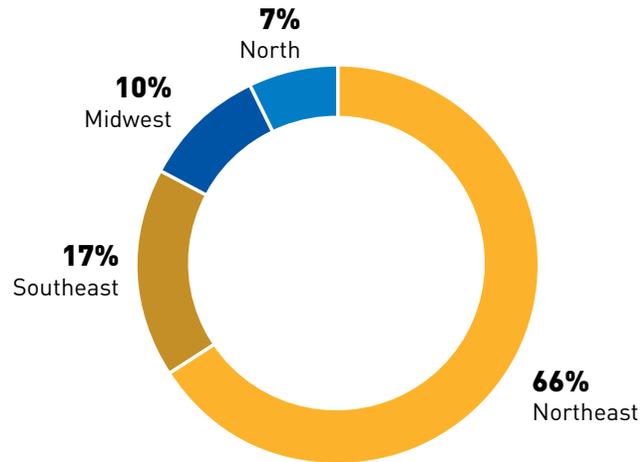
Accidents with mandatory communication (AMC) without leave from work	2021	2022
Number of accidents at work (typical)	1	2
Number of road accidents	1	3





Distribution of accidents by region – 2022

(as of 12/31/22)



Frequency and severity rates

Indicator	2021	2022
Frequency rate (FR)* of company employees of	10.2	6.2
Severity rate (SR)** company employees	197.4	0.64

* FR = no. accidents X 1,000,000 / HHT

**SR = (no. of days lost + days debited) X 1,000,000 / HHT





Benefits

The complementary benefits offered by Pague Menos provide greater security and comfort to employees and their families and maintain the Company's competitiveness in the labor market. In addition to complying with legal requirements, Pague Menos provides:

- Medical assistance;
- Dental care;
- Group life Insurance, with funeral aid and disability coverage;
- Agreements with gyms/gympass including membership;
- Variable remuneration;
- Payroll loan;
- **Sempre Bem Saúde**, membership health care card;
- **E-pharma**, credit program for online purchases;
- Discounts on medicines and services from **Clinic Farma**, in addition to a free blood pressure and blood glucose test per week;
- **Mobile telephony** - eligible to employees who have been employed for over 90 days, with membership;
- **Bulla** - credit card for employees who have been employed for over 90 days, with a discount on the pay slip, with membership.

Other benefits such as housing assistance, parking, food and meal vouchers are granted in specific cases.

In 2022, the Company implemented the automation of internal processes that involve benefits by deploying the Employee Service Center (CAC). The initiative provided agility in dealing with this issue with the teams and positively impacted the people management of Pague Menos.



Quality of life

Among the initiatives adopted by Pague Menos is that of Quality of Life at Work and Social Assistance, an area created to promote health, well-being, and social assistance to employees. The Company kept active in 2022 the Viver Bem program, described to the side.

In addition to these initiatives, Pague Menos also carried out health and hospitality campaigns reaching more than five thousand employees.

Viver Bem Program

**Mental
health**

**Physical
health**

**Financial
health**

**Social
health**

**Health
education**



Diversity, equity and inclusion

GRI 405-1; 405-2

2030 Agenda Goal: 5.1, 5.5, 8.5, 10.2, 10.3, 10.4

By valuing diversity, combating discrimination, and promoting equity and inclusion in work environments, Pague Menos seeks to provide respectful and welcoming environments for all employees. In line with the diversity and Inclusion Policy, the Company acted in 2022 on the following fronts:

- Gender equity;
- Racial equity;
- LGBTQIAP + equal opportunities;
- Inclusion of people with disabilities;
- Integration of different generations.

Highlights 2022:

59% of women in the functional staff

↳ **59%** occupy leadership positions

74% of brown and black people

↳ in 2021 there were **66%**¹⁵

Total employees,

977 people have some form of disability,

↳ an increase of **5%** compared to the previous year (931 in 2021)

¹⁵ Data on race/ethnicity are derived from a formal self-declaration by employees.



Number of direct employees by gender (as of 12/31/22)

Women

11,796

2021 | 11,827

2022 | 11,796

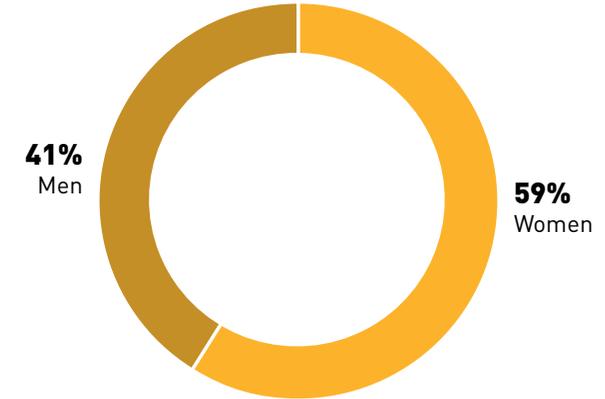
Men

8,186

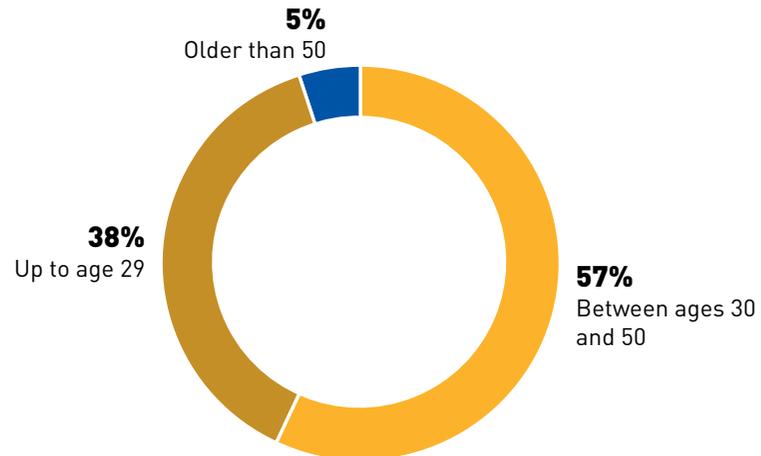
2021 | 8,242

2022 | 8,186

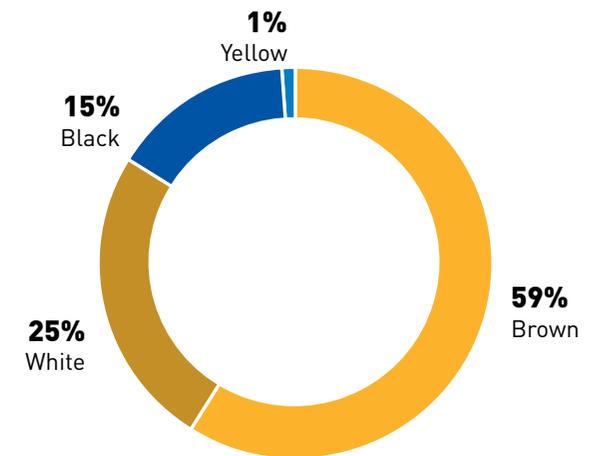
Contributors by gender (as of 12/31/22)



Employees by age group (as of 12/31/22)



Percentage of employees by race (as of 12/31/22)





Number of direct employees by age group and gender

(as of 12/31/22)

Age range	Men	Women
Up to age 29	3,377	4,144
Between ages 30 and 50	4,335	7,140
Older than 50	474	512

Direct employees by functional category and gender

(as of 12/31/22)

Functional category	Men	Women	Total
Board members	16	1	17
Broad directorate	9	1	10
Management	105	75	180
Store management	441	807	1,248
Executive management	34	11	45
Coordinator	66	67	133
Technical	1,071	2,485	3,556
Administrative	669	355	1,024
Operating	5,775	7,994	13,769

Ratio of remuneration received between women and men – Pague Menos

(as of 12/31/22)

Functional category	Proportion
Board members	0
Broad directorate	0.9
Management	0.7
Store management	1.0
Executive management	0.8
Coordinator	1.0
Technical	1.0
Administrative	0.8
Operating	1.1



To encourage and maintain the Diversity, Equity and Inclusion agenda, Pague Menos maintained in 2022 five active programs, as described below:

Representative program

Composed of the Diversity and Inclusion Committee and five affinity groups (one for each priority front). The Commission provides advisory support to the area of diversity and inclusion in the implementation of projects and programs. The meetings are bi-monthly and take place on a one-year cycle, when the Commission is renewed. In the 2022 training cycle, 25 people from all states of the country and also from all fronts of priority diversity and inclusion participated. One of the main contributions of the group was the calculation of the indicators of Ethos of Diversity, Inclusion, and Equity. This diagnosis is used as a tool to control and monitor the progress that the Company has been making in valuing diversity and promoting inclusion.

Accelerated POI program

Provides a more robust and accelerated methodology and development journeys for people from the diversity and inclusion fronts.





Operations Trainee Program

It provides for affirmative selection for internal talent, seeking to increase the percentages of inclusion in management positions, especially in the retail-store aspect. In 2022, the trainee program focused on the operation of Pague Menos resulted in the promotion of eight women, eight brown people, and one black person.

Inclusive attraction and selection program

It provides the structuring of a more inclusive selection process, from the disclosure and description of the vacancy to the return and post-hire feedback. Through the program, the Company's recruitment and selection policy was revised, formalizing the possibility of opening affirmative vacancies focused on priority fronts. In 2022, in partnership with a consulting agency that provides services aimed at the inclusion of people with disabilities, the Company set up a bank of job vacancies for PWDs, a complete sign language course, and sign language interpreters for events and meetings.



Voluntary membership

Pague Menos joined the **UN Women Movement**, a movement that brings together individuals, businesses, and civil society organizations to unite, strengthen, and amplify global efforts in defense of women's human rights.

The Company is also part of the **Business Coalition Movement for Racial and Gender Equity**, which also joins other companies in promoting and encouraging equity, a movement promoted by the Ethos Institute.

Similarly, it integrates the **Enterprise Network Movement for Social Inclusion for the Employability of People with Disabilities (REIS)**, which aims to mobilize companies in Brazil to promote the inclusion of people with disabilities into the labor market through professional qualification and facilitation of hiring and retention.

Another highlight was the adhesion of Pague Menos in 2022 to the **Forum on Business and LGBTI+ Rights**, recognizing the importance of promoting more respect and representativeness in the labor market.



Accessibility program

Handles the adaptation of the psychosocial structure of Pague Menos to the principles of universal design. In 2022, adequacy measures were adopted as standard procedures for good practices, such as self-description in institutional meetings, the provision of captions in training programs, the dissemination of a manual of good inclusion practices, and greater accessibility on digital platforms.



Communication in prol of diversity

In 2022, based on the information obtained from the diversity census carried out in the previous year, the Company reinforced the work of sensitizing employees, especially leaders, to the diversity and inclusion agendas. Throughout the year, activities and training were led by the affinity groups on Diversity & Inclusion, Culture and Compliance.

Employees, both leaders and the led, received training on diversity issues such as: combating discrimination, inclusive communication, non-violent communication, a basic sign language course, and the path for diversity and inclusion.

Pague Menos disseminated in several channels its policies related to the theme, The Manual of Good Inclusion Practices, in addition to booklets focused on gender equity, racial equity, integration of different generations, equal opportunities LGBTQIAP+, and moral and sexual harassment prevention. These materials present the Company's commitment to each of its priority fronts and call on leaders to stimulate the hiring and promotion of professionals representing different social groups.



Professional development

GRI 404-1; 404-3 2030 Agenda Goal: 4.3

Pague Menos believes that knowledge and development have the potential to transform people and businesses, in addition to contributing decisively to its objective of being the largest reference in training and education for pharmaceutical retail in Brazil. Therefore, it invests in the training of employees from all areas of the Company. In 2022, 316.6 thousand hours of training were counted, with 201.2 dedicated to women and 115.4 dedicated to men. The average training hours per employee reached 15.8 hours, exceeding the 11 hours predicted as a goal in the ESG Agenda for this year, and required an investment of about R\$ 3.3 million.

In 2022, the largest load of synchronous training focused on the integration of new employees. Over 3.1 thousand professionals were trained. To maintain the position of national reference in the services it provides in the retail pharmacy market, the profession-

al development of pharmacists is essential. That is why this professional group follows routine training programs for the improvement and application of excellence services. In 2022, five of the ten largest distance learning curriculums were dedicated to the preparation of pharmacists on subjects such as POS sales, basic pharmacy education, future master prescriber, hypertension (Abrafarma), and MAV Healthcare.

Education on the themes of diversity and compliance were provided in all areas of the business, especially in the distribution centers, where 589 employees were trained in these topics in person. At the headquarters, employees were trained in these guidelines and the content was made available to store professionals on the distance learning platform of Pague Menos, UP Farma ([learn more on page 62](#)).





During the year, the Company went through two major periods that required specific training: the change of the point of sale (POS) system and the integration with Extrafarma. Almost 65 thousand hours of training were conducted on the distance learning platform as well as another almost 17 thousand face-to-face hours to prepare in-store teams to receive the new POS system. With regard to training for the integration of systems in Extrafarma stores, an additional R\$ 271.5 thousand was invested to train 400 leaders in person and about 3 thousand operators via the distance learning platform, totaling more than 10 thousand hours of training.

In the year,

3,507

Employees underwent assessments – 1,703 men and 1,804 women.





Quality professional training

Up Farma, Pague Menos' corporate education platform, offers distance learning training for employees from all areas of the business and is a strong pillar in the development of people in the Company. Currently, the contents of the platform are distributed among eight schools, two of which were structured in 2022: Escola ASG (ASG School) –focusing on the themes of governance, diversity, inclusion, and sustainability – and Escola de Produtos

(Products school) – with the objective of presenting industry products and their respective specificities, assisting the operations team in their daily sales.

Among the main highlights of the Company's Corporate Education team are: the dissemination of the Customer Service Sales method through the Golden Rules; routine in-store visits to oversee efficiency indicators and training regarding Pa-

gue Menos' own brands. In addition, the Company focused efforts on integrating Extrafarma's employees. All these activities generate a significant reduction in the time of the learning curve for employees, while also providing the Company with opportunities to improve the conditions of technical safety and operational quality, thus contributing to the competitiveness of the business.





Effective and Affective Exponential Leadership (LEXA)

A program focused on the training of leadership soft-skills. In 2022, topics such as diversity, connecting with values and purpose, affectivity and effectiveness, innovation, and genuine interest were addressed. The initiative was administered to high-level coordinators. In all, more than 1,000 leaders were impacted.

Highlights in numbers

A new record of

83.5 thousand certificates issued and

↳ **316.6** thousand hours of training.

+12% leaders benefited from undergraduate or graduate scholarships.

+1,000 fully trained people by the Effective and Affective Exponential Leadership program.

Education as a Pillar of Social Responsibility

The concern with education goes beyond the walls of Pague Menos, so much so that in 2022 social responsibility projects were developed in the educational segment to train qualified professionals for retail, mainly working in the communities in which Pague Menos is inserted. In 2022, the Company created three training programs:

UP Code

A training program for new software developers made available to contributors and community members. With five months of lectures and tutoring, the program allocates the retrained software developers as junior programmers of the IT team of the Company. In 2021, the program trained 24 new developers and, in 2022, the second notice was published announcing 30 available vacancies.





CFCs in retail

Program for training professionals who want to enter the retail market, focusing on people in the community, especially in situations of social vulnerability. In addition, it is open to employees from other areas of the Company who wish to qualify and migrate to store operations. In the year 2022, the themes worked on were interpersonal communication, introduction to retail, basic customer service, pharmaceuticals, and store operation.

CFCs in Logistics

A training program for professionals who wish to enter the logistics area, also focused on people in situations of social vulnerability. In addition, it is open to employees from other areas of the Company who wish to qualify and migrate to distribution center operations. In 2022, 59 people started training, which will end in 2023. The topics covered are: inventory, IT applied to logistics, supplies, reverse logistics, interpersonal communication, and loss prevention.





Recognitions and awards



GPTW Finalist: Woman

In 2022, Pague Menos was among the finalists in the GPTW Woman Award.



Best practices in the labor market

Pague Menos is part of a select group of companies, being the only pharmacy chain to compose the GPTW index of B3, a theoretical portfolio of assets prepared according to the certified companies and the best companies to work at, based on the national ranking. With this recognition, the Company attests its concern to bring to the center of the debate its dedication to the relationship between people and the development of employees, also generating a positive impact on the business.



An innovative company

Pague Menos ranked among the TOP 5 at the Ceará Awards, an annual award that recognizes agents of innovation. Thusly, the Company aims to increase the visibility of the actions developed in its state, in addition to attracting and inspiring more people to contribute to the region's ecosystem.



ABRAPPE prize

In November 2022, Pague Menos received an award from the Brazilian Association for Loss Prevention (ABRAPPE) as the best case of prevention of losses in Brazilian retail.



Better consumer experiences and services

In the 7th edition of the Estadão Best Services 2022 award, Pague Menos took second place in the pharmacies Category. This result demonstrates its reputation and consistent relationship work that the Company's employees perform on a daily basis. It also demonstrates maturity in processes, both in stores and in service channels.

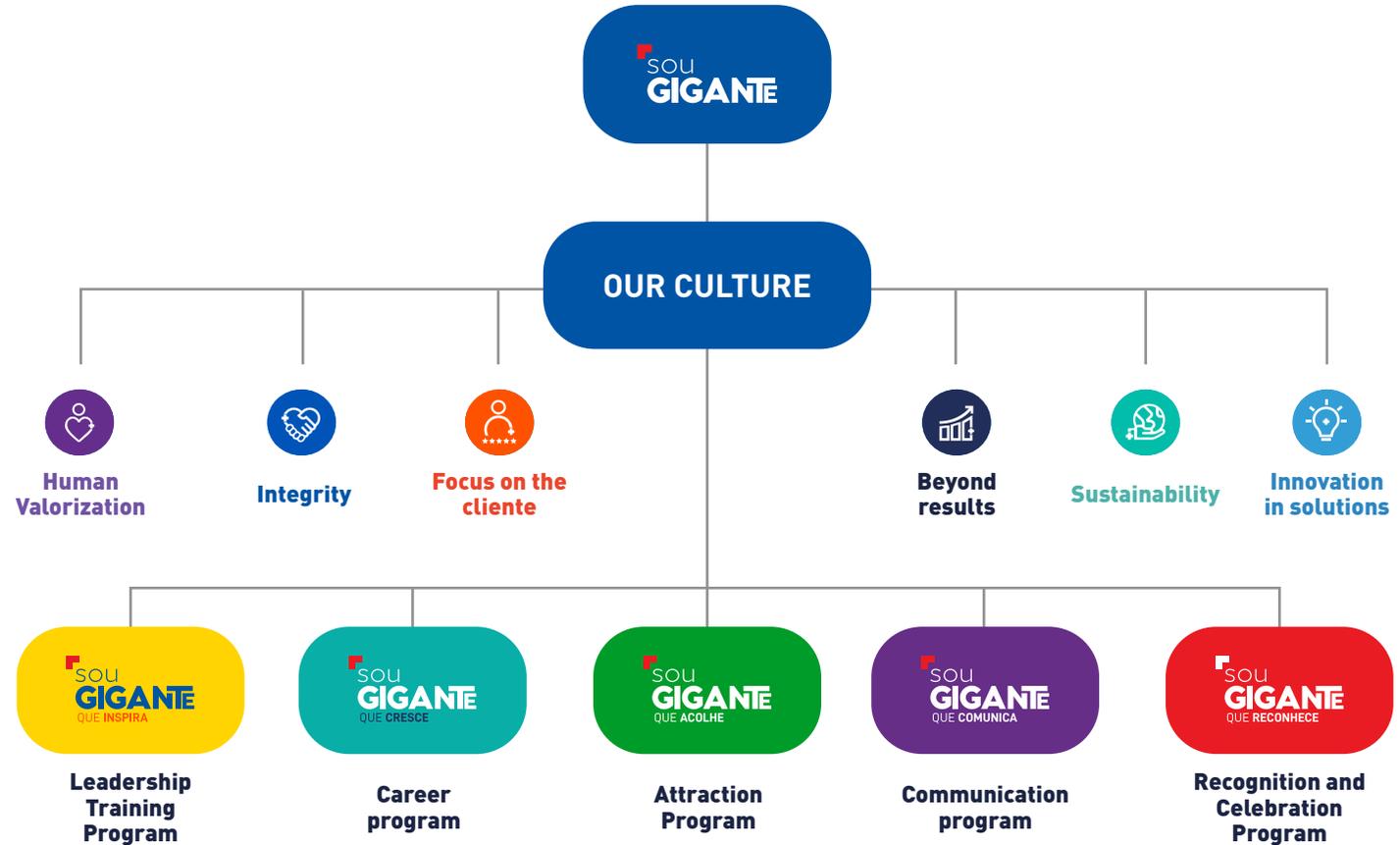


The TOP Natal award

In December 2022, the Company was honored by the Tribuna de Comunicação system with the Top Natal award as the pharmacy brand most remembered by consumers in the municipality.

Strengthening culture

In 2022, the Giants Program was launched, a culture empowerment program promoted by Pague Menos and Extrafarma designed based on 6 packages: the Cultural Modeling Package (Our Culture Potentialized), the Attraction and Selection Package (I Am a Welcoming Giant), Recognition and Celebration Package (I Am a Giant who Recognizes and Celebrates), Career Package (I Am a Giant Who Grows), Communication Package (I Am a Communicative Giant) and Leadership Development Package (I Am an Inspirational Giant).





With the aim of disseminating the Company culture and strengthening it in the journey of each of the 'giant' employees of Pague Menos, relevant efforts were made by each of these initiatives, as highlighted below:

Our Enhanced Culture

One major step was the definition of the cultural elements that culminated in the creation of the cultural codes. These elements translate, in a simplified way, the desired behaviors linked to each of the Company's values. In practice, they work as simple and practical guides to experiencing each value in everyday life ([learn more about the integration](#)).

Throughout 2022, these cultural elements were disseminated through campaigns and content, but the Company understands that the great protagonists of this process are the leaders who have been and continue to be invited to embrace this mission of enhancing the Pague Menos culture.



In the Leadership Development Package, the Company implemented the Effective and Affective Exponential Leadership (LEXA) Program. At the end of 2022, the program had 5 modules available on the Core education platform and with the LEXA 1.0 Handbook, a practical guide to all the content.



As part of the Attraction and Selection Package, in 2022 the Company published the recruitment and selection policy of Pague Menos and Extrafarma. In this context, materials were created for the reception and welcoming of the new giants that become part of the team, among which include our Institutional Presentation and the Integration and Guide Booklet for the managers and new employees.



In 2022, the Communication Package was concluded, based on the information collected in the 2022 Internal Communication Diagnosis. As part of this initiative, the Leading Communicator Workshop was set up with the objective to stimulate effective communication between employees. The Managerial Agenda was also launched, with weekly content made available through the Internal Communication Team, Corporate Events, and Integration sessions on the most strategic issues that need to be communicated to employees.





Diagnostics of Internal Communication 2022



+ than
4,170 respondents

27 questionnaires

1 per month
applied

+ than
2,700 suggestions
made by employees to improve communication flow (more frequent meetings; feedback as a tool for listening from the bottom up; and greater interaction between manager and employees, among others)

76% average favorability



In order to highlight the paths for the professional development of employees within Pague Menos, the Career

Package was implemented, with career paths and updated job descriptions, ranging from the vice-presidencies of Pague Menos and Extrafarma to coordinators and specialists.

The contents are available in the 1st edition of the CareerBook, which will continue to be updated with other positions.



All the rituals of recognition and celebration within Pague Menos and Extrafarma have been revisited and

formalized. These procedures are described in the Policy of Recognition and Celebration and are part of the program I Am a Giant Who Recognizes and Celebrates.





Extrafarma Integration

With the integration, 5,468 Extrafarma employees were added to Pague Menos' staff, of whom 3,456 were women (63%) and 2,012 were men (37%), allocated to stores, distribution centers, and administrative base. The Northeast and North regions account for a large part of these employees – 52% and 35%, respectively.

In 2022, Extrafarma hired 1,421 employees, of whom 54% are women and 46% are men. In the same period, 1,589 professionals were dismissed (58% women).



Number of employees according to functional category – Extrafarma (as of 12/31/22)

Functional category	Men	Women	Total
Board members	1	0	1
Broad directorate	0	0	0
Management	20	13	33
Store management	111	282	393
Executive management	4	1	5
Coordinator	20	9	29
Technical	251	633	884
Administrative	39	52	91
Maintenance	5	3	8
Operational	1,563	2,461	4,024

Number of employees by age group and gender – Extrafarma (as of 12/31/22)

Men		Women
815	Up to age 29	1,080
1,059	Between 29 and 50 years	2,156
138	Over 50	200



Integration plan

GRI 2-4

To ensure strategic alignment and risk mitigation, the Company developed an integration plan based on the following pillars: logistic efficiency, technological integration, organizational unification, and operational convergence. [Learn more about the integration in Chapter 1.](#)

As part of the plan, the employees of Pague Menos and Extrafarma were invited to offer responses to the Cultural Profile Mapping, a survey aimed at welcoming and measuring the perception of employees regarding the integration. Over 50% of Pague Menos (10,317) and almost 90% of Extrafarma (4,848) answered the questionnaire. The cultural diagnosis iden-

tified the elements that approached or distanced the organizational culture of that moment in relation to the desired culture. The results were collected and analyzed by the Integration Office and the Human Resources Department. Then, action plans were drawn up by the leaders and a e-book on the general guidelines of the integration process was created to lead the adaptation of the teams towards the new organizational structure, including process adjustments for standardization and the capture of synergy. To celebrate the integration process, a live broadcast was transmitted to all employees in order to align expectations and outline the next steps.





Throughout the integration process, the leaders were instructed to remain close to their teams and available to support any difficulties faced in the new structure. In this sense, internal communication initiatives played a fundamental role in making the process more transparent, comfortable, and safe for employees.



Communication actions aimed at employees contributed to cultural integration.



Communication guidelines for the management of change

Be clear about the goals of the change.

Make prior alignments with the team.

Be transparent and honest with the team.

Capture, analyze, and incentivize feedback.

Lead by example and involve the team.



The environment and climate





Identifying and mitigating the impacts of operations on the planet's environment and climate represent fundamental commitments of Pague Menos to sustainability. As a strategic part of the Company's ESG Agenda, environmental management was strengthened in 2022, through the structuring of a dedicated area, whose main task was to coordinate the application of policies and the monitoring of practices related to the topic.

Based on diagnostics carried out in previous years, including the materiality process carried out in 2021, Pague Menos defined waste, water, energy and emissions management as a priority, in addition to ensuring legal compliance. To ensure the evolution of performance in relation to these aspects, an environmental management sector was created in the Company, with a team exclusively dedicated to developing and coordinating an action plan, focusing on continuous improvement on priority fronts, to which are added initiatives to increase the awareness of employees regarding the conservation of natural resources.



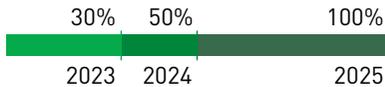


Environmental management – plans and goals

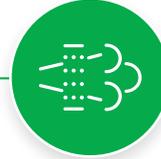
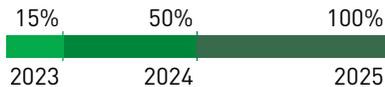


Waste

- Carrying out waste inventory
- Implementation of the National Plan for the Collection of Medications from Clients
- Consolidation of stores as battery collection points in Brazil
- Implementation of the Internal Recycling Plan
- Systematization of waste collection
- Implementation of the Plan for the Recycling of Obsolete and Unserviceable Materials



- Reverse logistics: medications and non-medications directed to correct disposal



Emissions

- Inventory of emissions in Scopes 1, 2 and 3
- Critical GHG - related impact analysis
- Goal: offset 120% of annual GHG emissions in Scopes 1 and 2 by 2023



Water and energy

- Inventory of water and energy consumption
- Publication of the Energy Efficiency Policy
- Implementation of the Water Management Improvement Project



Compliance

- Renewal of environmental permits
- Compliance with environmental licensing conditions
- Boost environmental licensing processes

Based on diagnoses made in previous years, Pague Menos defined waste, water, energy and emissions management as a priority.



Waste

GRI 306-1; 306-2; 306-3; 306-4; 306-5

2030 Agenda Goal: 12.5

In line with the National Solid Waste Policy, Pague Menos has been committed to reducing waste generation in its operations and, when this is not possible, ensuring proper separation and disposal. This directing of waste depends on the type of waste – whether hazardous or non-hazardous – and always considers the possibility of reuse and recycling of the materials.

Medical waste, for example, generated especially by Clinic Farma services, is collected and directed to disposal or incineration through contracted companies in each region. Such service providers are duly licensed for that function.

Regarding the disposal of medicines, strict processes are adopted by the Company to ensure the timely removal of overdue items from stores, sending them in for incineration. For medicines to be discarded by customers, collection points inserted in stores encouraged consumers to give the appropriate destination to materials. At the end of 2022, there were 596 collectors available, 326 in Pague Menos stores and 270 in Extrafarma units, where they are collected by specialized carriers, along with hazardous waste from pharmaceutical services to be disposed of correctly.





In addition to the collectors, the customer is offered the possibility of disposing directly with the pharmacist at over 77 stores. Also accounted for in this number, the year 2022 ended with 673 active collection points – representing about 40% of operations – which collected about 3.3 tons of medicines at Pague Menos units and 1.6 tons at Extrafarma stores.

On another front, cardboard boxes and plastics used in distribution centers are sent in for recycling based on partnerships entered into with collectors and retailers of these materials, encouraging the circular economy.



Project in partnership with Nestlé

In order to encourage the recycling of steel cans, Pague Menos and Nestle, through the Fiber Mais brand, installed packaging collectors in 10 units of Pague Menos pharmacies, distributed in six different states, covering four regions of Brazil.

The initiative promotes awareness about the correct and responsible disposal of steel cans, whether fiber, powdered milk, chocolate, food supplement, among others, thus enabling the increased life cycle of the material.

Each collector has a capacity of 5.7 kg. The materials are collected by partner cooperatives responsible for sorting and selling to recyclers, who turn the steel from the tin into raw material again. At the end of 2022, there were 10 collection points located in Fortaleza (CE), Florianópolis (SC), Recife (PE), São Paulo (SP), Belém (PA), and Belo Horizonte (MG).



Energy

GRI 302-1

2030 Agenda Goal: 12.5

Expanding the use of renewable energy and promoting the energy efficiency of operations are Pague Menos' two fronts of action to reduce the consumption of non-renewable natural resources and thus contribute to the energy transition towards a low-carbon economy. In 2022, 1,085 operating units were supplied with photovoltaic panels, which corresponds to 85% of the total units – the headquarters and distribution centers were not covered. Over the year, solar energy systems generated 31,992,595 kWh, which led to an average saving of 15% on the energy bill and avoided the emission of 16,316 thousand tons of CO₂ into the atmosphere.

As forecasted in the previous year, in 2022 the Company reached the goal of 100% of Pague Menos stores with up to two years of operation or acquisition being powered by renewable energies.





In the year, considering electricity and fuels, the Company consumed 345.4 thousand GJ of energy – including all stores, headquarters and distribution centers.

Consumption of non-renewable fuels

(in GJ)

Source	2021*	2022	Variation (2022 vs 2021)
Diesel	511.2	374.4	-27%
Gasoline	7,733.2	7,484.2	-3%
Additives and lubricants	4.3	3.9	-9%

* 2021 data has been revised.

Consumption of renewable fuels

(in GJ)

Source	2021*	2022	Variation (2022 vs 2021)
Ethanol (L)	749.3	833.5	11%

* 2021 data has been revised.

Electricity consumption

(in GJ)

	2021	2022	Variation (2022 vs 2021)
Solar energy	54,993	115,173	109%
Grid electricity	248,212	221,503	-11%
Total	303,205	336,676	11%



To increase energy efficiency, Pague Menos continues to invest in actions for rational consumption in its units, focusing especially on employee awareness. In 2022, the [Energy efficiency Booklet](#), was distributed, with guidelines and good practices related to the conscious consumption of electricity in stores.



Water

GRI 303-1; 303-3

2030 Agenda Goal: 12.5

In the Pague Menos units, there are no significant impacts related to the use of water, which is mainly used for human consumption (in bathrooms and toilets, for example) in pharmacies. Thus, water management seeks to maintain the use profile at levels appropriate to the nature of operations, avoiding waste – which requires, among other aspects, the continuous attention of maintenance teams to predict and repair losses resulting from leaks.

Most of the water consumed by the Company originates from the public water supply companies, which are also responsible for the sewage system of the units.

In all, throughout the year, consumption remained stable in relation to 2021, totaling 132.8 megalitres of water used in head office, distribution centres and stores¹⁶.



Volume of water consumed

(in ML)

	2021	2022	Variation (2022 vs 2021)
Third party water (public supply companies)	134.4	132.8	-1.2%

16 Of this volume, the consumption of 58 underground wells present in some units was not accounted for. The Company is structuring the monitoring of this low-profile consumption and will include this information in the next reports.



Air emissions

2030 Agenda Goal: 13.3

The decarbonization plan of Pague Menos operations depends on the assertive identification of the main emission generators involved in the different activities carried out by the Company, as well as along its value chain. Therefore, since 2021, inventories of greenhouse gas (GHG) emissions have been developed in order to quantify emissions in the three scopes foreseen by the GHG Protocol.

The results of the first inventory were published in the 2021 Sustainability Report, supporting the Company in defining its public goal of offsetting 120% of annual GHG emissions in Scopes 1 and 2 by 2023. The data for 2022, which will also comprise Scope 3, were being determined during the production period of this report, and thus they will be released through the Company's other communication channels.

Eco-friendly delivery

In 2022, the Company began a pilot project called Eco-friendly Delivery in Fortaleza (CE). By means of a Tuk Tuk, an electric and non-polluting vehicle, deliveries of medications and other products are delivered to customers of pharmacies within a radius of up to five kilometers.

As a non-polluting means of delivery, the Tuk Tuk contributes to the reduction of fuel consumption and consequently the reduction of greenhouse gas (GHG) emissions.





CONSULTÓRIO FARMACÊUTICO
Clinic Farmacia
Pague Menos
FARMACÊUTICO
DISPONÍVEL

Social Impact

- 3** GOOD HEALTH AND WELL-BEING
- 4** QUALITY EDUCATION
- 8** DECENT WORK AND ECONOMIC GROWTH
- 10** REDUCED INEQUALITIES



Expanding the population's access to services and products that promote health and well-being is a fundamental axis of Pague Menos' sustainability strategy. In addition to being the focus of the Company's business, this premise of action contributes to the reduction of social inequalities, given the profile of the target public – classes B2, C and D (the expanded middle class), mostly lacking private health care plans or quality basic health care.

To contribute to the 2030 Agenda, especially within the framework of SDG 3 (health and well-being), and bring prevention, care, information and treatment to Brazilians wherever they are, the Company has invested in the expansion of Clinic Farma – physical or virtual spaces with complete solutions in primary health care for those who need them most. Bringing these spaces of service and care to different regions of the country, including the most remote ones, far from major urban centers, is part of the Company's growth strategy, contributing to combine economic and financial results and effective social impact.

Thus, the most relevant initiatives carried out by Pague Menos in 2022 can be divided into three main integrated fronts, as demonstrated in the following infographic.

Axes of social action



Expanding access to health care

- Promoting preventive
- Medical and Pharmaceutical
- Offering medications at accessible prices



Conscious consumption of medication

- Expert guidance
- Promoting the proper disposal of medicines
- Treatment adherence



Support for local communities

- Support and development of social
- Volunteer program
- Solidarity actions



Expanding access to health care

GRI 3-3

2030 Agenda Goal: 3.8

For Pague Menos, the social impact of the business is reflected in the improvement of the quality of life of the various publics with which it interacts. In addition to initiatives focused on the safety and well-being of its employees, the Company is committed to ensuring that its actions positively impact the health of customers and boost the development of the communities in which it operates.

Among its contributions in this sense are the low-cost care and treatment

provided to the general population, which includes people in vulnerable situations. On another front, health promotion involves providing quality information made available free of charge through the various communication platforms of Pague Menos ([see page 97](#)), focusing on disease prevention, encouraging healthy eating, incentivizing the practice of physical activities, conscious consumption of medications, as well as special campaigns and events.





One of the Company's solutions with the greatest social impact on health and well-being is Clinic Farma, which in 2022 operated 988 Pague Menos pharmaceutical clinics and 68 of Extrafarma. Integrated into pharmacies, these spaces offer about 60 procedures at accessible prices, such as check-ups, rapid testing, and pharmaceutical guidance. By functioning as primary care outposts, these clinics expand the population's access to specialized health care for low-complexity cases, contributing to relieve pressure on the public health system. In 2022, Clinic Farma recorded more than two million consultations.

Since it began operating in 2015, Clinic Farma has provided 4.5 million consultations.





To further boost access, in 2022 Pague Menos launched Sempre Bem Saúde, a health care program for customer loyalty provided through Health Hub. With three membership packages, Sempre Bem Saúde provides several services, including: unlimited general clinical care, two monthly psychological visits, one nutritionist consultation per month, weekly blood pressure measurement, blood sugar monitoring, injectable applications, a monthly bioimpedance, 30% discount on generic medication, 20% on branded medications, and 15% on compounded medications. At the end of 2022, there were 86,996 members of Sempre Bem Saúde.

For 2023, Pague Menos and Extrafarma will unite the Sempre Fidelidade program, Clube Extrafarma, and Sempre Bem Saúde into a single program and make Sempre Bem the Company's new benefits program. This will enable customers to use the services and benefits of both banners at about 1,600 units across the country, increasing coverage and improving loyalty potential.



Advancements in telemedicine

Since it was regulated in Brazil, as a result of the Covid-19 pandemic, telemedicine has made technology an ally to facilitate access to medical consultations by the population, especially those who live in remote locations or are unable, due to clinical or mobility conditions, to move around and/or have contact with other people. Aware of the transformative potential of this movement in the health sector, Pague Menos has added telemedicine to the services it offers in its stores in order to expand the treatment of cases of low complexity – such as head, muscle and stomach aches, and common colds.

Thus, when visiting a Pague Menos unit, the client has the possibility of receiving the adequate guidance for their case and receive medical care in addition to the consultation by pharmacist, which is carried out remotely through mobile phones, tablets or computers. In addition to ensuring comfort and agility in the care of clients in large urban centers, this option is decisive to extending health care to people who live in peripheral regions of cities or smaller municipalities in the interior, who do not have easy access to doctors or public or private health teams.



Conscious consumption of medication

2030 Agenda Goal: 3.8

According to the World Health Organization (WHO), more than 50% of all medications circulating in the world are prescribed, distributed, or sold improperly. In addition, half of patients do not correctly use medication – a practice that can lead to cases of intoxication, cause addiction and even death.

Understanding that the pharmaceutical retail sector is part of the solution to this problem, Pague Menos invests in raising awareness and disseminating information on the rational use of medications and the risks of self-medication, transmitting guidance on the topic through its communication channels and customer relationship platforms, such as the Sempre Bem Health Platform and the Company's official social network pages, such as its Instagram page.

The performance of specialized professionals such as doctors, pharmacists, and nursing technicians through the Hub also contributes to the proper orientation of clients regarding the most effective and recommended medications for each case. In addition, Pague Menos adopts strict procedures, which ensure traceability in order to control prescriptions for special medicines, including potentially addictive ones.





On another front, the Company seeks to promote the correct disposal of unused or expired medicines in order to avoid consumption by people, as well as cause damage to the environment.

At the end of 2022, the Company had 596 medication and battery reverse logistics partners across Brazil, of which 326 were in Pague Menos stores and 270 in Extrafarma stores – representing, respectively, 54% and 45% of stores with collectors.

These medications are collected by accredited carriers and stored together with hazardous waste from pharmaceutical services for proper disposal – [learn more in Chapter 4](#).



596

**reverse logistics
collectors across
Brazil.**





Support for local communities

GRI 413-1

As part of the Solidary Giants Volunteer Program, which aims to foster social responsibility in our team of employees and positively impact society, various initiatives and campaigns aligned with the 2030 Agenda were developed in 2022, focusing on the following SDGs: 3 (Health and Well-being), 4 (Quality Education), 8 (Decent Work and Economic Growth), and 10 (Reduction of Inequalities). The goal of 30% of employees dedicating one day of the year to volunteer work was achieved. In 2022, 6,432 volunteers (30.5% of all employees) contributed to impact the communities surrounding Pague Menos stores by participating in the following initiatives: Projeto Evoluir, Campanha Sou Gigante, Sou Solidário, Jornada da Saúde, and Natal Solidário.





The following highlights the main support initiatives carried out in the communities around the Pague Menos stores in different regions of the country:

Sou Gigante, Sou Solidário (I'm A Giant, I'm Supportive)

The Sou Gigante, Sou Solidário Project encouraged Pague Menos managers to mobilize their teams to take on a volunteer day during their normal work shifts. The purpose was to devote time and disposition to acts of solidarity at social institutions. In all, the initiative mobilized 261 employees – 179 women and 82 men – in actions carried out in Fortaleza (CE), São Paulo (SP), Macapá (AP), Belém (PA), Uber - lândia (MG), Boa Vista (RR), Imperatriz (MA), Recife (PE) and Teresina (PI). There were 19 beneficiary institutions, including social centers for children and adolescents in vulnerable situations, homes for children with cancer, shelters for the elderly, and shelters for homeless people.



Solidariedade gigante (Giant solidarity)

The volunteer program Gigantes Solidários gained momentum with the integration of Extrafarma employees and the launch of the Gigantes Solidários platform.

Volunteering is part of the People pillar of Pague Menos, as part of the sustainability strategy of the ESG Agenda's. The results obtained in 2022 were positive: the goal of 30% of employees dedicating one day of work to volunteer activities was exceeded and the program launched the Gigantes Solidários digital platform to facilitate the performance of employees and further disseminate the initiative and partner institutions.

Through the link <https://www.gigantes-solidarios.com.br/> one can find volunteer vacancies, research NGOs, and learn more about causes aligned with the SDGs.



The activities carried out during the campaign were centered around recreation, health education, and environmental education. In 2022, the initiative Sou Gigante, Sou Solidário took place during the period of one week and alluded to Social Responsibility Day.

In 2022 alone, in addition to the volunteers, 450 people benefited from the initiative. In 2023, the project is set to be expanded and will coincide with commemorative dates such as St. John's Day, Children's day, and Christmas.



Jornada da Saúde (Health Care Day)

To make a difference in the lives of Brazilians, especially those who have less access to health care and well-being, in 2022 the Company promoted a day of service at Clinic Farma open to the communities located around the stores in several regions of the country. The initiative is part of the Jornada da Saúde project that relied on 6,029 volunteers from Pague Menos with a focus on preventive health and free services – or with large discounts – such as blood pressure measurement, oximetry, and bioimpedance, among other forms of care. Through individual and humanized services, in 2022 Pague Menos carried out two cycles (September and November) with a total of 3,189 services purchased by the people served.





Natal Solidário (Christmas Solidarity)

In 2022, Pague Menos established, a partnership with a social institution that operates in several cities in Brazil, such as Fortaleza (CE), Sobral (CE), Iguatu (CE), Itapipoca (CE), São Carlos (SP), Brasília (DF), João Pessoa (PB), Natal (RN) and Salvador (BA), sponsoring children in situations of social vulnerability and gifting them with a special Christmas. All in all, 113 employees sponsored 67 children who received a complete basic food basket, a personal hygiene kit, a new toy, and an invitation for them and their families to a Christmas party provided by the partner institution. Guests at the party included 1,665 children from the communities served.

Blood donation

In 2022, the Pague Menos blood donation campaign mobilized 71 donor employees – 39 men and 32 women.





Projeto Evoluir (Project Evolve)

The Evolve Project involved 29 employees (19 mentors and 10 tutors) in the mentoring of academic and professional development aimed at the public served by the educational projects (corporate education). Among the total number of employees participating in the project, 10 were men and 19 women, who had the role of contributing to the development of the soft skills of about 150 people.



Doar de Coração (Donate from the heart)

Throughout 2022, the Doar de Coração project carried out fundraising campaigns for toys, clothing, food, medicines, books, pharmaceutical services, hygiene materials, among other products that benefited 10 partner institutions of Pague Menos. More than 8 thousand items were collected and distributed on commemorative dates. One of the institutions benefited was the Peter Pan Association, in Fortaleza, which received more

than a thousand items raised by Pague Menos actions with the marketing and operations teams.

A specific campaign held in Pernambuco was also part of Doar de Coração. At the time, 28 employees affected by the rains, landslides and floods received clothing, food, hygiene products and cash aid. Donations were made from employees and the external public.





Pague Menos Racing Circuit

Encouraging physical activity is among the health promotion initiatives developed by Pague Menos. In 2022, one of the big highlights in this sense was the Pague Menos 11th Racing Circuit set in Fortaleza (CE) held between October 21 and 23.

The event, called Corrida pro Abraço (Run for the Hug), was supported by employees, who provided support to the more than 11 thousand runners who signed up for the races, in addition to thousands of people who attended the Pague Menos Arena for musical and physical activities, such as concerts, beach tennis, cycling, crossfit, rhythms and zumba, among others. On Sunday, the athletes who completed the race of courses ranging from 2 to 21 kilometers were awarded medals, trophies, prizes, and kits from sponsors, as well as cash prizes.

Part of the amount collected from the registrations was donated to the Brazilian Association of Spinal Muscular Atrophy (Abrame), an institution that promotes actions to improve the quality of life of patients with the disease and their respective families.





Dignidade menstrual (Menstrual dignity)

About 300 women from the community of Tyrol located in the neighborhood of Jacarecanga in Fortaleza (CE) participated on November 18, 2022 in a conversation circle about menstrual dignity held at the Tirol Athlete Training Center. The chat included topics such as pregnancy in adolescence, poverty and menstrual health, the right to access of hygienic absorbents, as well as yoga practices and a moment for



Q&A. Digital influencer Isabele Temo-teo and women's health experts participated in the conversation such as gynecologist Fátima Dias, sociologist Andreia Schroeder and psychologist Regina Lúcia Lopes, as well as Cimed Vice-President Karla Marques.

The event was promoted by the pharmaceutical company Cimed, in partnership with Pague Menos.



Parquinho do Cuidado (Care Park)

Care Park, a touring program, focuses on providing fun activities coupled with affection in moments of interaction between mothers, fathers, caregivers and children, in addition to promoting the health of babies. Care Park was an initiative promoted by Johnson and Johnson in partnership with Pague Menos. In August 2022, in Fortaleza, an event was held in a shopping mall with fun activities such as jumping jacks, a slide, trampoline, a ball pool, a coloring station, and a reading space. Between August and September, itinerant vans were made available in Salvador and Recife with a special attraction for those who bought a Johnson and Johnson's liquid soap or shampoo: an area for participants to take photos and personalize the product they took home.



Continuous communication

Pague Menos believes that to be healthy you must also be well physically, mentally and socially. With the aim of stimulating and disseminating preventive health, the Company maintains its own plan for the production of content on health, beauty and healthy habits. Thus, the Sempre Bem Platform offers a series of videos, podcasts, e-books and quick tips, plus easy access to the e-commerce platforms at pharmacy locations.



Launched in 2022, PodSempre Pague Menos is a biweekly podcast that deals with quality of life, health, beauty and longevity, in addition to curiosities about the lifestyle and routine of many famous people. The podcast can be accessed on the Sempre Bem website, on the Company's social channels, and on the main podcast platforms. Six editions were aired throughout the year, which joined the frequent contents published in the videos and in Sempre Bem Magazine.

On our e-books page, over 20 free titles addressed topics such as nutrition and mindful eating, sexually transmitted infections (STIs), men's health, women's health, connecting with seniors, heart health, diabetes, viral hepatitis, the importance of physical activity, anxiety and depression, breast cancer, obesity, among others.

In 2022, the Company's Youtube platform had 9,225,138 views and 28,071,263 interactions.



Engagement in external initiatives

GRI 2-28

Pague Menos participated in several external initiatives in the sector, including: public consultations on the norms that guide retail commerce and pharmaceutical services, such as those that allow Covid-19 tests in pharmacies; new legislation on good distribution practices and transposition; negotiation and participation in decisions on the implementation of reverse logistics of expired and discarded medicines; meetings on the People's Pharmacy banner held at the Ministry of Health; and meetings on the National System for the Management of Controlled Products.



8 entities
counted on
Pague Menos
engagement in
2022.

Among the entities with which the Company remained involved, the following stand out:

- National Health Surveillance Agency (Anvisa);
- Brazilian Association of Pharmaceutical Trade (ABCFARMA);
- Brazilian Association of Private Brands and Outsourcing (ABMAPRO);
- Brazilian Association of Pharmacy and Drugstore Networks (Abrafarma);
- Federal Council of Pharmacy (CFF);
- Regional Council of Pharmacy of Ceará (CRF/CE);
- Ministry of Health / People's Pharmacy;
- Brazilian Society of Pharmacists and Community Pharmacies (SBFFC) and CFF.



The business

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH



Macroeconomic and sectoral scenario

The persistence of the Covid-19 pandemic, the war between Ukraine and Russia, the rise in the cost of living, and the worsening financial conditions in different countries impacted world economic activity in 2022. The International Monetary Fund (IMF) pointed to a slowdown in global economic growth, from 6% in 2021 to 3.4% in 2022. Global inflation, in turn, evolved in the opposite direction: in February 2023, the IMF projected rates close to 8.8% in the previous year, compared to the 4.7% recorded in 2021. There have been increases in food and energy prices due to reduced supply of raw materials supplied by the regions in conflict, rising interest rates in developed economies such as the United States, and bottlenecks in global supply chains.

In Brazil, the end of restrictive measures caused by the pandemic and economic stimuli had a positive impact on the economy. Brazil's Gross Domestic Product (GDP) grew by 2.9% according

to the Brazilian Institute of geography and Statistics (IBGE). On the other hand, inflation was an important concern in the period, reaching 12.1% YoY near the middle of the year, cooling down in the second half, and ending the year at 5.8% - 0.8 p.p. above the inflation target set by the Central Bank. Despite being more controlled, inflationary pressure caused the basic interest rate (Selic) to be high at 13.75%. The dollar (Ptax) ended 2022 at R\$ 5.22 - 6.5% lower than at the end of 2021.

Pharmaceutical retail recorded solid growth, confirming its resilience in challenging economic times. According to data by IQVIA, the market grew by 14.3% in the last trimester of the year, compared to the same period in 2021. Over the year according to the same source, the base of stores installed in the North and Northeast regions grew by 73% in 2022, compared to an average increase of 3.0% in the other regions.





Operational performance

Pague Menos has been growing organically and continuously throughout its more than 40-year history. In 2022, it recorded the largest annual expansion in the Company's store base with 1,646 retail locations (an increase of 41% compared to 2021).

Present in all states of Brazil, in 2022, Pague Menos opened 118 stores organically, 66% located in the Northeast region and 87% in regions with a predominance of expanded middle-class demographics (B2, C and D¹⁷). Opportunely, the Company recorded the inorganic growth of 399 units since the acquisition of Extrafarma.

In 2022, the Company closed 36 operations¹⁸. In 2021, Pague Menos had closed 20 stores.

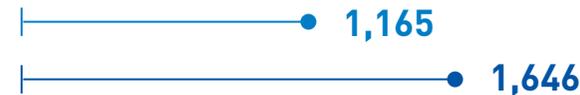
With a consolidated presence in the North and Northeast regions, the Company has expanded to other microregions with similar characteristics, seeking to expand access to the products and services it offers. The model of Pague Menos' 'people's store' differentiates itself by making available to customers low prices, quality service, a wide product mix, simplified organization in stores, and, when necessary, adaptation to the characteristics of cities in the interior.

Progression in the number of stores

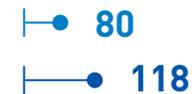
(as of 12/31/22)

Total number of stores

1,646



Openings



Closures



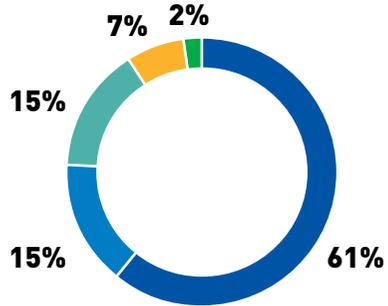
■ 2021 ■ 2022

¹⁷ Predominant social class in the surroundings of each store (recurring five-minute drive). Segmentation follows IBGE criteria, according to which the Class A comprises households with average monthly family income above R\$ 16.6 thousand, B1 above R\$ 7.9 thousand, B2 above R\$ 4.2 thousand and C and D below R\$ 4.2 thousand.

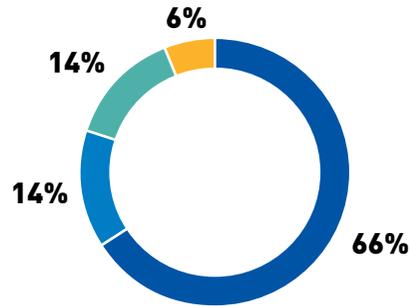
¹⁸ It includes the divestment of eight stores as recommended by CADE in the process related to the acquisition of Extrafarma.



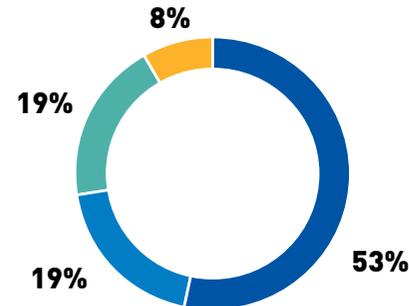
Shops by region
(as of 12/31/22)



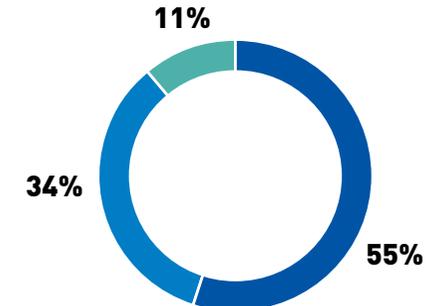
Openings - organic expansion
(as of 12/31/22)



Closings
(as of 12/31/22)

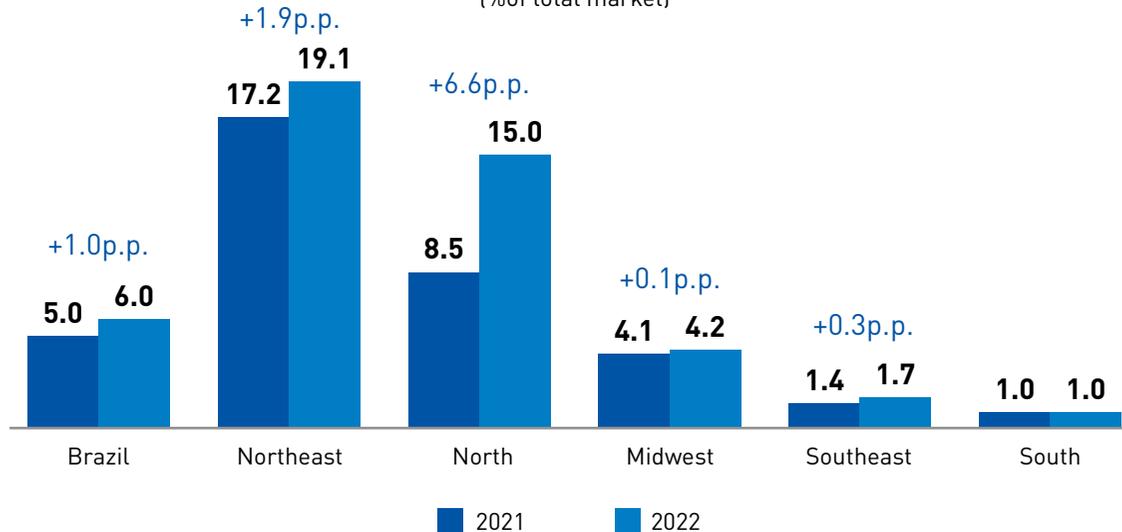


Inorganic expansion
(as of 12/31/22)



■ Northeast ■ North ■ Southeast ■ Midwest ■ South

Market Share by region
(% of total market)

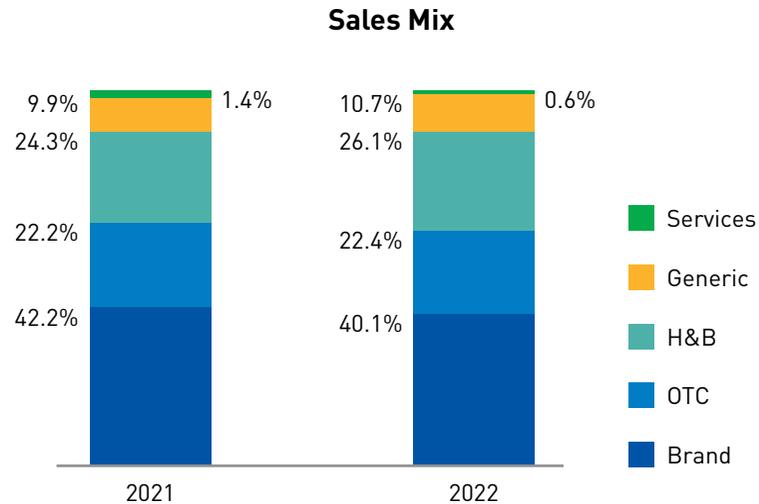




Customer service, average ticket, and sales mix

In 2022, the best-selling items in Pague Menos physical and virtual stores were branded medications and hygiene, nutrition and beauty products. The generics category had a recorded growth of 21.0%, more than double the Company's average, and above that recorded by the market. The result is a consequence of the expansion of the product assortment, price competitiveness, and layout of the stores that are the most dedicated to this category.

In relation to the number of consultations, there was an increase of 8.4% in relation to the previous year, with a ticket average of R\$ 75.79 (an increase of 2% compared to 2021). The results were also positive for Extrafarma: an 11.1% increase in consultations and a 6.2% increase in ticket average (R\$ 62.45 in 2021 and R\$ 66.3 in 2022).



Agreements, Partnerships

Pague Menos is accredited with the main prescription benefits plans (PBP) and maintains agreements and corporate partnerships with over 800 companies in order to obtain better discounts from drug manufacturers, provide more assertive incentives to customers, and increase the company's sales - in 2022, the PBP sector represented approximately 10% of sales. This includes the People's Pharmacy Program, which provides the population free access to medications.

The company's performance in this sector is also reinforced by E-Pharma, an invested company that is a leader in market participation in Brazil. The performance of this niche is promising, given the growth in the costs of healthcare benefit plans for companies and the strengthening of digital prescriptions - and can contribute to the reduction of errors, allowing the diagnosed patient to correctly follow the treatment, avoiding complications and worsening of the clinical status.



Hub health

Health in Brazil is characterized by high complexity, with low preventive approach, fragmented care of patients, high levels of dependence on the Unified Public Healthcare System (SUS), low coverage of private healthcare health insurance plans, and an aging population with a high incidence of chronic diseases.

In this context, in order to increase the population's access to services in the area, the implantation of Pague Menos Health Hubs expands its presence throughout the chain, positioning the Company as a relevant agent of primary health care in the health ecosystem in the regions served. Thus, the operating pharmaceutical clinics (Clinic Farma) contribute to overcoming some of the challenges of access to health care in Brazil, offering a series of services at affordable prices, presenting themselves as a competitive differential and instrumental for leveraging the Company's business.

Highlights of the Hub - 2022

+ than
2 million consultations

19 million active customers

Portfolio with over
60 services offered

1,056 stores equipped with Clinic Farma units

988 Pague Menos

68 Extrafarma

6 **Compounded Medication Laboratory**

+ than 900 items by the Company's private label brands

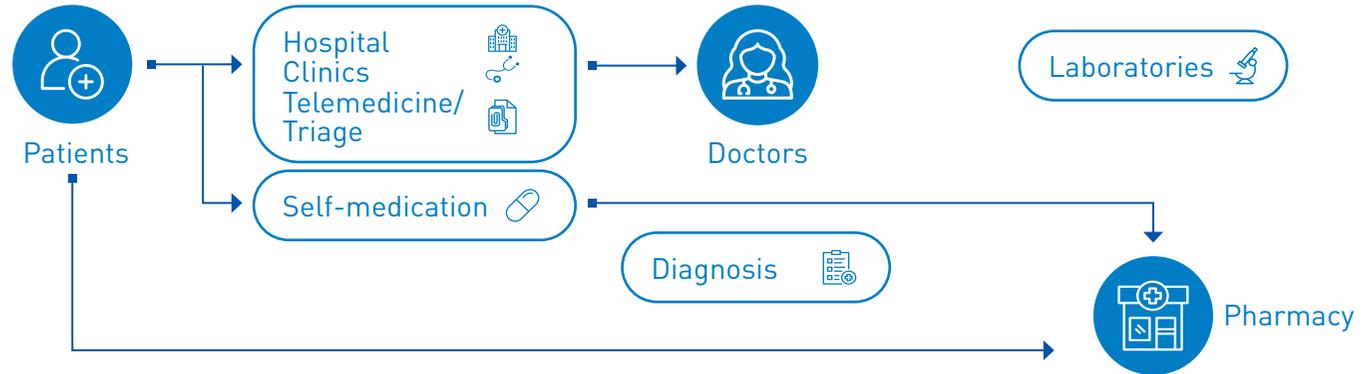
Nearly
87 thousand people joined Sempre Bem Saúde in 2022

+ than 400 companies affiliated companies and partners

+ than 30 thousand hours of content produced



THE JOURNEY TO HEALTH





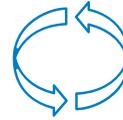
Digital growth (Omnichannel platform)

The sale of pharmaceutical products through digital platforms is an important tool for the expansion of Pague Menos' sales and customer base. At the end of 2022, the Company recorded R\$ 946 million in sales via digital channels, an increase of 51.8% compared to 2021. The accelerated growth rate, above the market average, was due to the consistent improvement in service levels (reflected in the reduction in delivery time and customer evaluation) and healthy profitability (reflected in the EBITDA margin).

The products were sold via website, the Company app and call center, in addition to delivery apps like UberEats and Rappi. The entire delivery structure had over 80 mini distribution centers in stores and dark stores, in addition to direct deliveries by the store's own employees and 'last mile' using its own structure or partners such as Loggi.

In constant evolution, the Company invests in solutions and connections with strategic partners, combining the digital experience with the structure of physical stores in order to make the shopping experience increasingly simple and pleasant.

Customer Journey



Purchasing cycle

- Research
- Consideration
- Delivery
- After-sales
- Repurchase



Purchase mission

- Medications
- Hygiene and beauty
- Treatment
- Convenience
- Recurrence
- Emergency



Purchase channel

- Store
- E-commerce
- Website
- Telesales

By allowing various forms of product acquisition, in an integrated manner between channels, and enabling various means of delivery, Pague Menos has identified a significant increase in turnover. In 2022, the Company invested in an online Health Hub, integrated with platforms of marketplace, e-prescribing, telemedicine, and distance health care with pharmacists of Clinic Farma.

In 2022, Pague Menos advanced in its purpose to integrate the Hub with digital channels, leading the omnichannel approach with the commitment to making it a reference in primary health care. Thus, the Company has its entire portfolio of services available for purchase and scheduling on the website and app. Throughout the year, over 200 thousand consultations were made through digital channels.

Market Share in digital channels, according to IQVA data

In the year 2022, the market share was 10.9%, 0.6 p.p. higher than 2021. The growth rate in digital channels being stronger than the market average is strongly influenced by the greater geographical exposure in the North and Northeast regions, which are at an early stage of using digital channels. Still, by purging the effect of the regional mix, the Company continues to grow above the market average in all regions of the country, with the exception of the Midwest.

The Company's private labels

In 2022, Pague Menos offered product lines with 1,300 exclusive products, among them: Pague Menos, Amorável, Dauf and Power Vita. Pague Menos' private label products totaled R\$ 594.2 million in sales in 2022, a growth of 19.1% compared to 2021 – a significant increase, especially when considering the drop in demand for items related to Covid-19, such as masks and gel alcohol, which generated impressive sales in the most acute moments of the pandemic.

At Extrafarma, private label brands represented 2.9% of total sales, still well below the share seen for Pague Menos. However, as the logistic integration and expansions in the offering of in-store products advances, this share has steadily increased. In December 2022, when about 50% of Extrafarma stores had already completed supply migrations, the share of Extrafarma private label brands reached 3.2% of sales, with a strong growth trend.



Economic-financial results

GRI 201-1

In the context of strong acceleration in organic expansion, with the opening of 118 stores, the challenging macroeconomic scenario, the unfavorable inflationary pressure and an increase in the basic interest rate and borrowing costs, Pague Menos achieved a standalone¹⁹ revenue growth of 10.5% and EBITDA expansion of 16.45%, with a record net profit of R\$ 192 million.

Financial highlights of Pague Menos standalone

(R\$ millions and % of G.R.)

	2021	2022	Variation
Gross Revenue	8,062.9	8,911.3	10.5%
Gross Profit	2,420.6	2,687.4	11.0%
% Gross Margin	30.0%	30.2%	0.2 p.p.
Contribution margin	900.4	1,029.7	14.4%
% Contribution margin	11.2%	11.6%	0.4 p.p.
Adjusted EBITDA	671.0	781.0	16.4%
% Adjusted EBITDA margin	8.3%	8.8%	0.5 p.p.
Adjusted Net Income	176.6	192.0	8.7%
% Adjusted Net Margin	2.2%	2.2%	-

Consolidated financial highlights

(R\$ millions and % of G.R.)

	2021	2022	Variation
Gross Revenue	8,062.9	9,818.7	21.8%
Gross Profit	2,420.6	2,955.5	22.1%
% Gross Margin	30.0%	30.1%	0.1 p.p.
Contribution margin	900.4	1,110.3	23.3%
% Contribution margin	11.2%	11.3%	0.1 p.p.
Adjusted EBITDA	671.0	804.8	19.9%
% Adjusted EBITDA margin	8.3%	8.2%	(0.1 p.p.)
Adjusted Net Profit	176.6	134.8	(23.6%)
% Adjusted Net Margin	2.2%	1.4%	(0.8 p.p.)

¹⁹ In order to facilitate the analysis of the results, Pague Menos presents in this report, as well as in its financial statements, standalone financial information of Pague Menos (excluding Extrafarma) and consolidated financial data (Pague Menos plus Extrafarma).



Gross revenue

(R\$ million)

Standalone



+10.5%



Consolidated



+21.8%



Gross profit

(R\$ million and % of G.R.)

Standalone



+11%



Consolidated



+22.1%





Added-value distribution (DVA)

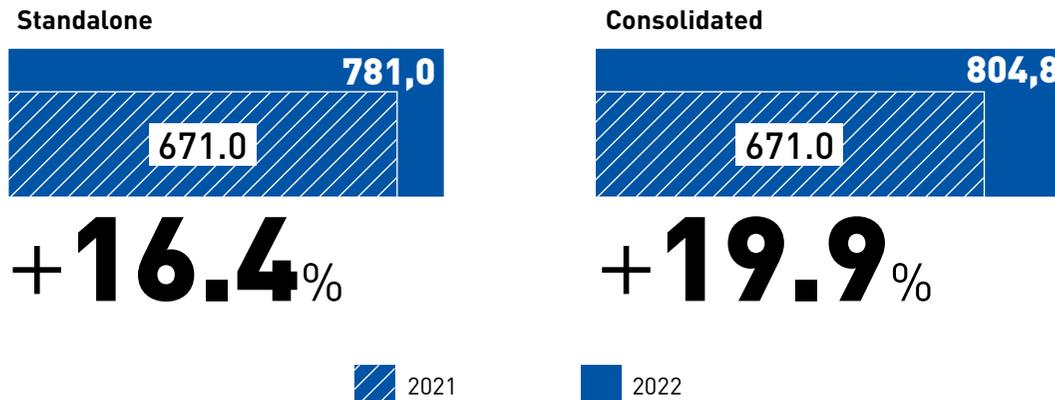
Economic value generated and distributed (in R\$ thousands)

Economic value generated	
Revenue	9,979,006
Distributed economic value	
Operating costs	6,776,708
Employee wages and benefits	1,179,241
Payments to the government	1,071,351
Payments to capital providers	407,376

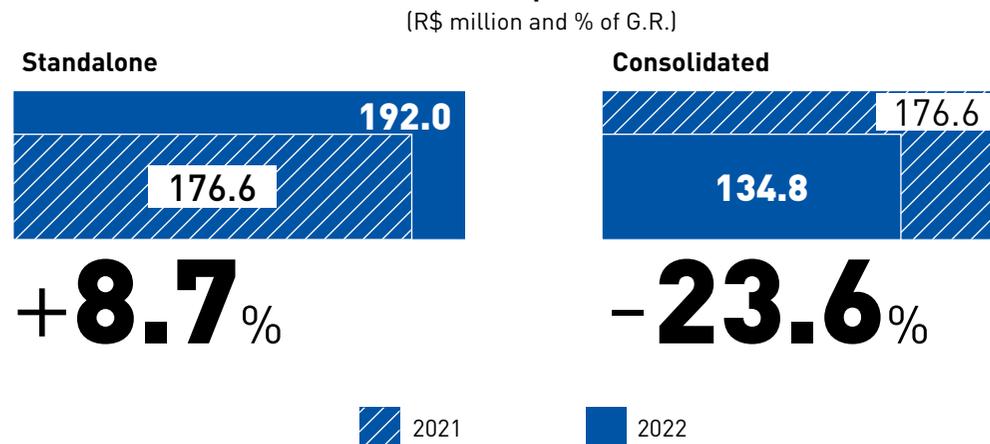
Capital Markets

At the end of 2022, Pague Menos' common shares were listed at R\$ 4.19, and thus the Company's market value was equivalent to R\$ 1.9 billion.

Adjusted EBITDA (R\$ million and % of G.R.)



Net profit (R\$ million and % of G.R.)





About the report

GRI 2-2; 2-3

Anchored in Pague Menos commitment to transparency, this edition of the Sustainability Report represents not only the advancement of the Company's reporting practices, but also a historical record of the development of its ESG Agenda on several fronts. Thus, this publication presents information on management, policies and corporate practices for the period from January 1 to December 31, 2022²⁰.

To ensure that the report meets the expectations of the different stakeholders and to facilitate the comparability of Pague Menos' performance in relation to other organizations, at a global level, the report was once again guided by the guidelines of the Global Reporting Initiative (GRI). Thus, the Company prioritized the reporting of sustainability topics that reflect relevant themes, real impacts, and effective management within a broader context of sustainability, which considers the characteristics of the business, the economic segment, and the regions in which the Company is inserted.

20 The scope of the report covers that presented by the financial statements divulged by Empreendimentos Pague Menos S.A. for the year 2022.

Open channel

Questions, comments and suggestions regarding this report may be directed to the company's Investor Relations team by e-mail:



ri@pmenos.com.br



Relevant topics

GRI 2-29; 3-1

Given the accelerated expansion of the businesses, intensified since the integration with Extrafarma, in 2022 Pague Menos updated its Materiality Matrix based on the analysis of the Company's current sustainability context, as well as its own management policies and practices, the public positioning of other sectoral players on the subject, recommended sustainability frameworks, and developments in its ESG Agenda. At the external level, this analysis was also guided by the 2030 Agenda for Sustainable Development proposed by the United Nations (UN), containing the 17 Sustainable Development Goals (SDGs) and their respective targets.

The contextual study also included the search for synergy between the materiality matrix consolidated by Pague Menos in 2021 and the one applied by

Extrafarma in previous years. Thus, the themes shared by the two organizations were identified, as well as topics that could be combined or added to the now joint materiality matrix.

As a result of this process, validated by the Board of Directors²¹, the nomenclature was adjusted of topics already identified as material – expansion of access to health care, eco-efficiency, greenhouse gas emissions management, and sustainability in the value chain. In addition, two themes were added: Conscious Consumption of Medication and Risk Management.

The infographic that consolidates the Materiality Matrix can be found on [page 22](#).

Engagement of stakeholders

The definition of Pague Menos' materiality had the participation of about 5.7 thousand stakeholders, who responded to an online survey taken in 2021. Through the consultation, the relevance of topics identified as potentially material by the Company was evaluated by representatives of the different stakeholders – customers, employees, investors, suppliers and regulatory agencies, among others.

In the following pages, the GRI summary presents the indicators selected according to topic, which are based on the relevant themes listed, thus compounding the performance metrics monitored and reported by the Company. Finally, the last column of the table demonstrates the intersection between the material themes and the Sustainable Development Goals (SDGs) – the respective goals that Pague Menos has contributed to are mentioned throughout the report, along with the GRI indicators.

21 The validation takes place within the Scope of the People, Culture and ESG Committee, which is composed in part by advisors, including the Chairwoman of the Board.



Summary of GRI content

Statement of use

Pague Menos S. A. has prepared this report in accordance with the GRI reporting standards for the period from January 1 to December 31, 2022.

GRI standard	Content	Page / respons	Omitted requirements	Reason / explanation
The organization and its reporting practices				
GRI 2: General contents 2021	2-1 Organization details	11		
GRI 2: General contents 2021	2-2 Entities included in the organization's sustainability report	111		
GRI 2: General contents 2021	2-3 Reporting period, frequency and point of contact	111		
GRI 2: General contents 2021	2-4 information restatements	47		
GRI 2: General contents 2021	2-5 external verification			The report has not been independently verified.
Activities and workers				
GRI 2: General contents 2021	2-6 Activities, value chain and other relationships the business	10; 17; 18; 39		
GRI 2: General contents 2021	2-7 Employees	41		
GRI 2: General contents 2021	2-8 Workers who are not employees	41		



GRI standard	Content	Page / respons	Omitted requirements	Reason / explanation
Governance				
GRI 2: General contents 2021	2-9 Governance structure and composition	28		
GRI 2: General contents 2021	2-10 Appointment and selection for the highest level of governance	28		
GRI 2: General contents 2021	2-11 President of the highest governance body	28		
GRI 2: General contents 2021	2-12 Role of the highest governance body in overseeing the management of impacts	28		
GRI 2: General contents 2021	2-13 Delegation of responsibility for the management o impacts	28		
GRI 2: General contents 2021	2-14 Role of the highest governance body in sustainability reporting	28		
GRI 2: General contents 2021	2-15 Conflicts of interest	28; 32		
GRI 2: General contents 2021	2-16 Communication of critical concerns	28		
GRI 2: General contents 2021	2-17 Collective knowledge of the highest governance	28		
GRI 2: General contents 2021	2-18 Evaluation of the performance of the highest-level body governance	28		
GRI 2: General contents 2021	2-19 Remuneration policies	28		
GRI 2: General contents 2021	2-20 Procedure for determining remuneration	28		
GRI 2: General contents 2021	2-21 Proportion of total annual remuneration	Item a: 79,6	Item b	The Company considers this information to be strategic.



GRI standard	Content	Page / respons	Omitted requirements	Reason / explanation
Strategy, policies and practices				
GRI 2: General contents 2021	2-22 Declaration on the strategy for sustainable development	2		
GRI 2: General contents 2021	2-23 Policy commitments	25		
GRI 2: General contents 2021	2-24 Incorporation of policy commitments	18; 25		
GRI 2: General contents 2021	2-25 Processes to repair negative impacts	25		
GRI 2: General contents 2021	2-26 Mechanisms for counselling and raising concerns	25		
GRI 2: General contents 2021	2-27 Compliance with laws and regulations			The Company considers this information to be strategic.
GRI 2: General contents 2021	2-28 Participation in professional associations	98		
GRI 2: General contents 2021	2-29 Approach to the engagement of stakeholders	112		
GRI 2: General contents 2021	2-30 Collective bargaining agreements	41		
Material themes				
GRI 3: Material themes 2021	3-1 Process of defining material themes	112		
GRI 3: Material themes 2021	3-2 List of material themes	18		
GRI 3: Material themes 2021	3-3 Management of material themes	85		
Economic performance				
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	108		
Combating Corruption				
GRI 205: Combating Corruption 2016	205-2 Comunicação e capacitação em políticas e procedimentos de combate à corrupção	25		
GRI 205: Combating Corruption 2016	205-3 Casos confirmados de corrupção e medidas tomadas	24		
Energy				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	79		



GRI standard	Content	Page / respons	Omitted requirements	Reason / explanation
Water and Effluents				
GRI 303: Water and Effluents 2018	303-1 Interações com a água como recurso compartilhado	81		
GRI 303: Water and Effluents 2018	303-3 Retirada de água	81		
Emissions				
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (GHG) (Scope 1)			The data for 2022, which will also include Scope 3, were in the process of being determined during the period of the production of this report, thus that they will be disclosed through the other communication channels of the Company,
GRI 305: Emissions 2016	305-2 Indirect greenhouse gas emissions (GHG) from energy acquisition (Scope 2)			
GRI 305: Emissions 2016	305-3 Other indirect greenhouse gas emissions Greenhouse gas (GHG) (Scope 3)			
Waste				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	77		The Company is currently structuring the monitoring of waste, according to the planning of the Environmental Management Department, as presented on page 75.
GRI 306: Waste 2020	306-2 Managing significant waste-related impacts	77		
GRI 306: Waste 2020	306-3 Waste generated	77		
GRI 306: Waste 2020	306-4 Waste not directed for final disposal	77		
GRI 306: Waste 2020	306-5 Waste directed to final disposal	77		
Supplier Environmental Assessment				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers selected based on environmental criteria	39		
Employment				
GRI 401: Employment 2016	401-1 New hires and turnover of employees	41		
GRI 401: Employment 2016	401-2 Employee benefits	49		



GRI standard	Content	Page / respons	Omitted requirements	Reason / explanation
Occupational Health and Safety				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	49		
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and Incident Investigation	49		
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	49		
GRI 403: Occupational Health and Safety 2018	403-4 Participation of workers, medical consultations, and communication to workers regarding health and safety at work	49		
GRI 403: Occupational Health and Safety 2018	403-5 Training of workers in occupational health and safety	49		
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of Occupational Health	49		
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	49		
GRI 403: Occupational Health and Safety 2018	403-9 Accidents at work	49		
Training and Education				
GRI 404: Training and Education 2016	404-1 Average number of training hours per employee	63		
GRI 404: Training and Education 2016	404-3 Percentage of employees who receive regular performance reviews and career development opportunity	63		
Diversity and Equal Opportunities				
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance bodies and staff	57		
GRI 405: Diversity and Equal Opportunities 2016	405-2 Ratio of base-salary to remuneration received by women and those received by men	57		



GRI standard	Content	Page / respons	Omitted requirements	Reason / explanation
Non-Discrimination				
GRI 406: Non-Discrimination 2016	406-1 Casos de discriminação e medidas corretivas adotadas	25		
Local communities				
GRI 413: Local communities 2016	413-1 Operations with engagement programs involving the local community, impact assessment, and local development	90		
Social Assessment of Suppliers				
GRI 414: Social Assessment of Suppliers 2016	414-1 New suppliers selected based on social criteria	39		
Customer Privacy				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints regarding breach of privacy and loss of customer data	38		



**SUSTAINABILITY REPORT
2022**

General Coordination
Department of Communication, Culture,
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GRI consulting and editorial project
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